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PROCEEDINGS AND DEBATES OF THE 98th CONGRESS, SECOND SESSION

HOUSE OF REPRESENTATIVES—*Monday, April 2, 1984*

The House met at 12 o'clock noon and was called to order by the Speaker pro tempore (Mr. ALEXANDER).

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, D.C.,
March 30, 1984.

I hereby designate the Honorable BILL ALEXANDER to act as Speaker pro tempore on Monday, April 2, 1984.

THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives.

PRAYER

Dr. Stanley M. Wagner, rabbi, Beth ha Medrosh Hagodol Congregation, Denver, Colo., offered the following prayer:

Our God and God of our Fathers:

With grateful hearts for the privilege of meeting together as free men in a free land, do we invoke Thy blessings upon this gathering of the distinguished leaders of our country.

Heavenly Father, shed Thy light of wisdom and understanding upon their deliberations. Bless them with good health, discernment, and vision, thereby enabling them to cope successfully with the manifold problems with which they are confronted.

Bless Thou our glorious land of liberty and our citizens everywhere. May the United States of America under God remain a citadel of freedom and a watchtower from which rays of light and hope shall be beamed to those who are now living in darkness and despair. Hasten the day when the millenial hope of universal peace will prevail throughout the world with justice and freedom for all people. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate had passed with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 3635. An act to amend chapter 110 (relating to sexual exploitation of children) of title 18 of the United States Code, and for other purposes.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested.

S. 1132. An act to amend the Federal Power Act to specify the annual charges for projects with licenses issued by the Federal Energy Regulatory Commission for the use of Federal dams and other structures;

S. 1546. An act to amend the Deepwater Port Act of 1974, and for other purposes; and

S. 2391. An act to amend title 38, United States Code, to provide emergency interim solvency for the Veterans' Administration's Loan Guaranty Fund by providing for the deposit of loan fees in the Fund and by increasing the fees.

RABBI DR. STANLEY M. WAGNER

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SCHROEDER. Mr. Speaker, Dr. Stanley M. Wagner is rabbi of the Beth ha Medrosh Hagodol (B.M.H.) congregation in Denver, Colo., and professor of Judaic studies and director of the Center for Judaic Studies at the University of Denver. He also serves as chaplain of the Colorado State Senate, the first and only rabbi ever appointed to that position, and as director of Colorado's Mizel Museum of Judaica.

Rabbi Wagner is a religious leader of national renown who came to Denver in September 1972, after serving for 2 years as national executive vice president of the Religious Zionists of America, a role which catapulted him to key positions on the national and international Jewish scene, in such organizations as the American Zionist Organization, Conference of Presidents of Major Jewish Organizations, and the American Conference for Soviet Jewry. In 1979, Rabbi Wagner was awarded "Life Tenure" by his congregation "in recognition of his significant contributions to Jewish life and to the community."

Ordained at the Yeshiva University's Rabbinical Seminary, Rabbi Wagner holds five other degrees of higher learning from this institution, including a doctorate in Jewish history. He served as an instructor for 4 years in the Department of Ancient Languages and Literatures at the University of Kentucky while holding a pulpit in Lexington, and was appointed instructor in histo.. at Hofstra University in New York serving as rabbi of the Baldwin Jewish Center in Long Island. He has delivered a number of scholarly papers at conferences of the American Association of Professors of Hebrew, the Society of Biblical Literature and Exegesis, the National Foreign Language Conference, and the Congress on Science and Ethics, and he has spoken as guest lecturer and "Scholar In Residence" in communities from coast to coast.

Dr. Wagner has been cited by the Bonds of Israel, United Jewish Appeal, Federation of Jewish Philanthropies, Jewish National Fund, ORT, and Yeshiva University, and he was the recipient of the Shofar Award from the Boy Scouts of America. He is listed in "Who's Who in World Jewry" (1972), "Who's Who in Religion" (1977), and "Who's Who in American Jewry" (1980). He served as president of the Long Island Commission of Orthodox Rabbis and the Nassau-Suffolk Association of Rabbis, vice president of the Rabbinic Alumni of Yeshiva University, chairman of the Rabbinic Advisory Council of the Jewish National Fund, panelist in the American Arbitration Association, director of the Judaic Program at Camp B'nai B'rith, resi-

dent scholar for seven summers at B'nai B'rith Youth's International Leadership Trainee program, and he currently serves as a member of the National Adult Jewish Education Commission of B'nai B'rith.

Rabbi Wagner is one of the few clergymen in America to have delivered invocations both at the U.S. Senate and House of Representatives. Dr. Wagner has written scholarly and popular articles in publications such as Congress Bi-Weekly, In Jewish Bookland, National Jewish Monthly, the Synagogue Light, and has had many of his sermons selected as the "year's best" and published by the Rabbinical Council of America. He has edited or written four significant volumes entitled "Great Confrontations in Jewish History," "Traditions of the American Jew," and "Great Schisms in Jewish History," published by the University of Denver, and "A Piece of My Mind," published by KTAV. President Jimmy Carter invited the rabbi to the White House in March 1978, to present "Traditions of the American Jew" to him, personally. Dr. Wagner is also general editor of a three-volume series on "Christian and Jewish Traditions in the 20th Century" to be published by Abingdon Press. The first volume, entitled "Scripture—Its Authority, Interpretation, and Relevance" appeared in September 1982. Rabbi Wagner has traveled extensively and has been to Israel 12 times on Government study grants and as leader of pilgrimages. In 1976, Dr. Wagner was sent on a mission to Russia where he met with the leaders of the Jewish communities in Moscow, Kiev, and Leningrad.

CONSENT CALENDAR

The SPEAKER pro tempore. This is the day for the call of the Consent Calendar. The Clerk will call the first bill on the Consent Calendar.

HARRY PORTER TOWER AT LOVELL FIELD

The Clerk called the bill (H.R. 2484) to designate the air traffic control tower at Lovell Field as the "Harry Porter Tower."

There being no objection, the Clerk read the bill, as follows:

H.R. 2484

A bill to designate the air traffic control tower at Lovell Field as the "Harry Porter Tower"

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the air traffic control tower at Lovell Field in Chattanooga, Tennessee, is designated and shall hereafter be known as the "Harry Porter Tower". Any reference in a law, map, regulation, document, or other paper of the United States to such control tower shall be held and considered to refer to "Harry Porter Tower".

Mr. MINETA. Mr. Speaker, I move to strike the last word.

The SPEAKER pro tempore. The gentleman from California (Mr. MINETA) is recognized for 5 minutes.

Mr. MINETA. Mr. Speaker, the bill designates the air traffic control tower at Lovell Field as the "Harry Porter Tower" to honor one of the Nation's aviation pioneers. Harry Porter, known as the dean of Tennessee aviation, has been active in aviation as a pilot and a businessman. This is a fitting tribute for this gentleman. He began flying in 1923, over 60 years ago, making him one of the oldest active pilots in America. Harry Porter has become known as the dean of aviation in Chattanooga and throughout Tennessee and has been awarded many aviation honors, including the Amelia Earhart Medal. During his aviation career, he has been an instructor, an FAA inspector, and a businessman. He was involved in business at Lovell Field between 1932 and 1967, and he has continued into his 90th year to be active as an adviser and consultant to the airport.

Mr. Speaker, I urge that the bill be adopted.

Mr. Speaker, at this point I am very pleased to yield to our very fine colleague, the gentlewoman from Tennessee (Mrs. LLOYD).

Mrs. LLOYD. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I rise in strong support of H.R. 2484, which designates the air traffic control tower at Lovell Field in Chattanooga, Tenn., as the "Harry Porter Tower."

Harry Porter is one of the oldest licensed pilots in the Nation and has been flying since 1923. Since that first flight, he has had a unique and varied career and has become a symbol of aviation history to the people of Chattanooga. Mr. Porter served as a flight instructor in World War II, training thousands of pilots to fly military aircraft during that period. Later he served as an inspector for the FAA and at one point even worked for the Internal Revenue Service, locating stills hidden in the woods.

It is appropriate that the air traffic control tower at Lovell Field be named after Harry Porter since so much of his life has been spent at this aviation facility. He operated his own business at Lovell Field from 1932, when the field opened, until 1967, when he sold his firm. He still maintains an office there as well as a position as adviser and consultant to the present owners.

Harry Porter has had a distinguished career and has been awarded many honors including the coveted Amelia Earhart Medal. He will soon be celebrating his 90th birthday in Chattanooga where he still resides with his wife, Eunice. His 89th birthday has not stopped him though. He regularly flies about 5 hours a week. I look forward to my visits to his facilities where a warm welcome and a word of encouragement greets me.

In view of his accomplishments in the field of aviation, and his contribution to aviation I think it only right that we name the air traffic control tower at Lovell Field after Harry Porter and I urge my colleagues to support this measure.

Mr. MINETA. Mr. Speaker, I urge the bill be adopted.

● Mr. HOWARD. Mr. Speaker, I rise in support of this bill. This will honor one of Tennessee's and Chattanooga's aviation leaders, Harry Porter. It is a bill that has passed the Senate without objection, and we know of no objection in the House. The administration has also informed the committee that they have no objection.

I congratulate the distinguished gentlelady from Tennessee, Mrs. LLOYD, for introducing the bill and bringing Mr. Porter's achievements to our attention.

Again, I urge passage of this bill. It is a well-deserved recognition for one of the Nation's great aviators.●

● Mr. SNYDER. Mr. Speaker, I join my colleagues in supporting H.R. 2484 which would redesignate the air traffic control tower at Lovell Field in Chattanooga, Tenn., as the "Harry Porter Tower."

Harry Porter, who began flying in 1923, is one of the oldest active pilots in the United States, who not only served his country in World War I, but again in World War II when he trained many of our military pilots. During his notable career, he also served as an FAA inspector and has been awarded many honors, including the Amelia Earhart Medal for his major contributions to aviation.

Lovell Field in Chattanooga is the fourth largest commercial facility in the State of Tennessee and, in light of Mr. Porter's continuous presence there for over 50 years, it would be most fitting if the airport tower was renamed in his honor. In addition, the city commission of Chattanooga has unanimously requested that this honor be bestowed on Mr. Porter.

As is the usual practice with legislation of this nature, H.R. 2484 includes language which will assure that the FAA will not be required to change any air traffic control procedures or republish any aeronautical information which refers to the tower as the Chattanooga Tower.

For these reasons, I urge my colleagues to support H.R. 2484.●

● Mr. HAMMERSCHMIDT. Mr. Speaker, I rise in support of H.R. 2484, which would designate the air traffic control tower at Lovell Field in Chattanooga, Tenn., as the "Harry Porter Control Tower."

Harry Porter started out his flying career in a World War I Jenny and

spent his early days barnstorming through the Southeast as a stunt pilot. He served his country honorably in World War I and again during World War II as a flight instructor. In addition to his contributions to our military effort, he has had a most distinguished career in civil aviation, having founded the Harry Porter Flight Service in Chattanooga, where he was also an FAA inspector, flight instructor, and businessman.

Harry Porter has been an active pilot for over 60 years and is known as the Dean of Pilots in Chattanooga. In fact, the Federal Aviation Administration has confirmed that he is among the oldest pilots in America.

Mr. Speaker, H.R. 2484 is a tribute to a pioneer in this Nation's aviation history. I believe this bill deserves our support and join my colleagues on the Public Works and Transportation Committee in urging its passage.●

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. MINETA. Mr. Speaker, I ask unanimous consent that the Committee on Public Works and Transportation be discharged from further consideration of the Senate bill (S. 1365) entitled the "Harry Porter Control Tower," and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 1365

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the air traffic control tower at the Chattanooga Municipal Airport (Lovell Field) is designated and shall hereafter be known as the Harry Porter Control Tower. Any reference in a law, map, regulation, document, or other paper of the United States to such control tower shall be held and considered to refer to the "Harry Porter Control Tower".

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill (H.R. 2484) was laid on the table.

GENERAL LEAVE

Mr. MINETA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

THE JOHN G. FARY TOWER AT MIDWAY AIRPORT, CHICAGO

The Clerk called the bill (H.R. 4202) to designate the air traffic control tower at Midway Airport, Chicago, as the "John G. Fary Tower."

There being no objection, the Clerk read the bill, as follows:

H.R. 4202

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the air traffic control tower at Midway Airport, Chicago, Illinois, is designated and shall hereafter be known as the "John G. Fary Tower". Any reference in a law, map, regulation, document, or other paper of the United States to such control tower shall be held and considered to refer to the "John G. Fary Tower".

Mr. MINETA. Mr. Speaker, I move to strike the last word.

The SPEAKER pro tempore. The gentleman from California (Mr. MINETA) is recognized for 5 minutes.

Mr. MINETA. Mr. Speaker, the bill designates the air traffic control tower at Midway Airport as the "John G. Fary Tower" to honor a former Member of the House of Representatives, the Committee on Public Works and Transportation, and the Subcommittee on Aviation.

John G. Fary was instrumental in the reopening of the Midway Airport to commercial airline service. His efforts resulted in the institution of convenient, efficient air service to the citizens of Chicago, as well as citizens all around the country traveling to Chicago.

John G. Fary deserves this honor for his efforts with regard to Midway Airport, as well as for his active and dedicated role in numerous important pieces of aviation legislation.

Mr. Speaker, I urge that the bill be adopted.

● Mr. ANNUNZIO. Mr. Speaker, I rise today in strong support for H.R. 4202, a bill to designate the air traffic control tower at Midway Airport in Chicago, as the "John G. Fary Tower."

The Honorable John G. Fary represented the Fifth Congressional District of Illinois with distinction from 1975 until 1982. During his service in the Congress of the United States, he was assigned to the Public Works Committee, where he achieved the chairmanship of the Subcommittee on Public Buildings and Grounds and gave able and inspired leadership in this capacity. He also served as a member of the Subcommittee on Surface Transportation.

It is fitting that the control tower at Midway be named the John G. Fary Tower for it was largely through his efforts as a member of the House Public Works and Transportation Committee that the revitalization of Midway Airport took place and flights were restored at Midway between Washington and Chicago.

Therefore, I urge the support of my colleagues for H.R. 4202 as a much-deserved tribute to John G. Fary, a truly dedicated public servant and outstanding citizen of our country.●

● Mr. HOWARD. Mr. Speaker, it is truly a great honor for me to rise in support of this bill to designate the air traffic control tower at Midway Airport the "John Fary Tower." Naming the tower at Midway after him is a most fitting tribute to this former Member. In our committee John Fary was known as the father of Midway Airport. His tenacious efforts to revitalize and bring commercial air service to Midway Airport were successful and a great service to his constituents and aviation.

I urge the Members to pass this bill honoring our former colleague.●

● Mr. SNYDER. Mr. Speaker, I also want to express my support for H.R. 4202, which would redesignate the air traffic control tower at Midway Airport in Chicago as the "John G. Fary Tower."

As my colleagues are well aware, John Fary ably represented the Fifth District of Illinois from 1975 until 1982 and was a respected and hard-working member of this committee. As the former ranking minority member on the Aviation Subcommittee, I remember John Fary's great interest and support for the revitalization of Midway Airport as a viable alternative to Chicago's O'Hare Field. Today, Midway Airport is the second largest commercial facility in the State of Illinois and in calendar year 1982, enplaned over 650,000 people. In addition, Midway Airlines, a very successful new entrant carrier, uses the airport as its primary hub for flights along its route system.

Mr. Speaker, without the hard work and perseverance of John G. Fary, I do not believe that Midway Airport would be the successful facility it is today. I think the people of Chicago have benefited greatly as a result of his efforts and I think it is quite fitting that the airport traffic control tower be redesignated in his honor.

In accordance with our usual procedure, the adoption of H.R. 4202 will not require the FAA to change its air traffic control procedures for any references to Midway tower now contained in published aeronautical material.

For these reasons, I would urge my colleagues to support this legislation.●

● Mr. LIPINSKI. Mr. Speaker, I rise in support of the legislation introduced by the gentleman from Minnesota (Mr. STANGELAND). This legislation will name the air traffic control tower at Midway Airport, in Chicago, Ill., the "John G. Fary Tower." This legislation will enable the Congress to honor the former Representative from the Fifth Congressional District in Illinois, John Fary. John served in Congress

from 1975 to 1982. He was a member of the Public Works and Transportation Committee, and was chairman of the Public Buildings and Grounds Subcommittee.

I succeeded John in Congress and also serve on the Public Works Committee. I have seen and heard the warmth and affection that John's former colleagues had for him. They have told me of his friendly behavior, generous ways, and of his strong loyalty to his fellow committee members and the Democratic Party.

To designate the air traffic control tower at Midway Airport will be of special significance to John. While a Congressman, John made one of his main goals the revitalization of Midway Airport. He aided this cause with his membership on the Aviation Subcommittee. It is fitting that the Congress honor John in this manner. I urge my colleagues to support this legislation.●

● Mr. HAMMERSCHMIDT. Mr. Speaker, I rise in support of H.R. 4202, a bill which would designate the air traffic control tower at Midway Airport as the "John G. Fary Tower."

As my colleagues are well aware, John G. Fary served with distinction in this body from July 1975 until January 1983. He served on the Public Works and Transportation Committee since 1975 and became chairman of the Public Buildings and Grounds Subcommittee in 1981. He served as an articulate leader of that subcommittee for the duration of the 97th Congress.

Mr. Speaker, John Fary, a native of Chicago, Ill., served Chicago constituents with 7½ years of dedicated service. He was a vocal supporter of Midway Airport and was involved in the revitalization effort which resulted in Midway becoming once again an important air carrier hub. Accordingly, I believe that the renaming of the air traffic control tower at Chicago's Midway Airport is a fitting tribute to our former committee colleague and Member of this body.

For these reasons, I would like to join my colleagues on the Public Works and Transportation Committee in support of this legislation and urge its passage.●

● Mr. STANGELAND. Mr. Speaker, as author of this legislation, I strongly urge enactment of H.R. 4202, a bill to designate the air traffic control tower at Midway Airport in Chicago, Ill., as the "John G. Fary Tower."

Congressman John Fary was elected to the 94th Congress, by special election, on July 8, 1975. He served with distinction in this body until 1982. During his 7 years in the Congress, John became one of the most loyal and beloved Members of Congress.

Congressman John Fary served with admiration on the House Committee on Public Works and Transportation. He was a member of the Subcommittee on Aviation, and in that capacity, he doggedly and persistently kept the issue with government witnesses as to the need of reestablishing service, convenient service, into Midway Airport. Due to his efforts, Midway Airport is now open and air service to Chicago is now convenient to all persons traveling to Chicago.

Mr. Speaker, passage of this legislation, in my judgment, is one that perfectly meshes the honor with the individual being honored and the facility involved. This is a small tribute to pay to a devoted American, who always worked tirelessly in behalf of all people. John Fary truly earned that respect, admiration, and esteem of all Members of Congress.

I will miss his experience, wisdom, and friendship. The Congress of the United States has lost an able legislator, a great American, and above all, a warm, compassionate human being. The people of Chicago, as well as the Nation, can be justifiably proud of the accomplishments of Congressman John Fary. We all wish John and Mrs. Fary many years of happiness in their well-earned retirement.●

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MINETA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

□ 1210

THE WILLIAM A. BARRETT SOCIAL SECURITY BUILDING IN PHILADELPHIA AND THE EDWIN B. FORSYTHE POST OFFICE BUILDING IN MOORESTOWN, N.J.

The SPEAKER pro tempore. The Clerk called the bill (H.R. 4665) to name the social security building in Philadelphia, Pa., known as the Mid-Atlantic Program Service Center, as the "William A. Barrett Social Security Building," and to name the U.S. Post Office Building in Moorestown, N.J., as the "Edwin B. Forsythe Post Office Building."

There being no objection, the Clerk read the bill as follows:

H.R. 4665

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the social security building located at 300 Spring Garden Street, Philadelphia, Pennsylvania, and known as the Mid-Atlantic Program Service Center shall hereafter be named and designated as the "William A. Barrett Social Security Building". Any reference in a law, map, regulation, document, record, or other paper of the United States to such building shall be held to be a reference to the "William A. Barrett Social Security Building".

With the following committee amendment:

Page 2, after line 6, add the following:

SEC. 2. The United States Post Office Building located at 200 Chester Avenue, Moorestown, New Jersey, shall hereafter be known and designated as the "Edwin B. Forsythe Post Office Building". Any reference in a law, map, regulation, document, record, or other paper of the United States to such building shall be held to be a reference to the "Edwin B. Forsythe Post Office Building".

The committee amendment was agreed to.

● Mr. SNYDER. Mr. Speaker, the House lost the services of one of its most able and distinguished Members with the passing on Thursday of the Honorable Edwin B. Forsythe of New Jersey.

It was a measure of the great respect and admiration for this outstanding public servant and humanitarian that following his announcement that due to serious illness he would not seek reelection, the Committee on Public Works and Transportation voted unanimously to name the U.S. Post Office building in Congressman Ed Forsythe's hometown in his honor.

I believe that this would be an entirely appropriate tribute to my good friend and colleague for his outstanding career of public service to the State of New Jersey and the Nation, and I urge passage of H.R. 4665, which would designate the U.S. Post Office in Moorestown, N.J., as the "Edwin B. Forsythe Post Office Building."

Ed Forsythe was already an experienced public servant when he came to Congress. He literally had done it all, starting as a member of the Moorestown Board of Adjustment, and moving on to become mayor of Moorestown; a member of the New Jersey Senate, where he served terms as minority leader, president, and president pro tempore; and Acting Governor of New Jersey in 1968.

I had the pleasure of serving with Ed Forsythe from the time he came to Congress in 1970 and to work closely with him on the Committee on Merchant Marine and Fisheries, which he joined in 1972. I shall greatly miss his wise counsel and friendship.

Congressman Forsythe became the ranking minority member of the Fisheries and Wildlife Conservation and the Environment Subcommittee in 1975 and succeeded me as ranking minority member of the full committee at the start of the 98th Congress.

Prior to this Congress, he had also served on the Committee on Science and Technology and was a member of the Select Committee on the Outer

Continental Shelf, serving as ranking minority member of that select committee at its end.

Throughout his remarkable career in this body, Ed was a mover and doer in a quietly efficient manner. However, if his style and technique for getting things done did not instantly attract a great deal of public attention, his quiet determination and commitment to those issues he championed, especially environmental protection, was legendary, and his effectiveness a matter of record.

His leadership was crucial in the enactment of the National Environmental Protection Act, Non-Game Fish and Wildlife Act, Alaskan Land Act, Marine Mammal Protection Act, Endangered Species Act, and the 200-mile limit offshore fishing law.

He received many awards and recognitions, including the Legislator of the Year Award presented to him in 1980 by the National Wildlife Federation for his outstanding contribution to the wise use and management of the Nation's natural resources.

Congressman Ed Forsythe was held in the highest esteem both in and out of the Halls of Congress, and approval of the bill before us today would be a most fitting tribute to his memory and his many good works. Accordingly, I urge my House colleagues to give H.R. 4665 swift approval.●

● Mr. HOWARD. Mr. Speaker, it is with an enormous sense of loss and regret that I propose the naming of the post office in Moorestown, N.J., as the Edwin B. Forsythe Post Office Building. I wish to convey my condolences to his family. I regret that we were unable to honor my friend and colleague before his passing last week.

For the 14 years that Ed Forsythe served in Congress, we represented adjacent districts. We both represented seashore districts and we had concerns about many of the same issues. With his position on the Committee on Merchant Marine and Fisheries and mine on the Committee on Public Works and Transportation, we were able to work closely together.

Ed Forsythe was no flamboyant showman but he was truly a gentleman. In his distinctively quiet way, he effectively represented the interests of his constituents in New Jersey. He was able to leave a significant imprint on much of the environmental legislation, especially bills dealing with wildlife, during his time in Congress.

He played a significant role in establishing the 200-mile fishing limit, and he worked long and hard on such legislation as the Endangered Species Act, the National Environmental Protection Act, and the Marine Mammal Protection Act. At the time he died, Ed Forsythe was involved in several important initiatives, including the fish and wildlife conservation fund and the effort to phase out ocean dumping of sewage sludge.

Ed was an extremely principled Member of Congress. He was a member of the other party and we had conflicting views on many subjects. However, there is no question that he always voted his conscience. Ed was no rubberstamp for any party or any point of view and his voting record demonstrates that fact.

Even before he arrived in Congress in 1970, Ed had a long and distinguished career in local government dating back to 1948, when he served as secretary to the Moorestown Board of Adjustment. Following that, he was elected to the Moorestown Township Committee. He served as mayor for 5 years and later served as chairman of the township planning board.

Ed served 7 years in the State senate, serving as minority leader and as senate president before being elected to Congress.

Under these circumstances, it is certainly appropriate that we name the post office in Ed Forsythe's hometown after him. It is a small tribute to a gentleman of distinction that we take this action today. Ed Forsythe deserves to be remembered for his contributions in Congress, for his service to his constituents, and for being a truly fine human being. As a colleague of his from New Jersey, I can say that he will truly be missed.●

● Mr. YOUNG of Missouri. Mr. Speaker, the purpose of section 1 of H.R. 4665 is to memoralize Congressman William A. Barrett. He died while serving in the U.S. House of Representatives on April 12, 1976, at age 79. William Barrett was born in Philadelphia, Pa., and graduated from Brown Preparatory School and St. Joseph's College in Philadelphia.

He was first elected to the 79th Congress (January 3, 1945 to January 3, 1947), was again elected to the U.S. House of Representatives for the 81st Congress and was reelected to the 12 succeeding Congresses. He served on the Committee on Banking, Currency and Housing with distinction for 24 years, and was chairman of the Subcommittee on Housing and Urban Development from 1956 until his death. During his tenure, he also served on the Committee on Merchant Marine and Fisheries and the Joint Committee on Defense Production.

This legislation honors an outstanding American who served with distinction and dedication in this body into his 15th term. William Barrett was a man who always served the people, and his long record in this body indicates clearly the contribution he made for all people in the fields of social welfare, housing, and urban development. He worked hard and successfully to use the vast resources of the Federal Government to serve the most in need and to correct injustice. Every evening, after the business of the House was completed, William Barrett traveled back to Philadelphia to meet personally with his constituents and to help resolve their problems.

In view of his distinguished service to the First Congressional District of Pennsylvania and to the Nation, it is fitting that the Social Security Administration's Mid-Atlantic Program Service Center Building at 300 Spring Garden Street, Philadelphia, Pa., be known as the "William A. Barrett Social Security Building."

Section 2 of H.R. 4665 honors a distinguished American, the Honorable Edwin B. Forsythe, who died of cancer at his home in Moorestown, N.J., on March 29, 1984. He was serving his 14th year in Congress.

Congressman Edwin B. Forsythe was born in Westtown, Pa., on January 17, 1916. He attended public schools in Medford and Mount Holly, N.J., later graduating from Westtown School in Westtown, Pa.

His wife, Mary, resides in Moorestown. A married daughter, Susan, lives in Swathmore, Pa., with her husband and two children.

Congressman Forsythe is a former small businessman who began his government career in 1948 as secretary of the Moorestown Board of Adjustment. He was elected to the Township Committee in 1953 and served as mayor from 1957 to 1962, when he became chairman of the Township Planning Board, a post he held through 1963. He was elected to the New Jersey State Senate in 1963, a position he held until his election to Congress in 1971. In the New Jersey Senate, Congressman Forsythe served as assistant majority leader, minority leader, senate president, and Acting Governor in 1968. One of his chief accomplishments in the senate was sponsorship and passage of legislation creating the statewide grand jury which, for the first time, gave State law enforcement officials the tools to adequately pursue and prosecute organized crime and official corruption.

He was first elected to Congress on November 2, 1970, to fill the expired term of William T. Cahill in the 91st Congress, and also to the 92d Congress, and has been reelected to each succeeding Congress and was the senior Member of the New Jersey Republican congressional delegation.

Congressman Edwin B. Forsythe was ranking minority member of the House Merchant Marine and Fisheries Committee. In that influential leadership position, Mr. Forsythe commanded respect and was held in high esteem by his colleagues in the U.S. House of Representatives for development and oversight of legislation affecting U.S. maritime policy, the Coast Guard, the Panama Canal, the Outer Continental Shelf, fisheries, and wildlife. He also

served as ranking minority member of the subcommittee on Fisheries and Wildlife Conservation, and the Environment where, since 1975, he demonstrated his effectiveness in fashioning workable legislation in the areas of fisheries development and protection, wildlife management and conservation, and environmental protection.

Congressman Forsythe was a prime sponsor of the 200-mile-limit offshore fishing law enacted in 1976, and has played a critical role in such important national legislation as the National Environmental Protection Act, the Non-Game Fish and Wildlife Act, the Alaskan Land Act, the Endangered Species Act, and the Marine Mammal Protection Act.

He was instrumental in efforts to preserve the Pinelands, to implement effective and fair international management of the bluefin tuna, and to resolve the dumping of sludge in the Atlantic Ocean.

His marks of leadership shall remain indelibly on those committees' records, and his positive influence on the legislation produced by those bodies shall have a profound influence on the day-to-day lives of millions of Americans.

New Jersey and the Nation have every reason to be proud of what he has achieved during his 14 years of devoted service here in the House of Representatives, which should be an inspiration to all those who follow after. The State of New Jersey and this Nation have lost a distinguished leader, legislator, and a warm, friendly human being. He will be sorely missed by the State of New Jersey and colleagues in the Congress.

In view of his long and distinguished career, and in view of his many years of outstanding service to the people of the 13th Congressional District of New Jersey, and to the Nation, it is fitting and proper that the U.S. Post Office building located at 200 Chester Avenue, Moorestown, N.J., be named in his honor as the "Edwin B. Forsythe Post Office Building."●

● Mr. SHAW. Mr. Speaker, I rise in support of the bill H.R. 4665, as amended by the Public Works and Transportation Committee, which designates the Mid-Atlantic Program Service Center in Philadelphia, Pa., as the "William A. Barrett Social Security Building" and the U.S. Post Office building in Moorestown, N.J., as the "Edwin B. Forsythe Post Office Building."

William Barrett served with distinction and dedication in this House for 24 years. During his tenure his most outstanding achievements were made during his service as chairman of the Subcommittee on Housing and Urban Development of the powerful Committee on Banking, Currency, and Housing.

His long record, particularly in the fields of social welfare, housing, and urban development, clearly reflects the contributions he made for people in all walks of life. At this time, it is only fitting that we designate the Mid-Atlantic Program Service Center in his hometown of Philadelphia in his honor.

Mr. Speaker, section 2 of the bill honors our respected colleague, the Honorable Edwin B. Forsythe, who passed away late last week. I was deeply saddened by his death and by the loss in this body of an outstanding Member.

Knowing as we did of Congressman Forsythe's terminal illness, I had hoped that the House could act on H.R. 4665 before his death, but time proved to be too short. The bill received unanimous and expeditious action by the Committee on Public Works and Transportation, which was an expression of the high esteem in which our Members held the gentleman from New Jersey.

I had the good fortune to work with Ed Forsythe on the Committee on Merchant Marine and Fisheries, which he so ably served as ranking minority member. He was a dedicated, hard-working Member, respected by and respectful of his committee colleagues. He was always extremely helpful to me, and I greatly respected his wisdom and his counsel.

Ed Forsythe had extensive experience in local and State Government before he started his congressional career in 1970. From the mayoralty of Moorestown, N.J., he moved to the New Jersey Senate, where he served as minority leader and president of that body, and eventually served as Acting Governor of the State in 1968.

As a Member of Congress, Ed Forsythe moved quickly to become one of this body's most respected voices in support of environmental protection, wildlife management and conservation, fisheries development and protection, and the conservation of the coastal resources of the United States.

He was a moving force behind the enactment of major legislation in these areas, including the National Environmental Protection Act, the Non-Game Fish and Wildlife Act, Marine Mammal Protection Act, and the Endangered Species Act.

Such was his commitment to sound preservation policies affecting fish and wildlife, that even as he assumed the duties of ranking minority member of the full Committee on Merchant Marine and Fisheries at the start of this Congress, he retained his ranking minority membership of the Fisheries and Wildlife Conservation and the Environment Subcommittee, which he had held since 1975.

We share, with his family, friends, and the Nation the sorrowful loss of Congressman Forsythe, and I am pleased that we might pay tribute to him in this small way by designating the U.S. Post Office building in Moorestown, N.J., as the "Edwin B. Forsythe Post Office Building."●

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill to name the social security building in Philadelphia, Pennsylvania, known as the Mid-Atlantic Program Service Center, as the 'William A. Barrett Social Security Building', and to name the United States Post Office Building in Moorestown, New Jersey, as the 'Edwin B. Forsythe Post Office Building'.".

A motion to reconsider was laid on the table.

THE "BYRON G. ROGERS FEDERAL BUILDING AND U.S. COURTHOUSE" IN DENVER, COLO.

The Clerk called the bill (H.R. 4700) to designate the Federal Building and U.S. Courthouse at 1961 Stout Street, Denver, Colo., as the "Byron G. Rogers Federal Building and U.S. Courthouse".

There being no objection, the Clerk read the bill, as follows:

H.R. 4700

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembeld, That the Federal Building and United States Courthouse at 1961 Stout Street, in Denver, Colorado, shall hereafter be known and designated as the "Byron G. Rogers Federal Building and United States Courthouse". Any reference in any law, map, regulation, document, record, or any other paper of the United States to such building shall be deemed to be a reference to the "Byron G. Rogers Federal Building and United States Courthouse".

● Mr. HOWARD. Mr. Speaker, H.R. 4700 designates the Federal Building and U.S. Courthouse at 1961 Stout Street in Denver, Colo., as the "Byron G. Rogers Federal Building and U.S. Courthouse".

This legislation honors an outstanding American who served with distinction and dedication in this body for 20 years, commencing on November 7, 1950. Byron Rogers was a man who always had the national viewpoint, and his long record of service both in the Colorado Legislature and here in this body indicated quite clearly the contribution he made to all Americans. During his tenure in the Congress, he pursued his concern for justice as a member of the House Judiciary Committee. He was a staunch supporter of civil rights and was successful in bringing about meaningful legislation in this field as a member of the House Committee on Civil Rights.

Mr. Speaker, I urge that H.R. 4700 be adopted.●

● Mr. YOUNG of Missouri. Mr. Speaker, the purpose of this legislation is to memorialize Congressman

Byron G. Rogers, a Denver Democrat who represented Colorado's First Congressional District for 20 years.

Congressman Byron G. Rogers was born in Hunt County, Tex., on August 1, 1900. He served in the U.S. Army during World War I, was a victim of the influenza epidemic, developed tuberculosis, and moved to Denver, Colo.. to recover. He received his LL.B. degree from the University of Denver in 1925. Subsequently, he practiced law in Las Animas, Colo.

Congressman Byron G. Rogers was elected county attorney of Bent County, Colo., in 1929 which was the beginning of a 41-year career in public office. He served in the Colorado House of Representatives from 1931 to 1935, and was speaker of the House in 1933. He was Assistant U.S. Attorney General for Colorado from 1934 to 1936, and, subsequently, he was appointed and elected Attorney General of Colorado; a position be held until 1938. He served as State chairman of the Democratic Central Committee of Colorado from 1941 to 1942, and served as county chairman of the Denver Democratic Central Committee from 1945 to 1950.

Byron G. Rogers was elected as a Democrat to the 82d Congress on November 7, 1950, and was reelected to the 83d, 84th, 85th, 86th, 87th, 88th, 89th, 90th, and 91st Congresses.

During his tenure in this House, Congressman Rogers served on the House Judiciary Committee. Upon his retirement from Congress, the chairman of the House Judiciary Committee praised him as a legislator who "in his unique, unassuming way, helped shepherd through Congress the kind of legislation which brought hope and light to millions of our citizens."

In addition, Congressman Rogers served on the House Committee on Civil Rights. He was a staunch supporter of civil rights, and the fights he fought were the precursors of today's battles. He logged many hours on civil rights issues and was commonly known as "Old Civil Rights Rogers".

During his two decades of service in Congress, Byron Rogers represented Denver with vigor and distinction in the U.S. House of Representatives. As Denver grew to become a major metropolitan city on the eastern slopes of the Colorado Rockies, Byron Rogers was cognizant of the associated Federal presence which would be required. He continually fought for Federal dollars and was responsible for the construction of the Federal Office Building and Courthouse, the Post Office Terminal Annex, the Air Force Accounting and Finance Center, and Chatfield Dam.

Byron Rogers was a man of unwavering principle and dedication, and he provided Coloradoans with the highest quality of representation in the Congress.

In view of his distinguished service to the city of Denver, and this Nation, it is fitting that the Federal Building and U.S. Courthouse at 1961 Stout Street, in Denver, Colo., be known as the "Byron G. Rogers Federal Building and United States Courthouse".

Mr. Speaker, I urge adoption of H.R. 4700.●

● Mr. SHAW. Mr. Speaker, I rise in support of H.R. 4700 which would authorize the designation of the Federal Building and U.S. Courthouse in Denver, Colo., as the "Byron G. Rogers Federal Building and United States Courthouse".

Byron Rogers was a man dedicated to serving his fellow citizens. His career in public office spanned over four decades beginning in 1929 in Bent County, Colo., where he was elected county attorney. From there, he was elected to the Colorado House of Representatives where he served for 4 years, then moved on to serve as the Assistant U.S. Attorney General for Colorado and later the attorney general of Colorado.

In 1950, Byron Rogers was elected to the first of the 10 terms he was to serve in the U.S. House of Representatives. Congressman Rogers was a staunch supporter of the judiciary and civil rights and served on both the Judiciary and Civil Rights Committees. Because of his devotion to the civil rights issue, he became reverently known to all Members as "Old Civil Rights Rogers".

Mr. Speaker, designating the Federal Building and U.S. Post Office in Denver in honor of Byron Rogers is but one small way we can pay tribute to a man who dedicated his life to the citizens throughout the Nation and deserves our support. I urge my colleagues to join me in passing this bill.●

● Mr. STANGELAND. Mr. Speaker, as author of this legislation, I strongly urge enactment of H.R. 4700.

Briefly, when I came to this Congress 7 years ago, I was fortunate enough to have met Congressman Byron Rogers, who was affectionately known as "The Judge." Byron Rogers served with distinction from the city of Denver for 20 years. He had a long history of political activism and served in the Colorado House of Representatives from 1931 to 1935, before being elected to this body on November 7, 1950.

Congressman Rogers was a man of incredible integrity and intelligence, of commitment and capacity. He was held in high esteem by his colleagues on both sides of the aisle and enjoyed the overwhelming support of his constituents who appreciated his honesty, sincerity, and conscientious concern for their welfare. Byron Rogers loved this institution and continued to reside here for a good portion of the time after he left Congress in 1970 until his recent death.

During his tenure in Congress, he maintained a table down in the Longworth Cafeteria that I am advised that history says was begun by a former distinguished colleague, Mendel Rivers, and that you had an invitation to sit at that breakfast table. Byron Rogers took me under his wing and invited me to sit there and each time I came down for breakfast, the seat to the left was vacant and he always asked me to come up and sit to his left.

Judge Rogers was a Democrat and he took a Republican freshman Congressman under his wing and we talked politics and legislative matters here in the Congress. He was a wealth of knowledge and a delightful person.

Mr. Speaker, passage of this legislation will allow us to pay a small tribute to an outstanding man.●

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. YOUNG of Missouri. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the two bills just passed, H.R. 4665 and H.R. 4700.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

ENDING U.S. PARTICIPATION IN MULTINATIONAL PEACEKEEPING FORCE IN LEBANON

(Mr. MONTGOMERY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MONTGOMERY. Mr. Speaker, the President's letter officially announcing the end of U.S. participation in the multinational peacekeeping force in Lebanon will be well received here on Capitol Hill.

I think most Members of Congress felt our involvement in this ill-conceived mission was over when the marines were redeployed to the safety of U.S. ships offshore.

As this sad chapter in our military history closes, I hope the State Department has learned to never again commit American troops to a no-win situation like the one they faced in Beirut. Our marines should be commended for doing their best to carry out their orders under very difficult circumstances.

There was never a clear understanding of the mission in Beirut. The next time we commit troops, let us make sure the mission is properly defined and we send a large enough force to do the job.

The best thing the State Department can do now is stop trying to lay the blame on someone else and move forward to seek new initiatives for peace in the Middle East.

THE LATE HONORABLE JOE L. EVINS

(Mrs. LLOYD asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. LLOYD. Mr. Speaker, I am deeply saddened to report to the House that the former dean of the Tennessee delegation, the Honorable Joe L. Evins, passed away this weekend. Those of us privileged to serve with him know what an outstanding individual as well as Representative he was. He helped nurture the development of an entire generation of political leadership in the State of Tennessee. He was a dynamic and forceful member of the Appropriations Committee and had much to do with the shaping of legislative programs that laid the basis for economic growth in our State and in our Nation. He was a fine Christian gentleman and for 30 years he exemplified the finest qualities of leadership, compassion, and concern for his country, his State, and for the people who elected him to this body. Tennessee has indeed lost a loyal friend, and trusted servant, with his passing. All of us who knew Joe L. Evins have been touched by his unrelenting spirit to distinguish himself, and this Chamber with his service.

THE LATE HONORABLE JOE L. EVINS

(Mr. COOPER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. COOPER. Mr. Speaker, I am deeply saddened today to report that the former Congressman from Tennessee's Fourth District, the Honorable Joe L. Evins, passed away over the weekend. From his first election to Congress in 1946 until his retirement in 1977, Joe L. Evins represented his native State with complete dedication and commitment. His influence in Washington was a great benefit to Tennessee, and his standard of hard work and service for his constituents remains an example of excellence in public service.

Joe L. Evins was also highly respected as a national legislator. As the chairman of the House Small Business Committee for many years, he helped create the SBA and led countless efforts to keep America's small businesses thriving and rewarding for millions of entrepreneurs. Congressman Evins also conceived of numerous public works projects that are now crucial to the country's economy, including the construction of the Interstate System and many TVA dam projects.

Tennessee has lost an outstanding leader. His contributions to our country will be sorely missed.

AIDE RECALLS HOW EVINS MANEUVERED

(By Bill Keel)

When former Rep. Joe L. Evins left Capitol Hill in Washington for a visit to a federal agency or department, officials rolled out the red carpet and braced themselves.

He knew and they knew he controlled the purse strings. They also knew that when he moved, he had a purpose. Evins didn't waste time or motion.

One such visit occurred after passage of the Model Cities Act, which came within the jurisdiction of the independent offices subcommittee on appropriations. He headed for the Department of Housing and Urban Development and then-Secretary Robert Weaver.

Exuding charm and warmth and personality, he swept into Weaver's office.

"Now, Mr. Secretary," he said, "my home county of De Kalb is a prime candidate for the Model Cities program and I urge you to approve its application. You should have a rural county in your program and De Kalb would be ideal. It's a fine progressive county."

Secretary Weaver appeared somewhat puzzled, and I'm not sure at that time whether he had ever heard of Smithville and De Kalb County, Tennessee.

He promised to consider the application and—after a call or two from Evins—announced its approval. He also approved nearby Cookeville. And millions of dollars flowed into the 4th District as a result. Asked by reporters how De Kalb County got into the picture, Weaver said: "Well, she is small, but there are those who love her."

That was the secret of Evins' amazing success in channeling funds to his district and Tennessee. He leveraged his committee positions into instruments of power. He was at one time chairman of two appropriations subcommittees, the House Small Business Committee and the House administration staff, which included the Capitol police. He used this interlocking power base skillfully. For example, he initiated funding for five dams in Tennessee without their being included in any administration budget [Cordell Hull, Percy Priest, Tims Ford, Normandy and Columbia]. He just did it. He had the power.

But it would be wrong to say that he did not have a sense of national mission and national purpose. He did. He approved projects that created jobs and provided public facilities throughout the nation, and when he retired in 1976 congressman after congressman from the Northwest to the Mississippi Delta rose to tell what Joe Evins meant to their states.

He was a master at power escalation—and he taught his administrative assistants how to work with him as a team. One of these, Robert N. Moore Jr. of Franklin, recalls that the contacts would begin with a "light touch" call by the administrative assistants, then a "soft touch" by Evins, then a strong letter, stronger calls, hints of possible funding difficulties—until finally the objective was achieved. There was no Mission Impossible. That just took a little longer for Joe Evins.

He ruled his committees with a firm hand.

On one occasion, Caspar Weinberger, now secretary of defense, appeared before Evins as chairman of the Federal Trade Commission, which just happened to be the agency where Evins had a lot of friends and had worked when he first came to Washington.

One day at a hearing, Weinberger appeared alone.

"Where is your staff, Mr. Chairman?" Evins asked.

"I came alone," Weinberger responded. "That's the way we do it in California."

"Well, it's not the way we do it in Washington," Evins said. "We won't have a hearing until you get your staff here."

In a matter of minutes 18 FTC staffers appeared.

Evins commented recently that back in those days Weinberger was known as "Cap the Knife" because of his budget-cutting activities. Now, Evins said, "Cap the Knife" has become the largest "bureaucratic spender" in history as secretary of defense.

When Evins set his mind on a target, he was relentless in pursuit. He sheathed his power in charm—until he was pushed too far. He could be a tough and grueling cross-examiner in committee.

He had a steel-trap, computer-like mind. Things had to add up. Nothing happened accidentally. There was always a reason for a particular action. One Christmas somebody gave him a ham. He thought about that ham. He didn't know the donor and couldn't understand. In a couple of months, he looked up from his desk and tossed me a letter from a constituent wanting help with a federal problem. "That's where the ham came from," he said.

I once made the mistake of commenting in a book that he couldn't be fooled. He immediately decided that I had tried to fool him at some point. He wracked his brain to figure out why I said that. He finally decided that it went back to an incident involving an old bottle of bourbon that had been sitting in a closet in the office for months. He was not a drinking person and kept it for friends. One day he noticed that the level of the liquid had dropped in the bottle. He asked me about it.

"Well," I responded, "I guess the maid has been nipping."

He howled with laughter, in any event, he concluded that this incident was what I was referring to and that closed the case on Not Being Fooled. Except, that he told that story for years to our mutual friends, intimating that I was the culprit!

He also enjoyed telling about the constituent who wanted the mail route changed to serve his home. After a long, hard struggle, the Post Office agreed. Then the constituent wrote to Evins, saying he wasn't getting any mail and would Evins please get him a federal check so the postman would deliver something.

Evins did not like to put his staff on the spot.

Once, I asked him to have a staff meeting and urge that the staff work harder. He finally agreed. Then after we were all seated in the office he began telling each staff member how lovely and talented she was. "We have our beautiful blond receptionist, and she is very talented. We have our beautiful red-haired secretary, and she is very able. . . ." He never did get to the point.

But he had a priority list each day of objectives to be achieved. And he stuck to it. And the next day we would update the list and take it from there.

He and his wife—Miss Ann, the former Ann Smartt—complemented each other. They were opposites in personality but a perfect match. He was aggressive and dy-

namic and impatient. She was gentle and patient and serene. They both accepted those differences and accommodated them. If Miss Ann had not finished applying her makeup when Evins thought they should leave for an engagement, she would simply transfer the operation to the car. No problem!

Evins looked back with great pride on his project to help the World War I hero Sgt. Alvin York of Pall Mall, Tenn., to pay off a debt to the Internal Revenue Service. He formed a special committee that included Bobby Kennedy and Gary Cooper, the actor who played Sgt. York in the movie. They raised more than enough to pay off the $25,000 debt for the old war hero.

Evins was not mechanically inclined despite his legislative genius. He sometimes hit the wrong button when he received a telephone call.

He was the World's Most Impatient Man. We used to laugh about that title, and we decided at one point that it should be the title of a book about him.

On one occasion, he actually told me to write a five-minute speech on a matter then on the floor—and without pausing walked right around to another door to my office and asked: "Have you got it ready?"

A week ago he wrote a letter to an old friend, Bryan Jacques in Arlington, Va., in which he said:

"I'm eating well and my strength is returning. But sometimes an old car ceases to run well. It takes a lot of little repair jobs to keep it going—and I am a 1910 model."

Later in the week, he told his old friend Charles Gentry, a Church of Christ minister from Smithville, to pull a chair over by the bed at Vanderbilt Hospital for a talk.

He was serene and calm.

"Charlie," he said, "people don't realize how much pain I have had. I want to get away from all this suffering. I'm ready to go."

He had his way one last time.

(Bill Keel, a federal and political consultant, was administrative assistant to Rep. Joe Evins for 11 years.)

[From the Tennessean, Apr. 2, 1984]

LEGACY OF MR. JOE L. EVINS

The death of Mr. Joe L. Evins on Saturday removes from the scene one of Tennessee's most gifted and devoted public servants. He died after suffering a heart attack at the age of 73.

Mr. Evins was elected to represent the 4th congressional district in 1946 and served 30 years before retiring. He was a native of DeKalb County, and a graduate of Vanderbilt University and Cumberland Law School. Prior to being elected to Congress, he worked for the Federal Trade Commission.

Mr. Evin's contributions both to his congressional district and to the state are numerous. He was directly responsible for bringing hospitals, schools, airports, and highways into his district. He helped get the funding for the Veterans Administration Hospital in Nashville, and also helped create the Small Business Administration.

But Mr. Evins did not limit his concerns and his energy to Tennessee. During his congressional career, he has one persistent theme—"Building America." And, as a member of the Appropriations Committee and chairman of the Subcommittee on Public Works Appropriations, he had the ability to achieve that goal.

His voice and influence helped bring water projects to irrigate the West, helped bring energy to bolster industry in southern states, and facilitated the building of numerous health facilities throughout the nation.

He also was a great supporter of the national space program. Because of the persistent and imaginative assistance in the moon landing and the projects that proceeded it. Mr. Evins' name is engraved on a plaque on the moon.

Few members of Congress have been responsible for such a collection of national projects. And few persons have ever made such a permanent impact on this state. Mr. Evins fused his energy, skills, and knowledge with an absolute devotion to the state and the nation. His achievements are a legacy for which all Tennesseans may be proud.

CONSEQUENCES OF AFDC CUTS

(Mr. FORD of Tennessee asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FORD of Tennessee. Mr. Speaker, the GAO report on the effect of the 1981 budget cuts in AFDC confirms what we have been told in congressional hearings for the last 2 years—these cuts have resulted in unwarranted pain and hardship for poor single mothers who are struggling to support their families. This report stands in sharp contrast to the ridiculous anecdotal statements from the administration that ignore the harsh reality of poverty in this country.

These budget cuts, which substantially reduced the amount of money an AFDC recipient could earn and still remain eligible for assistance, have resulted in 493,000 families losing AFDC. In most cases, this means not only the loss of income assistance but also of health care coverage through the medicaid program. Nearly 1,000,000 children were affected by these cuts.

The indepth study, conducted in Memphis, Dallas, Boston, Milwaukee, and Syracuse, shows that the cuts were directed at the working AFDC recipient. While in many cases it might have made more economic sense for these individuals to quit work, the study shows that they have remained in their jobs. These women want to work and achieve economic self-sufficiency. In so many cases, the assistance provided by AFDC meant at least a minimal standard of living for them and their families. These budget cuts have played a cruel joke on these families. In effect, these cuts say that it is the policy of this Government that these women and children live in poverty.

While these women have remained in the work force, the study shows that they have not been able to make up the loss of income assistance and medicaid coverage. The average monthly income loss for working single parent families who lost AFDC eligibility was $186 in Memphis, $229 in Dallas, $180 in Milwaukee, $151 in Syracuse, and $115 in Boston. For many of these families, the AFDC income loss coincided with the loss of food stamp eligibility because of tightened eligibility in that program.

Lack of health coverage was common among these former AFDC recipients. In Dallas, 59.2 percent of those families who lost AFDC did not have any health coverage. In Memphis, 45 percent, in Boston, 27.5 percent, in Syracuse, 17.1 percent, and in Milwaukee, 13.9 percent had no health coverage at all. Private health insurance coverage was more common in high benefit States.

The study also found that in four of the cities these families were more likely to have faced emergency situations as a result of these cuts. Many have had to forgo medical treatment or were refused medical treatment because they could not pay. They have had to borrow money from friends and relatives in order to meet expenses. They have run out of food before the end of the month and have had to depend on charity for food.

This report, coming as it does shortly after the Bureau of the Census report on the alarming rise in poverty, provides substantial evidence of the systematic retreat from our obligation to insure economic and social justice for all citizens. The policies of this administration have led the retreat. It is time for the simplistic rhetoric and cynicism of the administration to stop and for compassionate leadership from the White House in addressing the needs of the poor to begin.

ANNUAL CHILI DAY EXTRAVAGANZA

(Mr. PICKLE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PICKLE. Mr. Speaker, today's the day we give chili away—venison chili that is—from the hill country of Texas. This delicacy of the wild is a rare treat. This marks the 16th year that I have served "Wick-Fowler" two-alarm venison chili to the House, and I am pleased to tell the Members that, out of deference to gringos, this will only be two-alarm chili—not the three-alarm or four-alarm chili that we Texans are used to.

And furthermore, we have cut the "red pepper" portions so everyone can enjoy this delicacy without fear of intestinal recriminations.

Today, there are a lot of so-called chili experts and chili cookoffs, but I promise you, this chili is the right stuff. There is just no comparison. So, put on your best asbestos suit, save a little room for ice cream for calming purposes, and help yourself, but remember—"caveat emptor."

And let no one but the brave venture forth for this "two-alarm" venison chili.

THE 2-PERCENT SOLUTION

(Mr. ROEMER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROEMER. Mr. Speaker, in the spirit of the Texas chili, a group of us have submitted under the rules of the House a budget for consideration by the House this week.

Our criticism of alternative budgets is that some do not go far enough. For example, the President spoke of $100 billion downpayment, leaving deficits higher in the third year than in the first year.

Some budgets take all their cuts in defense or in raising taxes. We do not think that is the right approach.

Finally, some budgets do all their deficit reduction with mirrors. We have heard of one where there will be large savings from the Grace Commission, savings that frankly do not exist.

We ask Members to take a look at our budget. It is tough, fair, and broad. We call it the 2-percent solution.

We allow military to grow at 5 percent real; that is, 2 percent under what the President wants. We take COLA's minus 2 percent on an annual basis. We reduce indexing by 2 percent.

The result, Mr. Speaker, is a savings of $225 billion in 3 years from current services, 2-to-1 spending over tax increases.

We think, Mr. Speaker, that our budget, if adopted by this House this week, will lower interest rates by 2 percent real across the board. That will allow the recovery to prolong itself; that will extend economic recovery to areas that do not get help now like agriculture, and reduce unemployment.

We ask Members of the House to look at the 2-percent solution.

□ 1220

BIG DEFICITS ARE A FACT OF LIFE

(Mr. GEPHARDT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GEPHARDT. Mr. Speaker, I want to say some kind words about one budget plan that we will be debating here in the next few weeks. I think the plan approved by the House Budget Committee is a major step forward. If enacted, it will send a message to both Main Street and Wall Street that Congress is serious about getting the deficit under control. If it fails, we will be accused of dodging the most important economic problem our Nation faces today.

Big deficits are a fact of life. They will be with us for some years to come despite our best efforts. The choice we face is whether to pay for what we are getting or continue the spend and spend, borrow and borrow policy.

Our budget is attractive for several reasons. It is a virtual freeze, designed to hold spending down during this austere period. It embraces the pay-as-you-go principle. This will establish an important precedent and be an official congressional acknowledgement that there is no free lunch. Last, it calls for sacrifice in a fair way in all parts of the budget.

I urge my colleagues to study this budget carefully and vote for it when it reaches the floor.

WE ARE LIVING ON BORROWED TIME

(Mr. FAZIO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FAZIO. Mr. Speaker, the No. 1 economic problem facing our Nation today is the deficit. To solve it we can not longer afford lipservice because the national debt, which will reach $1.6 trillion by the end of this year, will by 1990 amount to $11,000 for every man, woman, and child in our country.

The interest payments alone will then be $20 billion; triple what they were in 1981. The President says we no longer have to fear the deficit, that the economy is now booming; that the expansion will take care of the deficit. But this just is not the case.

Despite the momentum of our economy, we are living on borrowed time. As Alan Greenspan, Chairman of the Council of Economic Advisers under President Ford put it, as long as the financial markets perceive, as they do today, that the deficit potential for causing crowding out is large, they will impose inflation premiums on interest rates, ultimately they will undercut growth.

We have seen in recent days that interest rates already high in real terms are on the move, rising higher still in the future.

That is why we need to support the resolution that the House Budget Committee has labored long and hard to develop. Our plan will reduce the deficit by $182 billion over the next 3 years, more than any other plan yet discussed. This is a reasonable, well-thought out plan.

House Concurrent Resolution 282 is a solid beginning to what will be a long-term plan to address these deficits which threaten our economic well-being over the next several decades.

OLDER AMERICANS HAVE A RIGHT TO LIVE AND TO RECEIVE MEDICAL TREATMENT

(Mr. PETRI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PETRI. Mr. Speaker, last week we all discovered that there is yet another Colorado Democrat with "new ideas."

Many of us were surprised and dismayed to learn that Colorado Gov. Richard Lamm believes the terminally ill elderly have what he called a, and I quote, "duty to die and get out of the way."

Mr. Speaker, it is a frightening thing to suggest that anybody has a duty to die. And it is even more frightening to hear that suggestion from a high government official, such as the Governor of Colorado.

Because we have a Governor who feels free to tell our elderly that they have a duty to die, I have decided to offer an amendment to the Older Americans Act to help educate our senior citizens about their legal rights. No matter what the Governor of Colorado says, our older Americans have a right to live and to receive medical treatment. God will take them soon enough. There is no need to help push them over the precipice.

EL SALVADOR—ATROCIOUS ACTS OF LEFTWING DEATH SQUADS DEMAND EQUAL CONDEMNATION

(Mr. LAGOMARSINO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LAGOMARSINO. Mr. Speaker, we continually hear about the atrocities committed by the so-called death squads in El Salvador. Unfortunately, the impression has been that the rightwing has some sort of monopoly on the death squad activities. As much as I and my colleagues deplore the rightwing death squads, the atrocious acts of the leftwing death squads demand equal condemnation.

Since June 1983, five elected Salvadoran Assembly Members have been killed, all Conservative Party members. At least three of these assassinations have been claimed by leftist groups. If a similar proportion of Members of Congress had been killed, we would have lost 36. No one in this body would tolerate the loss of one Member, nor should we stand by without condemning the senseless killings of legislators in a freely elected assembly in another country and just yesterday guerrillas killed D'Aubisson's chief campaign adviser Rafael Hasbun.

There are also recent reports of a large band of Cuban- and Libyan-trained terrorists infiltrating El Salva-

dor from Nicaragua, with the purpose of murdering presidential candidate Napoleon Duarte, among other prominent Salvadorans. While in El Salvador, as part of the official U.S. delegation to oversee the presidential elections on March 25, we were advised that, indeed, Libyans and Cubans had infiltrated the country for that purpose.

Other information has come to light recently which casts grave doubts about the allegations of former U.S. Ambassador to El Salvador Robert White, who has charged certain Salvadorans with participation, direction, and financing of death squad activities. When confronted with certain evidence which discredits his statements or libel suits challenging his assertions, Mr. White has retracted his claims, stating "it appears my source may have been in error."

Mr. Speaker, the continued flagrant violations of human rights by leftwing terrorist groups in El Salvador cannot be tolerated. Following my visit to El Salvador in December with Vice President BUSH, the number of deaths related to rightwing death squads has dropped considerably. Just as we deplored and condemned the rightwing death squads, so must we condemn those of the left as well.

THE ERA-ABORTION CONNECTION IS AFFIRMED

(Mr. DANNEMEYER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DANNEMEYER. Mr. Speaker, last year, when the House of Representatives was debating the equal rights amendment, proponents of the same old ERA that failed of ratification several years ago argued that there was no connection between the ERA and legalized abortion and that there was no need for an abortion neutral amendment to the ERA. At the time, those favoring an abortion neutral amendment to ERA disputed that analysis, pointing to a number of cases that had been filed in the courts of States that had adopted State ERA's. However, those concerned about the ERA-abortion connection could not, at that particular moment, point to a case where a State court had ruled that the State's ERA required medicaid funding of abortion on demand—because no definitive rulings had been handed down.

Well, now those concerned about the ERA-abortion connection can point to a case—Fisher against Commonwealth of Pennsylvania—decided March 9, 1984, and the ruling substantiates all their concerns. By deciding that the Pennsylvania State ERA mandates medicaid funding of abortion on demand, Judge John McPhail has demonstrated that the threat of federally funded abortion if the same old ERA passes is every bit as real as critics have made it out to be.

As a consequence, I would certainly hope that, if the ERA is brought back to the House floor, it be brought back under a rule that will permit the offering of amendments and, in particular, an abortion neutral amendment. The need for such an amendment can no longer be in doubt.

TWO "OLD" IDEAS WHOSE TIME HAS COME

(Mr. WEBER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WEBER. I thank the Speaker.

Mr. Speaker, in the campaign which we are hearing a lot about new ideas, I would like to raise again two ideas that take on a special relevance as we enter a week of discussions on the budget resolution.

I am referring to the idea of a balanced budget constitutional amendment and the idea of a line-item veto.

Granted, those ideas probably do not sound too new to the Members of this body since many of us have tried to bring them up on every single day that this House has been in session. But unfortunately, those two new ideas do not seem to get much of a hearing from the Democratic majority.

Once again, I come to the floor today because we have minority approval of a unanimous-consent request to bring the balanced budget constitutional amendment and the line-item veto to the floor for debate and a vote.

If we had the support of the majority, we could act on those items expeditiously.

Obviously, unfortunately, that approval is not forthcoming.

So once again, as we enter a week in which we will be debating the crucial issues of the Federal budget deficit, we find that the Democratic leadership of the House has blocked consideration of the line-item veto as well as the balanced budget constitutional amendment.

□ 1230

VOLUNTARY SCHOOL PRAYER CONSTITUTIONAL AMENDMENT

(Mrs. VUCANOVICH asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. VUCANOVICH. Mr. Speaker, at this time I would hope to offer a unanimous-consent request calling for consideration of the voluntary school prayer constitutional amendment.

The Chair has ruled that in order to make this request I must have the clearance of the majority and minority leaderships.

This request has been cleared by the minority leadership. I would be willing to yield to a spokesman from the majority leadership for appropriate clearance.

Hearing no response, that should make it clear to the American people who stands in the way of voluntary school prayer, the Democratic leadership of the House.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore laid before the House the following communication from the Clerk of the House of Representatives:

WASHINGTON, D.C.,
March 30, 1984.

Hon. THOMAS P. O'NEILL, Jr.,
The Speaker, House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: Pursuant to the permission granted in Clause 5, Rule III of the Rules of the U.S. House of Representatives, the Clerk received at 4:00 p.m. on Friday, March 30, 1984, the following message from the Secretary of the Senate: That the Senate agree to the House amendment to the bill S. 2507.

With kind regards, I am,

Sincerely,

BENJAMIN J. GUTHRIE,
Clerk, House of Representatives.
(By) W. RAYMOND COLLEY,
Deputy Clerk.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair desires to announce that pursuant to clause 4 of rule I, the Speaker signed the following enrolled bill on Friday, March 30, 1984.

S. 2507. An act to continue the transition provisions of the Bankruptcy Act until May 1, 1984, and for other purposes.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to the provisions of clause 5, rule I, the Chair announces that he will postpone further proceedings today on each motion to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 4 of rule XV.

Such rollcall votes, if postponed, will be taken at the end of legislative business on Tuesday, April 3, 1984.

PAYROLL DEDUCTION FACILITATION ACT

Ms. OAKAR. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3879) to amend title 31, United States Code, to eliminate the fee imposed on financial organizations which receive payroll deductions from Federal employees, and for other purposes, as amended.

The Clerk read as follows:

H.R. 3879

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Payroll Deduction Facilitation Act".

ELIMINATION OF PAYROLL DEDUCTION FEES ON FINANCIAL ORGANIZATIONS

SEC. 2. Section 3332(b) of title 31, United States Code, is amended by inserting "without charge" after "shall be sent".

SEC. 3. Section 3332 of title 31, United States Code, is amended by striking out subsection (c) and redesignating subsections (d), (e), (f), and (g) as subsections (c), (d), (e), and (f), respectively.

The SPEAKER pro tempore. Is a second demanded?

Mr. DANNEMEYER. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentlewoman from Ohio (Ms. OAKAR) will be recognized for 20 minutes and the gentleman from California (Mr. DANNEMEYER) will be recognized for 20 minutes.

The Chair recognizes the gentlewoman from Ohio (Ms. OAKAR).

Ms. OAKAR. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 3879 was jointly referred to the Committee on Post Office and Civil Service and the Committee on Banking, Finance and Urban Affairs. On March 28, 1984, the Subcommittee on Compensation and Employee Benefits of the Post Office and Civil Service Committee unanimously approved H.R. 3879 with an amendment, and the Banking, Finance and Urban Affairs Committee, has no objection of the consideration of the bill by the House. The amendment was to delete section 4 in its entirety. It was felt that this section was unnecessary to the thrust of the legislation and creates difficult issues concerning the right to privacy which are not relevant to the remainder of the bill.

Mr. Speaker, H.R. 3879 would amend section 3332 of the United States Code, regarding payroll deductions for Federal civilian employees. Under current law, the Federal Government imposes service charges on financial institutions and organizations which receive payroll deductions from Federal workers.

Current law requires that Federal agencies be reimbursed for the administrative cost of processing payroll allotments. The number of deductions an employee can make per paycheck is limited to three. The Federal Government absorbs the cost of sending one allotment per pay period to an employee's designated financial organization. However, if other deductions are made, the appropriate Federal agency must be reimbursed by the designated financial organization for the costs involved in processing these deductions. In effect, Federal employees are permitted to designate up to three allotments with charges incurred on the second and third.

Under existing law, these fees apply only to payroll deductions for Federal civilian employees. Active and retired military personnel and Department of Defense personnel living overseas may authorize payroll deductions at no cost to them or their recipient organization.

I believe that this is totally unfair and must be corrected. Frankly, it defies logic to try to defend a Government policy which supposedly encourages savings and thrift, but penalizes Federal employees for doing the very thing this Government has encouraged them to do—save.

Mr. Speaker, how ironic it is that we in the Congress, on the one hand enact legislation such as the individual retirement account and other saving provisions, and yet, on the other hand, we impose an impediment on our loyal Federal employees who want to save by requiring the Federal Government to charge their designated financial institution the cost of processing the saving allotment. It simply does not make any sense and H.R. 3879 corrects this inequity.

By eliminating the allotment fee charged to financial institutions serving civilian employees, H.R. 3879 will improve Government efficiency and aid the Department of the Treasury in making full use of the advanced technology of electronic funds transfer. Moreover, testimony received from Treasury Department officials by the Subcommittee on Compensation and Employee Benefits indicates that 75 million allotments are processed each year. Of these, 64 million are composite checks, which cost the Treasury Department about 3 cents per check—11 million are individual checks which cost about 21 cents per check. By removing the fee requirement, the Treasury Department will be able to fully utilize electronic fund transfers for these transactions at a gross annual savings of $4.4 million. The Congressional Budget Office estimates that net savings of $2 million per year will result with enactment of H.R. 3879.

Furthermore, this legislation will also provide uniformity for all allotment programs and end the current confusion in the financial community caused by the imposition of these fees which are inconsistent with the procedures used for other Government programs.

Over the years, payroll deductions have proved to be an effective and efficient means of encouraging savings for all citizens. It is a sure method by which they can contribute to an overall improvement in our economy. Congress should do all it possibly can to encourage thrift and savings. It is for this reason that H.R. 3879, as amended is timely and on target. In addition, it is a measure that will result in cost savings to our Government and aid in reducing the staggering deficit that we now face.

Mr. Speaker, I am deeply grateful to the chairman of the Post Office and Civil Service Committee, Mr. FORD, and the chairman of the Banking Committee, Mr. ST GERMAIN, for their support of H.R. 3879. I am also pleased to note that the bill is supported by the Treasury Department, the major credit union organizations, and other financial institutions.

Mr. Speaker, I urge my colleagues to join me in support of this legislation.

Mr. DANNEMEYER. Mr. Speaker, I yield myself such time as I may consume. I join the distinguished Chair of the Compensation and Employee Benefits Subcommittee in urging swift approval of this bill.

This bill modestly reduces our deficit, encourages Federal employees to save, and ends a cumbersome billing practice. This bill has bipartisan support in our committee and is strongly endorsed by the administration.

As the gentlelady from Ohio has noted, this bill eliminates the current fee of 6 cents per electronic fund transfer levied by the Treasury Department on financial institutions for civilian Federal payroll allotments. While this fee raised $2.1 million, it cost $4.4 million to administer. This practice was also inconsistent with the private sector.

It is also important to note what this bill does not contain. This bill was amended in subcommittee to delete a provision long sought by the Treasury Department to permit the disclosure of very limited information on accounts receiving Federal deposits by wire. The purpose was to insure proper crediting of accounts and to track the fraudulent use of Federal transfer payments. This provision was not the idea of the gentlelady from Ohio.

My concern, and that of my colleague from Florida (Mr. MACK), was that we could insure proper crediting and reach these fraud cases through other means without compromising the rightful privacy of any employee who has Federal deposits wired into their accounts. I am pleased to say that the gentlelady from Ohio was as responsive to our concern as she was cooperative with the Treasury Department.

The minority appreciates the prompt action of the gentlelady from Ohio and the chairman of our committee, the gentleman from Michigan (Mr. FORD), in moving this legislation.

I have no requests for further time, and I yield back the balance of my time.

□ 1240

Ms. OAKAR. Mr. Speaker, I yield myself such time as I may consume to urge my colleagues to support the bill unanimously. It is a time that we can save a lot of money and at the same time do a service to our Federal employees who deserve it.

GENERAL LEAVE

Ms. OAKAR. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous matter on the bill, H.R. 3879.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Ohio?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from Ohio (Ms. OAKAR) that the House suspend the rules and pass the bill, H.R. 3879, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

CONTROLLED SUBSTANCE REGISTRANT PROTECTION ACT OF 1984

Mr. HUGHES. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5222) to amend title 18, United States Code, to make certain robberies and burglaries involving controlled substances a Federal offense.

The Clerk read as follows:

H.R. 5222

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Controlled Substance Registrant Protection Act of 1984".

SEC. 2. Chapter 103 of title 18, United States Code, is amended by adding at the end the following:

"2118. Robberies and burglaries involving controlled substances

"(a) Whoever takes or attempts to take from the person or presence of another by force or violence or by intimidation any material or compound containing any quantity of a controlled substance belonging to or in the care, custody, control, or possession of a registrant under section 302 of the Controlled Substances Act (21 U.S.C. 822) shall, except as provided in subsection (c), be fined not more than $25,000 or imprisoned not more than twenty years, or both, if (1) the replacement cost of the material or compound to the registrant was not less than $500, (2) the person who engaged in such taking or attempted such taking traveled in interstate or foreign commerce or used any facility in interstate or foreign commerce to facilitate such taking or attempt, or (3) another person was killed or suffered serious bodily injury as a result of such taking or attempt.

"(b) Whoever, without authority, enters or attempts to enter, or remains in, the business premises or property of a registrant under section 302 of the Controlled Substances Act (21 U.S.C. 822) with the intent to steal any material or compound containing any quantity of a controlled substance shall, except as provided in subsection (c), be fined not more than $25,000 or imprisoned not more than twenty years, or both, if (1) the replacement cost of the controlled substance to the registrant was not less than $500, (2) the person who engaged in such entry or attempted such entry or who remained in such premises or property traveled in interstate or foreign commerce or used any facility in interstate or foreign commerce to facilitate such entry or attempt or to facilitate remaining in such premises or property, or (3) another person was killed or suffered serious bodily injury as a result of such entry or attempt.

"(c) Whoever in committing any offense under subsection (a) or (b) kills any person shall be fined not more than $50,000 or imprisoned for any term of years or life, or both.

"(d) If two or more persons conspire to violate subsection (a) or (b) of this section and one or more of such persons do any overt act to effect the object of the conspiracy, each shall be fined not more than $25,000 or imprisoned not more than 10 years or both.

"(e) For purposes of this section—

"(1) the term 'controlled substance' has the meaning prescribed for that term by section 102 of the Controlled Substances Act.

"(2) the term 'business premises or property' includes conveyances and storage facilities.

"(3) the term 'serious bodily injury' means bodily injury which involves a substantial risk of death, extreme physical pain, protracted and obvious disfigurement, or a protracted loss or impairment of the function of a bodily member, organ, or mental or sensory faculty.".

SEC. 3. The table of sections for chapter 103 of title 18, United States Code, is amended by adding at the end the following new item:

"2118. Robberies and burglaries involving controlled substances."

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from New Jersey (Mr. HUGHES) will be recognized for 20 minutes and the gentleman from Michigan (Mr. SAWYER) will be recognized for 20 minutes.

The Chair recognizes the gentleman from New Jersey (Mr. HUGHES).

Mr. HUGHES. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the Committee on the Judiciary has favorably reported the bill, H.R. 5222, the Controlled Substances Registrants Protection Act of 1984. The bill provides specific authority to the Department of Justice to investigate and prosecute robberies and burglaries of controlled substances from persons who are registered with the Drug Enforcement Administration, pursuant to the Controlled Substances Act.

Robbery and burglary of controlled substances is a serious problem. DEA reported that between 1977 and 1981, there were close to 6,000 such crimes annually. The frequency of these crimes has terrorized the community of dispensing pharmacists. As a consequence, enormous quantities of controlled substances are diverted to the black market and the lives of thousands of pharmacy employees and customers are endangered.

Some pharmacists have ceased to carry the drugs which are highly desired on the black market, although this interferes with their patients' ability to obtain necessary medicine. This has a serious potential to impede the delivery of health care in many communities around the Nation.

Pharmacy robbery and burglary are very serious State crimes and are usually best pursued by State and local law enforcement agencies.

However, there are robberies and burglaries of federally controlled substances which involve death or serious bodily injury, or thousands of dollars of controlled substances, or which have a significant interstate element. Those cases require appropriate Federal action.

Consequently, the committee has approved legislation to provide backup to the States in those cases which may exceed the ability, resources, or jurisdictional reach of State or local law enforcement agencies.

This bill has the strong support of almost the entire pharmacy and health care industry including the American Pharmaceutical Association, the National Association of Chain Drug Stores, and the National Wholesale Druggists Association.

Our 600,000 controlled substances registrants need to know that Federal protection will be forthcoming when it is appropriate.

I urge the adoption of this bill.

Mr. SAWYER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, because only licensed pharmacies are able to dispense controlled substances, they appear as prime targets for persons interested in drugs for personal use or theft of drugs for profit. DEA reports that from January 1983 through March 1983, there were 342 armed robberies and 1,953 thefts of controlled substances from DEA registrants. This type of violent crime is just another example of the drug trafficking problem in the United States.

Six out of every ten emergency room drug abuse cases involve legally manufactured drugs that have been diverted from proper use. This Nation has a serious drug abuse problem with pharmaceutical drugs that many of us, unfortunately, have overlooked in the past. The bill before us today will permit the Federal law enforcement

community to assist in stopping the most dangerous form of drug diversion the pharmacy robbery. In this instance, the lives of the pharmacists and their customers are at stake, as well as the ultimate drug abuser. H.R. 5222 is only one of the two drug diversion bills before the Subcommittee on Crime and I commend Chairman HUGHES for processing legislation to address the pharmaceutical drug abuse problem in this Nation.

I urge your support for H.R. 5222, which makes it a Federal crime to take controlled substances from a pharmacy or drug wholesaler. This legislation is carefully crafted to reflect an appropriately limited Federal role in pharmacy robberies and burglaries to avoid usurping the jurisdiction of State and local authorities.

By working with local law enforcement officials, I believe the DEA and FBI agents can help reduce pharmacy crime under the provisions of H.R. 5222.

This pharmacy crime legislation before us today is the result of a lot of work on the part of Mr. HUGHES, the Department of Justice, and pharmacists across this Nation. The Subcommittee on Crime is indebted to HENRY HYDE, who introduced pharmacy crime legislation and has worked heartily in support of Federal penalties for those who take controlled substances from pharmacies for several years. Mr. HYDE testified before our subcommittee and his staff has offered invaluable assistance to myself and the subcommittee staff during our consideration of pharmacy crime legislation.

Mr. HYDE could not be with us today, but he asked me to submit his remarks in support of this bill, which I am most happy to do.

Mr. Speaker, I reserve the balance of my time.

Mr. HUGHES. Mr. Speaker, I yield myself such time as I may consume.

I just want to take this opportunity to express my sincere appreciation to the ranking minority member on the Subcommittee on Crime for his diligence and his good work in seeing this legislation advance. I join with my colleague, the gentleman from Michigan, in echoing sentiments to the effect that the gentleman from Illinois (Mr. HYDE) has been right there working very hard to see this legislation through. I know that he has been working for the last 2½ years, endeavoring to see some pharmacy robbery legislation advanced in the Congress. I am very happy that he is supportive of the legislation and that we are able to move it at this time.

May I also say, Mr. Speaker, that the gentleman from California (Mr. WAXMAN), has been very, very supportive of the legislation. The gentleman had legislation before his subcommittee which parallels this legislation and is one of the prime sponsors of the bill before us.

● Mr. SMITH of Florida. Mr. Speaker, as a member of the Crime Subcommittee and a cosponsor of an earlier version (H.R. 1255) of this legislation and a cosponsor of this bill, I rise in strong support of H.R. 5222, the Controlled Substance Registrants Protection Act.

I first want to thank my able subcommittee chairman, the gentleman from New Jersey (Mr. HUGHES), for guiding this legislation through the legislative process. Thanks also must go to our ranking minority member, the gentleman from Michigan (Mr. SAWYER), who has announced his retirement. His presence and cooperative spirit will be missed next year.

Mr. Speaker, no Federal statute specifically addresses theft from pharmacies and other places that house controlled substances. According to the Drug Enforcement Administration (DEA), the reported robberies of controlled substances increased by 160 percent between 1973 and 1981. In Florida alone there were 96 pharmacy break-ins and 42 armed robberies and break-ins in 1982. The total dosage units stolen during such pharmacy robberies and break-ins was over 575,000. Clearly the time has come for Congress to address specifically this problem.

Robberies and burglaries already are covered by State law. In pharmacy crimes, however, the materials being sought is specifically controlled by Federal statute. That is why the Judiciary Committee believes that H.R. 5222 is necessary.

The bill provides three alternative bases for Federal jurisdiction. The replacement value of the drugs taken must be at least $500. The perpetrator must have used some means of interstate commerce in committing the crime. Or, an innocent person must have been killed or seriously injured. Under the bill's provisions, the robbery or burglary is punished by 20 years in jail and/or a $25,000 fine. If death should occur during the commission of the felony, the punishment is life imprisonment and/or a $50,000 fine. Finally, conspiracy to commit the crime is punishable by 10 years in jail and/or a $25,000 fine.

Enactment of H.R. 5222 will not mean that pharmacy crimes will diminish or that Federal jurisdiction will be assumed in every instance. The local U.S. attorney still will have to decide whether to prosecute the case or not. But, H.R. 5222 is a statement by the Congress of the importance with which we view robberies of pharmacies. In addition, actual deterrence may depend ultimately upon knowledge that the Federal Government may prosecute the robbery of a pharmacy.

Mr. Speaker, pharmacies provide a great service to the community. Because of the danger of robberies of the controlled substances within their premises, some pharmacists have erected barriers for themselves. They work behind cages or locked doors and windows. These dedicated professionals persist in being pharmacists because they are dedicated to their community and their business. Florida already has dealt with this problem by making it a crime to commit a robbery in a pharmacy. It is time for Federal Government to do likewise.

I urge the House to pass H.R. 5222.●

● Mr. SHAW. Mr. Speaker, few things are more terrifying than being an innocent bystander caught in the middle of an armed robbery of a pharmacy.

DEA statistics indicate that 342 armed robberies of controlled substances from pharmacies occurred in the first 3 months of 1983 alone.

Many people have overlooked the tremendous pharmaceutical drug abuse problem in the United States. Pharmacy crime is one way to obtain these legally manufactured drugs.

There is tremendous profit potential in pharmacy crime. For example, dilaudid (a synthetic heroin) pill costs the pharmacist about 25 cents. On the street, dilaudid pills sell for about $40 to $60 each.

H.R. 5222 allows Federal law enforcement involvement where DEA and FBI agents can make a contribution to the case. Federal jurisdiction comes into play when over $500 of drugs are taken (wholesale value), or when the offender travels in interstate commerce or when a person is killed or seriously injured.

This legislation is based in large part on the hard work of Mr. HYDE and Mr. JEPSEN in support of pharmacy crime legislation. I commend Chairman HUGHES and Mr. SAWYER for their efforts in moving this legislation in the House.●

● Mr. LUKEN. Mr. Speaker, I rise in support of this bill and wish to commend the gentleman from New Jersey (Mr. HUGHES) and the gentleman from California (Mr. WAXMAN) for moving this legislation. Like a number of other Members of the House, I introduced a bill on this subject, H.R. 3974, and so am very pleased that we are acting today to provide long overdue protection for the Nation's pharmacists against robberies and burglaries of controlled substances.

I would like to recognize the valuable work of the pharmacy industry in behalf of this legislation, in particular the work of the National Association of Retail Druggists, which has worked for legislation of this type for more than 10 years.

This legislation will close a serious loophole in Federal drug statutes. Under current law, it is a Federal criminal offense to manufacture, distribute, dispense, or obtain narcotics

or other controlled substances except through properly registered channels, or to obtain such substances by misrepresentation, fraud, forgery, deception, or subterfuge.

Under the current Federal law, however, it is not a criminal offense to obtain narcotics or controlled substances by robbing or burglarizing a pharmacy. Since 1973, more than 10,000 pharmacies have been robbed to obtain controlled substances, and more than 2,300 people have been killed or injured in such robberies. In addition, the rate of these robberies is increasing dramatically—up 113 percent between 1976 and 1981. Burglary and theft of controlled substances from pharmacies also increased significantly.

As a former U.S. attorney, I do have several reservations about how well this bill will actually protect our pharmacists. I fear that the inconsistency between the bill's language and the Controlled Substances Act and with provisions of the Criminal Code, particularly the antitampering statute which was recently enacted, may limit the effectiveness of the protection we are trying to extend.

The bill defines pharmacy robbery and burglary in language very similar to that used by the Criminal Code to define bank robbery and burglary. The bill's offense definitions go on, however, to require the Government to prove one of three additional conditions in order to obtain a conviction: First, that the crime involved more than $500 of a controlled substance, valued at replacement cost; that is, wholesale; or second, that an instrumentality of interstate commerce was used in committing the offense; or third, that death or serious bodily injury occurred as a result of the offense.

These limitations are inconsistent with the Controlled Substances Act and will have an ironic result. Under the CSA, obtaining controlled substances by nonviolent means such as forgery is a Federal offense regardless of the amount obtained, or whether instrumentalities of interstate commerce are used. Unfortunately, the restrictive definitions in this bill will mean that under Federal law stealing controlled substances with a ballpoint pen is of greater concern than taking them with a revolver. That result is silly, and in view of the ample nexus controlled substances already have with interstate commerce, unnecessary.

The bill's limitation on death or serious bodily injury is also inconsistent with the recently enacted antitampering statute. The language of that bill was amended by the Judiciary Committee in order to assure that tampering with consumer products which threatened but did not actually result in bodily injury would also be punished by that statute. Our failure to make similar adjustments here may unintentionally penalize good police work by allowing unsuccessful felons to escape Federal prosecution, regardless of the wishes of State or local law enforcement authorities.

I hope these concerns are addressed in the conference committee.●

● Mr. HYDE. Mr. Speaker, as one who has advocated pharmacy crime legislation since the 96th Congress, I am pleased to support this legislation which will see to it that our Nation's pharmacists, and indeed all DEA registrants, have the Federal protection they must have if they are to continue dispensing necessary drugs to their customers with any sense of security.

I particularly want to commend the distinguished chairman of the Subcommittee on Crime, Mr. HUGHES, and HAROLD SAWYER, ranking Republican on the subcommittee, for their efforts to resolve many questions which arose during consideration of legislation. The HUGHES' bill, H.R. 5222, is a good bill, and one which I feel deserves my colleagues' unanimous support.

Those who have devoted considerable time and effort to this issue over the years fully recognize the delicate balance which exists—and which must be maintained—if we are to see legislation signed into law in this Congress. As we all know, politics is the art of compromise, and nowhere is that more evident than in the legislation before us today.

In addition to expressing my sincere thanks to Chairman HUGHES and HAROLD SAWYER, I also want to particularly thank subcommittee counsel, Hayden Gregory and Eric Sterling. Charlene Van Lier, Republican counsel for the subcommittee, has provided outstanding advice and counsel. Particularly helpful and welcome has been the support, encouragement, and well-reasoned suggestions by the National Association of Chain Drug Stores and the National Wholesale Druggists Association.

Last but certainly not least, I wish to thank those of my colleagues who have steadfastly cosponsored legislation on this issue which I have introduced in the last two Congresses. It was their continued support since the 96th Congress which provided the strength to continue the fight on behalf of those throughout the country who dispense controlled substances. I am convinced that their support has been crucial in our efforts to provide an appropriate Federal response to a rapidly increasing problem.

I urge speedy adoption of H.R. 5222, and call my colleagues' attention to the following list of cosponsors of H.R. 1255, the Controlled Substances Act, legislation which preceded H.R. 5222.

COSPONSORS OF H.R. 1255—CONTROLLED SUBSTANCES ROBBERY ACT

Alabama: Bill Nichols, 3rd, Tom Bevill, 4th, and Richard Shelby, 7th.

Arizona: Bob Stump, 3rd and Eldon Rudd, 4th.

Arkansas: J. P. Hammerschmidt, 3rd.

California: Vic Fazio, 4th, Pete Stark, 9th, Tom Lantos, 11th, Charles Pashayan, 17th, Bob Lagomarsino, 19th, Carlos Moorhead, 22nd, Matthew Martinez, 30th, David Dreier, 33rd, Robert Badham, 40th, and Duncan Hunter, 45th.

Colorado: Hank Brown, 4th and Ken Kramer, 5th.

Connecticut: Stewart McKinney, 4th and William Ratchford, 5th.

Florida: Bill Chappell, 4th, Bill McCollum, 5th, Bill Young, 8th, Mike Bilirakis, 9th, Tom Lewis, 12th, Larry Smith, 16th, and Dante Fascell, 19th.

Georgia: J. Roy Rowland, 8th and Doug Barnard, 10th.

Illinois: Marty Russo, 3rd, John Porter, 10th, Tom Corcoran, 14th, Ed Madigan, 15th, Lynn Martin, 16th, and Dan Crane, 19th.

Indiana: Katie Hall, 1st and Dan Burton, 6th.

Iowa: Tom Harkin, 5th.

Kansas: Larry Winn, 3rd.

Kentucky: Carroll Hubbard, 1st, Ron Mazzoli, 3rd, Gene Snyder, 4th, Hal Rogers, 5th, and Larry Hopkins, 6th.

Louisiana: Bob Livingston, 1st, Billy Tauzin, 3rd, Buddy Roemer, 4th, and Gillis Long, 8th.

Maine: John McKernan, 1st and Olympia Snowe, 2nd.

Maryland: Roy Dyson, 1st, Clarence Long, 2nd, Marjorie Holt, 4th, Steny Hoyer, 5th, and Michael Barnes, 8th.

Massachusetts: Silvio Conte, 1st, Edward Boland, 2nd, and Barney Frank, 4th.

Michigan: Mark Siljander, 4th, Harold Sawyer, 5th, Bob Carr, 6th, Guy Vander Jagt, 9th, and Don Albosta, 10th.

Missouri: Richard Gephardt, 3rd, Bill Emerson, 8th, and Harold Volkmer, 9th.

Montana: Ron Marlenee, 2nd.

Nebraska: Virginia Smith, 3rd.

New Hampshire: Norman D'Amours, 1st and Judd Gregg, 2nd.

New Jersey: James Florio, 1st, James Howard, 3rd, Chris Smith, 4th, Bernard Dwyer, 6th, Matt Rinaldo, 7th, Robert Roe, 8th, Joseph Minish, 11th, Edwin Forsythe, 13th, and Frank Guarini, 14th.

New York: Ray McGrath, 5th, Joseph Addabbo, 6th, Edolphus Towns, 11th, Major Owens, 12th, Guy Molinari, 14th, Charles Rangel, 16th, Mario Biaggi, 19th, George Wortley, 27th, Frank Horton, 29th, John LaFalce, 32nd, and Henry Nowak, 33rd.

North Carolina: Charles Whitley, 3rd, Stephen Neal, 5th, Bill Hefner, 8th, and James Martin, 9th.

Ohio: Bob McEwen, 6th, Thomas Kindness, 8th, Clarence Miller, 10th, John Kasich, 12th, Chalmers Wylie, 15th, Ralph Regula, 16th, and Louis Stokes, 21st.

Oklahoma: Dave McCurdy, 4th and Glenn English, 6th.

Oregon: Les AuCoin, 1st, Bob Smith, 2nd, and Denny Smith, 5th.

Pennsylvania: Richard Schulze, 5th, Gus Yatron, 6th, Peter Kostmayer, 8th, John Murtha, 12th, Don Ritter, 15th, George Gekas, 17th, Bill Goodling, 19th, Thomas Ridge, 21st, and William Clinger, 23rd.

South Carolina: Floyd Spence, 2nd, Carroll Campbell, 4th, and Robin Tallon, 6th.

Tennessee: Marilyn Lloyd, 3rd, Jim Cooper, 4th, Don Sundquist, 7th, and Ed Jones, 8th.

Texas: Sam Hall, 1st, Charles Wilson, 2nd, Phil Gramm, 6th, Marvin Leath, 11th, Abraham Kazen, 23rd, and Tom Vandergriff, 26th.

Vermont: Jim Jeffords, Al.

Virginia: G. William Whitehurst, 2nd, Tom Bliley, 3rd, and Frank Wolf, 10th.

Washington: Al Swift, 2nd, Sid Morrison, 4th, and Rod Chandler, 9th.

Wisconsin: Steve Gunderson, 3rd, Toby Roth, 8th, and F. James Sensenbrenner, 9th.

American Samoa: Fofo I. F. Sunia.

Virgin Islands: Ron de Lugo.●

H.R. 5222

● Mr. WAXMAN. Mr. Speaker, I rise in support of H.R. 5222, the Controlled Substance Registrant Protection Act of 1984.

The theft of controlled substances from our Nation's pharmacies is a matter of great concern to the members of the Energy and Commerce Committee.

Retail diversion of controlled substances presents a major threat to public health. Fifty percent of drug abuse-related death and injuries are the result of drugs legally available for use in medicine which are diverted to illicit use. Robberies from our Nation's pharmacies result in the diversion of millions of drug dosage units to the street. In addition to contributing to our Nation's drug abuse problem, these acts present a serious risk of death and injury to pharmacy personnel and their customers.

Earlier last month the Subcommittee on Health and the Environment ordered legislation reported which would, in a fashion similar to H.R. 5222, impose strict criminal penalties on the robbery or burglary of controlled substances from retail pharmacies and other Federal registrants. In view of the similarities between H.R. 5222 and our subcommittee's action, I am pleased to support and cosponsor the pending proposal and to urge our Senate colleagues to give it their support.

I would like to recognize two members of our subcommittee who deserve credit for their tireless efforts in this area. The gentleman from Ohio (Mr. LUKEN) and the gentleman from Virginia (Mr. BLILEY) have been persuasive advocates on behalf of our Nation's pharmacists and the public they serve.

I also want to praise the efforts of the gentleman from New Jersey and the principal author of H.R. 5222, Mr. HUGHES, for his commitment to pursue enactment of this legislation in such a timely fashion.

Mr. Speaker, extending Federal law enforcement protections in this area is long overdue. Passage of H.R. 5222 makes good sense and I urge each Member's support.●

● Mr. RODINO. Mr. Speaker, I rise in support of H.R. 5222, the Controlled Substance Registrant Protection Act of 1984. This legislation is an important step forward in controlling the diversion of large quantities of dangerous drugs from the legitimate channels of commerce to the streets and the black market where they get into the hands of drug addicts.

Unfortunately it is not a well-known fact that legitimately manufactured drugs are the cause of three-quarters of the deaths and injuries due to drug abuse in our country. It is a tragedy that these important pharmaceutical products, which are so essential to provide relief for pain of those who are critically ill, are diverted by various means to the drug pushers who sell them for enormous profits.

For example, the drug Dilaudid, widely used to relieve severe pain, has a wholesale dosage unit price of 27 cents. That same pill can be sold on the street for $40 or $50. As a consequence, Mr. Speaker, a bottle of 100 pills which a pharmacist purchases for $27 is worth $4,000 or more. This value, greater than its weight in gold, has led to thousands of robberies and burglaries of pharmacies, doctors offices, and other health care facilities every year. These robberies pose a severe danger that health care delivery will be totally interrupted in certain communities. Pharmacists in many parts of the country, particularly in the inner city where crime is often high, have simply stopped carrying these important drugs in their inventory.

The result is that the elderly, the infirm, the seriously ill, and bedridden are often greatly inconvenienced when trying to get the medicines they desperately need. Tragically, these burdens sometimes are so great that the necessary pain killing medicine cannot be obtained at all.

Mr. Speaker, this important legislation provides necessary Federal jurisdiction to protect the commerce in controlled substances from robbery and burglary. As developed by the Judiciary Committee this legislation spells out for the Department of Justice those important classes of cases which warrant Federal assistance to State and local investigations.

I urge the adoption of this bill.●

● Mr. HARKIN. Mr. Speaker, I rise today in support of H.R. 5222, the Controlled Substance Registrant Protection Act of 1984. This bill provides specific authority to the Department of Justice to investigate and prosecute robberies and burglaries of controlled substances from persons who are registered with the Drug Enforcement Administration (DEA).

Robbery and burglary of controlled substances are clearly a serious problem. DEA reported that between 1977 and 1981 there were close to 6,000 such crimes annually. The frequency of these crimes has terrorized the community of pharmacists. Some pharmacists have ceased to carry drugs that are highly desired on the black market, although this interferes with their patients' ability to obtain necessary medicine. This has the serious potential to impede the delivery of health care in many communities around the Nation.

Pharmacists are a key link in our ability to provide adequate health care, especially in rural areas. While most pharmacists no longer mix their own powders or prepare their own capsules, they are by no means simply pill counters. Pharmacists are really part educator, part health care provider, and part merchant. They may often be more accessible to patients than are doctors and can provide invaluable information to people about how medications should be taken, what side effects to expect and what potential interactions they may have with other drugs, alcohol, or food. People depend upon their pharmacists to be able to supply medication at all hours of the day or night for sick children or relatives. People look to their pharmacists for guidance regarding what symptoms to report back to their doctor. According to a recent issue of America's Health, pharmacists now rank high in public opinion polls for honesty and ethical standards, second only to members of the clergy in this regard.

It is for these reasons that I believe we cannot allow pharmacists to leave their profession due to the fear of crime.

At present, pharmacy robbery and burglary are already very serious State crimes and are usually best pursued by State and local law enforcement agencies. However, in some cases, the local authorities do not have sufficient resources to pursue some cases properly. This is especially true when criminal groups covering several States are involved. Consequently, this legislation, which I am proud to have cosponsored, is drafted to provide a backup to the States in those cases which may exceed the ability of State and local law enforcement agencies. H.R. 5222 creates two new title 18 offenses: Robbery of and burglary with intent to steal controlled substances from registrants with DEA under the Controlled Substances Act. H.R. 5222 also provides for penalties of a 20-year prison term and $25,000 fine, or life imprisonment and a $50,000 fine in the event death occurs in the commission of the offense.

Many groups have lent their support to this measure, including the American Pharmaceutical Association, the American Veterinary Medical Association, the National Wholesale Druggists' Association, the Pharmaceutical Manufacturers Association, and the American Dental Association. I hope

that other Members of Congress will support this bill to protect pharmacists and to enable them to continue to serve the needs of the people in this country.●

● Mr. FISH. Mr. Speaker, I urge this body to support and pass H.R. 5222, the Controlled Substance Registrant Protection Act of 1984. This important bill will protect pharmacists and their customers across this Nation from persons who rob and burglarize these pharmacies to obtain controlled substances. As the sponsor of H.R. 1032, a bill to make pharmacy robbery a Federal crime, I appreciate the importance of this legislation, and have cosponsored H.R. 5222, the bill before us today.

H.R. 5222 is endorsed by the National Association of Chain Drug Stores, the National Wholesale Druggists Association, the American Pharmaceutical Association, the Drug Wholesalers Association, the Pharmaceutical Manufacturers Association, and the Food Marketing Institute.

Pharmacies are sitting ducks for addicts or drug traffickers who are willing to risk the lives of pharmacists and customers in order to get their hands on controlled substances. One unfortunate result of pharmacy robbery is that some pharmacies no longer carry the controlled substances that legitimate customers need. This is deplorable.

I am happy to support legislation which permits Federal involvement in pharmacy robbery investigations where the Federal officials can contribute to the case.●

● Mr. LELAND. Mr. Speaker, I appreciate this opportunity, as both a Member of this distinguished body and a pharmacist, to rise in support of legislation to amend the Controlled Substances Act. H.R. 5222 will make it a Federal crime to obtain controlled substances from a pharmacy by force or violence.

There is no doubt that violent crime is one of the major concerns of today's community pharmacy practitioner. I personally know that the property, and more importantly, personal safety of my friends and colleagues in the profession are in grave jeopardy. Greater than 99 percent of armed robberies of controlled substances were from pharmacies; 75 percent of crimes committed against drugstores were for the purpose of obtaining controlled substances, not cash. This problem is universal to all pharmacies, be they urban, suburban, or rural. A recent survey revealed that 50 percent of urban pharmacies reported the occurrence of a crime, whereas 45.3 percent of rural pharmacies also did.

One striking and very unfortunate consequence of these robberies is that as many as 40 percent of community pharmacies no longer stock some drugs that are the repeated targets for theft and violence. I think it is obvious to all of us that this fact has serious implications for drug therapy across our Nation.

Mr. Speaker, it is my feeling that a Federal role in this serious problem is both appropriate and necessary, and I urge my colleagues to support H.R. 5222.●

● Mr. FUQUA. Mr. Speaker, it is with great pleasure that I take this opportunity to applaud the efforts of the Judiciary Committee and to express my support for H.R. 5222.

No Member is more aware of the illegal drug trade than those of us from the State of Florida. Illegal drug trafficking is big business in Florida. However, increasingly the documented cases of drug-related deaths can be attributed to the abuse of legitimate drugs, the majority of which were bought on the street from criminals who obtained these controlled substances by force.

With the enforcement of the Controlled Substances Act, prescription drugs have become more difficult to illegally obtain. Proportionately, their street value has risen, as has the incidence of robbery and burglary. Under present law, pharmacists are required to report the theft of controlled substances. Yet, Federal law does not protect these same pharmacists from the violence which is often visited upon them to obtain their drugs.

Mr. Speaker, I first introduced this type of legislation several years ago because of my concern with the safety of pharmacists. It has taken time, but the effort has brought fruition.

This is an important step in our drive to curtail pharmacy robberies. It will not end the problem, but it will make it easier to apprehend and convict those responsible. I am pleased that the House of Representatives is taking this step and hope we will soon be able to have this measure enacted into law.●

● Mr. PARRIS. Mr. Speaker, I rise in support of H.R. 5222 and I request that my colleagues in the House vote in suppport of this vital measure. Last year, the Federal Drug Enforcement Administration provided me with some alarming statistics on thefts and losses of controlled substances in Virginia and nationwide. This data illustrates clearly the need for the Congress to address the problem of thefts and armed robbery of controlled substances.

Several of my colleagues on the Select Committee on Narcotics and Drug Abuse joined me in sponsoring H.R. 2929, legislation which is somewhat broader in scope than H.R. 5222. Our bill would amend the Controlled Substances Act to provide a penalty for employee thefts, customer pilferages, robberies, and burglaries of any controlled substance from any pharmacy practitioner, hospital, manufacturer, or distributor.

While I would prefer a more comprehensive measure, I recognize that existing Federal statutes are inadequate. H.R. 5222 is a giant step in the right direction and in my opinion, is a proper Federal response to a national problem which has reached crisis proportions.

A brief glimpse of the statistics will give you an idea of the extent of the problem we are facing. According to the DEA, in 1982 there were 2,861 thefts by night break-ins, 1,037 thefts by armed robbery, 876 employee thefts, 247 customer pilferages, and 833 incidents of loss in transit. Each one of these thefts or losses involves a large number of drugs. The average night breakin resulted in a loss of over 4,000 dosage units. This data reinforces the need for enactment of legislation.

I congratulate the committee chairman for holding hearings on this serious problem and presenting the House with a bill which addresses the problem in a responsible manner. I strongly urge the Members of the House to vote in support of H.R. 5222.●

Mr. HUGHES. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. SAWYER. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Jersey (Mr. HUGHES) that the House suspend the rules and pass the bill, H.R. 5222.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. HUGHES. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to include extraneous material therein, on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

□ 1250

ARIZONA WILDERNESS ACT OF 1984

Mr. MCNULTY. Mr. Speaker, on behalf of the gentleman from Arizona (Mr. UDALL), I move to suspend the rules and pass the bill (H.R. 4707) to designate certain national forest lands in the State of Arizona as wilderness, and for other purposes, as amended.

The Clerk read as follows:

H.R. 4707

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Arizona Wilderness Act of 1984".

TITLE I

SEC. 101. (a) In furtherance of the purposes of the Wilderness Act (16 U.S.C. 1131-1136), the following lands in the State of Arizona are hereby designated as wilderness and therefore as components of the National Wilderness Preservation System:

(1) certain lands in the Prescott National Forest, which comprise approximately five thousand four hundred acres, as generally depicted on a map entitled "Apache Creek Wilderness—Proposed", dated February 1984, and which shall be known as the Apache Creek Wilderness;

(2) certain lands in the Prescott National Forest, which comprise approximately fifteen thousand acres, as generally depicted on a map entitled "Arnold Mesa Wilderness—Proposed", dated March 1984, and which shall be known as the Arnold Mesa Wilderness;

(3) certain lands in the Apache-Sitgreaves National Forest, which comprise approximately eleven thousand acres, as generally depicted on a map entitled "Bear Wallow Wilderness—Proposed", dated March 1984, and which shall be known as the Bear Wallow Wilderness;

(4) certain lands in the Prescott National Forest, which comprise approximately twenty-nine thousand seven hundred acres, as generally depicted on a map entitled "Castle Creek Wilderness—Proposed", dated February 1984, and which shall be known as the Castle Creek Wilderness;

(5) certain lands in the Coronado National Forest, which comprise approximately seventy-four thousand acres, as generally depicted on a map entitled "Chiricahua Wilderness—Proposed", dated March 1984, and which are hereby incorporated in and shall be deemed a part of the Chiricahua Wilderness, as designated by Public Law 88-577;

(6) certain lands in the Coconino National Forest, which comprise approximately eleven thousand five hundred acres, as generally depicted on a map entitled "Fossil Springs Wilderness—Proposed", dated March 1984, and which shall be known as the Fossil Springs Wilderness;

(7) certain lands in the Tonto National Forest which comprise approximately sixty-three thousand acres, as generally depicted on a map entitled "Four Peaks Wilderness—Proposed", dated March 21, 1984, and which shall be known as the Four Peaks Wilderness;

(8) certain lands in the Coronado National Forest, which comprise approximately twenty thousand acres, as generally depicted on a map entitled "Galiuro Wilderness Additions—Proposed", dated March 1984, and which are hereby incorporated in and shall be deemed a part of the Galiuro Wilderness as designated by Public Law 88-577;

(9) certain lands in the Prescott National Forest, which comprise approximately nine thousand six hundred acres, as generally depicted on a map entitled "Granite Mountain Wilderness—Proposed", dated February 1984, and which shall be known as the Granite Mountain Wilderness;

(10) certain lands in the Tonto National Forest, which comprise approximately forty-three thousand acres, as generally depicted on a map entitled "Hellsgate Wilderness—Proposed", dated March 1984, and which shall be known as the Hellsgate Wilderness;

(11) certain lands in the Prescott National Forest which comprise approximately seven thousand six hundred acres, as generally depicted on a map entitled "Juniper Mesa Wilderness—Proposed", dated February 1984, and which shall be known as the Juniper Mesa Wilderness;

(12) certain lands in the Kaibab National Forest, which comprise approximately six thousand five hundred acres, as generally depicted on a map entitled "Kendrick Mountain Wilderness—Proposed", dated February 1984, and which shall be known as the Kendrick Mountain Wilderness;

(13) certain lands in the Tonto National Forest, which comprise approximately forty-eight thousand acres, as generally depicted on a map entitled "Mazatzal Wilderness Additions—Proposed", dated March 21, 1984, and which are hereby incorporated and shall be deemed a part of the Mazatzal Wilderness as designated by Public Law 88-577: Provided, That within the lands added to the Mazatzal Wilderness by this Act, the provisions of the Wilderness Act shall not be construed to prevent the installation and maintenance of hydrologic, meterologic or telecommunications facilities, or any combination of the foregoing, or limited motorized access to such facilities when nonmotorized access means are not reasonably available or when time is of the essence, subject to such conditions as the Secretary deems desirable, where such facilities or access are essential to flood warning, flood control and water reservoir operation purposes;

(14) certain lands in the Coronado National Forest, which comprise approximately twenty thousand acres, as generally depicted on a map entitled "Miller Peak Wilderness—Proposed", dated February 1984, and which shall be known as the Miller Peak Wilderness;

(15) certain lands in the Coronado National Forest, which comprise approximately twenty-five thousand acres, as generally depicted on a map entitled "Mt. Wrightson Wilderness—Proposed", dated February 1984, and which shall be known as the Mount Wrightson Wilderness;

(16) certain lands in the Coconino National Forest, which comprise approximately sixteen thousand six hundred acres, as generally depicted on a map entitled "Munds Mountain Wilderness—Proposed", dated March 21, 1984, and which shall be known as the Munds Mountain Wilderness;

(17) certain lands in the Coronado National Forest, which comprise approximately seven thousand five hundred acres, as generally depicted on a map entitled "Pajarita Wilderness—Proposed", dated March 1984, and which shall be known as the Pajarita Wilderness;

(18) certain lands in the Coconino National Forest, which comprise approximately fifty-three thousand acres, as generally depicted on a map entitled "Red Rock-Secret Mountain Wilderness—Proposed", dated March 21, 1984, and which shall be known as the Red Rock-Secret Mountain Wilderness;

(19) certain lands in the Coronado National Forest, which comprise approximately thirty-eight thousand five hundred acres, as generally depicted on a map entitled "Rincon Mountain Wilderness—Proposed", dated February 1984, and which shall be known as the Rincon Mountain Wilderness;

(20) certain lands in the Tonto National Forest, which comprise approximately twenty-one thousand acres, as generally depicted on a map entitled "Salome Wilderness—Proposed", dated March 1984, and which shall be known as the Salome Wilderness;

(21) certain lands in the Tonto National Forest, which comprise approximately forty thousand acres, as generally depicted on a map entitled "Salt River Canyon Wilderness—Proposed", dated March 21, 1984, and which shall be known as the Salt River Canyon Wilderness;

(22) certain lands in the Coconino National Forest, which comprise approximately eighteen thousand acres, as generally depicted on a map entitled "San Francisco Peaks Wilderness—Proposed", dated March 21, 1984, and which shall be known as the San Francisco Peaks Wilderness;

(23) certain lands in the Coronado National Forest, which comprise approximately twenty-seven thousand acres, as generally depicted on a map entitled "Santa Teresa Wilderness—Proposed", dated February 1984, and which shall be known as the Santa Teresa Wilderness; reasonable access shall be permitted to continue on the existing right-of-way from the United States Route 70 along Black Rock Wash to the vicinity of Black Rock;

(24) certain lands in the Prescott National Forest, which comprise approximately thirty-eight thousand five hundred acres, as generally depicted on a map entitled "Sheridan Mountain Wilderness—Proposed", dated February 1984, and which shall be known as the "Sheridan Mountain Wilderness";

(25) certain lands in the Tonto National Forest, which comprise approximately thirty-seven thousand acres, as generally depicted on a map entitled "Superstition Wilderness Additions—Proposed", dated February 1984, and which are hereby incorporated in and shall be deemed to be a part of the Superstition Wilderness as designated by Public Law 88-577;

(26) certain lands in the Coconino and Prescott National Forest, which comprise approximately nine thousand acres, as generally depicted on a map entitled "Sycamore Canyon Wilderness Additions—Proposed", dated February 1984, and which are hereby incorporated in and shall be deemed a part of the Sycamore Canyon Wilderness as designated by Public Law 92-241;

(27) certain lands in the Coconino National Forest, which comprise approximately fourteen thousand acres, as generally depicted on a map entitled "West Clear Creek Wilderness—Proposed", dated March 1984, and which shall be known as the West Clear Creek Wilderness;

(28) certain lands in the Coconino National Forest, which comprise approximately six thousand seven hundred acres, as generally depicted on a map entitled "Wet Beaver Wilderness—Proposed", dated February 1984, and which shall be known as the Wet Beaver Wilderness;

(29) certain lands in the Prescott National Forest, which comprise approximately six thousand two hundred acres, as generally depicted on a map entitled "Woodchute Wilderness—Proposed", dated March 21, 1984, and which shall be known as the Woodchute Wilderness.

(b) Subject to valid existing rights, the wilderness areas designated under this section shall be administered by the Secretary of Agriculture (hereinafter in this Act referred to as the "Secretary") in accordance with the provisions of the Wilderness Act governing areas designated by that Act as wilderness, except that any reference in such provisions to the effective date of the Wilderness Act (or

any similar reference) shall be deemed to be a reference to the date of enactment of this Act.

(c) As soon as practicable after enactment of this Act, the Secretary shall file a map and a legal description of each wilderness area designated under this section with the Committee on Interior and Insular Affairs of the United States House of Representatives and with the Committee on Energy and Natural Resources of the United States Senate. Such map and description shall have the same force and effect as if included in this Act, except that correction of clerical and typographical errors in such legal description and map may be made. Such map and legal description shall be on file and available for public inspection in the Office of the Chief of the Forest Service, United States Department of Agriculture.

(d) The Congress does not intend that designation of wilderness areas in the State of Arizona lead to the creation of protective perimeters or buffer zones around each wilderness area. The fact that nonwilderness activities or uses can be seen or heard from areas within a wilderness shall not, of itself, preclude such activities or uses up to the boundary of the wilderness area.

(e)(1) As provided in paragraph (6) of section 4(d) of the Wilderness Act, nothing in this Act or in the Wilderness Act shall constitute an express or implied claim or denial on the part of the Federal Government as to exemption from Arizona State water laws.

(2) As provided in paragraph (7) of section 4(d) of the Wilderness Act, nothing in this Act or in the Wilderness Act shall be construed as affecting the jurisdiction or responsibilities of the State of Arizona with respect to wildlife and fish in the national forests located in that State.

(f)(1) Grazing of livestock in wilderness areas established by this Act, where established prior to the date of the enactment of this Act, shall be administered in accordance with section 4(d)(4) of the Wilderness Act and section 108 of Public Law 96-560.

(2) The Secretary is directed to review all policies, practices, and regulations of the Department of Agriculture regarding livestock grazing in national forest wilderness areas in Arizona in order to insure that such policies, practices, and regulations fully conform with and implement the intent of Congress regarding grazing in such areas, as such intent is expressed in this Act.

(3) Not later than one year after the date of the enactment of this Act, and at least every five years thereafter, the Secretary of Agriculture shall submit to the Committee on Interior and Insular Affairs of the United States House of Representatives and to the Committee on Energy and Natural Resources of the United States Senate a report detailing the progress made by the Forest Service in carrying out the provisions of paragraphs (1) and (2) of this section.

SEC. 102. (a) In furtherance of the purposes of the Wilderness Act, the Secretary of Agriculture shall review the following as to their suitability or nonsuitability for preservation as wilderness and shall submit his recommendations to the President:

(1) certain lands in the Coronado National Forest, which comprise approximately seven hundred and forty acres as generally depicted on a map entitled "Bunk Robinson Wilderness Study Area Additions—Proposed", dated February 1984, and which are hereby incorporated in the Bunk Robinson Wilderness Study Area as designated by Public Law 96-550;

(2) certain lands in the Coronado National Forest which compromise approximately five thousand and eighty acres, as generally depicted on a map entitled "Whitmire Canyon Study Area Additions—Proposed", dated February 1984, and which are hereby incorporated in the Whitmire Canyon Wilderness Study Area as designated by Public Law 96-550;

(3) certain lands in the Coronado National Forest which comprise approximately sixty-five thousand acres, as generally depicted on a map entitled "Mount Graham Wilderness Study Area", dated March 21, 1984, and which shall be known as the Mount Graham Wilderness Study Area.

With respect to the areas named in paragraphs (1) and (2), the President shall submit his recommendations to the United States House of Representatives and the United States Senate no later than January 1, 1986.

(b) Subject to valid existing rights, the wilderness study areas designated by this section shall, until Congress determines otherwise, be administered by the Secretary so as to maintain their presently existing wilderness character and potential for inclusion in the National Wilderness Preservation System.

SEC. 103. (a) The Congress finds that—

(1) the Department of Agriculture has completed the second roadless area review and evaluation program (RARE II); and

(2) the Congress has made its own review and examination of national forest system roadless areas in the State of Arizona and of the environmental impacts associated with alternative allocations of such areas.

(b) On the basis of such review, the Congress hereby determines and directs that—

(1) without passing on the question of the legal and factual sufficiency of the RARE II final environmental statement (dated January 1979) with respect to national forest system lands in States other than Arizona such statement shall not be subject to judicial review with respect to national forest system lands in the State of Arizona;

(2) with respect to the national forest system lands in the State of Arizona which were reviewed by the Department of Agriculture in the second Roadless Area Review and Evaluation (RARE II), except those lands designated for wilderness study in section 2 of this Act or by previous Acts of Congress that review and evaluation shall be deemed for the purposes of the initial land management plans required for such lands by the Forest and Rangeland Renewable Resources Planning Act of 1974 as amended by the National Forest Management Act of 1976 to be an adequate consideration of the suitability of such lands for inclusion in the National Wilderness Preservation System and the Department of Agriculture shall not be required to review the wilderness option prior to the revision of the initial plans and in no case prior to the date established by law for completion of the initial planning cycle;

(3) areas in the State of Arizona reviewed in such final environmental statement and not designated as wilderness or wilderness study by Congress need not be managed for the purpose of protecting their suitability for wilderness designation pending revision of the initial plans; and

(4) unless expressly authorized by Congress, the Department of Agriculture shall not conduct any further statewide roadless area review and evaluation of national forest system lands in the State of Arizona for the purpose of determining their suitability for inclusion in the National Wilderness Preservation System.

SEC. 104. Section 3(a) of the Wild and Scenic Rivers Act (16 U.S.C. 1274) is amended by inserting the following after paragraph (50):

"(51) VERDE, ARIZONA.—The segment from the boundary between national forest and private land in sections 26 and 27, township 13 north, range 5 east, Gila Salt River meridian, downstream to the confluence with Red Creek, as generally depicted on a map entitled 'Verde River—Wild and Scenic River', dated March 1984, which is on file and available for public inspection in the Office of the Chief, Forest Service, United States Department of Agriculture; to be administered by the Secretary of Agriculture. This designation shall not prevent water users receiving Central Arizona Project water allocations from diverting that water through an exchange agreement with downstream water users in accordance with Arizona water law. After consultation with State and local governments and the interested public and within two years after the date of enactment of this paragraph, the Secretary shall take such action as is required under subsection (b) of this section.".

TITLE II

SEC. 201. The Congress finds that—

(1) the Aravaipa Canyon, situated in the Galiuro Mountains in the Sonoran desert region of southern Arizona, is a primitive place of great natural beauty that, due to the rare presence of a perennial stream, supports an extraordinary abundance and diversity of native plant, fish, and wildlife, making it a resource of national significance; and

(2) the Aravaipa Canyon should, together with certain adjoining public lands, be incorporated within the national wilderness preservation system in order to provide for the preservation and protection of this relatively undisturbed but fragile complex of desert, riparian and aquatic ecosystems, and the native plant, fish, and wildlife communities dependent on it, as well as to protect and preserve the area's great scenic, geologic, and historical values, to a greater degree than would be possible in the absence of wilderness designation.

SEC. 202. In furtherance of the purposes of the Wilderness Act of 1964 (78 Stat. 890, 16 U.S.C. 1131 et seq.) and consistent with the policies and provisions of the Federal Land Policy and Management Act of 1976 (90 Stat. 2743; 43 U.S.C. 1701 et seq.), certain public lands in Graham and Pinal Counties, Arizona, which comprise approximately six thousand six hundred and seventy acres, as generally depicted on a map entitled "Aravaipa Canyon Wilderness—Proposed" and dated May 1980, are hereby designated as the Aravaipa Canyon Wilderness and, therefore, as a component of the national wilderness preservation system.

SEC. 203. Subject to valid existing rights, the Aravaipa Canyon Wilderness shall be administered by the Secretary of the Interior in accordance with the provisions of the Wilderness Act governing areas designated by that Act as wilderness. For purposes of this title, any references in such provisions to the effective date of the Wilderness Act shall be deemed to be a reference to the effective date of this Act and any reference to the Secretary of Agriculture with regard to administration of such areas shall be deemed to be a reference to the Secretary of the Interior, and any reference to wilderness areas designated by the Wilderness Act or designated national forest wilderness areas shall be deemed to be a reference to the Aravaipa

Canyon Wilderness. For purposes of this title, the reference to national forest rules and regulations in the second sentence of section 4(d)(3) of the Wilderness Act shall be deemed to be a reference to rules and regulations applicable to public lands, as defined in section 103(e) of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1701, 1702).

SEC. 204. As soon as practicable after this Act takes effect, the Secretary of the Interior shall file a map and a legal description of the Aravaipa Canyon Wilderness with the Committee on Energy and Natural Resources of the United States Senate and with the Committee on Interior and Insular Affairs of the United States House of Representatives, and such map and description shall have the same force and effect as if included in this Act: Provided, That correction of clerical and typographical errors in the legal description and map may be made. The map and legal description shall be on file and available for public inspection in the offices of the Bureau of Land Management, Department of the Interior.

SEC. 205. Except as further provided in this section, the Aravaipa Primitive Area designations of January 16, 1969, and April 28, 1971, are hereby revoked.

TITLE III

SEC. 301. (a) In furtherance of the purposes of the Wilderness Act, the following lands are hereby designated as wilderness and therefore, as components of the National Wilderness Preservation System—

(1) certain lands in the Arizona Strip District of the Bureau of Land Management, Arizona, which comprise approximately six thousand five hundred acres, as generally depicted on a map entitled "Cottonwood Point Wilderness—Proposed", dated May 1983, and which shall be known as the Cottonwood Point Wilderness;

(2) certain lands in the Arizona Strip District of the Bureau of Land Management, Arizona, which comprise approximately thirty-six thousand three hundred acres, as generally depicted on a map entitled "Grand Wash Cliffs Wilderness—Proposed", dated May 1983, and which shall be known as the Grand Wash Cliffs Wilderness;

(3) certain lands in the Kaibab National Forest and in the Arizona Strip District of the Bureau of Land Management, Arizona, which comprise approximately seventy-seven thousand one hundred acres, as generally depicted on a map entitled "Kanab Creek Wilderness—Proposed", dated May 1983, and which shall be known as the Kanab Creek Wilderness;

(4) certain lands in the Arizona Strip District of the Bureau of Land Management, Arizona, which comprise approximately fourteen thousand six hundred acres, as generally depicted on a map entitled "Mt. Logan Wilderness—Proposed", dated May 1983, and which shall be known as the Mount Logan Wilderness;

(5) certain lands in the Arizona Strip District of the Bureau of Land Management, Arizona, which comprise approximately seven thousand nine hundred acres, as generally depicted on a map entitled "Mt. Trumbull Wilderness—Proposed", dated May 1983, and which shall be known as the Mount Trumbull Wilderness;

(6) certain lands in the Arizona Strip District of the Bureau of Land Management, Arizona, which comprise approximately eighty-four thousand seven hundred acres, as generally depicted on a map entitled "Paiute Wilderness—Proposed", dated May 1983, and which shall be known as the Paiute Wilderness;

(7) certain lands in the Arizona Strip District, Arizona, and in the Cedar City District, Utah, of the Bureau of Land Management, which comprise approximately one hundred and ten thousand acres, as generally depicted on a map entitled "Paria Canyon-Vermilion Cliffs Wilderness—Proposed", dated May 1983, and which shall be known as the Paria Canyon-Vermilion Cliffs Wilderness;

(8) certain lands in the Kaibab National Forest, Arizona, which comprise approximately thirty-eight thousand two hundred acres, as generally depicted on a map entitled "Saddle Mountain Wilderness—Proposed", dated May 1983, and which shall be known as the Saddle Mountain Wilderness; and

(9) certain lands in the Arizona Strip District, Arizona, and in the Cedar City District, Utah, of the Bureau of Land Management, which comprise approximately nineteen thousand six hundred acres, as generally depicted on a map entitled "Beaver Dam Mountains Wilderness—Proposed", dated May 1983, and which shall be known as the Beaver Dam Mountains Wilderness.

(b) The previous classifications of the Paiute Primitive Area and the Paria Canyon Primitive Area are hereby abolished.

SEC. 302. (a) Subject to valid existing rights, each wilderness area designated by this title shall be administered by the Secretary concerned in accordance with the provisions of the Wilderness Act: Provided, That any reference in such provisions to the effective date of the Wilderness Act shall be deemed to be a reference to the effective date of this Act, and any reference to the Secretary of Agriculture shall be deemed to be a reference to the Secretary who has administrative jurisdiction over the area.

(b) Within the wilderness areas designated by this title, the grazing of livestock, where established prior to the date of enactment of this Act, shall be permitted to continue subject to such reasonable regulations, policies, and practices as the Secretary concerned deems necessary, as long as such regulations, policies, and practices fully conform with and implement the intent of Congress regarding grazing in such areas as such intent is expressed in the Wilderness Act and this title.

SEC. 303. As soon as practicable after enactment of this Act, a map and a legal description on each wilderness area designated by this title shall be filed by the Secretary concerned with the Committee on Energy and Natural Resources of the United States Senate and the Committee on Interior and Insular Affairs of the House of Representatives, and each such map and description shall have the same force and effect as if included in this Act: Provided, That correction of clerical and typographical errors in each such legal description and map may be made by the Secretary concerned subsequent to such filings. Each such map and legal description shall be on file and available for public inspection in the Office of the Chief of the Forest Service, Department of Agriculture or in the Office of the Director of the Bureau of Land Management, Department of the Interior, as is appropriate.

SEC. 304. (a) The Congress hereby finds and directs that lands in the Arizona Strip District of the Bureau of Land Management, Arizona, and those portions of the Starvation Point Wilderness Study Area (UT-040-057) and Paria Canyon Instant Study Area and contiguous Utah units in the Cedar City District of the Bureau of Land Management, Utah, not designated as wilderness by this Act have been adequately studied for wilderness designation pursuant to section 603 of the Federal Land Policy and Management Act (Public Law 94-579), and are no longer subject to the requirement of section 603(c) of the Federal Land Policy and Management Act pertaining to management in a manner that does not impair suitability for preservation as wilderness.

(b) The Congress hereby determines and directs that—

(1) certain lands in the Kaibab National Forest known as the Red Point (03063), Big Ridge (03064), Burro Canyon (03065) and Willis Canyon (03066) roadless areas, as identified in executive communication numbered 1504, Ninety-sixth Congress (House Document numbered 96-119), and the portion of the Kanab Creek RARE II roadless area (B3-060) not designated wilderness by this Act have been adequately studied for Wilderness in the RARE II Final Environmental Statement (dated January 1979);

(2) such studies shall constitute an adequate consideration of the suitability of such lands for inclusion in the National Wilderness Preservation System and the Department of Agriculture shall not be required to review the wilderness option for such areas prior to revision of the initial plans required for such lands by the Forest and Rangeland Renewable Resources Planning Act of 1974 as amended by the National Forest Management Act of 1976 and in no case prior to the date established by law for completion of the initial planning cycle; and

(3) such areas need not be managed for the purpose of protecting their suitability for wilderness designation pending revision of the initial plans.

The SPEAKER pro tempore. Is a second demanded?

Mr. McCAIN. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Arizona (Mr. McNULTY) will be recognized for 20 minutes and the gentleman from Arizona (Mr. McCAIN) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Arizona (Mr. McNULTY).

Mr. NcNULTY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the Arizona Wilderness bill, perhaps appropriately should be called the first Arizona Wilderness bill, would place in wilderness designation 1.2 million acres of ground and would include some of the most gorgeous scenery in the State of Arizona.

What is probably, from a political standpoint, most important about it is the degree of contribution made by the many user interests. This bill has been under study and under criticism and under construction for a period of something more than 6 months now. There have been extensive reviews

made by the mining interests for example, and by the timbering interests.

In my case, I have certainly had a substantial opportunity to meet with the members of the Arizona Cattle Growers Association; people representing wilderness interests and environmental interest have had a chance to participate. Out of that I think has come a bill which represents, to the highest degree possible, a fairly decent consensus.

If politics is as I believe it to be the art of compromise and the science of the achievable, then I think H.R. 4707 richly deserves your consideration and your approbation.

Mr. Speaker, I reserve the balance of my time.

Mr. McCAIN. Mr. Speaker, I yield such time as he may consume to my distinguished colleague, the gentleman from Arizona (Mr. RUDD).

Mr. RUDD. I thank the gentleman for yielding time to me.

Mr. Speaker, I rise in opposition to H.R. 4707, the Arizona Wilderness Act. This measure proposes to deny Arizonans and the people of our country the use of an additional 722,300 acres of their land by adding it to the existing designated wilderness in the State.

Wilderness designation by the Federal Government removes valuable land from multiple use where it would be available under Government management for recreation, wildlife habitat, timber production, grazing, mineral exploration, and commercial development for the benefit of all Arizonans.

Our Founding Fathers fought a revolution against those who sought to control public lands for their own narrow purposes. I therefore do not believe the majority should be denied the right to benefit from their lands through restrictive wilderness designations which will benefit only a few.

I have long advocated multiple-use management as the best alternative to accommodate the many needs of our citizens, whether they be development and respectful use of the natural resources within the lands, recreation or wilderness preservation. Those who work and depend upon the land—miners, cattlemen, timbermen, and others—not only have the greatest incentive to protect it—it is their livelihood—but they also generate billions of dollars worth of direct and indirect social and economic benefits for their fellow citizens in Arizona and in America.

My constituents in Arizona have consistently, and in overwhelming numbers, opposed additional wilderness designations. Eighty-six percent of those who have written me on the wilderness issue have expressed opposition to more wilderness.

Despite this strong concern, however, most everyone agrees that the roadless area review and evaluation process (RARE) will go on forever unless we take action. Arizonans have therefore been working together to reach an acceptable compromise to put an end to the long drawn out RARE process once and for all.

Because of these good faith efforts, I was particularly concerned to learn that various-user groups, which will have to live with the consequences of wilderness designations, had not received up-to-date maps of the proposed wilderness area until the day before the Interior Committee markup on March 21 and the several days following the committee's action. I was advised by representatives of the Southwestern Minerals Exploration Association and the Arizona Mining & Prospecting Association that they had not received maps until even last week. Certainly any effort to reach a reasonable compromise demand that those affected be allowed sufficient time to thoroughly review and comment on the specific areas targeted under this bill. I do not believe they have had that opportunity.

In all, H.R. 4707 designates an unacceptable 722,300 acres of Arizona land as wilderness. It designates approximately 215,000 acres on the Tonto National Forest in my district as wilderness, about 30 percent of the total wilderness designated in the bill.

Of those areas in my district, most are prime grazing areas or lands with important mineral or energy potential.

For example, in the Four Peaks area, mining claims are numerous; amethyst, tungsten, beryllium, and lithium have been found. Four Peaks is prime cattle country. The area is also suitable for watershed management that would increase the water yield into the Salt River. Furthermore, numerous existing jeep roads, holding pasture, pipeline, and fencing make the area's suitability for wilderness questionable.

Salome has been identified as having potential for fluorspar, barite, uranium, and precious metals. It is prime grazing area for livestock. Range improvements, including water storage tanks, pipelines, and fences are planned by the current permittee to improve the area for grazing and wildlife, and to eliminate overgrazing.

Hellsgate is underlain by tin-bearing formations; associated with anomalous tin are tantalum, yttrium, and beryllium. There are existing trails and roads and brush clearing and burning projects.

The Salt area has potential for both chrysolite and uranium. Again, this is prime grazing land and range improvements are necessary for the permittee's operations. There has also been vegetation manipulation and brush burning.

Of the areas proposed for designation as wilderness outside my district, I have received comments in opposition to inclusion of Mount Wrightson on the Coronado National Forest, Castle Creek, Arnold Mesa, Sheridan Mountain, and Woodchute on the Prescott National Forest, and Bear Wallow to the Apache-Sitgreaves National Forest.

All these areas, rich in natural resources, should not be locked away into restrictive wilderness designations. Instead, they should be opened to multiple use for the benefit of the majority of Arizonans.

Beside the areas proposed for wilderness, I strongly oppose this bill's release language. The bill provides that the Department of Agriculture "shall not be required to review the wilderness option prior to the review of the initial plans and in no case prior to the date established by law for completion of the initial planning cycle." It does not specify a certain date before which the Department would be precluded from reviewing the wilderness option.

For myself, I would prefer that those lands not designated as wilderness be released to multiple use once and for all, and not be subject to any further review by the Forest Service.

However, user groups and others in Arizona have asked only that language be included in the bill designating a specific date, January 1, 1998, before which the Forest Service would be precluded from reviewing the land for wilderness potential. This is only reasonable. Those who must rely upon the lands for their livelihood must have some certainty about the status of their land for long-range planning and credit purposes.

Furthermore, specific language ought to be included in the bill to insure motorized access to ranchers for range maintenance and improvements. Ranchers are not out to destroy the land, but to protect it. They have already protected the land so well in fact, that many of these areas are still considered suitable for wilderness.

I also object to the provisions of titles II and III being included in this legislation. These provisions are identical to those of H.R. 2724, the Aravaipa Canyon Wilderness bill, and H.R. 3562, the Arizona Strip Wilderness bill, respectively, H.R. 3562, in particular, came about as a result of long and careful negotiations and compromise between user groups and environmentalists in Arizona. These two bills are noncontroversial and ought to be considered on their own merit. The efforts of those who developed the legislation should not be ignored by placing its provisions in this still-controversial wilderness bill, H.R. 4707.

Finally, I oppose the wild and scenic river designation of the Verde River. While efforts have been made to accommodate the proposed construction of Cliff Dam, there are still serious

questions about flood control and water management on account of the designation.

The people of Arizona will have to live with the consequences of this body's decision with regard to this legislation. I strongly oppose H.R. 4707 on behalf of the vast majority of my constituents, and I urge my colleagues to oppose it as well.

Mr. UDALL. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio (Mr. SEIBERLING).

Mr. SEIBERLING. I thank the gentleman for yielding me this time.

Mr. Speaker, I rise in strong support of H.R. 4707, the Arizona Wilderness Act of 1984. This is the 11th wilderness bill, and the 8th wilderness package to be considered by the House during the 98th Congress, and it is especially pleasing to me to note the progress we are making in finally putting the RARE II/wilderness issue to rest in most States. It is to be hoped that by the time this Congress ends we will have settled the national forest wilderness issue in most instances.

I will not take the time to discuss the specific wilderness proposals and attributes of H.R. 4707. Chairman UDALL can do that far better than I could on this bill. However, I note that the bill contains many wilderness proposals that, by virtue of careful negotiation and compromise on the part of the major interest groups involved, have been crafted to eliminate resource conflicts or other potential problems. As such, the bill appears to enjoy a broad degree of support, which attests to the tremendous effort Chairman UDALL has made to consult all affected parties and interest groups.

I would also like to address one other issue, the issue of so-called release language, because I believe H.R. 4707 may help resolve a partial impasse which appears to be stalling consideration of wilderness bills in the other body. As many Members are aware, our State wilderness packages contain not only wilderness designations, but they also address the question of how undeveloped lands not designated as wilderness may be managed by the Forest Service. We have provided, in all national forest wilderness bills passed since the completion of RARE II in 1979, that lands not designated as wilderness or wilderness study may be managed for such uses as the Forest Service determines appropriate in its land management planning process. In short, we have restated Congress 1976 decision that national forest lands will be managed pursuant to the 1976 National Forest Management Act. Our so-called release language formula, which was negotiated with representatives of the Forest Service, the National Forest Products Association and several major environmental groups in 1980, provides that nonwilderness lands can be developed, if the Forest Service determines, as part of its statutory planning process, that development is appropriate. It also reaffirms NFMA's provisions that wilderness values will not have to be restudied on eligible lands until national forest management plans are completely revised some 10 to 15 years from now.

Despite what I believe is clear statutory language in this regard, the Forest Service and others have raised questions concerning possible interpretation of some of the provisions of our standard release formula. I have reviewed their concerns, and have seen nothing that I think necessitates changes in the statutory language. Indeed, most of the comments appear to involve technical or other issues which we specifically discussed and addressed with committee report language in 1980. Nevertheless, there are several points which were raised which probably can benefit by citing additional examples of Congress intentions, and by further illustrating how the release formula ties in with the National Forest Management Act planning process.

Thus, after discussions with the Forest Service and numerous individuals and interest groups, we have worked with our Republican colleagues to draft additional committee report language. Since its circulation last week, I have been told by the Chief of the Forest Service and several Members of Congress that it is very helpful language, which addresses major areas of concern, I am therefore hopeful that this language will help break the release logjam which has developed in the Senate, and I would ask unanimous consent that it be printed in the RECORD following my remarks.

I am aware that there are those who would like some of this language to be included in the statute, but I believe that after reviewing it most Members will agree with my assessment that the types of hypotheticals and examples used in the report language do not lend themselves to statutory promulgation. Further, although I have spent countless hours over the past 4 years attempting to determine whether it might be possible to legislate the committee report language, I have thus far been unable to see any need or justification for additional statutory language which would amend or otherwise impinge on the provisions of the National Forest Management Act. I am, therefore, hopeful that when those concerned with our standard release formula have a full opportunity to examine the formula, as further clarified by the committee report language of H.R. 4707, they will conclude that we have gone as far as we can to allay their concerns without amending the National Forest Management Act.

In summary, Mr. Speaker, I believe H.R. 4707 is exceptionally meritorious legislation, which may help break the release impasse. I urge my colleagues to support it and I commend Chairman UDALL and the other Members of the Arizona delegation who have done such an outstanding job of producing this consensus bill.

RELEASE/SUFFICIENCY

Section 103 of H.R. 4707 contains the "release/sufficiency" language which has been incorporated by the Congress in seven State wilderness bills enacted over the past several years. This language statutorily confirms the April 1979 administrative "release" of certain RARE II nonwilderness recommended lands and releases other lands not designated as wilderness or wilderness study by H.R. 4707.

The language continues to trouble a number of affected industry groups, and in an effort to address their concerns, the Committee wishes to further clarify the purpose and intent of the provisions of this section and elaborate on certain issues not specifically discussed in previous bills.

The question of "release" (i.e., making lands available for non-wilderness management and possible development) arises from the interest in the future management of areas reviewed during the RARE II process. The controversy focuses on the point at which those lands not designated as wilderness or wilderness study by this Act, but reviewed in the RARE II process, can again be considered for possible recommendation to the Congress for designation as wilderness, and on the question of how these lands will be managed.

The "sufficiency" aspect of this question arose subsequently because of a decision in Federal District Court in California. Soon after the completion of RARE II, the State of California brought suit against the Secretary of Agriculture challenging the legal and factual sufficiency of the RARE II Final Environmental Impact Statement insofar as its consideration of wilderness in some 46 areas in the State of California was concerned.

In January 1980 Judge Lawrence Karlton of the United States Distrrict Court for the Eastern District of California, in *State of California* v. *Bergland*, 483 F. Supp. 465 (1980), held that the RARE II Final Environmental Statement had insuficiently considered the wilderness alternative for the specific areas challenged. Judge Karlton enjoined any development which would "change the wilderness character" of these areas until subsequent consideration of the wilderness values in accordance with the National Environmental Policy Act is completed by the Department of Agriculture. The Ninth Circuit Court of Appeals affirmed in District Court opinion in *California* v. *Block* (690 F. 2d 653) in 1982.

While the decision applied specifically only to the 46 roadless areas in California for which the plaintiffs sought relief, the overall conclusions in the case are binding in states such as Arizona that are located in the Ninth Circuit. The net effect is that development activities on roadless areas in such states may be held up if appealed in administrative or judicial forums. This has, in fact, already happened in several instances, and has thrown a cloud of uncertainty over the development of some roadless areas, whereas development has occurred in others.

The Wilderness Act of 1964 provides that only Congress can designate land for inclusion in the National Wilderness Preservation System. Since the Committee has, in the course of developing this bill, very carefully reviewed the roadless areas in Arizona for possible inclusion in the National Wilderness Preservation System, the Committee believes that judicial review of the RARE II Final Environmental Statement insofar as national forest system lands in Arizona are concerned is unnecessary. Therefore, the bill provides that the Final Environmental Statement is not subject to judicial review with respect to national forest system lands in Arizona.

The Committee does wish to reemphasize that the sufficiency language in this Act only holds the RARE II EIS to be legally sufficient for the roadless areas in the State of Arizona and only on the basis of the full review undertaken by the Congress. Similar language will be necessary to resolve the issue in the other states.

MANAGEMENT AND FUTURE WILDERNESS CONSIDERATION OF ROADLESS AREAS NOT DESIGNATED AS WILDERNESS OR WILDERNESS STUDY

The RARE II process during 1977-1979 took place concurrently with the development by the Forest Service of a new land management planning process mandated by the National Forest Management Act of 1976. That process requires that the forest land management plans be reviewed and revised periodically to provide for a variety of uses. During the review and revision process the Forest Service is required to study a broad range of potential uses and options. In conjunction with the National Environmental Policy Act, NFMA provides that the option of recommending land to Congress for inclusion in National Wilderness Preservation System is one of the many options which must be considered during the planning process for those lands which may be suited for wilderness. The Forest Service is presently developing the initial, or "first generation", plan for each national forest. These are the so-called "section 6" plans, and they are targeted for completion by September 30, 1985. For the six national forests in Arizona some plans may not actually be completed and implemented until 1986 or later due to administrative problems including delay resulting from the cloud of the California lawsuit and the debate taking place as a result of pending legislation.

One of the goals of RARE II was to consider the wilderness potential of national forest roadless areas. The Committee believes that further consideration of wilderness during development of the initial plans for the national forest system roadless areas in Arizona not designated as wilderness or wilderness study upon enactment of H.R. 4707 would be duplicative of the study and review which has recently taken place by both the Forest Service and the Congress. Therefore, the release language of H.R. 4707, and previous bills, provides that wilderness values need not be reviewed again during development of the "first generation plans."

Beyond the initial plans lies the issue of when the wilderness option for roadless areas should again be considered. As noted, the initial plans are targeted for completion by September 30, 1985. The National Forest Management Act provides that a plan shall be in effect for no longer than 15 years before it is revised. The Forest Service regulations, however provide that a forest plan "shall ordinarily be revised on a 10-year cycle or at least every 15 years." (36 CFR § 219.10(g).)

The bill, as reported, provides that the Department of Agriculture shall not be required to review the wilderness option until it revises the initial plans. By using the word "revision" the Committee intends to make it clear, consistent with NFMA and the Forest Service regulations, that amendments or even amendments which might "result in a significant change" in a plan, would not trigger the need for reconsideration of the wilderness option. The wilderness option does not need to be reconsidered until the Forest Service determines, based on a review of the lands covered by a plan, that conditions or demands in the area covered by a plan have changed so significantly that the entire plan needs to be completely revised.

A revision of a forest plan will be a costly undertaking in terms of dollars and manpower and the Committee does not expect such an effort to be undertaken lightly. Every effort will be made to address local changes through the amendment process leaving the revision option only for major, forest wide changes in conditions or demands.

For example, if a new powerline were proposed to be built across a forest, this would be accomplished by an amendment, not a revision, and therefore the wilderness option would not have to be reexamined. Likewise, the construction of new range improvements or adjustments in livestock allotments for permittees would not constitute a "revision". It is only when a proposed change in management would significantly affect overall goals or uses for the entire forest concern, that a "revision" would occur. For example, the recent eruption of Mt. St. Helens, because it affected so much of the land on the entire Gifford Pinchot National Forest, including the forest's overall timber harvest scenario, would likely have forced a "revision" of the plan. Likewise, decisions to significantly increase timber harvest levels on an entire forest or to change a multiplicity of uses in order to accommodate dramatically increased recreation demands might force a "revision". In this regard, the Committee wishes to note, however, that in the vast majority of cases the 10-15 year planning cycle established by NFMA and the existing regulations is short enough to accommodate most changes. Conditions are highly unlikely to change so dramatically prior to 10-15 years that more frequent "revisions" would be required. For example, it would be hard to envision a scenario under which demands for primitive, semi-primitive or motorized recreation would increase so rapidly over an entire National Forest that the Forest Service would feel obliged to revise a plan prior to the normal 10-15 life span. Recreation demands might increase in a specific area or areas, but such demands could be met by amending the plan, as opposed to revising it.

Forest Service Chief Max Peterson has indicated that, in his view, most plans will be in existence for approximately ten years before they are revised. The Committee shares this view and anticipates that the vast majority of plans will not be revised significantly in advance of their anticipated maximum life span absent extraordinary circumstances. The Committee understands and expects that with first generation plans to be in effect by late 1985, or slightly later, the time of revision for most plans will be around 1995. In almost every case, the Committee, therefore, expects that the consideration of wilderness for these roadless areas will not be reexamined until approximately 1995. The Committee notes that administrative or judicial appeals may mean that many first generation plans are not actually implemented until the late 1980's, in which case plan revisions would be unlikely to occur until around the year 2000, or beyond. Or, if the full 15 years allowed by NFMA runs before a revision is undertaken, the wilderness option may mot in some cases be reviewed until the year 2000 or later.

The question has also arisen as to whether a "revision" would be triggered if the Forest Service is forced by the courts to modify or rework an initial plan, or if the Forest Service withdrew an initial plan to correct technical errors or to address issues raised by an administrative appeal. The Committee wishes to state in the most emphatic terms possible, that any reworking of an initial plan for such reasons would obviously not constitute a "revision" of the plan that would reopen the wilderness question. Rather, any such reworking would constitute proper implementation of the plan. The logic for the Committee's reasoning in this regard is that any such court ordered or administrative reworkings or modifications of a plan would come about to resolve questions related to the preparation and implementation of the plan in accordance with the requirements of NFMA and other applicable law. So such reworking or modification would not be a "revision" (which pursuant to NFMA and the implementing regulations is to be based on changed conditions or demands on the land), because a plan must be properly prepared and implemented before it can be "revised".

The fact that the wilderness option for roadless areas will be considered in the future during the planning process raises the hypothetical argument that the areas must be managed to preserve their wilderness attributes so these may be considered in the future. Such an interpretation would result in all roadless areas being kept in de facto wilderness for a succession of future planning processes. Such a requirement would completely frustrate the orderly management of non-wilderness lands and the goals of the Forest and Rangeland Renewable Resources Planning Act.

To eliminate any possible misunderstanding on this point, the bill provides that areas not designated as wilderness or wilderness study need not be managed for the purpose of protecting their suitability for further wilderness review pending revision of the initial plans. The Committee believes the Forest Service already has statutory authority to manage roadless areas for multiple use, nonwilderness purposes. It wishes to make clear, however, that study of the wilderness option in future generations of Section 6 plans is required only for those lands which may be suited for wilderness at the time of the implementation of the future plans. Between the planning cycles, the uses authorized in the plan in effect can proceed until a new plan is implemented. In short, one plan will remain in effect until the second plan is implemented. There is no bar to management which may, as a practical matter, result in the land no longer being suited for wilderness. Thus it is likely that many areas studied for wilderness in one generation of plans may not physically qualify for wilderness consideration by the time the next generation of plans is prepared. As an example of this, the Committee notes that many areas studied for wilderness in RARE II and recommended for non-wilder-

ness have already been developed since their administrative "release" in April of 1979.

Therefore, under this language, the Forest Service may conduct a timber sale in a roadless area and not be challenged on the basis that the area must be considered for wilderness in a future planning cycle. Once into a second-generation plan, the Forest Service may, of course, manage a roadless area according to that plan without the necessity of preserving the wilderness option for the third-generation planning process. Should the particular area still be suited for possible wilderness at the time of the third-generation planning process, the wilderness option would be considered at that time. In short, the wilderness option must be considered in each future planning generation if the particular land in question still possess wilderness attributes. But there is no requirement that these attributes be preserved solely for the purpose of their future evaluation in the planning process.

In short, this language means that the Forest Service cannot be forced by any individual or group through a lawsuit, administrative appeal, or otherwise to manage lands in a "de facto" wilderness manner. Of course, the Forest Service can, if it determines it appropriate, manage lands in an undeveloped manner, just as it can, if through the Land Management Planning process it determies it appropriate, develop released lands. The emphasis here is that the Forest Service will be able to manage released lands in the manner determined appropriate through the land management planning process.

The Committee has reached this position after careful thought and a balancing of all the wishes and concerns of the groups involved, and wishes to emphasize the vital importance of getting the forest plans in place in Arizona and ending the state of limbo which now exists.

NO FURTHER STATEWIDE REVIEW

The final issue addressed by the Committee in Section 103 of H.R. 4707 pertains to the possibility of future administrative reviews similar to RARE I and RARE II. With the National Forest Management Act planning process now in place, the Committee wishes to see the development of any future wilderness recommendations by the Forest Service take place only through that planning process, unless Congress expressly asks for other additional evaluations. Therefore, the legislation directs the Department of Agriculture not to conduct any further statewide roadless area review and evaluation of national forest system lands in Arizona for the purpose of determining their suitability for inclusion in the National Wilderness Preservation System.

The Committee recognizes that this directive might technically be evaded by conducting such a study on some basis slightly smaller than statewide. The Committee is confident, however, that the Department recognizes the spirit as well as the letter of this language and that the Committee can expect there will be no "RARE III".

□ 1300

Mr. UDALL. Mr. Speaker, I yield such time as he may consume to the gentleman from Texas (Mr. DE LA GARZA), the chairman of the Committee on Agriculture.

Mr. DE LA GARZA. I thank the distinguished chairman for yielding time to me.

Mr. Speaker, I would like briefly to discuss a matter of jurisdictional interest to the Committee on Agriculture relating to H.R. 4707.

This bill has been referred jointly to the Committee on Agriculture and the Committee on Interior and Insular Affairs. The bill contains so-called release-sufficiency language which relates to the management of areas in the national forests with which the bill is concerned which are not designated as wilderness. In order to expedite consideration of this bill, I do not object to its being taken up on the floor of the House without consideration by the Committee on Agriculture. I take this position without in any respect waiving jurisdiction of the Committee on Agriculture with regard to the release-sufficiency issues as addressed in this bill or in similar bills. If the provisions of H.R. 4707 relating to matters within the jurisdiction of the Committee on Agriculture should become an issue with the Senate—in the event that the bill passes the House—I intend to request that the Committee on Agriculture be represented in any conference which may be held.

I appreciate this opportunity to make clear the jurisdictional interest of my committee in the release-sufficiency issues that are present in this bill and in most bills designating wilderness areas in the national forests.

Mr. UDALL. Mr. Speaker, will the gentleman yield?

Mr. DE LA GARZA. I yield to the gentleman from Arizona.

Mr. UDALL. I thank the gentleman for yielding.

Mr. Speaker, I thank the gentleman for his cooperative attitude and assure him that the statements he just made will be carried out by us with regard to the conference or other changes.

Mr. DE LA GARZA. Mr. Speaker, I thank the gentleman.

Mr. McCAIN. Mr. Speaker, I yield 1 minute to my distinguished colleague, the gentleman from Arizona (Mr. STUMP).

Mr. STUMP. I thank the gentleman for yielding this time to me.

Mr. Speaker, last July, I signed a letter, with my colleagues in the Arizona delegation, soliciting the advice and recommendations of interested parties in Arizona regarding the multiple use and wilderness designations for Forest Service lands in our State. We sent that letter because the uncertainty of future public land use needs to be resolved.

Significant progress has been made toward reaching a decision, but I believe we have more work to do.

While I do not generally support wilderness, the necessity for a RARE II reevaluation affords us both the opportunity and challenge to resolve the multiple use/wilderness issues facing our State. The decisions should be made now so that the uncertainty of land use designations is removed and those who use the forests are able to plan for their future. More importantly, the decisions must be made by Arizonans—especially those who will be directly affected by such designations.

The purpose of our efforts should be the determination of which of our forest lands in Arizona truly reflect the intent of the 1964 Wilderness Act. Wilderness is defined in that act as an area of Federal land that "generally appears to have been affected primarily by the forces of nature." Our determinations must not be preconceived in terms of numbers of acres. Nor should we lose sight of our responsibility in realistically assessing when public benefits from additional wilderness preservation no longer exceed the public losses from other resources remaining unused. The discussions necessary to make such an important determination cannot be rushed if we are to make reasonable assessments and decisions.

Within the bill we are considering today, 57 percent of the acres to be designated as wilderness are located in Arizona's Third District. From the comments I continue to receive, there is no doubt in my mind that there is still a need for compromise among concerns such as the ranchers, miners, and environmental interests. Not only are some of the areas included in the bill too encompassing, and indeed some not worthy of designation, but I feel that we have failed to address some of the concerns of traditional public land users—most specifically in the areas of release and grazing language.

In addition, I cannot support the bill's inclusion of the provision of the Arizona Strip Wilderness Act. The introduction of that bill, as a separate piece of legislation, represents many long months of intense negotiation and the result is a proposal which enjoys unanimous support. The appeal and success of the strip bill is that it is a product of those who have a direct interest and use of the land in the strip, rather than a congressional mandate. The diversity of interests among ranchers, miners, timber companies, environmentalists, local governments, and Federal agencies normally would not lend itself to successfully dealing with the wilderness question. Yet in this case, those same diverse interests proved that with the give and take on the part of all parties involved, a strong consensus resolving the question can be reached. The result of the actions on the strip will be a plan with which everyone can live, strongly facilitating the implementation of land use management.

At the same time the strip bill was being negotiated, it was done so as an issue in and of itself, not as a part of a

larger package. The provisions of the strip bill can and should stand alone, and their inclusion in this bill jeopardizes its support and acceptance.

Mr. Speaker, I must also oppose the provisions in the bill regarding release language and grazing provisions. Rather than the "soft" release language included in the bill, I believe that adoption of language which would provide that lands not designated as wilderness shall not be managed for the purpose of protecting their suitability for wilderness designation pending revision of initial Forest Services plans, and in no event prior to January 1, 2000, would be a clearer reflection of the concerns in our State. Adoption of that language would clearly state our intent to resolve the wilderness/multiple use question so that responsible land use planning and activities could proceed, yet at the same time remove any doubt as to the direction for Forest Service land management. That language does not require development, but significantly reduces the planning of Forest Service lands for wilderness through the management plan process.

While there appears to be widespread agreement with regard to the continuation of grazing within designated wilderness areas, I do not believe that agreement is adequately reflected in the provisions of the bill itself. The normal management problems between the Forest Service and the cattle industry will no doubt continue, but I do not believe that we should add to those problems by failing to adequately address the grazing issue in this bill. I am concerned that we have once again clouded the grazing issue through the incorporation, by reference, of guidelines and policies. We are encouraging widespread interpretation of those guidelines, leading to further problems, especially in the area of mechanized equipment. I am also concerned that because we are incorporating guidelines rather than substantive requirements, a court may emphasize the lack of amendment to the Wilderness Act, and view the incorporation of the guidelines hostilely as a new twist on retroactive legislative history, and give it little effect. For that reason, I believe that language should have been included in this bill which not only provides for livestock grazing, but also the use of mechanized equipment.

The amount of land in our State in existing or potential wilderness is substantial, in addition to the more than 3 million acres in the State preserved for national parks and wildlife refuges. As one of the fastest growing States, we cannot afford to disregard the adverse potential of putting unreasonable amounts or unsuited lands in wilderness. We can ill afford to mortgage our future, ignoring the needs of current public land users, as well as the general public which owns the land and benefits from its resources. Better management of our existing resources and an improved realization of existing public land uses as well as the State's vast untapped resource potentials are essential to reasonably provide for our continued growth.

I applaud the efforts which have been made so far by those Arizonans who realize the necessity for our resolving the question of multiple-use/wilderness in our State, and who have assumed the responsibility for reaching a consensus. Employing the same sense of give and take as was done in developing the Arizona strip bill and taking the time to insure that we have addressed all concerns, I hope that we could have a similar success in resolving this issue. However, I believe that there is ample evidence to show that we still have more work to be done before an agreement is reached which truly reflects the needs and interests of those parties which have a direct interest in our public lands. For that reason, Mr. Speaker, I must oppose this legislation.

Mr. McCAIN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 4707, the Arizona wilderness bill.

Title I of the bill would designate 29 new Forest Service wilderness areas totaling some 722,300 acres. Titles II and III are the so-called Aravaipa Canyon and Arizona strip wilderness proposals. The strip bill would designate 9 new Forest Service and BLM wilderness areas totaling 394,900 acres. The Aravaipa Canyon is a BLM instant wilderness proposal encompassing 6,670 acres. In other words, we have an omnibus bill for Arizona before us designating approximately 1.1 million acres of wilderness and releasing or returning to multiple use almost 2 million acres of Forest Service and BLM land.

While none of the proposed wilderness areas are in my congressional district—as I represent portion of the Phoenix metropolitan area—I am deeply concerned about the wilderness issue and I am pleased to have played a role in developing this legislation.

My distinguished predecessor who represented this district for 30 years in this House, former Congressman John Rhodes, supports this bill, and I note that the administration has no objection to the bill.

My constituents will use and benefit from the nearby wilderness areas, particularly the Four Peaks and Superstition additions. Many of my constituents are also concerned about the creation of too much wilderness and will benefit from the release of the remaining lands.

I have learned during the debate on this bill that there are many tradeoffs involved in wilderness designations. There are many uses of the land which are compatible, such as grazing and recreation, and there are others which will not be allowed. In every case, there are economic concerns and even national security issues such as in the case of strategic or critical minerals.

The pressures brought to bear on the members of the Arizona delegation have been tremendous and I personally have spent hundreds of hours visiting the proposed areas and meeting with the interested groups.

While I believe there are additional modifications which may need to be made such as Congressman STUMP and Congressman RUDD will point out and have pointed out; I believe Chairman UDALL has done an excellent job of bringing the various groups together and minimizing the conflicts.

For example, the Salt River project, a major flood control project serving Phoenix, worked out with the committee language to allow them to maintain, relocate, or install new flood control gages using motorized access when necessary. Without this authority, the Salt River project would be severely hampered in its efforts to monitor water levels in the streams and rivers above Phoenix.

Chairman SEIBERLING expressed concern that this type of language might set a precedent or in some way impede similar activities on already existing wilderness areas. I am pleased to say that a consensus was worked out which best suits the needs of the Salt River project and Arizona. As a result, the Salt River project now supports the legislation.

Two other major concerns have been the Arizona Mining Association and the Arizona Cattlegrowers. The chairman has made numerous boundary modifications and excluded a number of areas of importance to these groups. A few troublesome areas still remain in the bill but I am confident that these will also be worked out.

Aside from actual areas and boundaries, two major issues also trouble these groups—the release provisions and the grazing language. I understand Chairman SEIBERLING intends to enter in the RECORD the report language which he just did, which he and I worked out. I believe this would be helpful. We spent considerable effort attempting to clarify the release provisions and addressed a number of issues which have come up since its enactment in other bills.

Of particular concern is the duration of the first generation of forest management plans. In other words, when can the wilderness question be reopened? We discuss this in some detail in the report language and go to considerable effort to point out that it is our intention that these plans last 10 years or more. Suggestions have been made that we actually legislate a date certain or a 10-year planning cycle for

wilderness, and I believe these suggestions deserve consideration.

On the grazing issue, the concern we heard the most often was the possible arbitrary enforcement of the so-called guidelines or regulations worked out by our committee and the Forest Service. Our report language includes the guidelines in full and the bill requires a report to Congress on the progress being made in carrying out the guidelines.

Overall, I believe the legislation is balanced. Its passage will lift the cloud imposed on all Forest Service activities by the California lawsuit and will allow us to get on with the enjoyment and proper management of these lands.

I urge my colleagues to support the bill.

Mr. UDALL. Mr. Speaker, I yield myself such time as I may consume.

GENERAL LEAVE

Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on H.R. 4707.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arizona?

There was no objection.

Mr. UDALL. Mr. Speaker, today I am very proud and happy to bring before the House, H.R. 4707, the Arizona Wilderness Act. As chairman of the Committee on Interior and Insular Affairs I have brought many wilderness bills to this floor, but never before have I had the opportunity to present such a far-reaching piece of wilderness legislation for my own State of Arizona. All my life I have loved the land with which we as Americans have been uniquely blessed. All my career I have worked to preserve and protect the best of it. Now, I ask my colleagues in the House for their help in preserving and protecting some of the land for which I have a special feeling—the land of Arizona.

Mr. Speaker, as has been pointed out here, this represents a lot of work and a lot of compromise. The three of us from Arizona, the gentleman from Arizona (Mr. MCNULTY), the gentleman from Arizona (Mr. MCCAIN), and myself all serve on the Committee on Interior and Insular Affairs and have had the heavy responsibility of trying to put together this compromise.

As has been noted, the administration has no objection. I took great pride in the fact that Senator GOLDWATER, our senior Senator, introduced the RARE II portion of the bill exactly as I had introduced it on the House side.

I know that many people think of Arizona as all desert and cactus and we do have a lot of extraordinary desert and cactus. But the environment of my State is exceptionally diverse and surprising. This bill I bring before you today would protect more than 1 million acres of this rich and unusual land from the Utah border to the international border. Another 2 million acres would be released to multiple-use management.

Arizona is towering mountains of great magnificence, many of them known as Arizona "Sky Islands." The famed San Franciso Peaks near Flagstaff are the site of the highest peak in Arizona. They are sacred to the Navaho and Hopi peoples who believe that the kachinas come from there. They are also considered by many to be the birthplace of the modern science of ecology. Granite Mountain near Prescott is the dominant feature of the area and from its top there are sweeping views of the surrounding valley. Four Peaks can be seen from Phoenix 40 miles away and its rugged topography falling rapidly off steep cliffs into the Salt River provides some of the most uncommon recreation opportunities in Arizona. Mount Graham is the highest point in all of southern Arizona and the source of a wealth of wildlife, including some that are thought unique to the mountain. Mount Wrightson can be seen from Tucson and is famous throughout the world for its abundance of birds and other wildlife. These are among the "Sky Islands" the bill would protect.

Arizona is canyon country and the bill protects many of the twisting, spectacular gorges. The Mogollon Rim, which marks the edge of the Colorado Plateau, opens onto many of these extraordinary environments. West Beaver Creek, West Clear Creek, Fossil Springs, Hellsgate, and the Kanab Creek adjacent to the Grand Canyon and the Paria Canyon-Vermillion Cliffs are wilderness lands of unmatched beauty on the Arizona Strip.

Arizona is red rock country where the colorful cliffs and bluffs of fantastic geologic formation have inspired awe and wonder in people from all over the world. Red Rock-Secret Mountain and Munds Mountain both near Sedona, Ariz., are two of the new wilderness areas in this bill that would preserve these sights.

Water is especially precious in Arizona and we have made a special effort to preserve the State's rapidly diminishing riparian areas. In addition to some of the canyon-country wilderness areas, incomparable places like Bear Wallow, the Salt River Canyon and the Salome wilderness, where streams have carved surreal shapes out of bedrock, are protected by this bill.

And, finally, Arizona is indeed semiarid desert. The Chiricahuas, the Galiuros and portions of several other proposed wilderness units preserve example of this most delicate, misunderstood and underappreciated environment.

In addition, the bill designates a 41-mile stretch of the Verde River as a component of the National Wild and Scenic Rivers System. The Congress has not added a new river segment to our protected rivers inventory for more than 5 years and it has never placed a desert river in the system. It is time to end this unfortunate record on both counts. I am happy to say that the administration also supports this designation.

All in all, H.R. 4707 would designate 39 new wilderness areas in Arizona. Thirty-one areas totaling 834,000 acres are on national forest land and eight areas totaling nearly 290,000 acres are governed by the Bureau of Land Management. Only three forest areas totaling 71,000 acres are designated for additional wilderness study, two of them to complete study units already created in New Mexico. I think it is one of the major accomplishments of this legislation that we virtually eliminate the limbo of the further planning category on Arizona's forest lands.

Let me say something about how we arrived at this bill, which I think is rather remarkable for its level of support. More than 1 year ago I began to urge interested parties in Arizona to focus on how they would sort out the RARE II question. I was pleased to be joined by the entire Arizona delegation in that effort last summer. Since that time, we have been in almost constant discussion and negotiation with environmentalists, miners, timber people, cattlemen, and many, many others in trying to hammer out an acceptable proposal. We made every effort to have this built from the bottom up in Arizona, not imposed on Arizona from Washington. A lot of voices in Arizona said it could never be done. But I think this bill before the House today, while it does not completely satisfy the interest of any group, fairly and adequately addresses the interest of all groups in our State.

We have incorporated the RARE II proposal with a bill already passed by the Senate to designate the Aravaipa Canyon, a very meritorious proposal sponsored by my good friend, BARRY GOLDWATER. We incorporated another proposal, cosponsored by the entire Arizona delegation, dealing with BLM and Forest Service lands in the Arizona Strip. This measure, too, was built from the bottom up over several years of difficult, painstaking negotiations. It is an extraordinary example of what cooperation and compromise between business and conservation groups can produce, even when the subject is as emotional and controversial a subject as wilderness.

So I am proud to bring this bill before the House today: Proud of a bill that settles the land management question on nearly 3 million acres of public lands for the foreseeable future so that ranchers, miners, timber people, and other users of the land can get on with intelligent planning for

their business; proud of a bill that was put together by the hard work, cooperation and spirit of compromise of so many Arizonans; and most of all, proud of a bill that preserves more than 1 million acres of my State as my father and my father's father knew it when they came to Arizona and helped to build it, as I have known and enjoyed it throughout my life, and so my children and my children's children can know it and enjoy it throughout their lives.

Mr. Speaker, I urge the House to pass this bill.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. All time has expired.

The question is on the motion offered by the gentleman from Arizona (Mr. McNULTY) that the House suspend the rules and pass the bill, H.R. 4707, as amended.

The question was taken.

Mr. STUMP. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to the provisions of clause 5, rule I, and the Chair's prior announcement, further proceedings on this motion will be postponed.

□ 1310

PERMISSION TO FILE CONFERENCE REPORT AND MAKING IN ORDER CONSIDERATION OF CONFERENCE REPORT ON TOMORROW OR ANY DAY THEREAFTER ON H.R. 4072, WHEAT IMPROVEMENT ACT OF 1983

Mr. DE LA GARZA. Mr. Speaker, I ask unanimous consent that the managers have until midnight tonight to file a conference report on the bill (H.R. 4072) to provide for an improved program for wheat, that it may be in order to consider the conference report on Tuesday, April 3, 1984, or any day thereafter, and to waive all points of order against the conference report and its consideration, except under clause 4, rule XXVIII, and that the conference report be considered as read when it is called up for consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

Mr. WALKER. Mr. Speaker, reserving the right to object, I take this time simply to confirm with the gentleman that this has been checked with the minority. That is my understanding, and am I correct?

Mr. DE LA GARZA. Mr. Speaker, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from Texas.

Mr. DE LA GARZA. Mr. Speaker, it has been cleared. We are in agreement, and it has been cleared with both my ranking minority member, the gentleman from Illinois (Mr. MADIGAN), and the minority leader, the gentleman from Illinois (Mr. MICHEL).

Mr. WALKER. Mr. Speaker, I thank the gentleman, and I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

THE MEDIA ACCENTUATES THE NEGATIVE IN COVERAGE OF REAGAN ECONOMIC RECOVERY

(Mr. SOLOMON asked and was given permission to address the House for 1 minute.)

Mr. SOLOMON. I thank the Speaker.

Mr. Speaker, the Wall Street Journal reported recently on a survey of national media coverage of the Reagan economic recovery conducted by Holmes Brown, president of the Institute of Applied Economics. Mr. Brown concluded that the networks, instead of being nonpartisan annotators, were in reality alchemists who turned good news into bad. The media accentuated the negative in their coverage, implying that underneath the waves of prosperity tugged an undercurrent of economic misery.

I submit Mr. Brown's article for the RECORD. I think it provides a healthy dose of reality after living in the never-never-wonderland of the nightly news.

For example, in 1983, 95 percent of all economic statistics were very positive. Yet, the 3 networks, reporting on them 104 times during that year, ended their report 86 percent of the time on a negative note.

I guess you could say that to the national news media, Mr. Speaker, a round of silver lining is a dark cloud.

[From the Wall Street Journal, Mar. 16, 1984]

HOW TV REPORTED THE RECOVERY

(By Holmes M. Brown)

The national economy improved dramatically during 1983—but you might not have realized it if your only source of information had been the nightly news programs of the three major television networks.

How did the networks manage to turn the good news into bad news? According to a recent survey by the Institute for Applied Economics, the transposition was done by concentrating on the pockets of recession within the overall recovery, thereby implying that behind the good news of falling inflation and rising employment there were black clouds of economic misery.

SIX-MONTH SURVEY

When the sea change in economic news occurred in 1983, one might have expected that the networks would follow their practice during the recession of concentrating on the economic news and substantiating it with human-interest stories. To find out, the Institute for Applied Economics helped conduct a six-month, seven-night-a-week survey of the three major networks. We examined three key questions concerning network performance:

Did the networks fully report the news of the economic recovery?

Did the networks bias their reporting to play down the positive impact of the economy?

Did the networks use negative case studies to detract from the generally positive economic news?

Unemployment fell to 8.2% in December 1983 from 10.7% a year earlier. Total employment grew by four million during 1983.

On July 8, the Labor Department announced a drop in unemployment. CBS reported that while the Labor Department said the figures didn't justify claims of a true economic recovery, the president's top economist was calling the unemployment figures a new milestone in the business upturn. Dan Rather's coverage undercut the credibility of the administration's interpretation of the statistics. Reporter Ray Brady emphasized there were 1,250,000 jobless people seeking only 350,000 available jobs, and focused on worsening unemployment in certain industrial states. The entire emphasis of the report was on those who remained out of work—not on those who were returning to work.

In October, unemployment continued to fall, this time to 8.7% from 9.1% a month earlier, the lowest rate in 20 months. The three industries hit hardest by the recession—construction, mining and manufacturing—all showed improvement.

On Nov. 4, ABC stated that the unemployment drop was the result of many jobless Americans ending their search for work. The overall interpretation was that the "news is not as good as it sounds." Again the focus was not on the enormous number rehired, but on those yet to be rehired. ABC then implied that the Reagan administration's economic policy was a complete failure, and that there was a "chorus of demands that the government develop a national industrial policy" for which ABC turned to Democratic presidential candidates for their views. The news report that began with a 0.4-percentage-point drop in unemployment concluded: "With so many factory workers unemployed, political pressure for an industrial policy will continue to grow."

In November, unemployment dropped sharply to 8.4% from 8.7% a month earlier, the lowest level in two years. In just two months, the total of unemployed Americans dropped well over a million.

ABC used the Dec. 2 unemployment announcement to focus on those left behind by the recovery. Although the November unemployment figures in 45 of the 50 states were down. ABC did a story that began, "Now those unemployment figures again; it's here in the Midwest that unemployment is most severe." They located two upper-middle-class men who had been unemployed for 1½ years and focused on their experiences, with a story that lasted more than four minutes. A story that began with a 0.3-percentage-point drop in unemployment ended in complete despair and talk of suicide.

Another major positive statistic during the time of the study was the increase in the gross national product. In the third quarter, it grew at a robust 7.7% inflation-adjusted annual pace, surprising even the most optimistic economists.

NBC reporter Irving R. Levine, on Oct. 22 when the GNP boost was announced, deliv-

ered one of the most negative stories of the survey. The report focused on "pockets of poverty where recovery is still just a dream," undercutting President Reagan's economic policies and their relationship to the recovery. Mr. Reagan was shown saying "virtually every sector of the economy . . . is expanding, creating new hope in a more secure future." Mr. Levine focused on the limited areas where things were getting worse, stating that "beyond small programs to retrain workers, the administration is closing its eyes to regions bogged down in recession and sees no need to alter its economic policy."

Inflation continued to abate during the year. The producer price index grew by only 0.6% in 1983, the smallest increase in 20 years.

In July, the inflation rate for the first half of 1983 was announced at only 2.9%, a sharp decline from 3.9% a year before. CBS followed this news with a story featuring economist Pierre Rinfret, who said: "We kept the country in recession for three years, we've created unemployment as high as 13 million people, we idled most of the factories in this country, and put most of industry flat on its back. If you can't beat inflation with that, you can't do anything."

Food prices were also reported down, but that good news was also immediately countered by another economist who forecast that the weather was about to push prices back up. When inflation was rampant, television news regularly featured segments in supermarkets. Now that inflation was under control, there were no such segments. On July 28, Dan Rather reported: "Many people argue that any time inflation stays down, there's good news. Some others argue, yes, but the way you get it down matters, and if it stays down too much for too long the wealthy benefit disproportionally." Mr. Rather went on to relate a story about union work contracts, the ultimate implication give that bringing inflation under control—the biggest single political issue in the country months ago—was somehow, now that it had been accomplished, bad news, not good.

Factory output increased 6.5% during the year, according to the Federal Reserve Board—the best performance in seven years.

On July 15, ABC reported that factory production had risen a remarkable 1.1% in June from May. Anchor Max Robinson gave the announcement one sentence, and immediately followed it with the statement: "However, the economic changes triggered by the recession continued." ABC then ran a lengthy story on the troubles and the closing of a plant at International Harvester, a company beset by management and financial troubles for years.

PLANTS AND EQUIPMENT

Industrial capacity has increased a full 10% since the recession began. One of the last stages of recovery is expanded investment in new plants and equipment. On Dec. 9, CBS reported on a Ford Motor Co. official who said that $168 million was to be spent to improve the auto maker's Rouge Steel Plant—despite fear that the plant would be closed. This positive news announcement was immediately followed by a Ray Brady story focusing on the reluctance of others to invest in new equipment, and describing it as "the shadow which darkens the 11-month-old economic recovery."

During the entire period of the study, there were four to 15 economic-statistics stories a month. Nearly 95% of these statistical reports were positive. However, of the 104 economic stories of an in-depth or interpretative nature that were aired during this period on the three network evening news shows, 89—or 86%—were primarily negative.

The economic news was good in the second half of 1983. The coverage on network television was still in recession.

ECONOMIC POLICIES HELP ONLY THE SUPERRICH

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

● Mr. ANNUNZIO. Mr. Speaker, 4 years ago, then candidate Ronald Reagan asked the voters to ask themselves, "Are you better off than you were 4 years ago?" It is time to ask the question again. And if you are not a member of the superrich among us, the answer, despite the President's protestation of an overwhelming economic recovery, is a resounding "no."

It may come as a surprise to hear this. After all, the administration is claiming that unemployment has taken a downturn, inflation has subsided, and retail sales are increasing throughout the Nation. These facts are all true. But when put in the 4-year perspective, the changes in the economy do not appear to equal much of an accomplishment. Reaganomics, contrary to what the President would have us believe, has failed to produce a significant recovery. The only ones who are receiving significant benefit from the administration's programs are the superrich, and they are getting richer.

The administration's tax program, for example, was hailed as the first step on the road to economic recovery. The question is: Economic recovery for whom? Published studies have shown that the benefits gained from recent Federal tax reductions rise substantially with the amount of household income recorded. Under current policy, the richer you are now, the richer you are going to be in the future.

The view that the economy is improving for the country as a whole is supported only in comparisons of the current figures to the administration's own previous economic performance. For example, in January 1980, the unemployment rate was 6.2 percent. By November 1982, as a result of the implementation of the administration's policies, the unemployment rate had risen to 10.7 percent. When the President claims the current rate of 7.8 percent is a great accomplishment, I am skeptical. The fact is that the unemployment rate was 6.2 percent when the President took office, and now, over 3 years into his term, that rate is 7.8 percent. That does not sound like a wonderous achievement to me. I wonder how the administration can claim an improvement in the economy for taking the unemployment rate from 6.2 to 7.8 percent.

This is like buying a used bicycle, letting it deteriorate, and then trying to sell it as new. The Reagan administration is attempting to convince the American people that the economy is operating effectively. Luckily, the American people know enough about the state of the economy to recognize when economic indicators are being manipulated before their eyes. Present policies help those who need it the least—the extraordinarily wealthy Americans at the top.

Economic recovery is a misnomer when only the richest members of the population see any evidence of economic improvement. When unemployment is reduced to meaningful levels, when inflation is truly lowered, and when retail sales remain at high levels, then let the administration claim victory over the Nation's economic woes. Comparing the current economic indicators to those in 1980, and considering the present problems, it is difficult to see how current policies are successful in meeting the economic concerns of all Americans.●

CONFERENCE REPORT ON H.R. 4072

Mr. DE LA GARZA submitted the following conference report and statement on the bill (H.R. 4072) to provide for an improved program for wheat.

CONFERENCE REPORT (H. REPT. No. 98-646)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4072) to provide for an improved program for wheat, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

That this Act may be cited as the "Agricultural Programs Adjustment Act of 1984".

TITLE I—WHEAT

TARGET PRICES

SEC. 101. Section 107B(b)(1)(C) of the Agricultural Act of 1949 (7 U.S.C. 1445b-1(b)(1)(C)) is amended by striking out "$4.45 per bushel for the 1984 crop, and $4.65 per bushel for the 1985 crop" and inserting in lieu thereof "and $4.38 per bushel for the 1984 and 1985 crops".

ACREAGE LIMITATION AND PAID DIVERSION PROGRAM FOR WHEAT

SEC. 102. Section 107B(e) of the Agricultural Act of 1949 (7 U.S.C. 1445b-1(e)) is amended by—

(1) striking out in the first sentence of paragraph (1)(A) "subparagraph (B)" and inserting in lieu thereof "subparagraphs (B), (C), and (D)";

(2) adding at the end of paragraph (1) the following new subparagraphs:

"(C) Notwithstanding any previous announcement to the contrary, for the 1984 crop of wheat the Secretary shall provide for a combination of (i) an acreage limitation program as described under paragraph (2) and (ii) a land diversion program as described under paragraph (5) under which the acreage planted to wheat for harvest on the farm would be limited to the acreage base for the farm reduced by not more than 30 per centum, consisting of a reduction of not more than 20 per centum under the acreage limitation program and a reduction of 10 per centum under the land diversion program, and (iii) a voluntary payment-in-kind land diversion program under which the acreage planted to wheat for harvest on the farm would be reduced by not less than 10 per centum nor more than 20 per centum of the acreage base for the farm, in addition to any reduction under the acreage limitation and land diversion programs provided for under clauses (i) and (ii), as determined by the Secretary. Under the payment-in-kind land diversion program, compensation in kind for diverted acres shall be made available to producers by the Secretary under such terms and conditions as the Secretary shall prescribe and in such amounts as the Secretary determines appropriate to encourage adequate participation in such program, except that the rate of such compensation shall not be less than 85 per centum of the farm program payment yield. As a condition of eligibility for loans, purchases, and payments on the 1984 crop of wheat, the producers on a farm must comply with the terms and conditions of the combined acreage limitation program and land diversion program.

"(D) For the 1985 crop of wheat the Secretary shall provide for a combination of (i) an acreage limitation program as described under paragraph (2) and (ii) a land diversion program as described under paragraph (5) under which the acreage planted to wheat for harvest on the farm would be limited to the acreage base for the farm reduced by not more than 30 per centum, consisting of a reduction of not more than 20 per centum under the acreage limitation program and a reduction of 10 per centum under the land diversion program. As a condition of eligibility for loans, purchases, and payments on the 1985 crop of wheat, the producers on a farm must comply with the terms and conditions of the combined acreage limitation program and land diversion program.";

(3) inserting "for the 1983 crop" immediately before the comma in the eighth sentence of paragraph (5); and

(4) inserting immediately before the last sentence of paragraph (5) the following: "Notwithstanding the foregoing provisions of this paragraph, the Secretary shall implement a land diversion program for the 1984 and 1985 crops of wheat under which the Secretary shall make crop retirement and conservation payments to any producer of the 1984 and 1985 crops of wheat whose acreage planted to wheat for harvest on the farm for each such crop is reduced so that it does not exceed the wheat acreage base for the farm less an amount equivalent to 10 per centum of the wheat acreage base in addition to the reduction required under paragraph (2), and who devotes to approved conservation uses an acreage of cropland equivalent to the reduction required from the wheat acreage base under this paragraph. Such payments shall be made in an amount computed by multiplying (i) the diversion payment rate, by (ii) the farm program payment yield for the crop, by (iii) the additional acreage diverted under this paragraph. The diversion payment rate for the 1984 and 1985 crops of wheat shall be established by the Secretary at not less than $2.70 per bushel. The Secretary shall make not less than 50 per centum of any payments under this paragraph to producers of the 1984 and 1985 crops of wheat as soon as practicable after a producer enters into a land diversion contract with the Secretary for each such crop and in advance of any determination of performance.".

HAYING AND GRAZING DIVERTED WHEAT ACREAGE

SEC. 103. Section 107B(e) of the Agricultural Act of 1949 (7 U.S.C. 1445b-1(e)) is amended by adding at the end thereof the following new paragraph:

"(8) Notwithstanding any other provision of this subsection, in carrying out acreage limitation, cash land diversion, and payment-in-kind land diversion programs for the 1984 crop of wheat, the Secretary shall permit, at the request of the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act for a State and subject to such terms and conditions as the Secretary may prescribe that are in no event more restrictive than those in effect for producers who participated in the payment-in-kind land diversion program for that part of the 1983 crop of wheat planted before January 11, 1983, all or any part of the acreage diverted from production under such programs by participating producers in such State to be devoted to hay and grazing.".

TITLE II—FEED GRAINS

TARGET PRICES

SEC. 201. Section 105B(b)(1)(C) of the Agricultural Act of 1949 (7 U.S.C. 1444d(b)(1)(C)) is amended by striking out "$3.03 per bushel for the 1984 crop, and $3.18 per bushel for the 1985 crop" and inserting in lieu thereof "and $3.03 per bushel for the 1984 and 1985 crops".

ACREAGE LIMITATION AND PAID DIVERSION PROGRAM FOR FEED GRAINS

SEC. 202. Section 105B(e) of the Agricultural Act of 1949 (7 U.S.C. 1444(e)) is amended by—

(1) striking out in the first sentence of paragraph (1)(A) "subparagraph (B)" and inserting in lieu thereof "subparagraphs (B) and (C)";

(2) adding at the end of paragraph (1) the following new subparagraph:

"(C) For the 1985 crop of feed grains, if the Secretary estimates that the quantity of corn on hand in the United States on September 30, 1985 (not including any quantity of corn produced in the United States during calendar year 1985), will exceed one billion one hundred million bushels, the Secretary (i) shall provide for a land diversion program as described under paragraph (5) under which the acreage planted to feed grains for harvest on the farm would be limited to the acreage base for the farm reduced by a total of not less than 5 per centum and (ii) may provide for an acreage limitation program as described under paragraph (2). If the Secretary implements a combined acreage limitation program and land diversion program, the total reduction required by the Secretary in the acreage planted to feed grains for harvest on the farm shall not exceed 20 per centum of the acreage base for the farm. Any reduction required by the Secretary in excess of 15 per centum of the acreage base for the farm shall be equally proportioned between an acreage limitation program and a land diversion program. As a condition of eligibility for loans, purchases, and payments on the 1985 crop of feed grains, if the Secretary implements a land diversion program or a combined acreage limitation and land diversion program, the production on a farm must comply with the terms and conditions of such program."; and

(3) in paragraph (5)—

(A) adding immediately after the sixth sentence the following new sentence: "Notwithstanding the foregoing provisions of this paragraph, if the Secretary implements a land diversion program for the 1985 crop of feed grains under the provisions of paragraph (1)(C), the Secretary shall make crop retirement and conservation payments to any producer of the 1985 crop of feed grains whose acreage planted to feed grains for harvest on the farm is reduced so that it does not exceed the feed grain acreage base for the farm less an amount equivalent to the percentage of the acreage base specified by the Secretary, but not less than 5 per centum, in addition to the reduction required under paragraph (2), if any, and who devotes to approved conservation uses an acreage of cropland equivalent to the reduction required from the feed grain acreage base under this paragraph.";

(B) striking out "Such payments" in the eighth sentence (as redesignated under subparagraph (A) of this paragraph) and inserting in lieu thereof "Diversion payments made to producers under this paragraph";

(C) in the ninth sentence (as redesignated under subparagraph (a) of this paragraph)—

(i) striking out "for corn" and inserting in lieu thereof "for the 1983 crop of corn"; and

(ii) inserting immediately before the period at the end thereof ", and at not less than $1.50 per bushel for the 1985 crop of corn"; and

(D) striking out "1983 crop" in the eleventh sentence (as redesignated under subparagraph (A) of this paragraph) and inserting in lieu thereof "1983 and 1985 crops".

PRICE SUPPORT TO PRODUCERS WHO CUT CORN FOR SILAGE

SEC. 203. Section 105B(a) of the Agricultural Act of 1949 (7 U.S.C. 1444d(a)) is amended by adding at the end thereof the following new paragraph:

"(3) The Secretary may make available loans and purchases, as provided in this subsection, to producers on a farm who cut for silage corn that they have produced of the 1984 and 1985 crops and who participate in the program provided for by the Secretary under subsection (e). Such loans and purchases may be made on a quantity of corn of the same crop, other than the corn cut for silage, acquired by the producer equivalent to a quantity determined by multiplying the acreage of corn cut for silage by the lower of the farm program payment yield or the actual yield on a field, as determined by the Secretary, that is similar to the field from which such silage was obtained.".

TITLE III—UPLAND COTTON

TARGET PRICES

SEC. 301. Section 103(g)(3)(B) of the Agricultural Act of 1949 (7 U.S.C. 1444(g)(3)(B)) is amended by striking out "$0.81 per pound for the 1984 crop, and $0.86 per pound for the 1985 crop" and inserting in lieu thereof "and $0.81 per pound for the 1984 and 1985 crops".

ACREAGE LIMITATION AND PAID DIVERSION PROGRAM FOR UPLAND COTTON

SEC. 302. Section 103(g)(9) of the Agricultural Act of 1949 (7 U.S.C. 1444(g)(9)) is amended by—

(1) in the first sentence of subparagraph (A), inserting "except as provided in the second and third sentences of this subparagraph," immediately after the first comma;

(2) inserting immediately after the first sentence of subparagraph (A) the following new sentences: "For the 1985 crop of upland cotton, if the Secretary estimates that the quantity of upland cotton on hand in the United States on July 31, 1985 (not including any quantity of upland cotton produced in the United States during calendar year 1985), will exceed three million seven hundred thousand bales, the Secretary (i) shall provide for a land diversion program as described under subparagraph (B) under which the acreage planted to upland cotton for harvest on the farm would be limited to the acreage base for the farm reduced by not less than 5 per centum and (ii) may provide for an acreage limitation program as described under this subparagraph under which the acreage planted to upland cotton for harvest on the farm would be limited to the acreage base for the farm reduced by not more than 20 per centum in addition to the reduction required under clause (i). If the Secretary implements a combined acreage limitation program and land diversion program, any reduction required by the Secretary in excess of 25 per centum of the acreage base for the farm shall be made under the land diversion program. As a condition of eligibility for loans, purchases, and payments on the 1985 crop of upland cotton, if the Secretary implements a land diversion program or a combined acreage limitation and land diversion program, the producers on a farm must comply with the terms and conditions of such program."; and

(3) adding at the end of subparagraph (B) the following new sentences: "Notwithstanding the foregoing provisions of this subparagraph, if the Secretary implements a land diversion program for the 1985 crop of upland cotton under the provisions of subparagraph (A), the Secretary shall make crop retirement and conservation payments to any producer of the 1985 crop of upland cotton whose acreage planted to upland cotton for harvest on the farm is reduced so that it does not exceed the upland cotton acreage base for the farm less an amount equivalent to the percentage of the acreage base specified by the Secretary, but not less than 5 per centum, in addition to the reduction required under the acreage limitation program under subparagraph (A), if any, and who devotes to approved conservation uses an acreage of cropland equivalent to the reduction required from the upland cotton acreage base under this subparagraph. Such payments shall be made in an amount computed by multiplying (i) the diversion payment rate, by (ii) the farm program payment yield for the crop, by (iii) the acreage diverted under this subparagraph. The diversion payment rate shall be established by the Secretary at not less than $0.275 per pound: Provided, That if the Secretary estimates that the quantity of upland cotton on hand in the United States on July 31, 1985 (not including any quantity of upland cotton produced in the United States during calendar year 1985), will exceed (1) four million one hundred thousand bales, such rate shall be established by the Secretary at not less than $0.30 per pound, and (II) four million seven hundred thousand bales such rate shall be established by the Secretary at not less than $0.35 per pound. The Secretary shall make not less than 50 per centum of any payments under this subparagraph to producers of the 1985 crop as soon as practicable after a producer enters into a land diversion contract with the Secretary and in advance of any determination of performance. If a producer fails to comply with a land diversion contract after obtaining an advance payment under this subparagraph, the producer shall repay the advance immediately and, in accordance with regulations issued by the Secretary, pay interest on the advance.".

TITLE IV—RICE

TARGET PRICES

SEC. 401. Section 101(i)(2)(C) of the Agricultural Act of 1949 (7 U.S.C. 1441(i)(2)(C)) is amended by striking out "$11.90 per hundredweight for the 1984 crop, and $12.40 per hundredweight for the 1985 crop" and inserting in lieu thereof "and $11.90 per hundredweight for the 1984 and 1985 crops".

ACREAGE LIMITATION AND PAID DIVERSION PROGRAM FOR RICE

SEC. 402. Section 101(i)(5) of the Agricultural Act of 1949 (7 U.S.C. 1441(i)(5)) is amended by—

(1) striking out in the first sentence of subparagraph (A) "third and fourth" and inserting in lieu thereof "third, fourth, and fifth";

(2) inserting immediately after the third sentence of subparagraph (A) the following new sentence: "For the 1985 crop of rice, if the Secretary estimates that the quantity of rice on hand in the United States on July 31, 1985 (not including any quantity of rice produced in the United States during calendar year 1985), will exceed twenty-five million hundredweight, the Secretary shall provide for a combination of an acreage limitation program as described under this subparagraph and a land diversion program as described under subparagraph (B) under which the acreage planted to rice for harvest on the farm would be limited to the acreage base for the farm reduced by a total of not less than 25 per centum, consisting of a reduction of 20 per centum under the acreage limitation program and a reduction under the land diversion program equal to the difference between the total reduction for the farm and the 20 per centum reduction under the acreage limitation program.";

(3) striking out "1983 crop" in the fifth sentence of subparagraph (A) (as redesignated under paragraph (2) of this section) and inserting in lieu thereof "1983 and 1985 crops";

(4) inserting immediately after the sixth sentence of subparagraph (B) the following new sentence: "Notwithstanding the foregoing provisions of this subparagraph if the Secretary implements a land diversion program for the 1985 crop of rice under the provisions of subparagraph (A), the Secretary shall make crop retirement and conservation payments to any producer of the 1985 crop of rice whose acreage planted to rice for harvest on the farm is reduced so that it does not exceed the rice acreage base for the farm less an amount equivalent to the percentage of the acreage base specified by the Secretary, but not less than 5 per centum, in addition to the reduction required under the acreage limitation program under subparagraph (A), and who devotes to approved conservation uses an acreage of cropland equivalent to the reduction required from the rice acreage base under this subparagraph.";

(5) striking out "Such payments" in the eighth sentence of subparagraph (B) (as redesignated under paragraph (4) of this section) and inserting in lieu thereof "Division payments made to producers under this subparagraph";

(6) in the ninth sentence of subparagraph (B) (as redesignated under paragraph (4) of this section)—

(A) striking out "$3.00 per hundredweight," and inserting in lieu thereof "3.00 per hundredweight for the 1983 crop of rice,"; and

(B) inserting immediately before the period at the end thereof ", and at not less than $2.70 per hundredweight for the 1985 crop of rice: Provided, That if the Secretary estimates that the quantity of rice on hand in the United States on July 31, 1985 (not including any quantity of rice produced in the United States during calendar year 1985), will exceed (I) thirty-five million hundredweight, such rate shall be established by the Secretary at not less than $3.25 per hundredweight, and (II) forty-two million five hundred thousand hundredweight, such rate shall be established by the Secretary at not less than $3.50 per hundredweight"; and

(7) striking out "1983 crop" in the tenth sentence of subparagraph (B) (as redesignated under paragraph (4) of this section) and inserting in lieu thereof "1983 and 1985 crops".

TITLE V—AGRICULTURAL EXPORTS

EXPORT ASSISTANCE

SEC. 501. It is the sense of Congress that the President should implement, as soon as practicable after the enactment of this Act, the actions, proposed by the Administration to complement the provisions of this Act, to further assist in the development, maintenance, and expansion of international markets for United States agricultural commodities and products thereof, as follows—

(1) for the fiscal year ending September 30, 1984, the President will—

(A) request congressional approval for the appropriation of funds in the amount of $150,000,000, in addition to the President's February 1984 request for a supplemental appropriation of $90,000,000, to carry out programs of assistance under titles I, II, and III of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480); and

(B) direct the Secretary of Agriculture to increase funding, over the current budgeted level, for the Export Credit Guarantee Program (GSM-102), carried out through the Commodity Credit Corporation, by not less than $500,000,000; and

(2) for the fiscal year ending September 30, 1985, the President will—

(A) request congressional approval for the appropriation of funds in the amount of at least $175,000,000, in addition to the current funding level contained in the President's budget for that year, to carry out programs of assistance under titles I, II, and III of Public Law 480;

(B) direct the Secretary of Agriculture to increase funding, over the levels contained in the President's budget for that year or otherwise required by law, by not less than $1,100,000,000 for the Export Credit Guarantee Program (GSM-102) and by not less than $100,000,000 for direct export credit programs carried out through the Commodity Credit Corporation (GSM-5, GSM-201, and GSM-301); and

(C) request or use an additional amount of $50,000,000 (over the amounts specified in clauses (2)(A) and (2)(B)) either for in-

creased funding for direct export credit programs carried out through the Commodity Credit Corporation or for additional assistance under Public Law 480, in such proportions as determined necessary and appropriate by the President.

EXPANDED AUTHORITY FOR THE USE ABROAD OF COMMODITY CREDIT CORPORATION STOCKS; ACQUISITION AND DONATION OF ULTRA-HIGH-TEMPERATURE PROCESSED MILK

SEC. 502. Section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431) is amended by—

(1) inserting "(a)" immediately after "SEC. 416.";

(2) striking out "section" each place that word appears and inserting in lieu thereof "subsection"; and

(3) adding at the end thereof the following new subsections:

"(b) Dairy products and wheat acquired by the Commodity Credit Corporation through price support operations, which the Secretary determines meet the criteria specified in subsection (a), may be furnished by the Secretary for carrying out title II of the Agricultural Trade Development and Assistance Act of 1954, as approved by the Secretary, and for such purposes as approved by the Secretary. The provisions of section 203 of that Act shall apply to commodities furnished under this subsection. Agreements may be entered into under this subsection to provide dairy products and wheat in installments over an extended period of time. To the maximum extent practicable, expedited procedures shall be used in implementing the provisions of this subsection. Commodities and products furnished under this subsection may be sold or bartered, as approved by the Secretary, solely as follows: (1) sales and barter which are incidental to the donation of the commodities or products, (2) sales and barter, the proceeds of which are used to finance the distribution, handling, and processing costs of the donated commodities in the importing country or other activities in the importing country that are consistent with providing food assistance to needy people, and (3) sales and barter of commodities and products donated to intergovernmental organizations, insofar as they are consistent with normal programming procedures in the distribution of commodities by those organizations. Except as provided in the foregoing sentence, no portion of the proceeds or services realized from such sales or barter may be used to meet operating and overhead expenses. The cost of commodities furnished under this subsection and expenses incurred under section 203 of that Act in connection therewith shall be in addition to the level of assistance programmed under that Act and shall not be considered expenditures for international affairs and finance. Notwithstanding the foregoing provisions of this subsection, dairy products and wheat may not be made available for disposition under this subsection in amounts that will, in any way, reduce the amounts of commodities that traditionally are made available through donations to domestic feeding programs or agencies.

"(c) To prevent the waste of dairy products acquired by the Commodity Credit Corporation through price support operations, the Corporation, on such terms and under such regulations as the Secretary may prescribe, shall carry out a two-year pilot program under which the Corporation shall barter or exchange such dairy products, to the extent they are available, for forty thousand metric tons (consisting of twenty thousand metric tons in each year of the pilot program) of ultra-high temperature processed fluid milk. Such barter or exchange shall be effected on the basis of competitive bids submitted by domestic processors. The processed milk acquired by the Corporation under this subsection shall be available for donation through foreign governments and public and nonprofit private humanitarian organizations for the assistance of needy persons outside the United States, and the Corporation may pay, with respect to such processed milk donated under this subsection, transporting, handling, and other charges, including the cost of overseas delivery. Any donations under this subsection shall be coordinated through the mechanism designated by the President to coordinate assistance under the Agricultural Trade Development and Assistance Act of 1954 and shall be in addition to the level of assistance programmed under that Act. The pilot program shall be implemented by the Corporation as soon as practicable after the enactment of the Agricultural Programs Adjustment Act of 1984 and shall be operated for a period of two years after its implementation. Upon completion of the pilot program, the Secretary shall submit a report to Congress on its operation.".

TITLE VI—AGRICULTURAL CREDIT

SHORT TITLE

SEC. 601. This title may be cited as the "Emergency Agricultural Credit Act of 1984".

NATURAL DISASTER EMERGENCY LOANS

SEC. 602. (a) Section 321(a) of the Consolidated Farm and Rural Development Act, (7 U.S.C. 1961(a)) is amended by adding at the end thereof the following new sentences: "The Secretary shall accept applications from, and make or insure loans pursuant to the requirements of this subtitle to, applicants, otherwise eligible under this subtitle, that conduct farming, ranching, or aquaculture operations in any county contiguous to a county where the Secretary has found that farming, ranching or aquaculture operations have been substantially affected by a natural disaster in the United States or by a major disaster or emergency designated by the President under the Disaster Relief Act of 1974. The Secretary shall accept applications for assistance under this subtitle from persons affected by a natural disaster at any time during the eight-month period beginning (A) on the date on which the Secretary determines that farming, ranching or aquaculture operations have been substantially affected by such natural disaster or (B) on the date the President makes the major disaster or emergency designation with respect to such natural disaster, as the case may be.".

(b) Section 324(d) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1964(d)) is amended by adding at the end thereof the following new sentence: "If farm assets (including land, livestock, and equipment) are used as collateral to secure a loan made under this subtitle, the Secretary shall value the assets based on the higher of (A) the value of the assets on the day before the date the governor of the State in which the farm is located requests assistance under this subtitle or the Disaster Relief Act of 1974 for any portion of such State affected by the disaster with respect to which the application for the loan is made, or (B) the value of the assets one year before such day.".

(c) The amendments made by this section shall be applicable to disasters occurring after May 30, 1983.

ECONOMIC EMERGENCY LOANS

SEC. 603. Section 211 of the Emergency Agricultural Credit Adjustment Act of 1978 (7 U.S.C. prec. 1961 note) is amended by—

(1) inserting "(a)" immediately before "The provisions"; and

(2) adding at the end thereof the following new subsection:

"(b) With respect to the economic emergency loan program operated under this title during the period beginning December 22, 1983, and ending September 30, 1984, the Secretary—

"(1) shall make available—to eligible applicants during such period new contracts of insurance totaling, in the aggregate, $310,000,000, and

"(2) as appropriate to achieve the goals of the economic emergency loan program and taking into consideration the amount of funds used for loan guarantees, may make available to eligible applicants during such period additional new contracts of insurance totaling, in the aggregate, not more than $290,000,000.".

OPERATING LOANS

SEC. 604. (a) Section 313 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1943) is amended by striking out "$100,000, or, in the case of a loan guaranteed by the Secretary, $200,000" and inserting in lieu thereof "$200,000, or, in the case of a loan guaranteed by the Secretary, $400,000".

(b) Section 316(b) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1946(b)) is amended by—

(1) in the second sentence, inserting "(or, in the case of loans for farm operating purposes, fifteen years)" after "seven years"; and

(2) in the fifth sentence, striking out "The interest rate" and inserting in lieu thereof "Except as otherwise provided for farm loans under section 331B of this title, the interest rate".

FARM LOAN INTEREST RATES

SEC. 605. The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) is amended by inserting after section 331A the following new section:

"SEC. 331B. Any loan for farm ownership purposes under subtitle A of this title, farm operating purposes under subtitle B of this title, or disaster emergency purposes under subtitle C of this title, other than a guaranteed loan, that is deferred, consolidated, rescheduled, or reamortized under this title shall, notwithstanding any other provision of this title, bear interest on the balance of the original loan and for the term of the original loan at a rate that is the lower of (1) the rate of interest on the original loan or (2) the rate being charged by the Secretary for loans, other than guaranteed loans, of the same type at the time of the deferral, consolidation, rescheduling, or reamortization.".

CONFLICTS OF INTEREST

SEC. 606. Section 336 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1986) is amended by—

(1) designating the first, second, and third sentences as subsections (a), (c), and (d), respectively; and

(2) inserting after subsection (a) (as designated under clause (a) of this section) the following new subsection:

"(b) Except as otherwise provided in this subsection, no officer or employee of the Department of Agriculture who acts on or reviews an application made by any person

under this title for a loan to purchase land may acquire, directly or indirectly, any interest in such land for a period of three years after the date on which such action is taken or such review is made. This prohibition shall not apply to a former member of a county committee provided for in section 332 of this title upon a determination by the Secretary, prior to the acquisition of such interest, that such former member acted in good faith when acting on or reviewing such application.".

LIMITED RESOURCE BORROWERS

SEC. 607. Section 346 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1994) is amended by adding at the end thereof the following new subsection:

"(e)(1) Notwithstanding any other provision of law, not less than 20 per centum of the loans for farm ownership purposes under subtitle A of this title, and not less than 20 per centum of the loans for farm operating purposes under subtitle B of this title, authorized to be insured, or made to be sold and insured, from the Agricultural Credit Insurance Fund during fiscal year 1984 shall be for low-income, limited-resource borrowers.

"(2) The Secretary shall provide notification to farm borrowers under this title, as soon as practicable after the date of enactment of the Emergency Agricultural Credit Act of 1984 and in the normal course of loan making and loan servicing operations, of the provisions of this title relating to low-income, limited-resource borrowers and the procedures by which persons may apply for loans under the low income, limited-resource borrower program.".

AMORTIZATION OF DELINQUENT FARMERS HOME ADMINISTRATION LOANS

SEC. 608. Notwithstanding any other provision of law, the Secretary of Agriculture may develop and implement a program for the amortization of delinquent Farmers Home Administration loans from future revenues generated by timber crops planted and managed on lands previously used to produce commodities or pasture and subject to Farmers Home Administration liens. The Secretary shall submit a report to Congress by October 1, 1984, outlining the feasibility of such program and the plan for its implementation.

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill.

On all provisions except as noted below:

E DE LA GARZA,
THOMAS S. FOLEY,
ED JONES,
GEORGE E. BROWN, JR.,
CHARLIE ROSE,
LEON E. PANETTA,
JERRY HUCKABY,
On all matters except those relating to section 103 and title II of the Senate amendments and modifications committed to conference.
CHARLIE WHITLEY,
LANE EVANS,
BERKLEY BEDELL,
In lieu of Mr. HUCKABY on matters solely relating to section 103 and title II of the Senate amendments and modifications committed to conference.
EDWARD MADIGAN,
RON MARLENEE,
TOM COLEMAN,
ARLAN STANGELAND,
PAT ROBERTS,
On all matters except those relating to sections 502 and 503 of the Senate amendments and modifications committed to conference.
JAMES M. JEFFORDS,
In lieu of Mr. ROBERTS on matters relating solely to sections 502 and 503 of the Senate amendments and modifications committed to conference.

Additional conferees solely for title V of the Senate amendments and modifications committed to conference:

DANTE FASCELL,
LEE H. HAMILTON,
DON BONKER,
SAM GEJDENSON,
PETER H. KOSTMAYER,
TOBY ROTH,
DOUGLAS BEREUTER,
Managers on the Part of the House.

JESSE HELMS,
BOB DOLE,
DICK LUGAR,
THAD COCHRAN,
RUDY BOSCHWITZ,
WALTER D. HUDDLESTON,
JOHN MELCHER,
DAVID PRYOR,
With the exception of those provisions relating to cotton and rice.
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4072) to provide for an improved program for wheat, submit the following joint statement to the House and Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report.

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text. The committee of conference recommends a substitute for both the House bill and the Senate amendment.

Except for clarifying, clerical, and necessary conforming changes, the differences between the two Houses and the substitute agreed to in the conference are noted below:

TITLE I—WHEAT

(1) PROVISIONS FOR THE 1984 CROP

(a) The House bill requires the Secretary of Agriculture to provide for an acreage reduction program for the 1984 crop of wheat under which the farm wheat acreage would be limited to the farm acreage base reduced by 30 percent, consisting of a 20 percent reduction under an acreage limitation program and a 10 percent reduction under a paid diversion program. (Sec. 3(2))*

The Senate amendment is the same, except that the Secretary must provide for a reduction of not more than 30 percent of the farm acreage base, consisting of not more than a 20 percent reduction under the acreage limitation program and of a 10 percent reduction under the paid diversion program. (Sec. 102(2))

The Conference substitute adopts the Senate provision. (Sec. 102(2))

(b) The House bill provides that the diversion payment rate shall not be less than $3 per bushel, except that the rate may be reduced up to 10 percent if the Secretary determines that the same program objective could be achieved with the lower rate. (Sec. 3(4))

The Senate amendment provides that the diversion payment rate shall be not less than $2.70 per bushel. (Sec. 102(4))

The Conference substitute adopts the Senate provision. (Sec. 102(4))

(c) The House bill requires the Secretary to make advance deficiency payments available to producers who agree to participate in the 1984 wheat program. (Sec. 4)

The Senate amendment contains no comparable provision.

The Conference substitute deletes the House provision.

(d) The Senate amendment requires the Secretary to provide for a voluntary payment-in-kind diversion program for the 1984 wheat crop, in addition to the combined acreage limitation and paid diversion programs, under which the wheat acreage would be reduced between 10 and 20 percent of the farm acreage base at a payment rate of not less than 85 percent of the farm program payment yield. (Sec. 102(2))

The House bill provides for the same PIK payment rate but does not specify the reduction to be made under the PIK program. (Sec. 3(4))

(NOTE.—The 1984 crop wheat program announced by the Secretary provides for a voluntary PIK program with the same reduction as provided for in the Senate amendment.)

The Conference substitute adopts the Senate provision. (Sec. 102(2))

(e) The House bill requires that for the 1984 crop of wheat the Secretary must treat land farmed under summer fallow practices in the same manner as for the 1983 crop. (Sec. 3(3))

The Senate amendment contains no comparable provision.

(NOTE.—The Secretary has announced summer fallow provisions for the 1984 wheat crop similar to those in effect for 1983.)

The Conference substitute deletes the House provision.

(f) The House bill requires the Secretary to permit the diverted acreage under the 1984 crop wheat acreage limitation and paid diversion programs to be devoted to hay and grazing. (Sec. 3(2))

The Senate amendment contains a similar provision that would require the Secretary to permit the diverted acreage to be devoted to hay and grazing but only at the option of each State ASC Committee. The Senate

*The section references following (i) the description of the House bill, (ii) the description of the Senate amendment, and (iii) the description of the Conference substitute are references to sections of H.R. 4072 as passed by the House, the Senate amendment thereto, and the Conference substitute, respectively.

amendment would also (i) make the provision applicable as well to the diverted acreage under the voluntary PIK program, and (ii) require that the terms and conditions established by the Secretary be no more restrictive than those in effect for producers who participated in the PIK program for that part of the 1983 crop of wheat planted before January 11, 1983. (Sec. 103)

The Conference substitute adopts the Senate provision. (Sec. 103)

(2) PROVISIONS FOR THE 1985 CROP

The Senate amendment requires the Secretary to provide for an acreage reduction program for the 1985 crop of wheat under which the farm wheat acreage would be limited to the farm acreage base reduced by not more than 30 percent, consisting of a reduction of not more than 20 percent under an acreage limitation program and a reduction of 10 percent under a paid diversion program. As a condition of eligibility for program benefits on such crop, producers on a farm must comply with the combined acreage limitation and paid diversion program. (Sec. 102(2))

The Senate amendment also provides that for the 1985 crop paid diversion program, producers would receive payment at a rate of not less than $2.70 per bushel and advance diversion payments of not less than 50 percent as soon as practicable after they enter into a land diversion contract with the Secretary. (Sec. 102(4))

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. Although the Conference substitute makes no reference to the implementation of a payment-in-kind program for the 1985 crop, the conferees note that the Secretary has discretionary authority under existing law to implement a payment-in-kind program for the 1985 crop of wheat, feed grains, upland cotton, and rice if the Secretary determines that such a program is necessary and appropriate. The conferees understand that the summer fallow provisions in effect for the 1984 wheat program will also apply to the 1985 program. (Secs. 102(2) and 102(4))

TITLE II—FEED GRAINS

(3) TARGET PRICES

The Senate amendment establishes the target price for the 1985 crop of corn at not less than $3.03 per bushel—the same as for the 1984 crop. Under current law the minimum target price for the 1985 crop of corn would be $3.18 per bushel. (Sec. 201)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Sec. 201)

(4) ACREAGE LIMITATION AND PAID DIVERSION PROGRAM FOR FEED GRAINS

The Senate amendment requires that, if the Secretary estimates that the carryover level of corn in the United States on September 30, 1985 (excluding any corn produced in the United States during calendar year 1985) will exceed 1.1 billion bushels, the Secretary must implement a program for the 1985 crop of feed grains under which the farm feed grain acreage would be limited to the farm feed grain acreage base reduced by a total of not more than 20 percent, consisting of (i) a paid diversion of not less than 5 percent with a payment rate of not less than $1.05 per bushel for corn, and (ii) at the discretion of the Secretary, an acreage limitation program. In addition, the Senate amendment provides that any total acreage reduction in excess of 15 percent of the acreage base for the farm (up to the maximum reduction of 20 percent) must be equally proportioned between an acreage limitation program and a paid diversion program.

The Senate amendment further requires the Secretary to make advance diversion payments of not less than 50 percent to producers of the 1985 crop as soon as practicable after they enter into a land diversion contract with the Secretary. As a condition of eligibility for program benefits on the 1985 crop, producers on a farm must comply with the paid diversion program or combined paid diversion and acreage limitation program. (Sec. 202)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to clarify the authority of the Secretary to make price support loans and purchases available to eligible producers who cut for silage corn of the 1984 and 1985 crops. Under the Conference substitute, the loans and purchases would be based on a quantity of corn of the same crop, other than the corn cut for silage, acquired by the producer equivalent to a quantity determined by multiplying the acreage of corn cut for silage by the lower of the farm program payment yield or the actual yield on a field that the Secretary determines is similar to the field from which the silage was obtained. (Secs. 202 and 203)

TITLE III—UPLAND COTTON

(5) TARGET PRICES

The Senate amendment establishes the target price for the 1985 crop of upland cotton at not less than 81 cents per pound—the same as for the 1984 crop. Under current law the minimum target price for the 1985 crop of upland cotton would be 86 cents per pound. (Sec. 301)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Sec. 301)

(6) ACREAGE LIMITATION AND PAID DIVERSION PROGRAM FOR UPLAND COTTON

The Senate amendment requires that, if the Secretary estimates that the carryover level of upland cotton in the United States on July 31, 1985 (excluding any upland cotton produced in the United States during calendar year 1985) will exceed 3.7 million bales, the Secretary must provide for a combination of an acreage limitation program and a paid diversion program under which the farm upland cotton acreage would be limited to the farm upland cotton acreage base reduced by not less than 25 percent. The combined program would consist of (i) a 20 percent acreage limitation program, and (ii) a paid diversion program equal to the difference between the 20 percent reduction under the acreage limitation program and the total reduction required for the farm.

If a paid diversion program is implemented for the 1985 crop, the Senate amendment requires that the Secretary make diversion payments at a rate of not less than 25 cents per pound, except that if the Secretary estimates that the carryover level for upland cotton on July 31, 1985, will exceed (i) 4.1 million bales, the payment rate will increase to at least 30 cents per pound, and (ii) 4.7 million bales, the payment rate will increase to at least 35 cents per pound.

The Senate amendment further requires the Secretary to make advance diversion payments of not less than 50 percent to producers of the 1985 crop as soon as practicable after they enter into a land diversion contract with the Secretary. As a condition of eligibility for program benefits on the 1985 crop, producers on a farm must comply with the combined acreage limitation and paid diversion program. (Sec. 302)

The House bill contains no comparable provision.

The Conference substitute would require that if the Secretary estimates that the carryover level of upland cotton on July 31, 1985, will exceed 3.7 million bales, the Secretary (i) must provide for a paid diversion program under which the upland cotton acreage would be limited to the farm upland cotton acreage base reduced by not less than 5 percent, and (ii) may provide for an acreage limitation program under which an additional reduction in acreage of up to, but not exceeding, 20 percent could be required. If the Secretary elects to implement a combination paid diversion program and acreage limitation program requiring a total acreage reduction for the farm in excess of 25 percent, the portion of the reduction over 25 percent must be provided for under the paid diversion program. In addition, the Conference substitute provides that if a paid diversion program is implemented for the 1985 crop and the upland cotton carryover level on July 31, 1985, is estimated by the Secretary to be in excess of 3.7 million bales, but not over 4.1 million bales, the Secretary shall make diversion payments at a rate of not less than 27.5 cents per pound. If the carryover level on that date exceeds the trigger level of 4.1 or 4.7 million bales, the payment rate would increase to the level in the Senate provision. (Sec. 302)

TITLE IV—RICE

(7) TARGET PRICES

The Senate amendment establishes the target price for the 1985 crop of rice at not less than $11.90 per hundredweight—the same as for the 1984 crop. Under current-law the minimum target price for the 1985 crop of rice would be $12.40 per hundredweight. (Sec. 401)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Sec. 401)

(8) ACREAGE LIMITATION AND PAID DIVERSION PROGRAM FOR RICE

The Senate amendment requires that, if the Secretary estimates that the carryover level of rice in the United States on July 31, 1985 (excluding any rice produced in the United States during calendar year 1985) will exceed 25 million hundredweight, the Secretary must provide for a combination of an acreage limitation program and a paid diversion program under which the farm rice acreage would be limited to the farm rice acreage base reduced by not less than 25 percent. The combined program would consist of (i) a 20 percent acreage limitation program, and (ii) a paid diversion program equal to the difference between the 20 percent reduction under the acreage limitation program and the total reduction required for the farm.

If a paid diversion program is implemented for the 1985 crop, the Senate amendment requires that the Secretary make diversion payments at a rate of not less than $2.70 per hundredweight, except that if the Secretary estimates that the carryover level of rice on July 31, 1985, will exceed 42.5 million hundredweight, the payment rate will increase to at least $3.50 per hundredweight.

The Senate amendment further requires the Secretary to make advance diversion payments of not less than 50 percent to producers of the 1985 crop as soon as practicable after they enter into a land diversion contract with the Secretary. As a condition of eligibility for program benefits on the 1985 crop, producers on a farm must comply with the combined acreage limitation and paid diversion program. (Sec. 402)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment providing for a third trigger level and associated payment rate for the 1985 crop land diversion program. Under the Conference substitute, if the Secretary implements a paid diversion program for rice and the rice carryover level on July 31, 1985, is estimated by the Secretary to be in excess of 35 million hundredweight, but not over 42.5 million hundredweight, the Secretary must make diversion payments at a rate of not less than $3.25 per hundredweight. (Sec. 402)

The conferees note that the Agriculture and Food Act of 1981 contained a series of provisions modifying the peanut price support and acreage allotment and quota programs. With respect to price support, the Act established new provisions for quota peanuts. For each of the 1983 through 1985 crops, it provides for an increase in the support level above that for the preceding crop to reflect any annual increase in the cost of production, excluding any increase in the cost of land, with a cap on the increase for any crop of 6 percent. The Secretary has, since the enactment of that legislation, revised the method for computing the cost of production of peanuts. In doing so, the Secretary has, among other things, changed the treatment of the factor of management from the manner in which it had customarily been treated in the computation. The result has been, in effect, a reduction in the computed cost of production and thus a possible negative impact on the support price for quota peanuts not intended by Congress. The conferees urge the Secretary to reconsider this action so that the support level for quota peanuts may be determined in the manner prescribed and intended by Congress when it adopted the 1981 Act.

The conferees further note that when Congress made major revisions in the peanut program in 1981, a primary objective was to move in the direction of placing quotas in the hands of those who actually produce the peanuts. A series of statutory changes were designed to achieve this objective. One of the changes provided that any required reductions in the State quota were to be achieved by reducing the quota for each farm in the State to the extent that the quota had not been produced on the farm—in some cases, if the quota had not been produced in 2 of the 3 preceding years. Another change encouraged those who were not producing peanuts to sell their quotas to actual producers. Under the literal terms of the law, some purchasers of quotas under the latter change have been caught by the former—their newly-bought quotas have essentially been "reduced away" since the quotas had not been produced in 2 of the 3 preceding years. Other similar situations exist. To avoid inequitable results that may arise in certain cases, the conferees remind the Secretary that there is authority in section 702 of the 1981 Act to achieve the necessary quota reductions "on such fair and equitable basis as the Secretary may by regulation prescribe".

TITLE V—AGRICULTURAL EXPORTS

(9) EXPORT ASSISTANCE

The Senate amendment expresses the sense of Congress that, as soon as practicable after enactment of the bill, the President should implement certain actions, proposed by the Administration to complement the provisions of the bill, to further assist in the development, maintenance, and expansion of United States agricultural export markets as follows:

(1) For fiscal year 1984, the President will—

(i) request that an additional $150 million (in addition to the February 1984 supplemental request for $90 million) be appropriated by Congress to carry out programs under Public Law 480, and

(ii) direct the Secretary to increase funding for the Commodity Credit Corporation export credit guarantee program by at least $500 million over current budgeted levels; and

(2) For fiscal year 1985, the President will—

(i) request Congress to appropriate at least $175 million over the fiscal year 1985 budgeted level to carry out programs under Public Law 480,

(ii) direct the Secretary to increase funding over the fiscal year 1985 budgeted levels, or the levels otherwise required by law, by at least $1.1 billion for the CCC export credit guarantee program and by at least $100 million for CCC direct export credit programs, and

(iii) request that Congress appropriate, or direct the Secretary to use CCC funds in the amount of, $50 million over the amounts specified above, for additional Public Law 480 funding or for additional direct export credit assistance through CCC, in such proportions as the President determines. (Sec. 501)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. The conferees note that severe food shortages exist in a number of poor countries. In particular, concern was expressed with regard to the drought-stricken areas of Africa. The conferees urge the Administration to move as large a volume of commodities as possible under Public Law 480 to Africa for use in those areas where needed. (Sec. 501)

(10) ACQUISITION AND DONATION OF ULTRA-HIGH TEMPERATURE PROCESSED MILK

The Senate amendment requires the Commodity Credit Corporation, on terms and under regulations prescribed by the Secretary, to carry out a 2-year pilot program under which CCC will use surplus CCC dairy products—to the extent they are available—to acquire, through barter or exchange, 40,000 metric tons (20,000 tons in each year) of ultra-high temperature processed fluid milk for donation through foreign governments and public and nonprofit private humanitarian organizations for the assistance of needy persons outside the United States. The barter or exchange is to be carried out on the basis of competitive bids submitted by domestic processors. CCC may pay transportation, handling, and other charges, including the cost of overseas delivery, with respect to the donated milk. Donations must be coordinated through the mechanism designated by the President to coordinate assistance under Public Law 480, and donations are to be in addition to the level of assistance programmed under that law. On completion of the pilot program, the Secretary is to report to Congress on its operation. (Sec. 502)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. The conferees note that the Senate provision would not require CCC to do an impossible act. The stated purpose of the provision is to "prevent the waste of dairy products acquired by the Commodity Credit Corporation." If it proves impossible to distribute ultra-high temperature milk to needy persons abroad without undue waste, CCC would not have to do so. The provision simply requires CCC to carry out a pilot program for 2 years using 20,000 metric tons of ultra-high temperature milk each year if surplus CCC stocks are available. The provision provides that the ultra-high temperature milk will be available for donation through foreign governments and public and nonprofit private humanitarian organizations. Therefore, CCC would have to receive requests from foreign nations or humanitarian organizations before it would be required to acquire or make available ultra-high temperature milk. CCC would not be required to ship milk to, or otherwise distribute milk in, areas where the milk was not needed or wanted. Moreover, the conferees intend that the pilot program be operated in such a manner as not to disrupt commercial markets. Accordingly, the conferees expect the Secretary and CCC to take reasonable precautions to assure that commodities furnished under this provision will not displace or interfere with sales that might otherwise be made. (Sec. 502)

(11) EXPANDED AUTHORITY FOR THE USE ABROAD OF COMMMODITY CREDIT CORPORATION STOCKS

The Senate amendment expands the current authority for CCC to donate surplus dairy products to needy persons in foreign countries under section 416 of the Agricultural Act of 1949 to include donations of CCC acquired wheat stocks as well for direct distribution, and for sale and use for barter as approved by the Secretary, of the donated dairy products and wheat for the benefit of needy persons. Any such donation, sale, and barter would be made through foreign governments and public and private nonprofit humanitarian organizations. The *Senate* amendment further authorizes CCC to pay transportation, reprocessing, packaging, and similar costs associated with such donations and to enter into multi-year agreements to provide the donated commodities. The proceeds and services realized from the sale and barter by humanitarian organizations would be used for activities approved by the Secretary that are consistent with providing assistance to needy persons. In addition, the *Senate* amendment prohibits the use of any proceeds from the barter or sale of the donated commodities to meet the operating and overhead expenses of any humanitarian organization through which they are distributed, requires that the donations under this provision be coordinated with assistance provided under Public Law 480, and requires that the donations be in addition to assistance programmed under Public Law 480. (Sec. 503)

The House bill contains no comparable provision.

The Conference substitute provides for the donation of dairy products and wheat for carrying out title II of Public Law 480, as approved by the Secretary, and for such purposes as approved by the Secretary. The provisions of section 203 of that Act, relat-

ing to the incidental expenses which may be borne by CCC, would apply to the donated commodities and products. Under the Conference substitute, agreements may be entered into to provide dairy products and wheat in installments over an extended period of time. To the maximum extent practicable, expedited procedures shall be used to carry out these provisions. The type of expedited procedures to which the Conference substitute makes reference are those that have been developed recently by the Administration to expedite the flow of section 416 dairy products donated abroad under current law.

The Conference substitute would permit the sale and barter of the donated commodities and products, but restricts such sales and barter to those approved by the Secretary and solely for the following purposes—

(1) sales and barter which are incidental to the donation of the commodities or products, such as sales and barter of goods which are damaged or otherwise unfit for distribution to needy people,

(2) sales and barter, the proceeds of which are used to finance the distribution, handling, and processing costs of the donated commodities in the importing country or other activities in the importing country that are consistent with providing food assistance to needy people, and

(3) sales and barter of commodities and products donated to intergovernmental organizations, insofar as they are consistent with normal programming procedures in the distribution of commodities by those organizations.

Except as authorized by the foregoing provisions, no portion of the proceeds or services realized from such sales or barter may be used to meet operating and overhead expenses. The Conference substitute also provides that the cost of commodities furnished and expenses incurred under section 203 of Public Law 480 in connection therewith would be in addition to the level of assistance programmed under Public Law 480 and not considered expenditures for international affairs and finance. In no event may dairy products and wheat be made available for disposition in amounts that will, in any way, reduce the amounts of commodities that traditionally are made available through donations to domestic feeding programs or agencies. (Sec. 502)

TITLE VI—AGRICULTURAL CREDIT

(12) SHORT TITLE

The Senate amendment provides that this title may be cited as the "Emergency Agricultural Credit Act of 1984". (Sec. 601)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Sec. 601)

(13) NATURAL DISASTER EMERGENCY LOANS

(a) The Senate amendment requires that the Secretary accept applications from and make or insure natural disaster emergency loans to otherwise eligible applicants that conduct farming, ranching, or aquaculture operations in a county contiguous to a county where the Secretary has found that such operations have been substantially affected by a natural disaster or by a major disaster or emergency designated by the President under the Disaster Relief Act of 1974. This provision is applicable to disasters occurring on or after May 31, 1983. (Sec. 602(a))

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Sec. 602(a))

(b) The Senate amendment requires that the Secretary accept emergency loan applications from persons affected by a natural disaster at any time during the 8-month period following the date (i) on which the Secretary determines that such persons have been substantially affected by the natural disaster, or (ii) the date on which the President makes the major disaster or emergency designation with respect to the natural disaster affecting the applicants. This provision is applicable to disasters occurring on or after May 31, 1983. (Sec. 602(b))

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Sec. 602(a))

(c) The Senate amendment provides that if farm assets (including land, livestock, and equipment) are used as collateral for an emergency loan, the Secretary is to value the assets based on the higher of (i) their value on the day before the date the governor of the State in which the farm is located requests Federal assistance under the emergency loan provisions of the Consolidated Farm and Rural Development Act or the Disaster Relief Act of 1974, or (ii) their value 1 year before such day. This provision is applicable to disasters occurring on or after May 31, 1983. (Sec. 602(c))

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Sec. 602(b))

(14) ECONOMIC EMERGENCY LOANS

The Senate amendment provides that, with respect to the $600 million economic emergency loan program operated during the period beginning December 22, 1983, and ending September 30, 1984, the Secretary is to make $310 million available in insured loans to eligible applicants. The Senate amendment also provides that the Secretary may make an additional $290 million available for insured loans to eligible applicants, as appropriate to achieve the goals of the economic emergency loan program and taking into consideration the amount of funds used for loan guarantees. (Sec. 603)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Sec. 603).

(15) OPERATING LOANS

(a) The Senate amendment raises the loan limits for farm operating loans. The loan limit for direct or insured farm operating loans to any one borrower would be $200,000, instead of $100,000 as under current law. The loan limit for guaranteed farm operating loans to any one borrower would be $400,000, instead of $200,000 as under current law. (Sec. 604(a))

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Sec. 604(a))

(b) The Senate amendment extends the maximum repayment period for farm operating loans that are consolidated or rescheduled from 7 to 15 years. (Sec. 604(b))

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Sec. 604(b))

(16) FARM LOAN INTEREST RATES

The Senate amendment provides that any Farmers Home Administration loan made for farm ownership, farm operating, or disaster emergency purposes (other than a guaranteed loan) that is deferred, consolidated, rescheduled, or reamortized is to bear interest on the balance of the original loan and for the term of that loan at a rate that is the lower of (i) the rate of interest on the original loan, or (ii) the rate currently being charged by the Secretary for loans (other than guaranteed loans) of the same type at the time of the deferral, consolidation, rescheduling, or reamortization. (Sec. 605)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Sec. 605)

(17) LIMITED RESOURCE BORROWERS

The Senate amendment provides that not less than 20 percent of the insured farm ownership and insured farm operating loans made during fiscal year 1984 shall go to eligible low-income, limited resource borrowers. The Senate amendment also provides that the Secretary shall, as soon as practicable after the date of enactment of the bill and in the normal course of loan making and servicing operations, notify Farmers Home Administration farm borrowers of the provisions pertaining to low-income, limited resource loans and the procedures by which persons may apply for such loans. (Sec. 606)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. The conferees intend that funds designated for farm operating loans for low-income, limited-resource applicants may be used within a State for farm operating loans for other applicants to the extent that funds designated for farm operating loans for low-income, limited-resource applicants exceed the demand for those funds. (Sec. 607)

(18) CONFLICTS OF INTEREST

The Senate amendment prohibits any officer or employee of the Department of Agriculture—who acts on or reviews an application made by any person under the Consolidated Farm and Rural Development Act for a loan to purchase land—from acquiring, either directly or indirectly, any interest in such land for 3 years after the date on which the action on the application is taken or review of the application is made. (Sec. 607)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with a modification. As modified, the conference substitute applies to officers or employees of the Department of Agriculture, including members of Farmers Home Administration county committees, who act on or review applications for loans to purchase land. The prohibition does not apply to a former member of the FmHA county committee if the Secretary finds that the former member acted in good faith in acting on or reviewing the loan application. The conferees intend that the Secretary make such a determination only on the basis of clear and convincing evidence submitted by the former member and after consideration of all the relevant circumstances. The conferees point out that the provisions of this section would not apply to a county committee member who recuses himself from any consideration of or action on a particular loan application.

The conferees intend that the Secretary, to the maximum extent feasible, make arrangements for the operation or leasing of any interest in farmland acquired or held by the Secretary under the provisions of the

Consolidated Farm and Rural Development Act and the Emergency Agriculture Credit Adjustment Act of 1978 through the use of bid procedures deemed to protect the Government's interest in such property.

It is also the intention of the conferees that the Secretary carefully manage the sale of such property in order to protect the value of the Nation's farmland. In general, land should not be offered for sale in areas in which there are already excess quantities of farmland on the market. (Sec. 606)

(19) AMORTIZATION OF DELINQUENT FARMERS HOME ADMINISTRATION LOANS

The Senate amendment authorizes the Secretary, in his discretion, to develop and implement a program for the amortization of delinquent Farmers Home Administration loans from future revenues generated by timber crops planted and managed on lands that were previously used to produce commodities or pasture and that are subject to existing FmHA liens. The Secretary would be required to report to Congress within 180 days after enactment of the bill on the feasibility of such a program and the plan for its implementation. (Sec. 608)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Sec. 608)

On all provisions except as noted below:

E DE LA GARZA,
THOMAS S. FOLEY,
ED JONES,
GEORGE E. BROWN, Jr.,
CHARLIE ROSE,
LEON E. PANETTA,
JERRY HUCKABY,
On all matters except those relating to section 103 and title II of the Senate amendments and modifications committed to conference.
CHARLIE WHITLEY,
LANE EVANS,
BERKLEY BEDELL,
In lieu of Mr. Huckaby on matters solely relating to section 103 and title II of the Senate amendments and modifications committed to conference.
EDWARD MADIGAN,
RON MARLENEE,
TOM COLEMAN,
ARLAN STANGELAND,
PAT ROBERTS,
On all matters except those relating to sections 502 and 503 of the Senate amendments and modifications committed to conference.
JAMES M. JEFFORDS,
In lieu of Mr. Roberts on matters relating solely to sections 502 and 503 of the Senate amendments and modifications committed to conference.

Additional conferees solely for title V of the Senate amendments and modifications committed to conference:

DANTE FASCELL,
LEE H. HAMILTON,
DON BONKER,
SAM GEJDENSON,
PETER H. KOSTMAYER,
TOBY ROTH,
DOUGLAS BEREUTER,
Managers on the Part of the House.

JESSE HELMS,
BOB DOLE,
DICK LUGAR,
THAD COCHRAN,
RUDY BOSCHWITZ,
WALTER D. HUDDLESTON,
JOHN MELCHER,
DAVID PRYOR,
With the exception of those provisions relating to cotton and rice.
Managers on the Part of the Senate.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted to:

Mr. GEPHARDT (at the request of Mr. WRIGHT), for Tuesday, March 27, on account of a necessary absence.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. WOLF) to revise and extend their remarks and include extraneous material:)

Mr. WALKER, for 60 minutes, on April 5.

Mr. GINGRICH, for 60 minutes, on April 5.

Mr. WEBER, for 60 minutes, on April 5.

Mr. WALKER, for 60 minutes, on April 9.

Mr. GINGRICH, for 60 minutes, on April 9.

Mr. WEBER, for 60 minutes, on April 9.

Mr. WEBER, for 60 minutes, on April 10.

Mr. GINGRICH, for 60 minutes, on April 10.

Mr. WALKER, for 60 minutes, on April 11.

Mr. WEBER, for 60 minutes, on April 11.

Mr. GINGRICH, for 60 minutes, on April 11.

(The following Members (at the request of Mr. MCNULTY) to revise and extend their remarks and to include extraneous material:)

Mr. ANNUNZIO, for 5 minutes, today.

Mr. GONZALEZ, for 60 minutes, today.

Mr. PEPPER, for 60 minutes, on April 3.

Mr. GARCIA, for 60 minutes, on April 4.

Mr. GORE, for 60 minutes, on April 4.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. WOLF) and to include extraneous matter:)

Mr. GUNDERSON.
Mr. HYDE.
Mr. LAGOMARSINO in three instances.
Mr. SOLOMON.
Mr. WORTLEY.
Mr. MCCAIN.

(The following Members (at the request of Mr. MCNULTY) and to include extraneous matter:)

Mr. ANDERSON in 10 instances.
Mr. ANNUNZIO in six instances.
Mr. BROWN of California in 10 instances.
Mr. BONER of Tennessee in five instances.
Mr. JONES of Tennessee in 10 instances.
Mr. GONZALEZ in 10 instances.
Mr. HAMILTON in 10 instances
Mrs. LLOYD in five instances.
Mr. GORE.
Mr. MOODY.
Mr. OTTINGER.
Ms. OAKAR in three instances.
Mr. STARK.
Mrs. SCHROEDER.
Mr. DOWNEY of New York.
Mr. GARCIA.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 1132. An act to amend the Federal Power Act to specify the annual charges for projects with licenses issued by the Federal Energy Regulatory Commission for the use of Federal dams and other structures; to the Committee on Energy and Commerce.

S. 2391. An act to amend title 38, United States Code, to provide emergency interim solvency for the Veterans' Administration's Loan Guaranty Fund by providing for the deposit of loan fees in the Fund and by increasing the fees; to the Committee on Veterans' Affairs.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following titles:

S. 2507. An act to continue the transition provisions of the Bankruptcy Act until May 1, 1984, and for other purposes.

ADJOURNMENT

Mr. GONZALEZ. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 15 minutes p.m.), the House adjourned until tomorrow, Tuesday, April 3, 1984, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3048. A communication from the President of the United States, transmitting requests for supplemental appropriations for fiscal year 1984, and amendments reducing the request for appropriations for fiscal year 1985, pursuant to 31 U.S.C. 1107 (H. Doc. No. 98-193); to the Committee on Appropriations and ordered to be printed.

3049. A letter from the Chairman, Federal Financial Institutions Examination Council, transmitting the annual report of the Federal Financial Institutions Examination Council for 1983; to the Committee on Banking, Finance and Urban Affairs.

3050. A letter from the Comptroller General, General Accounting Office, transmitting comments on the enrolled actuary's report on the disability retirement rate for police officers and firefighters for the District of Columbia, pursuant to Public Law 96-122, section 145(b)(1) (97 Stat. 727); to the Committee on the District of Columbia.

3051. A communication from the President of the United States, transmitting final report on the participation of U.S. Armed Forces in the multinational force (MNF) in Lebanon, pursuant to Public Law 98-119, section 4 (H. Doc. No. 98-194); to the Committee on Foreign Affairs and ordered to be printed.

3052. A letter from the Acting Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a) (92 Stat. 993); to the Committee on Foreign Affairs.

3053. A letter from the Assistant Secretary of State for Legislative and Intergovernmental Affairs, Department of State, transmitting a report of political contributions by Stephen W. Bosworth, Ambassador-designate to the Republic of the Philippines, and members of his family, pursuant to Public Law 96-465, section 304(b)(2); to the Committee on Foreign Affairs.

3054. A letter from the Chairman, Board of Governors, Federal Reserve System, transmitting the Board's seventh annual report on its activities under the Government in the Sunshine Act during calendar year 1983, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

3055. A letter from the Chairman, National Labor Relations Board, transmitting a report of the Board's activities under the Government in the Sunshine Act during calendar year 1983, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

3056. A letter from the Director, Information Security Oversight Office, General Services Administration, transmitting a copy of the Information Security Oversight Office's (ISOO) annual report to the President for fiscal year 1983; to the Committee on Government Operations.

3057. A letter from the Board of Directors, Tennessee Valley Authority, transmitting the 50th annual report of activities during the fiscal year beginning October 1, 1982, and ending September 30, 1983, pursuant to the act of May 18, 1933, chapter 32, section 9(a) (90 Stat. 377); to the Committee on Public Works and Transportation.

3058. A letter from the Assistant Secretary of the Army (Civil Works), transmitting a report from the Chief of Engineers, Department of the Army, together with other pertinent reports, on Horn Lake Creek and tributaries, Tennessee and Mississippi. The report is in response to section 101(A) of the 1976 Water Resources Development Act (H. Doc. 98-195); to the Committee on Public Works and Transportation and ordered to be printed.

3059. A letter from the Assistant Secretary of the Army (Civil Works), transmitting a report from the Chief of Engineers, Department of the Army, on Miami River, Little Miami River, interim report No. 2, West Carrollton, Holes Creek, Ohio, together with other pertinent reports (H. Doc. No. 98-196); to the Committee on Public Works and Transportation and ordered to be printed.

3060. A letter from the Chairman, U.S. International Trade Commission, transmitting the 37th quarterly report on trade between the United States and nonmarket economy countries, pursuant to Public Law 93-618, section 411(c) and Reorganization Plan No. 3 of 1979; to the Committee on Ways and Means.

3061. A letter from the Administrator, Agency for International Development, Department of State, transmitting the annual report on minority recruitment for the Agency for International Development, pursuant to Public Law 96-465, section 105(d); jointly, to the Commitees on Foreign Affairs and Post Office and Civil Service.

3062. A letter from the Director, Central Intelligence Agency, transmitting a draft of proposed legislation to authorize appropriations for fiscal year 1985 for intelligence and intelligence-related activities of the U.S. Government, for the intelligence community staff, for the Central Intelligence Agency retirement and disability system, and for other purposes, pursuant to 31 U.S.C. 1110; jointly, to the Committees on the Permanent Select Committee on Intelligence, Armed Services, and the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. DE LA GARZA: Committee of conference. Conference report on H.R. 4072 (Rept. No. 98-646). Ordered to be printed.

REPORTED BILLS SEQUENTIALLY REFERRED

Under clause 5 of rule X, bills and reports were delivered to the Clerk for printing, and bills referred as follows:

[Pursuant to the order of the House on Mar. 29, 1984, the following report was filed on Mar. 31, 1984]

Mr. JONES of Oklahoma: Committtee on the Budget: House Concurrent Resolution 282. Concurrent resolution revising the congressional budget for the U.S. Government for the fiscal year 1984 and setting forth the congressional budget for the U.S. Government for the fiscal years 1985, 1986, and 1987; referred to the Committee on Rules for a period ending not later than April 3, 1984, for consideration of such portions of the concurrent resolution as fall within that committee's jurisdiction pursuant to clause 1(q), rule X (Rept. No. 98-645, Pt. I). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. LEVITAS:

H.R. 5316. A bill to terminate certain authority of the executive branch of the Government which is subject to congressional review unless that authority is approved by an enactment of the Congress; to the Committee on Agriculture.

H.R. 5317. A bill to terminate certain authority of the executive branch of the Government which is subject to congressional review unless that authority is approved by an enactment of the Congress; to the Committee on Interior and Insular Affairs.

H.R. 5318. A bill to terminate certain authority of the executive branch of the Government which is subject to congressional review unless that authority is approved by an enactment of the Congress; to the Committee on Merchant Marine and Fisheries.

H.R. 5319. A bill to terminate certain authority of the executive branch of the Government which is subject to congressional review unless that authority is approved by an enactment of the Congress; to the Committee on Science and Technology.

By Mr. STARK:

H.R. 5320. A bill to amend chapter 44 of title 18 of the United States Code to extend and strengthen the mandatory penalty feature of the prohibition against the use of firearms in Federal felonies, and for other purposes; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 1676: Mr. KASICH.

H.R. 2837: Mr. BROOMFIELD and Mr. FRANK.

H.R. 4272: Mr. PEASE, Mr. CORRADA, Ms. OAKAR, Mr. HYDE, Mr. STENHOLM, Mr. WORTLEY, Mr. PURSELL, Mr. SCHUMER, Mr. COELHO, Mr. LUNDINE, Mr. HERTEL of Michigan, Mr. CROCKETT, and Mr. LEWIS of Florida.

H.R. 4273: Mr. CORRADA, Ms. OAKAR, Mr. HYDE, Mr. BORSKI, Mr. STENHOLM, Mr. WORTLEY, Mr. PURSELL, Mrs. LLOYD, Mr. CROCKETT, Mr. HERTEL of Michigan, Mr. LUNDINE, Mr. SCHUMER, and Mr. COELHO.

H.R. 4274: Mr. CORRADA, Ms. OAKAR, Mr. HYDE, Mr. BORSKI, Mr. PAUL, Mr. STENHOLM, Mr. WORTLEY, Mr. PURSELL, Mr. CROCKETT, Mr. HERTEL of Michigan, Mr. LUNDINE, Mr. SCHUMER, Mr. COELHO, and Mrs. LLOYD.

H.R. 4502: Mr. FORD of Tennessee, Mr. PATMAN, Mr. PATTERSON, Mr. EVANS of Illinois, Mr. HUGHES, Mr. SOLARZ, Mr. FROST, Mr. ORTIZ, and Mr. RANGEL.

H.R. 4684: Mr. TOWNS, Mr. BARNES, Mrs. BOXER, Mr. BONIOR of Michigan, Mr. ANDREWS of North Carolina, Mr. ACKERMAN, Mr. EDGAR, Ms. MIKULSKI, Mr. GORE, Mr. OLIN, Mr. DOWNEY of New York, Mr. GRAY, Mr. WEAVER, Mr. NEAL, Mr. GLICKMAN, Mr. JONES of North Carolina, and Mr. BURTON of California.

H.R. 4711: Mr. HAWKINS, Mr. MARKEY, Mr. HOWARD, Mr. WON PAT, Mr. WILLIAMS of

Ohio, Mr. MITCHELL, Mr. OWENS, Mr. BERMAN, Mr. RANGEL, Mr. GLICKMAN, Mr. TOWNS, Mrs. HALL of Indiana, Mr. BROWN of California, Mr. OTTINGER, Mr. WEISS, Mr. VENTO, Mr. STUDDS, Ms. MIKULSKI, Mr. MADIGAN, Mr. STARK, Mr. MOODY, Mr. NEAL, Mr. ECKART, Mr. DEWINE, Mr. STOKES, Mr. DWYER of New Jersey, Mr. JEFFORDS, Mr. ACKERMAN, Mr. FEIGHAN, Mr. FISH, and Mr. SIMON.

H.R. 4908: Mr. LEHMAN of California.

H.J. Res. 272: Mr. BENNETT, Mr. ORTIZ, Mr. SISISKY, Mr. COLEMAN of Texas, Mr. DELLUMS, Mr. DANIEL, Mr. BRITT, Mr. HOPKINS, Mr. KASICH, Mr. GRAY, and Mr. PRICE.

H.J. Res. 389: Mr. CLINGER.

H.J. Res. 514: Mr. LAFALCE, Mrs. BOXER, Mr. SEIBERLING, Mr. YATES, Mr. TORRES, Mr. HAWKINS, and Mr. COYNE.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H. CON RES. 282

By Mr. DANNEMEYER:

(Amendment in the nature of a substitute.)

—Strike everything after the resolving clause and insert in lieu thereof the following:

(a) The following budgetary levels are appropriate for the fiscal years beginning on October 1, 1983, October 1, 1984, October 1, 1985, and October 1, 1986:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1984: $664,900,000,000.
Fiscal year 1985: $734,390,000,000.
Fiscal year 1986: $796,940,000,000.
Fiscal year 1987: $867,390,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1984: $1,900,000,000.
Fiscal year 1985: $1,390,000,000.
Fiscal year 1986: $2,040,000,000.
Fiscal year 1987: $3,890,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1984: $915,500,000,000.
Fiscal year 1985: $989,400,000,000.
Fiscal year 1986: $1,054,650,000,000.
Fiscal year 1987: $1,131,660,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1984: $853,900,000,000.
Fiscal year 1985: $907,590,000,000.
Fiscal year 1986: $947,780,000,000.
Fiscal year 1987: $1,003,700,000,000.

(4) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1984: $189,000,000,000.
Fiscal year 1985: $173,200,000,000
Fiscal year 1986: $150,840,000,000.
Fiscal year 1987: $136,310,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1984: $1,595,800,000,000.
Fiscal year 1985: $1,834,200,000,000.
Fiscal year 1986: $2,081,250,000,000.
Fiscal year 1987: $2,347,250,000,000

and the amounts by which the temporary statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1984: $105,800,000,000.
Fiscal year 1985: $238,400,000,000.
Fiscal year 1986: $247,050,000,000.
Fiscal year 1987: $266,000,000,000.

(6) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1983, October 1, 1984, October 1, 1985, and October 1, 1986, are as follows:

Fiscal year 1984:

(A) New direct loan obligations, $37,600,000,000.

(B) New primary loan guarantee commitments, $105,150,000,000.

(C) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1985:

(A) New direct loan obligations, $25,660,000,000.

(B) New primary loan guarantee commitments, $118,510,000,000.

(C) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1986:

(A) New direct loan obligations, $20,330,000,000.

(B) New primary loan guarantee commitments, $125,790,000,000.

(C) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1987:

(A) New direct loan obligations, $20,300,000,000.

(B) New primary loan guarantee commitments, $131,780,000,000.

(C) New secondary loan guarantee commitments, $68,250,000,000.

(b) The Congress hereby determines and declares the appropriate levels of budget authority and budget outlays, and the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for fiscal years 1984 through 1987 for each major functional category are:

(1) National Defense (050):

Fiscal year 1984:

(A) New budget authority, $264,500,000,000.

(B) Outlays, $234,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:

(A) New budget authority, $299,000,000,000.

(B) Outlays, $266,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:

(A) New budget authority, $333,700,000,000.

(B) Outlays, $294,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:

(A) New budget authority, $372,000,000,000.

(B) Outlays, $330,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

Fiscal year 1984:

(A) New budget authority, $22,200,000,000.

(B) Outlays, $12,350,000,000.

(C) New direct loan obligations, $9,100,000,000.

(D) New primary loan guarantee commitments, $8,650,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:

(A) New budget authority, $15,090,000,000.

(B) Outlays, $10,180,000,000.

(C) New direct loan obligations, $7,250,000,000.

(D) New primary loan guarantee commitments, $9,250,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:

(A) New budget authority, $14,790,000,000.

(B) Outlays, $7,850,000,000.

(C) New direct loan obligations, $7,530,000,000.

(D) New primary loan guarantee commitments, $10,250,000,000.

(E) New secondary loan guarantee commitments, $0.

Fical year 1987:

(A) New budget authority, $14,810,000,000.

(B) Outlays, $6,370,000,000.

(C) New direct loan obligations, $8,410,000,000.

(D) New primary loan guarantee commitments, $10,600,000,000.

(E) New secondary loan guarantee commitments, $0.

(3) General Science, Space, and Technology (250):

Fiscal year 1984:

(A) New budget authority, $8,550,000,000.

(B) Outlays, $8,300,000,000.

(C) New direct loan obligations, $150,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:

(A) New budget authority, $8,790,000,000.

(B) Outlays, $8,540,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:

(A) New budget authority, $8,800,000,000.

(B) Outlays, $8,680,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:

(A) New budget authority, $8,850,000,000.

(B) Outlays, $8,710,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(4) Energy (270):

Fiscal year 1984:

(A) New budget authority, $3,000,000,000.

(B) Outlays, $3,000,000,000.

(C) New direct loan obligations, $4,700,000,000.

(D) New primary loan guarantee commitments, $50,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:

(A) New budget authority, $4,170,000,000.

(B) Outlays, $3,350,000,000.

(C) New direct loan obligations, $4,740,000,000.

(D) New primary loan guarantee commitments, $50,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:

(A) New budget authority, $3,940,000,000.
(B) Outlays, $2,710,000,000.
(C) New direct loan obligations, $4,720,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $3,610,000,000.
(B) Outlays, $1,530,000,000.
(C) New direct loan obligations, $4,830,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.
(5) Natural Resources and Environment (300):
Fiscal year 1984:
(A) New budget authority, $12,000,000,000.
(B) Outlays, $12,400,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $11,330,000,000.
(B) Outlays, $11,370,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $11,020,000,000.
(B) Outlays, $10,800,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $10,550,000,000.
(B) Outlays, $10,030,000,000.
(C) New direct loan obligations, $50,000.000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(6) Agriculture (350):
Fiscal year 1984:
(A) New budget authority, $4,250,000.000.
(B) Outlays, $10,800,000,000.
(C) New direct loan obligations, $11,200,000,000.
(D) New primary loan guarantee commitments, $4,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $13,620,000,000.
(B) Outlays, $14,300,000,000.
(C) New direct loan obligations, $7,700,000,000.
(D) New primary loan guarantee commitments, $6,850,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $6,580,000,000.
(B) Outlays, $6,690,000,000.
(C) New direct loan obligations, $3,010,000,000.
(D) New primary loan guarantee commitments, $7,240,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $6,200,000,000.
(B) Outlays, $6,310,000,000.
(C) New direct loan obligations, $2,430,000,000.
(D) New primary loan guarantee commitments, $6,760,000,000.
(E) New secondary loan guarantee commitments, $0.
(7) Commerce and Housing Credit (370):
Fiscal year 1984:
(A) New budget authority, $5,600,000,000.
(B) Outlays, $4,050,000,000.
(C) New direct loan obligations, $6,150,000,000.
(D) New primary loan guarantee commitments, $50,000,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1985:
(A) New budget authority, $4,780,000,000.
(B) Outlays, $1,710,000,000.
(C) New direct loan obligations, $2,890,000,000.
(D) New primary loan guarantee commitments, 56,110,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1986:
(A) New budget authority, $4,460,000,000.
(B) Outlays, $770,000,000.
(C) New direct loan obligations, $2,290,000,000.
(D) New primary loan guarantee commitments, $59,050,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1987:
(A) New budget authority, $5,110,000,000.
(B) Outlays, $1,180,000,000.
(C) New direct loan obligations, $1,700,000,000.
(D) New primary loan guarantee commitments, $61,680,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
(8) Transportation (400):
Fiscal year 1984:
(A) New budget authority, $29,400,000,000.
(B) Outlays, $25,900,000,000.
(C) New direct loan obligations, $1,150,000,000.
(D) New primary loan guarantee commitments, $450,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $25,810,000,000.
(B) Outlays, $24,970,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $450,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $26,380,000,000.
(B) Outlays, $215,530,000,000.
(C) New direct loan obligations, $40,000,000.
(D) New primary loan guarantee commitments, $500,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $26,760,000,000.
(B) Outlays, $25,830,000,000.
(C) New direct loan obligations, $30,000,000.
(D) New primary loan guarantee commitments, $490,000,000.
(E) New secondary loan guarantee commitments, $0.
(9) Community and Regional Development (450):
Fiscal year 1984:
(A) New budget authority, $7,250,000,000.
(B) Outlays, $7,750,000,000.
(C) New direct loan obligations, $1,650,000,000.
(D) New primary loan guarantee commitments, $350,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $6,030,000,000.
(B) Outlays, $7,580,000,000.
(C) New direct loan obligations, $860,000,000.
(D) New primary loan guarantee commitments, $350,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $6,630,000,000.
(B) Outlays, $7,150,000,000.
(C) New direct loan obligations, $970,000,000.
(D) New primary loan guarantee commitments, $350,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $6,800,000,000.
(B) Outlays, $7,030,000,000.
(C) New direct loan obligations, $1,130,000,000.
(D) New primary loan guarantee commitments, $400,000,000.
(E) New secondary loan guarantee commitments, $0.
(10) Education, Training, Employment and Social Services (500):
Fiscal year 1984:
(A) New budget authority, $31,350,000,000.
(B) Outlays, $28,150,000,000.
(C) New direct loan obligations, $800,000,000.
(D) New primary loan guarantee commitments, $7,400,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $29,060,000,000.
(B) Outlays, $28,610,000,000.
(C) New direct loan obligations, $570,000,000.
(D) New primary loan guarantee commitments, $7,750,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $30,080,000,000.
(B) Outlays, $29,060,000,000.
(C) New direct loan obligations, $370,000,000.
(D) New primary loan guarantee commitments, $8,000,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $31,400,000,000.
(B) Outlays, $30,230,000,000.
(C) New direct loan obligations, $420,000,000.
(D) New primary loan guarantee commitments, $8,150,000,000.
(E) New secondary loan guarantee commitments, $0.
(11) Health (550):
Fiscal year 1984:
(A) New budget authority, $31,600,000,000.
(B) Outlays, $30,800,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $200,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:
(A) New budget authority, $33,040,000,000.
(B) Outlays, $33,920,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $150,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $36,030,000,000.
(B) Outlays, $35,640,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $150,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $38,180,000,000.
(B) Outlays, $37,610,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $150,000,000,000.
(E) New secondary loan guarantee commitments, $0.
(12) Social Security and Medicare (570):
Fiscal year 1984:
(A) New budget authority, $237,900,000,000.
(B) Outlays, $239,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $271,000,000,000.
(B) Outlays, $258,310,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $299,090,000,000.
(B) Outlays, $277,810,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $326,970,000.
(B) Outlays, $300,490,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(13) Income Security (600):
Fiscal year 1984:
(A) New budget authority, $118,450,000,000.
(B) Outlays, $97,050,000,000.
(C) New direct loan obligations, $1,000,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $139,470,000,000.
(B) Outlays, $111,390,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $146,180,000,000.
(B) Outlays, $114,020,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $156,620,000,000.
(B) Outlays, $114,440,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
(14) Veterans Benefits and Services (700):
Fiscal year 1984:
(A) New budget authority, $26,150,000,000.
(B) Outlays, $25,800,000,000.
(C) New direct loan obligations, $1,350,000,000.
(D) New primary loan guarantee commitments, $18,650,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $26,470,000,000.
(B) Outlays, $25,710,000,000.
(C) New direct loan obligations, $1,200,000,000.
(D) New primary loan guarantee commitments, $22,850,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $26,610,000,000.
(B) Outlays, $26,170,000,000.
(C) New direct loan obligations, $1,000,000,000.
(D) New primary loan guarantee commitments, $25,500,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $26,860,000,000.
(B) Outlays, $26,530,000,000.
(C) New direct loan obligations, $950,000,000.
(D) New primary loan guarantee commitments, $28,800,000,000.
(E) New secondary loan guarantee commitments, $0.
(15) Administration of Justice (750):
Fiscal year 1984:
(A) New budget authority, $5,950,000,000.
(B) Outlays, $5,950,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $5,590,000,000.
(B) Outlays, $5,630,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitment, $0.
Fiscal year 1986:
(A) New budget authority, $5,570,000,000.
(B) Outlays, $5,550,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $5,470,000,000.
(B) Outlays, $5,450,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(16) General Government (800):
Fiscal year 1984:
(A) New budget authority, $5,450,000,000.
(B) Outlays, $5,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $5,380,000,000.
(B) Outlays, $5,220,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $5,310,000,000.
(B) Outlays, $5,130,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $5,010,000,000.
(B) Outlays, $4,830,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(17) General Purpose Fiscal Assistance (850):
Fiscal year 1984:
(A) New budget authority, $6,800,000,000.
(B) Outlays, $6,800,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $4,350,000,000.
(B) Outlays, $4,350,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $2,100,000,000.
(B) Outlays, $2,100,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $2,170,000,000.
(B) Outlays, $2,170,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(18) Interest (900):
Fiscal year 1984:
(A) New budget authority, $109,650,000,000.
(B) Outlays, $109,650,000,000.
(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $124,140,000,000.
(B) Outlays, $124,140,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0
Fiscal year 1986:
(A) New budget authority, $136,310,000,000.
(B) Outlays, $136,310,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $143,160,000,000.
(B) Outlays, $143,160,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(19) Allowances (920):
Fiscal year 1984:
(A) New budget authority, $650,000,000.
(B) Outlays, $750,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $1,010,000,000.
(B) Outlays, $1,040,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $2,750,000,000.
(B) Outlays, $2,890,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $4,680,000,000.
(B) Outlays, $4,950,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(20) Undistributed Offsetting Receipts (950):
Fiscal year 1984:
(A) New budget authority, −$15,202,000,000.
(B) Outlays, −$15,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, −$38,730,000,000.
(B) Outlays, −$38,730,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, −$51,680,000,000.
(B) Outlays, −$51,680,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, −$63,550,000,000.
(B) Outlays, −$63,550,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

RECONCILIATION

SEC. 2. (a) Not later than May 1, 1984, the House committees named in subsections (b) through (q)(1) of this section shall submit their recommendations to the House Budget Committee. After receiving these recommendations, the Committee on the Budget shall report to the House a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

(b) The House Committee on Agriculture shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $1,148,000,000 and outlays by $1,148,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $9,338,000,000 and outlays by $9,338,000,000 in fiscal year 1986; and requires decreases of budget authority by $10,890,000,000 and outlays by $10,890,000,000 in fiscal year 1987.

(c) The House Committee on Armed Services shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section (401)(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $3,542,000,000 and outlays by $3,542,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $9,398,000,000 and outlays by $9,398,000,000 in fiscal year 1986; and requires decreases of budget authority by $17,531,000,000 and outlays by $17,531,000,000 in fiscal year 1987.

(d) The House Committee on Banking, Finance, and Urban Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defiend in section (401)(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $7,809,000,000 and outlays by $7,809,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $9,049,000,000 and outlays by $9,049,000,000 in fiscal year 1986; and requires decreases of budget authority by $9,902,000,000 and outlays by $9,902,000,000 in fiscal year 1987.

(e) The House Committee on Education and Labor shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section (401)(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $504,000,000 and outlays by $504,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $972,000,000 and outlays by $972,000,000 in fiscal year 1986; and requires decreases of budget authority by $1,030,000,000 and outlays by $1,030,000,000 in fiscal year 1987.

(f) The House Committee on Energy and Commerce shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section (401)(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $648,000,000 and outlays by $648,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $885,000,000 and outlays by $885,000,000 in fiscal year 1986; and requires decreases of budget authority by $1,235,000,000 and outlays by $1,235,000,000 in fiscal year 1987.

(g) The House Committee on Foreign Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section (401)(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $2,204,000,000 and outlays by $2,204,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $2,401,000,000 and outlays by $2,401,000,000 in fiscal year 1986; and requires decreases of budget authority by $2,643,000,000 and outlays by $2,643,000,000 in fiscal year 1987.

(h) The House Committee on Government Operations shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section (401)(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $2,292,000,000 and outlays by $2,292,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $4,592,000,000 and outlays by $4,592,000,000 in fiscal year 1986; and requires decreases of budget authority by $4,874,000,000 and outlays by $4,874,000,000 in fiscal year 1987.

(i) The House Committee on Interior and Insular Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section (401)(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $19,000,000 and outlays by $19,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $56,000,000 and outlays by $56,000,000 in fiscal year 1986; and requires decreases of budget authority by $97,000,000 and outlays by $97,000,000 in fiscal year 1987.

(j) The House Committee on the Judiciary shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section (401)(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $382,000,000 and outlays by $382,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $410,000,000 and outlays by $410,000,000 in fiscal year 1986; and requires decreases of budget authority by $454,000,000 and outlays by $454,000,000 in fiscal year 1987.

(k) The House Committee on Merchant Marine and Fisheries shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section (401)(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $710,000,000 and outlays by $710,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $794,000,000 and outlays by $794,000,000 in fiscal year 1986; and requires decreases of budget authority by $858,000,000 and outlays by $858,000,000 in fiscal year 1987.

(l) The House Committee on Post Office and Civil Service shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section (401)(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $11,000,000 and outlays by $11,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $31,000,000 and outlays by $31,000,000 in fiscal year 1986; and requires decreases of budget authority by $61,000,000 and outlays by $61,000,000 in fiscal year 1987.

(m) The House Committee on Public Works and Transporation shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section (401)(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $2,232,000,000 and outlays by $2,232,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $2,610,000,000 and outlays by $2,610,000,000 in fiscal year 1986; and requires decreases of budget authority by $3,033,000,000 and outlays by $3,033,000,000 in fiscal year 1987.

(n) The House Committee on Science and Technology shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section (401)(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $2,000,000 and outlays by $2,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $8,000,000 and outlays by $8,000,000 in fiscal year 1986; and requires decreases of budget authority by $14,000,000 and outlays by $14,000,000 in fiscal year 1987.

(o) The House Committee on Small Business shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section (401)(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $8,000,000 and outlays by $8,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $21,000,000 and outlays by $21,000,000 in fiscal year 1986; and requires decreases of budget authority by $42,000,000 and outlays by $42,000,000 in fiscal year 1987.

(p) The House Committee on Veterans' Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section (401)(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $209,000,000 and outlays by $209,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $314,000,000 and outlays by $314,000,000 in fiscal year 1986; and requires decreases of budget authority by $446,000,000 and outlays by $446,000,000 in fiscal year 1987.

(q) The House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section (401)(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $925,000,000 and outlays by $925,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $1,609,000,000 and outlays by $1,609,000,000 in fiscal year 1986; and requires decreases of budget authority by $2,422,000,000 and outlays by $2,422,000,000 in fiscal year 1987.

AUTOMATIC SECOND BUDGET RESOLUTION

SEC. 3. (a) If Congress has not completed action by October 1, 1984, on the concurrent resolution on the budget required to be reported under section 310(a) of the Congressional Budget Act of 1974 for the 1985 fiscal year, then this concurrent resolution shall be deemed to be the concurrent resolution required to be reported under section 310(a) of such Act, for the purposes of the prohibitions contained in section 311 of such Act, notwithstanding congressional action or inaction on any reconciliation requirements contained in this concurrent resolution.

(b) Section 311(a) of the Congressional Budget Act of 1974, as made applicable by subsection (a) of this section, shall not apply to bills, resolutions, or amendments within the jurisdiction of a committee, or any conference report on any such bill or resolution, if—

(1) the enactment of such bill or resolution as reported;

(2) the adoption and enactment of such amendment; or

(3) the enactment of such bill or resolution in the form recommended in such conference report;

would not cause the appropriate allocation for such committee of new discretionary budget authority or new spending authority as described in section 401(c)(2)(C) of the Congressional Budget Act of 1974 made pursuant to section 302(a) of such Act for fiscal year 1985 to be exceeded.

(c) The provisions of this section shall cease to apply when Congress completes action on a subsequent concurrent resolution on the budget for fiscal year 1985 pursuant to section 304 or 310 of the Congressional Budget Act of 1974.

SECTION 302(b) FILING REQUIREMENT

SEC. 4. (a) It shall not be in order in the House of Representatives to consider any bill or resolution, or amendment thereto, providing—

(1) new budget authority for fiscal year 1985;

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1985; or

(3) direct loan authority, primary loan guarantee authority, or secondary loan guarantee authority for fiscal year 1985;

within the jurisdiction of any committee which has received an allocation pursuant to section 302(a) of the Congressional Budget Act of discretionary budget authority or new spending authority, as described above, for such fiscal year, unless and until such committee makes the allocation or subdivisions required by section 302(b) of the Congressional Budget Act, in connection with the most recently agreed to concurrent resolution on the budget.

(b) The prohibition contained in subsection (a) shall not apply until twenty-one days of continuous session, as defined in section 1011(5) of the Impoundment Control Act of 1974, after Congress completes action on this concurrent resolution.

By Mr. MORRISON of Connecticut:

—On page 2, strike out lines 9 through 11 and insert the following in lieu thereof:

Fiscal year 1985: 745,500,000,000.
Fiscal year 1986: $831,300,000,000.
Fiscal year 1987: $927,900,000,000.

On page 2, strike out lines 15 through 17 and insert the following in lieu thereof:

Fiscal year 1985: $12,500,000,000.
Fiscal year 1986: $34,400,000,000.
Fiscal year 1987: $64,400,000,000.

On page 2, strike out lines 21 through 22 and insert the following in lieu thereof:

Fiscal year 1985: $990,450,000,000.
Fiscal year 1986: $1,062,050,000,000.
Fiscal year 1987: $1,135,200,000,000.

On page 3, strike out lines 2 through 4 and insert the following in lieu thereof:

Fiscal year 1985: $910,950,000,000.
Fiscal year 1986: $966,100,000,000.
Fiscal year 1987: $1,033,000,000,000.

On page 3, strike out lines 9 through 11 and insert the following in lieu thereof:

Fiscal year 1985: $165,450,000,000.
Fiscal year 1986: $134,800,000,000.
Fiscal year 1987: $105,100,000,000.

On page 3, strike out lines 15 through 17 and insert the following in lieu thereof:

Fiscal year 1985: $1,824,200,000,000.
Fiscal year 1986: $2,043,750,000,000.
Fiscal year 1987: $2,270,350,000,000.

On page 3, strike out lines 21 through 23 and insert the following in lieu thereof:

Fiscal year 1985: $228,400,000,000.
Fiscal year 1986: $209,550,000,000.
Fiscal year 1987: $189,100,000,000.

On page 5, strike out lines 23 through 25 and insert the following in lieu thereof:

(A) New budget authority, $276,000,000,000.
(B) Outlays, $250,200,000,000.

On page 6, strike out lines 7 through 9 and insert the following in lieu thereof:

(A) New budget authority, $289,400,000,000.
(B) Outlays, $261,600,000,000.

On page 6, strike out lines 16 through 18 and insert the following in lieu thereof:

(A) New budget authority, $303,200,000,000.
(B) Outlays, $279,000,000,000.

On page 31, strike out lines 4 through 6 and insert the following in lieu thereof:

(A) New budget authority, $123,900,000,000.
(B) Outlays, $123,900,000,000.

On page 31, strike out lines 13 through 15 and insert the following in lieu thereof:

(A) New budget authority, $137,150,000,000.
(B) Outlays, $137,150,000,000.

On page 31, strike out lines 22 through 24 and insert the following in lieu thereof:

(A) New budget authority, $149,600,000,000.
(B) Outlays, $149,600,000,000.

On page 38, after line 16 insert the following paragraph:

(2) The House Committee on Ways and Means shall report changes in laws within the jurisdiction of that Committee sufficient to increase revenues by $12,500,000,000 in fiscal year 1985; further the Congress

finds that to attain the policy of this resolution in future years requires increases of $34,400,000,000 in revenues in fiscal year 1986; and requires increases of $64,400,000,000 in revenues in fiscal year 1987.

By Mr. WOLF:

In the matter relating to the level of total budget outlays for fiscal 1985, increase the amount by $544,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1985, increase the amount by $544,000,000.

In the matter relating to budget outlays for functional category 600 for fiscal year 1985, increase the amount by $544,000,000.

In the matter relating to reconciliation instructions to the Committee on Post Office and Civil Service contained in section 2(f), strike out "$550,000,000" and insert in lieu thereof "$0".

SENATE—*Monday, April 2, 1984*

(Legislative day of Monday, March 26, 1984)

The Senate met at 12 noon, on the expiration of the recess, and was called to order by the Honorable ROGER W. JEPSEN, a Senator from the State of Iowa.

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray.

But the meek shall inherit the earth; and they shall delight themselves in the abundance of peace.—Psalm 37: 11.

God of peace, help us to find the way of peace. Make us wise and sensitive in our relationships with other nations. Help us to find the balance between response and restraint. Save us from national pride which assumes we are to police the world, and national selfishness which abdicates responsibility to the world.

Gracious Lord, while we are seeking peace in the world, let us not make war in the Senate. May we demonstrate in this body the peace which we seek among nations. May we be peacemakers in our homes, with neighbors, with those of other races, those of differing social or economic status, and with those whose religious convictions differ. Free us from the hypocrisy which talks peace among nations, while we war among ourselves. In the name of the Prince of Peace we pray. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. THURMOND).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., April 2, 1984.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable ROGER W. JEPSEN, a Senator from the State of Iowa, to perform the duties of the Chair.

STROM THURMOND,
President pro tempore.

Mr. JEPSEN thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. Under the previous order, the majority leader is recognized.

Mr. BAKER. I thank the Chair.

SENATE SCHEDULE

Mr. BAKER. Mr. President, after the two leaders are recognized under the standing order, two Senators will be recognized on special orders of not to exceed 15 minutes each, to be followed by a period for the transaction of routine morning business until 1:30, after which the Senate will resume consideration of House Joint Resolution 492, the supplemental appropriations measure. The pending question when we resume consideration of the joint resolution will be the Melcher amendment, on which there is a time limitation by unanimous consent of 2 hours to be equally divided.

Mr. President, I hope we can make good progress on this joint resolution today. I expect it will take most of this week to finish this measure. I hope not, but I am afraid so.

It is the hope of the leadership on this side that we can finish the joint resolution and get on to the budget package before the week is over.

DEATH OF FORMER REPRESENTATIVE JOE L. EVINS

Mr. BAKER. Mr. President, I learned with great sorrow over the weekend of the death of our former House colleague, Joe L. Evins. I plan to join the other members of the Tennessee congressional delegation and thousands of Tennesseans tomorrow at his funeral in his hometown of Smithville, Tenn.

Joe Evins served for 30 years in the House of Representatives. He was known as a real workhorse, but he did not lose contact with the people he loved in the Fourth and Fifth Districts of Tennessee.

On any given day, Joe Evins could be found chairing an important House appropriations subcommittee meeting, that would determine the fate of multimillion dollar appropriations for the Corps of Engineers, the Tennessee Valley Authority, the Atomic Energy Commission, and other agencies. The next day, he could be back in Smithville, walking down the same leaf-covered roads, talking to the same friends on the street corner, just staying in touch with his people.

He was never too busy to hear another social security claim or a plea for a Veterans' Administration loan. And this service was rewarded when he ran for reelection—12 times with no opposition.

He was a believer in the committee system, quoting Woodrow Wilson that "Congress assembled is Congress on display, but Congress in Committee is Congress at work." He also knew that there were times in the legislative process when it became important to set aside short-term political gains for a much larger goal. It was his policy to avoid extremes and to move toward reason and moderation.

Joe Evins stated that he did not favor legislation that represents extremism—that he believes in working with his colleagues in Congress to achieve agreements and accords that represent the views of the great majority of Americans. For those who would give the Federal Government a blank check and for those who would cut Government funding to the point of extinction, Joe Evins would search for the middle ground, the commonsense approach to a problem.

He grew up in courthouse politics in DeKalb County with his father serving as a magistrate for 35 years and mayor of Smithville for another 15. Joe Evins was Smithville's first newspaper delivery boy, a graduate of DeKalb County High School and Vanderbilt University. He earned his law degree from Cumberland University Law School in Lebanon, Tenn., and practiced in Smithville.

During World War II, he served 2 years of military service in Washington and 2 more in England, France, and Germany. At the end of his tour of duty, he returned home and launched his own political career.

But the best summation on Joe Evins probably came in 1976 when he voluntarily retired from the Congress.

I had no doubt that I could be reelected, but I had long decided it was time to step down. I have seen some people stay in Congress until they get too old and become inefficient. I wanted to quit on top because I have had just about all the honors that one could have.

Mr. President, I have no further need for my time under the standing order. I offer it to the minority leader if he has need for additional time.

RECOGNITION OF THE MINORITY LEADER

The ACTING PRESIDENT pro tempore. Under the previous order, the minority leader is recognized.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

Mr. BYRD. Mr. President, I thank the Chair and I thank the majority leader. I do not need additional time.

Mr. BAKER. Mr. President, I yield back the remainder of my time.

RECOGNITION OF SENATOR KASTEN

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Wisconsin (Mr. KASTEN) is recognized for not to exceed 15 minutes.

VOTING PRACTICES IN THE UNITED NATIONS

Mr. KASTEN. Mr. President, in 1982 President Reagan honored me with appointment as one of the two Members of Congress who serve each year as U.S. delegates in the General Assembly of the United Nations in New York. I was already familiar at that time in general terms with a pattern of decline in U.S. influence in the United Nations. The senior Senator from New York (Mr. MOYNIHAN) while he was serving with distinction as President Ford's Permanent Representative to the United Nations, spoke about some of the reasons for this decline. He focused world attention dramatically on the moral lapses of the U.N. majority. When the General Assembly cast its shameful vote approving a resolution equating Zionism—the National Liberation Movement of the Jewish people—with racism, Ambassador Moynihan aptly described it as a victory for "the jackals."

A year before my appointment to the U.N. delegation, I had shared Ambassador Jeane Kirkpatrick's outrage at the vicious lies against the United States contained in the declaration of foreign ministers of the nonalined movement of nations issued during the opening weeks of the 1981 U.N. General Assembly. Ambassador Kirkpatrick sent letters of protest to Ambassadors of each of the nonalined movement member nations that she considered to enjoy more or less friendly bilateral relations with the United States. Even some of the nations that had joined the consensus on these false and profoundly offensive charges contained in that communique were recipients of U.S. foreign aid.

Although the Kirkpatrick letter was a message of protest, its intent was by no means simply retaliatory and its impact far from negative. Fundamentally, this major gesture by our distinguished Ambassador during her first General Assembly was an affirmation that the Reagan administration takes the United Nations seriously, that it cares about what goes on in the world body. Indeed, as I was to observe during my time in New York in 1982, Ambassador Kirkpatrick continually reminds her staff that, during her tenure, their motto should be "we take the U.N. seriously, and we care." The replies to Ambassador Kirkpatrick's letters of protest demonstrated the salutary consequences that can come from taking a plain, clear stand for United States national interests. Some Ambassadors replied, rather sheepishly, "We had not thought you Americans ever paid attention to our declarations." Some of these expressed sincere appreciation that our new diplomatic team in New York had taken notice. Some even decided to enter public reservations against the anti-American portions of the nonalined declaration. Others were defiant. Still a few other U.N. Ambassadors wrote to Ambassador Kirkpatrick asking why they had not received letters of protest. Does this mean, they wondered, that you Americans do not consider us friends?

Mr. President, my time at the United Nations in New York impressed upon me the profound problems of the organization and the problems of our own position in the organization far more vividly than I can detail in these few minutes. Like Ambassador Kirkpatrick, I have learned a lot of things I had never expected to learn. I never expected, for instance, that Soviet Foreign Minister Gromyko would accuse us of flagrantly and illegally interfering in the internal affairs of Afghanistan. Nor did I quite expect to discover such a magnitude of disjunction between the voting power in the General Assembly and the strength of actual financial support from assessed membership dues. The combined membership dues of 80 members of the United Nations—which is to say a majority of the General Assembly—constitutes less than 1 percent of the total dues collected for the U.N. assessed budget. The United States, which has only one vote in the General Assembly, alone is assessed with 25 percent of the U.N. budget.

My direct experiences with the abuses suffered by the United States in the United Nations led me to believe that Congress must take a more active role in monitoring U.N. votes and activities. Accordingly, I authored an amendment, subsequently enacted into law, which requires a yearly report on U.N. voting practices. This law requires the Secretary of State and the Permanent Representative to the United Nations to report annually to Congress on voting practices in the world body. The first such report, with an introductory essay by Ambassador Kirkpatrick, was released by the Department of State on February 24 of this year, and as a Senate document by the Committee on Appropriations on March 22. It is an illuminating and useful tool for evaluating and assessing our relations with our fellow U.N. members' States, especially those who are recipients of U.S. assistance. So illuminating have I found the report, Mr. President, that I intend to deliver a series of statements, each concerning voting practices on a separate key issue or cluster of issues that came before the General Assembly or the Security Council last year. Among these matters is the campaign to delegitimize Israel's presence in the United Nations and other international organizations, and to stigmatize those associated with Israel. Another is the situation in Afghanistan, brutally occupied by 100,000 Soviet troops waging a war of sheer terror against civilian villagers. Another is the comparable situation in Communist-occupied Cambodia, and still another is the threatened status of the Caribbean and Central America and the strategic southern flank of the United States.

Mr. President, as chairman of the Appropriations Subcommittee that oversees foreign aid programs, I wish to examine, in an upcoming series of statements, the relevance of certain voting patterns in the United Nations to certain patterns of American foreign assistance. They will seek to examine what patterns exist between our aid policies and the U.N. voting practices of recipients of our aid. I wish to be clear that I am fully in accord with Ambassador Kirkpatrick's position as expressed in a statement before my Appropriations Subcommittee that U.N. voting practices ought not to be the only, nor necessarily even the major, consideration in our aid policies. Nevertheless, these voting practices must seriously be taken into account.

Mr. President, in presenting my series of statements on voting practices in the United Nations, I should like to associate myself with the robust spirit of confidence in America's values and role in the world that Ambassador Jeane Kirkpatrick has exhibited since she entered office. When our Ambassador arrived at the United Nations in 1981 someone asked her what would be the difference between the new administration's policies and those of the previous one.

She replied: "We have taken off our 'kick me' sign." He asked: "Does that mean that if you're kicked, you'll kick back?"

Ambassador Kirkpatrick answered: "Not necessarily. But it does mean that if we're kicked, at least we won't apologize."

Mr. President, the American people are contributing over 1½ billion tax dollars annually toward the U.N. budget, and they contribute additional billions each year in various forms to many of the nations who play important roles in the activities of the United Nations. Our support for the United Nations and the assistance we provide to other nations symbolizes our commitment to the principles of

the U.N. Charter and our dedication to world peace and the improvement of the quality of life in nations less fortunate than ours.

American taxpayers have a right to know how their tax money is being spent in the United Nations and through our foreign aid programs. They have a right to know that this money is not being misspent and abused. It is to promote and protect this right that I shall be presenting my series of statements on U.N. voting practices.

Mr. President, starting tomorrow, I will begin a discussion of the 10 most important votes affecting U.S. interests during the 38th U.N. General Assembly. As part of that discussion, I will be presenting tabular material showing those countries which voted against us on these issues, together with the amount of bilateral foreign assistance they are scheduled to receive in fiscal year 1985, the amount received during the current fiscal year, and the total amount of assistance each of these countries has received from 1946 through the fiscal year 1985 request. I am confident that my colleagues will find the information I will be presenting over the next 9 days to be very interesting and informative.

Mr. President, I ask unanimous consent that a summary and introductory statement to this report by the Honorable Jeane J. Kirkpatrick appear in the RECORD following my remarks, together with a table showing all U.N. General Assembly plenary votes with their percentage coincidence with U.S. votes, a narrative explaining those 10 issues, and a table showing how each country voted on the 10 key issues I will be discussing.

There being no objection, the materials were ordered to be printed in the RECORD, as follows:

INTRODUCTORY STATEMENT BY AMBASSADOR JEANE J. KIRKPATRICK

VOTING PRACTICES IN THE UNITED NATIONS

A. What the report is and is not

This report provides the "comparison of the overall voting practices in the principal bodies of the United Nations" requested by the Congress. From these comparisons there can be inferred the "degree of support by the government of such country during the preceding twelve month period of the foreign policy of the United States." Naturally, the data presented here refer only to the U.N. context and do not take account of support for U.S. policy in the other contexts. The report describes all the plenary votes cast at the regular session of the Thirty-Eighth General Assembly (1983), and also the voting records of those nations who were members of the U.N. Security Council during 1983.

During the 1983 General Assembly, the 158 member states discussed and decided a dazzling array of issues. Many of these issues were decided by consensus with no vote recorded, but many were settled by vote. In some cases, votes were cast not only on final resolutions but on separate paragraphs as well. The resolutions dealt with an extremely broad range of subjects: the Soviet invasion and continuing occupation of Afghanistan; economic development; arms control; outer space; the Indian Ocean "Zone of Peace"; human rights in three Latin American countries; apartheid; the Arab-Israeli conflict; and others. By the end of the General Assembly, of necessity, every member had expressed itself on a very broad range of very difficult questions.

Because a General Assembly acts on so many diverse issues, the voting record of a U.N. member during a General Assembly tells us a good deal about a country's orientation in world arenas: where it stands, with whom it stands (at least in a U.N. context), and for what purposes.

In examining the voting record of U.N. member states, it should be borne in mind that relations in the United Nations are only one dimension of our relations with other countries and often are not the most important aspect of these relations. Economic, strategic, and moral factors may be and often are more important to our interests and to U.S. policy and policymakers than a country's behavior inside the United Nations. However, at the same time, that country's relations inside the U.N. are not trivial. If the decisions and policies of the key bodies of the United Nations matter, then the votes of member nations also matter.

B. Why U.N. votes matter

1. Votes Determine the Policy of U.N. Bodies

The United Nations was conceived as a kind of global parliament, organized and conducted on the same basis as legislative bodies in democratic countries. As in a legislature the General Assembly and Security Council consist of representatives who meet, adopt agendas, discuss and debate issues and eventually deal with them either by consensus or by vote. As in most democratic legislatures, votes are distributed on the basis of one country, one vote. When votes are taken, the majority decides. Votes cast in the United Nations determine the decisions that are the principal product of the United Nations.

Votes in the General Assembly and the Security Council provide mandates and guidance to the Secretary General and the Secretariat, and the diverse worldwide operations of its subgroups. U.N. decisions allocate funds, call conferences, authorize programs.

Since the U.N. System has a combined budget of over 4 billion dollars and employs over 50,000 persons, decisions concerning the use of these worldwide resources are significant indeed.

2. Votes Focus World Attention

As in other bodies organized on democratic principles, the agenda of U.N. bodies are set by their members. And the agendas of the principal U.N. bodies have a unique influence on the definition and perception of global problems.

To an extent often not appreciated in the United States, discussions, debates and votes in the United Nations are followed by the world press. U.N. affairs are covered extensively in the press of many less developed nations, and are closely followed by the media of most European countries. Subjects discussed in major U.N. fora come to be widely regarded as important. Because of their ability to fucus attention on some subjects and ignore others, the agendas of major U.N. organizations influence the definition of what is and is not important in the world; what is a problem, what is a problem worthy of "world" attention.

This is the reason efforts to frame the U.N. agenda are made by those who seek to manipulate world opinion. Cuba has worked hard to have Puerto Rico inscribed on the agenda of successive General Assemblies as a problem of "decolonization," in spite of the fact that the people of Puerto Rico enjoy full self determination. In so doing Cuba has sought not only to embarrass the U.S., but to create a problem where none exists, simply by defining a relationship as a problem. For the reverse reasons, the Soviet Union and her associated states try to keep off the agenda subjects such as repression in Poland, the Libyan invasion of Chad, the downing of the Korean airliner, etc.

Manipulation of U.N. agendas achieves the desired results. When year after year Security Council resolutions focus on Israeli "practices" as violations of the Fourth Geneva Convention and ignore greater violations by other countries, there is a powerful tendence for many to come slowly to believe that Israel is especially guilty of gross human rights abuses. Conversely, the continuing focus of U.N. bodies on the Palestinian refugee question has kept it higher on the agenda of world politics than the plight of other, more numerous refugee populations, and has won it especially generous financial support.

If the only human rights abuses ever noted by the United Nations take place in Israel, or in Latin American nations fighting Communist insurgency, the impression spreads that these countries are uniquely guilty of gross abuse and lawless treatment of their citizens. Conversely, if African, Arab, Asian, Soviet bloc governments escape attention or censure for human rights abuses, the impression is cumulatively created that they are both powerful enough to silence critics and not so bad in any case.

3. Votes Define "World Opinion" on Major Issues

The decisions of the United Nations are widely interpreted as reflecting "world opinion." For this reason they are endowed with substantial moral and intellectual force. The cumulative impact of decisions of U.N. bodies influence opinions all over the world about what is legitimate, what is acceptable, who is lawless and who is repressive, what and who are successful and not successful, who are and are not capable of protecting themselves and their friends in the world body. The commitments and policies of the U.N. itself, the settlement of disputes, and the cumulative impact of U.N. decisions affect perceptions of power, effectiveness, and legitimacy. Examples abound.

Each year large majorities of the General Assembly put on record their disapproval of the occupation of Afghanistan and Kampuchea and request the withdrawal of all foreign forces from these countries. Even though the Afghanistan and Kampuchea resolutions do not name the occupying powers, their meaning is clear and is understood by everyone. The large votes for these resolutions make clear that the majority of member states understand and disapprove what has happened and is happening in those two states, and that Soviet influence in the U.N., though indubitably great, is not large enough to prevent the expression of disapproval.

There are various ways U.N. bodies can damage a country's reputation. South Africa has been damaged by being subjected to continuous denunciation and longstand-

ing exclusion from U.N. bodies. And the determined effort to make Israel a pariah state reflects her adversaries' conviction that Israel could be similarly damaged. One technique is to secure passage by the Security Council of resolutions that make demands in the knowledge that they will be ignored. Refusal to respect a Security Council resolution leaves a country open to the charge that it is an "international outlaw," "not a peaceloving nation" and, therefore, eligible for further sanctions. Thus, Israel, having been requested in 1982 by Security Council action to withdraw all its troops from Lebanon, is "guilty" of noncompliance, while Syria is "not guilty" because there were never enough votes in the Security Council to demand Syria's withdrawal. The fact of noncompliance becomes yet another ground for censuring Israel in the U.N., regardless of the fact that Israel agreed to withdrawal of its troops from Lebanon simultaneously with those of Syria, and actually began a withdrawal which Syria refused even to discuss.

Omission from the agenda can also influence world opinion. When the Soviet Union is able to protect itself against being criticized by name—no matter how flagrant its violations of the U.N. Charter—it establishes itself as skillful, effective, and influential, as a power to be reckoned with in what is regularly called the international community. When its client states and allies are able to escape criticism—no matter how flagrantly they violate the United Nations Charter—the Soviets are judged influential, useful friends. Soviet success and influence in the United Nations becomes then an additional incentive to be sensitive to Soviet views and to associate with the Soviet bloc. Conversely, if, when the United States and its friends are subjected to harsh and often unfair attack, the U.S. appears to be devoid of influence, association with it becomes undesirable if not dangerous. U.N. votes thus affect both the image and the reality of power in the U.N. system and beyond.

More is at stake than a country's reputation or image, though these matter in international politics. U.N. votes help to define the limits of the permissible. If, after shooting down the Korean airliner, the Soviet Union had not been forced for the first time since the invasion of Afghanistan to veto a resolution (if nine of the fifteen members of the Security Council do not vote *for* a resolution, it fails and no veto is required to prevent its passage) then the impression of worldwide revulsion against attacking a civilian airliner would have been weaker. Or if, in spite of accumulating evidence on the use of deadly "yellow rain" chemicals against Hmong tribesmen, Khmer people, and others, the U.N. had not received the mandate needed to continue its investigation of the use of chemical weapons in Southeast Asia, the impression would have been created that use of chemical weapons is not taken seriously.

4. U.N. Votes Affect U.S. Foreign Policy

Actions by United Nations bodies, especially by the Security Council, have greater consequences for U.S. foreign policy and the world than often is realized. At the time of writing (February, 1984), the situation in Lebanon is rapidly deteriorating. President Amin Gemayel's government is under progressively serious attack from Syrian-supported forces, U.S. Marines are departing Beirut, and the possible enhancement of the U.N. role in Lebanon is once again under discussion. Had there been a U.N. decision to deploy a substantial observer group in Beirut earlier, before the government of Lebanon had been so weakened, it might have discouraged some of the fighting and helped lay the groundwork for a UN peacekeeping force to replace the MNF. The failure to deploy observers thus may have had important effects on the evolution of events in Lebanon, the viability of its government, the security of Israel, the role of the Syrians (and Soviets) in the region, and the options available to the United States. The Security Council's pending decision on a proposal to deploy U.N. troops in Beirut could also have important repercussions for U.S. policy. And Lebanon is by no means an isolated case.

Nicaragua works hard to move the discussion of Central American problems from the regional level into the U.N. where it can profit from the support of the Soviet bloc and its friend. Nicaragua's initiatives have important implications for the Contadora process, which in turn is important to U.S. policy and prospects in Central America.

The influence of U.N. decisions in the context and conduct of U.S. foreign policy may be incremental, rather than sudden or dramatic, but its cumulative importance should not be underestimated.

C. What U.N. votes tell us

Votes in the United Nations, as in other political systems, are determined not only by cool consideration of the facts and values involved in a particular issue, though these may figure in the final decision. Votes are also a consequence of group identifications and loyalties, and the personal, moral, and financial incentives perceived to be at stake.

There is much votes cannot tell us. The votes of a Congressman do not necessarily tell us where and how he stands within his party or within the Congress, what he cares most deeply about, his relation with his peers, or about the views of his constituency, or his legislative assistant. A vote does not even tell us to which party a Congressman belongs. A Congressman may argue that his votes do not accurately reflect his true values and preferences but instead result from election year pressures of his constituency, his party, the financial pressures on him, and the issues he was forced to vote on. But cumulatively a Congressman's votes tell us in a general way about where he stands on various kinds of issues, what he stands for, and whom he stands with.

Similarly in the United Nations, a country's votes do not tell us everything we need to know because they are not the only way of acting in the U.N., and because their meaning is sometimes indeterminate. Votes are not the only means by which countries express their support and opposition inside the United Nations. Speeches, lobbying inside closed group caucuses and in the corridors, making "threats and promises" (as an African delegate put it) have their effect though they show up on no tally. A number of countries work behind the scenes to aid the U.S. in modifying offensive resolutions. Moreover, the meaning of a single vote, when cast, is not self-evident. A cumulative voting record, however, tells us what a government judged to be in its best interest in the U.N. context. When an African government votes with the majority of African States, or with the majority of the nonaligned group, for a resolution that is unfairly critical of the United States for violating the South African arms embargo, that African state is not necessarily expressing hostility to the U.S.; it may simply believe there will be more unpleasant (personal or official) consequences from voting no than from voting yes.

1. The Determinants of Voting

Over time, a country's votes on important issues reflect its choices among values and priorities. Many factors influence how a nation votes inside the United Nations, just as many factors influence how a Congressman votes. Among the most important of these are:

(1) A country's form of government and basic political values. This factor is most important at the extremes. Warsaw Pact Communist states almost always vote together; democratic countries often vote together.

(2) Its geographical location. Geography—as seen in groups such as the Organization of African Unity or the Association of Southeast Asian Nations (ASEAN)—are an important influence in the U.N. voting.

(3) Its level of economic development. On a range of issues involved in the "North-South" dialogue, less developed countries tend to vote together, as do the industrialized countries.

(4) Its bilateral relations. Bilateral relations, especially economic, military, historic relations may be important determinants of voting inside the U.N.

(5) Its group memberships inside the United Nations. Is it a member of the OAU, the Group of 77 or the Non-Aligned Movement?

(6) The character of the groups of which it is a member. Is the group cohesive and disciplined, like the Soviet bloc, or a loose, shifting coalition, such as the Non-Aligned Movement?

(7) The balance of power inside the United Nations sometimes is a factor. If the outcome of a vote appears a foregone conclusion, then many governments seek to join the majority.

(8) The groups with which a country is associated outside the United Nations may also be an influential determinant of its behavior inside the U.N. Countries closely allied with the Soviet Union outside the U.N. form the most cohesive bloc within the U.N. Membership in the British Commonwealth, which has no formal existence in the U.N., nevertheless on occasion has been an important determinant of voting.

(9) Estimates concerning whether vital bilateral relations outside the United Nations will be affected by a vote in the U.N. An important reason for the decline in U.S. influence in the U.N. was the perception that we did not care much about what went on there.

(10) The facts and values involved in a particular issue.

This list of determinants of voting behavior, while not exhaustive, illustrates the range of influences which contribute to a voting decision on a particular issue. With regard to any particular vote, the factors influencing a country's vote may push the country in conflicting directions. Except in the case of the Soviet bloc, therefore, it is difficult to predict with certainty how a country will vote in a particular instance.

Although it is rarely possible to predict the relative influences of the various factors in any given vote, it is possible to formulate some generalizations.

2. The Blocs

In many ways the United Nations resembles a democratic legislature. As in a legislature where members combine in parties or factions, nations have banded together into blocs whose combined strength is many times that of the individual members. Many

of the blocs work together only in the U.N., where they function much as parties do in a legislature. The blocs offer influence, security and fellowship. They caucus, discuss, adopt common positions. Unless there are countervailing influences, the blocs control the agenda, the debate, and the decisions.

The blocs are geographical, ethnic, political and cultural in character. There is the Organization of African Unity, which unites all African nations except South Africa. There is the Latin American Group, in which are gathered the nations of Latin America and the Caribbean; the Group of 77, or the G-77, which consists of some 120 developing countries who gather together to try to promote economic development. The Islamic Conference links together all Moslem nations, Arab and non-Arab.

In some cases, relationships that exist among countries outside the United Nations determine their behavior inside the U.N. The most striking example is how countries linked to the Soviet Union vote in the U.N. exactly as the Soviet Union votes. The relationships between the Soviet Union and Ukraine, Poland, Afghanistan are exactly the same in the Security Council or General Assemly as in the world. The Soviet Union decides.

Other groups that exist outside the U.N. function as blocs inside the organization. The European Community and ASEAN are examples, though neither is nearly so tightly disciplined and monolithic as the Soviet bloc. The Commonwealth, which links together in loose association the former members of the British empire, does not normally play a role in U.N. affairs. However, these ties are occasionally mobilized as in the Falklands conflict, when the U.K. herself was embroiled in a war with a non-Commonwealth member. Similarly, the French government maintains especially close ties to former French colonies. In several of these cases, bilateral economic assistance reinforces bonds of loyalty.

Overarching and overlapping all these groups is the most important bloc of all: the Non-Aligned Movement. Founded twenty years ago on the initiative of Tito, Nehru and Nasser at a time when the United Nations agenda tended to be dominated by East-West rivalries, this has become the most powerful bloc in the United Nations. The Non-Aligned group has grown to include some 100 of the 158 nations in the United Nations. It contains all of the African and Arab, most of the Asian and some of the Latin American states. Support from the Non-Aligned Movement guarantees the success of any resolution in the General Assembly or in any of the committees or organizations of the United Nations that operate on the principle of one country, one vote. The opposition of a united Non-Aligned Movement guarantees defeat, even inside the Security Council, where the Non-Aligned constitute a caucus of eight in a body of fifteen.

The power of the blocs depends, of course, on their cohesion as well as on their size; they are not equally cohesive. The Latin American group suffers from the same tendency toward schism that characterizes the politics of most Latin American nations. It is almost never able to agree on a common position, usually because Cuba, Guyana and Nicaragua (often joined by Mexico) block consensus. The Organization of African Unity, on the other hand, operates with notable sophistication and discipline and is usually able to reach and maintain common positions. So does the European Community. On the other hand, deep divisions inside the Arab world prevent the Islamic Conference States from acting together on most issues except those involving Israel.

The Non-Aligned, with its approximately 100 members is heterogeneous and cannot agree on many issues. But despite this heterogeneity, it is sufficiently cohesive to have influence in all arenas in the United Nations.

3. Some Consequences of Bloc Politics

As already noted, the blocs have overlapping memberships, and most U.N. members belong to more than one bloc. The fact that a number of Marxist-Leninist states are simultaneously members of the Soviet bloc and one or two other blocs as well is a source of great strength for the Soviet Union because it gives Soviet bloc representatives access to the internal procedures of other blocs. As Chairman of the Non-Aligned Movement from 1979 to 1983, Cuba was able to radicalize the NAM further and sometimes to make it serve as an instrument of Soviet foreign policy. Meanwhile, as a member of the Latin American group, Cuba was able to bloc Latin consensus on candidate slates thus forcing the selection of Latin America's representatives in many UN bodies into the General Assembly where moderates' chances of success would be lessened. Overlapping memberships of the Soviet bloc with the Arab, African, Non-Aligned group and G-77 in many cases produce the famous "automatic majority" of Third World and Soviet bloc nations. The United States, on the contrary, is a member of no group at the United Nations, though we work closely with many nations. This fact makes us rather like a country without a party in the midst of a body with a highly developed party system.

There are important rewards for belonging to one of the blocs and following its decisions. There are the pleasures of group solidarity and the displeasures of peer pressure and disapproval. There are also more concrete rewards. Blocs function as mutual protection associations and membership guarantees allies. Alliances among the blocs often guarantee each member enough allies to protect each against censure.

The United Nations response to the Libyan invasion of Chad offers an opportunity to observe how the system works. As the Libyans move in force into Chad, that country appealed to the Security Council for help. Chad is a member of the Organization of African Unity. The Non-Aligned Movement, and, as a former French colony, enjoys a special relationship with francophone Africa and with France. Libya, however, is also a member of the OAU, the NAM, and, in addition, of the Arab group, the Islamic Conference and usually votes with the Soviet bloc. By virtue of these memberships, Libya was able to divide and immobilize the African group and the NAM. Chad finally could count for help only on the francophone African members of the Security Council—Togo and Zaire—and on those western countries—the U.S., the U.K., the Netherlands and France—committed to trying to discourage the use of force in international disputes. The result has been that to this day the small, poor African nation which has been the object of invasion and occupation, has been unable to obtain relief from the Security Council.

For most countries, most of the time, bloc membership is probably the most important single determinant of their votes. But, except in the case of the Soviet bloc, it is not automatic. And although the blocs inside the United Nations importantly influence behavior inside the U.N., they rarely are more important than relations outside the U.N.—provided countries believe that what happens inside the U.N. will have significant consequences for their relations outside.

D. What the votes tell us about the U.N. today

The record in both the Security Council and the General Assembly establishes that the diverse members of those bodies are more often able to reach consensus on issues than is usually believed to be the case. Ten of twenty Security Council resolutions and 183 of 331 General Assembly actions were adopted without a negative vote. Though behind-the-scenes negotiations often were tense and prolonged, they usually resulted in consensus. The price of consensus, however, often was a rather anodyne resolution which did not contribute materially to the solution of the problem in question.

The record also shows that when no consensus existed, outcomes more often were favorable to Soviet positions than to Western views. This is partly because the political culture of the U.N. often filters the world through quasi-Marxist categories and partly because of Soviet organizational influence. Overall, the nations of the Non-Aligned Movement and Western nations agreed on about 20% of their votes, while 80%, of the time the Non-Aligned and the Soviet bloc were in agreement. Obviously, this is damaging not only to the United States but to all the industrialized democracies.

Perhaps more disturbing than the disparities in outcome, was the fact that the United States was the only major country singled out for criticism by name in several resolutions of the Thirty-Eighth General Assembly. One such resolution falsely attacked the U.S. for violating the South African arms embargo (which in fact we have not done); one unjustly attacked the U.S. for nuclear collaboration with South Africa; a third attacked the U.S. for its assistance to Israel.

Neither the Soviet Union, which maintains more than 100,000 occupation troops in a brutal war against Afghanistan, violates chemical warfare agreements, and shot down an unarmed civilian airliner; nor North Korea, whose bombs murdered South Korea's ministers in Rangoon; nor Vietnam, which maintains a huge occupation force in Cambodia; nor Libya, which invaded Chad and promotes worldwide terrorism; nor Iran, which is seeking systematically to eliminate its Baha'i population; nor states, which created great hardship by expelling tens of thousands, have been the object of specific disapproval in a U.N. resolution.

Explicit criticism of a country by name has become, inside the U.N., something very different than in most human situations. It is an act of powerful blocs against countries unable to defend themselves in the U.N. context. Only those countries which lack the protection of membership in an influential bloc are singled out for explicit criticism in the U.N. Such selective censure necessarily is discriminatory and unfair. Moreover, the political use of the U.N. to embarrass countries unable to protect themselves undermines the Organization's capacity to do the valid and important tasks for which it was created.

E. What can be done

Patterns of voting behavior in the U.N. are less rigid than is sometimes supposed. With the single exception of the Soviet bloc, it should not be assumed that membership in this or that group will necessarily determine how a country votes or speaks on a given issue. Overlapping memberships create conflicting claims; relations outside the United Nations may conflict with relationships inside the U.N. There are significant variations in the votes on important issues among the nations of Africa, the Islamic Conference and in the Non-Aligned bloc. It should never be assumed that membership in this or that bloc constitutes an automatic reason for casting a hostile vote. Togo and Zaire, for example, almost always agreed with the Western nations in the Security Council votes; Zimbabwe was usually on the other side of conflicted issues; yet all three are active members of the African and Non-Aligned groups. It is only necessary to look at the voting support scores to understand that countries within each of the groups diverge on important issues.

The United States has many good friends among the members of the United Nations and in most of its blocs. If countries which are good friends of the U.S. outside the U.N. do not always act like good friends inside that body, an important reason is surely our failure to communicate that the United States cares deeply about U.N. outcomes. Experience has shown that when we let other nations know we are deeply interested in an outcome, those others are much more likely to take our values and interests into account in casting their votes. The goal of the Administration in the United Nations is to encourage that body to contribute, as it was originaly intended, to the peaceful resolution of disputes among nations, the enhancement of human freedom and human rights, the encouragment of economic development and well-being of peoples. The Congress' help in underscoring our national concerns and values, and their connection with voting patterns in the U.N. context, surely will help.

THE THIRTY-EIGHTH GENERAL ASSEMBLY: ALL VOTES

A NOTE ON METHODOLOGY

The tables contained in this section reflect percent coincidence of countries' votes with the U.S. in the 38th UN General Assembly Plenary. This coincidence takes into account all recorded votes, including procedural motions and paragraph votes, which occurred in the Plenary but does not include issues approved without vote or by consensus. The percent coincidence is calculated on the basis of Yes/No votes only and does not take into account abstentions or absences. This method provides less distortion than any alternative. Table 1 is broken down according to geographical regions. Tables 2-9 reflect voting coincidence according to significant regional or political groupings.

U.N. Voting record,[1] 38th General Assembly—All UNGA plenary votes[2]

	Percent[3]
Africa:	
Ivory Coast	30.5
Swaziland	29.0
Liberia	28.3
Chad	26.0
Zaire	25.9
Somalia	25.2
Malawi	24.7
Morocco	23.7
Togo	23.6
Lesotho	23.5
Egypt	23.4
Cameroon	22.2
Gabon	22.2
Central African Republic	21.9
Sudan	21.0
Botswana	20.2
Niger	20.2
Equatorial Guinea	20.0
Senegal	19.8
Mali	19.7
Mauritius	19.7
Nigeria	19.7
Gambia	19.5
Kenya	19.0
Mauritania	19.0
Ghana	18.9
Tunisia	18.9
Rwanda	18.4
Guinea	18.0
Uganda	17.9
Burundi	17.8
Sierra Leone	17.8
Zambia	17.8
Comorow	17.5
Tanzania	16.4
Djibouti	16.3
Madagascar	15.7
Upper Volta	15.3
Congo	15.2
Zimbabwe	15.2
Benin	14.3
Ethiopia	13.7
Guinea Bissau	13.4
Algeria	13.2
Cape Verde	12.4
Sao Tome and Principe	12.3
Libya	11.4
Seychelles, The	10.3
Angola	10.0
Mozambique	8.7
Group average	18.6
Eastern Europe:	
Yugoslavia	19.1
Romania	16.3
Poland	14.6
Hungary	14.1
Czechoslovakia	14.0
Bulgaria	13.8
Byelorussia S.S.R.	13.8
German Democratic Republic	13.8
Ukraine	13.8
U.S.S.R.	13.8
Albania	4.4
Group average	14.2
Americas:	
Canada	76.8
Paraguay	45.1
Guatemala	41.0
Dominica	40.5
St. Lucia	38.6
Antigua and Barbuda	34.9
Chile	33.3
St. Christopher and Nevis	33.3
St. Vincent and Grenadines	32.7
Haiti	32.1
Costa Rica	30.5
El Salvador	30.2
Honduras	30.0
Uruguay	29.3
Barbados	28.3
Jamaica	25.4
Belize	25.0
Ecuador	24.6
Colombia	24.5
Dominican Republic	24.1
Peru	24.0
Brazil	23.6
Bahamas	23.4
Bolivia	22.7
Trinidad and Tobago	22.5
Panama	22.2
Venezuela	22.0
Suriname	20.7
Mexico	19.5
Argentina	18.5
Grenada	18.4
Guyana	17.6
Nicaragua	14.1
Cuba	10.2
Group average	26.8
Western Europe:	
United Kingdom	84.2
Federal Republic of Germany	82.0
Belgium	73.7
Luxembourg	73.7
Italy	71.3
France	67.6
Netherlands	66.3
Norway	60.4
Portugal	57.0
Iceland	56.7
Denmark	51.5
Ireland	44.4
Sweden	42.9
Spain	41.6
Turkey	40.5
Finland	38.8
Austria	36.7
Greece	26.8
Malta	21.6
Group average	53.8
No affiliation:	
Israel	93.3
Asia and the Pacific:	
Japan	69.0
New Zealand	66.7
Australia	65.6
Samoa	39.0
Solomons	38.9
Philippines	30.4
Singapore	25.6
Fiji	25.4
Kampuchea	25.0
Thailand	24.8
Nepal	23.0
Pakistan	22.8
Lebanon	22.5
Malaysia	22.1
Papua New Guinea	22.1
Indonesia	21.4
Sri Lanka	21.1
Burma	21.0
Bangladesh	20.6
China	20.5
Oman	19.8
Bhutan	19.4
Saudi Arabia	19.3
Vanuatu	19.3
Maldive	18.1
Cyprus	18.0
Jordan	17.2
Qatar	17.2
Emirates	17.0
Bahrain	16.4
India	16.4
Kuwait	15.9
Yemen North	14.3
Iran	14.2
Iraq	14.2
Mongolia	12.6
Yemen South	12.1
Syria	11.3
Afghanistan	10.3
Viet Nam	8.7

Laos	8.3
Group average	21.5

[1] Table contains all countries which participated in the 38th UNGA September-December 1983.

[2] Table reflects all votes recorded in UNGA including separate paragraph votes.

[3] Percent coincidence with U.S. votes (Yes/No).

TEN MOST IMPORTANT VOTES AFFECTING U.S. INTERESTS DURING THE 38TH UNITED NATIONS GENERAL ASSEMBLY FALL 1983

The ten votes described below were judged by the U.S. Mission to the UN as the most important affecting U.S. interests during the 38th UN General Assembly.

The ten votes selected also reflect regional and functional distribution of issues. There are two votes on the Middle East (Israel's Credentials and the Resolution on U.S. support for Israel); two on Latin America (both on Grenada); two on Africa (Apartheid and the U.S.-South Africa relationship); two on Asia (Kampuchea and Afghanistan); one on arms control (chemical and bacteriological weapons); and one on human rights (El Salvador).

Vote totals shown for each vote are Yes, No, Abstain/Absent (Y-N-AB), with the US vote shown in parentheses.

1. ISRAELI CREDENTIALS

Procedural motion that no action be taken to an amendment which would not have approved Israel's credentials.

Vote: 79(US)-43-19.

2. THE MIDDLE EAST SITUATION

Resolution 38/180 E. States awareness that reported agreements between the U.S. and Israel will increase Israel's intransigence and escalate Israel's expansionist and annexationist policies; demands that the U.S. refrain from any step that would support Israel's war capabilities.

Vote: 81-27(US)-29.

3. AFGHANISTAN

Resolution 38/29. Calls for the immediate withdrawal of foreign troops from Afghanistan, reaffirms the right of the Afghan people to determine their own form of government, and calls on all parties to work for a political solution.

Vote: 116(US)-20-17

4. KAMPUCHEA

Resolution 38/3. Deplores foreign armed intervention and occupation by foreign forces in Kampuchea, and reiterates conviction that withdrawal of foreign forces, noninterference, and non-intervention are principal components of any just and lasting resolution of the Kampuchean problem.

Vote: 105(US)-23-19.

5. GRENADA

Motion to close debate (gag rule). Approval of this motion prevented the U.S. and others from speaking in the General Assembly debate on Grenada.

Vote: 60-54(US)-24.

6. GRENADA

Resolution 38/7. Deplores armed intervention in Grenada and calls for immediate withdrawal of foreign troops from Grenada.

Vote: 108-9(US)-27.

7. CHEMICAL AND BACTERIOLOGICAL WEAPONS

Resolution 38/187 C: Requests the UN Secretary General with experts to pursue the investigation of violations of the 1925 Geneva protocol on gases and bacteriological warfare; requests completion in 1984 of documentation on identification of symptoms associated with use of prohibited agents.

Vote: 97(US)-20-30.

8. HUMAN RIGHTS IN EL SALVADOR

Resolution 38-101: expresses deepest concern that gravest violations of human rights are persisting in El Salvador, recommends reform, calls for comprehensive negotiated political solution, and urges all states to abstain from intervening and to suspend any type of military assistance.

Vote: 84-14(US)-45.

9. COLLABORATION WITH SOUTH AFRICA

Resolution 38/39 G: Expresses alarm at violation of arms embargo and continued nuclear collaboration by the U.S. and others with South Africa and condemns U.S. decision to approve request for seven corporations to provide service to South Africa's nuclear installation.

Vote: 122-9(US)-17.

10. SOUTH AFRICA

Resolution 38/39 A: Condemns the United States for its policy towards South Africa of constructive engagement; condemns the policies of the U.S., Isreal, and others, their transnational corporations, and their financial institutions for collaboration with South Africa; calls upon the IMF to terminate credits to South Africa; and recognizes that national liberation movements have the right to armed struggle against South Africa.

Vote: 124-16(US)-10.

TEN KEY ISSUES IN RANK ORDER BY REGION, 38TH GENERAL ASSEMBLY, FALL 1983

[Y-Yes, N-No, A-Absence or abstention]

	Accept Israeli credentials (resolution 1)	Condemn U.S. support for Israel (resolution 2)	Condemn Afghanistan intervention (resolution 3)	Condemn Kampuchea intervention (resolution 4)	Gag Grenada debate (resolution 5)	Deplore Grenada intervention (resolution 6)	Investigate illegal CW use (resolution 7)	Suspend assistance to El Salvador (resolution 8)	Impose embargo on South Africa (resolution 9)	Condemn U.S. support for South Africa (resolution 10)	Total		
											Agree with United States	Disagree	Abstain/ absent
Africa:													
Liberia	Y	A	Y	Y	N	A	Y	A	A	A	5	0	5
Ivory Coast	Y	A	Y	Y	N	A	Y	A	A	A	5	0	5
Togo	Y	A	Y	Y	N	A	Y	Y	Y	Y	5	3	2
Zaire	Y	A	Y	Y	A	A	Y	A	A	Y	4	1	5
Swaziland	Y	A	Y	Y	A	Y	Y	A	Y	A	4	2	4
Gabon	Y	A	Y	Y	A	A	Y	A	Y	Y	4	2	4
Chad	Y	A	Y	Y	A	A	Y	A	Y	Y	4	2	4
Central African Republic	Y	A	Y	Y	A	A	Y	A	Y	Y	4	2	4
Cameroon	Y	A	Y	Y	A	A	Y	A	Y	Y	4	3	3
Sudan	N	Y	Y	Y	N	A	Y	A	Y	Y	4	4	2
Niger	Y	Y	Y	Y	A	Y	Y	A	Y	Y	4	4	2
Kenya	Y	Y	Y	Y	A	A	Y	Y	Y	Y	4	4	2
Egypt	Y	Y	Y	Y	A	Y	Y	A	Y	Y	4	4	2
Somalia	N	Y	Y	Y	N	Y	Y	A	Y		4	5	1
Lesotho	Y	A	Y	Y	Y	Y	Y	Y	Y	Y	4	5	1
Zambia	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	4	6	0
Botswana	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	4	6	0
Rwanda	A	A	Y	Y	A	A	Y	Y	Y	Y	3	3	4
Morocco	A	Y	Y	Y	A	A	Y	A	Y	Y	3	3	4
Tunisia	A	Y	Y	Y	A	A	Y	Y	Y	Y	3	4	3
Senegal	A	Y	Y	Y	A	A	Y	Y	Y	Y	3	4	3
Mauritius	A	A	Y	Y	A	Y	Y	Y	Y	Y	3	4	3
Djibouti	N	Y	Y	Y	A	A	Y	A	Y	Y	3	4	3
Sierra Leone	A	Y	Y	Y	A	A	Y	Y	Y	Y	3	5	2
Nigeria	A	Y	Y	Y	A	Y	Y	Y	Y	Y	3	5	2
Gambia	N	Y	Y	Y	A	A	Y	Y	Y	Y	3	5	2
Guinea	A	Y	Y	Y	Y	Y	Y	Y	Y	Y	3	6	1
Burundi	A	Y	Y	Y	Y	Y	Y	Y	Y	Y	3	6	1
Mauritania	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	3	7	0
Malawi	Y	A	A	A	A	A	Y	A	A	A	2	0	8
Equatorial Guinea	A	A	A	Y	Y	A	A	A	Y	Y	2	2	6
Comoros	N	A	Y	Y	A	Y	A	A	Y	Y	2	4	4
Zimbabwe	A	Y	Y	A	Y	Y	Y	Y	Y	Y	2	6	2
Ghana	A	Y	Y	A	Y	Y	Y	Y	Y	Y	2	6	2
Mali	N	Y	A	Y	Y	Y	Y	Y	Y	Y	2	7	1
Tanzania	A	Y	Y	A	Y	Y	A	Y	Y	Y	1	6	3
Upper Volta	A	Y	A	A	Y	Y	A	Y	Y	Y	0	6	4
Uganda	A	Y	A	A	Y	Y	A	Y	Y	Y	0	6	4
Seychelles	A	Y	A	A	Y	Y	A	Y	Y	Y	0	6	4
Cape Verde	A	Y	A	A	Y	Y	A	Y	Y	Y	0	6	4
Benin	A	Y	A	A	Y	Y	A	Y	Y	Y	0	6	4
Sao Tome and Principe	N	Y	A	A	Y	Y	A	Y	Y	Y	0	7	3
Madagascar	A	Y	N	A	Y	Y	A	Y	Y	Y	0	7	3

TEN KEY ISSUES IN RANK ORDER BY REGION, 38TH GENERAL ASSEMBLY, FALL 1983—Continued

[Y-Yes, N-No, A-Absence or abstention]

	Accept Israeli credentials (resolution 1)	Condemn U.S. support for Israel (resolution 2)	Condemn Afghanistan intervention (resolution 3)	Condemn Kampuchea intervention (resolution 4)	Gag Grenada debate (resolution 5)	Deplore Grenada intervention (resolution 6)	Investigate illegal CW use (resolution 7)	Suspend assistance to El Salvador (resolution 8)	Impose embargo on South Africa (resolution 9)	Condemn U.S. support for South Africa (resolution 10)	Total		
											Agree with United States	Disagree	Abstain/ absent
Guinea Bissau	N	Y	A	A	Y	Y	A	Y	Y	Y	0	7	3
Algeria	N	Y	A	A	Y	Y	A	Y	Y	Y	0	7	3
Congo	A	Y	N	N	Y	Y	N	Y	Y	Y	0	9	2
Ethiopia	A	Y	N	N	Y	Y	N	Y	Y	Y	0	9	1
Angola	N	Y	N	N	Y	Y	A	Y	Y	Y	0	9	1
Mozambique	N	Y	N	N	Y	Y	N	Y	Y	Y	0	10	0
Libya	N	Y	N	N	Y	Y	N	Y	Y	Y	0	10	0
Asia and Pacific:													
Australia	Y	N	Y	Y	N	Y	Y	Y	N	N	8	2	0
Japan	Y	N	Y	Y	N	A	Y	A	A	N	7	0	3
New Zealand	Y	N	Y	Y	N	A	Y	Y	A	N	7	1	2
Philippines	Y	A	Y	Y	N	A	Y	N	Y	Y	6	2	2
Fiji	Y	A	Y	Y	N	A	Y	A	Y	Y	5	2	3
Thailand	Y	A	Y	Y	N	Y	Y	A	Y	Y	5	3	2
Singapore	Y	A	Y	Y	N	Y	Y	A	Y	Y	5	3	2
Papua New Guinea	Y	A	Y	Y	N	Y	Y	Y	Y	Y	5	4	1
Pakistan	N	Y	Y	Y	N	Y	Y	N	Y	Y	5	5	0
Samoa, Western	Y	A	Y	Y	N	A	A	A	Y	Y	4	2	4
Nepal	Y	A	Y	Y	A	Y	Y	A	Y	Y	4	3	3
Kampuchea	A	Y	Y	Y	N	A	Y	A	Y	Y	4	3	3
Burma	Y	A	Y	Y	N	Y	A	A	Y	Y	4	3	3
Malaysia	N	Y	Y	Y	N	Y	Y	A	Y	Y	4	5	1
Indonesia	N	Y	Y	Y	A	Y	Y	N	Y	Y	4	5	1
Bangladesh	N	Y	Y	Y	A	Y	Y	N	Y	Y	4	5	1
Solomon Islands	Y	A	Y	Y	A	A	A	A	Y	Y	3	2	5
Oman	N	Y	Y	Y	A	A	Y	A	Y	Y	3	4	3
Maldives	A	Y	Y	Y	A	Y	Y	A	Y	Y	3	4	3
China	A	Y	Y	Y	A	Y	Y	A	Y	Y	3	4	3
Shutan	Y	Y	A	Y	A	Y	Y	A	A	Y	3	4	3
Sri Lanka	Y	Y	Y	Y	Y	Y	A	A	Y	Y	3	5	2
Saudi Arabia	N	Y	Y	Y	A	Y	Y	Y	Y	Y	3	6	1
Lebanon	A	A	Y	A	A	A	Y	A	Y	Y	2	2	6
United Arab Emirates	N	Y	Y	Y	Y	Y	A	Y	Y	Y	2	7	1
Qatar	N	Y	Y	Y	Y	Y	A	Y	Y	Y	2	7	1
Kuwait	N	Y	Y	Y	Y	Y	A	Y	Y	Y	2	7	1
Bahrain	N	Y	Y	Y	Y	Y	A	Y	Y	Y	2	7	1
Vanuatu	A	A	Y	A	Y	Y	A	Y	Y	Y	1	5	4
Jordan	N	Y	Y	A	A	Y	A	A	Y	Y	1	5	4
Cyprus	Y	Y	A	A	Y	Y	A	Y	Y	Y	1	6	3
Iran	N	Y	Y	A	A	Y	A	Y	Y	Y	1	7	2
Yemen Arab Representative	N	Y	A	A	A	Y	A	A	Y	Y	0	5	5
Iraq	N	Y	A	A	A	Y	A	Y	Y	Y	0	6	4
India	A	Y	A	A	Y	Y	N	Y	Y	Y	0	7	3
Yemen, People's Democratic Republic of	N	Y	N	N	Y	Y	N	Y	Y	Y	0	10	0
Vietnam	N	Y	N	N	Y	Y	N	Y	Y	Y	0	10	0
Syrian Arab Republic	N	Y	N	N	Y	Y	N	Y	Y	Y	0	10	0
Mongolian People's Republic	N	Y	N	N	Y	Y	N	Y	Y	Y	0	10	0
Laos	N	Y	N	N	Y	Y	N	Y	Y	Y	0	10	0
Afghanistan	N	Y	N	N	Y	Y	N	Y	Y	Y	0	10	0
The Americas:													
Paraguay	Y	N	Y	Y	N	A	Y	N	N	N	9	0	1
Canada	Y	N	Y	Y	N	A	Y	Y	N	N	8	1	1
Guatemala	Y	N	Y	Y	N	A	Y	N	A	A	7	0	3
Honduras	Y	N	Y	Y	N	A	Y	N	A	Y	7	1	2
El Salvador	Y	A	Y	Y	N	N	Y	N	A	Y	7	1	2
Saint Lucia	Y	A	Y	Y	N	N	Y	N	Y	Y	7	2	1
Haiti	Y	N	Y	Y	A	A	Y	N	Y	Y	6	2	2
Chile	Y	N	Y	Y	N	Y	A	N	Y	A	6	2	2
Antigua and Barbuda	Y	A	Y	Y	N	N	Y	A	Y	Y	6	2	2
Uruguay	Y	A	Y	Y	N	Y	Y	N	Y	Y	6	3	1
Jamaica	Y	A	Y	Y	N	N	Y	Y	Y	Y	6	3	1
Dominica	Y	A	Y	Y	A	N	Y	A	A	A	5	0	5
Saint Vincent	Y	A	Y	A	N	N	Y	A	Y	Y	5	2	3
Costa Rica	Y	N	Y	Y	A	Y	Y	A	A	Y	5	2	3
Belize	Y	A	Y	Y	N	A	Y	A	Y	Y	5	2	3
Peru	Y	A	Y	Y	N	Y	Y	A	Y	Y	5	3	2
Bahamas	Y	A	Y	Y	N	Y	Y	A	Y	Y	5	3	2
Dominican Republic	Y	N	Y	Y	Y	Y	Y	A	Y	Y	5	4	1
Barbados	A	A	Y	Y	N	N	A	A	Y	Y	4	2	4
Venezuela	Y	A	Y	Y	N	Y	A	A	Y	Y	4	3	3
Trinidad and Tobago	Y	A	Y	A	N	Y	Y	A	Y	Y	4	3	3
Ecuador	Y	A	Y	Y	A	Y	Y	A	Y	Y	4	3	3
Bolivia	Y	A	Y	Y	A	Y	Y	A	Y	Y	4	3	3
Colombia	Y	A	Y	Y	Y	Y	Y	A	Y	Y	4	4	2
Brazil	Y	A	Y	Y	Y	Y	A	N	Y	Y	4	4	2
Suriname	A	Y	Y	Y	A	Y	Y	A	Y	Y	3	4	3
Argentina	Y	A	Y	Y	Y	Y	A	A	Y	Y	3	4	3
Panama	Y	A	Y	A	Y	Y	A	A	Y	Y	2	4	4
Mexico	Y	A	Y	A	Y	Y	A	Y	Y	Y	2	5	3
Guyana	A	Y	Y	N	Y	Y	Y	Y	Y	Y	2	7	1
St. Christopher	A	A	Y	A	A	A	A	A	A	A	1	0	9
Grenada	A	A	A	A	Y	Y	A	A	A	A	0	3	7
Nicaragua	N	Y	A	N	Y	Y	A	Y	Y	Y	0	8	2
Cuba	N	Y	N	N	Y	Y	N	Y	Y	Y	0	10	0
Western Europe:													
United Kingdom	Y	N	Y	Y	N	A	Y	A	N	N	8	0	2
Germany, Federal Republic of	Y	N	Y	Y	N	A	Y	A	N	N	8	0	2
Portugal	Y	N	Y	Y	N	Y	Y	Y	N	N	8	2	0
Italy	Y	N	Y	Y	N	Y	Y	Y	N	N	8	2	0
France	Y	N	Y	Y	N	Y	Y	Y	N	N	8	2	0
Luxembourg	Y	N	Y	Y	N	A	Y	Y	A	N	7	1	2
Belgium	Y	N	Y	Y	N	A	Y	Y	A	N	7	1	2
Norway	Y	N	Y	Y	N	Y	Y	Y	A	N	7	2	1
Netherlands	Y	N	Y	Y	N	Y	Y	Y	A	N	7	2	1
Iceland	Y	N	Y	Y	N	Y	Y	Y	A	N	7	2	1

TEN KEY ISSUES IN RANK ORDER BY REGION, 38TH GENERAL ASSEMBLY, FALL 1983—Continued

[Y-Yes, N-No, A-Absence or abstention]

	Accept Israeli credentials (resolution 1)	Condemn U.S. support for Israel (resolution 2)	Condemn Afghanistan intervention (resolution 3)	Condemn Kampuchea intervention (resolution 4)	Gag Grenada debate (resolution 5)	Deplore Grenada intervention (resolution 6)	Investigate illegal CW use (resolution 7)	Suspend assistance to El Salvador (resolution 8)	Impose embargo on South Africa (resolution 9)	Condemn U.S. support for South Africa (resolution 10)	Total		
											Agree with United States	Disagree	Abstain/ absent
Sweden	Y	N	Y	Y	N	Y	Y	Y	A	A	6	2	2
Ireland	Y	N	Y	Y	N	Y	Y	Y	A	A	6	2	2
Denmark	Y	N	Y	Y	N	Y	Y	Y	A	N	6	2	2
Austria	Y	A	Y	Y	N	Y	Y	Y	A	A	5	2	3
Spain	Y	A	Y	Y	A	Y	Y	Y	A	A	4	2	4
Turkey	A	Y	Y	Y	N	A	Y	A	Y	Y	4	3	3
Greece	Y	Y	Y	Y	Y	Y	Y	Y	A	A	4	4	2
Finland	Y	N	A	A	N	Y	A	Y	A	A	3	2	5
Malta	A	Y	Y	Y	A	Y	Y	Y	Y	Y	3	5	2
No affiliation:													
Israel	Y	N	Y	Y	N	N	Y	A	A	A	7	0	3
Eastern Europe:													
Yugoslavia	Y	Y	Y	Y	Y	Y	A	Y	Y	Y	3	6	1
Romania	Y	Y	A	A	Y	Y	Y	A	Y	Y	2	5	3
Albania	N	Y	A	N	A	A	A	A	Y	Y	1	4	5
Hungary	A	Y	N	N	Y	Y	N	Y	Y	Y	0	9	1
Ukraine	N	Y	N	N	Y	Y	N	Y	Y	Y	0	10	0
U.S.S.R	N	Y	N	N	Y	Y	N	Y	Y	Y	0	10	0
Poland	N	Y	N	N	Y	Y	N	Y	Y	Y	0	10	0
German Democratic Republic	N	Y	N	N	Y	Y	N	Y	Y	Y	0	10	0
Czechoslovakia	N	Y	N	N	Y	Y	N	Y	Y	Y	0	10	0
Byelorussia	N	Y	N	N	Y	Y	N	Y	Y	Y	0	10	0
Bulgaria	N	Y	N	N	Y	Y	N	Y	Y	Y	0	10	0

Mr. LONG. Mr. President, will the Senator yield?

Mr. KASTEN. I shall be pleased to yield to the Senator from Louisiana.

Mr. LONG. Will the Senator be so kind as to make the information on voting patterns of various countries available, for insertion in the CONGRESSIONAL RECORD or some sort of pamphlet that calls it to the attention of each Senator? I know very often, when we look at trade matters as well as matters that involve foreign aid, we could take those matters into account. When people, just as a matter of vicarious pleasure, proceed to vote against or condemn the United States for no good reason, it seems to me we ought to return the favor. When looking at something we could do just as easily as not do, from my point of view, it would be well to withhold it.

I have not been very enthusiastic about much of this foreign aid business, anyway. But if we are going to have a foreign aid program, we ought to treat those who have a way of acting as though they are our friends better than those who seem to delight in kicking Uncle Sam or glory in doing it. It ought to cost them something, especially when we are in a position to do someone a favor.

Mr. KASTEN. Mr. President, I should like, first of all, to thank the Senator from Louisiana, the distinguished ranking member of the Committee on Finance, for his comments. I want to say to him that I will be providing a detailed examination, country by country, on key votes and overall votes. I am enthusiastic about the possibility of working with the Senator from Louisiana on trade matters as well as other matters of foreign assistance because this is all related, Mr. President. I hope that, during this week, these votes will become more and more apparent, not just to Members of the Senate and House of Representatives, but also more apparent to the American public.

Mr. LONG. I thank the Senator.

Will the Senator yield further?

Mr. KASTEN. I am pleased to yield to the Senator from Louisiana.

Mr. LONG. The Senator knows that votes of Ambassadors to the United Nations, just as vote of Senators here in the U.S. Senate, oftentimes reflect a variety of considerations. There are times when a Senator finds he has a very good friend in this body voting contrary to his position because that person had the considerations of his own constituency to consider. When the interest of his own State seems to be in conflict with the interest of the State represented by some other friend who is serving in the Senate, you can expect each Senator to reflect the point of view of those who sent him here. The same thing, I am sure, is appropriately true in the United Nations; there will be times when other nations have a compelling reason to vote contrary to the way we would vote here. But taking all those things into account, the point should be very obvious that there will be many occasions when there is every reason why some of these nonalined countries should vote with us and no good reason why they should vote the other way. I hope that, as the Senator is analyzing those matters, he will be able to point out on some basis by careful analysis how certain nations have just been voting against us willynilly, for no good reason whatever, even when logic would suggest that they ought to be voting with us.

That is the type of thing I think we ought to be taking into consideration. It is one thing for someone to engage in an unfriendly act when he has a compelling reason to do so. It is another reason for them to do it when they have no good reason for doing so.

That is the type of thing the Senator, I know, would want to point out to us, and I hope he will be able to provide detailed information because sometimes just a cold statistic or study does not show as much as it does when you analyze it to determine what consideration if any, there was for these varied nonalined countries to vote against us.

Mr. KASTEN. I agree with the Senator from Louisiana, and I recognize that there are times when it is going to be in a country's legitimate interests to vote in a certain way. What we are trying to do here for the very first time is to put all these votes out before us so that they can be analyzed. I believe that this first report is an historic moment. Now that we are able to analyze these votes, we can go forward and look at them in terms not only of American foreign assistance but also in terms of the trade policies which have been of such interest to the Senator from Louisiana. So I am anxious to work with the distinguished Senator from Louisiana as we look at these votes and evaluate the voting patterns.

Mr. LONG. Mr. President, the Senator from Louisiana has on occasion had some group of outstanding constituents bring in their record as to how they would judge this Senator based on his votes on a variety of issues in which they are interested. I must say that is interesting for one to have to defend his record when someone has carefully compiled a long list of votes and feels a Senator's record in representing his constituents has not

been what that particular group thinks it should be.

It seems to me we certainly have a right with regard to some so-called friendly countries to call the roll and ask them to explain on behalf of their government why their representatives voted against us time after time when there appeared to be no good reason for it, especially if they think we ought to help them with some of their affairs from time to time.

Mr. KASTEN. I do not want to get ahead of myself, but in preparing this series of speeches and analyzing the votes, there is a particularly interesting group of countries whose behavior I want to quickly share with the Senator from Louisiana. There are a number of countries who voted against a resolution condemning the Soviet invasion of Afghanistan, and then turned and voted to condemn the U.S. rescue operation in Grenada. That is an interesting group of countries.

Mr. LONG. Yes.

Mr. KASTEN. We are going to make these kinds of comparisons as we go through the period of the next week or 10 days and develop these kinds of voting patterns. So I thank the Senator from Louisiana for his interest and I look forward to working with him.

Mr. LONG. I thank the Senator.

Mr. KASTEN. I yield the floor.

RECOGNITION OF SENATOR PROXMIRE

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Wisconsin is recognized for not to exceed 15 minutes.

Mr. PROXMIRE. I thank the Chair.

HOW WILL NEW TECHNOLOGY AFFECT THE RISK OF NUCLEAR WAR?

Mr. PROXMIRE. Mr. President, can we find salvation from nuclear destruction in reliance on improvements in nuclear weapons that will protect us from a nuclear attack? That is a tempting alternative to reliance on arms control. Many Americans feel uneasy with negotiations to end the nuclear arms race. We are not negotiating with the Pope. We have to negotiate with the Soviet Union—Communist Russia.

We do not consider the Soviets trustworthy. They have violated agreements in the past. They will do it again if they can get away with it. On the other hand, we have a marvelous scientific capability—our scientists lead the world. as the Nobel Prize record shows. We spend far more on research and development than any other country; indeed, we spend more on scientific research than all other nations in the world combined.

With few exceptions, our military technology has stayed well ahead of the Soviet Union. The Soviets have an advantage in the size of their armed forces. They have more tanks, more planes, more missile launchers, greater throw-weight and greater yield potential from their nuclear weapons. On the other hand, technology is our forte. In virtually every technological area, we have the advantage. Our planes are faster, more maneuverable, with greater firepower. Our tanks are also faster, can fire on the run, are less vulnerable, and have greater firepower. Our submarines are quieter and our nuclear armed submarines have much greater accuracy and far greater capacity to deliver nuclear weapons on the Soviet Union than vice versa. The Soviet Union has a crude antisatellite system. Ours is not deployed, but it is far in advance of anything the Soviets have on the drawing board. Our antisubmarine warfare technology decisively leads the Soviets.

In view of this clear record, why can we not rely on technology and deterrence for our salvation and just finesse the slippery treachery of agreements with Communist Russia? The trouble, Mr. President, is that the technology game moves rapidly and unpredictably. And again and again we find that whatever technological advantage we may enjoy in any particular nuclear weapon at any time, it is likely to be short lived. We found this to be true with MIRV'd missiles. Here we had a new technology that gave us a sharp advantage over the Soviet Union: We could equip a single launcher with multiple warheads and make each warhead capable of striking a different target in distant and different locations.

About the time we were congratulating ourselves on winning a critical nuclear arms advantage over the Soviet Union, we discovered that the Soviets had rapidly and expertly copied our technology. What was even worse, the development of these multiple, independent targetable, reentry vehicles, or MIRV's, by both sides had given each a devastating but highly vulnerable nuclear weapons system that would have to rely on hair-trigger, use it or lose it tactics. So what happened to our technology advantage? It ended up with a system that diminished the military security of both sides and brought nuclear war closer.

Unfortunately, Mr. President, almost any new nuclear arms technology—defensive or offensive—tends to do just this. Consider what the newest advances in technology have done to each leg of our nuclear deterrent triad: land-based missiles, bombers, and submarines. Harvard University scholars in their book, "Living With Nuclear Weapons," put the case this way for land-based missiles:

> ABM technology has advanced over the past decade but so has the offensive missile technology it is intended to counter and the advantage remains with the offense. If the Soviet Union developed a workable defensive system before the United States, for example, American officials would fear that Soviet incentives to avoid nuclear war would be diminished. A defensive-dominated world might also be less stable depending on how perfect defense systems were believed to be. In such a world, there might be heightened incentives for surprise attack, or for efforts to develop new, more decisive offensive systems.

So, sure, we can dream about a perfect American defense system that can locate and knock out incoming Soviet missiles before they could reach their American targets. We can even dream of weapons capable of spiking Soviet missiles in their launching pads. Sadly, these are dreams which contribute to the uncertainty and, therefore, the increased danger of nuclear war. Any defensive system we or the Soviets develop tends to weaken the precise basis of our prime reliance on deterrence to avoid nuclear war.

As for a second leg of the triad—bombers—advancing technology threatens that aspect of deterrence, too. The Soviets look-down, shoot-down systems with airborne radar and missiles that detect and destroy low-altitude targets could nail our bombers on the ground. The same system threatens our air-launched and sea-launched ballistic missiles.

The third leg of our triad—our sea-launched ballistic missiles based on our submarine fleet—seems relatively safe from Soviet technology at the moment, but perhaps only for the moment. The advances in antisubmarine warfare have been impressive. For now, our antisubmarine warfare technology seems well ahead of the Soviet Union. But as in other areas of nuclear weapons competition, that could change and jeopardize our sea-launched deterrent, which is by far our surest present reliance for nuclear deterrence.

This nightmare of an onrushing nuclear arms technology is what inspired Leslie Gelb, in his classic article in the New York Times, to point out that the deterrent reliance that has served the cause of peace so well for more than three decades could evaporate in the next 10 or 15 years and bring the reality of nuclear war much closer.

So, Mr. President, we cannot rely on technology to save us from the nuclear holocaust that an unrestrained arms race will bring. We literally have no alternative to arms control. The sooner, the more comprehensive, and the more verifiable the arms control treaty we negotiate with the Soviet Union the better will be the chances for our children and grandchildren to live out their lives.

MANNED SPACE STATION COSTLY AND SCIENTIFICALLY UNNECESSARY

Mr. PROXMIRE. Mr. President, the Senate will shortly be called upon to commit the first $150 million for the planning of an orbiting civilian space station. This relatively small first step of funding will lead to one giant leap into a highly questionable program which may ultimately cost the taxpayers $20 billion or more over the next 15 years.

Two recent articles cogently argue the folly of moving forward on this NASA-instigated outer space white elephant.

Thomas Gold, a professor of astronomy at Cornell Center for Radiophysics and Space Research at Cornell University, convincingly argues that such a space station would indeed be a misstep for mankind because it would divert funds from cheaper but scientifically more important unmanned space projects.

Mark Washburn, writing in yesterday's Washington Post, expands upon Dr. Gold's comments. He points out the tremendous costs of providing life-support and redundant safety systems for manned space flights.

Since unmanned space craft can do just about all the tasks a manned space craft can but at a considerably lower price and also perform many scientific experiments beyond the ability of manned space craft, I am at a loss to understand the need to hastily spend tens of billions of dollars on NASA's outer space version of a gigantic public works project.

I urge my colleagues to read the articles by Tom Gold and Mark Washburn, and I ask unanimous consent that these articles be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From Newsday, Mar. 20, 1984]

SPACE STATION—A MISSTEP FOR MANKIND

(By Thomas Gold)

When, in 1957, the space age began with the launching of the Soviet Sputnik, it fired the imagination of people all over the globe. To most people it was a vindication of science fiction, a victory of "far-out thinking" over the dreary and unimaginative. Here was the first step accomplished of the ladder of science-fiction achievement, whose later rungs are manned flight around the solar system and then even to the stars.

All these things had been predicted and been said to be impossible. Who was not to say that they could not all be done? It seemed that the courageous thinkers were right and the timid would perish in ridicule.

This dream world was the very real background against which the government had to guide its space programs. Financing was dependent on the support of a broad cross-section of the people, and an appeal to their space dreams became a major factor in all planning. However useful unmanned, instrumented vehicles proved to be, the National Aeronautics and Space Administration judged manned flights to have the greater public appeal. The culmination of this policy was the "greatest show on Earth," the 1969 Apollo landing on the Moon (600 million viewers on world television), and it showed what can be achieved for $21 billion.

Alas, this giant step for mankind was not to be followed by another. The Apollo flights to the moon now look more like the end of an era rather than the beginning.

The shuttle was the next manned project, but it could fire the imagination only if it could be seen as the tool for new space conquests. Manned flights to Mars were hinted, but could not be seriously proposed.

Now NASA proposes to build a space station, and has obtained the support of President Reagan. A large space habitat is to be assembled in orbit, from smaller units that can be carried up by the shuttle. It would house several persons, and it would be kept permanently manned. A range of experiments and observations would be carried out on board. The cost? It is hardly worth quoting the $8-billion to $20-billion estimates now being made.

The expense of the space station project would be much greater than that of construction. A regular sequence of space launches would be required to supply and refurbish the spacelab. Running the space station would become the bread-and-butter work of NASA on a far higher level of expenditure than NASA is operating on now. A commitment of this kind would assure NASA and a substantial part of the aerospace industry a high level of support for a long time to come.

Even if the space station did not justify its running expenses, politically it would be extremely difficult to abandon such a program, when the initial cost had been so high. The decision to build a space station is therefore one that will fix the direction of the U.S. space program for a long time to come. Is it the right direction?

It is sometimes said that it is inevitable that man will fly to the other planets, or even to other solar systems far out there among the stars. Surely the space station is the first step in that direction, to learn how to assemble large units in orbit, and to learn how to live for long periods in space.

Unfortunately, so long as we have only the propulsion that chemical rockets can provide, an expedition to another planet is not practicable. It would require the assembly in orbit of a ship of many thousands of tons, and the cost would be very many times the cost of the Apollo program. The round-trip time to Mars would be more than two years. It is possible, yes, but it is not likely to happen.

If one day a far more efficient propulsion system is invented, then perhaps one can think again. But that will not happen overnight, and there will be plenty of time to exercise men in orbit while this new capability is being developed. The space station is not tackling the hard part of the problem; it is only dealing with the part that we know we could solve.

Another "inevitability" claim is that human populations will eventually spill out into space, and large space cities will accommodate those whom the Earth can no longer harbor. The space station is to be the first step. But if it is population pressure that is to create this situation, then first we would surely want to fill those areas on Earth that are empty at the moment but much more easily supplied with the wherewithal for living than outer space.

Another claim has been that the space station would serve as a good observation post, both for looking up and looking down. But for that it is clearly inferior to the unmanned vehicles that are already in common use. Looking down on the Earth for military surveillance or for the various studies of the Earth's surface and the atmosphere requires a variety of orbits, especially orbits that go to high geographic latitudes and orbits that are stationary with respect to the rotating Earth. The space station will only be in one low-latitude, close-Earth orbit. and it will be essentially immovable from that orbit. Furthermore, observing equipment, for the most part, has its accurate pointing upset by the slightest motion on a spacecraft. For this reason, an unmanned vehicle is far preferable.

A manned space station could act as a base for men to go out and assemble very large structures, such as radio antennas. They could serve useful purposes, both for astronomical observations and for terrestrial communications systems. But before deciding that such a construction would justify a reasonable fraction of the cost of a space station, one would have to know what purpose is to be served, whether the orbit is a desirable one, and what the costs of various methods of assembly—manned or unmanned—might be. Deciding on the means of doing a job before specifying the job itself is never a good policy.

Another suggested purpose is the manufacture of goods in zero gravity or the good vacuum of space. It certainly has not yet been demonstrated that sufficiently valuable products could be made there that could not be made on Earth, even with investments of many billions of dollars. During the quarter century of space flight, the possibility has often been discussed, yet not a single example of such a product exists. This is so despite many manned space missions that searched for things to do and settle for such experiments as determining which way guppies would swim, or whether a particular spider could build its web in zero gravity.

The one field where one cannot doubt the utility of long-duration manned space flight concerns the physiological effects that such space flight has on humans. But why would this justify a multibillion dollar program, when there is no plan in sight that requires prolonged manned space flight?

Unmanned, instrumented space vehicles are free from many of the limitations which exist for manned flight. They are cheap by comparison; light and small; they do not have to be returned; they can transmit any information that can be gathered from locations to which they go; they can be sent on a great variety of orbits and trajectories, and they can endure flights of many years' duration.

The technology of detailed remote control and of data management is advancing rapidly, and any action that an astronaut could take in an Earth-orbital vehicle could also be commanded from the ground to a remotely controlled mechanism in an unmanned spacecraft. It seems so clear to many scientists and engineers that this is the way of progress of modern technology, that the continued preoccupation of NASA with manned flight is a stumbling block.

The space station would drain funds and technological ability away from advanced unmanned projects, and slow down the evolution of our real space capabilities.

[From the Washington Post, Apr. 1, 1984]

WHAT'S A SPACE STATION GOOD FOR?

(By Mark Washburn)

A Strauss Waltz plays as the gleaming space station rotates like a giant, high-tech wagon wheel in the inky void. A shuttle glides toward the busy docking bay, where another shuttle is being readied for the commute back to Earth. Inside the station, in the zero-gravity hub, scientists conduct experiments while engineers monitor space "factories" where computer chips and pharmaceuticals are being manufactured.

This is the Hollywood version of a space station, and the picture that many Americans probably have of it. But it is a far cry from the manned facility that Ronald Reagan has approved. The real thing will be a small, isolated outpost in a hostile environment, difficult and expensive to reach, tedious to live in and limited in its capabilities for conducting either scientific research or commercial operations. It will take nearly a decade to build and undoubtedly will cost far more than the current $8 billion price tag.

Reagan apparently was won over to this project by a vision of enhanced American prestige in space—a sort of Stanley Kubrick version of "America is back"—and by the prospect of a new frontier of commercial enterprise. In his State of the Union address, the president emphasized the role of the private sector in space, and there are signs that industry and private entrepreneurs are picking up on his lead.

But large as the potential scientific and industrial benefits may be from this project, the country would do well to consider carefully what it is getting for its money—and what other options may be available in space—before plunging ahead.

The manned space station will preempt vast amounts of money that could go to other endeavors, ranging from scientific exploration of the planets, to robot probes of the asteroids that could have long-term commercial benefits. Unresolved questions about our space priorities remain, and conflicts continue to fester between groups with different interests; scientists, supporters of commercial exploration and engineers whose priority is manned space exploration.

The space station, long a goal of the National Aeronautics and Space Administration, had (and still has) a powerful group of critics. They include presidential science adviser George A. Keyworth II, who has expressed concern about the emphasis on manned activities; the Pentagon, which sees no military mission for the facility, and the Office of Management and Budget, which is worried about the cost. This type of space station was also opposed by large segments of the scientific community, which would prefer to see the money spent on scientific experiments and unmanned projects.

To be sure, the station's commercial role may represent the shape of things to come. There are signs that the possibility of manufacturing in space is, at last, beginning to move out of the realm of fantasy and onto corporate drawing boards. Drug production, for example, is a potentially fruitful field. McDonnell Douglas and Johnson & Johnson already have developed procedures for manufacturing pharmaceuticals in space by a process called electrophoresis, which uses the gravity-free environment to purify biological materials such as enzymes and hormones. Johnson & Johnson researchers are looking at 30 to 40 possible products, including insulin and interferon.

The computer industry is also looking skyward. IBM recently abandoned a 20-year effort to develop low-temperature computer technology in favor of a new generation of gallium arsenide "superchips." Gallium arsenide crystals have been found to grow extremely well in zero gravity.

Space is also beginning to attract the attention of venture capitalists and private entrepreneurs. Last month, a former NASA official announced he had formed a private company to build a robot space station that could be placed in orbit by the shuttle before the completion of the government's more advanced station. It would be a small platform that could be leased for manufacturing and could be serviced by shuttle astronauts.

Fairchild Corp. is planning a more ambitious, cube-shaped orbital platform for manufacturing that could be launced by the shuttle as early as 1987. McDonnell Douglas' pharmaceutical factory may be the first payload for the facility, which has been called Leasecraft and would carry automated factories or experiments into orbits as high as 1,000 miles and return them to low orbit for periodic servicing by the shuttle. Customers would rent space aboard the Leasecraft for about $3 to $5 million per month.

Despite this upbeat news, though, there are big economic, technological and political obstacles to using space as a new industrial frontier, as envisioned by space station proponents. In the '60s and '70s, it was possible to parlay a good idea, and empty garage and $100,000 into an electronics empire. But a space enterpreneur's good idea would require more like $100 million to turn it into reality.

"We don't yet have a firm customer for Leasecraft," says John Naugle, a former NASA official who is now senior director of the Leasecraft program. Naugle hopes for a definite commitment from McDonnell Douglas by July of this year. But McDonnell Douglas, in terms of research and development, is years ahead of any other potential customer. "There is a lot of interest," says Fairchild's William Fullwider, "but there is reluctance to take the first step. Our feeling is that once it does happen, things will begin falling in line."

Outside the aerospace industry, however, there seems to be little appreciation of the commercial possibilities offered by a gravity-free, vacuum environment. "The educational process is underway," says Naugle.

It will be an expensive education, with little hope of profits in the near future. In the case of microelectronics, the price of producing space-grown gallium arsenide crystals is daunting: about $30,000 an ounce. And the government space station will not be ready for 10 years—a millenium in the fast-paced computer industry.

What comes down from space must first go up. But no private launching capacity yet exists, so any industrial exploitation of space depends at this point on a government subsidy, in the form of a ride on the shuttle. Does this administration, which is so in favor of free enterprise, really want to become involved in this kind of government "targeting" of growth industries in space?

As the twin failure of booster rockets for the Westar and Palapa satellites on the last shuttle trip showed, the financial risks are huge. The two satellites were insured for $75 million each. As one businessman said recently, industry is reluctant to "put a billion dollars into orbit."

Given these uncertainties, the current excitement in Washington over the commercial possibilities of a manned space station has scientists worried. They fear that the project will swallow up funds that could better be spent on other endeavors with bigger long-term payoffs. They fear that the engineers and enthusiasts of manned activity in space will get the lion's share of the funds—as happened during the Apollo program, and later during the production of the shuttle.

NASA's planetary exploration program was especially hard hit by the shuttle. The spectacular successes of the Viking mission to Mars and the Voyager mission to the outer planets have not been followed up by new missions. During the shuttle-building era, only one new planetary mission was funded, and that—the 1986 Galileo mission to Jupiter—has faced repeated delays due in part to problems with the shuttle, which is to be the Galileo launch vehicle.

Hoping to avoid another hiatus, NASA established the Solar System Exploration Committee (SSEC) in November 1980 with the intention of designing a logical, practical, and inexpensive planetary strategy for the '80s and beyond. The first report of the group, which was dominated by scientists, recommended a core program consisting of 14 new missions, two of which have received start-up funds. The Venus Radar Mapper, with a planned 1988 launch date, should give scientists a detailed look at the surface of that cloud-shrouded sister planet. The 1990 Mars Geoscience Climatology Orbiter will be the first American mission to the Red Planet since the two Viking spacecraft landed there in 1976. In addition, the SSEC hopes to win approval for a comet rendezvous and/or asteroid flyby mission, and a Saturn orbiter with a probe of Saturn's moon, Titan, to take place in the early or mid-1990s.

These missions were chosen according to three basic criteria: high scientific priority, moderate technological challenge and modest cost. Central to this game plan are the Planetary Observer and the Mariner Mark II, inexpensive general-purpose spacecraft "buses" that will deliver scientific instruments to their planetary targets. In contrast to the Vikings and Voyagers, which carried more than a dozen individual experiments, the Mariner Mark IIs and Planetary Observers will be limited to three or four.

The recommendations would eliminate the cycles of feast and famine that have plagued the plantetary program, but at the cost of ambitious, science-intensive missions such as Voyager. A Mars Rover, a sort of "Viking with treads," capable of traversing thousands of miles of the rugged Martian terrain, has been at the top of planetary scientists' wish lists for years, but the SSEC report specifically excluded it, along with other billion dollar missions. Not considered because of cost factors were such missions as an unmanned Mars mission to bring back samples of the planet's surface materials; a round-trip probe through the tail of a comet to gather samples; and a soft landing and data-gathering mission to Titan.

Scientists' optimism about the SSEC program has been tempered by the 1985 Reagan budget proposal, however. Although the administration signed on for the Venus and Mars missions, funds have not been allocated for the development of the Planetary Observer spacecraft, which is regarded as a keystone to the SSEC plan. Also, funds for the analysis of data already collected by Viking and Voyager have been cut back. Some scientists regard the budget proposal as an implied rejection of the basic SSEC

program. The omissions in the budget proposal, they fear, may be harbingers of the same sort of slow death-by-attrition that the SSEC was designed to prevent.

Another worry is that even after experiments are built and launched, the funding needs of the space station may cut into operating budgets, as has happened in the past.

If the SSEC program survives, planetary scientists should enjoy a modest renaissance during the coming decade. The Galileo spacecraft, to be launched in 1986, will arrive at Jupiter in 1988 and drop a probe into the seething atmosphere of that giant planet. During the following three years, the Galileo Orbiter will return data about Jupiter's four major moons, Callisto, Ganymede, Europa, and Io. The pictures should be even more spectacular than those from Voyager; surface details as small as 20 meters across will be seen on Ganymede and Io.

Galileo is supposed to be followed by the Venus and Mars missions, and possibly two others. One is a mission to the asteroid belt that would give us our first detailed look at a potentially important class of astronomical objects. Metals and organic materials mined from the asteroids may become a primary resource for both Earth and space in the 21st Century. (In the long run, it will be cheaper to mine the moon and asteroids than to ferry raw material to bases and stations in space from Earth.)

The other mission, to Saturn, would send a probe into the opaque atmosphere of the giant moon Titan, where a planet-wide ocean of complex organic molecules may mimic conditions on Earth before life began.

Meanwhile, Voyager 2 is still alive and reasonably well. Launched in 1977, it is headed for a January 1986 encounter with the planet Uranus and, if the spacecraft survives, an August 1989 flyby of Neptune.

Barring funding cuts incurred by the space station, non-planetary scientists should also have a productive decade as a result of the scheduled launching aboard the shuttle of the Hubble space telescope in 1986. It will see seven times deeper into the universe than the biggest and best ground-base observatories.

If these U.S. scientific projects sound lavish, it is worth noting that other nations are also busy pursuing scientific goals. The Soviet planetary exploration program continues to focus on Venus, where Veneral probes have already made successful landings. A joint Soviet-French mission to Halley's Comet is scheduled for 1986. Halley will also be the target of a Japanese scientific mission, launched by a Japanese rocket, and the European Space Agency's first independent deep space effort, the Giotto mission.

Despite the valuable knowledge gained from scientific endeavors, the Reagan administration seems to want a more tangible return from its space investment.

At this point, the shuttle is central to the entire U.S. space effort. It is needed to launch scientific experiments, commercial tests and, ultimately, to carry aloft the components of the manned station.

The shuttle has limitations. Its range is extremely limited. Due to its fuel capacity and other design factors, it cannot fly much higher than about 300 miles above a sphere 8,000 miles in diameter; if the Earth were a peach, the shuttle would barely be above the fuzz. But the real action in space, experts agree, will take place in geosynchronous orbit, 22,300 miles above the surface of the planet. The low shuttle orbits are worthless for communications satellites and present a variety of difficulties for industrial and scientific operations. (For example corrosion from oxygen atoms from the upper atmosphere.) While the shuttle is adequate for research and development, it cannot stay aloft long enough for full-scale production operations.

The administration's proposed answer to the latter problem is the space station. The station would be composed of four to six modules and would be home for six to eight astronauts, who would spend up to three months aboard before being rotated home. In an environment similar to Antarctic research stations or atomic submarines (think of "Run Silent, Run Deep," not "2001"), the astronauts would conduct experiments, carry out research programs and supervise the operation of commercial ventures.

Accordingly to Bruce Abell of the White House science office, "Almost anything you're talking about doing in space will require a space station. It's appropriate to view a space station as a kind of doorway."

However, some see it differently. "The contention that this is a way station to the planets is really bankrupt," argues Cornell University's Carl Sagan. The shuttle-imposed limitations of a low-orbit space station would make it a stepping stone to nowhere without the concurrent development of "space tugs" or second generation shuttles capable of reaching high orbit. "A case has not been made for a permanent human presence in low orbit with this technology," says Sagan flatly.

Critics contend that most of its proposed functions could be performed with equal efficiency and vastly greater economy by machines instead of people. Proponents of manned spaceflight argue that robots aren't smart or flexible enough to do everything that needs to be done in space; no machine can replace a good man (or woman) with a screwdriver. On a recent shuttle flight, an astronaut saved a photographic experiment by doing a delicate repair job on a jammed film drive. On the same flight, though, another astronaut ruined a crystal-growing experiment when he accidently kicked the "off" switch.

The cost of maintaining human expertise in space is enormous. It now costs about $1,000 a pound to deliver a shuttle payload to low orbit—a price that underwrites the expense of life support and redundant safety systems for the astronauts. It is as if the price of a washing machine including room and board for the Maytag repairman!

NASA and White House spokesmen steadfastly deny that the Reagan space station proposal is mainly a response to Soviet space activities. Still, the proposal came just a month after the release of a Congressional Office of Technology Assessment report which concluded that the Soviets, with their Salyut spacecraft, already have what amounts to an operational space station.

"The Soviet space program is really quite a ways behind what we're capable of doing today," says Bruce Abell. But the Soviets are developing their own reusable shuttle. They have far more experience than NASA in studying the long-term effects of weightlessness. And they are working on a new generation of heavy-lift expendable boosters and a heavy-lift shuttle that could have twice the payload capacity of the American shuttle.

"The Soviet space station program," according to the OTA report, "is the cornerstone of an official policy which looks not only toward a permanent Soviet human settlement of their people on the Moon and Mars. The Soviets take quite seriously the possibility that large numbers of their citizens will one day live in space." Many observers expect that the Russians will attempt a manned mission to Mars sometime in the 1990s.

The Soviet Union's space station seems to fit well into its long-term plans for space, while the U.S. station seems more in line with America's "space spectacular" philosophy. As indicated earlier, the low-orbit station the administration is planning simply does not make good sense, given the limits imposed by technology.

There is, however, one circumstance under which such a space station could be justified. That is a station built in cooperation with other spacefaring nations, including the Soviet Union, Japan and the countries of Western Europe. A multinational station would not eliminate the drawbacks inherent in any small, low-orbit facility. But it would be cheaper for the United States, thus saving funds for other ventures. It would avoid duplication—a problem that is going to become greater as more nations get into the space act. And it undoubtedly would produce side benefits that are difficult to forecast. By bringing together the world's best scientists and engineers, a multinational station would spin off new ideas and approaches to the challenge of space.

The administration seems receptive to internationalizing the station. NASA officials report that as much as one-fourth of the cost could be borne by Western Europe, Japan and Canada.

Space is no longer the exclusive playground of the superpowers. The European Space Agency is developing its own launch vehicle in the Ariane series, which is already competing with the shuttle for commercial payloads. An advanced, reusable version of the Ariane may be ready by the end of the decade.

European participation in the space station would prevent the Pentagon from hopping aboard later, after the bills have been paid, as it did in the shuttle program. ESA is a purely civilian program, and its members include neutral countries Ireland, Austria and Switzerland. ESA participation would, therefore, preclude a military role for the station.

Inviting the Soviet Union in would provide an extremely important symbolic role for a multinational "Earthport." It would symbolize a commitment to a peaceful use of space, would help to relax East-West tensions and would defuse some of the Soviet and American paranoia about a "star wars" mission for future space stations. That, in itself, might justify the price.

Sen. Spark Matsunaga (D-Hawaii) has introduced a resolution calling on the president to renew the Space Cooperation Agreement (which the administration allowed to lapse in May 1982 in retaliation for Soviet policies in Poland), and to explore new avenues of peaceful cooperation in space. So far, the resolution has attracted the endorsement of such luminaries as Carl Sagan, author James Michener, former NASA official Christopher Kraft and former astronaut Donald (Deke) Slayton, who commanded the joint U.S.-Soviet Apollo-Soyuz mission in 1975. Slayton suggests "coupling the United States' leadership in reusable, economical launch and reentry vehicles with the U.S.S.R.'s long-duration, large space station objectives."

"Our children and grandchildren would never forgive us for failing even to give it a decent chance," says Matsunaga.

Now, rather than later, is the time to think about the political, scientific and commercial opportunities that a constructive use of space offer. We need to do this thinking before we commit ourselves to another round of expensive, and increasingly dangerous space-racing. The decisions we make today will determine the human future in space, not just for the next decade, but for the next century and beyond. This may well be our last chance to give life and meaning to our own inspiring rhetoric: "We came in peace, for all mankind."

THE FORGOTTEN SUFFERING OF EAST TIMOR

Mr. PROXMIRE. Mr. President, I often worry about the ease with which the bustle of the Nation's Capitol can obscure the reality of suffering and persecution, especially in remote corners of the globe. Our mandate is, admittedly, to serve the citizens of this Nation, but in doing so, our influence extends globally, responding to the needs of free peoples everywhere. Therefore, we owe much to several dedicated Congressmen who have taken the time to focus our attention on the cruel slaughter of the peoples of East Timor at the hands of the Indonesian military.

Their crime? A simple desire for independence. Their punishment? Wholesale slaughter, the decimation of entire villages and the crowding of survivors into concentration camps. Since 1975, when the Government of Indonesia invaded East Timor using arms supplied by the United States, approximately one-quarter of the population of the country has been murdered. The Indonesian Armed Forces commander, Benny Murdani, has pledged to show "no mercy" in his cruel repression of the Timorese yearning for independence.

Last fall, Indonesian authorities tightened the restrictions on travel in the wartorn region, denying access even to the humanitarian efforts of the International Red Cross. At the same time, Amnesty International issued a report stating that the Indonesian military has "engaged systematically and persistently in practices of brutality." In December, a bipartisan group of 105 Members of the House of Representatives wrote to President Reagan expressing concern over reports of a new, large-scale Indonesian military offensive.

Mr. President, I think that we can feel proud of this show of concern; indeed, we can expect results, for our reputation as defender of human rights and our influence as a global power can actually serve to free a prisoner or save a life. It is a power that must be zealously fostered and preserved.

That is why we must not undermine our ability to save that one life or free that person falsely imprisoned. That is why I daily call for ratification of the Genocide Convention. Far more than anything, the Genocide Convention is a symbol of our commitment to international human rights, our opposition to events such as those occurring in East Timor. Any ambiguity in the message that we send the world can only lead to a waning of our influence as the defender of civil liberties for all humanity. In this light, the Genocide Convention becomes a practical necessity; our failure to ratify becomes an inhuman crime.

Mr. President, I urge my colleagues to join me in seeking Senate ratification of the Genocide Convention.

ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business, not to extend beyond 1:30 p.m., with statements therein limited to 5 minutes each.

HONORING UNIVERSITY OF ILLINOIS BASKETBALL COACH LOU HENSON

Mr. DIXON. Mr. President, I would like to call the Senate's attention to an individual who, through his hard work and dedication, has given Illinoisans an exciting and exhilarating basketball season that has brought the State national recognition and has provided its people a deep sense of pride.

I refer, Mr. President, to Lou Henson, the head coach of the University of Illinois Fighting Illini basketball team, who this year guided his team to an outstanding 26 and 5 season that earned the team the cochampionship in the Big Ten Conference and a berth in the NCAA tournament.

Lou Henson took over the head coaching duties at the University of Illinois in the spring of 1975. Under Coach Henson's direction, the Fighting Illini have participated in postseason play for the past 5 years and this year's team clinched the Big Ten Conference championship for the first time in 21 years.

Lou Henson began his coaching career at the high school level in Las Cruces, N. Mex., in 1956 after completing his master's degree in education administration at New Mexico State University. In 1963 he moved to Hardin-Simmons University where in the 4 years he coached he compiled two 20-game winning seasons.

Coach Henson returned to his alma mater, New Mexico State, in 1967 where in 9 years as head coach his teams compiled a 173 and 71 won-loss record and qualified for the NCAA playoffs six times. In 1970, his team recorded a third-place finish in NCAA post-season play.

Now in this 9th year at the University of Illinois, Lou Henson has earned a national reputation for his tough defensive style of basketball. The acclaim is well warranted. He has molded strong defensive teams at the university and has seen two of his college pupils join the ranks of the National Basketball Association. Eddie Johnson and Derrick Harper now play for the Kansas City Kings and the Dallas Mavericks, respectively.

Mr. President, Illinoisans are rightfully proud of the work of Lou Henson and his Fighting Illini team. Coach Henson has returned the University of Illinois basketball program to national prominence and in so doing has earned the gratitude and admiration of all Illinoisans.

The skill, spirit, and sportsmanship exhibited by Lou Henson and the Fighting Illini have inspired and entertained the people of Illinois and the Nation throughout the past 9 years and their efforts are deserving of our reserved acclaim.

We are very grateful.

THE NFL–USFL RELATIONSHIP

Mr. HATCH. Mr. President, recently an article appeared in the Washington Post on the subject of the present competition between the National Football League and the U.S. Football League. The USFL, it seems, is beginning to capture the full attention of its older and better-seasoned counterpart. The new league is signing top prospects out of the colleges and staging some impressive promotional campaigns. Whatever one's view is of football in the springtime, the USFL must be given credit for its extensive efforts to date. Also, whatever one's view is of the desirability of having two major football leagues in this country, the current NFL–USFL relationship represents good, healthy competition. It should remain that way.

The Post article, however, suggests that the NFL, in gearing up to meet the competition of the new league, may apply pressure to the ABC television network which currently has a contract with the USFL to televise its football games. ABC also happens to carry the NFL's games. The suggestion is that the NFL may put pressure on ABC to refrain from continuing to provide such financially healthy television support for the USFL. Such a tactic, if employed, would, of course, not be healthy competition and I sincerely hope no such activity occurs.

Just as the commodity it promotes, professional football management is also in many respects a game. It, too, must be played by the rules.

I ask unanimous consent that the Washington Post article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Mar. 16, 1984]

NFL TEAMS PLAN 'RAID' ON USFL

(By Paul Attner)

Even before National Football League owners meet next week in Hawaii to discuss ways to counter the U.S. Football League, the NFL is preparing to battle the USFL on at least two fronts—with what is being called a "counter raid" on USFL players and with possible pressure on ABC, the network that owns the rights to USFL games.

The target of the "counter raid" that many NFL teams are set to conduct would be USFL players whose contracts expire in July. An NFL source said he presumes every team in his league has talked to USFL players or their agents about signing with the NFL this summer.

Although most of the players are not big-name athletes who have been signed to long-term contracts, USFL officials admit their league could be hurt if the NFL drains off enough second-level players.

In addition, sources believe the NFL has begun placing subtle, behind-the-scenes pressure on ABC, which will televise the next NFL Super Bowl and carries Monday night NFL games.

"Don't expect anyone to ever admit ABC is being pressured," said a television source. "There are all types of antitrust problems here. But there are ways to remind ABC that by keeping the USFL alive with future contracts, it's running up the price of future NFL contracts and may force the league to look even more to cable. You don't have to threaten to get your point across."

Art Modell, owner of the Cleveland Browns and chairman of the league's television committee, vigorously denied that the NFL has talked to ABC, or will do so.

"I can speak for the entire committee on that subject," Modell said. "The USFL is doing everything they can to set us up for an antitrust suit. We've already gotten correspondence from that league's lawyers saying they have been irreparably harmed by us. The last thing we need is another lawsuit."

ABC signed a two-year contract with the USFL before last season. The network also has options to renew the contract for 1985 and 1986, and the USFL would like to raise the rights fees for both years. Those fees now would be $14 and $18 million, respectively. USFL Commissioner Chet Simmons has said that his league needs a substantial increase in television revenue, especially in a new contract starting in 1987, to survive.

NFL owners are becoming increasingly upset with ABC and its president, Roone Arledge, for bankrolling the USFL. These owners had expected that their current $2 billion TV contract would give them a healthy profit until a break-even point in 1986, its final year. But with rapidly escalating salaries due to USFL competition, teams now fear they will reach that break-even point at least a year earlier.

Regarding the player raids, it is apparent some NFL teams already have signed USFL players to unannounced future contracts. How aggressive the NFL becomes regarding future contracts will depend on action at the league meetings in Hawaii.

NFL Commissioner Pete Rozelle, who opposes an all-out war with the USFL, has said that the league may consider creating a supplemental draft of players who signed with the USFL before the NFL's regular, later draft. Tex Schramm, Dallas Cowboys president and chairman of the NFL's powerful competition committee, says there will not be any changes in the draft, although the owners could decide differently.

The USFL already is scrambling to re-sign its stars. One obvious case: the Generals' extension of Herschel Walker's contract, a move that thwarted a plan within the NFL to have Walker drafted this year by the Jets, Giants or Dallas and then signed to a future NFL contract.

"We are aware that the NFL will come after our players," said Carl Peterson, president of the Philadelphia Stars. "In some ways, I find it ironic, because that means they admit our players are better than they have been saying. But it also means we need to sign our players to longer contracts to protect ourselves."

Unlike most NFL low-key gatherings, these meetings are considered highly important to the league's future, especially considering the threat of the USFL. The competition committee, which normally concentrates on rules changes, already is trying to deal with the rival league.

It is expected to be an emotional week highlighted by sharply divided views on how to cope with the USFL. This is especially apparent concerning an attempt to move the draft from late April or early May to Feb. 1.

Although an increasing number of NFL teams support the change, it appears too few want it to make the switch now. But the matter could be taken up again during the fall meetings. The USFL, which drafts in January, has signed at least 12 potential NFL first-round choices the last two years.

Some owners believe they can put the USFL out of business by drafting earlier and then engaging in a salary war; others, backed by Rozelle, want a more subtle approach because they feel the USFL eventually will die due to spending excesses and problems caused by playing in the spring.

At the meetings, the owners also will hear a report from Rozelle regarding San Francisco 49ers owner Eddie DeBartolo, whose father owns the USFL Pittsburgh franchise. It is expected the owners will decide to exclude the younger DeBartolo from future league discussions regarding the USFL.

Modell said he expects the television committee, in an effort to help sagging ratings, will ask for more flexibility in scheduling, such as the freedom to move a game between two contending teams from 1 p.m. to 4 p.m.

The owners also will discuss the league eligibility rule and could set up an NAB-type system to allow college undergraduates to apply for hardship status. The eligibility review comes after a federal court ruling in the Bob Boris case found the USFL eligibility rule to be in violation of antitrust laws.

Coincidentally, the NFL has decided to grant Boris a special exemption and place his name in the upcoming draft pool. Boris, a former punter at Arizona, has two years of college eligibility remaining. He already has been cut by two USFL teams.

DEATH OF CLARENCE M. MITCHELL, JR.

Mr. BIDEN. Mr. President, in tribute to a great and good public man, William Shakespeare wrote:

His life was gentle, and the elements
So mix'd in him that Nature might stand up
And say to all the world, "This was a man!"

Those words spring to mind today, as I consider the long, distinguished life and recent death of Clarence M. Mitchell, Jr. For more than three decades the chief Washington representative of the NAACP, he was a principal architect of the landmark civil-rights measures enacted into law during that time.

Clarence Mitchell was long regarded as the "101st Senator," and we mourn him in this body as we would mourn for a colleague—not because we all agreed with him on every occasion, but because we knew him as a man of integrity who never compromised a moral principle and as a man of moderation who never abandoned his democratic beliefs to gain even the most desirable ends.

An optimist both by temperament and by policy, he placed his faith in the persuasive power of the truth—and in what he believed to be a basic human capacity to hear the truth, rightly stated, and respond to it. He enhanced the dignity of every civil-rights debate by respecting the views of others as firmly as he adhered to his own. He was a generous and humane man who never attempted to refute an opponent's argument by impugning his motives or his character.

Hubert Humphrey, who knew Clarence Mitchell perhaps better than any of us, characterized him in 1976 as I believe we all would remember him today:

. . . a man of integrity, honor and compassion—a cherished friend and a trusted comrade in battle. What more can be said of a man than that he has gained the respect of his opponents and the admiration and loyal friendship of his colleagues?

The product of that respect and admiration was a long and unparalleled record of civil-rights gains that clearly bore the stamp of Clarence Mitchell.

In the 1940's, before the time was ripe for civil-rights legislation, he inspired Executive orders like the one by which President Truman desegregated the Armed Forces, and he was the vital link through which organized labor was recruited to the cause of civil rights.

Then over the next two decades, he was directly and significantly involved in the passage of the 1957 Civil Rights Act, the 1961 law establishing the Civil Rights Commission, the Civil Rights Act of 1964, the Voting Rights Act of 1966 and the Fair Housing Act of 1968.

These historic legislative achievements went far toward redeeming the conscience of America and broadening the scope of social and economic justice to encompass the needs and aspirations of blacks and other minorities. But Clarence Mitchell's intention was always to unify and never to divide.

He said he did not believe in thinking white or thinking black but only in thinking fairly, and he addressed his appeal consciously, consistently, and successfully to what he was convinced was a fair-minded majority of Americans.

He said that what was important was "building a democracy that is a shield for the humble and the weak as well as a sword for the strong and the just."

And he warned us that we must "repudiate those forces that would destroy us and our country by causing us to lose faith in the power of just law." He was profoundly and authentically American, and he never lost faith in this country's will and capacity to be just in dealing with all of its people.

There are few men, Mr. President, whom we could correctly call irreplaceable, but Clarence Mitchell was clearly one of that rare breed. We will miss him as a friend and colleague. But if any man ever did, he built his own monument in the living law of this great Nation. He will not be forgotten, and his works will remain a part of the Nation's permanent legacy.

But though we remember him, we cannot and we would not replace Clarence Mitchell in our hearts. Again in the words of Shakespeare:

He was a man, take him for all in all; I shall not look upon his like again.

JOHN CHUCHOLA

Mr. BIDEN. Mr. President, in reading a recent issue of Stars and Stripes, I came across an article about the veteran featured on the Veterans' Administration poster commemorating the February 14 "National Salute to Hospitalized Veterans." I was proud to see that the veteran pictured is John Chuchola, who now lives in the Wilmington VA Medical Center.

All veterans have contributed something to the preservation of the freedom we enjoy, but John has given more than most. John has spent all of his most productive years at sea, doing the dangerous job of underwater demolition.

The extent to which the demanding work John did for his country contributed to the loss of his leg is not made clear by the article. But two things are clear: The first is that, the Veterans' Administration must have sufficient funding to help veterans like John adjust to their disabilities. The second is that, regardless of whether or not his disability had any connection to his service, John would do it all over again.

Mr. President, a bumper sticker I see on cars an awful lot these days states that "America is No. 1 Because of its Veterans." People like John Chuchola are what makes that statement true.

Mr. President, I ask unanimous consent that the article from the February 2 edition of Stars and Stripes be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD as follows:

WHO IS JOHN CHUCHOLA?

(By Dan McCurry)

John Chuchola lives in Room W-6 at the Wilmington, Delaware VA Medical Center. Because his right leg is gone, this former Navy demolitions expert doesn't get around as much as he used to.

This year, however, John's face is a familiar sight in thousands of VA hospitals, veteran organizations, high schools, police and fire departments and city halls, around the country.

John is the veteran whose face looks back inspiringly from this year's VA poster for the February 14, National Salute to Hospitalized Veterans.

His likeness will appear on magazine and newspaper ads, billboards, and transit cards urging citizens to visit a VA hospital on Valentines Day.

A member of VFW Post 2863 in Wilmington, Chuchola served in the Navy from 1940 until 1963. Soon after enlistment, he reported to Norfolk, VA before a Naval Base even existed there. Then the government paid recruits to live in town.

With the coming of war, John participated in the invasion of North Africa, the North Sea and North Atlantic campaigns, and at Guadalcanal and the other island invasions in the South Pacific.

While hostilities ended for most military personnel with the signing of the Armistice, John's duty soon found him back in the thick of fighting as he helped move civilians from China who had been displaced by the civil war there.

In 1949, Chuchola volunteered for underwater demolition work where he cleared mines at Inchon, Korea prior to the U.S. landings there in the Korean War. For their work, his team received a Presidential Citation.

John lived at sea. He loved duty on the water but Naval prohibitions against excessive sea time soon drew him extended shore assignments.

Soon after retiring, John was admitted to the Wilmington VAMC with leg pains. When bypass surgery was unsuccessful, his right leg was amputated.

For a veteran whose limbs end at the elbow or knee cap, the memory of the cause of those injuries will never end. The legs of John Chuchola powered him through the water in the most dangerous of demolition work. Now he straps on an artificial limb each morning for hours of rigorous rehabilitation exercise.

John is one of the 45,000 amputees for whom the VA provided therapy last year. However learning to control his new leg is a bit more difficult than disarming the mines on the Inchon beach.

But John persevers. He isn't a quiter or one who will sit still for long. Since he never married—except to the sea—his only regular visitor is a sister.

On February 14 a visit to the Wilmington VAMC will find John wheeling down the hall to greet visitors. Now he is something of a celebrity. The National Salute to Veterans is designed to make the thousands of other Johns and Jills who are patients in VA hospitals also feel like celebrities for the day. They deserve it.

SCHOOL PRAYER

Mr. BIDEN. Mr. President, I have spent 6 weeks engaged in negotiations with the majority leader directed toward crafting a spoken school prayer amendment that the leader and I could both accept and that two-thirds of the Senate would vote for. I entered those negotiations with an open mind. My purpose was to come up with a mechanism for protecting the rights of students who want to pray with the same vigor that we protect the rights of students who do not choose to pray.

Those negotiations began with the leader's preference of the amendment which was introduced a number of years ago by Senator Dirksen. I informed the leader that I preferred a silent prayer amendment, but that I would work with him to try to devise a spoken prayer amendment which I could sign onto and which would be acceptable to two-thirds of the Senate.

The majority leader and I agreed on a number of things from the start. First, we agreed that the right should be vested in the student. Second, we agreed that the Supreme Court and the lower courts that have followed the Supreme Court's decisions have gone too far in prohibiting any religious activity in the public schools.

And third, we agreed that the courts are wrong in their prohibition of any mention whatsoever of the Deity in the public schools.

From this starting point, we negotiated for weeks, sending drafts back and forth. The most recent exchange of drafts would have provided for separate facilities for the various religions and denominations, and for those who choose not to pray.

Short of agreement in this body on the type of spoken prayer amendment the majority leader and I were working on, I felt compelled to vote against the President's spoken prayer amendment. That amendment, Senate Joint Resolution 73, would allow a public schoolteacher to pick up the Koran, the Bible, or any other religious writing, and ask every student either to leave the room or to recite from that religious writing. The teacher could pick up any prayer, so long as it is not composed by a State authority, and could even pick up a prayer from the most extreme religious organizations.

This would create a situation where many schoolchildren would be confronted every day with religious teaching or religious activity that is contrary to the religious beliefs they are taught at home.

Mr. President, I believe that the Constitution does not prohibit recognition of the Deity in public school. I also believe that the Constitution does not prohibit beginning the schoolday with a moment of silence for prayer. Unfortunately, all across the Nation,

school boards have been led to believe that these religious activities violate the establishment clause of the Constitution, even though, in my opinion, silent prayer and recognition of the Deity do not infringe upon the rights of religious minorities, nor do they exert a coercive influence on students.

I do not think silent prayer is a second-rate alternative to spoken school prayer. Indeed, I believe that silent prayer is at least as likely as spoken prayer to lead to a religiously meaningful moment during the schoolday. Instead of simply reciting the same prayer that everyone else is saying, silent prayer allows each student a private moment to pray in the way that is most consistent with his or her own religious beliefs, and is therefore most personally meaningful.

In addition, silent prayer will not make students feels coerced, embarrassed, or left out, even if their beliefs are different from those of their classmates.

Mr. President, there is no better way to express the special value of silent prayer than the words of Jesus at Matthew 6, verses 6-8:

When thou prayest, thou shalt not be as the hypocrites are. For they love to pray standing in the synagogues and in the corners of the streets, that they may be seen of men. Verily, I say unto you, they have their reward. But thou, when thou prayest, enter into thy closet, and when thou hast shut the door, pray to thy Father which is in secret; and thy Father which seeth in secret shall reward thee openly.

In the past 2 years, we have seen the development of a special urgency for a silent prayer constitutional amendment. Five Federal district courts have ruled on the constitutionality of silent prayer in the public schools, resulting in the striking down of silent prayer statutes in Alabama, New Jersey, Tennessee, and New Mexico. Each of those four statutes was found to constitute a violation of the establishment clause of the first amendment. Only in Massachusetts was a silent prayer statute upheld by a Federal court.

I believe that we need to pass a constitutional amendment to overrule those four Federal courts that have found silent prayer unconstitutional, and to stop this accelerating trend of the Federal courts toward a total exclusion of all religious activities from the public schools.

Some claim that since the Supreme Court has not ruled on silent prayer, we should not pass a constitutional amendment. But there is no way of knowing if the Supreme Court will ever rule on silent prayer. We should also recall that the Supreme Court had not ruled on the subject matter addressed by the Bill of Righ*s when those amendments were added to the Constitution.

Mr. President, I also strongly support the concept of "equal access" set forth in section two of the silent prayer amendment. That section would allow equal access to public school facilities for religious groups on the same basis as those facilities are made available for non-religious activities.

In 1981, the Supreme Court held, in Widmar against Vincent, that student groups at a State university are constitutionally entitled under the free speech clause of the first amendment to use university facilities for religious worship and discussion to the same extent as other groups are permitted to use those facilities. The Court found that the university's policy of prohibiting use of facilities for religious purposes constituted a content-based exclusion of religious speech, violating the "fundamental principle" that State regulation of speech should be "content-neutral."

The Court's decision, however, did not resolve whether students below the university level have a constitutional right to use public school facilities for religious purposes.

As in the case of silent prayer, in the past few years, the lower Federal courts have launched an assault on the right of students to meet on school property for religious meetings, with courts in Texas, New Jersey, and Oklahoma finding such meetings unconstitutional.

As those courts have interpreted the Constitution, groups of public school students are allowed to meet before or after school, on school property, for any purpose but a religious one. Students are not constitutionally prohibited from meeting to discuss business, politics, sex, moral or social philosophy, Freud, Marx, or Darwin. But if a group of high school students wants to meet to read and discuss the Bible, or the Koran, or to pray together, the courts have said that this is prohibited by the establishment clause of the Constitution.

In conclusion, Mr. President, students are being denied what I think should be their right to both silent prayer and access to school facilities for religious purposes. Since we cannot count on the Supreme Court to remedy the situation, it is our responsibility to do so.

NATIONAL CHILD ABUSE PREVENTION MONTH

Mr. GRASSLEY. Mr. President, the month of April, designated as "National Child Abuse Prevention Month" has been set aside to focus national attention on the plight our children face in this era of rampant child maltreatment. According to the American Humane Association, reported cases of child abuse and neglect increased more than 120 percent nationwide between 1976-82.

Mr. President, I am heartened by this Chamber's growing awareness of the need to take positive steps to insure that our children are as safe as possible.

This is evident not only in our recognition that child abuse is a national tragedy but also in our willingness to confront other issues of importance to our children such as child pornography, child molestation, and missing children.

Last Friday, the Senate passed an amendment in the form of a substitute to H.R. 3635, a bill to amend Federal laws prohibiting the production or distribution of child pornography. Senator SPECTER and I for the Senate and Congressmen HUGHES and SAWYER for the House negotiated a substitute which retains those provisions of both bills providing for the toughest laws to stop the sexual exploitation and abuse of children.

In addition, on April 11, the Senate, through Senator SPECTER's Judiciary Subcommittee on Juvenile Justice, will examine bills that he and I introduced making available to child detention centers and child-oriented businesses the sexual assault, child molestation, and pornography arrest records of prospective and present employees whose work would bring them in regular contact with children.

We must not forget the Missing Children Assistance Act of 1983. This act would establish and maintain a national toll-free telephone line where individuals could report information regarding the location of missing children. My understanding is that this bill, which also reauthorizes the Juvenile Justice and Delinquency Prevention Act of 1974, has 55 cosponsors.

Lastly, as cosponsor of S. 1003, the Child Abuse Prevention and Treatment and Adoption Reform Act Amendments of 1983, I urge the support of every Member in this body to assist in the passage of this important legislation. It is necessary to continue to fund and support programs assisting the States in combating child abuse in addition to the development of various programs facilitating the adoption of hard-to-place children in loving homes. Additionally, the inclusion of language to make the withholding of medical care an action of child abuse is significant in such cases brought to our attention as Baby Doe in Bloomington, Ind., and Baby Jane Doe in Stoneybrook, N.Y. Such incidents seem incompatible with a society which cherishes the sanctity of human life and the intrinsic worth of each individual. Our Nation's commitment to equal protection under the law will have little meaning if we deny such protection to those who have not been blessed with the same physical or mental gifts that we too often take for granted.

I believe that all of these measures represent important steps forward in

safeguarding our Nation's children. They lend substance to our recognition that we must curb child abuse in America.

"A GIFT FROM MAINE"

Mr. COHEN. Mr. President, a sixth-grade class in New Gloucester, Maine, and the Maine creative community recently collaborated on a noteworthy literary endeavor. The product of that collaboration, a book entitled "A Gift From Maine," contains original works by Maine artists and writers along with their thoughts on the creative process. The sixth-grade editors undertook the project of putting the book together under the guidance of Mr. James Plummer, a teacher at New Gloucester Memorial School.

Contributors to "A Gift From Maine" include E. B. White, Jamie Wyeth, Stephen King, Alan Magee, and other famous authors and artists. Mr. White, the author and former New Yorker editor, contributed an essay entitled "An Imaginary Maine Animal Story." Mr. Wyeth, son of the artist Andrew Wyeth, added to the book an original drawing of a "happy, laughing pig," as well as suggestions on how children could draw their favorite animals. Mr. King, a best-selling author of horror stories, wrote a piece for the book about growing up in Maine. Mr. Magee, well-known for his cartoons, drawings, and paintings, submitted a drawing of "Beach Stones."

The promotion of excellence is in large part accomplished through the praise of that which is worthy of emulation. I feel that the inspired methods of Mr. James Plummer and his efforts to motivate and stimulate creativity among his students are indeed worthy of praise and emulation. His dedication and success show that excellence in education is flourishing in Maine.

I ask unanimous consent that an article regarding the creation of this book, which appeared in the New York Times on February 9, 1984, be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, Feb. 19, 1984]

MAINE SIXTH GRADERS PUBLISH ORIGINAL WORK BY THE FAMOUS

AUGUSTA, MAINE, February 18.—A sixth-grade English class project has become a book containing original work by E. B. White, Stephen King, Jamie Wyeth, Alan Magee and other famous authors and artists.

The children obtained the original works, with rights and royalties signed over to them for publication, by simply writing to the writers and artists to ask them to share their observations on the creative process.

"I wanted to develop something to spark creativity, show kids how to do something," said their teacher, James Plummer. "So we decided to write to the creative community in Maine. We figured they'd have good ideas."

"I was very impressed by the response of all those people," he said.

"A GIFT FROM MAINE"

Mr. Plummer had planned a mimeographed book, not the high-quality paperback Gannett Books of Portland decided to print. Called "A Gift From Maine," the 160-page book has a glossy color cover that displays a red-ribbon wrapped around a large white box covered with the autographs of the contributors.

"At the beginning, I didn't think it was so hot," admitted Leah Levasseur, 12 years old. "First we wrote letters to businesses—that was boring. Then we started writing to artists—that was fun."

When the creative urge hit, the children worked on the project outside the English class during recess and after school.

Receiving responses from the artists was everybody's favorite part of the project. Mr. Plummer said it was "like Christmas—every letter and package contained a gift," hence the book's title.

"It was fun to find out people would answer the letters you sent them," said Cheryl Slocum, 12. In their letters, students requested an "activity" from the writers and painters.

Mr. White, 84, the author, essayist and former New Yorker editor who lives in, Brooklin, Me., sent an essay.

"First he called," Mr. Plummer said. "He said he didn't know what an 'activity' was. I told him that was teacher-talk for something you could do with kids."

Mr. White's essay, called "An Imaginary Maine Animal Story," compares the creative process to a mosquito bite.

"When a mosquito bites me—I scratch," Mr. White wrote. "When I write something, I guess I'm trying to get rid of the itchiness inside me."

Mr. White went on to suggest what children could do if they wanted to nurture the writing instinct. He advised keeping a diary, and he told them he had a journal he had been keeping since boyhood that contained "millions of words."

FROM WYETH, A HAPPY PIG

Mr. Wyeth, a longtime Maine summer resident who is the son of the artist Andrew Wyeth, enclosed an original drawing of a "happy, laughing pig" and suggestions on how children could draw their favorite animals "with expression."

"We think it's his childhood pet pig, Den-Den," Mr. Plummer said.

Mr. King, the best-selling author, who lives in Bangor, did not send along a horror tale such as his well-known works "Dead Zone" or "The Shining." Instead he told about growing up in Maine.

Mr. Magee, whose cartoons and drawings have appeared in many national magazines and whose paintings have received national acclaim, enclosed a drawing of "Beach Stones."

The book, to be distributed this month in New England and later nationally, is priced at $12.95. Royalties will be held in trust for future projects by New Gloucester Memorial School students.

ARCHBISHOP IAKOVOS: CLERICAL STATESMAN

Mr. PELL. Mr. President, I am pleased to call the Senate's attention that Sunday marked a remarkable anniversary for a remarkable man: the gentle but commanding Archbishop Iakovos, who has now headed the Greek Orthodox Church in North and South America for a full quarter century. In ceremonies yesterday in the Cathedral of the Holy Trinity in New York, Archbishop Iakovos was duly honored for his far-reaching humanitarian and religious contribution. As the spiritual leader of some 2 million Greek Orthodox followers in this hemisphere for 25 years, the archbishop was awarded the "Grand Cross of Honor" by Greece's Ambassador to the United States on behalf of Greek President Karamanlis. But the presence at that ceremony of clergymen from the Catholic and Protestant churches, and from various churches of the Eastern Rite, attested to the 74-year-old archbishop's broader leadership role.

An elder statesman among clergymen from many faiths, Archbishop Iakovos has been a champion of ecumenism, working tirelessly to heal rifts among the churches of the Eastern Rite and to promote interfaith cooperation in the National and World Councils of Churches. His forceful and continuing advocacy of human rights around the world was underscored by the presence at yesterday's proceedings of former President Carter, whose own human rights policies had joined him with the archbishop in common purpose. Finally, one must also note that Archbishop Iakovos has been particularly sensitive and effective in promoting closer relations between the United States and the people of Greece and Cyprus, with whom we share fundamental values and interests in the international community.

Mr. President, such men as Archbishop Iakovos transcend the world of politics but, in so doing, they give those of us who struggle in that world both inspiration and greater hope as we continue in the search for peace.

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

(Mr. GRASSLEY assumed the chair.)

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. RUDMAN). Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. The time for morning business has now concluded.

URGENT SUPPLEMENTAL FOR FISCAL YEAR 1984 PUBLIC LAW 480 PROGRAM

Mr. BAKER. Mr. President, I ask the Chair to lay before the Senate the pending business.

The PRESIDING OFFICER. The Senate will now resume consideration of the unfinished business, H.J. Res. 492, which the clerk will report.

The bill clerk read as follows:

A joint resolution (H.J. Res. 492) making an urgent supplemental appropriation for the fiscal year ending September 30, 1984, for the Department of Agriculture.

The Senate resumed consideration of the joint resolution.

The PRESIDING OFFICER. Under the previous order, the pending question is the amendment of the Senator from Montana (Mr. MELCHER), relating to levels of funds for El Salvador, in which there shall be a 2-hour debate.

AMENDMENT NO. 2876

(Purpose: To cap at 3 percent increased emergency aid to El Salvador exempting medical aid ($13.5 million) and food aid (14 million) for a total of $35.4 million in emergency aid)

Mr. MELCHER. Mr. President, I ask for immediate consideration of amendment No. 2876.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Montana (Mr. MELCHER) proposes an amendment numbered 2876.

Mr. MELCHER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 3, strike everything from the beginning of line 4 through "$61,750,000", and insert in lieu thereof the following:

"The additional amounts of $13,500,000 for medical aid, and $14,000,000 for food aid shall be appropriated for El Salvador, as well as an additional amount of $7,900,000 (3 percent of the regular fiscal year 1984 appropriation for El Salvador) to carry out the provisions of Section 503 of the Foreign Assistance Act of 1961".

Mr. KASTEN. Mr. President, will the Senator yield for a parliamentary inquiry?

Mr. MELCHER. Yes; I am delighted to yield.

Mr. KASTEN. Mr. President, it is my understanding there is a 2-hour time limit with the time to be equally divided; is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. KASTEN. And the Senator from Montana will be in charge of the time on his side and I will be in charge of the time on our side; is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. KASTEN. I thank the Chair and I thank the Senator from Montana.

The PRESIDING OFFICER. The Senator from Montana.

Mr. MELCHER. Mr. President, "El Salvador?" People ask, "What are we doing there?"

When they hear about it, people wonder if El Salvador is important to understand, wondering if it is something like Vietnam. People also question why the U.S. Government does not focus more attention on problems at home, and then people quickly shift their focus to problems of their own.

Today, the last day before primary elections in New York and Wisconsin, the Democratic candidates will be making their statements on El Salvador before tomorrow's elections. Senator HART says, "No" to military expenditures there, former Vice President Mondale says that is "naive," and Reverend Jackson describes the pain of the Salvadoran people. Senator HART, who could probably campaign best on El Salvador by voting on these amendments, so far has not made clear how his views on El Salvador fit in with U.S. Central American policy. Fritz Mondale so far has not made clear on how much military aid he believes is necessary for El Salvador and where the solution lies. President Reagan, after Lebanon, is emphasizing that more money for El Salvador will get us closer to his goal for a heavy American militarized El Salvadoran army and a cooperative U.S. Honduran military force in Honduras.

Somehow the Democratic Presidential candidates have not fully described the fact that the only goal in sight for the Reagan Central American policy is spending huge amounts of money in Central America pinpointing the tiny country of El Salvador. It is big money—over $1 billion so far with another $1 billion asked for—for snuffing out 10,000 insurgents in El Salvador. That is the centerpiece of President Reagan's Central American policy. It centers on 3½ years of vivid statements about the overwhelming threat that these few insurgents in their hit or miss guerrilla skirmishes will result in overthrowing their government which, by domino effect, will lead to overthrowing Guatemala, Honduras, Mexico, Texas, and the United States. Always mentioning how far it is between Laredo and New York City.

That is a policy that goes against the course of history because history will record the continued course of the people in Central America finding the way in each of their countries to share in the control and ownership of the land, business, and a piece of opportunity in order to live, to prosper, and to advance.

Who says so? First of all most Americans who have been there. Or in Guatemala. And most Americans who have never been there when they focus on Central America believe it makes sense to describe as I have that course of history where the people of those tiny countries will have their chance. It is only here in Washington, D.C., where there is a strong vocal constituency for the Reagan Central America policy. You will not find it in our homes throughout the country, nor in our schools, nor among our youth, nor in our churches, nor in the daily conversations in America's daily gathering points.

Our Latin American neighbors, particularly Mexico, Colombia, Panama, and Venezuela, say we err in promoting the continuing military buildup in El Salvador. The people in Guatemala who are exposed to similar problems of constant Army-insurgent armed skirmishes suffer as do their southern neighbors; 100,000 Guatemalans have fled northward into crowded refugee camps which are havens of safety in Mexico. History tells us the poor from small Central American countries will advance, and get their chance, but meanwhile, they and their families must survive.

So, returning to El Salvador who are we to believe? Are we to believe that either D'Aubuisson or Duarte as President will bring El Salvador forward into peace and justice? We can fully comprehend that either as President will want all the money—this and all of the $700 million more that President Reagan wants to send them over the next 1½ years. Are we to believe the church people who have been there or who are still there when they tell us that our arms movements will not solve but only prolong the problems of El Salvador? Should we believe our colleagues just returned from there who say that they saw on the faces and heard from the lips of the El Salvadoran people their desire for democracy and freedom of conflict? Are we to find favor with Senator INOUYE amendment, an amendment that was first proposed for $49 million and then compromised to $62 million? In making our judgment, we can believe some or all of the statements made in sincerity yet still recognize that our collective judgment should reflect a sound centerpiece for U.S. Central American policy.

I would like to return to the question of the church and their consensus recommendation. The American church people who visited El Salvador are appalled at the hopeless anxiety that continued armed conflict means for the poor. Their testament, that is people of the church, and particularly those of the Roman Catholic Church, make corrections for past silence on the injustice of the wealthy and military oppression of the poor. In the 1500's Roman Catholic priests accompanied Spanish conquistadors as they conquered and dominated the Mayans, the Aztecs, and other indigenous natives. Throughout the intervening cen-

turies, it is only recently that the church has focused on the problems of majority of the people, that is the problems of the poor, and spoken out on behalf of the poor, for land reform, equity, education, and opportunity in government and business and the rights of all of the people of Central America.

So it is up to us to show in this particular amendment that we understand those rights and that money appropriated on behalf of U.S. taxpayers is for a solid progressive El Salvadoran policy and is part of a Central American policy for justice.

Ordinarily, with the $200 billion deficit, words of restraint on spending would come from Reagan's administration. In this instance, that is not the case. President Reagan is the chief architect and the loudest, most blatant, vocal advocate of all. And plunging forward with huge spending in this area. Where are the citizen taxpayers when we need them?

They say we are squandering too much money abroad and not paying attention to our problems here at home. Now is the time for those who assert that Congress appropriates too much money that is wasted in foreign aid, who assert it adds to the outrageous Federal deficits and positions both Congress and the country as being unduly concerned with events abroad while not giving Americans an even break on urgent problems here at home—now is the time for all of them to stand up and be counted.

They forcefully say that they would like a fair break for once on taxes, or hospital costs and medical charges for doctor's bills, getting a job or getting their job back, on education or job training, on veteran's matters and senior citizen problems—all of these problems here at home. They say they would like a fair break for once on trade. They say they want an even break on agriculture prices.

They say they are going broke and Washington doesn't seem to know or to care. The steelworkers, nonferrous metalworkers, the miners, and the millworkers ask us why it is easier to send money abroad than to face urgent problems unsolved in the United States and they add the country is in a hell of a mess. They ask why don't we act like Americans and fight here in Congress to let our own people have a chance.

There is a fellow who spoke out in the stockman's bar in Montana—never mind which town, there is a stockman's bar in Missoula and 22 other towns in Montana. This guy in the stockman's bar said "it is all those liberals in Congress who waste all their time and the country's money sending it to foreign countries you hardly ever heard of." While that fellow may label President Reagan, Defense Czar Cap Weinberger, Secretary of State Charles Schultz as liberals, he should know that I am not one of them and political labels do not necessarily fit.

Jesse Jackson is out campaigning to find what he calls his rainbow coalition; namely, a constituency ranging across all colors of skin. What I am looking for is a coalition of Americans whose color of only their necks can be figuratively described as ranging from red through all shades to the quiet gray that can be found in the quiet constraints of Vietnam veterans or those motivated by church or charity who believe we have a poor policy in El Salvador in relation to the goals and aspirations of the poor and quiet majority of Salvadorans.

How do American taxpayers believe we get to a $200 billion deficit? They should know that much of that deficit has been by items that are misspent and cost chunks of $40 or $62 million appropriations, like these incremental appropriations for El Salvador. President Reagan believes that a $62 million appropriation this week plus another $263 million during the year is vital for El Salvador this year. He gets chunks once, twice, or thrice a year always because it is an emergency of vital importance to the United States.

This despite words of caution expressed by Central American countries much closer to El Salvador than we are. The Contadora group of Mexico, Panama, Venezuela, and Colombia warn us that our intervention in the military internal warfare of this tiny country will likely fail and hinder or stalemate the progress of El Salvadoran people toward a stable reliable government.

They do not base their premise on denying food and medical aid, nor do I object to that type of aid for the El Salvadoran Government and its people.

They do not base their recommendations on violations of the Rio Treaty, nor do I. And finally I do not base my objections to this appropriation by ignoring the Monroe Doctrine.

Rather, I adhere to both the Monroe Doctrine and the Rio Treaty. We can and should deal directly with Cuba on peace in the Americas. But the United States should state unequivocally by diplomatic warnings to Cuba and Russia or others that through surveillance at the shores and in the air and on the seas, we shall attempt with vigor to identify, intercept, dissuade and prevent any arms shipments into Central America, including El Salvador. Preventing intervention of arms shipments into El Salvador is our business, it is consistent with Latin American treaties and is alined with the Contadora declaration and the Organization of American States.

Individual Americans immersed in their own problems tend to focus their attention on foreign involvements only long enough to forcefully protest and then leave it to others, principally Congress, to register those protests while they themselves lapse back into their own problems at home and let slide the opportunity to change the policies of our country's foreign affairs and suffer along with the urgent problems they face at home. But let us focus for a few moments on what our policies are in El Salvador.

What, when, and where are the three points in a news story to get in the lead sentence. The story of this deal is that the what—$93 million is cut to $62 million—that is the what—when is now and the where is El Salvador.

That story will not dominate many coffeebreaks or be the No. 1 topic at the country's dinner tables or neighborhood bars today throughout America.

But it ought to be.

It ought to be the No. 1 topic for American citizens who finally figure out they are being had. Maybe $62 million is too small an amount to register compared to the Nation's massive $200 billion deficits.

Well, many Americans are wondering why we send more money.

In 1979 $10 million was appropriated, $73.3 million in 1980, $141.1 million in 1981, $274 million in 1982, $326.8 million in 1983, $576.1 million requested for 1984. That is a total of $1.4 billion and will increase to $2 billion if all of President Reagan's El Salvador funds are approved in the next 6 months.

As of right now, $160 million already appropriated for 1984 for El Salvador has not been spent. In military aid $19 million cannot be spent until there is a verdict in the trial of the individuals charged with killing the American nuns.

Ninety-five million dollars in money for roads, airstrips, barracks, et cetera, or buying weapons has not been spent. Five million dollars for food is still unspent, and $40 million for development is still waiting to be spent by El Salvador. They will have a hard time using all of that before October 1.

Maybe the remote location of tiny El Salvador with only 4 million people causes people to sign off by saying "what's going on there? Where did you say it was?"

El Salvador is south—south of our South—the Carolinas, Alabama, Georgia, Arkansas, Mississippi, and Louisiana with their agriculture producers scrambling to survive and their industrial plants struggling for recovery. It is south of Texas with its drought areas and frost-blighted areas and unemployed workers.

El Salvador is south of our neighbor, Mexico, with its economy under severe stress but providing food, shelter, and medicine in camps in their border state of Chiapas for 100,000 refugees

who have in fear fled Guatemala. El Salvador is south of Guatemala, another country that has its army fighting rebels in guerrilla warfare for a generation as the poor struggle for food and economic survival.

Guatemala's class struggle is similar to El Salvador. The wealthy and military have for generations dominated the country and the poor. In both of these countries the overwhelming majority of people are the poor. In both of these countries the overwhelming majority of people are the poor with incomes of little more than $200 per year.

Yes, El Salvador is south of all this and like Guatemala, like Nicaragua, is a country with its countryside afflicted with scattered guerrilla fighting of the dissatisfied attempting to better the lot of the poorer disadvantaged people. Some define the dissatisfaction in Guatemala or El Salvador as Communist insurgents and some describe the dissatisfied in Nicaragua as anti-Communist insurgents.

What does another $62 million for El Salvador mean to us?

Listen to the reasoning for the massive 4-year buildup of foreign aid to El Salvador.

Secretary of State Alexander Haig said in 1981 that additional funds, above what had been requested in the budget, were needed because:

> A white paper issued by the State Department documented that the Communist insurgents have been organized by Cuba and supplied with arms by it and other Soviet-bloc nations.

In 1982, Assistant Secretary of State Enders argued that Congress must provide additional funds to El Salvador, again over what was approved in the budget saying:

> Without the assistance we have requested, continuing progress (in El Salvador) * * * will be difficult if not impossible * * * and we cannot expect the killing to end * * *.

In the same year yet another supplemental was requested for El Salvador by the Secretary of State, who assured Congress that "delay until 1983 would give the insurgents more opportunity to undermine the progress represented by the 1982 elections."

President Reagan pressured Congress to provide these supplemental funds saying that El Salvador's economy was in desperate straits. No wonder. They are always fighting.

Even though economic and military aid to El Salvador continued to increase through the regular budget process in 1983, supplemental military assistance was again provided when President Reagan declared an unforeseen emergency and sent military supplies from his defense drawdown stockpile of military assistance. In taking this action, he said that failure to provide additional military support "at this point would, in our judgment, be to abandon El Salvador."

Four months later the administration requested further emergency military aid for El Salvador. President Reagan, in his April 27, 1983, speech to a joint session of Congress explained that the aid responded to Communist aggression in the Western Hemisphere:

> Cuba is host to a Soviet combat brigade, a submarine base capable of servicing Soviet submarines, and military air bases visited regularly by Soviet military aircraft * * * Must we just accept the destabilization of an entire region from the Panama Canal to Mexico on our southern border?

He concluded saying that "the national security of all the Americas is at stake in Central America."

Secretary of State Shultz, in further support of additional aid for 1984, said that with the activity of the guerrillas increasing and the level of their outside support also increasing, there was a "sense of stagnation in the military situation in particular" that justified additional military aid.

The requests for increased military and economic aid for El Salvador for 1985 were part of the proposal of $8.5 billion for Central America to carry out the Kissinger Commission's report. President Reagan has called the Kissinger report "magnificent," "we are really behind it," and that:

> You can't have social reforms while you're having your head shot off by guerrilla forces that are armed and supported by the Soviet Union and Cuba.

There are almost 10,000 Salvadoran insurgents who are mostly armed with captured weapons that we supplied to the Salvadoran military.

Those are captured weapons that we supplied to the Salvadoran military, the Salvadoran Government's Army.

How much does it cost to kill one of these guerrillas? If you just take the entire budget, you would have to think that it takes, in 1984, $26,000 per guerrilla. That is for this year. Of course, we will not kill them all this year. So in order to meet that emergency, President Reagan's budget has more in it for next year.

He suggests in his budget $700 million—that breaks down to about $70,000 to kill each guerrilla next year. That is expensive killing.

The hundreds of millions for El Salvador add up to billions and the budget deficits here at home get larger, interest rates get higher, the economy starts to slow, and we talk a lot about the need to cut spending. We can start to cut spending right here today by limiting the military aid to El Salvador.

All Americans should know how U.S. aid in El Salvador is being squandered.

First, of the $263.4 million already appropriated for 1984, $160.5 million still has not been spent and is available for El Salvador during the next 6 months.

Another $62 million would make the amount available $225 million. They will have a hard time spending it all in that small country.

Second, all Americans should know that countries closer than we are to El Salvador do not view the military power of 10,000 Salvadoran guerrillas as a military threat to them. Mexico and Panama recognize the threat of continued warfare there as being an internal dispute contrary to the goal of a stable government. They recommend to the United States that we recognize that fact and act accordingly to keep armaments out of El Salvador and allow the internal disputes to die down.

Third, armaments from the United States are being used by both sides in El Salvador. That is inevitable. The insurgents capture arms and ammunition from the army in skirmishes.

In those skirmishes, the insurgents capture arms and ammunition from the army. We do not know outside of those skirmishes how the insurgents may also get armaments from the army. But, of course, buying them is one opportunity. Who of the insurgents would say that the Salvadoran Army is so pure that it never occurs to them to sell armaments to their enemy. In the end, we are supplying both the army and the insurgents with their weapons and ammunition.

Fourth, D'Aubuisson calls rich El Salvadorian refugees in America and tells them he will delay further land reform and that they can come back and assume their property. This was before the elections. Duarte—called a Communist by D'Aubuisson—is going to also milk the United States for all the money he can.

That is a point that cannot be missed. That is how you make good as the President of such a tiny country.

Fifth, the American people ought to recognize that the approval of the $62 million will only be a downpayment on what President Reagan hopes will be a total of $700 million for the next 18 months.

Sixth, before Americans throw up their hands in frustration, let them focus on this point—the means and methods of controlling arms shipments to El Salvador from Cuba or Russia is not addressed in these bailouts to El Salvador's Army in fighting the 10,000 insurgents.

We can and should pressure Cuba, as I have stated earlier, to back peace in Central America. We can stop Cuba and Russia from building up military threats to that country and region by clear unmistakable diplomatic pressure, surveillance, detection, and interdiction of any such shipments. The present U.S. policy developed by President Reagan picks out El Salvador as a gruesome battle area to demonstrate U.S. military armaments capability in

a very prolonged internal struggle of the poor to adjust that country's goals to change a society controlled by the rich and the army. While that struggle goes on, both sides will use those arms to fight as long as we supply them. This is a very small country and does not manufacture weapons. They get them from abroad—specifically in quantity from the United States.

Seventh, for all Americans who believe we ignore their problems at home, let me state, they are correct and $62 million more for El Salvador does add to those domestic problems because it will come out of funds that otherwise might alleviate their burdens. Further, it is squandering tax dollars for purposes that have no good goal for the United States and further leads to squandering of hundreds of millions of dollars more in El Salvador in the future, if we permit it to be the case.

To blunt this policy, I offer an amendment to restrict these funds to a 3-percent cap above the funds already voted for El Salvador this year with exceptions for both food aid and medical aid. The 3-percent cap sets a limit at $7.9 million. Food aid in my amendment amounts to $14 million and medical aid amounts to $13.5 million, as in Senator INOUYE's amendment. The total comes to $35.4 million. There is no better time to show some restraint in spending and restraint in armaments in El Salvador in order to correct a false and dangerous policy for that country and for all of Central America. All of the litany of President Reagan and his administration in justifying increasing armament support for El Salvador is based on snuffing out 10,000 insurgents. Those insurgents are armed with the armaments we sent to the El Salvadoran Army.

The President is wrong on El Salvador and I challenge his understanding of the people there and in Central America. I challenge his accuracy. I challenge President Reagan to review and corroborate his assessment of El Salvador and Central America with other Central American countries. The people of those countries have for generations and with justification feared the oppression of their government's armed forces. Ask Mexico and the other members of the Contadora group. I say to President Reagan; ask the refugees of Guatemala.

I call on President Reagan to reassess the events in Nicaragua, where the people overthrew the military might of Somoza, to reassess why Costa Rica has no army at all, and to assess the military upheaval occurring in Honduras even during the past several days.

I challenge a policy built on a centerpiece of military armaments for El Salvador. Restraint on armaments for Central America has to be the centerpiece for a good U.S. policy. My amendment does that.

Mr. President, I reserve the remainder of my time.

Mr. KASTEN. Mr. President, I yield 15 minutes to the Senator from North Carolina.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. EAST. Mr. President, I appreciate the opportunity to speak for a brief period of time on this amendment proposed by the very able Senator from Montana. I simply wish to emphasize a few points lest we keep retracing old ground here, which may very well occur as we continue to face one amendment after another.

First, I know it is not the intention of the gentlemen offering the amendments on the El Salvador question; I do not question their motivation or their integrity, nor the incisiveness of their arguments; but I think we need to note the effect of this heavy barrage of amendments that we are being faced with over the next few days. I am not suggesting that is the motivation, but the effect of it is to stall any quick action on this particular measure that we have very broad bipartisan support for.

The further effect, of course, is to try to whittle away at this broad bipartisan support. I think that is, again, with all due respect to those offering amendments, unfortunate. I frankly preferred the larger figure that the President originally proposed in the $90 million range. Senator INOUYE, in the great spirit of trying to build a bipartisan coalition, proposed $62 million.

That figure has been broken down and there is obvious broad bipartisan support for it as shown on earlier amendments and votes on earlier amendments. What we continue to see emerging here, I presume, today and for the balance of the week, is a continual barrage of amendments that will have the effect of, one, stalling the giving of aid and, two, whittling away whatever with a little imagination one might dream up to whittle away.

I appreciate that these Senators are honorable in their intentions and they have every right to offer amendments under the rule of the Senate and are proceeding to do so, so we accept those as the realities of life and must proceed to respond to their individual amendments, I think with the best-reasoned arguments we can.

First, again I would like to underscore as heartily as I can that there is broad bipartisan support for the measures that currently exist that developed out of the very effective cooperation between the distinguished Senator from Hawaii and the distinguished Senator from Wisconsin. If I am not in error, I note in this report and if I am in error, I stand to be corrected, the very distinguished minority leader of this body is supporting that. I might note—and again, I shall be happy to stand corrected if I am in error—that the majority leader of the House of Representatives, the distinguished Representative from Texas, Mr. JAMES WRIGHT, is supporting it. So it is not one of partisan interest. It is of broad bipartisan interest.

Everyone will have to give on this. Those who supported the position I took gave, gave up a third. I know Senator KASTEN preferred the larger figure and he gave up a third. It is always difficult to work out compromises, but in this case, we do have broad bipartisan support. I think that is a healthy development and I would like to underscore that, that this is not a narrow partisan matter.

My quarrel, if you will, or disagreement with the amendment of the distinguished Senator from Montana is that the effect of it would be to gut any real genuine military assistance to the Army of El Salvador. To me, that would be a great tragedy. What we have seen in El Salvador in the past week is an outpouring of support for this election, the beginning of a viable democracy, and whatever weaknesses Mr. Duarte may have or Mr. D'Aubuisson may have, at least they have shown a willingness to participate in the democratic process. That is more than one can say about the insurgents, who are hoping to shoot their way into power as an armed ideology, backed by Nicaragua, Cuba, and the Soviet Union.

Mr. Duarte made a statement that I read over the weekend in which he said, "If we do not get this aid, we are going to lose this conflict, this fledgling democracy, to the Communist-Marxist-Leninist totalitarian guerrilla forces." I remind the distinguished Senator from Montana that Mr. Duarte led heavily in the election, is likely to be the next President of El Salvador, and is a man whom, by any standards, we would identify as having a center-to-left position on the American political scale and also that of Central America and South America.

He himself is saying that if they do not receive this aid to support the army, the Communists will simply win a victory.

What we will have allowed to happen—the United States, the leader of the Free World, in our own hemisphere—we would have allowed the armed ideology of communism, the Marxist-Leninist guerrillas who have refused to participate in the democratic process, again backed by the Sandinista Marxist-Leninist regime of Nicaragua, backed by Fidel Castro of Cuba, backed by Moscow and the Governments of Eastern Europe and, I might note, the PLO—Soviet proxies—to, in

effect, gun their way into power in Central America.

As Mao Tse-tung put it one time, "Political power comes out of the barrel of a gun." That is precisely what is occurring in Central America.

Now, I have noted before on the Senate floor, going back to the Monroe Doctrine of 1823—which incidentally James Monroe was a part of the lineage of the distinguished contemporary Democratic Party; the Jeffersonian Republican Party of that era, of course, is the earlier ancestry of the contemporary Democratic Party—it was the Monroe Doctrine of 1823 that there has been broad bipartisan support for ever since that time. The effect of the Monroe Doctrine was that we would not accept in this New-World-Old-World dominance, military presence, or control; foreign intervention and military presence of Old World power; that we intended to see our own kind of system the best we could; and that our spheres of influence would be preserved.

What is currently going on in Central America because of the Soviet, Cuban, and Nicaraguan connection is clearly a total de facto repudiation of the Monroe Doctrine. I think that is tragic. Again, I repeat, it came from the man known as the Father of the Constitution and it came from a man who was a part of the Jeffersonian Republican Party tradition, of which the distinguished Senator from Montana is a part, which again shows bipartisan support.

With all due respect to those who oppose continued aid to El Salvador, some seem to prefer it in no form at all, some seem to prefer it in a form which this amendment does without the military dimension. But as Mr. Kissinger has pointed out in the Kissinger Commission report—and I would submit commonsense would point it out—you cannot build a viable democracy and progressive reform unless you have the military shield behind which you can do it, because you are faced with the armed ideology of the insurgents again backed by Nicaragua, Cuba, and the Soviet Union.

You cannot stop armed violence just through wishful thinking and good will. What good does it do to send food assistance or medical assistance or other moneys that might be used to help build a viable and progressive and democratic society in El Salvador when you do not provide the military assistance to the army of that Government to withstand the onslaught of those who will not even participate in the democratic processes? I think it puts us in a very awkward position. And I tell you what kind of policy it is. It is a policy of isolationism, of simply washing our hands in any serious way of military developments in Central America. There is nothing new about it. There is nothing progressive about it. It is old. It is reactionary. It is the isolationism of the 1930's, and it is totally out of character with the whole broad, bipartisan foreign policy that this country has shown in Central America going back to the Monroe Doctrine of 1823, the firm actions that Theodore Roosevelt took as a Republican in the early part of this century, or Woodrow Wilson took as a Democratic President in the early part of this century. It is at odds with the Good Neighbor Policy of Franklin Roosevelt, or the Alliance for Progress of John Kennedy; it is at odds with the action that Democratic President Lyndon Johnson took in the Dominican Republic in 1964, and Republican Ronald Reagan took in Grenada last year.

We need to assert our influence and our power in this part of the world and, when confronted militarily, we must have a military response. That is elementary; it is commonsensical. To ignore that is simply to allow political power to come out of the barrel of a gun. If that is going to be America's policy in Central America, Africa, Asia, and the Middle East, I fear for our own security and future in terms of being able to maintain a democratic society in this country let alone those of our allies.

Probably my time grows short. I should like to conclude on what I thought was a very perceptive remark made the other day in this debate by the most able Senator from Hawaii (Mr. INOUYE), a distinguished trial lawyer, one of the most eloquent speakers in this Chamber, and one of the most decisive thinkers in this Chamber. He was making what I think is a very perceptive, incisive remark the other day that I had not heard, seen, or read anywhere else. He said that if we do not grant this aid promptly and effectively, we may very well communicate the message to the people of El Salvador that some way or other we disapprove of Mr. Duarte.

I do not mean to quote the distinguished Senator. I may slightly misquote him, and if I do I will again be delighted to have him correct me, but his point was we would not want to communicate the message that we are now withholding support because some way or other we find Mr. Duarte unacceptable. I guess the implication would be we prefer D'Aubuisson, which I know the distinguished Senator from Montana does not and apparently the plurality of the people of El Salvador do not.

Mr. Duarte led and led substantially, and he is a man, in terms of the political spectrum, of the moderate left democratic socialist tradition. Why would we want to telegraph the message to his people and to him and to the people of El Salvador that we do not approve of that?

Mr. MELCHER. Will the Senator yield for a question?

Mr. EAST. Just allow me to finish, please, and then I will.

The effect of this would be, as a practical matter of American foreign policy, we do not really care about democracy in Central America. And if the Communists shoot their way into power, so be it; we wash our hands of it.

Now, I know that is not the intention of the Senator from Montana or any other Senator in this body, but I find that morally repugnant. It is no policy. I think what you are going to continue to witness in Central America, whether one likes to admit it or not, one by one these regimes are going to fall under Communist domination, again, through the Nicaraguan and the Havana and the Moscow connection. It is Nicaragua now, then El Salvador, then Honduras, then Guatemala. I simply say at some point, gentlemen, you are turning the Caribbean into a major influence in terms of Soviet military power in the New World, in total violation of the Monroe Doctrine and, perhaps even more importantly, in total violation of what is morally acceptable, at least as I see it. To allow the Caribbean area and the Central American area to fall under the control of the Soviet Union is going to be a great disaster not only to democracy, but it is going to be a great disaster ultimately to the well-being and the security of our institution and tradition of democracy in this New World.

The PRESIDING OFFICER. The 15 minutes yielded the Senator has expired.

Mr. EAST. I again thank the Chair and I again thank the distinguished managers of this bill for allowing me the few minutes to respond to what I think is a negative amendment. I hope that the bipartisan support will reject it when the yeas and nays are ordered.

Mr. MELCHER. Mr. President, will the floor manager yield time to the distinguished Senator from North Carolina so that he can answer my question?

The PRESIDING OFFICER. Who yields time?

Mr. KASTEN. Mr. President, I am pleased to yield to the Senator 3 additional minutes.

Mr. MELCHER. Will the Senator on our side yield us 10 minutes on the bill so that the distinguished Senator may answer some questions?

Mr. INOUYE. I believe you are managing on your side?

Mr. MELCHER. On the bill?

Mr. INOUYE. It is up to you.

Mr. KASTEN. Mr. President, a parliamentary inquiry. The total time on the bill is 8 hours. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. KASTEN. So I take it that the Senator, as acting manager for his side, would be able to do that.

I think we can assume control of 4 hours on the bill on this side, so you would be in the position of allowing that time from your 4 hours on the bill.

Mr. MELCHER. Mr. President, I yield 10 minutes from the bill plus the 3 minutes that have been yielded by the distinguished floor manager on the other side, for a question of the Senator from North Carolina.

The PRESIDING OFFICER. The Senator from Montana is yielding time from the bill.

Does the Senator from Wisconsin now wish to rescind his yielding of 3 minutes from his side on this amendment, or does he wish to let it stand?

Mr. KASTEN. I will let it stand. The point we are trying to make is that he now has 3 minutes from our time on this amendment, and he has the additional time the Senator from Montana is yielding from the opposition time on the bill.

The PRESIDING OFFICER. That is correct.

The Senator from Montana.

Mr. MELCHER. I thank the Chair, and I thank the distinguished floor manager of the bill.

Will the junior Senator from North Carolina yield for this question?

First, is he aware of the unspent money already appropriated for El Salvador?

Mr. EAST. Senator, I presume there are moneys that are currently available, that are in the pipeline, moving, and one can argue over the particular figures, I suppose, endlessly.

I saw the other day that the administration said it would be $400 million over a several-year period.

So I think that whatever particular figures we might select for debate or argument or whatever, it still brings me back to the fundamental point that the effect of the Senator's amendment would be to eliminate, for all practical purposes, any serious continued, near term—and I suppose it would reflect a long term—position of military assistance to the Government of El Salvador. I strongly dissent from that.

Mr. MELCHER. I thank the Senator for his explanation.

There is $160 million already appropriated, not counting this proposed $62 million. That has already been appropriated in the 1984 bill for El Salvador, $19 million is held up, but the other $141 million is still waiting for them to spend in the coming 6 months.

I ask the distinguished Senator from North Carolina if he thinks that if President Duarte is the final victor in this election for President in El Salvador, President Duarte is going to campaign between now and the final election day—assuming he is successful after that—that he is going to campaign for less money from the United States? Does the distinguished Senator really believe that Duarte, as a candidate for President, and if elected President, would say to the United States—to President Reagan, in effect, and to Congress—"Please don't send us so much money"?

Mr. EAST. Let us assume that Duarte is elected President. I think that the Duarte government, for an indefinite period of time, is going to need American military assistance, as well as medical assistance and economic assistance, just as—if I might use a comparison—the Israeli people and the country of Israel and the Middle East will continue to need American military support as well as other forms.

Mr. MELCHER. Precisely. I thank the Senator for his answer, because that is the point. They are going to ask us for more as much as they can get.

I ask the Senator from North Carolina if he really believes that, somehow, we are not sending armaments to both sides. Does it not end up and does not the Senator believe that, as reported, many of these armaments end up with the insurgents.

Mr. EAST. I noticed, I believe, on "Meet the Press" yesterday, and I have read an analysis of it, that this figure is not correct.

Mr. MELCHER. What figure are you referring to?

The PRESIDING OFFICER. The Chair asks Senators to address the Chair.

Mr. MELCHER. Mr. President, I inquire of the distinguished Senator, what figure?

Mr. EAST. The figure I say was about 7 percent that was in a particular locale. But the Senator smiles. Let me put it in broader perspective.

I read an interesting column by Milton Condracky, a man of the "liberal to moderate" point of view, who is executive editor of the New Republic, who said in the paper the other day that the U.S. Congress is not equipped to micromanage American foreign policy. I think he is correct.

All I am saying to the distinguished Senator from Montana is this: You can get witnesses in here who are saying they are getting a large number of arms. They will get witnesses in who say they are not. I do not know. You and I could go on and on endlessly about it.

Is it 7 percent? Is it more? If it is more, where are they getting them from? Some say they are getting them from the open market that came out of the American collapse in Vietnam, because Congress undercut the President's efforts there, in my judgment.

In any case, I think that what one must acknowledge is that the practical effect of this niggling—and I call it niggling—is to get to the point that people do not really want to give the aid that is adequate.

One can say the same about aid given to Israel, but we are going to defend Israel, and we should defend Israel against the Syrians——

Mr. MELCHER. Mr. President, I thank the Senator.

Mr. EAST. As proxy of the Soviet Union in the Middle East.

The PRESIDING OFFICER. The Senator from Montana has the floor.

Mr. MELCHER. Mr. President, I want to point up this part of the statement by saying that, yes, President Monroe was a Democrat; yes, President Jefferson was a Democrat. And they were both very great Americans, and they both started this country on the right course.

As to the Monroe Doctrine, there was nothing in the Monroe Doctrine that said we should send armaments to El Salvador or any other South American country. The Monroe Doctrine is specifically what I pointed out in my earlier remarks that provides us authority to intervene, to prevent, to interdict shipments of arms into another country for the purpose of disturbing the peace there and for threatening the peace in this hemisphere.

The Senator from North Carolina perhaps did not hear my remarks. If he will read them in the RECORD, or I am glad to supply him a copy, he will find we make that very clear.

Mr. KENNEDY. Mr. President, will the Senator yield for a series of questions?

Mr. MELCHER. Mr. President, I yield to the Senator from Massachusetts for the purpose of asking some questions.

Mr. KENNEDY. First of all, I congratulate the Senator from Montana for this amendment that he has proposed and particularly for continuing the debate and discussion on Central American policy.

Some Members have said that those of us who sought to get this body to debate this issue were rather naive in their belief that other Members of this body did not really understand Central American policy. I think the wording that was used was "myopic."

I welcome the fact that the Senator from Montana, in his exchange with the Senator from North Carolina, has discussed in detail the specific amounts of money involved. As he correctly pointed out in this recent exchange, $19 million of the funds already appropriated have been fenced off, but would be available virtually overnight to the El Salvadoran Government if there were a verdict in the trail of those charged with the murder of the four American churchwomen who were brutally raped and then shot

in 1980. It is important that that matter again be brought before the Senate. I wish to question the Senator from Montana about his specific amendment.

I have been here since the early part of his presentation. There are a number of features of the amendment which I think are particularly deserving and commend themselves to favorable action by the Senate this afternoon.

First of all, as I understand the Melcher amendment, it is an amendment for an appropriation of some $35.4 million as compared to the $61.75 million that has been tentatively agreed to in this legislation.

Am I correct?

Mr. MELCHER. The Senator is absolutely correct.

Mr. KENNEDY. If this amendment were accepted, the funds would be available through this fiscal year, that is, to the end of September 30. Included in the Senator's amendment is a recommendation that the military aid portion be equal to what it was provided last year with a 3-percent growth. Am I correct on that?

Mr. MELCHER. The Senator is correct, and 3 percent is in line with so many other caps we are talking about for other programs.

Mr. KENNEDY. So the amount of military assistance that the Senator is talking about, as I calculate it, would come to about $7.9 million?

Mr. MELCHER. The Senator is correct.

Mr. KENNEDY. For the reasons that the Senator from Montana has outlined, the amendment limits the vote of growth in military assistance to the same limit placed on domestic programs.

I also wish to draw attention to those funds that could be used for a variety of different functions—ammunition, training, trucks, and helicopters, ground maneuver forces, communications sustainment, and the various other military programs which have been identified by the administration. We should note a special feature of the amendment of the Senator from Montana—it provides the full $13.5 million requested in medical aid and assistance. This represents a very modest increase over what was actually accepted as the compromise amendment. Is my understanding correct that there would be a modest increase in medical aid even over the amount in the tentatively agreed amendment?

Mr. MELCHER. The Senator is correct. It is a little over $1 million more than what would be available for medical purposes under the Inouye amendment.

Mr. KENNEDY. The Senator from Montana also has included in his amendment $14 million for food aid and assistance which has not been included in the compromise amendment which has been tentatively agreed. Am I correct in that as well?

Mr. MELCHER. The Senator is correct.

Mr. KENNEDY. I am strongly committed to help and assist the thousands of displaced persons in El Salvador. I will address that issue shortly, perhaps even this afternoon. We need to focus additional attention on their critical needs. I imagine that the funds contained in the amendment of the Senator from Montana would be distributed through various church agencies and other nonprofit groups, to prevent as much as possible what is called "seepage." That word of art is used to describe the actions of many in El Salvador who misuse American aid and assistance, whether it is humanitarian aid and assistance or military aid and assistance, for their own personal gains, such as sales on the black market. This particular amendment, contains food aid and assistance which is not contained in the compromise amendment.

It is useful for the Members to have outlined for them the contents of the Melcher amendment because I think its stress and emphasis on humanitarian help and assistance are important. It is also important to recognize it provides for the continuation of military aid at approximately last year's level with a small measure of increase in terms of inflation.

I intend to support that amendment. The principal difference, I believe, between the Senator from Montana and myself is that I wish to await the outcome of the runoff election itself before committing over a longer period of time either military and humanitarian assistance. I welcome the Senator's strong emphasis and insistence on humanitarian aid. I do think it is important to support this amendment.

Finally, I wish to review with the Senator from Montana the various other authorities available to the President to provide emergency assistance, military assistance, which have been touched on only lightly during the course of this debate. I wish to know whether the Senator from Montana would not agree with me that there does exist, even at the present time, very substantial funding that would be available should the President want to make it available within his own power if there were some very dire emergency? Would the Senator not agree with me on that issue?

I do not want to trespass on his time, but I will have an opportunity either now or later when I offer my amendment to review those programs for the Senate.

But I think it is important that since the Senator has referred to it we underline that particular fact.

(Mr. DANFORTH assumed the chair.)

Mr. MELCHER. Mr. President, I think the Senator from Massachusetts has added more and more to what is available to President Reagan to spend there as he so desires. It is up to the El Salvadorans to make the request for the $160 million that has been appropriated and is still waiting anxiously. I would suppose, in the State Department's coffers. It will come out of the Treasury and out of the taxpayers' pockets, to go down to El Salvador.

But the Senator is absolutely correct. The President has $250 million in contingency funds that he can send down there in armaments. That is a quarter of a billion bucks.

Mr. KENNEDY. I imagine the Senator from Montana is referring to section 506(b) of the Foreign Assistance Act which permits the President in the interests of national security to draw down from Defense Department stocks. It is my understanding that the President has approximately $75 million available to him from this source and has relied on this authority at least twice in the past to provide emergency assistance to El Salvador.

Mr. MELCHER. Has the President drawn down on that particular fund yet?

Mr. KENNEDY. There have been two occasions. One occurred when the Ilopango airfield was bombed in El Salvador in 1982. The other occurred when President Reagan requested emergency authority to draw down defense stocks during fiscal year 1981.

But at least that authority is available. There is also section 614 of the Foreign Assistance Act which also permits the President to use up, as the Senator has mentioned, to $250 million once he determined such expenditures were in the national security interests or in the interest of the United States. He could also rely on section 21(d) of the Arms Export Control Act which provides an authority to send whatever is needed on an emergency basis by the military in El Salvador. Under that legislation, the President merely defers the billing date for repayment for 120 days and relies on excess military stocks to tide El Salvador through the emergency, if such an emergency really does exist. After 60 days, under this legislation, the President submits a finding to the Congress that his use of this authority was, in fact, required by our national security interests and requests Congress to authorize and appropriate the amount needed to pay for the material drawn down earlier to meet the emergency.

So there are those provisions. I would dare say, Mr. President, that I believe that this whole supplemental request, and the skirting of the Senate Foreign Relations Committee, was basically motivated by the fact that the administration believed that there was a real possibility that Mr. D'Aubuisson

would receive a strong vote in the initial election and perhaps be successful in the final runoff. I believe the administration wanted to make sure that there was enough resources and moneys, both in the pipeline and actually appropriated by the Congress, so that we would not be able to have the kind of voice on future levels of assistance and help. Such a voice is essential if we are going to insure that the murder of the four American churchwomen is going to be accounted for, the murder of the two labor advisers is going to be accounted for, that there will be a termination of death squad activity, and there would be a real movement toward an end to violence and beginning of a process of negotiation.

The Senator is quite correct in pointing out the funding which is available. It is quite appropriate to wonder why the administration is rushing us to appropriate millions of additional dollars more of military assistance.

I thank the Senator from Montana for his response. I believe that he has helped very much in this discussion and debate on the American policy in El Salvador.

Mr. MELCHER. Mr. President, I thank the Senator from Massachusetts.

Mr. President, I point out that all of these unspent moneys already appropriated to El Salvador, plus the President's contingency fund in various forms, add up to a half billion dollars being available for El Salvador over the next 6 months, if we never appropriated them another nickel.

The point is that here we have been goaded on by claims of urgency, by claims of vital need, by the claims that crop up in these urgent supplementals every time for El Salvador, and they have never gotten to the bottom of the well. We are continually adding depth to that well. And the funds are there. They have never run out.

There is too much that has been appropriated to them; there is too much available. I am not sure why we are addressing this in an urgent supplemental.

I reserve the balance of my time, Mr. President.

Mr. KASTEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. KASTEN. Mr. President, first of all, how much time is available on the Melcher amendment?

The PRESIDING OFFICER. Forty minutes to the Senator from Wisconsin and 30 minutes and 15 seconds to the Senator from Montana.

Mr. KASTEN. So then we assume that the discussion that we have just had between the Senator from Massachusetts and the Senator from Montana was in fact time off the bill, not time off the amendment; is that correct?

The PRESIDING OFFICER. That is correct.

Mr. KASTEN. Mr. President, I would like to respond to a couple of the comments that have been made here, I hope to put the overall question in a more definitive context.

We began with an administration request of $93 million in emergency military aid for El Salvador. That aid was basically in four components. Component No. 1 was military aid in the amount of $49 million. The second component was medical assistance, approximately $12½ million. The third component was mobility, approximately $29 million. And the fourth component was communications equipment, which was roughly $4 million. That added up to $93 million.

We then, working with the Senator from Hawaii and members of the administration, made a compromise. As I suggested when I agreed to that compromise, I felt that the entire $93 million was needed, and I felt that we had the votes to pass that on the floor of the Senate. But in the interest of demonstrating the kind of bipartisan support shown by the Kissinger commission and in the interest of working with the ranking minority member on the Foreign Operations Appropriations Subcommittee, I worked for and am now supporting the Inouye compromise.

The difference between the administration request and the Inouye compromise is essentially the mobility component. In other words, we are talking here about military aid in the neighborhood of $49 million. The medical assistance is the same as the administration's request, $12.5 million. We dropped the $29 million in mobility, and we have a small amount of money in communications equipment; effectively the new communications equipment has also been dropped. The total figure of the Inouye compromise is roughly $62 million.

Now a third amendment has come before us. I think it is important to recognize how that fits with what has already been adopted. This third amendment is for a total of approximately $35 million. But the components are significantly different than either the Inouye amendment or the initial administration request.

Where both Inouye and the administration request had $49 million for military assistance, the Melcher request comes at just under $8 million. That is the area that is most urgently needed. That is the critical part. A difference of $49 million compared to $8 million.

The Melcher amendment picks up the medical component. So Melcher would agree with the administration and with Inouye on medical funding, roughly $13 million.

Mobility is cut out in both the Inouye and Melcher amendments. Communications equipment is out in both the Inouye and Melcher amendments. Then, in order to make up the difference, we add $14 million in Public Law 480 funds to make the total of $35 million. Well, we do not need the Public Law 480 emergency food assistance. That is not requested by the administration. So the effect of the Melcher amendment is not just a difference between $49 and $35 million——

Mr. MELCHER. Will the Senator yield?

Mr. KASTEN. I will yield after I have completed this analysis.

Mr. MELCHER. This is a very pertinent point, because it is requested in the President's request.

Mr. KASTEN. I will yield after I have completed the analysis.

The PRESIDING OFFICER. The Senator from Wisconsin has the floor.

Mr. KASTEN. The effect of the Melcher amendment is to impact primarily on the emergency military aid, which both the Inouye compromise and the administration request agrees on and to cut the $49 million figure to an $8 million figure.

That is important to recognize. There is some money in the pipeline for El Salvador that has not been spent. In my view, it is in the neighborhood of what we have been talking about, which is $140 million. It might be as high as $160 million. That money is economic assistance. It is not for military, medical, mobility, communications, and so forth. That money is $150 million of previously authorized and appropriated funds which are going to be used between now and the end of the fiscal year for economic assistance, and by law cannot be used for military assistance. It is prohibited from being used for any of the issues that we are here debating. That money is separate.

The reason it is in the pipeline is because we are only part of the way through the fiscal year. It will be spent. It is being spent on a schedule. It will be spent by the fall when we finish our fiscal year. There is a $19 million military assistance component which has—the Senator from Montana is correct—been set aside. That is, as the Senator will remember, the 30-percent Specter amendment which was agreed to by our subcommittee, and we withheld 30 percent of our previous military appropriation pending a verdict on the churchwomen's case.

That is withheld. The churchwomen's case is now proceeding. I am confident that it will come to a trial soon. That is the only part that could in anyway, shape, or form be used to meet these urgent needs.

It was also said that the money had not been authorized. The Senator

from Massachusetts once more brought up the point that the money had not been authorized and somehow we are trying to skirt the authorization process. That simply is not true.

The appropriations we are providing are authorized. When we considered the continuing resolution last year, the House of Representatives appended the authorization legislation to that measure. When we went to conference we accepted that recommendation. We did so with the full encouragement of the Senate Foreign Relations Committee.

In fact, I would bring to my colleagues' attention section 101(b)(2) of the continuing resolution which is cited as the "international Security and Development Assistance Authorization Act of 1983." That is in the law. The authorization level for the military assistance program is $639,700,000, of which $510 million has been appropriated and enacted into law. Should Congress have approved the $93 million request, or should Congress now approve the $62 million Inouye compromise, it would still leave a significant unfunded authorization.

This provision of emergency funds in no way should affect the authorizing committee's prerogatives as far as overall policy toward Central America is concerned. In fact, all of these questions remain open and should be handled in the course of the regular process. The money that we are talking about today is authorized. The authorization committee, Senator PERCY and Senator PELL understand that and have indicated as much in letters to the administration and in comments to us. The dollars have been authorized.

They went beyond that, however. Last Tuesday there was a special hearing on Central American policy at the Foreign Relations Committee. Basically they went through an explanation of where those dollars might be going.

I would make just a final point because a number of people brought up, "If the President wants this money, why does not he ask for it?" It is correct that there are two funds in which the administration could request this money. One of them is section 506(a) which is basically a contingency defense stock fund, and the other is a section 21(d).

In the past the administration has used as a drawdown on the defense stock funds under section 506(a). We drew down $55 billion about 1½ or 2 years ago. That fund has in the past been used for El Salvador emergencies and 21(d) has not yet. That essentially is a delaying fund. You draw down and the dollars are paid back later. It brings out equipment. It is a delay in the payment.

One is a defense emergency contingency draw down. The other one is essentially a delaying financing mechanism. Both of those funds could have been used. Frankly, a number of us recommended at different times that they ought to be used for El Salvador. But the reason—the Senator from Massachusetts and the Senator from Montana brought up this point—these funds were not used is because a significant number of Senators and Congressmen insisted that they not be used. The people who were opposed to the overall process and the people who were concerned about the expenditure of this money said in letters to the President, and in letters to the Secretary of State, do not do an end run around the Congress. Allow for debate in the Senate, and allow for debate in the House. Do not use the emergency funds.

I have before me a letter from the chairman of the Foreign Relations Committee, Senator PERCY, on that fact. I have another letter in front of me from the ranking member of the Foreign Relations Committee. We have letters from the chairman of the Foreign Operations Subcommittee of the Appropriations Committee in the House and a letter signed by 23 members of the House Foreign Affairs authorization committee insisting that the emergency authority not be used, that we have the debate we are having today and that Congress have a chance to act on this money with up or down votes.

As everyone on this floor remembers we have not had a vote on this question for a number of years. There has not been an authorization bill. We are talking about "Why isn't it authorized?" We have been authorizing in the appropriations bill because the authorization bills have not moved through the process, either in the House or in the Senate. We are not waiting. The problem does not occur here, the problem occurs that neither authorization bill is passed. We have not had a record vote on this question up until last week when we voted on the Inouye amendment. We have not had a record vote since 1981 on El Salvador aid. People have preferred, frankly, Senator, to avoid those votes which we are now forcing today. It is important to recognize, No. 1, that the Melcher amendment significantly cuts the military assistance segment which is the key. There are not all sorts of dollars out here in some fund that have not been spent. Those dollars could not be spent for the purposes that the emergency assistance is addressing today.

But this is not an end run around Congress or the authorization committee. In fact, it was the chairman and ranking members of the authorization committees who are insisting upon the process that we are working with today; and lastly, we have a real emergency in El Salvador. We must go forward with this military assistance.

I would be happy to yield to the Senator from Massachusetts and also to the Senator from Montana.

I will yield to the Senator from Massachusetts for a brief question.

Mr. KENNEDY. I have a couple of questions if I might yield to myself, if there is no objection, Mr. President.

Mr MELCHER. Mr. President, the control of the bill on this side should be properly with Mr. INOUYE.

Mr. INOUYE. Mr. President, I yield 5 minutes to the Senator from Massachusetts.

Mr. KENNEDY. I thank the Senator.

I was interested in listening to the Senator from Wisconsin talk about how we have arrived at where we are today—his reviews of the requests of various Members of the Senate, and the House, and the procedures of this body in terms.

That is, I would understand, a correct explanation up to a point. But the good Senator from Wisconsin has halted his explanation somewhat prematurely. Where we are now is this: We are considering an amendment to the appropriations bill at the same time as the Senate Foreign Relations Committee is considering this very issue, military aid to El Salvador. Rather than following the time-honored process of this body which permits the authorization committee first to give consideration to legislation authorizing the particular funds and then the appropriation committee to make the appropriation—we are basically circumventing the procedures of the Congress by adding this money on to the appropriations bill almost at the very moment when the Foreign Relations Committee is considering the whole issue of aid and assistance to El Salvador.

Mr. KASTEN. Will the Senator yield?

Mr. KENNEDY. I would welcome that because in framing the question, I know the answer to this. I would dare say, as I mentioned earlier, that the urgency of this request had more to do with the possibility that Mr. D'Aubuisson would be elected and the desire of the administration to get as much resources and money in the pipeline as possible beforehand rather than to take a chance that he might not be elected, and following the procedures and the process of the Senate.

Mr. KASTEN. I would like to respond to the Senator by saying the Senator is right on the substance, but the Senator is mistaken about the law. At this point——

Mr. KENNEDY. Which law? The law that requires that we authorize before we appropriate or appropriate before we authorize?

Mr. KASTEN. The Senator is correct, that at this moment or during this period of time, the Foreign Rela-

tions Committee is in fact having hearings and is discussing the question of aid to Central America. They are discussing that in the context of the 1985 authorization bill. What we are discussing here today is emergency assistance in the context of the 1984 authorization bill which was incorporated into the continuing resolution last year.

So the Senator is correct, over the past week or so the Foreign Relations Committee has been discussing aid to Central America in the context of the 1985 authorization bill. Today we are dealing with the question of emergency assistance which has been authorized in the 1984 authorization bill which was included as part of the continuing resolution that we passed last year.

Mr. KENNEDY. Under the continuing resolution, there was $64.8 million, is that correct, under the continuing fiscal year 1984 resolution?

Mr. KASTEN. That number was correct in the appropriations part but if you look at the authorization part, the figure is much higher. The authorization level for military assistance was $639,700,000 of which $510 million has been appropriated.

Mr. KENNEDY. Let me get back to the point I mentioned earlier. Am I not correct that the Senate Foreign Relations Committee is also considering the supplemental request for fiscal year 1984?

Mr. KASTEN. They may be considering the regular supplemental request. It may have come up in the hearings they had a week ago. But they, in their oversight responsibility, I am assuming, can do that any time they want. But the point is the dollars have been authorized and the procedure we are using is correct.

Mr. KENNEDY. Mr. President, I do not believe we are talking about semantics in this exchange. It is my understanding the Foreign Relations Committee is not only considering the fiscal year 1985 request but also the supplemental for fiscal year 1984.

The PRESIDING OFFICER. The time yielded to the Senator has expired.

Mr. KENNEDY. Will the Senator from Montana yield me 3 minutes?

Mr. MELCHER. Yes, Mr. President; I yield 3 minutes.

Mr. KENNEDY. The point is the Foreign Relations Committee is considering not only fiscal year 1985 but also, I understand, the supplemental for fiscal year 1984. It is important to understand that this is not just an issue or problem that starts one year and stops in another. We are talking about an expanding policy of militarizing the problem in El Salvador. These issues do not just stop one day in one fiscal year and start in another. I think the ramifications of this process and procedure were very well discussed last Thursday by the ranking member of the Foreign Relations Committee. For the reference of our colleagues, page 7073 of the March 29 RECORD probably puts this issue in perspective in terms of the process and procedures as well as any other explanation. I thank the Senator from Wisconsin.

Mr. KASTEN. Mr. President, in the press of debate by both the Senator from Massachusetts and the Senator from Montana, it has been suggested that the military ought to be using one of its executive branch drawdown authorities. Am I to believe the Senator from Montana or the Senator from Massachusetts in fact would support that and that they believe that the more proper way of providing this emergency military assistance would be through a drawdown on either section 506(a) or 21(b)?

Mr. KENNEDY. If the Senator is addressing me, the fact, Mr. President, is I do not. For reasons I have outlined earlier, I believe that if that were an emergency with regard to the period of time between now and the time of the El Salvador presidential election I would not oppose it. I would not oppose it, if that is the question of the Senator from Wisconsin. I believe we are entitled to learn the outcome of that particular election prior to making what I consider to be virtually an open-ended commitment of the Congress of the United States to the El Salvadoran Government, no matter who wins that election.

Mr. KASTEN. I thank the Senator. He said if there were an emergency between now and then, he would not oppose the emergency drawdown.

Mr. KENNEDY. Up to the time of the election. That is my position. That is why in an amendment which I will offer I authorize and appropriate moneys between now and the election. That is my position. The U.S. Congress and the American people ought not to commit to future aid levels until after we know the outcome of that election.

Mr. MELCHER. Might I answer the question posed by the Senator from Wisconsin?

Mr. KASTEN. I yield to the Senator from Montana for a brief answer.

Mr. MELCHER. I will make it very brief. If the President chooses out of his descretionary funds, the funds you mentioned first, which I believe total $75 million, and if he wants to tell the American people that he sees such an imminent threat in El Salvador and he needs additional arms down there in the next 90 days, and we better quit talking about getting them down there next week or prior to the election coming up in a month, if he thinks that there is that great a threat that he has to have them right away and wants to get them down there within 90 days, I am not going to criticize him using a lot of those funds. I disagree with him and will tell him it is bad policy. But they are his discretionary funds and he is to use them as he pleases.

Mr. KASTEN. I thank the Senators. I hope we are able to proceed now that the debate has begun, but if this is delayed over a long period of time, I think the administration might once more find itself in the position of having to consider using those emergency drawdowns. Mr. President, I yield to the Senator from Hawaii such time as he may require.

Mr. INOUYE. Mr. President, this debate on Central America is long overdue. As one Member of this body, I am happy that it is finally happening because El Salvador did not become a problem only yesterday or today. It has been with us for decades.

Nicaragua did not happen just yesterday or, for that matter, this past weekend. It has been with us for decades.

Fidel Castro is not a problem that just occurred a few years ago. The birth of Castroism was a logical consequence of Batista's misrule.

As a Member of this body, I have tried my best with my small and insignificant voice to alert my friends here that we were leading ourselves down a path of destruction.

I have given many speeches here suggesting that we served as the midwife in the birth of Castroism. We knew the brutality of Fulgencio Batista; we knew of his corruption; we knew of his prisons; yet we closed our eyes. Even if we were unaware that, eventually people would rise up against brutality and dictatorship, we should have expected the creation of a Castro in Cuba.

I would like to remind my colleagues that when we had the debate on aid to Nicaragua, one Senator stood up and said, "Let us not make this mistake again." In the past, we had been guilty of holding up, supporting, and financing the Somoza family. We knew of his corruption. We knew of his brutality. They were not secret. But, in the past, in the name of anticommunism we said, "Let's give him all he wants."

Finally, when it came time for us to consider participation in covert activities, my colleagues will recall, I stood in the well because it was supposed to be important enough for discussion in the well. I said, "Let us not compound this problem by getting in further."

Mr. President, as one of my last acts as chairman of the Foreign Operations Subcommittee, I turned down a request of former President Carter for military assistance to El Salvador. Under the authority of the reprograming provision in the Foreign Assistance Act he had requested $5.7 million for military equipment for El Salvador. My colleagues may have forgotten

this. At that time, I said as chairman I would suggest its approval if the administration would assure us that the moneys would not be spent to puchase lethal weapons.

Oh, that was ancient history. It was a long time ago. I am pleased to say that the subcommittee went along. I think the record will show that this was the first time conditionality was brought into our assistance programs in Central America.

Having opposed our military involvement in that part of the world for a long time, the question has been asked, and I think rather validly, why am I now suggesting this so-called compromise? Mr. President, over the years, all of us here have participated in creating a military monster there. If we should decide at this moment to stop all aid, that would also end all restraints on the hotheads in that part of the world. What will happen then will be a bloodbath. The death squad activities will, once again, flourish; the military leaders will decide that if the United States is going to wash its hands, what have they got to lose?

Mr. President, what I have been trying to do is to provide a minimum which I hope will keep the military in check while democracy is given an opportunity. An election has just been held in El Salvador. I was not there to monitor the election, but my colleagues tell me that it was something to behold. It may be the last opportunity we have there for some semblance of democracy to rise up. If we are to give that semblance of hope a chance to flourish, then some little amount must be given to keep that hope alive.

I hope that in this debate, we shall have sufficient time for all of us to look back in history and learn a few lessons. Just a few months ago, I tried my best to suggest that the invasion of Grenada was not only in violation of our Constitution, it was also a violation of the War Powers Act, and I also suggested that we may be planting a seed of tragedy there. Mr. President, you will recall that one of the arguments made for our invasion was that here was a major airport development, which the Grenadian Government at that time said was for its tourist industry. But our President said no, it was not for the tourist industry, it was part of the military buildup in that part of the world.

Now we are there. The Cubans are out; we are in charge. We are now proposing millions of dollars to build up this airport and we are proclaiming to the world that it will not be for military purposes, it will be for tourism in Grenada. We are going to be appropriating moneys to shore up the government there and to build up a small military. I do not know why the Grenadians need a military, but we will be providing $40 million out of the Lebanon account to build this airport and additional requests will be coming in for security assistance.

If we do not want an El Salvador in the future in Grenada, let us nip the bud right here. There is no reason or requirement for military assistance to Grenada.

Mr. President, we have spent millions in El Salvador, and all of us—no one can say he stood up alone—all of us supported it. But a few of us, sensing the problems which lie ahead, tried to add conditionality. We tried to limit U.S. involvement and to encourage reform. All of these conditions came from the subcommittee of Mr. KASTEN—the 55 limitation on trainees and advisers, the limitation on the use of funds for nonlethal weapons, the reservation of $19 million until a verdict was handed down in the trial of those accused of the murder of four American churchwomen. The Senator's subcommittee has been working, and a few days ago, in the Appropriations Committee, I made an attempt, a very serious attempt, to hold up the consideration of this urgent supplemental for El Salvador until the election process was completed. As you know, Mr. President, I was voted down 16 to 13. I concluded that if the question put to this body was the appropriation of $93 million in military assistance or zero, the $93 million request would prevail. I hope that this so-called compromise will prevail, because at least we shall cut down the level of funding and the level of violence.

Mr. President, I am told that the election in El Salvador was successful. Let us give that election a chance to succeed completely. I am convinced that if this amendment prevails and if it succeeds in the House and becomes the law of the land the election process in El Salvador will be threatened. Sadly, I must say to the Members of this body that the reduction proposed in this amendment would result either in a coup d'etat or the reactivation of the death squads or another bloodbath. History tells us that the military in El Salvador was let loose in 1932—oh, that is a long, long time ago, Mr. President. In 1932, in that bloodbath, 30,000 peasants were slaughtered. I do not want that on my conscience.

I think my amendment, the so-called compromise amendment, will give that little spark of democracy some hope of flourishing. So I hope my colleagues will vote down the amendment proposed by the Senator from Montana.

Mr. KASTEN. Mr. President, how much time remains on the Melcher amendment?

The PRESIDING OFFICER. Thirty minutes and 15 seconds for the Senator from Montana; 11 minutes and 38 seconds for the Senator from Wisconsin.

Mr. KASTEN. Mr. President, if I might have the attention of the Senate, I see no more Senators who at this time want to further debate the Melcher amendment——

Mr. MELCHER addressed the Chair.

Mr. KASTEN. I would be happy to yield to the Senator.

Mr. MELCHER. I do want to inform the floor manager of the bill that I do have some remarks to make. They will not take very long. Then we can enter into what I suspect is an agreement that we both would probably like to have.

Mr. KASTEN. I then suggest, after the Senator from Montana makes his concluding remarks, that we yield back all but a small portion of the time, maybe 5 or 10 minutes on each side, on the Melcher amendment, and proceed to a Kennedy amendment that I expect to be offered. That Kennedy amendment is listed on our unanimous-consent request as an amendment in the first degree, but amendments on that unanimous-consent list may be offered as amendments in the second degree. The time limit for the amendments on this list, whether they be first-degree amendments or second-degree amendments, remains the same. So the Senator from Massachusetts, Mr. President, does not by offering this amendment as a second-degree amendment waive his time.

It is then my understanding we would debate the Kennedy amendment for whatever time is necessary. It is also my further understanding we would then try to set that amendment aside because there are a number of Senators on either side who will be present within the next couple of hours who may wish to speak, and we will try to set at least two votes between 6 and 6:30. Then we could possibly proceed to a third amendment which the Senator from Massachusetts having to do with displaced persons in El Salvador. Possibly we could debate that amendment and proceed with it. That amendment may or may not take a recorded vote, but I think we will wait to see how that develops.

That is the overall plan on which I hope we can move forward. I am not putting this in terms of a unanimous-consent request at this time.

I am happy, Mr. President, to yield the floor.

Mr. MELCHER addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. MELCHER. Mr. President, the senior Senator from Hawaii, with his usual eloquence, which I very much admire, has said the problems in Central America and El Salvador have not originated overnight; that they are long standing and that they beg for an adequate discussion on the Senate floor and hopefully for a better policy for Central America.

But my amendment, of course, will not let loose a bloodbath. My amend-

ment will not contribute to that. However, the makings of a bloodbath have been in El Salvador, as they have been in Guatemala, as they have been in other Central American countries for longer than my lifetime.

Mr. President, when we talk so blithely—whether it is lucid or not I am not sure—about the scores of millions of dollars that are available for El Salvador at this time and about the hundreds of millions of dollars recommended by President Reagan to be expended in El Salvador over the next 1½ years, we should take note that a blithe discussion on this Senate floor, in this town of Washington, D.C., in the United States does have a great deal to do with the attitudes and what the outcome will be in El Salvador and how it fits into a Central American policy for the United States. We should have a Central American policy for justice, what we expound here in the United States, and that is agreed to as being progressive and right by our other neighbors of Central America as well as South America.

We have spent a little time talking about what funds are already appropriated and available. It is absolutely incorrect to assume that somehow those are not vast sums of money for a very tiny country.

Those are vast sums of money. The $19 million that is still available in military aid, already appropriated but cannot be expended until the outcome of the trial for the slain nuns has been determined, is a big amount of money for El Salvador, for their army, for the insurgents, for both of them. The $95 million in economic security funds which is available for airstrips, for buildings that can be used by the military as well as road construction, as well as all of those things that go into a military operation, is a vast amount of money for El Salvador. It is a very small country. You can lose it in the State of Montana. You have to hunt for it in its entirety. There are 4 million people down there, which is not a great number of people. That $95 million, aside from being available for all of those purposes, can be used to free money in the El Salvador budget for arms purchases, from us or from somebody else. That is what economic support funds are available for.

The Senator from Wisconsin could not find the $14 million that I included in my amendment for food aid as part of the President's request but, indeed, it is in the President's overall supplemental request for 1984. Of the money already appropriated and left unspent for El Salvador, the smallest amount is $5 million for food. And so recognizing that the President in his January budget request, specifically in the supplemental request recommended $14 million for food aid, I include that. I include the $13.5 million specifically for medical aid, which is a little over a million dollars more than what was earmarked for medical aid in the Inouye amendment.

In addition to all of that, I ask for another $8 million which would be available for military aid. I wonder, since all of these funds are still available, whether even that $8 million for more military aid is needed. Out of deference to all the Senators and all the people in the administration and to the Government of El Salvador, I have it in there. So there is plenty of money for them. All we are enunciating is a shift in policy; that we already have so many funds available for a very small country, for armaments and for other purposes that we are not going to go whole hog and give them every so-called compromise dollar that President Reagan is recommending.

My colleagues who were down there Sunday before last as observers for the election have come back impressed with the sincerity of the Salvadoran people. They say they can read in their faces and they hear from their very lips the Salvadoran hope that the election process will lead to some stability and peace for their government. Who would deny them that hope?

No; I would not deny them that hope. I would hope to contribute to their hopes. As a Senator, I would hope to aid their hopes for peaceful settlement of their disputes and an opportunity to advance their personal lives and the lives of their families.

But democracy does not feed nor live on armaments. In this case, we are thwarting the opportunity for democracy in that country by simple mathematics.

If you can believe all the rhetoric over the past 4 years in justifying the appropriation bills for El Salvador, particularly those comments made by this administration, justifying urgent, special, emergency, military aid for El Salvador in the supplemental bills, if it is possible to believe those comments, then all that stands in the way of democracy and opportunity for the people of El Salvador are 10,000 insurgents.

If, by some stretch of the imagination, you can believe that by appropriating dollars out of the Treasury of the United States to kill those insurgents—in what year are they all going to be killed? How many times do we have to divide 10,000 into $200 million, into $300 million, into $400 million, into $500 million, from the U.S. Treasury, to accomplish that goal? How many times do we have to divide that to see how much should be appropriated each year to eliminate each and every one of those 10,000 insurgents? That is a gruesome thought, but, in effect, it is the argument that is consistently made to appropriate these funds—to eliminate the insurgents.

First, in 1981, it was $10 million appropriated. It came down to $1,000 per guerrilla. Then it jumped up to $10,000 in last year's appropriation—not the current fiscal year, but last year. Now, if we take everything the President has asked for it is about $30,000 per insurgent. Between now and the end of October, we might as well look at what he is asking for the balance of this year and into next year, and it is $700 million. So that would be $70,000 per insurgent.

Bloodbath, indeed. Armaments flow from the United States to arm the Army of El Salvador, to be captured in skirmishes by the insurgents to arm themselves, and so we supply both sides.

Mr. President, that is contrary to the Monroe Doctrine, because the Monroe Doctrine instructed us to stop military intervention from outside the hemisphere from upsetting countries within this hemisphere. That intervention could be properly addressed in methods I referred to in my earlier comments that would be consistent with the Monroe Doctrine. Our arms shipments to El Salvador are contrary to the Rio Treaty and contrary to the views of the Organization of American States, and contrary to the views of our friends in Central America.

Mr. President, I am going to rest my case on my amendment at this point, and I welcome the unanimous-consent request that will be made by the manager of the bill, my friend from Wisconsin.

Mr. KASTEN addressed the Chair.

The PRESIDING OFFICER (Mr. DURENBERGER). The Senator from Wisconsin.

Mr. KASTEN. First, Mr. President, I hope the Melcher amendment will be defeated. I think it is important to recognize that it is a reduction in the military assistance, which I believe would put the future of the elections in great jeopardy and would also put the future of El Salvador and our policy in Central America in great jeopardy. I am confident that the Senate will reject the amendment.

Mr. President, I ask unanimous consent to have printed in the RECORD an article entitled "Soldiering," by Mr. Fred Reed, talking about the shortages plaguing the Salvadoran Army.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SOLDIERING

(By Fred Reed)

SHORTAGES PLAGUE SALVADOR'S ARMY

SAN FRANCISCO GOTERA, EL SALVADOR.—For three days I have been a guest of the Morazan Battalion, headquartered in this low, poor, pastel, and dirty city. With me are an American doctor and another American, an authority on military small arms. We have been depressed by the Salvadoran Army. Regarding which:

1. It is badly equipped. Its rifles and machines guns—M16s, G-3s, and M60s—are worn out, used up. The soldiers say they

have never even *seen* cleaning gear. There are no spare parts, as for example bolts and barrels, and no armorers to repair broken weapons. We found troops using arctic-grade gun-oil, which was all they had. El Salvador is not in the arctic. Infantry weapons are easy to maintain, up to a point. Then you need knowledge and tools. For example, an untrained soldier cannot strip the bolt of a .50 caliber machine gun. The troops here tried, reassembled it incorrectly, and destroyed it when they fired it. Even an armorer needs all sorts of esoterica such as go-no-go gauges, barrel wrenches, stones, and expertise. If you don't have them, guns slowly become useless.

2. Their medical situation is criminal. They have almost no trained medics. The "medics" they have go into combat with a few field dressings, some penicillin, and maybe a bottle of glucose solution. The latter, my doctor friend growls, is almost useless as a blood replacement. A Salvadoran told us they had saline solution, but for some reason didn't use it. They are no medevac helicopters. The army has only 20 choppers, only some of which will work at a given time. They are used primarily for moving troops and cargo, and for medical purposes only when otherwise idle. This means that badly wounded men can wait six or eight hours before reaching care. They can't be treated in the field because no one knows how to do it. Often the wounded come out in trucks—bleeding, unsplinted, and alone, because there are no medics to ride with them. The level of medical ignorance is very high, and so is the death rate. A friend of mine tells of flying behind the lead chopper on a medevac run and noticing oil leaking along the side of the lead bird. It wasn't oil. A wounded man had a severed femoral artery and the door-gunner didn't know how to tie him off. He died. So goes this little war.

3. They need radios. We saw a few, but not nearly enough. A counter-guerrilla war involves patrols by small units, and close cooperation with mobile troops, as for example heliborne reaction forces. This is wild country. Without radios—lots of them—any soldiers you can't see might as well not exist. When a radio breaks, they can't fix it, and they can't quickly get anyone else to do it. It's a lonely feeling to be guarding a bridge or road out in the hot overgrown hill country, 20 feet from bushes you can't see through, with no way to call for help.

4. I saw no sign that people hereabouts are afraid of the army. Some of the police here have an evil reputation, very evil, but the army is a different entity. In regions I visited, the populace showed no sign of alarm or even particular interest when the army appeared.

5. Training is lousy. Although I am told by friends who should know that it is improving. More on this next week.

6. To editorialize a bit, it looks as though the United States is doing just enough to get these people in deep trouble, but not enough to get them out, I'm afraid we will give them enough to keep them afloat while the war gets nice and vicious and big. Then we will pull the plug, as in Cambodia, and a bloodbath will follow.

Maybe we should not play half-seriously at war. Half-seriouly at wars abroad entails responsibilities.

Mr. KASTEN. Mr. President, how much time remains on the Melcher amendment?

The PRESIDING OFFICER. The Senator from Montana has 17 minutes and 41 seconds. The Senator from Wisconsin has 8 minutes and 16 seconds.

Mr. KASTEN. Mr. President, I ask unanimous consent that the Melcher amendment be temporarily laid aside, and that a vote occur on the Melcher amendment immediately following the vote on the Kennedy amendment, and that the vote on the Kennedy amendment occur at 6:15 p.m.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. KASTEN. Mr. President, I now suggest to the Senator from Montana that we yield back all but a small part of our time, the Senator suggested between 5 and 10 minutes for debate. I say to the Senator that I have received requests from a number of Senators who are very anxious to leave the Chamber as close to the dinner hour as possible tonight, and we are seeing pressure to delay the votes and to have our recess time as early as possible tonight.

So I hope we could yield back all our time except for 5 minutes for the Senator from Montana and 5 minutes for the Senator from Wisconsin. That debate would occur immediately following the Kennedy amendment and preceding the vote on the Melcher amendment.

Mr. MELCHER. Mr. President, will the Senator yield?

Mr. KASTEN. I yield.

Mr. MELCHER. I believe that 5 minutes on each side will probably be adequate, but, just for protection, I suggest 7 minutes.

Mr. KASTEN. Mr. President, I yield back all my time except for 7 minutes.

Mr. MELCHER. Mr. President, under the unanimous-consent request, do I correctly understand that we will proceed on the Kennedy amendment or have time on the bill until 6:15?

The PRESIDING OFFICER. The Senator is correct.

Mr. MELCHER. I make a further inquiry: If I yield back all my time on my amendment, except for about 7 minutes, I will be able to utilize that 7 minutes after the vote on the Kennedy amendment and just prior to the vote on my amendment?

The PRESIDING OFFICER. That is not according to the unanimous-consent request.

Mr. KASTEN. Mr. President, I ask unanimous consent that I yield back all my time, except 7 minutes, and that the Senator from Montana yield back all his time, except 7 minutes; that the debate on the Melcher amendment, 7 minutes on each side, occur immediately preceding the vote on the Melcher amendment and immediately following the vote on the Kennedy amendment.

The PRESIDING OFFICER. Is there objection?

Mr. MELCHER. Mr. President, on that basis, I do yield back my time.

Mr. KENNEDY. Mr. President, reserving the right to object—and I have no intention of objecting—I should like the attention of the Senator from Montana.

I hope we will have a good debate on my amendment. Some of the points have been covered in the discussion by Senator MELCHER.

I have another amendment, dealing with displaced persons in El Salvador, if we are able to complete the discussion on this amendment. I have no objection to proceeding to that, if there is time prior to the 6:15 rollcall vote.

I just heard the Senator from Montana indicate he understood there would be no other matters considered during that period of time.

I wish to indicate to the floor manager that I have no objection to proceeding to that if we complete the discussion of my amendment at that time.

Mr. KASTEN. Mr. President, will the Senator yield?

Mr. KENNEDY. I ask the Senator from Montana whether he finds that would be inconsistent with his understanding.

Mr. MELCHER. Mr. President, will the Senator yield to me?

Mr. KENNEDY. I yield.

Mr. MELCHER. I do not find that inconsistent, if we are talking about a vote to occur at 6:15 p.m. on the Kennedy amendment, the first Kennedy amendment offered, and then that would be followed immediately by 14 minutes equally divided between the Senator from Wisconsin and myself just prior to the next vote, in other words, the second vote, which is my amendment.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Wisconsin?

Mr. STEVENS. Mr. President, reserving the right to object, at what time does the first vote start?

Mr. INOUYE. 6:15 p.m.

Mr. STEVENS. So that is 20 minutes. Is there time before that for debate?

Mr. KENNEDY. No. We debate that now, part of that prior to the time.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Wisconsin?

Mr. STEVENS. I am trying to figure out the time sequence there.

Mr. KASTEN. Mr. President, I say to the Senator from Alaska that I am not sure who had the floor——

Mr. STEVENS. I reserved the right to object.

Mr. KASTEN. If the Senator will yield to me to answer the question, the vote on the first amendment will occur at 6:15.

Mr. STEVENS. Yes.

Mr. KASTEN. That vote will take 15 minutes. So at 6:30 p.m. we will begin the limited debate on the Melcher

amendment, and at 6:45 p.m. the vote on the Melcher amendment will occur, and that will be, it is anticipated, a 15-minute rollcall vote.

Mr. STEVENS. Is it the intention of the manager of the bill to stack other votes for this evening?

Mr. KASTEN. It is my intention to not stack other votes this evening. I am not sure we could get to other votes because we will have a debate on the Kennedy amendment now, and then it is anticipated that we will have a debate on a second Kennedy amendment having to do with assistance to displaced persons in El Salvador, and at this time a record vote on that question is not anticipated.

So it would be my best judgment, although I cannot guarantee the Senator from Alaska, that we would have two votes this evening, one would be occurring at roughly 6:15 p.m., and one would be occurring roughly at 6:45 p.m.

Mr. STEVENS. I thank the Senator for his patience.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2877

Mr. KENNEDY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Massachusetts (Mr. KENNEDY) proposes an amendment numbered 2877.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 3, line 6, delete the figure "$61,750,000" and substitute in lieu thereof "$21,000,000."

Mr. KENNEDY. Mr. President, this amendment is identical to amendment No. 2835, but it has been redrafted to accord with the earlier actions by the Senate when it accepted the Inouye amendment last week.

Mr. President, it is my understanding there is a 2-hour time limitation, 2 hours to be equally divided on each side. Of that time, 1 hour is to be controlled by myself and 1 hour by the Senator from Wisconsin.

Am I correct?

Mr. KASTEN. Mr. President, if the Senator will yield, I wish to point out to the Senate that I believe the Senator's interpretation is correct, and if we go back to page 2 of the unanimous-consent agreement, the Senator, in my opinion, is offering the first amendment listed as the Kennedy amendment restricting aid to El Salvador on which there shall be 2 hours equally divided. That is the amendment that is now being put forward, and it is my understanding there will be a 2-hour time limit equally divided.

The PRESIDING OFFICER. The Chair is of the same opinion.

Mr. KENNEDY. I thank the Chair and the Senator from Wisconsin.

Mr. President, today we begin a debate on whether additional military assistance should be provided to the Government of El Salvador. If we agree that the United States should, in fact, continue to provide such assistance, the further question is: What is the appropriate amount of military assistance that the United States should vote for today?

Let me begin by quoting from a letter sent by Archbishop Oscar Romero to President Jimmy Carter on February 17, 1980, 5 weeks before the Archbishop was assassinated while he was saying mass.

He wrote:

As a Salvadoran and as Archbishop of San Salvador, I have the obligation of seeing to it that faith and justice reign in my country. Therefore, assuming you truly want to defend human rights, I ask that you do two things:

Prohibit all military assistance to the Salvadoran Government.

Guarantee that your government will not intervene directly or indirectly, by means of military, economic, diplomatic or other pressures, to influence the direction of the destiny of the Salvadoran people.

The Archbishop went on to say:

It would be totally wrong and deplorable if the Salvadoran people were to be frustrated, repressed, or in any way impeded from deciding for itself the economic and political future of our country by intervention on the part of a foreign power . . . I hope that your religious sentiments and your desire for the defense of human rights will move you to accept my petition and thereby avoid intensifying the bloodshed in this tormented country.

That was where Archbishop Romero stood on the eve of his murder in the winter of 1980.

What has happened since that time?

In his budget, President Carter provided $10 million in military assistance to El Salvador, and President Reagan added another $25 million after his election, for a total of $35 million in military assistance for fiscal year 1981.

The next year, the United States provided an additional $81 million in military assistance to El Salvador, more than doubling the amount from the previous year.

And in the years since then, the United States provided another $81.3 million in military aid, and then an additional $64.8 million.

Since Archbishop Romero's appeal in 1980 to halt all further military assistance, the United States has appropriated a total of $262.1 million for military assistance for El Salvador and we have sent over $1.1 billion in military and economic assistance since 1981.

As we begin this debate, and as we reflect back on Archbishop Romero's request of President Carter in 1980, it seems only fair to ask: What have we accomplished with the military assistance that has been provided in the past? What is it that we hope to accomplish with the military assistance that we are being asked to provide for the future?

In 1980, there were approximately 2,000 guerrillas active and under arms in the Salvadoran countryside. Today, according to the Kissinger Commission report, there are an estimated 6,000 frontline guerrillas and a slightly larger number organized in militia and support units. But these latter forces have been increasingly well armed and involved in operations with the frontline forces. The insurgents can now put perhaps as many as 12,000 trained and armed fighters in the field. Since 1980, the guerrilla forces have increased six times.

What has been done with the weapons that we have sent to El Salvador?

Last month, Under Secretary of Defense Ikle reported to Congress that the guerrillas are securing—one way or another—as much as 50 percent of their weaponry from supplies sent to El Salvador by the United States. On Sunday, the Secretary of State belittled that report, saying that it was based on figures from only one region of the country and did not reflect the situation throughout El Salvador. He was obviously distressed at Mr. Ikle's admission. How convenient that he suddenly discovered this distinction. Yet, there can be no doubt that our military assistance goes in substantial amounts to the guerrillas as well as to the Salvadoran Army. In this war, we are supplying the guns for both sides.

What is the military situation in El Salvador?

According to the Kissinger Commission report:

In the absence of significant Salvadoran military forces, armed guerrillas operate at will throughout the countryside. They have established the rudiments of a civil administration and have enforced a tax regime in areas under their control. Increasingly, they are able to mass their forces and overwhelm isolated garrisons or ambush relief columns.

Journalists estimate that the guerrillas control between 20 and 30 percent of the countryside. In an interview in December 1983 with the acting commander of the Atlantic Brigade, he stated that the guerrillas control between 30 and 40 percent of the countryside.

What is the objective of our policy in El Salvador? Do we seek a military victory or are we working toward a negotiated peace?

According to the Salvadoran Ambassador to the United States, there can be no negotiations with the opposition. He said:

Let Villalobos go to Arafat. In El Salvador he would have to be prosecuted, he's a war criminal. If he turned himself in, sure as

hell he would have to be convicted. This is true for all of the guerrilla commanders . . . Ungo, Lamora and other FDR leaders are as much guerrillas as Villalobos and the others, by their choice. They would probably get the death penalty.

Despite an occasional gesture toward peace, the present Salvadoran Government seems committed only to the peace of military victory.

And the Kissinger commission reaches the same conclusion—that the path toward peace requires more war—and a successful military strategy. As the commission reported:

There might be an argument for doing nothing to help the Government of El Salvador. There might be an argument for doing a great deal more. There is, however, no logical argument for giving some aid but not enough. The worst possible policy for El Salvador is to provide just enough aid to keep the war going, but too little to wage it successfully.

Mr. President, that is precisely the kind of argument that kept us in Vietnam. That is precisely the kind of argument that cost this Nation during the Kissinger years 35,000 lives in the jungles and swamps of Southeast Asia. That is precisely the kind of argument that will lead to increased violence and more bloodshed in El Salvador. That is precisely the kind of argument that will bring United States troops into the conflict in El Salvador.

What are we being asked to do today, and what are the Reagan administration's plans for the future?

Today we are being asked to give our approval for an additional $61.7 million in military assistance, the first installment of the administration's overall supplemental request for fiscal year 1984 of $178.7 million. If this $178.7 million is approved by Congress, it would mean a total of $243.5 million in additional military assistance for this year alone. This is more than three times the amount that was appropriated by Congress for last year. And we are told that the administration plans to request an additional $132.5 million in military assistance for next year.

In El Salvador, by escalating the military aid, we are escalating the stakes and escalating the conflict and escalating the casualties. But that is not all we are doing. We are pursuing a policy in El Salvador that ultimately can only succeed with the use of U.S. combat troops—which would represent the greatest failure our policy could bring.

I do not agree—and I do not think that the American people agree—that we must provide the Salvadoran military whatever it wants "to wage (this war) successfully," as the Kissinger commission recommends.

Sending more and more military assistance is not the only answer; there is a logical argument for reducing our reliance on war as the path toward peace in El Salvador. There is a logical argument for telling the Salvadoran military that it does not have a blank check from the people of the United States.

What ever happened to diplomacy?

This administration seems to think that the answer to every tough problem in the world is more guns, more bullets, more soldiers. This administration cannot point to a single major successful diplomatic initiative since it came into office. Instead, it has demonstrated an instinctive, knee-jerk preference for armed force as the means of attaining our foreign policy objectives.

I respectively submit that armed force should be the course of last resort, that pulling the trigger, or dropping the bomb, or calling in the marines should not come first, it should come last.

There is a blindness that seems to afflict our policymakers here in Washington almost as much as it has distored the politics of El Salvador. That blindness is the assumption that if someone is working to help the poor, is tending to the ill, is bringing food to the hungry, and is seeking social justice and political reform, then that person is, for some reason, a Soviet surrogate and must be stopped at all costs.

That is the way to transform peace-loving men and women into violent revolutionaries. As President Kennedy said, "If we make peaceful change impossible, we make violent revolution inevitable."

Let me return to the example of Archbishop Romero. He was not a Communist. He was not a Soviet surrogate. He was a devout Catholic who dreamed of peace and social justice in El Salvador. On February 2, 1980, he said, "the world that the church must serve is the world of the poor * * *." Did they kill Archbishop Romero because he cared for the poor?

He said, "it is the poor who force us to understand what is really taking place * * * the persecution of the church is a result of defending the poor." Did they kill Archbishop Romero because he defended the poor?

He said, "there are those who fill their houses with violence, fill their houses with what they have stolen. There are those who crush the poor * * * while lying on beds of the most exquisite marble. There are those who take over house after house, field after field, until they own the territory and are the only ones in it." Did they kill Archbishop Romero because he looked at the privileged and spoke out against their injustice?

He said, "how evil this system must be to pit the poor against the poor; the peasant in the army uniform against the worker peasant." Did they kill Archbishop Romero because he was against the war in El Salvador?

On the eve of his murder he said, "As a shepherd I am obliged by divine law to give my life for those I love, for the entire Salvadoran people, including those Salvadorans who threaten to assassinate me. If they should go so far as to carry out their threats, I want you to know that I now offer my blood to God for justice and for the resurrection of El Salvador."

In the name of God, why was this man killed? Who gained from this man's death? Who ordered this man's murder?

There is an answer to these questions. Former Ambassador Robert White has testified that, when he was Ambassdor, he had evidence implicating Roberto d'Aubuisson in the murder of Archbishop Romero. And more recently, a Salvadoran who served as head of military intelligence in 1980 and 1981, Col. Roberto Santivanez, stated that he has personal knowledge of the participation of Roberto d'Aubuisson in the killing of Archbishop Romero. According to Santivanez, it was D'Aubuisson who ordered the murder of the archbishop in a meeting with Salvadoran exiles in Guatemala; it was D'Aubuisson who organized the death squad; it was D'Aubuisson's men who followed the archbishop to learn his habits; and it was D'Aubuisson who personally selected the four men who actually carried out the killing.

I do not think that the people of the United States want to send millions of dollars in military assistance to a government run by Roberto d'Aubuisson.

On Sunday, Secretary of State Shultz stated that he thought we should support the Government of El Salvador no matter who is elected President. I say "No" to that—and so should the Senate.

On Sunday, Secretary of State Shultz said that we should send more guns, more bullets, more military assistance to El Salvador even if the President of El Salvador is Roberto d'Aubuisson. I say "No" to that—and so should the Senate.

Let us ask ourselves today, what is the path toward peace and justice in El Salvador? How can we help to achieve the resurrection of El Salvador? I do not believe that this can be accomplished by guaranteeing millions of dollars of military assistance even if Roberto d'Aubuisson is elected President.

The United States is a great nation, and it is also a powerful nation. But above all, it is a decent nation, and the people of the United States are a decent people. We can be proud of our history, and of our traditions, and of our founding principles. We should take pride in pursuing peace where there is war, in seeking justice where there is injustice, in bringing hope to those who are helpless. Let us not turn

our backs on the very ideals that have made the United States of America special—special throughout history and special today in the hearts of men and women throughout the world.

We in the U.S. Senate have an obligation to protect, preserve, and defend the ideals and principles that are as ancient as the Scriptures and as clear as our own Constitution.

We must not pursue a path that is unworthy of our heritage. We must not vote today to send guns and bullets to support a man who would desecrate the ideals of Thomas Jefferson and Abraham Lincoln.

I am not saying that we should halt all military assistance to El Salvador forthwith. I am saying that we should not give a blank check for dictatorship, death squads, and repression.

We are faced today with a request for $61.75 million in additional military assistance to the Government of El Salvador. That sum of money is intended to last the Government for 6 months—until October of this year.

If we vote our approval for that level of funding today, we are giving the new Government of El Salvador—to be inaugurated in June—$40 million in military assistance from June through September without knowing who will be running that new Government.

Let us provide the aid that is needed only for between now and the month following the runoff elections. Let us appropriate today only $21 million. Before voting to appropriate more, let us wait and see who is the next President of El Salvador.

Let us take the advice of one of the leaders of the U.S. Senate, who recently wrote of this tragedy in Central America.

He said:

> I fear that America is stumbling blindly toward the abyss . . . I am gravely concerned that, if we follow the course charted by the Reagan administration, the United States will be caught up in the maelstrom of violence.

Senator DANIEL INOUYE went on to say:

> The tragedy which awaits us, unless we exercise the courage and wisdom to avert it, is that the forces of our democracy will be employed in the service of tyranny and repression.

If we appropriate this entire $61.75 million today, Senator INOUYE's prophecy may become fact. For if Roberto D'Aubuisson is elected President of El Salvador in May, we will be giving him $40 million in military assistance to use as he sees fit.

I know there are those who say: This is the President's problem; let us leave him with it and with the political difficulties it may bring. But I heard similar arguments during Lebanon, and earlier during the Vietnam conflict. This is America's problem; it is the Senate's problem; and neither history nor the voters will let us wash our hands of the responsibility.

For too many years, we have been told we must rely on military solutions—or we will lose. In fear of being blamed, too many among us have listened and so we have followed the military path. We have sought a military solution—and time after time, we have lost.

This time, let us try the course of negotiation, of peaceful settlement, or progress instead of repression. If we do, I believe that at long last we can win a victory—for people as well as for peace; for our principles and for the belief that American, and surely not the Soviet Union, truly is "the last, best hope" of the oppressed of the Earth and of all those who yearn to be free.

Mr. President, there is one other item before us—the compromise proposal of $61.75 million. I take not that there is no provision in that particular proposal to fence off any of the money, as was the judgment of this body last year pending the outcome of the trial of those charged with the murder of four American churchwomen. There are amendments which will be proposed by my colleague and good friend, the Senator from Connecticut, Senator DODD, on this fencing issue. I understand also that there was an amendment introduced by Senator SPECTER on this issue last week. But the Senate has not addressed that issue at this time.

It seems to me that the votes that we are going to have this afternoon for a reduced amount certainly should be much more consistent for those that are very much concerned with the failure of the system of justice in El Salvador. That system has failed to punish the killers of the four American churchwomen and the American labor advisers.

The amendment I propose will give us an opportunity to review both the outcome of the election, which will be held on the last Sunday in April, or the first Sunday in May, since this appropriation would carry us through until the end of May. It also would give us an opportunity to review what action, if any, will actually have been taken by the Salvadoran Government in April on the trial of those charged in the murder of the four American churchwomen. Also, we will have more information about the prosecution of those who committed the crimes against the labor advisers.

I will be glad to yield for any response that the Senator from Wisconsin, or others, would like to make. Otherwise, I will read very briefly an excerpt from a very fine article that was written about the military situation in El Salvador by a very distinguished journalist, Mr. Christopher Dickey. I will include that now.

This analysis states as concisely as could be said the very serious problems of relying upon a military solution to the range of different problems that face El Salvador today.

In his excellent article in the book "Central America: Anatomy of a Conflict," Mr. Dickey makes this point. I will read into the RECORD this portion of this chapter because I think it is enormously relevant to our debate.

> Throughout 1982 and early 1983 the U.S. State Department was at least able to argue that "abuses" by the security forces were decreasing and the "death squads" disappearing. The embassy's regular reports known as "grim grams" cited statistics based on local press accounts and noted, accurately, a general reduction of tension in the capital. U.S. policy was working, U.S. officials said. Its demands on the Salvadorans were understood and were being complied with, they said.
>
> In retrospect it is now apparent that the decline in urban slaughter came about less because of improved command and control than because the left has basically abandoned the capital after January 1981. With few suspects there were fewer killings. Murder in the countryside, meanwhile, was less frequently reported in the local papers and thus did not show up in the "grim gram" statistics. As soon as the left's efforts to renew operations and organizing in the capital became evident in mid-1983, the death squads and the "abuses" began to rise once again. The "process of control" over the armed forces, at least insofar as the slaughter of suspected rebel sympathizers was concerned, proved once again to be a paper promise.
>
> Compounding the political problems raised by the revival of the death squads in the cities, from Washington's viewpoint, was the military dilemma provoked by the Salvadoran army's seeming inability to mount effective campaigns against any force capable of shooting back. At weekly background briefings in the U.S. embassy during 1982 and 1983, top U.S. advisers talked to the press about the ineptness of many Salvadoran commanders, especially those who had proved unable or unwilling to adopt the kind of search and destroy tactics the Pentagon recommended.
>
> The advisers blamed the cliquishness of the Salvadoran officer corps for much of the problem. Men who had known each other since they were in their teens, who were bound by tradition, by compadrazco, in some instances by marriage, tended to cover for each others' abuses or incompetence in any case, and all the more so when the charges were coming from foreigners considered ignorant of Salvadoran realities. As this deeply imbedded cronyism proved virtually impossible for Washington to overcome there was increasing talk in early 1983 about what then-U.S. Ambassador Deane Hinton called "generational change": training virtually an entire new officer corps from the ground up. Salvadoran ninety-day wonders would not only emerge from their training at Fort Benning, Georgia, as better soldiers, they would be transformed overnight, as it were, from Latin American soldiers into North American soldiers.
>
> Not surprisingly, the Salvadorans are remaining Salvadorans. The U.S.-trained second lieutenants and cadets are carefully watched by their superiors to make sure

they conform to the traditions of the Salvadoran, not the United States army.

The most extreme right-wing clique of officers in the army has not only proved impervious to Washington's dictates, it has prospered and become ever more influential. This group, conspicuous for its fascist ideology and peculiarly tight-knit personal relationships, is dominated by Col. Nicolás Carranza and represented most publicly by Constituent Assembly President ex-Major Roberto d'Aubuisson.

This article then continues, Mr. President, by discussing now three prominent military officials, who were extremely close to Mr. D'Aubuisson who were either implicated or allegedly involved with death squads and murderous activity, have been transferred into the diplomatic corps, or went on various training missions. Some went to Chile and others to other parts of the world. After a few months in "exile," they returned to El Salvador. Once again they are now in the front lines of not just the military, but the whole political apparatus. They are again calling the tune in El Salvador.

We are being asked today to support not only those individuals with military aid and assistance, which I think can be argued and debated. We are also being asked to provide a blank check for El Salvador which may elect an individual whose association, identification, career and profession is completely tied to these perpetrators of some of the most gross violations of human rights and killings that we have seen in recent times.

Mr. President, I ask unanimous consent that the remaining part of that particular page and a half of the book be printed in the RECORD at this point.

There being no objection, the materials was ordered to be printed in the RECORD, as follows:

Three years ago that group appeared to have been squeezed out of any significant role in the army or the nation's politics. Its senior commanders had been removed from positions of authority by then-Defense Minister Garcia after their ties to the death squads had become embarrassingly public and their ultra-rightist ideology made them too intractable to control.

Since former Guardia Nacional Commander Gen. Carlos Eugenio Vides Casanova took over the defense ministry in April 1983, however, those officers have reemerged with more conspicuous power than they ever had before. A key element in their resurgence has been their adoption of Washington's language even as they ignore its principles. They have embraced the ideal of "professionalism," the latest Pentagon buzzword for a "nonpartisan constabulary." Senior U.S. advisers repeatedly have cited them as examples they wish the rest of the Salvadoran officer corps would follow. Yet these golden boys have a persistent way of becoming grave embarrassments; the very model of a modern lieutenant colonel proves either murderous or mutinous or both.

One of the most conspicuous examples is Lt. Col. Jorge Adalberto Cruz, commander of Morazán province. He was among those officers arrested with D'Aubuisson while plotting a coup against the Christian Democratic junta in May 1980. Papers seized with this group suggested links to the death squads and to the assassination a few weeks earlier of San Salvador's archbishop. Shipped off to the Chilean police academy for two years, Cruz is now back in El Salvador commanding the front-line garrison in San Francisco Gotera. In August 1983 he openly denounced El Salvador's political parties, said flatly that his country is not ready for U.S.-style democracy, and named several other commanders in the region as incompetent. As of December 1983, he was still in command in Gotera.

Lt. Col. Mario Denis Morán was head of the Guardia Nacional intelligence unit in December 1980 when four North American churchwomen were killed by members of that security force. When two U.S. labor advisors and the head of the Salvadoran agrarian reform agency were gunned down in the Sheraton Hotel a few weeks later, Morán was there. Although no conclusive evidence has implicated him in the crime, and he reportedly "passed" a lie-detector test, it is suggestive, certainly, that his personal bodyguard and that of his second-in-command have confessed to being the trigger men. After that, Morán spent two years attached to various Salvadoran embassies in South America before Vides Casanova brought him back to command the garrison at Zacatecoluca—the same town, as it happens, where the alleged killers of the nuns are being tried.

The path to professional redemption for these officers was opened up by one of their old classmates, Lt. Col. Sigifredo Ochoa. As acting head of the notorious Treasury Police in the days immediately following the October coup, Ochoa had been implicated in the politically sensitive murder of a sacristan in one of San Salvador's working-class barrios. He was shipped off to diplomatic exile almost immediately. Then on his return to El Salvador he was given command of the rugged, poor, remote and guerrilla-infested province of Cabañas. In less than a year he had "pacified" his territory and established himself not only as the dominant military force, but the political leader of the province. U.S. Military Group Commander Col. John Waghelstein repeatedly lauded him as the most effective departmental commander in the Salvadoran army. But in January 1983, García, apparently irritated with Ochoa's increasing notoriety, and certainly aware of his close personal connections with D'Aubuisson and the ultra-rightists, ordered Ochoa to give up his command once again and accept de facto exile in Uruguay.

Ochoa's reported response was short and simple as he initiated a six-day mutiny that effectively ended García's authority and eventually led to García's removal, throwing the Salvadoran military into the renewed, relentless series of intrigues that increasingly crippled it through the course of the year.

"Obedezco," said Ochoa, "pero no cumplo."

Mr. MELCHER. Will the Senator yield?

Mr. KENNEDY. How much time have I remaining?

The PRESIDING OFFICER. The Senator has 31 minutes remaining.

Mr. KENNEDY. I yield to the Senator from Montana.

Mr. MELCHER. The Senator has made a statement correctly identifying the amounts of money which have been appropriated since 1980 for military aid to El Salvador.

I wonder if the Senator would also agree that in most years, and perhaps every year, the appropriations for El Salvador in economic support funds are also available for military related purposes and the aid funds have not yet been expended as appropriated for this year?

Mr. KENNEDY. The answer is affirmative. The Senator from Montana made that point early in the debate, and I believe it is worthwhile to be observed again during the consideration of this amendment.

Mr. MELCHER. I thank the Senator because I think the point of running out of money for military purposes simply cannot occur because El Salvador has available to it over $100 million not yet expended but to be expended during the next 6 months and which could be used and probably will be used and expended in the coming 6 months for military related purposes.

Mr. KENNEDY. As I understand the point the Senator has referred to with regard to the economic aid assistance, it is that part of the economic aid assistance is used to pay the salaries of various military personnel in El Salvador. That is one aspect.

I think the Senator is quite correct in raising the question whether the real figure we have been talking about here in the compromise amendment, the figure of $61.7 million, is really the bottom line with regard to military aid.

The Senator is observing that there are parts of the economic assistance program that are directly military related. It may not be the purchase of small arms munitions, but payment of salaries and other expenses. They are absolutely militarily related.

I think the Senator makes a strong point. We are not only looking at this amount of money, $61 million, when we talk about billions in terms of our deficits; though this may not seem like a good deal of money, it is a very substantial amount of money.

As I understand, over 30 percent of the government budget of El Salvador is based on U.S. economic assistance programs.

Mr. KASTEN. Will the Senator yield?

Mr. KENNEDY. I yield for a question.

Mr. KASTEN. I thank the Senator for yielding. I would like to call the attention of the Senator from Massachusetts and the Senator from Montana to the law. As chairman of the subcommittee, it simply is not legally possible for economic funds to be used for military purposes. I do not think either the Senator from Massachusetts or the Senator from Montana is suggesting this.

I would like to call the Senator's attention to the legislation of the Foreign Relations Act, section 502, section (a). It states:

Amounts appropriated to carry out this chapter shall be available for economic programs only and may not be used for military or paramilitary purposes.

Under those conditions, we are appropriating dollars for economic programs and security assistance programs. I do not have any indication—and maybe the Senator knows something I do not know—I have no indication that the administration is in violation or ever has been in violation of that law. If the Senator is suggesting that, I think he should come forward with the specific example of where economic funds are being used for military purposes. I will say to the Senator I will work with him, and I think the Senator from Hawaii would also, to see that that commingling of funds is not occurring, if the Senator is suggesting that it is occurring.

But the law says that economic funds cannot be used for military or paramilitary purposes. That is why we have found ourselves in the position where we need the emergency military assistance.

Mr. KENNEDY. I know the Senator from Montana wants to comment on this. The real question is: What are military purposes? What are the understandings of military purposes? And what is used in terms of economic aid for the payment of salaries of various Government officials which are directly related to the military function, the military operation?

I believe if there is an examination of that, we will see that there is a significant amount of money provided in economic assistance which is related to the military function.

Mr. MELCHER. Will the Senator yield?

Mr. KENNEDY. I yield to the Senator from Montana.

Mr. MELCHER. I think it is amusing that we quote from the law that did little more than change the title of the fund. It used to be called security assistance fund. During the time of Vietnam or shortly after, in order to down play the amount of military assistance supplied to foreign countries, we simply changed the title. Economic support fund. But the emphasis is still on security. To the extent that they are utilized to build roads, to build airstrips, to build the infrastructure for the military, they are the very basis of military aid.

To the extent that they are used to pay the salaries of the Government worker, no matter what it is, to replace funds from the Salvadoran Government so they can purchase arms or whatever, it is used to help the military. It is just a question of semantics.

It is a question of semantics and who among us is so naive as not to think that the Salvadoran Government, like other governments we supply these funds to, find that their greatest purpose is their army, their military; that is where those funds end up. And they are available; they are unexpended.

The Senator from North Carolina earlier said, "Well, they may be in the pipeline." What does he mean by that? They are there to be spent for whatever purpose the Salvadoran Government chooses to spend them.

Mr. KASTEN. Mr. President, I wish to yield such time as she may desire to the Senator from Kansas.

Mrs. KASSEBAUM. Mr. President, it has been with interest over the last couple of days that I have heard the issue of El Salvador debated. Two years ago, I headed our delegation to observe elections in El Salvador for members of the national assembly. I was deeply impressed by observing the more than 1 million people voting, often waiting long hours, in some places under gunfire from guerrilla forces.

A week ago Sunday, a group of my colleagues traveled to El Salvador to observe elections for a new president. Again, they found the people of El Salvador patiently waiting in line to cast their ballots. They too, were impressed.

In both of these elections, I believe the people of El Salvador were delivering a powerful message: They want peace for themselves, for their children and for their nation. This desire cuts across all political parties and all ideologies, except for a relatively small group of guerrillas who not only refused to participate in the elections, but sought to impede the elections both times.

Despite such interference, the elections have gone forward and the people of El Salvador have voted with the hope that they may soon have a government that will pursue a genuine, lasting peace.

It is not clear, either there or here, how such a peace can be achieved, but clearly that is what the people of El Salvador want. That is what the people of the United States want also.

We have now reached a critical stage in the current conflict. With the elections last Sunday and the run-off that will be held next month, El Salvador will elect a President to head their Government for the first time since the war began. These elections give El Salvador at least the veneer of democracy. Whether El Salvador will gain the substance of democracy will depend on the person who wins the Presidency there next month, and what that person does after taking office.

I do not envy the winner of next month's runoff election. With the office of the Presidency will come the responsibility and the duty to fulfill the wishes of the people of El Salvador for peace. The new President's success or failure in meeting that mandate could well decide the future of El Salvador.

The key to success or failure will be the new President's plan to achieve peace and the concrete steps he takes, or tries to take, to make his plans a reality. So far, none of the candidates for the Presidency there has outlined any clear plan for peace.

Even so, I believe that any plan for peace in El Salvador must rest on three key steps that are closely tied.

First and foremost, all activity by the so-called death squads must end. This step is absolutely vital to the future of El Salvador. Without an end to such activities, no government—elected or otherwise—will gain full legitimacy with the Salvadoran people. A government that cannot halt murders in the streets, is in fact not a government.

A continuation of death squad activities will undercut support for the Government both in El Salvador and in the United States, as our own President has made clear. It also will continue to strengthen guerrilla forces opposing the Government.

Second, the Salvadoran Army must demonstrate genuine effectiveness in the war against the guerrillas. By most accounts, the army now is losing ground to the guerrillas. In fact, administration officials suggest that without the emergency aid we now are debating, the army may collapse in short order. That indicates the precarious condition of the Salvadoran Army, even after hundreds of millions of dollars in U.S. aid.

Without an effective army, no government can hope to achieve peace either on the battlefield or at the negotiating table.

Third, with the restoration of civil order and the forging of an effective army, the new Salvadoran President must be ready, willing, and able to engage in discussions with guerrilla leaders to determine whether there is any hope for a peaceful solution to the war.

In the 2 years since I visited El Salvador, I have become deeply pessimistic about events there. Even the most intense pressure from the White House and the Congress has produced only slow and tentative progress on human rights. The possibility of peace seems more distant than ever.

In light of such failures, I have come to believe that even the most well intended U.S. policy there may bear little chance of success. Disasters in San Salvador cannot be corrected in Washington, no matter how much money, arms or even troops we commit to the struggle there.

At this point, my pessimism is tempered by only one small hope. That hope—and it is a fragile one—is that

the election of a new president next month may provide a chance for a fresh start for El Salvador. No nation more deserves a fresh start and no nation more desperately needs one. That will happen only if the new president makes it happen.

Given the existence of this small hope, fragile as it may be, it is necessary to support the limited emergency aid of $61 million that has been approved. I do so only as a signal of our support for the people of El Salvador and their desire for peace. The new government must win our support by its own deeds in the coming months. If the new government fails to carry out the mandate of the Salvadoran people, it will not deserve our support.

Mr. President, I wish to say a few words about our covert aid to the rebels now fighting the Sandinista government of Nicaragua. We have in this package a request for a small amount of money to carry us through about 2 more months. It has become, really, a very limited, halting policy. But I believe it is time to phase out and terminate all U.S. aid to the so-called Contras. A failure to terminate this aid will further solidify support for the Sandinistas, both in Nicaragua and in world opinion. It will provide a continuing excuse for the military buildup in Nicaragua and may eventually provide an excuse for even deeper Cuban and Soviet involvement there.

The sole benefit gained from the contras' efforts has been an increased willingness by the Sandinistas to pay lipservice to the idea of regional negotiation. I believe it is time to demand that the Sandinistas match their words with deeds and for us to do the same by engaging in meaningful talks for a regional settlement.

Mr. President, I thank the chairman of the Subcommittee on Appropriations for yielding to me.

Mr. INOUYE addressed the Chair.

The PRESIDING OFFICER. The Senator from Hawaii is recognized.

Mr. INOUYE. Will the distinguished lady yield?

Mrs. KASSEBAUM. I am happy to yield to the Senator from Hawaii.

Mr. INOUYE. I would feel remiss if I just sat by and did not say a word, because of all the hours we have spent in these past many days debating this issue it is finally the last 6 minutes which have, I believe, most concisely and eloquently focused on what we consider to be the real problem; that whether we like it or not we are in trouble there, and we cannot turn tail and run away. To do that would be inviting what some of us have suggested, a horrendous bloodbath. I commend the Senator.

Mrs. KASSEBAUM. Mr. President, I thank the Senator from Hawaii. I salute his efforts in providing leadership to reach this important agreement. I am happy to lend my support to the efforts of both the Senator from Wisconsin and the Senator from Hawaii.

Mr. KASTEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized.

Mr. KASTEN. I, too, thank the Senator from Kansas for her statement in support of the compromise. All of us recognize the difficulties, all of us recognize the problems, but all of us recognize, I believe, the consequences of the failure to act to adopt at last the Inouye compromsie figure. I think anything less would be tragic, not only for the foreign policy of the United States of America but for Central America overall.

I am pleased to yield such time as he may desire to the Senator from Hawaii.

Mr. INOUYE. I thank the Senator very much.

Senator KENNEDY in his usual eloquence has focused upon the possibility of military assistance being provided to Roberto d'Aubuisson and consequently my distinguished colleague has argued that we should wait to see who is elected the President of El Salvador.

Mr. President, I wish to suggest that if we wait until the second round of the election before indicating our support of the electoral process, there may never be a freely elected President of El Salvador. The hotheads in the military may stage a coup d'etat or disrupt the election. Mr. President, I prefer to act now to support the electoral process, to support the recent tentative steps which have been taken toward democracy in El Salvador.

Mr. President, I prefer to act in anticipation that José Napoleon Duarte will be elected President. If he is elected, and the Kennedy amendment is the law of the land, President Duarte's cause would be set back by the interruption of military supplies. What we seek to do today is to keep that supply line open in aniticipation of a favorable outcome to that election.

If we do not act to provide a minimal level of assistance, it will not matter who is elected; the supplies will run out. If, on the other hand, Mr. President, the fears of Senator KENNEDY are realized and Roberto d'Aubuisson is elected President of El Salvador, the flow of supplies can be stopped. We all know that.

So, Mr. President, let us not risk a coup or the end to the electoral process by supporting the Kennedy amendment.

Mr. KENNEDY. I wonder if the Senator from Hawaii will yield?

Mr. INOUYE. I would be very happy to yield.

Mr. KENNEDY. First of all, I think all of us in this body are very much aware of the very special contributions which have been made by the Senator from Hawaii in trying to provide a more sensible and responsible policy toward Central America. I recognize this has been an issue in which the Senator from Hawaii as well as the Senator from Kansas have been enormously involved over a period of time.

I am interested in the logic of the Senator from Hawaii when he states that amendments by those of good faith which would terminate military assistance after the election may open up a bloodbath. My amendment, of course, does not do that. It carries on the funding at the same level as in the amendment of the Senator from Hawaii but only until the end of May so we would have another opportunity then to examine this issue.

I am interested in what is the apparent change of position of the Senator from Hawaii from the Appropriations Committee markup when he opposed the military assistance request and was defeated, to his position at the present time. I heard the earlier explanation and it was one which certainly would satisfy me in terms of logic. That is, the Senator from Hawaii thinks that unless he made this particular compromise of $61 million, there would be sufficient votes in this body to get $92 million. I can understand that, and I can count, too. I understand the attempt to bring about a reduction and would therefore defend that position. But I had thought the Senator from Hawaii, in the Appropriations Committee, had actually opposed additional military aid and assistance pending the outcome of the election.

Mr. INOUYE. If the Senator from Massachusetts had checked the RECORD, he would have noted that my amendment called for the postponement of the consideration of this whole package until after the first round—that was Sunday—on the basis that we would like to know what the possible outcome would be. I had no idea what the outcome would be on Wednesday before the election on Sunday.

Second, before bringing up my proposal, I had made a private inquiry among the members of the Appropriations Committee, and it was very apparent to me that if the issue came down to zero funding or a $93 million appropriation, the $93 million request would have easily prevailed.

My suggestion for a postponement was a test case because I thought it is a simple thing just to postpone the consideration for less than a week. Sixteen Senators—more than a majority of the committee—voted against that proposal.

I am convinced that if left to the Senate to decide whether we cut off military assistance or give the full amount, or in the case of the Senator's amendment give the full amount or $21 million, the full amount would

prevail. My purpose for proposing this so-called compromise—which is a reduction—was in my small way to try to cut down the level of violence.

Mr. President, I tried to suggest earlier, in the past 4 years, with hardly a whimper, this Congress has gone along developing a military monster in El Salvador. The subcommittee has tried in its own way to set up conditions when no one else was interested in conditions. We established, for example, the 55 limitation on advisers. And when President Carter came up with the first $5.6 million reprograming, I suggested the first condition: If you are going to spend this money in El Salvador, it not be used to purchase lethal military equipment; that it be used for trucks and for ambulances. That was approved by the committee.

It has been a long process. We have tried to cut it down, but we have not been successful. Succeeding Congresses have gone along with the administration. This is the first time we have had this debate, and that is why I indicated earlier I felt it was about time because, as I noted in my response to the Kissinger Commission report, if we are not careful, we may be heading for a tragedy in which our American blood may flow in that part of the world. I would want to see that prevented at all costs.

So, much as I find myself, sadly, in the position of supporting appropriations for military assistance, I am doing this because a realistic appraisal indicates that this is the minimal amount which the administration would accept. I could be on the side of the Senator from Massachusetts and voting against all assistance, but I know that we would lose. So I have to face up to the question: What is better? Going down in flaming glory or coming up with something that the administration will accept? Apparently, the administration accepts the $61,750,000 in my amendment, and it has assured us that it will not use the special authority the President has.

As my dear friend from Massachusetts is well aware, the President could use his special authorities, and, if he wished to do so, he could provide $250 million in military assistance to El Salvador without any further approval by the Congress. If we have this opportunity to stop the administration from doing that and to stop the escalation in the level of violence, I think that is the proper step to take. Moreover, I may be mistaken, but I think that the compromise is a level that will be acceptable here.

If I thought that the $21 million would be the level that would prevail here, I would be on the side of the Senator from Massachusetts, without any hesitation.

Mr. KENNEDY. The Senator from Hawaii makes it difficult for me to argue with him or to debate with him this issue. After all, he has been the one in the Appropriations Committee who made the recommendation that we wait for the outcome of the first election. I would like to wait for the outcome of the second runoff. We will then have a clearer idea of the character of the Salvadoran Government.

The Senator from Hawaii points out his belief that with the figure of $61.7 million there will be less killing than there will be under $92.7 million. The Senator has made a very important statement of the reasons he believes that to be so. I certainly agree with him. I further believe that an even more reduced amount would see even less killing.

I ask the Senator from Hawaii this question: He has been closely involved with the development and the escalation of military expenditures in El Salvador for a number of years, going back to the period of the 1980–81 figures. He has seen the $10 million grow to $35 million, and then to $81 million in 1982 and 1983. Now we have seen a threefold increase over 1983 in the request by this administration for military assistance, in its total request for some $243 million, for fiscal year 1984.

Could the Senator from Hawaii share with us his impression of the possible justification for that increase? Does he think it is because there has been a deterioration in the military conditions in El Salvador, or would this request for the money suggest that this administration's policy is going to be used for a dramatic military escalation in El Salvador?

What line of reasoning does the administration or those who support the current policy give to the Senator from Hawaii?

Mr. INOUYE. Obviously, I cannot speak for the administration, as the Senator is well aware, and that is one of the big problems here. None of us is certain as to what the policy is. It would help if we were fully aware as to what the policy of this administration is in Central America.

I believe that the policy is based upon the cold war concept that he who is against communism is our friend. As I have suggested in many speeches I have made over the years, as a result of that concept, we have gotten ourselves into horrendous problems.

Batista came before us and said, "I am your friend because I am against communism," and we opened our doors to him. We knew he was corrupt. We knew he was violent. We knew he was immoral and amoral. Knowing this, with eyes open, because he gave us the proper password, we opened our doors. We should have known, but none of us had the wisdom then that we were in fact acting as a midwife for the birth of Castroism. We should have known, if we were wise, that mankind will not forever tolerate dictatorial abuse. We would have known earlier, had we been wise enough, that supporting Somoza was not in our best interests. But Somoza also had the password. So, it became the patriotic thing here to support anyone who came up and said, I am against the Communists.

However, I think the time has come when we have to change that policy. In the instant case, however, after building up this military monster, if we should decide to either cut funding down drastically or to terminate it completely, I am certain the Senator will agree with me that the hotheads in the military in El Salvador would conclude that in ending military assistance, we have ended the reason for restraint on their part. There would be no pressure; they would take over the show.

What I hate to see repeated is what happended in 1932. I am always reminded of that. In 1932, the military decided, not in the name of anticommunism but because they wanted to run that place, to massacre 30,000 peasants. I do not want that to happen again.

I am hoping—and I may be wrong—that the amount some of us have suggested would be just enough to keep that military in line, would be just enough to give that faint hope of democracy to develop in El Salvador. I am hoping that that amount is just enough not too much and not too little. I sincerely believe that the amount suggested by the Senator from Massachusetts is not enough.

Mr. KENNEDY. Mr. President, I welcome the analysis the Senator from Hawaii has given in this debate and his knowledge of Central America. He has reviewed with us the stakes of American foreign policy and its identification with Somoza, Batista, and others who I think the Senator from Hawaii said used the password of being anti-Communist.

I wonder, should the winner of this runoff election be Mr. D'Aubuisson, would he not also fall into at least the category that has been identified by the Senator from Hawaii as one who uses the passwork of just being anti-communist and therefore, apparently, expects to receive a blank check from the United States in terms of military aid and assistance?

I wonder whether the Senator from Hawaii would feel if we were debating again aid to Somoza, aid the Batista, we would not have been wiser to have understood the historical teachings and lessons and to tried to have found some alternative rather than identifying the United States so completely with a corrupt regime in Cuba under Democratic and Republican administrations alike? We eventualy saw the result in the emergence of a Communist regime under Mr. Castro. How

concerned would the Senator from Hawaii be should he wake up on that Sunday at the end of April or in early May and find out that Mr. D'Aubuisson has been elected and that there are tens of millions of dollars in the pipeline that can be used at his discretion?

Mr. INOUYE. Mr. President, if I may respond to that by first going back to another question which the Senator asked for clarification, it should be remembered by this body that the proposal I made in the Appropriations Committee was made before the first election.

Mr. KENNEDY. The Senator is correct.

Mr. INOUYE. When I discussed this matter with Secretary Shultz and with the majority leader, part of the arrangement was to delay consideration of this debate until after the first round in elections. The people in El Salvador are well aware of that arrangement and what has happened here. They know that we waited until the results of the first election were made public to all of us.

The results are now here. Jose Napoleon Duarte received 43.4 percent of the votes. Roberto d'Aubuisson got less than 30 percent. And one can make an educated guess that with those numbers the chances are favorable that Jose Napoleon Duarte will be elected President.

If we cut out the appropriation now or cut it down drastically I am certain the signal we would send back there would be either, one, we are disappointed with Duarte's success or, two, that we will withdraw our assistance irrespective of the outcome of the elections. The signal would be that we are withdrawing our support for the electoral process.

As to the Senator's immediate question, if Roberto d'Aubuisson is elected President of El Salvador and they have millions of dollars of supplies in the pipeline, the Senator and I know that the pipeline can be stopped, and I would be one of the first standing here to act to halt the flow in the military assistance pipeline until we receive a very clear reading on D'Aubuisson's past activities and on what he intends as President.

I am no apologist for D'Aubuisson. I have never met him, but from all I have read he is not the kind of person I would like to see as President of the United States or, for that matter, of any country. Although I am in no way qualified nor capable of prosecuting him for crimes, the evidence that has been presented to us seems rather compelling that he has had some role in the execution and the formation of the death squads. So, if the possibility should happen, I will do all in my power to put a stop to that pipeline.

Mr. KENNEDY. Mr. President, I thank the Senator for his comments. I regret that we are on opposite sides on this particular issue, but the Senator's words certainly give me hope that we may yet be on the same side in the future with regard to our military assistance program in El Salvador.

Mr. President, how much time remains?

Mr. KASTEN. Mr. President, how much time remains?

The PRESIDING OFFICER (Mr. ABDNOR). The Senator from Massachusetts has 12 minutes; the Senator from Wisconsin has 37 minutes.

Mr. SASSER. Mr. President, will the Senator yield me 5 minutes?

Mr. KENNEDY. Mr. President, may I yield 5 minutes off the bill? As I understand, we agreed to vote by 6:15 p.m. I have not a great deal more to say, but I wish to reserve that time and yield to the Senator from Tennessee.

Mr. KASTEN. Mr. President, do I have the floor?

The PRESIDING OFFICER. The Senator from Wisconsin has the floor.

Mr. KASTEN. Mr. President, I have told the Senator from North Carolina prior to this that I would yield to him roughly 10 minutes. I will do that and then come back to the Senator from Massachusetts and he can yield to the Senator from Tennessee.

I yield 10 minutes to the Senator from North Carolina.

Mr. EAST. I thank the Senator.

Mr. President, I appreciate this opportunity to speak on the amendment of the Senator from Massachusetts, again realizing we might continue to go over similar terrain we have been over before, but I think at least it tends to deepen the substance of this debate. Therein may lie some merit to it all.

I do agree with what the Senator from Hawaii has said, that I think unless we give this support and give it now and give it promptly the potential for a bloodbath in El Salvador is enormous. Some refer to the so-called death squads and then I also note, as Mr. Duarte has, that the Communist guerrilla forces would be given a green light to take the initiative because it would indicate that the United States no longer has the will to assist and to resist. So the level of violence would increase dramatically and certainly the guerrilla forces, aided and abetted from Nicaragua and Cuba and the Soviet Union, would be a part of that. I think it is important that that be understood.

I am also a little bit troubled with the implication in some of the debate that we should await until the elections are over before we indicate aid levels of support, which sounds to me like dollar diplomacy at its worst, that is, "You are free to have elections in El Salvador, provided they produce the result we want."

Maybe it is not quite as offensive as gunboat diplomacy, but it certainly is sheer, unabashed dollar diplomacy in its rankest form and its most cynical form because what you are saying is to the people of El Salvador: "Now you are free to go ahead and have an election; we are going to attach a condition to it, namely, that you produce the result we want."

Come on. Call that what you will. But it is not democracy. It is dollar diplomacy.

I wish to move to another point here that has caught my eye during this debate.

I agree with Senator KENNEDY when he said at the onset we may very well be involved in the most serious debate that will take place in this Chamber this year, and I think so in the world of foreign policy because what we do here is going to determine the direction this great power takes I think in the near term and the long term as far as the threat we face from the totalitarian left; namely, the Soviet Union via her proxies, not only Cuba and Nicaragua in this case, but Cuban forces in Africa, Syria, the Middle East, and Vietnamese troops in Southeast Asia.

I think when the great leader of the free world has no alternative to offer to its people in its own hemisphere other than being driven into totalitarian submission by the armed ideology, the Moscow-Havana-Nicaragua axis, that is too bad. That is a great default of moral leadership and I think a gross misunderstanding of the political realities of our time.

I think we are repeating the follies of the 1930's in which President Roosevelt had to find every conceivable way he could to aid our allies in Europe against Hitler.

We remember that destroyer deal. We remember all kinds of ways that he attempted to get around a Congress that wanted to retreat into fortress America and retreat into a posture of isolationism and the Chief Executive who has the primary responsibility for American foreign policy in the 1930's had to find ways, he had no choice—Franklin D. Roosevelt did—but to circumvent that, and I think if the U.S. Congress continues to try to micromanage American foreign policy our Presidents, no matter who they are, Democratic or Republican, more liberal or more conservative, will have to find ways simply of working around Congress.

As Thomas Jefferson said, the conduct of foreign policy is "executive altogether." Now, he slightly overstated the case, but I think he had a firm understanding that in the conduct of foreign policy the initiative must belong to the executive branch and we cannot then hold them accountable via the political process.

But when you attempt to micromanage every detail of the conduct of American foreign policy through the U.S. Congress, I think it is a misconception of separation of power, as Montesquieu, and Locke, and Madison understood it, and drives the Executive even further in the direction of having to find ways to deal with what he perceives to be the real and genuine security threats to the United States.

Roosevelt saw that it was Nazi Germany in World War II. Any President we have today, Democrat or Republican, liberal or conservative, in the eighties is going to be faced with the Soviet challenge in the Middle East, in Central America, in Southeast Asia, through her proxies. And to not understand that, I think, is to be naive about the great fundamental geopolitical reality of our time. And I think it is reflected in this debate here.

I might put it another way: Where are the national interests of the United States? We seem to have none, not even in Central America, our own hemisphere. We were told we had none in Southeast Asia. Perhaps some will be saying, in due course, we have none in the Middle East, we have none in Eastern Europe. It is fortress America, it is isolationism.

Only the Soviet Union seems to have national interests—in Afghanistan, in Central America, in Africa, in the Middle East, in Southeast Asia. Whether the U.S. Congress wishes to acknowledge it or not, there is a great protracted struggle going on in the world between the forces of totalitarianism and those trying to resist it. And to miss that point is to miss the most fundamental geopolitical point of our political decade and our political time. And I think it is being missed here in the U.S. Senate and certainly I think it is going to be missed in the U.S. House of Representatives.

If I speak out as one lowly voice, so be it, and one lonely voice, so be it, I am going to say it. We abandon our allies one by one. It was Vietnam and Cambodia. Look at the holocaust there. Will it be Israel next? Europe next? Is there no end to it? Central America now, the bloodbaths follow, as the totalitarian regimes move in. People are desperate to get out, the boat people, and so it goes. Refugees from Europe, from Asia, Central America—our country fills up with them. And what is our response? Do nothing, be impotent, ignore it, play ostrich-like, bury our heads in the sand and abandon our allies one by one.

It is repeating the follies of the thirties. And again, as one lonely voice in this Senate, I want to be in the CONGRESSIONAL RECORD as protesting as vigorously and as strongly as I can. It is unbecoming to a great power. I find it morally repulsive and repugnant that we do so. I think, geopolitically, we jeopardize the security and the democratic institutions of the people we were sent here to represent.

How many Vietnams can you afford to lose, how many Central Americas can you afford to lose—I ask that question—and ultimately maintain your own freedom? And that was the great issue in the thirties. Hitler marched unchallenged. Mussolini went into Africa unchallenged. The Japanese Imperial Army went into Asia unchallenged and we played fortress America, America first, isolationism in the name of getting us peace. And what did it get us? The worst war we have seen in our history. And history is now repeating itself in the decade of the eighties because the totalitarian left, at that time it was the totalitarian right, but the totalitarian left is moving and is moving through its proxies. If we do not have the will or the vision and the strength to resist it and to give the moral and logistic strength to our allies to resist it, I do not think we deserve to remain free and I do not think we will remain free.

I would like to leave, Mr. President, my colleagues with that thought. I do not know of any issue we have faced in my few tender years in the U.S. Congress that I feel more intensely about.

I appreciate once again the opportunity to speak on this amendment and on the Melcher amendment. I urge their rejection overwhelmingly by a bipartisan coalition in the U.S. Senate. It is the least that we can do.

Mr. MITCHELL. Mr. President, I rise in support of the amendment offered by the Senator from Massachusetts (Mr. KENNEDY). This amendment provides military and medical assistance to El Salvador at the same rate as does the compromise proposal crafted by the Senator from Hawaii (Mr. INOUYE) but for the months of April and May only. The Inouye compromise proposal, as my colleagues are aware, would continue the current level of military effort through the end of this fiscal year—that is September 30.

The Kennedy amendment is based on the belief that the Congress should not approve funds for a Salvadoran Government which has not yet been constituted. It proposes that we provide for a level of funding, designed to maintain the existing level of military activity, for a period to continue until 1 month after the Salvadoran runoff election. Between the election and the end of May we will have an opportunity to consider the results of the election and the progress which the newly elected President is making at furthering human rights, advancing democratic reforms, and conducting the Government's struggle against extremists on the left and right.

It is not for us to favor any candidate in the Salvadoran runoff election. What we all can and do favor is the conduct of a free and fair election, resulting in a government dedicated to furthering democracy and improving the lot of the Salvadoran people. We hope, but cannot yet be assured that the winner of the election will provide the kind of leadership which the situation requires, the Salvadoran people must desire, and the United States seeks. This, to me, is the most compelling reason why we should proceed slowly and decide on our future assistance levels once the government which will receive that assistance has been created, and has given us some preliminary indications as to what it intends to do.

I urge my colleagues to support the pending amendment.

The PRESIDING OFFICER. The Senator's time has expired.

Who yields time?

Mr. KENNEDY. I yield such time as the Senator from Tennessee may need.

Mr. SASSER. Mr. President, I support the amendment offered by the distinguished Senator from Massachusetts, Mr. KENNEDY. I believe at this time in the history of El Salvador that this is the correct approach for the U.S. Government to take. The Kennedy amendment will provide the Salvadoran Army sufficient funds to assure that there will be enough ammunition and equipment to sustain military operations through the second round of elections and to have the resources to safeguard the balloting that is to come in the latter part of April or early May.

Now, just last month, the President requested $93 million for El Salvador. In making that request, he said that El Salvador is running out of ammunition and that it would be unable to hold secure elections on March 25 unless this request for $93 million was expeditiously approved in an urgent manner.

Shortly thereafter, within really a matter of hours, the chief of staff of the Salvadoran armed services disagreed and was quoted in the New York Times as saying that the Salvadoran armed forces had enough ammunition and supplies to last through the elections on March 25 and to guarantee the security of those elections. And, that prediction by the chief of staff was accurate. El Salvador has now held the first round of elections. The army did not run out of ammunition. There was no shortage of supplies.

Today we are being told that the Salvadoran armed forces need $61 million in military aid. The distinguished Senator from Hawaii has accurately pointed out that these funds would sustain the Salvadoran military at current levels through the end of the fiscal year.

Well, Mr. President, I submit that we do not know who will be in charge of the armed forces of El Salvador in September. Just this past weekend, we saw in neighboring Honduras—a country and a military much more stable than that of El Salvador—we saw the chief of the armed services, General Alveraz, deposed and flown out of the country, and this at a time when the administration was extolling the virtues of the great democracy of the country of Honduras. We learned that the chief of staff, General Alvarez, was relieved of his command, dispatched to Costa Rica, without breakfast, it is reported; three leading members of his staff were deposed, and, only later, civilian authority in that country was informed of this by the Honduran military.

This is the country which is described by the Secretary of State and others in the administration as being a model of Central American democracy, a country where 60 percent of the people are illiterate with a per capita income of $600 a year and the chief killers in that country are gastrointestinal diseases brought about by drinking polluted water that kills a high percentage of the children before they reach 10 years of age.

I submit to my colleagues today that the situation in El Salvador is much less stable than in the country of Honduras. We do not know who will emerge as the victor in the second round of elections. If Mr. Duarte should win, many of us in the Senate would be more likely to support additional military aid for the country of El Salvador. But I am sorry to say today that there are elements in the Salvadoran society, including many in the armed forces, which have publicly stated that they would find Mr. Duarte unacceptable, and there are persistent rumors that, should Mr. Duarte be elected, there would be a coup from the right in El Salvador.

What if Mr. Duarte wins? Even if he should become President, and even if there should not be a coup, we do not know yet if he will be able to take control of the armed forces of El Salvador. We do not know if Duarte would be able to stop the bloodshed of the rightwing terror groups, and those elements of the military who, we are told, have murdered 40,000 civilians in the last 4 years. Mr. President, if Mr. D'Aubuisson, Mr. Duarte's chief rival, is elected, the people of El Salvador will have elected an individual who is reputed to be one of the perpetrators of rightwing terror that has paralyzed this country.

As one Senator, I could not condone, endorse, nor vote for the use of the tax dollars of the people of this country for military aid to a regime that has not demonstrated a basic commitment to justice, or recognized the human rights of all of the citizens of El Salvador.

Mr. President, make no mistake about it, the death squad activity in El Salvador continues. Many of my colleagues returned from that country to report on the success of the elections that took place there just a few days ago. I also am pleased that the elections were successful. But let us not forget that there were successful elections in El Salvador in 1982. Yet, in 1983, the Catholic Church in that country reported that a total of 5,200 civilians were either murdered, disappeared, or otherwise could not be found. To those of my colleagues who say some of this is a result of leftwing terror, I say that is true. Sixty-seven of those deaths were directly attributed to the leftist guerrillas. But, to be sure, leftist murders are just as despicable as rightist murders. But rightwing violence in El Salvador is as much an impediment to freedom and democracy as is the leftist violence. Both, I submit, Mr. President, must cease.

I believe we should provide military aid at this time to El Salvador in sufficient amounts to carry the Salvadoran armed forces through the election period. Following that election, we should reassess. We should not write a blank check. We should wait and see who the new leader of El Salvador is to be. We should see who is in command of the armed forces. We should make a determination about whether there is any connection about who heads that civil government in El Salvador, and what control is exerted over the military in that country. Too often, there is a propensity on the part of many in this country to ascribe to other countries the same political establishment that we have here; that is, that civilian authority is paramount over military authority.

Traditionally, that has not been the case in Central America. As a matter of fact, it has been just the opposite. We should determine whether or not we can support in full conscience whoever is elected to lead that country. Then we should determine whether or not that individual does indeed have the influence and the power to actually have significant say-so over how the government and its armed forces operate.

Mr. President, U.S. military assistance to El Salvador is an important lever that can be exerted to provide pressure to bring about reforms in the Salvadoran military, to bring about pressure to bring an end to the death squads and pressure to bring about justice in the trials of murderers of American citizens. It is almost incomprehensible that over 3 years ago, and some tens of millions of dollars worth of aid later, those who brutally murdered and raped four American nuns have not yet been brought to trial. And those who savagely gunned down and shot to death two American labor advisers in the Sheraton Hotel in San Salvador have not yet been tried and brought to justice.

Mr. President, I believe the Congress does not today have sufficient information to make a proper judgment on the level of funding necessary for the Salvadoran military, and the Kennedy amendment which I support provides sufficient funds to last through the election period. At that point, and based upon the circumstances at the time, the administration should come back to Congress and make a new request. I believe the Kennedy amendment represents a responsible approach to our foreign policy in Central America, and I urge the adoption of this amendment.

The PRESIDING OFFICER. The time of the Senator from Massachusetts has expired.

The Senator from Wisconsin.

Mr. KASTEN. Mr. President, I say to the Senator from Massachusetts, despite the fact that all of his time has expired, I am prepared to yield back to him a couple of minutes of my time, if in fact, we have an opportunity to debate this particular amendment before the appointed hour of 6:15.

Mr. President, the Senator from Massachusetts is recommending that the Inouye amendment, which passed the Senate last Thursday, be reduced by nearly two-thirds.

Last week we saw on television news reports masses of Salvadorans either walking long distances and/or standing in line for hours in order to vote in the presidential elections. Even with some of the technical problems which occurred, Sunday's elections can be described as nothing short of spectacularly successful. Now, just a week later to adopt an amendment such as the Senator from Massachusetts is suggesting would be a catastrophic signal to send to all of those Salvadorans who demonstrated on last Sunday that they have chosen democracy. Not only would such an action by the U.S. Congress possibly lead to a military victory by the Marxist guerrillas, but it would certainly erode Salvadoran military morale and fighting capabilities to the point where necessary repair of the harm would take considerable time and resources.

Mr. President, the administration, the majority leader, the minority leader, the chairman and ranking members of the Appropriations Subcommittee have all come to a compromise on a number which we believe is the rock bottom, a minimum needed now for emergency military assistance to El Salvador. If the Senator from Massachusetts amendment is accepted, urgently needed material, replacement equipment, training, and medivac heli-

copters and ambulances would be denied.

One last point I would like to make is that acceptance of this amendment, which would only provide funds through the end of May, would simply set up another legislative situation and yet another debate. The House has already told us that they will not consider another supplemental until July, and so we would be looking for another piece of legislation on which to attach yet more military assistance.

Mr. President, there have been a lot of numbers thrown around lately about what we have provided El Salvador in the way of assistance. I think it might be worthwhile to lay on the record exactly what we have provided to that country over the last several fiscal years. We have heard numbers ranging up as high as $1.2 billion, and if you go back to 1946, you can just about reach that level.

Total military assistance provided thus far to El Salvador beginning with fiscal year 1978 and through the continuing resolution which was signed by the President on November 14 of last year is $269,500,000. From 1946 to 1977 we provided El Salvador with $16.8 million in military assistance.

For economic assistance, the totals are as follows: Fiscal year 1978 through the fiscal year 1984 continuing resolution Congress provided $819.9 million. The period from 1946 through 1977 we provided $176.7 million in economic assistance.

Mr. President, thus the total in both military and economic assistance for El Salvador for fiscal year 1978 through the latest enacted appropriation is $1,089,400,000. You can top the $1.2 billion figure only when you add in those funds provided from 1946 through 1977.

The main point, however, is that we have only provided El Salvador with $286,300,000 in military assistance since 1946. To those who have been interested in the ratio between economic and military assistance in the fiscal year 1978 through fiscal year 1984 enacted period, military assistance has accounted for 25 percent of our total aid to that country.

I urge the defeat of the Kennedy amendment.

We must adopt the level of assistance which the compromise of the Senator from Hawaii provides.

Mr. President, I ask unanimous consent that we temporarily set aside the Kennedy amendment, the pending Kennedy amendment.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

AMENDMENT NO. 2879

(Purpose: To provide additional refugee aid, including $10 million for displaced persons in El Salvador)

Mr. KENNEDY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Massachusetts (Mr. KENNEDY) proposes an amendment numbered 2879.

Mr. KENNEDY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 4, between lines 18 and 19, insert the following:

"DEPARTMENT OF STATE

MIGRATION AND REFUGEE ASSISTANCE

For an additional amount for "Migration and Refugee Assistance," $10,000,000: *Provided*, That such sum shall be available only for assistance to displaced persons in El Salvador.

Mr. KENNEDY. Mr. President, the human crisis in El Salvador is alarming and America shares responsibility for meeting the challenge. Close to one-half million people are displaced; many live in camps under deplorable conditions. Over 10 percent of El Salvador's population are refugees or displaced persons. These urgent, growing relief needs must be met.

Last September, the Senate adopted an amendment—Kennedy-Simpson—to the State Department authorization bill that earmarked $10 million for displaced persons in El Salvador. The appropriation bill however, did not fully fund the refugee assistance account. In fact, the State Department has submitted a supplemental request for $14.6 million, of which $8 million is intended for El Salvador. I understand that the Department has indicated refugee assistance in Africa will have to be cut back to met needs in El Salvador if this supplemental request is not met.

This amendment provides an appropriation of $10 million to fully fund the El Salvador provision. Otherwise, U.S. refugee programs elsewhere will suffer.

If it is so urgent to get bullets to El Salvador, surely it is no less urgent to get relief to the hundreds of thousands of displaced persons in that country. It takes no sense to pour millions of dollars of military assistance into a goverment that cannot provide basic assistance to its citizens displaced by the conflict for which more military aid is sought.

I urge adoption of this amendment.

Mr. President, I ask unanimous consent that the Senator from Montana (Mr. MELCHER) be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, I will not include in the RECORD the September 1983 staff report on behalf of myself and the Senator from Wyoming, Senator SIMPSON, of the Immigration and Refugee Subcommittee of the Judiciary Committee. I mention it here, however, for those who are following this debate as being an excellent document. It provides ample justification, for this amendment. It also is a poignant review of the human tragedy in El Salvador.

Mr. President, I would hope that the Senate would accept this amendment. I reserve the remainder of my time.

Mr. KASTEN. Mr. President, the amendment being offered by the Senator from Massachusetts would provide an additional appropriation of $10,000,000 for the State Department's refugee programs to be used for activities in El Salvador—specifically assistance to displaced persons.

The Senator knows there is a pending fiscal year 1984 supplemental request which the committee is considering and which will be part of the omnibus supplemental for fiscal year 1984. Included in that request is some $8 million for Latin America, $7 million of which would be specifically for aiding displaced persons in El Salvador.

Mr. President, I checked with the administration, and they say there is no urgent need for this money at this time. State informs me that should any urgent unforeseen needs arise prior to the passage of the omnibus supplemental, the Department would defer some contributions to the United Nations High Commissioner for Refugees in order to meet the needs for displaced persons.

Mr. President, I do not believe it would be inconsistent for us to appropriate the $7 million now. I think it might even be a good idea for us to go forward with a $7 million figure for aid to displaced persons at this time as part of this present legislation.

If the Senator will yield, if the Senator would be willing to modify his amendment to the $7 million figure, I not only would be willing to accept his amendment, but I also would be willing to cosponsor his amendment because these dollars are, I think, in fact, needed.

Mr. KENNEDY. I thank the Senator for his observation. I would observe as someone who has followed the problems of refugees and the humanitarian needs of peoples in different parts of the world, it always distresses me, whether it was at a time during the Vietnam war or the current time, that there is always an urgency about providing guns and bullets, but never seems an urgency with regard to the humanitarian needs.

I believe the Senator from Wisconsin has made a reasonable recommendation and suggestion, as well as one that I think is realistic in terms of being able to have this amendment accepted.

Mr. President, I ask unanimous consent that my amendment be so modified.

The PRESIDING OFFICER. Without objection, it is so modified.

The amendment, as modified, is as follows:

On page 4, between lines 18 and 19, insert the following:

"DEPARTMENT OF STATE

MIGRATION AND REFUGEE ASSISTANCE

For an additional amount for "Migration and Refugee Assistance," $7,000,000: *Provided*, That such sum shall be available only for assistance to displaced persons in El Salvador.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the Senator from Wisconsin (Mr. KASTEN) be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, I yield back the remainder of my time.

Mr. KASTEN. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified.

The amendment (No. 2879), as modified, was agreed to.

Mr. KASTEN. Mr. President, I move to reconsider the vote by which the amendment, as modified, was agreed to.

Mr. KENNEDY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. KENNEDY. Mr. President, do I understand the parliamentary situation to be that my amendment is still set aside? Is that correct?

The PRESIDING OFFICER. The Senator is correct.

AMENDENT NO. 2840

(Purpose: To require progress on land reform as a condition for U.S. military aid to El Salvador)

Mr. KENNEDY. Mr. President, I send an amendent to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Massachusetts (Mr. KENNEDY) proposes an amendment numberred 2840.

Mr. KENNEDY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 3, at the end of line 15, insert the following: "land reform,".

Mr. KENNEDY. Mr. President, the bill before us omits any mention of land reform. Amendment No. 2840 remedies this: it adds the requirement of progress toward land reform as an additional condition for U.S. military assistance on which the President must report to the Congress.

The 1981 International Security and Development Cooperation Act declared it should be U.S. policy to support land reform. It required the President to certify that the Government of El Salvador "is making continued progress in implementing essential economic and political reforms, including the land reform program."

The continuing resolution for fiscal year 1984 also required a certification of progress in land reform.

Even the report of the National Bipartisan Commission on Central America states:

The pervasiveness and depth of rural poverty make improvement in rural incomes and living standards especially high priorities. Agrarian reform programs should continue to be pursued as a means of achieving this.

Omission of progress in land reform as a condition for American military aid would thus send entirely the wrong signal. Omission would encourage those Salvadoran forces who in recent months have sought to block land reform legislation in the constituent assembly.

The crisis in El Salvador has its roots in social and economic injustice. We must reassert the U.S. commitment to progress in land reform by adopting this amendment.

I hope the Senate will adopt this amendment.

Mr. KASTEN. Mr. President, the bill before us has in it some language as conditionality which was essentially extracted from the Kissinger bipartisan report on Central America.

The section that we did pull out does not make specific reference to land reform. At other times, in our Appropriations Committee, we have adopted language urging progress on land reform. The Senator from Hawaii and I have both worked in support of that, so I have no problem with this amendment. On behalf of the committee, I shall be happy to accept the amendment of the Senator from Massachusetts.

Mr. President, I have no further need for time on this side, so I am prepared to yield back the remainder of my time on this amendment.

Mr. KENNEDY. Mr. President, I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 2840) was agreed to.

Mr. KASTEN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. KENNEDY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. KASTEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KASTEN. We have now set aside the original Kennedy amendment and had the adoption of two other amendments. What is the amendment the Senate now has before it?

The PRESIDING OFFICER. No amendment is pending at this time.

Mr. KENNEDY. I have several other amendments, Mr. President, if the Senator would like. If we have started a trend here, I would like to go into Nicaragua. But I have run out of time at this point, Mr. President. I understand that we have agreed to vote at 6:15.

Mr. KASTEN. Mr. President, I ask unanimous consent that the Kennedy amendment be once more laid before the Senate.

A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KASTEN. Was all time on both sides yielded back on the Kennedy amendment?

The PRESIDING OFFICER. It was, that is correct.

Mr. KASTEN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. KASTEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. COCHRAN). Without objection, it is so ordered.

AMENDMENT NO. 2877

The hour of 6:15 having arrived, under the orders the Senate will vote on the amendment of the Senator from Massachusetts (Mr. KENNEDY).

The yeas and nays have not been ordered.

Mr. KASTEN. Mr. President, I ask for the yeas and nays on the Kennedy amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from New York (Mr. D'AMATO), the Senator from Oklahoma (Mr. NICKLES), the Senator from Oregon (Mr. PACKWOOD), and the Senator from Indiana (Mr. QUAYLE) are necessarily absent.

I also announce that the Senator from Vermont (Mr. STAFFORD) is absent on official business.

I further announce that, if present and voting, the Senator from Indiana (Mr. QUAYLE) would vote "nay."

Mr. CRANSTON. I announce that the Senator from Arkansas (Mr. BUMPERS), the Senator from Colorado (Mr. HART), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Ohio (Mr. METZENBAUM), and the Senator from New York (Mr. MOYNIHAN) are necessarily absent.

I further announce that the Senator from North Dakota (Mr. BURDICK) and the Senator from Arizona (Mr. DECONCINI) are absent on official business.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 25, nays 63, as follows:

[Rollcall Vote No. 46 Leg.]

YEAS—25

Baucus	Kennedy	Randolph
Biden	Lautenberg	Riegle
Bingaman	Leahy	Sarbanes
Cranston	Levin	Sasser
Dodd	Matsunaga	Tsongas
Eagleton	Melcher	Weicker
Exon	Mitchell	Zorinsky
Ford	Pell	
Hatfield	Proxmire	

NAYS—63

Abdnor	Garn	Mathias
Andrews	Glenn	Mattingly
Armstrong	Goldwater	McClure
Baker	Gorton	Murkowski
Bentsen	Grassley	Nunn
Boren	Hatch	Percy
Boschwitz	Hawkins	Pressler
Bradley	Hecht	Pryor
Byrd	Heflin	Roth
Chafee	Heinz	Rudman
Chiles	Helms	Simpson
Cochran	Hollings	Specter
Cohen	Humphrey	Stennis
Danforth	Inouye	Stevens
Denton	Jepsen	Symms
Dixon	Johnston	Thurmond
Dole	Kassebaum	Tower
Domenici	Kasten	Trible
Durenberger	Laxalt	Wallop
East	Long	Warner
Evans	Lugar	Wilson

NOT VOTING—12

Bumpers	Hart	Nickles
Burdick	Huddleston	Packwood
D'Amato	Metzenbaum	Quayle
DeConcini	Moynihan	Stafford

So Mr. KENNEDY's amendment (No. 2877) was rejected.

Mr. KASTEN. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. BAKER. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2876

The PRESIDING OFFICER. Under the previous order there will now be 14 minutes of debate evenly divided on the amendment of the Senator from Montana (Mr. MELCHER).

Who yields time?

Mr. MELCHER and Mr. KASTEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana.

Mr. MELCHER. Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from Montana.

Mr. MELCHER. Mr. President, first of all, I assure my colleagues that I doubt whether too much of the 14 minutes need to be used.

I wish to pose a couple questions, and these are questions that people are asking us.

They wonder what we are doing in El Salvador. People are frustrated and particularly at taxpaying time about $200 billion deficits, and they say how much urgent foreign aid is necessary in El Salvador or other parts of the world?

That is what people wonder and they focus on that point and ask how much and why, and then they hear more than they want to hear on arms, insurgents, and killing in El Salvador, and we should refocus our attention on problems at home, like getting a job, education, hospital and doctors' bills, the senior citizens problem, or low agricultural prices. People are frustrated with high interest rates, major industries laying off people, and an imbalance of foreign trade costing us jobs and thwarting our economic recovery.

Mr. President, we have already appropriated over $1 billion for El Salvador. President Reagan would like to make that go to $2 billion this year if Congress and the people go along.

No wonder people are frustrated. Just for this year there is $160 million left unspent for El Salvador. If we do not appropriate one nickel more for them this year, they will have a hard time spending all the $160 million between now and next September 30.

Since all the urgent justification for President Reagan for all this money is to get rid of 10,000 insurgents in El Salvador, it is fair to just divide that out, and that figures to almost $30,000 of money to kill or incapacitate each and every one of the 10,000. Of course, they will not all be eliminated this year, and that is the reason that President Reagan will more than double the ante to provide $70,000 per capita for the 10,000 insurgent demolishment for this coming year.

Our national interest in El Salvador or Central America does not lie in the direction of more armaments but our national interest in Central America is in keeping arms out of these small countries. That means preventing by diplomatic tough work with Cuba and Russia arms shipments into the area, and surveillance and interdiction to keep out all armaments from there. We have sent the armaments that are used on both sides of that killing. Some of the armaments for the army end up arming the 10,000 insurgents.

In El Salvador and Central America democracy does not live on armaments, and that is why I urge restraint on both armaments and money with my amendment.

It is time to change our spending sights for El Salvador and Central America. My amendments does that. And it is enough.

The PRESIDING OFFICER. Who yields time?

Mr. KASTEN. Mr. President, as to this amendment, although the total figure is $34 million, I just simply wish to point out to the Senate that because of the way the amendment is written and particularly for the agricultural component of it, only $7.9 million could be applied against the total military needs of $49,250,000.

In a way this amendment is more difficult for the Salvadoran Government. This amendment is more difficult for the administration.

I urge its defeat.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The Senator from Wisconsin yields back his time.

Mr. MELCHER. Mr. President, the Senator from Wisconsin is correct. It is $7.9 million for arms, $14 million for food aid, and $13.5 million for medical aid, a total of $35.4 million.

Mr. President, that is enough.

I do yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back on the amendment. The question is on agreeing to the amendment of the Senator from Montana (Mr. MELCHER). The yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. STEVENS. I announce that the Senator from New York (Mr. D'AMATO), the Senator from Nevada (Mr. LAXALT), the Senator from Oregon (Mr. PACKWOOD), the Senator from Indiana (Mr. QUAYLE), and the Senator from Wyoming (Mr. WALLOP) are necessarily absent.

I also announce that the Senator from Vermont (Mr. STAFFORD) is absent on official business.

I further announce that, if present and voting, the Senator from Indiana (Mr. QUAYLE) would vote "nay."

Mr. CRANSTON. I announce that the Senator from Arkansas (Mr. BUMPERS), the Senator from Colorado (Mr. HART), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Ohio (Mr. METZENBAUM), and the Senator from New York (Mr. MOYNIHAN) are necessarily absent.

I further announce that the Senator from Arizona (Mr. DECONCINI), and the Senator from North Dakota (Mr.

BURDICK) are absent on official business.

The PRESIDING OFFICER (Mr. GORTON). Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 24, nays, 63, as follows:

[Rollcall vote No. 47 Leg.]

YEAS—24

Andrews	Lautenberg	Pryor
Baucus	Leahy	Randolph
Biden	Levin	Riegle
Cranston	Matsunaga	Sarbanes
Dodd	Melcher	Sasser
Exon	Pell	Tsongas
Hatfield	Pressler	Weicker
Kennedy	Proxmire	Zorinsky

NAYS—63

Abdnor	Evans	Lugar
Armstrong	Ford	Mathias
Baker	Garn	Mattingly
Bentsen	Glenn	McClure
Bingaman	Goldwater	Mitchell
Boren	Gorton	Murkowski
Boschwitz	Grassley	Nickles
Bradley	Hatch	Nunn
Byrd	Hawkins	Percy
Chafee	Hecht	Roth
Chiles	Heflin	Rudman
Cochran	Heinz	Simpson
Cohen	Helms	Specter
Danforth	Hollings	Stennis
Denton	Humphrey	Stevens
Dixon	Inouye	Symms
Dole	Jepsen	Thurmond
Domenici	Johnston	Tower
Durenberger	Kassebaum	Trible
Eagleton	Kasten	Warner
East	Long	Wilson

NOT VOTING—13

Bumpers	Huddleston	Quayle
Burdick	Laxalt	Stafford
D'Amato	Metzenbaum	Wallop
DeConcini	Moynihan	
Hart	Packwood	

So Mr. MELCHER's amendment (No. 2876) was rejected.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. KASTEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2838

(Purpose: To condition the provision of military assistance to El Salvador after May 31 to initiation of a prosecution in the case of the two murdered American labor advisers)

The PRESIDING OFFICER. The Senator from Wisconsin is recognized.

Mr. KASTEN. Mr. President, on behalf of the Senator from Massachusetts (Senator KENNEDY), I call up amendment No. 2838 which is at the desk, and ask for its immediate consideration.

The legislative clerk read as follows:

The Senator from Wisconsin (Mr. KASTEN), for the Senator from Massachusetts (Mr. KENNEDY), proposes an amendment numbered 2838.

Mr. KASTEN. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the section entitled "MILITARY ASSISTANCE" of H.J. Res. 492, add the following: No funds appropriated in this bill or other legislation shall be available for military assistance for the Government of El Salvador after May 31, 1984 unless that government has initiated a prosecution of those involved in the murder of two American Labor advisers in 1981.

Mr. KASTEN. Mr. President, this will be the first order of business tomorrow when the Senate again takes up House Joint Resolution 492. That will be the first amendment. This is the arrangement with the Senator from Massachusetts.

Mr. President, I ask unanimous consent that immediately following the disposition of amendment No. 2838 the Specter amendment to set aside 30 percent of the funds until a verdict of the nun's case is reached be in order.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, there will be no further rollcall votes tonight, if that has not yet been announced.

AGRICULTURAL PROGRAMS ADJUSTMENT ACT OF 1984—CONFERENCE REPORT

Mr. STEVENS. Mr. President, I submit a report of the committee of conference on H.R. 4072 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4072) to provide for an improved program for wheat, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report will be printed in the House proceedings of the RECORD.)

Mr. HELMS. Mr. President, I urge the Senate to approve the conference report on H.R. 4072, the Agricultural Programs Adjustments Act of 1984. This legislation makes several much-needed farm program changes, which I might add, have been a long time in coming for America's farmers and taxpayers.

The legislation will provide very timely cash-flow and credit assistance to farmers and will reduce the cost of Government farm programs.

H.R. 4072, as passed by the Senate and approved by the conference committee, will freeze the target price for several commodities in 1985 at the 1984 level as sought by President Reagan. The bill targets assistance to producers affected by the devastating 1983 drought and calls for increases in funding for agricultural exports. The increased assistance will go to those farmers who qualify, and the boost in agricultural exports is good for our entire economy.

Mr. President, this legislation is not perfect. I am sure that if each of us had a free hand to write this legislation, we would write these provisions differently. But the legislation is the product of extensive meetings and negotiations, and it represents a strong effort toward a workable compromise which will improve current programs.

Beyond that, this measure will save $2.7 billion from 1984 through 1987, according to official estimates from the Congressional Budget Office. The U.S. Department of Agriculture places the savings even higher, at $3.2 billion over the same period.

Now I know that some people believe that the savings as estimated are overstated, or even nonexistent. I can well understand that view. But the fact remains that we are required by the Congressional Budget Act to use CBO estimates.

Even with the best estimates humanly available, we cannot know if the actual savings will ultimately be $1 billion or $3 billion. There is no perfect crystal ball.

But I do know that we are moving in the right direction, and I believe we should adopt this measure for whatever savings it should produce.

Several of our colleagues in the Senate and House of Representatives played a constructive role in the development of this important legislation. Senator HUDDLESTON deserves particular recognition for his part in the farm credit provisions of this bill. Senator DOLE, of course, initiated the meetings this year which led to this bill due to his interest in the wheat program.

On the House side, Agriculture Committee Chairman DE LA GARZA once again ably provided leadership in representing the views of his members. Congressman TOM FOLEY also played an integral role both in designing a wheat program and then in crafting the necessary compromises to produce legislation which all parties can approve.

I want to be clear: Responsible support for this legislation can be found on both sides of the aisle and in both Houses of Congress.

These Members know that farmer's livelihoods are too important to play politics with, and I commend them for it.

However, as press reports of this conference indicated, there are always those who seek to use these important meetings as a forum to achieve political advantage.

News accounts suggest that a conference might not even have been necessary. I do not know if this is true. I

hope it is not. But if it is, it simply means that farmers were deprived of a few more days of much-needed time to use the credit provisions before spring planting.

As I have related, many Senators were helpful—such as Senator JEPSEN who was instrumental in insuring the adoption of several provisions designed to assist farmers hurt by last summer's drought. He has repeatedly stressed the urgency of enacting legislation to help drought-stricken farmers in Iowa and across the Nation, and he worked hard in the negotiations in the Agriculture Committee to get these provisions adopted.

Senator JEPSEN has also shown much leadership in seeking additional funding for agricultural exports. Throughout the process he has sought to develop the best possible programs for Iowa farmers, yet in a framework which can ultimately be approved by Congress and signed by the President.

Mr. President, I shall now describe the agreement reached by the conference committee. The conferees adopted the Senate-passed version of H.R. 4072 in almost every respect.

1984 AND 1985 WHEAT PROGRAMS

The conference agreement will freeze the wheat target price at $4.38 per bushel for both the 1984 and 1985 crops, and will make changes in the 1984 wheat program to increase participation and more effectively reduce grain surpluses. The bill also specifies the 1985 wheat program.

For both the 1984 and 1985 crops of wheat, the bill requires a 10-percent paid diversion and not more than a 20-percent acreage limitation program. The payment rate on the paid diversion would be $2.70 per bushel, the same rate as provided in 1983. The Department of Agriculture would be required to make advance payments of 50 percent of the diversion payments to producers as soon as practicable after signup for the program, a practice which USDA typically has followed in recent years.

The bill also provides for a 10- to 20-percent payment-in-kind diversion program for the 1984 crop with compensation in kind based on 85 percent of the farm program yields, and haying and grazing of acreage diverted from production under the 1984 wheat program at the option of each State.

These changes will improve participation in the wheat program and help to control our burdensome surpluses.

FEED GRAINS

The conferees adopted the Senate provisions relating to feed grains. These include a freeze in the 1985 target price for corn at the 1984 level of $3.03 per bushel—instead of $3.18 per bushel as in current law. The bill also provides that if corn carryover on October 1985, is estimated to exceed 1.1 billion bushels, the Secretary of Agriculture shall provide for a total acreage cutback of 5 to 20 percent—through a combination acreage reduction program and a paid diversion—with not less than 5 percent of the acreage cutback to be achieved through a paid diversion and any reduction over 15 percent to be equally divided between paid diversion and acreage reduction programs. The paid diversion payment rate will be $1.50 per bushel for corn.

The conferees also adopted a provision regarding corn silage. That provision gives the Secretary of Agriculture discretion to make price support loans to producers who cut 1984 or 1985 crop corn for silage on a quantity of other corn equivalent to that corn which would be produced on a field that is similar to the field from which the silage was obtained.

UPLAND COTTON

The conferees basically adopted the Senate provisions with respect to upland cotton with a modification. With respect to the target price for the 1985 crop of upland cotton, the bill freezes the target price at 81 cents per pound—instead of 86 cents as in current law. For the 1985 cotton program, the bill requires that if the Secretary estimates that the carryover level of upland cotton on July 31, 1985, will exceed 3.7 million bales, the Secretary must implement a program for the 1985 crop under which the farm upland cotton acreage would be limited to the farm upland cotton acreage base reduced by not less than 5 percent, consisting of first, a paid diversion of not less than 5 percent with a payment rate of 27.5 cents per pound; and second, at the discretion of the Secretary, an acreage limitation program. Any total acreage reduction in excess of 25 percent of the acreage base for the farm must be accomplished through a paid diversion program.

The conference agreement retains the Senate provision providing for a diversion payment rate of 30 cents per pound if the Secretary estimates that the upland cotton carryover on July 31, 1985, will exceed 4.1 million bales and for a diversion payment rate of 35 cents per pound if the carryover would exceed 4.7 million bales.

RICE

Again, the conferees adopted the Senate provisions with one modification. For the 1985 crop of rice, the bill freezes the target price at $11.90 per hundredweight—instead of $12.40 as in current law.

For the 1985 rice program, the Secretary would be required by the bill to implement a combination acreage limitation program and paid diversion program if the Secretary estimates that the rice carryover on July 31, 1985, will exceed 25 million hundredweight. The diversion payment rate will be $2.70 per hundredweight. If it is estimated that the carryover will exceed 35 million hundredweight, the payment rate will be $3.25 per hundredweight, and if it is estimated the carryover will exceed 42.5 million hundredweight, the payment rate will be $3.50 per hundredweight.

EXPORT ASSISTANCE

The agriculture export provisions of H.R. 4072 were approved by the conference as in the Senate bill with one modification.

The bill includes the Senate provision expressing the sense of Congress that additional actions should be taken to boost farm exports. Such actions include increases in funding for Public Law 480 programs, direct export credit programs, and export credit guarantees.

The conferees also agreed to the Senate provision requiring the Secretary of Agriculture to carry out a 2-year pilot program to use Commodity Credit Corporation dairy products to acquire ultra-high-temperature processed fluid milk for donation to needy persons outside the United States.

The conferees modified the provisions relating to the surplus commodity distribution provisions of the Agricultural Act of 1949. In that case, a compromise was adopted. The House Foreign Affairs Committee shares jurisdiction in the House of Representatives on this provision with the House Agriculture Committee.

The conference agreement amends section 416 to authorize the Secretary to furnish dairy products and wheat acquired by the Commodity Credit Corporation for carrying out title II of Public Law 480. Commodities and products furnished under the provision would be for such purposes as are approved by the Secretary, would be furnished under expedited procedures, and could be sold or bartered under certain circumstances, as approved by the Secretary. Agreements are authorized to provide dairy products and wheat in installments over an extended period of time.

As provided in the conference agreement, the Secretary of Agriculture must approve the donations as well as the purposes for which the commodities are being donated. The conference agreement also calls for expedited procedures to be used in implementing the distribution of these commodities.

These provisions are very important. The Secretary of Agriculture has responsibility for the Commodity Credit Corporation which holds title to these stocks. With responsibility for both domestic and international programs, the Secretary can and should play the major role in implementing the commodity distribution.

Expedited procedures for section 416 donations are already in place, and these should continue. The surplus commodity distribution should not

become bogged down in the many requirements of title II of Public Law 480. Since enactment of the authority to donate dairy products in 1982, nearly 90,000 tons of surplus stocks have been moved out of Government storage to needy people around the world. USDA deserves much credit for this achievement and I hope this aggressive effort will continue.

EMERGENCY AGRICULTURAL CREDIT ASSISTANCE

Mr. President, the provisions in this bill dealing with agricultural credit are the same as passed by the Senate except for one change in the conflict of interest provision.

As agreed to by the conferees the bill will facilitate the submission of disaster emergency loan applications from farmers whose operations are in counties without disaster declarations, but are contiguous to declared counties. The bill will protect the value of farm assets used for collateral purposes against adverse fluctuations which occur during a major agricultural natural disaster. Also, producers will have an additional 2 months in which to submit disaster loan applications.

The bill will allow producers in counties without a formal disaster declaration but which are contiguous to be declared disaster area, to submit applications to determine eligibility for production loss loans. Of course, these applicants would have to meet the applicable eligibility requirements to receive emergency disaster loans.

Currently, farmers experiencing a crop loss due to a natural disaster have 6 months in which to submit applications to the Farmers Home Administration. Under the bill, this time period will be extended to 8 months. This extension will insure that all farmers have adequate time to evaluate their crop losses and to file the necessary documentation for loan assistance.

The bill will protect the value of farm real estate, equipment and livestock used as collateral for Farmers Home Administration loans against the sharp depreciations which often accompany a massive crop failure. The bill will require that the Secretary value the assets based on the higher of the value of the assets on the day before the Governor of the State in which the farm is located requests assistance under the emergency loan program or the Disaster Relief Act of 1974 for any portion of such State or the value of such assets 1 year before such day.

The bill will require that, with respect to the court-ordered economic emergency loan program operated from December 22, 1983, through September 30, 1984, the Secretary must make at least $310 million in insured economic emergency loan funds available to eligible borrowers during the remainder of this fiscal year. Also, the Secretary may make additional insured obligations totaling not more than $290 million.

The bill will increase the limitation on individual indebtedness under the FmHA farm operating loan program from $100,000 to $200,000 in the case of insured loans and from $200,000 to $400,000 in the case of guaranteed loans. This increase is reflective of the increased annual operating costs in agriculture.

Under current law the repayment period for consolidated or rescheduled FmHA farm operating loans cannot exceed 7 years. Under the bill, this repayment period will be extended to a maximum of 15 years. This additional time will allow FmHA greater flexibility to assist financially troubled borrowers to restructure their debt service to maintain viable operations.

In order to further assist farm borrowers, the bill will require that for insured farm ownership, farm operating, and disaster emergency loans that are deferred, consolidated, rescheduled, or reamortized by FmHA, the interest rate will be the lower of the rate of interest on the original loan or the current rate of interest. This provision will assist FmHA borrowers having difficulty making repayment by allowing an interest rate on rescheduled or consolidated loans at no higher then the original rate of interest.

The bill requires that at least 20 percent of the insured farm ownership and farm operating funds be made available to low income, limited resource borrowers. Furthermore, FmHA farm borrowers must be notified of the limited resource loan programs and how applications may be submitted for such loans. This notification would be accomplished during the normal course of loan making and servicing contact with each borrower.

The conferees agreed to a modification of the Senate provision prohibiting Department of Agriculture officials who review a loan application for the purchase of land from acquiring an interest in such land for a 3-year period. The conference agreement applies this restriction to officers or employees of the Department of Agriculture who review applications for loans to purchase land under the Consolidated Farm and Rural Development Act, including members of Farmers Home Administration county committees, but not to former members of these county committees if the Secretary of Agriculture determines that the former member acted in good faith in reviewing the loan application. This determination by the Secretary would have to be made prior to the acquisition of the land by the former member.

These credit provisions will assist many FmHA borrowers experiencing difficulty because of last summer's drought or other economic pressures in the agricultural community during the past several years. The enactment of this legislation will provide much needed assistance to these borrowers to avoid liquidation and regain financially stable farm operations.

Mr. President, on a different point, I note that there have been news reports that leaders of the European Economic Community have reached agreement on a package of changes in European farm programs. As I have said before, the structure of internal European farm programs becomes the business of the United States when world markets are distorted by export subsidies on surplus EEC commodities.

While the specifics of the EEC package are not yet entirely clear, I understand that there was agreement for restraint on domestic price supports. Such restraint should help control surplus production, so this step appears to be positive and commendable. In fact, I believe such actions by the EEC would not have occurred without their budget crisis along with the firm stance by the Reagan administration and many of us in Congress.

However, there are also reports that the EEC Commission has been ordered to negotiate with the United States regarding restrictions on corn gluten. Such a development is disappointing.

We remain strongly opposed to limits on corn gluten feed exports. While the United States will honor the GATT, any restrictions are certain to be met with calls for firm countermeasures.

American farmers and others around the world should not have to pay the price for the policies of the EEC. We remain firmly committed to a free and open trading system, even as we make changes in our own domestic programs.

Mr. President, this compromise legislation is important and timely. It gives the Reagan administration another legislative victory, in the form of the target price freeze which they have long sought.

I commend Secretary of Agriculture John R. Block and his entire team for their effort in developing this compromise. Not only will the target price adjustments produce more sound policy, they will generate substantial savings to the taxpayer over time.

This legislation also provides the many other benefits which I have already described. I encourage my colleagues to vote for this conference report in order to seek enactment as soon as possible.

Mr. DOLE. Mr. President, I do not intend to make a long statement on behalf of passage of this legislation. As my colleagues know, there have already been plenty of speeches on the need to improve farm programs and precious little action over the past 15 or 16 months. Suffice it to say that this conference report on H.R. 4072,

the Agricultural Programs Adjustment Act of 1983, is almost identical to the Senate version of the bill passed by a 78-to-10 margin on March 22. We had to make a few minor changes in the cotton and rice programs, and gave the Secretary some discretionary authority in the feed grain loan area. But, in large measure, the House conferees were willing to accept the provisions worked out between farm State Senators and the administration in early March.

OUTYEAR SAVINGS

As I mentioned 2 weeks ago, Mr. President, whatever savings this bill may achieve are largely on paper, and are based on some major assumptions of long-range economic performance and policy development. I believe the latest USDA estimate was for about $2.9 billion savings over the fiscal year 1984 through fiscal year 1987 period, while the Congressional Budget Office was at around $2.3 billion. Most of these savings are in the outyears, particularly in fiscal year 1987, and assume escalating target prices for all commodities under the next farm bill for the 1986 crops. I would only point out, however, that these same assumptions are built into the baseline projections for Federal budget deficits. So the savings from this bill are no less real, or no more inflated, than the agriculture component of those outyear deficits.

NOT A POLITICAL GESTURE

I would also take issue with those who claim that this legislation, with mandated advance diversion payments, is a political vehicle aimed at putting money in farmers' pockets before this November's elections. Advance payments have been a common part of several recent farm programs, both in election years and in the off-years. The fact that wheat farmers will be eligible to receive two advance payments this year, one for each of the 1984 and 1985 crops, simply reflects the lateness of our efforts to make needed adjustments in the 1984 program. And no one should blame the administration for not trying to get these adjustments through Congress in 1983, when advance payments would have been less subject to criticism.

A LONG AND DIFFICULT PROCESS

Mr. President, congressonal approval of this conference report will cap a long and difficult process which began nearly 16 months ago. And while we may now be able to go forward with these much-needed changes in farm programs for 1984 and 1985 crops, it appeared at several points that we had reached a permanent impasse. For the record, I would only summarize the more significant events in the development and approval of this legislation.

1982

November. The Reagan administration proposed the payment-in-kind (PIK) program for 1983 crops to reduce heavy grain and cotton production and stocks in exchange for congressional approval of a freeze on target prices at 1983 levels.

December. Congressional efforts to authorize PIK were thwarted by Senator MELCHER, despite the univeral support of his Democratic colleagues.

1983

January. USDA proceded to implement PIK on its own authority. Senators DOLE and DOMENICI introduced S. 18, a bill proposing to reduce scheduled target price increases by one-half and divert proceeds to the agricultural export credit revolving fund.

June. House Agriculture Committee refused to act on the administration's request for a target price freeze. Compromise based on S. 18 was stalled in the Senate Agriculture Committee.

July. Compromise worked out with various farm groups was prevented from consideration on the Senate floor as an amendment to the target price freeze prior to the August recess.

August 9. Faced with August 15 deadline, Agriculture Secretary Block announced details of the 1984 wheat program, including a higher 30 percent acreage reduction requirement to offset the higher scheduled target price.

September and October. Additional efforts to bring the farm compromise to the Senate floor were blocked. Beginning of winter wheat planting required the added participation incentive of a 10-percent paid diversion program.

November 16. House passed wheat version of Senate compromise, sponsored by Congressman TOM FOLEY, only 2 days before congressional adjournment. Further action was postponed until late January.

1984

February 18. Faced with possible low participation in the announced 1984 wheat program, Secretary Block extended the signup period by 3 weeks, until March 16.

March 5-8. Three days of intensive negotiations between administration officials and farm State Senators, resulting in markup of legislation by the Senate Agriculture Committee.

March 22. After another week of postponements and filing of a cloture petition to close off a possible filibuster, Senate passed H.R. 4072, as amended by the Agriculture Committee.

March 29. With minor changes, House and Senate conferees approved the Senate version of H.R. 4072, with final passage of the conference report and signature by President Reagan expected within 2 weeks.

Mr. President, while this chronology may seem somewhat tortuous, it was only through the very considerable efforts of several Members on both sides of the aisle and in both Houses of Congress that we were able to succeed at all. I would particularly note the leadership and patience of the distinguished chairman of the Senate Committee on Agriculture, Nutrition, and Forestry, Senator HELMS, who guided this legislation through conference in the short space of 1 day.

Another major contribution was made by the senior Senator from Iowa, Senator JEPSEN, who made the total package more attractive and acceptable to feed grain producers by adding provisions expanding credit availability and providing drought assistance. Combined with the export financing increases which the administration was convinced to add to the bill, the Senator from Iowa played a major part in the development of a responsible and balanced bill.

I would also like to express my appreciation for the bipartisan support and cooperation of the senior Democratic member of the House Agriculture Committee, Congressman TOM FOLEY, whose willingness to see the process through can only be characterized as agricultural statemanship.

HOPE FOR IMPROVED PARTICIPATION

Mr. President, I understand that the House may be able to act on this conference report and pass H.R. 4072 either tomorrow or by Thursday of this week, at the latest. We should then be able to get the bill on the President's desk by next week, and the signup period for the 1984 wheat program could be reopened by mid-month. Since Secretary Block has indicated that up to 2 weeks will be needed for signup, the entire process should be wrapped up before May. This would mean that, after all the delays, we may beat the 1984 wheat harvest in Texas by about 2 weeks.

I am hopeful that the improvements in the wheat program will result in a higher level of participation. The USDA indicates that about 38 percent of wheat farmers, representing 53 percent of base wheat acreage, signed up prior to March 16. I would like to see these numbers raised, and to take a little more off of the potential size of this year's crop.

Even with these last-minute changes in the 1984 wheat program, one of the real and positive achievements of the bill is that the major provisions of the next wheat program in 1985 are clearly spelled out. Farmers will know as soon as the bill is signed into law that next year's acreage reduction will include a 10-percent paid diversion within a total requirement of 30 percent. They will know what the loan and target price will be. And, with the remaining details to be announced no later than July 1, they will be able to make their production plans well in

advance of fall planting for the first time in years.

I firmly believe that this early clarification of program provisions will do more than anything else to raise participation and increase farmer support for the goals of the Government's program.

A POSITIVE CLIMATE FOR 1985 LEGISLATION

Finally, Mr. President, I would only mention what I see to be the true saving grace of this legislation: that its passage, even at this late date, demonstrates a renewed will and ability of both Congress and the administration to overcome obstacles and work out compromises on farm programs. We spent all of last year and part of this year stymied by a small minority in the Senate who would not even allow us to consider and vote on this bill.

The fact that we were finally able to insist on carrying out our responsibilities will relieve a lot of pressure that had built up on the whole policymaking framework for agriculture. And it will make it a lot easier for us to take a positive approach to the development and passage of new and hopefully more long-term farm legislation next year.

Thank you, Mr. President.

(By request of Mr. BYRD, the following statement was ordered to be printed in the RECORD:)

● Mr. HUDDLESTON. Mr. President, under the conference report on H.R. 4072, adjustments will be more in the wheat, feed grain, upland cotton, and rice programs, and much-needed credit assistance will be provided to our Nation's farmers. The legislation is needed to make the farm programs more effective and reduce outlays under those programs.

Also, the conference report contains provisions designed to expand surplus disposal programs through export donations; and it expresses the sense of Congress that action should be taken to make additional funds and lending authorizations available in fiscal year 1984 and 1985 to strengthen U.S. agricultural export markets. We must increase our agricultural exports if our Nation's farmers are to share in the economic recovery, and the export initiatives contained in the conference report will do much to accomplish this.

In this regard, I was pleased to join with Senator COCHRAN and others, last Friday, in proposing two amendments to House Joint Resolution 492, the pending appropriations legislation, to provide a major portion of the additional export funding and lending authorization called for in H.R. 4072. The Senate adopted both amendments.

I urge the Senate to approve the conference report.

PURPOSE OF THE LEGISLATION

The conference report addresses the high costs of the farm programs while making improvements in the programs to increase producer participation. In addition, the conference report includes a number of provisions that will eliminate deficiencies in the Federal farm credit programs.

The conference report makes no changes in the 1984 commodity programs, except for changes in the wheat program that are supported by producers, and counterbalances target price freezes in 1985 with authority for paid diversion programs. With this approach, farmers will be able to better plan for next year's crops and this year's plantings will not be unduly disrupted.

The target prices specified under existing law were established at a time, in 1981, when production costs were escalating rapidly and those rapid yearly increases were expected to continue. Price inflation has moderated, and the target price levels should be adjusted to reflect that fact.

I believe the changes in the target prices proposed in the conference reports on H.R. 4072 will reduce costs under the commodity programs without reducing their effectiveness for farmers.

CREDIT ASSISTANCE

The provisions of the conference report that will provide our farmers significant credit assistance are key components of this legislation. Many of the credit provisions are proposals that I developed and included in legislation introduced last year—S. 24 and S. 1949.

Credit remains a serious problem for farmers, and the threat of foreclosure is the most demoralizing aspect of the recession in the agricultural economy.

During the last 2 years, over 15,000 farmers with Farmers Home Administration loans have been forced to liquidate their operations for financial reasons.

Federal credit programs need to be adjusted immediately to prevent additional foreclosures against farm operations who are experiencing temporary financial difficulty through no fault of their own.

The credit portion of the conference report addresses this issue in several ways.

It specifically requires the Department of Agriculture to make the natural disaster emergency loan program available to farmers not now being assisted by that program.

Although the law already contains broad eligibility criteria that require FmHA to make natural disaster emergency loans available based on individual production losses without regard to county disaster designations, the Farmers Home Administration continues to use the county designation system, a system that effectively withholds assistance from some eligible farmers.

The conference report addresses the administrative aspects of this matter by requiring the Farmers Home Administration—if the agency continues, for administrative purposes, to use the county designation procedures rather than consider individual applications on a case-by-case basis—to make emergency loans available based on individual losses to persons in counties contiguous to designated counties.

I will point out that Congress amended the law in 1978 to make natural disaster emergency loans available based on individual losses regardless of whether or not a farmer lives in a designated county. The conference report does not alter the revisions made in 1978. Therefore, nothing in the conference report should be construed as limiting access to the program by individual farmers, regardless of where they reside.

The conference report makes other improvements in the natural disaster emergency loan program and mandates the immediate allocation of an additional $253 million in funding for the economic emergency direct loan program.

Following the decision of the committee of conference last Thursday on the economic emergency program, the administration decided to authorize more direct loans without waiting for passage of this legislation. So, on Friday, the Department of Agriculture released the additional $253 million for economic emergency insured loans called for in the bill. I am pleased that the administration has acted quickly to respond to the conferees' action, but I want to stress that the $253 million in additional direct loan funds bill is a minimum. I believe that, by the time all the applications are processed, it may become clear that out Nation's farmers will need more than that amount.

If so, under the conference report, there is clear authority for the Department of Agriculture to make additional direct economic emergency loans up to the total amount of lending available under the program. I expect the Department of Agriculture to use the authority for additional direct loans, if necessary, to achieve the goals of the program. The $253 million for direct loans is a minimum, not a maximum.

I wish to point out that direct economic emergency loans are repaid at an interest rate that is above the Federal cost of borrowing so there is very little cost, but great benefit to farmers, in the making of such loans. Over 121,000 economic emergency loans have been made in past years and conditions justify reopening the direct loan program immediately.

The conference report also makes improvements in the FmHA farm operating loan program and insures

better credit terms for farmers forced to reamortize or reschedule their FmHA farm loans.

Under the provisions of the conference report, FmHA farm loans will be rescheduled or reamortized at the current or original rate of interest, whichever is lower. There, no doubt, will be cases in which loans with different interest rates are consolidated. In those cases, I would expect the agency to consider blending the interest rates, taking into account the outstanding principal of each loan to be consolidated. Such blending would seem to be an appropriate way to deal with the interest rate differential.

Finally, the conference report will require the Farmers Home Administration to make loans available under the low-income, limited-resource farmer programs. The purpose of this provision is to insure that the Farmers Home Administration fully uses the funds allocated for these programs.

To facilitate this, the Farmers Home Administration will be required to take steps to notify borrowers of the availability of these programs. Press releases, signs in county offices, inserts into scheduled mailings and servicing notices, and individual meetings with borrowers are all appropriate ways for the Farmers Home Administration to provide notification to borrowers of the existence of these programs. In any case, the purpose of the notification provisions is to insure that all Farmers Home Administration farm borrowers, as well as new applicants, be given the opportunity to participate in the limited-resource farmer programs if they qualify.

COMMODITY PROGRAMS

The provisions of the conference report would adjust the target price of wheat for both the 1984 and 1985 crops. For the 1985 crops of feed grains, upland cotton, and rice, target prices would be held at the same level as provided in current law for the 1984 crops.

The conference report establishes the target price for wheat at $4.38 per bushel for both the 1984 and 1985 crops. Without enactment of this legislation, the target price for wheat would rise to $4.65 per bushel next year—more than $1 a bushel above projected market prices.

Because of the substantial excess supply of wheat in prospect with respect to both the 1984 and 1985 crops, the conference report directs the Secretary of Agriculture to establish a paid land diversion program in conjunction with an acreage limitation program for both years. The smaller harvest of wheat under the acreage reduction programs can lead to higher market prices and lower Federal outlays.

The conference report changes the terms of the acreage reduction program for the 1984 crop of wheat previously announced by the administration. The announced program requires that 30 percent of a participating farmer's base acreage be diverted from production without compensation. Under the conference report, up to 30 percent of the farm base acreage must be diverted from production in 1984, but the farmer would receive compensation for 10 percent of the base acreage diverted.

For 1985, participating wheat farmers will have to limit their plantings of wheat to the acreage base for the farm reduced by a total of up to 30 percent—up to 20 percent unpaid and 10 percent paid.

For both crops, one-half the diversion payment would be made to the farmer as soon as practicable after the diversion contract is signed. The diversion payment rate—for both the 1984 and 1985 crops of wheat—will be not less than $2.70 per bushel.

The target prices for the 1985 crops of feed grains, upland cotton, and rice will be set at the levels established for the 1984 crops—$3.03 per bushel of corn, $11.90 per hundredweight of rice, and 81 cents per pound of upland cotton.

There could be acreage reduction programs for the 1985 crops of these commodities depending on the estimated ending inventories—the carryover stocks—of these commodities after the 1984 crops are marketed. If estimated stocks will be excessive, acreage reduction programs, including paid diversions, will be put in place for participating producers.

The 1985 feed grain program must include at least a 5-percent paid diversion if carryover stocks of corn are estimated by the Secretary of Agriculture to exceed 1.1 billion bushels at the end of the 1984 marketing year. The Secretary could also require that up to 10 percent of each farmer's feed grain base acreage be diverted from production without payment. If the Secretary determines that more acreage must be diverted, he could require that an additional 5 percent of each participating farmer's base acreage be set aside from production. The acreage set-aside in excess of 15 percent must be equal parts paid and unpaid. The diversion payment rate for corn will be not less than $1.50 per bushel.

The carryover trigger levels are 3.7 million bales for cotton and 25 million hundredweight for rice.

If the cotton trigger level is reached, the upland cotton program for 1985 would include an acreage reduction provision under which at least 5 percent of each participating farmer's base acreage would be diverted from production under a paid diversion, and up to an additional 20 percent could be required to be set aside under an unpaid diversion program. Any reduction in excess of 25 percent of a farmer's acreage base would be through a paid diversion program.

The minimum diversion payment rate would depend on the upland cotton carryover level. If it is over 4.7 million bales, the minimum rate will be 35 cents per pound; if the carryover is less than that, but over 4.1 million bales, the minimum rate will be 30 cents per pound; and if the carryover is more than 3.7 million bales, but not more than 4.1 million bales, the minimum rate will be 27.5 cents per pound.

If the rice trigger level is reached, the rice program for 1985 would include an acreage reduction provision under which at least 25 percent of each participating farmer's base acreage would be diverted from production, with at least 5 percent a paid diversion.

The minimum diversion payment rate for rice would depend on the rice carryover level. If rice carryover exceeds 42.5 million hundredweight, the minimum rate would be $3.50 per hundredweight; if the carryover is less than that but more than 35 million hundredweight, the minimum rate would be $3.25 per hundredweight; and if the carryover is more than 25 million hundredweight but not more than 35 million hundredweight, the minimum rate will be $2.70 per hundredweight.

AGRICULTURAL EXPORTS

The administration has agreed to take several actions to expand overseas use of U.S. agricultural products, as a complement to the commodity provisions of this legislation. These steps are described in the conference report, and the sense of Congress is expressed that they should be taken.

The additional allocation of export credit guarantees will be $500 million in fiscal year 1984 and $1.1 billion in fiscal year 1985. This additional allocation for agricultural export credit guarantees will bring the total available in fiscal year 1984 to more than $4.5 billion and will set the fiscal year 1985 level at $4.1 billion. These higher program levels have been advocated by many farm groups who argue that adequate export credit guarantees must be available if the United States is to maintain foreign markets.

Also, as described in the conference report, the administration will use an additional $100 million in fiscal year 1985 for direct agricultural export credits. Such direct export credits have been used in the blended credit program of the past 2 years. The added direct credits could be used for blended credit or for other purposes, such as an intermediate-term credit program that would extend the payback period for loans.

Further, the administration will support additional funding for the Food-for-Peace (Public Law 480) program. The additional funding will amount to

$150 million in fiscal year 1984 and $175 million in fiscal year 1985.

The conference report provides for the establishment of a 2-year pilot program under which the Commodity Credit Corporation will use surplus dairy products to acquire, through barter or exchange, 40,000 metric tons of ultrahigh temperature processed fluid milk for donation to needy persons outside the United States.

Under the conference report, the Secretary of Agriculture will be given authority under section 416 of the Agricultural Act of 1949 to donate wheat—as he now can donate dairy products—to needy persons in foreign countries. Also, the donated commodities could be bartered or sold, with the proceeds to be used for activities consistent with providing food assistance to needy people. Commodities could be donated through title II of Public Law 480 under expedited procedures. The donated commodities could be provided under multiyear agreements; and the Commodity Credit Corporation would be authorized to pay transportation, reprocessing, packaging, and similar costs associated with such donations.

SOIL AND WATER RESOURCE CONSERVATION

I am disappointed that the conferees did not take advantage of an opportunity to strengthen this legislation by accepting a very modest conservation proposal offered by Congressman ED JONES and supported by the House conferees.

Congressman JONES' conservation proposal consisted of three provisions. The first and most significant provision was what is referred to as the sodbuster initiative. A number of persons have advocated this initiative and the Senate has already approved similar legislation.

The second provision would require the Department of Agriculture to conduct a feasibility study of a program under which farmers who voluntarily set aside cropland may qualify to have such cropland maintained in their normal acreage base for purposes of eligibility under future farm programs.

The third provision would authorize a $25 million conservation reserve program under which highly erodible cropland could be put into long-term conservation uses.

It is all too easy to talk about the importance of addressing our Nation's soil and water conservation programs but very few besides Congressman JONES have developed innovative and realistic approaches to protecting our Nation's most valuable asset.

I commend Congressman JONES for his leadership on this issue.

CONCLUSION

H.R. 4072 will make needed adjustments in programs of vital importance to our Nation's farmers. I urge my colleagues to join me in supporting the adoption of the conference report.●

● Mr. BOREN. Mr. President, I rise in support of final passage of H.R. 4072, the Agricultural Programs Adjustment Act of 1984. Almost 11 months ago, we began to discuss the 1984 wheat program. Finally, we have produced a bill which can get through both Houses of Congress and can be enacted into law. It is imperative that we enact this legislation immediately. Farmers in my home State of Oklahoma will be harvesting their 1984 crop wheat in another month and a half. Farmers needed to know last year whether they were going to be allowed haying and grazing on set-aside acres past the cutoff date. We must not wait any longer to get this legislation enacted.

While this legislation is not perfect, it will prevent the situation from deteriorating any further. I urge my colleagues to support this vital legislation.●

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. STEVENS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

APPOINTMENT OF DONALD D. ENGEN AS ADMINISTRATOR OF THE FEDERAL AVIATION ADMINISTRATION

Mr. STEVENS. Mr. President, I now ask unanimous consent that the Chair lay before the Senate Calendar Order No. 731, S. 2392, a bill to authorize the President to appoint Donald D. Engen to the office of Administrator of the Federal Aviation Administration.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (S. 2392) to authorize the President to appoint Donald D. Engen to the office of Administrator of the Federal Aviation Administration.

The PRESIDING OFFICER. Without objection, the Senate will proceed with immediate consideration.

The bill was considered, ordered to be engrossed for a third reading, read the third time, and passed as follows:

S. 2392

Be it enacted by the Senate and House of Representatatives of the United States of America in Congress assembled,

SECTION 1. Notwithstanding the provisions of section 106 of title 49, United States Code, or any other provision of law, the President, acting by and with the consent of the Senate, is authorized to appoint Donald D. Engen to the Office of Administrator of the Federal Aviation Administration. Mr. Engen's appointment to, acceptance of, and service in that Office shall in no way affect the status, rank, and grade which he now holds as an officer on the retired list of the United States Navy, or any emolument, perquisite, right, privilege, or benefit incident to or arising out of any such status, office, rank, or grade, except to the extent that the Act of August 19, 1964, Public Law 88-448 (the Dual Compensation Act), as amended (5 U.S.C. 5531, et seq.), affects the amount of retired pay to which he is entitled by law during his service in the Office of Administrator of the Federal Aviation Administration. So long as he holds the Office of Administrator of the Federal Aviation Administration, Mr. Engen shall receive the compensation of that Office at the rate which would be applicable if he were not an officer on the retired list of the United States Navy, and shall retain the status, rank, and grade which he now holds as an officer on the retired list of the United States Navy, and shall retain all emoluments, perquisites, rights, privileges, and benefits incident to or arising out of such status, and office, rank, or grade, and shall in addition continue to receive the retired pay to which he is entitled by law, subject to the provisions of the Dual Compensation Act, as amended.

SEC. 2. In the performance of his duties as Administrator of the Federal Aviation Administration, Mr. Engen shall be subject to no supervision, control, restriction, or prohibition (military or otherwise) other than would be operative with respect to him if he were not an officer on the retired list of the United States Navy.

SEC. 3. It is hereby expressed as the intent of the Congress that the authority granted by this Act is not to be construed as approval by the Congress of continuing appointments of military persons to the Office of Administrator of the Federal Aviation Administration in the future.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER FOR REFERRAL—S. 1739

Mr. STEVENS. Mr. President, I ask unanimous consent that Calendar No. 625, S. 1739, be referred to the Committee on Energy and Natural Resources for not to extend beyond Friday, April 27, 1984, for consideration of section 217, section 224, title VI, section 701 (b)(10) and title IX.

Further, I ask unanimous consent that any conferees appointed by the Senate to represent the views of the Energy Committee be limited in their participation to those above-mentioned provisions and that the number of Energy Committee Conferees be limited to 3.

The PRESIDING OFFICER. Without objection, it is so ordered.

ENROLLED BILL PRESENTED

The Secretary reported that on April 30, 1984, he had presented to the President of the United States the following enrolled bill:

S. 2507. An act to continue the transition provisions of the Bankruptcy Act until May 1, 1984, and for other purposes.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-2939. A communication from the President of the United States, transmitting a report on the extent to which 1985 budget programs and policies meet standards in the Statement of Policy and recommended program for soil and water conservation programs sent to Congress on December 21, 1982; to the Committee on Agriculture, Nutrition, and Forestry.

EC-2940. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report on the President's seventh special message proposing seven new deferrals; jointly, to the Committee on Appropriations, the Committee on the Budget, the Committee on Commerce, Science, and Transportation, the Committee on Energy and Natural Resources, and the Committee on the Judiciary.

EC-2941. A communication from the clerk of the U.S. Claims Court transmitting, pursuant to law, the court's judgment order for the plaintiffs in American Indians Residing on the Maricopa-AK Chin Reservation against the United States; to the Committee on Appropriations.

EC-2942. A communication from the General Counsel of the Department of Transportation transmitting, pursuant to law, budget requests on behalf of the Federal Aviation Administration for fiscal year 1985; to the Committee on Commerce, Science, and Transportation.

EC-2943. A communication from the chairman of the Advisory Council on Historic Preservation, transmitting, pursuant to law, comments of the Advisory Council on the Proposed Presidential Parkway, Atlanta, Ga.; to the Committee on Environment and Public Works.

EC-2944. A communication from the President of the United States transmitting, pursuant to law, a report on his decision to terminate U.S. forces participation in the Multinational Force in Lebanon; to the Committee on Foreign Relations.

EC-2945. A communication from the Secretary of the Interior transmitting, pursuant to law, the annual report on actions taken to recruit and train Indians to qualify for positions subject to Indian preference; to the Committee on Indian Affairs.

EC-2946. A communication from the Administrator of the National Aeronautics and Space Administration transmitting, pursuant to law, a report on calendar year 1983 actions by NASA under Public Law 85-804; to the Committee on the Judiciary.

EC-2947. A communication from the Assistant Attorney General of the U.S. (Antitrust Division), transmitting, pursuant to law, a report on competition in the coal industry; to the committee on the Judiciary.

EC-2948. A communication from the Assistant Attorney General of the U.S. (Legislative Affairs), transmitting, pursuant to law, a report on activities initiated under the Civil Rights of Institutionalized Persons Act during fiscal year 1983; to the Committee on the Judiciary.

EC-2949. A communication from the Secretary of Health and Human Services transmitting a draft of proposed legislation extending and amending programs under the Native American Programs Act; to the Committee on Labor and Human Resources.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM-577. A resolution adopted by the Nitijela of the Marshall Islands; to the Committee on Appropriations.

"A RESOLUTION

"Whereas, the College of Micronesia was designated a land-grant college by the United States Higher Education Act of 1980 (United States Public Law No. 96-374); and

"Whereas, in lieu of the College of Micronesia receiving federal land from the United States Congress in the said law authorized an appropriation of $3 million to be placed in a trust fund as an endowment for the College of Micronesia, with the interest from such trust fund to be available to the College of Micronesia for its various programs and projects related to agriculture and other permitted fields of study; and

"Whereas, the College of Micronesia has entered into a Memorandum of Understanding with the United States Department of Agriculture regarding extension services in agriculture and home economics in Micronesia pursuant to the Smith-Lever Act and other applicable laws; and

"Whereas, the College of Micronesia Cooperative Extension Service has entered into a Project Agreement with the Extension Service of the United States Department of Agriculture regarding the organization and administration of the Cooperative Extension Program pursuant to the Smith-Lever Act and other applicable laws; and

"Whereas, the College of Micronesia has established an Agricultural Experiment Station; and

"Whereas, the College of Micronesia has established a College of Tropical Agriculture and Sciences; and

"Whereas, it is the sense of the Nitijela that the College of Micronesia has done all that it has been requested to do so as a result of its designation as a land-grant college; now therefore

Be it resolved, by the People of the Marshall Islands, through their Nitijela in its 5th Constitutional Regular Session, 1984, that the Secretary of the United States Department of Agriculture, the Secretary of the United States Department of Education, the Secretary of the United States Department of Interior, and the United States Congress be hereby respectfully requested to take all steps necessary to expedite the appropriation of the $3 million authorized by the United States Higher Education Act of 1980 to be used as an endowment for the College of Micronesia as a land-grant college; and

"Be it further resolved that the Speaker transmit certified copies of this Resolution to the Secretry of the United States Department of Agriculture; to the Secretary of the United States Department of Education; to the Secretary of the United States Department of the Interior; to the Speaker of the House of Representatives and the following Congressmen: Donald E. Young, Robert J. Lagomarsino, Antonio B. Pat, John F. Seiberling, and Sala Burton; and to the Presiding Officer of the Senate and the following Senators: James A. McClure, J. Bennett Johnston, Spark M. Matsunaga, and Daniel K. Inouye."

POM-578. Joint resolution adopted by the Legislature of the State of California; to the Committee on Appropriations.

"RESOLUTION

"Whereas, Title II of the Federal Indian Child Welfare Act of 1978 (Public Law 95-608) authorized the United States Secretary of the Interior to make grants to Indian tribes and organizations for the establishment and operation of Indian child and family service programs; and

"Whereas, More than 201,000 American Indians, a larger number than in any other state, are residents of California, and the state includes approximately 82 federally recognized Indian tribes; and

"Whereas, California's share of funds made available under Title II of the Indian Child Welfare Act has substantially decreased over the past three fiscal years; and in fiscal year 1982 the allocation of these funds to Indian people in California was decreased by 40 percent when the total appropriation for the act was only decreased by 4 percent; and

"Whereas, In fiscal year 1984 California's appropriation was again decreased, and in fiscal year 1985 the United States Bureau of Indian Affairs is proposing to further reduce funding despite the documented need for the program services provided by the federal act; and

"Whereas, This decrease is based on the decision to discontinue the provisions of grants to off-reservation programs, although these programs are important to urban as well as to rural residents because other services are not tailored to the special needs of Indians; and

"Whereas, The United States Senate Select Committee on Indian Affairs, pursuant to the Congressional Budget Act of 1974, has recommended that the Indian Child Welfare Program be continued both on and off the reservation with an increase in funding from the present $8.7 million to $12 million; and

"Whereas, To again reduce California's allocations of funds under Title II would result in the loss of important child welfare and social services and inflict a serious injustice on the Indian population of this state; now, therefore, be it

"Resolved by the Senate and Assembly of the State of California, jointly, That the Legislature of the State of California respectfully memorializes the President and the Congress of the United States to increase the appropriation for Title II of the Indian Child Welfare Act of 1978 to $12 million as recommended by the Senate Select Committee on Indian Affairs, in order to more adequately meet the needs of American Indians in California and throughout the nation, and to continue funding of all Title II programs both on and off the reservation; and be it further

"Resolved, That the President and the Congress of the United States direct the Bureau of Indian Affairs to restore to the Indian people in California an equitable share of funding under Title II based upon population and need and the supplemental hearings be held to increase California's allocation of Title II funds for fiscal year 1985; and be it further

"Resolved, That the Secretary of the Senate transmit copies of this resolution to

the Preident and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

POM-579. A resolution adopted by the Governors of the Thirteen Appalachian States relating to the FY 1985 Appalachian Regional Commission budget proposal recently transmitted to Congress by Governor Harry Hughes of Maryland; to the Committee on Environment and Public Works.

POM-580. A resolution adopted by the Senate of the State of Washington; to the Committee on Environment and Public Works.

"SENATE RESOLUTION 1984-129

"Whereas, Grays Harbor is the State of Washington's only deep water port on the outer coast; and

"Whereas, The navigation channel serving the maritime interests in the Port of Grays Harbor is an important part of Washington State's transportation system, which includes highway and rail, as well as water; and

"Whereas, The Grays Harbor navigation channel is a vital link in the transport of products from private, state, and federal forests, to foreign markets; and

"Whereas, Grays Harbor continues to be a major transshipment center for forest products to Japan, Korea, and the People's Republic of China. In fact, in 1983 Grays Harbor shipped the largest volume of forest products to mainland China of any United States port; and

"Whereas, With the existing landside transportation system, including two mainline railroads and major state highways, the Grays Harbor navigation channel can play an even more important role in the future through expanded shipment of commodities from throughout the western half of the United States; and

"Whereas, In this total regard, the Grays Harbor navigation channel together with its routine maintenance and periodic improvements are critical to the economy of multiple counties in southwestern Washington State and, potentially, to multiple states throughout the western United States; and

"Whereas, In order for Gradys Harbor to remain a viable seaport, the navigation facilities must be able to serve increasingly larger, more economical vessels; and

"Whereas, On July 9, 1965, the port of Grays Harbor requested that a study of the feasibility of widening and deepening the Grays Harbor navigation channel be undertaken by the United States Army Corps of Engineers; and

"Whereas, The United States Army Corps of Engineers has completed the feasibility study and final environmental impact statement on the proposal to widen and deepen the Grays Harbor navigation channel from −30 feet to −38 feet; and

"Whereas, Both of these reports were carefully reviewed and approved by the United States Corps of Engineers' board of engineers for rivers and harbors on December 14, 1982; and

"Whereas, The Department of the Army, Office of the Chief of Engineers has yet to act on the board of engineers' recommendation for approval of the Grays Harbor navigation improvement project;

"Now, therefore, be it resolved, By the Senate of the State of Washington, That Congress is requested to take action to move the Grays Harbor navigation improvement project forward by requiring the Secretary of the Army to deliver to the Congress any and all studies, reports, and conclusions regarding the Grays Harbor project, and that Congress enact appropriate laws instructing the United States Army Corps of Engineers to proceed as expeditiously as practicable with the final engineering, design, and construction of the Grays Harbor navigation improvement project; and

"Be it further resolved, That copies of this resolution be immediately transmitted to the Honorable Ronald Reagan, President of the United States, the President of the United States Senate, the Speaker of the House of Representatives, and each member of Congress from the State of Washington."

POM-581. A resolution adopted by the Council of the City of Niagara Falls, New York relating to any new diversion of Great Lakes water for use outside the Great Lakes basin; to the Committee on Environment and Public Works.

POM-582. Joint resolution adopted by the Legislature of the State of Idaho; to the Committee on Finance.

"SENATE JOINT MEMORIAL NO. 107

"We, your Memorialists, the Senate and the House of Representatives of the State of Idaho assembled in the Second Regular Session of the Forty-seventh Idaho Legislature, do hereby respectfully represent that:

"Whereas, the United States sheep industry has been an integral historic part of the agricultural economy of Idaho and of the nation; and

"Whereas, the United States stock sheep industry, as of January 1, 1984, has the lowest number of sheep since estimates were started in 1867, with Idaho's sheep population showing a similar decline from 2.3 million head in 1920 to 355,000 head in 1984; and

"Whereas, the sheep industry contributes substantially to the American economy and to production of food and fiber; and

"Whereas, the sheep industry, which is nonpolluting and utilizes a rapidly renewing resource, is in grave danger of collapse due to problems, of which one notable problem is the lack of control of foreign lamb imports during key periods into key areas of the United States; and

"Whereas, the other major and minor domestically produced red meats, especially beef, veal, mutton and goat meat, are protected by congressionally mandated import quotas; and

"Whereas, the sheep industry of this country cannot stand another year of breaking the lamb market with excessive dumping of subsidized New Zealand lamb cuts during key periods in key American markets, which unfairly compete with domestic lamb sales; and

"Whereas, it has been reported that New Zealand is deliberately and cleverly analyzing our domestic sheep industry and market so as to cause weakening.

"Now, therefore, be it resolved, By members of the Second Regular Session of the Forty-seventh Idaho Legislature, the Senate and the House of Representatives concurring therein, that for the immediate future, the President of the United States and the Congress of the United States, direct the United States Department of Commerce to intervene immediately to petition the International Trade Commission to cause New Zealand to forthwith cease and desist the dumping of lamb cuts stored in freezer lockers in this country on key American markets during key periods, causing a devastating impact on the domestic market such as occurred in the spring and summer of 1983.

"Be it further resolved That the United States Congress is hereby urged to pass import quota legislation dealing with lamb specifically, which would effectively protect the sheep industry of Idaho and the nation from the indiscriminate importation and/or dumping of foreign produced lamb into this nation's wholesale and retail markets.

"Be it further resolved That the Secretary of the Senate be, and she is hereby authorized and directed to forward copies of this Memorial to the President of the United States, the Secretary of Commerce, the Secretary of Agriculture, the President of the Senate and the Speaker of the House of Representatives of Congress, the Chairman of the Senate Agriculture and House Agriculture Committees in Congess, the congressional delegation representating the State of Idaho in the Congress of the United States, the Chairman of the International Trade Commission, and to the Governors of the western states."

POM-583. A resolution adopted by the Italian-American Labor Council, Inc. relating to the Trade Act; to the Committee on Finance.

POM-584. A resolution adopted by the Italian-American Labor Council, Inc. relating to N.A.T.O.; to the Committee on Foreign Relations.

POM-585. Joint resolution adopted by the Legislature of the State of Wyoming; to the Committee on Foreign Relations.

"ENROLLED JOINT RESOLUTION NO. 1

"Whereas the Province of Taiwan is of great strategic importance in the defense of East Asia and the Pacific; and

"Whereas the people of Taiwan are and have been among the most trusted friends of the people of the United States; and

"Whereas the commercial, cultural and other nongovernnmental relations between the American people and Taiwan are now and have always been excellent and mutually beneficial; and

"Whereas the people of Wyoming wish to conduct and carry out numerous economic and cultural programs, transactions and other relations with the people of Taiwan; and

"Whereas Wyoming products are continually essential for maintaining the trade patterns which are developing between the United States and Taiwan; and

"Whereas the Legislature has strong reason to believe that it is the will and pleasure of the people of this State that Taiwan be adopted as a sister state.

"Now, therefore, be it resolved by the members of the Legislature of the State of Wyoming:

"SECTION 1. The Province of Taiwan is hereby adopted as Wyoming's sister state.

"SEC. 2. The Legislative Service Office shall forward a copy of this Resolution to the President of the United States of America, to the President of the United States Senate, to the Speaker of the House of Representatives of the United States, to the Chief Executive Officer of the Government of the Province of Taiwan and to the Speaker of the Provincial Legislature of Taiwan."

POM-586. A resolution adopted by the House of Representatives of the State of Indiana; to the Committee on Foreign Relations.

"HOUSE RESOLUTION No. 13

"Whereas the reliable performance of the strategic bombers and the heroic performance of their crews contributed greatly to the successful conclusion of World War II; and

"Whereas the B-17 was the most durable and dependable strategic bomber during that war; and

"Whereas after 40 years it is appropriate that the B-17 bomber and its men be recognized by the issuance of a commemorative postage stamp by the United States Postal Service; Therefore,

"Be it resolved by the House of Representatives of the General Assembly of the State of Indiana,

"SECTION 1. That we request the United States Postal Service to issue a stamp during 1984 or 1985 to commemorate the service of the B-17 bombers and their crews.

"SEC. 2. That copies of this Resolution be sent to the Postmaster General, the presiding officers and the majority and minority leaders of both Houses of Congress, and to each member of Congress representing the people of Indiana."

POM-587. A resolution adopted by the City Commission of Miami, Florida urging Congress to recognize as legal United States residents those Haitians who have fled their homeland and are now seeking refuge in this country; to the Committee on the Judiciary.

POM-588. A resolution adopted by the Italian-American Labor Council, Inc., relating to the Immigration Reform Act of 1965; to the Committee on the Judiciary.

POM-589. A resolution adopted by the City Commission of Miami, Florida relating to Cubans entering this country; to the Committee on the Judiciary.

POM-590. Joint resolution adopted by the General Assembly of the State of Iowa; to the Committee on the Judiciary.

"HOUSE JOINT RESOLUTION 2

"Whereas, the Ninety-fifth Congress of the United States has passed a joint resolution proposing an amendment to the Constitution of the United States to provide for representation of the District of Columbia in the Congress; and

"Whereas, this joint resolution passed the House of Representatives of the United States on March 2, 1978, passed the Senate of the United States on August 22, 1978, and now has been submitted to a vote of the states and reads:

"JOINT RESOLUTION

"Proposing an Amendment to the Constitution To Provide for Representation of the District of Columbia in the Congress.

"Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States within seven years from the date of its submission by the Congress:

"ARTICLE —

"SECTION 1. For purposes of representation in the Congress, election of the President and Vice President, and article V of this Constitution, the District constituting the seat of government of the United States shall be treated as though it were a State.

"SEC. 2. The exercise of the rights and powers conferred under this article shall be by the people of the District constituting the seat of government, and as shall be provided by the Congress.

"SEC. 3. The twenty-third article of amendment to the Constitution of the United States is hereby repealed.

"SEC. 4. This article shall be inoperative, unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within seven years from the date of its submission."

"Be it resolved by the General Assembly of the State of Iowa, That the foregoing proposed amendment to the Constitution of the United States is hereby ratified and consented to by the State of Iowa and the general assembly thereof; and

"Be it further resolved, That the governor of the state of Iowa forward certified copies of this resolution over the seal of the State of Iowa to the Secretary of State of the United States, to the presiding officer of the Senate of the United States, to the speaker of the House of Representatives of the United States, and to the administrator of the United States general services administration."

POM-591. A resolution adopted by the City Commission of Miami, Florida, relating to the refugees from Nicaragua; to the Committee on the Judiciary.

POM-592. A resolution adopted by the senate of the State of Pennsylvania; to the Committee on Environment and Public Works.

"RESOLUTION

"Whereas, Approximately 500,000 people in northeastern Pennsylvania are suffering from an outbreak of giardiasis, a dysentery-like illness caused by giardia, a water-borne protozoan carried into water supplies by hibernating beaver; and

"Whereas, The western Pennsylvania community of McKeesport is also trying to control and correct an outbreak of giardiasis; and

"Whereas, Control and correction of giardia-infested water supplies could be aided greatly by Environmental Protection Agency intervention; and

"Whereas, The EPA has not intervened because it does not recognize giardia as a water pollutant; therefore be it

"Resolved, That the Senate memorialize Congress to direct the Environmental Protection Agency to recognize giardia as a water pollutant; and be it further

"Resolved, That copies of this resolution be transmitted to the presiding officers of each house of Congress and to each member of Congress from Pennsylvania."

POM-593. A resolution adopted by the house of representatives of the State of Wyoming; to the Committee on Environment and Public Works.

"ENROLLED JOINT RESOLUTION No. 3

"Whereas, recent scientific studies suggest a direct relationship between man-made sulphur dioxide air emissions and acid rain, and these studies have been limited to the Midwest and Northeast regions of the country; and

"Whereas, Congress is considering H.R. 3400 which mandates the high-cost control method to the exclusion of other, less costly strategies and proposes to spread the costs of these controls nationwide through a tax on consumers of all nonnuclear electricity; and

"Whereas, this legislation would force western electricity rate payers, who in many cases are already paying for technological emission controls based upon standards developed for eastern coal; and

"Whereas, under this legislation, electricity consumers in the west would pay disproportionately more into the acid rain control program than will consumers in the midwest and the east; and

"Whereas, a reasonable, cost-effective acid rain control program should be designed to protect both the consumer and producer; and

"Whereas, the state of Wyoming fully supports the goal of improved air quality without severe restrictions on economic growth;

"Now, therefore, be it resolved by the members of the legislature of the State of Wyoming:

"SECTION 1. That the legislature supports and recommends consideration of an acid rain control program which:

"(a) Achieves early, but cost-effective emission reductions at the most obvious sources without mandating specific technological controls, and encourage continued research and development of the most cost-effective long-term solutions to the acid rain problem; and

"(b) Allocates the cost of the solution to those primarily responsible for the problem. Legislation should credit rather than penalize states, utilities and their consumers which have already reduced emissions.

"SEC. 2. That the Secretary of State forward copies of this resolution to: the President of the United States; the President of the Senate and the Speaker of the House of Representatives of the United States Congress; each member of Wyoming's congressional delegation; and the Administrator of the Environmental Protection Agency."

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. DOMENICI, from the Committee on the Budget, without amendment:

S. Res. 356. A resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of H.R. 4835.

By Mr. GARN, from the Committee on Banking, Housing, and Urban Affairs, without amendment:

S. 2522. An original bill to permit credit unions to take action to strengthen the national credit union share insurance fund, to change the tax status of the central liquidity facility, and to eliminate fees for payroll deductions.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. ABDNOR:

S. 2516. A bill to provide for a graduated reduction of the budget deficit of the Federal Government; to the Committee on the Budget and the Committee on Governmental Affairs, jointly, pursuant to the order of August 4, 1977 with instructions that if one committee reports, the other committee has thirty days of continuous session to report or be discharged.

By Mr. HUMPHREY (for himself and Mr. BURDICK):

S. 2517. A bill to amend the Disaster Relief Act of 1974, and for other purposes; to the Committee on Environment and Public Works.

By Mr. WEICKER:

S. 2518. A bill for relief of Therese Nyuwir Poupele Kpoda; to the Committee on the Judiciary.

By Mr. WARNER (for himself, Mr. TOWER, Mr. GOLDWATER, Mr. JEPSEN, Mr. TRIBLE, and Mr. THURMOND):

S. 2519. A bill to amend the Internal Revenue Code of 1954 with respect to deductions for certain expenses incurred by a member of a uniformed service of the United States, or by a minister, who receives a housing or subsistence allowance; to the Committee on Finance.

By Mr. PRESSLER:

S. 2520. A bill to provide authorization of appropriations for the United States Travel and Tourism Administration, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. HATCH:

S. 2521. A bill to authorize appropriations for the National Science Foundation for fiscal year 1985; to the Committee on Labor and Human Resources.

By Mr. GARN, from the Committee on Banking, Housing, and Urban Affairs:

S. 2522. A bill to permit credit unions to take action to strengthen the National Credit Union Share Insurance Fund, to change the tax status of the Central Liquidity Facility, and to eliminate fees for payroll deductions; placed on the calendar.

By Mr. GORTON (for himself and Mr. PACKWOOD):

S. 2523. A bill to amend the Magnuson Fishery Conservation and Management Act regarding allocation of allowable levels of foreign fishing; to the Commttee on Commerce, Science, and Transportation.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. ABDNOR:

S. 2516. A bill to provide for a graduated reduction of the budget deficit of the Federal Government; pursuant to the order of August 4, 1977, referred jointly to the Committee on the Budget and the Committee on Governmental Affairs.

DEFICIT REDUCTION ACT

Mr. ABDNOR. Mr. President, the current budget situation, with annual deficits projected to run about $180 billion for the next several years under even relatively optimistic economic assumptions, should cause every Member of Congress great concern.

Unless those deficits can be reduced dramatically, Government demands for credit will continue to crowd out private borrowing to an ever-increasing extent. The result will be high interest rates escalating even higher, and a general slowing of the economy. Huge budget deficits are also a major factor contributing to current record trade deficits. By keeping the dollar overvalued relative to foreign currencies, we are, in effect, giving a tremendous subsidy to foreign industry at the direct expense of our own industrial and agricultural sectors.

The situation demands action and demands it now. We simply cannot afford to wait. Last year we spent nearly $90 billion on interest; this year it is going to be over $100 billion. The situation is seriously deteriorating and unless we take immediate action, compounding interest costs are going to push us beyond the point of no return.

During the last couple of years, we have seen a real turnaround in the economy. Inflation is way down. From a 1979 high over 13 percent, the 1983 was 3.8 percent, the lowest since 1972. Employment is up. As a matter of fact, last month almost 104 million Americans were employed. That is a record number, and since the 1982 recession, over 4 million Americans have been put to work. And just as important, Americans are taking home more buying power for the first time in years. After floundering since 1979, inflation adjusted, after-tax per capita disposable income rose 2.3 percent in 1983.

But, if the recovery is to continue, reasonable rates and an improved trade balance are essential. Continued massive budget deficits will make both impossible. Accordingly, I am introducing legislation to put more teeth into the budget process and commit the Federal Government to making measured progress in reducing deficits.

The problem with the current budget process is that nothing mandates that the deficit be reduced, nor that Congress live within any budget it establishes. Budget waivers seem to be a dime a dozen, and we failed even to come up with a reconciliating bill for this fiscal year. While the adoption in 1974 of the current budget process was a valiant attempt by Congress it impose some measure of self-discipline, it simply did not go far enough.

The bill which I am introducing would modify the budget process along the following lines:

Congress would be committed to adopting a budget which will reduce the fiscal year 1985 budget deficit about $29 billion below the fiscal year 1983 level, and continue further reductions each year until 1994 when deficits would be eliminated. During the first 2 years at least two-thirds of the reduction in the deficit—relative to baseline levels—must be in the form of spending reductions. Thereafter, spending reductions would be at least equal to revenue increases.

If Congress fails to meet the deficit target, the President would propose rescissions of budget authority sufficient to comply with the target but could propose reducing no area more than 10 percent, with any additional proposed reductions coming across-the-board. Congress, through a fast-track reconciliation process, could modify the President's proposed rescissions in any way it chooses.

But, if necessary changes are not promptly enacted, the President would be authorized to implement his original proposals with respect to areas of discretionary spending, and would be required to institute additional across-the-board reductions in all areas of spending—except interest on the debt, if necessary to meet the year's deficit reduction target.

The principles behind this legislation are simple. Congress should be willing to commit itself to making measured progress in reducing deficits and be willing to live within the budget it adopts. Congress should rely primarily on spending reductions in the short term and should balance any increases in taxes with additional spending cuts in the long run. If Congress shirks its responsibilities, then and only then, the President would have carefully limited discretion to decide where to make spending reductions. Unless it proves necessary to reduce every area of Government spending, no program could be reduced more than 10 percent by the President without congressional approval.

This legislation is not intended to be a cure-all for our current budget crisis. I personally remain committed to a constitutional amendment which would mandate a balanced budget as a permanent solution to the problem. In addition, it is encouraging to have on the table for consideration the so-called Republican deficit downpayment package. This is the sort of serious effort at a reasonable compromise which the current situation demands.

In the meantime, adopting legislation such as that which I am now introducing is necessary to keep deficits from getting further out of hand. If I had my way, we would reduce deficits much quicker than the schedule of targets contained in this bill. However, this is an honest attempt at a compromise which takes the admittedly painful but necessary first step in dealing with the defict problem.

I want to assure my colleagues that the modifications to the budget process which this bill contains leave to Congress the initiative in budgetary matters. If Congress takes the bull by the horns and does its job in the first instance, by adopting a budget which meets the deficit target and then sticking to it, the President would not be involved any more than the is today. If Congress fails to meet the target, the President can say how he would do the job, but Congress again would get a chance to modify his proposals before they take effect. In addition, the President would have no discretion to alter benefit levels or eligibility standards for entitlement programs unless Congress agrees by enacting

those changes into law. Rather, the entitlements are subject to an across-the-board reduction only as a last resort and only when every other area of Government spending is reduced by an identical proportion; that is, the proportion needed to meet the deficit target.

Obviously, there are some programs that no one wants to see cut. On the other hand, there are others that could readily be scaled back or even eliminated with little real harm to anyone. While this legislation does not specify where reductions will be made, it does commit us to a solution to the problem one way or another. Adopting this legislation would mean Congress either could act in the best interest of all Americans and make the tough decisions that its Members are elected to make, or it could let the problem be dealt with by the President by default. I would hope that through this sort of plan we, as a Congress, would be prodded into dealing with the budget crisis in a forthright manner and according to our own priorities. We were elected to do a job; we had better start doing it.

I ask unanimous consent that the full text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2516

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Deficit Reduction Act".

SEC. 2. (a) Title III of the Congressional Budget Act of 1974 is amended by inserting after section 301 the following new section:

"LIMITS ON BUDGET DEFICIT

"SEC. 301A. (a) IN GENERAL.—Notwithstanding any other provision of law, it shall not be in order in the Senate or the House of Representatives to vote on the question of agreeing to any concurrent resolution on the budget or any amendment thereto or any conference report thereon for the fiscal year beginning October 1, 1984, or for any subsequent fiscal year, if the adoption of such concurrent resolution, such amendment, or such concurrent resolution in the form recommended in such conference report, would cause—

"(1) the amount of the deficit set forth as appropriate for such fiscal year in such concurrent resolution to exceed the maximum deficit amount specified for such fiscal year in subsection (b); or

"(2)(A) the recommended amount by which the revenues of the Federal Government should be increased for such fiscal year, as set forth in such concurrent resolution, to exceed an amount equal to 50 percent (33 percent in the case of fiscal years beginning after September 30, 1984, and before October 1, 1986) of the amount (if any) by which the current services deficit for such fiscal year exceeds the deficit amount set forth as appropriate for such fiscal year in such concurrent resolution, or

"(B) the recommended amounts by which current services budget authority provided for such fiscal year, and current services spending authority effective in such fiscal year are to be reduced, as set forth in such concurrent resolution, to be insufficient to reduce current services outlays during such fiscal year by an amount not less than 50 percent (67 percent in the case of fiscal years beginning after September 30, 1984, and before October 1, 1986) of the amount (if any) by which the current services deficit for such fiscal year exceeds the deficit amount set forth as appropriate for such fiscal year in such concurrent resolution.

"(b) PROCEDURE.—A point of order raised pursuant to subsection (a) may be raised only at the conclusion of debate and before a vote is taken on a concurrent resolution on the budget, an amendment thereto, or a conference report thereon. If any such point of order is sustained by the presiding officer of the House in which it is raised, an affirmative vote of two/thirds of the Members of such House duly chosen and sworn shall be required to sustain an appeal of such ruling. Debate on any such appeal shall be limited to two hours, to be equally divided between, and controlled by, the majority leader and the minority leader or their designees. An appeal of such a point of order is not subject to a motion to table.

"(c) WAIVER PROHIBITED.—The provisions of this section may not be waived pursuant to section 904(b).

"(d) INAPPLICABILITY IN TIME OF WAR.—In any fiscal year in which a declaration of war is in effect, the provisions of subsection (a) shall not apply to—

"(1) any concurrent resolution on the budget that is considered pursuant to section 304 and revises the concurrent resolution on the budget most recently agreed to for such fiscal year, and

"(2) any concurrent resolution on the budget considered during such fiscal year for the fiscal year succeeding such fiscal year if a declaration of war will be in effect during such succeeding fiscal year.

"(e) DEFINITIONS.—For purposes of subsection (a)—

"(1) the term 'maximum deficit amount' means, with respect to any fiscal year, an amount equal to the product obtained by multiplying the amount of the deficit for the fiscal year ending September 30, 1983, by the applicable percentage;

"(2) the term 'deficit' means, with respect to any fiscal year, the amount by which the amount of total budget outlays of the Federal Government for such fiscal year exceeds the amount of the total revenues of the Federal Government for such fiscal year; and

"(3) the term 'applicable percentage' means—

"(A) with respect to the fiscal year beginning October 1, 1984, 85 percent;

"(B) with respect to the fiscal year beginning October 1, 1985, 70 percent;

"(C) with respect to the fiscal year beginning October 1, 1986, 55 percent;

"(D) with respect to the fiscal year beginning October 1, 1987, 45 percent;

"(E) with respect to the fiscal year beginning October 1, 1988, 35 percent;

"(F) with respect to the fiscal year beginning October 1, 1989, 25 percent;

"(G) with respect to the fiscal year beginning October 1, 1990, 15 percent;

"(H) with respect to the fiscal year beginning October 1, 1991, 10 percent;

"(I) with respect to the fiscal year beginning October 1, 1992, 5 percent; and

"(J) with respect to the fiscal year beginning October 1, 1993, and each succeeding fiscal year, zero percent.".

(b)(1) Section 3 of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 622) is amended by adding at the end thereof the following new paragraphs:

"(6) The term 'current services deficit' means, with respect to any fiscal year, the amount by which the amount of current services outlays of the Federal Government for such fiscal year exceeds the amount of current law revenues of the Federal Government for such fiscal year.

"(7) The term 'current services budget authority' means, with respect to any fiscal year, the total amount of budget authority which would be necessary to carry out programs and activities of the Federal Government during such fiscal year at the same level as such programs and activities were carried out in the preceding fiscal year without any policy change (as determined on the basis of estimates made by the Director of the Congressional Budget Office).

"(8) The term 'current services outlays' means, with respect to any fiscal year, the total amount of outlays which would be necessary to carry out programs and activities of the Federal Government during such fiscal year at the same level as such programs and activities were carried out in the preceding fiscal year without any policy changes (as determined on the basis of estimates made by the Director of the Congressional Budget Office).

"(9) The term 'current services spending authority' means, with respect to any fiscal year, the total amount of spending authority described in section 401(c)(2)(C) which would be necessary to be effective in such fiscal year to carry out programs and activities of the Federal Government during that fiscal year without policy changes and at the same level as such programs and activities were carried out during the preceding fiscal year (as determined on the basis of estimates made by the Director of the Congressional Budget Office).

"(10) The term 'current law revenues' means, with respect to any fiscal year, the total amount of revenues that would be received by the Federal Government in such fiscal year if no law were enacted to change the amount of revenues received in the Treasury during such fiscal year (as determined on the basis of estimates made by the Director of the Congressional Budget Office)."

(2) Subsection (b) of section 904 of such Act (2 U.S.C. 621 note) is amended by striking out "or IV" and inserting in lieu thereof "(except section 301A) or title IV".

(3) The table of contents in subsection (b) of the first section of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 621 note) is amended by inserting after the item relating to section 301 the following new item:

"Sec. 301A. Limits on budget deficit.".

SEC. 3. (a) Section 310 of the Congressional Budget Act of 1974 (2 U.S.C. 641) is amended to read as follows:

"DEFICIT REDUCTION PROCEDURE

"SEC. 310. (a) IN GENERAL.—Any concurrent resolution on the budget considered under section 301 or section 304 for a fiscal year shall, to the extent necessary, specify—

"(1) the total amount by which—

"(A) current services budget authority provided for such fiscal year under laws enacted before the date of adoption of such concurrent resolution;

"(B) new current services budget authority authorized to be enacted for such fiscal year;

"(C) current services outlays for such fiscal year that are associated with the current law budget authority referred to in subparagraphs (A) and (B); and

"(D) current services spending authority described in section 401(c)(2)(C) for such fiscal year;

contained in laws, bills, and resolutions within the jurisdiction of a committee, is to be changed and direct that committee to determine and recommend changes to accomplish a change of such total amount and to report such determinations and recommendations in accordance with subsection (b) by a date specified in such concurrent resolution;

"(2) specify the amount by which budget authority initially provided for fiscal years preceding such fiscal year, and budget outlays associated with such budget authority, contained in laws, bills, and resolutions within the jurisdiction of a committee are to be changed and direct that committee to determine and recommend changes to accomplish a change of each such total amount and to report such determinations and recommendations in accordance with subsection (b) by a date specified in such concurrent resolution;

"(3) specify the total amount by which current law revenues for such fiscal year are to be changed and direct the committees having juridiction to determine and recommend changes in the laws, bills, and resolutions to accomplish a change of such total amount and to report such determinations and recommendations in accordance with subsection (b) by a date specified in such concurrent resolution;

"(4) specify the amount by which the statutory limit on the public debt is to be changed and direct the committees having jurisdiction to recommend such change and to report such recommendations in accordance with subsection (b) by a date specified in such concurrent resolution; and

"(5) specify and direct any combination of the matters described in paragraphs (1), (2), (3), and (4).

"(b) DEFICIT REDUCTION MEASURES.—

"(1) IN GENERAL.—If a concurrent resolution on the budget is agreed to which, in accordance with subsection (a), contains directions to one or more committees to determine and recommend changes in laws, bills, or resolutions, and—

"(A) only one committee of the House or the Senate is directed to determine and recommend changes, that committee shall promptly make such determination and recommendations and shall, by the date specified pursuant to subsection (a), report to its House a deficit reduction bill or a deficit reduction resolution, or both, containing such recommendations; or

"(B) more than one committee of the House or the Senate is directed to determine and recommend changes, each such committee so directed shall promptly make such determination and recommendations, whether such changes are to be contained in a deficit reduction bill or deficit reduction resolution, and shall, by the date specified pursuant to subsection (a), report such recommendations to the Committee on the Budget of its House, which upon receiving all such recommendations, shall report to its House a deficit reduction bill or deficit reduction resolution, or both, carrying out all such recommendations without any substantive revision.

"(2) DEFINITION.—For purposes of this subsection, a deficit reduction resolution is a concurrent resolution directing the Clerk of the House of Representatives or the Secretary of the Senate, as the case may be, to make specified changes in bills and joint resolutions which have not been enrolled.

"(c) COMPLETION OF DEFICIT REDUCTION PROCESS.—Congress shall complete action on any deficit reduction bill or deficit reduction resolution reported under subsection (b) not later than 60 days after the adoption of the concurrent resolution requiring such bill or resolution to be reported.".

(b)(1) The table of contents in subsection (b) of the first section of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 621 note), as amended by section 2(b)(3), is further amended—

(A) by striking out "Adoption of first concurrent resolution" in the item relating to section 301 and inserting in lieu thereof "Annual adoption of concurrent resolution";

(B) by striking out "First concurrent resolution" in the item relating to section 303 and inserting in lieu thereof "Concurrent resolution"; and

(C) by striking out "Second required concurrent resolution and reconciliation process" in the item relating to section 310 and inserting in lieu thereof "Deficit reduction procedure".

(2) Paragraph (4) of section 3 of such Act (2 U.S.C. 622) is amended—

(A) by adding "and" after the semicolon at the end of subparagraph (A);

(B) by striking out subparagraph (B); and

(C) by striking out "(C) any other" and inserting in lieu thereof "(B) a".

(3) Section 300 of the Congressional Budget Act of 1974 (2 U.S.C. 631) is amended—

(A) by striking out "first" in the item relating to April 15 and in the second item relating to May 15;

(B) by striking out the items relating to September 15 and September 25; and

(C) by inserting after the item relating to May 15 the following new item:

"July 15.....	Congress completes action on deficit reduction bill or deficit reduction resolution, or both, implementing concurrent resolution on the budget.".

(4) (A) The heading of section 301 of the Congressional Budget Act of 1974 (2 U.S.C. 632) is amended to read as follows:

"ANNUAL ADOPTION OF CONCURRENT RESOLUTION".

(B) Subsection (a) of section 301 of such Act (2 U.S.C. 632) is amended—

(i) by striking out "the first concurrent resolution on the budget" in the first sentence and inserting in lieu thereof "a concurrent resolution on the budget"

(ii) by striking out "and" at the end of paragraph (6);

(iii) by redesignating paragraph (7) as paragraph (10); and

(iv) by inserting after paragraph (6) the following new paragraphs:

"(7) the total amount of the current law revenues of the Federal Government;

"(8) the total amount of the current services outlays of the Federal Government:

"(9) the current services deficit of the Federal Government; and".

(C) Section 301(b) of such Act is amended—

(i) by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in subsection (a)"; and

(ii) by striking out paragraph (1) and inserting in lieu thereof the following new paragraph:

"(1) the deficit reduction procedure described in section 310; and"; and

(iii) by striking out the matter that follows paragraph (2).

(D) Section 301(d) of such Act is amended by striking out "first" each place it appears.

(E) Section 301(e) of such Act is amended—

(i) by striking out "set for" in paragraph (1) and inserting in lieu thereof "set forth"; and

(ii) by striking out "first concurrent resolution on the budget" each place it appears and inserting in lieu thereof "concurrent resolution on the budget referred to in subsection (a)".

(5) Subsection (c) of section 302 of such Act (2 U.S.C. 633) is amended by striking out "or 310".

(6) (A) The heading of section 303 of such Act is amended by striking out "FIRST".

(B) Subsection (a) of section 303 of such Act (2 U.S.C. 634) is amended by striking out "first concurrent resolution on the budget" in the matter following paragraph (4) and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(7) Section 304 of such Act (2 U.S.C. 635) is amended—

(A) by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)"; and

(B) by striking out "pursuant to section 301".

(8)(A) Paragraph (3) of subsection (a) of section 305 of such Act (2 U.S.C. 636) is amended by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(B) Subsection (b) of section 305 of such Act is amended—

(i) by striking out ", except that" and all that follows through "15 hours" in paragraph (1); and

(ii) by striking out "first concurrent resolution on the budget" in paragraph (3) and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(9) Paragraph (2)(A) of subsection (a) of section 308 of such Act (2 U.S.C. 639) is amended by striking out "first concurrent resolution on the budget" and inserting in lieu thereof "concurrent resolution on the budget referred to in section 301(a)".

(10) Paragraph (1) of section 309 of such Act (2 U.S.C. 640) is amended by striking out ", and other than the reconciliation bill for such year, if required to be reported under section 310(c)".

(11)(A) subsection (a) of section 311 of such Act (2 U.S.C. 642) is amended to read as follows:

"(a) LEGISLATION SUBJECT TO POINT OF ORDER.—After the Congress has completed action on the concurrent resolution on the budget referred to in section 301(a) for a fiscal year, and, if a deficit reduction bill or resolution, or both, for such fiscal year are required to be reported for such fiscal year, after that bill has been enacted into law or that resolution has been agreed to, it shall not be in order in either the House of Representatives or the Senate to consider any bill, resolution, or amendment providing new budget authority for such fiscal year,

providing new spending authority described in section 401(c)(2)(C) to become effective during such fiscal year, or reducing revenues for such fiscal year, or any conference report on any such bill or resolution, if—

"(1) the enactment of such bill or resolution as reported;

"(2) the adoption and enactment of such amendment; or

"(3) the enactment of such bill or resolution in the form recommended in such conference report;

would cause the appropriate level of total new budget authority or total budget outlays set forth for such fiscal year in the most recently agreed to concurrent resolution on the budget for such fiscal year to be exeeded, or would cause the total amount of revenues received by the Treasury for such fiscal year to be less than the recommended level of Federal revenues set forth in such concurrent resolution for such fiscal year.".

(B) Section 311 of such Act is further amended by adding at the end thereof the following new subsection:

"(c) PROCEDURE.—If a point of order raised pursuant to subsection (a) is sustained by the presiding officer of the House in which it is raised, an affirmative vote of two-thirds of the Members of such House duly chosen and sworn shall be required to sustain an appeal of such ruling. Debate on any such appeal shall be limited to two hours, to be equally divided between, and controlled by, the majority leader and the minority leader or their designees. An appeal of such point of order is not subject to a motion to table.".

(12) Clause (1) of Rule XLIX of the Rules of the House of Representatives is amended by striking out ", 304, or 310" and inserting in lieu thereof "or 304".

SEC. 4. Section 1105 of title 31, United States Code, is amended by adding at the end thereof the following new subsection.

"(e)(1) Except as provided in paragraph (2), the amount set forth in any Budget submitted to the Congress pursuant to subsection (a) for any fiscal year with respect to the estimated expenditures necessary to support the Government for such fiscal year may not exceed the amount set forth in such Budget with respect to the estimated receipts of the Government for such fiscal year by an amount that is greater than the maximum deficit amount established for such fiscal year under section 301A of the Congressional Budget Act of 1974.

"(2) For any fiscal year with respect to which the President determines that, for reasons of national security or economic necessity, the adoption of a Budget that complies with the requirements of paragraph (1) is not feasible, and submits to the Congress a written statement of the reasons for such determination, the President may submit two Budgets only one of which complies with the requirements of paragraph (1).".

SEC. 5. (a) Title X of the Congressional Budget and Impoundment Control Act of 1974 is amended by adding at the end thereof the following new part:

"PART C—IMPOUNDMENT PROCEDURES FOR DEFICIT REDUCTION

"DEFINITIONS

"SEC. 1021. For purposes of this part—

"(1) the term 'spending authority' shall have the meaning given to such term in section 401(c)(2);

"(2) the term 'maximum deficit amount' shall have the meaning given to such term in section 301A(b)(1);

"(3) the term 'deficit' shall have the meaning given to such term in section 301A(b)(2); and

"(4) the term 'applicable percentage' shall have the meaning given to such term in section 301A(b)(3).

"PERIODIC REPORTS ON ESTIMATED DEFICIT

"SEC. 1022. (a) On November 1, February 1, and May 1 of each fiscal year, the Director of the Congressional Budget Office shall transmit to the Congress and the President a report based upon the most reliable information available at the time such report is transmitted. Such report shall contain—

"(1) an estimate of the total budget outlays of the Federal Government for such fiscal year;

"(2) an estimate of the total budget revenues of the Federal Government for such fiscal year;

"(3) a specification of the amount (if any) by which the amount estimated pursuant to paragraph (1) exceeds the amount estimated pursuant to paragraph (2); and

"(4) a specification of the amount (if any) by which the amount specified pursuant to paragraph (3) exceeds the deficit amount set forth as appropriate for such fiscal year in the concurrent resolution adopted for such fiscal year under section 301.

"(b) In the first report required under subsection (a) for any fiscal year with respect to which a deficit reduction bill, or a bill or joint resolution incorporating changes directed by a deficit reduction resolution (as defined in section 310(b)(2)), or both, becomes law, the Director of the Congressional Budget Office shall specify—

"(1) the amount by which such law or laws would cause the total amount of revenues of the Federal Government for such fiscal year to exceed the amount of current law revenues set forth in the concurrent resolution on the budget adopted for such fiscal year under section 301 if economic conditions during such fiscal year were the same as the economic conditions assumed for such fiscal year in such concurrent resolution;

"(2) the amount by which such law or laws would reduce the total amount of the outlays of the Federal Government for such fiscal year below the amount of current services outlays set forth in such concurrent resolution for such fiscal year if economic conditions during such fiscal year were the same as such assumed economic conditions;

"(3) the amount by which a deficit reduction bill enacted pursuant to a concurrent resolution on the budget for such fiscal year—

"(A) adopted under section 301,

"(B) setting forth as appropriate for such fiscal year a deficit amount equal to the deficit amount set forth as appropriate for such fiscal year in the concurrent resolution on the budget adopted for such fiscal year under section 301, and

"(C) recommending that the total amount of the revenues of the Federal Government for such fiscal year be increased by the maximum amount by which such total amount may be increased by a concurrent resolution on the budget that complies with the requirements of section 301A(a)(2)(A) for such fiscal year,

would cause the total amount of revenues of the Federal Government for such fiscal year to exceed the amount of current law revenues set forth in such concurrent resolution for such fiscal year; and

"(4) the amount by which a deficit reduction bill enacted pursuant to a concurrent resolution on the budget for such fiscal year—

"(A) adopted under section 301,

"(B) setting forth as appropriate for such fiscal year a deficit amount equal to the deficit amount set forth as appropriate for such fiscal year in the concurrent resolution on the budget adopted for such fiscal year under section 301, and

"(C) recommending that the total amount of the budget outlays of the Federal Government for such fiscal year be reduced by the minimum amount by which such outlays may be reduced by a concurrent resolution on the budget that complies with the requirements of section 301A(a)(2)(B) for such fiscal year,

would reduce the amount of the total outlays of the Federal Government for such fiscal year below the total amount of current services outlays set forth in such concurrent resolution for such fiscal year.

"SPECIAL MESSAGE PROPOSING RESCISSIONS TO REDUCE DEFICIT

"SEC. 1023. (a) Not later than 30 days after receiving any report under section 1022 that specifies an amount pursuant to paragraph (4) of subsection (a) of such section, the President shall transmit to the Congress a special message that proposes rescissions of budget authority for the fiscal year to which such report relates in an amount that will reduce the total budget outlays of the Federal Government for such fiscal year by an amount equal to the amount specified under such paragraph (as determined on the basis of estimates made by the Director of the Congressional Budget Office).

"(b)(1)(A) A special message transmitted under subsection (a) pursuant to a report transmitted under section 1022 for a fiscal year may propose rescissions of budget authority for such fiscal year with respect to any program, project, activity, or account of the Federal Government with respect to which the President determines that it is desirable to reduce outlays (except the budget authority provided by section 1305(2) of title 31, United States Code, for payment of interest on the public debt).

"(B) No rescission proposed in such special message pursuant to this paragraph may reduce the total amount of outlays for any program, project, activity, or account of the Federal Government for the fiscal year to which special message relates by an amount in excess of 10 percent of the total amount of outlays that would be made for such program, project, or activity for such fiscal year but for this paragraph (as determined on the basis of estimates made by the Director of the Congressional Budget Office).

"(C) If pursuant to this paragraph the President proposes to rescind for a fiscal year budget authority with respect to spending authority described in section 401(c)(2)(C), the special message proposing such rescission shall describe the changes that will be made in the program or programs to which such spending authority relates for such fiscal year if the Congress enacts a bill rescinding such budget authority.

"(2)(A) If the total amount of the rescissions proposed in such special message pursuant to paragraph (1) are insufficient to reduce the total outlays of the Federal Government for such fiscal year by an amount equal to the amount specified pursuant to section 1022(a)(4) in the report to which such special message relates, such special message shall propose additional rescissions

of budget authority for such fiscal year with respect to each program, project, activity, and account of the Federal Government (including programs, projects, activities, and accounts with respect to which budget authority is proposed to be rescinded under paragraph (1)).

"(B) A rescission proposed pursuant to this paragraph with respect to any program, project, activity, or account shall reduce the total amount of outlays for such program, project, activity, or account by an amount equal to the product of—

"(i) the amount of outlays that would be made for the program, project, activity, or account for the fiscal year to which the special message proposing such rescission relates but for this subparagraph (as determined on the basis of estimates made by the Director of the Congressional Budget Office), and

"(ii) the percentage that will, if multiplied by the total amount of outlays that would be made for every program, project, activity, or account of the Federal Government for such fiscal year but for this paragraph, produce an amount that is equal to the remainder obtained by subtracting—

"(I) the total amount by which rescissions proposed in such special message under paragraph (1) would reduce the total amount of outlays of the Federal Government for such fiscal year, from

"(II) the amount specified pursuant to section 1022(a)(4) in such special message.

"(C)(i) A special message transmitted under subsection (a) shall describe the changes that will be made in any program for which spending authority described in section 401(C)(2)(C) has been enacted if the President is required under section 1024 to withhold from obligation and expenditure budget authority proposed to be rescinded with respect to such spending authority pursuant to this paragraph.

"(ii) Changes proposed in a program pursuant to clause (i) may include (I) a prorata reduction in the payments that would otherwise be required by law to be made under such program, and (II) changes promoting the efficient administration of such program, but may not include any change in the requirements established by law with respect to eligibility for, or entitlement to, payments under such program.

"(D) No rescission may be proposed under subparagraph (A) with respect to the budget authority provided by section 1305 (2) of title 31, United States Code, for payment of interest on the public debt.

"(3)(A) Except as provided in subparagraph (B), rescissions proposed pursuant to paragraphs (1) and (2) in a special message may not reduce the total outlays of the Federal Government by an amount that exceeds the amount specified pursuant to section 1022(a)(4) in the report to which such special message relates.

"(B) If the President proposes to rescind budget authority with respect to spending authority described in section 401(c)(2)(C) pursuant to paragraph (1), the President shall also include in the special message proposing such rescissions an alternative proposal to rescind budget authority in accordance with paragraph (2) in an amount that will reduce the total amount of budget outlays of the Federal Government for the fiscal year to which such special message relates by an amount equal to the amount by which the rescissions proposed pursuant to paragraph (1) with respect to such spending authority would reduce such total amount of outlays of such proposed rescissions became law. The President may withhold from obligations and expenditure budget authority proposed to the rescinded pursuant to this subparagraph only if a bill rescinding budget authority with respect to such spending authority does not become law within the period of time specified in section 1024.

"(c)(1) Except as provided in paragraph (2) and in section 1024, the provisions of part B of this title shall apply to the consideration of a special message transmitted under subsection (a).

"(2) For purposes of this section, the 45-day period referred to in sections 1011 and 1012(b) of such part shall be deemed to refer to a period of 30 calendar days.

"EFFECTS OF RESCISSION BILL

"SEC. 1024. (a) If, within 30 calendar days after both Houses of the Congress have received a special message transmitted by the President pursuant to section 1023 for a fiscal year, a rescission bill is enacted and becomes law that rescinds the budget authority of the Federal Government for such fiscal year that was proposed to be rescinded in such message, the President shall withhold from obligation and expenditure the budget authority rescinded by such rescission bill.

"(b)(1) If, within 30 calendar days after both Houses of the Congress have received a special message transmitted by the President pursuant to section 1023 for a fiscal year, a rescission bill is enacted and becomes law that rescinds budget authority of the Federal Government for such fiscal year in an amount that will reduce the total outlays of the Federal Government for such fiscal year by the amount by which such total outlays would be reduced by the rescissions of budget authority proposed in such special message (as determined on the basis of estimates made by the Director of the Congressional Budget Office), the budget authority proposed to be rescinded in such special message shall be made available for obligation and expenditure (except to the extent that such rescission bill rescinds the budget authority proposed to be rescinded in such message).

"(2) If a rescission bill enacted pursuant to this subsection provides for the rescission of budget authority with respect to spending authority described in section 401(c)(2)(C), it shall be accompanied by a report specifying the changes to be made in the program or programs to which such spending authority relates in order to carry out such rescission (if such changes differ from the changes in such program or programs that are proposed by the President pursuant to paragraphs (1)(C) and (2)(C) of section 1023 (b)).

"(c)(1) If, within 30 calendar days after both Houses of the Congress have received a special message transmitted by the President pursuant to section 1023 for a fiscal year, a rescission bill is enacted and becomes law that rescinds budget authority of the Federal Government for such fiscal year in an amount that will reduce the total outlays of the Federal Government for such fiscal year by an amount that is less than the amount by which such total outlays would be reduced if a rescission bill were enacted rescinding the budget authority proposed to be rescinded in such special message (as determined on the basis of estimates made by the Director of the Congressional Budget Office), the President shall—

"(A) withhold from obligation and expenditure the budget authority rescinded by such rescission bill, and

"(B) withhold from obligation and expenditure budget authority proposed to be rescinded for such fiscal year in such special message (other than budget authority proposed pursuant to section 1023(b)(1) to be rescinded with respect to spending authority described in section 401(c)(2)(C)) in an amount that will reduce the total budget outlays of the Federal Government for such fiscal year by an amount which, when added to the amount by which such outlays are reduced for such fiscal year under such rescission bill, equals the amount by which such total outlays would be reduced if the rescissions proposed in such special message were enacted (as determined on the basis of estimates made by the Director of the Congressional Budget Office); and

"(C) implement any changes described in such message pursuant to section 1023(b)(2)(C) that are necessary to carry out the requirements of subparagraph (B).

"(2) If a rescission bill enacted pursuant to this subsection provides for the rescission of budget authority with respect to spending authority described in section 401(c)(2)(C), it shall specify the changes to be made in the program or programs to which such spending authority relates in order to carry out such rescission (if such changes differ from the changes in such program or programs that are proposed by the President pursuant to paragraphs (1)(C) and (2)(C) of section 1023(b)).

"(3) Notwithstanding subparagraph (B) of paragraph (1), the President may not rescind any budget authority proposed to be rescinded in a special message if a rescission bill is enacted and becomes law under this subsection that specifically disapproves the rescission of such budget authority.

"(d) Notwithstanding section 1012(b) or any other provision of law, if no rescission bill with respect to a special message transmitted under subsection (a) becomes law under subsection (b) or (c) within 30 calendar days after receipt by both Houses of the Congress of such special message, the President shall—

"(1) carry out the rescissions of budget authority proposed in such special message for such fiscal year (other than budget authority proposed pursuant to section 1023(b)(1) to be rescinded with respect to spending authority described in section 401(c)(2)(C)); and

"(2) implement any changes described in such message pursuant to section 1023(b)(2)(C).

"RESCISSIONS TO RESTORE RATIO OF REVENUE INCREASES AND SPENDING REDUCTIONS

"SEC. 1025. (a) If, in the first report transmitted under section 1022 for any fiscal year, an amount is specified pursuant to paragraph (1) of subsection (b) of such section that exceeds the amount specified pursuant to paragraph (3) of such subsection, the President shall, within 30 days after receiving such report, transmit to the Congress a special message proposing rescissions of budget authority for such fiscal year in an amount sufficient to reduce the total outlays of the Federal Government for such fiscal year by an amount that, when added to the amount by which such outlays will be reduced by any rescissions intended to be proposed for such fiscal year under section 1023 during such 30-day period, equals the amount obtained by subtracting the amount specified pursuant to paragraph (2) of subsection (b) of section 1022 from the product obtained by multiplying—

"(1) the amount specified in such report pursuant to paragraph (4) of such subsection, and

"(2) the quotient obtained by dividing—

"(A) the amount specified in such report pursuant to paragraph (1) of such subsection, by

"(B) the amount specified in such report pursuant to paragraph (3) of such subsection.

"(b) Any rescission of budget authority proposed in a special message transmitted under subsecton (a) shall be subject to the requirements of section 1023 (b)(2) and to the provisions of section 1024.".

(b) The table of contents in subsecton (b) of the first section of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 621 note) is amended by adding at the end thereof the following new items:

"PART C—IMPOUNDMENT PROCEDURES FOR DEFICIT REDUCTION

"Sec. 1021. Definitions.
"Sec. 1022. Periodic reports on estimated deficit.
"Sec. 1023. Special message proposing rescissions to reduce deficit.
"Sec. 1024. Effects of rescission bill.
"Sec. 1025. Rescissions to restore ratio of revenue increases and spending reductions.".

SEC. 6. No law enacted after the date of the enactment of this Act shall waive or limit any provision of this Act, or any amendment to the Congressional Budget and Impoundment Control Act made by this Act, unless such law does so in specific terms, referring to this Act or to the amendment made by this Act, and declaring that such law waives or limits this Act or such amendment.

By Mr. HUMPHREY (for himself and Mr. BURDICK):

S. 2517. A bill to amend the Disaster Relief Act of 1974, and for other purposes; to the Committee on Environment and Public Works.

DISASTER RELIEF ACT OF 1984

● Mr. HUMPHREY. Mr. President, I am introducing the "Disaster Relief Act Amendments of 1984," and I ask for its appropriate referral.

The bill would amend the Disaster Relief Act of 1974, and I am glad to be joined in this endeavor by the senior Senator from North Dakota (QUENTIN BURDICK), who for many years has been a leader in disaster relief legislation. Senator BURDICK served as chairman of the Subcommittee on Disaster Relief when the 1974 act was written by the Senate Committee on Public Works.

The Disaster Relief Act of 1974 provides the basic Federal authorities for the Federal Emergency Management Agency to respond to requests for assistance by Governors of the States in which major disasters have occurred. Under the act, Presidents have declared more than 350 major disasters and emergencies. The act is central to relief efforts of all levels of government to save lives, protect public health, safety, and property, and to assist in recovery efforts in the wake of disasters.

The legislation I am introducing, if enacted, would provide the first comprehensive amendments to that act. It represents the culmination of work over the past year of the Subcommittee on Regional and Community Development of the Committee on Environment and Public Works, which I have the privilege to chair. Last July 21, the subcommittee commenced hearings by receiving testimony from the Federal Emergency Management Agency on S. 1525, which had been proposed by the administration. In September, additional hearings were held to receive oral testimony from respresentatives of State and local governments and voluntary disaster relief organizations. Represented at these hearings were the National Governors Association, the National Emergency Management Association, the Association of State Flood Plain Managers, the National Association of Counties, and the American Red Cross. Additional organizations were represented by written testimony.

One of the major concerns expressed to the subcommittee was the issue of which costs are eligible for reimbursement by the Federal Government. Over the years, Federal criteria have been written, amended, and expanded to the point where they are a hodgepodge of rules and regulations. Cost eligibility criteria are sometimes contradictory, complex, and hard to discern. For example, the committee has found that while single jacketed firehoses are not eligible for reimbursement for cleanup, a double jacketed hose meets the criteria set forth in the FEMA firehose policy. In one instance brooms were ruled eligible but shovels were ineligible. In yet another, Federal reimbursement was available for the removal of debris from a golf course but the removal of debris from grass in a cemetery was not eligible.

Two years ago, the committee reported that it was "* * * greatly concerned that current regulations and criteria defining what are and what are not 'eligible costs' are themselves confused, inconsistent and some times capricious. Some decisions appear to be ad hoc." The current rules add uncertainty and administrative burdens to State and local governments, to say nothing of the higher costs they must bear in providing disaster assistance. The committee encouraged FEMA—with the assistance of State and local officials—to throughly review the regulations and to render them more rational. I am glad that FEMA has attempted to do so. New proposed rulemaking was published in the Federal Register on February 3, 1984. I hope that State and local officials will review the proposed rules very carefully and provide constructive comments.

Under the new rulemaking, I am informed that FEMA has expanded the list of disaster-assistance-related expenses eligible for Federal reimbursement to include administrative costs, public employee salaries and fringe benefits, vehicle and equipment operating costs, and other previously excluded items. My staff estimates, using sample data supplied by FEMA, that the new regulations could reduce a State or local applicant's cost burden for small projects by 15.5 percent.

Mr. President, this issue of reimbursable costs is associated with the issue of cost sharing. Before 1980, the Federal Government assumed 100 percent of the cost of debris removal and replacement of public facilities. Clearly, under these circumstances there had to be strict regulations and policy guidance limiting the types and amount of federally reimbursible expenses. There was little incentive on the part of some non-Federal jurisdictions to be prudent in their demands, given the reimbursement policy then in effect.

Several years ago FEMA administratively, began to impose a 75-percent Federal, 25-percent State and local cost-sharing arrangement as a means to control costs for debris removal and public facilities replacement. The agency was able to do so under an interpretation of the Disaster Act of 1974 which would permit less than 100-percent reimbursement for these two categories of disaster assistance. However, FEMA has retained the stringent cost eligibility criteria adopted to conform with the earlier 100-percent reimbursement policy.

Witnesses at our hearings have expressed a great deal of concern about having to bear the double burden of cost-sharing and current eligibility criteria, especially when the latter exclude many legitimate disaster-assistance expenses. A major feature of this bill is to give statutory authority to the 75-25 cost-sharing arrangement. This step would lead to increased predictability for State and local jurisdictions of what their fair share of disaster assistance is going to be. The supplemental nature of Federal disaster assistance would likewise be assured. At the same time, it would be grossly unfair to impose cost sharing by statute without carefully considering the range of disaster-related expenses incurred by State and local authorities. Cost sharing enacted into law and revised cost-eligibility criteria must work hand in glove. We cannot have one without the other. FEMA proposed cost-eligibility rules should not be made permanent until the disaster act contains cost sharing.

Another related provision of the bill I am introducing today would permit cancellation of a loan or advance made to meet the non-Federal cost-share requirements if, after 3 fiscal years, an applicant demonstrates substantial and continuing inability to repay all or

part of the commitment. In our hearings all the witnesses representing non-Federal governmental jurisdictions testified that cost sharing could devastate the budgets of local governments stricken by concurrent, multiple major disasters or by a single catastrophic major disaster. Loan cancellation under the circumstances is a justifiable remedy for such a severe burden.

Mr. President, the bill would also expand the "small project" block grant provision of current law. At present, FEMA may award a block grant, in lieu of categorical assistance, when the estimated cost of all projects belonging to a particular applicant does not exceed $25,000. The bill would change this provision to allow a grant for each individual small project. Based upon the most recent information, FEMA anticipates that approximately 90 percent of all projects processed, representing less than 10 percent of all funds expended, would be included under the new small project mechanism as a result of the change. This change would greatly reduce administrative costs and delays to State local governments and to FEMA as well. I hope that local governments do not overlook this significant change to current law.

The bill would also give greater flexibility to State and local governments to choose the type of facilities that would be replaced following a disaster. Under current law, there is a heavy penalty for a State or local government that elects to replace a destroyed public facility by constructing a new one which serves a different purpose. For example, consider a case in which five public facilities are destroyed in a county and county officials determine that one is no longer needed. In order to have the flexibility to construct a new facility to serve a different purpose instead of replacing the destroyed facility, the county must accept reimbursement based on 90 percent of the estimated cost of replacing all five facilities instead of 100 percent. To this estimated cost FEMA then administratively applied the 75-percent Federal cost share, which reduces reimbursement to the county to 67 percent for all five facilities, not just the one for which flexibility is needed. This provision of current law has been little used, in part because the penalty of such flexibility is substantial. The bill would change this provision to permit the county to take a penalty on a project-by-project basis. That is, the county would no longer be required to accept a penalty on all five projects in order to have the flexibility to construct one facility which is different from the one destroyed. Given demographic and other rapid social and economic changes in our country, I believe it is important to allow governmental jurisdictions to build to meet their current and projected needs rather than encouraging local governments to replace outdated facilities. Scarce capital expenditures should be directed into their highest and best use in a dynamic society.

Mr. President, the bill would also establish a program of hazard mitigation. Federal agencies, acting with State and local governments, would initiate measures to minimize the potential for recurrence of damages resulting from disasters. The immediate postdisaster situation often presents many opportunities to alleviate future risks. Under the provisions of the bill, FEMA could contribute 50 percent of the cost of mitigation measures, the balance to be contributed by the appropriate State of local jurisdiction. FEMA could expend up to 2.5 percent of total expenditures for permanent restorative public assistance for hazard mitigation. Given the currently critical budgetary problems of our national Government, this amount is admittedly modest in terms of the substantial need. On the other hand, such a hazard mitigation program would provide potential long-term savings to the Federal, State, and local governments far greater than the modest cost figures would indicate.

In order to assist States in updating and improving their disaster and emergency plans, the bill also would increase the Federal matching grant authority for preparedness planning from $25,000 to $50,000 per year. This increased Federal funding should facilitate better planning and preparedness. Better preparedness plans when carried out effectively can often alleviate hardships and reduce damages in disasters.

On another issue, current law permits Federal reimbursement to States for their costs associated with administration of the individual and family grant program. FEMA may reimburse up to 3 percent of the total Federal grant for administrative expenses associated with the program. The bill would also permit FEMA to reimburse 50 percent of the costs in excess of the 3 percent of total grant expenditures now eligible.

Mr. President, I believe that the bill and proposed rulemaking would provide State and local governments with significant savings and improvements over existing policies. Presently, they are required to contribute 25 percent of the cost of replacing public facilities and the list of items ineligible for Federal reimbursement adds to their costs. Further, there is no provision for forgiveness of local cost sharing. The new hazard mitigation provisions of the bill could alleviate damages in disasters. The expanded small project grants provision in lieu of categorical assistance would reduce redtape and administrative costs. The expanded flexible funding provision would give local governments more discretion in choosing which facilities should be replaced. The doubling of the Federal matching grant for preparedness and the increase in reimbursement of administrative costs of the individual and family grant program would reduce costs to State and local governments and could enhance governmental responses to disasters. The requirement for insurance where available at reasonable rates and the provision to enable the Federal Government to recover funds expanded in a disaster when private entities are found negligent would further enhance the disaster relief program.

Mr. President, in conclusion I trust all those involved in the disaster relief effort will evaluate the bill and the proposed rulemaking in conjunction and in view of the existing program. I believe that taken together, the bill and the new cost eligibility rules represent significant improvements in the disaster relief program for all concerned.

Mr. President, I ask unanimous consent that the full text of the proposed eligibility regulations and the bill be printed in the RECORD.

I will be working closely with Senator BURDICK and other committee members to move this bill through the committee and full Senate as expeditiously as possible. Improvements in the disaster relief program are long overdue, and I am hopeful that we can enact this legislation before the year is out.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 2517

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Disaster Relief Act Amendments of 1984".

SEC. 2. The short title of the Disaster Relief Act of 1974 (Public Law 93-288) is hereby amended by deleting the words "Disaster Relief Act of 1974" and inserting in lieu thereof "Major Disaster Relief and Emergency Assistance Act".

SEC. 3. Section 102(1) of the Disaster Relief Act of 1974, as amended (42 U.S.C. 5122(1)), is amended to read as follows:

"(1) 'Emergency' means any occasion or instance for which, in the determination of the President, Federal assistance is needed to supplement State and local efforts and capabilities to save lives and to protect property, public health and safety, or to lessen or avert the threat of a catastrophe in any part of the United States.".

SEC. 4. Title VIII of the Public Works and Economic Development Act of 1965, as amended (Public Law 89-136; 42 U.S.C. 3231-3236) is hereby repealed, and title V of the Disaster Relief Act of 1974, as amended (Public Law 93-288), is hereby amended to read as follows:

"TITLE V—FEDERAL EMERGENCY ASSISTANCE PROGRAMS

"PROCEDURES

"SEC. 501. (a) All requests for a determination by the President that an emergency exists shall be made by the Governor of the affected State. Such request shall be based upon the Governor's finding that the situation is of such severity and magnitude that effective response is beyond the capabilities of the State and the affected local governments and that Federal assistance is necessary. The Governor's request will furnish information describing State and local efforts and resources which have been or will be used to alleviate the emergency, and will define the type and extent of Federal aid required. As a part of this request, and as a prerequisite to emergency assistance under the Act, the Governor shall take appropriate action under State law and direct execution of the State's emergency plan. Based upon such Governor's request, the President may declare that an emergency exists.

"(b) The President may exercise any authority vested in him by section 502 and section 503 of this Act with respect to an emergency when he determines that an emergency exists for which the primary responsibility for response rests with the United States because the emergency involves a subject area for which, under the Constitution or laws of the United States, the United States exercises exclusive or preeminent responsibility and authority. The President may determine that such an emergency exists only after consultation with the Governor of the affected State, if practicable. The President's determination, however, may be made without regard to the provisions of section 501(a) of this Act.

"FEDERAL ASSISTANCE

"SEC. 502. In any emergency, the President may—

"(a) direct any Federal agency with or without reimbursement to utilize its authorities and the resources granted to it under other Acts, including but not limited to personnel, equipment, supplies, facilities, and managerial, technical and advisory services in support of State and local emergency assistance efforts to save lives and to protect property, public health and safety or to lessen or avert the threat of a catastrophe;

"(b) coordinate all Federal agencies and voluntary relief or disaster assistance organizations providing emergency assistance, and coordinate emergency assistance with State and local officials; and

"(c) provide technical and advisory assistance to affected State and local governments in the performance of essential community services, warning of risks of hazards, public information and assistance in health and safety measures, management and control, and reduction of immediate threats to public health and safety.

"EMERGENCY ASSISTANCE

"SEC. 503. (a) In an emergency, when the Federal assistance provided pursuant to section 502 of this title is inadequate, the President may provide assistance to save lives and protect property, public health and safety, or to lessen or avert the threat of a catastrophe. When debris removal assistance is appropriate under this section, it shall be provided in accordance with the terms and conditions of section 406 of this Act.

"(b) In any emergency and except as provided by subsection (c) of this section, the costs of providing emergency assistance under this section shall not exceed $5,000,000 of funds appropriated to carry out this Act.

"(c) The limitation of subsection (b) of this section may be exceeded when the President determines that continued emergency assistance is immediately required; that there is a continuing and immediate risk to lives, property, public health or safety; and that necessary assistance will not otherwise be provided on a timely basis. In the event that the limitation of subsection (b) is exceeded, the President shall report to Congress on the nature and extent of the emergency assistance requirements and propose additional legislation if necessary.".

SEC. 5. Section 102(2) of the Disaster Relief Act of 1974, as amended (42 U.S.C. 5122(2)), is amended to read as follows—

"(2) 'Major disaster' means any natural catastrophe, including any hurricane, tornado, storm, high water, winddriven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, mudslide, snowstorm, or drought, or any fire, flood, or explosion, regardless of cause, in any part of the United States which, in the determination of the President, causes damage of sufficient severity and magnitude to warrant major disaster assistance under this Act to supplement the efforts and available resources of States, local governments, and disaster relief organizations in alleviating the damage, loss, hardship, or suffering caused thereby.".

SEC. 6. Title II of the Disaster Relief Act of 1974, as amended (42 U.S.C. 5131-5132), is amended by—

(1) striking the words "(including the Defense Civil Preparedness Agency)" in section 201(a);

(2) adding the words "including evaluations of natural hazards and development of the programs and actions required to mitigate such hazards," between the words "plans" and "except" in section 201(d); and

(3) striking "$25,000" in section 201(d) and inserting in lieu thereof "$50,000".

SEC. 7. Title III of the Disaster Relief Act of 1974, as amended (42 U.S.C. 5141-5158), is amended by—

(1) deleting sections 301, 305, and 306 and renumbering subsequent sections appropriately;

(2) deleting the caption "FEDERAL ASSISTANCE" of section 302 and inserting in lieu thereof "RULES AND REGULATIONS";

(3) deleting the first and second sentences of subsection (a) of section 302 and amending the final sentence thereof by adding ", with or without reimbursement," immediately before "through"; and

(4) deleting ", or economic status" in the second sentence of section 311(a), and adding "or" before "age,".

SEC. 8. Section 303(a) of the Disaster Relief Act of 1974, as amended (42 U.S.C. 5143(a)), is amended by adding at the end thereof the following: "The Federal coordinating officer shall represent the President in coordinating the emergency or the major disaster response and recovery effort.".

SEC. 9. Section 314 of the Disaster Relief Act of 1974, as amended (42 U.S.C. 5154), is amended by redesignating subsections (a), (b), and (c) as (b), (c), and (d), respectively, and by adding at the beginning thereof a new subsection as follows:

"(a) As a condition of assistance, any public facility and private nonprofit facility which is:

"(1) located in a special flood hazard area as identified by the Director pursuant to the National Flood Insurance Act of 1968, as amended (42 U.S.C. 4001 et seq.);

"(2) damaged or destroyed by flooding; and

"(3) otherwise eligible for assistance under section 405 of this Act, must be covered, on the date of the flood damage, by reasonable and adequate flood insurance. Assistance under section 405 for any such facility not so covered shall be reduced by the maximum amount of benefits which could have been received had reasonable and adequate flood insurance been in force: *Provided, however,* That this reduction of assistance shall not apply to uninsured facilities where such communities have been identified for less than one year as having special flood hazard areas. The limitations of assistance required by this subsection shall not apply until final regulations are promulgated by the President. Such regulations shall define reasonable and adequate flood insurance.".

SEC. 10. Section 315 of the Disaster Relief Act of 1974, as amended (42 U.S.C. 5155), is amended to read as follows:

"DUPLICATION OF BENEFITS

"SEC. 312. (a) Agencies or other organizations providing Federal assistance for needs or losses resulting from a major disaster or emergency shall assure that no person, business concern, or other entity receives any such Federal assistance if said person, business concern, or entity receives or is entitled to receive benefits for the same purpose from insurance or any other Federal or non-Federal source: *Provided,* That nothing in this section shall prohibit the provision of Federal assistance to a person, business concern, or other entity who is or may be entitled to receive benefits for the same purposes from insurance or any other Federal or non-Federal source when any such applicant for Federal assistance has not received such other benefits by the time of application for Federal assistance, so long as the applicant for Federal assistance agrees as a condition of receipt of Federal assistance to repay duplicative assistance from insurance or any other Federal or non-Federal source to the agency or other organizations providing the Federal assistance. The President shall establish such procedures as are deemed necessary to insure uniformity in preventing such duplication of benefits. Receipt of partial benefits for a loss or need resulting from a major disaster or emergency does not preclude provision of additional Federal assistance for any part of such loss or need for which benefits have not been provided.

"(b) A person, business concern, or other entity receiving Federal assistance for needs or losses resulting from a major disaster or emergency shall be liable to the United States to the extent that such Federal assistance has duplicated benefits available to the person, business concern, or other entity for the same purpose from insurance or any other Federal or non-Federal sources. The agency or other organization which provided the duplicative assistance shall collect such duplicative assistance from the recipient in accordance with the Claims Collection Act of 1966, as amended, when in the best interest of the Government. The repayment shall not exceed the amount of Federal assistance received.

"(c) Federal disaster assistance and comparable disaster assistance provided by States, local governments, and disaster assistance organizations to individuals and families shall not be considered as income or a resource when determining eligibility or benefit levels for federally funded income

assistance or resource tested benefit program.".

SEC. 11. (a) Title III of the Disaster Relief Act of 1974, as amended (42 U.S.C. 5141-5158), is amended by adding at the end thereof four new sections as follows:

"PROTECTION OF ENVIRONMENT

"SEC. 315. No action taken or assistance provided pursuant to section 402, 403, 406, 502, or 503 of this Act, or any assistance provided pursuant to section 405 of this Act that has the effect of restoring facilities substantially as they existed prior to the disaster, shall be deemed a major Federal action significantly affecting the quality of the human environment within the meaning of the National Environmental Policy Act of 1969 (83 Stat. 852). Nothing in this section shall alter or affect the applicability of the National Environmental Policy Act of 1969 (83 Stat. 852) to other Federal actions taken under this Act or under any other provisions of law.

"RECOVERY OF FUNDS

"SEC. 316. The Attorney General of the United States is authorized to institute actions in the United States District Court for the district in which an emergency or major disaster occurred, or in such district as otherwise provided by law, against any party whose acts or omissions may in any way have caused or contributed to the damage or hardship for which Federal assistance is provided pursuant to this Act. Upon the showing that an emergency or major disaster or the associated damage or hardship was caused in whole or in part by an act or omission of such party, then such party shall be liable to the United States for the full amount of Federal expenditures made to alleviate the suffering or damage attributable to such act or omission. The authority of this section shall also apply to the recovery of Federal funds expended under the authority of section 419 of this Act for fire suppression.

"AUDITS AND INVESTIGATIONS

"SEC. 317. (a) The President, when deemed necessary to assure compliance with any provision of this Act or related regulations, shall conduct audits and investigations and in connection therewith may enter such places and inspect such records and accounts and question such persons as deemed necessary to determine the facts relative thereto.

"(b) The President, when deemed necessary to assure compliance with any provision of this Act or related regulations, may require audits by State and local governments in connection with assistance provided under the Act.

"(c) The President and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access, for purposes of investigation, audit, and examination, to any books, documents, papers, and records of any person or entity relating to any activity or program undertaken or funded pursuant to this Act.

"CRIMINAL AND CIVIL PENALTIES

"SEC. 318. (a) Any person, organization, or other entity who knowingly makes a false statement or representation of a material fact, or who knowingly fails to disclose a material fact, in any application or other document in connection with a request for assistance under this Act, or who knowingly falsifies or withholds, conceals, or destroys any documents, books, records, reports, or statements upon which such request for assistance is based, shall be fined not more than $10,000 or imprisoned for not more than one year, or both, for each violation.

"(b) Any person, organization, or other entity who knowingly makes a false statement or representation of a material fact, or who knowingly fails to disclose a material fact, in any bill, invoice, claim, or other document requesting reimbursement for work or services performed in connection with assistance provided under this Act, or who knowingly falsifies or withholds, conceals, or destroys any documents, books, records, reports, or statements upon which such request for reimbursement is based, shall be fined not more than $10,000 or imprisoned for not more than one year, or both, for each violation.

"(c) Any person, organization, or other entity who knowingly misapplies the proceeds of a loan or other cash benefit obtained under any section of this Act shall be subject to a fine in an amount equal to one and one-half times the misapplied amount of the loan or cash benefit.

"(d) Whenever it appears that any person, organization, or other entity has violated or is about to violate any provision of this Act, including rules and regulations issued and civil penalties imposed, the Attorney General may bring a civil action for such relief as may be appropriate. Such action may be brought in the district court of the United States having jurisdiction where the violation occurred or, at the option of the parties, in the United States District Court for the District of Columbia.

"(e) The President, or the duly authorized representative of the President, shall expeditiously refer to the Attorney General of the United States for appropriate action such evidence developed in the performance of functions under this Act as may be found to warrant consideration for criminal prosecution under the provisions of this Act or other Federal law.".

(b) Title III of the Disaster Relief Act of 1974, as amended, is amended by deleting subsections (a) and (c) of section 317 (42 U.S.C. 5157), and by renumbering "(b)" from the remaining subsection of section 317 as subsection "(f)" of amended section 318.

(c) Title IV of the Disaster Relief Act of 1974, as amended, is amended by deleting section 405 (42 U.S.C. 5175) and by renumbering subsequent sections appropriately.

SEC. 12. Title IV of the Disaster Relief Act of 1974, as amended (42 U.S.C. 5171-5189), is amended by adding three new sections as follows and by renumbering subsequent sections appropriately:

"PROCEDURES

"SEC. 401. (a) All requests for a declaration by the President that a major disaster exists shall be made by the Governor of the affected State. Such Governor's request shall be based upon a finding that the disaster is of such severity and magnitude that effective response is beyond the capabilities of the State and the affected local governments and that Federal assistance is necessary. As a part of this request, and as a prerequisite to major disaster assistance under the Act, the Governor shall take appropriate action under State law and direct execution of the State's emergency plan. He shall furnish information on the extent and nature of State resources which have been or will be used to alleviate the conditions of the disaster, and shall certify that for the current disaster, State and local government obligations and expenditures (of which State commitments must be a significant proportion) will constitute the expenditure of a reasonable amount of the funds of such State and local governments for alleviating the damage, loss, hardship, or suffering resulting from such disaster, including, but not limited to, the cost-sharing provisions pursuant to sections 405, 406, 407, and 410 of this Act. Based upon such Governor's request, the President may declare that a major disaster exists.

"(b) In any case where an eligible applicant (or the State) is unable to assume its financial responsibility under the cost-sharing provisions of sections 405, 406, and 407 of this Act, the President is authorized to lend or advance to the State such 25 per centum share. For the purposes of section 405, such loan or advance shall be authorized only after the occurrence of concurrent, multiple major disasters in a given jurisdiction, or the extraordinary costs of a particular major disaster, and when the damages caused by such major disasters are so overwhelming and severe that it is not possible for the applicant or the State to assume their financial responsibility under this Act immediately. Except as provided by subsection (c) of this section any such loan or advance is to be repaid to the United States; there shall be no deferral of the repayment of loans or advances authorized by this subsection or of accrued interest. Such obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current market yields on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the reimbursement period of the loan or advance.

"(c) The President may cancel all or any part of such loan or advance made regarding section 405 or section 406 for concurrent, multiple major disasters or a single catastrophic major disaster if a determination is made that following the three full fiscal years after the loan or advance is made, the applicant demonstrates substantial and continuing inability to repay all or part of the loan or advance.

"(d) The President shall issue regulations describing the terms and conditions under which any loans or advances authorized by this section may be made or cancelled.

"FEDERAL ASSISTANCE

SEC. 402. In any major disaster, the President may—

"(a) direct any Federal agency with or without reimbursement to utilize its authorities and the resources granted to it under other Acts including, but not limited to, personnel, equipment, supplies, facilities, and managerial, technical, and advisory services in support of State and local assistance efforts;

"(b) coordinate all Federal agencies and voluntary relief or disaster assistance organizations providing disaster assistance, and coordinate disaster assistance with State and local officials; and

"(c) provide technical and advisory assistance to affected State and local governments in the performance of essential community services, warning of risks and hazards, public information and assistance in health and safety measures, management and control, and reduction of immediate threats to public health and safety.

"COOPERATION OF FEDERAL AGENCIES IN RENDERING DISASTER ASSISTANCE

"SEC. 403. (a) In any major disaster, Federal agencies are hereby authorized, on the direction of the President, to provide assistance by—

"(1) utilizing or lending, with or without compensation therefor, to States and local governments, their equipment, supplies, facilities, personnel, and other resources, other than the extension of credit under the authority of any Act;

"(2) distributing or rendering, through the American National Red Cross, the Salvation Army, the Mennonite Disaster Service, and other relief and disaster assistance organizations, or otherwise, medicine, food, and other consumable supplies, other services to disaster victims, or emergency assistance;

"(3) donating or lending equipment and supplies, including that determined in accordance with applicable law to be surplus to the needs and responsibilities of the Federal Government, to State and local governments for use or distribution by them for the purposes of this Act; and

"(4) performing on public or private lands or waters any emergency work or services essential to save lives and to protect and preserve property, public health and safety, including, but not limited to: Search and rescue, emergency medical care, emergency mass care, emergency shelter, and provisions of food, water, medicine, and other essential needs, including movement of supplies or persons; construction of temporary bridges necessary to the performance of emergency tasks and essential community services; provision of temporary facilities for schools and other essential community services; warning of further risks and hazards; public information and assistance on health and safety measures; technical advice to State and local governments on disaster management and control; reduction of immediate threats to life, property, and public health and safety; and making contributions to State or local governments for the purpose of carrying out the provisions of this paragraph. Such contributions for emergency work under this section and section 402 of this Act shall not exceed 100 per centum of the net eligible cost, or for small projects 100 per centum of the Federal estimate of the net eligible cost, of such emergency work or services performed by State and local governments: *Provided*, That where debris removal assistance is appropriate under this section or section 402 of this Act it shall be provided in accordance with the terms and conditions of section 406 of this Act."

SEC. 13. (a) Section 402 of the Disaster Relief Act of 1974, as amended (42 U.S.C. 5172), is amended to read as follows:

"(a) The President is authorized to make contributions to State or local governments, to help repair, restore, reconstruct, or replace public facilities belonging to such State or local government which were damaged or destroyed by a major disaster. Notwithstanding any other provision of law, such contributions shall be limited to 75 per centum of the net eligible cost, or for small projects 75 per centum of the Federal estimate of the net eligible cost, of repairing, restoring, reconstructing, or replacing any such facility estimated on the basis of the design of such facility as it existed immediately prior to such major disaster and in conformity with current applicable codes, specifications, and standards. For the purposes of this section, 'public facility' includes any publicly owned flood control, navigation, irrigation, reclamation, public power, sewage treatment and collection, water supply and distribution, watershed development, or airport facility, any non-Federal-aid street, road, or highway, any other public building, structure, or system including those used for educational or recreational purposes, and any park.

"(b) The President is authorized to make contributions to help repair, restore, reconstruct, or replace eligible private nonprofit facilities which were damaged or destroyed by a major disaster. Notwithstanding any other provision of law, such contributions shall be limited to 75 per centum of the net eligible cost, or for small projects 75 per centum of the Federal estimate of the net eligible cost, of repairing, restoring, reconstructing, or replacing any such facility estimated on the basis of the design of such facility as it existed immediately prior to such major disaster and in conformity with current applicable codes, specifications, and standards. For the purposes of this section, 'eligible private nonprofit facility' means private nonprofit educational, utility, emergency, medical, and custodial care facilities, including those for the aged and disabled, and such private nonprofit facilities on Indian reservations, which were damaged or destroyed by a major disaster.

"(c) No authority under this section shall be exercised unless the affected State, local government, or eligible private nonprofit organization first agrees that such facility shall be repaired, restored, reconstructed, or replaced in compliance with flood plain management and hazard mitigation criteria required by the President, with the provisions of the Coastal Barrier Resources Act and other applicable Federal statutes, and in conformity with other applicable codes, specifications, and standards, except as otherwise provided in section 315 of this Act.

"(d) For those facilities eligible under this section which were in the process of construction when damaged or destroyed by a major disaster, the contribution shall be based on 75 per centum of the net eligible costs of restoring such facilities substantially to their predisaster condition: *Provided*, That the term 'net eligible costs' shall not include costs which, under a contract, are the responsibility of a contractor.

"(e) In those cases, except for small projects, where a State or local government determines that public welfare would not be best served by repairing, restoring, reconstructing, or replacing particular public facilities owned or controlled by that State or that local government which have been damaged or destroyed in a major disaster, it may elect to receive, in lieu of the contribution described in subsection (a) of this section, a contribution based on 50 per centum of the Federal estimate of the net eligible cost of repairing, restoring, reconstructing, or replacing such damaged facilities owned by it within its jurisdiction. The cost of repairing, restoring, reconstructing, or replacing damaged or destroyed public facilities shall be estimated on the basis of the design of each such facility as it existed immediately prior to such disaster and in conformity with current applicable codes, specifications, and standards. Funds contributed under this subsection may be expended either to repair or restore certain selected damaged public facilities or to construct new public facilities which the State or local government determines to be necessary to meet its needs for governmental services and functions in the disaster-affected area.".

(b) The Disaster Relief Act of 1974, as amended, is amended by deleting section 419 (42 U.S.C. 5189) and by striking "or 419" each place that this phrase appears in section 314 (42 U.S.C. 5154).

(c) Section 403 of the Disaster Relief Act of 1974, as amended (42 U.S.C. 5173), is amended by adding at the end thereof the following:

"(c) Notwithstanding any other provision of law, whether carried out directly through Federal departments, agencies, or instrumentalities or through grants to State or local governments, Federal assistance provided under authority of this section shall not exceed 75 per centum of the net eligible costs, or for small projects 75 per centum of the Federal estimate of the net eligible costs, of debris removal.".

SEC. 14. Section 404(a) of the Disaster Relief Act of 1974 is amended to read as follows:

"(a) The President is authorized to provide, either by purchase or lease, temporary housing including, but not limited to, unoccupied habitable dwellings, suitable rental housing, mobile homes, or other readily fabricated dwellings for those who, as a result of a major disaster, require temporary housing. Whenever he determines it to be in the public interest, the President is authorized to provide temporary housing assistance by using Federal departments, agencies, or instrumentalities. In addition, the President is authorized to provide temporary housing assistance by contributing not to exceed 100 per centum (or 75 per centum for group site development pursuant to paragraph (2) of this subsection) of the costs of temporary housing assistance to a State or local government which provides such assistance to those who require it as a result of a major disaster. Federal financial and operational responsibilities for temporary housing assistance shall not exceed eighteen months from the date of the major disaster declaration by the President, unless he determines that due to extraordinary circumstances it would be in the public interest to extend the eighteen month period.

"(1) Temporary housing assistance pursuant to this subsection shall be provided only when adequate alternative housing is unavailable, unless there is compelling need to do so because of extreme hardship. The assistance to be provided shall be determined by the President taking into account the fair market value of the accommodations being supplied and the post-disaster financial ability of the occupant.

"(2) Any mobile home or other readily fabricated dwelling supplied pursuant to this subsection shall be placed on a site complete with utilities provided either by the State or local government, or by the owner or occupant of the site who was displaced by the major disaster. When the President determines such action to be in the public interest, he may authorize installation of essential utilities at Federal expense and he may elect to provide other more economical or accessible sites. However, in the event the President authorizes the development of a group site, that is, a site for two or more households, the Federal share shall be limited to 75 per centum of the development costs, and the remainder shall be met by funds provided by the State or local government."

SEC. 15. Section 406 of the Disaster Relief Act of 1974, as amended (42 U.S.C. 5176), is amended by adding "(a)" after "406." and by adding a new subsection "(b)" as follows:

"(b) The President is authorized to contribute up to 50 per centum of the cost of implementing hazard mitigation projects which he has determined would be cost effective and would substantially reduce the risk of future damage, hardship, loss or suffering in the area affected by a major disaster. Such projects shall be identified following

the evaluation of natural hazards provided for in subsection (a) of this section and shall be subject to approval by the President. The total of the contributions made under this subsection shall not exceed 2.5 per centum of the Federal estimate of grants made under the authority of section 405 of this Act for each major disaster.".

SEC. 16. Section 407(a) of the Disaster Relief Act of 1974, as amended (42 U.S.C. 5177), is amended to read as follows: "The President is authorized to provide such disaster unemployment assistance as he deems appropriate to individuals who are unemployed as a result of a major disaster. Disaster unemployment assistance authorized by this section shall be available to an eligible individual for a period not to exceed fifty-two weeks after the week in which an eligible individual became unemployed as a result of a major disaster, and such period shall be regarded as the disaster assistance period for that individual for the purposes of this section. Disaster unemployment assistance shall not be payable with respect to any week for which an individual is entitled to unemployment compensation (as defined in section 85(c) of the Internal Revenue Code of 1954, as amended) or waiting week credit. The maximum amount of disaster unemployment assistance payable to any individual with respect to a major disaster shall not exceed twenty-six times the maximum weekly amount for which the individual establishes eligibility minus the amount of any unemployment compensation paid to the individual during the fifty-two week benefit period established pursuant to this section. Such assistance for a week of unemployment shall not exceed the maximum weekly amount authorized under the unemployment compensation law of the State in which the disaster occurred, and the amount of assistance under this section for a week of unemployment shall be reduced by any amount of private income protection insurance compensation available to such individual for such week of unemployment. The payment of unemployment compensation to an individual with respect to any week subsequent to the exhaustion of eligibility of such individual for disaster unemployment assistance and within the fifty-two week benefit period established pursuant to this section shall not be regarded as duplication of benefits under section 312 of this Act. The President is directed to provide disaster unemployment assistance through agreements with States which, in his judgment, have an adequate system for administering such assistance through existing State agencies."

SEC. 17. (a) Section 408(b) of the Disaster Relief Act of 1974, as amended (42 U.S.C. 5178), is amended by adding a period after the word "share" in the second sentence of that subsection and by deleting the following phrase from the second sentence of section 408(b): "and any such advance is to be repaid to the United States when such State is able to do so.".

(b) Section 408(b) of the Disaster Relief Act of 1974, as amended, is further amended by adding the following sentence between the second and third sentences of this subsection: "Such advances shall bear interest from the date of the advance at a rate determined by the Secretary of the Treasury, taking into consideration the current market yields on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the reimbursement period of the loan or advance. Repayment of such advances and of interest which accrues on the advances may be deferred for no longer than two years from the date of the major disaster declaration.".

SEC. 18. Section 408(d) of the Disaster Relief Act of 1974, as amended (42 U.S.C. 5178), is amended by adding at the end thereof the following new sentence: "Whenever a State demonstrates efficiency by promptly completing all grants to eligible individuals and families within the period prescribed by the President, the State may be reimbursed for 50 per centum of those administrative expenses which exceed 3 per centum of the Federal grant made under subsection (a) of this section.".

SEC. 19. Section 413 of the Disaster Relief Act of 1974, as amended (42 U.S.C. 5183), is amended by striking "(through the National Institute of Mental Health)".

SEC. 20. Section 418(d) of the Disaster Relief Act of 1974 (42 U.S.C. 5188) is deleted.

SEC. 21. Section 606 of the Disaster Relief Act of 1974, as amended (42 U.S.C. 5202), is amended to read as follows: "There are authorized to be appropriated to the President to carry out this Act $100,000,000 for fiscal year 1985, $325,000,000 for fiscal year 1986, and $325,000,000 for fiscal year 1987, and to the Federal Emergency Management Agency for administrative expenses, $6,487,000 for fiscal year 1985, $8,237,000 for fiscal year 1986, and $9,137,000 for fiscal year 1987.".

SEC. 22. The Disaster Relief Act of 1974 (Public Law 93-288), as amended, is amended by—

(1) striking paragraph (7) of section 101(b) (42 U.S.C. 5121), striking "; and" from paragraph (6) and adding in lieu thereof a period, and adding "and" at the end of paragraph (5);

(2) striking "the Canal Zone," in paragraphs (3) and (4) of section 102 (42 U.S.C. 5122);

(3) striking "disaster" in the caption of title III (42 U.S.C. 5141-5158) and inserting in lieu thereof

"MAJOR DISASTER RELIEF AND EMERGENCY";

(4) striking "section 402 or 404 of" in section 311(b) (42 U.S.C. 5151);

(5) adding "emergency or" before the word "major" each of two places that word appears in section 310 (42 U.S.C. 5150);

(6) striking in section 313(b) (42 U.S.C. 5153) everything after the word "areas" and inserting in lieu thereof a period;

(7) striking "or section 803 of the Public Works and Economic Development Act of 1965," each place the phrase appears in section 314 (42 U.S.C. 5154);

(8) striking "402" each place that number appears in section 314 (42 U.S.C. 5154) and inserting in lieu thereof "405";

(9) adding "emergency and major" before the word "disaster" in section 316 (42 U.S.C. 5156);

(10) adding the word "MAJOR" between the words "FEDERAL" and "DISASTER" in the caption to title IV (42 U.S.C. 5171-5189);

(11) striking "in emergencies or in major disasters" in the third sentence of paragraph (2) of section 404(d) (42 U.S.C. 5174);

(12) striking "311" in section 404(d)(2) (42 U.S.C. 5174) and inserting in lieu thereof "308";

(13) striking "an emergency or" in section 415 (42 U.S.C. 5185) and inserting in lieu thereof "a";

(14) striking "408" in section 605 (42 U.S.C. 5121) and inserting in lieu thereof "410";

(15) striking "301" in subtitle C of title I of the State and Local Fiscal Assistance Act of 1972 (Public Law 92-512; 86 Stat. 919) and inserting in lieu thereof "401";

(16) striking "President" each place that word appears in section 312(a) and inserting in lieu thereof "Federal coordinating officer".

(17) striking "rent" in section 313(a)(2) (42 U.S.C. 5153) and inserting in lieu thereof "income"; and

(18) striking paragraph (1) of section 313(a) (42 U.S.C. 5153) and renumbering subsequent paragraphs appropriately.

SEC. 23. (a) Section 6(a)(6)(E) of the Coastal Barrier Resources Act, 16 U.S.C. 3505(a)(6)(E), is amended by striking out "pursuant to sections 305 and 306 of the Disaster Relief Act 1974" and inserting in lieu thereof "pursuant to section 402, 403, 502, and 503 of the Major Disaster Relief and Emergency Assistance Act".

(b) Whenever any reference is made in any provision of law (other than this Act), regulation, rule, record, or document of the United States to provisions of the Disaster Relief Act of 1974 repealed by this Act or renumbered by this Act, such reference shall be deemed to be a reference to the appropriate provisions of the Major Disaster Relief and Emergency Assistance Act.

SEC. 24. This Act shall be effective ninety days after enactment, except it shall not affect the administration of any assistance provided under authority of the Disaster Relief Act of 1974, as amended, for any major disaster or emergency declared by the President prior to the effective date: *Provided*, That (execpt with regard to section 409(a) (relating to disaster unemployment assistance), regulations issued under statutory provisions which are repealed, modified, or amended by this Act shall continue in effect as though issued under the authority of this Act until they are expressly abrogated, modified, or amended by the President. Provision of disaster assistance authorized by statutory provisions repealed, modified, or amended by this Act or regulations issued thereunder, or proceedings involving violations of statutory provisions repealed, modified, or amended by this Act or regulations issued thereunder which are in process prior to the effective date of this Act, may be continued to conclusion as though the applicable statutory provisions had not been repealed, modified, or amended. Violations of statutory provisions or regulations issued under the authority of statutory provisions repealed, modified, or amended by this Act or regulations issued thereunder which are committed prior to the effective date of this Act may be proceeded against under the law in effect at the time of the specific violation.

FEDERAL EMERGENCY MANAGEMENT AGENCY

44 CFR Part 205

DISASTER ASSISTANCE; ELIGIBILITY OF COSTS OF PUBLIC ASSISTANCE TO STATE AND LOCAL GOVERNMENTS

Agency: Federal Emergency Management Agency.

Action: Proposed rule.

Summary: This proposed rule makes changes to the Federal Emergency Management Agency (FEMA) disaster assistance regulations implementing the Disaster Relief Act of 1974, Pub. L. 93-288. Changes are made in the eligibility of costs of public assistance to State and local governments. This is being done in recognition of the commitment to the disaster effort now

being made by applicants in the form of cost sharing of eligible costs.

Dates: Comments by: June 4, 1984.

Address: Send Comments to: Rules Docket Clerk, Office of General Counsel, Room 835, Federal Emergency Management Agency, 500 C Street SW, Washington, D.C. 20472.

For further information contact: Charles B. Stuart, Federal Emergency Management Agency, 500 C Street SW., Washington, D.C. 20472, telephone 202/287-0580.

Supplementary information: Federal disaster assistance under Pub. L. 93-288 is intended to supplement State and local capabilities and efforts to cope with a disaster, but not to supplant them. A Governor's request for a declaration of a major disaster or emergency must be supported by certification that State and local applicants have committed or will commit a reasonable amount of funds to cope with the disaster. Past commitments were accepted recognizing that some disaster related costs of the types not eligible under Pub. L. 93-288 were defrayed by grant recipients from their own funds. Other disaster related costs may be incurred by grant recipients directly or indirectly for which auditable records are not maintained and for which no Federal assistance could be claimed.

Currently the commitment by the State and local grantees is partially satisfied by a contribution of a percentage of the cost of eligible grant assistance. The amount of this percentage is determined on a case-by-case basis for each disaster. Taking into consideration this cost sharing as a portion of the State and local commitment, and the statutory requirement that the public assistance be supplementary, FEMA is considering changes to the eligibility of costs. Discussions were held with representatives of the National Emergency Management Association (NEMA) on this subject. Their recommendations have been taken into account in formulating the proposed changes.

S. 1525, a bill to amend the Disaster Relief Act of 1974 is currently pending in the Senate. S. 1525 is essentially the same as the bill (S. 2250) which passed the Senate during the 97th Congress. S. 1525 addresses the issue of State and local commitments and would establish a cost sharing formula as part of the law. The changes in cost eligibility in this proposed rule are consistent with FEMA's proposed changes to Pub. L. 93-288 and with the intent of the Senate expressed in the passage of S. 2250.

Passage of S. 1525 may require changes to disaster assistance regulations in areas other than cost eligibility, the following changes in the cost eligibility subsection of the regulation (44 CFR 205.76) are proposed:

(a)(1) Definitions of total eligible costs and net eligible costs are given to reflect sharing of costs by Federal and non-Federal interests. Selected other criteria are clarified.

(a)(7)(i) Administrative Expenses—A previous revision to these regulations (August 13, 1980) considered whether certain costs should be made eligible in accordance with OMB Circular 74-4 (Now A-87). At that time the decision on certain indirect costs was deferred until further consultation could be conducted with the Office of Management and Budget. This proposed change makes eligible an allowance for administrative expenses and provides a method for calculation of such an allowance. The percentage allowances for applicants' administrative costs were arrived at through FEMA's experience in dealing with disaster claims. While these costs have not been eligible in the past and therefore were not included in assistance claims, applicants have frequently advised us of the impact of these costs. In accordance with the supplementary nature of FEMA assistance under Pub. L. 93-288 the allowance will cover only the extraordinary expenses incurred as a direct result of a disaster. The percentage is an average of a sample of a number of different communities. It will be the same for all applicants. This practice has worked well for a number of years in the allowances for the use of applicant owned equipment to perform eligible disaster work.

(a)(7)(iii) The proposed change makes the cost of State audits required by FEMA an eligible cost.

(a)(7)(iv) The proposed change makes certain costs of State inspectors eligible.

(a)(19) National Guard—Most types of National Guard expenses would now be eligible, including security work.

(a)(22) Prison Labor—Certain costs of guards and food and lodging for prisoners and guards would be eligible.

(b)(2)(iv) Fringe Benefits—These costs have also been considered in accordance with the guidance of OMB Circular A-87. Certain fringe benefits paid by an employer for an applicant's employees would be eligible for reimbursement. The fringe benefits for which an allowance is made are those which represent extraordinary costs as a direct result of the disaster. Disaster recovery work generally results in the diversion of an applicant's employees from their regular duties. The increased hours of work will affect only certain types of fringe benefits such as the employer's Social Security contribution and similar payments. Other benefits, such as vacation or sick leave, are not affected by overtime work. The principal of paying only for certain costs is in accordance with the supplementary nature of Federal disaster assistance under Pub. L. 93-288. A fixed percentage allowance is proposed because the costs of the benefits included vary among the different state and local governments. In addition, in some states not all employees are covered by the particular benefits. A percentage of 10.5 percent was arrived at after consultation with other Federal agencies. It is made up of the following allowances: employee retirement (Social Security or other)—7 percent; unemployment insurance—1.5 percent; and worker's compensation—2 percent. For those grants where payment is based on the estimate of the cost of work, this percentage shall be used for fringe benefits. Grants in this category are flexible funding, grants-in-lieu, and small project grants (under $25,000). For other categorical grants, the applicant will have a choice of using this percentage or of submitting documentation in support of different rates for the three coverages. The use of a set percentage would expedite the processing of these grants. Estimating and accounting for these costs for each applicant could result in delays. This would be particularly significant for the 80 percent of applicants which receive small project grants under $25,000. This is because Pub. L. 93-288 provides simplified procedures to expedite payment to these applicants. It would be inconsistent to complicate the procedures unnecessarily.

Environmental Considerations—This amendment is administrative in nature and is categorically excluded from the requirements of 44 CFR Part 10 concerning preparation of environmental assessments.

Executive Order 12291, "Federal Regulations"—This rule is not a "major rule" within the context of Executive Order 12291. It will not have an annual effect on the economy of $100 million or more.

The rule will not have a significant economic impact on small entities, within the meaning of 5 U.S.C. 605 (the Regulatory Flexibility Act). Therefore, no regulatory analysis will be prepared.

This rule does not call for the collection of any information.

Authority: This rule is issued under authority of Section 601 of the Disaster Relief Act of 1974 (Pub. L. 93-288), as amended by Pub. L. 96-446.

Lists of Subjects in 44 CFR Part 205.

Disaster assistance, Grant programs, Housing and community development.

PART 205—FEDERAL DISASTER ASSISTANCE

Accordingly, Subchapter D of Chapter 1, Title 44 is proposed to be amended as follows:

1. Section 205.76 is amended by revising paragraph (a)(1) to read as follows:

§ 205.76 Eligibility of costs.

(a) *General.* (1) This section provides policies and guidelines for determining eligibility of costs of work eligible under the Act that may be paid to any eligible applicant or other recipient of this grant assistance. As used in this section, eligible costs include total costs that are subject to costs sharing and are otherwise reimbursable under these regulations. The applicable cost sharing percentages must be used to determine net eligible costs which may be approved and reimbursed by FEMA. The subparagraphs which follow are generally applicable to eligibility of costs. Only reasonable costs of eligible work are reimbursable.

* * * * *

2. Section 205.76 is amended by revising paragraphs (a)(2) (i), (iv) and (vii) to read as follows:

(a) * * *

(2) * * *

(i) Be necessary and reasonable for proper and efficient administration of the grant programs, be allocable thereto under these principles, and, except as specifically provided herein, not be a general expense required to carry out the overall responsibilities of State, local or Federally-recognized Indian tribal governments. Costs of projects must be directly attributable to the performance of eligible work. Indirect costs incurred as a result of the disaster are covered by the allowance for administrative expenses (see § 205.76(a)(7)).

* * * * *

(iv) Be consistent with policies, regulations, and procedures (of the applicant) that apply uniformly to both federally assisted and other activities of the unit of government of which the grantee is a part.

* * * * *

(vii) Be net of all applicable credits which offset or reduce eligible disaster costs. Examples are purchase discounts, insurance recoveries and salvage.

* * * * *

3. Section 205.76 is amended by revising paragraph (a)(4) to read as follows:

(a) * * *

(4) The amount of Federal reimbursement made to an applicant under categorical funding or under a small project grant is limited to the net eligible cost of performing work approved by FEMA. This limitation is not intended to restrict the type and cost of work which the applicant may choose to undertake. If the applicant performs work in

excess of the approved amount, Federal assistance is limited to the net costs of eligible work approved by the Regional Director. Flexible funding under section 402(f) of the Act is limited to 90 percent of the net estimated costs of eligible permanent restorative work.

* * * * *

4. Section 205.76 is amended by revising paragraph (a)(7) to read as follows:

(a) * * *

(7) Administrative Expenses.

(i) An allowance to cover expenses attributable to requesting, obtaining, and administering FEMA grant assistance is eligible in accordance with the following:

(A) For those applicants whose total eligible costs are less than $100,000, such allowance shall be three percent of total eligible costs (estimated costs for recipients of small project grants).

(B) For those applicants whose total eligible costs exceed $100,000 but are less than $1,000,000, such allowance shall be $3,000 plus two percent of total eligible costs in excess of $100,000.

(C) For those applicants whose total eligible costs exceed $1,000,000 but are less than $5,000,000, such allowance shall be $21,000 plus one percent of total eligible costs in excess of $1,000,000.

(D) For those applicants whose total eligible costs exceed $5,000,000 such allowance shall be $61,000 plus one-half percent of total eligible costs in excess of $5,000,000.

(ii) Subject to the limitations stated in subsection (7)(i) above, the allowance for administrative expenses includes, but is not limited to, the following types of work:

(A) Preparation of project applications, reports, appeals, inspection reports, materials for audits, and claims for payment.

(B) Performance of owners' responsibilities.

(C) Operation of Emergency Operations Center.

(D) Salaries, wages, fees, and expenses of individuals or firms while engaged in the preparation and processing of damage assessments, damage survey reports, project applications, claims for payment and supporting documentation.

(E) Office supplies and equipment.

(F) Rent.

(G) Telephone and telegraph expenses.

(iii) Reasonable actual costs of State audits, when determined necessary by FEMA, are eligible to be included in total eligible costs. Costs of such audits shall not exceed one percent of audited eligible costs, unless written justification for higher costs is submitted to FEMA.

(iv) Reasonable actual costs, as determined by FEMA, of State inspectors engaged in preparation of Damage Survey Reports and Final Inspection Reports and related field inspections, are eligible. These costs are subject to the following limitation: Reimbursement may be made for travel, per diem, and overtime, but not regular time salaries.

* * * * *

5. Section 205.76 is amended by revising paragraphs (a) (19) and (20) to read as follows:

(a) * * *

(19) National Guard—Actual costs paid by the State for eligible work performed by the National Guard including salaries of Guardsmen directly engaged in eligible work or in direct supervision of such work are eligible. Eligible work includes public safety or security measures as well as other types of work eligible under these regulations.

(2) Cooperative agreements.

(i) Eligible: Costs for work performed under cooperative arrangements between State or local governments, but limited to those direct costs of the performing entity which the applicant is legally obligated to pay and which would be eligible if the applicant had performed the work.

(ii) Not eligible: Costs for work performed under an arrangement between a State or political subdivision of a State and a Federal agency, except when approved in advance by the Regional Director.

* * * * *

6. Section 205.76 is amended by revising paragraph (a)(22) to read as follows:

(a) * * *

(22) Prison labor.

(i) Eligible: Out-of-pocket costs of prison labor performing eligible disaster work, limited to the amount paid the prisoners in accordance with rates established prior to the disaster, and the cost of transportation. In addition the portion of the following costs which are in excess of regular budgeted amounts, are eligible for reimbursement:

(A) Cost of food and lodging for prisoners, and

(B) Salaries of guards.

* * * * *

7. Section 205.76 is amended by revising paragraph (a)(29) to read as follows:

(a) * * *

(29) Other. Any costs not allowable under OMB Circular A-87 are ineligible for FEMA reimbursement.

* * * * *

8. Section 205.76 is amended by adding paragraph (b)(2)(iii) and (iv) as follows:

* * * * *

(b) * * *

(2) * * *

(iii) An allowance in the amount of 10.5 percent of each regular or extra employee's eligible gross pay to cover employer's contributions for Social Security, unemployment insurance coverage and worker's compensation insurance is eligible. This eligibility will apply only to the extent that total compensation for employees is eligible as defined by paragraph § 205.76(b) (i) and (ii).

(iv) Actual payment for fringe benefits for small project grants, grants-in-lieu, and flexible funding will be the percentage established in § 205.76(b)(2)(iii). Payment for fringe benefits for categorical grants may be such percentage or actual costs for such coverages at the applicant's choice. Documentation of actual costs of retirement benefits, unemployment insurance and worker's compensation must be provided with the applicant's final claim if that method of payment is chosen.

9. Section 205.76 is amended by revising paragraph (b)(3)(ii) to read as follows:

* * * * *

(b) * * *

(3) * * *

(ii) For vehicles or equipment utilized by police, firemen, and other employees whose duties do not change because of the major disaster or emergency; and for permanently installed fixed equipment, such as pumping stations, only disaster-related actual costs in excess of average costs are eligible. Average costs shall be calculated by using a like duration of time, or the closest duration for which auditable records are available, for the previous three years. Years in which a Presidentially declared major disaster occurred during the period being examined shall not be included in the average.

10. Section 205.76 is amended by removing paragraph (b)(3)(iii).

11. Section 205.76 is amended by revising paragraph (d)(7) to read as follows:

* * * * *

(d) * * *

(7) *Vector control.* Only disaster-related acutal costs in excess of the average cost for a like duration of time, or the closest duration for which auditable records are available, for the previous three years, are eligible. Years in which a Presidentially declared major disaster occurred during the period being examined shall not be included in the average.

12. Section 205.76 is amended by revising paragraph (e)(2) to read as follows:

* * * * *

(d) * * *

(2) *Engineering and design.* Reimbursement for eligible engineering, planning, design, supervision, or inspection services is based upon reasonable actual direct costs but shall not exceed the amount approved on the project application, or on a supplemental project application. Applicants may not contract for architect/engineers' services on the basis of a percentage of project construction cost, nor make compensation on such basis. The Regional Director may approve special services, such as engineering surveys, soil investigations, resident engineers, and additional construction inspection when justified.

Dated: January 30, 1984.

SAMUEL W. SPECK,
Associate Director,
State and Local Programs and Support.

[FR. Doc. 84-3066 Filed 3-3-84; 8:45 a.m.]

Billing Code 67-18-01-M●

● Mr. BURDICK. Mr. President, I am glad to join as a cosponsor of the Disaster Relief Act Amendments of 1984. I remind my colleagues that similar legislation passed the Senate unanimously in 1982 but was not acted upon by the House.

For several years, I have been concerned that the Disaster Relief Act of 1974—which I sponsored—has been expanded beyond the original intent of the Congress. The act was written to provide broad, comprehensive authority for Federal assistance following natural disasters such as floods, hurricanes, tornadoes, and volcanoes. For this purpose it has functioned very well over the years in hundreds of disasters throughout the Nation. However, in recent years, the Federal Emergency Management Agency has interpreted the act to provide Federal authority to intervene in any type of catastrophe, whether natural or man made.

I am glad that the bill clarifies the original intent of the Congress by reformulating the definitions of "major disaster" and "emergency." The new definition of "major disaster" limits its meaning to those catastrophic events which are explicitly listed in the act at the present time or any other natural catastrophe. Catastrophes arising from social unrest or economic up-

heaval cannot be considered a "major disaster" under this revised definition for the purposes of invoking a Presidential disaster declaration.

The term "emergency" is redefined to authorize the President to provide Federal assistance in any instance when he determines that such assistance is essential to save lives, to protect property, public health and safety, or to lessen or avert the threat of a catastrophe. In any emergency the President must first invoke other Federal authorities available to him to meet the crisis. The role of the Federal Emergency Management Agency would be limited to providing technical assistance and coordinating the efforts of other Federal agencies under authorities granted to them under other Federal acts. Only after a determination that assistance under other Federal authorities is inadequate to meet the crisis may FEMA directly intervene. Up to $5 million in Federal assistance may be provided for each emergency before the President is required to ask the Congress for additional funds.

Mr. President, a fundamental principle of the Disaster Relief Act is that Federal assistance supplement the efforts and resources of State and local governments. Before the President may make a major disaster declaration, the Governor of the affected State must declare that the disaster is beyond the capability of the State and local governments to respond without Federal assistance. He must also commit State and local resources to the disaster effort and certify that State and local expenditures "will constitute the expenditure of a reasonable amount of the funds of such State and local governments for alleviating the damage, loss, hardship, or suffering resulting from such disaster * * *."

For a number of years, the question of what constitutes a reasonable commitment was resolved on a case-by-case basis through negotiations with the affected non-Federal jurisdictions. State and local governments could not know in advance what their commitment would be in the event of a disaster. This budget uncertainty greatly hampered disaster assistance planning and could slow down response and recovery efforts. In 1980, in the previous administration, beginning with Mount St. Helens disaster, FEMA established a cost-sharing formula whereby State and local governments would be responsible for 25 percent of the costs of repairing or replacing public facilities and of debris removal.

The bill establishes this cost-sharing formula in the statue and should resolve the longstanding and difficult issue of what constitutes a reasonable State and local government commitment in most disasters. I support this provision of the bill and believe it is a needed clarification of the 1974 act. State and local governments will benefit by resolving this issue and establishing in statute the appropriate level of commitment of their resources in disasters to be regarded as the prerequisite for supplemental Federal assistance. It would facilitate budgetary planning by removing a major uncertainty. It would also eliminate redtape and administrative delays that in the past accompanies negotiations to settle the proper cost-sharing arrangements.

I hope that State and local governments will recognize that a non-Federal share of disaster assistance costs is fundamental to the Disaster Relief Act. It has always been required by negotiations following each disaster and by stringent Federal rules and regulations. The cost-sharing provisions of this bill do not establish a new principle. They merely resolve the previously controversial issue of the appropriate level of State and local commitment.

I hope the State and local governments will also not overlook the many changes in this bill which would be beneficial to them, especially the provision of a mechanism to forgive loans made to non-Federal jurisdictions under extraordinary circumstances. While the cost-sharing formula is firmly established under current practice, State and local governments do not now have the protection that would be provided by enactment of this loan forgiveness provision.

Mr. President, in conclusion I reiterate my support of the bill and commend it to my colleagues.●

By Mr. WARNER (for himself, Mr. TOWER, Mr. GOLDWATER, Mr. JEPSEN, Mr. TRIBLE, and Mr. THURMOND):

S. 2519. A bill to amend the Internal Revenue Code of 1954 with respect to deductions for certain expenses incurred by a member of a uniformed service of the United States, or by a minister, who receives a housing or subsistence allowance; to the Committee on Finance.

DEDUCTION FOR PAYMENT OF TAX DEDUCTIBLE HOUSING EXPENSES BY MINISTERS AND MEMBERS OF THE UNIFORMED SERVICES

● Mr. WARNER. Mr. President, today I am introducing legislation, cosponsored by Senators TOWER, GOLDWATER, JEPSEN, TRIBLE, and THURMOND, which would amend the Internal Revenue Code of 1954 in order to protect the total compensation packages of two of the most dedicated and worthy groups in our society: Military personnel and ministers. This bill is an identical companion to H.R. 4548, introduced in the House by my good friend and Virginia colleague, Congressman STAN PARRIS.

The Treasury Department recently approved and then delayed, until January 1985, implementation of a revenue ruling that would require members of the clergy to reduce their deductions for tax deductible housing expenses to the extent they are covered by tax-free allowances. The Internal Revenue Service is now reviewing a proposed revenue ruling that would impose the same requirement on military personnel. Revenue rulings dating back to the early 1960's had confirmed the deduction procedures which cover the clergy and the military. Although this legislation is applicable to taxable years beginning after December 31, 1982, the IRS should not construe that they can apply the current rulings retroactively to taxes paid prior to that date.

Mr. President, both these rulings will have a disastrous impact on the volunteer careers of those in the clergy or military service. Both groups have historically received modest pay. Traditionally, the Congress has provided nondenominational recognition to religious service in general by providing certain tax advantages to places of worship and clergy. All denominations are well aware of that tax benefit when they calculate the total package of compensation they provide for their ministers. Depriving them of this modest concession will only put a new burden on the already severely strained budgets of many small churches and denominations as they struggle to make up the losses.

Likewise, tax advantages are a very real and intentional part of the total compensation package we provide our military personnel. Indeed, they provide a very efficient and cost-effective means to offset some of the undesirable facts of military service. Military personnel are frequently required to move involuntarily, with no compensation for real estate expenses, a benefit commonly available to employees in the private sector in similar circumstances. The military may be required to relocate to high-cost areas, such as the Washington metropolitan area, where they find little or no Government housing available for them. Their moving expenses are generally not fully reimbursed. They face frequent and prolonged family separations. Their working conditions are frequently undesirable and hazardous. They live each day knowing that they could be called on with little notice to combat areas where they will be expected to risk their very lives for us.

Tax-free allowances such as the basic allowance for quarters and the variable housing allowance, allow us to address the special housing needs of our military personnel in the most cost-effective manner. With separate allowances, as opposed to basic pay, the needs and even variations in costs from region to region can be targeted. Making such military allowances tax free reduces the amounts Congress

must appropriate to provide fairly for the targeted expenses.

Implementation of either ruling could have serious financial consequences for the affected group, especially in high-cost areas. Because the individuals affected often calculate their tax savings in determining the housing they can afford or, in many areas, must do so to be able to buy at all, it is conceivable that these rulings could actually drive some into bankruptcy. Yet, the total gain to the U.S. Treasury, though not calculated yet by the IRS or Treasury Department, is estimated by them to be relatively small.

The more insidious aspect for both groups will be the adverse impact on morale and retention. For the military in particular, this is only one more example of erosion of their benefits. The resulting influence on retention is difficult to quantify but obviously negative.

Two other large groups stand to be adversely impacted by these rulings. Homebuilders in many areas, especially where there are large concentrations of service people, tend to rely greatly on home purchasing by military people. Realtors in those same areas recognize that the steady turnover of service families and the advantages of homeownership lead to a steady base of business for them. Implementation of these rulings will make homeownership much less desirable and perhaps not cost effective when the short-term ownership mandated by frequent moves is considered.

Just as the churches would face the prospect of having to raise the pay of their clergy to offset the loss to total compensation caused by these IRS rulings, so would the Congress have to raise the basic pay of our service people to correct the damage that would be done to their total compensation package. However, raising basic pay to address the compensation loss for some would create a windfall increase in disposable income for others not affected by the ruling. Indeed, that is why I have described the current system of tax-free allowances as efficient and cost-effective tools for addressing the housing needs of all our Armed Forces personnel who do not reside in Government quarters.

Mr. President, the Congress traditionally has recognized that, based on the many sacrifices military people make, it is proper to grant them benefits not available to the civilian populace. The Congress also traditionally has recognized a similar situation for the clergy.

I urge our colleagues to join us in supporting this legislation to make explicit the intent we have already expressed.●

By Mr. PRESSLER:

S. 2520. A bill to provide authorization of appropriations for the U.S. Travel and Tourism Administration, and for other purposes; to the Committee on Commerce, Science, and Transportation.

INTERNATIONAL TRAVEL ACT OF 1961 AUTHORIZATION ACT OF 1984

Mr. PRESSLER. Mr. President, I am very pleased to introduce legislation today to reauthorize the U.S. Travel and Tourism Administration (USTTA) for fiscal year 1985.

The USTTA, and its predecessor, the U.S. Travel Service, have in recent years faced not only budget cuts, but threats against the very existence of a Federal commitment to our travel and tourism industry. This has been a most unfortunate situation, because at the same time we reduced our national tourism promotion efforts, our chief competitors strengthened their national commitments to travel and tourism.

As recently as 1981, most Western nations spent between three and five times as much on tourism promotion as the United States. It is no wonder that our share of the international travel market has dropped from a peak level of 13 percent in 1976 to about 10 percent. The drop translates to losses of billions of dollars and many thousands of jobs, losses we can ill afford, especially in troubled economic times.

Since the 1981 creation of the Commerce Committee's Subcommittee on Business, Trade, and Tourism, which I chair, have sought to reverse this decline in Federal support of travel and tourism. I am gratified that so many of my colleagues have joined me in calling for a renewed national commitment to this vital industry.

The first major step toward this objective was passage of the National Tourism Policy Act of 1981. The act created the USTTA and the position of Under Secretary of Commerce for Travel and Tourism, which anchor our Federal tourism activities. To insure the level of policy coordination I envisioned when I introduced the legislation, an interagency Tourism Policy Council and a Tourism Advisory Board within the Department of Commerce were also created.

Of course, this national tourism policy could not and cannot flourish without appropriate funding. I was particularly pleased last year when my colleagues unanimously approved my USTTA authorization bill that helped pave the way for a $12 million appropriation for the USTTA for fiscal year 1984. This budget level, while still modest next to what other nations spend on tourism promotion, represents an increase of about 40 percent from the 1983 level. Unfortuntately, the $12 million level is still below that during the late 1970's when we spent over $13 million.

This funding increase has come at an opportune time since this year offers an unusual wealth of opportunity for travel promotion. Many thousands of foreign visitors will travel to the United States to attend the 1984 Louisiana World Exposition and the 1984 summer Olympic games in Los Angeles. While these events are our main drawing cards this year, the USTTA is also utilizing its funds to induce foreign travelers to visit other tourist attractions in our Nation, such as those in South Dakota that my constituents and I are so proud of. It is my hope that many foreign visitors will come to my home State to enjoy its natural beauty and the warmth and friendliness of its citizens.

The bill I am introducing today would authorize $14 million for the USTTA for fiscal year 1985. I hope my colleagues share my feeling that strengthening our national commitment to travel and tourism will more than pay for itself by improving our trade balance, boosting employment, and contributing to international good will.

This legislation is also designed to bring the USTTA closer to all the American people and citizens of every nation. Regional USTTA offices would be created within the United States so that even the smallest businesses, those so often neglected by the Federal Government, and the people and businesses farthest from Washington, D.C., will have better access to USTTA services. Similarly, the legislation provides for USTTA training of employees in U.S. embassies abroad, so that we can better utilize our presence in each nation to promote travel opportunities to and within the United States.

Again, I thank my colleagues for all their previous support of travel and tourism, and I invite you all to join me in working to further strengthen our national commitment to tourism, and thereby strengthen our Nation.

By Mr. HATCH:

S. 2521. A bill to authorize appropriations for the National Science Foundation for fiscal year 1985; to the Committee on Labor and Human Resources.

NATIONAL SCIENCE FOUNDATION AUTHORIZATION ACT FOR FISCAL YEAR 1985

Mr. HATCH. Mr. President, it pleases me to introduce the National Science Foundation Authorization Act of fiscal year 1985.

For 34 years the National Science Foundation has promoted the progress in science and engineering through the support of high quality basic and applied research programs designed to advance our understanding of the fundamental laws of nature as well as to utilize science and technology for problem solving. NSF's educational

programs are aimed at insuring increasing competence in science at all educational levels and an adequate supply of well-qualified scientists and engineers to meet our country's needs today and in the future.

The benefits of NSF programs of the National Science Foundation can be found everywhere. In Utah, for example, NSF supported the development of polymers in artificial blood vessels and the Jarvik 7 artificial heart. NSF supported chemical research that has led to the development of higher density computer chips. This is the type of basic research that will keep this country in front of technological development.

Additionally, NSF announced 200 Presidential Young Investigator awards in fiscal year 1984, which will help America's universities attract and keep outstanding faculty members who might otherwise pursue nonacademic careers. More than 100 small businesses are awarded NSF grants each year to investigate and develop science applications that promote national and international commerce, create jobs, and generally improve our overall quality of life. An expanded effort to upgrade the quality of science and mathematics education in our schools has been initiated and funds are requested for it to continue.

This bill reflects the commitment of President Reagan to the continued pursuit of scientific and educational excellence. It reflects the keen understanding of our Government that economic growth, an improved international trade position, and national security are tightly interwoven with American efforts in scientific research and development and the significant advances in knowledge and technology that result from this research.

Our Federal budget is a tight one, but NSF's important mission, which lays the foundation for advances that will improve our long-term economic position as well as our scientific knowledge deserves our wholehearted support.

This measure proposes an authorization of $1.5 billion for fiscal 1985. This is an increase of $180 million, or 13.6 percent, from the fiscal 1984 NSF operating plan. This increase will permit continued support of outstanding basic research in all scientific disciplines, and will allow increased emphasis in several specific areas of growing importance: Advanced computing, instrumentation and equipment, engineering research, and science and engineering education. I ask unanimous consent that the highlights of NSF's fiscal year 1985 budget plan be included in the RECORD at this point.

Mr. President, I support this measure and hope that it can be expeditiously enacted. As my colleagues know, the authorization process has been stalled now for 3 years due to jurisdictional negotiations with the Committee on Commerce, Science, and Transportation. The last NSF authorization passed was in 1980 for fiscal year 1981. I fear this persistent lack of a public law giving congressional sanction to NSF's activities may be misinterpreted as a reflection of the importance we attach to both the programs and purposes of the Foundation.

The Labor and Human Resources Committee has never failed to provide oversight of the Foundation or to report annual authorizing legislation by the May 15 deadline.

While I sincerely commend my distinguished colleagues on the Commerce Committee, especially Senator GORTON, for their attention to this issue and for a willingness to work out an equitable agreement, I hope that the Senate will also be able to do its job by passing an NSF authorization bill, going to conference with the House, and sending a bill to the President. As our able majority and minority leaders know, if we were to delay consideration on every bill for 3 years pending accommodations with all interested parties, we might just as well go into permanent recess. Some things can be worked out and some things cannot. I certainly do not blame anyone for pursuing jurisdiction of the NSF; it is a well-administered, responsive agency with a critical mission that ought to be of interest to all of us. Senator GORTON, as chairman of the Science, Technology, and Space Subcommittee, has discussed this matter in good faith and I appreciate and respect that. But we must move ahead with this bill, welcoming the contributions of our Commerce Committee colleagues in the form of a committee report, hearing record, or amendments offered on the Senate floor.

Mr. President, the National Science Foundation performs a vital function for our Nation, one which should not be neglected by the Senate any longer. I urge all Senators to support enactment of this bill.

Mr. President, I ask unanimous consent that the highlights of National Science Foundation programs for fiscal year 1985 and the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

HIGHLIGHTS OF NATIONAL SCIENCE FOUNDATION PROGRAMS FOR FISCAL YEAR 1985

Mathematical and Physical Sciences (MPS) support is $416.7 million, an increase of $57.9 million, or 16.1 percent, over the fiscal year 1984 current plan. The enhanced program will provide for:

Substantial improvement in the support of graduate and postdoctoral students, including the Mathematical Sciences Postdoctoral Fellowship Program, and for expanded research activities in computational mathematics and statistics and for access to appropriate computational facilities.

Strengthened support in computer research to respond to new research opportunities generated as a result of the experimental computer research facilities developed over the last five years.

Continued revitalization of university physics research through provision of new research instrumentation and improved computing capabilities to active research groups and a sharp focus on provision of new incentives and research opportunities for young researchers.

Expanded research opportunities in chemistry in areas presenting significant promise for rapid advancement, with special emphasis on the chemistry of life processes.

Strengthening the training of future materials scientists and engineers, particularly in technologically important areas such as electronic materials, ceramics, and polymers.

Support through formal or informal programs for the acquisition of research instrumentation and equipment for group or departmental use. Support for special equipment is increased by $3.9 million, or 19.1 percent, to a total of $24.3 million.

Increased support for research, operations, and instrumentation at university laboratories in computer research, physics, and materials research by $10.0 million, or 18.5 percent, to a total of $64.8 million.

Support for national facilities such as the Mathematical Sciences and Theoretical Physics Institutes, the Cornell Electron Storage Ring, the Michigan State University Heavy Ion Accelerator, Synchrotron Radiation facilities, and the National Magnet Laboratory, is increased by $5.8 million or 12.6 percent, to a total of $52.0 million.

Engineering support for fiscal year 1985 is $147.1 million, an increase of $26.4 million, or 22 percent over the fiscal year 1984 current plan. Within this amount research support in all areas will increase with:

Added emphasis on microstructure fabrication research, integrated optical devices, automated design, microsensors, and robotics to aid the handicapped, and optimization methods for production scheduling in industrial processes.

Stronger research efforts in biotechnology, novel processing techniques, catalytic reaction engineering, microcontamination control, and plasma-chemical processing.

Special support in coastal and ocean engineering, problems of repair, retrofit, and rehabilitation of parts of the public infrastructure, and upgrading and modernization of experimental facilities used in earthquake engineering.

Increased emphasis in thermal systems, tribiology, biomechanics and robotics/automated manufacturing.

Advanced Scientific Computing's increase of $3.5 million, from $1.5 to $5 million, is spread over all the subactivities and reflects engineering efforts devoted to the Foundation-wide initiative which began in fiscal year 1984 to provide access to advanced computer facilities for researchers from all disciplines.

Centers for Cross-Disciplinary Research in Engineering, a $10 million initiative spread over all the subactivities, will be established to conduct research on problems of importance to industry while simultaneously educating graduate and undergraduate students in engineering practice.

Astronomical, Atmospheric, Earth, and Ocean Sciences (AAEO) support is $373.5 million, an increase of $43.5 million or 13.2 percent over the fiscal year 1984 current

plan. In addition to substantial research project support this provides for:

Initiation of the first phase of a major new program, the acquisition of the Very Long Baseline Array (VLBA).

Beginning the first-phase acquisition of the Advanced Vector Computer (AVC) to be based at the National Center for Atmospheric Research, and allows for continued payments towards the mass storage system.

Major upgrading of instrumentation and a major research thrust on the chemistry, structure, and geologic history of the continental lithosphere, continued continental reflection profiling (COCORP) operations, and preliminary site surveys prerequiste to deep continental drilling.

Emphasis on studies of the ocean floor, maintenance and upgrading of shipboard scientific equipment, and commencement of the first year of an international drilling program using a large, modern drillship.

Advanced Scientific Computing, will provide increased access to advanced computers as well as local facilities to take advantage of the contributions that advanced computer use can make to AAEO disciplines.

U.S. Antarctic Program (USAP) for fiscal year 1985 is $115.1 million, an increase of $12.6 million or 12.3 percent above the fiscal year 1984 current plan. Within this total:

A $0.8 million increase will provide for a greater number of research awards with new initiatives in glaciology and oceanography.

Reimbursement of the Department of Defense (DOD) for military retirement costs is included for the first time.

Equipment procurement and facilities upgrading and maintenance that was deferred in prior years will be continued.

Biological, Behavioral, and Social Sciences (BBS) support is $253.1 million, an increase of $28.4 million or 12.7 percent above the fiscal year 1984 current plan. This will allow:

Continued emphasis in the plant sciences to advance the understanding of plants through application of both contemporary molecular and cellular approaches and instrumentation technologies. Additional emphasis will be placed on research using genetic methods to examine fundamental biological questions and the chemistry of biological processes.

Strengthened research efforts in the plant sciences, including research on the role of plant toxins in controlling damage by insects and on plant adaptation to nutrient limitations. Emphasis will be placed on augmenting awards to permit use of instrumentation and material essential for the application of molecular genetic techniques to studies of systematics and population biology.

Increased attention to studies of human origins, the learning process, and the development of cognitive capacities, including language.

The extension of key socioeconomic data resources and a strengthening of related methodological and theoretical research.

Expansion of Advanced Scientific Computing to $2.4 million to provide for communications links and network facilities and support for local user costs, such as software, technical support, and auxiliary equipment.

Scientific, Technological, and International Affairs (STIA) support will be $46.9 million, an increase of $6.1 million or 14.9 percent above the fiscal year 1984 current plan. In addition, the disciplinary research activities have earmarked a total of $80.7 million for programs to be coordinated by STIA. Programs to be funded through STIA include:

Support for U.S. participation in seminars, workshops, and short-term scientific visits abroad. An estimated 900 U.S. scientists and engineers will participate in these international activities. Special emphasis will be given to maintenance of programs with China, Eastern Europe, Western Europe, Sub-Saharan Africa, and Latin America, as well as continuation of U.S. participation in international scientific organizations.

A $5.8 million, or 33 percent, increase in funds applicable to the NSF Small Business Innovation Research (SBIR) program to comply with Public Law 97-219, the Small Business Innovation Development Act of 1982.

Initiation of a new program, Research Opportunities for Women, at a level of $0.5 million. In addition, support for Presidential Young Investigators Research Awards will increase from $11.9 million to $23.8 million and will provide for 200 new and 200 continuing awards.

Science and Engineering Education (SEE) support for fiscal year 1985 will be $75.7 million, an increase of $0.7 million. The FY 1985 support will be distributed as follows:

Graduate Research Fellowships will receive $21.0 million, an increase of $0.7 million or 3.4 percent above the FY 1984 total, and will support 550 new fellowships within an overall total of approximately 1,550 fellowships. The annual stipend for graduate fellows will increase to $9,000 and the annual cost-of-education allowance will be $4,900, the same as in fiscal year 1984.

Precollege Science and Mathematics Education will receive $54.7 million. The program will provide support for teacher development and incentives, such as the Presidential Awards for Teaching Excellence in Science and Mathematics, and the Honors Workshops for Precollege Teachers of Science and Mathematics. Support will also provide for new instructional materials, special studies to gain a better understanding of precollege science education in the U.S., research in teach[illegible] and learning, informal science education, and activities to publicize and disseminate information about highly successful programs and outstanding research efforts.

S. 2521

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Science Foundation Authorization Act for Fiscal Year 1985".

SEC. 2. (a) There is authorized to be appropriated to the National Science Foundation $1,498,992,000 for the fiscal year 1985.

(b) Funds authorized for the fiscal year 1985 will be available for the following categories:

(1) Mathematical and Physical Sciences, $416,710,000.

(2) Engineering, $147,100,000.

(3) Biological, Behavioral, and Social Sciences, $253,120,000.

(4) Astronomical, Atmospheric, Earth and Ocean Sciences, $373,480,000.

(5) United States Antarctic Program, $115,080,000.

(6) Scientific, Technological, and International Affairs, $46,900,000.

(7) Program Development and Management, $70,902,000.

(8) Science and Engineering Education, $75,700,000.

SEC. 3. Appropriations made under authority provided in sections 2 and 5 shall remain available for obligation for periods specified in the Acts making the appropriations.

SEC. 4. From appropriations made under authorizations provided in this Act, not more than $3,500 for fiscal year 1985 may be used for official consultation, representation, or other extraordinary expenses at the discretion of the Director of the National Science Foundation. The determination of the Director shall be final and conclusive upon the accounting officers of the Government.

SEC. 5. In addition to the sums authorized by section 2, not more than $2,800,000 for fiscal year 1985 are authorized to be appropriated for expenses of the National Science Foundation incurred outside the United States, to be drawn from foreign currencies that the Treasury Department determines to be excess to the normal requirements of the United States.

SEC. 6. Funds may be transferred among the categories listed in section 2(b), so long as the net funds transferred to or from any category do not exceed 10 percent of the amount authorized for that category in section 2. The Director of the Foundation may propose transfers to or from any category exceeding 10 percent of the amounts authorized for that category in section 2. An explanation of any such proposed transfer must be transmitted in writing to the Speaker of the House, the President of the Senate, the Senate Committee on Labor and Human Resources, and the House Committee on Science and Technology. The proposed transfer may be made only when thirty calendar days have passed after submission of the written proposal.

SEC. 7. (a) Section 9 of the National Science Foundation Act of 1950 is amended to read as follows:

"SPECIAL COMMISSIONS

"SEC. 9. (a) Each special commission established under section 4(h) shall be appointed by the Board and shall consist of such members as the Board considers appropriate.

"(b) Special commissions may be established to study and make recommendations to the Foundation on issues relating to research and education in science and engineering.".

(b) Section 6 of the National Science Foundation Authorization Act, Fiscal Year 1978 (Public Law 95-99) is repealed.

(c) Section 10 of the National Science Foundation Authorization Act, Fiscal Year 1978 (Public Law 95-99) is repealed.

(d)(1) Subsection (b) of section 12 of the National Science Foundation Act of 1950 is repealed.

(2) Section 12 of such Act is amended by striking out "(a)".

(e) The last sentence of section 4(e) of the National Science Foundation Act of 1950 is amended by striking out "by registered mail or certified mail mailed to his last known address of record".

(f) Section 5(e) of the National Science Foundation Act of 1950 is amended by striking out "$2,000,000" and inserting in lieu thereof "$6,000,000" and by striking out "$500,000" and inserting in lieu thereof "$1,500,000".

By Mr. GARN, from the Committee on Banking, Housing, and Urban Affairs:

S. 2522. An original bill to permit credit unions to take action to

strengthen the National Credit Union Share Insurance Fund, to change the tax status of the Central Liquidity Facility, and to eliminate fees for payroll deductions; placed on the calendar.

CREDIT UNION LEGISLATION

● Mr. GARN. Mr. President, today I am reporting an original bill affecting credit unions from the Committee on Banking, Housing and Urban Affairs. I request unanimous consent that the bill and a section-by-section summary of the bill be printed in the RECORD in full.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 2522

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. Section 201(b)(8) of the Federal Credit Union Act (12 U.S.C. 1781(b)(8)) is amended to read as follows:

"(8) to pay and maintain its deposit and to pay the premium charges for insurance imposed by this title; and".

SEC. 2. Section 202(b) of the Federal Credit Union Act (12 U.S.C. 1782(b)) is amended to read as follows:

"(b) For each insurance year, each insured credit union which became insured prior to the beginning of that year shall file with the Board, at such time as the Board prescribes, a certified statement showing the total amount of insured shares in the credit union at the close of the preceding insurance year and both the amount of its deposit or adjustment thereof and the amount of the premium charge for insurance due to the fund for that year, both as computed under subsection (c) of this section. The certified statements required to be filed with the Board pursuant to this subsection shall be in such form and shall set forth such supporting information as the Board shall require. Each such statement shall be certified by the president of the credit union, or by any officer of the credit union designated by its board of directors, that to the best of his knowledge and belief that statement is true, correct, and complete and in accordance with this title and regulations issued thereunder.".

SEC. 3. Section 202(c) of the Federal Credit Union Act (12 U.S.C. 1782 (c)) is amended—

(1) by striking out paragraph (2);

(2) by redesignating paragraph (1) as paragraph (2);

(3) by striking out "Except as provided in paragraph (2) of this subsection, each" in paragraph (2), as redesignated, and inserting in lieu thereof "Each";

(4) by striking out "on or before January 31 of each insurance year" in paragaph (2), as redesignated, and inserting in lieu thereof, "at such time as the Board prescribes";

(5) by striking out "member accounts" in paragraph (2), as redesignated, and inserting in lieu thereof "insured shares"; and

(6) by inserting before paragraph (2) the following:

"(1) Each insured credit union shall pay to and maintain with the National Credit Union Share Insurance Fund a deposit in an amount equaling 1 per centum of the credit union's insured shares. The Board may, in its discretion, authorized insured credit unions to initially fund such deposit over a period of time in excess of one year if necessary to avoid adverse effects on the condition of insured credit unions. The amount of each insured credit union's deposit shall be adjusted annually, in accordance with procedures determined by the Board, to reflect changes in the credit union's insured shares. The deposit shall be returned to an insured credit union in the event that its insurance coverage is terminated, it converts to insurance coverage from another source, or in the event the operations of the fund are transferred from the National Credit Union Administration Board. The deposit shall be returned in accordance with procedures and valuation methods determined by the Board, but in no event shall the deposit be returned any later than one year after the final date on which no shares of the credit union are insured by the Board. The deposit shall not be returned in the event of liquidation on account of bankruptcy or insolvency. The deposit funds may be used by the fund if necessary to meet its expenses, in which case the amount so used shall be expensed and shall be replenished by insured credit unions in accordance with procedures established by the Board.".

SEC. 4. Section 202(c)(3) of the Federal Credit Union Act (12 U.S.C. 1782(c)(3)) is amended to read as follows:

"(3) When, at the end of a given insurance year, any loans to the fund from the Federal Government and the interest thereon have been repaid and the equity of the fund exceeds the normal operating level, the Board shall effect for that insurance year a pro rata distribution to insured credit unions of an amount sufficient to reduce the equity in the fund to its normal operating level.".

SEC. 5. Section 202(c)(4) of the Federal Credit Union Act (12 U.S.C. 1782(c)(4)) is repealed.

SEC. 6. Subsections (d) through (f) of section 202 of the Federal Credit Union Act (12 U.S.C. 1782 (d) through (f)) are amended—

(1) by inserting "its deposit or" before the words "the premium charge" and "any premium charge" each time they appear; and

(2) by striking out "member accounts" and inserting in lieu thereof "insured shares".

SEC. 7. Section 202(g) of the Federal Credit Union Act (12 U.S.C. 1782(g)) is amended—

(1) by striking out "statements, and premium charges" and inserting in lieu thereof "statements, and deposit and premium charges";

(2) by striking out "payment of any premium charge" and inserting in lieu thereof "payment of any deposit or adjustment thereof of any premium charge"; and

(3) by striking out "any premium charge for insurance" and inserting in lieu thereof "any deposit of adjustment thereof or any premium charge for insurance".

SEC. 8. Section 202(h)(1) of the Federal Credit Union Act (12 U.S.C. 1782(h)(1)) is amended by inserting before the semicolon at the end thereof the following: ", unless otherwise prescribed by the Board".

SEC. 9. Section 202(h)(2) of the Federal Credit Union Act (12 U.S.C. 1782(h)(2)) is amended to read as follows:

"(2) the term 'normal operating level', when applied to the fund, means an amount equal to 1.3 per centum of the aggregate amount of the insured shares in all insured credit unions, or such lower level as the Board may determine; and".

SEC. 10. Section 202(h)(3) of the Federal Credit Union Act (12 U.S.C. 1782(h)(3)) is amended to read as follows:

"(3) the term 'insured shares' when applied to this section includes share, share draft, share certificate and other similar accounts as determined by the Board, but does not include amounts in excess of the insured account limit set forth in section 207(c)(1).".

SEC. 11. Section 203(b) of the Federal Credit Union Act (12 U.S.C. 1783(b)) is amended—

(1) by inserting "deposits and" before "premium charges"; and

(2) by adding at the end thereof the following: "The Board shall report annually to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking, Finance and Urban Affairs of the House of Representatives with respect to the operating level of the fund. Such report shall also include the results of an independent audit of the fund.".

SEC. 12. Section 206(d)(1) of the Federal Credit Union Act (12 U.S.C. 1786(d)(1)) is amended—

(1) by inserting "(1)" after "subsection (a)";

(2) by inserting "maintain its deposit with and" before "pay premiums to the Board"; and

(3) by adding at the end thereof the following sentence: "Notwithstanding the above, when an insured credit union's insured status is terminated and the credit union subsequently obtains comparable insurance coverage from another source, insurance of its accounts by the fund may cease immediately upon the effective date of such comparable coverage by mutual consent of the credit union and the Board.".

SEC. 13. Title III of the Federal Credit Union Act (12 U.S.C. 1795 et seq.) is amended—

(1) in section 303 by inserting ", an instrumentality of the United States," after "Central Liquidity Facility" in the second sentence; and

(2) by adding at the end thereof the following:

"TAX EXEMPTION

"SEC. 311. (a) The Central Liquidity Facility, its franchise, activities, capital reserves, surplus, and income shall be exempt from all Federal, State, and local taxation now or hereafter imposed, other than taxes on real property held by the Facility (to the same extent, according to its value, as other similar property held by other persons is taxed).

"(b) The notes, bonds, debentures, and other obligations issued on behalf of the Central Liquidity Facility and the income therefrom shall be exempt from all Federal, State, and local taxation now or hereafter imposed: *Provided*, That—

"(1) interest upon such obligations, and gain from the sale or other disposition of such obligations shall not have any Federal income tax or other Federal tax exemptions, as such, and loss from the sale or other disposition of such obligations shall not have any special treatment, as such, under the Internal Revenue Code of 1954, or laws amendatory or supplementary thereto, except as specifically provided therein; and

"(2) any such obligations shall not be exempt from Federal, State, or local gift, estate, inheritance, legacy succession, or other wealth transfer taxes.

"(c) For purposes of this section—

"(1) the term 'State' includes the District of Columbia; and

"(2) taxes imposed by counties or municipalities, or any territory, dependency, or possession of the United States shall be treated as local taxes.".

(b) The amendments made by this section shall take effect on October 1, 1979.

ELIMINATION OF PAYROLL DEDUCTION FEES ON FINANCIAL ORGANIZATIONS; ADMINISTRATION OF DISBURSING FUNCTIONS

SEC. 14. (a) Section 3332(b) of title 31, United States Code, is amended by inserting "without charge" after "shall be sent".

(b) Section 3332 of title 31, United States Code, is amended by striking out subsection (c) and redesignating subsections (d), (e), (f), and (g) as subsections (c), (d), (e), and (f), respectively.

SECTION-BY-SECTION SUMMARY

Section 1. This section provides that an application for Federal insurance shall include an agreement by the applicant to pay and maintain the 1 percent deposit in the Share Insurance Fund (SIF) required by this legislation.

Section 2. This section requires each insured credit union to include in its certified statement to the NCUA Board the amount of its 1 percent deposit or adjustment thereof.

Section 3. This section establishes a refundable deposit in the Share Insurance Fund of 1 percent of each credit union's insured shares. It further defines the terms and conditions surrounding this 1 percent deposit including: the NCUA Board's discretion to phase-in the deposit; the annual adjustment of the deposit; the refund of the deposit, if the credit union is no longer insured by the SIF, or if the SIF is moved from the NCUA; the terms of the refund; clarification that no refund will occur in the event of liquidation due to bankruptcy or insolvency; and authority for the NCUA Board to use the deposit to meet expenses and to require replenishment of the deposit if necessary.

This section also removes certain language from the present statute that was only necessary to initially implement Federal insurance for credit unions.

Section 4. This section provides that the NCUA Board, each year, shall return to credit unions on a pro rata basis all funds not required to maintain the SIF at its "normal operating level."

Section 5. This section deletes from the present statute the authority for the NCUA Board to assess a second (special) premium.

Section 6. This section adds the 1 percent deposit to those provisions of the Act pertaining to: (1) the NCUA Board's bringing a suit against a credit union to require a report of condition or certified statement; (2) penalties against credit unions for failure to pay the deposit; and (3) prohibition against credit unions paying dividends when in default on payment of 1 percent deposit.

Section 7. This section requires the inclusion of information on the 1 percent deposit in the records of the credit union.

Section 8. This section gives the NCUA Board flexibility in establishing the dates of the insurance year.

Section 9. This section changes the normal operating level of the SIF from 1 percent of all insured shares to 1.3 percent.

Section 10. This section establishes that no premium is assessed on amounts in any account in excess of the insured limit.

Section 11. This section provides that the 1 percent deposit collected by the NCUA Board shall be deposited in the SIF. It further requires the NCUA Board to make an annual report to the Banking Committees regarding the operating level of the SIF. Such report will include the results of an independent audit of the SIF.

Section 12. This section provides that a credit union shall maintain its 1 percent deposit in the SIF during the one year period following termination of insurance. It further provides, however, that my mutual consent of the NCUA Board and the credit union, all account insurance may cease immediately upon the effective date of comparable insurance from another source.

Section 13. This section corrects an oversight in the enabling statute by providing a tax exemption to the NCUA Central Liquidity Facility. It is retroactive to the date the Facility opened—October 1, 1979.

Section 14. This section amends 31 U.S.C. § 3332(b) to require the Federal government to absorb the administrative costs incurred in processing up to three allotment checks per pay day for Federal civilian employees.●

ADDITIONAL COSPONSORS

S. 627

At the request of Mr. PACKWOOD, the names of the Senator from Montana (Mr. BAUCUS), and the Senator from New York (Mr. MOYNIHAN) were added as cosponsors of S. 627, a bill to authorize the establishment of a National Scenic Area to assure the protection, development, conservation, and enhancement of the scenic, natural, cultural and other resource values of the Columbia River Gorge in the States of Oregon and Washington, to establish national policies to assist in the furtherance of its objective, and for other purposes.

S. 1795

At the request of Mr. MOYNIHAN, the name of the Senator from Connecticut (Mr. DODD) was added as a cosponsor of S. 1795, a bill to further the national security and improve the economy of the United States by providing grants for the improvement of proficiency in critical languages, for the improvement of elementary and secondary foreign language instruction, and for per capita grants to reimburse institutions of higher education to promote the growth and improve the quality of postsecondary foreign language instruction.

S. 2159

At the request of Mr. BAUCUS, the name of the Senator from Illinois (Mr. PERCY) was added as a cosponsor of S. 2159, a bill entitled the "Hazardous Air Pollutant Control Act of 1983."

At the request of Mr. BAUCUS, the name of the Senator from Alabama (Mr. HEFLIN) was withdrawn as a cosponsor of S. 2159, supra.

S. 2266

At the request of Mr. CRANSTON, the names of the Senator from West Virginia (Mr. BYRD), the Senator from Virginia (Mr. TRIBLE), and the Senator from Florida (Mr. CHILES) were added as cosponsors of S. 2266, a bill to grant a Federal charter to Vietnam Veterans of America, Inc.

S. 2436

At the request of Mr. GOLDWATER, the names of the Senator from South Dakota (Mr. PRESSLER), the Senator from New Mexico (Mr. BINGAMAN), and the Senator from Hawaii (Mr. MATSUNAGA) were added as cosponsors of S. 2436, a bill to authorize appropriations of funds for activities of the Corporation for Public Broadcasting, and for other purposes.

S. 2460

At the request of Mr. MITCHELL, the names of the Senator from North Dakota (Mr. ANDREWS), the Senator from New Jersey (Mr. LAUTENBERG), the Senator from Wyoming (Mr. SIMPSON), and the Senator from Nebraska (Mr. EXON) were added as cosponsors of S. 2460, a bill to designate a Federal building in Augusta, Maine, as the "Edmund S. Muskie Federal Building."

S. 2461

At the request of Mr. MITCHELL, the names of the Senator from North Dakota (Mr. ANDREWS), the Senator from New Jersey (Mr. LAUTENBERG), the Senator from Wyoming (Mr. SIMPSON), and the Senator from Nebraska (Mr. EXON) were added as cosponsors of S. 2461, a bill to designate a Federal building in Bangor, Maine, as the "Margaret Chase Smith Federal Building."

S. 2487

At the request of Mr. WEICKER, the name of the Senator from Louisiana (Mr. LONG) was added as a cosponsor of S. 2487, a bill to provide for a White House Conference on Small Business.

SENATE JOINT RESOLUTION 244

At the request of Mr. DOLE, the names of the Senator from Montana (Mr. BAUCUS) and the Senator from West Virginia (Mr. BYRD) were added as cosponsors of Senate Joint Resolution 244, a joint resolution designating the week beginning on May 6, 1984, as "National Asthma and Allergy Awareness Week."

SENATE JOINT RESOLUTION 253

At the request of Mr. PRESSLER, the name of the Senator from Minnesota (Mr. BOSCHWITZ) was added as a cosponsor of Senate Joint Resolution 253, a joint resolution to authorize and request the President to designate September 16, 1984, as "Ethnic American Day."

SENATE JOINT RESOLUTION 257

At the request of Mr. STEVENS, the names of the Senator from South Carolina (Mr. THURMOND), the Senator from South Dakota (Mr. ABDNOR), the Senator from Virginia (Mr. TRIBLE), the Senator from Delaware (Mr. ROTH), the Senator from California (Mr. WILSON), the Senator from New York (Mr. MOYNIHAN), the Senator from Maryland (Mr. SARBANES), the Senator from Indiana (Mr. LUGAR), the Senator from Maine (Mr. MITCHELL), and the Senator from Iowa (Mr. JEPSEN) were added as cosponsors of Senate Joint Resolution 257, a joint

resolution to designate the period July 1, 1984, through July 1, 1985, as the "Year of the Ocean."

SENATE JOINT RESOLUTION 265

At the request of Mrs. HAWKINS, the names of the Senator from Delaware (Mr. ROTH), the Senator from Hawaii (Mr. INOUYE), the Senator from Massachusetts (Mr. TSONGAS), and the Senator from Alaska (Mr. STEVENS) were added as cosponsors of Senate Joint Resolution 265, a joint resolution designating the week of April 29 through May 5, 1984, as "National Week of the Ocean."

SENATE JOINT RESOLUTION 266

At the request of Mr. RANDOLPH, the names of the Senator from California (Mr. CRANSTON), the Senator from Illinois (Mr. DIXON), and the Senator from Massachusetts (Mr. TSONGAS) were added as cosponsors of Senate Joint Resolution 266, a joint resolution designating the week beginning April 8, 1984, as "National Hearing Impaired Awareness Week."

SENATE RESOLUTION 312

At the request of Mr. HUMPHREY, the name of the Senator from Connecticut (Mr. DODD) was added as a cosponsor of Senate Resolution 312, a resolution to honor Commander Alphonse Desjardins, founder of La Caisse Populaire de Ste Marie, Manchester, N.H.

AMENDMENTS SUBMITTED

URGENT SUPPLEMENTAL APPROPRIATION

MELCHER AMENDMENT NO. 2876

Mr. MELCHER proposed an amendment to the joint resolution (H.J. Res. 492) making an urgent supplemental appropriation for the fiscal year ending September 30, 1984, for the Department of Agriculture; as follows:

On page 3, strike everything from the beginning of line 4 through "$61,750,000", and insert in lieu thereof the following:

"The additional amounts of $13,500,000 for medical aid, and $14,000,000 for food aid shall be appropriated for El Salvador, as well as an additional amount of $7,900,000 (3% of the regular fiscal year 1984 appropriation for El Salvador) to carry out the provisions of Section 503 of the Foreign Assistance Act of 1961".

KENNEDY AMENDMENT NO. 2877

Mr. KENNEDY proposed an amendment to the joint resolution House Joint Resolution 492, supra; as follows:

On page 3, line 6, delete the figure "$61,750,000" and substitute in lieu thereof "$21,000,000".

OMNIBUS RECONCILIATION ACT

PRESSLER AMENDMENT NO. 2878

(Ordered to lie on the table.)

Mr. PRESSLER submitted an amendment intended to be proposed to the bill S. 2062, to provide for reconciliation pursuant to section 3 of the first concurrent resolution on the budget for fiscal year 1984 (H. Con. Res. 91, 98th Congress) as follows:

At the end of the title relating to highway revenue provisions add the following new section:

SEC. . REPEAL OF INCREASE IN HIGHWAY USE TAX AND INCREASE IN DIESEL FUEL TAX.

(a) REPEAL OF INCREASE IN HIGHWAY USE TAX.—

(1) IN GENERAL.—Notwithstanding any other provision of this Act, subsection (a) of section 513 of the Highway Revenue Act of 1982 is repealed.

2) CONFORMING AMENDMENT.—Notwithstanding any other provision of this Act, subsection (f) of section 513 of the Highway Revenue Act of 1982 is amended to read as follows:

"(f) EFFECTIVE DATE.—The amendments made by this section shall take effect on July 1, 1984.".

(b) INCREASE IN DIESEL FUEL TAX.—

(1) GENERAL RULE.—Notwithstanding any other provision of this Act, paragraph (a) of section 4041(a) (relating to diesel fuel) is amended by striking out "9 cents" and inserting in lieu thereof "15 cents".

(2) INCOME TAX CREDIT FOR PURCHASE OF DIESEL-POWERED AUTOMOBILE OR LIGHT TRUCK.—Notwithstanding any other provision of this Act, section 6427 (relating to fuels not used for taxable purposes) is amended by redesignating subsections (g), (h), (i), (j), (k), and (l) as subsections (h), (i), (j), (k), (l), and (m), respectively, and by inserting after subsection (f) the following new subsection:

"(g) INCOME TAX CREDIT OR EXCISE TAX REFUND OF INCREASED DIESEL FUEL TAX TO OPERATORS OF DIESEL-POWERED AUTOMOBILES AND LIGHT TRUCKS.—

"(1) IN GENERAL.—Except as provided in subsection (j), the Secretary shall pay (without interest) to the owner, lessee, or other operator of any qualified diesel-powered highway vehicle an amount equal to the diesel fuel differential amount.

"(2) QUALIFIED DIESEL-POWERED HIGHWAY VEHICLE.—For purposes of this subsection, the term 'qualified diesel-powered highway vehicle' means any diesel-powered highway vehicle which—

"(A) has at least 4 wheels,

"(B) has a gross vehicle weight rating of 10,000 pounds or less, and

"(C) is registered for highway use in the United States under the laws of any State.

"(3) DIESEL FUEL, DIFFERENTIAL AMOUNT.—For purposes of this subsection, the term 'diesel fuel differential amount' means the amount determined by multiplying—

"(A) 6 cents, by

"(B) the amount of gallons of diesel fuel used by such owner, lessee, or other operator in any qualified diesel-powered highway vehicle for which tax imposed under section 4041(a)(1) was paid.".

(3) TECHNICAL AND CONFORMING AMENDMENTS.—

(A) Section 39 is amended—

(i) by inserting a comma and "in qualified diesel-powered highway vehicles," after "nontaxable purposes" in subsection (a)(3), and

(ii) by striking out "6427(i)" in subsections (a)(3) and (b) and inserting in lieu thereof "6427(j)".

(B) Subsections (a), (b)(1), (c), (d), (e)(1), and (f)(1) of section 6427 are each amended by striking out "(i)" and inserting in lieu thereof "(j)".

(C) Subsection (h)(1) of section 6427 (as redesignated by paragraph (2)) is amended by striking out "or (f)" and inserting in lieu thereof "(f), or (g)".

(D) Subsection (h)(2)(A) of section 6427 (as so redesignated) is amended by striking out "and (e)" in clause (i) and inserting in lieu thereof "(e), and (g)".

(E) Subsection (j)(2) of section 6427 (as so redesignated) is amended by striking out "(g)(2)" and inserting in lieu thereof "(h)(2)".

(F) Subsection (l) of section 6427 (as so redesignated) is amended by striking out "and (d)" each place it appears and inserting in lieu thereof "(d), and (g)".

(G) Section 7210, 7603, 7604(b), 7604(c)(2), 7605(a), 7609(c)(1), and 7610(c) are each amended by striking out "6427(h)(2)" each place it appears and inserting in lieu thereof "6427(i)(2)".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on July 1, 1984.

Mr. PRESSLER. Mr. President, I am introducing this legislation today to amend the Senate Finance Committee's version of the truck use tax schedule. I expect that the committee will report language recommending that we change the Surface Transportation Assistance Act's $1,900 use tax increase scheduled to begin to go into effect July 1, 1984, and replace it with a $600 use tax plus a 6-cents diesel tax. This is a step in the right direction—but as I said in my testimony before the Finance Committee when similar language was debated last February—it is still a far cry from the reality of the transportation industry, especially in rural America.

My amendment would eliminate user fee increases and return to pre-Surface Transportation Assistance Act levels. I recently chaired Senate hearings in Sioux Falls, S. Dak., to assess the condition of the trucking industry. It was not a very rosy picture. One of the chief concerns of those testifying was the devastating impact that the heavy user tax would have on their industry and their customers. Not only would it cripple thousands more small trucking firms, but this would result in higher consumer costs for virtually every product hauled by truck. The tax would not be a big problem for the larger firms. It is the smaller operators that would be hardest hit. It would also play a big role in discouraging new firms from entering the industry. The effect of this kind of taxation, in conjunction with the problems caused by deregulation, is to drift further and further toward a monopolistic industry at the expense of thousands of small operators.

Many of the smaller truckers in America—especially in States like South Dakota—travel fewer than 50,000 miles per year. Some travel approximately 100,000 miles. But trucks

of most big trucking companies travel much further, as a general rule, in the same year. To charge them all the same base rate per year is grossly unfair; but then to add insult to injury by calling it an equitable tax based on an accurate cost allocation is simply outrageous.

Let me use an actual example of a typical independent trucker from South Dakota to illustrate this problem. Last year, he traveled just under 50,000 miles. His truck consumed diesel fuel at 5 miles per gallon, for a total of 10,000 gallons. He has shown me his financial records, and I can assure you that a $1,600 to $1,900 one-time use tax would probably put him out of business. Applying the $600 plus 6 cents per gallon Department of Transportation compromise, he will still be forced to pay $1,200 in additional taxes. In his case, we could just as well leave the $1,600 to $1,900 tax in place, because our gradual approach will only prolong the agony of an inevitable end.

Mr. President, I do not propose to eliminate the revenue source needed to rebuild our deteriorating transportation system. Indeed, I believe it is important that our final legislation be revenue neutral. The amendment I am offering today meets that criteria. Very simply, it would return to the pre-Surface Transportation Assistance Act heavy user fee level with a maximum fee of $240 and retain the committee's recommended 6 cents per gallon diesel fuel tax—with cars and small trucks exempt. This proposal would raise the same amount of money as either the Surface Transportation Assistance Act or the Finance Committee proposal. But at the same time, it would protect smaller businesses by allowing them to pay the tax on a pay-as-you-go basis.

We hear a lot of talk about cost allocation and equity when we debate this issue, but it is hard to comprehend a more unequitable proposal than one which would charge a small operator who travels 40,000 to 50,000 miles per year the same amount as a huge, long-haul operation which runs its trucks two, three, and four times that amount in the same year. This would be patently unfair and, by definition, grossly inequitable.

I am introducing this legislation today because I believe it is important to get this proposal on the table for full analysis when we debate this issue in detail later this month. I urge my colleagues to support this amendment, and work toward a fair and truly equitable solution to this important problem.

URGENT SUPPLEMENTAL APPROPRIATION

KENNEDY (AND OTHERS) AMENDMENT NO. 2879

Mr. KENNEDY (for himself, Mr. MELCHER, and Mr. KASTEN) proposed an amendment (which was subsequently modified) to the joint resolution (H.J. Res. 492), supra; as follows:

On page 4, between lines 18 and 19, insert the following:

"DEPARTMENT OF STATE

"Migration and Refugee Assistance

For an additional amount for "Migration and Refugee Assistance," $7,000,000: *Provided*, That such sum shall be available only for assistance to displaced persons in El Salvador."

LEAHY (AND DODD) AMENDMENT NO. 2880

(Ordered to lie on the table.)

Mr. LEAHY (for himself and Mr. DODD) submitted an amendment intended to be proposed to the joint resolution (H.J. Res. 492), supra; as follows:

On page 3, line 10, after "further," insert the following:

"That none of the funds appropriated under this heading may be made available for El Salvador while funds appropriated or otherwise made available by any other provision of law for El Salvador to carry out Section 503 of the Foreign Assistance Act of 1961 for the Fiscal Year 1984 remain unobligated and unexpended: *Provided further,*"

NOTICES OF HEARINGS

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. McCLURE. Mr. President, I would like to announce for the information of the Senate and the public the scheduling of a public hearing before the Committee on Energy and Natural Resources on Monday, April 9, beginning at 2 p.m. in room SD-366 of the Dirksen Senate Office Building, to consider S. 1739, the Water Resources Development Act of 1983. S. 1739 has been referred sequentially to the Committee on Energy and Natural Resources for a period not to extend beyond April 27, 1984. Pursuant to the sequential referral agreement, the committee will consider formally the following items, as they relate to the jurisdiction of the Committee on Energy and Natural Resources:

Section 217, as it relates to coal slurry pipelines; section 224, as it relates to the Northwest Power Act; title VI, as it relates to the Bureau of Reclamation and the power marketing agencies; section 701(b)(10), as it relates to the Bureau of Reclamation; and; title IX, as it relates to the water resources development activities of the Secretary of the Interior.

The purpose of the hearing is to receive testimony from administration officials and public witnesses on those five provisions of the bill in the indicated areas of jurisdiction.

Those wishing to testify or who wish to submit written statements for the hearing record should write to the Committee on Energy and Natural resources, U.S. Senate, Washington, D.C. 20510.

For further information regarding this hearing you may wish to contact Mr. Gary Ellsworth or Mr. Russ Brown of the committee staff at 224-5304 or 224-2366, respectively.

SUBCOMMITTEE ON ENERGY REGULATION

Mr. MURKOWSKI. Mr. President, I would like to announce for the information of the Senate and the public that the hearing previously scheduled before the Subcommittee on Energy Regulation to consider North American natural gas reserves and resources for Friday, April 6, at 9 a.m. has been postponed until Thursday, April 26, at 2 p.m. in room SD-366.

For further information regarding this hearing you may wish to contact Mr. Howard Useem of the subcommittee staff at 224-5205.

SELECT COMMITTEE ON INDIAN AFFAIRS

Mr. ANDREWS. Mr. President, I would like to announce for the information of the public that the Select Committee on Indian Affairs will be holding a hearing on April 9, 1984, beginning at 2:30 p.m., in Senate Russell 428-A on S. 2201, a bill to convey certain lands to the Zuni Indian Tribe for religious purposes, and to be followed by a business meeting on the following bills:

S. 1151. A bill to compensate heirs of deceased Indians for improper payments from trust estates to States or political subdivisions thereof as reimbursements for old age assistance received by decedents during their lifetime.

S. 1196. A bill to confer jurisdiction on the United States Claims Court with respect to certain claims of the Navajo Indian Tribe.

S. 1224. A bill to provide for the disposition of certain judgment funds awarded the Creek Nation.

S. 1967. A bill to compensate the Gros Ventre and Assiniboine Tribes of the Ft. Belknap Indian Community for irrigation construction expenditures.

S. 1979. A bill to confirm the boundaries of the Southern Ute Indian Reservation in the State of Colorado and to define jurisdiction within such reservation.

S. 2000. A bill to allow variable interest rates for Indian funds held in trust by the United States.

S. 2061. A bill to declare certain lands held by the Seneca Nation of Indians to be part of the Allegany Reservation in the State of New York.

S. 2184. A bill to amend the Native American Programs Act of 1974 to impose certain limitations with respect to the adminstration of such Act and to authorize appropriations under such Act for fiscal years 1985, 1986, and 1987, and for other purposes.

S. 2201. A bill to convey certain lands to the Zuni Indian Tribe for religious purposes.

S. 2403. A bill to declare that the United States holds certain lands in trust for the Pueblo de Cochiti.

S. 2468. (H.R. 3376) A bill to declare that the United States holds certain lands in trust for the Makah Indian Tribe, Washington.

COMMITTEE ON SMALL BUSINESS

Mr. WEICKER. Mr. President, I would like to announce that the Senate Small Business Committee's hearing on April 3, 1984, on S. 2084, a bill to amend the Small Business Act to allow the Small Business Administration to make loans to small business concerns whose primary business is the communication of ideas, has been postponed until further notice.

AUTHORITY FOR COMMITTEES TO MEET

PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

Mr. BAKER. Mr. President, I ask unanimous consent that the Permanent Subcommittee on Investigations of the Committee on Governmental Affairs be authorized to meet during the session of the Senate on Monday, April 2, to hold a hearing on transfer of U.S. technology to the Soviet Union and Soviet bloc nations.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON STRATEGIC AND THEATER NUCLEAR FORCES

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Strategic and Theater Nuclear Forces, of the Committee on Armed Services, be authorized to meet during the session of the Senate on Monday, April 2, at 2 p.m., to hold a hearing to receive testimony on the fiscal year 1985 intelligence budget.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

THE SCIENCE OF YELLOW RAIN

● Mr. HATFIELD. Mr. President Evelyn Murray, a tireless opponent of nerve gas weapons production, recently brought the following article to my attention. It serves as the foundation for the current scientific study of the Reagan administration charge that the Soviet Union employed chemical weapons in Southeast Asia. In the case presented to Congress during discussion of nerve gas weapons production funding in the fiscal year 1984 Department of Defense appropriations bill, the administration pointed to evidence of "Yellow Rain" in Southeast Asia. Because it is obvious that the Soviet violated the 1925 Geneva protocol on chemical weapons and the 1972 treaty on biological and toxic weapons, argued proponents, the United States must renew production of nerve gas weapons to maintain a suficient deterrent. In assuming the obvious, however, the administration ignored the most basic requirement of science: Proof. The following article could shed profound light on the allegations. "Yellow Rain" by Louis Ember was published in the January 9, 1984 edition of Chemical and Engineering News.

The article follows:

[From the Chemical and Engineering News, Jan. 9, 1984]

THE SCIENCE OF YELLOW RAIN

The entire June 6, 1983, issue of C&EN examined the uncertainties over the health effects of dioxin in the environment. Similarly, this issue is largely devoted to another matter involving chemicals in the environment: yellow rain.

Yellow rain is the imprecise name given to toxin-based weapons the U.S. government charges the Soviet Union and its allies of using in Southeast Asia and Afghanistan. The editorial in the June 6 issue described the dioxin matter as "a brew of uncertain science, unanswered and sometimes unanswerable health questions, regulatory dilemmas, intensive press coverage, and legal maneuverings." As it turns out, that description fits the yellow rain issue too.

The U.S. charge is in keeping with the Reagan Administration's characterization of the Soviet Union as the "focus of evil in the modern world." It is also an incredibly serious charge. It undermines all arms negotiations because it accuses the Soviet Union of flagrant violation of both the 1925 Geneva Protocol on chemical weapons and the 1972 treaty on biological and toxin weapons.

In view of the critical nature of this issue, it would not be unreasonable to expect that the U.S. has an irrefutably strong case to support its charges, and, especially, that the supporting science is sound. But this is not the case.

When Secretary of State Alexander Haig first accused the Soviets in September 1981, the only scientific evidence in hand was the unconfirmed finding by one laboratory of parts-per-million quantities of three trichothecene toxins on a single leaf and stem taken from an alleged chemical attack site in Kampuchea. To this day the sum total of physical evidence from Afghanistan consists of a trace amount of a trichothecene on the face of a gas mask obtained—apparently purchased—in Kabul. The total of government-obtained positive environmental samples from Southeast Asia has grown only to five. These all have been reported by one private laboratory. None have been confirmed by independent analyses. The Army has failed to find trichothecenes in more than 50 such samples it has tested. And evidence from biomedical samples from alleged victims is ambiguous.

The government claims that it is very difficult to obtain physical evidence of chemical warfare from remote and wartorn areas to which it has no access and that its scientific effort should not be judged by the standards of a Ph. D. thesis. This is reasonable. But it does not explain why the scientific case the government has tendered publicly has been so poorly presented, why it lacks the normal cross-checks, and why elements of it have been at variance with data already in the scientific literature. It also does not explain the lack of serious response to issues raised by knowledgeable scientists. But it does reflect a contempt for good science shown by some within the State Department.

The government implies that it really does not need the science, that it can prove its case with an overwhelming volume of eyewitness reports and classified data. This is disingenuous First, the government did not go public with its charges until it had the first "smoking gun" evidence in hand. And, second, it is very difficult to conceive how it can substantiate its central thesis that the Soviet Union is behind the use of toxin weapons in Southeast Asia without the science.

Government scientists investigating yellow rain have been in an unenviable position ever since Haig first went public with his charge. This position becomes more difficult with every repetition of the charge. The uncertainties over the science of yellow rain cannot be left unresolved. Until they are settled, they cloud the issue of whether treaty-violating chemical of any kind have been used in recent times in Southeast Asia. A first step should be a peer review of the government's yellow rain case by an independent panel of scientists, conducted in an open manner and with access to as much of the intelligence as can prudently be declassified.

MICHAEL HEYLIN,
Editor.

YELLOW RAIN

For years, and from faraway places have come reports of death and sickness from the skies. The tales from ruggedly independent and mostly illiterate mountain people of Laos, Kampuchea, and Afghanistan tell of aircraft-, rocket-, and artillery-delivered clouds of yellowish material that killed rapidly and grotesquely those directly hit. Villagers more fortunate and further away became ill, but with a strange combination of symptoms.

Survivors often told tales of mysterious yellow rainlike spots on or near their villages that they called yellow rain and associated with deaths and illnesses. These tales spurred U.S. investigations. First U.S. embassy personnel collected the victims' grim stories. Then military physicians examined these people, now in refugee camps, for signs of chemical agents used. And finally, the U.S. launched an intensified search for physical evidence.

From the early surveys came the speculation that three possible agents—a harassing agent, a nerve gas, and an unknown chemical—were being used. Chemical analysis of collected material proved futile. No traditional chemical agent—no riot control gas, mustard gas, or nerve gas—could be detected. And still the reports of skin irritation and lesions, of bloody diarrhea and vomiting, of dizziness and trembling, and of death flooded local embassies after alleged yellow rain attacks. The mysterious toxic agent causing these symptoms remained elusive to the chemist's probe for seven years.

Then on Sept. 13, 1981, in West Germany, Secretary of State Alexander M. Haig addressed the Berlin Press Association. In an otherwise unnotable speech, Haig said: "For some time now, the international community has been alarmed by continuing reports that the Soviet Union and its allies have been using lethal chemical weapons in Laos, Kampuchea, and Afghanistan. . . . We now have physical evidence from Southeast Asia which has been analyzed and found to contain abnormally high levels of three potent mycotoxins—poisonous substances not indigenous to the region and which are highly toxic to man and animals."

With these words, amplified the next day by undersecretary of State for political affairs Walter J. Stoessel and U.S. Ambassador to the United Nations Jeane J. Kirkpatrick, an obscure issue was thrust into the spotlight.

The physical evidence that Haig referred to turned out to be a single leaf and twig from Kampuchea. This vegetation was contaminated with parts-per-million quantities of three trichothecene toxins, substances produced by Fusarium fungi. This detection of fungal toxins, or mycotoxins, was the smoking gun evidence the government needed to charge the Soviet Union publicly with waging or abetting biochemical warfare against unprotected peoples in widely scattered areas of the world, and thus with grievous violations of two international arms treaties.

Yet this first piece of physical evidence, says a government official with access to classified information, was not the sole basis for Haig's charge. The U.S. government already had in hand numerous and compelling refugee and eyewitness accounts, reports of medical personnel and aid workers treating alleged victims, defector testimony, and a wealth of classified intelligence data. But the finding of toxins did help to explain the ills and deaths reported by individuals allegedly exposed to chemical warfare.

When trichothecenes subsequently were found in other environmental samples collected from attack sites, and in blood, urine, and other tissue samples from alleged victims—but not from control samples—the government became even more convinced the loop of evidence was closed. It is today so certain its case for Soviet-linked toxin warfare is solid, airtight, and unshakable that the charge often has been repeated by President Reagan in recent months. The President, however, merely has been restating what is explicitly spelled out in several State Department reports to the UN.

As these reports make abundantly clear, the core of the Administration's case is that:

Trichothecene toxins do not occur naturally in Southeast Asia, the locale for the majority of reported chemical attacks.

The levels of trichothecenes recorded in yellow rain samples are greater than those reported for natural outbreaks, and the toxins are not normally found in the combinations reported. Also, there is no history of trichothecene-induced illnesses in Southeast Asia.

The symptoms noted by the Hmong of Laos, the Khmer of Kampuchea, and the freedom fighters of Afghanistan fit the known effects of these toxins in humans and animals.

The finding of mycotoxins in biomedical samples taken from victims confirms the connection between their illnesses and their exposure to yellow rain.

In addition, the government originally argued that: no local Indochina facility exists that can produce the mold and extract the mycotoxins in the quantities being used; the Soviets have such facilities, many under military control; they have long done research on these toxins; and their military doctrine permits toxin use in war. With those givens, the U.S. argues, the Soviets have to be supplying their Asian allies, the Laotians and Vietnamese, and using the toxins themselves against the Afghan resistance.

The U.S. never has wavered from these basic tenets even when critics have pointed out errors, weaknesses, and inconsistencies in the scientific evidence. The government's response to such criticisms has been adamant and creative. Science, the government says, may never be able to provide unequivocal proof of chemical warfare in remote, war-torn areas because of the difficulties of sample collection. Still, the government avers, the scientific evidence presented so far—though not of the caliber of, say, a Ph.D. thesis—is more than sufficient to confirm the overwhelming volume of other evidence.

Even more to the point, the U.S. says that its critics have yet to come up with a better explanation for the presence of mycotoxins in the samples that have been reported. And assailing its critics still further, the U.S. points out that these "armchair" faultfinders have not been on the scene at areas under attack; that they have done little or no research to support their alternative hypotheses; and that at least some of them have ulterior motives. There are even officials within the State Department, a lead government agency in this matter, who show contempt for science in general, and for what science can contribute to this issue in particular.

THE ADMINISTRATION'S CASE

The government's case has not been entirely consistent. There have been hints of the use of toxins other than the mycotoxins found in the samples, often in combination with other, unspecified chemical agents. There are many eyewitness reports of various colored smokes as well as the yellow, rainlike drops. But the basic charge of Soviet complicity in the use of mycotoxin weapons has never varied.

The Administration has dismissed any explanation that purports a natural origin for the toxins. For example, the U.S. deems preposterous a Soviet thesis that earlier U.S. herbicide spraying in Indochina changed the ecology enough to allow the lush growth of elephant grass, a fine substrate for toxin-producing Fusarium fungi. In this, the UN, which has conducted its own investigation of yellow rain, concurs with the U.S. The State Department scoffs at a proposal that yellow rain may, in fact, be bee feces, though it has yet to explain the presence of pollen grains in every toxin-containing environmental sample examined for pollen. That foodstuffs may be infested with Fusarium mold, a possible source for toxins in the biomedical samples, is considered unlikely, though food has yet to be tested in any meaningful way. Toxin-infested grains are known to have caused thousands of deaths in several incidents in the Soviet Union and elswhere but not yet in Southeast Asia.

The Administration may be correct in dismissing these possibilities. It may be correct in saying that some form of chemical warfare is being waged against Hmong, Khmer, and Afghan freedom fighters. Certainly the reports of sudden, massive, and agonizing death have been flowing persistently from Laos since 1975, from Kampuchea since 1979, and from Afghanistan since the Soviet military intervention in 1979. But, based on its released physical and sociological data, the U.S. has made a less than compelling case that the toxins identified in collected samples are man-made weapons of war, and that the Soviet Union is implicated in such warfare.

The grand total of positive physical evidence gathered by the U.S. is slight: five environmental and 20 biomedical samples (including some tissues from an autopsy) from Southeast Asia, plus one contaminated gas mask from Afghanistan. That adds up to less than 10% of all samples tested. But, not only is there a paucity of positives, there are also some disturbing problems with this meager lot and, for that matter, with all the samples collected.

Sample pedigrees either are not known or suspect. Controls are insufficient in number and/or inappropriate in character. Except for the Afghan gas mask, and some autopsy material, all positive samples have been analyzed by one private laboratory and have not been confirmed independently. The Army laboratory analyzing environmental samples has never detected toxins in the numerous specimens from Southeast Asia it has tested—never. In fact, the one environmental sample that contained the highest level of T-2 toxin reported was reanalyzed by this Army laboratory and found to contain no toxin. There are no environmental and biomedical samples from a single alleged attack. And the U.S. has no physical evidence that trichothecenes have been used in a weapons system. Not one piece of military hardware—not a shell, grenade, rocket, canister, or weapon fragment—has tested positive for toxins.

If the physical evidence is insubstantial and questionable, the refugee reports are even more inadequate. Southeast Asian scholars who have examined the reports claim that the refugee material has been poorly collected and organized, mainly because the interviews have been conducted by personnel ignorant of the basic rules of sound sociological research. They claim the questions asked of refugees appear to have assumed chemical warfare and were, therefore, leading. Also, they assert, refugee responses have never been considered in the context of social background. And finally, it is not clear from the material released that refugee interviews have been internally cross-checked or cross-referenced with other data, although the U.S. claims they have.

Of course, the government has classified intelligence data. However, this is neither knowable nor judicable. Hence, it is of limited use to the government in its public effort to convince the world of treaty violations by the Soviets.

To make a credible case for toxins as weapons of war, the government has to demonstrate that the trichothecenes it has found are not of natural origin. At a minimum, it must show that Fusarium fungi, present in Southeast Asia, are not producers of these trichothecene toxins, that pollen is not a substrate for naturally occurring toxin-producing fungi, and that moldy food is not the source of the trichothecenes found in human tissues and the cause of sickness now associated with chemical warfare.

The U.S. also has to reconcile the findings of a recently uncovered 1977 Chinese paper that reports that yellow rain is bee feces. And the government must explain why Hmong reported deaths from the herbicides sprayed by the U.S. in Laos in the early 1970s, and why the Cambodians accused the U.S. and South Vietnam of spraying a lethal yellow powder on some of its villages in 1964. In addition, the U.S. has to explain why no foreign country has come forward with analytical results—not vague statements of evidence—that support its case.

Despite the need for a valid scientific exercise—as constrained as that may have to be under the circumstances—science instead appears to have become captive to Administration policy. No matter how contorted the science has had to become, every government utterance made after Haig's speech

has supported the charge that the Soviets, sometimes through allies, are perpetrating a holocaust on hapless tribesmen by illegally conducting biochemical warfare.

Officially the Administration considers resolved the question of whether toxin warfare has occurred. Only arms control implications need now be pondered. Says Col. James Leonard, a politico-military affairs officer at the State Department: "This is not a scientific problem of the first order, and it can't be treated that way. The U.S. is involved with an arms control verification problem."

One in government who thinks otherwise is Lt. Col. Charles (Denny) Lane. He was assistant Army attaché at the U.S. Embassy in Bangkok from 1980 to 1983. During that period, Lane interviewed many of the Hmong fleeing Laos. He says the experience left him "quizzical." There are a "lot of unanswered questions," he explains. And these "are primarily scientific and have to be addressed by the scientific community."

SEARCHING FOR THE PUTATIVE AGENT

The scientific task has not been easy. And initially the government "had to 'ad hoc' the issue," says Carolyn Stettner of the Arms Control & Disarmament Agency. She should know because she also sits on an interagency intelligence task force chaired by Central Intelligence Agency officer Christopher (Kit) Green, which is monitoring the yellow rain issue. Stettner says that at the beginning there was "no formal mechanism set up to call together a team of experts" to puzzle out the problem.

The failure to detect traditional chemical agents indicated that the agents being used either were too short-lived to be detected days to weeks after an event, or were compounds never before used.

Small-molecular-weight toxins were considered a possibility by a medically trained CIA officer who had done field work in or near Laos, Kampuchea, and Afghanistan. But most government people involved in the issue credit Sharon Watson, a Ph.D. toxicologist and an intelligence research specialist for the Armed Forces Medical Intelligence Center, with first suggesting that trichothecene toxins produced by Fusarium fungi might be the agents causing the symptoms noted by alleged victims.

Her hypothesis was tested on a leaf and stem taken from the site of an alleged March 1981 attack on a Kampuchean hamlet near the Thai border—the physical evidence cited by Haig in his Berlin speech. Three trichothecenes—T-2 toxin, nivalenol, and deoxynivalenol (DON)—were identified by University of Minnesota plant pathologist Chester J. Mirocha. As Watson's thesis now seemed confirmed, the government began looking for trichothecenes in other environmental samples as well as in blood and urine samples taken from refugees who claimed to have become ill after a chemical attack.

Though additional chemical analyses were under way, at this point in fall 1981, the only publicly released data were the quantities of three toxins on a leaf and stem. This slim evidence left many scientists skeptical. One was Rutgers University food scientist Joseph D. Rosen, who since has tested a scraping of yellow powder obtained from Laos by ABC News, and who now believes that toxin warfare is being conducted. He says one piece of evidence—an analysis performed by only one lab, and with no controls reported—was too shaky a platform from which to charge the Soviets with perfidy.

According to Thomas Dashiell, a staff specialist for chemical technology with the Defense Department, that platform is being shored up. "We have been starting essentially from a zero science base. And we are continuing to build a scientific base on these mycotoxins that will be credible in the community."

The U.S. has tested about 100 environmental samples for trichothecenes. Mycotoxins have been found in five samples collected from sites of alleged attacks in Laos and Kampuchea. All control samples collected from areas near but not at attack sites have been found to be toxin-free. Emery William Sarver, chief of the methodology research team analyzing yellow rain samples at the Army's Chemical Systems Laboratory, has not identified a single toxin in any of the myriad samples he has tested. All positive U.S. environmental (and biomedical) samples have been reported by Mirocha. Other than Mirocha, only Rosen, who analyzed a nongovernmental sample, has reported the presence of toxins. And directly or through an intermediary, Mirocha has received all his samples from Watson.

Why Mirocha, according to Watson, is batting five-for-six in finding toxins in environmental samples from Southeast Asia, whereas Sarver is batting about zero-for-60 is yet to be explained.

MYCOTOXINS AS WEAPONS OF WAR

The government contends that the positive sample contain toxins at levels higher than those found in natural infestations. Yet it is hard to know what to make of this claim. Besides the obvious problem of not being able to verify that samples have, in fact, been collected from sites the government claims to have obtained them, the actual collectors of the samples have never been identified. Further, descriptions have never been released of how samples have been maintained in transit from collector to analyst. Contamination and even spiking of samples before the government received them cannot be excluded.

More important, it is unclear what the quantitative values attached to samples—the parts per million or parts per billion—mean.

In the government's most revealing statement to date—a paper published last November in the Journal of the Association of Official Analytical Chemists [66, 1485 (1983)]—Mirocha, Watson, and coauthors do not describe their method of quantitation. They list concentrations of toxins found, and they hint but do not tell how they obtained these figures, says Catherine Fenselau, an analytical chemist at Johns Hopkins University and editor of Biomedical Mass Spectrometry.

Fenselau says that Mirocha did identify trichothecenes qualitatively in some alleged yellow rain samples. Sarver adds that because most collected samples are small, and the chemical analysis itself is fraught with problems, the U.S.-reported results should "very definitely" be regarded as more qualitative than quantitative. Yet a major tenet of the government's case—that the amounts of trichothecenes are too high for natural occurrence—has vincing.

However, assume for a moment that Mirocha can quantitate his analyses. The values he reports range from a low of 0.030 ppm to a high of 143 ppm: Scatter is wide, and replication is nil. Most of his numbers fall within the range of the high levels of trichothecene toxins that have been reported for natural infestations of food and feed grains in Australia, Canada, France, West Germany, India, Japan, and the U.S. For example, Japan has reported 40.4 ppm of deoxynivalenol, and 36.9 ppm of nivalenol in barley, and West Germany has reported 31.5 ppm of diacetoxyscirpenol (DAS) in corn.

The U.S. also maintains that mycotoxins have been reported in combinations never found in nature. This, too, is questionable in the light of other data. These show some species of Fusaria to be copious producers of two or more of the yellow rain toxins.

For instance, a French group in 1978 reported isolating T-2 toxin, nivalenol, and DON from trichothecene-infested corn, a finding that indicates, at least, the simultaneous production of toxin by several Fusarium species. J. David Miller, a mycologist with Agriculture Canada, [Canada's equivalent of the USDA], and his colleagues were able to coax the simultaneous production of DON, DAS, and T-2 toxin from an isolate of *Fusarium graminearum*, and DAS and T-2 toxin from *Fusarium sporotrichiodes*. As sporotrichiodes have been found in Southeast Asia, there is reason to assume that the T-2 toxin and DAS identified in yellow rain samples may be of natural origin. Also, a Japanese group headed by Yoshio Ueno, who is now at Nagoya Institute of Technology, reported that *Fusarium tricinctum* and *F. roseum* both produce T-2 toxin and DAS.

Even Mirocha in a 1981 interview with C&EN didn't discount the possibility of a Fusarium species producing what the government now terms unusual combinations of toxins. "It's hard to say that none of them will ever do this. We never really had extensive studies," he said.

The trichothecene toxins in U.S. samples have been scraped off rocks, detected in water, and brushed off leaves. Mirocha and Watson say this indicates a manmade origin for the toxins, since these are not normal substrates for Fusaria, and Fusaria are not leaf pathogens.

On the other hand, Rodney D. Caldwell, a mycologist at the University of Wisconsin, Madison, points out that three Fusarium species—roseum, nivale, and poae—have been described as leaf pathogens. Last year, Thai scientists at Mahidol University isolated *Fusarium semitectum* var. semitectum from yellow spots on leaves collected in Thailand near the Kampuchean border. A crude extract of the fungus injected into mice killed them, indicating that the fungus was producing toxin, possibly even a trichothecene. Paul E. Nelson, a plant pathologist and Fusarium expert at Pennsylvania State University, says Fusaria are not normally leaf pathogens, and the Thai scientists haven't proved that they are. *F. semitectum* does colonize leaves in the tropics, he acknowledges, but whether it produces toxin is still an open question. The Thai scientists, he points out, induced toxin production in a laboratory, not in nature.

To clinch the argument that the toxins found in yellow rain samples are not of natural origin, the U.S. claimed initially that Fusaria are not indigenous to Southeast Asia because it is tropical, and hence any detection of trichothecenes is proof of weapon use. That argument advanced by Watson on the basis of an incomplete literature search, soon fell by the wayside.

This error might not have been made had Mirocha been consulted. In a 1981 interview, he told C&EN, "The organism Fusarium and its various species are found throughout the world. . . . Fusaria without question absolutely are found in the tropics. . . . It is a very serious pathogen in Central America, very destructive to the banana plant."

It has been known since at least 1939 that Fusaria occur naturally in Southeast Asia. Then French mycologist Francis Bugnicourt documented their presence in his doctoral thesis. In addition to the Thais who have isolated one species of toxic Fusarium, Canadian mycologists recently isolated two species (*F. semitectum* and *F. sporotrichiodes*) from samples collected near the Thai-Kampuchean border; both are known toxin producers in temperate climes and under some lab conditions. Whether they produce toxins in the tropics is not known.

That, however, may be the wrong question. More pertinent is whether Fusaria are present at the high altitudes the Hmong call home, and whether they produce toxins under the climatic conditions at these heights. The temperatures at the mountaintops more closely resemble the temperate zones favored by toxin-producing Fusaria, a fact always overlooked in U.S. statements.

Even though the major arguments for a man-made origin for these mycotoxins seem to have been diminished by the weight of scientific evidence, the U.S. still insists that its small number of positive environmental samples are scientifically impressive. A close examination of the results reported on each sample, each with its own set of thorny problems, reveals otherwise.

A CLOSE LOOK AT FIVE SAMPLES

The first leaf and stem collected from a Kampuchean attack in March 1981 was split into two samples by Watson's group, and one was spiked with 400 ppm of T-2 toxin. When Mirocha received them through an intermediary in July, each weighed 200 mg. He extracted the whole samples, cleaned up the extracts using a ferric-gel procedure, prepared the extracts for analysis by converting them into trimethylsilyl ether derivatives, and analyzed the derivatives for toxins using gas chromatography combined with mass spectrometry in the selected ion mode.

He monitored two peaks and chromatographic retention times, but the temperature at which he ran his chromatography—a crucial determinant of retention time—has not been reported. He failed to indicate temperature in his November paper, which also contains no full spectra of authentic material (standards) or a literature citation where such a spectra can be found.

For the unspiked vegetation sample Mirocha reported 3.17 ppm T-2 toxin, 109 ppm nivalenol, and 59.1 ppm DON. On the spiked sample, he reported 35.7 ppm T-2 toxin—indicating a less than 10% recovery of T-2 toxin on that run—21.7 ppm of nivalenol, and no DON. Not only was the apparent recovery poor, but the ratio of nivalenol to deoxynivalenol changed. If the two halves are from the same leaf and stem, the absolute numbers could vary from one analysis to the next, but the ratio of one toxin to another would be expected to remain the same.

True, there is a problem of scatter in data—a problem that Mirocha may not consider because he doesn't report variance data in his November paper. And it is indisputable that each of the three toxins has a different solubility, as Sarver argues in defense of the reported data. Still, Mirocha analyzed two halves of the same leaf, using the same analytical technique, and got results very hard to explain.

The apparent poor recovery—less than 10%—could be a result of small sample size. Or, as Mirocha tells C&EN, it could be that the recovery was good but the spiking was not. Mirocha is correct in arguing that "the spiking could be as inaccurate as [the Army's] facility to spike allowed."

The second sample found positive for trichothecenes was 10 mL of water containing some never identified floating debris. This sample allegedly came from the same March 1981 Kampuchean attack site as did the leaf and twig sample, yet Mirocha only found 0.22 ppm or 66 ppm of DON, depending on whether the calculation is based on 10 mL of water or on the 33 mg of residue formed on evaporation. He found no T-2 nor nivalenol, which he found in the leaf sample. This is odd because nivalenol is even more water-soluble than DON and was found in far higher amounts than DON in the leaf and twig. Mirocha also reported finding DAS at 296 ppb in the water but not in the vegetation sample. So for whatever reasons, and Sarver says "distance [of the collected sample] from the main event is a determining factor," the vegetation and water samples from the same alleged chemical attack were found to contain very different combinations of toxins.

A rock scraping of yellow-green powder was the third sample found to contain toxins. This sample came from a March 23, 1981, aerial spraying attack in the Phu Big (northeast of the capital, Vientiane) region of Laos. Mirocha analyzed the sample on Oct. 20 or 23, 1981 (both dates are listed in his November paper), and found 143 ppm of T-2 toxin, 27 ppm of DAS, and a trace of another mycotoxin, zearalenone. Sarver's laboratory found pollen in the powder.

A year later, Sarver analyzed another portion of this powder, which had been found to contain the highest level of any trichothecene reported by the U.S.: 143 ppm of T-2 toxin. Sarver found none of the compounds previously identified by Mirocha.

Sarver and Mirocha both use GC-MS, but their extraction and cleanup procedures are different. Yet both find T-2 toxin in spiked samples. Says Sarver: "We do not miss the T-2 when it is present in those samples, nor does Mirocha. I think we can say the analytical techniques are similar." So why the difference?

"It came as no surprise to us," says Watson. The sample, sitting out the entire year in a capped vial at room temperature, "contained quite a bit of soil. . . . Soil microorganisms were present, and are certainly capable of breaking down the trichothecenes," Watson claims. Several chemists who regularly work with trichothecenes agree that some, but not total, degradation may occur in a year's time.

Complete degradation could occur if the sample picked up a lot of moisture, thus enabling the bugs to grow. "But growth like that would be obvious," says James R. Bamburg, a biochemist at Colorado State University. Unless there is excessive moisture, "it would surprise me that the trichothecene levels dropped to zero," Bamburg adds. Charles Thorpe, a supervisory chemist at the Food & Drug Administration, agrees. "I see no reason why T-2 shouldn't be present a year from now at almost the same level as today. Even if it is moist, I still would expect to find T-2 unless the sample was exposed to strongly acidic or basic conditions," Thorpe says. Watson and Sarver have never described the sample as moldy, or to have been exposed unintentionally to acid or base.

Sarver also argues that his zero finding may be explained by the powder's heterogeneity, or by variance. And he notes that his extraction procedure recovers only 10% of the trichothecenes when pollen is also part of the residue, which it was in this sample.

When asked about this startling discrepancy, Matthew S. Meselson, the leading critic of the government's case and a Harvard University biochemist who has counseled the White House, the departments of State and Defense, and the Arms Control & Disarmament Agency on biological and chemical warfare issues for the past 20 years, was nonplussed. He points out that T-2 toxin in that sample would have had "to go down by more than 1000-fold because Sarver's sensitivity is around 60 to 80 ppb and Mirocha had reported 143 ppm, or 143,000 ppb."

Sarver's failure to find toxins in this residue sample highlights a major problem with the Southeast Asian samples: None, according to Watson and Sarver, have been tested and confirmed to contain trichothecenes by two or more laboratories.

However, Watson says, the high T-2 toxin-containing residue sample analyzed by Mirocha may have come from the same attack as the ABC News sample analyzed by Rosen at Rutgers University. "It turns out they were collected the same week from the same village . . . and we think they came from the same attack series, maybe even the same attack," Watson says.

Rosen found T-2 toxin, DAS, and DON at about 50 ppm each. He found zearalenone at 265 ppm and some peaks suggesting the presence of the man-made compound polyethylene glycol (PEG). Watson claims Rosen's identification of T-2 toxin and DAS at about 50 ppm each "is well within the ball park for independent sampling at different times." However, Mirocha reported only a trace amount of zearalenone and no PEG.

Another characteristic common to both samples is pollen. Palynologist Joan W. Nowicke of the Smithsonian Institution and Meselson found pollen in a portion of the ABC News sample given to them by Rosen, and Sarver's laboratory found pollen in the sample Mirocha analyzed.

Rosen claims the ABC News sample is true yellow rain, and could have come only from a weapon because it contains mycotoxins, pollen, and PEG. He claims PEG or a derivative would be the logical dispersant for the weapons system. The presence of PEG "makes irrelevant any explanation for the natural occurrence of yellow rain," he asserts. However, no other laboratory has identified this man-made substance, and contamination of his sample before he received it, or even during his analysis, can't be ruled out.

Sarver has "not found evidence of PEG." And he hasn't looked for the material, even after Rosen's report, because he has "seen so many man-made compounds in these samples that it is unbelievable." He also implies that he can't eliminate the possibility that the source of the man-made material may be the containers in which the samples are collected and transported.

The ABC News sample may be the only non-U.S. government sample to be analyzed and found to contain trichothecenes. No other nation has come forward with data indicating the qualitative or quantitative detection of trichothecenes in yellow rain samples.

The fourth positive environmental sample was a tiny rock scraping from an alleged aerial spraying of a hamlet in Laos on April 2, 1981. The sample was so small, about 1 mg after methanol extraction, that Mirocha reported the presence of DAS at 10 ng per vial, or about 10 ppm.

The fifth and last positive sample was obtained from an aerial spraying of Thai villages near the Kampuchean border on Feb. 19, 1982. Hundreds of yellow-spotted leaves were collected and distributed widely.

Mirocha identified T-2 toxin at 0.086 ppm and DAS at 0.030 ppm—levels far lower than those detected in the other samples. According to University of Saskatchewan mycotoxicologist H. Bruno Schiefer, Thailand, France, Britain, Sweden, and Canada also found trichothecenes, mainly T-2 toxin and DAS, in the 40- to 100-ppb range, the same as Mirocha's findings. Unfortunately, this one instance of apparent replication can't be verified because only the U.S. has released hard data.

Canadian and Thai scientists also found pollen in the yellow spots. And the Thais also claim to have isolated a Fusarium fungus from their samples. But all of these findings may be irrelevant, says Schiefer. He believes this was not a true yellow rain attack, but a "Vietnamese diversionary tactic."

Ruse or not, the exercise has some value, Schiefer says. A Canadian epidemiologic study was able to correlate "very minute disturbances in the health of the occupants of houses sprayed" with the low levels of mycotoxins purportedly confirmed by several laboratories. The Canadian team unearthed no health complaints from occupants of houses not sprayed, Schiefer adds. There is one small hitch: The yellow powder was said to be sprayed from an aircraft flying at 5000 feet. The Canadians have yet to explain satisfactorily how material sprayed from that altitude can fall so precisely on a few selected houses but not on adjacent homes.

The only other positive nonbiomedical sample in the U.S. government's possession is the Afghan gas mask. The mask, believed to have been purchased by the U.S. in Kabul in September 1981, was analyzed by Mirocha, Sarver, and a third laboratory, possibly FDA. C&EN can't confirm that the mask was purchased, or the FDA analyzed it because the State and Defense departments have failed to answer these and many other questions put to them by C&EN. At any rate, each of the laboratories reported T-2 toxin on the outer surface of the mask, but not on the filters.

This single gas mask is the sum total of the government's physical evidence for toxin chemical warfare in Afghanistan. Another mask and some environmental samples have never been confirmed to be contaminated with toxins.

The five positive samples hardly prove a man-made origin for the mycotoxins found in Southeast Asia. And the U.S. hasn't analyzed and reported the results on enough control samples to prove that these mycotoxins are not part of the natural environment of that region.

Though Watson speaks of "all those controls," to date the U.S. has released information on only nine environmental samples: one water, two soil, one corn, one rice, and four leaves. These were collected from an area in Kampuchea said to be near Phnom Mak Hoeun, an alleged attack site. All tested toxin-free. But they were not collected in the same season as the toxin-positive samples.

No control material has been reported for the Phu Bia Mountain area of Laos, from where the majority of chronicled refugee accounts come. However, Sarver has said the U.S. has tested 16 controls. Some of these may be from Laos.

TWENTY TOXIN-POSITIVE BIOMEDICAL SAMPLES

According to Watson, fewer than 100 victims have been sampled to date. Blood and urine specimens have been collected from more than 60 people complaining of some of the symptoms the government associates with yellow rain. Of these, 20 have been found to contain T-2 toxin and/or its metabolite HT-2, usually in the low parts-per-billion range. Two of the 20 positives have been designated as tentative findings because Mirocha did not have enough material to run a full mass spectrum on them, a requirement for full confirmation. The significance of the other 18 positives also is in doubt. Positive samples often have been collected one to 10 weeks after an alleged attack, yet animal studies indicate that these toxins are almost entirely flushed from the body within 48 hours of exposure.

About 40 individuals who claimed to have been exposed to yellow rain have been tested and found to have no mycotoxins in their body fluids. "A negative from a person who is exposed has a lot of qualifiers around it," says Watson as an explanation for only one in three "victims" testing positive for toxins. Among these qualifiers, Watson says, are variability in rates of toxin metabolism by individuals, the distance the villager was from the site of attack, how much of a dose of toxin the villager received, and how long after an attack the sample was taken.

With the 20 toxin-positive, and 40 toxin-negative samples, Watson has accounted for about 60 of the 100-victim ball park figure she uses, which still leaves some 40 victims unaccounted for.

In addition to the samples from 100 victims, about 16 biomedical control samples have been collected, and have been found to be free of trichothecenes. If not insufficient in number (though this is difficult to know for certain because of the government's poor reporting practices), these blood and urine controls are inappropriate in character. Though apparently age- and sex-matched, the controls were healthy individuals, probably not eating the same diet as the so-called victims.

Writes Chancellor Lewis Thomas of Sloan Kettering Memorial Cancer Center: "We need to know whether trichothecene toxins are or are not present in the hospitalized people from the same area, malnourished and moribund but never exposed to yellow rain." Says Meselson, "The use of apparently healthy controls risks excluding trichothecene positives from the control group."

The U.S. government still rules out a natural origin for the mycotoxins found in body fluids, even though its biomedical protocol is apparently poorly designed and it has no positive environmental and biomedical samples from the same alleged attack. It makes the link to toxin warfare largely on circumstantial evidence. Says Watson: "The victims described a material that is sprayed by aircraft after which [a particular] set of symptoms begins."

However, there are problems with Watson's scenario. For instance, in some of the alleged events no mode of delivery is specified; the "victims" don't know where the yellow rain comes from, but they associate it with their illnesses. Then there are the animal studies, which indicate trichothecenes are eliminated rapidly from the body. And then there are the 40 individuals who claim to have been exposed to toxins, presumably became ill, yet have tested negative for toxins. And finally, there is the food eaten by the refugees, which may contain Fusarium mold, but which has not been tested extensively.

Although the U.S. cites autopsy evidence as the clincher in its solid case for the man-made origin of these toxins, the data from the only reported autopsy seem to support a natural origin. The victim, Chan Mann, a Kampuchean soldier, reportedly was exposed to a toxin attack on Feb. 13, 1982; a month later he was dead. Canadian medical officers who examined him say he died of blackwater fever, a form of malaria.

Both Mirocha and Rosen analyzed Mann's tissues for trichothecenes. Though Watson says Rosen's recoveries were better, only Mirocha's analysis has been released. He found the highest levels of toxin in the esophagus/stomach (4.02 ppm HT-2), kidney (2.55 ppm DAS), heart (1.2 ppm HT-2), and large intestine (88 ppb T-2 toxin and 9.6 ppb HT-2).

Timothy D. Phillips, a toxicologist at Texas A&M University, analyzed the same tissues for aflatoxin, a mycotoxin endemic to Southeast Asia. He found very high aflatoxin levels in stomach, liver, kidney, and intestine: "higher than one would expect to find in samples of human tissue," he says.

Meselson says the high levels of aflatoxin and trichothecenes in Chan Mann's gastrointestinal tract indicate "the ingestion of moldy food within the previous day or two." Such contamination of food is a distinct possibility in Southeast Asia, he says. T-2 toxin has been found to infest corn and sorghum in India, he points out. Phillips agrees that recent ingestion of, at least, aflatoxin is a possibility.

Watson, on the other hand, believes aflatoxin "was probably introduced via the diet; the trichothecenes, however, were certainly introduced via chemical exposure." She knows this because "trichothecenes are not endemic in that area, they do not contaminate food sources, they would not be expected to be found there, and have never been found there." Besides, she says, "He was exposed to a chemical attack in which he described symptomology that fits with the trichothecenes, and trichothecenes were found in the autopsy specimens."

A PARTICULAR SET OF SYMPTOMS

The major symptoms that the U.S. relates to trichothecene exposure—vomiting and diarrhea, sometimes with blood; skin rashes and lesions; dizziness; fatigue; tremors; and death—also are signs of diseases endemic to the area: respiratory (tuberculosis) and gastrointestinal (gastroenteritis) problems, fungal skin infections, malaria and hemorrhagic dengue fever, to name a few.

Donald B. Louria, chairman of the department of preventive medicine at the University of Medicine & Dentistry of New Jersey Medical School, spent a month at the Khao I Dang refugee camp in Thailand near the Kampuchean border. During that period he was presented the "best" yellow rain case collected by aid workers monitoring the issue for the U.S. "The prize case [of a yellow rain victim] they reported to me didn't sound like mycotoxicosis, it sounded like leukemia." Also, he says, "I didn't see anything there that gave me confidence that data were being collected that would answer the question [that yellow rain toxins are causing diseases]." Other volunteer physicians interviewed by C&EN have confirmed Louria's assessment of the U.S. collection effort.

Louria adds that with all the symptoms being reported for yellow rain exposure, "it is very difficult to establish a definition of a

case." An official with access to classified information apparently agrees. The government can't separate the symptoms of mycotoxin exposure from "those due to other things in the mixture. There is no case in which only the mycotoxin has been dropped," he says.

In fact, the November 1982 State Department report (known as the Shultz report) says increased reporting of abdominal pain and prolonged illness with no bleeding suggests that "another agent or combination of agents is being used. The explanation is complicated because different symptoms are ascribed to men, women, children, and animals." Watson, however, insists there is a "particular set of symptoms that are associated with yellow rain attacks," and she furnishes a time course of symptom development to illustrate this.

Assuming that Watson is correct and trichothecene toxins are producing a "particular set of symptoms," the finding of T-2 toxin—and often not its metabolite HT-2—in human tissues weeks after an alleged exposure has to be explained.

Watson says humans may retain trichothecenes in an as yet to be identified depot. Trichothecene release may be biphasic, she explains, with an initial rapid excretion, followed by a delayed release. There are no documented data so support her thesis. Most animal studies indicate that the T-2 toxin, especially, is excreted from the body in 48 hours when the toxin is given orally, or by intravenous injection. Until recently there were few studies in which the toxins were introduced via inhalation, or through the skin.

William B. Buck, director of the Animal Poison Control Center at the University of Illinois, says ongoing studies in his laboratory indicate that for swine and cattle T-2 toxin's half-life in the blood is 15 minutes, and no toxin can be detected in the plasma after three hours, or in tissues after 12 hours. His group never detects T-2 toxin, or the more toxic DAS, in the blood or tissues after a single oral dose. Buck has not yet done inhalation, or continuous oral or dermal studies, but he thinks "it is unlikely that the toxins, especially the parent compounds, would be present in the blood two months after exposure."

The government's studies probing the question of toxin retention are ambiguous. David L. Bunne of the Army Medical Research Institute of Infectious Diseases, who has been tracking the metabolism of T-2 toxin, says metabolism is dependent on the route and dose administered. By intravenous injection, T-2 toxin in rodents has a "half-life measured in a few minutes, but then there is a second leg," he says. "If you expose an animal by skin, the final absorption is not complete even at the end of a month . . . the skin appears to be functioning as a reservoir . . . and there is a significant residual in both the liver and kidney," he explains. He has done few inhaltion studies, and has "no good data" for T-2 toxin by this route.

As Bunner himself points out, his metabolic studies are difficult to interpret. He uses labeled T-2 toxin and measures the label. "We still have to prove which [one] of the toxin structures" is being followed in the blood and organs. "We don't know if it is T-2, or which of its metabolites," he adds. He also doesn't know if he is merely tracing the labeled element.

The problem, says Meselson, is that "every time you look at any of the data, you find you have to spin out lots of very peculiar assumptions to preserve the State Department's point of view—like the half-life issue." The two-phase argument for the persistence of T-2 toxin is questionable, says Meselson.

He explains: "A significant problem with the argument is the volume of blood in a person. When T-2 is in the blood it has a 15-minute half-life. That means that T-2 has to be pouring constantly, at a tremendous rate, from this hypothetical depot. Since there is so much blood in your body, it must mean grams of the stuff inside of you."

THE PRICKLY PROBLEM OF POLLEN

Not only do animal studies suggest that the toxins found in the human tissues may be from recent ingestion of moldy food, but the pollen found in the environmental samples also may indicate a natural origin for these toxins. The extreme lengths to which the government has gone—and then retreated from—to explain the presence of pollen is yet another example of contorted reasoning in defense of its case that the toxins are manmade weapons.

The U.S. confirmed that pollen is a significant part of yellow rain samples in November 1982, after Thai scientists at Mahidol University, and Agriculture Canada mycologist Gordon Neish already had reported finding pollen in yellow rain. According to Alastair Hay, a chemist at the University of Leeds, "British scientists at the Chemical Defense Establishment at Porton Down" also found pollen in samples that year, as did Swedish defense scientists looking at specimens for the special UN team investigating toxin warfare allegations. And, of course, that year Australian Defense Department scientists found so much pollen and so little toxin that they declared their yellow rain samples "fakes."

The U.S. government at first accepted the presence of pollen in the samples as further proof of Soviet culpability. The theory then was that pollen, as a carrier for the mycotoxins, was an integral part of the weapon. At a November 1982 briefing, Gary Crocker, a State Department intelligence officer, said that "commercially collected pollen, pollen collected by insects, happens to be the right size to be retained in the body."

At the same briefing, Watson further clarified the role of pollen in the weapons system. As she explained the then-current theory: "The agent, as it comes down, is wet, and at this time the primary exposure appears to be through the skin. The toxins are dissolved in [a] solvent, going through the skin very quickly. But as the agent dries, the secondary aerosol effect can be caused by kicking up this pollenlike dust that is of a particular size that will be retained in the bronchi of the lungs. So there are two different ways the compound is absorbed." She went on to describe the toxin-pollen-solvent combination as a "very clever mixture."

This use of pollen as part of the weapon meshed with the Soviet Union's having a well-developed pollen industry, whereas Southeast Asia does not. And a U.S. official with access to classified information recently confided to C&EN that there is evidence of "an association of bee pollen collecting facilities near the confines of a chemical weapons facility in the Soviet Union."

The explanation for the presence of pollen in the toxic agent seemed to be supported by the research of University of Maryland chemist Bruce B. Jarvis. Working under an Army contract, he found bee pollen to be a good culture medium for the production of Fusarium spores. Under his laboratory conditions he had indications that a particular Fusarium strain was prodded into toxin production, possibly even trichothecenes.

Repeated reports of pollen, and especially the claims by Army and State Department officials that insect-gathered pollen is a "clever" vector for transmitting man-made mycotoxins, piqued Meselson's curiosity. At a meeting on yellow rain at Cambridge last spring, several pollen experts identified the plant families of some of the pollen. When Peter S. Ashton, the director of Harvard University's Arnold Arboretum, who was in attendance, heard the list he reportedly said, "The plant families are all common in Southeast Asia, and the pollen is gathered by bees."

As Meselson tells the story, Ashton then consulted a former Harvard fellow, Thomas D. Seeley. Seeley is a Southeast Asian bee expert who now teaches at Yale University. When Seeley heard that the yellow spots were a few millimeters in diameter, occurred over a small area at a density of several spots per square foot, changed in appearance from a sticky blotch that eventually dried to a powdery consistency, and continued to appear over a period of days, he told Ashton that the yellow spots sounded like feces of bees of the genus Apis, the true honeybee. This prompted Meselson and Ashton to collect bee feces around Harvard, and to photograph and examine the collected material.

In the meantime, palynologist Nowicke was examining the pollen of yellow rain collected by Canadians in Laos, and also a portion of the remains of the ABC News sample. Seeley also was examining samples of yellow rain, including the ABC News sample.

Based on descriptions of yellow rain, and their own examination of yellow rain and domestically collected bee fecal material, Meselson and Seeley, speaking for themselves, Nowicke, Ashton, and Julian P. Robinson, a chemical warfare expert from Sussex University, last summer told a gathering of the American Association for the Advancement of Science, "Whatever the source of mycotoxins in various samples, it is possible that yellow rain is bee excrement."

Photomicrographs of yellow rain and locally collected bee excrement were very similar in appearance, Meselson and colleagues said. Similar even down to the presence of bee hairs and high pollen count. A striking feature of all the spots examined was the variable diversity of pollen types from spot to spot.

Nowicke says that in the Laotian yellow rain samples she examined, including the ABC News residue, she was able to identify "pollen types consistent with plant families in Southeast Asia." In fact, she has found pollen types from two species of plants found only in Southeast Asia. She says all the spots and the ABC News residue examined contain a diversity of pollen, but the pollen composition of no two spots (or residue) is identical. "If the pollen were from an artificial source, I would expect the spots to be more uniform" in pollen composition, she says. Meselson argues that the lack of uniformity among the spots is a "characteristic of authentic bee shit."

Says bee expert Seeley: "I have no doubt that the yellow rain samples that people have turned in, and that I have seen, are bee feces. I say this because of their texture, size, and the fact that they were dense mixtures of pollen and other material." Sarver says the government contacted the "few

people that know enough about bee feces to be an authority on it . . . and none of them are clear enough in their definition to indicate that by physical examination one can determine bee feces." He did not name these authorities.

Nowicke also believes that the material she has "been looking at is bee feces. But this doesn't deny the existence of yellow rain," she adds. It does, however, cast into doubt the government's claim that yellow rain samples turned over by refugees and others are evidence of toxin warfare.

"On the evidence that there is around, the bee theory is as good as any other theory," says Robinson. "The only reason we put it up was to encourage people to do more serious work on yellow rain, and to make them look ridiculous if they didn't."

It didn't work. The State Department immediately derided the theory as "the great bee caper." Mirocha termed it "ridiculous, and even absurd." Canada's Schiefer asked, "If yellow rain is bee feces, why is there heavy amounts of bee defecation only in militarily contested areas?" Watson denied the existence of pollen in all but one yellow rain sample.

Watson argues that only the highest T-2 toxin-containing yellow powder contains pollen. Sarver, however, amends that, saying that there are 11 or 12 powders from Southeast Asia with a "high content of pollen." More to the point, of the government's five positive environmental samples, some of which the Army says had no yellow spots, only two have been tested for pollen, and they were found to contain pollen.

If the universe is widened to include yellow rain samples from sources other than the U.S. government, then Meselson knows of 16 yellow rain samples that have been found to contain pollen. These include two UN specimens, five U.S. samples, one Thai specimen, two Canadian samples, the ABC News residue, one British sample, and four Australian samples, one of which was found to contain uric acid, an indication of bee fecal matter.

This plethora of pollen is not sufficient for Watson, and so she now backpedals: "That association between pollen and the attacks is not firm at this point," she insisted in November 1983. "That was never really a crucial issue . . . whether pollen is or is not involved is irrelevant."

Then Watson states as dogma that which should be the question: "What is involved is the fact that people are being killed with toxic agents. . . trichothecenes are a component of that agent, and that constitutes a treaty violation. What the carrier is is irrelevant."

It isn't irrelevant. If yellow rain is bee feces, it discredits the government's case. It places in doubt all the eyewitness reports. If refugees are wrong about the agent, may they not also be wrong about associating illness with Soviet-sponsored warfare? It also repudiates the government's star witness: the enigmatic Amos Townsend. Townsend, a physician working with the International Rescue Committee in Thailand, has been on the State Department's payroll for more than a year. His assignment: to collect evidence of yellow rain warfare.

Last August, after consulting "bee experts" in Thailand, Townsend sent the State Department a rebuttal to the bee feces theory. Seeley, who knows most of the bee experts in Thailand, was not familiar with any of the men whom Townsend consulted. And he was further puzzled because Pongthep Akratanakul was not queried. Seeley says that Akratanakul "is, to the best of my knowledge, the most knowledgeable person about honeybees in all of Thailand."

It is also puzzling and ironic that Watson has distributed Townsend's rebuttal to reporters. In it Townsend totally undermines Watson's present position by insisting that pollen is an integral ingredient of the toxic agent being used in Southeast Asia. He writes that a "Thai entomologist has said that there was 'too much pollen for bee feces' in the yellow rain spots"—too much pollen in yellow rain.

Townsend attaches much significance to white spots occurring "at the same time and place as the yellow spots and over the same area" in Kampuchea. He describes, but never identifies, these white spots, and he never explicitly connects them to alleged yellow rain attacks. They may be bird droppings or even the remnants of mold. Townsend also addresses spot density per unit area, which Seeley says needs more study. And he says the spot sizes he sees are too large to be bee feces. Seeley, however, says Townsend may be looking at more than one bee dropping. Finally, Townsend says the large area over which he finds spots is "unrealistic." To this, Seeley responds: "Townsend may not be looking at bee fecal matter."

Indeed, Townsend's rebuttal of the bee theory is so vague that even if his points are valid, they can't be interpreted as such by the reader. The inarticulate reasoning in the rebuttal supports the appraisal of Townsend by many physicians who have worked with him at the Nong Khai refugee camp in Thailand. They say that his interview techniques leave something to be desired and that he has not yet carried out the systematic investigation needed to help resolve the issue.

Sarver, who has done a systematic analysis of colleced samples, has been quoted as saying that "the evidence strongly supports" the involvement of bees. Further, he says the evidence does not exclude the possibility that yellow rain is bee feces, although he doubts this.

Meselson, with no such doubts, has tried to tie all the pieces of evidence together. First, he notes that all five of the government's positive invironmental samples, and 17 of the 18 firm positive biomedical samples, were collected from mid-February to mid-April, the tail end of the dry season in Laos and Kampuchea. This is a time of year when bees swarm in India, he says, and they also may swarm in Southeast Asia, although this is not known. This is also said to be the time of year when the hill tribesmen of Laos and Kampuchea, traditional rice eaters, turn to other food such as corn, which is a good substrate for Fusarium. Indeed, Meselson suspects, and there is some evidence for this, that this is also the time of year when Fusarium blooms—when the concentration of spores in the air reaches a high peak.

FITTING THE PIECES TOGETHER

Integrating all these pieces, Meselson speculates that at the same time people are eating moldy food and getting sick, the bees swarm and defecate. Because these two events are happening together, the people relate illness to yellow spots. Then on top of this float rumors of chemical warfare.

Some of these rumors may be traceable to 1964. Then, the Kampucheans accused the U.S. and South Vietnam at the UN Security Council of spraying lethal yellow powders on their villages and killing people. Less than a decade later, the U.S. sprayed the Hmong's poppy fields with herbicides. And Hmong reported deaths. So in both Kampuchea and Laos there is a collective history of aerial spraying and, perhaps, a basis for present-day rumors.

Meselson doesn't speculate about the nature of the spots on leaves and the yellow powders. "I have very high confidence that the yellow materials are bee feces not having anything to do with chemical warfare. I would assert with high confidence, but not as high as the first one, that the toxins found in environmental samples and in human tissues are of natural occurrence, not from military operations. The reason is the time delay between the finding of toxin and the alleged attack, and . . . that in that one autopsy the toxin was mostly in the stomach and intestine, and the man became ill just before he died."

Meselson's third proposition, to which he attaches no confidence level "because it is sheer speculation, is that we may be dealing with pellagra. I say this because of the symptoms and the seasonality." Pellagra is conventionally described in medical textbooks as a niacin-deficiency disease characterized by dermatitis, inflammation of the mucous membranes, diarrhea, and psychic disturbances. It occurs in the springtime and in some areas of India. But what is puzzling is that the people of these areas eat a lot of niacin-rich sorghum, which has been found recently to be tainted with T-2 toxin.

Louria, who treated Kampuchean refugees at Khao I Dang, says he "saw nothing in the refugee complaints to suggest pellagra." Though he said he did see "a lot of multiple vitamin deficiencies."

Meselson reaches these conclusions after an examination of the government's evidence. Controls for natural occurrence of the toxins in the environmental and biomedical samples are too few and not well matched. The finding of toxin in blood weeks after an attack is difficult to reconcile with the half-life evidence from animal studies, and the finding of the toxin at high levels in the autopsy material—in the first organs of entry for ingestion—indicates fairly recent consumption of moldy food.

Then, Meselson says, if you look at the modes of delivery reported by alleged victims whose blood contains toxin, you find an aircraft flying at above 5000 feet (too high for a spraying operation; crop dusters fly between 100 and 300 feet), a low-flying helicopter, artillery shells, a grenadé, and a land mine. Sometimes the victims allege exposure by walking through a field they were told was contaminated, sometimes no delivery mode is mentioned.

And still with all these reports, no munition has been retrieved that tests positive for toxins, Meselson says. The Pentagon's Dashiell says that's because the more recent attacks over Laos have involved aerial sprays of the toxins. Still, shells, grenades, rockets, and canisters have been reported to be the delivery systems for early attacks in Laos, and for attacks in Kampuchea to this day. The attack sites in Kampuchea are near the Thai border, so it is conceivable that weapons or their fragments can be carried into Thailand, just as environmental samples are. Also, it is apparent that none of the fragments and weapons examined show the design characteristics of chemical, as opposed to high explosive, weaponry.

And, Meselson says, there's the pollen. "It is incredible that anyone would use pollen. It's very, very outlandish. Then for it to be Southeast Asian pollen!"

It turns out that pollen can be nature's vector for transmitting mycotoxins. Leeds University biochemist Hay says that two pathologists in 1927, writing in the Philippine Journal of Science [32, 103 (1927)], knew that "disease-producing fungi could be carried on pollen grains from infected banana plants to healthy ones."

Further evidence that yellow rain may have a natural origin comes from a 1977 Chinese paper, which just surfaced. Written by four geologists at Nanking University and published in Science Bulletin (Kexue Tongbao, 22, 409, 1977), the paper describes the descent of yellow rain for periods of up to 20 minutes over areas as large as 20 acres in the province of Northern Jiangsu in 1976. The scientists report that the yellow drops fell as a viscous liquid that stuck to plant surfaces, forming up to 160 spots per square meter, with each spot a few millmeters in size, and then dried to a powder.

The spots were composed mainly of pollen from trees and plants of the area, but algae and other micro denzins of ponds where bees drink were also part of the spots. Because of spot size, the types of pollen grains found, and the proportion of grains with wall damage, the scientists conclude that the spots are probably fecal material released by bees on cleansing flights. No illnesses were reported.

The Chinese, it seems, weren't the first to comment on yellow rain. Charles Darwin reported the phenomenon in 1863. His observation is recorded in "The Collected Papers of Charles Darwin," Vol. II, edited by P. H. Barrett.

Buoyed by this scientific support, and by his and Norwicke's palynological analysis, Meselson says of Southeast Asian yellow rain: "If this stuff isn't bee feces, a most incredible and sophisticated effort has been applied by the Russians to make it look precisely like bee feces."

MILITARY UTILITY OF TOXINS

The larger issue is why the Soviet Union, or any country for that matter, would use trichothecene toxins as warfare agents. The U.S. argues that it is a very devious choice of weapon, so unusual that it took years to detect. Its use strikes terror in unsophisticated and unprotected hill people by killing some in a gruesome way and driving the rest permanently from their contaminated land. It is, says State Department intelligence officer Crocker, an effective weapon against "a dug-in resistance in remote areas." But, then, so are the less exotic harassing agents.

So why link trichothecenes to nefarious Soviet behavior? As a first cut, the U.S. argues that trichothecenes are indigenous to the Soviet Union. The Soviets have suffered several trichothecene-poisoning incidents. And the Soviets have done much scientific research on these toxins, and are even using them for pest control of their forests.

Initially the U.S. had argued that only the Soviets, not their Asian allies, had the technological skill and the military will to produce these toxins. After all, an accident at a facility in Sverdlovsk, under military control, may have been the cause of the still unexplained outbreak of anthrax in 1979 that the U.S. claims indicated treaty-violating work by the Soviets on biological weapons. Now, says the Pentagon's Dashiell, any country—including Laos and Vietnam—with a brewery can produce these toxins.

If this anecdotal evidence isn't convincing, the U.S. offers additional, albeit circumstantial, proof of Soviet involvement. There are eyewitness reports of toxic chemicals being unloaded in Southeast Asia. Defectors tell of Soviet chemical warfare experts supervising, and sometimes participating in, actual toxin attacks in Southeast Asia, and then returning to the attack sites to verify the effectiveness of the weapons. A U.S. official with access to intelligence data says he knows of one occasion when a "trichothecene or mycotoxin weapon was taken into Afghanistan and used." However, this occasion did not involve the gas mask contaminated with T-2 toxin, he says.

There are classified radio intercepts and photographs to document Soviet involvement in chemical and toxin warfare, the U.S. says. There are intelligence reports on Soviet toxin weapons development.

There is the fact that Soviet influence kept the UN team of experts from investigating yellow rain allegations firsthand in Laos, Kampuchea, and Afghanistan. And, of course, there are the two journalistic efforts frequently cited by government officials and their scientific allies as evidence of Soviet duplicity: The 1982 ABC News documentary "The Rain of Terror," and Sterling Seagrave's 1981 book "Yellow Rain."

If that were not enough support for Soviet involvement, there is also their doctrinaire acceptance of chemical weapons as an integral part of their force structure. And as the executive director of the Defense Science Board Paul J. Berenson says, "The Soviets have no moral compunction against using yellow rain."

They may have no moral compunctions, but they do have a strong desire to win wars, and trichothecene toxins appear to have little military utility. There are less exotic and equally effective terror weapons that violate no treaties. The riot gas CS, used by U.S. troops in Vietnam, not only can flush out dug-in insurgents but it can terrorize them in the process. If the raison d'être for toxin use is really the annihilation of the Hmong of Laos and other hill tribes, there are many more effective ways to do it.

The lethal dose of trichothecenes in animals (and maybe humans) is 2 mg per kg to 5 mg per kg, according to the National Academy of Sciences, which did a study for the Army on protection against trichothecene mycotoxins. For nerve gases, the lethal dose falls to 0.01 to 0.1 mg per kg. To deliver a lethal dose of toxins requires the release of about 1 g per square meter, or about 3 tons per square mile of pure toxin. If the mixture is a "crude" containing, say, only 10% toxin, 30 tons per square mile would have to be delivered. If the crude is never more concentrated than the highest level reported in yellow rain—about 100 ppm—then to kill by ingestion, a person would have to eat at least 200 g, and that is a conservative figure.

Says Saul Hormats, former director of the army's chemical weapons program, "3000 tons of light fluffy toxin-containing material would have to be sprayed over a one-square block target to kill most—and make the rest ill—of the people in the typical Hmong village."

Hormats' assessment of yellow rain: "The damned thing is ridiculous."

SCIENCE AT STATE

Ridiculous or not, the U.S.'s many scientific missteps and misstatements cast a glaring and not too flattering light on the way science has been used. "From that very first State Department communiqué that said that these fungi do not occur in Southeast Asia, and from the Secretary of State's speech in Berlin, based on one analysis. I knew for sure that the science advice the policy makers were getting was either poor, or they were ignoring it," says Meselson. With no resident science adviser at State, Meselson adds, "it is very risky for the department to be managing an essentially scientific enterprise."

The extent of that risk is becoming increasingly obvious. First, the department has known about the discrepancy between Mirocha's positive and Sarver's negative findings for more than a year. Instead of resolving the methodology problems, it continues to release Mirocha's findings as proof of Soviet-backed toxin warfare.

A second example highlights the lack of scientific understanding among the policy makers at State. In January 1982, the U.S. submitted a report to the UN on the analysis of blood collected from mine individuals, alleged victims of toxin warfare. In fact, blood was drawn from 13 Khmer Rouge soldiers, four of whom were controls, not exposed to chemicals. Two of nine blood samples from the exposed soldiers were found "tentatively" to contain HT-2. A white blood count also taken on all blood samples showed depressed cell counts in eight of the nine exposed soldiers, and in two of the four control soldiers. The U.S. says a depressed count is an indication of exposure to toxin.

The U.S. reports that "there was no real statistical difference between control and exposed groups when the Student's t-test was applied" to the white cell count analyses. Coupling the insignificance of the blood cell counts to the tentative finding of toxin in only two alleged victims, the U.S. concludes that the results "cannot be taken as conclusive scientific proof of toxin exposure [but] the latest analysis results contribute another piece of evidence . . . that trichothecenes have been used as chemical/biological agents in Southeast Asia."

The tentative finding of HT-2 in the blood so many weeks after an alleged attack also suggested a storage depot for the toxins, the U.S. says. Mirocha called his identification of HT-2 tentative because he did not have enough material to run a full mass spectrum. Without this information, compound identification can never be certain. Yet, in supposing a depot exists, the U.S. dismisses the possibility that Mirocha may not have been looking at HT-2.

More recently another example of scientific ineptitude slipped past the review of the policy makers. Last November, a U.S. representative to the UN General Assembly, Rep. Stephen J. Solarz (D.-N.Y.), sent a statement to that world body. In it he writes: "The combinations of trichothecenes in the yellow rain samples are unique. And, it should be remembered, trichothecenes are known to exist in nature only in temperate climates." This latter statement by Solarz to the UN comes after the government's star analyst Mirocha acknowledges the worldwide distribution of Fusaria, including some in tropical Central America that synthesize trichothecenes.

Has the State Department sought advice from the President's Office of Science & Technology Policy? No, says OSTP spokesman Bruce R. Abell, "not that I'm aware of." Has it asked the Defense Science Board to review the issue? No, says DSB director Berenson," the board has not been asked to review the yellow rain issue, though some members have been briefed on it."

So whom has the U.S. consulted? According to a knowledgeable government official who is closely monitoring the issue, some 150 to 200 fully cleared U.S. academicians have been briefed. "I haven't had one tell

me that the judgment in the National Intelligence Estimate should be changed, that we didn't have sufficient documentation," this official says. C&EN has contacted a few of these scientists. Some say the U.S. has evidence that chemical warfare is being waged by the Soviets or their surrogates in Southeast Asia, although they are vague about the basis for their belief. Some, however, remain unconvinced by the evidence shown them.

More instructive, perhaps, is the low regard in which science is held at the State Department. When James F. Dobbins Jr., formerly director of Theatre Military Policy in the Haig State Department, and now a deputy assistant secretary of State for European affairs, was asked who advised Haig to go public with the unconfirmed analysis of the single leaf and stem, he said: "The judgment was made by our intelligence community, which includes many scientists—including Sharon Watson—that they had an adequate basis for the statement. Secretary Haig wasn't publishing a dissertation, and the litmus test, therefore, wasn't whether he cited enough authority to pass his dissertation and receive his doctorate." Would it have been wise to consult OSTP or DSB before Haig's statement? he was asked. "No. And it would have been highly irresponsible to do so, because people were getting killed every week."

Dobbins argues that the standards of scientific proof "are very different from the standards by which a policy maker decides whether or not something is true." But when the policy maker is using science, shouldn't he fall back on the standards of scientific proof? Dobbins was asked. "No," he says.

Michael Ledeen, a former special adviser to Haig who is now at Georgetown University's Center for Strategic & International Studies, evinces a disdain for science. "Frankly I am underwhelmed by the scientific community across the board. There is not a model that they have put out in the past 25 years that has stood up for a generation," he says.

Though the finding of toxins on the leaf tipped the scales, it apparently was the wealth of intelligence information that the U.S. had that prompted Haig's speech. Mirocha's analysis was merely the scientific sheen. Says Dobbins: "What this piece of information did was simply identify one of the many substances being used. This didn't tell us they were using chemical weapons. We knew that." That was known from "a whole body of intelligence evidence—contemporary, historical, direct, indirect, eyewitness, scientific—an enormous quantity of evidence," Ledeen says.

Intelligence analysis has indeed held sway over the issue, and those practicing it have been well rewarded. The Army's Sharon Watson, State's Gary Crocker, and CIA officer Kit Green have all received intelligence awards for their work on yellow rain. Unfortunately, it is these individuals, with a special interest in maintaining the integrity of the government's case, who have briefed—and may still be briefing—foreign conuntries, the UN team of experts, members of Congress, and influential U.S. scientists.

Despite the importance the Administration places on the intelligence data, it is the volume of refugee reports that most persuades those who have been briefed, and others who are convinced that the Soviets are conducting some type of biochemical warfare. Says the Army's Denny Lane, one of the early collectors of yellow rain stories, "There are some pretty stark tales being told out there."

GRIM TALES, PROBLEMATIC INTERPRETATIONS

It is difficult to dismiss hundreds of Hmong and Khmer accounts of thousands of gruesome deaths as a result of contact with the toxins. Tales of people dying as blood pours from every body orifice, of massive internal hemorrhages, of continuous bloody vomiting, of skin becoming soft, turning black, and peeling away upon touch, and of convulsions before the final gasp are just too grisly to be ignored. Nor should they be. The reports fueled the rumors that prompted the U.S. investigation of chemical warfare. They must be accounted for in any refutation of the charge of Soviet complicity in toxin chemical warfare.

But they must be accounted for by careful analysis. Are the stories plausible? Are there several reports describing the same alleged incident, and do they confirm each other in essential details? Is chemical warfare the only logical explanation for the illnesses and deaths reported?

After reading the U.S.-compiled accounts, all social scientists and Southeast Asian experts contacted by C&EN say the answer to these questions is no. Further, they stress, the report have to be read with an understanding of the cultural and social structure of those telling the stories and, more important, why they are telling them.

To begin, the majority of the 150 to 200 reports of yellow rain compiled by the State Department in two compendia come from the Hmong of Laos. (Statements such as Rep. Solarz's in the U.S. November 1983 submission to the U.N. of refugee reports "several thousand in number" are not supported by U.S.-released evidence.) All yellow rain reports come not from the more isolated Ban Nam Yao refugee camp in Thailand but from the highly politicized Ban Vinai refugee camp to the southeast.

The leadership of Ban Vinai is composed of former members of the old CIA-backed secret army in Laos. And the more military-oriented stories come from these former U.S. allies, not from Hmong male farmers, and not from Hmong women, say author of the "Yellow Rainmakers" Grant Evans, a sociologist at La Trobe University, Melbourne, Australia, and Roger Rumpf and Jacqui Chagnon, researchers with the Southeast Asia Resource Center, New York.

In this book, Evans argues that the interviews have been unevenly, not systematically, collected by personnel untrained in the art of ferreting out information without leading the refugees. Columbia University Anthropologist Christina Szanton, a Thai specialist, agrees. "The investigators are often medical teams who transgress basic rules of reliable sociological analysis. The questionnaires used by the 1979 Army Surgeon General's medical team and by the 1982 Canadian epidemiologic investigation led by Col. Gary Humphreys contain leading questions."

Both social scientists claim the reports since 1979 have been collected in the full belief that chemical warfare is happening. Says Szanton, "The only task is then to investigate what kind of chemical agent is in use." And they argue that because the camp leadership sets up all interviews there is a preselection of both respondents—only refugees with chemical warfare stories—and of acceptable translators.

In fact, Evans describes one Hmong refugee, Ger Pao Pha, as a "star witness" whom he had interviewed as had 13 other journalists and organizations, including the UN investigating team. Ger's story varies substantially over time, and from interview to interview.

For example, Ger has changed the mode of delivery from a rocket that released a lethal red smoke/gas that killed within 15 minutes to a low-flying plane that "sprayed smoke." He has told a U.S. investigating team that about 230 people in his village died from the summer 1978 attack. Two years later he told one journalist that 13 people had died, and another that 40 had succumbed. Sometimes he has come to an interview with a son, his only surviving relative; sometimes that relative has been his daughter.

In some of his accounts, Ger has saved himself and his son by merely running away to hide in a cave; sometimes his story has him putting "a rag soaked with opium" over their faces and running to a cave. At times, from the cave, he has seen Pathet Lao coming to his village to remove the few who are still alive; at other times, Vietnamese have entered the cave chewing the corners of their shirt collars to protect themselves from the ill effects of the chemicals.

Ger's stories cannot be cross-checked against any others released by the U.S. And his accounts vary so much over time, Evans says, that Ger's yellow rain tales can't be accepted on their own merit. Further, Evans says that when he let Ger relate his experiences in his own words, he discovered that Ger's village had indeed suffered a heavy loss of lives in a number of serious conventional battles in which no smoke or gas had been used.

The U.N. investigating team under Maj. Gen. Esmat A. Ezz, a University of Chicago-educated toxicologist who is director of scientific research for the Egyptian armed forces, had similar difficulties in cross-checking information. Refugee stories told the UN team differed markedly from those told Ban Vinai physicians. In one case the team was told that an attack made one victim ill for 20 days; the physicians were told that the same attack had made the victim ill for 20 minutes. In another instance, an alleged victim told the team that a yellow rain attack had killed a woman; the physicians had been told by this victim that 80 people had died.

DISCREPANCIES IN THE STORIES

Rumpf and Chagnon, a husband-and-wife Lao-speaking team, report discrepancies in yellow rain stories related by a Hmong couple interviewed separately. The Hmong wife said she and her husband had left Laos because he was a CIA Hmong soldier who feared arrest and imprisonment by the leftist Lao government. According to the wife, they had lived in Nam Po village from 1976 to 1982. And she had seen yellow rain on leaves after which some people got ill, but nobody died. She did not associate yellow rain with aircraft or military activity.

Her husband, on the other hand, said he took his family to Phu Bia in 1978 and that they lived there for three years. He saw "a lot of yellow rain" in Phu Bia, and if "people were hit with the chemicals they would die," he said. He said low-flying Soviet planes delivered the chemicals. He also had a rash on his hands which he attributed to the chemicals, but which a camp physician was treating as ringworm.

Conclude Rumpf and Chagnon: The wife's story "resembles accounts we heard inside Laos while her husband's corresponds to Ban Vinai refugee stories."

The lack of cross-checking and cross-referencing is a major problem with the refugee accounts, Szanton says. "There is a lack of internal checks on the information—in a sense, control samples on a social basis," she says. This, in part, could be done by checking refugee accounts with information collected by other means. "There is no attempt to cross-check refugee stories to reconstruct events based on more than one statement, and no attempt to check the internal consistency of answers provided by each respondent over subsequent interviews," she explains. Rumpf and Chagnon cite another glaring defect in the use of the refugee accounts: the "failure to cross-check refugee 'gassing' stories with on-site observations inside Laos."

In fact, Rumpf and Chagnon say that in stories they heard inside Laos, in areas alleged by the U.S. to have been under chemical attack, a yellow substance was associated with sickness and sometimes death, especially among children and the elderly. But one major difference between Lao-collected accounts and those they heard inside Thai refugee camps is that "inside Laos we do not hear the source of the substance coming from an airplane. What we heard is that they don't know where it is coming from," says Chagnon. "And there is no fighting, no warfare going on in the area when they see it. So it is not associated with military maneuvers or resistance groups," adds Rumpf.

They also found no evidence of a campaign to eliminate the Hmong, which is an allegation made by Mirocha in an editorial published in the *Journal of Toxicology-Toxin Reviews* [1,199 (1982)], and which is alluded to most recently by the U.S. in its Nov. 4, 1983, statement to the U.N.

"From our discussion with Hmong in Laos, and from reports of U.N. and other international agencies, there is no evidence that there has been a campaign of genocide against the Hmong, whether former CIA Hmong or Hmong is general. We met former CIA Hmong in many parts of Laos who are farmers and merchants today, who are living in villages with other Hmong, and who are integrated into the government structure, but not at high levels," Rumpf says. Chagnon points out that "there are Hmong who are military and civilian (police) leaders of Xieng Khousang (Plain of Jars) Province. It is here where the U.S. claims these attacks are going on."

Adds anthropologist Robert Cooper, who has worked among the Hmong in Thailand and in Laos, "I think if there was any question of a holocaust, then there wouldn't be a single UN person left in Laos. Obviously the U.N. could not support a country which was exterminating 10% of its people." More important, in nearly three years in Laos, Cooper has never heard villagers describe a yellow rain attack. During this period, 1980-83, he worked in areas identified by the State Department as having been under attack.

Cooper is struck by the similarity of the U.S. compendia stories, but he doesn't know what to make of this. "Logically one would say, 'Well if they are all telling the same story there must be something in it.' Or, one could say, 'If they're all telling the same story, surely that's a bit suspicious and there is nothing in it.'"

His own personal feeling, purely conjecture and based, he says, on "irrational logic," not on the refugee reports or on his work with the Hmong, "is that there was probably something at some time—and it could have been military—but it has been greatly exaggerated." There was warfare, he says. "It seems logical that if there was some gas available it would have been used. But I certainly don't know the nature of what has been used, or how much has been used," he explains.

Chagnon and Rumpf speculate that during the last-gasp resistance of CIA Hmong on Phu Bia Mountain between 1975 and 1979, the Pathet Lao and their Vietnamese partons "may have used some kind of CS tear gas." They would have used CS to flush out the resistance fighters from the forest and cave shelters. However, they have no evidence that tear gas was used, merely that there was fierce fighting and the Pathet Lao did crush the Hmong resistance in the type of battle in which CS would be most useful.

Sociologist Evans believes that yellow rain is a metaphor for disruption, that it offers the Hmong a reason for illness, death, crop failures. And when combined with their horrid wartime experiences it becomes fodder for panic rumors perpetuated by the Hmong leadership.

Certainly the Hmong's troubles have made them a more unified people, Cooper says. "But I'm not very convinced by Evans' idea of a great panic spreading through the people. The Hmong are just too intelligent for that." Other anthropologists, especially the French, agree with Cooper. Says Boston College anthropologist Jeanne Guillemin: "People I know who worked in the area are very resentful about Evans' portrayal of the Hmong as susceptible to superstition and irrationality. That's not the nature of those people; they are very pragmatic."

Still, the Hmong have been subjected to U.S. aerial herbicide sprayings, and they could have made these part of their mythology, linking aircraft overflights and a yellow substance to illness and death many years later. Around 1973-74, the CIA did spray Hmong poppy fields with agent orange and related herbicides. Even then, W. E. Garret wrote in a 1974 issue of *National Geographic* [145,78 (1974)], the Hmong reported deaths from these aerial spraying. Chagnon and Rumpf say the Hmong and Lao they interviewed in 1982 describe these decade-old sprayings as "yellow poisons," or "yellow rain."

Equally puzzling is that Montagnards, the highland people of Vietnam who fought with the U.S., have described ills and deaths very similar to yellow rain symptoms and deaths now being reported by the Hmong. The Montagnards, however, were not exposed to trichothecene toxins, but to defoliants used by the U.S. during the Vietnam War. Equally intriguing is that the Montagnards and the Hmong are genetically and culturally dissimilar.

There is another conundrum. The major battles to rout the Hmong resistance from Phu Bia occurred during 1977 and 1978. In addition, 1978 and 1979 were two bad crop years. The crush of Hmong fleeing Laos for Thailand occurred in 1979-80: The reasons appear to be economic as well as political. Yet most of the yellow rain stories from the Hmong came after 1979, and they continue to be told to this day, the U.S. says. If it is not a natural occurrence, and if there are no major battles, how can this be?

The answer, says Guillemin, may never be known: "It might be an episode that's really over." Pathologist Richard C. Harruff, who treated refugees at Ban Vinai and who believes that he isolated a few patients whose lung problems best correlated with chemical-toxin exposure, agrees. He is "rather skeptical that a study mounted today could produce the kind of proof that would convince everybody; there would have been a better chance to do that in 1980" when many more refugees were crossing the Mekong River into Thailand.

Harruff is talking about an epidemiological study. But it may also be too late for interviews. A patented yellow rain story appears established among the Hmong in Thai camps, says Marshall G. Hurlich, a University of Washington anthropologist.

In addition to the problems with the packet of U.S. interviews cited earlier, Guillemin adds a few more. The U.S. "didn't take into account the cultural differences between the person asking the questions and the person responding. It proceeded with these interviews on a case-by-case basis, exactly as a physician would, and completely ignored the facts that there are strong clan ties, separate men's and women's groups, and a totally different perception of the human body and the causes of illness," Guillemin explains.

SPIRITS, SOULS, SICKNESS

"There is a Grand Canyon of cultural difference between the way in which the Hmong think of and understand the causality of illness, and the way we do," Guillemin says. And, she adds: "I think those U.S. interviews involving patients must have been a travesty."

The Hmong practice an animist religion in which conscious life is ascribed to inanimate objects. Disease and well-being are controlled by spirits. Death comes when one of several souls leaves the body and doesn't return. Within this belief system, Hmong, unlike Western physicians, can explain what has come to be called sudden death syndrome (SDS), says Hurlich.

Over the past several years, there has been a rash of sudden, seemingly unexplained nighttime deaths among young, mainly male, Southeast Asian immigrants, most of whom have been Hmong. When epideminologists from the Centers for Disease Control, who were investigating these deaths, asked Homong if deaths like this occurred in Laos, they were told no. Explains Hurlich, "The category of unexplained deaths doesn't exist for the Hmong in Laos. There, all deaths can be explained by a loss of soul, or a failure to take care of ancestral spirits. The CDC's question was based on a misunderstanding."

Perhaps. CDC, however, seems to have made up for this lapse by doing a first-cut epidemiological study of the problem. Despite a suggestion by Columbia University pathologist Bernard M. Wagner that sudden death among Southeast Asians may be related to exposure to yellow rain, CDC medical epidemiologist Roy C. Baron says there "is no association between persons who died and any known or possible exposure to what is known as yellow rain. The vast majority of victims left before any record or suspicion of use of these agents."

CDC has studied about 80 sudden deaths, 79 in males, in seemingly healthy individuals from Laos, Kampuchea, and Vietnam, and has reported on the design and findings of the epidemiologic study in the Journal of the American Medical Association [250, 2947 (1983)]. Pathologists in Chicago are studying serial sections of hearts, and finding indications that SDS "may be a congenital abnormality in the electrical system of the heart," Baron says. As Hurlich points out, however, the latter study has yet to compare hearts from SDS victims to those from

Hmong who have died from other causes. In other words, there are no controls.

Hurlich's graduate student Ronald G. Munger has found sudden, unexplained deaths among Hmong in the Thai camps. More important, he has unearthed clusters of these deaths in familial lines, suggesting, Hurlich says, "a possible biological or genetic basis." Such a genetic predisposition may be prevalent in most Asian populations. Munger writes that "Hmong sudden deaths show a striking similarity to a sudden death syndrome called bangungut in Filipino males [and] sudden nighttime deaths have been noted among Japanese living in Japan, Japanese and Chinese living in Hawaii, Montagnard tribesmen who moved from the highlands to the lowlands of Vietnam, and among ethnic Lao, Mien [Yao], and Cambodians living in the U.S."

"The clues are pointing to a physiologic basis for SDS," Hurlich says. But the causes may be many: cardiac problems plus sleep abnormalities, with the triggering factors being stress or trauma. Deaths reportedly occur during sleep and after individuals make a grunting or moaning sound. Most have been among recent arrivals, or those coping poorly with a vastly different life style.

That some biologically susceptible refugees are now falling prey to cultural shock can't be overlooked. In its interviewing procedure, however, the U.S. did miss a crucial aspect of the refugees' situation. The U.S. "didn't appreciate the vulnerability of the people being interviewed, that they were refugees who did not want to spend their life in a camp in Thailand. Of course, they are going to be accommodating. Who wouldn't?" Guillemin asks.

And that brings one to motives. The Hmong with a yellow rain story find their entry into Thailand eased. And once they have emigrated to the U.S., chemical warfare, they seem to feel, preserves their status as political refugees who have been persecuted as opposed to immigrants who have left their country because of economic pressures.

"The whole notion that there really was and, maybe, still are attacks of chemical warfare is very important to the Hmong leadership in this country," Guillemin says. This leadership argues that they have been politically persecuted, that they were allies of the U.S., and because of that were shot at, gassed, and driven from Laos. "The chemical warfare argument has become part of the proof that they really are legitimate political refugees. But I think they don't need chemical warfare to show that. In fact, they have paid a very high price for being allies of the U.S.," Guillemin says.

Altruistically, the U.S. feels it is repaying its former allies by keeping the issue of toxin warfare before the public's eye. And officials leak hints that the campaign has paid off. Says State's Dobbins: "It is my impression, based on old information, that as a result of the publicity campaign, the Soviets and their allies have essentially abandoned the use of this substance."

Other government officials, who ask not to be named, say the U.S. received no reports of toxin attacks from Afghanistan and only a few reports from Southeast Asia in 1983; no collected samples tested positive for toxins. State's Leonard says the U.S. will release a major update shortly detailing its findings.

NO SUPPORT FROM OTHER NATIONS

The Canadians, who have submitted to the UN several reports on alleged chemical warfare in Southeast Asia which the U.S. claims supports its case, are also about to release yet another report. Gordon Neish, a mycologist at Agriculture Canada, says, "To the best of my knowledge, material collected by Canadians and analyzed for trichothecenes were found not to contain toxins at significant or undisputable levels."

In other words, the finding of toxins was not incontrovertible. Officially the Canadian government will not comment until after its report is released. However, Schiefer, the author of the first Canadian report whose conclusions often are quoted by the U.S., says Canada has one toxin-positive sample. That one comes from the odd event in Thailand in February 1982, which he doesn't consider a true yellow rain attack, but a Vietnamese attempt to confuse the issue.

Canada has said that chemical/biological warfare is being conducted in Southeast Asia. This conclusion is based on refugee interviews, an epidemiology study, and Schiefer's two-week visit to Thailand—not on physical evidence.

Schiefer's report reaches six conclusions, four of which are cited by the U.S., most recently in its November 1983 statement to the U.N. Because of this, it is worth close scrutiny.

Schiefer spent 16 days in Thailand in February 1982. During that period he interviewed victims and refugees; received reports from scientists, physicians, and Thai authorities; investigated the general disease pattern in Thailand with special emphasis on ills related to mycotoxins; and gave two lectures at universities.

From this whirlwind effort he concludes, and the U.S. cites:

"The events that are reported to take place at the time of alleged chemical warfare attacks cannot be explained on the basis of naturally occurring diseases.

"Judging on the basis of eyewitness reports, it appears that three different types of agents have been employed as warfare agents, one of them being 'Yellow Rain.'

"Most of the features described with 'Yellow Rain' attacks are consistent with trichothecene mycotoxicosis."

The fourth point, the U.S. paraphrases: "Although certain types of mycotoxins occur in Thailand and probably also in surrounding countries, there is no history of evidence that they result in diseases with the symptomatology of trichothecene poisoning." Not quoted by the U.S. is Schiefer's conclusion that the symptoms described by victims correlate better with a disease caused by macrocyclic trichothecenes, not the simple trichothecenes identified by Mirocha.

Schiefer admits that he did only "a limited amount of work," and that his conclusions have "to be taken with some care. I think that is a fair assessment of my work, and I don't object to it." He did collect yellow rain samples, which contained Fusaria. Two species—semitectum and moniliforme—are capable of producing trichothecenes. He, however, has not been able to coax toxin production in the laboratory, but he admits that that doesn't rule out the possibility that they do produce mycotoxin in Southeast Asia.

Apart from the Canadian reports, and a limp statement by French Foreign Minister Claude Cheysson last year, no other nation has come forward to support the U.S. charge of Soviet-backed toxin warfare. Speaking to the press in Bangkok, Cheysson said, "France has discovered 'multiple and convergent' signs of the use of toxic chemicals in Afghanistan and Southeast Asia by the U.S.S.R. and its allies." Then he added that France did not have "irrefutable evidence." Apparently that translates to physical evidence because France has yet to release analytical data.

In fact, no other nation has yet gone public with analytical data supporting the U.S. finding of trichothecenes in samples collected from a yellow rain attack site in Southeast Asia.

Earlier, Australian chemist Hugh D. Crone, with the Department of Defense Materials Research Laboratories, analyzing yellow rain samples collected from a Thai attack found toxin levels so low, and the presence of pollen so prevalent, that he said the samples were "obviously fakes." Now he is rethinking his position in light of the bee feces theory, and has even tested a yellow rain sample for uric acid, the bee's mode of eliminating nitrogen wastes. Uric acid was present in that sample, possibly indicating bee feces. The Army's Sarver says this test is not specific enough—birds also excrete uric acid wastes—and he is "developing a more specific test for bee products."

Officially, Australia says there is evidence for Laotian and Vietnamese chemical warfare, but not for the identity of the active agent or agents being used.

The British hint that they have no evidence of toxin warfare. Chemist Tomas D. Inch with the Chemical Defense Establishment at Porton Downs says his government is reluctant to say anything until it has the "analytical evidence in the way we would like it" on samples with "a good history to them." He explains that the analytical technique, GC-MS, is so sensitive that "without careful control of all variables you can either get false positives or false negatives quite easily." The eyewitness accounts have impressed Inch, but his chemical training keeps him from being certain about the identity of any particular chemical involved.

The UN team investigating allegations of chemical warfare in Southeast Asia was equally uncertain about whether the active agent was indeed trichothecene toxin. After two years of careful analysis of various reports, plus briefings by the U.S., but no on-site investigation in Laos or Kampuchea, the team, headed by Egyptian Maj. Gen. Ezz, concluded that it could not prove U.S. allegations, nor could it "disregard the circumstantial evidence [of] possible use of some sort of toxic chemical substance in some instances."

Ezz and his team of scientists from Kenya, the Philippines, and Peru also were troubled because they could never be certain that alleged yellow rain samples and alleged victims actually came from an area under chemical attack. The team, says Ezz, also was plagued by the lack of "freedom of choice of laboratories with experience in the detection of trichothecenes." Of the three laboratories that analyzed samples for toxins, two, using thin-layer chromatography, failed to find trichothecenes in any samples, even the spiked controls. The third laboratory, using GC-MS, found the four yellow rain trichothecenes in all samples, including the blank.

These results could indicate that testing for toxins is a prickly business, as one government official asserts. On the other hand, several nations tested samples from that odd 1982 Thai attack, and each purportedly found toxins in the same parts-per-billion range. If true, this shows that confirmatory testing can be done.

Ezz admits that his team collected only circumstantial evidence. What is needed, he says, "Is physical evidence that will go unchallenged."

INDEPENDENT EFFORTS

To go unchallenged, means, in part, that the investigation be carried out by an independent group of experts. The Lao government has assured Samuel S. Epstein, a toxicologist at the University of Illinois Medical Center, and Egbert W. Pfeiffer, a zoologist at the University of Montana, as well as a distinguished foreign diplomat, among others, that it will allow a team inside Laos to investigate chemical warfare allegations. Team members, however, cannot be U.S. government- or UN-affiliated scientists. Such an investigation is very welcome, says anthropologist Cooper, because "so much is being said based on so little knowledge."

Chagnon and Rumpf agree. Based on the assurances that Epstein and Pfeiffer received from the Lao government, Chagnon and Rumpf are now planning an effort that, at the very least, will begin to fill in the gaps about what is natural in terms of fungi and their toxins, and diseases for that part of the world. Their scientific team, cosmopolitan in composition, is to be headed by Cryrus Levinthal, chairman of the department of biology at Columbia University. Among its members will be a physician experienced in tropical diseases, an anthropologist familiar with good interviewing techniques, a bee specialist, a chemical-biological warfare expert, and a microbiologist/mycologist.

Levinthal says there are really two issues that his team will try to make a dint in resolving: "whether or not mycotoxins have been used in warfare, and whether or not the population is being contaminated with mycotoxins through natural sources." He is not saying the government's case can be disproven, only that it is "irresponsible to claim with such assurance . . . that chemical agents are being used before [the government] has solid evidence that this is so."

To accomplish this, the team will travel to Laos and Thailand for three weeks in early 1984. It will interview Hmong in Laos and in the Thai refugee camps. In Laos, it will visit alleged chemical warfare sites as well as Hmong and Lao villages where no reports of battles have emerged. From these sites, it will collect physical and biological specimens. The team also will glean information from Laotian health officials, and from officials from the UN and other international organizations in Laos and Thailand. Only two things are missing at this point: final permission from Lao government and funds to underwrite the project.

Another person trying to collect funds for an independent epidemiologic study in Southeast Asia is Stuart J. D. Schwartzstein, director of the yellow rain project at the Institute for Foreign Policy Analysis, Tufts University. Schwartzstein has "no doubt that chemical weapons are being used. I think the refugee reports themselves are very strong." But he would like to organize an epidemiological team that would go "to one of the camps and take a closer look at the people there." He has a science advisory board consisting of some eminent scientists, but he has no funds to conduct his study.

Schwartzstein admits that "there are a number of questions, and a number of unresolved problems—both with the data that have been accumulated as well as the mechanisms of investigation." Still, he doesn't "think that invalidates the basic conclusion that chemical weapons, including toxin weapons, have been used."

The Army's Lane, an early collector of yellow rain stories, is not so certain about the solidity of the government's case. He is puzzled by the many "unanswered questions in this exercise." And he thinks these have to be answered by physical and biological, not social, scientists. "We can go out to interview until the cows come home," he says, "but that isn't going to be terribly conclusive, is it?"

ONE GIGANTIC LEAP

It apparently was conclusive enough for the U.S. to accuse the Soviets of treaty violation. Says a government official, "The intelligence community made its mind up on information not publicly available. The gestalt of what I'm saying is that you would make a mistake [if you think] the subject can be addressed in the public domain." But if not in the public domain, where?

Evans says that if the same standard of evidence demanded of Vietnam veterans seeking compensation for alleged dioxin-induced ills had been demanded of U.S. officials "putting forth allegations about yellow rain, then the yellow rain allegations would never have [gotten] off the ground." The evidence, Cooper adds, "all seems to be hearsay, it all seems to be nonprovable, and it all seems to be evidence that can be read either way."

So why did the U.S. seemingly leap from minimal facts to adamant accusation? Sociologist Evans says it's a cold-war story, used by the President, his Cabinet, and some members of Congress as an example of how the Soviets can't be trusted to hold to treaty agreements. But Meselson points out that "arms control is very important, and verification is essential for arms control. The making of allegations and verification are two sides of the same process." And, he argues, "You can't have high standards in verification and low standards in making accusations."

Anthropologist Guillemin thinks the Defense Department, especially the Army, used the issue to garner votes for binary chemical arms. Yellow rain did move votes, she adds, "it just didn't move them enough" to overturn the 14-year hiatus of chemical weapons production.

Others have called yellow rain, the 1980s' "Gulf of Tonkin" incident. This is an allusion to an event that was reported to have occurred, really didn't, but served as the prod that escalated U.S. involvement in the Vietnam War.

These skeptics are justified in seeking ulterior motives. The U.S. simply has not proved that toxin warfare has taken or is taking place in Southeast Asia or in Afghanistan. A soon-to-be-released U.S. report, rather than dispelling uncertainties, is likely to cast the government's case into greater shadows of doubt.

And potshots aimed at the bee theory won't make the government's pollen problems go away. The theory, ultimately, may be proved wrong in part or in whole, and it certainly will never explain why trichothecene toxins are found in blood and urine. But it further tangles the web in which the U.S. has ensnarled itself, and from which it cannot easily extricate itself. The presence of pollen has to be explained.

Every sample that has been turned into the government as yellow rain and has been examined for pollen has been found to contain pollen. If it does nothing else, the presence of pollen undermines the government's strongest evidence—the refugee reports. If refugees are turning in material of natural origin, might they also be mistaken in linking their illnesses and deaths to aircraft-delivered yellow rain?

The government may have unearthed, quite by accident, a very serious health problem in Southeast Asia. Calling it toxin warfare, or bee faces, or anything else obscures a more pressing humanitarian problem. Says anthropologist Hurlich, the Hmong medical problems, of whatever origin, are being lost sight of, and "the Hmong again end up being used for the political ends of other people. That repeats their historic relationship with the U.S."

The U.S. simply has to concede that it has badly botched the science needed to prove its case for toxin warfare, and that it has to start over. If the U.S. doesn't 'fee up, it is no better off than Lyndon Johnson's hitchhiker. In the spring of 1965, after being told that the South Vietnamese government was on the verge of collapse, Johnson reportedly said: "I feel like a hitchhiker caught in a hailstorm on a Texas highway, I can't run, I can't hide, and I can't make it stop."

[From News Focus]

TRICHOTHECENES: MYCOTOXINS PRODUCED BY FUSARIUM FUNGI

Trichothecenes, the toxins claimed to be the putative agents of yellow rain warfare, are the biologically active metabolites of several species of fungi. One species, Fusarium, produces the specific toxins—T-2 toxin, diacetoxyscirpenol (DAS), nivalenol, and deoxynivalenol (DON or vomitoxin)—identified in yellow rain samples.

WIDE DISTRIBUTION

Fusaria and their toxin products are widely distributed throughout the world in habitats as diverse as "deserts, tidal salt flats, alpine mountain regions and the tropics," a National Academy of Sciences report on defenses against trichothecenes recently affirmed. However, for most regions of the world, there is little precise knowledge of the Fusaria present and capable of producing toxins.

In 1939 a French mycologist Francis Bugnicourt documented the presence throughout Southeast Asia of many species of Fusarium, including some which, under some conditions, produced the yellow rain toxins. Whether these Indochina Fusaria actually synthesize trichothecenes has not been well studied. Toxin production is dependent on specific environmental and nutrient conditions, and whether those in Indochina support toxin biosynthesis is not known.

The chemistry and the toxicology of the trichothecenes have been somewhat better studied than their distribution. There are more than 40 different trichothecene compounds; all have a basic tetracyclic sesquiterpene structure. The skeletal structure bears a six-membered oxygen-containing ring, an olefinic bond at the 9-10 position, and an epoxide group at the 12-13 position. Toxicity is conferred by the epoxide group and its destruction neutralizes the molecule.

In general, trichothecenes are colorless, crystalline, and optically active compounds. In the solid state, they are very stable. Microorganisms will degrade the toxins, but the time course of such detoxification depends on physical conditions such as pH and moisture.

Of the four yellow rain toxins, DON is the least toxic, and the one most often detected in agricultural commodities. In animals, T-2 toxin is a strong skin irritant, nivalenol and

DAS are potent hemorrhagic agents, and DON causes vomiting.

All four yellow toxins have been found in grains, usually at concentrations ranging up to 10 ppm. But levels as high as 40 ppm have been recorded for DON in barley and corn in Japan and the U.S.

The average concentration of a deliberate release of trichothecenes, NAS says, "could be more than two orders of magnitude greater than typcial levels produced by natural sources." The trichothecene levels detected by the U.S. government in the majority of Southest Asian environmental samples are not even an order of magnitude greater than typical natural infestation levels.

RECOGNIZED HEALTH HAZARD

Because Fusaria infest cereal grains, trichothecenes have long been recognized as a human health hazard, especially in Japan and the Soviet Union. Anecdotal reports of foodborne illness account for much of what is known about the effects of trichothecenes in humans.

But frequently in these accounts, the active toxins are not known. Except for DAS, which has been tested and rejected as an anticancer agent, there is little precise knowledge of the effects of specific trichothecenes in humans.

Tested as an antitumor drug, DAS depressed bone marrow activity (blood and platelet production), and produced nausea and vomiting in a majority of patients. Less frequent signs of toxicity were hypotension, skin irritation, diarrhea, central nervous system disturbances, fever and chills, and death in a few cases. DAS did not stem tumor growth. Many of the symptoms reported in DAS-treated patients are similar to those reported by persons allegedly exposed to yellow rain attacks.

Soviet scientists have described a four-stage disease called alimentary toxic aleukia in which trichothecenes, especially T-2 toxin, have been implicated. In the first stage, which occurs within hours of eating moldy grain and which may last for several days, the victim feels a burning sensation in the mouth, esophagus, and stomach. Soon the victim may experience vomiting, diarrhea, weakness, fever, and sleep disturbances.

If recovery does not occur, the patient enters the second stage during which a marked decrease in white blood cells, granulocytes, and lymphocytes occurs. In the third phase, a petechial rash develops on the skin and spreads over the body, and necrotic lesions in the mouth may cause death by strangulation in the most severe cases. In the fourth or recovery stage, the patient is subject to secondary infections. Convalescence is long, lasting up to several months.

Because livestock often are exposed to infested feed, a lot of animal toxicological studies have been carried out. But in these, the routes of exposure have been parenteral or oral. There are no published studies in which animals have been subjected to dermal or aerosol exposures. For the existing studies, data indicate that of the simple trichothecenes, DAS, T-2 toxin, and nivalenol are the most toxic. But, in general, another group of trichothecenes called macrocyclics are more toxic than their simple brethren.

SYSTEMIC EFFECTS

Once in the systemic circulation, trichothecenes affect a variety of organs and tissues. The most susceptible of these are the mucous membranes of the digestive tract, the skin, and the blood-forming tissues. In some animals, the immunological system is affected; in others hemorrhages have been produced in the digestive system, liver, kidney, and heart.

Metabolic studies in animals are inconclusive: Pathways and routes of elimination of the trichothecenes have not been worked out. All published animal studies, however, indicate that the trichothecenes are cleared rapidly from the body. This differs significantly from the government's reporting of T-2 toxin and its metabolite, HT-2, in blood and urine samples tested months after an alleged exposure to the mycotoxins.

MIROCHA: QUOTES FROM THE GOVERNMENT'S ANALYST

"Chemical and/or biological warfare has been waged in Laos, Kampuchea, and Afghanistan resulting in the death of 75-100,000 human beings," *J. Toxicol.-Toxin Reviews*, 1, 199 (1982).

"The results of both hearings on yellow rain, one by the Senate and the other by the House Foreign Relations Committee leave no doubt in my mind that the Hmong people of Southeast Asia were the victims of chemical attacks." *J. Toxicol.-Toxin Reviews*, 1, 199 (1982).

"Among the poisons used were the trichothecenes. . . . We have unequivocal proof of their identity and quantiation." *J. Toxicol.-Toxin Reviews*, 1, 199 (1982).

"The finding of T-2 toxin, diacetoxyscirpenol, deoxynivalenol, zearalenone, and Fusarium pigment in leaves, water, yellow powder, and fragments originating at sites of yellow rain attacks in Southeast Asia and their absence in background samples (leaves, corn, rice, water, soil) from areas not exposed to yellow rain strongly implicates their use as warfare agents. Moreover, the finding of T-2 toxin and HT-2 toxin (a metabolite of T-2 toxin in animals) in the blood, urine, and tissue of some victims of these attacks provides unequivocal proof of their use as weapons." *J. Assoc. Off. Anal. Chem.*, 66, 1485 (1983).

"I think I have a responsibilty to say these things, particularly because of the rhetoric and lack of constraints that people like Matt Meselson [Harvard University biochemistry professor and proponent of a natural origin for yellow rain] and others have displayed. I do not see why I should not come to a logical conclusion based on my experience and data. I don't see anything immoral or unethical in what I have done. I think from the standpoint of morality, I have an obligation to report and interpret what I see." 11/7/83 interview with C&EN.

"I would consider myself less of a person if I did not have the courage to go out and interpret that which I find."

ALLEGED SOVIET USE OF TOXINS VIOLATES TWO TREATIES

According to U.S. interpretation, the purported use of toxins by the Soviets in Southeast Asia and Afghanistan violates two arms control agreements. The first is the 1925 Geneva Protocol, which outlaws the use, but not the possession, of chemical and bacteriological weapons. The second is the 1972 Biological Weapons Convention, which bans even the possession of biological and toxin weapons.

The 1925 protocol, which the U.S. ratified in 1975, is one of the oldest treaties extant. The Soviet Union and Vietnam also are among the more than 100 nations who are parties to the agreement. All signatories are obliged never to use asphyxiating, poisonous, or other gases, and bacteriological agents as weapons of war. However, Laos, Kampuchea, and Afghanistan are not parties to the treaty. So technically, the U.S.S.R. does not violate the agreement if it uses these weapons in Afghanistan, since a violation occurs only if both parties in a conflict are signatories to the treaty.

However, over the years, a standard of conduct of war without lethal chemical arms has evolved among most nations, whether bound by the Geneva Protocol or not. This de facto ban on the use of such weapons now is generally accepted as part of customary international law, binding in spirit and practice, if not by treaty.

Afghanistan, Kampuchea, Laos, the Soviet Union, the U.S., and Vietnam are all bound to the provisions of the 1972 Biological Weapons Convention. Beyond very small research quantities, this agreement outlaws the production of biological, bacteriological, and toxin agents for warfare. Such agents and their associated weaponry and delivery systems also cannot be developed, produced, stored, transferred, acquired, or retained.●

J. EDGAR HOOVER

● Mr. BAUCUS. Mr. President, Mr. Hal Vogelsang, who is a good friend of mine, is a retired FBI agent who resides in Butte, Mont. I recently received a letter from Mr. Vogelsang in which he expressed his resentment at the television portrayal of J. Edgar Hoover in the television program "Kennedy," which aired November 1983.

I believe Mr. Vogelsang has raised a number of legitimate criticisms of the television portrayal, which are based upon his personal experiences with Mr. Hoover and with the FBI. I would like to share Mr. Vogelsang's views with my colleagues at this time by including his letter in the record.

The letter follows:

Hon. MAX BAUCUS,
U.S. Senator, Washington, D.C.

DEAR MAX: NBC-TV has presented a miniseries entitled "Kennedy" which you may have viewed. It appeared to be a recitation of the Kennedy Presidency. However, a major portion of the program was devoted to an anti-J. Edgar Hoover theme.

As you are aware, I am a retired FBI Agent whose career spanned 1941-1977. Among other things, it was noticed that when the TV presentation centered on Mr. Hoover, he was constantly referring to his subordinates and employees as "boy," in a most demeaning manner.

During my years as a Bureau employee, at no time did I ever have any knowledge of Mr. Hoover addressing employees in such a derogatory tone. Nor have any of my fellow Agents, over the years, ever mentioned this as being a trait of Mr. Hoover. The entire show made Mr. Hoover out to be almost a maniac.

After the finish of the telecast, a young lady in Butte informed my wife, Carol, that she was only 5 years old at the time of President Kennedy's death and recalled little concerning the era. But after seeing the program, "she had no idea J. Edgar Hoover was so evil." This is the thought the program presented. Why the writers, producers and directors of such a program would use this vehicle to vent their spite on Mr. Hoover is beyond comprehension.

Mr. Hoover is not here to defend himself. My wife and I consider the portrayal of Mr. Hoover and the FBI in this program to be an insult and an affront to all the people who have served in the FBI and it is deeply resented.

I would hope you might enter in the Congressional Record a protest to the misconception this telecast presented to the American public in an effort to correct the injustice brought about by NBC television and "Kennedy."

Sincerely,

HAL VOGELSANG.●

CONGRESSIONAL WIVES FOR SOVIET JEWRY

● Mr. HEINZ. Mr. President, this week the Congressional Wives for Soviet Jewry is hosting an international conference in Washington, D.C. With over 50 wives of Members of the U.S. Congress, as well as wives from members of the Canadian, British, Israeli, and Netherland Governments, the CWSJ has become a forceful and active participant in the international effort to call attention to the plight of Soviet Jewry and to support efforts to free the thousands of victims of Soviet oppression.

It is testament to this great democracy we call America that these women will assemble in our Nation's Capital to meet with top administration officials such as Robert McFarlane, Assistant to the President for National Security Affairs, and Elliott Abrams, Assistant Secretary for Human Rights and Humanitarian Affairs, and to hear Elie Wiesel, himself a Holocaust survivor and one of the most eloquent voices in opposition to persecution, discrimination, and oppression wherever it exists in the world. No such opportunities exist in the Soviet Union.

Anatoly Shcharansky, Iosif Begun, Viktor Brailovsky, Ida Nudel, these are just a few of the literally hundreds of names that have become symbols of the movement to put pressure on the Soviet Government so that these innocent victims can achieve a long-held dream of joining their family and friends in the United States or Israel. Our efforts toward this important goal must not cease.

Mr. President, I would like to take this opportunity to extent my sincere appreciation to the congressional wives for their work on behalf of Soviet Jewry, and to the National Conference on Soviet Jewry for their efforts. Mr. President, I ask to have printed in the RECORD a letter I received from Elena Fridman, the sister of Ida Nudel, who is now living in Israel and eagerly awaiting her sister's release from the Soviet Union. I would also like to place in the RECORD a New York Times article about the congressional wives conference this week.

The letters follow:

REHOVOT, ISRAEL, *February 28, 1984.*

Hon. H. JOHN HEINZ,
U.S. Senate,
Washington, D.C., U.S.A.

DEAR SENATOR HEINZ: I continue to appreciate the depth of your concern for the fate of my sister, Ida Nudel, and your efforts to bring about the reunification of our small family.

I write to you at this time in anticipation of the upcoming international conference of the Congressional Wives for Soviet Jewry scheduled to take place in Washington D.C. at the beginning of April, knowing that many of Ida's and my friends will participate and hoping you will share this report with those participants with whom you have contact.

Having legally completed her sentence of four years of internal exile in Siberia in March 1982, followed by a frightening six-month period of homelessness during which she was denied municipal residence permits in numerous places, including her own apartment in Moscow, she was finally allowed residence in the small Moldavian town of Bendery. Yet this has proved to be another form of exile.

It was the thousands of letters she had received in Siberia which had helped sustain her spirit. Since arriving in Bendery, she has received almost no mail. Many people have written to me saying that their letters have been returned with a note from the Soviet postal authorities indicating "Inconnu: No Such Address." I have seen some of the envelopes and know they have been correctly addressed.

For the past year she has worked as an attendant at the local Bendery amusement park. Her heart condition has flared up on occasion, but she has not left the town for medical treatment, as she had previously been told that her entry into Moscow was forbidden.

During the past two months, I have become increasingly alarmed by certain new developments. The Soviet authorities seem to be intent on precipitating yet another confrontation with Ida by outrageous provocations.

This began on January 5 of this year when she was summoned by the local deputy police chief who warned her that she was being watched "by the people whose job it is to do so" and that she was not to have any more visits to her home by the "people who call themselves 'refuseniks'." She was also warned not to leave Bendery. Non-compliance would mean arrest, the official said. The timing of this warning was clearly a result of Ida's celebration of the Jewish holiday of Chanuka with some friends who joined her three weeks earlier.

On January 24, 1984, she was summoned by Mr. Arlen Mikhailovitch Shebanow, Deputy Chairman of the Bendery Supervisory Commission on Laws on Religion, who stated that he knew that on the Jewish religious holiday of Chanuka people got together in her home. He suggested to her that she register herself according to the by-laws pertaining to religious groups in Moldavia. According to law (he proceeded to quote the following):

"Passed as an Order by Presidium Supreme Soviet of Moldavia SSR, Number 1616—IX—19/V 1977

"Paragraph 8: An organization or group of people who believe may begin their activities only after a decision as been taken based on registration by the Committee dealing With Religious Matters of the Supreme SSSR Committee of Ministers."

Ida bravely replied that matters of religious belief are not a proper subject for discussion between a government official and a private citizen. The official indicated that not applying for this registration would be a clear violation of this law if she plans to again have people in her home to celebrate such holidays.

Senator Heinz, I have come to know you as a friend of Ida's as someone concerned with her fate. I am alarmed by this latest development. The Soviet authorities are obviously bent on making the advent of every holiday in the Jewish calendar a period of fear for Ida, for me and for all those dedicated people the world over who treasure the principles which guide her.

After twelve years of refusals, as she approaches her 53th birthday on April 27, the time has certainly come for the Soviet authorities to relent and allow her to join me in Israel. I know that with your continued help, we can accomplish this seemingly modest but inexplicably difficult goal.

Sincerely yours,

ELENA FRIDMAN.

CONGRESSIONAL WIVES TAKE ON DELICATE ISSUE

(By Barbara Gamarekian)

WASHINGTON, April 1.—For more than five years, a group of Congressional wives has quietly pursued a cause. The women write letters, make speeches, hold silent vigils in front of the Soviet Embassy and meet with dissidents in Moscow and Russian émigrés in Washington.

The group, Congressional Wives for Soviet Jewry, is one of the many organizations in the capital with a cause. In this case, the women have banded together to support the cause of human rights in the Soviet Union.

Congressional Wives for Soviet Jewry is sponsoring a three-day conference that starts today. Some 20 wives of Members of Parliament from Canada, England, Israel and the Netherlands will join wives of American lawmakers in meetings with officials, including President Reagan's national security adviser, Robert C. McFarlane, and the Assistant Secretary of State for Human Rights, Elliot Abrams. On Tuesday night, Elie Wiesel, the noted writer on the Holocaust, will speak at a dinner in the Senate Caucus Room.

NO MEETING WITH AMBASSADOR

A request to meet with the Soviet Ambassador here has gone unanswered, according to Dolores Beilenson, co-chairman of the group. And a request that the women meet with Nancy Reagan, Mrs. Beilenson said, "could not be worked out."

Mrs. Beilenson is the wife of Representative Anthony C. Beilenson, Democrat of California. The other cochairmen of the group are Joanne Kemp, wife of Representative Jack Kemp, Republican of Buffalo; Teresa Heinz, wife of Senator John Heinz, Republican of Pennsylvania, and Shirley Metzenbaum, wife of Senator Howard M. Metzenbaum, Democrat of Ohio.

The group was founded in 1978 by Mrs. Kemp and Helen Jackson, wife of Senator Henry M. Jackson, the Washington Democrat who died last year, after several Congressional wives had met with Avital Shcharansky, wife of the imprisoned Jewish dissident Anatoly B. Shcharansky.

The 45 members of the group include women whose husbands represent all shades of the political spectrum.

"We are basically a watchdog group," said Mrs. Kemp, adding that the members petitioned the Soviet Embassy on "prisoners of conscience" and met on an ad hoc basis for briefings from experts on the Soviet Union and for talks with Soviet Jews who have emigrated. She said she was in touch with the families of Soviet dissidents whom she met in Moscow last summer.

Mrs. Beilenson said: "When a case comes up, like the recent Iosif Begun trial, we were able to get information to a number of Congressional people. Some of us write letters, give talks, some try to stimulate activity back in our districts."

The number of Jewish emigrants from the Soviet Union has recently slowed to a trickle, with 1,315 emigrating in 1983, according to Catherine Cosman of the Commission on Security and Cooperation in Europe. She estimated that 200,000 to 400,000 Jews want to emigrate from the Soviet Union.

Mr. Heinz, whose own family was uprooted from Mozambique, says she thinks most Americans "don't understand persecution."

"They have never seen tanks coming through, people killed," she said. "My experience is very different from Soviet Jews, but I know about expatriation and loss and having no recourse. You just pack up and go. I have seen it happen to my family and friends."●

SOVIET TREATY VIOLATIONS

● Mr. GARN. Mr. President, I want to commend my colleagues Senators McCLURE and KASTEN, for requesting a session of the Defense Appropriations Subcommittee to review the issue of Soviet arms control treaty violations and their implications for U.S. security. This is a critically important subject, and one that must receive our continued attention in the wake of the President's report on Soviet noncompliance. The President has taken a major step forward in an effort to restore integrity to the arms control process; yet it is only a first step.

We must assess the security and arms control implications of Soviet actions, and design an integrated program to negate any advantage the Soviets might hope to secure through their noncompliance with treaty commitments. To this end, I would like to bring to the attention of my colleagues the prepared statement of Mr. Richard Perle, Assistant Secretary of Defense for International Security Policy, who testified before the subcommittee. Mr. Perle continues to be one of the most forceful and articulate spokesmen for responsible arms control policy, particularly with respect to verification matters. His counsel on the subject of Soviet arms control treaty violations is, therefore, deserving of our careful consideration. I ask that Assistant Secretary Perle's statement be printed in the RECORD.

The statement follows:

TESTIMONY OF THE HONORABLE RICHARD PERLE, ASSISTANT SECRETARY OF DEFENSE (INTERNATIONAL SECURITY POLICY)

Despite the unhappy nature of my report to you this morning, it is a pleasure to appear before the Senate Subcommittee on Defense Appropriations. I have been asked to speak today about Soviet violations of important arms control agreements. As President Reagan told the United Nations Special Session on Disarmament in June 1982, "Agreements genuinely reinforce peace only when they are kept. Otherwise we are building a paper castle that will be blown away by the winds of war."

After a year long intensive study of Soviet compliance with existing arms control agreements, President Reagan forwarded a report on Soviet compliance to the Congress on 23 January 1984. He summarized the findings of the report as follows:

The United States Government has determined that the Soviet Union is violating the Geneva Protocol on Chemical Weapons, the Biological Weapons Convention, the Helsinki Final Act, and two provisions of SALT II: telemetry encryption and a rule concerning ICBM modernization. In addition, we have determined that the Soviet Union has almost certainly violated the ABM Treaty, probably violated the SALT II limit on new types, probably violated the SS-16 deployment prohibition of SALT II, and is likely to have violated the nuclear testing yield limit of the Threshold Test Ban Treaty.

These are serious issues. Our concerns are deepened by the fact that Soviet violations in a number of cases involved treaties the terms of which are not very demanding—SALT II would allow an enormous increase in Soviet nuclear capability. Indeed, there has been almost a 75 percent increase in Soviet nuclear warheads aimed at the United States since SALT II was signed in 1979. The fact that the Soviet Union has gone even beyond this and violated important treaty provisions is a cause for serious concern.

Another cause for concern is the fact, as Secretary Weinberger has observed in his recent report to the Congress, that: "Several of these violations must have been planned by Soviet authorities many years ago, in some cases perhaps at the very time the Soviet Union entered into the agreements."

There are serious potential security risks from Soviet arms control violations. This is particularly true in the ABM area. Since the ABM treaty does not limit the production of ABM intercepter missiles, which can be deployed rather quickly, the radar limitations are its core provision because large radars take years to construct. The ABM Treaty is hardly an optimum arms control agreement. Many of its provisions are permissive and thus involve a calculated risk. Even in 1972 the Soviet radar base was already more extensive than that of the then proposed U.S. Safeguard ABM. Indeed, a unilateral statement the U.S. government issued during the SALT I negotiations noted that, "Since Hen House [Soviet ballistic missile early warning radars] can detect and track ballistic missile warheads at great distances, they have a significant ABM potential." The new Soviet large phased-array radars (LPARs), now being deployed in significant numbers, are far more capable than the Hen House.

The United States has long been concerned about the ABM potential of Soviet large phased-array radars. Indeed as early as 1970, then Secretary of Defense Melvin R. Laird told the Senate Foreign Relations Committee, "You all know that with regard to ABM defenses, long-lead items are the acquisition and tracking radars." Soon after signing the ABM treaty the Soviets began the construction of a new generation of large phased-array radars far more capable than the Hen House to support a large ABM program. Indeed, during the Carter Administration, the JCS reported that: "Soviet phased-array radars, which may be designed to improve impact prediction and target handling for ABM battle management, are under construction at various locations throughout the USSR. These radars could perform some battle management functions as well as provide redundant ballistic missile early warning coverage."

In mid-1983 the United States discovered the construction of one of these radars deep in the interior of the USSR near the city of Krasnoyarsk. After a minute analysis study of this radar, its capabilities and Soviet explanations for its construction, the United States Government has concluded that: "The new radar under construction at Krasnoyarsk almost certainly constitutes a violation of the legal obligation under the Anti-Ballistic Missile Treaty of 1972, in that in its associated siting, orientation, and capability, it is prohibited by the Treaty."

We have other serious concerns about Soviet failure to comply with the ABM Treaty. During the negotiation of the Treaty, the U.S. Government attempted to deal with the threat of the upgrade of Soviet bomber defense (SAM) missiles into ABM systems. We were particularly concerned about the SA-5. In the testimony cited above, Secretary Laird voiced concern about the ABM potential of the Soviet SA-5 noting that, "We cannot rule out the possibility that the Soviets have given or will give this system, called the SA-5 or Tallinn system, an ABM role. We believe it is technically feasible for this system. This is a problem of particular concern because of the extent of the Tallinn deployment—over 1,000 intercepter missile launchers." The United States settled for a prohibition of testing such SAMs in the ABM mode but without a specific definition of what this meant.

Over the years we have expressed concerns to the Soviet Union about Soviet testing of bomber defense missile (Surface-to-Air Missiles or SAMs) radars against strategic ballistic missiles. A 1978 report of the Carter Administration stated that this activity ". . . could have been part of an effort to upgrade the SA-5 system for an ABM role or to collect data for use in developing ABM systems or a new dual SAM/ABM system." Moreover, the Soviets have developed a rapidly deployable ABM system. In addition, as the Scowcroft Commission noted in its report, "At least one new Soviet defensive system is designed to have capability against short-range ballistic missiles; it could perhaps be upgraded for use against re-entry vehicles of some submarine-launched ballistic missiles and even ICBMs." Two of the new Soviet SAMs now being deployed, the SA-10 and the SA-12, could have ABM potential if provided data from large phased-array radars.

Concerning the SALT II Treaty we have determined that there have been a number of violations or probable violations. We believe that the Soviets have probably deployed the SS-16 ICBM in violation of a specific treaty prohibition. The Soviets have either flight-tested a second new type of ICBM in violation of a treaty provision or they have made impermissible modifications to an existing type. We believe that the Soviet SS-X-25 probably is a second new type in violation of the Treaty limit of one new type.

The limit of one new type of ICBM was described by the Carter Administration as

one of the principal limits of SALT II. To quote Secretary of State Cyrus Vance in 1979, "Based on their past practices they could be expected to acquire several entirely new types of land-based missiles by 1985; the treaty limits them to one." While the "new" type limit of SALT II was hardly as restrictive as the Carter Administration made it out to be, the one thing the Carter Administration did insist on was that the SALT II Treaty would prohibit their testing of both a new medium and a new small solid fuel ICBM. They have now done both. They have flight-tested a new medium solid fueled ICBM similar to our MX and the SS-X-25, a Minuteman sized solid fuel missile.

The United States has determined that Soviet encryption of missile telemetry impedes our verification of SALT II in violation of the agreement. This is a serious development because it also affects our ability to negotiate a verifiable START Treaty. Indeed, President Carter told a Joint Session of the Congress in June 1979 that: "A violation of this part of the treaty—which we would quickly detect—would be just as serious as a violation of the limits on strategic weapons themselves." The Senate Foreign Relations Committee was so concerned about telemetry encryption in 1979 that it adopted an understanding to the resolution of ratification, sponsored by Senator Biden and adopted by a 15 to 0 vote, which provided:

That any practice with regard to the transmission of telemetric information during the testing of strategic arms limited by the Treaty, including but not limited to the failure to transmit relevant telemetric information, which results in impeding of verification by United States national technical means of any provision of the treaty, will be raised by the United States in the Standing Consultative Commission and if the issue is not resolved to the satisfaction of the United States, the United States reserves the right to exercise all other available remedies, including, but not limited to, the right to withdraw from the treaty.

Soviet violations of the chemical and biological treaties are more than simple arms control violations. They are artrocities. These weapons have been used against defenseless human beings in an organized effort to drive them from their homes by killing thousands of them. The decline in the use of these weapons reported in today's newspapers does little for the thousands who have died and nothing to absolve the Soviets from eight years of cruel and inhumane attacks with lethal mycotoxins.

The Soviet violation of the Helsinki Final Act involved an action contrary to the confidence-building measures included in that agreement.

Soviet testing of nuclear weapons, which we believe is likely to have exceeded the 150 kiloton limit of the Threshold Test Ban Treaty, could result in the development of improved warheads for their strategic weapons systems.

Violations, however, are more significant than the immediate military consequences of the acts themselves. They raise questions about the integrity of the arms control process that may be far more significant than the short-term military impact. Despite much rhetoric in the 1970s about the terrible consequences to the Soviet Union of arms control treaty violations, it is clear that these treaties are extremely difficult to enforce. There are those who even now demand standards of proof that simply cannot be met by national technical means of verification. There are those who argue we should ignore violations because they are not militarily significant. Others suggest that these Soviet violations are somehow our fault—we have not been tough enough with them in the SCC. Some even suggest we should sweep these issues under the rug because they spoil the climate for future arms control.

There has been some criticism of our decision to make public these Soviet violations. Some of this echoes the criticism of the Arms Control Association without repeating its most fundamental injunction: "Violations of arms control agreements cannot be overlooked or excused." Perhaps the tone of the Arms Control Association press conference would have been different if it had accepted the Administration's offer of a classified briefing on the report before it held its press conference. It chose to hold its press conference before such a briefing could be arranged and even before the final report was finished and presented to the Congress.

The most fundamental misconception fostered by the Arms Control Association is that somehow Soviet arms control violations are our fault because until recently we have not raised SALT II issues in the Standing Consultative Commission (SCC). This is simply not true. We began raising SALT II issues in the Spring 1981 session of the SCC. We have also raised them through senior diplomatic channels. We called for a Special Session of the SCC in 1983 which the Soviets refused to attend.

The fact of the matter is that the SCC has been largely unsuccessful over the years in resolving compliance concerns. Unfortunately, previous administrations have exaggerated its effectiveness in order to sell unverifiable arms control agreements to the U.S. Congress. Ambassador Paul Nitze was correct in 1979 when, during the SALT II hearings, he testified that: "They [compliance concerns] were resolved by accepting what has been done in violation." One can debate whether the issues of the 1970's were violations or circumventions or a mix of both. There is no doubt that the Soviets have proven remarkably adroit at exploiting ambiguities in arms control agreements to proceed with activities that it was the intent of one of the parties—us—to preclude by treaty. In doing this, the Soviets have not hesitated to mislead us, deliberately and all too successfully, in order to achieve their purpose. While we regard the spirit of agreements as a guide to their implementation, the Soviets do not. They care nothing for the spirit of agreement and, while it suits their purpose, little more for their letter. This is a sad commentary; the truth is not always happy.

The charges we have made against the Soviet Union are the result of an extremely intensive study of Soviet compliance that lasted over one year. We carefully reviewed the evidence and the negotiating record. These charges shold not be confused with the Soviet propaganda contained in the Aide Memoire released by the Soviet Government. The Soviets know full well that we are in full compliance with our arms control obligations.

There is nothing new about arms control treaty violations or attempts to deny the existence of these violations or their significance. Sir Winston Churchill waged a very lonely campaign against these tendencies in the 1930's. In 1933 he first warned of Hitler's violations of the arms control provisions of the Treaty of Versailles. His revelations were treated with disbelief. The Labour party had just won an important by-election on an overtly pacifist platform. In 1933 Sir Winston noted that these pacifist leaders ". . . represented that Germany might have a few thousand more rifles than was allowed under the Treaty, a few more Boy Scouts" but then "pictured the enormous armies of Czechoslovakia and Poland and France with their thousands of cannons, and so forth. If I could believe that picture I should feel much more comforted, but I cannot. The great, dominant fact is that Germany has already begun to rearm." Mr. Churchill's warnings were ignored.

In 1934 Sir Winston Churchill challenged the British Government concerning German compliance with arms control provisions of the Treaty of Versailles. In the House of Commons he stated that—

". . . the worst crime is not to tell the truth to the public, and I think we must ask the Government to assure us that Germany has observed and is observing her treaty obligations in respect to military aviation." Unfortunately, the British Government did assure the British people, contrary to the facts, that Hitler was not violating the Treaty of Versailles.

Even as late as 1935 the British Government was ignoring Hitler's arms control violations, even refusing to admit that the Germans were violating the limits on warship construction. Sir Winston railed in the House of Commons, ". . . even the battleships are laid down. I do not know how the Admiralty came to be without information that even battleships, contrary to the Treaty, were being laid down. I am astounded at such a thing. We always believed before the [First World] War that battleships could never be laid down without our knowledge. The Germans were entitled to build 10,000-ton ships according to the Treaty, but they, by a concealment which the Admiralty were utterly unable to penetrate, converted these into 26,000-ton ships. Let us be careful when we see all these extremely awkward incidents occurring."

The British Government was not careful. It continued to deny Hitler's arms control violations. Thus, England slept until it was too late to avoid the second World War.

This Administration is dedicated to the negotiation of effective, meaningful and verifiable agreements for arms reduction. This cannot be accomplished by ignoring Soviet arms control violations and pretending that they do not exist. Arms control without Soviet compliance is nothing more than an exercise in unilateral disarmament. Arms control agreements must be complied with if there is any hope that they will increase our security.

The Soviet arms control compliance record must be taken fully into account when we formulate future arms control proposals. The fact that the Soviets have cheated in the past does not rule out the possibility of mutually beneficial agreements in the future, but it does rule out the type of ineffective agreements based upon wishful thinking that we have negotiated in the past—and which some proposed today.

We will continue to press the Soviets for corrective action. However, we must recognize that the problem of Soviet arms control violations has not yet been solved. We must, if we are not to face an expanding pattern of Soviet violations, see that such violations carry costs at least equal to the gains they derive from them. The full funding of the President's strategic weapons program is essential in view of these violations. We are now in the process of assessing the implica-

tions of these violations for our Mid- and long-term programs. It is clear, however, that the enormous momentum of the Soviet strategic weapons program continues largely unconstrained by existing treaties.●

THE ST. LAWRENCE SEAWAY

● Mr. GLENN. Mr. President, today, Monday, April 2, is an important day to those of us involved with the Great Lakes. Today we witness the opening of the St. Lawrence Seaway for another season, but even more important is the fact that this is the 25th anniversary season of this vital waterway. The construction of the St. Lawrence Seaway was an important step in opening world markets to Great Lake ports. But there is work left to be done, and the time to start is now.

The economic benefits of the international trade allowed by the seaway is hard to calculate in precise terms. But conservative estimates show that, for 1983, the seaway supplied $1 billion in direct economic benefits and $2 billion in indirect benefits to the Great Lakes States and neighboring Canadian Provinces. Also, the value of the cargo shipped through the seaway in 1983 was estimated at between $8 and $10 billion. These figures represent a slow season on the lakes. There is no telling how high these might have been had the lakes experienced a boom year like 1978.

The seaway enjoys a rich history of congressional and diplomatic triumphs. I could spend a substantial amount of time tracing congressional involvement from authorizing the seaway to the recent action forgiving the seaway debt. There is also much that could be said relative to the diplomatic successes of the seaway from establishing the St. Lawrence Seaway Authority to yearly toll negotiations. The diplomatic accomplishments alone are an impressive success story which should be a symbol of the possibilities of international cooperation.

But this 25th anniversary is not the time to dwell on the past. This is the time to recognize the challenges which lie ahead for the St. Lawrence Seaway: The need to improve its facilities and to encourage greater use of our northern seacoast as a means of transportation. Some of these problems can be addressed by Congress while others demand greater involvement by private interests.

While the St. Lawrence Seaway has provided wide ranging benefits to the Great Lakes, it has never reached its full potential. The locks are limited in length and depth. They can handle vessels no longer than 726 feet long and with drafts no more than 26 feet, precluding use by modern ships. The seaway also is limited by its single locking facilities, which only allow one-way traffic. These limitations cause serious bottlenecks and increase the cost of cargo. These are problems which Congress can and must address in the near future.

But these are problems which are beyond simple legislative action. I became aware of the problem when talking to Mr. Tom Burke, the port director of the Port of Cleveland and the president of the Council of Lake Erie Ports, who emphasized the need to encourage greater use of the Great Lake ports and the seaway. Many businesses in the region do not ship one item through these ports or the St. Lawrence Seaway. I think the time has come for businesses in the Great Lakes region to take a good, long look at our lake ports and St. Lawrence Seaway. If we in the Great Lakes region are going to compete in world markets and rebuild our economy, we will need the low-cost transportation offered by these ports and the seaway.

After 25 years. those of us who border on the lakes can give thanks for a great deal. But we also must look ahead to our new challenges. Through hard work and a good deal of cooperation, we can enjoy 25 years of even greater accomplishments.●

CIRCUS DADDY DAY

● Mr. LEVIN. Mr. President, I mention a very special event which is being held by a very special group of people in Detroit, Mich., today.

The International Order of Alhambra is a fraternal organization of Catholic men dedicated to assisting the mentally retarded. In an effort to bring joy and pleasure to those they are so dedicated to, the Michigan Council of Caravans is hosting "Circus Daddy Day." They have bought out the entire matinee performance of the Shrine Circus and the Alhambran "Daddies" will host more than 7,000 retarded, blind, and handicapped childrens' day at the circus. The children will not only enjoy the excitement of a day under the big top, but they will be treated to hotdogs, ice cream, and soft drinks. I am proud to salute these Michigan citizens and the outstanding, unselfish service they provide.

Nationally, the Alhambrans also help underwrite scholarships for teachers training in the work of mental retardation. Their efforts have not been confined to the United States but have also been extended to Japan, the West Indies, and Canada. Since 1958, the order has given more than $5 million to aid mentally retarded children. I commend the national Order of the Alhambra and particularly the Michigan Council of Caravans for all they do.●

APRIL IS FAIR HOUSING MONTH

● Mr. MATHIAS. Mr. President, April marks the 16th anniversary of the enactment of the Fair Housing Act—title VIII of the Civil Rights Act of 1968.

It is a time of rededication for all Americans to the goal of title VIII to provide for fair housing. It is a time for the executive branch of Government to redouble its enforcement of the law of the land. And it is a time for us in the legislative branch to intensify our efforts to fill the enforcement gap of title VII.

Title VIII, the Fair Housing Act, was crafted almost entirely on the floor of the U.S. Senate. It explicitly stated that it is unlawful to refuse to sell or rent housing or to discriminate in the terms or conditions of such housing, its insuring, financing, advertising, or other offering because of race, color, religion, sex, or national origin. The legislation declared it unlawful to blockbust, redline, or otherwise make unavailable or deny housing to anyone because of those factors.

The act vested authority and repsonsiblity for administering the law with the Department of Housing and Urban Development, but provided very limited enforcement powers to HUD and limited remedies to the aggrieved person.

It is this enforcement gap which the Fair Housing Amendments Act (S. 1220 and H.R. 3482) seek to rectify.

April 4 also marks the 16th anniversary of the assassination of Dr. Martin Luther King, Jr. It is a tragic fact that Dr. King's death and the ensuing crisis in many of our Nation's cities were the catalyst for focussing Congress' efforts on passage of the 1968 Civil Rights Act. Dr. King was killed on April 4. The Civil Rights Act was signed into law on April 11. It is a sad commentary on the American political system that it took a martyrdom and growing civil unrest to spur the Congress and President to action in the area of civil rights.

But it need not be so. Just last month, our Nation lost a pillar of the civil rights movement, Clarence Mitchell. The hallmark of Mr. Mitchell's long and successful career in moving this country forward in its thinking and action on civil rights was his ability to forge quiet consensus.

For the past 8 years, I have watched a growing consensus form around fair housing legislation which I have been privileged to sponsor in this and the past three Congresses.

I have watched the bipartisan cosponsorship of it and its House companion grow over the years, as they garnered a broad constituency of support not only in the civil rights community, but among handicapped, labor, women, religious, senior citizen, Hispanic, and Asian-American groups; homebuilders; municipal officials; State attorneys general and human rights commissions; black real estate brokers; and constituencies within the real estate and housing management professions.

The bill over the years has received favorable testimony and constructive comment not only from the Department of Housing and Urban Development, but also the Department of Justice, the U.S. Commission on Civil Rights, and the Administrative Conference of the United States.

The bill fills the enforcement gap in title VIII by providing the Federal Government with cease and desist authority to hold the housing unit in question off the market while efforts at conciliation are made. It expands the time period for a person to file a charge of housing discrimination and sets times certain for HUD or a certified State or local agency to investigate, conciliate, and, if necessary, proceed to an administrative hearing and decision. It strengthens the penalties for violations of the fair housing law to make whole the victim of discrimination.

Lastly, it adds two protected classes to title VIII's protections: handicapped persons and families with children. I believe the evidence is clear that discrimination against these groups in housing is a problem of national proportions, and the 39 bipartisan Senate sponsors of this legislation I am sure join in this belief.

We have honed this legislation over the years as a result of extensive hearings, markups, and consultations with all parties concerned.

I regret that the election year pressures of this session of the 98th Congress seem to preclude us from moving this legislation through to enactment. I promise my colleagues and those who have worked closely with us on perfecting this legislation that it will again be a top legislative priority in the next Congress.

The problems of housing discrimination are with us today as much as ever. The practices may be somewhat more subtle, but the results are just as destructive—segregated housing, segregated schools, unequal housing opportunity, and higher social costs for all Americans.

We cannot rely solely on the good intentions of the private marketplace, voluntarism, and HUD public relations efforts to bring about true equal access to housing for all Americans.

Government has as much a responsibility to enforce civil rights as it ever did. We must not lose our precious civil rights gains through neglect, benign or otherwise. Nor can the Nation afford to let this festering problem become a national crisis before the national conscience is spurred to act. Let us in the Senate commit ourselves to having heard, marked up, and reported the Fair Housing Amendments Act by this time next April, so that we may rightfully celebrate the month of April as "Fair Housing Month."●

QUALITY EDUCATION IN AMERICA

● Mr. MITCHELL. Mr. President, the issue of the quality of public education is one of great concern to all Americans. On August 26, 1981, the National Commission on Excellence in Education was directed by the President to present a report on the quality of education in America. In April 1983, the Commission released its report entitled "A Nation at Risk: The Imperative for Educational Reform," which showed that the quality of public education in this country was in need of major and immediate reforms. The report pointed to many problems in American education, including the quality of teachers and the apathy of students.

In light of these publicized shortcomings in our public schools, I am especially proud to share with the Members of the Senate the outstanding achievement of a sixth grade English class in New Gloucester, Maine. James Plummer, a sixth grade teacher at Memorial School in New Gloucester, is a dedicated and creative educator who motivated his class to compile a book of activities from the contributions of many artists and writers living in Maine. The children wrote to such noted people as Jamie Wyeth, Stephen King, and E. B. White and obtained original works with rights and royalties for publication. The book, entitled "A Gift From Maine," is a 160-page volume published by the Guy Gannett Publishing Co. in Portland, Maine.

Mr. Plummer's original objective was to teach his students basic skills while having them use their imagination and creativity. The idea grew into an exciting project as the class received responses from many of the artists and writers who volunteered to share their talents with the children. Each response received by the class was a gift to the children of James Plummer's sixth grade, hence the book's title, "A Gift from Maine."

I want to add my congratulations to those already received by Mr. Plummer and his students. I also want to commend the artists and writers who gave of themselves in an effort to spark creativity in young children in a public school setting. I believe the combination of James Plummer's creative teaching methods and his students' motivation to apply the skills and knowledge learned in the classroom to an exciting project, is an excellent example of the educational achievements we can expect from our Nation's public schools.●

EDWIN B. FORSYTHE

● Mr. LAUTENBERG. Mr. President, last week the State of New Jersey and the House of Representatives lost a very valuable Member of Congress, Ed Forsythe. I did not know Ed well, as we served together for only 1 year. However, I knew him by reputation long before I knew him as an individual. My deepest sympathy and prayers go to his family and friends.

Mr. President, Ed Forsythe was one of those Members of Congress who pursued his responsibilities quietly, but with commitment and dedication. His career in public service began over 30 years ago, when he served in a variety of capacities in his home town of Moorestown. Ultimately he went on to serve in the New Jersey legislature and was elected to Congress in 1970.

Ed was known by his constituents and colleagues as a thoughtful legislator; a man of principle, integrity and compassion; a man deeply committed to peace; and a man vitally concerned to protect our natural resources. As ranking member of the House Merchant Marine and Fisheries Committee, Ed worked conscientiously to protect the fragile natural resources of his district and New Jersey. He was an extremely hard-working and careful legislator, who served his constituents and the Nation diligently.

All of us in New Jersey and the Congress will miss Ed. I extend my deepest condolences to his family and friends.●

ORDERS FOR TUESDAY

ORDER FOR RECESS UNTIL TOMORROW AT 11 A.M.

Mr. STEVENS. Mr. President, is there an order for reconvening the Senate tomorrow?

The PRESIDING OFFICER. There is not.

Mr. STEVENS. Mr. President, I ask unanimous consent that when the Senate completes its business this evening, it stand in recess until the hour of 11 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR THE RECOGNITION OF CERTAIN SENATORS ON TOMORROW

Mr. STEVENS. Mr. President, following the time for the two leaders under the standing order, I ask unanimous consent that special orders be entered for not to exceed 15 minutes for Senators PROXMIRE, DOMENICI, and KASTEN.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER DESIGNATING A PERIOD FOR THE TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. STEVENS. Mr. President, following those special orders, I ask unanimous consent that there be a period for the transaction of routine morning business not to extend beyond the hour of 12 noon, with statements therein limited to 2 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECESS ON TOMORROW FROM 12 NOON UNTIL 2 P.M.

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate then stand in recess until the hour of 2 p.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. STEVENS. Mr. President, I understand that following the recess, the Senate will resume consideration of House Joint Resolution 492, the urgent supplemental appropriations bill for the Department of Agriculture.

The PRESIDING OFFICER. The Senator is correct.

RECESS UNTIL TOMORROW AT 11 A.M.

Mr. STEVENS. Mr. President, is there further business to come before the Senate? May I ask my good friend from West Virginia if he has any further business?

Mr. BYRD. Mr. President, I thank the majority leader for his courtesy. I have none.

Mr. STEVENS. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate now stand in recess until 11 a.m. tomorrow.

The motion was agreed to, and the Senate, at 7:04 p.m., recessed until Tuesday, April 3, 1984, at 11 a.m.

EXTENSIONS OF REMARKS

THE MEESE AFFAIR

HON. LES ASPIN
OF WISCONSIN
IN THE HOUSE OF REPRESENTATIVES

Monday, April 2, 1984

● Mr. ASPIN. Mr. Speaker, the Army Reserve promotion given Presidential Counselor Edwin Meese III, raises fundamental questions about the integrity of the Reserve officer promotion system. This document reviews the Meese affair as a case study of the Reserve promotion system. The conclusion is that the system is vulnerable to manipulation, but not fundamentally flawed. In other words, there are problems that need to be addressed in order to insure both the integrity of the system and the appearance of integrity, but the system is not so foul as to require starting from scratch.

This report is not an investigative document based on interviews with or testimony from Edwin Meese; it is an effort not to fix blame or absolve any of the players in the Meese case, but rather to provide a narrative of the Meese case as an exposition of the problems that will continue to plague the Reserve promotion system unless corrective action is taken. This issue is of significance beyond the parochial concerns of the men and women in the Reserve system. The House Committee on Armed Services has sought to induce the services to place greater reliance on the Reserves. One impediment is lack of faith by the Active Forces in the Reserve promotion process. A promotion system in the Reserves that shares the same degree of integrity as that in the Active Forces is, therefore, very much in the interest of all those who wish to see the full promise of the Reserve system realized.

BACKGROUND

In January 1977, Edwin Meese approached the third anniversary of his promotion to lieutenant colonel in the Army Reserve. In the intervening years, he had not completed professional military education requirements—specifically, course work at the Command and General Staff College. Given that fact, and in accord with regulations, Meese was offered two alternatives: assignment to the retired Reserve, or discharge. Meese elected the former.

In June 1981, a few months after entering White House service, Meese expressed an interest in resuming active affiliation. This was reportedly expressed in an informal social setting in California with some high-ranking Reserve officials. Whether Meese's remarks were merely a passing bit of social chatter or were a definitive statement of what he had thought out and wished to see come to pass is beyond the scope of this document. It is clear, however, that his remarks were taken very seriously by a high-ranking Army Reserve officer in attendance because that officer set in motion a series of unusual personnel actions that resulted in Meese's return to active affiliation and promotion—all achieved with extraordinary speed.

The speed was dictated in part by legal necessity. Under the law, an officer of Meese's grade, lieutenant colonel, cannot serve on active status if he has more than 28 years and 30 days as a commissioned officer. That deadline for Meese was July 7, 1981. Another law provides that a Reserve officer assigned to the Selective Service System may be retained in active status, regardless of years of commissioned service, until age 60 if the Selective Service Director so chooses.

Faced with the July 7 deadline, Meese was transferred from the Retired Reserve to the Inactive Reserve on July 1. That same day, the Department of the Army directed that a position be established in the Selective Service System for an Army Reserve "Mobilization Designee." This refers to a position that will be filled by a specific reservist in the event of national mobilization. There are many thousands of such positions, which are not required in peacetime but which are considered essential once the Nation begins to mobilize its Active Forces, Guard, Reserves, and conscription system.

The next day, July 2, Meese was transferred from the Inactive Reserve to the Selective Service System. The July 7 deadline for his mandatory retirement was thus avoided and Meese could remain in active status.

On October 19, 1982, a board convened to consider promotions for Reserve officers to the grade of colonel. The following day, Meese took a physical examination. A physical exam is required before promotion board reviews. Meese has been ordered to take a routine exam no later than March 1982, but had failed to take it by that deadline.

Meese, however, still lacked the professional military education requirements for promotion to colonel. This would normally have involved course work at the Army Command and General Staff College at Fort Leavenworth, Kans. Regulations do provide, however, for alternative courses. In Meese's case he was given permission to take a substitute course in national security affairs given by the Industrial College of the Armed Forces (ICAF) at Fort McNair in Washington, D.C. Regulations also provide that officers whose practical experience in civilian life has given them unique capabilities may be given construction credit, that is, credit in lieu of completion of assigned academic work. On November 3, 1982, the Director of the Selective Service System requested that Meese be given constructive credit in lieu of completing the national security course at ICAP. The constructive credit was based on Meese's experience in the national security field by virtue of being an aide to the President.

In sum, Meese was given constructive credit in lieu of a course of study that was to be taken in lieu of the military requirement that was to have been completed almost 6 years earlier.

On November 8, approval of Meese's constructive credit was sent to the promotion board. The board adjourned on November 19. The following February 24, Meese was confirmed as one of the board's selectees for promotion to colonel in the Army Reserve.

EVALUATION

Exceptions and waivers are normal in any administrative system. They are essential to provide flexibility to address anomalies so that the goals of an organization are not tripped up by the letter of its own rules. In this case, the number of waivers granted, the often tortuous procedures applied, and the expeditious processing undertaken were unusual, though not necessarily unique. In general, regulations were complied with, though in a few instances the rules were simply ignored.

Reactivation: Meese was originally placed on the retired list because he had failed to complete the required professional military education. He was restored to active status without fulfilling that requirement. The requirement was not fulfilled until 16 months after Meese's return to active status.

Assignment to Selective Service: No effort was made to fulfill the requirement to justify the creation of the new mobilization designee position at

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

Selective Service. That would obviously have been no more than a bureaucratic exercise, however, since it is quite clear from the timing that the position was dreamed up for Meese in order to get around the deadline for his mandatory retirement.

Designation as mobilization asset: A mobilization designee must be available in the event of mobilization. Because of concern that too many Federal employees were simultaneously reservists and holders of key civilian Government positions, Congress directed several years ago that the availability of mobilization designees be reviewed at least annually. Those not available are not to be assigned to such mobilization positions. It strains credulity that anyone could believe that, in the event of war, a principal assistant to the President would traipse off to the Selective Service System to help process draftees. Those who made the decision to install Meese at Selective Service clearly placed the personal benefit of the mobilization designee above the national security policy they were tasked with fulfilling.

Promotion: It appears that Meese's name and record were not presented to the promotion board in normal sequence, but in a manner that highlighted Meese in contrast with other candidates. While perhaps not a violation of the rules, this is certainly a violation of the spirit of the promotion board process, which was designed in part to prevent individuals from receiving special consideration. Such consideration was practically required to make Meese competitive before the board. Other indicators in his file—the failure to perform any military duty in the preceding 6 years, and the need for constructive credit twice removed to fulfill an educational requirement, for example—should otherwise have placed Meese far down the list when compared with officers who had demonstrated skill and dedication over years of weekend, summer, and evening work.

IMPLICATIONS

The Reserve personnel system was twisted, bent, and bullied in order to provide Meese with a return to active status and a promotion. There are several concerns here.

Promotion system integrity: The promotion system is designed to select men and women for higher rank based on their demonstrated capability. As such, the promotion system must be not only fair, but also perceived as fair in order to inspire confidence in the system among aspiring officers. Such manipulation as was seen in the Meese case can only have a depressing effect on morale and could also encourage others to seek promotions through manipulation rather than performance.

Reserve integration with Active Forces: The Active Forces too often look down their noses at the Reserve Forces. One constant complaint relates to the Reserve promotion system, which is commonly viewed as inferior and untrustworthy. That complaint is regularly used to oppose proposals to give the Reserve Forces a greater role in the national defense. Instances such as the Meese case further erode confidence in the system, making it harder to achieve the greater Active Reserve integration which has long been pursued by the House Committee on Armed Services.

Personal benefits: Meese did not stand to profit personally from his return to active status because he was not performing drills, which are necessary to gain pay and retirement benefits. However, his promotion to the grade of colonel automatically raised the retirement benefit for which he will ultimately be eligible by about one-fourth. Apart from the financial implications, it is clear that high-ranking officers of the Army Reserve went to great lengths to fulfill a wish expressed by Meese where the goal was clearly not national security but personal gratification.

POLICY CONSIDERATIONS

Two areas of systemic weakness are highlighted by the Meese case, one a flaw in design and the other a flaw in operation. Together they permitted, or failed to prevent, abuse of the process.

First, in order to be considered for promotion, a Reserve officer need not have actively participated for any minimum time. The officer need only be in active status at the time the promotion board convenes. This arrangement exalts active status as a goal worth achieving solely for its own sake. It invites the loss of perspective and manipulation of process seen in the Meese case.

Second, the mechanism for screening from the Ready Reserve those key Government employees who would be needed in their civilian jobs in the event of national emergency must be taken more seriously. As much as any other aspect of the Reserve concept, this mechanism cannot afford to address the eventuality of mobilization with a nudge and a wink. Practically speaking, the procedure for evaluating key personnel suffers from a lack of clear standards, definitions, and priorities. Furthermore, screening is not sufficiently strict.

Mobilization designee positions are, by definition, key positions in time of war. For that reason, the law allows reservists filling such positions of skill who would otherwise be retired to remain in active status. For the same reason—the significance of the position in time of war—these slots must not be filled by reservists who obviously would have other, more important, duties to perform by virtue of their key civilian positions.

To allow someone with such a key civilian post to avoid retirement from the Reserves by taking advantage of the tenured nature of a mobilization designee position is nothing short of an abuse of the system. The door to continued active status is opened by the tenure provided by mobilization designee status; that door, however, must be closed to reservists who quite clearly cannot be expected to appear upon national mobilization.

Fortunately, the Reserve officer personnel management system is not readily susceptible of abuse. It is, however, susceptible of improvement. That improvement should be effected by comprehensive legislation, standardizing the provisions for appointment, promotion, separation, and retirement of Reserve officers and including specific provisions establishing: First, active participation of some specified recency and duration as one criterion for eligibility for promotion; and second, statutory guidelines for screening key personnel.●

SUBMINIMUM PAY NEEDED

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 2, 1984

● Mr. LAGOMARSINO. Mr. Speaker, I would like to bring to the attention of my colleagues an editorial from the March 16, 1984 edition of the Oxnard Press-Courier, Oxnard, Calif. It makes a compelling argument as to why Congress should enact subminimum wage legislation to encourage the creation of summer jobs for teenage unemployed. Specifically, this legislation would address the incredibly high unemployment rate suffered by black teenagers across the Nation.

The article follows:

SUBMINIMUM PAY NEEDED

The summer subminimum wage proposed by the Reagan administration must be passed if Congress is serious about reducing black teen-age unemployment.

The Reagan proposal lowers the minimum wage from $3.35 an hour to $2.50 an hour for workers under age 22 who are hired between May and September. The administration hopes to cut the appalling 50 percent black teen-age unemployment rate by making unskilled youths more attractive to employers looking for summer help.

Black teen-agers suffer from high unemployment because they lack job skills. And they lack job skills, in part, because the minimum wage has priced unskilled labor out of the job market. Consequently, by the time these youths reach their 22nd birthdays, they are essentially nonpersons—having no job experience, no references and no employment opportunities.

Decreasing the minimum wage by 75 cents will not mean sweatshop wages for black teen-agers. Rather, it will help them obtain

jobs simply because labor is more affordable when it is inexpensive. From 1890 to 1930, before there was a minimum wage, employment levels for blacks and whites were even.

In the late 1940s, before the minimum wage began growing by leaps and bounds, black teen-age unemployment was less than or equal to white teen-age unemployment. Today, the unemployment rate for black teen-agers is double the rate for teen-agers as a whole.

The Reagan administration has been joined by the National Conference of Black Mayors to exert a "full-court press" on behalf of the summer subminimum wage. But many liberal congressmen are reluctant to go along. They assert that subminimum-wage teen-agers will replace more highly paid adults.

The summer subminimum wage, however, is specifically targeted for the months when youths are hired for summer jobs.

And just to ensure that unemployment is not merely shifted from the young to the old, the Labor Department has promised to impose sanctions on employers who dump older workers for subminimum wage employees.

Fundamentally, the liberals' contention that every job gained by a subminimum-wage youth will be at the expense of a higher-paid adult represents a basic misunderstanding of the American economy. Each new worker does not necessarily replace an old one. Productive workers expand the economy and create more job opportunities.

Indeed, the subminimum wage would create service-related jobs that business currently can't afford to offer—delivery boys, ushers, elevator operators, etc.

Certain members of Congress have been good at decrying President Reagan's efforts on behalf of the poor and disadvantaged, but they have been very bad at doing anything more for them than keeping them on the dole. The subminimum wage should be enacted before schools close for summer vacation.●

THELMA CHAMBERS: COMMUNITY LEADER

HON. MARY ROSE OAKAR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, April 2, 1984

● Ms. OAKAR. Mr. Speaker, one of our finest community leaders has been featured in the Plain Dealer. Thelma Chambers is a credit to the Near West Side of Cleveland.

SHE FIGHTS TO MAKE THE WORLD BETTER FOR HER SON

When Thelma Chambers makes a snack, she prepares at least twice as much as she can eat. She knows that somebody will stop by for a chat, and fixing it ahead of time saves an extra trip to the kitchen.

A slumber party atmosphere prevails when Chambers' friends flock into her living room, but there also is a serious undertone: these Near West Siders are joining forces to save their neighborhood.

When Chambers was a young woman, no one would have expected her to become a public figure, even in a movement to save a neighborhood. She married young and her life revolved around her home. After moving to Cleveland from West Virginia in 1959, she spent several years managing fast food stores.

All of this changed after her son Alford Jr. was born in 1968 and she decided that she did not want him to grow up in the environment she saw around her.

"During the early 1970s, glue sniffing among neighborhood youths was a serious problem and one incident made Chambers take action: "There was this young man out on my tree lawn so gone from sniffing glue that he was just lying there and staring into a thunderstorm."

At the urging of Chambers and other concerned parents, Mary Rose Oakar, then a Cleveland councilwoman, pushed a ban on the sale of glue to minors through council. Ohio Sen. Charles Butts (D-23) agreed to introduce a bill in the legislature calling for such a ban on a state-wide basis.

Chambers said she was harassed during this time: "People would throw eggs at my house and drive by and call me all kinds of names like 'busybody.' They didn't want their source (of glue) to dry up and knew I was leading the fight against its sale. I was terrified by what they were doing and there were times when the noise kept me up all night."

From then on more issues came to the force in Chambers' life, like the movement against arson. The anti-arson effort was started in 1978 when residents grew increasingly more despondent at seeing the Near West Side turned into an inferno. It represented a joint effort of neighbors in action and the West Side Community House.

Chambers, who had been working on desegregation issues, was assigned to spearhead the drive. She and others went door-to-door encouraging people to report any information they had about suspicious fires. Also, signs were posted throughout the neighborhood announcing a $10,000 reward for tips leading to an arson conviction.

Through Project Secure, vacant and vandalized houses were boarded up preventing would-be arsonists from gaining entrance. In time the hard work began paying off. Arson dropped drastically, as much as 50 percent in one year.

Chambers found that in most projects that caught her interest she had to take the first steps alone and then involve others. When the going gets tough she thinks about her son and the world she hopes he will have.

One particularly painful incident occurred during her efforts to aid peaceful desegregation. Many parents agreed to take a tour of the East Side schools their children would be attending, but when the day arrived Chambers was the only person to board the bus bound for Glenville.

"It was a cold . . . cold . . . morning and I went through a whole range of emotions riding alone on that bus. At first I felt ashamed for all of the people who had said, 'I want to see what is over there,' but never came out to see what was going on. I felt shame and then anger. I was also more than a bit embarrassed. Things went from bad to worse when I got to the school and they had a welcoming committee and whole trays of food. I didn't know what to do."

Chambers prefers not to dwell on the past but she is enthusiastic about recounting the victories—like the role she and her ragtag army played in bringing the distribution of government surplus cheese closer to people. The cheese was being passed out from local social service centers and community houses when Chambers arranged to have the Divine Free Will Baptist Church, 2130 W. 42d St., used as a distribution point.

This arrangement made matters easier for senior citizens and women with children, who might otherwise have had to wait in line for hours. Chambers also said that because of the change, "Many of the people who came to get the cheese volunteered to help . . . They said 'Let me unload or do anthing else you need.' By helping they were able to keep their dignity. They'd fallen onto hard times but were still able to help out and feel better about themselves."

The atmosphere was almost jovial when food was passed out from the church. Chambers said the job left her exhausted but exhilarated, and she enjoyed "meeting folks she had not seen in a while."

When a Convenient Food Mart was to be built at 3919 Lorain Ave., Chambers and other activists told company officials, "We don't think this neighborhood can support another store and we don't want another vacant building if it fails." The group also objected to plans to sell alcohol on the basis it would attract the wrong element.

But a sense of cooperation rather than confrontation turned the store into a showplace that hired neighborhood people.

Chambers' contributions to the Near West Side are even more impressive when one considers that diabetes limits her mobility and strength. She often works from a wheelchair, relying heavily on the telephone.

But the question remains: Can activism hold back the deterioration that continues at an alarming rate? Michael O'Brien, former president of Near West Neighbors in Action, said, "We are running as fast as we can just to stay in one place. Yet, if all the activists had not been putting an immense amount of energy into making things better . . . things would be getting worse . . . much worse."

Cleveland Councilwoman Helen Smith (D-14) said activism must not be overlooked: "They (neighborhood residents) feel that they have made an impact . . . that they are doing something about a problem. This is the first step in getting a problem solved even if it is still with us."●

CHICAGO TRIBUNE CALLS FOR PUBLIC OFFERING OF CONRAIL STOCK

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, April 2, 1984

● Mr. FLORIO. Mr. Speaker, the Department of Transportation is currently engaged in efforts to return Conrail to the private sector. Unfortunately, the Department's efforts to date appear to reflect a purely political decision to sell Conrail hastily before the election.

Many experts, including the Department's own investment banker, Goldman, Sachs, have recommended that the Department seriously consider a public offering of Conrail's stock. Despite many advantages of a public offering, the Department has rejected that approach. It prefers to sell Conrail quickly.

The Chicago Tribune recently considered three options for the sale of Conrail—breaking up Conrail, sale to another railroad, or a public offering.

The Tribune concluded that a public offering makes the most sense. The editorial follows:

[From the Chicago Tribune, Mar. 22, 1984]

THE RAILROAD RENAISSANCE

The federal government is slowly moving toward resolving the final problem that remains from the financial collapse of the railroad system in the Northeast more than a decade ago.

Through a succession of federal actions during the last decade the six bankrupt Northeast carriers, including the Penn Central, were eventually merged into a single government-sponsored railroad called the Consolidated Rail Corporation, or more commonly, Conrail. Washington also plowed nearly $3.3 billion into Conrail to enable it to correct years of neglect of its tracks and equipment and loosened the labyrinth of regulatory restraints that had contributed to the original collapse.

A rebuilt, financially healthy Conrail is now emerging from the federal cocoon, and the major question is what to do with it.

The Northeast Rail Service Act of 1981 requires that the federal government dispose of its 85 percent common stock interest in Conrail. The Reagan administration has considered a number of options, like breaking up Conrail and selling its pieces to other railroads, the sale of the entire railroad to another corporation or the sale of the government's Conrail stock to the public.

The last option makes the most sense.

There is simply no way to break up Conrail for sale to other railroads. Conrail has two principal east-west lines to split among the other five major railroads in the nation.

The sale by the government of its Conrail stock to the public simply returns Conrail as it now exists to the private sector without favoring or discriminating against the rest of the industry. That option would also ensure that the Northeast would have a railroad oriented to its special transportation needs and problems.

The time may come when the nation needs a truly transcontinental railroad stretching from New York to California, but the government should not force that decision before its time has come.●

THE LATE HONORABLE CLARENCE MITCHELL, JR.

HON. EDWARD P. BOLAND

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 27, 1984

● Mr. BOLAND. Mr. Speaker, I want to join with my colleagues in paying tribute to Clarence Mitchell, Jr., whose untimely death was a great loss to our Nation.

No one who has served in this body during the last three decades could have failed to know Clarence Mitchell, either personally or by reputation. His dedication to the advancement of civil rights and his relentless quest to improve the quality of life in America is without parallel.

He was a familiar figure in the Halls of Congress, working both sides of the aisle on behalf of legislation that was intended to make ours a more just society. His work won him many awards, including the Presidential Medal of Freedom, but I think it is fair to say that his memory will be most appropriately remembered through the landmark civil rights legislation he helped to craft: the Civil Rights Act of 1964, the Voting Rights Act of 1965, and the Fair Housing Act of 1968.

Clarence Mitchell was a man who dreamed great dreams and a man who knew that those dreams would not become a reality without hard work and dedication. He labored on behalf of the dream of equal opportunity at a time when such labor was difficult and thankless, and progress was slow. In large part because of Clarence Mitchell's courage and commitment, however, we have, over the last 30 years, taken steps as a nation on the path toward equal justice.

Clarence Mitchell's dream has not yet been fully realized, but we are closer to it today because he lived and worked among us. His passing leaves us saddened because there is much yet to do, but his life remains as a beacon to guide us toward the goal of full equality for all Americans.

I want to extend my sincere condolences to the distinguished Mitchell family, to Clarence's wife, sons, and grandchildren, and to his brother, our colleague, Congressman PARREN MITCHELL. Although Clarence Mitchell's life has ended, his memory and spirit will endure.●

HELP EL SALVADOR

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 2, 1984

● Mr. LAGOMARSINO. Mr. Speaker, the following editorial from the New York Post, written by Max Singer, I believe articulately and clearly expresses the views of many interested in providing El Salvador with sufficient assistance in order to insure a fair and safe election. I highly recommend this editorial to all of my colleagues.

The article follows:

WHY WE MUST HELP EL SALVADOR NOW

The Pentagon has told Congress that the Salvadoran army will collapse unless that country gets $95 million in emergency aid from the U.S. President Reagan's request for that assistance goes before the Senate Appropriations Committee today, Ed.

While the countries of Central America are still poor, and have unequal income distributions, the primary cause of the current conflict is not economic, social, or political injustice.

The current conflict results from an attempt by small groups of ideological extremists to take power—from successful prodemocratic revolutions.

In the years between 1960 and the revolutions of 1979, average incomes in Nicaragua and El Salvador had been growing at about 2 percent a year (the same rate U.S. incomes grew during our advance from poverty in the 1800s).

Infant mortality had been declining fast (down almost one half in El Salvador and over one-third in Nicaragua).

Health had been improving rapidly (life expectancy up 12 years in El Salvador and 9 years in Nicaragua).

The proportion of children in school was going up (to over 26 percent in secondary school in both El Salvador and Nicaragua—compared to only 13 percent and 7 percent in 1960).

In 1979, this social progress was jolted by political programs with the ending of dictatorships or military governments in El Salvador and Nicargua, as well as in Honduras (which had also seen substantial social and economic progress).

It was after these two decades of progress that the current counter-revolutionary conflict began with Sandinista seizure of power in 1979 (not from Somoza, but from the Sandinistas"; allies in the revolution against Somoza) and the formation in 1980 of a guerrilla army to attack the revolutionary governing Junta (JRG) in El Salvador.

The extremists needed to prevent the success of the moderate revolutions for social justice that had been made by groups committed to democracy.

The extremists against whom the U.S. is fighting are not driven by the need to achieve social progress. They are fighting for sectarian power (although they know that their fight for power sets back social progress).

They do not represent the people. Since their actions came after the real revolution, they came too late to be "historically inevitable."

They have been effective, not because of their popularity or the justice of their cause, but because they have massive and expert help from outside. (Cuba has more than 10 times as many people in Nicaragua as we have in El Salvador).

Other countries where the poverty and injustice is worse, and progress slower or not yet really begun, do not have such a violent conflict.

Therefore, while it is undoubtedly true that poverty is a significant fact in Central America, it is not what has produced or what sustains the current crisis and war.

Working against poverty and injustice, while it is desirable, is not a useful way to deal with the current violent conflict. The opposite approach is more realistic.

Instead of solving the conflict by dealing with injustice, it is necessary to deal with injustice by solving the conflict.

The necessary first step to substantial economic, social, or human rights progress in El Salvador is to end the war.

Since the "hearts and minds" of the great majority of the people have already rejected the guerrillas—despite the crimes of some government supporters and army officers—the only way to end the war in El Salvador is to defeat the guerrillas.

The guerrillas must be defeated because they are murderous, unpopular, present no just claim, and cannot be satisfied except with complete power.

When the guerrillas have been defeated, the great share of the killings in El Salvador will end automatically, and the government will be able to turn all its efforts to surpressing the small forces of the extreme right who have been able to operate under the cover of the war against the guerrillas.

There is much experience to indicate that those who don't try to gain a victory for the

democratic side, who sit on the fence or devote their efforts to seeking a non-existent "middle way," will turn out to have helped bring about an extension of totalitarianism and a defeat for human rights.

Idealistic Americans should be urging our government much more strongly to support the democratic side in the life-or-death struggle for human rights in Central America.

A victory for the other side is likely in a few years to bring human rights in Central America to as low a level as human rights in Eastern Europe.●

THE LAW AND EDWARD MEESE

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Monday, April 2, 1984

● Mrs. SCHROEDER. Mr. Speaker, Prof. Stephen Gillers of the New York University School of Law and 41 of his colleagues at various law schools sent a memorandum of law of Senator STROM THURMOND, chairman of the Senate Judiciary Committee, on March 21, 1984. This memorandum points out that "on facts similar to those that have transpired at the Meese hearings, Grand Juries have indicted, trial juries have convicted, and Federal judges have incarcerated other Government employees." So that my colleagues have an opportunity to review this material, I will place it in the RECORD over the next week. Today, I will place in the RECORD the cover letter to Senator THURMOND and the statement of facts from the memorandum:

NEW YORK UNIVERSITY,
SCHOOL OF LAW,
New York, N.Y., March 21, 1984.

Hon. STROM THURMOND,
Chairman, Senate Judiciary Committee, U.S. Senate, Washington, D.C.

DEAR SENATOR THURMOND: In connection with the nomination of Edwin Meese to be Attorney General of the United States, I am enclosing a copy of a memorandum, dated March 15, 1984, and signed by 42 American law professors. As the memorandum concludes:

The record so far raises serious questions about Edwin Meese's criminal and civil liability in connection with the loans and gifts to, or for the benefit of, himself and his family. On facts similar to those that have transpired at the Meese hearings, Grand Juries have indicted, trial juries have convicted, and federal judges have incarcerated other government employees. The Senate, its Judiciary Committee, and the American people deserve a fully developed record clearly establishing that there is no probable cause to suspect Mr. Meese of committing a federal crime or violating a federal civil law or rule. If Mr. Meese is confirmed on an inadequate record and new facts then come to light requiring further inquiry, the disruption in the administration of justice will be severe and intolerable.

We hope the enclosed legal analysis is helpful to the Committee in connection with its constitutional task.

Sincerely yours,

STEPHEN GILLERS,
Professor of Law.

Signatories of Memorandum dated March 15, 1984, concerning the Nomination of Edwin Meese to be Attorney General of the United States (school affiliation for purposes of identification only):

Terence J. Anderson, University of Miami Law School.
E. Clinton Bamberger, University of Maryland Law School.
Elizabeth Bartholet, Harvard University Law School.
Paul Bender, University of Pennsylvania Law School.
William Brown, University of Pittsburgh Law School.
Victor Brudney, Harvard University Law School.
John M. Burkoff, University of Pittsburgh Law School.
Robert S. Catz, University of Miami Law School.
Oscar Chase, New York University Law School.
Leroy Clark, University of Maryland Law School.
Carl G. Cooper, University of Pittsburgh Law School.
Vern Countryman, Harvard University Law School.
Clare Dalton, Harvard University Law School.
Richard H. Fallon, Jr., Harvard University Law School.
Lawrence A. Frolik, University of Pittsburgh Law School.
Stephen Gillers, New York University Law School.
Carole E. Goldberg-Ambrose, University of California, Los Angeles, School of Law.
Robert Berkley Harper, University of Pittsburgh Law School.
Duncan M. Kennedy, Harvard University Law School.
Andria S. Knapp, University of Pittsburgh Law School.
Lewis Kornhauser, New York University Law School.
Sylvia Law, New York University Law School.
Sanford Levinson, University of Texas Law School.
Jules Lobel, University of Pittsburgh Law School.
Gerald P. Lopez, University of California, Los Angeles, School of Law.
Louis Loss, Harvard University Law School.
Dennis O. Lynch, University of Miami Law School.
Alan Meisel, University of Pittsburgh Law School.
Jennifer Parrish, University of Pittsburgh Law School.
Richard D. Parker, Harvard University Law School.
Steven Reiss, New York University Law School.
Rhonda Rivera, Ohio State University Law School.
Rand E. Rosenblatt, Rutgers University, Camden, School of Law.
Albert M. Sacks, Harvard University Law School.
Pamela Samuelson, University of Pittsburgh Law School.
Lewis D. Sargentich, Harvard University Law School.
Robert Sedler, Wayne State University Law School.
Ralph Spritzer, University of Pennsylvania Law School.
Irwin P. Stotzky, University of Miami Law School.
Daniel Tarullo, Harvard University Law School.
John E. Vogel, University of Pittsburgh Law School.
Bruce J. Winick, University of Miami Law School.

MEMORANDUM

Re Federal criminal and civil sanctions applicable to activities of Edwin Meese.
Date: March 15, 1984.

This memorandum will first address the federal criminal statutes that are implicated by Edwin Meese's possible role in securing administration positions for those who have helped to assuage his personal financial crises. It will also address Executive Order No. 11222, Standards of ethical conduct for government officers and employees, which supports the expansive interpretation by both the legislature and the judiciary of the federal bribery and conflict of interest statutes that are relevant here. As set forth more fully below, the connection between Meese's governmental and personal interests was repeatedly suggested at the confirmation hearings held during the week of March 5th on Meese's suitability for the position of Attorney General.

Part Two of this memo comprises a discussion of the Executive Personnel Financial Requirements as they apply to Meese's failure to report an approximately $15,000 interest-free loan provided by a family friend to Meese's wife, as well as his failure to disclose a "gift" in the form of forbearance on interest due from another loan provided by his personal accountant.

One notable aspect of the prohibitions discussed below is that few have been applied to defendants who even approach Meese's stature as a public official. None of the federal criminal statutes have been applied to defendants who are high-ranking officials in the Executive Department. This appearance of unequal or selective prosecution in the application of the federal prohibitions against conflict of interest should infuse the arguments for a more extensive investigation of Meese's activities with a special urgency. The appearance of leniency by the Justice Department toward high-ranking public officials is especially questionable when the public official concerned is also the nominee for the country's chief law enforcement officer.

SUMMARY OF CONCLUSION

The record so far raises serious questions about Edwin Meese's criminal and civil liability in connection with the loans and gifts to, or for the benefit of, himself and his family. On facts similar to those that have transpired at the Meese hearings, Grand Juries have indicated, trial juries have convicted, and federal judges have incarcerated other government employees. The Senate, its Judiciary Committee, and the American people deserve a fully developed record clearly establishing that there is no probable cause to suspect Mr. Meese of committing a federal crime or violating a federal civil law or rule. If Mr. Meese is confirmed on an inadequate record and new facts then come to light requring further inquiry, the disruption in the administration of justice will be severe and intolerable.

I. FEDERAL CRIMINAL PROHIBITIONS APPLICABLE TO ACTIVITIES OF EDWIN MEESE

Facts: During the week of March 5, 1984, the Senate Committee's concern with Meese's financial embarassments focused on this involvement in personal financial transactions with persons who later received Reagan Administration appointments.

The Senate Committee scrutinized with particular care the connection between the financing of the sale of Meese's home in California and the subsequent appointment to Administration positions of three of the financiers. The California house had been on the market for 20 months, causing Meese to incur debts of nearly half a million dollars and to fall 15 months behind on several mortgages and loan debts, including a four-month delinquency on the mortgage for Meese's house in Virginia. Meese testified that friends began to assist in the search for a buyer in August, 1982. More specifically, Thomas J. Barrack, a California real estate developer, not only found a buyer and arranged for bank financing, but also lent a friend $70,000 to be used as a down payment on the $307,500 home. Further, Barrack testified that he later forgave the loan, thus effectively contributing $70,000 to Meese's proceeds from the sale. Barrack also acknowledged that he discussed a position with the Reagan Administration two weeks after arranging the sale of Meese's house. Three months later, Barrack was appointed to serve as the assistant secretary of the Interior. See The Washington Post, March 3, 1984, A1, March 4, A22, March 6, A3; The New York Times, March 3, 1984, A2, March 4, D2, March 7, A17.

The sale of the house was financed by Great American Federal Savings and Loan, which had continued to lend Meese money even after he had incurred more than $400,000 in debt and had fallen 15 months behind in loan payments. Moreover, the purchase was financed at 11 percent interest at a time when the prime interest rate was 14 percent. Gordon Luce, chairman of the bank and former head of the California Republican Party, was named an alternate delegate to the United Nations. Edwin Gray, a senior vice president of the bank, was named chairman of the Federal Home Loan Bank Board by Reagan. WP, NYT, supra.

Meese testified that he did not know how Barrack financed the purchase and he was not instrumental in arranging the positions. But Senator Metzenbaum confronted Meese with handwritten notes, taken in an August, 1982 conversation between Meese and Barrack, in which Barrack outlined the deal and Meese indicated that he wanted an approach that "avoids publicity", "filters one level" of the transaction, and makes it an "arms length" deal. NYT, March 3, A2.

Meese's contention that he was not involved in the appointment of those who have assuaged his financial woes was undercut by John McKean, Meese's personal accountant, who had testified at his own confirmation hearings that his appointment to the board of governors of the United States Postal Service was recommended by Meese and Deaver. At the Senate hearings on Meese's nomination, McKean acknowledged he had not disclosed at his confirmation hearings that he had arranged approximately $60,000 in loans for Meese just one month prior to his nomination. McKean had also failed to reveal—and Meese failed to report on his Executive financial statement, infra at II—his forbearance on interest due from Meese on the loan during the time he was being considered for the post office appointment. NYT, March 7, A17.●

STAR WARS AND COSTLY MIRAGES

HON. JIM MOODY

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Monday, April 2, 1984

● Mr. MOODY. Mr. Speaker, two recent decisions by the Reagan administration have brought the specter of nuclear weapons in space closer to realization.

In late February, the administration announced it would not negotiate an agreement with the Soviet Union to prevent the deployment of nuclear weapons in space. President Reagan stated that such an agreement was meaningless because it could not be verified. Not only is this statement inaccurate, it shows that the administration will not take the initiative to insure the future safety of world civilization.

In March, the administration announced the appointment of Lt. Gen. James Abrahamson to direct the strategic defense initiative. It is not coincidental that, as NASA Associate Administrator, General Abrahamson has been in charge of the space shuttle project. I find it disturbing that a major purpose of our NASA program is now to assist in the arming of the last nuclear-free zone.

Several of my longstanding concerns are echoed in an editorial published in the Milwaukee Journal on November 1, 1983. I have included this editorial with my statement in the hope that we may all understand the ramifications of nuclear weapons in space.

[From the Milwaukee Journal, Nov. 1, 1983]

STAR WARS AND COSTLY MIRAGES

The Pentagon has come up with a new proposal to build space-based weapons and other methods to intercept attacking nuclear ballistic missiles. The scheme would be merely goofy, like a Rube Goldberg contraption, were it not so futile, expensive and dangerous.

The proposal, recently forwarded to the White House, was the work of a committee headed by Defense Secretary Casper Weinberger and National Security Adviser William Clark. The system would use lasers and other technologies and cost $18 billion to $27 billion over the next five years.

Admittedly, it has a superficial appeal. The case was stated by President Reagan in his "Star Wars" speech last March 23, in which he called on scientists "to give us the means of rendering . . . nuclear weapons impotent and obsolete."

It would be wonderful if this country and the Soviet Union could devise ways to protect themselves from each other. It would allow each side, and the world to breathe much easier.

The problem is, any anti-missile system would have to be 100 percent perfect. Not 99 percent, but 100 percent. The reason is that each of the warheads in the arsenals of the superpowers packs a wallop powerful enough to wreck a city. If the umbrella leaked—even a drop—millions could die.

A perfect defense against nuclear attack would be worth at least $18 billion to $27 billion. But, since perfection this side of heaven is impossible, the money would be wasted. In short, the system would be a futile expense.

Embarking on development of such an anti-missile system also would be dangerous, because it might tempt one side to attack the other quickly, before the adversary had a chance to erect the protective umbrella. Almost certainly it would encourage the two sides to seek new weapons that could penetrate the defense of the other. Thus, the arms race would be energized, not reversed.

Years ago, the two superpowers realized that they could protect themselves only by threatening would-be attackers with certain and devastating reprisals. To increase the deterrent effect, the US and the Soviet Union agreed, in the Anti-Ballistic Missile Treaty of 1972, "not to develop, test or deploy ABM systems or components which are sea-based, air-based, space-based or mobile land-based."

Any significant ABM system would probably require violation or renegotiation of that treaty, an act that in turn might lead to the unraveling of the entire fabric of arms control agreements.

To be sure, the idea of protecting world peace by threatening world war is ironic, distasteful and maybe even a little crazy. But it's not as bad as chasing a mirage. And a mirage is what a missile-defense system really is.●

A TRIBUTE TO CHARLES W. HOLMES

HON. MARVIN LEATH

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, April 2, 1984

● Mr. LEATH of Texas. Mr. Speaker, it saddens me to report the untimely death of a trusted and loyal friend and confidant, a man who exhibited the perfect combination of integrity, humility, and pure commonsense throughout his professional career. Charles Holmes, 52, died of cardiac arrest March 27 at George Washington University Hospital following emergency open heart surgery. Charlie had served as my administrative assistant and press secretary since 1979.

Active over the years in House and Senate organizations of press and administrative aides, Charlie Holmes was a well-respected figure on Capitol Hill. A professional in every sense, Charlie was one of those rare individuals who settled for nothing short of excellence and whose efforts and distinguished career will continue to inspire those of us who worked with him.

Born in Michigan, he moved with his familiy at age 3 to McAllen, Tex. He earned degrees from Texas A&I and Penn State and was a lieutenant in the Air Force during the Korean conflict and post-conflict.

From 1957 to 1966, Charlie wrote sports and news articles for the Dallas Times Herald and covered the Dallas Cowboys when the team was organized. He was an editorial writer for the San Diego Evening Tribune before moving to Washington in 1969 as press aide to former U.S. Senator Ralph Yarborough of Texas.

From 1971 to 1975, Charlie was an aide to former Houston Representative Bob Eckhardt. In 1976, he became press secretary for the election campaign of U.S. Senator JIM SASSER of Tennessee. He managed my campaigns for the U.S. House in 1977 and 1978.

Our prayers go out to Charlie's family who, only 11 days prior, learned of the death of Charlie's brother, Bill, of Waco, Tex. We pray that his two sons, Eric Thomas, of West Point, N.Y., and Charles W., Jr., of Austin, Tex.; his daughter, Jane Ariel of McAllen, Tex.; and his sister, Virginia Polfus, of Mercedes, Tex., will be given strength to accept and strength to endure.

Recently, I read of a reference to the planet Earth as "a medium-size planet attached to an ordinary star at the edge of a run-of-the-mill galaxy." On first thought, that seems pretty accurate.

But when you take into account the caretakers of this satellite we call home—the people—then significance begins to take shape.

Then, you consider the individuals who rise above the crowd—people like Charlie Holmes. They are the ones who do not wait on direction, or mandate, or law but, instead, act on need and a spirit of brotherhood.

It is because of these individuals that this planet is more than significant—it is impressive.

Charlie Holmes will be greatly missed.●

FAMILY TRIBUTE TO CHARLES LEE HOUSER, 1933-83

HON. JOHN McCAIN

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 2, 1984

● Mr. McCAIN. Mr. Speaker, I would like to take a moment to bring to my colleagues attention to a very tragic accident which occurred last December.

Charles Houser, Congressional Affairs Officer for the Bureau of Land Management, was injured in a helicopter crash while looking at some of the wilderness areas proposed in H.R. 4707. He later died on December 31, 1983, as a result of the accident.

We all respected Charlie for his knowledge and professionalism. He was also one of the warmest and most personable people I have ever known. We miss him and deeply regret that his death was in some ways caused by our push to enact an Arizona wilderness bill this year.

The following is the family's tribute to Charlie which I believe should be entered in the RECORD at this point.

Charlie Lee Houser, the fifth of six children, was born September 22, 1933 to Alice Moss Houser and the late Robert Lee Houser in Prattville, Alabama. After sustaining injuries in a helicopter accident in Arizona on December 8, 1983, he departed this life at the Washington Hospital Center on December 31, 1983.

He was an active and supportive member of the St. Martin's Catholic Church and enjoyed working with the St. Vincent de Paul Society, a society that dedicated themselves in helping the needy of Washington, D.C.

He attended public schools in Alabama and graduated with honors from Alabama State College in 1961. He enhanced his career by enrolling in courses at George Washington University and the Graduate School of Agriculture. He was also affiliated with and held office in the Alabama State Alumni Association which he enjoyed and worked with dedication and enthusiasm.

Charlie enlisted in the U.S. Marine Corps from 1953-57, serving in Okinawa, Thailand, Formosa, the Philippines and Japan. He still held the Corps dear to his heart and believed that when you "looked on heaven scenes the streets would be guarded by the United States Marines."

Charlie came to Washington, D.C. in 1962 to fulfill his ambition and use his talents. Although a newcomer to this area, he learned the "ropes" quickly. He first lived with a Baptist cousin who introduced him to the girl who subsequently became his wife. Lionella (nee Stuckey) and Charlie were joined in Holy Matrimony at St. Martins Catholic Church in 1964. From this union a loving daughter, Karen Linnea was born January 15, 1969.

Charlie's personal attributes benefitted him not only in his business and professional areas, but his warm, good natured attitude, coupled with his reputation of confidence, dedication and cooperative assistance extended to his home life as well. As a husband, Charlie's success as a loving, dependable, strong person are traits to which his wife can attest. She likes to believe his easy-going nature is an answer to her prayer for a mate that could "get along with" her personality. Fond memories of her life with him will help her sustain his loss.

Charles, without a doubt, was his daughter Karen's "favorite Dad." He was her chauffeur, basketball rooter, TV game viewer, church accompanist, her bank, seafood provider, lecturer, bikeriding and swimming partner, phone screener and all the things that go along with a good dad.

Charles liked quartet singing, fishing, hunting, baseball and swimming and riding through the South to visit his home place in Prattville to farm, relax and tan. It was there that he really enjoyed his family—particularly his loving mother, his brother Mack, sister Earlene and then on to Birmingham to visit his other sister, Frances, and brothers, Will and Buddy.

Charles was an ambitious young man who knew that if he got an opportunity he could prove himself. He started his career as a mail clerk with the General Service Administration and gave his all to this job. He later transferred to the Department of Interior where he was employed for over 20 years. He held positions as Procurement Assistant, Cooperative Relations Specialist, Chief of Branch of Office Services and at the time of his death was Congressional Liaison Officer, Bureau of Land Management, Department of the Interior. He enjoyed his work and took great pride in doing the best job he could. His assistance in the Department as congressional informational programs and inquiries, and briefing preparations has earned him numerous Letters of Commendations, Outstanding Awards and most of all, the respect of his colleagues and members of Congress.

We all loved Charlie and will miss him greatly, but God's perfect will has been carried out. "The blessing of the Lord it maketh rich, and he addeth no sorrow with it."

He leaves to cherish his memory a loving and devoted wife, Mrs. Lionella Stuckey Houser; one daughter, Karen Linnea; his mother, Mrs. Alice Houser of Prattville, Alabama; two sisters, Mrs. Frances Busby and Mrs. Earlene Brown; three brothers, Mr. Mack Morris Houser, Mr. William Houser, and Mr. Louis Houser, all of Alabama; a devoted cousin, Mrs. Lena Fletcher of Washington, D.C.; father-in-law, Mr. Luther Stuckey of Indian Head, Maryland; four sisters-in-law; five brothers-in-law; a host of relatives and many, many friends.●

A TRIBUTE TO DR. BENJAMIN MAYS

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, April 2, 1984

● Mr. GARCIA. Mr. Speaker, great men die, but their legacies live forever. It is with great sorrow that I acknowledge the death of one of the greatest black Americans of the 20th century—Dr. Benjamin E. Mays. Fortunately, I am heartened to know that his legacy and teachings will live for generations to come.

Born in Epworth, S.C., in 1894, Dr. Mays received a B.A. degree from Bates College, Lewiston, Maine, in 1920 and an M.A. degree (1925) and Ph. D. degree (1935) from the University of Chicago. Dr. Mays held teaching positions at Moorehouse College and South Carolina State College from 1920 to 1926. He served as dean of the school of religion at Howard University from 1934 to 1940 and as president of Moorehouse College from 1940 to 1968. Dr. Mays also served on the Atlanta Board of Education and as its chairman from 1970 to 1981.

As an educator, administrator, and spiritual leader, Dr. Mays shaped the minds of many of our Nation's black leaders, most notable: Dr. Martin Luther King Jr., Mayor Andrew Young of Atlanta, and Georgia State Senator Julian Bond.

As one who shied from the limelight and publicity, Dr. Mays was one of the more influential strategist of the civil rights movement. A man gifted with immense patience and unyielding for-

titude, Dr. Mays always stressed, "Making Friends of One's Enemies."

As the recipient of countless awards and honors, Dr. Mays also authored seven books including, "Born to Rebel," a study which covers 75 years of black-white relations in the United States. He served on the boards of several colleges and universities as well as the Martin Luther King Center for Social Change.

America will miss the likes of this great man. However, again, I am confident that his legacy will live through the countless lives that he has touched.●

A DYNAMIC LEADER

HON. MARY ROSE OAKAR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, April 2, 1984

● Ms. OAKAR. Mr. Speaker, our Nation's and region's future depends on dynamic leadership in areas related to employment and training. The following is an article which demonstrates a dynamic leader.

CCC CHIEF HAS HIGH HOPES FOR JOB CENTER

(By John Leo Koshar)

Nolen M. Ellison, president of Cuyahoga Community College, spent a year working with a national task force of the American Association of Community and Junior Colleges (AACJC) on how to put America back to work.

"Now that program is coming to fruition here in line with Gov. (Richard F.) Celeste's plan for strategic planning to develop jobs," Ellison said in an interview recently.

Ellison was referring to Celeste's announcement earlier this month of the release of $8.5 million to build a Unified Technologies Center on the CCC Metro Campus.

Ground breaking is scheduled for June and Ellison said it could be fully operational by fall 1986.

Previous announcements have indicated the center will have the capacity to train or retrain 1,400 people annually in high growth industries and for changing technologies.

"We will work with business and industry to define and describe what kind of training and retraining they think they will need to obtain employment," he said.

That, he indicated, will determine the size of the student body.

"An advisory committee of industry people will help shape the curriculum," he said. "They will advise what kind of program is needed for training and retraining. We will work directly with business and industry. That will be the strength of this program and will make it unique."

He said that 39 of the top corporate chief executives that are part of the Cleveland Tomorrow campaign are working with the college to develop a technical training program that relates to state-of-the -art manufacturing opportunities.

"The keynote of the center will be flexibility and responsiveness to the needs of business and industry," said Ellison. "The object is to bring about a strong match between the needs of business and industry and the people we will turn out."

Ellison said college officials also are talking to Ford Motor Co., which operates a program of training people that might come back to the company in computer technology and other skills and to equip those people Ford cannot keep with skills for jobs elsewhere.

He said Dr. Ron Zambetti, provost of the Urban Metropolitan Development Institute, visited Ford's training facility in Nashville, Tenn., recently to help determine how to organize the CCC center. The institute is the outreach arm of CCC responsible for development of the center.

CCC also is working with Technicare Corp. to develop tailor-made courses designed for its specific occupational needs, such as in computer repair and other areas.

Ellison said it is very difficult to guarantee 100% job placement for the center's trainees. He emphasized that ". . . we are going to try to close the gap between training and placement and make that gap as narrow as possible because the people who will be trained or retrained need to feel they are being trained for jobs that exist and not just to be trained as an end in itself."

He said the center would contain a resource support system for small businesses that should have a tremendous impact on this group.

The business community will be involved not only in helping to develop the curriculum but in selecting the chief executive officer for the center and its staff, said Ellison.

"We think staffing will have some unique characteristics. We will seek some of the top people in business and industry to get skilled craftsmen brought into our teaching and training corps.

"We will look for industry-experienced people with less theory and more application."

The center will be designed to provide work-force education and training in modern, applied high technologies through hands-on use of industry-specific equipment, machinery and laboratories.

Training and retraining will be for jobs in high growth industries such as energy and instrumentation technologies and electronic and mechanical technologies.

More than 26,000 square feet of the 96,000-square-foot facility will be devoted to applied skills training for private industry.

Lecture and laboratory instruction will include energy and instrumentation technologies with courses such as solar energy, fuel cells, helium gas turbines, fusions, metrology and computerized energy monitoring.

Instruction in electronic technologies will encompass courses in microcomputer hardware, microprocessor technologies, satellites, video discs, videotex, optical fibers and laser technology.

Mechanical technologies will focus on machining in industry, especially computer-assisted manufacturing, machine maintenance and repair and tool-and-die training.

It also will include metal fabrication, welding production, plastics, electromechanical-fluidal-thermalpneumatics training and robotization in manufacturing allied health applications.

Trainees will have full use of the Metro Campus services, such as career planning and placement.

"We will not necessarily link their (the students) training to college degrees, but we hope to be able to link credit and noncredit opportunities," Ellison said.

He said the center would be run on a 12-month program basis and he hopes that contracts with businesses and industries will help pay for the larger part of the tuitions.

Class scheduling specifications call for offering four different options: accelerated full-time (eight hours per day, three days per week); regular full-time (four hours per day, five days per week); limited full-time (eight hours per day, two days per week); part-time (three hours per evening, four evenings per week).●

TRIBUTE TO "UNIONIST OF THE YEAR": JOHN BIGELOW

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 2, 1984

● Mr. STARK. Mr. Speaker, on March 30th, the Central Labor Council of Alameda County, AFL-CIO, honored John Bigelow as "Unionist of the Year."

Mr. Bigelow is being recognized for his untiring efforts on behalf of the labor movement and for his many civic contributions.

In 1939, John Bigelow joined his first union, local 1114, which is now the Amalgamated Transit Union, while working for Greyhound bus lines. He left there to join the United Brotherhood of Carpenters and Joiners Local 2116 in 1941. Transferring from that local to Carpenters 554, he worked in the shipyards until August 1943, when he joined the merchant marine. He sailed first as a marine cook and steward, then as a member of the SUP on six ships. On four of them, he was ship's delegate for the deck gang (shop steward).

When he left the sea in January 1946, John went to work for the American Can Co., where he joined the United Steel Workers Union, Local 1798. He was vice president of that union from 1947-49. When the Steelworkers issued a new charter for the American Can plant, Bigelow became a charter member of that local and served as its chief steward for 12 years.

When John Bigelow joined the Ashland fire department in 1961, there were no organized firefighters south or east of San Leandro. Shortly after his arrival, he helped organize and get a charter from the International Association of Firefighters. He was the local's first president and served 8 years in that capacity. On retiring in 1977, he was honored by receiving the first lifetime membership ever awarded by that membership. John's leadership in organizing the firefighters in Ashland not only provided benefits to his fellow employees, but he was instrumental in establishing charters in many other surrounding cities in Alameda County.

Very early in his union activity, John recognized the importance of labor councils. He was a delegate to the CIO Council from 1946 until the merger of the two councils, becoming

a charter member of the present Central Labor Council of Alameda County AFL-CIO, serving as a delegate until the present.

Mr. Speaker, I have given you an outline of the involvement that John Bigelow has had with the labor movement. But think of what that outline implies. John has put in unending hours of devotion and hard work, after a full day on the job, trying to better the lot of the workingman. I think that he has a record to be proud of.

I join John Bigelow's friends in expressing appreciation for his dedication and hard work in the labor movement. John's loyalty to his friends and his activities on behalf of COPE will be long remembered.●

SOUTH AFRICA

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 2, 1984

● Mr. LAGOMARSINO. Mr. Speaker, the following op-ed piece by long-time member of the liberal opposition party in South Africa, Helen Suzman, I believe accurately assesses U.S. efforts toward achieving our stated policy goal in South Africa—the nonviolent change of that Government from active support of apartheid to democracy and political freedom.

Ms. Suzman is a leading spokesperson for her party in the South African Parliament, and I recommend that my colleagues read it.

[From the Washington Post, Mar. 29, 1984]

WHAT CAN AMERICA DO?

SOME PRACTICAL SUGGESTIONS FOR DEALING WITH SOUTH AFRICA

CAPE TOWN.—The question I am most frequently asked when I visit the United States is, "What can America do about South Africa?" The answer depends on the motivation that prompted it—whether it was based on moral, punitive or reform aims.

Superpatriots, who abound in South Africa, have no problem in replying to the question, of course. Their answer is that the United States should mind its own business; that is has no right to interfere in South Africa's domestic affairs; that there are double standards, since many countries practice policies much more oppressive than those in South Africa yet escape the strong condemnation meted out to South Africa.

True enough. But a country that claims to have the values of Western democracy must expect to be judged by these criteria. Moreover, the unique brand of race discrimination entrenched in law in South Africa is a convincing justification for double standards. Of course, self-interest, such as U.S. trade with black Africa and the reactions of the black constituency at home, as well as genuine concern for human rights, motivates politicians and others in the United States in their attitudes to South Africa: opposing apartheid provides one of these rare occurences in politics where expediency coincides with a just cause.

There is a simple course of action that advocates disengagement from any form of association with South Africa—be it in trade, investment, academe, the arts or sport—the "clean hands doctrine." This relieves the conscience, but it also dilutes any influence over future events.

Punitive actions can sometimes be counterproductive, such as the mandatory arms embargo imposed on South Africa by the U.N. Security Council in 1977, which led to South Africa's developing a highly efficient arms industry.

In one instance certainly, however, punitive action has resulted in a fundamental change in policy in South Africa. The total ban from all international sports forced South Africa to desegregate sports, not only on the field but also in clubs and facilities for spectators. And to the intense bitterness of white South Africans, there has been no letup of the sports boycott. The ante has been upped.

Where the demands were originally confined to the removal of apartheid in sports itself—that is, to "normalize" sports—they have been systematically extended to demanding the removal of race discrimination in its entirety, under the slogan "no normal sport in an abnormal society." The Gleneagles Commonwealth agreement prohibiting sport with South Africa remains in force. South Africa's flag will not fly at the Los Angeles Olympics.

The carrot or the stick? Both have been tried by U.S. administrations. The Carter regime used the stick—with minimal results. The Reagan administration is trying the carrot, otherwise known as "constructive engagement," until recently without conspicuous success. At long last, the major prize, an internationally acceptable settlement of the Namibian issue, now seems less elusive. And the U.S. role as honest broker must have played a part in the peace move taking place between South Africa and Angola and South Africa and Mozambique.

"Quiet diplomacy," however, has not deterred Pretoria from its grand apartheid policy. Outside the State Department, other efforts are being mounted in the United States to impel change in South Africa. The divestment campaign has heated up. Several state and city legislatures have adopted or are considering measures to force divestment of U.S. companies conducting business in or with South Africa, either by prohibiting investment of their pension funds or selling their stocks in such companies. But unless such a campaign can be successfully conducted on a universal scale, which is highly unlikely, it is of symbolic significance only.

The recent amendments to the Export Administration Act were passed by Congress in October 1983, if approved by the House-Senate conference, could be more damaging. If reform is the objective it is not likely to be effective, however. Solarz is reported to have stated that his objective was "to send a strong signal" to the regime in Pretoria. Chances are that the signal will be received with the well-known acknowledgment: "Roger—and out."

The truth is that the capacity of the United States to influence change in South Africa is limited. And this has to be accepted if reform is the objective of those who pose the question, "What can the United States do about South Africa?"

The changes that have taken place in South Africa cannot be attributed either to the carrot or the stick, although international pressures do play a part in accelerating the process. The determining factor has been—and, I am convinced, will continue to be—economic pressure from within South Africa—the steady upward movement into skilled occupations by blacks, eventually giving blacks the muscle with which to make demands for shifts in power and privilege, backed up by the force of black urbanization, which continues inexorably despite government action to stem it.

These are the factors that have induced Pretoria to vote more money for black education and training, to repeal the law that reserved skilled industrial jobs for whites. These are the factors that have forced the South African government to recognize black trade unions and the permanency of blacks in the cities. And although blacks in South Africa react with enthusiasm to all suggestions of punitive action against South Africa, including divestment (which some support because they identify capitalism with apartheid and want the whole system brought down), in fact, if black economic advancement is inadvertently retarded thereby, they will be the ultimate losers.

Despite the limitations that exist, I believe that America has a role to play in South Africa. The United States should certainly make known in no uncertain fashion its disapproval of the more repulsive aspects of apartheid—the forced removal of blacks into poverty-stricken rural areas, pass-law arrests and the more glaring abrogations of civil rights—detention without trial, and banning. It is unthinkable that the most powerful democracy in the world, whose fundamental values are based on the protection of human rights, should abdicate its responsibility in this regard.

And the U.S government should use leverage wherever possible to lend weight to the hope it expressed after the recent referendum in South Africa that the mandate received by the government would be used "to address the problem of the political rights of South Africa's black majority."●

THE TAXATION OF REPRESENTATION

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, April 2, 1984

● Mr. DOWNEY of New York. Mr. Speaker, the following is a summary of my 1983 Federal income tax return.

I offer it in enthusiastic support of my principle of full and open disclosure of all financial dealings by elected officeholders and high ranking appointees.

Supporting documents are available for further examination in my office.

Summary of 1983 tax return data

Salary—U.S. House of Representatives	$69,369
Interest income	78
State and local tax refunds	364
Rental loss	−1,055
Business income:	
Honorariums (net of expenses).	20,940
Publishing fees	225
Total income	89,921
Less:	
Nonreimbursed employee business expenses	3,275
Payments to IRA	2,250

Payments to Keogh retirement plan	3,175
Adjusted gross income	81,221
Itemized deductions:	
Taxes	8,914
Interest expense	2,375
Contributions	705
Miscellaneous deductions	1,618
Total itemized deductions	13,612
Less: Zero bracket amount	3,400
Excess itemized deductions	10,212
Tax table income	71,009
Less: Personal exemptions	4,000
1983 taxable income	67,009
Federal income tax	20,911
New York State income tax	6,090
California income tax	304
Illinois income tax	57
New Jersey income tax	38●

SOCIAL SECURITY REVIEW PROCEDURES

HON. STAN LUNDINE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, April 2, 1984

● Mr. LUNDINE. Mr. Speaker, the bureaucratic nightmare caused by the Social Security Administration's overzealous tightening of eligibility review procedures for social security disability insurance has been well documented in the testimony of scores of witnesses, including those disabled by various illnesses and those who serve their needs through State, county, and local helping organizations.

The passage of the Social Security Disability Benefits Reform Act which clarifies eligibility standards and reforms the review procedures for determining continued eligibility for disability insurance is absolutely critical to redress some of the hardships caused by the Social Security Administration's strict and inflexible enforcement of review procedures.

Nevertheless, some disabled persons and their families whose insurance has been terminated will not be fortunate enough to receive the humanitarian benefits of new legislation. Such a case has recently come to light in my own congressional district, and is reported on the front page of the March 29, 1984, issue of the Buffalo Evening News. The text of the report follows:

BUREAUCRATIC COMPASSION DENIED EVEN IN DEATH

(By Douglas Turner)

WASHINGTON.—A few weeks ago Linda Clark of the small Cattaraugus County town of Hinsdale offered the ultimate proof to the Social Security Administration about her disability claim. She died at age 34 of the ailment she said all along was making her unable to work—juvenile diabetes.

In spite of that, her husband, James, laid off since last fall, was told in the past few days that he can't have a survivor's benefit to help defray her burial costs.

The reason is that the Social Security Administration is still demanding payment of $2,018 it claims it sent Mrs. Clark while she was technically ineligible for disability pay.

The Clark's situation points up an administrative nightmare created by Congress and the Carter administration, which is still being continued by the Reagan government.

A bill overwhelmingly passed Tuesday by the House is designed to liberalize and clarify procedures in the disability program administered by Social Security.

Opposed by the White House, a companion measure faces an uncertain future in the Senate.

In 1980, Congress passed a law requiring the agency to review the disability rolls to determine whether any who were receiving allowances were able to work.

Although the harsh measures the agency took to comply with the law were criticized in Congress by liberals and conservatives alike, the paring of the rolls continued unabated.

Last November, Mrs. Clark was notified that her benefits would be terminated. Under a moratorium passed by Congress earlier in the year, her benefits continued through the appeal process.

They consisted $409 a month plus Medicare coverage.

As a result of the diabetes, Mrs. Clark developed heart trouble, swelling of the limbs and progressive blindness. She was diagnosed a diabetic at age 3.

Under present law, the Social Security Administration can disallow disability if it finds that any one ailment is insufficient in itself to cause disability. The law does not require it to consider a combination of ailments that contributes to disability.

In Mrs. Clark's case, the agency followed the letter of the law.

Her denial of benefits was upheld by a state agency, by F. Lambert Haley, an administrative law judge in Buffalo, and by a Social Security appeals council here.

An aide to Rep. Stanley N. Lundine, D-Jamestown, said that because the Clarks could not afford a lawyer, they had to be represented in the Buffalo hearing by a lay advocate. The aide, Elisabeth Johnson, said new rules of the Legal Services Corporation, a federal agency, bar any of its lawyers representing a claimant before a federal agency.

Mrs. Clark had been receiving disability payments since 1979. That was about the time Mrs. Clark had to begin periodic laser treatments to stem the hemorrhaging of her retinas, the part of the eye that senses light.

She also was beginning to develop serious trouble with her kidneys.

Mr. Clark said his wife received notice of the SSA rejection of her appeal Feb. 9, and she had her first heart attack Feb. 15.

He said he believes that the denial of benefits led directly to the heart attack.

"For the last two months my wife talked suicide," he said Wednesday. "She was passing out all the time, and getting sick a lot.

"She couldn't work and wanted to do her share. And all she had to look forward to was two or three years in federal court (fighting for an appeal to overturn the ruling), and nobody knows what would have come of that."

The death certificate said Mrs. Clark died Feb. 27 of a massive heart attack, brought on by circulatory problems and kidney failure. These, in turn, the certificate said, were caused by diabetes that she had been suffering from.

The certificate said she had been ill with the circulatory and kidney problems for at least three years

An autopsy performed on Mrs. Clark was the basis of the findings outlined in the death certificate. It said her coronary arteries were severely hardened and diseased, and all four chambers of her heart were dilated.

Not long after Mrs. Clark was permanently removed from the disability rolls, John Svehn, the head of the Social Security Administration, notified her that she had 30 days to repay the government $2,018.

That was the amount the government paid her between the time it notified her she was to be dropped and the denial of her appeal.

Mr. Clark filed for a waiver of the repayment, claiming hardship. He has been on unemployment insurance benefits for 20 weeks. Social Security hasn't responded to his waiver request.

A few days ago, he went to the Olean Social Security office to apply for survivor's benefits to help pay for the $2,500 funeral for his wife. He was told he can't receive those benefits until he pays the government $2,018.

Besides the burial costs, Mr. Clark still is facing $8,000 in hospital and doctors' bills. The hearing process stripped Mrs. Clark of her Medicare benefits.

The bill passed by the House would probably have spared the Clarks the pain they experienced because of the denial of disability and the hearings that followed over the past few months. The legislation, Rep. Lundine said, would provide "that the combined effects of all impairments be considered when an individual is judged for eligibility for disability payments."

Rep. Lundine's office said the congressman would press SSA for a waiver of the $2,018 it wanted back.

About a week after Mrs. Clark died, her husband said, he received a notice from the New York State Commission for the Blind and Visually Handicapped.

The commission, not knowing what the Social Security Administration had done and that Mrs. Clark had died, certified that she was legally blind and eligible for training and other help.●

CONSTRUCTIVE ENGAGEMENT WORKS

HON. BILL CHAPPELL, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 2, 1984

● Mr. CHAPPELL. Mr. Speaker, the Congress has been rightfully concerned over the past few years with events in southern Africa. One of the principal foreign policy objectives of the United States has been an end to mutual interference by the nations of that area in one another's affairs.

It would appear, as described in an article in the Washington Post, Tuesday, March 20, by the columnist Joseph Kraft, that the United States has been constructively engaged in the peace process in sourthern Africa. This process will be a long one as we have seen in some other parts of the world, and the agreement signed between Mozambique and South Africa is just another step along the way. But

those of us who really want to see the journey through to a happy end should applaud this step.

Mr. Speaker, I submit the referenced article for insertion in the RECORD at this point:

[From the Washington Post, Mar. 20, 1984]

TURNING POINT IN AFRICA

(By Joseph Kraft)

Southern Africa provides the most striking foreign policy gain so far achieved in the Reagan administration. For the recent accord between Mozambique and South Africa marks a historic step toward the safe dismantling of the most explosive racial powder keg in the world.

The United States played a modest role in that accord, and it is instructive to examine just how. For success came from containing this country's favorite diplomatic itches—preaching human rights and reviling Marxist regimes.

Two turnarounds entered into the treaty signed Friday between Prime Minister P. W. Botha of South Africa and President Samora Machel of Mozambique. For a half-dozen years South Africa, under Botha, has defended its racist practices by a badneighbor policy. South African forces made savage attacks on the ground and by air deep into the territory of neighboring black states. The South Africans also sponsored native dissident movements that played on tribal divisions to the point of chaos in Mozambique, Angola, Zimbabwe and Lesotho.

Military elements inside the South African regime favored an indefinite dose of that harsh medicine. A slightly more moderate group under Foreign Minister Pik Botha argued in favor of striking deals with the neighboring black states. American diplomacy supported the approach of the foreign minister and helped persuade the prime minister to go for a negotiated settlement.

A main reason the United States enjoyed influence in Pretoria is that the Reagan administration ceased treating South Africa's grossly racist apartheid policy as a barrier to any dealings. The United States developed instead a policy of "constructive engagement." It vetoed a couple of United Nations resolutions that would have imposed sanctions on Pretoria. It congratulated the Botha regime on a constitutional change that eased restrictions on people of mixed blood, though not on blacks. While outspokenly critical of apartheid, Assistant Secretary of State Chester Crocker indicated Washington wanted to help South Africa ease racial tensions. So this country had a hearing when it urged the Botha government to make terms with Mozambique.

An exactly contrary policy had to be turned around in Mozambique. Ever since the mid-'60s black regimes in Africa believed that the ending of white power throughout the continent was written in the stars. The "winds of change" and the "wave of the future," it was said, would slowly force the whites to get out. The point seemed proved in 1980 when white rule collapsed in Rhodesia and blacks took over what has become Zimbabwe.

So black regimes in Africa settled down to a long drawn-out struggle against the racist government of South Africa. Black leaders eschewed ties with Pretoria. They backed groups, notably the African National Congress, dedicated to the "liberation" of South Africa. Rather than accept help from states friendly to South Africa they turned to Russia and her allies. Thus President Machel fastened a Marxist regime on Mozambique. In Angola, the Marxist government came to rely on Cubans for protection against dissidents backed by South Africa.

These regimes were badly weakened by South African terror tactics, and by internal dissidents. On top of that, the 1980–82 recession cut income from raw material exports, and drought made matters worse. Still, Marxist leaders were loath to come to terms with South Africa. There again, U.S. diplomacy played a role in urging talks between black states of the area and Pretoria.

But how come the United States, having done business with Pretoria, carried weight with black leaders? The answer is that American diplomats, under the Reagan administration, did not act as though Marxism was the pitch that defiled. They have dealt extensively with the regime in Angola. Similarly with Machel of Mozambique. Indeed, even after being nudged to the conference table with South Africa, Machel stuck to his Marxist guns. In signing the accord, he spoke anew of the "differences between our social, political and economic concepts."

The agreement between Mozambique and South Africa is basically a non-aggression pact. It provides that both countries keep peace on the frontier and refrain from supporting groups hostile to the other. It can thus be generalized to cover relations between South Africa and all its neighbors.

An indent for a similar deal has already been made—thanks very largely to American influence—between South Africa and Angola. A temporary cease-fire and disengagement are in effect, with mixed teams supervising the agreement. If the accord sticks, Namibia, a territory illegally occupied by South Africa, would gain independence. Angola would invite the Cubans out. South Africa would restrain the UNITA movement of Angolan dissidents under Jonas Savimbi.

Even such an agreement, which now looks to be in prospect, is just another step along the way. The African time bomb will be defused only when a more humane regime is established in South Africa itself. But the steps along the way show the conditions for a constructive American role. This country can be helpful only when it ceases to force on others the human rights standards of the American left and the ideological preferences of the American right.

Mr. Speaker, in preparing to submit the above article by Joseph Kraft, I noticed in the Post's March 22 issue, an article by Helen Suzman, a distinguished and leading liberal in the South African Parliament. Her credentials have never been questioned even by the strongest critics of the South African Government, perhaps, because she has established the reputation of being a very strong critic herself. Her article deals in a measured and reasoned way with the relations between the United States and South Africa. With the hope that all my colleagues who share a concern for this relationship might read it most carefully, it is submitted for placement in the RECORD at this point:

[From the Washington Post, Mar. 22, 1984

WHAT CAN AMERICA DO?

(By Helen Suzman)

CAPE TOWN.—The question I am most frequently asked when I visit the United States is, "What can America do about South Africa?" The answer depends on the motivation that prompted it—whether it was based on moral, punitive or reform aims.

Superpatriots, who abound in South Africa, have no problem in replying to the question, of course. Their answer is that the United States should mind its own business; that it has no right to interfere in South Africa's domestic affairs; that there are double standards, since many countries practice policies such more oppressive than those in South Africa yet escape the strong condemnation meted out to South Africa.

True enough. But a country that claims to have the values of Western democracy must expect to be judged by these criteria. Moreover, the unique brand of race discrimination entrenched in law in South Africa is a convincing justification for double standards. Of course, self-interest, such as U.S. trade with black Africa and the reactions of the black constituency at home, as well as genuine concern for human rights, motivates politicians and others in the United States in their attitudes to South Africa: opposing apartheid provides one of these rare occurrences in politics where expediency coincides with a just cause.

There is a simple appeal in the course of action that advocates disengagement from any form of association with South Africa—be it in trade, investment, academe, the arts or sport—the "clean hands doctrine." This relieves the conscience, but it also dilutes any influence over future events.

Punitive actions can sometimes be counterproductive, such as the mandatory arms embargo imposed on South Africa by the U.N. Security Council in 1977, which led to South Africa's developing a highly efficient arms industry.

In one instance certainly, however, punitive action has resulted in a fundamental change in policy in South Africa. The total ban from all international sports forced South Africa to desegregate sports, not only on the field but also in clubs and facilities for spectators. And to the intense bitterness of white South Africans, there has been no let-up of the sports boycott. The ante has been upped.

Where the demands were originally confined to the removal of apartheid in sports itself—that is, to "normalize" sports—they have been systematically extended to demanding the removal of race discrimination in its entirely, under the slogan "no normal sport in an abnormal society." The Gleneagles Commonwealth agreement prohibiting sport with South Africa remains in force. South Africa's flag will not fly at the Los Angeles Olympics.

The carrot or the stick? Both have been tried by U.S. administrations. The Carter regime used the stick—with minimal results. The Reagan administration is trying the carrot, otherwise known as "constructive engagement," until recently without conspicuous success. At long last, the major prize, an internationally acceptable settlement of the Namibian issue, now seems less elusive. And the U.S. role as honest broker must have played a part in the peace move taking place between South Africa and Angola and South Africa and Mozambique.

"Quiet diplomacy," however, has not deterred Pretoria from its grand apartheid policy. Outside the State Department, other efforts are being mounted in the United States to impel change in South Africa. The divestment campaign has heated up. Several state and city legislatures have adopted or are considering measures to force divestment of U.S. companies conducting business in or with South Africa, either by prohibit-

ing investment of their pension funds or selling their stocks in such companies. But unless such a campaign can be successfully conducted on a universal scale, which is highly unlikely, it is of symbolic significance only.

The recent amendments to the Export Administration Act proposed by Reps. Stephen Solarz, Howard L. Berman and William H. Gray, which were passed by Congress in October 1983, if approved by the House-Senate conference, could be more damaging. If reform is the objective it is not likely to be effective, however. Solarz is reported to have stated that his objective was "to send a strong signal" to the regime in Pretoria. Chances are that the signal will be received with the well-known acknowledgment: "Roger—and out."

The truth is that the capacity of the United States to influence change in South Africa is limited. And this has to be accepted if reform is the objective of those who pose the question, "What can the United States do about South Africa?"

The changes that have taken place in South Africa cannot be attributed either to the carrot or the stick, although international pressures do play a part in accelerating the process. The determining factor has been—and, I am convinced, will continue to be—economic pressure from within South Africa—the steady upward movement into skilled occupations by blacks, eventually giving blacks the muscle with which to make demands for shifts in power and privilege, backed up by the force of black urbanization, which continues inexorably despite government action to stem it.

These are the factors that have induced Pretoria to vote more money for black education and training, to repeal the law that reserved skilled industrial jobs for whites. These are the factors that have forced the South African government to recognize black trade unions and the permanency of blacks in the cities. And although blacks in South Africa react with enthusiasm to all suggestions of punitive action against South Africa, including divestment (which some support because they identify capitalism with apartheid and want the whole system brought down), in fact, if black economic advancement is inadvertently retarded thereby, they will be the ultimate losers.

Despite the limitations that exist, I believe that America has a role to play in South Africa. The United States should certainly make known in no uncertain fashion its disapproval of the more repulsive aspects of apartheid—the forced removal of blacks into poverty-stricken rural areas, pass-law arrests and the more glaring abrogations of civil rights—detention without trial, and banning. It is unthinkable that the most powerful democracy in the world, whose fundamental values are based on the protection of human rights should abdicate its responsibility in this regard.

And the U.S. government should use leverage wherever possible to lend weight to the hope it expressed after the recent referendum in South Africa that the mandate received by the government would be used "to address the problem of the political rights of South Africa's black majority."●

LET US PULL THE PLUG ON PAC-MEN

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, April 2, 1984

● Mr. OTTINGER. Mr. Speaker, as Members of Congress, we have all witnessed the alarming growth in the number of political action committees over the last decade. As campaign costs continue to skyrocket, more and more of our colleagues are becoming dependent on PAC contributions to finance their reelection efforts. So much so, that today, nearly 70 percent receive PAC contributions.

Mr. Speaker, I feel that the tremendous impact PAC's have on congressional elections is the most insidious influence on American government confronting us today. In many cases, only a very fine line draws the distinction between a legitimate campaign contribution and a bribe. If this great Nation of ours is to continue to follow the ideal of one-person, one-vote, this perilous influence must be stemmed.

I would like to call to the attention of my colleagues, an excellent essay on this subject that appeared recently in the New York Times, written by Philip M. Stern. Mr. Stern is the cochairman of Citizens Against PAC's, a bipartisan coalition dedicated to removing the exorbitant influence of PAC's on American government. I recommend this as required reading for all my colleagues and urge them to support H.R. 4428, the Congressional Campaign Finance Act, introduced by my friend and colleague from Wisconson, DAVID OBEY. While it is not the final solution—only public financing will solve the inherent problems with our present system—this legislation would start to bring about the needed changes in our congressional campaign financing system and help preserve the ideals of representative government.

The essay follows:

[From the New York Times, Mar. 13, 1984]

PRONOUNCE PAC's "POX"

(By Philip M. Stern)

WASHINGTON.—When Congress passed a law in 1974 requiring political candidates to disclose the sources of their campaign money, many citizens rejoiced. At long last, this murky area would be bathed in sunshine; the voters' wisdom would cleanse the system. But the murk remains.

How many voters really know where their elected representatives get their campaign money and to whom they are politically indebted?

How many, say, in Peoria, Ill., are aware that their Congressman, Robert H. Michel, and House Republican leader, got two-thirds of his 1982 campaign money not from his own constituents but from outside political-action committees that have no connection with his district—for example, from the Ocean Spray (cranberry) PAC, based in Plymouth, Mass.; the Long Island Aerospace PAC, of Baldwin, N.Y.; the Antelope Valley PAC, in Palmdale, Calif.

Consider Chicago's Dan Rostenkowski, chairman of the powerful House Ways and Means Committee, safely ensconced in a lopsidedly Democratic district. How many of his constituents know that he began his 1982 campaign with $224,000 in his campaign treasury, yet raised an additional $519,000, more than half of it from PAC's, and ended up with a campaign surplus of nearly half a million dollars, which he can legally transfer to his own bank account when he leaves Congress? (Under law, Congressmen elected after January 1980 may no longer do that.)

How many Knoxville, Tenn., voters know that in 1982, their Representative, John J. Duncan, a Republican, raised $200,000 in campaign funds—57 percent of it from outside PAC's—even though he ran unopposed?

If most voters are in the dark about these practices, that's understandable, for the facts and figures candidates report to the Federal Election Commission, in Washington, are hard to come by back home.

The PAC system corrodes representative democracy. When legislators like Mr. Michel—he is far from unique—get two-thirds of their campaign money from groups that neither live nor vote in their districts, whom do they really represent? Mr. Michel attributes the "wide variety" of his 1982 contributions to the "symbolic importance" of his role as House Republican leader, and says that he has "not reviewed the reports thoroughly enough to know who contributed and who didn't."

Just one month after Representative Mickey Edwards, Republican of Oklahoma, got a $2,500 contribution from the National Automobile Dealers Association, he co-sponsored a measure, strongly favored by the dealers, to kill a rule requiring dealers to tell customers about major defects in used cars they sell. Later, after his vote helped kill the rule, that PAC gave him $2,000 more. But if every person's vote counted equally in Congressmen's reckoning, why would two-thirds of them side with the few auto dealers and against the thousands of auto buyers in their districts? The answer seems to be: To office-holders and candidates hungry for campaign funds, PAC money talks louder than votes.

In Maryland, Representative Roy Dyson, a Democrat, who has no auto plants in his district, got $16,650 in campaign gifts from the United Automobile Workers' PAC. He voted for a bill, strongly backed by the U.A.W., that would save auto workers' jobs in other districts by requiring American-made parts in imported cars. He cast that vote despite Congressional Budget Office warnings that the measure would boost auto prices for all his constituents and would mean a net loss of American jobs.

While Messrs. Duncan, Dyson, Edwards and Rostenkowski failed to respond to inquiries from my organization about their actions, most Congressmen indignantly protest that their votes are not for sale. But that sidesteps the real question: Are, say, Mr. Edwards and Mr. Dyson as free to vote against the wishes of the auto dealers and the U.A.W. as if they had taken none of their money?

Congressmen also deny a cause-and-effect connection between gifts and votes, arguing that the PAC's merely donate to candidates already philosophically attuned to them. Why, then, do one-third of all PAC's give almost entirely to incumbents, despite their widely varying ideologies?

As campaign costs skyrocket, more and more Congressmen become dependent on PAC money. In 1974, only 28 percent of House members got one-third of their money from PAC's outside their districts; today, nearly 70 percent are thus reliant on PAC's. Since only a saint would deny some favored attention to these major contributors, that means shortchanging the many voters who can't afford large—or any—campaign gifts. It hardly adds up to one-person, one-vote democracy.●

VOTE EXPLANATION OF CONGRESSMAN SOLOMON

HON. GERALD B.H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, April 2, 1984

● Mr. SOLOMON. Mr. Speaker, on Thursday, March 29, the House voted on House Resolution 443 (Rollcall No. 59). This resolution provides nearly $500,000 in funding for the newly constituted Select Committee on Hunger. Had I been present at the time the vote occurred on House Resolution 443, I would have voted against the resolution.

The Select Committee on Hunger was created on February 22, 1984, through the passage of House Resolution 15. I voted in favor of the resolution at that time because we were informed that the creation of this new select committee would result in no additional outlays, that no new staff would be required because other existing committees would share staff with the newly formed select committee. Obviously, this is not the case, and this House has once again continued down the path toward an ever-increasing congressional bureaucracy. I regret that I was not present to vote against the funding resolution, and I regret that I relied upon the representations made during the debate on House Resolution 15. I should have known better than to believe this House would pass up the opportunity to create yet another committee fiefdom.●

RECORD FEDERAL DEFICITS, RISING INTEREST RATES, EMPLOYMENT, CRIME, AND U.S. ROLE IN WORLD—GREATEST CONCERN OF THE PEOPLE OF THE EIGHTH CONGRESSIONAL DISTRICT OF NEW JERSEY

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, April 2, 1984

● Mr. ROE. Mr. Speaker, our Nation's current record-high Federal deficit, which may total $220 billion this year, is a matter of great concern to all Americans. There is a great fear throughout the land that those deficits will spur a new round of inflation to erode our paychecks and bring a halt to any hopes for a sustained economic recovery.

The danger of continued record Federal deficits is very much on the minds of the residents of the Eighth Congressional District of New Jersey. The results of my recent congressional legislative questionnaire show that an overwhelming 92 percent of those responding see Federal deficit spending as the most critical economic problem facing our Nation.

The administration's staggering request for $1.9 trillion over the next 5 years for military programs was strongly viewed as a key culprit in the deficit spending by more than 85 percent of the respondents.

Mr. Speaker, the people of the Eighth District of New Jersey are willing to do their part to reduce the Federal deficit. They have shown the determination and willingness to "bite the bullet" to help America bring the deficit situation under control.

Some 69 percent of those answering the questionnaire stated they supported the passage of a constitutional amendment requiring Congress to pass a balanced Federal budget.

Mr. Speaker, like my constituents, I believe it is essential we adopt balanced budgets in order to safeguard our Nation's economic health. It is for that reason that I have consistently supported and voted in favor of the budget resolutions that were based upon realistic economic assumptions. During the last Congress I voted in favor of a balanced budget amendment to the Constitution. As we are all aware, it is the White House that submits the budget to Congress. While there is nothing in the law now to prevent the White House from submitting a balanced budget to Congress for consideration, this has not been the case. In fact, the fiscal year 1985 budget submitted by the White House contained more than $180 billion in deficit spending.

The people of the Eighth Congressional District of New Jersey are deeply concerned about other key areas affecting the economic viability of our Nation. The questionnaire's results showed that 89 percent of the respondents were very concerned over continuing high unemployment rates, while 82 percent shared worries over new rounds of inflation and high interest rates.

Mr. Speaker, the people of my congressional district have spoken out loud and clear about their concern for cleaning up the environment of our Nation. They emphatically stated, by an overwhelming 91 percent response to the questionnaire, of the need for priority funds to clean up our air and water pollution. They expressed strong dissatisfaction with the fact that only $4 billion of the nearly $900 billion Federal budget had been allocated to clean up the environment.

In the area of foreign affairs, the residents of my congressional district believe it is time for our allies to play a greater role in world matters. More than 90 percent of the respondents believe the White House should insist that our allies in Europe and around the world bear more of the cost of our mutual defense programs.

There is also strong support, with 67 percent responding affirmatively, for President Reagan's approach of placing new nuclear weapons in Western Europe as a method of forcing the Soviet Union to deal more seriously with arms control. The questionnaire also shows mixed feelings over our Nation's response to the downing of a Korean civilian airliner by the Russians. Some 55 percent felt the response was not strong enough, while 40 percent felt our reaction was adequate.

Mr. Speaker, the question of what to do about crime in the streets remains a great concern to the people of my congressional district. The past several years have witnessed the growth of a tough anticrime sentiment in New Jersey and around the Nation. That trend continued in my most recent questionnaire. In a question concerning the use of handguns, some 91 percent responded they would support stricter penalties for persons who use a firearm to commit a felony, over and above the penalty for the felony itself.

It is my firm belief that the congressional legislative questionnaire is a valuable constituent participation in determining the beliefs, attitudes, and desires of the people of our district, State, and Nation. I would like to offer my deepest thanks to the people of the Eighth Congressional District of New Jersey for their excellent response to my questionnaire. A full tabulation of the response I received to my questionnarie follows:

CONGRESSMAN ROE'S 8TH DISTRICT QUESTIONNAIRE

(Note.—Many district voters did not answer all items in the questionnaire and also those who voted "undecided" are not included in the percentiles of the answers.)

1. Do you favor the continued use of United States military forces in Lebanon to serve as part of an international peace keeping force there?—Yes 56; no 39.

2. The world was shocked by the downing of Korean Air Lines flight 007 by the Soviet Union, which resulted in the death of the plane's 269 passengers. Do you believe that the United States' response to that incident was strong enough?—Yes 40; no 55.

3. In light of the record high federal deficits forecast for the next several years, would you support a Constitutional Amendment requiring Congress to pass a balanced federal budget?—Yes 69; no 26.

4. The Reagan Administration wants to decontrol all natural gas by 1986, saying it will lead to increased supplies and reduced prices. Many others argue that supplies will fall and prices will rise if controls are lifted.

Do you think decontrol of natural gas is a good idea?—Yes 40; no 52.

5. The United States and the Soviet Union are holding meetings in Geneva to discuss reducing nuclear weapons. Do you favor President Reagan's approach of placing new nuclear weapons in Western Europe as a method of forcing the Russians to deal seriously about arms control?—Yes 67; no 29.

6. Do you believe that the White House should insist that our allies in Europe and around the world bear more of the cost of our mutual defense programs?—Yes 91; no 6.

7. Do you support stricter penalties for persons who use a firearm to commit a felony, over and above the penalty for the felony itself?—Yes 91; no 5.

8. How high a priority would you put on cleaning up the nation's air and water in the federal budget? The current federal budget contains $854 billion of which only $4 billion has been allocated for clean air and water efforts. Do you believe that environmental matters should have:

(a) A greater share of the budget?—Yes 91.

(b) A lesser share?—Yes 59.

(c) About the same share as now?—Yes 83.

9. Should the federal deficit be reduced by:

(a) Raising taxes?—Yes 70.

(b) Cutting defense spending?—Yes 85.

(c) Cutting non-defense spending such as entitlement programs, loan guarantees and discretionary programs?—Yes 89.

10. What do you see as the most critical economic problem facing our nation:

(a) Federal deficit spending?—Yes 92.

(b) Taxes?—Yes 77.

(c) Inflation?—Yes 82.

(d) High interest rates?—82.

(e) Unemployment?—89.

(f) Other—Yes 64.●

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Tuesday, April 3, 1984, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

APRIL 4

9:00 a.m.

Appropriations

Labor, Health and Human Services, Education, and Related Agencies Subcommittee

To continue hearings on proposed budget estimates for fiscal year 1985 for the National Institutes of Health, Department of Health and Human Services.

SD-116

9:30 a.m.

Appropriations

Commerce, Justice, State, the Judiciary, and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1985 for the Federal Bureau of Investigation, Department of Justice, the Federal Trade Commission, and the Office of U.S. Trade Representative.

S-146, Capitol

Governmental Affairs

Information Management and Regulatory Affairs Subcommittee

To hold hearings on proposed legislation authorizing funds for fiscal years 1985 through 1989 to carry out the provisions of the Paperwork Reduction Act (Public Law 96-511), to reduce Federal paperwork requirements and duplications, and consolidate statistical policy activities with information management in the Office of Management and Budget.

SD-342

10:00 a.m.

Agriculture, Nutrition, and Forestry

To hold hearings on proposed legislation authorizing funds for child nutrition programs.

SR-328A

Appropriations

Defense Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1985 for manpower programs of the Department of Defense.

SD-124

Appropriations

Energy and Water Development Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1985 for energy and water development programs.

SD-192

Appropriations

Transportation and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1985 for the Interstate Commerce Commission.

SD-138

Energy and Natural Resources

Business meeting, to consider pending calendar business.

SD-366

Finance

Estate and Gift Taxation Subcommittee

Taxation and Debt Management Subcommittee

To hold joint hearings on proposed legislation to overrule the Supreme Court's decision in Dickman against Commissioner of Internal Revenue, relating to certain interest-free demand loans.

SD-215

Foreign Relations

To hold hearings on Senate Resolution 329, expressing the support of the Senate for the expansion of confidence building measures between the United States and the U.S.S.R., including the establishment of nuclear-risk reduction centers, in Washington and in Moscow, with modern communications linking the centers.

SD-419

Labor and Human Resources

To hold hearings on proposed legislation authorizing funds for the National Science Foundation.

SD-430

Labor and Human Resources

Aging Subcommittee

Business meeting, to consider proposed legislation authorizing funds for fiscal years 1985, 1986, and 1987 for programs of the Older Americans Act Public Law 89-73).

S-224, Capitol

Joint Economic

To hold hearings to examine certain implications on whether the American economy is becoming more service industry oriented.

SD-562

2:00 p.m.

Appropriations

Agriculture, Rural Development and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1985 the Food and Drug Administration, Department of Health and Human Services, and the Commodity Futures Trading Commission.

SD-124

Appropriations

Energy and Water Development Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1985 for energy and water development programs.

SD-192

Foreign Relations

To hold hearings on the U.N. Convention on Contracts for the International Sale of Goods (Treaty Doc. 98-9).

SD-419

Labor and Human Resources

Labor Subcommittee

To hold hearings to review the termination of overfunded defined benefit pension plans and reversion of assets to plan sponsors.

SD-430

APRIL 5

9:00 a.m.

Appropriations

Labor, Health and Human Services, Education, and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1985 for programs of the Department of Health and Human Services, including the Centers for Disease Control, and the Alcohol, Drug Abuse and Mental Health Administration.

SD-116

Energy and Natural Resources

Energy Research and Development Subcommittee

To resume oversight hearings to review proposed budget requests for fiscal year 1985 for nuclear energy programs, and for the inertial confinement fusion program of the Department of Energy.

SD-366

9:30 a.m.
Agriculture, Nutrition, and Forestry
Soil and Water Conservation, Forestry and Environment Subcommittee
To hold hearings on S. 1842 and H.R. 3903, bills to develop and implement a coordinated agricultural program in the Colorado River Basin.
SR-328A

Armed Services
Sea Power and Force Projection Subcommittee
To resume open and closed hearings on S. 2414, authorizing funds for fiscal year 1985 for military procurement programs of the Department of Defense, focusing on naval seapower and procurement programs.
SR-232A

Finance
Energy and Agricultural Taxation Subcommittee
To hold hearings on certain tax aspects of oil company mergers.
SD-215

10:00 a.m.
Appropriations
HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Neighborhood Reinvestment Corporation, National Credit Union Administration, and the Office of Revenue Sharing (New York City Loan Program), Department of the Treasury.
SD-124

Appropriations
Energy and Water Development Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for energy and water development programs.
SD-192

Commerce, Science, and Transportation
Merchant Marine Subcommittee
To hold hearings on S. 2499, authorizing funds for fiscal year 1985 for certain programs of the Maritime Administration, Department of Transportation.
SR-253

Judiciary
Business meeting, to consider pending calendar business.
SD-226

Labor and Human Resources
Family and Human Services Subcommittee
To hold hearings on proposed legislation authorizing funds for programs of the Public Health Service Act, focusing on title X (family planning).
SD-430

Small Business
Small Business: Family Farm Subcommittee
To hold hearings on the impact of natural gas prices on farmers and small businesses.
SR-428A

11:00 a.m.
Energy and Natural Resources
To resume oversight hearings to review the report and recommendations of the Commission on Fair Market Value Policy for Federal Coal Leasing.
SD-366

2:00 p.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the National Endowment for the Humanities, and the Economic Regulatory Administration, Department of Energy.
SD-138

Appropriations
Energy and Water Development Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for energy and water development programs.
SD-192

Foreign Relations
To hold hearings on the nominations of Edward N. Ney, of New York, to be a member of the board for International Broadcasting, Gerald P. Carmen, of New Hampshire, to be the Representative of the United States to the European office of the United Nations, and Leslie Lenkowsky, of New York, to be Deputy Director of the U.S. Information Agency.
SD-419

Select on Intelligence
Budget Subcommittee
Closed business meeting, to consider proposed legislation authorizing funds for fiscal year 1985 for the intelligence community.
S-407, Capitol

APRIL 6

9:30 a.m.
Banking, Housing, and Urban Affairs
To hold oversight hearings on the Federal Reserve System's pricing policies.
SD-538

Commerce, Science, and Transportation
Business, Trade, and Tourism Subcommittee
To hold hearings on proposed legislation authorizing funds for the U.S. Travel and Tourism Administration, Department of Commerce.
SR-253

Finance
International Trade Subcommittee
To hold hearings on S. 50 and S. 1672, bills to streamline trade relief procedures and make trade relief more accessible to small businesses.
SD-215

Joint Economic
To hold hearings on the employment/unemployment situation for March.
SD-106

9:45 a.m.
*Labor and Human Resources
Alcoholism and Drug Abuse Subcommittee
To hold hearings to review the use of the media in drug abuse education.
SD-430

10:00 a.m.
Energy and Natural Resources
Public Lands and Reserved Water Subcommittee
To hold hearings on S. 2125, proposed Arkansas Wilderness Act of 1983.
SD-366

Small Business
To hold hearings on S. 2489, proposed Small Business Competition Enhancement Act, and S. 2434, to require the assignment of breakout procurement representatives at major procuring installations.
SR-428A

APRIL 9

10:00 a.m.
Energy and Natural Resources
Energy Research and Development Subcommittee
To hold hearings on S. 1278, to provide for a program of magnetohydrodynamic research, development, and demonstration with respect to the production of electricity, and S. 1925, to establish a national coal science, technology, and engineering program within the Department of Energy.
SD-366

Finance
To hold hearings to review the Social Security Advisory Council's recommendations on medicare trust solvency.
SD-215

2:00 p.m.
Appropriations
Treasury, Postal Service, and General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the U.S. Customs Service, Department of the Treasury.
SD-192

Energy and Natural Resources
To hold hearings on certain provisions of S. 1739, to authorize the U.S. Army Corps of Engineers to construct various projects for improvements to rivers and harbors of the United States.
SD-366

Select on Indian Affairs
To hold hearings on S. 2201, to convey certain lands in Arizona to the Zuni Indian Tribe; to be followed by a business meeting, to consider pending calendar business.
SR-428A

APRIL 10

9:00 a.m.
Appropriations
Labor, Health and Human Services, Education, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for programs of the Department of Health and Human Services, including the Office of Inspector General, Office for Civil Rights, Policy Research, and Departmental Management, Salaries and Expenses, and for the Prospective Payment Assessment Commission.
SD-116

Joint Economic
To resume hearings to examine the impact of the increase in the number of American women entering the work force in the last three decades.
2203 Rayburn Building

9:30 a.m.
Commerce, Science, and Transportation
Business meeting, on pending calendar business.
SR-253

Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To hold hearings on S. 2362, to revise certain provisions of the Mineral Lands Leasing Act of 1920, focusing on limitation on authority with respect to merger parties.
SD-366

10:00 a.m.
Appropriations
Defense Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for space programs of the Department of Defense.
SD-192

Appropriations
Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the U.S. Coast Guard.
SD-138

Environment and Public Works
Transportation Subcommittee
Business meeting, to consider proposed legislation authorizing funds for the Federal aid highway program of the Department of Transportation.
SD-406

Select on Intelligence
Closed business meeting, to consider proposed legislation authorizing funds for fiscal year 1985 for the intelligence community.
S-407, Capitol

1:30 p.m.
*Environment and Public Works
Toxic Substances and Environmental Oversight Subcommittee
To hold oversight hearings on toxicity testing of certain chemicals.
SD-406

2:00 p.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for fossil energy research and development programs of the Department of Energy.
SD-138

Energy and Natural Resources
Energy Research and Development Subcommittee
To hold oversight hearings to review proposed budget requests for fiscal year 1985 for conservation and energy renewable programs of the Department of Energy.
SD-366

APRIL 11

9:00 a.m.
Appropriations
Labor, Health and Human Services, Education, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Departments of Labor, Health and Human Services, Education, and certain related agencies.
SD-116

Labor and Human Resources
Business meeting, to consider pending calendar business.
SD-430

9:30 a.m.
Judiciary
Juvenile Justice Subcommittee
To hold hearings on S. 521 and S. 1924, bills to establish a criminal background check of individuals whose employment may bring them into contact with institutionalized children.
SD-226

10:00 a.m.
Appropriations
Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Urban Mass Transportation Administration, Department of Transportation.
SD-138

Commerce, Science, and Transportation
Merchant Marine Subcommittee
To hold hearings on U.S. Coast Guard polar ice breaking operations.
SR-253

Environment and Public Works
To hold hearings on proposals to extend and amend the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (Superfund).
SD-406

Foreign Relations
To hold hearings on the following treaties: Convention with Denmark for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect of Taxes on Income (Ex. Q, 96-2), Convention with Denmark for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes and Estates, Inheritances, Gifts and Certain Other Transfers (Treaty Doc. 98-6), Protocol, together with an exchange of letters, Amending the Convention with Denmark for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (Treaty Doc. 98-12), Convention with Canada with Respect to Taxes on Income and Capital, with a related exchange of notes (Ex. T, 96-2), Protocol Amending the 1980 Convention with Canada with Respect to Taxes on Income and Capital (Treaty Doc. 98-7), and Convention with Sweden for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Estates, Inheritances and Gifts (Treaty Doc. 98-11).
SD-419

Governmental Affairs
Permanent Subcommittee on Investigations
To resume hearings to examine the efficiency and effectiveness of the United States in working with the NATO nations and Japan in drafting and executing export controls on high technology shipments to the Soviet Union and Soviet bloc, and to examine the enforcement of the Export Administration Act.
SD-342

Labor and Human Resources
To resume oversight hearings on certain activities of the Legal Services Corporation, focusing on past and present policies at the Corporation, including political activity.
SD-430

Veterans' Affairs
To hold hearings on S. 2269 and S. 2514, bills to clarify and improve certain veterans' health-care programs and services, S. 2210, to revise and clarify the eligibility of certain disabled veterans for automobile adaptive equipment, S. 2278, to make permanent the Veterans' Administration's program to treat veterans who suffer from alcohol or drug dependencies.
SR-418

Joint Economic
To resume hearings to examine certain implications on whether the American economy is becoming more service industry oriented.
SR-385

10:30 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

2:00 p.m.
Governmental Affairs
To hold hearings on S. 1746, to allow the Federal Government to freely procure certain goods and services from the private sector.
SD-342

Rules and Administration
To hold hearings on S. 2418, to provide for the construction of the Library of Congress Mass Book Deacidification Facility.
SR-301

APRIL 12

9:00 a.m.
Appropriations
Labor, Health and Human Services, Education, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Departments of Labor, Health and Human Services, Education, and certain related agencies.
SD-116

Energy and Natural Resources
Energy Regulation Subcommittee
To hold hearings on S. 1069, H.R. 555, and S. 817, bills to authorize the Federal Energy Regulatory Commission to approve the inclusion in the rate base of a public utility of the costs of construction work in progress.
SD-366

9:30 a.m.
Commerce, Science, and Transportation
Aviation Subcommittee
To hold hearings on the Federal Aviation Administration's scatter plan to disburse airplanes departing National Airport over a larger geographical area.
SR-325

Commerce, Science, and Transportation
Surface Transportation Subcommittee
To hold hearings on S. 1407, to provide procedures for the registration and licensing of motor vehicles when ownership is transferred in interstate commerce.
SR-253

Small Business
To resume hearings on S. 2489, proposed Small Business Competition Enhancement Act, and S. 2434, to require the assignment of breakout procurement representatives at major procuring installations.
SR-428A

Joint Economic
To hold hearings on health issues as they relate to the Gross National Product.
SD-628

10:00 a.m.
Appropriations
Defense Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for Army

modernization programs of the Department of Defense.
SD-192

Appropriations
HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Federal Emergency Management Agency, and the Federal Home Loan Bank Board.
SD-124

Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the strategic petroleum reserve, and the naval petroleum reserves.
SD-138

Environment and Public Works
Regional and Community Development Subcommittee
To hold oversight hearings on certain activities of the Tennessee Valley Authority, focusing on the cost of TVA power purchased by the Department of Energy.
SD-406

Labor and Human Resources
Education, Arts, and Humanities Subcommittee
Business meeting, to mark up proposed legislation authorizing funds for programs of the Library Services and Construction Act, and the Adult Education Act.
SD-430

APRIL 23

1:30 p.m.
Labor and Human Resources
Labor Subcommittee
To hold hearings to examine the impact of occupational disease.
SD-430

APRIL 24

9:00 a.m.
Appropriations
Labor, Health and Human Services, Education, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Departments of Labor, Health and Human Services, Education, and certain related agencies.
SD-116

Armed Services
Sea Power and Force Projection Subcommittee
To hold open and closed hearings to discuss strategic cooperation between the United States and Israel.
SR-232A

9:30 a.m.
Commerce, Science, and Transportation
Surface Transportation Subcommittee
To hold hearings on proposed legislation authorizing funds for fiscal years 1985 and 1986 for programs of the Hazardous Materials Transportation Act, Natural Gas Pipeline Safety Act, and the Hazardous Liquid Pipeline Safety Act.
SR-253

10:00 a.m.
Appropriations
Defense Subcommittee
To hold closed hearings on proposed budget estimates for fiscal year 1985 for intelligence programs of the Department of Defense.
S-407, Capitol

Environment and Public Works
Business meeting, to consider proposed legislation authorizing funds for the Federal aid highway program of the Department of Transportation.
SD-406

Labor and Human Resources
Family and Human Services Subcommittee
To resume hearings on proposed legislation authorizing funds for programs of the Public Health Service Act, focusing on title XX (adolescent family life demonstration projects).
SD-430

APRIL 25

9:00 a.m.
Appropriations
Labor, Health and Human Services, Education, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Departments of Labor, Health and Human Services, Education, and certain related agencies.
SD-116

Labor and Human Resources
Business meeting, to consider pending calendar business.
SD-430

9:30 a.m.
Commerce, Science, and Transportation
Consumer Subcommittee
To hold hearings on S. 1816, to require the labeling of textile fiber and wool products as to country of manufacture.
SR-253

Governmental Affairs
Governmental Efficiency and the District of Columbia Subcommittee
To resume hearings on S. 1858, making a technical correction to the legislative veto provisions of the Self-Government and Governmental Reorganization Act of 1973 (Home Rule Act).
SR-385

10:00 a.m.
Agriculture, Nutrition, and Forestry
To resume oversight hearings on the Federal food stamp program, and the Child Nutrition Act (Public Law 89-642).
SR-232A

Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

Environment and Public Works
To resume hearings on proposals to extend and amend the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (Superfund).
SD-406

Governmental Affairs
To hold hearings in compliance with section 2401(g) of title 39, United States Code, which requires the Postal Service to submit to Congress a comprehensive statement on the status of the Postal Service.
SD-628

Governmental Affairs
Permanent Subcommittee on Investigations
To resume hearings to investigate alleged involvement of organized crime and mismanagement of funds in the hotel and restaurant workers union (HEREIU).
SD-342

Judiciary
Juvenile Justice Subcommittee
To hold oversight hearings on child sexual abuse.
SD-226

11:00 a.m.
Judiciary
Separation of Powers Subcommittee
To hold hearings on S. 1405, proposed Federal Neutrality Act of 1983.
SD-562

APRIL 26

9:00 a.m.
Appropriations
Labor, Health and Human Services, Education, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Departments of Labor, Health and Human Services, Education, and certain related agencies.
SD-116

9:30 a.m.
Commerce, Science, and Transportation
To hold hearings in conjunction with the national ocean policy study on proposed legislation authorizing funds for programs of the Marine Mammal Protection Act.
SR-253

10:00 a.m.
Appropriations
Defense Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for National Guard and Reserve units of the Department of Defense.
SD-192

Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Smithsonian Institution.
SD-138

Environment and Public Works
To hold hearings to review the proposed refinancing of the Kennedy Center bonded indebtedness to the Department of the Treasury.
SD-406

Labor and Human Resources
Family and Human Services Subcommittee
To resume hearings on proposed legislation authorizing funds for programs of the Public Health Service Act, focusing on title XX (adolescent family life demonstration projects).
SD-430

2:00 p.m.
Energy and Natural Resources
*Energy Regulation Subcommittee
To hold oversight hearings on the status of North American natural gas reserves and resources.
SD-366

APRIL 30

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To resume hearings to examine the impact of occupational disease.
SD-430

10:00 a.m.
Energy and Natural Resources
To hold oversight hearings on the implementation of the Acid Precipitation Act of 1980 (set forth in subtitle A of

title VII of the Energy Security Act (Public Law 96-294)).
SD-366

2:00 p.m.
Appropriations
Commerce, Justice, State, the Judiciary, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the U.S. Supreme Court and the Arms Control and Disarmament Agency.
S-146, Capitol

MAY 1

9:00 a.m.
Appropriations
Labor, Health and Human Services, Education, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Departments of Labor, Health and Human Services, Education, and certain related agencies.
SD-116

9:30 a.m.
Commerce, Science, and Transportation
Business meeting, to consider pending calendar business.
SR-253

10:00 a.m.
Appropriations
Defense Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the joint weapons program of the Department of Defense.
SD-192

*Appropriations
HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Department of Housing and Urban Development.
SD-124

Appropriations
Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Department of Transportation and certain related agencies.
SD-138

Environment and Public Works
To hold hearings on legislative proposals which authorize funds for those programs which fall within the juridiction of the committee.
SD-406

2:00 p.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for programs of the U.S. Forest Service, Department of Agriculture.
SD-138

Appropriations
Commerce, Justice, State, the Judiciary, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the National Oceanic and Atmospheric Administration, Marine Mammal Commission, and the Small Business Administration.
S-146, Capitol

MAY 2

9:30 a.m.
Appropriations
Commerce, Justice, State, the Judiciary, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Department of Justice, and the Legal Services Corporation.
S-146, Capitol

10:00 a.m.
Appropriations
Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Department of Transportation and certain related agencies.
SD-138

Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

Environment and Public Works
To hold hearings on proposed legislation authorizing funds for fiscal year 1985 for the Public Buildings Service, General Services Administration.
SD-406

Veterans' Affairs
To hold hearings to review veterans' compensation programs.
SR-418

MAY 3

9:30 a.m.
Labor and Human Resources
To hold hearings on S. 2117, to establish the national vaccine injury compensation program as an elective alternative remedy to judicial action for vaccine related injuries.
SD-562

10:00 a.m.
Appropriations
Defense Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Department of Defense.
SD-192

Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for U.S. territories.
SD-138

Appropriations
Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Department of Transportation and certain related agencies.
SD-124

Environment and Public Works
To resume hearings on legislative proposals which authorize funds for those programs which fall within the jurisdiction of the committee.
SD-406

Labor and Human Resources
Family and Human Services Subcommittee
To hold hearings on proposed legislation authorizing funds for the Head Start program.
SD-430

MAY 7

10:00 a.m.
Appropriations
HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for certain programs of the Department of Housing and Urban Development and related agencies.
SD-124

MAY 8

10:00 a.m.
Appropriations
HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for certain programs of the Department of Housing and Urban Development and related agencies.
SD-124

Environment and Public Works
Business meeting, to consider pending calendar business.
SD-406

Labor and Human Resources
Family and Human Services Subcommittee
Business meeting, to consider proposed legislation authorizing funds for programs of the Public Health Service Act, including title X (Family Planning), and title XX (Adolescent Family Life Act).
SD-430

2:00 p.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Office of Surface Mining, Department of the Interior, and the U.S. Holocaust Memorial Council.
SD-138

MAY 9

10:00 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

Labor and Human Resources
Business meeting, to consider pending calendar business.
SD-430

Veterans' Affairs
Business meeting, to mark up a committee resolution to authorize certain construction projects of the Veterans' Administration contained in the administration's budget for fiscal year 1985.
SR-418

MAY 10

9:30 a.m.
Labor and Human Resources
Alcoholism and Drug Abuse Subcommittee
To hold hearings on the impact of drugs on crime.
SD-430

Labor and Human Resources
Labor Subcommittee
To hold hearings on S. 2329, to improve retirement income security under private multiemployer pension plans and to remove unnecessary barriers to employer participation in those plans by modifying the rules relating to em-

ployer withdrawal liability, asset sales, and funding.
SD-124

10:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the U.S. Geological Survey, Department of the Interior.
SD-138

Environment and Public Works
Business meeting, to consider pending calendar business.
SD-406

MAY 16

10:00 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

Environment and Public Works
To resume hearings on proposals to extend and amend the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (Superfund).
SD-406

MAY 17

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To resume hearings on S. 2329, to improve retirement income security under private multiemployer pension plans and to remove unnecessary barriers to employer participation in those plans by modifying the rules relating to employer withdrawal liability, asset sales, and funding.
SD-430

MAY 22

9:30 a.m.
Labor and Human Resources
To hold oversight hearings on alleged corruption by officials of the Boilermaker's Union.
SD-430

MAY 23

10:00 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

11:00 a.m.
Judiciary
Separation of Powers Subcommittee
To resume hearings on S. 1405, proposed Federal Neutrality Act of 1983.
SD-226

JUNE 6

10:00 a.m.
Veterans' Affairs
To hold oversight hearings on the activities of the Inspector General and Medical Inspector of the Veterans' Administration.
SR-418

JUNE 13

10:00 a.m.
Labor and Human Resources
Business meeting, to consider pending calendar business.
SD-430

Veterans' Affairs
To hold oversight hearings to review the sharing agreement between the Veterans' Administration and the Department of Defense, and to discuss the Veterans' Administration's supply and procurement policy.
SR-418

JUNE 19

9:30 a.m.
Labor and Human Resources
To hold oversight hearings on the civil rights of victims in labor disputes, focusing on existing agencies ability to protect rank and file employees and the general public during labor disputes.
SD-430

JUNE 20

9:30 a.m.
Labor and Human Resources
To continue oversight hearings on the civil rights of victims in labor disputes, focusing on existing agencies ability to protect rank and file employees and the general public during labor disputes.
SD-430

10:00 a.m.
Veterans' Affairs
Business meeting, to mark up proposed legislation relating to veterans' compensation.
SR-418

SEPTEMBER 18

11:00 a.m.
Veterans' Affairs
To hold hearings to review the legislative priorities of the American Legion.
SR-325

CANCELLATIONS

APRIL 3

9:30 a.m.
Small Business
To hold hearings on S. 2084, to provide for the Small Business Administration to make loans to small businesses whose primary concern is communication of ideas.
SR-428A

10:00 a.m.
Labor and Human Resources
Alcoholism and Drug Abuse Subcommittee
To hold hearings on proposed legislation authorizing funds for the National Institute on Drug Abuse, and the National Institute on Alcohol Abuse and Alcoholism.
SD-430

APRIL 4

10:00 a.m.
Judiciary
Patents, Copyrights and Trademarks Subcommittee
Business meeting, to mark up S. 1990, to clarify the circumstances under which a trademark may be canceled or abandoned.
SD-226

2:00 p.m.
Judiciary
To hold hearings on pending nominations.
SD-226

APRIL 6

9:00 a.m.
Energy and Natural Resources
Energy Regulation Subcommittee
To hold oversight hearings on North American gas reserves and resources.
SD-366

APRIL 10

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To hold oversight hearings on the implementation of the Taft-Hartley Act.
SD-430

MAY 1

10:00 a.m.
Labor and Human Resources
Family and Human Services Subcommittee
To resume hearings on proposed legislation authorizing funds for programs of the Public Health Service Act, focusing on title X (family planning).
SD-430

SENATE—*Tuesday, April 3, 1984*

(Legislative day of Monday, March 26, 1984)

The Senate met at 11 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray.

Great God of truth and light, we thank Thee for the gift of speech. Words are the coin of the realm in this place. Millions of words have echoed through this Chamber and found their way to the printed page. Give to the word merchants who labor here continuing sensitivity to the influence of the spoken word. Help them to appreciate the power of words to inspire, to discourage, to console, to convict, to persuade, to alienate, to honor, to disparage, to encourage, to disappoint, to comfort, to embarrass, to edify, to offend, to strengthen, to weaken, to motivate, to immobilize, to give hope, to frustrate, to purify, to pollute, to build, to destroy. Thy word, O God, declares that "Death and life are in the power of the tongue." (Proverbs 18: 21) May we use this awesome power to bless and never curse. Help us to speak the truth in love. In the name of Him who was the word made flesh. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The acting majority leader is recognized.

Mr. STEVENS. I thank the Chair.

SENATE SCHEDULE

Mr. STEVENS. Mr. President, today, after the recognition of the two leaders under the standing order, special orders for the Senator from Wisconsin (Mr. PROXMIRE), the Senator from New Mexico (Mr. DOMENICI), and the Senator from Wisconsin (Mr. KASTEN), the Senate will have a period for the transaction of routine morning business, not to extend beyond the hour of 12 noon, during which Senators may speak therein for not to exceed 2 minutes.

At 12 noon, the Senate will stand in recess until 2 p.m. for the regular weekly caucus and conference on each side of the aisle.

Mr. President, at 2 p.m. the Senate will resume consideration of the urgent supplemental agricultural appropriations measure, House Joint Resolution 492. The Kennedy amendment, which deals with the restriction on funds available for military assistance to the Government of El Salvador after May 31, 1984, is the pending amendment.

Mr. President, rollcalls are anticipated during the session of the Senate this afternoon and early evening. There is a possibility—as a matter of fact, a likelihood—of a late evening today.

The majority leader is attending a funeral this morning. This afternoon, he will confer with the minority leader and the managers of the bill to determine how long the Senate should stay in session today in order to make substantial progress on the joint resolution.

We would urge all Senators to reexamine the amendments they have filed. There are some 30 to 40 amendments still pending. If at all possible, we would like to finish consideration of this measure no later than Thursday evening and get to the reconciliation bill.

A PERIOD OF INCREASING WORLD TENSIONS

Mr. STEVENS. Mr. President, we are in a period of increasing world tensions. In the Middle East, in Central America, in Africa, and in Europe we are faced with controversy and conflict. But the job of protecting America's interests abroad is becoming increasingly mired in disputes at home. This is perhaps a legacy of the unpopular Vietnam conflict, as is the War Powers Act that triggers much of our current debate over the use of military forces as a foreign policy instrument.

Free and open debate is a precious fundamental right in a free society. It is basic to American democracy and an essential part of our political process. But when that debate becomes too strident and leads to quick-fix legislative solutions it can undermine the consistency and the credibility of our efforts to establish effective policies abroad.

There are many who question the wisdom and even the constitutionality of the War Powers Act and the restraints it has imposed on the Chief Executive. But there are many others who would extend those restraints in order to modify or curb specific policy applications. The current debate over our policies in Central America is an example.

We are currently considering amendments to a supplemental appropriation measure that would forbid the President to introduce combat forces into any situation in Central America or even to conduct military training exercises in that region. These amendments would not only limit the President's options; they would impose major modifications on our foreign policy without even a modicum of committee review.

Other nations of the world must be starting to wonder if we really have a sustainable foreign policy under these circumstances. Perhaps it is time we took a step back and examined the impact some of these quick fixes might have on our role as a major world power.

Congress must continue to play a major role in the formulation of U.S. foreign policy. But it must be a responsible and reasoned role.

The Chief of Naval Operations, Adm. James D. Watkins, discussed the use of military power as a tool of foreign policy last week in an address to the Baltimore Council on Foreign Affairs and explored the impact of the War Powers Act. He has some provoking observations, and while I do not accept all his conclusions I believe his thoughts are worth this body's attention and consideration.

Mr. President, I ask unanimous consent that Admiral Watkins' address of March 28 be printed in the RECORD at this point.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

OUR CHOICE: NATIONAL POWER OR PARALYSIS

(By Adm. James D. Watkins)

Let me take you back 25 years to 1958, when President Dwight D. Eisenhower told a tense Nation he was sending 5,000 marines into Lebanon. Their mission—to preserve peace in the Middle East. His steps were tough, courageous, and successful. Peace was preserved without firing a single shot.

Just 4 years later, on the evening of October 22, 1962, President John F. Kennedy told us that the Soviets were preparing to introduce offensive, nuclear-tipped missiles into our hemisphere.

That was the beginning of a showdown between this Nation and the Soviet Union—the Cuban missile crisis. Again, an American President took quick steps to turn a crisis around, including the provocative step of implementing a strict naval quarantine on all offensive military equipment under shipment to Cuba.

These actions were summarized by President Kennedy, not with a threat, but with a promise—"any hostile move anywhere in the world against the safety and freedom of

peoples to whom we are committed * * * will be met by whatever action is needed."

And again, aggressors understood the message. It was clear—we were standing ready to defend our national interests. They backed down and dismantled their missile sites in Cuba. Peace was preserved without firing a single shot.

In Lebanon in 1958, and off Cuba in 1962, we had the will power to stand tough. Proper use of diplomacy, fused with military power, stemmed each crisis. But would a belligerent nation believe us today? Could we take quick action and keep peace? Some students of government sincerely doubt it.

They say—at best, any similar action by a President today would cause full-scale debate, not only in Congress, but by armchair strategists as well, thereby dulling our reaction time. Our resolve would be doubted. Or at worst, we would fail to use military power effectively to carry out a mission of great urgency.

Why? Because something about us has changed they say; a metamorphosis occurred between the 1950's and the early 1980's. Over the past 30 years, we have all seen symptoms of this change.

First, there was Korea, then the pain of Vietnam. Later, we saw fellow citizens taken prisoner and humiliated in Iran, and a daily parade of media criticism which made it sound like we could not do anything right. There were plenty of symptoms of what appeared to be a terminal case of spirit loss.

Vietnam, more than any other single event, epitomized this change in America. The images of this conflict, from Kent State to Khe Sanh, flashed upon our TV screens each night and nauseated this country. We wondered what we were doing in that mess.

For us in the military, Vietnam was a confusing and ever-changing maze of rules of engagement and policy. The Vietnam conflict—which I would not even call a war because we lacked a national commitment to win—was like an exercise in how to fight by public opinion poll.

I can remember the time, when I was executive officer of the cruiser U.S.S. *Long Beach*, that we had to self-destruct one of our missiles aimed and fired at a North Vietnamese Mig aircraft, retiring back to Hanoi after raiding our forces in the south, because predicted missile intercept was slightly north of a certain Vietnamese parallel—an arbitrary political restriction. During the Vietnam conflict, political considerations here at home often dictated military operations to a debilitating extent.

So a creeping national malaise began to infect this Nation's spirit, drive and determination. Many individuals have questioned our self-worth, doubted our dignity, and with that, every American value we had always nourished and cherished. Some have rejected principles which worked for us in the past, which helped to make us great.

Rejected too was an important principle, one which had worked for us from our very beginnings. This was the principle which allowed a President to use military force judiciously in support of national policy and security.

This basic principle of our Constitution was clouded by passage of the War Powers Resolution of 1973. This resolution was caused by a long queue of events—starting with a hotly-contested, much-debated, "police action" in Korea—and culminating in the Vietnam experience.

But today, America has changed. We are on the move again. Our military strength, once decimated, is building anew. Our economy is improving, and people are going back to work. But most importantly, Americans are again feeling good about themselves and this great Nation.

Still, some symptoms of that era of defeat remain, causing us to falter a bit as we step forward. I see some symptoms remaining in areas close to my daily experience, as uniformed head of our navy, and a member of the Joint Chiefs of Staff.

Case in point—recently in Lebanon, we executed a mission called "presence." Presence is supposed to signal our interest in an area or a situation. But this signal was weakened by time limitations imposed under the War Powers Resolution. This influenced our military mission in Lebanon, and hampered our President from carrying out national policy objectives in a well-planned manner.

Now all we hear is the presto-pundits, coming out with their analysis of our military presence in Lebanon. "You lost," they say; "You retreated," they proclaim; all this with an "I told you so" tone of glee in their voice. But while the man in uniform is easy to identify at the scene of the action, it is unfair to pin blame on his lapel without looking at underlying causes.

So how can this Nation best use her military forces? By allowing the President to exercise his constitutional powers, and then holding him accountable for his actions; not be preempting his proper action by removing his powers.

We can do this by curing the few remaining symptoms of our past weaknesses. We must shirk off the Vietnam syndrome of humiliation and defeat, which hounds our capability to implement positive change. I believe a good way to start is for Congress to carefully review the War Powers Resolution of 1973.

Much has happened over the past 10 years. Perhaps now it is time to factor in the lessons we learned. Reviewing the War Powers Resolution could help us develop better ways to meet the needs of a dynamic, effective foreign policy. Heresy? I do not believe so.

I am not a constitutional scholar, and must judge this resolution's effects through my experience as a military leader. For this reason, I believe that while the intent of this legislation is good, the result is not as clear.

This resolution was born out of controversy, fathered by an uneasy Congress over the veto of a politically wounded President. It directs a President to consult whenever possible with Congress prior to introduction of U.S. forces into any hostilities or situations where imminent hostilities are clearly indicated; it requires a President to report to Congress within 48 hours after the introduction of U.S. Armed Forces into those situations; and to terminate the use of Armed Forces in hostilities, or situations of imminent hostilities, within 60 days. When bound by this resolution, the only alternatives then available are: Congress subsequently declares war, extends the 60-day time period or authorizes use of force as the President feels necessary * * * alternatives announced to the adversary for him to manipulate by counter-political strategies.

Proponents of this resolution say it is part of a valid congressional movement, designed to "create machinery for timely consultation and codetermination of national policy." This is a worthy goal, and I fully support the value of consultation between our Executive and Legislative branches.

Although drafted to limit what was seen as limitless powers of an imperial presidency—an answer to "no more Koreas" and "no more Vietnams"—the resolution's ability to keep us out of future Vietnams is questionable. Some forget Vietnam, in its early stages, was a veritable cause célèbre.

The Gulf of Tonkin Resolution, which committed us to Vietnam, passed in Congress by an overwhelming margin of 504 to 2. And it was not until the TET Offensive, 4 years later—long after we were deeply committed—that Bipartisan support of Vietnam began to erode on Capitol Hill.

The War Powers Resolution has had a far-ranging impact on our President's ability to exercise, and to implement, foreign policy in the world's trouble spots. His ability to act decisively and effectively is hobbled because the military arrow in his quiver of responses, the most effective symbol of resolve in executing a strong American foreign policy, has been blunted.

This is not to say military solutions are the best or only solutions available to this Nation. I have never proclaimed employment of military power as an option, except as a last resort. Military options are no panacea, and should never substitute for aggressive diplomatic efforts or other measures to implement national policy and strategy.

But many of these "other" measures are severely curtailed by legislation limiting foreign sales, educational exchanges, and effectively vetoing military and economic assistance through the budget process. Because of this, successive administrations have been forced to turn reluctantly to military force, or the threat of military force. This is sometimes the easiest, and only, option left to them.

This Nation uses military forces to prevent escalation of conflict, to force a diplomatic settlement. In other words, to keep peace with the least possible loss of life. But to accomplish this objective, military force must be sufficient, sustainable and credible. It is up to our President, as Commander in Chief, to use military power carefully in this way.

But military force, which is easy to call upon—because we are ready to go on a moment's notice—is difficult to use, particularly when there is no commitment to win. Military missions quickly grab headlines, national will begins to falter, self-doubt and self-criticism set in.

What was thought to be the easiest solution to our problems suddenly becomes very difficult. Unfortunately, because of restrictions, like the War Powers Resolution, we sometimes end up preventing our President from effectively using the tool of military force.

Henry Kissinger, in his definitive memoir—"Years of Upheaval"—relates a story about a tense moment during the October 1973 War when he, as Secretary of State, met with Soviet Ambassador Dobrynin. In a stiff warning, Secretary Kissinger told Dobrynin, "Any Soviet military intervention (in the Middle East)—regardless of pretext—would be met by American Force." But parenthetically, Dr. Kissinger adds in his book—and I quote—it would have been a more convincing threat had I made it on any other day. For that very day the Congress passed the so-called War Powers Act, whose purpose was to reduce Presidential discretion in committing American Military Forces. Unquote.

Domestically, this resolution is cited often by those who disagree with the President for the sake of political posturing. They challenge his decisions in the media, without either knowing the stakes at hand or

producing viable alternatives. We see debate for political reasons, when we should see debate for policy formulation. The result? Unfocused micromanagement of foreign commitments, well beyond a time when policy should be fully implemented. Decisionmaking, and our security, is not enhanced in the process. Worse, those who interfere in this manner are seldom held accountable when failures occur.

Overseas, the international press focuses on what appears to be disunity and a lack of national will. Our friends and allies do not understand this process, and believe our commitments have a hollow ring. Our foes take hope and increase their resolve, waiting out partisan debate, hoping to win politically what they cannot win militarily.

This is dangerous, for when our intentions and capabilities are questioned, so is our ability to prevail if directly challenged. And when this is lost, deterrence—the foundation of our national strategy and what has helped avoid global conflict for about 40 years—is placed in jeopardy.

I am not speaking out against consultation between executive and legislative branches. Indeed, an effective national policy must be bipartisan in nature, the craft of able-thinking men and women throughout government. I am not speaking out against Congress' established constitutional role in foreign policy and military operations. I support Congress' ability, through the normal legislative process, to qualify our participation in hostilities. However, special legislation was not needed to require consultation or to enforce Congress' already-established powers.

What is needed is not a constitutional power-sharing debate, not political maneuverings required to avoid such debate, but a search for a solution to the tough global problems we must face.

This Nation must be ready, and must be seen as being ready, to use military power when forced to do so by our adversaries. We must show American power—not American paralysis.

I am not here to apologize for any past actions, military, or otherwise. I am proud of this Nation. I am proud of our Navy's capability to carry out missions assigned to us by our President. Our actions in Grenada are an example of how well we can do when we act quickly with identifiable goals. There, the military was given a precise mission.

Your military forces today are good. Let there be no doubt. I am proud of them and their growing capabilities. If this Nation had not reacted, at what I consider to be a critical turning point in early 1981, we would be in a considerably weakened state today.

So in answer to whether or not we could take prompt action to stem crisis, as we have in the past—I know the military capability exists, and when directly challenged, this Nation will come to its feet. But we need to guarantee more. We need to prevent crisis from turning to war. This is no easy task, but it can be accomplished by early use of all tools—diplomatic, economic and military—which are part of this Nation's coherent national strategy of defense.

The President has brought together all underpinnings of a national strategy. Now it is up to this Nation to let the President use the tools at his disposal. All our resurgent military strength or diplomatic undertakings will be of no use, if our national leaders do not have the freedom to act in accordance with constitutional powers. As a Nation, we have not done everything we can to insure our leaders have the freedom to act with strength. So, we must clear the decks of Vietnam-era debris—we must allow our leaders to lead.

To paraphrase William Pitt's advice to Great Britian in an hour of peril, America can save herself by her own exertions and help save the rest of the world by her example. Now, let us set the example—it is the right thing to do. Our historic mission of preserving peace and freedom requires no less.

Thank you and God bless.

Mr. STEVENS. Mr. President, I yield the remainder of my time to the distinguished Senator from Maine.

Mr. President, I also ask unanimous consent that the time of the minority leader be reserved.

The PRESIDING OFFICER (Mr. MATTINGLY). Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I ask that the Senator from Maine may use the time which would be allocated to him under routine morning business today in addition to the time I am yielding to him.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COHEN. I thank the Senator for yielding.

THE CHAPLAIN'S PRAYER

Mr. COHEN. Mr. President, I could not help but be impressed with the Chaplain's prayer this morning, as he referred to us as "word merchants" and said that death and life lie in the power of the tongue. I wholeheartedly agree with the Chaplain's statements.

Before I begin, Mr. President, Senator BIDEN has been delayed in arriving to the Chamber. He is going to partake later this afternoon in a discussion of the subject matter. I ask unanimous consent that his statement be included as part of this statement this morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNITED STATES-SOVIET RELATIONS

Mr. COHEN. Mr. President, in his January 16, 1984 speech on United States-Soviet relations, President Reagan spoke of a gap in American and Soviet perceptions and policy, and called for joint examination of concrete actions that both countries can take to reduce the risk of United States-Soviet confrontation. He concluded that "We may have to start in small ways, but start we must."

I wholeheartedly agree that we must start. This view was strengthened during the recent visit Senator BIDEN and I made to the Soviet Union at the invitation of the U.S.S.R. Academy of Sciences. I would like, today, to outline some ideas on how this might be accomplished.

The focus of the Moscow visit was arms control and its interrelationship with United States-Soviet relations. I was disturbed by reports that the build-down proposal put forward by congressional forces had been rejected by the Soviet leadership as one-sided. According to these reports, the Soviets had characterized the build-down as a smokescreen proposed by the Reagan administration as a means of achieving a strategic advantage.

The meetings with Soviet scientists and Government officials included intensive sessions on the build-down proposal and other arms control matters. The discussions were candid and illuminating. It was evident that there were important aspects of the proposal which had not been well understood by the Soviets. Senator BIDEN and I were able to explain the origins, details, and flexibility of the build-down concept and discuss Soviet reactions to it.

We, in turn, gained a deeper understanding of Soviet perceptions and perspectives on the proposal. In sum, the discussions confirmed once again the need for, and value of, dialog.

The visit also provided the opportunity to explore briefly the troubling human rights situation in the Soviet Union. Meetings with a Jewish refusenik couple and a Russian Orthodox religious leader left me with a deeper appreciation for the amazing resilience and resoluteness of Soviet citizens. While there are no simple solutions to the deep problems faced by people such as refuseniks, it seems evident that the prospects for relaxation of restrictions generally improve during periods of improved contact and dialog with the West.

I believe that one can gain real insights into a people by experiencing the work of its artists. During our visit, Senator BIDEN and I had the privilege of meeting with two major Soviet poets. Interestingly, the context for the Moscow visit was most aptly characterized by one of them, Yevgeny Yevtushenko, who agreed emphatically that our two peoples needed to stay in touch. "If we don't stay in contact," he said, "we will forget each other's faces." It was a poignant and profound statement. While the invisible threads of friendship and understanding can never guarantee global peace, the absence of such bonds makes it easier, it seems, to plot more exotic ways of erasing those faces.

Upon our return to Washington, Senator BIDEN and I met with President Reagan and Secretary of State Shultz to report the details of our discussions in Moscow and offer our views on the implications for United States-Soviet relations. I would like to briefly outline these views and describe some steps I believe could be taken to reduce tensions and improve United States-Soviet relations.

The warm reception Senator BIDEN and I received in Moscow did not disguise the harsh feelings and wide gulf that exist between the United States and Soviet Governments. Recent statements and actions by the Soviet leadership confirm the impression we received in Moscow that the depth of suspicion is so great that the change in Soviet leadership will not alter the basic Soviet attitude.

The Soviets are by no means blameless for the present situation. I shall pass over the question of blame, however, because I believe such a discussion would not advance the objective of improved relations. Suffice it to say that a positive attitude on both sides is needed for progress toward mutual, meaningful understandings.

With regard to the suspended INF and START negotiations, I believe that neither side can simply rest during this unfortunate interregnum. In my view, each must continue to intensively study the issues, assess proposals, and prepare for productive dialog. It is my hope that such work is progressing.

Meanwhile, however, the sides must also work at getting back to the negotiating table. I believe there are a number of ways for the United States to promote this while maintaining our security and political interests. The approach I have in mind would not require concessions by either side on nuclear arms reduction issues. Rather, it would be directed toward improving the climate for United States-Soviet relations and creating conditions conducive to the resumption of intensive nuclear arms reduction negotiations. It would, at the same time, involve measures which would significantly improve understanding and make the world a safer place.

TEST BAN TREATIES

In July 1974, the United States and U.S.S.R. signed the Threshold Test Ban Treaty. In May 1976, they signed the Peaceful Nuclear Explosions Treaty. Neither agreement has been ratified.

The Threshold Test Ban Treaty would prohibit underground nuclear weapons tests having a yield exceeding 150 kilotons, and would limit permitted tests to specific designated test sites. The Peaceful Nuclear Explosions Treaty would apply the 150-kiloton ceiling to underground nuclear tests undertaken for peaceful purposes outside the test sites designated in the Threshold Test Ban Treaty. It would also place a 1,500-kiloton ceiling on group explosions for peaceful purposes.

The treaties contain unique verification agreements providing for exchanges of technical information and for observers to have access to some explosion sites. These measures, along with the location restrictions in the treaties, would assist in each country's efforts to verify compliance with the threshold limits. This is particularly important in view of the questions each country has raised about the other's adherence to the provisions of the treaties. Once ratified, the exchange of information and observers, as well as the establishment of the United States-Soviet Joint Consultative Commission provided for in the Peaceful Nuclear Explosions Treaty, would significantly enhance the ability of the sides to monitor events covered in the treaties.

I believe that the Threshold Test Ban Treaty and the Peaceful Nuclear Explosions Treaty would provide precedents for progressive verification measures in this area and would open a useful dialog on test ban issues. In the broader context of United States-Soviet relations, I believe that ratification of the treaties would help establish an atmosphere conducive to further agreements and would constitute a significant step toward reducing the risk of nuclear war. For these reasons, I urge the President to press for, and the Senate to support ratification of, these treaties. I am joined in that by Senator BIDEN.

BAN ON CHEMICAL WEAPONS

In last year's Senate debate on chemical weapons, there was one important point on which there seemed to be broad agreement: These particularly terrible weapons should be banned from the face of the Earth.

A decade ago, the United States and the Soviet Union agreed to begin work on a comprehensive ban on chemical weapons. Actual talks have been underway for nearly 8 years.

The United States conducted direct bilateral talks with the Soviets, but then shifted its efforts in 1980 to multilateral talks in the 40-nation Committee on Disarmament (CD). It apparently did so because it believed that pressure from the larger international community would facilitate progress in the talks.

The United States has pressed ahead with its efforts to achieve progress in the negotiations. In February 1983, the United States tabled a document detailing its views on what provisions a treaty should contain. This past January, Secretary of State Shultz announced that the United States would soon table a draft treaty. The February 1983, document and, undoubtedly, the draft treaty contain provisions for onsite inspection to verify compliance with a treaty ban. It was the difference of views on this between the United States and the Soviet Union that led to the stalling of the earlier bilateral talks.

In the past year and a half, the Soviet Union has on several occasions stated its willingness to consider onsite inspection as part of a treaty. It reportedly has been reticent in the multilateral CD talks, however, on the form of onsite inspection it would agree to, and little progress has been made on this in the negotiations.

For the United States to be satisfied that a ban on chemical weapons would be adequately verifiable, development of these details will be necessary. Because of the sensitive nature of the subject, I believe that frank discussion of these details can best be conducted in confidential, bilateral exchanges between U.S. negotiators. Indeed, as a former U.S. official responsible for chemical weapons negotiations has noted, a bilateral agreement between the United States and the Soviet Union is a prerequisite to a multilateral treaty. A similar view was expressed by the Department of Defense official now responsible for chemical matters.

Last November, Senator BIDEN and I introduced a resolution, Senate Resolution 283, calling on the President to vigorously continue the negotiating efforts in the Committee on Disarmament and to extend these efforts by proposing to the Soviets the resumption of bilateral talks.

Today, Senator BIDEN and I are introducing the names of an additional 33 Senators who have joined us in cosponsoring this resolution. This strong bipartisan support indicates, I believe, a consensus within the Senate that all available avenues to a chemical weapons ban should be pursued.

The United States has been an active participant in negotiations in the 40-nation Committee on Disarmament aimed at banning chemical weapons. I applaud these efforts and believe they should be continued to maintain international pressure for progress and to frame a comprehensive, multilateral ban.

At the same time, I believe it is necessary to resume bilateral talks to open a channel through which significant progress can occur.

Accordingly, I urge the President to propose such negotiations to the Soviet leadership.

EXPANDED CULTURAL TIES

As I indicated earlier, Mr. President, I am convinced that cultural ties can play a significant role in improving relations between nations and in advancing the type of understanding that can promote lasting agreements.

At the end of 1979, the General Agreements on Contracts, Exchanges, and Cooperation between the United States and the Soviet Union expired. Negotiations were held in December 1979 to renew the general agreement, but these did not succeed before the agreement lapsed. The negotiations have yet to be resumed.

According to a report from the Commission on Security and Cooperation in Europe, since 1979, in the absence of an official agreement, the once very active exchanges in art exhibits and the performing arts between our two

nations have virtually ceased. While some contacts between United States and Soviet theaters and writers have continued, these have not been, in any sense, at the same level as under the general agreement.

The United States has informed the U.S.S.R. that, despite the lack of an official agreement, it would be receptive to visa applications for Soviet artists. Unfortunately, the Soviets, citing the absence of an agreement, have not accepted the U.S. offer.

Arthur Hartman, the U.S. Ambassador to Moscow, has attempted to fill this gap to the extent possible by bringing American performing artists to Moscow at his personal invitation to perform for small Soviet audiences at the U.S. ambassadorial residence. I admire Ambassador Hartman's resolve and dedication and agree that we should do all we can to expand cultural ties.

On another level, some private U.S. organizations have continued cultural and educational exchanges with the Soviets, as well as discussions on world peace, arms control, and other issues. A few new exchanges have even begun, such as a program initiated by the U.S. National Academy of Sciences on arms control.

The commendable efforts of Ambassador Hartman and the perseverance of these private organizations cannot belie the unfortunate fact that most of the cultural contacts between the United States and the Soviet Union since 1979 can be accounted for in a few sentences.

In a recent television interview in Washington, Ambasssador Hartman indicated that he hoped for the resumption of talks on renewing the General Agreement on Contacts, Exchanges, and Cooperation. I strongly agree with his view and urge the President to formally propose to the Soviet leadership negotiations aimed at early renewal of this important agreement.

SPECIAL EMISSARY

Mr. President, I spoke earlier of my hope that neither side is resting during this unfortunate interregnum in nuclear arms reduction talks. I believe that work is progressing in Washington in preparation for the resumption of talks, and I hope that similar activity is taking place in Moscow.

As I noted, Senator BIDEN and I found in our discussions in Moscow that there was both a genuine interest in the builddown concept and an apparent lack of understanding of the flexibility and promise of the proposal.

One possible way of advancing useful study in both capitals during this interregnum period is to initiate a private channel of communication between the sides. What I have in mind is the appointment of a prominent American with solid credentials in the arms control area—an individual who does not hold a position in the present administration—to conduct nonpublic talks with the Soviets aimed at explaining and exploring positions and other considerations.

This person would in no way be a substitute for our present negotiators. Appointing a special emissary not presently a member of this administration would, I believe, demonstrate and promote the administration's more conciliatory posture and genuine desire for progress toward significant arms control agreements.

Mr. President, I have outlined today four measures which I believe would improve United States-Soviet relations, reduce tensions, and pave the way toward a safer world. There are other steps we could take, and I am presently exploring a number of these. I believe strongly, however, that we must move immediately to improve the atmosphere in our relations with the U.S.S.R. and feel that the measures I have described would move us significantly toward achievement of that objective. I urge President Reagan and my Senate colleagues to give serious consideration to these points and to search for other areas as well.

John Kennedy once said:

> We shall do our part to build a world of peace, where the weak are safe and the strong are just. We are not helpless before that task or hopeless of its success. Confident and unafraid, we labor on not toward a strategy of annihilation but toward a strategy of peace.

I believe these words aptly characterize the determination we must maintain in order to insure the continuation of humankind. It is incumbent upon us to do all that we can to seek Soviet cooperation in that effort.

(The following statement was made later and is printed at this point by unanimous consent:)

Mr. BIDEN. Mr. President, when Senator COHEN and I met with President Reagan March 6 to report on our February discussions in the Soviet Union, we suggested a variety of steps which we believe would improve the climate for United States-Soviet arms control negotiations. Today I would like to discuss two specific measures: Bilateral negotiations on a ban on chemical weapons and ratification of two pending treaties to limit the size of nuclear test explosions.

Ten years ago, President Nixon and Soviet President Brezhnev signed the Threshold Test Ban (TTB) Treaty, which prohibited underground nuclear weapons tests greater than an explosive yield of 150 kilotons—that is, roughly 10 times the force of the bomb used on Hiroshima. In the spring of 1976, the Ford administration concluded a companion treaty limiting the size of Peaceful Nuclear Explosions (PNE).

Although the treaties were not considered by the Senate during the Presidential election year of 1976, the incoming Carter administration formally requested senatorial approval in 1977. The Senate Foreign Relations Committee held hearings during the summer of 1977 and recommended approval on September 20. The following year, however, the committee decided against reporting the measures for Senate action in order to give higher priority to negotiations for SALT II and a comprehensive test ban.

Regrettably, negotiations for the test ban were suspended in 1980 and have not yet been resumed, and the SALT II treaty has never been considered and ratified by the Senate. In fact, the Senate has not ratified any major agreement with the Soviet Union since SALT I in 1972. These facts understandably raise doubts about our national intention to negotiate seriously and about our capability to implement agreements which are negotiated and signed.

Mr. President, I believe that Senate ratification of the still-pending TTB and PNE treaties would demonstrate America's renewed commitment to arms control, not only to the Soviet Union but also to other nations which may have begun to doubt that the superpowers would ever show restraint. The very process of ratification would also reopen important channels of government-to-government contact on arms control.

These treaties would have military utility as well as diplomatic significance because they would set a binding legal limit on the size of underground nuclear explosions and thus forestall the testing of large new nuclear devices. The long-held Soviet preference for high-yield weapons and high-yield tests makes these treaties more restrictive on the Soviet Union than on the United States. Although some officials in the Reagan administration may want to be free from any treaty restraints, then chairman of the Joint Chiefs of Staff Gen. David Jones told the Foreign Relations Committee in November, 1981 that the military had no plans to test above the treaty limit.

Other witnesses have pointed out additional advantages of ratifying these agreements, including the valuable precedent of having on-site inspections, as provided by the PNE treaty, and reducing Soviet confidence in their nuclear arsenal's effectiveness in a bolt from the blue attack. Since large yield weapons could not be tested at full power, there would be a cloud of uncertainty as to their wartime performance. Any such notes of caution help to reduce the chances of war.

In my view, we still would need an adequately verifiable comprehensive

test ban agreement to impose a much more significant brake on weapons modernization by the Soviet Union. But the TTB and PNE treaties, already having been negotiated and signed, provide an available opportunity to enhance our security as well as promoting further arms control measures.

Perhaps the largest stumbling block to ratification of the TTB and PNE is the argument that they are unverifiable. The Reagan administration insists that it will not request Senate consent to ratification until the Soviet Union agrees to verification enhancement measures. The Russians respond that the United States has already signed the treaties. They say that if after their implementation we have lingering compliance concerns, then at that time we should discuss additional procedures for facilitating verification.

I have steadfastly insisted that an indispensable element of any arms control agreement into which the United States enters must be adequate verifiablility. As a member of the Select Committee on Intelligence since its establishment in 1976, I think I have a reasonably good understanding of the national technical means which our intelligence agencies employ to monitor compliance with arms control agreements. I certainly am aware of Soviet behavior under a variety of such agreements—which shows that they will exploit all treaty ambiguities and loopholes to the limit—and perhaps beyond. I would not in this or any other case support a treaty if we had to rely on the honesty or good faith of the Soviet Union to insure compliance.

In the context of these considerations, I am confident that none of the arguments about verifiability used against the Threshold Test Ban Treaty is decisive.

First of all both the TTB and the PNE treaties prescribe procedures for improving verification. In the case of the PNE treaty, these provisions are absolutely unprecedented in permitting on-site inspection. This sort of on-site inspection would be extremely helpful not only for this treaty but in experimenting with a practice that will more likely than not be necessary if we are to have meaningful future agreements regulating weapons ranging from cruise missiles to chemical munitions.

In a similar vein, the Threshold Test Ban Treaty requires the parties to exchange geological data about their test sites and yield information on several tests. If the Soviet Union were to provide this information to the United States, we would be able to narrow the range of uncertainty which afflicts our calculations of Soviet test yields. Furthermore, with ratification of the treaty, the United States would gain standing to question the Russians about compliance with the threshold ceiling in the same way that ratification of SALT I gives us a firm ground to probe the Soviets in the Standing Consultative Commission about their compliance with SALT I.

The objections is raised that even with an exchange of data after ratification, we would have to rely on the truthfulness of the Soviets to have supplied accurate data and, in doing so, violated one of the cardinal principles of verification policy. It needs to be noted, however, that the Soviets do not fully understand the national technical means that we use for monitoring compliance. If they did not provide accurate information, they would run a high risk of being caught in a contradiction which would be grounds in itself to claim noncompliance. They would be required under the TTB to provide data on the geology of their test sites and on the yields of certain tests. Without a full understanding of our national technical means, it is unlikely that they could provide information on geology and yields which would appear consistent to us unless they were consistent in fact.

Under the best of circumstances, however, there is going to be a range of uncertainty intrinsic to our judgments about Soviet compliance with a TTB. This state of affairs is not unique to the TTB. It is inescapable in all arms control agreements.

What the United States insists on when we assess the verifiability of treaties is not that we have an ability to detect every single violation. We require only that we detect militarily significant violations. While it will be possible for the Soviet Union to excede the 150 kiloton threshold limit without certain detection, for them to derive militarily significant information from a test, they would have to test a level where U.S. capabilities of detection are much greater. As Gen. Alfred Starbird, an official of the Energy Research and Development Administration, told the Foreign Relations Committee in 1977:

> They (the Soviets) may go somewhat over the design limit and they may go somewhat over the threshold. However, from the point of view of real significance in changing the picture as far as their military capabilities are concerned, if they do not go up to a point where we can detect it, we probably are not going to lose a great deal relative to them with respect to their military capability.

Mr. President, another action which I believe could lead to productive arms control would be the resumptions of bilateral negotiations between the United States and the Soviet Union for a comprehensive and verifiable ban on chemical weapons. This of course, is the suggestion which Senator COHEN and I have already incorporated in Senate Resolution 283.

The United States and the Soviet Union conducted bilateral negotiations on chemical weapons from 1977 to 1980, then suspended them and pursued the issue instead in the multilateral Committee on Disarmament. In that forum in recent months both the U.S. and U.S.S.R. have indicated their interest in fashioning an agreement. The Soviet Union has made a proposal including some provisions for onsite monitoring and the United States has announced its plans to table a draft treaty.

While these developments are encouraging, we must recognize that the key to any agreement is the participation of the two superpowers which also have the largest stockpiles of chemical weapons. A resumption of bilateral talks, therefore, could provide the framework of provisions, especially the requirements for adequate verification, which could then be extended to other nations.

Recent reports on the use of chemical weapons in the Iran-Iraq war demonstrate that this is no longer an abstract or hypothetical issue. When such devices are available, they may be used in combat, notwithstanding the horrible consequences. Any usage anywhere makes it more likely that these weapons will be used again somewhere else. Since both the United States and the Soviet Union have given these issues careful thought and seem willing to engage in serious negotiations, we should seize this opportunity to press ahead. Our resolution would put the Senate on record in favor of vigorous bilateral negotiations.

Mr. President, these are specific suggestions which are worthwhile on their own terms as well as potentially helpful in bringing the United States and the Soviet Union back into constructive discussions on matters of mutual concern. Both nations have a common interest in working to reduce the risks of misunderstanding and conflict.

● Mr. LEAHY. Mr. President, I am pleased to join Senator BIDEN and Senator COHEN in offering a Senate resolution which calls on the President to propose resumption of bilateral, superpower negotiations aimed at a comprehensive, verifiable ban on chemical weapons. Evidence of use of chemical weapons in the Iran-Iraq war is yet another gruesome reminder that the only way to insure these horrible weapons will not be used is to negotiate them out of existence.

Last year, the Senate was involved in divisive debates about resuming production of nerve gas. I fought hard to stop the introduction of these useless and dangerous weapons. I am pleased that a majority of my colleagues in the Congress shared this view, though I do not believe the battle is over.

The resolution we are offering today goes beyond the makeup of our own

chemical weapons arsenal. It calls on the President to seek a negotiated comprehensive, verifiable ban on chemical weapons, first between the United States and the Soviet Union, and subsequently among all states. Talks did begin during the Carter administration to achieve this goal, but were suspended in 1980. Unfortunately, the present administration, at least until now, had decided that bilateral negotiations were not worth pursuing.

I am encouraged that the administration is prepared to discuss the future of chemical weapons in the 40-member U.N. Committee on Disarmament in Geneva. According to administration officials, the United States will soon table a draft chemical weapons treaty for discussion in the committee on disarmament. Yet, as much as I respect and value this important multilateral forum, I agree with a number of arms control experts who argue that bilateral talks between the Soviet Union and the United States hold out the only real prospect of reaching a verifiable agreement.

I am also encouraged that the Soviets have made their own chemcial weapons proposal which holds out the possibility of onsite inspection provisions. The most important prerequisite of an acceptable treaty is that it be verifiable. A treaty that relies on promises or Soviet good faith is one that no Senator would support. The best way to determine whether the Soviet Union will accept clearly defined verification arrangements is at the negotiating table.

I applaud my colleagues from Delaware and Maine for taking the lead in this critical area on arms control. Chemical weapons, like so many other weapons both sides possess, have a way of multiplying while politicians debate whether, when, and how to negotiate. We must engage in serious bilateral negotiations on chemical weapons before it is too late to devise meaningful controls. This resolution is a good beginning, and I urge my colleagues in the Senate to join us in this effort.●

● Mr. HUDDLESTON. Mr. President, I am pleased to join as a cosponsor of Senate Resolution 283, expressing the sense of the Senate that the President should continue to vigorously pursue negotiation of a multilateral agreement banning chemical weapons and should propose the resumption of bilateral negotiations between the United States and the Soviet Union to achieve a comprehensive and verifiable ban on chemical weapons.

Chemical weapons are a particularly violent and terrible way to wage warfare. Our ultimate objective should be to eliminate them from our military arsenals and ban them from the Earth.

I am not unaware of the difficulties of such an endeavor. There are verification problems, and these must be thoroughly resolved in order for acceptable agreements to be reached. There are, however, indications that resolution of verification difficulties is possible, and we should not fail to explore the possibility of such a resolution.

Because of the particular awfulness of chemical weapons, we should leave no stone unturned in our quest for negotiations. They may not succeed. But clearly the burden to try is on us—for our own good and that of the future of mankind.●

The PRESIDING OFFICER. The Senator's time has expired.

Mr. STEVENS. Mr. President, I ask unanimous consent that the time of the minority leader be reserved for his use later in the day and that if the majority leader and the minority leader have statements they wish to make today, they appear in the RECORD following my opening comments.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF SENATOR PROXMIRE

The PRESIDING OFFICER. Under the previous order, the Senator from Wisconsin (Mr. PROXMIRE) is recognized for not to exceed 15 minutes.

NEGOTIATIONS WITH THE SOVIET UNION

Mr. PROXMIRE. Mr. President, I am very happy that I was in the Chamber when the distinguished Senator from Maine (Mr. COHEN) spoke. I intend to speak on not precisely the same subject but a very similar subject.

I think this issue of negotiations with the Soviet Union on the nuclear arms race is the most important issue that confronts us.

I think all of us should realize this is an issue that will determine our survival as a nation and as individual American citizens and as human beings. I cannot think of any issue that is nearly as important as this.

So, I congratulate my good friend from Maine on his statement and I hope we can have a great deal more discussion of this matter by all Senators.

HOW SHOULD WE DEAL WITH THE SOVIET UNION IN THE NUCLEAR AGE?

Mr. PROXMIRE. Mr. President, it is a grim and dangerous fact of life that the other superpower—the other custodian of an overwhelming nuclear arsenal—is the Soviet Union. How do we deal with this? First, we recognize exactly what we are up against in the Soviet Union. It is a dictatorship. It is totalitarian. That means the Communist government controls every aspect of Russian life—totally—all social, cultural, educational activity, every form of mass communication. So it is not a democracy. We cannot deal with it the way we would deal with a democracy. We cannot expect to secure Soviet cooperation and nuclear peace by appealing to the instinct for peace and survival that animates all people including the Soviet people. The Soviet people do not make any policy decisions in any sense or at any level. Public opinion does not count in the Soviet Union. Only a small, elite group of men in the Kremlin make the decisions for Russia. So how can we hope to achieve peace in dealing with this Communist dictatorship? There is hope because up to this moment the men in the Kremlin have been generally careful, cautious, Communist ideologues with occasional and serious exceptions. For instance, they did give the go-ahead to shoot down the unarmed Korean airliner, certainly a savage and impulsive act that shocked the world. It was also a blunder and a particularly stupid blunder. It served to remind the world of the paranoia the Soviets feel about penetration of their borders. But it was a blunder from any standpoint because it cost the Soviets dearly in the attitude of Western Europeans precisely at the time of the NATO stationing of intermediate range nuclear weapons on Western European soil. Giving orders to shoot down an unarmed Korean airliner that penetrated Soviet air space is a long way from pressing a button that could incinerate the world. It illustrates, however, the potential for off-the-cuff bungling under pressure that the old men in the Kremlin may suffer, if they are pushed to a decision on nuclear war.

Still it could be much worse. The Soviet leaders are not Hitler or Hirohito. They have shown none of the reckless arrogance that persuaded Hitler to sweep through Western Europe in 1939 or persuaded the Japanese to attack this country's assembled naval strength at Pearl Harbor in 1941. Oh, yes, they have not hesitated to send their military forces into action. But against whom? They order their tank battalions into little Hungary. They use their military might to suppress any dissent in a Poland already under the heel of Communist troops. They invade weak and primitive Afghanistan. They pour military supplies and ammunition into Africa, Cuba, and various parts of Asia. Altogether they have consistently played the part of the neighborhood bully. They are willing to take on a conspicuously smaller and feebler opponent any time, any place. But when they are challenged by someone their size as they were in 1949 in West Berlin and in 1961 in

Cuba they back down. Obviously, in the Kremlin's judgment getting into a shooting war with someone their own size is for idiots. And it follows that getting into a shooting war with a country that has roughly equal nuclear capability is to the Soviets for madmen. A Hitler just might do it. A Tojo, too, might be tempted to do it. But not a Lenin or a Stalin or a Khrushchev and almost certainly not a Chernenko.

So what does this tell us about the policies we should follow in dealing with a Soviet Union armed to the teeth with nuclear weapons? It means that we do need to be strong and resolute. We need both qualities, strength and resolution. The Russians must know that we have the nuclear muscle and they must fully appreciate that we have the will, if necessary, to use it. Is this all we need as a policy to keep the peace in dealing with a nuclear armed Soviet Union? No. No. No. We have to remind ourselves everyday that we are no longer dealing with conventional weapons. We are not in a situation where there will be winners and losers. In past wars, as recently as World War II, even the losers have moved on to a better life and better things.

The instant a nuclear war starts, there will be only losers, total losers, finished, cold, end-of-the-road, dead and I mean dead losers. And both sides must recognize this. Squarely on that recognition both sides must build a mutual, verifiable agreement. For a comprehensive total end to the arms race both sides must keep that agreement to the letter and see that the other side keeps it.

Mr. President, in my next two speeches on the floor of the Senate on this issue I will discuss the next two questions in the "Common Cause Guide to Nuclear Arms Policy." No. 1, can the United States verify Soviet treaty compliance? and No. 2, do the United States and the Soviet Union have mutual interests?

FREEDOM RINGS IN ARGENTINA

Mr. PROXMIRE. Mr. President, a democratic miracle is taking place in Argentina. In a decisive repudiation of the military rule that has terrorized the nation for over half a century, the people of Argentina went to the voting booths last October and elected Raul Alfonsin as their new President. What does that mean? Alfonsin's victory represents a stunning defeat for the forces of tyranny and an unexpected triumph for freedom and democracy. We must pray that Argentina's long night of fear is truly over.

As the shroud of military rule is pulled back from the country, the horrors of that era are revealed. Nearly 500 unidentified bodies were uncovered in a mass grave outside of Buenos Aires in January. Formerly muted voices are reveling in their new freedom, telling of torture, abductions, and threats. As the former military ruler of Argentina, Reynaldo Bignone, placed the symbolic sash of office over Alfonsin's head in a civil ceremony last December, cries of "asesino," Spanish for assassin, filled the air.

One cannot read accounts of the events of the last few years without being awed by the great courage of the Argentinian people. At great personal risk, the mothers of the Plaza del Mayo held a vigil each day under the eyes of the military, demanding that their missing relatives be accounted for. Writers and journalists continued to chronicle the human rights abuses that they witnessed, despite death threats, abductions, and torture. And President Alfonsin has bravely confronted the military that he has displaced, arresting many of those responsible for the brutality of the last few years, including his predecessor as President, Reynaldo Bignone.

Mr. President, I know that you and my colleagues join me in praying that Argentina's brave experiment in democracy may survive its precarious genesis. And I know we all salute the courage of those who consistently called for an end to the military's human rights abuses despite the danger of such a stance.

Such courage should serve as an example for this body, that has yet to take a solid stance on a subject that ought to be above debate: Ratification of the Genocide Treaty. This document, which declares the serious physical or mental harm of a racial, ethnic, or religious group a crime punishable under international law, has languished unratified in this Senate for nearly four decades. It is with shame, for our long neglect, and hope, for a better future, that I daily call for ratification of the Genocide Treaty and have done so for about 15 years. We owe it to ourselves and to those who, like the brave Argentines, placed their lives in jeopardy for that principle that we profess to hold so dear: The right of humans to life and liberty.

Mr. President, I yield the floor.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. KASTEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF SENATOR KASTEN

The PRESIDING OFFICER. Under the previous order, the Senator from Wisconsin (Mr. KASTEN) is recognized for not to exceed 15 minutes.

VOTING PRACTICES IN THE UNITED NATIONS—TREATMENT OF ISRAEL

Mr. KASTEN. Mr. President, as I announced yesterday, I plan to deliver a series of statements examining the voting behavior of U.N. members on key issues. The data on voting practices are drawn from the illuminating report from the Department of State and the U.S. mission to the United Nations that was issued in response to legislation I authored and which was enacted into law last fall.

Today I would like to focus on the first of these key issues: the U.N.'s treatment of the State of Israel. It is an issue which, I believe, dramatically illustrates the attempted subversion of the U.N. Charter's fundamental principles—here the principles of universal membership and peaceful resolution of disputes—by a determined U.N. coalition of antidemocratic, largely anti-Western U.N. forces.

Our Ambassador to the United Nations, Jeane Kirkpatrick, has often remarked how a disproportionate share of the U.N.'s agenda for speechmaking, consultations, drafting and voting on resolutions is given to Middle Eastern matters. And how a grossly disproportionate share concentrates on issues relating to efforts to delegitimize Israel, to undermine its prerogatives as a sovereign state, to belittle its quest for secure borders, and to stigmatize those associated with it. The overwhelming impact of these exercises in the United Nations has been not only to further international efforts aimed at delegitimizing Israel, but also to erode the hopes we all share for peace and stability in the region.

The senior Senator from New York (Mr. MOYNIHAN), serving as President Ford's distinguished Ambassador to the United Nations in 1975 when the General Assembly approved the obnoxious resolution equating Zionism with racism, rightly described that vote as a triumph of "the jackals." That miserable resolution was only one of many in the United Nations designed to reduce Israel to the status of a pariah state.

As I learned firsthand when I served as a congressional delegate to the U.N. General Assembly during 1982, the expression "Zionism is racism" is not simply an instance of name-calling. When a state is singled out for branding as "racist," it means, in the culture of the United Nations, that that state no longer has any rights, only obligations. Its very existence is treated as a form of aggression, and anything calling itself a national liberation movement is, by the terms of various U.N.

resolutions, fully justified in using all available means against it. The corollary to this doctrine is, of course, that the pariah state is not permitted to defend itself.

The momentum of the campaign to delegitimize Israel has continued to gather steam. A majority of U.N. members are today willing to associate themselves with resolutions condemning Israel as the principal threat to peace and as the principal violator of human rights in the region. Forty-three states, members of the United Nations, are also willing to join in resolutions deeming Israel a leper state, contaminating those it comes into contact with and requiring as its only remedy the expulsion or suspension from the international community.

The jackals' steady, incremental successes at isolating Israel and her friends in the United Nations has emboldened them to attempt the outright exclusion of Israel from participating in the United Nations.

Let me demonstrate with two illustrative votes.

First, last year, the representatives of the progressive government of Iran made a motion—this being the second year in a row—to reject the Israeli delegation's credentials to participate in the General Assembly. Such a move would not only violate the principle of universality of membership which has made the United Nations a useful forum, wherein members at odds, even at war with one another, have been able to sit and talk at the same conference table, but also the law of the U.N. Charter.

The U.N. Charter explicitly reserves to the Security Council the right to decide, in exceptional circumstances, to suspend or expel a U.N. member. The Iranian motion last year was rejected through a procedural motion by Norway which asked the Assembly to decide to take no action on the Iranian motion. The Norwegian move was approved by a vote of 79 in favor, including the United States and Israel and our Western allies; 43 opposed; and 29 abstaining.

Forty-three U.N. members joined the jackals on this occasion. Forty-three members expressed a desire to exclude Israel from the United Nations through a procedure which clearly, and in the most flagrant fashion, violated the terms of the U.N. Charter. Among these were, of course, the Soviet bloc and radical states such as Libya. But also among them were countries truly friendly to us in other important contexts, some of them having vital security relationships with us. These include Somalia and the Sudan, Saudi Arabia, and Pakistan, Oman and Bahrain.

Outside of the Middle East, they include our friends Malaysia and Idonesia. Again in the Middle East, they include Jordan, Algeria, and the tiny, vulnerable, desperately poor state of Djibouti, which vitally relies upon us for assistance for the Ethiopian refugees who crowd its territory.

The countries that voted to exclude Israel voted against the primary purposes of the U.N. Charter—universality of membership and peaceful resolution of disputes. Whereas the U.N. Charter seeks to resolve conflict, they seek to exacerbate it. Can there be any doubt that the idea of scapegoating one nation subverts these key purposes and values of the Charter to which its members are pledged? Moreover, Mr. President, the countries that voted to deny Israel's credentials, did so knowing that had their votes formed a majority, they quite literally could have brought about the destruction of the United Nations.

It was also an act which directly affronted U.S. sensibilities and interests. Secretary Shultz had gone on record that, if Israel were excluded from the General Assembly, the United States would withdraw from participation in the Assembly and would withhold payments to the United Nations, until Israel's right to participate was restored. This would have meant a loss of at least 25 percent of the United Nation's funds.

It is also a fact that U.N. majorities are today willing to condemn the United States, without whose financial support the United Nations could hardly exist in the comfortable circumstances it now enjoys, simply for being a good friend of Israel.

The second vote I want to review happened last December, when the General Assembly passed Resolution 38/180E on the Middle East situation.

That resolution condemned the United States by name simply because President Reagan had met with Prime Minister Shamir to reaffirm America's historical commitment to Israel's security.

This obnoxious resolution was approved by a vote of 81 in favor; 27, including the United States and Israel, opposed; and 29 abstaining. New York Congressman STEVE SOLARZ, who served on our delegation to last year's U.N. session, very soundly called the vote especially repugnant to the United States. Congressmen SOLARZ said in the general assembly:

> It represents an inadmissible intrusion into the right of one sovereign state to conduct relations with another.

Mr. President, if this sort of abuse and ostracism can be inflicted upon the world's greatest power and the greatest bankroller of the United Nations, imagine the sorts of pressures that lesser powers feel when they are made to decide between joining the jackals and standing for moral and legal principle when standing for that principle just happens to involve the defense of Israel's legitimacy.

Abusive treatment of the United States in the U.N. long ago stopped being a novelty. But I know it still shocks American taxpayers that we allow over one and a half billion dollars of their tax dollars to go to support this exercise. As a nation we are generous to a fault, but we are not masochists.

How can we not be shocked when we see that among the nations that voted for the general assembly's resolution condemning the U.S. association with Israel were countries which, in other contexts, we consider friends, and allies—for instance our NATO partners, Greece and Turkey.

Another country that chose to take part in this gratuitous insult to the United States was the People's Republic of China. Still others include such major recipients of American aid as India, Pakistan, Egypt, and Zimbabwe. Indonesia, Malaysia, and Morocco—true friends of United States in many important contexts and relationships—also joined in voting for this utterly repugnant resolution.

Of course, the leaders in this exercise—those who provide the core voting strength and who discipline others to vote with them—are the Soviet Union, the Eastern European countries under its domination, and its cohorts and fellow travellers like Libya, Cuba and, Nicaragua.

In putting these facts before the Senate today I do not propose that we need necessarily respond by cutting aid to those countries that participated in these profoundly anti-American U.N. votes. As stated earlier, I fully agree with the judgment Ambassador Jeane Kirkpatrick expressed when she appeared recently before my Subcommittee on Foreign Operations. She declared that U.N. voting practices ought not to be the only, nor necessarily even the most important, consideration in our aid policies. The whole range of relevant economic, diplomatic, and political factors must be taken into account in such decisions. But if U.N. voting practices are not here the sole determinant, neither can they be ignored.

The American people should be made fully aware that certain countries receiving generous U.S. aid do, on occasion, vote in ways at the U.N. which are deeply offensive to the United States and to our cherished relationship with the Democratic State of Israel. The American people have a right to expect that their elected Representatives will not ignore these offenses. In my role as chairman of the Foreign Operations Subcommittee of the Committee on Appropriations, I am committed to assuring that these expectations are met.

Mr. President, I ask unanimous consent that a table showing those countries which voted against the United

States on these issues and are scheduled to receive U.S. foreign assistance in fiscal year 1985 be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. KASTEN. Mr. President, it should be pointed out that the table does not include those countries which abstained, even though in some cases an abstention can be interpreted as a vote against us. Those countries which voted against us on both of the issues I talked about today appear with an asterisk next to their names. The table also shows the proposed U.S. bilateral foreign assistance for each country for fiscal year 1985, the current year levels of assistance, and the historic levels of assistance from 1946 through the fiscal year 1985 proposal.

EXHIBIT 1

[In millions of dollars]

Country	Fiscal year— 1985	1984	1946 to fiscal year 1985
Africa:			
*Sudan	271.2	240.9	1,210.7
*Somalia	120.1	109.9	631.6
*Djibouti	7.1	6.2	32.1
*Gambia	6.0	5.4	50.0
*Mauritania	11.1	12.7	71.1
Comoros	.8	1.1	3.7
*Mali	14.1	12.7	215.6
*Sao Tome	.2	.7	3.5
*Guinea Bissau	2.9	2.8	34.6
*Algeria	(1)		203.3
*Angola	.2	2.0	18.4
*Mozambique	(1)	12.4	88.5
Cameroon	28.5	30.3	195.9
Niger	33.1	28.4	242.5
Kenya	129.5	112.3	738.6
Egypt	2,170.3	2,504.3	15,534.3
Botswana	22.6	25.1	218.3
Zambia	30.0		297.8
Morocco	140.9	124.4	1,544.6
Tunisia	76.9	125.6	1,274.4
Senegal	51.1	53.4	342.0
Sierra Leone	9.7	8.0	128.3
Guinea	12.0	5.7	202.4
Burundi	7.2	6.9	59.5
Zimbabwe	30.2	40.0	267.0
Ghana	10.2	21.0	471.4
Tanzania	3.1	11.0	350.7
Upper Volta	19.0	16.9	233.8
Uganda	10.1	9.1	96.9
Seychelles	2.4	2.5	14.0
Cape Verde	5.8	6.4	67.0
Benin	3.0	3.0	65.7
Madagascar	10.3	9.3	71.0
Congo	1.1	3.0	21.3
Ethiopia	3.7	6.4	407.9
Asia:			
*Pakistan	632.0	583.3	7,028.8
*Malaysia	11.0	11.1	118.9
*Bangladesh	180.2	164.5	2,249.1
*Indonesia	155.4	149.2	3,436.6
*Jordan	117.1	136.7	1,774.8
*Yemen Arab Republic	47.8	37.1	290.2
Kampuchea		1.8	
Maldives		(1)	
Bhutan	.6	.9	4.0
Sri Lanka	74.3	72.6	874.4
Cyprus	3.0	15.0	211.3
India	212.3	224.1	11,265.0
LAC:			
Suriname	.1	(1)	6.4
Guyana	(1)	.3	130.4
Western Europe:			
Turkey	934.9	857.6	4,962.6
Greece	501.7	501.4	2,568.8
Malta			
Eastern Europe: Yugoslavia	.2	.1	.8

[1] Less than $50,000.

Mr. KASTEN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. STEVENS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. STEVENS. Mr. President, I ask unanimous consent that the time for the Senator from New Mexico under a special order be preserved but that there now be a period for the transaction of routine morning business according to the order.

The PRESIDING OFFICER. Without objection, it is so ordered.

Under the previous order, there will now be a period for the transaction of routine morning business for not to extend beyond the hour of 12 noon with statements therein limited to 2 minutes each.

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senator from New Mexico may take his time under the special order during this period, notwithstanding that limitation.

The PRESIDING OFFICER. Without objection, it is so ordered.

SPECIAL OPERATIONS FORCES

Mr. THURMOND. Mr. President, I would like to call to the attention of the Senate a speech delivered by Mr. Noel C. Koch, who is the Principal Deputy Assistant Secretary of Defense for International Security Affairs. The occasion of his remarks was the first anniversary of the Military Airlift Command's 23d Air Force.

The 23d Air Force is the Air Force component of this country's elite Special Operations Forces. Members of each service's special operations units perform those dangerous missions that Winston Churchill referred to as the art of ungentlemanly warfare. These forces vary in mission from countering terrorism to fighting insurgents, which are the most probable forms of conflict that we will face for the foreseeable future.

Past administrations have ignored these vital assets by allowing end strength reductions and severely underfunding equipment purchases and operations accounts. Mr. Koch, who is the Pentagon's expert on Special Operations Forces, points out that the Reagan administration has undertaken initiatives to revitalize these forces.

Because of the balance of power between the Soviet Union and the United States, the probability of nuclear war or conventional war in Europe is marginal. The threat, however, of Communist-supported insurgents to nations friendly to our interests and the threat of terrorists to U.S. civilian and military personnel will continue to intensify. It is imperative, therefore, that the Congress support the administration's plans for revitalization of our Special Operations Forces.

Mr. President, I ask unanimous consent that Mr. Koch's speech be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

SPEECH DELIVERED BY NOEL C. KOCH, PRINCIPAL DEPUTY ASSISTANT SECRETARY OF DEFENSE, INTERNATIONAL SECURITY AFFAIRS

General Mall, distinguished guests, ladies and gentlemen, let me first say that I am honored to be with you on the occasion of your first anniversary. I wish you many happy returns.

I will be speaking with this evening on the issue of Special Operations Forces and, so that I am not seen as slighting combat rescue, I want to be clear that I am speaking of Special Operations Forces in a generic sense, and not specifically with regard to one of the roles of the 23rd Air Force.

I would note in passing an occasional tendency to dwell on pointless distinctions between special ops and combat rescue; in fact, the two may frequently be opposite sides of the same coin. But there is one distinction worth noting, which is really the basis of my brief remarks tonight, and it is that while nobody questions the need for combat rescue forces, there are very real differences of opinion as to whether we ought to have Special Operations Forces at all.

What is the substance of the debate over special forces?

First, let's look at the face of war in the nuclear age. The great fear in the post-Potsdam era has been that one of the two great powers possessing mastery over the nuclear genie might uncork the bottle. We have not worried about ourselves doing that, but about the Soviets doing it. The Soviets claim they worry about us doing it, and the rest of the world knows that it doesn't really matter who does it because when the elephants fight, all the other little creatures get trampled willy-nilly.

So we have pursued throughout this period a strategy of deterrence. Since every administration, and every generation of military thinkers, has to have itself attached to a so-called doctrine, we have had lots of doctrines—but only one real strategic objective—to deter the Soviets from seeking, or getting into a position to seek—its objectives through nuclear war or nuclear intimidation.

The strategy has worked. By its own lights the strategy has worked. Of course, it has cost trillions of dollars, and to this day we face questions about how much deterrence is enough and how much is too much. But, on balance, better too much than not enough.

Not only have we deterred nuclear war, but because of the danger of what we like to call conventional war sliding into a nuclear confrontation, we have essentially deterred conventional war, too—though Korea, for all that it was called a limited war, was certainly conventional enough. Viet-Nam was an anomaly: it was not a conventional war, but we tried, obstinately, from beginning to bitter end, to fight it conventionally.

So we have prevented nuclear war, and staved off conventional war.

Now, whatever the non-aligned, Third World nations like to think, the world is really divided in two—not three—countries that are communist and countries that aren't. There are the odd leaders with intellectual pretensions, usually professing Marxism, who are fatuous enough to think there are such things as fraternal relationships with Moscow. If Cain and Abel are the model, they are right, but that isn't an especially progressive model for international behavior.

So we really face a larger version of the question put in Lincoln's time, and it is whether the world can exist half slave and half free. By happenstance, we have a major share of the responsibility for the free half, and that half is still the larger—if you'll accept the logic of that—but it is smaller than it was before Potsdam, and it is getting smaller still every year.

At bottom, if our strategy is to prevent the world from going up in smoke, we are succeeding. On the other hand, if our responsibility is to prevent the world from going down the tube, we are not succeeding. We are not preventing an expansionist power from getting its way in the world, and enslaving nations as it goes—some seventeen in the past twenty-five years, with twenty-one more in contention today as a result of Soviet-inspired and supported insurgencies.

Why is this?

Well, we have pushed warfare away from the apocalypse, we have forced it down the spectrum of conflict to the low intensity end of the scale, and—behold—we don't have the means to fight down there.

So that's the proposition. It's an oversimplification, no question about it. It appears to assume that if we had had the forces to fight at the lower end of the spectrum, we would have done so, and we would have seventeen less countries under communist domination today. But let that be. Reasonable people grasp the point, I think, and the point simply is that we need the means to fight today's war where and how it's being fought.

The Reagan Administration sees this, and for this reason is working diligently to restore these forces designed to fight across the entire spectrum of conflict and, uniquely, at the low-intensity end.

It would be nice if we could take credit for an original insight, but the necessity for these assets has been understood for a long time, and at least one other Administration tried to create them, against enormous odds. President Kennedy took an active, personal hand in the effort.

What was the response to the direction of the National Command Authority?

The following are some quotes for which I am indebted to the research and writing of a Captain Krepinevich at West Point:

From Lyman Lemnitzer, then Chairman of the Joint Chiefs of Staff: his view was that the New Frontier was "oversold" on the value of special operations forces.

George Decker, Army Chief of Staff in the same period, declared that "any good soldier can handle guerrillas."

Maxwell Taylor, Lemnitzer's successor, remembered thinking that the U.S. knew how to handle guerrillas because of experience derived from our Indian Wars, and "All this cloud of dust that's coming out of the White House really isn't necessary."

And Decker's successor, Earle Wheeler, said "The essence of the problem in Vietnam is military." And in an ironic and costly way, Wheeler was right. A major part of the problem in Vietnam was military—the American military, whose leadership had been training itself to, and clinging to, the Napoleonic Wars, the Civil War and similar models while Mao was rolling across China, and France was getting rolled around Indochina, and Castro was rolling up Cuba.

Yet there is a worse indictment than lack of preparation. It is possible and it is forgivable, to get caught short, if you learn from the mistake and straighten it out. It is another thing to resist correction, defiantly to refuse to learn anything, and to do that repeatedly for twelve bloody years.

The results were pre-figured in a study done by General Dick Stilwell, which looked at the JCS capacity for addressing the problem, and found it had "no in-house capacity to generate the proper doctrine or forces, and (was) indifferent to or sluggish in its response to directives from the administration to place such matters on high priority."

Where are we today?

Well, we're at the 23rd Air Force Dining Out for one thing, and part of the reason we're here is because the Air Force recognized the importance of special operations forces, and the need to provide a place for them, a focal point for them, and a high level voice for them. So that's good.

And the Army has created the First Special Operations Command down at Bragg, presumably out of the same motives.

The Navy has no counterpart to such commands, but the Navy is doing its comparable bit.

The words from the White House are good. Here's a memorandum from Bud McFarlane to the Secretary of Defense about an SOF briefing we provided recently. He says, "It is a compelling presentation which reaffirms the importance of revitalizing the U.S. special operations force capability. If possible, the Secretary of State should be offered this same briefing at the earliest convenience.

"I believe the SOF program you have undertaken is essential to our national security. Ensuring its rapid and successful completion should be a top Defense Department priority. You have my full and continuing support and that of the President in this endeavor."

We have the October 3 memorandum from then Deputy Secretary Paul Thayer saying that "U.S. national security requires the maintenance of Special Operations Forces capable of conducting the full range of special operations on worldwide basis, and the revitalization of those forces must be pursued as a matter of national urgency." The memorandum helpfully goes on to explain how you go about pursuing something as a matter of national urgency.

So that's good.

And no one could say, as they could with some of the New Frontiersmen, that all this is so much hooey from the so-called defense experts, who derived their skills from dubious academic battle in the Ivy League. The National Security Advisor has a distinguished record as a Marine. The Secretary of Defense was an Infantry Platoon Leader in the South Pacific. The Deputy Secretary of Defense who signed the 3 October memo was an air ace.

But just to be sure, we got some additional military authority—high-ranking, distinguished, and disinterested by virtue of retirement, some with special ops backgrounds, others not, and we asked them to form a Special Operations Policy Advisory Group for the Secretary. The group consists of Admiral James Holloway, Lt. General Sam Wilson, Lt. General Leroy Manor, Lt. General Jim Ahmann—you've probably heard of some of these fellows—Major General Dick Secord, and Brigadier General Don Blackburn.

That's heavy water. They fully and forcefully support the revitalization effort, as an independent source of counsel, a sounding board, a reservoir of ideas and inspiration, and a check against overexuberant policymakers.

So there's that.

We knew this effort wasn't going to come together unitl we had a joint mechanism to pull it together—to develop doctrine, to assess roles and missions to rationalize training and exercises, to rationalize and streamline procurement, to provide proponency, and so on. And out of that awareness came the Joint Special Operations Agency in the Joint Staff.

Secretary Weinberger has conveyed to the Joint Staff that "It should be understood that the work of this unit is of the very highest priority."

Perhaps most important of all, the CINC's are behind this effort, and as recently as two months ago I was present when they were in Washington and declared themselves in support, eloquently and forcefully—among the most compelling supporters being CINCMAC— General Ryan.

And we've seen some progress on the budget side, with some encouraging new commitments.

So take it all around, we have cause to be hopeful tonight, and it's always good to be hopeful—hope is a noble and civilizing human grace. But if anyone is more than hopeful—if anyone thinks we're making real progress and that we're on a roll, they are kidding themselves.

Everything we've managed to put in place has been in place before at one time or other, and has been successfully taken apart by those who objected to Special Operations Forces. Everything we thought to do—including getting this doctrine into our Service academies and schools, has been tried before. There was a counterpart to the Joint Special Operations Agency before.

First SOCOM is nice, but we already see the Army nibbling away at it. Fortunately, they are not especially deft, and they nibble with a meat ax, so it's easy to track.

It is true we have a new Special Forces Group coming on line, but it will be hollow. We have a hair-raising audit of the 10th Group Special Forces which indicates the real priority assigned to Army special operations forces, and I only wish it weren't classified so I could share it with you. All of this, too, brings a sense of déja vu, through an exasperated memo from President Kennedy to Secretary McNamara saying: "I am not satisified that the Department of Defense, and in particular the Army, is according the necessary degree of attention and effort to the threat of insurgency and guerrilla war."

As you know, readiness is a function of the extent to which a unit's TO&E is filled out. This in turn is a function of when the unit is to deploy. Units designated for D or pre-D day deployment are to be at full manpower and equipment strength. Yet with all the fuss and Service lip service about priorities, the Authorized Level of Organization—the ALO's—for Special Operations Forces are wholly inconsistent with their deployment times, and they are undermanned and underequipped, while units which may never move at all enjoy lower

ALOs, and are fleshed out and fully equipped.

The Talons we got in the budget are encouraging, but somehow the cost estimates were off (as they have been for the past three years), and I will not be surprised if it is shortly suggested that we reduce the buy or protract the procurement.

And, of course, nothing that is controversial goes forward without friction, so with the best will in the world relationships that were once warm and open must frequently now be nurtured even to remain civil. My all-time favorite example of resistance came from the 3-star on the Joint Staff who sent a handwritten threat to one of his Colonels working a special operations initiative. "If you keep on with this," the note said, "your next billet will be in a Dempsey Dumpster."

It won't do to argue that what we see is a normal institutionalized resistance to something new. Because the capability we need isn't something new at all, and the effort to recreate it or restore it isn't something new either.

To the contrary, this is a doctrine and a capability the necessity for which is continually inflicted upon our Services by military realities; as often as it is resisted and abused, it persists and is sustained not by pestiferous civilians, but by what is going on in the world.

This persistence is an interesting phenomenon, because there is a traditional resistance to anything new, and because there has been general success at institutionally smothering and destroying anything new. Take gliders as a case in point. Better yet, mountain troops. This is a marvelous case study.

The first regiments of what became the 10th Mountain Division were formed in 1941, and yet with the exception of one brief misadventure in the Aleutians, the 10th sat out most of the war, being fought finally in 1945—at which time they proved to be absolutely marvelous. But this refusal to use the 10th was a little revenge against the 10th for getting itself established at all, and at the end of the war it was dismantled. Today we have no cold weather, mountain capability except a few folks we send from various units to Alaska for training.

Now I dwell on that episode because it has this interesting twist. The Mountain Division was designed to fight in Europe. It proved itself in Europe. Much of our planning, our doctrine, our procurement, our budgeting looks almost longingly to Europe. Now if your fondest wish is (if you have to fight) to fight in Europe, wouldn't you think you'd want the benefit of an asset that proved its value in Europe? No. Why? Because it's different. Because it wasn't invented in the right place. Not only that but, curiously enough, it was forced into existence by civilians.

So the Mountain Division is dead; illogically, inexplicably dead, and a testimony to the system's ability to destroy even the best ideas.

And yet special operations forces persists, in spite of skilled opposition in the system.

It won't do to say that reasonable people can have reasonable differences on such issues, when the need for the capability is so palpable and the cost of neglecting it is so amply documented—in the gross sense that Vietnam should have been one big lesson learned; or in the more surgical sense in which the findings of the Holloway report on Desert One are in the process of being relearned again.

Make no mistake. The resistance is there, though it seldom comes into the open. No counter-argument is offered to the need for SOF. No cleansing debate is proposed to clear the air by those who oppose revitalization. To the contrary, there are even occasional pretenses at acceptance, which reminds me of the old story about ladies and diplomats:

When she says no she means maybe, when she says maybe she means yes, but if she said yes she wouldn't be a lady.

When he says yes he means maybe, and when he says maybe he means no, but if he said no he wouldn't be a diplomat.

I have discovered in critical areas of the Pentagon, on the subject of special operations force revitalization, that when they say no they mean no, when they say maybe they mean no, and when they say yes they mean no, and if they meant anything but no, they wouldn't be there.

So we have a task, and it is one to pursue with respect, good humor and affection: it is to build our special operations force capability in spite of those who oppose it, and to win over those who oppose it, and to have no rancor in the family over it. It is no small task; but, then, the purpose is no small purpose.

I have to tell you a story out of school to close, and it involves a bit of our strategy for achieving revitalization.

You will see that Mr. Thayer's October 3 memo is not only unclassified, but more than that it concludes with a paragraph saying "You should disseminate this memo as widely as possible within your organization to ensure that the priority attached to this program is clearly understood."

We discovered that when we put directives on SOF revitalization in the Defense Guidance and other classified documents that they were easy to ignore. "Oh," said one fellow, "we want to do whatever you want done, but we don't know what it is. You have to be more specific." That's called a slow roll in case there is anyone here tonight who just arrived from Mars.

And then the directives were also containable—only a small group knew what was wanted, and thousands of others who recognize the need for this capability and would be encouraged and support it if they knew it was being supported in the Administration—well, they didn't know. The answer to the question "If a tree falls in the forest and nobody hears it does it make a noise? is 'Who cares? It doesn't matter.'"

So if this initiative were made public, it would matter, and it would be evident that those who see the necessity for this capability, and those who see the efficiency of it and the force multiplication consequences of it, and those who see the cost of neglecting it again all care. And you might from time to time say so. This is the educational process. I hope you will help us in pursuing it.

Again, happy birthday, and good luck.

Thank you.

BEIRUT VETERANS AND S. 2269

Mr. CRANSTON. Mr. President, a March 19 article in the Washington Post—"Marines' New Foe: Memories"—about the postwithdrawal psychological status of some U.S. marines who served in Beirut left me with a strong sense of deja vu.

Debate over the wisdom of the policies which led to our experience in Lebanon and over the extent to which those policies parallel earlier ones which led to our Vietnam experience will go on for some time. However, one thing we must not repeat from the days of Vietnam is our documented failure during and after that conflict to pay adequate attention to the needs of those who faced hostile fire even as the military involvement itself was debated.

It was not until 1979 that the Congress finally mandated the establishment of a Veterans' Administration program to provide readjustment counseling assistance to Vietnam veterans. The Senate passed this legislation—which I first introduced in 1971—five times before it was finally signed into law.

Recognizing the psychological scars that combat often leaves—particularly when the mission is not clear, support on the homefront is in doubt, and the outcome is inconclusive at best—I have introduced legislation, section 4 of S. 2269, which would allow the VA to provide readjustment counseling to members and former members of the Armed Forces who served after May 7, 1975, the end of the Vietnam era, in situations involving armed conflict similar to wartime service. I am convinced that this is one appropriate step that we can and should take to assist, for example, the marines who served in Beirut.

Hearings on S. 2269 will be held on April 11 before the Veterans' Affairs Committee. I urge my colleagues to examine section 4 of this measure in light of the Post article and to lend their support to the bill.

Mr. President, I ask unanimous consent that the Post article be reprinted in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, March 19, 1984]

MARINES' NEW FOE: MEMORIES

(By Herbert H. Denton)

ABOARD THE U.S.S. TRENTON.—On a clear night you can barely see Beirut from this warship.

Faintly through the big night-vision telescope mounted on the bridge, there is the silent play of the white flashes of mortars and rockets and the red streaks of tracer bullets darting in and around the high-rises that ascend the coastal plain to the green hills above.

But if the blood and agony of Beirut is now mostly out of sight for the 540 U.S. Marines on this 16,000-ton amphibious assault ship cruising out of harm's way 20 miles off the coast of Beirut, their experience back there is far from being out of mind.

Settling in on them is the belated recognition of the gruesome appearance of death, bitter confusion about their mission and deep worry that they will be blamed for the Lebanon failure.

"They feel kind of used, kind of useless," said 2nd Lt. Phil Smith, 29, of Houston. "They feel kind of cheated. Most of them are pretty smart to realize that although we

represent the U.S. government, it was the government that failed."

There is more. Abrupt awakenings, at full alert, from nightmares of being back at Beirut airport and taking shellfire; a caution, borne of a now-unrealistic fear of snipers, when walking down the ship's passageway; a sudden tension at the sound of any crashing noise.

Capt. Thomas Falkenthal, a priest from Chicago serving with the Marine Battalion Landing Team, said he worries when he hears some troops say they want to completely erase Lebanon from their memory.

"That kind of raises a caution flag," he said, "because then it becomes a ghost. Sometimes you have to look a ghost in the eye."

From the top down there is confusion about the mission now of the five troop-carrying ships bobbing off the Beirut coast, avoiding the rough currents. The Marines have physical training and classroom studies and watch television videotapes flown from the States. The "highlights of the day," said the battalion landing team commander, Lt. Col. Ray Smith, are breakfast, lunch, dinner and the evening movie.

To ease the boredom, the Dallas Cowboys cheerleaders were brought out this weekend; a rhythm-and-blues group, the Kissy Darnell Revue, is to perform later and shore leave is planned at Haifa, Israel.

But, Falkenthal said, major preoccupation of many of the young marines is an intense personal reflection on the friends who died and the Lebanese who may have been killed in the marines' retaliatory strikes.

"There is no one in this battalion who doesn't know a marine who was killed," said Capt. Christopher Gunther of Dayton, Ohio. "It is a very difficult thing for us to grapple with now that we're on the ships: Why did 238 marines die in Beirut?"

Some of the marines are seeking solace in religion. Sixteen on the Trenton without any formal church ties have formed a group. A 25-member Bible-study group meets six evenings a week on the USS Fort Snelling. Mass is said each morning on the USS Guam.

"I feel lucky to be alive," said Sgt. John Ensign, 27, of Hartford, Conn. "I'm going to use every moment of my life to be as productive as I can. I'm not going to take anything for granted. When the big shells were coming in, all of us in that one bunker, we could hear the shells whistling in and coming closer. We thought the next one could hit us and we were powerless to do anything about it. Your heart rate goes up, you smoke a lot of cigarettes and say a lot of Hail Marys. I say a lot more Hail Marys now even though we are out of danger."

Most of the rank-and-file marines on the ships were nine or 10 years old at the end of the U.S. involvement in Vietnam but they are painfully aware of the stigma that attached to veterans of that war when they went home.

They were extremely sensitive to a recent Newsweek cover showing the Marines departing from Beirut, and the label: "The price of failure."

"For the role they gave us we did outstandingly," Ensign said heatedly. "We weren't allowed to stop the fighting [between the Lebanese factions]. People look at it as if the president's policy failed, therefore the Marines failed, but we did what we were supposed to do. The president's policy failed. We did outstandingly."

Historians will no doubt long argue where American policy veered off course in Lebanon and where the mission had already failed by the time the 22nd Marine Amphibious Unit landed on the Beirut shore to replace marines in the 24th Amphibious Unit who had endured the devastating Oct. 23 bombing of their headquarters that left 241 U.S. servicemen dead. A total of 264 U.S. servicemen died during the U.S. deployment in Lebanon.

But there was no feeling among the men of the 22nd that all was lost in Lebanon when they arrived, rather, their spirits were high, lifted by their success in Grenada, where they had been diverted on the cruise to Lebanon.

The diary of Smith, the 22nd's battalion commander, records some of the mixed emotions on that cruise:

"Oct. 23. 0700. BBC [British Broadcasting Corp.] reports a bomb destroyed Marine headquarters in Beirut. Not sure which. Many casualties."

Later, that afternoon: "It appears we're definitely going to do something in Grenada," and, "Oct. 24. It's on."

For the next 10 days, the dairy is filled with details of the swift Grenada operation that brought enthusiastic support in the United States and outpourings of gratitude from Grenadians. Then: "3 Nov. Liberation of Grenada over, back aboard and headed for Beirut."

"5 Nov. Wire service picked up says Marine ground forces may be used to knock out rocket launchers in range of Beirut International Airport. Well-planned night raids and ambushes could do wonders I think."

But the Marines' role was not changed by Washington. They remained in static defenses around the Beirut airport, firing only when fired on. Once ashore, they came to realize that saving Beirut not only was a military proposition but involved complex political issues.

Initially, Marine troops, many of whom had been in Beirut to assist in the evacuation of the Palestine Liberation Organization in the summer of 1982, were impressed by the improvement in the Lebanese Army.

But when the Army command decided in early February to shell intensely the southern Shiite slums on the edge of the airport where many Lebanese soldiers lived, the Marines saw the Army begin to dissolve.

"If you had asked me on the first of February if I thought there was a chance they were going to make it, I would have said, 'Yeah,'" Smith said. "But in shelling the southern suburbs, they made a gross damn error and it cost them their country."

Officers aboard the Trenton get daily briefings on the Lebanese talks in Switzerland and they are voracious readers of copies of the English-language Beirut Daily Star that visitors bring aboard. But there is little desire to return to the blood-stained shores except to evacuate Americans still there.

In searching for a silver lining in the experience, Falkenthal sees it in the performance of the Marines themselves.

"Integrity and discipline remained intact," the priest said, "and that wasn't a small accomplishment."

ASSISTANCE TO TORNADO VICTIMS IN SOUTH CAROLINA

Mr. THURMOND. Mr. President, last week, 18 people died, hundreds were injured, and thousands left homeless, as a violent tornado plowed a path of destruction across my home State of South Carolina. I saw firsthand the impact of this tragedy, and I am pleased that President Reagan quickly responded to our State's request by approving Federal disaster assistance to six counties which were hardest hit by these storms.

For those suffering personal loss, the road to restoration is a long and tedious one. However, many of these tornado victims have already found strength and encouragement from the great outpouring of aid they have received from others throughout their communities. People from all walks of life, from all regions of the Nation, united in one purpose—to help the helpless and give hope to the hopeless.

Mr. President, thanks to the outstanding contributions of concerned individuals, churches, corporations, and other organizations, thousands of needy people are finding it more bearable to rebuild their lives in the aftermath of this tragedy. A recent article in the State newspaper gives but a few examples of how people donated their time, talents, and resources to assist those most affected by the tornado. The article shows, among other things, that the spirit of volunteerism is alive and well in America, and that our greatest resource truly is our people. We can all be proud of the individuals and groups which provided this much-needed aid. Their compassion and generosity is extremely heartwarming, and the Palmetto State owes them a great debt of gratitude. I ask unanimous consent that this article be included in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the (Columbia, S.C.) State, Apr. 1, 1984]

WHO CARES? A LOT OF PEOPLE

When ill winds swept through South Carolina on Wednesday night, sowing death and devastation in six counties, they left behind a mixed legacy.

There were 18 dead, beyond help, and seven missing, hundreds hurt and thousands homeless—victims of a sudden rush of twisting wind that in an instant changed their lives. That was the legacy of debris and despair.

But in the aftermath of the tornadoes, those victims are beginning to see as well the legacy of hope and helpfulness—friendship from strangers they never saw before the storm and likely will never see again.

In asking for federal disaster aid Friday, Gov. Dick Riley praised the human compassion that has helped to ease the tragedy for many victims.

"The citizens of South Carolina have shown kindness and have shown consideration to their neighbors, and today I am extremely proud to be called a South Carolinian," Riley said.

"Offers of assistance have come in from all over the country. The outpouring of volunteer support from companies and individuals has been heartwarming."

But the governor also said it will be weeks or months before victims of the storms will no longer need help from outside.

"We've had a serious disaster," he said. "I don't want anybody to take it lightly. For some of us, the disaster seems like it's over, but for those victims it will be here next week and the next."

These are among the efforts to help already being made:

In Newberry County, some of those folks sifting through the rubble and clearing away debris are Mennonite volunteers from Lewisville, Ga. Before they return to their own homes, they plan to be sure that some Newberry homes are repaired and fit to live in again.

"Carpenters for Christ" from Rome, Ga., are rebuilding the tiny town of McColl in Marlboro County, and fellow carpenters from Alabama and Tennessee are on the disaster crews in Bennettsville and Winnsboro.

The Carpenters for Christ are Southern Baptist laymen who regularly travel to disaster areas with their own money and on their own time to help rebuild communities. They work all weekend in communities that have been ravaged by tornadoes or other natural disasters, then go home to spend the week on their regular jobs as firemen, plumbers, electricians, draftsmen, engineers, and construction workers.

Eight engineers, representing several professional engineering societies, are in Newberry County this weekend to test the structural safety of buildings that remain standing.

The Bi-Lo food store chain, headquartered at Mauldin, delivered $35,000 in groceries—two truckloads—to Bennettsville, Newberry and Winnsboro on Saturday.

The R.J. Reynolds Co. has provided $100,000 cash assistance to the disaster relief effort, as well as 100,000 cans of food from its Del Monte subsidiary and 24,000 cartons of tobacco products.

And the Sunbelt Beer Distributors—the "Coors-to-you" folks—have offered bottled water from the Rockies for Marlboro County and other areas where water supplies appear to have been contaminated.

Clothing is being collected by the Salvation Army in Columbia and Florence and by the Roman Catholic St. Vincent De Paul Societies in Columbia. Collection points have been set up at the St. Vincent De Paul Thrift Store on River Drive and at the parish offices of Our Lady of the Hills Catholic Church, off Ashland Road on Old Shepherd.

A California garment manufacturer has offered assorted "seconds" to victims of the storm.

The Xerox Corp. has offered employee manpower to work at disaster relief sites. Those who do won't lose any pay at the office.

And the South Carolina Hotel and Motel Association is organizing a program to raise dollars for disaster relief. Each member hotel is being asked to pledge $1 for every room rented this weekend. The association hopes hotel and motel guests will match the dollars generated by their room rentals.

Then there are neighbors helping neighbors. East Baptist Church in Clio wasn't damaged, so it's been opened as a shelter to the homeless from nearby McColl.

And Chesterfield lost some crops but suffered little other storm damage. So the rescue squad there collected food and clothing for neighboring Marlboro, where damage was extensive.

The Hanes Hosiery plant in Bennettsville escaped damage, but the Hanes Group knew some of its emplyees were left hurt or homeless by the tornadoes. The company trucked blankets and clothing into Bennettsville on Friday.

Boy Scouts have helped in the food and clothing distribution centers, and American Red Cross volunteers have been manning emergency shelters, providing food and a place to sleep for the homeless. Some volunteers also have scoured the countryside for people sleeping in cars to tell them the shelters are open.

The county welfare offices in Newberry and Winnsboro are open this weekend to receive and distribute food, clothing, blankets and whatever else arrives. The collection point for Marlboro County is in Bennettsville High School.

Staff from the Lexington County Department of Social Services are helping out in the DSS offices in the affected counties. Lexington County DSS Director Bill Walker developed that plan so disaster relief workers could get a little relief of their own, a state DSS spokesman said.

And Curly Fallaw, a 60-year-old bluegrass performer from West Columbia, is asking fans to donate money or goods to the Salvation Army to help the tornado victims. Fallaw said he also is available for charity shows, if any are planned.

More help is on the way, too. A truckload of food from Ohio should arrive in South Carolina today or Monday, and the folks in Marion, Ill., who recall needing some help after their own tornado disaster a few years back are planning some relief for the Carolinas.

While at least four counties have already been declared eligible for federal disaster aid, not much of that money will go to individuals and families.

The bulk of it will be used to rebuild businesses, public facilities, roads and highways and communities in general. Some will provide temporary housing while insurance replaces insured homes, and some will provide food stamps and unemployement compensation.

INDUSTRIAL DEVELOPMENT BONDS

Mr. PRYOR. Mr. President, I recently wrote to Assistant Secretary John Chapoton of the Treasury Department to urge that the administration reconsider its opposition to the continued use of Industrial Development Bonds without burdensome restrictions.

I am sorry to report that Assistant Secretary Chapoton's response reaffirmed the administration's position.

Although it is clear to me that the Treasury Department's position on this issue will not change, I did want to point out that these bonds have been used to provide industrial expansion throughout the State of Arkansas. Many businesses have located in Arkansas, and they have been able to finance the construction and expansion of their facilities using IDB's. Over $4 billion has been invested through Industrial Development Bonds. Since the creation of the Arkansas Industrial Development Commission in 1955, there have been 4,318 new plants in the State of Arkansas creating 330,000 new jobs. Today, 249 of the Fortune 500 firms have facilities in Arkansas. This expansion has been due, in substantial part, to the availability of IDB's.

The indisputable fact is that these bonds have been instrumental in creating jobs. This means unemployment has dropped when a new business comes to town, or when an existing plant expands. Additionally, it means that the people starting to work become taxpaying citizens. It is for this reason that I believe the revenue estimates on IDB use are erroneous. Because jobs are created through the use of IDB's, this fact should be taken into account in determining the revenue impact.

To the extent that there have been abuses in the IDB area, they should be corrected, and I believe members of both tax-writing committees will be more than willing to address them. I do not believe, however, that we can cripple this program in an effort to get at some of the problems that could be stopped through other means.

These bonds help create jobs, and I hope this program can be extended in a way that promotes economic development.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

ORDER FOR RECESS AT THE CONCLUSION OF THE SPECIAL ORDER FOR SENATOR DOMENICI

Mr. STEVENS. Mr. President, I ask unanimous consent that, notwithstanding the previous order, the Senate stand in recess until 2 p.m. today at the conclusion of the special order of the Senator from New Mexico.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

RECOGNITION OF SENATOR DOMENICI

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Under the previous order, the Senator from New Mexico is recognized for not to exceed 15 minutes.

S. 2524—U.S. COPPER INDUSTRY

Mr. DOMENICI. Mr. President, the bill I am introducing today addresses a problem that I have talked about many times on the floor of the U.S. Senate. As time passes I have witnessed a continual deterioration of the U.S. copper industry. Unfortunately, the problem is like a bad penny, it will not go away. I am referring to the trade problems facing the copper industry and the mining industry in general.

The financial condition of the copper industry has deteriorated for the past 5 years, registering increasingly severe losses since 1980. The situation has gone from critical to bleak.

The 60.5 cents per pound price reached in January of this year is the lowest real price in more than 50 years. The average price of copper during the 20th century, in present dollar terms, has been $1.15. Every U.S. copper company is losing money. During 1983, the industry lost 16 cents on each dollar of sales.

Only 9 of the country's 25 largest mines were operating at the end of 1983. For every three copper workers that there were in 1979, one is out of work and unlikely to be called back.

My bill, the copper and extractive industries Fair Competition Act of 1984 addresses three interrelated issues. First, there is the problem of loans that cost Americans jobs. These are the project loans made by the World Bank and other development banks for mines, smelters, and refining plants. The purpose of these loans is to increase the production capacity for surplus commodities like copper. These are loans to produce more of something the world has too much of already.

Second, there is the problem of a copper glut caused partially by a disregard of the law of supply and demand by Government-owned copper producers. Many people do not realize that the U.S. copper companies are not competing in a free enterprise environment.

We sometimes believe that because we have free enterprise in America it is free enterprise in the rest of the world.

U.S. competition is foreign governments which generously subsidize production. Codelco is part of the Chilean Government and ZCCM and Gecamines are one and the same at their respective governments of Zambia and Zaire. These companies are as much a part of their governments as the U.S. Senate is a branch of our Government.

These foreign governments are, in turn, backed by the IMF, the World Bank and other development financing institutions. Companies competing with foreign governments has become a major consideration because about 40 percent of the free world copper production is foreign-government owned. This wave of copper company nationalization began in Chile in 1969 and has spread to almost all of the major copper producing LDC's. These same countries are members of CIPIC, the OPEC of the copper producers. I will come back to and discuss CIPIC more in a few minutes.

The third issue addressed in my bill can best be characterized as the crutch that cripples. The reference is to assistance available at the IMF through its compensatory financing facility.

What I am going to describe shortly I am positive is not understood by the U.S. Senate. I am absolutely positive it is not understood by the American people, or they would make us stop being part of it. Let us talk about the crutch that cripples, as I call it in my legislation. Crutches usually are a temporary device, the use of which is supposed to make you well. The opposite occurs here.

The compensatory financing facility is an "unconditional entitlement" available when countries experience export income shortfalls. This compensatory financing facility window is an escape route for countries that disregard the law of supply and demand, continue to overproduce and thereby drive the price down further. This behavior hurts all producers because they, as well as we, suffer from the resulting depression level prices. My bill would require countries seeking assistance through the compensatory financing facility to take steps to bring the market into balance as a condition for receiving CFF assistance.

I have studied this issue for a long time. I am convinced that the problem facing copper today is spreading to other mining sectors such as aluminum, iron ore, phosphates, and could hit nickel or tin.

I do not think we should allow foreigners to carry away chunks of the U.S. economy using low-import prices made possible through subsidization. If that is not bad enough, some of the subsidies, the preferential financing by the World Bank and other development banks have come out of our own pocket. We have paid to have other governments export their unemployment to us. If we allow these unfairly subsidized imports it will cost us more and more jobs in more and more industries.

For background, let me talk about 1978 when the copper industry was in critical condition. The industry tried to use our trade laws and filed a section 201, escape clause action. A section 201 requires an industry to prove that imports, more than any other facor is the substantial cause of their injury. This is a difficult standard to meet, but in 1978 the copper industry proved its case and the International Trade Commission recommended a 5-year quota. President Carter, however, did not implement that recommendation and instead chose to do nothing to help the copper industry. Since then, the situation has deteriorated further.

I could tell you that since President Carter made his decision 18,000 highly skilled copper workers have lost their jobs. When the unemployment benefits ran out, they were forced to have garage sales to get enough money to move back home with their parents. The lucky ones have been able to find menial jobs. Remember, these are men with technical skills and years of experience.

I could tell you that by yearend 1982, 14 of the 25 largest U.S. mines were closed; 1983 was worse—16 were closed and U.S. copper mining capacity utilization has decreased from 78 percent in 1979 to 65 percent in 1982. At the same time capacity utilization outside the United States increased to about 82 percent.

While I am on this point, let me make it clear that it is not old mines with antiquated equipment that are sitting idle in America's copper producing regions. On the contrary, some of America's idle capacity is the best technology and most cost-effective equipment available. For example, Quintana Minerals was forced to close their Copper Flat project near Hillsboro, N. Mex., in March 1982. This was 4 months after investing $100 million in a new 15,000-ton-per-day copper mine and mill. That facility was closed before the new equipment was even broken in. I bet it closed down even before Quintana received some of the invoices on the project. The facility is for sale now, and all the jobs are gone, except for the watchman and the dog that keeps him company. The main street of the nearby town was described by the mayor as Plywood Avenue because all the stores have closed and the windows are boarded up.

Meanwhile, Chile, Peru, Panama, Brazil, Argentina have 15 copper projects they would like to open or expand by the end of the century. If they finance these like they have their other projects, it will be with the help of the World Bank and the International Finance Corporation. I do not know who these countries think will need all this new production capability.

My bill will address this problem to a certain degree.

I could tell you that since 1979 imports have increased dramatically even though demand has been decreasing. It was not until the end of last year that demand started picking up. Imports from Chile alone have risen 240 percent since 1979. from 1982 to 1983 Chilean imports increased 54 percent while U.S. production dropped almost 10 percent from the already record low levels. Because of an oversupply of

copper, the price is as low, in real terms, as it was in the darkest years of the depression. At 61 cents a pound the price is below the production cost for all but a handful of producers. During 1983, for each dollar of net sales, the U.S. industry lost 16 cents.

Do you know why the price is so low? In one word, CIPIC, the Intergovernmental Council of Copper Exporting Countries. Some writers have compared CIPIC to OPEC and referred to the eight members, Chile, Zambia, Zaire, Peru, Australia, Papua, New Guinea, Yugoslavia, and Indonesia as the copper cartel. Unlike OPEC that wanted a higher price, CIPIC's present policy does not mind the lower price, but wants a bigger market share. At a time when U.S. producers were shutting down or curtailing production to bring the market more into balance, CIPIC continued a steadfast policy of maintaining production in spite of falling prices. By the end of 1982, CIPIC conceded that world consumption had fallen off throughout much of the world, and that depressed prices had caused widespread cutbacks in some nations, but CIPIC continued to support high production.

As of 1983 CIPIC has 53 percent of the Western World copper mine production; 59 percent of copper exports in the Westen World; 52 percent of the Western World reserve base of copper and 45 percent of total world reserve base copper. Clearly it has the resources to be a major influence in the copper market.

During this same time period when U.S. producers were closing down and CIPIC made its decision to increase production, the IMF passed out over $1 billion under the compensatory financing facility to six LDC clients. These six accounted for almost 50 percent of the production of copper in 1982. Five of the countries are members of CIPIC who voted to maintain and increase production. I do not think this is fair, or right and I do not think the United States should be contributing taxpayers dollars so that these countries can export their unemployment to the United States.

Let me take this one step further. The U.S. copper industry is not losing money and market share because it is not competitive. It is losing money and market share because it is not subsidized like its competitors.

Last year Chile not only overproduced but it devalued its currency by 100 percent which has the effect of cutting its production costs and then it borrowed $327 million at the IMF to cover export income shortfalls. Chile received the assistance because the price of copper is so low.

The abuses surrounding Zaire, another CIPIC member, are so sensational "60 Minutes" did an expose. President Mubuto's net worth is approximately equal to Zaire's $5 billion international debt. Copper accounts for two-thirds of the export income of that country yet Zaire has been a steady customer at the IMF and its compensatory financing facility.

The Philippines guaranteed a 75-cent-per-pound price for copper for the past few years for production at the Marinduque Mining and Industrial Corporation, which is 46 percent owned by the Philippines Government. Marinduque has been a constant cash drain on the government and has accumulated a staggering debt estimated at $1.2 billion. Marinduque would have shut down if it had not received continuous aid from the Philippine Government. Right now, the Philippines is negotiating $635 million worth or assistance at the IMF to reschedule its $24.9 billion debt.

Not all of that is attributed to the copper subsidy, but a significant portion is.

With unlimited financial support from their governments these foreign producers, Codelco, ZCCM, Gecamines, Marinduque, not only maintain production during times of world copper glut, but some actually increase production in total disregard for world supply and demand. The result is that the U.S. producers are made the marginal producers who are forced by the profit motive to operate on a month-to-month basis. This is not right and it is not fair.

I want to put the loans and other subsidies aside for a moment and look at the costs of production. U.S. production costs average 61 to 69 cents per pound. These do not compare too badly with African costs of 42 to 75 cents per pound and to Latin American costs of 43 to 56 cents. Keep in mind how much more the U.S. companies pay their employees, and remember pollution control probably adds 15 cents per pound to the production costs. If you stop and think about it, American ingenuity and know-how have kept the other production costs down to keep the U.S. companies competitive with their government-owned competitors.

On February 26, 1984, the domestic copper industry filed another section 201 case at the International Trade Commission. I am totally supportive of the case and I am hopeful that some meaningful relief will be implemented by President Reagan.

In the meantime, I feel compelled to do everything I can as a Senator to help this industry get a fair shake. We should not allow foreigners to carry away chunks of the U.S. economy using low import prices made possible through subsidization.

I do not expect this bill to solve all the problems facing the industry or to solve the problem of the compensatory financing facility, but it is a step in that direction.

Mr. President, I ask unanimous consent that the following materials be printed in the RECORD at this point: Statistics pertaining to copper production in the United States and copper production worldwide; a description of the bill; and the bill itself.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. COPPER MINE CAPACITY CURTAILMENTS (MTPY, RECOVERABLE COPPER)

Company/mine	Capacity idled	Remarks
Amoco Minerals:		
Cyprus Pima	39,000	Closed.
Cyprus Johnson	2,000	Curtailed.
Cyprus Bagdad	80,000	Closed.[1]
Anaconda:		
Berkeley	45,000	Do.
Butte Underground	4,000	Do.
Carr Fork	25,000	Do.
Anamax: Twin Buttes	55,000	Do.[1]
Copper Range: White Pine	54,000	Refinery processing scrap.
Duval:		
Esperanza	15,000	Closed.
Mineral Park	14,000	Do.
Sierrita	15,000	Curtailed.
Eisenhower: Palo Verde	23,000	Do.[2]
Hecla: Victoria	5,000	Closed.
Inspiration: Christmas	8,000	Do.
Kennecott:		
Bingham Canyon	25,000	Curtailed.
Chino	29,000	Do.
Ray	31,000	Do.[3]
Magma:		
San Manuel	20,000	Do.
Superior	39,000	Closed.
Noranda: Lakeshore	12,000	Curtailed.
Phelps Dodge: Tyrone	26,000	Do.
Pinto Valley:		
Copper Cities	2,000	Do.
Pinto Valley	65,000	Closed.[1]
Quintana: Copper Flat	15,000	Do.
Sharon Steel: Continental	20,000	Do.
Total	678,000	

[1] Sulfide mining suspended: SX–EW oxide processing continuing.
[2] Strike at Twin Buttes mill, Mission mill taking half.
[3] Oxide processing suspended; sulfide continuing.
Source: CRU

MAJOR MINE DEVELOPMENTS/EXPANSIONS BEING CONTEMPLATED

Deposit/mine and country	Prospective output/year (thousands tons)	Start date
Cerro Colorado, Panama	175	1990?
Roxby Downs, Australia	150	1990?
El Pachon, Argentina	100	1986.
Carajas, Brazil	160	(?)
Pelambres, Chile	125	1986?
Andacolla, Chile	75	1984?
El Teniente (x), Chile	80	1980's.
Disputada (x), Chile	200	1986?
Quebrada Blanca, Chile	100	1986?
Toromocho, Peru	83	(?)
Quellaveco, Peru	56	(?)
Tintaya, Peru	68	1984.
Toquepala (x), Peru	40	1980's.
Ok Tedi, Papua New Guinea	100	1980's.
Sar Cheshmeh, Iran	150	1980's.

GOVERNMENT-OWNED COPPER AND COPPER-RELATED COMPANIES IN THE WORLD, 1984

[In percent]

Country and company	Government's ownership share	Domestic output share
Chile:[1]		
Corporación Nacional del Cobre de Chile (CODELCO)	100	86
Empresa Nacional de Mineria (ENAMI)	100	9
Cia Minera Disputada de las Condes S.A	[1] 13	3

GOVERNMENT-OWNED COPPER AND COPPER-RELATED COMPANIES IN THE WORLD, 1984—Continued

[In percent]

Country and company	Government's ownership share	Domestic output share
Bolivia:[2]		
Corporación Minera de Bolivia	100	NA
Brazil:[3]		
Cia Vale do Rio Doce (CVRD)[a]	100	NA
Rio Doce Geologia e Mineracao S.A. (DOCEGEO)[b]	100	NA
Mexico:		
Mexicana de Cobre S.A	44	[1] 50
Cia Minera de Cananea S.A	95	[4] NA
Nacional Financiera	69	[4] NA
Comision de Fomento Minera	14	[4] NA
Banco Nacional de Mexico S.A	7	[4] NA
Cobre de Mexico S.A	5	[4] NA
Consejo de Recursos Minerales[c]	100	[5] NA
Peru:[4]		
Empresa Minera del Centro del Perú	100	
Empresa Minera del Perú	100	[m]15
India:[6]		
Hindustan Copper Ltd	100	100
Iran:[7]		
National Iranian Copper Industries	100	100
Oman:[8]		
Oman Mining Company	75	NA
Turkey:[8]		
Etibank[d]	100	NA
Karadeniz Bakir Ishetmeleri[e]	100	NA
MKEK[f]	100	NA
Austria:[9]		
Kupferbergbau Mitterberg GmbH[d]	100	NA
Montanwerke Brixlegg GmbH[g]	100	NA
Finland:[9]		
Outukumpu Oy[h]	100	NA
Yugoslavia:[9]		
RTB Bor[i]	100	100

GOVERNMENT-OWNED COPPER AND COPPER-RELATED COMPANIES IN THE WORLD, 1984—Continued

[In percent]

Country and company	Government's ownership share	Domestic output share
Portugal:		
Sociedade Mineira de Neves-Corvo S.A.R.L. (Somincor)	51	[10] NA
Empresa Minera e Metalurgica do Alentejo[j]	100	[4] NA
Philippines:[11]		
Philippine Associated Smelting and Refining Company	100	NA
Malaysia:[12]		
Overseas Mineral Resources Development Sabah Bhd	49	NA
Botswana:[11]		
Bamang Wato Concessions Ltd	15	100
Morocco:[11]		
Bureau de Recherches Géologiques et Minières	100	100
Zaire:[11]		
La Générale des Carrières et des Mines du Zaire (Gécamines)	100	100
Zambia:[11]		
Consolidated Copper Mines, Inc	100	100

Sources:
[1] U.S. Bureau of Mines. Mineral Industries of Latin America, by Martino, Orlando, Doris Hyde and Pablo Velasco. Washington, U.S. Govt. Print. Off., 1981. December 1981.
[2] U.S. Bureau of Mines. The Mineral Industry of Bolivia. Preprint from the 1982 Bureau of Mines Minerals Yearbook.
[3] U.S. Bureau of Mines. The Mineral Industry of Brazil. Preprint from the 1982 Bureau of Mines Minerals Yearbook.
[4] Roskill Information Services Ltd. The Economics of Copper. London, Roskill Information Services Ltd., 1984.
[5] U.S. Bureau of Mines. The Mineral Industry of Mexico. Preprint from the 1982 Bureau of Mines Minerals Yearbook.
[6] U.S. Bureau of Mines. The Mineral Industry of India. Preprint from the 1982 Bureau of Mines Minerals Yearbook.
[7] U.S. Bureau of Mines. Mineral Industries of the Middle East, by Shekarchi, E., Janice Jolly, Candice Stevens, David Morse, and John Rowland, Jr. Washington, U.S. Govt. Print. Off., 1979. February 1979.
[8] U.S. Bureau of Mines. The Mineral Industry of Turkey. Preprint from the 1982 Bureau of Mines Minerals Yearbook.
[9] U.S. Bureau of Mines. Mineral Industry of Western Europe, by Keyes, William, Roman Sondermayer, and Joseph Huvos. Washington, U.S. Govt. Print. Off., 1977. October 1977.
[10] U.S. Bureau of Mines. The Mineral Industry of Portugal. Preprint from the 1982 Bureau of Mines Minerals Yearbook.
[11] George Cokely, U.S. Bureau of Mines. Telephone conversation. March 29, 1984.
[12] U.S. Bureau of Mines. The Mineral Industry of Malaysia. Preprint from the 1982 Bureau of Mines Minerals Yearbook.

[a] In 1982 the Government had "a wide-ranging plan to sell many of its State-owned companies," according to the Bureau of Mines source noted.
[b] "CVRD's research arm."
[c] Exploration.
[d] Mining.
[e] Mining, milling, and smelting.
[f] Refining.
[g] Smelting and refining.
[h] According to the Bureau of Mines source noted, the mineral industry of Finland "... is largely government-owned enterprises, operating as private companies."
[i] Mining and smelting.
[j] Shares in various projects.
[k] Owned by the Sabah state government.
[l] Owned by ENAMI.
[m] Combined.

NA—Not available or not applicable.

State	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
Average number of workers employed at mine and mill including office workers, by State, 1974–83:										
Alaska					4	5				
Arizona	21,042	17,290	17,579	16,914	14,662	17,209	15,998	18,157	11,779	8,315
Arkansas							2	2		
California		2	20			2	2	1		
Colorado	10	9	23	10	2			2		
Idaho	83	48	47	46	49	31	66	42	28	52
Maine		151	119	108						
Michigan	2,776	2,563	1,595	1,312	996	1,049	1,026	1,173	883	179
Montana	2,029	2,635	1,496	1,305	1,279	1,278	1,062	1,620	855	612
Nevada	2,338	1,636	1,510	1,631	867	411	506	514	460	25
New Mexico	1,950	1,570	1,872	1,912	2,224	2,433	2,561	2,682	1,369	1,053
Oklahoma		20								
Oregon							28	49		
Tennessee	562	913	782	949	962	491	752	668	675	921
Utah	5,392	4,284	4,620	5,161	5,627	5,888	5,523	5,700	4,587	3,533
Washington		4		15	19	8				
Wisconsin		4			4	5				
Total	36,372	31,759	29,663	29,363	26,691	28,805	27,526	30,610	20,618	14,960
Average number of workers employed at smelters and refineries, including office workers, 1974–83:										
Total	18,100	16,500	14,600	13,100	15,000	15,000	13,000	14,000	11,700	
Grand total	54,472	48,259	44,263	42,463	41,691	43,805	40,526	44,610	32,318	

Source: Bureau of Labor Statistics, MSHA.

Description of the Bill

Use of the Compensatory Financing Facility of the Fund: The Compensatory Financing Facility makes assistance available to countries experiencing an export earnings shortfall because of falling world prices.

In 1982, for example, while the U.S. copper mines were shutting down due to lack of demand, Chile was increasing production. At the same time, the IMF passed out over $1 billion dollars to Chile and four other countries. These five accounted for almost fifty percent of the production of copper in 1982. The "entitlement" of those countries for assistance was due primarily to the low cost of copper and the resulting export income shortfall. These countries were Chile, Zambia, Zaire, Peru, and the Philippines. One significant reason for the low price was the copper glut caused by over-production by these same countries.

Under the present system these countries have been allowed to maintain, and even increase their production of copper even though there was a glut on the world market. Because of their increased production the price has remained at rock-bottom levels even though demand and consumption are up. The Compensatory Financing Facility in essence pays these countries to disregard the law of supply and demand.

The bill would require, as a condition for assistance under the Compensatory Financing Facility that these countries enter into an agreement not to add further to excess capacity and to take other necessary action to stabilize the market for the commodity.

Reporting Requirement: This section is substantially similar to an amendment offered to the IMF quota increase. It requires that the Secretary of the Treasury notify the Congress and the President every ninety days of applications filed with the various multilateral development banks for projects that would increase the capacity to produce surplus commodities like copper.

The bill also requires that Congress be notified when the primary producers of copper apply for any type of assistance at the IMF. This would allow Congress to suggest appropriate conditions that could be included in the arrangements for assistance.

Import Relief from Injury Caused by Import Competition: The standard of proof for Section 201 Trade Cases (like the one filed for copper) is higher than required by GATT.

The bill would make the U.S. law in this area consistent with GATT and at the same time make it easier for U.S. industries to prove their case and get the relief they need.

Under current law, the ITC makes a recommendation for relief. The President has total discretion. He has a wide range of trade remedies ranging from quotas, tariffs and negotiations for agreements. However, The President also has the authority to do nothing even though the industry proved its case. This is what happened to the copper industry in 1978.

The bill would require the President take some action when an industry proves its case. The bill retains all of the President's discretion except his option to do nothing.

Policy on Hard Commodities, a long term goal: When the Compensatory Financing Facility was first created, the assistance was mainly for agricultural products, the so-called soft commodities. It now covers hard commodities like copper, iron ore and other extractive metals and minerals.

The bill provides for a long term goal of removing hard commodities from the list of exports that are eligible for Compensatory Financing Facility assistance.

If this policy were implemented countries would no longer be able to ignore the law of supply and demand and have the IMF's Compensatory Financing Facility bail them out.

S. 2524

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Copper and Extractive Industries Fair Competition Act of 1984".

SURPLUS COMMODITIES

SEC. 2. The Bretton Woods Agreements Act (22 U.S.C. 286 et seq.) is amended by adding at the end thereof the following:

"USE OF THE COMPENSATORY FINANCING FACILITY OF THE FUND

SEC. 51. (a) The Secretary of the Treasury shall instruct the United States Executive Director of the Fund to present proposals to the Executive Board of the Fund at the earliest practicable time to ensure that countries experiencing a shortfall in export earnings from nonfuel, nonmetal or nonferrous metals or minerals, as determined under policies of the Fund regarding the use of its compensatory financing facility, may not borrow from the compensatory financing facility if such shortfall was produced by declining prices of a nonfuel, nonmetal or nonferrous metals or minerals commodity in surplus on world markets, unless the borrowing country enters into an agreement with the Fund to adjust production and not to add further to excess capacity and to take other necessary action to stabilize the market for such commodity.

"(b) The Secretary of the Treasury shall instruct the United States Executive Director of the Fund to vote against the provision of any loans or other financing assistance from the compensatory facility of the Fund to countries producing surplus commodities before the Executive Board completes action that would implement the provisions of subsection (a).".

REPORTING REQUIREMENT

SEC. 3. (a) Beginning 90 days after the date of enactment of this Act, and at intervals of 90 days thereafter until a date 3 years after the date of enactment of this Act, the Secretary of the Treasury shall prepare and transmit to the President and to the Congress a report—

(1) listing all appraisal reports which have been circulated during the preceding 90 days within the international financial institutions described in subsection (c)(2) for project assistance which would establish or enhance the capacity of any country other than the United States to produce a commodity for export, if—

(A) such commodity is in surplus on world markets or is likely to be in surplus on world markets at the time the resulting productive capacity is expected to become operative; and

(B) such assistance will cause substantial injury to United States producers of the same, similar, or competing commodity; and

(2) describing requests by any of the major copper producing countries for assistance from the International Monetary Fund.

(b) The Secretary of the Treasury shall instruct the representatives of the United States to the international financial institutions described in subsection (c)(2) to take into account, in their review of loans, credits, or other utilization of the resources of their respective institutions, the effect that country adjustment programs would have upon individual industry sectors and international commodity markets in order to (1) minimize any projected adverse impacts on such sectors or markets of making such loans, credits, or utilization of resources and (2) avoid wherever possible government subsidization of production and exports of international commodities without regard to economic conditions in the markets for such commodities.

(c)(1) For purposes of paragraph (2) of subsection (a), the term "major copper producing countries" refers to Chile, Indonesia, Papua New Guinea, Peru, the Philippines, Zaire, and Zambia.

(2) The international financial institutions referred to in subsections (a) and (b) are the International Monetary Fund, the International Bank for Reconstruction and Development, the International Development Association, the Inter-American Development Bank, the Asian Development Bank, and the African Development Bank.

(d) Section 50(a) of the Bretton Woods Agreements Act (22 U.S.C. 286 et seq.) is amended—

(1) by striking out paragraph (1); and

(2) by redesignating paragraphs (2) through (5) as paragraphs (1) through (4), respectively.

IMPORT RELIEF FROM INJURY CAUSED BY IMPORT COMPETITION

SEC. 4. (a) CAUSAL RELATIONSHIP REQUIRED FOR RELIEF.—

(1) IN GENERAL.—Paragraph (1) of section 201(b) (19 U.S.C. 2251(b)) is amended by striking out "substantial cause" and inserting in lieu thereof "cause".

(2) CONFORMING AMENDMENTS.—

(A) Sections 201(b)(2)(C) and 202(a) are each amended by striking out "substantial cause" and inserting in lieu thereof "cause".

(B) Paragraphs (3) and (4) of section 203(f) are each amended by striking out "substantially".

(C) Subsection (a) of section 201 is amended by striking out paragraph (4) and redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively.

(b) INTERNATIONAL TRADE COMMISSION RECOMMENDATIONS ADOPTED IN ABSENCE OF PRESIDENTIAL ACTION.—

(1) IN GENERAL.—Subsection (c) of section 203 (19 U.S.C. 2253(c)) is amended to read as follows:

"(c) If the President determines under section 202(b) that he will not provide other import relief within his discretion, the President shall, within 15 days after the date of such determination proclaim the increase in, or imposition of, any duty or other import restriction on the article which was recommended by the Commission under section 201(d)(1)(A).".

(2) PERIOD FOR WHICH RELIEF IS EFFECTIVE.—Paragraph (1) of section 203(e) (19 U.S.C. 2253(e)) is amended—

(A) by striking out "within 15 days" and inserting in lieu thereof "on the day which is 90 days",

(B) by striking out "90 days" and inserting in lieu thereof "on the day which is 120 days", and

(C) by adding at the end thereof the following new sentence: "Except as otherwise provided by this section, any import relief provided under this section shall be effective for at least 3 years.".

(3) ELIMINATION OF PRESIDENT'S DISCRETION IN TERMINATING RELIEF.—Subsection (h) of section 203 (19 U.S.C. 2253(h)) is amended by striking out paragraph (4) and redesignating paragraph (5) as paragraph (4).

(c) EFFECTIVE DATES.—

(1) INVESTIGATIONS OF INTERNATIONAL TRADE COMMISSION.—The amendments made by subsection (a) shall apply with respect to investigations conducted after the date of enactment of this Act.

(2) REPORTS OF INTERNATIONAL TRADE COMMISSION.—The amendments made by subsection (b) shall apply with respect to reports of the International Trade Commission made to the President after the date of enactment of this Act.

(d) REFERENCES.—Whenever in this section an amendment is expressed in terms of an amendment to a provision, the reference shall be considered to be made to a provision of the Trade Act of 1974.

POLICY ON HARD COMMODITIES

SEC. 5. The Secretary of the Treasury shall direct the United States Executive Director of the International Monetary Fund to use the voice and vote of the United States in the Fund to obtain the implementation of policies that would remove hard commodities, as defined by the Fund, from eligibility under the compensatory financing facility of the Fund.

RECESS UNTIL 2 P.M.

The PRESIDING OFFICER. Under the previous order, the Senate will now stand in recess until 2 p.m.

Thereupon, at 12:07 p.m., the Senate recessed until 2 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. ABDNOR).

URGENT SUPPLEMENTAL FOR FISCAL YEAR 1984 PUBLIC LAW 480 PROGRAM

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of the unfinished business, House Joint Resolution 492, which the clerk will report.

The assistant legislative clerk read as follows:

A joint resolution (H.J. Res. 492) making an urgent supplemental appropriation for the fiscal year ending September 30, 1984, for the Department of Agriculture.

The Senate resumed consideration of the joint resolution.

AMENDMENT NO. 2838

The PRESIDING OFFICER. Under the previous order, the pending question is the amendment of the Senator from Massachusetts (Mr. KENNEDY), which the clerk will report.

The assistant legislative clerk read as follows:

The Senator from Massachusetts (Mr. KENNEDY) proposes an amendment numbered 2838.

At the appropriate place in the section entitled "MILITARY ASSISTANCE" of H.J. Res. 492, add the following: No funds appropriated in this bill or other legislation shall be available for military assistance for the Government of El Salvador after May 31, 1984 unless that government has initiated a prosecution of those involved in the murder of two American Labor advisers in 1981.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. KASTEN. Mr. President, I yield to the Senator from Alaska such time as he may require.

Mr. STEVENS. Mr. President, I have had word from the majority leader, who is on his way back to the Senate after attending the funeral of former Congressman Evins, of Tennessee.

The majority leader has asked that we notify the Senate that a late night is expected tonight. There will be votes this afternoon and on into the evening on this measure because it is our intention to try to finish this measure and get to the reconciliation and revenue and spending ceiling measures as quickly as possible.

I thank the Senator for yielding.

The PRESIDING OFFICER. Who yields time?

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I suggest the absence of a quorum on my time.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, I ask unanimous consent that it be in order to modify the amendment, amendment No. 2838.

The PRESIDING OFFICER. Is there objection? Without objection, the amendment is so modified.

The amendment, as modified, is as follows:

At the appropriate place in the section entitled "MILITARY ASSISTANCE" of H.J. Res. 492, add the following: "Not more than 85 percent of the amount made available in this legislation may be expended until the Salvadoran authorities have brought to trial and have obtained a verdict with respect to the officer or officers responsible for the murder of the two American labor advisors in January 1981.

Mr. KENNEDY. Mr. President, yesterday the U.S. Senate voted to send an additional $61.75 million in military assistance to the Government of El Salvador. Today the U.S. Senate should tell the Government of El Salvador that this assistance will not be forthcoming unless certain basic conditions are satisfied.

Yesterday the U.S. Senate voted to send more guns, more bullets, more war to El Salvador. Today the U.S. Senate should vote to send more justice.

We have been here before. We are not being asked to plow new ground. We are only being asked to live up to the principles we espoused last year.

Last year Congress made it clear that continued military assistance to El Salvador depended upon continued progress in human rights and land reform in El Salvador. Last year Congress made it part of the law that 30 percent of the $64.8 million in military assistance for fiscal year 1984 would be contingent upon the Salvadoran authorities having obtained a verdict in the case of the murdered churchwomen. Last year Congress required the President to certify that the Government of El Salvador has "made good faith efforts to investigate the murders of the seven U.S. citizens in El Salvador in December 1980 and January 1981 and to bring to justice all those responsible for those murders."

Certainly we should do no less in our deliberations today. We cannot step back from the cause of human rights and justice in El Salvador. Instead let us join together and take a step forward.

Ten days ago the Government of El Salvador released Capt. Eduard Avila. In doing that, El Salvador thumbed its nose at the people of the United States. Ten days ago the Government of El Salvador released a man who, by his own admission, provided the weapon that was used to gun down in cold blood two American labor advisers and the head of the Salvadoran land reform program. In doing that, El Salvador thumbed its nose at the Congress of the United States of America.

We have now been challenged to remain true to our principles. We have now been challenged to stand up for justice. We have not been challenged to match our words with deeds. We have now been challenged to put our money where our mouth is.

Today the U.S. Senate should work to overcome our differences about foreign policy in Central America. Today we must stand together in the name of justice. We must stand together in the name of human rights. We must stand together.

The story is a tragic one, as are so many stories of suffering and violence that continue to come out of El Salvador.

Over 3 years ago, on January 3, 1981, Michael P. Hammer and Mark David Pearlman joined a Salvadoran friend for dinner at the Sheraton Hotel in San Salvador. Mr. Hammer and Mr. Pearlman were employees of the American Institute for Free Labor Development of the AFL-CIO, and they were in El Salvador as advisers to El Salvador's land reform program. They were with Jose Rodolfo Viera, a campesino labor leader and the head of the Land Reform Institute for the Government of El Salvador. Mr. Viera had been the target of three prior attempts on his life.

As they sat together at their table drinking coffee, two gunmen came into the room with a machinegun. They walked over to their table and shot them dead. It was a brutal, premeditated, politically motivated act of cold-blooded murder.

Michael Hammer was 42 years old. Mark Pearlman was 36, and Jose Viera was 43.

What do we know about that crime today?

Because of an investigation conducted by the American Institute for Free Labor Development we know that, on that same evening, there was another dinner party being held at that same hotel. That dinner party included a part-owner of the hotel, Ricardo Sol Meza. He is a Salvadoran businessman. Accompanying Mr. Sol Meza were three members of the Salvadoran Armed Forces. There was Maj. Mario Denis Moran, a military classmate of Roberto D'Aubuisson. Major Moran was at that time head of the intelligence section of the Salvadoran National Guard. There was Lt. Isidro Lopez Sibrian. He worked in the intelligence section of the national guard. And there was Capt. Eduardo Alfonso Avila, an associate of Mr. D'Aubuisson and the nephew of one of the founders of the Arena Party. In addition, there was Mr. Sol Meza's brother-in-law, Hans Christ, a large landowner and a wealthy Salvadoran businessman.

According to the AIFLD investigation, Mr. Christ spotted the two American labor advisers and the Salvadoran labor leader as they entered the dining room of the hotel. Approximately one-half hour later, Captain Avila and Lieutenant Lopez Sibrian walked to the front of the hotel where two bodyguards were waiting. According to the AIFLD investigation, Lopez Sibrian and Eduardo Avila gave the two national guardsmen—who were serving as their bodyguards that night—a machinegun and ordered them to go into the hotel to kill the two Americans and the Salvadoran. Mr. Christ then led the two guardsmen through the hotel and pointed out the three targets. Hammer, Pearlman, and Viera were then executed.

What has happened since then?

Today, more than 3 years after those men were murdered, despite confessions and admissions and solid evidence, no one has been tried.

In April 1981, the Salvadoran Government arrested Ricardo Sol Meza and requested the extradition of Hans Christ, who had fled to Miami. In the

fall of 1981, a Salvadoran judge suspended all action in the case on the grounds that there was insufficient evidence to implicate Christ and Sol Meza in the murders. That decision was upheld by a Salvadoran court of appeals in April 1982, and Sol Meza was released. An appeal of that decision is still pending before the supreme court.

As for Major Moran, he has seen service over the last 2 years in various Salvadoran embassies in South America, and he was recently brought back to El Salvador by Videas Casanova, the Defense Minister, to take charge of a command in the army.

The two national guardsmen who actually pulled the triggers are in detention. One of those two guardsmen was Major Moran's second in command in the intelligence section of the national guard. In September 1982, they confessed and, in their confession, they implicated Lieutenant Lopez Sibrian and Captain Avila.

After the national guardsmen confessed, they were remanded to a civilian court along with Lieutenant Lopez Sibrian. But in December 1982, the case against Lopez Sibrian was dismissed. The trial of the guardsmen cannot begin until appeals involving their codefendants have been resolved.

In April 1983, an appellate court upheld the dismissal of charges against Lopez Sibrian, and the case was presented to the supreme court for review. In November 1983, the supreme court denied the appeal. The case against Lopez Sibrian is over; it will not proceed unless new evidence is introduced within 1 year after the supreme court's decision.

On December 19, 1983, 3½ months ago, as a result of direct intervention by Vice President BUSH, it was announced that Captain Avila had finally been arrested by Salvadoran authorities. He was not charged with the murders of the three labor leaders but only with a minor military infraction—leaving his post without permission. And then on March 22, 1984—a mere 10 days ago—Captain Avila was suddenly released.

A spokesman for the U.S. Embassy in El Salvador has stated:

> We are convinced from early interviews in which polygraphic examinations were used that Captain Avila knows a great deal about the murders. We continue to expect the Government of El Salvador to meet its obligation to obtain that testimony.

Captain Avila is reported to have appeared in court last Saturday. It has been reported he has now denied under oath that he had anything to do with these murders. This testimony is in direct conflict with earlier statements which acknowledged his involvement in the matter.

Captain Avila's uncle is a justice of the supreme court—Dr. Ricardo Avila Morera. He is also a founder of the Arena Party.

What is the significance of all this? An editorial that appeared in this morning's Washington Post answers that question. The Post wrote:

> It's simple to understand the calculus at work here. The armed forces—which shield, if they do not actually harbor, the killers in the two American cases and in Salvadoran cases beyond counting—tend to protect their own. The national tradition and the practice of intimidation and bribery put them effectively beyond civilian political or judicial control . . . stonewalling and token concessions on the part of the Salvadorans have ensured that none of those who killed the Americans has been brought to justice. None.

This amendment, if passed, would require real progress in the prosecution of the individuals who ordered the murders of the labor advisers. This amendment follows the example set by Senator SPECTER last year. At that time, Senator SPECTER sponsored an amendment which fenced off 30 percent of the military assistance unless there was a verdict in the case of the murdered churchwomen. Ambassador Pickering has said that the Specter amendment has made a substantial contribution in promoting steady progress toward a verdict in that case. The same will be true for the case of the murdered labor advisers.

This amendment, if enacted, will withhold 15 percent of the amount we appropriated yesterday until the officer or officers responsible for these murders have been prosecuted and there has been a verdict in this case.

After the American labor advisers had been murdered in January 1981, the U.S. Embassy public affairs officer at the time stated:

> One day Mark Pearlman is giving us a briefing on agrarian reform, and the next day he's killed by these mad-dog types who are supposed to be on our side. They killed our own people, our friends, our own damned people, and what can we do about it?

Mr. President, there is something we can do about it. And we must do it today.

We have said the United States is for human rights in El Salvador. We have said that death squads must be eliminated in El Salvador. We have called for justice in El Salvador. Today we must make our deeds match our words. Today, if we pass this amendment, the actions of the U.S. Senate will speak louder than any words we could possibly say. Today if we pass this amendment, our message will be conveyed—not only in words—but also in deeds.

In the name of justice, in the name of those murdered Americans whose only sin was to work for social progress for the people of El Salvador, in the name of the people of the United States, let us tell the Government of El Salvador that these killers must be called to account. Better late than never.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time? Time runs equally against both sides.

Mr. BIDEN. Mr. President, I ask unanimous consent that I may be able to proceed for 5 minutes, as if in morning business, and that whatever the situation was on the floor prior to my taking the floor be resumed after I leave the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. BIDEN. Mr. President, I was to engage in a colloquy this morning with the distinguished Senator from Maine, but there was one hitch: the colloquy began on time, as the Metroliner left Wilmington, Del., without me on it. Consequently, I was unable to be here. I ask unanimous consent that the statement I am about to make appear as part of that colloquy this morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

(Mr. BIDEN's remarks appear earlier in today's RECORD.)

Mr. KASTEN. Mr. President, I yield myself such time as I may need.

Mr. President, yesterday the Senate once again spoke in very overwhelming and bipartisan terms by virtue of its votes on two separate amendments.

Those amendments sought to reduce the emergency military assistance funding as recommended by the Inouye compromise and which the Senate adopted last Thursday. I think it is clear that the Senate now is strongly in support of the Inouye compromise figure.

New efforts to reduce or eliminate this funding will now take the form of various conditions, some of which the authors know are impossible to meet, some of which are already in effect, and others of which are simply counterproductive.

Yesterday, the senior Senator from Hawaii touched on the theme I would like to briefly emphasize today. That is that the Committee on Appropriations will not take a back seat to anyone as far as the issue of conditionality is concerned, and the Committee on Appropriations will not take a back seat to anyone in terms of our desire to press the Salvadoran Government for the needed reforms, some of which are mentioned in amendments today.

As the senior Senator from Hawaii pointed out yesterday, the very first condition was demanded by the Committee on Appropriations when it consented to the drawdown of military assistance for El Salvador during the last days of the Carter administration. Not only did the Committee on Appropriations, led by the chairman and ranking minority member of its For-

eign Operations Subcommittee, initiate the first condition, with the exception of the certification process, our committee has initiated each and every term and condition related to military assistance for El Salvador. As I mentioned, the exception is the certification process, which now both friends and critics of the policy in Latin America seem to agree is a discredited mechanism.

Members will suggest that we hold back or limit assistance until the verdict is reached in the churchwomen's case. The Committee on Appropriations has already done that 4½ months ago. While I will have further to say on this matter when an amendment is proposed, it is unquestionably that legislation which forced a course of action which is now on track and where we can now see a conclusion to that horrible episode.

This amendment would condition assistance on an expeditious prosecution of those charged with the murder of the American labor leaders. The Committee on Appropriations has done that in report language. In regard to the amendment being offered by the senior Senator from Massachusetts, let me briefly say that the Committee on Appropriations has been pushing for the prosecution of all who are suspected of these murders, but we have refused to set deadlines at this juncture because it could, many believe, cause prosecution of only the gunmen themselves.

Death squads? The committee has been pushing that issue as well, and, in fact, as the senior Senator from Hawaii said on the floor when he presented his compromise, one of the reasons for his recommended reduction in the administration's request was a cautious eye on all of these matters, and such reduction made clear to the Salvadoran Government that we continue in our determination that the elimination of death squads be a top priority.

Discussions between the opposing forces in El Salvador? The Committee on Appropriations, in its report which accompanied the supplemental appropriations bill for fiscal year 1983 specifically conditioned assistance on an administration initiative with other countries in the region, the OAS, and/or international organizations to bring about unconditional discussions between the Government of El Salvador and its adversaries on the holding of free, fair and safe elections, and any other subject of concern between the parties.

I might point out that the Committee on Appropriations' action, and I believe the Senate of the United States will go along with it this week, is the first element of Congress to enact into law any part of the bipartisan Kissinger report, when we agreed to the conditionality suggested by that report and made it part of the pending legislation.

Mr. President, have the terms and conditions which the Committee on Appropriations put forward made a difference? The answer is yes. I am sure that all of us would agree that in many cases the human rights issues have not progressed as quickly as we would like, but unquestionably it is because of our insistence that they have progressed as far as they have. This is not to say that we should be satisfied, the Committee on Appropriations is satisfied or that I and the senior Senator from Hawaii are satisfed. But we have made progress, and we remain seriously concerned and genuinely resolute in our efforts on these issues. But let us not be unreasonable or counterproductive.

Mr. President, I will have more to say on each of the specific amendments as they come up, but I did want to lay on the record the position of the Committee on Appropriations on these matters, and before yielding the floor, I would like to ask the senior Senator from Hawaii if he does not share my views of what our committee has done on these issues over the years.

Mr. KENNEDY. After the Senator completes his statement, and before he makes a motion, would he yield to me?

Mr. KASTEN. I am pleased to yield to the Senator from Massachusetts.

Mr. KENNEDY. I do not know whether the Senator from Wisconsin had the opportunity that many of us had to talk to U.S. Ambassador Pickering when he was here last week at several briefings for Members. During those meetings, he was asked specifically whether the establishment of conditions hindered the process of carrying out justice in the case of the murdered churchwomen. He indicated at that time that "reasonable and practical," I think those were the two words he used, reasonable and practical conditions were actually welcomed.

I wonder whether the Senator from Wisconsin was aware of Ambassador Pickering's view about conditionality and whether he was familiar with the Ambassador's views about the conditions which had been placed on the military aid assistance program last year with regard to the churchwomen.

Mr. KASTEN. I would say, in response to the Senator, I was at the same meeting that he was, and I had long discussions with Ambassador Pickering and others in terms of conditionality and how it would work, and why it works in some cases, and why it might not in others. It is a very, very fine line; a difficult line.

We on the Appropriations Committee decided to follow the recommendations of conditionality of the Kissinger Commission, not necessarily the recommendations of the administration, who is opposed to any conditionality. Those are the conditions that are included in the bill. And we believe, and Ambassador Pickering believes and others believe, that these conditions are appropriate for this special emergency bill.

I believe that we have been successful in helping to reform the overall judicial system there. We have made in the report language, as the Senator, I am sure, is aware, specific reference to the labor advisers case in two of our appropriations bills so far.

Mr. KENNEDY. But not this one.

Mr. KASTEN. We are pushing, but we have not withheld the aid. I would suggest that any effort to withhold aid today is simply a vote against the level that we have agreed to; someone might argue later today with some of the other conditions, that that would be all we need. We must move forward with this emergency bill. Conditionality, in addition to what we have yet to discuss, the War Powers Act, et cetera, may very well be before this Congress at another time. I am sure it will. But today I am hopeful that we will be able to defeat efforts to add additional conditions, additional certifications, additional time delays, because I believe that we are putting maximum pressure on the Government there.

I know that the administration is opposed to the amendment of the Senator from Massachusetts on this bill. I believe that what we ought to do now is recognize that the $62 million figures is the figure that the Senate has settled on, and this would in fact be a cut.

Mr. KENNEDY. If the Senator will yield further, what we are basically talking about is the murder of American citizens, in cold blood, according to confessions of those who pulled the trigger. It has been 3 years and 3 months since we have had any action, other than the arrest of the two national guardsmen. With the recent release of the prime suspect, there is little prospect for bringing to justice those that gave the order for killing Americans.

I wonder what steps the Senator from Wisconsin thinks that we should take if we are expecting to get justice for these Americans. Frankly, there is very little else we can do for those who have lost their lives in assisting the Salvadoran people. But we are voting taxpayers' money here. Families of the two labor advisers are gravely concerned. We have the failure of any serious response by the Salvadoran judicial systems. And we have had the statement of the present U.S. Ambassador to El Salvador, Ambassador Pickering, who indicated in response to questions from Members of the Senate that he believes conditions on our assistance would be useful. We hear that the administration apparently feels otherwise.

Does the Senator from Wisconsin feel that these are unreasonable restrictions or conditions to place on this appropriation?

Mr. KASTEN. In further response to the Senator—and then I intend to yield to the Senator from Texas—I would like to just say that no, the administration is every bit as opposed as the Senator is, as I am, as everyone is to the lack of progress in the judicial system in El Salvador, and we are specifically concerned about the cases of the churchwomen and the cases of labor advisers, because they involve American citizens. These conditions were included, one in the report language, one with the Specter amendment. Frankly, that was on a bill which was not of an emergency nature, that was on the regular supplemental appropriation bill; in fact, the regular bill, because the foreign operations bill was not in fact passed. That was the place for these conditions.

The Senator from Massachusetts might argue about their form. I think that the Ambassador would tell you that both have helped, and that both the churchwomen's case and the labor advisers' case are moving forward.

I am opposed to this language on this bill. When we have a 1985 authorization bill, which is presently being debated in the Foreign Relations Committee right this minute, or when we have a 1985 appropriations bill which is not of the emergency nature that this is, we might well get together on language. Hopefully, both these cases are going to be disposed of before then. But on this bill at this time, this amendment becomes a delaying mechanism, and I do not believe that we can afford to have further delay.

Mr. KENNEDY. I see my friend from Hawaii on his feet, but I would just make this point. Rather than moving forward in the cause of justice with regard to these two Americans who were killed, I would suggest that the recent action by the Salvadoran Government in releasing Mr. Avila, when there is a confession that he was the one who gave the order to assassinate these two Americans, indicates that we are moving backward. Whatever emergency exists—and that is open to debate and discussion—it just seems to me that when we are talking about Americans, when we are talking about taxpayers' money, when we are talking about the murder and the assassination of American labor advisers we ought to be able to establish some rather basic conditions of justice and human rights if we are going to provide this kind of help and assistance.

I dare say that there may be an emergency with regard to military aid and assistance, but I do not believe that claim has been established. I have attended the top-secret briefings and have listened to the statements of the Chiefs of Staff with regard to that issue. But I would say there is an emergency in El Salvador with regard to the basic system of justice, especially when we are talking about the murder of Americans.

Mr. President, I hope that this amendment will not be tabled.

Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. KASTEN. Mr. President, I yield to the Senator from Hawaii for a brief response to the Senator from Massachusetts. Following that brief response, I then yield what time he desires to the Senator from Texas. First, I yield to the Senator from Hawaii.

The PRESIDING OFFICER. The Senator from Hawaii is recognized.

Mr. INOUYE. Mr. President, once again with some sadness I find myself speaking in opposition to my dear friend from Massachusetts. This amendment, for all intents and purposes, is simply to reduce the amounts we have agreed upon by 15 percent. All of us abhor murder and assassination. That is not the issue before us.

If the American system of justice is the model system, and if that is the system on which we would compare the Salvadoran system, then I think it would be well that we review some of the available statistics. My friend from Massachusetts, as one of the ranking members of the Committee on the Judiciary, is well aware of this. Of all the murders committed in these United States, less than three-quarters result in an arrest. The most recent statistics available, those for 1982, indicate that of the 21,012 identified murders, arrests were made in only 74 percent.

Of those who committed murder in 1982, no more than 31 percent, less than one-third, were imprisoned. And of that number, 18 percent spent less than 1 year in prison.

Mr. President, in the United States, in 1982, for every 100 arrests for murder, 32 of those accused were not prosecuted. How can we hold El Salvador to a higher standard?

Mr. President, this amendment assumes that we, the officials of the United States or the Salvadorans, know who the culprits are. I have no way of knowing who the culprits are. Yet, we are now telling the authorities in El Salvador that they will have to now convene a trial and have a verdict handed down or the military assistance appropriation is going to be cut by 15 percent.

Imagine if we placed a condition such as this on the LEAA appropriations which we are funding every year and were to tell our States that, if you do not bring the murderers to the bar, none of these funds may be expended. None of the funds, Mr. President, would ever be expended. Less than one-third of those who commit murder ever find themselves placed behind bars in the United States. Nonetheless, we are telling those in El Salvador we want you to do a little better. We want you to have a 100-percent rate of arrests and we want verdicts in all cases. Therefore, much as I hate to do so, I am compelled to join my colleagues in tabling this amendment.

Mr. KASTEN. Mr. President, I yield such time as the Senator from Texas may desire.

Mr. BENTSEN. Mr. President, I thank the distinguished manager of the bill.

Let me thank and congratulate the Senator from Hawaii for pointing out the practicalities and the problems that we have with this kind of amendment.

I would like to speak to a little broader issue.

Mr. President, I would like to take a few minutes of the 50 hours scheduled for this debate and attempt to explain why I think El Salvador is important and why I believe it is in our national interest to continue assistance to the government of that country.

Mr. President, a little more than a week ago there was an election in El Salvador. More than 1.4 million people went to the polls. They braved physical danger; they stood in lines for hours; they had to contend with bureaucratic inefficiency.

We all know those elections were not perfect; many people who wanted to vote were prevented from casting ballots by the insurgents or by the ineptitude of Salvadoran authorities.

But despite all these obstacles the turnout was greater than we see in an American Presidential election. The confusion was no greater than we have seen here at the D.C. Board of Elections.

I think there is general agreement, Mr. President, that the elections were fair; all parties have accepted the results. In fact, America's preferred candidate—Napoleon Durate—did very well. He got more than 43 percent of the vote.

But from the tenor of this debate you would think there had been a coup—not an election—in El Salvador. I think America should take heart from the election and from Duarte's strong showing. This is the time—this is the moment—to indicate our support for the democratic process in El Salvador. The notion that we can somehow maximize our leverage by holding back on aid until we are assured that Duarte wins the next round is absurd. It also suggests an unacceptable degree of influence in the Salvadoran elections.

I know there are Senators who do not want to provide aid at this time for El Salvador because they ask:

What if d'Aubuisson wins? What will he do with our arms and money?

Well, I do not want Robert D'Abuisson to win the run-off. But I would submit that the United States—as the champion of democracy—has an obligation to see the election process through to its conclusion. Let the people of El Salvador chose their president. If we do not like their choice, then we can reexamine our policy in the light of that reality. But for us to adopt a strategy that undermines the election process makes a mockery of everything this country stands for.

The whole purpose of our policy in Central America is to offer democracy and opportunity as alternatives to repression and injustice. We have seen two elections in El Salvador in 2 years; they were not perfect, but they were pretty good. They suggest to me that the people of El Salvador want a voice in determining their own destiny. I think the United States should move now to demonstrate our support for the elections and the democratic process. Let us keep the ball rolling. If Durate wins later this month, perhaps we will want to make even more assistance available to his government.

What I do not understand, Mr. President, is how those who want to end or reduce further or condition our aid to El Salvador feel they are fostering prospects for democracy in that country.

Will an end to assistance guarantee victory by Durate? Will it put an end to killing by left and right wing death squads? Will it put more land in the hands of the peasants? Will it insure social justice?

No; it will not. The only thing it will guarantee for sure is a military victory by the insurgents and a repudiation of the two elections that have been conducted in El Salvador.

I have never understood, Mr. President, why critics of our policy in Central America believe they staked out an exclusive claim to the moral high ground on this issue.

Critics of our policy in Central America demand that El Salvador march to our orders and make itself over in our image. They imply El Salvador must be reformed before it can be redeemed—and that reformation must be checked and monitored every step of the way by no less an authority that the U.S. Congress. They demand an end to all aid unless the Government of El Salvador begins unconditional negotiations with the forces trying to overthrow it. That Mr. President, is an extraordinary condition by any standard; it suggests a benevolent colonialism—even moral trusteeship—that is out of character for America in the latter part of the 20th century.

Mr. President, critics of our policy in Central America have no monopoly on morality. We all deplore the ravages of the death squads; we all deplore the corruption and injustice in El Salvador; we are all dismayed at the lack of progress in bringing to trial those responsible for the murder of American churchwomen and labor representatives.

The difference is that the critics see these failures of El Salvador as failures of American policy. They suggest that the United States—or our support—is somehow to blame for all this blood and injustice. I think they are wrong—seriously and dangerously wrong. I think we must be willing to accept progress even when it is not perfection. And I would submit, Mr. President, that there has been important progress in El Salvador in most of the areas of concern to critics of our policy in the region.

That progress is not as fast as we would like. It is not as steady or even as we would prefer. It will not necessarily even lead to victory for the forces of reason and democracy in the region.

But to deny the existence of progress in El Salvador is to deny the facts. It is to favor rhetoric over reality.

Take the issue of the death squads. To hear the talk on the floor of the Senate, you would think they are running rampant in El Salvador and killing everyone to the left of Robert d'Aubuisson. That, of course, is nonsense.

The fact is that El Salvador has been a massive killing ground for half a century. Terror and mayhem are endemic to the country. The United States did not spawn terrorism or death squads in El Salvador.

I do not know who is to blame for death squad murders. I have my suspicions, Mr. President—we all do. But those suspicions are difficult to prove, even when we are willing to pay $50,000 for testimony.

The United States is not responsible for the death squads; we do not condone their activities. In fact, the evidence suggests that we have leaned very hard on the Government of El Salvador to find those responsible for these outrages. We have told the Government of El Salvador, at the highest levels, that death squad activity must cease.

As far as I know, Mr. President, we have had some real success in this regard. It has been several months now since there has been a prominent murder attributed to the death squads. However, several prominent right wing politicians—three legislators, two retired officers, and now an election official—have been assassinated. We have all seen pictures of their bodies in the papers.

Where is the outcry in this body against left-wing death squads? Are we only concerned with violence from the right? Mr. President, in June 1981 more than 800 people a month were being killed by civilian violence in El Salvador. Last month, according to State Department information—that figure was down to 68.

I know there are people who scoff at our figures or official El Salvador figures—especially when they do not fit their arguments. But even the critics would have to agree that death squad activity and random violence are down—way down—in El Salvador, by whatever measure.

Some opponents of continued aid to El Salvador imply that it does not really matter who governs that country. Mr. President, I think it matters a great deal.

There was a time when isolationists would argue for a retreat to fortress America—get back behind the ocean moats and pull up the drawbridge. Mr. President, when we are talking about Central America there is no moat, there is no drawbridge—there is only Mexico.

To suggest that we should be unconcerned about Marxist expansionist governments in the hemisphere is absurd. Does it matter that Cuba is Marxist? Of course it does. I do not think America can afford to shrug its shoulders and accept whatever comes along in this world—in this hemisphere. I do not think we should be turning 5 million Salvadorans over to 11,000 insurgent supported by Nicaragua, Cuba, and the Soviet Union.

Some have argued on the floor of the Senate that we should dribble out aid to El Salvador—take it a few months at the time. They point out that there is money and supplies in the pipeline. That is true, Mr. President, but when you empty the pipeline, it takes time to fill it back up again. It takes months. It creates problems of trust and vital shortages. It creates incentives for the El Salvador military to husband resources at this critical moment before the run-off election. So I do not want to see us drain the pipeline just a few days after a successful, Democratic election in El Salvador.

I know there are people who argue for a shorter leash because there is uncertainty about who will be running El Salvador after the elections. They suspect the administration is trying to pull a fast one—to buy some insurance against a victory by D'Aubuisson.

Mr. President, I do not believe that. The administration did try to pull a fast one. They did a lousy job of it; they were caught, and they have paid the price.

The Secretary of State came before the Intelligence Committee and apologized. I accept that apology. I think it is time to judge the issue on its merits—and to follow correct Senate procedures.

The El Salvador election—the first phase of the election—is over. Duarte did well—better than many dared to imagine. He is favored in the run-off. The Democratic process will take its course.

Mr. President, I think that is progress. Free elections—even relatively free elections—are not an everyday occurrence around the world. Why would we be reacting negatively? Is it our fault that the insurgents did not want to take part in the elections? Are the people who voted—more than 1.4 million Salvadorans—to blame for rebel attacks and attempts to disrupt the process?

The critics say the FMLN did not participate in the elections because their safety could not be guaranteed. I say they ran away from popular judgment because they do not have broad popular support in El Salvador.

Despite these differences, Mr. President, there are areas in which we can all agree on Central America policy. We can agree that there is no justice in El Salvador—and that is a situation that must be corrected. The unsolved murder of the four churchwomen and the two American labor advisers is shameful; it is a scandal, and we must continue to keep up the pressure on the officials of El Salvador to reform their system of justice and bring these murderers to trial.

Equally important, we should be able to agree that Central America is a region vital to our national security.

We are spending $300 billion a year to defend America and protect our freedoms in a dangerous world. Today we are debating $63 million for El Salvador. Mr. President, that is 2 hours of our defense budget—120 minutes at the Pentagon.

Obviously, the money is not the issue. It is a matter of principle that is at stake. It is a question of how—or whether—to help a government well disposed toward the United States. How—or whether—to help that Government continue to move toward democracy and decent respect for human life.

I, for one, fail to see how we achieve our objectives by turning our back on El Salvador. I do not see how we can demand that Government undertake unconditional negotiations with an insurgent movement committed to its own destruction. I am certainly no Pollyanna about El Salvador. I have been there. I have been through the debates in the Intelligence Committee. And I have made the point over and over that we cannot win this war for them; if they lack the will they will eventually lose. If they accept terror they will lose the people.

But I think there is progress. The elections are progress. The lull in death squad activity is progress. I say let us give the new—the elected—Government in El Salvador a chance. Let us see if it can build on the progress of the past and—with the support of America—lay the foundation for a better future.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER (Mr. ARMSTRONG). The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I am, quite frankly, amazed at the statements and comments that are made by my good friend from Texas, and even my friend from Hawaii, when they talk about unsolved murders in El Salvador and unsolved murders in the United States. We are not talking about unsolved murders, Mr. President, we are talking about organized assassination squads, whether they be from the left or the right. Anybody who knows anything about El Salvador knows that organized murder squads have been organized by the military. That is what we were talking about. We are not talking about the statistics of accidental death or crimes of passion in the United States. We are talking about two national guardsmen who admitted that Mr. Sibrian gave the order and Mr. Avila gave them the gun. And they went out and killed two Americans. That is what we are talking about.

It is interesting to listen to my colleagues, many of whom supported the invasion of Grenada in order to save American medical students at the loss of some 30 American lives. They said that that was completely justified. Now we are discussing two Americans who were killed in cold blood. We have the direct testimony about who gave the order and who gave the gun. And we are hearing these speeches about fortress America directed at those of us who support this amendment. Who mentioned that? Or that we are suddenly isolationists. Who mentioned that? Or that we are not interested in United States interests in Central America. Who mentioned that?

Of course, we are interested in it. But is there anybody in this body who believes that there is greater stability in Central America after 3 years of a guns and bullets policy? Is there anyone who believes that we are closer to the cause of social justice, equity, and democracy in Central America because we are providing more ammunition and more than $1.2 billion in economic and military aid in the last 3 years? Of course not.

Does anybody believe that we are completely out of step with the countries of the region who offer and suggest a significantly different policy? Of course we are.

But, Mr. President, it is amazing to me to hear how outrageous this suggestion to withhold 15 percent of this particular appropriation is when the law, at the current time, requires 30 percent of the previous appropriation be fenced until there is a verdict in the case involving the murder of the four American churchwomen. And not one amendment, either, from the Senator from Texas or the Senator from Hawaii or the Senator from Wisconsin to eliminate that. No amendment on these lists, no proposal that we eliminate that condition. No, no.

The President of the United States signed it. He was for that condition because of the murder of the churchwomen. But, no, we get up on our highhorses and say that we are not going to provide any kind of conditioning with regard to the murder of Americans who happened to be labor advisers and were shot down in cold blood.

Listen to what the chairman of the committee (Mr. KASTEN) wrote on March 23 of last year, to Mr. Shultz. I will read a part of the letter and will include all of it in the RECORD:

> The Committee will watch events in El Salvador closely in the coming months. When the fiscal year 1983 supplemental and the fiscal year 1984 appropriations bill come to the floor of the Senate, the Committee will decide in light of developments whether to offer amendments to reduce or eliminate funds for El Salvador. Our judgment on that issue will be determined by the progress, or lack of it, that El Salvador has made in dealing with the terms, conditions, concerns and understandings in this letter. Some of the questions which the Committee will consider in determining what action will be taken on future requests for assistance to El Salvador are as follows:
>
> 1. Is unlawful violence attributable to elements within the government being brought under control and are perpetrators being brought to justice under a strengthened judicial system?
>
> 2. Have the cases involving the American churchwomen and the American labor leaders been fairly and expeditiously prosecuted?

I ask unanimous consent, Mr. President, to have the complete letter printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON APPROPRIATIONS,
Washington, D.C., March 23, 1983.

Hon. GEORGE P. SHULTZ,
Secretary, Department of State,
Washington, D.C.

DEAR MR. SECRETARY: This is with reference to the various reprogramming requests pending before the Committee on Appropriations dealing with increased military ($60 million) and economic ($77.1 million) assistance for El Salvador in fiscal year 1983.

The Committee will not object to these reprogramming requests with the understanding that the administration will agree in writing to the following terms and conditions with reference to these funds and U.S. policy toward El Salvador:

1. A reaffirmation by the President, of the assurances given to the Committee in 1981, that the number of United States military advisors and trainers will not exceed 55 persons;

2. Given the inadequate functioning of the Salvadoran judicial system, the administration will begin a new and immediate effort aimed at addressing the structural defects in this system with special attention to the effective prosecution of those accused in the murders of the United States citizens;

3. The administration will begin a new and immediate diplomatic initiative aimed at securing from the Salvadoran military their guarantee of the physical security and integrity of the participants in the justice system, including justices, prosecutors, defense attorneys and witnesses;

4. The administration will take the initiative in cooperation with countries in the region, the OAS, and/or other international organizations, as appropriate, to bring about unconditional discussions between the government of El Salvador and its adversaries on the holding of free, fair and safe elections, and any other subject of concern between the parties.

In addition to the above terms and conditions, the Committee's approval of these reprogrammings is based on the understanding that the administration will seek a political solution in El Salvador. The Committee will expect the administration to pursue vigorously the regional strategy you described at Tuesday's hearing as it relates to support for democracy and the protection of human rights, support for economic development and hope for the future, and support for peaceful solutons. The Committee accepts the need to support the security of the nations of the region and to deter the "revolution without frontiers" in order to give these political, social and economic elements of your strategy a chance to succeed. As you pursue a political solution, the Committee believes a good start in that direction could be an effort to enlist other governments in the region in a common effort, in which those countries, along with the United States, would form a commission to meet as soon as possible for the purposes of seeking the eventual peaceful resolution of the conflict.

The Committee will watch events in El Salvador closely in the coming months. When the fiscal year 1983 supplemental and the fiscal year 1984 appropriations bill come to the floor of the Senate, the Committee will decide in light of developments whether to offer amendments to reduce or eliminate funds for El Salvador. Our judgment on that issue will be determined by the progress, or lack of it, that El Salvador has made in dealing with the terms, conditions, concerns and understandings in this letter. Some of the questions which the Committee will consider in determining what action will be taken on future requests for assistance to El Salvador are as follows:

1. Is unlawful violence attributable to elements within the government being brought under control and are perpetrators being brought to justice under a strengthened judicial system?

2. Have the cases involving the American churchwomen and the American labor leaders been fairly and expeditiously prosecuted?

3. Is there a functioning amnesty program, designed and being implemented in a manner that will restore to the beneficiaries a genuine opportunity to participate in Salvadoran society?

4. Have election procedures been developed that will provide practical guarantees of safety for all who wish to participate in election campaigns and to cast ballots representing their choice?

5. Are the armed forces providing an effective shield, behind which political, social and economic reforms are taking place?

Finally, the Committee wishes to state its absolute commitment to free, fair and safe democratic elections in El Salvador, and expects the administration to continue to press upon the Salvadoran government its own steadfast insistence on free and fair elections.

Sincerely,

ROBERT W. KASTEN, Jr.,
Chairman, Subcommittee on Foreign Operations.
ALFONSE M. D'AMATO,
U.S. Senate.
WARREN RUDMAN,
U.S. Senate.
ARLEN SPECTER,
U.S. Senate.
DANIEL K. INOUYE,
Ranking Minority Member, Subcommittee on Foreign Operations.
J. BENNETT JOHNSTON,
U.S. Senate.
DENNIS DECONCINI,
U.S. Senate.

Mr. KENNEDY. That letter was written over a year ago. The signature of the Senator from Wisconsin and Senator INOUYE are on that letter with specific reference to the care of the murdered labor advisers. It is just amazing to me, Mr. President, to hear on this floor that we are talking about "just murder in El Salvador; since we cannot do anything about it here in the United States, how can we expect it to be done in the El Salvador situation?"

That, Mr. President, is a logic and a reasoning that I find impossible to understand, especially when the triggermen have named in confessions those who gave the order and who gave the gun, and especially when the man who provided the gun, has confessed to that. And then he is released, 10 days ago, and, we are supposed to say that this is just a murder in El Salvador; we cannot solve murder in the downtown streets of Washington, so how are we going to solve it in El Salvador?

That is the most convoluted reasoning, Mr. President, with all due respect. I think the logic and the reasoning of my associates would have been much more believable if they had said they had offered an amendment to eliminate the conditions regarding the case of the American churchwomen. Then they would have at least logic on their side. But, oh, no, they did not touch that. But they refuse to address this particular issue.

I hope, Mr. President, that this body will be prepared to speak on that matter. If we are concerned about the cause of justice, decency, and human rights and we are concerned about American lives, before we go ahead and appropriate many more millions of dollars, we must say that we mean business when it comes to organized murder and death squads. If we do not, we are sending a very clear message, Mr. President. It is one that I certainly do not want to have any part in, or anything to do with.

Mr. President, I shall be glad to yield such time to the Senator from Connecticut as he needs. How much time remains?

The PRESIDING OFFICER. The Senator has 25 minutes and 6 seconds remaining.

Mr. KENNEDY. I yield such time to the Senator from Connecticut as he may wish.

Mr. DODD. Mr. President, I thank my colleague for yielding.

This admonition to the Salvadoran Government, issued in December 1983 in the person of our Vice President, to control the violence and the death squads or face a reduction in American support seems almost irrelevant today. This weekend's headlines make it all too clear, I think, to many of us. While we in this body have debated the administration's request for a massive increase in military aid to El Salvador, we find the Salvadoran Army released the very principal in the 1981 murders of American labor advisers, an army captain who allegedly directed the death squads responsible for those assassinations.

Mr. President, as difficult, if not impossible, as it may be to argue that the Salvadoran Government is controlling the death squads, this administration seems prepared to do just that. At least, that is the appearance. I do not want to believe that that is the case, but at least, that is the impression one is left with, that the kind of response we see to these actions I think leaves objective people with the conclusion that there does not seem to be a strong determination to do anything about this.

Assuming that the Vice President's threat was real, and I believe it was, his words were echoed by the Secretary of State, echoed by Mr. Fred Ikle, who is with the Defense Department, two American Ambassadors, and the Assistant Secretary of State for Human Rights. It is almost unprecedented to have a Vice President of the country, a Secretary of State, an Assistant Secretary of Defense, two Ambassadors, and an Assistant Secretary of State for Human Rights all go to the country involved and, in effect, say, "You have to stop this, you are jeopardizing the political base of support, not to mention the question of right or wrong, if this action continues." That is heavy timber to send in. These are not just some colleagues of ours in the Senate or the House, but the top-ranking officials in our Government go down and, in a very clear, unequivocal way, say that this cannot go on. In response to that, we find the very government that listened and politely accepted the message turn around and decide to let go the princi-

pal witness involved in the death of these two individuals.

How important are these two individuals? Obviously, the loss of any human life ought to be important to every single one of us. I suppose we, as Americans, take a particular interest when an American life is lost. Certainly, we have seen that in the reaction of this body and the other body, as well as the action by the President when he signed into law last year a conditionality that said that 30 percent of the military funds we would be providing this year could not be spent until the questions in the death of the four American churchwomen would be resolved. I think that is something that anyone would understand.

When your own are being subjected to that kind of treatment, you want to speak out loudly and clearly.

The tragedy is—and it is something that I am sure all of us appreciate and understand—that a Salvadoran human life is not worth any less or any more than an American life. We may not know them. They may not speak our language. They may have a different culture and a variety of other things by which we might distinguish them from us. Nonetheless, they are human beings.

Over the past 4 years, we have seen some 40,000—not soldiers, not insurgents, not people who are supporting guerrillas—40,000 men and women and children, supposedly not involved in the conflict in a direct way, who have lost their lives.

We talk about four churchwomen and two labor advisers, and obviously that brings it home to us. But just imagine if you were a Salvadoran, if you were sitting in El Salvador today, and what it must be like if your father, your husband, your wife, your mother, your brother, or your sister were decapitated, if you saw their bodies virtually brutalized—not a soldier, not an insurgent, someone innocently standing around, in effect, and that is what the bulk of these victims are.

We are not talking about soldiers who die. That is bad enough. We are talking about people who are living in a country that is being shredded.

You are not Communist, you are not a rightwing guy, you are just someone trying to live, trying to survive, and you have watched one of your family being brutalized; and you would, as a human being, like to see those responsible for that brought to the bar of justice. You would like to believe that that would be the case.

Then you see what happens when four American churchwomen and two American labor advisers are murdered; and the U.S. Government, with the full force and weight of the Vice President, the Secretary of State, the Assistant Secretary of Defense, the Assistant Secretary of State for Human Rights—all come to your country, screaming and demanding and hollering for justice, and nothing happens.

What do you think a Salvadoran is thinking about the likelihood of the people responsible for the death of their family members, when it comes to getting to the bar of justice, if the Vice President of the United States is unable to convince the Government of El Salvador, to which we have provided some $1.2 billion in aid, warning that that aid is going to be reduced substantially, and the Government of El Salvador, in effect, turns its back?

Why is all this important? It is important because it speaks of an embracing of fundamental values. This body, the other body, the President—God knows we have talked about this subject at great length over the past 4 years, trying to inject some sanity into a situation that seems to be anything but. But no matter how much we talk, no matter how much conditionally we offer, no matter how many amendments are adopted, it seems to me that we have to come to a realization in this body and in this country about this conflict.

The painful truth is that until the people of El Salvador decide that they are going to approach life differently, there does not seem to be much we can do about it—not the Vice President, not the Senate, not the House of Representatives.

We can adopt amendments ad nauseum. But the message is that it really does not make a lot of difference what you say or what you do—we are going to do what we darn well please to do; and that is the message. That is what is being told.

So at some point here we will have to decide whether or not we can continue to support that. I can offer amendments and my colleagues can offer amendments; but I tell my friends in this body that I do not think it is going to do a lot of good, in the final analysis, and we ultimately will have to decide, as apparently some want us to, to go in on our own, militarily, and "clean this mess up." That argument is being made not so indirectly any longer, with the choices Congress is being made to accept.

I guarantee my colleagues in this Chamber and those who may be listening in their offices that just as we heard the argument a few weeks ago, when it came to a situation in the Middle East, that even though the decision might have been bad to go in, in the first place, once you are there, you cannot get out. Frankly, I do not have much argument with those who suggested that by leaving, we hurt ourselves; that credibility suffered. I agree with that. I think our credibility did suffer as the result of redeployment. But I wish that at some point someone would raise the question as to whether the first decision was right, also. They do not seem to discuss that any longer. They want to forget that.

Some of us here argued that it did not make a lot of sense for us to be involved in Lebanon militarily. The facts have borne that out, and I do not think anyone questions that today, given the results.

All we are saying today is, let us think a little before we find ourselves in a situation like a Lebanon or a Beirut, in a place like El Salvador.

We have to ask ourselves whether or not the country to which we want to provide support—moral, financial, and political—embraces basically the same values we embrace. If they are unwilling and unable to try and to charge those responsible for the deaths of American citizens when it seems their aid depends upon it, what likelihood is there that they are going to to do anything with regard to their own people? And if they fail to do that, how long can you expect them to enjoy a base of political support in their country?

So I support the amendment of the Senator from Massachusetts in trying to get some linkage here. But I tell him and I tell my colleagues that I am really not terribly optimistic about this changing things. I wish it did. I wish the President's voice and the Vice President's voice might mean something in El Salvador. But, frankly, I think they have come to the conclusion that they could do anything they want and that we are going to provide the aid. They know that no matter what the Vice President says or what others say, the United States is going to ring up the cash register and is going to send the check.

Mr. LEAHY. Mr. President, will the Senator yield?

Mr. DODD. I yield.

Mr. LEAHY. In that regard, has the Senator ever seen one instance where we have threatened them with withholding unless they did a particular thing and where that has made any difference?

Mr. DODD. No, I cannot think of a single instance.

I repeat what I said a moment ago: Frankly, this amendment, I suppose, will not be adopted, given the mood that exists in this Chamber. I say that regretfully. But when you have not just a statement issued in the press, not just by the Department of State, or not just a statement issued from the White House by the President, when you have the Vice President of the United States go to a country, along with the Secretary of State, one of the top officials from the Pentagon, and one of the top officials dealing in human rights—when they go to the country involved and talk not only in general terms but also in specific terms about our concerns, and warning, in effect, that if something is not done in this regard, we will have to

reduce the aid, and then have that government, those in positions of authority, virtually turn their back on those warnings, it says to me that they are convinced that it really does not make any difference.

It does not make any difference what the Vice President says. It does not make any difference what the President says. It does not make any difference what the Secretary of State says.

I will tell the Senate right now that it is not going to make any difference what this Congress says.

Mr. LEAHY. Mr. President, I agree with my friend from Connecticut, if he will yield further so I may make that point.

I have not found anything where we have done much more than bluster as far as what we expect them to do.

We have the case of the labor advisers and now a 3-year-old case, with eyewitnesses to some of the people who were involved in it. Naught comes of that.

We have the American churchwomen where I have seen the evidence put together by the FBI and others in that case, which is an open and shut case. Naught comes of that.

We saw the release on his personal recognizance this weekend of one of the people who we singled out and made an object of the U.S. concern for justice being brought. He was released in a cavalier fashion.

But I also say, look at it from the point of view of those who do not want to change in El Salvador. They know that every time we have stood up and said you either make some change or we will cut off money, we have bluffed every single time. So after a while, if they have it going the way they want it to go and getting U.S. tax dollars to boot, why should they make the changes?

I think what has happened, however, is that this is going to create the same problems that we have in Lebanon where we foolishly bluffed. Our bluff was called. We leave with U.S. policy in a shambles.

And now Central America and South America see us bluffing one more time. Our bluff will be called. The money will go down, and the American policy means very little.

That I suspect is one of the reasons why the Soviets have built up far more in Cuba during this administration than they ever dared do since the Cuban missile crisis. I think it is because they figure a lot of what comes out of the administration, comes out of Washington, has been bluff.

I appreciate the Senator's yielding to me. I spoke longer than I had intended, but I appreciate him doing that.

Mr. DODD. Not at all. I appreciate my colleague's comments.

More than 3 years have passed since Michael P. Hammer and Mark D. Pearlman were gunned down as they finished dinner in San Salvador's Sheraton Hotel. Jose Rodolfo Viera, director of El Salvador's land reform program, was murdered with them. In the months preceding their deaths, hundreds of others connected with the program had been killed. In the years since, tens of thousands of Salvadorans have been brutally murdered. There has not been one conviction. Not one trial. Not one case resolved. Not for the four American churchwomen savagely assaulted and killed in December 1980. Not for the two labor advisers. Not for the 35,000 to 40,000 Savadorans.

Michael Hammer and Mark Pearlman were in El Salvador to help implement that country's fledgling land reform program, a key to improving the lot of El Salvador's campesinos. Both worked for the American Institute for Free Labor Development affiliated with the AFL-CIO. Hammer, a 17-year veteran of the institute and its director of agrarian union development, had arrived in El Salvador only hours before his death. Pearlman had been in the country for 7 months, working to overcome obstacles to the reform program in which both he and Hammer strongly believed.

As their brutal deaths graphically illustrate, the program to which they were so dedicated was violently opposed by those who felt threatened by the reform it represented—the moneyed interests, the rightwing, the generals and colonels who profited handsomely from the status quo of repression and economic injustice.

Hammer, Pearlman, and Viera were drinking coffee after a late dinner when two men sprayed them with bullets. Hammer and Viera were killed almost instantly. Pearlman died before he reached the hospital. Their killers, according to a witness, "calmly tucked their pistols into the waist of their trousers and very calmly left."

The two national guardsmen who allegedly pulled the triggers were eventually arrested, only to testify they were acting under orders issued by Salvadoran National Guard Lt. Isidro Lopez Sibrian and Salvadoran Army Capt. Eduardo Alfonso Avila. Despite the arrests, despite the testimony, there have been no trials and no convictions.

It took nearly 3 years for the Salvadoran Army to detain Avila, an action taken only days after Vice President BUSH issued his control-the-death-squads warning and then, not for the murders but for an unrelated military matter. The military charges connected with his detention are still pending, but he was released anyway. The testimony he was to give on the labor advisers' murders was never taken while he was in custody and there are serious doubts it will ever be given.

The labor advisers' case is one of thousands in El Salvador which have languished while the Salvadoran military protects the perpetrators—often its own officers and enlisted men. This is a case the Salvadoran Government is reportedly pursuing with some vigor though that seems doubtful at best. As the Washington Post pointed out in an editorial in today's paper:

It is disgusting that the Salvadorans are getting away with their pretense of pursuing the murders while everyone knows they are doing nothing.

Mr. President, this editorial appeared on Tuesday, April 3, in the Washington Post, entitled "A Witness Goes Free," referring specifically to the case of Mr. Viera.

Mr. President, I ask unanimous consent to have that editorial printed at this juncture in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

A WITNESS GOES FREE

The key witness to the murder of two American land reform advisers in El Salvador in 1981 escaped the coils of the law the other day. He had been detained on an unrelated minor charge right after George Bush came to put some heat on the Salvadoran government on the matter of the despicable death squads. The two advisers, along with the four American churchwomen murdered in 1980, have been, unsurprisingly, high on the list of American concerns. It looked, last December, as though the vice president's prompting could make a difference. But now the man Americans believe helped plan the 1981 killings, meeting with one gunman minutes before the crime and lending a windbreaker to conceal the murder weapon, is free.

It's simple to understand the calculus at work here. The armed forces—which shield, if they do not actually harbor, the killers in the two American cases and in Salvadoran cases beyond counting—tend to protect their own. The national tradition and the practice of intimidation and bribery put them effectively beyond civilian political or judicial control. The military sees the reluctance even of most of President Reagan's critics to cut off El Salvador because of the death squads. It recalls that at crucial moments the United States has flinched—as when, for example, the White House overruled Ambassador Deane Hinton's protests. Stonewalling and token concessions on the part of the Salvadorans have ensured that none of those who killed the Americans has been brought to justice. None.

Looking for a way to put heat on the Salvadoran military, Congress last year withheld some of the military aid it had voted, conditioning full delivery on Salvadoran performance in the American cases. The administration then abandoned in practice the fiction of the independence of the Salvadoran judicial system, and began applying heavy political pressure, including the Bush mission. A year later, however, Salvador is releasing witnesses, and the administration is asking for new emergency aid.

How can this be? Why should Ronald Reagan not tell the new Salvadoran president that one matter must be disposed of

before any other can be addressed. Such an unambiguous presidential commitment would be something new. It is disgusting that the Salvadorans are getting away with their pretense of pursuing the murderers while everyone knows they are doing nothing. Ronald Reagan was supposed to be the kind of president—at least so he said—who wouldn't put up with this sort of thing.

Mr. DODD. Mr. President, the labor advisers' case is one in which we must be especially concerned because, as with the case surrounding the murders of the four American churchwomen, American citizens were involved. But at the same time we cannot lose sight of the thousands of other innocent victims whose deaths have gone unanswered. There have been no trials. There has not been one conviction.

Mr. President, let me just say in conclusion, as to the case being made by the Senator from Massachusetts with his amendment, I think it is important that our colleagues realize here that this amendment is merely an expression on the part of this body to try and bring some sanity in that country, and I only wish it would. I am not optimistic about it, given the recent past events.

My only hope would be as we get sometimes, I think, caught up in dealing with specific amendments, we do not lose sight of the larger picture and the larger issue which is at stake here, and that is ultimately whether or not the Government of El Salvador is going to take the necessary steps to rebuild confidence in its own country and to get about the business of trying to bring an end to that violence and to the war in that nation so that it can be at least a safe environment for economic aid and assistance.

And it seems too often we get to arguing numbers here rather than the overall broad policy questions. I suspect that is what we are sort of caught up in a bit this week, that we are going to lose sight of the forest for the trees in some way.

But this amendment I think will give this body at least a chance to express itself to some degree of consistency on the issue of the death squads as they pertain particularly to two Americans and one Salvadoran. By the way, there was an El Salvadoran, who was assassinated that evening as well along with Mr. Pearlman, Mr. Hammer. Mr. Jose Rodolfo Viera, who was director of El Salvador's land reform program, was also murdered that evening in the hotel.

It just might send, in addition to the other signals as, we call them, an indication of where this body stands at least on this issue, if not on the issue of continuation of the conflict in combat and the likelihood of U.S. military involvement in a direct way. Maybe this will help.

So for that reason, Mr. President, I will support this amendment.

I yield.

Mr. SPECTER. Mr. President, I am voting in favor of tabling this amendment because I believe it significantly diffuses the focus of attention from the efforts to limit 30 percent of the funding for El Salvador until there is a verdict on the national guardsmen who are defendants in the case involving the four U.S. churchwomen. On the fiscal year 1984 appropriations bill, I added such an amendment limiting 30 percent of an appropriation of approximately $64 million until there was a verdict in that case. Representatives of the U.S. State Department and members of the Salvadoran Government concede that the 30 percent limitation has been effective in pushing the nuns' case ahead for trial.

The case involved in this amendment, known as the Sheraton murder case, involves much more complicated issues of law. For example, the two gunmen cannot testify against the key prospective military defendant because of Salvadoran law which prohibits one coconspirator testifying against another coconspirator. Under our principles of law, such a coconspirator can testify against another coconspirator.

The so-called Sheraton case is now on appeal from one El Salvadoran appellate court to a higher El Salvadoran appellate court. All factors considered, the procedural snarl and the differences in law make the so-called Sheraton military case a much more difficult case to use to impose conditionality on U.S. aid to El Salvador.

It is my judgment, that the nuns' case has the best chance of motivating the El Salvadoran judicial system and that the source of attention should remain on that case for the reasons I have discussed.

Mr. KASTEN. Mr. President, I have no further need for time and I am prepared to yield back the remainder of my time.

I wonder if the Senator from Connecticut on behalf of the Senator from Massachusetts will yield back the remainder of the time.

Mr. DODD. If the Senator will withhold a minute, I might just suggest the absence of a quorum.

Mr. KASTEN. Mr. President, I yield back the remainder of my time.

Mr. DODD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Does the Senator from Wisconsin yield back his time?

Mr. KASTEN. I will defer that request until later.

Mr. DODD. I suggest the absence of a quorum.

The PRESIDING OFFICER. Before the clerk calls the roll, the Chair inquires of the Senator from Connecticut on whose time the quorum call is to be charged.

Mr. DODD. It would be with the chairman's consent equally divided.

Mr. KASTEN. Call the quorum on the Senator's time.

Mr. DODD. I ask unanimous consent that it be shared equally.

Mr. INOUYE. Take it out of the bill.

The PRESIDING OFFICER. Is there objection to the request that the time of the quorum be shared equally?

Without objection, it is so ordered.

The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DODD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DODD. Mr. President, there are no further requests for time on this side, so we yield back whatever time we have remaining.

The PRESIDING OFFICER. The Senator's time is yielded back.

Mr. KASTEN. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The Senator's time is yielded back.

Mr. KASTEN. Mr. President, I move to table the amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Wisconsin to lay on the table the amendment of the Senator from Massachusetts.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. BAKER) is necessarily absent.

I also announce that the Senator from Vermont (Mr. STAFFORD) is absent on official business.

Mr. CRANSTON. I announce that the Senator from Colorado (Mr. HART), the Senator from Tennessee (Mr. SASSER) and the Senator from Illinois (Mr. DIXON) are necessarily absent.

I further announce that the Senator from North Dakota (Mr. BURDICK) and the Senator from Arizona (Mr. DECONCINI) are absent on official business.

The PRESIDING OFFICER (Mr. SPECTER). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 69, nays 24, as follows:

[Rollcall Vote No. 48 Leg.]

YEAS—69

Abdnor	Chafee	Durenberger
Andrews	Chiles	East
Armstrong	Cochran	Evans
Bentsen	Cohen	Exon
Bingaman	D'Amato	Garn
Boren	Danforth	Goldwater
Boschwitz	Denton	Gorton
Bumpers	Dole	Grassley
Byrd	Domenici	Hatch

Hawkins	Lugar	Roth
Hecht	Mathias	Rudman
Heflin	Mattingly	Simpson
Heinz	McClure	Specter
Helms	Metzenbaum	Stennis
Hollings	Moynihan	Stevens
Humphrey	Murkowski	Symms
Inouye	Nickles	Thurmond
Jepsen	Nunn	Tower
Johnston	Packwood	Trible
Kassebaum	Percy	Wallop
Kasten	Pryor	Warner
Laxalt	Quayle	Wilson
Long	Randolph	Zorinsky

NAYS—24

Baucus	Hatfield	Mitchell
Biden	Huddleston	Pell
Bradley	Kennedy	Pressler
Cranston	Lautenberg	Proxmire
Dodd	Leahy	Riegle
Eagleton	Levin	Sarbanes
Ford	Matsunaga	Tsongas
Glenn	Melcher	Weicker

NOT VOTING—7

Baker	Dixon	Stafford
Burdick	Hart	
DeConcini	Sasser	

So the motion to lay on the table amendment No. 2838, as modified, was agreed to.

Mr. KASTEN. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. STEVENS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. KASTEN. Mr. President, I suggest the absence of a quorum and ask that the time be charged against the bill.

The PRESIDING OFFICER. Is there objection? Without objection, the time will be charged equally on the bill.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. SPECTER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. GOLDWATER). Without objection, it is so ordered.

AMENDMENT NO. 2881

Mr. SPECTER. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Pennsylvania (Mr. SPECTER) proposes an amendment numbered 2881.

On page 3, line 10, after "further," insert the following:

That no more than 70 percent of this or any subsequent supplemental appropriation for military assistance to El Salvador during fiscal year 1984 may be obligated or expended until Salvadoran authorities have brought the National Guardsmen charged with murder in the deaths of four United States churchwomen to trial and have obtained a verdict.

Mr. SPECTER. Mr. President, I offer this amendment, which, as has been read by the clerk, simply stated, provides that 30 percent of the aid to El Salvador under this supplemental appropriations bill will be withheld until there has been a verdict in the case involving the murders of the four U.S. churchwomen. In offering this amendment, I do so because of the egregious and outlandish miscarriage of justice in El Salvador and the failure of El Salvador to bring this case to trial since December 2, 1980, and because the law of the land has already been established in the appropriations bill for fiscal year 1984 that some 30 percent of the appropriations for El Salvador would be withheld pending a verdict in this case.

This method was designed as a means of motivating the El Salvador judicial system to do something about this case as a representative case of the miscarriage of justice and the failure to accord basic human rights in El Salvador, which is the state of events which has continued for many years.

In seeking a supplemental appropriation as the administration has done, now pegged at some $61 million, the effect is to circumvent the law which was established in the withholding of 30 percent of the previous appropriation of some $64 million, 30 percent being slightly less than $20 million. It is my submission to this body that we simply cannot ignore the failure of the Salvadoran officials to try this case and ignore the penalty which the Congress and the President established—because the President signed the bill approved by the Congress—which the law of the land has established as the penalty for El Salvador for not trying this case. It is most inappropriate and wrong to simply come back and under the label of an emergency appropriations say, "Let us put forth $60 million more to El Salvador."

Had this case gone to verdict, some $20 million would have been liberated and it would not now be necessary to have $61 million in emergency, but $20 million from $61 million would be $41 million in emergency aid.

So in using the vehicle of an emergency supplemental, the considered judgment of the U.S. Congress and the considered judgment of the President in signing the bill submitted by the U.S. Congress are, simply stated, being thwarted.

At the same time that this 30-percent limitation was imposed in an amendment which I submitted on the fiscal year 1984 appropriations bill, there was a companion provision calling upon the El Salvador judicial system to utilize $3 million earmarked to expedite the administration of criminal justice in El Salvador for citizens of El Salvador and for victims of a failing justice system, victims who did not happen to be U.S. citizens.

It was the judgment of the Congress that the Salvadoran judicial system had failed, not only as to the nuns case but as to the administration of justice generally. That is why we withheld 30 percent until the nuns case is tried; that is why we earmarked some $3 million for the administration of justice generally in a judicial system which had been characterized by death squad activities, by a law which allowed for prolonged detention of people without trial and without bail. I am sorry to report that, from all indications, the $3 million earmarked has not been utilized as directed by the Congress in a law signed by the President of the United States just as the case involving the nuns has not yet been tried.

Mr. President, it had been my intention to submit an amendment for the consideration of this body which would have substantially revised the judicial system in El Salvadaor to provide a more effective procedure to see to it that justice would be done in El Salvador, with particular reference to the so-called death squad cases. This Senator had intended to submit an amendment which would have called for the creation of a special unit to combat murders by death squads.

Mr. President, how much time do I have at the present time?

The PRESIDING OFFICER. The Senator has 9 minutes and 30 seconds.

Mr. SPECTER. I thank the Chair.

That amendment to establish a special unit to combat murders by death squads would have required a compliment of some 20 investigators and not fewer than 10 prosecutors at the outset and, later, a ratio of 1 investigator for every 10 cases and 1 prosecutor for every 20 cases.

Mr. President, I ask unanimous consent that the full text of a statement which I had prepared for submission be printed in the RECORD as if read in full at this time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPECTER. Mr. President, the amendment I prepared would restrict 50 percent of the amount made available in this appropriation for military assistance to El Salvador until the Salvadoran authorities achieve certain specified, objective benchmarks designed to insure vigorous investigation and prosecution of death squad and extremist murders. I ask unanimous consent that the full text of this amendment be printed in the RECORD at this point.

It is my judgment, after reviewing carefully the administration's supplemental request that El Salvador, that there is a real and immediate need for some additional military assistance. I believe that Congress should be responsive to the President's request. The elections conducted in El Salvador this past Sunday inspire hope for true and lasting democratic reform.

The United States should continue to support this effort.

I remain deeply troubled, however, by flagrant violations of human rights in El Salvador. The January 16, 1984, "Report on the Situation in El Salvador," issued by the Department of State, cites a significant increase, in 1983, in death squad activity against prominent individuals, especially academics and labor leaders. According to Tutela Legal, the human rights office of the archdiocese of San Salvador, the total number of civilians killed in the last 6 months by the Army, security forces, and paramilitary squads allied with them was 2,615. According to the archdiocese, this number represents an increase over the first 6-month period of 1983, and a still larger increase over the last 6 months of 1982.

During consideration of the fiscal year 1984 appropriations bill last fall, I introduced an amendment to restrict 30 percent of the U.S. military assistance to El Salvador until the National Guardsmen charged with murder in the deaths of four U.S. churchwomen were brought to trial and a verdict was obtained. This amendment passed both Houses and was signed into law. I have remained in close consultation with the State Department on the case of the murdered churchwomen, and have been informed by administration officials working with the El Salvadorans on this issue that my amendment to restrict 30 percent of aid is responsible for marked progress in that case.

When the emergency supplemental request for El Salvador came before the Appropriations Committee earlier this month, I introduced the amendment I am describing here today to attach even stiffer conditions to U.S. military assistance for El Salvador, as leverage to compel progress in human rights. The amendment failed in full committee.

It remains my firm belief that some percentage of U.S. assistance should be conditioned upon real progress in addressing the death squads in El Salvador. I know, from conversations with many of my colleagues here in the Senate and with the State Department and other administration officials, that there is strong support for this general approach. However, despite repeated efforts, we have been unable to reach a consensus on the precise form such conditions should take. Thus, with great reluctance, I am not going to offer this amendment and propose in its place an amendment to continue the effect of my successful amendment to restrict 30 percent of the appropriation for military assistance for El Salvador until Salvadoran authorities have brought the National Guardsmen charged with murder in the deaths of four U.S. churchwomen to trial and have obtained a verdict.

Without this amendment, the objective endorsed by this body will be severely undermined. While significant progress has been made in the churchwomen's case, it still has not gone to trial. The time for pontification has long since passed; the time for progress is present. We must act now to convey to El Salvador our clear, concrete conviction that Congress cannot continue to condone, directly or indirectly, these clear violations of human rights. We must draw the line somewhere, sometime. I urge my colleagues to draw it here, now.

Mr. President, I ask unanimous consent that the full text of the amendment be printed in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

AMENDMENT—SUPPLEMENTAL APPROPRIATION FOR EL SALVADOR

At the end of the appropriation for El Salvador, add:

"Section . Restrictions on Expenditure

No funds appropriated in this supplemental appropriation for aid to El Salvador for Fiscal Year 1984 may be expended unless:

1. The Government of El Salvador establishes a special unit to combat murders by death squads and such unit actively investigates every such homicide immediately, fully, and vigorously and prosecutes resulting cases to the full extent of the law of El Salvador, as set forth below:

(a) The unit shall be established under the authority and supervision of the Supreme Court; shall commence operations within 30 days of enactment of this supplemental appropriation; shall consist of not fewer than 20 investigators and not fewer than 10 prosecutors; and shall increase in size, if necessary, to maintain a ratio of one investigator for every 10 cases and one prosecutor for every 20 cases;

(b) Evidence establishing a prima facie case shall be submitted to the Supreme Court of El Salvador within five calendar days after such a case has been completed;

(c) Immediately upon establishment, the unit shall make and report to the Supreme Court an inventory of all unsolved death squad homicides and every 30 days thereafter shall make and forward to the Supreme Court a status report on each open investigation and a tabulation for the period of new investigations initiated, investigations closed without judicial action and investigations referred for prosecution.

(d) Within 60 days of enactment of this supplemental appropriation, the unit shall conduct an evaluation and report to the Supreme Court as to the adequacy of its number of investigators and prosecutors, and the Supreme Court shall secure such personnel as may be necessary in excess of the ratios set forth above; and the Supreme Court shall also decide on the number of support personnel required at any time to carry out the work of the unit.

(e) Every 30 days there shall be a public report on the number of murders committed in the previous 30 days, the number of investigations initiated, the number of investigations remaining open, the number closed, and the number referred for prosecution;

(f) The unit shall also be responsible for providing any necessary protection to judges, jurors, witnesses or other participants in death squad murder cases;

(g) The unit shall also take prompt steps to develop forensic laboratory services and other necessary means for conducting identification, polygraph, psychological and other investigative support services.

2. The operations of the special unit shall have no effect whatsoever on the authority and responsibility of the courts of El Salvador which shall conduct judicial investigations and trials in all cases as provided by the law of El Salvador.

3. Pending efforts by the Government of El Salvador to establish forensic laboratory and investigative support services, the FBI shall, notwithstanding any other provision of the law, be authorized for a period of up to six months to provide such investigative support services to the unit; and the United States Marshal Services, likewise, shall be authorized to provide equipment, training and support for judicial protection.

4. The Department of State shall administer the monitoring of compliance with the conditions established herein and shall report to the President and the Congress on or before the 10th of each month and such report shall contain specific facts, figures and dates corresponding to the conditions established herein.

5. The Secretary of State shall have authority to extend time limits established by this section for 20 days upon his conclusion that the Government of El Salvador has made every realistic effort to meet the conditions and compliance with them was not possible and may extend such periods by an additional 20 days, provided that the Secretary must file with the Appropriations and Foreign Relations Committees of the House of Representatives and of the Senate a statement of his further extension and the reasons therefor, which shall take effect unless superseded by appropriate action of the Committee as in the case of reprogramming; and further the Secretary of State shall report within 60 days of the enactment of this supplemental appropriation as to whether the conditions have been met and whether there is good reason to consider modifying them.

Mr. SPECTER. Mr. President, I had submitted that same amendment before the Committee on Appropriations, which amendment had been submitted in approximately that form after this Senator was unable to come to an agreement with the Department of State on a mode of revising the El Salvador judicial system. The State Department had been quite cooperative in conversations which this Senator had with Under Secretary of State Kenneth Dam and with Mr. James Michel and we had come very close to an arrangement of a revision of the El Salvador judicial system as a condition for funds. At this time, I ask unanimous consent that the full text of an amendment which had been submitted by the Department of State be printed on the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

AMENDMENT

Provided: That none of the funds appropriated in this or any subsequent supplemental appropriation for military assistance to El Salvador during the fiscal year 1984 may continue to be obligated or expended unless,

not later than sixty days after the enactment of this Act, the President reports to the Congress that effective institutions have been established and are operating within the criminal justice system of El Salvador for the professional investigation of crimes of extremist violence and for the protection of judges, jurors, witnesses and other participants in judicial proceedings under organizational arrangements and operating procedures which assure that the performance of investigative and protective functions—

(1) contributes to the strengthening of an independent judiciary capable of supervising the investigative process and carrying out its duties without fear of intimidation;

(2) receives sufficient resources to provide a manageable workload for investigators, prosecutors and judges, thereby providing an effective deterrent to extremist violence;

(3) is accompanied by the maintenance of adequate records and reports to enable informed monitoring and assessment of performance; and

(4) has available adequate forensic laboratory facilities and a program of professional training to enable the use of modern and scientific investigative methods.

COMMITTEE REPORT

The creation of a fair and effective criminal justice system in El Salvador is essential if that country is to curb extremist violence, secure human rights and achieve true democracy. Providing for more effective criminal investigations and in creating a means for physical protection of participants in sensitive judicial cases are crucial steps. Yet, progress has been frustratingly slow and inadequate. The Committee has therefore established a firm deadline for the Salvadoran Government to carry out these urgent objectives. No military assistance appropriated by this or any subsequent supplemental appropriation in fiscal year 1984 can be furnished sixty days after enactment of this supplemental appropriations bill unless the President reports that effective institutions have been established and are actually performing an investigative and protective functions in a competent and professional manner, and which meet four specified objectives.

The Committee intends that for the objectives specified in the legislation to be met the President must find that the following criteria have all been achieved:

INVESTIGATIVE UNIT

(a) The supervision of the investigative unit must include the participation of the Supreme Court and the Attorney General of El Salvador;

(b) The initial staff of investigators must be recruited and the unit formally established by March 31;

(c) Recruitment of initial legal, clerical and technical staff must be accomplished by April 15 (recognizing that technical positions may be intially staffed with trainees);

(d) By April 15, the acquisition of initial stocks of equipment and supplies, and the development of operational, record-keeping and reporting procedures must be completed;

(e) Training of the first class of investigators must be completed by May 1, and the unit will then become fully operational;

(f) There must be an adequate ratio of investigators and prosecutors to the number of pending cases so that no investigator has more than 10 cases and no prosecutor has more than 20 cases active at any one time, and in any event there will be no less than 20 investigators on the permanent staff;

(g) Evidence establishing a case against known individuals shall be promptly submitted to the appropriate court of competent jurisdiction of El Salvador, within the time limits prescribed by law;

(h) The unit will maintain statistics on the number of reported death squad and extremist murders during each reporting period, the number of cases under investigation and their current status, and the disposition of cases by the unit and the courts, including cases closed without judicial action and investigations referred for prosecution; these statistics will be made available to the United States and included as available in the report to be furnished within 60 days after enactment of this Act and periodically reported by the Department of State to the Committee thereafter as the Committee may request;

(i) The unit must take prompt steps to develop forensic laboratory services and other necessary means for conducting identification, polygraph, psychological and other investigative support services, within its own resources or in conjunction with other agencies.

PROTECTIVE UNIT

(a) This unit shall be responsible for providing any necessary protection to judges, jurors, witnessess, or any other participants in sensitive judicial proceedings;

(b) The work of this unit will be coordinated with that of the investigative unit;

(c) This unit will be created and become operational by May 1; to the extent possible, it will provide earlier necessary protective services in connection with the final stage of the churchwomen's case;

The Committee requires that the Department of State promptly consult with the Committee in the event any of these objectives should fail to be implemented or otherwise requires review and possible adaptation in light of events.

Mr. SPECTER. This amendment was unsatisfactory, Mr. President, to this Senator because of some differences between the State Department proposed amendment and the one which this Senator had proposed in the Appropriations Committee and also because the State Department proposal carried with it substantial language in the committee report as opposed to in the body of the amendment itself. I have asked that this approach be printed in the RECORD so that the record may be plain as to the alternative method which this Senator has sought beyond the restriction of some 30 percent of the funds.

The reason that the amendment did not pass in the Committee on Appropriations, in my judgment, was that it was too elaborate and there was not sufficient time for study of all of the details which were involved. That is one of the great difficulties of conditionality in this field. The condition of a verdict lends itself so admirably to having a clear-cut event which permits a cutoff of funds or permits a release of funds. It is my view that the case involving the nuns is one uniquely qualified for this kind of condition in the context of the chronology of this case.

Mr. President, I ask unanimous consent that the chronology of the nuns case be printed in the RECORD as if read in full.

There being no objection, the chronology was ordered to be printed in the RECORD, as follows:

CHRONOLOGY OF NUNS CASE

December 2, 1980, 4 women murdered.

December 1980, National Guard (Carranza) investigation, unfinished.

January to February 1981, Special Investigating Commission, discontinued.

February to May 1981, Second National Guard Investigation.

May 9, 1981, 6 Guardsmen arrested by military.

May to December 1981, Limited National Guard investigation continued.

January to February 1982 Third National Guard (Medrano) Investigation conducted.

February 10, 1982 Medrano report Submitted to court.

February 13, 1982, Judge Rauda commences proceedings in civil court in Zactercoluca.

July 1982, State Department certification report estimates that trial will occur in Fall of 1982.

February to November 1982, Judicial Investigation by Judge Rauda conducted and completed.

December 1982, Case elevated to the trial stage.

December 1982, Pretrial appeal to sufficiency of evidence.

March 11, 1983, Appeal dismissed inpart but case returned for further investigation.

July 1983, July certification report: "We are hopeful that the case will go to trial within the next few weeks."

May to October 1983, Further investigation by Attorney General.

October 28, 1983, Case again elevated.

Late 1983, Second pretrial appeal.

January 1984, Certification Report estimates that the case "now seems likely to reach completion by mid-1984."

February 1984, Second appeal denied.

March 1984, Defense and prosecution briefs submitted.

April 1984, Judge preparing his summary of evidentiary record for later submission to jury.

State Department predicts verdict by end of April.

Mr. SPECTER. Mr. President, I further ask unanimous consent that the text of a letter from this Senator to Secretary of State George Shultz, dated August 26, 1983, be printed in the RECORD. This letter has already been made a part of the record in the Appropriations Committee and it sets forth in some detail the thinking of this Senator on the failures of the Salvadoran judicial system to bring this case to trial.

There being no objection, the letter was orderd to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, D.C., August 26, 1983.

Hon. GEORGE SHULTZ,
Secretary of State, Department of State, Washington, D.C.

DEAR MR. SECRETARY: I am writing to you immediately upon my return from Central America because I believe that foreign aid

to El Salvador will be in jeopardy for FY 1984 unless El Salvador's government takes prompt action on the human rights issue on the nuns' case specifically and judicial reform generally.

Notwithstanding repeated requests, the El Salvadoran Attorney General has not acted to complete the investigation of the nuns' case, raising a serious question on the allegations of cover-up and involvement of higher officials in the National Guard.

I personally reviewed the case with Salvadoran officials including Attorney General Rivera and President Magana on May 13-15, 1983 in San Salvador; with President Magana on June 16, 1983, in Washington, D.C.; and with Attorney General Rivera and President Magana in San Salvador last Monday, August 22. In addition, U.S. Embassy officials in El Salvadora and attorneys for the victims' families have made specific requests which have gone unheeded.

While some delay resulted from requests for additional investigation by attorneys for the victims' families early this summer, Attorney General Rivera has not acted for some six weeks on important requests in a letter dated July 8, 1983 from U.S. Embassy officials in El Salvador. That letter requested interviews with eight Salvadoran guardsmen on allegations that the nuns had been detained at the airport on "higher orders" and that "Higher officials" ordered the murders.

When I asked Mr. Rivera why that investigation had not been completed during the intervening weeks, he said he would do it "manana" (one word I did not need translated) and further said that he had not gotten to it because of other work on the case.

Another issue in that July 8 letter, which has not been pursued, involved a request that fingerprints on a threatening letter sent to the nuns be compared with fingerprints of certain National Guardsmen. By affidavit dated January 11, 1983 of William P. Ford, brother of the murdered Ita Ford, which was made part of the record before Judge Rauda, the Attorney General's office and the court were specifically advised of important evidence of the possible involvement of others and requested to investigatively pursue such evidentiary items. They include a death threat sign found tacked to the door of the church in Chalatenango where two of the nuns worked which bears eight distinct set of fingerprints, and the van in which the murdered women were abducted while departing from the International Airport on December 2, 1980, which bears 12 distinct sets of fingerprints that have not yet been identified (in addition to those of Colindres Aleman which have). The Salvadoran Government has supplied the FBI only with the fingerprints of the six guardsmen originally charged in this case. They do not match the aforementioned fingerprints on the threat sign or van. These fingerprints might match those of members of the security contingent based in Chalatenango (in the case of the sign) and the various security forces based at the airport (in the case of the van).

In addition to the death threat sign, members of the Chalatenango parish staff on two separate occasions on the very day the Churchwomen were murdered received threatening communications. One letter was signed by a person identifying himself as Roberto Fogelbach Perez, "Coordinator of the Anticommunist Front." The other communication contained a list of names including those of Sisters Ford and Clarke and virtually all other members of the parish staff. The unidentified bearer of this list said, "Here is a list of the people we are going to kill—and today, this very night, we will begin." Apparently, no effort was ever made to identify this individual or on whose behalf he was speaking in using the word "we." Similarly, Salvadoran authorities have refused to investigate the group endorsing the sign found tacked to the parish door which said "Any one who enters this house will die." The sign, found less than a month before the murders, was from a group calling themselves the Mauricio Borgonovo Anticommunist Brigade. Nor was Fogelbach Perez investigated.

With regard to indications of a cover-up, Salvadoran authorities refused to investigate the assertion made by Colindres Aleman's immediate superior, Sergeant Martinez, to the FBI in February 1982 that seven days after the murder Colindres Aleman confessed to him. Sergeant Martinez apparently alleged that he did not report the confession to any of his superiors even though it was made at a meeting called by the National Guard Commander on December 9, 1980 in which the Commander said he had reason to believe that guardsmen had been involved in murdering the four Churchwomen. The Commander, now Defense Minister Vides Casanova, summoned personnel from the airport security forces to detemine information about guard involvement in the murders. It is questionable, given those circumstances, that Sergeant Martinez would not have reported the confession by Colindres Aleman. In my judgment, Sergeant Martinez, who was recently deposed before Judge Rauda only after insistence by the State Department confirmed in its letter on July 8, should be polygraphed on this issue of reporting the confession. As with the fingerprints, Salvadoran authorities limited the polygraph examinations, which were conducted at its request by the FBI, to the six guardsmen originally arrested for these murders.

In addition, the Salvadoran prosecutors should obviously investigate the telephone call at the airport in which a guardsmen was overheard only hours prior to the abduction of the Churchwomen saying "No, she didn't arrive on the flight. We'll have to wait for the next." In fact, while expected on an earlier flight from Nicaragua, where the Maryknoll order had its annual conference, Sisters Ford and Clarke arrived instead on the later flight.

On the issue of danger to or intimidation of the trial judge, I find it inexplicable that Judge Rauda has not been given personal protection. As you recall, I suggested this in a letter to you some time ago. In view of the failure to provide Judge Rauda with bodyguards, it may be unsurprising that he has shown as little interest as the Attorney General in pursuing leads of superior orders or cover-up. Thus, in January he told the lawyers for the family he did not intend to pursue the issue of superior orders even as a topic of questioning for witnesses, such as Sergeant Martinez, whose testimony was needed against the five enlisted guardsmen.

It is ironic that another reason cited for arbitrarily limiting the scope of the judicial investigation is that it is predicated on the National Guard investigation. That investigation, of course, neglected to pursue leads of superior orders or cover-up. Really, the two issues, though, are closely related. Thus, the National Guard officers and Civil Guard officers summoned by a villager who discovered the four bodies in a roadside ditch ordered the local Justice of the Peace to authorize immediate burial without identification, autopsy or investigation. He did so even though the bodies which were mostly undressed, badly bruised and dirt-covered and bearing gunshot wounds to the head, were, as the villager described them, the remains of "blond foreigners." Any notion that efforts to identify the bodies would be futile is unsupportable.

On both the issues of superior orders and cover-up, it appears that the Commission that received the results of FBI investigation in early 1981 neglected to forward much of the evidence to the Attorney General and Judge Rauda. This failure may explain why, for example, the prosecutors advised the families' lawyers they were unaware of the threat sign with the 8 sets of fingerprints until June 1983 when embassy officials told them about it.

Some aspects of their ignorance, however, cannot be easily explained. For example, the prosecutors reportedly were unaware of Guardsman Valle's deposition that Colindres Aleman told him he was acting on "Superior orders" in apprehending the four women. This deposition was taken after the prosecutors took charge of the case and is part of the official court record. So is Mr. Ford's affidavit of January, 1983, parts of which they also seemed unfamiliar with as of July, according to the families' lawyers.

In the face of that dereliction in completing the investigation, the suspicion inevitably arises that there may be substance to the charges of cover-up or involvement of high officials.

As you know from the hearings last March 22, many members of the Foreign Operations Subcommittee regarded the nuns' case as pivotal on whether the El Salvadoran government was proceeding adequately on the human rights issue. Given the current status of the record, this case could be determinative in some or many members voting against aid for El Salvador.

In addition to specific cases (of which the nuns' case was only one), the El Salvadoran government has made commitments to proceed immediately with a Judicial Reform Commission when I met with President Magana and other officials last May. In June in Washington, D.C., President Magana spoke in the same vein. Nonetheless, months have passed without any concrete action.

Last Friday, August 19, I was advised by Mr. James Michel of the State Department that El Salvador officials has said the Commission would be acted upon that day in advance of my arrival on Monday. While the Judicial Reform Commission has still not been appointed, Mr. Francisco Jose Guerrero, Minister of the Presidency, handed U.S. Embassy officials in El Salvador a letter on Monday responding to a letter from Mr. Michel dated June 9, 1983 concerning the Judicial Reform Commission. Even that letter would most probably not have been written without the pressure of my trip to El Salvador.

In light of the failure of the El Salvador judicial system to administer even the most rudimentary form of justice in thousands of cases including the local citizenry, the Congress may reject further aid due to the failure of Salvadoran officials to appoint a Judicial Reform Commission and at least begin to act on its recommendations.

I fully understand the difficulty which you and your Department face in securing timely and adequate action by Salvadoran officials; but I call these matters to your personal attention because of my own ef-

forts and experience, and because these issues could be determinative on the important issue of further foreign aid to El Salvador.

So that our Embassy officials, who have been so cooperative and helpful on my trips to El Salvador, will be fully informed on my findings, I am sending a copy of this letter to Mr. Ken Bleakley, the Chargé there since Ambassador Pickering has not yet arrived there.

Sincerely,

ARLEN SPECTER.

Mr. SPECTER. Mr. President, there is absolutely no reason why this case has not been brought to trial long ago. This case is different from the case embodied in the amendment just presented by the distinguished Senator from Massachusetts (Mr. KENNEDY), the so-called Sheraton case, where two U.S. labor leaders were murdered, and this Senator had looked into that case in some detail. It is a very complicated matter and the Salvadorans made representations of inability to bring that case to trial because of differences between their judicial system and ours. For example, the alleged ringleader or director of that murder could not be testified against by the two triggermen under El Salvadoran law, which prohibits a coconspirator from testifying against a coconspirator. That is alien to U.S. principles of law, where frequently, one of a conspiracy will testify against others in a conspiracy. But, according to Salvadoran law as reported to me by experts there, that could not be done.

The case is a complex one, where it has been dismissed by an appellate court and there is an appeal pending from an intermediate appellate court to the Supreme Court of El Salvador on a procedural issue which, as explained to me, has very little chance of being granted. Unlike the case involving the four American churchwomen, the case involving the Sheraton murders gives much more of at least the appearance of excuse by the Salvadoran officials.

In voting to table the amendment by the distinguished Senator from Massachusetts on the case involving the Sheraton murders, it was my view that the amendment diluted the effort to at least bring pressure on the Salvdoran officials to bring to trial the case involving the four American churchwomen. It is a clear-cut case where there is absolutely no excuse for not bringing the case to trial at the earliest possible time, long before this date. Representations have been made to me that the case involving the four American churchwomen can be tried during the month of April. Those representations have been made by members of the Department of State.

Knowing the way that even an emergency appropriations bill winds its way through this body, through the House of Representatives, and through conference, it may well be a protracted period of time before the funds are ready to be expended in any event. It has been reported to me by a number of people, including my colleagues in the Senate, who have been in El Salvador recently, that the amendment which limited 30 percent of the fiscal year 1984 appropriations has been a material inducement, real pressure, on El Salvador to bring the nun's case to trial.

If we simply appropriate an additional $61 million without this kind of limitation, it is an open invitation to El Salvador not to bring this case to trial. It is an open declaration to El Salvador that they do not have to pay any attention to the Congress of the United States or to the laws of the United States, which say that $20 million will be withheld unless you bring a case to trial because, if you do not bring a case to trial, there will be an emergency, something will arise, and the United States of America will come and bail you out for some other reason.

As a minimal condition to this appropriations bill, it is my firm conviction that the 30-percent limitation which has been the law ought to be applied to this $61 million as well.

Mr. President, I ask unanimous consent that the name of my distinguished colleague from Pennsylvania, Senator HEINZ, be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LEAHY. Mr. President, yesterday, a majority of my colleagues voted for the whole $62 million——

The PRESIDING OFFICER. Who yields to the Senator from Vermont?

Mr. LEAHY. Mr. President, a parliamentary inquiry. Who is in charge of the time?

The PRESIDING OFFICER. Time is controlled by the Senator from Pennsylvania and the Senator from Wisconsin, on the amendment.

Who yields time?

Mr. KENNEDY. Mr. President, I do not know whether the Senator from Vermont wants to speak in favor of or in opposition to the amendment of the Senator from Pennsylvania. I know that the Senator from Vermont and the Senator from Connecticut are going to offer a second-degree amendment.

Prior to that time, I should like to have 3 or 4 minutes from the Senator from Pennsylvania to speak in favor of the Senator's amendment, and I will be glad to do it any time the Senator desires.

The PRESIDING OFFICER. The Senator has 1 minute remaining on the amendment.

Mr. SPECTER. Mr. President, I would be delighted to yield the Senator the remaining time.

Mr. KENNEDY. Mr. President, I yield myself 4 minutes on the bill, if I may.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, I hope that the Senate of the United States, at a very minimum, would go on record in support of the amendment offered by the Senator from Pennsylvania. After all, this body, the House of Representatives, and the President of the United States supported that position a number of months ago.

It seems to me that if we do not accept the amendment of the Senator from Pennsylvania, what we are saying is that we fenced last year's money; but since El Salvador did not get that money, we are going to add more money this year to make up for it. That will be the net result. El Salvador did not get the 20-odd million dollars fenced off, and now we are put in the position where we are being asked to expedite more money for military purposes in El Salvador.

What the Senator from Pennsylvania is really asking, as I understand it, is that we just reaffirm current law. That seems to me to be a very compelling argument in support of the Senator from Pennsylvania. He is really asking us to reaffirm what we already have done in the Senate and in the House, for the very reasons he has outlined here—because of the failure of the judicial system in El Salvador to come to a verdict on one of the most objectionable crimes that have been committed upon Americans in any part of the world.

So, even though I will support a proposition that will go further than the amendment of the Senator from Pennsylvania, this seems to me to be the very minimum this body can support if we wish to demonstrate a commitment to a cause of decency, human rights, and the cause of justice.

I ask the Senator from Pennsylvania whether it is not true that Ambassador Pickering indicated that the fencing of the money in last year's appropriation had a positive impact in moving the whole case of the churchwomen forward through the judicial system in El Salvador?

Mr. SPECTER. The Ambassador has not stated that directly to me, but I understand that the Ambassador has so stated.

Mr. KENNEDY. I thank the Senator. I was present when the Ambassador was asked specifically about the fencing under reasonable conditions, and he indicated a positive response.

I thank the Senator from Pennsylvania.

Mr. President, I hope that the amendment in the second degree will be successful, but I just want to add my support, if it is not, for taking this

action. I think that is a bare minimum we should take in regard to this very sad situation.

Mr. KASTEN. Mr. President, it will be my intention to offer a motion to table the Specter amendment. However, it is my understanding that the Senator from Vermont may have an amendment to the Specter amendment. Is that correct?

Mr. LEAHY. The Senator is correct.

I understand that the Senator from Pennsylvania has about a minute remaining, and I was going to wait until his time was used and then propose an amendment on behalf of myself and the Senator from Connecticut (Mr. DODD) to the Specter amendment.

Mr. KASTEN. So it would be an amendment in the second degree to the Specter amendment, with a 30-minute time limit, equally divided.

Mr. LEAHY. No; it is an amendment with a 2-hour time limitation.

Mr. President, I suggest the absence of a quorum.

Mr. KASTEN. Mr. President, if the Senator will withhold, the Senator from Mississippi would like to make a brief comment, and I yield such time as he may desire to the distinguished ranking minority member of the Appropriations Committee.

Mr. STENNIS. I thank the Senator.

Mr. President, I shall speak briefly. I know I will not change Senator LEAHY's mind, but I would like him to listen.

Mr. President, this is an appropriations bill, and we, in effect, settled the amount that was going to be added, after considering all the facts. The committee did not take it casually. We adopted the Inouye amendment in its final form, and it is in the bill now.

Many amendments have been offered to it that are really policy amendments, with reference to the unfortunate situation that those people are in, and that we are in, to a degree.

I submit that the thing for us to do now is to move this bill along. The Inouye amendment for $61 million plus has been agreed on. I think there would be a much better chance to get this matter settled correctly and favorably as to the Senate's position in conference if we just keep that agreement as it was in the committee and let it ride on that basis.

I am in sympathy with everybody else as to the loss of life down there, and we will have to go after it in a different way, I think, rather than tying some activity on their part to an appropriations bill. That seems to me to be an awkward way. It is awkward legislation. I speak with all deference to the author of the amendment.

I hope we can keep the bill in good shape legislatively and move on with the figure everyone has agreed to, $61,750,000.

I yield the floor.

Mr. KASTEN. Mr. President, I thank the Senator from Mississippi, the distinguished ranking minority member of the Appropriations Committee, and I share his views.

I think it is time to move along, and I am hopful that now we will be able to do so.

Mr. President, I yield the floor.

Mr. SPECTER. Mr. President, I understand that until my full time is used, an amendment in the second degree cannot be offered.

This is a good occasion to respond very briefly to the distinguished Senator from Mississippi.

This condition on an appropriation bill, I submit, is most reasonable and appropriate procedurally.

This 30-percent limitation was a part of the appropriation bill for fiscal year 1984. There is no sound distinction, as previously argued, that it is different because this is an emergency appropriation bill.

An appropriation bill is an appropriation bill is an appropriation bill, and they traditionally carry limitations.

It was by agreement with the distinguished chairman of the subcommittee, the Senator from Wisconsin (Mr. KASTEN), with agreement of the administration on 30 percent last year—and concurrence of the House of Representatives and the signature of the President.

I realize, realistically viewed, it is the integrity of the appropriations process which this Senator is now calling into play.

We have said there should be limitation on the money we are appropriating for El Salvador to get this egregious case tried. If we do not maintain this kind of a limitation, we make ourselves a little foolish.

Certainly there is nothing procedurally to bar this limitation, this condition coming up at this time on something this body has already done in the appropriation. The precedent is 100 percent in accordance with what this amendment does and what this Senator is pressing at this moment.

I thank the Chair.

The PRESIDING OFFICER. The time of the Senator from Pennsylvania has expired.

Mr. LEAHY addressed the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin has the remaining time on the amendment.

Mr. LEAHY. Mr. President, I ask unanimous consent that I be allowed to submit an amendment to the amendment of the Senator from Pennsylvania on behalf of myself and Mr. DODD and that I be allowed a 2-hour time limitation, evenly divided, as we have on these other amendments.

Mr. KASTEN. Mr. President, reserving the right to object, it is my understanding that the Senator from Vermont is interested in combining a number of amendments on this same subject matter. If that is correct, I am anxious to try to work with some time limits on a couple of different amentments. There is a Dodd amendment and a Kennedy amendment on the same subject.

If we are able, in the interest of time, as the Senator from Mississippi just said, at the same time to have as part of this unanimous-consent request that a number of these other amendments be withdrawn, then I would be willing to go forward with the Leahy amendment relating to expenditures of prior funds in El Salvador on a 2-hour time limit, and I would not object.

Mr. LEAHY. I say to the Senator from Wisconsin if we do it this way we will be saving ourselves at least 4 hours.

I am trying, as I told the Senator from Wisconsin the other night, to work our way out of this. I have every intention, partly because of his own cooperation, to try to cut down the time.

I am not even sure we would use the 2-hour time limitation. I assure the Senator that is the intention of those proposing this amendment, to cut out other amendments. Without Senators in the Chamber I cannot speak specifically which amendments could be disposed with. But I give the Senator my own personal assurance we are saving about 4 hours doing it this way.

Mr. KASTEN. The Senator from Vermont and I are trying to get to the same place.

Before we break in and allow an extra 2 hours on a 30-minute amendment, I think we should get the other side of the equation in order as well, so that we know which amendments we agree to take down and which will be proposed.

So I shall suggest the absence of a quorum and ask unanimous consent that the——

Mr. LEAHY. Mr. President, if the Senator will withhold a moment, the unanimous-consent agreement is No. 15 which has a 4-hour limitation. That would not be brought up if we do this one. If this one goes up, it goes in place of No. 29 on the list which was a 2-hour time limitation.

What I am doing is taking 6 hours worth of amendments and asking unanimous consent to bring it in and make it a 2-hour amendment.

Mr. KASTEN. I understand what the Senator is doing, and I am working with him.

It is the Senator's intention that as part of the unanimous-consent request the amendment with the 4-hour time limit be withdrawn. And I also ask the Senator if he could speak for the Senator from Massachusetts, and I see the Senator from Massachusetts is in the Chamber. Does he also intend to bring

down his amendment that is on exactly the same subject matter?

Mr. KENNEDY. Mr. President, I can indicate to the floor manager that the amendment in all effect has been incorporated in the amendment of the Senator from Vermont and the Senator from Connecticut.

So I would not call up my amendment on that particular issue. I intend to be a cosponsor on the Leahy-Dodd amendment.

Mr. KASTEN. One of our problems is that I am working with a piece of paper that does not have numbered amendments.

But I have no objection. Let me do it the other way. I ask unanimous consent——

Mr. KENNEDY. Perhaps we should suggest the absence of a quorum with the time to be charged on the bill to work this out.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LEAHY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LEAHY. Mr. President, I ask unanimous consent that an amendment on behalf of myself and Mr. DODD to the amendment by Mr. SPECTER be in order; further, that we have, as before, our time limitation equally divided; further, as part of the same request, that the amendment by Mr. DODD restricting aid to El Salvador pending final disposition of the cases relating to the murder of four churchwomen, on which there was a 4-hour time limitation, be withdrawn; and further, that a Leahy-Dodd amendment prohibiting use of funds appropriated in this bill for El Salvador if previously appropriated funds for fiscal year 1984 remain unobligated or unexpended, with a 2-hour limitation, be withdrawn.

If I might, Mr. President, I put that all as part of an overall unanimous-consent request. Basically what I am doing is substituting this one amendment for all of the other amendments that we had.

The PRESIDING OFFICER. Is there objection?

Mr. KASTEN. Mr. President, I yield back my time remaining on the Specter amendment in order to make it possible for the Senator from Vermont to offer his amendment.

The PRESIDING OFFICER. Time is yielded back.

Mr. LEAHY. I put my unanimous-consent request.

The PRESIDING OFFICER. Without objection, the request is agreed to.

AMENDMENT NO. 2882

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Vermont (Mr. LEAHY), for himself and Mr. DODD proposes an amendment numbered 2882 to the Specter amendment numbered 2881.

On line 2 of the amendment proposed by Mr. SPECTER, strike out "Not more than 70 percent" and insert "None."

Mr. LEAHY. Mr. President, yesterday the majority of our colleagues here in the Senate voted for the whole $62 million in additional military aid for El Salvador. Now, many of my colleagues who did this, who supported the whole request, made it very clear that they were doing it only on the basis that certain conditions be attached to these funds. In that regard, I also support, to an extent, the amendment of the Senator from Pennsylvania (Mr. SPECTER).

But, with all due respect to that amendment—an amendment which is basically the one that passed last year—it did not work last year as everybody felt it should. I think that many of the Senators who voted for it last year did so with the strong and real intention that it might bring about some changes in the judicial system in El Salvador.

I might say, though, that there were some observers of the scene here in the Senate who stated at that time that all it would do would provide a shield behind which others could hide and not have to face an angry constituency asking why money was continuing to El Salvador when nothing was happening in the case involving the murdered churchwomen.

Now, if we are ever to see a trial in this case, we are going to have to keep up pressure. And if we keep up the pressure, there is no reason why there could not be a trial within the next few weeks. We have given them the evidence. We have put the case together. The people have been charged. And if pressure and motivation are there we could have a trial in a few short weeks, certainly in time to meet the military needs of El Salvador. All the government has to do, after we have appropriated these funds, is convene a trial that has been 3½ years in the making.

If we send some mixed signals, Mr. President, if we do as we did last year, we say that we are going to withhold funds until justice is done. Then all of a sudden we find ourselves in a new fiscal year, and new funds come and we say once more we are going to withhold funds until justice is done. I call this a mixed signal. And it is not going to take them very long down there to realize that: "Aha, this is what is done up in the U.S. Senate. Each year they will write out x number of millions of U.S. taxpayers' dollars for the foreign aid for El Salvador and each year they will say we will hold back a certain amount until we have a trial in the case of the churchwomen."

Now it is not going to take somebody down there very long to figure out that if you want both the money and want to avoid a trial, all you have to do is discount that 20 percent or 30 percent, take all the rest of the money, which so far has proven to be plenty of money for what they need—after all, taxpayers have supported them with close to $1 billion in the last 2 years—and not have a trial.

So they get exactly what they want—no trial, the money, and a lot of Senators can go home and say, "Well, you know, we voted to hold back money until we had a trial." Everybody ends up a winner. Everyone is a winner except, of course, the sense of justice that we espouse in this country and, of course, the four murdered churchwomen.

So let us be consistent. Let us say, "All right, you know we really meant it. Surprise, surprise, for the first time, in putting restrictions on aid to El Salvador, we meant it." And this is the way we can do it.

So if Senators have voted for the aid levels, but they do want to support the existing law and conditions, they can support our amendment. All my amendment says—it actually appeals to my frugal Vermont soul—is you do not get any more money until the money that has already been appropriated for you gets spent.

Now, I do not want to equate the power and majesty of the U.S. Senate with the Vermont State Legislature, but I think here in the U.S. Senate we could probably learn a lesson. Up there they would not start spending new money on a program until the program has spent the money it already had.

Furthermore, our amendment will strengthen the existing law, which will underscore the expressed concern of the Senate, the House, and the President. The U.S. Senate, the House of Representatives, and the President of the United States have all said we are going to withhold funds unless and until there is a trial in the case of the four murdered American churchwomen.

Great. I suspect the vast majority of the people in this country agree with that. And all we are saying to that vast majority of people in this country is, "You know, when we put that restriction on your tax dollars, we really meant it."

Now that may be the part that is going to be a surprise. That could be the real surprise in this whole debate: We have actually put a restriction on aid to El Salvador, on the use of American tax dollars in foreign aid, and meant it.

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No additional funds approved in this bill can be spent until all existing funds that we have already appropriated for El Salvador have been obligated and expended. Let us not dip into a new pot of money until all of the existing funds have been used up.

Congress approved, and the President accepted, the funding level for the current year at $64.8 million. These funds are available. Contrary to the impression you might get in listening to the debate, this money has not all been spent.

All I am saying is, let us let the United States comply with existing law before we dole out more foreign aid. It is not a question of whether El Salvador complies with the law, it is whether we comply with the law. The Senator from Pennsylvania had a good amendment last year. And I am saying let us all stand up and say we meant it.

This was not done as a smoke screen. I know the Senator from Pennsylvania, who has studied this, did not mean it as such. The Senator from Pennsylvania was very sincere. Those of us who voted for it were very sincere. The American people, who want these cases to come to trial, are very sincere.

Now, we must go beyond sincerity. We must actually to make it work. Thirty percent of the fiscal year 1984 military aid will be held until there is a verdict in the case of the four murdered American churchwomen.

In fact, I think back to whatever pressure had been brought forth. After all, we have had three Ambassadors in this administration—three American Ambassadors in the past 3½ years—in El Salvador. All three have said it is the position of the United States that those who are guilty should come to trial. The Vice President of the United States has gone down there, and he said it. The President of the United States says it. Now we are saying it.

In fact, I would hope that Senator SPECTER would join me in this amendment and would join me in my effort to strengthen and support his original proposal. It was a good one borne out of his own close experience with the criminal justice system in El Salvador. Both Senator SPECTER and I have served—and served for a while at the same time—as prosecutors. We know what is involved here. We also know that the nuns were killed in 1980. And we know what the evidence is. We know what the roadblocks have been. And we know of the need to apply pressure.

I believe that is why the administration accepted the original Specter amendment. We gave our full support to it. We withheld 30 percent of the military aid for the current fiscal year. But now we have reached that point. We have reached the point where we should let El Salvador know whether we were actually serious or not. This amendment tells El Salvador whether we are serious or not about the restrictions that we voted for in the Senate.

If we support this amendment, we are serious about the restriction that we voted for and that President Reagan signed into law. If we say, however, we are going to allow a loophole, and we are going to allow the money to keep on going whether the Government of El Salvador pays any attention to it or not, then we tell them we are not serious. It is really that simple. It is a black-and-white issue. If we seriously want restrictions, we will vote for my amendment. If we want to leave a loophole in there, and allow the money to go no matter what, we vote against it. You really cannot have it both ways.

So let us ask: Have we forgotten what we did just a few months ago? Have we forgotten the restrictions we put on the legislation? Are we saying that, as brutal and horrible as those cases were, we do not really care, or are we saying that the United States when it gives its foreign aid actually stands for something?

I do not expect every country that receives our foreign aid to be perfect. I do not expect every country to conform to the model of the United States just because it receives our foreign aid. That is not the way it should be. Each country is sovereign. Each country is different. But we ought to have certain basic considerations when we give American tax dollars. We look at a country that has allowed within the highest levels of its government either the committing or the condoning of murders—the most vicious, violent, and horrible murders against its own citizens—and yet we continue to send money down there. Are we not willing to say stop, enough, we are not going to accept American money going down to a government which condones the killing of its own people? Can we at least draw the line and say we are not going to send it down, if you are going to kill Americans, too? After all, Mr. President, we have given them the evidence. We have shown them who is responsible for these murders. We have not even flinched when we found some of the evidence had mysteriously disappeared, and that the evidence put in their hands suddenly dissipated.

Mr. President, let us not let the United States be played the fool in this case. Do one of two things: Either say here are American tax dollars, do whatever you want with it, no restrictions at all. We will leave it to your good graces that the killings will stop. We will leave it to your good graces that you are not going to restrain one of your highest public officials who is involved in death squad activities.

We are going to leave it to your good graces whether the deaths of the American churchwomen will be handled within your jurisdiction system; or, we are going to put restrictions on our aid.

I for one having looked at past performance and am not willing to vote American tax dollars with no strings attached for El Salvador. If we are going to vote restrictions, let us make them real.

Let us not have the United States be a paper tiger in this case. Let us not have the United States stand up and allow us to give great sounding well-meaning speeches but then have nothing result from it. Let us make sure that the restrictions are really there. There is only one way of doing it. The only way of doing it is saying that last year when we voted for the Specter amendment we were serious. It might be a heck of a break with tradition on some of these foreign aid matters. It really might shake the foundations of the Senate a wee bit. But it would be good for the soul.

Can you not imagine how good it would be for all of us to be able to go home and say to our constituents, guess what? I voted for something in the U.S. Senate and I really meant it. I meant what I did. When I told you that I really wanted restrictions on that foreign aid and your tax dollars to bring about some trials of those responsible for the murder of your fellow Americans, I really meant it. And you know, here is the proof of how I meant it.

Mr. President, most of us may find, if we spend time at home, that the American people are way ahead of us. We may find that Republicans, Democrats, conservatives, moderates, and liberals agree with us on that. Mr. President, I hope all those Senators who have voted for the Specter amendment—and I was one of them—will now vote for this amendment which says we really meant it. We were telling the truth when we voted for it.

Mr. President, I see the distinguished Senator from New Jersey on the floor. The Senator is one who has moved very strongly in caucus, in committee and on the floor of the Senate to bring about justice in the case of American churchwomen. I know no one who has had a stronger voice in this. I would like to yield to the Senator at this time.

The PRESIDING OFFICER (Mrs. KASSEBAUM). The Senator from New Jersey is recognized.

Mr. LAUTENBERG. I thank the Senator from Vermont.

I rise in support of the amendment proposed by the Senators from Vermont and Connecticut.

Madam President, in the case of the four American churchwomen brutally murdered by Salvadoran soldiers in December 1980, the time for words has passed.

For 3 years the Congress has pressed the President of the United States, and the military and civilian authorities in El Salvador, for progress in this case. The Congress felt so strongly about bringing the soldiers to trial, that before adjourning in 1983 we directly linked 30 percent of our military assistance to El Salvador this year—over $19 million—to a final verdict in this case. Yet, instead of a final verdict that would have released this $19 million, we have been sent a new request for military aid to El Salvador.

Madam President, many of my colleagues in the Senate have expressed their concern about the murder of the four churchwomen in El Salvador since December of 1980. Congressional efforts to see justice done were well underway when I came to the Senate over a year ago. But it was a visit with William Ford, a constituent of mine, shortly after I took office that focused my own attention on this case.

Bill Ford came to talk to me about his sister, Ita, and how she died. Ita Ford was a Maryknoll Sister. She has committed her life to serving God and alleviating the misery of others. And when she died, she was working in El Salvador.

Ita Ford did not simply die. She was brutally and intentionally murdered. Her murderers were Salvadoran soldiers. They were soldiers of the same army we have supported with our military aid.

Bill Ford in 1983 was seeking justice. He simply wanted his sister's murderers prosecuted. But the Salvadoran Government showed no enthusiasm for a trial for the five suspects from the National Guard who had been detained and charged.

Early last summer, more than half of the Senate met with the Provisional President of El Salvador, Alvaro Magana, in this very Capitol. We were told by President Magana that justice would be prompt. We were told that a trial would be announced within weeks. But weeks passed, months have passed, now it is spring and months have passed and Bill Ford is still seeking justice.

In response to suggestions from the Congress, the Reagan administration last summer appointed a special legal advisor, former Federal Judge Harold Tyler of New York. Judge Tyler was to review the evidence and circumstances surrounding the murder of the four American churchwomen and to study the Salvadoran investigation and prosecution efforts.

Judge Tyler submitted his findings and recommendations to the Department of State in December 1983. The Department has classified this report. It has not been available to the public, nor to the families of the churchwomen.

It is available to Senators. I have read it. I urge my colleagues who have not yet read it to do so. It contains revealing information about the larger political questions facing us in El Salvador and about this particular crime.

While this report remains classified, its contents have been reviewed by the press, including the New York Times. The press has reported that Judge Tyler found a Salvadoran Government coverup began within days of the crime, possibly with the acquiescence of the current Minister of Defense. The press has reported that Judge Tyler found a society floundering in violence, under the pervasive influence of the military. The press has reported that Judge Tyler's best judgment is that those five National Guardsmen charged with the murder of the churchwomen acted without specific direction from higher-ups, but with the expectation that they would never be prosecuted.

These reported findings by an independent, respected judge should give us pause as we consider the aid request now before us. Are we honestly prepared to continue our military assistance with no conditions attached? Have we become so cynical that coverups, corruption, or political murders no longer prompt our disgust, but argue, instead, for looser conditions, or no conditions at all?

This is the choice we have before us now: Will we stick by the conviction that prompted us 6 months ago to say, "This much aid and no more until we have a verdict?" Or will we say, "Despite our decision in 1983, despite not having a verdict, here is more assistance."

The administration points to positive developments in this case since we adopted our 30-percent condition last year. The case, in fact, was elevated to the trial stage in February. Our Ambassador to El Salvador, Thomas R. Pickering, has advised Senators in recent weeks that we should expect a trial in the case by late April or early May.

The administration cites the March 25 elections as another positive development. Members of Congress who returned from observing those elections have shared their observations with us. They saw people travel along dusty and dangerous roads to vote. They saw people stand in the hot sun for hours to vote. The candidate most in tune with American principles—José Napoleon Duarte—received a strong plurality of the vote. This is progress. This is important.

But, Madam President, Bill Ford and his family still await justice for their beloved Ita. They have had years of positive developments and high expectations and predictions of final action. Support for the Leahy-Dodd amendment will make it clear to the military and political leaders in El Salvador—and to President Reagan—that we want a verdict in this case, that we want to know if there was a coverup by military or civilian leaders still holding office.

Madam President, we know that there will be a run-off election for President in El Salvador in 4 or 5 weeks. Either Mr. Duarte or Roberto d'Aubuisson will become the new President of El Salvador some weeks thereafter. It is clear that Duarte and d'Aubuisson would lead El Salvador in very different directions. Duarte campaigned on a platform of national dialog, national reconciliation, an end to death squad activities, a commitment to justice. d'Aubuisson pledged to militarily eliminate his opposition. An entrenched military that traditionally has intervened whenever reform is in the wind adds to the uncertainty ahead.

This is the time to attach strong conditions to additional military aid and to register our support for political and economic reform in El Salvador.

The sponsors of this amendment support democratic governments in Central America that are friendly to the United States. But political reform, economic development, respect for basic human rights, and a functioning system of justice are vital to the achievement of this goal. Assisting a people to elect their leaders is a good step. Assisting those leaders in bringing peace and justice to their people is the next step.

My abhorrence of the death squads and the prevailing climate of violence from the right-wing in El Salvador certainly does not blind me to the dangers of the left. But we must ask, Madam President, what kind of Nation we are and what kind of regimes we are willing to support.

Will we embrace any regime just because it poses as the only alternative to communism? Will we turn our backs on Ita and Bill Ford? Or will we insist on justice? Will we insist that elections be accompanied by real and lasting social change and political progress?

I do not believe the problems in El Salvador are amenable to a military solution. There is no prospect of success or gain for the United States in continued military escalation. Indeed, after 4 years of military and economic assistance totaling $1 billion, here are the administration's own figures. There is no economic growth. There is unemployment of over 30 percent. There are three times as many guerrilla fighters. There are 40,000 civilian victims of death squads. There is virtually no system of justice. The guerrillas get half of their arms from the shipments we make to the Salvadoran Army, either through corruption or incompetence. And we have been training officers and men for the Salvadoran Army since 1948, over 35 years.

Emphasis on a military solution works against our interest in building democracy and promoting economic development. We find ourselves allied to military forces that are both repressive and corrupt. We can hardly influence, much less control them. Our military commitment has become so sweeping, so unconditional that we find it almost impossible to pull back, even when every other interest in economic development and human rights is trampled.

Emphasis on a military response also prevents us from joining hands with moderates in the region. It polarizes people into extreme positions. It removes incentives to resolve conflicts at the negotiating table or in the political arena. It weakens the hands of moderates and centrists.

Heavy reliance on a military strategy in Central and South America also forfeits the support of other countries in the region interested in furthering mediation and negotiation. It prevents us from taking advantage of an effort like that put forward by Mexico, Venezuela, Colombia, and Panama—the Contadora Group—to seek regional negotiations to end the fighting; to end foreign military shipments and advisors; to cooperate on economic and democratic political development.

It prevents us from trying to unite the Americas against Soviet encroachment and Cuban adventurism through the Organization of American States or other forums, despite the natural predisposition in this direction of almost every country to the south of us.

Madam President, our hemispheric leadership is at stake.

Every American, Democrat, Republican, Independent, wants to see democracy take hold in Central America. And every American wants our basic political values firmly established in the hearts and minds of the people of Latin America,

The question before us remains how best to achieve these goals. By militarizing Honduras? By emphasizing military aid at the expense of human rights? By ignoring land reform, judicial reform, and economic justice?

No.

We will never achieve our goals if we tolerate, much less support oppression, murder, or injustice. But if we set clear priorities—if we stay true to our own revolution and traditions—I am confident that the hope for justice, peace, opportunity, and democratic government we all share here—can triumph there, in Central America.

We can start by approving this amendment.

I urge my colleagues to join in this search for justice and human rights reform in El Salvador.

I thank the Chair.

Mr. KENNEDY. Madam President, I yield myself such time as I may need on the Leahy amendment.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KENNEDY. Madam President, since October 1979, the military and national security forces of El Salvador—at times conspiring with the death squads—have killed more than 38,000 civilian noncombatants and caused the disappearance of 2,600 more persons. These statistics were compiled by the Human Rights Monitoring Office of the Roman Catholic Diocese in San Salvador.

Who are these victims? Have the perpetrators been punished?

The American people and the U.S. Congress know well the names of at least 10 of those victims, for they were our fellow citizens—Michael Hammer and Mark Pearlman, whom we have just discussed, Maura Clarke, Ita Ford, Dorothy Kazel, Jean Donovan, whom I wish to discuss now, John Sullivan, Michael Kline, Patricia Cuellar and Lt. Comdr. Alfred Schaufelberger.

It was December 2, 1980, when Maura Clarke, Ita Ford, Dorothy Kazel, and Jean Donovan left San Salvador's international airport in a white van. That was the last day they were seen alive. Two days later, their bodies were discovered in an unmarked grave southeast of the airport.

The four American churchwomen had been brutally raped and murdered. What was their offense? They were caring for the poor, feeding the hungry, and treating the ill. For expressing compassion for their fellow human beings, someone considered them a threat. So they were killed.

That was over 3 years ago. Since that crime in 1980, there have been no trials, there have been no verdicts, there have been no sentences.

A short time after this murder, U.S. officials cited circumstantial evidence of possible security force involvement. The FBI was sent to assist. Sixteen sets of fingerprints were lifted from the burnedout van. Ballistic tests revealed that the women were killed by bullets from the type of high-powered rifle regularly used by the security forces. Within several months, the FBI was reported to have developed conclusive evidence that six national guardsmen were involved in the slayings.

Salvadoran authorities, however, initially stonewalled and refused to press the investigation. A high-level commission was belatedly named to investigate the murder. That commission included two close friends of then-Defense Minister Garcia and a first cousin of the head of the Salvadoran Police Forces.

On May 7, 1981, the former U.S. Ambassador to El Salvador stated, "All this talk of an investigation is nothing but a big charade. * * * They knew within 3 days who was responsible."

Finally, on May 9, a full 6 months after the murders, Defense Minister Garcia confirmed to the press that six members of the armed forces had been arrested provisionally, and had been under detention since the end of April.

Six more months passed. The prosecution was stalled. In December, a new investigation was initiated, two of the original suspects were released and two new suspects were taken into custody.

In January 1982, one of the newly arrested national guardsmen confessed his own direct participation in the killings and implicated four other national guardsmen. A court then determined the suspects should be detained for future indictment. And, finally, in November 1982—almost 2 years after the crime—the case was ordered to go to trial.

What will happen next—and when?

On January 26, 1982, Defense Minister Garcia told us that the detained guardsmen would go to trial "within a very few days." That was over 2 years ago. In its July 1982 certification report, the State Department predicted: "We expect the date of the trial to be set this fall." In December 1982, the U.S. Embassy in El Salvador reported: "Salvadoran legal experts believe the case will go before a jury in late January or early February 1983," and in mid-June 1983, President Magana of El Salvador assured President Reagan and Members of Congress that a trial would begin "within 6 weeks." That was 10 months ago. Then, in July of 1983, in its fourth certification report, the State Department reported to Congress: "We are hopeful that the case will go to trial within the next few weeks." That was 9 months ago. In its January 1984 report to Congress on El Salvador, the State Department stated: "The case now seems likely to reach completion by mid-1984," and just last week, U.S. Ambassador Pickering noted that in February 1984, the case had once again been elevated to the trial stage. He assured Members of the Senate that the case would surely go to the jury soon, perhaps in May.

"Soon" is what we have been told—time in and time out—for the past 3 years—3 long years for the families of those murdered women, 3 long years for the American people.

During those years, we have learned several things. We have learned that there is not a single case in which a member of the Salvadoran Armed Forces has been tried and convicted for a politically motivated killing of a civilian noncombatant. No one disputes this fact.

We have learned more. We have learned what happened after those brutal murders took place. A distin-

guished American judge from New York, a former official of our Department of Justice, the Honorable Judge Harold Tyler, traveled to El Salvador last year to conduct an inquiry. One of the conclusions he came back with was that there had been a coverup, that officials within the Salvadoran Government had attempted to conceal the identities of those individuals who actually gave the order for the murders.

And we have learned even more. We now have some evidence which explains why the real parties ordering those killings and those responsible for the coverup are still at liberty.

A high-ranking Salvadoran military officer in a position to know has accused Salvadoran Defense Minister Vides Casanova of organizing the coverup. Why? Because it was his nephew, Col. Oscar Edgar Casanova, who gave the order to kill. Both of the Casanova's hold high offices in the Government and military of El Salvador.

Congress has struggled long and hard with this case. A year ago, we approved an additional certification requirement as a condition for the continued provision of military aid to El Salvador. We required the President to certify that the Government of El Salvador "has made good faith efforts both to investigate the murders of the seven U.S. citizens in El Salvador in December 1980 and January 1981 and to bring to justice all those responsible for those murders."

President Reagan pocket-vetoed this resolution extending that certification. We know why this law was not extended. As the Lawyers Committee for International Human Rights stated, "if the certification requirement where still law, the administration could not in "good faith" find compliance with the law in any of the cases" involving American citizens.

And last fall, frustrated by the lack of progress, Congress specified that 30 percent of funds appropriated for military assistance to the Government of El Salvador could not be used until there was a verdict in the trial of those charged with the murder of the American churchwomen.

There has been no verdict, and the administration was prevented from using 30 percent of the money we appropriated for El Salvador last year.

As if nothing happened between the time we passed Senator SPECTER'S amendment and the President signed it into law, the administration has now come back to us and is asking for more money. It is as if the Specter amendment—and the President's own signature signing that amendment into law—did not exist. It is as if the administration had forgotten about the murder of the four American churchwomen. It is as if we should suppress our outrage over the coverup, the stonewalling, the obstruction of justice in this case.

How much longer must we wait for justice?

How much longer must we wait for the Government of El Salvador to investigate the coverup?

Last year, we told the administration and we told the Salvadoran Government that we would wait no longer, that justice was required before we would appropriate any more military assistance. Let us repeat that message. Let us stand with the families of the murdered churchwomen. Let us insist that justice be done, and that it be done today.

When we took that stand last year, the authorities in El Salvador took note. The trial was elevated to the plenary stage in February 1984.

Today we must repeat this message. The Leahy-Dodd amendment would withhold additional military assistance until the conditions set forth in the Specter amendment, signed last year by the President, are met. I fully support this amendment and urge my colleagues to adopt it. If the administration is correct, if the trial does occur in early May, this amendment will delay delivery of additional funds to El Salvador by only several weeks at most.

Madam President, let us remind the administration that the Specter amendment still lives, and must be abided by. But most of all, let us send a clear and unequivocal message to those in El Salvador who have hampered prosecution of this case: Justice must be done.

Madam President, I suggest the absence of a quorum, with the time to be equally divided.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PELL. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PELL. Madam President, will the Senator yield?

Mr. KENNEDY. I yield.

Mr. PELL. Madam President, I ask unanimous consent that my name be added as a cosponsor of the Leahy-Dodd amendment, which is under consideration at this time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PELL. Madam President, in my mind, this is an excellent amendment, and it is a reflection of the strong sense of frustration, exasperation, and concern that the American people and many of us in Congress are experiencing over the case of the churchwomen murdered in El Salvador.

This amendment is of particular interest and particular concern to my State, where there have been intense interest, sorrow, grief, and anguish over the murder of these churchwomen.

There is a group of people who come and tell us of their concerns as they demonstrate and pray every Friday. They receive a warm welcome as they do so in my office. All told, they have done their best to raise the level of interest and sensitivity to these brutal murders. I congratulate these people on the work they have done in this regard.

We should remember that those dedicated and devoted women were brutally murdered in December 1980, and today, 3½ years later, there is still no sign of a trial. It is true that the Salvadoran legal system is practically nonexistant but there has been an enormous amount of foot-dragging on the part of the Salvadoran authorities.

I believe that this amendment, which states that no funds are to be provided for military assistance under this supplemental appropriation unless those guardsmen charged with these deaths are brought to trial, with a verdict rendered, would send the appropriate message. It says that the American people are finally serving notice on the Salvadoran Government, which has had enough time to bring those guilty of these murders to trial.

If the military assistance is desired as much as we are led to believe, then the Government must finally bring the case to trial and render a verdict.

I do not think there has been a crime of such hideous proportions as this for a long time. These women were raped and murdered for no cause whatsoever. Apparently, two of them had been followed by the local security authorities as they went to get the other two at the airport. The security officers, or the men who were shadowing them, asked their superior officers what they should do, and apparently they were told to murder them. I do not know if they were told to rape them or not. Then they proceeded to rape and murder these dedicated women. It is a true crime. I do not like to use the word "avenge"; but until those who perpetrated it are brought to justice, there cannot be normal relations between the Government of El Salvador and the Government of the United States.

Certainly, from the viewpoint of the people in the United States, this crime is one that really makes them cringe. I may not be reflecting the wishes of this body as I have watched the votes in the last few days, during which the Senator from Massachusetts has received only 25 or so votes on each of these issues; but I would wager that in the country as a whole, the sympathy

and support for this kind of amendment is greater.

I hope the administration will bear with us and permit some strong action to bring the Salvadoran Government to heel. The fact that there are fewer killings today or this week or this month than there were 2 years ago may be correct. But we should also remember that just a few less is not enough. We still have a government of a nation where more political murders are taking place than in any other nation I can think of at this time on this Earth.

Mr. DODD addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. KENNEDY. Madam President, I yield the Senator from Connecticut whatever time he desires.

Mr. DODD. Madam President, first, I commend our colleague from Rhode Island for his comments. Over the past 2 or 3 years, he has been extremely outspoken on this issue. He has consistently reminded not only the Foreign Relations Committee but this body as well of the seriousness of this issue, not as it is in one particular case but what it reflects as the overall lack of concern that would appear on the the part of those in positions of authority in the Government of El Salvador for the indiscriminate loss of human life in that country.

Madam President, it was on an evening more than 3 years ago that Ita Ford, Maura Clarke, Dorothy Kazel, and Jean Donovan left El Salvador's Cuscatlan International Airport and were forced to detour into a hell we can only imagine, a hell they would not survive. The following morning, the van of these four women was found burned, its license plates removed, on a road near the airport. One day later, in shallow, makeshift graves nearly 20 miles away, their bodies were discovered. Mutilated, savagely assaulted, they were executed gangland style, each with a bullet through the head.

What crime did these four women commit to warrant such a brutal sentence? These were churchwomen. Ita Ford and Maura Clarke were of the Maryknoll order. Dorothy Kazel was an Ursuline nun. Jean Donovan was a Roman Catholic lay missionary. They were in El Salvador not for selfish reasons or personal gain but rather for the most selfless work any individual can choose. Thousands of miles from home, from family and friends, they traveled to El Salvador to help the many in that country who desperately needed their help.

That was their crime. They are El Salvador's subversives, we are told. Subversive for helping the have-nots, the downtrodden, the politically forgotten people of El Salvador. Subversive for helping to educate the illiterate, to feed the malnourished, to cure the sick. Subversive for helping to clothe the ragged, to house the homeless, to sustain the destitute.

In El Salvador, subversion is a capital crime punishable by death, by violent death. It is a crime for which tens of thousands have paid with their lives. Nearly 40,000 Salvadorans, civilians, have been tried and found guilty by this obscene system. Nearly 40,000 have perished, 40,000 in a country of 5 million people.

The numbers, it would appear, are antiseptic. They do not portray either the horrific nature of these crimes or the staggering human tragedy. But try, Madam President, if you will, to imagine if a million and a half Americans were savagely murdered in 3 years, and proportionately that is what the number would be in this country, in my home State, Connecticut, it would mean nearly half the population, and imagine the outrage if no one was ever convicted for any of these deaths.

Madam President, there has not been one single conviction in El Salvador, none for the murders of nearly 40,000 civilians in that country. Think of that. Not one single conviction in 4 years—40,000 human beings have died, brutally mutilated, limbs dismembered from their bodies, their thumbs wired behind their backs, shot within inches of their heads. And not one single conviction in 4 years. None for the murders of the two American labor advisers, and obviously none for the murders of the four churchwomen. Over 40,000 fellow human beings in a nation for which we have provided $1,200,000,000 in the last 4 years.

Were these crimes committed by such experts no law enforcement officer could find the culprits? Were the facts so hazy no judge could pass sentence? Hardly. In the churchwomen's case, we—and the Salvadorans—could identify the murderers merely hours after the crime was discovered.

The history in this case is nearly as tragic and horrifying as the case itself. Though the murderers were known only hours after they reportedly celebrated their night's work at an airport bar, it would be nearly 5 months before they were arrested and, then, they were arrested only provisionally.

Ten months later, in February 1982, a court announcement said one of the five suspected former national guardsmen had confessed clearly, fully, and spontaneously to the crime. No matter. Another 9 months would pass before a Salvadoran judge would order them to stand trial. At the time, the judge's secretary was quoted as saying the trial would not have been ordered "unless (the judge) had enough to hang" the accused.

That was in November 1982, almost 2 years after the violent murders were committed. In March 1983, the headlines told only of further trial delays.

In December 1983, 3 years after the murders, a former U.S. Federal judge and Deputy Attorney General issued his report on the case—a report which has been classified by the State Department. The published accounts of that report tell us only the sad but obvious truth: There was a coverup by the Salvadoran authorities that began within days of the killings.

Madam President, in April 1981, when I wrote the certification bill attaching conditions to U.S. military aid to El Salvador, I included a onetime certification with regard to the investigation and prosecution of those responsible for the churchwomen's murders. I did not expect to be back on the Senate floor in July 1982 arguing again for such a certification. Nor did I anticipate that in writing the 1984 foreign aid bill such a certification would still be needed. And, I certainly did not expect to be standing before you today arguing once again for legislation to insure that our actions and our rhetoric are inseparable.

The amendment, Madam President, that I am offering, along with my colleague from Vermont, represents, I would argue, no drastic policy change, no dramatic revision of existing law. In fact, it is only consistent with existing policy, with existing law. It simply applies the policy we adopted with the continuing resolution concerning military aid to El Salvador to this additional military aid request now before us.

On three separate occasions in the House of Representatives and in the Senate Foreign Relations Committee, on two separate occasions on the Senate floor, this has been a policy strongly endorsed and supported.

Congress clearly stated that policy as late as last year. Thirty percent of the $65 million in aid El Salvador would receive in military assistance in fiscal year 1984 would be contingent on the resolution of the churchwomen's case. Yet this case has not been resolved and for that very compelling reason, El Salvador has not received approximately $20 million in military assistance.

The amendment now before the Senate is equally clear. Before we provide El Salvador with another penny in military aid, that $20 million must be spent, the churchwomen's case must be resolved, and we must not back away from our own commitments. That is what this amendment says.

Yet today we would be doing just that if this amendment is not adopted. Today we would ignore even our own advice. We would forget what only months ago we urged others to remember. We would shift gears. We would dramatically change course. We would abandon our own judgments and more than double the amount of

military aid we have provided in El Salvador already. And in so doing, we would be abandoning the values and traditions through which our country and our people have found strength, the same values and traditions which led Ita Ford, Maura Clarke, Dorothy Kazel, and Jean Donovan to El Salvador in the first place.

The choice before us is not a difficult one, nor should it be. We can face the violent reality that is El Salvador. We can live up to our own values and traditions. Or, we can put on President Reagan's rose-colored glasses. We can speak strongly and loudly about democracy and justice and then wink slyly at the Salvadoran death squads.

Many words have been written and published about the murder of the four American churchwomen. Among them are two passages I would like to include in the RECORD today. That they are still applicable more than 3 years after the churchwomen were killed, and more than 1 year after they were written, speaks loudly in support of the pending amendment.

I quote these two passages: "More than American moralism is at stake," the November 18, 1982, New York Times editorial read:

> In a bitter civil war many crimes will go unpunished. But when a government proves incapable of curbing the worst excesses of its own forces it converts its own population to the guerrilla cause. For El Salvador's sake, no less than ours, progress on human rights is a valid touchstone for aid.

In the nuns' case, a March 18, 1983, editorial, the Washington Post read:

> The issue is not merely that the nuns' case embarrasses the administration. It cheapens the United States, the whole nation, to be a party to this farce any longer.

We can be a party to this farce. We can send another $62 million in military aid and ignore our own laws, abandon our stated principles, or, we can demand that this $62 million arrive in El Salvador as the law we wrote unequivocally states it should: After the resolution of the brutal murders of four American churchwomen.

Death is a way of life in El Salvador and it will remain so until fundamental economic, social, and political changes are made. Our aid and our assistance must be dedicated to those changes. That dedication, that commitment, can be no less than the dedication and commitment made by those struck down by El Salvador's brutal assassins.

The task before us is to do all we can to insure that they—Salvadoran, American, Dutch, or Mexican—did not die in vain. That is the message contained in this amendment. That is the only message we can send to the Salvadoran Government and to the world if our policy is to be consistent and grounded on our own democratic traditions and values.

Madam President, I yield the floor.

Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. On whose time?

Mr. DODD. To be equally divided.

The PRESIDING OFFICER. Is there objection?

Mr. KASTEN. I object.

The PRESIDING OFFICER. Objection is heard.

Time runs equally against both sides.

Mr. KASTEN. Madam President, I suggest the absence of a quorum, the time to be equally divided between each side.

The PRESIDING OFFICER. Without objection, the clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. KASTEN. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KASTEN. I yield 10 minutes to the Senator from Pennsylvania to speak in opposition to the amendent.

Mr. SPECTER. I thank the distinguished chairman of the subcommittee, the Senator from Wisconsin (Mr. KASTEN).

Madam President, it is the underlying amendment of the Senator from Pennsylvania which calls for the withholding of 30 percent of the $61 million until there is a verdict in the case involving the four American churchwomen, and it is an amendment in the second degree which seeks to cut off all the funds until there is a verdict in the case involving the four American churchwomen. I am opposed to cutting off all the funds because I believe that that would subject the situation in El Salvador to greater peril and a cutoff of all the funds is not necessary in order to keep the pressure on the El Salvadoran Government to try the case involving the four American churchwomen.

It is my sense that there has been a case made by the administration for emergency aid. That case has been expressed cogently by a number of the Senators who have spoken on this subject. I think that the analysis of the distinguished Senator from Hawaii (Mr. INOUYE) speaks eloquently to that point, and part of the aid that he referred to was the medical aid.

I think it is unwise to tie the hands of the administration totally in limiting any funds from going to El Salvador until the case of the four American churchwomen have been tried. But that is more of a cutoff than is necessary, in my judgment, to put the requisite pressure on the El Salvadoran judicial system to try the cases involving the four American churchwomen. Also, as a matter of practicality, it is more likely that Senators who vote on these measures would be inclined to vote for a 30-percent cutoff than for a 100-percent cutoff.

There is a procedural issue which we are dealing with at the moment as to a separation of the votes on what may be anticipated to be a motion to table the amendment by Senator LEAHY and Senator DODD, contrasted with the underlying amendment which has been offered by this Senator. But I did want to offer that distinction between these two positions.

I thank the Senator from Wisconsin for yielding the time to me. I thank the Chair and I yield the floor.

Mr. KASTEN. Madam President, I yield myself such time as I may require.

Madam President, the Senator from Pennsylvania has worked diligently on the issue of judicial reform in El Salvador. He has been a tremendous asset in the Subcommittee on Foreign Operations, and I am most grateful to the Senator for all of his assistance and for taking the lead on this issue.

Frankly, it is because of Senator SPECTER's hard work that the Appropriations Committee on the regular bill accepted a similar amendment offered by the Senator, which was signed into law last November.

Madam President, the case is now in the plenario stage, the final stage of judicial proceedings in El Salvador. As my colleagues are aware, the judicial system in El Salvador is very different from ours, in that once the case reaches this stage all testimony and evidence has been presented to the judge. At this stage there will be no new evidence, no new testimony. All that is left is the presentation of defense briefs, the setting of a date certain for the trial, indexing of the evidence by the judge, and finally empaneling the jury.

Madam President, I honestly believe that Salvadoran officials have taken notice of the will of Congress on this matter. There is no one here who can condone the delay in this trial. I do believe that the Senator's language last year has had a positive effect on this case.

I believe that this is not the right time for a further amendment. The Salvadoran officials working on this case are doing their best to wind through the judicial system there, and that we will soon see results.

I feel the same about this amendment as a number of the other conditionality amendments. The time for us to work with these various conditions is on the authorization bill and/or on the regular appropriation bill.

At this time, I believe that all of these set-aside amendments or withholding amendments are simply delays and/or cuts. I am hopeful that this amendment will be defeated.

But at this time I want to thank, congratulate, and say to the Senator from Pennsylvania that I think he has been very instrumental in working toward needed reforms, not only in the judicial area, but in a number of other areas in El Salvador. I look forward to continuing to work with him.

The PRESIDING OFFICER. The Senator from Hawaii is recognized.

Mr. INOUYE. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. On whose time will that be?

Mr. INOUYE. My time, Madam President.

The PRESIDING OFFICER. It is the understanding of the Chair that the time is under the control of the Senator from Wisconsin and the Senator from Vermont.

Mr. INOUYE. Madam President, I yield back the balance of the time.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized.

Mr. KASTEN. Madam President, the Senator's time has been yielded back in behalf of the Senator from Vermont.

Mr. DODD. If the Senator will yield, I understand the time has expired.

Mr. KASTEN. I thank the Senator.

I yield back the balance of our time. I move to table the Specter amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

All time having been yielded back, the question is now on agreeing to the motion of the Senator from Wisconsin to lay on the table the amendment of the Senator from Pennsylvania.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. BAKER) is necessarily absent.

I also announce that the Senator from Vermont (Mr. STAFFORD) is absent on official business.

Mr. CRANSTON. I announce that the Senator from Illinois (Mr. DIXON), the Senator from Colorado (Mr. HART), and the Senator from Massachusetts (Mr. TSONGAS) are necessarily absent.

I further announce that the Senator from North Dakota (Mr. BURDICK) and the Senator from New Mexico (Mr. DECONCINI) are absent on official business.

The PRESIDING OFFICER (Mr. GRASSLEY). Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 54, nays 39, as follows:

[Rollcall Vote No. 49 Leg.]

YEAS—54

Abdnor	Armstrong	Boren
Andrews	Bentsen	Boschwitz
Chafee	Hecht	Nickles
Chiles	Heflin	Nunn
Cochran	Helms	Percy
Danforth	Hollings	Quayle
Denton	Humphrey	Roth
Dole	Inouye	Rudman
Domenici	Jepsen	Simpson
Durenberger	Johnston	Stennis
East	Kassebaum	Stevens
Evans	Kasten	Symms
Garn	Laxalt	Thurmond
Goldwater	Long	Tower
Gorton	Lugar	Trible
Grassley	Mattingly	Wallop
Hatch	McClure	Warner
Hawkins	Murkowski	Wilson

NAYS—39

Baucus	Glenn	Moynihan
Biden	Hatfield	Packwood
Bingaman	Heinz	Pell
Bradley	Huddleston	Pressler
Bumpers	Kennedy	Proxmire
Byrd	Lautenberg	Pryor
Cohen	Leahy	Randolph
Cranston	Levin	Riegle
D'Amato	Mathias	Sarbanes
Dodd	Matsunaga	Sasser
Eagleton	Melcher	Specter
Exon	Metzenbaum	Weicker
Ford	Mitchell	Zorinsky

NOT VOTING—7

Baker	Dixon	Tsongas
Burdick	Hart	
DeConcini	Stafford	

So the motion to lay on the table amendment No. 2881 was agreed to.

Mr. KASTEN. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. KASTEN. Mr. President, I yield to the Senator from Massachusetts.

Mr. BYRD. Mr. President, will the distinguished Senator yield to me for the purpose only of my propounding a question to the assistant Republican leader with respect to the program for the rest of the day?

Mr. KENNEDY. Fine.

Mr. BYRD. I ask that question.

Mr. STEVENS. Mr. President, I have conferred with the manager of the bill. It is my understanding that we have this Kennedy amendment before us now. There is a time agreement on that of an hour. We do not anticipate that full hour to be used.

Following that, it is my understanding, is an amendment of the Senator from New York (Mr. MOYNIHAN). Is that correct?

Mr. KASTEN. If the Senator will yield, there is an amendment that we have tentatively pending following the Kennedy amendment. It may or may not require a rollcall. It is not clear at this point.

Following that, we are in the process of going back through the list with the minority side to determine which amendments have in the process of the day been combined with other amendments. Right now it looks as if we will have one and possibly two or three more rollcalls and that we would be working until 8 or 8:30 p.m. On the other hand, we will know more precisely within about 20 minutes because we will then have our list and it will be one that we can look toward in terms of one or two things we might want to finish tonight, plus what we might want to schedule for the morning.

Mr. STEVENS. I might say to my good friend that it has been a request transmitted to us that there is a desire for an executive session of the Senate on the Nicaragua amendments. That would not occur tonight, I do not believe. It would have to be tomorrow. The majority leader has been delayed, but he will be here yet this evening, I am informed.

It would be my understanding from what the Senator from Wisconsin has said that the next vote will take place sometime around 7 o'clock. Following that, there will be some negotiation over the schedule and over the amendment of the Senator from New York. We anticipate at least one more rollcall vote after that. We are negotiating with the Senator from Massachusetts on another amendment he has that affects the Intelligence Committee which I have discussed with the Senator from Arizona. It is possible we would only have one rollcall vote beyond this one, if that amendment can be worked out. Otherwise, that would call for a vote, as I understand it from the Senator from Massachusetts.

Mr. BYRD. Does the assistant majority leader indicate on the basis of what the manager of the measure has said that the Senate will be in no later than 8 or 8:30? Is that a fair estimate?

Mr. STEVENS. We have been asked by the managers of the bill to stay in session as long as necessary to try to get through the El Salvador portion of the Central America question tonight. I think, from what I hear, it is possible to do that, being here no later than 9 or 9:30. It looks like we might get it done by as early as 8:30 I would say to my friend.

Will my friend yield, since Senator KENNEDY has yielded to him, to take up this one sensitive problem concerning a message from the House?

Mr. BYRD. Does the Senator from Massachusetts yield for that purpose?

Mr. KENNEDY. I would be delighted to yield.

Mr. BYRD. I thank the distinguished Senator.

Mr. STEVENS. Mr. President, I thank the Senator from Massachusetts and the distinguished Democratic leader.

EXTENSION OF THE DEFENSE PRODUCTION ACT

Mr. STEVENS. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 1852.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the House disagree to the amendment of the Senate to the amendment of the House to the bill (S. 1852) entitled "An Act to extend the expiration date of the Defense Production Act of 1950," and ask a conference with the Senate on the disagreeing votes of the two Houses thereon.

Ordered, That Mr. ST GERMAIN, Mr. MINISH, Mr. LAFALCE, Mr. LUNDINE, Ms. OAKAR, Mr. VENTO, Mr. WYLIE, Mr. BETHUNE, and Mr. SHUMWAY be managers of the conference on the part of the House.

Mr. STEVENS. Mr. President, I move that the Senate insist on its amendment and agree to the conference requested by the House and that the Chair be authorized to appoint conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. GARN, Mr. TRIBLE, and Mr. PROXMIRE conferees on the part of the Senate.

URGENT SUPPLEMENTAL FOR FISCAL YEAR 1984 PUBLIC LAW 480 PROGRAM

The Senate continued with the consideration of the joint resolution.

AMENDMENT NO. 2839

(Purpose: To Condition the Provision of Military Assistance to El Salvador on the Initiation of Unconditional Negotiations)

The PRESIDING OFFICER. The Chair recognizes the Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I send to the desk my Amendment No. 2839 and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Massachusetts (Mr. KENNEDY) proposes an amendment numbered 2839.

Mr. KENNEDY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in H.J. Res. 492, insert the following: "No additional funds shall be available under this or any other legislation for military assistance to the Government of El Salvador unless the President certifies to Congress by June 30, 1984, that the Salvadoran Government has agreed to participate in unconditional negotiations with all major parties to the conflict in El Salvador which are willing to participate unconditionally in such a negotiation process, and that upon the beginning of such negotiations, the Government of El Salvador agrees to attend and to negotiate in good faith: *Provided, however,* That this provision shall not take effect unless the opposition forces represented by the FDR/FMLN have agreed by such date to participate in such negotiations and to attend and negotiate in good faith.

Mr. KENNEDY. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. KASTEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized.

Mr. KASTEN. Parliamentary inquiry. What is the time limit on this amendment?

The PRESIDING OFFICER. One hour equally divided.

Mr. KASTEN. And the amendment is the original amendment?

The PRESIDING OFFICER. The Senator is correct; it is the original amendment.

Mr. KASTEN. I thank the Chair.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KENNEDY. Mr. President, this amendment offers the U.S. Senate and the people of this country an alternative to the Reagan administration's present and past policy of unending military escalation in El Salvador.

It seeks to etch into law the requirement that a firm, honest effort be made to negotiate an end to the fighting in El Salvador.

From several days, we have been debating how much and under what conditions military aid should continue to be provided to the Government of El Salvador.

However, the fundamental issue that I am urging my colleagues to face is that the policy of military escalation has not worked over the past 3 years and it will not work in the future.

All of us share the same goals. We all want an end to the killing. We all want an end to the suffering. We all want to see political democracy, economic justice, and social development in El Salvador.

But there is a reluctance on the part of many of my colleagues to recognize that the present policy is not leading in the direction of those goals.

Whatever one might say, whatever one might wish, the present policy has produced more deaths in the conflict and more killings by the death squads. The Salvadoran economy is being destroyed. The people are suffering. And there is no one—not in Washington or in El Salvador—who believes that the recent elections will resolve the conflict.

One has to remember why there is conflict to begin with in El Salvador. There is conflict because for decades repression and fraudulent elections served to maintain 75 percent of the people of El Salvador in poverty and to deny all but the elite any real chance to participate in the political process.

In El Salvador, as Pete Vaky, former Assistant Secretary for Inter-American Affairs has written recently, there is "a long, bitter history of injustice, poverty, brutality, and repression."

The opposition in El Salvador formed—both the guerrillas and the political groups linked to them, the FDR/FMLN—because of that history.

Our present policy does not recognize that history. It is based on a view that a military solution to the conflict will provide the basis for progress and prosperity.

After 3 years, that hope is no longer based on reality. The guerrillas control more land than they did 3 years ago. They are more numerous than they were 3 years ago. They are even more a part of the Salvadoran present and future than they were 3 years ago.

The administration policy appears to be based solely on a conviction that rising levels of arms will lead to the victory of the government's armed forces over the guerrillas.

No independent observer believes that to be a likely outcome unless there is a full U.S. military intervention with all of its disastrous consequences.

Without that eventuality, the most likely outcome is a military victory by the guerrillas at some point in the future as the armed forces of the government collapse under their own combined political divisions and declining morale.

The amendment I offer today presents an alternative to those outcomes.

It calls for mutual negotiations by the government and the opposition as the only fruitful avenue for an end to the current violence.

It would condition the provision of military aid on the certification by the President that the Government of El Salvador has agreed to participate in unconditional negotiations with all parties to the conflict. That affirmation must come before June 30. The government must also affirm that it will attend such negotiations and will negotiate in good faith.

The same requirement is placed on the FDR/FMLN. If they do not restate their willingness to participate in such unconditional negotiations and to attend and negotiate in good faith, the prohibition on military aid to the government will not take effect.

Congress has indicated its desire for such negotiations in the past. But the administration and the Government of El Salvador have not abided by that action.

As early as the 1981 Foreign Aid Authorization Act, the Congress requested in its certification requirement that the Government of El Salvador "begin discussions with all major political factions."

In addition, in May 1983, the House Foreign Affairs Committee by a vote

of 36 to 1 attached language requiring The Salvadoran Government to enter into a dialog, in good faith and without preconditions with its opponents within 90 days of enactment. Again, the Senate Foreign Relations Committee in May 1983 similarly urged the U.S. to use its good offices to encourage an unconditional dialog among all parties.

In June 1983, the House Foreign Affairs Committee approved legislation requiring that the Government of El Salvador engage in an unconditional dialog with the insurgents.

But what has been the response of the Government of El Salvador?

The New York Times reported on June 19, 1983, as follows:

> The provisional President of El Salvador said today that he would not comply with U.S. congressional stipulations that his government begin unconditional discussions with insurgents. He said in an interview, "we are not going to satisfy that condition!"

In his inaugural speech to the constituent assembly, President Magana stated, "we have nothing to avenge, nothing to repress, and nothing to negotiate".

We also have seen that the present government in El Salvador, as well as Roberto D'Aubuisson, as well as the armed forces, reject the idea of negotiations with the opposition. The armed forces has identified virtually the entire leadership of the opposition as traitors. The President has stated:

> When the left suggests San Salvador as a meeting place (for negotiations), the problem is that they are committing crimes against the country. If they come here, I would have to order them arrested.

There have been two meetings of the opposition with representatives of the Government's Peace Commission. Those meetings ended with the Government's representatives conditioning their participation from the outset and presenting only the single demand that the opposition turn in their weapons and with no further guarantees participate in the elections which were being held under the rules set up by the Government.

Every effort by Contadora to generate unconditional negotiations between the parties to the conflict has been opposed by the Government and by the Reagan administration.

The FDR/FMLN have for some time asserted their willingness to participate in unconditional negotiations.

Most recently, on January 31, 1984, they issued a statement accepting the process of unconditional negotiations under international auspices.

The call for negotiations to end the conflict has come from Contadora countries. It has come from Pope John II. It has come from the Salvadoran Bishops Conference.

Silence or rejection has been the response of the Government of El Salvador and the Reagan administration. This administration, despite its naming Ambassador Stone and now Ambassador Schlaudeman, continues to oppose unconditional negotiations to end the conflict. Their only response has been to condemn allowing the opposition to shoot their way into power. They forget that the armed forces shot and killed opposition leaders so often that it produced the present conflict.

Unconditional negotiations have no preordained outcome. How that process will yield a context and environment that can permit full participation by all parties in a democratic process including open and fair elections is not yet known.

But unconditional negotiations is the only avenue that can bring us to that outcome.

Finally, I would call the attention of my colleagues to the statement last month by President de la Madrid of Mexico and urge them to consider it carefully. President de la Madrid stated:

> What is needed in El Salvador is an internal process of negotiations among all major groups to end the violence and allow the establishment of a stable government that will guarantee peace, liberty and personal protection for Salvadorans.

President de la Madrid went on to analyze U.S. foreign policy. He said:

> I see U.S. policy caught between two different schools of thought. One recommends military intervention to avoid security problems that, as this sector of public opinion believes, Central American represents for the United States. The other is convinced negotiations can bring peace, democracy and economic and social development to the region. I, as President of Mexico and as an individual, believe that negotiations offer the only viable, lasting and fundamental solution. I am convinced that those of us who think this way, both in Mexico and in the United States, will prevail.

I believe that we should heed those words of the President of Mexico and recognize, as he has, that the only avenue offering any hope of resolving this conflict is the course of unconditional negotiations.

I strongly suggest to my colleagues that they consider carefully the options before us. Without negotiations, there is only additional war and additional suffering.

I strongly urge my colleagues to adopt this amendment which would condition further military aid beyond the date of June 30 on the pursuit of unconditional negotiations to end the conflict.

Mr. President, I reserve the remainder of my time.

Mr. KASTEN. Mr. President, the amendment the Senator from Massachusetts is now offering would essentially require the democratically elected Government of El Salvador to choose between this vitally needed military assistance and its own sovereign authority. Three days after an overwhelmingly successful election, the United States, which has pressed hard for elections as an element of the democratization of that country, would be telling the people who streamed to the polls last Sunday, "never mind what they did; you must now negotiate unconditionally with those who have been trying to shoot their way into the Government."

Mr. President, the guerrillas in El Salvador have rejected elections—this is perhaps understandable because of their lack of popular support. They insist on sidestepping elections, and instead they seek to gain power through the muzzles of their guns. Mr. President, it ought not to be difficult for us to make a choice on this matter. I, for one, am willing to cast my vote with those thousands of Salvadorans who went to the polls last Sunday.

Mr. President, I do not have any more requirements for time. Is the Senator from Massachusetts prepared to yield back the remainder of his time?

Mr. KENNEDY. Mr. President, unless others want to speak to this issue, I am prepared to yield back the remainder of my time.

Mr. KASTEN. Mr. President, the Senator from Massachusetts having yielded back his time, I yield back the remainder of my time.

I move to table the Kennedy amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the amendment. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Kansas (Mr. DOLE), and the Senator from California (Mr. WILSON) are necessarily absent.

I also announce that the Senator from Vermont (Mr. STAFFORD) is absent on official business.

Mr. CRANSTON. I announce that the Senator from Oklahoma (Mr. BOREN), the Senator from Illinois (Mr. DIXON), the Senator from Colorado (Mr. HART), the Senator from South Carolina (Mr. HOLLINGS), and the Senator from Massachusetts (Mr. TSONGAS) are necessarily absent.

I further announce that the Senator from North Dakota (Mr. BURDICK) and the Senator from Arizona (Mr. DECONCINI), are absent on official business.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 63, nays 26, as follows:

[Rollcall Vote No. 50 Leg.]

YEAS—63

Abdnor	Goldwater	Murkowski
Andrews	Gorton	Nickles
Armstrong	Grassley	Nunn
Bentsen	Hatch	Percy
Boschwitz	Hawkins	Pressler
Byrd	Hecht	Pryor
Chafee	Heflin	Quayle
Chiles	Heinz	Randolph
Cochran	Helms	Roth
Cohen	Humphrey	Rudman
D'Amato	Inouye	Simpson
Danforth	Jepsen	Specter
Denton	Johnston	Stennis
Domenici	Kassebaum	Stevens
Durenberger	Kasten	Symms
East	Laxalt	Thurmond
Evans	Long	Tower
Exon	Lugar	Trible
Ford	Mattingly	Wallop
Garn	McClure	Warner
Glenn	Moynihan	Zorinsky

NAYS—26

Baucus	Huddleston	Mitchell
Biden	Kennedy	Packwood
Bingaman	Lautenberg	Pell
Bradley	Leahy	Proxmire
Bumpers	Levin	Riegle
Cranston	Mathias	Sarbanes
Dodd	Matsunaga	Sasser
Eagleton	Melcher	Weicker
Hatfield	Metzenbaum	

NOT VOTING—11

Baker	Dixon	Stafford
Boren	Dole	Tsongas
Burdick	Hart	Wilson
DeConcini	Hollings	

So the motion to table Mr. KENNEDY's amendment (No. 2839) was agreed to.

Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. STENNIS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized.

Mr. KASTEN. Mr. President, the Senator from New York (Mr. MOYNIHAN), I understand, has an amendment. The Senator from Massachusetts also has an amendment.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

AMENDMENT NO. 2836

(Purpose: To provide for a Senate and House investigation of death squads in El Salvador)

Mr. KENNEDY. Mr. President, I have two amendments which I talked to the manager of the bill about. I believe that the form of them can be accepted. That would at least conclude the amendments on conditionality that I had intended to offer to this bill regarding El Salvador.

I would be glad to move expeditiously to amendment No. 2836, and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

At the appropriate place add the following:

"The Senate and House Select Committees on Intelligence, in coordination with the Senate Foreign Relations Committee——"

Mr. KENNEDY. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

Mr. GOLDWATER. Objection.

The PRESIDING OFFICER. Objection is heard.

The clerk will report.

The assistant legislative clerk read as follows:

"and the House Foreign Affairs Committee, shall conduct a full investigation of death squads in El Salvador and shall report to the Senate and the House of Representatives by May 31, 1984, on the extent of death squad activity, responsibility for organizing, directing and carrying out death squad killings, and progress in prosecuting those responsible for such killings."

Mr. KENNEDY. Mr. President, there has been a great deal written about death squad activities. The record will show that there have fluctuations in death squad activities over the period of recent years. But there have been a number of individual church leaders, student leaders, and political leaders who were targeted and assassinated. There has not been a single arrest and prosecution of the perpetrators.

Recently, we read in the press that the Central Intelligence Agency financed or underwrote, either directly of indirectly, individuals involved in death squad activities. I am referring to the allegation that Mr. Caranza, head of the Treasury Police, received CIA payments and was involved in death squad activities. It is my hope that we could have an examination of this issue by a committee of the U.S. Senate that has access to information regarding intelligence activities. I hope we can put to rest the issue as to whether the CIA is involved in any way, directly or indirectly, in supporting individuals who are involved in any way, directly or indirectly, in death squad activities; or, whether any funds from the Central Intelligence Agency, or any agency of the Government, is in any way being used in this particular endeavor. We also want to know, to the extent possible, what the intelligence agencies can tell us, and what the intelligence committees can tell us, about the nature of the death squad activities. That kind of examination could help us in the Congress to be more effective in eliminating their activities in El Salvador.

That is really the point that I am driving at, Mr. President, with this amendment.

I see the chairman of the Intelligence Committee on the floor, and the ranking minority member. I shall be glad to see if we can arrive at some kind of an accommodation. But I do believe that there is a very deep concern among the American people about whether the CIA is in any way involved with individuals who are associated with death squads.

It is for that reason that I have proposed the amendment. I welcome whatever comment the Senator from Arizona or the Senator from New York could make on this issue.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

Mr. GOLDWATER. Mr. President, as chairman of the subcommittee of the committee—and we have discussed this with the Senator from New York—we would be glad to hold such series of hearings. I had hoped that we could cover everything the Senator wants in one hearing. I think the Senator said by May 30.

Mr. KENNEDY. Mr. President, I said the 31st of May, but I am glad to adjust that. I would be glad to alter or change that particular date, if it is the desire of the chairman of the committee.

Mr. GOLDWATER. If the Senator will keep that date flexible, we will have no problem. But we do have Easter and Memorial Day coming.

Mr. KENNEDY. Mr. President, could we make it by the 4th of July recess?

Mr. GOLDWATER. Mr. President, there would be no problem with that.

I am glad that you have addressed the issue. In the case of El Salvador, there are many sensitive issues involved. Much of the information is classified and, frankly, we do not know much about it. I understand the concern that the Senator has on this matter. This subject, as I have told him, will be the subject of special hearings by the Intelligence Committee. The committee will do everything it can to investigate this matter, and make the record of that investigation known to the extent that it can.

As I said, I have discussed this with my very distinguished cochairman whom I rely on greatly, and he has agreed to it. I can assure the Senator that it will be an exhaustive hearing.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. MOYNIHAN. Mr. President, may I simply echo the statement of our distinguished chairman. The committee would be happy to undertake the inquiry that the distinguished Senator from Massachusetts asked.

I would like to make one statement, however; that is, that the committee has not been indifferent in the least to this question, and has learned as much as we have been able to. Nothing that we have learned would in any way implicate the Central Intelligence Agency in the undoubtedly obscene and outrageous behavior of individuals and organizations in El Salvador. If we can learn more, we will and we will so report.

Mr. KENNEDY. Mr. President, I want to express my very deep sense of

appreciation to the Senator from Arizona and to the Senator from New York. Obviously, there are materials which are classified. But I think the basic issue is fundamental concern to the American people. I would be glad to work with the chairman and the ranking member of that committee to try to at least resolve as many of these issues and questions in the minds of the American people and the Congress, quite frankly, in as a candid and open way as possibly can be done.

Mr. President, with those assurances that have been given by the chairman of the committee and the ranking minority member, I withdraw my amendment.

The PRESIDING OFFICER (Mr. JEPSEN). Without objection, it is so ordered.

AMENDMENT NO. 2883

(Purpose: To require the President to report to Congress on the whereabouts of U.S. provided military equipment)

Mr. KENNEDY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Massachusetts (Mr. KENNEDY) proposes an amendment numbered 2883.

Mr. KENNEDY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in House Joint Resolution 492, add the following: "Within 120 days of the enactment of this legislation, The President shall transmit to Congress a classified and unclassified version of a report on the whereabouts of military equipment transferred since 1980 from the United States to the Government of El Salvador, and the whereabouts of Salvadoran military personnel trained with U.S. military aid funds."

Mr. KENNEDY. Mr. President, if I could have the attention of the floor manager, I will briefly state the reasons for this particular amendment.

The reason for this particular amendment, as the chairman of the committee understands, is that the Under Secretary of Defense, Mr. Ikle, told the House Appropriations Committee on March 27 that as much as 50 percent of the guerrilla arms and 20 percent of their ammunition was captured or taken from Salvadoran troops.

Two days later Ambassador Pickering said at a news conference that he rejected that estimate, claiming it was based on a study from only one region. Ambassador Pickering cited a study of 200 captured guerrilla weapons which found only 5 could be traced to weapons supplied by the United States to the Salvadoran armed forces. At last report, he stood by his remarks. Roughly one-third to one-half of those identified as American-made were Vietnam vintage, the Ambassador said.

Hopefully, with this amendment, Mr. Ikle and Mr. Pickering can resolve their differences and we can gain information, to the extent possible, as to the whereabouts of various military equipment that we have provided from American taxpayer funds.

That is the purpose of this amendment. I had a more elaborate amendment on this issue of accountability. I have talked with the chairman of the subcommittee about that, and he has given us an indication that we would make an attempt to the extent possible, to provide information within 120 days, as to the whereabouts of various American military equipment.

If that was acceptable to the chairman of the committee, that would be acceptable to me.

Mr. President, I ask unanimous consent that certain articles relating to these disparities be printed in the RECORD at this point.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Times, Mar. 28, 1984]

SALVADOR REBELS SAID TO USE U.S. ARMS

(By Hedrick Smith)

WASHINGTON, March 27.—A top Defense Department official said today that roughly half of the arms used by Salvadoran guerrillas were United States supplied weapons taken from the armed forces of El Salvador.

The official, Fred C. Iklé, Under Secretary of Defense for Policy, said, however, that more United States military aid was urgently needed to help the Salvadoran Army break what he termed a military stalemate, "turn the corner" against the guerrillas, and ultimately gain a victory over the guerrillas.

Representative Clarence D. Long, Democrat of Maryland, chairman of the House Appropriations Subcommittee on Foreign Operations, asked Mr. Iklé for an evaluation of hitherto undisclosed official estimates that half of the arms used by the Salvadoran guerrillas "are weapons gotten from the Salvadoran military."

"Correct," Mr. Iklé replied. "The guerrillas, or a substantial part of their equipment, their arms, stems from those that they've been able to take away, capture or acquire by other means from the Salvadoran armed forces. This is not unexpected in a guerrilla warfare of this kind. But action has to be taken against it.

ARMS FROM CUBA AND SOVIET

Mr. Iklé added that the Administration believed that 80 percent of the ammunition and explosives used by Salvadoran guerrillas came from Cuba and the Soviet Union through Nicaragua and only about 20 percent is captured from the Salvadoran Army.

The testimony came as President Reagan stepped up his call for quick legislative action on a proposal for $93 million in emergency military aid for El Salvador. The aid was needed now, the President declared, as "an insurance policy to protect against the chaos that would result from allowing anti-American Marxists to shoot their way to power in Central America."

On the advice of Senator Howard H. Baker Jr., the majority leader, the Administration has agreed for the time being to seek $61.75 million, which officials say would carry the Salvadoran Army until the end of June. Senator Baker put off a vote on that package until Wednesday.

But Speaker of the House Thomas P. O'Neill Jr. warned that House Democrats were not sympathetic to the package. "I doubt very much that the bill will pass the House," Mr. O'Neill said today. "The majority of Democrats out there are opposed to any military funding. That's my feeling."

DEMOCRATS ARE WARY

Many Democrats are wary of voting more aid before knowing the winner of the second round of the Salvadoran presidential elections. They are also hesitant to support large foreign aid funds in an election year.

A sample of Democratic objections came today when Mr. Long, who has previously played a key role in cutting Administration aid requests, declared, "I don't agree with pouring vast sums into a country where there's no light at the end of the tunnel and when substantial amounts of arms are gotten by the guerrillas from Government armed forces."

Representative Bob Livingston, Republican of Louisiana, accused Mr. Long and other Democrats of "nickel-and-diming" El Salvador by voting only enough funds to keep the war going but not enough to win it.

URGE QUICK ACTION

"Those people are crying out for our support and we are denying it and we are involved in nit-picking up here while those people down there are being killed in a regular basis," Mr. Livingston shouted.

The main argument for quick action was made by Langhorne A. Motley, Assistant Secretary of State for Inter-American Affairs. The Administration, he said, could not wait until this summer for action on its main request last February for $178.7 million more military aid this year.

"We have no time to lose," he asserted. "El Salvador needs supplies now, not just next summer."

But Mr. Long pressed Mr. Iklé on the motivation, morale, retention rates and leadership of the Salvadoran Army until he finally drew out the estimate about the army's loss of arms to the guerrillas.

[From the Washington Post, Mar. 30, 1984]

SALVADORAN ARMS LOSSES UNCERTAIN

(By Rick Atkinson)

Administration officials yesterday offered confusing and apparently conflicting estimates on the extent to which leftist guerrillas in El Salvador are armed with U.S.-made weapons captured from Salvadoran government troops.

In a news conference at the State Department, Thomas R. Pickering, U.S. ambassador to El Salvador, said that only 7 percent of U.S.-supplied weapons "are lost to the guerrillas." Those losses do not appear to provide a major portion of the leftists' arsenal, he said.

A Pentagon official, who asked not to be identified, put the figure at 6 percent.

But Fred C. Ikle, undersecretary of defense for policy, stood by his assertion Tuesday to the House Appropriations subcommittee on foreign operations that as much as 50 percent of the guerrillas' weapons has been captured from U.S.-supplied government forces.

Roughly 10 percent of the government's arms have been captured by the leftists "from overrunning, theft, whatever," Ikle added.

"The estimate that roughly half of the rebel arms have been captured from the government is based on a study from one region in El Salvador during a limited time period, so it is not that solid," he admitted. "But in any event, what may be half for the insurgents may be 10 percent for the government forces, since they are larger. A bank robber may steal half his assets from the bank but it may be only 10 percent of the bank's assets."

Pickering said, "Fred based his statement on a study of one part of El Salvador for a limited period. * * * It is not valid for the whole country."

An analysis of 200 captured guerrilla weapons found that only five could be traced to U.S.-supplied government troops, Pickering said. Some of the weapons were not traceable because serial numbers had been filed off, but roughly one-third to one-half of those identified as American-made were Vietnam vintage, the ambassador added.

Ikle and Pickering agreed that some of the American-made arms apparently were supplied to the leftists by Vietnam, which captured a large stockpile of U.S. munitions when South Vietnam was overrun. Other American-made weapons used by the leftists were supplied to the Nicaraguan National Guard before the overthrow of the late dictator Anastasio Somoza, Ikle added.

Most of the guerrillas "consumables, particularly ammunition, comes largely from communist sources, from Nicaragua or through Nicaragua—maybe as much as four-fifths," Ikle said.

[From the Washington Post, Apr. 2, 1984]

NO BEDROCK OF FACTS FOUND ON EL SALVADOR

(By Joanne Omang)

When President Reagan got into trouble on Social Security and the MX missile, he named bipartisan advisory commissions to find a concensus and bail him out. It worked.

So when he got into trouble on aid to Central America he also named a commission—but this time it has not worked so far.

A major goal of the National Bipartisan Commission on Central America headed by former secretary of state Henry A. Kissinger was to establish a factual bedrock upon which all sides might stand to argue.

Listening to the arguments between administration officials and their critics, and to the debate over aid now peaking in Congress, it is clear only that nothing is clear, that the commission report settled little, that the facts remain as much in dispute as ever.

It is not a debate, in fact, so much as a war for the label of truth.

"More and more of our money is going down there into a situation that seems to be deteriorating," Rep. Clarence D. Long (D-Md.) said at a hearing of his House Appropriations subcommittee on foreign operations last week. His view, typical of most critics, is that death squad murders continue in El Salvador; the judicial system is inert; troops desert and sell their arms to the guerrillas; the Salvadoran army is corrupt and recruits by dragging young men off the street.

"No," repled Langhorne A. (Tony) Motley, assistant secretary of state for Inter-American affairs. Less and less money is going down there, and in spite of that, "the situation is improving," he said. Death squad murders are on the decline; there is progress in the courts and the Salvadoran army is doing much better. It is a "canard" and "a disinformation campaign" that the troops sell their weapons; it is the guerrillas who desert and who get their recruits through press-gangs.

That is administration supporters' basic argument on these issues:

The amount of funding depends on what one counts. Long cited the upward march of U.S. spending from a variety of accounts, including emergency draw-downs, since 1980. Motley cited only congressional appropriations and the set-asides that have eaten into those funds by making aid conditional on Salvadoran actions that have yet to occur.

From Long's viewpoint, more than $1 billion has gone to help El Salvador fight leftist guerrillas, who somehow seem no weaker because of it. From Motley's side, the money has come in fits and starts that cripple planning and Salvadoran confidence. The debate in the Senate this week will focus on how much more money is needed to do what.

Body counts are notoriously difficult. Long cited a figure of 38,000 "murders of civilians by government forces since 1975" from Tutela Legal, a legal aid arm of the Roman Catholic Archdiocese in San Salvador. The State Department recently circulated a January cable from the U.S. Embassy in El Salvador saying 80 percent of those deaths are "battlefield casualties," civilians either caught in crossfires or killed while "traveling with" guerrilla groups. The latter, it said, are "something more than innocent bystanders."

State argues that these deaths cannot be called human rights violations. The remaining death squad killings, Motley said, "are down no matter whose figures you use."

A report from Americas Watch, a human rights group critical of Reagan's policies, agrees that such narrowly defined deaths are down, but notes that soldiers continue to drag people from their homes, and notes that, in contrast to the situation in El Salvador, the administration refers to "battlefield casualties" from Soviet army operations in Afghanistan as "a slaughter."

In fact, the political affiliations of both the killed and killers are often obscure, and the circumstances of death are even more so.

The Salvadoran judicial system has failed to bring anyone charged with murdering four American churchwomen in 1980 to trail, has failed to charge anyone with murdering three land reform workers in 1981 and has failed to do much of anything about thousands of Salvadoran murder cases.

An independent analysis for the State Department by retired judge Harold R. Tyler Jr. said the system was near collapse and recommended police protection for Salvadoran lawyers, judges and witnesses to promote honest trials.

However, the Salvadoran government, with U.S. aid, is setting up a criminal investigations unit; the police now claim to keep public records on arrests, and U.S. Ambassador Thomas R. Pickering said trials should begin in April for the churchwomen's accused murderers. There is movement, Motley said.

Army and guerrilla leaders minimize their desertion rates and deny they recruit by force. Both sides have produced deserters from the opposition and peasants who claim to have been coerced into signing up. Soldiers and guerrillas appear drunk on duty now and then.

The guerrilla left trumpets its spectacular bridge-blastings, its takeovers of key Salvadoran military posts and its unfettered romp through some areas supposedly under government control, and says it is clear that U.S.-trained troops (15 percent of the Salvadoran forces) have made no difference. The rebels, critics say, are slowly winning the military conflict.

However, the Army high command has reorganized, some inept colonels have been removed, new U.S.-trained noncommissioned officers are percolating through the ranks and Motley, who acknowledged that army reenlistment rates were less than 30 percent before 1982, said they are now up to 33 percent because of pay incentives.

The extent of arms sales by soldiers to guerrillas is probably unknowable. Soldiers are aware that if they surrender rather than fight, the rebels will take their guns, give them a political lecture and set them free.

Defense Undersecretary Fred C. Ikle estimated that half the guerrillas' arms, but only a fifth of their ammunition, is captured or taken from Salvadoran troops. But the administration backtracked later, saying that finding was based only on one small study.

To decide from these facts whether the situation is deteriorating or improving is obviously difficult. In such a small, riven country, there is no detached scholar or independent "think tank" to consult for dispassionate analysis. All the actors have their cheering sections, many paid handsomely and discreetly.

To survive where turf changes military hands daily, peasants understandably support the current victor and will often tell visiting gringos what they think the questioner wants to hear.

In the debate over El Salvador, the two sides continue talking past each other because each got different answers—ones they wanted to hear—in their search for "facts." Now neither side is listening to the other.

Mr. KENNEDY. Mr. President, I reserve the remainder of my time.

Mr. KASTEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. KASTEN. Mr. President, it is my understanding that the Senator has changed his original amendment so that in effect we would have 120 days to report on the whereabouts of military equipment transferred since 1980 from the United States to the Government of El Salvador.

Frankly, although I think we are getting more reports than we need or maybe can use, with the changed amendment the Senator has brought forward, the change as to the specificity of that report, I would be willing to accept the Senator's amendment. I would also be prepared to yield back the remainder of my time at this time if the Senator would be willing to yield back the remainder of his time.

Mr. KENNEDY. Mr. President, with those assurances, recognizing both the hour and the nature of the vote, I will say that I appreciate the accommodation of the Senator from Wisconsin,

and I yield back the remainder of my time.

Mr. KASTEN. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment.

The amendment (No. 2883) was agreed to.

Mr. KENNEDY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. KASTEN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STEVENS. Mr. President, may I address a question to the Senator from Massachusetts?

Mr. KASTEN. Mr. President, I yield.

Mr. STEVENS. Mr. President, did I understand the Senator from Massachusetts to indicate he would offer no more amendments on this subject?

Mr. KENNEDY. With regard to El Salvador, the Senator is correct. I would hope tomorrow to be able to offer amendments on Nicaragua, and hopefully cosponsor an amendment to be offered by the Senator from Vermont, Senator LEAHY, which he and several others will be offering. That amendment relates to the War Powers Act and will relate to El Salvador. That is in the process of being drafted at the present time.

Mr. President, to the best of my knowledge, that will be the only other amendment which I would cosponsor on El Salvador.

Mr. STEVENS. Mr. President, I was addressing an amendment dealing with suspending deportation of Salvadoran refugees in the United States.

Mr. KENNEDY. Mr. President, that amendment originally was to be offered by the Senator from Arizona, Senator DECONCINI. He is out of the country at the present time. I have no intention of calling up that amendment in his absence. I have so indicated.

Mr. STEVENS. Mr. President, would it be in order for me at this time, in view of that statement, to specifically delete that amendment from the time agreement?

Mr. KENNEDY. I would have no objection. I will be glad to withdraw the amendment.

Mr. STEVENS. We would like to have it stricken from the time agreement, Mr. President.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I do not mean to interfere with my good friend from Wisconsin, but many people are asking us if there will be an opportunity for further amendments that we might have votes on.

Is the Senator from New York seeking a vote on his amendment?

Mr. MOYNIHAN. The Senator is not. The Senator understands his amendment will be accepted.

Mr. STEVENS. Mr. President, may I ask the Senator from Wisconsin if he can give some guidance to the Senate as to whether he believes we will have other amendments this evening that can be called up?

Mr. KASTEN. With the understanding that the Senator from Massachusetts is withdrawing the amendmnt on behalf of the Senator from Arizona, I think it is unlikely that we will have further record votes.

Mr. President, I would like to inquire of the Senator from Massachusetts. We have been able to work together in terms of trying to put this set of amendments into some kind of reasonable schedule. I wonder if the Senator would say if he would be prepared now to try to look forward to a time certain by which we could complete the bill tomorrow, with the idea that the Honduras and the Nicaragua amendments would occur, and also I am assuming that the amendment of the Senator from Arkansas (Mr. BUMPERS) would occur. This is for the purpose of trying to do a little scheduling.

Mr. President, I would like to explore the possibility of a time certain that we can complete this legislation.

Mr. KENNEDY. That question probably ought to be directed to the minority leader. I do not think we can set that at this particular time, but I would think we made good progress during the course of today. I see no reason why we cannot make equally good progress with regard to the remaining amendments on Nicaragua and perhaps Honduras, and the remaining probably two amendments that I know of on El Salvador.

Because of the other sponsors of these amendments, I would feel constrained to object to an agreement at this time. I feel confident we will probably make very substantial progress tomorrow.

AMENDMENT NO. 2884

(Purpose: To provide funds for assistance to El Salvador to protect participants in the criminal proceedings in the churchwomen's case)

Mr. MOYNIHAN. Mr. President, I send to the desk an unprinted amendment on my behalf and that of the Senator from Hawaii (Mr. INOUYE), the Senator from Delaware (Mr. BIDEN), the Senator from Vermont (Mr. LEAHY), the Senator from New Jersey (Mr. BRADLEY), the Senator from Pennsylvania (Mr. SPECTER), and the Senator from Missouri (Mr. DANFORTH) and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from New York (Mr. MOYNIHAN), for himself, Mr. INOUYE, Mr. BIDEN, Mr. LEAHY, Mr. BRADLEY, Mr. SPECTER, and Mr. DANFORTH, proposes an amendment numbered 2884.

On page 4, insert between lines 18 and 19 the following: "Notwithstanding section 660 of the Foreign Assistance Act of 1961, for an additional amount for necessary expenses for assistance to the Government of El Salvador to protect jurors and other key participants in the criminal proceedings against those charged with the murders of four American churchwomen, during and subsequent to such proceedings, $500,000."

Mr. MOYNIHAN. Mr. President, this amendment to the urgent supplemental appropriations bill would affirm the determination of the United States that the trial of the Salvadoran national guardsman charged with the 1980 murders of four American churchwomen take place without undue delay and that a verdict be reached without taint of intimidation or corruption.

The amendment would appropriate an additional $500,000 for assistance to the Government of El Salvador for the protection of jurors and other key participants in these proceedings, both during and subsequent to the trial.

Mr. President, I believe this matter is one that can be readily agreed to by the Senate. We face in El Salvador a situation new to our sense of proceedings of law and justice. Our State Department January 16, 1984, situation report on El Salvador, as I stated, refers to "the lack of respect and faith in the law and effective collapse of the administration of criminal justice."

"The effective collapse of the administration of criminal justice."

Mr. President, this is a system which manages a conviction rate of only 10 to 20 percent in nonsensitive murder and other felony cases, much less major national issues, cases which involve major national forces and fundamental issues in the nature of the regime in that country. The U.S. Government, for some years now, has had a successful program of protecting witnesses in Federal trials in this country.

We propose to give the Department of Justice, which has worked so very well in this matter, resources by which they could insure that jurors and other participants in the trial can be provided protection if that is their desire and if we judge it is their need.

Mr. President, I have spoken to President Magana about the prosecution of the five former national guardsmen who have been charged with these crimes. I consider this case a major test of Salvadoran resolve to make its woefully deficient judicial system work—a system which has been plagued by the ever present potential for intimidation and corruption. It is in the interests of both our countries that justice be done in this case. He agreed.

Unfortunately, it is the reality of El Salvador that its own leaders cannot be confident that justice will be done,

especially in cases with political overtones. As I noted, the Salvadoran criminal justice system which manages a conviction rate of only 10 to 20 percent even in relatively minor criminal cases.

The military exerts a significant influence in Salvadoran society. It is relatively rare to have a prosecution of military personnel in civil courts for crimes committed on duty. Whether a jury can be assembled and have the courage to vote their consciences remains an open and most troubling question. In this connection, the State Department's January 16 report made this comment concerning the Salvador judicial system in general, but it appears especially applicable to the churchwomen's case:

The problem of intimidation is subtle and pervasive. Adjudication of a compliant against a Security Force member, for example, would simply be assumed to court a risk of retaliation, even if unstated. In this climate, physical security measures for participants in sensitive cases—judges, lawyers, jurors, witnesses—are necessary and urgent. There are now none.

Mr. President, I cannot understate the distressful circumstances in El Salvador. Nor can I understate the importance of the case against those charged with murdering the churchwomen proceeding to trial—a trial which must be insulated to the maximum extent possible from intimidation. The successful conduct of such a trial cannot but be considered a critical test of the resolve of El Salvador to establish the rule of law. A failure will do far more than dash the hopes of the families and friends of the other Americans murdered in El Salvador that their killers will be apprehended and brought to justice: It will raise serious doubts whether El Salvador is capable of achieving any substantive progress toward reform.

I believe that the distinguished manager of the legislation and our revered Senator from Mississippi can accept this amendment and if they will do so, I shall be much in their debt.

Mr. President, I may say that many, many groups in our country who are concerned that this trial do take place, as indeed, we expect it to take place by the end of May, would be grateful as well.

It was these concerns that prompted my introduction on January 27 of Senate Joint Resolution 216, the "Declaration of United States Policy Concerning Human Rights in El Salvador." It would affirm our Nation's determination to take all measures necessary and appropriate to assure that those responsible for the murders in El Salvador of U.S. citizens are brought to justice. In furtherance of this prupose, it would authorize the President to provide assistance to El Salvador for the protection of participants in prosecutions of such murders and improvements in its judicial system.

As I have indicated, that joint resolution addresses the need to bring to justice those who kill any Americans in El Salvador. Ten such cases, including the four churchwomen were discussed in the State Department's January 16 situation report. The amendment I now offer deals only with the churchwomen's case which, I believe, is considered by all to be the most compelling and, above all, a test case. It is most appropriate, therefore, to treat of it in this urgent supplemental appropriations bill for El Salvador.

Mr. President, I ask unanimous consent that the text fo Senate Joint Resolution 216 and my remarks upon introducing it be printed in the RECORD.

There being no objection, the materials were ordered to be printed in the RECORD, as follows:

S.J. RES. 216

Whereas there are two separate armed conflicts raging in El Salvador, one pitting persons seeking democratic government and reform against those trying to frustrate these efforts through use of death squads and other violations of basic human values, the other involving guerrillas—supported by Nicaragua, Cuba, and ultimately the Soviet Union—seeking to overthrow the Government of El Salvador;

Whereas demonstrable progress by El Salvador toward democratic reform and respect for human rights is essential if it is successfully to resist subjugation by Marxist-Leninist revolutionaries;

Whereas at least nine United States citizens, including four churchwomen, have been murdered in El Salvador in the past few years;

Whereas the investigations and prosecutions of these, as well as other crimes, have been plagued by a criminal justice system which is woefully inefficient and susceptible to political pressure, intimidation, and corruption: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That it is the policy of the United States to insist on respect for human rights in El Salvador and, in furtherance of such policy, the United States is determined to take all measures which may be necessary or appropriate to assure that those responsible for the murders in that country of United States citizens, including four American churchwomen, are brought to justice.

SEC. 2. In furtherance of the purposes of section 1, and notwithstanding section 660 of the Foreign Assistance Act of 1961, the President is authorized to provide assistance to El Salvador for the protection of participants in the prosecutions of those charged with the murders of the American churchwomen and other United States citizens.

SEC. 3. Notwithstanding section 660 of the Foreign Assistance Act of 1961, the President is authorized to provide assistance to El Salvador for programs and projects to promote the creation of judicial investigative capabilities, protection for key participants in pending judicial cases, and modernization of penal and evidentiary codes.

SEC. 4. There are authorized to be appropriated such sums as are necessary to carry out the provisions of sections 2 and 3.

SEC. 5. This joint resolution may be cited as the "Declaration of United States Policy Concerning Human Rights in El Salvador".

STATEMENT OF SENATOR DANIEL PATRICK MOYNIHAN ON SENATE JOINT RESOLUTION 216, TITLED "DECLARATION OF UNITED STATES POLICY CONCERNING HUMAN RIGHTS IN EL SALVADOR"

Mr. President, I rise to introduce a resolution which would provide a clear and unequivocal declaration that the United States will insist on respect for human rights in El Salvador. In furtherance of this purpose, it would require the President to take all measures which may be necessary or appropriate to assure those responsible for the brutal murders of four American churchwomen and other U.S. citizens are brought to trial. To this end, the President would be authorized to provide protection for the participants in the judicial process. This measure also includes a broader authorization to permit U.S. assistance to El Salvador to improve the professionalism and human rights performance of its criminal justice system.

Mr. President, of the problems plaguing that turbulent region of the world we call Central America, none are more complex and challenging than those in El Salvador. In saying this, I do not wish to be understood as failing to credit Nicaragua for its destabilizing influence in this isthmus. The Sandinista government—intent as it is on exporting its Marxist-Leninist revolution to its neighbors—is the major direct source of the tumult in the area. But there, at least, our adversaries and their intentions are readily discerned—which tends to make our choices among possible policies at once narrower and somewhat easier to make. We cannot but respond firmly to Nicaraguan violations of the OAS Charter's prohibition on intervention in the affairs of other nations.

While the situation is not better in Nicaragua than in El Salvador, it is surely simpler. Whereas Nicaragua's fundamentally democratic revolution was captured and dishonored by totalitarians thereby prompting an insurgency, El Salvador is a fledgling democracy being torn apart by two civil wars in which the motivations and frequently the identities of the various participants and factions are unclear or unknown. Moreover, even if the Sandinistas were to cease their support for guerrillas in El Salvador, the deprivation and strife would surely continue.

El Salvador has been embroiled in violent conflicts since 1979. One of these conflicts pits persons seeking democratic government and reform against those trying to frustrate these efforts through use of deathsquads and other violations of basic human values. The second involves guerrillas—backed by Nicaragua and Cuba—who seek the overthrow of the Salvadoran government. Terrorist tactics have been widely employed by both the right and left wing factions. Undisciplined military and security forces have committed murders and other abuses. The fragile democratic institutions cannot long survive this kind of dual assault. There has been some progress, but the path travelled has been a tortuous one. Despair seems to be the constant companion on hope.

One cannot visit El Slavador without developing a case of melancholy. I was there in December as part of a trip to Central America which also took me to Honduras, Costa Rica and Nicaragua. One can see

something of the character of the countries in the cathedrals in their capitals. To call the one in San Salvador austere is to flatter it. While the country is without doubt poor, it is not so poor that its oligarchs would be unable to provide the funds required to give the cathedral the most basic of whitewashes. (Indeed, Honduras is a much poorer nation and yet its national cathedral is obviously meticulously cared for.) However, at least the cathedral San Salvador stood, in contrast to Managua which lost its cathedral in an earthquake and replaced it with votive lights and icons depicting its new "saints," Sandino and the founders of the FSLN. But how long can the Salvadoran edifice endure? It has already withstood the assassination of an Archbishop while saying Mass. How much more can it take? The final, awful prophecy of William Butler Yeats' poem, "The Second Coming," came to mind:

"Things fall apart;
The centre cannot hold;
Mere anarchy is loosed upon the world."

This country named after the Savior is, indeed, in direful need of one. However, it will have to find the stuff of salvation from within.

While the United States can provide important assistance, there are limits to what it can achieve. If El Salvador wishes to see its way through the woods, its leaders must end the right-wing deathsquads and the abuses of civil liberties by its army and security forces. I put this proposition: If Salvadoran democracy cannot be protected from the predators on the right, it surely will not withstand the assault from the left. The center must hold.

I spoke to President Magana about the brutal 1980 murders of four American churchwomen in his country and the prosecution of the five former national guardsmen who have been charged with these crimes. I consider this a major test of Salvadoran resolve to make its woefully deficient judicial system work—a system which has been plagued by the ever present potential for intimidation and corruption. It is in the interests of both our countries that justice be done in this case. He agreed.

Unfortunately, it is the reality of El Salvador that its own leaders cannot be confident that justice will be done, especially in cases with political overtones. Our State Department's January 16, 1984 situation report on El Salvador refers to the "lack of respect and faith in the law" and the "effective collapse of the administration of criminal justice"—a system which manages a conviction rate of only 10 to 20 percent even in less sensitive cases of murder and other felonies.

While I was on my trip, press articles appeared which commented on the Tyler Commission Report on the churchwomen's case. The New York Times (December 14, 1983) said that the Report rebuts criticism that the Administration failed to press for swift prosecution of the case. From my review of the matter, I can say that our government has indeed pressed the case. It is my opinion that without the pressure from our government, the prosecution would not have gone forward.

The Times also said that the Tyler Report found "substantial evidence" that the five national guardsmen arrested are guilty of the murders, but "expressed concern that political pressures in El Salvador would undermine the government's ability to bring the murderers to justice."

It is important to keep in mind that the military exerts a significant influence in society and that it is relatively rare to have a prosecution of members of the Salvadoran military in civil courts for crimes committed on duty. Whether a jury can be assembled and have the courage to vote their consciences remains an open and most troubling question. In this connection, the State Department's January 16 report made this comment concerning the Salvador judicial system in general, but it appears especially applicable to the churchwomen's case:

"The problem of intimidation is subtle and pervasive. Adjudiction of a complaint against a Security Force member, for example, would simply be assumed to court a risk of retaliation, even if unstated. In this climate, physical security measures for participants in sensitive cases—judges, lawyers, jurors, witnesses—are necessary and urgent. There are now none."

Mr. President. I cannot understate the distressful circumstances in El Salvador. Nor can I understate the importance of the case against those charged with murdering the churchwomen proceeding to trial—a trial which must be insuiated to the maximum extent possible from intimidation. The successful conduct of such a trial cannot but be considered a critical test of the resolve of El Salvador to establish the rule of law. A failure will do far more than dash the hopes of the families and friends of the other Americans murdered in El Salvador that their killers will be apprehended and brought to justice: It will raise serious doubts whether El Salvador is capable of achieving any substantive progress toward reform.

Mr. President, the joint resolution I offer affirms that it is United States policy to insist on respect for human rights in El Salvador and our nation's determination to take all measures that may be necessary or appropriate to bring to justice the persons responsible for the murders of the churchwomen and other U.S. citizens.

Section 2 of the resolution specifically authorizes the President to provide assistance to El Salvador for the protection of participants in the prosecutions of those charged with the murders of the churchwomen and other U.S. citizens. It would be for the President to determine the particular type of assistance. However, he would have an array of options at his disposal, which might include teaching the Salvadorans the security techniques employed in our Justice Department's witness protection program, such as relocation assistance. Funds for the purpose could be drawn from the $3 million authorized in the Continuing Resolution for Fiscal Year 1984 for, among other things, projects in El Salvador to promote "protection for key participants in pending judicial cases." (Section 101(b)(1), Public Law 98-151.)

Section 3 would provide a standing authorization for the President to give assistance to El Salvador for programs and projects to promote the creation of judicial investigative capabilities, protection for key participants, in pending judicial cases, and modernization of penal and evidentiary codes. As indicated the current authority will expire at the end of this fiscal year.

Section 4 provides an authorization for appropriations necessary to carry out sections 3 and 4.

Mr. President, I strongly urge my colleagues to support this resolution.

Mr. KASTEN. Mr. President, we have had an opportunity to review the amendment of the Senator from New York. I am prepared to accept the amendment.

Mr. MOYNIHAN. Mr. President, I thank the distinguished manager of the legislation. I move adoption of the amendment.

The PRESIDING OFFICER. Is all time yielded back?

Mr. KASTEN. I yield back the time on my side.

Mr. MOYNIHAN. I yield back my time, Mr. President.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from New York.

The amendment (No. 2884) was agreed to.

Mr. KASTEN. I move to reconsider the vote by which the amendment was agreed to.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STEVENS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KASTEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KASTEN. Mr. President, the next amendment to be considered is the amendment of the Senator from California (Mr. WILSON) on which no time limit has been agreed to. I ask unanimous consent that debate on the Wilson amendment be limited to 30 minutes equally divided.

Mr. BYRD. Mr. President, I will have to object; not with respect to my own feeling do I have to object at the present time but for the protection of someone else.

The PRESIDING OFFICER. Objection is heard.

Mr. KASTEN. Mr. President, I will withhold that unanimous-consent request and simply yield the floor to the Senator from California so that he may submit his amendment.

The PRESIDING OFFICER. The Senator from California is recognized.

AMENDMENT NO. 2885

Mr. WILSON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from California (Mr. WILSON) proposes an amendment numbered 2885:

Insert at the appropriate place:

On Sunday, March 25, 1984, a remarkable exercise in democracy in the conduct of a free and honest election within the Republic of El Salvador took place, with approximately 70 percent participation by eligible voters despite intense guerrilla efforts to intimidate and to sabotage the election.

Since the success of the Government of El Salvador in the conduct of this election against the guerrilla efforts to disrupt and invalidate it depended both upon the courage, good spirits and determination of the Salvadoran people to freely choose their President and Vice-President, and upon the ability of Salvadoran armed forces to safeguard voters and election officials against the guerrillas; and

Since within 30 days of certification of the results of the March 25 election a run-off election is required under the Salvadoran Constitution and election law, since no candidate won a majority of the vote at the March 25 election; and

Since the armed forces of El Salvador, unless immediately resupplied by the U.S. with equipment, arms, and ammunition which are in critically short supply, are threatened with being unable to provide the same needed protection for the run-off election, and with suffering generally a dangerously reduced capacity to safeguard the Salvadoran people against the terrorism of the guerrillas;

Therefore, the Senate finds that the policy of the United States should be to immediately provide such additional equipment, arms, and ammunition as will allow the armed forces of El Salvador to provide needed protection to the Salvadoran people both at the run-off election and in their daily lives; and ultimately to so suppress guerrilla terrorism as to make possible the revival of economic activity with El Salvador.

Mr. WILSON. Mr. President, I think the amendment is self-explanatory. It is a simple narrative of the facts as they have unfolded with respect to the conduct of the Salvadoran election, and it is a statement of fact with respect to the requirement that that election be safeguarded and that the runoff election which will follow, to determine the new President and Vice President of El Salvador, be safeguarded in similar fashion. It is a tragic requirement but nonetheless a very real requirement.

There is abundant documentation of the need, and perhaps the most eloquent and clearest statement of it came from the guerrillas themselves, who have made known by action and by manner that they would have no part of this election and, in fact, sought to disrupt it, to discredit it, and to invalidate it, presumably because of their fear of allowing the Salvadoran people to choose their leadership in a free and fraud-free election.

The first step in that process has occurred. The second step will follow within a month. The finding is that the policy of the United States should be to permit that second step to occur. In addition, it should be the policy of this Nation to allow the people of that small, struggling democracy, who have made clear their hunger for democracy, to enjoy it without fear in their daily lives, which they cannot do unless they are similarly safeguarded.

A final point, but one that I think is worthy of our consideration, one that certainly occupied several hours of debate on this floor, has to do with the appropriateness of economic assistance for that troubled nation. Critics of the current administration's policy have contended that the wrong approach is being taken, that too much emphasis has been laid upon military intervention. Some have cried out on this floor passionately that a military solution is not possible. Mr. President, a military solution is required, if there is to be any hope, any realistic hope, of economic revival of the kind that every man and woman on this floor devoutly wishes for in El Salvador.

Over 800 million dollars' worth of damage to industrial property, to public infrastructure, and to agricultural produce have been suffered in the 4 years from 1980 to the present time. That is only the beginning, unless the Salvadoran army, representing the people of that nation, is able to so suppress guerrilla terrorism as to bring political stability to that nation of a kind that will allow the courageous to once again reinvest in El Salvador.

There can be no hope of economic revival, no hope of achieving the recommendations of the Kissinger Commission to reach its modest goal of restoring El Salvador's economy by 1990 to the level it enjoyed in 1980, unless we first achieve the kind of safety in the daily lives of the people of that country that will encourage those with a heart to do so to risk investing in it once again.

So, Mr. President, the simple words record unhappy facts; but contained within this narrative is also the bright hope of a people finding their way, choosing their leaders to lead them out of the darkness of these past 4 years and into the democracy which, if imperfect in our eyes, is a very real improvement on anything they have known, and one that gives promise of coming in the fullness of time to be a real, functioning democracy. Without the help that we are seeking for them, there is no prospect of economic revival. There is no prospect, therefore, for real democracy to take root in a land that is constantly devastated by terrorism and by sabotage.

Mr. President, those are simple statements of fact. I think they are beyond dispute. Again, the most eloquent and the clearest documentation that the facts are true and will continue to be true comes from the mouths of the guerrillas themselves, who have declared the electoral process a farce, who have indicated no desire to participate in it, beyond their efforts to disrupt it, to discredit it, and to invalidate it.

The courage of the Salvadoran people, their gritty determination to exercise their franchise, should be an inspiration to those more fortunate, those who take their democracy for granted. It would be a tragic disservice to them.

As observed by my colleague, the distinguished Senator from Oklahoma (Mr. BOREN), in very simple but eloquent terms, how can we turn our backs upon these people? They inspired him. They awakened in him a sense of American duty, the tradition of this Nation to help those who are willing to help themselves; and that is all these people are asking. They are not asking for American troops. They are asking for American military aid to do what they are disposed to do—protect themselves and their struggling democracy from the threat that emanates from the guerrillas who are directed from Managua.

Mr. President, I urge my colleagues to support this resolution. I think it simply states in clear terms what we have implied in these prior votes. It is necessary for us to provide sufficient military aid to bring about safety in El Salvador, if continued economic assistance is not to be a vain and fatuous waste of money. We can pour money down a sinkhole, we can see bridges blown and powerlines cut indefinitely, unless the people of that nation are given sufficient armed force to deal with that threat.

Mr. President, how much of my time remains?

The PRESIDING OFFICER. There is no time remaining.

Mr. WILSON. I thank the Chair.

I thank the distinguished manager.

The PRESIDING OFFICER. Is there further debate on the amendment?

There being no further discussion, the question is on agreeing to the amendment.

Mr. BINGAMAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. KASTEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KASTEN. Mr. President, what is the question before the Senate?

The PRESIDING OFFICER. The amendment of the Senator from California.

Mr. KASTEN. Mr. President, I ask the Chair to place the question before the Senate.

The PRESIDING OFFICER. If there be no further debate on the amendment, the question is on agreeing to the amendment of the Senator from California.

The amendment (No. 2885) was agreed to.

Mr. KASTEN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. GOLDWATER. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. KASTEN. Mr. President, I believe we are able now to announce there will be no more record votes this evening.

Mr. GOLDWATER. Here, here.

Mr. KASTEN. The next amendment in order is the amendment of the Senator from Arkansas, and it is the hope of the managers of the bill that the Senator from Arkansas may be able to lay before the Senate his amendment yet this evening, possibly make some introductory remarks, and then we will go out with the amendment of the Senator from Arkansas being the pending business when we get back onto the bill tomorrow.

So, Mr. President, at this time I yield the floor.

Mr. BUMPERS. Mr. President, I was just wondering if the distinguished floor manager and I might enter into an agreement if we know what time we are coming in tomorrow before laying this amendment down.

Do we know what time we are coming in tomorrow?

Mr. KASTEN. We are going to be coming in at 10 a.m. tomorrow morning. So there will be a period for special orders and time for the minority leader and majority leader. But the Senate will come in at 10 a.m. tomorrow morning.

So I assume we will be beginning the Senator's amendment sometime around 11:15 a.m. or 11:30 a.m. tomorrow morning. That would be after the other business is completed.

Mr. BUMPERS. Could we enter into a unanimous-consent agreement that we not go to the amendment prior to 11 a.m. and debate the amendment for 1 hour, with 30 minutes for each side?

Mr. KASTEN. My understanding is that presently the amendment has 2 hours equally divided. The Senator is suggesting 1½ hours equally divided?

Mr. BUMPERS. I would not mind leaving it at 2 hours for that matter and anticipate not taking that much time.

Mr. KASTEN. I misunderstood the Senator. He said 1 hour equally divided, one-half hour to each side.

Mr. BUMPERS. Yes. I think we can do it in an hour.

Mr. KASTEN. I will agree. I ask unanimous consent——

Mr. BUMPERS. Wait just a minute before we do that. I may be a little too generous. I consider this really to be a very important amendment on which a lot of people are going to be paying maybe a little more attention than they have to some of the others.

Let me suggest 1½ hours because there are two or three Senators who have asked me for time to speak.

So why do we not say 1½ hours equally divided, 45 minutes on either side, and hopefully we can finish it in less time than that?

Mr. KASTEN. I have no objection to that understanding, to that unanimous-consent request.

Mr. BUMPERS. I make that in the form of a unanimous-consent request then, Mr. President.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO 2886

Mr. BUMPERS. Mr. President, I am going to send to the desk an amendment which is only a slight variant from the amendment previously filed, and ask that it be immediately considered.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Arkansas (Mr. BUMPERS) for himself and Mr. LEAHY, Mr. SASSER, Mr. JOHNSTON, Mr. BAUCUS, Mr. METZENBAUM, Mr. LEVIN, Mr. EXON, Mr. RANDOLPH, Mr. DIXON, Mr. BIDEN, Mr. ZORINSKY, Mr. MATSUNAGA, Mr. RIEGLE, and Mr. INOUYE proposes an amendment numbered 2886.

At the appropriate place in the bill, add the following new section:

"SEC. —. If at any time following the appropriation of funds herein the duly elected President of El Salvador should be prevented from taking office by military force or military decree or after taking office shall be deposed by military force or military decree, all funds appropriated herein for El Salvador and not theretofore obligated or expended shall not thereafter be available for obligation or expenditure unless approriate again by Congress."

Mr. STEVENS. Will the Senator yield to me?

Mr. BUMPERS. Yes.

Mr. STEVENS. Mr. President, as the Senator from Wisconsin indicated, there will be no more rollcall votes tonight. The Senate will convene at 10 a.m. tomorrow, assuming the request I will make will be agreed to and we should be back on this bill by 11 a.m. tomorrow. I thank the Senator.

As I understand the time agreement, that would make it possible for a vote on the Senator's amendment by noon, depending on the time we use tonight.

Mr. BUMPERS. Mr. President, I am sorry, did the Senator make a unanimous-consent request about coming in tomorrow?

Mr. STEVENS. I said I will make a request later that we come in at 10 a.m. and go on the bill at 11.

Mr. BUMPERS. That is fine. It is conceivable that we could vote by 12 o'clock under that order.

Mr. President, I offer this amendment on behalf of myself, Mr. LEAHY, Mr. SASSER, Mr. JOHNSTON, Mr. BAUCUS, Mr. METZENBAUM, Mr. LEVIN, Mr. EXON, Mr. RANDOLPH, Mr. DIXON, Mr. BIDEN, Mr. ZORINSKY, Mr. MATSUNAGA, Mr. RIEGLE, and Mr. INOUYE.

Mr. President, this amendment is very simple. And I ought to say at the outset that there is already language in the bill that is almost precisely the same as this, except that it pertains to Panama and not El Salvador. Incidentally, that language was added in committee by the distinguished Senator from Hawaii (Mr. INOUYE).

I am not going to belabor this tonight because most of the debate appropriately ought to take place tomorrow. Everybody has taken their leave for this evening.

But this amendment is very simple. It is that if a duly-elected President of El Salvador is deposed or is prevented from taking office by military force or decree, than the unexpended sums for El Salvador as of that date under this bill shall be frozen until Congress reappropriates the money.

Now that does two things. It says that we are committed to democracy in El Salvador, and it says further that if there is a series of events there which are unforeseen and cannot possibly be predicted which might somehow mitigate our commitment to democracy, then Congress can have another look at this appropriation.

If we have a policy in El Salvador, which I think all Members of Congress will admit is elusive at best, but if we do have a policy it is that we are committed to the establishment of a stable government in El Salvador, we are committed to installing and nurturing democratic institutions in El Salvador; it is that we want to show the people of Central America that democracy is infinitely superior to communism, and one manifestation of that superiority is that the people rule.

I heard Senator BOREN and others who went down as a congressional delegation to witness the elections come back with very dramatic, poignant stories about the zeal with which the people of El Salvador approached those elections. I think it is important that we understand that those people are voting and they are voting their popular choices and they are also voting to stop the violence. And the only way you are ever going to stop the violence is if you have a popularly supported government.

Assume, on the one hand, that Napoleon Duarte is duly elected President. That is my personal wish, as I suspect it is most people's here. But if he is elected, if we expect him to carry out land reforms, install some kind of an embryonic judicial system, bring those who violate human rights to trial, as we speak endlessly about in this body, he must have some leverage. If a military commander is to be tried for violation of human rights or for being a member of some of the death squads, the military must understand that this must take place and that, simply because that commander is one of their own, they may not depose a duly elected president. It is some leverage for President Duarte.

Some have said to me, "Yes, but what if D'Aubuisson is elected, how will your amendment play out then? What if the good guys overthrow D'Aubuisson?"

My answer to that is you cannot have it both ways. There will be another appropriations process and if D'Aubuisson is that offensive to a majority of the Members of Congress, all you have to do is to cut off the funds the next time the appropriations process comes around.

I note that he is beginning to change his act, according to the reports in the Post and the Times, extending an olive branch to Duarte. And maybe he will have a change of character if, in fact, he needs to.

But you cannot say to the people of El Salvador that we are concerned about your vote and we want democracy there but it must be for the ones we want. If we are saying to these people we expect you to risk your lives to come into town on Sunday afternoon to vote and nurture this little incipient embryonic democracy that we hope will take root and bloom, but if you happen to vote in a way that displeases the Congress of the United States, then your vote will not count, that would be the cruelest of all hoaxes to play on the people.

Mr. President, I know that there are Senators who want to get home to their families and this will be debated again tomorrow. I have several other points to make, but with the consent of the floor manager I am prepared to wrap it up and begin the debate again tomorrow morning at 11 o'clock.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, I yield myself 1 minute out of the debate on the bill.

I take this time just to ask the distinguished Senator from Arkansas whether or not he meant for that time to come out of his time. I think it would have and he may not have wanted that to happen.

Mr. BUMPERS. Mr. President, the minority leader has asked a very cogent question. It was my understanding that the hour and a half would begin tomorrow at 11 a.m., but I was simply laying the bill down tonight and such time we put on it tonight would not be counted.

Mr. BYRD. That was agreeable with me, but I believe the time would have been charged against the Senator.

The PRESIDING OFFICER. The time would have been charged against the Senator under the amendment. However, time can be taken from the bill by unanimous consent.

Mr. BYRD. Mr. President, I ask unanimous consent that I may suggest the absence of a quorum without the time being charged to anyone.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. STEVENS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

● Mr. PACKWOOD. Mr. President, yesterday the Senate adopted by voice vote an amendment conditioning continued aid to El Salvador on demonstrated progress in land reform. I believe this amendment is essential to achieving our broader goals in El Salvador and the Central American region as a whole.

As originally drafted, House Joint Resolution 492 made no reference to conditioning continued military aid to El Salvador on continued progress in Agrarian reform. We included this requirement in last year's continuing resolution. It was included in the recommendations of the Kissinger Commission. We should include it here as well.

Mr. President, I am convinced that the land reform program in El Salvador is critical to giving economic security to its primarily Agrarian people. I believe that land reform can act as a catalyst in the process of creating stability in the region. In poor rural countries the one critical reform that is likely to promote stability is land reform. If we are going to set conditions on the aid we give to El Salvador, I would hope that this is the first reform we insist on. Land reform is the basis for creating political stability.

It is in our interest to have stable and friendly governments close to our borders. That is the issue concerning El Salvador. Our policy toward El Salvador should be as follows: We will give you support, we will supply you with economic and military aid, and we will if necessary protect you against invasion by stronger greedy nations, but we cannot give your peasants the desire to support your country; only you can do that. And you can do it only if you undertake a timely and effective program of land reform.

There is hardly a more instructive situation in our recent history than the difference in land reform in Korea and in Vietnam. And this country owes a great debt of gratitude to Prof. Roy Prosterman of the University of Washington in Seattle who is without compare one of the world's leading authorities on land reform. He has traveled more, advised more, and done more to advance this cause than any other single person in my knowledge. His comments on Korea and Vietnam and their histories are most instructive. If you look at North and South Korea circa 1950 and North and South Vietnam circa 1960 or 65, it is interesting to note that of the four countries, if you count the two Koreas as two countries and the two Vietnams as two countries, the only one that had any indicia of what we might call democratic trappings was South Vietnam. At least they had some opposition press. They had religious leaders who would express opposition. They had minorities in their parliament that expressed opposition. This was not true in North or South Korea. South Korea after World War II under Syngman Rhee was as much a dictatorship as most other dictatorships that exist in the world today. But Syngman Rhee undertook some extraordinary steps that stood him in good stead when North Korea invaded South Korea in 1950.

You will recall that Korea had been occupied by Japan for the better part of the first half of this century. At the end of World War II the Japanese were expelled and Korea at last gained independence in its own right. It was divided at the 38th parallel, with the Communists holding control in the North and Syngman Rhee holding control in the South. President Rhee very quickly distributed to the peasants the lands that the Japanese had held. It can be said that that was an easy step because he did not have to take land from Korean owners. However, by 1950 President Rhee had gone even further and had undertaken a very broad land reform program including purchasing land from large and medium Korean landowners and thereupon transferring full ownership of that land to the vast number of families who had up to then been farming it as tenants. So by the time North Korea invaded in 1950 the land reform program in South Korea was in essence complete.

It is interesting to note that although the North initially had an overwhelming military advantage, because of their sudden thrust there was never, never any South Korean peasant support for the North Korean Army. There was no fifth column. There were no saboteurs. There was no Viet Cong in black pajamas sapping the strength of the Syngman Rhee government. The peasants, virtually universally, supported Syngman Rhee, not because he gave them democracy—he certainly did not do that—but because he had given them land. And because of their tenacious support for the South Korean Government and

our military intervention on its behalf, the Government survived and today prospers as one of our strong allies.

Now move up 10 or 15 years to Vietnam. Again, I will emphasize that there were some trappings of democracy in South Vietnam—clearly not our Bill of Rights but more democracy than exists in any of the Communist countries and most of the fascist countries of this world today, but there was not land reform. When North Vietnam chose to invade—and I use that in the deliberate sense—just as North Vietnam chose to invade, what they found in South Vietnam was fertile ground for garnering grassroots peasant support for their violent revolutionary efforts.

When the United States intervened we promised the South Vietnamese peasant a constitution. The North Vietnamese promised them land. And it is easy to understand why they chose the latter rather than the former. Had the South Vietnamese Government simply had the presence of mind to do in time in South Vietnam what Syngman Rhee had done in South Korea, South Vietnam today would still be an existing nation, probably an ally of ours, probably an economic success. But they waited until it was too late—although even in 1971 to 1974 when land reform was finally carried out, Viet Cong, recruitment dropped from 5,000 to 7,000 men a month down to 1,000; and the Communists have not dared to collectivize those new peasant owners. But by the early 1970's there were masses of North Vietnamese troops present, and massive unhappiness with the war here. They waited too long, and they lost.

That brings us back full cycle to Latin America and El Salvador in particular.

Somehow, some way, Mr. President, we must convince the oligarchies in Latin America that the day of their owning immense plantations farmed by tenant farmers must be over. They must learn that they are going to move to the cities and become bankers or Sony dealers or Coca-Cola franchisees or operators of insurance companies and they must leave to the former tenant farmer and plantation laborer the land, so that this tenant farmer or laborer might own it, farm it, and possess it with the support of the country.

As for El Salvador, we wish that country well, but they must undertake the steps for their own Salvation. We can suggest: We can attempt to persuade. We cannot impose. Their future is in their hands. If they undertake the proper steps, they can and should expect our support: and if they do not, they should not get our support, because it will not do any good.

So, Mr. President, I welcome the inclusion of land reform in this bill as a condition for our continued aid to El Salvador. Including land reform as a condition for continued aid reaffirms our commitment to progress in this vital program.●

ORDER OF PROCEDURE

Mr. STEVENS. Mr. President, I ask the distinguished manager of the bill, my good friend from Wisconsin who is working so hard, if he has objection to going off the bill and resuming routine morning business?

Mr. KASTEN. Mr. President, I have no objection.

Mr. BYRD. Mr. President, I would ask the distinguished assistant Republican leader if the time which is coming out of the time of the Senator from Arkansas on the amendment will be charged against the bill?

Mr. STEVENS. Mr. President, I ask unanimous consent that the time allocated to the Bumpers amendment be fully available tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. I thank the distinguished assistant leader.

Mr. STEVENS. I thank my good friend from West Virginia.

REFERRAL OF S. 2438

Mr. STEVENS. Mr. President, I ask unanimous consent that Calendar 716, S. 2438, a bill to provide standing and jurisdiction in civil lawsuits to determine the constitutionality of the limitation on the amount of honoraria which Members of Congress may receive, be appropriately referred.

The PRESIDING OFFICER. Without objection, it is so ordered.

H.J. RES. 520 PLACED ON THE CALENDAR

Mr. STEVENS. Mr. President, I ask unanimous consent that once the Senate receives from the House, House Joint Resolution 520, a joint resolution designating April 13, 1984, as "Education Day, U.S.A.", it be placed on the Calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

H.R. 4202 PLACED ON CALENDAR

Mr. STEVENS. Mr. President, I ask unanimous consent that once the Senate receives from the House H.R. 4202, a bill to designate the air traffic control tower at Midway Airport, Chicago, as the "John G. Fary Tower", it be placed on the Calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGES FROM THE HOUSE

At 11:29 a.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the following bill, without amendment:

S. 1365. An act entitled the "Harry Porter Control Tower."

At 5:56 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 3879. An act to amend title 31, United States Code, to sliminate the fee imposed on financial organizations which receive payroll deductions from Federal employees, and for other purposes;

H.R. 4202. An act to designate the air traffic control tower at Midway Airport, Chicago, as the "John G. Fary Tower";

H.R. 4665. An act to name the social security building in Philadelphia, Pa., known as the "Mid-Atlantic Program Service Center," as the "William A. Barrett Social Security Building," and to name the U.S. Post Office Building in Moorestown, N.J., as the "Edwin B. Forsythe Post Office Building";

H.R. 4700. An act to designate the Federal Building and U.S. courthouse at 1961 Stout Street, Denver, Colo., as the "Byron G. Rogers Federal Building and U.S. Courthouse"; and

H.R. 5222. An act to amend title 18, United States Code, to make certain robberies and burglaries involving controlled substances a Federal offense.

ENROLLED BILL SIGNED

The message also announced that the Speaker has signed the following enrolled bill:

S. 1365. An act entitled the "Harry Porter Control Tower."

The enrolled bill was subsequently signed by the President pro tempore (Mr. THURMOND).

HOUSE MEASURES REFERRED

The following bills were read the first and second times by unanimous consent, and referred as indicated:

H.R. 4665. An act to name the social security building in Philadelphia, Pa., known as the "Mid-Atlantic Program Service Center," as the "William A. Barrett Social Security Building," and to name the U.S. Post Office Building in Moorestown, N.J., as the "Edwin B. Forsythe Post Office Building"; to the Committee on Governmental Affairs.

H.R. 4700. An act to designate the Federal Building and U.S. courthouse at 1961 Stout Street, Denver, Colo., as the "Byron G. Rogers Federal Building and U.S. Courthouse"; to the Committee on Environment and Public Works.

H.R. 5222. An act to amend title 18, United States Code, to make certain robberies and burglaries involving controlled substances a Federal offense; to the Committee on the Judiciary.

MEASURES PLACED ON CALENDAR

The following bills were read the first and second times by unanimous consent, and placed on the calendar:

H.R. 3879. An act to amend title 31, United States Code, to eliminate the fee imposed on financial organizations which re-

ceive payroll deductions from Federal employees, and for other purposes.

H.R. 4202. An act to designate the air traffic control tower at Midway Airport, Chicago, as the "John G. Fary Tower";

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents which were referred as indicated:

EC-2950. A communication from the Secretary of Defense transmitting, pursuant to law, a report on two violations of law involving funds appropriated to the Navy; to the Committee on Appropriations.

EC-2951. A communication from the Principal Deputy Assistant Secretary of the Navy for Shipbuilding and Logistics transmitting, pursuant to law, a report on the decision to convert the public works functions at the Naval Research Lab, Washington, D.C., to performance under contracts; to the Committee on Armed Services.

EC-2952. A communication from the Acting Assistant Secretary of the Army for Installations and Logistics transmitting, pursuant to law, a report on the decision to convert the maintenance services for Oakdale Support Element, Neville Isl., Pa., to performance under contract; to the Committee on Armed Services.

EC-2953. A communication from the Director of the Defense Security Assistance Agency transmitting, pursuant to law, a report on a proposed foreign military sale by the American Institute in Taiwan to the Coordination Council for North American Affairs; to the Committee on Armed Services.

EC-2954. A communication from the Assistant Secretary of State for Legislative and Intergovernmental Affairs transmitting, pursuant to law, a report on certain properties transferred to the Republic of Panama under the Panama Canal Treaty; to the Committee on Armed Services.

EC-2955. A communication from the Assistant Secretary of State for Legislative and Intergovernmental Affairs transmitting, pursuant to law, a report on certain properties transferred to the Republic of Panama under the Panama Canal Treaty; to the Committee on Armed Services.

EC-2956. A communication from the Chairman of the Federal Financial Institutions Examination Council transmitting, pursuant to law, the 1983 Annual Report of the Council; to the Committee on Banking, Housing, and Urban Affairs.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM-594. A resolution adopted by the House of Representatives of the State of Hawaii; to the Committee on Finance:

"HOUSE RESOLUTION

"Whereas, the State of Hawaii recognizes, as one of its primary objectives, the development of greater opportunities for Hawaii's people to secure reasonably priced housing; and

"Whereas, the increasingly high cost of constructing housing in Hawaii, coupled with high mortgage interest rates, makes it extremely difficult for moderate income families to purchase their first homes; and

"Whereas, in 1980 the Hawaii Housing Authority began its housing loan and mortgage program nicknamed the "Hula Mae" program to provide lower than market cost financing for first-time homeowners, and the Authority has since issued $381 million in tax-exempt revenue bonds, the proceeds of which have been used to finance mortgage loans enabling over 2,600 moderate income families to purchase residential units and these families would have been unable to purchase their homes without the tax-exempt bond program; and

"Whereas, the Mortgage Subsidy Bond Tax Act of 1980 prohibits state and local governments from issuing these revenue bonds after December 31, 1983, thereby jeopardizing the State's ability to further finance the purchase of housing by moderate income families; and

"Whereas, many in Congress have endorsed a permanent extension of the tax-exempt mortgage bond program, pointing to the program's benefits in enabling thousands of first-time home buyers to purchase their homes, the creation of thousands of new jobs in home construction and related industries, and the generation of hundreds of millions of dollars annually in additional tax revenues from the multiplier effects of home investment; now, therefore,

"Be it resolved by the House of Representatives of the Twelfth Legislature of the State of Hawaii, Regular Session of 1984, That the President of the United States and the Congress of the United States are respectfully urged to support, in view of its great success, the continued use of tax-exempt revenue bonds as the primary source of funds for Hawaii's Hula Mae mortgage loan program and similarly successful programs in other states and cities either through the extension of the tax-exempt mortgage bond program or the repeal of the sunset clause of the Mortgage Subsidy Bond Tax Act of 1980; and

"Be it further resolved, That the President and Congress also be urged to recognize that income limitations under tax-exempt housing bond programs should be determined by the states, and not nationally set, due to the great variance of economic and other factors existent in the states, making nationally-set income limitations artificial and imprudent; and

"Be it further resolved, That certified copies of this Resolution be transmitted to the President of the United States, the President of the United States Senate, the Speaker of the United States House of Representatives, and each member of Hawaii's congressional delegation."

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ROTH, from the Committee on Governmental Affairs, with amendments:

S. 905. A bill entitled the "National Archives and Records Administration Act of 1983" (with additional views) (Rept. No. 98-373).

By Mr. ROTH, from the Committee on Governmental Affairs:

Report to accompany the bill (S. 121) to establish as an executive department of the Government of the United States a Department of Trade, and for other purposes (with additional and minority views) (Rept. No. 98-374).

By Mr. THURMOND, from the Committee on the Judiciary, without amendment:

S. 1126. A bill for the relief of Harvey E. Ward (Rept. No. 98-375); and

S. 1488. A bill for the relief of Patty Jean Lipton and her husband, Ronald Lipton (Rept. No. 98-376).

By Mr. THURMOND, from the Committee on the Judiciary, without amendment:

S. Res. 48. A resolution to refer S. 413 to the Chief Judge of the United States Claims Court (Rept. No. 98-377).

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. DOMENICI:

S. 2524. A bill entitled the "Copper and Extractive Industries Fair Competition Act of 1984"; to the Committee on Foreign Relations.

By Mr. QUAYLE:

S. 2525. A bill entitled the "National Science Foundation Amendments of 1984"; to the Committee on Labor and Human Resources.

By Mr. PACKWOOD (for himself and Mr. STEVENS):

S. 2526. A bill to authorize appropriations for the Coast Guard for fiscal years 1985 and 1986, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. SYMMS (for himself and Mr. STAFFORD):

S. 2527. A bill to approve the interstate and interstate substitute cost estimates, to amend title 23 of the United States Code, and for other purposes; to the Committee on Environment and Public Works.

By Mr. HEFLIN (for himself and Mr. DENTON):

S. 2528. A bill to relieve Alabama Christian College of the liability to pay certain sums owed to the United States; to the Committee on Labor and Human Resources.

By Mr. COCHRAN (for himself and Mr. PRYOR):

S.J. Res. 270. Joint resolution designating the week of July 1 through July 8, 1984, as "National Duck Stamp Week" and 1984 as the "Golden Anniversary Year of the Duck Stamp"; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. QUAYLE:

S. 2525. A bill entitled the "National Science Foundation Amendments of 1984"; to the Committee on Labor and Human Resources.

NATIONAL SCIENCE FOUNDATION AMENDMENTS OF 1984

● Mr. QUAYLE. Mr. President, I am introducing a bill today to amend the National Science Foundation Act of 1950 to place more emphasis on activities related to basic engineering research. The legislation does not authorize any new expenditure of funds, rather it seeks to enhance the position of basic engineering research activities within the NSF.

At the outset I would like to state that this bill is in no way intended to

emphasize engineering at the expense of science. The NSF has and does support basic scientific research which has resulted in many technological, chemical, biological and other scientific advances, necessary to keep our country competitive in industry and other fields.

This bill would clarify the status of fundamental engineering research within the NSF. Most people view basic scientific research as an appropriate area of Federal support and most people view applied research as the responsibility of industry and the private sector. What falls in between basic science research and applied research is often fundamental engineering research. This is research that generates future technology from scientific knowledge, through investigation of systems, manufacturing processes, materials and methods. Fundamental engineering research does not result in a product; it is generic in nature. Because of its general nature, fundamental engineering research lacks support from the private sector and yet has never been considered a part of basic science research and therefore is not supported by the Federal Government.

Additionally, the bill would make engineering education a priority for the agency. We have a serious shortage of engineeing faculty at our Nation's universities, as well as a shortage of undergraduate and graduate engineering students. The NSF has already acknowledged these shortages by increasing their support by funding 500 new and 1,000 continuing NSF graduate fellows. Additionally, the agency has initiated a Presidential Young Investigator Research Awards program, 100 of which will be awarded to promising engineers.

While these trends at NSF are encouraging, they are also indicative of the needs that exist. The bill I am introducing today will encourage the NSF to increase its support of basic engineering, and enable the agency to institutionalize engineering within itself, making clear that we, as a nation, are committed to producing a strong science and engineering base in order to compete more effectively in world markets.

I ask my colleagues to support this legislation in recognition of the importance of basic engineering research to our Nation's future.●

By Mr. PACKWOOD (for himself and Mr. STEVENS):

S. 2526. A bill to authorize appropriations for the Coast Guard for fiscal years 1985 and 1986, and for other purposes; to the Committee on Commerce, Science, and Transportation.

COAST GUARD AUTHORIZATION ACT OF 1984

● Mr. PACKWOOD. Mr. President, I am today introducing legislation titled the "Coast Guard Authorization Act of 1984." This legislation authorizes appropriations for the Coast Guard for the 1985 and 1986 fiscal years, and is offered prior to committee hearings to be held on April 3.

The Coast Guard is truly a multimission force. As my colleagues well know, it is the principal maritime safety and law enforcement agency. Its missions include search and rescue, fisheries enforcement, antismuggling activities, vessel inspection, environmental protection, and operation of navigational aids.

The Coast Guard also plays a significant role in national defense. Coast Guard cutters have replaced the Navy in Grenada, its ships regularly participate in U.S. naval exercises, it provides port security in the United States and overseas, and it operates the only polar icebreakers possessed by any U.S. military service.

As new maritime problems have developed and old ones have expanded, Congress has been quick to look to the Coast Guard for solutions, and, the Coast Guard has always been there. Unfortunately, while the Coast Guard has always been ready to take on new and expanded missions, it has not always received the resources it needs. Coast Guard equipment and manpower shortages are well known to my colleagues. The number of Coast Guard cutters has declined by a third in the last decade and the average age of a cutter is over 27 years. The number of Coast Guard personnel has, at best, remained constant, while its duties expanded dramatically.

Congress has taken steps to reverse these trends. In 1982 and again in 1984, largely due to the efforts of my colleague, Senator STEVENS, we included funds in the Department of Defense appropriations bill for acquisition of Coast Guard equipment. The authorization bill I am submitting today continues the trend toward a newer, stronger Coast Guard. The bill authorizes spending of $2.4 billion in 1985. While this level exceeds the administration's request by $240 million, I believe every additional dollar is justified. Most of the additional money is for acquisition of new equipment. This new equipment is absolutely essential if we want the Coast Guard to adequately fulfill its many assigned missions.

Several other sections of the bill deserve special mention. Section 3 of the bill contains a provision to maintain Coast Guard civilian and military strength at last year's levels. Coast Guard personnel levels have dropped slightly in recent years, and the administration has proposed cutting 700 more positions in 1985. We cannot expect the Coast Guard to function adequately in the future if its personnel are gradually reduced.

Section 5 of the bill calls on the Secretary of Transportation to prepare plans for acquisition of two new polar icebreakers, and to report to Congress on the status of these plans in January 1985 and January 1986. The U.S. polar icebreaking capability today is minimal. The entire fleet consists of five vessels. Two of these vessels were built during World War II and a third was constructed in the early 1950's. Given the long leadtime needed to develop and construct a specialized vessel like an icebreaker, now is the time to begin planning for replacement of these old vessels.

Section 6 of the bill concerns safety defects in recreational boats. Current law requires boat manufacturers to notify dealers of life-threatening defects in their boats, and repair the defect at the manufacturer's expense. Unfortunately, the Coast Guard had found some unrepaired boats are sold after dangerous defects are discovered. This section halts that practice by barring the sale of boats with a known defect which creates a substantial risk of injury.

Section 8 of the bill concerns the San Francisco, Calif., vessel-traffic service. In light of a 1983 Department of Transportation study, stating that the vessel-traffic service "makes a significant contribution to vessel safety and traffic facilitation in the San Francisco Bay area and its adjoining waterways and ports," the section requires continuation of the service in 1985 and 1986. The section also prevents the Coast Guard from civilianizing the San Francisco vessel-traffic service until a study is conducted showing the benefits which would accrue to both the Federal Government and the users of the service. Replacing military with civilian personnel would likely increase the cost of the San Francisco operation to the Coast Guard. This section is strongly supported by shipowners and captains using San Francisco Bay.

Section 9 of the bill expresses support for contracting with private sources to provide Coast Guard services, which may be performed with equal effectiveness and at a lower cost by the private sector. The provision also insures that Congress will have a role in reviewing proposals to contract such services by requiring the Secretary of Transportation to submit a statement to Congress in advance of any contract proposal.

A December 1983 court of appeals case held it was permissible for a vessel owner to discriminate against or discharge a seaman who notified the Coast Guard of possibly dangerous conditions on the owner's vessel. Section 10 of the bill prohibits such actions by vessel owners or operators where the seaman acts in good faith.

Before concluding I want to interject a personal observation concerning the men and women who serve in the Coast Guard, the Coast Guard Reserve, and the Coast Guard Auxiliary. Since arriving in the Senate from Oregon in 1969, I have met commandants, and seamen, and all ranks in between. And I have learned that these folks daily provide the United States with service unmatched for its dedication, bravery, and selflessness. In short, they are patriots.

During Commerce Committee hearings I chaired in Oregon in January, I listened to Oregonians talk about the Coast Guard. While witnesses occasionally called for more coverage or better equipment, the testimony was always laudatory when it concerned Coast Guard personnel. We owe our full support to the men and women who serve in the Coast Guard, in Oregon and nationally. The authorization bill I am introducing today is an effort to provide that support and I hope all my colleagues in the Senate will join me in backing this legislation.●

By Mr. SYMMS (for himself and Mr. STAFFORD):

S. 2527. A bill to approve the interstate and interstate substitute cost estimates, to amend title 23 of the United States Code, and for other purposes; to the Committee on Environment and Public Works.

FEDERAL AID HIGHWAY ACT OF 1984

Mr. SYMMS. Mr. President, I am pleased to introduce legislation today which would approve both the interstate cost estimate (ICE) and the interstate substitute cost estimate (ISCE) for 18 months and also address certain transportation policy issues. I am hopeful that this 18-month ICE/ISCE approval will not prove as difficult and time-consuming to secure as the 6-month approval which finally was signed into law (Public Law 98-229) on March 9, 1984.

States have been forced to wait since October 1, 1983—over 5 months—for their interstate construction and interstate transfer funds as well as their 85 percent minimum allocation money. This happened despite the face that Congress had previously authorized this spending and taxpayers have been paying increased highway use fees since April 1, 1983 to finance that spending. Those taxes accumulated in the highway trust fund as month after month Congress failed to agree on other items which were extraneous to the vital ICE-ISCE approvals. Without that congressional approval, the U.S. Department of Transportation was prevented from distributing to State highway authorities nearly $5.4 billion in Federal funds for fiscal 1984.

We now face the need to approve the release of $1.6 billion in funds remaining for the current fiscal year, plus approximately $5.2 billion that should go out as of October 1, 1984.

The Transportation Subcommittee has recently concluded hearings on the implementation of the Surface Transportation Assistance Act of 1982 (STAA). Members heard extensive testimony on the need for an expeditious approval of an 18-month ICE and ISCE. I think the Associated General Contractors made the point well, by stating:

> Everyone recognizes that the commitments made by Congress in the 1982 STAA to rebuild our transportation infrastructure and combat unemployment were partially undermined by the recent 5 month delay in approving an ICE.
>
> The States' highway improvement programs and the highway construction industry can ill afford another prolonged period of uncertainty caused by delayed congressional approval of an interstate cost estimate. The ability of the States to program projects and conduct financial planning, the construction industry's need for a predictable and stable program within which to make cost-effective, long-term capital investments, the extent to which a smoothly-functioning highway improvement program can aid economic growth, and the basic right of the travelling public to a safe national highway system, are all compelling reasons for prompt congressional action on an "18-Month" ICE bill.

Now I would like to briefly describe the major provisions of this legislation. In addition to the 18-month interstate cost estimate approvals, the bill would release the remainder of the 85-percent minimum allocation funds. In order to avoid future delays, it would direct the Secretary of Transportation to make the necessary adjustments to the ICE and ISCE and then administratively proceed to apportion the funds each October 1. This would not prevent Congress from acting at any time to make changes, but it would help keep the program running on an even keel and avoid the stop-and-go problems we have seen this past year. This action would keep the States from being penalized and their highway programs from being severely disrupted. It would also assure the motoring public that the gasoline and other highway taxes they pay are being put to immediate use in the construction and repair of our highway system.

This bill addresses other policy concerns, including a Federal-State match on emergency relief funding, several bridge program issues, participation by Women Business Enterprises in the Federal-aid highway program, toll facilities, rail-highway crossings, right-of-way donation, and right-of-way payback.

The 1982 Highway Act allowed for a 50-percent increase in funding for the Federal-aid highway program, beginning with fiscal year 1983. This additional funding is urgently needed to build and rehabilitate our transportation infrastructure, and if it is to be truly cost effective, the funding must be provided to the States in an orderly, dependable manner.

The Transportation Subcommittee also recently heard testimony from Peter Koltnow, president of the Highway Users Federation, who observed:

> Taking a longer view of the Federal-aid highway program, there is a need to reaffirm—or restate—the appropriate Federal role. Highway users have understood that role to be one of stimulating the capital investment in a limited set of roads of national importance, based on user charge funding.
>
> Highway users were prominent for years preceding STAA 82 in building public support for the need to reinvest in our streets and roads.
>
> That strong support is apt to erode, however, in light of three trends evident in recent congressional action: funding projects of chiefly local interest, providing increasing funds off the Federal-aid road systems, and diversion of highway user taxes.

Along with increased funding for highways, there are an increasing number of needs and demands on the Federal-aid program. The Transportation Subcommittee will be considering this legislation soon, and it is my hope that we can indeed move expeditiously on the 18-month ICE/ISCE approvals and other essential highway issues.

I want to thank Chairman STAFFORD, and the ranking committee and subcommittee members, Senators RANDOLPH and BENTSEN. I know they all share my conern for the future health of the highway trust fund and the importance of preserving the Federal-aid highway program, so that it can continue to be one of our most respected, successful, national programs.

● Mr. STAFFORD. Mr. President, the primary purpose for the legislation being introduced today is to complete the two-step process which has become necessary this year if the interstate cost estimate (ICE) and the interstate substitute cost estimate (ISCE) are to be approved for a total of 2 years.

In early March—5 months into fiscal year 1984, a 6-month approval was finally enacted, permitting the U.S. Department of Transportation to release nearly $2.7 billion in interstate and related highway funds. I was very disappointed that we could not make a full year's Interstate funding available to the States. We are now at the beginning of the major construction season. Many States have already obligated the first half of the funds made available to them for fiscal 1984 and will be unable to begin major projects scheduled for this construction season if the second half of these funds are not made available very soon.

Those remaining funds total approximately $1.6 billion for the current fiscal year. It is money that has already been collected through the Federal gasoline and other highway

use taxes. An additional $5.2 billion in interstate construction, interstate transfer, and minimum allocation funds for fiscal 1985 are also at stake.

Unlike last year, the release date of October 1 can be faithfully observed. This legislation approves a cost estimate for 18 months so the fiscal 1985 funds can be released on a timely basis—October 1, 1984. Any further disruptions to the program will be very damaging.

Previous to passage of H.R. 4957, which succeeded in releasing half the ICE and ISCE funds last month, about 34 States had totally run out of interstate construction money. As my fellow Senators know, in order for the Federal-aid highway program to be effective, States must be assured of stable, long-term funding; it is only in this way that they can do the necessary planning over the several years it takes to initiate and finally complete a major transportation project.

Federal Highway Administrator Ray A. Barnhart recently observed:

> Without prompt congressional action to release the remaining interstate funds, many other essential highway improvement projects throughout the Nation may not be started this year, thus exacerbating deteriorating road conditions in many areas of the country.

In order to prevent the kind of disruption the program has just had, this legislation contains a provision which directs the Secretary to apportion interstate construction and substitute funds on October 1 of each year after making specific administrative adjustments. Approval by Congress would no longer be required for the release of these funds. Cost estimates would continue to be submitted to Congress and the Congress would not be precluded from acting at any time to make changes to the estimates.

In attempting to approve cost estimates last summer, we faced a situation where the ICE and ISCE approvals were held hostage for other items. There has been a major increase in highway user fees which has resulted in a major increase in the Federal-aid highway program. However, even though there has been such an increase, Federal funds will not be able to address all the States' and localities' highway and bridge needs. This program has been a successful Federal program and it has worked well in the past because the States and localities have been responsible for making decisions about the priority of specific projects. I believe we must continue the program on this basis and keep specific project authorizations to a minimum. I would hope that the desire for other items will not put in jeopardy the timely release of these funds.●

By Mr. HEFLIN (for himself and Mr. DENTON):

S. 2528. A bill to relieve Alabama Christian College of the liability to pay certain sums owed to the United States; to the Committee on Labor and Human Resources.

RELIEF OF ALABAMA CHRISTIAN COLLEGE

Mr. HEFLIN. Mr. President, today, I am joined by my colleague and friend, Senator JEREMIAH DENTON, in introducing a bill on behalf of Alabama Christian College in Montgomery, Ala. The purpose of the bill is to relieve Alabama Christian College of the liability to reimburse certain sums owed to the U.S. Government which occurred through no fault of the school.

During academic years 1981–82 and 1982–83, several student aid grants were awarded to Alabama Christian College's junior and senior year students under title IV of the Higher Education Act of 1965. Alabama Christian College was fully accredited as a junior college on December 1, 1971, by the Southern Association of Colleges and Schools. This accreditation was reaffirmed for a 10-year period in 1975.

In 1978, the board of trustees of Alabama Christian College submitted an application to the Southern Association of Schools and Colleges for senior college status. Last year, Alabama Christian College was granted a candidate status as a senior college by the Southern Association of Schools and Colleges.

However, during the transition period from junior to senior college status, certain U.S. Department of Education forms required by the Higher Education Act of 1965, as amended, were not received by the Secretary of the Department of Education. The forms in question were those required by title IV of the Higher Education Act of 1965 pertaining to the eligibility of a school to participate in the student assistance programs such as the Pell grant, the secondary education opportunity grants, and the guaranteed student loan program.

Officials of Alabama Christian College assumed compliance on their part and awarded the Federal aid to their students, but were subsequently told by the Department of Education that they were ineligible to receive such aid for the junior class of 1981–82 and the junior and senior class for the first semester of 1982–83. Alabama Christian College was placed in a position of moving from junior to senior college level and was in dire need of eligibility to participate in Federal student assistance programs and the Department of Education was unable to provide eligibility until this school was elevated from a junior college status to a full 4-year college and so recognized by the Southern Association of Schools and Colleges. This change in status left junior and senior students ineligible to receive the Federal aid which the college had already awarded them, assuming that they were authorized to do so inasmuch as the funds had been requested and drawn from the school's Federal cash account.

I want to emphasize, Mr. President, that these students were not determined to be ineligible until after they had completed the courses and the money had been extended. When the Department of Education determined that the college did not have the senior college level eligibility, officials of the Department were compelled to hold the college liable for $147,681.39 in Pell grants and college work study funds; $7,822.50 in national direct student loans; and $6,780.78 in federally insured student loans—FISL.

I wish to commend Secretary Bell and his fine staff at the Department of Education for the excellent cooperation and assistance to Alabama Christian College. Officials of the Department of Education did, in fact, extend eligibility as far as allowable by the Federal statutes for Alabama Christian College to participate in the Federal financial assistance programs, but were unable to provide wide discretion or latitude in establishing institutional eligibility retroactively for the academic years 1981–82 and 1982–83.

The school has now been granted 4 year college candidate's status and has been cleared by the Department of Education to participate in the student financial assistance programs. This, and the fact that Alabama Christian College now has a title III 4-year grant awarded by the Department of Education to strengthen administrative functions on the campus, is evidence that the school deserves relief from this "catch-22" liability.

Under the leadership of Dr. Jimmy Faulkner who serves as chairman of the board of trustees, and Dr. Ernest Clevenger, president of Alabama Christian College, the school has made enormous progress and has rendered an outstanding contribution to higher education in Alabama. As a private institution, Alabama Christian College has had to raise funds every year, above and beyond what tuition and fees generated in order to build its excellent and commendable record. The school is dedicated to the highest standards of academic excellence and has a minority student enrollment of 52 percent. In fact, Alabama Christian College accepted minority students long before the Civil Rights Act of 1964 and the Higher Education Act of 1965. The programs and admissions policies of Alabama Christian College have long been recognized as exemplary and the school has received commendations from the Honorable George C. Wallace, Governor of the State of Alabama, from the State news

media, from officials of the Department of Education, and from me.

The college is doing on its own what the Congress has legislated that institutions of higher learning should do to assist disadvantaged, minority, and neglected students. Many of these disadvantaged students simply would not have the opportunity to pursue their life's goals without the fine educational programs offered them by Alabama Christian College. Certainly, this institution is to be commended and assisted in every way for the outstanding work it has done. Therefore, I am asking that Alabama Christian College be relieved of the imposed liability to repay the U.S. Government for funds which were inadvertently provided for its junior and senior year students for the academic years 1981–82 and 1982–83. The legislation I am introducing today is the only avenue of relief for this outstanding Christian college. It is my sincere hope that the Senate will act quickly on this measure and that the U.S. Congress will enact it into law.

Mr. DENTON. Mr. President, it is a pleasure to join with my distinguished colleague from Alabama in introducing legislation to forgive Alabama Christian College from repayment of sums that it in good faith awarded to juniors and seniors through the three major student-aid programs.

Alabama Christian College was founded in 1942. It was accredited as a junior college in 1971. In 1981, the college moved to become a senior college by accepting its first junior class. It graduated its first senior class in May 1983.

A misunderstanding arose when the Department of Education did not receive notice of the establishment of the 4-year baccalaureate program at Alabama Christian College. In the meantime, however, the college had awarded Pell grant, national direct student loans, and federally insured loans to juniors and seniors who entered the 4-year program. Because of the lack of notification, the Department ruled that it had no authority to determine retroactively the school's eligibility for those programs.

Alabama Christian College is being held liable for $162,284.67, despite the fact that it is now a fully accredited 4-year institution. I hope that the Senate will act quickly on the bill to avoid the injustice that will ensue if that fine institution is forced to repay a large amount because of an administrative misunderstanding.

By Mr. COCHRAN (for himself and Mr. PRYOR):

S.J. Res. 270. A joint resolution designating the week of July 1 through July 8, 1984, as "National Duck Stamp Week" and 1984 as the "Golden Anniversary Year of the Duck Stamp"; to the Committee on the Judiciary.

NATIONAL DUCK STAMP WEEK

● Mr. COCHRAN. Mr. President, today I am introducing a joint resolution to designate 1984 as the "Golden Anniversary Year of the Duck Stamp," and to also designate July 1 through July 8, 1984 as "National Duck Stamp Week."

Fifty years ago, Congress passed the Migratory Bird Hunting Stamp Act. This act required everyone age 16 or older who hunts ducks, geese, or swans to carry a current, signed duck stamp. Since that time, more than 89 million duck stamps have been sold, providing $285 million for the purchase of 3.5 million acres of wetlands and other wildlife habitats. These millions of acres are now part of 186 national wildlife refuges.

Currently, 91 percent of the duck stamps sold each year are purchased by waterfowl hunters. However, millions of other people, especially conservation-minded individuals and organizations, have helped promote the only nationwide conservation stamp.

The tremendous task of preservation has really just begun. Nearly 500,000 acres of precious wetlands are disappearing annually. All Americans should be concerned about the future of our environment and this resolution can help bring to mind the need to protect and enlarge migratory bird refuges and waterfowl production areas.

With this resolution, let us continue to show our support for this conservation effort by designating 1984 as the "Golden Anniversary Year of the Duck Stamp," and the week of July 1 through July 8, 1984 as "National Duck Stamp Week." This certainly is a wonderful opportunity to make all citizens aware of their ability to aid in the preservation of waterfowl habitats and to insure these habitats a safe future.●

ADDITIONAL COSPONSORS

S. 627

At the request of Mr. PACKWOOD, the name of the Senator from South Carolina (Mr. HOLLINGS) was added as a cosponsor of S. 627, a bill to authorize the establishment of a National Scenic Area to assure the protection, development, conservation, and enhancement of the scenic, natural, cultural and other resource values of the Columbia River Gorge in the States of Oregon and Washington, to establish national policies to assist in the furtherance of its objective, and for other purposes.

S. 1069

At the request of Mr. CHAFEE, the name of the Senator from Wisconsin (Mr. PROXMIRE) was added as a cosponsor of S. 1069, a bill to amend the Federal Power Act to limit the recovery by public utilities of certain costs of construction work in progress through rate increases.

S. 1676

At the request of Mr. DURENBERGER, the names of the Senator from Colorado (Mr. HART), and the Senator from Iowa (Mr. JEPSEN) were added as cosponsors of S. 1676, a bill to provide that registration and polling places for Federal elections be accessible to handicapped and elderly individuals, and for other purposes.

S. 1806

At the request of Mr. BRADLEY, the name of the Senator from Tennessee (Mr. SASSER) was added as a cosponsor of S. 1806, a bill to recognize the organization known as the Jewish War Veterans of the United States of America, Incorporated.

S. 1975

At the request of Mr. BRADLEY, the name of the Senator from Hawaii (Mr. MATSUNAGA) was added as a cosponsor of S. 1975, a bill to enact the Gifted and Talented Children's Education Act.

S. 2031

At the request of Mr. MOYNIHAN, the name of the Senator from Michigan (Mr. RIEGLE) was added as a cosponsor of S. 2031, a bill relating to the residence of the American Ambassador to Israel.

S. 2338

At the request of Mr. HEINZ, the names of the Senator from Arizona (Mr. DECONCINI) and the Senator from Maine (Mr. COHEN) were added as cosponsors of S. 2338, a bill to amend title XVIII of the Social Security Act to allow medicare coverage for home health services provided on a daily basis.

S. 2358

At the request of Mr. PROXMIRE, the name of the Senator from New York (Mr. MOYNIHAN) was added as a cosponsor of S. 2358, a bill to prohibit the U.S. Synthetic Fuels Corporation from making new awards of financial assistance before the comprehensive strategy (as set forth in the Energy Security Act) is approved.

S. 2384

At the request of Mr. BRADLEY, the name of the Senator from Tennessee (Mr. SASSER) was added as a cosponsor of S. 2384, a bill to require rapid fill of the strategic petroleum reserve, to authorize early use of the strategic petroleum reserve, to authorize emergency block grants to assist low income Americans during an oil supply disruption, and for other purposes.

S. 2401

At the request of Mr. DURENBERGER, the name of the Senator from Mississippi (Mr. COCHRAN) was added as a cosponsor of S. 2401, a bill to require the provision of compensation for the additional direct costs incurred by State and local governments in complying with intergovernmental regulations

promulgated under significant Federal laws, and for other purposes.

S. 2411

At the request of Mr. JEPSEN, the name of the Senator from Ohio (Mr. GLENN) was added as a cosponsor of S. 2411, a bill to amend title 10, United States Code, to modify procedures for payment of military retired pay to spouses and former spouses of members of the uniformed services in compliance with court orders.

S. 2422

At the request of Mr. BRADLEY, the name of the Senator from Rhode Island (Mr. PELL) was added as a cosponsor of S. 2422, a bill to provide a program of planning grants, demonstration grants, and formula grants to assist local educational agencies to improve the basic skills of economically disadvantaged secondary school students, and for other purposes.

S. 2484

At the request of Mr. DURENBERGER, the name of the Senator from Iowa (Mr. GRASSLEY) was added as a cosponsor of S. 2484, a bill to amend the Energy Policy and Conservation Act with respect to the strategic petroleum reserve and the International Energy Program, and for other purposes.

S. 2505

At the request of Mr. GORTON, the name of the Senator from Maryland (Mr. SARBANES) was added as a cosponsor of S. 2505, a bill to provide a right of first refusal for metropolitan areas before a professional sports team is relocated, and for other purposes.

S. 2513

At the request of Mr. DURENBERGER, the name of the Senator from Maine (Mr. COHEN) was added as a cosponsor of S. 2513, a bill to amend the Safe Drinking Water Act to protect groundwater resources and to prevent leaks and releases from underground storage tanks.

SENATE JOINT RESOLUTION 215

At the request of Mr. THURMOND, the name of the Senator from North Dakota (Mr. BURDICK) was added as a cosponsor of Senate Joint Resolution 215, a joint resolution to designate the week of April 23-27, 1984, as "National Student Leadership Week."

SENATE JOINT RESOLUTION 244

At the request of Mr. DOLE, the names of the Senator from Georgia (Mr. NUNN), the Senator from Oklahoma (Mr. BOREN), and the Senator from Louisiana (Mr. JOHNSTON) were added as cosponsors of Senate Joint Resolution 244, a joint resolution designating the week beginning on May 6, 1984, as "National Asthma and Allergy Awareness Week."

SENATE JOINT RESOLUTION 254

At the request of Mr. LUGAR, the name of the Senator from Texas (Mr. BENTSEN) was added as a cosponsor of Senate Joint Resolution 254, a joint resolution to designate the month of October 1984 as "National Down's Syndrome Month."

SENATE JOINT RESOLUTION 255

At the request of Mrs. HAWKINS, the names of the Senator from Vermont (Mr. LEAHY), the Senator from Illinois (Mr. DIXON), and the Senator from Michigan (Mr. LEVIN) were added as cosponsors of Senate Joint Resolution 255, a joint resolution to designate the month of May 1984 as "Older Americans Month."

SENATE JOINT RESOLUTION 256

At the request of Mr. THURMOND, the name of the Senator from Delaware (Mr. BIDEN) was added as a cosponsor of Senate Joint Resolution 256, a joint resolution designating March 21, 1984, as "National Single Parent Day."

SENATE JOINT RESOLUTION 265

At the request of Mrs. HAWKINS, the names of the Senator from Rhode Island (Mr. PELL) and the Senator from Florida (Mr. CHILES) were added as cosponsors of Senate Joint Resolution 265, a joint resolution designating the week of April 29 through May 5, 1984 as "National Week of the Ocean."

SENATE JOINT RESOLUTION 266

At the request of Mr. RANDOLPH, the names of the Senator from Arizona (Mr. DECONCINI), the Senator from Delaware (Mr. ROTH), and the Senator from New Mexico (Mr. DOMENICI) were added as cosponsors of Senate Joint Resolution 266, a joint resolution designating the week beginning April 8, 1984, as "National Hearing Impaired Awareness Week."

SENATE JOINT RESOLUTION 269

At the request of Mr. LEVIN, the name of the Senator from Ohio (Mr. GLENN) was added as a cosponsor of Senate Joint Resolution 269, a joint resolution designating the week beginning September 23, 1984, as "National Adult Day Care Center Week."

SENATE RESOLUTION 139

At the request of Mr. ZORINSKY, the name of the Senator from Virginia (Mr. WARNER) was added as a cosponsor of Senate Resolution 139, a resolution disapproving the recommendation of the Study Group on Senate Practices and Procedures to abolish the Senate Committee on Veterans' Affairs.

SENATE RESOLUTION 241

At the request of Mr. LEVIN, the name of the Senator from Wisconsin (Mr. KASTEN) was added as a cosponsor of Senate Resolution 241, a resolution expressing the sense of the Senate that the foreign policy of the United States should take account of the genocide of the Armenian people, and for other purposes.

SENATE RESOLUTION 283

At the request of Mr. COHEN, the names of the Senator from Colorado (Mr. ARMSTRONG), the Senator from Montana (Mr. BAUCUS), the Senator from New Mexico (Mr. BINGAMAN), the Senator from Minnesota (Mr. BOSCHWITZ), the Senator from New Jersey (Mr. BRADLEY), the Senator from Arkansas (Mr. BUMPERS), the Senator from North Dakota (Mr. BURDICK), the Senator from Florida (Mr. CHILES), the Senator from California (Mr. CRANSTON), the Senator from Missouri (Mr. DANFORTH), the Senator from Arizona (Mr. DECONCINI), the Senator from Illinois (Mr. DIXON), the Senator from Connecticut (Mr. DODD), the Senator from Minnesota (Mr. DURENBERGER), the Senator from Washington (Mr. EVANS), the Senator from Nebraska (Mr. EXON), the Senator from Ohio (Mr. GLENN), the Senator from Washington (Mr. GORTON), the Senator from Utah (Mr. HATCH), the Senator from Oregon (Mr. HATFIELD), the Senator from Pennsylvania (Mr. HEINZ), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Louisiana (Mr. JOHNSTON), the Senator from Vermont (Mr. LEAHY), the Senator from Michigan (Mr. LEVIN), the Senator from Maryland (Mr. MATHIAS), the Senator from Hawaii (Mr. MATSUNAGA), the Senator from Rhode Island (Mr. PELL), the Senator from Illinois (Mr. PERCY), the Senator from South Dakota (Mr. PRESSLER), the Senator from Michigan (Mr. RIEGLE), the Senator from Delaware (Mr. ROTH), the Senator from Massachusetts (Mr. TSONGAS), and the Senator from Alaska (Mr. STEVENS) were added as cosponsors of Senate Resolution 283, a resolution relating to chemical weapons.

SENATE RESOLUTION 358

At the request of Mr. CHILES, the names of the Senator from Nebraska (Mr. EXON), the Senator from New York (Mr. MOYNIHAN), and the Senator from Indiana (Mr. QUAYLE) were added as cosponsors of Senate Resolution 358, a resolution commending the Government of Colombia for its major achievement in seizing large amounts of cocaine, and for other purposes.

AMENDMENTS SUBMITTED

URGENT SUPPLEMENTAL APPROPRIATION

SPECTER (AND HEINZ) AMENDMENT NO. 2881

Mr. SPECTER (for himself and Mr. HEINZ) proposed an amendment to the joint resolution (H.J. Res. 492) making an urgent supplemental appropriation for the fiscal year ending September 30, 1984, for the Department of Agriculture; as follows:

On page 3, line 10, after "further," insert the following:

That no more than 70 percent of this or any subsequent supplemental appropriation

for military assistance to El Salvador during fiscal year 1984 may be obligated or expended until Salvadoran authorities have brought the National Guardsmen charged with murder in the deaths of four United States churchwomen to trial and have obtained a verdict.

LEAHY (AND OTHERS) AMENDMENT NO. 2882

Mr. LEAHY (for himself, Mr. DODD and Mr. PELL) proposed an amendment to amendment No. 2881 proposed by Mr. SPECTER to the joint resolution (H.J. Res. 492) supra; as follows:

On line 2 of the amendment proposed by Mr. SPECTER, strike out "Not more than 70 percent" and insert "None."

KENNEDY AMENDMENT NO. 2883

Mr. KENNEDY proposed an amendment to the joint resolution (H.J. Res. 492), supra; as follows:

At the appropriate place in H.J. Res. 492, add the following:

"Within 120 days of the enactment of this legislation, The President shall transmit to Congress a classified and unclassified version of a report on the whereabouts of military equipment transferred since 1980 from the United States to the Government of El Salvador, and the whereabouts of Salvadoran military personnel trained with U.S. military aid funds."

MOYNIHAN (AND OTHERS) AMENDMENT NO. 2884

Mr. MOYNIHAN (for himself, Mr. INOUYE, Mr. BIDEN, Mr. LEAHY, Mr. BRADLEY, Mr. SPECTER, and Mr. DANFORTH) proposed an amendment to the joint resolution (H.J. Res. 492) supra; as follows:

On page 4, insert between lines 18 and 19 the following:

"Notwithstanding section 660 of the Foreign Assistance Act of 1961, for an additional amount for necessary expenses for assistance to the Government of El Salvador to protect jurors and other key participants in the criminal proceedings against those charged with the murders of four American churchwomen, during and subsequent to such proceedings, $500,000."

WILSON AMENDMENT NO. 2885

Mr. WILSON proposed an amendment to the joint resolution (H.J. Res. 492), supra; as follows:

Insert at the appropriate place:

On Sunday, March 25, 1984, a remarkable exercise in democracy in the conduct of a free and honest election within the Republic the El Salvador took place, with approximately 70 percent participation by eligible voters despite intense guerrilla efforts to intimidate and to sabotage the election.

Since the success of the Government of El Salvador in the conduct of this election against the guerrilla efforts to disrupt and invalidate it depended both upon the courage, good spirits and determination of the Salvadoran people to freely choose their President and Vice-President, and upon the ability of the Salvadoran armed forces to safeguard voters and election officials against the guerrillas; and

Since within 30 days of certification of the results of the March 25 election a run-off election is required under the Salvadoran Constitution and election law, since no candidate won a majority of the vote at the March 25 election; and

Since the armed forces of El Salvador, unless immediately resupplied by the U.S. with equipment, arms and ammunition which are in critically short supply, are threatened with being unable to provide the same needed protection for the run-off election, and with suffering generally a dangerously reduced capacity to safeguard the Salvadoran people against the terrorism of the guerrillas;

Therefore, the Senate finds that the policy of the United States should be to immediately provide such additional equipment, arms, and ammunition as will allow the armed forces of El Salvador to provide needed protection to the Salvadoran people both at the run-off election and in their daily lives; and ultimately to so suppress guerrilla terrorism as to make possible the revival of economic activity with El Salvador.

BUMPERS (AND OTHERS) AMENDMENT NO. 2886

Mr. BUMPERS (for himself, Mr. LEAHY, Mr. SASSER, Mr. JOHNSTON, Mr. BAUCUS, Mr. METZENBAUM, Mr. LEVIN, Mr. EXON, Mr. RANDOLPH, Mr. DIXON, Mr. BIDEN, Mr. ZORINSKY, Mr. MATSUNAGA, Mr. RIEGLE, and Mr. INOUYE) proposed an amendment to the joint resolution (H.J. Res. 492) supra; as follows:

At the appropriate place in the bill, add the following new section:

"SEC. —. If at any time following the appropriation of funds herein the duly elected President of El Salvador should be prevented from taking office by military force or military decree or after taking office should be deposed by military force or military decree, all funds appropriated herein for El Salvador and not theretofore obligated or expended shall not thereafter be available for obligation or expenditure unless appropriated again by Congress."

NOTICES OF HEARINGS

SUBCOMMITTEE ON NUTRITION

Mr. DOLE. Mr. President, I wish to announce that the Subcommittee on Nutrition of the Committee on Agriculture, Nutrition, and Forestry will hold a hearing on Monday, April 9, at 2 p.m. in room SR 328-A.

The subcommittee will address the reauthorization of the special supplemental food program for women, infants, and children (WIC), evaluate the program's effectiveness, and recommend program improvements, including better targeting of benefits.

Anyone wishing further information please contact the Agriculture Committee staff at 224-0014 or 224-0017.

SUBCOMMITTEE ON AGRICULTURAL CREDIT AND RURAL ELECTRIFICATION

Mrs. HAWKINS. Mr. President, I wish to announce that the Subcommittee on Agricultural Credit and Rural Electrification of the Committee on Agriculture, Nutrition, and Forestry has scheduled a hearing on Thursday, April 12, at 9:30 a.m. in room SR 328-A

The hearing is on legislation to amend the Rural Electrification Act of 1936 (S. 1300 and H.R. 3050).

Anyone wishing further information please contact the Agriculture Committee staff at 224-0014 or 224-0017.

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. ROTH. Mr. President, the Senate Committee on Governmental Affairs will hold a hearing on S. 1746, Freedom From Government Competition Act on Wednesday, April 11, at 2 p.m. in SD-342 of the Dirksen Senate Office Building. For further information, please contact Mr. Bob Coates at 224-3324.

AUTHORITY FOR COMMITTEES TO MEET

PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

Mr. KASTEN. Mr. President, I ask unanimous consent that the Permanent Subcommittee on Investigations of the Committee on Governmental Affairs be authorized to meet during the session of the Senate on Tuesday, April 3, to hold a hearing on transfer of U.S. technology to the Soviet Union and Soviet Bloc Nations.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON PUBLIC LANDS AND RESERVED WATER

Mr. KASTEN. Mr. President, I ask unanimous consent that the Subcommittee on Public Lands and Reserved Water of the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Tuesday, April 3, to hold a hearing on S. 2457, the Idaho wilderness bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

THE TRAGEDY OF MISSING CHILDREN

● Mr. DENTON. Mr. President, missing children represent a growing national tragedy. The U.S. Department of Health and Human Services has estimated that each year approximately 1.8 million children are missing from their homes for varying periods of time. Approximately 90 percent run away for a few days and return home, but at least 100,000 children are abducted by one of their parents, and as many as 50,000 young Americans are reported as having been abducted by strangers. However, apparently one American city is proving that the annual disappearance of thousands of its children can have a happy ending. I submit for the RECORD an article by Gary Turbak from the April 1984 edition of Reader's Digest demonstrating

how the city of Indianapolis, Ind., is locating its missing children.

The article follows:

THE CITY THAT FINDS ITS MISSING CHILDREN

(By Gary Turbak)

At age 15, Mary ran away from her home in a western city. While hitchhiking in California, she was raped. Then her forearms were chopped off and she was left along a country road to die. Mary survived, and now she warns other youngsters not to run away.

Mary's heartbreaking experience is an all-too-familiar American tragedy. Every year in the United States, some 1.5 million children run away. About 85 percent of them are eventually found or else return on their own, but tens of thousands fall into the hands of pimps and pornographers, become hooked on drugs and resort to stealing to survive on the streets, or are murdered. At least 150,000 children a year are abducted, by either strangers or non-custodial parents. The majority of them are never found.

What makes the situation even more tragic is that so little is being done on a national basis to find these lost children. One city that is setting a shining example is Indianapolis, America's 12th-largest metropolis (pop. 700,807). In 1982, for instance, the missing-persons unit of the Indianapolis Police Department (IPD) took reports on 1,592 missing youngsters. Every single one of those children has since been accounted for, most within a few weeks of their disappearance.

Last summer, I accompanied two IPD officers as they cruised the city's south side. Suddenly, a call came over the police radio: a three-year-old girl wearing green shorts had been reported missing from her home two blocks away. The officers turned the corner and there she was, green shorts and all, with four older children.

Detective Larry Summers called in: "Cancel that missing three-year-old. She's on her way home."

"That must be the quickest return on record," I said.

"We told you we work fast," said Summers, smiling.

Obviously, not all children are found so easily. In October 1981 more than 30 officers searched four days before one 19-month-old child was found in an abandoned house. Police looked for two weeks last summer before a 13-year-old runaway finally turned up at a local high school. "We'll spend as much time as necessary to find these kids," says Sgt. Joe St. John, 48, head of the IPD's missing-persons unit.

In 1983 nearly ten percent (149) of the IPD's missing-child reports involved children under age 11. Ninety percent of these were false alarms—youngsters who had gone to visit friends or who were simply late coming home. That left 15 very young children who were truly missing. They were all found. The older missing juveniles, 1627 of them, were mostly runaways. By year's end, only 43 of those cases were still open. St. John expected to find them, too.

What is responsible for this excellent record? First and foremost is the high priority given to missing youngsters. "There is no waiting period to report a missing child in Indianapolis," says St. John. "We take reports 24 hours a day, and missing-persons detectives are on call around the clock. Each case is assigned, often within 20 minutes, to one of the five full-time detectives whose primary job is to locate the missing."

Many other police departments insist on a 24-hour wait before even taking a report on a missing child, particulary an older one who might be a runaway. Others say they will do everything they can to locate a youngster, but their efforts are often ineffective because of inexperience or a lack of resources.

In Indianapolis, things are different. St. John urges parents to report runaways as soon as they are missed. Experience has shown that the sooner children are reported missing, the easier they are to find. Most runaways stay with someone they know for a while. If the search is delayed, the child may find new friends and become harder to locate.

The IPD's missing-persons unit was created in 1968. When St. John, a tough, street-savvy cop, took over the unit in 1978, he found policies and procedures poorly defined. For example, missing children received little publicity, and some parents calling to report a runaway child were told to call back the next day.

St. John's philosophy is to do a job the best way as quickly as possible. To illustrate why he feels such urgency about missing kids, he tells the following story:

One Sunday in June 1981, a 16-year-old retarded girl, who had been despondent over her lack of friends, was reported missing by her mother. St. John questioned her classmates and learned that she had begun to hang out around Willard Park on the city's tough east side.

On Monday, St. John spent hours there, showing people the girl's picture. No one had seen her. Then, about 5 p.m., he spotted her talking to two men in a truck near the park.

St. John had found the missing girl, but she was not a pretty sight. She was dirty and disheveled and appeared to have been using drugs. Her thighs and stomach were worn raw from repeated sexual activity. In her desire to make friends, she had fallen prey to pimps.

When the girl and her family were tearfully reunited, St. John told her mother, "You're lucky. Sometimes when pimps have no more use for a girl, they kill her."

St. John never really goes off duty. Headquarters has orders to wake him whenever a youngster cannot be found at night. That's another secret to Indianapolis's success: the willingness of so many to go beyond what is asked of them. The IPD officers' caring attitude does not end once they locate a runaway. They try to find out why each child took off. "In some cases, sending the runaway home may be a bad thing to do," says St. John.

Officers work closely with child-abuse officials to determine whether a returned runaway needs to be removed from the home. Such a youngster may go to Stopover, a crisis service offering temporary housing and intense counseling for youngsters and their families. Other runaways are placed temporarily in the Marion County Children's Guardian Home, a facility for dependent, neglected and abused kids.

The IPD's concern for missing children reflects a community-wide attitude. "When a child is missing, people are quick to offer help," St. John reports. In April 1983, for example, six-year-old Maria failed to appear for dinner. When a neighbor heard the news, he walked to the child's house. "We've never met," he said, "but I'd like to help."

At one time, about 20 neighbors were looking for Maria. Just after dawn, the girl walked home. Afraid of being scolded for coming in late, she had spent the night hiding. "Those people who had been helping could have been angry," says Maria's mother. "But the only thing that mattered to them was that Maria was safe. I never realized how much of a community we had until this happened."

The news media play an important role in the Indianapolis success story, too. Television airs photos of missing children. Newspapers publish their pictures, and descriptions go out on the radio. At least one life may have been saved because of media publicity. Last July, a 14-year-old mother ran away with her three-month-old son, who suffered from a potentially fatal illness and needed daily injections. The IPD arranged for the girl's picture to be shown on TV. Soon she appeared with her baby at a local hospital. She had apparently seen the TV message and realized how serious her son's illness was.

Another reason for IPD success is its monthly bulletin with photos of missing youngsters. The IPD prints 500 copies for distribution to officers on the street and police departments in nearby communities. Bulletins are posted in arcades, fast-food restaurants and other places where runaways might go.

"It costs us about $60 a month, and we feel we're getting excellent results," says Capt. Lawrence Turner, until recently head of the IPD's Juvenile Branch. "About 70 percent of the missing youngsters pictured are located before the next bulletin is published."

Another valuable (but underutilized nationally) tool is the FBI's National Crime Information Center (NCIC) computer. Since President Reagan signed the Missing Children Act in October 1982, parents have had the right to ask the FBI to enter information about missing children into this computer system, if the police have not already done so. Then it's available to law-enforcement agencies all over the country.

In August 1983, two girls, ages 12 and 14, and a 16-year old boy were reported as runaways from Indianapolis. Suspecting they had left the city together, St. John entered their names and descriptions into the NCIC computer.

A few days later police spotted three youths hitchhiking in London, Ky., and took them in for questioning. Their names were fed into the NCIC computer. The three were identified as the runaways from Indianapolis and were returned home safely.

The IPD unit had fostered cooperative efforts in surrounding Marion County. In September 1982 Captain Turner instituted the InterAgency Missing Juveniles Program, linking the IPD, the Marion County Sheriff's Department, the Indiana State Police and local police departments in nearby Lawrence, Speedway and Beech Grove. "Before this program," explains St. John, "one jurisdiction might not have given high priority to a missing youngster from another jurisdiction. Now they do."

"Our children are our future, the most precious commodity we have," sums up Captain Turner. "We're proud of our record in Indianapolis, proud that we find our missing kids. But I believe that any city where people care and work together can do the same."

HOW TO PROTECT YOUR CHILD

Experts say it is far easier to prevent a child from being taken than to find missing youngsters. Their advice to parents:

1. Teach your child your phone number, including area code, and your full address.
2. Keep up-to-date photographs of your child on hand.
3. Make a mental note of what your child is wearing every day.
4. Be sure your child knows what to do should you become separated from him or her.
5. Obtain dental records of your child as early as possible; keep them up-to-date.
6. Have a set of your child's fingerprints taken by the police or other professionals and keep it at home.
7. Make sure your school will phone you if your child is absent.

For information on what you can do to help solve the missing-children problem at the national level, call 1-800-KID-FIND, or write: Find the Children, 11811 W. Olympic Blvd., Los Angeles, Calif. 90064.●

BANKRUPTCY JUDGES

● Mr. COCHRAN. Mr. President, I ask that correspondence of Judge Barney E. Eaton III for the southern district of Mississippi and Judge David W. Houston III for the northern district of Mississippi to President Ronald Reagan in compliance with title 5, United States Code, section 8331(22)(a) be printed in the RECORD.

The letters follow:

U.S. BANKRUPTCY COURT,
SOUTHERN DISTRICT OF MISSISSIPPI,
Jackson, Miss., December 6, 1983.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: While the law of bankruptcy is unsettled due to the U.S. Supreme Court's decision in *Northern Pipeline Construction Co.* v. *Marathon Pipe Line Co.*, 102 S.Ct. 2858, and Congressional inaction to remedy the problem in the Court's status, please accept this letter as my desire and intention of serving a 14-year appointment should that be the resulting law governing appointments.

I have been a Bankruptcy Judge since November 1, 1968, and have a great respect and affection for the importance of the position.

Respectfully submitted,

BARNEY E. EATON III.

U.S. BANKRUPTCY COURT,
NORTHERN DISTRICT OF MISSISSIPPI,
Aberdeen, Miss., December 14, 1983.

The PRESIDENT
The White House
Washington, D.C.

DEAR MR. PRESIDENT: In conformity with Title 5, United States Code, Section 8331(22)(A), I wish to advise that I agree to accept appointment as a Judge of a United States Bankruptcy Court established under Section 201 of the Bankruptcy Reform Act of 1978 (PL 95-598, Nov. 6, 1978, 92 Stat. 2681).

While I am aware of the fact that the future of the bankruptcy courts is in doubt because of the failure of Congress to approve legislation to meet the constitutional problems presented in *Northern Pipeline Construction Company* v. *Marathon Pipeline Company*, 102 S. Ct. 2858 (1982), this notice is being given to protect the retirement benefits contained in 5 USC Sec. 8339(n). This letter is also written pursuant to the recommendation of the Administrative Office of the United States Courts.

Very truly yours,

DAVID W. HOUSTON III,
U.S. Bankruptcy Judge,
Northern District of Mississippi.●

UNDERWRITERS LABORATORIES, INC., CELEBRATES 90TH ANNIVERSARY

● Mr. DIXON. Mr. President, I would like to call to the attention of my colleagues the fact that a very well-known organization in my State is celebrating its 90th anniversary this year.

Underwriters Laboratories, Inc., of Northbrook was founded in Chicago in 1894 on a budget of $350. It has grown today into a worldwide network of laboratories and offices. But the UL of today really differs only in the size of its operations. The primary concern of its nearly 3,000 member staff is still the public's safety.

The true worth of UL to society cannot be measured in dollars and cents. It must be measured in terms of lives that were not lost, in injuries that did not occur, in property that was not damaged or destroyed—in short, in accidents that did not happen. As the company embarks on its second 90 years, the State of Illinois wishes them continued success as they continue to prevent accidents from happening.●

THE EFFECTS OF EQUAL RIGHTS AMENDMENTS IN STATE CONSTITUTIONS

● Mr. DENTON. Mr. President, one of the highly controversial aspects of the proposed equal rights amendment is its potential effect upon State constitutions. An excellent statement on that subject was written by my good friend Phyllis Schlafly. Mrs. Schlafly is recognized national authority on the equal rights amendment. I ask that her statement be printed in the RECORD.

The statement follows:

[Preprint From Policy Review]

THE EFFECT OF EQUAL RIGHTS AMENDMENTS IN STATE CONSTITUTIONS

(By Phyllis Schlafly)

In the span of years during which the proposed Equal Rights Amendment [1] to the United States Constitution has received active consideration by the Congress and the various state legislatures, that is, during the decade of the 1970s, several states have amended their state constitutions by provisions which have become popularly known as State Equal Rights Amendments (ERAs).[2] Since these State ERAs are sometimes believed to be state enforcement of what the Federal ERA, if ever ratified, would require on a nationwide basis, and are believed, therefore, to forecast the eventual effect of a Federal ERA, it is important to analyze their language and the effect they have had in the various states that have enacted them.

The term "Equal Rights Amendment" refers to the proposed federal and state constitutional amendments which mandate equality on account of sex. It does not refer to any other type of equality. It has no reference to equality on account of race, color, creed, age, income level, or any other characteristic.

Since it is self-evident that legislatures have the power to pass sex-equal laws and to repeal sex-discriminatory laws independent of any ERA, this discussion will be generally limited to an analysis of the amendments themselves and of the changes in state laws which have been compelled by the State ERAs through court decisions. Also, in order to be accurately attributable to a State ERA, such changes must be beyond those which would have been required had the case been brought under the already-existing Equal Protection clause of the Fourteenth Amendment, which has been used repeatedly by the U.S. Supreme Court and other courts to invalidate many sex-discriminatory federal and state laws.[3]

At the outset, several fundamental differences between the State ERAs and the proposed Federal ERA should be noted.

(a) No State ERA governs federal law. Therefore, many of the principal effects anticipated under the proposed Federal ERA would never result from any State ERA (for instance, the application of the full-equality principle to the military, including conscription and combat assignment). The House Judiciary Committee stated in its majority report on the Federal ERA, "For example, not only would women, including mothers, be subject to the draft but the military would be compelled to place them in combat units alongside of men." [4]

(b) State constitutions are interpreted principally by state courts. The proposed Federal ERA would, if ratified, be interpreted principally by the federal courts, which include some of the most activist courts in the country. While state courts would be bound to follow the U.S. Supreme Court interpretation of the Federal ERA, federal courts would not be bound to interpret the Federal ERA to produce the same result as any state court's interpretation of its State ERA. The proposed Federal ERA would give the federal courts a blank check to fill in after ratification. Thus, as Professor Paul Freund stated, "If anything about this proposed amendment is clear, it is that it would transform every provision of law concerning women into a constitutional issue to be ultimately resolved by the Supreme Court of the United States." [5]

(c) The legislative histories of the Federal and the State ERAs are different. The proposed Federal ERA has an extensive and well-recorded legislative history, including lengthy congressional debate in both houses and many roll-call votes on proposed modifications in language which establish a clear pattern of legislative intent for the guidance of the courts. In the U.S. Senate, Senator Sam J. Ervin, Jr., offered nine amendments variously exempting from the absolute-equality mandate compulsory military service; combat duty; the traditional rights of wives, mothers, widows and working women; privacy; punishment for sexual crimes; and distinctions made on physiological or functional differences. All amendments were defeated on roll-call votes, forcing the legal conclusion that the Federal ERA is designed to accomplish precisely what Senator Ervin and his supporters sought to exempt.[6] In

[1] Footnotes at end of article.

contrast, the legislative history of State ERAs is sparse or non-existent. Most state legislatures do not print committee reports. Many state legislatures do not keep a journal which records debates. Many state legislatures enacted State ERAs (as well as ratifications of the Federal ERA) with little or no debate. There is no significant evidence to prove that the legislative intent of the State ERAs requires an absolute standard of interpretation.

THE TEXTUAL DIFFERENCES

Articles and discussions of State ERAs use many different figures for the total number of states which have allegedly enacted an Equal Rights Amendment into their constitutions. The number is uncertain because of the variety in the language of the State ERAs. Constitutional provisions with different language will obviously produce differents results.

In order to examine the hypothesis that the effect of State ERAs can be extrapolated into a valid prediction of what the proposed Federal ERA, if ever ratified, would accomplish, it is necessary first to compare the text of the proposed Federal ERA with those of the seventeen states which are sometimes alleged to have enacted a State ERA.

The proposed Federal Equal Rights Amendment, passed by Congress and sent to the states to start the ratification process on March 22, 1972, reads in full as follows:

Section 1. Equality of rights under the law shall not be denied or abridged by the United States or by any state on account of sex.

Section 2. The Congress shall have the power to enforce, by appropriate legislation, the provisions of this article.

Section 3. This amendment shall take effect two years after the date of ratification.[7]

No state, of course, has put the full Federal ERA language into its state constitution. No State ERA has a "Section 2" giving Congress the power of enforcement or shifting any power from the states to the federal government.

A clause identical to Section 2 appears in seven other amendments to the U.S. Constitution. Many Supreme Court cases since 1965 have interpreted the identical enforcement clause in the Thirteenth, Fourteenth and Fifteenth Amendments in a way that accomplishes a transferral of power from the states to the Congress that is even broader than the Necessary and Proper Clause or the Commerce Clause. These decisions shifted from the states to the federal domain powers over elections,[8] private property,[9] and private schools.[10]

This same enforcement clause grants Congress not only the power to enforce Section 1, but also the power to define what Section 1 means and to preempt valid state laws in order to substitute its decision-making power for that of the states.[11] Supreme Court cases have also greatly expanded the definition of the scope of the state action that activates these constitutional amendments and their enforcement clauses and have held that the involvement of the state need not "be either exclusive or direct."[12]

Just as the identical enforcement clauses of the Thirteenth, Fourteenth and Fifteenth Amendments have transferred from the states to the federal government the enforcement and preemption power over the subject-matter of Section 1 of those amendments, Section 2 of the Federal ERA would likewise transfer from the states of the federal government the enforcement and preemption power over the subject-matter of Section 1 of ERA, namely, all state laws that have traditionally made distinctions based on sex. This would include laws governing marriage, divorce, child custody, family property, inheritance, widow's privileges, homosexual activity, abortion, prison regulations, insurance rates, and private schools.

That the enforcement power over ERA will be in the hands of the federal government is further confirmed by its legislative history. In all earlier versions of the Federal ERA, from its first introduction into Congress in 1923 until 1971, Section 2 read: "Congress *and the several states* shall have power, *within their respective jurisdictions*, to enforce this article by appropriate legislation." When the version that was finally passed was introduced in 1971, the words emphasized above were deleted.

The reach of Section 2 of ERA is so extensive that Senator Sam J. Ervin, Jr., recognized as the dean of lawyers in the U.S. Senate until his recent retirement, told the Senate on March 22, 1972: If this Equal Rights Amendment is adopted by the states, it will come near to abolishing the states of this Union as viable governmental bodies. I think it will virtually reduce the states of this nation to meaningless zeros on the nation's map. I think it will transfer virtually all the legislative power of government from the states to Congress.[13]

The vast areas of legislation subject to Section 1 of ERA, because of traditional distinctions made between the sexes, make it certain that the shift of power from the states to the federal government under Section 2 of ERA would be even greater than under the enforcement clauses of the Thirteenth, Fourteenth or Fifteenth Amendments. Under the maxim *cui bono*, this effect is more than sufficient to explain the unprecedented efforts made by the executive branch of the federal government to induce state legislatures to ratify ERA.[14]

Even if all fifty states were to adopt a State ERA, their cumulative effect on our unique American federal structure and on our methods of fighting wars would be miniscule compared to the vast changes that would be compelled by the Federal ERA.

Putting aside the tremendous effect of Section 2 of the Federal ERA, we will now compare the various State ERAs with Section 1 of the Federal ERA in order to determine whether the State ERA experience offers any guidance as to what the proposed Federal ERA, if ever ratified, would accomplish. In this analysis, we should keep in mind the limited jurisdiction of the State ERAs and the fact that state court determinations about State ERAs would not be binding on federal court interpretations of the Federal ERA.

AMBIGUOUS TERMINOLOGY

It should also be pointed out that nowhere in the Federal or in any State ERA are the terms "equality of rights" or "sex" defined. The former is not a term of art for which there are legislative, judicial, or dictionary definitions. It is a nebulous phrase that can mean different things to different people, especially in situations in which different results would be obtained depending on which quality of the asserted right is being equalized. The phrase came into our constitutional lexicon without any judicial history to circumscribe its scope. "Sex" is a word with a half dozen different dictionary definitions which may be loosely divided into (a) the sex you are and (b) the sex you do. No ERA tells us which definitions of sex are covered. No ERA excludes any definitions of sex.

Comparing the texts reveals that some prohibit a denial of rights only by state action, but others have no such limitation, indicating a broad application to activities by private citizens. The phrase that makes this difference is usually "by the state." The words "under the law" do not necessarily determine the state-action limitation; it can be argued that we are all "under the law."

Despite the large number of states that are alleged to have State ERAs, the texts reveal a great difference in language, and experience reveals a great difference in effect.

The Colorado Constitution reads: "Equality of rights under the law shall not be denied or abridged by the state of Colorado or any of its political subdivisions on account of sex."[15]

The Hawaii Constitution reads: "Equality of rights under the law shall not be denied or abridged by the state on account of sex."[16]

The Maryland Constitution has the same language but does not limit the scope to state action: "Equality of rights under the law shall not be abridged or denied because of sex."[17]

Two state constitutions, which have language similar to the proposed Federal ERA, do not limit the scope of control to state action, but do limit the benefits to individuals. The Pennsylvania Constitution reads: "Equality of rights under the law shall not be denied or abridged in the Commonwealth of Pennsylvania because of the sex of the individual."[18] Note that the language says "in" Pennsylvania, not "by" Pennsylvania. The New Mexico Constitution reads: "Equality of rights under law shall not be denied on account of the sex of any person."[19]

No case has yet addressed the issue of what difference it may make to limit the benefits to individuals or to persons. It would appear to exclude corporations from having a cause of action. It should surely exclude non-human rights; it was suggested during the debate on the Federal ERA that it is broad enough to outlaw any distinction between, say, male and female dogs.

It could also be argued that the Pennsylvania and the New Mexico State ERAs would not cover collective rights. This could be an important field because the prohibition of discrimination on the basis of sex which appears in Title VII and Title IX of the Federal Civil Rights Act has been interpreted by the courts and by federal agencies in the employment and education fields, respectively, as permitting or requiring affirmative action on a group, or collective, basis.[20] Although the word "quota" is almost never used, the targets, goals, timetables, and profiles are expressed in statistical terms to measure members of an identifiable group. Since affirmative action programs accord rights to groups rather than to individuals, it could be argued that the Pennsylvania and New Mexico State ERAs would not permit affirmative action. The original sponsors of the Federal ERA certainly planned it to include affirmative action for women and so stated in congressional debate.[21]

The Washington State ERA adds the phrase "and responsibility": "Equality of rights and responsibility under the law shall not be denied or abridged on account of sex."[22] That extra word is explicit recognition of the fact that the sex-neuterization of legislation involves imposing responsibilities

as well as granting rights. One person's right may be another's responsibility or duty.

The Alaska Constitution is one of several state constitutions that limit the application of ERA to civil and political rights: "No person is to be denied the enjoyment of any civil or political right because of race, color, creed, sex or national origin." [23] This language would include political rights such as voting and running for office and civil rights such as freedom of speech, press, religion, travel, education, the right to make contracts, to sue and to engage in a useful occupation. Arguably, this language might exclude the various rights which are not civil or political rights, such as preferential property rights and support and custody rights belonging to wives, insurance benefits, or fringe benefits in employment.

The Montana Constitution is similar: "Neither the state nor any person, firm, corporation, or institution shall discriminate against any person in the exercise of his civil or political rights on account of race, color, sex, culture, social origin or condition, or political or religious ideas." [24] This language is broad in that it extends to all kinds of private action as well as governmental action, but it is limited in scope to civil and political rights.

The Illinois Constitution has one of the so-called State ERAs that are not "equal rights" amendments at all because they do not use the undefined "equality of rights" language. The Illinois Constitution uses the familiar and judicially more precise language of the Fourteenth Amendment: "The equal protection of the laws shall not be denied or abridged on account of sex by the state or its units of local government and school districts." [25] "Equal protection of the laws," through a century of litigation, has not been held to mean that every person must be treated equally, but that persons similarly situated must be similarly treated, thereby allowing classifications for rational legislative purposes. The "equal protection" amendments, therefore, have a wholly different parentage from that of the "equal rights" amendments. It is a mistake to assert that a state has an ERA when it actually has an EPA (Equal Protection Amendment).

Connecticut also has an "equal protection" amendment instead of an "equal rights" amendment: "No person shall be denied the equal protection of the law nor be subjected to segregation or discrimination in the exercise or enjoyment of his or her civil or political rights because of religion, race, color, ancestry, national origin or sex." [26]

In another group of states, "sex" is simply included in a catchall anti-discrimination provision. While the language may appear to be as strict as that of the Federal ERA, the courts have not construed this type of State ERA as requiring an absolutist interpretation. Although this difference is nowhere explained in judicial opinions, it is reasonable to argue that the legislative history and adoption by the voters of a general provision barring discrimination against various minorities do not reveal sufficient identification of the "sex" issue to justify overturning traditional, rational differences of treatment between males and females.

The Texas Constitution states: "Equality under the law shall not be denied or abridged because of sex, race, color, creed, or national origin." [27]

The New Hampshire Constitution reads: "Equality of rights under the law shall not be denied or abridged by this state on account of race, creed, color, sex or national origin." [28]

Massachusetts was the most recent state to insert a general anti-discrimination provision into its Constitution: "Equality under the law shall not be denied or abridged because of sex, race, color, creed, or national origin." [29]

The Virginia Constitution also uses general anti-discrimination language but adds an express qualifying clause that carves a clear exception to the otherwise broad mandate: ". . . the right to be free from any governmental discrimination upon the basis of religious conviction, race, color, sex, or national origin shall not be abridged, except that the mere separation of the sexes shall not be considered discrimination." [30] That clause should eliminate the restroom argument in connection with the Virginia ERA.

PITFALLS OF AN ABSOLUTE MANDATE

The Virginia State ERA proves that constitutional draftsmen know that a prohibition against all sex discrimination also bans sex-separation unless that is specifically excepted. Ever since *Brown v. Board of Education* [31] in 1954, it has been constitutionally clear that, in matters of race, separate-but-equal is not equal but discriminatory. The obvious implications of the unique language in the Virginia ERA probably explain why ERA proponents usually omit Virginia from the list of states having a State ERA. The Connecticut ERA forbids segregation because of sex, but that must be read in the context of the equal-protection language which permits rational classifications.

The Louisiana Constitution also proves that some states fully understand the pitfalls of an absolute mandate against all sex discrimination and want to guard against its rigidity. Its constitutional provision has a unique wording: "No law shall arbitrarily, capriciously, or unreasonably discriminate against a person because of birth, age, sex, culture, physical condition, or political ideas or affiliations." [32]

The Utah and Wyoming provisions are also usually omitted from lists of State ERAs on the pretext that they were enacted in the 1890s and, therefore, are not relevant to the current controversy. However, their language is just as modern.

The Utah Constitution reads: "The rights of citizens of the state of Utah to vote and hold office shall not be denied or abridged on account of sex. Both male and female citizens of this state shall enjoy equally all civil, political and religious rights and privileges." [33] The Utah ERA sounds as though it were written in the 1970s. Perhaps those who exclude Utah from the discussion would rather not call public attention to the fact that Utah—which has repeatedly refused to ratify the Federal ERA—gave women the right to vote a full generation before the Women's Suffrage Amendment was added to the U.S. Constitution.

The Wyoming Constitution reads: "Since equality in the enjoyment of natural and civil rights is only made sure through political equality, the laws of this state affecting the political rights and privileges of its citizens shall be without distinction of race, color, sex, or any circumstance or condition whatsoever other than individual incompetency, or unworthiness duly ascertained by a court of competent jurisdiction." [34]

Determining the intent of the legislatures and of the voters (in states which require referenda on state constitutional amendments) who approved State ERAs is made extremely difficult by the way the operative language was often surrounded by other language, especially in the constitutions of those states where sex was included in a general prohibition against discrimination on account of race, creed, color, or national origin. In the 1970s, there was almost no way such a proposal could fail. The debate on sex equality could hardly be separated from the rest of the clause, either in debate or in the minds of the legislators or citizens.

Furthermore, many states added other language which made identification of the sex-equality issues almost impossible. Thus, the ballot which confronted the Massachusetts voters on election day in November 1976 asked for a yes or no vote on a paragraph that looked like an excerpt from the *Declaration of Independence:* All people are born free and equal, and have certain natural, essential, and unalienable rights; among which may be reckoned the right of enjoying and defending their lives and liberties; that of acquiring, possessing and protecting property; in fine, that of seeking and obtaining their safety and health. Equality under the law shall not be denied or abridged because of sex, race, color, creed, or national origin. [35]

After passage, the voters were told they had approved a State ERA, and litigation began to try to enforce it as an absolute standard.

Several states buried their State ERAs in a section that starts with non-controversial language already included in the U.S. Constitution. Montana preceded its ERA, in the same paragraph, with: "the dignity of the human being is inviolable. No person shall be denied the equal protection of the laws." [36] The New Mexico Constitution's ERA starts off like this: "No person shall be deprived of life, liberty or property without due process of law; nor shall any person be denied equal protection of the laws." [37] The Louisiana ERA paragraph starts with: "No person shall be denied the equal protection of the laws. No law shall discriminate against a person because of race or religious ideas, beliefs, or affiliations." [38] Many states have Bills of Rights and Equal Protection language somewhere in their constitutions. The point here is that it is difficult to detect a legislative or a people's intent to impose an absolute-standard ERA when ERA was the last sentence in a paragraph of familiar, respected, redundant constitutional language.

When an ERA is put into any constitution, what becomes the law of the state is not merely an idea or a hope or a goal, but a specific set of words that must be obeyed. Those words either have definite meanings in the English language or, if the meaning are imprecise, they will be defined later by the courts.

The wide variations in the language of the various State ERAs, combined with the imprecision and lack of definition of the operative terms, mean that courts have a wide latitude to do as they please in interpreting the State ERAs and the State EPAs (Equal Protection Amendments). There is absolutely no assurance that the courts of one state will follow the interpretation of another or that the federal courts will follow any state court.

So far there has been relatively little litigation based upon State ERAs. There is no indication that the women's movement is instigating test cases to force a speedy judicial clarification of what it would mean to our society to have ERA interpreted on an absolute standard. Enough litigation has taken place, however, to see that a general pattern

is emerging in the courts. (a) If possible, courts are avoiding the interpretation of their State ERA by deciding cases on some other basis. (b) In states that have authentic State ERAs (those which contain language closely paralleling Section 1 of the Federal ERA), courts are generally using a literal and inflexible interpretation, following the plain meaning rule. (c) The rest of the so-called State ERA states (whether they have an equal-protection provision or a civil-and-political-rights provision or a race-creed-color-sex provision) are following the standard of review traditional under the Equal Protection Clause of the Fourteenth Amendment; that is, a legislature is permitted to classify on a rational basis when the classification is related to a permissible legislative goal and does not violate a fundamental interest.

Of course, where the equal protection analysis is used, the alleged State ERA becomes a constitutional redundancy because all fifty states now enjoy the full protection of the Fourteenth Amendment of the U.S. Constitution.

Only six State ERAs have language sufficiently like Section 1 of the Federal ERA that they can reasonably be considered to offer guidance about the meaning and effect of the proposed Federal ERA: Colorado, Hawaii, Maryland, Pennsylvania, New Mexico, and Washington.

TALLY ON THE SCOPE OF THE STATE ERAS

Same language as the Federal ERA: No state affects any federal laws or shifts any power from the states to the federal government—0.

Same language as Section 1 of the Federal ERA: Colorado, Hawaii—2.*

Same language as Section 1 of the Federal ERA, but not limited to state action: Maryland, Washington—2.*

Same language as Section 1 of the Federal ERA, but limited to individuals or persons: New Mexico, Pennsylvania—2.*

Limited by express exception for the separation of the sexes: Virginia—1.

Limited to unreasonable discriminations only: Lousiana—1.

Limited to civil, political and religious rights only: Alaska, Connecticut, Montana, Utah, Wyoming—5.

Limited to equal-protection-type coverage, which allows rational classifications: Connecticut, Illinois—2.

Limited to state action (not private action): Colorado, Hawaii, Illinois, Louisiana, New Hampshire, Virginia, Wyoming—7.

Extended to private action as well as governmental: Alaska, Connecticut, Maryland, Massachusetts, Montana, New Mexico, Pennsylvania, Texas, Utah, Washington—10.

Legislative purpose clouded because sex is only one of many prohibited categories: Connecticut, Massachusetts, New Hampshire, Texas, Virginia, Wyoming—6.

Legislative purpose clouded because it follows non-controversial, constitutionally-redundant language: Massachussetts, Montana, New Mexico—3.

Legislative purpose clouded because of enactment in the 19th century: Utah, Wyoming—2.

EFFECT ON FAMILY LAW

When proponents were presenting their case for passage of the Federal Equal Rights Amendment to Congress in 1971 and 1972, they used as their principal legal statement about its anticipated effects an article of some one hundred pages in the Yale Law Journal. The article was quite frank in proclaiming that the adoption of a Federal ERA "will give strength and purpose to efforts to bring about a far-reaching change which, for some, may prove painful."[39]

The chief victims of these "painful" effects of the "far-reaching change" will be wives and mothers. This is the inescapable conclusion to be drawn from the family law litigation in the states that have adopted authentic State ERAs.

In Washington, which has a State ERA, the court admonished wives to face up to what ERA means: It is to be remembered that while the 61st amendment to the Constitution of the State of Washington, approved November 7, 1972, is commonly referred to as the Equal Rights Amendment, it firmly requires equal responsibilities as well. This amendment is the touchstone of the developing case and statute law in the area of marriage dissolution.[40]

The holding in this case, *Smith* v. *Smith*, was that ERA requires equal responsibilities of parents for child support and that the ex-husband can get his support obligations reduced to meet the ERA standard.

Wives have traditionally had in this country a great variety of extensive rights based on their marital status, as a result of our public policy to respect the family as the basic unit of society, and as statutory and common-law balance to the biological fact that only women have babies. These rights, which vary from state to state, include the wife's right of financial support in an ongoing marriage, the right of separate maintenance and payment of attorney's fees during divorce litigation, the right to alimony after divorce, the right to a presumption of custody of her children, rights against her husband's alienation of his property during his life or by will, and a variety of special benefits accorded to widows.

Such benign discrimination is wholly in harmony with the Equal Protection Clause and was seldom challenged prior to the 1970s. The U.S. Supreme Court in *Kahn v. Shevin*[41] made clear the current constitutionality and relevancy of such preferential statutes designed for the benefit of wives and widows. The Court held that, consistent with the Equal Protection Clause, a legislature can make a rational classification of widows as a class of people who need a special benefit. The Court upheld Florida's property tax exemption for widows. The challenge to the Florida statute was strongly supported by pro-ERA lawyers.

The states that have State ERAs are blazing the trail of the "painful" effects of applying an absolute standard of equality to the marital and parental relationships. They provide a window into which we can look to see what "equality of rights" means when applied to the husband-wife relationship.

Maryland is a State ERA state. In *Coleman v. Maryland*,[42] the Court of Special Appeals held that the statute which makes it a crime for a husband to fail to support his wife is unconstitutional under the State ERA. The court said that this statute "establishes a distinction solely upon the basis of sex" and "such distinctions are now absolutely forbidden" by the State ERA.

The court discussed the social policy and the history of the law which made it the duty of the husband to support his wife, calling it "warp and woof of the prevailing ethos" of the nineteenth century. All that is changed now, according to the court; "that view has been subjected to a series of violent cultural shocks. The Equal Rights Amendment of 1972 more accurately reflects the ethos or zeitgeist of this time." The court held that the support statute "is no longer the public policy of this state."

Newspapers which had been strong supporters of ERA were made very uncomfortable by this decision, calling it "an unfortunate conflict" of sexual justice, but admitted that the court had "no alternative" under the State ERA. The newspapers accurately pointed out that, while imprisonment for nonsupport is seldom imposed, the threat of imprisonment is a most valuable and necessary tool "to impress upon husbands their financial responsibility."[43] It is almost the only tool available to reduce the welfare rolls because, in the absence of this law and the remedies available under it, a large group of women become the financial responsibility of the taxpayers.

Pennsylvania is a State ERA state and, because of the State ERA, wives have lost their common law and statutory right to have their necessaries paid for by their husbands.

This common law right has been a right of wives for centuries and is an essential ingredient of the concept of the right of the wife to be supported in her home. The Pennsylvania statute read as follows: In all cases where debts may be contracted for necessaries for the support and maintenance of the family of any married woman, it shall be lawful for the creditor in such case to institute suit against the husband and wife for the price of such necessaries, and after obtaining a judgment, have an execution against the husband alone.[44]

In *Albert Einstein Medical Center v. Gold*,[45] The issue was whether, under the law which obligated the husband to pay for his wife's necessaries, the State ERA would obligate the wife to pay for her husband's necessaries. The *Gold* court held the law unconstitutional under the State ERA but, instead of invalidating it, extended the husband's liability to the wife and required her to pay for her husband's medical and hospital expenses.

In *Gold*, the courts apparently could not resist this caveat to wives: The matter before us is yet another example of the impact of the Equal Rights Amendment upon the lives of all citizens of the Commonwealth and, once again, demonstrates that those who seek to expand the equal rights concept must be prepared to accept the burdens as well as the benefits of such expansion.

The court did not say what the "benefits" are, but *Gold* and the subsequent "necessaries" cases described below surely make clear some of the burdens.

Two years later in *Albert Einstein Medical Center v. Nathans*,[46] the court faced the same law in its traditional circumstances: the question of payment for a wife's necessaries. The "necessaries" involved in this case were medical and hospital services provided to the wife in an ongoing marriage which were conceded to be "necessary for her health, well-being and comfort." The court simply nullified the common law and statutory responsibility of a husband to pay for his wife's "necessaries," noting that these include not only medical care, but also food, clothing, and shelter.

The court waxed very righteous in applying the absolute standard under the State ERA. The court held that "all legal distinctions based on the male or female role in

* The only State ERA's that should be compared to Section 1 of the Federal ERA.

the marital relationship are rendered inoperative by the [State ERA] amendment" and that the common law concept obligating the husband to pay for his wife's necessaries is "repugnant to the Equal Rights Amendment." The court took judicial notice of what it called "medical and scientific advances which have increased both production and population . . . have made birth control a desirable social objective, and have been factors liberating her [a wife] from the common law requirements that tethered her to her husband and her husband's home."

"PAINFUL" EFFECTS OF ERA

Thus, it is clear that whichever way a State ERA is interpreted by the courts—to extend liability to both sexes as in *Gold* or to nullify the husband's liability as in *Nathans*—the Pennsylvania wife suffers the "painful" effects of the "far-reaching change" forced upon her by the State ERA.

A year later in *Nan Duskin, Inc.* v. *Parks*,[47] the same court "confirm[ed]" the *Nathans* decision, again calling the law that a husband is liable for his wife's necessaries "repugnant" to the State ERA. The court further justified and affirmed the *Nathans* approach over the earlier *Gold* approach, saying, "where a rule of law is repugnant to the Constitution it is the duty of the court to strike it, not to add provisions to it that will make it conform to the constitutional provision. The latter function is legislative."

The *Duskin* court further explained that "reliance on the Support Law, 62 P.S. 1921, adds nothing to defendant's position [because the] duty to support based on family relationship depends on dependence and indigency." In other words, although the Support Law was not the principal issue in this case, the court clearly pointed the "developing" law in the direction of establishing indigency or dependency as the only basis for a wife's claim of financial support from her husband in a state with a State ERA. Under ERA, a wife will have no claim to the financial support of her husband just because she is a wife and mother.

The implications of these decisions for the social and economic integrity of the family unit are "far-reaching" indeed. In the ERA world, there will be no right of the homemaker to make her career in the home unless she can prove she is indigent or about to go on welfare.

In *DiFlorido v. DiFlorido*,[48] the Pennsylvania Supreme Court nullified the presumption of a husband's ownership of household goods used and possessed by both spouses and replaced it with a presumption upon divorce that such property is jointly owned. The ERA proponents claim that this case is a gain for wives. Actually it isn't necessarily any such thing. Divorce settlements have traditionally awarded the house and its effects to the wife. To any extent that *DiFlorido* may be beneficial, the same result could have been secured by statutory change or an equal protection suit.

In *Henderson v. Henderson*,[49] the Pennsylvania Supreme Court ruled that the statute which allowed payment of alimony *pendente lite* (support during litigation), counsel fees and expenses to wives is unconstitutional under the State ERA. Before the court could nul'ify or extend the old law, the legislature extended liability for such payment to wives. Thus, the State ERA has cost wives their exclusive right to receive alimony *pendente lite*, counsel fees and expenses, and wives have acquired the new "right" to have the court hold them liable to make similar payments to their husbands.

The court again lectured wives on their new marital relationship under the State ERA: The sex of citizens of this Commonwealth is no longer a permissible factor in the determination of their legal rights and legal responsibilities. The law will not impose different benefits or different burdens upon the members of a society based on the fact that they may be man or woman. . . . The right of support depends not upon the sex of the petitioner but rather upon need in view of the relative financial circumstances of the parties.

This decision puts the Pennsylvania Supreme Court's imprimatur on the notion that, under ERA, the only wives who can claim support from their husbands are indigent wives.

In *Wiegand v. Wiegand*,[50] the Pennsylvania Superior Court nullified the statutory rights of wives to divorce from bed and board (separate maintenance) and to receive alimony *pendente lite* and attorneys' fees, as unconstitutional under the State ERA. The subsequent reversal by the Pennsylvania Supreme Court resulted only because the ERA had been improperly raised *sua sponte* by the Superior Court rather than being raised by the parties.

In *Conway v. Dana*,[51] the Pennsylvania Supreme Court invalidated under the State ERA the statute that placed the primary duty of support for a minor child on the father. The court stated that this presumption is clearly a vestige of the past and incompatible with the present recognition of equality of the sexes. The law must not be reluctant to remain abreast with the development of society and should unhesitatingly discard former doctrines that embody concepts that have since been discredited.

Again, the court gave its views on how the marital relationship should be structured: "Support, as every other duty encompassed in the role of parenthood, is the equal responsibility of both mother and father." Note that the court did not say that the *duties* of parents are equal; the court said that *"every" duty* of parenthood is the "equal responsibility of both mother and father." One wonders how the court would equalize "every" duty of parenthood.

In any event, under *Conway* and the State ERA, wives have now lost their right to have their husbands provide the primary support for their minor children, and wives have acquired the new "right" to be equally liable for the financial support of their children.

In *Commonwealth ex rel. Spriggs v. Carson*,[52] the Pennsylvania Supreme Court put fathers and mothers on an equal footing in regard to child custody. The court called the "tender years" doctrine (under which mothers were presumed to be entitled to custody of their children of "tender years") "offensive to the concept of the equality of the sexes which we have embraced as a constitutional principle within this jurisdiction."

So, under the State ERA, mothers have lost the presumption that they should have custody of their children.

In *Adoption of Walker*,[53] the Pennsylvania Supreme Court extended to unwed fathers the requirement for consent to adoption of their illegitimate children. The court held that the State ERA invalidated Section 411 of the Adoption Act which provided: "In the case of an illegitimate child, the consent [to adoption] of the mother only shall be necessary." The court held that his distinction between unwed mothers and unwed fathers is "patently invalid" under the State ERA.

The result of this decision is that an unmarried girl or woman, who is pregnant and wants to place her baby with loving adoptive parents so she can start a new life, will not be able to complete adoption proceedings unless she first identifies the father and secures his consent to adoption. This could be a great injustice to an especially vulnerble woman, invade her right to privacy, or induce her to have an abortion rather than have to idenfity the father.

In *Hopkins v. Blanco*,[54] the Pennsylvania Supreme Court extended the right to recover damages for loss of consortium to wives as well as husbands. ERA proponents claim that this is a gain for women under a State ERA since, under common law, this right belonged to husbands only. But the proof that ERA is not necessary to extend the right of consortium to wives is the fact that courts in non-ERA states have come to the same decision under the Equal Protection Clause. Among the numerous non-ERA states that have extended the right of consortium to wives are Arkansas,[55] California,[56] Delaware,[57] Georgia,[58] Iowa,[59] Michigan,[60] Mississippi,[61] Missouri,[62] Nebraska,[63] New Jersey,[64] New York,[65] Ohio,[66] Oregon,[67] Rhode Island,[68] and South Dakota.[69]

Colorado is a State ERA state. The legislature was not satisfied with the failure of the court to impose an absolute standard in a felony nonsupport case[70] and so accomplished the task legislatively by neuterizing the statute. Whereas the Colorado statute formerly obligated "man" to support "wife," the new law now reads "person" must support "spouse," which is not the same thing at all. Now a wife shares equally in the obligation to support her family under the threat of criminal conviction of a class-five felony.[71]

The other State ERA states, New Mexico and Hawaii, have had almost no family law litigation in which the courts have interpreted the State ERA.

STATE FUNDING FOR ABORTIONS

One lawsuit in Hawaii, however, is worthy of mention. On January 19, 1978, the Hawaii Right to Life brought suit against the State of Hawaii to enjoin the state from funding elective abortions. Two abortion doctors moved to intervene, alleging that they have a legal right to reimbursement for the performance of elective abortions. They alleged in their petition that this right to reimbursement rests on Hawaii's State ERA: Applicants' first claim to reimbursement as a matter of right rests on the Hawaii Constitution's guarantees of due process and equal protection and Article I, Sec. 21 which provides that "equality of rights under the law shall not be denied or abridged by the state on account of sex." Abortion is a medical procedure performance only for women; withdrawing funding for abortions while continuing to reimburse other medical procedures sought by both sexes or only by men would be tantamount to a denial of equal rights on account of sex.[72]

The judge denied the motion of the abortionists, but he did not address the ERA argument.

Interestingly, one of the attorneys for the intervenors was Judy Levin in the Reproductive Freedom Project of the American Civil Liberties Union in New York. This claim obviously reflects the argument which abortion lawyers will use in litigation under State and Federal ERAs. Abortion has al-

ready been legalized under *Roe* v. *Wade.*[73] The State or Federal ERA may give a constitutionally-based claim to government-funded abortions, which is not a right under our existing Constitution.[74]

The cases in which a State ERA was at issue make it clear that any benefit to the woman could have been gained just as easily under the Equal Protection Clause. Where the ERA made a unique constitutional difference, it always resulted in a loss to the woman, especially to the wife and mother. In nearly every case in which the State ERA changed prior law, women were needlessly deprived of longstanding legal rights.

* * * * *

Turning now to the purported ERA state constitutions which do not have authentic Federal ERA-type language, the cases reveal an entirely different pattern. Courts in those states simply do not employ the absolute standard used in Pennsylvania and Maryland. Where the court uses equal protection analysis, the results are not significant different from those that would be obtained under the Fourteenth Amendment. This has dismayed some proponents of the absolutist approach. Here is how one commentator revealed disappointment: Judicial reaction to the sex equality provision of the Texas ERA . . . generally has been disappointing. Some decisions seem to accord no greater significance to this constitutional amendment than might be accorded a relatively trivial legislative amendment to the Uniform Commercial Code.[75]

Thus, in *Cooper v. Cooper,*[76] the court held that the Texas ERA was not violated by an unequal division of community property and child support obligations favoring the wife upon divorce. In *Friedman v. Friedman,*[77] the court held that the obligation to support children does not require mathematically equal contributions from both parents and that the care provided by the mother should be considered as well as money.

Illinois, an Equal Protection rather than an ERA state, has had a similar experience. In *Randolph v. Dean,*[78] the court held that the presumption favoring a mother's custody of her children may be constitutionally considered as one factor among several.

The Virginia Supreme Court specifically held that the State ERA is "no broader than the equal protection clause of the Fourteenth Amendment to the Constitution of the United States." In *Archer v. Mayes,* the court said ". . . women are still regarded as the center of the home and family life and they are charged with certain responsibilities in the care of the home and children."[79]

The Louisiana Supreme Court uses the rational relationship test in interpreting its so-called State ERA. In *State v. Barton,*[80] the court held that a state criminal neglect statute applicable only against husbands is valid under the Louisiana Constitution.

In sum, therefore, the Equal Protection Clause is more than adequate to eliminate obsolete and unjust discriminations and more just, because it allows rational classifications based on the obvious physical differences and differing family responsibilities of women and men. In the states where the so-called State ERA is really just a variation of the Equal Protection Clause, wives have not lost their traditional rights.

In the six states which have an authentic State ERA, however, the courts are using an absolutist standard of review, and the result is indeed "painful" for wives and mothers. The authentic State ERAs provide guidance for what Section 1 of the Federal ERA would require on a nationwide basis. The result would indeed be "far-reaching" in its assault on the traditional family and "painful" in its deprivation of longstanding rights of wives and mothers.

EFFECT ON SAME-SEX MARRIAGE

Whether persons of the same sex have a right to be issued a marriage license is a question which has been considered several times in recent years under state statutes and under the Fourteenth Amendment. In *Baker v. Nelson,*[81] the Minnesota court held that the prohibition against same-sex marriage does not offend the Equal Protection Clause, because "there is no irrational or invidious discrimination." The court distinguished *Loving v. Virginia*[82] on the ground that "there is a clear distinction between a marital restriction based merely upon race and one based upon the fundamental difference in sex."

Singer v. Hara[83] is the only case on record in which the right of homosexuals to marry was asserted under a State ERA. The Washington state court held that a denial of a marriage license to persons of the same sex does not violate the State ERA. The court distinguished *Loving v. Virginia* on the ground that any race classification is simply *per se* impermissible.

In upholding the state's action in denying a marriage license to persons of the same sex, the court used four arguments:

(a) The court stated that it is "obvious" that a marriage is "the legal union of one man and one woman" and that conclusion is the clear implication of state statutes. But this begs the question. The question is not what the statutes mean, but whether the statutes are constitutional under the State ERA. The court ignored the fact that the whole thrust of ERA is to remove sex classifications. The customary technique for doing this—the method massively urged by ERA proponents in all legislative and judicial contexts—is to delete the so-called sexist words such as man and woman from the statutes, replacing them with sex-neutral words such as person, taxpayer, and spouse.

(b) The court relied on its belief about the intent of the people in approving the State ERA: "We do not believe that approval of the ERA by the people of this state reflects any intention upon their part to offer couples involved in same-sex relationships the protection of our marriage laws." The evidence which the court relied on for this conclusion is, to say the least, inconclusive. First, the court quoted the "Statement against" the State ERA contained in the official 1972 Voters' Pamphlet published by the Secretary of State: "HJR 61 would establish rules in our society which were not intended and which the citizenry simply could not support. Examples are numerous: . . . 3) Homosexual and lesbian marriages would be legalized . . ." The Secretary of State's Voters' Pamphlet did not deny this point. In order to refute the point about homosexual marriages, the court chose as its evidence an article from the *Seattle Post-Intelligencer* which quoted anonymous ERA proponents describing the opponents' arguments generally as "emotional, irresponsible fantasies, misleading, deceptive and incorrect. HJR 61 would have none of the affects [sic] listed above, they say." On the basis of such anonymous invective in a newspaper article, the court presumed to determine the voters' intent.

(c) The court held against the same-sex appellants because they "have failed to make a showing that they are somehow being treated differently by the state than they would be if they were females." But the truth of this statement depends on the pronoun "they." Although the case is called *Singer v. Hara,* the appellants were Singer and Barwick, two males. The court is correct that "they" (appellants Singer and Barwick, both males) were not treated differently from the way the state would have treated them if "they" had been two females applying for a marriage license. But if Singer alone had brought the case, the court could not have made the above statement because Singer, a male, in applying for a marriage license to marry Barwick, a male, was treated differently indeed from the way he would have been treated if he had been a female applying for a license to marry Barwick, a male. Likewise, if Barwick had brought the case. Did Singer lose because he brought the case with Barwick instead of alone?

(d) Finally, the court argued that "the refusal of the state to authorize same-sex marriage results from such impossibility of reproduction rather than from an invidious discrimination 'on account of sex.'" That is true, but this traditional view of marriage is anathema to the ERA absolutists who want to use ERA to eliminate all vestiges of what they call "sex role determination in the law." Furthermore, the state does not prohibit the marriage of heterosexuals who expect to remain childless.

Those opposed to the granting of marriage licenses to homosexuals can rejoice that the Washington state court upheld the traditional view of marriage against attack under a State ERA. But it is clear that the arguments used by the court are simply not compatible with the arguments used by courts to invalidate other statutes under State ERAs. The *Singer* decision is out of touch with the absolutism enforced by other courts when rights are asserted under a State ERA. It is easy to see how courts in other states could reject the reasoning of *Singer* and come to the opposite conclusion. And there is no reason to believe that the federal courts will feel in any way bound by the *Singer* court.

After the Pennsylvania State ERA was adopted, Governor Milton Shapp issued Executive Order 1975-5 committing the state to work against discrimination based on sexual preference. The Commonwealth Court dismissed a complaint against it on the grounds that the court not interfere with a policy decision made by the executive branch. On June 23, 1977, the Pennsylvania Supreme Court affirmed the lower court ruling that the Governor acted within his executive powers.[84]

The homosexual community has in recent years conducted a highly aggressive pursuit of its claims in congress, state legislatures, city councils, and the media. It is reasonable to believe that it would initiate expensive litigation to achieve all it seeks, in one grand coup, through a federal constitutional amendment that would prohibit any denial of rights "on account of sex." It should be recalled that no ERA puts "women" in the constitution; all ERAs put "sex" in the constitution.

In litigating under the Federal ERA, the homosexuals will not only have the plain meaning of the language in their favor, but also the legislative history. Senator Sam J. Ervin, Jr., proposed an Amendment to the Federal ERA, which stated: "Neither the United States nor any state shall make any legal distinction between the rights and responsibilities of male and female persons

unless such distinction is based on physiological or functional differences between them." [85] This modifying clause that would have exempted same-sex marriages from the Federal ERA mandate was soundly defeated.

Before the effect of ERA on homosexual marriages became so publicly controversial, many ERA proponents were quite open in predicting that ERA would require that marriage licenses be issued to persosn of the same sex. For example, Rita Hauser, United States representative to the United Nations Human Rights Commission, stated in her address on ERA to the American Bar Association Annual Meeting in St. Louis in August 1970: "I also believe that the proposed Amendment, if adopted, would void the legal requirement or practice of the states' limiting marriage, which is a legal right, to partners of different sexes." [86] An article in the *Yale Law Journal* candidly stated the case for this effect of ERA: A statute or administrative policy which permits a man to marry a woman, subject to certain regulatory restrictions, but categorically denies him the right to marry another man clearly entrails a classification along sexual lines. . . . The stringent requirements of the proposed Equal Rights Amendment argue strongly for . . . granting marriage licenses to homosexual couples who satisfy reasonable and non-discriminatory qualifications.[87]

If the U.S. Supreme Court one day confronts the issue of the asserted right of homosexuals to receive marriage licenses under the Federal ERA, it may come to the conclusion projected by Professor Paul Freund when testifying before the Senate Judiciary Committee: "Indeed, if the law must be as undiscriminating concerning sex as it is toward race, it would follow that laws outlawing wedlock between members of the same sex would be as invalid as laws forbidding miscegenation." [88]

Even a leading pro-ERA lawyer and author of a textbook on sex discrimination, Barbara Babcock, admits, "The effect that the Equal Rights Amendment will have on discrimination against homosexuals is not yet clear." [89]

Not yet? When will it become clear? Not until the Supreme Court makes its determination. And that won't be unless and until a case is brought after the Federal ERA is ratified. But then it will be too late to protest if the people don't like the decision.

EFFECT ON MASSAGE PARLORS

Laspino v. Rizzo [90] opened up a whole new area of rights under a State ERA which was probably unanticipated by those who supported adding it to the state constitution. The court held that Philadelphia's ordinance prohibitng commercial heterosexual massage "is clearly, palpably and plainly unconstitutional on its face, and the plaintiff is entitled to summary judgment as a matter of law." The court's analysis in *Laspino* exactly contradicts the analysis employed by the *Singer* court, discussed above.

This case makes clear the difference between the Equal Protection Clause of the Fourteenth Amendment, which the Philadelphia ordinance did not violate according to the court and the State ERA, which the ordinance did violate. The court held that "the test for compliance with the ERA should, in the very least, be more stringent than that imposed under the Equal Protection Clause." The court held that the massage parlor ordinance was "invalid as violative" of the State ERA, regardless of whether the "absolute standard" or the "compelling state interest standard" was used.

The ordinance treated men and women exactly alike. The court admitted that it was "facially neutral with respect to gender, since it applies with like discrimination to both males and females in declaring that heterosexual massage is illegal." The ordinance read: "No person employed or engaged in the business of a masseur or a masseuse shall treat a person of the opposite sex." Thus, neither males nor females were discriminated against. Male masseurs and female masseuses were treated equally. Males being massaged and females being massaged were treated equally.

The court tackled this gender neutrality head-on and asserted, "However mere equal application among the members of the class defined by legislation does not satisfy compelling state interest analysis," citing *Loving* v. *Virginia*.[91] The court went on to say: This utilization of gender as the exclusive basis for distinction is impermissible under the absolute constitutional standard despite the superficial neutrality and equality of opportunity (or the absence thereof) of the ordinance. Equal application does not change the fact that the ordinance varies the treatment to be afforded to two otherwise equally-situated persons only on the basis of what sex they may be.

It is not known whether the court was making a play on words with its expression "equality of opportunity." In any event, the result of the decision was surely to provide "equality of opportunity."

The city defended the massage-parlor ordinance on the ground that it was properly exercising its police power to prevent illicit sexual behavior. The court rejected this argument because the ordinance only prohibited situations "engendering possible heterosexual prostitution, and does not proscribe 'treatment' of males by males, or females by females, which can also provide the setting for 'illicit sexual behavior.'"

Every argument made by the court in *Laspino* could be used to require the city to issue marriage licenses to homosexuals. Senator Birch Bayh has argued that, under the Federal ERA, the denial of a marriage license to two males could be balanced with the denial of a marriage license to two females. But when Philadelphia argued that it was sex neutral to balance the city's refusal to allow a masseuse to massage a male patron with the city's refusal to allow a masseur to massage a female patron, the court said that that type of neutrality is unconstitutional under the state ERA. The court held it to be a sex classification, nevertheless, and a discrimination on account of sex, even though neither males nor females were discriminated against.

It should be remembered that the language of the Pennsylvania State ERA, like all ERAs, does not put "women" or "gender" into the constitution, but only puts "sex" into the constitution. Sex is a word of many different meanings and is not defined in any ERA. As held in *Laspino*, the "sex" in the State ERA includes the sex in a massage parlor.

EFFECT ON SCHOOLS

Two cases in State ERA states have established the new rule that girls must be permitted to compete with boys in all sports, even contact sports such as football.

In *Commonwealth* v. *Pennsylvania Interscholastic Athletic Association*,[92] the court held unconstitutional under the State ERA a bylaw of the Pennsylvania Interscholastic Athletic Association (PIAA) which prohibited girls from competing against boys in interscholastic competitions. Even though neither of the parties requested it, the court extended its decision to cover football and wrestling. "It is apparent," the court said, "that there can be no valid reason for excepting those two sports from our order in this case."

Granting summary judgment as a matter of law, the court held that the mandate of the State ERA is absolute and must apply to all school sports regardless of any rational arguments that might be presented in behalf of exceptions.

The PIAA had sought to justify its bylaw on the ground that it gave girls "greater opportunities for participation if they compete exclusively with members of their own sex." The PIAA never got its day in court to make its argument.

In *Darrin v. Gould*,[93] the Supreme Court of the State of Washington likewise held that it is sex discrimination under the State ERA to deny girls the right to play on the high school football team. The court cites the "broad, sweeping, mandatory language" of the State ERA that compelled this result.

The argument was made in this case that allowing girls to compete with boys in contact sports such as football will result in boys being allowed to compete on girls' teams, thereby disrupting the girls' athletic programs. The court simply dimissed this as "opinion evidence" or "conjectural evidence" which cannot support a public policy contrary to the State ERA mandate.

One judge concurred reluctantly, "exclusively upon the basis that the result is dictated by the broad and mandatory language" of the State ERA. He questioned whether the people fully contemplated the result, but said that whether the people understood what they did or not "in sweeping language they embedded the principle of the ERA in our constitution, and it is beyond the authority of this court to modify the people's will. So be it.

Title IX of the Federal Education Amendments of 1972 [94] bans discrimination on account of sex in schools and colleges, but makes a number of statutory and regulatory exceptions to the absolute mandate. One of these exemptions is for the contact sports: boxing, wrestling, football, basketball, ice hockey, and rugby. If the Federal ERA is placed in the U.S. Constitution, it will wipe out all statutory and regulatory exceptions under *Marbury v. Madison*: "a law repugnant to the Constitution is void." [95]

Vorchheimer v. School District of Philadelphia [96] raises an interesting question about the tactics of proponents of the absolute standard for enforcement of ERA. The School District of Philadelphia maintains two sex-segregated public high schools as part of an otherwise coeducational, public school system, one called Philadelphia High School for Girls and the other Central High School (for boys). The trial court found as Fact #27 that "The courses offered at Girls are similar and of equal quality to those offered at Central." Susan Vorchheimer brought suit to force the boys' school to admit her.

The fatal defect in her suit, however, was that she brought it under the Equal Protection Clause of the Fourteenth Amendment and under the Equal Education Opportunities Act of 1974, neither of which requires the sex-integration of all schools. The court upheld Philadelphia's right to maintain two voluntary sex-segregated schools. The U.S. Supreme Court, dividing 4 to 4, let this decision stand.

The mystery is why Susan Vorchheimer's lawyer and her ERA friends, who now complain about the decision all over the country, did not invoke the Pennsylvania State ERA, under which, using the absolute standard, she certainly would have won. Perhaps Miss Vorchheimer's friends were not ready to let the country know that the Equal Rights Amendment will make all single-sex schools unconstitutional—and thereby bring their long tradition of academic excellence to a close in the name of "equal rights."

In contrast to the absolute standard used by Pennsylvania under its State ERA, the courts in the equal-protection states continue to hand down decisions that allow a rational difference of treatment based on sex. Thus, in *Mercer v. North Forest Independent School District*,[97] the Texas Court of Civil Appeals held that the two-tiered approach used by the U.S. Supreme Court in equal protection cases is the proper method by which to judge the Texas so-called ERA. A boy had challenged the constitutionality of public school regulations which restricted the hair length of boys but not girls. The court stated: "We cannot agree with the Supreme Court of Washington that the ERA admits of no exceptions to its prohibition of sex discrimination."

It is clear that the non-ERA states and the equal-protection states will be able to maintain diversity in education and common-sense differences of treatment based on sex. The authentic ERA, State or Federal, will use a constitutional whip to force all schools, classes and school activities, athletics and regulations into the gender-free mold.

EFFECT ON CRIMINAL LAW

The area of criminal law offers another example of how ERA is not needed to extend rights to women, but nullifies existing laws that extend benefits to women.

Well before the Pennsylvania ERA was adopted, the Pennsylvania Supreme Court had decided that the Equal Protection Clause of the Fourteenth Amendment prohibits unreasonable sex discrimination. In *Commonwealth v. Daniel*,[98] the court nullified more servere sentences for women than for men convicted of crimes. So, without a State ERA, the courts already could and did nullify laws based on an unreasonable discrimination.

In *Commonwealth v. Butler*,[99] applying the State ERA, the Pennsylvania Supreme Court nullified the prohibition against minimum sentences for women convicted of crimes. If the statute involved here had been an unfair or unreasonable discrimination against women, it is obvious that the court would have been compelled to come to the same conclusion as it did in *Daniel*. However, the statute involved in *Butler* was not a discrimination against but a benefit to women convicted of crimes. It prohibited the imposition of minimum sentences for women offenders and allowed judges to set sentences which were lighter than the statute otherwise required, ranging up to a maximum sentence within the statutorily-prescribed maximum period.

As a result of the State ERA, female offenders have now acquired the new "right" to be required to serve a minimum statutory sentence just like male criminals, regardless of extenuating circumstances of the case.

In *Percival v. Philadelphia*,[100] the exemption of married women from applicatio of writs of *capias ad respondendum* was nullified. In plain language, the exemption of married women from being thrown in jail to recover fines and penalties was declared unconstitutional under the Pennsylvania State ERA.

EFFECT ON INSURANCE

The insurance industry is built on a distribution of risk among groups in which the average cost of the benefits can be statistically and reliably predicted. Everybody in the group pays a certain small premium so that no one in the group will be financially ruined by unforeseen and unwanted circumstances such as an untimely death, a major automobile accident, or a fire that destroys a home. If the insurance company could look into the future and know which individuals would have automobile accidents, it would obviously sell insurance only to those who would never need it. It is because we cannot predict which individuals will have the accidents or will die early that insurance costs are based on statistical averages of identifiable groups.

Among the facts on which insurance is based are those which prove differences based on sex. Statistical tables used by insurance companies provide such massive and reliable evidence of differences between the sexes that it is unnecessary to recite it here.

Among these differences are the facts, to cite just two examples, that, on the average, young men under age 25 have many more automobile accidents than young women and that women live longer than men. These statistical facts result in differentials in the prices paid by insureds. Young women under age 25 pay a much lower automobile accident insurance premium than young men under age 25. One recent study made by the industry shows that, if the insurance companies were required to charge males and females the same rate, young men would pay 8 percent less but young women would have to pay 29 percent more.[101]

The longer life span of women means that women pay lower life insurance premiums than men because they pay into the system for more years before they die. On the other hand, a pension plan which is designed to start paying an annuity at age 65 must be cost/equalized in one of two ways: by charging women more during the pay-in years before age 65, or by paying them a smaller benefit during the pay-out years after age 65.

Since insurance is regulated by state law, thus involving sufficient state action to bring it under any State or Federal ERA, what will be the effect of ERA on the insurance industry? No ERA State has answered this question yet, but the U.S. Supreme Court gave the probable answer in *Los Angeles Dept. of Water and Power v. Manhart*.[102]

In *Manhart*, the issue was whether the city of Los Angeles could charge women more for payments into a pension plan because they live more years after retirement than male employees. The city justified the differential on the grounds that (a) it was needed to equalize the take-home benefits after retirement, and (b) the differential was based on a factor "other than sex" which was protected by the so-called Bennett Amendment.[103] The legislative history of the Bennett Amendment, including the explicit statements of one of the sponsors, Senator Hubert Humphrey, showing the congressional intent to allow sex differentials based on longstanding differences of treatment in retirement determined by valid sex differences, was set forth in the case.

Nevertheless, the Court held that the result was the classification of males and females by sex, and that is "sex discrimination" which is prohibited by Title VII of the Civil Rights Act.[104] Conceding that "retroactive liability could be devastating for a pension fund," the Court denied retroactive relief but invalidated the differentials in payments into the pension plan.

Manhart applies only to the limited area of pensions governed by Title VII. All pensions, however, could be held subject to the State or Federal ERA whenever the challenge is brought. The results cannot help but be hurtful to women and costly to everyone. Since it is self-evident that insurance companies will have to cover their costs under any formula, the "marriage" of *Manhart* to ERA threatens the pocketbooks of all those who buy insurance.

CONCLUSION

The experience of the seventeen states which allegedly have State ERAs provides conclusive proof that ERA is not needed to accomplish any reasonable objective or any objective at all that is beneficial to women. All reasonable and beneficial changes in existing law can be made by the passage or repeal of statutes by Congress or the state legislatures or by the courts' use of the authority of the Equal Protection Clause of the Fourteenth Amendment. In case after case, the federal and state courts, both in ERA and non-ERA states, have used the Equal Protection Clause to invalidate obsolete, unjust discriminations on account of sex or to extend the law to apply to both sexes.

The speed with which Congress reversed the effect of the U.S. Supreme Court decision in *General Electric Co. v. Gilbert*[105] proves how viable and effective this process is. The Court held that it was not sex discrimination for a company disability plan to exclude disability wages to pregnant female employees, and within two years Congress by statute nullified that decision.

The experience of the State ERAs also shows conclusively that ERA is of no unique value whatsoever to women in the economic sphere. The coverage of federal statutes and executive orders is much broader than that of any ERA, and the remedies, through federal agencies and courts, are much more extensive. Those who believe that ERA means "equal pay for equal work" or that ERA will result in higher pay, more promotions, and greater job opportunities for women are living in a dream world. The State ERA experience proves that ERA provides no gain for working women.

Dothard v. *Rawlinson*[106] indicates one possible exception to this conclusion. *Dothard* was the case of a woman who applied for a job as a guard in an Alabama maximum security prison. After being denied the job, she sued charging sex discrimination under Title VII of the Civil Rights Act. The Court held that the facially neutral height and weight requirements were sex discriminatory because they excluded 41 percent of the female population and only one percent of the male population. But the Court did not give her the job because of the exception in the Title VII for a Bona Fide Occupational Qualification (BFOQ). In order to apply the BFOQ exception, however, the Court felt it necessary to describe in detail what is called the "jungle" conditions in Alabama prisons.

If ERA were adopted into the U.S. Constitution or if Alabama had had a State ERA, the absolute language and the absolute

standard of either would have made the exception for a BFOQ constitutionally invalid. So, under a Federal or State ERA, a small woman might be able to get a job as a prison guard in a maximum security prison that she could not otherwise get.

What are the gains for women under State ERAs? The right of high school girls to play on the boys' football team and the right of men and women to go to heterosexual massage parlors. For that, wives have lost such longstanding rights as the rights to be supported; to have their hospital bills paid for; to be provided with food, clothing, shelter, and other necessaries; to have their minor children supported; and to have the presumption of custody of their children. Wives in EPA states (Equal Protection states) have not lost any of those rights, nor have wives in non-ERA states.

The experience of the State ERAs is more than adequate to convince us that ERA is unnecessary to achieve any beneficial goal for women or society, unreasonable in its absolute refusal to recognize obvious differences between the sexes, and unwanted in its potential to upset traditional objections to homosexual marriages, massage parlors, government-funded abortions, and other imaginative uses of the term "sex." Since there has been relatively little litigation under the State ERAs, we have so far seen only the tip of the iceberg of the harm ERA can do.

A Federal ERA would not only extend the harm already done in the State ERA states, but it would sex-neuterize all federal laws such as the military draft and combat duty. A Federal ERA would also compel the drastic changes mandated by Section 2—the enforcement section which has the potential of causing such a massive shift of power from the states to the federal government that the changes accomplished by Section 1 would be dwarfed by comparison.

When the Equal Rights Amendment changes existing law, all its unique effects are unreasonable to society or harmful to women. ERA has no uniquely beneficial results.

FOOTNOTES

[1] H. R. J. Res. 208, 92d Cong., 1st Sess. (1971). For proponent discussion of the proposed Federal ERA, see Brown, Emerson, Falk, & Freedman, *The Equal Rights Amendment: A Constitutional Basis for Equal Rights for Women*, 80 Yale L. J. 871 (1971). For other sources, see H. Greenberg, *The Equal Rights Amendment: A Bibliographic Study* (1976); M. Hughes, *The Sexual Barrier: Legal, Medical, Economic and Social Aspects of Sex Discrimination* (1977).

[2] For proponent discussion of State ERAs, see B. Brown, A. Freedman, H. Katz, & A. Price *Women's Rights and the Law: The Impact of the ERA on State Laws* 19-36 (1977).

[3] *See, e.g., Reed v. Reed*, 404 U.S. 71 (1971) (nullifying preference to men over women of the same entitlement class as administrators of decedents' estates).

[4] House Comm. on the Judiciary, Equal Rights for Men and Women, H. R. Rep. No. 359, 92d Cong., 1st Sess., 3 (1971).

[5] Senate Comm. on the Judiciary, Equal Rights for Men and Women, S. Rep. No. 689, 92d Cong., 2d Sess., 34 (1972).

[6] Amendment 1065: "This article shall not impair however, the validity of any laws of the United States or any State which exempt women from compulsory military service." Defeated: 73 nays, 18 yeas, 8 not voting. 118 Cong. Rec. 9336 (1972).

Amendment 1066: "This article shall not impair the validity, however, of any laws of the United States or any State which exempt women from service in combat units of the Armed Forces." Defeated: 71 nays, 18 yeas, 10 not voting. 118 Cong. Rec. 9351 (1972).

Amendment 1067: "This article shall not impair the validity, however, of any laws of the United States or any State which extend protections or exemptions to women." Defeated: 75 nays, 11 yeas, 14 not voting. 118 Cong. Rec. 9370 (1972).

Amendment 1068: "This article shall not impair the validity, however, of any laws of the United States or any State which extend protections or exemptions to wives, mothers, or widows." Defeated: 77 nays, 14 yeas, 9 not voting. 118 Cong Rec. 9523 (1972).

Amendment 1069: "This article shall not impair the validity, however, of any laws of the United States or any State which impose upon fathers responsibility for the support of their children." Defeated: 72 nays, 17 yeas, 11 not voting. 118 Cong. Rec. 9528 (1972).

Amendment 1070: "This article shall not impair the validity, however, of any laws of the United States or any State which secure privacy to men or women, boys or girls." Defeated: 79 nays, 11 yeas, 10 not voting. 118 Cong. Rec. 9531 (1972).

Amendment 1071: "This article shall not impair the validity, however, of any laws of the United States or any State which make punishable as crimes sexual offenses." Defeated: 71 nays, 17 yeas, 12 not voting, 118 Cong. Rec. 9537 (1972).

These amendments were offered as substitute texts for ERA.

Amendment 472: "Neither the United States nor any State shall make any legal distinction between the rights and responsibilities of male and female persons unless such distinction is based on physiological or functional differences between them." Defeated: 78 nays, 12 yeas, 10 not voting. 118 Cong. Rec. 9538 (1972).

Amendment 1044: "Equality of rights under the law shall not be denied or abridged by the United States or by any State on account of sex. The provisions of this article shall not impair the validity, however, of any laws of the United States or any State which exempt women from compulsory military service, or from service in combat units of the Armed Forces; or extend protections or exemptions to wives, mothers, or widows; or impose upon fathers responsibility for the support of children; or secure privacy to men or women, or boys or girls; or make punishable as crimes rape, seductions, or other sexual offenses." Defeated: 82 nays, 9 yeas, 9 not voting. 118 Cong. Rec. 9540 (1972).

[7] H.R.J. Res. 208, 92d Cong., 1st Sess. (1971).

[8] *South Carolina v. Katzenbach*, 383 U.S. 301 (1966); *Oregon v. Mitchell*, 400 U.S. 112 (1970); *Dougherty County, Georgia, Board of Education v. White*, 58 L. Ed. 2d 269 (1978) (holding that a school board in Georgia had to secure federal approval before enacting a regulation requiring its employees to take a leave of absence from a paid job when running for political office).

[9] *Jones v. Alfred H. Mayer Co.*, 392 U.S. 409 (1968).

[10] *Runyon v. McCrary*, 427 U.S. 160 (1976).

[11] *Katzenbach v. Morgan*, 384 U.S. 641 (1966).

[12] *United States v. Guest*, 383 U.S. 745, 755 (1966); *see also United States v. Price*, 383 U.S. 787 (1966).

[13] 118 Cong. Rec. 9566 (1972).

[14] *E.g.*, the spending of $5 million by the National Commission on the Observance of International Women's Year, which declared that "In April 1975 the IWY Commission members were appointed and on April 14 and 15 the full IWY Commission met for the first time and chose ratification of the Equal Rights Amendment as its top priority issue," that "The following resolution was unanimously passed: The National Commission on the Observance of International Women's Year, as its first public action and highest priority, urges the ratification of the Equal Rights Amendment," and that "As our main commitment to the observance of International Women's Year, we pledge to do all in our capacity to see that the Equal Rights Amendment is ratified at the earliest possible moment." U.S. National Commission on the Observance of International Women's Year, ". . . *To Form A More Perfect Union* . . .": Justice for American Women 219 (1976). And *see* President's Carter's Memorandum for the Heads of Departments and Agencies on Equality for Women, 14 Weekly Comp. of Pres. Doc. 1335 (July 20, 1978) (directing all federal officials to lobby for ratification of the proposed Federal ERA).

[15] Colo. Const. art. 2, § 29 (adopted Nov. 7, 1972; effective Jan. 11, 1973).

[16] Hawaii Const. art. 1, § 21 (adopted Nov. 7, 1972).

[17] Md. Const. art. 46 (ratified Nov. 7, 1972).

[18] Pa. Const. art. 1, § 28 (adopted May 18, 1971).

[19] N.M. Const. art. 2, § 18 (adopted Nov. 7, 1972; effective July 1, 1973).

[20] *See, e.g., EEOC v. American Telephone & Telegraph Co.*, 365 F. Supp. 1105 (E.D. Pa. 1973).

[21] *See, e.g.*, Brown, Emerson, Falk, & Freedman, *"The Equal Rights Amendment: A Constitutional Basis for Equal Rights for Women,"* 80 Yale L. J. 871, 904. The authors assert that affirmative action for women is wholly compatible with the absolute nature of ERA.

[22] Wash. Const. art. 31 § 1 (approved Nov. 7, 1972).

[23] Alas. Const. art. 1, § 3 (approved Aug. 22, 1972; effective Oct. 14, 1972).

[24] Mont. Const. art. 2, § 4 (adopted June 6, 1972).

[25] III. Const. art. 1, § 18 (adopted Dec. 15, 1970; effective July 1, 1971).

[26] Conn. Const. art. 1, § 20 (adopted Nov. 5, 1974).

[27] Tex. Const. art. 1, § 3a (adopted Nov. 7, 1972).

[28] N.H. Const. Pt. 1, art. 2d (1974).

[29] Mass. Const. art. 1, (adopted Nov. 2, 1976).

[30] Va. Const. art. 1, § 11 (ratified Nov. 3, 1970; effective July 1, 1971).

[31] 347 U.S. 483 (1954).

[32] La. Const. art. 1, § 3 (adopted Apr. 20, 1974; effective Jan. 1, 1975).

[33] Utah Const. art. 4, § 1 (1896).

[34] Wyo. Const. art. 1, § 3 (1890).

[35] Mass. Const. art. 1 (adopted Nov. 2, 1976).

[36] Mont. Const. art. 2, § 4 (adopted June 6, 1972).

[37] N. M. Const. art. 2, § 18 (adopted Nov. 7, 1972; effective July 1, 1973).

[38] La. Const. art. 1, § 3 (adopted Apr. 20, 1974; effective Jan. 1, 1975).

[39] Brown, Emerson, Falk, & Freedman, *The Equal Rights Amendment: A Constitutional Basis for Equal Rights for Women*, 80 Yale L. J. 871, 884 (1971).

[40] *Smith v. Smith*, 13 Wash. App. 381, 534 P.2d 1033 (1975).

[41] 416 U.S. 351 (1974).

[42] 37 Md. App. 322, 377 A.2d 553 (1977).

[43] *Baltimore Sun*, Sept. 26, 1977, Editorial, at A12.

[44] 48 Pa. Cons. Stat. 116.

[45] 48 Pa. Fiduc. 337, 66 Pa. D. & C. 2d 347 (1974).

[46] *Legal Intelligencer*, Aug. 24, 1977, at 1, col. 1 (Phila. County Ct. P. 1977).

[47] *Legal Intelligencer*, Mar. 15, 1978, at 1, col. 1 (Phila. County Ct. C. P. 1978).

[48] 459 Pa. 641, 331 A. 2d 174 (1975).

[49] 458 Pa. 97, 327 A. 2d 60 (1974).

[50] 226 Pa. Super. Ct. 278, 310 A. 2d 426 (1973), *rev'd*, 461 Pa. 482, 337 A. 2d. 256 (1975).

[51] 456 Pa. 536, 318 A. 2d 324 (1974); the Maryland ERA had a similar effect in *Rand v. Rand*, 280 Md. 508, 374 A. 2d 900 (1977).

[52] 470 Pa. 270, 368 A. 2d 635 (1977). Although the issue was raised *sua sponte* by Justice Nix, the Pennsylvania Superior Court held his opinion controlling when the issue was properly raised by the parties in *McGowan v. McGowan*, 248 Pa. Super. Ct. 41, 374 A. 2d 1306 (1977).

[53] 468 Pa. 165, 360 A. 2d 603 (1976).

[54] 457 Pa. 90, 320 A. 2d 139 (1974).

[55] *Mo. Pac. Transp. Co. v. Miller*, 227 Ark. 351, 299 S. W. 2d 41 (1957).

[56] *Gist v. French*, 136 Cal. App. 2d 247, 288 P. 2d 1003 (1955).

[57] *Stenta v. Leblang*, 55 Del. 181, 185 A. 2d 759 (1962).

[58] *Brown v. Georgia Tennessee Coaches, Inc.* 88 Ga. App. 519, 77 S. E. 2d 24 (1953).

[59] *Acuff v. Schmit*, 248 Iowa 272, 78 N.W. 2d 480 (1956).

[60] *Owen v. Illinois Baking Corp.*, 260 F. Supp. 820 (1966); *Montgomery v. Stephan*, 359 Mich. 33, 101 N.W. 2d 227 (1960).

[61] *Delta Chevrolet Co. v. Waid*, 211 Miss. 256, 51 So. 2d 443 (1951).

[62] *Manley v. Horton*, 414 S. W. 2d 254 (1967).

[63] *Cooney v. Moomaw*, 109 F. Supp. 448 (1953).

[64] *Ekalo v. Constructive Services Corp. of America*, 46 N. J. 82, 215 A. 2d 1 (1965).

[65] *Millington v. Southeastern Elevator Co.*, 22 N. Y. 2d 498, 239 N.E. 2d 897, 293 N. Y. S. 2d 305 (1968).

[66] *Clouston v. Remlinger Oldsmobile Cadillac, Inc.*, 22 Ohio St. 65, 258 N. E. 2d 230 (1970).

[67] *Smith v. Smith*, 205 Or. 286, 287 P. 2d 572 (1955).

[68] *Mariani v. Nanni*, 95 R. I. 153, 185 A. 2d 119 (1962).

[69] *Hoekstra v. Helgeland*, 78 S. D. 82, 98 N. W. 2d 669 (1959).

[70] *People v. Elliott*, 186 Colo. 65, 525 p. 2d 457 (1974).

[71] Colo. Rev. Sta. § 14-6-101.

[72] *Hawaii Right to Life, Inc. v. Chang et al.*, Civ. No. 53567 (1st Civ. 1978); Motion to Intervene by Goto and Spangler, at 7.
[73] 410 U.S. 113 (1973).
[74] *Beal v. Doe*, 432 U.S. 438 (1977); *Maher v. Roe*, 432 U.S. 464 (1977); *Poelker v. Doe*, 432 U.S. 519 (1977).
[75] Schoen, *The Texas Equal Rights Amendment in the Courts—1972-1977: A Review and Proposed Principles of Interpretation, 15 Houston L. Rev. 537, 629 (1978).*
[76] 513 S. W. 2d 229 (Tex. Civ. App.-Houston 1st Dist. 1974, no writ).
[77] 521 S. W. 2d 111 (Tex. Civ. App.-Houston 14st Dist. 1975, no writ).
[78] 27 Ill. App. 3d 913, 327 N. E. 2d 473 (1975).
[79] 213 Va. 633, 194 S. E. 2d 707 (1973).
[80] La., 315 So. 2d 289 (1975).
[81] 291 Minn. 310, 191 N. W. 2d 185 (1971), *appeal dismissed*, 409 U.S. 810 (1972).
[82] 388 U.S. 1 (1967).
[83] 11 Wash. App. 247,522 P. 2d 1187 (1974).
[84] *Robinson v. Shapp*, 23 Pa. Commw. Ct. 153, 350 A.2d 464 (1976), *aff'd per curiam*, 473 Pa. 315, 374 A. 2d 533 (1977).
[85] 118 Cong. Rec. 9538 (1972).
[86] ABA Symposium on Human Rights 62 (1970).
[87] Note, The *Legality of Homosexual Marriage*, 82 Yale L. J. 573, 583 (1972).
[88] 118 Cong. Rec. 9564 (1972).
[89] B. Babcock, A. Freedman, E. Norton, & S. Ross, *Sex Discrimination and the Law* 180 (1975).
[90] *Legal Intelligencer*, Dec. 2, 1977, at 1, col. 2 (Phila. County Ct. C. P. 1977); *rev'd and remanded*, Pa. Cmmw. Ct., 398 A 2d 1069 (1979), with merits of ERA arguments not reached because lower court was held to have entered summary judgment improperly.
[91] 388 U.S. 1 (1967).
[92] 18 Pa. Commw. Ct. 45, 334 A. 2d 839 (1975).
[93] 85 Wash. 2d 859, 540 P. 2d 882 (1975).
[94] Title IX of the Education Amendments of 1972, 20 U.S.C. § 1681 (1976).
[95] 1 Cranch 137 (1803).
[96] 430 U.S. 703 (1977); *see also* 532 F. 2d 880 (1976).
[97] 538 S. W. 2d 201 (Tex. Civ. App.—Houston 14th Dist. 1976, writ ret'd n.r.e.).
[98] 430 P. 642, 243 A. 2d 400 (1968).
[99] 458 P. 289, 328 A. 2d 851 (1974).
[100] 12 Commw. Ct. 628, 317 A. 2d 667 (1974); *vacated on other grounds*, 464 Pa. 308, 346 A. 2d 754.
[101] Unpublished memorandum prepared by the National Association of Independent Insurers, Des Plaines, Ill, (1978).
[102] 435 U.S. 702 (1978).
[103] Equal Pay Act of 1963, 29 U.S.C. § 206(d) (1976).
[104] Title VII of the Civil Rights Act of 1964, *as amended*, 42 U.S.C. § 2000(e), et seq. (1976).
[105] 429 U.S. 125 (1976).
[106] 433 U.S. 321 (1977).●

SOCIAL SECURITY

● Mr. D'AMATO. Mr. President, last week a most interesting guest editorial on social security, by a Senate staffer with whom I have had many pleasant dealings, was published in the Wall Street Journal. I would like to share it with my colleagues. Entitled "A Looming Federal Surplus," the article makes several interesting points about the implications of the 1983 Social Security Amendments.

Probably the most important point Stu Sweet makes is that the old-age survivors and disability insurance funds are now projected by the Social Security Administration to run increasingly large annual surpluses in the years ahead. Between now and 2000, the funds are projected to take in over $1 trillion more than they spend out under current law. This forecast is conservative because it assumes the economy performs below expectation and demographic developments are rather unfavorable to the funds. So, word should go out that the 98th Congress achieved what I consider one of its most important objectives. It protected the financial security of millions of vulnerable Americans who must depend on monthly social security checks for their survival.

However, whether succeeding generations receive the benefits that are now being promised to them depends, in part, on the willingness of future Congresses to keep a long-term planning horizon in mind when modifications in social security are considered. That is because a large surplus, well into the trillions, will have to be created to finance the retirement of the baby boom generation. It was, therefore, wise to return OASDI to off-budget status in 1992, as the 1983 amendments did, to protect the surplus from would be raiders.

On the other hand, care must be taken to insure that the surplus does not become too large. Otherwise, as Mr. Sweet points out, the Federal Government will be forced to buy an enormous sum of corporate securities, probably upsetting the economic balance between the public and private sectors that has benefited our country so well.

Mr. President, I ask to enter this article into the RECORD at this time along with an article prepared by the Social Security Administration last October concerning the long-term financial status of the OASDI funds.

The material follows:

[From the Wall Street Journal, Mar. 28, 1984]

A LOOMING FEDERAL SURPLUS

(By Stuart J. Sweet)

Most Americans were relieved when Congress and President Reagan last year approved, with practically no change, the bipartisan plan submitted by the National Commission on Social Security Reform to "save the system." What they don't know is that the plan stands to lead to more sweeping changes in the American economy than if the South had won the Civil War. The cause for alarm is peculiar: For the next 40 years, the Social Security cash-benefits programs are too well funded.

Currently, the collective balances in the Old Age and Survivors (OAS) and the Disability Insurance (DI) trust funds are only $27 billion. However, the surplus is projected by actuaries of the Social Security Administration (SSA) to exceed $1 trillion before the beginning of the next century—even if the economy performs below expectations and unfavorable demographics are assumed. By 2010, the surplus is projected to soar to more than $5 trillion, then to $10 trillion by 2020 before peaking at $20 trillion in the 2040s.

The challenge facing American government is illustrated by the accompanying chart. It shows that an enormous amount of funds must be accumulated to pay off the promises being made to existing workers and their children.

And one doesn't have to be a cynic to see how tempting it will be for politicians to spend "surplus funds" that won't be needed for nearly 60 years. Who believes they will be able to resist handing out new benefits when a $20 trillion surplus will accumulate in OASDI funds if they forbear? In today's terms, that would be like asking Congress not to tamper with an OASDI balance of more than $1 trillion.

If Congress refuses to undo what it did in 1983, probably the only way that today's workers and their children can be assured that Social Security promises will be honored is through passage of a constitutional amendment. Such an amendment will have to forbid Congress from distributing OASDI funds without the consent of those who provided them.

But the problems do not end there. They only begin, and some are quite surprising given the fiscal concerns that dominate political dialogue today. The first vexing problem is: How does the government invest $20 trillion without violating traditional boundaries between the public and private sectors?

Under current law, the treasury secretary, the secretary of health and human services, and the secretary of labor are the trustees of OASDI funds. They must invest any cash balances in the funds in U.S. Treasury securities. With the U.S. debt held by nonfederal entities at more than $1.1 trillion and with less than $30 billion in OASDI assets, limited investment choices have not been a problem. But they will be a problem unless the government commits itself to 40 years of large federal deficits in the non-OASDI portions of the budget. Otherwise, there will not be enough Treasury debt to purchase!

What, then, will we do with a growing, massive federal surplus? The options are not attractive. One choice would be to buy publicly traded stocks. But even this has limited possibilities. Right now, the New York Stock Exchange has a market value of less than $3 trillion. And so we really want cabinet officers deciding which Fortune 1000 companies the federal government will take over by buying controlling interests? It may, in fact, be possible for the government to own all of them. There are many opportunities for manipulation. It's possible to imagine Congress and the administration being lobbled by shareholders in certain concerns to buy their shares rather than those of other companies. Bonds do not offer a way out either. While purchasing bonds avoids direct-ownership problems, there will not be enough bonds to go around in 2010 either.

The reason this dangerous accumulation was created is simple: politics. In 1982, the Social Security Commission, whose members were chosen by congressional leaders and the president, decided that any solution it recommended would leave no chance that Congress would ever face another OASDI funding shortage in this century. That meant contingency planning, assuming the worst was going to happen. The commission concluded that OASDI needed an increase in cash flow during the 1980s equal to $175 billion to $200 billion, an average of $25 billion a year. This was nearly three times the needed increase estimated by the SSA in 1982.

Another way to visualize this is to consider what the negative each flow would have been, assuming a continuation of prior experience. During 1982, which was a poor year for OADSI due to the recession, the funds lost $11 billion. If the recession had continued throughout the 1980s, the funds would have lost about $11 billion a year for seven

years, a total of $77 billion. Assuming that the recession was going to last longer than the Great Depression of the 1930s is certainly cautious planning. The commission can be excused for not anticipating the robust recovery already under way. But was it necessary to increase the estimate for needed cash almost threefold even if one extrapolates bad times into the future?

The Social Security Administration didn't think so. In its annual report to Congress in 1982, it forecast that checkbook balances in OASDI would drop, under its likely but pessimistic scenario, from a positive $19 billion to a negative $54 billion in 1989. This $73 billion drop is a serious shortage, but it was only a fraction of the $175 billion to $200 billion that the commission chose as its baseline.

Congress's own budget office didn't believe $175 billion to $200 billion was needed either. In November 1982, the Congressional Budget Office projected OASDI balances through 1989. Its forecast showed that the combined checkbook balances would fall even less—to a negative $29 billion in 1989, unless Congress acted. The effect of political over-caution was to generate a power curve toward a $20 trillion dilemma.

We must see that the huge fund buildup engineered by the Social Security Commission never takes place. If $20 trillion never accumulates, we won't have to worry about breaking commitments by future raids on OASDI. And we won't have to invest it. To do so, however, a contract must be reached with today's workers. In exchange for permanently reducing their OASDI taxes, workers under 50 years of age must agree to lower their claims on OASDI benefits during the 21st century.

How could this be accomplished? One sound suggestion is to expand the use of IRAs or comparable savings vehicles to individuals under certain conditions. The chief condition is that favorable tax treatment of deposits into such accounts be linked to reduced OASDI benefits received at retirement. One approach would be to reduce benefits by 1% for a specified level of deposits. Chances are, millions would leap at the opportunity. Since skepticism remains deep, especially among the young, over whether benefits ever will be collected, it should be an appealing offer to give up 1% of nothing and get a tax break now and for years to come.

A final note: If the economy performs better than expected—and the odds of that happening equal the odds assumed by the commission that it will perform below expectations—the surplus projected by the SSA for 75 years from now is $73 trillion. And the administration, taking account of the current recovery, has released figures showing an even more favorable trend. Meanwhile, the bipartisan group composed of congressional and administration representatives that is working on the fiscal 1985 budget, which begins next Oct. 1, was quick to agree on just one thing: Don't tamper with the Social Security compromise.

Long-Range Projections of Social Security Trust Fund Operations in Dollars

(By Harry C. Ballantyne, A.S.A. Chief Actuary)

Some interest has been expressed in the dollar values of the estimated long-range projections of the operations of the combined Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) Trust Funds as well as the operations of the combined OASI, DI, and Hospital Insurance (HI) Trust Funds. Long-range projections typically are not shown as dollar amounts because of the noncomparability of such monetary units over time when inflation is taken into account. Instead, relative measures which are comparable over time have been developed. Two examples of such measures are cost rates and income rates, which express the cost and income of the program as percentages of taxable payroll. Another is the trust fund ratio, which expresses the assets of the Trust Funds as a proportion of the outgo during a specific period of time, usually the next year. These measures are discussed fully in the "1983 Annual Report, Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds" [1] (1983 OASDI Trustees Report). They are the ones that have been used by Social Security program planners and legislators to evaluate the long-range status of the program and the long-range effect of proposed changes to the program. Nonetheless, in view of the interest that continues to be expressed in long-range dollar values, this note presents long-range OASDI projections in current dollars together with several indices which can be used ot convert current dollars into constant dollars. In addition, the Appendix to this note presents financial projections of a more limited nature for the HI program and for the combined OASDI and HI programs.

Table 1 shows projections of the operations of the combined OASI and DI Trust Funds—that is, assets at the beginning of the year, tax income, total income, outgo, and assets at the end of the year. The footnotes in the table define these items. The projections are based on four sets of economic and demographic assumptions identified as Alternatives I, II-A, II-B, and III, which are described in detail in the 1983 OASDI Trustees Report. The projections of all these financial items are shown in current dollars.

A major consideration in converting current dollars to constant dollars is the selection of the index of conversion. Price indices adjust for the effects of price inflation. One price index presented in this note is the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), which is published by the Bureau of Labor Statistics, Department of Labor. The CPI-W was chosen mainly because it is used to determine automatic increases in OASDI benefits. Another price index presented is the Implicit Price Deflator for the Gross National Product, hereafter referred to as the GNP deflator. Also shown are the GNP values themselves.

Wage indices adjust for the combined effects of price inflation and real-wage growth. The particular wage index presented in this note is the average annual amount of total wages. This wage series is used to adjust many of the Social Security program amounts that are subject to automatic adjustment (such as the contribution and benefit base).

Payroll indices adjust for the effects of variations in the number of workers as well as for the effect of price inflation and real-wage growth. This note presents the OASDI taxable payroll, which consists of all earnings subject to OASDI tax rates (including deemed wages based on military service), adjusted to reflect the lower tax rates (in comparison with the combined employee-employer rate) which apply to self-employment income through 1983, tips, and multiple-employer "excess wages."

The application of an interest rate is another way of converting dollar values through time. The selection of an interest rate can be based on many types of investments, such as those by individuals, groups, or the Social Security trust funds. The particular series of interest-rate indices presented in this note is based on the interest rates for special public-debt obligations issuable to the Social Security trust funds, which form the basis of the interest calculations done for the 1983 OASDI Trustees Report.

The CPI-W, after several years of varying increases, is assumed to increase annually by rates of 2, 3, 4, and 5 percent under alternatives I, II-A, II-B, and III, respectively. Similarly, the average annual wage is assumed to increase by 4.5, 5, 5.5, and 6 percent. After the first few years, no specific assumption is made about GNP growth; rather its projection is based on the complex interaction of many economic and demographic variables. Similarly, the projection of payroll growth is based on the interaction of many economic and demographic variables. Appendix A of the 1983 OASDI Trustees Report discusses the payroll projections more fully. The ultimate interest rate assumed is 5.06, 5.575, 6.08, and 6.575 percent under Alternatives, I, II-A, II-B, and III, respectively. These assumptions are the result of the compound effect of the ultimate annual increases assumed for the CPI-W (2, 3, 4, and 5 percent) with the respective ultimate real-interest rate assumptions (3, 2.5, 2, and 1.5 percent).

Table 2 shows these economic variables or functions thereof. The form of these tables is similar to that of the tables on Trust Fund operations in order to facilitate constant-dollar calculations that may be of interest to economic and financial analysts. It is left to the individual analyst to decide which variable to use to accomplish his or her particular purpose.

TABLE 1.—PROJECTIONS OF THE OPERATIONS OF OASI AND DI TRUST FUNDS FOR 1983–2060 BY ALTERNATIVE

[In billions of dollars]

Calendar	Assets at beginning of year [1]	Tax income [2]	Total income [3]	Outgo [4]	Assets at end of year [1]
Alternative I:					
1983	24.8	163.7	172.5	169.3	27.9

[1] House Document No. 98-74, dated June 27, 1983.

TABLE 1.—PROJECTIONS OF THE OPERATIONS OF OASI AND DI TRUST FUNDS FOR 1983–2060 BY ALTERNATIVE—Continued

[In billions of dollars]

Calendar	Assets at beginning of year [1]	Tax income [2]	Total income [3]	Outgo [4]	Assets at end of year [1]
1984	40.4	181.9	183.2	179.9	30.2
1985	44.1	200.2	202.0	191.0	39.6
1986	54.8	216.4	219.3	203.6	46.2
1987	62.6	233.4	237.3	215.4	67.4
1988	85.9	265.6	271.2	227.2	111.4
1989	131.5	283.3	291.5	232.7	170.2
1990	192.0	311.2	322.5	249.8	242.9
1991	266.2	330.3	345.5	255.9	332.5
1992	357.3	354.8	374.5	272.0	435.1
1993	463.9	377.5	402.6	275.0	562.6
1994	593.1	399.3	430.6	283.9	709.3
1995	741.5	421.5	460.6	293.5	876.5
1996	910.5	445.1	493.0	303.7	1,065.8
1997	1,101.7	470.1	527.9	314.5	1,279.2
1998	1,317.1	496.4	565.4	327.4	1,517.3
1999	1,557.3	524.5	605.9	341.1	1,782.1
2000	1,824.5	554.3	649.4	355.6	2,075.9
2001	2,120.6	584.5	694.8	371.2	2,399.5
2002	2,446.6	615.9	743.0	388.2	2,754.4
2003	2,803.9	649.0	794.4	406.9	3,141.9
2004	3,194.1	683.9	849.3	427.2	3,563.9
2005	3,619.0	720.4	907.5	449.3	4,022.1
2006	4,080.0	758.0	968.6	473.7	4,517.1
2007	4,577.9	796.9	1,032.9	500.5	5,049.5
2010	6,300.3	923.4	1,246.8	597.2	6,879.5
2015	9,960.2	1,171.9	1,679.8	833.2	10,717.9
2020	14,644.2	1,483.6	2,227.0	1,160.2	15,598.8
2025	20,545.4	1,887.8	2,928.1	1,574.9	21,756.3
2030	28,131.8	2,412.2	3,835.3	2,058.8	29,726.8
2035	38,218.7	3,089.1	5,022.9	2,621.3	40,388.2
2040	52,029.1	3,953.7	6,588.9	3,250.3	55,070.5
2045	71,223.2	5,065.5	8,675.5	4,049.1	75,468.9
2050	97,672.3	6,499.0	11,450.8	5,124.7	103,509.7
2055	133,691.3	8,354.7	15,132.7	6,552.8	141,642.7
2060	182,502.1	10,742.1	19,995.0	8,370.6	193,318.2
Alternative II–A:					
1983	24.8	163.6	172.3	169.5	27.6
1984	40.0	180.8	182.1	180.3	28.8
1985	42.6	197.5	198.9	192.2	35.6
1986	50.5	212.2	214.3	205.6	39.5
1987	55.5	227.9	230.9	218.3	45.3
1988	63.2	258.6	262.8	231.1	76.8
1989	96.3	278.5	284.7	243.8	117.6
1990	139.0	304.6	313.4	257.2	173.8
1991	196.6	324.7	336.7	271.3	239.3
1992	263.4	345.8	361.7	285.9	315.1
1993	343.1	368.3	388.3	297.7	405.7
1994	435.4	390.4	415.2	310.3	510.6
1995	542.1	414.0	444.9	323.6	631.9
1996	665.3	439.0	477.0	337.7	771.2
1997	806.6	465.6	511.7	352.7	930.2
1998	967.8	493.8	549.1	369.8	1,109.5
1999	1,149.3	523.9	589.5	388.0	1,311.0
2000	1,353.3	556.0	633.1	407.3	1,536.8
2001	1,581.6	588.7	678.8	427.9	1,787.8
2002	1,835.2	623.0	727.4	450.1	2,065.1
2003	2,115.3	659.2	779.4	474.5	2,369.9
2004	2,423.0	697.4	834.9	501.1	2,703.8
2005	2,759.9	737.4	893.9	529.9	3,067.8
2006	3,127.0	778.8	955.8	561.4	3,462.2
2007	3,524.6	821.7	1,020.9	596.0	3,887.1
2010	4,901.6	961.7	1,237.5	720.9	5,345.2
2015	7,776.7	1,238.5	1,672.6	1,027.8	8,328.0
2020	11,240.2	1,587.4	2,210.7	1,465.9	11,865.7
2025	15,168.0	2,038.2	2,875.1	2,047.0	15,843.6
2030	19,553.3	2,621.6	3,696.9	2,762.1	20,292.8
2035	24,556.1	3,374.0	4,721.8	3,638.4	25,388.8
2040	30,529.3	4,332.9	6,008.0	4,660.2	31,555.6
2045	37,993.2	5,563.3	7,647.2	5,970.2	39,258.1
2050	47,163.6	7,142.5	9,726.7	7,713.7	48,647.5
2055	58,063.1	9,185.0	12,361.7	10,002.4	59,742.3
2060	70,877.9	11,815.6	15,688.4	12,903.4	72,788.3
Alternative II–B:					
1983	24.8	163.4	172.2	169.5	27.5
1984	39.8	179.8	180.9	180.3	27.6
1985	41.4	197.4	198.7	193.8	32.5
1986	47.5	212.9	214.5	209.9	36.1
1987	52.1	229.1	231.2	225.2	39.7
1988	57.7	260.3	263.4	240.8	53.9
1989	73.5	280.4	285.1	256.5	82.4
1990	103.9	307.0	313.8	272.7	123.5
1991	146.5	329.1	338.6	289.8	172.3
1992	196.8	353.0	365.6	307.7	230.2
1993	258.8	376.4	392.4	322.6	300.1
1994	330.5	400.2	420.3	338.4	382.0
1995	414.3	425.6	451.0	355.2	477.7
1996	512.1	452.9	484.4	372.9	589.2
1997	625.8	482.1	520.7	391.7	718.1
1998	757.1	513.1	559.8	413.0	864.9
1999	906.4	546.4	602.3	435.6	1,031.6
2000	1,075.7	581.8	648.2	459.7	1,220.0
2001	1,267.0	618.5	696.6	485.2	1,431.4
2002	1,481.3	657.0	748.4	512.7	1,667.1
2003	1,720.1	698.3	804.3	543.0	1,928.5
2004	1,984.8	742.2	864.5	575.8	2,217.1
2005	2,277.0	788.5	928.6	611.5	2,534.3
2006	2,597.7	836.6	996.3	650.5	2,880.1
2007	2,947.3	886.8	1,067.7	693.3	3,254.5
2010	4,168.1	1,052.3	1,307.0	848.3	4,547.1
2015	6,715.1	1,387.5	1,794.0	1,233.3	7,171.2
2020	9,666.0	1,821.0	2,401.1	1,797.5	10,133.2
2025	12,706.6	2,394.6	3,151.0	2,570.8	13,108.3

TABLE 1.—PROJECTIONS OF THE OPERATIONS OF OASI AND DI TRUST FUNDS FOR 1983–2060 BY ALTERNATIVE—Continued

[In billions of dollars]

Calendar	Assets at beginning of year [1]	Tax income [2]	Total income [3]	Outgo [4]	Assets at end of year [1]
2030	15,549.9	3,154.7	4,073.8	3,560.0	15,829.5
2035	17,981.0	4,158.9	5,213.8	4,814.0	18,073.0
2040	19,883.6	5,470.6	6,629.2	6,329.1	19,779.5
2045	21,175.2	7,192.5	8,414.2	8,309.0	20,749.9
2050	21,095.0	9,454.9	10,649.1	10,989.8	20,057.1
2055	18,161.4	12,449.6	13,434.1	14,583.1	16,094.7
2060	10,445.2	16,399.1	16,874.9	19,263.6	6,847.9
Alternative III:					
1983	24.8	162.2	171.0	169.6	26.2
1984	38.1	175.5	176.3	180.5	21.9
1985	35.3	194.9	195.5	193.2	24.2
1986	39.2	213.7	214.8	206.8	32.2
1987	48.5	233.0	234.8	227.4	27.2
1988	45.7	267.8	270.9	247.0	51.1
1989	71.4	290.7	295.9	267.0	80.0
1990	102.4	320.6	328.3	287.6	130.8
1991	144.8	346.3	356.4	324.6	152.6
1992	178.3	372.9	385.1	348.0	189.7
1993	220.0	399.6	414.0	368.7	234.9
1994	267.2	426.5	443.1	390.8	287.3
1995	321.7	355.3	475.5	414.3	348.5
1996	385.3	486.9	511.3	439.3	420.6
1997	460.0	520.7	550.2	465.8	504.9
1998	547.1	557.0	592.2	495.2	601.9
1999	647.0	595.9	637.7	526.7	712.8
2000	761.0	637.3	686.7	560.4	839.1
2001	890.6	680.5	738.4	596.3	981.2
2002	1,036.2	726.1	793.5	634.9	1,139.8
2003	1,198.4	775.0	853.1	677.5	1,315.4
2004	1,378.0	827.1	916.9	723.8	1,508.5
2005	1,575.2	882.0	984.7	774.4	1,718.8
2006	1,789.8	939.2	1,055.8	829.6	1,945.0
2007	2,020.5	998.9	1,130.4	890.0	2,185.4
2010	2,788.6	1,196.5	1,376.7	1,110.1	2,965.0
2015	4,075.0	1,595.5	1,853.5	1,661.6	4,147.3
2020	4,588.6	2,109.9	2,388.8	2,496.2	4,324.5
2025	2,975.8	2,783.2	2,936.1	3,689.5	2,017.4
2030	−2,755.1	3,665.6	3,413.9	5,300.5	−4,909.5
2035	−15,493.8	4,818.2	3,691.4	7,448.5	−19,600.5
2040	−39,412.4	6,303.3	3,556.4	10,184.3	−46,494.9
2045	−80,635.1	8,224.2	2,702.0	13,839.0	−92,361.8
2050	−149,050.5	10,701.9	590.0	18,788.0	−168,012.7
2055	−259,529.8	13,938.3	−3,560.7	25,364.8	−289,447.1
2060	−433,124.5	18,159.2	−10,911.8	33,872.7	−479,197.9

[1] Assets at the end of the calendar year are the total monies in the OASI and DI Trust Funds at that time, including the net effect of interfund loans and the payments to and reimbursements for the noninsured persons described below. Assets at the beginning of the calendar year are the assets at the end of the prior year increased by the advanced tax transfers for January. Both columns of assets reflect interfund-borrowing transfers which are not included in either the income or outgo figures.

[2] Tax income consists of net OASDI payroll taxes and, after 1983, taxes on benefits; for 1983 it includes the amount transferred from the general fund of the Treasury to the OASI and DI Trust Funds on May 20, 1983, for costs of noncontributory wage credits for military service performed before 1957.

[3] Total income consists of tax income, interest income, and payments from the general fund of the Treasury for costs of benefits paid to certain noninsured persons who attained age 72 before 1968 and have less than three quarters of coverage.

[4] Outgo consists of benefits payments, administrative expenses, net transfers under the financial interchange between the OASI and DI Trust Funds and the Railroad Retirement Account, payments for vocational rehabilitation services for disabled beneficiaries, and payments to the noninsured persons described above.

TABLE 2.—SELECTED ECONOMIC VARIABLES FOR 1982–2060 BY ALTERNATIVE

[GNP and taxable payroll in billions]

Calendar year	CPI [1]	GNP deflator [2]	GNP	Average wage [3]	Taxable payroll [4]	Compound interest rate factor [5]
Alternative I:						
1982	97.53	96.71	$3,059	$14,498	$1,341	0.8964
1983	100.00	100.00	3,271	15,137	1,477	1.0000
1984	103.28	104.00	3,595	15,799	1,594	1.0813
1985	107.10	108.16	3,929	16,624	1,735	1.1482
1986	110.65	111.75	4,243	17,542	1,872	1.2117
1987	113.96	115.10	4,567	18,537	2,016	1.2773
1988	117.03	118.21	4,902	19,537	2,163	1.3451
1989	119.74	120.93	5,240	20,549	2,294	1.4149
1990	122.14	123.34	5,585	21,607	2,461	1.4867
1991	124.57	125.82	5,954	22,744	2,605	1.5619
1992	127.07	128.33	6,340	23,920	2,799	1.6409
1993	129.60	130.89	6,746	25,092	2,973	1.7239
1994	132.21	133.51	7,122	26,272	3,144	1.8112
1995	134.84	136.18	7,519	27,454	3,320	1.9028
1996	137.55	138.90	7,943	28,689	3,507	1.9991
1997	140.28	141.68	8,387	29,980	3,704	2.1003
1998	143.09	144.51	8,858	31,329	3,913	2.2065
1999	145.96	147.40	9,359	32,739	4,135	2.3182
2000	148.87	150.35	9,890	34,212	4,370	2.4355
2001	151.88	153.36	10,428	35,752	4,608	2.5587
2002	154.88	156.43	10,989	37,361	4,856	2.6882
2003	157.99	159.55	11,580	39,042	5,117	2.8242
2004	161.17	162.74	12,202	40,799	5,391	2.9671
2005	164.38	166.00	12,857	42,635	5,678	3.1173
2006	167.66	169.32	13,531	44,554	5,973	3.2750
2007	171.00	172.71	14,228	46,558	6,278	3.4407
2010	181.48	183.28	16,484	53,131	7,264	3.9899
2015	200.37	202.35	20,918	66,211	9,184	5.1068
2020	221.22	223.41	26,500	82,511	11,579	6.5363
2025	244.27	246.67	33,767	102,823	14,683	8.3660
2030	269.69	272.34	43,265	128,137	18,723	10.7080
2035	297.74	300.69	55,622	159,681	23,956	13.7055
2040	328.73	331.98	71,545	198,992	30,667	17.5421
2045	362.96	366.53	92,110	247,980	39,294	22.4527
2050	400.74	404.68	118,810	309,029	50,443	28.7379
2055	442.45	446.80	153,500	385,106	64,861	36.7825
2060	488.48	499.31	198,355	479,912	83,417	47.0792

TABLE 2.—SELECTED ECONOMIC VARIABLES FOR 1982–2060 BY ALTERNATIVE—Continued

[GNP and taxable payroll in billions]

Calendar year	CPI [1]	GNP deflator [2]	GNP	Average wage [3]	Taxable payroll [4]	Compound interest rate factor [5]
Alternative II–A:						
1982	97.37	96.52	3,059	14,498	1,341	.8963
1983	100.00	100.00	3,268	15,134	1,475	1.0000
1984	103.61	104.30	3,573	15,761	1,584	1.0827
1985	107.76	108.78	3,879	16,519	1,710	1.1521
1986	111.64	112.70	4,179	17,358	1,835	1.2192
1987	115.22	116.30	4,485	18,258	1,967	1.2887
1988	118.69	119.79	4,804	19,181	2,104	1.3614
1989	122.23	123.39	5,146	20,205	2,255	1.4373
1990	125.91	127.09	5,499	21,328	2,403	1.5174
1991	129.69	130.90	5,844	22,481	2,558	1.6020
1992	133.57	134.83	6,216	23,678	2,720	1.6913
1993	137.58	138.88	6,624	24,910	2,893	1.7856
1994	141.70	143.04	7,023	26,155	3,065	1.8852
1995	145.95	147.33	7,451	27,463	3,250	1.9902
1996	150.34	151.75	7,911	28,836	3,447	2.1012
1997	154.86	156.30	8,398	30,278	3,657	2.2183
1998	159.48	160.99	8,914	31,792	3,879	2.3420
1999	164.27	165.82	9,467	33,381	4,116	2.4726
2000	169.20	170.80	10,055	35,051	4,369	2.6104
2001	174.29	175.92	10,656	38,803	4,626	2.7560
2002	179.52	181.20	11,288	38,643	4,895	2.9096
2003	184.89	186.64	11,953	40,575	5,178	3.0718
2004	190.45	192.23	12,657	42,604	5,478	3.2431
2005	196.15	198.00	13,399	44,734	5,791	3.4239
2006	202.02	203.94	14,166	46,971	6,114	3.6148
2007	208.10	210.06	14,963	49,320	6,448	3.8163
2010	227.40	229.54	17,554	57,094	7,534	4.4908
2015	263.60	266.10	22,692	72,868	9,657	5.8902
2020	305.60	308.48	29,206	93,000	12,311	7.7256
2025	354.28	357.61	37,669	118,694	15,728	10.1330
2030	410.70	414.57	48,731	151,486	20,153	13.2906
2035	476.11	480.60	63,148	193,339	25,868	17.4321
2040	551.96	557.15	81,759	246,755	33,176	22.8642
2045	639.84	645.88	105,833	314,929	42,538	29.9890
2050	741.77	748.76	137,121	401,939	54,594	39.3339
2055	859.92	868.02	177,928	512,987	70,174	51.5908
2060	996.86	1,006.27	231,024	654,716	90,257	67.6671
Alternative II–B:						
1982	97.01	96.01	3,059	14,498	1,341	.8963
1983	100.00	100.00	3,263	15,166	1,475	1.0000
1984	104.44	104.44	3,548	15,741	1,575	1.0852
1985	109.98	109.99	3,877	16,596	1,710	1.1620
1986	115.26	115.27	4,189	17,527	1,840	1.2420
1987	120.34	120.34	4,505	18,521	1,977	1.3242
1988	125.28	125.27	4,831	19,525	2,117	1.4087
1989	130.29	130.28	5,175	20,588	2,269	1.4981
1990	135.50	135.49	5,544	21,744	2,420	1.5930
1991	140.91	140.91	5,938	22,973	2,591	1.6921
1992	146.55	146.55	6,359	24,271	2,773	1.7973
1993	152.40	152.41	6,791	25,606	2,952	1.9078
1994	158.49	158.51	7,219	27,014	3,137	2.0238
1995	164.84	164.85	7,690	28,500	3,335	2.1469
1996	171.43	171.45	8,201	30,067	3,550	2.2774
1997	178.29	178.30	8,745	31,721	3,779	2.4158
1998	185.41	185.43	9,323	33,465	4,023	2.5627
1999	192.84	192.85	9,945	35,306	4,284	2.7185
2000	200.57	200.57	10,610	37,248	4,562	2.8838
2001	208.57	208.59	11,298	39,297	4,849	3.0592
2002	216.91	216.93	12,025	41,458	5,151	3.2452
2003	225.61	225.61	12,805	43,738	5,474	3.4425
2004	234.62	234.63	13,635	46,144	5,817	3.6518
2005	244.00	244.02	14,516	48,682	6,179	3.8738
2006	253.78	253.78	15,433	51,359	6,554	4.1093
2007	263.93	263.93	16,391	54,184	6,943	4.3592
2010	296.87	296.89	19,552	63,625	8,225	5.2036
2015	361.18	361.21	25,993	83,155	10,793	6.9899
2020	439.43	439.46	34,410	108,680	14,085	9.3895
2025	534.66	534.67	45,650	142,041	18,420	12.6127
2030	650.59	650.51	60,753	185,642	24,168	16.9425
2035	791.43	791.45	80,993	242,626	31,765	22.7585
2040	962.89	962.92	107,889	317,103	41,717	30.5712
2045	1,171.50	1,171.53	143,656	414,441	54,765	41.0658
2050	1,425.28	1,425.35	191,467	541,658	71,964	55.1630
2055	1,734.08	1,734.16	255,582	707,925	94,714	74.0995
2060	2,109.78	2,109.87	341,394	925,230	124,739	99.5367
Alternative III:						
1982	96.78	95.76	3,059	14,498	1,341	.8963
1983	100.00	100.00	3,211	15,082	1,459	1.0000
1984	106.37	105.98	3,463	15,663	1,536	1.0891
1985	114.59	113.80	3,864	16,789	1,690	1.1784
1986	123.00	121.92	4,268	18,020	1,849	1.2842
1987	130.38	129.06	4,640	19,236	2,012	1.4002
1988	137.56	136.11	5,025	20,464	2,179	1.5201
1989	144.60	143.08	5,425	21,737	2,354	1.6433
1990	151.84	150.23	5,850	23,105	2,527	1.7696
1991	159.42	157.74	6,301	24,565	2,722	1.8976
1992	167.40	165.63	6,780	26,082	2,923	2.0270
1993	175.75	173.91	7,273	27,673	3,126	2.1619
1994	184.54	182.60	7,767	29,333	3,335	2.3040
1995	193.80	191.73	8,309	31,093	3,558	2.4555
1996	203.49	201.32	8,913	32,959	3,805	2.6170
1997	213.65	211.38	9,557	34,936	4,070	2.7890
1998	224.31	221.95	10,249	37,032	4,353	2.9724
1999	235.55	233.05	10,993	39,254	4,657	3.1679
2000	247.32	244.70	11,789	41,609	4,980	3.3761
2001	259.69	256.94	12,622	44,106	5,317	3.5981
2002	272.67	269.78	13,502	46,752	5,617	3.8347
2003	286.32	283.27	14,451	49,558	6,053	4.0868
2004	300.64	297.43	15,462	52,531	6,457	4.3555
2005	315.66	312.31	16,538	55,683	6,884	4.6419
2006	331.42	327.92	17,659	59,024	7,326	4.9471
2007	348.02	344.32	18,834	62,565	7,787	5.2724

TABLE 2.—SELECTED ECONOMIC VARIABLES FOR 1982–2060 BY ALTERNATIVE—Continued

[GNP and taxable payroll in billions]

Calendar year	CPI [1]	GNP deflator [2]	GNP	Average wage [3]	Taxable payroll [4]	Compound interest rate factor [5]
2010	402.85	398.59	22,725	74,516	9,305	6.3823
2015	514.15	508.72	30,652	99,719	12,329	8.7751
2020	656.24	649.26	40,983	133,447	16,174	12.0650
2025	837.53	828.65	54,632	178,582	21,155	16.5884
2030	1,068.91	1,057.58	72,757	238,984	27,646	22.8077
2035	1,364.25	1,349.78	96,762	319,814	36,079	31.3587
2040	1,741.15	1,722.69	128,237	427,983	46,921	43.1156
2045	2,222.20	2,198.64	169,481	572,738	60,856	59.2805
2050	2,836.15	2,806.08	223,830	766,453	78,873	81.5058
2055	3,619.72	3,581.35	296,003	1,025,686	102,365	112.0638
2060	4,619.79	4,570.82	391,956	1,372,600	133,029	154.0785

[1] The CPI is a modification of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) as defined by the Bureau of Labor Statistics (BLS), Department of Labor. The CPI-W is the index on which OASDI automatic benefit increases are based. For a given year, the modification divides the average of the 12 monthly CPI-W values by the analogous 1983 value and multiplies the result by 100, thereby initializing the CPI-W at 100 in 1983.

[2] The GNP deflator is a modification of the implicit Price Deflator for Gross National Product as defined by BLS; the modification initializes the implicit Price Deflator for GNP at 100 in 1983.

[3] Average wage is the average annual amount of total wages; it is the index used in the calculations of initial benefits and the contribution and benefit base.

[4] Taxable payroll consists of total earnings subject to taxes credited to the OASI and DI Trust Funds, including deemed wages based on military service; these earnings are adjusted to reflect the lower effective tax rates (compared to the combined employee-employer rate) which apply to tips, multiple-employer "excess wages," and self-employment income through 1983.

[5] The compound interest-rate factor is based on the interest rates for special public-debt obligations issuable to the OASI and DI Trust Funds. Each can be used to convert dollar values between July 1, 1983, and July 1 of the year shown.

APPENDIX

This appendix presents OASDI and HI tax income and outgo as projected under Alternative II-B. The projections shown are more limited than the OASDI projections shown in the main part of this note because more detailed 75-year HI projections are not available. The reason for this unavailability of long-range HI projections is that the standard HI projection period is 25 years. In addition, negative assets are not projected for the HI program. Therefore, for example, because the HI Trust Fund is projected to be exhausted in 1990 under Alternative II-B, projected combined assets for OASDI and HI thereafter are unavailable. Consequently, because projections of assets are available for only such limited number of years, they have been omitted from this presentation. Similarly, because estimates of negative income are unavailable, projections of net interest income have been omitted.

The following table shows the tax income and outgo projected under Alternative II-B for the OASDI, HI, and the combined OASDI and HI programs. The footnotes in the table define these items. The form of this table is similar to that of table 7 in the main part of this note in order to facilitate constant-dollar calculations that may be of interest to economic and financial analysts.

APPENDIX TABLE.—OASDI, HI, AND COMBINED OASDI AND HI TAX INCOME AND OUTGO PROJECTED UNDER ALTERNATIVE II-B, CALENDAR YEARS 1983–2055

[In billions of dollars]

Calendar year	OASDI		HI		Total	
	Tax income [1]	Outgo [2]	Tax income [3]	Outgo [4]	Tax income	Outgo
1983	163.4	169.5	38.3	40.8	201.7	210.3
1984	179.8	180.3	42.9	45.7	222.7	226.0
1985	197.4	193.8	48.2	51.4	245.6	245.2
1986	212.9	209.9	55.5	57.3	268.4	267.2
1987	229.1	225.2	59.5	63.6	288.6	288.8
1988	260.3	240.8	63.6	70.6	323.9	311.4
1989	280.4	256.5	68.0	78.1	348.4	334.6
1990	307.0	272.7	72.4	86.4	379.4	359.1
1991	329.1	289.8	77.4	95.2	406.5	385.0
1992	353.0	307.7	82.6	104.9	435.6	412.6
1993	376.4	322.6	87.9	115.2	464.3	437.8
1994	400.2	338.4	93.3	126.1	493.5	464.5
1995	425.6	355.2	99.0	138.3	524.6	493.5
1996	452.9	372.9	105.4	151.6	558.3	524.5
1997	482.1	391.7	112.2	165.2	594.3	556.9
1998	513.1	413.0	119.4	180.3	632.5	593.3
1999	546.4	435.6	127.1	196.4	673.5	632.0
2000	581.8	459.7	135.3	213.7	717.1	673.4
2001	618.5	485.2	143.7	232.5	762.2	717.7
2002	657.0	512.7	152.6	252.0	809.6	764.7
2003	698.3	543.0	162.0	273.7	860.3	816.7
2004	742.2	575.8	171.9	297.1	914.1	872.9
2005	788.5	611.5	182.4	322.7	970.9	934.2

APPENDIX TABLE.—OASDI, HI, AND COMBINED OASDI AND HI TAX INCOME AND OUTGO PROJECTED UNDER ALTERNATIVE II-B, CALENDAR YEARS 1983–2055—Continued

[In billions of dollars]

Calendar year	OASDI		HI		Total	
	Tax income [1]	Outgo [2]	Tax income [3]	Outgo [4]	Tax income	Outgo
2006	836.6	650.5	193.4	350.2	1,030.0	1,000.7
2007	886.8	693.3	204.8	380.7	1,091.6	1,074.0
2010	1,052.3	848.3	242.3	468.8	1,294.6	1,317.1
2015	1,387.5	1,233.3	317.6	681.2	1,705.1	1,914.5
2020	1,821.0	1,797.5	414.2	999.7	2,235.2	2,797.2
2025	2,394.6	2,570.8	541.5	1,473.3	2,936.1	4,044.1
2030	3,154.7	3,560.0	710.7	2,119.9	3,865.4	5,679.9
2035	4,158.9	4,814.0	934.3	2,931.7	5,093.2	7,745.7
2040	5,470.6	6,329.1	1,227.1	3,930.9	6,697.7	10,260.0
2045	7,192.5	8,309.0	1,610.7	5,176.6	8,803.2	13,485.6
2050	9,454.9	10,989.8	2,116.2	6,822.9	11,571.1	17,812.7
2055	12,449.6	14,583.1	2,784.9	8,998.0	15,234.5	23,581.1

[1] OASDI tax income consists of net OASDI payroll taxes and, after 1983, taxes on benefits; for 1983 it includes the amount transferred from the general fund of the Treasury to the OASI and DI Trust Funds on May 20, 1983, for costs of noncontributory wage credits for military service performed before 1957. The OASDI income is on a cash basis.

[2] OASDI outgo consists of benefit payments, administrative expenses, net transfers under the financial interchange between the OASI and DI Trust Funds and the Railroad Retirement Account, payments for vocational rehabilitation services for disabled beneficiaries, and payments to certain noninsured persons who attained age 72 before 1968 and have less than three quarters of coverage. The OASDI outgo is on a cash basis.

[3] HI tax income consists of HI payroll taxes (including taxes from railroad employment) and reimbursements from the general fund of the Treasury for costs of noncontributory wage credits for military service. The HI income is on an incurred basis.

[4] HI outgo consists of HI outlays for insured beneficiaries and administrative expenses. The HI outgo is on an incurred basis.●

TRIBUTE TO WILLIAM D. BARTH

● Mr. WEICKER. Mr. President, the Small Business Administration announced recently that it has chosen William D. Barth, posthumously, for its prestigious Small Business Award as "Accountant Advocate of the Year." I understand that this award will be presented to Bill Barth's wife, Mary, in ceremonies scheduled at the White House on May 10, during Small Business Week.

I would like to take this opportunity to express my heartfelt congratulations to Mrs. Barth and her family for Bill's selection for this award which he so richly deserved. This award is a recognition of the many outstanding qualities of Bill Barth as an individual, and is a fitting tribute to his many accomplishments in his profession and in the small business community he served so long and well.

Mr. President, Bill Barth, who was a partner in the Chicago office of the international accounting firm of Arthur Andersen & Co., testified before the Senate Small Business Committee on a number of occasions. He was willing to give freely of his time and expertise to participate in issues of importance to the small business community, and his insights on capital formation and retention proposals to assist small business were always knowledgeable and thought provoking. Indeed, it was Bill Barth who first proposed while testifying before the Small Business Committee in 1978 that a new hybrid security should be created to give small businesses access to capital without forcing them to give up ownership in their business—the small business participating debenture (SBPD).

I first introduced legislation embodying this proposal in 1979 and have reintroduced similar legislation in each Congress. This proposal was overwhelmingly adopted as one of the top five recommendations of the White House Conference on Small Business in 1980 and was the top recommendation of the participants at the SEC's first annual Government-business forum in 1982.

On October 28 of last year, the first Congressional hearing was held on this important proposal (S. 842) before the Senate Finance Committee Subcommittee on Taxation and Debt Management. Bill Barth, who continued to work hard and seek support for S. 842 at every opportunity, cut short a long-awaited vacation to testify. He was able to report that the SBPD had gained the support of nearly 100 small business and professional organizations and 140 Members of the Senate and the House. And consistent with Bill Barth's desire to give credit to others while putting himself in the background, Bill did not even mention his original connection with this measure.

Mr. President, Bill Barth enjoyed the professional respect of the small business community for many good reasons. His entire professional life of 35 years was dedicated to the cause of small business. He showed this dedication by building a separate practice organization within Arthur Andersen & Co. devoted solely to small business enterprises. He elevated the public discussion of national small business issues, and brought to bear on these issues a lifetime of experience and a high order of technical skills in accounting, tax, and management. His ideas and initiatives were always sound and original and found overwhelming support in the small business community.

In 1980, Bill Barth was one of the significant participants in the White House Conference on Small Business, and headed up its task force on inflation. He was later appointed to the National Advisory Council of the Small Business Administration where he served with distinction on its tax and secondary market committees. In addition, he was a member of the Small Business Committee of the American Institute of Certified Public Accountants since its founding in 1981 and was coauthor of the small loan pension class exemption submitted to the Department of Labor in 1983.

Over the past 5 years, Bill Barth spoke out repeatedly before the Small Business and Tax Writing Committees of Congress, faithfully representing the interest of America's 14 million small businesses on the important tax and capital formation policy questions before them. Even at the time of his death Bill Barth was returning from an Atlanta meeting of the Small Business Committee of the American Institute of Certified Public Accountants, and was attempting to help organize a second White House Conference on Small Business.

Mr. President, through these attainments, Bill Barth has left a legacy of high regard for small business enterprise throughout the country. He will be remembered for this and for the high qualities of dedication, decency, and fairness with which he went about his work. The small business community has lost much with his passing and he will be missed. It is only fitting that Bill Barth has been chosen to be honored before those he represented so well—small business—as this year's small business "Accountant Advocate of the Year."●

IS THE U.S. SERIOUS ABOUT SOVIET TREATY VIOLATIONS?

● Mr. GARN. Mr. President, in his statement of June 1982 before the United Nations Special Session on Disarmament, President Reagan observed that, "agreements genuinely reinforce peace only when they are kept. Otherwise we are building a paper castle that will be blown away by the winds of war." The President's observation was correct, and it has direct bearing on the issue of how serious the Soviets will take the U.S. commitment to effective verification and treaty compliance.

The integrity of the arms control process as a means of promoting international stability and U.S. security interests is critically dependent upon the strict compliance of all parties bound by the agreements. Thus, the President's report to the Congress concerning Soviet arms control treaty violations raises serious questions regarding the Soviet commitment to genuine arms control and global stability. Included in the charges of Soviet noncompliance is the likely violation of the nuclear testing yield limit of the Threshold Test Ban Treaty.

I am, therefore, concerned with continued reports—the most recent being a New York Times story of March 23—that advisers in this administration responsible for arms control policy are counseling support for Senate ratification of the Threshold Test Ban and Peaceful Nuclear Explosions Treaties. It seems that some have adopted the Soviet line of reasoning to the effect that existing verification/compliance problems will be resolved once the Senate ratifies the agreements. This line of argument is clearly at odds with the facts; independent, effective verification cannot be achieved under the terms of the accords as currently constituted.

I can think of few actions that would so thoroughly undermine the credibility of the President's Treaty Violations Report or the credibility of this administration's commitment to verifiable arms reduction than support for Senate ratification of the TTBT and PNE Treaties. I would urge the President to hold his ground and continue to seek agreement with the Soviets on improved verification provisions, including meaningful on-site inspection, to insure that the United States can effectively and independently verify Soviet compliance with the nuclear testing treaties.

In addition to the New York Times article, I ask that a recent report from the Heritage Foundation, "A Flawed Test Ban Treaty," be printed in the RECORD for the consideration of my colleagues.

The material follows:

[From the New York Times, Mar. 23, 1984]

U.S. ENVOY LOOKS TO SOVIET TALKS ON A NEW CULTURAL EXCHANGE PACT

(By Bernard Gwertzman)

WASHINGTON, March 22.—Arthur A. Hartman, the United States Ambassador to the Soviet Union, said today that the two countries were involved in talks that "could lead to some kind of progress on the more serious issues."

He said he hoped for a resumption of talks on a cultural and scientific exchange agreement. Negotiations on exchanges and on establishing consulates in New York and Kiev were about to the revived last summer when President Reagan ordered a suspension in response to the downing of a South Korean airliner by a Soviet plane.

The exchange agreement expired in 1980 and was not renewed by the Carter Administration because of the Soviet intervention in Afghanistan. The establishment of the additional consulates was also canceled by President Carter.

In another East-West forum, the European security talks in Stockholm, the Soviet Union was said to be testing NATO interest in a statement renouncing the use of force to clear the way for a resumption of arms talks. [Page A8.]

Ambassador Hartman returned to Washington several days ago for the second time in less than a month to consult and to talk to outside groups in an effort to promote support for a more positive approach to dealing with the Soviet Union. He has been cautious on the possibilities because of what he perceives to be a power struggle involving the new leader, Konstantin U. Chernenko, and others in the Politburo.

"It is very difficult for me to say today what their policies are," Mr. Hartman said on the NBC News program "Today." "For one thing, I think that there are differences of opinion within Moscow. There is perhaps some competition for leadership."

Another official said the Government was debating whether to ask the Senate to approve two nuclear treaties with the Soviet Union. One, limiting underground weapon tests to the equivalent of 150 kilotons of TNT, was signed in 1974; the other, on monitoring nuclear explosions for peaceful purposes, was signed in 1976. They have never been acted on.

Kenneth L. Adelman, director of the Arms Control and Disarmament Agency, said in an interview, "There are people in the Administration who want to go ahead with these two treaties, and people who don't want to."

Mr. Adelman would not say what his position was, but other officials have said that Senate approval is being sought by the State Department and is opposed by the Pentagon, wth Mr. Adelman's position ambiguous.

He said the National Security Council had met twice on the subject.

Mr. Adelman said those advocating approval argue that a treaty signed by a President should be brought to the Senate for approval. A second reason cited for Senate action is that the United States and the Soviet Union have already agreed not to violate the 150-kiloton limit.

He said the advocates also argue that ratification would make it easier to verify compliance because each side would be required to turn over geological data about test sites and allow some on-site inspection.

Mr. Adelman said those opposed were dissatisfied with the verification aspects and felt that a Senate debate would divert attention from more important arms control talks.

In a report to Congress last January, the Administration said that, although information was questionable because of the difficulties involved, it was "likely" that there had been some Soviet underground explosions over the 150-kiloton limit. The Russians have also accused the United states of

violating the limit. Both sides have denied doing so.

Ratification by the United States was cited by Mr. Chernenko in a speech on March 2 as the kind of concrete measures by which the United States could "prove its peaceableness be deeds."

Mr. Hartman met with Foreign Minister Andrei A. Gromyko 10 days ago, and Secretary of State George P. Shultz conferred with Anatoly F. Dobrynin, the Soviet Ambassador, at about the same time.

"We have tried over the last little while to see whether or not it is possible to begin to get at discussions of some problems that separate us," Mr. Hartman said on the "Today" program. "We are trying to see whether it is possible through diplomatic channels to begin to deal with some of these issues.

"I think there is a readiness for dialogue. The question is, is there a readiness to sit down and really discuss substantive issues, for example, to go back into the arms control talks."

The Russians quit the talks after deployment of American missiles began.

"I think there is a readiness to discuss some of the bilateral issues," Mr. Hartman said. "I would hope, for example, that we would be soon able to talk more seriously about an exchange agreement. We are looking at a whole series of areas that perhaps could warm up the relationship, could lead to some kind of progress on the more serious issues."

He said there had been no discussion of a possible summit meeting.

"Our position on the whole question of a summit is that you have to to have something worthwhile to discuss," Mr. Hartman said. "We are now trying to see whether there are worthwhile things to discuss."

Lawrence S. Eagleburger, the Under Secretary of State for Political Affairs, speaking today in Birmingham, Ala., attributed the problems in relations with the Soviet Union to the absence of strong leadership in Moscow.

He said there had been three Soviet leaders during the Reagan Administration and "this flux in the Kremlin has severely hampered the give-and-take of diplomacy in general, and of our arms control negotiations in particular."

"Productive negotiations require flexibility, and flexibility requires leadership that is willing to make difficult decisions and accept responsibility for them," he said.

A Flawed Test Ban Treaty

INTRODUCTION

In 1974, the United States and the Soviet Union negotiated and signed the Threshold Test Ban Treaty (TTBT), which limited underground nuclear testing to a maximum yield of 150 kilotons. Although the Treaty has never been approved by the U.S. Senate, the two countries pledged to observe the terms of the TTBT. The signing of the TTBT, and two years later, the Peaceful Nuclear Explosions Treaty, was heralded by many as the beginning of the process leading to the long sought-after comprehensive ban on all nuclear testing. However, Soviet violations of the terms of the TTBT, combined with the lack of any verification guarantees, have caused the Treaty to become a symbol of the flawed premise of entering into international arms control agreements before securing ironclad verification requirements.

The TTBT bans underground nuclear tests for weapons that have explosive yields greater than the equivalent of 150,000 tons of TNT—over ten times the power of the bomb dropped on Hiroshima. If nuclear testing were limited, the hope was that the development of Soviet nuclear weapons would be limited, thus increasing U.S. security.

These hopes have floundered, as President Reagan's recent report to Congress on Soviet violations of arms control agreements clearly showed. Soviet noncompliance with TTBT, the Anti-Ballistic Missile (ABM) Treaty, and the Strategic Arms Limitation Treaty (SALT) increases the possibility that Soviet nuclear weapons could overwhelm existing U.S. forces.

Even if effective verification procedures were accepted by Moscow, the Soviets have achieved military advantages that strongly suggest that ratification of the TTBT would be inimical to U.S. security interests. To redress the worsening strategic balance, further testing is required to achieve a number of extremely important improvements in U.S. nuclear weapons technology. Testing at higher yields and the continued development of nuclear defensive systems are also required. The TTBT effectively prevents any of these necessary measures, and thus reduces U.S. security.

THE SOVIET TESTING RECORD

Since the TTBT was negotiated, it has been criticized alike by arms control apologists and by arms control skeptics. Arms control enthusiasts regard the 150-kiloton testing limit as much too high. Skeptics feel that the Treaty would freeze the great Soviet advantage in high-yield warheads, hinder U.S. efforts to undo the harm done by the "assured destruction" doctrine of the McNamara era,[1] and limit the U.S. to weapons not optimal for attacking hardened or protected military targets.

Skeptics also argue that the Treaty is basically unverifiable. The reason: a factor of two uncertainty exists concerning the method for estimating the yields of Soviet underground nuclear tests. Critics contend that, with current test measuring capabilities, a test at 150 kilotons would occasionally appear on the measuring instruments to be 300 kilotons, and more important, occasionally appear to be only 75 kilotons. Finally, the TTBT would prevent testing of nuclear weapons designed for the defensive purpose of attempting to minimize nonmilitary casualties and damage from a nuclear exchange.

When the first evidence of Soviet testing well above the TTBT limit came to light in 1976, the initial U.S. government response was to stop releasing reports of Soviet nuclear test yields to the public. The next step was a search for some scientific basis to cast doubt on the yield estimates themselves. In 1977, the Carter White House ordered the intelligence community to adopt a new methodology that in effect cut estimates of these yields in half. Within a year of this change, the Soviets nearly doubled the yields of their underground testing and again appeared to be in violation of the TTBT.

During this period there were press reports, since confirmed by the Reagan Administration, of Soviet tests with estimated yields (or central values, the middle of the range of estimates of possible yields) well above 150 kilotons.[2] The Carter Administration responded by withholding the facts and making misleading statements to the public. One explanation was: "There have been a number of Soviet tests of which the best estimate is that they are rather close to the 150-kiloton limit. Because there is almost a factor of two uncertainty in either direction, they could be bigger than 150 kilotons by quite a lot, or they could be smaller by quite a lot."[3] On the opposing side, Harold Agnew, former director of the Los Alamos Laboratory, stated that these "tests appeared to us to range as high as 400 kilotons, based on detection criteria in effect at the time of the initial agreement."[4]

The Reagan Administration is under pressure to ratify the TTBT. In May 1982, several U.S. Senators urged the President to ask for the ratification of the TTBT.[5] In response, the White House dramatically revealed U.S. concern regarding Soviet compliance with the TTBT. Then in July of 1982, Eugene Rostow, director of the Arms Control and Disarmament Agency, stated, "Indeed, we have real concerns about the number of tests conducted by the Soviets since the TTBT and Peaceful Nuclear Explosions Treaty (PNET) agreements were signed."[6] In March 1983, President Reagan told a news conference that "we have every reason to believe there have been numerous violations" of TTBT. In January 1984, the President released a report to Congress on Soviet arms control treaty violations, which noted ambiguities in the available evidence, but concluded that some Soviet tests constituted likely violations of the TTBT.

The Administration's position on the TTBT remains that the U.S. should not ratify the treaty unless the Soviets agree to improve verification procedures. The U.S., meanwhile, continues to adhere to the 150-kiloton limit, despite Soviet rejection of any further negotiations on the subject.

THE TECHNIQUE OF VERIFICATION

Determination of a Soviet treaty violation is based upon interpretations of signals received thousands of miles away from the Soviet test sites.[7] Seismic signals travelling such a long distance through the ground can be distorted substantially. This distortion is known as "path bias." Since the seismic waves from Soviet tests pass through geologic formations very different from those for U.S. tests, there is no assured basis for comparison. Any path bias assumption is at best an educated guess; there is no way of being confident that the estimate is accurate.

Seismic waves generated by different Soviet tests in the same area, however, would be subject to the same path bias, and thus can be compared to each other with great accuracy. This is significant because a pattern of Soviet testing at the same sites has developed that strongly suggests, in spite of the uncertainties inherent in U.S. estimation of Soviet yields, that the Soviets are in fact actually violating the TTBT. Most of the Soviet nuclear tests that appear to be over 150 kilotons occur in one area: The Shagan River test site in Eastern Kazakhstan in Central Asia.

Rather than directly challenge the Soviet Union, the Carter Administration decided in 1977 to introduce path bias assumptions into the calculations of Soviet test yields, thereby reducing their yield estimate[8] (see chart on page 5). Tests that had previously appeared to U.S. specialists to be in the range of 300 kilotons—a TTBT violations—were "corrected" by path bias and declared in compliance with the TTBT. In the words of one expert, "We [the U.S.] have normalized our criteria for detection in order to

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[1] Footnotes at end of article.

reconcile the seismic signals received to keep Soviet tests within the 150-kiloton limit." [9]

Within a year, the Soviets had begun testing at levels that again appeared to violate the TTBT by roughly a factor of two. Because these tests took place at the same test site, there was no doubt that the test yields had increased in a way that could be compared to previous tests. These tests had already been corrected for path bias and yet, again, appeared to be nearly twice the 150-kiloton TTBT limit.

The Soviet tests after 1978 are about twice as powerful as the tests conducted between 1976 and 1978. Thus, if the Soviet tests between 1976 and 1978 were in the 150-kiloton range, those after 1978 must be 300 kilotons or more—clearly in violation of the 150-kiloton limit.

If the post-1978 tests were under the 150-kiloton limit, the earlier tests must have been under 75 kilotons to account for the increased percentage. This would mean that the Soviet Union for almost three years was testing at less than half the negotiated testing limit. Given the Soviet record of stretching arms control agreements to their limits and beyond, the contention that they tested at such a low level for such an extended period strains credulity.

In fact, Soviet military requirements provide a great incentive for testing at the Treaty maximum or beyond. In the late seventies, the Soviet Union introduced a new series of improved intercontinental ballistic missiles (ICBMs), including the SS-17, SS-18 Mod 4, and the SS-19 Mod 3.[10] The megaton range yields associated with these missile warheads strongly suggest that it would have been unlikely for the Soviets to deploy these weapons without testing well above 150 kilotons. The incentive for future Soviet testing above the Treaty limit is the development and deployment of a new generation of warheads designed specifically to destroy U.S. missile silos.

Although questions concerning compliance cannot be resolved completely with currently available technical data, informed and reasonable judgments can be made. The pattern of testing indicates that Moscow continues to test at levels far above the TTBT limit but within the factor of two uncertainty the U.S. believes it can assess. U.S. estimates of Soviet yields already have been "corrected" once for path bias. Thus the inescapable conclusion, from a TTBT verification standpoint, is that the uncertainty factor on yield verification must approach four if the Soviets are to be judged in compliance. This serious technical uncertainty, combined with the Soviets' powerful military incentives to violate the Treaty, must call into serious question the desirability of its ratification by the U.S.

IMPROVING TTBT VERIFICATION

The fundamental problem with the TTBT, as with most arms control agreements, is verification. First, underground testing by its very nature precludes collecting the information about nuclear design and yield that could be obtained by observing the explosion. Second, the TTBT is the only modern arms control treaty that does not ban deliberate concealment that would impede verification. Under the TTBT, it is perfectly legal to conceal everything about a nuclear test and engage in deliberate deception. For example, exploding a nuclear device in a cavity tends to reduce its seismic signal and makes the explosion and its yield appear smaller than they are. No improvement in seismic detection would reduce significantly the margin of uncertainty regarding yields of underground nuclear explosions. The verification problem lies not in recording the seismic signals but in interpreting what those signals mean.

It would not be possible to eliminate all the uncertainty about Soviet nuclear testing yields even if all U.S. verification proposals were accepted. Moscow could still cheat. But reduction of the current margin through cooperative verification procedures could reduce substantially the military significance of possible Soviet cheating under the TTBT.

It has been suggested that adequate verification might be achieved because the TTBT specifies exchanges of data following ratification. Yields of two past explosions in each designated "geophysically distinct" (undefined in the Treaty) testing area would be exchanged. However, the Soviet Union could provide false yields if they were testing at above the 150-kiloton limit. Thus, such yield information would change nothing. Data about certain elementary physical properties of the test sites would be a secondary part of this exchange. Knowledge of these properties, even if assumed to be accurate, would be of little help unless the Soviets provided detail far beyond that specified in the Treaty. This is highly unlikely, given past and current Soviet attitudes.

The data exchange mandated by the TTBT could even worsen matters because it would create a legitimized channel for Soviet misinformation. There would be no verification that the data concerning calibration shots were correct.[11] The yield data the Soviets provide in two sets could be false and intended to give the impression that all Soviet tests were a lower yield.

What kind of agreement would improve yield estimation so that compliance with the TTBT could be verified? Clearly, ti would be necessary to obtain independently verified data that allowed less ambiguous yield estimates. The specific U.S. proposal is for a direct yield measurement obtained by inserting a cable down the emplacement hole into the vicinity of the explosion. The cable would measure the speed with which the explosion energy travels out through the ground, allowing much more accurate yield estimates. U.S. personnel would be required at Soviet test sites, and Soviets would monitor U.S. tests. Moscow, however, has rejected this approarch.

SOVIET COMPLIANCE WITH ARMS CONTROL AGREEMENTS

With adequate verification of the TTBT in doubt, the record of Soviet treaty noncompliance becomes even more relevant. It is no longer possible to doubt seriously Soviet violation and circumvention of existing arms control treaties. Said President Reagan, "I am sorry to say that there has been increasingly serious ground for questioning their compliance with arms control agreements that have already been signed and that we both have pledged to uphold."[12] Secretary of State George Shultz has characterized Moscow's behavior as a ". . . continuing practice of stretching a series of treaties to the brink of violation and beyond."[13] Nearly every agreement in this area has produced credible allegations of Soviet noncompliance.

When the Soviet Union apparently decided to conduct nuclear tests at yields that violated the TTBT, it did so after more than a decade of violations of the 1963 Limited Test Ban Treaty (LTBT). After an initial announcement by the Johnson Administration of a "technical violation" of the Treaty in 1964, the U.S. government neither insisted on Soviet compliance nor made any further announcements of additional LTBT violations. The Carter Administration refused to release any information concerning the Soviet venting of radioactive nuclear debris across its borders and even denied that such events violated the LTBT: "There have been venting cases in which radioactive nucleii have been detected outside the Soviet Union . . . again these are not clear violations. They are matters of stretching the limits of the agreement." [14]

The U.S. government, as early as the mid-1960s, signaled to the Soviet Union that it would not insist on strict Soviet compliance with arms control agreements. In addition, the Soviet Union saw the U.S. government rationalize a host of Soviet activities between 1973 and 1976 that either violated SALT I or circumvented its essential limitations. It would be understandable if the Kremlin concluded that the U.S. government would do nothing against Soviet testing above 150 kilotons. And indeed, the only U.S. responses were ineffectual démarches followed by predictable Soviet denials.

The Soviets soon may be able to deploy a new ICBM, contrary to SALT II Treaty limitations. It would have an advanced warhead, developed in violations of the TTBT, and would be defended by anti-ballistic missiles, in direct contradiction of the ABM Treaty. The lack of an American response to previous Soviet violations of arms control agreements enhances the possibility of this scenario.

THE TTBT AND U.S. SECURITY

Even if agreement could be reached assuring effective verification of the TTBT, serious questions arise as to the actual utility of limiting testing in the manner called for by the Treaty. Donald Kerr, Director of the Los Alamos Laboratory, has pointed out that "nuclear tests are essential for determining the proper functioning of nuclear explosives; calculations do not suffice, and there is no way to experimentally simulate the performance of a nuclear design." [15]

Because the U.S. has limited itself to very small missile systems, one objective of nuclear testing is to increase yield-to-weight ratios—the amount of nuclear explosive yields obtained from any given weight. Nuclear weapons are also frequently removed at random from the existing stockpile and tested to prove that they will have a given yield. Over the years the U.S. has conducted about 40 such tests.

In addition, the U.S. tests nuclear devices to correct problems that develop in weapons that have previously been placed in the stockpile. By 1978, there had been a dozen instances in which weapons required a nuclear test to repair a problem. If a problem with a nuclear weapon required a test over 150 kilotons, it could not be repaired under the TTBT.

The TTBT also limits development of new weapons types. New designs are constrained by the Treaty's test ceiling, and options for developing systems exceeding the 150-kiloton limitation must utilize existing designs to insure Treaty compliance.

The negative impact on U.S. security is even greater when probable Soviet TTBT violations are taken into account. Since 1978 the Soviets have conducted 15 nuclear tests that appear on U.S. instruments to have yields substantially above the 150-kiloton TTBT ceiling. The argument that no Soviet violations have occurred is technically plausible in the sense that one cannot prove it in

a purely scientific manner, but it is extremely unlikely in a practical sense when other factors are taken into account.

The limitations the TTBT places on nuclear testing must also be viewed in the context of historical nuclear strategies. The introduction of the mutual assured destruction doctrine in the early 1960s [16] resulted in the termination of most major weapons systems other than the Minuteman and Polaris programs. The development of small missile systems carrying small warheads, such as the Minuteman III and the Poseidon, produced a combination that does not have the yield and accuracy capability to destroy hardened military targets. This shortcoming has been exacerbated by the deployment of Soviet ICBMs with the ability to destroy hardened U.S. targets.

To counter this new threat to U.S. deterrence and nuclear stability, the Accelerated Test Program was begin in the U.S. during the 1970s. A primary objective of this program was to seek out and develop new options for higher yield weapons to destroy hardened Soviet targets. Testing of any of these new weapons would be precluded under the TTBT if their yields increased by a substantial amount.

Supporters of the TTBT have argued that testing new designs at the higher yields needed is no longer necessary because nuclear weapons development is at a technological plateau and further design improvements cannot be achieved. On the contrary, Robert Woodward, Associate Director of Nuclear Design, and W. F. Scanlon, Deputy Director of Military Applications at the Lawrence Livermore National Laboratory, point out that the so-called "plateau" is actually caused by the "imposed limits of the TTBT rather than the lack of anything technically new to be done." [17]

As a result of observing TTBT limitations, the U.S. has been forced to use older, less advanced designs for the MX and Trident II warheads because their tests were allowed at full yield only before the signing of the TTBT. There is a substantial risk in using these older plans. Very slight design changes often can improve dramatically the performance of nuclear weapons systems, rendering the older plans relatively obsolete. The warheads for the MX, Trident II, Mark 12A, the new bomb carried on the B-52, and the future B1-B bomber cannot be proof tested at full yield in their final deployed form under the TTBT. The MX, Trident II, and cruise missiles all have "options under research and development upon which nuclear testing has not been completed, and the U.S. would not certify them and place them into the strategic stockpile without having completed that nuclear testing." [18] Strategic deterrence systems have never been previously deployed with such uncertainties concerning their performance.

An additional problem facing the U.S. is the shortage of special nuclear materials, including plutonium and uranium-235, which comprise the basic building blocks of nuclear weapons.[19] This shortage might be averted through the development and deployment of higher kiloton nuclear warheads that use lower levels of special material to achieve their design yields. However, TTBT limits prohibit the testing, and hence the development and deployment, of these weapons with yields of more than a few hundred kilotons—precisely the type most needed today. The problem of critical nuclear material shortages, then, is exacerbated by the TTBT, thereby limiting the U.S. ability to meet the growing Soviet threat.

Besides requiring the use of older and less efficient designs for multibillion dollar strategic weapons, the TTBT limits the response to future Soviet military hardening programs. Any such Soviet fortifications will require the U.S. to deploy megaton and multimegaton yield weapons to maintain a credible deterrent.[20] It becomes imperative to test higher yield weapons systems that can penetrate these hardened targets because "it is not possible . . . to always accomplish the same objective with greater accuracy of delivery." [21] Yet there is no viable option of testing in this yield range.

Improved air defenses in the Soviet Union, not limited by any treaty,[22] also contribute to the need for larger testing yields. Bombers and cruise missiles must travel longer distances to overcome these air defenses, reducing the accuracy of their payloads. This in turn requires an increased yield from the weapons carried in order to offset the decreased accuracy if a target is to be effectively destroyed. The best response to this combination of new defense and hardened targets, the development of higher yield weapons, is precluded under the TTBT.

The ABM Treaty and the TTBT limits also essentially preclude the development of advanced U.S. defensive weapons, such as the ABM program and the so-called X-ray laser.[23] Yet Soviet ABM-related activites—research, testing, and radar deployment—create a real threat of violation or "breakout" from the ABM Treaty. There are four references to this possibility in the bipartisan Scowcroft Commission Report on Strategic Forces.[24] By violating both treaties, the Soviets may be able to deploy effective strategic defensive weapons, while the U.S., limited to exploratory research and development, will lack this capability. One option for meeting this threat would be for the U.S. to develop new strategic warheads, putting a great premium on nuclear testing above 150 kilotons.

CONCLUSION

When the U.S. revised its testing methodology in 1977, the Soviets responded by increasing their testing yields to over 300 kilotons. The Soviet Union apparently had some tests as high as 350-400 kilotons.

Testing at these yields enables the Soviet Union to develop new and improved nuclear weapons systems for its seemingly unending series of new missiles. At the same time, the U.S. limits itself to testing at 150 kilotons and cannot develop weapons suitable for use on its MX, Trident II, or Midgetman ICBM unless it adapts existing, older designs. The only other available option entails the serious risk that major new strategic systems will be deployed with warheads that will not deliver their expected yield because of the lack of appropriate testing.

When combined with the features of the SALT I and SALT II Treaties that favor the USSR, the TTBT gives Moscow a significant military advantage. This undoubtedly will grow with time. The Soviets have, in effect, boosted the yields at which they test. The higher the yields tested by the Soviets, the more the U.S. revises its methodology to legitimize these tests. The Soviet Union has tested and will continue to test at slightly more than twice the maximum allowable yield calculated by the U.S. at any given time. Thus, if the U.S. takes action in the future to legitimize Soviet tests now estimated at 300 kilotons or more, the Soviets will be able to test at 600 kilotons.

The TTBT is not verifiable and cannot be made verifiable by any procedure apparently acceptable to Moscow. The Soviets have rejected all negotiations concerning improved verification.

The United States, moreover, has sound national security reasons for not ratifying the TTBT. There is substantial evidence that the Soviet Union is cheating. The U.S. has clear military requirements for developing and testing weapons above 150 kilotons. If the current situation persists—in which the Soviets are probably testing at two to three times the Treaty limit—the U.S. will continue to fall behind the Soviet Union in strategic military power.

BRIAN GREEN,
Policy Analyst.

FOOTNOTES

[1] See *infra.*, p. 9.

[2] See, for example, Jack Anderson, "U.S. Can't Tell If Russia Cheats on Test Ban," *The Washington Post*, August 11, 1982, pl. C15; and Harold Agnew, "Detection of Nuclear Tests," *Science*, Vol. 220, pl. 142.

[3] Senate Armed Services Committee, Preview Budget Briefing Fiscal Years 1981-1985 Five Year Defense Program (Washington, D.C.: U.S. Government Printing Office, 1980), p. 37.

[4] Harold Agnew, *op. cit.*

[5] Rudy Abramson, "Senators Press Reagan on Two Nuclear Pacts," *Los Angeles Times*, May 26, 1982. Other prominent individuals and newspapers soon followed suit and urged ratification. See for example: Theodore C. Sorenson, "Test Ban and Epitaphs," *New York Times*, July 25, 1982; see also "Banning the Ban," *The New Republic*, August 16 and 23, 1982; "Nuclear Steps to Take Now," *The Christian Science Monitor*, August 6, 1982; "A Mistake on Nuclear Test-Ban Negotiations," *The Minneapolis Tribune*, July 25, 1982; and "The Tail of the Snake," *The Boston Globe*, July 23, 1982.

[6] Prepared Statement before the Senate Foreign Relations Committee, (Washington, D.C.: ACDA, Mimeo, 1982). Mr. Rostow's concerns become ironic with his calling for the Treaty's ratification.

[7] See "Soviet Violations of Arms Control Agreements: the TTBT," in *The Congressional Record*, May 19, 1983, pp. S7134-7139.

[8] Prior to 1977, no path bias was assumed.

[9] Harold Agnew, *op. cit.*

[10] The Defense Department, *Soviet Military Power*—1983 (Washington, D.C.: Government Printing Office, 1983), pp. 17-18.

[11] See Judith Miller, "Experts Split on Flaws in Pacts Limiting Nuclear Tests," *New York Times*, July 26, 1982.

[12] "Text of Remarks by the President to the Los Angeles World Affairs Council," (Washington, D.C.: The White House, March 31, 1983), p. 2.

[13] "U.S.-Soviet Relations in the Context of U.S. Foreign Policy," Statement before the Senate Foreign Relations Committee (Washington: State Department Mimeo, June 15, 1983), p. 8.

[14] Former Secretary of Defense Harold Brown, cited in Senate Armed Services Committee, *op. cit.*

[15] Dr. Donald Kerr, former Acting Assistant Secretary for Defense Programs, Department of Energy, current Director of Los Alamos Laboratory, testimony before the House Armed Services Committee, "Effects of a Comprehensive Test Ban on U.S. National Security Interests," (Washington, D.C.: Government Printing Office, 1978), p. 5.

[16] A detailed explanation of MAD may be found in the "Statement of the Secretary of Defense Robert S. McNamara before the Senate Armed Services Committee on the Fiscal Years 1969-73 Defense Program and 1969 Defense Budget" (Washington, D.C.: Government Printing Office, 1968), pp. 41-69.

[17] Letter to the Editor, *The Washington Post*, August 10, 1983.

[18] Admiral R. R. Monroe, Director of the Defense Nuclear Agency, testifying before the House Armed Services Committee, "Current Negotiations on the Comprehensive Test Ban Treaty" (Washington, D.C.: Government Printing Office, 1978), p. 104.

[19] See Arnold Kramish, "America's Plutonium Predicament," *Strategic Review*, Summer 1982, p. 48.

[20] The yields, for example, for the Poseidon and Minuteman III are only .04 megaton and .17 (or .335) megaton, respectively. Comparable Soviet weapons are in the megaton or multimegaton yield range. See Mark B. Schneider, "SALT and the Strategic Balance," *Strategic Review*, Fall 1974, p. 42;

and Colin S. Gray, "Of Bargaining Chips and Building Blocks," *International Journal*, Spring 1973, p. 287.

[21] Woodruff and Scanlin, ERDA, "Funding and Management Alternatives for ERDA Military Applications," p. 2.

[22] Air defense systems against air-breathing weapons, such as the manned bomber or cruise missile, are not covered under the ABM Treaty.

[23] The largest underground U.S. nuclear test was devoted to the development of an ABM warhead for the Spartan ABM. See Major General Edward B. Giller, "Nuclear Technology in Support of Our Strategic Options," *Air University Review*, November 1976, p. 33.

[24] Report of the President's Commission on Strategic Forces, April 1983, Brent Scowcroft, Chairman, pp. 10, 12.●

PERSECUTION OF THE BAHA'IS IN IRAN

● Mr. HUDDLESTON. Mr. President, the Kentucky General Assembly recently passed a resolution protesting the continuing persecution of the Baha'is of Iran.

Today, some 350,000 Baha'is in Iran, the nation's largest religious minority, live in fear and peril. Under an order issued last year, Baha'i religious activity was effectively banned and a legal foundation for charging all members of the faith with criminal activity set. A number of the Baha'i faith have been brutally executed by Iranian authorities and many others have disappeared.

As a cosponsor of Senate Concurrent Resolution 86, introduced last November, I believe it is incumbent upon us to continue to speak out on this denial of human rights and religious freedom in Iran and to continue to seek to bring world condemnation upon the Iranian Government for persecution of this nonviolent religious group.

I ask that the resolution passed by the Kentucky General Assembly be printed in the RECORD.

The resolution follows:

SENATE CONCURRENT RESOLUTION No. 14

A concurrent resolution requesting President Reagan, the Congress of the United States, and the United Nations Commission on Human Rights to continue their protest of the persecution and repression of the members of the Baha'i Faith in Iran.

Whereas the members of the Baha'i Faith have experienced severe repression and persecution since the inception of the revolutionary regime in Iran, and this persecution is growing in its severity; and

Whereas hundreds of Baha'is have been dismissed from their jobs or deprived of their businesses and trade licenses, and no children of Baha'i parentage have been allowed to register for school at any level; and

Whereas all Baha'i holy places, properties and cemeteries have been confiscated or distroyed; and

Whereas over three hundred Baha'is are currently imprisoned or have disappeared; and

Whereas over one hundred and forty Baha'is have been assassinated or executed in Iran since 1978, and those executed could have spared their lives by recanting their faith; and

Whereas in June of 1983 the authorities in Shiraz executed seventeen Baha'is, of whom ten were women and teenage girls who were devoted to the religious education of Baha'i children; and

Whereas the Iranian government issued an edict on August 29, 1983, outlawing Baha'i institutions and administrative bodies, and making membership in them a criminal offense; and

Whereas the Baha'i national administrative body of Iran, in compliance with the Baha'i principle of obedience to government, disbanded itself and some six hundred democratically elected local administrative bodies; and

Whereas despite the obedience of the Baha'is to the government of Iran, the arrest of Baha'is and the denial of their basic human rights continues; and

Whereas the members of the Kentucky General Assembly deplore the religious persecution of the Baha'is and the denial of their basic human rights; and

Whereas President Reagan, the Congress of the United States and the United Nations Commission on Human Rights have publicly condemned the persecution of the Baha'is of Iran: Now, therefore,

Be it resolved by the Senate of the General Assembly of the Commonwealth of Kentucky, the House of Representatives concurring therein:

That President Reagan, the Congress of the United States and the United Nations Commission on Human Rights be commended for their protest of the religious persecution of the Baha'is of Iran, and urged to continue that protest, and further, that copies of this resolution be delivered to President Reagan, to each member of the Kentucky Congressional Delegation, to the Secretary General of the United Nations, and to the Local Spiritual Assembly of the Baha'is of Lexington, Kentucky.●

AMERICA'S YOUTH AND NUCLEAR WAR

● Mr. GARN. Mr. President, it is sad to observe that Dr. Seuss, the talented author who has provided young and old with such marvelous entertainment as his book "Green Eggs and Ham" and has demonstrated such keen insight in "The Grinch Who Stole Christmas," has recently displayed a serious inability to make moral distinctions between freedom and totalitarianism. This lapse is clearly evident in his most recent book, "The Butter Battle Book."

Now, I am not in the habit of doing book reviews of children's stories, but I cannot fail to comment on the misguided message presented in this most recent work of Dr. Seuss. The story depicts the confrontation between two groups who are representative of Americans and Russians. Unfortunately, the principal thing that distinguishes the two sides from one another is the fact that the Yooks spread butter on the top of their bread while the Zooks spread it on the bottom. There is no moral dimension to the tension and dispute between the two sides—no recognition that the bottom line distinction in the real world is between freedom and totalitarianism.

The danger of this amoral message, which I suppose is intended to heighten our sensitivity to the "arms race" and the threat of nuclear war, is clearly identified in a recent commentary by Morton Kondracke. I would like to quote from Mr. Kondracke's commentary at some length. He writes:

Dr. Seuss neglects to inform children that there are real differences between the Yooks and the Zooks of this world. One side built the wall between them in order to keep its own people from moving to the other side. One side has repeatedly rolled its tanks into other countries to keep them enslaved. One side lets people speak, vote and worship freely; the other employs secret police and psychiatric prisons to keep people in line. One side is content to maintain the status quo in the world; the other side exports revolution and violence as a matter of principle.

The burden of Dr. Seuss's book is worse than the "Better Red Than Dead" message adopted by nuclear disarmament groups over the years. Dr. Seuss's message to American children is "Red? It's not so different." More subtly, the message is that to defend one's values is stupid, bigoted and dangerous to living things.

Mr. President, as a father, I am concerned by increasing indications that America's youth are being terrorized by a highly distorted view of the world that denigrates American military, including nuclear, preparedness, while failing to draw fundamental distinctions in purpose that divide the defenders of freedom from those whose only contribution to our world today are the symbols and substance of repression—the gulags and the Berlin Wall.

Mr. President, I ask that Mr. Kondracke's article be printed in the RECORD.

The article follows:

[From the Baltimore Sun, Mar. 21, 1984]

YOOKS, ZOOKS AND NUCLEAR TERROR

(By Morton Kondracke)

WASHINGTON.—It's perfectly appropriate—absolutely essential, in fact—for Americans to debate U.S. nuclear weapons policy. But is it necessary to terrorize and propagandize our children in the process?

The evidence is mounting that American children increasingly suffer from nightmares, depression and a fundamental conviction that they will not live long enough to grow up.

Some of the latest research is reviewed in the April issue of *Psychology Today*. One study, of graduating seniors from 130 high schools across the nation, by Jerald Bachman of the University of Michigan, showed that in 1975, about 7.2 percent of boys questioned said that they often worry about nuclear war, whereas in 1982, the figure was 31.2 percent.

Also in 1982, more than one-third of all high school seniors agreed with the statement "Nuclear or biological annihilation will probably be the fate of all mankind within my lifetime."

Psychology Today did not report on the attitudes of girls, but a Washington Post survey this February found that two-thirds of the female students interviewed feared that nuclear war would occur by the year 2000, compared to just under half of male students.

Fear of the U.S.-Soviet nuclear buildup was listed as the top concern of 64 percent of the young people (ages 13 to 17) interviewed by the Post. It ranked tops for just 43 percent of adults. Twenty-four percent of the young people said they had dreams about nuclear war, compared to 12 percent for adults.

This kind of evidence is often cited—especially by nuclear freeze groups—as an argument against President Reagan's nuclear policies.

But I think the real culprit in taumatizing children is the nuclear freeze movement itself, which has not been satisfied merely to conduct an adult debate on nuclear policy with the Reagan administration, but has used fear of a nuclear holocaust as a basic organizing tool.

It's perfectly true that administration officials spoke irresponsibly about the winnability of nuclear wars during their early months in office, but Reagan policies in fact have been little different from those of the Carter administration. Children had far fewer nuclear nightmares in 1980 than they do now.

The big changes occurring in the past three years are the rise of the freeze movement and the new attention that TV dramatists and movie producers have given to the topic.

Even more troubling than the terror induced in children are the ideological messages being given them by freeze advocates—most notably now by the legendary Dr. Seuss.

America's foremost writer of books for children—the man who gave us "Yertle the Turtle" and "The Grinch Who Stole Christmas"—has just published a new book, "The Butter Battle Book," whose not-very subliminal message to youngsters is that there is no essential difference between the United States and the Soviet Union, certainly none worth fighting for.

His characters aren't openly Americans and Russians of course, but Yooks and Zooks. They build a wall between them and then launch an arms race—all because Yooks spread butter on the top of their bread and Zooks spread it on the bottom.

As it's put by a Yook elder who works for the Zook-Watching Border Patrol, "You can't trust a Zook spreads bread underneath. Every Zook must be watched! He has kinks in his soul!"

In their enmity, the two sides first resort to slingshots to scare and deter each other, then cannons (like "the eight-nozzled, elephant-toted Boom-blitz" that shoots high-explosive sour cherry stone pits"), then airborne chemical warfare devices and, finally, the "Big Boy Boomeroo," which can blow them both to smithereens.

Dr. Seuss neglects to inform children that there are real differences between the Yooks and Zooks of this world. One side built the wall between them in order to keep its own people from moving to the other side. One side has repeatedly rolled its tanks into the other countries to keep them enslaved. One side lets people speak, vote and worship freely; the other employs secret police and psychiatric prisons to keep people in line. One side is content to maintain the status quo in the world; the other side exports revolution and violence as a matter of principle.

The burden of Dr. Seuss's book is worse than the "Better Red than Dead" message adopted by nuclear disarmament groups over the years. Dr. Seuss's message to American children is, "Red? It's not so different." More subtly, the message is that to defend one's values is stupid, bigoted and dangerous to living things.

Sure enough, such messages are getting through to America's youngsters. As *Psychology Today* notes, three years ago a group of teenagers founded the Children's Campaign for Nuclear Disarmament, which has generated thousands and thousands of letters to President Reagan asking him to stop building nuclear weapons.

The article notes that researchers have found that Soviet children also fear nuclear war, though less intensely than American children, and that they, too, take action to prevent it—such as writing letters to people in NATO countries.

Which means, of course, that the children of the world are being mobilized against American nuclear preparedness. In the name of humanity, who is writing letters to General Secretary Cherenko?●

ORDERS FOR WEDNESDAY

ORDER FOR RECESS UNTIL TOMORROW AT 10 A.M.

Mr. STEVENS. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 10 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR THE RECOGNITION OF CERTAIN SENATORS ON TOMORROW

Mr. STEVENS. Mr. President, following the time for the two leaders under the standing order, I ask unanimous consent that special orders be entered for not to exceed 15 minutes for Senators KASTEN and PROXMIRE.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER DESIGNATING A PERIOD FOR THE TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. STEVENS. Mr. President, I ask unanimous consent that following those special orders, there be a period for the transaction of routine morning business not to exceed the hour of 11 a.m., with statements therein limited to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURES—H.J. RES. 492 ON TOMORROW

Mr. STEVENS. Mr. President, it is my understanding that at 11 a.m. the Senate will resume consideration of House Joint Resolution 492, the urgent supplemental appropriations bill for the Department of Agriculture. Pending at that time will be the Bumpers amendment No. 2886 on which there is a 1½-hour time limitation.

The PRESIDING OFFICER. That is correct.

RECESS UNTIL TOMORROW AT 10 A.M.

Mr. STEVENS. Mr. President, may I inquire of my friend, the minority leader, if he has further business to come before the Senate?

Mr. BYRD. Mr. President, I know of nothing.

Mr. STEVENS. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the order previously entered, that the Senate stand in recess until 10 a.m. tomorrow.

The motion was agreed to, and the Senate, at 8:14 p.m., recessed until Wednesday, April 4, 1984, at 10 a.m.

HOUSE OF REPRESENTATIVES—*Tuesday, April 3, 1984*

The House met at 12 o'clock noon.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Praise the Lord! Praise God in His sanctuary; praise Him in His mighty firmament! Praise Him for His mighty deeds; praise Him according to His exceeding greatness!—Psalm 150: 1, 2.

We pray, O God, that whatever virtue may be ours, we will ever remember to give praise and thanksgiving for Your gifts to us. May we, O gracious God, begin and end each day with words of petition and intercession, and always, words of adoration and gratitude. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4072) entitled "An act to provide for an improved program for wheat."

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 2392. An act to authorize the President to appoint Donald D. Engen to the Office of Administrator of the Federal Aviation Administration.

PERMISSION FOR COMMITTEE ON RULES TO FILE CERTAIN PRIVILEGED REPORTS

Mr. MOAKLEY. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight, April 3, 1984, to file certain privileged reports. This is the rule on the budget resolution and the privileged report on House Concurrent Resolution 282, the first concurrent resolution on the budget for the fiscal year 1985.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. WALKER. Reserving the right to object, Mr. Speaker, I know of no reason to object, except I just wanted to find out whether the fact that we are going to have a late filing on the rule is an indication that we may have an opportunity to vote on several budgets, rather than the kind of process we went through last year where we only had a couple options. Some of us on the House floor are interested in having the option of voting on some budgets that would not necessarily come out of the leadership. Is that a reality that is possible under the gentleman's request?

I yield to the gentleman.

Mr. MOAKLEY. We are currently hearing the bill. We have 4 amendments and 10 substitutions and we are looking at them right now. My understanding is that there will be four or five different substitutes made in order.

Mr. WALKER. Mr. Speaker, I thank the gentleman, and I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

PERMISSION FOR MEMBERS TO HAVE UNTIL 6 P.M. TODAY TO SUBMIT AMENDMENTS TO THE BUDGET RESOLUTION

Mr. MOAKLEY. Mr. Speaker, I ask unanimous consent that all Members may have until 6 p.m. today to submit amendments to the budget resolution for printing in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

PRIVATE CALENDAR

The SPEAKER. This is the Private Calendar day. The Clerk will call the bill on the Private Calendar.

RESTORATION OF COASTWISE TRADING PRIVILEGES TO THE VESSEL "LA JOLIE"

The Clerk called the Senate bill (S. 1015) to clear certain impediments to the licensing of the vessel *La Jolie* for employment in the coastwise trade.

Mr. JONES of North Carolina. Mr. Speaker, I ask unanimous consent that the Senate bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

THE 2-PERCENT ALTERNATIVE BUDGET

(Mr. STENHOLM asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STENHOLM. Mr. Speaker, today I would like to put in a good word for the 2-percent solution, the alternative budget that will be offered this afternoon in the Rules Committee.

It is both fair and it provides a meaningful reduction in the deficit that we all talk so much about.

Mr. Speaker, $225 billion we propose can be reduced over the next 3 years.

Let me remind those who are going to be quick to criticize some of the specifics that this is the first budget resolution and it is a target. We are not talking about program suggestions. We are talking about a starting point.

To those who disagree on the numbers, let me say that I will be the first to join in doing better.

To those that are concerned about the taxes, we would say that we are proposing $2 in spending reductions for each $1 in new revenues.

To those who are concerned about the entitlement section, let me say in all sincerity that I believe that we will find throughout this Nation that those grandfathers and grandmothers that will be affected by this CPI minus 2 proposal are just as concerned about their grandchildren as they are the short-term problems associated with this particular item of our budget.

We believe that CPI minus 2 is a fair way to address this question. We believe that in the debate as we get into it that many Members of this House will come to agree.

Again, the 2-percent solution is a fair method of addressing the deficit. It is a starting point. Join me in supporting an alternative budget, the 2-percent solution that really does something to reduce the deficit.

BUDGET TIME IN THE HOUSE

(Mr. ROEMER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROEMER. Mr. Speaker, it is budget time in the House. There are three budget myths about which we must be careful this week.

Myth No. 1: Deficits are unimportant. Not true. The third largest item in the budget is interest on the national debt. Evidence grows that huge,

never-ending deficits, add to uncertainty, raise interest rates and hurt most enterprises. Ask any farmer or small businessman if high interest rates help or hurt. Deficits are important and our budget ought to make significant deficit reductions.

Myth No. 2: Not to worry, we can grow our way out of the deficit problem. Not true. The deficits are too big and too well entrenched. The most optimistic growth forecasts show $100 billion plus deficits in 5 years. Now, growth is essential and must not be hampered, but growth alone is not enough.

Finally, myth No. 3: We can reduce the deficit and lower interest rates without sacrifice. Not true. The military must be disciplined. Entitlements have to be trimmed. Other spending has to be controlled. Tax reform is overdue.

Everyone with a stake in a strong, healthy America, must give something in this process. Sacrifice—even Members of Congress will be asked to give up something, maybe something as precious as their own pet myth.

THE LATE PETER J. MURPHY, JR., PROFESSIONAL STAFF MEMBER, HOUSE APPROPRIATIONS COMMITTEE

(Mr. ADDABBO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ADDABBO. Mr. Speaker, it is with a sense of sorrow and deep personal loss that I announce the passing of my chief staff director on the Defense Appropriations Subcommittee, Peter J. Murphy, Jr.

Peter was born in Louisville, Ky., on November 23, 1924. He received his juris doctor degree in 1950 from the University of Louisville.

He served with the U.S. Marine Corps with great honor during World War II for over 3 years and was a tank commander with B Company, 3d Tank Battalion, 3d Marine Division. He served in the Guam and Iwo Jima invasions with total service in the Pacific area of over 26 months.

After leaving the Marine Corps, Pete was a special agent with the FBI for over 22 years. He worked primarily in counterespionage and general intelligence during his employment as special agent.

He joined our Committee on Appropriations back in 1968 and since June 1982, he has served as the staff director of the Subcommittee on Defense very ably.

Our prayers are with Peter and his wife, Eve, and his three sons and three daughters in this time of deep sadness.

GENERAL LEAVE

Mr. ADDABBO. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the life, character, and public service of Peter Murphy.

The SPEAKER pro tempore (Mr. MURTHA). Is there objection to the request of the gentleman from New York?

There was no objection.

□ 1210

AMENDMENTS TO PERMIT VOLUNTARY SCHOOL PRAYER, A BALANCED BUDGET, AND LINE-ITEM VETO

(Mr. GREGG asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GREGG. Mr. Speaker, at this time I would hope to offer a unanimous-consent request calling for consideration of an amendment to permit voluntary school prayer, and especially the balanced budget and line-item vetoes since this is the week of the budget.

The Chair has ruled that in order to make these requests I must have the clearance of the majority and the minority leadership. This request has been cleared with the minority leadership. I would now yield to a spokesman from the majority leadership for appropriate clearance.

Mr. Speaker, I hear no response. That should make it clear to the American people who stands in the way of these three important issues, and especially the issue of balancing the Federal budget: the Democratic leadership of this House.

INVESTIGATION OF CHEMICAL AND BIOLOGICAL WARFARE

(Mr. McCOLLUM asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. McCOLLUM. Mr. Speaker, today I am introducing a resolution which condemns the use and supplying of chemical and biological weapons and calls on the United States to take the lead in investigating the growing number of reports of the use of chemical and biological warfare in Iran and other parts of the world—and to take steps to bring these horrible and inhumane violations of international law to an end.

Last Friday the New York Times reported that "U.S. officials say they have obtained what they believe to be incontrovertible evidence that Iraq has used nerve gas in its war with Iran and is nearing completion of extensive sites for the mass production of the lethal chemical warfare agent." This is backed up by the findings of a U.N. scientific team which confirmed the use of mustard gas and tabun, a nerve gas. These recent developments follow reports from European hospitals that Iranian soldiers being treated there are suffering the effects of mycotoxins—commonly known as yellow rain.

The time has come for the United States to decisively respond to these grave reports about the use of chemical and biological warfare in Iran, Afghanistan, and southeast Asia. My resolution calls for the United States to increase its investigations of suspected instances of chemical and biological warfare—and to encourage the development of antidotes—especially for yellow rain. It also urges the United States to help U.N. investigators gain access to areas where the use of these weapons is suspected—and urges other nations to investigate suspected instances as well. Finally, it calls on the United States to negotiate with the Soviet Union and other nations to strengthen existing agreements and treaties regarding chemical and biological warfare by establishing an effective means to insure compliance with these longstanding international laws.

We cannot stand idly by and let these horrible moral and legal violations go on. I urge my colleagues to cosponsor this resolution and join together to bring worldwide pressure to stop this grave threat to our Nation and our world.

ANTI-SEMITISM IN AMERICA

(Mr. BIAGGI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BIAGGI. Mr. Speaker, I wish to share with my colleagues the findings of the 1983 report on anti-Semitism in America published by the anti-Defamation League of B'nai B'rith.

The report points to a significant decline in anti-Semitic incidents involving both personal violence and property vandalism. Specifically—there was a 41-percent drop in cases involving physical assaults and harassment and a 19-percent drop in incidents involving vandalism against Jewish institutions—businesses and homes between 1982 and 1983.

The ADL cites greater public awareness and concern combined with new State laws as the main reasons for the decline. Today 16 States have laws imposing stiff new penalties against persons who commit these crimes of religious violence and vandalism.

No one can—or should be satisfied until the evil of antireligious violence and vandlalism is wiped out. Even with the 1983 decline—there were still more than 1,000 incidents of anti-Semitism in this Nation—to me that is still unacceptable.

In 1981 I first introduced legislation to apply stiff new Federal penalties on those who engage in acts of religious violence and vandalism. In the 98th Congress, it is H.R. 473. It establishes graduated penalties for those convicted including life imprisonment in those cases which result in death.

Let us move to pass this bill so our efforts can continue to improve. Let us not wait for another synagogue to be desecrated or another priest or minister mugged before we take action.

DOWN-TO-EARTH BUDGET OF THE BUDGET COMMITTEE

(Mr. ALEXANDER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. ALEXANDER. Mr. Speaker, President Reagan's talent for avoiding responsibility for 3 years of deficit spending was recently compared to "that daring young man on the flying trapeze * * * flying through the air with the greatest of ease."

Unfortunately, this year Mr. Reagan's budget requires a leap of faith so awesome as to leave even the Flying Walendas trembling in their leotards.

While Mr. Reagan claims his budget will cut future deficits by $150 billion, the nonpartisan Congressional Budget Office has found little fact in this representation.

The budget reported by the House Budget Committee provides a far more realistic approach. It calls for equal sacrifices from all Americans. It requires new taxes to pay for new spending, and it reduces future deficits by twice as much as Mr. Reagan's budget.

The President may have accomplished a triple somersault on deficit spending in the past 3 years but his aerobatics dazzles everyone's computer.

Mr. Speaker, it is time to adopt a down-to-earth budget and that is the budget plan sent to us by the Budget Committee.

Mr. Speaker, the following tables summarize the CBO findings on the Reagan budget proposals:

TABLE 1.—REPUBLICAN DEFICIT REDUCTION PLAN, FISCAL YEARS 1984–87

[In billions of dollars]

	Republican estimate [1]	CBO estimate
Nondefense outlays	−$44	−$43
Tax revenues	+48	+48
Defense outlays	−40	+4
Interest outlays	−18	−12
Total deficit reduction	−150	−100

[1] Fiscal years 1985–87.

TABLE 2.—PROJECTED FEDERAL DEFICITS, FISCAL YEARS 1984–87

[In billions of dollars]

	1984	1985	1986	1987	Total 1984–87
Baseline/current services budget:					
Republican estimate (March)	$189	$194	$203	$214	$800
Original OMB estimate (February)	188	208	216	220	832
CBO estimate	189	197	217	245	848
Republican deficit reduction plan:					
Republican estimate	184	169	150	143	646
CBO estimate	186	181	184	198	749

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 5042

Mr. SEIBERLING. Mr. Speaker, I ask unanimous consent that the name of the gentleman from Arizona (Mr. McNULTY) be removed from the list of cosponsors of H.R. 5042.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

CONGRATULATIONS TO GEORGETOWN UNIVERSITY BASKETBALL TEAM

(Mr. WOLF asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WOLF. Mr. Speaker, we hear so much moaning and groaning and complaining and condemnation on this floor that I would like to bring something to the House floor today that everyone can agree on, and that is to commend the Georgetown University basketball team and their coach, John Thompson, and all of the members of the team for their outstanding victory. As a graduate of the Georgetown Law School I am particularly proud, but I know the people of the Washington metropolitan area are proud, too.

In closing, Mr. Speaker, I would also like to take my hat off to the University of Virginia and their basketball team that came awfully close. We are proud of both of these teams.

REFORM OF THE CRIMINAL JUSTICE SYSTEM

(Mr. GEKAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GEKAS. Mr. Speaker, there is no excuse, neither philosophical nor procedural, for any further delay in the consideration by this House of major issues, of major propositions having to do with reform of the criminal justice system.

We need in the Federal laws a death penalty statute to act as a deterrent and a punishment for an attempted Presidential assassination.

We need reform of bail procedures that too often lead to further crimes by people out on bail for a crime for which they are awaiting trial.

We need all kinds of reform in the criminal justice system not only for its sake alone but to send out that necessary signal to the criminal element that no longer are we going to tolerate the kind of freedom that they have against the citizens of our country, to prey upon them and to destroy homes, property, and lives.

We urge the Democratic leadership in the Judiciary Committee and from the Speaker's rostrum itself to do its job now and to make certain that the American public will be heard in the issues concerning criminal justice.

DEFICITS

(Mr. WALKER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WALKER. Mr. Speaker, again this morning we have heard the silliness expressed on the House floor of the fact that deficits are a Presidential problem and not a congressional problem.

Mr. Speaker, I think it should be clear to the American people that the problem of spending lies in this Congress. It is up to us in the budgets we adopt here and in the spending that goes along with those budgets to do something to resolve deficits.

□ 1220

The idea of coming to the floor here and suggesting that the President of the United States has some innate power in order to control deficits is, as I said before, silliness. What is happening in the committees of this Congress and what is happening on this floor shows that this Congress has no desire whatsoever to trim budget deficits. In the Committee on Science and Technology this morning we discussed energy authorizations. In order to get them just back to the President's figure we had to cut 5.7 percent of the authorization we had before us.

I offered such an amendment. It was rejected by an almost party line vote. We had a rejection of just getting it back to the President's budget deficit, which is $175 billion that we hear discussed on this floor.

It is high time that we recognize that what we are doing in this Congress is we are spending our way into the budget deficits. Unless we get some control of the spending patterns of this Congress we will continue to have deficits and the President will not even figure into the picture.

Mr. Speaker, I yield back the balance of my time.

NATIONAL POW/MIA RECOGNITION DAY

(Mr. BURTON of Indiana asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BURTON of Indiana. Mr. Speaker, it has now been over 11 years since the Paris peace accords were signed bringing an end to the Vietnam war. Unfortunately, we left one problem unresolved. We left nearly 2,500 men unaccounted for in Southeast Asia.

President Reagan has reaffirmed his commitment to obtain the fullest possible accounting for our missing Americans.

Secretary Weinberger has also said an accounting for our men is a matter of highest national priority.

Congress must also bring a proper sense of urgency to this issue.

Today we are considering under unanimous consent Senate Joint Resolution 171, the companion bill to Congressman GILMAN's House Joint Resolution 344 to declare July 20, 1984, National POW/MIA Recognition Day.

We must show the world we will not forget our servicemen.

We must affirm to the families of these men that we will not desert them.

As a nation, we cannot rest until each and every one of these men is accounted for and returned to the Nation for which they have made such great sacrifices.

I urge my colleagues to join me in sending this message across America, and across the world to Southeast Asia by unanimously passing Senate Joint Resolution 171 today.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to the provisions of clause 5, rule I, the Chair announces that he will postpone further proceedings today on the motion to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 4 of rule XV.

Such rollcall vote, if postponed, will be taken at the end of legislative business today.

TRUTH IN LENDING ACT AMENDMENTS

Mr. ANNUNZIO. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5026) to amend the Truth in Lending Act to impose a permanent ban on credit card surcharges, as amended.

The Clerk read as follows:

H.R. 5026

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the Federal Trade Commission and the Comptroller General jointly shall conduct a study to determine the various ways in which the cost of using credit cards can be borne directly by persons who use, or benefit from, credit cards.

(b) Not later than April 1, 1985, the Federal Trade Commission and the Comptroller General shall transmit a report to both Houses of the Congress containing—

(1) their findings and conclusions regarding the study conducted pursuant to subsection (a); and

(2) their recommendations for such legislative or administrative actions as are advisable.

SEC. 2. Section 3(c)(2) of Public Law 94-222 (15 U.S.C. 1666f note) is amended to read as follows:

"(2) The amendments made by paragraph (1) shall cease to be effective after May 31, 1985.".

The SPEAKER pro tempore. Is a second demanded?

Mr. WYLIE. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Illinois (Mr. ANNUNZIO) will be recognized for 20 minutes and the gentleman from Ohio (Mr. WYLIE) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Illinois (Mr. ANNUNZIO).

Mr. ANNUNZIO. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am bringing H.R. 5026 before this body in the utmost spirit of compromise. The legislation provides for a 14-month extension of the ban on credit card surcharges. In simple language, that means that a business could not charge a consumer an extra fee solely because the consumer paid with a credit card.

On February 27, the surcharge ban expired. And despite several attempts to renew the ban on an unlimited basis, this House and the other body have been unable to agree on legislation.

I favor a permanent ban on credit card surcharges. And I feel that a majority of Americans feel the same way. During hearings held last week by the Consumer Affairs and Coinage Subcommittee, there was widespread support for a permanent ban. However, when the subcommittee met in executive session to mark up the legislation, the gentleman from Ohio (Mr. WYLIE), the ranking minority member of the full Banking Committee, informed me that he had consulted with Members of the other body and he was convinced that the other body would not accept a permanent surcharge ban at this time. He consequently had several telephone conversations with the chairman of the Banking Committee of the other body, who, according to the gentleman from Ohio, would accept the legislation which we bring before you today.

Quite frankly, I would not have agreed to the compromise bill, which not only calls for a 14-month ban, but also a study by the Federal Trade Commission and the General Accounting Office on the whole credit card question unless I had received public reassurances from the gentleman from Ohio (Mr. WYLIE), that this legislation was acceptable to the other body.

I was fully prepared to move a permanent ban on surcharges. But with some 600 million credit cards in circulation in this country, and 7 out of 10 households using credit cards, I did not want to gamble with a further delay in enacting legislation to resolve the credit card dilemma.

Mr. Speaker, we must all face reality. We live in a credit card economy. More than $200 billion worth of credit card purchases were made last year, and that figure is expected to increase dramatically this year. And to those who believe that credit cards are only for the rich, let me point out that 41 percent of all adults in this country who earn less than $10,000 a year use credit cards. Nearly 50 percent of our senior citizens use credit cards, and well over one-half of the adult women in this country use credit cards. I would suggest that it is not the rich who are credit card beneficiaries, but rather it is the men and women of America who work hard for a living that use the convenience of credit cards.

How many Americans, for example, are able to pay cash for major repairs on their automobiles? If cash were their only choice, they might well not choose to use their car until they had saved enough money to pay for the repairs.

And what about vacations? How many Americans use a credit card for a few weeks of well-earned rest and budget the payments over a period of time?

I have received many letters from senior citizens living on fixed incomes who tell me that the credit card is a necessity, and in some cases a life-saving economic support system. Many senior citizens need credit cards for extra medical purchases when an unexpected health emergency arises.

And what about emergency travel plans? How many Americans can pay cash for long-distance airplane tickets when emergency travel is required?

And what will happen to our economy if a significant portion of the $200 billion a year in credit card usage is reduced?

To those who say that cash customers are subsidizing credit card customers because a merchant increases his prices to cover credit card costs, I would point out that there is no such proof that exists that this is the case

in reality. Even the Federal Reserve, in its credit card study of last year, could not find conclusive evidence of such subsidization. And even if such a belief were true, are we naive enough to believe that if merchants could surcharge a credit card the cost savings will be passed on to cash customers? Absolutely not.

We live in a real world and I know of no merchant who is going to give away his money or his profit to another customer. The cost savings will be passed right on to the pocketbook and the pockets of that merchant.

A small percentage of merchants in this country believe that surcharges should be allowed so that they can recover the service charge fee that they must pay to credit card companies.

□ 1230

Yet not one of these merchants that I have heard from has indicated that they would pass the savings on to a cash customer. Most have made it quite clear they would pocket the money themselves.

I do not understand why some merchants complain about the cost of accepting credit cards when there is clearly a course of action that will solve their problems. No one forces a businessman to accept a credit card. A merchant who is unhappy with credit cards should simply refuse to accept credit cards. He should put a big sign up on his window, "I don't accept credit cards." Some businesses have gone that route, and that is the proper way to deal with the problem.

Several witnesses who appeared before my subcommittee pointed out that the costs of a merchant accepting credit cards may actually be lower than a merchant who operates on a cash only basis. Bad checks cost businesses far more than credit card service charges. Insurance rates are much higher for businesses with a large cash volume. Cash requires security since it must be stored and transported to the bank periodically.

In addition, credit card accounting is much easier since the processing bank handles almost all of the paperwork.

I am not here today to sell businesses on credit cards. Rather I am here today to ask this body not to punish a large portion of the citizens of this country who use credit cards. This legislation will help people without punishing anyone. Under this bill the cash discount system, which I authored several years ago, will remain in effect. That system allows merchants to offer unlimited cash discounts.

However, a bill passed by the other body would limit cash discounts to only 5 percent and allow a 5 percent surcharge on credit card purchases.

No one has been able to explain to me why we should limit cash discounts to 5 percent. If a merchant wants to give you 10- or 20-percent discount for cash in order to stimulate sales, should we pass a Federal law barring such a practice?

I want to help, like you do. Every politician, every Member of this Congress is not elected by hurting people. We are elected by helping people. I want to help credit card users. I want to help the cash payers. I do not want to penalize either group, but the legislation passed by the other body not only hurts credit card users, but hurts cash customers and merchants as well.

To use a popular phrase in both advertising and politics of late, the question is: "Where's the beef?" The beef is in the House bill. The legislation from the other body also contains meat, but unfortunately that meat is all baloney.

We already have too much crime in America and in many States our prisons are so full that the courts are requiring that certain criminals be released prior to the completion of the sentence. The other body would create a whole new class of criminals so that in addition to the murderers, the rapists, the armed robbers, the kidnappers, the child molesters, we would now have the cash discount criminal who, under the other body's legislation, would be fined $5,000 and sentenced to a year in jail for giving a customer a 6 percent cash discount of a 7 percent cash discount. I thought we were trying to fight crime in America, but apparently there are some lawmakers who do their very best to create crime in America and that is exactly what the other body has done in their legislation when they limited cash discounts to 5 percent.

I realize there are many Members who feel that they do not have all of the facts concerning credit card surcharges, and that is why the study approach has been suggested. The Federal Reserve did contract out an earlier study, but even supporters of that study recognize that it has serious flaws. The study provided for in H.R. 5026 would provide direct congressional input to the study through the GAO. Such a procedure will make certain that the study is conducted so as to give Members of this House and the other body full and complete information on which to base legislative judgments.

Although the title of the study is quite limited in the legislation, it is my intention that the study should be as broad as possible on the question of credit usage and cost, to the credit cardholder and the business accepting such cards.

For example, is the extra income generated to a business by credit card sales enough to offset the service fee charged to businesses by credit card companies? We also need to know the cost of credit card transactions versus those of checks and cash.

In short, we need a comprehensive study dealing fully and completely with the costs of credit cards and a determination as to how to make the beneficiary of credit card usage pay for it without hurting the cash customer.

The legislation before the Members today will provide this body with the time and the information to make an informed judgment rather than forcing this body to make a snap judgment which could have drastic results.

I know that many Members have received correspondence from their constituents urging a permanent surcharge ban. I support that position, although such an objective will be difficult, given the stance of the other body.

I honestly feel that those credit cardholders who are writing the Members asking for a permanent ban will be willing to settle for the 14-month temporary ban while Congress obtains this additional information. By voting for this legislation today, you will be able to respond to those letters in a very positive manner.

However, if this legislation is defeated, I predict the letters we are now receiving will only be a small portion of the millions and millions of letters and cards that will be pouring in protesting legislation action that will hurt many and will help no one.

I want to urge my colleagues as your chairman of the Subcommittee on Consumer Affairs and Coinage, I want to urge you from the very bottom of my heart that before you cast your vote think seriously about what you are doing today. This legislation is very important legislation to millions and millions of Americans who are becoming disgusted, who are becoming disoriented from the political processes in this country, because every time they turn around the Congress is saddling on their back additional costs. They are paying additional State taxes, they are paying additional city taxes, they are paying more and more taxes to the Federal Government. And now we are saying to these millions of Americans that if you purchase by a credit card that we are going to charge you an extra 5 percent, therefore contributing to the erosion of the greatest standard of living that the world has ever known, because the less money that people have to spend, the more and more erosion of the standard of living.

So I want to say to my colleagues in the House today to vote "aye" on this legislation. Let us have a study for 14 months. Let us come back at the end of 14 months to protect the best interests of the cash discount customers and to protect the best interests of those people who are already paying excessive charges for the privilege of using their credit cards. But if people

want to pay an excessive charge to use their credit cards, that is their own business. It is not my business, but it is my business as chairman of the Subcommittee on Consumer Affairs to make sure that no additional charges are placed on this person carrying a credit card that winds up into the pocketbook of the merchants.

□ 1240

So I ask my colleagues today to vote "aye" on H.R. 5026.

The SPEAKER pro tempore. The gentleman from Illinois (Mr. ANNUNZIO) has consumed 16 minutes.

Mr. WYLIE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 5026 with the amendment offered by the chairman of the Subcommittee on Consumer Affairs, my good friend from Chicago, FRANK ANNUNZIO. It is a compromise that we agree is important to resolve both a short-term problem and a longer term question about the regulation of charges for the use of alternate methods of payment. I know of the strong feelings of the gentleman from Illinois on this issue. I also know of the strong feelings of the Senator from Utah (Mr. GARN), two gentlemen firm in principle. So I want to commend Chairman ANNUNZIO for expeditiously moving this legislation to the House floor and for his willingness to work together to forge a pragmatic compromise.

H.R. 5026 as introduced calls for a permanent ban on credit card surcharges, but my substitute amendment, which Congressman ANNUNZIO accepted—but, as he said, only after I had talked to the gentleman from Utah, Senator GARN, and received an agreement from him—passed the Consumer Affairs Subcommittee unanimously last week. The amendment provides for a temporary extension of the surcharge ban and requires the Federal Trade Commission and the General Accounting Office to do a study to determine various ways in which the cost of using credit cards can be borne directly by persons who use or benefit from credit cards. During the course of the subcommittee deliberations, I had several conversations with the distinguished chairman of the Senate Banking Committee, Senator JAKE GARN, and he agreed that the language before us today was a reasonable compromise. Hopefully, the other body will act on this bill quickly and bring some sense of order to a situation which has the potential for being quite disorderly.

For the immediate future, we believe it is most important to continue the Federal prohibition surcharges on payments by credit card. A part of the problem is that every State has laws and regulations affecting any retailer who might try to put a surcharge on credit card transactions. The laws are not uniform in application, however, with the expiration of the Cash Discount Act on February 27, 1984, many people have already been given the wrong idea that surcharges are now unregulated by any level of goverment. H.R. 5026 makes it clear to everyone that there is a law which applies to all 50 States against the practice, at least until May 31, 1985.

Congress has a very important responsibility to regulate interstate commerce. Without this legislation today there is no uniformity under the law for different kinds of credit cards. We have not agreed to make this extension of the law permanent, however, because as we learned in testimony before the Subcommittee on Consumer Affairs, there are several different issues involved here.

Different kinds of credit cards are regulated differently, even though most of them are used interchangeably by consumers and often accepted without discrimination by sellers. Cards issued by banks are regulated, under the National Bank Act; cards issued by commercial firms are regulated by the laws protecting cardholders in different jurisdictions; and the travel-entertainment card issuers have carefully avoided calling their cards credit cards to bypass the regulations affecting all the others. This situation requires congressional action because there is an unequal application of the laws to a common commercial practice that is very important to the growth and prosperity of our national economy.

The issue at hand is not so much whether there should be surcharges for the use of credit cards, but how to permit transactions costs and finance costs to be legally distinguished. There is an obligation that Congress should fulfill, to let the States regulate finance charges as they will but to provide for interstate commerce in a uniform regulatory environment as regards transactions charges.

The regulation of finance charges by the Truth in Lending Act and the various usury laws of the 50 States demonstrate a traditional public interest in a standardized way to disclose the terms of credit and equitable dealings between borrower and lender; but most of the costs associated with the use of credit cards are not the costs of lending. The costs of processing the transactions, not of financing them, are most relevant. Clearly the short period between purchase and payment that the cardholder enjoys is a financial benefit, but this is also true of payments from a checking account. The costs of checking accounts are considered transactions costs, not finance costs.

Should cards that extend credit be regulated differently from cards that extend credibility? To the extent a credit card is like an identification card, guaranteeing a merchant payment for his goods, it is more like a check drawn on a demand deposit than like a loan from a bank. Should cards issued by banks be regulated differently from cards issued by retail stores, major oil companies, or financial service conglomerates that do not engage in commercial banking? These are questions that need to be answered.

The other proposal the Subcommittee on Consumer Affairs considered, S. 2336, would have let the free market have a wider latitude in setting retail prices differently for payments by check or by credit card. The subcommittee, however, has agreed the issue is not whether the free market should set prices—it already does that. The issue is whether the procedures of the Truth in Lending Act, which require a universal disclosure procedure, are consistent with a different situation; namely, identifying and recovering the costs of transactions under different payment methods. A genuine free-market answer would permit a variety of ways that suppliers and consumers could do business. A law that expects sellers to act as collectors for the costs of card issuers, by means of surcharges or by a generally higher business overhead to pass the costs on to consumers, is not a free-market answer.

This legislation, H.R. 5026, asks the Federal Trade Commission and the Comptroller General to conduct a study to determine the various ways in which the cost of using credit cards can be borne directly by persons who use or benefit from them. The costs and benefits have to be considered in the context of our full payments system. One of the main arguments of those who favor the imposition of surcharges for the use of credit cards is a belief that there is a subsidy, paid by nonusers, for the benefits to both consumers and merchants who use and accept credit cards. It seems more cogent, however, that what may look like a subsidy is in fact just a third party collection technique imposed by laws and regulations.

We need a microeconomic study of the impact of regulation. It is regrettable that we must delay 1 year finding the correct path for permanent legislation, but the testimony we heard before the subcommittee last week demonstrates there are many possible ideas for reforming laws and regulations both at the Federal level and the State and local levels.

We want the two agencies we believe are most competent to explore the problem to give us their advice after a thorough and impartial review of every interested party's evidence. The Federal Trade Commission has special expertise in the area of competition and interstate commerce; the General Accounting Office has special exper-

tise in the impact and administration of Government programs and regulations; and each agency is well suited to evaluate and recommend changes.

We trust the agencies will make extensive use of the research the companies who offer consumers various payment cards and devices have already done over many years, to keep the costs of this study down. Our Banking Committee staff will be available to consult with the agencies to assure that the study, as it proceeds, will be exactly what Congress is looking for to enact permanent legislation in this area next year.

We expect that in 1 year, the Federal Trade Commission and the Comptroller General will be able to make specific and practical recommendations to the Congress for changes in Federal law that will permit us to establish a uniform national regulatory environment for the various means of indirect payment, which do not use money. In common parlance, we talk about using credit cards; but we in fact are concerned with all forms of payment that do not use cash or checks—what some flippantly call plastic money. We believe that an impartial evaluation of the conflicting issues and claims that were presented to our subcommittee will be able to resolve them in the public interest. Congress must fulfill its constitutional duty of regulating interstate commerce so that a nationwide market can function efficiently for not only the current methods of paying for goods and services without cash but also the new systems and methods that we already know are being designed.

A new, uniform Federal regulatory environment for noncash payments must take a forward-looking perspective. One hundred years ago, demand deposit accounts in banks that could be transferred by check were just beginning to emerge as a modern convenience in payments. Today we are witnessing more rapid progress and diversity in our financial services industry than ever before.

Mr. Speaker, I urge the immediate approval of this bill, to provide for the temporary extension of the ban on credit card surcharges and for a report from the Federal Trade Commission and the Comptroller General about what we can best do by May 31, 1985, to create a uniform nationwide system of regulation for all payment devices and alternatives to cash.

Mr. Speaker, I reserve the balance of my time.

The SPEAKER pro tempore. The gentleman from Ohio (Mr. WYLIE) has consumed 6 minutes.

Mr. ANNUNZIO. Mr. Speaker, I yield 3 minutes to my distinguished colleague, the gentleman from Massachusetts (Mr. FRANK), a member of the full Committee on Banking, Finance and Urban Affairs.

Mr. FRANK. Mr. Speaker, I very much appreciate the gentleman's yielding to me since he knows that, despite my great respect for him, I disagree with him on this bill.

Having listened to that stirring tribute to the act of patriotism that is implicit in the carrying of a credit card, I am reluctant to oppose the gentleman, and I certainly do not want to demean the deep-rooted Americanism that motivates people to use their credit cards.

But I think it would be a mistake for Congress to dictate to the retail industry what they should and should not do with regard to this very basic marketing decision.

I would disagree that those of us who are going to vote no, as I am, are seeking to impose any cost on any particular group of consumers. The question is whether the Congress and the President should decide that we know better than the retail industry what the pricing ought to be in literally millions of transactions throughout the country in hundreds of thousands of retail establishments.

It may or may not be cheaper or more expensive for people to use credit cards versus cash in various locations. It may or may not be in the interest of the retailer to impose a surcharge for credit cards. We do know that among the industries in this country where competition appears to work the way the free enterprise model would have it work is the retail industry.

It would seem to me ironic for so many of my colleagues, who are great advocates of deregulation in principle, to vote for what would be one of the most onerous regulations; namely, to say that for the next 14 months, while we are studying it, no retail merchant anywhere may decide that he or she wants to charge a certain amount for the use of a credit card. That does not seem to me the kind of decision that we ought to preempt.

I must say I was struck by some of the commercial entities—I believe the American Bankers Association wants to impose this congressional enactment; I know American Express does. I would just urge my friends, the bankers, the next time they come around and tell us how legislatively enacted interest-rate ceilings are a terrible interference with the market, and when they tell us also again about how important the free market is, that they might remember that when some of the bankers had an interest in preventing the free market from working, they had no hesitation in coming to Congress.

Now, not everything in America is taxes. Let us be very clear about that. Hypocrisy remains free. There is no tax whatsoever on hypocrisy.

But I think we ought to be clear what we are doing. We are being asked, in the teeth of all of the rhetoric we get about deregulation, to say, with regard to a competitive industry, retailing, we the Government of the United States will make for you this pricing decision in every way. It seems to me a retrograde step, it seems to me that the economy works better if we allow the market, when we have genuinely competitive systems, to work.

I appreciate the kind of compromise the gentleman is attempting to forge. I think there are positive elements in it. And I regret having to be the unpleasant one at this bipartisan party that is apparently both bipartisan and bicameral. But as much as it has been sugar coated, the fact remains the Members are being asked today to set themselves up as the super supermarket, super retail establishment of American, and we are being asked that we vote yes to make the decision for every retail transaction that is to go on in the United States in the next 14 months, that it cannot include a surcharge for a credit card.

□ 1250

I think we ought to study this, but I think we would get a much better study, and the gentleman has said, and I will finish with this, that we do not have people that are likely to put it into effect.

Let us experiment with the surcharge being allowed and then we will have some real evidence to measure.

● Mr. DREIER of California. Mr. Speaker, I rise in opposition to H.R. 5026, and urge my colleagues to join me in protecting consumers from any further extension of a credit card surcharge ban.

This is one of the few occasions when consumer groups, the Reagan administration and the Federal Reserve Board are in complete agreement. A ban on credit card surcharges, they argue, forces merchants to pass on the costs of processing credit card purchases to cash and credit customers alike. In other words, the ban forces low- and middle-income cash customers to subsidize wealthier credit customers.

Clearly, then, a vote against H.R. 5026 is a proconsumer vote. Rather than extend the ban for another year while we wait for a joint Federal Trade Commission/General Accounting Office study on alternatives to the ban, we should give cash consumers the price relief they deserve today and let the marketplace determine the costs to those who prefer to use credit cards.

I urge my colleagues to cast a nay vote and take this important step to protect the American consumer.●

● Mr. PARRIS. Mr. Speaker, we are so used to spending billions and billions of dollars of taxpayers' money that this extension of the statutory ban on the imposition by merchants of

surcharges to customers who use credit cards may seem such a little thing.

But I hasten to assure you this is no little thing to the American consumers.

Passage of H.R. 5026 will reimpose through May 31, 1985, the credit card surcharge ban that expired February 27 of this year. Passage also will trigger a study by the appropriate agencies of the Federal Government to determine how best to develop a uniform, nationwide system of regulating credit card payments.

The regulations now differ depending on whether it is a bank card, a travel card, and so on to the point it seems as if the same committee of architects that built the tower Babel sat down at a table and, without understanding one another, drafted these regulations.

Often we hear in these Chambers the cry, "Give the consumers a break." Well, this will give them a break.

If we extend this ban, the situation will be this:

Merchants can continue to use a two-tiered pricing method, charging customers who pay cash a lower price than the posted regular price. But they will not be able to charge credit card customers a price higher than the posted price.

That is all in the world this does. And I for one believe it is in the best interest of the American consumers. And I hope H.R. 5026 will be supported by this House.●

● Mr. SMITH of New Jersey. Mr. Speaker, I am pleased to lend my support today to H.R. 5026, the Truth in Lending Act amendments.

As a strong and consistent opponent of credit card surcharges, I want to commend my colleague from Illinois (Mr. ANNUNZIO) for his initiative in bringing this legislation—which will extend the ban on credit card surcharges to May 31, 1985—before the House today.

Mr. Speaker, Congress first banned surcharges in 1976 for a 3-year trial period. The ban was extended in 1979 for an additional 2-year period. In 1981, I joined the vast majority of the House, 372 to 4, in extending the ban for 3 years. On November 16, 1983, I once again voted for legislation, H.R. 4278, to extend the ban until July 31, 1984. Similar legislation was passed in the Senate, however, the conference committee designated to resolve the difference in the two bills was unable to do so prior to the expiration of the ban on surcharges which occurred on February 27, 1984.

In 1981, when Congress voted to extend the surcharge ban for 3 years, we also removed the 5-percent limitation on cash discounts so that merchants would be allowed to offer unlimited cash discounts if they desired. I believe that the combination of a ban on credit card surcharges and the allowance of unlimited cash discounts has served us well.

Mr. Speaker, according to a survey of the Federal Reserve, 10.7 percent of all retailers who accept credit cards now offer cash discounts. Many of those merchants offer discounts greater than 5 percent. The Federal Reserve study also found that 71 percent of merchants thought that surcharges were a bad idea. In light of this information, the evidence appears overwhelming that we should continue to ban credit card surcharges while allowing merchants to offer cash discounts.

We are a nation of credit card users with more than 600 million credit cards in circulation in this country. Every year more than $200 billion is charged on credit cards. These credit cards are not just luxuries that only the rich can afford. One of four adults with incomes below $10,000 are credit card users, while nearly 50 percent of our Nation's senior citizens use credit cards.

I am very concerned about our senior citizens, and for that matter many other citizens, who need credit cards because they do not want to go around with large amounts of cash and run the risk of being robbery victims. A surcharge may pressure these individuals into carrying more cash and thus make them more vulnerable to criminal attacks.

There are several additional disadvantages in allowing merchants to tack on a surcharge to their customers who pay with credit cards. The possibility of price confusion regarding an advertised item would be enormous. Merchants would be offering regular prices, surcharges, and discounts. In effect, people would either be paying the discount price or the surcharge price. Few people, if any, would actually wind up paying the regular price.

Mr. Speaker, the amount of business in many stores has actually increased because customers may use credit cards. As we all know, it is an elementary principle of economics that as volume increases merchants are able to offer lower prices.

Congress has repeatedly approved the use of cash discounts and the ban on surcharges. This system has served us well. Therefore, I am pleased that we have had the opportunity to take this positive action on behalf of both consumers and merchants today. I am hopeful that the Senate will soon concur so that we can finally resolve this situation and alleviate the legitimate concerns of millions of Americans.●

Mr. WYLIE. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. ANNUNZIO. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois (Mr. ANNUNZIO) that the House suspend the rules and pass the bill, H.R. 5026, as amended.

The question was taken.

Mr. FRANK. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Pursuant to the provisions of clause 5, rule I, and the Chair's prior announcement, further proceedings on this motion will be postponed.

The point of order of no quorum is considered withdrawn.

AUTHORIZATION FOR APPROPRIATION OF MARITIME PROGRAMS FOR FISCAL YEAR 1985

Mr. MOAKLEY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 470 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 470

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4706) to authorize appropriations for fiscal year 1985 for certain maritime programs of the Department of Transportation, and for other purposes, and the first reading of the bill shall be dispensed with. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Merchant Marine and Fisheries, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER pro tempore. The gentleman from Massachusetts (Mr. MOAKLEY) is recognized for 1 hour.

Mr. MOAKLEY. Mr. Speaker, I yield the customary 30 minutes to the gentleman from Tennessee (Mr. QUILLEN) for purposes of debate only, pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 470 is the rule providing for the consideration of H.R. 4706, the authorization for maritime programs of the Department of Transportation for fiscal year 1985. It is completely open and provides for 1 hour of general debate. No waivers of points of order are included.

Finally Mr. Speaker, upon conclusion of consideration of the bill for

amendment the rule provides for one motion to recommit.

Mr. Speaker, H.R. 4706 is an annual authorization that permits the appropriation of funds for certain maritime programs administered by the Maritime Administration. The total amount of the authorization is $468.5 million. Most of the funds authorized would go to the payment of operating differential subsidies. These subsidies are paid to U.S. companies to enable them to operate U.S.-flag ships competitively in the U.S. foreign trade by offsetting the excess of U.S. ship operating costs over comparable foreign ship operating costs.

In addition, H.R. 4706 would authorize funds for research and development and operating and training. Also, H.R. 4706 would make funds available to aid the six State maritime academies to help pay the cost of fuel for training vessels, and to complete the conversion of a training vessel to replace the *Bay State*, the Massachusetts Maritime Training Academy's vessel that was destroyed by fire.

Mr. Speaker, this is a worthwhile authorization for programs which I have enthusiastically supported over the years. I urge adoption of the rule so that the House will have an opportunity to consider this legislation.

Mr. QUILLEN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the rule has been ably explained; it is an open rule. If there is any controversy at all, it can be discussed during the debate on the bill itself. The rule is not controversial. The bill is important, authorizing appropriations for the various maritime programs; and, Mr. Speaker, I urge the adoption of the rule and the bill on final passage.

Mr. Speaker, I have no requests for time, and I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I have no further requests for time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore. Pursuant to House Resolution 470 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 4706.

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4706) to authorize appropriations for fiscal year 1985 for certain maritime programs of the Department of Transportation, and for other purposes, with Mr. MITCHELL in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from North Carolina (Mr. JONES) will be recognized for 30 minutes and the gentleman from Kentucky (Mr. SNYDER) will be recognized for 30 minutes.

The Chair recognizes the gentleman from North Carolina (Mr. JONES).

Mr. JONES of North Carolina. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, before discussing the bill before us, to which I rise in strong support, I would like to express appreciation to the gentleman from Florida (Mr. PEPPER) and the Committee on Rules for expediting their consideration of our request for a rule. It has been too long since an authorization for the Maritime Administration has been enacted, and with the help of the Rules Committee, I believe that this year we present an unburdened bill that will be sent to the President.

The authorization bill before us is a routine Maritime Administration authorization for appropriations, and the total amount authorized is $468,557,000. The sums requested are generally in the same amounts as those line items were requested by the Administration with a few minor exceptions. The exceptions are: The addition of $3 million for fuel oil assistance to the State maritime academies; the addition of $77,000 for student incentive payments; and the addition of $5,000,000 to provide adequate funding for the conversion of a vessel for use as a school ship by the Massachusetts Maritime Academy.

The bill, as reported, contains no legislation other than to identify sums authorized to be appropriated for the Maritime Administration.

Mr. Chairman, H.R. 4706 authorizes levels of appropriation more than $17 million below those appropriated for 1984, a drop of about 4 percent. It represents a responsible authorization providing for a minimal program, given the strategic importance of the U.S. merchant marine. I ask my colleagues to join me in support of H.R. 4706.

Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. BIAGGI).

Mr. BIAGGI. Mr. Chairman, I thank the chairman of the full Committee on Merchant Marine and Fisheries for yielding this time to me, and I also commend him for his work in connection with this legislation.

Mr. Chairman, I rise in support of H.R. 4706. This is a routine annual authorization bill that authorizes appropriations for certain maritime programs administered by the Maritime Administration of the Department of Transportation for fiscal year 1985. These programs are related to the development of the foreign and domestic commerce of the United States and the national defense through an adequate and capable American merchant marine.

I am pleased to report that this bill does not contain any nonfiscal matters and that it closely parallels the administration's budget submission. The administration requested an authorization level of about $460.5 million. The bill before us authorizes a total of $468.5 million or about $8 million above the administration's request. I believe that the additional funding that we are providing is necessary, is reasonable, and is fiscally responsible.

The $8 million difference will provide: $3 million for financial assistance to the State maritime academies for fuel oil for the operation of training vessels; $77,000 for the retention of existing funding for student incentive payment agreements; and $5 million for the conversion of a vessel for use as a training ship.

The bill, as reported, authorizes a total appropriation that includes the following: $377.75 million for operating differential subsidies; $10 million for research and development; $9.11 million for national security support capability; $21.94 million for maritime training at the Merchant Marine Academy at Kings Point; $14.2 million for State maritime academies; $5 million for conversion of a training vessel; and $30.55 million for other training programs and operating expenses.

The largest single item authorizes funding for obligations incurred for operating differential subsidies. These obligations are the primary means of Federal support for the competitive operation of the U.S.-flag merchant fleet engaged in the foreign commerce of the United States. The 1985 budget authority includes estimated liabilities for operation of 124 liners and 18 bulk vessels under agreements with 17 operators. This does not provide funding for any new contract authority.

I also consider it important to comment briefly on the funding that is requested for the conversion of the *Santa Mercedes* for use as a school ship for the Commonwealth of Massachusetts. The administration's request contemplates the use of carryover funds of $5.8 million for this conversion. Testimony at the hearing and subsequent inquiries have indicated that these funds are not sufficient for permitting an adequate and timely conversion. An extensive study effort on the selection, acquisition, and refitting of the *Santa Mercedes* as a training vessel concluded that at least $12 million would be required for the conversion. Subsequent estimates came in at $16 and $18 million. The administration acknowledges that these higher figures will permit a number of desirable modifications and arrangements but that they cannot support

these expenditures during times of budgetary restraint. The committee, in an effort to arrive at a reasonable and cost-benefit solution, added $5 million for the conversion. This provides a funding level of $10.8 million, $1.2 million less than the original estimate and considerably less than the final $18 million estimate.

In summing up I believe that H.R. 4706, as reported, represents a necessary and reasonable proposal for maritime programs and is consistent with our desire for fiscal restraint. The total authorization level is about 4 percent below the amount that was appropriated for fiscal year 1984 and only represents about 1.6 percent of the $29 billion being requested for all programs of the Department of Transportation.

Mr. Chairman, I believe this legislation deserves our colleagues' support, and I hope it will be enacted forthwith.

□ 1300

Mr. JONES of North Carolina. Mr. Chairman, I reserve the balance of my time.

Mr. SNYDER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in support of H.R. 4706, a bill to authorize appropriations to the Maritime Administration for fiscal year 1985, and for other purposes.

As has already been explained by the chairman of the Committee on Merchant Marine and Fisheries, the gentleman from North Carolina, H.R. 4706 authorizes a total of $468.6 million for MARAD's programs in fiscal year 1985, a total which is $8.077 million above that requested by the administration. I know of no significant opposition to the bill as it is before us today, although the administration has indicated it will seek reductions totaling $8 million as the authorizing legislation works its way through the other body.

I might comment briefly on one area of concern to the administration: The authorization in this bill for an additional $5 million to be made available for the conversion of the Massachusetts Marine Academy's training vessel, the *Santa Mercedes.* While I remain unconvinced that those moneys, in addition to the $5.8 million carryover funds budgeted by the administration for the conversion work, are absolutely essential in order to make the vessel a suitable training platform, I must say that we have seen nothing in the way of hard data to refute the claimed need for additional funds. I understand that a reliable estimate of the funds required will not be available until the actual plans and specifications for the conversion are formulated and bids solicited and received. That may not occur until at least July 1 of this year, making it questionable whether that additional data will be available in time to assist our colleagues on the Appropriations Subcommittee on Commerce, Justice, State, and Judiciary in putting together their numbers for the Maritime Administration for fiscal year 1985. So, what we are faced with is the authorization and possible appropriation of funds which no one can say with any certainty are sufficient, insufficient, or more than sufficient to accomplish the intended purpose.

Members will note that this MarAd authorization bill is remarkably bare bones compared to its most recent predecessors, which have been laden with substantive legislation of such controversy and disagreement that there has been no independently enacted authorization for the last 3 fiscal years. The noncontroversial nature of this legislation did not develop by accident, Mr. Chairman, and I compliment the gentleman from New York, the subcommittee chairman, for his resolve in seeing to it that we have a bill before us which can be enacted into law.

Because the committee has not loaded up this authorization with major policy-type provisions, there is some indication that the Subcommittee on Merchant Marine and the full committee will attempt to move substantive legislation yet during this session, including some sort of separate funding authorization in support of the domestic shipyards by the May 15 reporting deadline. The committee's views and estimates, adopted on March 14, have provided for such a separate initiative.

Mr. Chairman, I urge the Members to support H.R. 4706, the MarAd authorization bill. I am confident that our swift action will lead to similar consideration in the other body and that differences, if any, can be easily resolved in conference.

Mr. JONES of North Carolina. Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts (Mr. STUDDS).

Mr. STUDDS. I thank the gentleman for yielding this time to me.

Mr. Chairman, I rise in strong support of the MarAd authorization bill. I am especially pleased that the legislation includes $5 million to be used in conversion of the cargo ship, *Santa Mercedes,* to a training vessel for the Massachusetts Maritime Academy.

Since December 1981, when a tragic fire destroyed the training ship, the *Bay State,* and took the life of one cadet, the Massachusetts Maritime Academy has been without its own vessel. In recent years, the school has been forced to borrow a ship from either the Maine or New York academies, an arrangement that has created large administrative problems and worked to the detriment of all students involved.

In fiscal year 1983, Congress authorized and appropriated some $10 million for MarAd to either repair or replace the *Bay State.* I am pleased that the *Santa Mercedes* has now been purchased for this purpose. However, I am concerned that MarAd does not have adequate funds available to carry out the needed conversion. Approximately $5.8 million remains from the $10 million already made available by the Congress, but this is clearly insufficient to do the job right. MarAd and I say this in respone to the observations of the gentleman from Kentucky, will need at least the $5 million made available by this bill to provide the academy with the facility that its students deserve and require.

The gentleman is correct that no one can say with certainty at this point what the final bill will be, but I think if anything is certain in this world it is that this will not cover it.

I also want to take this opportunity to, on behalf of the faculty and students of the Massachusetts Maritime Academy, thank the gentleman from New York (Mr. BIAGGI), the chairman of the subcommittee, for his efforts. As he well knows, what we do with respect to the determination of the adequacy of conversion of this vessel will set a precedent for conversions of vessels still to come, presumably for the remaining academies, one of which, as the gentleman well knows, is in the State of New York.

I thank the gentleman very much for his leadership and I urge strong support of the bill.

Mr. JONES of North Carolina. Mr. Chairman, I have no further requests for time.

Mr. SNYDER. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

Mr. JONES of North Carolina. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

H.R. 4706

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That funds are authorized to be appropriated for the use of the Department of Transportation for the fiscal year 1985 as follows:

(a) for payment of obligations incurred for operating differential subsidy, not to exceed $377,750,000;

(b) for expenses necessary for research and development activities, not to exceed $10,000,000;

(c) for expenses necessary for operations and training activities, not to exceed $75,807,000, including not to exceed—

(1) $37,550,000 for maritime education and training expenses, including not to exceed $21,940,000 for maritime training at the Merchant Marine Academy at Kings Point, New York, $11,200,000 for financial assistance to State maritime academies, $3,000,000 for fuel oil assistance to State

maritime academy training vessels, and $1,410,000 for expenses necessary for additional training;

(2) $9,111,000 for national security support capabilities, including not to exceed $7,506,000 for reserve fleet expenses and $1,605,000 for emergency planning operations; and

(3) $29,146,000 for other operations and training expenses.

Mr. JONES of North Carolina (during the reading). Mr. Chairman, I ask unanimous consent that the bill be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

COMMITTEE AMENDMENTS

The CHAIRMAN. The Clerk will report the first committee amendment.

The Clerk read as follows:

Committee amendment: page 2, line 8, strike "$75,807,000" and substitute "$80,807,000";

Mr. JONES of North Carolina. Mr Chairman, I ask unanimous consent that the committee amendments be considered en bloc, considered as read, and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The remaining committee amendments are as follows:

Committee amendments: Page 2, on line 10, strike "$37,550,000" and substitute "$42,550,000"; on line 14, strike "$11,200,000" and substitute "$16,200,000"; and on line 15, after "academies," add "of which $5,000,000 shall be for the conversion of the *Santa Mercedes* for use as a suitable training vessel,".

The CHAIRMAN. Does the gentleman from North Carolina (Mr. JONES) wish to debate the committee amendments?

Mr. JONES of North Carolina. Mr. Chairman, I explained the amendments in my opening statement.

The CHAIRMAN. If not, the question is on the committee amendments.

The committee amendments were agreed to.

The CHAIRMAN. Are there other amendments? If not, under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. ROSTENKOWSKI) having assumed the chair, Mr. MITCHELL, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4706) to authorize appropriations for fiscal year 1985 for certain maritime programs of the Department of Transportation, and for other purposes, pursuant to House Resolution 470, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. JONES of North Carolina. Mr. Speaker, I ask unanimous consent that all Members who wish to do so may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

□ 1310

CONFERENCE REPORT ON H.R. 4072, WHEAT IMPROVEMENT ACT OF 1983

Mr. DE LA GARZA. Mr. Speaker, I call up the conference report on the bill (H.R. 4072) to provide for an improved program for wheat.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to the order of the House of April 2, 1984, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of April 2, 1984, at page 7306.

The SPEAKER pro tempore. The gentleman from Texas (Mr. DE LA GARZA) will be recognized for 30 minutes and the gentleman from Illinois (Mr. MADIGAN) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Texas (Mr. DE LA GARZA).

Mr. DE LA GARZA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am bringing to you today a conference report on H.R. 4072. This measure provides substantial cost savings in the farm programs by freezing target prices—in the case of wheat for the 1984 and 1985 crops and in the case of the other major crops for the 1985 crop.

The target prices serve as a basis for payments to farmers to make up the deficiency that occurs when market prices fall below the target prices set by law. The net result of this action is to save almost $2.7 billion in Government costs for the period through 1987, thereby providing an important contribution toward control of the Federal deficit. This action is of particular importance on the eve of consideration of the first budget resolution. I might say that enactment of this report has been assumed in the various budget proposals that will shortly be before the House. The conference report is a bipartisan measure that has the full support of the administration.

There are other important features in the conference report that have been agreed to by the administration in return for the cost saving features of the report. These other features are of significant importance to the farmers of the United States.

First, this measure provides increased incentives for farmer participation in the surplus control programs for wheat, feed grains, upland cotton, and rice. This aspect of the bill will help bring better balance between supply and demand thereby assuring a more solvent agricultural economy and in the long run save the Government costly expenditures.

The conference report expands Government efforts to boost agricultural exports. The export provisions will help redress the sharp fall-off in exports of U.S.-produced agricultural commodities that has occurred in recent years. When this administration took office, exports had reached a high of approximately $43.8 billion, but for a variety of reasons they shrank sharply to $34.8 billion in fiscal year 1983 and have revived some this year. Despite the need to strengthen our balance of payments, the President recommended in his budget a reduction of a billion dollars in the off-budget export guarantee program. The report affirms a commitment by the administration to restore those funds and provide other incentives for adding to our exports. It will also establish a new expedited program for sharing our abundance of surplus dairy products and wheat with needy people overseas.

Finally, the report contains several important farm credit provisions. It requires the Department of Agriculture to open up its economic emergency loan program to direct loans so that the program which was initiated in December as a result of court action will be available to the farmers in need as required. It also includes a number of actions which the administration could have taken under its existing discretionary authority but has failed to take.

H.R. 4072 originated in the House as a bill with provisions relating solely to wheat. In the Senate, provisions relating to the other issues were added to the bill. Many of the items relating to the agricultural credit programs are similar to provisions that had passed the House 2 years ago and again last year in H.R. 1190. The conference report includes many compromises. It does not include a number of provisions which were favored by a majori-

ty of the House conferees but which we could not persuade our Senate friends to adopt. Many of us would have liked to have included a number of additional provisions—for example, provisions relating to soil conservation, such as sodbuster and conservation reserve features. I want my colleagues to understand that we have not given up. We will continue our efforts for their adoption.

The benefits of the conference report are not limited to farmers, Mr. Speaker. They accrue as well to the consumer, the processor, and the middleman. These sectors of the economy depend upon a stable supply of food and fiber at reasonable prices. They must be able to plan ahead in making budgetary decisions. The conference report contributes toward this objective by promoting economic conditions under which producers can continue to supply quality food at stable prices.

I might add at this point, Mr. Speaker, that the American consumer, that is, the American family receives the best quality food in the world, possibly in the history of the world, for the least amount of disposable income of any major country in the world. Mr. Speaker, in recent years, more often than not, they are able to purchase at market prices which are less than it costs the farmer to produce.

I might add here, Mr. Speaker, that we in the United States have a responsibility, and I think it is a legitimate function of government that we work with our farm sector to stabilize the supply, enhance the quality wherever possible, and stabilize the cost to the consumer. I say this because today in the United States of America our balance of trade is negative and getting worse daily. One of the only positive elements is the agricultural sector. It pains me to have to say this, and I ask my colleagues from urban and other nonagricultural areas to listen to me when I say that a healthy farm economy is needed to enhance the position of the United States in our balance of trade.

The world is no longer buying what we manufacture. They do not buy our cars, our television sets, our calculators, et cetera, and this is too bad. We have to work and see if we can turn that around. But for the time being, they are buying what we produce in agriculture. This is a positive sign.

The conference report is not a perfect measure. This is not the measure that I would write if I were doing it by myself. This is not the measure that our committee, the Committee on Agriculture, would write if we were doing it in a vacuum. But we have to deal with reality. We have to deal with the art of the possible and craft legislation that is viable, that saves money, and that accomplishes the intended end purpose of the agricultural sector.

There are some members of our committee who are not happy with this legislation. There are some areas that were not touched. There are some areas that were not amended, and possibly we will hear from them later.

But I ask them, Mr. Speaker, and I ask my colleagues to understand my situation. This is the best we could do under the circumstances in which we find ourselves. More often than not, the agricultural community finds itself in a position of having to take less than we would like to have. But we have to take what we see as a viable, workable alternative to chaos and economic ruin and forestall eventually, heaven forbid, the destruction of that great factor which is the agricultural productivity of this great country of ours.

Mr. Speaker, at this time I would like to summarize for the information of the members, the highlights of the conference report.

First, for wheat, the report provides as follows:

It provides a target price of $4.38 per bushel for both 1984 and 1985, instead of $4.45 and $4.65 in those 2 years as provided in current law. For the 1984 and 1985 crops, it provides that growers who want to qualify for price supports must make a total acreage cutback of not more than 30 percent. This cutback would consist of not more than a 20-percent unpaid acreage reduction plus a 10-percent paid diversion, with a payment rate of at least $2.70 per bushel. At least 50 percent of the diversion payments must be made at the time growers enroll in the program.

It provides that for the 1984 crop, in addition to the 30-percent acreage cut required to qualify for price supports, growers would have the further option of making an additional 10- to 20-percent acreage reduction, with payment to be made in kind, in the form of wheat, rather than in cash. The payment rate would be based on 85 percent of the farm program yield rather than the 75 percent set earlier by the administration. The bill also permits haying and grazing of acreage diverted from production under the 1984 wheat program at the option of the State ASC committee.

Second, for feed grains, the report provides as follows:

It leaves the 1984 program unchanged, but freezes the 1985 corn target price at $3.03 per bushel—the 1984 level—instead of the $3.18 provided in current law. For the 1985 crop, it provides that if the Secretary estimates that the corn carryover level on September 30, 1985, will exceed 1.1 billion bushels, the Secretary must establish an acreage retirement system as a condition of eligibility for price support. The total acreage cutback required for eligibility would be 5 to 20 percent, with diversion payments to producers on not less than 5 percent of whatever total is announced by the Secretary. If the total reduction required exceeds 15 percent, the excess over that level would be equally divided between paid diversion and unpaid acreage reduction. If the total reduction is 20 percent, for example, 7.5 percent would be on a paid basis. At least 50 percent of the diversion payment would be made at the time of signup and the payment rate must be at least $1.50 per bushel.

It authorizes the Secretary to make price support loans to producers who cut their 1984 or 1985-crop corn for silage. The loans would not be made directly on the silage.

They would be made on other 1984 or 1985 corn acquired by the producer to serve as security for the loan.

Third, for upland cotton, the report provides as follows:

It leaves the 1984 program unchanged, but freezes the 1985 target price at 81 cents per pound, the 1984 level, instead of the 86 cents required by current law. Also for the 1985 crop, it provides that if the Secretary estimates that the upland cotton carryover level on July 31, 1985, will exceed 3.7 million bales, he shall require any grower who wants price support to make a total acreage cutback of at least 5 percent. If the Secretary determines that a deeper production cut is needed, he could require further reductions. For the initial 5 percent reduction, growers would get diversion payments of at least 27.5 cents a pound. There would be no payment for any further required diversions which bring the overall acreage cut to a total of 25 percent, but payments woud be made on any portion of the total reduction ordered beyond 25 percent. If the Secretary estimates that the carryover on July 1, 1985, will exceed 4.1 million bales, the diversion payment rate will be at least 30 cents, and if the carryover is estimated at more than 4.7 million bales, the payment rate must be at least 35 cents. At least 50 percent of whatever diversion payment is due to a producer would be paid at the time of signup.

Fourth, for rice, the report provides as follows:

It leaves the 1984 program unchanged, but freezes the 1985 target price at $11.90 per hundredweight, the 1984 level, instead of the $12.40 required by existing law. Also for the 1985 crop, it provides that if the Secretary estimates that the rice carryover level on July 31, 1985, will exceed 25 million hundredweight, the Secretary shall require growers who want to be eligible for price support to make a total acreage cutback of at least 25 percent. The cutback would include an unpaid reduction of 20 percent, and payments at a rate of at least $2.70 per hundredweight would be made for re-

ductions above 20 percent. At least 50 percent of the diversion payment would be made at the time of signup. If the Secretary estimates that the carryover level of rice on July 31, 1985, will exceed 35 million hundredweight, the payment rate will be at least $3.25 per hundredweight, and if he forecasts the carryover at more than 42.5 million hundredweight, the payment rate will be at least $3.50 per hundredweight.

Fifth, for agricultural credit, the report provides as follows:

It requires the Secretary to make Farmers Home Administration (FmHA) natural disaster emergency loans available based on individual production losses for producers whose operations are located in counties contiguous to counties in which the Secretary has found that farming operations have been substantially affected by a disaster.

It permits applications for natural disaster emergency loans to be filed within 8 months of the disaster declaration. Also, it permits the valuation of farm assets used as collateral for emergency loans to be based on the value of those assets 1 year before the date the Governor requests disaster assstance, if that value is higher than the current value.

Regarding the $600 million economic emergency loan program to be carried out under a Federal court order during fiscal year 1984, the conference report requires that at least $310 million of the total will be available for insured economic emergency loans. This is $250 million above the currently scheduled allocation for insured economic emergency loans. Further, the report authorizes the Secretary to raise the insured loan total above $310 million if necessary to achieve program goals, after taking into account the amount used for guaranteed loans.

It raises the loan limits for loans made to farmers for operating purposes from $100,000 to $200,000 for insured loans, and from $200,000 to $400,000 for guaranteed loans.

It extends the maximum repayment period for consolidated or rescheduled FmHA farm operating loans from 7 to 15 years.

It requires that any insured farm loan that is deferred, consolidated, rescheduled, or reamortized bear an interest rate—for the remaining balance and term of the original loan—either at the original rate or the then-current rate, whichever is lower.

It insures that at least 20 percent of the farm ownership and annual operating loans for fiscal year 1984 go to low-income, limited resources farmers who most need this assistance.

It prohibits FmHA employees who act upon or review an application made by a farmer for the purchase of a particular parcel of real estate from purchasing any interest in that real estate for 3 years.

It authorizes the Secretary to develop and implement a program for the amortization of FmHA loans from future revenues generated by timber crops on land previously used for commodity production and subject to existing FmHA liens. The Secretary is required to report to Congress within 180 days on the feasibility of such a program.

Sixth, the export program provisions in the conference report are as follows:

It expresses, as the sense of Congress, a request for prompt implementation by the administration of its agreement to: First, ask for appropriations providing $325 million in additional funds for Public Law 480. This would include $150 million for use in fiscal year 1984, in addition to the President's earlier request for a $90 million supplemental appropriation for drought relief to Africa, and $175 million for use in fiscal year 1985; second, provide in fiscal year 1985 an additional $100 million for direct export credit programs, and request or use another $50 million for either Public Law 480 or direct export credit programs; and third, provide for an increase of $500 million in export loan guarantees for fiscal year 1984 and a $1.1 billion increase for fiscal year 1985.

It establishes a 2-year pilot program under which the Commodity Credit Corporation will use surplus dairy products to acquire, through barter or exchange, 40,000 metric tons of ultra-high temperature processed fluid milk for donation to needy persons outside the United States.

It gives the Secretary authority under section 416 of the Agricultural Act of 1949 to donate wheat, as he now can donate dairy products, to needy persons in foreign countries. Also, the bill would allow donated commodities to be bartered or sold, with the proceeds and services to be used for activities consistent with providing food assistance to needy people. Commodities would be donated for carrying out title II of Public Law 480, as approved by the Secretary, under expedited procedures. The donated commodities could be provided under multiyear agreements, and the Commodity Credit Corporation would be authorized to pay transportation, reprocessing, packaging, and similar costs associated with such donations.

For the information of my colleagues in the House I also wish to summarize the differnces between the conference report and the Senate-passed bill.

1. UPLAND COTTON

The conference report would change the Senate provisions relating to the acreage reduction program which the Secretary must implement if the upland cotton carryover is estimated to exceed a trigger level of 3.7 billion pounds. The conference report would require a minimum acreage reduction of 5 percent in lieu of a minimum of 25 percent as in the Senate amendment and the required reduction would be paid. The Secretary would have discretion to provide for an additional reduction in acreage of which anything up to 20 percent would not be paid and anything in excess would be paid. The conference report would also change the payment rate for the paid diversion program, if the carryover is between 3.7 million and 4.1 million bales, from 25 to 27½ cents per pound.

2. RICE

The conference report would provide for a third trigger level and associated payment rate for the 1985 cropland diversion program; that is, if the Secretary implements a paid diversion program and the rice carryover is estimated at between 35 and 42.5 million hundredweight, the diversion payment rate would be a minimum of $3.25 per hundredweight in lieu of $2.70 in the Senate-passed bill.

3. CORN FOR SILAGE

The conference report would authorize the Secretary to make price support loans and purchases available to eligible producers who cut corn of the 1984 and 1985 crops for silage. Under the conference report, the loans and purchases would be based on a quantity of corn of the same crop, other than the corn cut for silage, acquired by the producer equivalent to a quantity determined by multiplying the acreage of corn cut for silage by the lower of the farm program payment yield or the actual yield on a field that the Secretary determines is similar to the field from which the silage was obtained.

4. EXPANDED AUTHORITY FOR THE DONATION ABROAD OF CCC STOCKS

The conference report would provide for the donation of dairy products and wheat for carrying out title II of Public Law 480, if approved by the Secretary of Agriculture. It requires, to the maximum extent practicable, expedited procedures in implementing these provisions. It also would restrict the sales and barter of the donated commodities and products as authorized by the Senate amendment to those approved by the Secretary and to the following cases: First, sales and barter which are incidental to the donation of the commodities or products, such as sales and barter of goods which are damaged or otherwise unfit for distribution to needy people; second, sales and barter, the proceeds of which are used to finance the distribution, handling, and processing costs of the donated commodities in the importing country or other activities in the importing country that are consistent with providing food assistance

to needy people; and third, sales and barter of commodities and products donated to intergovernmental organizations, insofar as they are consistent with normal programing procedures in the distribution of commodities by those organizations. In no vent may dairy products and wheat be made available for disposition in amounts that will, in any way, reduce the amounts of commodities that traditionally are made available through donations to domestic feeding programs or agencies.

5. CONFLICTS OF INTEREST

The conference report would modify the Senate amendment that prohibits FmHA officers or employees from purchasing land for a period of 3 years after the date on which they act on or review an application for a loan to purchase such land. A new provision is added to make the prohibition inapplicable to a former member of a FmHA county committee upon a determination by the Secretary, prior to the acquisition of land, that the former member acted in good faith when he considered the loan application.

We have also included in the statement of managers language that more fully explains the intent of the conferees on the issues in the report. They are summarized as follows:

1. PEANUTS

The statement of managers urges the Secretary to reconsider his action in revising the manner in which the cost of production of peanuts is computed, a change that may result in a reduced computed cost of production and thereby a negative effect on the support price for quota peanuts; and reminds the Secretary of the discretionary authority he has to avoid inequitable results in reducing quotas for individual farms to achieve prescribed reductions in State peanut quotas.

2. LIMITED RESOURCE BORROWERS

The statement of managers expresses the conferees' intent that funds designated for limited resource applicants may be used within a State for operating loans for other applicants to the extent that funds designated for limited resource applicants exceed the demand therefor.

3. CONFLICTS OF INTEREST

The statement of managers expresses the conferees' intent that the Secretary's determination that a former county committee member used good faith in considering the application for a loan on land he now wishes to acquire, be based on the clear and convincing evidence submitted by the former committee member and consideration of all the relevant circumstances. It also points out that the provisions of the report would not apply to a committee member who recuses himself from any consideration of the loan application.

The statement of managers further expresses the conferees' intent that the Secretary use bid procedures in making arrangements for operating or leasing farmland acquired by the Secretary under FmHA farm programs, and carefully manage the sale of such land, and, in general, not make sales in areas where excess farm acreage is on the market.

4. EXPORT ASSISTANCE TO AFRICA

The statement of managers notes that severe food shortages exist in a number of poor countries, particularly the drought stricken areas of Africa, and urges the administration to move as large a volume of commodities as possible under Public Law 480 to Africa for use in areas where needed.

5. ACQUISITION AND DONATION OF ULTRA-HIGH TEMPERATURE PROCESSED MILK

The statement of managers provides that if it proves impossible to distribute the UHT milk without undue waste CCC would not have to do so; and that CCC would have to receive requests from abroad for the milk before it would be required to make the milk available. The intention is also expressed that the pilot program be operated in such a manner as not to disrupt commercial markets.

Mr. GLICKMAN. Mr. Speaker, will the gentleman yield?

Mr. DE LA GARZA. I am happy to yield to the distinguished gentleman from Kansas.

Mr. GLICKMAN. Mr. Speaker, I want to compliment the chairman of the full committee for making a fairly good work product—because none of us thinks it is a perfect bill, as the gentleman said—out of an almost impossible situation. I think to a large extent that was due to the efforts of the chairman of this committee, the gentleman from Washington (Mr. FOLEY), and others who were able to fashion a bill which will help a little bit.

Mr. Speaker, I urge my colleagues to support this conference report.

Mr. DE LA GARZA. Mr. Speaker, I thank my colleague, the gentleman from Kansas.

Mr. DURBIN. Mr. Speaker, will the gentleman yield?

Mr. DE LA GARZA. I yield to the distinguished gentleman from Illinois (Mr. DURBIN).

Mr. DURBIN. Mr. Speaker, I thank the chairman of the committee for yielding, and I would like to applaud the efforts of the conference committee on this bill. I believe the bill is fiscally realistic and fiscally responsible.

Many of us would like to see different things done for the crops that affect our areas, but I believe this is the best we can do this year to make a positive statement on our future farm program.

I would also like to applaud the work of the conference committee in adding a piece of legislation to the conference report which is very important to me and to the Senator from the State of Illinois. This particular provision relates to conflict of interest in the Farmers Home Administration, and I think it is a very positive step.

I might finally say that the work this bill does on credit to the farm may be the most important aspect of the bill for the portion of the country that I represent.

Mr. Speaker, I thank the committee for its fine work, and I look forward to supporting the measure.

Mr. DE LA GARZA. Mr. Speaker, I thank the distinguished gentleman from Illinois (Mr. DURBIN).

Mr. MADIGAN. Mr. Speaker, I yield such time as he may consume to the gentleman from Montana (Mr. MARLENEE).

Mr. MARLENEE. Mr. Speaker, I rise today in strong support of the conference report on H.R. 4072, the Agricultural Programs Adjustment Act of 1984, and urge its speedy passage. Producers have been held in suspense for too long. I was an original cosponsor of the original H.R. 4072, the Wheat Improvement Act of 1983, which passed the House under the adept leadership of Wheat Subcommittee Chairman FOLEY on November 16, 1983, on suspension by voice vote. My statement on the floor of the House on that day remains appropriate today.

Mr. Speaker, as the ranking minority member of the Subcommittee on Wheat, Soybeans and Feed Grains from which H.R. 4072 originated, and as one representing a large wheat producing district, I have been very active in supporting and promoting this legislation from the beginning. I am gratified that the other body has seen fit to adopt the approach and all the major features of the original H.R. 4072 and in fact to extend to 10 percent paid diversion to the 1985 crop year. The other amendments in the Senate version were relatively minor, and now that they have been agreed to by the conference committee, the result will be a much improved program for 1984 and 1985. Along with greater participation come the benefits of slowing down the rate of growth of surplus or carryover stocks, now approximately 1.5 billion bushels, as well as greater returns to the producer.

Another benefit is the assurance that we have something in place for the 1985 crop year. Hopefully when we create a 4-year bill we can eliminate the year-to-year uncertainty that has existed. What this bill does is build a bridge to that time when we can write a better farm bill that promotes exports.

Mr. Speaker, the conference committee did its job diligently in compromising on the major outline of the various commodity programs for the 1984 and 1985 crops. This will enable those of us

on the Agriculture Committee responsible for crafting the 1985 farm bill to take the calmer approach to that task and to devote the time necessary to write a long-term bill that hopefully will take a new and creative approach.

Regarding title I on wheat, it was my understanding that the Secretary of Agriculture would provide the same treatment for summer fallow producers in the 1985 wheat program as is being provided in the 1984 program. While we did not feel it necessary to include this in the statutory language, that understanding is covered in the joint explanatory statement of the conference committee. The statutory language of section 606 of the conference report as well as the statement of managers are intended to make it clear that a FmHA county committee member may excuse or recuse himself from any consideration of a loan application, thereby avoid any conflict of interest and not be covered by the 3-year prohibition provided in section 606.

Mr. Speaker, like any compromise this conference report may not be perfect, but it represents very substantial progress in settling major provisions of the various commodity programs for 2 years while also providing export, credit, and drought relief features. I urge my colleagues to approve this conference report.

Mr. DE LA GARZA. Mr. Speaker, I yield 3 minutes to the distinguished majority whip and vice chairman of the committee, the gentleman from Washington (Mr. FOLEY).

□ 1320

Mr. FOLEY. Mr. Speaker, I thank the chairman very much. I appreciate the gentleman from Texas yielding time to me.

Mr. Speaker, as the original sponsor of H.R. 4072, the Wheat Improvement Act of 1983, I rise in strong support of the subsequent Senate amendments to that legislation and of the conference report before us today.

When I introduced H.R. 4072 last October, I did so out of a growing concern that the 1984 wheat acreage reduction program announced by the Department of Agriculture in August would not attract sufficient producer participation to be effective in controlling program costs over the next several years. Indeed, if commodity programs are to be cost effective, which they must be if public support for them is to continue, then they must be designed to insure enough participation on the part of producers to make them work. As originally introduced for wheat, H.R. 4072 embodied that principle.

For this reason and because of the genuine need for the steps which it takes, I am especially gratified that in the intervening months the administration, reversing its earlier opposition to the bill, has come to recognize that H.R. 4072 not only provides the base for a sounder wheat program for 1984 but also promises to be more cost-effective. I welcome both their support for the principles underlying this legislation and the encouragement they gave the Senate to extend them to the feed grain, cotton, and rice programs.

I also want to take this opportunity to commend the Senate for its contributions in adding amendments that strengthen our farm credit and export programs.

Credit remains a serious problem for farmers, and the threat of foreclosure is certainly the most demoralizing aspect of the recession in the agricultural economy.

During the last 2 years, over 15,000 farmers with Farmers Home Administration loans have been forced to liquidate their operations for financial reasons. Federal credit programs must be adjusted immediately to prevent additional foreclosures against farm operators who continue to experience temporary financial difficulty through no fault of their own.

Freeing up an additional $250 million under the FmHA economic emergency loan program, as the bill and Conference Report provide for, should help to alleviate some of the credit problems facing farmers across this country; and it is my hope that with this provision, the administration would move to make this money available quickly.

Finally, H.R. 4072 serves as confirmation that the administration has agreed to take certain actions which could expand overseas use of U.S. agricultural products. This export effort by the administration is both welcome and necessary if we are to reverse the recent trend of declining market shares. While it is essential that this dangerous trend be reversed, it must be approached with the utmost care if the United States is to avoid triggering lower commodity prices.

Mr. Speaker, I believe that all concerned—the House, the Senate, and the administration—have acted wisely and fairly from all points of view in bringing this conference report before us, and I urge its adoption.

Mr. DE LA GARZA. Mr. Speaker, I yield 2 minutes to the gentleman from Iowa (Mr. BEDELL).

Mr. BEDELL. Mr. Speaker, I should tell the House that I have tremendous concern. The first concern comes from what I find out in my district. Never since I have been in the Congress have I faced the number of forced farm failures and bankruptcies that we face today.

The second concern I have is what I saw happening in the conference that we recently completed.

In my opinion, a conference committee is supposed to be a committee that meets together to iron out differences and bring about what improvements that you can. For those who were not at the conference committee, let me tell you how it worked. The way it worked, we Members on the House side brought up several proposals in order to improve this legislation. Each time the Senate side asked the Department of Agriculture whether they would agree to our proposal or whether they would not. They did not agree and the Senate then, which was controlled by a majority of Republicans, simply said, "No, we cannot accept it," and it was turned down.

I would feel all right about that if there was any indication that the Department of Agriculture was at all aware of the problem that I see existing out in my part of the country. I detected no concern whatever.

One of the proposals that we had was that our farmers in our area would be permitted to get various deficiency payments so that they could have money to plant their crops, as has been done in the past. The Department of Agriculture turned that down and said we cannot have that, but the Department of Agriculture does support a proposal in the Senate that says for those people who sign up for next year's program, they will get advance payments before this coming election.

Now, I ask the Members of this body and the people of our country to judge just exactly how concerned that Department is over our farmers that are having trouble when they come forth with that sort of proposal. I tell them that farmers need money more urgently at planting time than they do at election time.

Mr. MADIGAN. Mr. Speaker, I yield such time as he may consume to the gentleman from Kansas (Mr. ROBERTS).

Mr. ROBERTS. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I would like to say that this is not the best possible bill for all our commodities but it is the best bill possible under difficult circumstances. This is really the culmination of an 18-month effort by those in the wheat country and those of us who are priviledged to represent agriculture, both in the House committee and in the other body, to come up with a wheat program that makes sense and also to achieve some cost savings to the taxpayer and some benefits in regard to our other commodity programs.

In terms of delay, I do not know who I am more upset with or who my farmers are more upset with in this effort. There is, I guess, enough blame to go around for everybody. Perhaps the USDA, or those in the House Agriculture Committee who preferred not to go into this issue last summer and tabled this issue, or those in the Senate who held out for all or nothing

at the expense of the wheat producers and other producers.

Let me point out to my colleagues that we are 2 months away from harvest in Kansas. We are weeks away from harvest in Texas. Yet, we still do not know what the 1984 wheat program is going to be.

I challenge anybody in any segment of our total economy to operate under conditions like that.

So we went to conference with a bill that was passed in this body during the last session and passed in the Senate weeks ago. It was a tough conference. There are those who have spoken from the well who have indicated they are not happy with the bill. They say, well, it is just a wheat bill.

Let me point out to those folks that it is in wheat country where we are having a great deal of difficulty. We have a billion-six bushels in terms of a surplus and prices for the third year in a row are below the cost of production, so we do need help. We find ourselves competing with corn as a feed grain and corn representatives should be aware of that competition.

In this regard, I want to disabuse the idea or the notion by some Members in this body that somehow it is a parochial bill being forced down our throats. That is not the case. It does put the 1984 wheat program finally in place and in time for the wheat producers to make some plans. The 1985 program is now locked into place. This business of delay after delay for 3 years is so bad in my country, whether it be the USDA or Members of either side of the aisle, that one farmer told me, "Pat, I don't care what you do to me, just let me know."

It has significant help in regard to the Farmers Home Administration. It has a food-for-peace program that extends to wheat and dairy and it saves the taxpayer $2.5 billion and Agriculture gets rid of a black eye that we have received in the national press due to all these increased program costs. I will not go into all that argument, but at least it is a first step in the right direction in that regard. Most important in high plains wheat country, this bill changes the acreage base to provide long needed equity in summer fallow country. It will be of real benefit.

Now, let me say just one other thing to those who will come and view this bill, quite frankly from corn-colored and political glasses. I have worked with my colleagues on the other side in regard to their problem in corn country. I know you have severe problems; but let me suggest that if you want to wave your banner for whatever reason in describing this bill in political terms that when you wave it you are also planting it in the backs of my Kansas wheat producers. I do not think that is fair or right and moreover I do not think it augurs well for any future farm program that we may have to consider.

In this regard, I urge my colleagues to support the bill, with the idea that in conference from 8 o'clock in the morning until 8 o'clock at night we were able to resolve the difficult differences that we had.

I promise to my colleagues that I will help work in their behalf, in behalf of all agriculture, but I would warn about this business of all or nothing in pitting region against region and commodity against commodity. That does not spell any kind of success for farmers in my country or all across the country.

Mr. Speaker, I also would like to speak in some detail about that section of the bill regarding the expanded food-for-peace program as it applies to wheat and dairy.

Section 502 of the conference report amends section 416 of the Agricultural Act of 1949 by adding a new subsection (b) that provides for the donation of wheat in addition to dairy products to needy persons in foreign countries.

As provided in the original section 416 language, the appropriate interagency decisionmaking body for Public Law 480 will also be the decisionmaking body for expanded section 416 programs. Multiyear donations are now specifically authorized under this amendment.

I am supportive of the conference substitute to section 416 that would permit the sale and barter of commodities and products for needy persons in foreign countries but restricts such sales and barter to those approved by the Secretary of Agriculture for three specified purposes. Also, I am of the opinion that the House conferees are in strong support of the language that provides to "the maximum extent practicable, expedited procedures shall be used in implementing the provisions" of this section 416 program.

Certainly, the current administration of section 416 dairy donations is effective in meeting the goals of this provision. Under this amendment as I view it, the executive branch is to continue its current procedures developed for implementation of section 416. As appropriate, Public Law 480, title II concepts, such as review of storage and distribution capabilities and avoidance of any substantial disincentive to local producers, are to be applied to section 416 programs. If the development of regulations specific to this broadened section 416 program will facilitate such expedited procedures, such regulations should be developed.

The amendment authorizes sales and barter, as approved by the Secretary of Agriculture, of the donated section 416 commodities within the criteria set forth in the amendment. Section 502(b)(1) refers to sales and barter which are incidental to the donations, such as sales of damaged commodities. Section 502(b)(2) is intended to provide for such sales and barter as are necessary to assure delivery of the donated commodities to the needy people; it appears to me that these sales and barter are expected to be primarily of a logistical nature and necessary in order to assure effective consumption of the donated commodities by the intended recipients.

Such sales are expected to be primarily in poor countries where other funds for such purposes are not available. Section 502(b)(3) authorizes such sales and barter of commodities donated to international organizations such as the World Food program in accordance with historical uses of such commodities; for example, dairy commodities donated to the World Food program are traditionally used to support dairy development schemes. Such activities are to be consistent with "normal programing procedures" for purposes of this provision.

The amendment also provides that "no portion of the proceeds or services realized from sales or barter of donated commodities may be used to meet operating and overhead expenses," and I am sure at a minimum that we in the House intend that this include such expenses as lobbying or salaries for personnel or staffs located in the United States.

Mr. DE LA GARZA. Mr. Speaker, I yield 2 minutes to the distinguished chairman of the Subcommittee on Cotton, Rice, and Sugar, the gentleman from Louisiana (Mr. HUCKABY).

Mr. HUCKABY. Mr. Speaker, I thank the chairman for yielding me this time.

Let me begin by saying that I am one of those who is not totally happy with this committee farm bill. As we all know, it started out as a wheat bill in the House of Representatives last November and what the Senate sent us last week; also impacting upon feed grains, cotton, and rice, as was the farm credit system.

I think it was unfortunate that the administration chose on the Senate side, the Republican controlled side, not to do what the gentleman from Kansas just alluded to, to treat the various commodities with some degree of equity.

I want to thank my colleagues on both sides of the aisle here in the House for supporting my position in the conference and trying to improve somewhat the posture of the cotton and the rice program. Thanks to your support, we were able to make some contribution to help the cotton farmers and the rice farmers throughout the Nation; but I certainly concur with what the gentleman from Iowa has said. It was not the normal type of conference where you have give and take. Truly, the Department of Agriculture was calling the shots.

I would certainly hope that in the future our conferences with the Senate will involve give and take so that we can adequately reflect the concerns and views of our constituents, the farmers, and arrive at truly consensus legislation.

But in conclusion, I do urge passage of this bill. Although I am not satisfied with it, I think under the circumstances it is probably the best package we can get for the American farmer today.

□ 1330

Mr. DE LA GARZA. Mr. Speaker, I yield 2 minutes to the gentleman from Oklahoma (Mr. ENGLISH), a distinguished member of our committee.

Mr. ENGLISH. Mr. Speaker, I think it is important to chart a little of the history that has taken place with regard to this legislation.

The House of Representatives passed this legislation as applied to wheat in November. The other body refused to take it up and, quite frankly, the other body refused to take it up even up until this past month.

Finally, in the middle of the month the other body decided to act.

I think that what has to be understood is the reasoning behind the delay, the foot-dragging that took place. Quite frankly, it came from the opposition, the Department of Agriculture. The Department and the Secretary opposed this legislation up until the point that a number of Senators became concerned about the impact that this was going to have on the elections as far as the farm State areas are concerned.

I know that many people have looked upon this legislation as something that provides great benefit for wheat farmers and there is some benefit this year. But there is a cost and the cost is very heavy.

Before the Secretary of Agriculture would agree to allow this to be taken up in the U.S. Senate he first of all required that there be a reduction in target price, 7 cents for wheat this year and 27 cents next year. And it is through this that the savings that are projected to come about.

Mr. Speaker, I think that this bill can only be looked at as a band-aid, an election year band-aid at that, something to simply get us by. But I have to say my wheat farmers are in terrible condition. They need assistance, and they have got to get by this year before they can worry about surviving next year. And I have to say that question is very much in doubt.

I think in the end that this bill has to be viewed from the standpoint of Senator NICKLES. Our Oklahoma Senator was observing the discussions taking place in the other body and he asked why they were having advanced payments. And one of the Senators turned around and said "Elections."

I think that that pretty much sums it up. This bill is to help as far as this election year, but it does so at the cost of next year, and I think that we should keep that in mind.

Mr. DE LA GARZA. Mr. Speaker, I yield 4 minutes to the gentleman from Iowa (Mr. HARKIN), a distinguished subcommittee chairman.

Mr. HARKIN. Mr. Speaker, I echo the sayings of my colleague from Iowa, Congressman BEDELL, and others who have termed this bill a cruel hoax on the farmers of America. I especially want to echo my colleague from Iowa (Mr. BEDELL) on the attitude of the Senate conferees.

Their attitude when they came in was "take it or leave it. You either take exactly what we have, jot and tittle, or nothing else." There was no give and take in the conference committee, absolutely none.

We were elected by our constituents to come here and to legislate in the best way that we know how. Part of that process is to go into conference and to work out our differences. We had differences, but the other body refused to accept any of the differences that we had with them.

Instead, they told us that what they had was what we had to take. And there was a letter on White House stationery, not signed by the President, but signed by David Stockman and Secretary Block, saying that no changes would be accepted.

That is no way to legislate around here, unless you just want to be dictated to by the White House or David Stockman.

Let me make it very clear. I have nothing against the provisions in this bill dealing with wheat. I have nothing against the provisions dealing with rice or with cotton. That is why I will probably hold my nose and vote for it.

But what galls me about this bill is that there is not one single thing in this bill that is going to help our Iowa farmers right now, this time of year, when they need it. Not one thing. There is not one thing in this bill that will put a dollar in my farmers' pockets this month when they need it.

Right now almost half of our Iowa farmers do not have credit lined up to put their crop in the ground this year. This bill will not provide them a cent.

Now, there is money in there for advanced diversion payments for people in the wheat country, but there is nothing in there to give advanced deficiency payments for our corn farmers right now, when they most need some working capital.

I do not want to be in a position, as one gentleman said, of dividing and splitting the farm sector up. That was not my intent. We passed a wheat bill here last November. It was not this body that sat on that bill for 4 or 5 months; it was the other body that sat on it. It was the other body that opened up this bill and made it a "mini farm bill."

Fine, but if they are going to do that then let us be fair to all sectors of agriculture.

I offered a series of amendments in conference committee, in good faith, hoping that we would have some sense on the Senate side of fairness, to treat the commodities fairly and to treat areas of the country fairly. But, instead, we ran into a brick wall of the majority party in the Senate saying "no" to any amendments at all.

I offered an amendment to have advanced deficiency payments right now for our corn farmers, to give them cash now. It was defeated by one vote in conference on the Senate side, not the House side.

On haying and grazing, I offered an amendment to not have any haying or grazing anywhere. That was defeated.

So I offered an amendment to allow haying and grazing on our corn set-aside; I offered an amendment to allow haying and grazing on all set-aside acres, not just wheat but also corn. That was also defeated.

So I do have a beef about this bill, because there is no more beef in our feed lots in Iowa. Our beef is going down to wheat country, not because of any inherent advantages that they have but because this Congress is skewing the economic structure of cattle feeding. Why should not our cattlemen be allowed to graze on hay set-aside acres like the farmers down South?

I do not care if the wheat people have haying and grazing, if all areas have it also. Let us make the playing field level in this country for all of our farmers.

I just hope that the people in this body will take a look at two items. First, the front page of the Midwest Messenger serving Nebraska and Iowa, January 14 of this year, on the front page there are 10 farms for sale in January. March 17, 2 months later, there are 104 farms on the same front page of this paper for sale. That is what happened in just the last 2 or 3 months, and there is nothing in this bill that is going to stop it at this time.

I just want to alert the Members that this bill is a cruel hoax on our farmers, if what you're trying to tell them is that help is on its way with this bill.

Mr. MADIGAN. Mr. Speaker, I yield 5 minutes to the distinguished gentlewoman from Nebraska (Mrs. SMITH).

Mrs. SMITH of Nebraska. I thank the gentleman for yielding and I rise in support of H.R. 4072, the Agricultural Programs Adjustment Act conference report.

I would like to commend the chairman, KIKA DE LA GARZA, and the ranking minority member, EDWARD MADIGAN, for their leadership in finally

bringing this needed legislation to the floor.

The bill is not perfect—no piece of legislation is—especially farm legislation. However, it is an improvement for our wheat producers, not as much as I would like, but an improvement just the same. Unfortunately, politics enters into everything in an election year and farm legislation and farm and ranch issues are always an inviting topic for political wheeling and dealing.

For example, critics of this bill who have some legitimate concerns, are lambasting it as a giant cut in agricultural price supports and that farmers are going to be worse off with it than without it. Other critics take a different line of attack. They say the bill is just an election year sweetener to gain farm votes before the election. For the life of me, I cannot figure out how it can be both a sweetener and a cut at the same time.

At any rate, the farmers out there can hardly get a word in edgewise on the issue. They are being drowned out by the politicians. However, I do listen to what the producers say and I can tell this body that the producers who have contracted me are in favor of this legislation.

They say that even though they are giving up a little on target prices, they will gain even more back on the new diversion-payment provision in the bill. Wheat producers favor the diversion payment and the increase PIK payment rate, advance deficiency payments, and the the haying and grazing option. They especially like the idea of a 2-year program. For years, winter wheat producers have not had a program announced in time for them to make a decision before planting time in the early fall and late summer. With this bill, they already know the basics of the 1985 program and can plan around it as they need to.

The National and Nebraska Associations of Corn Growers support the bill. They will have no changes in the 1984 program, but will have a paid diversion program in 1985 if carryover stocks exceed 1.1 billion bushels.

Producers of all commodities are pleased that the administration has agreed to significant increases in export credit. When demand is slack and developing countries have very little hard currency, the name of the game, if you want to sell, is credit.

In agreeing to support this measure, the administration has promised to increase Public Law 480 food for peace programs by 18 percent, direct credit programs by 75 percent, and loan guarantees by 23 percent. Altogether, export assistance will be increased by $2.075 billion over 2 years.

I am particularly pleased that the administration has already carried through on their agreement, as part of this bill, to release an additional $250 million in Farmers Home Administration direct economic emergency loans. There are many other FmHA provisions that should help hard-pressed family farmers and ranchers through these troubled times.

Mr. Speaker, as I said earlier, this bill will help some—but is not the answer to agriculture's problems. The overwhelming problem that farmers and ranchers have today is high interest rates. They have become the No. 1 production expense for many producers. They are too high for current commodity prices and are directly responsible for the erosion of farmland values and the ruination of many good farm and ranch families.

Until Congress, the administration, and the people of this country decide what they want from Government and then pay for it without borrowing, high interest rates will persist and more families will leave agriculture.

Further, high interest rates, caused by a growing Federal deficit, are partially responsible for the drop in farm exports—further exacerbating the supply-demand imbalance.

This legislation is also a continuation of the long U.S. policy of trying to unilaterally correct the world grain situation. Past experience has shown that every time we cut production, other competitors increase their production to take up the slack. We need to move toward a demand-based program rather than a supply-based program.

These broader issues will be discussed in the 1985 farm bill, but they are important to keep in mind as we vote on this legislation.

Mr. Speaker, I urge my colleagues to support this measure and yield the balance of my time.

Mr. MADIGAN. Mr. Speaker, I reserve the balance of my time.

Mr. DE LA GARZA. Mr. Speaker, I yield such time as he may consume to the gentleman from South Dakota (Mr. DASCHLE).

Mr. DASCHLE. Mr. Speaker, I cast my vote for H.R. 4072 very, very reluctantly.

It is better than nothing, but it is next to nothing when placed beside the desperate situation of family agriculture in my part of the country.

If this legislation does nothing else I hope it will spotlight for us the crying need for a fundamental revision of our basic farm legislation in 1985.

We must stop these feeble last-minute efforts to tinker with programs that fail to meet the needs of our farmers.

We must put an end to programs that insult our taxpayers with their cost and our family farmers with their gross favoritism for huge corporate operations.

A responsible overhaul of the farm program for 1985 must include a targeting of assistance toward real farmers, not corporate and tax-dodge intruders. It must focus on the bottom line, price. It must recognize that only integrated corporations and tax evaders masquerading as farmers can produce at prices below the cost of production and must smooth price swings so truly competitive family operators are not driven from the land.

The legislation we adopt today does none of these things. It represents tinkering at the margins with a basically inadequate price structure.

In 1985 the approach represented by this bill must be replaced. If it is not, we will find family agriculture replaced by a system that will trade the competitive food prices Americans have enjoyed for a century with the kind of price gouging they have seen in oil, natural gas, and other noncompetitive industries in recent years.

Mr. DE LA GARZA. Mr. Speaker, I yield 1 minute to the distinguished gentleman from North Dakota (Mr. DORGAN).

Mr. DORGAN. I thank the chairman for yielding.

I intend to support this conference report. I think it does improve slightly the 1984 wheat program.

The paid diversion I think is important. But I do not think anybody in this Chamber ought to be fooled. We still do not have a decent farm program in this country and it is pretty much of the same old story, a teaspoon of help for the little guy and a barrel of help for the big agrofactories in America.

It is interesting to me that the question of priorities is never discussed much. If the big banks on the east coast have a headache, we have people rushing to the public medicine chest to try to help them. If Argentina cannot pay its debt then they will spend all weekend, stay up all night, to figure out how to help them pay it.

If the farmer is crying, they act like they cannot hear or see. They drag their feet and they say, "We cannot afford it."

Well, we can afford it. It is just a question of priorities.

We can come up with a better farm bill. This is not a good excuse for a farm bill.

I am going to support it because it is better than the 1984 program, but we need a consistent, a predictable, and a decent farm program that focuses on the needs of the family farmers in this country. That is what built ultimately a strong America.

□ 1340

Mr. MADIGAN. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Indiana (Mr. BURTON).

Mr. BURTON of Indiana. I thank the Speaker.

I just wanted to make two points. In the Indianapolis Star yesterday, they

pointed out some information on farm foreclosures which affect farmers all across this country. As a matter of fact, the Farmers Home Administration spokesman, Joseph O'Neill said 41 percent of the agency's 263,000 borrowers are behind in their payments and thousands could lose their farms this year especially if the 11th Circuit Court of Appeals lifts the lower court order staying foreclosures in some States.

A spot check showed some 700 farmers face foreclosure in Georgia, 53 in Indiana, 122 in Alabama. North Dakota officials estimate 300 farmers would go out of business this year; Nebraska, 1,157 farmers are in a seriously delinquent state; and in Mississippi there are 89 people who owe Farmers Home Administration $1 million apiece. Also in Mississippi 8,000 farmers are behind in their payments.

So, we have real problems that need to be addressed in the area of farm foreclosures, otherwise we are going to have a lot of small family farmers going out of business this year.

One other point I would like to make, Mr. Speaker, last year when the farm bill came up I introduced an amendment which would mandate that those who were getting free cheese under the cheese program would have to prove that they were needy by giving some kind of a certificate or coupon in order to get the cheese.

Another article that was on the front page of the Indianapolis Star this week pointed out that hundreds of people who have been getting free cheese, and it was a front page headline story; had been hawking this free cheese to businessmen, service stations, restaurants, lounges, so forth, at about 50 cents a pound, 50 cents a pound.

Now I would like to point out to the committee that this is causing commercial cheese sales in this country to plummet. About 2 years ago commercial cheese sales had increased by about 6 percent. Last year they had decreased by 10.3 percent, a 16.3-percent drop in about 18 months.

And they are going down even more rapidly right now because the problem is escalating. Thousands across America are taking advantage of the cheese giveaway by selling it illegally to people who normally would buy cheese in the normal retail stores and wholesale stores.

And as a result, commercial cheese sales are going down. And the Federal Government is then buying this surplus cheese from the commercial dealers who cannot sell it on the open market because of the giveaway program.

We need to address this issue. We did not do it last year and it appears as though we are not going to do it this year. But I submit to those on the Committee on Agriculture we really need to pay attention to it now, because it is a vicious circle that is going to continue, and will get bigger and bigger until the Federal Government is going to buy so much cheese that they will probably sink under the weight of it.

Thank you; I wanted to make those two points.

Mr. DE LA GARZA. Mr. Speaker, I yield myself 2 minutes to reply to the preceding speaker, the gentleman from Indiana (Mr. BURTON).

First, this legislation does not deal with the domestic dairy program or the cheese giveaway.

Second, the gentleman's complaint is raised about an unlegislatable issue which is the human element. We can legislate until the end of time and there will be the person who cheats, the person who lies, the person who does not abide by the law.

Third, we did have an attempt last year in the dairy compromise legislation to try and reduce production. It is working. We are reducing production. The farmers, themselves, are paying into a fund used to pay for the reduction. So it is not like nothing has been done.

We are working on it. Do not confuse the issue; this bill does not relate to any of the items the gentleman from Indiana (Mr. BURTON) mentioned.

As I have said, there is the human element; every law will be broken by someone, some day, somewhere, some time.

Mr. BURTON of Indiana. Mr. Speaker, will the gentleman yield?

Mr. DE LA GARZA. I yield to the gentleman.

Mr. BURTON of Indiana. I thank the chairman.

Mr. Speaker, I would just like to ask one question and that is: The fraud goes on; we know it goes on. What we tried to do last year with my amendment was to tighten down by saying that the only people who could get cheese under the cheese giveaway would be those who could present evidence that they were entitled to it.

My question to you is, Will the Committee on Agriculture address that issue this year?

Mr. DE LA GARZA. Yes, we will be happy to; whenever we have legislative hearings in that area we will be very happy to listen to the gentleman and work with him to the extent possible.

Mr. Speaker, I yield 2 minutes to the gentleman from Iowa (Mr. SMITH).

Mr. SMITH of Iowa. Mr. Chairman, this bill went through here last fall as a moderately bad 1-year wheat bill. I was willing to do most anything for 1 year to help most anybody in the farm sector. But it has come back as a 2-year hoax.

The problem grain we have in this country is wheat. This bill uses Government incentives to go exactly in the wrong directions. We encourage more production of wheat compared to other grains instead of less.

Normally the relationship is that wheat is 80 percent of the price of corn. Right now it is almost equal.

If you are only going to have a 1- or 2-year bill, your price relationships ought to be almost equal in order to help wheat get out of the problem. But instead of that we have an almost 50 percent higher target price and loan rate for wheat in this bill. That is not the right way to do it.

I say it is a hoax because we are being told here today and some of the Members from the cities that do not know much about this who want to give us a vote once in a while are going to think they voted for something here.

This is no substitute for next year's 4-year bill. We need to have a good bill next year.

Some people will think when they vote for this they will have voted to help the farmer. When as a matter of fact, they did not.

In addition to that, they added this grazing section. You can get 85 percent PIK graze, you are better off on the diverted acres and the grazed acres and the PIK acres than on the acres that they grow for wheat.

Now what kind of an adjustment program is that? If you are going to have an adjustment program, you ought to have some adjustment.

In the long run it may help somebody for 1 year if he is going to get out of farming after the end of this year. But if he is going to be farming in 1985, 1986, 1987, this is going to be harmful instead of good.

The wheat people have been coming in here year after year wanting some advantages that in the end, and history will show this, they would have been better off if they did not try to get those advantages.

You have to have adjustment programs that really adjust or else it will not work.

I say this bill is no substitute for a good, 4-year bill next year and let nobody think when they vote for this, they are really doing something for the farm sector in this country.

Mr. DE LA GARZA. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Texas (Mr. STENHOLM).

Mr. STENHOLM. I thank the chairman for yielding.

I must say in all due respect to the last gentleman who spoke, Mr. NEAL SMITH of Iowa, that even though many of the points he makes could be substantiated, the fact is this is still a wheat corrective bill. At least in the part of the country where I come from, where we do have severe problems with overproduction of wheat, this bill does offer some slight hope,

slight but it is also doable, to do something about the surplus conditions of wheat.

It is not a perfect bill by any stretch of the imagination; no one would contend that. But this is April 3. We do begin harvest in Texas in about a month. Time has run out.

It does, the bill does do some positive things in allowing us to bring the overproduction of wheat under control. We do it within the confines of the budget which we are going to spend a lot of time talking about over the next 3 days here on the floor of the House.

I think when you get right down to it, most of us from farm country do not like a lot of the things that are in this legislation. We do wish that we could legislate in a more timely manner. I think our farmers do hope that we can do this.

Once again we have not done it. But the bottom line is this bill today is the best we could do under the circumstances. It is fiscally responsible. It does attack the main problem and that is the one we have with wheat.

And on balance, I would urge the Members to support this bill.

□ 1350

Mr. DE LA GARZA. Mr. Speaker, I yield 1 minute to the gentleman from Kansas (Mr. SLATTERY).

Mr. SLATTERY. Mr. Speaker, I rise in support of the conference report on H.R. 4072, the Agricultural Programs Adjustment Act. While far from perfect, this legislation contains much-needed changes in farm programs for 1984 and 1985.

This conference report is the result of a long and difficult process that began nearly 16 months ago. Passage of this compromise legislation is a sign that Congress has the determination to work out an agreement on a farm bill.

The conference agreement is a prelude to next year when Congress can develop and pass what I hope will be a new and more long-term farm bill.

In the meantime, I would submit that the best thing the Federal Government can do for rural America is reduce the Federal deficit. Before the Government can do something for rural America, it must stop clobbering farmers with what I call a triple whammy.

High deficits cause high interest rates. The first punch farmers encounter is at their local bank when they face intolerable interest rates for loans to operate their farm or to make necessary repairs.

The second slap in the triple whammy is the overvalued dollar on the world market. High interest rates in the United States attract overseas investors. The result is an overvalued dollar on the world market. In effect, the overvaluation creates a hidden tax on our farm exports, making them more expensive to our agricultural customers. Competitors can easily step in and underbid our farm export prices.

The final blow in the triple whammy is the declining value of agricultural land. A lot of farmland in my northeast Kansas district is beginning to decline in value because nobody can afford to pay the 10- to 15-percent interest rates created by the Federal deficit.

Sustained lower interest rates are the key to a rebound in the distressed farm economy.

Mr. DE LA GARZA. Mr. Speaker, I yield such time as he may consume to the gentleman from Illinois (Mr. EVANS).

Mr. EVANS of Illinois. Mr. Speaker, I rise in support of the conference report.

Mr. EVANS of Illinois. Mr. Speaker, I rise in support of the conference committee report on H.R. 4072, the Wheat Improvement Act. I had the honor to serve as the only new Member of Congress on the committee which considered one of the most important pieces of farm legislation to come before the 98th Congress. This measure rectifies some of the problems with our current farm programs, and it will be in effect until Congress passes a new, multiyear farm bill next year.

The bill I signed as a conferee is not perfect. During the negotiation process, I and several members of the conference committee expressed reservations about some of the matters which the bill left unaddressed. However, we are rapidly approaching the point in the cultivation season after which no farm program bill, no matter how generous, could help our farmers. Compromise and quick action were necessary, and led to this agreement among major farm organizations, Members of both parties in the Senate and the House, and the administration.

The major provisions of this bill provide for target price freezes and paid diversion programs for commodities, export assistance to help develop U.S. agricultural export markets, and some vital emergency credit provisions for hardpressed farmers. These provisions will begin the necessary process of addressing the desperate situation in which our agricultural community finds itself. It is also important to note that this compromise will yield a projected savings to the U.S. taxpayers of $2.5 billion.

Among the provisions in the report is one particularly important to farmers in Illinois. That is the section which deals with conflicts of interest in the review and action on Farmers Home Administration loans. Those involved in reviewing FmHA loan applications were in a postion to enjoy an unfair advantage in purchasing farmland. The new conflict of interest provision in the statutes makes it illegal for such advantages to be acted upon. Such a provision is especially important in these difficult economic times when financially strapped farmers are particularly vulnerable.

Again, while this conference report is not ideal, it does stand as an example of compromise and of our legislative process at work.

Mr. MADIGAN. Mr. Speaker, I yield such time as he may consume to the distinguished gentleman from Missouri (Mr. COLEMAN).

Mr. COLEMAN of Missouri. Mr. Speaker, I rise in support of the conference report.

I would like to point out that several items that are in this conference report were part of the original legislation that passed this House some months ago in H.R. 1190, sponsored by the gentleman from Tennessee (Mr. JONES) and myself.

Specifically, we point out in the conference report that there is a doubling of loan limits for operating loans for Farmers Home Administration loans, which I think is important to meet the new demands placed upon America's farmers today.

For many months, in fact years, we have been requesting that the administration support some sort of economic emergency direct loans. These are loans which are directly given to farmers. And the administration was very reluctant.

We finally got them to agree in this compromise to support $310 million in direct insured loans, which I think are much needed, certainly in my part as well as other parts, of the country.

We see that a specific example taken from the earlier bill, of H.R. 1190, in this conference report is the option taking of the lower of the interest rate for loans that are rescheduled or reamortized. Under this provision either the interest rate of the loan originally entered into or the rate of the rescheduled or reamortized loan, whichever is lower is applicable. So we are directing this action in favor of the farmer. And also recognizing the farmers have a cash-flow problem we provide for a stretchout in their repayment periods from 7 to 15 years.

All of these, I think, are responsible positions. They are contained in the conference report and were contained in the original bill (H.R. 1190) which passed this House by an overwhelming majority some months ago.

I want to congratulate the conferees and also the administration for listening to, and responding to, the mixed cries of hope and despair that are out there in rural America. I think it is going to be of help to farmers. It is not going to be a panacea, but it is going to be of some help. Also I recognize that the administration has moved to

assist in export credit programs in supporting this legislation. You might have a willing buyer and a willing seller of farm commodities, but if you do not have the financing package you very well might lose that sale to the Europeans or some other grain-producing country that is our competitor in the world markets.

I am very happy about the recognition that export credit programs do work, can work, and will increase our sales abroad.

Mr. MADIGAN. Mr. Speaker, will the gentleman yield?

Mr. COLEMAN of Missouri. I yield to the ranking Republican on the committee, the gentleman from Illinois (Mr. MADIGAN).

Mr. MADIGAN. I thank the gentleman for yielding.

With regard to the provisions contained in this conference report to which the gentleman just referred, are those provisions advantageous and available to all farmers or would they only be advantageous and available to the wheat farmers in Kansas?

Mr. COLEMAN of Missouri. No; these are items which would be across-the-board advantageous to all commodity producers in this country. This is much more than just a wheat bill now. This is an all encompassing bill that impacts favorably on people in northern Missouri and certainly southern Iowa and places where the drought has hit, as well as throughout the rest of the Nation on both coasts and all commodities. As far as I can see, most farmers are going to be assisted in some way, because these loan provisions alone are going to go to any farmer, as long as he qualifies. And there is not any sort of distinction as to what part of the country he comes from or what commodity he might be growing.

Mr. MADIGAN. I thank the gentleman for his answer.

And if the gentleman would yield further, with regard to the provisions in this bill that deal with our expanding our ability to export agricultural commodities, to the gentleman's knowledge is there any provision in this bill that would restrict those exports to wheat?

Mr. COLEMAN of Missouri. No; none whatsoever. In fact, I do not grow a whole lot of wheat in my district and I am encouraged that the soybean and corn producers in this country will be able to export their product even more successfully because of the additional export financing that is provided for in this measure.

Mr. MADIGAN. I thank the gentleman for clarifying what is really contained in the bill.

Mr. COLEMAN of Missouri. Mr. Speaker, I yield back the balance of my time.

Mr. MADIGAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of this conference report. I want to compliment the conferees and, especially, the chairman of the Agriculture Committee for their hard work in bringing this legislation to the floor. We began this process last year when the House passed a bill designed to provide a better farm program for a single commodity. Today, after months of discussion and negotiation in the other body and in conference, we bring to the floor a bill that will provide much needed relief for farmers. The bill will strengthen our agricultural export programs, assist cash-strapped farmers and make needed changes in farm credit programs.

Mr. Speaker, this is the single most important piece of agriculture legislation the House will consider this session. The administration supports this legislation, and it has wide bipartisan support both inside and outside the agriculture community. The Congress has managed to help farmers, provide a potential boost for our sagging international balance of payments and begin the assault on the Federal deficit in a single piece of legislation. This is a job well done. I, therefore urge my colleagues to support the conference report.

Mr. DE LA GARZA. Mr. Speaker, I yield such time as he may consume to the gentleman from Michigan (Mr. ALBOSTA), a very valued Member of the House relating to agriculture.

Mr. ALBOSTA. Mr. Speaker, I would just like to briefly state my concerns about the direction I believe agriculture is going in. And I think it is totally wrong.

I think what we ought to be doing is setting up a two-price system in this country where the Secretary of Agriculture, when he sees too much production, would be able to set aside a certain amount of that production for another use such as for energy consumption. There is not any reason in the world why we cannot have a renewable source of energy for alcohol production in the country and use the feed grains, and the wheat for that production, and the remaining protein for export and for human consumption and animal feed.

Every farmer ought to be willing to be involved in that. I think that is the type of proposal that has to move forward.

At the same time, this country should be aggressively bartering our surplus agriculture production for strategic materials and minerals that the Defense Department needs to strengthen our national security. Bartering can also take place for the oil that the Government is currently purchasing with dollars to go into the strategic petroleum reserve. The point is that there are many countries in the world who have these important resources but don't have the cash to purchase the food they need to feed their people. A barter system or program is an effective solution to this problem and will not waste taxpayers' money on endless storage costs for huge grain supplies that can only depress the market further for the farmer.

The 1980's call for new approaches to American agriculture. Just as the Roosevelt administration and Congress in the 1930's authored new and effective farm programs that have allowed American agriculture to become extremely productive, so must the leadership within the Federal Government now come together to pass a new farm program that will use rather than waste one of America's most precious resources, our food production. This is the direction the 1985 farm bill and other farm legislation this and future sessions of Congress will consider must take if we are to have an effective farm program that will relieve the taxpayer of the large Federal payments that have taken place in recent years to run USDA farm programs.

The bill we are considering today, H.R. 4072, the Agricultural Programs Adjustment Act, has some good parts. The $150 million increase in the food-for-peace program and the $100 million increase for export credit programs operated by USDA are urgently needed to promote the sale and disposal of grain abroad. The emergency farm loan funds are also very important to many farmers around the country.

Unfortunately the bill also freezes target prices for 1984 and 1985 for wheat and feed grains, a move that will not help farmers in Michigan and which I strongly believe is the wrong approach to take. That is why I am reluctantly supporting this legislation because I believe we need the export promotion and farm loan parts of the bill and this is probably the only chance to get these programs passed in time to be effective in 1984.

I hope however in the future that more comprehensive, creative and effective farm legislation will be up before the House, so we will not have to consider stopgap bills and farmers will not see agriculture policy change from year to year.

Mr. DE LA GARZA. Mr. Speaker, let me inform the House the Senate has already adopted this conference last night on a voice vote.

Should we not adopt it, we would have to start all over again with the House, with the Senate.

Mr. Speaker, this bill includes wheat, corn, feed grains, cotton, rice, agricultural credit, agricultural exports, export credit, and foreign donations; it has consumer protection, stability for the consumer, hopefully stability for the farmer.

I agree with everything that has been said pro and con here this afternoon. My only caveat is that this is the best we could do. This is the only thing we had the votes for. If you do not have the votes, you are not going to get what you want. This is the final version. This is the final vote. We did what we could. We brought you what was possible—within the art of the possible. I think at least that should merit your support.

● Mr. GUNDERSON. Mr. Speaker, I would like to express my support for H.R. 4072 and extend my congratulations to the conferees for their prompt consideration of this much-needed legislation.

The additional money provided for direct economic emergency loans, the increased ceilings on both direct and guaranteed operating loans, and the revised eligibility standards for natural disaster loans will all benefit our Nation's farmers—particularly as we enter planting season in many areas of our country.

I would also like to make a few observations concerning the section 416 dairy donations program and the modifications made in it by H.R. 4072.

It seems to me that USDA deserves our appreciation for its implementation of this new program, particularly for the development of expedited procedures and a memorandum of understanding with the Agency for International Development. Because of these actions, almost 90,000 metric tons of surplus Government stocks of dairy products were donated to feed the hungry of the world last year and 100,000 metric tons are expected to be committed this year.

It is fitting that these expedited procedures be incorporated into the law for they will neither adversely affect nor change the current practical working relationships in the section 416 program. Rather, I expect that they will simply be adopted into the existing delivery system and, thus, serve to continue and enhance our commitment to donating significant quantities of our surplus dairy and, now, wheat commodities to needy people throughout the world.

I urge my colleagues to support the conference report.●

● Mr. DAUB. Mr. Speaker, it is important to point out, at this time, that H.R. 4072 is a necessary piece of legislation, and although I and other farm State members may disagree with individual provisions in the bill, the time has come for us to put aside our minor grievances and do what is best for American agriculture. The time has come to abandon partisan politics and disunity—it is that type of action that weakens agriculture's voice at the national level.

Many individuals and groups have worked to form this compromise package which, overall, represents an improvement over the originally discussed package. It is for that reason that I lend my support to this legislation, and I urge my colleagues to do so as well.●

● Mr. OBERSTAR. Mr. Speaker, while I am not completely satisfied with the conference report on H.R. 4072, I will vote for its passage.

I consider the farm program provisions in the conference report on H.R. 4072 to be at least preferable to those announced by the administration. H.R. 4072 will provide better incentives to increase farmer participation in the various agricultural programs. Moreover, it includes a number of farm credit improvements that were contained in H.R. 1190 which the House passed on May 4, 1983, and also a number of provisions that will increase farm exports.

I am disappointed that the Senate conferees rejected the amendments which my distinguished colleagues from Iowa (Mr. HARKIN) had offered during the House-Senate conference committee meeting on March 29. One of the amendments would have permitted farmers to receive one-half of their deficiency payments in advance. These are payments that the farmers who choose to participate in the various farm programs will receive anyway. It would have provided them with cash this spring—cash to buy seed and fertilizer. Moreover, it would have increased participation in the programs without substantially increasing the cost to the Government. As the sponsor of legislation to provide advance deficiency payments to farmers who have been the victims of natural disasters, I know how beneficial advance payments can be to farmers who do not have the necessary cash on hand to plant crops.

Another amendment would have permitted farmers to borrow approximately 30 percent more money under the FmHA emergency disaster loan program by requiring the Secretary of Agriculture to use the higher commodity price when calculating the value of production loss. Emergency disaster loans carry a 5 percent interest rate. That amendment would have benefited farmers throughout the country whose crops have failed because of very poor weather conditions. Farmers in the northwestern section of my State desperately needed such assistance. Many of the counties in that part of Minnesota have been plagued with poor weather for over 2 years. That extra borrowing capacity would have helped these farmers return their operations to financial solvency. Disaster loans are not loans to inefficient producers, rather they are loans to farmers who have been victims of circumstances beyond their control.

Many hardpressed farmers will benefit, however, from the domestic credit provisions which have been included in this legislation. Among these provisions is an increase in funding for the direct, insured loan component of the economic emergency loan program. Although the $253 million increase does not reach historical levels, it is better than what the Office of Management and Budget had allocated for this program. In January, the Office of Management and Budget completely reversed previous policy and contravened congressional intent by allocating only $50 million to the direct, insured loan component of the program.

Overall, this legislation will provide farmers with more assistance than they are presently receiving. It is important that we give farmers the opportunity to sign up for participation in the farm programs and allow them to take advantage of the improved farm credit programs as soon as possible.●

Mr. DE LA GARZA. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. MADIGAN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 379, nays 11, not voting 42, as follows:

[Roll No. 62]

YEAS—379

Ackerman	Boxer	Crockett
Addabbo	Breaux	Dannemeyer
Akaka	Britt	Darden
Albosta	Brooks	Daschle
Alexander	Broomfield	Daub
Andrews (NC)	Brown (CA)	Davis
Andrews (TX)	Brown (CO)	de la Garza
Annunzio	Broyhill	Dellums
Anthony	Bryant	Derrick
Applegate	Burton (CA)	DeWine
Archer	Burton (IN)	Dickinson
Aspin	Byron	Dicks
AuCoin	Campbell	Dingell
Badham	Carney	Dixon
Barnard	Carper	Donnelly
Barnes	Carr	Dorgan
Bartlett	Chandler	Downey
Bateman	Chappell	Dreier
Bates	Chappie	Duncan
Bedell	Cheney	Durbin
Beilenson	Clarke	Dwyer
Bennett	Clay	Dymally
Bereuter	Clinger	Dyson
Berman	Coats	Early
Bethune	Coleman (MO)	Eckart
Bevill	Coleman (TX)	Edgar
Biaggi	Collins	Edwards (AL)
Bilirakis	Conte	Edwards (CA)
Billey	Conyers	Edwards (OK)
Boggs	Corcoran	Emerson
Boland	Coughlin	English
Bonior	Courter	Erdreich
Bonker	Coyne	Evans (IA)
Borski	Craig	Evans (IL)
Bosco	Crane, Daniel	Fazio

Feighan	Luken	Rostenkowski
Ferraro	Lundine	Roth
Fiedler	Mack	Roukema
Fields	MacKay	Rowland
Fish	Madigan	Roybal
Flippo	Marlenee	Rudd
Florio	Marriott	Sabo
Foley	Martin (IL)	Sawyer
Ford (MI)	Martin (NC)	Schaefer
Ford (TN)	Martin (NY)	Scheuer
Fowler	Martinez	Schneider
Franklin	Matsui	Schroeder
Frenzel	Mavroules	Schulze
Frost	Mazzoli	Schumer
Fuqua	McCain	Seiberling
Garcia	McCandless	Sensenbrenner
Gaydos	McCloskey	Sharp
Gejdenson	McCollum	Shaw
Gekas	McCurdy	Shelby
Gephardt	McDade	Shumway
Gibbons	McEwen	Shuster
Gilman	McGrath	Sikorski
Gingrich	McHugh	Siljander
Glickman	McKernan	Sisisky
Gonzalez	McNulty	Skeen
Goodling	Mica	Skelton
Gradison	Michel	Slattery
Gray	Mikulski	Smith (FL)
Green	Miller (CA)	Smith (IA)
Gregg	Miller (OH)	Smith (NE)
Guarini	Mineta	Smith (NJ)
Gunderson	Mitchell	Smith, Denny
Hall, Ralph	Moakley	Smith, Robert
Hamilton	Molinari	Snowe
Hammerschmidt	Mollohan	Snyder
Hansen (UT)	Montgomery	Solarz
Harkin	Moody	Solomon
Hartnett	Moore	Spratt
Hatcher	Moorhead	Staggers
Hayes	Morrison (CT)	Stangeland
Hefner	Morrison (WA)	Stark
Hertel	Mrazek	Stenholm
Hightower	Murphy	Stokes
Hiler	Murtha	Stratton
Hillis	Myers	Studds
Holt	Natcher	Stump
Hopkins	Neal	Sundquist
Horton	Nichols	Swift
Howard	Nielson	Synar
Hoyer	Nowak	Tallon
Huckaby	O'Brien	Tauke
Hunter	Oakar	Tauzin
Hutto	Oberstar	Taylor
Ireland	Obey	Thomas (CA)
Jenkins	Olin	Thomas (GA)
Jones (NC)	Ortiz	Torres
Jones (OK)	Ottinger	Torricelli
Jones (TN)	Oxley	Traxler
Kaptur	Packard	Vander Jagt
Kasich	Panetta	Vandergriff
Kastenmeier	Parris	Vento
Kemp	Pashayan	Volkmer
Kennelly	Patman	Vucanovich
Kildee	Patterson	Walker
Kindness	Pease	Watkins
Kogovsek	Penny	Waxman
Kolter	Pepper	Weaver
Kostmayer	Perkins	Weber
Kramer	Petri	Weiss
LaFalce	Pickle	Wheat
Lagomarsino	Porter	Whitehurst
Latta	Price	Whitley
Leach	Pritchard	Whittaker
Leath	Pursell	Whitten
Lehman (CA)	Quillen	Williams (MT)
Lehman (FL)	Rahall	Williams (OH)
Leland	Rangel	Winn
Levin	Ratchford	Wirth
Levine	Ray	Wise
Levitas	Regula	Wolf
Lewis (CA)	Reid	Wolpe
Lewis (FL)	Richardson	Wortley
Lipinski	Ridge	Wright
Livingston	Rinaldo	Wyden
Lloyd	Ritter	Wylie
Loeffler	Roberts	Yatron
Long (LA)	Robinson	Young (AK)
Long (MD)	Rodino	Young (FL)
Lott	Roe	Young (MO)
Lowery (CA)	Roemer	Zschau
Lowry (WA)	Rogers	
Lujan	Rose	

NAYS—11

Anderson	Frank	Russo
Conable	Hughes	Walgren
D'Amours	Jacobs	Yates
Erlenborn	Nelson	

NOT VOTING—42

Boehlert	Hall, Sam	Markey
Boner	Hance	McKinney
Boucher	Hansen (ID)	Minish
Coelho	Harrison	Owens
Cooper	Hawkins	Paul
Crane, Philip	Heftel	Savage
Daniel	Hubbard	Shannon
Dowdy	Hyde	Simon
Fascell	Jeffords	Spence
Foglietta	Johnson	St Germain
Gore	Kazen	Towns
Gramm	Lantos	Udall
Hall (IN)	Lent	Valentine
Hall (OH)	Lungren	Wilson

□ 1410

Mr. HUGHES and Mr. RUSSO changed their votes from "yea" to "nay."

Mr. RALPH M. HALL and Mr. MCNULTY changed their votes from "nay" to "yea."

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to the provisions of clause 5, rule I, the Chair will now put the question on the motion on which the proceedings were postponed on Monday, April 2, 1984, and then the question on the motion on which further proceedings were postponed earlier today.

Votes will be taken in the following order: H.R. 4707, on which the yeas and nays are ordered; and H.R. 5026 de novo.

The Chair will reduce to 5 minutes the time for any electronic votes after the first such vote in this series.

GENERAL LEAVE

Mr. DE LA GARZA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report on H.R. 4072 just agreed to.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF HOUSE JOINT RESOLUTION 473

Mr. CLARKE. Mr. Speaker, I ask unanimous consent that my name be removed from the list of cosponsors of House Joint Resolution 473.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

ARIZONA WILDERNESS ACT OF 1984

The SPEAKER pro tempore. The unfinished business is the question of suspending the rules and passing the bill, H.R. 4707, as amended.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Arizona (Mr. MCNULTY) that the House suspend the rules and pass the bill, H.R. 4707, as amended, on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 335, nays 56, not voting 41, as follows:

[Roll No. 63]

YEAS—335

Ackerman	Daub	Huckaby
Addabbo	Davis	Hughes
Akaka	de la Garza	Hutto
Albosta	Dellums	Jacobs
Alexander	Derrick	Jenkins
Anderson	DeWine	Johnson
Andrews (NC)	Dicks	Jones (NC)
Andrews (TX)	Dingell	Jones (OK)
Annunzio	Dixon	Jones (TN)
Anthony	Donnelly	Kaptur
Applegate	Dorgan	Kasich
Archer	Downey	Kastenmeier
Aspin	Durbin	Kemp
AuCoin	Dwyer	Kennelly
Barnes	Dymally	Kildee
Bartlett	Dyson	Kindness
Bateman	Early	Kogovsek
Bates	Eckart	Kolter
Bedell	Edgar	Kostmayer
Bellenson	Edwards (AL)	Kramer
Bennett	Edwards (CA)	LaFalce
Bereuter	Edwards (OK)	Lagomarsino
Berman	Erdreich	Leach
Bethune	Evans (IA)	Lehman (CA)
Bevill	Evans (IL)	Lehman (FL)
Biaggi	Fazio	Leland
Bilirakis	Feighan	Levin
Boggs	Ferraro	Levine
Boland	Fiedler	Levitas
Bonior	Fish	Lewis (FL)
Bonker	Flippo	Lipinski
Borski	Florio	Long (LA)
Bosco	Foley	Long (MD)
Boxer	Ford (MI)	Lott
Breaux	Ford (TN)	Lowery (CA)
Britt	Fowler	Lowry (WA)
Brooks	Frank	Lujan
Broomfield	Franklin	Luken
Brown (CA)	Frenzel	Lundine
Brown (CO)	Frost	Mack
Broyhill	Fuqua	MacKay
Bryant	Garcia	Madigan
Burton (CA)	Gaydos	Marlenee
Campbell	Gejdenson	Marriott
Carney	Gekas	Martin (IL)
Carper	Gephardt	Martin (NC)
Carr	Gibbons	Martinez
Chandler	Gilman	Matsui
Chappell	Gingrich	Mavroules
Chappie	Glickman	Mazzoli
Cheney	Gonzalez	McCain
Clarke	Goodling	McCloskey
Clay	Gradison	McCollum
Clinger	Gray	McCurdy
Coats	Green	McDade
Coleman (MO)	Gregg	McEwen
Coleman (TX)	Guarini	McGrath
Collins	Gunderson	McHugh
Conable	Hamilton	McKernan
Conte	Hansen (UT)	McNulty
Conyers	Harkin	Mica
Corcoran	Hatcher	Michel
Coughlin	Hayes	Mikulski
Courter	Hefner	Miller (CA)
Coyne	Hertel	Miller (OH)
Craig	Hiler	Mineta
Crockett	Hillis	Mitchell
D'Amours	Horton	Moakley
Darden	Howard	Molinari
Daschle	Hoyer	Mollohan

Moody	Ridge	Studds
Moore	Rinaldo	Sundquist
Moorhead	Ritter	Swift
Morrison (CT)	Rodino	Synar
Morrison (WA)	Roe	Tallon
Mrazek	Roemer	Tauke
Murphy	Rose	Tauzin
Murtha	Rostenkowski	Thomas (GA)
Natcher	Roth	Torres
Neal	Roukema	Torricelli
Nelson	Rowland	Traxler
Nichols	Roybal	Udall
Nielson	Russo	Vander Jagt
Nowak	Sabo	Vandergriff
O'Brien	Sawyer	Vento
Oakar	Scheuer	Volkmer
Oberstar	Schneider	Walgren
Obey	Schroeder	Walker
Olin	Schulze	Watkins
Ortiz	Schumer	Waxman
Ottinger	Seiberling	Weaver
Oxley	Sensenbrenner	Weber
Panetta	Sharp	Weiss
Parris	Shaw	Wheat
Pashayan	Shelby	Whitehurst
Patterson	Shuster	Whitley
Pease	Sikorski	Whitten
Penny	Siljander	Williams (MT)
Pepper	Sisisky	Williams (OH)
Perkins	Slattery	Winn
Petri	Smith (FL)	Wirth
Pickle	Smith (IA)	Wise
Porter	Smith (NE)	Wolf
Price	Smith (NJ)	Wolpe
Pritchard	Snowe	Wyden
Pursell	Snyder	Wylie
Rahall	Solarz	Yates
Rangel	Solomon	Yatron
Ratchford	Spratt	Young (FL)
Regula	Staggers	Young (MO)
Reid	Stark	Zschau
Richardson	Stokes	

NAYS—56

Badham	Hopkins	Rogers
Barnard	Hunter	Rudd
Bliley	Ireland	Schaefer
Burton (IN)	Latta	Shumway
Byron	Leath	Skeen
Crane, Daniel	Lewis (CA)	Skelton
Dannemeyer	Livingston	Smith, Denny
Dickinson	Lloyd	Smith, Robert
Dreier	Loeffler	Spence
Duncan	Martin (NY)	Stenholm
Emerson	McCandless	Stratton
English	Montgomery	Stump
Erlenborn	Myers	Taylor
Fields	Packard	Thomas (CA)
Hall, Ralph	Patman	Vucanovich
Hammerschmidt	Quillen	Whittaker
Hartnett	Ray	Wortley
Hightower	Roberts	Young (AK)
Holt	Robinson	

NOT VOTING—41

Boehlert	Hall, Sam	McKinney
Boner	Hance	Minish
Boucher	Hansen (ID)	Owens
Coelho	Harrison	Paul
Cooper	Hawkins	Savage
Crane, Philip	Heftel	Shannon
Daniel	Hubbard	Simon
Dowdy	Hyde	St Germain
Fascell	Jeffords	Stangeland
Foglietta	Kazen	Towns
Gore	Lantos	Valentine
Gramm	Lent	Wilson
Hall (IN)	Lungren	Wright
Hall (OH)	Markey	

□ 1430

So (two-thirds having voted in favor thereof) the rules were suspended, and the bill, as amended, was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

AUTHORIZING PRINTING OF AMENDMENTS TO HOUSE CONCURRENT RESOLUTION 280

Mr. MOAKLEY. Mr. Speaker, I ask unanimous consent that amendments to House Concurrent Resolution 280 may be printed in that portion of the RECORD entitled "Amendments submitted under clause 6 of rule XXIII," pursuant to the previous order of the House allowing Members until 6 p.m. today, April 3, 1984, to submit such amendments.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

TRUTH IN LENDING ACT AMENDMENTS

The SPEAKER pro tempore. The pending business is the question of suspending the rules and passing the bill, H.R. 5026, as amended.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois (Mr. ANNUNZIO) that the House suspend the rules and pass the bill, H.R. 5026, as amended.

The question was taken.

Mr. FRANK. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to the provisions of clause 5 of rule I, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device may be taken on the additional motion to suspend the rules on which the Chair has postponed further proceedings.

Members will record their votes by electronic device. This is a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 355, nays 34, not voting 43, as follows:

[Roll No. 64]

YEAS—355

Ackerman	Bliley	Cheney
Addabbo	Boggs	Clarke
Akaka	Boland	Clay
Albosta	Bonior	Clinger
Alexander	Bonker	Coats
Anderson	Borski	Coleman (MO)
Andrews (NC)	Bosco	Coleman (TX)
Andrews (TX)	Boxer	Collins
Annunzio	Breaux	Conable
Anthony	Britt	Conte
Applegate	Brooks	Conyers
Aspin	Broomfield	Corcoran
AuCoin	Brown (CA)	Coughlin
Badham	Broyhill	Coyne
Barnard	Bryant	Craig
Barnes	Burton (CA)	Crockett
Bateman	Burton (IN)	D'Amours
Bates	Byron	Darden
Bedell	Campbell	Daschle
Bennett	Carney	Daub
Bereuter	Carper	Davis
Bethune	Carr	de la Garza
Bevill	Chandler	Dellums
Biaggi	Chappell	DeWine
Bilirakis	Chappie	Dickinson
Dicks	Leach	Richardson
Dingell	Leath	Ridge
Dixon	Lehman (CA)	Rinaldo
Donnelly	Lehman (FL)	Ritter
Dorgan	Leland	Roberts
Downey	Levin	Robinson
Duncan	Levitas	Rodino
Durbin	Lewis (CA)	Roe
Dwyer	Lewis (FL)	Rogers
Dymally	Lipinski	Rose
Dyson	Lloyd	Rostenkowski
Early	Loeffler	Roth
Eckart	Long (LA)	Roukema
Edgar	Long (MD)	Rowland
Edwards (AL)	Lott	Roybal
Edwards (CA)	Lowery (CA)	Russo
Edwards (OK)	Lowry (WA)	Sabo
Emerson	Lujan	Sawyer
English	Luken	Scheuer
Erdreich	Lundine	Schneider
Evans (IA)	Mack	Schroeder
Evans (IL)	MacKay	Schumer
Fazio	Madigan	Seiberling
Feighan	Marlenee	Sensenbrenner
Ferraro	Marriott	Sharp
Fiedler	Martin (IL)	Shaw
Fields	Martin (NC)	Shelby
Fish	Martin (NY)	Shuster
Flippo	Martinez	Sikorski
Florio	Matsui	Siljander
Foley	Mavroules	Sisisky
Ford (MI)	Mazzoli	Skeen
Ford (TN)	McCain	Skelton
Fowler	McCandless	Slattery
Franklin	McCloskey	Smith (FL)
Frenzel	McCollum	Smith (IA)
Frost	McCurdy	Smith (NE)
Fuqua	McDade	Smith (NJ)
Garcia	McEwen	Smith, Robert
Gaydos	McGrath	Snowe
Gejdenson	McHugh	Snyder
Gekas	McKernan	Solarz
Gephardt	McNulty	Solomon
Gilman	Mica	Spence
Gingrich	Michel	Spratt
Glickman	Mikulski	Staggers
Gonzalez	Miller (OH)	Stangeland
Goodling	Mineta	Stokes
Gray	Mitchell	Stratton
Green	Moakley	Studds
Gregg	Molinari	Sundquist
Guarini	Mollohan	Swift
Gunderson	Moody	Tallon
Hall (IN)	Moore	Tauke
Hall, Ralph	Moorhead	Tauzin
Hamilton	Morrison (CT)	Taylor
Hammerschmidt	Morrison (WA)	Thomas (GA)
Hansen (UT)	Mrazek	Torres
Harkin	Murphy	Torricelli
Hartnett	Murtha	Traxler
Hatcher	Myers	Udall
Hayes	Natcher	Vander Jagt
Hefner	Neal	Vandergriff
Hertel	Nelson	Vento
Hightower	Nichols	Volkmer
Hiler	Nielson	Walgren
Hillis	Nowak	Watkins
Holt	O'Brien	Waxman
Horton	Oakar	Weaver
Howard	Oberstar	Weber
Huckaby	Obey	Weiss
Hughes	Olin	Wheat
Hunter	Ortiz	Whitehurst
Hutto	Oxley	Whitley
Ireland	Packard	Whittaker
Jacobs	Panetta	Whitten
Jenkins	Parris	Williams (MT)
Johnson	Pashayan	Williams (OH)
Jones (NC)	Patman	Winn
Jones (OK)	Patterson	Wise
Jones (TN)	Penny	Wolf
Kaptur	Pepper	Wolpe
Kasich	Pickle	Wortley
Kastenmeier	Porter	Wright
Kemp	Price	Wyden
Kennelly	Pritchard	Wylie
Kildee	Pursell	Yates
Kindness	Quillen	Yatron
Kogovsek	Rahall	Young (AK)
Kolter	Rangel	Young (FL)
Kostmayer	Ratchford	Young (MO)
Kramer	Ray	Zschau
Lagomarsino	Regula	
Latta	Reid	

NAYS—34

Archer	Hopkins	Shumway
Bartlett	LaFalce	Smith, Denny
Beilenson	Levine	Stark
Brown (CO)	Miller (CA)	Stenholm
Courter	Montgomery	Stump
Crane, Daniel	Ottinger	Synar
Dannemeyer	Pease	Thomas (CA)
Dreier	Perkins	Vucanovich
Erlenborn	Petri	Walker
Frank	Roemer	Wirth
Gibbons	Schaefer	
Gradison	Schulze	

NOT VOTING—43

Berman	Hall, Sam	Markey
Boehlert	Hance	McKinney
Boner	Hansen (ID)	Minish
Boucher	Harrison	Owens
Coelho	Hawkins	Paul
Cooper	Heftel	Rudd
Crane, Philip	Hoyer	Savage
Daniel	Hubbard	Shannon
Derrick	Hyde	Simon
Dowdy	Jeffords	St Germain
Fascell	Kazen	Towns
Foglietta	Lantos	Valentine
Gore	Lent	Wilson
Gramm	Livingston	
Hall (OH)	Lungren	

□ 1440

So (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The result of the vote was announced as above recorded.

The title was amended so as to read: "A bill to provide for the temporary extension of the ban on credit card surcharges."

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. ANNUNZIO. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

PERSONAL EXPLANATION

Mr. RUDD. Mr. Speaker, I was unavoidably not able to be here at the time of the vote on H.R. 5026, the Truth in Lending Act amendment.

Had I been present, I would have voted "yea."

PERSONAL EXPLANATION

Mr. LIVINGSTON. Mr. Speaker, I inadvertently missed rollcall No. 64 on H.R. 5026, the Annunzio bill extending the ban on credit card surcharges inasmuch as I was in a committee hearing at the time and neglected to vote.

I would like the RECORD to reflect that had I been here for that vote, I would have voted "yea."

EDUCATION DAY, U.S.A.

Mrs. HALL of Indiana. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the joint resolution (H.J. Res. 520) designating April 13, 1984, as "Education Day, U.S.A.", and ask for its immediate consideration in the House.

The Clerk read the title of the joint resolution.

□ 1450

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Indiana?

Mr. COURTER. Mr. Speaker, reserving the right to object, and I will not object, I rise in support of House Joint Resolution 520 to designate April 13, 1984, as "Education Day, U.S.A."

The quality of education is essential to America's heritage of political freedom and cultural achievements. Our schools are vital in that they provide for our technical and scientific competence. Education holds the key to the future of our countries higher education goals; and by designating April 13 as "Education Day, U.S.A." We call to the attention of the American people the necessity of continuing to maintain and improve our educational system.

I feel that in the future our Nation must rely more and more on a highly educated citizenry to compete with other nations of the world; therefore, we must nurture our desire for learning to motivate students and teachers to assure the leadership necessary to American democracy.

In this resolution we call attention to the Lubavitch movement which promoted many of the ethical values and principles upon which our great Nation was founded. It is only fitting that in choosing this date we honor the leader of the Lubavitch movement, Rabbi Menachem Mendell Scheerson, whose 82d birthday falls on April 13.

I strongly urge the passage of the resolution which focuses attention on America's educational that is so vital to our future competitiveness with other nations.

Mr. MICHEL. Mr. Speaker, will the gentleman yield?

Mr. COURTER. I yield to the distinguished minority leader, the gentleman from Illinois (Mr. MICHEL).

Mr. MICHEL. Mr. Speaker, I welcome this opportunity to say a few words about House Joint Resolution 520, requesting the President to designate April 13, 1984, as "Education Day, U.S.A."

Along with the distinguished majority leader, Mr. WRIGHT, I am a cosponsor of this resolution. I think it is fitting that the majority and minority leader should cosponsor such a resolution because it deals with a subject that transcends partisan consideration.

Education has long been considered a vital part of the American experience. Somewhere along the way, however, we lost the commitment to education. We saw declining test scores and loss of confidence in our schools.

In recent years we have begun to rediscover education's essential importance to our national well-being. We are seeing a rebirth of the old American idea of progress through education for all Americans.

April 13 also happens to be the 82d birthday of a remarkable religious leader, Rabbi Menachem Mendel Schneerson. He is the internationally renowned and respected leader of the Lubavitch movement which actively promotes education programs at more than 60 centers in 28 States.

So in honoring the concept of American education, we are also paying tribute to the leader of a movement which has contributed so much to education in America.

The Lubavitch movement, founded in the 18th century, has as its philosophical foundation three basic elements—wisdom, understanding, and knowledge.

It is therefore appropriate that the movement, under the inspired leader of the man called the Rebbe, has been so active in promoting education.

Since the word "education" is so all encompassing, it might be useful to look at the language of our resolution so as to better define what we mean when we use the word.

The first thing we see in our resolution is reference to "ethical values and principles." I think these words are of extreme importance because they remind us that education is not limited to mere intellectual, technical, or vocational development but, instead, embraces man's spiritual life as well.

As the resolution reminds us "the Lubavitch movement has fostered and promoted these ethical values and principles throughout the world."

So when we talk about education in this resolution we are talking about all the qualities that go into shaping our mind and our characters.

The movement which the Rebbe heads takes its name from a Russian city, Lubavitch, which, translated into English means "City of Love."

In the final analysis it is love—love of children, love of one's religious heritage, love of learning—that is at the heart of the Lubavitch movement and at the heart of our resolution.

I want to thank everyone connected with this resolution for this chance to say a few words about an important topic and a great man.

Mr. GILMAN. Mr. Speaker, will the gentleman yield?

Mr. COURTER. I yield to the gentleman from New York.

Mr. GILMAN. Mr. Speaker, I, too, join with the gentleman in commemorating Education Day U.S.A. It is a worthy resolution.

● Mr. WRIGHT. Mr. Speaker, I am delighted that our distinguished colleague, the minority leader, has joined me in sponsoring Joint Resolution 520, requesting the President to designate April 13, 1984, as "Education Day, U.S.A."

This resolution should pass the House unanimously, Mr. Speaker, because it declares with clarity the importance of education to the well-being of the entire Nation. Moreover, the resolution recognizes the historical tradition of ethical values which are the basis of civilized society and upon which our great Nation was founded.

April 13, 1984, is a particularly significant date because it is the 82d birthday of Rabbi Menachem Mendel Schneerson, the esteemed leader of the Lubavitch movement. This movement actively promotes educational programs in 60 centers in 28 States.

There is a renewal of national concern about educational excellence and a growing awareness across America that education represents an investment in our Nation's future. The resolution under consideration emphasizes the interconnection, indeed the symbiotic relationship, between education on the one hand, and ethical values on the other. In this regard, the Lubavitch movement stands alone as a source of inspiration throughout the world because it is the unquestioned champion of ethical values and principles and educational excellence. Rabbi Menachem Mendel Schneerson, as the leader of this movement, deserves the recognition and the praise of this House for his tireless leadership.

And so, Mr. Speaker, I urge all Members to support this resolution. By so doing they will strike a blow for enlightenment and for those values which must be strengthened and nurtured within civilized society.●

● Mr. GILMAN. Mr. Speaker, I wish to express my strong support of House Joint Resolution 520 which requests President Reagan to designate April 13, 1984, as "Education Day, U.S.A."

It is quite fitting that the topic of education be honored on this day, for April 13 is also the 83d birthday of Rabbi Menachem Mendel Schneerson. He is the respected and revered leader of the Lubavitch movement, an educational movement that has fostered and promoted ethical values and principles at more than 60 centers in 28 States worldwide. This legislation is a tribute to the Lubavitch movement's commitment to the education of our society.

The proper education of our society is the bedrock of our civilized Nation. A strong knowledge of world history and ethical and moral values is essential to the establishment of a stable society. Studies have shown that the more educated a person is, the more that person is adaptable to new ideas. In a constantly changing world it is important to be flexible. However, as the Lubavitch movement professes, it is even more important to have strong ethical and moral values on which to base these changes. For education provides the opportunity to explore new points of view, but in the moral and ethical context of one's character.

Today, more than ever, the education standards for our children's schools must meet the challenges of a rapidly changing sophisticated, and technological world American elementary schools and universities must provide the educational tools, funds, opportunities, and faculty to keep pace with the advances of our time.

Yet, with this challenge comes the responsibility to teach about the history of our society in order to provide a framework in which the student can learn from the past to understand the present and, thus, plan for the future.

Education is the key to a civilized society. We must make certain that the quality of education, both for our children and society at large, is of the highest quality and available to all to reap the benefits from.

It is in this light that I strongly urge my colleagues to join in staunch support of House Joint Resolution 520.●

Mr. COURTER. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Indiana?

There was no objection.

The Clerk read the joint resolution, as follows:

H.J. RES. 520

Whereas Congress recognizes the historical tradition of ethical values and principles which are the basis of civilized society and upon which our great Nation was founded;

Whereas these ethical values and principles have been the bedrock of society from the dawn of civilization, when they were known as the Seven Noahide Laws;

Whereas without these ethical values and principles the edifice of civilization stands in serious peril of returning to chaos;

Whereas society is profoundly concerned with the recent weakening of these principles that has resulted in crises that beleaguer and threaten the fabric of civilized society;

Whereas the justified preoccupation with these crises must not let the citizens of this Nation lose sight of their responsibility to transmit these historical ethical values from our distinguished past to the generations of the future;

Whereas the Lubavitch movement has fostered and promoted these ethical values and principles throughout the world;

Whereas Rabbi Menachem Mendel Schneerson is the universally respected and revered leader of the Lubavitch movement, and his eighty-second birthday falls on April 13, 1984: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That April 13, 1984, the birthday of Rabbi Menachem Mendel Schneerson, leader and head of the worldwide Lubavitch movement, is designated as "Education Day, U.S.A.". The President is requested to issue a proclamation calling upon the people of the United States to observe such day with appropriate ceremonies and activities.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NATIONAL TUBEROUS SCLEROSIS WEEK

Mrs. HALL of Indiana. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the Senate joint resolution (S.J. Res. 148) to designate the week of May 6, 1984, through May 13, 1984, as "National Tuberous Sclerosis Week," and ask for its immediate consideration in the House.

The Clerk read the title of the Senate joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Indiana?

Mr. COURTER. Mr. Speaker, reserving the right to object, I will not object, but I take this time to say that this is a worthwhile resolution and I urge that the body vote in favor of it.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Indiana?

There was no objection.

The Clerk read the Senate joint resolution, as follows:

S.J. RES. 148

Whereas tuberous sclerosis (hereafter in this joint resolution referred to as "TS") is a genetic disorder affecting as many as one in ten thousand Americans;

Whereas TS remains poorly understood and frequently misdiagnosed even though it is one of the more common genetic disorders;

Whereas TS affects both males and females and individuals of all races;

Whereas characteristics of TS include skin markings, seizures, motor difficulties, mental retardation, tumors of the brain and other organs, and behavioral abnormalities;

Whereas in any individual, the disease features and severity may vary from mild, when patients can live normal lives, to extreme, when TS is disabling and may be life threatening;

Whereas modern research technology has increased the knowledge of TS, there remains much to be learned;

Whereas only with continued, extensive research is there any chance of conquering this horrifying disease; and

Whereas establishing a National Tuberous Sclerosis Week would serve to increase public awareness of TS and stimulate research: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the week of May 6, 1984, through May 13, 1984, is designated as "National Tuberous Sclerosis

Week", and the President is authorized and requested to issue a proclamation calling on the people of the United States to observe the week with appropriate programs, ceremonies, and activities.

The SPEAKER pro tempore. The gentlewoman from Indiana (Mrs. HALL) is recognized for 1 hour.

Mrs. HALL of Indiana. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts (Mr. DONNELLY).

Mr. DONNELLY. Mr. Speaker, tuberous sclerosis is one of the most common severe genetic diseases.

It was first identified more than a century ago. It is thought to afflict as many as 1 in every 5,000 people. It can cause mental retardation, epilepsy, developmental delay, and other handicaps.

Still, there has been relatively little sustained research and even less public awareness of this devastating disorder.

We have begun to reverse that trend only recently.

Researchers from across the country will meet in Boston later this month to share their findings and to encourage others to join the fight against tuberous sclerosis. That symposium is being underwritten by the National Institute of Neurological and Communicative Disorders of the National Institutes of Health.

By designating the week of May 6 as "National Tuberous Sclerosis Week," we are helping to draw the attention of the public and the medical community to this crippling and often misdiagnosed disease.

I would like to thank the many Members of this House who have supported this symbolic but important legislation.

Fifteen years ago, Raymond and Linda Connors of Rockland, Mass., knew they were not alone as parents of a victim of tuberous sclerosis. Their efforts led to the formation of the Tuberous Sclerosis Association of America.

Since then, they and their organization have been the source of help and support for other families in their position. They have also been instrumental in spreading awareness of this disease to physicians and researchers in this country and around the world.

I applaud their efforts to bring hope of a cure to thousands of families and thank the chairwoman, Mrs. HALL for her expeditious handling of this resolution.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NATIONAL MENTAL HEALTH COUNSELORS WEEK

Mrs. HALL of Indiana. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the Senate joint resolution (S.J. Res. 203) designating the week beginning April 8, 1984, as "National Mental Health Counselors Week," and ask for its immediate consideration in the House.

The Clerk read the title of the Senate joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Indiana?

Mr. COURTER. Mr. Speaker, reserving the right to object, I would just like to indicate that I am very supportive of this resolution. It is a worthwhile resolution and I urge my colleagues to support it.

● Mr. WALGREN. Mr. Speaker, I hope that for the second year in a row Congress will send to the President a resolution, for his signature, recognizing the contribution of mental health counselors to the health of the Nation. I urge the House to support Senate Joint Resolution 203, the companion to my bill, House Joint Resolution 415, making the week of April 8 National Mental Health Counselors Week.

Mental health counselors provide 50 percent of all mental health services in this country. They help people daily with personal and adjustment problems as part of a clinical team. They work in a variety of settings—hospitals, community health centers, clinics, and in private practices. They frequently work in areas traditionally underserved by health professionals.

This may be a small effort on the part of Congress, but it is a big step toward bringing public attention and support to the need to provide adequate mental health care to all people in all parts of the country.

I wish to thank Congresswoman HALL for her help in bringing this bill to the House and the 230 Members of the House who cosponsored the bill. Since the Senate has passed companion legislation, I look forward to the President promptly signing it into law so that we can recognize these important professionals and their contributions next week.●

Mr. COURTER. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Indiana?

There was no objection.

The Clerk read the Senate joint resolution, as follows:

S.J. RES. 203

Whereas mental health counselors work in a specialized field of counseling which emphasizes the developmental and adjustive nature of mental health services;

Whereas mental health counselors utilize individual and group conseling techniques oriented toward assisting individuals with methods of problem solving, personal and social development decisionmaking, and the complex process of developing self-understanding and making life decisions;

Whereas mental health counselors work in conjunction with other helping professionals, such as psychiatrists, psychologists, and social workers to determine the most appropriate counseling for each client;

Whereas mental health counselors work in psychiatric hospitals, community mental health agencies, private clinics, college campuses, rehabilitation centers, and private practice providing almost 50 per centum of direct delivery of mental health services;

Whereas mental health counselors are individuals upon whom, by virtue of their education and extensive training, have been conferred masters or doctors of philosophy degrees in mental health counseling or community mental health counseling, or similar degree titles having a focus on mental health; and

Whereas mental health counselors, after having earned such degrees, have performed at least two years of supervised clinical counseling, and are licensed or certified as such in the State of their residence, or are certified by the National Academy of Certified Clinical Mental Health Counselors: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the week beginning April 8, 1984, is designated "National Mental Health Counselors Week." The President is requested to issue a proclamation calling upon all Government agencies and the people of the United States to observe that week with appropriate ceremonies and activities.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NATIONAL P.O.W./M.I.A. RECOGNITION DAY

Mrs. HALL of Indiana. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the Senate joint resolution (S.J. Res. 171) to provide for the designation of July 20, 1984, as "National P.O.W./M.I.A. Recognition Day," and ask for its immediate consideration in the House.

The Clerk read the title of the Senate joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Indiana?

Mr. COURTER. Mr. Speaker, reserving the right to object, this is an extremely urgent and important resolution to bring attention to the MIA's and POW's.

I rise in support of Senate Joint Resolution 171 designating July 20, 1984, as "National POW/MIA Recognition Day."

POW's and MIA's are perhaps the most deserving heroes America has today and I would like to take the opportunity to commend my colleagues who have supported the legislation. It shows a deep concern and a concerted effort to honor our former prisoners of war and those missing in action. By establishing July 20, 1984, as a day of recognition for these brave service-

men, we proclaim our deep gratitude for their sacrifices and our profound sorrow for their fate.

The men who served their country in the frontlines of battle or in dangerous enemy territory were the first to be killed or taken captive. Our Nation owes these men and their families the profoundest statement of recognition for the losses they experienced at the hands of their captors. The ordeals of the POW's and MIA's certainly did not end with the wars in which they fought. The after effects of starvation, torture, and disease linger today in their bodies and minds.

Therefore, I feel it is imperative that this body act favorably in proclaiming July 20, 1984, a day of recognition for the men who gave so much for the sake of their Nation. Let us honor these men and assure that their sacrifices for the American people has not been forgotten.

I urge my colleagues to join me in supporting this resolution.

Mr. GILMAN. Mr. Speaker, will the gentleman yield?

Mr. COURTER. Under my reservation, I yield to the gentleman from New York, who is the cosponsor of the resolution.

Mr. GILMAN. Mr. Speaker, I rise in support of Senate Joint Resolution 171, which was introduced in the Senate by the distinguished Senator from Mississippi (Mr. STENNIS). This resolution establishes July 20, 1984, as "National POW/MIA Recognition Day." I was pleased to introduce a substantively similar bill in the House, House Joint Resolution 344. National POW/MIA Recognition Day is a fine and worthy way to commemorate the sacrifices which have been made, and may be still being made, by our Americans who are prisoners of war and missing in action.

Over the past few years, the Congress has approved this day to be set aside in respect and appreciation for the many Americans who have defended our Nation, and in so doing, have been taken prisoner of war, or remain missing in action. While the July 20 day is of significance to all POW's and MIA's, the day is especially significant when we remember the POW's and MIA's from the Vietnam war. There are 2,500 Americans still unaccounted for, and the families of our missing Americans, and the dedicated men and women in our Armed Forces continue to remember their special sacrifice. As the chairman of the House Task Force on American Prisoners and Missing in Southeast Asia, I am especially mindful of the torturous struggle that has accompanied our efforts to account for our Vietnam-era missing. Refugee reports still indicate the possibility that Americans may be alive in Southeast Asia. Our Government has diligently pursued these reports over the years. We know that many Americans were taken as prisoners of war, and we also know that many did not return in Operation Homecoming in 1973. National POW/MIA Recognition Day enables us to focus our prayers, our hopes, and our commitment on the accounting and return of our Americans to their Nation and their families.

As part of the National POW/MIA Recognition Day ceremonies, States and communities have kept the vigil alive. Veterans' posts across our Nation have taken an active role in the commemoration of the ongoing contributions of our POW's and MIA's, and we expect that during the ceremonies this year, we will again witness their dedicated concern.

With the increasing national and international awareness of the prisoner of war and missing in action issue, POW/MIA Day has become a landmark day bringing Government officials, family members, service men and women together to commemorate the unique struggle of our prisoners of war and our missing in action.

Accordingly, I urge my colleagues to join in supporting this important resolution and to encourage appropriate ceremonies on July 20.

Mr. COURTER. Mr. Speaker, I thank the gentleman for his statement. It was a very eloquent statement on behalf of a very worthwhile movement in this country.

Mr. SOLOMON. Mr. Speaker, will the gentleman yield?

Mr. COURTER. Under my reservation, I yield to one of the great American patriots in Congress, my good friend, the gentleman from New York (Mr. SOLOMON).

□ 1500

Mr. SOLOMON. I thank the gentleman for yielding.

Mr. Speaker, I rise in strong support of House Joint Resolution 344—the resolution introduced by my colleague from New York (Mr. GILMAN) to designate a National POW/MIA Recognition Day.

As a member of the Congressional Task Force on POW's and MIA's, I have had the privilege of working closely with Mr. GILMAN to focus more attention on this grave issue of continuing importance. The whereabouts of many brave Americans who served their country during the Vietnam conflict have still not been accounted for satisfactorily. Our task force has frequently met with the family members of those whose whereabouts have still not been explained.

In addition, I am proud to report that the Reagan administration has also been very instrumental in placing this issue at the forefront of our diplomatic communications with many Southeast Asian nations. The administration has made it clear to these countries that any warming of diplomatic relations is contingent upon their full cooperation in this regard.

The administration's efforts, coupled with the work of our task force, are succeeding in moving toward satisfactory resolution of this problem. Today, the Congress is also joining these efforts, by proclaiming a national day of recognition for our POW's and MIA's. I fully suport these efforts, and I strongly urge the adoption of the resolution.

Thank you, Mr. Speaker.

Mr. MONTGOMERY. Mr. Speaker, will the gentleman yield?

Mr. COURTER. I am happy to yield to the gentleman from Mississippi.

Mr. MONTGOMERY. I thank the gentleman.

Mr. Speaker, I rise in support of the resolution.

I also commend the gentleman from New York (Mr. GILMAN) on his work in this area. Both of us have worked a number of years on the MIA (missing in action) in Southeast Asia. I still feel that no Americans are being held in captivity against their will in Southeast Asia. I have been to Vietnam 12 times working on MIA issues. I was on the Woodcock Commission which investigated whether any Americans were still held prisoners in that part of the world. I had the privilege of also heading the Select Committee on Missing Persons in Southeast Asia for the House of Representatives.

I wish I were wrong. But in all the information, leads, and talking to neutral groups in that part of the world we could find no evidence that Americans are still alive. It is a sad report, but I do not want to mislead any of my colleagues of my position.

Having said that, I think we should continue with this task force, we should continue to gather information and follow up on the leads that come out of Vietnam. But I think it is rather sad to the families, if you give them hopes that their loved ones are still alive in that part of the world.

And I wish I were wrong, but I can find no hard, good, concrete evidence that any Americans are still alive. I do support the resolution.

Mr. COURTER. I appreciate the gentleman making that statement and clarifying the situation. The resolution is not obviously designed to be misleading. I do not think it is.

The statement of the gentleman from Mississippi certainly adds to the clarity of it.

Mr. Speaker, I withdraw my reservation of objection.

● Mr. SOLARZ. Mr. Speaker, I would like to add my support to Senate Joint Resolution 171, designating July 20, 1984, as "National POW/MIA Recognition Day."

It is particularly important to designate a day to commemorate the nearly 2,500 American servicemen still miss-

ing from the conflict in Indochina. We have been waiting a long time since the end of the Vietnam war to determine the fate of our MIA's and POW's. National POW/MIA Recognition Day is one indication that we have not lost patience or diminished in the slightest way our commitment to these brave servicemen, their families, and everyone working to resolve this issue.

The final chapter of our involvement in the Vietnam war cannot be written while the POW/MIA issue remains unresolved. The House Subcommittee on Asian and Pacific Affairs, which I chair, has primary oversight jurisdiction on POW/MIA matters. Together with the Task Force on American Prisoners and Missing in Southeast Asia, ably chaired by Congressman GILMAN, has pressed for a full accounting of the status of these American servicemen—and we will continue to do so.

The POW/MIA issue is a humanitarian question of fundamental importance. It transcends partisan political boundaries within the Congress and within our country and calls forth from each of us a firm and lasting commitment to keep faith with our servicemen who are missing in action from the Vietnam war.●

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Indiana?

There was no objection.

The Clerk read the Senate joint resolution as follows:

S.J. RES. 171

Whereas the United States has fought in many wars;

Whereas thousands of Americans who served in such wars were captured by the enemy or are missing in action;

Whereas many American prisoners of war were subjected to brutal and inhuman treatment by their enemy captors in violation of international codes and customs for the treatment of prisoners of war and many such prisoners of war died from such treatment;

Whereas many Americans missing in action remain unaccounted for and the uncertainty surrounding their fate has caused their families to suffer acute hardship; and

Whereas the sacrifices of American prisoners of war and Americans missing in action and their families are deserving of national recognition: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the twentieth day of July 1984 shall be designated as "National P.O.W./M.I.A. Recognition Day" and the President of the United States is authorized and requested to issue a proclamation calling upon the people of the United States to commemorate such day with appropriate activities.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NATIONAL HEARING IMPAIRED AWARENESS WEEK

Mrs. HALL of Indiana. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the joint resolution (H.J. Res. 407) designating the week beginning April 8, 1984, as "National Hearing Impaired Awareness Week," and ask for its immediate consideration in the House.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Indiana?

Mr. COURTER. Reserving the right to object, and I will not object, Mr. Speaker, I rise just to indicate that this is the fifth of five worthwhile resolutions. I urge my colleagues to support it.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from indiana?

There was no objection.

The Clerk read the joint resolution, as follows:

H.J. RES. 407

Whereas more than fifteen million Americans of all ages experience some form of hearing impairment;

Whereas the deaf and hard of hearing have made significant contributions to society in virtually every occupational category and profession; and

Whereas the remaining impediments and obstacles encountered by those with hearing disorders must be recognized and eliminated: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the week beginning April 8, 1984, is designated "National Hearing Impaired Awareness Week". The President is requested to issue a proclamation calling upon the people of the United States to observe such week with appropriate activities.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mrs. HALL of Indiana. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the joint resolutions just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Indiana?

There was no objection.

PRESIDENT REAGAN DECLARES END TO U.S. ROLE IN LEBANON FORCE

(Mr. VENTO asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. VENTO. Mr. Speaker, I was very pleased this weekend to notice that President Reagan has finally declared an end to the U.S. role in Lebanon and moved our Armed Forces out of that region.

Frankly, our policy in the Middle East has been an utter failure. In spite of the fact of the Reagan administration winning the day on the floor of this House and in the Senate with regard to the Lebanon policy and the declaration to keep troops there, it is clear that the Reagan house of cards with regard to foreign policy in the Middle East came tumbling down.

It was apparent to us many months ago. We regret the cost in American lives. We regret the cost in terms of the plight that has been visited upon the Lebanese people and upon all the Middle East.

The United States, who I think before this Reagan policy was executed, could have played a very positive role in the peace process, not by having ground troops in Lebanon, but by contributing to the negotiation process and supporting the Government, rather the Reagan policy is in utter disrepute and failure; so that the U.S. position is a much weakened position in this region of the world because of events that have occurred.

It is unfortunate that events and circumstances result in not a neutral situation where we could be in the same positive posture, but rather today we find continuing turmoil and a situation which is intolerable, but the United States is in a much weaker position to deal with it because of the Reagan policy path that was followed.

Hopefully, this will bring some light and insight to the Members of this body and the administration so that we can pursue more positive policies in other areas of the world which are troubled, such as Central America.

Mr. Speaker, I include the article from the Washington Post of March 31 which documents the sad reality of a foreign policy debacle.

[From the Washington Post, Mar. 31, 1984]

REAGAN DECLARES END TO U.S. ROLE IN LEBANON FORCE

(By John M. Goshko)

President Reagan yesterday formally ended U.S. participation in the multinational force that failed to bring peace to Beirut, and U.S. officials said the American warships and Marines now off the coast of Lebanon gradually will return to cruising duties elsewhere in the Mediterranean Sea.

In a letter to Congress, Reagan announced termination of the U.S. role in the peacekeeping effort that began with the dispatch of more than 2,000 Marines to Beirut in September, 1982, following the massacre there of Palestinians, and ended in February when Reagan transferred the Marines to ships offshore.

"The United States has not abandoned Lebanon," the president said in his letter. But he added: "The continuation of our participation in the MNF is no longer a necessary or appropriate means of achieving [our] goals."

His letter, which was sent under the provisions of the congressional resolution authorizing the Marines to be in Beirut, did not say where and how the ships and Marines would be redeployed.

Pentagon and White House officials said privately that the warships, most of which are part of the U.S. Sixth Fleet, will return in gradual stages to routine patrol duties and other exercises in the Mediterranean.

These officials noted that a Marine amphibious force of roughly 2,000 men normally is kept with the fleet in the region, and they said it would be available for any "short-notice contingencies" that might require a return to Lebanon.

However, Reagan's action seemed to mark abandonment of the administration's contention that the February withdrawal to ships was merely a reshuffling of the American military force to make it more effective rather than a pullout from Lebanon.

"The Marines are being redeployed 2½ to 3 miles to the west," Defense Secretary Caspar W. Weinberger said in testimony to Congress on Feb. 9.

Secretary of State George P. Shultz, who also appeared before the committee that day, insisted that putting the Marines on ships was "a rearranging of our military assets" and not an abandonment of the U.S. military commitment to Lebanon.

It since has become clear that the Marines were playing no effective role, as the fighting between feuding Lebanese factions has continued and as Lebanese President Amin Gemayel has moved away from U.S. support to reliance on Syria and Saudi Arabia to save his embattled government.

As Reagan noted in his letter, the other countries in the multinational force also "have made similar decisions" to end their participation. Italy and Britain have withdrawn their troops from Beirut, and France is in the process of evacuating the last of its forces from the city.

Reagan said a detachment of about 100 Marines will remain in Beirut to protect the U.S. Embassy, and "a limited number of U.S. military personnel equipped with personal weapons for self-defense will remain to provide military training" for the Lebanese army. But, he added, "these personnel will not be part of any multinational force."

The president's letter also gave an accounting of "the heavy burdens and grievous losses for our country" resulting from participation in the peace-keeping effort. It noted that 264 American military personnel were killed, primarily in the terrorist bombing of the Marine encampment at the Beirut airport last October.

It added that the the estimated costs of U.S. participation during the 1984 fiscal year totaled $14.6 million for the Marines, $44.9 million for the offshore naval support and $243,000 for U.S. Army support.

REAGAN ADMINISTRATION GIVING BUSINESS A BAD NAME

(Mr. SEIBERLING asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. SEIBERLING. Mr. Speaker, yesterday's Washington Post business section contains an article by Jerry Knight, financial editor of the Washington Post, which points out that if the Reagan White House was a public company its ethical record over the past 3 years would make it one of the most disreputable firms in the country. The article states that none of the Fortune 500 companies have had as many ethical embarrassments as the White House in the last 3 years.

The article goes on to say that the White House has been involved in more dubious ethical situations than all the top 100 Washington companies combined. It not only cites a number of these instances but quotes from the conflict of interest codes of several Washington corporations and notes that, if these codes applied to the Reagan administration, many of the Presidential appointees, whose actions have been defended and their jobs protected by the administration, would have been summarily dismissed.

The article concludes by noting that Mr. Meese's undisclosed interest-free loans from people whom he helped to get Federal jobs would have disqualified him from continuing to serve as an executive of many of the Nation's major corporations.

Mr. Speaker, the full text of the Knight article follows these remarks.

REAGAN WHITE HOUSE GIVING BUSINESS A BAD NAME

(By Jerry Knight)

Business is getting a bad name from the business practices of Reagan administration officials.

Political debate will ultimately determine whether the two dozen embarrassing business deals involving appointed officials are regarded by voters as business as usual in Washington.

But the kind of transactions that have gotten White House appointees in trouble certainly are not business as usual in business.

If the Reagan White House were a public company its record over the past three years would make it one of the most disreputable of U.S. firms. No member of the Fortune 500 has had as many ethical embarrassments as the White House in the last three years.

From National Security Adviser Richard Allen's $1,000 gift from Japanese journalists and Ed Meese's $400 Korean cuff links, through the insider trading charges against deputy defense secretary W. Paul Thayer and White House aide Thomas C. Reed, to Meese's practice of taking loans from friends and then helping them get jobs, the White House has been involved in more questionable situations than all the Top 100 Washington businesses combined.

Add to that list Guy W. Fiske of the Commerce Department, who sought a new job with Comsat Corp. while negotiating a government contract with Comsat. Richard N. Perle, who as assistant secretary of Defense recommended a government contract for a firm that had paid him a $50,000 consulting fee. James Watt, whose terminal transgressions as Interior secretary included using government funds for private parties. Arthur Hull Hayes Jr., commissioner of the Food and Drug Administration, who billed both the government and private firms for the same expenses. And James Sanderson, who was simultaneously consulting for the Environmental Protection Agency and representing EPA opponents.

Compare the actions of these Reagan appointees with the standards set in the conflict-of-interest code of one of Washington's biggest and best known public corporations.

"It has been and continues to be the company's established policy that all officers and employes of the company and its subsidiaries must avoid any situation which involves a possible conflict between their personal interest and the interests of the company. Only by adhering to this policy can the integrity of the company's business relationships be preserved and the financial and other interests of the company and its shareholders protected. Companies that have failed to enforce such a policy have experienced monetary losses, disruptive litigation and, most important, irreparable damage to their standing in the community."

If this company's code applied to the Reagan White House, many of the presidential appointees whose actions have been defended and their jobs protected for as long as politically possible would have been dismissed without debate.

Take Meese's cuff links and Dick Allen's pocket money. Take them and you'd get fired from a lot of companies. Take them from a supplier and you could be indicted for commercial bribery.

The code of the Washington firm prohibits "acceptance by a person subject to this policy, or any member of that person's immediate family * * * of gifts of merchandise of more than token value (retail value of over $50), cash or gift certificates in any amount whatever, loans (except from established banking or financial institutions), excessive entertainment or other substantial favors."

In addition to the ban on loans, the Washington firm prohibits employes from having "a substantial financial interest in any outside concern if such person has authority to make any decisions or recommendations or could have any influence regarding transactions between such concern and the company." By that standard as well, Meese-style loans would be off limits, and Fiske, Perle and Sanderson would be way off base.

The impression that Meese's gold and jade cuff links and his loan from a person who subsequently got a job in the administration amount to acceptable business practice has been fostered by editorials in The Wall Street Journal defending Meese. But such loans appear to violate the conflicts of interest policy of Dow Jones & Co., publishers of The Journal.

Dow Jones "employes should not accept, directly or indirectly, any gift, entertainment or reimbursement of expenses of more than normal value," the policy states. "Nor should they accept payment, loans, services, employment or any other benefit from any company or individual" doing business with Dow Jones.

Other charges against White House appointees go beyond conflict of interest into outright improprieties.

Is using a company car for personal business without permission any different from padding your expense account? Among the Reaganauts who have admitted to that and paid back the cost are former Veterans' Administration chief Robert Nimmo, Attorney

General William French Smith, Defense Secretary Caspar Weinberger, Housing and Urban Development official Donald I. Hovde, and Consumer Product Safety Commission chief Nancy Harvey Steorts. Treasury Secretary Donald T. Regan has said he sees no need to repay the government for his wife's use of an official car and driver. Failure to report such benefits as income could get an individual in trouble with the Internal Revenue Service. Failure to disclose such perquisites to stockholders could get a public company in trouble with the Securities and Exchange Commission.

The insider trading cases brought by the SEC against Thayer and Reed are further evidence of how out of step the Reagan White House is with the ethical standards of American business. No private business has had two of its executives accused of unrelated insider trading violations in two years.

Reed resigned and has agreed to pay back the $427,000 in profits he made on a $3,125 investment based on inside information. Thayer, too, has been forced out of office but says he will fight the charges. Whether Thayer will continue to resist and risk further publicity in the midst of the presidential campaign remains to be seen.

The same confrontation with public scrutiny and political reality faces Ed Meese. Maybe he can tough it out. Maybe a special prosecutor will give him a clean bill of health. Maybe the Senate will decide he is qualified to be the nation's highest law enforcement officer. Maybe he is. But there is little doubt that Meese's undisclosed interest-free loans from someone he helped get a job would disqualify him from serving as an executive of many of the nation's major corporations.

REPORT ON U.S. POLICY ON ASAT ARMS CONTROL

(Mr. BROWN of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. BROWN of California. Mr. Speaker, the administration demonstrated its intention to march inevitably toward an arms race in space yesterday in a report submitted to the Congress entitled "U.S. Policy on ASAT Arms Control." Mr. Speaker, unfortunately this report makes abundantly clear that the President has no interest in arms control in space.

The report, which I refer to my colleagues for further detail, claims that an ASAT Treaty would be unverifiable. However, the report also indicates the administration's potential interest in a high-altitude ASAT Treaty. This approach is a smokescreen to gain step-by-step acceptance by the Congress of the full ASAT weapons system. Having gained approval of a low-altitude ASAT, the administration will predictably argue that we won't be able to verify a high-altitude system ban, and therefore should go ahead and deploy one. Mr. Speaker, I do not believe we will tolerate this blatant attempt to hoodwink the Congress.

Mr. Speaker, I and many of my colleagues have been urging this administration over the last year to seek negotiations with the Soviet Union to ban antisatellite weapons, and have been seeking an immediate and mutual test moratorium on ASAT's to avoid the verification problem the administration has referred to. The Soviet Union recently submitted a draft ASAT Treaty to the United Nations—it is a mystery to me why we stubbornly refuse to resume the negotiations we suspended in 1979 following the Soviet invasion of Afghanistan. If the President is truly interested in arms control, this is the perfect time to demonstrate it.

Mr. Speaker, last week I announced the formation of the Coalition for the Peaceful Uses of Space comprised of 20 of our colleagues who have joined forces with arms-control experts and public-interest groups, including the League of Women Voters, and Ambassador Gerard Smith, the negotiator of the 1972 Anti-Ballistic Missile Treaty, to oppose the arms race in space. I invite my colleagues to join me in this important effort. The ASAT report is only the latest example of the alarming trend toward an arms race in space that must be stopped.

I include some relevant newspaper articles for the RECORD below.

[From the Washington Post, Apr. 1, 1984]

U.S. To PUSH ANTISATELLITE WEAPONS TEST

(By Walter Pincus)

The Reagan administration plans to push ahead with development and testing of an antisatellite weapon and does not plan to seek a comprehensive ban on such weapons with the Soviet Union, according to informed administration sources.

Those views were contained in a report to Congress on antisatellite weapons that President Reagan signed yesterday, the sources said. The roughly 20-page unclassified document, with a much larger appendix of secret material, is scheduled to be delivered to Capitol Hill Monday in response to an amendment on last year's defense appropriation bill.

The administration is still looking at the possibility of negotiating a restrictive ban on some forms of antisatellite weapons, the sources said. "But so far no one has been able to figure one out that would be verifiable and in the national interest," one official said last week.

Led by legislators who wanted to head off what they described as a costly militarization of space, Congress last year overwhelmingly approved two amendments that limited the antisatellite program.

The first required a report on the president's arms control policy for such weapons by March 31, before the Pentagon could spend funds for items with long lead times that would be necessary to begin production of antisatellite weapons.

The second, sponsored by Sen. Paul E. Tsongas (D. Mass.), required the president to certify that the weapons were necessary for national security and that the United States was endeavoring "in good faith to negotiate a mutual and verifiable ban" on all such weapons before the U.S. weapon could be tested against a target in space.

The report signed by the president yesterday fulfills the first requirement but not the second. Sources said that since the test against a target is not scheduled to take place before this fall, the Tsongas restriction may be overtaken by other Senate action.

Sen. Larry Pressler (R-S.D.) announced Friday that he hoped to have a debate on antisatellite weapons in April when the Senate takes up a joint resolution that calls for the president to negotiate a treaty with the Soviet Union banning space weapons. The measure unanimously passed the Senate Foreign Relations Committee last November.

One official involved in the presidential report said yesterday that "it will be clear to readers of the report why we are not going to approach the Soviets on a comprehensive ban."

The report, he said, describes in detail not only how space is already filled with military satellites, but also how even the most rudimentary space vehicles and tests can be used for antisatellite weapons.

By pursuing antisatellite weapons, the administration also leaves open its options for developing a space-based, anti-ballistic missile system that would have been prohibited by a ban on antisatellite weapons.

The Soviet Union has had an antisatellite weapon since the late 1960s. Launched into an orbit similar to its target's, it reaches a point close to its target after two or three revolutions around the earth, then explodes.

Although some scientists have termed the Soviet system simplistic and easy to counter, Pentagon officials have argued that it is more sophisticated and can easily be upgraded without further testing.

The report, sources said, also will make clear that other techniques the Soviets have practiced, such as docking of vehicles in space, could be easily transferred to antisatellite weapons.

The U.S. system is launched by a rocket that is initially carried to a high altitude by an F15 fighter. The rocket fires a miniature homing vehicle carrying infrared sensors that guide it directly into the target satellite.

Under current plans, the Air Force will hold its first development test against a target balloon in space this fall. It tried out the rocket system Jan. 21, and another similar test is expected shortly.

A panel of the Union of Concerned Scientists, an organization of distinguished professionals who support arms control measures, came up with many of the same findings as the administration group after studying the issue.

One of the panel's conclusions was that a ban on possession of antisatellite weapons "would be hard to verify."

Despite its agreements with the administration on the inability to ban possession of antisatellite weapons, the scientists' panel proposed a treaty that would ban "all tests of a weapon against any object in space, no matter what the weapon's basing mode may be."

Such an agreement, the panel says in an article to be published in June in Scientific American, could not "be verified to perfection."

"What finally counts," the scientists concluded, "is whether the activities that could plausibly escape detection pose a graver risk" than the perils of not having a treaty.

A Pentagon official said yesterday that the administration cannot take such a risk.

On March 23, the Soviet delegate to the U.N. Committee on Disarmament meeting

in Geneva introduced a draft treaty that would ban the testing and deployment of antisatellite weapons as part of a broader prohibition of arms in space.

Soviet leader Konstantin U. Chernenko has listed a ban on space weapons as one of several steps the United States could take to show it is sincere about making progress in arms control.

[From the New York Times, Mar. 31, 1984]

REAGAN REPORT PESSIMISTIC ON SATELLITE-KILLER PACT

(By Leslie H. Gelb)

WASHINGTON, March 30.—A Reagan Administration report to be given to Congress concludes that a ban on specific antisatellite weapons may be possible to verify but that Administration experts have yet to figure out how to do it and doubt that it can be done, officials said today.

The report, in response to a Congressional mandate to study the feasibility of antisatellite arms control, is to be presented Saturday. It has been several months in preparation, and the final draft was completed only Thursday after what officials described as bitter struggles. State Department officials said they wanted to show Congress that the Administration was trying to study seriously the feasibility of controlling antisatellite weapons, while Pentagon officials made it clear they wanted to close the door entirely on a treaty because of what they said were formidable problems in verifying such agreements.

The report is said to draw distinctions between kinetic energy weapons, which destroy satellites by impact, and others that involve more sophisticated technologies. Officials said the report casts particular doubt on whether it is possible to verify a ban on impact weapons and stresses the need to continue development of an American impact weapon for destroying Soviet surveillance satellites.

Under the 1984 Defense Department Appropriations Act, Congress required the Administration to submit the report by March 31. Otherwise, the Pentagon would be prohibited from spending any of $19.4 million appropriated for obtaining long-lead-time items for an American antisatellite weapon. The Administration is seeking $143 million more in this year's budget.

TOTAL BAN IS RULED OUT

The language of the act also requires the Administration "to endeavor in good faith to negotiate a mutual and verifiable ban on antisatellite weapons" before proceeding with the testing of a weapon against a target in space.

Officials said the report rules out any hope of a comprehensive ban on antisatellite weapons and goes into considerable detail on the problems of verifying compliance with a ban. Officials said there was little or no disagreement among the Administration experts studying the issue that a ban on all or even on most antisatellite weapons would be unverifiable. The main problem, in the view of many Administration experts, is that anything that can put a satellite into orbit can potentially be used to destroy a satellite.

The Union of Concerned Scientists, with its own roster of eminent scientists and technicians, issued a report last week saying adequate verification of a treaty banning such weapons was possible. This view is based essentially on the judgment that neither side has done enough testing of any system to be sure it would work and that testing a system would be detectable.

WHAT THE TWO SIDES HAVE

The Soviet Union has an antisatellite weapon that many experts say is not very reliable. It weighs several thousand pounds, is carried aloft by older Soviet rockets and can reach only low-flying American satellites. Most American satellites are above its range.

A more sophisticated American weapon, which is to be tested this fall, is a small, two-stage rocket booster with a small homing vehicle and is launched from an F-15 fighter plane. Unlike its Soviet counterpart, which coasts unpowered at orbital altitude for at least part of its flight, the homing device streaks directly toward its target at high speed.

The private experts of the Union of Concerned Scientists include Noel Gayler, a retired admiral and former director of the National Security Agency, and Richard L. Garwin, a former member of high-level military and scientific Presidential commissions. Both had access to the same secret information available to current Administration experts.

The Union of Concerned Scientists report maintains that Administration studies are pessimistic about verification of treaties against antisatellite weapons because they "tend to match only current monitoring capacities against future conceivable but nonexistent ASAT weapons."

THE NEED FOR TESTS

The private report says that covert Soviet efforts to upgrade its present antisatellite system would be risky and that launch preparations for new systems would be unmistakable. According to the report, covert development of exotic space-based lasers would be a formidable task, "even if unrestricted testing in space were permitted."

As for ground- or air-based lasers, the report states that these would require high accuracy, which would be difficult to confirm without tests against space targets, which would leave "a host of tell-tale signs." As for using space mines or current intercontinental-range missiles or antiballistic missiles against space targets, the report contends that their tracks and maneuvering would also be detectable. The report also dismisses the possibility of what is called breakout—Moscow's quickly assembling a usable antisatellite system after abrogating a treaty, saying it would be much harder than Administration experts allow.

MERGER-MANIA

The SPEAKER pro tempore (Mr. BIAGGI). Under a previous order of the House, the gentleman from New York (Mr. LUNDINE) is recognized for 60 minutes.

Mr. LUNDINE. Mr. Speaker, following in the footsteps of the very successful creators of the board games "Monopoly" and "Trivial Pursuit," I am thinking about devising a new board game which I would call Merger-Mania. This game would involve several players in roles as the management and stockholders of major corporations. Each corporation would be pitted against the others at the outset with the sole objective of amassing more wealth than one's opponent. The true "masters of the game" would probably end up being those who best learned how to prosper from the use of such devices at their disposal such as "leveraged buyout," "poison pill," "staggered board terms," "fair price," "blank check preferred," "supermajority," "pac-man," "white knight," "antitrust," "regulated buy," "self-tender," "hostile takeover," and "scorched earth."

Unfortunately, I cannot claim credit for invention of the idea for my new game or the clever devices the players would have to master in order to win the game. Rather, the concept on which "Merger-Mania" would be based is grounded in real life circumstances and the devices were invented by many of our most clever corporate managers and investment bankers. They reflect the reality of today's corporate world.

The obvious difference between my board game and what is occurring throughout many corporate boardrooms across the United States today is that the stakes involved in the latter are magnitudes higher than with the former. There is almost no newspaper, magazine, or newscast that you can read or listen to today without hearing reference to corporate merger activity. The very structure and nature of economic activity in the United States is being reorganized before our very eyes.

About a year ago I attended a conference with chief executive officers from many of our Nation's Fortune 500 companies. While I was visiting with them during the dinner hour, one asked me what I thought their biggest professional fear was. While I could identify a Congressman's biggest fear as losing the next election, I could not imagine what it might be for a CEO of a major corporation. I said I had no idea. They responded that their biggest fear was corporate takeover. They had found that the more successful they were, the bigger the risk someone would make a bid to takeover their firm.

The total amount of merger activity in our economy has increased dramatically since 1975. In 1975, $11.8 billion of credit went to finance mergers in the United States—in 1981, $82.6 billion—in 1982, $53.8 billion—and in 1983, $73.5 billion. This year, we have already seen merger activity or proposals approaching $40 billion. Moreover, mergers are increasing in size. More and more involve acquisition costs higher than $1 billion.

We are seeing merger activity of many types. We are seeing horizontal and vertical mergers within industries such as oil and steel. We are seeing conglomerate mergers between industries. We are witnessing international joint ventures within industries. We are seeing firms divest some of their

operations as part of a merger strategy.

Why is all this merger activity taking place? What does it mean for future eocnomic growth? What is an appropriate response by the Federal Government to this new merger wave?

These are critical questions. From the time of passage of the Sherman Anti-Trust Act in 1890, economists have acknowledged the critical importance of corporate structure to the preservation of competition, stable prices, and economic growth. The pivotal nature of this issue is not less important today. Our problem is that today we are trying to cope with 1980's antitrust problems on theoretical rather that economic grounds. We must put antitrust policy on a course which can contribute to future productivity improvement, competitiveness of U.S. industries, and economic growth.

The effect of merger activity on our economy is not well understood. When this issue has been raised in the past, with good reason, Congress has been reluctant to place inflexible, stringent bans on merger activity because they realized that the context in which that merger activity takes place is critically important to its desirability. In fact, some merger activity is generally considered to be expected, particularly during economic recessions, periods of high interest rates, and in instances where stocks are undervalued. In addition, it has been generally recognized that in many instances mergers can contribute to greater economies of scale and thereby increase the competitiveness of given industries.

But, there are many disturbing differences in the trend in merger activity we are witnessing today. First, it is much larger in dollar scope than any we have witnessed in the past. This raises a legitimate question regarding the effect this activity is having on the availability of credit for more productive, long term investments. Almost every expert admits there is at least a short term drag on credit availability due to substantial merger activity.

Second, in addition to the impact on credit availability, to our economic detriment, it is becoming increasingly attractive to invest in mergers and short term ventures instead of productivity new capacity. Our corporate managers are fixated with what is at the bottom of the next quarter's balance sheet. No matter how conscientious a manager these days, the scorecard of a good manager is short term profits.

Reward in corporate America is no longer based on productivity improvement, but rather on who is most cleaver at manipulating the system. This new generation of "paper entrepreneurialists," as named by Robert Reich, is a major factor in the erosion of U.S. competitiveness in many key sectors of our economy. "Professional managers at the top of American firms have come to preside over a symbolic economy," writes Reich.

Third, this latest merger wave comes on the heels of over a decade of declining productivity growth in the United States. In the late sixties productivity growth began to slow until it actually began to decline in 1979.

Since productivity growth is the essential component to an improved standard of living, this latest merger wave must be evaluated in terms of its potential contribution to reversing the decline in productivity performance. While it can be argued that mergers can enhance productivity through greater efficiencies, there are some disturbing aspects to this latest merger trend which have not been present in the past.

For the first time corporations are increasingly acquiring other firms through the use of hostile takeovers. These are acquisitions which take place when one firm goes over the objections of another firms management to appeal to the shareholders to acquire the firm. As recently as 1970, bankers generally refused to finance hostile takeover bids. In this latest merger wave, this no longer is the case. Banks are placing their bets on and financing corporate winners and losers in a string of large hostile takeover bids. Their rewards are lucrative. The investment bankers who financed the Gulf-Socal deal, the largest merger in our history, received $46.5 million and $16.5 million in fees for their efforts, respectively.

This latest merger wave might very well be nicknamed "Corporate Warfare" in response to the number of hostile takeovers. I think we must be concerned about the impact such hostile takeovers can have on the employees of a firm—on labor-management relations, on the quality of their working lives, and on their ability to innovate. The objective in a hostile takeover is to reward the shareholder. No attention is paid to the impact on the worker or the ramifications on productivity performance, international competitiveness, and community adjustment which might flow from an unwanted acquisition or divestiture.

Another disturbing characteristic of this latest merger trend is the increasing reliance on the leveraged buyout as an acquisition tool. Leveraged buyouts occur when one company acquires another with large amounts of borrowed money. This means that firms along with their acquisitions are stacking up larger and larger amounts of debt. Such debt financing has the potential of making many sectors of our economy, including banking, more susceptible to cyclical fluctuations in our economy and international competition.

Merger-mania is also a factor to be considered in our deficit-reduction efforts. We are facing $500 to $600 billion in Federal deficits over the next 3 years. As such, the structure of our Tax Code must come under increasing scrutiny and only the most defensible tax exclusions should be retained.

Currently, we provide encouragement to merger activities through many provisions of the Tax Code. For example, a corporation with a stock portfolio is now allowed to exclude from Federal income taxes 85 percent of the dividends it earns on another corporation's shares. It can also deduct the interest expense on money borrowed to finance takeovers. These types of pure financial incentives for merger activity are highly questionable and must be reviewed.

In short, I believe there are disturbing factors about the current merger trend which should cause us to pause and examine what this means for future economic growth and how we should respond to it. In addition, I believe that our current institutional framework for dealing with antitrust policy is inadequate as well as the substance of our antitrust laws and regulations.

Over the last decade, the nature of international competition has changed dramatically. Consider this. In 1970, OPEC had not even been formed yet. In 1970, the import share of developed countries in the domestic U.S. steel market was barely 5 percent. U.S. machine tool manufacturers dominated the U.S. market and had nearly a quarter of the world market. In 1965, the import share of the U.S. automobile market was only 6 percent. In 1970, semiconductors had not been invented yet.

Compare this to where we are today in each of these sectors of our economy. U.S. proven oil reserves are falling—we may very likely only have enough proven reserves to meet domestic oil needs for another decade at most. Import penetration in steel is approaching 20 percent. The Japanese are challenging and capturing many of the U.S. traditional markets for machine tools. Foreign automobile producers have captured as much as 27 percent of the domestic U.S. automobile market in recent years. Today, Japanese firms have captured 40 percent of the U.S. semiconductor market.

International competition is intense. Our antitrust policy is one tool we have in designing a response to that competition. To use this tool effectively we must address the more generic issues raised above regarding the groundrules which should surround takeover bids so that we do not damage productivity and so that we discourage paper entrepreneurialism. These groundrules must incorporate an element of fairness to employees who are affected by corporate takeov-

ers. In this context we must also eliminate tax and regulatory incentives counterproductive to the goal of improving the international competitiveness of U.S. industry.

We must begin to deal with antitrust questions on economic grounds. We must provide a mechanism for consideration of industry-by-industry needs in an increasingly competitive world economy. Instead of using mathematical formulas to determine whether or not a proposed merger meets an arbitrary test of competition, we have to take into account the individual needs of particular sectors of our economy and the factors that might impact their future on the international horizon. Percentage of U.S. market is no longer a relevant test—the market that counts today is the world market. Here U.S. producers face many different forms of competition where antitrust policy is only one competitive tool.

We need a mechanism to help review, in particular, proposed mergers of significant size in key industrial sectors of our economy on other than legalistic grounds. Often this will involve access to accurate data regarding the competitive position of foreign industries which is not now available anywhere in Government or the private sector. Once accurate data is available, many of the other factors which must be looked at in determining the merit of such proposed mergers are subjective in nature. Agreement on interpretations of available data and a consensus between Government, industry, labor, and the public interest on certain subjective factors in merger decisions is critically important.

Often mergers will involve tradeoffs between various stakeholders in a given proposal. For example, the recent steel merger between LTV and Republic Steel will result in some plant closings and dislocated workers. An agreement to allow this merger to go forward might also be an acceptable alternative to additional trade protection being sought by the industry.

Arriving at a consensus regarding what the facts are surrounding the competitive position of U.S. industry, how to deal with the economic dislocation caused by mergers, and the conditions under which such a merger should go forward are important to understand in today's intensely competitive world.

I have proposed legislation in Congress to create an Economic Cooperation Council to help develop an industrial strategy for the United States to improve the international competitiveness of key sectors of our industrial economy. This Council would be comprised of representatives of Government, business, labor, and the public interest. They would be an advisory body only to the administration and Congress. Their task would be to collect and analyze data on the status of internationally competitive industries and formulate a consensus on policy approaches to critical issues facing sectors of our economy.

They would be available to render advice on important antitrust questions and assist in determining how proposed merger activities affect long term competitiveness. They would help insure that both labor and industry are in accord on a proposed restructuring plan for an industry and that these plans are in the public interest before antitrust immunity is granted. Occasionally, conceivably, they would assist in extracting certain commitments in exchange for merger approval.

Let us examine some specific merger proposals to illustrate how important it is that we go beyond mathematical modeling to determine antitrust implications. One of the motivating factors which caused me to take out this special order was the conclusions I had reached about three recent antitrust issues—the General Motors-Toyota joint venture to assemble small cars in Fremont, Calif.—the string of multibillion dollar oil mergers taking place—and the steel merger between LTV and Republic Steel. In each of these cases, I perceived an over-reliance on mathematical formulas instead of economic commonsense.

The Federal Trade Commission has given its approval to a joint venture between General Motors and Toyota—the largest and third largest car manufacturers in the world—to assemble small cars in California. The decision to approve this venture is based on a narrow interpretation of antitrust law, with little consideration of a strategy to support prospects for retention of long term capacity to produce small cars in the United States.

In an effort to explain its decision to allow the joint venture to go forward, the Federal Trade Commission wrote:

> The Commission is concerned about cooperation between companies that are otherwise competitors. On the other hand, the Commission wants to encourage procompetitive arrangements through which companies can produce more efficiently and bring more and cheaper products to the consumer. Dangers of noncompetitive cooperation would increase if the venture expanded its production or if it lasted for a longer period. Also, competition could be harmed if GM and Toyota used the venture as one opportunity for coordination and communication about matters that are not really necessary to the venture's operation.

What the FTC fails to acknowledge is the impact this joint venture is likely to have on U.S. domestic competitors of General Motors—basically Chrysler and Ford in terms of future small car production. In a lawsuit challenging the FTC decision, Chrysler is alleging that General Motors and Toyota will minimize their competition against each other by exchanging design information and jointly planning product development, marketing, pricing, and advertising. As a result, General Motors and Toyota will be able to increase competition against other car makers like Chrysler.

More disturbing to be is the fact that this joint venture, combined with an effort by General Motors to import Japanese small cars for sale under their trademark will probably enable General Motors to undersell their domestic small car competitors. This Japan Strategy on the part of General Motors will force Chrysler and others to seek similar agreements with foreign producers to remain competitive. This will mean that a larger and larger portion of small car production will be produced abroad. Instead of concentrating on the development of the creation of competitive domestic U.S. capacity to produce a small car, our car manufacturers will be playing a game of who can put together the international conglomerate combination which will yield the cheapest small car. Under this scenario, U.S. jobs and productive capacity will suffer.

I would predict we are going to see more of these joint ventures proposed in the future. Boeing is already in discussion with the Japanese on a potential joint venture for production of aircraft. Under pressure from Aribus, which is subsidized by several European governments, Boeing is exploring this connection. Instead of focusing on what we can do to make U.S. aircraft production competitive over the long term, Boeing may eventually be forced to greater reliance on overseas parts and production.

A second instance of adverse economic impact due to outdated antitrust policy has to do with oil mergers. While according to the Reagan administration, these multibillion mergers are not anticompetitive under existing antitrust regulations, it seems to me we are failing to take into consideration their potential impact on domestic energy production and the broader implications which energy has for our economy.

Any attempt to talk about competition in the oil industry must acknowledge the fact that two-thirds of the world's proven oil reserves lie in the Middle East. Under these circumstances, effective competition is not possible. We also must be concerned about the fact that proven U.S. domestic oil reserves are falling. The only hope for improving this situation is to stimulate exploration in the United States, which is discouraged by the tendency to merge to acquire reserves instead of exploring to find them. It is no surprise that in recent years independent oil companies and smaller integrated oil firms have increased their

proven reserves while the large major integrated oil producers have lost ground.

We must also be concerned about the impact these oil mergers are likely to have on the operation of refineries and gas stations as outlets for our oil products. As oil firms merge, they often divest themselves of refinery and retailing capacity. It is possible and may even be likely that these units would be purchased by Middle Eastern oil countries in an effort to secure outlets for their product. Such a move cannot be in the long term energy interest of the United States. Moreover, the effect these mergers have on independent refineries and gas station operators must be carefully considered.

A third example of the limitations of current antitrust regulations involves the steel merger between LTV and Republic Steel. After having first rejected this merger, the Justice Department has reluctantly agreed to allow it to go forward under a condition that LTV divest itself of two of its operating facilities. The initial rejection of this merger was an absolute outrage of legalistic thinking prevailing over economic reality.

This merger will permit these companies to combine the most competitive segments of their facilities so that they can produce a better product more efficiently and at cheaper cost. It is estimated that the merged combination of these firms will save up to $300 million per year. This could mean the difference in an increasingly competitive steel industry which will enable some plants to stay open that would otherwise close and some steel workers to keep their jobs.

The alternative to this kind of merger in the steel industry might very well be additional trade protection. Because steel is one of the basic building blocks of our industrial economy we simply cannot permit domestic production to wither away. While we must seek to encourage greater and greater production of specialized steel in the United States, at the same time we are going to need to perserve some capacity for producing integrated steel.

I am sure you are all aware of the legislation which is pending before us now seeking to establish a fixed 15 percent quota on steel imports. Given a positive rationalization program involving the LTV-Republic merger and other steps, we should be able to avoid this type of trade action. Had we been focusing on development of such an adjustment program for our steel industry, instead of the narrow mathematical criteria regarding market share set forth in our antitrust regulations, the LTV-Republic Steel merger would not have been rejected in the first place.

I believe the three specific cases I have referenced above demonstrate an antitrust policy out of touch with economic realities. The LTV-Republic Steel merger is only the first in a series of major mergers which must occur in many of our key industrial sectors if we are to remain internationally competitive. As these proposals become more common, we must have in place a workable mechanism to better understand how these decisions impact long-term industrial competitiveness. Just as there is potential to make major strides forward in industrial adjustment through mergers, there is at the same time potential for abuse.

I believe the development of a consensus-based industrial strategy through an Economic Cooperation Council can assist in making these cutting edge decisions. Next week, the full House Banking Committee will act on legislation to create a framework for a consensus-based industrial strategy. In the weeks ahead, as this legislation moves forward and onto the House floor, I hope you will recognize the very important link it has to the merger issue we are hearing so much about today and for which we have no immediate response.

I believe there is cause for distress over the current drift of merger activity in this country. The proposed joint venture between General Motors and Toyota, I am convinced, will end up costing Americans jobs. The latest of the oil mergers—Texaco's $10 billion purchase of Getty—Mobil's $5.7 billion purchase of Superior—and Socal's $13.2 billion purchase of Gulf—are disturbing, not only because of their dollar volume, but also because they will discourage domestic exploration and encourage foreign penetration of downstream marketing activities. Finally, the near rejection of the LTV-Republic merger demonstrates the disarray in current antitrust policy.

The laws and regulations governing mergers and acquisitions must be reformed to discourage paper entrepreneurialism and to encourage productivity growth and fairness to labor and management alike.

There are signs of congressional concern over these issues. But I believe we must become much more active in voicing our points of view. We can start, I believe, with some concerted action on the pending oil mergers. As you probably know, the Senate last week rejected an effort to place a moratorium on oil mergers while a special commission examined their ramifications in favor of a substitute amendment which provides for a study of merger impacts by July 1 by the Finance, Judiciary and Energy Committees of the Senate.

I believe that action offers us too little, too late. I hope the respective House committees with jurisdiction over this issue will move expeditiously forward to fashion a response to these critically important mergers which will permit us to examine them before they are cast in stone—and to act to protect our national energy interests. Whether we are dealing with oil mergers, steel mergers, or a proposal affecting some other industry, the guiding criteria must involve long term economic competitiveness and consensus-back strategies whenever possible and not mathematical formulas narrowly drawn.

Mr. Speaker, I yield to the gentleman from Massachusetts (Mr. CONTE).

Mr. CONTE. Mr. Speaker, the "merger sweeptakes" in the oil industry continue, and the sales pitch is tried and tested—"Big is Beautiful." Well, I am not so sure. While bigger is not necessarily "badder," I believe the time has come for Congress to put the brakes on the onrushing tidal wave of big oil mergers. What is needed now is time—time to assess carefully and responsibly the impact of these huge, unanticipated consolidations on the economy and the national interest.

As many of my colleagues know, on March 19, I introduced H.R. 5175, which imposes a 9-month moratorium on mergers involving the 50 largest oil companies. During the past 2 weeks, I have been working to build a bipartisan consensus for this bill. I have spoken on this floor during that time about many of my concerns:

About how the oil barons are playing a real-life version of Parker Brothers' "Monopoly" game. Go around the board, gobble up as many big oil companies as you can, and then pass "Go" to collect billion dollar profits. If an uncompetitive, concentrated oil industry is to be the end result of the current "merger mania," you can bet the oil profiteers will not stop until they have the consumer "over a barrel" and on "bended knee."

About how the taxpayer is effectively subsidizing these consolidations through the 46-percent corporate tax rate. I have cited from the "Book of Internal Revenue"—"Thus sayeth the Code—Go forth ye large oil companies and merge, for the working people of thy country shall subsidize these takeovers and huge profits shall be yours!"

About how we need to put the bite on the big oil sharks before they put the bite on small business—and swallow it whole. My bill has been endorsed by several groups representing small business, each of which has indicated that small businesses will be devastated by this real-life sequel to the movie "Jaws."

About how we need to examine the impact that these mergers will have on exploration. Evidence suggests that exploration for new reserves will decline, and a stable domestic oil supply is vital to our economic health and de-

fense preparedness. I have said before and will say again—I am increasingly concerned that when the merger crests, the only thing getting drilled will be the American people, and the only thing being pumped will be huge profits from the pockets of consumers.

And finally, about how recent actions in the other body watering down a moratorium bill reflect the same old story—special interests at work again. Oil and water do not mix, and I hope this body will not permit a moratorium bill to be devoured by the special-interest pac-men.

Mr. Speaker, the recent oil merger record speaks for itself—Shell-Belridge Oil at $3.6 billion—Occidental-Cities Services at $4 billion—Mobil-Superior at $5.7 billion—U.S. Steel-Marathon Oil at $6.5 billion—DuPont-Conoco at $7.4 billion—Texaco-Getty at $10.1 billion—Socal-Gulf at $13.4 billion. Onward and upward the merger spiral goes, and there is no indication that the madness will stop. Salomon Brothers of New York has identified nine oil companies that are likely targets of additional takeovers—including such well-established firms as Pennzoil and Phillips Petroleum.

Mr. Speaker, we must act now before it is too late to take effective and responsible action. The concerns I have raised in the last 2 weeks are just the start. Are our antitrust laws, as written, sufficient to evaluate these unparalleled consolidations? Are the antitrust laws being properly enforced by Justice and the FTC? Is investment capital being tied up by the huge credit lines required to finance these mergers? What will be the long-term impact on the consumer and employees of targeted companies? The "merger race" is in danger of overheating, and if we do not act soon to address these and other concerns, it will be the American people who get burned.

Mr. Speaker, I would like to close by citing a short piece of poetry:

Humpty Dumpty sat on the wall,
Humpty Dumpty had a great fall.
To monopolies trust busters put a sure end,
Why should we put Humpty together again?
For decades our anti-trust laws seemed sound,
But now billion dollar mergers abound.
Bigger and bigger the new oil trusts grow,
First Marathon, then Socal, and then Conoco.
The message is clear from this new merger trend,
Humpty Dumpty is being pieced together again.
So will Congress act to keep competition alive?
The answer my friend, is H.R. 5175!

□ 1520

Mr. LUNDINE. Mr. Speaker, I yield to the gentleman from Ohio (Mr. ECKART).

Mr. ECKART. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, it has always been a fundamental principle, I suppose, of our free enterprise system that Government should allow economic forces to play as freely as possible through a complex and diverse economy. It has also been fundamental to Government activities, when intervention is necessary, that that intervention be based principally on the theory of a free and open economic market. For instance, regulation deems to be a substitute for competition or a monopoly is awarded, such as in the areas of public utilities.

We have been called upon in the past often to intervene for purposes of remembering that our power to act is and really always must be closely linked to the responsibility of Government to act in the broader interests of the majority of our citizens.

Essentially, the Government should intervene in the affairs of private enterprise only in those very narrow instances when the larger population is adversely affected, when the national interests, particularly as it may relate to our Nation's defense, are hindered.

It may come as a shock to some, but I am not prepared in the course of this special order today to argue that big is necessarily bad.

I am concerned, however, about the recent trends toward the accumulation of wealth in corporate America. Just about 20 years ago, 400 of our Nation's largest corporations controlled two-thirds of the Nation's corporate wealth, and now, just two decades later, the centralization has resulted in just 200 corporations controlling almost 70 percent of this Nation's corporate economic wealth.

Now we are confronted with a new merger mania involving oil companies, which is a spinoff of what took place just 2½ years ago.

In February the FTC saw nothing wrong with Texaco's $10.0 billion acquisition of Getty Oil. Yet we can ask how many jobs were created, how many barrels of oil produced, how much economic activity stimulated with that acquisition.

The Reagan administration, from my perspective, has turned a blind eye toward this and in fact they encourage this form of corporate cannibalism without any regard to the efficiencies both of a management or capital nature that may result.

Our energy industry is critical to the economic revitalization of this Nation. We cannot stand idly by and allow it to go the path of other industries that find themselves in dire economic straits. However, if the consumers of our petrochemical products are to truly benefit, and we have to make sure that the economies are scaled to which mergers seem to promote, actually will give greater choice to us in years ahead.

We cannot witness oil companies taking money that they have garnered from the decontrol of oil passed by this House and accelerated by this administration, and instead of plowing those profits back into capitalization of other industries, spread it out into nonproductive uses and in effect denying opportunities to capitally deprived industries to grow.

These actions could ultimately prove to be detrimental to our economic growth. And the prospect of increasing concentration in an already dominant oil industry of a few megagiants may not be in the best interests of the public nor in the long-term economic interests of this nation.

We cannot allow this administration to continue to lead us down a yellow brick road of economic recovery where in every instance bigger is better. The result is less competition, more monopolies.

But in enforcing a meaningful antitrust policy, I think we have to look at what ought those standards to be. As my friend from New York said, original trust busting that went on in these Halls almost 90 years ago was directly and properly intended to diversify and to give greater responsibility to the public through the merger acquisition process. Those times have changed dramatically. I think we have to look at the whole merger acquisition question with three new central ideas:

First, in the merger that is contemplated, what new access to capital or cash flow will the merged companies now have? Second, what impact will it have not only on the domestic market here in the United States but the international market as well, because we are truly an international economy? And third, what new efficiencies to both management and operation may result that will enhance an economic entity's ability to be more productive?

I think that a reasonable argument can be made that the Justice Department and the FTC have focused too narrowly in recent decisions only on the impact of U.S. markets. They failed to take into account external considerations such as the changing and more competitive global economy and the unfair practices of foreign competitors.

As my friend from New York pointed out, you get the Justice Department and the FTC considering similar complaints from similar industries of unfair and illegal dumping practices, denying to them economic opportunities in the United States, and at the same time slamming the door on the way for them to get out of those difficult economic circumstances at the same time.

This merger that we had dealing particularly with Republic Steel and LTV should in fact, if tested against the three different principles of access to capital and cash flow, international

competition and the consequences of actions by our trading allies, and the effectiveness, particularly as it relates to management and operation and age, would lead one to the conclusion that those mergers were in the best interests of the United States, the best interests of the international community as well.

In the steel industries, it is terribly difficult to have access to cash, to cash flow, when you are losing money. There are tremendous impacts of international competition through the countless lawsuits pending and actions before our Government dealing with international competition, and an old, inefficient industry.

In effect what I am saying, and what I hear my friend say, as well, is that mergers can be a more useful tool of the marketplace in helping settle problems than arbitrary actions such as quotas or limitations that they come here to us to talk about. In fact, some of my friends from both sides of the aisle say, "Let the marketplace be free, let it work." Well, with the standards that I suggest here, I think it would be in our Nation's interest.

Let us look at one other consequence of mergers and antitrust policy. We stand on this floor day after day doing things that affect people's lives in many ways, particularly in areas where we encourage people in environmental matters to do things that we think are in the public interest. However, we preclude industries in the United States, after we having made a public policy decision to do something good in the environmental area, from getting together to settle their questions in a joint manner.

Dealing with the antitrust laws and updating them, bringing them into the 20th century so they will be good into the 21st century in the areas of joint research and development, particularly as it relates to environmental matters, I think is in the national interest and I think in the corporate interest as well.

We can look at a bunch of examples. Japanese electronics firms are integrated vertically, blessed with Government assistance and advantages which, if they were located here in these United States, violate our existing laws.

I think we must update our antitrust policy selectively and carefully. We must consider a contemporary approach to antitrust.

□ 1530

We must, of course, act to protect the ultimate consumers; we must prevent price fixing and collusive anticompetitive practices here at home. I think it is becoming increasingly clear that trying to protect the marketplace of the 1890's from the realities of the 1980's further dooms this Nation to economic failure.

We have had many successful big mergers; look at the rail industry. Through the depths of the worst recession since the Great Depression, we have witnessed an amalgamation of the railroads that now have us with over half-a-dozen large railroads doing very, very well.

There have been any number of other successes where big has been better. I would point out to my colleagues that Phillip Morris bought Lite Beer. They are now the No. 2 contender in the United States today because they had greater access to capital, increased cash flow, and they updated an old plant and facility to become competitive in America.

R. J. Reynolds bought Hublein, Inc. Pan American took over National Airlines; the McDonnell Douglas merger; American Express and Shearson Loeb. All brought to it an ability to be competitive in the international marketplace, increased access to capital and greater efficiencies from better management.

That was the marketplace working, and not Congress legislating. We cannot allow some of our basic industries to go the way of the dinosaur. Some of the success stories I just referred to, I think, adequately should encourage us to do as my friend from New York suggested and that is to bring us home to economic antitrust research and development policies that make sense today and, oh, for my 4-year-old son who could not see over the top of this table.

The issues in this debate, as my friend knows from his extended experience, are not black and white nor very simple. But if we continue to focus on what is in the Nation's interest by testing what is against our national interests in a world economy we will better served.

I think that the free enterprise system which can allow economic policy to flow freely and fairly across all international economic boundaries is in our interests. I think it is in the interests of our mutual constituents. I would hope that in the course of the debate we would pay attention to the peculiar problems of the Northeast and Midwest which my friend from New York is so particularly interested in, not because it just makes sense for your constituents and mine, but because it makes a great deal of sense for us to meet our international defense needs, and the particular needs of our constituents, whether they are in Birmingham, Ala., or the western part of New York or upstate Michigan, or central Ohio.

We need a new policy. I know my friend will be helpful in that regard. I thank him for bringing this matter to our attention.

Mr. LUNDINE. I think the gentleman has contributed significantly to this discussion, both with the three criteria that he suggests and the specific example of the opportunity for joint research and development at least, are examples of how we can more intelligently apply modern-day principles to our antitrust policy in a way that will promote competition and efficiency and in a way that will make us really world-class competitors.

I thank him sincerely for his contribution.

● Mr. SEIBERLING. Mr. Speaker, I commend the gentleman from New York for calling this special order to discuss the increasing amount of merger activity occurring in this country.

Merger activity has tended to occur in waves. The first major wave, estimated to have involved 15 percent of all manufacturing plants and employees took place around the turn of the century. Giants such as du Pont and United States Steel grew out of this period of horizontal consolidations.

The second merger wave began in 1916 and ended with the 1929 stock market collapse. During this period, firms secondary to the dominant ones undertook mergers that transformed some industries into oligopolies dominated by a few large companies.

In the mid- to late 1960's, a new merger wave took place, distinguished from its predecessors by its conglomerate nature. The theory behind this wave was that a good managerial team could take over and capably handle any type of business, and improve it.

In the late 1970's, another merger wave started rolling in and we are currently being engulfed by it. While some mergers are necessary and a healthy economic development, mergers in and of themselves are not always good for the business community or for the public at large.

The history of corporate growth teaches that mergers have both benefits and costs. On the plus side, mergers sometimes generate economic efficiencies, sometimes eliminate managerial complacency, sometimes reduce consumer costs and sometimes even strengthen the international position of the United States.

However, there are serious economic costs that can be associated with large corporate mergers. Through market concentration they can encourage anticompetitive, anticonsumer behavior. And financing large mergers can reduce the pool of available loan funds and lead to high interest rates.

Absentee ownership can be another adverse result of a merger. When the headquarters of the parent company is miles away from the subsidiary, such absentee corporations often do not have the sense of commitment and community pride that home-grown enterprises do. Important decisions concerning subsidiaries made in faraway headquarters are more likely to be

made without regard to the needs of the subsidiary's local employees, the local community, or the concerns of local officials. This kind of disregard of employees' interests is one thing that is perpetuating workers' hostility toward management and injuring our national productivity.

The high level wheeling and dealing which accompanies these big merger deals usually does nothing to benefit society or the economy. Managers engaged in corporate empire building are often distracted from doing what they should be doing to keep the existing company strong. And target managers, attempting to fight off hostile merger moves, are distracted too and frequently end up doing things that they would not otherwise do, such as selling off the company's best assets, in order to fend off the takeover. If such corporate aggrandizement continues to replace sound management, then the time may come when the Government, for the sake of productivity and competition, will take an even greater role in controlling mergers. I certainly would not want to see that happen, but I am afraid that the continued trend toward unnecessary, unrestrained consolidations will provoke a movement toward more Government regulation.

Attention in the past couple of months has been focused on the acquisitions taking place in the oil industry. During that time, Mobil, the Nation's third largest industrial firm, has arranged to take over the Superior Oil Co., the 52d largest corporation in terms of assets. Texaco, the Nation's 4th largest industrial firm, has obtained FTC approval for its takeover of the 24th ranked Getty Oil Co. And in what would be the world's largest takeover ever, Standard Oil of California, itself the seventh largest industrial corporation, has made a $13.4 billion offer to acquire the Gulf Oil Co., the Nation's ninth largest industrial firm.

In the last 3 years, the five largest mergers in history have taken place, and each one of them has involved at least one oil company:

Gulf/Socal; Getty/Texaco; Conoco/Du Pont; Marathon/United States Steel; and Superior/Mobil.

Maybe this is just a result of inflation. But surely in addition to that factor, the laissez faire attitude of the current administration toward mergers has invited much of this takeover activity.

The former Attorney General for Antitrust, William Baxter, sat before the House Judiciary Committee a couple of years ago and said that in his opinion, it would be all right if all of the industry in this country was controlled by 100 corporations. That gave a strong, but wrong, signal to Wall Street.

This is not to say that some mergers are not justified. Mergers among corporations have an important role in our economy. However, until the Reagan administration came to power, concentration of corporate power in this country had been traditionally disfavored unless it appeared that there were no likely adverse effects on the economy. Now one can wonder whether any coherent set of guideposts are being followed with regard to mergers.

For instance, the Federal Trade Commission approved the $10 billion Texaco/Getty merger even though that corporate marriage threatens the viability of the independent sector of the industry in California by limiting or denying access of crude oil and pipeline transportation. Speculation is that the Socal/Gulf and Mobil/Superior mergers will also be approved by the FTC.

However, the biggest merger before the Justice Department in recent times did not have such easy sailing. Even though the steel industry is in big trouble, the Antitrust Division of the Department of Justice, now directed by a new Assistant Attorney General, Paul McGrath, recently said "no" to the proposed acquisition of Republic Steel by LTV Corp. For doing so, he was publicly chastised by the President, the Secretary of Commerce, and the special trade representative. Shortly thereafter, Mr. McGrath agreed to a slightly altered merger by the two steel companies.

I have no opinion on the merits of this particular merger. It may very well be that this consolidation will be beneficial to the steel industry and the country as a whole. But I am troubled by the problem of intervention at the highest level. No one questions the power of the President to nominate and remove Federal law enforcement officials, nor to set general antitrust guidelines and policies. But when the President and other Cabinet level officials step in as they did in this case, a serious doubt is cast on the independence of the law enforcement agency.

Independent and evenhanded enforcement of our Nation's laws is vital if citizens are to have confidence in the integrity of our institutions and our system of justice.

Besides the susceptibility of the process to political intervention, the failure of leadership of the administration to speak with one voice and deal consistently with aspects of industrial policy and competition is complicating the merger problem.

The gentleman from New York certainly understands the importance of the need to look at our industrial policy as a whole and act on the basis of a national economy strategy, rather than on a piecemeal, ad hoc basis as we currently do. He has been one of the leaders in efforts to get Congress to adopt legislation creating a national body made up of people from industry, labor, Government, and academia to develop and follow broad, consistent economic policies. Currently our economic policy is all over the place. We have it in the Department of Justice, the Department of Commerce, the FTC, to name only a few. We have it in the form of tax credits, antitrust laws, trade subsidies, again to name only a few. There are probably over 400 different overlapping, competing, conflicting, totally unintegrated industrial policies. It is a very uncoordinated state of affairs with no rhyme or reason to it.

If we could establish a way to coordinate Government's policies, then I think part of the merger problem we now face would be resolved. With respect to the matters now at hand, we would be able to better analyze the problems of both the oil and steel industries and, taking all factors into account, determine whether industry consolidation is appropriate and beneficial. The market itself cannot always do this.

For instance, in the case of the oil industry mergers, I am concerned about the consequences of reduced oil exploration. The reason underlying the current oil merger wave is the desire to buy existing oil reserves rather than explore for new ones. This is the sort of nonproductive financial manipulation which is contributing to the decline in growth of our entire economy and I find it very disturbing. I am convinced that if these acquiring oil companies take on the massive level of debt necessitated by the takeovers, there will be less exploration. But is that an appropriate concern of the antitrust enforcers? It may not be, but it is certainly a national policy concern and ought to be considered in determining whether such mergers should go forward.

To raise another problem, the United States is no longer a closed economy, if it ever was. Certainly today international competition is an extremely strong factor. In the case of the steel industry, the impact of worldwide competition cannot be ignored. But while everyone recognizes that the United States is not an isolated market, how international trade should be taken into account in terms of the antitrust laws is not a simple matter. But, again, it is a matter of national policy concern which must be considered in determining whether some mergers should go forward.

The inability of the Government to take an overall look at the myriad of Federal industrial policy is being felt very acutely in the antitrust field. Mr. Baxter's attitude that 100 companies could own all industry in America is not the answer; it strikes me instead as being total abdication.

Rather than go back to 19th century laissez faire policies, we should try to develop some contemporary policies which make sense. Where the marketplace is functioning properly, then let it continue to do so. But where it is not, we need to develop some way of dealing with the problem.

In addition to cosponsoring the industrial policy legislation introduced by Mr. LUNDINE and Mr. LAFALCE, I have introduced legislation dealing specifically with the merger and antitrust concerns we have been expressing here today.

The Domestic Petroleum Company Acquisition Act of 1984, H.R. 5042, which I introduced in March, would prohibit major oil companies from acquiring control of other major oil companies or mid-sized domestic energy concerns. I have been studying the oil industry for several years and am persuaded that this bill represents sound national policy. I believe that unrestrained mergers between huge companies in one of our largest and key industries suppress the threat of vigorous competition and endanger America's energy independence, economic pluralism, and productive drive.

I also joined House Judiciary Committee Chairman PETER RODINO in introducing H.R. 3561 last July. This bill attempts to deal with the excesses associated with large corporate acquisitions by establishing a public interest standard which very large proposed mergers would have to meet in order to go forward. This legislation would broaden the existing Clayton Act merger test by giving the Justice Department and the Federal Trade Commission the authority to scrutinize any proposed merger which would result in an entity with assets in excess of $5 billion or employees in excess of 25,000 and determine whether it is unlikely that the merger would serve the public interest. In order to make that determination, the agency would delay the acquisition for 60 days while it looks at factors such as the impact on management and employees, the amount of transactional costs involved, the effect on productivity, and the likelihood that competition will be enhanced. If, in weighing the potential benefits against the likely costs, the agency determines that the proposed merger will result in a positive benefit to society, it would not attempt to obtain injunctive relief.

Mr. Speaker, if our economy is to fully recover, and our productivity and our competitive posture in the world improve, we must remove the obstacles which merger mania presents. Passage of bills such as these would be a step in that direction.●

● Ms. KAPTUR. Mr. Speaker, I would like to congratulate Representative LUNDINE for organizing this aptly titled special order on "merger mania." Before other companies are swept along or consumed by the merger craze, we need to pause and ask where these mergers will take the economy and how they will affect the average consumer. I think we will find that the passionate desire to merge is perilous both to the economy and the consumer.

Let us look at oil mergers as an example. Big oil companies are literally devouring each other. Already this year, three oil companies have bid a total of $29.1 billion to purchase competitors. Standard Oil bid $13.2 billion to acquire Gulf, the largest merger in American corporate history; Mobil bid $5.7 billion for Superior, and Texaco bought Getty for $10.1 billion. These merger bids constitute nearly twice the amount the entire domestic oil industry spent exploring for new oil and gas in 1982. And their appetites are consuming up to 13 percent of private capital available to finance business ventures.

Even worse, these mergers do not make the United States energy independent. No new oil will be discovered. No new jobs are created. Oil wells simply change hands, resulting in larger and fewer companies, charging higher prices.

It is clear that we in the House must take the lead in halting this merger mania. My colleague from Ohio, JOHN SEIBERLING, has introduced legislation (H.R. 5042) to rein in these oil mergers. The bill would prohibit major oil companies from acquiring control of other major oil companies or midsized domestic energy concerns. The oil companies may not like this bill, but consumers do, especially consumers like those in my district who have been battered by constantly rising energy costs.

More generally, Congress must take steps to eliminate Government subsidization of mergers. Currently, when a corporation borrows money to acquire another company, it can deduct the interest expense from its Federal tax return. Thus, in effect, the Treasury can subsidize over 40 cents of every dollar in interest costs a company incurs in a takeover. Congressman DORGAN has introduced a bill, H.R. 3137, which would deny any deduction for interest paid or incurred on loans in connection with large corporate takeovers. This legislation deserves speedy passage.

For a more detailed analysis of oil mergers and why they must be halted, I would like to insert in the RECORD excerpts from the excellent testimony of Michael Pertschuk before the Senate Judiciary Committee on March 15, 1984. Mr. Pertschuk is the former Chairman of the Federal Trade Commission and currently an FTC Commissioner.

EXCERPTS FROM TESTIMONY OF MICHAEL PERTSCHUK

The rush of oil companies to merge is radically restructuring the industry. Never before have such massive companies amassed such formidable lines of credit to acquire competitors of such strength and size. This consolidation is taking place in that industry which contains the very largest corporations in the country. Six of the top ten industrial corporations in the U.S. are oil companies.

There is little doubt that the current merger wave has been triggered in large part by the administration's lax antitrust policies. Business Week reported on February 6 that "the Reagan Administration's hands-off policy has been, in effect, enabling legislation for the current merger wave." Nine of the ten largest mergers in history (whether or not Socal-Gulf is included) have occurred during this administration, as shown in the table below.

10 LARGEST CORPORATE MERGERS

Company acquires (other suitors)	Cost (billions)	terms (percent)	Date announced
Gulf/Social [1] (Arco, Kohlberg Kravis, Mesa Petroleum.	$13.4	[2] 100	Mar. 5, 1984.
Getty/Texaco (Pennzoil)	10.1	[2] 100	Jan. 6, 1984.
Comoco/Dupont (Seagrams Mobil)	7.4	[2] 40 [3] 60	July 6, 1981.
Marathon Oil/U.S. Steel (Mobil, Allied)	6.5	[2] 51 [4] 49	Nov. 19, 1981.
Southern Pacific/Santa Fe	5.2	[3] 100	Sept. 27, 1983.
Connecticut General/INA	4.3	[3] 100	Nov. 9, 1981.
Texasgulf/Elf Aquitane	4.2	[2] 100	June 25, 1981.
Cities Service/Occidental (Gulf Oil, Mesa Petroleum).	4.0	[2] 45 [4] 55	Aug. 13, 1982.
Belridge Oil/Shell Oil	3.6	[2] 100	Sept. 30, 1979.
St. Joe Minerals/Fluor (Seagrams)	2.6	[2] 45 [3] 55	Mar. 31, 1981.

[1] Pending.
[2] Cash.
[3] Stock.
[4] Notes.

Eight of the ten mergers involve oil and gas companies. And the epidemic of large oil mergers is hardly spent. The March 7, 1984 Wall Street Journal reports industry analysts are targeting a list of second tier takeover candidates, including Pennzoil, Phillips 66, Superior, Kerr-McGee, Hess and Sun. As you know, since that report, Mobil has agreed to buy Superior for $5.7 billion.

In the face of this radical restructuring of the oil industry, virtually no policy proposals or even questions emerge from the Reagan administration. The most that we see from the antitrust agencies, the Commerce Department and the Department of Energy is passive spectatorship, coupled by occasional attempts to justify after-the-fact the latest acquisition. Energy Secretary Hodel said recently: "An argument could be made by Texaco that, in order to compete effectively with Exxon, they need to acquire a smaller company like Getty." With all due respect to Secretary Hodel, justifying a merger by a company with $47 billion in sales to compete with a company with $95 billion in sales gives new meaning to economies of scale. If taken seriously, it would justify two-company industries throughout the economy.

But we need more than wishful speculation that everything must be alright because the free market produced it. Yet the administration opposes oil merger legislation, its antitrust standards are the flimsiest in history, it suggests no serious study of the ramifications for reducing exploration,

it gives no hint that it is cognizant of the distortive impact of the tax code on stimulating mergers, it expresses no concern about tying up capital when the capital markets are squeezed dry by federal borrowing. In short, no one in the executive branch is minding the store, and any steps to address this onrush of acquisitions will have to be taken by Congress. I continue to believe that Congress should enact specific limitations on oil company mergers while we gain answers to a number of crucial questions about the long-term effects of these mergers, particularly while this administration is blissfully unconcerned.

ANTITRUST CONCERNS

There are two sources of concern over these mergers—antitrust concerns over threats to competition in particular markets and industrial policy issues which fall outside the traditional focus of antitrust, including diversion of capital from more productive uses. Let me turn first to the antitrust issues.

Each oil merger presents different factual circumstances and therefore must be examined individually by the antitrust agencies.

It is possible, however, to make some observations about generic antitrust problems that end to flow from large oil company mergers and to gain some insights about why the current administration's policies have not deterred them.

First, most recent oil mergers are driven by the desire for crude oil, which is much cheaper to acquire on Wall Street than through exploration and drilling. This powerful incentive was apparent when Mobil tried to buy Marathon's rich Yates field by acquiring control of Marathon. A 1982 FTC Staff Report concluded: ". . . there was no indication that Mobil would have been able to produce oil from the Yates field more cheaply, or that Mobil could reduce its other costs of operation significantly through ownership of this source of crude oil." Our staff, in analyzing the Texaco-Getty merger, again concluded that the only reason Texaco wanted to buy Getty was to gain control of its crude and related mineral resources. Further, Ernst von Metzch, an oil analyst with the Wellington Management Company, told the New York Times: "The fact that you buy these reserves for only four or five dollars a barrel at the stock market is important. You don't have to take the risks of drilling, which often involves exploration costs of more than $10 a barrel."

One of the central arguments defending oil mergers is that the industry, particularly at the level of crude reserves and production, is not highly concentrated. I agree that a conventional analysis of horizontal concentration shows an industry which is much less concentrated than steel or autos, for example. However, the antitrust concerns over crude acquisitions in cases that have arisen so far have not focused on the horizontal concentration of crude reserve assets, but on a "vertical" problem—the threat to depriving the independent sector of the industry of loss of crude and refined product supplies. The FTC staff—and on occasion the FTC Commissioners themselves—have acknowledged there are such vertical problems, but the Reagan Commission has largely ignored them. The result has been a perfect blending of oil company desires and administration antitrust policy. The administration has focused on requiring limited divestitures in the "downstream" markets for wholesale distribution, pipelines and refineries, leaving the oil companies free to pursue their goal: acquisition of crude oil reserves. This accounts for the anomaly of the administration claiming tough antitrust action, while the pace of oil mergers accelerates.

This pattern is illustrated by the Commission's experience in the Mobil-Marathon attempted merger in December 1981. The Commission split 2-2 on whether to challenge Mobil's gaining control of Marathon's crude oil and refining assets. Chairman Miller's position, and the one the Commission argued in court, was to state expressly that the acquisition would not be objectionable if Mobil arranged a divestiture of Marathon's transportation, storage, and marketing assets. Commissioner Bailey and I dissented on the grounds that Chairman Miller's position ignored the "vertical" problem that Mobil would not follow Marathon's traditional pattern of supplying independents, particularly gasoline marketers. While the Commission was formulating this plan to save the acquisition, Mobil raced to find a buyer for the downstream assets. Unfortunately for Mobil, but fortunately for the rest of us, a private suit resulted in enjoining the acquisition, and the Commission ended up a bystander.

How important is the independent sector of the oil industry. The 1982 FTC staff report noted that the independents' share of gasoline sales in the country increased from 23 percent to 35 percent by 1980. In some local markets, of course, the share of independents is substantially higher. And, even if the share is in the 20-30 percent range, off-brand stations can impose a healthy price disciplining impact on the major integrated company's pricing policies. As the FTC staff report stated: "Independents have traditionally tended to induce price competition in markets."

By emphasizing the threat of cutting off the independents, I do not mean to suggest that horizontal concentration of crude reserves is not entirely free from risk from an antitrust standpoint. It is unlikely that there is a textbook fluid world market for crude oil, in which crude flows freely to reestablish demand and supply equilibria over the entire planet. The world is, for better or worse, much more complicated than that. As we are painfully aware, OPEC—when conditions give it market power—restrains supply. We are still subject to random oil "shocks" from reductions in supply from abroad. The fact that lightning has not struck lately does not mean that lightning cannot strike again. There are also periodic calls for import taxes on imported oil for other national policy reasons. These considerations all mean that we should be concerned about domestic as well as world concentration although crude oil concentration at the national level is still moderate, as noted in the attached Table taken from the FTC staff report.

The evidence also suggests that there is not a single market for crude oil, even within the United States. As the 1982 FTC Staff Report notes, there may be particular geographic and product markets for crude oil within the U.S.[5] For example, previous FTC staff investigations strongly suggested that low quality crude oil in the west coast area was a separate market with particular supply and demand considerations.

An additional consideration in evaluating the apparent current policy of insisting on downstream divestitures but acquiescing in crude oil acquisitions is that the traditional remedy of divestiture may not lead to creating viable competitors from assets which are "spun off." The Texaco-Getty consent agreement, for example, requires that Texaco sell off refining pipeline and marketing assets within 12 months. If the consent agreement is finalized, the FTC can do its best to insure Texaco finds a buyer and that the divested assets will be used productively, but the FTC can't guarantee that result. In most antitrust cases, the divestiture remedy works reasonably well, but in a highly integrated industry, where established sources of supply may not be easily replaced, it is reasonable to be concerned about whether the assets Texaco sells off will be as productive as before.

Finally, the oil industry has been historically prone to collusion. The Commission's 1973 complaint against the major oil companies alleged a series of structural and conduct problems in the industry to be unfair methods of competition. When the Commission dismissed the complaint in 1981, it did so not on the grounds that the staff had failed to uncover any evidence to support these allegations but that the case had become too complex and bogged down to expect a resolution in the near future. In short, the Exxon case burst the seams of manageable litigation.

The degree of vertical integration, the ability of a few companies to influence supply and demand at one level of the system by controlling another level, the prevalence of exchange agreements, the frequency of joint ventures, the degree of information exchange, the pervasiveness of joint pipeline ownership, the tax incentives which encourage major companies to divert crude through their own vertically integrated operations, the incentives of the major companies to eliminate the independent sector of the industry, and the not infrequent historic examples of price-fixing in the past all suggest this industry is far from the textbook model. A simple assessment of horizontal market shares may miss the vast forest of potentially anticompetitive phenomena.

In summary, the evidence suggests two conclusions about antitrust concerns. First, antitrust problems can arise in the oil industry from crude oil acquisitions, even though horizontal concentration is not high, because of the problem of cutting off traditional sources of supplies to the independent sector. Second, the oil industry is not only massive in size but it is exceedingly complex. The industry is far from the textbook model and mergers, including those at the crude oil level, must often be assessed on a much more specific basis than worldwide or even domestic horizontal concentration.

CONCERNS OUTSIDE ANTITRUST

The traditional concern of antitrust is competition within particular markets. The legislative history of the antitrust laws shows clearly a Congressional concern about higher prices to consumers from anticompetitive conduct. Similarly, the antitrust laws and court decisions interpreting them reflect a deep commitment to maintaining rivalry among diverse competitors, to preserving consumer choice, to protecting smaller competitors from unfair predatory behavior, and to avoiding undue concentrations of economic and political power. While it is difficult to apply some of these principles on a case-by-case basis these values can and should be incorporated into general antitrust principles and rules.

On the other hand, some problems associated with business combinations fall outside

traditional antitrust analysis. Since concerns about capital investment and corporate waste are not traditional antitrust issues, the antitrust agencies will not take these factors into account in any direct way in deciding to challenge a particular merger. Consequently, if Congress believes there are significant problems that need to be addressed in this area—and I believe there are—legislation will be needed.

Do oil companies divert capital from exploration and other productive investment when they use billions of dollars in cash and credit to buy other firms? The answer is almost certainly yes. In lining up a credit line to buy Gulf, Mesa noted that its capital spending plans for 1984 had to be cut in half. Oil companies openly admit that they need new reserves and among the two choices—drilling or buying another company—merging is cheaper. Our staff found the exclusive motive for the Texaco-Getty acquisition was to gain control of Getty's crude oil.

Unlike an investment to build a factory, which is allocated to paying construction costs and buying machinery, the capital used to acquire a company is simply transferred to other hands and becomes available for investment. Thus, one can argue that the $10 billion used to buy Getty will still be invested, if not in oil, then elsewhere in the economy. But a more important question, for purposes of assessing the long run productivity of the oil industry, is whether the likelihood of investment in further exploration and development of oil is as high when windfall gains on oil stocks end up in the hands of individuals, institutions or other firms, particularly those outside the industry. I know of no definitive studies, but it is reasonable to assume that much less of this capital will go to such development. The firms likely to explore for oil are the firms which are committed to the business of selling oil, not the individuals and institutions which profit from oil stocks shooting up. We should also recall that one of the arguments by the oil industry for decontrol of oil prices was that the industry needed incentives for developing new reserves, and one of the ironies of current policy is that companies are using profits from decontrol to buy the oil of their competitors.

There are other important issues outside of antitrust raised by big oil mergers, including the management resources wasted in takeover fights and the tying up of capital in lines of credit in preparation for takeovers which may or may not occur. We need to know more about these issues. In fact, one of the more troublesome aspects of the rush to merge is that the administration not only neglects antitrust enforcement but it shows a casual indifference to even studying the implications of the massive consolidations.

I believe there is ample justification for Congress to impose some temporary limitation on big oil mergers to enable Congress and the Executive Branch to gain understanding of this raging phenomenon. If these mergers really enhance productivity—and are not merely a reaction to a window of opportunity caused by lax enforcement and depressed stock values—a limited moratorium will only delay for a short time an industry restructuring which can continue to take place. But if, as seems more likely, these mergers promise only windfall profits to lucky shareholders and a device for eliminating the need to explore for oil by the majors, while threatening to reduce competition, Congress should act, and the sooner the better.

What type of legislation is warranted? I agree with the conception of a moratorium, but I would urge Congress to impose moratorium that is long enough for serious study, long enough to insure that a useful and comprehensive anaysis is undertaken rather than prompting executive branch agencies to defend the administration's policies under the guise of objective anaysis. Consequently, I suggest that Congress create a national Commission to study both the antitrust and industrial policy ramifications of consolidations in the oil industry. The Commission could be made up of members appointed equally by the President, the House of Representatives and the Senate. Such a Commission should be allowed a reasonable period for a serious, comprehensive study—a period which would necessarily require at least one year. Thus, a moratorium of eighteen months would be required to allow Congress the time to act.

Some will argue that a moratorium of a year and a half on massive oil mergers is too long. But can one really argue that the American public will suffer from the loss of "efficiencies"—now inchoate but promising to stimulate significant gains in productivity—if this phenomenon is halted for this limited period. I submit that the productivity arguments are so speculative and the likelihood of lasting harm from the massive consolidations so high that the nation would be best served by a serious attempt to answer these crucial questions, before the damage becomes irremediable.●

WILL THIS CONGRESS DEAL WITH THE BUDGETARY CRISIS

The SPEAKER pro tempore (Mr. MONTGOMERY). Under a previous order of the House, the gentleman from Pennsylvania (Mr. WALKER) is recognized for 60 minutes.

Mr. WALKER. Thank you, Mr. Speaker.

Mr. Speaker, I think that the one thing that most Americans acknowledge at the present time is that this Nation, in terms of its Federal Government, faces a serious budgetary crisis.

As of tomorrow, on this House floor, we supposedly will begin the process of facing up to that budgetary crisis. Supposedly on this House floor tomorrow we will begin debating what is necessary to do in order to alleviate that budgetary crisis in the near term and in the far term.

Having seen the debate emerge in recent weeks, both the debate that has been carried by the news media of the country, and the debate that is taking place in this Chamber behind the scenes, one has to wonder whether or not we really are going to deal with the budgetary crisis, or whether or not we are simply going to once again come up with a bunch of phony figures that are relatively meaningless and purport to have done something serious.

My guess is that what we do tomorrow will not be a very serious matter with regard to the effects of what we do tomorrow. Because, bottom line, I doubt that we will do anything which will, in the long term, affect spending, affect taxes, or ultimately, change budget priorities.

I think we can begin by asking if we did anything to follow last year's budget. We went through quite an exercise here on the floor last year, supposedly coming to grips with the budgetary problems. Supposedly coming to grips with the massive deficits, and I would ask whether or not we came anywhere close to following last year's budget. The way in which we came up with budget deficits that looked better than what the administration had in their budget last year was we put in a whole bunch of revenue increases. We had a whole bunch of tax increases down in the budget. That allowed the majority party to say that they were going to get the deficits under control; they were going to do a better job than the administration in controlling these deficits. In fact, they voted for a budget deficit that was lower than what the administration had offered.

The problem was that the budget deficit was not based upon cutting spending and doing those things which really deal with the problem, it was based on tax increases. That, of course, meant that they had to get the tax increases passed. Did they get any of them passed? Absolutely not. Not one of the tax increases got passed.

So, as a result, what we ended up with was taking their much higher spending figures, and they were higher almost across the board compared to what the administration's program had. We took their much higher spending figures; we included those in what we appropriated around here; we said that all these appropriations that were coming out were within the budget, and indeed they were, because they were within a budget that was much higher than it otherwise would have been. Then we did not pass any tax increases, so what we did was we aggravated the budget deficits; we did not subtract from it.

That was our performance last year based upon this budget process that we go through. In fact, what we do around here is we take everybody's highest figures. If the administration wants to spend more in some areas such as defense, what we end up doing most of the time around here is taking their higher figures and then if Congress wants to spend more in some other area, we take their highest figures.

How do we do that? How do we get around the Budget Act, which supposedly puts some controls into the process, and supposedly says that we cannot spend beyond what we say we are going to spend? Well, we come out to the floor with something called budget waivers. Every time we want to spend more than what the budget calls for, we simply bring a rule to the

House floor that says we are going to waive the Budget Act.

Rule after rule, over the last year, waived the Budget Act and simply went on spending as though the budget did not exist. We do that consistently, and on several occasions some of us have tried to get votes on those rules to find out whether or not all these people who talk about budget deficits and all these people who say that they are really against spending too much money or they really want to do something about balancing the budget, to find out whether or not they want to waive the Budget Act and thereby go along our merry way spending as much as we want to anyhow.

Sure enough, rule after rule passes. As a matter of fact, I do not think one of them has been turned down. I think every time we have had a budget waiver out here in a rule, that that rule has passed with the budget waiver in it. Why is that? Well, because Congress really is not intending to do anything about budget deficits in terms of the reality of spending around here.

We want to debate budgets here tomorrow, and that is what we will go through. We will go through an exercise of debating budgets tomorrow and on Thursday, and then say that we have done our bit for the balanced budget; we approved a budget which supposedly lowers the deficits a little bit, when in fact that is not what we do at all.

What we will be faced with here on the floor will be another kind of charade because we will essentially have the minority's "tweedle-dee" budget versus the majority's "tweedle-dum" budget. Now the majority's tweedle-dum budget may have a few little different things in it than the tweedle-dee budget from the minority side, but the fact is that neither of them are going to go very far toward really eliminating massive deficits for the future.

So we will talk as though the end of the world is going to take place in financial matters if we do not approve our tweedle-dee budget versus their tweedle-dum budget. But the fact is, they are not very much different.

The American people might wonder why are they not very much different. Well, because the whole budget process starts with a lot of phony premises. First of all, we start with baseline figures that have no basis in reality. The baseline figures are developed by the Congressional Budget Office which has in many cases its own kind of political scenario, and its own kind of wishes about what it wants done in the budget.

□ 1540

So, therefore, beginning with the process tomorrow, the forms that I have tell me that we are going to begin dealing with a Budget Committee baseline of $206.8 billion for fiscal year 1985. That is where the Budget Committee says we have to start, despite the fact that a number of economists across the country, people who are actually paid for their advice and so, therefore, have to be right at least part of the time, and around here no one has to be right any of the time, but out in the business world some of them have to depend upon their reputations to make a little money, a lot of them are now coming forward and saying that the growth that is taking place in the economy right now is substantially lowering the deficit figures.

That is not to say that deficits have become a nonworry. They have not. They are still massively high, much too high, and we ought to be dealing with them. But the fact is that that $206 billion figure does not take the present growth into account. The budget figures may well be about $40 billion lower than that as a result of growth that has taken place over the last several months.

So, therefore, if we start from a phony baseline we are going to come up with phony figures, and the American people ought to recognize that that is, in fact, what we do around here consistently. We come up with a bunch of phony figures.

The other thing that we do around here is, we assume that everything which is now in place in the Federal budget is sacrosanct; so, therefore, it cannot be touched, so any baseline figure we come up with is a consistent spending pattern with no reform. In fact, we do not want to include any growth into the criteria, we do not want to include any reform, because if we did that it might warp the process and somebody might actually come up with a reform budget of some sort that would actually, then, force us to look at those reforms in the future.

We should not, for instance, suggest that the tax system might well be revised substantially and thereby get some additional revenues in not by raising the rate of taxation on the American people, but by bringing money out of the underground economy through something like a flat-rate tax. But we are really not allowed to suggest those kinds of reforms because this is a no-growth scenario that we bring out here. It is a phony.

By accepting that which is, and accepting no reform, then we lock into place that all of these programs have somehow complied with the budget. After the budget process is finished, we will hear every program brought to the floor and some committee chairman, or somebody who is a proponent of this program, will come to the floor and say, "Well, of course, this complies with the budget," and if anybody offers something which is different than that, they will say, "Well, we do not know the budget impact of that. So, therefore, you are wrong in offering reforms because the budget impact of that is an unknown quantity. We bring before you something which complies with the budget."

So what we are doing here is setting policy, then, when we adopt this budget. We are setting policy based upon phony criteria and locking us into that phony criteria and that phony budget for the entire year that follows.

I would suggest that the American people are something less than satisfied with what we do in this Government, and they are something less than satisfied with what goes on in this Congress, and they are something less than satisfied with the programs that are operating out across the country that are fraught with waste and abuse. They think that what we ought to be doing around here is doing some major reforms. They would be awfully disturbed to understand that the budget process that we will spend the next 2 days promulgating is really a process designed to defend that status quo. It is really a process designed to freeze in certain patterns of spending and not allow us to deal with those not only within the budget but outside the budget process either.

The entire system, in my view, is suspect. The entire system is based upon something which has not been and probably can never be, under the process that we have developed. If we take that phony budget process and we bring phony budgets to the floor and then we lock everything else in that we do in the future to those phony budgets, first of all that becomes suspect.

But second, then what we do is, we go into a process of uncontrolled appropriating to actually carry out the spending patterns of Government. The budget becomes a nonentity when we actually come to the appropriations, which are the actual level of spending.

We, of course, have a whole pattern of things around here. We not only budget, then we authorize spending and then we finally appropriate it. The appropriations that we come forward with are the actual levels of spending. Now, do you think we pay any attention to that budget when it comes to appropriating? Very little. If we need to, we will get a rule, as I mentioned earlier, and simply waive any spending that does not comply with the budget.

Beyond that, of course, the appropriations process is set up in such a way that we can include a lot of items in it that we never anticipated in the budget process. For instance, all the pork-barrel legislation that goes through here is usually tied to the appropriations bills. We sit around in

committee and everybody gets a little hunk of port and sticks it down in the bill, and none of that was ever anticipated in the budget, but it is passed through here and obligates us forever after to spend money on some public works project that somebody powerful enough on some committee was able to get into the bill.

Also, we have a process around here known as supplemental appropriations. Supplemental appropriations are those add-ons to the spending after we have already appropriated for the year, so what we get here in the Congress is appropriations coming forward that are supposedly within the Budget Act, and we are told that, yes, this complies with the Budget Act, and then later on in the year we get some new appropriations coming forward under supplementals that, in fact, either carry us over the budget or carry us way beyond anything that the budget ever anticipated.

We get these supplementals out here that also aggravate the entire budgeting process. But the problem is that we have no discipline. The problem is that we came up with a budget process a while back which supposedly was going to effect some discipline but became a way of escaping discipline.

That is what we will begin a debate on here tomorrow. We will begin a debate on the House floor about a budget which probably has little basis in reality, which certainly will not be followed, and which in the end will probably, more than anything else, give us an excuse for spending which we ought not be doing.

I think in light of that, it becomes somewhat questionable that we should abrogate to the process tomorrow some overriding badge of authority and suggest that the budget is going to solve the fiscal woes of this country for the near term and for the long term. The fact is, it probably will not. It probably will not come anywhere close.

Mr. MACK. Mr. Speaker, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from Florida, a member of the Committee on the Budget.

Mr. MACK. I thank the gentleman for yielding.

Mr. Speaker, I was curious if, in looking at all of the different proposals that we have seen during the last several days, if there was anything in there that implied to you that there was something significant that was being done in this budget procedure this time?

Mr. WALKER. I would say to the gentleman no, we are not going to do anything significant. Most of the budget deficits subtract a little bit from what the President suggested as a budget deficit. They add on a little here and subtract a little there, but they do not really get to the bottom line.

The Democrats want to tax more than we want to tax. They want to spend more on domestic programs and less on defense, so they emasculate defense along the way in order to get more money for domestic programs. We would like to cut domestic programs a little bit more and save some of the money for defense, and probably still end up with too much money in both.

It is kind of a silly process all told.

Mr. MACK. If the gentleman will yield further, let me ask a question.

What would you try to accomplish, or what would you want to be the end result if you were putting a budget together? Would you want to have a budget that you could vote for where, at the end of the proceedings, you could say that because we either raised taxes or we cut spending or we did a little bit of both, that either we lowered interest rates in the country or we raised the level of economic growth; that is, the real level of economic growth, or that we put x millions of Americans back to work, that we sustained the growth for a longer period of time?

Would those be the kinds of goals that you would be trying to achieve?

□ 1550

Mr. WALKER. Absolutely, I would say to the gentleman. I think what we ought to be doing is adopting a budget that assures that we are going to have economic growth for the future and then assures that, as a part of that economic growth, we are going to have lower interest rates and that we are not going to place additional tax burdens on the backs of the people who are already carrying too much of a tax burden; namely, the working people of this country. That is what I would like to see happen.

The thing is that is what can happen, but the way the process is designed is to make certain that you are never really allowed to offer an alternative of that kind on the House floor because if you offer an alternative that suggests no new taxation, you are not allowed to take any additional growth factor in your budget for that. If you offer that kind of thing, you are not allowed to say that that will lower interest rates substantially because if you offered real reforms of that type and they in fact showed up in the budget as being real reforms, Congress might do something totally unacceptable and actually adopt such a budget and actually commit ourselves to lowering taxes as a route toward solving the budget deficit problem. We are not allowed within the context of the budget process to even consider those kinds of options, and that to me is one of the real problems with the way we proceed presently.

Mr. MACK. Mr. Speaker, if the gentleman will yield further, I can understand the reason for everyone starting someplace, so to speak, everyone accepting either using the House Budget Committee's baseline or the OMB's baseline or the Congressional Budget Office's baseline as maybe a place to begin so everything is judged from that, but it seems to me to be rather ridiculous to put together a budget, whether that calls for an increase of $25 billion in spending or $25 billion in revenues, and someone does not come forward at the same time and say, "Now, if we do that, I think what we will see is a reduction in the unemployment rate in the country or a reduction in interest rates."

We are going to see a budget document put together in these next several days which is in essence going to say that whatever we do really does not make any difference. The budget assumptions that are used in the beginning will be the budget assumptions that are used in the end.

What I am saying is there ought to be some motivation for going out and doing the difficult things that have to be done.

Mr. WALKER. The gentleman is absolutely right. For example, we know that if you cut unemployment in this country—and all of us would like to design a budget that cuts the unemployment rate—we know that if you really cut the employment rate by, say, 2 points, you would save somewhere in the vicinity of $55 to $60 billion. In addition, you get an additional growth out of that, plus the fact that you would generate more revenues because of people working.

The way the budget is designed around here, you would not get an advantage out of that. To some extent it would be a disadvantage to you to cut unemployment by 2 points because that would not show up as having had any economic impact. And I am convinced that one of the reasons for that is that Congress does not want to design a process which suggests that if you do some of these things, it really results in a generation of wealth out in the country that shows up back here. What we really want to do is we want to have an option of spending all that additional revenue when it comes in. We want to be able to say that that has no bearing on deficits because we want to spend it.

In fact, that is what we have been doing with the economic growth that has been taking place here recently. The unemployment rate has come down a couple of points. That should have lowered the deficit by $55 to $65 billion. Has it? No; because we are spending the money. We are already taking off here and spending the money as it comes in, and we want to make certain we have a budget process

that allows us to continue to spend the money.

Mr. MACK. Mr. Speaker, will the gentleman yield further?

Mr. WALKER. I yield to the gentleman from Florida.

Mr. MACK. Mr. Speaker, let me ask the gentleman this question: The gentleman raised the point that this unemployment would come down 2 points—and if I recall correctly, we have seen unemployment drop from what, 10.4 to 7.8 percent?

Mr. WALKER. It was as high as 10.8 percent, and it has come down to about 7.8 percent. So it is down——

Mr. MACK. Three points, then?

Mr. WALKER. Yes; 2 to 3 points.

Mr. MACK. It would seem logical, then, that if the argument holds that you can equate what, roughly $30 billion either in reduced spending or increased revenues——

Mr. WALKER. Some people say $25 to $30 billion; $30 billion is certainly a reasonable figure.

Mr. MACK. Why would that not translate itself through as to what the budget deficit numbers are that we are looking at as a starting point? Why do we not have that budget deficit lower to start with?

Mr. WALKER. Well, we should. We are not seeing that because it is not to the advantage of the people who want to continue a process of taxing and spending around here to suggest that in fact economic growth based upon lower tax rates is something that we ought to be following. Instead, what they want to suggest is that if we lower taxes, that in fact brings about a loss of revenue which in fact then increases the deficit rather than reducing it.

The fact is that it is exactly the opposite. The lower tax rates have produced such economic growth that we are getting additional revenue in. There is more revenue flowing in, but we cannot show that in any budget for the present and for the future because again the process simply does not permit it. The process was designed for people who want to spend the money, not for people who want to save the money.

Mr. MACK. All right. I think there is another point that needs to be clarified. We keep hearing about the reductions in the deficit, and it is certainly possible that any of the programs that have been put together for presentation this year probably will reduce the deficits. Right?

Mr. WALKER. Perhaps.

Mr. MACK. The question that I would ask the gentleman is: Some people get the message that we have been able to reduce the deficits because we are cutting spending. I have not seen any spending cuts around here. What we are really talking about is that we are not going to spend as much as we said we were going to spend in previous years; is that true?

Mr. WALKER. Yes; we really do not reduce budgets at all. When we hear talk about cutting defense spending, they are not really cutting defense spending; they are cutting the rate of growth of defense spending. So we are trying to decide whether or not we are going to spend 10 percent over the inflation rate or whether we are going to spend 5 percent over the inflation rate. Everybody is talking about reducing spending there.

If we talk about reducing domestic programs, on our side of the aisle we hear the liberals tell us all the time about how we have emasculated domestic spending across the country with all the spending cuts that have taken place. There have been no real cuts in the vast majority of the programs. They have simply been reduced in what we thought we might spend on them.

So those are not real spending cuts either. As a result, the budget continues to go up and up and up, and the deficits continue to go up and up and up because everything we are doing around here is based upon phony assumptions.

Mr. MACK. The point is, though, whether we are talking about whether that might happen to be defense dollars or whether that might happen to be social spending, really when we say that we are going to reduce defense dollars by $40 billion over 3 years and they say that it is going to be $96 billion over 3 years, those really are not cuts; is that what the gentleman is saying? We are just deciding that we are going to be spending a little bit less than what we had planned to do?

Mr. WALKER. That is precisely the case. We have decided the rate of growth of spending is going to be reduced somewhat, and in reducing the rate of growth of spending, supposedly it has some impact on deficits. But it is a pretty minimal impact on deficits, and in fact if we do not follow the budget assumptions, as we did not last year, we end up increasing the deficit rather than decreasing it. The budget we adopted around here last year had a big revenue increase in it, and we thought because we had that big revenue increase, we could, therefore, increase spending for a lot of these programs. But we never got any of the revenue, so in fact we aggravated the budget deficit problem; we did not help it.

Mr. SLATTERY. Mr. Speaker, will the gentleman yield?

Mr. WALKER. I am glad to yield to the gentleman from Kansas.

Mr. SLATTERY. Mr. Speaker, I thank the gentleman for yielding.

I was just curious about this. I know that the gentleman from Pennsylvania and the gentleman from Florida have spent a lot of time discussing the budget deficit crisis, and that is what I think it is. I am just curious.

What are the gentlemen suggesting we should do to deal with this $200 billion problem as far as the eye can see?

I am just curious; if you had your druthers and you could prepare a budget that would bring the deficit down for fiscal years 1985 and 1986 especially—let us look just 2 years into the future—how would the gentleman propose to do it?

Mr. WALKER. I think one of the basic things we could do would be to implement a vast majority of the Grace Commission recommendations to bring about real reforms in the programs. The gentleman from California (Mr. DANNEMEYER) is suggesting that over the next 3 years we could save $131.9 billion by implementing the Grace Commission recommendations, and that over a 5-year period we could come up with about $319 billion in savings by implementing Grace Commission recommendations. And that does not even include all of them. That leaves out some of the ones like the ones in the retirement program, and so on, that would be particularly controversial. So that is one place we could begin.

I think another thing we could do within the budget context would be to pass a flat-rate tax plan that would begin to draw some of the money in from the underground economy and begin to allow us to have our revenue problems defined a little bit differently than we define them now with a large number of loopholes and a large number of tax shelters.

□ 1600

My own opinion is that that would be one thing that I would add to my budget presentation. Those things would allow us then to bring down interest rates fairly dramatically. If we implemented a good part of the Grace Commission's recommendations, that would do it.

The final thing I would do is I would limit the rate of growth of the Federal Government overall to the amount of growth of the economy as a whole. I do not think government should be growing faster than the economy as a whole grows that sustains that government. So therefore, I would put a cap on the amount of spending that we do at the Federal level to make certain that it is not any greater than the growth of the economy the previous year.

Mr. MACK. Mr. Speaker, will the gentleman yield further?

Mr. WALKER. I would be happy to yield.

Mr. MACK. The gentleman and I have had the opportunity in the past years to talk about entitlement programs. Around here when anybody mentions the words entitlement pro-

grams, they usually run, because they are either scared to death of what might happen as the result if someone were really to pursue that.

The gentleman has done some work which I think was a reasonable approach. As a result, I spent some time back home. I represent the oldest district in the country. I talked about what should be done about spending in social areas.

My reaction, I guess, to the gentleman's question is that I would attempt across the board to have an impact on all spending areas, not just defense, but entitlement programs and nondiscretionary spending programs.

As the gentleman from Pennsylvania has indicated, I think if we take something very serious about the process of trying to reduce spending and if we must, to increase revenues, if you can do enough to impact the deficit, which Paul Volcker says is $50 billion, you can affect interest rates by 1 percent and if you run those figures out, 1 percent decline in interest rate over a 5-year period is about $92 billion in reduced interest costs for the Federal Government.

Mr. SLATTERY. Mr. Speaker, will the gentleman yield further?

Mr. WALKER. I am glad to yield.

Mr. SLATTERY. I conclude from what the gentleman says that he must believe there is a direct relationship between the size of deficits and interest rates then.

Mr. MACK. I would certainly have no problem at this point in agreeing with that, yes.

Mr. SLATTERY. I think that is a major concession on the part of many around here, because I think there are still some people that do not see that there is a direct relationship between the size of deficits and interest rates.

Mr. WALKER. Well, I cannot imagine there are very many people around here like that, unless they have been living under a rock somewhere, that do not understand that.

Mr. SLATTERY. I would say that maybe there have been some.

Mr. WALKER. I would say, though, that interest rates are also controlled by the Federal Reserve, that also makes decisions in an arbitrary way, that certainly the deficit problem is one of the calculations that they make; but we also have the Federal Reserve policies that set those interest rates. For example, I am convinced personally, based upon briefings I have been to over the course of the last couple years, that the Federal Reserve is artifically holding interest rates up right now to protect a lot of big money banks for the overseas debt that they have accumulated, I think irresponsibly over the last several years.

I think one of the reasons why we have interest rates at the present level is not just because of the deficit, but because the Federal Reserve has made a determination that they are going to prop up some of these money banks. I think that is wrong, and that is the policy we ought to take a look at, too.

Mr. MACK. Mr. Speaker, will the gentleman yield further?

Mr. WALKER. I would be glad to yield to the gentleman.

Mr. MACK. May I say to the gentleman from Kansas just before he leaves, I think it is fair to try to expand on that discussion about interest rates as related to deficits. I do not think that we can make the argument that the $180 billion or $200 or $220 billion deficits in and of themselves are reason for a certain level of interest rates. I think we have to go back and look at the changes that we have made in our economy over the last several years; the deregulation of interest rates, for example, paid by commercial banks in this country. The cost of money to the commercial banks has gone up. To feel that for some reason those are not going to show up in what the gentleman and I or anyone else is going to pay in the form of interest rates on consumer loans or on a mortgage is putting one's head in the sand.

Mr. SLATTERY. I certainly would like to continue this discussion with the gentleman, because it is very enlightening; but the point I guess I would make is that I am one of those people who believes very strongly that the deficit is a critical national problem, is a threat to our national security; it is a threat to the economic stability of the Western world and it is clearly the issue of this decade.

I have to tell you that I am very disappointed that neither party and this Government, frankly, is addressing the issue to the extent it should.

I would like to see us leave here this year with a real payment in terms of reducing deficits in the neighborhood of $200 to $300 billion. Then I think we would really see some positive signs with regard to interest rates. I think interest rates would very easily come down substantially, perhaps, and it would really set the foundation for some solid economic growth that will extend beyond next November.

I concede to the gentleman that the relationship between deficits and interest rates is direct, but it is also affected by the business cycle, the economic cycle. It depends on what phase the business growth is in and a number of other factors; so there is not just this one factor that affects interest rates and I understand that. I thank the gentleman for yielding.

Mr. WALKER. I thank the gentleman, too.

I guess one of the problems that some of us have with some of the philosophies we have around here that get themselves tied strictly to the idea of reducing deficits as being the principal goal is the fact that all too often that it is also said then that if you can add massive amounts of new revenue into the process, that in fact they end up showing they have reduced deficits, that you have in fact improved the economy.

Taxes take money out of the economy, just like increased spending and increased deficits and increased interest rates take money out of the economy; so it is one of the things that we have got to take a look at, and that is how do we reduce the deficit? It is very important that when you reduce the deficit, you do it largely by reducing the amount of overspending that the Federal Government does. You have to find some way to limit the growth of Government so that you can really do something about bringing down deficits that are out of hand because of too much spending.

The American people are not fundamentally undertaxed. They are fundamentally overtaxed. When we start talking about raising taxes in order to deal with deficits, we are piling our deficit burden that came about as the result of overspending here in this Congress on the backs of the American taxpayer. That is not fair and that is not a very good way to deal with the economy.

The best way to deal with the economy is to bring about some fiscal discipline here to reduce the amount of spending here, thereby bringing about lower deficits and a growing economy.

I would submit that one of the ways of doing that would be to do as we have asked to be done for the last 40 or more days on the House floor and that is bring to this floor the balanced budget amendment to the Constitution and allow us to get that into place. That would, in fact, place a discipline upon the Congress that is needed in order to deal with these issues realistically. That is the direction in which we have got to go in the future, rather than the direction we are going to go over the next couple days, which essentially will produce a phony budget because it was developed in a phony process.

I will be glad to yield further to the gentleman from Florida.

Mr. MACK. Let me just add what I think is another thing in addition to the concept of a balanced budget amendment that we ought to be working toward. As the gentleman knows, I am now into my second year here and this is the second budget process I have gone through. I spent most of the last 4½ to 5 months kind of working on some budget alternatives myself so that I would have a better understanding of what the Members were doing and a better understanding of the various programs and the assumptions that are made about the various programs, how they spend out and how we affect those programs if

we cut certain levels, a lot of different what I would call at this point kind of an educational process that I have gone through.

Mr. WALKER. I would say that the gentleman did some of the most comprehensive work that I have seen done around here in the 8 years that I have been around the Congress. The gentleman is to be congratulated for the kind of work that he did. I saw the product of some of those efforts and he really did produce a lot of figures that were instructive to a lot of us who have been around here a lot longer than the gentleman from Florida.

Mr. MACK. I appreciate those kind words, but let me carry it on a step further.

One of the other things that came to my attention for the conclusion that I drew from the work was that we are really asking the wrong questions around here. We are asking, how do we affect entitlement programs, instead of saying how do we go about affecting what causes inflation? We have a tendency to go around and talk about how we changed the formula for the automatic cost of living adjustments. We get into that kind of debate.

An interesting question that comes up all the time is that we hear the discussion about the budget process usually in the terms of how much revenue are we going to raise or how much spending are we going to cut? Very little emphasis is placed on that third alternative, and that third alternative is how much economic growth are you going to create? You do not just create that because you want to. You do not create it just by wishing it. You can only create it if you begin to find out and ask the questions about what factors impact economic growth and let me give you just a short dialog on that.

Mr. WALKER. Well, the gentleman realizes, of course, one reason those questions never come up is because economic growth has no place in our budget process. You cannot put economic growth into the budget process, so therefore we do not discuss it, regardless of how important it is, because it is a part of what I have described as a phony process.

I will be glad to continue to yield to the gentleman.

□ 1610

Mr. MACK. During the discussion that I had with Paul Volcker at one of the budget hearings I asked him what was a level of economic growth that he felt that this Nation could sustain. I am talking again in real terms, real economic growth.

His response was basically the level somewhere between the OMB or administration projection and the projection that was made by the Congressional Budget Office, somewhere between 3.3 percent real growth and 4 percent real growth.

The next question I asked was what would one have to do, or why could we not get the growth level up any higher than that?

The response back was basically because of problems with productivity and capacity. And capacity, you know, is the capability to produce goods and services.

It seems to me that the two questions that ought to immediately come after that is what do you do to impact a greater capacity and what do you do to get a greater, higher level of productivity. If one could answer those two questions, that is if you could move from 3.3 percent real economic growth to 4.3 percent real economic growth or 5 percent where you could sustain it at a level of that magnitude, without inflation, that you could end up putting more people back to work and you would end up creating greater revenues for the Federal Government, and many of the projects that people want to see get done would in fact be done.

But, no, we do not spend our time around here talking about how does one really raise the level of economic growth. We spend our time around here talking about H.R. 4170, or we talk about how much we are going to cut out of one particular spending program that turns out not to be a cut at all; it turns out to be a smaller raise in the level of spending.

The whole debate is totally confusing and does not have any impact on the economy, which is proven out by the document that they put together year after year.

Mr. WALKER. I thank the gentleman.

At this point, Mr. Speaker, I would simply say that we are going to begin the budget process tomorrow and I would hope that we will accomplish more than we have accomplished in the past, but I doubt it.

I yield back the balance of my time.

BILINGUAL EDUCATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Puerto Rico (Mr. CORRADA) is recognized for 60 minutes.

Mr. CORRADA. Mr. Speaker, today I am proud to join my colleagues in speaking out in strong support of a program of vital importance to the interests of our democracy, and the concept of full participation by each individual in our society. Bilingual education, also known as title VII of the Elementary and Secondary Education Act, is the lone vehicle through which many children of limited English proficiency become familiar with the language of our schools, our workplaces, and our Government. On behalf of the 3.6 million limited-English-proficiency students currently enrolled in the Nation's schools, I am here to tell you how effective this program has been over the years of its existence.

Whenever the debate centers on the issue of bilingual education, we repeatedly hear the insidious myth that most Hispanic children do not want to learn English and that their parents want them educated only in their native language. If we adopt bilingual instruction as an educational policy, they say, we will create a bilingual society. And the bilingual education act is the tool with which these goals can be achieved. Nothing could be further from the truth.

I, for one, have never met a Hispanic parent or student who stood in favor of delaying acquisition of English. As a matter of fact, the Hispanic culture is known for the importance it gives to education, and for the emphasis it places on achievement of its children. I cannot believe that any parent who because of his own language deficiencies cannot find a decent job would actively deny his offspring the chance to gain that skill.

Hispanic children, just as any other children, are fertile beds ready to be implanted with the seeds of knowledge. However, no matter how eager they are to learn, they cannot be expected to absorb lessons from a teacher who speaks to them in an unintelligible language. It is no more rational to expect an English-speaking child to profit from classes in Spanish than it is to expect the Spanish-speaker to soak in mathematics and science courses taught in English. There must be some mechanism whereby that non-English speaker can be trained to understand English before being tossed into the mainstream of an English-based educational system.

Even though bilingual education efforts are underway in many schools around the country, I would suspect that there are many children who do not understand English—or who may understand rudimentary spoken English but who have no skills in reading or writing the language—who are sitting in classrooms all day listening to noises coming from the teacher. Hispanics are no dumber nor brighter than the rest of the population. But they do come from homes where English is not the spoken language. No matter how much the parents may want to, they cannot teach their children English, nor can they help them with their homework. The resolution of this problem lies with the school system, and it requires that measures be taken so that the child not be denied the education in subject matter areas enjoyed by his peers.

Who are the students who qualify for title VII assistance? In statutory terms, these students possess two characteristics.

First, they come from homes or communities where a language other than English is dominant or, in the case of American Indians and Alaskan native students, they come from environments where a language other than English has had a significant impact on their level of English language proficiency.

Second, because of the language background of these students, they must have sufficient difficulty speaking, reading, writing, or understanding the English language (so as to be denied) the opportunity to learn successfully in classrooms where the language of instruction is English.

In other words, the students assisted by title VII are language-minority students who are so limited in their English language proficiency that they cannot succeed in school unless they are given special instruction. In the case of Puerto Rico, title VII defines LEP students so as to include those students who return to Puerto Rico from the States without the Spanish skills they need to function effectively in school.

At the current time, there are more than 3.5 million LEP students in the United States. These students live in every State of the Union. Many LEP students attend schools in Puerto Rico. Approximately two-thirds of these students are Hispanic. A smaller but significant percentage of LEP students are of Asian ancestry or are descendants of America's first inhabitants. A large and growing number of LEP students have come to this country recently, often to escape armed conflict or the denial of fundamental political rights in their native lands. In all, limited-English-proficient students come from homes and communities where over 90 languages other than English are dominant.

Although local school districts and States are making an effort, schools in general are not meeting the need of limited English proficiency (LEP) children. Only about one-third of the 2.64 million children aged 5 to 14 identified in a 1978 study are receiving either bilingual education or English as a second language instruction, according to the Department of Education. This means 1.8 million LEP students currently go without any bilingual aid at all, and are left to sink or swim in an educational system based on a language they do not understand. Between now and the end of the century, the number of language-minority students will increase dramatically. According to a report prepared for the Department of Education, the total school age population is expected to increase by 16 percent between now and the year 2000. During this same period, the language-minority student population and the number of LEP students is expected to increase by approximately 40 percent.

The Nation continues to pay the price for its past educational neglect of language-minority students. Hispanics, for example, complete a median of 10.4 years of schooling, 2 years less schooling than that completed by the white, non-Hispanic population. Forty percent of the Hispanic population between the ages of 18 to 24 leaves high school without receiving a diploma compared with 14 percent of the white, non-Hispanic population.

The educational merit of bilingual education has already been documented at the State level. Recently, the New Jersey State Department of Education released a report based upon pre- and post-test scores of students enrolled in that State's bilingual program. The report concluded that "in all grades tested, results consistently showed that third-year bilingual students significantly outscored first and second year students in English language skills." More importantly, the study also demonstrated that bilingual students had made significant gains relative to English-speaking children in 8 of the 12 grades tested.

In 1982, the Michigan State Board of Education released results of a Statewide study of bilingual education. During the 1980–81 school year, 31,991 Michigan students were identified as having limited English-speaking ability. Of these, 19,528 students were in groups large enough to require bilingual education under State law. The Michigan study showed the achievement in both English reading and mathematics of students in bilingual education programs grew at a faster rate than the average rate for comparable students. According to the State Superintendent of Public Instruction, Phillip E. Runkel, "almost one-third of the students—31.5 percent—improved so much that they became ineligible for the program at the end of the year."

In Puerto Rico, the bilingual education programs supported by title VII have proven to be successful in equipping English-speaking students with the language skills they need to succeed in our classrooms where instruction is generally provided in Spanish.

A student's right to intelligible instruction is a fundamental right that is protected by Federal law. In 1974, the Supreme Court ruled in Lau against Nichols that title VI of the Civil Rights Act of 1964 requires school districts to provide some form of special instructional services to language-minority students who do not understand English. The logic of the landmark Lau decision was succinctly stated by the Court:

> Basic English skills are at the very core of what these public schools teach. Imposition of a requirement that, before a child can effectively participate in the educational program, he must already have acquired those basic skills is to make a mockery of public education. We know that those who do not understand English are certain to find their classroom experiences wholly incomprehensible and in no way meaningful.

Mr. MARTINEZ. Mr. Speaker, will the gentleman yield?

Mr. CORRADA. I yield to the gentleman from California.

Mr. MARTINEZ. Mr. Speaker, recently, the Subcommittee on Elementary, Secondary, and Vocational Education began hearings on the reauthorization of the bilingual education program. Those hearings were most informative, and I think proved that this issue goes beyond the concerns of those who are interested in the education of language minority children. It should concern everyone who is genuinely interested in the future of education and the future of our Nation.

The primary purpose of bilingual education is to teach a child English. Our language binds us together and opens opportunities for all Americans. A bilingual education program, however, does more than just teach a child to speak English. It allows a child to learn and become involved with his studies before he has completely mastered English—and before language barriers have frustrated and discouraged him. It helps counteract the problems of increasing school dropouts, alienation, and segregation which occur when children are put into a total immersion program. Bilingual education allows children to master and retain their native language as well as master English. They learn to be proud of their heritage and their culture.

America needs bilingual education. Our economic future lies not only in what we can accomplish as a nation, but how we take our trade, technology, and ideas to the rest of the world. Americans are notoriously deficient in foreign languages. Most American businessmen, diplomats, and members of the Foreign Service cannot converse in the language of the country where they are posted. We are fortunate that some Members of Congress have demonstrated a serious concern for this problem and have introduced excellent legislation to promote the study of foreign languages. Bilingual education programs can help these efforts. Bilingual education programs can provide a great service to our Nation by giving us a generation of children who are bilingual. They do this not only by teaching English to children who have limited English proficiency while preserving their native language, but by encouraging English speaking students to participate in bilingual classes. By letting children help each other and learn from each other, we not only encourage them to learn the language, but we break down cultural barriers and give them a special learning opportunity.

Some of my well-meaning colleagues are concerned with the teaching methods used in federally supported bilingual education programs, specifically that those programs require some degree of instruction in a childs native language. They point to programs which do not require native language instruction and applaud the fact that the children who participated have learned English. But I think that if they looked at the bilingual education program in the terms I have presented here, they would think a little differently. I also think that they overlook the fact that the bill does not prescribe a certain amount of native language instruction, but leaves that decision to the discretion of the school district. They forget that in a bilingual program, the child learns more than English. They learn that the preservation of their language and heritage is important—not only to themselves but to the well-being of our Nation. This Congress has a vested interest to encourage children to be fluent in a second language.

The bilingual education reauthorization bill is a responsible approach to the Federal financing of bilingual education programs and, I believe, should ease the concerns of those who have been critical of past bilingual education policy. It provides renewable, competitive grants to those school districts in need, and encourages the programs which have been most successful to continue their efforts and provide an example of excellence to others. The bill recognizes the fact that learning a language is a challenge for the entire family, and provides instructions for out-of-school family members. In addition, it strengthens administrative and data collection programs, and encourages instructors in bilingual programs to continue their own education. The bill has earned its title of "the Academic Equity and Excellence Through Bilingual Education Act of 1984." I am proud to be a cosponsor of this legislation and I strongly urge my colleagues to lend their support to the efforts to pass this bill.

Mr. CORRADA. I commend the gentleman certainly for that statement. Let me say that as a member of the Education and Labor Committee he has been contributing significantly to pursuing a course of action that will result in the reauthorization of the bilingual education program on a basis that will signify improving the educational opportunities of children with limited English proficiency.

□ 1630

Mr. ORTIZ. Mr. Speaker, will the gentleman yield?

Mr. CORRADA. I yield to the gentleman from Texas.

Mr. ORTIZ. I thank the gentleman for yielding.

Mr. Speaker, I do support the legislaion on bilingual education.

Mr. Speaker, it is with great pleasure that I rise to offer my strong support for H.R. 5231, the Academic Equity and Excellence Through a Bilingual Education Act of 1984. I am proud to be included as an original cosponsor of this most important legislation.

H.R. 5231 addresses the themes of excellence and equity so central to many of the recent national reports on the condition of American education. Improving the quality of education available to the Nation's 3.6 million children of limited English proficiency is especially important because they have been found to be one of the most undereducated of all groups of American children.

Bilingual education is misunderstood by many Americans and, consequently, not appreciated for the contribution it makes to both those of limited English proficiency and to our society as a whole.

A successful bilingual education program produces children who can function fluently and interchangeably in two languages. Studies by education experts have shown that bilingual education promotes linguistic and cultural continuity between the home and the school. This means that children see a correlation between what they learn at home and in the classroom, rather than becoming confused by two completely different languages and learning environments.

Bilingual programs also draw parents into the education process, which is extremely important for the child's overall positive education experience. Once in school, bilingual programs help the child to stay there. Prior to 1968, when bilingual education programs were begun, the dropout rate among non-English speaking students was spectacularly high. In some ethnic groups, fewer than 20 percent of the students completed high school. Since 1968, however, participants in bilingual education programs are four times as likely to finish high school and the number entering college has increased. Because proficiency in written and spoken English is essential in most positions, we must insure that those with limited English skills are prepared for meaningful employment once they leave school.

H.R. 5231 clearly offers the best approach for teaching the English language without academic deceleration, with the minimum development of negative concepts of self, and with the maximum development of the intellectual potential of the child.

H.R. 5231 authorizes the allocation of much needed additional funds for bilingual programs, teacher training and retraining, research, and evaluation commensurate with the growth of the population of children who require bilingual education.

Of even greater importance, this bill significantly increases the amount of available data on children of limited English proficiency and provides for additional information regarding the characteristics and outcomes of the bilingual programs designed to serve them through an increased emphasis on data collection, evaluation, and monitoring.

Mr. Speaker, H.R. 5231 is essential if we are to continue providing an opportunity for children of limited English proficiency an equal chance for succeeding in, and contributing to, this great Nation. I urge my colleagues to join with me in strong and active support of this vital legislation.

Mr. CORRADA. I really appreciate very much the gentleman's remarks. I know that he is very much interested in seeing that Hispanic, as well as other language minority children, are able to receive equal educational opportunity, which is all that we want them to have. We want them to be able to become proficient in English as soon as possible. A transitional bilingual education program is nothing else but a way of utilizing the native language only while that child is able to develop that proficiency in English. And we believe it is the best approach because if you, for instance, insist that there can be no use whatsoever of the child's native language while he becomes proficient in English, in the end by having that kind of sink or swim approach, what we are doing is getting many of those children out of the school system. They drop out. They are not able to understand. They lag behind. They have a sense of a poor image because they are not able to keep up with their peers and ultimately they end up becoming school dropouts.

Through the bilingual education process, we are able to retain them in the educational system, use some native language only to the extent that is necessary to keep the child there while he becomes proficient in English. Naturally as soon as that English proficiency is attained then the child is able to continue his or her education in the mainstream of the normal classroom, which is an English-speaking classroom.

Mr. ORTIZ. If the gentleman will yield further, what I could say about my district is that I have been able to observe the parents of these children who are very limited as far as the proficiency in English language. I have been able to see the parents get involved more because they know that the teacher knows something about their background, knows something about the customs. I believe that once the parents become familiar with what is being taught in bilinqual schools, then they begin to become more interested in the education.

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Mr. CORRADA. Let me point out to the gentleman, some people think that we Hispanics want to force upon English-speaking people in our country Spanish or any other foreign language. We do not want to do that. We understand that English is the language of this country, what people speak in business, in school, in the social environment, and so on.

What we want is our children to have the opportunity of learning English in a way that is done so that the children do not turn away from the classroom.

Furthermore, of course, we are very proud of our Hispanic heritage, of our culture, but within a concept of cultural pluralism that exists and enriches the life of this Nation.

There is no divisiveness or sense of separation by Hispanics, for instance, when we speak Spanish in our homes, or in the subway or anywhere else. I think that what would keep Hispanics separated or any other language minority is to deny them equal education opportunities by keeping them away from the educational system by not providing something like bilingual education. Just as I believe that not bringing Hispanics into the electoral process, into the political process, by having such provisions as the Voting Rights Act, which provides that material will be furnished both in English, as well as any other language, where 5 percent or more of the population belongs to a language minority.

Well, if these people by better understanding in their own language what democracy is all about, what the political process is all about, go and register to vote, participate in the political process, we are bringing them into the mainstream of American politics, rather then keeping them away.

Mr. Speaker, the right of language-minority students to special instructional services is also protected by the Equal Educational Opportunities Act of 1974. Section 204(f) of this Federal statute makes it illegal for an educational agency to fail to "take appropriate action to overcome language barriers that impede equal participation by its students in its instructional program."

The Bilingual Education Act is the only Federal mechanism in place today to assist State and local education agencies in the capacity-building activities they must undertake to fulfill their obligations under these Federal civil rights statutes. Contrary to what I have heard from many so-called experts, I believe that expenditures for bilingual education programs will help to decrease future budget deficits. In fiscal terms, it is self-defeating to reduce expenditures for vital and effective education programs such as title VII. Language-minority students need bilingual education programs to succeed in school and to become economically productive members of our society.

Without a specific bilingual education program to address their needs, countless language-minority students would drop out of school. Most of the language-minority students who continue in school would graduate without the skills they need for survival in our increasingly competitive economy. This, in turn, would deprive the Federal Government of future tax revenues and, at the same time, increase future Federal outlays for public assistance and unemployment compensation.

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Bilingual education is an effective method for inculcating the English language skills language-minority students need for academic success. Furthermore, it addresses the educational needs of a growing population whose labor market difficulties are more severe than those of other groups. The roots of disproportionate employment figures are not clear cut, but a recent study by the National Commission for Employment Policy stated that "a lack of fluency in English is the major source of the labor market difficulties" faced by Hispanics. For this reason, bilingual education takes on central importance for the economic future of our people.

I would also note that bilingual education can be used to serve the Nation's international interests. Although the primary purpose of title VII is to insure that language-minority students receive equal educational opportunities, bilingual education programs also preserve and expand our Nation's inadequate linguistic resources. This year, the House of Representatives passed legislation to promote national security and economic growth through foreign language improvement. During the hearings on this bill, military leaders, intelligence officials, and corporation directors testified that America's shortage of bilingual personnel jeopardized the successful conduct of foreign affairs and international trade. The Department of Defense, for example, presented statistics which showed that in 1980 it was able to fill only 58 percent of the DOD positions which required fluency in Spanish. Bilingual education can be a useful tool in correcting our current linguistic deficiencies, and improving the Nation's capabilities in maintaining a strong defense, effective diplomacy, and meaningful international trade.

Mr. Speaker, this year the Congress must reauthorize the Bilingual Education Act. As a member of the Elementary, Secondary and Vocational Education Subcommittee of the Education and Labor Committee, I have joined 50 of my colleagues in introducing H.R. 5231, the Academic Equity and Excellence Through Bilingual Education Act of 1984. I am very pleased with the improvements this bill represents, as could be ascertained from the testimony we heard during hearings last week. This bill represents a consensus between groups representing the language minority populations, such as the National Association for Bilingual Education, the National Council of La Raza, the League of United Latin American Citizens, the Mexican-American Legal Defense & Education Fund, the Joint National Commission on Languages, the National Association for Asian Pacific American Education, and the National Congress of American Indians.

Mr. Speaker, at this point I will insert a brief summary of the provisions of H.R. 5231:

SUMMARY OF MAJOR FEATURES: DRAFT BILINGUAL EDUCATION REAUTHORIZATION BILL

Authorization Level: For the purposes of carrying out the provisions of the act, there are authorized to be appropriated $400,000,000 for fiscal year 1985; $450,000,000 for fiscal year 1986; $500,000,000 for fiscal year 1987, and such sums as may be necessary for each of the four succeeding fiscal years. Additionally, there is a separate authorization for grants to State Education Agencies (SEAs) under this title. For SEA grants $24,000,000 is authorized for fiscal year 1985; $28,000,000 for fiscal year 1986; $32,000,000 for fiscal year 1987, and such sums as may be necessary for each of the four succeeding fiscal years. The 1985 authorizations are the same as the 1983 authorization figures for this program prior to the Omnibus Budget Reconciliation Act.

Length of Authorization: This legislation reauthorizes Title VII, the Bilingual Education Act, from fiscal year 1985 through fiscal year 1991.

PART A: FINANCIAL ASSISTANCE FOR BILINGUAL EDUCATION PROGRAMS

Sixty percent of the funds available under this act are reserved for programs funded under this part. The legislation would authorize bilingual program grants in the following categories:

Transitional Bilingual Education Programs. These programs are designed to serve limited English proficient (LEP) children, although up to 40% of the children in the program may be non-LEP for integration purposes. The programs require a structured English-language component, and to the extent necessary, instruction in the child's native language. Programs must be designed so that children can meet promotion and graduation requirements. Grants are for three years, and are renewable for an additional two years. The first six months of the grant is to be used for training, planning and other pre-service activities (a waiver may be provided for districts where such activities are not necessary).

Language Development Programs. These programs are designed to allow all participating children to achieve competence in English and a second language, and meet promotion and graduation requirements. The programs are to be composed of approximately equal number of LEP and non-LEP children (although a waiver may be granted where this is not feasible). Grants are for three years, and are renewable for

an additional two years. As in the case of transitional bilingual education grants, the first six months of the grant is for pre-service activities.

Academic Excellence Programs. Programs funded under this category are programs of bilingual education which have established a record of providing effective, academically excellent instruction. These grants are for three years, and are for the purpose of identifying, strengthening and utilizing existing excellent programs of bilingual instruction.

Family English Literacy Programs. These programs are designed for the parents and out-of-school family members of LEP children in recognition of the fact that language learning is a family process. The programs are designed to help the family acquire competence in the English language, and provide instruction on how parents may facilitate the educational achievement of LEP children. Instruction in these programs may be conducted bilingually, or since the main objective is English literacy for adults, may be conducted entirely in English. Grants are for three years.

Bilingual Preschool Programs. This program, currently authorized under Title VII, provides support for bilingual preschool programs.

Materials Development Projects. These grants provide assistance for the development of teaching materials in languages where commercially-produced materials are not available.

Indian Children in Schools. Provisions are the same as in the 1978 Act.

Students in Puerto Rico. Provisions are the same as in the 1978 Act.

PART B: DATA COLLECTION, EVALUATION, AND RESEARCH

Funds under this part are for (a) collecting data on the number of LEP persons and the educational services available to such persons, (b) evaluating the operation and effectiveness of Title VII bilingual education programs, and (c) conducting research to improve the effectiveness of bilingual education programs. Specific programs and activities include:

State Education Agency Programs. These grants provide funds to State Education Agencies (SEAs) to collect, aggregate, analyze and publish data and information on the state's LEP population, and the educational services available to such persons. States will provide annual reports of this information to the Secretary of Education. State programs may also include: planning and development of bilingual programs; review and evaluation of bilingual programs; provision or coordination of technical assistance; development and administration of instruments to assess the educational needs and competencies of LEP persons; and the training of SEA and LEA staff. Grants shall not be less than $50,000 nor greater than five percent of the Title VII monies received by the state in the preceding year.

Promulgation of Evaluation Regulations. The Secretary shall issue regulations setting forth a comprehensive evaluation design for programs assisted under Part A. These regulations shall provide for the collection of information and data including information on: educational background, needs and competencies of LEP program students; specific educational activities which are part of the program; qualifications and competencies of program staff; and the extent of educational progress achieved by the program as determined by various suggested criteria.

Evaluation Assistance Centers. These centers, at least two of which shall be established, will provide technical assistance on evaluation and assessment of SEAs and LEAs. Grants are for three years.

Research Activities. Funding is provided for research and development proposals submitted by institutions of higher education, private and non-profit organizations, SEAs, LEAs, and individuals in a variety of specified areas. Grants are to be competitive, and requests for proposals announced by the Secretary. The legislation also includes the provisions currently in the act regarding the operation of a clearinghouse of information on bilingual education.

PART C: TRAINING AND TECHNICAL ASSISTANCE

Twenty-five percent of the funds available under the Act are reserved for activities authorized under this part—an increase from the percentage currently earmarked for training. Funds under this part are to be used for training and re-training of instructional personnel, advanced study in bilingual education, assistance to schools of education, and the provision of technical assistance to school districts implementing bilingual education programs. Authorized activities include:

Pre-Service Training Programs. This program authorizes the establishment and support of training programs for educational personnel preparing to participate in programs of bilingual education. The legislation gives preference to programs containing specified minimal components of a bilingual teacher training program.

Training Institutes. Short-term training institutes are designed to improve the skills of participants in bilingual programs. These institutes may provide training to parents, and also may include summer language programs designed to improve the institutional competency of educational personnel working in bilingual programs. The institutes are designed to help districts address their need for re-training teachers and improving teacher competencies in bilingual education.

Fellowship Program for Advanced Study in Bilingual Education. The fellowship program provides assistance to students pursuing advanced studies in bilingual education in such fields as: bilingual teacher training, curriculum development, program administration, and research and evaluation. The number of fellowships named in the legislation is a slight increase over those currently awarded.

Dean's Grant Program. The "Dean's Grant" program encourages reform, innovation and improvement in applicable education curricula in graduate education, in the structure of the academic profession, and in the recruitment and retention of higher education and graduate school faculties as related to bilingual education.

Multifunctional Resource Centers. At least 16 "Multifunctional Resource Centers" are established to provide, upon request, training and technical assistance to educational personnel and parents participating in bilingual education programs. The Centers provide comprehensive technical assistance to programs located within their geographic service area. In addition, each Center is responsible for gathering and providing information to other Centers on a particular area of bilingual education, including: bilingual special education, bilingual adult education, bilingual program administration, education technology, literacy, math and science education in bilingual programs, counseling limited English proficient students, and career education programs for limited English proficient students.

PART D: ADMINISTRATION

As in the current act, the proposed legislation mandates an Office of Bilingual Education and Minority Languages Affairs (OBEMLA), to be headed by a Director to whom the Secretary will delegate all of his delegable functions regarding bilingual education. The legislation modifies the existing National Advisory Council on Bilingual Education and creates a National Advisory and Coordinating Council on Bilingual Education. The legislation makes the following changes in the administrative provisions:

The creation of a division within OBEMLA exclusively responsible for the collection, aggregation, analysis and publication of data and information on the operation and effectiveness of programs assisted by Title VII is mandated.

The National Advisory and Coordinating Council has an expanded role in this legislation, serving as the mechanism through which the Director consults with affected groups and constituencies and participating in the formulation of reports, regulations and research agendas and policies. The composition of the Council is also altered to strengthen its function of coordinating federal policy with state and local bilingual policies. All members must be knowledgeable about bilingual education and the needs of LEP individuals. Five members shall be state bilingual education directors; five local school board members or bilingual program directors; three experienced in research and evaluation; two bilingual classroom teachers; two bilingual teacher trainers; two parents; and one representative of a professional association representing bilingual education personnel.

Finally, Mr. Speaker, I want to commend my colleagues for joining me today in this special order. I believe that before many weeks have passed, this bill will be scheduled for consideration by the House, and at that time I will urge my colleagues to vote to protect the rights of each child to an appropriate, intelligible education and to afford these children the opportunity of becoming English proficient and the opportunity of gaining the necessary skills so that tomorrow they will be able to be gainfully employed.

● Mr. GARCIA. Mr. Speaker, as chairman of the Congressional Hispanic Caucus, I want to take this opportunity to express my support for the Academic Equity and Excellence Through Bilingual Education Act of 1984.

To comprehend bilingual education's political popularity among language-minority Americans, one has only to recall the educational conditions which prompted Congress to enact the Bilingual Education Act 16 years ago.

In 1968, most schools were unable—and some were unwilling—to provide effective education to language-minority children. Predictably, millions of these students left school early; others graduated from school lacking the skills needed for employment or post-secondary education.

While the Bilingual Education Act has helped to improve the academic opportunities available to language-minority students, it has not eliminat-

ed the problems of discrimination and neglect. And how could it be expected to when, even today, fewer than 1 of every 10 limited-English-proficient (LEP) students are enrolled in a bilingual education program.

Data from all parts of the country document the effectiveness of the bilingual education programs supported by the Bilingual Education Act. In New York City, for example, title VII grants have helped to develop bilingual education programs in many of the city's public schools which enroll large numbers of LEP students. The programs have served students from a wide variety of language backgrounds including: Arabic, Chinese, French, Haitian-Creole, Greek, Hebrew, Italian, Korean, Russian, Spanish, and Yiddish.

At the current time, there are more than 85,000 students enrolled in the bilingual education programs of the New York City public schools. Like other public school programs, New York City bilingual education programs are underfunded and understaffed. They have, however, measurably improved the education of language-minority students.

School attendance is a simple measure of educational success. We all know that school dropouts have little opportunity to learn, and even less opportunity to earn. They are less apt to play productive roles and are more apt to engage in socially destructive behavior than their peers who remain in school.

According to the simple and reliable measure of school attendance, bilingual education has proven extremely effective in New York City schools. While the citywide average rate of school attendance is approximately 75 percent, the rate of student attendance in bilingual education programs exceeds 90 percent.

New York City students enrolled in bilingual education programs not only have better attendance records, but they also have higher graduation rates. In this regard, New York City's experience is representative of the Nation's experience.

Three years ago, the National Opinion Research Center conducted a study of high school sophomores and seniors. That study showed that bilingual education programs cut in half the difference in school dropout rates experienced by Hispanic versus non-Hispanic students.

In New York, we have also found that bilingual education programs improve college admission rates. Two years ago at the Louis D. Brandeis High School on the Upper West Side, 85 percent of the graduates who had been enrolled in the bilingual education program were admitted to institutions of higher education. Only 75 percent of the school's graduates who had not received bilingual instruction were admitted to institutions of higher education. The graduates of the Brandeis bilingual program are attending some of the Nation's most prestigious colleges and universities including Princeton, Barnard, Cornell, Sarah Lawrence, Brandeis, Vassar, and M.I.T.

In America today, there are millions of language-minority citizens who have not been assimilated into the economic, social, and political life of this Nation. These citizens tend to live in communities where economic forces and discriminatory "customs" maintain rigid ethnic segregation. Many of these citizens have been victimized by employment discrimination; many are unemployed; and many more are underemployed and underpaid. We owe the millions of language-minority citizens the opportunity to share the benefits of our society by making education accessible through bilingual education.●

● Mr. TORRES. Mr. Speaker, I would like to thank my dear friend and colleague Robert Garcia, chairman of the Congressional Hispanic Caucus for requesting this special order. Those of us participating in this special order are coming before our colleagues to call their attention to the bilingual education reauthorization bill. This reauthorization bill was introduced last week by the gentleman from Michigan, Mr. KILDEE, the members of the Congressional Hispanic Caucus, and 48 of our other colleagues.

The Bilingual Education Act was designed as a tool which could be used to teach English to children of limited English proficiency. In the Hispanic community, it is to improve the educational opportunities available to language-minority children. More and more educators, familiar with teaching such children, believe that for many Hispanic children bilingual education is the most effective and efficient method which can remove educational barriers and provide Hispanic children with access to the mainstream of American life.

At the national level, title VII of the Elementary and Secondary Education Act provides Federal funding for bilingual programs, teacher training, and research. Federal support constitutes only 18 percent of the total educational resources earmarked for bilingual education programs. The importance of the Kildee Bilingual Education Act reauthorization bill rests largely on the fact that the Federal role, though small, has been critical in stimulating creative responses to the particular needs of language-minority students.

It is well known that the number of Hispanic Americans has grown significantly over the last decade. The number of limited English-proficient children also have increased because of the growing numbers of refugee and immigrant children in need of special educational services. Yesterday morning, the Washington Post featured articles on the particular impact of this situation in the northern Virginia area.

The Kildee bill is an improved version of the current law. It incorporates provisions which strengthen structured English language training. There is an emphasis on increasing the number of highly qualified bilingual instructional personnel. There are provisions to insure that understandable instruction in subject matter areas continues to be made available to these children. There is a commitment to make these children fully competent and fluent in English.

During the balance of this decade, as we begin to move toward all Americans becoming fluent in English, we should recognize that we need to offer special help to children with limited English proficiency.●

● Mr. SUNIA. Mr. Speaker, I rise in support of the bill to reauthorize the Bilingual Education Act which expires this year.

That program has been very successful in assisting my territory because it promotes excellence through grants for developmental bilingual education, academic excellence programs, and family English literacy programs.

It is important to keep in mind that while the overwhelming majority of students enrolled in the public schools of American Samoa speak Samoan as their first and dominant language, many of them will need the skills of the English language. As they proceed to higher education and employment opportunities in the mainland, they will not survive without a bilingual capability.

A limited number of native English speakers also participate. Their participation is also quite essential insofar as the great majority of them are children of stateside contract employees "employed by the American Samoa Government". These children will return to the United States at the expiration of their parents' 2-year contracts with the Government. thus, it is important that their native English language skills are maintained and improved.

In another key area of this bill, the shortage of well-trained bilingual teachers in American Samoa is addressed through an expanded and more tightly directed training component that targets funding on programs with specified minimal training components.

It must be remembered that only very recently English was the official language of instruction in the public schools in American Samoa; Samoan was used only when communication in English broke down. The impact of the Bilingual Education Act has been to restore the Samoan language to the

classrooms with the dignity and standing it deserves.

Everywhere in Samoa, cognitive growth has been fostered and reinforced in two languages. Crossovers are encouraged and the program is one common curriculum in two languages, rather than separate curricula. The positive effect that this reauthorization would have for the territory of American Samoa has not been underestimated. I urge your support for the reauthorization of the Bilingual Education Act. Without it, our cross-cultural environment will suffer a setback in developing our most important resource; our children.●

● Mr. LELAND. Mr. Speaker, it has become fairly commonplace in this country to disregard the inscription at the feet of one of America's truly great women—the Statute of Liberty. Too many of us are no longer interested in the tired, the poor and the hungry masses of the world and nowhere is our newfound hostility and inhospitality more evident than in the surging tide against bilingual education. Systematically, the Reagan administration has reduced and still seeks to slash funds for title VII, the bilingual education program that has served this country for 15 years.

It would be a tragic loss. For 15 years, bilingual education has served to make this strange and hostile land a little less strange and hostile to millions of limited English-speaking children. Statistics have shown that children attending bilingual classes have attended school longer and more regularly than in the past. Discipline problems for those children have fallen off and fewer of them are being mistakenly placed in special education classes for the handicapped. In short, there are a lot of walking success stories out there. Why must we put a stop to them?●

● Mr. CROCKETT. Mr. Speaker, the Academic Equity and Excellence Through Bilingual Education Act of 1984 provides the necessary resources to insure that there are enough well-trained bilingual teachers to go around, and that these important bilingual programs—and the students they serve—are not sacrificed in an era of budget cuts. The bill provides funding not only for the preservation of existing programs, but also for the training and retraining of teachers, and for research and evaluation of teaching methods. In short, the measure helps insure that we not only continue to serve immigrant children, but also that we improve the education that these children receive. And for a population that has been documented as one of the most undereducated of all groups of American children, this commitment is extremely important.

I urge my colleagues to support this bill. We cannot hope to become in practice a nation in which all can make the most of their native abilities if these native abilities have been stifled or sacrificed by xenophobic teaching methods.●

● Mr. SMITH of Florida. Mr. Speaker, today with the introduction of the Bilingual Education Act extension, we are recognizing the needs of the Nation's 3.6 million children with limited English proficiency.

As a cosponsor of the reauthorization, I hope that we will continue to recognize the need for bilingual education. Too often we think of bilingual programs in limited terms. Our Nation continues to attract those from a wide variety of backgrounds who need assistance in learning English. This bill authorizes additional funds for bilingual programs, teacher training and retraining, research, and evaluation. The legislation also safeguards the current local determination of bilingual program design.

There are many reasons why the continuation of bilingual programs is necessary. Bilingual education is an investment in our Nation's future. The children with limited English proficiency have been found to be one of the most undereducated groups of all American children. Economically, it is to our advantage to assist these children as early as possible in their education.

Bilingual education will assist children of limited English proficiency in taking an active part in our Nation's society. It will mean that their children also will be proficient in English and part of mainstream America.

We need to increase the amount of data on these children so we can better assist bilingual programs in the future. This bill would provide for the collection of data and would provide additional information about the characteristics and outcomes of the bilingual programs designed to serve children.

I hope that Congress will reaffirm the goals it established in the Bilingual Education Act by acting quickly on the reauthorization of the act.●

● Mr. SIMON. Mr. Speaker, today, I add my voice to this special order on bilingual education. I am among the 53 Members who are cosponsoring H.R. 5231, the Bilingual Education Amendments of 1984. This legislation reauthorizes title VII of the Elementary and Secondary Education Act (ESEA) and represents a major step forward in promoting equality of educational opportunity for all Americans.

I want to acknowledge the effective leadership on this issue that has been demonstrated by our colleague from Michigan (Mr. KILDEE) and our colleague from Puerto Rico (Mr. CORRADA).

As we debate bilingual education, we should be careful not to lose sight of the original purpose of the bilingual education programs of the Federal Government: To promote equality of educational opportunity. For hundreds of thousands of American schoolchildren, equality of opportunity in education means bilingual education.

Bilingual programs benefit limited English proficiency students in many ways. Through competitive grants, State and local education agencies are able to expand their capacity to meet the educational requirements of these students. Demonstration grants are provided to support exemplary programs in bilingual education; desegregation grants go to support local voluntary efforts in this area; training is provided for improving the quality of teaching in bilingual education; and a variety of support services, such as research and materials development projects, are supported by the act.

Because of my longstanding interest in the area of foreign language studies in the United States, I am pleased that the bilingual legislation that has been introduced contains a provision for developmental bilingual education programs. This calls for access into bilingual programs for students whose mother tongue is English. The goal of this approach is to allow all participating children to achieve competence in English and a second language, and to progress through the school system. These programs are to be composed of approximately equal numbers of students of both language bases. The present law is that 40 percent of the young people in a bilingual class can be students whose mother tongue is English. The new proposal increases that.

The reality that this recognizes is that to operate effectively in this country a person must have the command of the English language and must have an education. But the second reality is that to operate effectively in the year 1984 and beyond many of us are going to have to acquire skills in languages other than English.

This new language development emphasis is a step in the right direction. It permits monolingual Americans to become bilingual, and in so doing enable more Americans to achieve competence in more than one language—something essential for the United States as it tries to compete in a world in which our inability to speak the languages of other countries often excludes us from profitable markets and prevents us from understanding and dealing effectively with events and problems abroad before they become world crises.

The Commission on Excellence in Education called for greater proficiency in foreign languages, noting that—

Achieving proficiency in a foreign language ordinarily requires from 4 to 6 years

of study and should, therefore, be started in the elementary grades. We believe it is desirable that students achieve such proficiency because study of a foreign language introduces students to non-English-speaking cultures, heightens awareness and comprehension of one's native tongue, and serves the Nation's needs in commerce, diplomacy, defense, and education.

The bilingual education program offers an opportunity to help carry out the recommendation of the Commission. Through the language development programs, we can introduce thousands of students to a second-language, and provide support for their ongoing study, leading toward proficiency in a second language.

I strongly support the bill and bilingual education. America has within its borders the fourth-largest Spanish-speaking population in the world. Some 15 million Americans are of Hispanic origin—some 6.4 percent of the total American population. This group is the fastest-growing segment of our population. We should make sure that bilingual education exists for the estimated 3.5 million elementary and secondary school students who are limited English proficiency students, 80 percent of whom are of Hispanic Origin.

The administration has proposed drastic cuts in bilingual education. These proposals are shortsighted and wrong. We should make sure that bilingual education is able to provide that all-important educational bridge toward greater proficiency in English. If the bilingual program can also be expanded to include more second-language acquisition for English speakers, then the program will serve an even greater educational need in this country.●

● Mr. DE LUGO. Mr. Speaker, I rise in support of the reauthorization of bilingual education.

¿Como se sentiria si fuera ustéd un joven en este pais quien queria aprender, pero aún no podia comunicarse bien en inglés?

How would you feel if you were a youngster in this country who wanted to learn, but you could not yet communicate well in English? You would probably feel pretty frustrated.

Over 3.6 million children in this Nation are limited in their English proficiency. This covers a range of youngsters whose native language is one other than English to individuals who are American Indians or Alaskan natives or in an environment where a language other than English has a significant impact on the level of English proficiency.

According to data from the Department of Education, two-thirds of limited English proficient children receive no special language assistance—nothing. Therefore, it should not come as a surprise that these children have a high dropout rate and that their educational attainment rate continues to plunge.

When considering the recent national reports on the condition of American education, consider this: Limited English proficient children have been found to be one of the most undereducated of all groups of American children. I urge you to give serious thought about what the real issue is before us. This goes beyond any debate regarding the extent to which we want to become a bilingual society—the issue is whether or not we, as leaders in this country, are going to take the responsible action of seeing to it that all of our children are given a chance to be educated.

The reauthorization of bilingual legislation would significantly increase the amount of data on limited English proficient children, and provide additional information about the programs and about the outcomes of the same. Research and evaluation in this field needs to be strengthened to better identify and promote those programs and instructional practices which result in effective education.

How can we expect these 3.6 million children of limited English proficiency to assimilate into our culture here in the United States, if they cannot communicate properly?

Today's children are tomorrow's adults. If the opportunity for improvement through education is withdrawn, what can we expect of these future adults?

What chance will they have to participate normally in our society if they are handicapped by their lack of competence in English.

Let us give these 3.6 million children a chance—this is an issue that affects us all.●

● Mr. ROYBAL. Mr. Speaker, I would like to join my colleagues in support of the bill to reauthorize the Bilingual Education Act which expires this year. As author of the original Bilingual Education Act, I strongly believe that this bill goes a long way in developing the seminal ideas of the original act. One if its major objectives is to make the current program cost effective. To this end, improvements in data collection, evaluation, and research are required. The National Center for Education Statistics is to collect and publish data on the number of limited-English persons in the United States and its territories the special programs available for the education of such persons, and the number of persons enrolled in these programs. States will be able to receive grants for the same purpose and local educational agencies that receive grants must submit an application that contains specific information on the number of children enrolled in the program, the extent of their educational needs, the activities undertaken to improve the educational attainment of the students and how these goals will be measured. The bill requires the Secretary to issue regulations which set forth a comprehensive design for evaluating the programs assisted under this title. At least two evaluation assistance centers will be established to provide technical assistance to the State and local educational agencies regarding methods and techniques for identifying the educational needs of the limited-English proficient persons and assessing the educational progress achieved through programs assisted under this title. States may also receive assistance to review and evaluate programs of bilingual education. Local education agencies must include a description of program goals and how achievement of these goals will be measured. There is a great deal of successful instruction going on right now that many educators just do not know about because of poor dissemination and technical assistance. This bill establishes multifactional resource centers whose role it is to help build the capacity of local districts to network with each other so that effective practices are shared. Programs that have an established record of providing effective, academically excellent instruction can receive grants to disseminate these effective practices. Several innovative ideas are contained in the proposed legislation. Language development programs, composed of equal numbers of limited-English proficient and English-speaking students, will allow all children to achieve competence in English and a second language. Adult English literary programs will help parents and out-of-school family members of limited English-proficient children acquire competence in the English language and training on how to encourage the educational achievement of their children.

Limited English proficiency has precluded many children from progressing in school and competing economically in an English-speaking society. Bilingual education enables these large and growing numbers of children to acquire English rapidly so that they can take advantage of the educational program offered in English-speaking schools. Just enough of their own language is used to help these children understand the instructional task at hand so that they do not become discouraged and tune out or dropout. Teachers who speak their language can understand their educational, social, and emotional needs and are thus able to encourage them as they make the difficult adjustment to a new language and culture. Instruction in their own language helps these children build and maintain basic skills so that they do not fall behind while they are acquiring English. Until they are fluent in English, it provides them with an opportunity for social development and creative expression, both of

which are impossible without language fluency. Recognizing that the proposed legislation will improve the educational progress of limited English-proficient children in our country, I fully support this legislation and urge you to do the same.●

● Mr. DE LA GARZA. Mr. Speaker, I am honored to join with my colleagues today who are discussing the Bilingual Education Act of 1984. There is no question that much needs to be done to help the large numbers of students who are growing up in non-English speaking homes. We as a society owe it to ourselves to educate these children and help them make the transition into an English speaking world. There are numerous programs through which we can help these children make the transition.

Why then, you might ask, do we stress bilingual education rather than other programs to help the non-English-speaking child. I raise this question, not to debate educational philosophies, but rather to raise the subject of what is in the best long run interest of the United States.

The prosperity of the United States depends on the ability to compete in the world market for goods and services and on the prosperity of its trading partners. Even though English is rapidly becoming the accepted language of international commerce and diplomacy, the United States is handicapped if it fails to understand the language, culture, and history of other societies. What, you ask, does this have to do with bilingual education? Language ability and the understanding of different cultures has everything to do with our ability to compete in the world economy and influence world events.

At the root of bilingual education is the philosophy that children are more easily taught in the language with which they are most comfortable. In many cases this will require the schools to first reinforce the child's ability in a foreign language while simultaneously teaching English. In addition to teaching in a foreign language, the bilingual method effectively increases the familiarity and respect a child has for a foreign culture. One aspect often ignored in discussions of bilingual education is the fact that many English speaking children learn foreign languages through the same bilingual education instruction which helps the non-English speaking child make the transition to English.

If the United States is to retain its role as a world political power and regain its position in world trade, we will need people who are conversant in many foreign languages and cultures. Our Nation is blessed with immigrants from many countries. While we must help the immigrants and non-English speaking native born make the transition to English, we should also think of those people as a language resource. Our ability to export our goods and know-how only partially depends on having the better product. We must also know how to sell the goods in foreign markets.

As one who grew up in a bilingual environment, the Lower Rio Grande Valley of Texas, I can attest to the value of speaking more than one language. Since being elected to Congress I have had the opportunity to meet with many foreign officials on my own visits overseas and right here in Washington. My fluency in just one romance language, Spanish, has opened many doors that might otherwise have remained closed and helped me gain a greater understanding of foreign interests. In addition, having grown up speaking two languages I have found it easier to learn additional languages. This has opened even more doors.

My duties as chairman of the Committee on Agriculture have only reinforced my belief that our Nation suffers from monolingualism. It is much easier to sell agricultural products to our trading partners if we can speak to them in their own language rather than depending on them to speak English.

We need more, not fewer people who are fluent in Chinese, Arabic, Spanish, Vietnamese, and all the other languages of the world. We need bilingual engineers, doctors, computer programers, scientists, salesmen, and corporate managers who can help sell American goods and services throughout the world. Bilingual education should not be considered a threat to our American way of life but rather an investment in our human resources. Due to the miracle of modern communications and travel we do not have the luxury of remaining monolingual.●

● Mr. MATSUI. Mr. Speaker, I would like to express my strong support for the reauthorization of the Bilingual Education Act and commend Mr. KILDEE and Mr. CORRADA for their efforts in carefully assembling this critical legislation. This bill provides important measures toward eradicating discrimination in education in our American schools. Inequality in education cannot be tolerated for our Nation's national security, economic strength and quality of life is dependent upon the literacy of all its citizens.

The Bilingual Education Act addresses the need for improving the quality and equality of education for the 3.6 million children in the United States of limited English proficiency. We cannot overcome traditional low educational achievements and high dropout rates of language minority students unless we build on the proficiency skills these children bring to the classroom. The bilingual education program provides the opportunity for these children to assimilate, participate, and contribute to our society through enhancement of their linguistic and conceptual competency of the English language.

In my State of California alone, bilingual education programs serve 88,689 students of limited English proficiency. As the number of these students increases daily, it becomes evident that we are losing the full depth of our Nation's potential by failing to utilize their talents and capabilities. It is imperative that we educate and cultivate this untapped resource. Our investment in bilingual education today can only reap benefits for our communities, our States and our Nation as a whole tomorrow.●

● Mr. TOWNS. Mr. Speaker, I am very pleased to be able to participate in today's special order on bilingual education. After introducing my own bill on bilingual ed, H.R. 5099, I am encouraged by today's hearing in the House Education and Labor Committee on an omnibus reauthorization bill, H.R. 5231. The time to demonstrate our continuing commitment to bilingual education is here. I am pleased to join the gentleman from Michigan as an original cosponsor of H.R. 5231 and I am hopeful that we will see this bill enacted during this session.

Bilingual education faces some difficult policy questions as we move toward reauthorization. Historically, language-minority students in the United States have received unequal and inferior educational opportunities. The current debate centers around whether native language instruction should be retained in federally funded programs.

Many opponents of native language instruction have argued that other programs like title I and Public Law 94-142, the Handicapped Education Act, do not prescribe a method of teaching. Standards do exist, however, for these programs. Title I must be used in schools with low-income and disadvantaged children. Public Law 94-142 programs mandate parental involvement and mainstreaming of handicapped children into regular classrooms. As a Federal program, title VII, the bilingual education title of the Elementary and Secondary Education Act, must also have standards. We must remember that title VII is neither a mandated or an entitlement program. Consequently, the Federal Government is well within its right to establish native language instruction as the cornerstone of its bilingual education program. Both the Carnegie Corp. and a Columbia Teachers College study found that this teaching method has been supported because it is effective.

Civil rights and equal educational opportunity is the one area where the Federal Government has played a traditional role in protecting the interests

of the disadvantaged. History has shown, unfortunately, that limited-English proficiency children need the protection of the Federal Government. In my own congressional district, bilingual education programs exist in Haitian, Creole, Italian, Indochinese languages as well as Spanish. The children in these programs deserve every opportunity for a quality education. I expect to be fully involved with the reauthorization of the Bilingual Education Act in the coming months. I am hopeful that components of my bill, H.R. 5099, can be adopted as part of the larger omnibus package. I look forward to working with the gentleman from Michigan and members of the Congressional Hispanic Caucus as this bill moves through the House.●

● Mr. KILDEE. Mr. Speaker, on March 22, with the cosponsorship of 50 of my colleagues in this House, I introduced H.R. 5231, a bill to reauthorize title VII of the Elementary and Secondary Education Act of 1965—also known as the Bilingual Education Act. This bill recognizes the importance of Federal bilingual education programs to the schoolchildren of this Nation. It insures that the current Federal effort in this area continues and develops. Limited-English-proficient children are a Federal constituency in the same way handicapped children, disadvantaged children, and other special-needs groups of children are. The Federal Government, since the original enactment of the Bilingual Education Act in 1968, has sought to lead the way in providing services for these children. The Federal effort so far, however, has only been a beginning. Less than 10 percent of limited-English-proficient children are receiving the bilingual education services they need to fully benefit from the education they receive. The Nation's 3.6 million children of limited-English-proficiency continue to be one of the most undereducated of all groups of American children. H.R. 5231 improves and refines the current Federal bilingual education program while allocating new resources to areas that have shown the greatest need. The bill addresses the themes of excellence and equity which have been so prevalent in many of the recent national reports on the state of American education. It authorizes the allocation of additional resources for bilingual programs, teacher training and retraining, research, and evaluation commensurate with the growth of the population of children at risk. Direction and accountability in the use of Federal funds are increased through provisions mandating additional data collection, evaluation, and monitoring, and clear definitions of essential components of funded programs. The bill also safeguards the current local determination of bilingual program design and student entry and exit criteria. Enactment of this legislation will provide for better data on which to base future policy decisions. It will also provide for increased resources, direction, and assistance for local school districts implementing bilingual programs, and additional support for high quality teacher training and retraining programs.

I thank my colleagues who are participating in this special order and who have cosponsored H.R. 5231 for their help and support in seeing that these important programs receive the attention and consideration they deserve. As the House Education and Labor Committee and this House proceed with consideration of this measure, I look forward to working with my colleagues on its improvement and eventual enactment.●

● Mr. OWENS. Mr. Speaker, today I would like my colleagues to consider the issue of bilingual education and the needs of our children who are not native English speakers.

Language is the vehicle that we use to learn, communicate and remember. When a child enters the school system with little or no English, he or she is at a disadvantage until English is learned. In order to make this transition it is important that the native language be used to provide general instruction and to teach the new language—English.

There are those who believe that the easiest way to teach a child a new language is to simply throw him in and let him swim. Unfortunately, this process leads to a certain percentage of the children sinking or utilizing all of their energy to merely survive in an alien environment. Such an approach is insensitive to needs of children who learn the new language more slowly because they are older or have less facility with language. All of us who have spent some time struggling with foreign languages can surely appreciate that some individuals are simply more gifted in this area of study than others.

Ideally, each child who enters our system of education will readily learn English. The provisions of H.R. 5231 help to insure this result by mandating the use of the child's native tongue until the transition can be made. It is my hope that my colleagues will understand the continued need to follow this approach and help all students to learn all subjects, including English.●

● Mr. BROWN of California. Mr. Speaker, I am happy to speak on behalf of H.R. 5231, the Academic Equity and Excellence Through Bilingual Education Act of 1984. Bilingual education is an important and necessary vehicle for children with limited English proficiency. The number of children needing bilingual education has increased significantly since 1978 when the act was last amended.

A recent study conducted by the University of Texas at Austin suggests that illiteracy rates may be as high as 56 percent among Hispanics. The educational situation is especially devastating for those Hispanic children of limited English proficiency (LEP). The absence of good educational programs designed to help children become proficient language users has caused many children to be illiterate in both Spanish and English. With these deficiencies in mind, needed revisions to improve the delivery of bilingual education services to LEP children must be implemented.

H.R. 5231 coincides with the recent national emphasis on improving the quality of education available in American public schools. The legislation provides an increased direction and accountability in the Federal bilingual education program; better data on which to base future policy decisions; and increased resources, direction, and assistance for local school districts implementing bilingual programs. The bill also targets the shortage of well-trained bilingual teachers by providing support for retraining and inservice training programs with summer language institutes. The legislation also allows teachers and aides to improve their competency in either English or the native language of their students.

As a member of the Subcommittee on Science, Research and Technology, I am aware of the increasing demands on our educational system to keep pace with technology. Our Nation is approaching a stage at which even the most basic jobs require a higher degree of educational and technical competence. Bilingual education is essential for students with limited English proficiency to acquire the necessary skills to meet the challenges of this era.●

GENERAL LEAVE

Mr. CORRADA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject of my special order today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Puerto Rico?

There was no objection.

SOCIAL SECURITY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. PEPPER) is recognized for 60 minutes.

Mr. PEPPER. Mr. Speaker, on a beautiful Sunday afternoon, September 7, 1980, I spoke in a broad thoroughfare of the great city of Philadelphia to thousands of senior citizens who were there to hear a representative of the Democratic Party, speaking

for the nominee of the Democratic Party for President, and a nominee of the Republican Party, Governor Reagan, who was there speaking for himself.

That afternoon, I spoke, as best I could, introduced by the elder son of President Carter, for the cause of the senior citizens of this country, and I said to that great assembly: Why risk Reagan? You already have in the White House a President known to be dedicated to your cause. He has not made such disquieting statements as are attributed by California papers to Governor Reagan, to the effect that people covered by social security should be permitted to pull out, to resign, to disassociate themselves from social security at any time they chose to do so.

I pointed out that if you made the analogy to an armed force, what kind of an Army could you expect to have if anybody could leave the force any time he wished to do so, what kind of dependability would there be in that kind of an organization.

I pointed out that you could not tell what the benefits to the recipients of social security would be unless you knew how many people were going to be in the program and what sum they were paying in.

So I pointed out that I wondered why the senior citizens should risk a change in the Presidency.

Well, of course, about 45 minutes later along came Governor Reagan and, with his usual charm and his usual eloquence, he swayed the group, especially because he was in the age group of us senior citizens. They thought how fortunate we are to have one of our own age group seeking to be the President of the United States and giving us such warm assurances of his strong support for social security as the President gave.

I have here in my hand a photostatic copy of the Philadelphia Inquirer appearing the morning following the discussion that Mr. Reagan and I gave on the subject of social security and aid to the elderly there in the streets of Philadelphia that afternoon.

Here is the headline: "Reagan in City, vows support of Social Security."

In the body of the article was the following:

Ronald Reagan, one of the country's best known older citizens, told tens of thousands of older persons here yesterday that he would "support and defend" the Social Security System if he were elected President.

A little further on in this article of the morning of September 8, 1980, in the Philadelphia Inquirer, appears the following:

Reagan, who arrived in Philadelphia for an overnight stay with his wife Nancy, also said: "I will see to it that the promises made by government to every older American under the medicare and other programs are kept."

Well, with such assurances as that from a member of the senior citizens age group, from such a charming and ingratiating man, obviously the citizens thought they could rely upon those assurances, and I have no doubt that the majority of the 26 million members of the U.S. citizenry over 65 years of age in 1980 voted for Governor Reagan and helped him become the President of the United States.

When Governor Reagan, then President Reagan, appeared on the Speaker's platform here, and spoke to a joint session of the Congress on February 1, 1981, shortly after he had become President, in his first appearance before a joint session of the Congress, one of his statements was: "We will not cut social security."

A month later, speaking before the National Association of Cities, President Reagan said: "We will not cut social security."

□ 1650

Well, time passed. Just a little while later, in the spring of 1981, then President Reagan addressed the message to the Congress of the United States asking this Congress to cut $88 billion in social security benefits from the senior citizens of this country in the ensuing 5 years. Again, $88 billion.

In every year since 1981, this administration has cut billions of dollars from medicare, forgetting all about that commitment that the President made here from this rostrum: "We will not cut medicare." So, by the end of 1985, this administration, at the present rate at which they are cutting, will have cut from the senior citizens, from the recipients of medicare, from the recipients of disability insurance, from the recipients of old-age and survivors' insurance and from other programs beneficial to the elderly, to the poor, the ill, children, will have cut a total of approximately $104 billion.

That is the humanitarianism that was in the heart of this President, and is in the heart of this President.

Mr. Speaker, I will now yield to the distinguished gentleman from Minnesota (Mr. VENTO).

Mr. VENTO. I appreciate the chairman yielding.

I want to first of all, give credit to the gentleman from Florida (Mr. PEPPER). I think that the gentleman has been an outstanding spokesman for the senior citizens and if it were not for the gentleman standing in the well, I must say that I think that the overwhelming burden of these recommendations that have been made by this administration in the past 3 years, would have fallen on the backs of the elderly in this country. I know the gentleman is going to point out that the President has made now further insights into what is going on with regard to the social security system and what his intention is.

Mr. Speaker, recently President Reagan spoke about our social security system and the Federal expenditures which are necessary to maintain social security and medicare. The President went on to say and I quote, "What we need to do is a revamping of the program."

March 28, 1984 I repeat, President Reagan said what we need is revamping of our social security system. The President's comments on social security are puzzling in light of the fact that just last year in 1983 the Congress passed and the President signed legislation which raises an additional $168 billion in additional revenues to insure the financial solvency of the social security trust funds. In fact, social security is one of the few Federal programs which is financed on a pay-as-you-go basis whereby revenues taken in through the FICA payroll tax go directly to pay for benefits paid out to those persons who are eligible.

President Reagan selected several members of the National Commission on Social Security Reform which developed the proposals which were the basis for the legislation which this Congress passed. The President praised the work of the bipartisan commission on a number of occasions. And yet now, just a little over a year since this legislation was signed into law, the President has suggested that we must revamp social security. Clearly the history of the past years clearly reflect that the Reagan administration, with the full support and weight of President Reagan behind it sought to make deep cuts in the social security program.

In May 1981, the Reagan efforts were heralded as social security reform by the President, but the effect would have devastated the social contract that has persisted on a bipartisan basis for 50 years. The social security disability program reflects most accurately the true intent of President Reagan, nearly one-half million people rumored under the pretense of so called review.

Make no mistake that the bipartisan package last year that Congress enacted was a rebuke to President Reagan, it rejected the scare tactics that the Reagan administration advanced to justify proposed deep cuts in social security benefits. The American people did not buy it then and they will not next year, the American people stand fully behind the social security program and against President Reagan's continued efforts to use the social security payroll tax and benefits cuts to rescue the Reagan bankrupt economic policy.

I am sure that the senior citizens in my district and indeed the millions of Americans all across this country who depend upon our social security system would be most interested in

knowing before this November election, just how President Reagan would revamp social security.

If the Reagan administration's actions to date as contained in the President's fiscal year 1985 budget are any indication, then every older American and every American worker who looks forward to their retirement should have reason to be concerned. In the face of skyrocketing costs for health care, the Reagan administration advocates simply shifting all of these cost increases onto the backs of the elderly. On average, the elderly pay over $1,500 a year for medical care. This figure, which is only an average figure, presents a substantial hardship to those senior citizens who are already living on fixed incomes and low incomes.

Let us not fool ourselves or mislead the American people. When the President speaks of revamping social security, this is simply a thinly disguised euphemism for cutting benefits. In light of enormous, unprecedented deficits, that this administration policy has produced are we to place them, the greatest burden on the backs of those who can least afford it; the elderly and the poor. There is every reason to be concerned, deeply concerned.

It appears that President Reagan is going to continue his flip-flop role on social security, with pledges before the 1980 election of not cutting retirement programs and feverish after the election to slash benefits. While social security beneficiaries have largely been spared the effects of the Reagan split personality on this issue. Civil Service and railroad retirees know what Reagan's flip-flops can do.

If the President truly has ideas on how to revamp social security, he should have come forward last year when this Congress and the bipartisan National Commission on Social Security Reform were grappling with this difficult problem and expose them for all to see. This is just one glimpse of what is on the Reagan agenda for 1985, I hope sincerely that it will not become a reality, but fairness would dictate that the Reagan agenda become public knowledge before November.

Mr. PEPPER. Mr. Speaker, I yield to the gentlewoman from Ohio (Ms. OAKAR).

Ms. OAKAR. Mr. Chairman, I have the same meeting to go to that Mr. VENTO does, and I just want to, if I can, just take a minute or so to commend for calling this special order. The gentleman is really the greatest champion for senior citizens that we have in the country, and we are so lucky to have you. Especially in view of the remarks of the President.

You know, I am looking at the Times quotation from last Thursday, and here is what President Reagan said, he said:

> I have said over and over again talking about social security problems that nothing must be done to penalize those people who are dependent on those checks, but what we need to do—

And this is the key line—

> is a revamping of the program.

Now, we know what President Reagan really wants to do to social security when he says revamping. How can we forget what he tried to do in 1981, he tried to raise the age of the recipients; he tried to change the formula of the COLA; he tried to eliminate benefits for women who were heads of the household who had children who needed that benefit and deserved the benefit because you pay into the system for things you hope never happen to you. You hope your husband never dies, but if he does, and you have young children, it is an insurance program that insures you that your children will have some kind of support.

He also wanted to eliminate the burial benefit. I think the thing that was the most blatant form of real antiretiree and just antipoverty stricken, especially the women in this country, was when he wanted to cut the minimum benefit for those individuals receiving a benefit of $122. Who were those people? They were the women, two-thirds were women between 70 and 90 years old and we were able to restore that amount of money for current beneficiaries but we were not able to restore for those who came afterward.

We have to understand something the President does not understand: He does not understand that the average check for a female over 65 is $340 a month and those women, only 10 percent of them have another pension. The average check for a man, they do not do too much better, their average check is $460 a month. Again, that is pretty much it for older people.

Mr. Chairman, I want you to know that I honestly feel that this administration is the most antiretiree administration in many, many years, perhaps in the history of our country. I just want to support your efforts in not letting President Reagan get away with taking money out of a trust fund that is the fund of those people.

I want to commend my friend from Florida, and thank him for his leadership and we certainly will rally behind your efforts in making sure that the President does not touch the social security benefits that are the senior citizens' benefits of this country.

Mr. PEPPER. I thank the gentlewoman from Ohio because she has been one of the great champions of the senior citizens as well as all deserving people in this country.

Let me just take a few minutes more to tell this story in a little bit of chronological order. In early 1981 the President asked this Congress to cut $88 billion in the following 5 years from social security benefits. Where did that money come from? He proposed to cut the benefits of those people who retired at 62 by one-third, to discourage early retirement. He did not take into account the fact that about half of the people who retire at 62 do so on account of ill health.

Then he also took away something that seems small, I guess, over in the Office of Management and Budget; he took away the $255 burial allowance for people who did not have any other source of a decent burial. That means that all over this country there were people denied the decent burial from that meager sum that might otherwise have been available to them.

□ 1700

Then the President proposed to cut about one-third of the people on the disability insurance program. There are about 93 million workers covered, and about 3 million of them are disabled. President Reagan proposed to take about one-third of them off of the benefit rolls. Remember, those are people who have already been adjudged by their State disability determination service as being totally helpless and incapacitated and, therefore, not able to earn a livelihood.

He also took away from some 700,000 children of disabled, retired, or deceased parents some of the funds that they were receiving on which to go to college, and cut out all aid to an additional 500,000 students, sons and daughters of people covered by social security. At the same time, he eliminated the minimum benefit, cutting out 3 million people who were receiving but $122 a month under social security. That was cut out.

Finally, the country rebelled, the Congress remonstrated, and said, "We are not going to make these cuts." Then the President said, "All right, let us have a Social Security Commission composed of 15 men and women of both parties." The Speaker honored me by making me one of his appointees to that Commission.

For 13 months, that Commission labored with that crisis in social security. The Republicans, representatives of the administration on that Commission, asked for one thing: reductions in benefits. On the other hand, five of us appointed to the Commission by the Democratic Party said, "We will not agree to any plan to balance this program by cutting benefits." Both sides held out to the bitter end. Finally, in the last 2 hours of the life of the Commission the administration capitulated to a compromise program maintaining the present benefit structure, which 12 of the 15 of us joined in recommending to the Congress. Congress adopted it and the country was happy that at long last we had put to rest the

uncertainty about the future of social security.

That was heightened when we had the ceremony over on the south lawn of the White House with the President there on the platform, and the Speaker and I sat right behind the President, and other members of the Commission were there, other high officials of the Congress and the Government were on the platform.

The President, among other things, said the following, and I am quoting now from an editorial in the Daily Oklahoman of April 24, 1983. This is what the President said, and I complimented him, when he came down from the platform, on the excellence of his speech. He said:

Our elderly need no longer fear that the checks they depend on will be stopped or reduced.

He said:

The legislation assures those who are still working—and that means people not yet receiving social security—that they, too, have a pact with the future. From this day forward they have our pledge that they will get their fair share of benefits when they retire.

The Speaker made a similar statement and from that day on we have been telling the American people about that agreement between the Executive and the Congress. We were assuring the people that for the next 75 years social security was solvent and sound and the benefits would not be reduced or lowered.

Now, then, let me come to the last sad part of this chapter.

On March 28, 1984, in the Oval Office of the President in the White House, the President had a press conference, and here are some of the things he said to the questioners at the press conference. This interview appeared in the New York Times of March 29, 1984:

QUESTION. Excuse me. You had mentioned last week in passing that you saw the need at some point to restructure social security for new workers coming into the program. Could you elaborate on that?

The PRESIDENT. I think we have to. We have to look at the whole governmental structure, and this includes the entitlement programs. There have been demographic changes that have been ignored that make some policies now leading inevitably toward another day of reckoning if we do not reorder these programs. About half of your deficit has been structural. About half of your deficit has been cyclical, the result of the recessions.

A little bit later, the questioner from the New York Times said:

Can you be more specific about what you would do for medicare and social security?

The PRESIDENT. No; not really, because this is something that is going to require thorough study to insure that you do not pull the rug out from under anyone who is presently dependent on those programs.

He forgot all about the young workers of whom just last year he said had a pact with the future. The President's assurance would apply only to those who "are dependent" on these programs at the present.

They must not be frightened as they were by political demagoguery as they were in the 1982 campaign when our opponents took advantage of the fact that social security—the program was facing, and by our date as of July 1983—facing outright bankruptcy.

We just told the truth about what President Reagan and his administration had done. It was not demagoguery; it was fact.

Later in the interview the President said:

I have tried, and everyone seemed to ignore it. I have said over and over again in talking about social security's problem, that nothing must be done to penalize those people who are now dependent on those checks—if you are already covered you will keep on getting them—but what we need to do is a revamping of the program. We finally, then, when the election was over and the demagoguery stopped—

But the questioner said:

But isn't it risky now, in an election year, for you to say that we should revamp and restructure these programs without being specific.

The PRESIDENT. No; as long as they understand and as long as you print that what I said, that there is no intention on the part of anyone of taking away from those people now getting.

In other words, he said if you are now receiving benefits, you will keep on receiving them; but if tomorrow you begin to be a recipient, it is going to be a new ball game.

Finally, the President said:

Now I read in one of these interviews with one of the Presidential candidates on the other party was claiming that there is no problem with social security at all because it is safe until the end of the century. Well, 1984 is not too far away from the end of the century.

How can he so carelessly dismiss the fact that those same people out there—who, as you have said, can be frightened if someone is saying to them, "Yes, the program is going to run into another financial bind."

But the President does not offer any suggestion for solving the problem as long as it is in the context that we are not going to pull the rug out from under anyone who is presently dependent on those programs.

Let me say this in conclusion: Now the President has opened another can of worms. The President has now gone back on the solemn pledge that he made as the President of the United States to the people of America. The President is now undoing a difficult solution that was arrived at by compromise and approved by this House. Now he wants to go back again and tell those who have not yet begun to receive their paychecks, "Well, we will change it any way we want to, and let you keep on paying in but you may not be certain of getting anything out that you are entitled to receive."

I just want the people of this country to know that the issue is again fresh in the political arena of this Nation. The only way the people of this country can depend upon the fact that the social security system that we now have is going to be the social security system of the future and that what people are now receiving will be available to those who become eligible in the years ahead is to elect a Democratic President of the United States and a Congress who will not go back on their promise to the American people.

Mr. BIAGGI. Mr. Speaker, will the gentleman yield?

Mr. PEPPER. I yield to the distinguished gentleman from New York with great pleasure.

□ 1710

Mr. BIAGGI. Mr. Speaker, first I want to commend the gentleman from Florida, my dear friend and the apostle for the elderly, not simply in his district of the United States, but throughout the world. I attended the first Aging Conference in Vienna with the gentleman from Miami and it thrilled me to know that he was recognized by representatives from countries unknown to many. I commend him for his indefatigable participation in the advocacy of problems of the elderly.

Mr. Speaker, as an original member of the House Select Committee on Aging, I am pleased to join with our most distinguished member, Senator CLAUDE PEPPER for this special order today.

I also represent the 19th Congressional District of New York which according to the Bureau of the Census ranks No. 10 out of 435 congressional districts in both the number and percentage of citizens over the age of 65.

There is a popular television commercial which features the line "When E.F. Hutton Talks—People Listen." When the President of the United States talks about a subject of dire importance to 36 million people—these people and others listen. So it was when the President gave an interview last week with the New York Times and the topic of social security came up. He talked, people listened, and got real scared.

Because of some of his comments, we are here today in effect to assure the present and future senior citizens of this Nation that we do not plan to wait for the other shoe to fall before we act to avert any further tampering with social security.

The phrases that the President used that concern me the most include that social security was heading toward "another day of reckoning, if we do not reorder those programs." Or—to the question "Can't you be more specific about what you would do for medicare and social security?" The answer: "No—not really because this is

something that is going to require thorough study to insure that you do not pull the rug out from under anyone who presently depended on those programs. They must not be frightened."

Later this other exchange concerned me—to the question, "If you could be more specific—you could put some of these fears to rest now couldn't you?" The answer: "Well I tried and everyone seemed to ignore it. I have said over and over again in talking about social security problems—that nothing must be done to penalize those people who are now dependent on those checks. But what we need to do is a revamping of the program."

It seems to me and to many others in the Congress that we did precisely that about 1 year ago with the passage of the Social Security Reform Act.

It seems to the millions of elderly who had to go 18 long months between increases in their COLA—that they made this sacrifice as part of a major legislative revamping of the program.

It seems to me that the actuaries of the social security system—those nonpartisan accounts—said that the bill of last year will make the system financially healthy for the next 75 years.

It seems to me that those senior citizens who are now having to pay a first time tax on part of their social security benefits—feel that they have sacrificed enough.

The question is, Why the comments—are they a forerunner of a new administration initiative to try and further renegotiate the terms of the covenant which social security once was between the American worker and the Government?

I for one hope not—and more relevantly do not see why there would be a need to do anything else to social security.

One must remember that we must go beyond just protecting those who are presently dependent on social security. There are millions of Americans in this Nation approaching the age of eligibility—men and women who have contributed funds from their paychecks into social security—who have the same right to be guaranteed that their benefits will be provided as those presently receiving benefits.

If there is any lingering need for reforms in social security it would likely be in the area of reducing fraud abuse and waste in the system. Beyond that—leave it alone.

Mr. PEPPER. Mr. Speaker, I thank my friend.

Mr. CONABLE. Mr. Speaker, will the gentleman yield?

Mr. PEPPER. Mr. Speaker, I thank my friend for his excellent remarks.

I yield to my distinguished friend, the gentleman from Massachusetts (Mr. FRANK).

Mr. FRANK. Mr. Speaker, I thank the gentleman for yielding and I thank him for once again putting all of us in this country in his debt by calling attention to these statements that the President made.

The gentleman from Florida has been a strong friend, not just of the elderly, but of even a more numerous group and one to which I belong, those of us who hope some day to become elderly, because the chilling thing in the President's remarks were his suggestions that he is prepared not further to reduce, and there have already been some reductions, but not further to reduce benefits for existing social security recipients, but that if reelected, he plans to make proposals which would lead to the reduction of social security benefits for those of us who are now working. There is no other interpretation one can put on the President's remarks.

Now, it is possible to suggest, as some might, that the President often talks to no particular purpose at all; but if we assume that the President when he spoke was speaking to some purpose, it can only have been to suggest that there should be some reduction of benefits for those now working, because the President carefully said, "I'm not going to tell you what I think. I made the mistake," he said, "in previous years of giving an indication of my views and the voters didn't like it."

He objected to the fact how much people should be allowed to receive on social security became a political issue. I think that is an unfortunate remark by the President. Of course, in a democracy those are legitimate subjects for debate; so as the gentleman from Florida has pointed out, what we have from the President last week is a statement that he has got some intention and some inclination, apparently, to reduce benefits for those who are not yet on social security, which he does not want to share with the American people. He wants first to get safely reelected and then he wants to come in and make those changes.

I think it is important that we make clear that there is no need to do this. This is the President of the United States who wants to spend additional billions on the military, who gave us the payment in kind agriculture program, who has got the Star Wars space defense for many, many more billions. There simply is no financial necessity further to threaten those now working with reductions in time and pay.

Mr. CONABLE. Mr. Speaker, will the gentleman yield?

Mr. FRANK. I do not have the time, and the gentleman will have plenty of time; the cavalry having arrived, I am sure they will get their chance.

Mr. CONABLE. The cavalry has been here for some time, may I say.

Mr. FRANK. Well, I saw the cavalry arrive.

I look forward to hearing the gentleman from New York, with all his persuasive powers, try to save the President from his latest blurting out of what he was apparently thinking. I know it is a fulltime job for Members of the other party to try to keep the President from saying too much before the election of what he may intend to do, but I think we have a right to point out what are the clear implications of that.

There is simply no other interpretation but that the President plans, if reelected, to make some reductions There simply is, I think, no justification for a President proposing the multibillion-dollar excesses that he wants to give the Pentagon and then threatening working people with a reduction of what they are going to need in retirement.

I once again want to express my appreciation to the gentleman from Florida for his leadership.

Mr. CONABLE. Mr. Speaker, will the gentleman yield?

Mr. PEPPER. I thank the gentleman for his eloquent statement.

I yield to the distinguished gentleman from Massachusetts (Mr. MOAKLEY), my friend.

Mr. MOAKLEY. Mr. Speaker, I thank the gentleman. I commend the gentleman from Florida for taking this time out to make known to the American people just exactly what the President was referring to in his latest statement.

Mr. Speaker, last Thursday's New York Times carried an interview with President Reagan in which he suggested that the social security system needs to be "revamped." Many of my colleagues were amazed that the President would choose to open what most experts now consider to be a closed issue.

I am frankly puzzled over the shock and surprise which greeted the President's remarks. Ronald Reagan has been called many things but "the best friend social security has ever had" is not one of them. Before his election to the Presidency Mr. Reagan had consistently called for a voluntary social security system, a scheme which at best represents a basic misunderstanding of the fundamental principles of social insurance.

Immediately after his election President Reagan told Congress that a balanced budget depended upon enactment of his economic program which included $35 billion in social security cuts over the next 5 years. Riding on the tide of the 1980 Republican electoral sweep, a majority of these reductions sailed through Congress over the objections of the Democratic Party. Although these cuts were unprece-

dented in their scope, they were only a hint of what was to come.

Over the next few months, the administration embarked on a campaign designed to destroy the confidence of the American people in their social security system. Congress was told by the President's Director of the Office of Management and Budget that in November 1982 "the greatest bankruptcy in the history of our country" would occur, and that the benefit checks upon which millions depended could no longer be sent out. While the chicken-little cries of "bankruptcy" and "impending disaster" echoed from a vast array of his own administration spokesmen, President Reagan solemnly deplored the use of "scare tactics" and "demagoguery" because of his great concern that senior citizens not be frightened.

Perhaps they were frightened because the President kept insisting that only massive benefit reductions could restore social security to a sound footing. Perhaps they were concerned that the President stood stubbornly against the use of any additional revenues for the very program he insisted was on the brink of disaster. Perhaps they were confused by the meaning of his often contradictory pledges.

Fortunately, Mr. Speaker, most of the Reagan proposals never became enacted. The passage of the 1983 Social Security Act Amendments restored actuarial balance to the system. While the amendments included temporary sacrifice for recipients as well as for workers, no major restructuring of benefits occurred because none was needed.

Apparently now the President feels as if he has missed his chance. Why else would he now urge a revamping of the very system he assured the American people was solvent and secure just a year ago, when he signed the social security amendments into law?

Social security is not only the lifeblood of its 36 million beneficiaries, it offers vital protection to the over 115 million contributing workers and their dependents from loss of income due to old age, disability, and death. Social security is an intergenerational compact, supported by the faith of contributing workers in the integrity of the U.S. Government to uphold its commitment to them. President Reagan himself acknowledged this when he wrote 1 year ago that the 1983 Social Security Amendments would assure "those who are still working that they too, have a pact with the future." The President is fooling no one therefore, when he promises that "those now dependent on their checks" will not be penalized by a revamping of the program.

Some may consider reducing the benefits of young workers far off into the future the politically expedient thing to do. Others may even tout it as an "act of courage." I fail to see how reducing the incomes of the elderly and disabled constitutes "courage," simply because they are affected in the distant future.

Mr. Speaker, I commend the distinguished gentleman from Florida for taking this special order to call the attention of this House to the latest threat from this administration to the social security program.

□ 1720

Mr. PEPPER. I thank my distinguished friend for his able contribution.

Mrs. SCHROEDER. Mr. Speaker, will the gentleman yield?

Mr. PEPPER. I yield to the distinguished gentlewoman from Colorado.

Mrs. SCHROEDER. I want to join my colleagues in thanking the gentleman from Florida for his constant vigil. He is always here, always watching, and thank goodness we have you.

I want to interject in here just a little bipartisan criticism, because when you look at March 29, it was a bad day not only for Republicans but for Democrats in my area because my silly Governor shot off his mouth, too. And my Governor is a Democrat, and he made some very stupid remarks from my standpoint, and I think they are wrong.

So in a bipartisan spirit I would hope all of us would stand up and attack those who say things that are absolutely wrong and are not what America stands for.

America is a community. America is a community where we help people who need to be helped. It is not a playing field where we just help those who are on our team. We are here to help and we reach out to others, and seniors have been doing that their entire life and it is very cruel to then scare them through all sorts of intimations that if reelected I may do something, but I am not going to tell you what because, of course, it will take more study. And any of us who point that out are suddenly demagogs.

I do not think we are demagogs at all. I think it is only fair in our system that you state what you are going to do before you are elected and not wait until after and then spring surprises. When these kinds of slips come out you get some idea of what is going on in someone's mind and especially when you see the many devastating things that have been reported and asked for before, then you certainly see the trend.

So I want to say that it is a tough day for everybody and it is especially tough if you are older because you keep wondering what do politicians really think. They all tell us they love us in November but in December they tell us, "Guess what, we are going to have to do something here." No wonder they are suspicious of politicians on both sides of the aisle.

I must say, as many people know, I have a candidate running for President right now who has trouble with his age. He was a gentleman and did not say why. But can you imagine in my State how nervous you would be if our Governor came to you and said, "My, you are looking old." You would be scared to death.

So people in my State worry a whole lot about their age. And I think when you see what the President then is saying about social security, and he is in the other party, you also worry about your age because you never know what it is going to be like when you finally get there.

So let us all work together, reach across the aisle, lower all of that rhetoric, stop the politics of selfishness. And you can play that, you can play the politics of selfishness on young people. But that is wrong, and we must stop it, and the politics of selfishness must stop. That generation did not play the politics of selfishness and they do not deserve to be treated this way and we are not going to stand for that in this day and age.

I compliment the gentleman from Florida for allowing us to have this dialog and thank him very much.

Mr. PEPPER. I thank the distinguished gentlewoman very warmly for her valuable contribution.

Mr. PICKLE. Mr. Speaker, will the gentleman yield?

Mr. PEPPER. I yield to my distinguished friend from Texas, Mr. PICKLE, who had so much to do with the adoption of the commission report in 1982.

Mr. PICKLE. Mr. Speaker, I thank the gentleman from Florida who has shown as much care and concern for our elderly as any person who has ever served our Government for holding this special order this afternoon. If he had not been disturbed and dismayed by the interview which the President gave to a reporter in the New York Times, he would not be doing this. The very mention of the revision of the social security laws causes one to be concerned and even alarmed.

I can see why the gentleman would ask for this special order.

The implication of the President's remarks to the press is that social security may be in trouble and, therefore, we have to make some immediate changes.

I do not believe that the President intended to leave that impression, and I want to make it plain that I do not believe that that was his intent. Yet the average person reading those remarks would certainly start worrying and particularly our elderly. They would start worrying, and asking what is going to happen, and why are we getting into this again so soon?

I would say that we ought to remind the American people at this point that the social security trust funds are doing well today, as well as we had hoped, and perhaps a little bit better than when we passed the 1983 Social Security Amendments last spring.

Two things we ought to keep in mind. First, the latest social security trustees' report shows that the system is in actuarial balance. That is encouraging for all recipients of social security benefits.

Second, the President's budget shows that the system is in balance. Representatives of both the White House and the OMB have said that the trust funds are in balance.

There is always a possibility that under dire economic conditions we would have to take another look at social security. That would be true for all our Federal programs under such circumstances. But the economy is performing better than we projected a year ago and this has resulted in a strong recovery for our OASDI trust funds.

Since all of the responsible economic reports indicate that the OASDI trust funds are in balance, people ought not to use scare tactics to frighten the public or to say that we have got to make some immediate changes to avoid insolvency. I think it is unfortunate when any individual or group mentions this subject in this light. That is true whether it is made by the Committee on Economic Development who made such a broad cautionary statement and perhaps critical statement about 3 weeks ago, or whether it is the President, or even one of our former colleague's organizations represented by former member Jimmy Roosevelt. Such comments and reports frighten people needlessly and that ought not to be.

So I say that we ought to remember that the changes we made this last year were significant and they are substantive. Our trust funds are in actuarial balance and our economic projections are on target. We are doing well at this point.

I further want to say to the gentleman from Florida that while these 1983 amendments were long term and comprehensive in scope, it is still important that we exercise viligent oversight to insure the efficient administration of a program which meets the needs of all our citizens. Improvements can always be made in any system.

The Social Security Subcommittee later this year will hold oversight hearings on the administration of the social security program. We are going to try to find more efficient ways to handle this program. The administration of the program can be improved to insure that the benefits get to recipients more quickly and more efficiently. We should do more to provide information and assistance to all beneficiaries. We must make sure that all beneficiaries, men and women, are treated equitably. We must look at the whole program as we go along. Just as we did in the case of the disability insurance program last week we must consider substantive, programmatic reforms in the administration of social security. That is an ongoing concern of our subcommittee and it should be done.

In conclusion I would say to you that the American people ought to feel confident, both the elderly and the young, that our trust funds now are in order and they are doing well. We believe they will continue to be secure.

□ 1730

Why the President would want to bring up this subject and leave the impression that people might not be sure of their benefits and be scared, is beyond me.

So I want to give him credit, that he was not trying to scare people, but the fact that he brought it up leaves a great deal of apprehension if not fear. I would hope that we can lay that fear aside and that we not be forced to respond to these kinds of apprehensions, because it is not necessary.

I would hope as we go along in our work this year we can give that assurance again to the American people.

So, I thank the gentleman for taking this time and for expressing his dismay; which we all share, and to say to him that we will be looking at this program to improve it as we go along this fall.

I invite the gentleman's attention because he makes as much a contribution to our social security program and other programs for the aged as any man who ever lived.

Mr. PEPPER. I thank the distinguished gentleman, as chairman of the Subcommittee on Social Security he has been a tower of strength for that worthy cause. I am glad to hear the statement.

I yield to the gentleman from New York.

Mr. CONABLE. I thank the gentleman from Florida for yielding to me and also thank the gentleman from Texas (Mr. PICKLE) for having put some perspective on the discussion that has been going on here.

I regret I was occupied elsewhere and could not hear in detail the gentleman's remarks.

Like him, I think it is important that the American people not be frightened on this issue.

There is either a bad echo in here or a strong sense of deja entendu, because a lot of this talk seems quite similar to what we have heard before.

I am sure the gentleman from Florida would not bring this issue up for any partisan purpose, knowing that he is a champion of all the people; elderly and middle aged alike. And I am sure that he would acknowledge that the President's remarks in no way threatened benefit reductions for those currently dependent on social security.

I would like to ask the gentleman, however, if he does not feel that it may be possible at some time in the future that we may want to improve social security benefits in some way? Are we, for instance, locked into the system the way it is now, carefully designed for the work force of 1935? Or can we hope at some time in the future to improve benefits?

May I ask the gentleman?

Mr. PEPPER. I say I answer my friend with great pleasure.

I have said many times that we hope the state of our economy in the years to come will permit us to improve social security, because my understanding is that the average social security check received by 36 million Americans every month is about $400.

Also, I will say to my friend, improving the social security system in the future is something that is quite different from telling the people that are going to be covered by social security in the future, who are not now covered "we do not know what you are going to get."

Mr. CONABLE. Well, my I say that any improvement would involve a structural change also, would it not, in the system? And would it not require just exhortation by the President, but legislation by the Congress?

Mr. PEPPER. Let me say to my distinguished friend, he was one of the distinguished members of the Social Security Commission with whom I had the privilege of working and being a member. I was shocked when I saw anything like what the President said.

I have been complimenting the President for his part in working out that compromise. It had in it a lot of the things all of us did not like in some respect, but 12 of us agreed to it because we thought it was the best overall package.

I complimented President Reagan when he walked down off the platform. "That was a magnificent statement you made," because I read an excerpt from it here a while ago. I thought and I have been telling people all over the country, that the President, any President, the Congress, any Congress, has issued a moral commitment to the seniors and young workers of this country; we will maintain social security solvent and sound at the present level of benefits for at least the next 75 years.

Now the President, as the gentleman from Texas said, is opening up the whole can of worms again.

Mr. CONABLE. May I say to my friend that he will not deny that we must constantly be vigilant that the

social security system operate for the benefit of all the people of this country.

And as I read the President's statement, that is what he was discussing also.

The gentleman would have to read into the President's remarks something that was not there if he were to decide that the President was threatening reduction.

May I say to the gentleman from Florida that the biggest current threat to the social security beneficiaries of this country is a proposal from some of the members of his own party in the upcoming budget that we go to a procedure of cost-of-living minus 2 percent for the non-need related entitlements.

Now I hope he will be as vigilant in excoriating the members of his own party who want to cut benefits for social security beneficiaries as he is in reading into the President's statement some threat to the current beneficiaries or some threat to future beneficiaries.

If I may, Mr. Speaker, it is clear to me that the social security system can and must be improved over the years with respect to such things as the benefits for working women.

The gentlewoman from Colorado took the position that nothing should be changed. I am sure she would not want to imply that we cannot benefit working women through the social security system at some time in the future when the solvency of the system will permit it, we cannot benefit them in some way, that we are locked into the current form of social security which has been rigidified by the politics of fear over the years.

We are so afraid to deal with that issue that we do not change anything, and as a result, we do not improve it. We just are locked in. And if we are on a bankruptcy course we seem to be incapable of doing it.

Mr. Speaker, I would like to say that the President of the United States took the initiative in calling for a commission on which the gentleman from Florida and I both served and without that commission, I fear that we would still be cowering before the bankruptcy of the social security system and there would be justification for the people of this country fearing for the future of their benefits.

On the basis of his statement, I do not believe there is anything that can be said about the President's advocating anything that would be to the detriment of the beneficiaries of this system. And I personally deeply regret any effort to read into that unnamed fears for people who are already insecure about their security system.

Mr. PEPPER. Let me share with my friend what concerns me so deeply about what the President said. Prior to the effort and the action of our joint commission, young people all over this country were very bitter. Many of them said to me from time to time, "All you all are doing is ripping us off with this social security system that you have got. When we get out there, eligible to receive any benefits, either there won't be any social security system or there won't be any money."

Mr. CONABLE. They have no reason to believe that any more.

Mr. PEPPER. Wait just a minute. I tried to allay the fears of these young people. But until our joint commission issued its report and it was adopted by the Congress and the President made the strong statement that he did, and here in his language, and Congress made the strong statement that it did, I noticed immediately a great difference in the attitude of the young people.

They would walk up to me in the airports around over the country and say: "We want to thank you all for what you are doing for social security." We had restored their faith in the social security system.

Mr. CONABLE. And properly so.

Mr. PEPPER. We were so proud of it. I never dreamed that I would witness what I saw yesterday afternoon when I heard two Democrats here in this House talking about wanting to institute 2-percent cut in social security as part of the budget. I got up and upbraided them. I said, "You do not know what you are talking about. We made a moral commitment to the people of this country."

Mr. CONABLE. Right on.

Mr. PEPPER. They want to tear it up.

I cannot believe that the young people will not be shocked when the President says that: "all I am saying is we are going to keep the system sound for the people that are now receiving their checks; but we are not making any commitment for anybody who has not yet started to receive a check."

I wish the President had not said that, and would have stood on his own earlier statement and let the commitment that we made not be impeached or impaired by any remark he might make.

Mr. CONABLE. If the gentleman will yield for one further moment. I hope the statement of the President of the United States will be permitted to stand as it was and will not be interpreted in ways that would engender additional fears among people who have already feared too much about this system which means so much to the gentleman from Florida, so much to me, so much to the young people as well as the old people of this country.

We have a right to a little tranquil possession of the system as it is.

□ 1740

However, I would not want to stand in the way of revamping it at some time in the future to improve benefits if, as I believe to be the case, the formula which the gentleman and I had a part in working out happens to be as successful in stabilizing the system and building up a surplus as I believe it will be.

Mr. PEPPER. I will say only in conclusion to my friend, I have only referred to the language that our President used, that he was obviously not talking about maintaining the present level of social security for the workers yet to become the beneficiaries of that program.

Mr. Speaker, I yield back the remainder of my time.

MERGERS AND JOINT VENTURES IN THE OIL INDUSTRY AND AUTO INDUSTRY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. FLORIO) is recognized for 5 minutes.

● Mr. FLORIO. Mr. Speaker, in the last few weeks my subcommittee has held hearings on mergers and joint ventures in the oil industry and the automobile industry. I have come out of those hearings even more troubled than before, and I am pleased to have the opportunity to explain why.

When I introduced H.R. 5153 to establish a moratorium on mergers, I said the current unprecedented wave of megamergers raises a number of urgent questions.

Are we watching the energy life blood of our industrial might dripping away as talent and resources are poured into financial manipulation and the search for ever greater tax advantages? As tens of billions of dollars are tied up in merger battles and companies are mortgaged in the parry and thrust of takeover struggles, are we allowing a process that is destroying the incentive to explore for oil, distorting capital markets, and pushing up interest rates? Are we permitting a rising concentration of crude resources in a few hands so that in a moment of foreign crisis and oil cutoff, military and foreign policy options could be jeopardized? And where in all this are the antitrust enforcement agencies? If they view the oil industry as sufficiently decentralized that mergers do not trigger antitrust enforcement, is there something wrong with the antitrust laws, or with enforcement, or is something required that goes beyond antitrust?

The oil industry megamergers have caught our attention. But they are not the whole story. The Federal Trade Commission has given a tentative green light to a production joint venture between General Motors and

Toyota—two of the giants of the worldwide automobile industry. Critics of the venture contend it is not only a plain violation of the antitrust laws, but part of a trend that will result in the export of hundreds of thousands of jobs. These critics say that by arranging for sophisticated input abroad, such ventures will leave the domestic auto industry with a shrinking base of low pay, low value jobs.

We are witnessing upheavals in industry after industry that have formed the foundations of our industrial might. In considering proposed steel industry mergers, there has been a dramatic split within the administration, with controversy over the relationship between merger policy and trade barriers.

While we in Congress have been debating the pros and cons of "industrial policy," they have been rewriting the industrial policy of the country in the board rooms and the investment banking offices of America. To the degree that this involves determination of public policy on matters such as defense, employment, competition, and trade, there must be public accountability. The alternative is to discard what has previously been understood by the terms "free enterprise" and "free government." Perhaps there are those who are comfortable with such a course; I am not.

Unfortunately, our hearings on the merger wave have not dispelled my earlier concerns. We heard assertions that the mergers will produce efficiencies, but the support for these claims was lacking or open to serious question. We heard a good deal of talk about the shrinking of demand and about overcapacity in the petroleum industry as a justification for the mergers. But these arguments only served to raise my apprehensions about our ability to deal with an oil cutoff during an international crisis. They only served to raise new doubts in my mind about the drag that our new de facto energy policy may impose on our ability to revitalize the economy.

We also heard candid admissions that financial and tax motives, rather than growth and production, are driving consolidation. It was suggested, for example, that the largest merger in American history should be permitted not primarily because of its positive impact, but to avoid the consequences of a hostile takeover. Additionally, recent events have cast doubt on the effectiveness of current procedures for reviewing mergers. Proposals for vast industry restructuring are considered under short deadlines and mergers may be allowed to go forward before the viability of divestiture plans can be ascertained. Finally, we heard consistent testimony from responsible government officials indicating that current policy has little, if any, regard for the consequences of all this for the maintenance of smaller businesses, diversity, and jobs.

Mr. Speaker, it is clear to me that we need a better evaluation of these issues before it is too late. That is why I have introduced H.R. 5153 to create a merger moratorium. I urge my colleagues to support such a measure. In the real world, the public interest does not prevail in the game of monopoly.●

SCIENTIFIC EXCHANGES WITH THE SOVIETS: IMPORTANT TO PROGRESS AND TO PEACE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Kansas (Mr. GLICKMAN) is recognized for 10 minutes.

● Mr. GLICKMAN. Mr. Speaker, last month's issue of Physics Today editorialized about the need to renew scientific exchange programs between the United States and the Soviet Union. The editorial cites scientific opinion that termination of such exchanges has not been effective in bringing about change in Soviet policies. The continued abusive treatment of a whole range of dissident Soviet scientists serves to confirm that perspective.

Both to help assure that simple misunderstandings do not lead to even further worsening of tensions and to avoid missing opportunities for scientific developments of mutual benefit, the administration should move to restore reasonable, beneficial scientific exchanges. I encourage my colleagues to read the editorial in its entirety and to do what you can to prompt resumption of these peaceful, productive exchanges.

I ask unanimous consent that the text of the editorial be printed at this point in the RECORD.

RESTORING UNITED STATES-SOVIET COMMUNICATIONS IN SCIENCE

The alarming deterioration in U.S.-Soviet diplomatic relations prompts us to call on the U.S. physics community to join ranks and work together at restoring communications with our Soviet colleagues. For the past decade, U.S. physicists have been split over how to respond to the Soviet government's unconscionable treatment of dissidents. Some physicists, while deploring the Soviet actions, have tried to maintain their contacts in the U.S.S.R.; others have chosen to boycott all opportunities for contact with Soviet physicists. Four years ago, the National Academy of Sciences lent its weight to the latter approach when it cancelled all bilateral scientific meetings with the Soviet Academy of Science. Two years later, the U.S. government, in reaction to the situation in Poland, did not renew the bilateral agreement on cooperation in science and technology.

It is still a matter for debate whether the boycotts by scientists have succeeded in their goal of ameliorating the Soviet government's policy towards dissidents. However, there can be no disagreement that the boycotts together with the hard-line positions of both governments have choked off scientific communications between physicists in the two countries to an historically low level. In January (page 9) Timothy Toohig reported that the last joint high-energy physics program using a Soviet accelerator has come to an end. Whether because of personal choice or lack of opportunity, many prominent U.S. physicists, who previously were frequent visitors to the U.S.S.R., have not been there for several years. Certainly, as a result, physics has suffered on both sides of the world.

Now is the time to give priority to revitalizing our channels of communication with Soviet physicists in the interests both of scientific progress and of maintaining contact with the more reasonable elements of Soviet society. Given the current deeply troubled Soviet-American relationship, the U.S. physics community can no longer have a realistic hope of exerting any influence on the Soviet government. In 1980 Herman Feshbach wrote on this page (in arguing against boycotts) that their effect would be a minor perturbation to the actions of the two governments. No one can doubt that this is the situation today.

The first Soviet physicists to visit the postwar U.S. attended the 1956 Rochester Conference at the invitation of Robert Marshak. During the 1960s Marshak headed the National Academy exchange program with Eastern Europe but later, with the advent of the dissident problem, was himself deeply conflicted about maintaining communications. As this page went to press, Marshak gave us the following comment:

"During the 1970s I shared the view of other scientists that boycotting meetings in the Soviet Union would help to moderate its harsh treatment of dissidents and refuseniks, and, in some instances, it paid off. However, in the present dangerous political climate, boycotts will be ineffectual and will deepen suspicion and recrimination. I believe that American scientists can now make a positive contribution to the reduction of tension and to human rights by seeking vigorous dialog with Soviet colleagues at all levels."

We urge physicists to follow Marshak's lead and work at finding ways to enhance communciations as individuals through correspondence and visits or by encouraging institutions to revive formal exchanges. The road may not be easy, as Norman Zabusky can attest (he was recently expelled from the U.S.S.R. for agreeing to lecture at a "Saturday Evening Seminar"; see January, page 75). The policies of both governments (such as the U.S. regulations on information export) will present obstacles. But both Toohig and Zabusky agree that Soviet physicists as individuals are warmly receptive to renewed contacts. Physicists in the East and West who succeed in this endeavor will have performed a service to both their discipline and their country.●

LEGISLATION TO ESTABLISH A COMMISSION ON CAPITAL MARKETS AND IMPOSE A MORATORIUM ON FORMATION OF COMBINED INSURANCE, BANKING, AND SECURITIES ORGANIZATIONS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Colorado (Mr. WIRTH) is recognized for 10 minutes.

● Mr. WIRTH. Mr. Speaker, today I am introducing a bill to impose an 18-month moratorium on combinations between securities firms, insurance companies and banks and their activities, and on combinations involving these intermediaries and nonfinancial firms and activities. This bill also incorporates the Capital Markets Commission bill which I reintroduced last June with 64 cosponsors to insure that issues raised by current and prospective changes in financial structure and regulation will be evaluated during the time in which the proposed moratorium is in effect.

Joining me today are the distinguished Chairman of the Committee on Energy and Commerce, JOHN D. DINGELL, and my colleagues on the subcommittee, Representatives EDWARD J. MARKEY, AL SWIFT, MICKEY LELAND, JOHN BRYANT, JIM BATES, HENRY WAXMAN, and JIM SCHEUER.

The issue of financial restructuring has become a priority concern for Congress. Chairman ST GERMAIN has already introduced a moratorium bill and has announced that the Banking Committee will hold hearings on the impact of financial restructuring from a broad public policy perspective. Recently, Chairman DINGELL of the Energy and Commerce Committee announced his support for a moratorium and further study of the issues before permanent legislation is enacted. I believe the constructive efforts of these two distinguished chairmen will help refocus the debate on these issues, and I look forward to working with them in developing a consensus on how to proceed.

It is clear that the dramatic changes occurring in our financial markets cannot be ignored. New financial products have been introduced that have reinforced the shift from long- to short-term financial investment prompted by earlier inflationary pressures. Technological innovations have facilitated the development of these products, many of which enable the functions of one financial sector to spill over into the historic turf of others. Functional barriers between financial sectors and markets are being eroded in other ways as well. Both Federal regulators and the States have issued new regulations that violate the intent of the Glass-Steagall Act and have the potential for precipitating major structural changes in the financial system. Based on these expansive interpretations of existing law, mergers and acquisitions between institutions in formerly segregated financial sectors are proliferating. The result has been an erosion of coherence in the regulatory framework that threatens the soundness of the financial system and a change in the distribution of savings and credit that could significantly impair the outlook for balanced economic growth.

The Subcommittee on Telecommunications, Consumer Protection, and Finance which I chair has held seven hearings dealing with various aspects of financial restructuring beginning with an examination of changes in the capital markets in 1981. Our first hearing in this Congress—in April 1983—dealt with the concern that the shift from long-term investment needed to finance capital formation to short-term investments providing liquidity for investors could impair future economic growth. Hearings in June 1983, focused on the FDIC proposal to allow State nonmember banks to underwrite corporate securities in violation of the intent of the Glass-Steagall Act. In July, the subcommittee heard testimony on the role of financial regulation is allocating capital and credit and on the impact of changes in financial functions and products on the economy. These and other concerns also formed the basis for a hearing in New York in December to examine changes in financial structure and regulation from a State perspective.

Since 1981, I have taken the position that a thorough analysis of the effects of a changing financial environment on the Nation's economy is imperative. While the Capital Markets Commission proposal has been well received, such an analysis has not taken place and no comprehensive alternative approaches have been offered. Instead the pace of change escalated and last year's developments made clear that a continuation of haphazard decisions by Federal and State regulatory authorities was both destabilizing and irrational.

Given the inherent inequities of a moratorium, my support for the proposal has been slow in coming. But I now believe that a reasonably fair moratorium may be the only way to force consideration of the fundamental public policy issues in the short term. However, most of the moratorium bills that have been introduced are unfair to banks in view of the changes that are taking place in other financial sectors. It restricts them while giving securities, insurance and commercial firms far more leeway to cross the traditional boundaries. My legislation corrects that inequity.

A number of bills dealing with financial restructuring have already been introduced, and several are pending before the Subcommittee on Telecommunications, Consumer Protection, and Finance. So far, most of these legislative proposals, which reflect a wide range of views, focus on defining the permissible range of activities of banks, and therefore on defining who is permitted to own or control banks. However, as distinctions between financial products have become blurred, the traditional emphasis on banking law as the vehicle for defining financial structure is less effective. Changes in State laws and regulation governing the permissible range of activities of insurance companies and the trend toward mergers of insurance and securities intermediaries, suggest that we need to look at the implications of these developments as well.

These changes have significant implications for the competitive and regulatory environment in which financial intermediaries function. They fundamentally affect traditional regulatory concerns about customer protection, fair access to capital and credit, conflicts of interest, and the concentration of financial resources. They also raise important questions about the soundness of our financial system. Because a growing tendency toward interdependence between financial intermediaries and markets at home and abroad has increased the risk of systemic crises, the wisdom of permitting a further consolidation of financial functions must be evaluated in terms of the threat it may pose to soundness.

The bill also addresses the issue of the trend toward combinations between financial and nonfinancial activities. Again, most of the concern in this area has centered primarily on banking functions and was most clearly enunciated in the Zaibatsu debates in 1969-70 on the Bank Holding Company Act Amendments. However, as the Baldwin-United bankruptcy has demonstrated, possible conflicts of interest that adversely affect customers of financial intermediaries can arise as easily in cases involving combinations of nonfinancial and nonbanking financial firms as in cases involving banks. Concerns about potential concentrations of financial and nonfinancial resources are no less valid.

The bill attempts to deal with these concerns by prohibiting additional movements by nonfinancial firms into the three primary financial sectors—securities, insurance, and banking—and additional consolidations of firms and functions involving these financial sectors pending a thorough review of the issues involved. Existing combinations of firms and activities would be grandfathered. But because a moratorium gives advantages to those who have already entered into mergers, acquisitions and new activities, the bill tries to soften this inherent unfairness by prohibiting an expansion of outlawed combinations.

The bill proposes that such a review of the issues involved in financial restructuring be undertaken within the next 18 months by an independent commission appointed by Congress. The commission would work closely with Congress to insure that changes in financial structure will be authorized together with appropriate changes in the regulatory framework. A coherent and rational regulatory

framework is not likely to evolve if the direction of change continues to be determined by expansive interpretations of current law by individual Federal regulators or by changes in law authorized by individual State legislatures.

The purpose of the commission is not just to study the issues, but also to help build a consensus for permanent reform legislation. Its membership would include those who use the financial system as well as the intermediaries whose role is to channel funds between investors and borrowers. So far, the debate's focus has been on the interests of the intermediaries and has reflected their concerns about dividing up the pie in terms of attracting funds. Almost no attention has been paid to considerations about how regulatory changes will alter how funds are raised and how those funds are used.

The commission proposal thus reflects the view that changes in financial structure have important economic implications and should not be based solely on the issue of equalizing competitive opportunities among financial intermediaries. Changes already underway have had a profound impact on the allocation of savings among the various financial intermediaries, and are affecting in turn the allocation of capital and credit and the composition and level of economic activity.

Historically, government has played an important role in influencing the allocation of credit—through tax and lending programs that give priority to certain borrowing sectors; through regulations that promote specific missions for financial institutions, securities firms in capital formation; thrifts in housing; commercial banks in short-term commercial loans, et cetera, and by prohibiting conflicts of interest and the concentration of financial resources. As changes in financial structure alter the way Government programs and regulations impact on the financial system, the result will not be increased neutrality in the allocation process. Distortions are inevitable and must be addressed.

I believe there is growing support for moratorium legislation. It is becoming more apparent that our financial system is fragile and that a comprehensive examination of the ramifications of changes that have already occurred must be undertaken. The timing of this examination—on the 50th anniversary of so many of our major financial statutes—serves as a reminder of what Congress wanted to accomplish through a number of new pieces of legislation, passed in those Depression years. Banking, thrift, credit union and securities legislation; the establishment of the FDIC, the FSLIC, the SEC and reform of the Federal Reserve System—constituted not only a remarkably successful response to the Depression breakdown, but were a creative blueprint for a new and dynamic financial system that could help America grow again. In a short space of time, public confidence in depository institutions and securities markets was restored and new and better ways of financing housing and consumer credit needs were established.

Regrettably, in some quarters it has become fashionable today to speak of these laws as outmoded. Some of the legislative goals are in disrepute or—worse—are viewed by some as causes of the very problems they were designed to prevent. For example, the effectiveness of deposit and other insurance programs in minimizing risk is viewed by some as an impediment, rather than a contribution, to soundness. Detractors of the FDIC or FSLIC argue that those programs make depositors and investors indifferent to failure and thus inhibit the play of market forces in disciplining unsound financial institutions.

In theory, unchecked market discipline can only work if it permits enough failures to be a real inhibition. But if the number of failures were to rise, the public might begin to wonder if deposit insurance programs offer adequate coverage. Such a loss of confidence could result in bank runs, less capital, less investment, and less economic activity.

I have used the example of bank insurance programs to illustrate the reasoning of the deregulators—those who suggest that deregulation is a goal itself. I could have used other examples. My basic thesis is that instead of viewing our rapidly changing financial system through the lens of deregulation, burdensome government, or stifling bureaucracy, we should start from the traditional public policy goals of customer protection and investor confidence.

The ability of our financial system to meet these basic public policy goals has already been weakened. Signs of increased instability have cropped up in all sectors of the financial services industry. For example:

Forty-two insured banks failed in 1982 and 48 last year—the highest levels since the Depression.

The FDIC recently identified 650 banks as problem institutions, more than twice the level of last year and higher than the previous record of 378 banks in 1976.

Loans not paying interest or principal amount to about half of the aggregate capital of the nine largest banks and may rise higher if the Latin American debt problem worsens.

In 1983, the cost of bank failures was higher than income from the FDIC's annual assessments. These costs were 70 percent of gross annual assessments in 1981 and 1982, compared with a 9-percent annual average from 1934 to 1980.

And in a report to Congress last April, the FDIC suggested that its authority to borrow from the Treasury be increased to reflect its current exposure and "provide a safety valve in the case of a banking crisis."

Meanwhile, there are continuing or new problems in other financial sectors as well. While falling interest rates and legislative and regulatory actions have eased the thrift crisis, neither the FDIC Nor FSLIC believe that the problem is over. It is estimated that thrift insolvencies could cost the FSLIC $2.2 billion in 1984 out of its $7 billion of reserves—up from $1 billion last year. And another sharp, sustained increase in interest rates could further increase pressure on savings banks and deposit insurance reserves.

Crises in the silver market in 1980 and Government securities markets in 1982 revealed how easily a single problem institution can threaten the stability of other financial intermediaries. For example:

Bache had routine interfirm transactions and repurchase agreements with other broker-dealers and banks in excess of $2 billion at the height of the silver crisis.

Between its incorporation in January 1982, and its bankruptcy 4 months later, Drysdale Government Securities had accumulated a gross long position of $2.5 billion and a gross short position of $4 billion with a capital base of $20 million.

It is not just the fact that other firms would have lost money because of Bache and Drysdale's problems. These funds were the equivalent of cash. If they are not there, then somebody else does not get paid. The result is a chain reaction that can only be stopped before it begins. Without Federal Reserve intervention in each of these cases, the failure of these firms could have resulted in a systemic crisis involving broker-dealers, commodities firms and banks.

The insurance industry, too, is confronting major problems. Scandals, losses and the increased risk of failures in the unregulated reinsurance industry are threatening the solvency of regulated insurance companies. The Baldwin-United bankruptcy demonstrates the dangers that conflicts of interest in an unregulated holding company structure pose for customers of financial intermediaries. Neither the regulators nor the industry believe that the State insurance guaranty fund system is adequate to handle current risks.

It is clear to me that if it pursues the goal of seeking only a compromise among financial interest groups as to how the financial pie should now be cut, Congress will not produce a rational structural and regulatory

framework for the financial system. And even if it were possible to produce such a compromise, all we would have accomplished would be an allocation of market shares, instead of the most desirable framework to achieve good public policy and restore stability.

What is needed now is an effort to develop a broader consensus on these issues. Without such a consensus, effective action will not be taken. The current focus on expanding the competitive opportunities of intermediaries is far too narrow. Changes in financial structure and regulation will help determine our economic future as they have helped determine our economic development over the past 50 years. If we fail to make a comprehensive examination of the way we structure and regulate financial institutions in this country, we will end up with financial and economic systems that are less fair, less sound and less efficient than the ones we have now.●

JACK SIMMEN'S SERVICE TO AGRICULTURE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. PANETTA) is recognized for 5 minutes.

● Mr. PANETTA. Mr. Speaker, I would like to take this opportunity to pay public tribute to John Simmen, who is retiring from 34 years of service to the agricultural industry in California.

As a third-generation Californian who began working on a cattle ranch at age 14, Jack has his roots firmly planted in the traditions of California agriculture. After serving with the Army Air Force during World War II and being decorated several times, Jack received his degree from the University of California at Davis and went to work as an agricultural inspector for the State of California. He served in a number of positions in agricultural enforcement throughout northern California before being appointed agricultural commissioner for Santa Cruz County in 1975, taking on the additional responsibility of county director of weights and measures in 1977.

As a major producer of many of California's specialty crops, Santa Cruz County boasts an agricultural industry which is not only extremely rich and abundant, but unusually diverse as well. Jack has gained an intimate knowledge and familiarity with our local agriculture—knowledge which has helped to guide us over the years in addressing the local industry's needs—and he has provided a truly invaluable service to our farmers. Not content with his service to agriculture, Jack has also contributed immeasurably to the life of Santa Cruz County through his work with the Santa Cruz County farm-a-rama and county fair, his Scouting activities, and most especially his invariable generosity and warmth toward those of us privileged to know him.

I am glad to offer Jack my congratulations and best wishes for his future, as well as my personal thanks for his service. He will indeed be missed.●

SSI PROVISIONS OF 1984

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. ROYBAL) is recognized for 10 minutes.

● Mr. ROYBAL. Mr. Speaker, today my colleagues Mr. STARK and Mr. FORD, chairman of the Public Assistance Subcommittee of the Ways and Means Committee, have introduced amendments to the SSI program which deserve immediate consideration by the Congress. I appreciate the opportunity which I have had to participate in the development of these amendments and am proud to be an original cosponsor of it.

Some may consider these to be minor and technical amendments. Although it is true that there are many more substantial improvements which should be made, these changes will have substantial impact on those persons affected by them.

I am particularly enthusiastic about the provisions concerning the asset limit. This limit, currently set at $1,500 for an individual has not been raised since the SSI program began in 1973. The result has been that recipients have had to be poorer and poorer to qualify for, and continue to receive SSI payments. Also, by exceeding this limit by however small an amount, and however inadvertently, a recipient can be assessed hundreds of thousands of dollars in overpayments. One of the most important provisions of this bill will raise the limit to $2,000.

Also important is the raising of the $25 allowance to recipients in medicaid facilities to $35 with a cost-of-living increase. This allowance also has not been raised since 1973. Older persons living in nursing homes should have more than the meager $25 a month in spending money, which is less than the allowance many parents give their children.

Again, I want to congratulate Mr. STARK and Mr. FORD for their leadership on these reforms and urge my colleagues to support these changes.●

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. SOLOMON) to revise and extend their remarks and include extraneous matter:)

Mr. PASHAYAN, for 60 minutes, April 24.

Mr. LAGOMARSINO, for 60 minutes, April 10.

(The following Members (at the request of Mrs. HALL of Indiana) to revise and extend their remarks and include extraneous matter:)

Mr. ANNUNZIO, for 5 minutes, today.

Mr. FLORIO, for 5 minutes, today.

Mr. GLICKMAN, for 10 minutes, today.

Mr. WIRTH, for 10 minutes, today.

Mr. GONZALEZ, for 60 minutes, today.

Mr. RODINO, for 60 minutes, April 10.

(The following Members (at the request of Mr. WYDEN) to revise and extend their remarks and include extraneous material:)

Mr. PANETTA, for 5 minutes, today.

Mr. ROYBAL, for 10 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. SOLOMON), and to include extraneous matter:)

Mr. GUNDERSON.

Mr. HYDE.

Mr. CONABLE.

Mr. GREEN.

Mr. GEKAS.

Mr. WORTLEY.

Mr. ERLENBORN.

Mr. CONTE in two instances.

Mr. NIELSON of Utah.

Mr. DAUB.

Mr. SMITH of New Jersey.

Mr. PURSELL.

Mr. TAYLOR.

Mr. GOODLING.

(The following Members (at the request of Mrs. HALL of Indiana) and to include extraneous matter:)

Mr. HARRISON.

Mr. COELHO.

Mr. FLORIO.

Mr. MAZZOLI.

Mr. LEHMAN of Florida.

Mr. MATSUI.

Mr. EDWARDS of California in two instances.

Mr. COLEMAN of Texas.

Mr. UDALL.

Mr. BARNES.

Mr. DE LUGO.

Mr. RODINO in two instances.

Mr. LONG of Maryland in three instances.

Mr. DYMALLY.

Mr. WALGREN.

Mrs. SCHROEDER.

Ms. KAPTUR.

Mr. BRYANT.

Mr. SHELBY.

Mr. CORRADA.

Mr. STARK.

Mr. PEASE.

Mr. SHANNON.

Mr. SKELTON.

Mr. ROE.

Mr. ADDABBO.
Mr. BORSKI.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1365. An act entitled the "Harry Porter Control Tower."

ADJOURNMENT

Mr. WYDEN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 43 minutes p.m.), under its previous order, the House adjourned until tomorrow, Wednesday, April 4, 1984, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3063. A communication from the President of the United States, transmitting a report on his administration's policy on arms control for antisatelite system as required in the conference report for the Department of Defense Appropriations Act for fiscal year 1984 (H Doc. No. 197); to the Committee on Appropriations and ordered to be printed.

3064. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 5-119, "Department of Transportation Hearing Examiners Act of 1983," and report, pursuant to Public Law 93-198, section 602(c); to the Committee on the District of Columbia.

3065. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 5-120, "District of Columbia Funeral Services Regulatory Act of 1984," and report, pursuant to Public Law 93-198, section 602(c); to the Committee on the District of Columbia.

3066. A letter from the Deputy Assistant Secretary for Water and Science, Department of the Interior, transmitting information on the proposed approval of an application by the Ak-Chin Farms, Pinal County, Ariz., for a loan and grant under the Small Reclamation Projects Act, pursuant to the act of August 6, 1956, chapter 972, section 4(c) (71 Stat. 48); to the Committee on Interior and Insular Affairs.

3067. A letter from the Assistant Secretary of State for Legislative and Intergovernmental Affairs, transmitting a report on certain properties to be transferred to the Republic of Panama in accordance with the Panama Canal Treaty of 1977 and related agreements, pursuant to 22 U.S.C. 3784, (93 Stat. 488) Executive Order 12215, section 1-401; to the Committee on Merchant Marine and Fisheries.

3068. A letter from the Assistant Secretary of State for Legislative and Intergovernmental Affairs, transmitting a report on certain properties to be transferred to the Republic of Panama in accordance with the Panama Canal Treaty of 1977 and related agreements pursuant to 22 U.S.C. 3784, (93 Stat. 488) Executive Order 12215, section 1-401; to the Committee on Merchant Marine and Fisheries.

3069. A letter from the Chairman, Federal Maritime Commission, transmitting the annual report on the Commission's activities for the fiscal year ended September 30, 1983, pursuant to the act of June 29, 1936, chapter 858, section 208 (90 Stat. 380); to the Committee on Merchant Marine and Fisheries.

3070. A letter from the Secretary of Labor, transmitting a draft of proposed legislation to amend the Internal Revenue Code of 1954 to provide for an extension of the targeted jobs tax credit, and for other purposes, pursuant to 31 U.S.C. 1110; to the Committee on Way and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. PEPPER: Committee on Rules. House Concurrent Resolution 282. Concurrent resolution revising the congressional budget for the U.S. Government for the fiscal year 1984 and setting forth the congressional budget for the U.S. Government for the fiscal years 1985, 1986, and 1987 (Rept. No. 98-645, Pt. II). Referred to the Committee of the Whole House on the State of the Union.

Mr. FUQUA: Committee on Science and Technology. H.R. 5155. A bill to establish a system to promote the use of land remote-sensing satellite data, and for other purposes (Rept. No. 98-647). Referred to the Committee of the Whole House on the State of the Union.

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 4275. A bill to authorize the Secretary of the Interior to construct, operate, and maintain hydroelectric powerplants at various existing water projects, and for other purposes; with an amendment (Rept. No. 98-648). Referred to the Committee of the Whole House on the State of the Union.

Mr. DERRICK: Committee on Rules. House Resolution 476. Resolution providing for the consideration of House Concurrent Resolution 280. Concurrent resolution revising the congressional budget for the U.S. Government for the fiscal year 1984 and setting forth the congressional budget for the U.S. Government for the fiscal years 1985, 1986, and 1987 (Rept. No. 98-649). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. FLORIO:

H.R. 5321. A bill to amend the Solid Waste Disposal Act to provide for the cleanup of hazardous waste sites which present a threat to human health and the environment, to provide a fund to finance the cleanup, to establish the standards which apply to such cleanup, to establish a viable Federal-State partnership in the cleanup program, to permit public participation in the cleanup process, to provide Federal rules regarding liability for damages and cleanup costs, to provide emergency assistance and health effects studies for residents of affected communities, to permit public participation in the cleanup process, and for other purposes; to the Committee on Energy and Commerce.

By Mr. BLILEY (for himself, Mr. MCKINNEY, and Mr. PARRIS):

H.R. 5322. A bill to raise the jurisdictional limit in the Small Claims and Conciliation Branch of the Superior Court of the District of Columbia; to the Committee on the District of Columbia.

By Mr. CORRADA:

H.R. 5323. A bill to designate the U.S. Courthouse Building in Hato Rey, Puerto Rico, as the "Clemente Ruiz Nazario Courthouse"; to the Committee on Public Works and Transportation.

By Mr. DOWNEY of New York (for himself, Mr. GORE, Mr. FRANK, Mr. LEVINE of California, Mr. MATSUI, Mr. CARNEY, Ms. KAPTUR, Mr. OXLEY, Mr. VENTO, Mr. STOKES, Mr. SIMON, Mr. SMITH of Florida, Mr. STUDDS, Mr. WALGREN, and Mr. PATTERSON):

H.R. 5324. A bill to prohibit the designation of countries as beneficiary developing countries under title V of the Trade Act of 1974 unless adequate and effective protection is provided for U.S. patent, trademark and copyright rights; to the Committee on Ways and Means.

By Mr. ERLENBORN:

H.R. 5325. A bill to extend and amend programs under the Older Americans Act of 1965, and for other purposes; to the Committee on Education and Labor.

By Mr. GIBBONS:

H.R. 5326. A bill to institute withholding tax on dispositions of U.S. real property interests by non-U.S. persons and to repeal present reporting requirements in such transactions; to the Committee on Ways and Means.

By Mr. GONZALEZ (for himself and Mr. DYSON):

H.R. 5327. A bill to amend section 502 of the Housing Act of 1949 to insure that the administration of the requirement that a certain portion of assisted dwelling units be available only for very low-income families or persons does not delay the provision of assistance to other families or persons; to the Committee on Banking, Finance and Urban Affairs.

By Mr. GOODLING:

H.R. 5328. A bill to make certain amendments to the act of September 30, 1950 (Public Law 874, 81st Congress), and for other purposes; to the Committee on Education and Labor.

By Mr. HUNTER (for himself, Mr. PACKARD, Mr. BATES, Mr. LOWERY of California, Mr MCEWEN, Mr. LEWIS of California, Mr. BADHAM, Mr. WOLF, Mr. WEBER, Mr. STANGELAND, and Mr. MCNULTY):

H.R. 5329. A bill to direct the Administrator of the Environmental Protection Agency to make grants to the city of San Diego, Calif., for construction of a publicly owned treatment works in the city of San Diego which will provide treatment of municipal sewage and industrial wastes for the cities of San Diego, Calif., and Tijuana, Mexico; to the Committee on Public Works and Transportation.

By Mr. LEVITAS:

H.R. 5330. A bill to terminate certain authority of the executive branch of the Government which is subject to congressional review unless that authority is approved by

an enactment of the Congress; to the Committee on Public Works and Transportation.

H.R. 5331. A bill to terminate certain authority of the executive branch of the Government which is subject to congressional review unless that authority is approved by an enactment of the Congress; to the Committee on Ways and Means.

H.R. 5332. A bill to terminate certain authority of the executive branch of the Government which is subject to congressional review unless that authority is approved by an enactment of the Congress; to the Committee on Ways and Means.

H.R. 5333. A bill to terminate certain authorities of the executive branch of the Government which are subject to congressional review unless those authorities are approved by an enactment of the Congress; jointly, to the Committees on Banking, Finance and Urban Affairs and Science and Technology.

By Mr. MITCHELL (for himself and Mr. SMITH of Iowa):

H.R. 5334. A bill to improve the small business development center program, and for other purposes; to the Committee on Small Business.

By Mr. MOODY:

H.R. 5335. A bill to amend the Public Health Service Act to provide for the establishment of a National Institute on Population and Human Reproduction to be coordinated with the National Institute of Child Health and Human Development by a National Science Policy Committee for Research on Human Development; to the Committee on Energy and Commerce.

By Mr. PATTERSON (for himself, Mr. BEREUTER, Mr. LAFALCE, Mr. LOWRY of Washington, and Mr. GARCIA):

H.R. 5336. A bill to provide for increased participation by the United States in the International Development Association; to the Committee on Banking, Finance and Urban Affairs.

By Mr. SCHULZE:

H.R. 5337. A bill to amend the Tariff Schedules of the United States with respect to the tariff treatment accorded to film, strips, and sheets of acrylic plastic materials; to the Committee on Ways and Means.

H.R. 5338. A bill to provide for the temporary suspension of the duty on mixtures of 5-chloro-2-methyl-4-isothiazolin-3-one, 2-methyl-4-isothiazolin-3-one, magnesium chloride, and magnesium nitrate; to the Committee on Ways and Means.

H.R. 5339. A bill to provide for the temporary suspension of the duty on mixtures of potassium 1-(p-chlorophenyl)-1, 4-dihydro-6-methyl-4-oxopyridazine-3-carboxylate ("Fenridazon-potassium"), and formulation adjuvants; to the Committee on Ways and Means.

By Mr. STANGELAND:

H.R. 5340. A bill to authorize the President to negotiate an agreement with Canada creating a Joint Commission to Oversee Water Policy on Lakes Bordering Canada and Minnesota; to the Committee on Foreign Affairs.

By Mr. STARK (for himself, Mr. FORD of Tennessee, Mr. MATSUI, Mr. FOWLER, Mrs. KENNELLY, Mr. ROYBAL, Mr. DE LUGO, and Mr. WON PAT):

H.R. 5341. A bill to amend title XVI of the Social Security Act to make necessary improvements in the SSI program with the objective of assuring that such program will more realistically and more equitably reflect the needs and circumstances of applicants and recipients thereunder; to the Committee on Ways and Means.

By Mr. WIRTH (for himself, Mr. DINGELL, Mr. MARKEY, Mr. SWIFT, Mr. LELAND, Mr. BRYANT, Mr. BATES, Mr. SCHEUER, and Mr. WAXMAN):

H.R. 5342. A bill to impose a moratorium on formation of combined insurance, banking, and securities organizations, to establish a Commission on Capital Markets, and for other purposes; jointly, to the Committees on Energy and Commerce and Banking, Finance and Urban Affairs.

By Mr. BREAUX:

H.J. Res. 537. Joint resolution designating the Brigantine and Barnegat units of the National Wildlife Refuge System as the Edwin B. Forsythe National Wildlife Refuge; to the Committee on Merchant Marine and Fisheries.

By Mr. McCOLLUM:

H. Con. Res. 283. Concurrent resolution expressing the sense of Congress concerning the use and supplying of chemical and biological weapons; to the Committee on Foreign Affairs.

By Mr. COURTER:

H. Res 475. Resolution expressing the support of the House for the expansion of confidence building measures between the United States and the Union of Soviet Socialist Republics, including the establishment of nuclear risk reduction centers, in Washington and in Moscow, with modern communications linking the centers; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. GLICKMAN:

H.R. 5343. A bill for the relief of Narciso Archila Navarrete and Juan Archila Navarrete; to the Committee on the Judiciary.

By Mr. HILLIS:

H.R. 5344. A bill for the relief of Porter County Plumbing, Heating & Electric Co.; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 493: Mr. BATES.

H.R. 507: Mr. YOUNG of Florida.

H.R. 659: Mr. EVANS of Illinois.

H.R. 991: Mr. MINISH, Mr. CARNEY, Mr. VENTO, Mr. STARK, Mr. GRAY, Mr. KILDEE, Mr. WOLPE, and Mr. MONTGOMERY.

H.R. 1028: Ms. SNOWE and Mr. CLINGER.

H.R. 1286: Mr. SIKORSKI.

H.R. 1315: Mr. BEDELL, Mr. CONYERS, Mr. D'AMOURS, Mr. DELLUMS, Mr. DICKS, Mr. ECKART, Mr. JACOBS, Mr. REGULA, Mr. ROGERS, Mr. YOUNG of Alaska, and Mr. ANDREWS of Texas.

H.R. 1905: Mr. MARTIN of New York and Mr. TAUKE.

H.R. 1955: Mr. FOWLER.

H.R. 2053: Mr. ASPIN, Mr. DYSON, Mr. EDWARDS of Alabama, and Mr. TAUKE.

H.R. 2093: Mr. FISH and Mr. BIAGGI.

H.R. 2242: Mr. FISH and Mr. BIAGGI.

H.R. 2568: Mr. ANTHONY.

H.R. 2697: Mr. STOKES and Mr. GORE.

H.R. 2766: Mr. QUILLEN.

H.R. 3009: Mr. FAZIO and Mr. COYNE.

H.R. 3010: Mr. GEJDENSON and Mr. COYNE.

H.R. 3105: Mr. OTTINGER, Mr. WON PAT, Mr. HAWKINS, Mr. CROCKETT, Ms. MIKULSKI, Mr. LEVIN of Michigan, Mr. TOWNS, Mr. COELHO, Ms. KAPTUR, Mr. GARCIA, and Mr. OWENS.

H.R. 3979: Mr. FOGLIETTA and Mr. STRATTON.

H.R. 4036: Mrs. BOXER, Mr. DAVIS, Mr. DAUB, Mr. FORD of Tennessee, Mr. GARCIA, Mr. SAM B. HALL, JR., Ms. KAPTUR, Mr. MCGRATH, Mr. MITCHELL, Mr. MARTINEZ, Mr. RATCHFORD, Mr. ROE, and Mr. WEISS.

H.R. 4093: Mr. DEWINE, Mr. MICA, Mr. MARKEY, and Ms. MIKULSKI.

H.R. 4094: Ms. OAKAR, Mr. BEVILL, and Mr. BARNES.

H.R. 4098: Mr. CHANDLER, Mr. FOWLER, Mr. CONYERS, and Mr. OWENS.

H.R. 4162: Mr. THOMAS of California and Mr. MILLER of Ohio.

H.R. 4207: Mr. FLORIO.

H.R. 4212: Mrs. JOHNSON and Mr. HARKIN.

H.R. 4284: Mr. WHITLEY.

H.R. 4285: Mr. WHITLEY.

H.R. 4286: Mr. WHITLEY.

H.R. 4287: Mr. STOKES and Mr. CARNEY.

H.R. 4405: Mr. SOLOMON.

H.R. 4468: Mr. HARRISON.

H.R. 4475: Mr. PATMAN, Mr. DICKS, Mr. LEVINE of California, Mr. YOUNG of Missouri, Mr. WILLIAMS of Ohio, Mr. HAWKINS, Mr. LONG of Louisiana, Mr. NIELSON of Utah, Mr. DAUB, Mr. WHITEHURST, and Mr. BADHAM.

H.R. 4548: Mr. TAUKE, Mr. FAZIO, Mr. TALLON, and Mr. MARTIN of New York.

H.R. 4600: Mr. BILIRAKIS.

H.R. 4659: Mr. HERTEL of Michigan.

H.R. 4683: Mr. EDGAR, Mr. OBERSTAR, Mr. YOUNG of Florida, Mr. WHITTAKER, and Mr. WHITLEY.

H.R. 4745: Mr. DIXON and Mr. LUNDINE.

H.R. 4747: Mr. LEVIN of Michigan and Mr. AKAKA.

H.R. 4772: Mr. LAFALCE, Mr. DORGAN, and Mr. HORTON.

H.R. 4784: Mr. SHANNON, Mr. COUGHLIN, Mr. ALBOSTA, Mrs. LLOYD, Mr. SEIBERLING, and Mr. LATTA.

H.R. 4813: Mr. TORRES.

H.R. 4832: Mrs. COLLINS.

H.R. 4842: Mr. DWYER of New Jersey, Mr. LAGOMARSINO, Mr. RAY, Mr. ECKART, Mr. CAMPBELL, Mr. SIMON, Mr. GEKAS, Mr. TAUKE, Mr. FRANKLIN, Mr. MILLER of Ohio, Mr. DEWINE, and Mr. HUNTER.

H.R. 4865: Mr. TORRICELLI.

H.R. 4877: Mrs. BOGGS, Mr. COATS, Mrs. LLOYD, and Mr. RODINO.

H.R. 4892: Mr. LEHMAN of Florida, Mr. WEBER, Mr. WHITEHURST, Mr. MINISH, Mrs. BOXER, Mr. GILMAN, Mr. WHEAT, Mr. HUTTO, Mr. CROCKETT, Mr. FROST, Mr. ZSCHAU, Mr. HUGHES, Ms. MIKULSKI, Mr. LEVINE of California, Mr. FAZIO, Mr. KOLTER, and Mr. LEVIN of Michigan.

H.R. 4954: Mr. BATES, Mr. SHELBY, and Mr. SWIFT.

H.R. 4966: Mr. BATES, Mrs. BOXER, Mr. CORCORAN, Mr. FRENZEL, Mr. MCGRATH, and Mr. SISISKY.

H.R. 5032: Mr. D'AMOURS, Mrs. BOXER, Mr. LANTOS, Mr. MARKEY, Mr. PANETTA, Mr. BEILENSON, Mr. BOLAND, Mr. FRANK, Mr. OTTINGER, Mr. BOSCO, and Mr. MORRISON of Connecticut.

H.R. 5054: Mr. LAGOMARSINO, Mrs. LLOYD, and Mr. SHELBY.

H.R. 5064: Mr. BATES, Mr. LEVIN of Michigan, Mr. TORRES, Mr. SMITH of Florida, Mr. MCCLOSKEY, Mr. COLEMAN of Texas, Mr. SPRATT, Mr. WORTLEY, Mr. COUGHLIN, Mr. ERDREICH, and Mr. LONG of Louisiana.

H.R. 5123: Mr. SIMON and Mr. DASCHLE.

H.R. 5151: Mr. CROCKETT, Mr. STOKES, Mr. MOODY, Mr. STUDDS, Ms. OAKAR, Mr. DIXON, Mr. ECKART, Mr. VENTO, Mrs. JOHNSON, Mr. SIMON, Mrs. BURTON of California, Mrs. KENNELLY, Mr. EVANS of Illinois, Mr. FEIGHAN, Mr. BATES, Mr. HERTEL of Michigan, Mr. MILLER of California, Mr. SABO, Mr. MARTINEZ, Mr. WILLIAMS of Montana, Mr. ROSE, and Mr. WEAVER.

H.R. 5159: Mr. SHAW, Mr. RIDGE, Mr. HORTON, and Ms. KAPTUR.

H.R. 5173: Mr. WON PAT, Mr. BERMAN, Mr. FORD of Michigan, Mr. COYNE, Mr. MRAZEK, Mr. FROST, Mr. GEJDENSON, Mr. MCGRATH, Mr. REGULA, Mr. RANGEL, Mr. BARNES, Mr. ROE, Mr. VENTO, and Mr. BIAGGI.

H.R. 5238: Mr. RAHALL.

H.R. 5246: Mr. MORRISON of Connecticut.

H.R. 5305: Mr. GEPHARDT.

H.J. Res. 253: Mr. PAUL, Mr. VOLKMER, Mr. SPRATT, Mr. BEILENSON, Mr. BORSKI, Mrs. BYRON, Mr. COYNE, Mr. GREGG, Mr. HEFNER, Mr. WOLPE, Mr. RAY, Mr. GEJDENSON, Mr. HALL of Ohio, Mr. ECKART, Mr. SABO, Mr. WATKINS, Mr. MOODY, Mr. ANTHONY, Mr. SYNAR, Mr. MCCURDY, Mr. ROSE, Ms. OAKAR, Mr. CROCKETT, Mr. CHANDLER, Mr. ALEXANDER, Mr. DICKINSON, Mr. DICKS, Mr. FOGLIETTA, Mr. EMERSON, Mr. HARRISON, Mr. EDWARDS of Oklahoma, Mr. HARTNETT, Mr. DREIER of California, Mr. D'AMOURS, Mr. CORCORAN, Mr. STANGELAND, Mr. GEPHARDT, Mr. MATSUI, Ms. SNOWE, Mr. DOWDY of Mississippi, Mr. REID, Mr. EVANS of Illinois, Mr. JEFFORDS, Mr. KOLTER, Mr. SHELBY, Mr. MCKERNAN, and Mr. BRITT.

H.J. Res. 342: Mr. AKAKA, Mr. ANDERSON, Mr. BATES, Mrs. BOGGS, Mr. BORSKI, Mr. BOSCO, Mr. BRITT, Mr. CARR, Mr. DE LA GARZA, Mr. DOWNEY of New York, Mr. DWYER of New Jersey, Mr. DYMALLY, Mr. EDGAR, Mr. FISH, Mr. FROST, Mr. GEJDENSON, Mr. GORE, Mr. GRAMM, Mr. HEFNER, Mrs. HOLT, Mr. HORTON, Mr. HOWARD, Mr. HUBBARD, Mrs. JOHNSON, Mr. KAZEN, Mr. KEMP, Mr. KOLTER, Mr. LAFALCE, Mr. LAGOMARSINO, Mr. LEHMAN of Florida, Mr. LENT, Mr. LEWIS of California, Mr. LIPINSKI, Mr. LOWRY of Washington, Mr. LUKEN, Mr. LUNGREN, Mr. MCGRATH, Mr. MARTIN of North Carolina, Mr. MORRISON of Connecticut, Mr. NEAL, Mr. PANETTA, Mr. PASHAYAN, Mr. RANGEL, Mr. ROSE, Mr. SKELTON, Mr. STARK, Mr. SWIFT, Mr. WORTLEY, and Mr. YOUNG of Florida.

H.J. Res. 344: Mr. EMERSON, Mr. DYMALLY, Mr. ERDREICH, Mr. EVANS of Iowa, Mr. LAGOMARSINO, Mr. MICA, Mr. MYERS, Mr. PRITCHARD,, Mr. TORRICELLI, Mr. WYDEN, and Mr. WOLPE.

H.J. Res. 407: Mr. FLIPPO, Mr. MCCLOSKEY, Mr. BOLAND, Mr. COELHO, Mr. KOSTMAYER, Mr. MOAKLEY, Mr. MURPHY, Mr. SYNAR, Mr. MCDADE, Mr. MARTIN of New York, Mr. HUTTO, Mr. MARKEY, Mr. MAVROULES, Mr. CLARKE, Mr. MARTIN of North Carolina, Mr. RAY, Mr. GONZALEZ, Mr. ANNUNZIO, Mr. KEMP, Mr. STAGGERS, Mr. SHELBY, Mr. MCCAIN, Mr. HATCHER, Mr. JENKINS, Mr. BURTON of Indiana, Mr. TAUKE, Mr. CARPER, Mr. SIKORSKI, Mr. SMITH of Iowa, Mr. THOMAS of Georgia, Mr. UDALL, Mr. WALGREN, Mrs. Lloyd, Mr. YOUNG of Alaska, Mr. BOEHLERT, Mr. DYSON, Mr. LIVINGSTON, Mr. MURTHA of Pennsylvania, Mr. FOGLIETTA, Mr. DARDEN, Mr. WHITTEN, Mr. FOLEY, Mr. CONTE, Mr. HARRISON, Mr. GEPHARDT, Mr. ANTHONY, Mr. COURTER, Mr. HANCE, Mr. MRAZEK, Mrs. Kennelly, Mr. WOLPE, Mr. LONG of Maryland, Mr. SISISKY, Mr. DERRICK, and Mr. TORRES.

H.J. Res. 415: Mr. WILLIAMS of Ohio, Mr. DANIEL, Mr. MINISH, and Mr. D'AMOURS.

H.J. Res. 418: Mr. ANDERSON, Mr. BATES, Mr. BEDELL, Mr. BOEHLERT, Mr. CHAPPIE, Mr. CROCKETT, Mr. DASCHLE, Mr. DE LA GARZA, Mr. EMERSON, Mr. EVANS of Illinois, Mr. FASCELL, Mr. FISH, Mr. FOLEY, Mr. FORD of Michigan, Mr. GORE, Mr. HATCHER, Mrs. HOLT, Mr. HOYER, Mr. HUCKABY, Mr. LEACH of Iowa, Mr. LIVINGSTON, Mr. LUKEN, Mr. MCCAIN, Mr. MACKAY, Mr. MATSUI, Mr. MORRISON of Connecticut, Mr. O'BRIEN, Mr. OLIN, Mr. PANETTA, Mr. RODINO, Mr. SHUMWAY, Ms. SNOWE, Mr. SPRATT, Mr. SWIFT, Mr. WOLPE, Mr. VALENTINE, Mr. VOLKMER, and Mr. YATES.

H.J. Res. 451: Mr. HAYES, Mr. SKEEN, Ms. KAPTUR, Mr. SISISKY, Mr. DANIEL, Mr. FIELDS, and Mr. DARDEN.

H.J. Res. 458: Mr. CHAPPIE, Mr. BIAGGI, Mr. RANGEL, Mr. MORRISON of Washington, Mr. SMITH of New Jersey, Mrs. HOLT, Mr. LAGOMARSINO, Mr. LOWRY of Washington, Mr. FAUNTROY, Mr. WON PAT, Mr. LENT, Mr. HAWKINS, Mr. LEVINE of California, Mr. MAZZOLI, Mr. LAFALCE, Mrs. BURTON of California, Mr. QUILLEN, Mr. BOEHLERT, Mr. STRATTON, Mr. MURPHY, Mr. FAZIO, Mr. SUNIA, Mr. WALKER, Mr. MCCAIN, Mr. KOGOVSEK, Ms. SNOWE, Mr. BEVILL, Mr. DICKS, Mr. WORTLEY, Mrs. LLOYD, Mr. AKAKA, Mr. TOWNS, Mr. DARDEN, Mr. LELAND, Mr. MCNULTY, Mr. DAUB, Mr. SHUSTER, Mr. FRENZEL, Mr. FROST, Mr. OWENS, Mr. LEVIN of Michigan, Mr. SCHAEFER, Mr. SOLARZ, Mr. CORRADA, and Mr. GUNDERSON.

H.J. Res. 460: Ms. FERRARO, Ms. MIKULSKI, Mr. EARLY, Ms. OAKAR, Mr. MINISH, Mrs. BOXER, Mr. REID, and Mr. SISISKY.

H.J. Res. 463: Mr. GEPHARDT, Mr. MORRISON of Connecticut, Mr. CLAY, Mr. HUTTO, Mr. GRADISON, Mr. FLIPPO, Mr. HARRISON, Mr. MURTHA, Mr. WAXMAN, Mr. DARDEN, Mr. YATES, Mr. LUNDINE, Mr. STRATTON, and Mr. EMERSON.

H.J. Res. 484: Mr. D'AMOURS, Mr. MCNULTY, Mr. RATCHFORD, Mr. SIMON, Mr. BATES, Mr. DWYER of New Jersey, Mr. SMITH of Florida, Mr. OBERSTAR, Mr. FRANK, Mr. HUGHES, Mr. KOSTMAYER, Mr. COYNE, Mr. MADIGAN, Mr. CROCKETT, Mr. LEHMAN of Florida, Mr. EVANS of Illinois, Mr. DYMALLY, Mr. MINETA, Mr. SKELTON, Mr. LIPINSKI, Mr. WYDEN, Mr. WEISS, Mr. FROST, Mr. MARKEY, Mr. WALGREN, Mr. DE LA GARZA, Mr. SCHUMER, Mr. BERMAN, Mr. FLORIO, Mr. RANGEL, Mr. FAZIO, Mr. DAUB, Mrs. SCHNEIDER, Mr. HANCE, Mr. YOUNG of Missouri, Mr. ANTHONY, Mr. BATEMAN, Mr. BEVILL, Mr. BRYANT, and Mrs. BURTON of California.

H.J. Res. 485: Mr. MURTHA, Mr. KOSTMAYER, Mr. GEKAS, Mr. MORRISON of Connecticut, Mr. OWENS, Mr. TOWNS, Mr. WALGREN, Mr. FOGLIETTA, Mr. FRENZEL, Mr. WEBER, Mr. GREEN, and Mr. FISH.

H.J. Res. 487: Mr. AKAKA, Mr. ANDERSON, Mr. BARNARD, Mr. GREEN, Mr. GUARINI, Mr. MACKAY, Mr. PANETTA, Mr. RINALDO, Mr. SOLOMON, Mr. STARK, Mr. WEBER, Mr. WIRTH, and Mr. WOLPE.

H.J. Res. 489: Mr. HERTEL of Michigan, Mr. COYNE, Mr. YATRON, Mr. CARNEY, Mr. OBERSTAR, Mr. ADDABBO, Mr. DANIEL B. CRANE, Mr. BURTON of Indiana, Mrs. LLOYD, Mr. BONER of Tennessee, Mr. RALPH M. HALL, Mr. BROWN of Colorado, Mr. WOLF, Mr. LEWIS of Florida, Mr. MURPHY, Mr. DREIER of California, Mr. BOLAND, Mr. SMITH of New Jersey, Mr. TALLON, Mr. FROST, Mr. FUQUA, Mr. WATKINS, Mr. SHELBY, Mr. OLIN, Mr. COELHO, Mr. WON PAT, Ms. KAPTUR, Mr. ALBOSTA, Mr. ACKERMAN, Mr. WYDEN, Mr. BARNES, Mr. MOODY, and Mr. HARKIN.

H.J. Res. 520: Mr. KOSTMAYER, Mr. MARTIN of North Carolina, Mr. LUJAN, Mr. NIELSON of Utah, Mr. PANETTA, Mr. WYDEN, Mr. STRATTON, and Mr. RAHALL.

H.J. Res. 521: Mr. BROYHILL, Mr. BENNETT, Mr. MOAKLEY, Mr. HATCHER, Mr. KOLTER, Mr. LANTOS, Mr. HOYER, Mr. MCCURDY, Mr. YOUNG of Alaska, Mr. CONTE, Mr. MURPHY, Mr. WON PAT, Mr. SHELBY, Mr. ROBINSON, Mr. ANNUNZIO, Mr. D'AMOURS, Mr. HEFNER, Mr. ROE, Mr. ENGLISH, Mr. LENT, Mr. SMITH of New Jersey, Mr. MACKAY, Mr. KRAMER, Mrs. LLOYD, Mr. DANIEL B. CRANE, Mr. REGULA, Mr. FAZIO, Mr. GORE, Mr. GRAMM, Mr. EDWARDS of Alabama, Mr. DENNY SMITH, Mr. MARKEY, Mr. WINN, Mr. CHAPPIE, Mr. STENHOLM, Mr. KASICH, Mr. MARTIN of North Carolina, Mr. NATCHER, Mr. LEWIS of California, and Mr. APPLEGATE.

H.J. Res. 527: Mr. WILLIAMS of Ohio, Mr. FAUNTROY, Mr. WORTLEY, Mr. FAZIO, and Mr. LAGOMARSINO.

H. Con. Res. 21: Mr. LENT, Mr. FAZIO, Mr. WON PAT, Mr. COYNE, Mr. WORTLEY, Mr. FLORIO, Mr. CROCKETT, Mr. MCGRATH, Mr. LIPINSKI, Mr. KOSTMAYER, Mr. FRANK, Mr. MITCHELL, Mr. BROWN of California, Mr. KOLTER, Mr. DELLUMS, Mr. TOWNS, Mr. DYSON, and Mr. TORRICELLI.

H. Con. Res. 23: Mr. KOGOVSEK and Mr. WHITLEY.

H. Con. Res. 25: Mr. ACKERMAN.

H. Con. Res. 245: Mr. TRAXLER and Mr. THOMAS of California.

H. Con. Res. 260: Mr. TORRICELLI and Mrs. JOHNSON.

H. Con. Res. 277: Mr. SOLOMON, Mr. DANNEMEYER, Mr. KASICH, Mr. KINDNESS, Mr. WINN, Mr. WORTLEY, and Ms. OAKAR.

H. Res. 430: Mr. BATES, Mr. BONKER, Mr. CORRADA, Mr. FAZIO, Ms. FERRARO, Mr. GLICKMAN, Mr. LEVIN of Michigan, Mr. MCHUGH, Ms. MIKULSKI, Mr. MOODY, Mr. SEIBERLING, Ms. SNOWE, Mr. WEAVER, Mr. WOLPE, and Mr. YATRON.

H. Res. 458: Mr. EVANS of Illinois, Mrs. BURTON of California, Mr. RICHARDSON, Mrs. HALL of Indiana, Mr. OTTINGER, Mr. GARCIA, Mr. MOLINARI, Mr. KOLTER, and Mr. MOODY.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.R. 5042: Mr. MCNULTY.

H.J. Res. 473: Mr. CLARKE.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H. CON. RES. 280

By Mr. DANNEMEYER:

(Amendment in the nature of a substitute.)

—Strike everything after the resolving clause and insert in lieu thereof the following:

(a) The following budgetary levels are appropriate for the fiscal years beginning on October 1, 1983, October 1, 1984, October 1, 1985, and October 1, 1986:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1984: $664,900,000,000.
Fiscal year 1985: $734,390,000,000.
Fiscal year 1986: $796,940,000,000.
Fiscal year 1987: $867,390,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1984: $1,900,000,000.
Fiscal year 1985: $1,390,000,000.
Fiscal year 1986: $2,040,000,000.
Fiscal year 1987: $3,890,000,000.

(2) The appropriate levels of the new budget authority are as follows:

Fiscal year 1984: $915,500,000,000.
Fiscal year 1985: $989,400,000,000.
Fiscal year 1986: $1,054,650,000,000.
Fiscal year 1987: $1,131,660,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1984: $853,900,000,000.
Fiscal year 1985: $907,590,000,000.
Fiscal year 1986: $947,780,000,000.
Fiscal year 1987: $1,003,700,000,000.

(4) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1984: $189,000,000,000.
Fiscal year 1985: $173,200,000,000.
Fiscal year 1986: $150,840,000,000.
Fiscal year 1987: $136,310,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1984: $1,595,800,000,000.
Fiscal year 1985: $1,834,200,000,000.
Fiscal year 1986: $2,081,250,000,000.
Fiscal year 1987: $2,347,250,000,000.

and the amounts by which the temporary statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1984: $105,800,000,000.
Fiscal year 1985: $238,400,000,000.
Fiscal year 1986: $247,050,000,000.
Fiscal year 1987: $266,000,000,000.

(6) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1983, October 1, 1984, October 1, 1985, and October 1, 1986, are as follows:

Fiscal year 1984:
(A) New direct loan obligations, $37,600,000,000.
(B) New primary loan guarantee commitments, $105,150,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1985:
(A) New direct loan obligations, $25,660,000,000.
(B) New primary loan guarantee commitments, $118, 510,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1986:
(A) New direct loan obligations, $20,330,000,000.
(B) New primary loan guarantee commitments, $125,790,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1987:
(A) New direct loan obligations, $20,300,000,000.
(B) New primary loan guarantee commitments, $131,780,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.

(b) The Congress hereby determines and declares the appropriate levels of budget authority and budget outlays, and the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for fiscal years 1984 through 1987 for each major functional category are:

(1) National Defense (050):

Fiscal year 1984:
(A) New budget authority, $264,500,000,000.
(B) Outlays, $234,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:
(A) New budget authority $299,000,000,000.
(B) Outlays, $266,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:
(A) New budget authority, $333,700,000,000.
(B) Outlays, $294,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:
(A) New budget authority, $372,000,000,000.
(B) Outlays, $330,400,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

Fiscal year 1984:
(A) New budget authority, $22,200,000,000.
(B) Outlays, $12,350,000,000.
(C) New direct loan obligations, $9,100,000,000.
(D) New primary loan guarantee commitments, $8,650,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:
(A) New budget authority, $15,090,000,000.
(B) Outlays, $10,180,000,000.
(C) New direct loan obligations, $7,250,000,000.
(D) New primary loan guarantee commitments, $9,250,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:
(A) New budget authority, $14,790,000,000.
(B) Outlays, $7,850,000,000.
(C) New direct loan obligations, $7,530,000,000.
(D) New primary loan guarantee commitments, $10,250,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:
(A) New budget authority, $14,810,000,000.
(B) Outlays, $6,370,000,000.
(C) New direct loan obligations, $8,410,000,000.
(D) New primary loan guarantee commitments, $10,600,000,000.
(E) New secondary loan guarantee commitments, $0

(3) General Science, Space, and Technology (250):

Fiscal year 1984:
(A) New budget authority, $8,550,000,000.
(B) Outlays, $8,300,000,000.
(C) New direct loan obligations, $150,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:
(A) New budget authority, $8,790,000,000.
(B) Outlays, $8,540,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:
(A) New budget authority, $8,800,000,000.
(B) Outlays, $8,680,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:
(A) New budget authority, $8,850,000,000.
(B) Outlays, $8,710,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

(4) Energy (270):

Fiscal year 1984:
(A) New budget authority, $3,000,000,000.
(B) Outlays, $3,000,000,000.
(C) New direct loan obligations, $4,700,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:
(A) New budget authority, $4,170,000,000.
(B) Outlays, $3,350,000,000.
(C) New direct loan obligations, $4,740,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:
(A) New budget authority, $3,940,000,000.
(B) Outlays, $2,710,000,000.
(C) New direct loan obligations, $4,720,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:
(A) New budget authority, $3,610,000,000.
(B) Outlays, $1,530,000,000.
(C) New direct loan obligations, $4,830,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

Fiscal year 1984:
(A) New budget authority, $12,000,000,000.
(B) Outlays, $12,400,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:
(A) New budget authority, $11,330,000,000.
(B) Outlays, $11,370,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:
(A) New budget authority, $11,020,000,000.
(B) Outlays, $10,800,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:
(A) New budget authority, $10,550,000,000.
(B) Outlays, $10,030,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(6) Agriculture (350):
Fiscal year 1984:
(A) New budget authority, $4,250,000,000.
(B) Outlays, $10,800,000,000.
(C) New direct loan obligations, $11,200,000,000.
(D) New primary loan guarantee commitments, $4,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $13,620,000,000.
(B) Outlays, $14,300,000,000.
(C) New direct loan obligations, $7,700,000,000.
(D) New primary loan guarantee commitments, $6,850,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $6,580,000,000.
(B) Outlays, $6,690,000,000.
(C) New direct loan obligations, $3,010,000,000.
(D) New primary loan guarantee commitments, $7,240,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $6,200,000,000.
(B) Outlays, $6,310,000,000.
(C) New direct loan obligations, $2,430,000,000.
(D) New primary loan guarantee commitments, $6,760,000,000.
(E) New secondary loan guarantee commitments, $0.
(7) Commerce and Housing Credit (370):
Fiscal year 1984:
(A) New budget authority, $5,600,000,000.
(B) Outlays, $4,050,000,000.
(C) New direct loan obligations, $6,150,000,000.
(D) New primary loan guarantee commitments, $50,000,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1985:
(A) New budget authority, $4,780,000,000.
(B) Outlays, $1,710,000,000.
(C) New direct loan obligations, $2,890,000,000.
(D) New primary loan guarantee commitments, $56,110,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1986:
(A) New budget authority, $4,460,000,000.
(B) Outlays, $770,000,000.
(C) New direct loan obligations, $2,290,000,000.
(D) New primary loan guarantee commitments, $59,050,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1987:
(A) New budget authority, $5,110,000,000.
(B) Outlays, $1,180,000,000.
(C) New direct loan obligations, $1,700,000,000.
(D) New primary loan guarantee commitments, $61,680,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
(8) Transportation (400):
Fiscal year 1984:
(A) New budget authority, $29,400,000,000.
(B) Outlays, $25,900,000,000.
(C) New direct loan obligations, $1,150,000,000.
(D) New primary loan guarantee commitments, $450,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $25,810,000,000.
(B) Outlays, $24,970,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $450,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $26,380,000,000.
(B) Outlays, $25,530,000,000.
(C) New direct loan obligations, $40,000,000.
(D) New primary loan guarantee commitments, $500,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $26,760,000,000.
(B) Outlays, $25,830,000,000.
(C) New direct loan obligations, $30,000,000.
(D) New primary loan guarantee commitments, $490,000,000.
(E) New secondary loan guarantee commitments, $0.
(9) Community and Regional Development (450):
Fiscal year 1984:
(A) New budget authority, $7,250,000,000.
(B) Outlays, $7,750,000,000.
(C) New direct loan obligations, $1,650,000,000.
(D) New primary loan guarantee commitments, $350,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $6,030,000,000.
(B) Outlays, $7,580,000,000.
(C) New direct loan obligations, $860,000,000.
(D) New primary loan guarantee commitments, $350,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $6,630,000,000.
(B) Outlays, $7,150,000,000.
(C) New direct loan obligations, $970,000,000.
(D) New primary loan guarantee commitments, $350,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $6,800,000,000.
(B) Outlays, $7,030,000,000.
(C) New direct loan obligations, $1,130,000,000.
(D) New primary loan guarantee commitments, $400,000,000.
(E) New secondary loan guarantee commitments, $0.
(10) Education, Training, Employment and Social Services (500):
Fiscal year 1984:
(A) New budget authority, $31,350,000,000.
(B) Outlays, $28,150,000,000.
(C) New direct loan obligations, $800,000,000.
(D) New primary loan guarantee commitments, $7,400,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $29,060,000,000.
(B) Outlays, $28,610,000,000.
(C) New direct loan obligations, $570,000,000.
(D) New primary loan guarantee commitments, $7,750,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $30,080,000,000.
(B) Outlays, $29,060,000,000.
(C) New direct loan obligations, $370,000,000.
(D) New primary loan guarantee commitments, $8,000,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $31,400,000,000.
(B) Outlays, $30,230,000,000.
(C) New direct loan obligations, $420,000,000.
(D) New primary loan guarantee commitments, $8,150,000,000.
(E) New secondary loan guarantee commitments, $0.
(11) Health (550):
Fiscal year 1984:
(A) New budget authority, $31,600,000,000.
(B) Outlays, $30,800,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $200,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $33,040,000,000.
(B) Outlays, $33,920,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $150,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $36,030,000,000.
(B) Outlays, $35,640,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $150,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $38,180,000,000.
(B) Outlays, $37,610,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $150,000,000,000.
(E) New secondary loan guarantee commitments, $0.
(12) Social Security and Medicare (570):
Fiscal year 1984:
(A) New budget authority, $237,900,000,000.
(B) Outlays, $239,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $271,000,000,000.
(B) Outlays, $258,310,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:

(A) New budget authority, $299,090,000,000.
(B) Outlays, $277,810,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $326,970,000.
(B) Outlays, $300,490,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(13) Income Security (600):
Fiscal year 1984:
(A) New budget authority, $118,450,000,000.
(B) Outlays, $97,050,000,000.
(C) New direct loan obligations, $1,000,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $139,470,000,000.
(B) Outlays, $111,390,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $146,180,000,000.
(B) Outlays, $114,020,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $156,620,000,000.
(B) Outlays, $114,440,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
(14) Veterans Benefits and Services (700):
Fiscal year 1984:
(A) New budget authority, $26,150,000,000.
(B) Outlays, $25,800,000,000.
(C) New direct loan obligations, $1,350,000,000.
(D) New primary loan guarantee commitments, $18,650,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $26,470,000,000.
(B) Outlays, $25,710,000,000.
(C) New direct loan obligations, $1,200,000,000.
(D) New primary loan guarantee commitments, $22,850,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $26,610,000,000.
(B) Outlays, $26,170,000,000.
(C) New direct loan obligations, $1,000,000,000.
(D) New primary loan guarantee commitments, $25,500,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $26,860,000,000.
(B) Outlays, $26,530,000,000.
(C) New direct loan obligations, $950,000,000.
(D) New primary loan guarantee commitments, $28,800,000,000.
(E) New secondary loan guarantee commitments, $0.
(15) Administration of Justice (750):
Fiscal year 1984:
(A) New budget authority, $5,950,000,000.
(B) Outlays, $5,950,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $5,590,000,000.
(B) Outlays, $5,630,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $5,570,000,000.
(B) Outlays, $5,550,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority $5,470,000,000.
(B) Outlays, $5,450,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0
(16) General Government (800):
Fiscal year 1984:
(A) New budget authority $5,450,000,000.
(B) Outlays, $5,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0
Fiscal year 1985:
(A) New budget authority $5,380,000,000.
(B) Outlays, $5,220,000,000.
(C) New direct loan obligations, $0
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0
Fiscal year 1986:
(A) New budget authority $5,310,000,000.
(B) Outlays, $5,130,000,000.
(C) New direct loan obligations, $0
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0
Fiscal year 1987:
(A) New budget authority $5,010,000,000.
(B) Outlays, $4,830,000,000.
(C) New direct loan obligations, $0
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0
(17) General Purpose Fiscal Assistance (850):
Fiscal year 1984:
(A) New budget authority $6,800,000,000.
(B) Outlays, $6,800,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $4,350,000,000.
(B) Outlays, $4,350,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $2,100,000,000.
(B) Outlays, $2,100,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $2,170,000,000.
(B) Outlays, $2,170,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(18) Interest (900):
Fiscal year 1984:
(A) New budget authority, $109,650,000,000.
(B) Outlays, $109,650,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $124,140,000,000.
(B) Outlays, $124,140,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $136,310,000,000.
(B) Outlays, $136,310,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $143,160,000,000.
(B) Outlays, $143,160,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(19) Allowances (920):
Fiscal year 1984:
(A) New budget authority, $650,000,000.
(B) Outlays, $750,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $1,010,000,000.
(B) Outlays, $1,040,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:

(A) New budget authority, $2,750,000,000.
(B) Outlays, $2,890,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $4,680,000,000.
(B) Outlays, $4,950,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(20) Undistributed Offsetting Receipts (950):
Fiscal year 1984:
(A) New budget authority, −$15,200,000,000.
(B) Outlays, −$15,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, −$38,730,000,000.
(B) Outlays, −$38,730,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, −$51,680,000,000.
(B) Outlays, −$51,680,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, −$63,550,000,000.
(B) Outlays, −$63,550,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

RECONCILIATION

SEC. 2. (a) Not later than May 1, 1984, the House committees named in subsections (b) through (q)(1) of this section shall submit their recommendations to the House Budget Committee. After receiving these recommendations, the Committee on the Budget shall report to the House a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

(b) The House Committee on Agriculture shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $1,148,000,000 and outlays by $1,148,000,000 in fiscal year 1985: further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $9,338,000,000 and outlays by $9,338,000,000 in fiscal year 1986; and requires decreases of budget authority by $10,890,000,000 and outlays by $10,890,000,000 in fiscal year 1987.

(c) The House Committee on Armed Services shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $3,542,000,000 and outlays by $3,542,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $9,398,000,000 and outlays by $9,398,000,000 in fiscal year 1986; and requires decreases of budget authority by $17,531,000,000 and outlays by $17,531,000,000 in fiscal year 1987.

(d) The House Committee on Banking, Finance and Urban Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $7,809,000,000 and outlays by $7,809,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $9,049,000,000 and outlays by $9,049,000,000 in fiscal year 1986; and requires decreases of budget authority by $9,902,000,000 and outlays by $9,902,000,000 in fiscal year 1987.

(e) The House Committee on Education and Labor shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $504,000,000 and outlays by $504,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $972,000,000 and outlays by $972,000,000 in fiscal year 1986; and requires decreases of budget authority by $1,030,000,000 and outlays by $1,030,000,000 in fiscal year 1987.

(f) The House Committee on Energy and Commerce shall report changes in laws within the jurisidiction of that committee which provide spending authority as defined in section (401)(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $648,000,000 and outlays by $648,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $885,000,000 and outlays by $885,000,000 in fiscal year 1986; and requires decreases of budget authority by $1,235,000,000 and outlays by $1,235,000,000 in fiscal year 1987.

(g) The House Committee on Foreign Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section (401)(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $2,204,000,000 and outlays by $2,204,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in further years requires decreases of budget authority by $2,401,000,000 and outlays by $2,401,000,000 in fiscal year 1986; and requires decreases of budget authority by $2,643,000,000 and outlays by $2,643,000,000 in fiscal year 1987.

(h) The House Committee on Government Operations shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section (401)(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $2,292,000,000 and outlays by $2,292,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $4,592,000,000 and outlays by $4,592,000,000 in fiscal year 1986; and requires decreases of budget authority by $4,874,000,000 and outlays by $4,874,000,000 in fiscal year 1987.

(i) The House Committee on Interior and Insular Affairs shall report changes in laws within the jurisidiction of that committee which provide spending authority as defined in section (401)(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $19,000,000 and outlays by $19,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $56,000,000 and outlays by $56,000,000 in fiscal year 1986; and requires decreases of budget authority by $97,000,000 and outlays by $97,000,000 in fiscal year 1987.

(j) The House Committee on the Judiciary shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section (401)(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $382,000,000 and outlays by $382,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $410,000,000 and outlays by $410,000,000 in fiscal year 1986; and requires decreases of budget authority by $454,000,000 and outlays by $454,000,000 in fiscal year 1987.

(k) The House Committee on Merchant Marine and Fisheries shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section (401)(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $710,000,000 and outlays by $710,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $794,000,000 and outlays by $794,000,000 in fiscal year 1986; and requires decreases of budget authority by $858,000,000 and outlays by $858,000,000 in fiscal year 1987.

(l) The House Committee on Post Office and Civil Service shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional budget Act of 1974, sufficient to reduce budget authority by $11,000,000 and outlays by $11,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $31,000,000 and outlays by $31,000,000 in fiscal year 1986; and requires decreases of budget authority by $61,000,000 and outlays by $61,000,000 in fiscal year 1987.

(m) The House Committee on Public Works and Transportation shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $2,232,000,000 and outlays by $2,232,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $2,610,000,000 and outlays by $2,610,000,000 in fiscal year 1986; and requires decreases of budget authority by $3,033,000,000 and outlays by $3,033,000,000 in fiscal year 1987.

(n) The House Committee on Science and Technology shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined

in section 401 (c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $2,000,000 and outlays by $2,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $8,000,000 and outlays by $8,000,000 in fiscal year 1986; and requires decreases of budget authority by $14,000,000 and outlays by $14,000,000 in fiscal year 1987.

(o) The House Committee on Small Business shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401 (c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $8,000,000 and outlays by $8,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $21,000,000 and outlays by $21,000,000 in fiscal year 1986; and requires decreases of budget authority by $42,000,000 and outlays by $42,000,000 in fiscal year 1987.

(p) The House Committee on Veterans' Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401 (c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $209,000,000 and outlays by $209,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $314,000,000 and outlays by $314,000,000 in fiscal year 1986; and requires decreases of budget authority by $446,000,000 and outlays by $446,000,000 in fiscal year 1987.

(q) The House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401 (c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $925,000,000 and outlays by $925,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $1,609,000,000 and outlays by $1,609,000,000 in fiscal year 1986; and requires decreases of budget authority by $2,422,000,000 and outlays by $2,422,000,000 in fiscal year 1987.

AUTOMATIC SECOND BUDGET RESOLUTION

SEC. 3. (a) If Congress has not completed action by October 1, 1984, on the concurrent resolution on the budget required to be reported under section 310(a) of the Congressional Budget Act of 1974 for the 1985 fiscal year, then this concurrent resolution shall be deemed to be the concurrent resolution required to be reported under section 310(a) of such Act, for the purposes of the prohibitions contained in section 311 of such Act, notwithstanding congressional action or inaction on any reconciliation requirements contained in this concurrent resolution.

(b) Section 311(a) of the Congressional Budget Act of 1974, as made applicable by subsection (a) of this section, shall not apply to bills, resolutions, or amendments within the jurisdiction of a committee, or any conference report on any such bill or resolution, if—

(1) the enactment of such bill or resolution as reported;

(2) the adoption and enactment of such amendment; or

(3) the enactment of such bill or resolution in the form recommended in such conference report;

Would not cause the appropriate allocation for such committee of new discretionary budget authority or new spending authority as described in section 401(c)(2)(C) of the Congressional Budget Act of 1974 made pursuant to section 302(a) of such Act for fiscal year 1985 to be exceeded.

(c) The provisions of this section shall cease to apply when Congress completes action on a subsequent concurrent resolution on the budget for fiscal year 1985 pursuant to section 304 or 310 of the Congressional Budget Act of 1974.

SECTION 302 (b) FILING REQUIREMENT

SEC. 4. (a) It shall not be in order in the House of Representatives to consider any bill or resolution, or amendment thereto, providing—

(1) new budget authority for fiscal year 1985;

(2) new spending authority described in section (401)(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1985; or

(3) direct loan authority, primary loan guarantee authority, or secondary loan guarantee authority for fiscal year 1985;

within the jurisdiction of any committee which has received an allocation pursuant to section 302(a) of the Congressional Budget Act of discretionary budget authority or new spending authority, as described above, for such fiscal year, unless and until such committee makes the allocation or subdivisions required by section 302(b) of the Congressional Budget Act, in connection with the most recently agreed to concurrent resolution on the budget.

(b) The prohibition contained in subsection (a) shall not apply until twenty-one days of continuous session, as defined in section 1011(5) of the Impoundment Control Act of 1974, after Congress completes action on this concurrent resolution.

By Mr. FRENZEL:

—On page 38, line 21, strike everything after the word "years" through page 39, line 16, and insert in lieu thereof "." (a period), and add the following additional subsection:

"(b) In accordance with subsection (a) of this section, the House Committee on the Budget shall report a bill or resolution pursuant to section 310(c) of the Congressional Budget Act of 1974 which contains instructions to Committees of the House to make additional changes in laws, bills, or resolutions carrying out all such changes as necessary sufficient to reduce budget authority and outlays for fiscal years 1985, 1986 and 1987, such that the increase in outlays for such fiscal years does not exceed any increase in revenues accruing from current law for such fiscal years.".

By Mr. JONES of Oklahoma:

(Amendment in the nature of a substitute.)

—Strike all after the resolving clause and insert in lieu thereof the following:

That the Congress hereby determines and declares that the concurrent resolution on the budget for fiscal year 1984 is hereby revised and replaced, the first concurrent resolution on the budget for fiscal year 1985 is hereby established, and the appropriate budgetary levels for fiscal years 1986 and 1987 are hereby set forth:

(a) The following budetary levels are appropriate for the fiscal years beginning on October 1, 1983, October 1, 1984, October 1, 1985, and October 1, 1986:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1984: $665,000,000,000.
Fiscal year 1985: $741,300,000,000.
Fiscal year 1986: $807,100,000,000.
Fiscal year 1987: $878,300,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1984: $2,000,000,000.
Fiscal year 1985: $8,300,000,000.
Fiscal year 1986: $12,300,000,000.
Fiscal year 1987: $14,800,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1984: $913,250,000,000.
Fiscal year 1985 $1,022,300,000,000.
Fiscal year 1986: $1,133,550,000,000.
Fiscal year 1987: $1,230,050,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1984: $851,550,000,000.
Fiscal year 1985: $933,300,000,000.
Fiscal year 1986: $1,019,100,000,000.
Fiscal year 1987: $1,112,300,000,000.

(4) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1984: $186,550,000,000.
Fiscal year 1985: $192,000,000,000.
Fiscal year 1986: $212,000,000,000.
Fiscal year 1987: $234,000,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1984: $1,593,400,000,000.
Fiscal year 1985: $1,848,800,000,000.
Fiscal year 1986: $2,134,400,000,000.
Fiscal year 1987: $2,449,500,000,000.

and the amounts by which the statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1984: $103,400,000,000.
Fiscal year 1985: $255,400,000,000.
Fiscal year 1986: $285,600,000,000.
Fiscal year 1987: $315,100,000,000.

(6) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1983, October 1, 1984, October 1, 1985, and October 1, 1986, are as follows:

Fiscal year 1984:

(A) New direct loan obligations, $38,000,000,000.

(B) New primary loan guarantee commitments, $98,000,000,000.

(C) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1985:

(A) New direct loan obligations, $32,750,000,000.

(B) New primary loan guarantee commitments, $102,550,000,000.

(C) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1986:

(A) New direct loan obligations, $34,450,000,000.

(B) New primary loan guarantee commitments, $105,300,000,000.

(C) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1987:

(A) New direct loan obligations, $33,850,000,000.

(B) New primary loan guarantee commitments, $110,750,000,000.

(C) New secondary loan guarantee commitments, $68,250,000,000.

(b) The Congress hereby determines and declares the appropriate levels of budget authority and budget outlays, and the appropriate levels of new direct loan obligations and new loan guarantee commitments for fiscal years 1984 through 1987 for each major functional category are:

(1) National Defense (050):

Fiscal year 1984:
(A) New budget authority, $264,500,000,000.
(B) Outlays, $234,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $313,750,000,000.
(B) Outlays, $273,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $359,000,000,000.
(B) Outlays, $315,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $389,100,000,000.
(B) Outlays, $352,450,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(2) International Affairs (150):
Fiscal year 1984:
(A) New budget authority, $22,150,000,000.
(B) Outlays, $12,250,000,000.
(C) New direct loan obligations, $10,350,000,000.
(D) New primary loan guarantee commitments, $10,250,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $21,250,000,000.
(B) Outlays, $16,050,000,000.
(C) New direct loan obligations, $11,150,000,000.
(D) New primary loan guarantee commitments, $10,300,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $22,400,000,000.
(B) Outlays, $16,500,000,000.
(C) New direct loan obligations, $11,300,000,000.
(D) New primary loan guarantee commitments, $10,300,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $22,350,000,000.
(B) Outlays, $17,800,000,000.
(C) New direct loan obligations, $11,500,000,000.
(D) New primary loan guarantee commitments, $10,300,000,000.
(E) New secondary loan guarantee commitments, $0.
(3) General Science, Space, and Technology (250):
Fiscal year 1984:
(A) New budget authority, $8,550,000,000.
(B) Outlays, $8,300,000,000.
(C) New direct loan obligations, $150,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $9,050,000,000.
(B) Outlays, $8,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $9,500,000,000.
(B) Outlays, $9,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments,$0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $10,000,000,000.
(B) Outlays, $9,850,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(4) Energy (270):
Fiscal year 1984:
(A) New budget authority, $3,000,000,000.
(B) Outlays, $3,000,000,000.
(C) New direct loan obligations, $4,700,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $3,000,000,000.
(B) Outlays, $3,500,000,000.
(C) New direct loan obligations, $2,150,000,000.
(D) New primary loan guarantee commitments, $100,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $3,150,000,000.
(B) Outlays, $3,250,000,000.
(C) New direct loan obligations, $2,150,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $2,800,000,000.
(B) Outlays, $2,750,000,000.
(C) New direct loan obligations, $2,200,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.
(5) Natural Resources and Environment (300):
Fiscal year 1984:
(A) New budget authority, $11,650,000,000.
(B) Outlays, $12,300,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $11,250,000,000.
(B) Outlays, $11,550,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $11,200,000,000.
(B) Outlays, $11,300,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $11,150,000,000.
(B) Outlays, $11,050,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(6) Agriculture (350):
Fiscal year 1984:
(A) New budget authority, $4,250,000,000.
(B) Outlays, $10,100,000,000.
(C) New direct loan obligations, $12,000,000,000.
(D) New primary loan guarantee commitments, $4,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $14,450,000,000.
(B) Outlays, $14,700,000,000.
(C) New direct loan obligations, $11,850,000,000.
(D) New primary loan guarantee commitments, $3,200,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $14,000,000,000.
(B) Outlays, $13,900,000,000.
(C) New direct loan obligations, $13,600,000,000.
(D) New primary loan guarantee commitments, $3,200,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $13,900,000,000.
(B) Outlays, $13,750,000,000.
(C) New direct loan obligations, $12,900,000,000.
(D) New primary loan guarantee commitments, $3,200,000,000.
(E) New secondary loan guarantee commitments, $0.
(7) Commerce and Housing Credit (370):
Fiscal year 1984:
(A) New budget authority, $5,600,000,000.
(B) Outlays, $4,050,000,000.
(C) New direct loan obligations, $6,100,000,000.
(D) New primary loan guarantee commitments, $41,500,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1985:
(A) New budget authority, $5,200,000,000.
(B) Outlays, $1,800,000,000.
(C) New direct loan obligations, $4,950,000,000.
(D) New primary loan guarantee commitments, $44,200,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1986:
(A) New budget authority, $5,400,000,000.
(B) Outlays, $1,600,000,000.
(C) New direct loan obligations, $4,950,000,000.
(D) New primary loan guarantee commitments, $44,550,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1987:
(A) New budget authority, $6,800,000,000.
(B) Outlays, $2,700,000,000.

(C) New direct loan obligations, $4,850,000,000.
(D) New primary loan guarantee commitments, $46,750,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
(8) Transportation (400):
Fiscal year 1984:
(A) New budget authority, $29,350,000,000.
(B) Outlays, $25,800,000,000.
(C) New direct loan obligations, $1,150,000,000.
(D) New primary loan guarantee commitments, $600,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $29,400,000,000.
(B) Outlays, $26,850,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $600,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $30,150,000,000.
(B) Outlays, $28,250,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $600,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $30,000,000,000.
(B) Outlays, $29,200,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $600,000,000.
(E) New secondary loan guarantee commitments, $0.
(9) Community and Regional Development (450):
Fiscal year 1984:
(A) New budget authority, $7,250,000,000.
(B) Outlays, $7,800,000,000.
(C) New direct loan obligations, $1,400,000,000.
(D) New primary loan guarantee commitments, $350,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $6,450,000,000.
(B) Outlays, $8,050,000,000.
(C) New direct loan obligations, $1,050,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $6,650,000,000.
(B) Outlays, $7,450,000,000.
(C) New direct loan obligations, $1,000,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $6,650,000,000.
(B) Outlays, $7,250,000,000.
(C) New direct loan obligations, $1,000,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(10) Education, Training, Employment, and Social Services (500):
Fiscal year 1984:
(A) New budget authority, $31,200,000,000.
(B) Outlays, $28,000,000,000.
(C) New direct loan obligations, $750,000,000.
(D) New primary loan guarantee commitments, $6,850,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $27,250,000,000.
(B) Outlays, $27,800,000,000.
(C) New direct loan obligations, $650,000,000.
(D) New primary loan guarantee commitments, $6,750,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $27,300,000,000.
(B) Outlays, $27,150,000,000.
(C) New direct loan obligations, $650,000,000.
(D) New primary loan guarantee commitments, $6,950,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $27,450,000,000.
(B) Outlays, $27,100,000,000.
(C) New direct loan obligations, $650,000,000.
(D) New primary loan guarantee commitments, $7,100,000,000.
(E) New secondary loan guarantee commitments, $0.
(11) Health (550):
Fiscal year 1984:
(A) New budget authority, $31,600,000,000.
(B) Outlays, $30,800,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $250,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $32,050,000,000.
(B) Outlays, $33,200,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $200,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $35,050,000,000.
(B) Outlays, $35,000,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $200,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $37,500,000,000.
(B) Outlays, $37,400,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $200,000,000.
(E) New secondary loan guarantee commitments, $0.
(12) Social Security and Medicare (570):
Fiscal year 1984:
(A) New budget authority, $237,900,000,000.
(B) Outlays, $239,450,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $271,500,000,000.
(B) Outlays, $258,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $300,050,000,000.
(B) Outlays, $277,550,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $328,100,000,000.
(B) Outlays, $300,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(13) Income Security (600):
Fiscal year 1984:
(A) New budget authority, $117,250,000,000.
(B) Outlays, $96,850,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $15,150,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $140,250,000,000.
(B) Outlays, $113,400,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $14,900,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $153,750,000,000.
(B) Outlays, $117,250,000,000.
(C) New direct loan obligations, $200,000,000.
(D) New primary loan guarantee commitments, $14,600,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $165,650,000,000.
(B) Outlays, $122,150,000,000.
(C) New direct loan obligations, $150,000,000.
(D) New primary loan guarantee commitments, $14,300,000,000.
(E) New secondary loan guarantee commitments, $0.
(14) Veterans Benefits and Services (700):
Fiscal year 1984:
(A) New budget authority, $26,050,000,000.
(B) Outlays, $25,450,000,000.
(C) New direct loan obligations, $950,000,000.
(D) New primary loan guarantee commitments, $18,400,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $27,200,000,000.
(B) Outlays, $26,300,000,000.
(C) New direct loan obligations, $550,000,000.
(D) New primary loan guarantee commitments, $22,300,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:
(A) New budget authority, $28,200,000,000.
(B) Outlays, $27,650,000,000.
(C) New direct loan obligations, $450,000,000.
(D) New primary loan guarantee commitments, $24,850,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $28,900,000,000.
(B) Outlays, $28,450,000,000.
(C) New direct loan obligations, $450,000,000.
(D) New primary loan guarantee commitments, $28,250,000,000.
(E) New secondary loan guarantee commitments, $0.
(15) Administration of Justice (750):
Fiscal year 1984:
(A) New budget authority, $5,950,000,000.
(B) Outlays, $5,950,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $6,050,000,000.
(B) Outlays, $6,100,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $6,150,000,000.
(B) Outlays, $6,150,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $6,300,000,000.
(B) Outlays, $6,250,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(16) General Government (800):
Fiscal year 1984:
(A) New budget authority, $5,450,000,000.
(B) Outlays, $5,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $5,850,000,000.
(B) Outlays, $5,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $5,900,000,000.
(B) Outlays, $5,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $6,000,000,000.
(B) Outlays, $5,850,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(17) General Purpose Fiscal Assistance (850):
Fiscal year 1984:
(A) New budget authority, $6,800,000,000.
(B) Outlays, $6,800,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $6,550,000,000.
(B) Outlays, $6,550,000,000.
(C) New direct loan obligations, $0.
(D) New primary guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $6,600,000,000.
(B) Outlays, $6,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $6,700,000,000.
(B) Outlays, $6,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(18) Net Interest (900):
Fiscal year 1984:
(A) New budget authority, $109,500,000,000.
(B) Outlays, $109,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $125,000,000,000.
(B) Outlays, $125,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $143,300,000,000.
(B) Outlays, $143,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $164,650,000,000.
(B) Outlays, $164,650,000,000.
(C) New direct loan obligations, $0.
(D) New Primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(19) Allowances (920):
Fiscal year 1984:
(A) New budget authority, $450,000,000.
(B) Outlays, $550,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal Year 1985:
(A) New budget authority, $950,000,000.
(B) Outlays, $950,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal Year 1986:
(A) New budget authority, $3,950,000,000.
(B) Outlays, $4,100,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $6,050,000,000.
(B) Outlays, $6,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(20) Undistributed Offsetting Receipts (950):
Fiscal Year 1984:
(A) New budget authority, $-15,200,000,000.
(B) Outlay, $-15,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $34,450,000,000.
(B) Outlays, $34,450,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $38,150,000,000.
(B) Outlays, $38,150,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $40,150,000,000.
(B) Outlays, $40,150,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

By Mr. LATTA:

(Amendment in the nature of a substitute.)

—Strike all after the resolving clause and insert the following:

That the Congress hereby determines and declares that the concurrent resolution on the budget for fiscal year 1984 is hereby revised and replaced, the first concurrent resolution on the budget for fiscal year 1985 is hereby established, and the appropriate budgetary levels for fiscal years 1986 and 1987 are hereby set forth:

(a) The following budgetary levels are appropriate for the fiscal years beginning on October 1, 1983, October 1, 1984, October 1, 1985, and October 1, 1986:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1984: $665,000,000,000.
Fiscal year 1985: $742,200,000,000.
Fiscal year 1986: $811,600,000,000.
Fiscal year 1987: $884,800,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1984: $2,000,000,000.

Fiscal year 1985: $9,200,000,000.
Fiscal year 1986: $16,700,000,000.
Fiscal year 1987: $21,300,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1984: $913,830,000,000.
Fiscal year 1985: $1,007,107,000,000.
Fiscal year 1986: $1,095,981,000,000.
Fiscal year 1987: $1,190,015,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1984: $852,404,000,000.
Fiscal year 1985: $916,802,000,000.
Fiscal year 1986: $980,806,000,000.
Fiscal year 1987: $1,048,172,000,000.

(4) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1984: $187,404,000,000.
Fiscal year 1985: $174,602,000,000.
Fiscal year 1986: $169,206,000,000.
Fiscal year 1987: $163,372,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1984: $1,595,800,000,000.
Fiscal year 1985: $1,837,300,000,000.
Fiscal year 1986: $2,086,150,000,000.
Fiscal year 1987: $2,347,250,000,000.

and the amounts by which the statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1984: $105,800,000,000.
Fiscal year 1985: $241,500,000,000.
Fiscal year 1986: $248,850,000,000.
Fiscal year 1987: $261,100,000,000.

(6) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1983, October 1, 1984, October 1, 1985, and October 1, 1986, are as follows:

Fiscal year 1984:
(A) New direct loan obligations, $37,600,000,000.
(B) New primary loan guarantee commitments, $105,150,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1985:
(A) New direct loan obligations, $37,500,000,000.
(B) New primary loan guarantee commitments, $111,150,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1986:
(A) New direct loan obligations, $39,950,000,000.
(B) New primary loan guarantee commitments, $117,400,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1987:
(A) New direct loan obligations, $40,450,000,000.
(B) New primary loan guarantee commitments, $123,150,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.

(b) The Congress hereby determines and declares the appropriate levels of budget authority and budget outlays, and the appropriate levels of new direct loan obligations and new loan guarantee commitments for fiscal years 1984 through 1987 for each major functional category are:

(1) National Defense (050):

Fiscal year 1984:
(A) New budget authority, $264,495,000,000.
(B) Outlays, $234,310,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:
(A) New budget authority, $298,975,000,000.
(B) Outlays, $266,040,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:
(A) New budget authority, $333,682,000,000.
(B) Outlays, $294,550,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:
(A) New budget authority, $371,987,000,000.
(B) Outlays, $330,395,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

Fiscal year 1984:
(A) New budget authority, $20,979,000,000.
(B) Outlays, $12,017,000,000.
(C) New direct loan obligations, $9,100,000,000.
(D) New primary loan guarantee commitments, $8,650,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:
(A) New budget authority, $15,475,000,000.
(B) Outlays, $12,982,000,000.
(C) New direct loan obligations, $10,550,000,000.
(D) New primary loan guarantee commitments, $9,250,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:
(A) New budget authority, $15,970,000,000.
(B) Outlays, $12,151,000,000.
(C) New direct loan obligations, $11,600,000,000.
(D) New primary loan guarantee commitments, $12,250,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:
(A) New budget authority, $15,772,000,000.
(B) Outlays, $12,034,000,000.
(C) New direct loan obligations, $12,850,000,000.
(D) New primary loan guarantee commitments, $10,600,000,000.
(E) New secondary loan guarantee commitments, $0.

(3) General Science, Space, and Technology (250):

Fiscal year 1984:
(A) New budget authority, $8,540,000,000.
(B) Outlays, $8,284,000,000.
(C) New direct loan obligations, $150,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:
(A) New budget authority, $8,468,000,000.
(B) Outlays, $8,356,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:
(A) New budget authority, $8,168,000,000.
(B) Outlays, $8,216,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:
(A) New budget authority, $8,017,000,000.
(B) Outlays, $8,055,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

(4) Energy (270):

Fiscal year 1984:
(A) New budget authority, $2,995,000,000.
(B) Outlays, $2,988,000,000.
(C) New direct loan obligations, $4,700,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:
(A) New budget authority, $4,109,000,000.
(B) Outlays, $3,822,000,000.
(C) New direct loan obligations, $4,800,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:
(A) New budget authority, $3,760,000,000.
(B) Outlays, $3,922,000,000.
(C) New direct loan obligations, $4,850,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:
(A) New budget authority, $3,344,000,000.
(B) Outlays, $3,592,000,000.
(C) New direct loan obligations, $5,000,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

Fiscal year 1984:
(A) New budget authority, $11,595,000,000.
(B) Outlays, $12,257,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:
(A) New budget authority, $10,472,000,000.
(B) Outlays, $10,663,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:
(A) New budget authority, $10,239,000,000.
(B) Outlays, $10,437,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:
(A) New budget authority, $10,117,000,000.

(B) Outlays, $10,048,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(6) Agriculture (350):
Fiscal year 1984:
(A) New budget authority, $4,473,000,000.
(B) Outlays, $10,414,000,000.
(C) New direct loan obligations, $11,200,000,000.
(D) New primary loan guarantee commitments, $4,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $15,575,000,000.
(B) Outlays, $15,803,000,000.
(C) New direct loan obligations, $11,450,000,000.
(D) New primary loan guarantee commitments, $3,100,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $14,814,000,000.
(B) Outlays, $14,655,000,000.
(C) New direct loan obligations, $12,950,000,000.
(D) New primary loan guarantee commitments, $3,100,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $13,614,000,000.
(B) Outlays, $13,494,000,000.
(C) New direct loan obligations, $11,850,000,000.
(D) New primary loan guarantee commitments, $3,150,000,000.
(E) New secondary loan guarantee commitments, $0.
(7) Commerce and Housing Credit (370):
Fiscal year 1984:
(A) New budget authority, $5,583,000,000.
(B) Outlays, $4,038,000,000.
(C) New direct loan obligations, $6,150,000,000.
(D) New primary loan guarantee commitments, $50,000,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1985:
(A) New budget authority, $6,318,000,000.
(B) Outlays, $1,521,000,000.
(C) New direct loan obligations, $6,500,000,000.
(D) New primary loan guarantee commitments, $52,500,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1986:
(A) New budget authority, $6,244,000,000.
(B) Outlays, $2,271,000,000.
(C) New direct loan obligations, $6,550,000,000.
(D) New primary loan guarantee commitments, $54,800,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1987:
(A) New budget authority, $7,649,000,000.
(B) Outlays, $3,474,000,000.
(C) New direct loan obligations, $6,750,000,000.
(D) New primary loan guarantee commitments, $56,650,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
(8) Transportation (400):
Fiscal year 1984:
(A) New budget authority, $29,284,000,000.
(B) Outlays, $25,744,000,000.
(C) New direct loan obligations, $1,150,000,000.
(D) New primary loan guarantee commitments, $450,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $27,790,000,000.
(B) Outlays, $25,822,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $450,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $28,560,000,000.
(B) Outlays, $27,195,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $500,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $29,215,000,000.
(B) Outlays, $27,839,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $500,000,000.
(E) New secondary loan guarantee commitments, $0.
(9) Community and Regional Development (450):
Fiscal year 1984:
(A) New budget authority, $7,208,000,000.
(B) Outlays, $7,708,000,000.
(C) New direct loan obligations, $1,650,000,000.
(D) New primary loan guarantee commitments, $350,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $6,942,000,000.
(B) Outlays, $8,213,000,000.
(C) New direct loan obligations, $1,700,000,000.
(D) New primary loan guarantee commitments, $350,000,000.
(E) New secondary loan guarantee commitments,$0.
Fiscal year 1986:
(A) New budget authority, $7,449,000,000.
(B) Outlays, $7,922,000,000.
(C) New direct loan obligations, $1,700,000,000.
(D) New primary loan guarantee commitments, $350,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $7,519,000,000.
(B) Outlays, $8,022,000,000.
(C) New direct loan obligations, $1,750,000,000.
(D) New primary loan guarantee commitments, $400,000,000.
(E) New secondary loan guarantee commitments, $0.
(10) Education, Training, Employment, and Social Services (500):
Fiscal year 1984:
(A) New budget authority, $31,379,000,000.
(B) Outlays, $28,130,000,000.
(C) New direct loan obligations, $800,000,000.
(D) New primary loan guarantee commitments, $7,400,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $28,375,000,000.
(B) Outlays, $28,421,000,000.
(C) New direct loan obligations, $850,000,000.
(D) New primary loan guarantee commitments, $7,750,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $28,366,000,000.
(B) Outlays, $28,290,000,000.
(C) New direct loan obligations, $850,000,000.
(D) New primary loan guarantee commitments, $8,000,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $28,434,000,000.
(B) Outlays, $28,273,000,000.
(C) New direct loan obligations, $850,000,000.
(D) New primary loan guarantee commitments, $8,150,000.
(E) New secondary loan guarantee commitments, $0.
(11) Health (550):
Fiscal year 1984:
(A) New budget authority, $31,585,000,000.
(B) Outlays, $30,787,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $200,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $33,009,000,000.
(B) Outlays, $34,065,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $150,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $35,566,000,000.
(B) Outlays, $35,620,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $150,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $37,864,000,000.
(B) Outlays, $37,812,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $150,000,000.
(E) New secondary loan guarantee commitments, $0.
(12) Social Security and Medicare (570):
Fiscal year 1984:
(A) New budget authority, $237,890,000,000.
(B) Outlays, $239,475,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $270,376,000,000.
(B) Outlays, $258,030,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:

(A) New budget authority, $298,678,000,000.
(B) Outlays, $278,163,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $327,057,000,000.
(B) Outlays, $302,094,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(13) Income Security (600):
Fiscal year 1984:
(A) New budget authority, $118,701,000,000.
(B) Outlays, $97,264,000,000.
(C) New direct loan obligations, $1,000,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $145,052,000,000.
(B) Outlays, $111,641,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $154,565,000,000.
(B) Outlays, $117,295,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $163,390,000,000.
(B) Outlays, $122,015,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
(14) Veterans Benefits and Services (700):
Fiscal year 1984:
(A) New budget authority, $26,141,000,000.
(B) Outlays, $25,787,000,000.
(C) New direct loan obligations, $1,350,000,000.
(D) New primary loan guarantee commitments, $18,650,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $26,831,000,000.
(B) Outlays, $26,227,000,000.
(C) New direct loan obligations, $1,200,000,000.
(D) New primary loan guarantee commitments, $22,850,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $26,758,000,000.
(B) Outlays, $26,519,000,000.
(C) New direct loan obligations, $1,000,000,000.
(D) New primary loan guarantee commitments, $25,500,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $27,196,000,000.
(B) Outlays, $26,918,000,000.
(C) New direct loan obligations, $950,000,000.
(D) New primary loan guarantee commitments, $28,800,000,000.
(E) New secondary loan guarantee commitments, $0.
(15) Administration of Justice (750):
Fiscal year 1984:
(A) New budget authority, $5,916,000,000.
(B) Outlays, $5,934,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $6,053,000,000.
(B) Outlays, $6,023,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $6,062,000,000.
(B) Outlays, $6,043,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $6,055,000,000.
(B) Outlays, $6,053,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(16) General Government (800):
Fiscal year 1984:
(A) New budget authority, $5,272,000,000.
(B) Outlays, $5,450,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $5,574,000,000.
(B) Outlays, $5,437,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $5,687,000,000.
(B) Outlays, $5,527,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $5,685,000,000.
(B) Outlays, $5,532,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(17) General Purposes Fiscal Assistance (850):
Fiscal year 1984:
(A) New budget authority, $6,802,000,000.
(B) Outlays, $6,802,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $6,357,000,000.
(B) Outlays, $6,355,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $6,388,000,000.
(B) Outlays, $6,386,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $6,720,000,000.
(B) Outlays, $6,651,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(18) Net Interest (900):
Fiscal year 1984:
(A) New budget authority, $109,536,000,000.
(B) Outlays, $109,536,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $124,301,000,000.
(B) Outlays, $124,301,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $139,658,000,000.
(B) Outlays, $139,658,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $155,740,000,000.
(B) Outlays, $155,740,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(19) Allowances (920):
Fiscal year 1984:
(A) New budget authority, $657,000,000.
(B) Outlays, $678,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $818,000,000.
(B) Outlays, $3,158,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:

(A) New budget authority, $1,957,000,000.

(B) Outlays, $7,334,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:

(A) New budget authority, $3,138,000,000.

(B) Outlays, $21,368,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(20) Undistributed Offsetting Receipts (950):

Fiscal year 1984:

(A) New budget authority, $15,200,000,000.

(B) Outlays, $15,200,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:

(A) New budget authority, $33,763,000,000.

(B) Outlays, $33,763,000,000.

(C) New direct loan obligations, $0.

(D) New Primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:

(A) New budget authority, $36,680,000,000.

(B) Outlays, $36,680,000,000.

(C) New direct loan obligations, $0.

(D) New Primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:

(A) New budget authority, $38,499,000,000.

(B) Outlays, $38,499,000,000.

(C) New direct loan obligations, $0.

(D) New Primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

RECONCILIATION

SEC. 2. (a) Not later than May 1, 1984, the House committees named in subsections (b) through (i)(1) of this section shall submit their recommendations to the House Budget Committee. After receiving those recommendations, the Committee on Budget shall report to the House a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

(b) The House Committee on Agriculture shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to increase budget authority by $691,000,000 and outlays by $691,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $1,017,000,000 and outlays by $1,017,000,000 in fiscal year 1986; and requires decreases of budget authority by $3,459,000,000 and outlays by $3,459,000,000 in fiscal year 1987.

(c) The House Committee on Budget Finance and Urban Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays by $1,000,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of outlays by $0 in fiscal year 1986; and requires decreases of outlays by $0 in fiscal year 1987.

(d) The House Committee on Energy and Commerce shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $1,031,000,000 and outlays by $1,031,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of outlays by $1,403,000,000 and outlays by $1,403,000,000 in fiscal year 1986; and requires decreases of budget authority by $1,721,000,000 and outlays by $1,721,000,000 in fiscal year 1987.

(e) The House Committee on Education and Labor shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $194,000,000 and outlays by $337,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by a $317,000,000 and outlays by $514,000,000 in fiscal year 1986; and requires decreases of budget authority by $449,000,000 and outlays by $678,000,000 in fiscal year 1987.

(f) The House Committee on Post Office and Civil Service shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $42,000,000 and outlays by $2,020,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $444,000,000 and outlays by $1,617,000,000 in fiscal year 1986; and requires decreases of budget authority by $579,000,000 and outlays by $2,188,000,000 in fiscal year 1987.

(g) The House Committee on Small Business shall report changes in laws within the jurisdiction of that committee sufficient to reduce outlays by $213,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of $162,000,000 in budget authority and $242,000,000 in outlays in fiscal year 1986; and requires decreases of $258,000,000 in budget authority and $222,000,000 in outlays in fiscal year 1987.

(h) The House Committee on Ways and Means shall report changes in laws without the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $2,188,000,000 and outlays by $3,023,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $2,714,000,000 and outlays by $3,589,000,000 in fiscal year 1986; and requires decreases of budget authority by $3,151,000,000 and outlays by $4,043,000,000 in fiscal year 1987.

(i) The House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee sufficient to increase revenues by $9,200,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires increases of $16,700,000,000 in revenues in fiscal year 1986; and requires increases of $21,300,000,000 in revenues in fiscal year 1987.

SEC. 2. It is the sense of the Congress that, in order to assure the funding necessary for a strong defense, the House Committee on Armed Services and the House Committee on Appropriations should report to the Congress bills providing authorizations for appropriations and appropriations for defense and defense-related activities for the two-fiscal-year period beginning on October 1, 1984. It is further the sense of the Congress that the House Committee on Rules should report legislation permanently enacting a requirement for a biennial defense budget, or to effect a similar requirement for the Rules of the House of Representatives.

SEC. 3. It is the sense of the Congress that the $4 billion in savings to be achieved from reductions in medicare outlays shall not come from provisions which increase costs to beneficiaries or reduce services provided to beneficiaries. It is further the sense of Congress that a hospital shall not be obligated to obtain signed agreements from each doctor on its medical staff, who provides inpatient services in the hospital, stating that the physician agrees to accept assignment for any medicare beneficiary that he treats as an inpatient of that hospital.

SEC. 4. (a) After the Congress has completed action on the first concurrent resolution on the budget for fiscal year 1985, it shall not be in order in either the House of Representatives or the Senate to consider a bill, resolution, or amendment providing authority for—

(1) new direct loan obligations for fiscal year 1985;

(2) new primary loan guarantee commitments for fiscal year 1985; or

(3) new secondary loan guarantee commitments for fiscal year 1985, or any conference report on any such bill or resolution, if—

(A) the enactment of such bill or resolution as reported;

(B) the adoption and enactment of such amendment; or

(C) the enactment of such bill or resolution in the form recommended in such conference report;

would cause the appropriate level of total new direct loan obligations for fiscal year 1985, total new primary loan guarantee commitments for such fiscal year, or total new secondary loan guarantee commitments for such fiscal year set forth in such concurrent resolution on the budget to be exceeded.

(b)(1) The joint explanatory statement accompanying the conference report on this resolution shall include an estimated allocation, based upon the first section of this resolution as recommended in such conference report, of the appropriate levels of total new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments authority among each committee of the House of Representatives and the Senate which has jurisdiction over bills and resolutions providing such new authority.

(2) As soon as practicable after this resolution is agreed to every committee of each House, after consulting with the committee or committees of the other House to which the committee or committees of the other House to which all or part of the allocation has been made, subdivide among its subcommittees the allocation of new direct loan ob-

ligations, new primary loan guarantee commitments allocated to it in the joint explanatory statement accompanying the conference report on this resolution.

(c) This section shall not be applicable to agricultural price support and related programs of the type in operation on January 1, 1984, that are funded through the Commodity Credit Corporation.

SEC. 5. It is the sense of the Congress that amounts of loans guaranteed, or loan assets sold by a Federal agency, which are financed by the Federal Financing Bank, should be recorded in the unified budget as outlays of the issuing agency. Any budget authority used by the Federal Financing Bank for such transactions shall be attributed to the appropriate Federal agency.

ADMINISTRATIVE SAVINGS

SEC. 6. It is the sense of the Congress that the Executive Branch achieve at least $28 billion in savings over fiscal years 1985 through 1987 by implementing those recommendations of the President's Private Sector Survey on Cost Control requiring administrative action within that branch of Government. It is further the sense of the Congress that the President shall report to Congress each year, in conjunction with the annual budget submission, on the progress made in achieving the savings required by this section.

AUTOMATIC SECOND BUDGET RESOLUTION

SEC. 7. (a) If Congress has not completed action by October 1, 1984, on the concurrent resolution on the budget required to be reported under section 310(a) of the Congressional Budget Act of 1974 for the 1985 fiscal year, then this concurrent resolution shall be deemed to be the concurrent resolution required to be reported under section 310(a) of such Act, for the purposes of the prohibitions contained in section 311 of such Act.

SECTION 302(b) FILING REQUIREMENT

SEC. 8. (a) It shall not be in order in the House of Representatives to consider any bill or resolution, or amendment thereto, providing—

(1) new budget authority for fiscal year 1985;

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1985; or

(3) direct loan authority, primary loan guarantee authority, or secondary loan guarantee authority for fiscal year 1985;

Within the jurisdiction of any committee which has received an allocation pursuant to section 302(a) of the Congressional Budget Act of discretionary budget authority or new spending authority, as described above, for such fiscal year, unless and until such committee makes the allocation or subdivisions required by section 302(b) of the Congressional Budget Act, in connection with the most recently agreed to concurrent resolution on the budget.

(b) The prohibition contained in subsection (a) shall not apply until twenty-one days of continuous session, as defined in section 1011(5) of the Impoundment Control Act of 1974, after Congress completes action on this concurrent resolution.

By Mr. McHUGH:

(Amendment in the nature of a substitute.)

—Strike out all after the resolving clause and insert in lieu thereof the following:

That the Congress hereby determines and declares that the concurrent resolution on the budget for fiscal year 1984 is hereby revised and replaced, the first concurrent resolution on the budget for fiscal year 1985 is hereby established, and the appropriate budgetary levels for fiscal years 1986 and 1987 are hereby set forth:

(a) The following budgetary levels are appropriate for the fiscal years beginning on October 1, 1983, October 1, 1984, October 1, 1985, and October 1, 1986:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1984: $664,900,000,000.
Fiscal year 1985: $747,300,000,000.
Fiscal year 1986: $822,200,000,000.
Fiscal year 1987: $898,100,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1984: $1,900,000,000.
Fiscal year 1985: $14,300,000,000.
Fiscal year 1986: $27,300,000,000.
Fiscal year 1987: $34,600,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1984: $915,500,000,000.
Fiscal year 1985: $991,900,000,000.
Fiscal year 1986: $1,065,000,000,000.
Fiscal year 1987: $1,140,600,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1984: $853,900,000,000.
Fiscal year 1985: $911,950,000,000.
Fiscal year 1986: $968,300,000,000.
Fiscal year 1987: $1,037,300,000,000.

(4) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1984: $189,000,000,000.
Fiscal year 1985: $164,650,000,000.
Fiscal year 1986: $146,100,000,000.
Fiscal year 1987: $139,200,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1984: $1,595,800,000,000.
Fiscal year 1985: $1,823,400,000,000.
Fiscal year 1986: $2,044,250,000,000.
Fiscal year 1987: $2,267,450,000,000.

and the amounts by which the statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1984: $105,800,000,000.
Fiscal year 1985: $227,600,000,000.
Fiscal year 1986: $220,850,000,000.
Fiscal year 1987: $223,200,000,000.

(6) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1983, October 1, 1984, October 1, 1985, and October 1, 1986, are as follows:

Fiscal year 1984:
(A) New direct loan obligations, $37,600,000,000.
(B) New primary loan guarantee commitments, $105,150,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1985:
(A) New direct loan obligations, $37,500,000,000.
(B) New primary loan guarantee commitments, $111,150,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1986:
(A) New direct loan obligations, $39,950,000,000.
(B) New primary loan guarantee commitments, $117,400,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1987:
(A) New direct loan obligations, $40,450,000,000.
(B) New primary loan guarantee commitments, $123,150,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.

(b) The Congress hereby determines and declares the appropriate levels of budget authority and budget outlays, and the appropriate levels of new direct loan obligations and new loan guarantee commitments for fiscal years 1984 through 1987 for each major functional category are:

(1) National Defense (050):

Fiscal year 1984:
(A) New budget authority, $264,500,000,000.
(B) Outlays, $234,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:
(A) New budget authority, $276,000,000,000.
(B) Outlays, $250,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:
(A) New budget authority, $289,400,000,000.
(B) Outlays, $261,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:
(A) New budget authority, $303,200,000,000.
(B) Outlays, $279,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

Fiscal year 1984:
(A) New budget authority, $22,200,000,000.
(B) Outlays, $12,350,000,000.
(C) New direct loan obligations, $9,100,000,000.
(D) New primary loan guarantee commitments, $8,650,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:
(A) New budget authority, $17,950,000,000.
(B) Outlays, $13,450,000,000.
(C) New direct loan obligations, $10,550,000,000.
(D) New primary loan guarantee commitments, $9,250,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:
(A) New budget authority, $16,850,000,000.
(B) Outlays, $13,450,000,000.
(C) New direct loan obligations, $11,600,000,000.
(D) New primary loan guarantee commitments, $10,250,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:
(A) New budget authority, $17,500,000,000.
(B) Outlays, $13,600,000,000.
(C) New direct loan obligations, $12,850,000,000.
(D) New primary loan guarantee commitments, $10,600,000,000.

(E) New secondary loan guarantee commitments, $0.

(3) General Science, Space, and Technology (250):

Fiscal year 1984:

(A) New budget authority, $8,550,000,000.

(B) Outlays, $8,300,000,000.

(C) New direct loan obligations, $150,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:

(A) New budget authority, $8,750,000,000.

(B) Outlays, $8,550,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:

(A) New budget authority, $8,800,000,000.

(B) Outlays, $8,700,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:

(A) New budget authority, $8,950,000,000.

(B) Outlays, $8,850,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(4) Energy (270):

Fiscal year 1984:

(A) New budget authority, $3,000,000,000.

(B) Outlays, $3,000,000,000.

(C) New direct loan obligations, $4,700,000,000.

(D) New primary loan guarantee commitments, $50,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:

(A) New budget authority, $4,350,000,000.

(B) Outlays, $3,950,000,000.

(C) New direct loan obligations, $4,800,000,000.

(D) New primary loan guarantee commitments, $50,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:

(A) New budget authority, $4,250,000,000.

(B) Outlays, $4,200,000,000.

(C) New direct loan obligations, $4,850,000,000.

(D) New primary loan guarantee commitments, $50,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:

(A) New budget authority, $4,100,000,000.

(B) Outlays, $4,000,000,000.

(C) New direct loan obligations, $5,000,000,000.

(D) New primary loan guarantee commitments, $50,000,000.

(E) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

Fiscal year 1984:

(A) New budget authority, $12,000,000,000.

(B) Outlays, $12,400,000,000.

(C) New direct loan obligations, $50,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:

(A) New budget authority, $11,800,000,000.

(B) Outlays, $11,900,000,000.

(C) New direct loan obligations, $50,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:

(A) New budget authority, $12,050,000,000.

(B) Outlays, $11,950,000,000.

(C) New direct loan obligations, $50,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:

(A) New budget authority, $12,300,000,000.

(B) Outlays, $11,900,000,000.

(C) New direct loan obligations, $50,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(6) Agriculture (350):

Fiscal year 1984:

(A) New budget authority, $4,250,000,000.

(B) Outlays, $10,800,000,000.

(C) New direct loan obligations, $11,200,000,000.

(D) New primary loan guarantee commitments, $4,700,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:

(A) New budget authority, $14,550,000,000.

(B) Outlays, $14,800,000,000.

(C) New direct loan obligations, $11,450,000,000.

(D) New primary loan guarantee commitments, $3,100,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:

(A) New budget authority, $14,900,000,000.

(B) Outlays, $14,750,000,000.

(C) New direct loan obligations, $12,950,000,000.

(D) New primary loan guarantee commitments, $3,100,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:

(A) New budget authority, $15,300,000,000.

(B) Outlays, $15,200,000,000.

(C) New direct loan obligations, $11,850,000,000.

(D) New primary loan guarantee commitments, $3,150,000,000.

(E) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

Fiscal year 1984:

(A) New budget authority, $5,600,000,000.

(B) Outlays, $4,050,000,000.

(C) New direct loan obligations, $6,150,000,000.

(D) New primary loan guarantee commitments, $50,000,000,000.

(E) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1985:

(A) New budget authority, $6,500,000,000.

(B) Outlays, $2,600,000,000.

(C) New direct loan obligations, $6,500,000,000.

(D) New primary loan guarantee commitments, $52,500,000,000.

(E) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1986:

(A) New budget authority, $6,550,000,000.

(B) Outlays, $2,450,000,000.

(C) New direct loan obligations, $6,550,000,000.

(D) New primary loan guarantee commitments, $54,800,000,000.

(E) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1987:

(A) New budget authority, $8,050,000,000.

(B) Outlays, $3,750,000,000.

(C) New direct loan obligations, $6,750,000,000.

(D) New primary loan guarantee commitments, $56,650,000,000.

(E) New secondary loan guarantee commitments, $68,250,000,000.

(8) Transportation (400):

Fiscal year 1984:

(A) New budget authority, $29,400,000,000.

(B) Outlays, $25,900,000,000.

(C) New direct loan obligations, $1,150,000,000.

(D) New primary loan guarantee commitments, $450,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:

(A) New budget authority, $29,100,000,000.

(B) Outlays, $27,050,000,000.

(C) New direct loan obligations, $50,000,000.

(D) New primary loan guarantee commitments, $450,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:

(A) New budget authority, $30,200,000,000.

(B) Outlays, $28,600,000,000.

(C) New direct loan obligations, $50,000,000.

(D) New primary loan guarantee commitments, $500,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:

(A) New budget authority, $31,200,000,000.

(B) Outlays, $29,650,000,000.

(C) New direct loan obligations, $50,000,000.

(D) New primary loan guarantee commitments, $500,000,000.

(E) New secondary loan guarantee commitments, $0.

(9) Community and Regional Development (450):

Fiscal year 1984:

(A) New budget authority, $7,250,000,000.

(B) Outlays, $7,750,000,000.

(C) New direct loan obligations, $1,650,000,000.

(D) New primary loan guarantee commitments, $350,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:

(A) New budget authority, $7,000,000,000.

(B) Outlays, $8,250,000,000.

(C) New direct loan obligations, $1,700,000,000.

(D) New primary loan guarantee commitments, $350,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:

(A) New budget authority, $7,550,000,000.

(B) Outlays, $8,050,000,000.

(C) New direct loan obligations, $1,700,000,000.

(D) New primary loan guarantee commitments, $350,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:

(A) New budget authority, $7,800,000,000.
(B) Outlays, $8,150,000,000.
(C) New direct loan obligations, $1,750,000,000.
(D) New primary loan guarantee commitments, $400,000,000.
(E) New secondary loan guarantee commitments, $0.
(10) Education, Training, Employment, and Social Services (500):
Fiscal year 1984:
(A) New budget authority, $31,350,000,000.
(B) Outlays, $28,150,000,000.
(C) New direct loan obligations, $800,000,000.
(D) New primary loan guarantee commitments, $7,400,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $29,950,000,000.
(B) Outlays, $29,250,000,000.
(C) New direct loan obligations, $850,000,000.
(D) New primary loan guarantee commitments, $7,750,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $31,100,000,000.
(B) Outlays, $30,200,000,000.
(C) New direct loan obligations, $850,000,000.
(D) New primary loan guarantee commitments, $8,000,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $32,350,000,000.
(B) Outlays, $31,350,000,000.
(C) New direct loan obligations, $850,000,000.
(D) New primary loan guarantee commitments, $8,150,000,000.
(E) New secondary loan guarantee commitments, $0.
(11) Health (550):
Fiscal year 1984:
(A) New budget authority, $31,600,000,000.
(B) Outlays, $30,800,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments $200,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $33,250,000,000.
(B) Outlays, $34,250,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $150,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $36,700,000,000.
(B) Outlays, $36,400,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $150,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $39,550,000,000.
(B) Outlays, $39,050,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $150,000,000.
(E) New secondary loan guarantee commitments, $0.
(12) Social Security and Medicare (570):
Fiscal year 1984:
(A) New budget authority, $237,900,000,000.
(B) Outlays, $239,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $270,400,000,000.
(B) Outlays, $258,050,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $298,700,000,000.
(B) Outlays, $278,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $327,050,000,000.
(B) Outlays, $302,350,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(13) Income Security (600):
Fiscal year 1984:
(A) New budget authority, $118,450,000,000.
(B) Outlays, $97,050,000,000.
(C) New direct loan obligations, $1,000,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $146,150,000,000.
(B) Outlays, $114,950,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $156,150,000,000.
(B) Outlays, $119,350,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $165,700,000,000.
(B) Outlays, $124,250,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
(14) Veterans Benefits and Services (700):
Fiscal year 1984:
(A) New budget authority, $26,150,000,000.
(B) Outlays, $25,800,000,000.
(C) New direct loan obligations, $1,350,000,000.
(D) New primary loan guarantee commitments, $18,650,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $26,850,000,000.
(B) Outlays, $25,950,000,000.
(C) New direct loan obligations, $1,200,000,000.
(D) New primary loan guarantee commitments, $22,850,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $27,200,000,000.
(B) Outlays, $26,550,000,000.
(C) New direct loan obligations, $1,000,000,000.
(D) New primary loan guarantee commitments, $25,500,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $27,450,000.000.
(B) Outlays, $27,150,000,000.
(C) New direct loan obligations, $950,000,000.
(D) New primary loan guarantee commitments, $28,800,000,000.
(E) New secondary loan guarantee commitments, $0.
(15) Administration of Justice (750):
Fiscal year 1984:
(A) New budget authority, $5,950,000,000.
(B) Outlays, $5,950,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $6,150,000,000.
(B) Outlays, $6,100,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $6,250,000,000.
(B) Outlays, $6,150,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $6,350,000,000.
(B) Outlays, $6,350,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(16) General Government (800):
Fiscal year 1984:
(A) New budget authority, $5,450,000,000.
(B) Outlays, $5,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $5,650,000,000.
(B) Outlays, $5,550,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $5,850,000,000.
(B) Outlays, $5,700,000,000.
(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $5,950,000,000.
(B) Outlays, $5,850,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(17) General Purpose Fiscal Assistance (850):
Fiscal year 1984:
(A) New budget authority, $6,800,000,000.
(B) Outlays, $6,800,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $6,650,000,000.
(B) Outlays, $6,650,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $6,750,000,000,
(B) Outlays, $6,750,000,000,
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $7,100,000,000,
(B) Outlays, $7,050,000,000,
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(18) Net Interest (900):
Fiscal year 1984:
(A) New budget authority, $109,650,000,000,
(B) Outlays, $109,650,000,000,
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $124,000,000,000,
(B) Outlays, $124,000,000,000,
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $137,700,000,000,
(B) Outlays, $137,700,000,000,
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $151,450,000,000,
(B) Outlays, $151,450,000,000,
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(19) Allowances (920):
Fiscal year 1984:
(A) New budget authority, $650,000,000.
(B) Outlays, $750,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $700,000,000.
(B) Outlays, $300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $4,400,000,000.
(B) Outlays, $3,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $6,850,000,000.
(B) Outlays, $5,950,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(20) Undistributed Offsetting Receipts (950):
Fiscal year 1984:
(A) New budget authority, $15,000,000,000.
(B) Outlays, $15,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee committments, $0.
Fiscal year 1985:
(A) New budget authority, −$33,850,000,000.
(B) Outlays, −$33,850,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee committments, $0.
Fiscal year 1986:
(A) New budget authority, −$36,350,000,000.
(B) Outlays, −$36,350,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee committments, $0.
Fiscal year 1987:
(A) New budget authority, −$37,600,000,000.
(B) Outlays, −$37,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee committments, $0.

RECONCILIATION

SEC. 2. (a) Not later than May 1, 1984, the House committees named in subsections (b) through (i)(1) of this section shall submit their recommendations to the House Budget Committee. After receiving those recommendations, the Committee on the Budget shall report to the House a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

(b) The House Committee on Agriculture shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $50,000,000 and outlays by $50,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $800,000,000 and outlays by $800,000,000 in fiscal year 1986; and requires decreases of budget authority by $1,700,000,000 and outlays by $1,700,000,000 in fiscal year 1987.

(c) The House Committee on Armed Services shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays by $300,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of outlays by $650,000,000 in fiscal year 1986; and requires decreases of outlays by $1,000,000,000 in fiscal year 1987.

(d) The House Committee on Education and Labor shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays by $150,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of outlays by $150,000,000 in fiscal year 1986; and requires decreases of outlays by $200,000,000 in fiscal year 1987.

(e) The House Committee on Energy and Commerce shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $1,000,000,000 and outlays by $1,000,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $1,350,000,000 and outlays by $1,350,000,000 in fiscal year 1986; and requires decreases of budget authority by $1,650,000,000 and outlays by $1,650,000,000 in fiscal year 1987.

(f) The House Committee on Post Office and Civil Service shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays by $550,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of outlays by $1,300,000,000 in fiscal year 1986; and requires decreases of outlays by $1,800,000,000 in fiscal year 1987.

(g) The House Committee on Small Business shall report changes in laws within the jurisdiction of that committee sufficient to reduce outlays by $200,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of $150,000,000 in budget authority and $200,000,000 in outlays in fiscal year 1986; and requires decreases of $250,000,000 in budget authority and $200,000,000 in outlays in fiscal year 1987.

(h) The House Committee on Veterans' Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional

Budget Act of 1974, sufficient to reduce budget authority by $150,000,000 and outlays by $400,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $50,000,000 and outlays by $250,000,000 in fiscal year 1986; and requires decreases of budget authority by $250,000,000 and outlays by $250,000,000 in fiscal year 1987.

(i)(1) The House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $1,000,000,000 and outlays by $1,000,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $1,400,000,000 and outlays by $1,400,000,000 in fiscal year 1986; and requires decreases of budget authority by $1,750,000,000 and outlays by $1,750,000,000 in fiscal year 1987.

(2) The House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee sufficient to increase revenues by $14,300,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires increases of $27,300,000,000 in revenues in fiscal year 1986; and requires increases of $34,600,000,000 in revenues in fiscal year 1987.

GENERAL PROVISIONS

SEC. 3. (a) For fiscal years 1985, 1986, and 1987, any revenues raised by legislation enacted on or after March 15, 1984, shall only be used to reduce the Federal budget deficits for such fiscal years except to the extent that such legislation earmarks all or any part of such revenues for specific spending programs.

(b) Pursuant to subsection (a) of this section and notwithstanding the spending levels contained in section 1 of this resolution, funding for specific low-income programs, such as—

(1) an employment initiative for disadvantaged youth;

(2) public works jobs for community renewal;

(3) increased funding for the Aid to Families with Dependent Children program and the State component of the Supplemental Security Income program to ensure that the purchasing power of recipients is maintained;

(4) increased funding for title XX of the Social Security Act; and

(5) an increase in the earned income tax credit;

would be appropriate if the authorizations for such programs are enacted and if sufficient revenues or outlay reductions are also enacted to ensure that the legislation is deficit neutral.

ADMINISTRATIVE SAVINGS

SEC. 4. It is the sense of the Congress that the Executive Branch achieve at least $2 billion in savings over fiscal years 1985 through 1987 by implementing those recommendations of the President's Private Sector Survey on Cost Control requiring administrative action within that branch of Government. It is further the sense of the Congress that the President shall report to Congress each year, in conjunction with the annual budget submission, on the progress made in achieving the savings required by this section.

AUTOMATIC SECOND BUDGET RESOLUTION

SEC. 5. (a) If Congress has not completed action by October 1, 1984, on the concurrent resolution on the budget required to be reported under section 310(a) of the Congressional Budget Act of 1974 for the 1985 fiscal year, then this concurrent resolution shall be deemed to be the concurrent resolution required to be reported under section 310(a) of such Act, for the purposes of the prohibitions contained in section 311 of such Act, notwithstanding congressional action or inaction on any reconciliation requirements contained in this concurrent resolution.

(b) Section 311(a) of the Congressional Budget Act of 1974, as made applicable by subsection (a) of this section, shall not apply to bills, resolutions, or amendments within the jurisdiction of a committee, or any conference report on any such bill or resolution, if—

(1) the enactment of such bill or resolution as reported;

(2) the adoption and enactment of such amendment; or

(3) the enactment of such bill or resolution in the form recommended in such conference report;

would not cause the appropriate allocation for such committee of new discretionary budget authority or new spending authority as described in section 401(c)(2)(C) of the Congressional Budget Act of 1974 made pursuant to section 302(a) of such Act for fiscal year 1985 to be exceeded.

(c) The provisions of this section shall cease to apply when Congress completes action on a subsequent concurrent resolution on the budget for fiscal year 1985 pursuant to section 304 or 310 of the Congressional Budget Act of 1974.

"PAY AS YOU GO" TRUST FUND AMENDMENT

SEC. 6. (a) For purposes of the spending levels for fiscal year 1985 contained in section 1 of this resolution, and the assumptions upon which they are based, and for purposes of determining whether or not a committee exceeds its section 302(a) allocation of new discretionary budget authority or new spending authority for the prohibition contained in section 5 of this resolution, any new discretionary budget authority or new spending authority contained in a bill, resolution, amendment, or conference report shall be disregarded if the budget authority for outlays which will result from such new discretionary budget authority or such new spending authority is derived from any trust fund—

(1) the expenditures from which are available for highway, masss transit, or aviation purposes;

(2) for which new or expanded user fees or taxes were enacted during the 97th Congress; and

(3) which is described in section 401(d)(1)(B) of the Congressional Budget and Impoundment Act of 1974.

(b) For purposes of the spending levels for fiscal year 1985 contained in section 1 of this resolution, and the assumptions upon which they are based, and for purposes of determining whether or not a committee exceeds it section 302(a) allocation of new discretionary budget athority or new spending authority for the prohibition contained in section 5 of this resolution, any new discretionary budget authority contained in a bill, resolution, amendment, or conference report to fund programs under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 shall be disregarded to the extent that such bill, resolution, amendment, or conference report contains revenue sufficient to cover such new spending, or to the extent that sufficient revenue to cover such increases is included in the Comprehensive Evironmental Response, Compensation and Liability Act of 1980.

SECTION 302 (b) FILING REQUIREMENT

SEC. 7. (a) It shall not be in order in the House of Representatives to consider any bill or resolution, or amendment thereto, providing—

(1) new budget authority for fiscal year 1985;

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1985; or

(3) direct loan authority, primary loan guarantee authority, or secondary loan guarantee authority for fiscal year 1985;

within the jurisdiction of any committee which has received an allocation pursuant to section 302(a) of the Congressional Budget Act of discretionary budget authority or new spending authority, as described above, for such fiscal year, unless and until such committee makes the allocation or subdivisions required by section 302(b) of the Congressional Budget Act, in connection with the most recently agreed to concurrent resolution on the budget.

(b) The prohibition contained in subsection (a) shall not apply until twenty-one days of continuous session, as defined in section 1011(5) of the Impoundment Control Act of 1974, after Congress completes action on this concurrent resolution.

By Mr. MACKAY:

(Amendment in the nature of a substitute.)

—Strike all after the resolving clause and insert in lieu thereof the following:

That the Congress hereby determines and declares that the concurrent resolution on the budget for fiscal year 1984 is hereby revised and replaced, the first concurrent resolution on the budget for fiscal year 1985 is hereby established, and the appropriate budgetary levels for fiscal years 1986 and 1987 are hereby set forth:

(a) The following budgetary levels are appropriate for the fiscal years beginning on October 1, 1983, October 1, 1984, October 1, 1985, and October 1, 1986:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1984: $664,900,000,000.
Fiscal year 1985: $742,200,000,000.
Fiscal year 1986: $811,600,000,000.
Fiscal year 1987: $884,800,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1984: $1,900,000,000.
Fiscal year 1985: $9,200,000,000.
Fiscal year 1986: $16,700,000,000.
Fiscal year 1987: $21,300,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1984: $915,500,000,000.
Fiscal year 1985: $990,850,000,000.
Fiscal year 1986: $1,063,750,000,000.
Fiscal year 1987: $1,139,350,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1984: $853,900,000,000.
Fiscal year 1985: $911,350,000,000.
Fiscal year 1986: $967,800,000,000.
Fiscal year 1987: $1,037,150,000,000.

(4) The amounts of the deficits in the budget which are appropriate in the light of

economic conditions and all other relevant factors are as follows:
Fiscal year 1984: $189,000,000,000.
Fiscal year 1985: $169,150,000,000.
Fiscal year 1986: $156,200,000,000.
Fiscal year 1987: $152,350,000,000.
(5) The appropriate levels of the public debt are as follows:
Fiscal year 1984: $1,595,800,000,000.
Fiscal year 1985: $1,827,900,000,000.
Fiscal year 1986: $2,058,850,000,000.
Fiscal year 1987: $2,295,000,000,000.
and the amounts by which the statutory limits on such debt should be accordingly increased are as follows:
Fiscal year 1984: $105,800,000,000.
Fiscal year 1985: $232,100,000,000.
Fiscal year 1986: $230,950,000,000.
Fiscal year 1987: $236,350,000,000.
(6) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1983, October 1, 1984, October 1, 1985, and October 1, 1986, are as follows:
Fiscal year 1984:
(A) New budget direct loan obligations, $37,600,000,000.
(B) New primary loan guarantee commitments, $105,150,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1985:
(A) New direct loan obligations, $37,500,000,000.
(B) New primary loan guarantee commitments, $111,150,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1986:
(A) New direct loan obligations, $39,950,000,000.
(B) New primary loan guarantee commitments, $117,400,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1987:
(A) New direct loan obligations, $40,450,000,000.
(B) New primary loan guarantee commitments, $123,150,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.
(b) The Congress hereby determines and declares the appropriate levels of budget authority and budget outlays, and the appropriate levels of new direct loan obligations and new loan guarantee commitments for fiscal years 1984 through 1987 for each major functional category are:
(1) National Defense (050):
Fiscal year 1984:
(A) New budget authority, $264,500,000,000.
(B) Outlays, $234,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $276,000,000,000.
(B) Outlays, $250,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $289,400,000,000.
(B) Outlays, $261,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $303,200,000,000.
(B) Outlays, $279,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(2) International Affairs (150):
Fiscal year 1984:
(A) New budget authority, $22,200,000,000.
(B) Outlays, $12,350,000,000.
(C) New direct loan obligations, $9,100,000,000.
(D) New primary loan guarantee commitments, $8,650,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $17,950,000,000.
(B) Outlays, $13,450,000,000.
(C) New direct loan obligations, $10,550,000,000.
(D) New primary loan guarantee commitments, $9,250,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $16,850,000,000.
(B) Outlays, $13,450,000,000.
(C) New direct loan obligations, $11,600,000,000.
(D) New primary loan guarantee commitments, $10,250,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $17,500,000,000.
(B) Outlays, $13,600,000,000.
(C) New direct loan obligations, $12,850,000,000.
(D) New primary loan guarantee commitments, $10,600,000,000.
(E) New secondary loan guarantee commitments, $0.
(3) General Science, Space, and Technology (250):
Fiscal year 1984:
(A) New budget authority, $8,550,000,000.
(B) Outlays, $8,300,000,000.
(C) New direct loan obligations, $150,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $8,750,000,000.
(B) Outlays, $8,550,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $8,800,000,000.
(B) Outlays, $8,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $8,950,000,000.
(B) Outlays, $8,850,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(4) Energy (270):
Fiscal year 1984:
(A) New budget authority, $3,000,000,000.
(B) Outlays, $3,000,000,000.
(C) New direct loan obligations, $4,700,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $4,350,000,000.
(B) Outlays, $3,950,000,000.
(C) New direct loan obligations, $4,800,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $4,250,000,000.
(B) Outlays, $4,200,000,000.
(C) New direct loan obligations, $4,850,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0
Fiscal year 1987:
(A) New budget authority, $4,100,000,000.
(B) Outlays, $4,000,000,000.
(C) New direct loan obligations, $5,000,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.
(5) Natural Resources and Environment (300):
Fiscal year 1984:
(A) New budget authority, $12,000,000,000.
(B) Outlays, $12,400,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $11,800,000,000.
(B) Outlays, $11,900,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $12,050,000,000.
(B) Outlays, $11,950,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $12,300,000,000.
(B) Outlays, $11,900,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(6) Agriculture (350):
Fiscal year 1984:
(A) New budget authority, $4,250,000,000.
(B) Outlays, $10,800,000,000.
(C) New direct loan obligations, $11,200,000,000.
(D) New primary loan guarantee commitments, $4,700,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:
(A) New budget authority, $14,550,000,000.
(B) Outlays, $14,800,000,000.
(C) New direct loan obligations, $11,450,000,000.
(D) New primary loan guarantee commitments, $3,100,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $14,900,000,000.
(B) Outlays, $14,750,000,000.
(C) New direct loan obligations, $12,950,000,000.
(D) New primary loan guarantee commitments, $3,100,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $15,300,000,000.
(B) Outlays, $15,200,000,000.
(C) New direct loan obligations, $11,850,000,000.
(D) New primary loan guarantee commitments, $3,150,000,000.
(E) New secondary loan guarantee commitments, $0.
(7) Commerce and Housing Credit (370):
Fiscal year 1984:
(A) New budget authority, $5,600,000,000.
(B) Outlays, $4,050,000,000.
(C) New direct loan obligations, $6,150,000,000.
(D) New primary loan guarantee commitments, $50,000,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1985:
(A) New budget authority, $6,500,000,000.
(B) Outlays, $2,600,000,000.
(C) New direct loan obligations, $6,650,000,000.
(D) New primary loan guarantee commitments, $52,500,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1986:
(A) New budget authority, $6,550,000,000.
(B) Outlays, $2,450,000,000.
(C) New direct loan obligations, $6,550,000,000.
(D) New primary loan guarantee commitments, $54,800,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1987:
(A) New budget authority, $8,050,000,000.
(B) Outlays, $3,750,000,000.
(C) New direct loan obligations, $6,750,000,000.
(D) New primary loan guarantee commitments, $56,650,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
(8) Transportation (400):
Fiscal year 1984:
(A) New budget authority, $29,400,000,000.
(B) Outlays, $25,900,000,000.
(C) New direct loan obligations, $1,150,000,000.
(D) New primary loan guarantee commitments, $450,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $29,100,000,000.
(B) Outlays, $27,050,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $450,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $30,200,000,000.
(B) Outlays, $28,600,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $500,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $31,200,000,000.
(B) Outlays, $29,650,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $500,000,000.
(E) New secondary loan guarantee commitments, $0.
(9) Community and Regional Development (450):
Fiscal year 1984:
(A) New budget authority, $7,250,000,000.
(B) Outlays, $7,750,000,000.
(C) New direct loan obligations, $1,650,000,000.
(D) New primary loan guarantee commitments, $350,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $7,000,000,000.
(B) Outlays, $8,250,000,000.
(C) New direct loan obligations, $1,700,000,000.
(D) New primary loan guarantee commitments, $350,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $7,550,000,000.
(B) Outlays, $8,050,000,000.
(C) New direct loan obligations, $700,000,000.
(D) New primary loan guarantee commitments, $350,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $7,550,000.
(B) Outlays, $8,050,000,000.
(C) New direct loan obligations, $1,700,000,000.
(D) New primary loan guarantee commitments, $350,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $7,800,000,000.
(B) Outlays, $8,150,000,000.
(C) New direct loan obligations, $1,750,000,000.
(D) New primary loan guarantee commitments, $400,000,000.
(E) New secondary loan guarantee commitments, $0.
(10) Education, Training, Employment, and Social Services (500):
Fiscal year 1984:
(A) New budget authority, $31,350,000,000.
(B) Outlays, $28,150,000,000.
(C) New direct loan obligations, $800,000,000.
(D) New primary loan guarantee commitments, $7,400,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $29,950,000,000.
(B) Outlays, $29,250,000,000.
(C) New direct loan obligations, $850,000,000.
(D) New primary loan guarantee commitments, $7,750,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $31,100,000,000.
(B) Outlays, $30,200,000,000.
(C) New direct loan obligations, $850,000,000.
(D) New primary loan guarantee commitments, $8,000,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $32,350,000,000.
(B) Outlays, $31,350,000,000.
(C) New direct loan obligations, $850,000,000.
(D) New primary loan guarantee commitments, $8,150,000,000.
(E) New secondary loan guarantee commitments, $0.
(11) Health (550):
Fiscal year 1984:
(A) New budget authority, $31,600,000,000.
(B) Outlays, $30,800,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $200,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $33,250,000,000.
(B) Outlays, $34,250,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $150,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $36,700,000,000.
(B) Outlays, $36,400,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $150,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $39,550,000,000.
(B) Outlays, $39,050,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $150,000,000.
(E) New secondary loan guarantee commitments, $0.
(12) Social Security and Medicare (570):
Fiscal year 1984:
(A) New budget authority, $237,900,000,000.
(B) Outlays, $239,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $270,400,000,000.
(B) Outlays, $258,050,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $298,700,000,000.
(B) Outlays, $278,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:

(A) New budget authority, $327,050,000,000.
(B) Outlays, $302,350,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(13) Income Security (600):
Fiscal year 1984:
(A) New budget authority, $118,450,000,000.
(B) Outlays, $970,950,000,000.
(C) New direct loan obligations, $1,000,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $146,150,000,000.
(B) Outlays, $114,950,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $156,150,000,000.
(B) Outlays, $119,350,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $165,700,000,000.
(B) Outlays, $124,250,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
(14) Veterans Benefits and Services (700):
Fiscal year 1984:
(A) New budget authority, $26,150,000,000.
(B) Outlays, $25,800,000,000.
(C) New direct loan obligations, $1,350,000,000.
(D) New primary loan guarantee commitments, $18,650,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $26,850,000,000.
(B) Outlays, $25,950,000,000.
(C) New direct loan obligations, $1,200,000,000.
(D) New primary loan guarantee commitments, $22,850,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $27,200,000,000.
(B) Outlays, $26,550,000,000.
(C) New direct loan obligations, $1,000,000,000.
(D) New primary loan guarantee commitments, $25,500,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $27,450,000,000.
(B) Outlays, $27,150,000,000.
(C) New direct loan obligations, $950,000,000.
(D) New primary loan guarantee commitments, $28,800,000,000.
(E) New secondary loan guarantee commitments, $0.
(15) Administration of Justice (750):
Fiscal year 1984:
(A) New budget authority, $5,950,000,000.
(B) Outlays, $5,950,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $6,150,000,000.
(B) Outlay, $6,100,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $6,250,000,000.
(B) Outlays, $6,150,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $6,350,000,000.
(B) Outlays, $6,350,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(16) General Government (800):
Fiscal year 1984:
(A) New budget authority, $5,450,000,000.
(B) Outlays, $5,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $5,650,000,000.
(B) Outlays, $5,550,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $5,850,000,000.
(B) Outlays, $5,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $5,950,000,000.
(B) Outlays, $5,850,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(17) General Purpose Fiscal Assistance (850):
Fiscal year 1984:
(A) New budget authority, $6,800,000,000.
(B) Outlays, $6,800,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $6,650,000,000.
(B) Outlays, $6,650,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $6,750,000,000.
(B) Outlays, $6,750,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $7,100,000,000.
(B) Outlays, $7,050,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(18) Net Interest (900):
Fiscal year 1984:
(A) New budget authority, $109,650,000,000.
(B) Outlays, $109,650,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $124,300,000,000.
(B) Outlays, $124,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $138,850,000,000.
(B) Outlays, $138,850,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $153,750,000,000.
(B) Outlays, $153,750,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(19) Allowances (920):
Fiscal year 1984:
(A) New budget authority, $650,000,000.
(B) Outlays, $750,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $650,000,000.
(B) Outlays, $600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $2,000,000,000.
(B) Outlays, $2,150,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:
(A) New budget authority, $3,300,000,000.
(B) Outlays, $3,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(20) Undistributed Offsetting Receipts (950):
Fiscal year 1984:
(A) New budget authority, $15,200,000,000.
(B) Outlays, $15,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $-33,850,000,000.
(B) Outlays, $-33,850,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $-36,350,000,000.
(B) Outlays, $-36,350,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $-37,600,000,000.
(B) Outlays, $-37,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

RECONCILIATION

SEC. 2. (a) Not later than May 1, 1984, the House committees named in subsections (b) through (i)(1) of this section shall submit their recommendations to the House Budget Committee. After receiving those recommendations, the Committee on the Budget shall report to the House a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

(b) The House Committee on Agriculture shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $50,000,000 and outlays by $50,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $800,000,000 and outlays by $800,000,000 in fiscal year 1986; and requires decreases of budget authority by $1,700,000,000 and outlays by $1,700,000,000 in fiscal year 1987.

(c) The House Committee on Armed Services shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays by $300,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of outlays by $650,000,000 in fiscal year 1986; and requires decreases of outlays by $1,000,000,000 in fiscal year 1987.

(d) The House Committee on Education and Labor shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays by $150,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of outlays by $150,000,000 in fiscal year 1986; and requires decreases of outlays by $200,000,000 in fiscal year 1987.

(e) The House Committee on Energy and Commerce shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Congressional Budget Act of 1974, sufficient to reduce budget authority by $1,000,000,000 and outlays by $1,000,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $1,350,000,000 and outlays by $1,350,000,000 in fiscal year 1986; and requires decreases of budget authority by $1,650,000,000 and outlays by $1,650,000,000 in fiscal year 1987.

(f) The House Committee on Post Office and Civil Service shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays by $550,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of outlays by $1,300,000,000 in fiscal year 1986; and requires decreases of outlays by $1,800,000,000 in fiscal year 1987.

(g) The House Committee on Small Business shall report changes in laws within the jurisdiction of that committee sufficient to reduce outlays by $200,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of $150,000,000 in budget authority and $200,000,000 in outlays in fiscal year 1986; and requires decreases of $250,000,000 in budget authority and $200,000,000 in outlays in fiscal year 1987.

(h) The House Committee on Veterans' Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $150,000,000 and outlays by $400,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $50,000,000 and outlays by $250,000,000 in fiscal year 1986; and requires decreases of budget authority by $250,000,000 and outlays by $250,000,000 in fiscal year 1987.

(i)(1) The House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $1,000,000,000 and outlays by $1,000,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $1,400,000,000 and outlays by $1,400,000,000 in fiscal year 1986; and requires decreases of budget authority by $1,750,000,000 and outlays by $1,750,000,000 in fiscal year 1987.

(2) The House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee sufficient to increase revenues by $9,200,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires increases of $16,700,000,000 in revenues in fiscal year 1986; and requires increases of $21,300,000,000 in revenues in fiscal year 1987.

GENERAL PROVISIONS

SEC. 3. (a) For fiscal years 1985, 1986, and 1987, any revenues raised by legislation enacted on or after March 15, 1984, shall only be used to reduce the Federal budget deficits for such fiscal years except to the extent that such legislation earmarks all or any part of such revenues for specific spending programs.

(b) Pursuant to subsection (a) of this section and notwithstanding the spending levels contained in section 1 of this resolution, funding for specific low-income programs, such as—

(1) an employment initiative for disadvantaged youth;

(2) public works jobs for community renewal;

(3) increased funding for the Aid to Families with Dependent Children program and the State component of the Supplemental Security Income program to ensure that the purchasing power of recipients is maintained;

(4) increased funding for title XX of the Social Security Act; and

(5) an increase in the earned income tax credit;

would be appropriate if the authorizations for such programs are enacted and if sufficient revenues or outlay reductions are also enacted to ensure that the legislation is deficit neutral.

ADMINISTRATIVE SAVINGS

SEC. 4. It is the sense of the Congress that the Executive Branch achieve at least $2 billion in savings over fiscal years 1985 through 1987 by implementing those recommendations of the President's Private Sector Survey on Cost Control requiring administrative action within that branch of Government. It is further the sense of the Congress that the President shall report to Congress each year, in conjunction with the annual budget submission, on the progress made in achieving the savings required by this section.

AUTOMATIC SECOND BUDGET RESOLUTION

SEC. 5. (a) If Congress has not completed action by October 1, 1984, on the concurrent resolution on the budget required to be reported under section 310(a) of the Congressional Budget Act of 1974 for the 1985 fiscal year, then this concurrent resolution shall be deemed to be the concurrent resolution required to be reported under section 310(a) of such Act, for the purposes of the prohibitions contained in section 311 of such Act, notwithstanding congressional action or inaction on any reconciliation requirements contained in this concurrent resolution.

(b) Section 311(a) of the Congressional Budget Act of 1974, as made applicable by subsection (a) of this section, shall not apply to bills, resolutions, or amendments within the jurisdiction of a committee, or any conference report on any such bill or resolution, if—

(1) the enactment of such bill or resolution as reported;

(2) the adoption and enactment of such amendment; or

(3) the enactment of such bill or resolution in the form recommended in such conference report;

would not cause the appropriate allocation for such committee of new discretionary budget authority or new spending authority as described in section 401(c)(2)(C) of the Congressional Budget Act of 1974 made pursuant to section 302(a) of such Act for fiscal year 1985 to be exceeded.

(c) The Provisions of this section shall cease to apply when Congress completes action on a subsequent concurrent resolution on the budget for fiscal year 1985 pursuant to section 304 or 310 of the Congressional Budget Act of 1974.

"PAY AS YOU GO" TRUST FUND AMENDMENT

SEC. 6. (a) For purposes of the spending levels for fiscal year 1985 contained in section 1, of this resolution, and the assumptions upon which they are based, and for purposes of determining whether or not a committee exceeds its section 302(a) allocation of new discretionary budget authority or new spending authority for the prohibition contained in section 5 of this resolution, any new discretionary budget authority or new spending authority contained in a bill, resolution, amendment, or conference report shall be disregarded if the budget authority for outlays which will result from such new discretionary budget authority or such new spending authority is derived from any trust fund—

(1) the expenditures from which are available for highway, mass transit, or aviation purposes;

(2) for which new or expanded user fees or taxes were enacted during the 97th Congress; and

(3) which is described in section 401(d)(1)(B) of the Congressional Budget and Impoundment Act of 1974.

(b) For purposes of the spending levels for fiscal year 1985 contained in section 1 of this resolution, and the assumptions upon which they are based, and for purposes of determining whether or not a committee exceeds its section 302(a) allocation of new discretionary budget authority or new spending authority for the prohibition contained in section 5 of this resolution, any new discretionary budget authority contained in a bill, resolution, amendment, or conference report to fund programs under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 shall be disregarded to the extent that such bill, resolution, amendment, or conference report contains revenue sufficient to cover such new spending, or to the extent that sufficient revenue to cover such increases is included in the Comprehensive Environmental Response, Compensation and Liability Act of 1980.

SECTION 302(b) FILING REQUIREMENT

SEC. 7. (a) It shall not be in order in the House of Representatives to consider any bill or resolution, or amendment thereto, providing—

(1) new budget authority for fiscal year 1985;

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1985; or

(3) direct loan authority, primary loan guarantee authority, or secondary loan guarantee authority for fiscal year 1985;

within the jurisdiction of any committee which has received an allocation pursuant to section 302(a) of the Congressional Budget Act of discretionary budget authority or new spending authority, as described above, for such fiscal year, unless and until such committee makes the allocation or subdivisions required by section 302(b) of the Congressional Budget Act, in connection with the most recently agreed to concurrent resolution on the budget.

(b) The prohibition contained in subsection (a) shall not apply until twenty-one days of continuous session, as defined in section 1011(5) of the Impoundment Control Act of 1974, after Congress completes action on this concurrent resolution.

By Mr. MORRISON of Connecticut:

(Amendment in the nature of a substitute.)

—Strike all after the resolving clause and insert in lieu thereof the following:

That the Congress hereby determines and declares that the concurrent resolution on the budget for fiscal year 1984 is hereby revised and replaced, the first concurrent resolution on the budget for fiscal year 1985 is hereby established, and the appropriate budgetary levels for fiscal years 1986 and 1987 are hereby set forth:

(a) The following budgetary levels are appropriate for the fiscal years beginning on October 1, 1983, October 1, 1984, October 1, 1985, and October 1, 1986:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1984: $664,900,000,000.
Fiscal year 1985: $745,500,000,000.
Fiscal year 1986: $831,300,000,000.
Fiscal year 1987: $927,900,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1984: $1,900,000,000.
Fiscal year 1985: $12,500,000,000.
Fiscal year 1986: $36,400,000,000.
Fiscal year 1987: $64,400,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1984: $915,500,000,000.
Fiscal year 1985: $990,450,000,000.
Fiscal year 1986: $1,062,050,000.
Fiscal year 1987: $1,135,200,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1984: $853,900,000,000.
Fiscal year 1985: $910,950,000,000.
Fiscal year 1986: $966,100,000,000.
Fiscal year 1987: $1,033,000,000,000.

(4) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1984: $189,000,000,000.
Fiscal year 1985: $165,450,000,000.
Fiscal year 1986: $134,800,000,000.
Fiscal year 1987: $105,100,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1984: $1,595,800,000,000.
Fiscal year 1985: $1,824,200,000,000.
Fiscal year 1986: $2,043,750,000,000.
Fiscal year 1987: $2,270,350,000,000.

and the amounts by which the statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1984: $105,800,000,000.
Fiscal year 1985: $228,400,000,000.
Fiscal year 1986: $209,550,000,000.
Fiscal year 1987: $189,100,000,000.

(6) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1983, October 1, 1984, October 1, 1985, and October 1, 1986, are as follows:

Fiscal year 1984:
(A) New direct loan obligations, $37,600,000,000.
(B) New primary loan guarantee commitments, $105,150,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1985:
(A) New direct loan obligations, $37,500,000,000.
(B) New primary loan guarantee commitments, $111,150,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1986:
(A) New direct loan obligations, $39,950,000,000.
(B) New primary loan guarantee commitments, $117,400,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1987:
(A) New direct loan obligations, $40,450,000,000.
(B) New primary loan guarantee commitments, $123,150,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.

(b) The Congress hereby determines and declares the appropriate levels of budget authority and budget outlays, and the appropriate levels of new direct loan obligations and new loan guarantee commitments for fiscal years 1984 through 1987 for each major functional category are:

(1) National Defense (050):

Fiscal year 1984:
(A) New budget authority, $264,500,000,000.
(B) Outlays, $234,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:
(A) New budget authority, $276,000,000,000.
(B) Outlays, $250,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:
(A) New budget authority, $289,400,000,000.
(B) Outlays, $261,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:
(A) New budget authority, $303,200,000,000.
(B) Outlays, $279,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

Fiscal year 1984:
(A) New budget authority, $22,200,000,000.
(B) Outlays, $12,350,000,000.
(C) New direct loan obligations, $9,100,000,000.
(D) New primary loan guarantee commitments, $8,650,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:
(A) New budget authority, $17,950,000,000.
(B) Outlays, $13,450,000,000.
(C) New direct loan obligations, $10,550,000,000.

(D) New primary loan guarantee commitments, $9,250,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $16,850,000,000.
(B) Outlays, $13,450,000,000.
(C) New direct loan obligations, $11,600,000,000.
(D) New primary loan guarantee commitments, $10,250,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $17,500,000,000.
(B) Outlays, $13,600,000,000.
(C) New direct loan obligations, $12,850,000,000.
(D) New primary loan guarantee commitments, $10,600,000,000.
(E) New secondary loan guarantee commitments, $0.
(3) General Science, Space and Technology (250):
Fiscal year 1984:
(A) New budget authority, $8,550,000,000.
(B) Outlays, $8,300,000,000.
(C) New direct loan obligations, $150,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $8,750,000,000.
(B) Outlays, $8,550,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $8,800,000,000.
(B) Outlays, $8,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $8,950,000,000.
(B) Outlays, $8,850,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(4) Energy (270):
Fiscal year 1984:
(A) New budget authority, $3,000,000,000.
(B) Outlays, $3,000,000,000.
(C) New direct loan obligations, $4,700,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $4,350,000,000.
(B) Outlays, $3,950,000,000.
(C) New direct loan obligations, $4,800,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $4,250,000,000.
(B) Outlays, $4,200,000,000.
(C) New direct loan obligations, $4,850,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $4,100,000,000.
(B) Outlays, $4,000,000,000.
(C) New direct loan obligations, $5,000,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.
(5) Natural Resources and Environment (300):
Fiscal year 1984:
(A) New budget authority, $12,000,000,000.
(B) Outlays, $12,400,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $11,800,000,000.
(B) Outlays, $11,900,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $12,050,000,000.
(B) Outlays, $11,950,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $12,300,000,000.
(B) Outlays, $11,900,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(6) Agriculture (350):
Fiscal year 1984:
(A) New budget authority, $4,250,000,000.
(B) Outlays, $10,800,000,000.
(C) New direct loan obligations, $11,200,000,000.
(D) New primary loan guarantee commitments, $4,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $14,550,000,000.
(B) Outlays, $14,800,000,000.
(C) New direct loan obligations, $11,450,000,000.
(D) New primary loan guarantee commitments, $3,100,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $14,900,000,000.
(B) Outlays, $14,750,000,000.
(C) New direct loan obligations, $12,950,000,000.
(D) New primary loan guarantee commitments, $3,100,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $15,300,000,000.
(B) Outlays, $15,200,000,000.
(C) New direct loan obligations, $11,850,000,000.
(D) New primary loan guarantee commitments, $3,150,000,000.
(E) New secondary loan guarantee commitments, $0.
(7) Commerce and Housing Credit (370):
Fiscal year 1984:
(A) New budget authority, $5,600,000,000.
(B) Outlays, $4,050,000,000.
(C) New direct loan obligations, $6,150,000,000.
(D) New primary loan guarantee commitments, $50,000,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1985:
(A) New budget authority, $6,500,000,000.
(B) Outlays, $2,600,000,000.
(C) New direct loan obligations, $6,500,000,000.
(D) New primary loan guarantee commitments, $52,500,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1986:
(A) New budget authority, $6,550,000,000.
(B) Outlays, $2,450,000,000.
(C) New direct loan obligations, $6,550,000,000.
(D) New Primary loan guarantee commitments, $54,800,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1987:
(A) New budget authority, $8,050,000,000.
(B) Outlays, $3,750,000,000.
(C) New direct loan obligations, $6,750,000,000.
(D) New Primary loan guarantee commitments, $56,650,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
(8) Transportation (400):
Fiscal year 1984:
(A) New budget authority, $29,400,000,000.
(B) Outlays, $25,900,000,000.
(C) New direct loan obligations, $1,150,000,000.
(D) New Primary loan guarantee commitments, $450,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $29,100,000,000.
(B) Outlays, $27,050,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New Primary loan guarantee commitments, $450,000,000.
(E) New secondary loan guarantee commitments, $0
Fiscal year 1986:
(A) New budget authority, $30,200,000,000.
(B) Outlays, $28,600,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New Primary loan guarantee commitments, $500,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $31,200,000,000.
(B) Outlays, $29,650,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $500,000,000.
(E) New secondary loan guarantee commitments, $0.
(9) Community and Regional Development (450):
Fiscal year 1984:
(A) New budget authority, $7,250,000,000.
(B) Outlays, $7,750,000,000.
(C) New direct loan obligations, $1,650,000,000.
(D) New primary loan guarantee commitments, $350,000,000.

(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $7,000,000,000.
(B) Outlays, $8,250,000,000.
(C) New direct loan obligations, $1,700,000,000.
(D) New primary loan guarantee commitments, $350,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $7,550,000,000.
(B) Outlays, $8,050,000,000.
(C) New direct loan obligations, $1,700,000,000.
(D) New primary loan guarantee commitments, $350,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $7,800,000,000.
(B) Outlays, $8,150,000,000.
(C) New direct loan obligations, $1,750,000,000.
(D) New primary loan guarantee commitments, $400,000,000.
(E) New secondary loan guarantee commitments, $0.
(10) Education, Training, Employment, and Social Services (500):
Fiscal year 1984:
(A) New budget authority, $31,350,000,000.
(B) Outlays, $28,150,000,000.
(C) New direct loan obligations, $800,000,000.
(D) New primary loan guarantee commitments, $7,400,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $29,950,000,000.
(B) Outlays, $29,250,000,000.
(C) New direct loan obligations, $850,000,000.
(D) New primary loan guarantee commitments, $7,750,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $31,100,000,000.
(B) Outlays, $30,200,000,000.
(C) New direct loan obligations, $850,000,000.
(D) New primary loan guarantee commitments, $8,000,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $32,350,000,000.
(B) Outlays, $31,350,000,000.
(C) New direct loan obligations, $850,000,000.
(D) New primary loan guarantee commitments, $8,150,000.
(E) New secondary loan guarantee commitments, $0.
(11) Health (550):
Fiscal year 1984:
(A) New budget authority, $31,600,000,000.
(B) Outlays, $30,800,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $200,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $33,250,000,000.
(B) Outlays, $34,250,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $150,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $36,700,000,000.
(B) Outlays, $36,400,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $150,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $39,550,000,000.
(B) Outlays, $39,050,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $150,000,000.
(E) New secondary loan guarantee commitments, $0.
(12) Social Security and Medicare (570):
Fiscal year 1984:
(A) New budget authority, $237,900,000,000.
(B) Outlays, $239,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $270,400,000,000.
(B) Outlays, $258,050,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $298,700,000,000.
(B) Outlays, $278,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $327,050,000,000.
(B) Outlays, $302,350,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(13) Income Security (600):
Fiscal year 1984:
(A) New budget authority, $118,450,000,000.
(B) Outlays, $97,050,000,000.
(C) New direct loan obligations, $1,000,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $146,150,000,000.
(B) Outlays, $114,950,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $156,150,000,000.
(B) Outlays, $119,350,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $165,700,000,000.
(B) Outlays, $124,250,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
(14) Veterans Benefits and Services (700):
Fiscal year 1984:
(A) New budget authority, $26,150,000,000.
(B) Outlays, $25,800,000,000.
(C) New direct loan obligations, $1,350,000,000.
(D) New primary loan guarantee commitments, $18,650,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $26,850,000,000.
(B) Outlays, $25,950,000,000.
(C) New direct loan obligations, $1,200,000,000.
(D) New primary loan guarantee commitments, $22,850,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $27,200,000,000.
(B) Outlays, $26,550,000,000.
(C) New direct loan obligations, $1,000,000,000.
(D) New primary loan guarantee commitments, $25,500,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $27,450,000,000.
(B) Outlays, $27,150,000,000.
(C) New direct loan obligations, $950,000,000.
(D) New primary loan guarantee commitments, $28,800,000,000.
(E) New secondary loan guarantee commitments, $0.
(15) Administration of Justice (750):
Fiscal year 1984:
(A) New budget authority, $5,950,000,000.
(B) Outlays, $5,950,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $6,150,000,000.
(B) Outlays, $6,100,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $6,250,000,000.
(B) Outlays, $6,150,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987
(A) New budget authority, $6,350,000,000.
(B) Outlays, $6,350,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

(16) General Government (800):
Fiscal year 1984:
(A) New budget authority, $5,450,000,000.
(B) Outlays, $5,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $5,650,000,000.
(B) Outlays, $5,550,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $5,850,000,000.
(B) Outlays, $5,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $5,950,000,000.
(B) Outlays, $5,850,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(17) General Purpose Fiscal Assistance (850):
Fiscal year 1984:
(A) New budget authority, $6,800,000,000.
(B) Outlays, $6,800,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $6,650,000,000.
(B) Outlays, $6,650,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $6,750,000,000.
(B) Outlays, $6,750,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $7,100,000,000.
(B) Outlays, $7,050,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(18) Net Interest (900):
Fiscal year 1984:
(A) New budget authority, $109,650,000,000.
(B) Outlays, $109,650,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $123,900,000.
(B) Outlays, $123,900,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $137,150,000,000.
(B) Outlays, $137,150,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $149,600,000,000.
(B) Outlays, $149,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(19) Allowances (920):
Fiscal year 1984:
(A) New budget authority, $650,000,000.
(B) Outlays, $750,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, −$650,000,000.
(B) Outlays, −$600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $2,000,000,000.
(B) Outlays, $2,150,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $3,300,000,000.
(B) Outlays, $3,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(20) Undistributed Offsetting Receipts (950):
Fiscal year 1984:
(A) New budget authority, −$15,200,000,000.
(B) Outlays, −$15,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, −$33,850,000,000.
(B) Outlays, −$33,850,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, −$36,350,000,000.
(B) Outlays, −$36,350,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, −$37,600,000,000.
(B) Outlays, −$37,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

RECONCILIATION

SEC. 2. (a) Not later than May 1, 1984, the House committees named in subsection (b) through (i)(1) of this section shall submit their recommendations to the House Budget Committee. After receiving those recommendations, the Committee on the Budget shall report to the House a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

(b) The House Committee on Agriculture shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $50,000,000 and outlays by $50,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $800,000,000 and outlays by $800,000,000 in fiscal year 1986; and requires decreases of budget authority by $1,700,000,000 and outlays by $1,700,000,000 in fiscal year 1987.

(c) The House Committee on Armed Services shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays by $300,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of outlays by $650,000,000 in fiscal year 1986; and requires decreases of outlays by $1,000,000,000 in fiscal year 1987.

(d) The House Committee on Education and Labor shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays by $150,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of outlays by $150,000,000 in fiscal year 1986; and requires decreases of outlays by $200,000,000 in fiscal year 1987.

(e) The House Committee on Energy and Commerce shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $1,000,000,000 and outlays by $1,000,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $1,350,000,000 and outlays by $1,350,000,000 in fiscal year 1986; and requires decreases of budget authority by $1,650,000,000 and outlays by $1,650,000,000 in fiscal year 1987.

(f) The House Committee on Post Office and Civil Service shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays by $550,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future

years requires decreases of outlays by $1,300,000,000 in fiscal year 1986; and requires decreases of outlays by $1,800,000,000 in fiscal year 1987.

(g) The House Committee on Small Business shall report changes in laws within the jurisdiction of that committee sufficient to reduce outlays by $200,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of $150,000,000 in budget authority and $200,000,000 in outlays in fiscal year 1986; and requires decreases of $250,000,000 in budget authority and $200,000,000 in outlays in fiscal year 1987.

(h) The House Committee on Veterans' Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $150,000,000 and outlays by $400,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $50,000,000 and outlays by $250,000,000 in fiscal year 1986; and requires decreases of budget authority by $250,000,000 and outlays by $250,000,000 in fiscal year 1987.

(i)(1) The House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $1,000,000,000 and outlays by $1,000,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $1,400,000,000 and outlays by $1,400,000,000 in fiscal year 1986; and requires decreases of budget authority by $1,750,000,000 and outlays by $1,750,000,000 in fiscal year 1987.

(2) The House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee sufficient to increase revenues by $12,500,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires increases of $36,400,000,000 in revenues in fiscal year 1986; and requires increases of $64,400,000,000 in revenues in fiscal year 1987.

GENERAL PROVISIONS

SEC. 3. (a) For fiscal years 1985, 1986, and 1987, any revenues raised by legislation enacted on or after March 15, 1984, shall only be used to reduce the Federal budget deficits for such fiscal years except to the extent that such legislation earmarks all or any part of such revenues for specific spending programs.

(b) Pursuant to subsection (a) of this section and notwithstanding the spending levels contained in section 1 of this resolution, funding for specific low-income programs, such as—

(1) an employment initiative for disadvantaged youth;

(2) public works jobs for community renewal;

(3) increased funding for the Aid to Families with Dependent Children program and the State component of the Supplemental Security Income program to ensure that the purchasing power of recipients is maintained;

(4) increased funding for title XX of the Social Security Act; and

(5) an increase in the earned income tax credit;

would be appropriate if the authorizations for such programs are enacted and if sufficient revenues or outlay reductions are also enacted to ensure that the legislation is deficit neutral.

ADMINISTRATIVE SAVINGS

SEC. 4. It is the sense of the Congress that the Executive Branch achieve at least $2 billion in savings over fiscal years 1985 through 1987 by implementing those recommendations of the President's Private Sector Survey on Cost Control requiring administrative action within that branch of Government. It is further the sense of the Congress that the President shall report to Congress each year, in conjunction with the annual budget submission, on the progress made in achieving the savings required by this section.

AUTOMATIC SECOND BUDGET RESOLUTION

SEC. 5. (a) If Congress has not completed action by October 1, 1984, on the concurrent resolution on the budget required to be reported under section 310(a) of the Congressional Budget Act of 1974 for the 1985 fiscal year, then this concurrent resolution shall be deemed to be the concurrent resolution required to be reported under section 310(a) of such Act, for the purposes of the prohibitions contained in section 311 of such Act, notwithstanding congressional action or inaction on any reconciliation requirements contained in this concurrent resolution.

(b) Section 311(a) of the Congressional Budget Act of 1974, as made applicable by subsection (a) of this section, shall not apply to bills, resolutions, or amendments within the jurisdiction of a committee, or any conference report on any such bill or resolution, if—

(1) the enactment of such bill or resolution as reported;

(2) the adoption and enactment of such amendment; or

(3) the enactment of such bill or resolution in the form recommended in such conference report;

would not cause the appropriate allocation for such committee of new discretionary budget authority or new spending authority as described in section 401(c)(2)(C) of the Congressional Budget Act of 1974 made pursuant to section 302(a) of such Act for fiscal year 1985 to be exceeded.

(c) The provisions of this section shall cease to apply when Congress completes action on a subsequent concurrent resolution on the budget for fiscal year 1985 pursuant to section 304 or 310 of the Congressional Budget Act of 1974.

"PAY AS YOU GO" TRUST FUND AMENDMENT

SEC. 6. (a) For purposes of the spending levels for fiscal year 1985 contained in section 1 of this resolution, and the assumptions upon which they are based, and for purposes of determining whether or not a committee exceeds its section 302(a) allocation of new discretionary budget authority or new spending authority for the prohibition contained in section 5 of this resolution, any new discretionary budget authority or new spending authority contained in a bill, resolution, amendment, or conference report shall be disregarded if the budget authority for outlays which will result from such new discretionary budget authority or such new spending authority is derived from any trust fund—

(1) the expenditures from which are available for highway, mass transit, or aviation purposes;

(2) for which new or expanded user fees or taxes were enacted during the 97th Congress; and

(3) which is described in section 401(d)(1)(B) of the Congressional Budget and Impoundment Act of 1974.

(b) For purposes of the spending levels for fiscal year 1985 contained in section 1 of this resolution, and the assumptions upon which they are based, and for purposes of determining whether or not a committee exceeds its section 302(a) allocation of new discretionary budget authority or new spending authority for the prohibition contained in section 5 of this resolution, any new discretionary budget authority contained in a bill, resolution, amendment, or conference report to fund programs under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 shall be disregarded to the extent that such bill, resolution, amendment, or conference report contains revenue sufficient to cover such new spending, or to the extent that sufficient revenue to cover such increases is included in the Comprehensive Environmental Response, Compensation and Liability Act of 1980.

SECTION 302(b) FILING REQUIREMENT

SEC. 7. (a) It shall not be in order in the House of Representatives to consider any bill or resolution, or amendment thereto, providing—

(1) new budget authority for fiscal year 1985;

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1985; or

(3) direct loan authority, primary loan guarantee authority, or secondary loan guarantee authority for fiscal year 1985;

within the jurisdiction of any committee which has received an allocation pursuant to section 302(a) of the Congressional Budget Act of discretionary budget authority or new spending authority, as described above, for such fiscal year, unless and until such committee makes the allocation or subdivisions required by section 302(b) of the Congressional Budget Act, in connection with the most recently agreed to concurrent resolution on the budget.

(b) The prohibition contained in subsection (a) shall not apply until twenty-one days of continuous session, as defined in section 1011(5) of the Impoundment Control Act of 1974, after Congress completes action on this concurrent resolution.

By Mr. ROEMER:

(Amendment in the nature of a substitute.)

—Strike out all after the resolving clause of H. Con. Res. 280 and insert:

That the Congress hereby determines and declares that the concurrent resolution on the budget for fiscal year 1984 is hereby revised and replaced, the first concurrent resolution on the budget for fiscal year 1985 is hereby established, and the appropriate budgetary levels for fiscal years 1986 and 1987 are hereby set forth:

(a) The following budgetary levels are appropriate for the fiscal years beginning on October 1, 1983, October 1, 1984, October 1, 1985, and October 1, 1986:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1984: $665,000,000,000.
Fiscal year 1985: $744,800,000,000.
Fiscal year 1986: $818,800,000,000.
Fiscal year 1987: $897,300,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1984: $2,000,000,000.
Fiscal year 1985: $11,800,000,000.
Fiscal year 1986: $23,900,000,000.
Fiscal year 1987: $33,800,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1984: $913,381,000,000.
Fiscal year 1985: $1,001,333,000,000.
Fiscal year 1986: $1,086,426,000,000.
Fiscal year 1987: $1,179,061,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1984: $852,118,000,000.
Fiscal year 1985: $915,951,000,000.
Fiscal year 1986: $976,787,000,000.
Fiscal year 1987: $1,055,156,000,000.

(4) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1984: $187,118,000,000.
Fiscal year 1985: $171,151,000,000.
Fiscal year 1986: $157,987,000,000.
Fiscal year 1987: $157,856,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1984: $1,595,800,000,000.
Fiscal year 1985: $1,834,200,000,000.
Fiscal year 1986: $2,081,250,000,000.
Fiscal year 1987: $2,347,250,000,000.

and the amounts by which the statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1984: $105,800,000,000.
Fiscal year 1985: $238,400,000,000.
Fiscal year 1986: $247,050,000,000.
Fiscal year 1987: $266,000,000,000.

(b) The Congress hereby determines and declares the appropriate levels of budget authority and budget outlays, through 1987 for each major functional category are:

(1) National Defense (050):
Fiscal year 1984:
(A) New budget authority, $264,344,000,000.
(B) Outlays, $234,159,000,000.
Fiscal year 1985:
(A) New budget authority, $289,835,000,000.
(B) Outlays, $258,270,000,000.
Fiscal year 1986:
(A) New budget authority, $319,022,000,000.
(B) Outlays, $281,970,000,000.
Fiscal year 1987:
(A) New budget authority, $350,957,000,000.
(B) Outlays, $314,965,000,000.

(2) International Affairs (150):
Fiscal year 1984:
(A) New budget authority, $20,979,000,000.
(B) Outlays, $12,017,000,000.
Fiscal year 1985:
(A) New budget authority, $15,407,000,000.
(B) Outlays, $12,368,000,000.
Fiscal year 1986:
(A) New budget authority, $14,467,000,000.
(B) Outlays, $11,705,000,000.
Fiscal year 1987:
(A) New budget authority, $15,458,000,000.
(B) Outlays, $11,491,000,000.

(3) General science, space, and technology (250):
Fiscal year 1984:
(A) New budget authority, $8,540,000,000.
(B) Outlays, $8,284,000,000.
Fiscal year 1985:
(A) New budget authority, $8,468,000,000.
(B) Outlays, $8,356,000,000.
Fiscal year 1986:
(A) New budget authority, $8,168,000,000.
(B) Outlays, $8,216,000,000.
Fiscal year 1987:
(A) New budget authority, $8,017,000,000.
(B) Outlays, $8,055,000,000.

(4) Energy (270):
Fiscal year 1984:
(A) New budget authority, $2,995,000,000.
(B) Outlays, $2,988,000,000.
Fiscal year 1985:
(A) New budget authority, $4,109,000,000.
(B) Outlays, $3,822,000,000.
Fiscal year 1986:
(A) New budget authority, $3,760,000,000.
(B) Outlays, $3,922,000,000.
Fiscal year 1987:
(A) New budget authority, $3,344,000,000.
(B) Outlays, $3,592,000,000.

(5) Natural Resources and Environment (300):
Fiscal year 1984:
(A) New budget authority, $11,595,000,000.
(B) Outlays, $12,257,000,000.
Fiscal year 1985:
(A) New budget authority, $11,542,000,000.
(B) Outlays, $11,733,000,000.
Fiscal year 1986:
(A) New budget authority, $11,429,000,000.
(B) Outlays, $11,537,000,000.
Fiscal year 1987:
(A) New budget authority, $11,257,000,000.
(B) Outlays, $11,188,000,000.

(6) Agriculture (350):
Fiscal year 1984:
(A) New budget authority, $4,173,000,000.
(B) Outlays, $10,114,000,000.
Fiscal year 1985:
(A) New budget authority, $14,557,000,000.
(B) Outlays, $14,785,000,000.
Fiscal year 1986:
(A) New budget authority, $15,597,000,000.
(B) Outlays, $15,438,000,000.
Fiscal year 1987:
(A) New budget authority, $16,829,000,000.
(B) Outlays, $16,709,000,000.

(7) Commerce and Housing Credit (370):
Fiscal year 1984:
(A) New budget authority, $5,583,000,000.
(B) Outlays, $4,038,000,000.
Fiscal year 1985:
(A) New budget authority, $6,363,000,000.
(B) Outlays, $2,560,000,000.
Fiscal year 1986:
(A) New budget authority, $6,292,000,000.
(B) Outlays, $2,318,000,000.
Fiscal year 1987:
(A) New budget authority, $7,699,000,000.
(B) Outlays, $3,524,000,000.

(8) Transportation (400):
Fiscal year 1984:
(A) New budget authority, $29,281,000,000.
(B) Outlays, $25,741,000,000.
Fiscal year 1985:
(A) New budget authority, $28,832,000,000.
(B) Outlays, $26,864,000,000.
Fiscal year 1986:
(A) New budget authority, $29,644,000,000.
(B) Outlays, $28,279,000,000.
Fiscal year 1987:
(A) New budget authority, $30,341,000,000.
(B) Outlays, $28,965,000,000.

(9) Community and Regional Development (450):
Fiscal year 1984:
(A) New budget authority, $7,208,000,000.
(B) Outlays, $7,778,000,000.
Fiscal year 1985:
(A) New budget authority, $6,942,000,000.
(B) Outlays, $8,426,000,000.
Fiscal year 1986:
(A) New budget authority, $7,611,000,000.
(B) Outlays, $8,164,000,000.
Fiscal year 1987:
(A) New budget authority, $7,777,000,000.
(B) Outlays, $8,244,000,000.

(10) Education, Training, Employment and Social Services (500):
Fiscal year 1984:
(A) New budget authority, $31,379,000,000.
(B) Outlays, $28,130,000,000.
Fiscal year 1985:
(A) New budget authority, $28,977,000,000.
(B) Outlays, $29,015,000,000.
Fiscal year 1986:
(A) New budget authority, $29,071,000,000.
(B) Outlays, $29,028,000,000.
Fiscal year 1987:
(A) New budget authority, $29,253,000,000.
(B) Outlays, $29,125,000,000.

(11) Health (550):
Fiscal year 1984:
(A) New budget authority, $31,584,000,000.
(B) Outlays, $30,786,000,000.
Fiscal year 1985:
(A) New budget authority, $33,017,000,000.
(B) Outlays, $34,073,000,000.
Fiscal year 1986:
(A) New budget authority, $36,060,000,000.
(B) Outlays, $35,922,000,000.
Fiscal year 1987:
(A) New budget authority, $38,515,000,000.
(B) Outlays, $38,225,000,000.

(12) Social Security and Medicare (570):
Fiscal year 1984:
(A) New budget authority, $237,890,000,000.
(B) Outlays, $239,475,000,000.
Fiscal year 1985:
(A) New budget authority, $271,483,000,000.
(B) Outlays, $255,375,000,000.
Fiscal year 1986:
(A) New budget authority, $300,528,000,000.
(B) Outlays, $271,795,000,000.
Fiscal year 1987:
(A) New budget authority, $329,879,000,000.
(B) Outlays, $291,975,000,000.

(13) Income Security (600):
Fiscal year 1984:
(A) New budget authority, $118,707,000,000.
(B) Outlays, $97,363,000,000.
Fiscal year 1985:
(A) New budget authority, $145,355,000,000.
(B) Outlays, $114,598,000,000.
Fiscal year 1986:
(A) New budget authority, $154,809,000,000.
(B) Outlays, $118,812,000,000.
Fiscal year 1987:
(A) New budget authority, $163,667,000,000.
(B) Outlays, $123,267,000,000.

(14) Veterans Benefits and Services (700):
Fiscal year 1984:
(A) New budget authority, $26,141,000,000.
(B) Outlays, $25,787,000,000.
Fiscal year 1985:
(A) New budget authority, $26,831,000,000.
(B) Outlays, $26,227,000,000.
Fiscal year 1986:
(A) New budget authority, $26,758,000,000.
(B) Outlays, $26,519,000,000.
Fiscal year 1987:
(A) New budget authority, $27,196,000,000.
(B) Outlays, $26,918,000,000.

(15) Administration of Justice (750):
Fiscal year 1984:
(A) New budget authority, $5,916,000,000.
(B) Outlays, $5,934,000,000.
Fiscal year 1985:
(A) New budget authority, $6,053,000,000.
(B) Outlays, $6,023,000,000.
Fiscal year 1986:
(A) New budget authority, $6,062,000,000.
(B) Outlays, $6,043,000,000.

Fiscal year 1987:
(A) New budget authority, $6,055,000,000.
(B) Outlays, $6,053,000,000.
(16) General Government (800):
Fiscal year 1984:
(A) New budget authority, $5,272,000,000.
(B) Outlays, $5,450,000,000.
Fiscal year 1985:
(A) New budget authority, $5,574,000,000.
(B) Outlays, $5,437,000,000.
Fiscal year 1986:
(A) New budget authority, $5,687,000,000.
(B) Outlays, $5,527,000,000.
Fiscal year 1987:
(A) New budget authority, $5,685,000,000.
(B) Outlays, $5,532,000,000.
(17) General Purpose Fiscal Assistance (850):
Fiscal year 1984:
(A) New budget authority, $6,802,000,000.
(B) Outlays, $6,802,000,000.
Fiscal year 1985:
(A) New budget authority, $6,662,000,000.
(B) Outlays, $6,660,000,000.
Fiscal year 1986:
(A) New budget authority, $6,721,000,000.
(B) Outlays, $6,719,000,000.
Fiscal year 1987:
(A) New budget authority, $7,077,000,000.
(B) Outlays, $7,008,000,000.
(18) Net Interest (900):
Fiscal year 1984:
(A) New budget authority, $109,536,000,000.
(B) Outlays, $109,536,000,000.
Fiscal year 1985:
(A) New budget authority, $124,101,000,000.
(B) Outlays, $124,101,000,000.
Fiscal year 1986:
(A) New budget authority, $138,758,000,000.
(B) Outlays, $138,758,000,000.
Fiscal year 1987:
(A) New budget authority, $154,046,000,000.
(B) Outlays, $154,040,000,000.
(19) Allowances (920):
Fiscal year 1984:
(A) New budget authority, $657,000,000.
(B) Outlays, $678,000,000.
Fiscal year 1985:
(A) New budget authority, $1,008,000,000.
(B) Outlays, $1,040,000,000.
Fiscal year 1986:
(A) New budget authority, $2,752,000,000.
(B) Outlays, $2,885,000,000.
Fiscal year 1987:
(A) New budget authority, $4,683,000,000.
(B) Outlays, $4,951,000,000.
(20) Undistributed Offsetting Receipts (950):
Fiscal year 1984:
(A) New budget authority, $−15,200,000,000.
(B) Outlays, $−15,200,000,000.
Fiscal year 1985:
(A) New budget authority, $−33,783,000,000.
(B) Outlays, $−33,783,000,000.
Fiscal year 1986:
(A) New budget authority, $−36,770,000,000.
(B) Outlays, $−36,770,000,000.
Fiscal year 1987:
(A) New budget authority, $−38,669,000,000.
(B) Outlays, $−38,669,000,000.

RECONCILIATION

SEC. 2. (a) Not later than May 1, 1984, the House committees named in subsections (b) through (i)(1) of this section shall submit their recommendations to the House Budget Committee. After receiving those recommendations, the Committee on the Budget shall report to the House a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

(c) The House Committee on Armed Services shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, Sufficient to reduce outlays by $423,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of outlays by $767,000,000 in fiscal year 1986; and requires decreases of outlays by $1,170,000,000 in fiscal year 1987.

(d) The House Committee on Education and Labor shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, Sufficient to reduce outlays by $2,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of outlays by $6,000,000 in fiscal year 1986; and requires decreases of outlays by $9,000,000 in fiscal year 1987.

(e) The House Committee On Energy and Commerce shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $2,000,00 and outlays by $71,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $3,000,000 and outlays by $168,000,000 in fiscal year 1986; and requires decreases of budget authority by $5,000,000 and outlays by $272,000,000 in fiscal year 1987.

(f) The House Committee on Post Office and Civil Service shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays by $523,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of outlays by $1,061,000,000 in fiscal year 1986; and requires decreases of outlays by $1,563,000,000 in fiscal year 1987.

(g) The House Committee on Merchant Marine and Fisheries shall report changes in laws within the jurisdiction of that committee sufficient to reduce outlays by $8,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of $16,000,000 in budget authority and $16,000,000 in outlays in fiscal year 1986; and requires decreases of $24,000,000 in budget authority and $24,000,000 in outlays in fiscal year 1987.

(h) The House Committee Foreign Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $2,000,000 and outlays by $5,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $4,000,000 and outlays by $10,000,000 in fiscal year 1986; and requires decreases of budget authority by $6,000,000 and outlays by $16,000,000 in fiscal year 1987.

(i)(1) The House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays by $3,655,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of outlays by $7,418,000,000 in fiscal year 1986; and requires decreases of outlays by $11,769,000,000 in fiscal year 1987.

AUTOMATIC SECOND BUDGET RESOLUTION

SEC. 5. (a) If Congress has not completed action by October 1, 1984, on the concurrent resolution on the budget required to be reported under section 310(a) of the Congressional Budget Act of 1974 for the 1985 fiscal year, then this concurrent resolution shall be deemed to be the concurrent resolution required to be reported under section 310(a) of such Act, for the purposes of the prohibitions contained in section 311 of such Act, notwithstanding congressional action or inaction on any reconciliation requirements contained in this concurrent resolution.

(b) Section 311(a) of the Congressional Budget Act of 1974, as made applicable by subsection (a) of this section, shall not apply to bills, resolutions, or amendments within the jurisdiction of a committee, or any conference report on any such bill or resolution, if—

(1) the enactment of such bill or resolution as reported;

(2) the adoption and enactment of such amendment; or

(3) the enactment of such bill or resolution in the form recommended in such conference report;

would not cause the appropriate allocation for such committee of new discretionary budget authority or new spending authority as described in section 401(c)(2)(C) of the Congressional Budget Act of 1974 made pursuant to section 302(a) of such Act for fiscal year 1985 to be exceeded.

(c) The provisions of this section shall cease to apply when Congress completes action on a subsequent concurrent resolution on the budget for fiscal year 1985 pursuant to section 304 or 310 of the Congressional Budget Act of 1974.

SECTION 302(B) FILING REQUIREMENT

SEC. 7. (a) It shall not be in order in the House of Representatives to consider any bill or resolution, or amendment thereto, providing—

(1) new budget authority for fiscal year 1985;

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1985; or

(3) direct loan authority, primary loan guarantee authority, or secondary loan guarantee authority for fiscal year 1985;

within the jurisdiction of any committee which has received an allocation pursuant to section 302(a) of the Congressional Budget Act of discretionary budget authority or new spending authority, as described above, for such fiscal year, unless and until such committee makes the allocation or subdivisions required by section 302(b) of the Congressional Budget Act, in connection with the most recently agreed to concurrent resolution on the budget.

(b) The prohibition contained in subsection (a) shall not apply until twenty-one days of continuous session, as defined in section 1011(5) of the Impoundment Control Act of 1974, after Congress completes action on this concurrent resolution.

COST-OF-LIVING ADJUSTMENTS

The COLA=C.P.I. minus 2 provisions of this budget do not affect the "means-tested" entitlements (SSI, AFDC, Medicaid, food stamps, school lunch, WIC and Pell grants) or Veterans Compensation and Veterans Pensions.

Medicare is affected only to the extent of $4 billion in reductions over three years (1985, $1.0 billion; 1986, $1.4 billion; and 1987, $1.6 billion.)

EXTENSIONS OF REMARKS

NATIONAL OUTDOOR RECREATION RESOURCES REVIEW COMMISSION II

HON. JOHN F. SEIBERLING
OF OHIO
IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. SEIBERLING. Mr. Speaker, the Interior Commmittee's Subcommittee on Public Lands and National Parks will soon begin hearings on proposals to establish a new, high-level commission to review how the Federal, State, and local governments are now responding to the American people's interest in outdoor recreation.

Specifically, we will be looking at two bills, H.R. 2837 and S. 1090, which would establish a National Outdoor Recreation Resources Review Commission mandated to make recommendations aimed at assuring the continued availability of quality outdoor recreation experiences in America to the year 2000.

The new Commission would be parallel to the composition and mandate of the pioneering Outdoor Recreation Resources Review Commission (ORRRC) which was established in 1958 and which issued its report in 1962.

The ORRRC report of 1962 was an important landmark in the history of Federal policymaking. We in the Congress are still heavily involved in implementing the ORRRC recommendations in such ways as designation of new wilderness areas and national parks; allocations of funds from the land and water conservation fund; designations of new wild and scenic rivers; designation of scenic and historic trails; and assistance to the States and local governments through the land and water conservation fund so they can respond to the need for quality outdoor recreation opportunities.

The ORRRC recommendations of 1962 also laid the foundation for many of the most important laws and policies now in place for management and protection of parks and public lands, historic and cultural resources, fish and wildlife habitat, wilderness, and other resources and values.

The original Commission concept can be traced to a series of public concerns that emerged in the mid-1950's. These included burgeoning visitation to Federal and State parks poorly equipped to accommodate heavy use, a growing interest in the protection of scenic areas in the face of expanding urban growth, the loss of hunting and fishing opportunities in the countryside, and an awareness of deteriorating air and water quality in the Nation as a whole. These concerns found expression in the legislation which created the commission and in other statutes which gave life to the Commission's recommendations.

At the conclusion of an exhaustive 3-year study, the 1962 report stated that although outdoor recreation was a major leisure time activity bringing individual satisfaction and national economic benefits, there were serious deficiencies in the Nation's supply of outdoor recreation opportunities. The three major findings were:

Outdoor recreation opportunities were most urgently needed near metropolitan areas.

Although considerable land was available for outdoor recreation, it did not effectively meet the need.

To meet the need for outdoor recreation, additional funding was required at the Federal, State, and local levels.

The recommendations of ORRRC were implemented through actions by the Congress and succeeding administrations. These included: The Land and Water Conservation Fund Act (LWCF) of 1964, through which offshore oil revenues came to be used, along with some other receipts, to acquire and develop local, State, and Federal parkland; legislation establishing national systems of wilderness, rivers, and trails; the transfer of Federal surplus land to States and localities for park and recreation purposes; and the establishment of Federal, State, and local recreation areas in or near heavily populated urban centers.

The report of the Commission guided national outdoor recreation policy for two decades. Unfortunately, under the direction of the current administration:

Land and water conservation fund requests have been reduced to near zero levels.

Significant land resources which had been designated for wilderness study by the Bureau of Land Management have been removed from consideration by the Department of the Interior.

National park units near urban areas, established as an outgrowth of the ORRRC study, have come under increasing attack by the Department of the Interior resulting in reduced funds for land acquisition, reduced staff, and declining services to the public.

The Heritage and Conservation Service (recommended by the ORRRC study as the Bureau of Outdoor Recreation) was abolished by the administration.

Numbers bills to establish wilderness areas within units of the national park system and the national forests have been passed by the House only to flounder in the other body, in part because of opposition by this administration.

Mr. Speaker, when we consider the many changes that have taken place in our society since 1962, there may be merit to the idea of establishing a new nonpartisan ORRRC Commission to review the actions taken on the recommendations of the 1962 report and to make further recommendations on those matters and on new developments relating to outdoor recreation. However, I think it is important to recognize that there is still a considerable way to go to achieve the goals formulated by the original ORRRC in 1962 and subsequently adopted by the Congress in general legislation.

Appointing another Commission is no substitute for substantive action in support of outdoor recreation for all Americans. It is sad but true that when this administration came to office, it immediately began a campaign to reverse the thrust of the original Commission's program. This campaign included proposals to deauthorize seven national urban recreation areas, to impose a 5-year moratorium on new land acquisition by the national park system, do divert land and water conservation money from land acquisition to other uses, to abolish the Youth Conservation Corps, to reduce to zero grants from the fund to the States for acquiring recreation land, to drop wilderness study areas, and to open up wilderness areas to oil and gas exploration and development. At the same time, the administration has opposed most of the major pieces of wilderness legislation approved by the House. They have also opposed related legislation such as the American Conservation Corps and national park protection bills.

Of course, there is still time, before the end of this session of Congress, for the administration to reverse its negative approach and to support a constructive resolution of the many wilderness and outdoor recreation-related

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

issues pending in Congress. But time is running out. Before the House gives the President and the Senate the opportunity, between them, to appoint a majority of the members of a new ORRRC, the House ought to insist on significant support for these substantive pieces of legislation as a demonstration of practical commitment to outdoor recreation and, in particular, to the protection of key outdoor recreation resources.

I hope Members of the House will consider the situation I have outlined before committing themselves to a position on the proposed ORRRC.●

WHAT PRICE HOME TAPING?

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. EDWARDS of California. Mr. Speaker, this past January, the Supreme Court handed down its long awaited decision in the Betamax case. Despite the Court's reversal of the ninth circuit decision which had found the manufacturers of video cassette recorders liable for contributory copyright infringement, it is significant that all nine justices—both the five constituting the majority and the four who dissented—felt the issue of home recording and its implications for copyright was one that could best be addressed by the Congress.

The Court's decision was based on evidence from 1978 when the number of home video recorders was 800,000. Had the Court considered the rapid increase in the number of home recorders, now estimated at 10 million with up to 7 million more predicted to be sold this year, and the implications this burgeoning number of VCR's has for the health of the entertainment industry, its decision may well have been a different one.

Other factors have also changed significantly since the Betamax case was originally heard. New technology has produced new kinds of video cassette recorders which facilitate commercial deletion. Increasingly, advertisers are balking at paying for ads that are never viewed. An entire market for the sale and rental of prerecorded cassettes exists now that was simply not present in 1978.

A recent editorial in the New York Times examines some of these factors, and concludes that some sort of royalty arrangement to compensate the movie and recording industry for losses associated with home recording is necessary. I feel strongly that Congress must eventually address this issue. The editorial provides useful information for that task, and I commend it to the attention of my colleagues.

The editorial follows:

[From the New York Times, Mar. 30, 1984]

WHAT PRICE HOME TAPING?

Inexpensive recorders and blank tapes now allow anyone to preserve a rare old Mozart recording without buying a new one, or to copy a Eurythmics album borrowed from a friend, or to collect Mary Tyler Moore shows snatched from the air. But the technology that gives consumers such pleasure is eroding the income of the producers of these entertainments—the studios, writers, violinists and drummers who depend on royalties from each performance or recording sale. And they are pressing Congress for compensation.

Unlicensed home recording of their copyrighted work may not now be a mortal threat to the entertainment business. But there is nonetheless a good argument for giving copyright holders some income from home recording. And there is at least an imperfect way to do it.

The owners of music, film and TV shows have long asked for royalties from a fund built by a kind of tax on the sales of recording equipment and blank tape. But Hollywood producers failed to persuade the Supreme Court this year that they had suffered enough injury to permit the Court, rather than Congress, to impose such a tax. That "Betamax" decision was based on evidence from the late 1970's, when relatively few homes had video recorders. Claims of greater damage now are likely to be pressed in court if Congress fails to act.

The pending legislative proposals deal with both audio and video recording. But the damage to the music industry is more easily demonstrated. Surveys show that five of every six home recordings are appropriating copyrighted music. And Alan Greenspan, an industry consultant, estimates that 40 percent of these represent lost sales and lost royalties for performers and composers.

Whether home video taping does much economic harm is not yet equally clear. Surely many home viewers are only watching shows or films at a more convenient time and could be added to the Nielsen-counted regular audiences. But surveys indicate that many of these viewers "fast-forward" their tapes through the commercials and are thus lost to the advertisers who pay for the programming. And at least a third of home video recordings are of movies that can be passed from home to home, thus reducing the markets for commercial tapes of film, repeat showings on the air and pay-per-view cable presentations.

A common argument against any royalty fee for home recording is that the entertainment business is rich enough to afford the loss. But most recordings of music and the artists who make them are not commercially successful. Home audio recordings surely damage the industry, particularly its classical music branch. In movies, too, any technology that diminishes the paying audience will have the effect of favoring mass tastes and diminishing the choice for minority audiences.

The entertainment industries propose a system of negotiated royalties on the sales of hardware and blank tapes, backed by arbitration. Such a system has long been used to collect royalties from radio stations that play copyrighted music over the air.

There remain many questions about how the royalties would be distributed to make sure that the most often "appropriated" works get a fair subsidy. But if a royalty charge can be worked out, it would promote diversity in performances and thus benefit the entertained as well as the entertainers.●

BULLETPROOF VESTS DO THE JOB AGAINST "MOST" BULLETS

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. BIAGGI. Mr. Speaker, Du Pont, the company that makes a bullet-resistant fiber called Kevlar, estimates that approximately 600,000 bulletproof vests have been made in this country since 1973. These vests are comfortable—weighing only about 3 pounds—and, more importantly, they can stop the conventional handgun ammunition used by most criminals.

In fact, Du Pont informs me that—

There have been between 500 and 600 documented reports of law enforcement officers who have been saved from death or serious personal injury by wearing vests made with "Kevlar." This estimate is probably conservative in that there is no established procedure to insure that all "saves" are actually reported.

Currently, more than half of our Nation's 528,000 law enforcement officers wear bullet resistant body armor on a daily basis. The U.S. Justice Department reports that more than 400 police lives have been saved by these vests. In fact, during the 10 years, 1974-83, that bulletproof vests have been used, handgun-related police deaths have declined by 43 percent—93 in 1974 to 53 in 1983.

Our newspapers tell the story. For instance, on December 1, 1982, Washington Post readers were told in graphic detail just how effective bulletproof vests can be:

William Johnson struggled for the .357 magnum revolver held only inches from his chest. He watched the gun as it fired seconds later. He saw his shirt tear as the bullet struck. He felt its crushing force. And because the 62-year-old Alexandria deputy sheriff was wearing a bulletproof vest, he was alive yesterday to help convict the man accused of trying to kill him.

Although not designed to stop rifle ammunition, the 18-layer Kevlar vest most commonly worn by police officers will stop the conventional handgun bullets used by criminals. As a result, more and more police are looking to soft body armor for protection. Just last year, in fact, I joined in the effort to raise $624,000 to furnish more than 3,000 District of Columbia police officers with a bulletproof vest.

Yet, despite its ability to stop conventional handgun ammunition, soft body armor is totally useless against a small class of handgun bullets specially made for maximum penetration. For example, the Teflon-coated KTW bullet, which is generally regarded as the most powerful of these armor-piercing bullets, can penetrate the

equivalent of four bulletproof vests—72 layers of Kevlar—in a single shot. Significantly, these high-powered projectiles are not used for any legitimate purposes, but they have been used by criminals.

As a 23-year veteran of the New York City Police Department and one who was wounded 10 times in the line of duty, I was asked by the law enforcement community to author legislation that would outlaw these so-called cop killer bullets. My bill, H.R. 953, would ban the future manufacture, importation, and sale of the approximately eight different armor-piercing handgun bullets that now exist, and would prevent any new ones from being developed.

In addition, this legislation would also impose a mandatory, 1- to 10-year prison sentence on any person that uses such ammunition in a crime. My distinguished colleague from New York, Senator MOYNIHAN, has also introduced an identical bill, S. 555, in the Senate.

While there have been hearings in both the House and Senate on this legislation over the past 2 years, the two measures remain stalled in committee. One of the major reasons for this delay: An unreasonable, yet fierce campaign against any ban on "cop killer" bullets being waged by the National Rifle Association. Their rationale has varied, but most recently they told a Senate Subcommittee that since "there has been no rash of criminal misuse of armor-piercing handgun ammunition. * * * there is no demonstrated need for this legislation."

Frankly, I believe it is better to prevent police deaths than respond to them. That is why I authorized the Law Enforcement Officers Protection Act and based on the overwhelming bipartisan support this legislation has received, I am confident it is only a matter at time before a Federal ban is enacted against "cop killer" bullets.

At this time, Mr. Speaker, I wish to insert a recent article that appeared in the New York Post, which helps to illustrate why bulletproof vests are so important to police, and why we must do everything possible to keep armor-piercing handgun bullets away from criminals. The article, written by Jack Peritz and Paul Tharp, begins:

A gunman was riddled in a blazing shootout in a Harlem schoolyard yesterday that left one cop wounded and another thanking God for his bulletproof vest. . . .

TWO COPS WOUNDED IN SCHOOLYARD GUN DUEL

(By Jack Peritz and Paul Tharp)

A gunman was riddled in a blazing shootout in a Harlem schoolyard yesterday that left one cop wounded and another thanking God for his bullet-proof vest.

From his hospital room, a housing cop who received only a bruise after being shot in the chest at near point-blank range recalled his promise to his mother never to take off his bullet-proof vest.

"Thank God for the vest," said Officer John Leho, 29.

"Mother made my brother—he's a cop in the 48th Precinct in The Bronx—and I make a pact that no matter how hot it got we would always wear the vest."

Leho and two fellow housing officers—one who was wounded—were involved in the shootout that erupted at 2:25 p.m.

Just minutes earlier an off-duty cop spotted a man with a gun in his waistband walking through the playground outside PS 194 at 8th Ave. and 143d St., Harlem.

William Martinez, assigned to the 46th Precinct in The Bronx, ran around the corner to Housing Police headquarters in the Drew Hamilton housing project.

Three cops—Leho, John Bailey and John Washington—were dispatched to the crowded playground

As they approached Daryl Jones, 21, of Linden New Jersey, he whipped out a long-barreled .22-caliber revolver and began shooting, police said.

One shot ripped into Leho's bullet-proof vest, stunning him momentarily before he managed to empty his gun.

Washington was sent sprawling with a bullet in his foot, but he too emptied his gun.

Bailey blasted off two shots at Jones, police said.

Jones was hit in the wrist, shoulder and chest.

He was taken to Harlem Hospital in critical condition.

Mayor Koch, who with Police Commissioner Benjamin Ward rushed to visit the cops at Columbia Presbyterian Medical Center, said, "I am fortunate to be able to talk with the officers involved Thank God."

He asked Washington why he wasn't wearing his bullet-proof socks.

"I hadn't heard about those," the wounded officer laughed.

Bailey, slated to retire in two months after 20 years on the force, said he was too shaken to talk.

Koch said yesterday was the first time Bailey had not worn his vest.

"I made him raise his hand and swear to me he would never go on duty without the vest," the mayor said.

Ward also said that two hours before the shooting a man drove past the 28th Precinct at 2271 8th Ave. and fired two shots at cops.

They chased Alessandro Penna, 30, a known cocaine dealer, up to 125th St. where he stopped his car, pulled out a .357 Magnum and killed himself.●

SSI EQUITABLE IMPROVEMENTS AND REFORM AMENDMENTS OF 1984

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. STARK. Mr. Speaker, on behalf of myself, Mr. FORD of Tennessee, Mr. FOWLER, Mr. MATSUI, and Mrs. KENNELLY, I am today introducing the Supplemental Security Income—SSI—Equitable Improvements and Reform Amendments of 1984. I am also pleased to announce that Senator Moynihan will be introducing the same bill on the Senate side. This legislation will make the SSI program more manageable, more effective and better able to serve the needy aged, blind, and disabled. A major goal of this bill is to improve the present unrealistic standards and administration of the program that now impede the efficacy, access and above all fairness of the SSI program.

On the 10th anniversary of the SSI program, it seems appropriate to compare the program's performance with its original goals and expectations. SSI began in January 1974 as a federally funded means tested income assistance program authorized by title XVI of the Social Security Act. It is 100 percent federally funded. Its main objective is to provide basic support to needy aged, blind and disabled individuals who meet nationwide eligibility requirements.

Unfortuately, Mr. Speaker, as former chairman of the Public Assistance and Unemployment Compensation Subcommittee, and now ranking member, I have watched the SSI program in the past few years become needlessly complex and rigid and have seen negative, unintended consequences of current law hinder the original objectives. Likewise, certain provisions have not kept pace with inflation. My bill does not propose comprehensive welfare reform, although that certainly would be a worthy goal. Nor does it try to correct all of the inequities in the program. Instead, it takes incremental—but no less important—steps toward a fairer, more responsive, and more manageable SSI program. These are steps I believe we must take if we are interested in reducing the "meanness factor" which has crept into the program for present beneficiaries. Also, the resource limits need to be adjusted so that truly needy aged, blind, and disabled individuals will become eligible. My legislation contains several proposals that lead us in this direction.

First, it would correct some unfair consequences of current SSI law by not counting gifts or small inheritances as income in a month, if in the following month they would be excluded as resources. Present law inhibits the normal kind of gift giving and inheritance practices between family members and friends. When the Social Security Administration learns of these gifts and inherited items, it counts them as income which results in the reduction of benefits for the month, even though the items will not be converted into cash and will become excluded resources the following month. This has been an extremely harsh provision which has unfairly reduced benefits even though the person could not use the item in question to meet normal living expenses.

This bill would correct another unfair consequence of current law by allowing SSI recipients who receive

large retroactive SSI or social security checks a full year to spend this money before making them ineligible for SSI. Presently they must spend the underpayment money in 4 months, even if it makes more sense to wait a longer period of time before spending the sum. Further, the legislation eliminates the requirement that temporary income received in the initial month of eligibility for SSI be counted more than once in retrospective budgeting. Under retrospective budgeting this initial temporary assistance is counted three times (that is, in the initial month and then in the third and fourth months) even though the money is not available to the recipient. The provision would prohibit such duplicate counting.

Other provisions of my bill would make the SSI program simpler and less expensive to administer, while also improving benefits to recipients. For example, this legislation would make permanent provisions which exclude from income certain emergency and other inkind assistance and make permanent the exclusion of energy assistance provided by private nonprofit organizations on the basis of need. These provisions will expire June 30, 1985. Without the permanent extension, privately furnished assistance will again be counted as income even though State-funded identical assistance is excluded. Administratively this makes no sense and certainly discourages private efforts to provide assistance to SSI recipients and negates the effect of the private program. Further, interest and dividend income would not be counted in determining the income of an SSI recipient. Interest and dividend income for an SSI recipient is limited to what can be earned on resources within the limits of the SSI program ($1,500 for individuals and $2,250 for couples). The interest income, almost always under $10 a month, frequently puts people over the assets limits and they are thrown off the rolls. Administratively it is very costly to take people off the rolls and then put them back on when they have spent the interest income. Needless to say it is a tremendous hardship for these people to lose their entire SSI benefits because of the small interest income they have received. Another provision that would produce administrative savings is my proposal to exclude the total value of one car from the SSI assets test. The administration's SSI Regulations Simplification Task Force, found that excluding a first vehicle entirely from the assets computation would save no program cost and would save administrative costs.

Further, there are proposals to make the SSI guidelines more reasonable and flexible in dealing with recipients who have received overpayments. Presently the Social Security Administration is allowed to withhold the entire benefit check to recoup an overpayment it has erroneously made. To make the recoupment of overpayments more reasonable, my proposal limits decreasing SSI payments by no more than the greater of $10 or 10 percent of the benefit check. The bill will also limit recoupment of overpayments to the actual amount overpaid. Current law provides that a recipient is no longer eligible for SSI benefits when the $1,500 or $2,250 asset limit is exceeded, and that the entire SSI benefit check is to be considered an overpayment. By limiting the definition of overpayment to the actual amount that the benefit check exceeds the assets limit, people will not lose their entire benefit check when they exceed the assets limit by small amounts. Also current law allows the Social Security Administration to reduce an overpayment by the amount of any underpayment without giving the individual a chance to question the overpayment. My legislation provides that where an individual has been both underpaid and overpaid, no adjustment will be made against the underpayment until the individual has had an opportunity to seek waiver of the overpayment.

There are also provisions to make the determination of SSI benefit amounts fairer. It is estimated that some $70 million in underpayments were made as a result of the current law's one-third reduction formula applied to those initial applicants who have no income and live in another person's home. Once these people receive their first check they can pay for their support, which means that the next several SSI checks, before a readjustment is made, are less than the amount due them. The bill provides that for this category of people (that is, applicants without any income) the SSI reduction will be based on a determination of the value of support and maintenance provided. Another provision of current law requires that residents of medicaid facilities have their SSI benefits reduced to $25 a month after 1 month in the facility. This has forced people to give up their independent living arrangements and has increased the likelihood that recipients will remain in the institution for lack of an alternative. By continuing full benefits through the second month of institutionalization, this legislation reduces the number of people who will have to live out their lives in medicaid facilities.

My bill expands eligibility to truly deserving individuals who presently do not qualify for SSI. Disabled children of military servicemen and others transferred to duty out of the country would be eligible for SSI under this legislation as long as the individual's parents retain their legal residence in a State. So too, the bill reduces from 6 months to 1 month the time that an SSI individual and their eligible spouse must be living apart before they will be treated as individuals for determining eligibility for SSI benefits.

Equally important, the legislation allows several categories of disabled SSI recipients to retain their SSI and medicaid rather than being forced to accept social security or railroad retirement benefits and then have to wait 3 or 4 years to become eligible for medicare.

Updating certain resource limits and benefit standards are other important provisions of this bill which will further the goal of aiding the truly needy. The assets limitations of $1,500 for individuals and $2,250 for couples have not been changed since 1974, even though the CPI has increased by 119 percent. The administration has proposed increasing the food stamp resource limit to $2,250 and $3,500 for individuals and couples respectively. My legislation proposes an even more modest increase in the assets limits for individuals to $2,000 and $3,000 for couples. This will allow many more elderly people who are truly poor qualify for SSI. Likewise the personal needs allowance for SSI recipients in medicaid facilities has remained $25 a month since 1974. This works out to 83 cents a day. My modest proposal would increase this amount to $35 a month and would annually increase it by a cost-of-living adjustment as other SSI benefits are adjusted.

The SSI program was instituted to replace the much criticized old-age assistance, aid to blind and aid to the permanently disabled Federal matching grant programs in the States. My legislation would also replace these same programs in Guam and the Virgin Islands and grant SSI benefits to these people. A study of the feasibility of extending SSI to Puerto Rico is another proposal.

Lastly, this legislation seeks to provide better Outreach and assistance to applicants and recipients of SSI. Because the actual and potential SSI population is made up of less literate aged, the blind, and mentally ill and retarded individuals, special efforts need to be made in order that these people hear about the program and come to realize the benefits available to them. The written notices also need to be rewritten in order to make them more understandable to this population. For example, one judge has commented that the notices sent to disabled SSI recipients were difficult for him to understand.

Taken together these proposals will, in my estimation, make the SSI program fairer for recipients, easier for them to understand, more responsive to the truly needy aged, blind and disabled, and simpler and cheaper to administer. These are goals which I be-

lieve all of my colleagues can support. I am pleased to announce that the Save Our Security Coalition (SOS), made up over 100 national organizations and 100 local groups, is supporting this SSI legislation. The following summary includes those proposals discussed above and others that are self-explanatory.

SUMMARY OF SSI EQUITABLE IMPROVEMENT AND REFORM AMENDMENTS OF 1984

TITLE I—TREATMENT OF INCOME

Section 101. Excludes certain gifts from income, e.g., property received which in the following month would be excluded as a resource or a gift which is not converted into cash.

Section 102. Makes permanent provisions which exclude from income certain emergency and other in-kind assistance provided on the basis of need by non-profit organizations and makes permanent the exclusion of home energy assistance provided by private organizations on the basis of need.

Section 103. Interest and dividend income on countable resources that are within the resource limits would not be counted as income.

Section 104. Requires that temporary one-time income received in the initial month of eligibility for SSI is not counted more than once under the retrospective budgeting process.

Section 105. Excludes from income reparations received from the West German government by holocaust survivors.

TITLE II—TREATMENT OF RESOURCES

Section 201. Establishes certain limits on the amount of overpayments incurred when it is found that an SSI recipient's resources had in a previous month exceeded the allowable limit by an amount less than the individual's SSI payment.

Section 202. Provides that in the SSI program, as in the Medicaid program, that when resources are transferred at less than fair market value to qualify for benefits, that the length of delay in eligibility for benefits would be in proportion to the uncompensated value of such resource instead of current SSI law's penalty of no less than a two year delay in eligibility.

Section 203. Excludes from being counted as a resource for 12 months for SSI eligibility purposes the value of retroactive SSI or social security checks.

Section 204. Increases the SSI countable resources limit from $1500 to $2000 for an individual and from $2250 to $3000 for a couple.

Section 205. Provides for exempting from the SSI resources limit the applicant's or recipient's automobile instead of current law which provides for the Secretary to periodically adjust the allowable limit on the amount of the value of a car which is exempt from the resources limit. (Current law also exempts the applicant's or recipient's home in contrast to the original SSI law under which the Secretary had authority to set a value limit on the home.)

TITLE III—DETERMINATION OF BENEFIT AMOUNTS

Section 301. Modifies the assumptions to be used in determining whether or not an SSI applicant is receiving in-kind assistance when living with others in such a way as to protect SSI applicants from an automatic ⅓ reduction in their initial SSI benefit if at the time of application they are living with a relatively low income household.

Section 302. Instead of residents of Medicaid facilities having their SSI benefits reduced to $25 a month (as adjusted by Section 303) effective the first full month in such a facility, they would not have their SSI benefit standard reduced until the second full month in such a facility.

Section 303. The current $25 a month SSI benefit standard for residents of Medicaid facilities would be increased to $35 and would be annually increased by the same cost of living percentage as other SSI benefit standards.

TITLE IV—PROVISIONS RELATING TO ELIGIBILITY

Section 401. Protects disabled children against ineligibility for SSI disabled children benefits solely because their parents have been transferred out of the country and have lived out of the country more than 30 days.

Section 402. Expand eligibility for retroactive benefits of deceased recipients to the spouse, the parent of a disabled child, those with whom they were living and the ⅓ reduction for in-kind assistance was applied or if none of the above, other persons who can demonstrate that they furnished the recipient with support during the period covered by the retroactive check. Present law provides that only an eligible spouse may receive the retroactive payment that was due a deceased SSI recipient.

Section 403. Provides that for SSI applicants or recipients under age 65 a person will not be required to file for Social Security or Railroad Retirement benefits, if receipt of such benefits would disadvantage the individual, e.g. loss of eligibility for SSI and subsequently health services under Medicaid.

Section 404. Provides for the reduction from six months to one month the time that an SSI individual and their eligible spouse must be living apart before they will be treated as individuals for determining eligibility for and amount of SSI benefits.

TITLE V—OVERPAYMENTS, UNDERPAYMENTS AND BENEFIT REDUCTIONS

Section 501. This provision limits the rate of recoupment of SSI overpayments. SSA would not be allowed to recoup from SSI recipients who have been overpaid, an amount which would result in decreasing their SSI payment by more than the greater of $10 or 10 percent per month, in those cases not involving fraud.

Section 502. Expansion of the interim assistance program to include payment of the appropriate amount of retroactive SSI funds to the State, when the State has provided financial assistance to SSI recipients who have appealed a termination of benefits, subsequently won the appeal, and have qualified for retroactive SSI benefits.

Section 503. Repeal of provision which reduces the SSI recipient's benefits if the group living facility in which they reside does not meet State standards.

Section 504. Emergency advance payments which can be paid directly by a district Social Security office to those in need of immediate subsistence income would be increased from up to $100 a month to 3 months of SSI benefits.

Section 505. Treatment of concurrent overpayments and underpayments. Provides that when an individual's benefits they had received under SSI involves both underpayments and overpayments, that no adjustment in SSI benefits is to be made by SSA to recover the underpayment until the individual has had opportunity to exhaust their appeal on the overpayment.

Section 506. Improving the notice recipients receive regarding overpayments. When an individual has been overpaid the Secretary is to send the person a notice which contains, in simple language, the following information: the precise amount of the overpayment; the months in which the overpayment occurred; the reason the overpayment occurred; a complete statement of the individual's right to seek reconsideration of the finding that overpayment occurred; the right to seek waiver of repayment; and notice that if waiver or reconsideration is sought, payment of full benefits will continue until a decision is made.

TITLE VI—EXTENSION OF SSI PROGRAM

Section 601. Provides for the extension of the SSI program to Guam and the Virgin Islands effective October 1, 1985.

Section 602. Requires HHS to conduct a study of the feasibility and cost of the extension of SSI to residents of Puerto Rico.

TITLE VII—MISCELLANEOUS PROVISIONS

Section 701. Provides for HHS to conduct a statistically reliable survey of current and potential recipients of SSI benefits with the objective of determining the number of eligible individuals (adults and children) who do not participate in the program because of lack of knowledge, excess resources, the marginal nature of the amount benefits they would receive or other factors including perceptions about the program. A report would be submitted to the Congress by April 1, 1986.

Section 702. Requires HHS to establish and conduct an outgoing SSI outreach effort.

Section 703. Requires that SSA give special attention to assisting SSI applicants and recipients who are physically or mentally incapable or severely limited in their ability to apply for benefits or to provide information on a regular basis to SSA while they are recipients.

Section 704. Requires that HHS take certain action to increase the clarity and readability of written materials to be used by SSI applicants or recipients.●

RELIGIOUS LIBERTY: A MARYLAND HERITAGE

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. BARNES. Mr. Speaker, an article appeared in the March 5, 1984 Christian Science Monitor commemorating Maryland's 350th anniversary which gives an excellent account of Maryland's history of religious liberty and toleration.

Maryland was one of the first experiments in the Western World in religious toleration and separation of church and state. Although we now hold religious freedom as one of our most guarded and fundamental liberties, to the 140-odd people in 1634 who crossed the Atlantic Ocean, this was a bold answer to the problem of religious persecution they had encountered in England.

The article follows:

RELIGIOUS LIBERTY: A MARYLAND HERITAGE

(By Lois Green Carr)

ANNAPOLIS

When Maryland enters its 350th year in March of 1984, the Old Line State will join as exclusive club: Among the 50 states, only three can trace their history back 3½ centuries—back to the days of Europe's Renaissance and Reformation.

This alone is cause for celebration. But Maryland has also been an active participant in the fabric of American history. From the frontier days of the 17th-century tobacco coast to the Revolutionary War era when Annapolis served as the US capital; from the original clipper ships to the original "Star Spangled Banner," from the first national road to the first American railroad, from Margaret Brent's 1648 appeal for a vote in the Assembly to Harriet Tubman's underground railroad, and from the first manned balloon ascension to the first airport, the state of Maryland has been an active partner in US history.

During 1984 Maryland is above all celebrating the courage and initiative of the 140-odd people who in 1634 risked their lives in small wooden boats to cross thousands of miles of ocean and establish the fourth permanent English settlement in the wilderness of mainland North America. While Lord Baltimore's settlers were establishing a foothold in North America, Englishmen were reading the first book of Shakespeare's plays and Galileo was being persecuted for daring to think that the Earth was not the center of the universe.

In many respects, these settlers were more distant from the world they had known than orbiting astronauts are from our world today. The hard work of these first adventurers and the efforts of those who followed them carved out a secure foothold in the New World. From these colonies came the country we know.

The early history of Maryland has another important aspect. Maryland was one of the first experiments in the Western world of religious toleration and separation of church and state. Today we regard religious toleration as one of our fundamental liberties and separation of church and state as the public policy best suited to ensure toleration.

But to most men and women of the 17th century, toleration was an evil that allowed the devil to ensnare unwary souls, and one of the goals of any state was to force everyone to accept the same religion. Why an experiment in religious freedom was undertaken as part of the Maryland colony is a fascinating story.

It began as a pragmatic solution to a political problem born of the English Reformation. George and Cecil Calvert, the first and second Lords Baltimore, were the Roman Catholics who undertook a grand enterprise to establish a New World colony. Like other colonial developers, they sought profits for themselves and others. But as Roman Catholics they had a second purpose: to provide a refuge from religious and political disabilities—and sometimes persecutions—they suffered in England.

These disabilities were the product of the struggle between Catholics and Protestants that dominated English life through much of the 1500s and ended in the triumph of Protestants. During the reign of Elizabeth I (1558-1603), laws were passed that permitted Roman Catholics to worship only in private, levied heavy fines for refusing communion in the state-approved Church of England, and excluded Catholics from political life. Many Englishmen of the time believed that to be Roman Catholic was treason, reasoning that if Catholics put the Pope above the King in religion they might do the same in politics. The attempted conquest of England by the Spanish Armada in 1588 did nothing to dispel such suspicions, which continued through the 1600s.

The Calverts hoped to combine profits for investors in their colony with liberty there for Catholics; but, taken together, the two objectives created a difficulty: the Maryland proprietor could not hope to develop his province with the help of only Roman Catholic settlers. England was a Protestant kingdom. To establish an entirely Catholic colony would have been politically impossible. Lord Baltimore needed Protestant settlers, too. But if Protestants and Catholics could not live freely and peaceably together in England, how could they do so in Maryland?

The Calvert solution came in three parts: First, he declared, a white person's religion would be his private affair. White people of any religion were welcome in Maryland. No one was to criticize others for their religious beliefs or practices or try to convert others to his own. (This policy did not extend to Indians or later to Negro slaves). When George Calvert asked Charles I for a grant in the New World, he specified as a goal the spreading of Christianity to barberous people, having no knowledge of the Almighty God." This was a standard statement, representing the cultural outlook of Englishmen. The Calverts' groupings for a policy that would allow Catholics and Protestants to live together as religious and political equals was a pioneering contribution to human freedom—even though the policy did not apply to all.

A second and equally new aspect of Calvert policy allowed any qualified man to hold political office, whatever his religious beliefs. In England, Roman Catholics could not be appointed or elected to public office. In Maryland, Catholics and Protestants shared power in a political process, and for 55 years this cooperation worked. Finally the public tithes that in England supported the Church of England clergy were not allowed in Maryland Congregations, whether Catholic or Protestant, were expected to build churches and pay clergymen of their choice with voluntary contributions. Unfortunately, the result was a lack of churches or ministers for Protestants, a condition that led to trouble.

The first Lord Baltimore died just before the Maryland charter had finished its progress through the royal bureaucracy. Cecil Calvert, the second Lord Baltimore, received the grant, which was worthless without settlers to develop it. Cecil Calvert could not expect to lure even Roman Catholics to his province with promises of religious freedom alone. What he chiefly had to offer was land—millions of acres occupied only by Indians, whose claims all Englishmen ignored.

To attact major investors, he promised grants of 2,000 acres for every five ablebodied men transported and equipped for a year—or 400 acres per settler. Such investors were also to be leaders, with titles of honor and positions in the provincial government. To others, he promised less. But anyone willing to immigrate—rich or poor, Roman Catholic or Protestant—was offered opportunity to acquire land. The land was not free—everyone had to pay the costs of surveying and patenting his tract—and in addition owed a small yearly rent to Lord Baltimore. Nevertheless, the cost was extraordinarily low in comparison to the costs of obtaining land in England.

These generous terms drew settlers. On the first expedition, 17 gentlemen investors sailed in the ships Ark and Dove. The other 120-odd passengers were nearly all indentured servants, who were to repay the investors for transportation costs with four or five years of labor. All the gentlemen were Roman Catholics. The majority of the rest Protestant—and from a broad range of society below the gentry. Whether investors or servants, almost all were young men ready for adventure. There were only a handful of women, although more came later. All hoped to make their fortunes and many hoped for freedoms denied them at home.

Not all who arrived on those ships, and in later crossings, achieved their dreams. They had moved into an entirely new and dangerous environment. Of those who came in the Ark and the Dove, a fifth or more probably died in their first year—and the proportion may have been much higher. Many other settlers died before they had time to acquire or develop land.

Nevertheless, for those who did labor long and hard, Maryland was a promised land. Growing tobacco and corn required little equipment. The poor man who had finished his term of service could easily rent land, raise corn to eat, and quickly make profits from his tobacco crop. Later he could survey and patent land of his own. Some even grew rich and held positions of power that would have been impossible to attain for men of their social origins and education in England. Opportunities on this scale for the poor did not last indefinitely in Maryland. But over at least the first four decades, Maryland was good country for both rich people and poor people who could survive the rigors of the new continent. And all opportunities, as promised, were open to Catholics and Protestants alike.

Although this early experiment in religious toleration ended in 1689, it is remembered with pride by many state citizens as Maryland celebrates its 350th birthday. For 55 years, people of different religions cooperated in the common tasks of building farms in the wilderness and establishing a government that brought the peace and order essential for success. Roman Catholics and Protestants made laws together in an elected assembly and sat together in courts of law that were blind to religion. These men set a precedent to which the people of Maryland later returned. In 1777, with the end of English rule, toleration for all Christians and separation of church and state were made part of the first constitution. With this act, the vision of the early Lords Baltimore became the permanent law of Maryland and today extends to all.●

WEAPONS IN SPACE: THE HIGH RISK FRONTIER

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. EDWARDS of California. Mr. Speaker, the House and Senate Armed Services Committees continue to debate the new military budget proposed by President Reagan. In the

near future, the House as a whole will be called upon to consider this budget.

As we continue to struggle with this controversial issue, I again call the attention of my colleagues to the next two editorials in a series by the San Jose Mercury News, dealing with weapons in space.

[From the San Jose Mercury News, Feb. 14, 1984]

GROUNDING SPENDING

The Soviet Union says it wants a treaty banning weapons from space. The Reagan administration is uninterested. Disturbed by the president's plans to spend billions of dollars on a new arms race in space, some members of Congress have attempted to block those expenditures—or at least tie them to negotiations seeking such an agreement.

At stake is whether a treaty can be put in place before new, more dangerous space weapons are deployed—and whether spending programs will be halted before they become unstoppable forerunners of very large future budget deficits.

No one can be sure, without testing the prospect at the conference table, that the Soviets are serious. But they are certainly making noises. Not quite a year ago, the late Yuri Andropov called for an agreement "prohibiting the placement in space of weapons of any kind." Then in August, Andropov pledged a unilateral ban on anti-satellite weapons by the U.S.S.R., and then Soviets submitted to the United Nations a draft treaty calling for destruction of such weapons.

The general response of the Reagan administration has been to say that such a deal would be too difficult to verify. Officials point out that with anti-satellite (ASAT) weapons, a little cheating could do a lot of damage, because there are only a limited number of targets. That objection may be limited application, say American experts outside the government, since it is our own ASAT's, not the Soviets', which would be most difficult to detect.

Whether because of verification fears or simply because it is committed to building new space weapons, the Reagan administration has spurned the Soviet overtures. "Clearly, the conditions do not exist which would make negotiations appropriate," Vice President George Bush told an international meeting a year ago. And Casper Weinberger's still classified but widely leaked Defense Guidance document says that ASAT weapons will be pursued "as a matter of priority." It adds: "We must ensure that treaties and agreements do not foreclose opportunities to develop these capabilities and systems."

The bald assertion that new weapons should take priority over arms control efforts is chilling in its implications. Troubled by the administration's direction, a bipartisan group of 127 House members have signed HJR 120, a resolution calling on the president to begin immediate negotiations with the Soviets to ban all weapons from space. Signers from this area include Representatives Norman Mineta, Leon Panetta and Don Edwards, all Democrats, and Rep. Ed Zschau, a Republican.

The Union of Concerned Scientists, meanwhile, has prepared a draft treaty to limit ASAT weapons, which could provide a starting point for the preparation of a U.S. opening position.

But draft treaties and non-binding resolutions have little force. The real battles have been fought over attempts by some Congress members to "fence in" spending authority and thereby push the administration to the conference table while holding space weapons in abeyance. So far, such efforts have been inconclusive. But this spring's deliberations on the fiscal year 1985 defense budget may be decisive.

[From the San Jose Mercury News, Feb. 15, 1984]

WEAK LINK: ASAT, TALKS

If all goes according to schedule, a six-foot balloon will be sent into orbit from Wallops Island, Va., sometime this spring. And if all goes according to plan, an F-15 jet fighter will maneuver under the balloon and fire an 11-inch warhead that will park in space—and wait until the balloon smashes into it.

The event will be the first targeted test of the Air Force's new anti-satellite weapon. It also has become a symbol of the struggle by some members of Congress to force the Reagan administration to slow down its development of new space weapons—and to start negotiating a treaty to ban them.

That struggle will intensify in budget hearings this spring. Some insiders believe the next few months could be decisive; others believe the Reagan administration may attempt to side-step direct confrontation with its congressional critics, which could make the ASAT program an issue in the November election.

Whether the ASAT can knock a balloon out of orbit already has been linked with the question of whether Reagan can pry more money out of Congress for the program. Last year, with no opposition, Sen. Paul Tsongas, D-Mass., amended the defense authorization bill to specify that none of the money could be spent to test the ASAT against targets in space until the president could certify two things.

One was "that the United States is endeavoring, in good faith, to negotiate with the Soviet Union a mutual and verifiable ban on anti-satellite weapons."

The other was that, pending such a ban, the president could show that such a test was "necessary to avert clear and irrevocable harm to the national security."

All this high-minded language will have little effect; Tsongas himself has said the amendment only requires the president to certify that "the U.S. government is actively assessing the possibility of negotiating." And because the ASAT test schedule already has slipped, the administration may delay the balloon test until after October 1, and then argue the amendment has no effect in the new fiscal year.

The General Accounting Office predicts that the ASAT program could cost tens of billions of dollars by the 1990's, but critics cannot claim any enormous cost escalation yet; after asking $222 million in fiscal year 1984, the administration wants $226 for fiscal year 1985, and $249 for fiscal year 1986.

The concern is that this is the point in the weapons's history when funding begins shifting from research and development to procurement. In fiscal year 1984, only $19 million was for procurement; in fiscal year 1985 the figure is $83 million, and it will be $128 million by fiscal year 1986.

House members last year tried to cut the fiscal year 1984 procurement money, when they didn't have enough votes to do that, they built a legislative fence around it. This particular $19 million cannot be spent, the Senate agreed, until after the president presents another report to Congress.

Due March 31, this report must list "the specific steps the administration contemplates undertaking . . . to negotiate a verifiable agreement with the Soviet Union to ban or strictly limit existing and future ASAT systems."

From a think-tank at Harvard University, the administration has commissioned a report, which was due February 1, on ASAT arms control options. The Harvard report has not been made public. Critics on Capitol Hill have no idea what Reagan plans to say in his March 31 report, or even whether he plans to make such a report; some think he will forgo the $19 million, for now, and say nothing.

Meanwhile, the president has sent Congress his fiscal year 1985 budget, which asks another $83 million in ASAT procurement money, and $143 million for further R&D.

This spring, congressional advocates of arms control almost certainly will try again to condition these funds on negotiations toward a treaty.

But what if the president calls their hand? What if the administration simply begins negotiations that, like its previous negotiations on nuclear arms, go nowhere?

The hard fact is, talking with the Soviets about banning weapons from space could serve as a cover for more weapons development. Even should the Reagan administration sincerely seek a treaty, it would have to overcome enormous obstacles, some of its own making.

As Leslie Gelb wrote recently in the New York Times, "The differences between the two sides in almost every region of the world and on almost every issue are profound and have been building since the mid-70's. Trust is required to conduct negotiations, but, judging from comments by officials on both sides, it is now near rock bottom."

The implication for Congress is clear. Linking ASAT funding to arms talks probably will be an empty and futile (though politically attractive) gesture, so long as the Reagan administration doesn't want a new treaty.

If members of Congress really intend to restrain future deficits and prevent a new arms race in space, they will have to bite the bullet and find the resolve to deny further ASAT funding for now—or at least to cut off procurement money while perhaps granting limited funds for further R&D.

The Soviets proclaimed their own unilateral ASAT ban last August. Congressional actions to slow our program could contain a safety valve that would allow funding to escalate again, if there is evidence that the Soviets are changing the status quo. As in last year's Tsongas amendment, Congress could require the president to show that "clear and irrevocable harm to the national security" would be caused by failure to authorize more spending.

In principle, of course, the goal of negotiating a new treaty on space weapons ought not be abandoned. Should the Reagan team reverse its positions, or be replaced by an administration with different priorities, the quest for such an agreement might again become profitable.

But for the present, indications are that the president and his men will shun such a deal, both because they want the new ASAT system, and because an ASAT treaty might hamper their plans for other space weapons, much larger and costlier than ASAT.●

WOMEN'S ECONOMIC EQUITY ACT—TIMELY ACTION NEEDED

HON. MARIO BIAGGI
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. BIAGGI. Mr. Speaker, as a cosponsor of the Economic Equity Act, I wish to reiterate my strong support for this comprehensive approach to addressing many of the barriers faced by women in our society in achieving economic parity.

Pay equity will clearly be a major issue in Congress this year as we seek to advance many of the individual legislative proposals which are incorporated in the Economic Equity Act. Title I seeks to target reform in the areas of tax and retirement matters. Keeping women economically sound both during their working years—as well as in their retirement years—requires a major restructuring of our pension and retirement programs. The assumptions which drove the creation of the social security system in the 1930's—which stressed women as dependents—are unquestionably out of step with the realities of both the workplace—and the family of the 1980's.

I strongly endorse the reform areas in title I of the act which address tax and retirement matters. To reinforce my concern in these areas, I have also joined as a cosponsor to the individual bills upon which title I is based.

These bills include:

H.R. 4280, Private Pension Reform Act which requires payment of survivor annuity to spouse of a working widow who was fully vested, even if that worker dies before the annuity starting date; requires written consent of both spouses to waive survivor annuity option; permits assignment of pension benefits by State divorce courts in cases related to alimony, child support and marital property rights; lowers the minimum age for participation in a pension plan from 25 to 21; modifies break-in-service rules and abolishes ERISA provision allowing denial of widow's benefits if an otherwise qualified spouse dies within 2 years of choosing survivor benefits (if the death was from natural causes). This bill has been reported from the House Education and Labor Committee where I am the ranking New York member, and awaits action by the Ways and Means Committee;

H.R. 2099 Which permits the establishment of an individual retirement account (IRA) by homemakers and allows alimony to be treated as compensation for the purpose of eligibility to open an IRA;

H.R. 2127 provides a tax credit to employers who hire displaced homemakers of $3,000 in the first year and $1,500 in the second year;

H.R. 2300 Which provides for civil service pension reform by entitling reforms similar to those provided under H.R. 4280 for civil service employees, retirees and their spouses; and

H.R. 2126 which revises the Federal income tax rate to allow single heads of households to a zero bracket amount equal to that allowed on a joint return.

Together, these bills form the basis of an important floor of changes that will assist women who depend upon pensions as their primary source of income. Current policy in both public and private pensions fails to recognize the contribution of a homemaker to a worker's pension. Further, there is no security for these same homemakers in the event of divorce and these bills, together would indeeed provide for such security and assist both women and their families.

The Economic Equity Act also addresses the importance of dependent care for working women. Women are the primary caregivers in families and as such, as most directly penalized by the lack of incentives which allow their entry into the job market.

The participation of women in the work force has increased dramatically—from 23 million in 1960 to 43 million today, and is expected to grow even more to 60 million by 1990. The greatest increase in this participation is found among working women ages 20 to 44, those same women with childbearing and caring responsibilities. Over half of all children today have mothers in the work force, including almost 46 percent of preschool age children.

The Economic Equity Act also recognizes the increase in disabled and elderly dependents within families which often prevent women from working. Today, 8.4 million severely disabled adults, age 18 to 64, are cared for in the family home. Eighty percent of all persons over 65 receive some care from their children and 1 in 8 retired women provide home care for dependents. As such, economic equity through reform of existing tax laws and expansion of services which assist families in the care of dependents, is critical.

Title II of the act proposes to make dependent care more affordable and accessible to women in the workplace. I have joined as a cosponsor of the following individual bills as well which compose title II of the act:

H.R. 1991 which increases the percentage of dependent care costs which can be claimed as a tax credit by low-income families. In 1981, Congress enacted such a sliding scale and over 4 million families now use this credit. However, only 7 percent of the claims by families with an income of less than $10,000;

H.R. 2093 would make this same credit refundable for those families whose income is so low that they owe no Federal taxes; and

H.R. 2242 which would establish a child care information and referral system through the provision of seed money to community-based organizations in order to assist them in the creation of development of such systems.

It should be noted that women with children work because of economic necessity in many cases. According to the Congressional Caucus on Women's Issues, in 51 percent of two-income families with children age 13 and under, the husband earns less than $15,000. The caucus also points out that 5.7 million children age 13 and under, including 1.7 million under age 6, live in single-parent families where the parent works. For these families, dependent care is costly and a range of prices is not available. The amount of money a family would have to pay for such care bears no relation to the family income until that income begins to exceed $50,000 per year. As such, passage of these bills would address the current inequities that plague working women in this area.

Mr. Speaker, I have not addressed all the reforms proposed in the Economic Equity Act, but have, in fact, outlined what I believe to be some of the most important provisions addressing pay and pension reform. We recognize that there is a growing body of support for passage of these bills, and I plan to work, both as a senior member of both the House Education and Labor Committee and the House Select Committee on Aging, to assist in their timely consideration by Congress. I also look forward to reviewing the report by the Department of Health and Human Services on earnings sharing under social security, which will be provided to those of us who are members of the committee's Task Force on Women and Social Security.

Mr. Speaker, I also wish to point out that I remain a strong advocate for passage of the equal rights amendment, which is the cornerstone of our agenda to break down existing barriers to women. While the Economic Equity Act represents a comprehensive approach to reform, I believe that we should be equally as enthusiastic in our support for the individual pieces of legislation that are incorporated into the act and which will be the real vehicles for legislative action in this area. Economic justice for all is not merely a women's issue—it is also a civil rights issue and a human rights issue. I stand ready to work with my House colleagues to assist in the achievement of these rights.●

IMPACT AID AMENDMENTS

HON. WILLIAM F. GOODLING
OF PENNSYLVANIA
IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. GOODLING. Mr. Speaker, today I am proud to introduce a bill to amend the impact aid program statute. The heart of this program is section 3 of Public Law 81-874 which authorizes payments to schools based on the number of children whose parents work and/or live on Federal property.

This legislation has been drafted by the administration and is consistent with the President's stated policy regarding this important program: namely; that the Federal Government has a clear responsibility to assist school districts that are directly affected by the presence of Federal installations or properties which also serve as places of residence for families with school age children.

I support the overall aim of this legislation and I have consistently insisted for 10 years that a clear distinction exists between the Federal responsibility for the so-called 3(a) and 3(b) children.

Even the strongest critics of impact aid acknowledges that "a" children whose parents live and work on nontaxable Federal property are associated with a clear tax loss to the school districts. However, no such consensus exists regarding "b" payments for children whose parents live or work on Federal property.

It might be useful to recall that, in 1974, Congress eliminated or reduced entitlements for "b" children. For example, "b" children whose parents work outside the State in which the local education agency is located were eliminated as eligible federally connected children, although the 90-percent hold-harmless provision effectively limited this reform. Similarly, entitlements were lowered for "b" children whose parents work outside the county in which the local education agency is located.

These changes were based on the argument that because the parents of these children pay residential property taxes, and because the tax loss from the nonresidential property occurs outside the county or State of the local education agency receiving the impact aid money, there is little or no burden on the local school district. In many instances, the Federal presence has stimulated more economic activity and has led to the creation of more taxable property than otherwise would have existed. The argument has been made that, in a majority of cases, the Federal presence resulted in an expansion of commercial activities, employment, and the local private residential tax base.

Another longstanding criticism of the impact aid "b" payments is that it results in the distribution of large payments to affluent school districts which may have actually benefited from Federal activity and which could easily support a high level of educational expenditure without impact aid. If one agrees that a major purpose of the impact aid program is to provide an in-lieu-of-tax payment for school districts which have suffered some tax revenue loss through Federal presence, logic alone leads one to question the appropriateness of providing payments for "b" children whose parents work outside the jurisdiction of the school system in which the child attends school. This is especially true in light of the fact that residential property values are often inflated as a result of the demand for property created by the Federal presence. Those people who argue that the tax loss created by the nontaxable status of the Federal installation in their area usually display their ambivalence when anyone threatens to remove that Federal activity to another area of the Nation.

We must have the courage to recognize that there is absolutely no way to accomplish meaningful reform and simultaneously maintain these open-ended payments. We should not lose sight of the fact that the impact aid Federal payment is, in reality, an euphemism for the redistribution of citizens' tax dollars from one geographic area to another. The irony is that in many instances, money is taken from poorer areas and redistributed to wealthier ones. How can this be justified?

The administration is correct in insisting that Congress keep its pledge made in 1981 for a 3-year phaseout of the "3(b)" payments, ending September 30, 1984. However, during our committee deliberations of of H.R. 11, a bill to extend various expiring education programs including the impact aid law, I plan to offer an amendment which would provide an exception for school districts that have a high concentration of 3(b) children in their schools—the so-called super "b" schools. Such a compromise is reasonable and is consistent with the budget recommendations submitted by the Republicans on the Committee on Education and Labor. The overall recommendations from the minority on the Subcommittee on Elementary, Secondary, and Vocational Education on which I serve as the ranking Republican member, were identical to the President's budget request for a slight increase in education spending in fiscal year 1985, although some of our priorities differed from those of the administration. One of the slight, but important differences was in the impact aid program as I have outlined to you.

In balance, I feel that congressional action on this legislation is long overdue and I applaud the administration for its efforts. With the few changes that I propose to offer in committee, I think this bill should be enacted into law.

For the benefit of my colleagues, I have included a brief summary of the administration's bill:

IMPACT AID—ADMINISTRATION'S FISCAL YEAR 1985 PROPOSAL

The administration continues to believe that the Federal government has a clear responsibility to assist school districts that are directly affected by the presence of Federal installations or Federal properties which also serve as places of residence for families with school age children. However, financial assistance should not be provided for children who do not represent an actual burden to the school districts which educate them. So-called "b" children do not represent such a burden.

Congress has voted to end support for "b" children after fiscal year 1984. This bill amends the program statute to make it conform to this legislative action. The bill removes provisions of the program statute which determine amounts of entitlements for "b" children; further, language that includes these children for eligibility and for payments under Section 3(d)(2)(B) is removed.

The bill redefines full entitlement, the maximum payment allowed under the law for children who reside in federally subsidized, low-rent housing with a parent employed on federal property to be 15% of the amount determined under calculations currently in the program statute. This is proposed in order to make more equitable payments of funds on behalf of children living in such housing.

The bill would make changes affecting preliminary payments. The amount paid to local school districts in preliminary payments, which are made at the beginning of the fiscal year prior to submission of an application, would be limited to 75 percent of the amount any "Super a" district received under Section 2 or 3(a) of the program for the previous year and reduced to 50 percent of the amount that any other agency received for the previous year under Section 2 or 3(a).

The bill would replace the tiered payment schedule in current law, which has not been implemented in recent years, which a simple formula for making section 3(a) payments. The formula first would provide to each Super a district, a payment of 100 percent of entitlement. Any other LEA would receive a pro rata share of its full entitlement based on the funds remaining available after "Super a" districts are paid. Section 3 payments would be limited to those which are at least $5,000.

For the Disaster Assistance program, the bill would raise the threshold of eligibility under the program statute to $10,000 or 5 percent of prior year operating expenditure, whichever is less.

Finally, the bill would repeal the "hold harmless" provisions enacted under the Education Amendments of 1974. These provisions were intended to help school districts adjust to the effects of declining enrollments caused by decreases in federal activity. The affected districts have now had sufficient time to adapt to these enrollment

reductions, making the hold harmless provisions unnecessary.●

INTRODUCTION OF THE OLDER AMERICANS ACT AMENDMENTS

HON. JOHN N. ERLENBORN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. ERLENBORN. Mr. Speaker, I am pleased today to introduce legislation to reauthorize the Older Americans Act of 1965 for 3 additional years. This legislation has been recommended to the Congress by the administration and, I am happy to say, includes several provisions designed to strengthen the ability of the local aging network to meet the needs of our senior citizens.

The major improvements in the act would come in the area of increasing the flexibility of program administration both for the Federal Government and for States. The major provisions of the bill are as follows:

Under existing law States receive funds under title III of the act under four separate authorizations. Under this arrangement, States receive separate allocations for administration, supportive services, congregate meals, and home-delivered meals. The administration proposes to consolidate these four authorizations into a single allocation while preserving all of the organizational and programmatic requirements of the current act. In merging these authorizations, the administration is not proposing a block grant. Rather it is addressing the need expressed in many States for additional flexibility in the administration of Older Americans Act funding. Because of the increased flexibility called for under the bill, States would be much better able to address the special conditions and challenges facing the elderly in their jurisdiction. The mix of services needed in my State of Illinois, for example, differs from that needed in Mississippi.

The bill would also transfer the U.S. Department of Agriculture cash-or-commodities program to the Department of Health and Human Services. Currently, over 90 percent of the resources distributed under this program are distributed in the form of cash. The logic for transferring the program to HHS, therefore, is quite strong. In addition, States will remain eligible to receive donated commodities from USDA, as well as having the right to purchase additional USDA commodities if they so desire. Finally, a 3-year hold-harmless is included in the legislation to assure that no State will be adversely impacted by the transfer. I believe that this particular provision will not only simplify the Federal administration of our aging programs, but also will save local agencies on aging and the States from significant paperwork requirements.

The administration also proposes to require the States to establish and publish, before the beginning of their program year, their goals for meals and the estimated cost per meal. This requirement is designed to help the public make their needs known as priorities are established within each State. It should also help alleviate any concern local providers may have about the impact of the consolidation of the title III authorizations.

The bill considerably streamlines the training, research and discretionary projects authority included in title IV of the act, thus giving the Commissioner on Aging proper authority and flexibility to meet the changing needs of our elderly population. The title, as revised, would continue to provide authority for grants and contracts for training and recruiting personnel for the field of aging, multidisciplinary centers of gerontology, research and development projects, demonstration projects, and national impact activities.

Finally, the bill would allow the Secretary of Labor to transfer to the Administration on Aging the task of distributing funds to State Agencies on Aging for the 22 percent of the community services employment program, which goes to the States rather than to the national contractors. This change is designed to improve coordination between the title V program and other Older Americans Act supported activities.

Mr. Speaker, I believe this proposal addresses many of the problems facing the aging network in providing services to senior citizens. It is my hope that the Committee on Education and Labor will take a careful look at this legislation as it moves forward with reauthorization this year.

A copy of a section-by-section of the bill follows:

OLDER AMERICANS ACT AMENDMENTS OF 1984—SECTION-BY SECTION SUMMARY

SHORT TITLE

Section 1 provides the short title of the bill. When enacted, it would be cited as the "Older Americans Amendments of 1984".

CONSOLIDATED AUTHORIZATION OF APPROPRIATIONS FOR STATE GRANT PROGRAM

Section 2 of the draft bill would eliminate the separate appropriations authorizations for supportive services and senior centers, congregate and home-delivered meals, and State plan administration under title III of the Older Americans Act of 1965 ("the Act"), and would provide instead a single consolidated authorization of appropriations for both administrative costs and service delivery under this program. All separate ceilings on spending for certain purposes would be eliminated, and the Federal share of all program costs would be limited to 85 percent, the current law match rate for parts B (supportive services and senior centers) and C (nutrition services).

Included in the consolidated authorization of appropriations for the State grant program would be an amount equal to the FY 1984 funding for cash-or-commodities meals assistance program presently administered by the Department of Agriculture under section 311(d) of the Act, which would be repealed by section 3 of this draft bill.

This section would amend the Act to provide that the populations-based formula presently used to allocate funds for the services program would be used to allocate all Federal funding; the separate population-based formula for allocating State administrative funds, and the formula based on number of meals served used for distributing commodities assistance funding, would be eliminated. However, in order to afford State time to adjust to changes in funding levels, the draft bill provides that for FYs 1985, 1986, and 1987 amounts equal to the total FY 1984 funding for these purposes would be distributed to States in the same proportions as for FY 1984.

This section would extend authorizations of appropriations for the State grant program for three years, through FY 1987. It would authorize appropriations of $760,746,000 for FY 1985, $781,769,000 for FY 1986, and $802,414,000 for FY 1987.

AMENDMENTS TO USDA COMMODITIES PROGRAM

Section 3 of the draft bill would amend section 311 of the Act to eliminate the requirement that the Secretary of Agriculture provide assistance to States in the form of cash or commodities for each meal served under their title III nutrition programs. The Secretary of Agriculture would retain the authority to donate agricultural commodities acquired under price support and surplus removal programs for nutrition services under the Act. Authority would be continued for States to have the Secretary of Agriculture purchase commodities on their behalf for use in providing nutrition services.

OTHER AUTHORIZATIONS OF APPROPRIATIONS (FEDERAL COUNCIL ON THE AGING; INDIAN TRIBES)

Section 4(a) of the draft bill would authorize funding for the Federal Council on the Aging of $175,000 for each of FYs 1985, 1986, and 1987.

Subsection (b) would authorize funding for direct grants to Indian tribal organizations of $7,500,000 for FY 1985, $7,672,000 for FY 1986, and $7,836,000 for FY 1987.

CLARIFYING AMENDMENT CONCERNING VOLUNTARY CONTRIBUTIONS FOR NUTRITION AND SUPPORTIVE SERVICES

Section 5 of the draft bill would amend the Act to make clear that projects providing nutrition or supportive services under the State grant program are not authorized to charge for those services, but are required to afford participating individuals an opportunity to make a voluntary contribution to the cost of the service provided, and that such voluntary contributions must be used for the services provided under the program.

REQUIREMENT TO ESTABLISH GOALS FOR NUTRITION SERVICES

Section 6 of the draft bill would establish a new State plan requirement concerning nutrition services, intended to help ensure that nutrition services are responsive to the needs of local communities. States would be required to publish before the beginning of the fiscal year their goals as to the number of meals to be served under the program in each of the planning and service areas within the State, and the cost per meal, and to publish after the end of the year a state-

ment of the actual numbers of meals served and the cost of those meals. In order to give States time to comply, this amendment would become effective beginning with the first State fiscal year during Federal FY 1986.

AMENDMENTS TO AUTHORITY FOR DISASTER RELIEF TO STATES

Section 7 of the draft bill would make amendments to the authority to provide funds under the Act to States for disaster relief services, in order to make this authority more useful in responding to emergencies.

Subsection (a) would permit payments to be made to States in the form of grants (present law permits payment only by way of reimbursement, thus making it difficult to deliver the funds when they are most urgently needed).

Subsection (b) would permit payments under this provision to be used for nutrition services (present law permits use of these funds only for supportive services).

REVISION OF TITLE IV—TRAINING, RESEARCH, AND DISCRETIONARY PROJECTS AND PROGRAMS

Section 8 of the draft bill would revise title IV of the Act. This title would continue to provide authority for grants and contracts for training and recruiting personnel for the field of aging, multidisciplinary centers of gerontology, research and development projects, demonstration projects, and national impact activities. However, requirements to give priority to certain projects, detailed descriptions of projects and activities which may be funded, and ceilings on funding for certain purposes would be eliminated. Appropriations would be authorized for the purposes of title IV of $5,000,000 for fiscal year 1985, $5,115,000 for FY 1986, and $5,224,000 for FY 1987. Language is included to ensure that there is an equitable distribution of research and development funds between projects serving urban and rural areas.

DELEGATION OF AUTHORITY FOR STATE GRANTS FOR COMMUNITY SERVICES EMPLOYMENT

Section 9 of the draft bill would permit the Secretary of Labor to delegate to the Secretary of Health and Human Services authority to make grants to State agencies for community services employment under title V of the Act.

TECHNICAL AMENDMENTS

Section 10 of the draft bill makes various technical amendments.

EFFECTIVE DATE

Section 11 of the draft bill provides that the amendments made by the bill to the Older Americans Act of 1965 would become effective October 1, 1984.

AGE DISCRIMINATION REPORTING REQUIREMENTS

Section 12 of the draft bill would amend the requirements under the Age Discrimination Act of 1975 for reports by Federal departments and agencies to the Secretary of Health and Human Services, and by the Secretary to the Congress. The present requirement for annual reports would be amended to provide for such reports after 1983 only as the Secretary deemed necessary. This change would save staff time and would not result in a loss of useful information provided to the Congress.●

TRIBUTE TO THOMAS C. GIORDANO

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. BIAGGI. Mr. Speaker, Junior High School 45, Bronx, N.Y., is in the process of changing its name to the Thomas C. Giordano School. At this time I would like to pay tribute to Thomas C. Giordano, an outstanding citizen who died recently.

Thomas C. Giordano was born on August 5, 1936. He spent his whole life in the Belmont community of the Bronx, N.Y. Throughout his life Tom served his community with love and a dedication that reached out and touched everyone he knew. Tom started his teaching career at JHS 45 in the Bronx in 1959, where he became affectionately known to children and staff as Mr. G. From 1965 to June 1973 he served as dean of discipline. On September 1, 1973, he became assistant principal of JHS 45. Tom's skill and dedication as an educator was well recognized by his peers and in December of 1975 he was assigned principal of PS 205 in the Bronx. While at PS 205, Tom was able to influence the lives of many young children. He always had time for their problems and their needs, no problem was too small and to Tom every child was special. Tom was also instrumental in having the school named after Fiorello H. La Guardia. Tom served as principal of this school until his untimely death on October 1, 1983.

Despite his deep commitment to his job, Tom was an active community member who was highly respected by local civic, religious and political organizations. Tom approached his civic responsibilities with vigor, a deep sense of duty and a genuine concern for his fellow citizens. There was always time in Tom's busy schedule for children and you could regularly see him on the local basketball court, softball field, or football field tutoring neighborhood youngsters. And they could not have had a better teacher. Tom was considered a premier athlete in his community. His prowess extended to softball, baseball, basketball and football. He was noted as a world-class softball player with the Metropolitan Allstar Players. In 1968 at the World Tournament in Quebec, Canada, he hit the longest homerun witnessed at that time.

Tom was also highly committed to the Italian-American community and he worked tirelessly to organize the Forum of Italian-American Educators (FIAME) which has flourished and grown to include hundreds of members. He served on the executive board, the political action committee, and the student affairs committee. Tom was acutely sensitive to the needs of the Italian-American community in Belmont and he kept alive many of the fine traditions from the old country.

Thomas C. Giordano left behind a legacy of love, commitment, and caring to the schoolchildren of district 10 and the entire Belmont community. Tom was also a devoted family man. His lovely wife Kathleen and their five children will sorely miss Tom. All who knew him are diminished by his loss.

The spectrum of Tom's love and caring knew no racial, ethnic or social boundaries. He was always there to extend a helping hand to all those in need, both young and old. He was never too busy to stop and talk with troubled youths or concerned citizens. Anyone who knew him was touched by his warmth and genuine concern. His memory will remain in the hearts of the thousands of people he reached out to.

Thomas C. Giordano represented the best of what the Bronx has to offer. Perhaps in identifying several of his many deeds one can better appreciate the type of humanitarian Tom was and the many contributions he made to the entire Bronx community.

Tom was one of the three founding fathers of the Belmont Athletic Association (1958) which became the largest youth activity program in the county, serving 1,500 young men and boys at its peak.

Tom was a charter member of the Fordham Kiwanis International, established 1967-77, as a youth services chairman. He was vice president of the Belmont Athletic Association from 1960 to 1983. As the director of the Belmont Center, Tom worked extensively with the police athletic league. Never retreating from his commitment to young people, Tom was teacher in charge of the vacation playground at JHS 45 from 1958 to 1983, and he wrote a proposal for summer and year-round programs for title I programs at JHS 45. He was also the little league manager and coach of the basketball team at JHS 45 for 10 years.

The Italian-American community is indebted to Thomas C. Giordano for his work or their behalf. As the founding father of FIAME Tom shall forever represent the "soul" of that organization and his memory will serve as a symbol of the dignity of the Italian-American community both in New York City and throughout this great Nation that Tom loved so dearly. It was through Tom's strength and determination that FIAME was able to grow and develop. Tom sought to create and substantiate a bilingual and Italian language program at Christopher Columbus High School. He also worked hard on behalf of the Italian-American professional and was instrumental in their great progress during

the past 20 years. In addition to his long time commitment to FIAME, Tom was also a member of the Knights of Columbus, and the St. Martin of Tours Council. Highly active in his church, Tom was an officer of the Junior Holy Name of Mount Carmel Church.

This is but a small example to the type of person Thomas C. Giordano was. All of us who knew him were amazed at his boundless energy and his tremendous capacity to help and serve others. We are all better people for having known Tom and he will survive in our memories as a man of dignity, a man of love, a man who dedicated his entire life to the service of others—especially those in need. Tom will forever remain as an inspiration to all who strive to serve their fellow man.●

AIR FORCE HONORS HARD-WORKING SERGEANTS FROM GUAM

HON. ANTONIO BORJA WON PAT

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. WON PAT. Mr. Speaker, it was recently called to my attention that there will soon be four new Chief Master Sergeants from Guam in the U.S. Air Force.

For the uninitiated the Chief Master Sergeant's rank is the highest rank attainable for an enlisted member of the Air Force. This rank is clearly not won by the vast majority of men and women who serve. It is reserved for only the select few who have shown the highest level, training, devotion to duty and country, and of course, leadership ability.

The four from Guam who have just achieved the rank of Chief Master Sergeant are: Chief M. Sgt. Roland S. Combado, Hq. Air Force Communications Command; Chief M. Sgt. Tomas Q. Fernandez, 603 Military Airlift Support Squadron (MAC); Chief M. Sgt. Augusto F. Cepeda, Hq. U.S. Air Force Europe; and Chief M. Sgt. Selectee Francisco G. Benavente, 3900 Computer Services Squadron (to attain rank in fall, 1984).

The success of these outstanding men deserves noting. We who serve, as I do, on the House Armed Services have heard extensive testimony that we are losing men of the excellence exhibited by the top noncommissioned officers. I am doubly pleased therefore to know that the leadership of today is in the hands of men such as these who are the backbone of our military and our ability to deter aggression against this Nation.

These men are also a continuing reflection of years of proud service to this Nation by the people of Guam. Today, there are over 5,000 men and women from my island serving in the Armed Forces of the United States. Guamanians have won a well-deserved reputation as professional military men and women. The men whom I mention today continue that proud tradition.

To these men, their families and to countless others who serve America, often at great personal risk, I offer my congratulations and appreciation. They all too often work in the most difficult conditions at less than appropriate pay or benefits. They do so with never a complaint and with a sense of duty and accomplishment seldom found in other areas of either public or private enterprise.

When an airman has risen to the top of this profession, he is awarded a special certificate by the Chief Master Sergeants of the Pentagon. I believe that the wording of this certificate is especially appropriate and ask that it be included in the RECORD at this time. Thank you.

HEADQUARTERS, U.S. AIR FORCE,
Washington, District of Columbia.

Be it known to all who see these presents, that Chief Master Sergeant Augusta "Gus" Tepeda has been inducted into the membership of the Chief's Group upon elevation to the grade of Chief Master Sergeant in the United States Air Force. Implicit in individual membership in this select group is the creed that its members are individually to be regarded as people . . .

who cannot be bought;
whose word is their bond;
who put character above wealth;
who possess opinions and a will;
who are larger than their vocations;
who will not lose their individuality in a crowd;
who do not hesitate to take chances;
who will be as honest in small things as in great ones;
who will make no compromise with wrong;
whose ambitions are not confined to their own selfish desires and interests;
who will not say they do it "because everybody else does it";
who are true to their friends through good report and evil report, in adversity as well as prosperity;
who do not believe that shrewdness, cunning, and hardheadedness are the best qualities for winning success;
who are not ashamed or afraid to stand for the truth when it is unpopular, who can say "no" with emphasis, although all the world is saying "yes".

Presented by the Chief Master Sergeants of the Pentagon.●

SENATOR BAKER SPEAKS HIS MIND

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. MICHEL. Mr. Speaker, Senator HOWARD H. BAKER, JR., of Tennessee will retire next year. His absence from our deliberations in Washington will be a loss to the Congress and to the country. Recently, he gave us some intriguing and thought-provoking ideas about how we might improve the congressional process. I commend them to your attention and to the attention of our colleagues.

At this time, I wish to insert in the RECORD, "Congress According to Baker" by Senator HOWARD H. BAKER, JR., in the New York Times Magazine, Sunday, April 1, 1984.

The article follows:

CONGRESS ACCORDING TO BAKER

(By Howard H. Baker, Jr.)

When I first entered the United States Senate in 1967, I was invariably described as my father's son, as my father-in-law's son-in-law and as a "wealthy young lawyer." Seventeen years later, my familial and political associations with Howard Baker Sr. and Senator Everett McKinley Dirksen remain sources of great pride for me. But I am a "wealthy young lawyer" today only when compared with the truly impecunious, the truly ancient and those who have never been called to the bar. What I have been for most of the last 17 years is a full-time Federal employee with no business but Government and no real home but Washington.

Almost from the beginning of my Senate service, I have been waging a one-man crusade to restore the Congress to its original and intended character as a "citizen legislature" and not an assemblage of elected bureaucrats. To this end, I propose a greatly reduced Congressional session, so Congress can stay in closer touch with the people we represent. Lowering our salary accordingly, we should allow outside income. More important, Congress needs to begin to work more closely, less antagonistically, with the President. And so that we might examine the impact of our legislation on Americans, we should limit its life.

Not so long ago, members of Congress were real people with real jobs in real communities throughout the country. They were truly representative of the people who elected them because they played an integral and active part in the civic and economic and social affairs of their constituencies. They went to Washington temporarily and they came home.

I recall quite clearly when my father first went to Congress in the early 1950's. He went to Washington on the train, an overnight trip from Tennessee. He went in January and had no plans to come home before Easter, when Congress would adjourn. He never thought about moving his family permanently to Washington or giving up his home in Tennessee. He never thought about giving up his profession or his business and civic enterprises and personal interests. He was a Tennessean, temporarily in Washington to speak for his neighbors.

For all practical purposes, today's members of Congress consider Washington home, and we're tourists in our own constituencies. We're committed year round to the legislative undertaking. We pass statute after statute forbidding us to do anything but legislate 12 months a year. We're expected to be free of any conflict of interest by abdicating all interests but political power.

As virtual captives of the capital, we think up more and more Government programs—whether we need them or not—because that's all we have to do. We pass thousand-

page legislative bills that read more like bureaucratic jargon than public law. We stopped seeing the forest for the trees a long time ago. Now we label the leaves.

An $850 billion Federal budget is only one result of this exclusive concentration on Government. It costs nearly a billion dollars a year just to run the Congress itself, with a staff almost four times as large as it was in my father's day. Members of Congress now make $72,200 a year as Federal employees—several times what most of our constituents make—and still we complain about the high cost of living in Washington and commuting to the state on hurried weekends or overnight excursions.

But the problem is not just a matter of Government expense, or Congressional pay, or nostalgia for a simpler time. Rather, it's a question of function and faithful representation. Congress cannot really be representative, cannot really know or accurately respond to the concerns of the American people while we are strangers in our own country, sequestered from our fellow citizens by public law and the Potomac River.

We in Congress are trustees of the ultimate sovereignty in this country—the full expression of the desires and demands of the American people. But in ourself-imposed isolation, we grow more and more susceptible to the loudest voice or the largest mailing on any given issue. We surrender the power of independent judgment when we have no personal experience or insight to guide us—when we lose contact with the real world and the practical consequences of our political actions.

Our role is to represent the people on major policy decisions, to translate the public will into public law on matters of national and international importance. It is not to manage the Federal establishment to the last detail. We have an executive branch—a President, a Vice President, 13 Cabinet departments and dozens of regulatory agencies—to do that, and we have all the supervisory powers over them we need.

The Constitution defines the roles of the legislative, executive and judicial branches; the powers of the Federal Government, and the essential rights of American citizens in fewer pages than most of the bills—and many of the amendments—we write on the least significant issues, many of which might better be resolved in state legislatures, city councils or even local school boards. But Congress gets into everything because we think it's our job.

For nearly three centuries for example, public education was virtually the exclusive province of local governments. The Federal Government got into the education business in a big way only after World War II, with the G.I. Bill of Rights, but that involvement was largely at the college level, with few regulatory strings attached. A Department of Health, Education and Welfare was added to the Cabinet in 1953, but the direct Federal role in education was still quite limited.

Four years later, with the launch of the Soviet satellite Sputnik, Washington was exhorted to "do something," and it responded with the National Defense Education Act of 1958. Federal aid to education expanded throughout the 1960's and 1970's, and with it regulations on everything from bilingual curriculum to girl's basketball.

Despite this huge Federal involvement, the quality of education has been decreasing. The major reforms now underway in public education are being led by people like Gov. Lamar Alexander of Tennessee, not by Federal officials in Washington.

Because Congress habitually yields to the temptation to do something, we get into everything, but we stand increasingly in peril of accomplishing nothing. Twice in two years, the Federal Government has run out of money, because the Congress has failed to approve funds in time to meet the payrolls of executive departments and agencies. The simplest piece of legislation is now regularly festooned with amendments, both relevant and irrelevant, by professional legislators.

I think we can do better, not by doing more but by doing less. Let me suggest a few reforms:

Congress should be in session for only six or so months of the year—with four months at the beginning of the year devoted to the authorization process (enacting laws authorizing Government action on matters of national importance) and two months in the fall devoted to the appropriation process (deciding how much the Government should spend on those actions).

The other half of the year should be spent not in Washington but in the rest of the country—seeing firsthand the practical effect of Federal laws on private lives and enterprise, staying in personal touch with the people we're elected to represent, experiencing real life in America not as distant observers but as involved participants.

The counter argument is that a part-time Congress would cede too much power to a full-time President or be insufficiently versed in complex issues. This argument misses the point of what Congress is supposed to be—the nation's board of directors, with the President as chief executive officer. We couldn't compete with the information that flows to him if we stayed in Washington 13 months a year.

The Supreme Court sits in formal session only six months of the year, but every President and every Congress since Marbury v. Madison, which in 1803 determined the importance of the Court, have understood the co-equal power this "part-time" tribunal wields. As long as the Congress keeps the power of the purse, it will be first among equals in the Federal Government whether it meets three days a year or 365. It is worth recalling that when Congress was a part-time legislature, the Federal Government consistently ran budget surpluses rather than deficits. Whether cause or coincidence, it is a fact.

For working only half the year in Government service, members of Congress ought to get about half the salary we currently pay ourselves—$36,100 a year should be plenty.

Congress should repeal all laws forbidding or limiting income earned by its members from sources other than the Federal treasury. The appropriateness of outside income, fully disclosed and regularly reported, is a political question, not an ethical or a moral one.

If the electorate perceives that a representative is serving special interests to the detriment of the public interest, they can throw the rascal out. Congress itself has exercised its right to discipline or expel members for such conduct.

I believe that while some sacrifice of financial gain may be in the nature of public service, an explicit penalty or prohibition against earned income—as opposed to inherited or otherwise "unearned" income—flies in the face of basic fairness and subverts the work ethic we prize so highly in this country. The surveyors and planters and printers and merchants who founded this country didn't give up their private professions for public service, and they didn't do a bad job.

Congress as an institution should go to the people a great deal more often. No law states that every Congressional hearing must be in Washington. Now and then, a few hearings are scheduled in other parts of the country. But not enough.

In the House of Representatives, the number of oversight hearings actually dropped from about 7,000 in the 96th Congress to about 5,500 in the 97th, with a similar though less pronounced decline in the Senate. Midway through the 98th Congress, it appears this trend is continuing.

We in Congress are a bit like the French police officer in the movie "Casablanca." Whenever a new subject for investigation arises, we round up and interrogate the same small universe of witnesses year in and year out. Although eminently qualified, they are no more than 2,000 out of 235 million Americans, and it's time we called on someone else. The hard information may be about the same, but a few new perspectives would be tremendously valuable.

The potential benefits of taking the Congressional show on the road are great. A good firsthand understanding of what dioxin or a shut-down steel mill can do to a community is simply impossible without a visit to the site. Holding more oversight hearings outside of Washington could also increase their "grass-roots" character and encourage greater and broader citizen participation in the legislative process. The Congress as a whole need not be in session for such hearings to be conducted. Much of this investigative work could be done during the six months that citizen-legislators are away from Washington. Representative democracy is a two-way street, and the mountain has been going to Mohammed long enough.

While I'm at it, let me reform a few other things:

Congress and the President should remember that Pennsylvania Avenue is a two-way street. The antagonism that has grown in between the legislative and executive branches is among the least healthy aspects of Government in our time. The constitutional system of checks and balances need not involve the kind of acrimony, rivalry and contradictory agendas that have come to characterize legislative-executive relations.

Most recent Presidents have come to Capitol Hill once or twice a year, usually to deliver a State of the Union address. These rare appearances have been reduced to a formality, with the Presidents using the Congress as official scenery and the Congress responding with a cacophony of criticism to nearly everything they have to say.

Both the executive and the legislative branches have a responsibility for governing the country; and they ought to work together a good deal better than they do. Thus, a President ought to consult yearly with Congress on formulating a national agenda for action.

Such cooperation is not impossible, and it need not be the inevitable casualty of partisan political warfare. I say this not as a callow political science major but as a scarred and grizzled veteran of the political wars. The biggest problem Republicans and Democrats have today is that too many Americans wish a pox on both their houses. Politicians are too prone to forget that Americans can see through sham. A little less sham and a little more substantive progress and there would be plenty of political credit and success to pass around in both parties.

In recent months, the Congress passed a bipartisan Social Security reform package and a jobs bill as well as a War Powers resolution on Lebanon, the strongest bipartisan statement on American foreign policy in the last 30 years. While the bipartisanship has faded a bit in this election year, these examples showed a strong President and a strong Congress working well together. This kind of consultation, and the broad political support it wins for important initiatives, cannot be overemphasized and should not be underemployed.

Congress should incorporate "sunset" provisions in more of its basic legislation so that effect of the law expires within five years unless it is reauthorized.

President Reagan is absolutely right when he says a Government program is the closest thing to eternal life we will see in this world.

The question is not whether we keep a tea-tasting commission, for example, but rather whether we keep a Department of Education or a CETA job-training program or highway-user tax long after its mission has been accomplished, or worse, hopelessly bungled. The burden of proof is now on the Congress to justify abolishing programs, rather than on the programs to justify themselves. Sunset laws would shift the burden where it belongs.

The sunset approach would allow Congress to examine how the bureaucracy has interpreted the law in its rules and regulations; to see whether or not the law is having its intended effect, and to determine whether it should be renewed, revised or removed. Such an approach would free Congress from writing specific rules and regulations into the law. We would be responsible only for setting Federal policy, and the civil service would be held strictly responsible for its faithful implementation. All of this can be done, and done better, if members of Congress spend less time in Washington and more time closer to home.

There are many more part-time than full-time public servants in this country. They do their public duty, work in private enterprise, campaign gently every day in the coffee shop or at the hardware store and go home to their families, friends and varied interests. They perform all these roles with extraordinary skill and grace and success.

Anyone in politics, from precinct captain to President, is always campaigning one way or another. That's what government by the consent of the governed means, what real democracy is about. A member of Congress doesn't have to be in Washington every day to be a conscientious and skillful legislator, and he or she can't be in Washington every day and remain truly representative of the people "back home."

As I prepare to leave the Senate at the end of my term next year, I'm under no illusion that may call for a "citizen legislature" will be heeded any time soon. But after nearly two decades in Washington, I have no doubt that it should be.●

ACID RAIN

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. CONTE. Mr. Speaker, despite the scores of studies isolating the causes and documenting the effects of acid rain, this Congress has made little progress in arresting this problem. I urge my colleagues to closely examine the actual and potential impact of this silent killer.

Acid rain can affect human health. My Appropriations Subcommittee on Labor/Health and Human Services/Education recently received a report from the National Institutes of Health entitled the "Potential Human Health Effects of Acid Rain." Although the findings and conclusions are not definitive, the report points to a potentially devastating effect of acid rain: The mobilization of dangerous minerals in drinking water and the food chain. Acidification increases the accumulation of mercury in fish, thereby increasing the risk to toxicity in people who eat fish caught in an acidified region. The report also points to a disturbing result that may affect our children. Quoting from the report:

The acid rain phenomenon increases lead in drinking water and the food chain, thereby increasing human exposure.

The aquatic effects of acid rain in my own State of Massachusetts are well documented and equally devastating. Due to a largely volunteer effort, over 1,200 waterways across the State were tested for their pH level. The results were disturbing. Over 70 bodies of water were acidified or what is commonly called dead. These waterways experienced a severe loss of fish and other aquatic life. In fact, 85 percent of all the lakes, streams and reservoirs sampled by the volunteers were sensitive to acid rain to some degree.

The "Acid Rain Monitoring Project," administered by the Water Resources Center at the University of Massachusetts, should be commended for their fine work in gathering this important data. Over 900 individuals across the State participated in this program.

I am submitting for the RECORD an article written by Dr. Paul Godfrey, the director of the Water Resources Center. It appeared in the March-April edition of the UMASS magazine Contact. I urge my colleagues to review this article.

ACID RAIN

(By Paul Joseph Godfrey)

On the third Sunday of each month, a small all-volunteer army marches forth to do battle. Their mission is to collect scientifically valid data. Their weapons are one-pint plastic bottles. Their enemy is acid rain. They are part of a unique statewide effort known as the Acid Rain Monitoring Project.

Acid rain action is becoming recognized as one of the most insidious threats to the environment in many parts of the world, including Scandinavia, eastern Canada, the Adirondacks, the eastern United States, and the Rocky Mountains. Many lakes in these regions have experienced severe damage, indicated by extreme decreases in fish populations. About 9,000 such lakes have been documented in Sweden, 1,500 in Norway, 200 to 400 in the Adirondacks, and more than 400 in Canada.

Massachusetts has much in common with these areas in terms of water resources. But until the Acid Rain Monitoring Project began, we had relatively little idea of the condition of our lakes and streams, under the onslaught of acid rain. Limited information existed for approximately 600 lakes and a lesser number of streams out of the total of 2,675 lakes and ponds, and 2,027 streams and rivers. Information was needed on many more water bodies, as well as information from critical seasons, especially early spring. The task of obtaining these data by using state or university personnel would have been overwhelmingly time-consuming and expensive. Another way had to be found. In the fall of 1982, the Water Resources Research Center at UMass/Amherst, supported by a grant from Trout Unlimited, initiated its alternative. We proposed to enlist the help of Massachusetts citizens.

Other citizens action groups were already in operation on the acid rain problem in New England. But most of them evaluated pH only, using inexpensive and not terribly accurate pH paper, which requires no training to use. However, the use of pH papers meant that the results of these citizen efforts would never be accepted or used by the scientific community or regulatory agencies. We devised a way to combine citizen involvement with the accuracy of state-of-the-art analytical techniques. Citizens would collect the water samples and bring them to existing professional laboratories for pH and alkalinity analysis using sensitive and accurate instrumentation.

Surprisingly, we had little trouble finding professional laboratories to volunteer for the analysis of samples. They represented a wide spectrum of interests: municipal wastewater and water supply facilities; universities, colleges, high schools, industry; environmental education centers; private laboratories; state, federal, and county laboratories; and private individuals with access to laboratories. All responded generously with their time and equipment.

By the beginning of March 1983, everything was ready for sampling the state on the third Sunday in March. Twelve county coordinators, 75 district coordinators and laboratories, and approximately 800 volunteers were ready with as many sample bottles as could be assembled. Each laboratory had the appropriate chemicals for analysis and had already undergone one quality control check. Each volunteer had selected the lakes and streams he or she would sample.

Within days after the scheduled sampling, data sheets began to trickle into the Water Resources Research Center. The trickle quickly turned to a flood with a new crest after each successive third Sunday, as the volunteer network functioned beyond all expectation. Throughout the spring and summer the Center's staff worked feverishly to develop the computerized database, to respond to the hundreds of requests for information from reporters, and to begin a preliminary review of the results.

Volunteers had sampled 1,229 lakes, ponds and reservoirs, roughly 26 percent of the total in the state. But the heartwarming success of the volunteer effort was cooled by the hard facts of what we learned about the status of our water resources.

Explaining the significance of what we learned requires a brief digression on the nature of acid rain and the way that it affects the chemical dynamics of sensitive environments.

Acid rain is created by emissions of sulfur dioxide and nitrogen oxides. In the eastern

U.S., at least 90 percent of these emissions are not from natural sources. Instead, they are from the combustion of fossil fuel. Sulfur dioxide and nitrogen oxides are transformed in the atmosphere to secondary pollutants. If these combine with water vapor, they may fall as wet acid precipitation and become what scientists call wet deposition. The secondary pollutants that do not combine with water vapor are also deposited in dry form as sulfates and nitrates. The environment is girded for an attack of acids, to a degree at least. The forests, soils, geology, and waters are all somewhat prepared to neutralize incoming acids. Some environments have large amounts of acid neutralizing capacity and can handle present levels of acid deposition without difficulty. Much of the farm belt in the midwest has this capacity. Other environments like those in Massachusetts are poorly equipped. The soil is thin and high in natural organic acids, largely due to acid-producing coniferous forests. The geology is relatively unreactive. The water resources of the region reflect their watershed and have little acid-neutralizing capacity. Only small quantities of acid deposition can be tolerated without noticeable change. Research suggests that these sensitive environments can tolerate precipitation acidities with a pH of 4.6 or higher. Expressed as sulfate, deposition levels greater than 20 pounds per acre cannot be tolerated without significant environmental changes. Massachusetts receives 40 to 70 percent more than this maximum amount.

Although New England lakes are generally more sensitive to acid rain than midwestern lakes, not all of them are the same. In fact, they display a remarkable degree of variability in various characteristics including area, depth, productivity, and acid neutralization capacity. Each of these characteristics helps to determine the sensitivity of the water body to acid inputs.

Sensitivity reflects the degree to which a lake, stream, or reservoir can absorb acid without exhibiting adverse chemical or biological changes. If the water body and its watershed exhaust their neutralizing ability; pH will change rapidly and result in increased mobilization of heavy metals and aluminum from the watershed and corresponding losses of aquatic life.

The Acid Rain Monitoring Project has divided the continuum of sensitivity into six categories:

[In parts per million]

Not sensitive	20
Sensitive	10–20
Highly sensitive	5–10
Endangered	2–5
Critical	0–2
Acidified	(1)

[1] O, pH 5.0 or lower

Ecosystems that are not comparatively sensitive exhibit a relatively small increase in alkalinity during the biologically productive months but are otherwise quite stable. Ecosystems that are endangered or critical exhibit much wider fluctuations. In the spring, alkalinities drop to their yearly minimum because of melting of the winter's accumulation of acid snow. Some recovery occurs in summer. The improvement is due in part to alkalinity generated by biological productivity but prinicipally to the fact that acid inputs are reduced during the dry summer months. Lakes and streams in the critical and endangered category are perilously close to becoming acidified. Small changes in acid input, either annually or from day to day, cause major changes in pH. Aquatic organisms are subjected to rapidly changing pH regimes—physiologically more traumatic for the organism than constantly low pH.

Acidified lakes and systems have lost all of their acid-neutralizing capacity; pH is sufficiently low to eliminate most fish species. Technically, an acidified lake or stream has no alkalinity and a pH below 5.0. Most have a pH in the mid-4s, near equilibrium with atmospheric inputs. These aquatic systems show little of the variation in alkalinity common to the other categories. The watershed has lost its capacity to regenerate acid-neutralizing capacity, except perhaps over hundreds or thousands of years. With this categorization as background, the Acid Rain Monitoring Project preliminary results can be put in perspective. We have chosen to focus on the early spring period because it is the most critical for aquatic organisms and reveals the water body at its worst. Other surveys, including the previous data for Massachusetts, taken only during the summer or at random times throughout the year, overlook this critical period.

Our results for April are categorized according to sensitivity, that is, their relative position on the alkalinity-pH curve.

	Percentage	Number
Not sensitive	15	189
Sensitive	23	284
Highly sensitive	21	264
Endangered	19	228
Critical	16	194
Acidified	6	70

Overall, 85 percent of the lakes, streams, and reservoirs sampled by our volunteers were sensitive to acid deposition to some degree. Because volunteers chose their sampling sites on the basis of proximity, personal concern, or knowledge of records of sensitivity, the selection was random. Therefore, it is not appropriate to extrapolate these figures to all water bodies in the Commonwealth.

As Table I shows no county is immune to the effects of acid deposition, but northern Worcester, Bristol, Barnstable, and Plymouth Counties are all severely impacted. Only in Middlesex, Essex, and southern Worcester Counties are less than one third of the lakes and streams in endangered, critical, or acidified condition. These results indicate that many Massachusetts water resources are precariously close to depletion of their acid neutralizing capacity. These are other indications that matters have taken a turn for the worse.

One of the most complete data sets detailing historical change in water chemistry in Massachusetts is that for water supply reservoirs. Here changes are obvious. Many municipalities are finding it necessary to treat their drinking water in order to decrease the acidity. The reason is not acidity per se but the fact that the acidity leaches heavy metals from the watershed and, especially, the distribution pipes. For example, in Boston, where 85 percent of the service pipes are still made of lead, pH treatment to avoid dissolving lead into the tap water is imperative and costs the Metropolitan District Commission $1.2 million per year. In Amherst, lead levels in the drinking water at an elementary school exceeded drinking water standards by threefold when pH treatment had to be temporarily suspended. The only known source of lead was the solder joining the copper pipes in the school.

It's no surprise that acidity poses problems for drinking water supplies: 79 percent of the available surface drinking water is highly sensitive or worse to acidification according to the Department of Environmental Quality Engineering (DEQE). In a recent study of New England drinking water the New England Water Works Association (NEWWA), 85 percent of the water supplies were termed "highly aggressive," that is capable of dissolving metals from the pipes.

Recent indications suggest that reservoirs are fast approaching acidification. Sixty percent have 10 mg/1 of alkalinity or less, but there is a more disturbing symptom. When watersheds become acidified, sulfate replaces bicarbonate as the dominant anion, or negative charged ion, in the water. This is called "sulfate breakthrough." Using several indices of sulfate breakthrough, DEQE has observed that 60 to 70 reservoirs have had their watersheds acidified within the last four years. Even though there may still be some acid-neutralizing capacity left in the reservoir, it will not last long. Quabbin Reservoir is one of these. Data from NEWWA also show that a greater percentage of reservoirs in Massachusetts have "aggressive" water than any other New England state.

The fisheries of Massachusetts are also suffering. The damage usually results from a combination of low pH and high aluminum concentration. Aluminum and other heavy metals are leached from the surrounding watershed by acidic runoff. The number of lakes requiring stop-gap liming to avoid fish loss has dramatically increased. Thirteen lakes presently exhibit severe impairment of natural fish reproduction, a symptom typical of acidified lakes.

The Quabbin is especially interesting because it is probably the single most valuable fishery in the state. The Division of Fisheries and Wildlife has reduced its stocking of the acid sensitive rainbow trout by half because the catch has dropped 46 percent in the past two years.

Smelt are the principal food for sportfish in the Quabbin. They have experienced a population crash since 1980. There has been a 99 percent decline in young-of-the-year smelt and a 98 percent decline in the occurrence of smelt in the stomachs of lake trout. This past spring heavy egg mortality was observed during smelt spawning in the tributaries—up to 90 percent mortality in the most acid tributaries. Seemingly healthy eggs were observed to have died in tributaries experiencing a drop in pH over just a few days.

In tributaries to the Bickford Reservoir near Fitchburg, the water was lethal to stocked trout in three days to two weeks, even though these streams historically had natural trout populations. The relationship with stream acidity and aluminum concentrations was quite clear. Aluminum leached from the watershed is typically the direct cause of fish mortality in acidified waters.

TABLE I

	Acidified	Critical	Endangered	Highly sensitive	Sensitive	Not sensitive
Barnstable	16	27	27	24	6	0
Berkshire	4	11	18	18	17	32
Bristol	19	22	22	23	7	7
Essex	2	14	8	15	44	17
Franklin	2	27	16	16	31	9
Hampden	3	13	22	18	21	22
Hampshire	5	8	26	16	21	24
Middlesex	0	4	9	18	38	30
Norfolk	5	14	14	23	30	13

TABLE I—Continued

	Acidified	Critical	Endangered	Highly sensitive	Sensitive	Not sensitive
Plymouth	8	19	27	22	4	21
Worcester (North)	31	13	17	27	8	4
Worcester (South)	1	11	18	39	27	3

Finally, the Division of Fisheries and Wildlife has recently surveyed 18 tributaries to the Millers River in north-central Massachusetts. In 1953 these tributaries had healthy populations of trout, dace and suckers. All had pHs in the 6s. At present, only eight retain the same fish community; these have pHs in the high 5s and alkalinities over five parts per million. Eight have lost the dace and sucker species; pH is in the 5s, but alkalinities are critical. Two have lost all fish and much of the other aquatic life; pH is in the 4s and no alkalinity remains.

What can be done? Until major government action is undertaken to curtail the problem, research will at least prepare us to meet it. Analysis of the Acid Rain Monitoring Project data, particularly the comparison with historical data, will permit a very accurate description of the current status and the trend toward acidification. The data will also allow us to refine the available predictive models of lake and stream acidification. And, of course, the data will provide a rock-solid benchmark to which we can compare our water resources in the future.

The Acid Rain Monitoring Project has touched a deep concern among Massachusetts citizens for the effects of acid rain on our environment. The unmistakable support of Massachusetts citizens from all walks of life for an understanding and resolution of the acid rain problem presents a powerful message to the nation and its policymakers.●

CONGRESSIONAL CALL TO CONSCIENCE VIGIL FOR SOVIET JEWRY

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. STOKES. Mr. Speaker, I am proud and honored to once again participate in the Congressional Call to Conscience Vigil For Soviet Jewry, and I thank the distinguished gentleman from Pennsylvania, Mr. COUGHLIN, for organizing this effort. I believe that, as Members of this body, we must continue to take every opportunity to speak out against the flagrant denial of basic human rights in the Soviet Union.

Mr. Speaker, conditions in the Soviet Union have been deteriorating at a rapid rate for those of Jewish faith. Not only is emigration at an alltime low, with a mere 1,218 Jewish people allowed to leave in 1983 compared to the almost 51,000 allowed to leave in 1979, but reports of widespread harrassment and oppression are on the increase. the anti-Semitic policies of the Soviet Government have made the daily existence of many Soviet Jews a difficult, frustrating and seemingly hopeless, struggle for survival. The fundamental freedom to learn about, and take pride in, one's culture, history and religion is denied to the Soviet Jewish citizen. Individuals who openly attempt to develop their Jewish identity are sure to encounter various forms of intimidation and persecution. The desire on the part of Soviet Jews to escape this persecution through emigration is considered a punishable crime.

A tragic case in point is that of 23-year-old Aleksandra Lein. Aleksandra, daughter of former prisoner of conscience, Evgeny Lein, applied for permission to emigrate with her family in April 1978. Permission was refused to the Lein family in August of that year on grounds of "secrecy." Since that time, additional applicants to emigrate have been repeatedly and systematically denied. The Leins, Aleksandra included, are well known among the Refuseniks since they study Hebrew and Jewish culture and history. This labels them as "activisits" in the lexicon of the Soviet regime.

Shortly after Aleksandra's first application to emigrate, she was dismissed from the night institute where she took classes. Later, she had the frightening and humiliating experience of being assaulted in the street. The police did everything possible to avoid presssing charges against her attackers. Finally, this past January, a few short months before she was to marry, Aleksandra was fired from her job as a computer operator. Aleksandra's dismissal coincided with the firing of six other prominent Refuseniks—a further attempt to harrass the Jewish community as part of the Soviet leadership's intensified anti-Semitic campaign.

Aleksandra, a spirited and strong-willed young woman, took the issue to court, hoping to have her job reinstated. Her employer testified on her behalf. He told the court that she was an excellent employee—knowledgeable, skillful, and responsible. The court, however, chose to rule against Aleksandra, and for the first time, publicly stated that "those who apply to emigrate will be the first to go in cases of staff reduction."

Although Aleksandra is preparing another court appeal, her experience demonstrates in a clearer fashion than usual that anti-Semitic policies are rampant. Aleksandra, and others like her, must be admired for their bravery as well as their ability to persevere in the face of discrimination, economic hardship, and even physical abuse. However, they are counting on our efforts to bring hope for their future. We cannot let them down. I urge each of my colleagues to work not only toward increased emigration for Soviet Jews, but toward freedom and justice for those who, for one reason or another, remain in the Soviet Union.●

PROTECT AMERICAN PRODUCTS FROM COUNTERFEITERS

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. DOWNEY of New York. Mr. Speaker, in the final hours of the first session I introduced H.R. 4502, legislation which uses special trade preferences as a lever to stop industrial counterfeiting by developing countries.

Today, along with 14 of my colleagues, I am introducing a bill which makes several improvements to the original. Most importantly, it affords the same protection for published products as the first bill provided for manufactured goods, and therefore it has the expanded backing of the American publishing industry. Additionally, this new bill uses language similar to that already enacted as part the Caribbean Basin Initiative, language proved successful in halting the pirating of textbooks in the Dominican Republic and of cable television signals by Jamaica. Finally, this new bill is very similar to a bill working its way through the Senate.

Industrial counterfeiting by foreign nationals is a serious and growing economic problem for us. A recent International Trade Commission study estimated that American companies are losing from $6 to $8 billion in sales each year and at least 131,000 jobs.

Many counterfeit goods are sold abroad, cutting into needed markets for American goods. A wide variety of products are popular targets including clothing, precision tools, drugs, farm chemicals, and high technology equipment to name a few.

While the impact on our American manufacturers is clear, there is little they can do legally. This bill attempts to solve the problem at its source. Under the generalized system of preferences (GSP), certain countries such as Taiwan, Brazil, and South Korea qualify for duty-free tariff treatment in import dealings with our country in order to promote their economic development. This program has been beneficial to the countries known to be the source of the most notorious counterfeiters. The bill I am introducing today ties future GSP benefits to the willingness of each country to enact and enforce stricter laws protecting intellectual property rights. The GSP is due to be renewed before the end of the year and I intend to add this bill as an amendment. I invite my colleagues' support and ask that a copy of the new version be printed here:

Section 502 of the Trade Act of 1974 (19 U.S.C. 2462) is amended—

(1) by striking out "and" at the end of subsection (b)(6);

(2) by striking out the period at the end of subsection (b)(7) and inserting in lieu thereof "; and";

(3) by adding at the end of subsection (b)(7) the following:

"(8) if such country fails to provide under its law adequate and effective means for foreign nationals to secure, exercise and enforce exclusive rights in intellectual property, including patent, trademark and copyright rights, unless the President receives assurances satisfactory to him that the country is taking appropriate steps to provide such means and he submits a written report to both houses of Congress detailing the nature of those assurances.";

(4) by amending the last paragraph of subsection (b) to provide:

"Paragraphs (4), (5), (6), (7) and (8) shall not prevent the designation of any country as a beneficiary developing country under this section if the President determines that such designation will be in the national economic interest of the United States and reports such determination to the Congress with his reasons therefor.";

(5) by striking out the "and" at the end of subsection (c)(3);

(6) by striking out the period at the end of subsection (c)(4) and inserting in lieu thereof "; and";

(7) by adding at the end of subsection (c)(4) the following:

"(5) the extent to which such country is providing under its law adequate and effective means for foreign nationals to secure, exercise, and enforce exclusive rights in intellectual property, including patent, trademark and copyright rights."; and

(8) by adding at the end of section 502 the following:

"(e)(1) Not later than January 1, 1986, the President shall determine whether each beneficiary developing country designated as of the effective date of this Act satisfies the requirements of section 502(b)(8) and he shall report to Congress his determination and the reasons therefor. If the President determines that any such country fails to satisfy these requirements, he shall terminate such designation consistent with the provisions of section 502(a)(2).

"(2) With respect to any country for which the President has received assurances under section 502(b)(8), the President shall, not later than January 1, 1987, and annually thereafter, report to Congress the extent to which such assurances have been satisfied."●

HONORING THE MEMORY OF THOSE ADVENTURERS OF 1633

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. LONG of Maryland. Mr. Speaker, I would like to bring to the attention of my colleagues Maryland Day, which was March 25, 1984. March 25 was designated "Maryland Day" to honor the memory of those adventurous individuals who came to Maryland 350 years ago on the *Ark* and the *Dove*. The *Ark* and the *Dove* were the first two boats to land on Maryland shores on November 22, 1633. These brave pioneers were the founding settlers of the great State of Maryland and I wish to list their names here today to recognize the contributions to the development and growth of the State of Maryland.

THE ADVENTURERS OF 1633

Most of the data summarized below was taken from Harry Wright Newman's "Flowering of the Maryland Palatinate," 1961 (Repr.: Baltimore: Genealogical Publishing Company, 1984). The letters following the names of the known adventurers are explained following the list.

Allen, Thomas: G K; Althome, John, Gent., d. 1640: D G I; Andrews, William: G K; Ashmore, John: G K; Ashmore, William, d. 1635: G I.

Baldridge, James, Gent., d. by 1658/9: C E H J L M N; Baldridge, Maj. Thomas, d. c.1654: C H J L M N; Barefoot, James, Gent., d. en route; Baxter, John, Gent., d. c.1637/8: C I; Beane, Ralph, Gent., d. c.1658: C G L N; Beckwith, Thomas: G K; Benham, Anam: G K; Bishop, Henry, d. 1658: D G H I; Bolles, John: H K; Bradley, Richard, d. 1638/9: I; Briant, John, d. 1637: C G I (L?); Brown, William, 1623-1666: C D I L M; Burrowes, Matthew: G K.

Calvert, George: A B F I N; Calvert, Leonard: A B F H I L M; Carnell, Christopher, d. 1661: C E G I L; Charinton, Thomas, d. 1642: G H I; Cole, Richard: G K; Cook, John: G K; Cooper, Thomas, d. 1640: G I; Cornwallis, Capt. Thomas: A B C D F H K L M N; Cox, Mrs. Ann, Gentlewoman, d. 1638: C D F L M; Cranfield, Edward: F I.

Dorrell, Thomas, d. by 1637/8: F I N; Draper, Peter, Gent., d. by 1644: D F H I; Duke, Richard, c.1613- : E G K L M.

Edlowe, Joseph, d. c.1660: C G L M N; Edwards, Richard: F K; Edwin, William, c.1612-c.1663: C E G I L M N; Elbin, John: G J.

Fairfax, Nicholas, d. en route: D F; Fenwick, Cuthbert, d. c.1654: A C D G H L M; Fitter, William, Gent., c.1571- : G K; Fleete, Capt. Henry, Gent., d. 1660: A B C E F H J L N; Francisco, mulatto: G K; Fremond, Lewis, c.1623- (D?) G K.

Gerard, Richard: A B C D F K N; Gervase, Thomas, d. 1637: D G I; Gilbert, Richard, d. c.1638: C G L M; Gore, Stephen: G K; Greene, Thomas, Esq., d. by 1652: A B C D F H I L M N; Grigston, Thomas: G K.

Halfhead, John, c.1608-1675/6: C E G I L; Hallowes, Maj. John, c. 1613-C G H J L M N; Harvey, Nicholas, Gent., d. 1647: C D G L M; Hawley, Jerome, c.1590-1638: A C D F H I L N; Heath, Thomas: G K; Hill, Capt. John: F K; Hill, John: G J; Hilliard, John: G K; Hills, Richard: G K; Hockley, James: G K; Hodges, Benjamin: G K; Holdern, John: G K.

James, Henry, d. 1646: G I; Jennings, Mary: G K; Josias, servant: G I.

Knowles, John, d. 1637: D G I.

Lewis, Lieut. William: C D G; Loe, Richard, d. by 1639: G I; Lustead, Richard, d. 1642: C D G I.

Marlburgh, John: G K; Martin, Christopher, d. 1641: C I; Medcalfe, John, Gent.: G H N; Middleton, Charles: G K; Minnus, Thomas: G K; Morgan, Roger: G K.

Nevill, John, d. 1664/5: C E G I L M; Nevitt, Richard: C (D?) G H L M; Norton, John, the Elder: G; Norton, John, the Younger: G.

Pike, Robert: G K; Price, "Black" John: G; Price, "White" John: G; Price, Lodovick: G K; Price, Thomas (not in Newman): L M.

Rabnett, Francis: D G K; Robinson, John: G K; Rogers, Mr. Francis: G K.

Saire, William: F K; Sammon, Stephen, d. by 1651: C G I L; Saunders, John, Esq., d. 1634: F I; Sherley, Robert: G K; Slatham, Thomas: G K; Smith, Robert, d. 1671: C G I L M; Smith, Thomas: G K; Smith, William, Gent., d. 1635: C D F I; Smithson-Norman, Anne: C G L; Sousa, Matthias: G K; Sympson, Robert: G H K.

Thompson, Richard: G K; Thompson, William, Gent., d. 1650: C D H I L M; Thornton, James: G K; Thorowgood, Cyprian, Gent.: F H K N; Tomson, John, d.1649: G I.

Vaughan, Capt. Robert, Gent., d.1668: C E F H I L M.

Walter, Roger: G K; Ward, John: G K; Wells, John: K; White, Andrew, S. J., 1579- : D F N; Wilkins, Evan: G K; Wintour, Edward: A D F K; Wintour, Frederick: A D F K; Wintour, Capt. Robert, d. c.1638: D F H I; Wiseman, Robert, d. 1650: A B C D G I L M N.

This list contains 110 names of individuals listed (with one exception) in Newman's book. The letters following the name represent the following known facts: A—Parents are known. B—Grandparents are known. C—The person is known to have married. D—The adventurer was a Roman Catholic. E—The adventurer was a Protestant. F—The person immigrated. G—The individual was transported. H—He held office. I—He or she died in Maryland. J—The person is known to have moved to Virginia. K—He or she disappeared or is known to have returned to England. L—He or she is known to have had children. M—The person is known to have had grandchildren. N—The person was related to other colonists who came to Maryland at a later date, or who came to other colonies.●

CONGRESSMAN UDALL'S VOTING RECORD

HON. MORRIS K. UDALL

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. UDALL. Mr. Speaker, it has become my practice from time to time to list my votes in the House of Representatives here in the CONGRESSIONAL RECORD. I strongly believe that the people of Arizona have a right to know where I stand on the issues decided by the House, and I have found that printing my record here is the best way to provide that information.

This is not an all-inclusive list. I have omitted noncontroversial votes such as quorum calls, motions to resolve into the Committee of the Whole House, and motions to approve the Journal of the previous day.

The descriptions are necessarily some what short, and I am sure that some of my constituents will have additional questions about the issues described here. So I invite them to write me for specifics, or to visit by district office at 300 North Main in Tucson or 1419 North Third Street, Suite 103, in Phoenix.

The list is arranged as follows:

VOTING LIST

KEY

1. Official rollcall number;
2. Number of the bill or resolution;
3. Title of the bill or resolution;

4. A description of issue being voted on;
5. The date of the action;
6. My vote, in the form Y=yes, N=no, and NV=not voting.
7. The vote of the entire Arizona delegation, in the form (Yes-No-Not voting);
8. An indication whether the motion or amendment was passed or rejected; and
9. The total vote.

201. H. Con. Res. 91. First Budget Resolution, Fiscal 1984. Adoption of the rule (H Res 243) providing for House floor consideration of the conference version of the resolution to set budget targets for the fiscal year ending Sept. 30, 1984. Adopted 265-150: Y(2-3-0), June 23, 1983.

202. H.R. 1183. Tax Rate Equity Act. Bonior, D-Mich., motion to order the previous question (thus ending debate and the possibility of amendment) on the rule (H Res 242) providing for House floor consideration of the bill to place a $720 per return limit on the 10 percent individual income tax cut scheduled for July 1, 1983. Motion agreed to 255-165: Y(2-3-0), June 23, 1983.

203. H.R. 1183. Tax Rate Equity Act. Adoption of the rule (H Res 242) providing for House floor consideration of the bill to place a $720 per return limit on the 10 percent individual income tax cut scheduled for July 1, 1983. Adopted 253-166: Y(2-3-0), June 23, 1983.

204. H. Con. Res. 91. First Budget Resolution, Fiscal 1984. Jones, D-Okla., motion to approve the substitute resolution, agreed to by House-Senate conferees but reported in technical disagreement, to set budget targets for the fiscal year ending September 30, 1984, as follows (totals including reserve fund items in parenthesis): budget authority, $919.5 billion ($928.725 billion); outlays $849.5 billion, ($858.925 billion); deficit, $169. ($179.925 billion). The resolution also sets preliminary goals for fiscal 1985-86, revised budget levels for fiscal 1983, and included reconciliation instructions requiring House and Senate committees to recommend legislative savings to meet the budget targets. Motion agreed to 239-186: Y(2-3-0), June 23, 1983.

205. H.R. 1183. Tax Rate Equity Act. McCurdy, D-Okla., amendment to call for a reduction in fiscal 1984 spending by at least the amount that is expected to be raised by placing a $720 per return limit on the individual income tax cut scheduled for July 1, 1983. Adopted 267-155: Y(2-3-0), June 23, 1983.

206. H.R. 1183. Tax Rate Equity Act. Frenzel, R-Minn., motion to recommit the bill to the Ways and Means Committee with instructions to strike the $720 tax-cut limit and replace it with language calling for legislation to reduce fiscal 1984 spending by at least $12 billion. Motion rejected 181-241: N(2-3-0), June 23, 1983.

207. H.R. 1183. Tax Rate Equity Act. Passage of the bill to place a $720 per return limit on the 10 percent individual income tax cut scheduled for July 1, 1983. Passed 229-191: Y(2-3-0), June 23, 1983.

208. H.R. 3132. Energy and Water Development Appropriations, Fiscal 1984. Conte, R-Mass., motion to instruct conferees on the fiscal 1984 energy and water development appropriations bill to insist on the House position not including funds for construction on the Garrison Diversion unit in North Dakota. Motion rejected 150-215: N(0-4-1), June 23, 1983.

210. H.R. 3363. Interior Appropriations, Fiscal 1984. Hiler, R-Ind., amendments offered en bloc to reduce appropriations in the bill for the National Endowment for the Arts and National Endowment for the Humanities by $40 million, returning them to fiscal 1983 levels. Rejected 150-271: N(3-2-0), June 28, 1983.

211. H.R. 3363. Interior Appropriations, Fiscal 1984. McDade, R-Pa., amendment to reduce program funding contained in the bill by 4 percent across-the-board, with certain exceptions. Adopted 211-209: N(3-2-0), June 28, 1983. (This amendment subsequently was defeated after the House rose from the Committee of the Whole).

212. H.R. 3363. Interior Appropriations, Fiscal 1984. McDade, R-Pa., amendment to reduce program funding contained in the bill by 4 percent across-the-board, with certain exceptions. Rejected 206-213: N(3-2-0), June 28, 1983. (This amendment previously had been adopted in the Committee of the Whole).

213. H.R. 3363. Interior Appropriations, Fiscal 1984. Passage of the bill to appropriate $8,081,974,000 for the Interior Department and related agencies in fiscal 1984. Passed 272-144: Y(4-1-0), June 28, 1983. The president had requested $6,700,928,000 in new budget authority.

214. H.R. 3398. Omnibus Minor Tariff Amendments. Gibbons, D-Fla., motion to suspend the rules and pass the bill to make 23 minor changes in tariff and customs laws. Motion agreed to 368-43: Y(3-2-0), June 28, 1983. A two-thirds majority of those present and voting (274 in this case) is required for passage under suspension of the rules.

215. H.R. 3133. Department of Housing and Urban Development Appropriations, Fiscal 1984. Adoption of the conference report on the bill to appropriate $55,789,340,000 for the Department of Housing and Urban Development and 17 independent agencies in fiscal 1984. Adopted 314-99: Y(3-2-0), June 29, 1983. The president had requested $49,561,458,896 in new budget authority.

216. H. Res. 245. Hearing Transcript Investigation. Wright, D-Texas, motion to refer to the Rules Committee the resolution to create a select committee to investigate alterations of hearing transcripts. Motion agreed to 265-161: Y(2-3-0), June 29, 1983.

217. H.R. 3135. Legislative Branch Appropriations, Fiscal 1984. Adoption of the conference report on the bill to appropriate $1,473,359,000 for Congress and its agencies in fiscal 1984. Adopted 241-175: Y(3-2-0), June 29, 1983. The president had requested $1,473,395,000 in new budget authority. Traditionally, the president simply requests the amount congressional agencies want included in the budget.

218. H.R. 3132. Energy and Water Development Appropriations, Fiscal 1984. Adoption of the conference report on the bill to appropriate $14, energy and water development in fiscal 1984. Adopted 337-82: Y(5-0-0), June 29, 1983. The president had requested $14,610,671,000 in new budget authority.

219. H.R. 3415. District of Columbia Appropriations, Fiscal 1984. Passage of the bill to appropriate $544,590,000 in federal funds for the District of Columbia in fiscal 1984, and $2,122,013,000 in funds for the district's own treasury. Passed 296-124: Y(2-3-0), June 29, 1983.

220. H.R. 2668. Consumer Product Safety Act Authorization. Shelby, D-Ala., substitute to authorize $35.7 million for the Consumer Product P Commission in fiscal 1984, $37.485 million in fiscal 1985 and $39.36 million in fiscal 1986. Adopted 238-177: N(3-2-0), June 29, 1983. (The bill, as amended, subsequently was passed by voice vote.)

221. H. Res. 254. Hearing Transcript Investigation. Long, D-La., motion to order the previous question (thus ending debate and the possibility of an amendment) on the resolutions to authorize the Committee on Standards of Offiicial Conduct to begin an investigation of alleged alterations of hearing transcripts. Motion agreed to 250-151: Y(2-3-0), June 30, 1983.

222. H. Res. 254. Hearing Transcript Investigation. Adoption of the resolution to authorize the Committee on Standards of Official Conduct to begin an investigation of alleged alterations of hearing transcripts. Adopted 409-0: Y(5-0-0), June 30, 1983.

223. H.R. 1. Housing and Urban-Rural Recovery Act. Adoption of the rule (H. Res. 248) providing for House floor consideration of the bill to authorize $24.6 billion for the Department of Housing and Urban Development in fiscal 1984. Adopted 291-110: Y(2-3-0), June 30, 1983.

224. H. Con. Res. 126. Harry S. Truman Centennial Commemoration. Adoption of the concurrent resolution providing for the commemoration of the 100th anniversary of the birth of the late President Harry S. Truman. Adopted 382-5: Y(5-0-0), June 30, 1983.

225. S. 273. Small Business Pilot Programs. Adoption of the conference report on the bill to authorize in fiscal 1984-85 two minority enterprise pilot programs conducted by the Small Business Administration. Adopted (thus cleared for the President) 367-6: Y(5-0-0), June 30, 1983.

226. H.R. 10. National Development Investment Act. Walker, R-Pa., amendment to require the secretary of commerce to study whether adhering to federal rules or regulations affecting funding in the bill, such as the Davis-Bacon Act requiring that prevailing local wages be paid on federal construction projects, would reduce job opportunities in affected areas of the country. Rejected 170-245: N(3-2-0), July 12, 1983.

227. H.R. 10. National Development Investment Act. Walker, R-Pa., amendment to permit the secretary of commerce, upon application by an Economic Development Administration grant recipient, to waive federal rules or regulations affecting funding in the bill, such as the Davis-Bacon Act requiring that prevailing local wages be paid on federal construction projects, if the waiver would increase job opportunities in the affected area. Rejected 148-270: N(3-2-0), July 12, 1983.

228. H.R. 10. National Development Investment Act. Passage of the bill to authorize $500 million in each of fiscal years 1984-86 for Economic Development Administration grants to state and local governments and other entities to foster economic development by improving roads, bridges and other infrastructure items and by making loans to save or start small businesses; and to authorize continued funding for Appalachian Regional Commission projects at various levels in fiscal years 1984-91. Passed 306-113: Y(2-3-0), July 12, 1983. A "nay" was a vote supporting the president's position.

229. H.R. 1. Housing and Urban-Rural Recovery Act. Wylie, R-Ohio, amendment to prevent federal funds for a new $900 million multifamily rental housing production program from going to areas or communities that place rent control on projects built after the date of enactment. Rejected 206-208: N(3-2-0), July 12, 1983.

231. H.R. 1. Housing and Urban-Rural Recovery Act. Bartlett, R-Texas, amendment to allow the interest rates on Federal Home

insured mortgage loans to be negotiated between the lender and the buyer. Adopted 223-201: N(3-2-0), July 13, 1983. (This amendment subsequently was adopted after the House rose from the Committee of the Whole.)

232. H.R. 1. Housing and Urban-Rural Recovery Act. Bartlett, R-Texas, amendment to eliminate $900 million for a new multifamily rental rehabilitation program and $167 million for the Section 235 homeownership program for low and moderate income people and transfer the money to the Section 8 rental assistance program for existing housing. Rejected 120-300: N(2-3-0), July 13, 1983.

233. H.R. 1. Housing and Urban-Rural Recovery Act. Bartlett, R-Texas, amendment to allow the interest rates on Federal Home Administration insured mortgage loans to be negotiated between the lender and the buyer. Adopted 228-194: N(3-2-0), July 13, 1983. (This amendment previously had been adopted in the Committee of the Whole.)

234. H.R. 1. Housing and Urban-Rural Recovery Act. Wylie, R-Ohio, motion to recommit the bill to the Banking, Finance and Urban Affairs Committee with instructions to bar communities that place rent control on projects built after enactment from receiving federal funds from a new $900 million multifamily rental housing production program. Motion rejected 205-217: N(3-2-0), July 13, 1983.

235. H.R. 1. Housing and Urban-Rural Recovery Act. Passage of the bill to authorize $15.64 billion in fiscal 1984 for federal housing programs and to establish a new $900 million multifamily rental housing production program. Passed 263-158: Y(2-3-0), July 13, 1983.

236. H.R. 2769. Caribbean Basin Initiative. Adoption of the rule (H. Res. 246) providing for House floor consideration of the bill to provide trade and tax preferences to the nations of the Caribbean region. The rule allowed no amendments except those offered by the Ways and Means Committee. Adopted 212-204: N(3-2-0), July 13, 1983.

237. H.R. 2769. Caribbean Basin Initiative. Passage of the bill to provide trade and tax preferences to the nations of the Caribbean region. Passed 289-129: Y(5-0-0), July 14, 1983. A "yea" was a vote supporting the president's position.

238. H.R. 2350. Health Research Extension Act. Adoption of the rule (H. Res. 208) providing for House floor consideration of the bill to authorize programs at the National Cancer Institute, National Heart, Lung and Blood Institute and other agencies through fiscal 1986. Adopted 388-15: Y(4-1-0), July 14, 1983.

239. H.R. 1398. Daylight-Saving Time. Costs, R-Ind., amendment to allow states to exempt themselves from the additional two months of daylight-saving time. Adopted 221-187: N(4-1-0), July 14, 1983.

240. H.R. 1398. Daylight-Saving Time. Passage of the bill to extend daylight-saving time by beginning it on the first Sunday in March rather than the last Sunday in April. Rejected 199-211: N(0-5-0), July 14, 1983.

241. H.R. 3385. Upland Cotton PIK Program. De la Garza, D-Texas, motion to suspend the rules and pass the bill to require the Secretary of Agriculture to take bids from cotton producers for federal acquisition of cotton under price support loans for use in the 1983 cotton Payment-in-Kind (PIK) program that bids meeting certain criteria must be accepted. Motion agreed to 312-97: Y(5-0-0), July 19, 1983. A two-thirds majority of those present and voting (274 in this case) is required for passage under suspension of the rules. A "nay" was a vote supporting the president's position.

242. H. Res. 268. Committee Election. Adoption of the resolution to elect Rep. Sala Burton, D-Calif., to the Committee on Education and Labor and the Committee on Interior and Insular Affairs. Adopted 298-112: Y(4-1-0), July 19, 1983.

243. H. Res. 266. Daniel B. Crane Censure. Michel, R-Ill., motion to recommit the resolution to the Committee on Standards of Officials Conduct with instructions that the committee report a recommendation of censure instead of reprimand. Motion agreed to 289-136: Y(5-0-0), July 20, 1983.

244. H. Res. 266. Daniel B. Crane Censure. Adoption of the resolution to censure Rep. Daniel B. Crane, R-Ill. Adopted 421-3: Y(5-0-0), July 20, 1983.

245. H. Res. 265. Gerry E. Studds Censure. Michel, R-Ill., motion to recommit the resolution to the Committee on Standards of Officials Conduct with instructions that the committee report a recommendation of censure instead of merely a reprimand. Motion agreed to 338-87: Y(5-0-0), July 20, 1983.

246. H. Res. 265. Gerry E. Studds Censure. Adoption of the resolution to censure Rep. Gerry E. Studds, D-Mass. Adopted 420-3: Y(5-0-0), July 20, 1983.

247. H.R. 2969. Department of Defense Authorization. Dicks, D-Wash., amendment to remove from the bill a ban on seeking a second production source for the gas turbine engine of the M-1 tank. Rejected 187-241: Y(5-0-0), July 20, 1983.

248. H.R. 2969. Department of Defense Authorization. Bennett, D-Fla., amendment to delete $2.6 billion for procurement of 27 MX missiles. Rejected 207-220: Y(2-3-0), July 20, 1983. A "nay" was a vote supporting the president's position.

250. H.R. 2969. Department of Defense Authorization. Seiberling, D-Ohio, amendment to bar test flights of anti-satellite weapons until separately authorized by law. Rejected 142-275: Y(2-3-0), July 21, 1983.●

STRONG AND IMMEDIATE ACTION NEEDED TO CONTROL GOVERNMENT SPENDING

HON. JERRY M. PATTERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. PATTERSON. Mr. Speaker, I rise today to express my deep concern over the growing deficit crisis and to request the support of my colleagues for a constitutional amendment that will require the President's submission and the Congress approval of a balanced budget.

We cannot go on borrowing and financing annual deficits of nearly $200 billion indefinitely. The stability of our economy is severely affected by huge deficits. To finance the current deficit, the Federal Government must borrow almost 60 percent of all private savings, money which would normally be available for lending and investment in the United States. As we continue to borrow, interest rates will continue to rise, leading to sluggish business investment, minimal improvements in productivity, slower economic growth, as well as reduced tax revenues. Higher interest rates will ultimately choke off the recovery and put us back on the downward path to economic stagnation.

Every year that we continue to incur massive budget deficits, the size of our national debt increases. In 1982, our national debt passed the trillion dollar mark. Under the current Reagan administration policies, this debt will approach $3 trillion in 1988. The interest we pay on the national debt increases by approximately $8 billion each year the deficit remains at its present level and now accounts for nearly 13 percent of all Federal spending.

Since World War II, Federal budget deficits have been largely a function of economic conditions and have been a relatively small proportion of the gross national product. For the most part, deficits were viewed as temporary problems and not as a severe threat to the economy. Since President Reagan assumed office, however, budget deficits have been anything but small, totaling 7 percent of the GNP in 1983, compared to only 1.2 percent in 1973. We now borrow 27 percent of our Federal budget, compared to a cumulative 4-year total of 9.5 percent under the Carter administration.

In the last few years, it appears that deficits are no longer considered temporary problems. In fact, deficit spending has become an almost acceptable norm in the Federal Government. For example, of all President Reagan's proposed budgets submitted to Congress, not one has even been close to being balanced. The President's budget proposals have requested deficit spending escalating upward every year from the $45 billion requested for fiscal 1982 to the $180.4 billion requested for fiscal 1985.

Neither the President nor the Congress appears willing to make any tough and perhaps politically unpopular decisions to substantially reduce the deficit, especially in an election year. Without a forceful legislative measure to control the budget, the current fiscal policy we now have will not be corrected. We cannot put off these decisions any longer. We must start closing the gap between Government spending and Government income if this deficit crisis is to be solved and the strength of the American economy maintained. We must tackle this deficit crisis head on even if special interest groups initially oppose our efforts.

Mr. Speaker, what I am soliciting today is the support of the leadership and my colleagues for a constitutional amendment to balance the Federal budget which I introduced during the first session of the 98th Congress. I will admit that in the past I have had reservations about altering our Na-

tion's Constitution to deal with budgetary crises. I had hoped that we here in Washington, representing the American people, could put our bipartisan differences aside and work toward resolving this deficit crisis without harsh measures. Recordbreaking deficits, however, have necessitated this drastic course of action.

Many bills have been introduced over the years in support of a balanced budget amendment. However, all of them have lacked one or more provisions which I believe are essential if we are going to address this problem in a direct but reasonable manner.

Let me highlight those provisions included in my proposed amendment, House Joint Resolution 428, which, when taken together, uniquely address the deficit problem:

House Joint Resolution 428 would require not only that Congress enact a balanced budget but, additionally, that the President prepare and submit a balanced budget to Congress. Since assuming office, President Reagan has yet to submit a balanced budget to Congress. Omitting the President from the balanced budget process is unrealistic. The President is responsible for preparing the Federal budget and presenting it to Congress for approval;

House Joint Resolution 428 also insures that our Federal Government's commitment to national defense will not be breached. To provide flexibility to respond to threats and emergencies affecting our national security interests, my amendment allows suspension of the balanced budget requirement in the event of a national emergency or declaration of war; and

Unlike other balanced budget amendments introduced in the past, House Joint Resolution 428 would go into effect immediately upon ratification by the States. Delaying actual enactment of the amendment only allows a President more time to slip unbalanced budgets past the American people, something our economy simply cannot withstand at this point.

Those of us who really believe the economy is in trouble and that deficits do matter, should be the first to press for passage of this amendment. We must gain control over budget deficits now. We can no longer postpone any all-out effort to reduce the deficit until after the election.

This Government's growing deficits are disastrous to our economic system and are completely unacceptable to the American people. A constitutional amendment demonstrates our resolve to force Government to live within its means. This legislation is needed to make sure intentions of a balanced budget are realized. If the administration is not willing to make some difficult decisions, we in Congress must find the solutions. A balanced budget amendment is a positive step in that direction.●

MR. REAGAN, WE WANT SPECIFICS

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mrs. SCHROEDER. Mr. Speaker, in the March 29 New York Times, President Reagan made it very clear that he intends to restructure social security benefits if he is reelected. He did not, however, make clear the specifics of this restructuring.

What kind of restructuring can the elderly and the workers of America expect from a man whose definition of the truly needy is shockingly narrow, one of whose advisers publicly declares that there is no hunger in America?

Mr. Reagan talked about political demagoguery used to frighten the elderly. It sounds like demagoguery to me that Reagan is now talking about restructuring the social security program but he's going to wait until after the election, he's going to wait until after he has his votes safely in his pocket.

Mr. Reagan gives no specifics, hiding behind the excuse that this will take thorough study. Of course totally revamping the system will take thorough study. That's what the Presidential Commission on Social Security was for: to thoroughly study the program, then make recommendations to Congress. After a year of study and hearings, the Commission made these recommendations, Congress acted on them, the final legislation was signed by Mr. Reagan last year. If the amendments to the system that we all agonized over last year were not thorough, then what do you have in mind, specifically, Mr. Reagan?●

NUCLEAR CRISIS CONTROL

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. LaFALCE. Mr. Speaker, the grave danger posed by nuclear weapons is unlikely soon to pass. As long as mankind is saddled with these weapons, however, it must make every effort to reduce their danger. Controlling the number of nuclear powers in the world, and the weapons held by those powers, may be the most important of such efforts. It is also necessary that a rough balance of retaliatory nuclear power be maintained, so that no nation initiates a holocaust in the belief that surprise might yield conquest.

These efforts are not guaranteed to succeed. While arms control limits the hardware of destruction, and deterrence seeks to eliminate any rational motivation for using that hardware, risks are still posed by the weapons that continue to exist and the human potential for irrational action that might put those weapons into use. And if weapons fell into the wrong hands, irresponsible terrorism could ignite a general nuclear exchange.

Interest has therefore grown in measures that reduce the chance of inadvertent nuclear war. In an international crisis, our greatest peril may come from the strain placed on the individuals in charge of national security, on their sources of accurate information, and on their ability to communicate with one another. We should try to mitigate these dangers and allow our leaders to cool nuclear crises before they boil over.

I urge my colleagues to read and consider a recent article that explains the concept of crisis control, and offers concrete recommendations that could make our world a more secure place to live. Its author, Dr. William Ury, directs the nuclear negotiation project at Harvard University and is a recognized expert in his field. While his article merely introduces the subject of crisis control, and his proposals require further discussion and refinement, the protection of peace in our age is too important for us to ignore such constructive advice.

The article follows:

WHAT WE CAN DO TO AVERT NUCLEAR WAR

(By William L. Ury)

Nuclear war can happen two ways: by cool calculation or by runaway escalation. The public debate and official discussions dwell mostly on war by design. Yet, unintended war through the uncontrolled escalation of a crisis is by far the more likely scenario. To prevent nuclear war, we need arms control; but just as much, we need crisis control.

Today, the United States and the Soviet Union each marshaled enormous military forces poised to strike. Fearing total mutual destruction, the two sides are talking, but gingerly, suspiciously, and sometimes very little. The truce has lasted more than 30 years, but at any moment an accident, a miscalculation or a regional conflict could trigger the war no one wants.

Fascinated by the awesome destructiveness of a nuclear bomb, we have focused on the weapons themselves. Should we freeze them? Should we reduce them? Should we even increase them? Yet, with 50,000 weapons in the arsenals, even a radical reduction to half would not save us if war broke out. It would take only a few hundred to destroy America, if not the world.

The greatest danger now is not the weapons, but people making mistakes. We can stabilize the weaponry so that no sane leader deliberately starts a nuclear war, but, in times of intense crisis, miscommunication, miscalculation, stupidity, panic and organizational snafus?

Too many paths exist by which an unexpected nuclear crisis could erupt—and they are gradually multiplying. The superpowers could become embroiled in their friends' wars, as in the Middle East. Missiles might be fired by accident or without authorization. A "mad" leader with a few atomic

bombs, believing that his nation or terrorist group would be better off without the superpowers, might detonate a bomb in an American city, hoping thereby to trigger a Soviet-American exchange. Perhaps most dangerous is the scenario no one foresees.

The most serious threat in such a crisis is not to American and Soviet military capabilities, but to each side's capacity to make wise decisions. To improve that capacity is the task of "crisis control."

The existing Washington-Moscow hotline (first proposed in the pages of Parade) is one important step for crisis control. But we need to build further on its success.

In September 1982, the U.S. Arms Control and Disarmament Agency asked a group of specialists at Harvard, including Dr. Richard Smoke and myself, to study past U.S.-Soviet crisis and to suggest better ways of controlling them. We asked ourselves: If you were an American (or Soviet) leader as a crisis broke out, what would you wish you had discussed beforehand with the other side so as to ensure both sides reached a wise decision? Let me describe three crisis control measures our report suggested for the government's consideration.

CRISIS CONTROL CENTER

If a nuclear bomb suddenly destroyed San Francisco, American suspicions would fasten immediately on the Soviet Union. Feelings of outrage, calls for immediate retaliation and expectations of further nuclear attacks might drive the world toward war. But the bomb might have been detonated by a terrorist group, a third nation or even by accident. In such cases, American leaders would want proof, and the Soviets would surely want to cooperate. No one would want to go to war over a mistaken assumption.

The hotline might be inadequate for the delicate tasks of interpreting and authenticating information. We would be much safer if there existed a group of highly trained military and diplomatic experts from both sides who knew each other and had prepared intensively together for just such a crisis. Hence the usefulness of a U.S.-Soviet crisis control center with headquarters in Washington and Moscow, each staffed around the clock with American and Soviet experts.

Even better than crisis control is crisis prevention. At such a center, the United States and the Soviet Union could share intelligence and even act jointly to prevent nuclear terrorism or a nuclear attack from a third nation. It is not only possible; it has already been done. In August 1977, the Soviets tipped off the U.S. government that South Africa was planning to test a nuclear device. A strong but quiet American protest followed; and no test took place.

The center enjoys bipartisan support. The late Sen. Henry M. Jackson of Washington proposed the idea almost two years ago, and Sens. Sam Nunn of Georgia and John Warner of Virginia recently released a report urging the Reagan Administration again to consider such a center.

No idea is without problems. A crisis center could be misused for intelligence gathering or deceiving the other side. Clearly the arrangement should not depend on goodwill, for we are engaged with the Soviets in a global contest involving strong, conflicting interests. But, as Senator Nunn said: "You don't have to trust the Russians to do this; you only need to make an assumption that they are not madmen and they will act in their own interests."

PRESIDENTIAL CRISIS CONTROL EXERCISE

The most important decision that the President of the United States would ever make would come during a severe crisis with the Soviet Union. The fate of billions may rest on his decision. There is, moreover, no second chance. Yet the President receives very little preparation for his critical role in controlling a nuclear confrontation.

Perhaps the simplest way to pass on the lessons of past crises and to prepare for future ones would be for the President to immerse himself, possibly over a long weekend, with his closest advisers. National security experts and former government officials with experience in crises could brief the President. The participants might also engage in a "crisis game," a simulation of an emerging U.S.-Soviet confrontation. If a crisis were later to break out, those three days might be the most valuable weekend the President—or anyone—ever spent.

INCIDENTS IN THE AIR AGREEMENT

The terrible downing of Korean Air Lines Flight 007 six months ago raises several sobering "what ifs." What if the Soviets had attacked an American airplane? What if the attack had come during a time of acute international tension?

Could this trigger a war? Unlikely. Is it possible? Yes. World War I began with the assassination of Austrian Archduke Ferdinand at Sarajevo in June 1914. Today, as two hostile superpowers confront each other around the globe, the potential accidental triggers multiply. How can we create safety mechanisms to avoid a nuclear Sarajevo?

In 1972, concerned by the growing number of collisions and near-misses between American and Soviet naval vessels, the two navies reached an agreement on ship-to-ship signals for avoiding and coping with these dangerous incidents. Under this Incidents at Sea Agreement, naval officers from both nations meet every six months to review the process. This low-profile professional communication goes on even at times of high tension. Many fear that we cannot work with the Russians. The truth is we already are doing so.

Why not an Incidents in the Air Agreement to prevent and cope with accidental foreign intrusions into national airspace? Even given Soviet paranoia and blunders, these agreed emergency procedures might have prevented the Korean Air Lines disaster.

The superpowers could extend these procedures to cover other possible accidental triggers as well. In a nuclear armed world, this seems the height of common sense.

The center, the Presidential exercise and the agreed emergency procedures, together with the hotline, would constitute a comprehensive crisis control system much as our fire departments and fire safety regulations make up a fire control system. Just as fire controls are not guarantees against fires, however, so crisis controls are not guarantees against critical confrontations. Rather, they are small, practical steps that can reduce the risk.

Such steps are politically feasible. The superpowers both want to eliminate the risk of accidental war; and crisis control does not evoke the fears of military inferiority that stymie the arms talks.

The time is right; interest is growing. Last summer, the U.S. government started discussions with the Soviets on improving the hotline. Now we need to go beyond the hotline.

In a metaphorical sense, all humanity was aboard the Korean airliner. We are all passengers on a fragile craft, vulnerable to sophisticated technological attack, the possible consequences of miscalculation, fears, miscommunication and outright blunders.

The passengers on KAL 007 had no idea what hit them. We, however, can now see what might hit us. A runaway crisis is the greatest nuclear danger today. Crisis control is our greatest opportunity to reduce that danger. And it has ties within our grasp. There is still time for the world to step back from the brink.●

PAYROLL DEDUCTION FACILITATION ACT

HON. FERNAND J. ST GERMAIN

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. ST GERMAIN. Mr. Speaker, on April 2, 1984, the House passed H.R. 3879, the Payroll Deduction Facilitation Act. The bill, which was introduced by our distinguished colleague, the gentlelady from Ohio (Ms. OAKAR), allows Federal employees to request that up to three deductions or allotments from their paychecks be sent to financial institutions at no cost to the employee or the designated financial institution. This is a distinct improvement over current law which charges the financial institution (and ultimately, the employee) for the administrative costs of processing two out of the three payroll deductions.

Mr. Speaker, H.R. 3879 was jointly referred to the Committee on Post Office and Civil Service and the Committee on Banking, Finance and Urban Affairs. The Subcommittee on Compensation and Employee Benefits of the Post Office Committee reported out H.R. 3879 deleting a provision which would have amended the Right to Financial Privacy Act of 1978. With the deletion of that provision, H.R. 3879 is substantially similar to H.R. 4703, as amended, which was unanimously reported out of the Banking Committee and passed by the House under suspension on April 27, 1982.

H.R. 3879 promotes savings and thrift, corrects an inequity against the Federal civilian employee that has existed for far too long, and ends a burdensome billing practice which is not cost effective.

Mr. Speaker, the gentlelady from Ohio is to be commended for her leadership and diligence in bringing this matter again to our attention. I am encouraged by the administration's support of this legislation and would encourage our colleagues in the Senate to promptly pass the bill.●

WILL ON JERUSALEM EMBASSY CONTROVERSY

HON. BILL GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. GREEN. Mr. Speaker, I would like to enter into the RECORD a column in the April 9, 1984 edition of Newsweek entitled "Power, Politics and the Embassy."

In this column George Will, in his own inimitable style, addresses some of the arguments which have been offered against moving our Embassy to Israel's chosen capital and leaves these arguments looking pretty lame. The Embassy issue may not be the most important foreign policy question of the year, but our handling of it is the most important policy statement this country will have to make. Will we cave in to threats of "Islamic extremism" or will we, as Will challenges, stand tall?

The column follows:

POWER, POLITICS AND THE EMBASSY

(By George F. Will)

In the controversy about where the U.S. Embassy in Israel should be located, both sides have been asking for trouble in loud voices. Trouble is something fate has a way of furnishing with a lavish hand.

Since the founding of Israel, the U.S. Embassy has been in Tel Aviv. Israel says its capital is Jerusalem. Israel alone among nations is denied by other nations the right to stipulate its capital. Now Sen. Pat Moynihan has 37 cosponsors for his bill to move the embassy and ambassador's residence to Jerusalem, and Rep. Tom Lantos, Democrat of California, has 213 cosponsors for an identical bill. Secretary of State George Shultz opposes the bills on three grounds, only one of which seems strong.

Shultz says moving the embassy "would be taken" as a prejudgment of "one of the key issues"—the status of Jerusalem—"which must be freely negotiated between the parties" and might fatally damage U.S. credibility as "peacemaker." But there is only one other party with the slightest claim to Jerusalem. It is Jordan, which after 36 years of refusing all negotiations with Israel has forfeited its right to consideration. And King Hussein has recently expressed his disdain for the United States as peacemaker.

Shultz says moving the embassy would "fan Islamic extremism" and perhaps provoke mob violence against U.S. personnel and facilities. But U.S. policy is not a thermostat capable of controlling Islamic extremism, which will continue to rage against the United States no matter what U.S. policy is. And it is well to remember this: one reason there is a Reagan administration is that the previous administration was perceived as weak when dealing with mobs and an embassy in the Middle East.

Policy: More importantly, Shultz says the Moynihan and Lantos bills improperly infringe on the president's "exclusive constitutional responsibilities to conduct diplomacy and to determine the country's recognition policy." But this is not a recognition question comparable to extending or denying diplomatic recognition to a nation. Congress would be compelling the president only to abandon a chimera and to conform policy to an incontrovertible fact. The chimera is the belief that the status of Jerusalem is negotiable. The fact is that Jerusalem is Israel's capital. Ask a random sample of Americans to name the capitals of, say, Delaware, Vermont and Israel. More will know Jerusalem than Dover or Montpelier.

The proposal to move the embassy is designed to nip in the bud a noxious growth. Israel's enemies have taken to stressing that even west Jerusalem is "occupied territory." Now, the correct (that is, my) position on the embassy is wine too strong for the likes of Hart and Mondale. It is: move the embassy to east Jerusalem, the part captured when Jordan attacked in 1967. That would express, emphatically, the fact that the 19-year division of Jerusalem was an accident of the 1948 armistice, and the unification of Jerusalem 17 years ago is irreversible. Perhaps in the late 1940s it was possible to believe that negotiations could produce concord about Jerusalem. Today it is not possible. No visible or anticipatable Arab government will countenance a united Jerusalem under Israeli sovereignty, and no conceivable Israeli government will consider anything less. When a subject is, on every side, nonnegotiable, it is imprudent to pretend otherwise.

The issue of moving the embassy suits Mondale's taste for a foreign policy long on moral poses and short on more tangible forms of power. And it fits his "cafeteria politics," whereby groups are invited to Walter's Restaurant to fill their trays from a rich selection of dishes for every appetite. Hart could have used this issue to underscore his advertised reluctance to leap through hoops at the command of particular constituencies. Instead, he did an ungainly somersault through the hoop. He changed his position to support the move and blamed his earlier opposition on his staff, as usual. Reagan's threat to veto any bill mandating movement of the embassy is misguided policy, but is at least manly. (And it probably will cause Moynihan and Lantos to try to pass only a nonbinding resolution.)

National Pride: It sometimes seems that the foreign policy of the Democratic left is that the United States should be only strong and assertive enough to defend Israel. Imagine the dismay and contempt among Israel's leaders as they watch Hart and Mondale scramble for Jewish votes. In New York both divided their time between promising to move the embassy and vying to see who could seem most horrified by any use of U.S. power. The safety of Israel depends not at all on moving the embassy 47 miles. It depends considerably on the credibility of U.S. power. Such credibility is a small part of the foreign-policy calculations of Hart and Mondale.

They are trying to evict an administration that prides itself on realism and the restoration of national pride. Yet the administration has unrealistic hopes for negotiations and an undignified eagerness to make preemptive concessions to Arab mobs. Reagan has a remarkable capacity to have a ceiling cave in on him without it leaving so much as a flake of plaster in his hair. The Lebanon debacle seems not to have damaged him. But that was another instance in which it was safer to be America's enemy than its friend. The Moynihan-Lantos effort is an opportunity for the United States to say: we know our friends, and with them we stand.

In August 1980, the United Nations demanded that the 13 nations with embassies in Jerusalem remove them. They did, but one, Costa Rica, has returned to Jerusalem. Some persons will say: Costa Rica can do that because it does not aspire to be an impartial mediator in the region. But impartiality is not a worthy aspiration for the United States where Israel is concerned. The most important reason for moving the embassy is not to serve Israel's security, but to serve the American spirit. The mere fact that nations are presuming to dictate where a U.S. Embassy can be is a sufficient reason for adhering to Nelson's fire-poker principle. Admiral Nelson said: "It matters not at all in what way I lay this poker on the floor. But if Bonaparte shall say it *must* be placed in this direction, we must instantly insist upon its being laid in some other one." Call it standing tall.●

OUTSTANDING CONTRIBUTIONS TO THE FIELD OF ENTERTAINMENT

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. LONG of Maryland. Mr. Speaker, I would like to recognize three constituents of mine for their outstanding contributions to the field of entertainment. Thomas McDonald Small III, Joseph James Gladmond, and Homeretta M. Ayala, all members of the Dundalk Community Theatre (DCT), who will be honored this Thursday evening, April 5, 1984, at a surprise buffet dinner.

The individual involvement of these three people with the theatrical community is so extensive that it would be impossible thoroughly to describe it here. However, I would like to mention a few highlights of their careers.

Mick Small, currently director of the DCT, has been an active DCT member since its beginning. In addition to serving as vice-president of production on the board of directors of DCT, Mr. Small teaches acting and directs the productions of ACT I, the Performing Arts Program at Dundalk Community College. Mr. Small studied acting at Towson State University and holds a masters degree from The Johns Hopkins University. When not directing or acting, Mr. Small works in the Baltimore County School System.

Joe Gladmond, presently the choreographer for DCT, began his dance training in Baltimore at an early age and later studied dance in New York. Mr. Gladmond has appeared professionally on and off Broadway and his wide range of abilities has been demonstrated by his performances in over 40 musicals as well as dramas and operas. He has choreographed over 20 DCT productions and is the dance instructor for ACT I.

Homeretta Ayala, musical director for DCT, received her bachelors of music education from Florida State University and her masters degree

from Towson State University. Included in her credits are more than 20 Broadway musicals and shows. In addition to serving as music director of ACT I, she is also choral director at Sparrows Point Senior High school and music director at Perry Hall Presbyterian Church. She has directed choirs and instrumental groups in Florida, the Virgin Islands, Pennsylvania, and Maryland.

Dundalk Community Theatre has been an important entertainment center in my district for many years, providing first-rate shows for my younger constituents and their families. I commend Mr. Small, Mr. Gladmond, and Ms. Ayala for their long and dedicated involvement with the Dundalk Community Theatre and join their friends, families, and appreciative audiences in wishing them many more years of successful performances.●

IN THEIR WORDS

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. LEHMAN of Florida. Mr. Speaker, the month of April is the special time of remembrance and commemoration of those who perished in the Holocaust. As Yom Hashoa approaches, I would like to bring to my colleagues' attention the work that is now taking place to record oral history by those who survived the Holocaust.

The South Florida Holocaust Memorial Center has undertaken an extremely important oral history project. The center has recorded over 250 first-person testimonies, and has produced a film designed to educate the public and provide educational material to address the omission of this dark side of history from our history textbooks. The award winning film, "In Their Words," was produced by the center along with a 59-page teaching guide for students. A recent Miami Herald article entitled "Holocaust Center Takes Memories Into Classrooms" describes the center and its vital work. I would like to commend the center on its efforts, and I wish to share the article with my colleagues:

HOLOCAUST CENTER TAKES MEMORIES INTO CLASSROOMS

(By Ellen Livingston)

The most vivid recollection before the actual hanging is that the Germans had somehow rigged up some sort of a walkway that was stone and there were very sharp edges, and the men were made to crawl on their knees over this . . . By the time they actually hanged them, we were glad. . . .

I remember my mother trying to shield my eyes so I wouldn't watch. And there was a German standing next to her, and he jerked her hand away, and he said, 'Let her see.' It's hardly something I'm ever going to forget."

The words, said without tears by a Miami resident, recount the kind of story that died with most of the victims of the Nazi Holocaust. But these few sentences, at least, have been termed "A Living Memorial through Education": they have been permanently recorded on videotape by the Southeastern Florida Holocaust Memorial Center.

They have also been passed onto hundreds of Dade County high schoolers, who have seen 30-minute highlights of those videotapes in a film called *In Their Words.*

The four-year-old center, located at Florida International University's Bay Vista Campus, has recorded more than 250 first-person testimonies from survivors of the Nazi persecution, from their protectors—men and women who sheltered the victims from the Nazis—and from their liberators—the Allied soldiers who freed victims from concentration and death camps in 1945.

But center officials decided a year ago that a manageable compilation was needed if the stories were ever to be shared with the South Florida public. So they produced In Their Words, which splices the testimonies with archival footage.

The idea, says executive vice president Goldie R. Goldstein, is to educate the South Florida public through the words of South Florida survivors. "That's a tremendous thing," she says. "The teacher can say to them, 'These people are your neighbors. They're not just fictional characters.'" The film won the Mass Media Award of the National Conference of Christians and Jews last February.

Frustrated by what they saw as a lack of exposure in the classroom to the Holocaust, Goldstein and other center workers last year oganized a countywide conference for high school teachers to help them use In Their Words in the classroom.

The conference included a 59-page teacher's guide prepared by the Central Agency for Jewish Education, supplying the teachers with everything from a history of anti-Semitism to a glossary of words from Auschwitz to Yellow Badge.

"The report has come back to use that it's a very positive and very intellectual reaction" from students, Goldstein says. "We're not looking just to show them atrocities in the concentration camps. We're looking to raise their consciousness."

Miriam Gersten, chairwoman of the social studies department at North Miami Beach High, says the school has frequently used *In Their Words* in American and European history classes. "It's a good teaching tool," she says. "I don't think that text books can do justice to the Holocaust."

The center is also hoping to boost Holocaust awareness in the classroom with a statewide gathering of survivors and educators it is cosponsoring with the Miami-based Zachor Institute Feb. 26 and 27. Titled "The Holocaust: Reality of the Past, Implications for the Future," it will include lectures and exhibits designed to educate teachers on the topic, says Marc Pollick, Zachor's executive director.

Though *In Their Words* has been successful, Goldstein says the center's ultimate mission still is recording every Holocaust story it can. That, she says, is as much a part of its purpose as an educational institution as getting *In Their Words* into the classroom.

Although it's a long and taxing process—It can take up to a year for each tape to be transcribed and bound—Goldstein insists it's a job that needs to be done. She quotes the director of the *Yad Vashem* Holocaust memorial in Jerusalem, who has counted more than 100 books in seven languages denying that the Holocaust ever took place.

As survivors die, Goldstein says, it becomes all the more important for the story to be passed on. "The most critical factor here is that if we ever forget, we could live to see it happen again," she says quietly. "The future generations must know that the Holocaust occurred. There's too much effort and too much money being spent denying it."●

TRIBUTE TO JULIA AND GEORGE HERMANN

HON. ROBERT G. TORRICELLI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. TORRICELLI. Mr. Speaker, I rise today to pay tribute to one of my hometown's proudest families and most dedicated servants. Julia and George Hermann of New Milford, N.J. represent the ideal of family unity and community service. On April 28, the Hermann's will be honored by the New Milford Jewish Center for their years of unending labor to the synagogue and world Jewry.

Together, the Hermann's have naturally risen to leadership in every endeavor they have joined. George is the president of Manufacturers Aid, Inc., of Jersey City, and Julia just recently retired from years of public service with the Social Security Administration. In the Jewish community of New Milford, there is no organization that has not been graced by their guidance, energy, and generosity.

The Hermann's philanthropy, in personal effort as well as finance, sets a standard matched by few. They stand as a model for not only their two daughters and three grandchildren, but for all those who are touched by caring and commitment.

I am proud to honor them on the floor of the U.S. Congress and offer them as a symbol of the dedication and duty which places our Nation ahead of all others. My congratulations go forth to the Hermann's for their lifetime of accomplishment.●

CONGRESSIONAL CALL TO CONSCIENCE VIGIL FOR SOVIET JEWS

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. FLORIO. Mr. Speaker, the plight of Soviet Jewry has reached frightening dimensions. For the first time in a decade, emigration levels for Soviet Jews seeking to leave the Soviet Union for countries that respect the fundamental liberties of speech, reli-

gion, political beliefs and press have reached an alltime low.

Mr. Speaker, as a participant in this year's Congressional Call to Conscience Vigil for Soviet Jews, I would like to call the attention of my colleagues to this abhorrent fact and to urge them to join me in condemning the inhumane practices of the Soviet Union toward Soviet Jewry. I thank my colleague, Larry Coughlin of Pennsylvania, for his leadership in this area as this year's Chairman of the Congressional Call to Conscience Vigil and for the opportunity to address this important matter.

Last year, only 1,315 Soviet Jews were granted the freedom to leave Soviet borders behind them and seek a free life elsewhere. This drastic reduction compared to the emigration peak of 51,320 in 1979, should concern all those who value the importance of human rights.

However, mere statistics cannot convey the hurt and the pain experienced by the individual Soviet Jews that have been subjected to years of harassment. For this reason, I would like to bring to the attention of my colleagues the case of Lev Elbert and his family, a Soviet refusenik since August 1976.

Lev and his wife Inna have repeatedly sought permission from the Soviet authorities to leave the Soviet Union with their 12-year-old son, Carmi, and join Inna's brother in Israel. They have consistently been denied this right purportedly because of Lev's military service in 1973–74. Allegedly, Lev had access to classified information while in the army. In reality, Lev served as a private in a construction batallion and the major assignment his batallion was given was to complete the construction of a swimming pool.

After having submitted their 1976 emigration application and thus declared their desire to leave Soviet life, the Elberts and their relatives have been subjected to harassment and imprisonment by Soviet authorities. In 1978, a Kiev newspaper even published a slanderous article accusing the Elberts of anti-Soviet activity and branding them "traitors" and "dirty dogs."

The beginning of 1980 brought some measure of hope for the Elberts when the Soviet OVIR declared that Lev Elbert would no longer be denied an exit visa on the grounds of having had prior access to classified information. But any hope was soon crushed when the OVIR proceeded to deny the emigration application because there was "insufficient kinship" in Israel, the Elberts' destination. The Elberts had submitted an invitation signed by Inna's brother in Israel.

In subsequent years, relatives have been beaten, the Elberts' house has been searched and ransacked by KGB agents, Lev's 80 books on Jewish culture and history were confiscated, and KGB agents even crashed Inna Elbert's birthday party and wrote down the names of everyone present.

Just last May, Lev was sentenced to a year in a labor camp after being charged with draft evasion. Furthermore, he was also charged with "drug dissemination" after the police broke into his house, planted a drug on his bookshelf, and then "discovered" the drug in a search. These charges were later dropped.

Lev Elbert now remains in a Soviet labor camp where conditions are so unbearable that he has, at times, threatened to commit suicide. His wife Inna continues to protest her family's plight through formal protests and hunger strikes. Their son has been frightened and harassed by Soviet authorities. And yet, the Elberts continue to hope and have faith that, some day, they can live in freedom and pursue their beliefs like normal human beings.

Mr. Speaker, the case of Lev Elbert and his family symbolizes the plight of thousands of Soviet Jews who have been made to suffer because they are Jewish. We must continue to closely monitor the cases of refuseniks such as Lev Elbert and continue to speak out against such abuses. We cannot tolerate situations in which the lives of human beings are made miserable because they refuse to adhere to a set standard of conduct and because they choose to practice liberties accorded to every human being regardless of race, color, creed or political beliefs.●

A TRIBUTE TO FOUR EAGLE SCOUTS FROM NORTH WINDHAM, MAINE

HON. JOHN R. McKERNAN, JR.

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. McKERNAN. Mr. Speaker, I rise to join my colleagues in honoring four members of North Windham, Maine Troop 805 who received Eagle Scout Awards. The four, Christopher Davis, Jeffrey Lamb, Scott Aldrich, and Timothy Pride, should be commended for winning scouting's highest honor. While only 21 badges are required to gain the award, each earned well over that minimum.

Of the North Windham Scouts, Christopher Davis, 15, son of Mr. and Mrs. Allie Davis, has been assistant patrol leader, and senior patrol leader.

Jeffrey Lamb, 14, son of Mr. and Mrs. Walter Lamb, has held several leadership positions, including patrol leader and assistant patrol leader.

Scott Aldrich, 18, son of Mr. and Mrs. Galan Aldrich, has served as patrol leader, senior patrol leader, and junior assistant scoutmaster.

The 18-year-old son of Mr. and Mrs. John Pride, Tim Pride, is assistant scoutmaster.

I commend their parents, friends, and Scout leaders for encouraging these young men in their pursuit of excellence. I wish the new Eagle Scouts continued success in the future.●

INDUSTRIAL DEVELOPMENT BONDS

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. LaFALCE. Mr. Speaker, at the end of 1983, the House of Representatives lost an opportunity to vote on a critical tax reform package when the legislation became embroiled in a controversy over provisions to slow the burgeoning growth of Industrial Development Bonds, or IDB's. Currently the House Ways and Means Committee and the Senate Finance Committee are working to prepare a tax bill—and provisions restricting the growth of IDB's—for floor action in 1984.

As a prelude to floor action, I believe it is worthwhile to review the somewhat stormy history of development bond growth and discuss some of the invisible effects of that growth on the National Treasury and on the tax-exempt market.

WHO INVENTED IDB'S?

Tax-exempt securities have traditionally been used by State and local governments to finance the construction of important public purpose facilities such as schools, roads, and hospitals. While use of tax-exempt bonds for private purposes such as construction of commercial and industrial facilities is not a new idea, it is only in recent years that IDB-style financing has taken off.

In 1936, Mississippi was the first State to raise funds for business facilities using the tax-exempt market. The State authorized cities and counties to raise funds to construct industrial buildings to lease to manufacturers, so long as the debt was secured by the full faith and credit of the issuing agency. Other States followed the Mississippi example, and the idea quickly spread to other parts of the country.

By the early sixties tax-exempt financing for business ventures had taken on a new twist—development bonds were secured not by the full faith and credit of the issuing government, but were backed by the property or receipts of the project being financed. Businesses of all sizes began participating in local development programs and by 1968 IDB's represented 10 percent of all long-term tax-exempt sales. As we entered the seventies, IDB's

were a fixture in the marketplace, and resourceful issuers and underwriters began finding a variety of users for this specialized kind of financing.

CONGRESSIONAL ACTION

As the use of IDB's grew, so did the drain of revenues from the Federal Treasury. In 1967, alarmed by the growth of private purpose revenue bonds, the Treasury Department declared IDB's taxable. The ensuing controversy led to passage of the Revenue and Expenditure Control Act of 1968. Under the act, IDB's were deemed taxable unless they were of the small issue variety or were used to finance certain types of facilities such as waste disposal facilities, electric energy or gas facilities, airports, docks, wharves, trade centers, sports facilities, industrial parks and residential mortgage programs. Small issue IDB's were defined in the legislation to be those which were used for the acquisition, construction, or improvement of land or depreciable property. Dollar limits for the small issue exemption were imposed, though the limit could be calculated in two ways. If the total of the proposed issue plus outstanding IDB's used to finance facilities for a user in the same jurisdiction equaled $1 million or less, the issue could be tax exempt. Alternatively, tax exemption would apply when the face amount of the issue could be added to all capital expenditures by the user in the issuing jurisdiction over a 6-year period—3 years before and 3 years after the issuance of the bond under consideration—for a total less than $10 million.

Despite these changes, private purpose bonds—IDB's and student loan bonds—continued to grow tremendously in the late 1970's—from $6.2 billion in 1976 to $44 billion in 1982. The growth in IDB's alone went from $5.6 billion in 1975 to $33.3 billion in 1982.

In 1982, Congress tried once again to limit IDB growth with passage of the Tax Equity and Fiscal Responsibility Act (TEFRA). The act established new procedural and reporting requirements for IDB issuance, prohibited facilities using tax-exempt financing from also making use of liberal depreciation rules, and provided a December 31, 1986, sunset date for small issue IDB use. Congress also supported specific use limitations on IDB financing, including prohibitions on use for golf and country clubs, racetracks, massage parlors, racquet sports facilities, and hot tubs.

NEW CONCERNS: INVISIBLE AGAINST VISIBLE EFFECTS

In spite of congressional efforts to limit IDB proliferation and slow the resulting revenue loss, many still view the use of private purpose bonds as growing out of control. The Ways and Means Committee reports that the TEFRA rules "appear unlikely to impose adequate limits on the overall growth in the volume of private activity bonds." At the current rate, bonds for private purpose activities are predicted to grow to $106 billion by 1988. In the next 3 years, revenue loss from IDB's is expected to exceed $28 billion.

There is little disagreement that IDB financing has had visible good effects in many communities. Industrial parks, hotels, and shopping plazas, new jobs are all visible results of the tax subsidy provided through IDB's.

The tool of bond financing also gives local jurisdictions an opportunity to plan and manage economic development. Much good can come from a well conceived plan to diversify the local economic base through providing incentives for select businesses. The lower financing costs for IDB backed businesses may allow some marginal firms to operate profitably, contributing to job creation and enhancing the local economy.

There is also benefit to be had from local control, particularly when Federal budget cuts have made it increasingly difficult for local governments to fund worthwhile activities. Localities in many areas have been very innovative in leveraging dwindling public funds to create a strong private economy, and IDB's work well in such efforts.

However, we must also look beyond the visible good of IDB's to the invisible effect they have. What are the invisible effects that should concern policymakers?

First, as I have mentioned, is the drain on the national coffers. IDB financing is an open-ended program which drains the Federal Treasury in a very real way. Tax expenditures are hidden costs of government which are not subject to the rigorous oversight of the appropriations process. Because there are few limitations on the absolute level of IDB financing, we can look forward to continuing exponential growth in the revenue cost of private purpose financing. Particularly in a time of mounting Federal deficits, we need to be very careful about our expenses. For this reason, IDB growth should be controlled.

Second, we have to be careful of the impact of large volumes of bond issues on the tax-exempt market as a whole. In a simple supply-and-demand relationship, it is easy to perceive that if there is a great supply of tax-exempt securities with a relatively fixed number of investors, those who can benefit from a tax-exempt return, the investor is going to seek those securities with the highest return. Competition implies that the higher tax-exempt yield required to attract the marginal investor will have the impact throughout the market of raising the price of tax-exempt financing. In recent years, we have seen a dwindling spread between taxable and nontaxable yields on long-term securities—in fact, some argue that the volume of IDB's can be directly attributed as the cause of rising yields, and thus higher costs for municipalities, across the tax-exempt market.

Third, IDB's no longer provide a single locality with additional leverage to attract businesses. When virtually every locality utilizes the tool, no single jurisdiction can gain an advantage. As one economist has noted, "to the extent that local authorities everywhere use IDB financing to compete against each other, any regional benefits to private businesses are eliminated and such financing functions simply as a conduit to the tax-exempt market."

Finally, there is little in current law to promote discretion among local authorities as to the use of the tax-exempt proceeds from IDB's. Aside from the few limitations already mentioned, local governments can utilize the Federal tax subsidy without regard to the priority of projects financed. No voter approval is necessary, no limits to number of issues is imposed. The results of such a policy is that IDB authority is abused often, and we see the Federal Treasury sponsoring multi-State retail operations, private planes and gambling establishments.

As a matter of good public policy, we have to insure that Federal tax dollars are going to good uses and, further, we have to be certain that those dollars—that tax subsidy—is being spent to build buildings, produce goods and create jobs that would not have come about without a subsidy.

In my view, the Congress must act to restrict the growth of IBD's. Tax exempt financing at levels that continue to grow without restraint is a luxury our Nation simply cannot afford.●

MY ROLE IN UPHOLDING OUR CONSTITUTION

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. LONG of Maryland. Mr. Speaker, I would like to bring to the attention of my colleagues an outstanding essay by James Rada, a constituent of mine from the Reisterstown area. James was the winner for the entire State of Maryland of the annual voice of democracy contest, held by the Veterans of Foreign Wars and its ladies auxiliary. This year more than 300,000 secondary school students participated in the contest competing for the five national scholarships which are awarded as top prizes. The contest theme this year was "My Role in Upholding Our Constitution".

I congratulate James on winning this impressive award and wish him

continued success in all of his future endeavors. Here is James' essay:

MY ROLE IN UPHOLDING OUR CONSTITUTION

When I first began to consider my role in upholding the constitution, I came to a startling conclusion. The constitution had served me far better than I had served it. The constitution can serve us only if we obey it. The more precisely we obey it, the better it can serve us. However, if we choose to ignore its collected wisdom, the Constitution of the United States becomes only a piece of paper with words on it, and we become slaves under a totalitarian rule.

The government set forth within the articles of the constitution has a single purpose. That is, to help establish a democratic society in which the individual can grow and flourish. We can achieve the promise of this great document if we are willing to do our share. As a wise man once said: "All that is necessary for evil to prevail is that good men do nothing." We cannot sit back and expect others to assume our responsibilities.

Every citizen in the United States has a role in upholding our constitution.

My role is not always as simple as it may seem. I recall my reaction when Wayne Williams was first arrested for the string of Atlanta murders. I was furious. I felt that he deserved to be put to death on the spot. It was there that I realized I was ignoring one of the basic rights of the constitution—the right to a trial by jury.

The laws put forth in the articles and amendments of the constitution function best with the input of its citizens. Therefore, I have a responsibility to voice my opinions to my elected officials. Only through public opinion can the constitution adapt to suit our needs. Other duties along this line include, voting for the officials of my choice; supporting them during their terms of office; and voicing my dissent if I feel they are not carrying out the duties of their office properly.

The constitution also states that all Americans are equal. As an American, I must be willing to grant this equality to others regardless of their race, creed, or gender. Also, if the United States were to be attacked or go to war, I would be expected to come to the defense of a country that has defended me. In positions of authority, I must be careful not to abuse the power of the position. I should administer my power justly as prescribed within the constitution. When serving on a jury, I will allow the accused the right to present their case before I allow a judgment to be passed. I will not avoid taxes I legally owe, for these taxes are what allow the constitution to serve and function.

In general, my role in upholding the constitution is to follow all its laws to the best of my abilities. But, more importantly, it is every American's role to be vigilant and ever watchful that no one in our society is denied the protection of the constitution.

By doing this, I can maintain my own right to choose. It is a right to be cherished, for many people not of the United States don't share this same right.

The Constitution of the United States is our protector, our government, our lives. Allow it to thrive, and we will thrive. Destroy it, and we destroy ourselves.●

TRADE DEFICIT

HON. DONALD J. PEASE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. PEASE. Mr. Speaker, in 1983, the United States had a merchandise trade deficit of $69 billion with the rest of the world. We in the Congress know that a trade imbalance of that size spells trouble with a capital T. We also know that the imbalance is growing and may reach $110 billion in 1984.

The reasons behind our huge trade imbalance and what the imbalance means in real terms is the topic of my most recent weekly newspaper column. It follows:

WASHINGTON REPORT

(By Don J. Pease, U.S. Congressman, 13th District)

In 1983, the U.S. had a merchandise trade deficit of $69 billion with the rest of the world.

That means that other nations around the world sold the U.S. $69 billion more in products than the U.S. sold to them.

A trade imbalance of that size spells Trouble with a capital T.

And the worst is yet to come. The merchandise trade deficit may hit $110 billion in 1984.

Faced with such gloomy statistics, some Americans wonder if something isn't dreadfully wrong with our manufacturing productivity. Others cast a suspicious eye at subsidized or dumped imports from overseas.

As it turns out, the three main causes of the huge trade imbalance relate neither to American productivity—that's good news—nor to unfair foreign imports.

The most clearly identifiable cause is the high value of the American dollar compared with other currencies. Since 1978, the American dollar has increased in value by 14 percent against the Japanese yen, by 27 percent against the German mark and by 69 percent against the French franc.

There are a variety of reasons, not the least of which are high U.S. interest rates which make the American dollar very attractive to foreigners. Another factor—if a foreigner is worried about revolutions or nationalization or wars—is that the U.S. is about the safest place in the world to invest money.

The result of the strong dollar is, for example, that a French firm wanting to buy an American-made product must pay almost twice as many French francs as in 1978. Conversely, a U.S. firm wanting to buy a French-made machine needs just slightly more than half as many dollars.

It's no wonder that U.S. exports lag while Americans buy foreign products in record amounts.

A second clause of the trade imbalance is the down side of some good news—the fact that the U.S. is coming out of the severe world-wide recession faster than most other nations. That means that American firms and individuals have money to buy foreign (as well as U.S.) products, but that foreigners are still having to curtail their purchases.

There is a third primary cause cited by experts such as Malcolm Baldrige, Secretary of Commerce, U.S. Special Trade Representative Bill Brock, and Martin Feldstein, chairman of the Council of Economic Advisers, who testified before the Trade Subcommittee of the House Ways and Means Committee last week.

That third cause is the debt crisis in Third World nations like Argentina, Brazil and Mexico. Strapped with enormous debt, they have drastically curtailed their purchases from abroad, and, in the past, the U.S. was a major supplier.

Commerce Secretary Baldrige does express some concern that U.S. companies allowed themselves to slip in productivity, but he thinks they now are regaining their competitive ability. And he says he is determined to stop unfair—subsidized or dumped—imports from coming into the U.S.

But all the experts who testified last week agreed on the three primary causes.

All also agreed that; given time, the U.S. trade deficit will correct itself.

Can we speed the process along? There's not much we can do about the slower pace of economic recovery of other nations nor about the debt crisis of Third World countries. But in the case of the American dollar which is a bit too strong for its own good, something can be done.

The "something" is reduction of federal deficits so that U.S. interest rates will fall and the dollar won't be quite as large a magnet for investors around the world.●

DENOUNCING THE ATTACK ON ISRAELI CITIZENS

HON. JOSEPH P. ADDABBO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. ADDABBO. Mr. Speaker, acts of violence against Israel should not be tolerated. No one should recognize these groups that continue to seek attention by attacking innocent civilians and disrupting life in that democratic country.

The most recent terrorist attack in which 48 Israelis were injured on a busy Jerusalem street only serves to weaken the peace process for both Arabs and Israelis. While the reports naming the exact groups responsible for this outbreak are unclear, what is clear is that groups that have initiated this senseless violence in the past have not denounced this heinous act. Nor have they disassociated themselves from the violent attacks which have occurred in the past several months. It is in the interest of everyone of these groups, and all of Israel's neighbors to insure that this type of activity ceases. Let it be very clear to all, that the United States will not be blackmailed into funding arms programs to countries that are in anyway connected to these acts of terrorism.

Mr. Speaker, there is an urgent need for all sides to conduct an intensive search for peace and a lasting settlement in the Middle East. The first step in paving the way for peace is to put an end to these acts of terrorism. This must occur today.●

CONGRESSIONAL SALUTE TO THE REVEREND EDWARD M. ZANNONI, S.X. OF THE XAVERIAN MISSIONARY OF FATHERS OF WAYNE, N.J., UPON THE 25TH ANNIVERSARY OF HIS ORDINATION AS A MISSIONARY PRIEST

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. ROE. Mr. Speaker, on Saturday, April 7, the people of my congressional district and State of New Jersey will join with the Xaverian Missionary of Fathers of Wayne, N.J., at St. Joseph's Community Center, Paterson, N.J. in commemoration and celebration of the 25th anniversary of the ordination of Rev. Edward M. Zannoni, S.X., as a missionary priest. I know that you and our colleagues here in the Congress will want to join with me in extending our heartiest congratulations to Father Zannoni in recognition of his quarter of a century of total dedication and devotion to the service of God and the cause of brotherhood, good will, and understanding among all mankind.

Mr. Speaker, the faith and devotion of our people in a full communion of understanding, ever caring and respecting the individual religious beliefs of his fellow man has been the lifeline of our democracy—ever inspiring our people with hope and urging the individual on to great achievements and purposes in pursuing the fulfillment of his dreams and ambitions. The exemplary leadership and outstanding efforts of people so important to our quality of life are in the vanguard of the American dream. Today, we express our appreciation to Rev. Edward M. Zannoni whose esteemed commitment and unselfish devotion in promulgating spiritual guidance, goodwill, fellowship, and brotherhood in service to God have provided a lasting contribution to the quality of life of the people of our community, State, and Nation.

Father Zannoni was ordained to the Holy Order of The Priesthood on February 2, 1959 and has served as spiritual adviser and reverend father dedicated to the well being and happiness of each and every member of the many missions that he has served nationally and internationally. The quality of his leadership, the richness of his wisdom and the abundance of his caring and dedication to our young people and adults alike will be warmly expressed at the testimonial dinner in his honor on April 7. With your permission, I would like to insert at this point in our historic journal of Congress a brief profile statement on Father Zannoni that was forwarded to me by the Honorable Frances Squitieri, president of the Xaverian Mission League of Wayne, N.J., as follows:

Born at the foot of a mountain called Rock in the Appennines Chain between Pisa and Milan, Italy, Father Ed grew up on a farm. His parents, two brothers and four sisters knew hardship and hard work during the years of the second world war. The fall of Mussolini and the German invasion of Italy were experienced by the Zannoni family as a nightmare. Their house was ransacked and a guest was killed in it by a soldier.

When the war ended, young Edward and a friend—having read a magazine article about the missions—decided to inquire further about a possible new life. They, together, decided to leave home and enter the seminary of the Xaverian Missionary Fathers on August 22, 1946. As the day approached, the determination to go on weakened in Ed's friend, so Ed joined the seminary alone—going to school first in Ancona, then in Pilrenza, Venice, Milan. In 1954 the Superiors asked Edward to go to America to terminate his studies and help to establish the Xaverian Society. He arrived in New York aboard the ship *Saturnia* on October 28. He studied English for one year at Petersham, Massachusetts, taught by Mother Battego, founder of the Xaverian Sisters.

The four years of theology were spent partly in Massachusetts and partly in Wisconsin. On February 2, 1959 Edward Zannoni was ordained a priest in St. Sebastian Church, Milwaukee, Wisconsin with four other Xaverians. Following the ordination, Father Zannoni was assigned to the Novitiate house of Petersham as Vocation Director, a position he held for five years. From 1964 to 1970 Father Zannoni was Rector of the high school seminary in Holliston, Massachusetts.

In 1970–71 Father Zannoni was assigned to the Xaverian missions of Africa. In 1972 he was elected Provincial of the Xaverian Missionary Fathers in the U.S.A., an office held for six years. Since 1978 Father Zannoni has been in Wayne, New Jersey as Provincial Treasurer and Coordinator for Mission Assistance. He works tirelessly to raise the consciousness of all so that everyone may become more deeply involved in the cause of the missions and live the missionary spirit. Father Ed teaches by example. His direct participation in the Xaverian Leagues' activities, his ministry, assistance to the missions, service to the U.S. Province, directing youth at Camp Xavier, to name but a few of his many good works are expressions of his love for people and for Christ, who said: "You are my friends if you do what I command you."

During his 25 years as a priest, Father Ed has endeared himself to many people, reaching out to all, near and far. Enterprising, outgoing and hard working, he lives his priesthood, like Jesus, for others—not counting the score, but happy to be just part of the team. We all wish him well!

Mr. Speaker, our Nation was founded on the cornerstone of our people's faith in God which is truly the spirit, conscience and very being of our society. The dedication, devotion and untiring efforts of our revered clergy in pursuit of the noble cause of service to God and brotherhood, good will, and understanding among all mankind is applauded by all of us. We do indeed salute the Reverend Edward M. Zannoni, S.X. of the Xaverian Missionary Fathers of Wayne, N.J., upon the 25th silver anniversary of his ordination as a missionary priest.●

TRIBUTE TO LAZARO LOPEZ, MAY 19, 1885–OCTOBER 20, 1954

HON. ESTEBAN EDWARD TORRES

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. TORRES. Mr. Speaker, on May 13, 1871, Lazaro Lopez Gonzales and Manuela Hinojosa Gonzales, arrived in the Greater Falfurrias, Tex., area from Camargo-Tamaulipas, Mexico and purchased 12,000 acres of land. The Lopez family, rich in tradition and spirit, raised cattle and lived on this land for over 60 years. Andres Lopez Gonzales, one of Lazaro's and Manuela's 16 children, inherited over 3,000 acres of this land following the subdivision of his parents' estate. These 3,000 acres, located 11 miles southwest of Falfurrias, were known as the Soledad Ranch.

Andres Lopez was known for his success in raising cattle of the highest quality. He would take his steers to San Antonio, Tex., and received top dollar for his stock. In mid-1876, while selling his cattle in San Antonio, Andres Lopez met his future wife Guadalupe Gomez Coy. They later were married on August 17, 1876.

On May 19, 1885, in Rio Grande City, Tex., Lazaro Lopez was born to Andres and Guadalupe. His childhood was spent on the Soledad Ranch with his five brothers and four sisters. As a young man Lazaro Lopez attended Alamo Business College in San Antonio and following his return to Falfurrias, married his wife, the former Gertrudis Guerra on September 16, 1913. Lazaro and Gertrudis had three children, Maria Gertrudis, Andres Lopez, and Maria Guadalupe.

In the early 1920's, Lazaro Lopez and three of his five brothers, Andres Cruz, Jose Angel, and Trinidad, opened a general store in Falfurrias, selling groceries, clothing, and household goods. Enjoying success in the retail business, the Lopez brothers later invested in a service station, appropriately named, Lopez Brothers Service Station and a dairy goods business called Lopez Dairy. While his three brothers managed the daily operations of each business, Lazaro Lopez took care of the bookkeeping and legal work. Following his father's death, Lazaro also managed the family's ranching properties.

Lazaro Lopez was widowed in 1918 at the age of 32. With the assistance of his mother and other family members he raised his children. Because of his patience and understanding disposition, Lazaro Lopez was often looked to by his nieces and nephews for advice

and counseling. Considered by many as a pioneer resident of Falfurrias, Lazaro Lopez also was noted for his accomplishments as an astute businessman and exemplary civic leader. Lazaro Lopez served as the postmaster of Falfurrias, the first county treasurer of Brooks County, Tex., and as a member of the Falfurrias School Board.

Mr. Speaker, when Lazaro Lopez died on October 20, 1954, he left to his family a legacy of love, and dedication to achieve excellence. I ask my colleagues to join me in paying tribute to Lazaro Lopez, a man who dedicated his life to the betterment of his neighbor and community.●

PORTUGUESE INTRODUCE UKULELE TO HAWAII

HON. TONY COELHO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. COELHO. Mr. Speaker, as a Portuguese-American, I would like to take this opportunity to share with you a recently published feature by Mr. Manuel Dias of Modesto, Calif. Mr. Dias, a proud American of Portuguese heritage, gives an accomplished account of the ukulele, a musical instrument that was introduced to the Hawaiians by Portuguese immigrants in 1879 and which had a significant effect on the type of Hawaiian music which resulted. This year 1984 marks the 105th anniversary of the introduction of the ukulele to Hawaii.

I hope you will find this article as interesting as I have.

The article follows:

THE UKULELE—A PORTUGUESE GIFT TO HAWAII

(By Manuel Dias)

OAHU, HAWAII.—John Henry Felix, Consul of Portugal, Leslie Nunes and Peter F. Denecal, Ph.D., authors of the book, "The Ukulele, a Portuguese gift to Hawaii, give credit in their novel to the Portuguese, who migrated from Madeira and Azores Islands, for introducing the musical instrument "Braguinha" to native Hawaiians.

This became the embryo development of the Ukulele and thus created the Hawaiian music as it is today.

It was the Hawaiian, King, David Kalakaua, whose appreciation for the Ukulele, helped to make the Ukulele Hawaii's most popular and distinctive musical instrument.

The year 1984 marks the 105th anniversary of the introduction of the Ukulele to Hawaii. The Ukulele, at first, in the form of the Portuguese "Braguinha", appeared with the arrival of the "Bark Ravenscrag" in Honolulu on August 23, 1879 from the island of Madeira.

The early Portuguese craftsmen who developed the Ukulele and its colorful history of acceptance by the native Hawaiians are credited for birthing of a new music for Hawaii's culture. They, too, will be remembered for giving to Hawaii, the ukulele—the Portuguese greatest gift. By 1900, the Ukulele had become the standard accompaniment for the hula.

Portuguese settlers brought the small, four-stringed instrument which we call the Ukulele to Hawaii just over one hundred years ago.

The Ukulele is a member of the guitar family of musical instruments, and underwent many years of evolutionary development as a product of Portuguese culture.

The modern Ukulele is a close relative of the "Cavaquinho" of mainland Portugal, and the "Braguinha" of the Portuguese islands of Madeira. Madeira was the homeland of the first group of Portuguese settlers in Hawaii.

The Madeirian Portuguese enjoyed their native songs and dances. There were many festive occasions during the year, and "Braguinha", "Mandolin" and "Guitar" music were an essential part of these celebrations.

The vineyards were the mainstay of the Madeirian economy during the Nineteenth Century, and the playing of the "Braguinha" was closely associated with the celebrations which followed the harvest of the grapes.

The first large contingent of Portuguese immigrants arrived in Hawaii immigrants arrived in Hawaii aboard the sailing ship *"Priscilla"*, in September, 1878. It is not known whether any of the one hundred and twenty passengers abroad the *"Priscilla"* brought a braguinha to Hawaii.

Within a year the arrival of the *"Priscilla"*, a second major contingent of Portuguese settlers arrived in Hawaii aboard the bark *"Ravenscrag"*.

Historians are certain that at least one "braguinha" was present aboard the *"Ravenscrag"* when she sailed in Honolulu harbor on August 23, 1879.

The 419 Portuguese settlers aboard the *"Ravenscrag"* had been at sea for four months. Their voyage had taken them from the Madeirian islands in the Atlantic Ocean, through the Straits of Magellan in the southernmost part of South America, and northward to the Hawaiian Islands in the mid-Pacific Ocean, a journey of 15,000 miles. The voyage of the "Ravenscrag" was one of twenty-nine voyages which brought a total of more than 20,000 Portuguese settlers to Hawaii between 1878 and 1913. This migration of the Portuguese to Hawaii is one of the epic migrations of modern times.

Aboard the "Ravenscrag" were five men who are closely identified with the Ukulele in Hawaii; Augusto Dias, Jose do Espirito Santo and Manuel Nunes were craftsmen able to build fine musical instruments by hand. João Luiz Correa and João Fernandes were musicians who knew how to play a number of stringed instruments including the "Braguinha".

There is a strong possiblity that João Fernedanes was the first person to play the "Braguinha" in Hawaii. As the story goes, when the "Ravenscrag" docked in Honolulu harbor there was a spontaneous desire among the passengers to give thanks and celebrate their safe arrival in the new land. Fernandes borrowed a "Braguinha" from Gomes da Silva, a fellow passenger, and began playing Portuguese music. Others joined Fernandes with song and dance to the delight of Hawaiian bystanders, and the "Braguinha" (soon to be known as the "ukulele" had made its debut in Hawaii.

PRODUCTION AND SALE

Oral tradition within the Nunes families maintains that Manuel Nunes opened a shop for the manufacture and sale of Ukuleles almost immediately following the arrival of the "Ravenscrag". The first written evidence of the presence of ukulele shops in Honolulu is the 1884 City Directory, which shows that Nunes and Dias had each opened their own shops by 1884. A later edition of the City Directory confirms that Jose do Espirito Sa[illegible] had joined Nunes and Dias in the independent manufacture and sale of ukuleles by 1888.

CONCLUSION

Hawaii's ukulele has undergone some modifications with the passage of time. For example, Nunes, Dias and Santo used the native Hawaiian kou and koa woods in the manufacture of their instruments. The use of these Hawaiian materials, the tastes of the men who manufactured ukuleles, and preferences of the people who bought and played them during those early years, undoubtedly caused subtle changes in the design, and even the musical qualities of the instrument. Thus the ukulele, which began in Hawaii as a product of Portugese folk culture, became the distinctly Hawaiian instrument that we are familiar with today.

RAJAO

The "braguinha" was not the only instrument the Portugese brought to Hawaii, they brought the Rajao as well. The Rajao, somewhat larger than the ukulele, is a five-stringed instrument with a lower tone than the ukulete. It become known as the "taro patch fiddle" because the field workers enjoyed carrying the instrument to the fields and playing it during work breaks.

There are several versions of how the ukulele received its name. One most popular appeared in the 1926 Hawaiian Annual.

ORIGINS OF UKULELE'S NAME

A certain army officer (Edward Purvis) who early in the 80's came to make the islands his home, took a keen interest in Hawaiian's and Portugese alike and having noted the little Rajao (actually, the braguinha) and being an apt musician, he adopted it with the same pleasure as the natives. He soon became a master of it and was seldom seen without it, and when he later became attached to the court of King Kalakaua, often amused the gatherings with his expert playing. The Hawaiians loved him and gave him the affectionate nick-name of "ukulele", the "jumping flea", but figuratively applicable to his nimble movements and small stature, which contrasted markedly with their huge frames and deliberate movements. The instrument became known as Uku-lele's instrument and later the name was transferred to it.

According to another version, the rapid motion of the musician's fingers across the ukulele's strings reminded Hawaiians of a jumping flea. This simple explanation of the naming of the ukulele is quite possibly the most accurate one.

ROYAL INSTRUMENT

The ukulele became popular with the people of Hawaii almost immediately after its arrival in the islands. Within a short time, the ukulele appeared at Iolani Palace, the royal residence of King David Kalakaua, Hawaii's "Merry Monarch". In those days, Iolani Palace was a center of Hawaiian dance, music and culture; the King was an accomplished guitarist who wrote music and enjoyed experimenting with the hula. Kalakaua was delighted with the ukulele, and while playing it he changed the tempo of the sedate Hawaiian "hula" to the spirited rhythm characteristic of the hula in contemporary times.

THE PORTUGUESE MUSICIANS

Augusto Dias, José do Espirito Santo and João Fernandes helped to popularize the ukulele by performing for the royal court and for people of all walks of life throughout Oahu.

Santo, Nunes and Dias produced beautiful handcrafted instruments which remain unsurpassed for their clarity of tone. Young men and boys gathered around the three master craftsmen in their shops to watch them work and to play their instruments. The three craftsmen sold their ukuleles to the Kings and queens of Hawaii to young men who wanted to serenade their girl friends, to hula girls, to fun-loving people who entertain at luaus, and to visitors from the mainland who wished to take home with them Hawaii's distinctive musical instrument, the ukulele.

UKULELE IN CALIFORNIA

Then in the early 1900s, Flora and Ethel Cannon, granddaughters of Manuel Nunes, taught and popularized the ukulele in California. Portuguese-Hawaiian string bands provided lively entertainment at social gatherings during the early decades of the 20th century.

BANDS, FAMOUS MUSICIANS

Following the acceptance of the ukulele as a Hawaii national instrument, popular string bands were formed. One well known group was the Royal Hawaiian Troubadours. And then came the birth of outstanding composers, performers and teachers like Auntie K. Namakelua, Arthur Godfrey, who have been recognized leaders of ukulele music.

Ohta, who appeared on the Ed Sullivan Show in 1955, and since has produced over twenty albums, is acknowledged as a ukulele virtuoso throughout the world.

Jesse Kalima, Hawaii's first great ukulele virtuoso, at age 15 won the Territorial Amateur Hour contest with a superb rendition of "The Stars and Stripes Forever" on his ukulele. During subsequent years, Kalima pioneered in the development of the ukulele as a solo instrument.

BACK IN PORTUGAL

October 1979, 101 years later, the ukulele was returned to Portugal. It was on this day that I photographed the President of Portugal, António dos Santos Ramalho Eanes, as he received the new virgin of the "Braguinha", the ukulele, from the Hawaiian official delegation, led by John Henry Felix, Consul of Portugal-Hawaii.

During the year 1979 the Hawaiians honored the Portuguese for their contributions to the ukulele, with a centennial celebration commemorating the arrival of the ukulele in Hawaii from the island of Madeira, Portugal.●

EAGLE FLIGHT AVIATION EXPLORERS DINNER

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. RODINO. Mr. Speaker, I take this opportunity to call the attention of my colleagues to a very special program in my district that allows young people to learn a very special skill, one that we all dream about—flying.

Rev. Russell R. White is the man responsible for bringing about this program. He is pastor of the Bethel Baptist Church in Orange, N.J., and also has the distinction of being commander of the Eagle Flight Aviation Post No. 290. For 9 years he has been an inspiration and a teacher for many of our young people, conducting an outstanding flight training school. On Saturday, April 7, the Eagle Flight Aviation Explorer's Dinner will be held at East Orange High School, honoring the students who will be graduating. The dinner will also include an awards program.

It was a great privilege for me to nominate three of the school's graduates to the U.S. Air Force Academy in Colorado Springs—Doug Williams, James Allen, and David Dansby, all of East Orange, N.J.

I salute the following individuals who will be given merit awards on Saturday night for their contributions to the school, including: Albert Parisi, a staff writer for the New York Times; State Assemblywoman Mildred Garvin; State Senator Richard Codey; Essex County Executive Peter Shapiro; and Raymond Williams, president of the greater New York chapter of the Tuskegee Airmen.

The following people will receive service awards for their contributions to the school: Jerome Lee, chief of operations of Tri-State Airline and also a flight instructor at the school; Irving Carter, a captain for Tri-State Airline and a former Eagle Flight Explorer; James Harrison, a captain for Great Lakes Airlines and an Eagle Flight instructor; Adonis Dickerson, Eagle Flight Ground School instructor and engineer for Singer Keerfott; and Mrs. Ida Woody of Woody's Funeral Home in Orange, N.J.

The mistress of ceremonies for Saturday's event will be Connie Woodruff, and the guest speaker will be Mrs. Arlene Feldman, director of aeronautics for the New Jersey Department of Transportation.

There are many people involved with the Eagle Flight Aviation Post who deserve recognition, including: Mrs. Marilyn Lewis, president of the Parents Committee; Mrs. Justin Congleton, associate adviser; Robert Blackman, also associate adviser; Paul Bey, police officer in East Orange and an associate adviser; Mrs. E. Barbour of the Parents Committee; and James Young, meteorologist and ground school instructor.

But most important, I salute Reverend White. Were it not for his efforts, the Eagle Flight Aviation Post No. 290 would not exist. His impact on countless young people has been tremendous. Reverend White has received widespread recognition for his outstanding leadership in this area. He enjoys the esteem and respect of the entire community, and I am proud to count myself among his admirers. We all owe him a great deal, particularly the young people whom he has inspired with dreams of conquering the sky—and helped to develop the skills needed to achieve that goal.●

VOICE OF DEMOCRACY CONTEST

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. BARNES. Mr. Speaker, I would like to take this opportunity to pay tribute to Miss Jean Mackin, an outstanding citizen from Potomac, Md.

Miss Mackin has the honor of writing the winning speech in the Voice of Democracy contest sponsored by the U.S. Veterans of Foreign Wars and its Ladies Auxiliary. Over 300,000 secondary students participated in the contest and I am proud that a constituent of mine is the prestigious winner.

With students like Miss Mackin we should be proud of the generation of students who will some day become the new leaders of the United States.

Mr. Speaker, I would like to share with my colleagues this prize winning speech and hope they enjoy it as much as I did.

The speech follows:

MY ROLE IN UPHOLDING OUR CONSTITUTION

America . . . just the sound of the word makes you feel good. Maybe because America means freedom, and opportunity, and dreams, but possibly the greatest thing about America is her people. So many different people. People from all over the world come to live in America. Some risk their lives to reach the freedom we have here. And once men are here they are willing to die to keep our country free . . . and it's not surprising.

Freedom is so priceless a gift. To have the freedom to speak your will, to reach for your dreams, and to be who you want to be is so distant to many countries around the world, yet in America it is a way of life.

Each and every person has the chance at doing what he or she really wants to do. With the right determination one person can affect all humanity. Just one man or one woman can change the world for the rest of us. Whether that change is a beneficial one or not.

A single person, a single mind, a single belief can make history. Take Mother Theresa or take Adolf Hitler. It does not matter whether you are a man or a woman, whether you are black, or white, or oriental, one person adds so much to the world. And, in turn, the loss of one person can take away so much from the world.

This past year a young girl at my school was killed in an automobile accident. Now she is just another statistic, one of the thousands of people that die every year. Her death is truly a loss to her family and friends, but if a gain can be found in a loss then life is given so much more meaning.

Maybe her death gives us a stronger reason to really live. Not just to wake up in the morning because you have to, but to

wake up in the morning because you want to. And when you are able to rise you should think how lucky you are. And when you see your reflection in the mirror you should be proud of who you are because you are one of a kind and you make a difference.

So few people realize how gifted they are just to have the chance at enjoying one more day. Life is not just Xing off the days on the calendar, it is taking each day and squeezing as much out of it as you possibly can.

Life is using your freedom and gifts to help others. It's respecting your neighbors' rights and your neighbors' dreams. It's setting a goal and having the chance to reach for it. And this is what the United States Constitution is all about.

To uphold the Constitution is to do your very best in living day to day. It's standing up for your beliefs and standing back to hear the beliefs of others. It's voting for the person who represents the best in you and running for an office that will bring out the best in you. It's being thankful for the freedom and justice offered to each and every one of us in our great land.

To uphold the Constitution is to stand up for the rights of life. And what could possibly be better to believe in than life itself?●

THE ECONOMIC RECOVERY TAX ACT OF 1981

HON. JAMES M. SHANNON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. SHANNON. Mr. Speaker, in the Economic Recovery Tax Act of 1981, Congress passed several amendments to the Internal Revenue Code which were designed: First, to facilitate the provision of financial assistance to troubled FSLIC-insured institutions, and second, to promote the merger of financially troubled savings institutions into healthy institutions. With regard to financial assistance rendered to domestic building and loan associations by the FSLIC, code section 597 was enacted to exclude such assistance from the gross income of the recipient association, and to provide that such assistance would not serve to reduce the basis of the recipient's assets.

Similarly, ETA amended section 593 on the recapture of bad debt reserves. The new provision exempts from the recapture rules distributions paid to the FSLIC by a thrift institution with respect to instruments originally issued by the recipient to the FSLIC in exchange for the financial assistance. Without this change, such redemption distributions would have triggered recapture to the thrift institution, as ordinary income, of bad debt reserves similar to that which occurs when a savings and loan association makes a dividend payment on its stock or undertakes to redeem part of its stock.

The bill which I introduced on Friday will enhance the effectiveness of financial assistance rendered by deposit insurance agencies, and thus thwart the demise of financially troubled thrift institutions. This bill amends sections 593(e) and 597 of the code to insure that troubled thrift institutions receiving assistance from State deposit insurance agencies will enjoy the same tax status as domestic building and loan associations receiving FSLIC assistance. Additionally, the bill amends section 265 of the code to allow recipient thrift institutions to deduct from gross income those expenses allocable to any amount received under the financial assistance provisions to which I have referred. This approach maximizes the impact of the assistance.

With regard to section 597, the bill expands the description of thrift institutions to include all categories of institutions insured—those insured by the FSLIC as well as by State deposit insurance agencies. It also expands the definition of assistance to include not only that which is rendered by the FSLIC under section 406(f) of the National Housing Act, but also assistance by State deposit insurance agencies rendered pursuant to similar provisions in the State.

With regard to section 593, the bill amends that section at (e)(1) to track the changes in section 597. Finally, as noted, the bill amends code section 265 to permit recipient thrift institutions to deduct as business or interest expenses those expenses allocable to assistance made exempt by code section 597.

I believe that this bill will significantly improve the protection of savings depositors by conserving the funds of our State deposit insurance agencies. This bill merely expands the ERTA effort to assist financially troubled thrift institutions to cover those insured by these State deposit insurance agencies as well as those insured by the FSLIC. I attach a copy of the bill for insertion into the RECORD.

H.R. —

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 597 of the Internal Revenue Code of 1954 (relating to FSLIC financial assistance) is amended to read as follows:

"SEC. 597. FINANCIAL ASSISTANCE.

"(a) EXCLUSION FROM GROSS INCOME.—Cross income does not include any amount of money or other property received—

"(1) from the Federal Savings and Loan Insurance Corporation pursuant to section 406(f) of the National Housing Act (12 U.S.C. 1729(f)), or

"(2) from any State deposit insurance agency pursuant to similar provisions of State law, regardless of whether any note or instrument is issued in exchange therefor.

"(b) NO REDUCTION IN BASIS OF ASSETS.—No reduction in the basis of assets of a bank shall be made on account of money or other property received under the circumstances referred to in subsection (a).

"(c) DEFINITIONS.—For purposes of this section—

"(1) STATE DEPOSIT INSURANCE AGENCY.—The term 'State deposit insurance agency' means any organization which is organized under State law for the sole purpose of insuring or guaranteeing deposits or accounts or providing liquidity to banks.

"(2) BANK.—The term 'bank' has the meaning given to such term by section 581."

(b) The table of sections for part II of subchapter H of chapter 1 of such Code is amended by striking out the item relating to section 597 and inserting in lieu thereof the following:

"SEC. 597. FINANCIAL ASSISTANCE."

(c) The amendments made by this section shall apply to amounts received after the date of the enactment of this Act in taxable years ending after such date.

SEC. 2. (a) The last sentence of section 593(e)(1) of the Internal Revenue Code of 1954 (relating to distributions to shareholders) is amended by inserting before the period at the end thereof the following: "or to any distribution to any State deposit insurance agency (as defined in section 597(c)(1)) in redemption of an interest in the association or institution if such interest was originally received by such agency in exchange for money or other property excluded from gross income under section 597(a)".

(b) The amendment made by subsection (a) shall apply to distributions made after the date of the enactment of this Act in taxable years ending after such date.●

THE 50TH ANNIVERSARY OF BOY SCOUT TROOP 782

HON. MARTY RUSSO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. RUSSO. Mr. Speaker, on April 7 of this year, Boy Scout Troop 782 of Blue Island, Ill., will be celebrating their 50th anniversary. I know we all share in our appreciation of this fine program and today I would like to pay tribute to Troop 782 for their commitment and achievements in the best of scouting tradition.

The Boy Scouts of America reflects the beliefs of our great Nation—in striving for goals, in working in cooperation with others and developing the best of one's individual potential. These young men are part of a unique group. From the moment they take their oath, they are taught the meaning of responsibility, care, commitment, and pride.

William Boyce, a Chicago newspaper publisher, introduced Scouting to America in 1910. He discovered this program on a trip to England when a scout there did a good deed for him. We all owe a great deal to that English Scout. Mr. Boyce could not foresee the profound impact of his program but he did see a need for Scouting in this country.

I think the Scouts from Blue Island, Ill., can take pride in their anniversary, for it is not an everyday occur rence that a program can display 50 years of success. A perfect illustration of this is the marigold madness

project, an effort to beautify their community by having each resident plant a marigold in their yard. Scoutmaster Mark Johnson and the troop were able to get 89 percent of the town to participate.

Troop 782 and the Boy Scouts are a reflection of the American tradition: To be prepared for the challenges and opportunities that life has to offer. I congratulate them for their work in making Scouting a successful program, for their contributions to our country, and for a job well done.●

PERSONAL EXPLANATION

HON. RICHARD A. GEPHARDT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. GEPHARDT. Mr. Speaker, on March 27 it was necessary for me to be absent from the House, and I missed rollcall No. 55, on final passage of H.R. 3755, to amend title II of the Social Security Act to provide for reform in the disability determination process. Had I been present and voting, I would have voted "'yea."●

IN SUPPORT OF A BILL NAMING THE U.S. COURTHOUSE IN HATO REY, PUERTO RICO: CLEMENTE RUIZ NAZARIO

HON. BALTASAR CORRADA

OF PUERTO RICO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. CORRADA. Mr. Speaker, it is with a deep sense of pride and satisfaction that today I introduce a bill naming the new U.S. District Courthouse in Hato Rey, Puerto Rico in honor of the late Judge Clemente Ruiz Nazario. The Honorable Clemente Ruiz Nazario was the first Puerto Rican to serve on the Federal bench in Puerto Rico and, for that matter, in the entire U.S. court system. His outstanding service at the bench left us a legacy of sound legal judgment and unbiased decisions based on justice and fairness. His accomplishments led the way to a new era in the U.S. District Court in Puerto Rico where now seven Puerto Ricans serve with distinction as Federal district court judges.

Judge Ruiz Nazario received his law degree from the University of Puerto Rico School of Law with honors in 1921 and became a very prominent lawyer on the island. During his over 30 years in the practice of law, Judge Ruiz Nazario built a reputation for being an able lawyer and a fine servant of the court. He served as judge in the U.S. District Court for the district of Puerto Rico for 14 years from March 28, 1952 until December 30, 1966 when he retired at the age of 70. President Truman appointed him to the bench in 1952 to an 8-year term during which his noteworthy performance secured his reappointment by President Eisenhower in 1960. Judge Ruiz Nazario served as the sole Federal judge on the island until 1961 when Congress approved a second position for a judge in Puerto Rico and he became the chief judge.

Judge Ruiz Nazario's service to our community went far beyond the court. He was a member of the board of trustees of the University of Puerto Rico; chairman of the Anti-Tuberculosis Campaign Fund; president of the Anti-Tuberculosis Association, San Juan Chapter and president of the Boy Scouts of America for the New York, New Jersey, and Puerto Rico region.

Throughout his professional career, Judge Ruiz Nazario earned the esteem, respect, and admiration of those who practiced with him, against him, and before him. He was a good natured, down to Earth judge endowed with great wisdom and sensitivity and fully devoted to the ends of justice. The significance in a historical perspective of Judge Ruiz Nazario's appointment to the Federal bench coupled with his untiring dedication to judicial excellence and contributions to the better administration of justice in Puerto Rico, make him an obvious choice for this recognition. The chief judge and judges of the U.S. District Court for the district of Puerto Rico as well as the legal community in Puerto Rico join me in supporting this bill to name the new U.S. District Courthouse in Hato Rey, Puerto Rico, in honor of this learned jurist, wise solon, and excellent human being, the Honorable Clemente Ruiz Nazario.●

IT IS STILL A PENTAGON BUDGET

HON. MARCY KAPTUR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Ms. KAPTUR. Mr. Speaker, the House will soon begin debate on a deficit reduction package of which the size of the military budget will be a key component. The administration is touting its deficit reduction plan as a balanced plan of reductions in defense spending, reductions in domestic spending and revenue increases. In reality the plan contains further increases in defense spending when measured against both current defense spending levels and last year's bipartisan congressional budget resolution. Furthermore, proposals to stretch out spending on weapons systems rather than eliminating weapons programs or reducing the number of weapons to be purchased do not really attack the deficit problem in the long term. A recent Congressional Budget Office study reports that in some cases stretching out could increase the total cost of a weapons system because the unit cost of each weapon would rise.

I call my colleagues attention to a recent op-ed piece in the New York Times by Steven Wolfe and Robert Greenstein which describes the large increases in the Pentagon budget in the administration's deficit reduction plan. The article, "It's Still a Pentagon Budget" follows:

IT'S STILL A PENTAGON BUDGET

WASHINGTON.—The new Reagan budget plan, which is supposed to help reduce the Federal deficit, has been portrayed by the Administration as a balanced mix of defense and domestic spending reductions. The balance, however, is hard to find.

On the domestic side, the new budget plan would cut nearly twice as much as the original Reagan budget, unveiled in January, and would further shrink most social programs. At the same time, the new plan continues to provide hefty increases for the Pentagon, enlarging defense spending at twice the growth rate approved by Congress last year.

Moreover, because the new White House proposal avoids cutting major weapons, it leaves unchecked the heart of the defense budget problem: runaway weapons spending. Any serious effort to roll back the mounting Federal deficit must include restraint on new weapons as a central element.

Last year, Congress appropriated $264 billion for defense. Under the Administration's new plan, defense appropriations for fiscal 1985 would jump to $299 billion, a $35 billion increase. Even after accounting for inflation, this is an increase of $19 billion, or 7 percent. One year ago, when the deficit problem looked less traumatic than it does today, Congress approved an after-inflation defense increase of about 3.5 percent.

The new plan represents an increase for defense spending over the 1985 levels approved by Congress in last year's budget resolution. In fact, the nonpartisan Congressional Budget Office has found that when measure against last year's budget resolution, defense spending levels in the new White House proposal would actually enlarge the deficit, not shrink it.

This leaves us where we started several months ago: the President resists having defense contribute to reducing the deficit. He also resists the only strategy that would bring defense spending under control: tackling the burgeoning list of expensive new weapons purchases.

Weapons spending has driven the defense budget since 1981 and the looms even larger in the future. The share of defense spending going to "investment" (research and production of new weapons plus military construction) has risen from 37 percent in 1980 to a projected 50 percent in 1985.

The costs of weapons systems are spread over several years, with the bulk of the spending coming after the first year. Thus, the costs we are now seeing for new weapons systems are just the tip of the iceberg.

In addition, the cost of new weapons tends to rise well beyond initial predictions. The Congressional Budget Office estimates that the Pentagon has understated the cost of its

planned weapons systems and other procurements by $72 billion over the next five years. The General Accounting Office recently reported that the entire defense program may be underestimated by as much as $300 billion over the same period. In future years, we can expect sharp, upward revisions in Pentagon budget requests and arguments for spending additional billions to complete projects whose costs were initially understated.

Close scrutiny of new weapons is crucial because contracts are spread into Congressional districts all across the country, making cancellation unlikely. For example, there are contracts or subcontracts for the B-1 bomber in 48 states in all but a handful of Congressional districts.

Numerous new weapons purchases could be eliminated before they become deeply rooted, and with no cost to the nation's security. Some are strategic nuclear systems that add to nuclear instability because of their link to "first-strike thinking" (the MX missile and the planned "Star Wars" defensive network, for example) or the difficulties they create for verification (sea-launched cruise missiles). Others have performed poorly in tests and could be halted without military loss: the Aegis cruiser, the Bradley M-2 fighting vehicle, the Sergeant York air defense gun and the infrared Maverick missile.

The Bradley and the Maverick also join a list of programs that are duplicative or simply excessive. These include the B-1 bomber, the DDG-51 destroyer, two new nuclear aircraft carriers, revived World War II battleships, the F-18 fighter and the proposed C-17 cargo plane.

Cutting these systems could reduce the deficit by as much as an additional $64 billion over the next three years while eliminating much of the pressure for future increases. But action to halt these weapons must be taken now, before production gets too far down the road.

Only if such steps are taken will defense spending contribute to deficit reduction and be part of a truly balanced approach to the serious deficit problem we now face.●

TRIBUTE TO CHARLES O. PYRON

HON. CARL D. PURSELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. PURSELL. Mr. Speaker, at this time, I would like to take the opportunity to recognize Mr. Charles O. Pyron of Jackson, Mich., for his achievement in being named Michigan Small Business Person of the Year. I am particularly proud to announce that this is the second straight year that an individual from Jackson has been so honored.

Mr. Pyron, 57, is president of ADCO Products, Inc., makers of automobile, marine, and architectural sealants, and is chairman elect of the Greater Jackson Chamber of Commerce.

Mr. Pyron started ADCO Products in 1971 with Mr. Donald B. Strack, the company executive vice president. Prior to beginning ADCO, both men had been executives at Protective Treatments, Inc. of Dayton, Ohio. Mr. Pyron worked for Monsanto Chemical Co. until 1953, the year he joined Protective Treatments. He served as president of that firm from 1967 to 1972.

In addition to running ADCO Products, which employs some 100 people, Mr. Pyron is a member of the Michigan State Chamber of Commerce and the Chamber of Commerce of the United States.●

GAUDENZIA HOUSE

HON. ROBERT A. BORSKI

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. BORSKI. Mr. Speaker, Gaudenzia House is a nonprofit drug and alcohol treatment agency which has helped thousands of Pennsylvanians. The Gaudenzia program, which began with one residential facility in Philadelphia in 1968, is now the largest and oldest such program in the Commonwealth. It has 14 different, diversified programs in 13 locations in 4 counties throughout the State.

Gaudenzia recently prepared a cost-benefit analysis which discusses the many costs associated with addiction, and the subsequent gains that flow not only to the recovering addict but to the entire community with a successful rehabilitation. I want to share this information with my colleagues in the House of Representatives.

THE THERAPEUTIC COMMUNITY: AN EXPLORATORY COST BENEFIT ANALYSIS

(By Karen Scott Griffin)

The assessment of treatment methods for drug addiction usually focus on qualitative measures. However, Gaudenzia has provided a quantitative and monetary analysis of the benefits that result from the operation of the agency's long-term residential treatment program (a therapeutic community).

The following information summarizes a review of the monetary factors associated with at-large drug addiction and a financial comparison of untreated addiction and inpatient treatment of the same population. The purpose of this research was to outline the differential in costs to the community/society in which addicts reside, in this case Pennsylvania, when the individual is in treatment as opposed to "on the streets."

In order to demonstrate the direct and indirect financial gain to the state, federal, and local governments and the public in general, the following discussion will examine several factors which are unquestionably affected by the services provided in Gaudenzia's program. This analysis is based on the recovery of drug addicts at a rate consistent with that of the Gaudenzia long-term program. The studies used to compile information for this analysis are mainly concerned with the drug-dependent person—one whose use of drugs results in frequent habitual use, seriously interferes with normal functioning, and brings about official identification as a "drug-dependent" individual by law enforcement or treatment agencies.

After a review of Gaudenzia's statistics it was assumed that a minimum yearly estimate of 10 drug-dependent persons are recovered and returned to the mainstream of society. This number is reduced from actual average number of graduates to account for the small amount of relapse and those not classified as severely drug dependent. (Graduation requires continuing contact with the agency and several other criteria. It should be noted that among those clients who successfully complete inpatient treatment, a certain number do not become graduates, but remain drug-free and stable in the community.) Based on this estimate, figures considered in this analysis are computed to project the cost benefit of Guadenzia's long-term treatment program over 5 years (1982-1986), the results of the recovery of 50 addicts.

Two major areas of impact are examined: costs relating to the change in personal income status and costs relating to the criminal lifestyle of the drug addict, both direct and indirect. The primary focus is a general comparison between the costs of continuing addiction and the accompanying lifestyle and the gain realized by successful rehabilitation.

One of the primary treatment goals for the Gaudenzia resident is the acquisition and maintenance of gainful employment. When an addict reverses the dependent lifestyle of addiction and maintains employment, he/she not only ceases to drain public funds, but simultaneously adds to them in the form of income taxes. The financial gain which will be realized by federal, state and local governments through Gaudenzia's graduating population estimate over a 5-year period has been calculated at $954,000.

Drug addiction is expensive to maintain, and the unfortunate fact is that the costs of supporting a steady habit have to be borne not by the addict but by virtually everyone else. The progression by which these costs are passed on to the general public is a familiar one; a "ripple effect", spreading the absorption of this staggering expense over a broad range of public and private entities. Among the secondary cost factors of addict crime is law enforcement intervention. Although these factors are complex and impractical to calculate, it is evident that they would include, at a minimum: police protection and intervention expenses; costs of prosecution, processing, record keeping, and public legal counsel; and investigation costs on a federal, state and local level.

Not enumerated in the above factors are the actual costs of imprisonment resulting from drug-related criminality, another of the indirect expenses of addiction. Computed from nationally established statistics the costs of the estimated period of addict imprisonment for Gaudenzia graduates over a 5-year period totals $267,750.

The most appreciable monetary impact of addiction is the direct cost of drug related theft and other crimes. Although these costs are shared by many, it is useful to point out the magnitude of expense incurred through addict crime. Factors contributing to this cost are computed on the average frequency of addict crime, established by previous research, and a $200 estimate (computed conservatively on the basis of addict interviews and published literature) of the loss and/or damage incurred during days of criminal activity. Based on this formula, the computation of crime costs for the 50 addicts Gaudenzia expects to rehabilitate over 5 years totals $5,340,000.

As indicated in the beginning text, one of the intentions of this report is to compare the cost of drug dependency with that of

therapeutic community treatment and the monetary benefit of subsequent recovery. In order to make this comparison, it is necessary to outline the costs of the rehabilitation process based on a realistic treatment duration. The cost of the treatment for the predicted 10 graduates per year over the 5-year period is $727,150.

Bearing in mind that the figures used to arrive at this cost/benefit comparison represent conservative estimates, the resulting differential, outlined below, tends to speak for itself.

	Differential
To date cost reduction through rehabilitation:	
Gain by income status.....	954,000
Reduction in penal costs.	+267,750
Reduction in crime costs.	+5,340,000
Total	6,561,750
To date treatment costs	−727,150
Differential.....	5,834,600

It should be noted that even if one eliminates the very high figure associated with criminality, the costs to the system are still reduced by $494,585 through Gaudenzia's program over the 5-year period.

And finally, another important factor which actually increases this cost benefit to a still higher figure is the time in treatment of those clients who do not complete the program. Assuming that 25 of these clients manifest the previously discussed addiction patterns while they are at large, cost savings can be postulated for the cessation of their addictive behavior while in treatment during the 5-year period considered in this discussion. This results in an additional cost benefit of $3,281,500. This cost benefit can quite logically be added to the $5,834,600 savings realized through Gaudenzia's successfully-recovered clients, bringing the cost benefit to the society and governmental system in the Commonwealth of Pennsylvania to a total of over 9 million dollars.

These figures demonstrate that the utilization of the therapeutic community modality by the criminal justice system as an alternative for appropriate offenders is imperative. The waste of human lives and taxpayers dollars, particularly in the current economic crisis, cannot be dismissed.●

COMMEMORATING BYELORUSSIA'S 66TH INDEPENDENCE DAY

HON. JOSEPH P. ADDABBO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. ADDABBO. Mr. Speaker, the Soviet Union has failed to silence the voice of the Byelorussian people. Again and again, the Soviets try to suppress entire cultures. In the case of the Byelorussian people, the Soviets have been unable to penetrate the hearts and minds of a culture marked with a proud past and a growing future.

Last week Byelorussians celebrated the 66th anniversary of the declaration of the Byelorussian Democratic Republic. It was an important occasion because it brought to our attention the determined sense of awareness the Byelorussian people have for their own culture.

In the last few years, the Byelorussian language has gained broader appeal. The Byelorussian language television channel has gained wider popularity. This is a sure signal of a people intent on maintaining cultural affiliations.

Another positive sign, is the increased popularity of modern Byelorussian literature. The publishing companies, magazines, and other arms of the media that cater to this culture prosper within the Iron Curtain despite official attempts to disband these entities.

I have appealed to Konsantin Chernenko in the last few weeks to change course and offer a new direction toward peace. I believe that the release of these occupied nations and the acknowledgment of these cultures would be a step in the right direction.

The Byelorussian culture will continue to grow, and we must make appeals to the Soviet leadership to let it grow. There are responsibilities that Americans have as a free people. Foremost, is the responsibility to insure that others enjoy this same basic right of all mankind; freedom.

It has been suggested that through the Voice of America the United States can help perpetuate the Byelorussian culture. If that is the case, I firmly support the use of radio broadcasts that would accomplish these goals.

In our efforts to assist with the Byelorussian fight for freedom, we must not overlook any avenue that would bring about independence more expediantly. I join with the Byelorussian community today in requesting the administraton to examine these steps that will assist the cause of freedom.●

H.R. 5222, ROBBERY OF CONTROLLED SUBSTANCES

HON. DOUG WALGREN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. WALGREN. Mr. Speaker, I am pleased that yesterday the House, with my support, passed H.R. 5222, a bill to make the robbery of controlled substances from pharmacies a Federal crime. I have cosponsored this legislation and I participated in hearings on similar legislation. I am privileged to serve as a member of the Subcommittee on Health and in that subcommittee helped develop a similar bill.

I have been a cosponsor of this legislation since the need for it was brought to my attention my pharmacists in my district. Sadly, our drug laws have had a perverse effect on those who legally dispense drugs. The Controlled Substances Act deals with the illegal entry of dangerous drugs into the United States. But by restricting the flow of illegal substances into the country, it has had the effect of making "street drugs" more expensive and making robbery of drugstores more "inviting." Ironically, it is a Federal crime for a pharmacist to illegally handle a controlled substance or to fail to report a theft of a controlled substance. But it is not a Federal crime to rob the pharmacy of the controlled substance in the first place.

The bill we passed fills an important loophole in our criminal drug laws.

The increase in pharmacy robberies has social implications. First, the frequency of these crimes has restricted the availability of medically necessary controlled substances. According to a survey conducted by Myers, Brushwood & Grieshaber in March 1983, over 40 percent of pharmacies sampled, reduced or discontinued their inventory of controlled substances because of the danger to their security. How will patients requiring these drugs obtain them if community pharmacists will no longer carry them?

A second problem is increasing drug abuse. Thefts of controlled substances are the source of increasing drug abuse. General Accounting Office statistics show more abuse of controlled substances like morphone, diladid, other major pain killers and tranquilizers than the so-called street drugs like heroin and cocaine.

Our subcommittee also heard testimony indicating that people are discouraged from continuing in or entering the pharmacy profession because of fears of violence. The pharmacist is a vital link in the health care chain: It is the pharmacist who is sometimes more accessible to the family than other medical personnel; it is the pharmacist who people expect to provide help and relief at all hours. We must be doing as much as we can to enable pharmacists to serve the health care needs of our citizens. I hope this bill will see prompt enactment.●

TWIN CHAMPIONSHIPS

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. SKELTON. Mr. Speaker, Saturday, March 24, 1984, was a big day, one not to be forgotten for everyone connected with Central Missouri State University. Players, coaches, students, alumni, and supporters are sure to savor the double triumphs of its men's and women's basketball teams winning both NCAA Division II championships.

The Mules captured the NCAA Division II title by defeating St. Augustine

College of Raleigh, N.C. with final score of 81 to 78, concluding their season with a school record 29-3. The Jennies decision 80 to 73 was played against Virginia Union, of Richmond, Va. racking up a season record of 27-5.

Clinching the twin championships will be one hard to match in years to come. Both teams have tremendous records this year and should be commended not only for their impressive victories but for their fantastic seasons.

The Jennies and Mules have made history as never before, having both the national men's and women's title been won by the same school in the same year.

Let me join in offering congratulations to all those who participated in capturing these coveted trophies, brought distinction to themselves, their school, and their State.●

U.N. VOTING RECORD UNDERSCORES ISRAEL LOYALTY

HON. BILL GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. GREEN. Mr. Speaker, I would like to take this opportunity to bring the most recent "Report to Congress on Voting Practices in the United Nations" to the attention of my colleagues.

While I am supportive of our participation in the United Nations and believe that the function for which it was originally created—world peace and dialog—is more valid than ever, this report, which measures a country's support for the United States based on that country's voting record, provides some important lessons.

While it is no surprise to followers of this world organization that the United States continues to be commonly outvoted in the United Nations, the votes of Middle East countries are especially informative when placed under close scrutiny. first, Israel voted with the United States in 93.3 percent of the votes, the highest percentage of any country in the United Nations. This figure speaks most eloquently to the fact that Israel is our most reliable ally in the United Nations and certainly in the Middle East.

Looking at some of the other Middle East countries which have been deemed moderates and friends of the United States is equally enlightening: Egypt voted with the United States 23.4 percent of the time, Jordan 17.2 percent, and Saudi Arabia 19.3 percent. These figures should give one pause when considering foreign aid packages, especially arms sales to so-called moderates. Let me point out that these figures are not mere aberrations. Last year I brought this document to the attention of my colleagues and at that time pointed out that Israel supported the United States 86.2 percent of the time, more than any other country, and that the Jordanians agreed 20.8 percent of the time, the Egyptians 26.2 percent, and the Saudis 24 percent.

While the report itself points out that "relations in the United Nations are only one dimension of our relations with other countries" it also points out that "the decisions of the United Nations are widely interpreted as reflecting world opinion," focusing world attention and even affecting U.S. foreign policy. If we reward our friends by ignoring their chosen capital and encourage those who consistently vote against us by bestowing upon them our most advanced weaponry, is it any surprise that our Middle East policy is a tangled mess?●

THE 50TH ANNIVERSARY OF THE VOLUNTEER CENTER IN SYRACUSE, N.Y.

HON. GEORGE C. WORTLEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. WORTLEY. Mr. Speaker, the adage that "a task is light when many share the toil" bespeaks a great deal about the American tradition of people working together to perform good works.

And, in America, good works are performed, in large part, by volunteers.

Volunteerism throughout our Nation has always been strong. Volunteer militiamen fought in our Revolution. In 1984, American volunteerism has never been stronger.

With signal pride, Mr. Speaker, I call the attention of our colleagues to the 50th anniversary celebration of the Volunteer Center of Syracuse, N.Y. It is the third oldest volunteer agency in the United States.

A half century ago, the Junior League of Syracuse proposed creation of a volunteer bureau. In 1934, the bureau was launched, on a 4-month trial basis. What began as an experimental, one-person office has blossomed into what today is a multisite, multiservice agency with a staff of more than 40 people. They recruit, train and place volunteers who assist their fellow citizens of our Syracuse area communities—the children, the troubled youth, the elderly, the ill, the handicapped, and the disadvantaged of all ages.

On Wednesday, April 11, the grateful citizens of the 27th Congressional District will commemorate the half century of service of the people who have volunteered their time and talents to this outstanding agency, at an anniversary dinner at the Hotel Syracuse. Our honored guest and speaker for this event will be Mrs. George Bush, wife of the Vice President.

In behalf of present and past volunteers and the staff of the volunteer center, it is with pride that I bring this occasion to the attention of the Congress.●

VOICE OF DEMOCRACY

HON. BARBER B. CONABLE, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. CONABLE. Mr. Speaker, the Veterans of Foreign Wars conducts a Voice of Democracy contest each year for secondary school students across the country. This year, there were more than a quarter of a million participants from over 8,000 schools; more than 4,000 VFW posts and 3,500 auxiliaries sponsored the program to enhance understanding and appreciation of our system of government.

This year the New York State winner was from the area which I am pleased to represent in Congress. He is Clarence Anthony Ingram, of Henrietta, N.Y., a senior at Roth High School there. I would like to share our State's winning speech with my colleagues, and ask unanimous consent to have it printed in the RECORD.

The speech follows:

MY ROLE IN UPHOLDING OUR CONSTITUTION

My role in upholding our constitution is a role that was already designed for me before I was even born and that same goes for my parents and their parents.

The books tell me that it all began in Philadelphia in the summer of 1787 when 55 delegates wrote the Constitution of the United States. They had adopted their ideals from English law and practice, from colonial experiences, from the state constitutions, and from the Articles of Confederation; however, they did not borrow from sources they had not experienced. In a real sense, the constitution was a victory for man in the struggle for liberty and justice for all. It was not imposed by a foreign power or dictated to us, nor the product of military defeat. It was an act of free will, a triumph for democracy, a symbol of a good government in an age of European turmoil.

The constitution, a brief but well written document of about 7,000 words that does no more than organize our political institutions, describes our government system concisely, and allows for change and adaptations through usage and interpretation. And in 1791, a change did occur which I believe is the reason our constitution is a workable method and one of the oldest written constitutions in operation in the world, despite all the changes economically, socially, culturally, and politically, which has occurred since 1791. This change I am referring to was the ratification of the first ten amendments, the Bill of Rights—which limits the government by guaranteeing individual liberties.

These few amendments, which were derived from the Magna Carta, and the English Bill of Rights, are a part of the constitution that affect me the most. Thus, my

role is to support the Bill of Rights, and to believe and defend them—and in doing this—I will be upholding our constitution and upholding the constitution is very important to me and to my country. But as important as my role is, it's also very easy. For you see, I am very proud to be an American and a citizen of the United States, and my role—well, my role is just to respect other citizens—and the law, and to vote and to urge friends and family to vote, and to understand the word "democracy," and how it affects me, and just by saluting the Flag—these are simple things—but they show loyalty and respect and pride for our country which is a role all citizens should incorporate in their lives, including myself.

But sometimes we lack in these qualities. I feel sometimes we lack in just common knowledge of the constitution. I mean—I see intelligent, bright, individuals who are ignorant of the Bill of Rights. They couldn't name them all if their lives depended on it. I mean—here we have basic rights guaranteed to us by law, natural rights such as freedom of religion, speech, press, and petition; protection against unreasonable searches and seizures, against self-incrimination. We are guaranteed the right to a speedy and public trial by a local and impartial jury before an impartial judge, and guaranteed representation by counsel, and rights of private property—as in the provision that private property should not be taken for public use without just compensation. Yes, here we have guaranteed rights that affect every citizen and some people do not even care or they just let their apathy take over. So my role in this situation is just to be an involved citizen who understands the constitution and who is willing to point out the Bill of Rights and its advantages to another citizen and, in doing this, I will have made my role even more important for that person who might acquire some knowledge from me and pass it on and they might pass it on, and on, and soon we will have started a chain reaction.

As I said before, my role in upholding our constitution is a very important role but it also is very easy for me because I believe in democracy, and I believe in the constitution, and in the Bill of Rights, and when you believe in something, it makes it that much easier to live by.

I remember Dr. Martin Luther King, Jr., once said, "I have a dream." I think those 55 delegates had a dream when they wrote the constitution and, if you think about it, America is nothing but a dream * * * that just came true.●

FLEET SUBSIDIES BY AUTOMOBILE MANUFACTURERS MUST BE TERMINATED

HON. GENE TAYLOR

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. TAYLOR. Mr. Speaker, early in the 1st session of the 98th Congress I introduced H.R. 1415 in an effort to bring basic fairness to the pricing of motor vehicles and eliminate the preferred class of customers created by American automobile manufacturers as a result of fleet subsidies. This legislation was designed to allow purchasers to enter the automotive marketplace on an equal footing.

Domestic manufacturers are providing subsidies or discounts to a preferred group of corporate fleets in amounts often exceeding $1,000 per vehicle, while refusing these same subsidies or discounts to franchised new-car dealers who could pass these savings along to the general car-buying public.

I am convinced that the fleet subsidy practice clearly constitutes unfair price discrimination to individual consumers as well as to small business automobile dealers who sell approximately 80 percent of the automotive units in this country.

In the ensuing 13 months since I introduced H.R. 1415, 220 of my colleagues in the House have reached the same conclusion as I; fleet subsidies are unfair to the vast majority of automotive purchases. During these past months, while discussing this legislation with my colleagues, reviewing various departmental comments concerning it, and analyzing points raised during congressional hearings on it, it became apparent that certain portions of the language contained in H.R. 1415 needed clarification so that its central intent could not be misconstrued. To accomplish that purpose I have redrafted the bill.

Last Thursday, March 29, I introduced, along with my esteemed colleague, Representative WAYNE DOWDY, H.R. 5305 that clearly and simply prohibits new automotive sales by the manufacturer to certain classes of customers at a price cheaper than they sell to their franchised dealers for resale to the general public.

I urge my colleagues to review H.R. 5305.●

WYNONA LIPMAN NAMED "WOMAN OF THE YEAR"

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. RODINO. Mr. Speaker, this Friday, April 6, the Ironbound Manufacturers' Association will sponsor a luncheon at which my good friend Wynona Lipman will be given the association's prestigious "Woman of the Year" award. It is a very great honor for me to recognize her today.

Wynona Lipman has been in the New Jersey State Senate since 1970 and has served with distinction. A tremendously effective legislator, she is one of New Jersey's most articulate advocates for the rights of the poor and minorities. Senator Lipman has worked hard to improve the lives of her constituents, and has a dedication and passion for her work that has won her widespread admiration and respect. The people of the 29th district in New Jersey are most fortunate to have such an effective voice in the State senate. I consider myself fortunate to count Wynona Lipman as a good friend, and I am delighted that the Ironbound Manufacturers' Association has selected someone so worthy of the title "Woman of the Year."

The Ironbound Manufacturers' Association was founded in 1917 to promote improved working and living conditions in the ironbound community of Newark. For the past 6 years the association has singled out from the public and private sectors outstanding women in our community for this award. I offer my very best wishes to Wynona Lipman on this occasion.●

RUFUS BELL BURRUS: TRUMAN'S PERSONAL HISTORIAN

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. SKELTON. Mr. Speaker, as we approach the centennial of the birth of Harry S. Truman, it is appropriate to take a close look at the history of the Truman era. There is no better insight to history than primary sources, and we are lucky that there are still a number of firsthand acquaintances of President Truman around to provide us with some of the colorful details of history. One such acquaintance of Harry Truman is Rufus Bell Burrus of Independence, Mo. Mr. Burrus was a personal friend of our great President and has a clear memory of the life and times of Mr. Truman. An interview with Mr. Burrus recently appeared in the Kansas City Star which gives us a good insight into the relationship between Mr. Truman and Mr. Burrus. I insert this article in the RECORD at this point and highly recommend it to my colleagues.

The article follows:

[From the Kansas City Star, Feb. 5, 1984]

INDEPENDENCE LAWYER RECALLS A FAMOUS FRIEND

(By Rich Hood)

Rufus Bell Burrus, a cherub-faced 83-year-old with a halo of white hair, is on a crusade to preserve memories of his friend, Harry S. Truman.

"I want people to know about Mr. Truman firsthand," he said.

He's had good success.

The Smithsonian Institution's Division of American Politics recorded more than an hour of Mr. Burrus' recollections on videotape in front of the Jackson County Courthouse in Independence.

A transcript is to be released this year as part of the centennial celebration of Mr. Truman's birth.

Mr. Burrus, a retired Army lieutenant colonel who still practices law in an office just off the Independence Square, has tape-

recorded memories for research projects of many others, including at least one university that has given a transcript to the Truman Library. His memories are featured prominently in Last of His Kind, an anecdotal history of Mr. Truman by Charles Robbins.

Last year, when he suffered a severe heart attack, it appeared that his crusade was endangered. But he has recovered. His step is slower, but his smile is warm and his memories sharp.

One of his favorite memories of the 33rd president concerns his own appointment as assistant county counselor, a position he held from 1927 until 1941.

"After he got elected presiding judge he called me and told me to meet him for lunch at the Teacup Inn, a very fancy place with white tablecloths on Grand between 10th and 11th.

"I knew something was up because when I was Downtown Mr. Truman and I usually ate at the Dutchman's, a place where they had rye bread, black tea, sardines and Limburger cheese.

"When I got to the Teacup Inn I found he had invited Fred Boxley for lunch, too. He looked at Fred and said: 'You're going to be my county counselor. You're my kind of Rabbit.'

"He looked me and said: 'You're going to be my assistant county counselor. You're my kind of Goat.' "

The two prominent factions among Jackson County Democrats at the time were the Rabbits of Joe Shannon and Tom Pendergast's Goats.

Mr. Burrus said he never asked for the job nor did he know before the lunch that it would be offered.

He recalled Mr. Truman going to talk with Mr. Pendergast about Mr. Truman's plans for a $6.5 million bond issue for road construction.

"Mr. Truman told Pendergast that he would have to select engineers of his own choosing. Pendergast told him that he (Mr. Truman) ran the road program and he would never interfere with the way he ran it. And Pendergast never went back on his word on that."

Mr. Burrus said he helped Mr. Truman draft and lobby successfully for a law that designated the presiding judge as budget officer so he could control the pursestrings of other county officials.

Mr. Burrus' speech is sprinkled with colorful country expressions.

He recalled helping Mr. Truman in one of his Senate campaigns on a day that was "hot as mischief."

During that primary campaign, he said, Mr. Truman was strapped for funds, he was "down to the nubbins."

"He wouldn't let us talk about him," Mr. Burrus said, "and we didn't while we were around him. We made our pitch for him when he wasn't there."

Mr. Truman, he said, never lost his independent spirit.

When he was in his 70s he bought a new car and insisted on driving Downtown. On the trip back to Independence Mr. Burrus was close behind in another car.

"There was a 25 mile speed zone, but he let it out," Mr. Burrus said.

"I cautioned him after we got back. I said, 'Chief, you were doing a pretty good clip.' "

Mr. Burrus said the former president pretended he did not know how fast he had been driving, but he urged Mr. Burrus not to tell Bess Truman, the ex-president's wife, about his heavy foot.

There were other times when Mr. Burrus said he attempted to protect Mr. Truman.

"I was his watchdog." he said with a sense of deep content.

Now he's also his personal historian.●

DO WE WANT TO PROVIDE HEALTH CARE FOR RURAL AMERICANS?

HON. RONALD D. COLEMAN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. COLEMAN of Texas. Mr. Speaker, today I am introducing H.R. 5273 and H.R. 5274, bills that address the problems stemming from the 24-hour registered nurse requirement for small rural hospitals that was originally required under title 18 of the Social Security Act.

A permanent waiver of this requirement was permitted prior to 1980, for rural hospitals that could not meet the 24-hour requirement due to a lack of qualified personnel in the area. The Omnibus Budget Reconciliation Act made the waiver temporary, and subsequent regulations provided for a 1-year waiver based on the State agency's certification of a hospital's good faith efforts to meet the requirement.

Approximately 17 of the 26 rural hospitals affected by the waiver are located in Texas. The alternative to losing the provider of services classification provided by the permanent waiver is the termination of medicare benefits which are the fiscal backbone of many of these hospitals. When the temporary waiver expires, most of these facilities will be forced to close. This drastic action does not serve the best interests of a rural, and most often, isolated population. The intent of my legislation does not advocate providing health care at the expense of the safety of the patient. Rather, it recognizes the fact that it is more prudent to keep a rural hospital open than to cut off its major source of funds.

The pertinent question to be asked is whether we want to provide health care for rural Americans? Obviously the answer is "Yes."●

LOS ANGELES HONORS WILLIAM R. ROBERTSON

HON. MERVYN M. DYMALLY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. DYMALLY. Mr. Speaker, rarely does one find a person who unselfishly takes time out from his own work to devote himself to helping his fellow man, who dedicates his life to the causes and concerns of his community. William R. Robertson is just such a man, and I invite my colleagues to join me and the city of Los Angeles in honoring him on his birthday Sunday for his long years of service.

Los Angeles Mayor Tom Bradley spoke on behalf of the citizenry when he described William Robertson as a "long time friend of Los Angeles who has given so much to each of us." It is a well-deserved accolade for Bill who is not a native Californian but hails from St. Paul, Minn., where he received his education in the public schools.

Bill is now executive secretary-treasurer of the Los Angeles County Federation of Labor of the AFL–CIO a position earned after many years of experience in the rank and file. He first began his rise through the labor ranks when he joined the hotel-restaurant and bartenders union in St. Paul and subsequently held positions with that union in two other States, Illinois and Idaho.

Bill then arrived in California and made it his home. His activism in labor continued without pause as he was elected president in 1957 of the San Fernando Valley Hotel-Restaurant and Bartender Local No. 694. He served in that capacity for 10 years until 1967. He then joined the Los Angeles County Federation of Labor where he served as assistant executive secretary-treasurer before assuming his present position in 1975. To top off his career, Bill was elected vice president of the California Labor Federation in 1976.

In addition Bill decided to augment his work experience by studying for and receiving a certificate of labor studies from UCLA. He also has found time to participate in a spectrum of community organizations, taking on duties which range from being a member of the School of Education Advisory Committee and the American Trade Union Council for Histadrut to serving on the boards of the Community Television of Southern California, the Los Angeles Urban League, and the Los Angeles Olympic Organizing Committee. Other organizations in which Bill serves as a member or a commissioner deal with energy concerns. These include the Congressional Advisory Committee on Liquefied Natural Gas, the advisory committee to the State Legislature's Committee on Energy Policy and Implementation, Los Angeles County Energy Commission, and the Los Angeles Ad Hoc Committee on Energy Conservation.

He has acted on his interest in economic and consumer issues through membership in the Los Angeles County economic development program and the Consumer Federation of California. Bill also pursues humanitarian causes as an officer in the United Way and as a board member of the St. Jude Children's Research Hos-

pital Foundation and the Foundation for People, Inc.

In recognition of his distinguished years of work and community service, the Southwestern University School of Law bestowed an honorary doctorate upon William Robertson. It is an appropriate honor for a person who has shown his care for his city through years of devoted service to its citizens. On Sunday I will join my fellow Los Angelenos in spirit when they wish a happy birthday to William R. Robertson as well as thank him for his tireless service. Here is hoping we in California benefit from many more years of his dedicated work.●

ABOLITION OF DIVERSITY JURISDICTION: AN IDEA WHOSE TIME HAS COME?

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. HYDE. Mr. Speaker, the National Legal Center for the Public Interest recently published a monograph that I wish to bring to the attention of my colleagues. It is entitled, "Abolition of Diversity Jurisdiction: An Idea Whose Time Has Come?"

I especially recommend this publication because of its unique debate format, in which it presents the arguments both for and against abolition of diversity jurisdiction in a most enlightening manner. Arguing for abolition of diversity is Caldwell Butler, our esteemed former colleague who recently retired from Congress to practice law in Virginia, and who while a Member of Congress sponsored legislation to abolish diversity which was passed by the House. Writing for retention is Arizona practitioner John P. Frank, who has testified several times on this issue before Congress, and who is head of the Committee to Retain Diversity Jurisdiction, a national organization.

The publication also contains a preface by Senator JOHN EAST of North Carolina, an introduction by our colleague Representative ROBERT KASTENMEIER of Wisconsin, and an informative appendix by Chief Justice Vincent L. McKusick of the Maine Supreme Judicial Court.

Mr. Speaker, as efforts to eliminate diversity jurisdiction continue, Members of Congress would do well to consider the National Legal Center monograph for its excellent presentation of the opposing arguments.

Copies may be obtained by calling the center at 296-1683 or by writing the center: National Legal Center for the Public Interest, 1101 17th Street NW., Suite 810, Washington, D.C. 20036.●

JUDGE EDWARD J. GARCIA

HON. ROBERT T. MATSUI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. MATSUI. Mr. Speaker, I would like to applaud the Senate for its recent confirmation of Judge Edward J. Garcia to the U.S. District Court from the Eastern District of California.

Throughout Judge Garcia's distinguished legal career, he has demonstrated his complete commitment to the public by serving their interest in some capacity for the past 25 years. After graduating with honors from a rigorous course of night classes at McGeorge School of Law in 1958, Judge Garcia immediately was appointed to the post of deputy district attorney for Sacramento County. He served in the prosecutor's office for 13 years and as chief deputy district attorney during his last 3.

Judge Garcia's judicial experience has provided him with the appropriate temperament and insight to serve on the Federal bench. According to the Sacramento County Bar's judicial evaluation poll for November 1983, Judge Garcia received the highest rating of all the judges on his court. He has gained the respect and confidence of his colleagues during his 12-year tenure as a municipal court judge. This fact is underscored as Judge Garcia's colleagues elected him to serve as presiding judge of the district four times. He is the only Sacramento County municipal court judge in recent memory to have received such an honor.

In addition, Judge Garcia has been involved actively in statewide judicial affairs. He is a past vice president of the California Judges Association. Judge Garcia serves as the vice chairman of California's Center for Judicial Education and Research. This organization seeks to provide continuing education opportunities to judges at all levels in California. Judge Garcia also has donated generously of his time by teaching at the judicial college.

In conclusion, I believe that the confirmation of Judge Garcia was based on extraordinary merit, tremendous professional accomplishments, and a deep-seated belief in public service.●

THORNE AUCHTER

HON. STEVE GUNDERSON

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. GUNDERSON. Mr. Speaker, as ranking minority member of the Health and Safety Committee, I would like to bring to the attention of my colleagues the impending resignation of Thorne Auchter and to commend Mr. Auchter for the job he has done as Assistant Secretary for Occupational Safety and health. The Occupational Safety and Health Administration (OSHA) used to be and may still remain one of the more controversial of Federal regulatory agencies. Today, however, thanks to changes initiated by Mr. Auchter, the level of controversy has declined and OSHA effectiveness in on the upswing.

The most looked at indicator of workplace illness and injury is the Bureau of Labor Statistics (BLS) data about the workplace. From 1980 to 1982, the number of workers injured annually fell by 14 percent. The injury/illness rate dropped in 1982 to the lowest level ever recorded. Fewer men and women were injured on the job in 1982 than in any other year of the past decade. And that trend manifested itself in 1981 in a time of rising employment. According to BLS, only one-sixth of the 1982 decline can be attributed to fewer hours worked in the statistically more dangerous occupations.

Much of the credit for these improvements must be given to Thorne Auchter's policies. His emphasis has been on identifying and seeking out major workplace hazards and correcting them in a cooperative rather than in a confrontational manner. His more effective utilization of personnel and of "carrot and stick approaches to employers has led to prompter abatement of hazards than was the case in the past when lengthy and costly litigation frequently delayed necessary corrections for years.

With 3 million workplaces under its jurisdiction and 1,200 enforcement personnel, OSHA obviously cannot be everywhere at once. It makes sense, therefore, to focus on high risk places first. Nowadays OSHA inspections concentrate on those manufacturing industries, such as fabricated metals and machinery, as well as the construction industry where commonsense and statistical data alike suggest more serious workplace hazards are likely to exist, rather than on service and retail businesses that by nature are less dangerous. In fiscal year 1983, OSHA conducted more workplace inspections than it had since 1976. The key is that almost 80 percent of these were in high hazard workplaces. Inspections combined with the federally funded consultation visits and the outreach programs by OSHA's area offices have resulted in OSHA's having a higher profile in American workplaces in fiscal year 1983 than in any year in the history of the agency.

By giving his agency strong management and effective management support systems, by bringing the States which administer their own occupa-

tional safety and health programs into a partnership with OSHA, by expanding significantly the numbers of persons trained in safety and health, Mr. Auchter has made OSHA more effective in removing on-the-job hazards from America's workplaces.

I congratulate Thorne Auchter for a job well done, and wish him well in his future endeavors.●

TRIBUTE TO BASIL A. DESIDERIO

HON. FRANK HARRISON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. HARRISON. Mr. Speaker, I rise today to pay tribute to Basil A. Desiderio of Plymouth who will be honored as State deputy of the 62,000 member Pennsylvania State Council Knights of Columbus on Saturday evening, April 7, 1984, at Gus Genetti's Best Western Hotel and Convention Center, Wilkes-Barre.

A native of Wilkes-Barre, Basil Desiderio was elected to this prestigious post in 1982 and reelected in 1983, following a highly successful first term as State deputy of and a distinguished career in the Knights of Columbus. His many posts have included two terms as grand knight of Plymouth Council No. 984, four terms as district deputy of district No. 29, one term as chairman of the board of district deputies of northeastern Pennsylvania, State program director, State community activities director, associate membership director, New Council development director, and two terms as State treasurer.

In addition to his many other distinguished assignments, Mr. Desiderio continues to be an active member of the Bishop William J. Hafey Assembly Fourth Degree Knights of Columbus, Wilkes-Barre, holding virtually every office in the assembly including two terms as faithful navigator. He is also a former district marshal of the Fourth Pennsylvania District Calvert Province and a former administrative coordinator of the five-State jurisdictional area of the entire Calvert Province. In 1980, Basil Desiderio was appointed by supreme knight, Virgil C. Dechant, New Haven, Conn., to assume the duties of Master of Fourth Pennsylvania District Calvert Province encompassing 17 fourth degree assemblies in the 15 county area of northeastern and central Pennsylvania, a post he held until being elected to his first term as State deputy.

As a general contractor, Mr. Desiderio is also president of the Masonry Contractors Association of northeastern Pennsylvania and a member of the zoning and planning commission of Larksville Borough. This distinguished gentleman also holds membership in numerous religious, professional, civic, and fraternal organizations. He is a faithful member of St. Casimir's Church, Lyndwood, its Holy Name Society and Usher's Club.

Basil Desiderio answered the call of duty during World War II and served with honor and distinction, seeing action in the European theater of operation.

Mr. Desiderio and his wife, the former Isabelle Uravich, are the parents of three children, Donna, a registered nurse, of Chicago, Ill.; Charles, of Larksville and Basil, Jr., at home. He and his wife are also the proud grandparents of three grandsons, Jonathon, Andrew, and Charles Desiderio of Larksville.

Mr. Speaker, I am proud to bring to the attention of my colleagues in the House this fine man and outstanding citizen who has dedicated his life to community service through his activities in the fraternal brotherhood of the Knights of Columbus.●

A MAN FOR ALL SEASONS

HON. RON de LUGO

OF THE VIRGIN ISLANDS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. DE LUGO. Mr. Speaker, last weekend in the U.S. Virgin Islands, the St. Thomas-St. John Chamber of Commerce honored Isidor Paiewonsky for his 40 years of service to that organization and for his many, many contributions to our community. Isidor is a very special man: successful in business, meticulous in his historical research, most generous in his many philanthropic activities and genuinely devoted to the betterment of the U.S. Virgin Islands. The breadth of his intelligence is matched only by the depth of his compassion. I am proud and privileged to be his friend and I would like to share with my colleagues an editorial written about Isidor in one of our local newspapers, the Daily News, which helps to describe this remarkable man.

The article follows:

[From the Daily News of the Virgin Islands, Mar. 27, 1984]

MAN FOR ALL SEASONS

Isidor Paiewonsky; businessman, historian, environmentalist, community activist, philanthropist, story-teller par excellence, preserver of the past, watchdog for the future.

In these roles and others, Isidor Paiewonsky has contributed immensely to the betterment of the Virgin Islands community.

And so it was fitting that the St. Thomas-St. John Chamber of Commerce chose to honor him last weekend for his 40 years of service to that organization and his countless contributions to the people of these islands.

We feel a special sense of pride in the honors bestowed upon man, for he is part of the Daily News family. For 11 years he has been writing his History Corner. Few people realize the lengths to which he goes to unearth still-hidden bits of our past, present them to Virgin Islanders of today and preserve them for Virgin Islanders of tomorrow. In doing so he makes an incalculable contribution to all of us.

But regardless of his ties to this newspaper, we would feel a special sense of satisfaction in the chamber's decision to honor Isidor Paiewonsky. He demonstrates qualities that we wish were evident in more people in these islands; the courage to speak out even if his views are unpopular, a desire to right what he sees as wrongs, a passionate commitment to the free-enterprise system, a willingness to listen as well as espouse his own views, a realization that good sesthetics make good economics.

In his speech before 400 friends and well-wishers at Saturday night's dinner-dance, Paiewonsky called upon the business community to organize politically to make its weight felt in the upcoming senatorial election. We think he's got a good idea.

The business community could deliver thousands of crucial votes to people who have a similar commitment to strengthening the job-producing private sector, particularly people who know what it is to meet a payroll and could be counted upon to deal responsibly with the fiscal crisis facing these islands.

We don't believe that what's good for any given business is necessarily good for the Virgin Islands, to paraphrase an infamous line. But given the enormous problems confronting us, especially on the financial front, we believe we would benefit from the business community exercising more political interest and more political clout.●

NATION OBSERVES NATIONAL BAKE WEEK

HON. MARTY RUSSO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. RUSSO. Mr. Speaker, April 2-9 marks the observance of "National Bake Week" in towns and cities around our country. This year's theme is, "Kids in the Kitchen, a Family Baking Affair." Sponsored by Chicago Metallic, manufacturers of Village Bakalon, National Bake Week stresses family togetherness, kitchen safety, and the use of math and science skills that kids learn in school. Also available is a bake book entitled, "Kids in the Kitchen," which includes 13 winning recipes and illustrations by children around the country.

This year's spokesperson is 10-year-old Emily Giuliani of Michigan, who today is visiting Washington, D.C. Emily, who has been baking professionally since she was 5 years old, is touring the country, appearing on television and holding interviews.

Proclamations have been issued on National Bake Week, such as this one

by Mayor Tom Bradley of Los Angeles:

Whereas baking is a wholesome, educational activity that encourages individuality as well as teamwork, creativity as well as discipline;

Whereas more than 2 million people across the Nation participated in last year's celebration of National Bake Week;

Whereas the celebration of baking as a family activity will encourage young people to learn new skills and promote stronger family ties; and

Whereas the promotion of such ties and the encouragement of such skills as reading, measuring, developing new ideas, following directions in young people is in the interest of this community; a community of families: therefore, I proclaim . . . National Bake Week. . . .

I know my colleagues join me in applauding the goals and observance of National Bake Week and in welcoming Emily to the Capitol.●

SEVENTY-FIVE YEARS OF SERVICE

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. MAZZOLI. Mr. Speaker, this year the National Association for the Advancement of Colored People (NAACP) celebrates 75 years of commitment and service to the United States. I would like to commend the NAACP, one of America's premier civil rights organizations, for the many contributions it has made to our society in behalf of all Americans, of all races, colors, and creeds.

I applaud the efforts of the NAACP over the years. They have reminded this country of its founding principles: equality and justice for all.●

TRIBUTE TO CLEM J. MALINOWSKI

HON. GEORGE W. GEKAS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. GEKAS. Mr. Speaker, it gives me great pleasure to bring to your attention the exemplary community service of Mr. Clem J. Malinowski. Mr. Malinowski was a driver for Greyhound Bus lines for 34 years, beginning in 1949 and ending with his retirement in 1983. During those years, he traveled nearly 3 million miles on Pennsylvania"s highways with an outstanding safety record.

His service to the people of Pennsylvania has been invaluable as he provided them with safe and dependable transportation for many years. His example of loyal community service is one which should inspire workers in all occupations to strive for a similar level of excellence in the performance of their own duties.●

MAYOR SEWELL STEPS DOWN

HON. JOHN BRYANT

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. BRYANT. Mr. Speaker, Mayor Earl Sewell of Lancaster, Tex., after 10 years on the Lancaster City Council—6 of them as mayor—has decided to step down after the April 7, 1984, municipal election. The article which follows from a recent edition of the Lancaster News details many of Mayor Sewell's accomplishments and contributions to his community during his tenure. I commend this review of his achievements to my colleagues and the people he has served:

END OF AN ERA: AFTER 10 YEARS, MAYOR EARL SEWELL STEPPING DOWN

When Lancaster City Council convenes for their first council session following the April 7 election, Lancaster Mayor Earl Sewell will step aside from a position he has held for six years. And when he leaves that center chair on council row many feel the city will be left a tremendous void in terms of the leadership, professionalism and foresight he has provided Lancaster during his public service stay.

For 10 years, four as a councilman, Sewell has served for the City of Lancaster. Every other Monday night, plus hundreds of other special or workship sessions he has contributed his time, leadership, and expertise. And they don't get paid down there.

Born and raised in Wills Point on a farm he still maintains with his brother, Sewell first moved to Lancaster "by accident" in 1964, the same year he joined Dwight Sleeper's insurance firm. His is now the president and general manager of Sleeper-Sewell Insurance in Dallas.

His first civic involvement came with the Lion's Club. He started meeting people "and as time came by, I became interested politically."

Earl Sewell first became involved with the Lancaster City Council in 1973, when he and several other citizens became disgruntled over some housing decisions, government housing, approved by city fathers. "We felt like Lancaster had a lot of potential for growth," explained the mayor, "and in some cases it was headed in the wrong direction."

At that point, said Sewell, he in no way had any long-term plans. During his first year he was elected mayor pro-tem and he served for three more years. It was at that time he called it quits. After four years, he felt he had fulfilled his urge and duty and decided not to run again. "After I got into it, I enjoyed it. But at times it was very frustrating," admitted Sewell looking back on his first four years. After sitting out a year, he was encouraged by friends to run for mayor in 1978. He has been there ever since.

Although few will argue his accomplishments, the mayor is not without his critics, some who say he is often stubborn, abrupt with individuals at council meetings and highly opinionated. Proponents say that might appear to be true in the short run for those who rarely attend council sessions. Those who have seen council sessions, Lancaster's and others, on a consistent basis, say they "have never seen a better run council meeting." One thing is for sure, under Mayor Sewell, council sessions have been as professional and tightly-reined as is possible. Without apology, the mayor has always said that has been his intent.

He is adamant about running a city and council meetings in a professional manner.

"It is my belief we should project an image to the young folks of our community that we are running the biggest business in our city," says Sewell. "You may lose your best friend in that (mayor) position. I have always voted my conscience, not what's best for my neighbors, or a certain neighborhood, but what's best for the overall community. Sometimes that is not very popular."

"If Earl Sewell has a fault," says John Marshall, former Lancaster City Manager (1975-1980) "it's that he is strong-willed. That can be a fault or it can be an asset. With Earl, I think of it as an asset."

Dick Hill, a fellow councilman for the past four years and one who admits to a confrontation or two between the pair, says. "He is very direct and some people have trouble dealing with directness. He feels it is his responsibility to conduct the council meetings as professionally as possible."

"In a couple of words, I would characterize Earl Sewell as a strong leader," says Marshall. "He is the kind of leader by which I attribute part of my management style. He could tell you what you are doing wrong, but then support you later. He was always there for you to bounce ideas off of.

"I think as much as anything, he has had the time and desire to run the city. He takes a lot of time to represent Lancaster in various functions. I always thought he projected a good image. If anything, he kept representing Lancaster in a good light when not much was going on. And now a lot is happening which can be directly attributed to him," Marshall said.

Putting Lancaser out front in Dallas and the area has always been a belief of Earl Sewell.

"We need to identify ourselves as a community. We need to take the positive approach. We are a good, quality community and it has always been my philosophy to let people know we're proud of Lancaster."

Earl Sewell's contributions to Lancaster are many. He personally takes credit for very little, but those who have stayed close to Lancaster are quick to point out the many accomplishments during the mayor's time in office.

Among the more significant projects begun or completed during the mayor's civic career: Midway Park General Hospital; the widening of the bridge over I-35; the widening and paving of new Beltline Rd., a project that was significantly moved up in expected time of completion; merit pay system for the city; expansion of library; the new police and fire facilities, water system improvement; creation of airport and park boards and the planned expansion of each area; completion of Town Square remodeling.

In addition, he was the major force in creating a cooperative effort between cities in southwest Dallas County, by establishing monthly meetings between the various municipalities' mayors and city managers. He has also served as president of the Lancaster Business Development Corporation; on the board of trustees for Midway Park Hospital; for two terms on the original county

tax appraisal board; and for four years on the county open space committee.

He also is a past president of the Lion's Club, Lancaster Chamber of Commerce, Lancaster Housing Finance Corporation and the Lancaster Industrial Development Authority. Suffice to say he has done more for Lancaster in ten years them most of the citizens of this town will do in a lifetime.

Earl Sewell has been running the Lancaster City Council meetings for six years now and there is no doubt in his mind the time to step down is now. Three terms is more than enough, he has said, ever before he was elected for a third term in 1982.

"I have always felt any elected official should not serve in one capacity more than three terms. Now, he says, "It's time for someone new with new ideas and concepts, to see what they can do to see our community prosper and grow."

The mayor is leaving with a good taste in his mouth. "I feel very good about how the community has come the past six years. That's a tribute to the citizens." Of the growth now apparent in Lancaster, the mayor says it was inevitable. The job was in shaping it. "There is no choice but to grow. So let's develop in a manner that is good for the community.

"I have enjoyed what I've done. I appreciate the fact the citizens of Lancaster allowed me to serve," he says.

Asked how he would like his ten years of public service to be remembered, Sewell said, he has no yearning to be singled out for work many citizens have done over the years. "I did not do it for a monument," he said smiling. "If I made some contributions to the betterment of Lancaster in some way, then that's all I care about. I hope I didn't stay too long."

Some may feel he stayed too long. Most however, realize Lancaster probably would not have made the strides it has over the past several years without Earl Sewell effectively leading the way.

"I think he'll be missed greatly," says E. H. Sheffield, executive vice president of the Lancaster Chamber of Commerce. His imprint however will remain a long time. "Not only his accomplishments readily available, but he's been able to do some positive things that are going to affect this community for many years."

Marshall agrees. "It's going to take a while for anyone to pick up where Earl leaves off. It is going to take a pretty special individual."

Earl Sewell probably won't get a monument with his name stamped on it for his contributions, but his mark, in more intangible ways, is certainly felt by Lancaster and will be for a long time.●

McADORY FIFTH GRADERS SALUTE AMERICA

HON. RICHARD C. SHELBY

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 3, 1984

● Mr. SHELBY. Mr. Speaker, on March 6, 1984, the fifth graders of McAdory School in Jefferson County, Ala., gave a patriotic program entitled "This is America" before the parent-teacher association.

I would like to salute these talented young people and their teachers for such a fine, outstanding presentation and display of patriotism. Costumed in red, white, and blue, and wearing "Uncle Sam" hats, the students presented a choral and verse arrangement relating their pride in America. Their moving performance drew a standing ovation from a packed house of parents, faculty, and friends.

It is important that this country's youth be instructed in America's rich musical and narrative works. I commend the fifth grade teachers Rutha Bolden, Sally Clements, Murlene Heilman, Joyce McCulley, and Ellen Northcutt, for a job well done in coordinating and producing the patriotic program.

McAdory School is fortunate to have such outstanding teachers as these fine ladies among their faculty.

Principal Nell Salamone and Assistant Principal Ben Burger deserve a standing ovation for their efforts in offering these young Americans the opportunity to present this fine show of American spirit.

Mr. Speaker, America's greatness stems from events such as this program. Interpretations of patriotism give new meaning to our great heritage, and help insure that our young generation will be able to pass on this wonderful heritage to others.

I applaud the efforts of everyone involved in "This is America" at McAdory School for a job well done, and extend to the school faculty and students my best wishes for all future endeavors.●

SENATE—*Wednesday, April 4, 1984*

(Legislative day of Monday, March 26, 1984)

The Senate met at 10 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray.

"We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights * * * to secure these rights, Governments are instituted among men, deriving their just powers from the consent of the governed."—Declaration of Independence.

Lord God of history, source of all power and authority, we thank Thee for the vision of our forebears who understood these fundamentals of a God-ordered world—the people, sovereign under God—government accountable to the people. May we remember Lord, that when God is removed from the equation, the system breaks down—the people lose their sovereignty—government becomes autocratic and human rights are meaningless.

Help us not to forget Thee, Lord, and the bountiful grace which Thou hast lavished upon us. Help us to take Thee seriously and emulate those who laid on the line their lives, their fortunes and their sacred honor for the beliefs which conceived this Republic. Deliver us from the idolatry which absolutizes that which is relative and temporal, and relativizes that which is absolute and eternal. In the name of Him who is the same yesterday, today and forever. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

Mr. BAKER. I thank the Chair.

SENATE SCHEDULE

Mr. BAKER. Mr. President, after the two special orders in favor of Senators today, there will be a time for the transaction of routine morning business until 11 a.m. At 11 a.m., we will resume consideration of the unfinished business, which is the supplemental appropriations bill.

Mr. President, the leadership on this side feels that we have made good progress on this measure. I wish to especially commend the managers on both sides, particularly Senator KASTEN and Senator INOUYE, and the others who have been involved. We have disposed of a great number of amendments. But I regret to say that a review of the situation suggests that there is still a great number of amendments to deal with. So, Mr. President, I reluctantly but necessarily wish to say that we will be in late tonight and every night this week, if that is necessary, to try to finish the supplemental. We will be in on Saturday, if necessary, to finish the supplemental.

So for the benefit of those Senators who are listening to me in their offices or elsewhere, and those who will hear these unwelcome words through their staffs, may I repeat, it is essential, in the opinion of the leadership on this side, that we finish the supplemental this week, and that in order to do so Senators should be on notice of late sessions every night this week and of a Saturday session.

I hope Members will notice I did not say the possibility of a Saturday session. If we have not finished the supplemental, it is the intention of the leadership on this side to ask the Senate to be in on Saturday.

Mr. President, after that should come a budget package. I will have a further announcement to make in that respect a little later.

RECOGNITION OF THE MINORITY LEADER

The PRESIDENT pro tempore. The minority leader is recognized.

Mr. BYRD. I yield the remainder of my time to the majority leader.

Mr. BAKER. Mr. President, I have no further need for my time. I yield back the remainder of my time.

Mr. President, I thank the minority leader for yielding his time to me. I assume in yielding back the time, that encompasses the leadership time on both sides.

The PRESIDENT pro tempore. The majority leader is correct.

RECOGNITION OF SENATOR KASTEN

The PRESIDENT pro tempore. Under the previous order, the Senator from Wisconsin (Mr. KASTEN) is recognized for not to exceed 15 minutes.

VOTING PRACTICES IN THE UNITED NATIONS—AFGHANISTAN AND CAMBODIA

Mr. KASTEN. Mr. President, today I am delivering the third in a series of statements on the voting practices in the United Nations. Today's address concerns two formerly nonalined countries which have been brutally invaded and occupied by Communist powers. I refer to Afghanistan, which suffers from the cruel occupation of the Soviet Army, and Cambodia, occupied by the armed forces of Communist Vietnam.

I believe it is of utmost importance for Congress and the American people to be aware of which nations condemned these brutal Communist acts of aggression and which nations by their actions endorsed the same acts of aggression. I am happy to observe that large majorities of the U.N. General Assembly joined with the United States and the other democracies in voting to condemn both these instances of totalitarian aggression.

However, let me emphasize that the two separate U.N. resolutions concerning these acts of aggression fail to name the aggressors, the Soviet Union and Vietnam. Undoubtedly this gave certain nonalined nations greater courage to vote to condemn the aggression.

Mr. President, April is a month of profoundest joy and deepest sadness for the people of Cambodia. This month the Cambodians observe their lunar new year, a time in their Buddhist tradition for sensing the human being's place in the rhythm of nature, and for expressing undying hope in physical and spiritual renewal. April is also the month when, 9 years ago, the Cambodia holocaust began. It was April 1975 when the Communist Khmer Rouge forces captured Phnom Penh and began a program of ideologically conceived mass murder, causing the deaths of probably more than 2 million—some authorities estimate 3 million—out of 7 million Cambodians.

It is timely for us to recognize that the Cambodians continue to suffer gravely. Their most basic human rights, including the very right to life of displaced civilians along the Thai border, are being violated. Their political autonomy is denied and their very survival as a nation is threatened by the military occupation regime of the Vietnamese Communists, with its nearly 200,000 troops on Cambodian soil.

My hope is that the civilized world will vow never to forget the Khmer Rouge holocaust, will pay heed to the ongoing injustices and threats to international peace being committed by the Vietnamese occupation regime, and will resolve to persist in a long and difficult struggle to bring peace and renewal to Cambodia.

To understand the situation in Cambodia today, we must banish a whole complex of misunderstandings that the Vietnamese occupiers would like to popularize. At maximum, the Vietnamese Communists are seeking to gain acceptance of the notion that through their military defeat of the Khmer Rouge in 1979, they actually have set Cambodia on a road toward economic, cultural, even moral renewal. Minimally, Hanoi would like to have its occupation of Cambodia legitimized in the international community through a sort of pseudo-pragmatic acceptance of their presence and behavior as the lesser of two evils when compared with the Khmer Rouge.

Hanoi is trying with all its might to disassociate itself in public perceptions from the Khmer Rouge regime that it first helped to install and then ousted by massive military invasion. The Vietnamese are trying to assign all of the blame, a great part of which they share, to Khmer Rouge leader Pol Pot.

The Vietnamese Communists for the time being are entrenched militarily in Cambodia, but they have failed to gain much diplomatic acceptance, outside of the Soviet bloc, of their invasion and occupation of their neighbor. Probably this is due in part to the lack of sympathy Communist Vietnam has found from influential writers and publications on the left that had opposed U.S. policies in Indochina before 1975.

Elizabeth Becker, writing last year in the Washington Post in a series of lengthy articles based on both experience in Cambodia before 1975 and travel to Cambodia as recently as 1982, asserted:

> Many of the men now running the government for the Vietnamese occupiers are the same bureaucrats and officers who ran the government for Pol Pot. Most importantly, they are ruling the same Communist Party that Pol Pot led for over 16 years.

Besides this report by Ms. Becker, Mr. President, there are many other grim indications that the similarities between Vietnamese Communist occupation and Khmer Rouge Communist rule are far more substantial than the differences.

Substantial majorities of the U.N. General Assembly have condemned the Vietnamese occupation of Cambodia every year since 1979. The same series of U.N. resolutions has put forward a constructive set of proposals for the withdrawal of all foreign forces from Cambodia and for internationally supervised, free elections to return self-determination to the Cambodian people. Overwhelming majority votes for the resolutions on Cambodia have been brought about not only by the persuasiveness of journalistic reports such as those I have just mentioned, but also by the marvelously organized and articulated campaign waged by the resolutions' principal sponsors, the nations of the Association of Southeast Asian Nations: Thailand, Singapore, Malaysia, Indonesia, and the Philippines.

Yesterday, in my remarks on the treatment of Israel in the United Nations, I lamented the fact that large numbers of U.N. members were willing, in the context of the campaign to delegitimize Israel, to vote to subvert the fundamental principles of the U.N. charter.

Happily, in the instance of Cambodia this is not so. As detailed in the very enlightening new "Report to Congress on Voting Practices in the United Nations," prepared by the State Department and the U.S. mission to the United Nations, only a tiny number of states outside the Soviet bloc cast negative or abstaining votes on the ASEAN resolutions. Last year, 105 U.N. members voted in favor of the ASEAN resolution on Cambodia, with only 23 opposed and 19 abstaining.

Among the small minority that voted "no" on the Cambodia resolution, together with Vietnam and the Soviet Union, were Libya, Syria, and Angola. Congo—Brazzaville—which voted "no" is a U.S. aid recipient. U.S. economic assistance also goes to Guyana, which voted against the resolution.

A major recipient of U.S. aid, India, abstained on this resolution. India is also one of the few non-Communist countries that exchange ambassadors with the Vietnamese puppet regime in Phnom Penh. Several African countries that receive significant U.S. aid also abstained, including Zimbabwe, Tanzania, Uganda, Ghana, and Madagascar.

Our neighbors in the Americas, Mexico and Panama, likewise were among the very few U.N. members to abstain on the Cambodia vote. These U.N. members chose not only to isolate themselves from the United States and the democracies that usually vote on the same side of the issues as the United States, but also to isolate themselves from the great majority of nonalined states.

Mr. President, the plight of Afghanistan closely parallels that of Cambodia. The country has been invaded by the army of a Communist power, in this case the Soviet Union itself rather than a surrogate.

The sufferings of the innocent in Afghanistan has been massive and appalling. More than one-fifth of the pre-invasion population of the country is estimated to be in refugee status in neighboring Pakistan and Iran: This translates into well over 2 million Afghans subsisting on refugees' rations in Pakistan and about 1 million likewise languishing in Iran.

In her address on the Afghan situation during last year's General Assembly, Ambassador Kirkpatrick cited manifold human rights abuses by the Soviets in Afghanistan, documented by numerous independent, international monitoring organizations. The ultimate Soviet intention toward Afghanistan, she pointed out, is "to absorb the country economically and culturally into the Soviet Empire."

To its credit, the U.N. General Assembly's response to the invasion of Afghanistan also has been similar to its response to the Cambodian situation: Overwhelming majorities have voted in successive assemblies to demand the withdrawal of foreign forces and to reaffirm the right of the Afghan people to determine their own form of government.

Another parallel to the Cambodian situation is that a subgroup of the nonalined group of nations, in this instance the Islamic Conference group of nations, in this instance the Islamic Conference instead of ASEAN, takes the lead in orchestrating support for the resolution on Afghanistan. Last year, the majority voting for this constructive resolution was even greater than the number voting for the resolution in Cambodia. The tally was 116 in favor, including the United States; 20 opposed; and 17 abstaining.

As I mentioned earlier, however, our U.N. delegation finds it regrettable that in both of these resolutions, the aggressor is not named. Failure to mention the Soviet Union and Vietnam in the resolutions undoubtedly gives certain nonalined nations greater courage to vote affirmatively.

The core of opposition to the resolution on Afghanistan once again was the Soviet bloc. Syria and Libya broke ranks with their fellow members of the Islamic Conference in order to vote with the Soviets. India isolated itself from virtually all of the world's democracies by abstaining. Mali and Uganda, both recipients of U.S. aid significant for the size of their countries, also abstained.

Mr. President, I believe Americans care about the fate of the Cambodians and the fate of the Afghans. The annual U.N. resolutions are relevant to their fate. We can look with satisfaction upon the fact that a majority of United Nations members have voted to condemn Communist aggression against these peoples. However, we must not overlook the fact that some nations chose by their actions to endorse those acts of aggression.

Mr. President, I ask unanimous consent that a table showing those coun-

tries which voted against the U.S. position on these issues and are scheduled to receive U.S. foreign assistance in fiscal year 1985 be printed in the RECORD at the conclusion of my remarks. This table also includes a list of those countries which abstained on these issues, and who are scheduled to receive assistance in fiscal year 1985. I include the countries that abstained because, with reference to both of these issues, an abstention is nearly as bad as a negative vote. This table, in addition to showing the fiscal year 1985 proposed foreign assistance levels, also shows the current-year levels of assistance and the historic levels of assistance from 1946 through the fiscal year 1985 proposal.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

AFGHANISTAN

	Fiscal year—		
	1985	1984	1946–85
Nations voting against resolution:			
Madagascar	10.3	9.3	71.0
Ethiopia	3.7	6.4	688.1
Angola	.2	2.0	18.4
Mozambique		6.2	82.3
Abstentions:			
Africa:			
Benin	3.0	3.0	65.8
Cape Verde	5.8	6.4	67.0
Congo	1.1	3.0	21.3
Equatorial Guinea	1.8	1.8	7.1
Guinea-Bissau	2.9	2.8	34.6
Malawi	12.3	8.8	111.9
Mali	14.1	12.7	219.1
Sao Tome	.2	.7	3.5
Seychelles	2.4	2.5	14.0
Uganda	10.0	9.1	97.0
Upper Volta	19.0	16.9	234.3
Asia:			
Bhutan	.6	.9	4.0
Cyprus	3.0	15.0	211.3
India	212.3	224.1	11,411.4
Yeman Arab Republic	47.8	37.1	305.7
Latin America: Grenada	.3	15.2	15.5
Europe: Finland	.1	.1	57.4

KAMPUCHEA

	Fiscal year—		
	1985	1984	1946–85
Nations voting against resolution:			
Congo	1.1	3.0	21.3
Ethiopia	3.7	6.4	688.1
Angola	.2	2.0	18.4
Mozambique		6.2	82.3
Guyana		.3	130.4
Abstentions:			
Asia:			
Cyprus	3.0	15.0	211.3
India	212.3	224.1	11,411.4
Jordan	117.1	136.7	2,871.0
Lebanon	35.8	156.2	649.3
Yemen Arab Republic	47.8	37.1	305.7
Latin America:			
Grenada	.3	15.2	15.5
Mexico	9.2	8.7	386.7
Panama	60.3	62.0	603.9
Trinidad-Tobago	(1)		40.9
Europe: Finland	.1	.1	57.4

[1] Less than $50,000.

Mr. GOLDWATER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. SYMMS). The Senator will state it.

Mr. GOLDWATER. Do I have time this morning? I think I do.

The PRESIDING OFFICER. There is no special order for the Senator. However, the Senator from Wisconsin has 4 remaining minutes which he could yield to the Senator from Arizona.

Mr. KASTEN. Mr. President, I am pleased to yield to the Senator from Arizona what time he may desire.

The PRESIDING OFFICER. There are 3 minutes and 37 seconds.

Mr. GOLDWATER. I thank the Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, I am happy to yield whatever time the Senator needs. I have 15 minutes and will not require all that.

Mr. GOLDWATER. Go ahead.

Mr. PROXMIRE. No; I yield to the distinguished Senator from Arizona.

Go ahead. I wish to hear what the Senator has to say.

Mr. GOLDWATER. I thank the Senator.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

REPEAL THE WAR POWERS RESOLUTION

Mr. GOLDWATER. Mr. President, as the debate proceeds on funds for the defense of Central America, a debate that focused attention on the War Powers Resolution, I call the attention of our colleagues to the fact that I have introduced a bill, S. 2030, to repeal that statute.

In my opinion, the War Powers Resolution is unconstitutional, but we may never have a definitive court decision on that question because the judicial branch usually ducks political questions. The courts believe these problems are better left for resolution between the two political branches, the President and Congress.

In order to avoid a terrible constitutional confrontation at some time of grave international crisis in the future, when a firm and prompt U.S. response is required, I believe we should repeal the War Powers Resolution now. It attempts to deny flexibility to the President in the defense of American citizens and their freedoms. Even if it were not unconstitutional, the War Powers Resolution is impractical and dangerous.

It may cause hesitation at a moment in history when immediate action is necessary. It may encourage and incite this country's adversaries to take action harmful to the vital interests of the American people in the belief that the President will not be able to carry out a sustained response to foreign threats.

Not only does the War Powers Resolution attempt to restrict the engagement of U.S. military forces to no more than 60 days, except for an additional 30 days when needed to remove our forces safely, but it claims to give Congress power to order the President to remove our military units before 60 days are up. Under the terms of the War Powers Resolution, Congress can technically direct the withdrawal of American forces from hostilities 1 hour after the President has deployed them, if Congress is in session and chooses to act with such unusual speed.

Mr. President, the War Powers Resolution runs contrary to all practical experience that had been gained by the Founding Fathers during the War of Independence and by the free people of the United States in the last 207 years. Impediments erected by the Continental Congress nearly lost the Revolutionary War.

The framers of the Constitution, who met in Philadelphia in 1787, knew this fact. They understood from firsthand knowledge that Congress, acting under the supreme military command powers vested in it by the Articles of Confederation, had disrupted and overturned General Washington's plans time after time with disastrous results. The framers wanted to break away from this bad experience and this is one reason why they made the President Commander in Chief of the Nation's military forces when they drafted the Constitution in 1787.

What we often forget today is that the leaders of the new Nation recognized in 1787 that the American people faced tremendous military dangers, both immediately and in the visible future. The United States was surrounded by hostile forces. Spain controlled the mouth of the Mississippi River and blocked free U.S. navigation of the river. She tried to erect a hostile Indian nation between Spanish possessions and the territories of the Thirteen American States.

To the north, Britain still occupied military forts in American territory in direct violation of the Treaty of Paris of 1783. Great Britain also incited Indian raids across the borders of the United States.

Even our recent ally, France, looked upon the United States as little more than a dependent client. France tried to involve us in its own foreign conflicts.

Also, the new Government had to protect U.S. trade, which even in the 1780's already was traveling to all corners of the globe. John Jay commented in the Federalist Papers No. 4 that the U.S. people may well find themselves drawn into a military conflict because of commercial conflicts arising as far away as China and India.

Of course, one answer the Framers provided to meeting these difficulties was national unity. But increased military powers for the National Government did not provide a complete answer. More was needed and that is why the framers established an independent Chief Executive for the Nation, the President, who was vested with all the executive power of the

Nation and specifically designated as the Commander in Chief.

Until the 1970's, this was the overwhelming interpretation given by the American people to the Constitution. The President was seen as the national leader who decided the fundamental question of when and where to use American military forces and virtually every President carried out this responsibility. My office has collected over 200 instances in which U.S. Presidents, without any declarations of war, have ordered American military units to engage in hostilities outside the United States in the defense of American citizens and freedoms.

When Congress changed course in the early 1970's and began to claim control over military decisions for itself, it brought humiliation upon the United States and severely damaged our position in the world. Congressionally legislated restrictions have led directly to the total collapse of South Vietnam, to genocide in Cambodia, and to the loss of a neutral, independent Laos. I also attribute Soviet sponsored aggression in Ethiopia, Afghanistan, Angola, Nicaragua, and other areas as stemming in part from the perception of Russian leaders that the United States is so weakened by congressional limitations that we no longer have the ability or will to meet serious challenges while they are manageable.

We can also test the War Powers Resolution against history. What would have happened if President Franklin Roosevelt had been faced with a Congressional War Powers Resolution in 1940 and 1941?

Historians are discovering through recently uncensored materials that it was only the independent and often secret actions of President Roosevelt that enabled the United States to keep some foreign opposition to Nazi Germany alive before Hitler's declaration of war on our country. Congress was not consulted when Roosevelt sent American troops to occupy and establish bases in Greenland and Iceland in 1941 and to cooperate with British armed forces already there. Nazi planes overflew these bases and no one knew with assurance whether or when a German attack was coming. Would Congress have extended President Roosevelt's authority to keep American Marines on these islands after 60 days, as required by the War Powers Resolution? I think not. Remember, Congress had barely agreed to renew the military draft in 1940. The outcome depended on a single vote.

Would Congress have extended President Roosevelt's authority in September 1941 to order American warships to escort and protect British convoys west of Iceland and to destroy German submarines on sight, if it had been compelled to take a vote pursuant to the War Powers Resolution? Again, the answer is surely no. Would Congress have approved of President Roosevelt's action in May 1941, when he secretly lent long-range amphibian planes to Great Britain and assigned 80 Navy airmen to help in British operations to sink the German battleship *Bismarck*? Again, the answer must be no.

The fact is that if the War Powers Resolution had been on the books in the early 1940's, President Roosevelt could not have kept troops in Greenland, he could not have reinforced the Marines on Iceland, he could not have escorted British shipping in the Atlantic and he could not have taken any of the many actions which prevented a total collapse of resistance to Nazi Germany. The War Powers Resolution would have brought nothing but a total disaster to the democracies in the 1940's.

Mr. President, the point is that the President of our Nation must have flexibility to resist challenges to our freedom in the early stages. The American people cannot count on an often reluctant and divided Congress to act in time to deal with the threats to our Nation's survival. The framers of the Constitution understood that the ultimate decision over the defense of American freedoms must rest with the Commander in Chief.

This is not to say that there are no checks at all on the President. The President does not inherit his position, he must be elected by the people and he must stand for reelection if he wishes to have a second term.

He must get Senate approval for his appointments of Executive officers and he must come to Congress for defense appropriations. Ultimately, there is the check of impeachment.

Every President knows that it is the sovereign people who retain the reins of power, but he has the sworn duty to defend, as well as uphold, the Constitution. He has the right to judge how to defend the Nation in the way he thinks best.

Mr. President, whether it is unconstitutional, as I believe, or a dangerous impediment to taking necessary actions in defense of the freedoms of our citizens and the security of the Nation, the War Powers Resolution should be repealed and I urge other Senators to join Senator DENTON and me in sponsoring S. 2030.

Mr. President, I ask unanimous consent to have printed in the RECORD an editorial that appeared in yesterday's Baltimore Sun and a letter I wrote to the editor of that paper relative to it.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

RETHINKING WAR POWERS

Ambiguity between the president's role as commander-in-chief and Congress' authority to declare war and finance the military services is as old as the Constitution. This gray area has been the scene of periodic skirmishes between the executive and legislative branches throughout the nation's history. But rarely if ever has the battle been joined more intensely than it now.

First in Lebanon, now in Central America, memories of Vietnam have engendered controversy over how U.S. power can or should be projected abroad. If these questions are left out of control, there is a danger that the national government could be hobbled during a period of crisis.

For this reason, we welcome the efforts by Secretary of State George P. Shultz and Senator Arlen Specter (R, Pa.) to have these serious issues discussed without reference to the passions and details of any one particular conflict situation. One course, which Senator Specter has mentioned, would be joint petition by Congress and the White House asking the Supreme Court to decide the constitutionality of the 1973 War Powers Resolution and related measures. Another, which Secretary Shultz seems to favor, would be an attempt to rewrite the War Powers Resolution in a way to make it more acceptable to the executive branch.

Let it be acknowledged up front that it is unlikely and perhaps undesirable to resolve all the tensions deliberately created in a government based on checks and balances. The Supreme Court has refused in the past to provide advisory opinions to the executive or legislative branches, limiting itself to actual cases and controversies requiring adjudication. It may do so again rather than face a situation where another co-equal branch of government might spurn its advice with impunity.

A more normal way out would be an attempt to rewrite the existing resolution. Obviously, little can be done in an election year. Just as obviously, the election of Walter Mondale or Gary Hart would not change the situation, since both say they would accept the War Powers Resolution.

But if President Reagan is re-elected, the nation would be faced with continuing dispute. Not only has Mr. Reagan refused to accept the War Powers Resolution, but Mr. Shultz has complained that its mere existence pulled the rug out from under the U.S. position in Lebanon. Now the argument is shifting to Central America, and who knows where after that. Clearly this is a war-and-peace matter of such transcendent importance that a thorough review under appropriate circumstances is very much in order.

APRIL 3, 1984.

The EDITOR,
The Baltimore Sun.

DEAR SIR: In the April 3rd issue of your newspaper, you had an editorial entitled, "Rethinking War Powers." I think it is a very good approach to a problem that many of us ever since its passage have felt was against the best interests of the entire American people.

I am going to say a few words on the Senate Floor relative to this subject and I'm going to introduce your editorial as part of it. But, you make a statement that leads me to believe that you are mistaken on the same point that many, many members of the Congress are mistaken.

You say in your opening sentence that, "Congress' authority to declare war and finance the military services is as old as the Constitution." Financing the military services is as old as the Constitution as is Congress's authority to declare war but, we can declare war every five minutes and no troops will move. Only the Commander-in-

Chief, the President, has the Constitutional power to order people to war or to go to war.

In the about 200 times the President has felt it necessary to call out the troops for this, that or the other thing, only five declarations of war have been made and two of them have been in the same war.

What we are engaging in now is a very dangerous debate, based primarily on the assumption, that Congress can actually go to war when it cannot. It can control the funds to wage war, that is true, but, we have never had the courage in the Congress to do that.

I think the most dangerous thing facing us is the idea that 535 people in the Congress would be more responsible in the matter of war than one man, the Commander-in-Chief.

I thank you for your editorial. I hope other newspapers in the country begin to realize, as you have, that there is something wrong with the War Powers Act, and it needs attention.

Sincerely,

BARRY GOLDWATER.

Mr. SYMMS. Mr. President, I compliment the distinguished Senator from Arizona for his very cogent remarks this morning. I ask unanimous consent to be added as a cosponsor of his bill to repeal the War Powers Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF SENATOR PROXMIRE

Mr. PROXMIRE. Mr. President, do I have a special order?

The PRESIDING OFFICER. The Senator is recognized for the duration of the special order.

THE WAR POWERS RESOLUTION

Mr. PROXMIRE. Mr. President, first, I want to say how happy I am that I was on the floor of the Senate when the distinguished Senator from Arizona (Mr. GOLDWATER) spoke on the War Powers Act.

I have great respect for the fine Senator from Arizona. He is a great Senator and a great American. I happen to disagree with him strongly on the War Powers Act.

I think the Constitution does give Congress the right to declare war, but between the end of World War II and the passage of the War Powers Act, it became a dead letter. We fought a war in Korea, and Congress had nothing to say about that. We went into Korea because the President decided to do so. The same thing happened in Vietnam. Congress had no voice in Vietnam. Although there was overwhelming public disapproval of the war in Vietnam, Congress had no opportunity and no responsibility to decide whether we would go into Vietnam or not.

It is true that the President does have a very important role, and perhaps the most important role, even under the War Powers Act, in conducting whatever hostilities we get into. The War Powers Act gives him leeway for 60 days. But for us to participate in hostile action in a foreign land for more than 60 days, it seems to me, makes a mockery of the power of Congress to declare war.

The War Powers Act does act as a restraining influence on the President.

The notion that we can impeach the President if we disagree with his action in going into war, it seems to me, is a theoretical power, but it is a power we are unlikely to use. We have never used it completely, I guess, President Nixon having resigned; and it would be very rare that we would use it under most extreme circumstances.

So far as appropriations as a restraint are concerned, I have been down that path in the years I have been in the Senate; and Senators are not going to vote against appropriations to save the lives of American troops sent into action by the President. We would be put in an impossible position. We may disapprove of what the President has done, but we are not going to cut off our troops without the supplies, ammunition, and equipment as well as the other support they need to protect themselves.

So it seems to me that maybe the War Powers Act should be changed. I think the Senator from Arizona has made a very telling and effective criticism of it. But I hope we would not simply abolish it outright and leave us in the situation we were in before the War Powers Act was enacted.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. GOLDWATER. Mr. President, the Senator made a couple of points that I have tried and tried to get across to my colleagues and to the American people: that, yes, we do have the power to declare war; but we do not have the power to send troops anyplace.

As I mentioned in my talk, there have been 207 times that Presidents of the United States have called out the troops for this, that, or the other thing, and only five declarations of war, and two of them in one war.

We do have control over the military actions of the President through the purse. I have heard the Senator speak many times in the case of Vietnam, saying we could have ended that war—maybe not the next day, because money runs on; but we certainly have the power and the right and the responsibility to control the expenditure of money.

Mr. PROXMIRE. Theoretically, we do have it.

This Senator recalls vividly, as does the Senator from Arizona, the Vietnam situation, and I supported the Vietnam war all the way through. But I was also aware of the fact that if I had wanted to take some kind of action to cut off the appropriations for our troops in Vietnam, I could not have brought myself to do it under any circumstances, no matter how I felt about the war. I am not going to have our troops in Vietnam dying because they do not have the kind of equipment they need to support them. I am not going to take that kind of responsibility. You have to provide the funds, once they get into action.

Mr. GOLDWATER. I agree with the Senator thoroughly. I do not think such a suggestion would ever pass. But we have the power to do that, if we want to. We do not have the power, under the Constitution, to order troops, aircraft, or ships anywhere to engage in warfare. Only the President can do that.

While I am calling for repeal of the War Powers Resolution, I am perfectly open to ways to change it. I would rather put the powers of war under one man than have them spread through 535 Members of Congress, all of whom have personal or ethnic reasons for wanting to go to war here or not wanting to go to war there. I think that one man, who must live the rest of his life with the responsibility, will give a much better judgment than our collective discussions.

I think that what we are going through now is a perfect example of what this country would go through if we left it up to Congress to make these decisions.

I am wide open for suggestions on what to do with this matter. I just do not happen to think that it is constitutional, but I do not think we can get it through the Supreme Court. They do not act that way.

Mr. PROXMIRE. I thank the Senator from Arizona.

PARALLELS IN THE SOVIET'S INHUMANE TREATMENT OF THE UKRAINIAN FAMINE AND THE AFGHAN FREEDOM FIGHTERS STRUGGLE

Mr. PROXMIRE. Mr. President, the Democratic leader, Senator BYRD, has spoken out vigorously, forcefully, and frequently to protest the Soviet barbaric invasion of Afghanistan. I join him this morning in protest in connection with a Washington Post column in which columnist George Will describes the inhumane strategy employed by the Soviet authorities against Afghan freedom fighters, and equates the indiscriminate violence toward civilians with the Soviet actions in deliberately and cruelly starving countless Ukrainians at the time of the Ukrainian famine.

Will contends that the Soviet regime has decided in Afghanistan that the only way to win in counterguerrilla warfare is to use a "kind of ruthlessness that only a totalitarian regime will practice." Guerrillas fight with

the aid of a local population, and rather than seeking to gain support of the Afghan people, the Soviets have decided to destroy them.

In his column, Mr. Will states:

The Red Army has now been engaged against the Freedom Fighters longer than it was against German Wehrmacht. But what is being done in Afghanistan in 1984 is more akin to the Ukrainian genocide of 1933. Then, as now, Soviet ruthlessness prevailed, and the West's denial reflex kept the unpleasant business out of most minds.

The tragic account of the Afghan struggle details an unlimited and brutal war against an entire population, a war where the intended victims are civilians. Hundreds of thousands of mines have been laid. Writes Mr. Will:

The mines are designed to maim—or kill lingeringly. Soviet tacticians know that wounded persons are a drain on the community.

Not content with causing random suffering among those who do not watch their step, Soviet forces booby-trap household artifacts, such as clocks, in villages they seep through. They also scatter booby-traps made to resemble pens or red toy trucks."

Acccording to the Executive Director of "Doctors Without Borders," Doctor Claude Malhuret, "Their main targets are children, whose hands and arms are blown off.

Similarly, in 1933, Moscow considered it easier to eradicate the civilian population aiding the resistance to Russian Communist control of Ukraine than to attempt the difficult task of winning its support. Forced starvation and execution were the weapons used then; mines and chemical warfare are the weapons used in Afghanistan today. Different weapons—same objectives.

How can we keep denying to our consciences that these injustices continue to take place? We, as champions of the basic human rights of all people in the world, cannot continue to look myopically at allegations of genocidal acts.

I urge us to look beyond our borders and recognize the persecution of numerous groups in our world. We can achieve this recognition by ratifying the Genocide Convention, which will provide us with the tool we need to condemn the morbid act of genocide.

CAN THE UNITED STATES VERIFY SOVIET TREATY COMPLIANCE?

Mr. PROXMIRE. Mr. President, in the view of most Americans the key question in arms control is: Can the United States verify Soviet treaty compliance? Why is this question so crucial? Because if the United States cannot verify Soviet compliance any arms limitation we make with the Soviet Union might become simply unilateral disarmament for the United States. Many Americans feel that if the Soviets can get away with cheating on an arms control treaty and win a significant advantage for their side, they will do exactly that. Even if we do provide a verification system to determine if the Soviets are, in fact, complying with the treaty, if the Soviets know they can violate that system with impunity, many Americans believe the Soviets will cheat. They may very well be right. The logic of arms control hangs heavily on the effectiveness of verification.

So what is the answer? Can the United States verify Soviet treaty compliance? The answer lies in the compliance features of the treaty. It is generally accepted that the Soviets have cheated on a nonnuclear arms control treaty—the Biological Warfare Treaty. The United States and the Soviet Union are parties to the Geneva Protocol of 1925 and the Biological Weapons Treaty of 1972. Under these treaties, both countries agreed not to use biological agents in warfare. In Afghanistan, in 1980, it seems very likely the Soviets violated this treaty. This is such a serious challenge to future arms control agreements that the Carnegie Endowment for International Peace called it "a political time bomb under all future arms control agreements."

Should this Soviet violation blow "taps" on future arms control violations? Well, Mr. President, it should kill future arms control agreements with the Soviet Union that fail to provide specific and detailed verification procedures. The problem with the biological warfare agreement was that it contained virtually no verification provisions. This is precisely why I introduced a resolution in the Senate after the reported use of biological agents by the Soviet invasion of Afghanistan. The Senate passed that Proxmire resolution without opposition. It called on the President to renounce that treaty and renegotiate a treaty containing specific compliance, that is, verification provisions.

The question is not whether the Soviet Union is guided by the morality of Mother Theresa. We know it is not. The question is whether we can negotiate specific, detailed verification procedures which will assure both sides that they can rely on the arms control limitations as mutually binding. As Common Cause points out in its Guide to Understanding Nuclear Arms Policy, any future nuclear arms control treaty may simply not help in limiting arms by both sides. It can and should also assist the verification procedure by enumerating ground rules to aid the factfinding process. The treaty may and should require cooperation by both sides in assisting and strengthening verification.

Here are three specific examples from the SALT II agreement of how to make verification work. One provision calls for the regular exchange of data on forces that would enable each nation to doublecheck its independent information against an agreed-upon data base. A second requires both superpowers to design aircraft with observable differences such as externally mounted missiles to make identification by satellite easier. A third requires "counting rules" to simplify verification of the treaty's ceilings on multiple warheads.

So the treaty reinforces verification by requiring each superpower to provide the other with constant, ongoing information on compliance.

Do we rely on this Soviet-furnished data for any kind of exclusive knowledge on compliance? Certainly not. Our prime source of data on Soviet compliance comes from our own direct "National Technical Means," which means finding out what the Russians are doing without any help from the Russians. And these means have become both varied and highly impressive. They also provide a solid basis for determining whether the Russians are, in fact, providing us with honest, accurate information. But even here we rely on a degree of cooperation with the Soviet Union. In the 1972 AMB Treaty, both nations agreed not to interfere with national technical means by deliberately concealing activities essential to verification. If the Russians violate this provision, we can and will know it within a reasonable period of time. For our direct intelligence about Soviet compliance, we rely on search-and-find satellites which provide total photographic coverage of the Soviet Union every day. We supplement that with close-look satellites which can zoom in to provide a clearer, more detailed picture. We use multispectral scanners to deal with camouflage or darkness or even underground concealment. We have numerous listening posts that monitor radio signals transmitted by Soviet missiles. We constantly pull all this information together. So what is learned from one source can be checked against what is learned from another.

Now, obviously, Mr. President, no system of verification can be 100 percent. Even if the mechanical equipment were perfect, the human beings who monitor and interpret it are not. We can, and undoubtedly do, occasionally miss nuclear weapons developments in the Soviet Union. The question is whether we are learning enough so that we have a reasonably complete picture of Soviet nuclear quantity, quality, and capability. Take for example the nuclear weapons that constitute the great mass of the Soviet deterrent—their gigantic ICBM force. Consider the observation of verification expert Joseph Kruzel, who wrote in "Verification of SALT II":

It is inconceivable that the Soviets could perform any significant part of this process of designing, testing and deploying an ICBM without being detected by the United States. ICBM's and the nuclear warheads

they carry are not small toys that can be easily concealed. They are large fragile and dangerous systems requiring a major effort to build, and that poses an almost impossible task of significant concealment.

Also consider, Mr. President, the testimony of William Colby, the former Director of the Central Intelligence Agency, who last year told our Appropriations Subcommittee on Defense:

In a world with 50,000 nuclear weapons, it is hard to imagine that the secret development of a few more would change the balance of power, even though it might be a breach of contract. Any program which offered the prospect of a strategic advantage to the Soviets by definition would have to be of a size and consequent visibility that we could identify it before it became a direct threat.

Finally, Mr. President, again and again in these speeches I have contended that the most important nuclear arms control treaty we could negotiate by far is the comprehensive test ban treaty. This treaty is critical because it would stop the technological arms race. Here is a prime example of how the treaty itself could advance verification and prevent any significant likelihood of cheating on present limitations on testing. The Carter administration delayed action on the test ban treaty and the Reagan administration has walked away from it since they took office. And yet, under that treaty the Soviets had agreed in principle to exchange geophysical data and were prepared to accept special on-site inspection by foreign observers.

Mr. President, I ask unanimous consent that an excerpt dealing with the Soviet record of treaty compliance from "Up in Arms," the Common Cause Guide to Understanding Nuclear Weapons Policy, be printed in the RECORD.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

THE SOVIET RECORD OF TREATY COMPLIANCE

"I do not believe that the Soviets would enter into any agreement which required them to cheat in order to attain their military objectives, or on which they planned to cheat," said Sidney Graybeal, former U.S. representative to the Standing Consultative Commission, at a Senate hearing in 1979. There is, however, considerable controversy surrounding the Soviet record compliance to date. At issue are several pacts dealing with nuclear arms control—the SALT I accords, the unratified SALT II Treaty, and two test ban treaties—as well as international agreements on biological and chemical warfare.

SALT I ACCORDS

In February 1978, the Department of State released a public report on SALT I compliance. Prepared in response to a Senate committee request and with the tacit approval of the Soviet Union, the report summarized issues addressed during the classified proceeding of the Standing Consultative Commission.

The document discusses eight questions raised by the United States regarding Soviet compliance with SALT I and five questions raised by the Soviet Union regarding U.S. compliance. Three areas of American concern reflect the type of problem addressed and resolved by the SCC:

Launch control facilities: In 1973, the U.S. observed the possible construction of new silos for land-based missiles in violation of SALT I. A Soviet response that the facilities were built to house personnel for launch control programs subsequently was confirmed by U.S. intelligence. Discussion of the matter was closed by the U.S. in 1977.

Air defense system radar: In 1973 and 1974, the U.S. observed a Soviet radar tracking a missile in test flight, indicating a possible effort to use the radar for missile defenses, in violation of the ABM treaty. Although maintaining that the radar had a different, permissible mission, the Soviets curtailed the activity shortly after the issue was discussed by the SCC.

Modern, large ballistic missiles: In early 1975, the U.S. questioned the Soviets' deployment of their large SS-19 missile, a step considered inconsistent with SALT I's ban on converting "light" ICBM launchers to "heavy" ICBM launchers. The U.S. issued its own interpretation of "heavy" during SALT I, but the treaty contained no agreed-upon definition. As a result, deployment was permitted, and the treaty language subsequently was clarified in SALT II.

The record in SALT I reflects a mixed pattern of Soviet behavior, including a willingness to exploit ambiguities and a disregard for unilateral interpretations issued by the United States. In the past, complaints regarding Soviet behavior generally have resulted in the cessation of the objectionable activity or a satisfactory explanation of it. The recent construction of a large Soviet radar installation in Siberia, however, raises new questions about Soviet compliance and suggests a possible violation of provisions of the ABM Treaty. The Reagan Administration reportedly has raised this issue in the SCC.

SALT II TREATY

The unratified status of the SALT II Treaty clouds the compliance question. Despite public allegations of Soviet misconduct, the Reagan Administration was reluctant until recently to raise any formal grievances before the Standing Consultative Commission—an act that would constitute acceptance of the unratified treaty. Controversy surrounding SALT II stems largely from early reports of Soviet missile tests that suggest, to some officials, possible violations of the treaty's limit on the testing and deployment of one new type of ICBM as well as the ban on telemetry encryption during missile tests. Other policymakers, however, take a different view of the available evidence. Rethinking its earlier posture, the Administration has submitted these issues to the SCC for discussion and resolution.

TEST BAN TREATIES

The Threshold Test Ban Treaty (TTB) bars the United States and Soviet Union from testing warheads with yields greater than 150 kilotons. Although the treaty was signed in 1974, its submission to the U.S. Senate was delayed pending the conclusion of a companion treaty in 1976 on peaceful nuclear explosions (PNE).

In 1982, President Reagan withdrew the TTB and PNE treaties from Senate consideration, citing his concern about alleged Soviet violations. According to Administration reports, Soviet tests may have exceeded the 150-kiloton threshold on 14 occasions since the treaties were signed.

These claims have been the subject of much debate in the scientific community. In October 1982, two seismologists, Drs. Lynn Sykes and Jack Evernden, co-authored an article in Scientific American examining the available evidence on Soviet testing. In their judgment, the debate over the size of Soviet tests revolves solely around the choice of scientific methods for obtaining yield estimates. Their research led them to this conclusion:

Using mainly surface waves, we estimated yields of the larger Soviet explosions from 1976, the date that the Threshold Treaty went into effect, through October 1981. None of the computed yields were above the 150 kt threshold. While several of the Soviet tests were close to the 150 kt threshold, we find no evidence that the U.S.S.R. has violated the terms of the Threshold Treaty.

Other scientists take a contrary view, finding substantial evidence of high-yield testing by the Soviet Union. This discrepancy is not surprising to one Pentagon seismologist quoted in Science magazine:

If you start with a philosophical bias that the Soviets are not cheating, the geological data are there to say that. It you start with a philosophical bias that they are cheating the data are there to say that.

Ironically, the Administration's decision to withhold support for the PNE and TTB Treaties prevents the United States from utilizing the very provisions of those treaties that would enhance verification, especially in areas that evidence a relaxation of the Soviets' earlier positions. For example, the Soviets had agreed in principle to exchange geophysical data in connection with the Threshold Test Ban Treaty and were prepared to accept special on-site activities by foreign observers in the Peaceful Nuclear Explosions Treaty.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of routine morning business, not to extend beyond 11 a.m., with statements therein limited to 5 minutes each.

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. SYMMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. GOLDWATER). Without objection, it is so ordered.

Z. REED MILLAR, A MAN OF HIGH PRINCIPLES

Mr. SYMMS. Mr. President, a much honored and respected citizen of Idaho was lost March 11 with the passing in Boise of Z. Reed Millar at the age of 87. He leaves a multitude of friends, admirers, and caring relatives. One of his 34 grandchildren, Dwight P. Hansen, of Boise, is currently serving on my staff as a congressional intern,

as a part of his studies at Brigham Young University.

Z. Reed Millar was an unusual combination of high principles, moral commitment, and personal integrity.

He was born October 10, 1896, in American Fork, Utah, and was reared on a farm near Shelley, Idaho. He was one of eight children.

"Z. Reed," as he was known, attended the University of Utah, earning his law degree there in 1926, and returned to Blackfoot, Idaho, with his bride, Urania Berthelson, to practice law. That same year he was elected prosecuting attorney in Bingham County and served two terms.

Z. Reed was chosen to serve on the staff of the State attorney general in 1931, so he moved his young family to Boise, the State capital. He made Boise his permanent residence and practiced law there for 48 years.

Shortly after moving to Boise, his first wife died, leaving three children motherless. A second marrige, to Edna Sorenson, was blessed with an additional three children.

Z. Reed was a member of the American and Idaho Bar Associations. Both his legal and church work were extensive and influential, and he had the opportunity to work with many fine men in these areas. One of his law partners was Marian J. Callister, now the chief judge of the Federal District Court for the District of Idaho. They had preserved a close relationship through their civil affairs and as leaders in the Church of Jesus Christ of Latter-day Saints.

Z. Reed worked closely with the Idaho State Legislature while he was in Boise. Although not a member of the State legislature, he determined to be involved in moral issues and helped draft many bills which are law today.

He was a charter member of the Allied Civic Forces—a group of individuals committed to abolishing drinking and gambling in Idaho. They acted as advocates for clean and honest living.

Z. Reed Millar served a long career in the Latter-day Saints Church, first as bishop, and later as a counselor to then-Boise Stake President Ezra Taft Benson, former Secretary of Agriculture in President Eisenhower's administration, and currently senior apostle in the Latter-day Saints Church. Later, Z. Reed succeeded Ezra Taft Benson as Stake President for 11 years. In 1950, he organized the Boise Latter-day Saints Institute of Religion which still operates at Boise State University. In 1963, he served on the missionary and home teaching training committee and in 1967, he was selected to be one of the first regional representatives to the Council of the Twelve Apostles of the Latter-day Saints Church.

Z. Reed's interests were not only directed toward civil and religious affairs, but he was an avid sportsman. He was a husky farm boy and became a champion wrestler while attending the University of Utah. He was also a natural at fishing and hunting. Many trophies remain in his mountain cabin as reminders of his excellence in hunting and keen sense of adventure. As he matured, he became a master teacher of nature, and left a legacy of hunting and fishing stories to his posterity.

Z. Reed was a noted, eloquent orator in the eyes of both young and old and was a renowned story teller. He was delightfully witty and humorous, and had a profound influence on youth. He always had an interest in young people, and the youth were always interested in him and in his great wealth of knowledge. He is remembered as "the Abraham Lincoln of modern times" among many of his colleagues, which is an indication of his insightful speaking style.

He was an advocate of patriotism. He believed in the red, white, and blue as directed by honorable leaders with public virtue. A responsible citizen, he was always involved with the affairs of the day and constantly encouraged citizens to love their country, and to remember the high price our forefathers paid to obtain freedom. He was recognized as a public advocate of individual responsibility. He was successful not only because he was a great speaker, but because he had a deep love for mankind and was always willing to listen. Z. Reed was the first person to be featured in the Idaho Statesman as a "Distinguished Citizen" and was termed "Mr. Mormon" in the article.

Z. Reed Millar loved the study of law and practiced until he was 82 years old. In 1979, his legal work came to an abrupt end when he suffered a severe stroke, which hampered his ability to communicate. This tragedy was very difficult for him because he could no longer enjoy the life of public speaking and counseling with others. He bore his burden well to the end.

His influence has had a far-reaching effect on others through his law practice, in the Latter-day Saints Church, in the community, and on his friends and family. He was a man of high principles and integrity. His reputation was impeccable. He was a tower of strength to his family, and left a legacy of tenacity, perseverance, and steadfast commitment for his 6 children, 34 grandchildren, and 17 great grandchildren.

We will miss this great statesman and friend in Idaho.

FORUMS ON FEDERAL PENSIONS

Mr. STEVENS. Mr. President, the Subcommittee on Civil Service, Post Office and General Services, Senate Governmental Affairs Committee, has been conducting a series of forums discussing the design of the new retirement plan for the Federal Government.

At the end of the last session the Congress passed legislation establishing an interim 2-year program for Federal employees covered by the social security system. Next year we will be considering legislation establishing a new system. During this period, among other things, we are conducting these forums to educate the Congress and the public in pension plan development. At the forums, experts from the private and public sectors present papers on topics ranging from the basic design of a company retirement plan to coordination with social security to funding a pension. The next forum is scheduled for April 17 from 1 to 5 in SD-106. The topic will be coordinating pensions with social security. Each of these sessions are recorded and published in a committee print. The print of the first forum—"Economic Security Programs"—has just been published. A copy can be obtained from the subcommittee.

ENDLESS SPENDING

Mr. HATFIELD. Mr. President, the current issue of Atlantic carries an article by James Fallows that I believe warrants the attention of my colleagues as we struggle with various schemes to reduce the burgeoning Federal deficit. Mr. Fallows makes several compelling observations that have not received sufficient emphasis in the cacophony of charges and countercharges over the disarray of the budget.

First, that despite all the much-ballyhooded cuts in domestic spending programs, both discretionary and, to a lesser extent, entitlement programs, total Federal expenditures have continued to rise, and are greater as a percentage of GNP than at any time since World War II;

Second, that the principal component of growth in the budget has been entitlement programs for the middle class, not welfare or "pork-barrel," or any of the domestic programs that have borne the brunt of the reductions; and

Third, that Federal tax expenditures, that is, revenue lost to the Treasury because of various benefits and loopholes, have grown three times as fast as direct Federal expenditures since 1967. We forget that side of the ledger.

Mr. President, I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ENDLESS SPENDING

(Proposals for cutting the deficit ignore its real cause—the growing costs of providing for the middle class)

Voters will hear quite a bit this year, especially from Democrats, about the evils of large federal deficits. They will hear very little from either party about the more important economic development of which deficits are merely a sign.

At first glance, the deficit question looks like an open-and-shut political case, which favors the Democrats and works against President Reagan. Before the beginning of this Administration, deficit spending had never exceeded $67 billion in any one year. (It reached that level under Gerald Ford, in the recession year of 1976.) But in fiscal year 1984, which ends five weeks before this fall's election, the deficit is expected to be $184 billion, and most forecasting services predict that it will remain in the vicinity of $200 to $300 billion a year for as many years in the future as their projections run.

Between the end of the Second World War and the beginning of the Reagan Administration, the deficit had never represented more than 4 percent of the gross national product, its level in 1976, and in only two other years had it been as high as 3 percent. But in 1983, the deficit was 6.1 percent of the GNP. Although predictions vary, most show that deficits will average 4 or even 5 percent of the GNP through late in this decade. For thirty-five years after the end of the Second World War, the total public debt fell almost continuously, year by year, when measured as a percentage of the GNP. In 1982, it began to rise again.

Perhaps most dramatic, the "structural" deficit—the amount that would be left even after a full economic recovery, with many people paying taxes and few drawing benefits—has reached a new plateau. Through the 1970s, the decade of America's most fitful economic performance since the 1930s, the structural deficit averaged 1.9 percent a year of the GNP. During the late 1980s, if current policies are followed, it will remain stuck somewhere between 3 and 5 percent a year.

Seizing on this one obvious weakness in the President's domestic performance, the Democrats have accused him of creating the deficits through a big military buildup and an unrealistically large reduction in tax rates. The architects of the tax cut have in turn blamed the Federal Reserve Board, the Congress, and even quislings within the Administration for delaying and diluting the original tax-cut plan, thereby bringing on recession, deficits, and ruin.

In a sense, all of them are right. Any farminded etiology of today's deficits reveals that only the combined impact of tax cuts, defense increases, and recession could have made the deficits as large as they are. But in another sense, all the political accusations miss the point. If there has been a significant fact about public finance during the Reagan Administration, it is not that taxes have been reduced. It is, instead, that government spending has continued to rise.

The "supply-side" principles of economic management, which were ratified by the tax-cut legislation of 1981, have, in fact, reduced taxes, but not to a dramatic degree. In fiscal year 1980, the federal government took in 20.1 percent of the gross national product through taxes and other levies. Four years later, in fiscal year 1984, federal revenues have fallen to 18.8 percent of the GNP.

But during the same four years, federal expenditures have risen at least as substantially as tax rates have fallen. In 1980, federal outlays were 22.4 percent of the GNP. In the first budget that the President's economic advisers submitted after taking office, they predicted that by 1985 the economy would have expanded so rapidly and government spending would have shrunk so fast that federal outlays would be a mere 19 percent of the GNP, about what they were during Lyndon Johnson's Administration. In reality, by the end of this fiscal year, federal spending, according to the Congressional Budget Office, will be not 19 percent of the gross national product, as it was supposed to be, nor 22.4 percent, as it was when the President took office, but 24 percent, the highest in postwar history. Under Ronald Reagan, the federal government's claim on national output is larger than it has ever been in modern history except when federal dollars were needed to build Liberty ships and supply General Patton with tanks.

That Government expenditures should continue growing faster than the private economy, in the teeth of a conservative Administration with a reputation for slashing budgets, ought to give us something to talk about in an election year. One part of the growth might be said to reflect deliberate choice. Federal spending has risen to nearly one quarter of the GNP in part because the military budget has increased from 5.3 percent of the GNP to 6.6 percent from 1980 to 1984. But the military budget was not the only one that grew. Medicare and Social Security rose from 5.8 percent of the GNP in 1980 to 6.8 percent in 1984, and interest payments on the national debt rose from 2 percent to 2.9. All other categories of government spending shrank, but not by as much as these grew.

The absolute increase in military spending was larger than those in the other areas. But even if the share of the gross national product devoted to the military had not increased at all (remember that the Carter Administration proposed an increase about half as large as the one the Reagan Administration has achieved), government spending under Reagan would still claim a larger share of the GNP than ever before in peacetime.

Except for the military budget, the sources of increased government spending have been nowhere near center stage in this year's political arguments. Instead, each contending group—the supply-siders, the more orthodox Republican conservatives, and the Democrats—has developed an alibi for the deficits that is consistent with its short-term political interests. The supply-siders say that deficits don't matter, the other Republicans blame big spenders in Congress, and the Democrats say that both the President's tax cut and his defense budget are too large.

The unspoken theme that runs through all the groups' positions is that the growth in government spending cannot be contained. For each dollar the Democrats would take out of an MX or B-1 contract, they have already promised at least a dollar in new spending for education, job training, or other domestic programs. The Republican conservatives rail against spendthrift Democrats yet propose no significant reductions themselves. They argue by implication what the Democrats say quite plainly: that taxes must go up. The supply-siders, of course, disagree; their world is built on the idea that taxes must go down. Their options, then, were to try to reduce spending or to laugh away the deficits that resulted from higher spending and lower taxes. In undertaking the second task, they revealed their assessment that the first could not be done.

Through most of 1983, Donald Regan, the secretary of the treasury, his former assistant secretary for economic policy, Paul Craig Roberts, and Roberts's successor, Manuel Johnson, traveled the country saying, essentially, If deficits are so bad, why does the economy look so good? Interest rates have declined since 1981, when the prime rate hit 21 percent, so how can the government be "crowding out" other borrowers to meet its credit demands? Inflation barely exists, so where is the hyperstimulation that deficit spending supposedly brings? Too many people are still out of work, so can it make sense to raise any individual's—or business's—taxes? On the other hand, the economic recovery is well under way, so can the deficits really be so serious a threat to economic growth?

Much of this argument, of course, was simply a rehabilitation of John Maynard Keyes. With the government injecting so much extra money into the economy through deficit spending, an orthodox Keynesian would expect a recovery that featured more consumer spending than business investment—which is exactly what we have seen. The Keynesian would go on to warn that since the deficit spending was projected to continue even if everyone was back at work (this is the "structural deficit"), it would inevitably lead to inflation or some other economic mishap. But the supply-siders, selective in their embrace of Keynes, brushed off this point.

They also disregarded the more immediate and provable consequences of deficit spending. Today's interest rates are very high when measured in "real" terms—the difference between them and the rate of inflation. (Last year's inflation rate was about 4 percent, and the prime interest rate was 11, for a real interest rate of 7 percent, versus a historic norm of less than 2 percent.) They are also high by international standards—almost twice as high as Japan's, for example. Nearly everyone, except the supplysiders, concedes at least some connection between heavy federal borrowing and high interest rates. The rates would be even higher if it weren't for foreign investors, who have been pouring their assets into the United States to take advantage of the higher return available here. This has made the dollar much stronger relative to the mark, the yen, and the pound, which has meant good news for American tourists but disaster for American export industries. In addition to the largest budget deficit in history, 1983 produced the largest foreign-trade deficit, $69 billion. The President's U.S. trade representative, William Brock, has predicted that this year's will reach $100 billion. American exports fell by nearly one sixth from 1981 to 1983; the Commerce Department has estimated that this decline eliminated 1.3 million American jobs.

Rudolph Penner, the director of the Congressional Budget Office, spent most of last fall and winter warning that budget deficits, like other sums subject to the workings of compound interest, can have surprisingly large cumulative effects. The ripples from this year's near-$200 billion deficit will not cease in Ronald Reagan's lifetime, nor in his baby granddaughter's. The Administration projects that annual interest payments will be $47.4 billion higher in 1985 than when it

took office. That increase more than wipes out all the reductions made in social-welfare programs when Ronald Reagan and David Stockman held Congress in meek submission in 1981. Because of this year's deficit, next year's interest burden will be roughly $20 billion greater than this year's (or more, if the interest rates rise). That is, the government will have $20 billion less to work with next year and every succeeding year than if there had been no deficit this year. With that money, it could have paid nearly all the costs of the Medicaid program, or more than tripled its annual grants for elementary, secondary, and vocational education, or more than doubled all benefits under the Aid to Families with Dependent Children and Food Stamps programs, or placed forty Border Patrol agents where each one stands now, or increased the Internal Revenue Service's auditing staff by 600 percent, or increased foreign aid by 400 percent. To put it another way, in order to make up for the lost $20 billion, it could cancel orders for a thousand new fighter planes or for two complete nuclear-powered aircraft-carrier battle groups, or give up the entire MX missile system, or cancel construction of ten Trident submarines—and ten more the following year, when there will be another $20 billion loss to cover.

Secretary Regan has not seriously attempted to rebut the export argument or Penner's analysis, because he and his supply-side associates are not really talking about the deficit at all. They are talking about taxes. Their creed is based on the belief that steadily higher tax rates accounted for much of the recent stagnation of the American economy; they are determined that the rates shall not go back up. They know that, because payroll taxes for Social Security and Medicare have steadily risen, many Americans are now subject to higher overall tax rates than they were before Ronald Reagan "cut" taxes. In 1960, a typical family earning the national median income paid 10.1 percent of its total income in federal income and Social Security taxes. Because of the bracket structure of the progressive income tax, the next dollar the family earned would be taxed at a "marginal" rate of 20 percent. In 1980, its overall federal taxes had risen to 17.5 percent of its income and the marginal rate was 30 percent. In 1984, taxes on a median-income family are still at about their 1980 level, the Social Security increases and income-tax decreases having canceled each other out. But tax rates for those who earn less than the median income are already higher than before Reagan took office, and rates for every income category are scheduled to rise in order to pay for Social Security.

When speaking for the record, the supply-siders often said that they preferred "to hold the line on taxes to force a confrontation with the Congress over spending cuts," as Manuel Johnson put it in an interview late last year. But they said very little about where the cuts would be made; in fact, their arguments revealed their conclusion that it was futile even to think about controlling spending. They found themselves apologizing for deficits because the only alternative was the thing they most feared—a "revenue solution."

For non-supply-siders and for nearly all the Democrats, the "revenue solution"—higher taxes—was the inevitable remedy. With varying degrees of honesty, the Democratic candidates have said they would attack big deficits with tax increases. John Glenn, the most forthright on this point, proposed an across-the-board 10 percent surcharge on taxes, so that a company or individual now in the 50 percent tax bracket would pay 55, while the rate for those in the bottom 11 percent bracket would rise only to 12.1. Most of the Democrats, including Glenn and Walter Mondale, said that they would eliminate or postpone the plan to index tax brackets to inflation; in addition, Mondale proposed a 10 percent surtax for people earning more than $100,000, a 15 percent minimum tax on corporate income, and other steps to raise taxes at the upper reaches of the income distribution. Together with a hazily defined program of reducing defense and medical spending, these taxes would, according to Mondale, cut the deficit in half within four years.

Inside the administration, a crucial and well-publicized battle was waged this winter over whether to include any "revenue solutions" in the 1985 budget, which was submitted in February, or to put the whole thing off until after the election. Through December and January, White House officials on both sides of the struggle hinted in interviews that a revenue solution might be at hand. Edwin Dale, David Stockman's spokesman at the Office of Management and Budget, said, "If we don't face this [the deficits] in 1984, I don't know how we can deal with it in 1985." An economic adviser in the White House ended a thirty-minute soliloquy about the dangers of chronic deficits by saying, "I think the President should announce a tax increase, run on it—and then get a mandate for doing something next year." Yet when the budget came out, it contained no "revenue solution," nor any but trivial reductions in spending.

If he is re-elected, presumably the President will be less coy. His assistants say they cannot be sure whether the means will be an overt tax increase or a retreat from indexing or a new excise tax or some sweeping plan for tax reform, but in one way or another, they say, a second Reagan Administration will be forced to bring more money into the Treasury. Manuel Johnson said, "Against my wishes, it looks like we're moving toward a big tax increase." It will probably not be quite as big an increase as if the Democrats win, which means that the economic choice to be made in this election is one of degree. If Ronald Reagan is re-elected, deficit spending will be relatively more important as a way of meeting federal obligations. If the Democrats win, they will rely more on taxes. The obligations themselves will differ in composition—more military spending from the Republicans, more domestic initiatives from the Democrats—but not much in size.

"History will record that the first Reagan Administration stopped the juggernaut of federal spending," an official of the OMB said last winter. "It will also record that he demonstrated the floor beneath which government spending as a share of GNP cannot be driven." Manuel Johnson said, "Some people feel that this is the level of service that the public wants, and we've got to find a way to pay for it."

Indeed, the behavior of both parties indicates that we have come to an historic accord on the dimensions of the modern welfare/national-security state. Through AFDC, Food Stamps, and Medicaid—which together cost roughly $40 billion, or less than one fourth as much as Social Security—it will make modest provisions for a dependent class. Through Social Security and Medicare, it will provide a cushion for the retired. Above all, it will continue to grow.

It will grow because all of its most important components contain built-in expansive pressures. Military spending, interest payments, and Social Security and Medicare together account for more than two thirds of all federal outlays, and each of them is increasing. When the other entitlement programs, the largest of which are military and civil-service pensions, are included, these categories account for more than four fifths of the federal budget—or more money than the government collects in taxes. If we awoke to find that the federal government had abandoned every function except paying pensions and medical bills, fielding a military, and meeting the interest on its debt, we would still find that the budget was in deficit, and that the deficit was on its way up.

Most of the Democratic candidates say that they would start wrestling with the deficit by canceling the B-1 bomber or the MX missile, but their proposed reductions in defense spending are merely reductions in the rate of increase. Even if he wanted to, the next President would find it difficult to brake military spending before the end of his term. The major purchases—the aircraft carriers, the bomber fleets—are already locked in by votes taken in 1982. A Democratic President might push the military onto a much lower "growth path" in the long run, but for the next few years defense spending seems certain to grow, no matter which party is in office.

So do Social Security, Medicare, and the other public pension programs, all subject to the demands of an aging population. Medicare, moreover, is affected not only by a growing number of clients but also by the sharply rising costs of medical procedures. According to Medicare trustees, the most expensive part of the system, Hospital Insurance, which covers hospital bills for aged patients, will run out of money sometime between 1988 and 1990. Hospital Insurance is legally forbidden to run a deficit, so the program will have to be "saved"; but unless the incentives in the medical system are changed, the result will boil down to raising taxes.

Hospital Insurance is now financed by a payroll tax of 2.7 percent. (It is part of the payroll deduction that most people think of as Social Security. The deduction totals 14.1 percent of a company's payroll costs, divided between employee and employer.) Under the trustees' optimistic set of economic assumptions, the tax necessary to pay for Hospital Insurance will nearly double, to 4.9 percent of the payroll, by the year 2005. If medical costs rise more quickly than expected, or if the taxable payroll rises more slowly, the trustees say the tax may reach 8 percent. The rest of the payroll tax will be rising too, because of steps taken to "save" Social Security in 1977 and again five years later. Technically speaking, Social Security and Hospital Insurance cannot add to the federal deficit, since they are required to cover their own costs through payroll taxes. But from the employee's point of view, there is not a lot of difference between the deduction listed in the FICA tax column and that under Federal Tax Withheld. Whatever the category, the money is still missing from the paycheck. So, as payroll taxes go up, it becomes harder to raise the income tax to pay for other federal obligations.

The costs of other pension programs are headed the same way. Civil-service retirement now costs roughly $22 billion a year, compared with $8 billion eight years ago.

Military pensions have similarly increased. Every actuary will say privately what the Grace Commission reported publicly last January: that the federal pension programs are more generous than any others ever devised. Under the typical private system, the retirement age is sixty-three or sixty-four, the pension is some percentage of the highest five years' pay, and benefits are not indexed for inflation. The federal plans typically offer retirement at age fifty-five (civil service) or forty (military), base their benefits on the highest three years' pay, and are fully indexed for inflation. No national-security argument can be made for granting pensions after twenty years' military service. Indeed, many scholars of the military say that longer careers, typical of European armies, would improve the character of military leadership, by reducing the pressures of today's up-or-out promotion system.

Yet, in the chorus of reaction to the Grace Commission's report, neither Democrat nor Republican was heard supporting changes in public pension plans. (The exception was Ernest Hollings, who proposed a freeze on federal pensions as part of a freeze on most government spending. His lowly standing in the presidential race, however, proves the larger point.) In the briefings that accompanied its 1985 budget, the Reagan Administration hinted that it would wrestle with pensions and medical programs—but not until next year, after the election. Its failure to face them so far is more impressive than its assurances about the future.

And, of course, interest payments must grow; their meteoric increase is a measure of the inability to square accounts elsewhere in the budget. Since the Second World War, they have averaged between 8 and 10 percent of all federal spending. The House Budget Committee has extrapolated from current policies to predict that by the end of this decade they will account for 16 percent of the budget, or $200 billion per year. As "an ever-increasing share of taxes is devoted to paying the interest on past borrowing, the pressures will be great to repudiate the debt in some way," the committee said in its report. "Historically, this has taken the form, in many countries, of rapidly printing money to reduce the real value of the burdensome public debt through high inflation. . . . In this sense, our own deficits are truly mortgaging our grandchildren's futures to allow us to enjoy higher consumption today."

Have we reached the historic consensus? Has our politics evolved to a point where Democrats and Republicans will fight over raising taxes versus tolerating deficits, but have little to say about an entitlement system that confers benefits on more and more of us regardless of need? So it seems; and if that appearance is correct, each party will have to accept a consequence that it claims to abhor.

Republicans must accept that, year after year, a larger share of national income will be claimed by taxes. If they believe anything their President and his economic theorists have been saying about the connection between individual incentive and economic growth, they must view such a future with dread. If they are resigned to the dimensions of the modern welfare/national-security state, they must scrap their deepest convictions about the ways a nation generates its wealth.

For Democrats, the intellectual and spiritual cost may be even higher. The more they foster a government that sluices benefits to everyone, the less room they will have for visions of a redistributive state. Social Security and Medicare protect vulnerable people from catastrophe, which is one important kind of redistribution. But they are not redistributive in the normal sense. They are financed by a payroll tax, which weighs especially heavily on small businesses and those in low income brackets, and they generally provide the largest benefits to those who were most comfortable to begin with. Despite Social Security's growth, many of its beneficiaries need more. The only real redistribution Social Security affects is from one generation to another: those now under the age of forty or forty-five are transferring resources to their elders. Perhaps this is justified. The generation that won the Second World War and built the postwar prosperity is receiving tribute from its children. But this is not the kind of goal Democrats usually pledge themselves to, and it is so expensive that it precludes redistribution of any other kind.

The tax system, too, bears the marks of both parties' desire to provide benefits for everyone. "Tax expenditures" is the government's term for revenue that is lost because certain kinds of income—say, interest on municipal bonds—is declared nontaxable. Tax expenditures have risen even faster than direct federal expenditures have. In 1983, they cost the government almost three times as much money as in 1967, after adjusting for inflation. Democrats like to point out that many of the provisions shelter business income. Ernest Hollings, with the honesty that often betokens a floundering campaign, listed four of them that he would eliminate (tax-free status for interest on life-insurance reserves, which he said would bring in $30.8 billion in additional taxes over five years; allowances for intangible drilling costs for oil and gas, $19.3 billion; the famous oil-depletion allowance, $8.7 billion; excess-bad-debt allowances for banks, $4.2 billion). Hollings pointed out that Texaco had earned $2 billion in profits worldwide in 1982, yet had received an $88 million refund from the federal government. Corporations, he said, should also face a minimum 4 percent income tax.

But not even Hollings, of all the candidates the most honorably explicit on budgetary questions, dared talk about another kind of tax-free haven. Perhaps the candidates recalled Jimmy Carter's experience in the 1976 campaign, when he briefly mentioned limiting the tax deduction for mortgage-interest payments and was pummeled from all sides for having made an unpardonable gaffe. The mortgage-interest deduction is sacred to the middle class, yet of the $28 billion in taxes that it diverts from the Treasury this year, half would have been paid by the wealthiest 10 percent of households. (One quarter of the total savings go to the wealthiest 2 percent of households.) The property-tax deduction, the tax-free status of medical-insurance benefits, and other "middle-class" tax breaks vary in detail, but their overall effect is the same. Only about a third of all households, the most affluent ones, itemize deductions at all, which means that the other two thirds get absolutely no benefits from most of these deductions. If both parties refuse to confront the exemptions—even a change as modest as limiting mortgage deductions to one house per family or to a certain amount of interest paid per year—where will they find the money for the next increase in benefits?

This is not merely a matter of patches of red ink in a ledger book: if we cannot control the budget, we must face unpleasant questions about the central purpose of our government. Only nine years ago, although it must seem like prehistory to him, David Stockman prophesied eloquently about the government's failure to confine its generosity to the intended recipients. If transfer spending were ever to be contained, he said, it would have to serve some explicit purpose—whether that purpose was the limited one of saving "the truly needy" from starvation or a more ambitious one of income redistribution. Yet neither party, he said, seemed able to discipline benefits. For example, educational loans, meant to offer opportunity to those who would otherwise be denied it, were soon extended to everyone, including future doctors, whose rise to the top of the income distribution scale was thus subsidized by their fellow citizens.

Viewed cynically, the growth of federal spending is no mystery at all: the more the government evolves into a benefit program for the middle and upper-middle classes, the larger it must become. Every Democratic politician has pointed out that the supply-side tax cuts conferred the greatest reward on the richest people. But at least supply-siders had a rationale, however dubious, for distributing benefits as they did. By returning money to the wealthy, they believed, they could revitalize the economy. What is the rationale for pensioning off soldiers at age forty, or subsidizing the purchase of very expensive homes, or raising payroll taxes so as to guarantee Social Security benefits to everyone, including those who could not conceivably be called needy? Why should the government subsidize the small number of people who can afford private jet planes? (The tax levied on jet fuel does not come close to paying for the runways, control towers, and other equipment and services that the government provides either free or at a discount.) There is everything to be said for private jets and comfortable retirements and costly homes. But why should the government underwrite the cost?

Most politicians obviously feel that it is impossible even to raise such questions. By evading them, our elected leaders make the entire financial structure dangerously brittle. What if all those foreign investors whose capital now covers our budget deficits suddenly take their money back home? What if another recession begins, and we confront a deficit not of $200 billion but of $400 billion? What if the government decides that it can escape its mounting debts only by starting up the printing presses? Are the potential wounds less grievous because they would be self-inflicted?—James Fallows.

UNIVERSITY OF SOUTH CAROLINA COLLEGE OF NURSING SILVER ANNIVERSARY

Mr. HOLLINGS. Mr. President, I rise today to proudly recognize the College of Nursing at the University of South Carolina as it celebrates the silver anniversary of its baccalaureate progam. While observance of its 25th anniversary has occurred throughout the academic year 1983–84, appropriately, the celebration will culminate at the 1984 Viana McCown lectureship on April 13. Miss McCown was the first professor of nursing when the department was established, and it was

she who, for many years, actively supported the philosophical base for a 4-year program.

The College of Nursing at the University of South Carolina began in 1958, when 37 students were admitted to the new collegiate program offering the bachelor of science in nursing degree. The original school was housed in the historic McCutchen House on the USC-Columbia campus. Built in 1813, the McCutchen House had served as a faculty-student residence as well as for the confinement of wounded soldiers during the Civil War.

Four years after the first students entered the College of Nursing at USC, 22 students graduated. The graduation of this first class of students established the program's eligibility for accreditation which was granted by the National League for Nursing in December 1962. Additional growth during the 1960's was marked by the establishment of an endowment by Miss Viana McCown to provide an annual lecture by an outstanding nursing leader and by the establishment of the community nursing fund by Emily Myrtle Smith at the time of her retirement from the U.S. Public Health Service. Also initiated in the 1960's to recognize the outstanding performance of nursing students was the Alpha XI Chapter of Sigma Theta Tau, the national honorary society in nursing.

The decade of the seventies brought two major changes to the school of nursing. The title of the school was changed to College of Nursing by the University of South Carolina Board of Trustees in October 1970. And, in 1974, the college of nursing moved to a magnificent new building—the Williams-Brice Nursing Building. Funds from the estate of Mrs. Martha W. Brice, Federal moneys which I am pleased to have obtained, and state capital improvement bonds made the six-story nursing building possible. November 1984 will mark the 10th anniversary of the move which brought all nursing programs under one roof for the first time in the college's history.

Continuing their successful nursing education programs, the college of nursing enjoyed still further growth during the 1970's. The undergraduate curriculum grew and a master of nursing degree was added with admission of the first class in fall 1971. At first, two majors were offered—administration in nursing and psychiatric-community mental health nursing. With the 1974 academic year came two additional graduate programs—the health nursing major and the clinical nursing major. Accreditation for the master's program was granted in May 1977.

The College of Nursing at the University of South Carolina continues to build on the foundation of the past two decades. This relatively young program has grown to become the 12th largest school of nursing in the United States, employing over 70 faculty to teach 950 students. As a strong leader in Southeastern nursing education, the College of Nursing offers academic courses to registered nurses during the evenings and weekends using a variety of teaching modalities including statewide television.

The rapid advances in medicine and the changing nature of health care has greatly accelerated the demand for registered nurses. The intensity of care has increased with more RN's needed to carry out such activities as monitoring vital functions, ventilation therapy with infusion pumps, and the application of many new technologies. The College of Nursing at USC has responded to meet these changing needs and I take deep pride in pointing out that the baccalaureate program was recently ranked in the top 4 percent of nursing programs in the Nation by the Gourman Reports. The master's program continues to expand and now enrolls 140 students. In addition to this growth, nursing research efforts have grown steadily in the last 3 years as the faculty continues to contribute to the knowledge base for professional nursing practice.

Let me close by saying that there is no doubt in this Senator's mind that the Nation's professional nurses are the backbone of our health care system. These unselfish and caring individuals are in daily contact with patients; comforting them in pain and supporting families in times of stress. Whether they work in health centers, public health clinics, physicians' offices, schools, industry, or public administration, we in South Carolina are most proud of the record of achievement of the College of Nursing at the University of South Carolina in training these outstanding professionals. South Carolina and the Nation have been well served through the efforts of the 3,300 graduates of the nursing programs at USC and we look forward to many, many more to come.

Mr. SYMMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

URGENT SUPPLEMENTAL FOR FISCAL YEAR 1984 PUBLIC LAW 480 PROGRAM

The PRESIDING OFFICER. The Senate will resume consideration of the unfinished business, which the clerk will state.

The legislative clerk read as follows:

A House joint resolution (H.J. Res. 492) making an urgent supplemental appropriation for the fiscal year ending September 30, 1984, to the Department of Agriculture.

The Senate resumed consideration of the joint resolution.

AMENDMENT NO. 2886, AS MODIFIED

(Purpose: To restrict availability of funds for El Salvador)

Mr. BUMPERS. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending question is the amendment of the Senator from Arkansas.

Mr. BUMPERS. Mr. President, I want first of all to say to my distinguished colleague from Wisconsin (Mr. KASTEN) and any others who may be listening that this amendment was really the creation of our distinguished colleague from Hawaii (Mr. INOUYE). If you look through the bill, you will find this language, almost the precise language, is also in the bill as it pertains to Panama. I do not want to belabor this, Mr. President, because I certainly hope the floor managers will be willing to accept the amendment, but it is crafted from the idea of Senator INOUYE. That simply says, as I have transposed it to affect El Salvador, that should the duly elected President of El Salvador be prevented from taking office or be deposed once having taken office by military decree or military force, then the funds not theretofore disbursed under this appropriation will immediately be withheld until Congress reappropriates it.

At this point, Mr. President, I ask unanimous consent that I be permitted to modify the last line of my amendment so that it reads on line 6, "for obligation or expenditure unless reappropriated by Congress," striking the words "appropriated again."

The PRESIDING OFFICER. Without objection, the amendment is so modified.

(The amendment, as modified, is as follows:)

At the appropriate place in the bill, add the following new section:

"SEC. —. If at any time following the appropriation of funds herein the duly elected President of El Salvador should be prevented from taking office by military force or military decree or after taking office shall be deposed by military force or military decree, all funds appropriated herein for El Salvador and not theretofore obligated or expended shall not thereafter be available for obligation or expenditure unless reappropriated by Congress."

Mr. BUMPERS. So, Mr. President, we have a commitment in El Salvador to the building and the nurturing of

democratic institutions—free elections and, hopefully, the popular support of a duly elected government by the population. The only way the guerrillas in El Salvador will be ultimately defeated is if the government in El Salvador is a just one, if human rights are complied with, if economic progress is made, and if the people of El Salvador prefer that government to the one the guerrillas are trying to impose on them.

But we should not ask to have it both ways. We cannot say that we will support government by force on our side because it is good and resist government by force on the other side. That is not our national character and that is not what our policy—I am not at all sure what our policy is in El Salvador, frankly, but certainly, a part of our policy there is to install democratic institutions and to prove to the people not only of El Salvador but throughout Central America that our system of government in the long run is better than communism.

Mr. President, I might also say—and this is repeating what I said last evening—that I hope Napoleon Duarte is elected President. But we have fostered these elections. We have heard Senators on the floor. My distinguished colleague from Oklahoma (Mr. BOREN) spoke in the Democratic caucus last week with great fervor and great feeling about how he felt being witness to the elections in El Salvador. It was most poignant to listen to him talking about how the people were voting in such overwhelming numbers—not because they understand democracy all that much. El Salvador has a very checkered history of one military coup after another. What he said was those people want to express themselves in a way that they think will stop the shooting and the violence and the killing of innocent men and women and children for a cause which they do not understand. I think we ought to champion that, I think we ought to nurture it, and I think this amendment goes a long way.

This is certainly not intended to put this administration into a box or to be a slap of any kind at the President. It is simply to put in this bill a codification of what our policy is in El Salvador.

With that, Mr. President, I sincerely hope the floor managers will see fit to accept this amendment.

Incidentally, Mr. President, if I may, I ask unanimous consent that Senator PRYOR be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KASTEN. Mr. President, first, I should like to yield to the Senator from Hawaii whatever time he may desire.

Mr. INOUYE. Mr. President, I wish to speak in support of the amendment offered by the Senator from Arkansas.

This amendment states very clearly and directly that the United States will not continue to support the armed forces of El Salvador if the military intervenes in the forthcoming election or refuses to accept the outcome of that election. The amendment is a strong statement in support of U.S. policies and objectives in that country where, I remind the Senate, the United States is expending vast sums of money to encourage the democratic process.

Mr. President, I believe that the minimum that we should expect in return for our military assistance is political neutrality on the part of the armed forces of El Salvador. If our assistance is being provided to help the armed forces of El Salvador protect the infant democratic process, if this is how we justify the provision of weapons and ammunition, then surely we can and must insist on military neutrality. If we do not, all of our solemn declarations in support of freedom—all of our speeches warning of the threat to democracy posed by Marxist insurgents—will have a hollow and empty sound. If we are to mean what we say, we must do what we say. If we are to be true to ourselves, to the principles of this Nation, and to the American people, we can do no other than to demand that our efforts support democracy.

(By unanimous consent the names of Mr. CHAFEE and Mr. BOREN were added as cosponsors of the amendment (No. 2886), as modified.)

Mr. KASTEN. Mr. President, I have had a chance to examine the Senator's amendment. As I said to the Senator last evening, I believe the amendment is a good one, one that we ought to support. I also believe, Mr. President, that, as the Senator from Arkansas said, this language is, for all practical purposes, exactly the same as the language which the Senator from Hawaii (Mr. INOUYE) put in the bill in the committee and was adopted on a voice vote.

I simply wish to ask the Senator from Arkansas, the author of the amendment, if he agrees with me that his purpose in offering this amendment is a further sign of U.S. support for the democratic process in El Salvador and is not meant to be a slap in any way at the Salvadoran military.

Mr. BUMPERS. To the Senator from Wisconsin, I simply say he is absolutely right. I think it is a very meritorious amendment, as I say, one which simply codifies what we have been saying our purpose is in El Salvador. It is not intended to hamstring the President, it is not intended to be embarrassing or denigrating to our policy there. As a matter of fact, it is a manifestation, a codification of our policy. It is offered in the utmost good faith to do what I think the American people would applaud.

Mr. KASTEN. I thank the Senator for his response.

Mr. President, I suggest that we yield back our time on the amendment. I am prepared on behalf of the committee to accept this amendment.

Mr. BUMPERS. I yield back the remainder of my time.

Mr. KASTEN. I yield back all my time, Mr. President.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Arkansas.

The amendment (No. 2886), as modified, was agreed to.

Mr. KASTEN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. BUMPERS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. KASTEN. Mr. President, it is my understanding the Senator from Michigan (Mr. LEVIN) has a colloquy or would like to propose an amendment. I do not see the Senator.

I suggest the absence of a quorum and ask unanimous consent the time be taken from the bill equally divided.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I am really distressed that nothing is going on. That is not, I think, the best circumstance, given the fact that the leadership this morning warned that we are going to be in late tonight and going to be in on Saturday if necessary to finish this bill, and this is an extravagant use of our time.

It is 1 p.m. I understand it may be 2 p.m. before we can get anything going. I hope that is not so.

But, Mr. President, I reiterate what I said before. We are going to try to finish this bill this week. Now, it is possible that Members can prevent that. There is no final limitation of time on the passage of this bill. But I wish Senators to know that the leadership on this side is absolutely serious that we are going to drive to finish this bill this week and Senators should be on notice that we will be in late tonight and we will be in late tomorrow night, if necessary, and the night after that, and we will be in on Saturday if that is required to finish this bill.

That is not an idle statement. It is a fact, and I am really distressed to find when I come to the Chamber that I am advised by the managers that we do not have anything that we can call us now and it is going to be 2 p.m.

before we can get to one of the significant amendments. I really regret that.

And I hope that Senators may listen to this and come to the Chamber and try to help us get on with this measure because otherwise we are going to be here for a long, long time.

Mr. KASTEN. Mr. President, will the distinguished majority leader yield?

Mr. BAKER. I yield.

Mr. KASTEN. I wish to say to the majority leader that I share his concern, and frankly I do not understand why after 2 or 3 days in which we have been working hard trying to accommodate Members in terms of ordering amendments, grouping amendments, et cetera, and the latest was earlier this morning when we came in order to accommodate the Senator from Arkansas and accept that amendment.

We now are waiting for one more amendment, and that is an amendment of the Senator from Vermont, the Senator from Delaware, and others, relating to the War Powers Act.

It is likely that the amendment will not even relate to the Appropriations Committee or this emergency appropriations bill. The fact is, I think, that we should be debating this amendment. I am hopeful that we can then move forward and take care of the other amendments on Nicaragua and other subjects.

But I simply wish to point out to the majority leader that we have been here since the Senate came into session this morning, and the only thing we have been able to do is the one amendment, not because we are not anxious to deal with these amendments, but because the authors of the amendments have been unwilling to bring them forward.

I hope that we do not waste this whole hour, and I hope that Senators do not feel that by not bringing up their amendments, they are somehow going to defeat the overall progress on the bill. By not bringing their amendments, what they are doing, it seems to me, is just inconveniencing all Members of the Senate. Whether it is tonight, tomorrow night, or the next night, we will finish this bill, because it seems we have developed a bipartisan consensus to go forward not only with the aid to El Salvador but with the overall bill.

Mr. BAKER. Mr. President, I thank the Senator and I agree with him.

Let me say that it really does distress me when I have Members say that they do not wish to bring up their amendments.

That is not the way the leadership on this side has approached this bill. We entered into a time agreement that provided 40 hours approximately for debate on amendments and then no time limitation on the bill. That may have been a mistake, Mr. President, because by doing that we guaranteed that those amendments would have an opportunity to be offered and there would not be a tabling motion at least until the time had expired.

The leadership on this side gave up a substantial advantage by agreeing to that proposal.

But, Mr. President, then in the wake of that to have Senators say it is not convenient to offer their amendments now is really, it seems to me, not in keeping with the original arrangement on how we were going to proceed.

Mr. President, I do not mean to sound angry, and I am not angry, but I am disappointed that we cannot get on with the bill at hand.

I urge Senators to come to the Chamber and offer their amendments and get on with it.

The idea of wasting an hour or so in the middle of the day when we are engaged in a major debate is, in my view, at least unconscionable.

Mr. President, it is with great reluctance, but having no other alternative, that I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. CHAFEE). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I am advised that there was unanimous consent that the time consumed in the previous quorum would be charged against the joint resolution.

Mr. President, I renew the request for the arrangement for the charge of the time with the quorum I am about to suggest.

The PRESIDING OFFICER. The time will be charged equally.

Without objection, it is so ordered.

Mr. BAKER. Now, Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KASTEN. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mrs. KASSEBAUM). Without objection, it is so ordered.

Mr. LEVIN. Madam President, I had intended to offer an amendment tightening the link between human rights progress in El Salvador and continued military aid. Time for this amendment was included in the unanimous-consent agreement under which we are considering this appropriation bill.

I am concerned that the current language in this bill requires the President to only file one report of demonstrated progress in achieving the human rights goals set forth by the Kissinger Commission in order for the funds in the bill to be made available to the Government of El Salvador. Apparently, this report would be made shortly after enactment and would start the flow of funds. This legislation provides for subsequent reports at 60-day intervals "on the progress made" in achieving the goals of the Kissinger Commission, but does not make continued military assistance contingent upon actual showings in these reports of demonstrated progress in achieving human rights.

I believe that it is important that the Senate reaffirm the principle that continued military assistance should be contingent upon periodic reports demonstrating progress in human rights. I have been in communication with Prof. Carlos Diaz-Alejandro, who was a member of the Kissinger Commission, and I ask unanimous consent that a copy of his letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COLUMBIA UNIVERSITY
IN THE CITY OF NEW YORK,
New York, N.Y., March 28, 1984.

Senator CARL LEVIN,
Russell Building,
Washington, D.C.

DEAR SENATOR LEVIN: I am happy to answer the clarifying question posed by your staff.

The "conditionality clause" in page 104 of the Report of the National Bipartisan Commission on Central America clearly implies, in my judgement, that disbursement of aid to El Salvador should be made contingent on reports showing significant progress toward the termination of the activities of the so-called death squads, as well as the other goals listed in that paragraph.

If the reports show no significant progress, then aid disbursements should be suspended.

Sincerely,

CARLOS DIAZ-ALEJANDRO,
Professor of Economics.

The PRESIDING OFFICER. Is the Senator about to offer an amendment? If not, someone will have to yield time.

Mr. KASTEN. Madam President, I yield the Senator such time as he desires on the joint resolution.

Mr. LEVIN. Madam President, this letter says, in part, "If the reports show no significant progress, then aid disbursements should be suspended." I believe that if we break the link between continued military assistance and demonstrated progress, then we are giving up significant leverage in inducing the Government of El Salvador to improve its human rights efforts.

At the same time, however, I am aware of the committee's concern that requiring reports to show demonstrated progress every 60 days may be an impractical requirement. I am also aware that one of the considerations which went into the committee's decision to require only one report in this

bill linking continued military assistance to human rights progress was that this legislation will only be in effect until the end of this fiscal year—less than a 6-month period.

It is my understanding that the committee felt that requiring only one report over the 6-month period would be consistent with the earlier requirements that the President certify progress toward human rights every 6 months, and would be consistent with the Kissinger Commission intent on periodic reports.

I would ask the floor manager if he would support and work for, either as part of a foreign aid authorization or as part of an appropriation for fiscal year 1985 covering El Salvador, a requirement that continued military assistance be contingent upon 6-month reports showing demonstrated progress toward achieving the human rights goals set forth in the Kissinger Commission report?

Mr. KASTEN. Madam President, before I respond to the Senator, it is my understanding that he will ask unanimous consent to withdraw the unnumbered Levin amendment on which there is a time limit of 30 minutes, to be divided equally.

Mr. LEVIN. The Senator is correct. I have two amendments. The one I would not offer, following this colloquy and the response of my friend from Wisconsin, is my amendment relating to El Salvador and the Kissinger Commission.

Mr. KASTEN. Madam President, I can assure the Senator that it would be my intent to push for and support as part of the fiscal year 1985 appropriation or authorization for El Salvador a requirement that continued military assistance be linked to such reports demonstrating progress at 6-month periodic intervals.

I say, further, that it is our intention that the efforts that we work toward be consistent with the Kissinger Commission.

Mr. LEVIN. I thank my friend. I will not offer the amendment which we have identified as the unprinted Levin amendment relative to El Salvador.

Mr. KASTEN. Mr. President, I ask unanimous consent that the Levin amendment relating to El Salvador, with a 30-minute time limit equally divided, be withdrawn.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KASTEN. I thank the Senator from Michigan.

Madam President, I suggest the absence of a quorum, and I ask unanimous consent that the time be equally divided, on the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. LEAHY. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. Madam President, we have debated over this past week military aid to the armed forces of El Salvador, but we have been focusing on only one of the U.S. assistance programs that has been used to support this administration's policy in El Salvador. That policy, no matter how you dress it up in the trappings of elections and democracy, is a military policy: Its aim is to defeat the Salvadoran rebels. It is this misguided policy aimed solely at a military solution that has kept us from seeking a cease-fire and negotiated settlement to the civil war in El Salvador; it is this misguided policy that has kept us from putting real pressure on the murderers, the corrupt, and the antidemocratic elements in the Salvadoran Army and security forces, and force their removal from power.

The point I rise to make, is one that has been obscured by this administration: All of the assistance programs between the United States and El Salvador have been dedicated to this military policy, not just the assistance programs covered under the title of "military aid."

First, let us look at the figures:

I shall ask unanimous consent to have printed in the RECORD with my remarks a two-page memorandum titled "U.S. Aid to El Salvador," prepared by the staff of the Arms Control and Foreign Policy Caucus, to which I shall refer in this discussion of aid figures.

In the 4 years from fiscal year 1981 through fiscal year 1984, slightly over $1 billion in U.S. aid was sent to El Salvador. This is an average of $250 per citizen in a country in which the annual average income is only $650. There have been five main categories for our aid transfers and, as the administration is always quick to point out, the largest category is not "military aid." The largest category is known as "cash transfers," with nearly $400 million being provided directly to the Government of El Salvador's Central Bank. Then comes "military aid," with over $260 million. "Economic aid," consisting of development assistance projects and economic support funds not used on cash transfers, is the third largest category, with over $210 million; and the smallest two categories are "food for sale" under the title I program, nearly $125 million, and "food, humanitarian," with nearly $30 million. I am not including in this tabulation over $100 million in commercial credits provided by our Commodity Credit Corporation and Housing Investment Guarantee program.

Now, what does it mean, that the largest category of aid is not "military aid," but rather is "cash transfers"? What does it mean, that the category titled "military aid" is outnumbered 3 to 1 by the total amounts of the other four categories of aid to El Salvador?

The administration would have us believe that our policy in El Salvador is not a military policy; after all, they say, most of our aid is not military aid. What I hope to demonstrate is that the administration cannot hide behind this facade of misleading numbers: Our entire aid program in El Salvador, all $1 billion of it in the past 4 years, and all of the nearly $1 billion that has been requested for the next 15 months, is directed toward a military solution to the civil war there. Each category of aid is used in the military effort. We are sticking our heads in the sand if we think otherwise.

Let us start with the "cash transfer" category. Nearly $400 million in direct cash infusions into El Salvador's foreign exchange. Do Senators know what the Salvadoran Government does with that money, with those dollars? It sells them! Under a special arrangement with the U.S. Government, the Salvadoran Government sells these dollars to Salvadoran importers for the local currency, colones. The importers then use the dollars to import goods, and every year our cash transfers cover the Salvadoran balance of payments deficit. Let us be perfectly clear about this point: Without that cash transfer, the Salvadoran Government could not sustain its present military policy.

And Madam President, do you know what becomes of the colones that the Salvadoran Government raises by selling the dollars to importers? Again, under a special arrangement with the U.S. Government, the Salvadoran Government puts them directly into its budget. This is El Salvador's federal budget we are talking about now. Like us, El Salvador has a deficit. Unlike us, El Salvador covers its deficit with its aid from the United States—and more.

Over 30 percent of the Salvadoran budget come from the colones raised by the cash transfers; and nearly 40 percent of the Salvadoran budget is spent directly on the army, with much of the remainder spent on indirect support.

Let us be perfectly clear about this point: Without the colones raised by the cash transfers; and nearly 40 percent of the Salvadoran budget is spent directly on the army, with much of the remainder spent on indirect support.

Let us be perfectly clear about this point: Without the colones raised by the cash transfer, the Salvadoran Government could not sustain its army and its present policy of attempting to defeat, rather than settle with, the opposition. Do we really think that this

"nonmilitary" aid has no military purpose?

The cash transfer is the lifeblood of the Salvadoran military policy. It may never go directly from the U.S. taxpayer to buy a weapon, or pay a soldier, but these dollars pay the Salvadoran Government's bills in general, and allow it to continue its policy.

In a country like El Salvador, where there is no rule of law, where thousands of murders go unpunished, and usually uninvestigated, it is not surprising that this massive cash transfer program has been accomplished by criminal activity that the Salvadoran Government is powerless to stop. Funds are being siphoned out of the cash transfer program by corrupt Salvadoran businesses. I shall ask unanimous consent to have printed in the RECORD an article from the New York Times detailing this problem, an article that discloses that a classified report done for the Agency for International Development found that after 2½ years of efforts on the part of the U.S. Government to solve the problem, it remains a serious one. This article, titled "Salvador is Faulted on Diversion of Aid in Auditor's Report", shows that the black market and corruption in the Central Bank of El Salvador are beyond the control of the authorities. Again, in a country that cannot catch murderers, the inability to catch embezzlers does not surprise me.

Turning to the "economic aid" category, there are a number of projects being managed by the Agency for International Development in El Salvador that deliver needed humanitarian assistance and employment to Salvadorans, but there are also a number of projects that are intertwined with the military policy of the United States and Salvadoran Government. I am a strong supporter of development aid, and of land reform efforts in countries where the few have prospered too long at the expense of the many. But in El Salvador, economic aid is being used to support a land reform project that is an integral part of "Operation Well-Being," a military operation in San Vincente Province that sweeps areas of rebels and suspected sympathizers and provides land and services to the peasants who remain. I am also a strong supporter of helping developing countries build the infrastructure they need to help peasants grow crops, get to market, and generally communicate with the rest of the country. But in El Salvador, economic aid is being used to rebuild roads and power lines that have been targeted in the war. Does anyone think that these projects financed by "economic aid" do not have a military purpose?

Finally, let us look at the food aid programs in El Salvador. Food aid is among the most humanitarian of our foreign aid programs. I have been a strong and consistent supporter of these programs. In El Salvador, though, I think that it is clear that the $125 million in "food for sale" and $30 million in the "food, humanitarian" categories also have had military purposes. The larger of the two categories, corresponding to title I of the food-for-peace program, relieves pressure on El Salvador's international and domestic budgets just as surely as cash transfers do: the Salvadoran Government saves dollars by getting the food as aid, and raises colones by selling the food in the country. The smaller category, corresponding to title II of the food-for-peace program, is usually completely humanitarian, and distributed to needy people in refugee camps. In El Salvador, though, there are disturbing reports from field workers that the army is withholding the food from some areas to force people to leave them. Equally disturbing reports reveal that this type of food aid is sometimes cut off to force refugees back into conflict zones. In both cases, there can be no doubt that the food aid is being used to further a military strategy. I ask unanimous consent to include in the RECORD of my remarks an article from the Christian Science Monitor titled "U.S. Food for Displaced Salvadorans Diverted by Corruption and Bad Management."

I hope, Madam President, that this discussion will put to rest the claim that because our aid is "nonmilitary" in large part, that our policy is also "nonmilitary." Let there be no mistake about it: Our policy in El Salvador is military not diplomatic; we seek the peace of a military victory, not a negotiated settlement. And our assistance programs of all types have been dedicated to tragically misguided policy.

Madam President, I ask unanimous consent to have printed in the RECORD the various material I referred to.

There being no objection, the materials were ordered to be printed in the RECORD, as follows:

U.S. AID TO EL SALVADOR

[In millions of dollars, in fiscal years]

Type of aid	1981	1982	1983	1984	Total
Cash transfers	44.9	100.0	120.0	120.0	384.9
Military aid	35.5	82.0	81.3	64.8	263.6
Economic aid	33.4	58.3	78.8	41.3	211.8
Food for sale	26.2	27.3	39.0	32.0	124.5
Food, humanitarian	9.1	7.7	7.7	5.3	29.8
Total	149.1	275.3	326.8	263.4	1,014.6

Note.—Figures from AID and Congressional Research Service. Cash Transfers are the portion of the Economic Support Fund given directly to the Salvadoran Central Bank for balance of payments purposes. Military aid does not include cost of maintaining 55 U.S. advisors, or various associated costs borne by the Department of Defense. Economic aid includes ESF not used for balance of payments purposes and all Development Assistance. Certain Disaster Assistance expenses are not tabulated by AID at the country level, and are not included. Roughly $100 million in commercial guarantees by the Commodity Credit Corporation and the Housing Investment Guaranty Program are not included. Local currencies generated for use by the Salvadoran government are equal to the total of Cash Transfers and Food for sale, since the government parcels out these forms of aid to private groups in exchange for colones.

PROPOSED U.S. AID TO EL SALVADOR

[In millions of dollars in fiscal year]

Type of Aid	1984 Supplemental	1985	Total
Cash transfers	90.0	210.0	300.0
Regional cash transfer	7.5	60.0	67.5
Military aid	178.7	132.5	311.2
Regional military aid	25.0	20.0	45.0
Economic aid	30.0	80.0	110.0
Regional economic aid	7.9	39.3	47.2
Food aid, total	14.0	51.1	65.1
Total	353.1	592.9	946.0

Note.—Figures from AID and State Department advance figures and discussions with personnel. Cash Transfers are the portion of the Economic Support Fund given directly to the Salvadoran Central Bank or other governmental agencies for balance of payments purposes. Regional Cash Transfers are estimates: 50 percent of proposed cash aid to import agencies sponsored by the region's governments. With Nicaragua and Guatemala excluded from receiving aid from thee funds, a 50 percent share for El Salvador is not unlikely. Military aid does not include cost of maintaining 55 U.S. advisors, or various associated costs borne by the Department of Defense. Regional Military Aid is for a training center in Honduras that will train predominantly Salvadoran soldiers. Economic aid includes ESF not used for balance of payments purposes and all Development Assistance. Not included are some Disaster Assistance funds and commercial guarantees by the Commodity Credit Corporation and the Housing Investment Guarantee Program. Regional Economic Aid is, again, 50 percent of regional accounts other than cash transfers.

[From the New York Times, Feb. 14, 1984]

SALVADOR IS FAULTED ON DIVERSION OF AID IN AUDITORS' REPORT

(By Raymond Bonner)

WASHINGTON.—The Salvadoran Government lacks an effective mechanism for preventing the diversion of United States aid money, according to a confidential report prepared for the Agency for International Development.

One result, according to the report, is that a Salvadoran importer can "obtain foreign exchange for transfers to his offshore account." In addition, the report found that some Salvadoran businessmen were reporting "that either political influence or payoffs are necessary to obtain timely financing for imports."

The 100-page report was prepared by Arthur Young & company, a private consulting company under contract to A.I.D., and completed in June 1983.

At a Congressional hearing late in January, Representative Michael D. Barnes, Democrat of Maryland and chairman of the House Foreign Affairs subcommittee on Latin America, referred to the report and said it showed "rampant corruption and mismanagement" in the use of United States aid to El Salvador.

He asked that the report be made public, but Administration officials refused and it remains confidential.

Jay S. Morris, deputy administrator of A.I.D., said tonight that the report was paid for by A.I.D. but prepared at the request of the Central Bank of El Salvador. Asked why the report had been kept confidential, Mr. Morris said it was done for the same reason that a report for a private American company would be held private by the company, in this case with the added confidentiality called for in a discussion of exchange rates. Mr. Morris said the Salvadoran bank, although a national institution, was comparable to a private company.

Of the finding that the Salvadoran Government lacked an effective mechanism for preventing the diversion of United States A.I.D. funds, Mr. Morris said: "It lacks a foolproof mechanism, not an effective one. To imply that there is no control and that the situation is rampant is incorrect."

In 1983, the amount of "private sector support" funds to El Salvador from the

Agency for International Development was $127 million. The funds are distributed by the Salvadoran Central Bank to Salvadoran businessmen so that they will have the dollars to purchase imports from the United States.

There has been concern in Congress that United States aid funds end up in bank accounts in Miami and Europe and that importers seeking to defraud the system present a false or inflated invoice to the Central Bank overstating the price of the product being imported. The Central Bank then gives the importer dollars for this fraudulent amount. The difference between the real price and the inflated price is then deposited in a United States or European bank.

Mr. Morris, the A.I.D. official, said of that assertion, "To my knowledge, not a single dollar of A.I.D. money has been attributed to those transactions."

Two years ago the Agency for International Development assured Congress that the Salvadoran Government would impose safeguards against the diversion of United States aid money. In a letter to Representative Clarence D. Long, chairman of the House committee that oversees foreign aid appropriations, A.I.D. said the Salvadoran Government "will undertake to improve its procedures for detecting the use of inflated invoices in import transactions."

In addition, the Salvadoran Government promised "to develop a system for price checking of import transactions to identify and take appropriate action against violations of capital flight regulations."

The Salvadorans did set up a price-checking unit as promised, in January 1982.

But the Arthur Young report found that the problem of false pricing by importers "appears to be far beyond the control of the three people in the Price-Checking Unit" at the Salvadoran Central Bank.

"The Price-Checking Unit does not appear to have a satisfactory system for identifying questionable invoices nor a comprehensive, up-to-date basis for ascertaining if the prices are correct," the report says. "Moreover, they might be susceptible to pressure and possible intimidation even if they do discover invoices that have been overstated."

The auditors concluded, "A key question is whether there is sufficient political will, or desire, to enforce the administrative controls."

[From the Christian Science Monitor, Mar. 6, 1984]

U.S. FOOD FOR DISPLACED SALVADORANS DIVERTED BY CORRUPTION AND BAD MANAGEMENT

(By Chris Hedges)

SAN VICENTE, EL SALVADOR.—The Salvadoran government agency responsible for distributing the bulk of AID food to displaced people is riddled with corruption and suffers from mismanagement, it is charged here.

Further, the United States Agency for International Development (AID) and the U.S. Embassy are described as having used the Salvadoran agency to pressure residents of camps for displaced people into leaving them.

The charges against the National Committee for Displaced People (Conades), its coordinating office in the department of San Vicente, and U.S. officials are leveled by many sources connected with the program, including Salvadoran military officials. The charges include:

The decision by senior AID officials to cut off food in San Vicente to displaced people in an effort to force them back into the conflictive zones they have fled.

The use of donated AID food intended for displaced people, to feed the Salvadoran Army.

The fabrication of food deliveries to cover the private use of AID foodstuffs by Salvadoran government and military officials charged with the distribution.

AID officials have denied the charges, while conceding that "isolated abuses" have occurred. They claim that the displaced people in San Vicente and Chalatenango who say they have been denied food are not telling the truth.

"I know that AID has claimed that the people in the displaced-persons camp in San Vicente have been given food supplies, while the displaced people say they have not," says David Bonilla, the director of the Roman Catholic relief organization, Caritas, in San Vicente.

"We went to the camp, however, and spent several hours looking at the dates inscribed on the Conades cards needed by displaced people to receive the food. Without calling AID a liar, I'm afraid the cards back up the claims by the displaced people and not what the U.S. and Salvadoran government officials are saying."

Maria Santos Miranda, sitting inside her cramped mud hut in the displaced-persons camp, says, "We received food supplies three times in 1983, and have received them once in 1984." Conades is meant to provide food deliveries to the displaced population on a monthly basis.

Mrs. Santos holds out her card for inspection. According to her card and dozens of others inspected in the camp, the dates of delivery in 1983 were April 28, Aug. 11, and Oct. 5. The 1984 delivery was according to these cards, on Feb. 9.

The decision to cut back food delivery to the displaced people in San Vicente was made by senior AID officials, according to one Salvadoran government official involved in the food distribution program and military officials in San Vicente.

The former director of the food distribution program in San Vicente, Lt. Col. Juan Pablo Gálvez, allowed the undelivered food to be sold or used to feed Army troops, according to these sources.

"When Gálvez was ousted in November," says one Salvadoran military official, "the soldiers stopped eating AID food. But before that you could see truckloads of it headed out to feed troops in the field."

Private and church relief officials have said for some time that AID food was being used to feed the Salvadoran Army.

The quantity of food supplied to each displaced family in San Vicente during 1983 is not specified on the Conades cards, although the cards have a box where the quantity should be recorded. Displaced people say the food rations in 1983 were very small, and well below the amount they should have been allotted.

"I assume they didn't write in the numbers because they didn't give us what we should have gotten," says Emilia Martínez, who lives in the camp.

In Chalatenango, displaced people, who occupy an abandoned granary and sleep in what were formerly pigsties, say Conades officials write down on their ration cards figures that are usually double the amount of food given them.

"They assume that because we are all poor, none of us can read the numbers on our cards to understand how they are cheating us," says one.

"It's true that we haven't been able to hand out the allotted amount of food," says the Conades director for the department of Chalatenango, David Rivera Medranos. "But that is because it is not sent to us from the capital."

Medranos denies that Conades has falsified the quantities of food deliveries.

The displaced people say that rather than deliver the food, as AID regulations specify, the displaced people—mostly small children, women, and elderly men—must walk 1½ miles to the Conades office in Chalatenango to get the food, then carry it back.

Medranos says this has been his policy because "the displaced people got used to walking, and it would be hard to break them of the habit."

He says preparations are being made to being a delivery system. Medranos also claims that canvas beds or mats are not provided to the displaced people, most of whom sleep together in an abandoned warehouse on a cement floor, "because they're Indians, and Indians are more accustomed to sleeping on the ground."

But the displaced people say the cement floor makes sleep nearly impossible.

AID will expand its aid program to Conades in 1984. About $40 million worth of AID humanitarian assistance funds will be directed toward displaced people. Some $10 million will be given to Conades to begin a displaced-persons relocation program in June or July.

The plan calls for 20 percent of the displaced persons living in the camps, estimated at 100,000, to be relocated. The program, say sources familiar with it, will be modeled on the Israeli relocations in the West Bank.

AMENDMENT NO. 2887

(Purpose: To require specific statutory authorization before the introduction of any United States Armed Forces into or over El Salvador, and for other purposes)

Mr. LEAHY. Madam President, I send an amendment to the desk on behalf of myself and Senators INOUYE, BENTSEN, BIDEN, BYRD, CRANSTON, KENNEDY, DODD, BAUCUS, PELL, RIEGLE, and BINGAMAN, and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Vermont (Mr. LEAHY), for himself, Mr. INOUYE, Mr. BENTSEN, Mr. BIDEN, Mr. BYRD, Mr. CRANSTON, Mr. KENNEDY, Mr. DODD, Mr. BAUCUS, Mr. PELL, Mr. RIEGLE, and Mr. BINGAMAN, proposes an amendment numbered 2887.

Mr. LEAHY. Madam President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the bill, insert the following:

"PROHIBITION ON THE INTRODUCTION OF UNITED STATES ARMED FORCES INTO OR OVER EL SALVADOR FOR COMBAT

"(a) United States Armed Forces shall not be introduced into or over El Salvador for combat purposes unless—

"(1) the Congress has declared war or enacted specific authorization for such use of United States Armed Forces; or

"(2) such introduction of United States Armed Forces is necessary—

"(A) to meet a clear and present danger of hostile attack upon the United States; or

"(B) to meet a clear and present danger to, and to provide essential and immediate evacuation of, citizens of the United States.

"(b) If the United States Armed Forces are introduced into El Salvador pursuant to clause (A) or (B) of subsection (a)(2), the President shall describe such grounds in the report required by section 4(a) of the War Powers Resolution (Public Law 93-148).

"(c) For the purposes of section (a) the introduction of United States Armed Forces into or over El Salvador for combat purposes shall be defined as the introduction of United States Armed Forces for the purpose of delivering weapons fire upon an enemy.

"(d)(1) Any joint resolution or bill introduced at the request of the President pursuant to subsection (a)(1) shall become the pending business of the House in which it was introduced and shall be voted on within 3 calendar days thereafter, unless such House shall otherwise determine by yeas and nays.

"(2) Such a joint resolution or bill passed by one House shall become the pending business of the other House and shall be voted on within three calendar days after it has been received, unless such House shall otherwise determine by yeas or nays.

"(3) In the case of any disagreement between the two Houses of Congress with respect to a joint resolution or bill passed by both Houses, conferees shall be promptly appointed and the committee of conference shall make and file a report with respect to such resolution or bill not later than 2 calendar days after the appointment of the committee of conference. In the event the conferees are unable to agree within 48 hours, they shall report back to their respective Houses in disagreement. Notwithstanding any rule in either House concerning the printing of conference reports in the RECORD or concerning any delay in the consideration of such reports, such report shall be acted on by both Houses not later than 1 calendar day after the conferees report back to their respective Houses.

Mr. LEAHY. Madam President, I have just now given a copy of this amendment to the distinguished manager of the bill, Senator KASTEN.

I ask that Senator SASSER also be listed as a cosponsor to this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LEAHY. I ask, Madam President, as a parliamentary inquiry, what the time agreement is on this amendment.

Mr. KASTEN. I say to the Senator that it is my understanding that this is the Leahy amendment relating to combat forces in El Salvador on which a 2-hour limit had been agreed.

Is that the understanding of the Chair?

The PRESIDING OFFICER. The Senator from Wisconsin is correct. The time is equally divided.

Mr. KASTEN. I assume the Senator from Vermont will be in charge of 1 hour, and that this Senator will be in charge of the other hour. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. KASTEN. I thank the Chair.

Mr. LEAHY. I also thank the Chair. That was my understanding. I appreciate the indulgence of the distinguished chairman, and the Chair on this matter.

Madam President, I spent some time in putting this amendment together. In fact, I started putting parts of it together last week. I thought about it over the weekend. I have discussed it with a number of Senators on both sides of the aisle trying to make sure that any amendment that I offered was not seen as either a conservative, liberal, or moderate amendment, but rather a sensible and honest amendment.

I did this, Madam President, for a number of reasons. As the Chair knows and my colleagues know, I go to Vermont about a third of the year—an average of about 1 of every 3 days during the year. My State is small enough that you can actually talk to the people. You can actually find out what is on their minds.

We do not have mass meetings and rallies in Vermont. We tend to have groups of 20 or 30 people, sometimes as few as half a dozen. Everywhere I have gone in Vermont—and I have found this to be a very similar situation as I have gone around the country and talked in other places—people are very, very concerned about Central America. This is not because they are Republicans, Democrats, Independents, liberals, conservatives, or moderates, but simply because they are Americans.

They are concerned that we may be headed toward war in Central America. They are concerned that we may find American soldiers fighting and dying in Central America.

I find this very, very similar to the concerns I was hearing a year ago about the situation in Lebanon. Not enough was done at that time by the Congress. Certainly very little was done by the Congress to insure that American forces would not be fighting and dying in Lebanon.

Whether that is the reason or not, we can look back to last fall and realize that American forces did both fight and die in Lebanon, and the Congress did nothing. It did nothing before. It did nothing afterward. We were treated to one of the greatest foreign policy failures of a generation.

Now we have the American people greatly concerned about whether we are to have a repeat performance in Central America, and whether we will be fighting in El Salvador.

Madam President, this goes way beyond the question of which side we should support in Central America. It goes way beyond the question of whether Mr. Duarte or Mr. D'Aubuisson eventually wins. It goes way beyond the question of which guerrilla force is good, bad, or indifferent.

All of those, of course, are factors.

All of those are factors, but it goes to the greater question: Should American ground forces, or American air forces, or naval forces be introduced into combat in Central America, especially into El Salvador? El Salvador is situated uniquely enough that we could employ a combination of sea power, air power, and ground forces.

There is a very real concern, a legitimate concern and a legitimate reason to believe that American Armed Forces may be introduced into combat in El Salvador. If that happens, we will have taken a remarkable step not only in El Salvador, but in Central America.

If I did not think, based on what I have heard, what I have learned, and what I have been told, that there was a real possibility of American Armed Forces in Central America, I do not believe I would introduce this amendment. But, because I do have that concern, as do a number of other Senators on both sides of the aisle, I have introduced this amendment. I have tried to draw it in such a way that we do not take a position on the political positions of the various parties in El Salvador.

What we are faced with is a clear question: Should American Armed Forces be sent into combat in El Salvador?

In January 1981, if I could go back for a little bit of history, the guerrillas in El Salvador launched their so-called final offensive. The offensive failed, and the Reagan administration took office at a time when it appeared that a relatively cheap and easy military victory could be had in El Salvador.

However, things have not quite worked out the way the administration had hoped or would have had the Congress and the American people believe. In March 1981, the administration nearly doubled—to 45—the number of U.S. military advisers in El Salvador. That move created concern in the Congress, particularly as it related to possible war powers implications. However, the administration assured us that the advisers would operate only in nonhostile areas and would be equipped only with sidearms for protection.

Over the past 3 years and $1 billion in economic and military aid to El Salvador, the guerrillas, who numbered 3,000 to 5,000 in 1981, have grown to 9,000 to 12,000 and control at least 20 percent of the countryside. Even after all this U.S. aid, the Salvadoran economy is in tatters, with about a third of the labor force unemployed. Thousands, including eight Americans, have been murdered by rightwing death

squads and not one killer has been convicted.

Millions have been spent on training the Salvadoran Army to carry the fight to the guerrillas.

Today, our military advisers are carrying submachineguns or automatic weapons. We have even received reports that some of our trainers have come under hostile fire in El Salvador.

The Washington Post reported last week that U.S. aircraft are now providing reconnaissance and communications support for Salvadoran troops during combat operations.

According to the March 29, 1984 Washington Post:

> One Salvadoran officer said he gets information during combat on guerrilla locations "instantly," transmitted from the planes above.

OVI Mohawk observation planes based at Palmerola airfield in Honduras fly reconnaissance missions for the Salvadoran Army.

As the Post article pointed out:

> . . . the Reagan administration's self-imposed limit of 55 military advisers has been skirted over the last 6 months by redefining the categories of U.S. military personnel stationed here. The practical effect has been to raise the authorized size of the advisory team without challenging congressional critics by formally abandoning the 55-man limit.

Thus, in addition to the 55 advisers, there are another 11 staff members of the military group for a total of 66. U.S. military personnel in El Salvador now include 17 permanent and 9 temporary staff members in the defense attaché's office, up from a permanent staff of 6 a year ago. U.S. advisers often stay in brigade headquarters to assist provincial commanders in organizing staff, deploying forces, and training recruits.

According to press reports, there are 300 U.S. Army pilots, maintenance men, and intelligence specialists who operate the reconnaissance flights over El Salvador from Palmerola Air Base in Honduras. Another 170 U.S. soldiers have been training Salvadoran soldiers at the Regional Military Training Center in Puerto Castilla, Honduras.

The war is going so badly in El Salvador that it was reported in the March 19, 1984, edition of Newsweek that the Central Intelligence Agency and Gen. Paul Gorman, the head of U.S. Southern Command, were pressing for the use of AC-130 Spectre gunships flown by the CIA to be used in El Salvador. While it was also reported the President rejected the proposal, the same Newsweek article stated that administration officials were considering supplying the Salvadorans with AC-47 gunships which were used with devastating effect in Vietnam against civilians and insurgents alike. However, since the AC-47 does not carry the sophisticated electronic gear necessary for locating insurgents that the AC-130 gunships do, that function would have to be performed by the AV-1 Mohawks flown by U.S. pilots out of Honduras.

Madam President, I am not trying to give a lecture similar to what might be given at the War College. What I am trying to do is make a point. We are finding ourselves slip-sliding into an Americanization of this war. If we have these observation planes coming under hostile fire, do we not have to send our people in to return the fire and protect our own people?

Does it really take much of a fertile imagination to see how quickly we are going to be in a situation where American combat forces are going to be facing hostile fire and are going to be returning hostile fire?

Does it take much imagination to see how quickly we will be in a situation where Americans will be dying in combat in El Salvador?

This has been alluded to in some other amendments on the floor of this Senate in the past week, particularly the distinguished Senator from Massachusetts, Senator KENNEDY. The junior Senator from Massachusetts, Senator TSONGAS, and Senator DODD, and a host of others have raised this concern.

We have talked about Vietnam and its history. We saw where a few advisers became more advisers, and before we knew it, we had combat troops in a combat situation.

Again I emphasize to my colleagues, I am not offering this amendment simply as an exercise. No, I am offering this amendment because of my clear conviction that we are going to reach the point of American combat forces in El Salvador within the year. Does it take much imagination to see the Hobson's choice we are going to be faced with if American forces go in, in whatever number, and if American combat forces tragically die in El Salvador? We will be faced with a Hobson's choice of doing one of two things: maintaining American honor by escalating the war and making it an American war, or saying, like in Lebanon, once again we have been defeated and withdraw.

I call that a Hobson's choice because I do not really see where either one is going to be very acceptable to the American people. The Senate has a chance today to make sure we do not face that Hobson's choice.

Mr. President, what we are seeing is an Americanization of the war in El Salvador. As the Salvadoran Armed Forces demonstrate they do not have the capability or willingness to achieve a military victory in that country, U.S. involvement becomes deeper and deeper. And as U.S. involvement becomes deeper and deeper, the Salvadoran Armed Forces will have less and less incentive to do the fighting required to achieve that military victory.

What the United States is attempting to do is to accomplish with airpower and high technology what the Salvadoran Armed Forces refuse to do on the ground.

If that does not bring forth the spector of Vietnam, I do no know what will.

That is why I am offering this amendment which would prohibit the introduction of U.S. Armed Forces into or over El Salvador for combat purposes. To do so, the President would first have to obtain a declaration of war from the Congress or a specific authorization for use of U.S. combat forces in El Salvador.

The President would retain the authority to deploy U.S. combat forces in El Salvador if it were necessary to meet a clear and present danger of hostile attack upon the United States or for the purpose of evacuating citizens of the United States from El Salvador.

Finally, in the event that a minority in the Congress would seek to block a resolution declaring war or the President's authorization request, my amendment provides that such a request would be treated as a priority item and subject to expedited procedures. The maximum timeframe for acting upon such a request would be 9 days. The minimum would be 3 days if each House agreed and moved in concert with one another.

Three years ago, the guerrillas in El Salvador were on the verge of collapse. Three years ago and $1 billion later, the guerrillas have become stronger, the U.S. involvement deeper, and the conflict widens. It is time for the Congress to go on record and send a strong signal that this war is not going to become an American war. We will not fight a war that the Salvadorans are unwilling to fight themselves.

Finally, many of my colleagues might be willing to spend huge sums of money in El Salvador—sums of money which have increased the corruption in that country making this war a big business for the military. However, how many of us in this body are willing to send American boys to die in El Salvador while Salvadoran officers enjoy the fruits of their corruption in the safety of Miami or Houston?

Madam President, I think every one of us knows the Salvadorans will continue to get American aid, that foreign aid increases will be approved. American tax dollars will pay for foreign aid down there, no matter how I or others feel. American military aid will continue to go to El Salvador. No matter how I feel, American economic aid will still go to El Salvador. That is probably what the majority opinion of the Congress is, and, of course, that is the way democracy works.

But I would strongly urge my colleagues that there is no majority mandate in this country to have Americans go to fight and die in El Salvador.

There is no mandate in this country to have American Armed Forces make an American war out of the internal conflicts of El Salvador. While we can argue what may or may not be the mandate of the American people for the expenditure of foreign aid in El Salvador, Madam President, I defy anybody in this body to stand up and tell me that there is a mandate in the country at large or in their State for American forces to be involved in combat in El Salvador.

Madam President, I have drawn this amendment clearly and carefully; I have drawn it in consultation with those who have opposed some of the aid requests that we have voted on, and those who have voted for those aid requests.

I have done this to demonstrate that this is an amendment that is carefully and artfully drawn to make sure that we go on record to answer the question: "Are we willing to give a blank check to allow American Armed Forces in El Salvador, or are you saying American Armed Forces should not go down to fight in El Salvador unless the people in the country through their elected representatives say so?"

Often, it is easy in a legislative body, certainly in the U.S. Senate, to be able to talk in broad generalities and pass the buck to whoever is President; then, as steps are taken, whether in El Salvador or anywhere else, to say, "Well, it was not on my watch. I never voted on that, I never agreed to that." If it works out, you can say, "Of course, I would have been in favor of it." If it does not work out, you can say, "Well, I was against it all the time. I was saying so to a cab driver the other day as I was coming up here, how much I was against that."

Madam President, that is not good enough on an issue that has really been brought to the attention of the American people at large. They expect more of us than that. They expect us to stand up. With this amendment, we can. With an "aye," you are saying that you are not in favor of American forces fighting in El Salvador and making American war; with a "nay," you are saying the administration can go ahead and do anything it wants.

Madam President, I reserve the remainder of my time.

Mr. KENNEDY. Madam President, will the Senator from Vermont yield to me 12 minutes?

Mr. LEAHY. Madam President, I yield to the Senator from Massachusets.

Mr. KENNEDY. Madam President, first of all I want to congratulate the Senator from Vermont and also express the appreciation of our other colleagues who have joined in cosponsoring this amendment on this legislation. I think it has been a very useful debate to date on our Central America policy. The discussion and debate that we had last Thursday on a related matter of American combat troops in El Salvador revealed clearly the administration's position on this issue. It also revealed the dangers of failing to take sufficient action to insure that the Members of this body have an opportunity to participate in any decision that would involve American combat troops in El Salvador.

Madam President, I strongly support this amendment, and I urge other Members of the U.S. Senate to support it too.

When our Founding Fathers inscribed within the Constitution of the United States the power to declare war, they fully intended that the Congress of the United States and, through the Congress of the United States, the people of the United States would be involved in any decision to use American combat troops. They would be involved in such a decision that could cost American lives. I do not believe there is really any question about that.

I think anyone who takes the time, as I did a number of years ago, to read the debate in the Constitutional Convention about that particular provision would find very ample justification and reasoning for that position. They would also find there was virtual unanimity among our Founding Fathers in that interpretation. So, Madam President, I commend the Senator from Vermont and our other colleagues who have joined with us in this debate and recommend that the Senate adopt this amendment.

The amendment is a simple one and it is clear. It says no blank check for Ronald Reagan to send combat troops into El Salvador. It says Congress recognizes the constitutional responsibility that it has. It says we have the will and the courage to say now, before it is too late, that there shall be no repeat of Vietnam in Central America and there shall be no Gulf of Tonkin in El Salvador.

How many times, Madam President, do we have to learn the lesson of Vietnam, where some 50,000 Americans died in an undeclared war, a nonwar, while Congress hid its head in the sand? The time to prevent a tragedy is now and the time to protect the lives of young Americans is now.

This is an important amendment. It is important to the Constitution of the United States. It is important to our foreign policy in Central America. It is important to the American people.

Why is it important?

Last Thursday, I offered two amendments that, in many respects, are similar if not identical to the amendment being proposed by Senator LEAHY today. What prompted me to introduce those amendments then—and what makes me support this amendment today—is my fear that the administration is slowly but surely putting our combat troops in harm's way, that the administration is slowly but surely moving U.S. troops into the middle of the warfare in El Salvador—and that this is happening without the consent of the U.S. Congress.

I believe that the U.S. Congress should play some rule in the decision to send combat troops to El Salvador. I believe that the Constitution of the United States intended the Congress of the United States to play a role in the decision to send our troops into war. And I believe that the people of the United States would like to have some say in whether our sons are to be sent into combat.

Last Thursday, a report in the Washington Post informed us for the first time that U.S. pilots were flying reconnaissance missions inside of El Salvador and were telling Salvadoran commanders on the ground where there were concentrations of guerrilla troops. Then, during the debate that morning on the floor of the Senate, I heard Senator SASSER tell us that, not only were U.S. personnel actively involved in directing operations on the ground, but U.S. trainers had in fact been fired on—on three different occasions—while on duty in El Salvador.

Madam President, I was concerned then, and I am concerned now that President Reagan is leading this Nation down a slippery slope. It is the same slippery slope that got us into the war in Vietnam. First, there are advisers and training camps. Then there are military exercises and reconnanaissance flights. And ultimately U.S. forces are actively involved in the combat.

I disagree profoundly with this policy. I do not believe that the people of the United States, in their wisdom, would choose to send U.S. troops to El Salvador for purposes of combat. But certainly, the United States of America should not send its men to war unless the Congress and the people of the United States are first consulted.

That is what this most recent amendment will require. This amendment will not hinder the Commander in Chief when it comes to defending American lives or meeting a clear and present danger of hostile attack upon the United States. The language is clear. The President is free, instantly and under his own direction and without consulting Congress, to introduce U.S. Armed Forces into combat "to meet a clear and present danger of hostile attack upon the United States or to meet a clear and present danger to, and to provide essential and immediate evacuation of citizens of the United States."

If the President wants to introduce U.S. Armed Forces into El Salvador for combat purpose, however, he must first obtain specific authorization from the Congress.

Is this an unreasonable requirement? I think not.

Does this tie the President's hands? I think not.

Is this a provision that will be supported by the people of the United States? I think so.

Let us vote responsibly. Let us vote reasonably. Let us vote for the Leahy amendment.

Mr. LEAHY. Madam President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LEAHY. How much time remains under the control of the Senator from Vermont?

The PRESIDING OFFICER. The Senator from Vermont has 30 minutes and 43 seconds.

Mr. LEAHY. It is my understanding, Madam President, that the Senator from Delaware seeks time.

Mr. BIDEN. Madam President, I do.

Mr. LEAHY. I yield to the Senator from Delaware.

Mr. BIDEN. Madam President, as a cosponsor, I rise in support of this amendment.

Madam President, as you well know, we have been debating for some time now, not only on the floor but for the past 8 months in the Foreign Relations Committee, the issue of the prospect, the possibility, and extent to which American combat forces should be, can be, and are in fact involved in El Salvador. We have had a great deal of discussion over the past several days, and we will continue to have additional discussion on this appropriation bill, about the conditions that should be attached to aid to El Salvador, about the prospects for American interests and human rights in that region depending on the outcome of the election that will shortly take place in El Salvador.

In short, we have had debate essentially upon the wisdom of the policy that this administration has pursued thus far, not only with regard to El Salvador but the whole region.

Madam President, the reason why I believe this amendment is so important within the context of this debate is that the issue in the minds of most Americans, at least this American, is whether or not we once again as a nation are going to find ourselves in a position where we financially and militarily back a government which for whatever reason ultimately is incapable of rallying the support of its own people to resist the armed efforts of, in this case, the leftists and particularly the Communists to take over the Government.

We are faced, and particularly by this administration, I might add, with Hobson's choices. In my view, the mistakes made immediately upon entering office by this administration in this area of the world have brought about a series of events which have culminated in the debate we are having today—whether or not there is any rational policy for the United States of America with any real prospect of success in that region of the world. We are split—we are split as Democrats, we are split as Republicans, we are split as Senators, we are split as Congresspersons—as to what course of action we should follow. We argue whether or not pulling out all aid will in fact cause the collapse of a regime that has been unable to deal with death squads, unable to institute any real semblance of justice in that country, a collapse that will be at the hands of the "dreadful Communists." We are told by some that if we do that we will have another Cuba in the Isthmus.

We are told that if we give enough aid, military and economic, to the forces of the Government of El Salvador they will be able to turn back communism and preserve American interests in the region. And so we argue about how much is enough and what we have to do to keep some sense of equilibrium, enough to keep this Government in place and keep the rebels from winning but not so much that this Government can continue the outrageous policies associated with it and its military for the past years. We come down on different sides of that issue, as reasonable men and women differ, but I hope there is one thing we all agree on—we are not going to let happen what happened to my generation, and that is to allow the next generation of young men and women, if in fact the need arises, to slide into a war, slide into it because the Government we are backing is incapable of gaining the backing of its own people to resist this Communist aggression that so frightens us all.

Madam President, we tend when we make the wrong guess and put American prestige on the line to be given only one of two choices as a practical matter. We either find the Government we are supporting unable to rally the support of its people and win on its own with our financial and military help or we find ourselves in the position, as our conservative friends say, of cutting and running or sending American boys to fight in the place of Salvadorans who are allegedly fighting for the freedom and the salvation of their country.

Madam President, the President of the United States tells us that he has no intention of sending American men to fight in El Salvador. He has told us in the Foreign Relations Committee for the past year and a half that we only have 55 advisers there to help train the Salvadorans. We have been told by the military time and again that this training process is really moving along—shades of "Vietnamization is really working. We are really on our way. It is really going to work." He says that although we could train Salvadoran forces outside the country of El Salvador, and here in the United States even better, it costs more, and he does not want to restrict us in terms of where we can train them. But in the process some of us cynics from the Vietnam age are reminded of similar things we were told about how Americans were not involved, about how we were only training, but how gradually and gradually and gradually our presence built up.

Mr. JEPSEN assumed the Chair.

Mr. BIDEN. Mr. President, I had an amendment that I had intended to offer, which I will not call up because it is in a sense merged with the Leahy amendment, which would have said to the President of the United States, "Mr. President, no funds appropriated in this act or any other act can be used to sustain the presence of more than 55 American soldiers or trainers equipped for combat in El Salvador and 14 or 15 marines at our mission," if that is what he says is all he wants to do. But for a whole range of reasons and for the sake of unity, I am not proposing that amendment. I am supporting strongly the amendment of the Senator from Vermont.

Mr. President, the reason why I so vigorously support this amendment is that it is essential that the U.S. Senate and the Congress go on record to say, "Mr. President, we are taking you at your word. We are going to hold you to your word. We are not going to send American troops to fight in El Salvador unless the Salvadorans are willing to to it themselves." And so what this does, it seems to me, is set out a series of exceptions which are consistent with the War Powers Act that in fact put us in a position of saying clearly to the President, "We are taking you at your word, no Americans fighting in El Salvador."

In the amendment there are several exceptions for the faint of heart who do not want to be so bold as to go on record and say, "Mr. President, just do not send them." One is: "If armed forces are necessary to meet a clear and present danger of a hostile attack upon the United States or, two, to meet a clear and present danger to, and provide the immediate evacuation of U.S. citizens."

Mr. President, I conclude by saying let us not do to the generation of young people who are 18 to 25 what was done to my generation and the generation of the Senator from Wisconsin and the generation of the Senator from Vermont and others on the floor. Let us not find ourselves sliding gradually and almost imperceptibly

into a direct U.S. involvement that will result in body bags with Americans in them coming back through the Dover Air Force Base, as happended in Lebanon.

Let us speak clearly and make it clear to the President: "Mr. President, do not send Americans troops to El Salvador for combat missions. Just don't do it."

Mr. LEAHY and Mr. KASTEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. KASTEN. Mr. President, I should like to address a housekeeping question to the Senator from Delaware.

The Senator stated in the debate that he intended not to offer his amendment relating to El Salvador, and I wonder at this point, for housekeeping purposes, if the Senator would withdraw his amendment.

Mr. BIDEN. I would rather not do that at this time. I fully intend to do that. It depends on how his amendment is treated. I would rather not do it now.

Mr. KASTEN. I thank the Senator.

Mr. President, I yield to the Senator from Kansas such time as she may desire, to speak on the amendment of the Senator from Vermont.

Mr. LEAHY. Mr. President, before the Senator yields to the Senator from Kansas, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mrs. KASSEBAUM. Mr. President, I appreciate the Senator from Wisconsin yielding time to me for a question I should like to ask the Senator from Vermont.

The interest of the Senator from Vermont in Central America, and specifically El Salvador, has been one of very thoughtful consideration over the last couple of years, as he has watched the evolvement of affairs there. But does he not feel that the War Powers Resolution, as it is written, does effectively cover any eventuality of U.S. troop involvement in El Salvador?

Mr. LEAHY. Mr. President, the Senator from Kansas also has given a great deal of time to the problems of Central America, both by visits there and work in committee, and she asks a very valid question.

The War Powers Act, as we found in Lebanon when, for the first time it was required to be used, left a great deal to be desired. If it were to be used much the same way in Central America, we could find ourselves in a full-scale war in Central America before we would even get around to reading the fact sheet on the War Powers Act. That is why this is written very, very specifically as to El Salvador. That is why it is intended, really, as a vote on the introduction of American combat forces in El Salvador.

If we had something as specific, for example, in Lebanon, we would not have had the debacle there that we had.

I feel that the War Powers Act, at least in the way it was pushed aside by Congress in Lebanon, is not adequate for the circumstances we face today.

Mrs. KASSEBAUM. I say to the Senator from Vermont that I share his concerns. However, I think it is a seriously flawed policy if we, on the floor of the U.S. Senate, are making a determination on a vote of whether, as the Senator said, we are in favor or not in favor of sending our Armed Forces to fight in El Salvador. I think that, at that point, we are really usurping the authority that lies with the President of the United States as Commander in Chief.

I am just as concerned as is the Senator from Vermont, but I think there are other ways that we have to work to address those issues, rather than taking this kind of almost demagogic position on the floor of the U.S. Senate.

As I say, I think it becomes a seriously flawed policy and should be of grave concern to us, so far as what our role is and what it should be in a determination of whether troops should or should not go into any area around the world.

Mr. LEAHY. In answer to the Senator from Kansas, the amendment is not meant as a demagogic one. I leave the demagoguery to others who may be so inclined in this body. I think I have probably demonstrated as much restraint in that area, in my 10 years, as just about anybody else in this body.

Mrs. KASSEBAUM. I certainly agree with that, and I did not mean to imply that the Senator was, but I think the tone of the language could be read that way.

Mr. LEAHY. I have listened carefully to what the Senator from Kansas has said. She knows of the great respect I have for her in the way she approaches any problem in this body. But we are not talking about a prohibition anywhere in the world. We are talking about a prohibition in a very specific place—El Salvador.

There are the normal abilities for the Commander in Chief to act in case of clear and present danger of hostile attack upon the United States. Notwithstanding this amendment, the Commander in Chief can move in to meet a clear and present danger to citizens of the United States in El Salvador. Nothing restricts that.

The Senator from Kansas knows as well as I do that there exists the potential for American troops to go there. Plans have already been discussed for American troops to go there—even if it is in the hypothetical form. We should not say that our responsibility is simply to give them more foreign aid but not to say anything about American troops. That is why I say that this amendment, whether voted on up or down or as a tabling motion, puts us on record as saying whether we do or do not allow American troops to go in there. We ought to say so.

Mr. BIDEN. Mr. President, will the Senator yield to me?

Mrs. KASSEBAUM. I yield.

Mr. BIDEN. The Senator from Kansas makes a very valid point. Technically, the War Powers Act does cover all this; and technically, in my view, we have some disagreement on my side; but technically, in my view, it is somewhat redundant.

However, the fact of the matter, I say to the Senator from Kansas, is that this is not like any other circumstance around the world. What we are really saying here is that we believe the policy of this administration is a flawed policy and that the problem is that we, in this body—we, in Congress—have limited tools with which we can deal to impact upon any administration's policy.

If you wait for the invocation of the War Powers Act, what has occurred is already beyond our control in the case when we can see what is coming. We already know as much about this situation as the President does, and I respectfully suggest that we know more—that is, the cumulative body—than this administration does.

So what we are saying here is that the reason why you must go this far is that if you wait for the War Powers Act to be invoked, we will already be beyond the pale, and we can see where this fellow is taking us. We can see what is happening. Maybe the Senator from Kansas disagrees about what I believe to be the intention of this administration.

I believe that the day after President Reagan is reelected—if he is reelected—we will find American troops fighting in Latin America, and this is the only preemptive thing we have under our control to do.

I fully believe that if he is reelected, by this time next year, we will have Americans fighting in El Salvador.

Mrs. KASSEBAUM. Mr. President, I only comment on that, that we do not know and it is, I think, a dangerous assumption to try and make a prediction such as that.

What we do know is that there is a very fragile, dangerous situation which exists in El Salvador. I think that some purpose has been served by the very forthright and frank debate on the concerns in El Salvador at this time, but I think to take this type of action, as I say, really leads us on a path which is a flawed policy.

I yield back time to the Senator from Wisconsin.

Mr. BIDEN. Mr. President, I ask the Senator from Vermont to yield me 2 minutes.

Mr. LEAHY. Mr. President, I yield such time as the Senator requires.

Mr. BIDEN. Mr. President, I think you have to make assumptions. We know enough to make assumptions. This body is not like the three monkeys: we do not put our hands over our eyes, mouths, and ears.

Assumptions can and should be made based upon the track record. The track record is clear. We have thousands of troops in Honduras. We have naval maneuvers in the area. We have trainers in El Salvador. American combat men are being shot at.

There are assumptions we must make, just as when I rose on the floor to introduce the effort to stop the placement of troops in Lebanon. Some rose and said we cannot make those assumptions.

Why do we assume that the past is not prolog? Why do we assume or why are we asked not to assume what is logically likely to happen?

And there is as much of a chance—and I defy anyone to give me evidence to the contrary—of the Salvadoran Army not making it as making it. And what do we do if it does not make it?

The same question we asked about Lebanon. We were told there was a ceasefire. I stood on the floor and said it is stupid to make the assumption the ceasefire will last.

When asked why, I said, look at history. There is no history to indicate that a ceasefire would hold—none, zero.

So when we say we cannot make assumptions, fine, make no assumptions, Senate, and continue to act in a way that demonstrates we do not have the right to participate in the formation of American foreign policy because the assumption is—mine may be wrong, but it is not reasonable to make it—that it is a possibility at a minimum that we are contemplating the use of American combat forces in that region of the world and in El Salvador in particular.

The PRESIDING OFFICER. Who yields time?

Mr. LEAHY. Mr. President, I agreed to yield time to the Senator from Hawaii and the Senator from West Virginia.

How much time do I have remaining?

The PRESIDING OFFICER. The Senator has 16 minutes and 10 seconds remaining.

Mr. LEAHY. I yield to the Senator from Hawaii such time as he needs.

The PRESIDING OFFICER. The Senator from Hawaii.

Mr. INOUYE. Mr. President, this amendment will not deny the President of the United States any of his powers or authorities as Commander in Chief of this country. Nor will it minimize his authority as President of the United States.

All it does, very simply, is to reaffirm once again the wisdom of our Founding Fathers. When the Constitution of the United States was debated and drafted, it was made certain that the President of the United States would not be a king or an emperor, or dictator, that the Congress of the United States would be comprised of representatives of the people of the United States who would participate in all of the important decisions of this land and, of all the important decisions of this land, I cannot think of anything more important than the decision to shed the blood of our citizens.

Mr. President, the least this body can do on this day is to adopt this amendment. It is a good amendment. It says very simply that the Congress of the United States will be called upon to decide with the President whether it will be proper to shed American blood on foreign soil.

I support the amendment.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. LEAHY. I yield to the Senator from West Virginia.

Mr. BYRD. Mr. President, I thank the distinguished Senator from Vermont.

Mr. President, the pending amendment has been offered in an effort to insure the full participation of Congress in advance of any decision by the administration to send combat troops into El Salvador.

The amendment does not say that troops should never be used. Nor does it say that there are no circumstances in which the use of American troops would not be warranted. It only says that before such troops may be sent to fight in El Salvador, that step must be approved by the Congress of the United States.

It is my belief that the American people expect and desire their elected representatives to play just such a role. It is my view that the American people would wish to be heard before this country embarks on such a drastic step. And it is my firm conviction that this amendment would make absolutely certain that such a commitment of American men and women—to fight on foreign soil—should only be made with the full support and backing of the people of this country, because otherwise unless the action has the support of the American people it cannot for long succeed, as we have seen before.

What the amendment says is that before embarking upon such an escalation, we must pause, deliberate, and take a vote, in other words, stop, look, and listen before we jump. That is what democracy is all about. In no event is it more severely tested than with respect to send our young people, ours sons and grandsons, our daughters and granddaughters into war.

This time, as distinguished from occasions in the past, we will have to ask ourselves, "Where will this lead?" "What is our purpose?" "What is our mission?" and "What is it we are attempting to accomplish?"

Let us make sure we will look, and think, before we leap.

We were in Lebanon before we even knew why. Some of the best of our fighting men were killed without really knowing why they were in Lebanon.

Let us, in this case, assure ourselves, and the American people, that we will do everything in our power to make sure that the next time we leap, we will know how far we are leaping, and to what end. Let us make sure that the next time, we will carefully consider and debate the dispatch of our young people to combat beyond our shores. And, as distinguished from disasters of the past, let us pause for just a small moment for the American people to be heard.

I support the amendment, and I urge its adoption.

The PRESIDING OFFICER. Who yields time?

Mr. KASTEN. Mr. President, I yield as much time as he may desire first of all to the Senator from Arizona.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. GOLDWATER. Mr. President, all through this debate over the last 10 days or 2 weeks we have had the constant reference to the War Powers Act, what it can do and what it cannot do. But the question that is on my mind and it is on my mind right now is where are we trying to take this country?

I heard my distinguished friend from Delaware, a very learned man, talking about what is past is prolog. I happen to be a great believer in that. I think everything we are going through today we have gone through before. The only trouble with we Americans is we never pay any attention to what has gone before.

Now, let us go back in history to the time that we adopted our first Constitution. That was when the revolution against England was coming to an end. We nearly lost that war. Why? Because the articles under which we were operating allowed the Members of the Congress not only to go out in the field, as we can do, but to make promotions and make tactical decisions and strategic decisions, until the point arrived when we were almost defeated by the British.

This is one of the main reasons that those articles were changed and why we wrote a Constitution that very specifically made the President the Commander in Chief. We gave him—and,

let me remind you, him only—the right to send troops to war. To placate the Congress, we said that Congress had the right to declare war. We can declare war every 5 minutes. But under the Constitution, no troops, no aircraft, no ships are going to go into war.

Now if it is the long-range intention of those people who are trying to alter the intent of the Constitution by this amendment, then I think we should be told so. I do not think the Founding Fathers had any idea that a Congress would ever participate in the actual movement of troops or denial of troops except by the use of our one big muscle, which we have never had the courage to use, the power of the purse.

We could have stopped the war in Vietnam—not overnight because there is always money left around that can fight a war for a few days—but we could have made it perfectly clear to the Commander in Chief that we did not like the war in Vietnam and we were not going to appropriate any more money.

So I get back to the point that disturbs me. This amendment has a lot of sex appeal to it. To the average Member of Congress, I think it gives them the idea that we will never allow troops to go any place in this world regardless, without the consent of the Congress. Now if that be the intent, then I suggest a constitutional amendment would be proper to spell this thing out.

I think because of these reasons that I have recited—and I have argued this ever since we first started talking about the War Powers Act back in the 1970's, that the act is unconstitutional. And I tried at that time to get the forces to fight it and to fight it in the courts only to learn that the Court, as I learned once before by another action, the Supreme Court will not make these judgments that they call political when they feel that the President and the assembled Congress has the power and the authority to straighten them out.

Now I am opposed to this amendment. I do not think it is in the best interests of our country. I think it adds to the extreme, extreme dangers that we are living under with the War Powers Act under which, Mr. President, any country in this world could defeat us by instigating a series of incidents that would cause the President to send troops to resist and then engage some Madison Avenue types to convince the American people that the war was all wrong, that we ought to do away with it and, within 60 days, through the use of television, newspaper ads, and so forth, convince the American people that we were all wrong and we should get out. And a vote of Congress to maintain the popularity at home would hold that thought up and we would withdraw from the war and we would have lost another war.

Now we have already lost two wars in this country's history because of the intervention of civilians. We have lost the last two wars we have been in because the man in uniform, who was trained to fight wars, was not allowed to fight the wars in the way they should have been. I do not want to be a part of another war that we lose.

People may say, "But Central America is so small, we shouldn't pay any attention to it." The northern neighbors of Central America are Mexico. I live on the borders of Mexico. I can tell this body they have never been happy about the war with Mexico, which we fought without any good reason and which we won and we took land from Mexico. And many times they smilingly look at me and say, "You are living on our land and some day we are going to get it back." And I do not doubt that there will be a time in history when that effort will be made.

If we lose in Central America, to me this is the last place in the world that we have to prove ourselves to be anything but a paper tiger.

Now, I do not like war any more than anybody in this room likes war. I will do anything in the world to prevent it except get down on my knees and put my tail between my legs. This country has to show courage once in awhile.

When we went into Grenada, to me it was the greatest thing that has happened in this country in years and years and years. We did something that the world did not think we had the guts to do. And we did it.

I am not saying by this that we go into Central America, but I say that we live up to our promises to Central America, that we give them the muscle that we can, the wherewithal to train their troops, the wherewithal to fight resistance.

So I, Mr. President, am very anxious to know why this amendment is coming up, why it is coming up in this form and in the course of time ahead how many efforts are going to be made to legislatively change our Constitution until we reach the point that we reached at the end of the revolution where we were not in good shape.

Mr. President, the practical question which the pending amendment raises is whether the United States can and should be allowed to act as a world power. Does the President have a duty to react to challenges to American security in the early stages of a foreign crisis, or shall he be tied down and restricted from taking any action until the challenge is so clear that the cost of resisting is prohibitive?

The danger I see in this amendment and in the War Powers Resolution is that they attempt to take away the President's flexibility to deal with unforeseen events. The failure of Congress to approve even humanitarian legislation to support the evacuation of American citizens from Saigon in 1975 offers convincing proof that Congress cannot be counted on to deal quickly with future problems as the need arises. Unlike the President, an assembly of 535 Commanders in Chief does not rush to decision.

Mr. President, we have heard about the intentions of the Founding Fathers in this debate. But anyone who reviews history will see that Presidents ever since George Washington have used their authority as Commander in Chief to use the Armed Forces in defense of the vital interests of this Republic. Washington settled this issue when, as our first President, he ordered his Secretary of State, Thomas Jefferson, to threaten Spain with military force if she would not open the Mississippi River to navigation by American citizens.

When he was President, Thomas Jefferson sent a squadron of armed ships into the Mediterranean without any congressional authority, with orders to sink, burn, and destroy vessels which may threaten American commerce. Only half a year after he issued his military orders and 4 months after a naval blockade and battle had occurred did Jefferson inform Congress.

Jefferson gave an indication of the principle which guided his decisionmaking, when he wrote, on September 20, 1810, that

> A strict observance of the written laws is doubtless one of the high duties of a good citizen; but it is not the highest. The laws of necessity, of self-preservation, of saving our country when in danger, are of higher obligation.

INTENT OF THE FRAMERS

Jefferson's statement summarizes why the framers vested the President with independent powers to act for the safety of the Nation. The majority of framers had served in the army or militia during the Revolution and were intimately familiar with the restrictions which the Continental Congress had imposed on General Washington's activities, restrictions they knew had nearly lost the War of Independence. It was in order to correct this weakness of the articles of Confederation that the framers of the Constitution made the President the "Commander-in-Chief."

For example, George Mason said: "Although Congress are to raise the army * * * the President is to command without any control." Mason was an opponent of the original Federal Constitution, mainly because it did not include a Bill of Rights, but he had attended the Constitutional Convention of 1787 and participated actively in shaping the final document. He knew what it meant.

The active role of Governors in putting down civil disorders just prior to the Constitutional Convention of 1787, the evolution in early State constitutions from weak executives to strong executive, the memory of interference by the Continental Congress with military decisions of General Washington, and the entire course of practice under the Constitution from the administration of President Washington to the current administration of President Reagan, all demonstrate beyond any reasonable doubt that the fundamental and ultimate power to employ the existing forces of the United States in defense of citizens and the survival of our country, in reaction to foreign dangers, rests with the President.

The flaw in the pending amendment is that it conflicts with the Constitution itself. For example, it is in conflict with section 1 of Article II, which provides, "the Executive power shall be vested in a President of the United States." And if it is in conflict with the first paragraph of section 2 of article II, which declares: "The President shall be Commander-in-Chief of the Army and Navy of the United States. * * *"

Just as the Court held in the Chadha case that the separation of powers had been violated by the legislative veto, so I believe the Court would hold that it is a violation of the separation of powers for Congress to claim for itself the supreme direction of the Armed Forces. The lesson of the Chadha case is that Congress cannot invade an Executive function. Congress cannot bring unto itself all the powers of Government which the framers deliberately allotted among three separate branches.

Mr. PERCY. Mr. President, Senator LEAHY's proposed amendment to this supplemental appropriations bill expresses the widely held belief of the American people that U.S. combat forces should not be involved in the conduct of the Salvadoran civil war. I share this feeling but do not believe that the Leahy amendment should be approved.

The administration has stated repeatedly that it has no present intention to introduce U.S. combat forces into El Salvador. Certainly, any such intention would demand the closest possible consultation with the Congress. In this light, the Leahy amendment is redundant because the War Powers Resolution already requires the President, in every possible instance, to consult with Congress before introducing U.S. Armed Forces "into hostilities or into situations where imminent involvement in hostilities is clearly indicated by the circumstances."

Under section 4, whenever such an introduction occurs, or whenever U.S. Armed Forces equipped for combat are sent into foreign territory "except for deployments which related solely to supply, replacement, repair, or training" of U.S. forces, the President must make a detailed report to Congress within 48 hours. Under most circumstances, U.S. forces introduced into a situation of current or imminent hostilities must be withdrawn within 60 days unless their continued deployment is specifically authorized by Congress.

Certainly, a key determination under the War Powers Resolution is when hostilities are "imminent" and in this regard Senator SASSER has raised very serious questions about whether U.S. troops have been involved in actions in El Salvador that may have triggered application of the War Powers Resolution. But these are questions which we should make every attempt to resolve pursuant to the already existing mechanisms provided for in the resolution. For this reason, I have requested the Department of Defense to provide the Foreign Relations Committee with a detailed report on Senator SASSER's concerns so that the committee will then be able to assess their relevancy to the War Powers Resolution. This is the better way to proceed on this matter.

It will not be productive to call for a major amendment of this kind at a time when many Members of Congress and the administration have not had the opportunity to reflect fully on the implications of the Leahy amendment. Further, the Foreign Relations Committee has not had the opportunity to devote the attention and study to this amendment that it deserves.

What we need now is a continuing dialog with the administration on how to make the War Powers Resolution most effective in preserving the vital role of the Congress in evaluating when U.S. combat forces can and should be introduced into hostilities abroad while providing the President with the necessary flexibility to respond effectively to international events affecting U.S. strategic interests.

Finally, I believe that the Leahy amendment, if enacted, could weaken the War Powers Resolution. Country specific provisions like this one, however well intended, trivialize the broad purposes of the War Powers Resolution to provide for an effective balance between the Executive and Congress on the appropriate ways in which U.S. combat forces can and should be committed abroad. This amendment could open a Pandora's box of amendments down the line aimed at every instance—actual, prospective, or imagined—in which U.S. combat forces could be committed abroad. I believe that this would be a troublesome development.

For all these reasons, I cannot support my distinguished colleague's amendment.

Mr. KASTEN. Mr. President, I yield 3 minutes to the Senator from California.

The PRESIDING OFFICER. The Senator from California.

Mr. WILSON. I thank the Chair, and I thank the distinguished manager.

Mr. President, I also thank the distinguished senior Senator from Arizona. He has given us a needed review of American history and of the U.S. Constitution and has said much with great eloquence and great force that I would say.

But the essential point I think that he has made is that this amendment should be defeated as was the amendment offered last week by the Senator from Massachusetts, and for the same reasons. It is slightly recast, it is in somewhat different form, but it seeks to take, even further than the War Powers Act, an unconsitutional overreaching by the legislative branch into what is exclusively reserved by the Constitution to the President of the United States. For that reason, Mr. President, it should be rejected.

Let me just say, however, that having listened to my friend from Delaware make an impassioned plea, I am sure that his conviction is genuine when he asks that we not be guilty of acts that may lead to the shedding, unnecessarily, of the blood of American boys on foreign soil. I am sure that no Member of this body feels that any more keenly than do I. I do not think there is a moral high ground in the differences that we are expressing on the debate upon these measures. I will simply say to my friend from Delaware that, giving full good faith to his good intentions, I am convinced in my own mind that this and other amendments that have been introduced, in fact, risk the very danger that he seeks to avoid.

Because if, for example, we delay or do not grant full funding in the way of the military aid that is required for the people of El Salvador to defend themselves as they are so disposed to do against the threat that exists to their democracy from outside their nation, we risk the fall of El Salvador. We risk, next, the subversion or perhaps overt aggression against their neighbors in Honduras and ultimately an invocation of our obligation under the Rio Pact.

That is far more likely to occur, Mr. President, if the trend of the amendments that have been introduced were to be successful. But, happily, they have been defeated, and this well-intentioned amendment should also be defeated.

Perhaps the ultimate extension of the logic of Senator GOLDWATER's remarks is that my colleagues, without wittingly being so, are falling guilty of

the canard that I have heard used to describe this body.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. WILSON. I ask for 1 minute more of the distinguished manager's time.

Mr. KASTEN. I am pleased to yield to the Senator from California 1 additional minute.

Mr. WILSON. As a new Member, I have been proud of my membership in this body. But I must admit that I have encountered those who are skeptical of this body. Some have even demeaned it by describing it as a body in which each Member, each of the 100 men and women on this floor, thinks that he or she should be President of the United States.

I dispute that. It is ridiculous on the face of it. There are only two or three of us who are actually qualified. [Laughter.]

In all seriousness, Mr. President, I say that until one has received the confidence of the American people in an election—which I hope someday will approach the magnitude of the turnout of the El Salvadoran election which I was privileged to witness two Sundays ago—we have to obey the Constitution. If we are concerned about the shedding of American blood, then the thing for us to do is promptly and without undue restriction give to these people in El Salvador, who want democracy, the means to secure it for themselves without American troops for which they are not asking.

I thank the Chair. I thank the distinguished manager.

The PRESIDING OFFICER. Who yields time?

Mr. KENNEDY. Will the Senator from Vermont yield?

Mr. LEAHY. Mr. President, what is the balance of my time?

The PRESIDING OFFICER. Eleven minutes and twenty seconds.

Mr. LEAHY. I yield.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KENNEDY. Mr. President, in just a few moments the Senate of the United States will have a rollcall vote. As Members of the U.S. Senate, we will vote yea or nay on the issue as to whether the Congress of the United States should be involved in a decision to send American boys into combat in El Salvador.

Five days ago, when this debate started, we had the opportunity for the Congress of the United States to say we want to make a judgment, we want to make a decision, we want a voice, we want a vote on whether we are going to send American combat troops into El Salvador, into Honduras, and into Nicaragua; and the Senate of the United States voted no on that issue.

Then we had an opportunity to vote to keep American combat troops out of combat in Nicaragua and El Salvador, and the U.S. Senate voted no on that measure.

Now we have the opportunity, finally and lastly, the third time, the third strike, to make a judgment whether we are going to say that we will not send American combat troops into combat in El Salvador unless that action has been authorized by the Congress of the United States. We will hear the rollcall on that particular issue.

I quite frankly believe, as I believed at the start of this debate, and earlier, that we should not send American combat troops into any of those countries without explicit approval by the Congress of the United States. As was pointed out earlier in the debate, those who want to send American boys down there will have an opportunity to vote aye, and those who do not can vote no. All we are asking in this amendment is for that opportunity.

There are Members of the U.S. Senate who will say we have the War Powers Act: After the President sends American troops down to El Salvador for 60 days at the cost of how many thousands of lives, then the War Powers Act will be triggered. Then the Congress will be able to take some action. How much blood will be spilled, Mr. President? How inadequate that measure is for this particular crisis. I do not trust that this administration or this President will not commit American combat troops in El Salvador. I am not prepared to take the chance that he will not.

Having been here for some 22 years, Mr. President, I am not convinced that this body has the will, once American troops are committed in a part of the world, to say, "Stop, we have had enough of this spilling of American blood," and to bring an end to a war. The record of this body has demonstrated the kind of confidence, or the reassurance, that Members of this body ought to feel—that we can end, and stop a war. We were reluctant and too late in doing so in Vietnam. We went along for too long in Lebanon. This is our chance to say we have the opportunity to save American lives by preventing that war, rather than debating for months and perhaps years about whether we should or should not have sent in American combat troops with the loss of American lives.

Mr. President, Central America is not going to go away, although there probably are Members in this body who wish that it would. El Salvador is not going to disappear tomorrow, although maybe there are Members of this body who wish that it would. The conflict, the strife, the oppression, the poverty, the repression that exists in El Salvador is going to be there tomorrow, and the next day even if we might wish it away or put our heads in the sand.

We have to face a reality today. That is what we are reluctant to do as Members of the U.S. Senate.

We cannot evade our responsibilities to say whether we believe there should be this kind of a commitment, or whether there should not be. The issue before us today I believe, is really the first end the war amendment on El Salvador. I hope, Mr. President, that we are going to meet our responsibilities as Members of this body, as Members of this institution and fulfill that responsibility not only to the institution, but to the countless scores of young Americans who are alive today, but who may very well find death in the jungles of Central America, if we fail on this last opportunity, on this particular bill. This is the last opportunity to say that we want to have a voice, we want to have a vote, and we want to express ourselves on any decision that is going to commit the blood of young Americans.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. LEAHY. Mr. President, I thank my good friend from Massachusetts for what he has said. He has defined the issue.

This is not a War Powers debate. This is not a hypothetical question. This is a very real question. This is El Salvador. We know what the stakes are. The War Powers Act is a blueprint. But, now when we have a fire about to break out in El Salvador, we do not need a blueprint. We need a fire extinguisher. That is what we have here.

American troops, Mr. President—make no doubt about it—are going to go in and fight in El Salvador. American naval forces, American Air Force, will be used for combat in El Salvador; if not this year, then next year or the year after. It is inevitable. But we are going to state our position here and now. If we are in favor of American combat forces being used in El Salvador, then they should vote against my amendment. But if we are willing to stand up and accept our responsibility, and say we do not want American combat forces involved in Central America we should vote for my amendment.

It is as simple as that. It is not intended for anything else. It is not intended as a question of how much or how little foreign aid we should give to El Salvador. It is not a question of who is good or who is bad in El Salvador. It is simply the question of will American forces be used in combat in El Salvador. Yes or no? Not Honduras, not Nicaragua, not anywhere else but El Salvador. Yes or no?

I think the American people have a right to expect that we will have enough of a sense of responsibility—all

100 Senators—to stand up and say we are either in favor of that or opposed to that. We can vote on a tabling motion. We can do it any other way. The American people are smart enough to know exactly what this vote means. This vote will put 100 Members of the United States on record, either in favor of allowing American combat forces in El Salvador or saying no. An awful lot of Senators are well aware that that is exactly the situation we are moving into.

I withhold the balance of my time.

Mr. KASTEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. KASTEN. I yield 5 minutes to the Senator from Oklahoma.

Mr. BOREN. Mr. President, I am reluctant to express my view on this particular amendment. I struggled with it for a long time. I understand why it has been offered. I understand fully the reasons.

I must say in all candor I think there has been a lack of adequate communication between the White House and Members of Congress in regard to the ultimate intention of this administration in Central America.

I do not think the administration has aggressively enough pursued an open channel of communication with the Congress and with the leadership of both parties so that we could hammer out a single set of bipartisan objectives and send a single and clear message to the rest of the world as to the content and meaning of our policy.

Mr. President, in my mind there is no greater need as we look at events around this world today than that we work together to develop that bipartisan spirit in international relations that our Nation needs.

As we have domestic political debates, we must be acutely aware that not only are we listening to each other, not only are Democrats and Republicans listening to each other, not only are supporters of one political candidate or another listening to each other, but people all around the world are listening to what we say.

It is our responsibility as much as it is possible to send a single, clear and understandable message to the rest of the world.

The bipartisanship in foreign policy, for which I long, is something that cannot be achieved by the Congress by itself or by the President by himself. It is going to take a good communication on behalf of both, and it is a communication that I hope begins in earnest in the near future.

So I find it very difficult to bring myself to support the pending amendment. There is an old saying that hard cases make bad law. This is one of those situations. I view the issue not only as an issue as to what should be done in El Salvador. I personally hope that we will give the local people there the appropriate tools so that it will never become necessary to face the question of whether or not there will be direct involvement of American combat troops.

I, for one, would be extremely hesitant, very reluctant, and almost certain to oppose the introduction of combat troops in that area.

But I think we are dealing with a broad constitutional issue here. We are dealing with the powers of the Commander in Chief under the Constitution. We are dealing with what powers the executive branch should have as compared with the legislative branch.

This country, Mr. President, whether the President of the United States is a Democrat or a Republican, whether the President of the United States is one whose policies I can fully embrace, or whose policies I must sometimes oppose, cannot operate with 535 Members of Congress acting as Secretary of State. This Nation cannot operate with 535 Members of Congress trying to be President of the United States. There is only one Commander in Chief. We cannot write into law, we cannot write into statute, language which can envision every possible situation that might arise.

We do not have perfect foresight. Emergencies arise, and in this terrible nuclear age in which we live, because of necessity and short warning time, the Commander in Chief, as a practical matter, is already vested with authority, if he received a 15- or 20-minute warning, to unleash massive amounts of incredible power.

I wish we did not live in a world like that, but we do. I do not think any of us would suggest that we not allow the President to have that authority because to deprive him of that authority would be a clear message to others in this world who also have immense power that we would be unable to respond in case of emergency.

I can only think, for example, that if we had a similar statutory provision in place at the time of the swift action in Grenada it would have been impossible for the Government of the United States to have acted when that nation, with dispatch, was surprised in a way which minimized the loss of American lives because of the element of surprise.

While I must say, Mr. President, that in all honesty I do not believe that this President has sufficiently done his homework, has invested the time, effort, and energy to master the facts as well as he should so that he could enter into a genuine dialog with patriotic, sincere, congressional leaders of both of our political parties and hammer out a bipartisan foreign policy, I still do not believe that this difficult situation we face, particularly as it applies to policy on Latin America, justifies what I believe is a sharp departure, the setting of an unwise precedent, in terms of the constitutional balance of power between the President of the United States and the Congress of the United States.

I certainly understand the motivation of my colleagues who have offered this amendment. Not one of us wants to bear any responsibility for the commitment of a single American combat troop into a situation in which that person should not be sent. None of us wants to bear even partial responsibility for the useless or needless loss of a single American life in combat. There are many, and I understand why they feel as they do, who would question the long-range intentions, the goals, of the current administration, and would question even more fundamentally whether they have thought through those goals to their conclusions.

I understand all of that. I respect that. To some degree, I share those doubts.

Mr. President, let us not allow hard cases to make bad law in this circumstance. We have the War Powers Act that enables us, if we fully implement it and aggressively pursue it, to prevent and to stop in short time abuses of Executive authority. That is a difficult balance to strike; it is a hard line to draw; it is an imperfect one. But I have to say in all conscience that I think that politics aside, the current issue aside, we will regret it if we set a precedent that changes the fundamental constitutional balance of responsibility and authority within the Government of the United States.

So while I salute their motivation, understand it and honor it, I simply, Mr. President, cannot feel that I can support this amendment. I hope whatever the outcome, all of us, on both sides of the aisle, on Capitol Hill and in the White House, will renew our efforts to work together, to develop a bipartisan foreign policy so that those who are our enemies and those who are our friends will know that the United States is once again capable of having a constant, defendable, widely supported foreign policy so that we can give a clear message to all around the world.

Mr. KASTEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. KASTEN. Mr. President, first of all, I thank the distinguished Senator from Oklahoma who has at two or three different times now in the past week, since he has returned from observing the elections, spoken with great clarity, vision, truth, and commonsense about the situation in El Salvador. I just want to say how much all of us appreciate his contribution to this debate and to the efforts to establish the kind of bipartisan approach to

foreign policy that he has so eloquently spoken to.

Mr. President, I yield such time as he may desire to the Senator from Mississippi, the distinguished ranking member of the Appropriations Committee.

Mr. STENNIS. Does Senator LEAHY wish to proceed?

Mr. LEAHY. Not at this time.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. STENNIS. Mr. President, I thank the Senator for yielding.

Mr. President, this is quite serious business. We all know that. I expressed myself on this subject generally when we had before us the proposed amendment on Lebanon.

I was one of the sponsors of the war powers legislation. I do not claim any credit for getting it passed. It turned out I was away much of the time. But I remember the pressure to change my position and vote against it in the end; the same thing when the motion to override the President's veto was pending. But I was determined that something be passed that gave a little more meaning or a clearer meaning, if possible, to that clause in the Constitution that says Congress shall have the power to declare war. It is the most difficult situation that I ever got into, trying to meet it with language. Language is not big enough, words do not have meaning enough to really cover this subject matter.

However that may be, Mr. President, I think we would be off base entirely to make this much of a limitation on the Chief Executive. We all know now, in this atomic age, the nuclear age, where in a matter of minutes—it has already been figured out how many minutes the President would have if he felt called upon to use those weapons which God forbid will ever be used, nuclear weapons. But, like it or not, I think we have to leave it short of what this proposed amendment says. It says it all in good faith.

Senator LEAHY is a very valuable member of the Committee on Armed Services. I remember he came here, was working when he got here. He impressed all of us trying to keep up with him. He is a fast learner and he got us into a lot of things. He was working on this. But I think we have to take the hard part along with the rest.

I am concerned about this part of the world. I was against the Lebanon venture, but we cannot be silent and inactive about Central America, as I see it. It is right here on our doorstep.

Mr. President, I am compelled to oppose the amendment for the reasons that I have already given and I believe we must not try to get it off our minds or try to ignore the subject or just hope for the best, but I do not believe we can have two standards about this delicate subject.

Any President, whoever he may be, and I personally saw three of them worry about Vietnam, has to have some authority. We cannot limit it under our Constitution too much. I would have to oppose the amendment and do.

I thank the Senator.

Mr. SPECTER. Mr. President, I am voting against tabling this amendment for basically the same reasons that I voted on a similar amendment offered by Senator KENNEDY last Thursday, March 29, 1984, as set forth in the CONGRESSIONAL RECORD at page 7023.

That vote, as well as my earlier vote against a motion to table Senator KENNEDY's similar preceding amendment No. 2856, expressed my support for efforts to find a way to reaffirm the constitutional authority of the Congress of the United States to declare war, or to "make rules for the Government and regulation of the land and naval forces" through expressly authorizing the use of U.S. personnel in situations which may amount to war or may lead to war.

These specific proposals and this exact language may not be the best way to address this serious problem, but I believe we should now debate this issue and consider alternatives instead of merely tabling this amendment.

We cannot afford to wait until a crisis forces our hand; we must find a practical, workable solution now, while we have time for full debate and reasoned analysis. These amendments are a start and should be seriously and carefully considered by the Senate at this time.

Mr. GRASSLEY. Mr. President, the present amendment offered by the Senator from Vermont certainly raises a serious issue, the necessity for congressional involvement in decisions to place combat troops in Central America. It is too broad and lacking precision to warrant passage and I support the tabling motion.

I have consistently supported congressional involvement in situations in which U.S. combat troops become directly involved in hostilities in foreign countries. During debate on this bill I supported another amendment which would have limited placement of combat troops in El Salvador and mandated congressional approval of participation of those troops in active combat hostilities. As I interpreted that amendment, it would not have forbidden use of U.S. advisers or surveillance aircraft. The present amendment is too broadly worded and would be prone to an overly general application of limits on the presence of noncombative American military personnel.

Mr. LEAHY. Mr. President, I came here just as the Vietnam war ended and it was amazing how, at the end of that year, it was hard to find a single person in Congress who supported the war. The vast majority in both the House and Senate, both parties, had all been closet opponents of the Vietnam war. I did not find a Member of the House or Senate who said they had been in favor of the Vietnam war. I always wondered who those mysterious people were who kept voting the money for Vietnam. Here is a chance for us to step up and be counted on what could well become a mini-Vietnam just off our borders.

I yield to the Senator from Delaware.

Mr. BIDEN. Mr. President, the distinguished Senator from Oklahoma, sitting in front of me, said hard cases made bad law. That does not mean you do not have to speak out against them. Hard cases left unresolved begin to stink; hard cases left unresolved begin to rot. You have to address the hard cases. This is a hard case.

As Professor Corwin said, the Constitution is little more than an invitation for the Congress and the President to battle for the authority to conduct foreign policy.

The President does not have the authority to make war, he has the authority to conduct a war. A Commander in Chief does not initiate a war, he conducts a war. We are talking about initiation as opposed to conducting, because allegedly, we are not involved in a war. That is what the President tells us, that is what our friends tell us, that is what everyone tells us.

Last, Mr. President, this is not a nuclear strike. The fact of the matter is the analogy is not at all appropriate for the following reasons.

We know that there is in fact a set of circumstances which may result in this administration, if they have already, soon committing American troops. Now, would anyone suggest to me that if it took 6 months for a missile to fly from Moscow to the United States, the Congress should play no part in determining what we should do? Is that what you are saying to me? We know what is happening down there, fellows. Is this a surprise to you? We know.

Second, in this amendment, it says, "Mr. President, we understand that if the United States is in jeopardy, you have to act quickly." We understand, Mr. President, if Americans are in jeopardy, you have to act quickly. But, Mr. President, if you want to make this an American war, short of those two things, come and tell us, let us know. Let us be part of what is our constitutional obligation, I say to my friend from California, "obligation."

That is to be part of the determination whether or not we wish to go to war, to initiate a war, not to conduct a war.

The PRESIDING OFFICER. All the time of the Senator from Vermont has

expired. The Senator from Wisconsin has 23 minutes and 22 seconds.

Mr. KASTEN. Mr. President, last Thursday, we had two votes which were essentially on this same subject. At that time, the Senate defeated both those amendments. I think we have had adequate time to review the situation here today, but I simply want to say that I am hopeful that the Senate will once again refuse this amendment and go forward without delay to the emergency aid which is needed for El Salvador.

This proposed amendment expresses the widely held belief of the American people that U.S. combat forces should not be involved in the conduct of a Salvadoran war. I believe, and I think most of us believe—all of us believe that U.S. forces should not be involved and the administration has repeatedly stated that it has no intention to introduce U.S. combat forces in El Salvador.

In addition, the War Powers Resolution already requires the President in every possible instance to consult with Congress before introducing U.S. forces into hostilities or into situations where imminent involvement in hostilities is clearly indicated by the circumstances, and so on.

The law is on the books. The question before the Senate is not the question of Armed Forces in El Salvador; the question is proceeding with this emergency supplemental appropriation. I am hopeful that the Senate will now proceed without delay on the emergency supplemental appropriation so we can get the agreed-to figure to aid the people in El Salvador as they are working through this very difficult time in their democratic process.

Mr. President, I am prepared to yield back the remainder of my time. I yield back the remainder of my time and yield to the Senator from Tennessee, the majority leader, to make a tabling motion.

Mr. LEAHY. Mr. President, before he does that, may I ask for 2 minutes off the bill? That is all I shall take.

The PRESIDING OFFICER. Does the majority leader yield?

Mr. BAKER. Mr. President, I do not plan to make a tabling motion until we are ready to do it.

I am sorry; I was diverted when the Senator made his statement.

Mr. LEAHY. I asked either the Senator from Hawaii or the Senator from Massachusetts, whoever would have the time, if I could have 2 minutes off the bill—my time is used up on the amendment—before the Senator makes his statement.

Mr. BAKER. Mr. President, I am happy to yield for the purpose of making a statement. Is that what the Senator is asking?

Mr. LEAHY. That is it.

Mr. BAKER. Just for that purpose, Mr. President.

The PRESIDING OFFICER. The Senator from Vermont is recognized.

Mr. LEAHY. Mr. President, we have probably had a better discussion of this amendment than many others that have come before this body. This is not a hypothetical case. It is not a hypothetical discussion of the War Powers Act. We are dealing with a very real situation. It is specifically pointed at one country. We are in a situation where we face the very real possibility—and many would say probability—of American forces involved in a war in El Salvador.

This amendment does one thing. It is not a question of how much foreign aid we send down there. It simply says, Will we allow American Armed Forces to be involved in a war in El Salvador or not? Whether it is a tabling motion or not, the public ought well to understand this is the time when the Senate, all 100 of us, is called upon to vote whether it is willing to allow American forces to be used in a war in El Salvador or not. That is the issue, plain and simple.

Mr. BAKER addressed the Chair.

The PRESIDING OFFICER (Mr. SPECTER). The majority leader is recognized.

Mr. BAKER. Mr. President, I move to table the amendment and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Vermont (Mr. STAFFORD) is absent on official business.

Mr. CRANSTON. I announce that the Senator from Colorado (Mr. HART) and the Senator from Massachusetts (Mr. TSONGAS) are necessarily absent.

I further announce that the Senator from North Dakota (Mr. BURDICK) and the Senator from Arizona (Mr. DECONCINI) are absent on official business.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 59, nays 36, as follows:

[Rollcall Vote No. 51 Leg.]

YEAS—59

Abdnor	Durenberger	Huddleston
Armstrong	East	Humphrey
Baker	Evans	Jepsen
Boren	Garn	Johnston
Boschwitz	Glenn	Kassebaum
Chafee	Goldwater	Kasten
Chiles	Gorton	Laxalt
Cochran	Grassley	Long
Cohen	Hatch	Lugar
D'Amato	Hawkins	Mathias
Danforth	Hecht	Mattingly
Denton	Heflin	McClure
Dole	Heinz	Murkowski
Domenici	Helms	Nickles
Nunn	Simpson	Trible
Packwood	Stennis	Wallop
Percy	Stevens	Warner
Quayle	Symms	Wilson
Roth	Thurmond	Zorinsky
Rudman	Tower	

NAYS—36

Andrews	Exon	Mitchell
Baucus	Ford	Moynihan
Bentsen	Hatfield	Pell
Biden	Hollings	Pressler
Bingaman	Inouye	Proxmire
Bradley	Kennedy	Pryor
Bumpers	Lautenberg	Randolph
Byrd	Leahy	Riegle
Cranston	Levin	Sarbanes
Dixon	Matsunaga	Sasser
Dodd	Melcher	Specter
Eagleton	Metzenbaum	Weicker

NOT VOTING—5

Burdick	Hart	Tsongas
DeConcini	Stafford	

So the motion to table the amendment (No. 2887) was agreed to.

Mr. KASTEN. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. KASTEN. Mr. President, it is my intention to yield the floor to the Senator from Massachusetts so he may offer an amendment.

Mr. President, I yield the floor to the Senator from Massachusetts.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

AMENDMENT NO. 2843

(Purpose: To delete $21 million for the covert war against Nicaragua)

Mr. KENNEDY. Mr. President, I call up amendment No. 2843 and ask for its immediate consideration. This is to strike the provision on covert aid to Nicaragua.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Massachusetts (Mr. KENNEDY) proposes an amendment numbered 2843.

Beginning with line 19 on page 4, delete all through line 2 on page 5.

Mr. KENNEDY. Mr. President, as I understand, there are 4 hours on this amendment, 2 hours to be evenly divided. Am I correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. KENNEDY. Mr. President, I yield such time as I might take.

Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. KENNEDY. Mr. President, today, the U.S. Senate will consider whether we should provide an additional $21 million to fund President Reagan's "secret war" against the

Government of Nicaragua. The President is spoiling for a fight against Nicaragua, and Congress should have the courage to stop him now, before his secret war explodes into open conflict engulfing all the nations in the region.

The administration's policy in Nicaragua is illegal and indefensible. The fundamental issue before the Senate is whether the United States should follow the rule of law or the law of the jungle in Central America.

Last week on the floor of the Senate, we learned that the legal basis for the administration's policy is to be found in the Presidential finding of September 20, 1983. According to the administration:

> We are supporting the rebels until the Nicaraguans stop their subversion in neighboring countries . . . there is no thought of . . . backing the insurgents in trying to overthrow the Sandinista government.

We are told that Congress has not authorized support for a program to overthrow the Government of Nicaragua because, and I quote, "To do so would undermine the very legal foundation on which we base the program we have authorized."

I daresay that there are very, very few people in this world who really believe that our aid to the Contras is not being used to overthrow the Government of Nicaragua.

The President of the United States has stated that the purpose of supporting the Contras is to make the Government of Nicaragua "keep their promise and restore the democratic rule and have elections." But, we are told, "the President has misstated his own policy."

The Contras themselves have made plain that they seek to overthrow the Sandinistas. But, we are told, "what the Nicaraguans fighting the Sandinistas want and what we want are two different things."

That may be so. But the Members of this body certainly know what the Contras are doing. And they are doing precisely what they say they are doing: They are waging war against the Government of Nicaragua for the purpose of overthrowing that government. They are mining harbors; they are overrunning villages; they are holding territory; they are fighting a war for the purpose of conquest. And they are doing all of this with the aid and support of the U.S. Government.

Let us assume that the Sandinistas are in fact still exporting revolution. Let us assume that the Sandinistas are in fact still sending guns and ammunition and war material to the guerrillas in El Salvador. Let us assume that all this is correct, that the government of national reconstruction of Nicaragua has violated article 18 of the Charter of the Organization of American States, which declares that "No state has the right to intervene directly or indirectly for any reason whatsoever in the internal or external affairs of any other state." Does that fact justify a policy by the United States of America that supports the violent overthrow of the Government of Nicaragua?

The legal answer to that question is, "no." The moral answer to that question is, "no." And the political answer to that question is, "no."

Under international law, the United States of America would be entitled to take steps to defend itself and to support its friends against subversion by the Government of Nicaragua. But we have pledged under the charter of the OAS and under the Charter of the United Nations that we would seek a collective judgment on another member country, and that we would use these diplomatic and multilateral legal instruments. We could be entitled to pursue a policy—with our friends in the region—that would interdict the flow of arms and material from Nicaragua to the guerrillas in El Salvador. But that is not what the Contras are doing, and that is not what we are doing when we send military assistance to the Contras.

As the House Intelligence Committee report points out,

> There are certainly a number of ways to interdict arms, but developing a sizable military force and deploying it in Nicaragua is one which strains credibility as an operation only to interdict arms.

Let me quote from a statement issued by five prominent Americans. These individuals have all served in positions of authority in past administrations. These individuals are distinguished public servants and deeply patriotic Americans. They say:

> As former senior Government officials intimately involved with the making of national security policy at the Presidential level, we are opposed to the current American covert operation directed at the Government of Nicaragua. We recognize that the Government of El Salvador has a right to request and receive international support in seeking to end any secret and illegal intervention in its internal affairs by Nicaragua, but any action in support of this right of self-defense should be overt and not covert. We urge the Congress to enact legislation which will bring an end to the covert operation and which will insure that American activities in Central America conform to domestic and international law, are conducted openly, and are aimed at negotiating a political settlement.

This statement was signed by McGeorge Bundy, Special Assistant to the President for National Security Affairs from 1961 to 1966; by Robert McNamara, Secretary of Defense from 1961 to 1968; by Edmund Muskie, Secretary of State from 1980 to 1981; by Dean Rusk, Secretary of State from 1961 to 1969; and by Cyrus Vance, Secretary of State from 1977 to 1980.

Over 100 law professors have issued a statement opposing U.S. covert intervention in Nicaragua and calling upon the President to "abandon any and all plans for illegal actions to destabilize the Government of Nicaragua." I ask unanimous consent to place this statement into the RECORD with the names of the professors who have endorsed it.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

LAW PROFESSORS' STATEMENT IN OPPOSITION TO COVERT INTERVENTION IN NICARAGUA

The Reagan Administration's reported plan to covertly destabilize the government of Nicaragua constitutes a serious violation of both international and domestic law.

The Charter of the Organization of American States, a treaty ratified by the United States, prohibits covert destabilization of any O.A.S. member state. Article 15 of the Charter provides:

"No State or group of States has the right to intervene, directly or indirectly, for any reason whatever, in the internal or external affairs of any other State. The foregoing principle prohibits not only armed force but also any other form of interference or attempted threat against the personality of the State or against its political, economic and cultural elements."

Similarly, Article 2(4) of the Charter of the United Nations, a treaty also ratified by the United States, prohibits all United Nations members from using ". . . the threat or use of force against the territorial integrity or political independence of any state, or in any manner inconsistent with the Purposes of the United Nations."

In addition, the United States strongly supported the United Nations Declaration On Principle Of International Law Concerning Friendly Relations And Cooperation Among States (Resolution 2625) which restates the U.N. Charter's prohibition against the threat or use of force against the territorial integrity or political independence of member states by providing that: "Such a threat or use of force constitutes a violation of international law and shall never be employed as a means of settling international issues."

Since Article VI of the United States Constitution provides that all treaties made under the authority of the United States are the supreme law of the land, the President is duty bound to abide by the specific terms within the Charters of the Organization of American States and the United Nations.

As professors of law, we call upon President Reagan to uphold these principles of international and domestic law and to abandon any and all plans for illegal action to destabilize the government of Nicaragua. In addition, we call upon the Congress to fully investigate the government's reported plan so as to provide for a full and complete debate on this and other U.S. government policy towards Nicaragua. We believe that the American people want our government to pursue policies consistent with international and domestic legal principle.

Barbara Aldave, Professor of Law, University of Texas Law School.

T. Alexander Aleinikoff, Professor of Law, University of Michigan Law School.

Howard Anawalt, Professor of Law, University of Santa Clara Law School.

Richard Arens, Professor of Law, University of Bridgeport School of Law.

Robert Aronson, Professor of Law, University of Washington School of Law.

Thomas Armitage, Professor of Law, University of Washington School of Law.
Robert J. Bartow, Professor of Law, Temple University School of Law.
Arthur Berney, Professor of Law, Boston College Law School.
Daan Braveman, Professor of Law, Syracuse University College of Law.
John Brittain, Professor of Law, University of Connecticut School of Law.
Robert Bard, Professor of Law, University of Connecticut School of Law.
Norman Birnbaum, Professor of Law, Georgetown University Law School.
Haywood Burns, Professor of Law, New York Law School.
Burton Caine, Professor of Law, Temple University School of Law.
Beverly Carl, Professor of Law, Southern Methodist University School of Law.
Leonard Cavise, Professor of Law, Chicago-Kent College of Law.
Oscar G. Chase, Professor of Law, New York University School of Law.
Gerard J. Clark, Professor of Law, Suffolk University Law School.
Robert Emmet Clark, Professor Emeritus of Law.
William Clune, Professor of Law, University of Wisconsin Law School.
Tom A. Collins, Professor of Law, College of William and Mary, Marshall-Wythe Law School.
Vern Countryman, Professor of Law, Harvard University of Law School.
Dolores A. Donovan, Professor of Law, University of San Francisco School of Law.
Joe Tom Easley, Professor of Law, Antioch School of Law.
Thomas I. Emerson, Professor of Law, Yale University of Law School.
Peter Erliner, Professor of Law, Chicago-Kent College of Law.
Debra Evenson, Professor of Law, DePaul University Law School.
Stuart J. Filler, Professor of Law, University of Bridgeport School of Law.
David B. Filvaroff, Professor of Law, University of Texas Law School.
Charles O. Galvin, Professor of Law, Southern Methodist School of Law.
Stephen Gillers, Professor of Law, New York University School of Law.
Ann Fagan Ginger, Professor of Law.
Howard Glickstein, Professor of Law, University of Bridgeport School of Law.
Peter Goldberger, Professor of Law, Villanova University School of Law.
Robert K. Goldman, Professor of Law, American University Law School.
Joel Handler, Professor of Law, University of Wisconsin Law School.
Thomas Haney, Professor of Law, Loyola Law School.
Joseph D. Harbaugh, Professor of Law, Temple University School of Law.
Michael C Harper, Professor of Law, Boston University Law School.
Kenney Hegland, Professor of Law, University of Arizona College of Law.
Alan Hyde, Associate Professor of Law, Rutgers University School of Law.
Anne Bowen Poulin, Professor of Law, Villanova University School of Law.
L. A. Powe, Jr., Professor of Law, University of Texas Law School.
John Quigley, Professor of Law, Ohio State University College of Law.
Barbara Rhine, Professor of Law, Golden Gate Law School.
James Rowan, Professor of Law, Northeastern University Law School.
Richard Rubenstein, Professor of Law, Antioch School of Law.
John P. Sahl, Professor of Law, University of Bridgeport School of Law.
Louis Michael Seidman, Professor of Law, Georgetown University School of Law.
Herbert Semmel, Professor of Law, Antioch School of Law.
Barry C. Scheck, Professor of Law, Cardozo School of Law.
Andrew Silverman, Professor of Law, University of Arizona College of Law.
Morton Sklar, Professor of Law, Catholic University Law School.
Philip Sorensen, Professor of Law, Ohio State University College of Law.
Girardeau A. Spann, Professor of Law, Georgetown University Law School.
Ed Sparer, Professor of Law, University of Pennsylvania Law School.
Ted L. Stein, Professor of Law, University of Washington School of Law.
Francis B. Stevens, Professor of Law, Antioch School of Law.
Marc Stickgold, Professor of Law, Golden Gate Law School.
Joseph R. Thomas, Professor of Law, University of Wisconsin-Madison Law School.
Mark Tushnet, Professor of Law, Georgetown University Law School.
Lawrence A. Vogelman, Professor of Law, Cardozo School of Law.
Burton Wechsler, Professor of Law, American University, Washington College of Law.
William Whitford, Professor of Law, University of Wisconsin-Madison Law School.
Christine Williams, Professor of Law, University of Maryland Law School.
Wendy Williams, Professor of Law, Georgetown University Law School.
Lois Yankowski, Professor of Law, Antioch School of Law.
Diane L. Zimmerman, Professor of Law, New York University School of Law.
Louis A. Jacobs, Professor of Law, Ohio State University College of Law.
Peter Jaszi, Professor of Law, American University, Washington College of Law.
Yale Kamisar, Professor of Law, University of Michigan Law School.
Gary Kelder, Professor of Law, Syracuse University College of Law.
Duncan Kennedy, Professor of Law, Harvard University Law School.
John R. Kramer, Professor of Law, Georgetown University Law School.
Judith A. Lachman, Professor of Law, University of Wisconsin-Madison Law School.
Norman Lefstein, Professor of Law, University of North Carolina Law School.
John Leubsdorf, Professor of Law, Boston University Law School.
John Levy, Professor of Law, College of William and Mary, Marshall-Wythe Law School.
Thomas J. Mack, Professor of Law, Antioch School of Law.
Michael Maggio, Professor of Law, Antioch School of Law.
Charles Marson, Professor of Law, Stanford University School of Law.
Charles A. Marvin, Professor of Law, Villanova University School of Law.
Errol E. Meidelnger, Associate Professor of Law, SUNY Buffalo School of Law.
Louis Menand, Professor of Law, Massachusetts Institute of Technology.
Carrie Menkle-Meadow, Professor of Law, University of California-Los Angeles School of Law.
Roy M. Mersky, Professor of Law, University of Texas Law School.
Elliot Milstein, Professor of Law, American University, Washington College of Law.
W. Edward Morgan, Professor of Law, Antioch School of Law.
Jack Murphy, Professor of Law, Georgetown University Law School.
Winston P. Nagan, Professor of Law, University of Florida College of Law.
Barry Nakell, Professor of Law, University of North Carolina Law School.
Carol Oppenheimer, Professor of Law, Antioch School of Law.
Joseph A. Page, Professor of Law, Georgetown University Law School.
Richard D. Parker, Professor of Law, Harvard University Law School.
Daniel G. Partan, Professor of Law, Boston University Law School.
John de J. Pemberton. Jr., Professor of Law, University of San Francisco School of Law.
LeRoy Pernell, Associate Professor of Law, Ohio State University College of Law.
Michael Perry, Professor of Law, Ohio State University College of Law.
Ronald Pollack, Professor of Law, Antioch School of Law.
Andrew Popper, Professor of Law.

Mr. KENNEDY. Mr. Presidcnt, if the purpose of our support for the Contras is to interdict arms to El Salvador, that policy has not worked. Despite an expenditure of millions of dollars in American assistance, there is no evidence that any significant volume of supplies has in fact been interdicted. In its May 1983 report, the House Intelligence Committee stated, "in 18 months the committee has not seen any diminishment of arms flow to the Salvadoran guerrillas."

Why has this policy not worked? The answer is plain. Because the Contras have no real interest in interdicting arms, they are not working to interdict arms; they do not pursue any military objectives related to the interdiction of arms; they are about the business of doing something very different; they are about the business of overthrowing the Government of Nicaragua.

There is a concept in the law known as willful blindness. The President has been remarkably candid with us as to what he thinks the purpose of our support for the Contras is all about. We could not accuse the President of willful blindness. The Contras have been totally open with us as to what they are trying to accomplish. We could not accuse the Contras of willful blindness.

But if we vote today to support an additional $21 million in assistance to the Contras or the purpose of interdicting supplies, we will be guilty of willful blindness. We know that that is not what they are doing. We know that the Contras are fighting to overthrow the Government of Nicaragua. We know that and we vote to give the military assistance anyway. That is willful blindness.

It is also a violation of international law.

It violates article 15 of the charter of the Organization of American States. That provision prohibits direct or indirect intervention in the internal affairs of any member State. It vio-

lates article 2(4) of the charter of the United Nations. That provision prohibits the threat or use of force against the territorial integrity or political independence of any State. And it violates article VI of the U.S. Constitution. That provision states that all treaties made under the authority of the United States are the supreme law of the land and the President is duty-bound to comply with the terms of those treaties.

Let me quote from a speech given by Daniel Oduber, the former President of Costa Rica, last February 24 at the University of Kentucky:

Supposing that the Nicaraguan Government were overthrown, after thousands of deaths and infinite destruction. What would happen? The defeated groups well-armed and trained would certainly go to the mountains to continue the war as guerrillas. If the rebels of El Salvador could obtain a military victory, as they thought they could in 1980, the defeated Nicaraguan groups, encouraged by neighbors could continue the war endlessly.

War in Central America cannot be won by anybody in spite of what military experts and blind politicians keep saying. Peace is the only way out. And peace has to be built through dialog, admitting pluralism and by letting Central Americans handle their own problems.

The covert operation in Nicaragua is indefensible for many other reasons.

It has been totally counterproductive.

Rather than weakening the Sandinistas inside of Nicaragua, the secret war has consolidated their support among the people.

Rather than isolating Nicaragua from the Soviet Union and Cuba, the secret war has driven Nicaragua to rely more and more on assistance from those nations.

Rather than limiting the conflict in Central America, the secret war has expanded the hostilities which now threaten to widen into Honduras.

Rather than keeping the United States out of war in Central America, the secret war has drawn us deeper and deeper into this new quagmire and it is now clear that U.S. personnel are becoming more and more involved.

Rather than eliminating the influence of the hard-line Marxists within the Nicaraguan Government, the secret war has only strengthened the elements hostile to pluralism and democracy.

Rather than reducing the threat of a Nicaraguan military to its neighbors, the secret war has only produced more and more recruits for the Nicaraguan Army.

Rather than enhancing the reputation of the United States in the world, the secret war has damaged our standing with our allies in Europe and with our friends in Latin America.

Rather than moving the region toward peace, the secret war has undermined the Contadora process and damaged the prospects for a negotiated solution to the problems of the entire region.

This policy is not only wrong legally and morally, it has not only been a failure militarily, it has also done real harm to the fundamental national interests of the United States of America.

The American people do not support this policy, and neither should the U.S. Senate. It is a bankrupt policy, it is a violent policy, it is a failing policy, it is an immoral policy, and it is an illegal policy. It does not merit our support one day longer.

Once again the United States is perceived as intervening militarily in the affairs of our Central American neighbors.

Once again the United States is perceived as supporting the forces of reaction and repression in the region.

Once again the United States is turning to more guns, more bullets, and more war in a flawed and futile attempt to achieve our foreign policy objectives.

The Contras are killing innocent men, women, and children in Nicaragua. And everyone in this Chamber votes more money for that killing will bear a heavy personal responsibility. For some here, the choice may be one of prudent politics or careful calculation; for campesinos in too many villages, it will be literally a life or death decision. Weeks and months from now, they will live or die because of the support we give or withhold today.

Have we not finally learned that the death of peasants is not the way to win a victory for either our principles or our interests?

We are again threatened, as we always are, that if we oppose the rush to a military solution, we will somehow be responsible for losing this country or that one. Over many years, in many different situations, that warning has been heeded; many billions have been spent; many thousands have died—and again and again we have lost. At last and at least let us have the commonsense—and yes, the courage—to try for a peaceful solution before fueling the fires of war; to negotiate with Nicaragua instead of subverting it. And I mean real negotiations, not a subterfuge designed to rubberstamp a turn to armed force.

Some of our colleagues will say that, for reasons of politics as well as policy, we should be cautious in denying the President his request. I reply in the words of Edmund Burke: "A conscientious man would be cautious how he dealt in blood." Today the blood of Nicaraguans is spilled; and tomorrow, it could be the blood of our sons.

So I say to my fellow Senators: Do not cast your vote today for wider war in Nicaragua. Do not cast your vote for more death and destruction. Do not throw away our interests, our principles, our treaties and our chance to stop another senseless and endless war. I ask my colleagues: stand and be counted for peace.

Mr. President, I am glad to yield such time as the Senator from New Jersey may need.

The PRESIDING OFFICER. The Senator from New Jersey is recognized.

Mr. BRADLEY. Mr. President, I rise in support of the amendment by the Senator from Massachusetts.

Mr. President, the question of what should be the U.S. role in Central America is one of the most important issues we will face this decade. How we define and promote our interests in Central America over the next weeks and months could shape the future of our relations with all of Latin America. Certainly, it will permanently influence the security and friendliness of our neighbors to the south. Most important, it could have a lasting effect on the way we view ourselves—the kind of society we are, the values we uphold, the risks we are willing to assume, the foreign and defense policies we pursue.

So I have followed the debate on Central America these past days with intense interest. What surprises—and dismays—me is that for the most part both sides appear to be operating in an historical vacuum. We are debating the U.S. role there as though it were a case of first impression. In fact, we have a long history of involvement in Central America and we ignore its lessons at our peril.

Slighting the historical record of our involvement in Central America leads to serious miscalculations. It inclines us to exaggerate the threat posed by instability in the region, while fostering unrealistic expectations about what we can accomplish. It diverts us from the real threat to our security in the area—Cuba's alinement with the Soviet Union—while blinding us to opportunities for promoting our long term interests. And it traps us in a course of action that, if pursued to its logical conclusion, will not only inflict even greater suffering on the Central American people but could tear our own society apart.

We urgently need a new policy toward Central America—a policy that is balanced, pragmatic and sustainable. Above all, we need a policy that reflects the lessons of our history there. Only then can we hope to avoid the mistakes that have frustrated past efforts at encouraging a measure of stability and progress in this troubled region.

What is the history of our involvement in Central America and what light can it shed on the present? Let me begin with an anecdote recounted by Walter Lafeber in a recent collection of essays entitled Central America: Anatomy of Conflict. In 1906,

senior U.S. military officials asked President Roosevelt to authorize our diplomats and naval commanders in Central America to stop revolts and permanently stabilize the region. The request reached the desk of an Assistant Secretary of State, Alvey Adee, who wrote in the document's margin: "How could we do this without acquiring all these little countries?" The President must have agreed with Adee's assessment for the request promptly died.

Adee's question is as valid today as it as in 1906. It alerts us to something we all too frequently forget: namely, that a successful strategy cannot ignore the crucial link between one's ends and one's means. In other words, strategy can never be divorced from the costs of implementing it. Unsuccessful strategies often fail precisely because they ignore this link. If our objective truly is to stamp out revolution in the Central American States, then we must be prepared to occupy and colonize them. This is what the Soviet Union did successfully in Georgia and Uzbekistan and is trying to do in Afghanistan. If we are unwilling to incur these costs—and I think we should be unwilling—then we must modify our objective otherwise our strategy is doomed to almost certain failure.

What it boils down to is a choice: either we restrict our interests to bring them in line with available resources; or we expand our resources to bring them in line with our proclaimed interests. The history of our involvement in Central America painfully documents the consequences of neglecting this choice.

For although President Roosevelt was unwilling to acquire these little countries, he nonetheless publicly vowed to act as an international police power to end the chronic uprising in the Caribbean and Central American nations. The United States has pursued this policy ever since. We landed troops in Central America to suppress rebellions, protect U.S. economic interests, or prop up conservative regimes some 20 times between 1898 and 1920 alone. In 1912, President Taft sent 2,600 marines into Nicaragua and left them there for 13 years. Revolution broke out less than 4 weeks after their departure and 5,400 troops returned in 1927, remaining there until 1933. The rationale for these deployments was to smash revolution least it spread to neighboring states and, having smashed it, to maintain the peace and oversee elections.

Predictably, the marines became increasingly unpopular in Central America. Thus we began training national guards whom we placed under friendly officers as a substitute for U.S. troops. Nicaraguan Dictator Anastasio Somoza used the U.S.-trained national guard to vault himself into the Presidency and to establish a military regime that endured until the Sandinista revolution brought it to a violent close some 40 years later.

After World War II, U.S. aid to these local military forces increased. We furnished them with funds and training at North American bases. During the fifties and sixties, the CIA schooled U.S.-trained officers in sophisticated counterinsurgency techniques. And under President Nixon, our aid grew to an alltime high.

Of course, military assistance was not all we provided. Its ostensible purpose was to act as a shield while we helped direct Central America's economic development and got elections going—just as we are proposing to do today.

This policy of using military assistance as a shield for economic and social reform simply has not worked. In large part, its failure is due to the fact that economic development and social progress have taken second place to security considerations. There is no reason to expect a different outcome today. Yet we continue to reject the main lesson of our Central American experience; namely, that no amount of U.S. aid can improve economic and social conditions enough to dampen revolution unless and until governments come to power that are committed to, and capable of implementing, genuine reform.

A policy of supporting the traditional civilian elites and their military cohorts who have dominated Central America for decades will not end revolution. We can no longer afford to indulge the illusion that it will. The reality is that revolutionary movements have proliferated notwithstanding—I would argue in large part because of—growing U.S. assistance to conservative military regimes. Our military interventions have polarized the countries in which they occurred and radicalized the groups advocating fundamental reform. Our policy has thus produced the opposite of its intended result. We have nurtured revolution, not quashed it. There is no basis for believing that we will be more successful now.

If the traditional mix of military and economic assistance does not serve U.S. objectives in Central America what will? Developing a more effective strategy requires a better alinement of ends and means. What are our strategic interests in the region? Is it as vital as the advocates of a bigger and bigger military role proclaim?

Central America is not unimportant to us if for no other reason than its geographical proximity. Our vital strategic interest in the region is in preventing Cuba and the Soviet Union from engaging in activities that would genuinely menace U.S. security and the security of friends and allies, or that would have a potentially critical effect on the global strategic balance.

If we are serious about preventing this from happening, it is essential that we avoid threat-mongering. Above all, we must not sell ourselves short by discounting existing American strength and capability in the region. Unfortunately, we have done both of these things in the past and are all too likely to continue doing them if we pursue our present course.

The proponents of increased military aid argue that we must resist any revolutionary advance in Central America lest it force us to greatly boost our defense spending or cut back on commitments elsewhere in the world. They maintain that a victory by revolutionaries anywhere in Central America would increase the cost and difficulty of defending the Caribbean sea lanes; threaten our wartime access to the Panama Canal; and undermine our credibility by giving the Soviets a triumph in our strategic rear.

However plausible these assertions may at first appear, they do not withstand careful analysis. The fact is that our security interests in Central America, while important, are both more limited and more manageable than is generally acknowledged.

Why do I say this? First, because the real threat in the region already is, and is likely to remain, Cuba. Cuba is a problem we have to deal with. But revolutionary governments in Nicaragua and other Central American countries individually need not seriously aggravate the existing Cuban threat nor materially enhance Soviet capabilities in the region. The United States already enjoys an enormous strategic advantage in the area. This advantage derives in part from our large continental-based air forces and large fleets in the Atlantic and Pacific. Their size and proximity to Central America and the Caribbean give us potentially overwhelming power relative to any few forces the Soviets could base or deploy there.

Nor are the Caribbean sealanes as strategically important as some contend. The reality is that Cuba already has the potential to interdict NATO supplies and reinforcements passing through the Caribbean. But it is essential to understand that Cuba's interdiction capability is not the binding constraint on our ability to wage protracted war in Europe. The effective limit on that ability is the following: Our own and our allies' reserves of ammunition and spare parts are simply insufficient to sustain high intensity combat in Europe or Asia for more than a few weeks. The unvarnished truth is that the war would be over before the safe passage of supplies and reinforcements became an issue. That is a disturbing comment on America's military readiness and represents a much more serious threat to our secu-

rity than insurgency in Central America.

The assertion that guerrilla victories would pose a new strategic threat to our access to the Panama Canal is similarly misleading. The fact is that saboteurs from Cuba or other countries can already threaten our access to the canal. Since we cannot afford to count on access now, it is simply an exaggeration to say that a guerrilla victory in El Salvador or consolidation of Sandinista power in Nicaragua would pose a new strategic danger.

On the other hand, advocates of an open ended military solution in Central America are right to worry about losing our capability to act globally if we get bogged down in the region. But the source of that danger is less the threats posed by revolutionary movements than our own susceptibility to strategic diversion from real threats to our security elsewhere in the world. If we do get bogged down, it wil be because of a serious miscalculation on our part. It will be because of a failure of strategy. We cannot afford to let that occur.

As I said earlier, I see the threat in Central America as more limited, more manageable, and less pervasive than either the President's Bipartisan Commission on Central America or the administration. At the same time, I do not discount the possibility that Cuba or the U.S.S.R. would engage in activities in the region that we should treat as genuinely menacing. We need to counter that possibility with the most pragmatic, lowest-cost strategy available for preserving our overwhelmingly dominant position in the region and deterring the Soviets from any truly threatening activies here. We need to enhance our existing power projection capabilities by increasing our flexibility and our readiness to act effectively in the event of a genuine threat to our security.

This means that we must be willing and able to make it absolutely clear to Cuba and the U.S.S.R. that we will not tolerate any new offensive fortifications and deployments that would seriously threaten America's interests in the region or to tip the strategic balance in the Soviets' favor.

Beyond making it clear to any potential adversary where we draw the line in Central America, we must also understand that our most pressing mission in the region is insuring Cuba's nonbelligerency in the event of a European or Asian conflict. If we plan now, the requirements for this mission can be satisfied largely with existing forces and facilities. Moreover, by delineating the mission and designating the forces in advance of hostilities, we improve our ability to deter Cuba from acting belligerently in the first place and to respond swiftly and effectively should deterrence fail.

Finally, and perhaps most important, we must put the Central American problem in perspective. It is not the crisis that the Bipartisan Commission and the administration are fond of calling it. The situation is chronic, endemic, and requires a sustainable, long-term strategy that recognizes this reality. Characterizing it as a crisis only invites the strategic diversion the administration fears. Rather than avoiding this danger, the administration appears to have embraced it.

Once we have a framework for dealing with the main threats to our vital strategic interest we can decide on a course of action toward individual Central American states that is less ideological than our present policy and much more sensitive to the realities on the ground.

In the case of El Salvador, this means recognizing that the levels of military assistance the American people will support may enable the Salvadoran Government to avoid defeat by the guerrillas; but it will not be enough to enable them to win the war. While the Salvadoran military may face some shortages of equipment, their real problems are much more fundamental: Ineffective leadership and inadequate motivation. No amount of U.S. assistance can offset these crucial failings. Thus, reform of the security forces is not merely a political or moral necessity but a military imperative. The military's violence and corruption is standing between it and victory over the insurgents. The reason is that an effective counter-insurgency effort requires the support and cooperation of the Salvadoran people.

No amount of American aid can substitute for that popular support. Yet the people will not cooperate with a government that does not represent and defend their interests, protect their physical security or give them some economic stake in the society. In my judgment none of these things will occur in the absence of fairly profound political change. I will support providing some $61 million in emergency aid to El Salvador because I believe we owe it to the Salvadoran Government to see them through the elections. We should also give Mr. Duarte, should he win, the opportunity to make good on his recent promises to open dialog with all sectors of Salvadoran society and to make needed changes in the military.

I also believe that Congress would be right in conditioning any increase in military aid on the successful control of the death squads, the protection of human rights, the achievement of other essential economic and military reforms, and the willingness to pursue a negotiated settlement. And Congress should enforce those conditions much more stringently than we have in the past. I will cast my vote on military aid in accordance with this view.

In the case of Honduras, we must recognize that whatever the merits of using U.S. forces in a campaign to coerce Nicaragua, a permanent uniformed combat presence there is both unnecessary and needlessly provocative. In the first place, using Honduras as a base to destabilize Nicaragua risks destabilizing Honduras. Second, by involving Honduras in our "secret" war against the Sandinistas, we endanger Honduras' own security.

The possibility of a regional war is higher than it has been in decades, particularly between two states whose conflict is rooted in historical grievances. When war is imminent, the military's hand is strengthened against the popularly elected civilian leadership. This, in turn, threatens the survival of democracy and fuels traditional fears that the United States is once again supporting the establishment of a military dynasty.

Finally, by militarizing our presence in Honduras, we jeopardize the effectiveness of our civilian efforts to improve economic and social conditions and bolster the democratic government. Given that our proclaimed interest in the region is peace and democracy, this outcome would be perverse in the extreme.

In addition to changing our policies toward Honduras and El Salvador, we must recognize the inherent limitations of unilateral action to bring stability to Central America. We need the cooperation and good will of the democracies in the region like Venezuela, Panama, Colombia, and especially Mexico. They are indispensible to a viable strategy for containing Soviet-Cuban expansion. We clearly need their support if we are serious about a credible and sustainable commitment to economic and social progress in the region. As a Mexican friend said to me recently, America's two biggest challenges are its relations with the Soviet Union and with Mexico. A better relationship with Mexico must be at the top of our national agenda.

Since war or revolution in Central America could pose serious problems for Mexico's security, Mexican and U.S. aims in the region coincide. Like the United States, the Mexican Government has an interest in limiting Soviet and Cuban penetration of Central America.

But we should have learned by now that we cannot dictate to the Mexicans and, by pursuing policies and actions in the region that confuse and alarm Mexico, we are only playing into Soviet hands. While the Sandinista regime in Nicaragua appears to be no friend of ours, a strongly anti-American regime in Mexico would be a far greater threat. In countering Sandinista excesses, we must guard against

precipitating a nationalist anti-American lurch in Mexico, which could be felt in everything from immigration to international debt. For example, during the recent financial crisis in Argentina, Mexico asserted leadership which was constructive and pro-American. In fact, if the leadership took Latin America into a debtors' cartel our interests could be more fundamentally threatened than ever possible by guerrillas in El Salvador or Sandinistas in Nicaragua. The question is whether Mexico believes that in the United States it has a friend who shares a common vision for the region or whether our military adventurism will drive Mexico to the conclusion that our interests conflict fundamentally.

The best way to avoid anti-Americanism in Mexico while securing an end to the present conflict is to actively promote a regional agreement for withdrawing all foreign forces and advisers; stopping all cross-border support for guerrilla groups; limiting the size of armies and the nature of armaments so one nation cannot threaten another; reducing Soviet and Cuban influence, particularly in Nicaragua; and encouraging the emergence of participatory political systems that provide for the well-being of the people and respect their rights. A negotiating framework, the so-called Contadora process, is already in place. We should back it to the hilt.

A good faith commitment to the Contadora group precludes unilateral U.S. actions that would undermine its work. Thus, we cannot continue to fund the "secret" war in Nicaragua and simultaneously support a negotiated regional settlement. But there are other reasons for cutting off funds to the rebel army. First, administration supporters of the Contras have not demonstrated that they are capable of a military victory against the much better trained and equipped Sandinista forces. Nor has the administration explained how, even assuming a military victory, the Contras would be able to compete politically with the Sandinistas or how they would translate such a victory into sustained popular support.

Indeed, it apparently has been concluded that there are no conditions under which the U.S. backed rebels can achieve a military or political victory. Under these circumstances, continuing covert aid can only further destabilize the region and raise serious doubts about U.S. motives and objectives in Latin America.

Finally, while the ostensible purpose of the secret war in Nicaragua is arms interdiction, the administration has yet to point to any evidence that it has achieved this aim. It is time to look to diplomatic options. I shall, therefore, support the amendment of the Senator from Massachusetts and oppose covert aid to the Contras.

There are, of course, risks in pursuing a negotiated settlement. The point is that the present policy does not protect our interest in Central America. Rather, it endangers those interests and carries us toward an even more threatening situation that may culminate in a regional explosion and drag us willy-nilly into war.

In the final analysis, Mr. President, the key to our Central American dilemma is whether we are smart enough, wise enough, sensitive enough, strong enough, and patient enough to join with our Latin American neighbors in forging a common strategy against outside intervention; in encouraging democratic reforms in the region; and in building a better life for its citizens.

Central and South American nations have longstanding aspirations for nonintervention and self-determination. The big question for the future of Central America and the future of U.S. relations with all of Latin America is whether we can find appropriate and convincing ways to support those aspirations at the same time both North and South Americans strive to overcome the mistakes and illusions of the past.

If we meet this challenge, Mr. President we shall find that we have our own security firmly in hand and that we can live quite comfortably with a wide range of political opinion south of the border. If instead, we persist in our present course, we may well find ourselves once again bogged down in a quagmire, to the satisfaction of our adversaries, the consternation of our allies, and the despair of our own people.

Mr. MITCHELL. Mr. President, I rise to comment briefly on the question of U.S. covert assistance to those called Contras who are dedicated to the overthrow of the ruling Sandinista regime in Nicaragua.

For well over 2 years, the U.S. Government has been arming and advising the Contras. The administration justifies its involvement by saying that action is necessary to prevent the flow of arms from Nicaragua to left-leaning extremists in El Salvador and other nonalined states in the region.

So we give guns, ammunition, and advice to the opponents of Nicaragua's rulers. These rebels undoubtedly agree that antigovernment military and paramilitary activity will disrupt arms leaving Nicaragua for other Central American destinations. But, is that disruption the prime objective of the men and women who wield those U.S.-supplied weapons? No. Their objective is singular: to topple the Sandinista regime.

We give the covert aid for one reason; the Contras take it for another. Oil terminals are bombed. Harbors are mined. Transportation links are targeted. Factories, depots, and communications facilities critical to the Nicaraguan economy are sabotaged in much the same way that those labeled "Middle East terrorists" by our own Government sabotage facilities and public buildings. What is the difference?

Do we not run a serious risk of becoming, in the eyes of the world community, the West's Libya? Do we care nothing about our credibility? Despite our motive, U.S. guns and other equipment are being used to terrorize and to undermine the government of an independent, sovereign, state.

As long as this assistance program continues, U.S. credibility will erode. If our Government is ever to be taken seriously when it speaks out and calls for concerted action against terrorism, the covert assistance program to the Contras must cease.

Commonsense tells us that it must cease. International law requires that it cease.

Instead of bullying Nicaragua into submission, the U.S. financing of the rebels is having the opposite effect. Nicaragua is stepping up its military program and rallying its people in the process. We are the external threat which may unify the Nicaraguans solidly behind the Sandinistas. By the time free and fair elections are available to the Nicaraguan people, the situation may be so unnerving to them that they may, of their own free will, decide to support those who are determined to stand up to the belligerent colossus to the North.

Mr. President, last July former Secretary of State Muskie joined with four other eminent Americans—Robert McNamara, McGeorge Bundy, Dean Rusk, and Cyrus Vance—in offering a concise, straightforward statement of opposition to the current U.S. policy toward Nicaragua. They stated:

> We are opposed to the current American covert operation directed at the Government of Nicaragua. We recognize that the Government of El Salvador has a right to request and receive international support in seeking to end any secret and illegal intervention in its internal affairs by Nicaragua, but any action in support of this right of self-defense should be overt and not covert. We urge the Congress to enact legislation which will insure that American activities in Central America conform to domestic and international law, are conducted openly, and are aimed at negotiating a political settlement.

Secretary Muskie and his colleagues were correct in July and their position is sound today. We should follow this thoughtful advice. Let us oppose covert action in this instance for it violates international law, violates American law, and is contrary to the values which we Americans profess to embrace.

Mr. SPECTER. Mr. President, I am voting for this amendment because I am concerned that our aid for covert actions in Nicaragua has the effect of being directed at overthrowing the Government of Nicaragua in violation of the Congress legislative statement in 1982 that this should not be an objective of U.S. aid.

I have urged Secretary Shultz to take advantage of the processes of the Contadora group to enter into serious negotiations with the Government of Nicaragua. Efforts to overthrow that Government in my judgment, are contrary to a long-range solution to the problems in that area.

It is not enough to say we will deal with this issue at a later date; the time for decision is now.

It is not enough to say our intent is not to overthrow the Nicaraguan Government when we know those we aid do intend to overthrow.

It is not enough to say the Contras' intent is not important because they do not have the capacity to overthrow the Government when they are attempting to do just that and we are helping them.

It is not enough to say this is just a Central America issue; the recent mining of harbors in Nicaragua involves other countries and presents a far more ominous threat which must be addressed now.

I have supported the President's requests for aid to El Salvador where we are aiding the establishment of a democratic government. While the current aid for the Contras in Nicaragua may be said to be ultimately aimed at stopping the flow of arms to El Salvador, the means do not justify the ends; and we should not use our foreign aid to harass or overthrow the existing Government in Nicaragua.

Mr. GRASSLEY. Mr. President, I have repeatedly spoken in the past of my opposition to a policy of targeted, active subversion of the Government of Nicaragua by the United States. Additionally, I have spoken clearly of my own political critique of that regime. Lastly, I have made clear that the evidence for Nicaragua's active policy of arms exports to allied military units in neighboring nations is clear and must be stopped.

If the present amendment were more exactingly targeted toward assuring that active overthrow of Nicaragua by the United States would not be carried out, this measure might receive greater support. Unfortunately, as is the case with other amendments to this bill, the proponents of the amendment have created a dilemma for those in this Senate who are concerned that our attacks on Nicaragua as subversive of its neighbors can easily be turned back on the United States.

However, the evidence of Nicaraguan action in daily, weekly, and monthly covert arms smuggling into neighboring countries is overwhelmingly clear and suggests a strategy of Nicaraguan involvement in military action outside its borders—a condition I find deeply disturbing and threatening to those weakened nations which are attempting to develop democratic institutions. Thus, I must oppose this amendment because it would halt even the efforts to interdict weapons being transferred from Nicaragua to other countries for the purpose of supporting subversion of our close allies.

Mr. STEVENS. Mr. President, I yield such time as the Senator from Arizona may desire.

Mr. GOLDWATER. Mr. President, I have listened with a great deal of interest to the debate on this amendment, particularly to the remarks of my friend from Massachusetts (Mr. KENNEDY). During the course of his discussion, he made a statement that this program is illegal.

Mr. President, there has been a good deal of discussion as to whether the covert paramilitary operation directed against the Sandinista regime in Nicaragua is a legal activity. In fact, many Members of the House of Representatives have stated publicly that this covert action program is illegal—that it violates the so-called Boland amendment, or it violates the U.N. Charter or the charter of the Organization of American States. Mr. President, I do not believe this is quite right.

I do not think that anyone questions the President's legal authority to conduct covert action. Under the provisions of 22 United States Code 2422, Presidential findings constitute both the legal authority and the policy framework for covert action programs. These programs are routinely briefed to the House and Senate Intelligence Committees which, in turn, report authorization legislation to fund them. Occasionally, covert action proposals are not authorized by the Congress, and funds are withheld accordingly.

Let me summarize several points on the issue of the legality of this covert action as follows:

Every State, Mr. President, has the right under international law to defend itself against attempts by another State to assist insurgent groups in its territory, and furthermore, has the right to seek and receive support from friendly countries in doing so.

The right of individual and collective self-defense is specifically recognized by the U.N. Charter and the Rio Treaty. Each American State has a duty under the Rio Treaty and the OAS Charter to assist other American States in defending themselves against aggression.

This principle of international law clearly applies to what is happening in Central America. The governments of Cuba and Nicaragua have been engaging in a serious and sustained effort to overthrow the Government of El Salvador through the direction, support and infiltration of arms to insurgents in that country. Much of this infiltration has violated the territory and sovereignty of Honduras as well. All of this clearly amounts to an armed attack under international law.

El Salvador and Honduras have a clear right to defend themselves against this armed attack, and the United States has a clear right to assist them in collective self-defense.

Mr. President, I believe that most Members of the Senate will be satisfied that the intelligence community is living up to its obligations under the law. The Secretary of State and our Ambassador to the United Nations have said, "The U.S. Government is not breaking the law." I concur with this point of view in the context of the covert action program in Nicaragua.

Mr. KENNEDY. Will the Senator yield on the point of legality?

I have put into the record a list of the law professors from many of our most distinguished law schools all over this country who believe that this is a violation of international law. I wonder whether the Senator from Arizona had a similar brief from those lawyers who sustain the position of the Senator from Arizona that this is a legal action? I wonder if those who support the covert action have been able to fashion or shape any body of legal opinion within this country that would state, on the basis of law, that this is a justifiable action, leaving aside the question of policy?

Mr. GOLDWATER. I say to my friend from Massachusetts, we had the opinions of the State Department, of the intelligence family, and of members of our staff and others who have studied it. We feel, after long discussion, that we are operating within the law.

Now, I have no doubt that we can find people who agree with the Senator from Massachusetts; we can find lawyers on all sides of the fence.

Mr. KENNEDY. The reason I ask the question is that I think once——

Mr. GOLDWATER. If the Senator will wait 1 minute, I will be glad to put in the RECORD in the next day or two a list of the legal authorities that we have on our side. I think that will answer the Senator.

Mr. KENNEDY. I would appreciate that, because the references the Senator has cited represent those who have supported the administration's policy. There are outside, independent, legal experts who feel it does violate international law, including some distinguished lawyers from the Senator's own State, for instance, Andrew Silverman, professor of law, University of Arizona College of Law. And there a number of others who I would think could be considered to be virtually in-

dependent of a policy position on this and yet have questioned the legality. I know we will debate the policy consideration, but on the question of legality I was interested in what independent authority the Senator has. I will wait to see what he provides.

Mr. GOLDWATER. I will be very glad, Mr. President, to supply a list of authorities that participated in our formulation of this position. We discussed this and debated it in the Intelligence Committee at some length. In fact, we have been on this problem for a little over 3 years.

Now, Mr. President, on another subject, a statement was made that the purpose is to overthrow the Sandinista Government.

It seems to me that the crux of this debate involves whether or not the U.S. Government is trying to overthrow the Marxist military regime in Managua, Nicaragua. Most of my Colleagues will remember that when the Sandinista forces took control in Nicaragua in 1979, they enjoyed the support of almost all political groups in their country. They had a force of over 15,000 well-armed and trained guerrillas. Both the Carter administration and Castro's Cuba supported the ouster of President Somoza, who eventually fled with his palace guard to an estate in Florida. Later, he was murdered by a Sandinista death squad in Paraguay.

Since 1979, the Marxist Sandinista Government in Nicaragua has developed the largest military force in Central America. They have improved a dozen of their existing bases, and have constructed almost 40 new military bases. They have built up a regular military force of over 20,000 troops, with reserves of over 20,000 and a militia of over 30,000. With this force, the Nicaraguans can field over 90 infantry battalions of varied combat efficiency.

Obviously, Cuba has played an important role in the success of Nicaragua's militarization program. Their military forces are patterned after Cuba's. Thousands of Cubans serve in a variety of roles in Nicaragua. Substantial amounts of Soviet military supplies flow into Nicaragua every day by way of Cuba and the Soviet Union.

Now, Mr. President, do any of my colleagues seriously believe that this Marxist military machine is going to be brought to its knees by several thousand Nicaraguan and Moskito Indian freedom fighters? I believe that the Soviet-supported Sandinista Government is fully capable of defending itself from anti-Sandinista insurgents operating out of the territory of any of its neighbors. Furthermore, Nicaragua is capable of launching strikes against El Salvador, Honduras, and Costa Rica. After all, El Salvador is in the throes of a Nicaraguan-supported insurgency, Costa Rica maintains no standing army at all, and Honduras is left pretty much alone against the largest military force in Central America.

Mr. President, I will not labor the point. Winston Churchill once said, "you cannot argue against arithmetic." The arithmetic in Central America simply does not support the thesis that a relatively small band of anti-Sandinistas is going to overthrow the Sandinista regime in Nicaragua. Unfortunately, Mr. President, the odds all seem to favor Nicaragua's Marxist military machine doing all the overthrowing, now and into the future. So let us not be deceived into worrying about whether there is any purpose or intention to overthrow the Marxist government in Nicaragua when there is no apparent capability to do so.

COMMITTEE ACTION ON CENTRAL AMERICA

Mr. President, because this debate will eventually get into committee action, I want to summarize briefly the committee actions we have taken on this program.

Ever since President Carter signed the first Presidential Finding on Nicaragua, the Senate Select Committee on Intelligence has engaged in effective oversight of covert action directed against the Sandinista regime of Nicaragua. Although all Members of this body have full access to all documents pertaining to this oversight under the provisions of Senate Resolution 400, it may be useful to review some of our oversight activities on this program over the past year.

On May 6, 1983, the Intelligence Committee voted 13 to 2 to authorize and fund a covert paramilitary action program directed against the Sandinista regime subject to certain conditions stipulated by the committee. The committee placed all funds requested by the President for fiscal year 1984 into the reserve for contingencies for the purpose of supporting a redirected, redefined covert paramilitary action program based upon formulation of a new Presidential finding.

I inform my colleagues that later, either today or tomorrow, the majority leader will read a letter on that subject from the President of the United States.

Some of my colleagues may recall that at the time we asked the President to come up with a new program on the whole of Central America before September 30, 1983.

The committee subsequently met on September 20, 1983, to consider the new Presidential Finding on Nicaragua. Witnesses at the hearing included Secretary of State Shultz, the Director of Central Intelligence, Casey, and the Assistant Chairman of the Joint Chiefs of Staff. The committee met again on September 21; and, after careful consideration, the committee agreed overwhelmingly to approve the covert paramilitary action program for Nicaragua. Our vote was bipartisan in nature with only two dissenting votes cast.

On November 3, 1983, the Senate passed unanimously the Intelligence Authorization Act for fiscal year 1984. Among other things, this legislation authorized funds for the covert paramilitary action program in Nicaragua. Subsequently, there was a joint House/Senate conference on this legislation. House and Senate conferees agreed that $24 million would be made available in fiscal year 1984 to fund the covert paramilitary action program in Nicaragua. This figure of $24 million was a cap, and it was agreed that any further funding for this program would have to come in the form of a supplemental request approved by both Houses of Congress.

On March 8, 1984, Secretary of State Shultz and Director Casey appeared before the Senate Select Committee on Intelligence to discuss this program. Unfortunately, the agenda of that meeting changed dramatically when we learned that the administration was attempting what appeared to be an end run of the authorizing committees. Secretary of State Shultz testified that what had happened was a mistake and he apologized to us for it. I, for one, believe him and do not blame him for what happened.

On March 13, 1984, the full committee met again to consider this matter. At that session, we voted unanimously to raise the ceiling of moneys authorized for this program by $21 million. The day following our meeting, the Senate Apporpriations Committee also agreed to raise this ceiling by $21 million. That vote was unanimous as well, I am told.

Mr. President, my point in recounting this background is to emphasize the importance which the committee places on carefully evaluating this program and its role in the President's foreign policy for Central America. Our committee has worked long and hard on this issue. At the same time, and with only a few exceptions, I believe the administration has made a good faith effort to accommodate our interests.

It is my sincere hope that this spirit of bipartisanship can continue as we act on the urgent supplemental appropriations bill here today. I also hope this spirit of bipartisanship and cooperation will continue as we move into our conference with the House on this important issue.

Mr. CRANSTON addressed the Chair.

The PRESIDING OFFICER. Who yields time to the Senator from California?

Mr. KENNEDY. I yield such time as the Senator needs.

AGAINST TERRORISM IN CENTRAL AMERICA

Mr. CRANSTON. Mr. President, we have never known modern war upon

our continent in the United States. But it is coming closer and closer.

Soviet submarines carrying nuclear missiles are moving closer to our shores, and we are moving missiles in Europe closer to the U.S.S.R.

We are involved—directly and indirectly—in hostilities that lie down the Pan American Highway in Central America. You could get in your car and drive to the war raging there. California is about as close to Nicaragua as it is to Washington, D.C.

Americans have already died in hostilities in Grenada, El Salvador, Honduras, and on the border of Nicaragua. We are getting in deeper and deeper—and the worst of our actions are those aimed at Nicaragua.

Ronald Reagan has justified administration policy initiatives in Lebanon, Grenada, and elsewhere as key to American efforts to combat international terrorism. Secretary Shultz denounced state terrorism, but the Reagan administration is supporting international terrorism in Nicaragua.

The Reagan administration is bankrolling a mixed group of thugs, mercenaries, freedom fighters, former Somocistas, and disaffected Sandinistas who are trying to terrorize the Nicaraguan people into taking up arms against the Sandinista regime. American taxpayers' dollars are helping to perform such missions as the bombing of commercial oil facilities, the bombing of the civilian airport in the Nicaraguan Capital, Managua, and the mining of Nicaraguan harbors on both the Atlantic and Pacific seaboard.

We are involved in activities directed at overthrowing the Government of Nicaragua, coming at Nicaragua from the east, the west, the north, and the south: from the east, the mining of harbors in the Atlantic; from the west, the mining of harbors in the Pacific; from the north, from Honduras; from the south, from Costa Rica.

Through its funding of counterrevolutionaries, the U.S. Government is systematically intervening in the internal affairs of Nicaragua and is clearly violating the charter of the Organization of American States, which the United States led the way in drafting.

The Reagan administration has made clumsy efforts to keep its clumsy covert war a secret in order to stifle domestic opposition in the United States. But there is sufficient evidence in the public domain to demonstrate that the Reagan policies on Nicaragua are immoral, ill conceived, and in direct contravention of international law. The only good reason left for the Reagan administration's insistence that the covert operations should remain classified is to bar informed debate in the United States. President Reagan so much as conceded this last fact in his press conference on October 29 of last year when he remarked, in reference to the secret Nicaraguan war, that "while your people may have a right to know, you can't let your people know without letting the wrong people know—those who are in opposition to what you are doing."

Think about this astounding statement for a moment. President Reagan is declaring that the American people may or may not have the right to know how tax dollars are being spent in support of his secret, undeclared war against Nicaragua. And his argument for secrecy is not based upon military necessity. The Nicaraguans are acutely aware that CIA-backed groups are blowing up domestic targets—the perpetrators are issuing press releases crowing about their brave deeds. President Reagan's argument for secrecy is that he wants to avoid letting the wrong people know—those who are in opposition to what you are doing.

One can make the moral case against the Reagan administration war against the Sandinistas—that U.S. funding of mercenaries terrorizing civilians and destroying commercial targets is unworthy of our Nation's fundamental principles.

One can make the legal case that the United States should not brazenly violate any international treaty, especially one as important as the OAS charter.

One can make the geopolitical argument that it weakens the U.S. case abroad for us to be involved in covert gunrunning, secret undeclared wars, and terrorism.

But for those who are so shortsighted as to believe that legality and morality have little to do with policy and who care only about whether the effort immediately at hand will weaken Nicaraguans' support for the pro-Soviet Sandinista junta, there is a compelling practical case against the secret war as well.

The original, stated objective of this secret war was to interdict arms traffic to Salvadoran guerrillas, allegedly sponsored by the Sandinistas. But the Reagan administration has not produced convincing evidence that this alleged arms flow continues. Indeed the administration has conceded that up to 50 percent of the Salvadoran rebels' guns are captured from the U.S.-backed Salvadoran Army. So the administration now asserts that the objective of the CIA-backed Contras is to weaken popular support for the Sandinistas in Nicaragua and force them to reform their Government.

But the practical effect of the U.S.-backed covert war is exactly the opposite. Reagan administration backing of the hated remnants of Somoza's National Guard daily consolidates nationalist support for the Sandinistas. Administration policy is used to justify the Sandinistas' otherwise unjustifiable military buildup. And it undermines efforts of democratic opponents to focus attention on the Sandinistas' betrayal of pledges for a free press and free elections.

Last year, I visited the leaders of Mexico, Venezuela, Colombia, and Panama, four key democratic allies of the United States who are providing regional leadership for Central America peacemaking efforts.

These pro-American leaders are unanimous in their opposition to the covert war, which they view as counterproductive in every sense of the word.

So, too, is the majority of the U.S. Congress. Congress has adopted legislation prohibiting the expenditure of any moneys by the Pentagon or the CIA "for the purpose of overthrowing the Government of Nicaragua." But the Reagan administration has in fact expanded its illegal efforts and sent forth State Department lawyers to explain that while recipients of U.S. funds are publicly committed to the military overthrow of the Nicaraguan Government, our U.S. aid is not explicitly intended for this purpose.

This type of legalistic doubletalk is not worthy of an American President; 20 years ago, that wise commentator, Walter Lippmann, saw the perils of such policies in Latin America:

> A policy is bound to fail, which deliberately violates our pledges and our principles, our treaties and our laws. In the great struggle with communism, we must find our strength by developing and applying our own principles, not in abandoning them.

Mr. President, I yield the floor.

Mr. KENNEDY. Mr. President, I am glad to yield such time as the principal cosponsor, Senator BINGAMAN, so desires.

Mr. BINGAMAN. Thank you, Mr. President.

Mr. President, I discussed this issue at some length last Thursday, but I wish to take the occasion of this debate this evening to once again make a few points that I think are important concerning our support for the so-called Contras who are fighting against the Sandinista government.

First, let me make the point that I believe this is a crucial issue because I believe that our support for the Contras is the largest single mistake that we are making in our Central American policy today. It is a mistake that can be cured by Congress, by cutting off funds. It is a mistake that the people of this country, I believe, would like to see cured, and I feel very strongly that terminating our support for this activity would go a long way to reduce the tension in that region and begin to put us on a path of a negotiated resolution of the differences that exists there.

Let me say that as to the argument about whether or not we, the people of this great country, are trying to

overthrow the Sandinista government by our support for the Contras, I see that argument as a red herring. The truth of the issue has to be determined by what these guerrillas are engaged in. If you look at the nature of the activity that they are engaged in and that we read about in the morning newspaper, every day or two, and we see in the morning news and on the evening news on television, it is very, very difficult to make a credible argument that we are not supporting people engaged in trying to overthrow the Sandinista government.

There are a great many guerrillas today. The number has increased very significantly in recent months. Their only source of support is the United States, and it is clear from press reports that they are engaged in systematic attacks on the infrastructure of Nicaragua. They are engaged in attacks on the roads, on bridges, on powerlines. They are mining harbors. They are doing all that is possible to disrupt the coffee harvest and other agricultural activities that that country depends heavily upon for foreign exchange.

They are engaged in military efforts, according to the newspapers, to secure land areas within Nicaragua from which they can, in their view, expand their base of support.

It is clear to me that for us to argue we are not engaged in trying to overthrow the Sandinistas is the height of hypocrisy, when those people we are supplying and arming are quite up front and willing to admit that that is their key goal and their ultimate objective, whether it is ours or not.

The supporters of the administration policy with regard to the Contra activity make a series of arguments, none of which in my view add up to a logical reason to support the Contras. They cite the tremendous buildup in military capability by the Nicaraguans and a good argument can be made that the Nicaraguans have increased their military capability significantly in recent years.

They, of course, in Nicaragua would argue that has been necessary to counter the buildup by their neighbors and to meet the threat that they have encountered from Contra activity and other activity that this country has supported financially and otherwise.

But there is a military buildup in Nicaragua. There is a military buildup throughout Central America. The truth is we are engaged in an arms race in Central America and the United States is one of the main participants in that arms race.

Another argument that the supporters of administration policy make with regard to the Contras is that the Nicaraguans themselves are receiving outside support from Cuba and from the Soviet Union, and clearly the Nicaraguans are receiving outside support from those sources and that is a major cause for concern in this country. Again it is not a logical reason for us to support Contra activity in my view.

Another argument that is made is that the Nicaraguan Government today, the Sandinistas, are in some sense illegal in that they did not come to power through the normal democratic processes, but I point out that same argument can be made about many of the governments in that region of the world. It is an unfortunate fact, but it is somewhat hypocritical for us to apply a standard in the case of Nicaragua that we are not willing to apply in the case of those countries that we find more accommodating to our view of what should be done.

Clearly it seems to me that these are not reasons to support the Contras. These may be reasons to break off diplomatic relations with Nicaragua. These may be reasons to impose economic sanctions against Nicaragua. They may be reasons to even take military action against Nicaragua in the view of some people, although not in the view of this Senator. But they are not reasons to support a group of guerrillas whose stated objective is to overthrow a government that we continue as a nation to have diplomatic relations with.

I made the point the other day, and I believe it is an accurate point, that the main argument that needs to be made to the American people and to the administration about the wrongness of this policy is that the policy is counterproductive.

The effect of our support of Contra activity is that the Sandinista government is strengthening its position within Nicaragua and it is strengthening the support that it receives from the Nicaraguan people. If our desire is that the Sandinista government be weakened and forced to change its position and be forced to liberalize its policies and lessen censorship and become more democratic, if that is our goal, then we cannot achieve that goal, in my view, by giving them an excuse to continue with repressive policies. And they use the activities of the Contras as an excuse to continue with censorship, as an excuse to continue to put off the election, although they have now set a definite date for the election. They use it as an excuse to continue to put major portions of their resources into military activities and military buildup.

I believe we need to eliminate that excuse. I believe we need to eliminate the outside effort or at least eliminate our support for the outside threat that the Sandinistas are using to solidify their support within that government.

I also believe that our policy of support for the Contras is dramatically undermining our credibility in the Central American region and with our other Latin neighbors. Clearly, we are engaged in supporting a force that is trying to interfere in the internal affairs of a neighboring country, in this case Nicaragua. And for us to piously argue legality in international affairs when we are engaged in this activity, and engaged in it in a very open way, I think puts us in an extremely awkward position.

I have had the opportunity to go to Honduras and to be briefed on Contra activity. I have had the opportunity to go to Nicaragua and be briefed on Contra activity. And I can say that the activities that we are engaged in down there with our tax dollars are not activities that I, as one Senator, want to tell my constituents that we are spending their money to support. I think clearly this is a policy that is doing us more harm than good. It is clearly a policy that is contrary to our legal obligations. It is clearly a policy that the American people will not support if they fully understand what we are engaged in.

Mr. President, in conclusion, I would just like to say that one of the advantages I had on the trip to Central America that I took with Senator CHAFEE in December was that I had the opportunity to visit with many present and former governmental officials in those countries. One former governmental official in Costa Rica made a point to me about the Contra activity. He said:

> If the United States is opposed to what the Sandinistas are doing—and they may well have good reason to oppose much of the Sandinista policy—why don't they use the normal channels and take the normal actions that a government of your power, of the power of the United States, would take in this circumstance? Why don't they use their diplomatic tools? Why don't they use their economic tools? Why don't they even use their military tools in a straightforward manner to deal with what they perceive as the problem there? It is not worthy of a nation like the United States to hire others to do our bidding or to pay others and supply others to do our bidding when we are not in fact willing to do that ourselves, to do the work that we consider needs to be done.

Mr. President, I do not support in any way a military intervention by this country into the affairs of Nicaragua or any other Central American country. But I would say that the policy we are pursuing now is a military intervention in that region of the world. It is one that we have masked behind various words such as "covert," such as "Contra," "paramilitary," whatever you want to call it, but the truth is it is not an activity worthy of the people of the United States. It is one that we should terminate. We have that opportunity here in the Senate this evening. And I hope that my colleagues will agree with me and

vote to terminate the funding for this activity.

I yield back whatever time I have.

I yield to the Senator from Tennessee.

Mr. SASSER. I thank my distinguished friend from New Mexico.

Mr. President, if the Reagan administration seeks to moderate the Sandinista government in Nicaragua, it would appear to me that it is going about it in quite the wrong way. In fact, the military solutions which have been adopted are counterproductive to the stated policies of the United States, as my distinguished friend from New Mexico has so eloquently pointed out this afternoon.

Military harassment, mining of harbors, economic boycotts—what have these done? They have strengthened the hands of the Marxist factions within the Sandinistas. The policies of the administration have left the Sandinistas literally nowhere to turn except toward the Soviet Union and toward Cuba.

The administration's policies are giving the leftist extremists in Managua just the fuel they need to fire a Marxist revolution. These policies are radicalizing, I think, Mr. President, the more moderate elements of the Sandinista government.

By encouraging the Contra war and the terrorism that is associated with it—and make no mistake, there is an element of terrorism in this—the administration is giving the radical Sandinistas an opportunity to turn further to the left, to become more hardened in their Marxist doctrine, more dependent on the Soviet Union and Cuba and, as a result, more pro-Cuban and more pro-Soviet. And yet we are giving them just the reason they need to crush dissent and to fashion a truly totalitarian state.

I would remind my colleagues of the words of Arturo Cruz, perhaps the most respected of the Nicaraguan opposition politicai leaders. Last year he said:

> Backing the Contras indiscriminately could prove self-defeating to the United States. It weakens the moderating forces and strengthens the role of the extremists in Nicaragua.

Perhaps we should have listened to Señor Cruz, but instead it seems to be the policy to seek to widen the Contra war.

Just last month, Mr. President, according to press reports, the Contras killed 20 civilians and—according to the press—one small child. Five ships, including a Soviet freighter, have hit mines placed by the Contras in the Nicaraguan harbors. Soviet seamen were injured.

All of this has the flavor of terrorism. And terrorism of this type is contrary, I submit, to the heart and spirit of this great democracy of ours—a country that is committed to law and order at home and self-determination abroad.

Mr. President, I ask unanimous consent that a chronology of recent Contra attacks be printed in the RECORD.

There being no objection, the chronology was ordered to be printed in the RECORD, as follows:

February 25—Two fishing boats hit mines and sink at the Caribbean port of El Bluff. Two more vessels are damaged; two crew are killed and seven wounded.

Late February to early March—Heavy fighting for 10 days near the Atlantic Coast town of Waspán. (3/6 WP) On 3/3, 14 Nicaraguan militiamen are killed by motars fired from inside Honduras. The FDN mine a stretch of the border inside Nicaraguan territory.

March 1—A Dutch dredging ship hits a mine at the Pacific port of Corinto. Five are injured; damages are assessed at $1 million.

March 1 to 4—The border towns of Bilwaskarma, Waspán, and Leimus are attacked with motars daily from Honduran territory.

March 3—A helicopter coming from Honduras attacks the Gulf of Fonseca port of Potosí, without causing damages. A helicopter fires two rockets at a Nicaraguan patrol launch.

Early March—1,400 rebels fight with Sandinista troops in northern Matagalpa province, 72 miles within Nicaraguan territory. Combat is expected to last 30 days.

March 6—Two launches armed with machine guns and 81-millimeter mortars attack a Nicaraguan military base at Montelimar on the Pacific Coast.

March 7—A Nicaraguan truck carrying 9,000 gallons of propane is blown up 3 miles from the Honduran border.

March 7—A Panamanian freighter is damaged by an explosion caused by mines at the port of Corinto.

Mid-March—1,500 Nicaraguan soldiers are sent to southeast Nicaragua to repel an ARDE attack.

March 11—The electrical sub-station at Villanueva near Somotillo is attacked with RPG-7 rockets. Los Naranjos military post, near Somotillo is also attacked the same day.

March 12—The FDN blows up several towers that carry electricity to Honduras from Somotillo in Nicaragua.

March 12—ARDE attacks the border posts of Peñas Blancas and Los Chiles in southern Nicaragua.

March 14—ARDE attacks a village in the department of Rio San Juan, killing a child and seriously wounding 4 others.

March 16—The FDN kills 3 peasants and a school director in Esteli.

March 16—Seven members of a farm cooperative are killed in San Ramón, Madriz.

March 17—Eleven peasants die in an ambush in Jinotega, and 7 more are abducted in Pueblo Nuevo, Esteli.

March 20—A Soviet oil tanker is seriously damaged when it hits a mine at the Pacific port of Sandino; 5 crewmen are injured.

March 20—An ambush outside of the town of San Rafael del Norte leaves 13 militiamen dead.

March 23—Two hundred rebels attack San Rafael del Norte, destroying the militia garrison, killing 7 militiamen.

March 25—The town of La Ceiba, Chinandega is attacked with artillery and mortar fire.

Mr. SASSER. I will detail just a few of these matters this afternoon, Mr. President. There are some 20 to 25 incidents of Contra activity within a 30-day period.

Beginning on February 25, two Nicaraguan fishing boats hit mines and sank at the Caribbean port of El Bluff; two more vessels are damaged, two fishermen are killed, and seven are wounded;

On March 1, a Dutch dredging ship hits a mine at the Pacific port of Corinto; five persons are injured; damage to the Dutch vessel is assessed at $1 million;

The same day border towns in Nicaragua are attacked with mortars firing from behind the Honduran border. Two days later a helicopter coming from Honduras attacks a Nicaraguan patrol boat in the Gulf of Fonseca firing two rockets, no hits;

On March 7, a Nicaraguan truck carrying 9,000 gallons of propane is blown up 3 miles from the Honduran border;

The same day a Panamanian freighter is damaged by an explosion caused by mines at the port of Corinto; and it goes on and on.

March 12 the FDN blows up several towers that carry electricity to Honduras from Nicaragua;

On March 14, the ARDE attacks a village in the department of Rio San Juan, killing a child and seriously wounding four others;

On March 16, the FDN kills three peasants and a school director in Esteli;

On March 16, seven members of a farm cooperative are killed in San Ramon, Madriz;

On March 17, 11 peasants die in an ambush and seven more are abducted in Puebo Nuevo, Esteli;

On March 20, a Soviet oil tanker is seriously damaged when it hits a mine at the Pacific port of Sandino and five crewmen are injured. It goes on and on.

Mr. President, the administration is supporting the Contras and its political leadership, the FDN, in a war that cannot be won. Press reports have indicated that even CIA assessments indicate the Contras cannot topple the Sandinistas. Independent observers have told me there is no chance of a Contra victory; no chance, that is, unless there is U.S. military intervention.

Last July, members of the FDN directorate publicly called for U.S. military intervention. They announced their plans a month later to occupy large portions of Nicaraguan territory and stated "we want repression to increase in Nicaragua. That is our strategy."

In February of this year a FDN communique called "for the immediate replacement" of the Sandinista government in Nicaragua.

Mr. President, we are supporting the Contras, despite these statements, de-

spite the statements that they wish to overthrow the government of Nicaragua with force and violence. And despite the fact that some of their activities would be characterized as terrorist in other lands and in other times. And despite the fact—perhaps this is as damaging as any, Mr. President—that they cannot win. Not only are we throwing away tens of millions of taxpayers' dollars, but this great democracy, which Thomas Jefferson called over 200 years ago "the last best hope of mankind," is endorsing activities and supporting activities which are contrary to international law.

Of course, there are some who believe the Nicaraguans represent a military threat to its neighbors. There is no doubt that there has been a significant military buildup in Nicaragua. But most independent observers see that buildup as fundamentally defensive and substantially in response to U.S. policies and Contra attacks. I am advised that we have poured 25 percent more military aid into El Salvador and Honduras than the Cubans and Soviet bloc have sent to Nicaragua over the past 4 years.

But every time we step up military support for Contra attacks, the Sandinistas turn closer to the Soviets. Shortly after the Soviet ship hit a Contra-planted mine in Corinto Harbor, the Sandinista Defense Minister flew to the Soviet Union to plead for more aid.

Mr. President, some have stated that the Nicaraguans were planning to invade Honduras last year. But the former Chief of the Honduran Armed Forces, General Alvarez, publicly discounted such a possibility. In fact, a book just published by the Carnegie Foundation states:

> The current Nicaraguan buildup is fundamentally defensive and the Nicaraguan Army poses no immediate threat to its neighbors.

So if the Contras cannot topple the Sandinistas and they are not interdicting arms to El Salvador, what is our purpose in subsidizing their activities with American tax dollars?

The book in its study of Nicaragua goes further:

> Four-year arms build-up has made it unlikely that the country could be successfully invaded by any combination of Central American countries. Their forces are not sufficient to invade even the relatively lightly armed Honduras.

Continuing, the book states:

> Nicaragua would have difficulty sustaining an invasion, given its limited fuel supply and logistical capabilities, particularly if the Honduran Air Force struck Nicaraguan fuel and supply depots and the United States blocked resupply by sea.

Mr. President, originally the administration justified aid to the Contras on the grounds of interdicting the arms flow from Nicaraguan to Salvadoran rebels. But as early as April 1981 the State Department revealed that there has been "no hard evidence of arms movement through Nicaragua" since the State Department issued a white paper which purported to document such shipments. In March 1983 the New York Times reported that "no significant weapons shipments have been intercepted on their way to El Salvador in the last two years." The recent edition of "Foreign Affairs" also states that no such weapons were interdicted in all of 1983.

Administration officials have indicated that such military pressure could serve to bring the Sandinistas to the bargaining table.

Well, that is not very convincing because the Sandinistas have indeed offered to enter into negotiations. On July 19, 1983, the Government of Nicaragua offered to negotiate on the following points: Removal of foreign military advisers from the area, prohibiting the use of one country to carry out military destabilization of another country, and cutting off any arms flow or outside intervention in the internal affairs of any country in the area.

That is a pretty wide ranging agenda for negotiation, I would observe, Mr. President.

Again, last October the Nicaraguans published drafts of peace treaties for consideration of the United States and the Central American countries.

Mr. President, the Nicaraguans have stated they will sign a negotiated peace agreement which provides for onsite verification to assure that no Soviet or Cuban bases are built in Nicaragua and that no arms are being shipped to rebels fighting in other countries.

The Nicaraguans have now offered to negotiate on almost every point raised by the Reagan administration. But the Reagan administration has turned a deaf ear to these peace initiatives.

The administration says the Nicaraguans cannot be trusted to negotiate seriously. But how can that statement be verified unless we call their hand and attempt to enter into negotiations?

How do we know the Nicaraguans will not seriously negotiate unless we are willing to enter into negotiations. And what do we have to lose? If the Sandinistas do not negotiate in good faith or if they subsequently break a peace treaty, the United States still can exercise a whole host of options, including cranking up the Contras again, if we wish.

Mr. President, I ask unanimous consent that the text of the draft peace treaties be printed in the RECORD at this point.

There being no objection, the text of the draft was ordered to be printed the RECORD, as follows:

DRAFT SECURITY TREATIES FOR CENTRAL AMERICA

GENERAL PRESENTATION

The history of the countries of the Central American isthmus has been characterized by foreign intervention, exploitation, and injustice. In the face of this reality, the peoples of the region have continuously struggled to liberate themselves and to forge a more honorable and humane life. This just cause has provoked the reaction of those who have identified their own interests with the maintenance of the status quo, reaching the extreme of accepting and justifying foreign intervention and promoting fratricidal wars between historically fraternal countries as a means to force their peoples to give up their desire for freedom. Today, in the face of the triumph of the Sandinista people's revolution, the repression against some peoples of the area has been intensified, while foreign intervention has reached alarming proportions, not only to stop the process of change in the region but to prevent the consolidation of the Sandinist people's revolution. At the same time, the regressive forces want to blame Nicaragua for the struggles in those countries, trying to conceal their real causes in order to justify the many aggressions that Nicaragua suffers, aggressions that are organized and directed by the U.S. Government.

In the face of the U.S. policy of militarily reestablishing its domination and hegemony in Central America, Latin America has replied by sponsoring and promoting processes of dialogue to achieve a peaceful solution on the basis of respect for the people's right to free self-determination, political and economic independence, and nonintervention in the domestic affairs of the Central American countries.

Nicaragua, which from the start has expressed support for the Contadora Group countries' initiative, and for whose success it has contributed its best efforts, reiterates that the reestablishment of peace and cooperation among the Central American countries requires, as a prior condition, that the security of those countries be guaranteed. For that purpose, Nicaragua has prepared the following attached draft agreements based on the basic principles established in international law, which should regulate relations among states in accordance with the UN Charter and within the spirit of the fourth joint meeting of the Contadora Group and Central American foreign ministers.

These documents, which cover only the aspects dealing with security, are not intended to exhaust all possible agreements that might be derived from the Contadora documents. Instead, they seek to lay the juridical bases and respective mechanisms of control to guarantee that the states will not be attacked from other states of the Central American region or from outside the region, with full respect for their right to self-determination and political and economic independence, thus creating conditions favorable for signing other agreements on military development and advisers, and on political, social, and economic affairs.

The following treaty drafts are presented as an indivisible whole. Omission of any of them would mean that the security of the states of the isthmus—the aim of Nicaragua's proposal—would not be duly guaranteed. This would make impossible the reestablishment of peace and the signing of other agreements.

INTRODUCTION

In April 1982, the U.S. Government presented an eight-point proposal to Nicaragua summarizing the conditions that, according to the U.S. Government, had to be fulfilled to achieve normalization of relations between the United States and Nicaragua. The Nicaraguan Government agreed to discuss these eight points if the United States would agree to discuss issues concerning Nicaragua. Despite this willingness to hold a dialogue, the U.S. Government refused to accept the continuation of the talks and in fact interrupted the informal exchange of letters that had been maintained until 13 August, the date of the last Nicaraguan message, which has yet to be answered.

After abandoning the path of dialogue, the U.S. Administration increased in quality and quantity its aggressions against Nicaragua, using as instruments counterrevolutionary mercenaries organized, trained, financed, armed, and directed by the Central Intelligence Agency (CIA), and intensified its political pressures and economic aggressions against Nicaragua.

Despite this situation, and guided by the desire to achieve the normalization of relations between the two states, the Nicaraguan Government deemed it essential to draft an instrument permitting an end to the aggressions, the normalization of relations between the two countries, and an eventual harmonious development of those relations within the most strict respect for the fundamental principles of international law.

Nicaragua believes that the reestablishment of peace and mutual respect between the United States and Nicaragua requires full gauarantees for its domestic and foreign security and the recognition of each people's right to freely choose their own destiny.

The very grave consequences of the U.S. policy against Nicaragua, which has led the U.S. Government to involve other countries of the area, using their territories as bases of operation and sanctuaries for counterrevolutionary activities, force Nicaragua to present this proposal for a treaty with the United States within the context of the efforts undertaken by the Contadora Group countries.

If the increased acts of aggression against Nicaragua and the rapid deterioration of the situation on the border with Honduras continue as a result of that U.S. policy, it could lead to unpredictable consequences, one of which would be direct involvement of U.S. troops in the conflict.

The magnitude of that threat and the impossibility of achieving reestablishment of peace in Central America without a clear U.S. decision to abandon its interventionist plans inevitably force the Contadora Group to also direct its efforts in that direction.

The present proposal for a treaty between the United States and Nicaragua responds to the Nicaraguan Government's firm determination to exhaust all possible legal resources to achieve a peaceful solution to the serious Central American crisis, within which the U.S. Administration plays a very important and inevitable role.

This draft treaty is an integral part of a general proposal that also includes a draft of a multilateral treaty with the Central American countries, a bilateral treaty with Honduras, and an agreement on respect for the Salvadoran people's right to self-determination.

Nicaragua hopes that this proposal, which includes all the substantial concerns that can be discussed between sovereign states—which with regard to Nicaragua have previously been expressed by the United States—will be properly evaluated by the U.S. Government, thus making possible the beginning of the normalization of relations between the United States and Nicaragua.

DRAFT TREATY TO GUARANTEE MUTUAL RESPECT, PEACE, AND SECURITY BETWEEN NICARAGUA AND THE UNITED STATES OF AMERICA

The Governments of Nicaragua and the United States of America—considering that, for the maintenance of peace and security between the two nations and in the Central American area, trust and relations of friendship and cooperation between the two states must be reestablished and that those high objectives require, first of all, an end to all situations of belligerency and guarantees for their domestic and foreign security through respect for the fundamental principles that govern relations between states, mainly the principles of abstaining from resorting to threat and use of force, nonintervention, self-determination of peoples, territorial integrity, mutual respect, and sovereign equality of states, in accordance with the UN Charter—have agreed to the following:

CHAPTER I

Article 1. The high contracting parties solemnly promise in their international relations not to resort to the threat or use of force against the territorial integrity or political independence of another state or as a means to resolve controversies that might emerge between both states.

Article 2. The high contracting parties condemn war of aggression [guerra de agresion] as a crime against humankind.

Article 3. The high contracting parties promise not to provide political, military, economic, or any other kind of support, direct or indirect, open or covert, to individuals or groups advocating the overthrow or destabilization of the other government, as well as to prevent, using all possible means, the use of their territory for the purpose of attacking or organizing attacks, acts of sabotage, or criminal or terrorist actions against the other state.

Article 4. The persons who are in the territory of each state may not be involved in any type of activity promoting, organizing, instigating, collecting funds for, or carrying out actions against the other state.

Article 5. The United States of America recognizes Nicaragua's inalienable right to its independence and self-determination as a sovereign state. It also recognizes that Nicaragua does not constitute a strategic reserve or area of influence of any foreign power, since that or similar concepts are an infringement of and incompatible with the sovereignty and independence of Nicaragua.

Article 6. Nicaragua declares that the exercise of its sovereign rights does not constitute a threat to the security of the United States and that it will not permit the use of Nicaraguan territory to affect or threaten the security of the United States or to attack any other state, furthermore guaranteeing the transit of U.S.-registered merchant ships and commercial airplanes through its territorial waters and airspace, in accordance with international laws and Nicaragua's national laws.

CHAPTER II

Article 7. The high contracting parties solemnly promise not to intervene, directly or indirectly, openly or covertly, for whatever reason, in the domestic or foreign affairs of the other state.

Article 8. The high contracting parties prohibit in their international relations armed intervention and any interference or threat against the legal entity [personalidad] of the other state or the political, economic, and cultural elements that comprise it.

Article 9. The high contracting parties also recognize the other state's inalienable right to choose its economic, social, cultural, and government system without interference from any other state.

Article 10. The high contracting parties declare incompatible with the present treaty all military, land, air, or sea maneuvers carried out or that can be carried out by the military forces of the other state at its own initiative or jointly with the armed forces of one or more states in the proximity of the territory of the other high party or in jurisdictional areas of the other state. The presence of war or espionage ships, airplanes, military units, or any other type of military force in or over the territory of the other state or in its jurisdictional waters is also incompatible.

CHAPTER III

Article 11. Neither of the high contracting parties will apply, support, or promote the use of economic, political, or any other kind of pressure to force the other state to subordinate its sovereign rights or to obtain from it any type of advantage.

Article 12. International commerce and other forms of economic cooperation between the high contracting parties will be practiced independently of any difference in economic, social, or governmental systems. All discrimination based only on those differences is incompatible with the present treaty. The discriminatory measures that might have been adopted by any of the high contracting parties to signing this treaty shall be abrogated.

Article 13. The high contracting parties recognize the right and the responsibility of each state to choose freely its objectives and means of development to mobilize fully and to use its resources, and to carry out economic and social reforms that will guarantee the full participation of its people in the process and the benefits of economic, social, and cultural development.

CHAPTER IV

Article 14. The high contracting parties solemnly promise to solve any situation or controversy through the peaceful means recognized by international law, so as not to endanger international peace and security.

Article 15. In the case of a controversy or situation between both states which affects or could affect international peace and security, the high parties will first of all attempt direct and friendly negotiations, including the establishment of mixed commissions, to achieve a solution, and if an agreement cannot be reached, they will resort to the other peaceful means of solution to controversies recognized by the UN Charter as established in the following articles.

Article 16. The high contracting parties, in case of conroversy, will abstain from adopting any measure that could worsen the situation, endangering the maintenance of international peace and security.

Article 17. The high contracting parties designate Colombia, Mexico, Panama, and Venezuela as guarantor states of this treaty.

Article 18. If an agreement is not reached through direct negotiations or through previously established mixed commissions, they will resort to the good offices of the guarantor states. If this recourse is not successful,

any of the parties can request from the UN Security Council the resolution of controversies or situations that affect or could affect international peace and security.

CHAPTER V

Article 19. Charges raised by any of the parties with regard to violations of this treaty may be submitted to the good offices of the guarantor states if no agreement is reached through direct negotiations or mixed commissions.

Article 20. Once the validity of the charges is proved, the state which is found guilty will be obliged to pay compensation to the aggrieved state for all damages inflicted on it and to cover the indemnities to which it may be entitled. Based on the damages, the guarantor states will determine the amounts to be paid and the mode of payment, as well as the measures that must be adopted to avoid a repetition of the violations of this treaty. The reparations to which this article refers constitute an international obligation.

Article 21. In the event of failure of the good offices of the guarantor states; or in the event that these states fail to propose a solution within a reasonable period, not exceeding 30 days or within the period agreed to by the parties, counted from the date of submission of the charges, any of the parties may have recourse to the UN Security Council, even before such deadline expires, in order for this forum to find a resolution to the controversy or situation.

CHAPTER VI

Article 22. This treaty in no way affects the rights and obligations of the parties as set forth in the UN Charter.

Article 23. This treaty will be in effect for a period of 5 years and can be extended for an equal period of time by agreement of the parties. It will take effect once the instruments of ratification are exchanged. In the event of its abrogation, this treaty will be in effect up to 1 year after notice thereof is sent to the other party.

Article 24. A copy of this treaty and of the ratification instruments will be filed with the UN Secretariat.

The Republics of Colombia, Mexico, Panama, and Venezuela will sign this treaty in their capacity as guarantor states.

In witness thereof, the plenipotentiary representatives of the Republic of Nicaragua and the United States of America sign this treaty in the English and Spanish languages, both of which are equally valid, in the city of . . . on . . . day of . . .

INTRODUCTION

In May of 1981, a meeting between the chiefs of state of Honduras and Nicaragua was held at the Guasaule Nicaraguan border post at Nicaragua's request. The meeting was aimed at reviewing the delicate situation on the border as a result of recent attacks on Nicaraguan territory by counterrevolutionary bands. It was agreed at these talks that a meeting between the top military leaders of the two nations should be held as soon as possible in order to agree on a way to coordinate a joint military patrol of the border area as a means of preventing incidents.

Unfortunately, Honduras refused to agree to this. Subsequently, in April 1982, after the present Honduran Administration took office, Nicaragua presented to Honduras a seven point peace proposal. A key point in this proposal was the signing of a nonaggression pact between the two states in an effort to halt the rapid deterioration of their relations as a result of constant attacks on our national territory and the growing participation of Honduran Armed Forces in counterrevolutionary activities promoted by the U.S. Government through the CIA. During that same month, April, the Honduran Government rejected in toto the Nicaraguan peace proposal. In August and September 1982, Nicaragua continued its efforts to reach an agreement with the Honduran Government, but these efforts met with the same negative response.

Understanding the grave consequences which could stem from the use of Honduran territory as a base of operations and refuge for the mercenary forces which commit many crimes against and attachs on Nicaragua every day, and in compliance with UN Security Council Resolution No. 530 which, in addition to expressing its serious concern over a possible military confrontation between Honduras and Nicaragua, urged interested states to take the steps necessary to avoid this conflict, the Nicaraguan Government feels that there is a pressing need to formalize the proposal for a nonaggression treaty between Honduras and Nicaragua which opens the path to peace, security, and mutual respect. This bilateral treaty with Honduras is perhaps more urgent because as time passes the participation of the Honduran Army grows and the U.S. military apparatus in that country increases its efforts to launch bigger and more dangerous military offensives against Nicaragua. This situation prepares the way for a generalized conflict which is rejected by the peoples of the two nations and repudiated by the Nicaraguan Government.

Intensified terrorist actions and the improvement of the aggressive war machinery against Nicaragua lends irrefutable and evident importance to this draft treaty which Nicaragua proposes with Honduras.

The proposed draft treaty, based on basic principles of international law, constitutes a new expression of the will for peace which guides Nicaraguan policy in its relations with all the countries of the world, particularly with its neighbors.

Nonintervention, prohibition of the threat of or use of force, and respect for people's self-determination are, among others, the principles on which the people's peace and security must be built.

Nicaragua expects that this draft treaty of peace, friendship, and cooperation will find a favorable and constructive response in the Honduran Government, which has expressed interest in a true restoration of peace and the normalization of relations between Honduras and Nicaragua, brother countries that are confronting one another mistakenly because of U.S. Government policy.

DRAFT OF THE PEACE, FRIENDSHIP, AND COOPERATION TREATY BETWEEN HONDURAS AND NICARAGUA

The Governments of Honduras and Nicaragua, anxious to strengthen the historic and fraternal ties joining the two nations and, as a result, determined to build peace and security between the two states, within the framework of respect for the principles of abstaining from resorting to threats of or use of force, nonintervention in the domestic affairs of other states, people's self-determination, peaceful solution of controversies, territorial integrity, and sovereign equality of states, and in accordance with provisions establisahed in the UN Charter, have agreed to the following:

CHAPTER I

Article 1. The Republics of Honduras and Nicaragua solemnly promise not to resort to threats of or the use of force as a means of solving controversies which may arise between the two states.

Article 2. The high contracting parties renounce the use of force to violate the sovereignty, territorial integrity, or political independence of the other state.

Article 3. Likewise, the high contracting parties promise not to give political, military, economic, or any other type of support to individuals or groups promoting the overthrow or destabilization of the other state's government, as well as to prevent, using every means available, the use of their territory to attack or organize attacks, acts of sabotage, kidnappings, or criminal actions in the territory of the other state.

Article 4. The high contracting parties, in an effort to comply with the provisions of this treaty, will disarm and remove from the border area any individual or individuals who enter their territory in an attempt to attack the other state. They will also prohibit any trafficking in arms and war materiel that may be used against the other state.

Article 5. The people within the territory of each state will not engage in any activity to promote, organize, or instigate actions against the other state or collect funds for these actions.

Article 6. In the event third countries declare war or carry out military actions against either of the two high contracting parties, both parties agree, in the most absolute manner, to refrain from forming alliances with or lending any kind of support to the enemies of either of the two republics. This does not impede the formation of alliances for the defense of their respective territories if they are attacked or invaded.

Article 7. Commercial and economic relations will not be used in any action against the sovereignty, the territorial integrity, or the political independence of the other party.

Article 8. The high contracting parties also agree to punish, according to their own internal laws and international treaties currently in effect, individuals who illegally seize ships or planes of the other state and take them to their respective territories. They also agree to sign an extradition agreement to punish these crimes. The ships or planes that are seized will be made available to the offended party as soon as possible, without being subject to retention or any legal measure.

CHAPTER II

Article 9. In the event of a controversy or situation between the two states that affects or may affect international peace and security, the high contracting parties will resort first to direct and friendly negotiations, including the formation of joint commissions, to solve the problem. If no agreement is reached, they will resort to other peaceful means to solve controversies recognized in UN Security Council Resolution No. 530, as established in the following articles.

Article 10. The high contracting parties designate the Republics of Colombia, Mexico, Panama, and Venezuela as guarantor states of this treaty.

Article 11. If no agreement is reached through direct negotiations or through joint commissions already created, they will resort to the good offices or the mediation of the guarantor states, which will receive every assistance available so that they can help resolve the controversy or situation presented to them.

Article 12. If, through the good offices or mediation of the guarantor states, an agreement is still not reached, either of the high contracting parties can ask the UN Security Council to resolve the controversy or the situation that affects or may affect international peace and security.

CHAPTER III

Article 13. To implement this treaty, the high contracting parties promise to disarm and to remove from the border area any individual or individuals inside their territory, as well as to dismantle any camps or bases in their territory that are used or may be used to organize or launch attacks on the territory or population of another state, or for any similar intention mentioned in this treaty.

Article 14. In the event that either of the contracting states denounces the existence of groups, camps, or bases in the other state or reports attacks originating in the other state without achieving positive results through direct negotiations, either of the parties may ask for the good offices or mediation of the states mentioned in Article 10 of this treaty.

The accusing party will present all the evidence supporting its claim to the foreign ministers of the guarantor states in order to facilitate the investigation of the charges.

The state that has been accused will permit and assist investigations that must be made in its territory in order to determine the validity or invalidity of the charge or charges presented.

Article 15. If the charge or charges are proven, the state that is found guilty will have to compensate the aggrieved state for all damages incurred, as well as any indemnification to which it is entitled. The Governments of Colombia, Mexico, Panama, and Venezuela will determine, based on the facts, the amount and form of payment, and any other measures that should be taken to avoid a further violation of this treaty. The reparation mentioned in this treaty is an international obligation.

Article 16. If the guarantor states cannot solve the controversy or situation within 30 days from the date the charge was presented, or if the seriousness of the situation warrants it, either of the parties may turn to the UN Security Council, even if the 30-day period has not passed, so that this forum can hear presentations and issue a resolution on the situation or controversy.

Article 17. This treaty in no way affects the rights and obligations of the high contracting parties as set forth in the UN Charter.

Article 18. This treaty will be in effect for a period of 5 years, and can be extended at the parties' will. It will take effect once the ratification documents are exchanged. In the event that either party abrogates the treaty, it will remain in effect for a period of 1 year after submission of the proper notification.

Article 19. A copy of this treaty and the ratification documents will be filed with the UN Secretariat.

The Governments of Colombia, Mexico, Panama, and Venezuela will sign this treaty in their capacity as guarantor states.

In witness thereof, the plenipotentiary representatives of the republic of Nicaragua and Honduras sign this treaty in the city of . . . . . on . . . . .

INTRODUCTION

The on-going nature and indefinite prolongation of the Salvadoran conflict seriously affect peace, security, and economc and social development in Central America.

In view of this situation, it is an unavoidable and moral duty to help, or at least not to obstruct, the efforts that are being carried out internally in El Salvador to find a political and negotiated solution to the conflict in that country in order to guarantee a stable and lasting peace, and to ensure a peaceful solution through legal means established by international law, in particular, fully respecting the sovereign rights of all peoples to decide their own destiny, without foreign intervention, coercion, or threats.

The constant and increasing U.S. Government intervention in the internal Salvadoran struggle is a key factor that obstructs and complicates the achievement of a political and negotiated solution, because it has become, in fact, the main arms supplier for the government forces directly, and for the revolutionary forces indirectly.

In order to justify its interventionist policy in El Salvador, the U.S. Government has accused Nicaragua of engaging in alleged arms trafficking for revolutionary forces from Nicaraguan territory, a pretext that the United States has also used as a justification to attack the Sandinist people's revolution and the Nicaraguan people politically, economically, and militarily, both overtly and covertly.

Aware of this situation, and in a new effort to contribute to a political solution, the Nicaraguan Government made public on July 19, 1983 a call to the countries involved in which it requested "an absolute halt to the supply of weapons by any country to the forces in conflict in El Salvador, so that those people can solve their problems without foreign interference."

Having received no reply to that call, the Nicaraguan Government has considered it necessary to formalize that proposal in concrete and detailed terms, in the form of an agreement to be signed by all the countries involved in El Salvador. In any case, Nicaragua is willing to sign immediately, even with just the United States, such an agreement, so that the U.S. Government will not be able to continue to justify its interventionist policy in El Salvador on the basis of alleged actions by Nicaragua.

DRAFT AGREEMENT TO CONTRIBUTE TO THE PEACEFUL SOLUTION OF THE ARMED CONFLICT IN EL SALVADOR

The governments of * * *

Considering the fact that the grave crisis being experienced by El Salvador, resulting from the armed conflict taking place there, is one of the principal factors that affects peace and security in the Central American region, and that all nations have the obligation, without detriment to the principles of nonintervention and the self-determination of peoples, to contribute through all possible legal means to ending the bloodshed in El Salvador and to promoting a peaceful solution that will make possible an end to the hostilities between the forces in conflict and the reestablishment of peace and harmony in El Salvador; and

Bearing in mind that the maintenance of the supply and traffic of weapons and military supplies and military and economic aid to the forces in conflict makes it very difficult to achieve a peaceful negotiated solution that will put a stop to the armed conflict being experienced by El Salvador, they have agreed on the following:

CHAPTER I

Article 1: The high contracting parties promise not to provide, or, in this case, promise to suspend, the military aid and training and the supply and traffic of weapons and arms to the forces in conflict directly or indirectly through third states.

Article 2: The high contracting parties likewise promise to adopt in their respective territories the measures that might be necessary to prevent the supply of and traffic in weapons and arms and provision of military aid and training to the forces in conflict in El Salvador.

Article 3: The high contracting parties also promise to use their good offices, jointly or on their own initiative, with third states that supply or permit the traffic in weapons and arms or that supply military aid and training to the forces in conflict in El Salvador, so that they will suspend this supply and aid, and join the efforts being undertaken for the reestablishment of peace and harmony in that nation.

Article 4: In order to ensure fulfillment of the provisions of this agreement by all the individuals and persons representing groups in their respective territories, the high contracting parties will adopt all the necessary measures to prevent the supply of and traffic in weapons and military supplies to any of the forces in conflict in El Salvador. For this purpose, vigilance at the borders, ports, airports, coastal areas, and any other places that can be used for that purpose will be reinforced.

Article 5: The high contracting parties also promise not to provide and, in this case, promise to suspend, all types of economic, financial, or technical aid that are or could be destined for the purchase of weapons and arms by the forces in conflict, or for the training of troops or other military objectives. They will also undertake the necessary efforts so that third states suspend the economic, financial, or technical aid that they provide for the same or similar objectives noted in this article.

Article 6: The high contracting parties also promise to promote and support in international forums all the initiatives to contribute to the reestablishment of peace in El Salvador, particularly those that promote a halt to the supply of and traffic in weapons and arms and provision of military aid and training to the forces in conflict in that country, and in this case, not to oppose in any forum the resolutions or sanctions that are proposed for that purpose.

Article 7: The high contracting parties designate Colombia, Mexico, Panama, and Venezuela as guarantor states of this agreement.

CHAPTER II

Article 8: If no solution is found through direct negotiations to charges made by any of the high parties with regard to the violation of this treaty, those charges can be submitted to the good offices or mediation of the guarantor states.

Article 9: In order to facilitate the investigation of the charges, the party that raises the accusations will present all the evidence and proof on which it bases its charges to the foreign ministers of the guarantor states. The accusing state will permit and provide facilities for all the necessary investigations to be carried out in its territory in order to determine the validity or invalidity of the charge or charges presented.

Article 10: If the good offices or mediation of the guarantor states are not successful or if a solution is not presented within an appropriate period of no more than 30 days, or within a period agreed upon by the high contracting parties, beginning from the date the charge or charges were presented, or if the seriousness of the situation makes it

necessary, any of the parties can have recourse to the UN Security Council, even before the expiration of that period, so that this forum can hear presentations and resolve the controversy or situation.

Article 11: This agreement will take effect once the pertinent instruments have been exchanged, and will remain in force for the duration of the current armed conflict in El Salvador. A copy of this agreement will be filed with the UN Secretariat.

The governments of Colombia, Mexico, Panama, and Venezuela will sign this agreement as guarantor states.

In witness whereof, the plenipotentiary representatives of the Governments of * * * sign this agreement in the city of * * * on * * * of * * *.

INTRODUCTION

The crisis affecting the Central American region, the real causes of which are the centuries-old poverty and the oppression of its people, has been substantially aggravated by the foreign interventionism that has plagued the region since its independence and that has been and is one of the principal factors behind the profound situation of prevailing injustice and the consequent state of political and social turbulence in the region.

Since the inauguration of the Reagan administration, the Sandinist people's revolution has become the target of military, political, and economic aggressions by the United States, to the detriment of the Nicaraguan people.

Since 1981, Nicaragua has been daily suffering aggressions and "covert actions" from other countries, actions that violate international law and that are financed and directed by the Central Intelligence Agency (CIA), yet the U.S. Government tries to present Nicaragua as the country that threatens the peace and security of other countries of the region. These charges are simply a pretext used by the U.S. Government in an attempt to justify its "covert actions" against Nicaragua.

In order to establish clearly Nicaragua's unlimited support for the principles of international law which should govern relations among sovereign states, the Government of National Reconstruction has considered it necessary to formalize this draft of a general treaty among the Central American countries.

In proposing this draft treaty, Nicaragua is confident that it will be positively received by the governments that are sincerely determined to guarantee international peace and security and to promote fraternal and harmonious relations among the Central American countries.

DRAFT GENERAL TREATY ON THE MAINTENANCE OF PEACE AND SECURITY AND ON RELATIONS OF FRIENDSHIP AND COOPERATION AMONG THE CENTRAL AMERICAN REPUBLICS

The Governments of Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua, fully aware that the maintenance of peace and security in the region and the promotion of relations of friendship and cooperation among the nations of the region are necessary for the development and well-being of their peoples, and that the achievement of these lofty aspirations requires from the Central American states absolute respect for the fundamental principles that govern relations among states, such as the principles of nonintervention, self-determination of peoples, abstention from the threat or use of force, peaceful solution of controversies, respect for territorial integrity, and respect for the sovereign equality of states, principles that are established in the UN Charter; and

Recognizing that the Central American states' legitimate concern about guaranteeing their security has generated a trend of military development at present that tends to cause the political situation in the region to deteriorate and to divert economic resources that should be invested in the development of the Central American peoples, and that this situation makes a priority the adoption of adequate measures to guarantee that security through respect for the fundamental principles of international law, as has been pointed out;

Therefore, the Governments of Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua have agreed on the following to guarantee peace and security among their states:

CHAPTER I

Article 1: The high contracting parties solemnly promise, in the conduct of international relations, not to resort to the threat or use of force against the territorial integrity or political independence of any of the contracting states.

Article 2: The high contracting parties will not resort to the threat or use of force to violate the existing international borders of the other states as a means of resolving international controversies, including territorial controversies and the problems related with the borders of the states.

They will also abstain from carrying out any act of reprisal that involves or could involve the use of force.

Article 3: The high contracting parties will abstain, in their respective territories, from organizing, promoting, or tolerating the organization of irregular forces or bands, whether armed or unarmed, including mercenaries, to undertrake incursions into the territory of other states.

Article 4: The high contracting parties will adopt the necessary measures to prevent the use of their respective territories to organize, instigate, help, or participate in acts that constitute an attack on the internal or external security of other states and to prevent activities organized inside their territory to commit such acts.

CHAPTER II

Article 5: The high contracting parties solemnly promise not to intervene, directly or indirectly, for whatever reason, in the domestic or foreign affairs of any of the other states.

Article 6: The high contracting parties prohibit, in their international relations, armed intervention or any interference or threat that constitutes an attack on the legal entity of the other states, or the political, economic, and cultural elements that comprise them.

Article 7: They will also abstain from organizing, supporting, promoting, financing, instigating, or tolerating armed, terrorist, or subversive activities intended to overthrow the regime of another state or to intervene in internal struggles of other states.

Article 8: The high contracting parties recognize the inalienable right of states to choose their economic, social, political, and cultural system without interference from any other state.

Article 9: None of the high contracting parties will implement, support, or promote the use of economic, political, or any other type of measures designed to coerce the other states in order to achieve the subordination of the exercise of their sovereign rights or to obtain from them any type of advantage.

Article 10: International commerce and other forms of economic cooperation among the high contracting parties will be carried out independently of any difference in political, economic, and social systems. No state shall be the object of any discrimination based solely on such differences.

Article 11: Considering the essential responsibility of promoting economic, social, and cultural development of their respective peoples, the high contracting parties have the right and responsibility of freely choosing their objectives and means of development, of mobilizing and fully using their resources, and of undertaking economic and social reforms that will guarantee their peoples' full participation in the process of development and in its associated benefits.

CHAPTER III

Article 12: Ratifying their status as free, sovereign, and independent states, the high contracting parties declare that neither the Central American region nor any of the states that comprise it can become strategic reserve of any foreign state.

Article 13: The high contracting parties will not authorize the installation in their respective territories of foreign military bases—army, naval, or air force—or military schools, nor will they permit their bases or national schools to be used for the training of soldiers who are not nationals of their respective countries.

Article 14: Without the prior agreement of all other high contracting parties, land, sea, or air military exercises of foreign forces or joint exercises with foreign forces in their respective territories or in the areas under their jurisdiction, or any type of military exercise in which members of foreign armed forces participate or in which war materiel belonging to foreign armed forces is used, will not be permitted, authorized, or tolerated.

Article 15: In the event third countries declare war on or carry out military actions against any of the high contracting parties, no Central American state will establish an offensive alliance with or provide any aid or support to the enemies of any of the Central American republics. This does not prevent the establishment of alliances for the defense of their respective territories if an attack or invasion takes place.

Article 16: The high contracting parties agree to cancel, within a period of 30 days, any maneuvers, exercises, or military training in which foreign forces are participating. They also agree to eliminate foreign bases, installation, and military schools within a period of 90 days. Both terms will be operational from the date this treaty goes into effect.

Article 17: The high contracting parties agree to punish, in accordance with their own laws and international treaties in effect, any individuals who illegally seize ships or airplanes of the other states and take them to their respective territories. They also agree to sign extradition treaties regarding this type of crime. The ships or airplanes that are seized will be returned to the aggrieved party as soon as possible, without retaining them or subjecting them to any legal action.

Article 18: To implement this treaty, the high contracting parties promise to disarm and to remove from the border area any individuals or groups inside their territory, as well as to dismantle any camps or bases in their territory that are used or may be used

to organize or launch attacks on the territory or population of another state, or for any similar intention mentioned in this treaty.

CHAPTER IV

Article 19: The high contracting parties solemnly promise to resolve any situation or controversy through peaceful means recognized by international law so that international peace, security, and justice are not jeopardized.

Article 20: In the event of a controversy or a situation that may affect peace and security, the high contracting parties will resort to direct or friendly negotiations, including the formation of joint commissions, to resolve them; if no agreement is reached, they will resort to other means for the peaceful solution of controversies recognized in UN Security Resolution No 530, as established in the following:

Article 21: The high contracting parties will abstain from adopting any measure that may aggravate the situation to the extent of endangering international peace and security.

Article 22: The high contracting parties designate the Republics of Colombia, Mexico, Panama, and Venezuela as guarantor states of this treaty.

Article 23: If no agreement is reached through direct negotiations or through joint commissions already created, they will resort to the good offices or the mediation of the guarantor states, which will receive every assistance available so that they can help resolve the controversy or situation presented to them.

Article 24: If, through the good offices or mediation of the guarantor states, an agreement is still not reached, either of the high contracting parties can ask the UN Security Council to resolve the controversy or situation that affects or may affect international peace and security.

CHAPTER V

Article 25: Charges pressed by any of the states regarding the violation of this treaty will be presented, with the pertinent evidence, to the guarantor states. The guarantor states will be then asked to launch appropriate investigations in order to determine the admissibility or inadmissibility of the charges. The high contracting parties wil accept as binding the resolution issued by the guarantor states. The accusing party will present all evidence supporting its claim to the foreign ministers of the guarantor states in order to facilitate investigation of the charges.

The state that has been accused will permit and assist the investigations that must be made in its territory in order to determine the validity or invalidity of the charge or charges presented.

Article 26: If the charge or charges are proven, the state that is found guilty will have to compensate the aggrieved state for all damages incurred, as well as any indemnification to which it is entitled. The guarantor states will determine, based on available facts, the amount and form of payment, and any other measures that should be taken to avoid a further violation of this treaty. The reparation mentioned in this treaty is an international obligation.

Article 27: If the guarantor states cannot solve the controversy or situation within 30 days from the date the charge or charges were presented, or if the seriousness of the situation warrants, either of the parties may turn to the UN Security Council, even if the 30-day period has not passed, so that this forum can hear presentations and issue a resolution on the situation or controversy.

Article 28: This treaty in no way affects the rights and obligations of the high contracting parties as set forth in the UN Charter.

Article 29: This treaty will remain in effect for a period of 5 years, and can be extended at the parties' will. It will take effect once the fifth ratification instrument is delivered. In the event that this treaty is abrogated, it will remain binding on the party that abrogated it for a period of 1 year after the submission of the proper notification. It will continue in effect as long as three of the high parties wish it to be in force.

Article 30: The foreign ministry of the republic of * * * will be charged with sending certified authentic copies of the ratification documents to the signatory and guarantor states.

A copy of this treaty and the ratification documents will be filed with the UN Secretariat.

The Governments of Colombia, Mexico, Panama, and Venezuela will sign this treaty in their capacity as guarantor states.

TRANSITORY PROVISION

Article 1: Once the security of the Central American states is guaranteed through agreements among the countries of the region, as well as through the signing of agreements between the Central American states and those extraregional states which constitute a threat to any of the Central American states, the high contracting parties express their willingness to consider other matters of general interest, such as military advisers in the region.

In witness thereof, the plenipotentiary representatives of the Republics of Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua sign this treaty in the city of on .

Mr. SASSER. Mr. President, administration officials say that we cannot allow the Sandinistas to consolidate their control in Nicaragua, but by supporting the war against the Sandinistas we are giving them the opportunity, indeed we are providing them with an excuse to declare a state of siege, suppress dissent, and build up their army.

One final word, Mr. President, Nicaragua is going to hold an election this November—a year earlier than was promised by the Sandinistas.

There has not been a truly free election in Nicaragua in 50 years. It is a matter of speculation as to whether these elections will be truly free and open and if the political opposition will be allowed to participate without harassment.

One thing is clear, however: There can be no truly free and open elections during a war. By supporting the Contras we are, in essence, assuring the failure of the election process in Nicaragua.

Mr. President, the time is now to negotiate. The time is now to end the bloodshed. The time is now to halt a military buildup which could ultimately lead to U.S. intervention.

Further aid to the Contras only runs the risk of hostilities getting out of hand.

Mr. President, I do not feel that any American soldier should be asked to subject himself or herself to hostile fire in Central America, certainly not on the periphery of Nicaragua or in Nicaragua, until every political and negotiating option has been exhausted. So far, I am sad to say that the administration has failed to seize the opportunities that have been offered.

Mr. President, I yield the floor.

Mr. KENNEDY. Mr. President, I yield such time as the Senator from Rhode Island may require.

The PRESIDING OFFICER (Mr. HECHT). The Senator from Rhode Island.

Mr. PELL. Mr. President, I thank my friend from Massachusetts for yielding.

Mr. President, I have taken the floor on a number of occasions to express my strong opposition to the funding of covert operations against the Government of Nicaragua.

The funding by the U.S. Government of covert operations against the Government of Nicaragua is illegal, is immoral, and is not befitting the noble principles that have served as the guiding force behind the foreign policy of our Nation.

It is against the Charter of the United Nations and, theoretically, it is a policy we oppose in El Salvador. We see the peculiar phenomenon here that one nation's terrorists are to be destroyed by the U.S. Government while at the same time, we encourage our own terrorists.

Furthermore, the policy to fund covert operations is counterproductive. In my view, it is serving to strengthen the Sandinistas as the Nicaraguan people rally behind the government in the face of foreign intervention.

The covert policy is serving to push the Nicaraguan Government further to the Soviet Union; witness Daniel Ortega's trip to request minesweepers from the Soviets.

It was inconceivable 1 year ago that he would have gone to the Soviet Union to request minesweepers. He cannot get minesweepers from the United States so he has to get them from somewhere. So he goes to the obvious source.

On this whole question of mining, I know when I was in the Foreign Service, and in my studies, I always understood that the mining of a harbor was casus belli—a cause of war—but apparently now it is being done with impunity.

Maybe the people laying the mines are not American citizens. Maybe the mines are being attached together by non-American citizens. But the fact remains, which we all know, that those mines originated in the United States.

I would believe that this is a very dangerous thing indeed. Maybe these mines are small, or are set in such a

way that one thinks no great disaster will occur. But if, let us say, one foreign vessel is sunk, is destroyed, one Soviet life is lost, the life of one citizen of another nation is lost, then we have a real international incident. One that we really should have avoided, could have avoided, and, if this amendment were adopted, would have avoided.

This policy is an extremely dangerous one because it is bringing this Nation closer to direct military involvement in Central America, with which we are all concerned.

We know that some of the airfields constructed or improved in Honduras are in areas where the Contras are openly operating. This raises the specter that U.S. forces may be cooperating with the Contras at these facilities, supposedly there for maneuvers between the United States and the Honduran military.

The fact that these airfields exist, I think, is a very deplorable development.

Mr. President, I must say I congratulate the Senator from Tennessee because he has almost as many cosponsors to his amendment, which attempts to prevent a permanent military presence in Honduras, as I was able to gain votes on this floor almost 2 years ago when I spoke to this same subject.

The deaths of U.S. military personnel and incidents that have occurred on the Nicaragua-Honduras border are very probably related to the presence of these airfields and to these Contra operations.

Mr. President, I hope that my colleagues will see fit to vote for this amendment, which I am very glad to support.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. STEVENS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I am reluctant to extend this debate and will not do so for long. I understand another Senator who wishes to speak is on his way to the floor. I simply point out to the Senate that the aid that we are talking about was certified by the former President of the United States; it has been recertified by the present President of the United States; it was passed by the Senate last year on a Consent Calendar. In the Intelligence Committee, all of those who voted, voted in favor of it. In the Appropriations Committee, the covert aid was approved as an amendment to this bill by a voice vote.

I find it difficult to understand the opposition here, Mr. President, although I do not question the right of anyone to raise that opposition. There have been some statements that I would like to correct.

In the first place, the junior Senator from Tennessee has indicated, and he quoted a source for his position, that the Nicaraguan military force is not offensive in nature. He said it was fundamentally defensive. I call the attention of the Senate to the fact that in 1983 figures, even based on the conservative estimates that were stated by Senator GOLDWATER, the Nicaraguans now have 17-plus people out of every 1,000 in the armed forces. That compares to 3.1 in 1977. It compares to its neighbors of Honduras, Guatemala, and El Salvador. When you add those up together, they are just slightly less than 60 percent—all of the neighboring countries around Nicaragua have about 60 percent of the military forces that the Nicaraguans have.

Nicaraguans now have three battalions of Soviet tanks; 200 antiaircraft guns and surface-to-air missiles, 100 antitank guns, 60 armored personnel carriers. They have a Soviet patrol boat, two North Korean patrol boats, eight military transport planes.

Why a nation that is one-ninth the size of my State needs military transport planes of that type, we do not understand, unless it is to transport their people out of their country. They have 14 to 18 Soviet attack helicopters and, currently, there is being spent in Nicaragua $300 million in military construction. That $300 million comes in the form of military aid to the Nicaraguan Government.

Nicaragua has already increased its number of people in uniform to about 138,000, including those that were mentioned by Senator GOLDWATER. Our figures are slightly higher—25,000 in the active armed forces, 25,000 reserve, 80,000 militia, another 8,000 in security forces. Under Somoza, who was attacked as a military dictator, there were 9,000 in the national guard. That is the comparison, Mr. President. The military dictator had 9,000 and we are looking at a defensive structure that totals 138,000.

We just do not understand anyone who would assert that that force, that tremendous military force in this tiny country, is defensive only.

Again, I am hopeful that the Senate will realize that this matter has been gone into in depth by those who are authorized by the Senate to conduct the examination of covert activities. By the very nature of the subject that is before us, it is not something that we can debate here too easily. But it is clear that the purpose of our aid is not to overthrow a government, but to find ways to keep pressures on this Nicaraguan Sandinista government to honor their commitments to reform, to pursue the objectives of the Contadora group, and to continue their offer of amnesty to the insurgents against that government. That program has been successful. Those of us who went to Honduras found adequate evidence that the Nicaraguan attacks on the Honduras border had ceased, that the flow of arms into El Salvador is coming to an end, and we hope the military in Nicaragua now knows that it cannot continue its buildup for the purpose of exporting revolution.

My last comment would be directed toward the assertion of the Senator from California. It is interesting how two human beings can see facts and come to diametrically opposite conclusions. I look at Central America as a former Californian, with my family still deeply entrenched in California, and I see Nicaragua as an offensive nation, one with active participants now in its armed forces from Cuba, from the Soviet Union, from East Germany, and from other Iron Curtain countries. I see it a tremendous military force that has no utility at all in defense. It is only equipped for offense. It has a different aspect from the Cuban force. The difference is that it is on land that is connected both to South and North America. It is adjacent to the international highway. It does have access to its neighbors by land. It does have now, as I indicated, three battalions of Soviet tanks, modern tanks. It can go by land to its neighbors. Cuba cannot, without landings. Cuba cannot come into Central America and Mexico the way the Soviets can from Nicaragua.

It is amazing to me that the same people who would find some question about our activities in trying to keep pressure on this government to keep its commitments somehow or other would differentiate the Nicaraguan Government, Sandinista government and find a quiet, agrarian, reformist type government. There is no nation in the world that bristles more with military arms on a per capita basis than does Nicaragua. I would challenge any Senator to find any nation in the world with as many people armed and trained as Nicaragua, based on population. Based on population——

Mr. LEAHY. Will the Senator yield?

Mr. STEVENS. Let me finish that statement. Based on population, they have more commitment to arms than any nation in the world. Anyone who thinks you can overthrow a government so armed with a total of $45 million had better start doing some arithmetic in the defense area. All this is doing is keeping pressure on that government to let them know we will not allow them to export revolution and that we will not allow them, and I think we should serve notice on them, to attack their neighbors with the tremendous Soviet-Cuban military force they have harbored within their bor-

ders. It would be a disaster to this hemisphere should it happen.

I would be happy to yield to my friend.

Mr. LEAHY. I am sorry. I was going to ask a question, but if the Senator has more——

Mr. STEVENS. I would be happy to yield.

Mr. LEAHY. Will the Senator agree, however, that with the possible exception of the tip of his own State, the largest Soviet buildup facing the United States is in Cuba—or rather, the largest Soviet force nearest the United States is in Cuba?

Mr. STEVENS. Yes, that is true, but it has no land access to this hemisphere.

Mr. LEAHY. Will the Senator agree that there has been a greater buildup of Soviet presence in Cuba in the last 3 years than anytime since the Cuban missile crisis?

Mr. STEVENS. The Cubans have shared in a Soviet buildup worldwide. The Soviet Union has continued in the last 3 years its inexorable march toward military domination. We see that in Cuba, too, but I do not think the Soviet buildup in Cuba on a percentage basis anywhere near compares with the percentage increase in military capability per capita in Nicaragua. Cuba had a much higher level of military armament at the time this recent buildup started as compared to Nicaragua. Nicaragua, as I said, under what some people called a dictator, had 9,000 people in its national guard. It now has 138,000 people under this agrarian reform.

Mr. LEAHY. If the Senator will yield a moment, perhaps I stated my question inartfully and I would state it again with a little bit of background. I recall that in 1980 there was a great deal of discussion about a Soviet brigade in Cuba and the buildup by the Soviets in Cuba. A lot of people asked how this buildup could possiby be allowed to happen. Is it the understanding of the Senator that there has been a far greater buildup of the Soviet presence and a far greater increase in Soviet capabilities in Cuba during the past 3½ years than there had been in any other 3½-year period of time since the Cuban missile crisis.

I ask the question only because of the reference by the Senator to Cuba at one point.

Mr. STEVENS. I do not deny to my friend the buildup and rapidity of the buildup in Cuba. Again, I say the pace of the buildup on a comparative per capita basis in Nicaragua is much, much greater in the last years.

Mr. LEAHY. Mr. President, has the Senator yielded the floor?

The PRESIDING OFFICER. Yes.

Mr. LEAHY. Mr. President, I seek the floor in my own right.

The PRESIDING OFFICER. The Senator from Vermont is recognized.

Mr. LEAHY. Mr. President, the Senator from Alaska is quite right in saying there has been a great Soviet buildup in Cuba. I hope none of us lose sight of exactly what the facts are. There was a great deal of rhetoric, as I said, in 1980 about a Soviet brigade in Cuba. My own feeling at that time was that the Miami unit of the Florida National Guard was a match for the Soviet brigade. But the point is that with all our talk about Central America and how tough we are going to be about Central America, in the past 3½ years there has been a far greater buildup of Soviet capabilities in Cuba than in any other administration, Republican or Democrat, since the Cuban missile crisis.

I also want to speak because there has been a suggestion that the Senate Intelligence Committee unanimously approved the covert action. I almost hate to use the term covert action about anything that is discussed openly on the front pages of the newspapers, and that has been discussed openly by the administration even before they sent it up to the Intelligence Committee. But there has been a suggestion that the Senate Intelligence Committee unanimously approved covert action funds. That is not so; 14 Senators voted for it. There are, of course, 15 members on the committee. I note that I did not vote for it. I did not vote for it because I do not think it works. I have no doubt there are a lot of problems with the Sandinista government. As I stated on the floor of the Senate last year and the year before, I feel in some ways the Sandinistas have betrayed their own revolution. But at a time when open opposition to the Sandinistas was coming from the press, from business, from labor, and from the church, what do we do? We come blundering in with a "covert" action that we announce in every capital of the world, certainly in all the news media, and what does that do? It allows the Sandinistas to say, in effect to the Nicaraguan people, "What do you want? Do you want us even though an imperfect government, given all the problems we have, even though we haven't fulfilled all our promises? Or do you want the United States through the CIA to take us over?" And, of course, what happened? Exactly what anybody would expect. The Sandinistas got more of a revival of nationalistic fervor in Nicaragua than they ever could have otherwise.

We did more to bring together a cohesion of thought and support for the Sandinistas than anything they could have done themselves, simply by saying that we were going to use the CIA and the great power of the United States apparently to overthrow them.

I agree that $55 million does not overthrow much of a government these days, at least not a country quite as large as Nicaragua. It might overthrow a smaller one throughout the Caribbean, but not one as large as Nicaragua. But certainly if it is shown to be funneled through an organization not popular in Nicaragua, it will do a lot to shore up nationalistic feelings, and that is what happened.

Mr. President, for very good reasons, the Select Committee on Intelligence has a strong tradition of not speaking publicly about classified matters before it, even ones which have become common knowledge. However, the so-called covert action program in Central America, is covered on nightly national television news and daily discussed in the newspapers. As I said, it has been discussed by administration officials, either in off-the-record briefings or publicly, before they tell the Intelligence Committees. It has become a major foreign policy issue. It threatens to pull the United States deeper into a widening war in Central America. Therefore, I have no choice but to speak out.

Mr. STEVENS. Mr. President, will the Senator yield at that point,

Mr. LEAHY. I yield.

Mr. STEVENS. The Senator is not asserting, is he, that this administration took a covert matter and went into a public foreign policy position on it? It was the House, in conference committee last year, on the appropriations bill, that put the limitation on covert aid. Until that time, it was a covert program.

Mr. LEAHY. I am sure the Senator is not suggesting that there has not been a great deal of discussion on the front pages of most newspapers, quoting, in many instances, administration sources, long before that conference committee. If that is what the Senator is suggesting——

Mr. STEVENS. There were no details of this covert program. There was no acknowledgment, other than the certification of the previous President and this President, on a public basis, of this activity until the conference report required a specific limitation on this covert program.

This Senator was asked repeatedly for comments about this, and we directed those people to the Intelligence Committee, as is the normal course.

The Intelligence Committee of the Senate did not in any way discuss publicly this program.

What provoked this into the newspapers was, in fact, the limitation that was put on this covert action by the Appropriations Committee in the continuing resolution conference—a limitation that I opposed and which was inconsistent with the authorization. The authorization that came out of the Intelligence Committee for fiscal year 1984 would have authorized the $24 million and this amount. As a matter of fact, the subsequent action

the Intelligence Committee authorized was unnecessary.

Under the circumstances, we had no objection to the authorization committee again reaffirming its support for this amount. But this was not something that went from a covert to a public foreign policy issue because of the administration or because of any Member of the Senate, to my knowledge.

Mr. LEAHY. Mr. President, I have to disagree with my friend from Alaska. There were certainly ample discussions of this covert activity in the news media long before the committee of conference. There were open discussions within the cloakrooms of this body that there were those within the committees who were receiving the material in classified session subsequent to the time they had read it in the open news media.

I also state to my good friend from Alaska that if he would be willing to go back and look at the record, he will find that those were leaks that came not from Members of this body, either Republican or Democrat, but from administration officials.

Mr. STEVENS. There again, that is not so. The House of Representatives started an attack on this after it discovered—Members other than the Intelligence Committee members—discovered the existence of a covert program which was started by the previous administration.

Mr. LEAHY. How did they discover it?

Mr. STEVENS. Do not ask me. I assume they discovered it from information they got from the Foreign Affairs Committee, from the Central American sources.

Mr. LEAHY. Or a newspaper.

Mr. STEVENS. That led to comments by the Secretary of State. But on two occasions there was an attempt previously to bring this covert program into an area which was not covert, and that was opposed by the Intelligence Committee, as the Senator knows. It was the Intelligence that said this had to remain as a covert area.

Mr. LEAHY. I say to my friend from Alaska that we may be getting off the point. But I suggest that he may want to go back and look at the sequence of events, because I remember them very well, from the discussions we had in the Intelligence Committee. I recall, without going into anything that would require us to go into closed session, that a number of people on both sides of the aisle expressed their concern that they were then being briefed on materials that they had read in the paper, in a number of instances, quoting administration sources. I am not suggesting that the whole thing was laid out in public, by any means.

I know that in my own case—and I probably go to those briefings as religiously as anyone else—I read much of this material in the open press prior to being briefed here.

My purpose in being here is to state emphatically my opposition to this administration's support of an insurgency against Nicaragua, a nation with which the United States has full diplomatic relations. If we are going to do this, let us break off relations; if we will not cut off diplomatic relations, we should break off this activity.

This attempt to substitute covert action and secret war for a foreign policy is part of an overall administration policy which is leading this country and our friends in Central America toward a larger war. The damage to America's position in Central America will be lasting and will go beyond this or the next two or three administrations.

In January of last year, I visited Central America, including Honduras. I met with a wide variety of American and local officials to discuss the political and military situation in the region. On my return, I prepared a classified report to the Select Committee on Intelligence. I believe few Senators bothered to read it. I also called the attention of Senators to the dramatic expansion and transformation of the covert action program in Central America.

Subsequently, on April 28, I spoke to the Senate at length about the thrust of the administration's policy of military pressure and covert action in Central America. I raised questions about whether the covert action did not violate the Boland amendment, which prohibits U.S. assistance to groups for the purpose of overthrowing the Sandinista government. Others joined me at that time in raising concerns about whether the covert action violated article 18 of the Charter of the Organization of American States and article 2 of the United Nations Charter.

Again, the Senate remained silent.

Last fall, during consideration of the fiscal year 1984 intelligence authorization, I considered offering an amendment to cut all funding for the covert action program. In a speech to the Senate on November 3, I again outlined in detail the reasons for my deep and growing opposition to a course of action I am convinced is leading the United States and its friends into a spreading regional conflict.

However, after consultations with several of my colleagues, and carefully considering the parliamentary situation, it seemed more sensible not to undermine the chances for a compromise between the House and the Senate. It was my hope that a compromise would cut back on funding for the program, and force the administration to come back to the Oversight Committees for more money. At that time, we might have learned enough to say, "No more."

That compromise is why the Senate is debating the covert action program this evening.

Now, the administration tried to do an end run around the Intelligence Committees to get further funding on an emergency basis. It does not want the committees and the Congress to give a full, careful review to the covert action program.

When the Appropriations and Intelligence Committees blocked this manuever, insisting that we follow the rules of the Senate, Secretary Shultz and CIA Director Casey sheepishly and apologetically appeared to argue for an additional $21 million.

The case they made, both for the program and for an emergency need, was as unconvincing to me as ever. This was only a cynical attempt to exploit Congress desire to pass supplementals for low-income energy assistance and food relief for starving African people.

They tied this emergency money for covert action, Mr. President, onto a bill to help people starving in Africa. That has to be the classical parliamentary nonsequitur of all times. By hooking the covert action money onto one of those truly emergency bills, the administration reasoned it could blow the $21 million for covert action right by us.

I see no positive changes in Central America as a result of covert action which justify continuation. I see nothing but further killing and destruction. I see nothing but a hardening of hatred of the United States by all Nicaraguans, not just Sandinistas. I see a strengthening of the radicals there and the influence of Cuba and the Soviet Union because the administration will not seek to negotiate a political modus vivendi with Nicaragua.

My distinguished colleague and good friend on the Intelligence Committee, Senator INOUYE, developed an approach which gained the support of the Intelligence Committee. It was adopted as a committee amendment to Senate Joint Resolution 492 by the Appropriations Committee.

This committee amendment would permit the CIA to expend $7 million in support of this program, while placing $14 million in the CIA's fund for contingencies. This would authorize and appropriate the entire $21 million the administration is seeking, but maintain a tight rein on spending.

While the administration technically would not need to seek the Intelligence Committee's approval to draw funds from the contingency reserve, in fact it has never done so without consulting us. Thus, this approach would retain some congressional oversight over the covert activity.

I understand what my friend from Hawaii is seeking to do. Clearly his approach is better than just handing

over the $21 million as the administration wanted and as was first attempted in the Appropriations Committee. If I really believed it would be possible to phase the covert action program down in the way suggested by this arrangement, perhaps—just perhaps, it might make sense to follow his lead.

However, there is no evidence for believing the administration has any plan to wind this program down. Certainly, the administration has never made clear to me what the precise goals are, what realistic basis there is for ever believing such goals will be attained at any acceptable human and material cost, and how we will know when enough is enough.

Mr. President, the covert action program is only a small part of a much larger and rapidly escalating American military involvement throughout Central America. Step by step, this country is stumbling into a widening conflict, drawing in our friends and, eventually, American young men.

I will not remain silent about covert action when I see America heading for another war, this time in Central America.

For more than 3 years, we have seen this administration attempt to substitute military force and covert action for a policy of diplomacy and negotiation. Congress has gone along, giving the administration the money and the authority to pursue its goal of military victory. Now, the administration, sensing possible disaster, looks for scapegoats and suddenly appears with emergency requests for funding without any credible justification.

I cannot in good conscience support any measure which permits this covert action program in Central America to continue.

I urge my colleagues to support the Kennedy amendment terminating all funding for the covert action program in Central America.

Let us substitute a foreign policy for covert action, Mr. President. Let the administration offer a good policy to advance the interests of the United States in Central America. But let us not make ourselves look foolish by trying to do it, not with a foreign policy, but with a covert action described daily in the front pages of our papers. It is not moral. It makes no sense. And it is not going to work.

Mr. KENNEDY. Mr. President, if I could have the attention of the floor manager of the bill, I wish to make a concluding few remarks, but I would not make those just yet if there is going to be further debate. Otherwise, I am prepared to vote.

As I was saying to the floor manager of the bill, I have 3 or 4 minutes of concluding remarks. I do not know of any further speakers. I wish to make those just prior to the time of the vote or if the Senator from Alaska is going to table it I wish to make it just prior to the motion to table.

Mr. STEVENS. Mr. President, I am happy to have the Senator proceed and happy to give him some of my time.

Mr. KENNEDY. No; we are prepared to move toward the vote if that is going to be the disposition. If there are going to be further speakers in opposition, then I will withhold the remainder of the time and wait.

Mr. STEVENS. It is not my intention to move to the table this amendment unless someone asks to do that. I think it is a matter that has been before the Senate before and we will vote up or down on it.

Mr. KENNEDY. All right.

Mr. President, how much time do I have?

The PRESIDING OFFICER. The Senator has 9 minutes remaining.

Mr. KENNEDY. I yield myself such time as I might use.

Mr. President, since the covert war was launched in 1981, the administration has given us at least four different rationales.

Initially, the primary justification was the interdiction of arms from Nicaragua to the insurgents in El Salvador.

Second, this was subsequently expanded to include the objectives of forcing Nicaragua to turn inward and forcing the Sandinistas to reassess their revolution and their efforts to export it into neighboring states.

Third, we were then told that the purpose of the covert action was to bring the Sandinistas to the negotiating table, to bring them to a more reasonable and less antagonistic attitude toward the whole area.

Fourth, most recently, the rationale has been expanded still further, to include bringing pluralism and free elections to Nicaragua.

Mr. President, what could be clearer than the stated intentions of those who are receiving the covert aid? This is a case of see no evil, hear no evil, speak no evil while doing evil. We are giving covert aid and the people we are giving it to state publicly their intention to overthrow the legitimate Government of Nicaragua.

What do the Contras say about their aims?

House Intelligence Committee Chairman BOLAND answered that question last year when he quoted Enrique Bermudez—leader of the main Contra force based in Honduras:

> It is not acceptable to carry out missions to interdict Cuban and Russian supply lines to El Salvador. We are Nicaraguans and our objective is to overthrow the Communists. . . .

And if there is any doubt, here is what Adolfo Calero of the Nicaraguan Democratic Front said on August 28, 1983:

> Within a year, the Nicaragua problem will have to be settled . . . we of the FDN have about 7,000 men, or about 10,000 if we include other groups we are working with. We believe there is no possibility of balance between Communist and non-Communist states in Central America. Things will have to go one way or another . . . if we don't win within a year, let the marines take care of it.

These are the facts. It is a travesty to state and deceptive to believe that our aid is being used for any other purpose. What we are doing is wrong, it is immoral, and violates the basic principles of our democracy.

I hold no brief for the Government of Nicaragua, but nothing that Government has done justifies or excuses this covert aggression by the United States.

This action is out of step with the Contadora countries, is out of step with international law and out of step with our own traditions.

The only basis for this policy is that the end justifies the means, but that has never been and should never be the policy of the United States.

I urge the Senate to adopt this amendment and end the secret war.

Mr. President, I am prepared to yield back the remainder of my time.

Mr. BIDEN. Mr. President, if the Senator has any time, will he yield me 2 minutes?

Mr. KENNEDY. I yield 2 minutes to the Senator from Delaware.

The PRESIDING OFFICER. The Senator from Delaware is recognized.

Mr. BIDEN. Mr. President, I find myself in the most awkward position that I have ever found myself in through no fault of my own. I usually am in an awkward position because of things I do. In this case I find myself in an awkward position because of my position on the Intelligence Committee.

We are told in the Intelligence Committee, the intelligence community, and under the resolution that we are not supposed to tell folks how we vote in that committee, that we are not supposed to come out and acknowledge that we vote for or against a covert action. That is one of the arrangements in there.

We find ourselves in the position, as my friend, the Senator from Connecticut said to me some time ago. He said, "I never want to be on that committee because it is like Pac Man. Pac Man gets you."

I feel like Pac Man got me. I do not think we should be supporting this $20-some million here, whatever the exact figure is, but I am in a position because I know exactly what the President has said in his Presidential findings and because allegedly I, along with other members of the committee, know exactly what is happening, assuming they tell us the truth, I cannot comment on why that I think it is a

bad idea to move forward with this aid.

And I could, as one staff member of mine suggested, just go from press reports like the things the Senator from Massachusetts who is not on the committee read.

If I were to use these press reports, then I confirm as a member of the committee the accuracy of the report and then I wonder whether or not I am, in fact, eligible to be prosecuted under the rules of the Senate that say I am not allowed to directly or indirectly disclose classified information.

This is the dumbest darned debate that I have ever been engaged in here.

The PRESIDING OFFICER. The Senator's 3 minutes have expired.

Mr. BIDEN. Mr. President, could I have 1 additional minute? Will the Senator from Alaska yield me an additional minute?

Mr. STEVENS. I yield 2 additional minutes to the Senator.

Mr. KENNEDY. I yield 2 additional minutes to the Senator.

The PRESIDING OFFICER. The Senator has 2 minutes.

Mr. BIDEN. I will take the 4 minutes, if that is what they are doing.

But really and truly I mean think of the position—I am not sure why we have not had a secret session to debate this subject now because I believe if all of you knew what—boy, it sounds like the 1960's—If you knew what I knew you would know.

Well, I know the Senator from Alaska knows what I know and other members of the Intelligence Committee know what I know. I realize I am in a distinct minority. But I sure would like to be able to make the case and make the argument why the policy that is generating the requirement to fund folks we are not supposed to acknowledge we are funding in a country we are not supposed to acknowledge we are involved in should not be receiving the funding that they are allegedly receiving. Does that mean I can be prosecuted?

I mean this is crazy. This is absolutely insane, having this debate the way we are having this debate without the ability to speak on the details of the information we already have in our hands in the Intelligence Committee. And the President of the United States does not make it a lot easier.

The President of the United States actually makes it very much easier. The Senator from Delaware on the committee, and it is not the senior Senator, in fact has argued all along that this is a bad policy in the committee and been told by the rest of my colleagues on the committee and by the CIA and the administration spokespersons that the intention is not as I have read it to be, that they do not intend to do what I have been saying they intended to do. Then the President of the United States sits down and talks to the press and says he intends to do what I have been arguing for 1 year he intended to do all along, but the agency says he does not intend to do it.

I guess I should stop now before I end up saying something that I will regret or maybe saying something that would mean that I have officially confirmed classified information. I would love to be able to talk to you about it, as I would love to be able to debate the details of two different Presidential findings. But Pac Man has them. There is no way to talk about them.

Let me just say to the Senator from Connecticut, you are right. You are right on two scores. You are right on not being on the committee and you are right on opposing this money going for the purposes that is allegedly stated here, because they "ain't" the real reasons.

Mr. KENNEDY. Mr. President, I believe the last speaker would be the Senator from Montana. How much time do I have remaining?

The PRESIDING OFFICER (Mr. SIMPSON). The Senator has 4 minutes remaining.

Mr. KENNEDY. I yield that time to the Senator from Montana.

Mr. MELCHER. Mr. President, there is a reason to adopt this amendment. A brief look at the history of American involvement in Nicaragua is appropriate and pertinent. Our involvement began in 1894, when U.S. Marines were first sent to Nicaragua by President Cleveland; 15 to 35 marines were landed in Nicaragua for approximately 1 month to protect American lives and property during a series of rebel incursions into the area around the capital city of Managua.

President Cleveland again landed some 35 marines during a period of civil unrest in 1896.

In 1898 President William McKinley landed 33 marines for a short period in response to a call from the U.S. Consul for purposes of protecting the Embassy.

In 1899, President McKinley again sent in marines in response to foreign merchants petitioning the U.S. Government to protect their businesses during antigovernment riots.

President Taft responded to a growing Nicaraguan revolution against the government by sending a 750-man provisional regiment from Philadelphia to Nicaragua. They landed in May 1910 and remained through approximately September 1910. This time they actually went into the interior of the country and fought in battles to neutralize rebel towns.

Beginning in 1912, U.S. Marines were stationed in Nicaragua almost continuously for the next 21 years. The events that led to the marine landing in 1912 started a couple of years earlier when economic problems in Nicaragua caused the conservative, pro-United States government there to apply for funds to help reorganize the country's finances. The United States supplied the money but, in return, demanded that the Nicaraguan Government place the nation's customs department, post office, national banks, mines, railways, and harbors under the control of two New York banks as a guarantee.

This increasing U.S. involvement in the internal affairs of Nicaragua provoked a liberal uprising in 1912 against the pro-United States government. At the request of the Nicaraguan Government, 1,700 marines were sent to Nicaragua by President Taft. Their numbers were shortly increased to 2,700. The combined government and U.S. troops soon captured the rebel leaders and broke the back of the revolution.

With the exception of a brief 9-month period in 1925–26, the United States maintained some type of military presence in Nicaragua from 1912 until 1933, and the presence of these troops was instrumental in keeping the conservative, pro-United States Government in power.

In the late 1920's Augusto Cesar Sandino, from whose name comes the term "Sandinista" began to rise to the leadership of the nascent revolutionary forces in Nicaragua. The guerrilla-style warfare practiced by Sandino and his some 300 followers went on throughout the late 1920's and early 1930's. Although Sandino's forces were never able to capture and hold a major town, nor could they threaten the government in Managua, the Nicaraguan forces and the U.S. Marines fighting alongside them found themselves in a war that they could not win militarily.

The U.S. Marines withdrew in January 1933 because Sandino's major condition for peace had been the departure of the marines. After the marines left, Sandino signed a peace agreement with the Nicaraguan Government. Marines have not been deployed to Nicaragua since that time. But that was not the end of our interference in Nicaraguan politics.

During the late 1920's another figure was rising to dominance who would share the next four decades of Nicaraguan history. Anastasio Somoza Garcia was rising through the ranks of the Nicaraguan National Guard.

In 1937, with U.S. backing, Somoza came to power at the head of a military regime which was to rule Nicaragua for more than 40 years, to 1979. In all, three members of the Somoza family headed the military government during this period with the backing of the United States and more than half a billion dollars in U.S. aid.

What was the final result of all this military support in Nicaragua? The eventual collapse of the Somoza dictatorship and the rise to power of the Marxist Sandinista government. Our

involvement in Nicaragua in backing pro-American governments and particularly the Somoza family dictatorship resulted in antagonizing the oppressed Nicaraguans and led to even greater support for the rebel Sandanistas in Nicaragua.

We are now in El Salvador, and we are making the same mistakes we made in Nicaragua during our generations of involvement there. We have a chance to change our policies in Latin America and we should take it—now by adopting this amendment.

It is true that "history repeats itself." There is no law making us repeat bad history.

We are in the process of making law. The amendment is essential and needed and would be good law to prevent repeating bad history.

The PRESIDING OFFICER. The time for the Senator from Massachusetts has expired.

Mr. STEVENS. Mr. President, I would just point out that the request we received from the President of the United States was a request for $21 million for the Central Intelligence Agency. The letter that came from the Office of Management and Budget asked for $21 million for the Central Intelligency Agency. The discussions that my friend from Vermont have referred to have been discussions of many of us, including myself, I presume, connecting that $21 million with the cap that was in the last defense appropriations bill. The impact of that is as the Senator from Delaware said, the impact of what I have said is that we should realize that we have not acted properly in terms of the classification procedures that are before us. But we have no alternative but to respond to the attacks that are being made upon this amount of money.

I am waiting for one last word, Mr. President, as to whether one other Senator wants to speak.

Does the Senator from Nebraska wish time?

Mr. EXON. Yes; I would like some time. I would like to ask the manager of the bill a question, if I might.

Mr. STEVENS. I am happy to yield to my friend for a question.

Mr. EXON. The Senator from Nebraska has been listening to this debate and he has become thoroughly confused as to what he should do. I had made up my mind earlier that, since I oppose the overthrow of another government by convert action, I would vote against this $21 million figure. Then I listened to the debate and I listened to my friend from Delaware, who is on the Intelligence Committee. I serve on the Armed Services Committee, and I am the ranking minority member on the Strategic and Theater Nuclear Forces Subcommittee and from time to time I get briefings that are of a closely held nature.

I guess what I am saying to the manager of the bill is that I feel, with what has been said on the floor, that I might need more information. Maybe I should change my mind and vote for the $21 million, because some of the things that I have heard on the floor make me wonder. Yet I hear other people say, "No, you should not do that"—"Yes, you should." Is there a reason, on an important matter, which I think this is, is there some reason that we have not secured the Senate for a closed briefing on this matter so those of us who do not have all the information that some of the others seem to have could be informed as to how we should vote on this critical issue?

I believe that it is a critical issue because I hear some people say it is a critical issue—that you have got to do this and you have got to do that. The debate has thoroughly confused this Senator from Nebraska. I am wondering if that feeling is shared by many of my colleagues. Is there something wrong with having a closed session of the Senate so the Senate could be properly briefed on this matter and so that we would know what we are doing rather than the blind leading the blind?

Mr. STEVENS. I say to my friend that there is nothing wrong with having a closed session. We are dealing with matters that are extremely sensitive. We look to the fact that, as I said previously, this program we are talking about was cleared by the Senate on a Consent Calendar basis—I believe I am correct—2 years in a row.

As a matter of fact, in the years previous to that the Appropriations Committee did not have knowledge of some of the items that were in this area in the bill for the reason that they were classified by the previous administration at a very high level. Those of us who have looked into it have satisfied themselves this is not a program to overthrow the Government of Nicaragua. A government that has over $200 million going into military construction alone, as I have said in my opinion is the most highly armed country per capita in the world today.

This is not an overthrow of government in my opinion. The Senator from Delaware disagrees. He is entitled to disagree. It has resulted in substantial change of policy in Central America. The attacks on Honduras from Nicaragua have stopped. There were attacks from Nicaragua. They have stopped. The flow of arms to El Salvadoran rebels have slowed down considerably, and there has been now a definite indication of a tendency from Nicaragua to go back to examine the commitments that it tentatively accepted in the Contadora process which included amnesty for guerrillas. It included working within the framework of the Contadora group to establish peace in the region, and to look toward demilitarization of the region. This is the pressure point concept of using this activity.

Beyond that, the simple matter is that each time this Senator has participated in a closed session he has had to run out to get to the television to hear the comments of people who have been at the closed session. We have lives at stake in this. There are people who could be seriously affected by disclosures of the information that has been made available to the Intelligence Committee, and to those of us who have handled these matters.

Mr. EXON. Will the Senator yield for further questions?

Mr. STEVENS. Yes.

Mr. EXON. If I understand my friend and colleague from Alaska, he is asking that I at least consider voting for the $21 million because he and others have reviewed this matter, and they are convinced that it is so profoundly in the interest of the United States of America that we should have an up and down vote on this $21 million regardless of the fact that many of us would be voting in the blind.

I ask the question: Other than the reason that you just cited, which I think is a very sad commentary on the U.S. Senate, if we cannot have a closed session here and if people cannot protect that at a closed session as we have to do from time to time, is that not a sad commentary?

Mr. STEVENS. Senator, let me make sure we understand each other. You serve on committees that get classified information. Is that right?

Mr. EXON. That is right.

Mr. STEVENS. The Senate and the people of the United States rely upon you to review that and to bring recommendations here. This Senator can never remember challenging a bipartisan finding of such a committee that it is in the national interest to proceed. The Senator from Delaware is correct. We should not get into numbers who voted for it and who did not vote for it. I can tell you as far as this floor is concerned, with knowledge that the matter was there twice, the matter has gone through a Consent Calendar, and this was adopted in voice vote in the Appropriations Committee with full knowledge of what was in it. There are a few of us who are privy. That is the procedure.

I believe that sometimes too many of us are privy to some of these concepts. You are privy to the ones that are coming to your jurisdiction. We are privy to the ones that come within our jurisdiction. I only ask you to rely upon our committee. Those people who rely upon our committee to do their job, both the Intelligence Committee and the Appropriations Committee, have refused this, and have brought it here without any opposi-

tion vote. There was opposition that was not identified. That is another matter. That is the procedure of that one committee. It was an open session in the Appropriations Committee and it was a voice vote. Anyone could have opposed it.

I urge you to think about the fact that this is not partisan. The former President certified it. The current President continued that certification, and the level of this activity is declining, I might add—I think the Senator would agree with that—on the dollar basis.

Mr. EXON. Will the Senator yield for further questions?

Mr. STEVENS. Yes.

Mr. EXON. The more my friend from Alaska tries to satisfy my concern, which I think he has tried to do, the higher he raises my question level. Are you saying that this is so covert that a President, who served as President 4 years ago, did something, this President did it now, and it is so highly secretive that it has never broken on the front pages of the newspaper?

Mr. STEVENS. I wish that were so, but it is not so.

Mr. BIDEN. Would the Senator yield for just a second?

The PRESIDING OFFICER. Will the participants direct their questions to the Chair, please?

Mr. BIDEN. Yes. Will the Chair, Mr. President, be willing to listen?

The PRESIDING OFFICER. Yes.

Mr. BIDEN. Fine. In that case, I will suggest to the Chair that the Senator from Nebraska raises an interesting point. The Senator from Alaska, I think well intended, may have inadvertently slightly misrepresented the situation. For example, one President, a former President, certified certain action. The second President came along and certified a similar action but issued two Presidential findings different than the first President. And the second Presidential finding was different than his—President Reagan's—first finding, neither of which I am allowed to discuss here.

Third, when our committee voted, based upon what was the interpretation of all but one of the members of the committee as to what the second Presidential finding meant, they said it means A. One Senator said no, it is clear to me it means B. They said if it meant B, we would not be for it. But we know it does not mean B. We believe it means A. So they voted. Then the President of the United States of America at a press conference says when asked, or talking to reporters, "What is your intention with the Contras?" And he said B. That is a change, since we voted, I would suggest. There was only one Senator who said he meant B.

The Senator from New York, a brilliant man, said the President cannot mean what he said because the CIA says he does not mean what he says. I am not being facetious. I am being serious. That is what was said.

What we do here is say the President may have said B, but he really meant A, because the committee said on the record, if he meant B, we are not going to agree.

Mr. STEVENS. How much time is remaining, Mr. President?

Mr. BIDEN. I know it sounds crazy, but—

The PRESIDING OFFICER. The time remaining is 76 minutes controlled by the Senator from Alaska.

Mr. STEVENS. How much time on the other side?

The PRESIDING OFFICER. All time on the other side on this amendment has expired.

Mr. BIDEN. I am beginning to learn the ABC's here, Mr. President. I think it does not help much for me to go beyond this. The only point I would make, and I hope I have made it, is that I would argue that circumstances have changed since the Intelligence Committee voted last. I would argue that the Senator from Alaska is correct, that we must rely on bipartisan consensus of committees that have information shared with them and only in the rarest circumstance ask for a secret session.

To help my friend from Nebraska, to the extent it helps—and it might confuse him—I would say the Senator from Alaska is right not to ask for a secret session if nothing has changed since the committee voted.

I argue that things have changed since the committee voted, clarifying that the one Senator was right and the other Senators were wrong in their interpretation of what the Presidential finding meant.

Mr. STEVENS. Mr. President, I understand the ABC's, too, but I think that the place where the Senator from Delaware turns the corner from me is that he is saying he has interpreted a statement, and the President has. When the majority leader arrives, I believe that will be taken care of.

Let me tell the Senator from Nebraska what this Senator did because of what happened in the conference committee last year. We knew this matter was coming up. I asked every member of our committee on both sides of the aisle to go to Honduras. One of the purposes was to meet with the Contra group.

We toured Honduras and we also met with the Contra group. We also had not one but two briefings in our committee, since the Intelligence Committee has acted, I might add, on the matter of the CIA activity as it relates to the Department of Defense in Honduras, to make sure we were not crossing lines.

Again I say, we have looked into this in depth, as the Senator would do. From my point of view, I see no change. I hope we will receive the letter soon.

The distinguished chairman of the Intelligence Committee can tell you about the situation. I think it is unfortunate when we get to the point that we do.

Let me tell you, without regard to classified matters, let us just talk about the farm program. I do not have any farm program in Alaska. I do not have anyone to my knowledge who receives any benefit from the farm program in Alaska. In almost 16 years I have voted for the farm programs because I rely upon the people in that committee to study the necessity of dealing with the farm program and to come to this floor and tell us what is important, what needs to be done. I check with various people from farm States to see what the attitude is. I think that is the way we do business. In the committees, we have our assigned responsibility.

I am here not because I want to be. Who wants to defend covert aid?

Mr. GOLDWATER. Will the Senator yield?

Mr. STEVENS. My friend can speak because that is his business. It is not my purpose.

I do ask the Senator to accept the fact that our committee has looked into this, has taken the time to go and seek information directly as to what is going on. I am convinced it is in the highest interest of the people of the United States and of this Government to continue this program because it is bringing about a change in Nicaragua and that is what we all seek.

I yield to my friend from Arizona.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. GOLDWATER. I do not want to talk about agriculture, but I would like to make a comment.

As far as the comments of the President which appeared in the New York Times last week, we immediately got hold of the President and I talked with him at great length on Friday night, on Saturday, and on Monday night. A letter has been sent to me signed by the Secretary of State. Unfortunately, I cannot use it in an open session of the Senate because it is classified secret. But I know that the majority leader either has received a letter from the White House, or will receive one shortly, describing exactly what the President's position is on this matter.

We first came across this issue when the Senator from New York called it to my attention last Thursday. We immediately got in touch with the White House because we realized that if the interpretation of his words in the Times were to be used in the Congress, it could have a serious effect upon this whole program.

Mr. STEVENS. I thank the Senator. I yield to the Senator from Maine.

The PRESIDING OFFICER. The Senator from Maine.

Mr. COHEN. I thank the Senator for yielding.

Mr. President, I was not on the floor last Thursday afternoon when Senators MOYNIHAN, INOUYE, and DURENBERGER were discussing U.S. policy toward Nicaragua and the conditions placed by the Senate Select Committee on Intelligence on covert aid to the Contras. But as I heard their remarks in my office, I found myself fully in agreement with what they were saying and concluded that I should join them in speaking here on this important issue.

The covert aid issue is a difficult, a troubling, one. Those of us on the Intelligence Committee have been wrestling with it for some time. We have come from many points of view, from many perspectives, but we have sought common ground. The recent 14 to 0 vote reflects our commitment to reaching consensus decisions, ones we can support in a bipartisan manner.

Chairman GOLDWATER and Vice Chairman MOYNIHAN deserve the highest praise for the leadership they have shown in the area. And I want to give particular credit to Senator INOUYE, whose guidance and inspiration have provided the legislative vehicle which we are considering here today.

I endorse this measure which we are debating today—and I endorse the Intelligence Committee's recommendation. But I feel I must emphasize to my colleagues my growing concern that the administration is paying insufficient heed to the strong reservations and restrictions laid out by the Intelligence Committee.

Since I joined the Intelligence Committee a year ago, the covert aid issue has been the preeminent one which has confronted us. While our sessions are closed I believe I must make clear that many of us have, as we debated this issue, expressed the gravest of reservations over how the money would be spent.

Both the Senate and House Intelligence Committees have approved the use of covert aid for purposes of interdicting the flow of arms from Nicaragua to those seeking to overthrow the governments of neighboring countries. This is a valid purpose, for the Sandinistas themselves have stated flatly that they are intent on exporting revolution throughout Central America. In fact, one of the Sandinista leadership's senior members, Department of the Interior chief Thomas Borge, has said that President Reagan was correct in suggesting that this was their intention.

Last May, the House Permanent Select Committee on Intelligence stated, "(The insurgency in El Salvador) depends for its lifeblood—arms, ammunition, financing, logistics, command-and-control facilities—upon outside assistance from Nicaragua and Cuba." Last week it was reported that half of the weapons used by Salvadoran rebels were captured or acquired from that country's soldiers. The other half of the rebels' weapons, and about 80 percent of their ammunition, comes in from Nicaragua, according to intelligence community estimates.

It is for this reason that the Intelligence Committee has, on a bipartisan, consensus basis, supported the continuation of covert assistance. But let me emphasize again, that we approved that aid only after establishing clear limitations concerning the purposes for which it could be used. In fact, we secured from the administration a new Presidential finding, delivered last September 20, which included more precise and more limited goals than the ones we had been briefed on earlier. That Presidential finding provided the basis for the redefined program which received committee approval last fall.

It has been and continues to be, my belief that the covert assistance should not be used for efforts to overthrow the government or to attack the economic infrastructure of the country. We should not condone acts aimed at destroying powerplants, bridges and the like.

Mr. President, I think I had a firsthand glimpse of how this proscription was being ignored. Last fall, my colleague, Senator HART, and I visited Nicaragua, El Salvador, and Honduras. Our plane was an hour outside of Managua when we received word that we would have to divert to Honduras because the Managua airport was under attack.

Later that day, when we finally arrived in Nicaragua—the second plane in after the bombing—we were shown documents recoverd from the attacking plane which could lead to no other conclusion but that the individuals involved had received some sort of outside assistance.

That attack was followed soon thereafter by explosions at oil refineries in Nicaragua. And we have read regularly of other attacks against economic targets, most recently the mining of harbors.

One can argue that the mining is also aimed at interrupting the flow of supplies or ammunition going into El Salvador. That case can probably be made. But I want to say that I am troubled by such actions, and I think many of my colleagues who are speaking here today are also troubled by them. They do not seem to be consistent with the restrictions which have consistently been outlined by both the Senate and House Intelligence Committees as we have authorized covert assistance to Nicaraguan Contras.

What has troubled me further is that our Government has not, in my view, followed through on its stated goals toward Nicaragua. We have said that we want the Nicaraguans to schedule elections, to reduce Cuban influence in their country, to stop the export of revolution to their neighbors, and to ease their restrictions against the press and opposition groups within their country.

I share the skepticism about the good faith of the Sandinista regime, but one cannot deny that they did, last fall, take a number of initial steps which were directed toward our concerns.

Clearly, the steps taken were insufficient—they were not anywhere near sufficient—but it is also clear that we can exercise greater diplomatic efforts to bring about the desired goals. Rather than rejecting the initiatives made by the Sandinistas, we should seek to expand them so that they conform to the promises they made as the very basis of the revolution. We should permit them to demonstrate that they are willing to reduce Cuban influence. We should give them a chance to show that they will not export their revolution to Costa Rica, Honduras, El Salvador and the other countries of Central America.

If, every time the Sandinistas take a step, we tell them it is not enough and simply continue the bombing, we can never hope to have any positive influence on them. And if we continue to provide open-ended assistance to those seeking to overthrow them, we will continue to sow the seeds of mistrust within their government and with their people. Further, we will only harden the views of the most strident members of the ruling body and reduce our chances of winning the confidence of those who are more moderate.

Mr. STEVENS. Will the Senator yield right there?

Mr. COHEN. Yes; I yield to the Senator from Alaska.

Mr. STEVENS. I want to make sure the Senate and the Senator understand that this is not an open-ended appropriation. Of the $21 million, $7 million is available immediately. The other $14 million is available only under the reserve contingencies and can be obligated only under the statutory procedures, and the Senator and I know what they are in terms of clearances with the Intelligence Committees. So there is nothing open ended. It is not even $21 million. It is $7 million subject to the control of our committees.

I urge the Senator to understand that we have followed, and I congratulate the Senator for his statement, we have followed that procedure. We are trying to have the control exerted by

the Intelligence Committee on this matter and not here, on the floor.

Mr. COHEN. I understand that, Mr. President. What I am saying is that it is coming to a very fine line between interrupting or interdicting the flow of arms and making a wholesale attack upon their economic infrastructure.

We must not forget that our record of intervention in the internal affairs of Nicaragua dates back to 1909. From 1912 to 1933, with an interruption of only 18 months, U.S. Marines were stationed in Nicaragua. And our Government helped bring Anastasio Somoza to power—and to keep him and his sons in power until the Sandinistas succeeded in their revolution in 1979. There is, as was made clear to Senator HART and me when we visited Managua, a deep-seated mistrust of the United States. With the record I have just cited, that mistrust is understandable.

I do not say that we should reverse our policy of working for an end to Nicaraguan efforts to destabilize their neighbors. I support the effort to terminate that. And I do not say we should lose our healthy skepticism toward some of the actions they have taken or have said they will take. What I do say, though, is that we should press on with our diplomatic efforts with greater intensity. And we should recognize that the direction we take may have long-lasting repercussions, not only for Nicaragua and its neighbors, but for our Nation as well.

We have legitimate fears about the expressed goals of the Sandinista leadership—namely the export of revolution to their neighboring countries. And I think the Sandinistas have much to fear from us. We are a powerful nation, and they know that we have a great interest in what happens in this hemisphere and that we will do what we can to protect our interests here. They also know that we will resist any effort which perceive on the part of the Soviets to interfere in this hemisphere's affairs.

With this in mind, I simply want to say today that I would hope we would all emphasize our commitment to the language we included last year in the Intelligence Authorization Act when we approved the covert aid for Nicaragua. In that measure, we stated that the President should work through the Organization of American States, using "all diplomatic means at his disposal * * * to seek resolution of the conflicts in Central America based on the provisions of the Final Act of the San Jose Conference of October 1982 especially principles * * * relating to nonintervention in the internal affairs of other countries * * *"

We stated further: "The United States should support measures at the Organization of American States, as well as efforts of the Contadora group, which seek to end support for terrorist, subversive, or other activities aimed at the violent overthrow of the governments of countries in Central America."

Mr. President, I think this is a worthy goal. It is the best approach we can take as we seek a resolution of the conflict in Central America. Let us give the Contadora process a chance to work. That process will succeed only if we provide it the fullest support and work in good faith for a diplomatic solution.

I really do hope that we are going to have the fullest attention directed toward our foreign policy in this region as it is developed. If we are going to stabilize the region, we have to seek long-term economic and diplomatic solutions, not military ones.

Mr. President, I must reiterate my concern here tonight: I am concerned that the administration has not been paying enough attention to the very strict restrictions we have placed upon the type of activity that could be performed in order to encourage the Sandinistas to come to the bargaining table, in order to interdict the flow of supplies, and in order to promote the Contadora process. What I am concerned about is that we are ignoring the Contadora process, while the Contras turn loose the attacks on the economic infrastructure. If that escalates, it is going to be in direct violation of the restrictions established by the committee.

Mr. STEVENS. Mr. President, let me assure the Senator that, in the briefings we received, the justifications for the moneys that were sought were on the basis of the comments that he has just made. There was no indication that we are trying to overthrow a government by virtue of this expenditure. In the first place, I think it would be ludicrous to think it would be possible to overthrow that government with even a $21 million expenditure, and this is just $7 million.

Second, we are looking toward a return to the Contadora process and to the concept of trying to fulfill the goals of that process, particularly with regard to the amnesty for the guerrillas and to the demilitarization of borders in that area.

It was our finding that, as a result of this activity, the attacks on Honduras have ceased, that the flow of arms into El Salvador has decreased, and that we are in the situation now where we want the Sandinistas to agree to the multilateral negotiations and particularly the 21 objectives of the Contadora group.

We have had no indication at all that there was any attempt to bring about a foreign policy based upon military activities. On the contrary, the problem there, in the first place, was that it appeared that the Soviet-Cuban armament in Nicaragua was growing so fast that they were literally starting to export it before they themselves had examined what they were doing in terms of their own foreign policy, whether they were going to become the Soviet-Cuban force on the land mass of this hemisphere.

We believe there have been indications that they are reexamining their policy. I think that these objectives, which are essential to our national security, ought to be met by this program. It is a program that is continuing under the guidelines that the Senator has mentioned, to the best of my knowledge. I have not seen any finding that has been described in our briefings. There has been no such finding described to me.

Mr. COHEN. The only point I want to make is that if we are going to hold the bipartisan consensus we have had to date—and if the Intelligence Committee is to have credibility in coming before this body in an open session with its recommendation on the basis of our closed sessions—then we are going to have to insist that the administration strictly follow those guidelines. All I am suggesting is that, as these attacks continue to escalate and come closer to being attacks upon economic sites—be they bridges, power stations or other means of internal domestic support—then we are coming very dangerously close, I believe, to violating those restrictions and falling into the same trap, I believe, that the El Salvadoran guerrillas are falling into by destroying economic targets and turning the people against them. I think we are going to run that same risk. If the direction is to undermine economic activities of Nicaragua, I think we are making a very bad mistake. So I hope that this will send a message of some sort to the administration that we mean what we say.

Mr. STEVENS. We have had no indication whatsoever that any portion of this program was aimed at the economic situation in Nicaragua. To the contrary.

Mr. COHEN. I do not know what you call the Managua Airport.

The PRESIDING OFFICER. The Senator will direct the question to the Chair, please.

Mr. COHEN. I would say to the President, I do not know what you call the Managua Airport. I was there, and that seemed to me to be an attack on an economic target. I am supporting what the committee is doing, but I am also raising a warning sign that we ought to adhere to what the committee has laid down. Failure to do so runs the risk in the future of not having the support either by the full Senate or, indeed, by a bipartisan consensus of the Intelligence Committee itself.

Mr. BIDEN. Will the Senator from Alaska yield for a question?

Mr. STEVENS. I would be happy to yield to my friend.

Mr. BIDEN. My question is, assume that the President's and the Congress desire for the Nicaraguans to stop being involved in the export of arms and bring about proposals that the Contadora group has outlined, assume that they were prepared to do that. Does the Senator suggest that if they are prepared to do that, we in this Congress and the President should stop supporting at that point the Contras? Is that what the Senator is saying?

Mr. STEVENS. I did not say that.

Mr. BIDEN. I am asking the Senator.

Mr. STEVENS. Let me give the Senator an assumption. Let us assume that there are troops and tanks of—let us go back to the ABC's—of country A poised on the border of country B, and they are actually making incursions into the countryside of country B; that there are forces going from country A into country C and carrying large amounts of military supplies, and it is determined that there ought to be some way to try and deter those forces from doing that. And one of the ways is to draw their attention to the vulnerability of their port or activities in other areas where maybe their military ought to be if it is truly a defensive military.

Now, let us just assume that country A suddenly finds that there is a quick attack against an airfield, and they suddenly redeploy their armed forces so that they are in fact defensive and the attacks on country B stop, some of the arms going into country C stop flowing into country C. Now, is the Senator asking me whether there is something wrong with that?

Mr. BIDEN. No, no, I am with the Senator. So far, I am supportive. Now, what happens when they stop? What happens when they pull their tanks back from country B and they stop sending the arms into country C but those folks we have been giving arms to, who are taking care of the port and taking care of all the other infrastructure, say, "We want to keep going, we want to go on to the capital of Xanadu." And we say, "No, wait a minute, our objective has been met. Your objective and ours is different. You want to go take the capital. All we want is them to stop mucking around in country A and B."

Mr. STEVENS. Let me answer that question because, as I said, I went down and talked to those people personally.

Mr. BIDEN. In Xanadu?

The PRESIDING OFFICER. Please direct your questions to the Chair.

Mr. STEVENS. I thank the distinguished Member in the Chair. Mr. President, let me point out that we went down to talk to the Contras and what did we find? We found that they are people who are operating basically on their feet. They have no equipment. They have a couple of fast boats, small boats. They have no aircraft. They had at least one I think on one occasion. But basically we found they were a dissident group operating within their own country by the way, according to the information we found. And under those circumstances they were in fact providing the kind of pressure that would result in the assumption I told the Senator about.

We have difficulty in describing exactly what we were told, as does the Senator, but again, Mr. President, let me say to my friend that there is no indication that the flow of arms into El Salvador has stopped. There is no indication that were this counterforce to be disbanded, the attacks on Honduras would not resume. As a matter of fact, to the contrary, in the time since we first raised this matter last December, the briefings that we have had have indicated the Soviets have provided what amounts to another battalion of tanks. Last year we were told there was evidence they were trying to have a sufficient number to have two battalions. This year we are told unquestionably there are at least three battalions of tanks there. Now, those tanks were the things that were parked on the border of Honduras.

The interesting thing is no other nation down there has tanks, Mr. President. No other nation has them. Honduras does not have them, Costa Rica does not have them, El Salvador does not have them. It is supposed to be a defensive army.

Mr. BIDEN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The Senator from Delaware is recognized.

Mr. BIDEN. I am not disagreeing with anything the Senator from Alaska just said.

Mr. President, I think the Senator from Alaska maybe misunderstood my question. Is there a point at which we in the Senate and the House and the President are prepared to say, "Your goals, which are clearly stated by the Contras, are now divergent from our goals, and although we have brought you this far, you can keep going but with no more American money"?

Mr. STEVENS. When the Government of Nicaragua goes back to the Contadora process and supports the objectives of those 21 points, which at one time it indicated it would support—and the Senator would realize that we have done our best to have them positively address the concerns of their neighbors—then I am certain that this Senator would say, if they addressed the concerns of those neighbors, if they stopped increasing their military strength, their aggressive military strength, if they in fact cut back on the dedication of their funds—and the Senator from Maine worries about their economy. The indication we have is that they are diverting so much of their own money into their military their economy must slip automatically—if we would have an end to the subversion they have undertaken in terms of that area and we could receive the assurances from Costa Rica, from Honduras, and from El Salvador that the 21 points were being pursued, then this Senator would say there is no reason for pressure on that country.

I ask the Senator to tell me why there should be 14 to 18 attack helicopters in Nicaragua since last year. What are they there for?

All we are saying is that this group keeps those people under a pressure that at least makes them consider the advisability of becoming part of the peaceful Contradora process and not becoming the aggressive arm of the Soviet-Cuban group in terms of its goals in this hemisphere.

Mr. BIDEN. Mr. President, I say two things.

No. 1, I am sure the Senator from Alaska and other Senators know that if, in fact, the point is reached where they would sign on the 21 points and be assured by their neighbors that they had, we would let a lot of people out there to hang out and dry.

Mr. STEVENS. Part of the 21 points is amnesty for guerrillas.

The PRESIDING OFFICER. Senators will please address their questions to the Chair.

Mr. BIDEN. Mr. President, that assumes that those guerrillas are going to say, "Amnesty is enough for me. I like this regime."

No. 2, one of the reasons one could argue—and I acknowledge that I am not certain—why there is a need for 14 attack helicopters is that it is probably not too unreasonable for Nicaraguans, if you were in their spot, bad as they are, and they are bad, to think that maybe, just maybe——

Mr. STEVENS. Mr. President, this is my time, and I should like the Senator to answer any questions, if we are going to get to this point.

The real problem is that we seem to ignore this question of what that Soviet-Cuban force is in Nicaragua for. The Senator has had the briefings.

Mr. BIDEN. I am going to answer, Mr. President.

It could be there because it wants to be a juggernaut to push up on to Mexico, some say. But it also could be there because they figured out, since in the last several months when they acquired those helicopters, in the meantime there have been 5,000 Americans in a permanent base put on their border—they might say, "Wait a minute. Do you think these guys are going to invade us?"

I know that is kind of silly, but if I were there, I might think, outrageous

as it sounds, that maybe the United States was going to invade my country. I might think—and I am not saying the United States is involved in it—that because my harbor is mined, somebody wants to do something bad to me. I might think that because of the fact that there is an attempt, and a direct attempt, to undermine the economic infrastructure, not merely by their diverting moneys for their armament but by actions of the Contra, maybe somebody was coming to get me. That could be an explanation. I am not saying it is, but it could be.

Mr. STEVENS. Mr. President, the unfortunate part is that the remarks of the Senator from Delaware will be printed in Managua tomorrow, and mine, which will be that no rational person in Nicaragua could think that, will never be.

The problem with this debate is that we have never been aggressive against Nicaragua in this period. The Contra activity started long after the overwhelming buildup and the attacks on Honduras and the flow of arms into El Salvador. They started after we intercepted the two large C-130's in Brazil, marked "medical supplies," going directly into Managua. For years, there was covert activity on the part of the Soviets on taking that equipment into Nicaragua, and finally we exposed their hand.

Mr. BIDEN. I agree.

Mr. STEVENS. We have not attacked them. We have not given them any reason to believe that we are going to attack them. We are not aggressive. We have not returned to gunboat diplomacy. We are in the process of providing $7 million, which, in terms of an operation of 8,000 people in the field, at the most, is about a 30-day allowance.

What is aggressive about this in terms of our announced purpose, which is, to Nicaragua, "Go back to the Contadora 21 points. Go back to the peaceful process. Do not be seduced into becoming the Soviet-Cuban pawn in this hemisphere, and do not believe that you can get away with the concept of bringing that force across your borders."

All we have done is serve notice on them: "That force will never leave your borders." So far as this Senator is concerned, the Senate ought to say that loud and clear. That Soviet-Cuban force must remain in Nicaragua.

Mr. BIDEN. Mr. President, I agree completely. If it comes across the border, we should interdict it. I am not arguing that.

I am suggesting that this process was started before the Nicaraguans started it. I am not in a chicken-and-egg argument. I was answering the direct question of the Senator: Why were the attack helicopters coming in? Could there be an explanation for it?

The PRESIDING OFFICER. The Senator from Alaska.

Mr. BIDEN. I thank the Senator from Alaska.

Mr. STEVENS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. STEVENS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I yield to the Senator from Kentucky.

Mr. HUDDLESTON. Mr. President, the Select Committee on Intelligence voted on March 13 to authorize an additional $7 million for support of military or paramilitary operations in Nicaragua. The supplemental appropriations bill reported by the Appropriations Committee reflects the action of the Intelligence Committee. Both committees have also agreed that another $14 million should be allocated to the reserve for contingencies administered by the Director of Central Intelligence. The Intelligence Committee expects to review any request for release of these funds from the contingency reserve.

There is a consensus in the Intelligence Committee that further support for the Nicaragua operations requires the closest congressional oversight scrutiny. This strict control insures that the President and the Secretary of State make the decisions and bear direct responsibility for the continued use of force against a government with which the United States maintains diplomatic relations.

These decisions have serious implications for the ability of the United States to promote adherence to the principles of international law in the conduct of world affairs. As a government and as a people, we should oppose the tactics of guerrilla warfare and terrorist violence as instruments of the policy of any nation. Only the most extraordinary and compelling circumstances should justify departure from that principle.

For the past 2 years, we have had to face the fact that our Government was supporting, through CIA channels, the use of paramilitary violence in Nicaragua. Both the House and Senate Intelligence Committees have struggled to exercise their oversight duties properly and effectively on this issue.

At the outset there were grounds for a limited policy of support for groups opposed to the Sandinista regime in Nicaragua, because of evidence that the Sandinistas, in collaboration with Cuba and the Soviet Union, were providing support for guerrilla warfare in El Salvador. Interference by Nicaragua in the affairs of its neighbor violated the principles of international law. Our action could be justified as a means to counter these Nicaraguan activities.

It became clear early on, however, that the objectives of U.S. policy were ill-defined and potentially broader. For that reason, both Intelligence Committees agreed to impose a restriction against the use of funds for any operation having as its purpose either the overthrow of the Nicaraguan Government or the provocation of hostilities between Nicaragua and Honduras. Congress enacted this prohibition into law in 1982.

Shortly thereafter, members of both Intelligence Committees visited Central America and returned to express doubts about compliance with this restriction. The groups receiving U.S. support had as their objective the overthrow of the Sandinista government, and the United States could not entirely avoid responsibility for their efforts.

The two committees responded differently to these developments in 1983. The majority of the House committee decided that support for the use of force in Nicaragua was no longer justified, and the House endorsed this position by passing legislation to prohibit further expenditures for such military or paramilitary operations.

The Senate select committee expressed its dissatisfaction with the program by voting not to authorize additional funds unless the President submitted a new finding, as required by law for any CIA covert action, and the select committee had an opportunity to review that finding. The select committee's action required the President's personal reassessment of U.S. objectives.

The new finding submitted and approved by the select committee last fall provided more carefully defined objectives designed to be linked to diplomatic efforts to reach a negotiated resolution of the differences between the United States and Nicaragua. On the basis of that finding, the Senate approved limited funds with a procedure for the select committee to review any request for additional resources.

In conference, the positions of the House and Senate were reconciled by imposing a $24 million ceiling on funds for fiscal year 1984. It was clearly recognized that, if operations continued at their previous level, such funds would not be sufficient for the entire fiscal year and supplemental funding by Congress would be necessary.

The President's current request for supplemental funds of $21 million has not been fully endorsed by the select committee. Only $7 million has been approved for the operation, with a possibility for use of an additional $14

million after review by the select committee.

This action should require the President and the Secretary of State to reassess once again the necessity for the Nicaragua operation in light of its objectives and contribution to the diplomatic efforts that must be the primary focus of U.S. policy in Central America. The members of the select committee have attempted to maintain a bipartisan consensus on this issue, not because all of us necessarily agree with every aspect of the President's policy, but because we believe that sensitive CIA operations should not be politicized.

There are serious questions as to whether, or under what circumstances, the United States is justified in supporting the use of military or paramilitary force in a country that poses no direct threat to the United States. These questions should be considered from the point of view of our Nation's fundamental values and interests, not as a matter of partisan political advantage.

There are legitimate grounds for concern that U.S. diplomatic efforts to resolve our differences with Nicaragua have not had the same priority as the use and threat of force. To the extent that operations against Nicaragua become divorced from serious U.S. diplomatic negotiations, they lose their justification.

Therefore, I have supported the action of the Select Committee on Intelligence to restrict funding and require stringent oversight review procedures for the Nicaragua operation.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. COCHRAN). Without objection, it is so ordered.

Mr. BAKER. Mr. President, will the Senator yield to me?

Mr. STEVENS. I yield to the distinguished majority leader such time as he may require.

Mr. BAKER. I thank the Senator.

Mr. President, I might offer a word of explanation for the delay. Earlier today, the President of the United States called me on the telephone to authorize me to say certain things in respect to our policy in Nicaragua. That has been reduced to writing in a letter that I now have from the President addresed to me and dated this date.

I have discussed this with the distinguished Senator from New York, with the distinguished Senator from Hawaii, with the distinguished chairman of the Intelligence Committee, with the manager of the bill, and other Senators. The issue grew out of an interview with the President in the New York Times recently. Perhaps I should read the letter in its entirety, for I feel that it is largely self-explanatory.

APRIL 4, 1984.

DEAR HOWARD: There have been questions resulting from my March 29, interview in the New York Times and whether our policy toward Nicaragua has changed.

The fact is, no change has occurred. The United States does not seek to destabilize or overthrow the Government of Nicaragua; nor to impose or compel any particular form of government there.

We are trying, among other things, to bring the Sandinistas into meaningful negotiations and constructive, verifiable agreements with their neighbors on peace in the region.

We believe that a pre-condition to any successful negotiations in these regards is that the Government of Nicaragua cease to involve itself in the internal or external affairs of its neighbors, as required of member nations of the OAS.

Mr. MOYNIHAN. Mr. President, will the majority leader yield for a question?

Mr. BAKER. Yes.

Mr. MOYNIHAN. Could I ask the majority leader what he understands by the clause "among other things" in the third paragraph: "We are trying, among other things, to bring the Sandinistas into meaningful negotiations and constructive, verifiable agreements with their neighbors on peace in the region."

Mr. BAKER. Mr. President, I am happy to do that. As the Senator from New York knows, as vice chairman of the Intelligence Committee, there are certain matters that are dealt with on a sensitive and classified basis. I am authorized by the President to say that the "among other things" means those matters included in the Presidential finding of September 19, and nothing more.

Mr. KENNEDY. Will the Senator yield for a question?

Mr. BAKER. Yes, I yield.

Mr. KENNEDY. Does the majority leader understand this statement of policy to be anything different from what the administration is doing at the present time?

Mr. BAKER. Mr. President, I really cannot comment on that. I am not a member of the Intelligence Committee, except as an ex officio member. I have not kept up with the details of this matter.

I can represent, as I have to the Senate and to the Senator from New York, that this is meant to bring into absolute coincidence the Presidential finding submitted to the Intelligence Committee and the policy of this Government as acknowledged by the President in this letter.

Now, the "among other things" statement is meant to be nothing more than those things included in the Presidential finding. It does not extend it; it does not reduce it. It is precisely the same material included in that classified document.

Mr. STEVENS. Mr. President, that is the understanding that the committee had when we included this money in the bill, and it was the understanding when the matter was first called to my attention. My help was sought in trying to get this money for this year.

I would yield to the Senator from Arizona.

Mr. GOLDWATER. Mr. President, I think a bit of history on this might be illuminating.

About this time last year—it may have been a little longer—one of the members of the Intelligence Committee, following what the House had done, moved to make any decisions in Central America overt instead of covert. If a vote had been taken at the approximate time that it was introduced, it had a very good chance of passage. The vote that we had was objected to by the intelligence family, the President, and the State Department, now understandably so. We told Mr. Casey of the CIA to inform the President that we requested he write us a letter restating his position on Central America because some of the Members were, frankly, not sure of what his position was about September 23—I think that was the date last year—such a statement came from the President. It was read to the entire committee. The committee, I believe, unanimously accepted it. There were two dissenting votes.

That removed the danger that we faced in having to make a decision on the motion to go overt, which meant war and leave covert. That, I think, is correct. I ask my cochairman if that is not correct.

Mr. MOYNIHAN. That is my understanding, Mr. President.

Mr. President?

Mr. BAKER. Will the Senator yield?

Mr. STEVENS. Mr. President, I yield to the distinguished Senator from Tennessee.

Mr. BAKER. Mr. President, I yield to the Senator from New York.

Mr. MOYNIHAN. Mr. President, the distinguished majority leader accurately reflected my understanding. I have been authorized by the senior Senator from Hawaii, Mr. INOUYE, to say that it comports with his understanding.

Mr. BAKER. Mr. President, so that the record may be complete, I ask unanimous consent that a passage from the New York Times, an interview with President Reagan, which has been referred to, be printed in the RECORD at this point.

There being no objection, the document was ordered to be printed in the RECORD, as follows:

[Excerpt from New York Times, Mar. 29, 1984]

AN INTERVIEW WITH PRESIDENT REAGAN ON CAMPAIGN ISSUES

Q. About Central America, Mr. Prsident. I wonder if I could ask you to explain or justify how the United States can go about assisting people who are as you called them, freedom fighters, who are seeking to overthrow a Government that we have diplomatic relations with and answer, if you could, critics who are worried that this is increasing our involvement in Central Americal.

A. Well, the answer to that is, first of all, this particular Government of Nicaragua is a government that was set up by force of arms and the people have never chosen it. It's a revolutionary government. And that Government, in violation of its pledge to us at a time when it was a revolutionary force trying to become a government, had promised that it would not aid the guerrillas in El Salvador who are attempting to overthrow a duly elected goverment and a democratic government. And they have violated that. The guerrillas are literally being directed from bases near Managua. They're being supplied by that Government. And the other factor, why I have referred to them on occasion as freedom fighters, is because many of them are elements of the same revolution that put the Sandinista Government in force.

The revolution against the Somoza dictatorship and our Government, under the previous Administration, sat back and never lifted a finger on behalf of Somoza and then when the fighting was over did start to give financial aid to the revolutionary government to help it install itself. And had to cancel that when it discovered what that government was doing. During the revolution against Somoza, the revolutionaries appealed to the Organization of American States, of which we are a member also, to ask Somoza to step down and end the bloodshed. And the Organization of American States asked for a statement of what were the goals of the revolution. And they were provided: Democracy, a pluralistic government, free elections, free labor unions, freedom of the press, human rights observed—those were the goals of the revolution, submitted in writing to the Organization of American States.

FOLLOWED PATTERN OF CASTRO

After they got in, they followed the pattern that was followed by Castro in Cuba. Those other elements, who were not Sandinista, other groups who wanted and they thought all of the same thing, democracy. To rid themselves of a dictatorship. Those elements were denied participation in the government. Arrests were made. There were some who were exiled and there were some, I'm afraid, who were executed. And many of the people now fighting as so-called Contras are elements of the revolution. And it is less an overthrow that they're fighting for as it is a demand that they be allowed to participate in the government and that the government keep its promises as to what it had intended for the people.

And I see no dichotomy in our supporting the Government, the democratic government of El Salvador and the Contras here—and we made it plain to Nicaragua—made it very plain that this would stop when they keep their promise and restore the democratic rule and have elections. Now, they've finally been pressured, the pressure's led them to saying they'll have an election. I think they've scheduled it for next November. But there isn't anything yet to indicate that that election will be anything but the kind of rubber stamp that we see in any totalitarian government. There aren't any rival candidates, there aren't any rival parties and how would they campaign without a free press?

Q. Well, that's a good note for us to close on. Thank you very much, Mr. President.

Mr. BAKER. Mr. President, I ask unanimous consent that the letter from the President, dated April 4, 1984, be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE WHITE HOUSE,
Washington, April 4, 1984.

Hon. HOWARD BAKER,
Majority Leader, U.S. Senate,
Washington, D.C.

DEAR HOWARD: There have been questions resulting from my March 29, interview in the New York Times and whether our policy toward Nicaragua has changed.

The fact is, no change has occurred. The United States does not seek to destabilize or overthrow the Government of Nicaragua; nor to impose or compel any particular form of government there.

We are trying, among other things, to bring the Sandinistas into meaningful negotiations and constructive, verifiable agreements with their neighbors on peace in the region.

We believe that a pre-condition to any successful negotiations in these regards is that the Government of Nicaragua cease to involve itself in the internal or external affairs of its neighbors, as required of member nations of the OAS.

Sincerely,

RONALD REAGAN.

Mr. STEVENS. Mr. President, I yield back the balance of our time.

I ask for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays have already been ordered.

Mr. KENNEDY. Mr. President, would the floor manager yield? Our time expired 1½ hours ago. It will take only a couple of minutes to inquire of the floor manager of the bill.

Can the floor manager of the bill, having read this letter to this body, indicate how, if at all, this letter is going to alter and change what is currently happening, What are the Contras doing in Nicaragua? Or, is this a restatement?

Mr. STEVENS. Mr. President, I do not yield further.

I expressed in my opinion what it states, and the conditions under which the appropriations were brought before the body. It is not a change in policy, in my opinion. It confirms the policy that has been challenged by those who oppose the amendment.

I yield back the balance of my time.

Mr. KENNEDY. Mr. President, I ask for 3 minutes on the bill. I yield myself 3 minutes on the bill.

Mr. President, we have had an hour-and-a-half on the floor. We were ready to debate this for the 4 hours.

Mr. STEVENS. Mr. President, we have had 4 hours. I have not yielded it to the Senator.

Mr. KENNEDY. Mr. President, am I recognized?

Mr. STEVENS. Mr. President, does the Senator control the time?

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KENNEDY. Mr. President, I want to indicate we have a lot more amendments to consider. If we are going to take a Member of the Senate off the floor, we will have plenty of time to talk.

Mr. STEVENS. Mr President, I am not taking the Senator off the floor. I have yielded the Senator and his side half of the time.

Mr. KENNEDY. Mr. President, the Senator from Alaska has not yielded to the proponent of the amendment.

Mr. STEVENS. Mr. President, I have yielded.

Mr. KENNEDY. Not to me. You did not. It happens to be my amendment and Senator BINGAMAN's amendment.

The PRESIDING OFFICER. The Senator from Massachusetts has the floor for 2 more minutes.

Mr. KENNEDY. I thank the Chair.

I do not know whether I can get a response, Mr. President, in the final few moments of debate on this amendment. I understand that the Senator from Connecticut will have one that will relate to the subject.

The question which I have before we vote—having been given the letter of the President of the United States—is whether as a result of the statement of the President of the United States there is going to be anything different as regards the activity of the Contras. If there is nothing that is going to be different from what is happening at the present time, then it seems to me that all the reasons that have been debated earlier over the last 4 hours still stand. And I would hope that the amendment would be accepted.

If there is a difference, I would hope that we would hear from the opponents of this amendment regarding what change there will be. If there is none, I hope we would get support for this amendment.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Massachusetts. The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

Mr. STEVENS. I announce that the Senator from Florida (Mrs. HAWKINS), the Senator from Nevada (Mr. LAXALT), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I also announce that the Senator from Vermont (Mr. STAFFORD) is absent on official business.

I further announce that, if present and voting, the Senator from Florida (Mrs. HAWKINS) would vote "nay."

Mr. CRANSTON. I announce that the Senator from Colorado (Mr. HART), the Senator from Hawaii (Mr. INOUYE), and the Senator from Louisiana (Mr. LONG) are necessarily absent.

I further announce that the Senator from North Dakota (Mr. BURDICK) and the Senator from Arizona (Mr. DECONCINI) are absent on official business.

On this vote, the Senator from Colorado (Mr. HART) is paired with the Senator from Louisiana (Mr. LONG).

If present and voting, the Senator from Colorado would vote "yea" and the Senator from Louisiana would vote "nay."

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 30, nays 61, as follows:

[Rollcall Vote No. 52 Leg.]

YEAS—30

Baucus	Hatfield	Pell
Biden	Kassebaum	Pressler
Bingaman	Kennedy	Proxmire
Bradley	Lautenberg	Pryor
Bumpers	Leahy	Riegle
Cranston	Levin	Sarbanes
Dodd	Matsunaga	Sasser
Eagleton	Melcher	Specter
Exon	Metzenbaum	Tsongas
Glenn	Mitchell	Zorinsky

NAYS—61

Abdnor	Ford	Murkowski
Andrews	Garn	Nickles
Armstrong	Goldwater	Nunn
Baker	Gorton	Packwood
Bentsen	Grassley	Percy
Boren	Hatch	Quayle
Boschwitz	Hecht	Randolph
Byrd	Heflin	Roth
Chafee	Heinz	Rudman
Chiles	Helms	Simpson
Cochran	Hollings	Stennis
Cohen	Huddleston	Stevens
D'Amato	Humphrey	Symms
Danforth	Jepsen	Thurmond
Denton	Johnston	Tower
Dixon	Kasten	Trible
Dole	Lugar	Wallop
Domenici	Mathias	Warner
Durenberger	Mattingly	Wilson
East	McClure	
Evans	Moynihan	

NOT VOTING—9

Burdick	Hawkins	Long
DeConcini	Inouye	Stafford
Hart	Laxalt	Weicker

So the amendment (No. 2843) was rejected.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER OF PROCEDURE

Mr. BYRD. Mr. President, I have sought recognition to inquire of the distinguished majority leader what the program is for the rest of the day and for the rest of the week if he is prepared to state that.

Mr. BAKER. Mr. President, I thank the minority leader. I regret that I must respond by saying I think we have to go on a while tonight. I hope that we shall be able to finish the so-called Central America amendments tonight. There are a number of them. The Dodd amendment; I believe the Senator from Connecticut is prepared to go forward with his amendment. There is a 2-hour limitation on that. I entertain the hope that we can do it in less time than that.

The Levin amendment, I am told, is perhaps next. There is a 1-hour time limitation on that.

Another Central America amendment that we are aware of and that is included in the unanimous-consent agreement is the Sasser amendment dealing with Honduras bases, on which there is a 4-hour time limitation. I believe that is the crop on Central America.

In addition to that, however, we have a Chiles amendment dealing with the budget. I would like to finish all of that tonight if we can, but it is now almost 9 p.m. I am not sure how much of it we can do, but I hope we can get through the Central America side of it and leave us tomorrow to deal with the other amendments that must be dealt with. Unless the Senator from Florida and the Senator from New Mexico—I see the Senator from Florida next to me at the moment. If he is willing to stay——

Mr. CHILES. Mr. President, I might say to the distinguished leader that I keep hoping that I am not ever going to have to bring up my amendment, that it will be moot and maybe the leader will say something tonight or tomorrow that will make that moot. I certainly would not want to prejudice that statement that he might make by precipitately bringing up this amendment.

Mr. BAKER. I thank the Senator. I do not know exactly what words I could say that would bring about that happy result, but maybe if I can figure them out, I will see if we can say them.

Mr. CHILES. I think if he told the Budget Committee to follow the budget law and start doing its business, that would certainly suffice for anything I would want to do on this bill.

Mr. BAKER. I was hoping the Senator had something else in mind.

Mr. BYRD. Mr. President, I was just going to see if we could narrow this colloquy down to some idea as to what the hour might be when the majority leader would be willing to have the Senate go out tonight.

Mr. BAKER. Mr. President, I think we ought to get into the Dodd amendment and see how we get along and see what we can do with the one after that. As I said earlier, I would like to get Dodd, Levin, and Sasser tonight if it is possible. If the minority leader will permit, I suggest that we go ahead with the Dodd amendment and see how much time that takes.

Now, the minority leader also asked me about the plans for the rest of the week. Let me respond to that as best I can.

I think it is urgently important that we try to finish the supplemental bill this week, tomorrow if possible. And I think it is possible. After that, Mr. President, I say to the minority leader I hope that we can take up the House-passed reconciliation bill which is on the calendar. That is the so-called little reconciliation bill. There are two bills on the calendar dealing with reconciliation, but I hope we can do that bill in a fairly short period of time. It would be my hope we could do that even without amendments and pass it on and leave the Senate reconciliation bill, which is also on the calendar, to be dealt with at a later time.

Now, I have told a number of Senators, and I believe I have discussed this with the minority leader—I am sure I have—that in addition to that reconciliation bill it is the intention of the leadership on this side to try to put together a budget package to follow on after the supplemental appropriations bill. I do not think of a small reconciliation bill in that context. That will stand on its own feet and have no part as far as I am concerned with the overall budget package. But it would be the hope of the leadership on this side that we can finish the supplemental tomorrow; that we can do the reconciliation bill, the small reconciliation bill, tomorrow or at the latest Friday, and that then we could proceed with other plans on how we go about trying to put together a budget package.

Now, I will also say to the minority leader that while I have been necessarily vague in describing what the steps are after the little reconciliation package, I have also indicated to him privately and I will now repeat for the record that I have no desire, no intention whatever of taking him by surprise and as soon as the strategy is developed I will share that with the minority leader so he will know exactly how we will proceed.

Mr. BYRD. I thank the majority leader. May I say, Mr. President, I have never thought that the majority leader would attempt to take me by surprise. He has never operated in that fashion and I had no idea that he would in this instance.

I wonder if the majority leader would consider making the House reconciliation bill a part of the entire package so that Senators would know then what amendment to offer to the House bill, because if they do not know what is coming in the next step, the tax bill or whatever else we are going to have to deal with, I think they would be in a better position if they knew what the whole package

was going to be. Otherwise, they are a little bit at a loss, I would think—at least I would be. If I wanted to offer an amendment to the House reconciliation bill, I would be at a loss to offer this amendment or that amendment because I do not know what the rest of the package is going to be.

Mr. BAKER. Mr. President, I am reluctant to say I feel that is not practical. I hear and understand what the minority leader is saying and I am sympathetic, but I think that we have another factor to deal with in the House-passed reconciliation bill. That is there are savings in that bill which have already been passed by the House and dealt with in the Senate, and if we do not get that bill passed I am told early this month, early in April, those savings will be for naught—we will lose them—and they are $7 billion to $9 billion in savings, I am told.

So the reason for doing this is simply to preserve what we have already done and conserve those savings that have already been made. But the full range of opportunities to both sides will be available in a subsequent reconciliation bill, perhaps subsequent revenue measures and perhaps other matters as well. But I think there is an independent justification for taking up the House-passed reconciliation bill.

Mr. CHILES. If the majority leader might yield, I want to reiterate the statement of the minority leader that at least we ought be able to review the package. The majority leader has said he is not going to take us by surprise and we appreciate that. But if we have to deal with the House-passed reconciliation bill first without even having a chance to view the rest of the package, I want to tell the majority leader I do not think we will be saving any time that way. I think it might take us a lot more time because we are left with no alternative, not knowing what is going to come next and what we are going to be faced with, than to say we have to do everything to sort of protect ourselves or to do things we would be interested in that maybe we would have to do over again

Mr. BAKER. Mr. President, I thank the Senator from Florida but let me simply say this. There will be no shortage of opportunities for everybody to do whatever it is they want to do on the budget packages, on tax bills, on reconciliation, and all the rest. I could not stop Senators if I wanted to stop Senators and I do not want to. As the Senator from Florida knows, I have offered opportunities from a procedural standpoint for packages to be offered on the Democratic side as well as alternative packages to be offered on the Republican side.

Mr. President, if we do not deal with that House-passed reconciliation bill by, I am told, April 14, we are going to lose $8 billion. And I do not think we ought to stand by and see that happen.

Now, let me say that it is 9 o'clock at night and I would be glad to discuss this at length and extensively with the Senator from Florida and the minority leader or anybody else, but it is my fervent hope that having now responded to the minority leader on what the program is we can get on with these amendments because it is going to take us a while to try to do that.

Mr. CHILES. I do not want to take any time to delay. I really think that the majority leader has been misinformed. I do not think April 14 is a critical date. I think we are talking about the end of April.

Mr. BAKER. Mr. President, maybe so but in any event we have a time schedule. Mr. President, I want to get on with the business but I first want to yield to my friend and colleague from West Virginia (Mr. RANDOLPH).

Mr. RANDOLPH. I thank the majority leader. I shall take only 20, 30, 40 seconds. Before asking the question, I believe that the membership, regardless of the aisles on which we sit, are understandable always of the leadership, both Republican and Democratic, in being fair with all the Members of this body.

Is there a possibility—and I know several Senators are involved in what I am now posing as a question—that perhaps we could go in earlier on Friday than maybe anticipated so that at least in the middle to the later afternoon we might close the discussions and possibly voting?

Mr. BAKER. Mr. President, I am anxious to finish Friday. I have things I want to do and need to do Friday afternoon and Saturday, as I know other Senators do, but on Monday of this week I indicated that we need to finish the supplemental, we need to get on to the budget matter, at least with the small reconciliation bill, and that Senators should be on notice of the possibility of later evenings any night this week, a session on Friday, and a session on Saturday. I am afraid that is still the situation. I regret to say that, Mr. President, and I do understand the concern the Senator from West Virginia has and I respect it, but I am afraid I only have bad news tonight.

Mr. RANDOLPH. I thank the Senator very much.

Mr. BAKER. I thank the Senator.

Mr. President, I see the Senator from Connecticut on the floor. I yield in the hope that he will go forward with his amendment at this time.

AMENDMENT NO. 2888

(Purpose: To prohibit funds from being used to support terrorist operations in, over or offshore from the territory of Nicaragua)

Mr. DODD. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Connecticut (Mr. DODD) proposes an amendment numbered 2888.

On page 5, line 2 strike out the period and insert a colon and the following: *"Provided further,* That none of the funds appropriated under this heading may be made available, directly or indirectly, for planning, directing, executing, or supporting acts of terrorism in, over, or offshore from the territory of Nicaragua."

Mr. DODD. Mr. President, I hope my colleagues were listening to the text of the amendment. I will repeat it for them. It says "that none of the funds appropriated under this heading can be made available, directly or indirectly, for planning, directing, executing, or supporting acts of terrorism in or over or offshore from the territory of Nicaragua." It does not cut out a nickel of funding. It does not reduce the overall amount.

We saw the results of the amendment just offered. I am not suggesting that we reduce the amount. I am merely suggesting that our policy in this part of the world be consistent with our proper and correct admonition against similar types of activities wherever they occur on the globe, and that is to abhor, to oppose, and to object in every way possible to state-supported terrorists of every kind.

Mr. President, I ask for order.

The PRESIDING OFFICER. The Senator from Connecticut is entitled to be heard in support of his amendment. The Senate will please be in order.

Mr. DODD. Mr. President, this amendment is quite simple in scope and is absolutely consistent with the ideals on which our foreign policy has always been based: Rather than eliminate the requested $21 million for aid to the Contras in Nicaragua, it would require only that those funds not be used to support acts of terrorism in that country.

Without this amendment, I fear the United States will continue a policy in Nicaragua that, at the very least, implies that we will use a selective definition of "terrorism" to suit our objectives in different parts of the world, and, at the very worst, can be correctly construed as blatant hypocrisy.

Ever since President Reagan took office, he has undertaken efforts to combat international terrorism that have properly enjoyed wide support in this body and elsewhere. "Let terrorists be aware," the President warned just days after being sworn in, "That when the rules of international behavior are violated, our policy will be one of swift and effective retribution." Alexander Haig, at his first press conference as Secretary of State, proclaimed that international terrorism would replace human rights as the priority

concern of U.S. foreign policy, and just yesterday, Secretary of State Shultz drew an even deeper line by implying that the United States might need to take preventive or pre-emptive action against terrorist groups: "It is increasingly doubtful," he said, "that a purely passive strategy can even begin to cope with the problem."

To back up its tough talk, the administration has deployed an elaborate network of new offices, interdepartmental groups, and task forces. At the State Department, every terrorist incident is painstakingly tallied, classified and recorded on a color-coded map to demonstrate just where the atrocities have occurred most frequently.

But when it comes to Nicaragua, the accuracy of those maps and charts is questionable because of an apparent double standard—and I emphasize "apparent double standard." The Contras—many of them former members of the universally despised Somoza national guard—are paid with American dollars, armed with American weapons, and trained by American advisers. And they are systematically conducting operations which, under any other circumstances, we would routinely define as terrorism and vigorously condemn.

I can cite a number of examples:

For instance, this administration, properly, was irate and quick to condemn last month's Libyan bombing of Sudan's main radio station, but remained silent last September after Contras attacked the Managua Airport with the objective—as Contra leaders told us—of destroying "The Voice of Nicaragua."

And in 1982, when the African National Congress, a terrorist group in the administration's lexicon, destroyed a vital oil depot in South Africa, the act was vehemently denounced. Yet that same administration had no such reaction to the Contras attack on oil storage facilities in Puerto Sandino.

In the Middle East, President Reagan has correctly made it clear that this country will not tolerate Iranian mines in the Straits of Hormuz. But did he speak out when Dutch and Russian ships were damaged by Contra mines outside of the Nicaraguan ports of Cortino and Puerto Sandino? The answer, unfortunately, again is that the administration has applied its selective definition of terrorism and kept silent.

Just this week, the administration properly condemned a Palestinian guerrilla faction claiming responsibility for the bombing of a civilian bus in Ashdod, Israel, which killed an elderly man and woman. The State Department will, undoubtedly, and correctly, call this a terrorist incident. Not so last August, however, when the Contra ambush of a civilian bus near Jinotega left 10 dead, including a woman holding her 6-month-old daughter.

The administration has yet to explain the distinctions between these cases. The reason is that it cannot. The harsh reality seems to be that we will vigorously, and properly so, oppose international terrorism wherever it occurs in the world—unless we are paying for it. We will excuse, even equip, terrorists when we perceive them to be on our side.

This position is hardly in keeping with our traditions as a nation. For 200 years we have insisted that the means do count as well as the ends. We have accepted as a national obligation the charge to adhere to the highest standards of political morality. Our actions have not always measured up to that exacting standard, but by maintaining it as an ideal, we have kept ourselves from straying too far from its worthy purposes.

By giving our moral and financial blank check to the Contras, we have threatened that proud tradition as well as our efforts to control international terrorism. We take a harsh view toward terrorism elsewhere in the world, but turn a blind eye when it suits our purposes in our own backyard.

This week and on countless occasions before, we have debated in this body the usefulness of supporting the Contras in Nicaragua. I continue to believe that, even if limited to military engagements against Sandinista forces, Contra activitities are counterproductive to our interests in this hemisphere.

But there seems to me a special moral contradiction in giving the Contras free reign to bomb nonmilitary targets, mine harbors used by vessels of other countries, and assault innocent civilians.

This amendment, without otherwise limiting administration conduct of Central American policy, would put a stop to that moral contradiction. It is a simple declaration that the United States opposes terrorism in any form, for any purpose, at any place. It will show that 90 percent of the American public who, according to opinion surveys, view terrorism as a serious world problem, the United States is committed to doing the right thing.

I emphasize that if killing civilians or demolishing energy facilities or threatening neutral shipping is terrorism in Iran or South Africa or Israel or anywhere else, and I believe it is, then it does not go by a different name in Nicaragua.

It is not a question of holding ourselves to a higher standard than we allow for the rest of the world. It is simply a matter of moral consistency.

How can we possibly ask less of ourselves than we demand of other nations?

Are we going to have an office for combating terrorism in the State Department and an office for implementing terrorism at the CIA?

What is our real objection to Qadhafi or Arafat or Idi Amin—only that they are not on our side?

Why have the wordsmiths in the Executive Office Building burned the midnight oil thinking of new ways to denounce terrorism while American advisers work overtime in Honduras teaching the Contras how to practice it?

This amendment does not eliminate the funds for covert operations in Honduras and Nicaragua. It does not reduce the amount by one nickel. But it does say that we should not let that money be used for murder or blowing up civilian targets or threatening the shipping of neutral or even friendly nations.

I hope this Nation will have the fundamental decency to promise at least that much.

Mr. President, this evening, we received a letter from the President of the United States restating what goals of this country are in Nicaragua, and I quote paragraph two of that letter

> The fact is, no change has occurred. The United States does not seek to destabilize or overthrow the Government of Nicaragua; nor to impose or compel any particular form of government there.

I may not agree with the expenditure of these funds in any case, but certainly the President's stated intent is that these funds not be used for terrorism. Clearly that is the intent of us in this body.

All I am suggesting is that we write what we all agree to into this particular piece of legislation.

I am confident I will be asked by my colleagues, How do you define terrorism? What is your definition of terrorism?

Mr. President, I would not be so presumptuous as to ask my colleagues to accept my definition of terrorism. I am going to take the State Department's definition and use that, if that is appropriate. In its September 1983 report "Patterns of International Terrorism," 1982, issued in September of this past year, our State Department provides a definition of terrorism. This is not mine but theirs, which I will accept, and I quote it, Mr. President:

> Terrorism: the threat or the use of violence for political purposes by individuals or groups, whether acting for or in opposition to established governmental authority, when such actions are intended to influence a target group wider than the immediate victim or victims.

"International terrorism," it goes on:

> Is terrorism conducted with the support of a foreign government or organization and/or directed against foreign nationals, institutions, or governments. International terrorism has involved groups seeking to overthrow specific regimes, to rectify national or

group grievances, or to undermine international order as an end in itself.

Those words can be somewhat vague. However, I emphasize that it is not my definition, they are this administration's definitions of terrorism and international terrorism.

This report goes on to cite specific cases of what it means by that definition, and I think that may help my colleagues understand what they mean. I refer in this report, Mr. President, to page 8 of this report, table 3, in which the administration has a graph called Regional Distribution of International Terrorism. It cites the various examples of what it specifically thinks are terrorist acts or what it judges as terrorist acts, and I quote the following list:

Kidnapping, barricade/hostage, bombing, armed attack, hijacking, assassination, sniping, threats, or hoax.

I am not sure about a hoax, but it is under this administration's definition a terrorist attack.

And then there is "other," which it does not break down any further.

So I am willing to accept that even more specific delineation in addition to the definition provided by this administration of terrorism and international terrorism. Let me simply ask my colleagues this evening whether or not they support having this language included in this bill.

Mr. JOHNSTON. Mr. President, will the Senator yield?

Mr. DODD. I am glad to yield to my colleague from Louisiana.

Mr. JOHNSTON. The language of the Senator's amendment is very appealing to me. The language of the State Department's definition of terrorism, particularly its example, for example, blowing up a PLO dump, which does not strike me as being necessarily terrorist. The kind of terrorism that I generally think of goes beyond what I think of as terror.

My question is, Would we be bound by the State Department's definition if we voted for this amendment, or would the word "terror" be able to be defined anew as someone else might define it?

Mr. DODD. I appreciate my colleague's question.

My concern was that my colleagues would say to me, "You have one definition and someone else has another definition," and I thought rather than getting involved in that, I would just use this administration's definition. I am not asking us to support the Dodd definition of terrorism or anyone else's, but merely this administration's and then cite what they have listed as specific acts.

Mr. JOHNSTON. Would the Senate be binding the expenditure of this money according to the State Department's definition and list of examples?

Mr. DODD. I would think that if the administration decided that some other act were a terrorist act in another country as it did, for instance, when it declared as a terrorist incident the bombing of the oil depot. When the African National Congress in South Africa bombed the oil depot there, this administration called it a terrorist act.

That is what they call a terrorist act there. They may want to decide that in Nicaragua the same thing is not, but I am trying to seek some consistency in all of this. That is the reason. So I did not want it to be open ended.

Mr. JOHNSTON. The answer would be yes if it is used.

Mr. DODD. If used, yes.

I might also suggest the question that occurred, what do you allow in this kind of thing? Again, I am opposed to the Contra actions altogether, but I suppose if you focused on a military target or you were interdicting arms, which we are told was the rationale in the first place for this, I would not by these definitions have any difficulty with that.

Again I emphasize I am opposed to Contra activity altogether. All I am just trying to suggest is that, in those acts which we have universally declared to be acts of terrorism, we apply that same consistent standard. State-subsidized terrorism, after all, is a principal concern to this administration. We should deplore it universally in this body as the President has tonight in his very eloquent letter to us where he defines the purpose of our activities in Nicaragua.

In fact, I hope we might even have universal endorsement of this amendment since it seems to be something we have all talked about. We devote a great deal of time to opposing it. We have agencies and task force and study groups. The Secretary of State last night had an eloquent speech before the Trilateral Commission in which he identified once again international terrorism as a great threat around the globe.

I think everyone agrees with that. We certainly support that.

Let us just say this evening that we want to take those eloquent words of our Secretary of State and of our President and of our former Secretary of State and we now want to put them to work in Central America. We only ask that we ourselves do not engage in state-supported terrorism.

I am not asking for anything more than that in this amendment, and I urge the adoption of the provision.

Mr. President, I reserve the remainder of my time.

Mr. KENNEDY. Mr. President, will the Senator yield 5 minutes?

Mr. DODD. I am glad to yield to the Senator from Massachusetts.

Mr. KENNEDY. Mr. President, let us talk for a minute about what the Contras are really doing in Nicaragua. According to published reports:

On December 19, 1983, the Contras attacked a farm cooperative in El Coco. After a furious battle that lasted over 2 hours, the town was taken and 14 people were killed, including 2 young women.

On February 25, 1984, two fishing boats hit mines and were sunk off the Caribbean Port of El Bluff. Two members of the crew were killed; seven were wounded.

For 4 days straight, on March 1, 2, 3, and 4, three border towns were indiscriminately shelled by mortar fire from within Honduras.

On March 7, 1984, a Panamanian freighter struck mines in the Harbor of Corinto, suffering severe damage and injuring crew members.

On March 16, 1984, the Contras killed three peasants and a school director in the town of Esta-Lee.

That same day, 7 members of a farm cooperative were killed in the town of San Ramón.

The following day, on March 17, 11 peasants were shot down in an ambush and 7 more were kidnaped in Pueblo Nuevo.

Is this how the U.S. Senate wants that $21 million to be used down in Nicaragua—attacking farm cooperatives; ambushing peasants; sinking fishing boats; murdering schoolteachers; and killing schoolchildren?

I think not. I think not.

The people of the United States do not support terrorism and sabotage; and we should say so tonight.

If we are going to go ahead and send taxpayers' money to Nicaragua, if we are going to go ahead and support the President's secret war, let us at least be sure that U.S. dollars will be used for U.S. purposes.

We have been told that we are not supporting an effort to overthrow the Government of Nicaragua and a lot of Senators relied on that tonight.

We have been told that it is not Mr. Reagan's policy to support terror or sabotage in Nicaragua.

Well then, let us make it part of the law.

I have argued we should cut off all funds for this secret war against Nicaragua. But if funds are going to be provided, they should at least be strictly conditioned.

Let us tell the President that he cannot use this money to support people who are engaged in terror.

I commend the Senator from Connecticut for his decision to offer this amendment. I support it. And I urge my colleagues to support it.

Mr. DODD. Mr. President, I thank my colleague from Massachusetts for his comments.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. PELL. Mr. President, will the Senator yield?

Mr. DODD. I yield to our distinguished ranking minority member of the Foreign Relations Committee, the Senator from Rhode Island. How much time does he desire?

Mr. PELL. Two minutes.

Mr. DODD. I am glad to yield 2 minutes to the Senator.

Mr. PELL. Mr. President, I think this is an excellent amendment. It is to put into practice the old adage—put our money where our mouth is. We talk a lot about terrorism. We deplore it but apparently are practicing it. I hope we are not practicing it, and the proof we are not practicing it will be the passage of this amendment.

I hope the incidents that have been cited by the Senators from Connecticut and Massachusetts will not be repeated.

I am informed that the Minister of Defense of Nicaragua said that in the year of 1983 there were 400 terrorist attacks against civilians in Nicaragua, resulting in the death of 346 citizens, and over 500 peasants were taken from their homes.

These are specific instances that have been cited in Nicaragua. I hope very much that the amendment will pass.

Mr. TSONGAS. Will the Senator yield?

Mr. DODD. I am glad to yield to my colleague from Massachusetts whatever time he may need.

Mr. TSONGAS. Mr. President, I would like to commend the Senator from Connecticut. But, if I may, I would like to take a somewhat different tack because there will be people who will argue against this amendment and I would like to make an offer. The offer is this—if the Senator from Connecticut will agree—that we would provide for a Senator to get up and state that the Contras have not engaged in terrorism. It is very simple. We give them the money. They do what they do.

Now, some of you are on the Intelligence Committee. You know what is going on. It is an open invitation. You come up to the floor and state that the Contras that we support have not engaged in terrorism. That is the offer.

If you are going to vote against the amendment, at a minimum you should be secure in your own mind that there has not been terrorism. So I would invite those who would oppose the amendment to come up here, get on the Senate floor—we are all educated Senators; we know what we vote upon—and state categorically that there has been no terrorism against civilians conducted by the Contras

And I would hope that before we have a vote I could have time again, in case no one has come up to do that, to make that point. Or if someone has come up to do that, then I issue a second invitation. I will take you to Estalee where I was in August and I will show you the mothers, I will show you the fathers, I will show you the children without mothers, and you tell them the same thing. If you have the guts to come up here and make that kind of a statement, have the guts to go to Estalee with me. I will take you myself.

It is very easy to vote on these things, but you are killing people. We debate school prayer. We care. And then we kill. That is what the amendment is about—killing—mothers, children, sons. That is your vote.

So I would hope before the vote occurs, the Senator will yield to me. And the invitation is to all of you. Let one person come on this floor and state there has been no terrorism. If not one person can say that, then how can the amendment do anything but succeed? That is the test before the Senate. And I am giving you a chance to recognize that if this is not going to pass, you have committed fellow human beings to death. That is the vote. That is what it is all about. So the invitation is open. And I am very much looking forward to someone coming up here and making that statement. I thank the Senator from Connecticut.

Mr. DODD. I thank my colleague from Massachusetts. And I welcome his challenge, and would second it, for someone to come up and suggest to this body that in fact terrorist acts are not being committed. I think that certainly would help.

Let me suggest something else. I am sure someone will say, "You know, that guy DODD has a definition from the State Department, but I don't like his definition of terrorism."

I am willing to entertain other definitions. I am just trying to use one that I thought would be the least objectionable, and that was one written by the administration.

And, of course, the definition of international terrorism is hard to rewrite because it is one that has existed since 1948. It was universally accepted by all the signatories of the universal declaration of human rights going back to 1948.

But as to the definition, if anybody has a better one, as I say, I want to hear it; I just tried to use the State Department's definition and what the President sent us from that wonderful letter telling us what he was doing. I was just using his definition, in effect.

I am glad to yield to the Senator from Delaware.

Mr. BIDEN. Will the Senator be willing to read the definition again?

Mr. DODD. Certainly. There are two definitions. For the benefit of my colleagues, I am reading from a September 1983 report from the U.S. Department of State entitled "Patterns of International Terrorism, 1982." The definitions are on the first page:

> Terrorism: The threat or use of violence for political purposes by individuals or groups, whether acting for, or in opposition to, established governmental authority, when such actions are intended to influence a target group wider than the immediate victim or victims.

International terrorism is defined in the following way:

> Terrorism conducted with the support of a foreign government organization and/or directed against foreign nationals, institutions, or governments. International terrorism has involved groups seeking to overthrow specific regimes, to rectify national or group grievances, or to undermine international order as an end in itself.

Mr. JOHNSTON. Will the Senator yield for a question?

Mr. DODD. Certainly.

Mr. JOHNSTON. Is the Senator saying that we would not then be bound by that definition since that is actually not one but two definitions and since there is a great deal of debate, we would not be bound by it but that you happen to think that is a good definition?

Mr. DODD. Yes. My colleague will understand, I did not include the definition in my amendment because I wanted to leave that up to the administration. I presume they are going to use the same definition they used in their report, but that is, I suppose, up to them. If they want to come up with some different one, I would like to know about it.

But I am not asking my colleagues to vote tonight on a definition. I am merely suggesting that I accept the administration's definition. As my friend from Louisiana knows, I went a bit further than that because, granted, the words are vague in the sense they are general words, although I think we all understand them fairly well and I went to page 8 of their report where they provide specific examples.

Mr. JOHNSTON. If the Senator would yield at that point, the first definition talks about a victim and one of the examples talks about property of the POL dump. To me, terrorism does involve victims; that is, attacks on persons, as opposed to property. And I would not personally want to include all attacks on property that does not involve victims.

Mr. DODD. I personally do not have any problem with that. All I tried to do is point out that the administration identified the attack by the African National Congress which went into South Africa as an outside group and blew up a French oil depot. Now, the administration calls it a terrorist attack. My colleague from Louisiana may have a different feeling about that particular situation. But I am only using what the administration cited as a terrorist act because there

was a similar circumstance in Nicaragua.

Mr. TSONGAS. Will the Senator yield?

Mr. DODD. Yes.

Mr. TSONGAS. I think the argument the Senator from Louisiana makes about there being a victim does have the potential to gain support. And I would not presume to speak for the Senator from Connecticut, but I think, as far as I an concerned, that definition, although incomplete, would be something I could live with.

Mr. BIDEN. Will the Senator yield?

Mr. DODD. Yes.

Mr. BIDEN. I think I am going to support the Senator's amendment. But I am not sure how the definition read is different than war. Is war terrorism?

The second question I have, and I would like an answer because I think on some occasion that there is a requirement for government to be able to retain for itself the right to support or engage in covert activity. And I suspect we all do at some point. Now, is there any covert activity that is not a terrorist activity anywhere in the world?

Mr. DODD. Interdiction of arms—which is the stated goal here at the outset anyway and reason for this particular activity—I do not consider an act of terror. If you have a military target, an army post or military post, or you engage a military group in combat, I do not think that falls within the definition of terrorism. I think there are a variety of activities—which again I want to emphasize to my friend from Delaware I am not approving of but—which my amendment does not target, if you will, those particular kinds of activities.

I am more comfortable, in effect, with my colleague from Louisiana's further delineation that we are talking about incidents involving innocent victims. I merely cited the oil depot example because that was one that the administration had used itself and had been a similar fact situation in Nicaragua with an outside group going into a country and blowing up an oil depot.

Mr. BIDEN. Mr. President, the reason I ask the question is I think it is important that we make it pretty clear we do not like what is being done—that is implicit in this amendment—by the Contras in Nicaragua. But, on the other hand, I do not want to be part of setting a precedent that would, in fact, have made the American Revolution a terrorist activity. We did not only move against armies in the American Revolution. We did everything from disrupting ships and dumping tea into harbors to blowing up commercial facilities. Minutemen were running around doing silly things like that. I do not think we would want to say they were terrorists.

I want to make sure that we are not getting ourselves into situations in the future where there are in fact indigent revolutions that in fact do target economic targets, and do in fact target people who are not in uniform and say it is automatically a terrorist activity.

I do not think that is what my colleagues mean. I want to make that clear. If you read that ridiculous definition of the State Department which is not yours—it is theirs—it seems awfully all encompassing. It sounds like they are saying war is a terrorist activity.

Mr. DODD. Let me say, first of all, that in our own revolution, while certainly we were at war, we were all conscious of the fact that innocent civilians could be involved. I emphasize again to my colleague from Delaware that the declared purpose of our administration here is not to overthrow the government or destabilize it in any way.

This is a letter dated April 4, 1984, signed by the President of the United States only a few hours ago. He is telling us today that is not the declared purpose. I agree with him. I ask my colleagues to agree with him tonight, in effect. If destabilization is not a declared purpose, we should not have any difficulty in joining with the President in effect stating unequivocally that we do not believe in supporting terrorism with our tax dollars.

Mr. BIDEN. The point that I want to make clear, if the Senator will yield, is that I am going to support the Senator's amendment. But to support this amendment does not mean that one would automatically have to be consistent in the future in being opposed to any covert activity anywhere in the world. That is the only point I want to make. I know the Senator from Massachusetts is very concerned.

Without going into a lot of detail about the situation in Afghanistan, the situation in Afghanistan is that the rebels, the people of Afghanistan are trying to throw off the yoke of the Soviet Union that has been thrust upon them. They are engaged in activities which by the State Department definition is terrorism. They are targeting folks. They "ain't" just targeting military places. They are going after the infrastructure. They are hitting everything from ammunition depots to anybody who walks and looks like a Russian.

Mr. DODD. If I could interrupt my friend for 1 minute, let me recite a couple of examples.

The PLO blows up a civilian Israeli bus and kills 10 people. Is that a terrorist activity?

Mr. BIDEN I would say so.

Mr. DODD. That is No. 1. And we had a similar situation in Nicaragua. Second we have Qadhafi go in, bomb the Sudanese radio station, and people suffer as a result of that. Is that a terrorist activity or not?

Mr. BIDEN. Not necessarily.

By the way, if the civilian radio station is under the control of the Soviet Union, and, in fact, the Afghan rebels are trying to gain control of their country, they have declared it. The Afghans declared it. We have not declared. I am not commenting on whether or not we are helping the Afghans.

We have not declared for a lot of reasons whether or not we should help the Afghans. But, in fact, the Afghan rebels—and they are one tough bunch of dudes—go in and blow up a radio station manned by civilian Afghan folks under the control of the Soviet military in order to gain control of the communications system and to allow them to then move on to the military barracks. I do not call that terrorism.

Mr. DODD. It is terrorism only when we oppose them. If we support them, it is OK.

Mr. BIDEN. No. I think that is war. The fact of the matter is, it is important to respond to that. It seems to me that there were occasions in World War II and in the Korean war where we can point out there were civilian-controlled facilities like radio stations in the control of the enemy, under the aegis of the enemy. We went in and took it out in order to be able to meet a military objective.

Mr. DODD. My friend, is not that a declared war?

Mr. BIDEN. You know that is a declared war.

Mr. DODD. Are we not merely stating here what the President said to us himself this evening?

Mr. TSONGAS. Will the Senators yield?

Mr. BIDEN. I am not against you. I just want to make sure I know.

Mr. TSONGAS. The amendment is specific to Nicaragua. It has no reference to Afghanistan or any place else. I am the author of the resolution on Afghanistan. I share the Senator's view. This is Nicaragua-specific. It has no application beyond that.

Mr. BIDEN. What we are really trying to do, Mr. President, if the Senator will yield, is make sure that we point out that the President of the United States has a policy that is contrary to what our national interest is. If that is what this is all about, and, in fact, if we all say terrorism is worth doing, it is fine, it is terrorist activity, then I want to make sure when I go through this amendment while I am on the record that later today or later next year, if we were to for example support covert activities in Afghanistan—assume we did, assume the Afghans blew up a civilian radio station, and assume civilians died—that no one on the floor will say "Hey, BIDEN, remember you voted against that kind of

activity in Nicaragua. You should stand up now and vote against it in Afghanistan." I just want to point that out.

Mr. DODD. Mr. President, I reserve the remainder of my time. I presume the opponents of the amendment may have some time.

The PRESIDING OFFICER. Who yields time?

The Senator from New Hampshire is recognized.

Mr. RUDMAN. Mr. President, are any of my colleagues here who wish to speak in behalf of the amendment? I state to my friend from Connecticut that at some appropriate time—I define appropriate as being very soon—I will probably move to table this amendment. That is why I ask if there is anyone here who would like to speak.

Mr. DODD. Mr. President, why not an up or down vote on it? We have had up or down votes all afternoon on other amendments.

Mr. RUDMAN. It is my understanding that it is the intention of the floor manager to table, and I am sitting in for him at this moment. I will certainly check to be sure.

Mr. DODD. Why is this amendment any different? What is the difference between this amendment and the others that we have had up or down votes on?

Mr. RUDMAN. I believe there is some precedent for tabling other amendments here, in the absence of specific amendments with the offeror of the amendment.

Mr. DODD. What did we do on the last amendment? Was that an up or down vote, or a motion to table?

Mr. RUDMAN. I just wondered if anyone else wished to speak. I have a few words to say but I would not want to make that motion until everyone here who wishes to speak has had the opportunity.

Mr. SARBANES. What is the answer to the question?

Mr. RUDMAN. I did not realize there was a requirement to answer the question.

Mr. SARBANES. There is no requirement.

Mr. RUDMAN. I choose not to answer the question. I have simply stated to my friend from Maryland that there have been a whole string of amendments here today, yesterday, and some have been tabled. Some have been voted up-and-down. It is my instruction from the manager of this bill that it was his desire to table. If he wishes to change that, he will change it. If not, he will move to table.

Mr. SARBANES. All I am asking is to know from the acting manager of the bill, since the proposer of the amendment is seeking an up-and-down vote, why he will not give him an up-and-down vote on his amendment.

Mr. RUDMAN. Whose time is this discussion taking place on?

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. RUDMAN. Mr. President, I would like to yield the floor back and let the discussion take place on the time of the Senator from Connecticut.

Mr. SARBANES. The Senator does not intend to answer the question?

Mr. RUDMAN. I believe I have answered the question.

Mr. SARBANES. The Senator has not anwered the question as to why he will not give Senator DODD an up-or-down vote on his amendment.

The PRESIDING OFFICER. Who yields time?

Mr. LEVIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. LEVIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DODD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DODD. Mr. President, to whose time is the quorum call being charged?

The PRESIDING OFFICER. The Chair did not specify.

Mr. DODD. Mr. President, how much time remains to this side?

The PRESIDING OFFICER. Twenty minutes.

Mr. DODD. Mr. President, I have said everything I want to say on this. Maybe a colleague or two wants to say something more. If someone opposes this amendment, I wish they would come over and tell us why. I am anxious to vote on this, but I want to give the opponents of this amendment an opportunity to speak. I will gladly yield to my colleague from Massachusetts whatever time he desires.

Mr. TSONGAS. If I may inquire of my neighbor from the same part of the country, we both come from the same part of the country and live close to each other, could the Senator do a favor for me and indicate that the Contras have not engaged in terrorism? The Senator, I take it, is opposed to the amendment. As such, can the Senator state for the record that the Contras we support have not engaged in terrorism?

Mr. RUDMAN. I would simply say to my colleague that evidently we are getting further and further into a situation where we are running, I suppose, what we would call overt-covert activities. I have no personal knowledge, not being privileged to be a member of the Intelligence Committee, to give an authoritative answer, so I cannot answer the question.

Mr. TSONGAS. Is there anybody who could? Is there anybody who could even whisper in my ear? I will accept a written note.

Mr. RUDMAN. I will say to my friend from Massachusetts that we had a few moments ago voted essentially to fund a program that is described as military or paramilitary activities. It seems to me there was a very excellent discussion among the Senator from Delaware, the Senator from Massachusetts, and the Senator from Connecticut which indicates the great difficulty in trying to define what that word means. I would agree with the Senator from Delaware that one man's terror is probably somebody else's war. I really do not know what this means.

Mr. TSONGAS. I will give an example.

Mr. RUDMAN. Mr. President, whose time are we on?

The PRESIDING OFFICER. The time of the Senator from Connecticut.

Mr. TSONGAS. A doctor and nurse drive out to where there has been Contra activity, to give an example. They are in a jeep, and the jeep is marked with a red cross. The jeep is fired upon, and the doctor and the nurse are killed. Would the Senator consider that terrorism?

Mr. RUDMAN. I want to say to my friend from Massachusetts, after long years of practicing law I find it not proper to answer double questions.

Mr. TSONGAS. It happened.

Mr. RUDMAN. You are stating that from personal knowledge. I do not have personal knowledge.

Mr. TSONGAS. Take my word. We met the husband of that woman and the children of that woman. This is not a hypothetical question. The woman is dead. She is dead because we voted the money. Does the Senator want more of that? That is what the Senator is voting for. That is what the Senator is voting for, more people, civilians, being killed. We are trying to stop it.

Mr. STEVENS. Will the Senator yield?

Mr. DODD. Mr. President, I would like to reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

SEVERAL SENATORS. Vote. Vote.

Mr. NUNN. Will the Senator from Connecticut answer one question? I will not belabor the point at this hour. Does the Senator have a definition of the word "terrorism" incorporated in his amendment?

The PRESIDING OFFICER. May the Chair inquire on whose time the Senator is proceeding?

Mr. NUNN. Will someone yield to me?

Mr. DODD. I will be glad to yield to my colleague.

Mr. NUNN. Is there a definition which defines terrorism and distin-

guishes terrorism from other activities which would not be terrorism?

Mr. DODD. I do not include a definition in the amendment because obviously reasonable people could have some difficulty over that. What I have read into the RECORD is the State Department definition incorporated in a report of theirs issued a few months back where they define the terms "terrorism" and "international terrorism," and then cite some specific examples of what they mean by them. I am willing to accept their definitions. If someone else would prefer another one, that is fine. But I would prefer not to tie the amendment down by including some specific definition in there. Rather, I am willing to accept what this administration decides is terrorism. Whatever definition they are willing to apply to it, I am willing to accept. I think since we have made such a case of talking about terrorism, including the Secretary of State last evening before the Trilateral Commission, one of the first press conferences by former Secretary of State Haig defining terrorism as his great interest in human rights, the President's talking about terrorism a few days after his inaugural address, I think they have placed a great deal of emphasis on this international problem. I agree with them. I am willing to accept their definition and use the word terrorism, and let them apply that definition as it affects this particular country with these particular funds.

Mr. NUNN. I share the sentiments of the Senator from Connecticut on this point. I think there is a very thin line here. I think it is very important that our Nation, in our quest for trying to get other countries around the world to join us in our fight against terrorism, we ourselves, is able to draw that line consistently. The question I have at this late hour is whether we have indeed drawn that line, and whether we know what the word means in this amendment.

Let me ask a hypothetical question. Hypothetically, if any of this money were to be used by, say, guerrilla forces to intercept arms from Nicaragua leading to El Salvador, by, let us say, blowing up a warehouse, and let us say the warehouse was guarded by armed personnel of the Nicaraguan Government and there was good information that warehouse was being used to supply other Central American countries, would that be terrorism under this?

Mr. DODD. Not as far as this Senator is concerned. That is a military target, the interdiction of arms.

Mr. NUNN. The Senator is getting to innocent civilians?

Mr. DODD. Protecting innocent civilians is the thrust of it.

Mr. NUNN. Hypothetical action against armed forces would not constitute terrorism?

Mr. DODD. Not to this Senator.

Mr. NUNN. And the Senator would not define terrorism as being, let us say, an activity against, let us say, boats going from one country to another supplying arms?

Mr. DODD. Not where the boats are armed. If you had military equipment on there, and you were focusing your target on military personnel, unfortunately they may be victimized but I would not say that it was terrorism.

Mr. NUNN. And in the incidentals of that military target if civilians were killed but not by intention, would that be terrorism?

Mr. DODD. If the major purpose of that attack was a military target, I have no problem with that.

Mr. NUNN. But if there was an attack against the innocent civilians who had nothing to do with the smuggling of guns, were not part of the armed forces, but the attack was made against the innocent civilians in the form of intimidation, to intimidate the remainder of the population, would that be terrorism?

Mr. DODD. I believe it would be.

Mr. NUNN. I thank the Senator.

Mr. PELL. Would a fishing boat be an example of a military target?

Mr. DODD. If it were not a fishing boat, absolutely.

Mr. President, unless I have further requests for time—I have heard no one speak against the amendment. I can only assume that this will enjoy universal support.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. RUDMAN. Mr. President, does the Senator from Connecticut wish now to yield back his time? If he does, we are willing to yield back ours.

Mr. DODD. Mr. President, I reserve the remainder of my time. If we can just have an up or down vote, is that possible?

Mr. STEVENS. No, Mr. President; not until the time has expired.

Mr. DODD. Would my distinguished colleague from Alaska agree with me that we might have just an up or down vote as we have on other amendments?

Mr. STEVENS. No.

Mr. DODD. May I ask my distinguished colleague from Alaska why this amendment should be treated differently from the preceding ones?

Mr. STEVENS. Because this amendment is amendable if it is not tabled.

Mr. DODD. We are voting on it up or down.

Mr. STEVENS. If it is not tabled, it is subject to clarification. I believe it should be tabled. It is an ambiguous amendment.

Mr. DODD. Is there any objection to agreeing to this on a voice vote?

Mr. RUDMAN. Mr. President, I take it that the Senator from Connecticut wishes to reserve his time and I shall speak very briefly.

My friend and neighbor from Massachusetts described a very horrible situation and asked whether that was terrorism. Of course it is. The problem is that we are, by a vote of this body, funding an operation which is a covert operation, which we really cannot talk about in any great detail on this floor, as my friend from Massachusetts knows. The fact of the matter is that, in any military confrontation of this type or any other, there are acts which probably well could be described as terrorist acts and have been since the beginning of war. Certainly, anyone familiar with the history of the Vietnam war would have to say that things happened during that war that were hardly 100 percent military in nature and might well be described as terrorist on both sides.

The President has set forth in his letter what the intention of these funds is, what our policy is. The fact of the matter is that the last hour has proved one thing more than any other. No one doubts the good intentions of the Senator from Connecticut and the Senator from Massachusetts. But the colloquy among the Senators from Massachusetts, Connecticut, and Delaware indicates very clearly the great difficulty that everyone would have in deciding what, in fact, the definition ought to be in a particular situation.

I expect we could probably sit here for weeks and list a whole group of things that, under certain circumstances, we could all agree would be terrorist. But in financing what we are financing under this appropriation, certainly, it is no one's intention, even those who oppose the amendment of the Senator from Connecticut—and I shall oppose it—to finance activities of the nature and the type described by the Senator from Massachusetts. But the very fact of the matter is that with the kind of activity that is being engaged in in Central America on both sides, there will be instances, there have been instances, in which, I suppose, terrorism could well be defined. But there is no way to place a restriction with the kind of definition that is contained in this particular amendment on this appropriation and essentially allow any funding whatsoever. The fact is that it cannot be satisfactorily defined.

So, for those who wish to vote against this amendment, I expect that they will vote against it not because they encourage or support the kind of activities aptly described by my friend from Massachusetts and my friend from Connecticut, but because they are uncertain and unsure of what this really means. I certainly am.

Mr. TSONGAS. Will the Senator yield?

Mr. RUDMAN. I am happy to yield.

Mr. TSONGAS. The truth is they know terrorism is going on. They know we are paying for it. They would rather not know. My job is to make it clear that it is happening, then let them vote for it and then go home and explain it.

Mr. RUDMAN. The Senator from Massachusetts makes it very clear.

The PRESIDING OFFICER. If neither side yields time, then time is charged equally against each side.

Mr. DODD. Mr. President, I yield 1 minute to my colleague from Maryland.

Mr. SARBANES. Mr. President, what is the time situation on this amendment?

The PRESIDING OFFICER. The Senator from Connecticut has 8 minutes. The Senator from New Hampshire has 56 minutes.

Mr. SARBANES. Was the original allocation of time 1 hour to a side?

The PRESIDING OFFICER. That is correct.

Mr. SARBANES. So the Senator from Connecticut and others have used 52 minutes in support of the amendment and 4 minutes have been used against.

The PRESIDING OFFICER. Fifty-six and four.

Mr. SARBANES. Four minutes have been used against the amendment.

The PRESIDING OFFICER. The Senator from Connecticut has used 52 minutes. The Senator from New Hampshire has used 4 minutes.

Mr. SARBANES. I thank the Chair.

Mr. President, I think an amendment of this consequence deserves more than a pro forma statement such as we have just received from the Senator from New Hampshire with respect to his opposition to it.

I think the Senator from Georgia put it very well in, I thought, an excellent series of questions of the Senator from Connecticut in terms of the practices we are talking about. I hope there is nobody in this Chamber who wants to legitimize the kinds of terrorist acts which are detailed——

The PRESIDING OFFICER. The Senator's 1 minute has expired.

Mr. SARBANES. Will the Senator yield me an additional minute?

Mr. DODD. I am happy to do so.

Mr. SARBANES. The kind of terrorist acts that were discussed there. In fact, it is the virtue of the amendment of the Senator from Connecticut that he—at least I take it as a virtue is perceived by the opponents of the amendment that he would allow to the administration the opportunity to provide the most narrow definition of terrorism if they choose to do so. That is done by the fact that he has not sought to specify. Yet, even given that and even given some of the examples that have been cited of the kind of terrorist acts that are talked about, directed against innocent civilians, they proceed to the opposition to the amendment, but opposition of a sort that can barely bring itself to speak against it.

Then, to the extent of 4 pro forma minutes at the end of an hour's time and at the end of a time when we are being told that the Senate is not going to get an up or down vote, without any good reason being provided for that fact, I cannot understand the opposition to seeking to preclude terrorism of the nature that has been discussed here on the floor of the Senate. I particularly cannot understand the reluctance or the inability of those opposed to this amendment to state a case in opposition to it.

Mr. DODD. Mr. President, may I ask for order, please?

The PRESIDING OFFICER. The Senate will be in order.

Mr. DODD. Mr. President, what time remains to the Senator from Connecticut?

The PRESIDING OFFICER. The Senator has 5 minutes.

Mr. DODD. Mr. President, I do not think I shall take all 5 minutes. Let me just conclude this way. The other side apparently does not wish to engage in much debate on it.

Let us just imagine tomorrow how this is going to look if the vote comes out against this amendment. We are going to be saying, in effect, that it is perfectly all right for the United States to subsidize a group of counterrevolutionaries, and if they blow up buses with innocent civilians aboard, that is all right with us.

We can mine harbors where international shipping and innocent civilians are involved, and that is no problem. It is perfectly all right to have as targets various things and people which have no military purpose whatsoever—Mr. President, may I ask for order in the Chamber?

It is perfectly all right to attack those targets. That is what we are saying here. The colloquy I had with my colleague from Georgia, I think, defined as appropriately as I could that assaulting military targets is not a terrorist attack. Innocent civilians who die as a result of an attack on a military target—that is not a terrorist attack—not by this Senator's definition. I am just trying to focus this thing a bit so we have some consistency to our definitions. We call terrorism one thing in one part of the world; we properly do so.

We cannot then turn around and subsidize it in another part of the world and write it off as being a necessary evil. That is all I am trying to do with this amendment, and I would like an up or down vote on it. I yield back the remainder of my time.

Mr. RUDMAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized.

Mr. RUDMAN. Does the Senator from Connecticut now yield back his time?

Mr. DODD. I have yielded it back.

Mr. RUDMAN. I will soon yield back our time and move to table, Mr. President.

I think I have stated the position in opposition as concisely as I can. I say to my friend from Maryland that if I could say anything I thought would add to my conception of the problem with the definition, I would try it. But it seems to me that we ought to strive for quality of debate, not necessarily the quantity of debate. I think I have said all I can say in about 5 minutes. Thus, I yield back the remainder of my time. I move to table the amendment. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on the motion to table the amendment of the Senator from Connecticut. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Florida (Mrs. HAWKINS), the Senator from Maryland (Mr. MATHIAS), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I also announce that the Senator from Vermont (Mr. STAFFORD) is absent on official business.

Mr. CRANSTON. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Ohio (Mr. GLENN), the Senator from Colorado (Mr. HART), and the Senator from Mississippi (Mr. STENNIS) are necessarily absent.

I further announce that the Senator from North Dakota (Mr. BURDICK) and the Senator from Arizona (Mr. DECONCINI) are absent on official business.

The PRESIDING OFFICER (Mr. JEPSEN). Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 47, nays 43, as follows:

[Rollcall Vote No. 53 Leg.]

YEAS—47

Abdnor	Hatch	Percy
Armstrong	Hecht	Pressler
Baker	Heflin	Quayle
Chafee	Helms	Roth
Cochran	Hollings	Rudman
D'Amato	Humphrey	Simpson
Danforth	Jepsen	Specter
Denton	Kassebaum	Stevens
Dole	Kasten	Symms
Domenici	Laxalt	Thurmond
Durenberger	Long	Tower
East	Lugar	Trible
Evans	Mattingly	Wallop
Garn	McClure	Warner
Goldwater	Murkowski	Wilson
Gorton	Nickles	

NAYS—43

Andrews	Exon	Mitchell
Baucus	Ford	Moynihan
Biden	Grassley	Nunn
Bingaman	Hatfield	Packwood
Boren	Heinz	Pell
Boschwitz	Huddleston	Proxmire
Bradley	Inouye	Pryor
Bumpers	Johnston	Randolph
Byrd	Kennedy	Riegle
Chiles	Lautenberg	Sarbanes
Cohen	Leahy	Sasser
Cranston	Levin	Tsongas
Dixon	Matsunaga	Zorinsky
Dodd	Melcher	
Eagleton	Metzenbaum	

NOT VOTING—10

Bentsen	Hart	Stennis
Burdick	Hawkins	Weicker
DeConcini	Mathias	
Glenn	Stafford	

So the motion to table the amendment (No. 2888) was agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. DOMENICI. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, we have gone as far as we can tonight. There will be no more rollcall votes tonight.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business, until no later than 10:30 p.m., in which Senators may speak.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUPPORT FOR THE WATERSHED PROTECTION AND FLOOD PREVENTION PROGRAM

Mr. PERCY. Mr. President, it is indeed refreshing to hear about a Federal program that works. The Public Law 566 watershed protection and flood prevention program, administered by the Department of Agriculture's Soil Conservation Service, is, in the view of one local sponsor, such a program.

On March 30, Nicholas J. Melas, president of the Metropolitan Sanitary District of Greater Chicago and Commissioner Connie Peters, accompanied by Representative GEORGE M. O'BRIEN, appeared before the House Appropriations Subcommittee on Agriculture, Rural Development and Related Agencies to attest to the value of the Public Law 566 program in Cook County, Ill. and to urge that Congress appropriate $150 million for the program in fiscal year 1985. Mr. Melas expressed disappointment that the administration requested funding only for those projects now under construction, with no new construction starts. I want to join with Representative O'BRIEN and Mr. Melas in urging full funding in fiscal year 1985 for the Public Law 566 program.

I ask unanimous consent to include at this point in the RECORD the introductory remarks of Representative O'BRIEN and the statement of Mr. Melas.

There being no objection, the statements are ordered to be printed in the RECORD, as follows:

STATEMENT OF GEORGE M. O'BRIEN

Mr. O'BRIEN. Mr. Chairman, I appreciate this opportunity to appear before you this morning to express my strong support for full funding of the Department of Agriculture's Public Law 566 watershed program.

The Little Calumet River Watershed flood control program in my Congressional district was one of the 20 new constructions ordered by this committee for fiscal 1984. Ground was broken last fall for the first project in the Little Calumet program.

The contracting agency for the Little Calumet projects is the Metropolitan Sanitary District of Greater Chicago. With me this morning are Mr. Nicholas J. Melas, president of the Sanitary District, and Mrs. Connie Peters, a member of the Sanitary District's Board of Commissioners, and chairman of its Flood Control, Drainage and Storm Flow Committee.

Flooding is a major problem in the Fourth Congressional district which I represent, encompassing a large part of Chicago's south suburban area, and Mrs. Peters and her committee have important responsibilities in developing policies and programs to handle these flooding problems.

Mr. Melas was first elected as a commissioner of the Metropolitan Sanitary District in 1962 and has been its president since 1975. A graduate in chemistry from the University of Chicago, he also earned a Master of Business Administration from that distinguished institution. He saw action in southern France and Germany with the 7th Army during World War II, and has been active in the Greek-American community of Chicago for many years. It is a privilege for me to be able to present such a distinguished citizen to this committee. Mr. Melas.

STATEMENT BY NICHOLAS J. MELAS, PRESIDENT, THE METROPOLITAN SANITARY DISTRICT OF GREATER CHICAGO

Mr. Chairman and members of the subcommittee, my name is Nicholas Melas, and I am president of the Metropolitan Sanitary District of Greater Chicago. I appreciate the opportunity to appear before this subcommittee today in support of adquate appropriations for the Public Law 566 small watershed flood control program. I am accompanied today by Commissioner Connie Peters, who chairs the district's flood control committee.

Flooding and related problems have been part of the history of the Chicago area since its earliest days. Our geographical location and flat terrain cause widespread flooding problems over large areas.

The Metropolitan Sanitary District (MSD) was established in 1889 and has the responsibility for sewage treatment, flood control and storm water management in Cook County, Illinois. MSD has assumed a flood control leadership role in the metropolitan area. In partnership with the Federal Government, particularly through the soil conservation service's Public Law 566 small watershed program and the flood control program of the Corps of Engineers, we are addressing the issue of flood control on a regional basis. Within its jurisdiction, MSD usually acts as the principal sponsor of SCS watershed projects and is generally responsible for the acquisition of land rights. To underscore our local commitment to this program, we have expended $23 million to date of local taxpayers' money.

I want to stress, Mr. Chairman, that although I am referring to SCS involvement in the Chicago Metropolitan Area, the area in question is rural, bordering on urban areas. In fact, much of the land is farmland.

In 1971, the sanitary district entered into a cooperative agreement with SCS to prepare river basin plans and to investigate flooding problems along the following rivers in the metropolitan area: Des Plaines, North Branch of Chicago River, Little Calumet, Poplar Creek, Calumet-Sag and Salt Creek watersheds. The primary goal of this study was to develop comprehensive plans to reduce existing floodwater damages. The problems and needs in each watershed were considered. As a result, projects were developed and are now being implemented through the cooperative efforts of Federal, state and local agencies.

One such plan, which was implemented in fiscal year 1984, is the Little Calumet River watershed plan in Cook and Will Counties. When completed, this project will provide benefits to the following communities: Tinley Park, Midlothian, Markham, Harvey, Dolton, Calumet City, Lynwood and Lansing. Flooding now causes damages to an estimated 7,000 homes and 150 businesses, as well as causing erosion to about 30,000 acres of agricultural land in the watershed as well as disruption of traffic. The watershed consists of 136,500 acres of land in a rapidly developing rural/urban area. The plan was developed to provide watershed protection and environmental enhancement through an accelerated land treatment program to reduce flood damages by implementing structural and non-structural flood control measures, and to provide increased water-based recreation. Included are excavated reservoirs, flood proofing of structures, channel maintenance and soil conservation practices. When completed, over $4 million in estimated annual flood damages, principally overbank flooding, will be prevented.

Also being implemented is the watershed plan for Upper Salt Creek to protect such communities as: Elk Grove Village, Rolling Meadows, Schaumburg, Palatine and Arlington Heights. Within this watershed some 1,950 acres, containing 1,200 residences, 5 businesses and 24 major transportation routes, are subject to flooding. Like the Little Calumet project, the Upper Salt Creek project consists of excavated reservoirs, flood proofing of structures, channel modification and land treatment measures. When completed, over $1 million in estimated annual flood damages will be prevented.

Mr. Chairman, I cite MSD's experience with the Public Law 566 program as a means of saying, here is a Federal program that works. Projects undertaken with its funding can, and do, save lives and property from the devastating effects of flooding.

In reviewing the administration's fiscal year 1985 budget, I was disappointed, as I am sure you were, to note that no new construction funding was requested for Public Law 566. Instead, the administration wants only funding to complete what is now under

construction. If this were allowed to happen, it would have a devastating effect on our flood control efforts in Cook County and undoubtedly in other areas of the nation.

Congress has provided an adequate level of Public Law 566 funding in the past. I am here to ask you to do so again—to provide at least $150 million in new construction funding in fiscal year 1985, the same amount as provided in fiscal year 1984.

Mr. Chairman, that completes my statement. I would be pleased to answer any questions.

MORTGAGE REVENUE BONDS SPUR HOUSING INDUSTRY GROWTH

Mr. PERCY. Mr. President, unquestionably, one of the best ways to improve our economy is to promote home ownership. The mortgage revenue bond programs administered by the Illinois Housing Development Authority (IHDA) will have enabled almost 5,000 moderate income households to attain the dream of homeownership by mid-1984. In the 3 years between the passage of State enabling legislation and the December 1983 Federal sunset date, the authority launched three programs which provided an invaluable consumer service to first-time home buyers and stimulated a depressed homebuilding sector. The authority was created by the Illinois General Assembly in 1967 to expand housing opportunities for households shut out of the private housing market, including low- and moderate-income families, seniors, and the handicapped.

Many young households who otherwise could not have afforded home ownership benefited from the 2 to 3 percentage point spread between private market mortgage rates and interest rates on loans backed by mortgage revenue bonds. On average, this spread reduced housing costs by about $100 per month—enough to make homeownership a reality for households with a total average income of $27,947. At a time when soaring housing costs make downpayment requirements impossible for many low- and moderate-income first-time home buyers, the authority's affordable mortgage programs required only a 5-percent downpayment. About 90 percent of the authority's borrowers used the below-market interest rate and low downpayment requirement to purchase two or three bedroom homes. The average price for homes purchased through IHDA's mortgage programs was $52,468.

Mortgage revenue bonds also provide a vital stimulus to the interest-rate sensitive homebuilding industry. By targeting bond proceeds to home builders, mortgage programs like the authority's generate important countercyclical effects. Depending on the health of the private economy, the authority has reserved 40 to 67 percent of its bond proceeds for new home construction. This homebuilder set-aside has produced the equivalent of between 2,000 and 3,000 full-time jobs in the construction industy alone. These jobs, in turn, have generated over $8 million in Federal income tax revenues. The programs also have generate more than $5 million in State and local tax revenues. Thus, consumers, the homebuilding industry, and Government at all levels receive benefits from mortgage revenue bonds.

Unfortunately, authority to issue mortgage revenue bonds expired on December 31, 1983. For this reason, I am cosponsoring the Housing Finance Opportunity Act, S. 137, which will allow continuation of tax-exempt mortgage revenue bonds. Unless this legislation I am consponsoring is passed, thousands of families will have homeownership put out of their reach. With signs of economic recovery all around us, taking away this incentive would be a grave mistake.

ARGENTINA'S FINANCIAL AND ECONOMIC DIFFICULTIES

Mr. PRESSLER. Mr. President, I am very concerned over the deal that was recently worked out to help Argentina meet interest payments on its debts. In my view, U.S. participation in this deal should be carefully examined.

I am well aware of the serious nature of Argentina's financial and economic difficulties. Indeed, it is a problem common to many nations. Argentina owes an enormous debt to both foreign banks and governments. In fact, most of those banks are U.S. banks.

Under the terms of the agreement worked out last week, the U.S. Treasury will lend Argentina $300 million from its Exchange Stabilization Fund. That money will enable Argentina to pay back four Latin American countries who put up money last week to pay the banks. I am very much opposed to the use of U.S. taxpayers' dollars to bail out our Nation's largest banks.

Despite the assertions of Treasury Department officials, the main winners in this deal will be banks like Manufacturers Hanover, Bank America, and other large banks. These banks made business deals on which they expected to make a profit. Yet, unlike most businesses, the big banks have no intention of taking a loss resulting from a bad management decision. Even though the loan is scheduled to be of short duration, the precariousness of Argentina's situation makes nothing certain.

We are told that this U.S. loan will not be made unless an agreement is reached between the International Monetary Fund (IMF) and Argentina. Yet, I am skeptical. If an agreement with the IMF is not made, will our Government really stand by and watch Mexico, Venezuela, Brazil, and Colombia take losses on their loans to Argentina? I think not. Instead, I believe the American taxpayers will once again be asked to send their hard-earned dollars overseas.

Our Government faces its own severe financial problems. We are facing a $200 billion deficit this year. We cannot go on committing U.S. dollars all over the world while our own people are forced to deal with cuts in Government programs and high interest rates. I think the time has come to ask where we draw the line. At what point do we say that America is not the holder of a bottomless pot of funds? I think the time is now. I am submitting for the information of the Senate today the text of an amendment that I intend to propose which would restrict the ability of the Treasury Department to participate in this kind of bank bailout. If I do not receive clear assurances that no U.S. taxpayer money will be jeopardized in the Argentina deal, I will offer this amendment to an available legislative vehicle.

Mr. President, I ask unanimous consent that the text of the proposed amendment be printed in the RECORD.

There being no objection, the proposed amendment was ordered to be printed in the RECORD, as follows:

AMENDMENT NO. —

To amend subsection (b), to add, following the first sentence of that subsection:

The Secretary may not, however, use the fund in any way that would, either directly or indirectly, substitute U.S. government commitments to foreign entities for the obligations of U.S. commercial banks.

ORDER PLACING H.R. 4707 ON THE CALENDAR

Mr. BAKER. Mr. President, I have one unanimous-consent request that appears to have been cleared by the minority leader. I will state it now for his consideration and that of other Members.

I ask unanimous consent that once the Senate receives from the House, H.R. 4707, the Arizona Wilderness Act of 1984, it be placed on the calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I have nothing further. I inquire of the minority leader if he has anything further.

Mr. BYRD. I have nothing further.

Mr. BAKER. Mr. President, I yield the floor.

Mr. MATSUNAGA. Mr. President, are we now in morning business?

The PRESIDING OFFICER. The Senator is correct.

VICE ADMIRAL WEYMOUTH AND BRUCE BISHOP SPEAK IN SUPPORT OF PEACE ACADEMY TO TEXAS AUDIENCE

Mr. MATSUNAGA. Mr. President, in the face of the war-torn situation we face throughout the world, let us bring together the best minds from various professions and countries around the world, put them in one place, and teach them, train them in the techniques of conflict resolution.

This is not an impossible dream. It is a plan. It is an idea whose time has come at long last, but not too soon. It is the goal of the proposed U.S. Academy of Peace.

Last month, two distinguished advocates of the proposed Peace Academy addressed members of the Gulf Coast Council on Foreign Affairs and their guests in Houston, Tex., urging them to support the proposal.

Vice Adm. Ralph Weymouth, USN, retired, told members of the audience that "the Academy has something for everyone, even warriors like me." He noted that while man's interactions have spread across a great spectrum, war is still the most popular means of settling conflict. SALT II and arms negotiations are just short-term means for avoiding a nuclear war, Weymouth said, the Peace Academy offers a long-term commitment.

Bruce Bishop, the Deputy Director of the National Peace Academy Foundation and a former Foreign Service officer, said that the Peace Academy would train future leaders in a great variety of professions from around the world in the process of settling disputes.

Pointing to the "Old Boy" networks which exist in many professions, he said that potential leaders will be brought together at the Academy to study and discuss methods of peace. In future years, when they find themselves facing each other across a negotiations table, they will already have a common ground of understanding, a place to start.

Mr. President, the Peace Academy proposal which Admiral Weymouth and Mr. Bishop so eloquently spoke in support of in Houston is embodied in S. 564, the U.S. Academy of Peace Act. This bill, which I introducted in February 1983, now has 55 cosponsors and has won the endorsement of over 50 national organizations. In September 1983, it was favorably reported by the Senate Labor and Human Resources Committee after public hearings and lengthy consideration during markup. It is now awaiting consideration by the full Senate, and, inasmuch as it does have the support of the majority of the Senate, I am urging the leadership to schedule it for early floor consideration, just as I have on many previous occasions.

With the thought that my colleagues will find of interest a report on the remarks of Admiral Weymouth and Mr. Bishop, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD an article which appeared on the front page of the March 1984 edition of the Journal of Foreign Affairs, a publication of the Gulf Coast Council on Foreign Affairs.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

PEACE ACADEMY TO TRAIN FUTURE LEADERS IN CONFLICT RESOLUTION

Bring the best minds from various professions and countries around the world, put them in one place where the knowledge and experience man has accumulated about peace is centralized in one location; teach them, train them in the techniques of conflict resolution. This is the goal of the proposed National Peace Academy.

Does it sound like an impossible dream or an idea that has found its time? The National Peace Academy Foundation hopes the latter is the answer. It is pushing for Senate Bill 564 to be approved this year. It is possible that the senate bill may be put on the March calendar.

Two representatives of the foundation were in Houston, February 15 and 16 to speak to council members and other attendants about the academy.

Vice Admiral Ralph Weymouth, (ret) and Bruce Bishop, Deputy Director of the National Academy Foundation said that the legislation already has a great deal of support from the Congress, individuals and other nations.

If adopted, the academy would provide a center for research and learning about conflict resolution. Located in Washington, D.C., the academy would be federally funded and would also seek private endowments to defray cost. The budget for the first two years would be 23 and a half million dollars. The foundation would be required to appear before congress every two years with a budget request.

Opponents of the Foundation proposal have written a resolution of their own which would assign the theme of the academy of a department or agency already existing within the government framework. Both sides agree that money should be made available for such a program. The difference of opinion is centered around the framework of the organization.

Weymouth said, "I'm a warrior and I think it is important to note that the Academy has something for everyone, even warriors like me." He said that man's interactions have spread across a great spectrum, but the most popular means of settling a conflict is still war. Whereas, the Academy may not be able to teach solutions, it can teach alternatives to using force.

Weymouth said that Salt II and arms negotiations are just short term means for avoiding a nuclear war. The Academy offers a long commitment. Bishop said that the Academy would achieve this by training the future leaders in a great variety of professions from around the world in the process of settling a dispute.

He compares the "Old Boy" networks which exist throughout most professional occupations. Potential leaders will be brought together at the Academy to study and discuss methods of peace. In future years, when they find themselves facing each other across a negotiations table, they will already have a common ground of understanding, a place to start.

Another example of the practical application of the study would be briefings for professionals who are being sent to a different region of the world. For example, a journalist being sent to cover the crisis in the Middle East, could first attend a session at the Academy, he would learn the history of the conflicts and what negotiations have been tried. This knowledge would later be put to use when the journalist is writing or filming reports for the media back home. An understanding of what brought about present circumstances will allow him to report current events more accurately.

In order for the National Peace Academy to succeed, Bishop said that it must be independent, interdisciplinary and international. "The perception of the Peace Academy must be that it is not an extension of the government; that it is not a proxy for the C.I.A. or the Department of State or the Arms Control and Disarmament agency," he said. To make it a part of those departments or agencies would be self-defeating.

Only one Texan, Charles Wilson, (Dem.), is officially listed as being a sponsor of the house bill for the Academy. None of the senators from Texas are listed as sponsors of the senate bill.

Bishop and Weymouth said that people who wish to contribute to the campaign for the Academy can write letters to their congressmen. Donations of any amount are also needed. For more information or to make a contribution, write the National Peace Academy Foundation, 1346 Connecticut Ave., N.W., No. 519, Washington, D.C. 20036.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

ANNUAL REPORT OF THE UNITED STATES-JAPAN COOPERATIVE MEDICAL SCIENCE PROGRAM—MESSAGE FROM THE PRESIDENT—PM 127

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Labor and Human Resources:

To the Congress of the United States:

In accordance with Section 5(h) of the International Health Research Act of 1960 (P.L. 86-610), I transmit herewith the Seventeenth Annual Report

of the U.S.-Japan Cooperative Medical Science Program for Calendar Year 1983.

RONALD REAGAN.

THE WHITE HOUSE, *April 4, 1984.*

MESSAGES FROM THE HOUSE

At 10:07 a.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4072) to provide for an improved program for wheat.

The message also announced that the House has passed the following joint resolutions, without amendment:

S.J. Res. 148. Joint resolution to designate the week of May 6, 1984, through May 13, 1984, as "National Tuberous Sclerosis Week";

S.J. Res. 171. Joint resolution to provide for the designation of July 20, 1984, as "National P.O.W./M.I.A. Recognition Day"; and

S.J. Res. 203. Joint resolution designating the week beginning April 8, 1984, as "National Mental Health Counselors Week".

The message also announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 4707. An act to designate certain national forest lands in the State of Arizona as wilderness, and for other purposes.

ENROLLED JOINT RESOLUTIONS SIGNED

At 12:38 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the Speaker has signed the following enrolled joint resolutions:

S.J. Res. 148. Joint resolution to designate the week of May 6, 1984, through May 13, 1984, as "National Tuberous Sclerosis Week";

S.J. Res. 171. Joint resolution to provide for the designation of July 20, 1984, as "National P.O.W./M.I.A. Recognition Day"; and

S.J. Res. 203. Joint resolution designating the week beginning April 8, 1984, as "National Mental Health Counselors Week".

The enrolled joint resolutions were subsequently signed by the President pro tempore (Mr. THURMOND).

At 1:42 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the following bill, without amendment:

S. 2392. An act to authorize the President to appoint Donald D. Engen to the Office of Administrator of the Federal Aviation Administration.

The message also announced that the House has passed the following bills and joint resolutions, in which it requests the concurrence of the Senate:

H.R. 4706. An act to authorize appropriations for fiscal year 1985 for certain maritime programs of the Department of Transportation, and for other purposes;

H.R. 5026. An act to provide for the temporary extension of the ban on credit card surcharges;

H.J. Res. 407. Joint resolution designating the weeking beginning April 8, 1984, as "National Hearing Impaired Awareness Week"; and

H.J. Res. 520. Joint resolution designating April 13, 1984, as "Education Day, U.S.A.".

HOUSE MEASURES REFERRED

The following bills and joint resolutions were read the first and second times by unanimous consent, and referred as indicated:

H.R. 4706. An act to authorize appropriations for fiscal year 1985 for certain maritime programs of the Department of Transportation, and for other purposes; to the Committee on Commerce, Science, and Transportation.

H.R. 5026. An act to provide for the temporary extension of the ban on credit card surcharges; to the Committee on Banking, Housing, and Urban Affairs.

H.J. Res. 407. Joint resolution designating the week beginning April 8, 1984, as "National Hearing Impaired Awareness Week"; to the Committee on the Judiciary.

HOUSE MEASURES PLACED ON THE CALENDAR

Pursuant to the order of the Senate of April 3, 1984, the following joint resolution was read the first and second times by unanimous consent, and placed on the calendar.

H.J. Res. 520. Joint resolution designating April 13, 1984, as "Education Day, U.S.A.".

The following bill was read the first and second times by unanimous consent, and placed on the calendar by unanimous consent:

H.R. 4707. An act to designate certain national forest lands in the State of Arizona as wilderness, and for other purposes.

ENROLLED BILL AND JOINT RESOLUTIONS PRESENTED

The Secretary reported that on today, April 4, 1984, he has presented to the President of the United States, the following enrolled bill and joint resolutions:

S. 1365 An act entitled the "Harry Porter Control Tower".

S.J. Res. 148. Joint resolution to designate the week of May 6, 1984, through May 13, 1984, as "National Tuberous Sclerosis Week";

S.J. Res 171. Joint resolution to provide for the designation of July 20, 1984, as "National P.O.W./M.I.A. Recognition Day"; and

S.J. Res. 203. Joint resolution designating the week beginning April 8, 1984, as "National Mental Health Counselors Week".

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-2957. A communication from the Secretary of Transportation, transmitting a draft of proposed legislation to amend the Rail Passenger Service Act to authorize additional appropriations for the National Railroad Passenger Corporation, and for other purposes; to the Committee on Commerce, Science, and Transportation.

EC-2958. A communication from the Chairman of the Federal Maritime Commission, transmitting, pursuant to law, the annual report of the Federal Maritime Commission for fiscal year 1983; to the Committee on Commerce, Science, and Transportation.

EC-2959. A communication from the Administrator of the National Oceanic and Atmospheric Administration, transmitting, pursuant to law, the "Ocean Thermal Energy Conversion" report of the administration for fiscal year 1983; to the Committee on Commerce, Science, and Transportation.

EC-2960. A communication from the State cochairman and the Federal cochairman of the Alaska Land Use Council, transmitting, pursuant to law, the annual report on the activities of the Council for calendar year 1983; to the Committee on Energy and Natural Resources.

EC-2961. A communication from the Assistant Secretary of the Interior (Water and Science), transmitting, pursuant to law, an application by the Ak-Chin Farms, Final County, Ariz., for a loan under the Small Reclamation Projects Act; to the Committee on Energy and Natural Resources.

EC-2962. A communication from the Deputy Associate Director for Royalty Management Operations, Minerals Management Service, Department of the Interior, transmitting, pursuant to law, notices of refunds of offshore lease revenues where a refund is appropriate; to the Committee on Energy and Natural Resources.

EC-2963. A communication from the President of the United States, transmitting, pursuant to law, the recommendation of the Secretary of the Interior and the Governor of Alaska with respect to the creation of a scenic highway; to the Committee on Energy and Natural Resources.

EC-2964. A communication from the Chairman and two Directors of the Tennessee Valley Authority, transmitting, pursuant to law, the annual report of the Tennessee Valley Authority for fiscal year 1983; to the Committee on Environment and Public Works.

EC-2965. A communication from the Assistant Secretary of the Army (Civil Works), transmitting a draft of proposed legislation to authorize funds for the completion of certain comprehensive river basin plans for flood control, navigation, and for other purposes; to the Committee on Environment and Public Works.

EC-2966. A communication from the Acting Administrator of the General Services Administration, transmitting, pursuant to law, proposed prospectuses for alterations to certain facilities; to the Committee on Environment and Public Works.

EC-2967. A communication from the Chairman of the United States International Trade Commission, transmitting, pursuant to law, the 37th quarterly report on trade between the United States and the nonmarket economy countries; to the Committee on Finance.

EC-2968. A communication from the Secretary of Labor, transmitting a draft of proposed legislation to amend the Internal Revenue Code of 1954 to provide for an exten-

sion of the targeted jobs tax credit, and for other purposes; to the Committee on Finance.

EC-2969. A communication from the chairman and members of the Railroad Unemployment Compensation Committee, transmitting, pursuant to law, the initial report of the committee, dated April 1, 1984; to the Committee on Finance.

EC-2970. A communication from the Acting Assistant Legal Advisor for Treaty Affairs, Department of State, transmitting, pursuant to law, a report on international agreements, other than treaties, entered into by the United States in the 60-day period prior to March 27, 1984; to the Committee on Foreign Relations.

EC-2971. A communication from the President of the United States, transmitting, pursuant to law, the report on the administration's policy on arms control for antisatellite systems; to the Committee on Foreign Relations.

EC-2972. A communication from the Chairman of the National Labor Relations Board, transmitting, pursuant to law, the annual report of the Board under the Government in the Sunshine Act for calendar year 1983; to the Committee on Governmental Affairs.

EC-2973. A communication from the Chairman of the U.S. International Trade Commission, transmitting, pursuant to law, the annual report of the Commission under the Government in the Sunshine Act for calendar year 1983; to the Committee on Governmental Affairs.

EC-2974. A communication from the Chairman of the Board of Governors of the Federal Reserve System, transmitting, pursuant to law, the annual report of the Board under the Government in the Sunshine Act for calendar year 1983; to the Committee on Governmental Affairs.

EC-2975. A communication from the Assistant Secretary for Administration, Department of Housing and Urban Development, transmitting, pursuant to law, a report on a computer match of debtors having defaulted title I loans against U.S. Postal Service and Office of Personnel Management systems of records of current and retired employees; to the Committee on Governmental Affairs.

EC-2976. A communication from the Assistant Secretary of Transportation (Administration) transmitting, pursuant to law, a report on a new Privacy Act system of records; to the Committee on Governmental Affairs.

EC-2977. A communication from the Assistant Secretary of Health and Human Services for Personnel Administration, transmitting, pursuant to law, a report on an altered Privacy Act system of records; to the Committee on Governmental Affairs.

EC-2978. A communication from the Chairman of the D.C. Council, transmitting, pursuant to law, an act of the council No. 5-119; to the Committee on Governmental Affairs.

EC-2979. A communication from the Chairman of the D.C. Council, transmitting, pursuant to law, a copy of an act of the D.C. Council No. 5-120; to the Committee on Governmental Affairs.

EC-2980. A communication from the Executive Director of Neighborhood Reinvestment, transmitting, pursuant to law, a report on activities under the Government in the Sunshine Act; to the Committee on Governmental Affairs.

EC-2981. A communication from the Director of GSA, transmitting, pursuant to law, a copy of the Information Security Oversight Office's annual report; to the Committee on Governmental Affairs.

EC-2982. A communication from the Director of Central Intelligence, transmitting, a draft of proposed legislation authorizing appropriations for fiscal year 1985; to the Select Committee on Intelligence.

EC-2983. A communication from the Chief Immigration Judge, Department of Justice, transmitting, pursuant to law, reports on certain aliens whose deportation has been suspended; to the Committee on the Judiciary.

EC-2984. A communication from U.S. Bankruptcy Court Judge Mooreman, District of Arizona, transmitting, pursuant to law, notice of his acceptance of appointment; to the Committee on the Judiciary.

EC-2985. A communication from the Secretary of the Federal Trade Commission, transmitting, pursuant to law, the Commission's Freedom of Information report for 1983; to the Committee on the Judiciary.

EC-2986. A communication from the Chairman of the National Advisory Committee for Juvenile Justice and Delinquency Prevention, transmitting, pursuant to law, the eighth annual report of the Committee; to the Committee on the Judiciary.

EC-2987. A communication from the President of the American Academy and Institute of Arts and Letters, transmitting, pursuant to law, the Academy Institute's 1983 annual report; to the Committee on the Judiciary.

EC-2988. A communication from the Secretary of Education, transmitting, pursuant to law, the 1983 annual report on the Centers for Educational Media and Materials for the Handicapped; to the Committee on Labor and Human Resources.

EC-2989. A communication from the Secretary of Education, transmitting, pursuant to law, final regulations for library services and construction programs; to the Committee on Labor and Human Resources.

EC-2990. A communication from the Secretary of Education, transmitting, pursuant to law, final regulations for the National Diffusion Network; to the Committee on Labor and Human Resources.

EC-2991. A communication from the Assistant Secretary of Education for Civil Rights, transmitting, pursuant to law, the annual report of the Office for Civil Rights; to the Committee on Labor and Human Resources.

EC-2992. A communication from the Secretary of Agriculture transmitting a draft of proposed legislation to permit "as is" sale of inventory housing held by the Farmers Home Administration; to the Committee on Agriculture, Nutrition, and Forestry.

EC-2993. A communication from the Secretary of Transportation, transmitting, pursuant to law, a report on a lease prospectus for the Management Training School, Federal Aviation Administration; to the Committee on Commerce, Science, and Transportation.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. PACKWOOD, from the Committee on Commerce, Science, and Transportation:

Donald D. Engen, of Virginia, to be Administrator of the Federal Aviation Administration.

(The above nomination was reported from the Committee on Commerce, Science, and Transportation with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. ANDREWS (by request):

S. 2529. A bill to extend and amend programs under the Native American Programs Act of 1974, and for other purposes; to the Select Committee on Indian Affairs.

By Mr. GLENN:

S. 2530. A bill to establish labor productivity assistance loans to provide financial assistance to certain individuals, to increase job skills and productivity, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. HEINZ:

S. 2531. A bill to extend the statute of limitations for fraud under the customs laws and to clarify the extent of Government access to grand jury proceedings; to the Committee on Finance.

By Mr. LAUTENBERG (for himself, Mr. DODD, Mr. KENNEDY, Mr. BYRD and Mr. MOYNIHAN):

S. 2532. A bill entitled the "Computer Education Assistance Act of 1984"; to the Committee on Labor and Human Resources.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. ANDREWS (by request):

S. 2529. A bill to extend and amend programs under the Native American Programs Act of 1974, and for other purposes; to the Select Committee on Indian Affairs.

EXTENSION AND EXPANSION OF NATIVE AMERICANS PROGRAMS ACT FOR 3 YEARS

● Mr. ANDREWS. Mr. President, I am introducing at the request of the administration legislation that would extend and expand the Native Americans Program Act for 3 additional years. I, along with 15 of my colleagues previously introduced S. 2184, the Native American Programs Act Amendments of 1983, which would also reauthorize the current act for 3 more years. The programs administered under the Native Americans Program Act has had a positive impact in helping native American families move toward self-sufficiency. Because of the success these programs have had in helping break the cycle of poverty, the administration is seeking a simple extension of this act through fiscal year 1987.

The administration's proposed bill would make one substantive change in the program by removing the restriction that limits participation in projects to nonprofit organizations. It

is the administration's view that allowing for-profit organizations to compete for funding under the act would expand the quantity, quality, and range of services to native Americans. For-profit hospitals and home-health agencies are funded under various HHS programs, and have made significant contribitions to meeting the health needs of all Americans. The administration believes that attracting for-profit organizations to the field of social services will also be beneficial to our long-range goal of improving the quality of life for all Americans.

Reauthorization of the existing law will enable the administration for native Americans' strategy for social and economic development to continue to make a measurable impact on self-sufficiency for native Americans.

A recent evaluation study conducted by the Office of Human Development Services examines the impact of Federal dollars invested in social and economic development projects. The evaluation demonstrated that the payoff ratio ranged from $3 to $43 for each Federal dollar invested. The evaluation suggests that projects funded by the administration for native Americans are cost-effective, and are making progress in overcoming longstanding and acute social problems.

This program has helped tribes and Indian communities put people to work in nonsubsidized employment. It has brought about private sector participation in the reservations and with urban Indian communities as well. The policy of funding social and economic development strategies allows maximum local flexibility for self-determination and provides for marshaling and directing Federal, State, local, tribal, or organizational resources toward local objectives while avoiding duplication in funding and programs. The focus is on the greatest impact on social and economic self-sufficiency.

Mr. President, I request unanimous consent that the letter from Secretary Heckler transmitting this proposal to Congress, and the text of the bill be printed in the CONGRESSIONAL RECORD at the conclusion of my remarks.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 2529

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

AUTHORIZATION OF APPROPRIATIONS

SECTION 1. Section 814 of the Native American Programs Act of 1974 (42 U.S.C. 2992d) is amended by striking out "such sums as may be necessary for fiscal years 1979 through 1981" and inserting in lieu thereof "$28,000,000 for fiscal year 1985, $28,644,000 for fiscal year 1986, and $29,259,000 for fiscal year 1987".

ELIMINATION OF BARRIERS TO USE OF PROFIT-MAKING ENTITIES FOR PROGRAM PURPOSES

SEC. 2. Subsection (a) of section 803 of the Native American Programs Act of 1974 (42 U.S.C. 2991b) is amended by striking out "nonprofit private agencies" and inserting in lieu thereof "private entities".

SECRETARY OF HEALTH AND HUMAN SERVICES,
Washington, D.C., March 27, 1984.

Hon. GEORGE BUSH,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed for the consideration of the Congress is a draft bill "To extend and amend programs under the Native American Programs Act of 1974, and for other purposes."

The draft bill would extend for three years, through fiscal year 1987, the authorization of appropriations for programs under the Act. Appropriations would be authorized of $28,000,000 for fiscal year 1985, $28,644,000 for fiscal year 1986, and $29,259,000 for fiscal year 1987.

The draft bill would also amend a provision which restricts participation in projects related to the purposes of the Act to public or nonprofit private agencies or organizations, in order to permit participation by for-profit entities as well. This will increase competition and should improve quality by allowing selection from a greater number of proposed projects.

We urge that the Congress give the draft bill its prompt and favorable consideration.

The Office of Management and Budget has advised that enactment of this legislative proposal would be in accord with the program of the President.

Sincerely,

MARGARET M. HECKLER,
Secretary.●

By Mr. GLENN:

S. 2530. A bill to establish labor productivity assistance loans to provide financial assistance to certain individuals, to increase job skills and productivity, and for other purposes; to the Committee on Labor and Human Resources.

LABOR PRODUCTIVITY ASSISTANCE ACT

Mr. GLENN. Mr. President, we have problems facing many people in this country that are very difficult for them to deal with these days. If you are an unemployed steelworker in Youngstown, Ohio, and your unemployment benefits have run out, or if you are a displaced homemaker, one who has either lost a spouse or been divorced or put out on her own with little or no job training, been a homemaker all of that person's life, or if you are a person who has been underemployed, or if you are in a declining industry where you can see the handwriting on the wall as to what is going to happen in the future, and you know that what you have to look forward to is probably being out of a job and, after your unemployment insurance has run out, maybe even out of hope about what kind of life you can have in the future for yourself and your family, the term "desperate" does not overstate the situation.

We have all too many people in this country today who face exactly that situation. Many of our industries in this country are industries that have had to let a lot of people go. In many of those industries, those people realize fully that there never will be the same level of employment again in those industries as there was in the past.

How do they relocate? We cannot expect the unions to have a fund that will help them retrain and relocate. A declining company can hardly be expected to put enough money aside in a very bad financial situation in which they may find themselves. It has been an increasing need as we have found the pattern of employment in the country changing more rapidly than ever in our history, and probably changing more rapidly into the future than it has to the current time. Whole industries come to fruition in maybe 3 to 5 years, certainly 8 to 10 years, and other industries go down in this Nation of ours. As we move more into some of the high tech areas, we still retain the requirement for our old smokestack industries, but we see that to be competitive they must automate and be more productive. Sometimes that means less requirement for actual people on the job in those old smokestack industries even though new jobs are being provided in some of the newer industries.

What happens to those people who do not have substantial savings or wherewithal or the borrowing power to retrain and relocate?

This is a nation of opportunity, and we pride ourselves on giving a fair chance to every single person. Too often those people are out of a job, out of money, and out of hope.

Mr. President, I think we can do better than that. Therefore, I am pleased to introduce legislation today to create a training trust fund to provide retraining loans to dislocated workers, to displaced homemakers, underemployed individuals, and persons employed in declining industries.

Even though the unemployment rate has fallen as of late, there are still over 9 million Americans unemployed, and the dampening effect of high-interest rates does not bode well for continued declines.

Furthermore, the accelerating pace of technological change is having a tremendous effect on the workplace and on careers. Over the last decade, there has been a very substantial change in the industrial composition of the U.S. work force. The plant closings which have plagued our industrial sector are but a harbinger of the upheaval you can expect as technology continues to advance at an ever-increasing pace.

So it is no longer enough, Mr. President, to provide temporary jobs or income maintenance just to help people over the rough times of short-term unemployment, expecting that they will automatically go back to work sometime in a business cycle

upturn in that same industry. More and more, permanent job displacement has shattered the economic security of American families. In this age of industrial change, lifelong training—in other words, a lifelong educational system, a lifelong retraining system that goes well beyond just elementary and secondary or even college availability—must become the norm rather than the exception to the rule. We must insure that retraining is available to individuals who face permanent layoffs, chronic unemployment, and other types of relatively permanent barriers to productive employment.

To this end, I am proposing the Labor Productivity Assistance Act to provide retraining loans of up to $10,000 to individuals who are dislocated workers, displaced homemakers, underemployed, or employed in declining industries. These loans could be used to pay for up to 2 years of retraining and subsistence during the period of retraining, job search, and relocation—$500 million a year will be available for new loans. Repayment of a loan will begin 1 year after completion of an individual's training plan and will be amortized over a maximum of 12 years. No repayment will be required, however, until household income reaches at least 150 percent of the official poverty level.

That means people taking advantage of this act for retraining purposes will not be immediately hit with a repayment schedule that would be well beyond their capability and thus forced into bankruptcy just as they become newly employed. It would be collected after their household income reaches at least 150 percent of poverty level.

Workers who have lost their jobs due to economic and industrial changes which are beyond their control, women who are faced with the harsh economic realities of losing a spouse through separation or divorce or death, and persons who are unable to finance training which would allow them to emerge from low-paying, deadend jobs, would be given an opportunity to change their lives for the better, in the best tradition of this Nation where people are supposed to have the opportunity to upgrade themselves, that uniquely American phrase "opportunity to upgrade" themselves.

The loan program that I am proposing will give these individuals not only hope but also the financial resources to invest in their future. I emphasize this would not be a giveaway program. One hears words like that all the time. Every time some new program is proposed, it is termed a "giveaway" program of some kind. That is not what this program will be. It is a loan program. The loans will be repaid after the training is completed and the individual is back at work.

What the Labor Productivity Assistance Act offers is a handup, not a handout.

Although the Job Training Partnership Act provides some support to dislocated workers, the Congressional Budget Office has estimated that at current spending levels only 15 to 25 percent of dislocated workers will be helped. Furthermore, the other groups of workers may get little or no support through JTPA. Displaced homemakers, the underemployed, and workers employed in declining industries are not identified as JTPA target groups.

America's promise of opportunity can only be met through investments in training and education—investments that enable all workers to obtain the skills they need to rise as high and as far as their ambitions and talents can take them. This legislation, Mr. President, will help meet that promise—the promise of this Nation—and enable working men and women to realize their full potential by giving them an opportunity through times of difficulty as industrial changes occur.

The self-sustaining nature of the trust fund—and it would be self-sustaining. It would not be something that requires new appropriations. It would be an off-budget item—combined with the additional tax revenue that participants will generate through better, more productive jobs makes this program cost effective. It will have the additional advantages of providing individuals with the broadest possible choice of training programs, allowing them an added measure of self-esteem in knowing that they are receiving a loan and not a handout, and of being possibly the lowest cost method of providing retraining services.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2530

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Labor Productivity Assistance Act".

PURPOSES

SEC. 2. The purpose of this Act is to provide financial assistance through a low interest loan program that supplements existing job training programs for individuals who are unemployed, underemployed, displaced homemakers, or dislocated workers to upgrade job skills, learn new job skills, better their employment opportunities, and increase overall labor productivity.

DEFINITIONS

SEC. 3. As used in this Act—

(1) the term "declining industry" means an industry which has experienced net employment declines over the most recent ten-year period for which data is available;

(2) the term "dislocated worker" means an individual who—

(A)(i) has been terminated or laid-off or has received a notice of termination or layoff from employment; and

(ii) is eligible for or has exhausted any unemployment compensation and is unlikely to return to his previous industry or occupation;

(B) has been terminated, or has received notice of termination of employment, as a result of the permanent closure of a plant or facility; or

(C)(i) is long-term unemployed;

(ii) is eligible for or has exhausted any unemployment compensation; and

(iii) has limited opportunities for employment (including those caused by substantial barriers to employment by reason of age) in the same or a similar occupation in which such individual was formerly employed, in the area in which such individual resides;

(3) the term "displaced homemaker" means an individual who—

(A) has not been employed for a substantial number of years, but has worked in the home providing unpaid services for family members during such years;

(B) has been dependent on the income of another family member, but is no longer supported by such income; and

(C) is unemployed or underemployed and experiencing difficulty in obtaining or upgrading employment;

(4) the term "loan" means a labor productivity assistance loan received pursuant to this Act;

(5) the term "Secretary" means the Secretary of Labor;

(6) the term "Trust Fund" means the Labor Productivity Trust Fund established pursuant to section 4;

(7) the term "Trustee" means the Secretary of the Treasury; and

(8) the term "underemployed individual" means an individual who—

(A) is employed part-time, but is seeking full-time employment; or

(B) is employed full-time but has an income below the poverty line established in accordance with section 673(c) of the Community Services Block Grant Act.

LABOR PRODUCTIVITY TRUST FUND

SEC. 4. (a) There is established on the books of the Treasury of the United States a trust fund to be known as the "Labor Productivity Trust Fund". The Trust Fund shall consist of such amounts as may be deposited in it pursuant to subsections (b) and (d) and such amounts as may be received pursuant to section 11(b)(1)(B). Amounts in the Trust Fund may be used only to carry out the provisions of this Act. The Secretary of the Treasury shall be the Trustee of the Trust Fund and shall report to the Congress not later than March 1 of each year on the operation and status of the Trust Fund during the preceding fiscal year.

(b)(1) The Trustee is authorized to issue to the Federal Financing Bank notes or other obligations in such forms and denominations, bearing such maturities, and subject to such terms and conditions as may be prescribed by the Federal Financing Bank, in an amount not to exceed $5,000,000,000 in total, and not to exceed $500,000,000 in any fiscal year. The proceeds from the issue of such obligations shall be deposited in the Trust Fund.

(2) Such notes or other obligations shall bear interest at a rate determined by the Federal Financing Bank, taking into consideration the current average market yield on

outstanding marketable obligations of the Federal Financing Bank of comparable maturities during the month preceding the issuance of the notes or other obligations.

(3) The Federal Financing Bank is authorized and directed to purchase any notes and other obligations issued hereunder and may at any time sell any of the notes or other obligations acquired under this subsection. The receipts and disbursements of the Trust Fund shall not be included in the totals of the budget of the United States Government as submitted by the President or of the congressional budget and shall be exempt from any general budget limitation imposed by statute on expenditures and net lending (budget outlays) of the United States Government.

(c) It shall be the duty of the Trustee to invest such portion of the Fund as is not, in his judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose, such obligations may be acquired on original issue at the issue price, or by purchase of outstanding obligations at the market price.

(d) Any obligation acquired by the Trust Fund may be sold by the Trustee at the market price. The interest on, and the proceeds from the sale or redemption of, any obligation held in the Trust Fund shall be credited to and form a part of the Trust Fund.

EXPENDITURES FROM THE TRUST FUND

SEC. 5. (a) The Trustee shall transfer funds in each fiscal year out of the Trust Fund to the Secretary in such amounts as are necessary to carry out the functions of this Act, subject to the limitations of section 4(b). The funds so transferred shall be available for making loans and for the payment of administrative expenses under this Act.

(b) The Trustee shall make such expenditures from the Trust Fund as he determines necessary for the redemption of such notes and obligations issued pursuant to section 4.

4. ALLOCATION OF FUNDS FROM THE TRUST FUND

SEC. 6. To the maximum extent possible, the Secretary shall allocate funds from the Trust Fund among States based upon the allocation set forth in section 301(b) of the Job-Training Partnership Act relating to the allocation of assistance for dislocated workers.

ELIGIBILITY REQUIREMENTS FOR LOANS

SEC. 7. (a) The Secretary shall promulgate regulations for the certification of eligible individuals identified pursuant to subsections (b) and (e).

(b) The Secretary may use the local offices of the United States Employment Service in each State or the private industry councils established pursuant to section 102 of the Job Partnership Training Act to identify and certify any individual eligible to receive a loan.

(c) An individual is eligible to receive a loan if the individual is—

(1) (A) a dislocated worker;

(B) a displaced homemaker;

(C) employed in a declining industry; or

(D) underemployed; and

(2) at least twenty-five years of age.

(d) Each certified individual shall comply with the provisions of section 8 before a private industry council may approve a loan for such individual.

(e) Notwithstanding subsection (c) the private industry councils in reviewing loan applications pursuant to section 8, may modify the eligibility requirements and certify individuals in 5 per centum of the loan applications.

LABOR PRODUCTIVITY ASSISTANCE LOANS

SEC. 8. (a) Each certified individual desiring to receive a loan shall—

(1) receive counseling from the appropriate private industry council regarding the loan program;

(2) develop a written plan, with the assistance of the appropriate private industry council, for the use of a loan designed for the individualized needs of such individual which shall include—

(A) the employment goal of the individual;

(B) the specific training, counseling service, or other activities for which assistance is sought, consistent with section 10;

(C) the amount to be borrowed;

(D) the specific starting and completion date of the training or counseling sought, which shall not exceed a duration of two years;

(E) the repayment schedule of a loan; and

(F) the specific use of a loan for any authorized activity under section 10; and

(3) submit an application which fully discloses the household income and assets, in accordance with uniform criteria established by the Secretary.

(b) A private industry council shall—

(1) approve the loan application and written plan of any certified individual if it determines—

(A) such application and written plan are in compliance with subsection (a); and

(B) approval of such loan application and written plan would further the purposes of this Act;

(2) monitor the progress of an individual receiving a loan in accordance with the written plan developed under subsection (a) (2) on at least a semiannual basis; and

(c) Any individual who is receiving unemployment benefits, shall not have such benefits reduced or suspended because such individual receives a loan under this Act.

TERMS OF LABOR PRODUCTIVITY ASSISTANCE LOANS

SEC. 9. (a) A loan shall not exceed $10,000 in aggregate per household, whether received as a single loan or as an additional loan to any other loan made under this Act.

(b) Each loan under this Act shall—

(1) be made only if a certified individual has complied with the provisions of section 8 and such loan has been approved by the appropriate private industry council; and

(2) be evidenced by a note or other written agreement which—

(A) provides for repayment of the principal amount of the loan in installments over a period of not more than twelve years, beginning the later of—

(i) one year after the date of the completion of the authorized activity approved in a recipient's plan pursuant to section 8(b)(1), unless such recipient requests repayment to begin on an earlier date; or

(ii) one month after the date which such individual has an income in an amount that is equal to or exceeds 150 per centum of the poverty line established in accordance with section 673(c) of the Community Services Block Grant Act;

(B) provides for interest on the unpaid principal balance of the loan at a yearly rate, not exceeding the average rate of return established for fifty-two week Treasury bills, in the most recent calendar quarter ended preceding the date of the loan, plus 2 per centum, which interest shall be payable in installments over the period of the loan except that, if provided in the note or other written agreement, any interest payable by the recipient may be deferred until not later than the date upon which repayment of the first installment of principal falls due, in which case interest that has so accrued during that period may be added on that date to the principal;

(C) provides that in the event of death or permanent and total disability of the recipient, as determined in accordance with regulations promulgated by the Secretary, the Secretary may modify the terms of a loan or discharge the debt of such a recipient; and

(D) entitles the recipient to accelerate without penalty repayment of the whole or any part of the loan.

(c) The Secretary shall discharge a debt on a loan pursuant to section 523(a)(10)(B) of title 11, United States Code, in the event of the death of the debtor and—

(1) a determination by the Secretary that an undue hardship exists; or

(2) the estate of the debtor has a net worth less than $50,000.

(d) Section 523 (a) of title 11, United States Code, is amended by—

(1) striking out "or" at the end of paragraph (8);

(2) striking out the period at the end of paragraph (9) and inserting in lieu thereof "; or"; and

(3) adding at the end thereof the following:

"(10) for a labor productivity assistance loan made, insured, or guaranteed by a governmental unit pursuant to section 8 of the Labor Productivity Assistance Act of 1983, unless—

"(A) such loan first became due before five years (exclusive of any applicable suspension of the repayment period) before the date of the filing of the petition; or

"(B) excepting such debt from discharge under this paragraph will impose an undue hardship on the debtor and the debtor's dependents.".

AUTHORIZED ACTIVITIES

SEC. 10. A certified individual may be approved for a loan pursuant to section 8 for—

(1) employment search assistance;

(2) training in job skills, including any two year college program;

(3) relocation assistance;

(4) a subsistence allowance; and

(5) participation in any program, approved by a private industry council, which is conducted by, or in cooperation with, an employer or labor organization to provide early assistance to any individual who is adversely affected in employment because of plant closures or labor force reductions by an employer.

ADMINISTRATIVE PROVISIONS

SEC. 11. (a) The Secretary shall enter into agreements with the private industry councils, established pursuant to section 102 of the Job Training Partnership Act to administer the labor productivity assistance loan program authorized by this Act. Such agreements shall provide for the protection of the financial interest of the United States regarding such loan program.

(b) The Secretary may—

(A) prescribe such regulations as may be necessary to carry out the provisions of this Act;

(B) modify any term, condition, or covenant of any loan to protect the financial interest of the United States; or

(C) consent to modification, with respect to rate of interest, time of payment of any

installment of principal and interest or any portion thereof, or any other provision of any note or other instrument evidencing a loan;

(D) enforce, pay, compromise, waive, or release any right, title, claim, lien, or demand, however acquired, including any equity or any right of redemption, subject to section 9(c);

(E) enter into a contract or other arrangement with State or nonprofit agencies and, on a competitive basis, with collection agencies for servicing and collection of loans under this Act; and

(F) sue and be sued in any court of record of a State having general jurisdiction or in any district court of the United States, and such district courts shall have jurisdiction of civil actions arising under this part without regard to the amount in controversy, and action instituted under this subsection by or against the Secretary shall survive notwithstanding any change in the person occupying the office of Secretary or any change in the person occupying the office of Secretary or any vacancy in that office; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Secretary or property under his control and nothing herein shall be construed to except litigation arising out of activities under this Act from the application of sections 509, 517, 547, and 2679 of title 28 of the United States Code.

(c) Collection of loan payments shall be made in accordance with procedures established by the Secretary of the Treasury, utilizing the IRS.

By Mr. HEINZ:

S. 2531. A bill to extend the statute of limitations for fraud under the customs laws and to clarify the extent of Government access to grand jury proceedings to the Committee on Finance.

IMPORT FRAUD

● Mr. HEINZ. Mr. President, for some time now I have been engaged in an effort to increase the enforcement capabilities of the U.S. Customs Service against steel import fraud. This activity has become pervasive as a means for importers to circumvent U.S. trade laws and international steel agreements. Increases in both the frequency of incidence and variations in the types of fraud committed have been registered by import specialists of the Customs Service. The widespread nature of the problem is evident in the fact that the Customs Service presently has 30 class-one, high priority cases open involving the importation of steel by fraudulent methods.

I am pleased to report today, that the Customs Service has recently undertaken a major initiative to combat violations in this problem area which will go a long way toward deterring steel import fraud and I ask, Mr. President, that the text of the announcement outlining this initative be printed in the RECORD at the conclusion of my remarks.

However, problems still remain which inhibit Customs ability to prosecute violators under civil statutes after they are caught, and it is under civil statutes that penalties large enough to deter violators or potential violators can be imposed.

First, because Customs attorneys wait until the U.S. attorneys finish with criminal proceedings before beginning a civil suit, they often run out of time before they can properly pursue a civil case. Presently, the statute of limitations governing Customs' activities which is contained in 19 U.S.C. 1621, requires that cases in which there is only enough evidence to show negligence or gross negligence be finished within 5 years from the date of violation. Cases where there is enough evidence to charge fraud on the other hand are allowed 5 years from date of discovery. Since it is often some time between when a violation is committed and when it is discovered, (even several years), the statute of limitations for negligence and gross negligence places a severe constraint on Customs attorneys. In some cases, even though the prosecution has developed enough evidence to demonstrate fraud in the criminal case using a grand jury, civil division attorneys run out of time under the statute before they can petition for access to that evidence. The bill I am introducing today makes the statute of limitations governing such cases a uniform 5 years from date of discovery, thereby giving Customs attorneys more time to gain access to grand jury materials in those cases where initial investigation only yields enough evidence to show negligence—or gross negligence.

The second problem facing Customs attorneys is the consequence of two recent Supreme Court decisions (U.S. against Sells Engineering and U.S. against Baggot) which have made it difficult for them to gain access to evidence developed by criminal prosecutors through a grand jury. Without such access, Customs attorneys often must begin a civil case from scratch. This is an unacceptable waste of Government resources which allows violators to escape the burden of full penalties.

The particular problem faced by Customs attorneys arises from a criterion imposed in the Baggot case. Specifically, in order to gain access, Customs attorneys must demonstrate that they are "preliminary to a judicial proceeding." But, the Court declined to describe what point in the Customs administrative procedure constituted "preliminary to." Mr. President, my legislation clears up the ambiguity left in the wake of the Court's decision by amending 19 U.S.C. 1592, the statute which governs Customs activities in this regard to designate a prepenalty notice issued in the course of Customs Service civil procedure as preliminary to a judicial procedure.

There are, of course, more general problems which have been caused by the Court's decision to limit the Government's access to grand jury evidence for use in civil procedures. I am, therefore, considering legislation which will address this question on a broader basis. For the purposes of incresing the enforcement capabilities of the Customs Service, however, the bill which I am introducing today will simply clarify what they must demonstrate in a petition for such access.

Mr. President, the changes which I have proposed in civil statutes will allow the Customs Service to impose the maximum penalty on companies found to be in violation of U.S. trade law. They will result in higher level of deterrence against steel import fraud and enhance the effectiveness of the Customs initiative which is currently underway.

Mr. President, I ask that the text of the bill along with a copy of my testimony on this problem before the Commerce and Energy Subcommittee on Oversight and Investigation on September 21, 1983 be printed at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 2531

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 621 of the Tariff Act of 1930 (19 U.S.C. 1621) is amended by—

(1) striking our the first proviso; and

(2) striking out "*Provided further*" and inserting in lieu thereof "*Provided*".

SEC. 2. Section 592 of the Tariff Act of 1930 (19 U.S.C. 1592) is amended by adding at the end thereof the following new subsection:

"(f) GRAND JURY MATTERS.—For purposes of Rule 6(e)(3)(C)(i) of the Federal Rules of Criminal Procedure, disclosure otherwise prohibited by such rule of matters occurring before the grand jury may be made to the government upon a showing by the government that—

"(1) a prepayment penalty notice has been issued under subsection (b)(1) of this section; and

"(2) the evidence sought may be relevant to the enforcement of this section.".

PRESS STATEMENT FOR COMMISSIONER WILLIAM VON RAAB

Effective today, the United States Customs Service will step up its efforts against fraudulent steel importing practices at a number of locations around the country. We will be staffing up both import specialists and special agents in those areas and ports which represent the bulk of our steel imports.

Two steel fraud task forces which are now operating out of Houston, Texas and Portland, Oregon will serve as models for a new task force that is being established today in Los Angeles, California. Additionally, effective immediately, Customs officers are being assigned to Customs Headquarters in Washington, D.C. and to Detroit, Michigan to support this effort.

These new efforts will be part of the overall Customs fraud crackdown "Operation Tripwire" which has successfully targeted product counterfeiting, quota evasion, undervaluation, and other fraudulent prac-

tices. We will use the broadest possible use of our civil authority against violations of our country's fraud laws to ensure a fair market place for steel products.

PENNSYLVANIA SENATOR AND COMMISSIONER OF CUSTOMS ANNOUNCE STEEL FRAUD CRACKDOWN

Senator John Heinz (R-Pennsylvania) and Commissioner of Customs William von Raab today jointly announced that effective April 2, 1984, the United States Customs Service would step up its efforts against fraudulent steel importing practices at a number of locations around the country.

The new effort will be part of the overall Customs fraud crackdown "Operation Tripwire" which was announced last September. Operation Tripwire has successfully targeted product counterfeiting, quota evasion, undervaluation and other fraudulent practices in a variety of commodities such as textiles, electronics and coffee.

Commenting on the crackdown, Senator Heinz, who is the chairman of the Senate Steel Caucaus, said, "the Commissioner and his staff are to be commended for their earnest efforts to beef up this most critical program which will certainly result in a decrease in fraudulent steel imports. We're sending a strong signal to offenders that we do intend to vigorously enforce our laws. The steel industry in our country is already besieged left and right with steel imports; it cannot and should not have to contend with a substantial underground of illegal steel shipments as well."

Two steel fraud task forces are now operating out of Houston, Texas and Portland, Oregon which will serve as models for a new task force to be established April 2, in Los Angeles, California. Additional Customs officers are also being assigned to Customs Headquarters in Washington, D.C. and to Detroit, Michigan to support this effort. The Department of Justice has assigned five attorneys to prosecute criminal steel fraud cases. Customs has also established a "hot line" with the American Iron and Steel Institute to receive timely information on possible fraud violations.

Commissioner von Raab said "that Customs will be staffing up both import specialists and special agents in those ports and areas representing the bulk of our steel imports to ensure that sufficient enforcement resources are devoted to this task."

Customs inspectors will begin intensive examinations of steel shipments to check for violations such as false documents, misdescriptions of products and false country of origin markings. In addition, Customs import specialists will examine 100 percent of the documents associated with all steel shipments looking for possible indications of illegal practices. All of these efforts will be closely coordinated by the Customs Fraud Investigations Center in Washington.

Recently, Customs steel fraud investigations have uncovered major violations of U.S. law. In one case two companies pled guilty to charges relating to a scheme to circumvent the trigger price mechanism. The two companies paid criminal fines totalling $110,000 plus a civil penalty of over $2 million. In another case in Philadelphia an importer of steel flanges pled guilty of changing the marking on his imported product to read "Made in U.S.A." in order to command a higher price for an inferior product. On November 10, 1983, the Company pled guilty to a 33 count indictment and the exowner and president of the company also pled guilty to a 20 count indictment. And as recently as two weeks ago, nine officers of major Korean steel importers were indicted in Portland, Oregon for allegedly evading the Trigger Price Mechanism. Both the Korean parent company and its American subsidiary were also named in the indictment.

Commissioner von Raab said "Customs will use the broadest possible use of its civil authority against violations of our country's fraud laws. We do not take our responsibility lightly." He further said that "In the highly competitive steel industry, it is imperative that all manufacturers are assured a certain level of fair competition in the U.S. marketplace. It is the role of the U.S. Customs Service to enforce the law in order to assure that fairness." Customs is presently conducting over thirty "Class I" (high value/high priority) steel fraud investigations.

Products which are targeted by Customs fraud teams will include those under the Trigger Price Mechanism (1978-1982), the current specialty steel quotas, the current European Steel Arrangement, and a variety of anti-dumping and countervailing duty orders.

TESTIMONY BEFORE SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATION ON STEEL IMPORT FRAUD—FRAUD WITHOUT FEAR

I would first like to commend Chairman Dingell for his extensive investigation of import fraud in a number of sectors, including steel. It is a matter of serious concern not only to our ailing steel and support industries in the U.S. but also to our entire nation. My purpose today is to express support for your investigation, knowing that it will be thorough, constructive and fair, and to offer my help in developing a legislative response to the problems you uncover.

In developing that response, I'd like to share with you some of what I have learned in my own research and investigation. The word "steel" has become synonymous with tragedy. The industry has been dangerously weakened. Steel communites are deeply depressed. And steel workers are nearly without hope. A few years ago our steel industry was the strongest in the world. Today its sad statistics include 100,000 unemployed, $3.5 billion in losses last year, and a 56% operating rate despite the general economic recovery. It is a cruel injustice that many a job has been lost to fraudulently imported foreign steel.

A strong government effort at deterring fraud will certainly not alleviate all the problems of the industry but it will be of significant help. It is also worth noting that such an action is not a protectionist measure. It is simply a matter of justice, of enforcing our present laws.

Of course it is also a matter of revenue, since the Customs Officials generally take in $19 for every dollar spent.

Both the Customs Service and the Justice Department bear a serious responsibility for deficiencies in deterring steel import fraud. And the increase in fraudulently imported steel can be traced to a combination of insufficient resources, a low priority given to this problem, and unwillingness of both Customs and the Justice Department to emphasize prompt civil actions against such imports. I understand that there are currently over 40 active cases under investigation involving steel import fraud. Some of these cases date back to 5 to 7 years.

With respect to resources, Customs has compounded the problem by proposing a program to drastically reduce the manpower levels of import specialists at the same time it has proclaimed import fraud as an area of renewed emphasis. Import specialists are essential to fraud detection and they need additional support, not lip service. And they certainly do not need cut backs.

In addition, the physical equipment resources at U.S. ports to aid in fraud detection are almost non-existent. Currently, no ports except New Orleans possess on-site chemical analysis equipment or a Customs weighing system. This type of equipment—which is basic to effective enforcement—should be provided to all major steel ports.

Enforcement seems half-hearted. Looking at investigations and prosecutions already completed, I am disappointed in the size of the penalties levied. Substantial penalties are a key factor in deterrence. A mere slap on the wrist invites the greedy to try again and again . . . which they have successfully. Maximum penalties should be levied on offenders; especially those involving large foreign firms or trading companies. Instead of civil suits which are easier to win and allow bigger fines, the government has preferred Criminal investigations and prosecutions in large cases of steel fraud. Unfortunately, Justice Department policy effectively limits the maximum criminal fine $200,000 which is but a fraction of the profit a large company or trading company will make on the transaction. Of course, jail sentences are an alternative, but the Justice Department has not generally sought them.

Civil cases, on the other hand, can result in penalties as high as the value of the goods involved. This could result, in some cases, in multimillion dollar fines. The threat of such penalties would certainly be a greater deterrent, especially on foreign nationals with U.S. subsidiaries importing the steel. Further, the burden of proof for civil fraud is considerably less than that necessary for a successful criminal prosecution.

Unfortunately the government has consistently opted for the more difficult, less punitive (criminal) route. In sum, investigations proceed at a snail pace, fines are inconsequential, convictions rare, resources shrinking and the deterrent nil. Our government has unwittingly issued an invitation to "Fraud without fear."

Finally, we should all recognize that the likelihood of steel import fraud is greater today than it has ever been. The worldwide recession coupled with persistent steel oversupply and overcapacity has led to fierce competition, to push steel through the path of least resistance, i.e., the open U.S. market. Moreover, the October, 1982, Steel Agreement and the recent specialty steel import restraints offer ingenious exporters many opportunities for fraudulent circumvention such as misdesignating the country of origin, grade misidentification, etc. I understand that Secretary of Commerce Baldrige has stated that aggressive enforcement of out trade laws could limit steel imports to 15 percent of the U.S. market. I look forward to that aggressive effort. Meanwhile, we must continue our efforts to tighten up fraud detection in the face of these increased import pressures.

With respect to solutions, the Senate Finance Committee has already approved my amendment to increase the budget of Customs' steel fraud program. That proposal should also be included in the Treasury Customs Service Appropriation. I am also preparing a resolution to address both the resource problem and the need for stiffer penalties which I will shortly submit to the Senate.

These hearings today and tomorrow should awaken the Congress and the public to the problem of steel import fraud and will be a significant aid in obtaining legislative remedies. I am committed to work with you, Mr. Chairman, in developing and enacting such remedies.●

By Mr. LAUTENBERG (for himself, Mr. DODD, Mr. KENNEDY, Mr. BYRD, and Mr. MOYNIHAN):

S. 2532. A bill entitled the "Computer Education Assistance Act of 1984"; to the Committee on Labor and Human Resources.

COMPUTER EDUCATION ASSISTANCE ACT OF 1984

Mr. LAUTENBERG. Mr. President, the quality of American education is vital to the strength of our Nation. Our competitive position in the international economy is dependent on the ability of this country to produce well-educated, skilled, and creative workers. We must provide adequate resources to support top notch education of our children or be prepared to face the consequences. Many educational and industrial leaders have noted that our schools are falling behind in this task and that American education needs to be reinvigorated.

Computer education will be part of that reinvigoration process. Last September, I introduced legislation to establish a program of Federal assistance for schools to develop and improve computer education programs. I considered that bill, S. 1849, a working draft, subject to changes and improvements based on the suggestions and recommendations of educators, parents, legislators, and other concerned citizens. The bill that I am introducing today, along with my colleagues Senators DODD, KENNEDY, BYRD, and MOYNIHAN is the result of the consultation process. It provides an improved path to the same goals articulated in the earlier version of the bill.

The Computer Education Assistance Act of 1984 continues to provide for a competitive grant program for planning, purchase of computer hardware and software, and teacher-training. It maintains the emphasis of S. 1849 on careful planning for the incorporation of computer education in the school curriculum.

The revised version of the bill also places emphasis on the importance of teacher-training and research for the use of computers in schools by drawing heavily on provisions in S. 1869, introduced last year by Senator DODD and H.R. 3750, sponsored by Representative WIRTH. One new section of the bill authorizes assistance for teacher-training institutes for elementary and secondary school teachers. The second new section of the bill provides for evaluation of computer hardware and software and the development of new software. The development of model instructional programs is also authorized.

At a time when new Federal expenditures are viewed with great skepticism, the kind of investment I am proposing will pay for itself many times over in a more productive citizenry. This investment is particularly important in schools with concentrations of poverty-level children who must not be deprived of the benefits of a modernized curriculum.

Computer education is no substitute for the three R's. Putting computers in the classroom is not a panacea for the problems of American education. But, carefully designed computer education programs can clearly help. This is why planning for the appropriate role of computer education is as important as buying new hardware and software. Thoughtful consideration must be given to the integration of computers into the curriculum. Computer education planners must first consider the overall goals for their school. Then, they must decide how computers can help them meet those goals. For some purposes, old, tried, and true methods will continue to be best. For other purposes, computers offer exciting possibilities for transforming the curriculum and the way it is taught.

Computers can be used by students in every subject in every grade. Students can use word processing programs to improve their writing by editing and revising more easily than they do now. They can learn to simulate "what if" situations in history classes so that they can understand more clearly the factors that affect human behavior and events. They can learn to use graphics to present data in a clear and meaningful way.

These uses of the computer in schools would go far beyond the teaching of computer literacy—a basic understanding of how a computer works and how to operate it—and programing. Computer literacy in school should be a beginning for computer education, not an end. Computers are more like pencils than books. As educators come to view computers in this way, as tools, they will begin using them in exciting and mind-expanding ways which is their true promise.

Thinking of computer education in broader terms will require coordination with curriculum planning. It is more than computer literacy, programing, and drill and practice programs. Once children learn how to operate a computer, they should have access to a wide range of application software for use in word processing, spread sheet analysis, and data base analysis, all of which can be used more generally than highly specialized instructional courseware.

Use of computers in schools is growing, but the need for Federal seed money is convincing. From the fall of 1980 to the spring of 1982, the number of microcomputers in public schools tripled. By early 1983 slightly over half of all public schools had at least one microcomputer.

However, although more than half the Nation's schools have at least one microcomputer, that is also the most that a large number of these schools have. Furthermore, little is known about the kind and amount of software or courseware that these schools are using with their computers.

A recent study, using January 1983 data, looked at the amount of time that microcomputers are actually used in schools. Looking only at the schools which reported at least one microcomputer, the survey found relatively few students obtaining access to the computers and for relatively short periods.

In elementary schools, 16 percent of the students used the computer in a week and 13 percent used one in secondary schools. The students who did use the computer spent 20 minutes a week in elementary schools and 45 minutes a week in secondary schools. These figures are for the median school, so some students had more access, some less.

To understand how small this amount of access is, consider what it would mean if students spent so little time with either pencil and paper or textbooks. The computer revolution in the schools is in its infancy, despite the enormous press coverage.

The Computer Education Assistance Act of 1984 will establish a program to assist States and local school districts in developing the ambitious computer education program that is needed. The program will authorize $150 million a year for the first 4 years and such sums as necessary for an additional 3 years for grants to schools for planning, acquisition of hardware and software, and teacher training. The funds will be allocated to the States half on the basis of the school age population and half on the basis of the title I formula, used for aid to disadvantaged schoolchildren. Each State will make grants to local school districts, which must assure that at least half the funds are used to serve title I eligible children and that funds are targeted on schools with the greatest need for computers.

School districts will be required to do some fairly extensive planning. This will include:

Setting goals for computer education in the schools and relating these goals to the overall educational objectives of the district;

Instructional priorities for the use of computers;

Schedules for placing computers in the elementary and secondary schools;

Criteria for selection of the hardware and software;

Planned revisions in the basis curricula of the schools designed to incorporate the use of computers; and

After school availability of the computers for use by parents and students.

The Federal grants are to be matched, with the Federal share set at 75 percent and the non-Federal at 25 percent. The non-Federal share can come from public or private sources, and may be in cash or kind. Local districts that can make arrangements with businesses and industries to donate equipment, personnel, or cash will not have to use their own funds for the matching share. Private school students would be eligible for assistance.

The bill provides $20 million a year for 7 years to the National Science Foundation for the establishment of teacher-training institutes. These institutes would provide more indepth training for teachers than the inservice training that the title I grants will support. Proper preparation of teachers is crucial to the success of a computer education program. These institutes will offer teachers an opportunity to learn about computers and the best methods for using them in the schools.

Evaluations of existing hardware and software and research and development on new software and instructional models will provide much of the underpinning for new programs of computer education. Title III of this bill authorizes the National Science Foundation to provide assistance to organizations that have expertise to carry out this research.

The planning requirement in this legislation is extremely important. Schools need to take a careful look at the role of computers in the total curriculum. They also need to consider such questions as whether to institute saturation programs at a limited number of schools or to provide computers in every classroom in a particular grade throughout the district. The bill does not set a goal for a specific ratio of students to computers or daily access time per student.

Plans are to include afterschool availability of computers for parents and children. This would permit parents and children to spend additional time working on the computers and gaining familiarity with them. Such afterschool programs would be especially helpful to those without access to computers at home. The children who do not have computers at home are very likely also attending schools which are least likely to have computers.

The benefits of the growth in computers are not evenly distributed among schools serving different socioeconomic groups. One study has found that 70 percent of the schools in more affluent areas had at least one microcomputer, while only 40 percent of the schools in poorer areas were so equipped. Another study found that twice as many students in well-to-do urban areas said that they had ever used a computer in school as students in disadvantaged urban areas. The number of computers in homes far exceeds the number in schools and the lion's share of those computers are in more affluent homes, including many with children. The additional exposure to computers in the home creates further disparity between rich and poor children.

The funds under the Computer Education Assistance Act of 1984 will be used in all schools, but at least half the funds will be targeted on schools with poverty-level children. Priority also is to be given to schools with the greatest need for computers. By establishing the targeting requirement and the priority for underserved schools, the bill aims to concentrate its resources in a way that benefits schools and children that are falling behind in computer usage. Funds will be allocated to the States half on the basis of school age children and half on the basis of the number of poverty-level children.

The grant funds can be used for planning, acquisition of hardware and software, and teacher-training. Each district will decide the mix of uses to which they will put their funds. This provides school districts with a great deal of flexibility.

In addition, the non-Federal matching share can be in-kind, such as donations of equipment or personnel services from private sources or from public agencies. This provides additional flexibility and an incentive for local school districts to involve the business community in their planning.

Mr. President, the program of planning and grant assistance for the purchase of equipment, training, and research authorized by this bill will provide Federal seed money for computer education programs. A great deal of flexibility is allowed and the result should be a better education for all children. This result is important for the growth and success of our children and our country.

I ask unanimous consent that a section-by-section summary and the text of the bill be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 2532

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Computer Education Assistance Act of 1984".

STATEMENT OF PURPOSE

SEC. 2. It is the purpose of this Act to improve and strengthen computer education instruction in elementary and secondary schools and thereby to improve student's academic performance in both technical and other fields by—

(1) encouraging orderly planning for the use of computers and for the application of computers to the instructional program of elementary and secondary schools;

(2) encouraging the acquisition of computer hardware for elementary and secondary schools having the greatest need;

(3) improvement of teacher training in computer education; and

(4) assisting in the development and acquisition of appropriate computer software.

DEFINITIONS

SEC. 3. As used in this Act—

(1) the term "elementary school" has the same meaning given that term under section 198 (a) (7) of the Elementary and Secondary Education Act of 1965;

(2) the term "institution of higher education" has the same meaning given that term under section 1201 (a) of the Higher Education Act of 1965;

(3) the term "local educational agency" has the same meaning given that term under section 198 (a) (10) of the Elementary and Secondary Education Act of 1965;

(4) the term "secondary school" has the same meaning given that term under section 198 (a) (7) of the Elementary and Secondary Education Act of 1965;

(5) the term "Secretary" means the Secretary of Education;

(6) the term "State" means each of the several States, the District of Columbia, and the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, the Trust Territory of the Pacific Islands, and the Northern Mariana Islands;

(7) the term "State educational agency" has the meaning given that term under section 198 (a) (17) of the Elementary and Secondary Education Act of 1965;

(8) the term "computer hardware" means—

(A) a data processor which—

(i) can be programed in at least three standard computer languages;

(ii) has a random access memory capacity of at least sixteen thousand bytes; and

(iii) is or can be connected with a screen for visual display;

(B) in connection with such a data processor (i) a display screen, (ii) one or more disk or tape drives, (iii) peripheral equipment such as printers and communications devices; and

(C) any equipment necessary for the installation of equipment described in subparagraphs (A) and (B); and

(9) the term "computer software" means computer programs including programs of general applicability and programs of instructional courseware suitable for use in the education program of the elementary and secondary schools within the State, including programs and program materials necessary for the operation and maintenance of the computers.

TITLE I—ACQUISITION OF COMPUTER RESOURCES PROGRAM AUTHORIZED

SEC. 101. (a) The Secretary is authorized, in accordance with the provisions of this title, to make grants to States to pay the Federal share of the costs of strengthening and expanding computer education resources available in the elementary and secondary schools within the State.

(b) There are authorized to be appropriated $150,000,000 for the fiscal year 1985 and for each succeeding fiscal year ending prior to October 1, 1988, and such sums as are necessary for the fiscal year 1989 and for each succeeding fiscal year ending prior to October 1, 1991.

ALLOTMENT TO STATES; WITHIN STATE ALLOCATION

SEC. 102. (a)(1) From the sums appropriated to carry out this title for each fiscal year, the Secretary shall reserve 2 percent for payments to the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, the Trust Territory of the Pacific Islands, and the Northern Mariana Islands, to be allotted in accordance with their respective needs.

(2) From the remainder of such sums, the Secretary shall, subject to the provisions of subsection (b), allot to each State—

(A) an amount which bears the same ratio to one-half of such remainder as the school-age population of the State bears to the school-age population of all States, plus

(B) an amount which bears the same ratio to one-half of such remainder as the amount the State is eligible to receive under subpart 1 of part A of title I of the Elementary and Secondary Education Act of 1965 (as modified by chapter 1 of the Education Consolidation and Improvement Act of 1981) in the fiscal year for which the determination is made bears to the amount available to all States under such subpart 1.

(3) For the purpose of this subsection—

(A) the term "school-age population" means the population aged 5 through 17; and

(B) the term "States" includes the fifty States, and the District of Columbia.

(b) For the purpose of this section—

(1) the provisions of section 111(a)(3)(D) of the Elementary and Secondary Education Act of 1965, relating to the use of the survey of income and education data, shall not apply to the allotment of funds under paragraph (2) of subsection (a); and

(2) the provision of the third sentence of section 193(a) of the Elementary and Secondary Education Act of 1965, relating to the 85 percent hold harmless, shall not apply to the allotment of funds under paragraph (2) of subsection (a).

(c) The amount of any State's allotment under subsection (a) for any fiscal year to carry out this Act which the Secretary determines will not be required for that fiscal year to carry out this Act shall be available for reallotment from time to time, on such dates during that year as the Secretary may fix, to other States in proportion to the original allotments to those States under subsection (a) for that year but with such proportionate amount for any of those other States being reduced to the extent it exceeds the sum the Secretary estimates that State needs and will be able to use for that year; and the total of those reductions shall be similarly reallotted among the States whose proportionate amounts were not so reduced. Any amounts reallotted to a State under this subsection during a year shall be deemed a part of its allotment under subsection (a) for that year.

(d) The State educational agency shall allocate the allotment of the State to local educational agencies within the State having an application approved by the State in accordance with section 104 based on the factors described in clause (2) of section 104 (a), relating to the local applications.

USES OF FUNDS

SEC. 103. Grants under this title may be used for the payment of the Federal share of—

(1) planning activities designed to facilitate the use of Federal financial assistance under this title for the expansion of computer resources in the elementary and secondary schools within the State;

(2) the acquisition of computer hardware for use in the educational program in the elementary and secondary schools in the State, including services necessary for the operation and maintenance of the computer hardware;

(3) the conduct of teacher training programs designed to improve the quality of instruction in computer education and to expand the use of computers in the education program in the elementary and secondary schools in the State, with particular emphasis upon the use of seminars and inservice training and the use of specially trained teachers to train other teachers in the targeted schools of the local educational agency; and

(4) the acquisition of computer software.

STATE APPLICATION

SEC. 104. (a) Each State which desires to receive assistance under this Act shall file an application with the Secretary which—

(1) designates the State educational agency as the State agency responsible for the administration and supervision of programs assisted under this Act;

(2) provides assurances that the planning activities described in clause (1) of Section 103 will be carried out by the local educational agencies within the State and that not more than 10 percent of the amount available to each local educational agency within the State for the fiscal year 1985 and not more than 5 percent of such amount for fiscal year 1986 will be available only for such planning activities;

(3) provides assurances that the State—

(A) will use grants under this Act (i) so as to supplement the level of funds that would, in the absence of such funds, be made available from non-Federal sources for the purposes of the program for which assistance is sought; and (ii) in no case to supplant such funds from such non-Federal sources; and

(B) will not commingle funds made available under this Act with State funds;

(4) provides assurances that the State will not expend more than 10 percent of the funds available to it under this title for administration and oversight activities and for furnishing services to local educational agencies within the State necessary for the local educational agencies to carry out their responsibilities under this Act;

(5) provides assurances that the State, through the State educational agency or through intrastate resource and service centers or through a combination of the two, shall furnish services to local educational agencies within the State necessary for the local educational agencies to carry out their responsibilities under this title;

(6) provides assurances that the State educational agency will pay from non-Federal sources the non-Federal share of the cost to the State of the computer education program for which assistance is sought under this Act, together with an identification of the sources of the non-Federal support;

(7) provides that the application of each local educational agency applying for funds under this Act will not be denied without notice and opportunity for a hearing before the State educational agency; and

(8) provides such additional assurances as the Secretary deems necessary to assure compliance with the requirements of this Act.

(b)(1) An application filed by the State under subsection (a) shall be for a period not to exceed seven fiscal years and may be amended annually as may be necessary to reflect changes without filing a new application.

(2) The Secretary shall not disapprove an application submitted by the State educational agency without first affording notice and opportunity for a hearing.

LOCAL APPLICATIONS

SEC. 105. (a) A local educational agency may receive payments under this title for any fiscal year in which it has on file with the State educational agency an application which—

(1) identifies the computer hardware, computer software, and the teacher training programs available in the elementary and secondary schools in the local educational agency and sets forth the uses for which assistance is sought by the local educational agency;

(2)(A) provides assurances that of the payments made to the local educational agency in each fiscal year at least half of such funds shall be used to serve educationally disadvantaged children served under title I of the Elementary and Secondary Education Act of 1965 (as modified by the Education Consolidation and Improvement Act of 1981); and

(B) provides assurances that the local educational agency will provide the funds made available to the agency under this title in each fiscal year first to elementary and secondary schools of such agency with the greatest need for computer hardware, computer software, and teacher training;

(3) provides assurances that the local educational agency will carry out planning activities in accordance with clause (1) of section 103, including—

(A) the goals for computer education in the schools of such agency and how the goals relating to computer education relate to the education objectives of the local educational agency,

(B) instructional priorities for the use of computers,

(C) schedules for placing computers in the elementary and secondary schools of such agency selected in accordance with the provisions of clause (2)(B),

(D) criteria for selecting computer hardware and software to be acquired,

(E) planned revisions in the basic curricula of the elementary and secondary schools designed to integrate the use of computers,

(F) provisions for the security of the computers,

(G) after school availability of the computers for use by parents and students for instructional or educational purposes, and

(H) standards for the evaluation of the computer education program assisted under this Act;

(4) provides assurances that funds paid under this Act (A) will be used to supplement the levels of funds that would in the absence of such funds be made available from non-Federal sources for the purpose of the program for which assistance is sought; and (B) in no case as to supplant such funds from non-Federal sources;

(5) provides assurances that the local educational agency will pay from non-Federal sources the non-Federal share of the cost of the computer education program for which assistance is sought under this Act, together with an identification of the sources of the non-Federal support;

(6) agrees to keep such records and provide such information to the State educational agency as reasonably may be required for fiscal audit and program evaluation consistent with the responsibilities of the State educational agency under this Act;

(7) describe the programs and procedures which the local educational agency has developed to ensure the participation of parents in the establishment of its computer hardware acquisition program and in the development and implementation of a curriculum for the use of such hardware; and

(8) provides assurances that the agency will comply with the other provisions of this Act.

(b) One or more local educational agencies may jointly file an application under subsection (a).

(c) (1) The State educational agency may approve applications submitted under subsection (a) based upon the factors described in clause (2) of subsection (a) and secton 102 (d).

(2) An application filed by a local educational agency under subsecton (a) shall be for a period not to exceed seven fiscal years and may be amended annually as may be necessary to reflect changes without filing a new application.

PARTICIPATION OF CHILDREN ENROLLED IN PRIVATE SCHOOLS

SEC. 106. The provisions of section 557 of the Education Consolidation and Improvement Act of 1981 shall apply to the financial assistance made available under this title.

PAYMENTS; FEDERAL SHARE

SEC. 107. (a) From the amount allotted to each State pursuant to section 102, the Secretary shall, in accordance with the provisions of this Act, pay to the State an amount equal to the Federal share of the cost of the program to be assisted under this Act.

(b)(1) The Federal share for each fiscal year shall be 75 percent.

(2) Non-Federal contributions may be in cash or in kind, fairly evaluated, including plant, equipment, and services.

TITLE II—TEACHER TRAINING INSTITUTES

NATIONAL SCIENCE FOUNDATION PROGRAM

SEC. 201. (a) From the amount appropriated pursuant to section 203 for any fiscal year, the National Science Foundation shall arrange, through grants and contracts with nonprofit professional scientific or engineering organizations, science museums, regional science education centers, consortia of local educational agencies, intrastate resource and service centers, and institutions of higher education (including community colleges), for the development and operation by such entities of short-term or regular session institutes for study to improve the qualifications of individuals who are engaged in or preparing to engage in the teaching, or supervising or training of teachers, in the use of computers for computer education instruction and other education programs in elementary and secondary schools.

(b) In making grants and contracts under subsection (a), the National Science Foundation shall give special consideration to applicants who will train teachers, or supervisors or trainers of teachers, serving or preparing to serve in elementary and secondary schools that enroll substantial numbers of culturally, economically, socially, and educationally disadvantaged youth or in programs for children of limited English language proficiency.

STIPENDS

SEC. 202. Each individual who attends an institute operated under the provisions of this title shall be eligible (after application therefor) to receive a stipend at the rate of $275 per week for the period of attendance at such institute.

AUTHORIZATION OF APPROPRIATIONS

SEC. 203. There are authorized to be appropriated to carry out this title $20,000,000 for each of the fiscal years 1985 through 1991.

TITLE III—INFORMATION DISSEMINATION AND EVALUATION

NATIONAL INSTITUTE OF EDUCATION

SEC. 301. (a) For the purpose of providing advice and technical assistance to State and local educational agencies on the expenditure of funds under title I of this Act and on the acquisition of suitable computer software, the Secretary of Education and the National Science Foundation, in accordance with an interagency agreement between the Secretary and the Foundation, shall—

(1) evaluate available computer hardware and software, in terms of its usefulness in the classroom;

(2) disseminate the results of such evaluation; and

(3) develop model computer educational software, and make such model software (and its design premises) available to computer software producers and distributors, teachers, and school administrators.

(b) The Secretary of Education shall carry out the functions required by this section through the National Institute of Education.

(c) The Secretary of Education and the Foundation are authorized to make grants and enter into contracts to carry out the functions described in clauses (1), (2), and (3) of subsection (a).

(d) There are authorized to be appropriated to carry out this section such sums as may be necessary for the fiscal year 1985 and for each succeeding fiscal year ending prior to October 1, 1991.

PRIVATE EVALUATION AND DISSEMINATION CENTERS

SEC. 302. (a) The National Science Foundation shall, through grants to or contracts with nonprofit professional scientific or engineering organizations, science museums, regional science education centers, public television, consortia of local educational agencies, intrastate resource and service centers, and institutions of higher education (including community colleges), conduct, assist, and foster research and experimentation on, and dissemination of, models of instruction in the operation and use of computers. Such models of instruction may include model training programs for adults. In carrying out the provisions of this section, the Foundation shall give priority to proposals prepared with active and broad community involvement of such groups as parents, teachers, school boards and administrators, and local business.

(b) Funds available under a grant or contract pursuant to this section may be used for the acquisition of computer hardware and software.

(c) The Director of the National Science Foundation shall report to the Congress annually on the results of research and experimentation performed with funds made available under this section. The Director, in conjunction with the National Institute of Education, shall take such steps as may be necessary to disseminate information concerning such results to local educational agencies.

(d) There are authorized to be appropriated to carry out this section such sums as may be necessary for the fiscal year 1985 and for each succeeding fiscal year ending prior to October 1, 1991.

SECTION-BY-SECTION ANALYSIS OF THE COMPUTER EDUCATION ASSISTANCE ACT OF 1984

The bill provides that it be cited as the "Computer Education Assistance Act of 1984."

Section 2. This section provides that the purpose of the Act is "to improve and strengthen computer education instruction in elementary and secondary schools and thereby to improve students' academic performance. . . ." Such improvement is to be achieved by encouraging planning for the use and application of computers in the instructional programs of elementary and secondary schools; by encouraging the acquisition of computer hardware in those schools with the greatest needs; by improving teacher training in computer education; and by assisting in the development and acquisition of computer software.

Section 3. This section provides definitions of terms, including "computer hardware" and "computer software."

TITLE I—ACQUISITION OF COMPUTER RESOURCES

Section 101. This section authorizes the Secretary of Education to provide Federal funding to States to help meet the costs of enhancing the computer education resources available in elementary and secondary schools. The authorized appropriation level for this title is $150 million for FY 1985 and for each suceeding fiscal year through FY 1988. Such sums as necessary are authorized for FY 1989 and each fiscal year through FY 1991.

Section 102. This section provides that of the sums appropriated for this title, 2 percent are to be reserved for payments to Puerto Rico and the outlying territories. The remainder of the appropriated amount is to be distributed by formula among the States plus the District of Columbia. Half of the remainder is to be distributed to each State in the same proportion as its share of total school-aged population (aged 5 to 17); half is to be distributed to each State in the same proportion as its allocation of funds under the Basic Grant program of chapter 1 of the Education Consolidation and Improvement Act of 1981 (formerly, title I of the Elementary and Secondary Education Act of 1965) is of the total amount allocated as basic grants. The Act provides that the chapter 1 allotment formula used as a basis for distributing half of the remainder is to be modified somewhat from the actually used for chapter 1 allocation. The State educational agency (SEA) will in turn allocate these funds to local educational agencies (LEAs) within the State.

Section 103. This section describes the uses of these funds as meeting the Federal share of planning to facilitate the expansion of computer resources in schools; of acquiring computer hardware for use in schools; of conducting teacher training programs to improve the quality of computer education instruction; and of acquiring computer software.

Section 104. This section provides that, to receive funds, each State must file an application with the Secretary of Education. That application must designate the SEA as the agency responsible for administering and supervising these programs; assure that planning activities will be carried out by LEAs (using up to 10 percent of each local agency's allotment in FY 1985 and up to 5 percent for FY 1986); assure that the State

will use these funds to supplement, not supplant, funds that would otherwise have been made available; assure that not more than 10 percent of the State's allotment will be used for administering this program; assure that the State, through the SEA or "intrastate resource and service centers," will provide services to local agencies; assure that the SEA will pay the non-Federal share of the cost of these programs from non-Federal sources; provides that notice and opportunity for hearing will be granted to each LEA prior to denying its application; and provides such additional assurance deemed necessary by the Secretary of Education. State applications will cover a period of not to exceed 7 years, may be amended annually, and will not be disapproved without notice and opportunity for hearing.

Section 105. This section provides that an LEA can receive funding if it files with the SEA an application that identifies the computer hardware, software and teacher or training programs in its schools; states the uses for which funds are requested; assures that at least half of its allotment will serve children served under chapter 1 allocations (primarily, children in poverty families); assures that the funds will be targetted to those schools with the greatest computer-related needs; assures that planning activities will be carried out (such as identifying the goals for computer education, setting instructional priorities for computer usage, establishing schedules for computer placement within schools, etc.); assures that these funds will supplement, not supplant, non-Federal funds otherwise available; assures that the LEA will pay the non-Federal share from non-Federal sources of funds; agrees to keep necessary records; and describes how the agency will ensure parental participation in its computer hardware acquisition program and curricular programs using such hardware. Applications will cover a period not to exceed 7 years, and may be amended annually.

Section 106. This section provides that children in private schools can participate under the same terms as they do in chapter 1.

Section 107. This section provides that the Secretary will make payments of the Federal share of the costs of these programs for each State's allotment. The Federal share is 75 percent. Non-Federal contributions to meet the non-Federal share may be made in cash or in kind.

TITLE II—TEACHER TRAINING INSTITUTES

Section 201. This section provides that, from funds appropriated under Section 203, the Natonal Science Foundation (NSF) is to enter into contracts or provide grants for the development and operation of institutions to improve the qualifications of individuals teaching the use of the computer in computer education or other elementary and secondary programs. Among the institutions eligible to contract with, or receive grants from, the NSF are nonprofit professional scientific organizations, science museums, consortia of LEAs, and institutions of higher education. The Foundation is to give special consideration to applicants who will train individuals for service in elementary and secondary schools enrolling substantial numbers of disadvantaged children, including those of limited English-proficiency.

Section 202. This section provides that individuals attending such institutes will be eligible to receive a stipend of $275 per week of attendance.

Section 203. This section authorizes the appropriation of $20 million for each fiscal year from FY 1985 through FY 1991.

TITLE III—INFORMATION DISSEMINATION AND EVALUATION

Section 301. This section provides that, in order to provide advice and technical assistance to State and local education agencies on the expenditure of funds provided under title I of the Act, the Secretary of Education (through the National Institute of Education) and the NSF are to evaluate available computer hardware and software; disseminate such evaluations; and develop model educational software. Such sums as may be necessary are authorized for FY 1985 through FY 1991.

Section 302. This section provides that the NSF, through grants or contracts with the same kinds of organizations specified in section 201, is to assist research on, and dissemination of, computer instruction models. Priority is to be given to proposals having the involvement of groups such as parents, teachers, school board, school administrators and local businesses. The Director of NSF is to report annually to the Congress on the results of activities supported under this section. Such sums as may be necessary are authorized to be appropriated for FY 1985 through FY 1991.

COMPUTER EDUCATION ASSISTANCE ACT

Mr. BYRD. Mr. President, I am pleased to join my colleagues today in introducing the Computer Education Assistance Act of 1984. This bill is a composite of what we consider the best features of several bills already introduced; and, as such, represents the most effective Federal response to the very critical needs our Nation's schools face in the area of computer education. I am indebted to Representative WIRTH of Colorado—who introduced a model bill in the House—to Senator LAUTENBERG, and to Senators DODD and KENNEDY, all of whom introduced key legislation here in the Senate. It is from these bills that our legislation today is drawn.

The March 19, 1984, Newsweek magazine, in an article assessing the computer phenomenon now taking place in our Nation's schools, observed that the use of computers "is not simply an educational innovation: their use is being forced on schools by society." Indeed, the President's National Commission on Excellence in Education, in its report last spring, clearly recognized this new educational requisite. It identified what it called the "five new basics" in secondary education. They are, according to the Commission, English, math, science, social studies, and computer science.

School administrators and school boards have been scrambling to try to meet this new demand. And, as can be expected, some key problems have emerged with which we need to be concerned. Our bill addresses these concerns.

The first and most critical problem directly relates to our historic Federal commitment to insuring access in education. It is the fact that access to this "computer revolution" is not equal among poor schools, poor children and rich schools, and rich children. A 1983 University of Minnesota study found that the 12,000 wealthiest schools in the country are four times more likely to have microcomputers than the 12,000 poorest. The Johns Hopkins Center for Social Organization of Schools has found that in 1983 nearly 70 percent of the schools in more affluent areas had at least one microcomputer, while only 40 percent of the schools in poorer areas had such equipment. There is clearly an equity problem in computer education opportunities and it stems from a very real disparity in the financial resource capabilities of schools.

In my own State of West Virginia, financial resources have been severely strained by the effects of the Reagan recession, slowing down the implementation of computer education. Nevertheless, West Virginia has embarked upon a very well designed and impressive statewide computer network to bring computer education capabilities to West Virginia schools. The program began this year, and will reach, by the end of the year, all of the 71 vocational schools and a dozen high schools in the State, providing computer access for high school seniors only. Obviously, many more resources will be needed before this outstanding program can reach all West Virginia schools and students in all grades.

West Virginia is embarking on this ambitious project in the face of very limited resources because the State understands that there is no choice if the State is to provide West Virginia students with the educational opportunities necessary in the 1980's. Dr. Ronald E. Anderson, one of the directors of the University of Minnesota study, has offered us an ominous warning. He states, in his report dated September 5, 1983, that—

> To check the growing disparity between the haves and the have nots, explicit educational computing policies need to be established and implemented at all levels. . . . The implications are not just ethical and social, but they are economic as well. If differential opportunities for computer literacy continue to grow, large segments of the labor force will be rendered increasingly less productive as a consequence of not being able to function effectively and comfortably with the computers around them.

Our bill today is an effort to insure access, by targeting Federal money to these schools and students who need it most.

After access, the second most critical problem to arise out of this computer revolution is the probability that schools will be stuck with useless and inappropriate systems if they do not engage in thorough planning before they buy or accept as donations, hardware and software packages. Mr. President, I am reminded of the old adage

"haste makes waste." It is certainly true in the field of computers.

Education officials have told me horror stories of schools rushing to purchase equipment before undertaking any sort of planning as to how the equipment will be used, by whom, for what, and toward what goals. This is also often the case when schools accept donations from computer manufacturers.

Planning is critical. Officials from the Department of Education of the State of West Virginia share this belief. Before spending a penny on the purchase of hardware or software, West Virginia officials undertook a very thorough planning process that looked at every conceivable factor in the design, purchase, maintenance, and present and future applications of a computer system. Heavy emphasis was put on curriculum planning. This is the kind of planning all schools should undertake. Mr. Henry Jay Becker, director of the Johns Hopkins University study—the most comprehensive study to date of school computer use—is quoted in the Newsweek article as saying that he has found "(t)here is an overenthusiasm about the idea of computers and an underenthusiasm about changing the curriculum in ways more suitable for their use." It is our hope that our bill will help to change this situation by putting heavy emphasis on planning in the bill. Local educational agencies, before receiving grants under the bill, are required to have on file in the State educational agency an application which provides assurances that the local agency will undertake planning in a number of specific areas that we have outlined in the bill. Additionally, because we know that there are economies of scale in terms of purchase and maintenance agreements and because it will enhance educational capabilities if school systems are able to talk with each other, we encourage local educational agencies to develop joint computer systems.

A third problem in computer education today is a shortage of adequate teacher training programs. Our bill addresses this problem by setting up a grant program, to be administered by the National Science Foundation, available to a wide variety of local, State, or regional agencies—including museums, community colleges, nonprofit scientific or engineering organizations, et cetera, for the development and operation of teacher training institutes.

A fourth and final problem our bill addresses is one that has received, perhaps, more recognition in the trade magazines and in educational circles than any other I have mentioned today, and that is the inadequate state of software developed for use in elementary and secondary schools. This situation has been described as a catch-22 because computer software manufacturers apparently do not want to commit many resources to this type of development until there are enough machines in elementary and secondary schools to make it a profitable enterprise. Schools, on the other hand, are hardpressed to find suitable software at prices they can afford in the quantities that are needed to supply multiple terminals. Therefore, we have included a separate title in our bill directed to the Department of Education and the National Science Foundation specifically for the development of model computer software and the development and dissemination of model computer education programs.

In closing, Mr. President, I would like to reiterate that we believe our bill, the Computer Education Assistance Act of 1984, is the proper Federal response to the computer education needs of America's schools. I would like to add that it is, at this time of record deficits, a necessarily small response—we are proposing an authorization of only $170 million for the planning, acquisition, and teacher training institutes portion of the bill and such sums for the research portions. And, finally, I would like to point out that this bill, in structure, is fully complementary with and would augment the math-science bill that I hope we will soon pass here in the Senate.

Mr. DODD. Mr. President, today Senators BYRD, LAUTENBERG, MOYNIHAN, KENNEDY, and I are introducing the Computer Education Assistance Act of 1984.

This proposed legislation is a collaborative effort which combines many important components of S. 1849 and S. 1869, two bills supporting computer education, introduced last session by Senator LAUTENBERG and myself respectively.

The legislation is premised on the belief that the Federal Government has an appropriate and important role in initiating, supporting, and equalizing access to quality computer education programs for America's students.

Quality computer education programs, properly integrated into existing curricula, should compliment and enhance traditional school subjects. They need not, and must not, be imposed upon existing curricula at the expense of such basics as English, writing, science, or mathematics. The proper inclusion of computers as a tool of education, however, should assist students in acquiring specific skills needed in today's high-tech informational society.

John Nesbitt wrote in his book "Megatrends:" "Schools around the Nation are beginning to realize that in the information society, the two required languages will be English and computer."

Although no one can safely predict the full impact of this technological revolution on the Nation's education systems, some problems are already clearly identifiable.

For example, many students in the more affluent schools effectively are being taught to utilize computers as a part of routine classwork. On the other hand, many students in less affluent or less progressive schools are being frustrated by the lack of computer access and computer-literate teachers. This division in educational opportunities may ultimately create a technological caste system within the Nation's schools which we can ill-afford.

Many of the more affluent and progressive schools, nonetheless, have problems other than providing computer access to students. For example, there is little national data about the kind, number, and effectiveness of computer hardware and software currently available to education leaders. It is not surprising, then, that many school officials have not been effective in choosing the hardware and software most suitable for their schools' needs.

The legislation we are introducing can be an important first step in providing solutions to some of the problems of access and equity in quality computer education.

For example, the Computer Education Assistance Act of 1984 provides for the allocation of funds for the purchase of computer hardware, priority being given to schools with the greatest need; establishment of teacher training institutes. It also authorizes new appropriations for the National Science Foundation and the National Institute of Education to research, evaluate, and disseminate information regarding available computer hardware and software. In addition, this legislation includes provisions for the development of "appropriate" computer education programs for use in the classroom.

Funds under this act would be allocated to States half on the basis of school age population and half on the basis of chapter 1 formula as outlined in the Education Consolidation and Improvement Act of 1981.

In addition, funds are to be provided on a matching basis, the Federal share being 75 percent and the non-Federal being 25 percent—in cash or in kind.

This legislation, in my judgment, will strengthen and improve existing education programs and assist students in acquiring those skills relevant to the needs of today's high-tech information society. In addition, it would help insure equal access for all students to these programs.

Mr. President, the Congress can make a valuable contribution to the Nation's future by providing support for quality computer education pro-

grams. I ask my colleagues' support for this important legislation.

Mr. MOYNIHAN. Mr. President, I rise today to join my distinguished colleagues, Senator LAUTENBERG and Senator DODD in introducing legislation to improve and expand computer education in America's elementary and secondary schools.

Of late, a number of important studies have concluded that the American educational system is not equipping our children with the skills necessary for a rapidly changing world. Perhaps the most important of these changes is the increasingly routine use of computers, which are revolutionizing communications and threatening to render functionally illiterate those who do not possess a modicum of computer proficiency. As was noted in the report by the National Commission on Excellence in Education, "A Nation at Risk": "Computers and computer-controlled equipment are penetrating every aspect of our lives—homes, factories, and offices."

This legislation would meet this reality by providing $150 million annually for fiscal years 1985 through 1988, to assist State and local educational agencies in developing programs of computer instruction. The funding would be directed to three areas: the purchase of computer hardware and software; improvements in teacher training; and development of curricula for instruction in computer skills and the use of computers in other academic fields.

The development of computer curricula is an important and appealing aspect of this legislation. An expensive investment in equipment and software would be of little use without programs of instruction. I also would emphasize that this bill addresses one of the major problems plaguing American education—insufficient teacher training. Instructors as well as students would benefit from the provision for computer training.

I would urge all of my colleagues to support this vital educational measure. Computers will play an increasingly important role in our lives. This legislation recognizes and addresses the need for our educational system to improve computer training.

ADDITIONAL COSPONSORS

S. 875

At the request of Mr. MATHIAS, the name of the Senator from New Jersey (Mr. LAUTENBERG) was added as a cosponsor of S. 875, a bill to amend title 18 of the United States Code to strengthen the laws against the counterfeiting of trademarks, and for other purposes.

S. 1069

At the request of Mr. CHAFEE, the name of the Senator from Minnesota (Mr. DURENBERGER) was added as a cosponsor of S. 1069, a bill to amend the Federal power Act to limit the recovery by public utilities of certain costs of construction work in progress through rate increases.

S. 1201

At the request of Mr. MATHIAS, the name of the Senator from Illinois (Mr. DIXON) was added as a cosponsor of S. 1201, a bill to amend title 17 of the United States Code to protect semiconductor chips and masks against unauthorized duplication, and for other purposes.

S. 1262

At the request of Mr. GRASSLEY, the name of the Senator from New Hampshire (Mr. HUMPHREY) was added as a cosponsor of S. 1262, a bill to amend the Internal Revenue Code of 1954 to improve Internal Revenue Service procedures concerning investigations and audits of churches, and for other purposes.

S. 1504

At the request of Mr. BENTSEN, the name of the Senator from Maryland (Mr. SARBANES) was added as a cosponsor of S. 1504, a bill to provide for protection of historic shipwrecks, structures, and artifacts located on a seabed or in the subsoil of the lands beneath waters of the United States.

S. 1839

At the request of Mr. GRASSLEY, the name of the Senator from Alabama (Mr. HEFLIN) was added as a cosponsor of S. 1839, a bill to provide for an equitable reduction of liability of contractors with the United States in certain cases, to provide a comprehensive system for indemnification by the United States of its contractors for liability in excess of reasonably available financial protection, and for other purposes.

S. 1925

At the request of Mr. BYRD, the name of the Senator from Pennsylvania (Mr. HEINZ) was added as a cosponsor of S. 1925, a bill to establish a national coal science, technology, and engineering development program.

S. 1938

At the request of Mr. HATCH, the names of the Senator from New York (Mr. D'AMATO), the Senator from Georgia (Mr. MATTINGLY), and the Senator from South Carolina (Mr. THURMOND) were added as cosponsors of S. 1938, a bill to amend the Federal Food, Drug, and Cosmetic Act, the Federal Meat Inspection Act, the Poultry Products Inspection Act, and the Egg Products Inspection Act, and for other purposes.

S. 2030

At the request of Mr. SYMMS, his name was added as a cosponsor of S. 2030, a bill to repeal the War Powers Resolution.

S. 2048

At the request of Mr. HATCH, the name of the Senator from Iowa (Mr. GRASSLEY) was added as a cosponsor of S. 2048, a bill to provide for the establishment of a task force in organ procurement and transplantation and an organ procurement and transplantation registry, and for other purposes.

S. 2117

At the request of Mrs. HAWKINS, the name of the Senator from Washington (Mr. GORTON) was added as a cosponsor of S. 2117, a bill entitled the "National Childhood Vaccine Injury Compensation Act."

S. 2165

At the request of Mr. DANFORTH, the name of the Senator from Oklahoma (Mr. BOREN) was added as a cosponsor of S. 2165, a bill to amend the Internal Revenue Code of 1954 to increase research activities, to foster university research and scientific training, and to encourage the contribution of scientific equipment to institutions of higher education.

S. 2266

At the request of Mr. CRANSTON, the names of the Senator from Texas (Mr. BENTSEN) and the Senator from Virginia (Mr. WARNER) were added as cosponsors of S. 2266, a bill to grant a Federal charter to Vietnam Veterans of America, Inc.

S. 2281

At the request of Mr. HATCH, the name of the Senator from Mississippi (Mr. COCHRAN) was added as a cosponsor of S. 2281, a bill to revise and extend provisions of the Public Health Service Act relating to the National Health Service Corps.

S. 2295

At the request of Mr. QUAYLE, the name of the Senator from Michigan (Mr. LEVIN) was added as a cosponsor of S. 2295, a bill to amend title 23, United States Code, to provide that for purposes of determining the minimum allocation paid to any State, the amount of taxes treated as paid into the highway trust fund with respect to gasohol and certain methanol and ethanol fuels shall be determined as if such fuels were taxes as gasoline.

S. 2303

At the request of Mr. HATCH, the name of the Senator from Iowa (Mr. GRASSLEY) was added as a cosponsor of S. 2303, a bill to revise and extend the alcohol and drug abuse and mental health services block grant.

S. 2378

At the request of Mr. ABDNOR, the names of the Senator from Arkansas (Mr. PRYOR), the Senator from Utah (Mr. GARN), and the Senator from South Carolina (Mr. THURMOND) were added as a cosponsors of S. 2378, a bill to provide authorizations of appropriations for the impact aid program

under Public Law 874 of the 81st Congress, and for other purposes.

S. 2460

At the request of Mr. MITCHELL, the names of the Senator from Wisconsin (Mr. PROXMIRE), the Senator from Illinois (Mr. PERCY), the Senator from Arizona (Mr. GOLDWATER), the Senator from South Dakota (Mr. ABDNOR), the Senator from Minnesota (Mr. BOSCHWITZ), and the Senator from Rhode Island (Mr. CHAFEE) were added as a cosponsor of S. 2460, a bill to designate a Federal building in Augusta, Maine, as the "Edmund S. Muskie Federal Building."

S. 2461

At the request of Mr. MITCHELL, the names of the Senator from Minnesota (Mr. DURENBERGER), the Senator from Idaho (Mr. SYMMS), the Senator from Florida (Mrs. HAWKINS), the Senator from Indiana (Mr. LUGAR), the Senator from South Dakota (Mr. ABDNOR), the Senator from Minnesota (Mr. BOSCHWITZ), the Senator from Rhode Island (Mr. CHAFEE), the Senator from Arizona (Mr. GOLDWATER), the Senator from Illinois (Mr. PERCY), and the Senator from Wisconsin (Mr. PROXMIRE) were added as cosponsors of S. 2461, a bill to designate a Federal building in Bangor, Maine, as the "Margaret Chase Smith Federal Building."

S. 2516

At the request of Mr. ABDNOR, the name of the Senator from Minnesota (Mr. BOSCHWITZ) was added as a cosponsor of S. 2516, a bill to provide for a graduated reduction of the budget deficit of the Federal Government.

SENATE JOINT RESOLUTION 129

At the request of Mr. PRESSLER, the name of the Senator from Maryland (Mr. SARBANES) was added as a cosponsor of Senate Joint Resolution 129, a joint resolution calling upon the President to seek a mutual and verifiable ban on weapons in space and on weapons designed to attack objects in space.

SENATE JOINT RESOLUTION 165

At the request of Mr. MATHIAS, the name of the Senator from Massachusetts (Mr. KENNEDY) was added as a cosponsor of Senate Joint Resolution 165, a joint resolution to commemorate the bicentennial anniversary of the constitutional foundation for patent and copyright laws.

SENATE JOINT RESOLUTION 224

At the request of Mr. BOREN, the name of the Senator from Alaska (Mr. STEVENS) was added as a cosponsor of Senate Joint Resolution 224, a joint resolution to designate the week of April 1, 1984, as "National Amateur Wrestling Week."

SENATE JOINT RESOLUTION 244

At the request of Mr. DOLE, the names of the Senator from Mississippi (Mr. COCHRAN), the Senator from Oklahoma (Mr. NICKLES), and the Senator from California (Mr. WILSON) were added as cosponsors of Senate Joint Resolution 244, a joint resolution designating the week beginning on May 6, 1984, as "National Asthma and Allergy Awareness Week."

SENATE JOINT RESOLUTION 246

At the request of Mr. EXON, the name of the Senator from Oklahoma (Mr. BOREN) was added as a cosponsor of Senate Joint Resolution 246, a joint resolution strongly urging the President to secure a full accounting of Americans captured or missing in action in Southeast Asia, and for other purposes.

SENATE JOINT RESOLUTION 257

At the request of Mr. STEVENS, the names of the Senator from Maine (Mr. COHEN) and the Senator from California (Mr. CRANSTON) were added as cosponsors of Senate Joint Resolution 257, a joint resolution to designate the period July 1, 1984, through July 1, 1985, as the "Year of the Ocean."

SENATE JOINT RESOLUTION 258

At the request of Mr. BIDEN, the names of the Senator from South Carolina (Mr. THURMOND), the Senator from Minnesota (Mr. DURENBERGER), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Massachusetts (Mr. TSONGAS), and the Senator from Vermont (Mr. LEAHY) were added as cosponsors of Senate Joint Resolution 258, a joint resolution to designate the week of June 24 through June 30, 1984 as "National Safety in the Workplace Week."

SENATE JOINT RESOLUTION 267

At the request of Mr. CHILES, the names of the Senator from North Dakota (Mr. BURDICK), the Senator from New Mexico (Mr. DOMENICI), the Senator from New Hampshire (Mr. HUMPHREY), the Senator from Hawaii (Mr. INOUYE), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Georgia (Mr. MATTINGLY), the Senator from Georgia (Mr. NUNN), and the Senator from South Carolina (Mr. THURMOND) were added as cosponsors of Senate Joint Resolution 267, a joint resolution to designate the week of September 23, 1984, through September 29, 1984, as "National Drug Abuse Education and Prevention Week."

SENATE RESOLUTION 306

At the request of Mr. ANDREWS, the name of the Senator from Missouri (Mr. EAGLETON) was added as a cosponsor of Senate Resolution 306, a resolution to preserve the food stamp program and other food assistance programs.

AMENDMENT NO. 2886

At the request of Mr. BUMPERS, the names of the Senator from Arkansas (Mr. PRYOR) and the Senator from Minnesota (Mr. BOSCHWITZ) were added as cosponsors of amendment No. 2886 proposed to House Joint Resolution 492, a joint resolution making an urgent supplemental appropriation for the fiscal year ending September 30, 1984, for the Department of Agriculture.

At the request of Mr. BOREN, his name was added as a cosponsor of amendment No. 2886 proposed to House Joint Resolution 492, supra.

At the request of Mr. CHAFEE, his name was added as a cosponsor of amendment No. 2886 proposed to House Joint Resolution 492, supra.

AMENDMENTS SUBMITTED

URGENT SUPPLEMENTAL APPROPRIATION

BUMPERS (AND OTHERS) AMENDMENT NO. 2886

Mr. BUMPERS (for himself, Mr. LEAHY, Mr. SASSER, Mr. JOHNSTON, Mr. BAUCUS, Mr. METZENBAUM, Mr. LEVIN, Mr. EXON, Mr. RANDOLPH, Mr. DIXON, Mr. BIDEN, Mr. ZORINSKY, Mr. MATSUNAGA, Mr. RIEGLE, Mr. INOUYE, Mr. PRYOR, Mr. CHAFEE, and Mr. BOREN) proposed an amendment (which was subsequently modified) to the joint resolution (H.J. Res. 492) making an urgent supplemental appropriation for the fiscal year ending September 30, 1984, for the Department of Agriculture; as follows:

At the appropriate place in the bill, add the following new section:

"SEC. . If at any time following the appropriation of funds herein the duly elected President of El Salvador should be prevented from taking office by military force or military decree or after taking office shall be deposed by military force or military decree, all funds appropriated herein for El Salvador and not theretofore obligated or expended shall not thereafter be available for obligation or expenditure unless reappropriated by Congress."

LEAHY (AND OTHERS) AMENDMENT NO. 2887

Mr. LEAHY (for himself, Mr. INOUYE, Mr. BENTSEN, Mr. BIDEN, Mr. BYRD, Mr. CRANSTON, Mr. KENNEDY, Mr. DODD, Mr. BAUCUS, Mr. PELL, Mr. RIEGLE, Mr. BINGAMAN, and Mr. SASSER) proposed an amendment to the joint resolution (H.J. Res. 492), supra; as follows:

At the appropriate place in the bill, insert the following:

"PROHIBITION ON THE INTRODUCTION OF UNITED STATES ARMED FORCES INTO OR OVER EL SALVADOR FOR COMBAT

"(a) United States Armed Forces shall not be introduced into or over El Salvador for combat purposes unless—

"(1) the Congress has declared war or enacted specific authorization for such use of United States Armed Forces; or

"(2) such introduction of United States Armed Forces is necessary—

"(A) to meet a clear and present danger of hostile attack upon the United States; or

"(B) to meet a clear and present danger to, and to provide essential and immediate evacuation of, citizens of the United States.

"(b) If the United States Armed Forces are introduced into El Salvador pursuant to clause (A) or (B) of subsection (a)(2), the President shall describe such grounds in the report required by section 4(a) of The War Powers Resolution (Public Law 93-148).

"(c) For the purposes of section (a) the introduction of United States Armed Forces into or over El Salvador for combat purposes shall be defined as the introduction of United States Armed Forces for the purpose of delivering weapons fire upon an enemy.

"(d)(1) Any joint resolution or bill introduced at the request of the President pursuant to subsection (a)(1) shall become the pending business of the House in which it was introduced and shall be voted on within three calendar days thereafter, unless such House shall otherwise determine by yeas and nays.

"(2) Such a joint resolution or bill passed by one House shall become the pending business of the other House and shall be voted on within three calendar days after it has been received, unless such House shall otherwise determine by yeas or nays.

"(3) In the case of any disagreement between the two Houses of Congress with respect to a joint resolution or bill passed by both Houses, conferees shall be promptly appointed and the committee of conference shall make and file a report with respect to such resolution or bill not later than two calendar days after the appointment of the committee of conference. In the event the conferees are unable to agree within 48 hours, they shall report back to their respective Houses in disagreement. Notwithstanding any rule in either House concerning the printing of conference reports in the RECORD or concerning any delay in the consideration of such reports, such report shall be acted on by both Houses not later than one calendar day after the conferees report back to their respective Houses."

DODD AMENDMENT NO. 2888

Mr. DODD proposed an amendment to the joint resolution (H.J. Res. 492), supra; as follows:

On page 5, line 2 strike out the period and insert a colon and the following: "*Provided further,* That none of the funds appropriated under this heading may be made available, directly or indirectly, for planning, directing, executing, or supporting acts of terrorism in, over, or offshore from the territory of Nicaragua.".

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON FOREIGN RELATIONS

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate at 10 a.m., on Wednesday, April 4, to hold a hearing on Senate Resolution 329, nuclear risk reduction.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Wednesday, April 4, at 2 p.m., to hold a hearing on proposed U.N. Convention on Contracts for the International Sale of Goods.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Agriculture, Nutrition, and Forestry be authorized to meet during the session of the Senate on Wednesday, April 4, to hold a hearing on child nutrition programs, concentrating on those programs, except for WIC, that expire at the end of the present fiscal year.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON INFORMATION MANAGEMENT AND REGULATORY AFFAIRS

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Information Management and Regulatory Affairs of the Committee on Governmental Affairs be authorized to meet during the session of the Senate on Wednesday, April 4, to hold a hearing on S. 2433, Reauthorization of the Paperwork Reduction Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON LABOR

Mr. KASTEN. Mr. President, I ask unanimous consent that the Subcommittee on Labor, of the Committee on Labor and Human Resources, be authorized to meet during the session of the Senate on Wednesday, April 4, at 2 p.m., to hold a hearing to receive testimony on S. 2435, the termination of overfunded defined benefit pension plans and reversion of assets.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

ADULT DAY CARE

● Mr. GLENN. Mr. President, I would like to take a few moments to share with my colleagues some information about adult day care services and to encourage your support for Senate Joint Resolution 269, designating the week of September 23, 1984 as "National Adult Day Care Center Week."

Adult day care programs have grown substantially in the past 10 years. According to a study completed by the Hospital Research and Education Trust, there are now over 800 adult day care centers. These programs, funded through title XX and in select instances, medicaid, and through private funds, provide a supportive environment for individuals who cannot remain at home. For some, adult day care services offer an option to institutionalization, particularly when the primary caregiver is employed out of the home.

Maintenance and rehabilitation services are available at most adult day care centers. Center staff members provide protection for those who require regular supervision. They encourage social companionship, see that the participants have nutritious and balanced meals, and they perform health and mental health screening services.

As a member of the Senate Aging Committee, I chaired a hearing on alternatives to institutionalization in my home State of Ohio. Many speakers reinforced my support for day care services through the personal experiences they described. I commend the thousands of individuals who have developed these important services. I hope you will join me in acknowledging support for their efforts through your sponsorship of this resolution.●

EDUCATING FOR EXCELLENCE

● Mr. HELMS. Mr. President, the students and faculty in the School of Education at the University of North Carolina at Wilmington heard a remarkable address by Dr. Donald J. Senese on the subject, "Educating for Excellence."

Dr. Senese is Assistant Secretary for Educational Research and Improvement, Department of Education. In this capacity he is leading the implementation of Secretary Bell's initiatives in the area of instructional technology. Dr. Senese's office conducts programs that provide collection of data on education, Federal funding for research projects, professional development programs, funding for libraries, and support for educational technologies. All these areas are instrumental in providing a well-rounded base for education.

Mr. President, I commend Dr. Senese's address to the consideration of Senators, and I ask that it be printed in the RECORD.

The address follows:

EDUCATING FOR EXCELLENCE

(By Dr. Donald J. Senese)

Good Morning, it is indeed a great pleasure to be here this morning on the beautiful campus of the University of North Carolina at Wilmington to address a topic of growing interest and concern in the field of education—the significance of the technology revolution for education.

Until recently, it has been for the most part educators—classroom teachers, school administrators, college and university professors responsible for teacher training, and sometimes a few parents of students in the schools—who have been concerned with education. Today, we find that situation changing and changing rapidly. Education is becoming a matter of interest to everyone; it is an issue of vital concern to all Americans. A Gallup poll in June of this year revealed that education ranks second only to unemployment as the most important issue of the 1984 campaign.

There are several reasons why education has come to the forefront of public attention.

One of the factors involved in elevating education as a prime issue of national concern is the very obvious movement of not only the United States but the world into an "Information Age". Inspired by the new technologies, there is a premium on rapidly gathering and disseminating all types of information. Where once the people of the world suffered from a limited amount of information, we are now in a period of abundant information where we must carefully select what is relevant and what is not relevant to our daily lives.

These new technologies are having a major impact on what we teach in our schools and the way we teach it. There remains many and varied opinions about the role of education and the educator in the information age with some educators viewing technology as a utopia to solve all or most of our educational problems and others viewing items such as computers in the schools as the next crisis in education.

More and more educators are beginning to recognize the great potential of technology to enhance learning of students, increase teacher productivity, and produce more effective schools. Cognizant of the current national debate over "master teachers" and merit pay at the elementary and secondary level, there is a growing focus being placed on the outcome of our educational system. Simply stated, the question is being raised, 'What can we do so that teachers, students and schools can perform better?

How we approach the educational challenges which face us today will determine, in a very real sense, the quality of life and the ability to be productive citizens for those students now in school as well as those who will follow. It will perhaps even determine the ability of our nation to survive.

Another major factor in elevating education as a prominent issue has been the release of the report by the National Commission on Excellence in Education. The Commission was appointed by U.S. Secretary of Education, Terrel H. Bell. The job of the Commission was to review and report on the status of education across the nation.

The report which came out was like a firebell in the night—awakening our generation to a sudden and real danger. The Commission members, representing a wide variety of backgrounds and philosophical viewpoints, issued a unanimous report. They found an educational system in deep trouble. We were schooling many but really educating few. The sense of seriousness, alarm, and concern was reflected in the very title of the report, "A Nation At Risk: The Imperative for Educational Reform."

Allow me to read some of the more alarming comments from the beginning of the report:

"Our nation is at risk. Our once unchallenged preeminence in commerce, industry, science and technological innovation is being overtaken by competitors throughout the world. * * * the educational foundations of our society are presently being eroded by a rising tide of mediocrity that threatens our very future as a Nation and a people. What was unimaginable a generation ago has begun to occur—others are matching and surpassing our educational attainments. * * * We have, in effect, been committing an act of unthinking, unilateral educational disarmament.

Our first reaction as educators might be to go on the defensive. We can deny the conclusions, blame others for this situation, or make excuses. First of all, the report presents compelling evidence for its conclusions and it is extremely difficult for any fair minded individual to deny American education is in a crisis situation. Second, we can blame others and I am sure we would all have our favorite targets; I am also convinced that there is plenty of blame to go all around. And finally, we can always plead exceptional circumstances—we are educating more children now in our system than in previous years, we are giving greater opportunities for less favored groups in our population, and we are offering a greater variety of choice to students.

These excuses ring hollow as we examine the need to give all children a quality education. Excellence and equity need to go hand-in-hand, not as separate or adverse goals. How do we benefit the poor and minorities by giving them a substandard education in the name of equity and fairness? Anything worth doing is worth doing well and our educational system must perform better for all students.

Too often we have seen our educational system deteriorate from teaching the three R's (reading, 'riting, and 'rithmetic) to teaching the six R's—remedial reading, remedial 'riting, and remedial 'rithmetic. Is it not amazing that we have so much time to devote to these remedial activities and not enough time to teach them correctly in the first place?

The findings of the Commission were hardly a surprise to educators who have perceived these trends over the past few years. The same alarming trends were confirmed by other reports which were issued subsequently: The "Action for Excellence" report of the Task Force on Education for Economic Growth by the Education Commission of the States, the "Report of the Twentieth Century Fund Task Force on Federal Elementary and Secondary Education Policy," and "America's Competitive Challenge: The Need for A National Response," of the Business-Higher Education Forum.

These reports issue a clarion call to all of us to assess where we have been in education, where we are presently, and where we should be going. We realize that education is costly but ignorance is even more costly for a nation. We need to realize that money alone cannot resolve the problem. We are already spending a total of $215 billion per year on education, public and private. In fact, an excessive infusion of money could do more harm if it merely allows us to make the same mistakes with more resources. We not only need to do things better but we must do things differently.

I would like to identify a few of the problems.

Signs of a decline have been evident over the past decade or two. For example, we have witnessed a steady decline in the Scholastic Aptitude Test (SAT) scores of students. Although last year's scores showed a slight increase for the first time in many years, it is too soon to tell whether or not that upturn indicates a reversal in trend or a fluke.

We have seen a growing number of students, completing not only elementary and secondary schools but college as well, who cannot properly read and write. We find industries having to spend valuable resources to improve skills of workers which should have been developed in our nation's schools. One of our recently discovered problems is adult illiteracy. These millions of adult illiterates we have discovered are products of our schools.

We have seen students taking easy courses—sometimes referred to as "lifestyle courses"—in place of rigorous academic studies. These courses neither challenge them intellectually nor prepare them for the increasingly complex, technological world.

We have seen grades inflated at the same time as courses have been deflated in content. We have witnessed the superfluous replacing the substantial in our school curriculum. Are we really gaining anything when courses such as "bachelor living," "consumer math" and "problems of democracy" have replaced English, geometry, and history as essentials in our schools? We have offered our students in the name of democratic education a cafeteria approach in education where the choices are heavily weighed in favor of desserts and tilted against the more nutritious foods, the meats and potatoes. "A mind is a terrible thing to waste!"

You are all involved in education. You know that some things are right with American education and some things need improving. The report by the National Commission on Excellence in Education provides an impetus for not only those who have careers in education but the public at large to focus on improving education.

I mentioned earlier that two factors which had put education into the forefront of national attention has been the potential of new technologies in our world and their use for education and the report of the National Commission on Excellence in Education. Another very important factor has been Presidential leadership.

President Reagan is the first president for a quarter of a century to put education back on the national agenda. What other President in our memory through his speeches and visits to diverse school settings throughout the country has focused on the serious consequences of a deterioration in our public education system? This task calls for an educational renewal and more money alone won't solve the problem. In his address to the graduates of Seton Hall University in May of this year, the President stated his commitment to educational renewal in these terms—

"The road to better education for all our people simply cannot be paved with more and more recycled tax dollars collected, redistributed, and overregulated by Washington bureaucrats. But there is much the federal government can do to help set a national agenda for excellence in education, a commitment to quality that can open up new opportunities and new horizons for our young people."

The Reagan Administration has a positive view of our educational system. The federal role in leadership in education is an important role but it is nonetheless a limited one. There are no plans to return to the type of programs offered in the 1960's in which large sums of federal monies were spent on a wide range of educational projects, some of little value. An excessive amount of federal aid could have a negative effect. We do not intend to provide an opportunity for computer companies to unload unneeded and outdated hardware on school systems or to get into controversial areas such as curriculum development, which may not meet the needs of schools throughout the country. In fact, a Federal aid program might at this stage cause overinvestment and excessive development in certain fields.

We are not only entering a new age in technology but a new age in educational responsibility and decision-making. The Reagan Administration, particularly through the Education Consolidation and Improvement Act (ECIA) or block grant approach, has been turning decision-making authority and finances back to the States and local school authorities. The purpose has been to reduce federal control while enhancing the decision-making process at the State and local level. We have been particularly pleased to note that the school districts have taken the opportunity to spend block grant money on acquisition of technology.

The Reagan Administration is trying to stimulate an atmosphere which encourages schools to get involved with instructional technology, to share information on technology, and to get the private sector more involved in instructional technology. We have been particularly pleased with outstanding examples throughout the country of business-school partnerships designed to improve education.

We have witnessed computer companies donating quality educational software to schools, providing free training courses for teachers on computers, working with schools in job training programs with the new technology and donating equipment to schools while other companies have worked to strengthen community support for the schools, assisted in training employees to take an interest in their local school board, and provide employees to assist schools with services ranging from teaching to career counseling to job training.

All of us are experiencing a period of limited resources. Business partnerships can assist us to make up that gap. A hard look at priorities in local budgets may require us to shift resources from other projects to our schools. Technology does offer us the opportunity to utilize cost savings with better equipment to improve education. We must not treat it as a fad or game but as a tool tied to quality and excellence in education.

In that same Seton Hall University speech, President Reagan described this Information Age as the beginning of another revolution—

". . . a revolution ranging from tiny microchips to voyages into the infinity of space; from information retrieval systems that can bring all of the great literature and films and music within reach of a family video unit, to new methods of health care and healing that will add years of full active existence to your life spans".

We in education face a great challenge and none greater than those of us in the field of technology. We are on the cutting edge of a revolution which will change every aspect of society. Time magazine named the computer as its "Man of the Year". Newsweek magazine featured a story recently on the race between the United States and Japan to build a supercomputer. More and more articles are focusing on the Fifth Generation and artificial intelligence.

John Nesbitt, author of "Megatrends: Ten New Directions Transforming Our Lives" notes:

"As we move from an industrial to an information society, we will use our brain power to create instead of our physical power, and the technology of the day will extend and enhance our mental ability."

All of you have the opportunity to play a key role in that change as we go about improving education. In that last line of Nesbitt's book he makes the comment:

My God, what a fantastic time to be Alive!

Well, it is! I wish you the best of luck in making the best of this fantastic time.●

KALAMAZOO CELEBRATES 100 YEARS

● Mr. RIEGLE. Mr. President, I rise to congratulate the city of Kalamazoo as it celebrates its 100th anniversary on April 14.

Named after the Kalamazoo River, which started appearing in atlases as early as 1835, Kalamazoo is probably a Potowatomie Indian word which means something like boiling water, boiling pot, or place where the pot boils. Whether the name refers to the bubbling eddies on the river, to the cooking methods of the Indians, or to an Indian's race to the river and back before water boiled away in a pot is a continuing debate.

From the surrounding hills, many Indian trails converged on the only Kalamazoo River ford for many miles, and through the years various Indian camps were located near it. It was not until 1829 that Titus Bronson surveyed the area from an Indian mound, and decided that this was the place for a home. First called Bronson, the name was later changed to Kalamazoo. When a local land office opened in 1834, eager settlers from all parts of the country and Europe fast swelled the population.

Because it is halfway between Detroit and Chicago, Kalamazoo was a natural transportation hub. With the advantage of its waterpower, Kalamazoo soon became a diversified industrial center. Early products were horse carts and buggies, then steam engines, then even cars. The Kalamazoo Stove Co. marketed its products worldwide under the slogan "Kalamazoo Direct to You." Papermaking has long been a major industry with the first mill opening in 1866. Many well-known companies originated here; Shakespeare Co.—fishing tackle, Gibson Co.—guitars, Checker Motor Corp.—taxicabs, Upjohn Drug Co., one of the world's leading pharmaceutical firms. Even cigar making flourished in the last half of the 19th century. Rich farmland contributed to the diversity. Celery, primarily grown by the Dutch inhabitants on the rich muck lands in and around the city, made Kalamazoo the Nation's celery capital in the 1920's. In the 1970's Kalamazoo became the leading commercial source of bedded plants such as pansies, petunias, and marigolds. Earlier, other nearby muck land was the source of 90 percent of the world's supply of peppermint, refined by Kalamazoo's A. M. Todd Co. Farming needs led to the manufacture of harrows, plows, windmills. Clearly, this diversification helps to protect Kalamazoo in economic downturns.

From its earliest days, Kalamazoo has had a tradition of educational and cultural concern. Higher education received an early start when Kalamazoo College was chartered in 1833. It was coeducational long before most other higher education institutions. In addition, Kalamazoo, had the Nation's first tax-supported high school, the first building built for a women's club and the second public library children's room in Michigan. Today, its schools, four colleges, symphony orchestra, civic theater, art center, and library/museum support education, theatrical and artistic endeavors.

Through the years, Kalamazoo has earned a national reputation as a progressive community. The thriving village of Kalamazoo was chartered by the State to become a city in 1883 and on April 14, 1884, held its first city council meeting.

The first 100 years have been filled with tremendous growth and change for Kalamazoo. Through it all, the city has retained its unique character and community spirit. I know that all of us join the citizens of Kalamazoo in this celebration and eagerly look forward to the next 100 years.●

50TH ANNIVERSARY OF OHIO CREDIT UNION LEAGUE

● Mr. GLENN. Mr. President, I am pleased to have this opportunity to congratulate the Ohio Credit Union League on its 50th anniversary. The Ohio credit union law was enacted on August 31, 1931, and the Ohio Credit Union League's first organizational meeting was held on September 29, 1934. During this half century of service, the league has demonstrated that people can help each other through cooperative efforts to provide an effective means for saving, a source of credit and other financial services to citizens from all walks of life.

The Ohio Credit Union League through its statewide network of member credit unions has been encouraging individual responsibility and economic self reliance to membership that now totals over 2 million. The credit union movement provides communities with a resource for local investments and the circulation of capital. In this way the local, regional, State, and national economies are benefited. The financial progress of the Ohio Credit Union League, with aggregated credit union assets totaling over $3 billion is also a testament to the soundness of these principles.

The Ohio Credit Union will be celebrating its golden anniversary at its 50th annual meeting at the Hyatt Regency in Columbus from April 26 to 29. It is an honor to be part of the official salute to the 50 years of service by the Ohio Credit Union League.●

DEFICITS: RECORD IN THE RED

(By request of Mr. BYRD, the following statement was ordered to be printed in the RECORD:)

● Mr. DECONCINI. Mr. President, 1984 was supposed to be the year of the long-awaited balanced budget. The President, in his state of the Union message, called for a commonsense approach to budgeting which avoids spending more than we take in. However, the President's budget plan for fiscal year 1985 and his long-term budget blueprint paint an economic picture for the next 5 years that is frightening indeed.

The President's fiscal year 1985 budget calls for outlays of $925.5 billion—an increase of 8.4 percent over spending levels for the current fiscal year. The President's budget assumes that the budget deficit next year will be $180.4 billion under rather optimistic economic growth assumptions. The President's budget plan assumes also that the deficit will shrink to $123 billion by fiscal year 1989.

However, the nonpartisan Congressional Budget Office (CBO) projects that the budget deficit for next year will grow to $197 billion and increase to $308 billion by 1989 unless drastic steps are taken by both the President and the Congress to attack the root causes of large deficits. And CBO estimates that if we continue on our present course, between this year and 1989, over $1.3 trillion in public debt will accumulate, forcing the American taxpayer to pay more and more for interest and less and less for defense and other vital services. Clearly, we can no longer stay the course.

Who is to blame for these large deficits? Is is President Reagan? Is it the Congress? Perhaps the answer is both. Let us look at the facts.

Since President Reagan came into office with a commitment to balance the budget by 1984, the country's red ink has more than tripled—from $57.9 billion in 1981 to the President's current estimate of $180.4 billion in 1985. What caused this huge deficit increase over the past 4 years? Most economists attribute the deficit boom to three major factors: First, the large defense budget buildup; second, the large tax reduction package of the President; and third, the increase in interest payments needed to pay for the money borrowed by Uncle Sam to cover the cost of our defense buildup and skyrocketing debt. This massive infusion of new debt also triggered a serious economic recession. The five highest budget deficits since 1943 will occur during the Reagan administration if he continues his present policies, and the first 4 years of the Reagan administration will accumulate larger budget deficits and national debt than any other previous 4-year period in American history.

But what about the Congress? Could not they put a stop to these policies that have contributed to our growing national debt? The answer is yes, and to a large extent the Congress has put the brakes on spending. For example, contrary to public opinion, Congress has reduced nondefense domestic spending programs by $76 billion over the past 3 years. On the other hand, the Congress must accept a portion of the blame for approving most of the large defense spending increases and tax cuts that the President requested during his first term in office. Congress must also accept a portion of the blame for not tackling the tough problem of bringing entitlement spending programs under control. And, although domestic spending programs have been sharply cut by the Congress since 1981, I firmly believe that there is still considerable room for additional spending cuts in the so-called nondefense, discretionary side of the budget, and in the defense budget itself.

What does all of this mean to the average Arizonan? One might ask, "If inflation is down to 3.2 percent; if unemployment is down to nearly 8 percent; and the economic industrial giants, such as General Motors, Sears and others are doing so well, why all this doom and gloom about the future?" There are really three major threats that another 4 years of $200 billion deficits pose to the country. First, the accumulation of red ink means that a larger fraction of taxpayer dollars will be used to pay interest on our $1.3 trillion debt, rather than to purchase essential services, or be available for investment by the private sector. Interest on the debt was holding firm at about 7 percent of gross outlays in the 1970's. Now it has reached 10.7 percent, and the Congressional Budget Office projects it will reach a staggering 15.6 percent by 1989. This means that the average Arizona taxpayer will be paying more and more to pay off interest, and less and less for more defense security, education, or health care services.

Second, as Government borrows more and more to finance this snowballing debt, it will be taking more and more capital out of the private sector—capital that is used to finance home building, car manufacturing, and schools. If you have less money to borrow to buy houses and cars, you pay more as interest rates increase steadily. The result? Capital expansion will be slowed or halted in those private sectors of the economy that rely on financing. This means that the average Arizona taxpayer will pay more for a home mortgage, more to finance a car and more for State and local capital projects, such as schools and highways.

Third, continuing high deficits can make the conduct of trade policy more difficult and expensive for the United States. As real interest rates increase, American businesses attempting to compete with foreign imports will suffer substantially. The cost of U.S. goods abroad will increase, our export industries and products facing import competition will all suffer, and our trade imbalance will increase. This means that the average Arizona taxpayer will have to rely more and more on imported goods, and foreign markets for U.S.-made goods will decline.

Frankly, I do not believe that the President has attacked the seriousness of our deficit problem head-on. Nothing has higher priority than starting to reduce the budget deficit now.

I am proposing a five-point, deficit-reducing package which I believe would make a good start toward cutting the size of the deficit while at the same time sharing the burden among all segments of the economy.

First, rescind the third year of the tax cut. The revenue base of the Government must be restored. This action would reduce the deficit by approximately $89 billion over 3 years if adopted by April 1984, including $35 billion in fiscal year 1985 alone. We should use these savings to reduce the deficit—not to pay more interest on the national debt or for more big spending programs. Furthermore, every taxpayer would still be receiving the benefits of the first tier of the President's 15 percent tax cut adopted in 1982—the largest peacetime tax cut in history.

Second, cut all discretionary, nonentitlement programs, including the legislative branch, the Executive Office of the President, and defense by 3 percent. These programs are directly under the control of the spending committees in the Congress. This would result in a savings of $14.3 billion in fiscal year 1985.

Third, although the Grace Commission and I disagree vigorously and fundamentally over their proposed cuts in veterans programs and programs that affect Federal workers, I believe that a number of the Commission's other cost-saving measures make sense. Therefore, I would propose a package of general Government spending cuts that features a combination of my own reductions and others proposed by the Grace Commission, the Heritage Foundation, and the Congressional Budget Office. They are:

One, save $6.6 billion by selling to the private sector one-third of the most delinquent debts owed the Government, and take aggressive action to do a better job of collecting the remaining bad debts owed to Uncle Sam. We must and we can do a better job of collecting the $35 billion in overdue student loans and other debts than we have in the past.

Two, save $1.0 billion by cutting the amount the Government spends on consultant services.

Three, save $750 million by adopting the DeConcini and Grace Commission recommendations for cutting Government travel and transportation.

Four, save $468 million by adopting the DeConcini and Grace Commission recommendations for reducing the size and cost of the 431,000 federally owned limousines, cars, and trucks, and using the private sector more for motor vehicle fleet services.

Five, save $570 million by adopting the Heritage Foundation and Grace Commission recommendations to charge more to space shuttle users and to sell unused space launching services formerly performed by NASA. NASA is getting out of the expendable rocket business.

Six, save $488 million by adopting the Grace Commission recommendations regarding management improvements in Government printing, reproduction, and audiovisual activities.

Seven, save $120 million by adopting the DeConcini-proposed reductions in public affairs and public relations activities by the Government.

Eight, save $1 billion or about 5.7 percent in fiscal year 1985 by cutting foreign aid. This could be achieved without altering our long-term Camp David commitments to Israel or the Middle East, which I vigorously support.

Nine, save $45 million by cutting Federal office space by 15 percent next year.

Fourth, apply a 2- or 3-percent reduction to Federal and military cost-of-living pay raises; to entitlement increases tied to the Consumer Price Index (CPI) which are not based on the beneficiary's income; and to income tax indexing. Under this proposal, the recent Federal pay raise of 3.5 percent for civilians and 5.5 percent for military would be reduced 2 or 3 percent. Similarly, a 7-percent, CPI-based inflationary increase would be reduced by 2 or 3 percent, leaving the entitlement beneficiary with a 5- or 4-percent increase for the year. Finally, indexing of personal income taxes would be reduced by the same percentages. Estimates are that the CPI-less 2 or 3 percent proposal would save $5.6 billion in fiscal year 1985 in the nonmeans tested entitlements and indexing programs and $180 billion over 6 years. The reduction in pay raises would save another $876 million to $1.5 billion in fiscal year 1985.

Let me make one thing absolutely clear. I would only consider this last proposal if it were a part of a total budget deficit reduction package that included the other spending reductions I have outlined above. If the package is not accepted as a whole, I will not support it. I will not accept a piecemeal approach that hurts one sector at the expense of another.

Fifth, passage of my flat tax proposal which would place an across-the-board rate—not to exceed 19 percent—on all forms of personal and corporate income. Whether a person was earning $10,000 or $10 million a year, he would pay taxes on essentially all of his income—except the very poor who would pay no tax at all. There would be no deductions except for dependents, and all shelters and special privileges would be eliminated. I am encouraged to see that the President has asked his Treasury Secretary to examine simplified tax proposals and report back by Christmas. If my flat tax proposal were adopted, the Federal Government would cut about $65 billion more from the deficit in fiscal year 1985 than it would under the complicated, torturous and unfair system we have today.

Even without adoption of my flat tax proposal, the sum total of my budget reduction package would be $67 billion in fiscal year 1985. Had my package been adopted in 1984, we would have saved $97 billion.

Our deficits must be brought down. That is not a matter of politics or party—that is a matter of simple economic survival.●

US WEST: NEW CHALLENGES FOR A NEW COMPANY

● Mr. BAUCUS. Mr. President, the breakup of AT&T has affected nearly every person in this country. It has forced all of us to make decisions about the phone service we have and will need in the future.

Divestiture has also created seven new regional holding companies to provide regulated phone service, as well as other nonregulated business activities. US WEST is one of those companies and is responsible for providing service to a 14 State area, from Washington to Minnesota and from Montana to the Mexican border. It includes three telephone companies—Mountain Bell, Pacific Northwest Bell, and Northwestern Bell—as well as several new, for-profit subsidiaries.

Divestiture has created many challenges for US WEST. They must continue to provide high quality phone service, while at the same time diversifying into a variety of for-profit activities.

US WEST's CEO, Mr. Jack A. MacAllister, recently outlined this challenge in a speech before the Federal Communications Bar Association. According to Mr. MacAllister, divestiture "invites and encourages diversification rather than suppresses it" and consumers, ratepayers and shareholders will benefit from diversification because "divestiture truly separates competitive offerings from monopoly resources and requires all services to stand upon their own financial feet."

US WEST and its operating companies and subsidiaries will be free to innovate and provide better service to consumers. This will include maintaining high-quality telephone service, as well as new services such as personal communications devices, methods of exchanging information and ways to deliver entertainment.

Mr. MacAllister's remarks outline the challenges facing US WEST and I urge my colleagues to carefully review his thoughtful remarks.

Mr. President, I ask that Mr. MacAllister's remarks be printed at this point in the RECORD.

The remarks follow:

BELL BREAKUP: NEW OPPORTUNITIES TO DIVERSIFY

(By James MacAllister President and Chief Executive Officer, US WEST)

This is an interesting time to be talking about diversification. The SEC filings for the seven new regional holding companies were issued less than a month ago. "When-issued" trading began a few days after that. On January 1, 1984, we become a publicly-held company. Not just any publicly-held company, but one approximating the size of General Electric, Xerox, RCA or General Telephone.

We have three million shareholders watching us. Seventy-five thousand employees. The courts. The Justice Department. A few hundred competitors. Even more suppliers. I don't know how many financial analysts. Thousands of brokers—licking thier chops.

What's that old line—"it's not paranoia if they're really out to get you!"

Three months ago Howard Doerr, our chief financial officer at US WEST, told a group of analysts in San Francisco that our new subsidiaries would probably not turn a profit for three years. A week later, we were treated to a national column which said Mr. Doerr had flashed a negative signal about our prospects.

Now, I'm not an analyst. I'm not a columnist. But if anyone told me that you could invest up to forty million dollars in a new company with a new service and make it profitable within three years, I would consider that a positive signal.

I don't tell that story to criticize columnists or analysts. Those of us who speak for the seven new regional companies are going to have to get smart quickly, and understand how the financial marketplace responds.

I tell that story because it is my lesson for the day.

Such investments have been taking place in the telephone business for years. It just never occurred to outsiders that they should analyze them. In fact, new ventures have been so buried in mountains of regulation and monopoly revenues, that they have seldom been held up for public examination on their own merits.

All of those new ventures operated with a safety net—a safety net of monopoly resources and regulation. All of those new ventures were regulated.

If they were successful, their profits supported local rates.

If they were not successful, the cost was borne by the ratepayer.

By separating our regulated and nonregulated activities at US WEST, we put new ventures at risk. A risk borne by the shareowner, not the ratepayer.

It seems to me that is exactly what divestiture is all about—cutting monopoly revenues cleanly and clearly away from competitive ventures and competitive investment decisions. Not to limit competitive behavior, but to clearly separate it from monopoly resources.

That is what we believe at US WEST. And that is why we have structured our organization and accounting policies with a clear and precise separation of the local Bell operating companies we own from the new competitive subsidiaries which we are establishing.

We believe that divestiture invites and encourages diversification rather than suppresses it.

A LOT OF BEGETTING GOING ON

In fact, for the past two decades, diversification has been occurring throughout the telecommunications industry. Spurred first by technology and then by the Carterfone and MCI decisions, new businesses—new competitors—arrive by the score every year. Twenty years ago, do you suppose anyone could have imagined the success of MCI, Sprint, COMSAT, the resellers, Rolm, TIE, plus dozens of paging and mobile communications suppliers?

Look at other telephone companies. Not the Bell System. We've been so big that you don't see the trees for the forest. But do look at the strategy and structure of United Tel or Continental.

Look, for that matter, at our neighbors to the north—Bell Canada.

I don't pretend to speak for Bell Canada. I'm just an observer. But it seems to me that there may be lessons to be learned up there.

By my count—and I counted from a chart that is nearly two years old—Bell Canada has ownership positions—ranging from thirty to one hundred percent—in 82 firms.

Eighty-two!

Bell Canada begat 55 per cent of Northern Telecom, Ltd., which begat Northern Telecom, Inc., which begat Northern Telecom Finance Corporation, which begat an acceptance corporation.

Bell Canada also begat The Capital Telephone Company which begat TeleDirect which begat Bell Communications Systems, and a woodtreating company, and a Yellow Pages publishing company in Australia, and these companies in turn begat printing companies and mailing companies and . . . well, you get the idea.

There's been a whole lot of begetting going on.

I admire Bell Canada.

It seems to me they are the current leaders in a strategy that makes a lot of sense. And if they can keep monopoly revenues separate while they venture into new enterprises and serve the shareholder well . . . then I believe they will also serve the consumer well.

TIED DOWN WITH REGULATORY STRINGS

When you look at the number of competitors coming through the door, when you review the diversification strategy of other telephone companies, then it follows that you must at least consider the possibility that Bell System resources may truly have resembled a giant tied down with regulatory strings.

Example: Advanced mobile communications service has been a technology waiting to be used—caught up in courts, commissions, and legal arguments while the public waited to be served.

Example: If you free Bell Labs research and Western Electric production know-how to search for new ways to use chip technology, the public may be served with new computer and information applications yet to be discovered.

Example: If we free the managers and craftspeople of the telephone industry from the straitjacket of unnecessary regulation and practices, we allow them the time and creativity to serve the customer better.

The time we have spent to prepare crates of information to justify a ten cent increase on the monthly rental of a Princess telephone—that time has not been worth it.

The money we spent on legal fees and the energy we spent on nickel and dime increases—that time and energy have not been worth it.

LET THE MARKETPLACE DECIDE

The marketplace makes better decisions about price than regulators and it makes them more efficiently. If devestiture truly separates competitive offerings from monopoly resources and requires all services to stand upon their own financial feet, then we are free to innovate and—yes—to diversify.

You do not have to look forward to the future—or toward exotic new services—to see the diversification opportunities apparent in divestiture.

Just look at the here and now.

Divestiture does not create seven new companies. It creates at least thirty—and perhaps as many as fifty—as we come out of the chute. Multiply the regions, AMPS, CPE and Directory by seven—then add the new ideas.

Multiply those companies by the responsibility we have thrust upon their managers. Multiply them by their regional differences. Then you begin to see the diversification which is possible.

I have no doubt, for example, that the regional companies will seek different applications for their cellular technology—their regional characteristics will force them to do so. Nynex faces a different set of circumstances than US WEST. Ameritech will think differently than the Southwestern Bell Corporation. Their differences will drive technology toward new uses, new applications, new markets, new businesses . . . toward diversification.

TUNING INTO THE INFORMATION AGE

What are the opportunities ahead?

In my opinion they fit into these categories:

First—We will tune into the Information Age—which has so far offered more bluster than real services. We will find new computer applications, new methods of exchanging information, new ways to deliver entertainment.

Second—We will move toward personal communications services and devices—mobile communications, alarm devices, services that provide security and protection, or simply keep people in touch.

Third—The telephone companies themselves will begin to make more strategic use of their piece parts—billing and payroll systems, equipment applications, and central office services.

Fourth—All of the companies will begin to diversify through their existing businesses by extending their services and their know-how. Bell Canada is certainly supplying us lessons in how to do that. Publishing, mailing, financing subsidiaries, in-house communications networks, property management subsidiaries—you name it, I think you'll see it—in one company or another.

Fifth—We are being offered joint ventures by suppliers—the makers of central office equipment, computers, property developers. Some of them are bound to get off the drawing board and into a real business.

Sixth—And most important—divestiture will free the creativity of the people who run this industry. They are good people. They are bright people. And they are going to surprise you.

MORE CHOICE—BETTER SERVICE

US WEST is not a telephone company. We happen to own three communications companies which are currently regulated.

This separation of our new unregulated companies from our regulated Bell operating companies drove us toward independent profit centers with strict accounting separation.

We believe this separation will help us serve customers better—by exploring new ventures, seeking new opportunities and offering the public more choices.

If we are to compete in the global communications market, if we are to bring benefits to the shareowner, the customer, and to employees, the competitive companies of US WEST must be allowed to compete on the same basis as other American and international companies. Otherwise, the United States will end up on the tag end of this huge and growing market—and the Japanese, the Europeans and the Canadians will reap the rewards.

We believe the divestiture document provides us with the opportunity of going forward in this world-wide industry.

Divestiture—by separating competitive businesses from monopoly revenues—will drive us toward accurate cost accounting. It will drive us toward serving the customer better. It will drive us toward inventing new services and seeking new opportunities. That is diversification.

The regulated industry itself is subject to competition and that competition will continue to grow.

The theory of allowing competition to act in lieu of regulation should mean more deregulation for the telephone companies in order that they, too, may offer the customer more choice.

In a competitive world the marketplace is the decision-maker. It permits us to compete for a level of service which the customers themselves determine to be in their best interest.

I believe that if we follow the logic and the rules of the marketplace, the customer will truly benefit from a wide range of choice.

Diversification has been going forward in this industry for more than a decade. It will become even more apparent in the decade ahead. The customer, the shareowner, and this country—I believe—will be better served because of it.●

FOLLOWUP NECESSARY AFTER NUCLEAR POWER MISHAPS

● Mr. BIDEN. Mr. President, last week marked the fifth anniversary of the crisis at the Three Mile Island nuclear power station in Pennsylvania. There was not a lot of fanfare surrounding the event, and I am not aware that any Senator made a point

to remember the event on the floor of the Senate.

However, you can be certain, Mr. President, that the residents who live near the TMI plant remember. Most of the ratepayers who live in that part of Pennsylvania, and many in New Jersey, remember when each month they pay a utility bill that is higher because of the cost of the inoperable TMI plant.

Mr. President, last February marked another anniversary regarding the nuclear power industry, one that pertains to the Salem nuclear generating station that sits just across the river from Delaware. On February 23, for the second time in a year, I participated in a hearing held by the Senate Subcommittee on Nuclear Regulation of the Committee on Environment and Public Works to question the Commissioners of the Nuclear Regulatory Commission (NRC) and to get an update on the status of Salem. This hearing was being held 1 year after the date on which that plant's automatic safety system failed to function. It was eventually determined last year that a variety of mechanical and management failures led to the system failure, and the plant operators were fined a record $850,000.

The Senate will recall, Mr. President, that when the Salem plant failed to shut down automatically twice in a 3-day period in February 1983, I took to the Senate floor several times to express concerns about the Salem plant and the NRC investigation.

Mr. President, I am sorry to report that what I learned at the Environment Committee hearing has me worried. After the incident at Salem last year, the NRC and the NRC staff spent hundreds of hours over several months investigating what had happened. They recommended a long list of changes for the plant, including many affecting the day-to-day operations at the plant. Following this lengthy investigation, the Commissioners somewhat reluctantly allowed a restart of the plant in May 1983. What I learned at the last month's hearing, however, was that the Commissioners have never followed up on the mishaps at Salem. They have not determined whether the corrective actions that they believed necessary following the accidents last year have, in fact, been made. On the other hand, senior NRC staff present at the hearing indicated the progress being made at Salem has been quite slow.

Mr. President, I have never been a great fan of the way the nuclear industry is run. But I am also quite practical. I know it is difficult to keep plants, for which replacement power would be expensive and difficult to get, and that represent billion-dollar investments, shut down while all the sins of the nuclear industry are cured. But I have strongly supported efforts to tighten up on the operation of nuclear plants.

It seems to me, Mr. President, that we fail to learn from the lessons of TMI and Salem and many other plants like these if we do not follow up, and the Commissioners, whose job it is to watch the nuclear industry, do not follow up. I tried to stress my continuing interest in this matter to the NRC Commissioners at the recent environment hearing but I believe more vigilance will be needed. I will continue my efforts.

Mr. President, I ask that a short statement I gave at the Environment Committee hearing on February 23d appear in the RECORD.

The statement follows:

STATEMENT OF SENATOR JOSEPH R. BIDEN, JR., SENATE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS, SUBCOMMITTEE ON NUCLEAR REGULATION, FEBRUARY 23, 1984

Mr. Chairman, I want to thank you and the Environment Committee for allowing me to join you today and to ask a few questions of these distinguished witnesses about a matter which I believe is of continuing concern, not only to myself and the citizens of Delaware, but also to this committee and all people in the United States.

Yesterday marked an anniversary of sorts, but not an anniversary deserving of celebration. A year and a day ago, on February 22, 1983, the Salem 1 nuclear reactor, which is physically located in New Jersey, but sits right across the Delaware River from Delaware City, Del., failed to perform its most important and basic function, it failed to stop automatically, even though its highly automated system was telling it that a dangerous condition existed in the plant and that the nuclear reaction should be halted.

To make matters worse, not only did the supposedly "fail-safe" mechanism fail and the plant experience an event that the nuclear industry has argued would never occur, but plant personnel and supervisors did not even notice that Salem had experienced the first, what the technicians call, "Anticipated Transient Without Scram," at a licensed nuclear reactor in the United States. In other words, an anticipated event in the complex operation of this plant occurred, such as loss of a water pump, and the automatic safety system failed to shut down the nuclear reaction. The only reason we found out about the February 22nd incident was that the same system failed again three days later, on February 25th.

Investigation by the Nuclear Regulatory Commission has attributed the mechanical failures to safety related parts which were completely worn out and improperly maintained. The NRC investigation has also shown that a key component in the mishaps was a wide variety of human, administrative and management failures. In fact management failures were so pervasive at this plant with regard to the events leading up to and including the 22nd and 25th events, the NRC fined the plant owners a record $850,000. Another and perhaps more alarming conclusion from the NRC investigation was that the Salem plant operations represent those typical for the industry. In other words, the lackadaisical attitude toward safety at the Salem plant replicates itself in nuclear plants all over the country.

Mr. Chairman, I did not come here to give a speech on the facts of record at Salem or particularly to make an indictment of the nuclear power industry. I did, however, come to ask these witnesses to speak to the subject of the current status of the Salem operation, the impact the startling events there have had on other plants and the industry, and how the NRC has itself changed its operations in response to the problems found at Salem and other plants.

In many ways, Mr. Chairman, the Nuclear Regulatory Commission acts a lot like the teacher in a classroom with a number of disruptive and uncontrollable students. The teacher has a limited number of tools by which he or she can single out one of the troublemakers and hope that the rest of them behave for a while. The teacher can also suspend a student on occasion and hope that the individual student will conform to classroom decorum upon return. But the troublemakers have a way of returning to the classroom one way or another and the bulk of any attitudinal change on their part will be of their own making.

The economic imperatives behind a functioning nuclear power plant inevitably mean that the Nuclear Regulatory Commission will be pressured to put a plant, even a troubled plant, back on line. Frankly, that is what I am concerned happened at Salem. I do not fault you for your predicament, but the long history of problems at Salem, both major and minor make me worry that history will repeat itself. The Three Mile Island incident has already shown us that some classroom troublemakers can self-destruct.●

ANTITERRORISM REWARDS ACT OF 1984 (S. 2309)

● Mr. MOYNIHAN. Mr. President, on February 9, I introduced S. 2309, the Antiterrorism Rewards of 1984. Since then, the distinguished Senators from Maine (Mr. COHEN), Vermont (Mr. LEAHY), Hawaii (Mr. INOUYE), Colorado (Mr. HART), and Delaware (Mr. BIDEN), have joined as cosponsors.

The bill would create a $10 million fund from which the Secretary of State could pay rewards for information or services concerning terrorist acts abroad directed against U.S. persons and property. The fund would also be available to the Attorney General to supplement his present authority to pay rewards concerning terrorist activities in this country.

This measure is offered principally as a response to the alarming increase in terrorist violence abroad directed against our Nation, which accounted for the deaths of 274 Americans last year. In 1984, the United States continues to be a favored target of terrorists. In February, Leamon Hunt, the Director General of the Sinai Peacekeeping Force was murdered in Rome. Last month, Robert Homme, our Consul General in Strasbourg, France, was wounded. Yesterday, Army M. Sgt. Robert Judd, Jr., of the U.S. Military Acceptance Group was shot near our air base outside of Athens. The attempt on Sergeant Judd brought to mind the assassination in Athens of U.S. Navy Capt. George Tsantes, of the Joint Military Advisory Group, in November 1983, as well as the killing

in 1975 of Richard Welch who was the CIA's station chief in that city. It also served to remind that the persons responsible for those killings have not yet been brought to justice. These incidents are discussed in news reports in the New York Times of February 21 and March 27 and the Washington Post of April 4, which I ask be printed in the RECORD at the conclusion of my remarks.

I do not wish to be understood as suggesting that this legislation would be a sufficient deterrent to, or remedy for, terrorism. But it could be helpful. For example, the Secretary of State could make arrangements with the concerned foreign governments to post a schedule of rewards for information or services leading to prosecution in the cases I mentioned.

It is of course of paramount importance to prevent terrorist acts. I need not remind you of the awful possibility that the summer Olympic games in Los Angeles will be exploited by terrorists. Under this bill the Secretary and the Attorney General would have flexibility to fashion offers and payments which could provide incentives for witnesses to come forward and, perhaps, for coconspirators to betray their treacherous comrades before they do any harm.

Mr. President, S. 2309 has been referred to the Subcommittee on Security and Terrorism of the Judiciary Committee. I am hopeful that the subcommittee will hold early hearings on the bill. I also urge my colleagues to join in sponsoring this legislation.

The material follows:

[From the New York Times, Mar. 27, 1984]

AMERICAN DIPLOMAT SHOT IN STRASBOURG; WOUNDS SUPERFICIAL

(By John Vinocur)

PARIS, March 26.—A gunman, firing five times at close range, shot and wounded the United States consul general in Strasbourg today as he left his home there.

The diplomat received what doctors called "superficial wounds."

A group calling itself the Lebanese Armed Revolutionary Factions took responsibility for the attack on the envoy, Robert Onan Homme, 43 years old, who has been the consul in Strasbourg since 1981. A note mailed at noon today to Agence France-Presse by the group said, "Mr. Homme was already well known for his activities as a member of the C.I.A."

Officials at the American Embassy in Paris said Mr. Homme was not with the Central Intelligence Agency but was a career diplomat and political officer whose main task was representing the United States at the European Economic Community's institutions in Strasbourg, notably the European Parliament.

A police spokesman said, "All hypotheses are under investigation at this time," including the possibility that the attack was related to the dismissal by the consul general of a French domestic employee some time age.

An American diplomat in Strasbourg said Mr. Homme told him he was backing out of the driveway at his house about 8:55 a.m. when he saw a man with a gun pointed at him. Mr. Homme tried to accelerate, and his car spun as the man opened fire, the dipomat said.

Mr. Homme was grazed by bullets near his left eye and on his left chest, the American official said. He was also bruised on the neck, apparently by a bullet. A hospital medical report described the wounds as "superficial and without the likelihood of serious aftereffects." Mr. Homme was not operated on and never lost consciousness.

"It was a case of fractions of centimeters," the police spokesman said. "The consul is a very lucky man."

The bullets and shell casings collected by the police were from a 7.65-millimeter pistol, a light weapon of a type used in attacks on American and Israeli diplomats in France in which the Lebanese Armed Revolutionary Factions claimed involvement. Lieut. Col. Charles Robert Ray, the assistant American military attaché at the embassy, was killed by a 7.65-millimeter bullet in Paris in 1982, and Christian A. Chapman, the chargé d'affaires, escaped injury when shots were fired at him from a similar weapon in 1981.

LINK TO ISRAELI'S DEATH

The organization also said it killed a second secretary at the Israeli Embassy in Paris, Yacov Barsimantov, who was shot by a young woman in 1982.

The mailed statement to Agence France-Press was typed and contained several spelling errors. It said, "The Yanki imperialists are preparing new aggression, this time through the intermediary of the Zionist occupation forces." It said that because of "the Israeli occupation and the massacres orchestrated by the Yankis, we are completely within our rights to attack the enemies of the people wherever they are."

The statement also denounced what it called "the complicity of the yellow Socialists" and "French imperialists who try to camouflage their intervention in Lebanon."

The French police have investigated possible links between the organization and Action Directe, a French extreme left-wing terrorist group. Two members of Action Directe were arrested last week.

The police description of the assailant firing on Mr. Homme was that of a man in his 30's, of Asian or Mediterranean origin, wearing a beige overcoat. The diplomat told American officials he did not get a good look at the gunman, who was wearing a motorcycle helmet. The assassin escaped on a motorbike.

Mr. Homme, who is married and has three children, has also served in Mexico, Colombia, Italy and Panama. From 1975 to 1981, the American Embassy said, he was at the State Department in Washington in charge of the Common Market desk, then was director of personnel for Europe.

[From the Washington Post, Apr. 4, 1984]

ATHENS GUNMEN SHOOT U.S. ARMY SERGEANT

(By Andriana Ierodiaconou)

ATHENS, April 3.—Two unidentified gunmen on a motorcycle shot and seriously wounded a U.S. serviceman near an American airbase on the eastern outskirts of Athens, Greek police and U.S. Embassy officials said today.

Embassy officials identified the victim as Army Master Sgt. Robert H. Judd Jr., 36, a postal officer with the Joint U.S. Military Assistance Group here. Judd, who is married and has two daughters, has been in Greece 18 months.

By late tonight, no one had claimed responsibility for the shooting of Judd. Last Nov. 15, U.S. Navy Capt. George Tsantes, of the same office, was shot and killed here. Responsibility was claimed by a shadowy terrorist group calling itself the November 17 organization, which also claimed responsibility for the assassination of CIA station chief Richard Welch here in 1975.

Last Saturday, a British diplomat was shot and killed on a street in downtown Athens by an unidentified gunman who, according to witnesses, spoke Arabic. There have been no arrests in any of the attacks.

[In Washington, State Department spokesman John Hughes said, "We are deeply concerned about the increased level of terrorist acts directed against American officials," Reuter reported.]

Police said Judd was driving from downtown to the air base at Hellenikon along coastal Vouliagmenis Avenue in late afternoon when the shooting occurred.

The two gunmen, riding a red motorcycle, approached his car from behind as he was stopped at a red light, witnesses said. They fired three times and sped off.

Judd, who was hit twice, with one bullet entering his left shoulder and lodging in his lung and the other hitting his right wrist, managed to drive the 1½ miles to the gate of the air base to seek help.

He was taken to a hospital where he was reported in satisfactory condition and out of danger after surgery to remove the bullet from his lung.

A third bullet was recovered from Judd's car and the motorcycle used by the gunmen was later found about a mile from the site of the shooting, authorities said.

"This is a crime which causes us concern," a Greek police spokesman said. "We have gone into full mobilization to catch those responsible. We have some descriptions but they are not very clear."

Today's attack came just two days after Secretary of Defense Caspar W. Weinberger visited Athens for discussions about United States-Greek defense matters.

American officials said security here has been stepped up in recent weeks following a rash of terrorist threats and assassination incidents worldwide.

The Greek government has provided added plainclothed security protection for high-ranking U.S. Embassy staffers in Athens since the Tsantes killing. But western intelligence sources say there is little information-sharing on terrorist activity here between the Greek intelligence services and American and Western European agencies.

[From the New York Times, Feb. 21, 1984]

RED BRIGADES THREATEN ANOTHER U.S. DIPLOMAT

ROME, Feb. 20 (Reuters).—Letters sent to Italian news organizations purporting to come from Red Brigades guerrillas today threatened the life of another United States diplomat in the aftermath of last week's killing of Leamon R. Hunt, director general of the multinational force in Egypt's Sinai Peninsula.

The letters, signed by the "militarist wing" of the Red Brigades and sent to the Rome dailies Il Giornale d'Italia and Il Manifesto and the Milan office of the Italian news agency ANSA, took responsibility for the Hunt shooting.

The letter sent to ANSA read: "The militarist wing of the Red Brigades claims the assassination of the dirty guarantor American general Leamon R. Hunt. NATO out of

Italy. Imperialist forces out of Lebanon. No to the missiles at Comiso. The militarist wing has another American diplomat in its sights. End of Red Brigades communique."

The document did not name a specific United States diplomat.

Mr. Hunt, 56 years old, was shot dead last Wednesday while returning from his office to his home in a Rome suburb. He was head of the 10-nation force in Sinai that monitors the Egyptian-Israeli peace treaty.●

THE PRESIDENT'S REPORT TO CONGRESS ON U.S. POLICY ON ASAT ARMS CONTROL

● Mr. PELL. Mr. President, on Monday, the Senate received from the President a report to the Congress on U.S. policy on ASAT arms control. Having reviewed that paper, I must tell my fellow Members that the paper is disappointing, but not particularly surprising.

After protracted study, the administration has concluded that "no arrangements or agreements beyond those already governing military activities in outer space have been found to date that are judged to be in the overall interest of the United States and its allies."

The administration's report does a good job of identifying every conceivable reason not to seek an agreement on antisatellite weapons with the Soviets. Totally missing is any serious attempt to assess the benefits of space arms control.

The principal concerns cited as bars to ASAT arms control measures are verification difficulties, the diversity of threats to the West's satellites, and threats posed by Soviet targeting and reconnaissance satellites. I would like to address each of these three concerns.

Verification has become the catchword behind which many in the administration hide in hope it will obscure their adamant opposition to progress in arms control. As the verification subterfuge has been used time and time again to block forward progress on many arms control issues—including the Threshold Test Ban Treaty, the Peaceful Nuclear Explosions Treaty, a chemical weapons ban, an agreement on conventional troop reductions in Europe, and now, Asat's—the unfortunate resistance of the administration to arms control progress has become steadily clearer.

Everyone understands by now the importance of verification. The issue is not whether we should have effective verification of arms control agreements. This issue is whether the need for effective verification shall be a standard, or simply an excuse.

Last year, when I led an official Senate delegation to Moscow, we queried the late Soviet president, Yuri Andropov, as to whether he would agree to effective verification in new arms control agreements. He indicated several times that he would. I would not argue that we should take Soviet leaders at their word. I would argue, however, that we should be willing to put their word to the test. Only through negotiation can we ascertain their willingness to have good verification.

It is true, as the administration claims, that there are diverse Soviet threats to our satellites. This should be a matter of concern to us, given our heavy reliance on satellites for commercial and governmental communication, as well as for military and intelligence purposes. Since we and our allies are considerably more dependent upon satellites than are the Soviets and their allies, it makes sense to try to deal with the reduce the Soviet threat. Instead, the administration throws up its hands in feigned despair and claims nothing can be done.

The third obstacle to effective ASAT arms control cited by the administration is the threat posed by Soviet targeting and reconnaissance satellites, particularly against our Navy. The administration makes it clear that it wants to be able to shoot down threatening Soviet satellites. In other words, a main obstacle to ASAT agreement is the administration's desire to be able to blast Soviet satellites. Simply put, the administration prefers an antisatellite weapons race.

We must ask, how can a professed desire on our part to be able to strike their satellites do anything but encourage the Soviets to improve their own limited ASAT system? With an ASAT race on, can anyone doubt that a space weapons race will be close behind? I, for one, conclude that such a course can be followed only at almost unimaginable peril and cost.

Fortunately, there is a more sensible approach to space-related weapons available. It is embodied in Senate Joint Resolution 129, of which the Senator from Massachusetts (Mr. TSONGAS) and the Senator from South Dakota (Mr. PRESSLER) and I are principal cosponsors. This resolution, which was approved unanimously by the Committee on Foreign Relations last year, calls for a mutual and verifiable moratorium of limited duration on ASAT tests, resumption of ASAT negotiations, and an urgent effort to negotiate a ban on space-directed and space-based weapons. I hope that the distinguished leaders will be able to find time in the Senate schedule soon for consideration of this critically important measure.

In regard to ASAT tests, I wrote the President last December 31, urging that the impending ASAT test not be conducted. Unfortunately, the suggestion was not accepted. I recently received a full response to my suggestion. The response has just been declassified. Like the report, the letter holds out little real prospect that this administration will pursue any space-related arms control initiative. Mr. President, I ask unanimous consent that this White House response to me, which should be of particular interest to Members, be inserted in the RECORD following my remarks.

Mr. President, I was encouraged last August when the late President Andropov told my delegation of Soviet willingness to dismantle existing Asat's and to ban new ones. I have been disappointed by the administration's unwillingness to discuss this offer with the Soviets. It is clear in its report that the administration continues to have no interest in finding out how serious the Soviets are.

I deeply wish that this administration would stop devoting so much of its energy to trying to prove to a dubious public that arms control cannot be achieved for this or that or 100 other reasons. A far better course would be to follow the example of President Kennedy, who, during the Cuban missile crisis, seized on the positive—rather than the unacceptable—aspects of the Soviet position and built toward a successful resolution.●

THE DEATH OF JOHN E. LOOMIS, DISTINGUISHED LAWYER, FRIEND, AND NEIGHBOR

● Mr. GARN. Mr. President, I honor today the memory of a truly dedicated citizen, who was a friend and neighbor of mine in northern Virginia. John E. Loomis, senior partner in one of Washington's distinguished law firms, died of a heart attack March 15, 1984.

He was an expert of national note in the fields of association, securities, and international law.

John began his legal practice in Milwaukee in 1949. In 1957 he moved to Washington where he served as Associate Director of the Division of Trading and Exchanges and also the Division of Corporate Regulation for the Securities and Exchange Commission. He also served as General Counsel of the Development Loan Fund. In the early 1960's John left the bureaucracy and joined a private law firm becoming senior partner in Loomis, Own, Fellman and Howe.

John Loomis authored two books: "Public Money Sources for Overseas Trade and Investment" and, "International Finance, Official Agencies and U.S. Business." In recent years he had served as General Counsel of the International Foundation of Employee Benefit Plans and as a member of the Advisory Board of the Bureau of National Affairs, Security Regulation and Law Report. He had served as an editor of the Yale Law Journal and attended law school at the University of Michigan and later graduated from the Yale School of Law.

Prior to his legal studies and career John served in the Army Air Corps from 1945 to 1948 in the China-Burma-India theater.

John's firm was not the largest in Washington. There are many big law firms in this town. But his firm distinguished itself in representing about 150 different trade associations in their dealings with the Federal Government.

Survivors include his wife, Dorothy, daughter Jamie, and son John, all of McLean, Va., and sisters Marijo Shide of Larimore, N. Dak., and Louise Wellman of Denver, Colo.

John Loomis gave a lifetime of service in many areas to the people of this Nation which he so greatly revered. Too few are so dedicated.●

NEW ENGLAND REGIONAL ELECTRIC POWER PLANNING

● Mr. PELL. Mr. President, New England Governors are meeting today in Rhode Island to discuss the financial difficulties facing the troubled Seabrook nuclear powerplant in New Hampshire.

This serious matter for New England and particularly Rhode Island consumers, is addressed in an excellent editorial in this morning's Providence Journal. The editorial, while focusing on the immediate concerns of the ailing Seabrook nuclear facility, also and most importantly, strongly endorses the need for a regional power planning entity for the New England region.

Mr. President, during the 97th Congress and in March 1983, I along with my distinguished colleague Senator ROBERT STAFFORD introduced legislation, S. 670 to provide for the establishment of a regional power authority for the six-State New England region. Participation in the compact would be entirely voluntary. In view of the need to more closely examine regional utility regulation, the legislation also requires the General Accounting Office to evaluate proposals to voluntarily consolidate utility rate regulation powers in regional or multi-State authorities.

Mr. President, I know the problems which face New England and particularly Rhode Island electric ratepayers, are not unique to our region. Many other regions face similar problems regarding costly generation facilities and the need for greater power planning to protect consumers. I hope that my colleagues will review this editorial and my legislation, S. 670 carefully. Such a measure I believe will go a long way in helping to ease the tremendous burden presently facing New England consumers and many others across the country.

I ask that the editorial from the Providence Journal be printed in the RECORD.

The editorial follows:

NEW ENGLAND UTILITIES NEED REGIONAL ELECTRIC PLANNING

New England's need for a regional electric power planning council was never more apparent than last week. All six states were affected by decisions made on the Seabrook, N.H., nuclear plant—to complete its first unit; to halt work on the second unit, and to offset part of the plant's cost with expected savings from use of Canadian hydropower.

But these decisions were made privately by utility executives and some government officials, responding to fast-moving events. A more orderly procedure, involving more participants, is needed so that the responses can be carefully tailored to the region's needs.

Today, New England governors are meeting in Rhode Island to discuss the impact on citizens' electric bills if some benefits of low-cost hydropower are applied to the financially strapped Seabrook project. If time allows, they should update each other on the regional power planning concept, to which the National Governor' Association (NGA) is already committed.

Two months ago, Governor Garrahy told a congressional subcommittee that the regional approach would contribute to the NGA's goal "of adequate, reliable supplies of electricity at the least possible cost." Congress ought to enact necessary permissive legislation, applicable to all states.

With such a law in hand, a regional power council could be formed by Rhode Island, Massachusetts and Connecticut, which share energy concerns, or one could serve all six New England states if they wished.

Participation in this program would be entirely voluntary. The council would forecast power demand and supply, explore reserve requirements, promote power pools and interconnections, and prepare import and export agreements with neighbors like Canada. But the legislation should also let the council work toward regional ratemaking and approving sites for new wholesale power plants, if it felt the units were needed.

Almost every utility is in the New England Power Pool (NEPOOL), which plans and executes multi-state sharing of electricity. In 1982, the governors and their utility regulators established a New England Power Planning Committee, which helped NEPOOL complete its agreement to buy Hydro Quebec's power.

This was an example of ad hoc cooperation between the utility Industry and government, in which Mr. Garrahy and Edward F. Burke, Public Utilities Commission chairman, led the way. Still lacking, however, is a permanent, stautory basis for arranging such multi-state projects.

The latest aid to Seabrook is intended to save the project's principal owner, Public Service Company of New Hampshire, from imminent bankruptcy. The rescue method, siphoning off some savings from Canadian hydropower, is controversial, because the six New England states do not have identical interests. For example, Vermont recently made its own independent deal to buy a small amount of Canadian electricity and is not enthusiastic about the Seabrook bailout. Rhode Island, which has to import almost all of its electricity from other states, fears that the Seabrook project might founder and is thus inclined to support the current salvage effort.

An atmosphere of haste hangs about the Seabrook solution. Through speedy maneuvering, New England has solved many of its energy problems. There are limits to "winging it," however, and a formal regional power entity is needed.●

DR. BENJAMIN ELIJAH MAYS: ONE OF OUR GREAT TREASURES

(By request of Mr. BYRD, the following statement was ordered to be printed in the RECORD:)

● Mr. HART. Mr. President, with the death of Dr. Benjamin Elijah Mays on Wednesday, March 28, 1984, this country suffered the loss of one of its greatest national treasures. Dr. Mays was a multifaceted personality, once described by his former student Lerone Bennett, Jr., now senior editor of Ebony magazine, as "one of the last great schoolmasters of the 20th century."

Those who knew him of course, knew that he was much, much more. He was one of the country's most persistent voices for nonviolent social change. He served as the unchallenged mentor and spiritual leader of an entire generation of black leadership who had the good fortune to come under this tutelage during his 27-year tenure as president of Morehouse College in Atlanta, Ga.

It has often been said that the greatest teachers are those who instruct through example. It was by this method that Dr. Mays made his most significant and long-lasting contributions to our society, for it was through his personal example that he taught us about the unlimited capacity of the human spirit to achieve, and to overcome the degradations heaped upon it for over a century by a system designed to deny the basics of citizenship, and to impose second-class status on an entire race of Americans.

Born prior to the turn of the century in rural South Carolina, to parents who were both former slaves, Dr. Mays was 19 years old before he spent a full year in school. He was 22 years of age when he graduated from high school. He was 52 before he was allowed to cast his first ballot. He was 60 before the U.S. Supreme Court declared the South's system of apartheid to be unconstitutional. He was elected the first black president of the Atlanta Board of Education at 76 years of age. He remained in that office until his retirement 7 years later at age 83. He authored 7 books and received 49 honorary doctorate degrees, he served as a counselor and conscience to Presidents, was a founder of the United Negro College Fund and had scores of other achievements and accomplishments far too numerous to recount here.

In recalling Dr. Mays' many contributions, and in specifically recounting his impact upon one of the keenest and most analytical minds of our time,

Atlanta Mayor Andrew Young recently said that:

I always remember him as a strong, tall, brisk-walking intellectual giant . . . Dr. (Martin Luther) King used to say all the time that he awakened intellectually and spiritually listening to Dr. Mays preach in chapel. It was Dr. Mays who started Martin Luther King reading Gandhi.

Mr. President, with great personal respect and admiration for Dr. Mays, and in order to share with my colleagues the true spirit and essence of the life he led, it is with profound personal pleasure that I submit the following newspaper articles taken from the March 28 and 29 editions of the Atlanta Journal and Atlanta Constitution respectively:

DR. MAYS WAS ONE OF OUR GREAT TREASURES

(By Hank Ezell)

Tributes poured in throughout the day Wednesday as contemporaries and admirers came by or telephoned the home where Dr. Benjamin E. Mays had lived until his last days.

They remembered him as a humanitarian, a civil rights leader, a teacher without parallel, and as the patriarch who led a large family through good times and bad.

"My friends would ask me why I went on living with him," said Tawana Wimbish, a recent Spelman College graduate and a great-grandniece of Dr. Mays. "If it's for a man like him, I'll do anything."

Mays' death Wednesday brought a parade of people to pay sympathy calls on Ms. Wimbish and Cordelia Blount, a niece who also lived with the 89-year-old educator in the brick home in southwest Atlanta, only a few blocks from the high school which bears Mays' name.

In a study whose pine walls were crammed with family photographs and with dozens of the plaques and degrees which Mays was awarded during his distinguished career, Miss Blount recalled an increasingly frail man who, right into his last days, talked about the three more books he intended to write.

Among the dignitaries was Atlanta School Superintendent Alonzo Crim, who arrived only a few hours after Mays' death at 7:20 a.m. "He was a father and a friend to me," said Dr. Crim, who came to Atlanta while Mays was chairman of the school board. "He was one of our great treasures in Georgia. Most important, he was a maker of people. He was the last great master, in every sense of the word."

Jimmy Carter, the ex-president who once visited at Mays' house himself, sent words of praise for the man he called "a quiet and modest Christian gentleman, but at the same time a monumental figure in the field of education.

"He demonstrated a standard of personal wisdom, dedication and personal courage that helped to transform the social consciousness of our nation and served to enhance our country's leadership in the struggle for human rights," Carter said.

"I always remember him as a strong, tall, brisk-walking intellectual giant," said Atlanta Mayor Andrew Young. "Dr. (Martin Luther) King used to say all the time that he awakened intellectually and spiritually listening to Dr. Mays preach in chapel. It was Dr. Mays who started Martin Luther King reading Gandhi."

"He was always committed to the highest moral principles and the deepest spiritual values, and to intellectual excellence," said Fulton County Commission Chairman Michael Lomax. "I think he made his greatest contributions in education, and shaped a generation of black leaders."

Dr. Asa Yancey, a former member of the Atlanta Board of Education, recalled Mays' contributions in settling the lengthy battle that led to a court approved integration plan for Atlanta's public schools.

"He maintained a human approach toward everybody, friend as well as foe," Yancey said. "But he maintained the principles in which he believed. He was a very strong man, but a very kind and gentle man. He did not feel any animosity toward any human being."

Former Atlanta Mayor Ivan Allen Jr. said Mays was one of the most influential and able black leaders in the city during the civil rights days. "His leadership as an educator and as a public-spirited citizen have always been outstanding," Allen said. "I don't know anyone who's going to be more missed than Dr. Mays, or anyone I hold in higher respect."

A quiet atmosphere prevailed at Mays' house Wednesday afternoon. Friends whispered their condolences, and others hurried to answer an all but constantly ringing phone. Downstairs, in the stilled offices where Mays had until recently kept a secretary busy full time, Ms. Wimbish sat among dozens more plaques and tributes, talking of Dr. Mays' last days.

Though his body was weakening, Mays remained alert, she said. He talked of going to New York's Columbia University in May to receive yet another award.

On Sunday, she recalled, he had a hacking cough and congestion in his chest. Before leaving for Hughes Spalding Community Hospital, he sat down to talk with his great-grandniece. Dr. Mays had helped her get through Spelman, and he inquired whether now, as a working woman, her finances were adequate. Then he said to her, "You just make sure you pass on to your family the help that I've given you."

Those were the last words he spoke to her, Ms. Wimbish said.

[From the Atlanta Journal, Mar. 28, 1984]

DR. BENJAMIN MAYS DEAD AT 88

(By Tom Bennett)

Benjamin E. Mays, distinguished educator, mentor of the late Martin Luther King Jr., and an elegant symbol of black America's struggle for equality, died this morning after a brief hospitalization for respiratory problems. He was 88.

"Dr. Mays passed away at 7:20 a.m.," said Charles Delane, a spokesman at Hughes Spalding Community Hospital. "He had been in declining health for some time."

Delane said Mays was admitted to Hughes Spalding Sunday.

Funeral services had not yet been arranged.

Mays was a child of former slaves who rose to become president of Morehouse College and later, at an advanced age, chairman of the Atlanta Board of Education for 12 years. He elevated Morehouse's enrollment, endowment and national reputation. Later he steered the school board to a difficult compromise plan for complying with court-ordered desegregation.

Mays fought unstintingly for civil rights through non-violence, and his life was cited as an example of what all men could achieve through determination and courage.

He graduated from high school at 22, became president of Morehouse at 46, was permitted to vote for the first time at 52, and was elected the first black chairman of the Board of Education at 76, serving until he was 83.

He was acclaimed as an orator and was selected to eulogize King at the latter's funeral. Mays traveled widely, was appointed to numerous boards and offices, and achieved fame unmatched by any other black educator. Alex Haley recalled in "Roots" how, as a child, he was driven 100 miles by his parents so he could see Benjamin Mays.

"The achievements of the man would be astonishing for anybody," Samuel Dubois Cook wrote in the introduction to Mays' autobiography. "They are almost incredible in light of the environment of his childhood and formative years."

Benjamin Elijah Mays was born August 1, 1895 in Epworth, S.C., the youngest of eight children of Hezekiah and Louvenia Carter Mays. Mays' parents were tenant farmers who had been born into slavery before the Civil War.

"Everything in my environment told me that I was inferior," Mays wrote later. Negro disfranchisement was in full swing, erasing the gains of the Reconstruction era. Mays recalled how when he was four years old, a white mob formed in his community to instill fear in blacks, and ensure that Democratic primaries would remain all-white.

"I remember a crowd of white men rode up on horseback with rifles on their shoulders," Mays wrote later. "I was with my father when they rode up, and I remember starting to cry. They cursed my father, drew their guns and made him salute, made him take off his hat and bow down . . ."

The young Bennie Mays' heroes were black leaders—Booker T. Washington, Paul Lawrence Dunbar and Frederick Douglass. Mays was precocious. He recited the fifth chapter of Matthew in church and, he recalled: "When I was finished and went to my seat, the men were stomping their feet and the women were waiving their handkerchiefs. All around the community after that they said, 'Bennie is different.'"

He walked seven miles to school. He was determined to get an education and learn to become a man of pride, dignity and integrity in a society that "disinherited its black citizens," he said.

He was 22 when he graduated from the high school department of South Carolina State College in Orangeburg in 1916; he was valedictorian.

He enrolled at all-black Virginia Union College in Richmond. He made straight "As" but after one year, he transferred to all-white Bates College in Lewiston, Maine. He was steered there by his Virginia Union chemistry professor and faculty advisor, who were graduates of the school.

I had the foolish notion that northerners were smarter than southerners, and by surpassing them I could show my superiority to southerners," Mays said.

He paid his way by working in the dining hall and library; as a janitor, washing dishes in a downtown restaurant; and in the summertime, as a railroad porter, and painting buoys in a Boston shipyard. He believed his future was in the pulpit, and he was ordained in the ministry.

He had been admitted to Bates on academic probation; he graduated with honors (he was elected to Phi Beta Kappa belatedly, in 1935).

Mays later would be known for his oratorical prowess; it emerged at Bates. "Do you hear that rich mellow tone, that Southern dialect?" the yearbook of 1920 asked. "Who can it be with that enchanting ring to his voice, that clear deliberate enunciation to his oratory. That's Bennie Mays and say can't he speak? If you hear him once you will always remember him."

He set his sights on graduate study at the University of Chicago. He hoped to get there by working as a "deadhead" on a vacant Pullman car. However, the railroad had none available. Mays exhausted what funds he had, and prevailed upon a porter friend, who hid Mays in a linen closet from Cleveland to Chicago. Mays spent three quarters at Chicago, but other roles beckoned before he would complete his graduate work.

HIS FIRST JOBS

John Hope, president of Morehouse College, met Mays while at Chicago in 1920 and offered him a job teaching college mathematics and high school algebra at Morehouse for eight months for $1,200. Mays accepted and arrived in Atlanta in September 1921. It would not be a pleasant first visit.

"Going to Atlanta meant entering a new world in Negro-white relations," he wrote later. "Buying a ticket at a segregated window in a segregated waiting room in Atlanta and riding in a segregated coach on a train out of Atlanta was a most humiliating experience. . . . Everything was done to degrade Negroes.

"In and out of Atlanta, as elsewhere throughout the South, Negroes occupied the front coach on the train, half passenger car, half baggage car, next to the engine—the dirtiest, sootiest, noisiest, roughest location on the entire train."

Mays taught at Morehouse, and was pastor of the Shiloh Baptist Church, in 1921–24. He returned to Chicago for more graduate studies in 1924–25. He taught English at South Carolina State in 1925. He was executive secretary of the Tampa, Fla., Urban League in 1926–28; national student secretary of the Young Mens' Christian Association in 1928–30; and directed a study of Negro churches under the auspices of the Institute of Social and Religious Research in 1930–32.

He completed work for his doctorate at the University of Chicago in 1932–34. He received his degree in 1935.

Mays was dean of the School of Religion at Howard University in Washington, D.C., for six years, in 1934–40.

YEARS AT MOREHOUSE

When Mays was hired as the president of Morehouse in 1940, he found a faltering all-male black college financially weakened by the Depression and drained of much of its student body by war-time employment. He set about to reverse the school's fortunes. "It always has been an obsession of mine to build a school of academic excellence," he said later. "I worked on the belief that a black boy could get anything if it were put out there and he could compete for it."

Faculty members recalled that he would instruct them at meetings: "Whatever you do, do it so well that anyone looking will feel that the task was reserved especially for you by God himself."

Mays labored from 1953 to 1966 until he was at last able to persuade representatives of Phi Beta Kappa to establish a chapter at Morehouse. Today the school is one of only three black colleges in the country with the academic honorary unit, and one of four in Georgia, black or white.

Martin Luther King Jr. was among eleventh grade students admitted to Morehouse under its Early Admission Program in September 1944. King and Mays met in chapel. Thereafter Mays visited the King home in Atlanta, and the two of them chatted often on campus and in the president's office.

"Many times he would linger after my Tuesday morning address to discuss some point I had made—usually with approval, but sometimes questioning or disagreeing . . .," Mays recalled later. "There is no way one can know the degree of influence one has upon another. I can only say that I am honored to have had a small part in helping to mold one of the noblest spirits of our time."

King, in the book, "Stride Toward Freedom," identified Mays as his "spiritual mentor."

ACTIVISM BEGAN EARLY

As early as 1942, Mays had filed a discrimination suit against a railroad for installing a curtain separating black and white dining areas; the suit resulted in the desegregation of dining cars on Pullman trains. For the first time Mays could eat with whites on trains. "I had not known until that moment just how much resentment had grown in me," he wrote later. "As I sat there among the others, a thought overwhelmed me, and I almost wanted to say it out loud to them: 'I don't hate you any more.' "

In January 1951 he sounded another call, which became a frequent theme of his. He told the American Baptist Convention meeting in Buffalo, N.Y.: "In both the North and the South, the Christian church is the most highly segregated institution in the United States."

At the dawn of the civil rights movement, it was a Morehouse student, Hamilton Holmes, who became an integration pioneer. He left the school in 1960 to enroll, along with Atlantan Charlayne Hunter, as the first blacks at the previously all-white University of Georgia.

On March 14, 1960, a red-letter day in the civil rights movements, students came to Mays' home to inform him and seek his blessing for a new strategy. The next day they proposed to sit-in at segregated eating facilities at the state Capitol, Fulton County Courthouse, Atlanta City Hall, bus stations and 10 eating establishments. Mays actively supported the demonstrations.

In March 1962 President John Kennedy was considering appointing Mays to the U.S. Commission on Civil Rights. However, the move was opposed by Georgia U.S. Senators Richard Russell and Herman Talmadge.

The latter argued that Mays had been "identified with or associated with at least four different Communist-front organizations" Talmadge's source was the records of the House Un-American Activities Commission.

Talmadge told The Atlanta Constitution, "They ought to appoint some ordinary Americans rather than people who have made a business of agitating the civil rights cause. . . . Dr. Mays' whole career has been one of partisan activity and his service on the Civil Rights Commission would make him in effect a prejudiced juror. He could not approach this matter objectively."

Kennedy dropped his plans for appointing Mays.

The Morehouse president was the first Atlanta black leader to come out in support of the 1963 march on Washington, and took part in it. He endorsed the non-violent philosophy of Gandhi and King; later, while some whites were terming Mays a troublemaker, militant blacks were charging that he was too moderate.

He retired at 72 in 1967, after 27 years as Morehouse president. He was elected president emeritus. At the college's 100th commencement, Mays delivered a stinging rebuke to Atlanta citizens for what he termed their lack of support of Morehouse and other predominantly black schools. "The institutions of the Atlanta University Center have not been accepted by the people of Atlanta as their responsibility to help them develop and grow stronger," he said.

Morehouse graduates during Mays' tenure include King, former Atlanta mayor Maynard Jackson, state senator Julian Bond, Judge Horace Ward, Fulton County Commissioner Reginald Eaves and writer and historian Lerone Bennett.

Morehouse's enrollment doubled, its endowment quadrupled, and its faculty grew from having only two Ph.D.s to more than 50 percent with that degree while Mays was president.

SERVICE TO EDUCATION

After only two years of retirement, Mays entered the public arena again. He ran for the Seventh Ward seat on the Atlanta Board of Education and won in his first try for public office. He was 77. A North Carolina newspaper, checking facts in wire service stories, telephoned The Atlanta Journal to confirm that, indeed, the Atlanta school board had elected a 77-year-old man as its president.

The board was under a court order to further desegregate its classrooms. Tensions were running high and the group turned to Mays for leadership. On Jan. 2, 1970, the board, made up of seven whites and three blacks, elected Mays chairman on a 6–4 vote.

He received 200–300 letters and telegrams, he said. Among them was at least one which began with a salutation using a common racial slur.

Six times during the next 12 years, Mays was re-elected president. In 1974, he began a new term with a speech in which he paraphrased the Apostle Paul, commenting, "We must be neither male nor female, black nor white, district nor citywide, for we are all united at the feet of 90,000 children whom we are elected to serve."

He was instrumental in gaining support for the controversial "compromise" school desegregation plan, which he preferred to call the "Atlanta Plan."

He was a major force in thwarting teacher and classified employee strikes in 1975. Two years later, he easily won re-election over Mrs. Goldie C. Johnson, getting 64 percent of the vote. "My opponent made the mistake of making my age an issue," he said afterwards. He was 84.

He opposed a suit brought by American Civil Liberties Union lawyers calling for cross-country desegregation, saying it would not improve the quality of education. The litigants "don't have the best interests of the child at heart," he said. "They have the mistaken notion that if negroes are in school with white folks, they're going to better off. I can't believe that."

He retired at 86 in 1981. "He has been such a stabilizing force on the board," school attorney Warren Fortson said. "During the difficult times of desegregation, he probably single-handedly kept the board from splitting along racial lines. People so respected him that they would never do anything to dishonor him."

MOUNTAIN OF HONORS

He received 49 honorary doctorates between 1945 and 1981.

Numerous monuments to him remain in place. The school board suspended its policy against naming a facility for a living person, and Benjamin E. Mays High School opened in 1978. Sewell Road was renamed Benjamin Mays Drive in 1981. An intersection in his hometown of Epworth, S.C., where whites once terrorized his family, was named Mays Crossroads. A portrait of him hangs in the South Carolina capitol.

He authored seven books: "The Negro's Church," 1933; "The Negro's God," 1938; "A Gospel for the Social Awakening," 1950; "Seeking to be Christian in Race Relations," 1957; "Disturbed About Man," 1969; his autobiography, "Born to Rebel," 1971; and "Lord, The People Have Driven Me On," 1981.

Mays wrote 15 chapters in other books, 99 magazine articles, and various newspaper articles including a weekly column in the Pittsburgh Courier.

Perhaps the greatest tribute paid him was his selection by the King family to speak at the funeral of the slain civil rights leader in 1968. "Being asked to eulogize Dr. King is like asking me to eulogize one's deceased son, so close and so precious was he to me," Mays said.

"God called the grandson of a slave (said the son of slaves) and said to him, 'Martin Luther, speak to America about war and peace, speak to America about social justice, speak to America about racial discrimination, about its obligation to the poor.' "

He was president of the United Negro College Fund in 1958–61; member of the Advisory Council of the Peace Corps and the National Commission for UNSCO.

Mays was married to the former Sadie Gray. Mrs. Mays died at 69 in 1969, four days after her husband was first elected to the Board of Education. She was chairman of the board of an Atlanta nursing home for the aged, which was re-named in her honor after her death. The Mays had no children. He is survived by more than a dozen neices and nephews.

Looking back at the years of the civil rights movement, Mays told The Atlanta Constitution in 1981: "Any man who says there has been no progress is a fool. Progress has been made, but just not enough.

"I don't have to worry when I go downtown. When I go into a store, nobody is going to walk up to me and say, 'Boy, what you want?"

"For a long time I never asked a policeman anything, because he would give me a lecture. I don't hesitate now. In other words, I feel that I'm a free man in Atlanta."●

A WARNING ON NUCLEAR WINTER

(By request of Mr. BYRD, the following statement was ordered to be printed in the RECORD:)

● Mr. HART. Mr. President, Dr. Carl Sagan is Duncan David professor of astronomy and space sciences at Cornell University. He is the recipient of the NASA medals for exceptional scientific achievement and (twice) for distinguished public service, the Peabody Award, and the Pulitzer Prize.

Dr. Sagan, in his article "Nuclear War and Climatic Catastrophe: Some Policy Implications," Foreign Affairs, winter 1983/84, volume 62, No. 2, makes painfully clear the imminent danger inherent in preparing ourselves for an unwinnable—unthinkable—nuclear war.

Mr. President, I ask that these remarks be printed in the RECORD.

The remarks follow:

NUCLEAR WAR AND CLIMATIC CATASTROPHE: SOME POLICY IMPLICATIONS

(By Carl Sagan)

[Figures 1,2, and table 2 mentioned in article, not reproducible for the RECORD.]

It is not even impossible to imagine that the effects of an atomic war fought with greatly perfected weapons and pushed by the utmost determination will endanger the survival of man.—Edward Teller, *Bulletin of the Atomic Scientists*, February 1947.

The extreme danger to mankind inherent in the proposal by [Edward Teller and others to develop thermonuclear weapons] wholly outweighs any military advantage.—J. Robert Oppenheimer, *et al., Report of the General Advisory Committee, AEC*, October 1949.

The fact that no limits exist to the destructiveness of this weapon makes its very existence and the knowledge of its construction a danger to humanity. . . . It is . . . an evil thing.—Enrico Fermi and I. I. Rabi, Addendum, *ibid.*

A very large nuclear war would be a calamity of indescribable proportions and absolutely unpredictable consequences, with the uncertainties tending toward the worse. . . . All-out nuclear war would mean the destruction of contemporary civilization, throw man back centuries, cause the deaths of hundreds of millions or billions of people, and, with a certain degree of probability, would cause man to be destroyed as a biological species . . . —Andrei Sakharov, *Foreign Affairs*, Summer 1983.

I

Apocalyptic predictions require, to be taken seriously, higher standards of evidence than do assertions on other matters where the stakes are not as great. Since the immediate effects of even a single thermonuclear weapon explosion are so devastating, it is natural to assume—even without considering detailed mechanisms—that the more or less simultaneous explosion of ten thousand such weapons all over the Northern Hemisphere might have unpredictable and catastrophic consequences.

And yet, while it is widely accepted that a full nuclear war might mean the end of civilization at least in the Northern Hemisphere, claims that nuclear war might imply a reversion of the human populations to prehistoric levels, or even the extinction of the human species, have, among some policymakers at least, been dismissed as alarmist or, worse, irrelevant. Popular works that stress this theme, such as Nevil Shute's *On the Beach*, and Jonathan Schell's *The Fate of the Earth*, have been labeled disreputable. The apocalyptic claims are rejected as unproved and unlikely, and it is judged unwise to frighten the public with doomsday talk when nuclear weapons are needed, we are told, to preserve the peace. But, as the above quotations illustrate, comparably dire warnings have been made by respectable scientists with diverse political inclinations, including many of the American and Soviet physicists who conceived, devised and constructed the world nuclear arsenals.

Part of the resistance to serious consideration of such apocalyptic pronouncements is their necessarily theoretical basis. Understanding the long-term consequences of nuclear war is not a problem amenable to experimental verification—at least not more than once. Another part of the resistance is psychological. Most people—recognizing nuclear war as a grave and terrifying prospect, and nuclear policy as immersed in technical complexities, official secrecy and bureaucratic inertia—tend to practice what psychiatrists call denial: putting the agonizing problem out of our heads, since there seems nothing we can do about it. Even policymakers must feel this temptation from time to time. But for policymakers there is another concern: if it turns out that nuclear war could end our civilization or our species, such a finding might be considered a retroactive rebuke to those responsible, actively or passively, in the past or in the present, for the global nuclear arms race.

The stakes are too high for us to permit any such factors to influence our assessment of the consequences of nuclear war. If nuclear war now seems significantly more catastrophic than has generally been believed in the military and policy communities, then serious consideration of the resulting implications is urgently called for.

It is in that spirit that this article seeks, first, to present a short summary, in lay terms, of the climatic and biological consequences of nuclear war that emerge from extensive scientific studies conducted over the past two years, the essential conclusions of which have now been endorsed by a large number of scientists. These findings were presented in detail at a special conference in Cambridge, Mass., involving almost 100 scientists on April 22–26, 1983, and were publicly announced at a conference in Washington, D.C., on October 31 and November 1, 1983. They have been reported in summary form in the press, and a detailed statement of the findings and their bases will be published in Science.[1] The present summary is designed particularly for the lay reader.

Following this summary, I explore the possible strategic and policy implications of the new findings.[1] They point to one apparently inescapable conclusion: the necessity of moving as rapidly as possible to reduce the global nuclear arsenals below levels that could conceivably cause the kind of climatic catastrophe and cascading biological devastation predicted by the new studies. Such a reduction would have to be a small percentage of the present global strategic arsenals.

II

The central point of the new findings is that the long-term consequences of a nuclear war could constitute a global climatic catastrophe.

The immediate consequences of a single thermonuclear weapon explosion are well known and well documented—fireball radiation, prompt neutrons and gamma rays, blast, and fires.[2] The Hiroshima bomb that killed between 100,000 and 200,000 people was a fission device of about 12 kilotons yield (the explosive equivalent of 12,000 tons of TNT). A modern thermonuclear warhead uses a device something like the Hiroshima bomb as the trigger—the "match" to light the fusion reaction. A typical thermonuclear weapon now has a yield of about 500 kilotons (or 0.5 megatons, a megaton being

Footnotes at end of article.

the explosive equivalent of a million tons of TNT). There are many weapons in the 9 to 20 megaton range in the strategic arsenals of the United States and the Soviet Union today. The highest-yield weapon ever exploded is 58 megatons.

Strategic nuclear weapons are those designed for delivery by ground-based or submarine-launched missiles, or by bombers, to targets in the adversary's homeland. Many weapons with yields roughly equal to that of the Hiroshima bomb are today assigned to "tactical" or "theater" military missions, or are designated "munitions" and relegated to ground-to-air and air-to-air missiles, torpedoes, depth charges and artillery. While strategic weapons often have higher yields than tactical weapons, this is not always the case.[3] Modern tactical or theater missiles (e.g., Pershing II, SS-20) and air support weapons (e.g., those carried by F-15 or MiG-23 aircraft) have sufficient range to make the distinction between "strategic" and "tactical" or "theater" weapons increasingly artificial. Both categories of weapons can be delivered by land-based missiles, sea-based missiles, and aircraft; and by intermediate-range as well as intercontinental delivery systems. Nevertheless, by the usual accounting, there are around 18,000 strategic thermonuclear weapons (warheads) and the equivalent number of fission triggers in the American and Soviet strategic arsenals, with an aggregate yield of about 10,000 megatons.

The total number of nuclear weapons (strategic plus theater and tactical) in the arsenals of the two nations is close to 50,000, with an aggregate yield near 15,000 megatons. For convenience, we here collapse the distinction between strategic and theater weapons, and adopt, under the rubric "strategic," an aggregate yield of 13,000 megatons. The nuclear weapons of the rest of the world—mainly Britain, France and China—amount to many hundred warheads and a few hundred megatons of additional aggregate yield.

No one knows, of course, how many warheads with what aggregate yield would be detonated in a nuclear war. Because of attacks on strategic aircraft and missiles, and because of technological failures, it is clear that less than the entire world arsenal would be detonated. On the other hand, it is generally accepted, even among most military planners, that a "small" nuclear war would be almost impossible to contain before it escalated to include much of the world arsenals.[4] (Precipitating factors include command and control malfunctions, communications failures, the necessity for instantaneous decisions on the fates of millions, fear, panic and other aspects of real nuclear war fought by real people.) For this reason alone, any serious attempt to examine the possible consequences of nuclear war must place major emphasis on large-scale exchanges in the five-to-seven-thousand-megaton range, and many studies have done so.[5] Many of the effects described below, however, can be triggered by much smaller wars.

The adversary's strategic airfields, missile silos, naval bases, submarines at sea, weapons manufacturing and storage locales, civilian and military command and control centers, attack assessment and early warning facilities, and the like are probable targets ("counterforce attack"). While it is often stated that cities are not targeted "per se," many of the above targets are very near or colocated with cities, especially in Europe. In addition, there is an industrial targeting category ("countervalue attack"). Modern nuclear doctrines require that "war-supporting" facilities be attacked. Many of these facilities are necessarily industrial in nature and engage a work force of considerable size. They are almost always situated near major transportation centers, so that raw materials and finished products can be efficiently transported to other industrial sectors, or to forces in the field. Thus, such facilities are, almost by definition, cities, or near or within cities. Other "war-supporting" targets may include the transportation systems themselves (roads, canals, rivers, railways, civilian airfields, etc.), petroleum refineries, storage sites and pipelines, hydroelectric plants, radio and television transmitters and the like. A major countervalue attack therefore might involve almost all large cities in the United States and the Soviet Union, and possibly most of the large cities in the Northern Hemisphere.[6] There are fewer than 2,500 cities in the world with populations over 100,000 inhabitants, so the devastation of all such cities is well within the means of the world nuclear arsenals.

Recent estimates of the immediate deaths from blast, prompt radiation, and fires in a major exchange in which cities were targeted range from several hundred million to 1.1 billion people—the latter estimate is in a World Health Organization study in which targets were assumed not to be restricted entirely to NATO and Warsaw Pact countries.[7] Serious injuries requiring immediate medical attention (which would be largely unavailable) would be suffered by a comparably large number of people, perhaps an additional 1.1 billion.[8] Thus it is possible that something approaching half the human population on the planet would be killed or seriously injured by the direct effects of the nuclear war. Social disruption; the unavailability of electricity, fuel, transportation, food deliveries, communications and other civil services; the absence of medical care; the decline in sanitation measures; rampant disease and severe psychiatric disorders would doubtless collectively claim a significant number of further victims. But a range of additional effects—some unexpected, some inadequately treated in earlier studies, some uncovered only recently—now make the picture much more somber still.

Because of current limitations on missile accuracy, the destruction of missile silos, command and control facilities, and other hardened sites requires nuclear weapons of fairly high yield exploded as groundbursts or as low airbursts. High-yield groundbursts will vaporize, melt and pulverize the surface at the target area and propel large quantities of condensates and fine dust into the upper troposphere and stratosphere. The particles are chiefly entrained in the rising fireball; some ride up the stem of the mushroom cloud. Most military targets, however, are not very hard. The destruction of cities can be accomplished, as demonstrated at Hiroshima and Nagasaki, by lower-yield explosions less than a kilometer above the surface. Low-yield airbursts over cities or near forests will tend to produce massive fires, some of them over areas of 100,000 square kilometers or more. City fires generate enormous quantities of black oily smoke which rise at least into the upper part of the lower atmosphere, or troposphere. If firestorms occur, the smoke column rises vigorously, like the draft in a fireplace, and may carry some of the soot into the lower part of the upper atmosphere, or stratosphere. The smoke from forest and grassland fires would initially be restricted to the lower troposphere.

The fission of the (generally plutonium) trigger in every thermonuclear weapon and the reactions in the (generally uranium-238) casing added as a fission yield "booster" produce a witch's brew of radioactive products, which are also entrained in the cloud. Each such product, or radioisotope, has a characteristic "half-life" (defined as the time to decay to half its original level of radioactivity). Most of the radioisotopes have very short half-lives and decay in hours to days. Particles injected into the stratosphere, mainly by high-yield explosions, fall out very slowly—characteristically in about a year, by which time most of the fission products, even when concentrated, will have decayed to much safer levels. Particles injected into the troposphere by low-yield explosions and fires fall out more rapidly—by gravitational settling, rainout, convection, and other processes—before the radioactivity has decayed to moderately safe levels. Thus rapid fallout of tropospheric radioactive debris tends to produce larger doses of ionizing radiation than does the slower fallout of radioactive particles from the stratosphere.

Nuclear explosions of more than one-megaton yield generate a radiant fireball that rises through the troposphere into the stratosphere. The fireballs from weapons with yields between 100 kilotons and one megaton will partially extend into the stratosphere. The high temperatures in the fireball chemically ignite some of the mitrogen in the air, producing oxides of nitrogen, which in turn chemically attack and destroy the gas ozone in the middle stratosphere. But ozone absorbs the biologically dangerous ultraviolet radiation from the Sun. Thus the partial depletion of the stratospheric ozone layer, or "ozonosphere," by high-yield nuclear explosions will increase the flux of solar ultraviolet radiation at the surface of the Earth (after the soot and dust have settled out). After a nuclear war in which thousands of high-yield weapons are detonated, the increase in biologically dangerous ultraviolet light might be several hundred percent. In the more dangerous shorter wave-lengths, larger increases would occur. Nucleic acids and proteins, the fundamental molecules for life on Earth, are especially sensitive to ultraviolet radiation. Thus, an increase of the solar ultraviolet flux at the surface of the Earth is potentially dangerous for life.

These four effects—obscuring smoke in the troposphere, obscuring dust in the stratosphere, the fallout of radioactive debris, and the partial destruction of the ozone layer—constitute the four know principal adverse environmental consequences that occur after a nuclear war is "over." There may be others about which we are still ignorant. The dust and, especially, the dark soot absorb ordinary visible light from the Sun, heating the atmosphere and cooling the Earth's surface.

All four of these effects have been treated in our recent scientific investigation.[9] The study, known from the initials of its authors as TTAPS, for the first time demonstrates that severe and prolonged low temperatures would follow a nuclear war. (The study also explains the fact that no such climatic effects were detected after the detonation of hunderds of megatons during the period U.S.-Soviet atmospheric testing of nuclear weapons, ended by treaty in 1963: the explosions were sequential over many years, not virtually simultaneous; and occurring over scrub desert, coral atolls, tundra and wasteland, they set no fires.) The new results

have been subjected to detailed scrutiny, and half a dozen confirmatory calculations have now been made. A special panel appointed by the National Academy of Sciences to examine this problem has come to similar conclusions.[10]

Unlike many previous studies, the effects do not seem to be restricted to northern mid-latitudes, where the nuclear exchange would mainly take place. There is now substantial evidence that the heating by sunlight of atmospheric dust and soot over northern mid-latitude targets would profoundly change the global circulation. Fine particles would be transported across the equator in weeks, bringing the cold and the dark to the Southern Hemisphere. (In addition, some studies suggest that over 100 megatons would be dedicated to equatorial and Southern Hemisphere targets, thus generating fine particles locally.)[11] While it would be less cold and less dark at the ground in the Southern Hemisphere than in the Northern, massive climatic and environmental disruptions may be triggered there as well.

In our studies, several dozen different scenarios were chosen, covering a wide range of possible wars, and the range of uncertainty in each key parameter was considered (e.g., to describe how many fine particles are injected into the atmosphere). Five representative cases are shown in Table 1, below, ranging from a small low-yield attack exclusively on cities, utilizing, in yield, only 0.8 percent of the world strategic arsenals, to a massive exchange involving 75 percent of the world arsenals. "Nominal" cases assume the most probable parameter choices; "severe" cases assume more adverse parameter choices, but still in the plausible range.

TABLE 1.—NUCLEAR EXCHANGE SCENARIOS

Case	Total yield (MT)	Percent yield surface bursts	Percent yield urban or industrial targets	Warhead yield range (MT)	Total number of explosions
1. Baseline Case, countervalue and counterforce [1]	5,000	57	20	0.1–10	10,400
11. 3,000 MT nominal, counterforce only [2]	3,000	50	0	1–10	2,250
14. 100 MT nominal countervalue only [3]	100	0	100	.1	1,000
16. 5000 MT "severe," counterforce only [2 4]	5,000	100	0	5–10	700
17. 10,000 MT "severe," countervalue and counterforce [3 4]	10,000	63	15	.1–10	16,160

[1] In the Baseline Case, 12,000 square kilometers of inner cities are burned; on every square centimeter an average of 10 grams of combustibles are burned, and 1.1% of the burned material rises as smoke. Also, 230,000 square kilometers of suburban area burn, with 1.5 grams consumed at each square centimeter and 3.6% rising as smoke.

[2] In this highly conservative case, it is assumed that no smoke emission occurs, that not a blade of grass is burned. Only 25,000 tons of the fine dust is raised into the upper atmosphere for every megaton exploded.

[3] In contrast to the Baseline Case, only inner cities burn, but with 10 grams per square centimeter consumed and 3.3% rising as smoke into the high atmosphere.

[4] Here, the fine (submicron) dust raised into the upper atmosphere is 150,000 tons per megaton exploded.

Predicted continental temperatures in the Northern Hemisphere vary after the nuclear war according to the curves shown in Figure 1 on the following page. The high heat-retention capacity of water guarantees that oceanic temperatures will fall at most by a few degrees. Because temperatures are moderated by the adjacent oceans, temperature effects in coastal regions will be less extreme than in continental interiors. The temperatures shown in Figure 1 are average values for Northern Hemisphere land areas.

Even much smaller temperature declines are known to have serious consequences. The explosion of the Tambora volcano in Indonesia in 1815 led to an average global temperature decline of only 1°C, due to the obscuration of sunlight by the fine dust propelled into the stratosphere; yet the hard freezes the following year were so severe that 1816 has been known in Europe and America as "the year without a summer." A 1°C cooling would nearly eliminate wheat growing in Canada.[12] In the last thousand years, the maximum global or Northern Hemisphere temperature deviations have been around 1°C. In an Ice Age, a typical long-term temperature decline from preexisting conditions is about 10°C. Even the most modest of the cases illustrated in Figure 1 give temporary temperature declines of this order. The Baseline Case is much more adverse. Unlike the situation in an Ice Age, however, the global temperatures after nuclear war plunge rapidly and take only months to a few years to recover, rather than thousands of years. No new Ice Age is likely to be induced by a Nuclear Winter.

Because of the obscuration of the Sun, the daytime light levels can fall to a twilit gloom or worse. For more than a week in the northern mid-latitude target zone, it might be much too dark to see, even at midday. In Cases 1 and 14 (Table 1), hemispherically averaged light levels fall to a few percent of normal values, comparable to those at the bottom of a dense overcast. At this illumination, many plants are close to what is called the compensation point, the light level at which photosynthesis can barely keep pace with plant metabolism. In Case 17, illumination, averaged over the entire Northern Hemisphere, falls in daytime to about 0.1 percent of normal, a light level at which plants will not photosynthesize at all. For Cases 1 and especially 17, full recovery to ordinary daylight takes a year or more (Figure 1).

As the fine particles fall out of the atmosphere, carrying radioactivity to the ground, the light levels increase and the surface warms. The depleted ozone layer now permits ultraviolet light to reach the Earth's surface in increased proportions. The relative timing of the multitude of adverse consequences of a nuclear war is shown in Table 2, on the following page.

Perhaps the most striking and unexpected consequence of our study is that even a comparatively small nuclear war can have devastating climatic consequences, provided cities are targeted (see Case 14 in Figure 1; here, the centers of 100 major NATO and Warsaw Pact cities are burning). There is an indication of a very rough threshold at which severe climatic consequences are triggered—around a few hundred nuclear explosions over cities, for smoke generation, or around 2,000 to 3,000 high-yield surface bursts at, e.g., missile silos, for dust generation and ancillary fires. Fine particles can be injected into the atmosphere at increasing rates with only minor effects until these thresholds are crossed. Thereafter, the effects rapidly increase in severity.[13]

As in all calculations of this complexity, there are uncertainties. Some factors tend to work towards more severe or more prolonged effects; others tend to ameliorate the effects.[14] The detailed TTAPS calculations described here are one-dimensional; that is, they assume the fine particles to move vertically by all the appropriate laws of physics, but neglect the spreading in latitude and longitude. When soot or dust is moved away from the reference locale, things get better there and worse elsewhere. In addition, fine particles can be transported by weather systems to other locales, where they are carried more rapidly down to the surface. That would ameliorate obscuration not just locally but globally. It is just this transport away from the northern mid-latitudes that involves the equatorial zone and the Southern Hemisphere in the effects of the nuclear war. It would be helpful to perform an accurate three-dimensional calculation on the general atmospheric circulation following a nuclear war. Preliminary estimates suggest that circulation might moderate the low temperatures in the Northern Hemisphere predicted in our calculations by some 30 percent, lessening somewhat the severity of the effects, but still leaving them at catastrophic levels (e.g., a 30°C rather than a 40°C temperature drop). To provide a small margin of safety, we neglect this correction in our subsequent discussion.

There are also effects that tend to make the results much worse: for example, in our calculations we assumed that rainout of fine particles occurred through the entire troposphere. But under realistic circumstances, at least the upper troposphere may be very dry, and any dust or soot carried there initially may take much longer to fall out. There is also a very significant effect deriving from the drastically altered structure of the atmosphere, brought about by the heating of the clouds and the cooling of the surface. This produces a region in which the temperature is approximately constant with altitude in the lower atmosphere and topped by a massive temperature inversion. Particles throughout the atmosphere would then be transported vertically very slowly—as in the present stratosphere. This is a second reason why the lifetime of the clouds of soot and dust may be much longer than we have calculated. If so, the worst of the cold and the dark might be prolonged for considerable periods of time, conceivably for more than a year. We also neglect this effect in subsequent discussion.

Nuclear war scenarios are possible that are much worse than the ones we have presented. For example, if command and control capabilities are lost early in the war—by, say, "decapitation" (an early surprise attack on civilian and military headquarters and communications facilities)—then the war conceivably could be extended for weeks as local commanders make separate and uncoordinated decisions. At least some of the delayed missile launches could be retaliatory strikes against any remaining adversary cities. Generation of an additional smoke pall over a period of weeks or longer following the initiation of the war would extend the magnitude, but especially the duration of the climatic consequences. Or it is possible that more cities and forests would be ignited than we have assumed, or that smoke emissions would be larger, or that a greater fraction of the world arsenals would be committed. Less severe cases are of course possible as well.

These calculations therefore are not, and cannot be, assured prognostications of the full consequences of a nuclear war. Many refinements in them are possible and are being pursued. But there is general agreement on the overall conclusions: in the wake of a nuclear war there is likely to be a period, lasting at least for months, of extreme cold in a radioactive gloom, followed—after the soot and dust fallout—by an extended period of increased ultraviolet light reaching the surface.[15]

We now explore the biological impact of such an assault on the global environment.

III

The immediate human consequences of nuclear explosions range from vaporization of populations near the hypocenter, to blast-generated trauma (from flying glass, falling beams, collapsing skyscrapers and the like), to burns, radiation sickness, shock and severe psychiatric disorders. But our concern here is with longer-term effects.

It is now a commonplace that in the burning of modern tall buildings, more people succumb to toxic gases than to fire. Ignition of many varieties of building materials, insulation and fabrics generates large amounts of such pyrotoxins, including carbon monoxide, cyanides, vinyl chlorides, oxides of nitrogen, ozone, dioxins, and furans. Because of differing practices in the use of such synthetics, the burning of cities in North America and Western Europe will probably generate more pyrotoxins than cities in the Soviet Union, and cities with substantial recent construction more than older, unreconstructed cities. In nuclear war scenarios in which a great many cities are burning, a significant pyrotoxin smog might persist for months. the magnitude of this danger is unknown.

The pyrotoxins, low light levels, radioactive fallout, subsequent ultraviolet light, and especially the cold are together likely to destroy almost all of Northern Hemisphere agriculture, even for the more modest Cases 11 and 14. A 12° to 15°C temperature reduction by itself would eliminate wheat and corn production in the United States, even if all civil systems and agricultural technology were intact.[16] With unavoidable societal disruption, and with the other environmental stresses just mentioned, even a 3,000-megaton "pure" counterforce attack (Case 11) might suffice. realistically, many fires would be set even in such an attack (see below), and a 3,000-megaton war is likely to wipe out U.S. grain production. This would represent by itself and unprecedented global catastrophe: North American grain is the principal reliable source of export food on the planet, as well as an essential component of U.S. prosperity. Wars just before harvesting of grain and other staples would be incrementally worse than wars after harvesting. For many scenarios, the effects will extend (see Figure 2) into two or more growing seasons. Widespread fires and subsequent runoff of topsoil are among the many additional deleterious consequences extending for years after the war.

Something like three-quarters of the U.S. population lives in or near cities. In the cities themselves there is, on average, only about one week's supply of food. After a nuclear war it is conceivable that enough of present grain storage might survive to maintain, on some level, the present population for more than a year. But with the breakdown of civil order and transportation systems in the cold, the dark and the fallout, these stores would become largely inaccessible. Vast numbers of survivors would soon starve to death.

In addition, the sub-freezing temperatures imply, in many cases, the unavailability of fresh water. The ground will tend to be frozen to a depth of about a meter—incidentally making it unlikely that the hundreds of millions of dead bodies would be buried, even if the civil organization to do so existed. Fuel stores to melt snow and ice would be in short supply, and ice surfaces and freshly fallen snow would tend to be contaminated by radioactivity and pyrotoxins.

In the presence of excellent medical care, the average value of the acute lethal dose of ionizing radiation for healthy adults is about 450 rads. (As with many other effects, children, the infirm and the elderly tend to be more vulnerable.) Combined with the other assaults on survivors in the postwar environment, and in the probable absence of any significant medical care, the mean lethal acute dose is likely to decline to 350 rads or even lower. For many outdoor scenarios, doses within the fallout plumes that drift hundreds of kilometers downwind of targets are greater than the mean lethal dose. (For a 10,000-megaton war, this is true for more than 30 percent of northern mid-latitude land areas.) Far from targets, intermediate-timescale chronic doses from delayed radio-active fallout may be in excess of 100 rads for the baseline case. These calculations assume no detonations on nuclear reactors or fuel-reprocessing plants, which would increase the dose.

Thus, the combination of acute doses from prompt radioactive fallout, chronic doses from the delayed intermediate-timescale fallout, and internal doses from food and drink are together likely to kill many more by radiation sickness. Because of acute damage to bone marrow, survivors would have significantly increased vulnerability to infectious diseases. Most infants exposed to 100 rads as fetuses in the first two trimesters of pregnancy would suffer mental retardation and/or other serious birth defects. Radiation and some pyrotoxins would later produce neoplastic diseases and genetic damage. Livestock and domesticated animals, with fewer resources, vanishing food supplies and in many cases with greater sensitivity to the stresses of nuclear war than human beings, would also perish in large numbers.

These devastating consequences for humans and for agriculture would not be restricted to the locales in which the war would principally be "fought," but would extend throughout northern mid-latitudes and, with reduced but still significant severity, probably to the tropics and the Southern Hemisphere. The bulk of the world's grain exports originate in northern mid-latitudes. Many nations in the developing as well as the developed world depend on the import of food. Japan, for example, imports 75 percent of its food (and 99 percent of its fuel). Thus, even if there were no climatic and radiation stresses on tropical and Southern Hemisphere societies—many of them already at subsistence levels of nutrition—large numbers of people there would die of starvation.

As agriculture breaks down worldwide (possible initial exceptions might include Argentina, Australia and South Africa if the climatic impact on the Southern Hemisphere proved to be minimal), there will be increasing reliance on natural ecosystems—fruits, tubers, roots, nuts, etc. But wild foodstuffs will also have suffered from the effects of the war. At just the moment that surviving humans turn to the natural environment for the basis of life, that environment would be experiencing a devastation unprecedented in recent geological history.

Two-thirds of all species of plants, animals, and microorganisms on the Earth live within 25° of the equator. Because temperatures tend to vary with the seasons only minimally at tropical latitudes, species there are especially vulnerable to rapid temperature declines. In past major extinction events in the paleontological record, there has been a marked tendency for tropical organisms to show greater vulnerability than organisms living at more temperate latitudes.

The darkness alone may cause a collapse in the aquatic food chain in which sunlight is harvested by phytoplankton, phytoplankton by zooplankton, zooplankton by small fish, small fish by large fish, and occasionally, large fish by humans. In many nuclear war scenarios, this food chain is likely to collapse at its base for at least a year and is significantly more imperiled in tropical waters. The increase in ultraviolet light available at the surface of the earth approximately a year after the war provides an additional major environmental stress that by itself has been described as having "profound consequences" for aquatic, terrestrial and other ecosystems.[17]

The global ecosystem can be considered an intricately woven fabric composed of threads contributed by the millions of separate species that inhabit the planet and interact with the air, the water and the soil. The system has developed considerable resiliency, so that pulling a single thread is unlikely to unravel the entire fabric. Thus, most ordinary assaults on the biosphere are unlikely to have catastrophic consequences. For example, because of natural small changes in stratospheric ozone abundance, organisms have probably experienced, in the fairly recent geologic past, ten percent fluctuations in the solar near-ultraviolet flux (but not fluctuations by factors of two or more). Similarly, major continental temperature changes of the magnitude and extent addressed here may not have been experienced for tens of thousands and possibly not for millions of years. We have no experimental information, even for aquaria or terraria, on the simultaneous effects of cold, dark, pyrotoxins, ionizing radiation, and ultraviolet light as predicted in the TTAPS study.

Each of these factors, taken separately, may carry serious consequences for the global ecosystem: their interactions may be much more dire still. Extremely worrisome is the possibility of poorly understood or as yet entirely uncontemplated synergisms (where the net consequences of two or more assaults on the environment are much more than the sum of the component parts). For example, more than 100 rads (and possibly more than 200 rads) of external and ingested ionizing radiation is likely to be delivered in a very large nuclear war to all plants, animals and unprotected humans in densely populated regions of northern mid-latitudes. After the soot and dust clear, there can, for such wars, be a 200 to 400 percent increment in the solar ultraviolet flux that reaches the ground, with an increase of many orders of magnitude in the more dangerous shorter-wavelength radiation. Together, these radiation assaults are likely to suppress the immune systems of humans and other species, making them more vulnerable to disease. At the same time, the high ambient-radiation fluxes are likely to produce, through mutation, new varieties of microorganisms, some of which might become pathogenic. The preferential radiation sensitivity of birds and other insect predators would enhance the proliferation of herbivorous and pathogen-carrying insects. Carried by vectors with high radiation tolerance, it seems possible that epidemics and global pandemics would propogate with no hope of effective mitigation by medical care, even with reduced population sizes and greatly restricted human mobility. Plants, weakened by low temperatures and low light levels,

and other animals would likewise be vulnerable to preexisting and newly arisen pathogens.

There are many other conceivable synergisms, all of them still poorly understood because of the complexity of the global ecosystem. Every synergism represents an additional assault, of unknown magnitude, on the global ecosystem and its support functions for humans. What the world would look like after a nuclear war depends in part upon the unknown synergistic interaction of these various adverse effects.

We do not and cannot know that the worst would happen after a nuclear war. Perhaps there is some as yet undiscovered compensating effect or saving grace—although in the past, the overlooked effects in studies of nuclear war have almost always tended toward the worst. But in an uncertain matter of such gravity, it is wise to contemplate the worst, especially when its probability is not extremely small. The summary of the findings of the group of 40 distinguished biologists who met in April 1983 to assess to TTAPS conclusions is worthy of careful consideration.[18]

Species extinction could be expected for most tropical plants and animals, and for most terestrial vertebrates of north temperate regions, a large number of plants, and numerous freshwater and some marine organisms. . . . Whether any people would be able to persist for long in the face of highly modified biological communities; novel climates; high levels of radiation; shattered agricultural, social, and economic systems; extraordinary psychological stresses; and a host of other difficulties is open to question. It is clear that the ecosystem effects *alone* resulting from a large-scale thermonuclear war could be enough to destroy the current civilization in at least the Northern Hemisphere. Coupled with the direct casualties of perhaps two billion people, the combined intermediate and long-term effects of nuclear war sugget that eventually there might be no human survivors in the Northern Hemisphere.

Furthermore, the scenario described here is by no means the most severe that could be imagined with present world nuclear arsenals and those contemplated for the near future. In almost any realistic case involving nuclear exchanges between the superpowers, global environmental changes sufficient to cause an extinction even equal to or more severe than that at the close of the Cretaceous when the dinsosaurs and many other species died out are likely. In that event, the possibility of the extinction of *Homo sapiens* cannot be excluded.

The foregoing probable consequences of various nuclear war scenarios have implications for doctrine and policy. Some have argued that the difference between the deaths of several hundred million people in a nuclear war (as has been thought until recently to be a reasonable upper limit) and the death of every person on Earth (as now seems possible) is only a matter of one order of magnitude. For me, the difference is considerably greater. Restricting our attention only to those who die as a consequence of the war conceals its full impact.

If we are required to calibrate extinction in numerical terms, I would be sure to include the number of people in future generations who would not be born. A nuclear war imperils all of our descendants, for as long as there will be humans. Even if the population remains static, with an average lifetime of the order of 100 years, over a typical time period for the biological evolution of a successful species (roughly ten million years), we are talking about some 500 trillion people yet to come. By this criterion, the stakes are one million times greater for extinction than for the more modest nuclear wars that kill "only" hundreds of millions of people.

There are many other possible measures of the potential loss—including culture and science, the evolutionary history of the planet, and the significance of the lives of all of our ancestors who contributed to the future of their descendants. Extinction is the undoing of the human enterprise.

For me, the new results on climatic catastrophe raise the stakes of nuclear war enormously. But I recognize that there are those, including some policymakers, who feel that the increased level of fatalities has little impact on policy, but who nevertheless acknowledge that the newly emerging consequences of nuclear war may require changes in specific points of strategic doctrine. I here set down what seem to me some of the more apparent such implications, within the context of present nuclear stockpiles. The idea of a crude threshold, very roughly around 500 to 2,000 warheads, for triggering the climatic catastrophe will be central to some of these considerations. (Such a threshold applies only to something like the present distribution of yields in the strategic arsenals. Drastic conversion to very low-yield arsenals—see below—changes some of the picture dramatically.) I hope others will constructively examine these preliminary thoughts and explore additional implications of the TTAPS results.

1. *First Strike.* The mirving of missiles (the introduction of multiple warheads), improvements in accuracy, and other developments have increased the perceived temptation to launch a devastating first strike against land targets—even though both sides retain a powerful retaliatory force in airborne bombers and submarines at sea. Much current concern and national rhetoric is addressed to the first-strike capability of extant or proposed weapons systems. The mere capability of a first strike creates incentives for a preemptive attack. Launch-on-warning and simultaneous release of all strategic weapons are two of several ominous and destabilizing innovations contrived in response to the fear of a first strike.

The number of U.S. land-based strategic missiles is about 1,050; for the Soviet Union, about 1,400. In addition, each side has at least several dozen dedicated and alternative strategic bomber bases and airstrips, as well as command and control facilities, submarine ports and other prime strategic targets on land. Each target requires—for high probability of its destruction—two or perhaps three attacking warheads. Thus, a convincing first strike against land targets requires at least 2,200 and perhaps as many as 4,500 attacking warheads. Some—for example, to disable bombers that succeed in becoming airborne just before the first strike—would detonate as airbursts. While many missile silos, especially in the United States, are surrounded by farmland and brush, other strategic targets, especially in Europe and Asia, are sufficiently near forests or urban areas for major conflagrations to be set, even in a "pure" counterforce attack. Accordingly, a major first strike would be clearly in the vicinity of, and perhaps well over, the climatic threshold.

A counterforce first strike is unlikely to be completely effective. Perhaps 10 to 40 percent of the adversary's silos and most of its airborne bombers and submarines at sea will survive, and *its* response may not be against silos, but against cities. Ten percent of 5,000-warhead strategic arsenal is 500 warheads: distributed over cities, this seems by itself enough to trigger a major climatic catastrophe.

Such a first strike scenario, in which the danger to the aggressor nation depends upon the unpredictable response of the attacked nation, seems risky enough. (The hope for the aggressor nation is that its retained second-strike force, including strategic submarines and unlaunched land-based missiles, will intimidate the adversary into surrender rather than provoke it into retaliation.) But the decision to launch a first strike that is tantamount to national suicide for the aggressor—*even if the attacked nation does not lift a finger to retaliate*—is a different circumstance altogether. If a first strike gains no more than a pyrrhic victory of ten days' duration before the prevailing winds carry the nuclear winter to the aggressor nation, the "attractiveness" of the first strike would seem to be diminished significantly.

A Doomsday Machine is useless if the potential adversary is ignorant of its presence.[19] But since many distinguished scientists, both American and Soviet, have participated vigorously in recent studies of the climatic consequences of nuclear war, since there appears to be no significant disagreement in the conclusions, and since policymakers will doubtless be apprised of these new results, it would appear that a decision to launch a major first strike is now much less rational, and therefore, perhaps, much less probable. The better political leaders understand the nuclear winter, the more secure are such conclusions.

If true, this should have cascading consequences for specific weapons systems. Further, the perceived vulnerability to a first strike has been a major source of stress and fear, and thereby a major spur to the nuclear arms race. Knowledge that a first strike is now less probable might make at least some small contribution to dissipating the poisonous atmosphere of mistrust that currently characterizes Soviet-American relations.

2. *Sub-threshold War.* Devastating nuclear wars that are nevertheless significantly below the threshold for severe climatic consequences certainly seem possible—for example, the destruction of 10 or 20 cities, or 100 silos of a particularly destabilizing missile system. Nevertheless, might some nation be tempted to initiate or engage in a much larger, but still reliably sub-threshold nuclear war? The hope might be that the attacked adversary would be reluctant to retaliate for fear of crossing the threshold.

This is not very different from the hope that a counterforce first strike would not be followed by a retaliatory strike, because of the aggressor's retention of an invulnerable (for example, submarine-based) second-strike force adequate to destroy populations and national economies. It suffers the same deficiency—profound uncertainty about the likely response.

The strategic forces of the United States or the Soviet Union—even if they were all at fixed sites—could not be destroyed in a reliably sub-threshold war: there are too many essential targets. Thus, a sub-threshold first strike powerfully provokes the attacked nation and leaves much of its retaliatory force untouched. It is easy to imagine a nation, having contemplated becoming the object of a sub-threshold first strike, planning to respond in kind, because it judges

that failure to do so would itself invite attack. Retaliation could occur immediately against a few key cities—if national leaders were restrained and command and control facilities intact—or massively, months later, after much of the dust and smoke have fallen out, extending the duration but ameliorating the severity of the net climatic effects.

This, however, may not be the case for such nations as Britain, France or China. Because of the marked contiguity of strategic targets and urban areas in Europe, the climatic threshold for attacks on European nuclear powers may be significantly less than for the United States or the Soviet Union. Provided it could be accomplished without triggering a U.S.-Soviet nuclear war, first strikes against all the fixed-site strategic forces of one of these nations might not trigger the climatic catastrophe. Nevertheless, the invulnerable retaliatory capability of these nations—especially the ballistic-missile submarines of Britain and France—makes such a first strike unlikely.

3. *Treaties on Yields and Targeting.* I would not include this possibility, except that it has been mentioned publicly by a leading American nuclear strategist. The proposal has two parts. The first is to ban by treaty all nuclear warheads with yields in excess of 300 or 400 kilotons. The fireballs from warheads of higher yields mainly penetrate into the stratosphere and work to deplete the ozonosphere.

The reconversion of nuclear warheads to lower individual yields would reduce (although not remove) the threat of significantly enhanced ultraviolet radiation at the surface of the Earth, but would in itself have no bearing on the issue of climatic catastrophe, and would increase the intermediate-timescale radioactive fallout. Within the present strategic arsenals, there is no mix of yields that simultaneously minimizes ionizing radiation from fallout and ultraviolet radiation from the Sun.

As delivery system accuracy has progressively improved, there has been a corresponding tendency toward the deployment of lower-yield warheads, although not through any concern about the integrity of the ozonosphere. There is also a trend toward higher fission fractions, implying more radioactive fallout. Limitations on the sizes and therefore, to some extent, on the yields of new warheads are part of recent U.S. arms control proposals. With the bulk of Soviet strategic warheads having yields larger than their U.S. counterparts, however, treaties limiting high yields place greater demands on Soviet than on U.S. compliance. Moreover, to enforce a categorical yield ceiling seems to imply verification problems of some difficulty.

The second part of the proposal is to guarantee by treaty that cities would not be targeted. Then the worst of the climatic effects might be avoided, although the climatic consequences of "pure" counterforce exchanges can still be extremely serious (Figure 1). The encoding of targeting coordinates, however, is in principle done remotely, and involves different coordinates for each warhead. Even if we could imagine international inspection teams descending unannounced on Soviet or American missile silos to inspect the targeting coordinated, an hour later the coordinates could be returned to those appropriate for cities.

Targeting policy is among the most sensitive aspects of nuclear strategy, and maintaining uncertainty about targeting policy is thought to be an essential component of U.S. deterrence. The proposal is unlikely to be received warmly by the U.S. Joint Strategic Targeting Staff or its Soviet counterpart. It is also difficult to understand how those skeptical of the verifiability by reconnaissance satellites of SALT II provisions on the deployment of missiles ten meters long can rest easy about verification of treaties controlling what is encoded in a microchip one millimeter long. Nevertheless, a symbolic, unverifiable targeting treaty, entered into because both sides recognize that it is not in their interest to target cities, might have some merit.

4. *Transition to Low-Yield High-Accuracy Arsenals.* A conceivable response to the prospect of climatic catastrophe might be to continue present trends toward lower-yield and higher-accuracy missiles, perhaps accompanied by development of the technology for warheads to burrow sub-surface before detonating. Payloads have been developed for the Pershing II missile that use radar area-correlators for target recognition and terminal guidance; the targeting probable error is said to be 40 meters.[20] It is evident that a technology is gradually emerging that could permit delivery accuracies of 35 meters or better over intercontinental ranges.

It is evident as well that burrowing technology is also under rapid development.[21] A one-kiloton burst, two to three meters subsurface, will excavate a crater roughly 60 meters across.[22] Clearly, high-accuracy penetrating warheads in the one-to-ten-kiloton range would be able, with high reliability, to destroy even very hardened silos and underground command posts.

Low-yield sub-surface explosions of this sort cannot threaten the ozonosphere. They minimize fires, soot, stratospheric dust and radioactive fallout. Even several thousand simultaneous such detonations, might not trigger the nuclear winter. Similar technology might be used for pinpoint attacks on military/industrial targets in urban areas. Thus, the TTAPS results will probably lead to calls for further improvements in high-accuracy earth-burrowing warheads.

There are, I think, a number of difficulties with this proposal, as attractive as it seems in a strictly military context. A world in which the nuclear arsenals were completely converted to a relatively small number of burrowing low-yield warheads would be much safer in terms of the climatic catastrophe. But such warheads are provocative. They are the perfect post-TTAPS first-strike weapon. Their development might well be taken as a serious interest in making a climatically safe but disabling first strike. Greatly expanded deployment of anti-ballistic missiles might be one consequence of their buildup.

Retaliation from surviving silos, aircraft and especially submarines, as discussed above, is likely, whatever the disposition of yields in a first strike. Also, arsenals cannot be converted instantaneously. There would be a very dangerous and protracted transition period in which enough newer weapons are deployed to be destabilizing, and enough older weapons are still in place to trigger the nuclear winter.

However, if the inventories of modern higher-yield (more than ten kiloton) warheads were first brought below threshold, a coordinated U.S.-Soviet deployment of low-yield burrowers might be accomplished in somewhat greater safety. On many launchers, each with a single warhead, they might provide a useful reassurance to defense ministries at some points in the transition process. At any rate, the dramatic reduction of arsenals necessary to go below threshold before larger-scale burrower deployment is indistinguishable from major arms reduction for its own sake see (see below).

5. *Consequences for the Developing World.* Before the TTAPS calculations were performed, it was possible to argue that the developing world would be severely affected by secondary economic consequences, but not fundamentally destroyed by a northern midlatitude nuclear war. Now it seems more likely that nations having no part in the conflict—even nations entirely neutral in the global confrontation between the United States and the Soviet Union—might be reduced to prehistoric population levels and economies, or worse. Nations between 70°N and 30°S, nations with marginal economies, nations with large food imports or extensive malnutrition today, and nations with their own strategic targets are particularly at risk.

Thus, the very survival of nations distant from any likely nuclear conflict can now be seen to depend on the prudence and wisdom of the major nuclear powers. India, Brazil, Nigeria or Saudi Arabia could collapse in a nuclear war without a single bomb being dropped on their territories.[23]

Quite apart from any concern about the deflection of world financial, technical and intellectual resources to the nuclear arms race, the prospect of nuclear war now clearly and visibly threatens every nation and every person on the planet. The diplomatic and economic pressure accordingly placed on the five nuclear powers by the other nations of the world, concerned about their own survival, could be at least marginally significant.

6. *Shelters.* The usual sorts of shelters envisioned for civilian populations are ineffective even for the nuclear war consequences known before the TTAPS study. The more ambitious among them include food and water for a week or two, modest heating capabilities, rudimentary sanitary and air filtration facilities and no provisions for the psychological burdens of an extended stay below ground with unknown climatic and ecological consequences propagating overhead. The kinds of shelters suitable for prolonged subfreezing temperatures, high radiation doses, and pyrotoxins would have to be very much more elaborate—quite apart from the question of what good it would be to emerge six or nine months later to an ultraviolet-bathed and biological depauperate surface, with insect pests proliferating, disease rampant, and the basis of agriculture destroyed.

Appropriate shelters, able to service individual families or family groups for months to a year, are too expensive for most families even in the affluent West. The construction of major government shelters for civilian populations would be enormously expensive as well as in itself potentially destabilizing. The prospect of the climatic catastrophe also heightens the perceived inequity between government leaders and (in some cases) their families, provided elaborate shelters, and the bulk of the civilian population, unable to afford even a minimally adequate shelter.

But even if it were possible to build perfectly effective shelters for the entire populations of the United States and the Soviet Union, this would in no way address the danger to which the rest of the world would be put. Shelters for the combatant nations under circumstances in which only their citizens are threatened are one thing. Shel-

ters for the combatant nations when gravely threatened noncombatant nations have only rudimentary or nonexistent shelters are a very different matter.

7. *Ballistic-Missile Defense Systems.* It might be argued that the prospect of a climatic catastrophe strengthens whatever arguments there may be for ground-based or space-based ballistic missile defense (BMD) systems, as proposed by President Reagan in his March 23, 1983 "Star Wars" speech. There are grave technical, cost and policy difficulties with such proposals.[24] Even advocates do not envision it being fully operational in less than two or three decades.

Optimistic informed estimates of porosity or "penetrance" (the fraction of attacking missiles successfully detonating at their targets despite the BMD) are no lower than 5 to 30 percent. The present world arsenal of strategic warheads is so much greater than the threshold for climatic catastrophe that, even if 5 to 30 percent of attacking missiles get through in something like a full exchange, the catastrophe could be triggered. And most competent estimates put the porosity—at least for the foreseeable future—at 50 percent to 99 percent. Further, one likely response to an adversary's anticipated deployment of BMD systems would be a proportionate increase in the stockpiles of offensive warheads in compensation.

There are three phases in the trajectories of incoming missiles when they might be attacked: boost phase, midcourse phase, and terminal phase. Boost-phase and midcourse interception would, at best, require an untried technology deployed at scales never before attempted. Only terminal-phase BMDs exist at the present time (antiballistic missiles or ABMs), and even they, ineffective as they are, may require ruinous capital investments before they can provide meaningful levels of defense. Developments in terminal-phase maneuverability of attacking warheads are likely to raise the price tag of an effective BMD sharply again. Even in the best of circumstances, offense will be more effective and less costly than defense.

Finally, terminal-phase interception, generally effective only for hard-target defense, is characteristically designed to occur at very low altitudes. There would be an advantage to the offense if it fused the incoming missiles so they would explode if attacked ("sympathetic detonation"). In some schemes, the BMD itself involves nuclear warheads exploded near the ground. A fair fraction of hard targets especially in Europe and the Soviet Union, are within a few tens of kilometers of cities or forests. Thus, the most readily deployable BMD suffers the disability, when it works at all, of generating fires contributory to a climatic catastrophe, quite apart from its porosity.

8. *Other Possibilities.* There are a number or other conceivable responses to the climatic catastrophe, some even more desperate than those discussed above. For example, a nation might relocate its silos and mobile launchers (the latter inviting barrage attack) to cities and forests to guarantee that a barely adequate counterforce first strike by its adversary would trigger a global climatic catastrophe with high confidence. Or nations with small nuclear arsenals or marginal strategic capability might contemplate amassing a threshold arsenal of some 500 to 2,000 deliverable warheads in order to be taken seriously in "great power" politics.

But these and similar contrivances increase the probability of nuclear war or the dangers attendant to nuclear war sufficiently that they are likely to be rejected by the nation contemplating such moves or, failing that, by other nations. Major relocations of strategic weapons systems or the deployment of new strategic arsenals are readily detectable by national technical means.

V

None of the foregoing possible strategic and policy responses to the prospect of a nuclear war-triggered climatic castastrophe seem adequate even for the security of the nuclear powers, much less for the rest of the world. The prospect reinforces, in the short run, the standard arguments for strategic confidence-building, especially between the United States and the Soviet Union; for tempering puerile rhetoric; for resisting the temptation to demonize the adversary; for reducing the likelihood of strategic confrontations arising from accident or miscalculation; for stabilizing old and new weapons systems—for example, by de-MIRVing missiles; for abandoning nuclear-war-fighting strategies and mistrusting the possiblity of "containment" of a tactical or limited nuclear war; for considering safe unilateral steps, such as the retiring of some old weapons systems with very high-yield warheads; for improving communications at all levels, especially among general staffs and between heads of governments; and for public declarations of relevant policy changes. The United States might also contemplate ratification of SALT II and of the 1948 U.N. Convention of the Prevention and Punishment of the Crime of Genocide (ratified by 92 nations, including the Soviet Union).

Both nations might consider abandoning apocalyptic threats and doctrines. To the extent that these are not credible, they undermine deterrence; to the extent that they are credible, they set in motion events that tend toward apocalyptic conclusions.

In the long run, the prospect of climatic catastrophe raises real questions about what is meant by national and international security. To me, it seems clear that the species is in grave danger at least until the world arsenals are reduced below the threshold for climatic catastrophe; the nations and the global civilization would remain vulnerable even at lower inventories. It may even be that, now, the only credible arsenal is below threshold. George Kennan's celebrated proposal[25] to reduce the world arsenals initially to 50 percent of their current numbers is recognized as hard enough to implement. But it would be only the first step toward what is now clearly and urgently needed—a more than 90-percent reduction (Kennan proposed an ultimate reduction of more than 84 percent—adequate for strategic deterrence, if that is considered essential, but unlikely to trigger the nuclear winter. Still further reductions could then be contemplated.

The detonation of weapons stockpiles near or above threshold would be, we can now recognize, in contravention of the 1977 Geneva Convention on The Hostile Use of Environmental Modification Techniques, signed by 48 nations and duly ratified by the Soviet Union and the United States.[26] And Article 6 of the 1968 Nuclear Non-Proliferation Treaty requires the United States and the Soviet Union, among other signatory states, "to pursue negotiations in good faith on effective measures relating to cessation of the nuclear arms race at an early date and to nuclear disarmament. . . ." I do not imagine that these treaties can, by themselves, play a determining role in producing major reductions in the world strategic arsenals, but they establish some sense of international obligation and can at least expedite urgent bilateral and multilateral consultations.

VI

We have, by slow and imperceptible steps, been constructing a Doomsday Machine. Until recently—and then, only by accident—no one even noticed. And we have distributed its triggers all over the Northern Hemisphere. Every American and Soviet leader since 1945 has made critical decisions regarding nuclear war in total ignorance of the climatic catastrophe. Perhaps this knowledge would have moderated the subsequent course of world events and, especially, the nuclear arms race. Today, at least, we have no excuse for failing to factor the catastrophe into long-term decisions on strategic policy.

Since it is the soot produced by urban fires that is the most sensitive trigger of the climatic catastrophe, and since such fires can be ignited even by low-yield strategic weapons, it appears that the most critical ready index of the world nuclear arsenals, in terms of climatic change, may be the total number of strategic warheads. (There is some dependence on yield, to be sure, and future very low-yield, high-accuracy burrowing warheads could destroy strategic targets without triggering the nuclear winter, as discussed above.) For other purposes there are other indices—numbers of submarine-launched warheads, throw-weight (net payload deliverable to target), total megatonnage, etc. From different choices of such indices, different conclusions about strategic parity can be drawn. In the total number of strategic warheads, however, the United States is "ahead" of the Soviet Union and always has been.

Very roughly, the level of the world strategic arsenals necessary to induce the climatic catastrophe seems to be somewhat around 500 to 2,000 warheads—an estimate that may be somewhat high for airbursts over cities, and somewhat low for high-yield ground-bursts. The intrinsic uncertainty in this number is itself of strategic importance, and prudent policy would assume a value below the low end of the plausible range.

National or global inventories above this rough threshold move the world arsenals into a region that might be called the "Doomsday Zone." If the world arsenals were well below this rough threshold, no concatenation of computer malfunction, carelessness, unauthorized acts, communications failure, miscalculation and madness in high office could unleash the nuclear winter. When global arsenals are above the threshold, such a catastrophe is at least possible. The further above threshold we are, the more likely it is that a major exchange would trigger the climatic catastrophe.

Traditional belief and childhood experience teach that more weapons buy more security. But since the advent of nuclear weapons and the acquisition of a capacity for "overkill," the possibility has arisen that, past a certain point, more nuclear weapons do not increase national security. I wish here to suggest that, beyond the climatic threshold, an increase in the number of strategic weapons leads to a pronounced *decline* in national (and global) security. National security is not a zero-sum game. Strategic insecurity of one adversary almost always means strategic insecurity for the other. Conventional pre-1945 wisdom, no matter how deeply felt, is not an adequate guide in an age of apocalyptic weapons.

If we are not content with world inventories above the threshold, we are saying that it is safe to trust the fate of our global civilization and perhaps our species to all leaders, civilian and military, of all present and future major nuclear powers; and to the command and control efficiency and technical reliability in those nations now and in the indefinite future. For myself, I would far rather have a world in which the climatic catastrophe cannot happen, independent of the vicissitudes of leaders, institutions and machines. This seems to me elementary planetary hygiene, as well as elementary patriotism.

Something like a thousand warheads (or a few hundred megatons) is of the same order as the arsenals that were publicly announced in the 1950s and 1960s as an unmistakable strategic deterrent, and as sufficent to destroy either the United States or the Soviet Union "irrecoverably." Considerably smaller arsenals would, with present improvements in accuracy and reliability, probably suffice. Thus it is possible to contemplate a world in which the global strategic arsenals are below threshold, where mutual deterrence is in effect to discourage the use of those surviving warheads, and where, in the unhappy event that some warheads are detonated, there is little likelihood of the climatic catastrophe.[27]

To achieve so dramatic a decline in the global arsenals will require not only heroic measures by both the United States and the Soviet Union—it will also require consistent action by Britain, France and China, especially when the U.S. and Soviet arsenals are significantly reduced. Currently proposed increments in the arsenals at least of France would bring that nation's warhead inventory near or above threshold. I have already remarked on the strategic instability, in the context of the climatic catastrophe only, of the warhead inventories of these nations. But if major cuts in the U.S. and Soviet arsenals were under way, it is not too much to hope that the other major powers would, after negotiations, follow suit. These considerations also underscore the danger of nuclear weapons proliferation to other nations, especially when the major inventories are in steep decline.

Figure 2, on the following page, illustrates the growth of the American and Soviet strategic inventories from 1945 to the present.[28] To minimize confusion in the figure, the British, French and Chinese arsenals are not shown; they are, however, as just mentioned, significant on the new scale of climatically arsenals. We see from the figure that the United States passed the Doomsday Threshold around 1953, and the Soviet Union not until about 1966. The largest disparity in the arsenals was in 1961 (a difference of some 6,000 warheads). At the present time the disparity is less than it has been in any year since 1955. A published extrapolation of the present strategic arsenals into 1985 is shown as dashed, nearly vertical lines, accommodating new U.S. (Pershing II, cruise, MX and Trident) and Soviet (SS-21, -22, -23) strategic systems. If these extrapolations are valid, the United States and the Soviet Union would have almost identical numbers of inventories by the late 1980s.

The uppermost (dash-dot) curve in Figure 2 shows the total U.S. and Soviet arsenals (essentially the world arsenals) climbing upward since about 1970 with a very steep slope, the slope steepening still more if the projection is valid. Such exponential or near-exponential runaways are expected in arms races where each side's rate of growth is proportional to its perception of the adversay's weapons inventory; but it is likewise clear that such rapid growth cannot continue indefinitely. In all natural and human systems, such steep growth rates are eventually stopped, often catastrophically.

It is widely agreed—although different people have different justifications for this conclusion—that world arsenals must be reduced significantly. There is also general agreement, with a few demurrers, that at least the early and middle stages of a significant decline can be verified by national technical means and other procedures. The first stage of major arms reduction will have to overcome a new source of reluctance, when almost all silos could be reliably destroyed in a sub-threshold first strike. To overcome this reluctance, both sides will have prudently maintained an invulnerable retaliatory force, which itself would later move to subthreshold levels. (It would even be advantageous to each nation to provide certain assistance in the development of such a force by the other.)

As arsenals are reduced still further, the fine tuning of the continuing decline may have to be worked out very carefully and with additional safeguards to guarantee continuing rough strategic parity. As threshold inventories are approached, some verifiable upper limits on yields as well as numbers would have to be worked out, to minimize the burning of cities if a nuclear conflict erupted. On the other hand, the deceleration of the arms race would have an inertia of its own, as the acceleration does; and successful first steps would create a climate conducive to subsequent steps.

There are three proposals now prominently discussed in the United States: Nuclear Freeze, Build-Down, and Deep Cuts. Their possible effects are diagrammed in Figure 2. They are by no means mutually exclusive, nor do they exhaust the possible approaches. A negotiated Freeze would at least prevent the continuing upward escalation in stockpiles, would forestall the deployment of more destabilizing systems, and would probably be accompanied by agreement on immediate annual phased reductions (the curved lines in the middle to late 1980s in Figure 2). To reduce the perceived temptation for a first strike, de-MIRVing of missiles during arms reduction may be essential.

The most commonly cited method of following the Freeze with reductions is incorporated in the Kennedy-Hatfield Freeze Resolution: percentage reductions. Under this approach, the two sides would agree on a percentage—often quoted as being between five percent and ten percent—and would agree to decrease deployed warheads by that percentage annually. The percentage reduction method was proposed to the Soviet Union by the United States at the Vienna Summit in June 1979 and was to be applied to the limits and sub-limits of the SALT II accords until these reached a reduction of 50 percent.

The Build-Down proposal is one in which modernization is permitted, but each side must pay a price in additional reductions of warheads for each warhead mounted on a modernized missile. In many current versions of the proposal, it would also require both sides to decrease their total warhead inventories by about five percent a year (again, the percentage annual reduction approach), to ensure that at least some reductions would take place even if modernization did not. The rate of decline for Build-Down illustrated in Figure 2 is essentially that of Representative Albert Gore (D.-Tenn.), in which rough parity at 8,500 warheads each is adopted as a goal for 1991-92, and the levels are reduced to 6,500 warheads each by 1997.[29]

There is concern that the "modernization" of strategic systems that Build-Down encourages might open the door to still more destabilizing weapons. It is also by no means clear that all proponents of Build-Down envision further reductions below the interim goal of about 5,000 warheads each for the United States and Soviet Union. If this rate of Build-Down continued indefinitely, the two nations would not cross back below threshold until about the year 2020. As dramatic a change from the present circumstances as this represents, in light of the present global crisis, it is, I think, too leisurely a pace.

Deep Cuts, originally advocated by George Kennan and Noel Gayler[30] as an initial halving of the global arsenals in some relatively short period of time, proposes the turning in of the fission triggers of thermonuclear weapons, deployed or undeployed, to a binational or multinational authority, with the triggers subsequently gainfully consumed in nuclear power plants (the ultimate in beating swords into plowshares). A highly schematic curve for something like Deep Cuts is also shown in Figure 2, starting from Gore's assumption of parity by 1991-92. Halving of the present global arsenals would then occur around 1995, and the global arsenals would return to below the Doomsday Threshold by the year 2000.

The actual shape of these declining curves would very likely have kinks and wiggles in them to accommodate the details of a bilaterally—and eventually multilaterally—agreed-upon plan to reduce the arsenals without compromising the security of any of the nuclear powers. The Deep Cuts curve shown has a rate of decline only about as steep as the rate of rise beginning in 1970. Much steeper declines may be feasible and should be considered.

No one contends it will be easy to reverse the nuclear arms race. It is required at least for the same reasons that were used to justify the arms race in the first place—the national security of the United States and the Soviet Union. It is necessarily an enterprise of great magnitude. John Stuart Mill said: "Against a great evil, a small remedy does not produce a small result. It produces no result at all." But if the same technical ingenuity, dedication and resources were devoted to the downward slopes in Figure 2 as to the upward slopes, there is no reason to doubt that it could be negotiated safely.

In the deployment of more stabilizing weapons systems, in the possible development—especially in later stages of arms reductions—of novel means of treaty verification, and (perhaps) in the augmentation of conventional armaments, it will, of course, be expensive.

But, given the stakes, prudent nuclear power should be willing to spend more every year to defuse the arms race and prevent nuclear war than it does on all military preparedness. For comparison, in the United States the annual budget of the Department of Defense is about 10,000 times that of the Arms Control and Disarmament Agency, quite apart from any questions about the dedication and effectiveness of the ACDA. The equivalent disparity is even greater in many other nations. I believe that the technical side of guaranteeing a major multilateral and strategically secure global arms reduction can be devised and de-

ployed for considerably less—perhaps even a factor of 100 less—than the planet's direct military expenditures of $540 billion per year.[31]

Such figures give some feeling for the chasm that separates a prudent policy in face of our present knowledge of nuclear war from the actual present polices of the nuclear powers. Likewise, nations far removed from the conflict, even nations with little or no investment in the quarrels among the nuclear powers, stand to be destroyed in a nuclear war, rather than benefiting from the mutual annihilation of the superpowers. They too, one might think, would be wise to devote considerable resources to help ensure that nuclear war does not break out.

VII

In summary, cold, dark, radioactivity, pyrotoxins and ultraviolet light following a nuclear war—including some scenarios involving only a small fraction of the world strategic arsenals—would imperil every survivor on the planet. There is a real danger of the extinction of humanity. A threshold exists at which the climatic catastrophe could be triggered, very roughly around 500–2,000 strategic warheads. A major first strike may be an act of national suicide, even if no retaliation occurs. Given the magnitude of the potential loss, no policy declarations and no mechanical safeguards can adequately guarantee the safety of the human species. No national rivalry or ideological confrontation justifies putting the species at risk. Accordingly, there is a critical need for safe and verifiable reductions of the world strategic inventories to below threshold. At such levels, still adequate for deterrence, at least the worst could not happen should a nuclear war break out.

National security policies that seem prudent or even successful during a term of office or a tour of duty may work to endanger national—and global—security over longer periods of time. In many respects it is just such short-term thinking that is responsible for the present world crisis. The looming prospect of the climatic catastrophe makes short-term thinking even more dangerous. The past has been the enemy of the present, and the present the enemy of the future.

The problem cries out for an ecumenical perspective that rises above cant, doctrine and mutual recrimination, however apparently justified, and that at least partly transcends parochial fealties in time and space. What is urgently required is a coherent, mutual agreed upon, long-term policy for dramatic reductions in nuclear armaments, and a deep commitment, embracing decades, to carry it out.

Our talent, while imperfect, to foresee the future consequences of our present actions and to change our course appropriately is a hallmark of the human species, and one of the chief reasons for our success over the past million years. Our future depends entirely on how quickly and how broadly we can refine this talent. We should plan for and cherish our fragile world as we do our children and our grandchildren: there will be no other place for them to live. It is nowhere ordained that we must remain in bondage to nuclear weapons.

FOOTNOTES

R. P. Turco, O. B. Toon, T. P. Ackerman, J. B. Pollack and Carl Sagan [TTAPS], "Global Atmospheric Consequences of Nuclear War," *Science*, in press; P. R. Ehrlich, M. A. Harwell, Peter H. Raven, Carl Sagan, G. M. Woodwell, *et al.*, "The Long-Term Biological Consequences of Nuclear War," *Science*, in press.

[1] For stimulating discussions, and/or careful reviews of an earlier version of this article, I am grateful to Hans Bethe, McGeorge Bundy, Joan Chittester, Freeman Dyson, Paul Ehrlich, Alton Frye, Richard Garwin, Nobel Gayler, Jerome Grossman, Averell Harriman, Mark Harwell, John P. Holdren, Eric Jones, George F. Kennan, Robert S. McNamara, Carson Mark, Philip Morrison, Jay Orear, William Perry, David Pimentel, Theodore Postel, George Rathjens, Joseph Rotblat, Herbert Scoville, Brent Scowcroft, John Steinbruner, Jeremy Stone, Edward Teller, Brian Toon, Richard Turco, Paul Warnke, Victor Weisskopf, Robert R. Wilson, and Albert Wohlstetter. They are however in no way to be held responsible for the opinions stated or the conclusions drawn. I deeply appreciate the encouragement, suggestions and critical assessments provided by Lester Grinspoon, Steven Soter and, especially, Ann Druyan, and the dedicated transcriptions, through many drafts, by Mary Roth.

This article would not have been possible without the high scientific competence and dedication of my co-authors on the TTAPS study, Richard P. Turco, Owen B. Toon, Thomas P. Ackerman, and James B. Pollack, and my 19 coauthors of the accompanying scientific paper on the long-term biological consequences of nuclear war. Finally, I wish to thank my Soviet colleagues, V. V. Alexandrov, E. I. Chazov, G. S. Golitsyn, and E. P. Velikhov among others, for organizing independent confirmations of the probable existence of a post-nuclear-war climatic catastrophe, and for helping to generate a different kind of climate—one of mutual concern and cooperation that is essential if we are to emerge safely from the trap that our two nations have jointly set for ourselves, our civilization, and our species.

[2] Samuel Glasstone and Philip J. Dolan, *The Effects of Nuclear War*, 3rd ed., Washington: Department of Defense, 1977.

[3] The "tactical" Pershing I, for example, is listed as carrying warheads with yields as high as 400 kilotons, while the "strategic" Poseidon C-3 is listed with a yield of ony 40 kilotons. *World Armaments and Disarmament, SIPRI Yearbook 1982*, Stockholm International Peace Research Institute, London: Taylor and Francis, 1982; J. Record. *U.S. Nuclear Weapons in Europe*. Washington: Brookings Institute 1974.

[4] See, e.g., D. Ball, Adelphi Paper 169, London: International Institute for Strategic Studies, 1981; P. Bracken and M. Shubik, in *Technology in Society*, Vol. 4, 1982, p. 155.

[5] National Academy of Sciences/National Research Council, *Long-term Worldwide Effects of Multiple Nuclear Weapons Detonations*, Washington: National Academy of Sciences, 1975; Office of Technology Assessment, *The Effects of Nuclear War*, Washington, 1979; J. Peterson (Ed.), *Nuclear War: The Aftermath*, special issue *Ambio*, Vol. 11, Nos. 2-3, Royal Swedish Academy of Sciences, 1982; R. P. Turco, *et al., loc. cit.* footnote 1; S. Bergstrom, *et al., Effects of Nuclear War on Health and Health Services*, Rome: World Health Organization, Publication No. A36.12, 1983; National Academy of Sciences new 1983 study in press.

[6] See, e.g., J. Peterson, *op. cit.* footnote 5.

[7] S. Bergstrom, *op. cit.* footnote 5.

[8] *Ibid.*

[9] R. P Turco, *et al, loc. cit.* footnote 1.

[10] National Academy of Sciences, 1983, *loc. cit.* footnote 5.

[11] J. Peterson, *op. cit.* footnote 6.

[12] National Academy of Sciences, 1975, *op cit.* footnote 5.

[13] The climatic threshold for smoke in the troposphere is about 100 million metric tons, injected essentially all at once; for sub-micron fine dust in the stratosphere, about the same.

[14] The slow warming of the Earth due to a CO_2 greenhouse effect attendant to the burning of fossil fuels should not be thought of as tempering the nuclear winter: the greenhouse temperature increments are too small and too slow.

[15] These results are dependent on important work by a large number of scientists who have previously examined aspects of this subject; many of these workers are acknowledged in the articles cited in footnote 1.

[16] David Pimentel and Mark Sorrells, private communication, 1983.

[17] C. H. Kruger, R. B. Setlow, *et al., Causes and Effects of Stratospheric Ozone Reduction: An Update*, Washington: National Academy of Sciences, 1982.

[18] P. Ehrlich, *et al., loc. cit.* footnote 1.

[19] The term "Doomsday Machine" is due to Herman Kahn, *Thinking About the Unthinkable*, New York: Horizon Press, 1962.

[20] *Aviation Week and Space Technology*, May 15, 1978, p. 225.

[21] *Ibid.*

[22] S. Glasstone and P.J. Dolan, *op. Cit.* Footnote 2.

[23] The distribution of the coldest regions will vary with time and geography. In one recent but still very crude three-dimensional simulation of the nuclear winter, the temperature has, by 40 days after the war, dropped by 15 to more then 40 centigrade degrees over much of the globe, including a vast region extending from Chad to Novosibirsk, from the Caspian Sea to Sri Lanka, embracing India, Pakistan and western China, and having its most severe effects in Afghanistan, Iran and Saudi Arabia. V.V. Alexandrov and G.L. Stenchikov, preprint, Computing Center, U.S.S.R. Academy of Sciences, Moscow, 1983.

[24] Richard Garwin, testimony before the Subcommittee on International Security and Scientific Affairs of the House Committee on Foreign Affairs, U.S. Congress, November 10, 1983; Hans Bethe, manuscript in preparation.

[25] George F. Kennan, "The Only Way Out of the Nuclear Nightmare," *Manchester Guardian Weekly*, May 31, 1981. This is Kennan's acceptance speech for the Albert Einstein Peace Prize on May 19, 1981, in Washington, D.C.

[26] Article 1, paragraph 1, states: "Each State Party to this Convention undertakes not to engage in military or any other hostile use of environmental modification techniques having widespread, long-lasting or severe effects as the means of destruction, damage, or injury to another State Party." Paragraph 2 goes on: "Each State Party to this Convention undertakes not to assist, encourage or induce any State, group of States or international organization to engage in activities countrary to the provisions of paragraph 1 . . ."

[27] Since higher-yield tactical warheads can also be used to burn cities, and might do so inadvertently, especially in Europe, provision for their elimination should also eventually be made. But initial attention should be directed to strategic warheads and their delivery systems.

[28] The total warheads calculated in Figure 2 include strategic and theater weapons, but not tactical weapons. Not all published sources are in perfect agreement on these numbers. The principal sources used here are the *Report of the Secretary of Defense [Harold Brown] to the Congress on the FY 1982 Budget, FY 1983 Authorization Request* and *FY 1986 Defense Programs*, Washington: Department of Defense, 1981; and *National Defense Budget Estimates, FY 1983*, Office of the Assistant Secretary of Defense, Comptroller, March 1982.

Beyond 1983, projected increases in arsenals are shown for U.S. and Soviet arsenals as nearly vertical dashed lines, with the sum of these arsenals as the line at the top of the Figure terminating in an arrowhead. The data are from Frank Barnaby in the special issue of *Ambio* cited in footnote 5, pp. 76–83. See also *Counterforce Issues for the U.S. Strategic Nuclear Forces*, Congressional Budget Office, January 1978.

Figure 2 shows three regions: an upper region in which the nuclear winter could almost certainly be triggered; a lower regional at which it could not be triggered; and a transition zone, shown shaded. The boundaries of this transition zone are more uncertain than shown, and depend among other things on targeting strategy. But the threshold probably lies between several hundred and a few thousand contemporary strategic weapons.

[29] *Congressional Record*, August 4, 1983, Vol. 129, No. 114.

[30] George F. Kennan, *loc. cit.* footnote 24; Noel Gayler, "How to Break the Momentum of the Nuclear Arms Race," *The New York Times Magazine*, April 25, 1982.

[31] Ruth Leger Sivard, *World Military and Social Expenditures*, Leesburg (Va.): World Priorities, 1983.●

CONFERENCE REPORT ON S. 47, THE SHIPPING ACT OF 1984

● Mr. LONG. Mr. President, I have consistently held the view that legislation of many foreign nations—the so-called blocking statutes, making it illegal for their shipping and other companies to reveal information in certain circumstances, have the effect of severely impeding the enforcement of the laws of the United States against foreign companies. My most recent expression of that view was in remarks on the Senate floor on February 23, 1984, in support of S. 47, the Shipping Act of 1984.

I am afraid that I used an inappropriate example in those remarks when I referred to the recent North Atlantic shipping antitrust case. I have been informed subsequently that in both the Government and private antitrust litigation relating to North Atlantic shipping, the burdens of that litigation were borne by United States and foreign shipping companies in a flag-blind manner.

However, despite the particular North Atlantic case, I wish to emphasize that generally these foreign blocking statutes are inimical to the interests of the United States. In that regard, I refer my colleagues to the Senate report on the Shipping Act Amendments of 1978—Senate Report No. 95-966, and the views expressed therein by the Commerce Committee and others concerning the possible obstacles presented by foreign blocking statutes.●

ORDERS FOR THURSDAY

ORDER FOR RECESS UNTIL 10 A.M. TOMORROW

Mr. BAKER. Mr. President I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 10 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR PERIOD FOR THE TRANSACTION OF ROUTINE MORNING BUSINESS ON TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that tomorrow, after the recognition of the two leaders under the standing order, there be a period for the transaction of routine morning business until 10:30 a.m. in which Senators may speak for not more than 2 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. BAKER. Mr. President, on tomorrow the Senate will convene at 10 a.m. After the recognition of two leaders under the standing order, there will be a period for the transaction of routine morning business until 10:30 a.m. At the hour of 10:30 a.m. or sooner if the time for the transaction of routine morning business is not utilized, the Senate will resume consideration of the unfinished business, which is House Joint Resolution 492.

Mr. President, it is anticipated that there will be a number of votes tomorrow. It is the hope of the leadership on this side that we can finish the bill before the day is out.

Mr. President, I remind Senators of the strong possibility that tomorrow also will be a late day.

RECESS UNTIL 10 A.M. TOMORROW

Mr. BAKER. Mr. President, I have consulted with the minority leader who indicates he has no requirement for further time. I see no other Senator seeking recognition. Therefore, I move, in accordance with the order previously entered, that the Senate now stand in recess until the hour of 10 a.m. tomorrow.

The motion was agreed to; and, at 10:26 p.m., the Senate recessed until Thursday, April 5, 1984, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate April 4, 1984:

THE JUDICIARY

William D. Browning, of Arizona, to be U.S. district judge for the district of Arizona vice Mary Anne Richey, deceased.

Alicemarie H. Stotler, of California, to be U.S. district judge for the central district of California vice Robert J. Kellerher, retired.

Joseph J. Longobardi, of Delaware, to be U.S. district judge for the district of Delaware vice James L. Latchum, retired.

Terrence W. Boyle, of North Carolina, to be U.S. district judge for the eastern district of North Carolina vice Frankling T. Dupree, Jr., retired.

IN THE ARMY

The following-named officer to be placed on the retired list in grade indicated under the provisions of title 10, United States Code, section 1370:

To be general

Gen. Richard E. Cavazos, xxx-xx-xxxx, age 55, U.S. Army.

The following-named officer under the provisions of title 10, United States Code, section 601, to be reassigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be general

Gen. Robert W. Sennewald, xxx-xx-xxxx, U.S. Army.

The following-named officer under the provisions of title 10, United States Code, section 601, to be assigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be general

Lt. Gen. William J. Livsey, xxx-xx-xxxx, U.S. Army.

The following-named officer under the provisions of title 10, United States Code, section 601, to be assigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be lieutenant general

Maj. Gen. Theodore G. Jenes, Jr., xxx-x... xx..., U.S. Army

IN THE NAVY

The following-named officer under the provisions of title 10, United States Code, section 601, to be assigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be vice admiral

Rear Adm. Huntington Hardisty, xxx-x... xxx-xx-xx... U.S. Navy.

IN THE AIR FORCE

The following distinguished graduates, U.S. Air Force Officer Training School, for appointment as second lieutenants in the Regular Air Force, under the provisions of section 531, title 10, United States Code, with dates of rank to be determined by the Secretary of the Air Force.

Adair, Larry N., xxx-xx-xxxx
Allen, Dwight O., Jr., xxx-xx-xxxx
Allen, Robert C. Jr., xxx-xx-xxxx
Anderson, Cynthia G., xxx-xx-xxxx
Antes, Billie J., xxx-xx-xxxx
Baker, David T., xxx-xx-xxxx
Boyd, James C., xxx-xx-xxxx
Braden, Shari L., xxx-xx-xxxx
Brandt, David C., xxx-xx-xxxx
Breitenbach, David J., xxx-xx-xxxx
Buck, Roger R., xxx-xx-xxxx
Bullock, John D., xxx-xx-xxxx
Buquet, Terry P., xxx-xx-xxxx
Butts, James W., xxx-xx-xxxx
Campbell, David G., xxx-xx-xxxx
Chisenhall, Frank E., xxx-xx-xxxx
Chuhran, David S., xxx-xx-xxxx
Collins, Donald W., xxx-xx-xxxx
Conversino, Mark J., xxx-xx-xxxx
Cook, David A., xxx-xx-xxxx
Corrigan, John F., xxx-xx-xxxx
Cox, Francis, xxx-xx-xxxx
Damico, Robert J., xxx-xx-xxxx
Dannenmueller, Daniel L., Sr., xxx-xx-xxxx
Danzig, Solomon R., xxx-xx-xxxx
Daugherty, Anne E., xxx-xx-xxxx
Dawson, Steven O., xxx-xx-xxxx
Dickinson, Mark C., xxx-xx-xxxx
Donahoo, David J., xxx-xx-xxxx
Dubuc, Charles R., Jr., xxx-xx-xxxx
Ducharme, Michael A., xxx-xx-xxxx
Eldredge, Joseph L., xxx-xx-xxxx
Fick, Douglas E., xxx-xx-xxxx
Fiedler, Susan L., xxx-xx-xxxx
Fiore, Eric E., xxx-xx-xxxx
Friedberg, David W., xxx-xx-xxxx
Funk, Carl S., xxx-xx-xxxx
Gollner, Richard M., xxx-xx-xxxx
Gonzalez, Jimmy, xxx-xx-xxxx
Goodpaster, Jan Marie, xxx-xx-xxxx
Gray, Michael R., xxx-xx-xxxx
Hafner, Timonthy J., xxx-xx-xxxx
Hanneman, Mark S., xxx-xx-xxxx
Hansen, Ronald E., xxx-xx-xxxx
Hayes, Michelle S., xxx-xx-xxxx
Henning, Paul R., xxx-xx-xxxx
Henson, Thomas N., xxx-xx-xxxx
Higgs, John R., Jr., xxx-xx-xxxx
Holt, David L., xxx-xx-xxxx
Hoogestraat, Dale L., xxx-xx-xxxx
Horowitz, Scott J., xxx-xx-xxxx
Hougland, Robert S., xxx-xx-xxxx
Hudson, Ralph L., xxx-xx-xxxx
Iaeger, Michael D., xxx-xx-xxxx
Ingham, John R., xxx-xx-xxxx
Ivey, Walter R., xxx-xx-xxxx
James, John S., xxx-xx-xxxx
Johnson, Richard S., xxx-xx-xxxx
Johnson, Scot W., xxx-xx-xxxx
Kapolka, Jeffrey, xxx-xx-xxxx
Kasper, David R., xxx-xx-xxxx

Kennedy, Marie R., xxx-xx-xxxx
Ketner, Charles F., xxx-...
Kirkpatrick, Kevin R., xxx-xx-...
Lafaw, Donald A., xxx-...
Lambert, Peter G., xxx-xx-xx...
Litten, John L., xxx-xx-...
Maddox, Derek L., xxx-xx-xxxx
Mahony, William J., Jr., xxx-xx-xxxx
Manwiller, David P., xxx-xx-xxxx
Marcotte, Eric J., xxx-xx-xxxx
McGinnis, Terence F., xxx-xx-...
McIntyre, Stephen M., xxx-xx-xxxx
McLaughlin, Christopher M., xxx-xx-xxxx
McLean, Ann D., xxx-xx-...
Menke, Gregory A., xxx-xx-xxxx
Metzger, Mark W., xxx-xx-xxxx
Miller, Russell F., xxx-xx-...
Moorman, Robert T., xxx-xx-xxxx
Morris, Gerald R., xxx-xx-...
Morse, Arlan L., xxx-xx-...
Mortenson, Paul W., xxx-xx-xxxx
Moulder, Roger D., xxx-xx-xxxx
Neubauer, Martin, xxx-xx-xxxx
Nickels, David A., xxx-xx-xxxx
North, Keith H., xxx-x...
Nowotny, Michael W., xxx-xx-xxxx
Payne, Jay H., xxx-xx-xxxx
Payne, Sammy G., xxx-xx-...
Pfeffer, Alan D., xxx-xx-xxxx
Pitts, Lawrence E., xxx-xx-xxxx
Potter, Shane W., xxx-xx-xxxx
Potts, Dennis W., xxx-...
Powell, Ronald K., Jr., xxx-xx-x...
Purdy, Kristin M., xxx-...
Ritsche, Kimberly A., xxx-...
Robinson, John B., xxx-...
Rock, Anthony J., xxx-...
Rose, Richard S., xxx-...
Rusk, Billy W., xxx-...
Russell, Keith M., xxx-...
Russell, Larry L ., xxx-xx-x...
Russell, Robert M., Jr., xxx-xx-xxxx
Schleifer, Herman W., II, xxx-...
Schneider, Rhonda L., xxx-...
Seipel, Bradley A., xxx-...
Seyman, Aloha E., xxx-xx-...
Sheets, Dan B., xxx-xx-x...
Skowronski, Diane L., xxx-...
Smith, Nelson L., xxx-xx-x...
Smith, Thomas M., xxx-xx-x...
Sowers, Vic A., xxx-xx-xxxx
Stalnaker, Marc E., xxx-xx-x...
Steil, Joseph xxx-xx-xxxx
Stoecker, Thomas W., xxx-xx-...
Strickland, Paul C., xxx-...
Stuhrenberg, James A., xx...
Swaney, Michael E., xxx-x...
Swarmer, John K., xxx-xx-xxxx
Taylor, Halbert F., Jr., xxx-xx-...
Theisen, Thomas N., xxx-xx-xxxx
Thomas, Dennis R., xxx-...
Tillie, Jefferey R., xxx-...
Triesler, Kim C., xxx-xx-xxxx
Vincent, David E., xxx-...
Walkow, George H., xxx-...
Walters, Thomas J., xxx-xx-xxxx
Weatherly, Robert L., xxx-xx-...
Weeks, Ralph C., xxx-xx-...
Weir, Michael W., xxx-xx-...
Whilding, Samuel K., xxx-...
Whitson, Rick E., xxx-xx-xxxx
Wiggs, Stephen J., xxx-...
Wilhite, Donald R., xxx-...
Williams, John E., xxx-xx-xxxx
Williams, Rodney D., xxx-...
Wilson, Cathleen S., xxx-...
Wilson, Joseph E., Jr., xxx-...
Wright, Cameron H. G., xxx-xx-...
Wyatt, Ivan D., xxx-xx-xxxx
Young, Conrad L., xxx-...

IN THE ARMY

The following-named officer as permanent professor of the U.S. Military Academy, in the grade of lieutenant colonel, under the provisions of sections 4331 and 4333, title 10, United States Code:

To be permanent professor and deputy head of the department of history

Doughty, Robert A., xxx-...

The following-named officer for appointment in the Regular Army of the United States under the Defense Officer Personnel Management Act (DOPMA), in his active duty grade, under the provisions of section 531, 532, and 533, title 10, United States Code:

To be lieutenant colonel

Wilson, Melvin A., xxx-...

To be major

Konieczko, Daniel S., xxx-...

The following-named distinguished honor graduates of Officer Candidate School for appointment in the Regular Army of the United States, in the grade of second lieutenant, under the provisions of section 531, 532, and 533, title 10, United States Code:

Chappell, Andrew P., xxx-...
Hanley, Michael D., xxx-...

IN THE ARMY

The following-named officers for appointment as Chaplains in the Regular Army of the United States in their active duty grades, under the provisions of sections 531, 532, and 533, title 10, United States Code:

To be colonel

Loftus, Conrad W., xxx-xx-...
McDonnell, Charles J., xxx-...
Speitel, Edmond J., xxx-...
Torer, Roland R., xxx-xx-...

To be lieutenant colonel

Bindner, Charles J., xxx-...
Carter, William T., xxx-xx-...
Dufour, Rene P., xxx-xx-x...
Hoehne, William F., xxx-xx-...
Lesko, Edward A., xxx-xx-x...
Overton, Donald E., xxx-xx-...
Pearson, Robert L., xxx-xx-...
Skinner, Albert C., xxx-xx-...
Woodall, Ray E., xxx-...

To be major

Feryan, Philip I., xxx-xx-...
Goodwillie, David H., xxx-...
Guerra, Joseph L., xxx-...
Imberi, Anthony M., xxx-...
Killeen, Thomas M., xxx-xx-xxxx
Peterson, Donald A., xxx-xx-xxxx
Santillanes, Jose F., xxx-xx-xxxx

To be captain

Evans, Lawrence T., xxx-xx-...
Snyder, Ronald C., xxx-xx-xxxx

IN THE ARMY

The following-named officers for promotion in the Reserve of the Army of the United States, under the provisions of title 10, United States Code, sections 3366, 3367, and 3370:

ARMY PROMOTION LIST

To be colonel

Alexander, Frank N., xx...
Arevalo, Teodoro, xxx-xx-x...
Auman, Richard H., xxx-xx-xx...
Benson, Joseph A., xxx-xx-...
Christensen, Lester, xxx-...
Douglas, Henry L., xxx-xx-xxxx
Feliciano, Carreras, xxx-xx-xxxx
Gaskill, Bernard R., xxx-xx-...
Harbin, Michael G., xxx-xx-xxxx
Heller, Carl, xxx-xx-xxxx
Horsley, James O., xxx-xx-...
Humphrey, Howard C., xxx-xx-xxxx
Kimbrough, William, xxx-xx-xxxx
Kindred, Jerome C., xxx-xx-xxxx
Lowe, Max S., xxx-xx-xxxx
Newton, Billy C., xxx-...
Reams, George A., Jr., xxx-...
Ruckh, Charles W., xx...
Villeret, Lawrence, xxx-...
Waterman, Donald W., xxx-...

To be lieutenant colonel

Baxter, Boyd R., xxx-xx-xxxx
Calhoun, Newton D., xxx-xx-...
Carr, Calvin H., xxx-xx-xxxx
Hardin, Louis R., Jr., xxx-xx-...
Holbrook, Rudy H., xxx-...
Moody, Walter T., III, xxx-xx-xxxx
Walker, Robert G., xxx-...

The following-named officers for appointment in the Reserve of the Army of the United States, under the provisions of title 10, United State Code, sections 593 and 3353:

MEDICAL CORPS

To be colonel

Bradham, Gilbert B., xxx-xx-...
Hughes, John R., xxx-xx-...
Johnson, Robert K., xxx-xx-xxxx
Moleski, Desmond D., xxx-xx-xxxx
Rogers, Carl W., xxx-xx-xxxx

To be lieutenant colonel

Baumer, Robert J., xxx-xx-xxxx
Bell, Rudolph M., xxx-xx-xxxx
Bransford, Paris, xxx-xx-xxxx
Dennis, John P., xxx-xx-xxxx
Fanelli, John R., xxx-xx-xxxx
Gahunia, Udhe S., xxx-xx-...
Glasser, Stephen P., xxx-xx-xxxx
Hardy, David L., xxx-xx-...
Henelt, Edmond R., xxx-xx-xxxx
Jones, James C., xxx-xx-xxxx
Kelhoffer, William, xxx-xx-xxxx
Laughlin, Edward H., xxx-xx-...
Marsh, Edward B., Jr., xxx-xx-xxxx
Martino, Joseph, xxx-xx-xxxx
Mathis, Jerry Lee, xxx-xx-xxxx
Matson, Raymond, xxx-xx-xxxx
Morrison, Anthony, xxx-xx-xxxx
Mozen, Herschel E., xxx-xx-xxxx
Oates, James F., III, xxx-xx-xxxx
O'Riordan, Eugene F., xxx-xx-xxxx
Pierce, Irving, xxx-xx-xxxx
Salih, Hassan A., xxx-xx-xxxx
Santelices, Vivente, xxx-xx-xxxx
Scudder, Harry G., xxx-xx-xxxx
Seligson, Edwin J., xxx-xx-xxxx
Winkler, Lee F., xxx-xx-xxxx
York, Paul S., Jr. xxx-xx-x...

IN THE NAVY

The following-named commanders of the U.S. Navy for promotion to the permanent grade of captain, pursuant to title 10, United States Code, section 624, subject to qualifications therefor as provided by law:

MEDICAL CORPS (21XX)

Ashamalla, Medhat G.
Baggett, James C., Jr.
Bailey, Harry
Balsam, Marion Joyce
Berg, Samuel William, II
Bigbee, John Albert
Binard, Joseph E.
Burson, Freddy Earl
Carlton, Thomas Grant
Carstensen, Richard O.
Chesson, Ralph R., Jr.
Connors, Paul Joseph
Cowan, Michael Lynn
Dalton, Conrad Ivan
Dysart, Noel Kennedy, Jr.
Etienne, Harry Birt
Fajardo, Jesus E.
Flowers, Neal Stewart
Geren, John Joseph
Handy, Richard Davis
Harris, Robert David

Haworth, David Lee
Hire, Delroy
Ho, Ben Tsunlin
Hogan, Bartholomew T.
Hooper, Richard Raymond
Jordan, John S., Jr.
Klayton, Ronald J.
Knudson, Robert D.
Koskella, Kenneth Ray
Lappoint, John Malcolm
Larson, Susan Gayle
Lightsey, Alton L., Jr.
Llibre, Jose Danilo
Mack, Gregory Robert
Markovits, Andrew S.
Mazur, David Owen
Parlette, Harry L., III
Reyes, Antonio F. C.
Ridenour, Richard Ira
Rish, Ronald Lee, Jr.
Rosenblatt, Elias S.
Rowley, William Robert
Sarlin, Robert Frank
Schneider, James R.
Schwartz, Judy Ellen
Sewell, Sidney R.
Shaffer, John Claude
Smith, Jay Steven
Smith, Joseph Jermyn
Thompson, Eric Neil
Timmons, Robert William
Veach, Stephen Read
Volpe, Rocco Joseph
Wagner, Kenneth Farrell
Webster, John Seabury
Willgress, Edwin R., Jr.
Wilson, David B., Jr.
Yauch, John A.,

SUPPLY CORPS (31XX)

Adelgren, Paul Wayne
Anderson, John F.
Auerobach, Eugene Edmond
Band, Edward J., Jr.
Biggins, James Alfred
Boalick, Howard Russell
Butler, Joel Lee
Dunkle, Charles Thomas
Eadie, Paul Warren
Earhart, Terry Lee
Fisher, Gary Clay
Foster, Donald Gregory
Freiberg, Leonard Sander, Jr.
Giffin, Donald Harry
Gross, Royce Alan
Holland, Donald Lee
Hoyt, Michael Campfield
Hundelt, George Robert
Kizer, John Lee
Kowalski, Karl Aloysius, Jr.
Leeper, James Edward, Jr.
McDonald, John Francis
Morris, John Glenn
Musgrave, Alvin Williams, Jr.
Peiffer, Robert Hurst
Privateer, Charles Russell
Ruble, David Ross
Salmon, Robert J.
Scott, William Clyde
Smith, Charles Edward
Stocker, Vernon Dean
Vincent, Leonard
Waldron, Andrew John, Jr.
Walker, Francis David, III
Weekes, James Ernest
Williams, Richard Hardy

CHAPLAIN CORPS

Anderson, Kevin Lenwood
Bergsma, Herbert Leonard
Briske, Larry Floyd
Cook, Elmer Dean
Everts, Paul Jay
Flick, Carl William
Gill, Francis Jude
Jones, Harry Thomas
Kirstein, James Fritz
Klapps, William Joseph
Knight, Norvell Earnest
Luebke, Robert Bingham, Jr.
McCloskey, George P.
Murray, Edward Kevin
Pocock, Thomas Reid
Roon, Albert Jay
Roy, Raymond Armand
Rutherford, James Harold
Swift, Roy Orlando, III
Whitsell, John Louis
Williams, Paul Henry

CIVIL ENGINEER CORPS

Bersani, Robert Richard
Dillman, Robert Peter
Estes, George Brian
Fusch, Kenneth Ericson
Gallen, Robert Michael
Green, Joseph Behler, Jr.
Hathaway, James Luther
Kelley, Kenneth Clyde
Mitchum, William Ransome, III
Olsen, Ole Leigh
O'Neill, Charles Patrick, Jr.
Rohrbach, Richard Magee
Runberg, Bruce Lee
Smith, Homer Francis, II
Valenti, Alan C.

JUDGE ADVOCATE GENERAL'S CORPS

Albrecht, David A.
Broach, Robert Erskine
Deddish, Michael Raymon
Ellis, Charles Edmund, J.
Hosken, Edward Watters
Kahn, Thomas Kenneth
Pinnell, James E.
Reed, Richard Edgar
Rogers, James Nicholas
Rudy, Allen Carnes, Jr.
Schachte, William Leon
Strow, Peter H.
Vest, William T., Jr.
Willever, Kent Arlingto

DENTAL CORPS (22XX)

Anderson, Joseph H.
Barco, Martin Thomas, Jr.
Bosworth, Bruce Lynn
Burkey, Richard William
Cornell, Michael Thomas
Davis, Melvin Lee
Eckstein, Robert E.
Ferguson, Charles Dover
Fleming, James G., Jr.,
Funk, Edward Adrian
George, Gary Stapleton
Grantham, Gary Bernard
Hanst, Michael T.
House, Ronald Cleve
Hwang, William Shaoru
Johnson, Jerry Kay
Lynde, Thomas Ainsworth
Matheson, John D.
Mellonig, James Thomas
Nettelhorst, Ralph E.
Rippert, Eric T.
Sorvas, Peter George
Vath, Charles Richard
Vosskuhler, Robert J.
Werrell, Joseph Michael
Wilson, William H.

MEDICAL SERVICE CORPS (23XX)

Anderson, Dennis Gordon
Baldwin, Jeffrey W.
Collings, Donald Earl
Connors, Francis Simon
Dekrey, Charles Ross
Eklund, Paul G.
Fisher, Frank, D. R.
Fisher, Stephen Todd
Funaro, Joseph Francis
Galbreath, Jerry Dean
Gaugler, Robert Walter
Lashley, Kenneth Lamar
Lewis, Larry Allen
Loar, Charles R.
McCullah, Robert Douglas
Moy, Michael William
Parsons, William Michael
Schinski, Vernon David
Schubert, Deane Edward
Sholdt, Lester Lance
Turco, Ronald Fisher
Young, John W.

NURSE CORPS (29XX)

Coltharp, Dove Antionet
Hill, Shirley Ann
Langley, Ann
Leadford, Bonnie Ann
Lee, Annelle Kahalehau
Linehan, Patricia Ann
McClelland, Jerry Wayne
Monger, Kristen Ann Pol
Riddell, June Elizabeth
Wray, Fay
Wright, Dolores Ann
Yates, Minnie Shirley

IN THE MARINE CORPS

The following-named officers of the Marine Corps for permanent appointment to the grade of colonel, under provisions of title 10, United States Code, section 624:

Aadnesen, Paul R., XX...
Adams, Charles N., XX...
Adams, James S., XX...
Adams, Wayne T., XX...
Adkinson, John L., Jr., XX...
Alexander, John D., XX...
Amey, David G., XX...
Anderson, Donald F., XX...
Angel, Donald K., XXXX
Barnes, William G., Jr., XX...
Barnett, Charles E., XX...
Barnett, Judybeth D., XX...
Barrett, John J., XX...
Beekman, Frederick W., III, XX...
Beeler, Robert A., XX...
Bell, James A., XX...
Blades, Arthur C., XX...
Bond, Giles W., Jr., XX...
Brabham, James A., Jr., XX...
Braun, Gary R., XX...
Breede, Walter J., III, XX...
Brown, Gary E., XX...
Brown, Robert D., XX...
Browning, Robert A., XXXX
Buckelew, John D., XX...
Bufton, Earl L., Jr., XX...
Buse, Henry W., III, XX...
Byron, Michael J., XX...
Cadick, Jerry R., XX...
Cadieux, William L., XX...
Camp, Richard D., Jr., XXXX
Catalogne, Paul R., XX...
Chandler, Kurt J., XXXX
Cheatham, Charles W., XX...
Clancy, John J., III, XX...
Clark, Joe, XX...
Clary, William B., XX...
Conatser, Bernis B., Jr., XX...
Conley, Thomas M., XX...
Connell, George M., XX...
Corbett, David C., XX...
Craig, Robert R., XX...
Crane, Robert A., XX...
Creel, John B., Jr., XX...
Crews, Curtis T., XX...
Critser, Ronald R., XX...
Crouch, Harvey F., Jr., XXXX
Cullen, Thomas B., XXXX
Darling, Marshall B., XX...
Davidson, Douglas M., XX...
Davies, Lawrence E., XX...

Davis, James A., XX...
Davis, James F., XX...
Davis, James R., XX...
Delgrosso, Carmine J., XXXX
Dinkins, Harris H., XXXX
Douglas, Noel E., XX...
Dwyer, Joseph M., XX...
Ebbert, Terry J., XX...
Elsworth, Richard W., XX...
Enockson, John O., XXXX
Fagan, Brian J., XX...
Fagan, Fred T., Jr., XX...
Field, Peter B., XX...
Finger, Alan J., XX...
Foley, James J., Jr., XX...
Forney, William A., XX...
Gale, Sidney R., XX...
Garner, David P., XXXX
Gatewood, Ronald L., XXXX
Geiger, Charles R., XX...
Gentry, John R., XX...
Gibson, Robert F., XX...
Goodwin, Paul B., XX...
Gotard, Henry F., XX...
Gressly, Donald A., XX...
Hart, Robert H., XX...
Henderson, Jerry G., XX...
Herbert, Dennis B., XX...
Hering, Donald H., XX...
Hess, Jerome L., XX...
Higgins, Martin C., XX...
Hill, Jon C., XXXX
Jacobsen, Grant G., XX...
Johnston, Paul S., XX...
Judkins, Paul G., XX...
Kelly, John A., XX...
Kiely, Denis J., Jr., XX...
Klabough, Francis T., XX...
Klug, Timothy J., XX...
Kopka, John R., XX...
Krulak, Charles C., XX...
Lancaster, James E., XX...
Latorre, Anthony V., Jr., XX...
Learnard, Robert P., XX...
List, Raymond A., XX...
Lloyd, Edward J., XXXX
Lloyd, James F., Jr., XX...
Manning, Anthony E., XX...
Mason, Susan M., XX...
Mathews, Lyle D., XX...
Matthews, Ronald R., XX...
McClung, James L., XX...
McDyre, Daniel B., XX...
McKay, Gerald L., XX...
Medlin, Laurence R., XX...
Mielczarski, Anthony F., Jr., XX...
Miller, Donald G., XX...
Miller, Gerald L., XX...
Mock, Stuart J., XX...
Morey, Richard L., XX...
Mullane, Joseph F., Jr., XXXX
Nervo, Eugene T., XX...
Noble, David N., XX...
Oetting, Robert L., XX...
Oster, Jefferey W., XX...
Phelan, Harold J., XX...
Pixton, Marvin F. III, XX...
Pool, Corbett G., XX...
Preston, Charles P., Jr., XX...
Purdy, David G., XX...
Ratliff, Arch., Jr., XXXX
Rider, Jon K., XX...
Ripley, John W., XX...
Roberts, Thomas W., XX...
Robinson, Donald J. II, XX...
Romanetz, Thomas J., XX...
Roser, Herbert G., XX...
Sabow, James E., XX...
Schmidt, George T., XX...
Schwartz, Richard H., XX...
Seiffert, Edward R., XX...
Shea, John F., XXXX
Shelton, Roy H., Jr., XX...
Simpleman, Louis L., XX...
Sims, James M., XX...
Slacum, Harold W., XX...
Smith, George E., Jr., XX...
Snyder, Ray G., XXXX
Sortino, Don F., XX...
Southmayd, Peter B., XX...
Steel, John D., XX...
Steele, Thomas W., XXXX
Steen, Kent O., XX...
Stennick, John F., XX...
Taylor, Thomas C., XX...
Thiry, Gary E., XXXX
Treschuk, Timothy M., XX...
Tucker, Phillip E., XX...
Underwood, David F., XX...
Vanesselstyn, Klaas, XX...
Vanriper, James K., XX...
Vanriper, Paul K., XX...
Vanryzin, Peter J., XX...
Walker, David L., XX...
Walsh, Philip J., XX...
Weber, John D., XX...
Weides, John D., XX...
Whalen, John B., XX...
Whitener, Robert C., Jr., XX...
Whitten, Harold W., XX...
Wilhelm, Charles E., XX...
Williams, James R., XX...
Williams, Peter D., XX...
Wydo, Michael W., XX...
Wyly, Michael D., XX...
Young, Rufus C., Jr., XX...
Zanin, Frank J., XX...

HOUSE OF REPRESENTATIVES—*Wednesday, April 4, 1984*

The House met at 12 o'clock noon.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

We thank You, O God, that in so many of the moments of life—in joy and sorrow, in happiness or pain—we are surrounded by those who support us and who brighten our lives. For friends who accept us, for colleagues who correct us, for family who forgive us, we offer this our word of thanksgiving and praise. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Saunders, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and joint resolutions of the House of the following titles:

On March 19, 1984:

H.R. 3655. An act to raise the retirement age for judges of the Superior Court of the District of Columbia and judges of the District of Columbia Court of Appeals.

On March 20, 1984:

H.R. 2173. An act to amend the Contract Services for Drug Dependent Federal Offenders Act of 1978 to authorize additional appropriations to carry out such act; and

H.R. 4194. An act to extend the expiration date of section 252 of the Energy Policy and Conservation Act.

On March 21, 1984:

H.J. Res. 200. Joint resolution designating March 21, 1984, as "National Single Parent Day."

On March 26, 1984:

H.R. 2809. An act to establish a National Fish and Wildlife Foundation.

On March 27, 1984:

H.J. Res. 454. Joint resolution honoring the contribution of blacks to American independence.

On March 30, 1984:

H.J. Res. 493. Joint resolution making an urgent supplemental appropriation for the Department of Health and Human Services for the fiscal year ending September 30, 1984.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate insists upon its amendment to the amendment of the House to the bill (S. 1852) "An act to extend the expiration date of the Defense Production Act of 1950," disagreed to by the House, agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. GARN, Mr. PROXMIRE, and Mr. TRIBLE to be the conferees on the part of the Senate.

THE LATE PETER J. MURPHY, JR., PROFESSIONAL STAFF MEMBER, HOUSE APPROPRIATIONS COMMITTEE

(Mr. WHITTEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WHITTEN. Mr. Speaker, as chairman of the Committee on Appropriations and on behalf of all the members of the committee, I wish to take this time to offer a word of praise for Pete Murphy of our staff who died of cancer yesterday.

Pete had worked with our Defense Subcommittee since 1968 and had been staff director of that subcommittee for the last 2 years. He served as a special agent with the Federal Bureau of Investigation before being selected for our committee staff. He was a man of great industry and dedication. Like others on our staff, he put in long hours, often working on weekends. He was one of the most knowledgeable people in Washington in military matters and especially in defense procurement. He had a special talent for dissecting budget requests—ferreting out the critical questions in a wide variety of complex defense programs. Thoroughness was his hallmark. His integrity was a legend throughout the appropriations and defense communities.

Pete hailed from Louisville, Ky. He earned both a bachelor's degree and a law degree from the University of Louisville.

Pete served in the Marine Corps in the Pacific during World War II. He was a member of the first medium-tank unit in the Pacific area which was formed on Guadalcanal for the invasion of Bougainville. Pete participated in the Guam invasion and the invasion of Iwo Jima, where he was wounded during the assault on the airfield when his tank struck a land mine, killing other members of the tank crew. Pete received many campaign ribbons and was awarded the Purple Heart.

Pete was an exceptional public servant. He was a proud man—proud of his service with the committee and proud of the Marine Corps. But, Mr. Speaker, above all he was proud of his family which he cherished so dearly. Because of the demands of his work he sacrificed much time which would have been spent with his family. But Pete had the philosophy that it was not the amount of time spent with loved ones, it was the quality of the time. They especially enjoyed the hours they were able to spend together in the tranquility of their cottage in rural Virginia.

Our heartfelt sympathy goes out to Pete's wife Eve and their six children. He will be deeply missed by the members of the committee and by our staff.

Mr. CONTE. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield to my friend, the gentleman from Massachusetts.

Mr. CONTE. Mr. Speaker, I join my beloved chairman, JAMIE WHITTEN, in offering my condolences to the family of Peter Murphy. He was a very close personal friend of mine. We spent a lot of time together out in the field. He came to my home. I have been to his home. He had a beautiful family, and an illustrious career. He was a war hero in the Southwest Pacific during World War II. He served with great distinction as a member of the FBI. He was an outstanding chief counsel on our Defense Subcommittee on Appropriations, a highly dedicated, hard-working, conscientious man, a great family man, a great American, and we are all going to miss him.

FIRST CONCURRENT BUDGET RESOLUTION FOR FISCAL YEAR 1985

(Mr. DERRICK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DERRICK. Mr. Speaker, for weeks now we all have been stressing the importance of slashing the deficit. Today we have an opportunity to cast a vote to begin balancing our Federal checkbook. It may mean voting against favored programs, not giving as much to defense, and increasing revenues. But now is the time to act. For every day we wait, the national debt increases $765 million. By the time I finish these short remarks, we will owe an additional $200,000 in interest.

Before this House today are several alternatives which their supporters feel are the best way to reduce the

deficit. The amount of deficit reduction does not vary much and no plan does enough. We still end up with a large deficit each year for the next 3 years. The important thing is that we take that difficult first step in stemming the flow of red ink.

I will support the Budget Committee's recommendation, which I helped formulate. It reduces the deficit by $182 billion over 3 years. It is basically a freeze below the inflation rate for most of Government, but it clearly defines our priorities and commitments. It affirms our contract with the elderly and those less able to care for themselves. It embodies the pay-as-you-go concept. If we choose to have higher growth in defense and safety net programs, we cannot continue to say "Charge it." We must pay for it. This resolution is a shared sacrifice. Let us cast this vote today and make that downpayment on a bright and prosperous future.

THE 2-PERCENT SOLUTION BUDGET

(Mr. ROEMER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROEMER. Mr. Speaker, I support the 2-percent solution budget today. Our budget reduces deficits by $225 billion over the next 3 years. Such a major deficit reduction will, at first, stabilize and then reduce interest rates. Reduced interest rates will prolong the current recovery and extend the recovery into interest-sensitive areas not now enjoying growth—agriculture, for example. Reduced rates will also improve the competitiveness of American products in world trade and will enhance job opportunities for those citizens now bypassed in this recovery—minorities, the young, and the unskilled.

In short, this budget is designed to accommodate a less restrictive monetary policy yielding real interest rates 2 percentage points lower than at present. Thus, the 2-percent solution.

Finally, this far-reaching budget attempts a fair, across-the-board sacrifice on the part of all Americans in order to achieve its deficit reduction targets. The budget does not affect means-tested entitlements, but every other section of the budget makes a fair contribution.

A significant deficit reduction, with spending cuts twice the size of tax increases and with the burden fairly distributed, will yield lower interest rates, higher economic activity, and lower unemployment over the next 3 years.

The 2-percent solution—we need your help.

SPARE PARTS OVERCHARGES IN DEFENSE DEPARTMENT

(Mr. BRITT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BRITT. Mr. Speaker, we have heard a great deal about spare parts overcharges in the Defense Department lately.

This is a simple metal clip. Small businesses in my district estimated they could produce this item for $28 at most. The Defense Department paid $76 for this item.

The Armed Services Committee and the Small Business Committee have taken hundreds of hours of testimony about spare parts overcharges. It is a serious problem. The GAO estimates that we could save as much as $4 billion out of a total spare parts budget of $13 billion if we improve the system. Given the staggering budget deficits we face, it is more important than ever that we cut waste in Defense Department spending, and insure that each dollar spent contributes to the defense of this country. Increased competition and greater participation by small business in the Defense Department procurement process are the keys to solving the problem of spare parts overcharges.

□ 1210

MISSING CHILDREN

(Mr. REID asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. REID. Mr. Speaker, the best way to give children a sense of security and self-worth, is to demonstrate it.

This responsibility is crucial, as we endeavor to teach and protect our children against the growing epidemic of abduction, sexual abuse, and more, yes, even murder.

By setting examples and taking positive actions parents and others are working to prevent the annual disappearance of 1,800,000 children from their homes. Some are runaways, some are kidnaped by parents, others are abducted for illicit purposes, such as child prostitution and pornography. Though many of these children are returned, up to 50,000 missing children cases remain unsolved each year.

As cosponsor of the Missing Children's Assistance Act, I strongly support legislation that creates such nationally coordinated efforts as: A toll-free hotline, a clearinghouse and resource center, stranger-awareness instruction, and voluntary fingerprinting for children.

We legislators have a responsibility for our Nation's children. Though we cannot guarantee what their futures will hold, we can and must give them the present, a time to feel safe in their own homes with their own families.

OV-1 MISSIONS OVER EL SALVADOR

(Mr. WEISS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WEISS. Mr. Speaker, news reports recently have documented another case of the Reagan administration thumbing its nose at Congress and the Constitution and the American people.

U.S. OV-1 Mohawk planes are flying over contested zones in El Salvador and finding themselves in situations where imminent involvement in hostilities is clearly indicated by the circumstances. These planes are reportedly identifying guerrillas' artillery fire and providing combat support for the Salvadoran Army.

Again and again and again, this administration has escalated its presence in Central America—without congressional authorization, without regard for the legality of these actions, and without concern for their consequences.

Mr. Speaker, you are absolutely right to have brought this matter to the attention of the House Foreign Affairs Committee for possible violation of the War Powers Act.

In 1962 OV-1 Mohawks began flying reconnaissance missions for the South Vietnamese Army. Congress did not act then. If Congress acts now perhaps we can prevent the tragedy of Vietnam from repeating itself in Central America.

THE STEADIER COURSE

(Mr. BARNARD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BARNARD. Mr. Speaker, every now and then, Congress has an opportunity to redirect the course of the Nation. Today we have such an opportunity.

Fueled by enormous deficits, our economy is headed on a collision course with disaster. Since the Nation's captain abandoned ship, it is up to Congress to take the helm and steer us onto a steadier course. I think that course is "the 2-percent solution."

The 2-percent solution cuts no entitlement benefits. Means-tested programs are fully funded. Other entitlements grow at the rate of CPI minus 2. Remaining domestic programs are frozen at 1984 levels.

The plan takes its greatest savings from defense but still allows 5 percent real growth in the military. This achieves economy without sacrificing security.

On the revenue side, the 2-percent solution goes one step further than H.R. 4170 by reducing the inflationary impact of tax indexing.

In other words, this plan asks for a minimum sacrifice across the board from those who can afford it while preserving the safety net for those who cannot.

It is the steadiest course for our floundering ship, and I think it deserves support.

CONGRATULATIONS HOYAS

(Mr. CONTE asked and was given permission to address the House for 1 minute.)

Mr. CONTE. Mr. Speaker, in response to the age old question, "What's a Hoya?" I offer this explanation:

H is for hot feet, high expectations, and superb handling of the ball;

O is for outrageous defense, outstanding teamwork, and original game plan;

Y is for yielding foes, yelling fans, and youthful vigor; and

A is for awesome—just plain awesome.

I salute Coach John Thompson and his 1984 NCAA championship team.

Hoya Saxa—real class.

CONSTITUTIONAL AMENDMENTS TO PERMIT VOLUNTARY SCHOOL PRAYER, BALANCED BUDGET AND LINE-ITEM VETO

(Mr. COURTER asked and was given permission to address the House for 1 minute.)

Mr. COURTER. Mr. Speaker, at this time I would hope to offer unanimous-consent requests calling for consideration of amendments to permit voluntary school prayer, balanced budget, and line-item veto.

The Chair has ruled that in order to make these requests I must have the clearance of the majority and minority leaderships.

This request has been cleared by the minority leadership.

I would now yield to a spokesman from the majority leadership for appropriate clearance.

Mr. Speaker, I hear no response. That should make it clear to the American people who stands in the way of these three important issues—the Democratic leadership in this House.

CUBA'S INVOLVEMENT IN DRUG TRAFFICKING TO THE UNITED STATES

(Mr. LEWIS of Florida asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEWIS of Florida. Mr. Speaker, there is strong evidence that Cuba is an active player in drug trafficking to the United States.

Cuba encourages the multibillion-dollar drug trade into Florida by offering safe harbors to Colombian drug smugglers for refueling and maintenance and by using boats with radar to help smugglers avoid detection by the U.S. Coast Guard.

It is alarming that even high-level officials are directly involved and that Cuba enjoys the generous profits from this criminal adventurism.

Therefore, Mr. Speaker, today I am introducing two concurrent resolutions which call on the President to request that the United Nations and the Organization of American States examine Cuba's involvement in drug trafficking to the United States.

Identical resolutions have been introduced in the Senate and have broad bipartisan support.

I urge my colleagues to join with me in turning the world spotlight on Cuba's criminal conspiracy.

MEDICAL ASSISTANCE TO EL SALVADOR

(Mr. LAGOMARSINO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LAGOMARSINO. Mr. Speaker, the Kissinger Commission concluded that El Salvador's forces "must be significantly and quickly strengthened" and that "significantly increased levels of military aid" be provided "as quickly as possible."

Unfortunately, the administration's request for $178.7 million in supplemental assistance for military aid was not even given a chance for consideration by the House Foreign Affairs Committee, and the request for an urgent supplemental of $93 million is being seriously delayed by the other body, even though a bipartisan compromise has reduced the $93 million to $62 million. The Congress is now arguing over one-third the amount needed and still there is no approval of funds that are badly needed for the Salvadoran military.

In order for democracy to have a chance in El Salvador, the guerrillas have to be convinced that they are not going to win a military victory. The Salvadoran military also has to have the confidence that it can survive. The supplemental aid request represents the absolute minimum needed to keep the army going a few more months as well as to provide the most basic tools for medical assistance to the soldiers. A good portion of the request is for Medevac helicopters and vehicles and other medical equipment and supplies which would help reduce the loss of life of up to half the combat casualties. In Vietnam, combat wounds resulted in the death of one out of nine soldiers. In El Salvador, it ranges between one-third and two-thirds death rate. Basic medical assistance, represented by this urgent supplemental request, would provide the needed humanitarian relief that could save the lives of many more Salvadorans.

ATTORNEY GENERAL STAYING ON

(Mr. MICHEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MICHEL. Mr. Speaker, it was good news, indeed, that Attorney General William French Smith has agreed to stay on in his job until a successor is confirmed by the Senate.

The Attorney General has done an admirable job as the chief law enforcement officer in this country, particularly in our war against illegal drug trafficking.

We desperately need a steady, consistent hand at the helm at Justice over the next few months.

There is no more compelling reason than the long list of legislation still awaiting enactment in this House.

In has been 14 years since we enacted a major crime bill in Congress. The Senate has acted but we have not.

There is a critical need to enact immigration reform. The Senate has acted, but we have not.

There is an urgent need to finish up much needed bankruptcy reform legislation. The Senate acted early enough to meet the court-imposed deadline, but we did not.

The Attorney General has done a superb job in helping to shepherd these bills through the Senate and we need his help in doing the same in the House.

I want to publicly express my gratitude to the Attorney General for staying on.

FUNDING THE MX MISSILE

(Mr. DURBIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DURBIN. Mr. Speaker, I would like to add my voice to those of my colleagues who have already spoken out in opposition to funding of the MX missile. I have consistently opposed the deployment of the MX in the past, and I intend to maintain my opposition in this session of Congress for three important reasons.

First, one of the major reasons offered by the Reagan administration for deploying the MX is for its use as a bargaining chip in arms control negotiations. The President had promised to be more receptive in arms control negotiations in return for congressional support on the MX. Many Members of Congress were swayed by this argu-

ment and voted to continue funding the MX in last year's authorization and appropriations process. At this point Congress must seriously question the validity of the trade off between MX funding and arms control talks. We are not now engaged in either strategic or intermediate range arms reductions talks with the Soviets.

My other reasons for opposing the MX have not changed, either. I have heard no convincing argument that the MX will contribute substantially to our national defense. I see no reason to deploy these missiles in vulnerable silos, when the vulnerability of our land-based defense was the driving force behind the initial decision to develop the MX.

There is also the issue of the cost of the system. The CBO estimates that approving the funding of 21 missiles this year instead of 40 would save $4.4 billion through 1989 and that terminating the program altogether would save $14 billion. In this time of unprecedented deficits, I do not believe the Congress should vote to fund a weapons system of questionable strategic value when the money saved could be used to make a substantial down payment on the deficit.

□ 1220

HOUR OF MEETING ON TOMORROW

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 10 a.m. tomorrow.

The SPEAKER. Is there objection to the request of the majority leader, the gentleman from Texas?

There was no objection.

AUTHORIZING APPOINTMENT TO OFFICE OF ADMINISTRATOR, FEDERAL AVIATION ADMINISTRATION

Mr. MINETA. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 2392) to authorize the President to appoint Donald D. Engen to the Office of Administrator of the Federal Aviation Administration, and ask for its immediate consideration in the House.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. HAMMERSCHMIDT. Mr. Speaker, reserving the right to object, I yield to the gentleman from California (Mr. MINETA), the distinguished chairman of the Aviation Subcommittee of the Committee on Public Works and Transportation, to explain his request.

Mr. MINETA. I thank our distinguished ranking Republican on the Aviation Subcommittee for yielding.

Mr. Speaker, Mr. Engen presently serves as a member of the National Transportation Safety Board. He has an excellent background in aviation and particularly in aviation safety, and he has been nominated by the administration to fill the vacant post of Administrator of the Federal Aviation Administration.

This legislation is necessary because section 301 of the Federal Aviation Act requires that the Administrator be a civilian. Legislative history at the time asserted that a nominee could not even be on the retired list of any service of the Armed Forces.

Mr. Engen is on such a retirement list. He had a distinguished career in the Navy and retired from the Navy in 1978. This legislation permits him to be appointed to serve as Administrator and to retain exactly the same status and benefits as any other military retiree would have as a civilian Federal employee.

I think it is important that we get this post filled at a critical time for FAA's programs, so that we have got somebody there who is clearly in charge and can clearly be held accountable for the FAA's performance.

I therefore support the bill, and appreciate the gentleman from Arkansas yielding to me.

Mr. HAMMERSCHMIDT. Further reserving the right to object, Mr. Speaker, I want to associate myself with the remarks of my friend, the gentleman from California (Mr. MINETA). I too rise in support of S. 2392, which would authorize the President to appoint Donald D. Engen to the office of Administrator of the FAA, and to provide that Mr. Engen's appointment to this position shall in no way affect his rights and privileges as a retired officer of the U.S. Navy.

Title 49, United States Code, section 106, provides that the Administrator of the FAA must be a civilian. This provision has been construed to require that an individual, who is otherwise qualified to receive a military pension—as well as certain other military benefits—must give up those rights in order to become FAA Administrator.

As my colleagues are aware, Secretary of Transportation Dole has recommended to the White House, and the President has concurred, that Mr. Engen is the most qualified individual for this position. They have therefore urged the Congress to approve this bill, thereby allowing him to serve in this important capacity without giving up these other benefits.

Mr. Engen is currently a member of the National Transportation Safety Board, where he has served since June of 1982. Although much of his superior aviation qualifications were accumulated while in the military service, Mr. Engen has also played a very important role in our civil air transportation industry, having recently managed a large general aviation manufacturing division. In addition, he has accumulated approximately 6,000 total flying hours and currently holds numerous FAA certificates and ratings. In light of his extensive aviation background, I am confident that he will be able to perform his duties in a very responsible manner.

Mr. Speaker, the position of FAA Administrator is one of the most important in any administration because of the agency's responsibility to assure the highest level of safety in air transportation. Because Mr. Engen has indicated that he would be unable to accept this position unless this legislation is enacted, I urge my colleagues to support the bill so that the FAA will be given the qualified leader it needs to carry out its important mission.

Mr. Speaker, I yield further to the gentleman for any further request he might wish to make.

GENERAL LEAVE

Mr. MINETA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill about to be passed.

The SPEAKER pro tempore (Mr. MOAKLEY). Is there objection to the request of the gentleman from California?

There was no objection.

● Mr. SNYDER. Mr. Speaker, I rise in support of S. 2392 and urge my colleagues to approve this legislation, which was adopted by unanimous consent in the Senate on April 2.

As my colleagues have indicated, this bill would authorize the President to appoint Donald D. Engen as the Administrator of the FAA and, in so doing, would waive the requirement in existing law that an individual appointed to this position must first resign his military commission.

Mr. Engen is currently a member of the National Transportation Safety Board (NTSB), which is the agency primarily responsible for investigating transportation accidents of all types. In this capacity, he has had a unique opportunity to work with the FAA and has gained a valuable perspective on the agency's strengths and weaknesses in carrying out its important responsibilities.

Prior to serving on the NTSB, Mr. Engen served in the U.S. Navy for 36 years and achieved the rank of vice admiral prior to his retirement in 1978. Immediately prior to his retirement, he was the deputy commander in chief of the U.S. Atlantic Command and U.S. Atlantic Fleet, and in this capacity he was responsible for the day-to-day operations of 250 ships and 1,800 aircraft. Later, he served with a major aircraft manufacturer and was responsible for a substantial part of that corporation's aircraft production.

In addition, Mr. Engen is a licensed pilot and has flown over 200 models of airplanes, ranging from gliders to four-engine jet transports.

Mr. Speaker, I think it is clear that Mr. Engen has the knowledge and experience to be an effective Administrator of the FAA. I know that Secretary of Transportation Dole conducted a thorough search for someone to fill this important position and concluded that Mr. Engen was clearly the most qualified candidate for the job. The President has concurred in the Secretary's assessment and, for these reasons, I believe it is important that the Congress allow Mr. Engen to assume this position.

Therefore, I urge my colleagues to support S. 2392.●

Mr. HAMMERSCHMIDT. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 2392

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. Notwithstanding the provisions of section 106 of title 49, United States Code, or any other provision of law, the President, acting by and with the consent of the Senate, is authorized to appoint Donald D. Engen to the Office of Administrator of the Federal Aviation Administration. Mr. Engen's appointment to, acceptance of, and service in that Office shall in no way affect the status, rank, and grade which he now holds as an officer on the retired list of the United States Navy, or any emolument, perquisite, right, privilege, or benefit incident to or arising out of any such status, office, rank, or grade, except to the extent that the Act of August 19, 1964, Public Law 88-448 (the Dual Compensation Act), as amended (5 U.S.C., et seq.), affects the amount of retired pay to which he is entitled by law during his service in the Office of Administrator of the Federal Aviation Administration. So long as he holds the Office of Administrator of the Federal Aviation Administration, Mr. Engen shall receive the compensation of that Office at the rate which would be applicable if he were not an officer on the retired list of the United States Navy, and shall retain the status, rank, and grade which he now holds as an officer on the retired list of the United States Navy, and shall retain all emoluments, perquisites, rights, privileges, and benefits incident to or arising out of such status, office, rank, or grade, and shall in addition continue to receive the retired pay to which he is entitled by law, subject to the provisions of the Dual Compensation Act, as amended.

SEC. 2. In the performance of his duties as Administrator of the Federal Aviation Administration, Mr. Engen shall be subject to no supervision, control, restriction, or prohibition (military or otherwise) other than would be operative with respect to him if he were not an officer on the retired list of the United States Navy.

SEC. 3. It is hereby expressed as the intent of the Congress that the authority granted by this Act is not to be construed as approval by the Congress of continuing appointments of military persons to the Office of Administrator of the Federal Aviation Administration in the future.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

17TH ANNUAL REPORT OF UNITED STATES-JAPAN COOPERATIVE MEDICAL SCIENCE PROGRAM FOR CALENDAR YEAR 1983—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Energy and Commerce:

(For message, see proceedings of the Senate of today, Wednesday, April 4, 1984.)

POLICE OFFICER SAVED BY BULLETPROOF VEST

(Mr. BIAGGI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BIAGGI. Mr. Speaker, another police officer has been saved by a bulletproof vest. It happened a couple of weeks ago in my hometown of New York. The New York Post described the incident, saying:

A gunman was riddled in a blazing shootout in a Harlem schoolyard yesterday that left one cop wounded and another thanking God for his bulletproof vest. From his hospital room, a housing cop who received only a bruise after being shot in the chest at near point-blank range recalled his promise to his mother never to take off his bulletproof vest.

"Thank God for the vest," said Officer John Leho, 29.

According to the Justice Department, more than 400 police lives have been saved by the vests.

Yet, despite their ability to stop conventional handgun ammunition, the bulletproof vests worn by police are totally useless against a small class of armor-piercing "cop killer" bullets. I have authored a bill, H.R. 953, to outlaw those bullets.

Surprisingly, this legislation remains stalled in committee, largely due to the National Rifle Association, which opposes the bill because, "There has been no rash of criminal misuse of armor-piercing handgun ammunition." Frankly, I believe it is better to prevent police deaths than to respond to them. I am certain New York City Police Officer John Leho would agree with that view.

PROVIDING FOR CONSIDERATION OF HOUSE CONCURRENT RESOLUTION 280, FIRST CONCURRENT RESOLUTION ON THE BUDGET—FISCAL YEAR 1985

Mr. DERRICK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 476 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 476

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the State of the Union for the consideration of the concurrent resolution (H. Con. Res. 280) revising the congressional budget for the United States Government for the fiscal year 1984 and setting forth the congressional budget for the United States Government for the fiscal years 1985, 1986, and 1987, and the first reading of the concurrent resolution shall be dispensed with. After general debate, which shall continue not to exceed four and one-half hours, with not to exceed three hours to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Budget, and not to exceed one and one-half hours to be equally divided and controlled under the provisions of section 305(a)(3) of the Congressional Budget Act of 1974 (Public Law 93-344), the concurrent resolution shall be considered as having been read for amendment under the five-minute rule. No amendment to the concurrent resolution shall be in order except the following amendments, which shall be considered only in the following order, which shall not be subject to amendment, which shall be considered as having been read, and which shall be in order any rule of the House to the contrary notwithstanding:

(1) the amendment printed in the Congressional Record of April 3, 1984 by Representative Jones of Oklahoma, which shall be debatable for not to exceed one hour, to be equally divided and controlled by any Member offering said amendment and a Member opposed thereto;

(2) the amendment printed in the Congressional Record of April 3, 1984 by, and if offered by, Representative Dannemeyer of California, which shall be debatable for not to exceed one hour, to be equally divided and controlled by Representative Dannemeyer and a Member opposed thereto;

(3) the amendment printed in the Congressional Record of April 3, 1984 by, and if offered by, Representative Roemer of Louisiana, which shall be debatable for not to exceed one hour, to be equally divided and controlled by Representative Roemer and a Member opposed thereto;

(4) an amendment in the nature of a substitute consisting of the text of H. Con. Res. 281, if offered by Representative Dixon of California, which shall be debatable for not to exceed two hours, to be equally divided and controlled by Representative Dixon and a Member opposed thereto;

(5) the amendment printed in the Congressional Record of April 3, 1984 by, and if offered by, Representative McHugh of New York, which shall be debatable for not to exceed one hour, to be equally divided and

controlled by Representative McHugh and a Member opposed thereto;

(6) the amendment printed in the Congressional Record of April 3, 1984 by Representative MacKay of Florida, and if offered by Representative MacKay or Representative Nelson of Florida, which shall be debatable for not to exceed one hour, to be equally divided and controlled by the proponent of the amendment and a Member opposed thereto;

(7) the amendment printed in the Congressional Record of April 3, 1984 by and if offered by, Representative Latta of Ohio, which shall be debatable for not to exceed two hours, to be equally divided and controlled by Representative Latta and a Member opposed thereto; and

(8) an amendment in the nature of a substitute consisting of the text of H. Con. Res. 280 as introduced, if offered by Representative Jones of Oklahoma, which shall be in order only if at least one of the amendments designated above has been adopted, and which shall be debatable for not to exceed twenty minutes, to be equally divided and controlled by Representative Jones and a Member opposed thereto. It shall also be in order to consider the amendment or amendments provided for in section 305(a)(6) of the Congressional Budget Act of 1974 necessary to achieve mathematical consistency. If more than one of the amendments in the nature of a substitute made in order by this resolution have been adopted, only the last such amendment which has been adopted shall be considered as having been finally reported back to the House. At the conclusion of the consideration of the concurrent resolution for amendment, the Committee shall rise and report the concurrent resolution to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the concurrent resolution and any amendment thereto to final adoption without intervening motion.

□ 1230

The SPEAKER pro tempore. The gentleman from South Carolina (Mr. DERRICK) is recognized for 1 hour.

Mr. DERRICK. Mr. Speaker, I yield the customary 30 minutes, for the purposes of debate only, to the gentleman from Ohio (Mr. LATTA), and pending that, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 476 is a modified open rule providing for the consideration of House Concurrent Resolution 280, the first concurrent resolution on the budget for fiscal year 1985. The rule provides for 4 hours of general debate: 3 hours to be equally divided and controlled by the chairman and ranking minority member of the Budget Committee, and 1½ hours for debate on economic goals and assumptions to be equally divided and controlled under the provisions of section 305(a)(3) of the Budget Act. The concurrent resolution shall be considered as having been read.

The rule makes in order only the following amendments in the nature of a substitute, which must be offered in the following order, shall themselves not be subject to amendment, shall be considered as having been read, and shall be in order any rule of the House to the contrary notwithstanding:

First, the amendment printed in the CONGRESSIONAL RECORD of April 3, 1984, by Representative JONES of Oklahoma, to be debatable for 1 hour with the time equally divided and controlled by the Member offering the amendment and a Member opposed to the amendment;

Second, the amendment printed in the CONGRESSIONAL RECORD of April 3, 1984, by, and if offered by, Representative DANNEMEYER of California, to be debatable for 1 hour with the time equally divided and controlled by Representative DANNEMEYER and a Member opposed to the amendment;

Third, the amendment printed in the CONGRESSIONAL RECORD of April 3, 1984, by, and if offered by, Representative ROEMER of Louisiana, to be debatable for 1 hour with the time equally divided and controlled by Representative ROEMER and a Member opposed to the amendment;

Fourth, the amendment consisting of the text of House Concurrent Resolution 281, if offered by Representative DIXON of California, to be debatable for 2 hours with the time equally divided and controlled by Representative DIXON and a Member opposed to the amendment;

Fifth, the amendment printed in the CONGRESSIONAL RECORD of April 3, 1984, by, and if offered by, Representative MCHUGH of New York, to be debatable for 1 hour with the time equally divided and controlled by Representative MCHUGH and a Member opposed to the amendment;

Sixth, the amendment printed in the CONGRESSIONAL RECORD of April 3, 1984, by Representative MACKAY of Florida, if offered by Representative MACKAY or Representative NELSON of Florida, to be debatable for 1 hour with the time equally divided and controlled by the proponent of the amendment and a Member opposed to the amendment;

Seventh, the amendment printed in the CONGRESSIONAL RECORD of April 3, 1984, by, and if offered by, Representative LATTA of Ohio, to be debatable for 2 hours with the time equally divided and controlled by Representative LATTA and a Member opposed to the amendment;

Eighth, an amendment consisting of the text of House Concurrent Resolution 280, as introduced, if offered by Representative JONES of Oklahoma. This amendment shall be in order only if at least one of the amendments listed above has been adopted. It shall be debatable for 20 minutes with the time equally divided and controlled by Representative JONES and a Member opposed to the amendment.

Also, it shall be in order to consider an amendment or amendments provided for in section 305(a)(6) of the Budget Act which may be necessary to achieve mathematical consistency.

The rule provides that, if more than one of the amendments in the nature of a substitute have been adopted in the Committee of the Whole, only the last one adopted shall be reported back to the House.

Finally, consistent with the provisions of section 305(a)(6) of the Budget Act, the rule does not provide for a motion to recommit.

While this rule is not technically complex, it does involve a number of amendments and a slightly unusual procedure. Because of this, and because the matters being considered are so important, I want to take a few minutes to make sure that every Member understands what the rule does.

The rule involves what some people refer to as a "King of the Mountain" procedure. House Concurrent Resolution 280 is made in order as the original text. Eight amendments in the nature of a substitute are made in order as amendments to that. Ordinarily, since provisions of legislation which have been amended cannot be further amended, adoption of an amendment in the nature of substitute—which effectively amends all provisions of a bill or resolution—precludes further amendment. But this rule provides that adoption of one amendment in the nature of a substitute does not prevent the other amendments in the nature of a substitute from being offered. Then, because the amendments in the nature of a substitute are by definition mutually exclusive, the rule provides that, if more than one substitute is adopted in the Committee of the Whole, only one of those—the last one adopted—will be reported back to the House. Thus "King of the Mountain", where the last amendment standing is the winner.

The Rules Committee made only amendments in the nature of a substitute in order because it believes that Members are best able to make reasoned decisions about appropriate levels of Federal spending and revenues and about budget priorities if they are offered choices among complete alternative plans. Line-item decisions about funding for particular programs or about particular revenue measures are appropriately made when authorizing, appropriation, and revenue legislation are considered. The "King of the Mountain" procedure was adopted to make sure that no one is precluded from offering one of the amendments made in order. This procedure guarantees that all of the alternative budgets can be considered.

There will be adequate time later for the proponents of the amendments made in order to explain the substance of their alternatives, but I do want to

take a few moments here to give a brief description of the amendments so that everyone knows at the outset what will be before us in this process.

The base text which will be before us is House Concurrent Resolution 280. This is identical to House Concurrent Resolution 282, which was reported by the Budget Committee, except that it includes the committee "pay-as-you-go" amendment as original text. This means there will not be a separate vote on that "pay-as-you-go" amendment.

The amendments in the nature of a substitute which will be in order to that are:

First, an amendment printed in the CONGRESSIONAL RECORD by Chairman JONES of the Budget Committee, which can be offered by any Member. This substitute represents the President's February budget submission, as reestimated by CBO.

Second, an amendment to be offered by Representative DANNEMEYER which assumes achievement of spending cuts recommended by the Grace Commission and enactment of other nondefense spending cuts.

Third, an amendment to be offered by Representative ROEMER which is described as "the 2-percent solution."

Fourth, an amendment to be offered by Representative DIXON which was proposed by the Congressional Black Caucus.

Fifth, an amendment by Representative MCHUGH which has been described as the "DSG" budget.

Sixth, an amendment to be offered by Representative MACKAY or Representative NELSON which is the same as House Concurrent Resolution 280 except that it does not include certain additional new spending which was provided for in the Budget Committee's "pay-as-you-go" amendment.

Seventh, an amendment to be offered by Representative LATTA which represents the President's most recent budget proposal.

Eighth, an amendment to be offered by Representative JONES—only if one or more of the above substitutes to House Concurrent Resolution 280 have been adopted—which consists of the text of House Concurrent Resolution 280, as introduced—that is, the text of the concurrent resolution without any amendments.

Let me just explain here why the Rules Committee made it in order for House Concurrent Resolution 280 to be offered at this point, if it has already been substituted for. Under the other procedures set forth in this rule, without this provision there would be an opportunity for a vote in the Committee of the Whole on every budget alternative but House Concurrent Resolution 280. If no substitute is adopted, there is, of course, no need for a separate vote on House Concurrent Resolution 280 in the Committee of the Whole, since there will be a vote on final passage in the House. But, if another alternative is approved in the Committee of the Whole, it is only fair to give Members the same opportunity to vote affirmatively for the plan recommended by the Budget Committee.

Mr. Speaker, I would like to point out the special effort that the Rules Committee has made this year to insure that Members of the House have the opportunity to know what is in the budget alternatives they are voting on. In the past there has been some confusion about the contents of some amendments that were offered to budget resolutions, and there have been complaints that estimates of the effects of various alternatives have been inconsistent because the alternatives have used different baselines and different economic and technical assumptions.

To insure that Members can find out what is in the various alternatives, the rule requires that all substitutes which will be offered must have been printed in yesterday's CONGRESSIONAL RECORD, unless they have been introduced and are available in printed form.

To insure that all alternatives can be compared, the Rules Committee requested, and has received, cost estimates for all the alternatives from the Congressional Budget Office. These cost estimates will be available to Members on floor of the House and in the Rules Committee Office, in room H312 in the Capitol.

I would like to express the appreciation of the Rules Committee to the sponsors of these amendments for cooperation in getting amendments to the committee on a timely basis, and to the Congressional Budget Office for such a prompt response to our request. I am sure that these efforts will aid Members greatly in the difficult decisions they will be facing in the next 2 days.

Mr. Speaker, I have taken a good deal of time explaining this rule. Since there will be ample opportunity after the adoption of this rule for explanations of the various alternatives, I will say only this about the substance of the budget alternatives before us: I serve as a member of the Budget Committee. I believe that the budget we have recommended, House Concurrent Resolution 280, is a good first step toward dealing with the deficits that will strangle our economy if we do not act. It reduces the deficit by $182 billion over 3 years, yet it provides for adequate defense and affirms our contract with the elderly and those less able to care for themselves. I hope that we adopt this budget. But, most of all, I hope that we adopt one of the alternatives before us. The worst thing we could possibly do is to vote against everything because none of the alternatives seem perfect. Perhaps there are times when politicians can afford to wait for the perfect piece of legislation, so that they do not have to explain to constituents why they voted for something they were not in complete agreement with. We clearly do not have that luxury today. We must act quickly to deal with the deficits. We must choose from among the alternatives that are currently available.

This rule allows Members to choose from among the real alternatives available to us. I urge my colleagues to vote for this rule and then to vote to adopt a congressional budget that will allow us to begin to regain control of our economic destiny.

□ 1240

Mr. LATTA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I think that there has been an adequate explanation of the rule. I believe that the Rules Committee was quite fair in acknowledging the fact that there are quite a few substitutes floating around. There are probably more floating around this time on this budget than any time since the budget process has been in being. So I am not going to belabor the point. But I would just like to point out one thing:

I have in my hand the report on House Concurrent Resolution 282. This happens to be the House Budget Committee report that was filed by the House Budget Committee. But would you believe that this rule does not provide for consideration of the budget resolution reported by the committee itself? It does not make in order House Concurrent Resolution 282 as one of the eight substitutes. Instead, this rule provides for the consideration of House Concurrent Resolution 280, a resolution introduced by the gentleman from Oklahoma the day before House Concurrent Resolution 282 was reported by the committee.

Now, why would the chairman introduce one resolution and then have the Budget Committee report a second resolution, only to go to the Rules Committee and obtain a rule on the first resolution?

Well, last year, as everybody knows, was the beginning of the gimmickry. We had the slush fund gimmickry last year.

Now, are we having that again this year by the changing of the bills or the resolutions so that the chairman of the committee could resort to this procedure in order to avoid a vote on this year's new gimmick, the so-called pay-as-you-go amendment, which would apply only to selected parts of the budget rather than to all its parts?

Wait until next year, and we will probably have another gimmick.

Mr. JONES of Oklahoma. Mr. Speaker, will the gentleman yield for

an explanation, which I think the gentleman already knows?

Mr. LATTA. I will be happy to yield to my chairman.

Mr. JONES of Oklahoma. Mr. Speaker, the difference in House Concurrent Resolution 280 and 282 is that House Concurrent Resolution 280 is the basic committee bill with the pay-as-you-go committee amendment, that we passed in committee, incorporated into it. House Concurrent Resolution 282 is the basic committee bill without the committee pay-as-you-go amendment.

I think the gentleman is well aware of that.

If the gentleman desires not to have the pay-as-you-go amendment, there are at least two substitutes which would take that out and would freeze spending.

So that is the explanation. It is not a gimmick. As a matter of fact, if the House in Gramm-Latta 1, 3 years ago, had put ourselves and our budget process on a pay-as-you-go basis, perhaps we would not be facing such unprecedented Federal deficits.

Mr. LATTA. Let me say to the gentleman that if he had voted for the cuts that we made in Gramm-Latta 1 and 2 and the Latta-Michel budget in 1982, we probably would not be in the position we are in today. Hopefully, before this debate is over, the gentleman will join this side and make some real cuts.

Mr. JONES of Oklahoma. I will say to the gentleman, if he will yield, that if the gentleman's alternative budget in 1981 had passed, we would not be facing these deficits. We would have a balanced budget, in reality.

Mr. LATTA. Well, let us wait until we get to the debate on the resolution itself.

Let me say that the gentleman just concurred in what I said, they did not have this gimmick in House Concurrent Resolution 282 so they had to resort to House Concurrent Resolution 280.

But let me say, as far as the Rules Committee is concerned, I think it has done a good job in reporting out a rule that everybody can live with. There were a couple of amendments that were requested that were not made in order, including one that was discussed during the deliberations of the Rules Committee yesterday, one that was raised on his side of the aisle, about the so-called pay-as-you-go thing. I was quite surprised that the majority did not grant a rule that would permit the Democratic side to strike that so-called pay-as-you-go as they brought it up in the Rules Committee.

Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania (Mr. WALKER).

Mr. WALKER. Mr. Speaker, I would hope that we would understand for a moment what this rule does. What this rule does is that it says the majority side is entitled to bring six budgets to the floor, the minority side is entitled to bring two budgets to the floor. That is a 3-to-1 margin in terms of considering these important matters.

The Rules Committee has obviously decided that the majority side is going to be given as much time and as many budgets as it needs to try to get something passed here which fits the majority's version of what should be done rather than giving the minority equal time.

Mr. JONES of Oklahoma. Mr. Speaker, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from Oklahoma.

□ 1250

Mr. JONES of Oklahoma. Mr. Speaker, I just asked the gentleman to yield for a clarification. The minority will have the right to offer three. I think the gentleman may be overlooking the President's own budget, which we have made in order that any Member of the minority can offer.

Mr. WALKER. I thank the gentleman and I know the gentleman is being most generous in that since the President himself no longer ascribes to that particular budget. We know that the gentleman was trying to be magnanimous, but somehow his magnanimous nature strikes this gentleman as being something the minority Members of the body would hope to follow through on.

Mr. DERRICK. Mr. Speaker, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from South Carolina.

Mr. DERRICK. I would like to point out to the gentleman that no other Member of the minority asked the Rules Committee to make any other substitute in order. You have to get up there and ask us; are we supposed to read your mind?

Mr. WALKER. If the gentleman would allow me to reclaim my time, I know that there were some Members of the minority such as Mrs. ROUKEMA of New Jersey, Mr. FRENZEL of Minnesota, who did ask for amendments to be made in order, and that those were specifically turned down by the Rules Committee.

So I think that we do have a situation where minority viewpoints and minority amendments were turned down by the Rules Committee, and it still comes back to the point when we come to the floor, it is a 6-to-2 margin. It is a 3-to-1 margin in terms of majority offerings and minority offerings.

One of the most important parts of this rule that causes us some difficulty is the fact that the last bite of the apple is going to go to the majority so that we can go through the whole process here. We can get many issues resolved only to have the majority to be able to come back and give us a budget that will give them the last bite at the apple, regardless of everything else we have done.

That seems to me to be unfair too, in terms of the kinds of issues we may want to resolve on this floor. The point is this: That the party that wants the country to believe that it stands for fairness shows us again that its deeds speak louder than words. This rule gives the minority a little, but it gives the majority a lot. This rule is typical of the way we operate around here all the time: Using the power of the majority to give special advantages to the majority when it comes to consideration of legislation.

We are going to be discussing very important matters here; yet this rule says that the most important issue is giving the majority the power to crush minority opinion. Now, that may not make much difference anyhow because the entire budget process is so terribly flawed.

History shows us that whatever we do here is probably going to be irrelevant, and let me just cite some figures: The gentleman from Oklahoma said a few moments ago that it was the budget that was passed in 1981 that created the deficits. I would suggest that the whole budget process for the last 5 years is what has created the deficits, because if you look back you will find out in fiscal year 1980 we had a First Budget Resolution that proposed outlays of $532 billion. We spent $47.6 billion more than that.

In 1981, we spent $43.6 billion more than we said we were going to do. In fiscal year 1982 we spent $33 billion more than we said we were going to. In fiscal year 1983 we spent $26 billion more than we said we were going to, and in fiscal year 1984, we have spent $3.5 billion more than we say we are going to.

That totals $153.9 billion; that comes awfully close to being where the budget is. In other words, the congressional overspending, beyond what we said we were going to do in our budget, is what has caused deficit problems out there, and it seems to me that the American people ought to realize that while we may have a lot of fire and smoke out here, it is probably going to be very irrelevant anyhow.

This rule gives the minority a little bit, as I said before, it gives the majority an awful lot. This rule is unfair, and demonstrates again the abuse of power that characterizes majority rule in this body.

● Mr. FRENZEL. Mr. Speaker, this rule does not provide for openness and fair deliberations. Extensive debate is allowed, and we will have no less than eight budget options from which to choose. The "last passed wins" rule is not perfect, but it far surpasses last

year's "first over the top" rule which eliminated debate and amendment.

But to say that this is at least not a blatant gag rule is surely to damn with faint praise. The options offered do not provide a reasonable range. They do not allow amendments. They only allow substitutes.

I am particularly incensed that this rule does not even allow debate on the budget resolution as reported by the House Budget Committee. Our committee reported a basic bill and an amendment. I felt the two should be considered separately, and so moved to divide the question in committee. However, the Rules Committee has chosen to offer us the budget with the amendment already permanently attached.

The Budget Committee retains jurisdiction on the budget, and should be allowed to offer its budget recommendation on the floor as reported. There is no reason why we should allow the Rules Committee capriciously to repackage the budget as it wishes.

I also oppose this rule because it initiates debate on a resolution and amendments that have been hastily and hurriedly considered. Our committee markup was a sham, with no disclosure or notice granted the minority. No chance was offered for debate or deliberation. Moreover, except for the caucuses that constructed them, no one is familiar with the alternative budget amendments.

This limit on consideration of the budget is particularly odious because this year, at last, there is the beginning of a consensus on deficit reduction. We should encourage and build that consensus, Mr. Speaker, not gag it. It is not sufficient simply to allow the consideration of several alternatives. We should instead be encouraging a consensus on a few approaches, not dividing Congress again between eight different packages.

Finally, I oppose the rule because it does not grant consideration of an amendment I offered in the Budget Committee and testified on before the Rules Committee which would require that all new taxes be used only for deficit reduction. Unless and until deficits are sharply reduced, that should be the only purpose of new taxes. The House should be allowed to vote on such a principle.

My amendment which is not a full substitute is typical of amendments which raise important questions, but which have been gagged by the committee.

Mr. Speaker, I urge my colleagues to join me in voting no on this rule.●

● Mr. WOLF. Mr. Speaker, I rise in opposition to House Resolution 476, the rule for consideration of the first budget resolution for fiscal year 1985. I testified before the Rules Committee yesterday and requested that a rule be made in order to consider my amendment to allow for a specific vote on the cost-of-living adjustment delay proposed in House Concurrent Resolution 280 and House Concurrent Resolution 282.

This rule, House Resolution 476, approved by the Rules Committee, does not make my amendment in order and denies the 3 million civilian and military retirees a vote on their retirement inflation adjustment.

I include my testimony before the Rules Committee and my amendment at this point in the RECORD, as follows:

STATEMENT OF CONGRESSMAN FRANK R. WOLF BEFORE THE HOUSE RULES COMMITTEE ON THE FIRST BUDGET RESOLUTION FOR FISCAL YEAR 1985

Mr. Chairman, I appreciate the opportunity to testify before this Committee today. I would like to urge your consideration and the Committee's adoption of a rule which would allow for an amendment to be offered to the Budget Resolution to repeal the Budget Committee's proposed delay of the cost-of-living adjustment for the nation's civilian and military retirees.

I want to be brief. There are two main issues I want to raise about this amendment being offereed by myself, Mr. Parris and Mrs. Holt to the Budget Resolution to be considered by the House. First, I believe the nation's 3,286,486 government retirees deserve an up-or-down vote on their inflation index. In the past few years, government retirees have been the victim of continual delays and changes in the computation of their COLA. Such an attack on the retirement system of federal and military employees has perpetuated a general lack of confidence in a benefit which has traditionally attracted many people to service in the federal government.

The argument has been made that Social Security beneficiaries have faced delays in their adjustments; however, I would like to point that such delays were incorporated in a package which dealt specifically with Social Security, and not the entire federal budget. Furthermore, the Social Security Act Amendments legislation was intended to reform the Social Security System and ensure its continued stability. The delay in COLA for federal retirees is solely intended to effect a budget reduction and should thus be treated differently. I believe it is only fair that federal and military retirees be given a specific vote on their benefits.

Secondly, today is April 3. The delay proposed in the budget resolution would take effect in less than 60 days if it were enacted today (that assumes that the Senate acts, conference action is completed, a second budget resolution is drafted, approved and conference with subsequent reconciliation action being finished happens before that date).

I believe we have an obligation to legislate in a timely and equitable fashion which allows individuals who are dependent on Congressional actions to plan for their future. Retirees who estimate taxes and those who are faced with other personal spending decisions would be unfairly penalized by a delay now in the COLA. We have a duty to provide adequate notice of changes in retirement benefits. These retirees should not be penalized in June for action the Congress has failed to complete during the past 15 months.

Mr. Chairman, I urge the Committee to provide a rule for the consideration of this amendment.

AMENDMENT TO HOUSE CONCURRENT RESOLUTION 282 OFFERED BY MR. WOLF

In the matter relating to the level of total budget outlays for fiscal 1985, increase the amount by $850,000,000.

In the matter relating to the amount of the deficit in the budget for fiscal year 1985, increase the amount by $850,000,000.

In the matter relating to budget outlays for functional category 600 for fiscal year 1985, increase the amount by $850,000,000.

In the matter relating to reconciliation instructions to the Committee on Armed Services contained in section 2(c), strike out "$300,000,000" and insert in lieu thereof "$0".

In the matter relating to reconciliation instructions to the Committee on Post Office and Civil Service contained in section 2(f), strike out "550,000,000" and insert in lieu thereof "$0".

REPEAL COLA DELAY

EXPLANATION OF AMENDMENT

This amendment would eliminate the proposed Cost-of-living adjustment (COLA) delay for the nation's civilian and military retirees. The Committee budget recommends delaying the planned COLA of June 1984 until January 1985. This amendment would repeal the Committee's recommendation and provide a June, 1984, COLA adjustment.

SUMMARY OF PROVISIONS

Section 1—applies to total budget.
Section 2—applies to the deficit.
Section 3—applies to Income Security provisions under 600 of the budget.
Section 4—Reconciliation instructions (House Armed Services Committee).
Section 5—Reconciliation instructions (House Post Office and Civil Service Committee).

COSTS, FISCAL YEAR 1985

Budget authority, $0.
Budget outlays: Civilian $0.30 billion, military $0.55 billion, total, +$850,000,000.●

Mr. DERRICK. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. WALKER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 302, nays 89, not voting 41, as follows;

[Roll No. 65]

YEAS—302

Ackerman	Alexander	Annunzio
Addabbo	Anderson	Applegate
Akaka	Andrews (NC)	Barnard
Albosta	Andrews (TX)	Barnes

Bateman	Gray	Pease
Bates	Green	Penny
Bedell	Guarini	Pepper
Bennett	Hall (IN)	Perkins
Bereuter	Hall, Ralph	Pickle
Berman	Hamilton	Porter
Bethune	Hammerschmidt	Price
Bevill	Hansen (UT)	Pritchard
Biaggi	Hatcher	Quillen
Billey	Hefner	Rahall
Boggs	Hertel	Ratchford
Boland	Hightower	Reid
Boner	Hillis	Richardson
Bonior	Holt	Ridge
Bonker	Howard	Rinaldo
Borski	Hoyer	Robinson
Bosco	Huckaby	Rodino
Boucher	Hunter	Roemer
Boxer	Hutto	Rogers
Breaux	Ireland	Rose
Britt	Jenkins	Roth
Brooks	Jones (NC)	Rowland
Brown (CA)	Jones (OK)	Roybal
Broyhill	Jones (TN)	Rudd
Bryant	Kasich	Russo
Burton (CA)	Kastenmeier	Sabo
Byron	Kennelly	Scheuer
Campbell	Kildee	Schneider
Carper	Kindness	Schroeder
Carr	Kogovsek	Schulze
Chandler	Kolter	Schumer
Chappell	Kostmayer	Seiberling
Chappie	Lantos	Sharp
Cheney	Latta	Shelby
Clarke	Leach	Sikorski
Clay	Leath	Simon
Coats	Lehman (FL)	Sisisky
Coelho	Leland	Skeen
Coleman (MO)	Levin	Skelton
Coleman (TX)	Levine	Slattery
Collins	Lipinski	Smith (FL)
Conable	Lloyd	Smith (IA)
Conyers	Loeffler	Smith (NE)
Cooper	Long (LA)	Smith (NJ)
Courter	Long (MD)	Smith, Robert
Coyne	Lott	Snowe
Crockett	Lowry (WA)	Solarz
D'Amours	Luken	Spratt
Daschle	Lundine	St Germain
Davis	MacKay	Staggers
de la Garza	Madigan	Stangeland
Dellums	Marlenee	Stark
Derrick	Martin (IL)	Stenholm
Dickinson	Martin (NC)	Stokes
Dicks	Martin (NY)	Stratton
Dingell	Martinez	Studds
Dixon	Mavroules	Sundquist
Donnelly	Mazzoli	Swift
Dorgan	McCain	Synar
Dowdy	McCloskey	Tallon
Downey	McCurdy	Tauke
Duncan	McEwen	Tauzin
Durbin	McHugh	Taylor
Dwyer	McKernan	Thomas (CA)
Dymally	McKinney	Thomas (GA)
Dyson	McNulty	Torres
Early	Mica	Torricelli
Eckart	Michel	Traxler
Edwards (AL)	Mikulski	Udall
Edwards (CA)	Mineta	Valentine
Edwards (OK)	Minish	Vandergriff
English	Mitchell	Vento
Erdreich	Moakley	Volkmer
Erlenborn	Mollohan	Walgren
Evans (IL)	Montgomery	Watkins
Fascell	Morrison (CT)	Waxman
Feighan	Morrison (WA)	Weaver
Ferraro	Mrazek	Weiss
Flippo	Murphy	Wheat
Florio	Murtha	Whitehurst
Foglietta	Natcher	Whitley
Foley	Neal	Whittaker
Ford (MI)	Nelson	Whitten
Ford (TN)	Nichols	Williams (MT)
Fowler	Nowak	Williams (OH)
Frank	Oakar	Winn
Frost	Oberstar	Wirth
Fuqua	Obey	Wise
Garcia	Olin	Wolpe
Gaydos	Ortiz	Wortley
Gejdenson	Ottinger	Wright
Gephardt	Owens	Wyden
Gibbons	Oxley	Wylie
Glickman	Panetta	Yates
Gonzalez	Pashayan	Yatron
Gore	Patman	Young (MO)
Gradison	Patterson	

NAYS—89

Archer	Hartnett	Nielson
AuCoin	Hiler	O'Brien
Badham	Hopkins	Packard
Bartlett	Horton	Parris
Bilirakis	Hughes	Petri
Broomfield	Jacobs	Pursell
Brown (CO)	Jeffords	Regula
Burton (IN)	Johnson	Ritter
Carney	Kramer	Roberts
Clinger	LaFalce	Roukema
Conte	Lagomarsino	Sawyer
Corcoran	Lent	Schaefer
Coughlin	Levitas	Sensenbrenner
Craig	Lewis (CA)	Shaw
Crane, Philip	Lewis (FL)	Shumway
Dannemeyer	Livingston	Shuster
Daub	Lowery (CA)	Siljander
DeWine	Lujan	Smith, Denny
Dreier	Mack	Snyder
Fiedler	Marriott	Solomon
Fields	McCandless	Spence
Fish	McCollum	Stump
Franklin	McDade	Vucanovich
Frenzel	McGrath	Walker
Gekas	Miller (CA)	Weber
Gilman	Miller (OH)	Wolf
Gingrich	Molinari	Young (AK)
Goodling	Moore	Young (FL)
Gregg	Moorhead	Zschau
Gunderson	Myers	

NOT VOTING—41

Anthony	Hance	Markey
Aspin	Hansen (ID)	Matsui
Bellenson	Harkin	Moody
Boehlert	Harrison	Paul
Crane, Daniel	Hawkins	Rangel
Daniel	Hayes	Ray
Darden	Heftel	Roe
Edgar	Hubbard	Rostenkowski
Emerson	Hyde	Savage
Evans (IA)	Kaptur	Shannon
Fazio	Kazen	Towns
Gramm	Kemp	Vander Jagt
Hall (OH)	Lehman (CA)	Wilson
Hall, Sam	Lungren	

□ 1310

The Clerk announced the following pairs:

On this vote:

Mr. Ray for, with Mr. Lungren against.

Mr. Hawkins for, with Mr. Kemp against.

Mr. Hance for, with Mr. Paul against.

Ms. Kaptur for, with Mr. Daniel B. Crane against.

Mr. Rangel for, with Mr. Boehlert against.

Mrs. JOHNSON and Mr. SPENCE changed their votes from "yea" to "nay."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

CBO COST ESTIMATES OF AMENDMENTS IN THE NATURE OF A SUBSTITUTE TO HOUSE CONCURRENT RESOLUTION 280

(Mr. DERRICK asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. DERRICK. Mr. Speaker, on behalf of the Committee on Rules, I am submitting cost estimates prepared by the Congressional Budget Office of all of the amendments in the nature of a substitute to the budget resolution made in order under the rule.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., April 3, 1984.

Hon. CLAUDE D. PEPPER,
Chairman, Committee on Rules, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: As you requested, I am enclosing CBO estimates of amendments in the nature of a substitute to the House Budget Committee-reported budget resolution. The estimates are consistent with the assumptions of the House budget resolution baseline as utilized by the Budget Committee. For national defense the baseline is the Administration's February request. Estimates are provided for the following plans:

H. Con. Res. 280, the House Budget Committee's reported resolution with the Committee amendment.

Mr. Latta's substitute.

Mr. Roemer's substitute.

Mr. McHugh's substitute.

Mr. Dixon's substitute, H. Con. Res. 281.

Mr. Dannemeyer's substitute.

Mr. MacKay's substitute.

The Administration's February budget.

We would be pleased to provide further details on these estimates, if you wish.

Sincerely,

RUDOLPH G. PENNER.

CBO ESTIMATE OF HOUSE CONCURRENT RESOLUTION 280

[By fiscal year, in billions of dollars]

	1985	1986	1987	Total 1985–87
House budget resolution baseline: [1]				
Revenues	733.0	794.9	863.5	2,391.4
Outlays	939.8	1,030.5	1,133.1	3,103.5
Deficit	206.8	235.6	269.6	712.1
Proposed deficit reductions from the baseline:				
Revenue target	9.7	17.6	22.4	49.8
National defense 3.5 percent growth	16.2	34.8	44.7	95.7
Entitlements	1.8	3.4	5.0	10.2
Nondefense discretionary	(2)	1.3	2.6	3.9
Other: Management savings	1.7	0.2	0.1	2.0
Offsetting receipts: Employer share, employee ret	(2)	−0.4	−1.0	−1.4
Net interest: Debt service savings	1.6	6.3	13.7	21.6
Total reductions	31.0	63.2	87.5	181.7
Resulting budget totals:				
Revenues	742.7	812.6	886.0	2,441.2
Outlays	918.5	984.9	1,068.0	2,971.4
Deficit	175.8	172.3	182.0	530.1
Memorandum:				
Budget authority reductions:				
National defense	27.7	49.0	53.0	129.7
Nondefense	4.6	9.1	18.6	32.3

[1] CBO baseline except for national defense, which is the President's February request, and for minor technical adjustments.
[2] Less than $50,000,000.

CBO ESTIMATE OF AN AMENDMENT IN THE NATURE OF A SUBSTITUTE PROPOSED BY MR. LATTA TO HOUSE CONCURRENT RESOLUTION 280

[By fiscal year, in billions of dollars]

	1985	1986	1987	Total 1985–87
House budget resolution baseline: [1]				
Revenues	733.0	794.9	863.5	2,391.4
Outlays	939.8	1,030.5	1,133.1	3,103.5
Deficit	206.8	235.6	269.6	712.1
Proposed deficit reductions from the Baseline:				
Revenue: H.R. 4170	9.2	16.7	21.3	47.2
National defense	6.0	16.0	18.2	40.2
Entitlements	5.8	6.9	10.5	23.2
Nondefense discretionary:				
3-year program freeze	3.1	7.9	12.7	23.7

CBO ESTIMATE OF AN AMENDMENT IN THE NATURE OF A SUBSTITUTE PROPOSED BY MR. LATTA TO HOUSE CONCURRENT RESOLUTION 280—Continued

[By fiscal year, in billions of dollars]

	1985	1986	1987	Total 1985–87
3.5 percent civilian pay cap	0.2	0.8	1.6	2.6
Subtotal	3.3	8.6	14.3	26.3
Offsetting receipts:				
User fees	2.1	2.2	2.3	6.6
Employer share, employee ret	(2)	−0.1	−0.2	−0.3
Subtotal	2.1	2.1	2.1	6.4
Other:				
Market plan	—	—	10.0	10.0
Grace Commission savings	4.0	9.4	14.7	28.1
Subtotal	4.0	9.4	24.7	38.1
Net Interest: Debt service savings	1.8	6.7	15.1	23.5
Total reductions	32.2	66.4	106.2	204.9
Resulting budget totals:				
Revenues	742.2	811.6	884.8	2,438.6
Outlays	916.8	980.8	1,048.2	2,945.8
Deficit	174.6	169.2	163.4	507.2
Memorandum:				
Budget authority reductions:				
National defense	14.4	25.3	17.1	56.8
Nondefense	12.9	24.8	43.7	81.4

[1] CBO baseline except for national defense, which is the President's February request, and for minor technical adjustments.
[2] Less than $50,000,000.

CBO ESTIMATE OF AN AMENDMENT IN THE NATURE OF A SUBSTITUTE PROPOSED BY MR. ROEMER TO HOUSE CONCURRENT RESOLUTION 280

[By fiscal year, in billions of dollars]

	1985	1986	1987	Total 1985–87
House budget resolution Baseline: [1]				
Revenues	733.0	794.9	863.5	2,391.4
Outlays	939.8	1,030.5	1,133.1	3,103.5
Deficit	206.8	235.6	269.6	712.1
Proposed deficit reductions from the baseline:				
Revenues:				
H.R. 4170	9.2	16.7	21.3	47.2
Indexing less 2 percent	2.6	7.2	12.5	22.3
Subtotal	11.8	23.9	33.8	69.5
National defense: 5 percent growth	13.8	28.6	33.6	76.0
Entitlements:				
COLA's less 2 percent	3.6	8.1	12.9	24.6
Medicare	1.0	1.4	1.6	4.0
Subtotal	4.6	9.5	14.5	28.6
Nondefense discretionary	3.5	8.0	13.0	24.5
Offsetting receipts				
Net interest: Debt service savings	2.0	7.6	16.8	26.4
Total reductions	35.7	77.5	111.7	225.0
Resulting budget totals:				
Revenues	744.8	818.8	897.3	2,460.9
Outlays	916.0	976.8	1,055.2	2,948.0
Deficit	171.2	158.0	157.9	487.1
Memorandum:				
Budget authority reductions:				
National defense	23.5	40.0	38.1	101.6
Nondefense	9.5	20.0	33.6	63.1

[1] CBO baseline except for national defense, which is the President's February request, and for minor technical adjustments.

CBO ESTIMATE OF AN AMENDMENT IN THE NATURE OF A SUBSTITUTE PROPOSED BY MR. McHUGH TO HOUSE CONCURRENT RESOLUTION 280

[By fiscal year, in billions of dollars]

	1985	1986	1987	Total 1985–87
House budget resolution baseline: [1]				
Revenues	733.0	794.9	863.5	2,391.4
Outlays	939.8	1,030.5	1,133.1	3,103.5
Deficit	206.8	235.6	269.6	712.1
Proposed deficit reductions from the baseline:				
Revenue target	14.3	27.3	34.6	76.2
National defense: Zero real growth	21.8	49.0	69.6	140.4
Entitlements	1.8	3.4	5.0	10.2
Nondefense discretionary	(2)	1.3	2.6	3.9
Other: Management savings	1.7	.2	.1	2.0
Offsetting receipts: Employer share, employee ret	(2)	−.4	−1.0	−1.4
Net interest: Debt service savings	2.1	8.7	19.4	30.2
Total reductions	41.7	89.5	130.3	261.5
Resulting budget totals:				
Revenues	747.3	822.2	898.1	2,467.6
Outlays	912.4	968.3	1,037.4	2,918.1
Deficit	165.1	146.1	139.3	450.5
Memorandum:				
Budget authority reductions:				
National defense	37.3	69.6	85.9	192.8
Nondefense	5.2	11.5	24.3	41.0

[1] CBO baseline except for national defense, which is the President's February budget request, and for minor technical adjustments.
[2] Less than $50,000,000.

CBO ESTIMATE OF AN AMENDMENT IN THE NATURE OF A SUBSTITUTE PROPOSED BY MR. DIXON TO HOUSE CONCURRENT RESOLUTION 280

[By fiscal year, in billions of dollars]

	1985	1986	1987	Total 1985–87
House Budget Resolution Baseline: [1]				
Revenues	733.0	794.9	863.5	2,391.4
Outlays	939.8	1,030.5	1,133.1	3,103.5
Deficit	206.8	235.6	269.6	712.1
Proposed deficit reductions from the Baseline:				
Revenue target	50.6	57.9	72.5	181.0
National defense	30.4	70.4	101.9	202.7
Entitlements [2]	−14.2	−12.2	−8.8	−35.2
Nondefense discretionary [2]	−13.7	−22.8	−27.4	−63.9
Offsetting receipts:				
User fees	0.6	0.6	0.6	1.8
Employer share, employee ret	0.1	0.1	0.1	0.4
Subtotal	0.7	0.7	0.7	2.1
Net interest: Debt service savings	2.7	10.7	23.7	37.0
Total reductions	56.5	104.7	162.6	323.8
Resulting budget totals:				
Revenues	783.6	852.8	936.0	2,572.4
Outlays	933.9	983.7	1,043.0	2,960.7
Deficit	150.3	130.9	107.0	388.3
Memorandum:				
Budget authority reductions:				
National defense	78.8	111.0	128.2	318.0
Nondefense [2]	−39.6	−25.5	−10.1	−75.2

[1] CBO baseline except for national defense, which is the President's February request, and for minor technical adjustments.
[2] Minus (−) sign indicates spending increase.

CBO ESTIMATE OF AN AMENDMENT IN THE NATURE OF A SUBSTITUTE PROPOSED BY MR. DANNEMEYER TO HOUSE CONCURRENT RESOLUTION 280

[By fiscal year, in billions of dollars]

	1985	1986	1987	Total 1985–87
House Budget Resolution Baseline: [1]				
Revenues	733.0	794.9	863.5	2,391.4
Outlays	939.8	1,030.5	1,133.1	3,103.5

CBO ESTIMATE OF AN AMENDMENT IN THE NATURE OF A SUBSTITUTE PROPOSED BY MR. DANNEMEYER TO HOUSE CONCURRENT RESOLUTION 280—Continued

[By fiscal year, in billions of dollars]

	1985	1986	1987	Total 1985–87
Deficit	206.8	235.6	269.6	712.1
Proposed deficit reductions from the baseline:				
Revenues	1.3	1.8	3.6	6.7
National defense	6.0	16.0	18.2	40.2
Entitlements	6.2	16.6	21.5	44.3
Nondefense discretionary	7.9	14.4	21.5	43.9
Offsetting receipts: User fees	0.8	1.1	1.4	3.3
Other: Market plan	5.0	15.0	25.0	45.0
Net interest: Debt service savings	1.4	6.3	15.0	22.7
Total reductions	28.6	71.2	106.2	206.1
Resulting budget totals:				
Revenues	734.3	796.7	867.1	2,398.1
Outlays	912.5	961.1	1,030.5	2,904.1
Deficit	178.2	164.4	163.4	506.0
Memorandum:				
Budget authority reductions:				
National defense	14.4	25.3	17.1	56.8
Nondefense	22.8	41.5	58.0	122.3

[1] CBO baseline except for national defense, which is the President's February request, and for minor technical adjustments.

CBO ESTIMATE OF AN AMENDMENT IN THE NATURE OF A SUBSTITUTE PROPOSED BY MR. MacKAY TO HOUSE CONCURRENT RESOLUTION 280

[By fiscal year, in billions of dollars]

	1985	1986	1987	Total 1985–87
House budget resolution baseline: [1]				
Revenues	733.0	794.9	863.5	2,391.4
Outlays	939.8	1,030.5	1,133.1	3,103.5
Deficit	206.8	235.6	269.6	712.1
Proposed deficit reductions from the baseline:				
Revenues: H.R. 4170	9.2	16.7	21.3	47.2
National defense: Zero real growth	21.8	49.0	69.6	140.4
Entitlements	2.4	4.1	5.8	12.4
Nondefense discretionary	0.2	2.2	4.2	6.7
Other: Management savings	1.7	0.2	0.1	2.0
Offsetting receipts: Employer share, employee ret	(2)	−0.4	−1.0	−1.4
Net interest: Debt service savings	1.9	7.7	17.3	26.9
Total reductions	37.2	79.5	117.3	234.0
Resulting budget totals:				
Revenues	742.2	811.6	884.8	2,438.6
Outlays	911.8	967.7	1,037.1	2,916.6
Deficit	169.6	156.1	152.3	478.0
Memorandum:				
Budget authority reductions:				
National defense	37.3	69.6	85.9	192.8
Nondefense	6.4	12.9	25.7	45.0

[1] CBO baseline except for national defense, which is the President's February budget request, and for minor technical adjustments.
[2] Less than $50,000,000.

CBO ESTIMATE OF THE ADMINISTRATION'S FEBRUARY BUDGET [1]

[By fiscal year, in billions of dollars]

	1985	1986	1987	Total 1985–87
House Budget resolution baseline: [2]				
Revenues	733.0	794.9	863.5	2,391.4
Outlays	939.8	1,030.5	1,133.1	3,103.5
Deficit	206.8	235.6	269.6	712.1
Proposed deficit reductions from the baseline:				
Revenues	8.3	12.3	14.8	35.4
National defense	4.0	6.1	8.8	18.9
Entitlements	2.4	5.5	7.2	15.1
Nondefense discretionary	0.5	1.5	2.7	4.7
Offsetting receipts	1.2	3.5	6.9	11.5
Net interest: Debt service savings	16.4	28.9	40.4	85.7
Total reductions				

CBO ESTIMATE OF THE ADMINISTRATION'S FEBRUARY BUDGET [1]—Continued

[By fiscal year, in billions of dollars]

	1985	1986	1987	Total 1985–87
Resulting budget totals:				
Revenues	741.3	807.1	878.3	2,426.8
Outlays	931.8	1,014.0	1,107.6	3,053.3
Deficit	190.5	206.8	229.2	626.5
Memorandum:				
Budget authority reductions:				
National defense				
Nondefense	12.6	13.0	21.7	47.3

[1] With the administration's defense request unreestimated by CBO.
[2] CBO baseline except for national defense, which is the President's February request, and for minor technical adjustments.

FIRST CONCURRENT RESOLUTION ON THE BUDGET—FISCAL YEAR 1985

The SPEAKER. Pursuant to House Resolution 476 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the concurrent resolution, House Concurrent Resolution 280.

The gentleman from Massachusetts (Mr. MOAKLEY) will preside over the Committee of the Whole.

PARLIAMENTARY INQUIRY

Mr. LATTA. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. LATTA. Mr. Speaker, I make this parliamentary inquiry because there have been some rumors that we are going to reverse the procedure that we normally have followed in the presentation of the budget.

Under existing rules and past precedents, we have had the debate on the Humphrey-Hawkins economic matters prior to the general debate. That is consistent with section 305 of the Budget Act, which reads as follows:

Following the presentation of opening statements on the First Concurrent Resolution on the Budget for a fiscal year by the chairman and ranking minority member of the Committee on the Budget of the House, there shall be a period of up to four hours of debate on economic goals and policies.

So I make this inquiry as to whether or not we are going to reverse the procedure in an attempt to avoid this particular rule.

The SPEAKER. The Chair will state that after opening statements the Humphrey-Hawkins debate will then take place. The rule contemplates the normal procedure in the statute.

Mr. LATTA. I thank the Chair.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the resolution (H. Con. Res. 280) revising the congressional budget for the U.S. Government for the fiscal year 1984 and setting forth the congressional budget for the U.S. Government for the fiscal years 1985, 1986, and 1987, with Mr. MOAKLEY in the chair.

The Clerk read the title of the concurrent resolution.

The CHAIRMAN. Pursuant to the rule, the first reading of the concurrent resolution is dispensed with.

Under the rule, the gentleman from Oklahoma (Mr. JONES) will be recognized for 1½ hours, and the gentleman from Ohio (Mr. LATTA) will be recognized for 1½ hours. Then for opening statements by the chairman and the ranking minority member of the Committee on the Budget, the Chair will recognize the gentleman from Illinois, (Mr. SIMON) and the gentleman from Ohio (Mr. LATTA) for 45 minutes each to control debate on economic goals and policies. After this 1½ hours of debate has been consumed and yielded back, the Chair will recognize the chairman and the ranking minority member of the Committee on the Budget to control the remainder of the 3 hours of debate.

The Chair now recognizes the gentleman from Oklahoma (Mr. JONES).

Mr. JONES of Oklahoma. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the House now begins debate on a budget for fiscal year 1985. The decisions we make here may well decide the condition of the economy for the United States in the near future as well as for the years ahead. The competitiveness of American workers, the availability and affordability of homes for our people, the efficiency of our Military Establishment, and the level of assistance for our neediest citizens all depend upon what we begin to do here today.

□ 1320

Interest rates, the level of the dollar, growth rates and inflation rates all will respond to what we do here.

The House has many choices before it—difficult and confusing choices.

I ask that each Member set two standards for this debate: First, any budget you support must be honest and realistic. Do not buy any smoke. Do not accept unidentified savings which will never materialize, and do not depend on acts of grace for budgetary salvation.

Second, any budget you support, you must be willing to enforce. Budgets are not enforced by abstract rules or special police. Budgets are enforced by votes, votes of the Members of Congress, by a majority of our Members. Those who vote for the budget which passes must be prepared to make individual votes after that to enforce those budget decisions.

An honest budget and an enforceable budget, that is the test the House must meet.

And what if we fail that test? We can reject all these budgets or we can pass a budget that cannot or will not be carried out; but if we do that, I believe that we guarantee that several things will happen. First of all, the public will declare a bipartisan plague on both our partisan houses. We will all be tarred with failure, the just and the unjust; but those who are most responsible for this failure will be found to bear the blame in the months and years ahead more fully.

The mysterious mechanism which we call the "markets" will begin to panic if we fail. The "markets" do not expect too much from us, but they do expect realistic deficit reduction in the range of $150 billion to $200 billion over the next 3 years. If we fail to accomplish that this year, you will begin to see the United States and the world economy start to become unglued. How sudden that unraveling will occur, I cannot say, but just as sure as we are here today, it will happen.

Therefore, I say to Members on both sides of the aisle and of all parts of the political spectrum, this House must pass an honest and an enforceable budget.

The budget before us that best meets these tests is the one put forward by the Budget Committee. This $182 billion deficit reduction budget has two important concepts which are built into the budget process for the first time this year, the first concept being that of a modified freeze, taking all spending and treating it alike and saying there is a limitation on the growth of that spending. That is the starting concept of a modified freeze. You may agree or disagree with where that freeze is, but it is an important new concept.

The second important concept is a "pay-as-you-go" concept, which says that any new spending or any real spending increases over inflation or this modified freeze limitation must be deficit neutral. It must be paid for in our time by either new revenues or by additional spending cuts elsewhere.

This budget provides a "pay-as-you-go" real increase of 3½ percent for defense and for key programs for the needy.

This budget the committee has reported fully protects social security and the social safety net against inflation and then it freezes all other spending below the rate of inflation.

The committee budget proposes tax increases of $49 billion—a level, I might point out, which has been approved by President Reagan and by congressional Democrats and Republicans alike.

Now, there are some Members who want no tax increases. Many others want more revenue. The committee settled on a level that we believe can be passed by the Congress and signed by the President this year. The House in its wisdom is free to raise even more revenue than is included in the budget

when it takes up the Ways and Means tax package next week and the committee bill provides that those new revenues will go into deficit reduction.

The committee bill provides for a 3½ percent real growth for defense to be paid for by these new revenues. We should pay for our defense in our own time, not borrow and put this debt on the backs of our children and grandchildren. The problem we have gotten into as a government, as a country, is that we are expecting too much from our Government. We are expecting the best, the most prestigious military defense to protect us in our time. We are expecting income security. We are expecting the best of everything Government can provide and we are going to the window with our credit card and saying, "Charge it, but don't send us the bill. Send the bill to our children, to our grandchildren."

It seems to me we ought to start adopting a policy that what we want in our time to protect our generation, we ought to begin to pay for ourselves, because our children, our grandchildren, are going to have their own defense needs. They are going to have their own education needs. They are going to have their own infrastructure needs and if we give them that debt requirement, plus our own, we are doing a great injustice to future generations of this country.

The committee bill calls for full protection against inflation for social security, which last year was put on a "pay as you go basis" and for the means-tested programs affecting the truly needy in our society.

The committee bill requires $12 billion in reconciliation savings in other entitlement programs. Many, including myself, believe that more needs to be done to reduce growth in nonmeans tested entitlements. This is a very large part of the Federal budget, but the committee has settled on an amount which we are certain that Congress can accomplish this year.

The fact that the Republican substitute has a similar amount in some of these key reductions in entitlement spending growth indicates that this is something that we can pass, we can enforce, and we can be honest with the American people on domestic spending.

The committee bill provides 3½ percent real growth in safety net programs and holds all other programs at 3½-percent nominal growth, which is about two-thirds the rate of inflation, certainly less than inflation.

The committee also combed the Grace Commission report for possible administrative savings. We incorporate some legislative savings recommended by the Grace Commission into this budget and we anticipate they will come up in the reconciliation bill next week.

But in addition to that, we think about $2 billion in administrative savings can be accomplished by this administration without any additional need for legislation, and that is in the budget also. It is about a billion dollars less than what the Senate Republicans and the President included in their budget reduction package; so combined with entitlement and domestic discretionary savings, this results in a $17 billion decrease in domestic spending.

So that is the outline of the committee bill. It is a realistic budget which I as chairman of the Budget Committee intend to enforce. I believe it is the best among the options available, when you apply the test and the standards that I have outlined earlier.

Members will have a full opportunity to voice their opinions and to vote on the alternatives today and tomorrow. The hours ahead will be contentious, without doubt, but it is my opinion that at the end of this process the House of Representatives will have adopted a budget, that this body will enforce that budget, abide by the decisions we are telling the American people we will make today and tomorrow and that next week we can begin to implement that budget with a reconciliation bill and with a tax bill and send these main elements of the 1985 budget to the other body and help put some pressure over there on that body to get its act together and to start dealing with these ballooning Federal deficits.

I urge attention be given to this debate. I urge that we look at these deficits honestly and pass a budget that we are going to enforce to get these deficits down.

□ 1330

Mr. LATTA. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, hopefully by tomorrow night the House will have adopted one of these substitutes and sent the matter over to the other body so that we can sit down in conference and come up with a budget that will be for the best of all Americans.

I think one thing we cannot lose sight of during this debate is that the budget is only a framework for later action and regardless of which budget is adopted, the individual votes day after day on appropriation bills in this House are what really count.

Certainly we have seen Members vote on appropriation bills for more and more spending day after day, week after week, month after month, only to go out and say we have to do something about the deficit.

Now, let us not kid ourselves about what we do when we pass a budget resolution. We do not hold down deficits merely by passing a budget resolution. As a member of the Rules Committee I know whereof I speak when I say the big spenders can always get a waiver from the 2-to-1 Democrat-controlled Rules Committee in order to spend beyond the Budget Act. What really counts is what happens on the floor of this House day after day on the bills which appropriate the money for every conceivable program or project known to man. Go back just to January 1 of this year and review some of the budget busters passed by this House this year.

Certainly the United States is experiencing an economic revival which is the envy of a good many people in the Democrat ranks and one which is confounding most of the economists. Last year the economists were saying that it was a mysteriously average postwar recovery. Now all the evidence suggests it is an above average recovery and expansion.

The good news that comes to hearten the marketplace has jolted the naysayers and the merchants of gloom. My Democratic friends who were gleefully laying plans to use the the economy as an issue against the President and other Republicans this fall are now having to concoct other campaign issues, using the deficit demogoguery as a scare tactic to try to upset the psychology and the expectations of the credit market, for one.

Is it working? No, it is not working.

We see in America the free enterprise system really working for the benefit of Americans. We see an economic program that has brought expansion to this country.

The productive power of American industry has started reasserting itself. We have taken off some of those bureaucratic regulations. As a matter of fact, the Federal Register last year was reduced about one-third in size.

We see American industry flexing its muscles in many sectors of the economy as the upsurge in the gross national product indicates. Only yesterday there was a clamor by Democrats to borrow billions of dollars to be used to create leaf-raking-type jobs when what was needed was to unfetter the American giant and let employed taxpayers keep a little more of their hard-earned wages to buy goods and services they wanted, rather than to send their money to Washington to be distributed as Washington would like to distribute it.

Since the recession, though, Republican economic policies have contributed to the creation of well over 4 million new jobs. Our Democratic friends just cannot admit the fact that we have a recovery, let alone its strength and the breadth of its base.

Remember where we were when our former President, Jimmy Carter, left office? Remember 21.5-percent interest rates and 12.4-percent inflation rates?

I do not want to remember and I am sure the American people do not want to remember those high rates. Look around at the evidence of a rebounding economy as proof that these policies have started to turn this country around. Remember, this sustained economy is already 16 months old.

Through January real personal income, meaning income left after adjusting for inflation, had risen $75 billion since the low of August 1982. With more income, Americans are spending more. In February retail sales were $106 billion, 23 percent above the recessional low of $86.5 billion.

The first quarter real gross national product grew by 7.2 percent according to preliminary estimates, well above expectations and equal to CBO high growth baseline assumptions. Over a five-quarter interval, this is the strongest recovery since that of 1961.

Unemployment, which peaked at 10.7 percent in December of 1982, was down to 7.8 percent in February, exceeding all expectations, and employment has increased by 4.9 million over the same period. Unfortunately, in Ohio and other States which raised their taxes to gobble up the tax reductions given by the Reagan administration, we still have 2.5 to 3 percent more unemployment than the national average. In February employment increased in 70.2 percent of U.S. firms. Other February indexes that auger for a bright economic future: a survey which projected the highest 3-month hiring rate in 5 years. The number of persons unemployed 15 weeks or longer had decreased 1.7 million since the depths of the recession. And since last December the number of laid-off workers had been nearly cut in half.

February reports showed an especially satisfying turnaround in the automobile industry with unemployment falling in the year from 24.2 to 5.4 percent. This industry had 238,000 more people working than at the low point of the recession.

It was reported in February that domestic auto sales increased to an 8.5 million annual rate, an increase of 39.7 percent from 1 year earlier. It was the first time in 4 years that automobile sales had turned upward. The last years of the Carter-Mondale administration saw automobile sales drop without interruption. Auto plants are up to speed with the capacity utilization doubling from recession lows of 35.8 to 82.2 percent.

Certainly the American people understand that if we had gone the liberal Democrat route and taken more money in taxes from the American people and put it into leaf-raking jobs, these permanment type jobs would not now be filled.

Increased production in our factories are encouraging. They are operating at their highest capacity levels in nearly 2½ years, 80.7 percent in February.

Now 92 percent of plant capacity idled in the recession has been brought back on line in 15 months up to February.

Consider these other items that attest to the growing health of the American economy: new orders for manufactured goods rose 1.2 percent in January alone, following 1.6- and 2-percent increases in December and November, respectively. In the first month of the new year new orders for nondefense capital goods rose 2.3 percent, the best in 4 months.

Manufacturers reported unfilled orders increased 1.6 percent in January, the 11th consecutive monthly increase.

Firms are attempting to rebuild their inventories. A combination of low inventories, a high level of unfilled orders, and a record work week mean additional production and job gains ahead.

The report on housing is equally gratifying. February housing starts more than doubled, reaching their highest point in 5 years, recording a 162-percent increase from 840,000 in November 1981 to 2,197,000.

□ 1340

Building permits in February more than doubled—with a 166-percent increase from 730,000 in October 1981, to 1,941,000. January new home sales were up 106 percent, 688,000 versus 334,000 in September 1981. Also on the plus side, average monthly mortgage payments have risen only $4 under the Reagan administration, compared to the $342 rise between January 1977 and January 1981 ($256 to $598).

Perhaps the best news of all is the throttling down of inflation. In the final 2 years of the Carter-Mondale administration it was, respectively, 13.3 and 12.4 percent. For all of 1982, it was 3.9 percent. For basic necessities—housing, food, medical care, and energy—the inflation rate was 3 percent in 1982—in contrast to 17.4 percent in 1979 and 13.8 percent in 1980, both Carter-Mondale years. Since the poor spend a larger share of their money on these basics, they have been helped most by this dramatic drop during the Reagan administration.

This administration has not been unmindful of the truly deserving who look to the Federal Government for help. It is estimated that the number of households receiving housing subsidies will rise from 3,253,000 in 1980 to 3,827,000 this year. And predictions are that the number of food stamp recipients, 20,200,000 in 1980, will climb to 20,540,000 this year.

While it is thought that the number of medicaid beneficiaries may drop slightly this year, to 22,700,000 from 22,881,000 in 1980, the number of medicare recipients is expected to show an increase over the same period, from 27,273,000 in 1980, to 29,663,000 this year, and the number of civil service retirees—1,712,000 in 1980—is expected to reach 1,980,000 this year.

Democrats have been saying ever since the economy turned around in late 1982 that the high interest rates would insure that the recovery would not last long, and that it would primarily be led and driven by consumption. In other words, the Reagan recovery would be a pure Keynesian, rather than a supply-side recovery in which investment in new plant and equipment play a prominent role in broadening the recovery. All of this gloom and doom has turned out to be wrong.

Just 1 year ago CBO was forecasting real economic growth for 1983 at 3.9 percent. It turned out to be a 6.2 percent in its latest forecast—a forecast by the way, upon which all of the alternative budget plans must be based—CBO shows first quarter real growth at 4.8 percent, whereas in fact the Commerce Department's flash figure for the first quarter is 7.2 percent. That is very close to CBO's so-called high-growth alternative forecast of 7.3 percent.

On the day that this flash estimate was released, I asked CBO to reestimate the deficits that would result from the rose garden budget plan if its more optimistic projections realized. The results were dramatic.

Cumulative deficits from 1985–87 would be more than 25 percent lower, and deficits would be on a downward, rather than on a flat trajectory when better economic performance was assumed.

Do you think that perhaps the Democrats may be deliberately using gloomy economic and deficit forecasts as a scare tactic to force both the large tax increases, and deep defense cuts, that they want? I would like to think that this is not the case.

Perhaps the flash first quarter GNP estimate was just a flash in the pan. The data on the economy which came out since March 21 do not suggest that. On March 23, the Labor Department reported that the Consumer Price Index rose by only 0.4 percent in February.

On March 30, the Commerce Department reported that the Index of Leading Economic Indicators rose a strong 0.7 percent in February, suggesting a continuation of rapid economic growth. On March 30, it also was reported that new home sales surged 7.7 percent from January.

On April 2, it was announced that factory orders in February rose 0.7 percent, suggesting large future gains in production. Embodied in this statistic was a 6.2-percent increase in spending on nondefense capital goods, a

major indicator of business investment.

In fact, contrary to what the Democratic doomsayers were predicting, investment spending has been a significant factor in the economic expansion. Yet, from the fourth quarter of 1982 to the fourth quarter of 1983, real nonresidential fixed investment rose 11 percent, or almost twice as fast as overall economic growth. This represents the strongest first year of investment recovery since 1950.

Finally, just yesterday it was reported that spending for new construction surged 6.9 percent in February—the largest 1-month increase since 1946.

The facts show we are making progress but we must make more. Every person wanting a job should be able to find one; every family needing housing should be able to afford it; and every person needing food should have it. Until these things come to pass, we cannot rest on our laurels.

The SPEAKER pro tempore. The gentleman from Ohio (Mr. LATTA) has consumed 17 minutes.

The Chair recognizes the gentleman from Illinois (Mr. SIMON) for 45 minutes.

Mr. SIMON. Mr. Chairman, I yield myself such time as I may consume.

I thank the Chairman and I am pleased to speak here for my colleague, Mr. HAWKINS of California, who has been the pioneer in the Humphrey-Hawkins employment field and who will probably be remembered long after most of the rest of us are forgotten for his contributions in this whole field of employment.

I do have some prepared remarks by him, but I have to wait until we are in the full House to have those inserted in the RECORD.

The CHAIRMAN. The gentleman is correct.

Mr. SIMON. Very well. What we did back a few years ago with the adoption of Humphrey-Hawkins, we said employment and unemployment have to be a much greater priority in this country.

Unfortunately, we have slipped from those days of Humphrey-Hawkins concerns. The February unemployment figures: overall unemployment; 7.8 percent, 8,800,000; adult men, 7 percent; adult women, 6.9 percent; overall unemployment among blacks, 16.2 percent, more than double the overall rate, more than double the rate for both men and women—1,923,000 of our fellow citizens were black who were unemployed. Overall rate of unemployment for teenagers, 19.3 percent. Black teenagers, 43.5 percent.

There are many people in this country, my friends, who are worried about crime; and it is particularly a horrendous problem in the black, Hispanic, central city areas. And one of the reasons is that this Congress and this administration have not had enough vision to provide jobs. You provide jobs for these young people, have an economy where they can have jobs and you will see the crime rate diminish appreciably.

□ 1350

And all of these statistics do not count the discouraged workers, people the Bureau of Labor Statistics does not count because they have run out of unemployment compensation, they are no longer going to the local unemployment office, 1½ million people like that. They do not count involuntary, part-time employment. That is almost 6 million people who are working 2 days a week or 3 days a week who want to be working full time.

And one other aspect of this that we should recognize and that is in the economy as it is today, despite all the statistics, there has been a diminution in the quality of life for a great many people.

We have steelworkers who were working in steel mills, making good money, who are now working as chefs in a fast-food place. And that is another factor that we ought to be weighing as we take a look at where we are.

As we put together the budget the whole idea of Humphrey-Hawkins was as we put together a budget we look at long range what is a sound investment for this country and what is a waste of money. And here we have to face two trend lines.

My colleagues have heard me say this before, but I want to say it again through these remaining months of my service in the House, there are two trend lines that we are ignoring in all of what we are doing and they are fundamental.

One trend line is a declining demand for unskilled labor in our country. The other trend line is a growing pool of unskilled labor in our country. We are putting together budgets and programs basically ignoring those two realities. One of these days we have to face that reality.

We spend less on retraining of workers than any Western democracy, any Western industrialized country.

The other thing that I think we are going to have to face—and my friend from Ohio (Mr. LATTA) was talking about leaf-raking jobs—but the reality is those two trend lines mean that unemployment is going to be, I regret to say, a permanent phenomenon in our society. I would like to believe, and we basically have premised our laws on this belief, that just around the corner somewhere the private sector is going to provide enough jobs so that unemployment is going to disappear for all practical purposes. I believe in the free-enterprise system. I want to encourage as many private-sector jobs as we can possibly have. But the reality is unemployment is here. Permanently.

Since we are not going to let people starve, we have a choice of paying people for doing nothing or paying people for doing something. And it makes infinitely more sense to pay people for doing something. Some of them may be leaf-raking jobs. But we could also be paying people to plant the trees that make the leaves so that we can be cleaning our air through those trees, so that we can be working on soil conservation, for leaves add to topsoil. The great shortage we are going to read about at the end of this century is not going to be a shortage of oil or a shortage of water, it is going to be a shortage of topsoil. Why not pay people who are now unemployed, who want to be working, who are drawing welfare, why not pay them for planting 200 million trees a year? Why not take people who know how to read and write and have them teach the 23 million people who are adult illiterates in our society to read and write? All kinds of constructive things that ought to be done if we used our imagination and if we planned a little.

That is what Humphrey-Hawkins was all about. And I hope one of these days we are going to abide not simply by the letter of the law by having this debate and giving some lip service to it, but I hope we really start recognizing that what Humphrey-Hawkins said was: Unemployment is a disaster for the people; it is a disaster for the Nation. We ought to be planning and projecting so that unemployment is not a scar on the lives of so many of our citizens.

● Mr. HAWKINS. Mr. Chairman, as we begin debate what the proper economic goals and policies of the budget should be, let us remember that we are talking about more than just expenditures, revenues, and balance sheets. The Federal budget is the primary tool the Congress has to implement official national economic policy. It is the vehicle which provides for the health, welfare, and security of our country. The budget signals our national priorities to the citizens of this Nation and to the people of the world.

We are about to decide the economic fate of our country, and yet virtually all the powers that be—my colleagues on the Budget Committee, the media, the business community, the stock market, and even Mr. Volcker over at the Federal Reserve Board who has no business dictating fiscal policy—are stumbling about, trying to use the budget as nothing more than a chopping block.

It has become a document of statistics without priorities; a plan with expediency instead of well-thought-out objectives as its mainstay. Where can we cut? Where can we increase revenues?

It seems to me that we have lost sight of the proper role for the Feder-

al budget. Achieving a balanced budget is not an answer in and of itself; it is a desired objective that will result from coordinated and comprehensive economic policy based on vigorous and balanced growth.

The sham of deficit reduction for deficit reduction's sake is clearly documented. We have had almost 5 years of so-called deficit reduction policies—slashing of domestic programs, tax giveaways, restrictive money—and low and behold the budget deficits facing us today and into the future are the largest in peacetime history.

Let's face it. There is no way to balance the budget when we have a weak economy. The pundits who cheer the current recovery are kidding themselves and playing a cruel hoax on the American public. Despite welcome reductions in unemployment, the 7.8-percent overall unemployment rate in February is still higher than at the beginning of the Reagan recession, almost 3 years ago. Minorities and young people have not yet seen even a hint of economic recovery, with 14.9 and 19.3 percent unemployment, respectively.

Interest rates are at the highest levels in history for the phase of the business cycle. The FED is keeping a tight grip on money-supply growth because it erroneously fears demand-side inflation pressures. The current level of economic growth is below the average of past recoveries, and it is unbalanced, inequitable and not sustainable.

No; the surest road to a balanced Federal budget is not by nitpicking here and chiseling away there, but through the restoration and maintenance of full resource use.

Adequate and balanced economic growth is the way to reduce the deficits, and achieve full employment and price stability, as required by law. During periods of above average economic growth, we have had and can have again budget surpluses. With the economy growing properly, the ratio of Federal outlays to total GNP will decline. With the economy growing properly, we would not have to increase taxes, nor cut vital domestic programs.

It is the rate of real economic growth that determines how well we can service our national needs. With the right policies we can afford to have full utilization of our plants; to employ our citizens in productive and meaningful jobs; to obtain the needed revenues to balance the budget and maintain a strong national defense.

As the Nobel Laureate, Dr. James Tobin has said:

> The economy suffers, . . . from weak markets for goods and services; curtailing any demands, including those of governments and taxpayers, is counter-productive. Interest rates might decline reviving some demands for cars and houses. But could the increase in demand induced by lower interest rates more than compensate for the loss of demand induced by lower spending or higher taxes? And if so, wouldn't such demand push interest rates higher than they originally were? The contradiction exposes the flaw in the orthodox argument. Experience also refutes it. Jobs? vigorous recovery is imperative.

Why then, despite all of this, have we fallen into the trap of focusing on reducing spending and increasing taxes as the primary focus of our economic policy debate? Where did we go wrong?

THE REAL CAUSES OF THE DEFICIT

President Reagan's worn out platitude that the policies of "tax tax and spend spend" have caused the enormous budget deficits currently facing us is not true. The enormous shortfalls are a product of the worst recession since the Great Depression, the inequitable tax cuts enacted in 1981, the inappropriately large defense buildup, and excessive interest rates. In 1979 tax receipts were still growing, although at a diminishing rate, when compared with outlays. However, in 1981, two decisive blows to adequate revenues occurred.

First, overly restrictive fiscal and monetary policy set off a chain reaction in the economy which resulted in the onslaught of the worst recession since the Great Depression. Second, the 1981 Tax Act became law, signaling a full scale assault on needed revenues and tax equity.

THE COSTS OF RECESSION

First, let's talk about the effects recession has had on the deficit.

ECONOMIC COSTS

Deliberately planned recession has consequences in terms of dollars and cents. While the millions of unemployed represent billions of dollars in wasted human productivity and necessary Government transfer payments to aid survival, they also represent billions of dollars in lost tax revenues.

When a person loses his or her job, they necessarily stop paying taxes. Every additional percentage point of unemployment adds $25 billion to $30 billion to the revenue shortfall, due to these lost sources of revenues and to the Government's responsibility to help the unemployed through payments for food, health care, and other basic necessities.

In fiscal year 1983, the recession conservatively cost the Treasury $123 billion in lost revenues and transfer payments.

HUMAN COSTS

While we hear plenty of talk about reducing the red ink of the budget numbers for economic reasons, it seems there is a gross lack of concern for the human deficit that is the result of our misplaced priorities. The human costs of deliberately-imposed recession policies, recently dignified as being noninflationary economic growth, can never be accurately calculated.

How does one compensate for the recession-related stress factors of increased marital discord, broken families, problem drinking, drug abuse, depression, reduced productivity, aggressive behavior within the family which might surface as abuse cases, school dropouts, and other negative and antisocial behavior?

What are we saying about our society and priorities of Government when we shy away from direct action to counter these factors? As Bishop James Rausch, speaking for the U.S. Catholic Conference has said:

> What happens to a nation that begins to accept the notion that it cannot use the talents and labor of its people? What happens to us as a people as we watch families that have made the slow and painful climb up the economic ladder, only to be pushed down again into poverty by the loss of a job?

These human deficits are the basis for a series of potential time bombs that could go off at any time, and pose a far greater risk to our national security and economic well being than budget red ink.

THE COSTS OF THE REAGAN TAX ACT

When we add the effects of the Reagan tax act to the costs of recession, the picture becomes all too clear. The 1981 Tax Act was supposed to increase the means of production. It was argued that less taxation for businesses and the wealthy would result in more investment. However, we are still waiting to see the boom in business investment these incentives were supposed to produce.

The Reagan tax act added to the maldistribution of income and purchasing power. The corporations and high-bracket individuals who benefited the most have done little to add to productive investments.

I do not find it strange at all that United States Steel recently bought out Marathon Oil instead of modernizing its own facilities. I do not find it strange at all that Texaco acquired Getty Oil for $10 billion or that Standard Oil of California is proposing to gobble up Gulf, and Mobil Corp. is positioning for a takeover of Superior Oil. These companies see that they can get away with administering prices and then get all those windfall tax breaks too. Why should not they move full steam ahead with sheer profit motivation? What has the Government done to encourage productive investment? Not a darn thing!

Stimulating private business investment depends not on tax favors, but on expansion of consumption and public outlays—ultimate demand. Businesses need markets for their goods and services.

So, in fiscal year 1982, the first full year of the Reagan tax giveaway, the Treasury lost $38.4 billion; in 1983, despite enactment of TEFRA, the Treas-

ury lost $74.5 billion; the estimate for fiscal year 1984 is $98.2, and the projection for fiscal year 1985 is $125.3.

DEFENSE BUILDUP

Another primary cause of our budget deficits is the Reagan administration's overly zealous defense buildup. I have always been supportive of a strong military budget, but I have never supported throwing money blindly at any national priority, and unfortunately, I believe that is what has happened over the last 3 years with defense spending.

There is a lot of waste and mismanagement in the defense budget, and we need to clean that up. We are depending on expensive, unnecessary weapons far too much, and literally billions of dollars can be saved by just looking at these two aspects of the military budget.

Since Mr. Reagan has come to office, the Federal budget has been hostage to an almost fanatic concern with military priorities, to the unwarranted expense of the domestic needs of our Nation. The administration and many individuals in Congress, however, fail to acknowledge these facts and persist in scapegoating the rightful role of domestic spending in an overall coordinated economic policy.

So, let us set the record straight once and for all. While it is true Government spending as a percent of GNP has reached postwar record levels under the Reagan administration, it is a direct result of the defense buildup, interest payments on the debt, and recession-related expenditures, and not as a result of regular types of domestic spending.

The House Budget Committee staff report of February 1984 points out that between 1980 and 1985, Government spending rises by 1.4 percent of GNP—revenues fall 1.2 percentage points, and the deficit balloons to 4.9 percent of GNP—defense spending rises by 1.7 percentage points and interest payments rise by 1.2 percentage points. Domestic spending, however, falls by 1.5 percentage points of GNP.

Now, the President tell us in his fiscal year 1985 request that 40 percent of the budget cuts he wants should come from domestic programs targeted on low-income individuals and families. He proposes severe cuts in WIC, the program that provides nutrition supplements to low-income pregnant women, infants, and children. And even the latest Republican so-called down payment plan for the deficit earmarks $43 billion in domestic priority program cuts while the defense budget would still have a 7 percent real growth rate.

HIGH INTEREST RATES

Finally, we must factor in the havoc excessively high interest rates has wrought on the budgetary imbalance. High interest rates have put additional burdens on the already massive debt payments which the Federal Government has to make on its obligations.

In addition, high interest rates have imposed serious strains on consumers, farmers, the auto and housing industries, small businesses, and State and local governments. High interest rates muzzle consumer demand, the essential ingredient to a sustained and balanced growing economy. Conventional mortgage rates continue above 13 percent, and consumer loan rates are as high as 19 percent. The current recovery can not possibly be sustained as long as interest rates continue to inhibit the consumer demand and business investment essential to adequate balanced growth.

The deficit reduction plans before us do not comprehensively address underutilized plant and people, inequities of the 1981 Tax Act, the defense buildup and high interest rates.

The window-dressing efforts to forge a downpayment on the deficit, and to merely chisle here and there on spending and revenues programs will not make our economy grow again on a balanced and sustainable basis. It will not bring unemployment down to 4 percent nor achieve price stability, as required by law. I doubt if it will even provide us with a little borrowed time before the next recession slaps us in the face. In short, it is a panacea that takes us away from beginning to undertake the very policies and programs that can put us on the path to adequate balanced growth.

THE FULL EMPLOYMENT ALTERNATIVE

The key to sustainable economic growth is a comprehensive and coordinated plan which eases monetary policy, reorders fiscal policy and targets structural programs to achieving the full utilization of our plant capacity and putting people to work in productive and meaningful endeavors.

In order for any plan to succeed, we must have benchmarks upon which we can judge progress. The Full Employment and Balanced Growth Act requires us to use the reduction of unemployment as the most important benchmark upon which progress is to be measured. The act requires us to pursue policies which will achieve an interim goal of 4 percent unemployment and 3 percent inflation within 5 years. It requires that policies should be geared to reducing unemployment and inflation simultaneously, not through trading off the achievement of one for the other.

In the past, inflation has been tackled through macroeconomic means, instead of through specific sectoral approaches which stop price pressures at their source. The Reagan recession was the most recent example of following a tradeoff policy of restricting overall demand to lower prices. The result, of course, was massive unemployment, ballooning budget deficits and a weaker recovery coming out of the trough of recession.

This chronic problem will not change until we follow an overall plan based on full resource use. We must see through the sham of so-called inflationary fears and expectations which prevents us from pursuing the level of economic growth needed to achieve and then maintain a full-employment economy.

Fears and expectations are intangibles: while they do have some effect on the stock market and on a business person's pricing decisions, they are not the primary inflation culprits. Administered pricing causes inflation; shortsighted energy policy causes inflation; runaway health care costs fuel inflation; a shortage of affordable and decent housing causes prices to escalate; and inequitable and counterproductive farm policy causes inflation.

A tough anti-inflation policy aimed at curtailing price hikes where they originate is part and parcel of an effective growth strategy. We can move ahead with a growth path geared to reducing unemployment to full employment levels without having to worry about inflationary pressures building up if our anti-inflation program is simultaneously put in place.

On a macroeconomic level, we must immediately reduce interest rates and ease the Fed's overly tight control on the supply of money. At the same time, we have to use the budget as our primary tool for reordering fiscal and structural policy.

Despite some improvement in the overall unemployment rate, there is an ever expanding group of Americans who do not possess the necessary skills for employment and have not been able to receive training and find jobs in the private sector. Many young people, minorities, women, and workers displaced by plant closings and the technological revolution look to Government for job and training opportunities.

The Federal Government has the responsibility to help these Americans, the so-called other America, as John Kenneth Galbraith and Michael Harrington have named them. Those who are left in poverty despite general economic progress. Only targeted structural programs which meet the specific labor market problems experienced by these citizens can help them gain and maintain their rightful place in the American labor force.

We must embark on a comprehensive approach to employment policy. We have to adequately fund programs already on the books like the Job Training Partnership Act. The Government must also serve as employer of last resort when the private sector is unable to provide enough jobs for all those able and willing to work.

We have to enact bills such as H.R. 1036, which would put long-term unemployed people to work on needed community repair and services projects. We have to address the special needs of youth, through programs such as H.R. 5017, the Youth Entitlement Act. We have to insure equal opportunity for all Americans through effective and tough enforcement of equal employment opportunity laws and regulations.

As we begin this debate on the first concurrent budget resolution, let us remember what the true purposes of the Federal Budget are. We must reorder our budget priorities so that the needs of our people and the economy are met. As we struggle with the appropriate mixes of domestic programs and defense spending, and tax incentives and revenue enhancements, let us not forget what our goals should be.

Adequate and sustainable growth is the first step needed to achieve full employment and price stability simultaneously. A strong anti-inflation program and targeted structural programs are required to insure that all Americans reap the benefits of strong growth, and that all sectors of the economy prosper in a balanced and coordinated way.

As we debate the resolution, let us not forget that aggregates, assumptions, outlays and budget authority represent more than just cold hard statistics.

We are talking about values, priorities, and human beings, as Bobby Kennedy once said when referring to the gross national product:

> It does not include the beauty of our poetry or the strength of our marriages, the intelligence of our public debate or the integrity of our public officials. It allows neither for the justice in our courts, nor for the justness of our dealings with each other. The gross national product measures neither our wit nor our courage, neither our wisdom nor our learning, neither our compassion nor our devotion to country. It measures everything, in short, except that which makes life worthwhile.●

Mrs. MARTIN of Illinois. Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. KEMP).

Mr. KEMP. Mr. Chairman, I rise to speak on Humphrey-Hawkins for several reasons, one of which is that I have participated in this debate each year since the passage of Humphrey-Hawkins in, I think, 1978.

Second, because I, like the previous speaker from Illinois (Mr. SIMON), and some members of his party, and an increasing number of members of my party, believe that full employment is not a distant goal or a dream, but is a very distinct possibility if we create the right environment and pursue the right economic policies for all the American people.

One other aspect of the Humphrey-Hawkins debate, I have enjoyed, since 1978 when it passed, was the basic idea that full employment had to be accompanied by stable prices which implies honest money, a predictable value to our currency. In fact, that is in the original Humphrey-Hawkins legislation, full employment with reasonable price stability.

I heard the gentleman from Illinois, a very sincere advocate of Humphrey-Hawkins, talking about putting our country back to work, and about the tragedy of unemployment, and I share both of those sentiments. But he went on to say that rather than have someone out of work, the Government should pay them to work. Now I understand that he has a desire to get people back to work, but let me say that I think how you put them to work—in real, meaningful jobs in the private sector, or dead-end make-work public jobs—is as important to the goal of full employment with price stability as any other single objective.

For instance, one out of every five Americans is working in the public sector of the economy. We wonder why there is a national debt of $1½ trillion. Incidentally, even without a current deficit, it will double in 6 years, at a 12-percent interest rate. We also ought to ask the question, I would say to my friend from Illinois, why are those interest rates so high that it is causing the debt burden to rise and causing the national debt to double every 6 years at 12 percent interest and why are we in Congress allowing the Fed to artificially raise interest rates and threaten this recovery?

We plan, many of us on this side of the aisle, to talk about how to bring down interest rates through a combination of fiscal and monetary policy, to achieve the goal of full employment without inflation. That is our goal. We embrace it.

I can remember my friend, Mr. HAWKINS, from Watts, Calif., a member of the distinguished Black Caucus, speaking about the Humphrey-Hawkins bill. I have high regard for him. I remember in 1978 when he said, unemployment is no answer to inflation. He was right. You could go on to the corollary and say, inflation is no answer to unemployment.

The simultaneous high inflation and high unemployment that this country was suffering in 1978, 1979, and 1980 was slowly, but surely and inexorably making this country poor. And you cannot help the poor when our whole country was becoming poor. This recovery while not complete yet, nor perfect by any stretch of the imagination, is strong and noninflationary, and gives us the first chance in 20 years to move this Nation to full employment. We take additional steps to lower our tax rates on both labor and capital, restore sound honest money, and encourage entrepreneurs in the inner cities.

□ 1400

With all due respect to some of the criticism from both sides of the aisle, it seems to me that the gentleman from Illinois is complaining that the glass is half empty, instead of half full. I would like for a moment to say why I believe we are not only in a strong economic recovery, as identified by the gentleman from Ohio (Mr. LATTA), but that this is the strongest recovery in a noninflationary environment since the early 1960's.

The London Financial Times recently editorialized that there were more jobs created in the United States of America in the past year than have been created in the continent of Europe in the last decade. Four million new jobs in 1983; in the first quarter of 1984, almost a million more new jobs. Indeed, if we keep creating new jobs in 1984 as we did in 1983, that will be another 4 million jobs in 1984. Compare that with the estimates by demographers and economists that there are only going to be 1½ to 2 million new job entrants a year. That means by 1984 year-end and by 1985 we can truly get unemployment down to 6 or 5 or hopefully 4 percent. My goal is a job for every man and woman who needs one.

I do not want to sound Pollyannaish, but I really think we can lick this unemployment problem if we do not make a mistake in policy that will either slow down this recovery or might cause us to go back into another recession.

The way to create full employment, to have more employees—this will shock my friend from Illinois—is not more Government jobs. It is to have more employers. You cannot create employees without creating employers.

Ladies and gentlemen, in 1982, 1983 and the first quarter of 1984, there have been more new enterprises started in America than ever before. I know that there are still problems. I am not standing up and saying that there are not. And I think many of them are attendant to the high interest rate policy which I think are being held artificially high at this point. But the key to getting more employment for America is to get more enterprises started.

Incidentally, more women are starting businesses today than at any time in the history of this country. More minority enterprises were begun in 1983 and 1984 than at any time in the history of this country. We should encourage more of that. We should be encouraging men and women to take their ideas and go out and start a business with them. That is where jobs come from.

David Birch, of MIT, has said, in his great and I think seminal study on the subject, that more than 80 percent of all the new jobs in the United States of America in the last 10 years have been created in businesses with less than 100 employees.

The new ideas, new technology, new jobs do not come from the Fortune 500. New jobs and new ideas and new technology and new products and new services for the consumers of the American economy come from small businesses, begin by individual entrepreneurs, and that means we should be thinking about tax reform, lower tax rates on everybody and lower interest rates through monetary reform based on a gold-backed dollar.

Senator BRADLEY and Representative GEPHARDT have talked about a 30-percent top tax rate. I welcome that. There are a lot of problems in this bill, but we should welcome two Democratic Members of the Congress, Mr. GEPHARDT and Mr. BRADLEY, are talking about bringing the top rate down to 30 percent and use rhetoric about encouraging incentives for saving and investing. Sounds familiar. We brought the top rate from 70 to 50 percent under President Reagan and reduced all other rates by about 25 percent. And, incidentally, the results are very positive and very beneficial. The rich are paying higher taxes today under Ronald Reagan, at lower tax rates, then they were paying under Jimmy Carter when their tax rates were 20 to 30 percent higher. I know that is a shock to some of my friends. But in 1982, what has happened is that by lowering the tax rates, the amount of revenue coming into the Federal Treasury from wealthy Americans with incomes above $100,000 has gone up by 13 percent. Millionaires are paying over 40 percent more income tax revenue to the Federal Government, even though the rates have come down, because we have encouraged investment and savings and entrepreneurship, and we should be going even further. Mr. GEPHARDT and Mr. BRADLEY propose to lower the top rate to 30 percent. Some of us would like to take it down to 25 percent, put on an earned income deduction for the working poor and middle class to take care of men and women who earn their incomes from wages. We should have a 20-percent exclusion for wages, phased out as you earn more than $40,000. Let us raise the exemption for families so that everyone, but especially families with children, can have an opportunity to earn more after-tax-income, and get a fair break.

But we also need to talk about monetary policy. Let me say to those few of us who are here for this historic debate that we must also recognize that ultimately the way to balance the budget, the way to get the deficit down, the way to reduce the interest on the national debt, the way to keep this country's national debt from doubling every 6 years at 12 percent interest, is to undertake monetary reform in this country that can bring our interest rates back to normal—6 percent or 7 percent, or at least single digit levels.

I remember listening to President John F. Kennedy in 1961 stand before the American people. Imagine when the President of the United States puts all of the integrity of his office behind the pledge to protect the value of the currency of the American people. He said, "I pledge to keep the dollar as good as gold;" he pledged to the American people and the people of the world that a dollar as good as gold, would be the financial linchpin of the world trade system.

Imagine what confidence people had in the dollar. We used to say the economy is as "sound as a dollar," and "the dollar is as good as gold." Today you cannot say that, and that loss of confidence, that loss of capacity of this Government to fulfill for the American people the fiduciary responsibility to protect the value of the currency by making it good, sound, honest, stable—a dollar of value that is predictable over a long period of time. That is the key to bringing down interest rates.

I hate to shock my friends who look at this only from a fiscal standpoint, and I know that there will be those who say, "Well, KEMP or WEBER or MACK, DANNEMEYER, or SILJANDER or BETHUNE or MCEWEN, you guys here on the floor are just talking about the good old days."

I say, give me the good old days—the good old days of 4-percent interest rates, 5-percent mortgage interest rates, a national debt one-third of what we have today.

In fact, the last time we balanced the budget the right way was in 1965. Unfortunately, President Kennedy had been tragically assassinated, but his policies of cutting tax rates, protecting the fiduciary value of our dollar, protecting the international monetary system brought that about. President Kennedy also cut the tax rates of the American people by 20 percent, risking a short-term deficit in order to build up investment and savings and working opportunities, so that unemployment dropped from 6 percent to finally 3 percent, interest rates were low, inflation was low, and the budget was virtually balanced in 1965.

Let me say—it took me a long time to get here—if you want to balance the budget, pass the right economic policy. You cannot balance the budget with people out of work and factories operating at less than full capacity. You cannot balance the budget in recession. The key to balancing the budget is to bring the economy to full employment. We should cut spending where necessary, where prudent, where responsible, from defense and the Pentagon, right through every other agency of the Federal Government but in a sound and compassionate manner, not with a meat ax.

But I do not like the idea of a freeze because a freeze implies that some programs ought to be kept at levels which really cannot be defended on their merits. There are some programs of the Federal Government that ought to be abolished or sharply curtailed. We ought to start with the Department of Energy, we ought to start with the Synfuels Corporation, we ought to start with the Eximbank and all those subsidies to major corporations in America which do nothing but provide a welfare system for giant corporations and dramatically reduce or phase out or abolish their subsidies. They do not need welfare, they do not need a safety net, they do not need a floor under which they should not be allowed to fall. The people of this country need a platform under which they should not be allowed to fall, but more than that, they also need a ladder upon which to climb.

That is not original with me, of course not. Perhaps, it was not even original with Winston Churchill, whom I am quoting. It goes back, I guess, to Adam Smith and Jean-Baptiste Say and all those classical economists who believed there were no limits to growth, there was no limit to what free people could do if given the chance.

The greatest revolutionary idea in the history of the world is that when people are free to produce, to save and invest, and have confidence in their future progress, and prosperity take place. Not only is that the most revolutionary idea in history, it really is the only one that has ever worked. No government in history, I would say to my friend from Illinois, has been able to do for people what they have been able to do for themselves when they were free to go out and be enterprising and are able to get a job. The source of new jobs is not the U.S. Government. New jobs in this country will come from a rapidly expanding entrepreneurial climate.

I will say to my friend who was critical of the President, why is he not saying something about urban enterprise zones, which are being held back by his party's leadership, why is he not saying something about getting investment incentives into the inner city so that we can get teenagers and blacks in the ghettoes and Hispanics in the barrios, back to work, why are we not dramatically altering the Tax Code and the investment and job climate in the inner city? It is a social imperative as well as an economic goal.

Let me say parenthetically, the highest individual tax rates faced by

the American people are in the inner city. If you are a mother or a dad on welfare and you try to get off welfare and get a job and go to work, the Government takes away your welfare benefits and taxes your income. At $8,000 of nontaxable income, in terms of welfare benefits, when you get a job for $8,000, your after tax gain is roughly zero. That is a 100-percent marginal tax rate on a welfare mother or dad.

□ 1410

We are subsidizing welfare. I believe in a welfare system; you have to have one in a Judeo-Christian society. You need to take care of those who cannot take care of themselves. But, ladies and gentlemen, we are also punishing you if you work, we are punishing you if you save, we are punishing you if you invest. In Japan, you can earn $50,000 tax-free if you save. In the United States we give you a lousy little $2,000 IRA account, but if you ever cash it in and try to spend it for something, we tax you and punish you for having saved in this country.

We should be lowering the tax rates on savings; we should be lowering the tax rate on investment; we should be lowering the tax rate on entrepreneurship; we should be lowering the tax rate on labor.

A lower and flatter tax rate system would lower the cost of labor, while increasing the reward to labor, and would make us more competitive. We do not need an industrial policy where the U.S. Government sets up a Reconstruction Finance Corporation like Herbert Hoover set up in 1931 and 1932. The best industrial policy for this country is sound money; low interest rates; a tax system that encourages capital formation, allows a businessman or woman to invest in new technology and new equipment and new plants and depreciate it over the shorter term instead over a period of time which makes us less competitive than every other industrialized nation on the world. We should lower further the tax rates on working people and the working poor.

The people who want to raise taxes do not favor full employment. You cannot believe in full employment and raise taxes. Taxes are an impediment to growth. Anything that discourages economic growth exacerbates the deficit and keeps unemployment up, and the reason that the budget of the chairman of the Budget Committee (Mr. JONES) is wrong is because it raises taxes and does not do anything about getting unemployment down.

We should be committed to full employment; nothing less. If unemployment is 7.8 percent, as Mr. SIMON says in 1984, we should be committing ourselves right now to bringing it down. You would do more to get the deficit down by getting unemployment down by 1 or 2 points than by all of these tax increases that are being discussed by the Democratic leadership from Mr. MONDALE and Mr. HART with their surtaxes right down to the leadership of the majority party in the House who want to end indexing, end the 3rd year of the tax cut, and to increase every tax they can get their hands on.

People pay taxes and say once again the American people and the people of Buffalo and western New York are not undertaxed, they are overtaxed.

Mr. WEBER. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I yield to the gentleman from Minnesota.

Mr. WEBER. I thank the gentleman for yielding and I apologize for interrupting because the gentleman is delineating a case so carefully.

I just want to make a point since our colleague from Illinois is on the floor. In the gentleman's statement, in essence, he conceded the point of the gentleman from New York. At least to my ears, and I am sure that is not what he necessarily intended, but it really struck me that the gentleman from Illinois (Mr. SIMON) in talking about the problems of employment in the country, and talking about the challenge of the Humphrey-Hawkins Full Employment Act sort of concluded his statement by saying that he was somewhat discouraged by the fact that we came to the floor of the House to debate the Humphrey-Hawkins bill in accordance with the terms of that law, but really look forward to the day when we could actually do something more about fully implementing it.

I tend to agree with the gentleman from Illinois from that standpoint. Now, my district is not an industrial district, and frankly, the problems of unemployment that are acute in the district of the gentleman from New York and the gentleman from Illinois are not necessarily the problems in my district.

My district has got other problems. I have got an agricultural district. We are having record numbers of farm sales and foreclosures in my district this year. We are having problems with our businesses on main street in my district this year. That is specifically, acutely, and almost exclusively a monetary policy phenomenon because of the interest rate structure.

Mr. KEMP. Absolutely. Absolutely, I say to my friend from Minnesota. The other day in the New York Times the stock market dropped 11 points and there was a headline in the New York Times financial section saying "Federal Reserve Board Raises Key Interest Rate".

Now you say, ahh-ha, is there a link between markets, such as the stock market, and what is happening on interest rates and bonds? The Federal Reserve Board since 1983 in this very strong recovery became frightened that unemployment was coming down too fast, and that the economy was recovering too fast, so they raised the Federal funds rate from 8.3 to 8.7 to 9.2 to 9.7 and the last time I heard, the Federal funds rate, which is what the member banks of the Federal Reserve charge overnight for the lending money, was 10¾ percent. It has been over 10 percent for almost 3 weeks, and the prime rate is going up in the fact of the deficit coming down.

The deficit is coming down, by the way. Despite all of those doomsayers, all of the gloom and doom, all of the manic obsession with the deficit, it is coming down as the recovery continues. That should be our goal. The Federal Reserve Board should accommodate noninflationary growth to allow this economy to continue to recover.

I would say one other thing: We need to institutionalize a sound monetary standard; we need to give the Fed some institutional guide other than Paul Volcker's own personal little standard, which he is following day-after-day and to which no one else is apparently privy. Right now, we need to tell him, target sound money, target stable prices, whether commodity spot prices, or the price of gold.

The only permanent solution is to assure people over a long period of time that we are not going to inflate or deflate, that we are going to make the dollar once again honest and sound, by guaranteeing it in gold. Interest rates will come down and we can refinance, finance household debt, consumer debt, and the national debt and we can continue reviving housing and autos and steel and rebuild our infrastructure.

Mr. WEBER. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I yield to the gentleman from Minnesota.

Mr. WEBER. I thank the gentleman for yielding.

The gentleman has made I think a critical point. Chairman Volcker came before committees of this House and testified as we were all clearly aware at the time, that in his judgment if we could reduce the deficit by $50 billion, it would result in a 1-point drop in the prime rate. That is what Volcker said on the record testifying before the House.

Now, as the gentleman from New York has pointed out, because of economic growth, virtually everybody has already reestimated the deficit at a somewhat lower level; as much as $40 billion lower, according to some estimates. But even if that is not the figure, the point is far from coming down, interest rates are going up. What do we have as a Congress to assure us that if we pursue dramatic reductions in the deficit, and I favor doing that, but what assurance do we have that even if we do that, interest rates are going to come down in view

of the fact they are now moving in precisely the opposite direction? Should we not be focusing as the gentleman from New York is telling us to, on the whole structure of our monetary policy, lest we find that we are pursuing the wrong solution to the problem that we all agree is keeping this economy from recovering to its fullest capacity?

I thank the gentleman again for yielding.

Mr. KEMP. I thank the gentleman for his comments, and he brings up something that I talked about a little bit earlier, which is the importance of monetary policy in reaching an equilibrium in the budget battle.

I know this shocks some of my more orthodox friends, but I do not see how the deficit could have caused interest to go up in 1979 and 1980 and 1981. Interest rates were higher where the deficit was lower, and vice versa. But if you look back at the history of the Federal funds rate, targeted by the Fed, look at the discount rate which is set by the Fed, in 1979, it went from single digit to double digits when the deficit was the smallest in the last 10 years.

The Federal funds rate was kept at about 15 percent on average for 3 years. What happened is that it killed the housing industry, the auto industry, the steel industry, it caused the collapse in farm prices, it caused the collapse in our agricultural trade policy, and unemployment went from about 6 to 11 percent. According to the CBO, five points of unemployment is at least $150 billion of deficit.

The gentleman from Illinois is right: Get unemployment down, and you will get the deficit down. Yes, we need to cut spending; yes we should be concerned about those out of work; yes we should be concerned about training, and I will join any person on this floor, left, right, or center, in coming up with the right kind of job training.

I have mentioned his name a couple of times. I think it is only fair before I yield to my colleagues on the right, that I yield to Mr. SIMON from Illinois for a question.

Mr. SIMON. I thank my colleague for yielding.

On some things we are in agreement; on some things we are not in agreement. Let me just point out factually, you criticized the Democratic proposal on the budget because of revenue increases. It is $49.8 billion, while the Latta proposal was $47.2. Not much difference between the two.

Mr. KEMP. Let me take back my time long enough to say that there will be another budget alternative proposed by my friend, the gentleman from California (Mr. DANNEMEYER) that has no tax increase and envisions tax reform a la Bradley, Gephardt, Kemp, Kasten, Weber, Walker, Gingrich, Dannemeyer, Mack, et al. We think that we should talk about lowering the rates instead of just taking out loopholes. You could take out lots of loopholes, but you ought to lower the rates at the same time or else it is a tax increase. You ought to lower the rates; make the tax system more simple. Make it fairer. Give the people who are filling out their 1040's a chance to do it by themselves without having to hire a lawyer or an accountant or H&R Block. I have nothing against H&R Block, but it is the fastest growing franchise in America today.

Mr. SIMON. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I again yield to the gentleman from Illinois.

Mr. SIMON. The one area where we are in agreement is that we ought to encourage as many private sector jobs as we can. But then I think we have to recognize that unemployment is a fairly permanent phenomenon.

Mr. KEMP. There I disagree. There I disagree. This is not a permanent phenomenon. Nothing is permanent unless we make it so.

This economy is going through one of the—I know that this will probably be derided by my friend from Illinois—but it is going through a shedding of its industrial skin as newer technology becomes applied to autos and steel and manufacturing and machine tools. Our best is ahead of us and we can encourage this renaissance by working on further reforms that will make the future even brighter if we have the courage and perspicacity to act correctly.

□ 1420

Mr. ZSCHAU of California, and other members in the high-tech caucus, can blow our minds in telling us about the future of this economy if we encourage new enterprises which create jobs. But those Malthusians who believe that it is all over for America, that we cannot compete, and that we have to husband our shrinking resources and punish our people and go back to living with less, I think they are on the wrong side of the issue, they are on the wrong side of history, they are on the wrong side of the American people.

Mr. SIMON. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I have to give my friend, the gentleman from Florida (Mr. MACK) a chance to speak because he organized this session, then my friend, the gentleman from California (Mr. DANNEMEYER), and then back to the gentleman from Illinios, Mr. SIMON, and then I want to hear the gentleman from New York, Mr. DOWNEY. They are all waiting.

I yield to the gentleman from Florida (Mr. MACK).

Mr. MACK. I thank the gentleman for yielding.

Mr. Chairman, There are a couple of points. One the gentleman from Illinois brought up, where in essence he said it is too bad that we do not really talk about these questions that concern unemployment more often and for longer periods of time. Here we are with what usually is a 4-hour debate on Humphrey-Hawkins that has been cut down to an hour and a half.

Mr. KEMP. And what a shame.

Mr. MACK. I think it is a shame.

Mr. KEMP. I will tell the gentleman, if he could see what I see from standing here, all of the Republican Members standing, waiting, chomping at the bit to get a chance to talk about full employment, and there are only a couple Members of the other party, which used to talk about it, but which mostly is not even here today. I am so proud that there are some of our people who literally want to move this country forward into a new economy and a brighter future.

Mr. MACK. If the gentleman will yield further, the debate really is what happens with economic growth in the country. The question really is: What do we do about employing people?

The other day during one of the budget hearings, I asked the chairman, I said,

> What is the end result? What are we going to say to the American people that we have accomplished because of what we do in our budget work? Are we going to put more Americans back to work? Are we going to reduce interest rates? Are we going to reduce inflation? Are we going to raise to a higher level our economic growth? Are we going to sustain that for a longer period of time?

Do you know what happened? There was almost total silence. When I asked Paul Volcker the question about what level of economic growth could he support for a long period of time, his response basically was somewhere around the numbers that either OMB or the CBO suggested, which are 3.3 percent to 4 percent.

So I asked him the question: What do we have to do in order to raise the level of real economic growth? What do we have to do in order to go to 4½ or 5 or 5½ percent that would satisfy you so that you would not come in and drop the money supply?

He responded and said two things: One thing you have to impact is productivity. The other thing that he talked about doing was that we have to increase the capacity of the country to produce goods and services.

Do my colleagues realize how much time we have spent in the year and a half I have been here talking about how we improve productivity? Exactly zero. No time at all. And yet when we had 4 hours set aside so we could talk about it today, what did we end up with? We ended up with an hour and a half, of which we get 45 minutes to talk about the two most significant

things that impact the future of this country.

I want to thank the gentleman for leading this discussion, and I want to add one more thing and then I will allow someone else to talk.

Mr. KEMP. Just to confirm what the gentleman says, the majority party's budget accepts 7.8 percent unemployment throughout 1984. That's where it was in February. That is not good enough for us. I know it is not good enough for this side of the aisle, and it is not good enough for this President. We ought to be committed in this year and next year to bringing unemployment down below 5 percent and to extending this recovery to the inner city as well. We must put all Americans back to work.

Mr. MACK. To conclude one more point, as the gentleman knows, I spent most of my business career in banking, and I came here really with the thought that, yes, it was a good thing to have this total separation between the Federal Reserve and the Federal Government or those of us in Congress. But the one thing that has become so obvious to me after spending roughly 1 year and 3 or 4 months in the Committee on the Budget is that we have to have a coordination between what we do with fiscal policy and what we do with monetary policy.

Again, I appreciate the comments that the gentleman made earlier. We have got to continue the thrust, and I would suggest that maybe what the gentleman from New York and the gentleman from Illinois and myself ought to do is get together and find out how we can put together more time, more discussion, more debate about the two most important things that affect the countries' economic growth-increasing productivity and our ability to produce by expanding the capacity of our plant and equipment.

Mr. KEMP. I appreciate the gentleman's comments. He made a very good point: There is no reason why the interest rates have to be this high at this point in the recovery. The idea that economic growth causes inflation, and that inflation is caused by too many people working, is rediculous. Inflation is not caused by too many people working. We have had full employment without inflation in the past, and we can do it again.

Mr. DANNEMEYER. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I yield to the gentleman from California.

Mr. DANNEMEYER. I thank the gentleman for yielding.

Mr. Chairman, I commend the gentleman for putting this whole issue of a discussion of reducing the deficit in the perspective that it belongs; namely, that we make a mistake by contending that it is only a phenomenon of fiscal irresponsibility that brings us to this problem. It is a monetary problem as well.

I do not want to go on at length, but just think for a moment, or ask the question: At what rate could the U.S. Government sell its debt instruments up until 1971, since the Second World War? The answer: 3 percent. That is when we had the dollar tied to gold.

Mr. KEMP. Grandfathers had railroad bonds that had been floated for 100 years, and it was 3½ or 3¾ percent—100 years. This Nation was built on sound money, honest dollars, and faith in the future.

Mr. DANNEMEYER. As the gentleman knows, the third highest item in the budget today is interest on the national debt, currently about $120 billion a year. That is because we are paying about a 10-percent annual rate of interest on the debt. One does not have to be a college graduate to figure out that if we could sell debt instruments at 3 percent rather than 10, we would save 7 points off that annual interest expense. Taking 7 points annually off the interest expense would reduce that deficit, the annual operating deficit, by close to $100 billion a year.

That is one of the benefits that we get by having honest money, a dollar backed by gold for America and the Western World.

Mr. KEMP. Imagine what would happen to housing, agriculture, autos, steel, and our trade position if interest rates were at their historical norm, 5, 6, or 7 percent. Imagine this country's ability to produce and increase industrial capacity to be competitive in world markets, if interest rates were at a level at which we could finance future investment with something other than just short-term debt instruments; if we had a long-term bond market and a stronger stock market for equity, and retained earnings higher than even today.

But the recovery plus continued cuts in spending are the greatest way to bring down the deficit.

Mr. WALKER. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I yield to the gentleman from Pennsylvania.

Mr. WALKER. I thank the gentleman for yielding.

Mr. Chairman, I just wanted to make the point, after hearing someone a few moments ago suggest that we have to accept high unemployment for a period of time. I have seen that suggested in numerous articles and by numerous people in recent months, and it strikes me as being a terribly pessimistic view of our future, particularly when one looks at what can happen in the country.

We do not have to accept 6 percent unemployment as being a full employment kind of situation; neither do we have to accept 5 percent. In the largest county in my district, last month we had gone down to 4.2 percent in unemployment in a State where the unemployment rates are very, very high. Why? Because there is an element of productivity in the economy there; there is diversity in the economy.

In other words, if we accept the kinds of levels that some people around here would like to talk about as being full employment levels, then the very experience of the bulk of my constituents is not relevant. I say it is very relevant. I think that we can bring down unemployment tremendously in this country, and I thank the gentleman for pointing out some of the ways in which we can do that.

Mr. BETHUNE. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I yield to my friend and colleague, the gentleman from Arkansas.

Mr. BETHUNE. I thank the gentleman for yielding.

Mr. Chairman, I rather expect this will be the only discussion of this sort in the entirety of the budget deliberations on the floor today and tomorrow. The difference in the discussion that is taking place here is that we are focusing on growth and prosperity and what that does for the U.S. budget.

In other words, we are driven by the fact that we believe that the economy drives the budget, rather than the budget driving the economy. We realize that for every 1 percent reduction in the unemployment rate, we get a $30 billion reduction in the deficit numbers.

The problem with every other discussion that will take place on the floor here is that the Members are trapped by their own economic assumptions that are faulty, have proven faulty. They are relying on data and opinions given them by people who have missed the target repeatedly in the last 3 years. Therefore, they are trapped and frozen into a way of thinking that precludes any discussion of growth and prosperity and the American enterprise system, economic freedom. So the other discussions that are going to take place here are going to sound like a class in bookkeeping.

□ 1430

It is going to be an exercise in bookkeeping. It is going to be a discussion of whether we have got to either raise taxes this much or reduce spending this much, and that is the only way we can solve the budget question in this country. And that is flawed. That is to misunderstand the nature, first of all, of our job here.

We are not bookkeepers. We are trying to fashion a policy that will stimulate growth and prosperity and stimulate the incentives. So we are talking here about economic freedom and what that can do.

Now, if others want to engage in the discussion here and talk about a national industrial policy and what that will do to create jobs, then we ought to get into that subject and let us hear what they have to say about that. But we happen to believe the fundamental principles of economic freedom will give us the growth and the prosperity that we need to reduce the deficit, and that is what this discussion ought to be about.

Mr. KEMP. Mr. Chairman, the gentleman just really touched a responsive chord in my heart. I was thinking about an article I saw the other day where the New York financial wizards underpredicted the impact of the recovery on the New York State financial situation. They predicted a very small recovery, and expected a deficit for 1984, and now their revenues have risen so high from sales taxes and income taxes that New York State's fiscal condition is far better than it has ever been. It is in surplus by several hundred million dollars.

In California they used to have a billion-dollar deficit. Now, as I recently saw in a story in the Los Angeles Times, they have a surplus of $1½ billion because of the recovery and the impact upon sales taxes, franchise taxes, revenue taxes, and income taxes. Incidentally, there is a total $50 billion surplus at the State and local level.

The Federal deficit is running at about $150 billion—far below official predictions, according to private forecasters—and if you take the recovery in the first quarter of this year and extrapolate it out over or extend it out over the rest of this year, our combined Government deficit by the end of 1985 will be 2 to 2½ percent of GNP; which is bad, but it is not so bad that we ought to panic and raise taxes and tell Paul Volcker to continue the interest rate policy he is following at the Federal Reserve.

Mr. MCEWEN. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I yield to the gentleman from Ohio.

Mr. MCEWEN. I appreciate the tack that the debate is taking just now. When we do something correctly, we should look at the RECORD to remember what took place when we were considering it.

Just within the last day or so I happened to look at one of my original newsletters that we sent out in the summer of 1981. In that letter we talked at that time about this topic today. I would like to just run through some quick figures. Savings in 1980 were less than 3 percent of disposable income; productivity was in a 2½ percent decline; inflation was at 18 percent for the first quarter of 1981; interest rates were at 22½ percent.

We made some changes in 1981. One of those changes that we made, as I predicted in my newsletter of July 1981, was that these new changes would double savings because of the IRA's and inheritance tax improvements and the rest. In all actuality, it has increased nearly 300 percent to 8 percent of disposable income. Productivity has gone from a 2½ percent decline in 1980 to 7.2 percent for the first quarter of this year. Inflation has dropped, as we know, to a 17-year low. Interest rates are less than half. But the most important thing, as I said in bold print in this newsletter in the summer of 1981, was that the changes would not only increase employment but would decrease unemployment by creating over 3 million new jobs.

Do the Members know what the London Financial Times editorial said last month?

And as a result we said that we hoped we could create 3 million new jobs, but now we understand we have created 5 million new jobs.

The same people who stood on the sidelines and said, "Increase taxes, increase regulations, have more government programs and higher tax rates, and these things are going to be the solution for America." These people have been wrong consistently. I think it is appropriate now, 38 months later, to look at the record and see where we are headed and see whether or not we should go back to the old policies of tax increases and stagflation or whether we pursue growth, prosperity, investment, savings for the future of America.

Mr. KEMP. Mr. Chairman, I thank the gentleman from Ohio (Mr. MCEWEN) for his great contribution.

Mr. Chairman, we have about 6 or 7 minutes on our side remaining, so we will reserve our time now and allow our friends on the other side to proceed.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois (Mr. SIMON).

Mr. SIMON. Mr. Chairman, I yield myself 3 minutes, and then I will yield 5 minutes to the gentleman from New York (Mr. DOWNEY).

I take this time simply to respond briefly, since my name has been used here, relative to a few matters.

No. 1, let me quote Milton Friedman in Tuesday's New York Times. Milton Friedman does not happen to be a Democrat. Milton Friedman said this:

> The rate of monetary growth over the past two years explains why the declaration of victory in the war against inflation is premature. Over those two years, monetary growth jumped to 9.5 percent—higher than in any other two-year period since at least the end of World War II. Higher inflation is sure to follow.
>
> The early signs are already here. Consumer prices rose at the rate of 3.3 percent in the first half of 1983 and 4.8 percent in the second half; and of 5.5 percent in the first two months of 1984. Other broad price indexes show a similar pattern. We shall be fortunate indeed if prices are not rising in the 7 to 10 percent range by the fourth quarter of the year and in double digits by 1985.

We are creating a villian in Paul Volcker rather than pointing the finger at ourselves. The primary problem is fiscal policy, not monetary policy.

The second point I want to make before I yield time to my friend, the gentleman from New York, is this: The gentleman from Arkansas (Mr. BETHUNE) says correctly that "some phony economic assumptions have been made." One of those was made by my good friends on the other side of the aisle in 1981 when they said that if we passed their tax bill, by 1984 we would have a balanced budget. I remember those ringing words, and they sounded great. But we know what has happened.

I do not say that this Nation is not going to grow. I agree with my colleague, the gentleman from New York (Mr. KEMP) on that. We are going to experience tremendous growth, but unless we change policies, there are going to be people who are going to be hurt, and hurt badly, in the process of that growth, because those two trend lines I talked about earlier are still here. One is the declining demand for unskilled labor, and the other is the growing pool of unskilled labor.

What I say is simply this: Let us grow. Let us do everything we can to have growth. Let us get the jobs in the private sector, but as we see engineers and architects and computer operators at work, let us not forget the people who have a hard time reading and writing the English language. Let us not forget a lot of others who are in misery in our society. I am afraid that is what we are doing, and we are not creating a better society in the process.

Mr. Chairman, I now yield 5 minutes to the gentleman from New York (Mr. DOWNEY).

Mr. DOWNEY of New York. Mr. Chairman, I thank the gentleman for yielding me this time, and first I just want to say to anybody who thinks for a moment that the Republican Party is not a party of ideas and intellectual ferment: If they had listened to this debate, they would know that that is not true. Rarely have I heard the London Times quoted so often as I have today. Not only do they read the London Times but soon, I am sure, we will hear quotes from the Manchester Guardian.

Mr. WEBER. Mr. Chairman, will the gentleman yield?

Mr. DOWNEY of New York. No; not the Manchester Guardian.

Mr. Chairman, let me yield later, if I may.

Mr. WEBER. Mr. Chairman, I just wanted to say it was the Financial Times that was quoted.

Mr. DOWNEY of New York. The Financial Times. I am sorry, it was the Financial Times.

Mr. Chairman, the debate on Humphrey-Hawkins gives us a marvelous opportunity to talk for a few minutes—and I agree with my friends on the Republican side, it is too few minutes—on the question of the social contract, because it is indeed something that we do not examine and we should examine. And I think the gentleman from Arkansas (Mr. BETHUNE) has put his finger very squarely on one of the concerns. We really do become bookkeepers. We really talk in terms of numbers, and we do not step back and take a look at the policy implications of the things we want to do and where we want to head, both economically and socially.

This affords us that opportunity. The Founding Fathers—and we often talk about them—laid out in the Preamble to the Constitution the notion that establishing justice and insuring domestic tranquility were among the two most important things they wanted to do. They also wanted to provide for the common defense and promote the general welfare. Since President Roosevelt in 1933, it has been axiomatic that the Government of the United States has a role, an important role, to play in our economic development. One of the debates that we have had between Democrats and Republicans is: What should the nature of that Government role be?

Traditionally, Democrats want it to be greater than do Republicans, and that really has not changed. But there have been a number of important warning signs that should allow us to step back and realistically assess what the role of our Government should be in this question of the social contract.

I think we all want full employment. That goes without saying.

We also understand that full employment provides us a number of things that are incredibly valuable to us as a society. If we all grow together, the likelihood is that more people will feel part of this country, enfranchised by it. Crime will probably go down. We will have generation after generation of Americans who will be hopeful and more productive. So the notion of full employment is important and critical to this whole question of the social contract.

□ 1440

If we take a look at full employment and listen to the words of the gentleman from Illinois, we realize there are a number of things that are happening to our country that are inevitable and inexorable.

Demographically, we are changing. The largest portion of people, the largest population cohort now is people over the age of 65. Clearly, most are not going to work, and we are going to have to deal with that problem in terms of the cost of health care.

We have, despite this very vibrant recovery, another nagging problem, and that problem is that more and more Americans are poor, falling below an artificial line we have established the poverty line.

More and more black and Hispanic members are not working; much fewer, I might add, than have not worked in the past, but still the statistics are alarming, particularly for black teenagers. Jesse Jackson's campaign has taught us all something. He has spoken to the hopes and the aspirations of the people of his race and other minorities, and said that they must be part of the American growth process. What Jackson has said, and I think he has said it eloquently, is that the idea that you can have a Government stand off to the side and say, "Private enterprise will care for you. You needn't worry. As long as we grow, you will be taken care of," is not believed by minority people in this country. Whether it is true or not, and I would argue that it is not. They do not believe it. They take a look, as the gentleman from Illinois has so capably pointed out, and see that in an economy where we are increasingly skilled, increasingly more high technology oriented, where robotics is going to play an ever greater role in the manufacture of items, that the skilled and unskilled jobs that were there in the past will no longer be there. They see that many millions of Americans will be left out in the cold regardless of the recovery.

Here it is important for us to recognize the Government's role in providing opportunities and help for these people.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. SIMON. Mr. Chairman, I yield 2 additional minutes to the gentleman from New York (Mr. DOWNEY).

Mr. DOWNEY of New York. It seems to me we should be mindful of the importance of properly targeted training programs and public works programs and public jobs programs, if need be.

We cannot be a nation that has certain people recovering faster than others. We cannot be a nation that tolerates 40 and 50 percentage points unemployment for black and Hispanic youth during a recovery. The role for Government speaks loudly from the mountain tops, and if we dismiss that sound and these warning signs, we will see the following things happen:

We will continue to be a country that is becoming richer and poorer at the same time. We will see crime continue to rise because the people who are permanently left out of the American common weal do not feelpart of it and do not feel part of the social fabric that they inherited, because their portion of the social fabric will have been torn from them.

So the Humphrey-Hawkins debate is a debate about full employment. It is a debate about the opportunities for all our people. All I would suggest to my colleagues on the Republican side and to my Democratic friends is to understand the critical role in a Capitalist economy that the social contract of Government intervention must play. It means that we have to be vibrant. We have to be creative, but we must have a Government role.

The gentleman has pointed out the demographics and I hope that as the debate continues we will understand more clearly the critical role that the National government plays in making all our citizens feel part of this great country.

Mr. SIMON. Mr. Chairman, I yield 7 minutes to the gentlewoman from Ohio (Ms. KAPTUR).

Ms. KAPTUR. Mr. Chairman, the debate on the fiscal year 1985 budget properly focuses on the level of the deficit reduction and the manner in which the reductions would be carried out. It is critical that we act responsibly to adopt an equitable budget plan to address the burgeoning deficit. It is time that Congress and the President quit playing lipservice to a deficit which threatens our short-term economic progress and has irresponsibly mortgaged our children's future. Yet because of this administration's insensitivity to the problems of American workers, another issue of paramount national concern has not received the attention on the public agenda that it requires. That is the issue of full employment.

The Humphrey-Hawkins Act attempts to insure that the goals of Government never stray too far from the objectives of full employment and balanced, sustainable growth. Because of the requirement of Humphrey-Hawkins, we have the opportunity to discuss full employment and how well Government policies are working toward that objective. Thankfully due to Federal Reserve actions over 1 year ago, a drop in world oil prices, and consumer spending, we are now in the midst of an economic recovery, and employment is on the upswing.

But progress depends on where you start from. And progress in this administration started from an economy they grounded to a halt. In that perspective, the employment record of this administration can only be judged a failure. Under this President, an average of 3 million more people have been out of work than under the prior administration. Moreover, twice as many new jobs were created in the last

administration as in this one. We seem to be left in each recent business upswing with higher and higher levels of what has been termed "acceptable unemployment." Acceptable used to mean 4 percent out of work, then it was 6 percent, now they tell us it is 7 percent.

Furthermore, before we applaud the present 7.8-percent unemployment rate as compared to the 10.8-percent rate which the administration's policies brought on, let us consider what kind of employment level is actually acceptable. Should we be satisfied that today some 9 million Americans are unemployed, another 1½ million are so discouraged they have given up their job search, and roughly 6 million Americans are working part time because they cannot find a full-time job? Sixteen million unemployed and underemployed Americans is unacceptable. We can and must do better. The Humphrey-Hawkins bill set a goal of a 4-percent overall unemployment rate in 1983. It is within the context of that goal that we must judge the employment record of the Reagan administration.

Another objective of the Humphrey-Hawkins bill that demands consideration is its pledge to focus on the employment problems of women. We must recognize the importance of women in the work force, the uniqueness of their employment problems, and fashion Government policies accordingly. The increased participation of women in the work force. Women now constitute 43 percent of the labor force.

Women who maintain families have been especially hard hit in recent years. Their unemployment rate remains at double digit levels: In February the rate was 11 percent. So women who need jobs the most often cannot find them. But the issue of women's employment extends beyond having jobs to the nature of the jobs themselves and the compensation received.

The principle of equal pay for equal work must be upheld. Currently, women do not receive equitable compensation in two types of cases. First, and most blatantly, women performing the same work as men do not always receive the same compensation. Second, women are often underpaid because the occupations they work in are underpaid relative to other occupations. This wage differential is not based on differences in productivity. As a district court in Washington found last year, female State employees were paid less than men even though their jobs required similar skill, effort, responsibility, and working conditions.

The net result is a substantial wage differential. Women wages average about 62 percent of wages for men. Serious problems accompany these lower wages. The trend toward the feminization of poverty is due not only to the previously mentioned difficulty of female heads of households in finding jobs, but also due to low wages. Many women work full time but they and their families, nevertheless, remain poor.

We also must examine the effects on women of our country's industrial policies. Women have an important stake in the industrial policy debate because they are especially vulnerable to job displacement caused by international competition or automation. International competition and automation, for example, have led to the loss of 150,000 jobs in the textile industry. Sixty-two percent of textile workers are women. More generally, women often occupy the office jobs which will be automated in the office of the future.

Sound industrial policies are essential to help women and they are also central to overall job stability and generation. Discussion of our country's industrial policies best begins with a brief outline of the powerful array of current U.S. Government industrial policies used to influence the marketplace. The Federal role in the economy is staggering. It includes over $500 billion in outstanding loans and loan guarantees: Preferential tax treatment of industries amounting to $40 billion per year, and purchases from the private sector of some $50 billion per year. These enormous dollar outlays are only part of the story. The Government influences particular industries through trade, antitrust, and regulatory laws as well.

Better designed industrial policies would work toward the objective of full employment in a number of ways. First, they would help solve the problems caused by our enormous trade deficits. As recently as 1975, the U.S. had a positive merchandise trade balance. This year we can expect to run a trade deficit of more than $100 billion. In traditional industries such as consumer electronics, autos, steel, and machine tools, there were almost no foreign imports in 1960. Since then, our consumer electronics industry has been basically wiped out by foreign imports. In the other three industries, over 25 percent of the American market now consists of imports. At the least, policies need to be implemented which ease the employment transition process that is occurring because of this huge jump in imports.

Second, a better designed industrial policy would consider the regional impacts of changes in our economy. The declining competitive position of American industries and the resulting unemployment are painfully evident in areas such as my Ohio Congressional District. The unemployment rate in the Toledo area remains far above the national average, and the local economic recovery depends on the precarious health of the auto industry. Most disheartening of all is the plight of the thousands of dislocated workers. They have worked long and hard for themselves, their families, and this country, but the jobs they lost will not return, and they do not know what to do. Many of them are forced to seek general relief to keep house and home together.

Third, under a better designed industrial policy, the Government would demand quid pro quos in return for any aid it allocates to business. For example, in response to a plea by Harley-Davidson, Uncle Sam slapped a more than tenfold increase in tariffs on imported heavyweight motorcycles. What did Harley-Davidson do in return for this market windfall? Nothing. It made no commitments toward innovation or product improvement. One other assurance was conspicuously absent: The future employment of Harley's workers. If the Government is going to lend a hand to business, there must be an assurance in return that the employees involved will also benefit.

In closing, I would like to thank Chairman HAWKINS and Mr. SIMON for allowing me to participate in this debate mandated under Humphrey-Hawkins and to discuss the goal of full and adequate employment. Humphrey-Hawkins outlines many laudable objectives, including the need to focus Government policies on the employment problems faced by women workers.

Congress must work toward the objective of full employment for women. It is also essential that we adopt improved industrial policies to whittle down our country's serious structural unemployment problems and stop the erosion of our industrial base and export of jobs to foreign countries.

Government clearly needs to go beyond deficit reduction to achieve the goals of Humphrey-Hawkins.

□ 1450

Mr. SIMON. Mr. Chairman, I yield 2 minutes to the gentleman from Michigan (Mr. BONIOR).

Mr. BONIOR of Michigan. Mr. Chairman, I just have a question that I would like to address to my colleague from New York (Mr. KEMP). I was sitting and listening to the debate, and a little earlier I was rather struck by one statistic the gentleman gave. I was wondering if the gentleman could elaborate on it.

You mentioned that more jobs, I believe this is what you said, more jobs were created in the past year than were created in Europe in the last decade. I am just wondering where you got that statistic. If it is true, if it is indeed an accurate statistic, it is quite remarkable.

Mr. KEMP. Will the gentleman yield?

Mr. BONIOR of Michigan. I yield to the gentleman.

Mr. KEMP. It is remarkable. I am glad the gentleman brought it up. It was a quote from the London Financial Times that said, in talking about the recovery in the United States juxtaposed against the lack of a recovery in Europe, that the United States' recovery in the last year has produced more jobs than have been created in Europe in the last 10 years. Then when you find out how many jobs were created in the United States in 1983, you come to over 4 million, and I was simply alluding to the fact that if we could keep creating lots of new jobs in the private sector we could meet the goal that all of us share, which is full employment.

I will say this: There is still unemployment, but among auto workers it has dropped. Steel is still in trouble and there is much to be done. But we should not do anything here on the floor of the House that will stop or slow down this recovery.

Mr. BONIOR of Michigan. I thank the gentleman.

Mr. KEMP. Mr. Chairman, I yield myself such time as I may consume.

I would just briefly say something to my friend from Illinois, who referred to Milton Friedman, who could be called the godfather of conservative economics and a great free marketeer, and someone for whom I have high regard. Yet, Milton Friedman predicted double-digit inflation last year based on previously high money growth rates, and then predicted there would be no recovery in 1984. He predicted the first quarter as a recession.

You cannot predict a recovery simply looking at how many angels are dancing on the head of M1, as some economists attempt to do.

Mr. HILER. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I would like to yield to my friend from Indiana, Mr. HILER, the radical tax cutter and my good friend.

Mr. HILER. I thank the gentleman for yielding and I suppose for that title.

One of the things that sometimes it is easy to do is to forget just what things were like in 1979 and 1980 before we started to advance policies of lower taxation and some restraint on Government spending.

I got some headlines out of the national newspapers. Here is one from the Wall Street Journal: "Auto sales daily rate in April plunged nearly 27 percent—rivals depth of '75 slump."

I believe now we have the highest sales since the record years of around 1978 and 1979.

Also this headline: "Joblessness darkens outlook for the economy." This is also from the Wall Street Journal.

As the gentleman mentioned, we created almost 5 million new jobs since that time.

Here, from the Wall Street Journal, it says: "Building outlays tumbled by 5.8 percent during March." Contrast that with almost 18 consecutive months of positive news.

Here is another one: "Key index," and they are talking about the index of leading economic indicators, "plunged for March. Factory orders down sharply." Once again, 18 consecutive months of upbeat news.

"Mortgage rates jumped in March to another high. Feds' action cited for rise to 14.6 percent," and on and on and on.

The fact of the matter is that the kinds of policies of a fair Tax Code, and to try to bring some stability to our monetary supply, which we have so far to go, that is the best thing we can do to achieve full employment with low inflation.

I do not know whether full employment is at 4 percent or 5 percent or 3 percent, but it is our job to insure that we get the unemployment rate as low as is humanly possible consistent with low inflation, and that is going to take constructive tax policy and it is going to take some reform of the Federal monetary system.

Mr. KEMP. The problem with our tax system, as everybody knows, is it attempts to redistribute the wealth of our Nation rather than encouraging the wealth of our Nation. We need a tax system that does not make the rich poorer; we need a tax system that allows the poor to get rich. That means lower rates and protection for the working poor.

Incidentally, the gentleman from Illinois, Mr. SIMON, said that the tax cut is what causes big deficits. Ladies and gentleman, tax revenues as a percent of GNP are 19 percent. That is the average revenue base of this country for the past 20 years. Since 1960, it has been right around 19 percent and it is still there. What has gone up is spending.

Mr. ZSCHAU. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I yield to the gentleman from California.

Mr. ZSCHAU. I thank the gentleman for yielding. I just want to commend the gentleman from New York for his leadership in this debate. He has focused the issue of employment where it belongs, on the private sector.

I come from the Silicon Valley. I had the opportunity to build a company from scratch. I know where jobs come from. They do not come from Government job programs; they come from people taking risks, investors who are willing to back entrepreneurs, inventors, engineers. These are the people that create the jobs in this country.

If we want to perpetuate that, we have to understand whose responsibility it is then to create jobs in this country. It is not Government's responsibility. It is not central planning boards and it is not reconstruction finance corporations.

It is the individuals, the entrepreneurs, the risk takers, the engineers, the innovators. They are the job-creating engines in this country.

I want to commend the gentleman from New York for making that point. It is the essential point in the employment debate.

Mr. KEMP. I appreciate that compliment very much.

We have a plant in my district that lost its color television market to Japan in 1965. They are now back in business producing auto parts for auto engines for Detroit. They are using some of those silicon chips that are produced in either Massachusetts or California.

The plant is more competitive, wages are higher, pension benefits are better. The plant is cleaner and it is expanding, and it is competitive in world markets. Indeed, some of our American autos are more competitive with anything in the world market today. More needs to be done for U.S. industrial competitions, but higher taxes and higher interest rates are not the answer.

Mr. GINGRICH. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I yield to the gentleman from Georgia.

Mr. GINGRICH. I want to commend the gentleman from New York. I think when you look back to the earlier years when you began to talk about growth and supply side and the chance to create jobs, none of us would have imagined in the mid-1970's that we could have a Humphrey-Hawkins debate with more Republicans on the floor talking about jobs and growth and opportunity, and the change for a better America, and with the Democrats, except for the faithful standardbearers who have always carried the flag, all of the rest of the Democratic Party is hidden. And I think there is a reason for that.

The fact is that there is no intellectually sound case to be made for leftwing policies in America and the fact is that Jimmy Carter and Walter Mondale failed, that it was a total disaster, such a disaster that the American people repudiated it in 1980; such a disaster that as late as last night, voters in New York State, having voted for Mondale in the primary, were telling the exit poll they intend to vote for Ronald Reagan; such a disaster that, in fact, for the first time in my lifetime, the American people are actively returning to a belief that they can help themsleves, that they can create jobs, and that raising taxes and

crushing take-home pay is a lousy Government policy.

I just want to commend the gentleman from New York who has played a major role in establishing an intellectual revolution in the House of Representatives.

Mr. KEMP. I thank the gentleman.

The CHAIRMAN. The time of the gentleman from New York (Mr. KEMP) has expired.

The Chair recognizes the gentleman from Illinois (Mr. SIMON). The gentleman from Illinois has 18 minutes remaining.

□ 1500

Mr. SIMON. Mr. Chairman, I yield myself such time as I may consume, and I shall not consume all my time.

Mr. HEFNER. Mr. Chairman, will the gentleman yield?

Mr. SIMON. I am pleased to yield to my friend, the gentleman from North Carolina.

Mr. HEFNER. I am looking at some numbers here and I do not wish to get into a philosophical argument or a political argument, but we have thrown some numbers around about unemployment, which is what we are talking about.

During the Carter administration, which I am not here to condemn or defend the Carter administration or to be particularly partisan, but under the Carter administration from 1977 to 1980 there were 6,742,000 people unemployed. Under the Reagan administration, 1981 through 1983, there were 9,088,000 people unemployed, and that was for an average unemployment rate under the Carter administration of 6.5 average rate and 9 point average rate under the Reagan administration.

So there is a lot of comparisons if you want to make comparisons. What we are here today to talk about is to try to come up with a budget that cuts $192 billion projected President's budget that I understand we are even having difficulty getting people to offer the President's budget that was sent up here.

So, if you want to look at numbers, look at automobile sales; using the President's projections for the remainder of this year, you are going to sell like 3 million less automobiles than you did in the Carter administration and unless you have 3 million housing starts this year you are going to build less houses in this Reagan administration than you did the Carter administration.

So there is a lot of things here if you want to draw comparisons. And incidentally these numbers on unemployment come from the Bureau of Labor Statistics from the Labor Department.

So let us be fair in our argument. We are talking about coming today to vote on starting on seven different budgets to try to get to a down payment of somewhere in the neighborhood of $150 billion of deficits. Now, the administration wants to take all the credit for bringing down inflation, which, God knows, everybody is happy that inflation is down, but you have to accept some of the responsibility for projecting $192 billions of deficits.

So you just cannot have it both ways. You cannot take credit for all the good and blame somebody else for the bad. And I think it is just a little bit intellectually dishonest to talk about some of these numbers.

I yield back to the gentleman from Illinois.

Mr. SIMON. I thank my friend.

Mr. Chairman, I have some remarks and if we have time I will be happy to yield after my remarks.

One of my friends over here said he started a business and it went well, and that is what the whole American system is all about. And I am all for that. I was involved in starting a business. I was president of four small corporations. I want to encourage that.

But what we have failed to recognize, what this administration particularly has failed to recognize, is that there are a lot of people falling between the cracks. A lot of people who do not have the skills to be employed at Silicon Valley.

I understand the President on occasion—and I have never been there, but I hear about this, some of those on that side of the aisle probably get these invitations more often than we do on this side of the aisle—the President held up the Sunday Washington Post and says, "Look at all the jobs; anyone who really wants a job can get a job."

I took the Sunday Washington Post one Sunday and I like to believe I am reasonably competent, and I went through there. You know, I am not an engineer; I am not a computer operator; I can type, but none of you would ever hire me as a secretary. I cannot fill 95 percent of those jobs.

What do you do if you are 55 years old and all you have done is work in a coal mine, or in a steel mill? What do you do if you cannot read and write the English language? There are a lot of people who do not fit into those comfortable, available job categories. And these are the people I think we ought to be concerned about as a nation.

It is not enough to say the free enterprise system is going to solve the problems. The reality is there are a great many people falling between the cracks and a government that does not pay attention to those people falling between the cracks, is not doing what it ought to be doing.

Let me give you two examples: In a little town of Elizabethtown in my district, I had open office hours and a man named Ervin Price and his wife came in. They have three children; 15, 13, and 10. He said he was desperate for a job; unemployment benefits had run out. He was on welfare.

I said, "If I can get you a part-time job in Harrisburg about 30 miles away, could you get there?" He said, "I would hitchhike." He said, "The tires on my car are so bad I don't know if I can make it home."

It happened to be a cold day when I was there. I said, "How do you heat your place?" He said, "We bought an old-fashioned wood stove and my wife and kids and I walk along the highway and pick up wood."

Now that is real life for real people in the year 1984.

After Ed Meese made his comment about hunger in this country, I went to the Pacific Garden Mission in Chicago, downtown Chicago, and I went into the soup kitchen, talked to some of the men there. When I came out there was a young man, Jim Drane, opening the door for people and sweeping and doing some odds and ends, and he said, "Do you think you could get a job for me anywhere?" I said, "Are you getting paid for what you are doing here?" He said, "They are giving me room and board and $40 a month and I have a wife and two children to support." He said, "I can't do it."

Now, those are real people. And those statistics we hear about 8 million people, 10 million people, and represented by Jim Drane and Ervin Price. And somehow we have forgotten these people.

The real difference in our society, in my opinion, is not between the black and white, not between Hispanics and Anglos, not between rich and poor. The real difference in our society is between those who have hope and those who have given up.

And the two things that can give that spark of hope to people are, No. 1, seeing that their children can have a quality education, that there is hope for the future; and second having a job.

And we are not paying enough attention to that latter part. We are not paying enough attention to the former, either.

In all the statistics that have been bandied about here, one thing was not mentioned; and that is, there is a shrinking middle class in this country; not a healthy thing.

One of the things that keeps our country stable is that we do not have too many who are very rich, and too many who are very poor. What has been happening in the last few years is that the number of the poor has been growing; a few more have been added to the numbers of the rich, and many more are poor. It is a problem we are going to face in our society either through crime rates or through constructive programs.

Two statistics that interest me that I noticed the other day. They are not directly related but they say where we are going in our society.

We have 3 million fewer young people in our schools getting school lunches than we did 3 years ago.

And we are selling three times as many Jaguars as we did 3 years ago.

I am troubled by those kind of statistics. I hope our discussion on Humphrey-Hawkins can move us in a more constructive direction. I have the feeling, listening to my friend from New York (Mr. KEMP), that if enough of us sat down on both sides of the aisle and recognized, No. 1, we want to encourage as many private sector jobs as possible, and I think all of us agree on that, and No. 2, that where people cannot get private sector jobs, that we have to find something more constructive than just telling them, "You go home and we are going to send you a check."

That seems to me not in their interest nor in the interest of the taxpayers. Yet, that is where we are in our society today.

My hope is that one of these days we will do more than simply have a few minutes of discussion on Humphrey-Hawkins but really start looking at some of the fundamental problems and the sooner we look at the problems the sooner we are going to come up with answers; not in a partisan, bickering way—all of us are guilty of being a little too partisan now and then. But we must ask: What can we do in a constructive way to build a better society?

Mr. MCEWEN. Mr. Chairman, will the gentleman yield?

Mr. SIMON. I yield to my friend from Ohio.

Mr. MCEWEN. I thank the gentleman for yielding.

I have the utmost respect for my friend and I appreciate his compassion, his caring and I appreciate his directing the debate in precisely that manner.

□ 1510

But as I begin my brief minute, if I may respond to the gentleman from North Carolina, who raised some issues and some figures that may be misunderstood by those observing this debate here today.

That is when we speak of an unemployment rate between 1977 and 1980 we should understand that when the economy grows, when there is growth and opportunity; when the economy grows at 4 percent, then people who are graduating from high school and entering the job market or leaving college and entering the job market for any reason, can find a job. Four percent growth in the economy creates enough new jobs to maintain stable employment in our Nation.

If the economy grows at less than 4 percent, then unemployment increases. In 1977, this economy was growing at the rate of 5½ percent. That meant that it was pulling people off of the unemployment rolls and into the work place to provide jobs for the unemployed and thus respond to the human needs that the gentleman mentioned so well in his presentation.

By 1978, we did some rather drastic things. No. 1, we increased taxes on the oil companies by $55 billion. We know who paid those taxes. The fact of the matter is, taxes, for whatever motive, increased by $55 billion. Money taken out of the private sector and into Government through a series of policy and tax changes. By 1980 we had gone from 5½ percent growth in 1977 down to zero growth in 1979 to a diminishing pie of 2½ percent decline in 1980. The average family of four completed the 1970's worse off in real terms than they began; for the first time in the history of the United States of America.

That is what we are talking about here. The change in policies in 1981 that brought about 5 million new jobs since that time.

The gentleman from Illinois is exactly right mentioning the Pacific Garden Mission to which I have contributed on more than one occasion and does a marvelous work. The district that I represent in southern Ohio, the coal mining, Appalachian district of southern Ohio, is very similar to the gentleman from Illinois. The needs of those people who walk the streets of this Nation seeking warmth and trying to find a place to obtain food. Trying just merely to stay alive, that is what we are talking about.

The question is: Do we pursue the policies of the latter 1970's that brought stagnation, unemployment and growing poverty? Let us remember, Government does not produce anything, Government merely takes from people. Government cannot create wealth, it does not have the capacity to create wealth.

So, therefore, do we pursue policies that encourage growth, that encourage opportunity, that encourage jobs, or do we leave those people left out there that must walk the highways of southern Ohio and southern Illinois hoping to find a chunk of coal along the road in order to heat their homes and say that we are going to tax your fellow Americans to destroy their competitive edge internationally, to destroy their jobs to make the pie smaller in order to funnel it to you through a Government program. Or do we raise the tide that lifts all boats. Do we have growth and opportunity for all Americans? Do we allow new jobs to come to Hillsboro, Ohio, and to southern Illinois and elsewhere and have the economic reconaissance that is beginning to blossom forth right now or do we go back to the policies that we followed in the latter half of the 1970's in which by every analysis or impartial observer concludes that it was disastrous.

Mr. SIMON. If I may reclaim my time, and partially agree with the gentleman from Ohio, but also disagree.

First, I disagree with the sweeping statement that I hear made periodically that Government cannot create jobs, Government is not productive. The reality is that the three areas that this country is successful in in exports are computers, aerospace, and agriculture. In all three it has been substantial Government funding of research that has made possible the kind of productivity that we have had in this country. Government does contribute to wealth. Just as Japan's investment in education today is going to contribute to their wealth 10 years from now. And it is folly for us to be cutting back on educational investment in this country as we are.

Where I do agree with the gentleman is we want that private sector to grow. In Hillsboro, Ohio, and Hillsboro, Ill., we want to get that private sector growing, but let us not forget the people who for one reason or another do not get employed in that private sector. Let us find some constructive answers. Let us find answers that are better than handing people a welfare check. Let us find answers that our free economy can provide with Government help. Government is not an evil, Government is a tool that can be used either for good or for evil. Let us use it in a constructive way.

And that is what Humphrey-Hawkins tried to get us to do.

I yield back the balance of my time.

● Mr. RANGEL. Mr. Chairman, I rise to give my strongest support to the measure offered by my colleague.

We are in the midst of a period in our history when the President of the United States has abandoned the poor and the unemployed.

The administration looks at 7 and 8 percent unemployment rates, and says that we are at an acceptable level of recovery. The administration creates a $180 billion deficit, and claims that we are on the road to prosperity. And the administration proposes a $2 trillion defense budget, and announces that we are entering a new era of peace.

Mr. Chairman, we cannot allow ourselves or our people to be subjected to this Orwellian double-think without a strong response. And the best response I can think of is to bring the administration back to the reality of what it is doing—back to the reality of poor people without hope, homeless people without shelter, and jobless people without benefits. This, Mr. Chairman, is our duty.

My distinguished colleague has made a bold move to put us back on

the right track. He has proposed that we mandate the implementation of programs which will move us toward achieving the goals of 4-percent unemployment and 3-percent inflation.

At the heart of this measure is the ability for us to choose which programs can best achieve these goals. We will have the power to choose and clearly state what our priorities are before the entire Nation. In this way, the American people will know in what direction we are heading, and will therefore be able to voice their opinions more directly on Federal policies and initiatives.

In other words, Mr. Chairman, we will create a very healthy atmosphere wherein the American people will have a much greater say in the administration's priorities and goals. And let us be very frank, this input does not exist at this time.

The President's 1985 budget fails entirely to solve the needs of those suffering under Reaganomics. He is actually proud of cutting education funds, housing programs, food assistance, and urban development grants. The blame for his unbelievable deficit is being laid at the feet of Congress and at the feet of past administrations.

I ask you, how much longer will we let him get away with this? How many more distortions of fact will he be allowed to dream up? I say that it is time for us to call a halt to Reaganomics. We cannot allow the poor and unemployed to continue bearing the burden of economic hardship and the brunt of a warped political philosophy. It is time for a new agenda and a new initiative from this Congress. For this reason, Mr. Chairman, I urge my colleagues to support this amendment.●

The CHAIRMAN. The gentleman from Oklahoma (Mr. JONES) has 79 minutes remaining, and the gentleman from Ohio (Mr. LATTA) has 73 minutes remaining.

The Chair recognizes the gentleman from Oklahoma (Mr. JONES), the chairman of the Budget Committee.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 5 minutes to the gentleman from Connecticut (Mr. RATCHFORD).

Mr. RATCHFORD. Mr. Chairman, in his State of the Union address to us last January, the President proposed that we work on a $100 billion "downpayment on the deficit" to begin attacking what is undoubtedly the most important issue before Congress.

Ten weeks later, we now have the opportunity nearly to double the downpayment target we were offered. The Budget Committee has brought us a 3-year, $182 billion deficit reduction plan. This is a good downpayment, one that will reduce the heavy mortgage price we and our children will have to pay in the coming years. I believe the package before us today deserves the support of the House.

Three important themes run through the resolution brought to us by the Budget Committee under the able leadership of Chairman JIM JONES, including: Deficit reduction, adoption of a pay-as-you-go approach for new spending increases, and ordering budget priorities so Government can remain sensitive to pressing human needs.

Clearly, the huge deficits predicted under the current administration's budget request are much, much too high. These deficits threaten sustained economic growth by forcing the Federal Government to borrow more and more private capital to pay for its borrowing. With less private capital come higher interest rates, less investment by business, and a possible plunge back into recession.

If we do not act, financing the deficit will consume about three-quarters of available savings in 1987. Adoption of this package, however, will reduce the Federal Government's appetite for private capital to about one-half of available savings by 1987. So if we want sustained, private-sector economic recovery, we need to begin right now by cutting deficits and making savings available for investment rather than for debt service.

The use of a pay-as-you-go procedure in financing real increases in spending is welcome and long overdue. Pay-as-you-go has been used successfully by State and local governments for years, and it is the most responsible way I know of to insure that the Government does not spend money it does not have.

In this resolution, the $49.8 billion in revenue increases would finance the $44.8 billion proposed increase in defense and $5 billion proposed increase for disability insurance, child health, and other programs which meet the pressing needs of low-income people.

Mr. Chairman, I believe it is high time we stop feeding the deficit and adopt this coordinated approach to spending. We should not commit ourselves to new expenditures without specifying where the money will come from. This way, Congress and the American people will actually see what each new expenditure will cost.

Between fiscal years 1980 and 1984, we have financed a 90-percent increase in defense spending largely through increasing budget deficits. Yet, we have ignored the lesson of the television commercial that, given the choice of "you can pay me now or you can pay me later," it will be dangerously more expensive not to pay now.

Finally, Mr. Chairman, we can take the wise step of beginning to pay for our needs now and still be sensitive to the real problems the less fortunate face.

The resolution contains substantial reductions in spending for both entitlements and nondefense discretionary programs. The cuts proposed are sensible, and they make the burden of restraint a little easier by requiring almost everyone to carry part of it. Moreover, the resolution recognizes the real needs of the handicapped, the disabled, and college students who need loans to finance their education. Their needs will be met.

Mr. Chairman, this is a fair, responsible budget resolution. We must adopt the deficit reduction package that this resolution embodies, and we need to institute the pay-as-you-go approach now and in the future to insure spending restraint.

□ 1520

Mr. LATTA. Mr. Chairman, I yield 12 minutes to the gentleman from California (Mr. DANNEMEYER).

Mr. DANNEMEYER. Mr. Chairman, under the rule that the Rules Committee has precised for our consideration of the budget alternative for this year, I am privileged to be able to offer to the House for its consideration a budget resolution designated No. 2 in order.

I have before me a list or a comparison of the five budgets that will be offered by my five colleagues on the Democratic side—JONES, ROEMER, DIXON, MCHUGH, and MACKAY. I also have a summary of the three that may be offered on the Republican side—the President's, the GOP, and the budget by the gentleman from California, eight in total.

I know we all deal in comparisons because they are important, and I think the essential difference in the budget that this Member from California will be pleased to present has certain distinctive factors about it that I would like to bring to the Members' attention.

First off, it has the lowest level of spending of any of the eight for fiscal year 1985. I will repeat that: The lowest level of spending for fiscal year 1985 of the eight.

It also is unique in that it has no tax increases of any of the eight alternative budgets for our consideration this day.

The lowest level of spending, no tax increases. Those are two distinctive characteristics which I believe sets this budget apart from all eight of them.

Well, how do we do that? The usual litany that we hear—and I heard it earlier today—is that, "Well, the White House is responsible for this deficit that we have."

Our colleague, the gentleman from Pennsylvania (Mr. WALKER), earlier brought to the floor for our consideration some interesting data, and I want to share it with my colleagues. It goes back over a 5-year span and it analyzes the budget resolution which the House adopted and, in addition—

what do you know?—the total of the appropriation bills that followed the adoption of the budget resolution that is in excess of the budget resolution.

And I want to read the totals of the excess: In 1980, after adopting a budget resolution calling for spending of $532 billion, we in this Congress adopted a total of spending which was $47 billion higher than our own budget resolution. Then in 1981, we had a budget resolution that had $613 billion in it. And what do you know, throughout the year we adopted individual appropriation bills that totaled $43 billion more than our budget resolution. And then in 1982, the budget resolution called for $695 billion, and we adopted $33 billion more when we considered the individual appropriation bills. And then in 1983, our budget resolution was $769 billion, and we adopted individual appropriation bill totals of $26 billion more. And in this current fiscal year, our budget resolution was $849 billion, and so far we have adopted spending totals of $3.5 billion in excess of that.

Over this 5-year span, these figures total $153 billion of spending beyond the budget resolutions. Presidents propose, Congress disposes. We in the Congress adopted spending levels $153 billion higher over this 5-year span than was justified by our budget resolutions for said period. The total is $174 billion higher than what the President proposed for said 5-year period.

Mr. WALKER. Mr. Chairman, will the gentleman yield?

Mr. DANNEMEYER. I yield to the gentleman from Pennsylvania.

Mr. WALKER. Mr. Chairman, we do not want to mislead people here. The $174 billion is over and above what Presidents asked to spend. We actually were $154 billion over what we said we were going to spend. So that we were not only more irresponsible than what the Presidents asked for, but when we get down to the actual amounts that we spent, we were $154 billion more than we pledged ourselves to spend and, supposedly within the process, cap overselves into spending.

What this shows is that every time we come out here with these budget waivers on the floor, that is what is happening, we are simply raising the amounts. And is it not interesting that $154 billion comes very close to what the budet deficit level is right now?

Mr. DANNEMEYER. That is the point. I thank my colleague for making that point.

Mr. BETHUNE. Mr. Chairman, will the gentleman yield?

Mr. DANNEMEYER. I yield to my colleague, the gentleman from Arkansas.

Mr. BETHUNE. Given that set of facts, it would seem to me that if we err here when we set a spending target, that we ought to err on the side of setting a tough, low-spending target rather than one that is more moderate or liberal, because we are going to bust it, whatever target we set. And that is the object of the first budget resolution, in the first place, is to set a target, and then try to meet it. We do not ever meet it.

So I want to compliment the gentleman for trying to force this House to set a very tough target for itself so that we will wind up with the lowest possible level of spending and still meet all of the service needs that we want.

Mr. DANNEMEYER. I thank my colleague for that contribution, and I thank my colleague, the gentleman from Pennsylvania (Mr. WALKER), for making that correction that we in Congress exceeded our budget resolution by $154 billion, and it was $174 billion more than what the President had requested.

In consideration of the deficit, what to do about it, we could raise taxes or cut spending or a combination of both to achieve what we all want to do on both sides; namely, a reduction of the deficit. And the reason that I oppose the option of raising taxes is because we Americans are not undertaxed. We are taxing our people today at about 19 percent of GNP, which is close to a historic high. Our problem is we are spending too much. Twenty-four percent of the GNP is what we in the Congress are spending, and that 5 percent spread of GNP is the deficit.

So I am not inclined to offer to the House for its consideration the alternative of raising taxes. That is what compels me to offer the alternative of cutting spending.

And I think it is also appropriate, when we talk about where we are today, to reflect on the fact that in the last year—and it has been mentioned here today earlier on the floor—our economy has grown by some 4.7 million new jobs, lifting employment in the country from 99.2 million to 103.9 million, a 4.7-percent jump in 1 year.

During this same period, unemployment fell by 2.7 million, from 11.5 million to 8.8 million, a 23.5-percent drop.

The Congressional Budget Office has estimated the Federal Government loses about $25 billion for each 1 percent of unemployment. So putting 2.7 million Americans back to work, which represents a decline in the unemployment rate of 2.6 percent, from 10.4 percent in February 1983 to 7.8 percent in February 1984, means that a potential $68 billion is being generated to offset the fiscal years 1984 and 1985 deficits.

Indeed, February Treasury statistics indicate that for the first 5 months of fiscal year 1984 revenues are increasing 11.3 percent above last year's level, while outlays are up only 3.7 percent. If this trend holds—and we all hope that it will—the deficit for fiscal year 1984 should be closer to $160 billion instead of $189 billion estimated by the CBO.

The cumulative effects of the deficits projected for 1985 and beyond are even more profound.

I believe we need to keep our hands off both the economy and the taxpayers' wallets. The recovery of this past year is more pronounced than anticipated, but it is still relatively fragile, it is susceptible to changes in climate. And raising taxes now would risk imposing an ice age which would close more plants and force millions back into unemployment.

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As to the canard that we need to impose higher taxes on the wealthy and corporations because they are not paying their fair share of existing taxes, this premise is disputed by the facts. My colleague from New York (Mr. KEMP) has prepared an analysis which reveals significant changes in tax revenue collected between 1981 and 1982.

As a percentage of total income tax paid, those earning less than $20,000 comprise 17 percent in 1981, dropping to 15 percent in 1982. Conversely, those earning $100,000 or more paid 15 percent of all taxes in 1981, climbing to 18 percent in 1982. Middle-income Americans, our colleague from Illinois (Mr. SIMON) has gone from the floor, but he will take comfort, as we all will, that middle-income Americans, those falling in the $20,000 to $100,000 range, comprised 68 percent in 1981 and 67 percent in 1982.

To look at it another way, the lowest income group, those earning less than $10,000 a year, paid 13 percent fewer taxes in 1982 than in 1981. Millionaires, on the other hand, paid a whopping 42 percent more in 1982.

The state of the economy has a more visible effect on corporate taxes. For the first 5 months of 1984 compared to the same period last year, individual income tax receipts are up 3.8 percent, from $122.9 billion to $127.6 billion. Corporation income taxes has leaped 70.9 percent from $7.9 billion to $13.5 billion.

Pretax corporate profits have climbed 36.2 percent from $167.5 billion to $228.1 billion and tax liability has jumped 58 percent from $54 billion to $85.3 billion. Corporate taxes are more volatile with respect to economic influences. Drastic fluctuation in just the past year illustrates this fact. We realize greater revenues from corporate sources if we maintain a healthy economy, and that means not aborting the recovery with tax increases.

I believe the message to us is clear: Our response should be equally clear, a booming economy will automatically

reduce future budget deficits. We need to augment these reductions by preserving the recovery and freeing badly needed investment capital currently being eaten up by high interest rates, and that means reducing spending.

My budget amendment pares nearly $200 billion from deficits over the next 3 years. The largest share of this reduction comes from implementing many of the recommendations of the Grace Commission. Restructuring the Federal credit budget via the market plan, savings from interest, and various other options comprise other major savings. Only $7 billion are raised in revenue, and that from user fees recommended by the Grace Commission.

The public has become aware of the Grace Commission. They have been demanding that we cut the fat for some time now. We have been more inclined, however, to simply chew the fat. This budget amendment presents an opportunity for us to heed the desire of most Americans that we get our fiscal house in order. We should do no less than to keep faith with them and reduce spending, not reach in their pockets and deplete their wallets.

Mr. GEPHARDT. Mr. Chairman, I yield 10 minutes to the gentleman from California (Mr. PANETTA).

Mr. PANETTA. I thank the gentleman for yielding me this time.

Mr. Chairman, there really is not much question that we are embarking on what I think is the most important debate that will take place in this Congress. We are facing votes that will have a critical impact upon the future course of this Nation.

We are talking about the priorities of this country for the future. To talk about those priorities clearly involves a decision on resources.

Resources relate to our decisions on national defense, they relate to our decisions on foreign policy, they relate to our decisions regarding the needs of people in this country, they relate to decisions about whether we will explore space, whether we will provide a decent education for our children, they relate to a whole series of priority areas that demand our attention.

I realize that when you reach a period of $200 billion deficits, that there is probably enough blame to go around for everybody; this is not a question of who is to blame. The question is, Do we understand the dangers that are involved in continuing to run these enormous deficits?

I think the dangers are obvious and the danger signals are out there now. Yes, we are in a recovery; yes, it is a strong recovery, without question, but the real question that concerns everybody is whether we are talking about a short-term recovery or whether in fact we have a strong, lasting recovery that will take us into the future.

The danger signals are obvious; whether it is high interest rates and the instability of interest rates, whether it is the record trade deficits that we are running, whether it is the market situation that we believe reflects concern about where deficits are, all of these factors are related to the record deficits that we are facing now and in the future.

Whatever budget resolution you consider in these next 2 days, the principal challenge is to look at that resolution and ask whether it controls deficits and controls them in in a way that is achievable, that is fair, that is effective, and that is enforceable. These should be the key elements in your decision.

There is a lot of discussion on this floor about the budget process: Does it work or does it not work? The worst thing we can do with the budget process is to enact a budget resolution that cannot be enforced by the Congress. That is the worst thing that can happen to the budget process. If you do not care about the budget process, then vote for the resolutions that promise you pie in the sky. But if you care about the budget process, then it seems to me that you have to begin to consider this question: Which of these resolutions can be enforced by the House of Representatives?

This is a difficult year because deficits are so high. I know Members are struggling for simple answers to complex problems. In this year, more than in prior years, Members are caught up in marketing labels; Members are caught up in simple approaches; Members are caught up in freezes of one kind or another.

I have heard all of the marketing labels for what you do with the budget resolution. The bottom line has to be numbers. Do you achieve the numbers? Can you enforce the numbers that you build into a resolution? I do not care what kind of a marketing concept you want to apply to a resolution. The real question is can you enforce it, whatever resolution is adopted.

We have eight resolutions before the House; four to be considered today, four tomorrow. It is difficult for Members to look at each of these resolutions and try to analyze what is happening with defense, with revenues, with domestic spending. It is difficult enough for the Budget Committee, and I can imagine how difficult it is for Members who are just beginning to look at the eight different proposals that they will face.

I ask you to approach each of these resolutions asking the following questions.

One, what is the deficit reduction contained in each resolution? What is proposed in each area for reducing the deficit over the next 3 years?

Second, all of these proposals involve a freeze of some kind. I have yet to see a pure freeze presented in any of the proposals. Frankly, there is no such thing as a pure freeze. Every freeze is modified in some way, whether it is defense, whether it is domestic spending, whether it is means-tested entitlements, whatever. There is always an exception to a pure freeze.

I think the question that has to be asked is if there is a freeze, is it fair? Is it as fair as possible considering the priorities that we care about?

Third, every resolution here involves increases in spending, let us not kid anybody. We are talking about increases in defense in many of the resolutions. The President himself, in his original budget proposal, had increases in spending of $223 billion—$180 billion for defense; $10 billion for a space station; $10 billion for military assistance; and $20 billion for other program. I mean, let us not kid anybody, all of these proposals involve some kind of increases in spending.

So, the question you have to ask is if there are increases, how are they paid for? Are they paid for with revenues, are they paid for through spending cuts, or are they paid for by borrowing?

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The last question, and perhaps the most important question, is which one of these eight proposals is, in the end, enforceable, achievable? Which one, in fact, can be implemented by the Congress so that we are not simply providing a false promise to the American people, but a promise that we can stand by with votes.

It is my position, as a member of the Committee on the Budget, that the Committee on the Budget resolution provides what I think is the most balanced approach to the questions that need to be asked on each of these resolutions.

The deficit reduction contained in the Committee on the Budget proposal is $182 billion over 3 years. That is doable. I look at some of the proposals that Members are going to be considering and it is a game of "Can You Top This?" I think one goes up to $324 billion over 3 years. I am sure we could have come up with a proposal for $400 billion or $500 billion over 3 years.

That is not the question. The question is: Which one of these proposals provides a realistic deficit reduction package over the next 3 years? I think the committee's package does that by incorporating the revenue package that has been reported by the Committee on Ways and Means, by implementing some $15 billion in reductions in the domestic area, both entitlements and nondefense discretionary spending, by reducing defense by $95 billion, and by implementing the realistic proposals that have been submitted by the Grace Commission.

The second question that I think needs to be asked is: Is the freeze that is applied a fair freeze? There is a freeze in the committee proposal. It is 3.5-percent nominal growth across the board. Yes, there are exceptions, but they are realistic exceptions.

We are not going to cut social security. We have implemented a compromise package. There is no way the House or the other body are going to change social security, so it exempts social security.

Putting a limit below nominal growth in defense is not realistic, very frankly. Congress is not going to cut defense below nominal growth, so there is an exception for defense.

Third, the means-tested programs, the programs that have been impacted the most over the last 3 years and that serve the poorest of the poor, the safety-net programs, are also exempted, for legitimate reasons.

So there is a 3.5-percent freeze, but it exempts those areas that we think are not going to be realistically frozen by the Congress this year.

The next question is, If we have increases either in defense or in the domestic area, how do we pay for them?

The CHAIRMAN. The time of the gentleman from California (Mr. PANETTA) has expired.

Mr. GEPHARDT. Mr. Chairman, I yield 3 additional minutes to the gentleman from California.

Mr. PANETTA. I thank the gentleman for yielding this additional time to me.

Mr. Chairman, the increases contained in the committee proposal are to take defense up to a 3.5-percent real growth. I do not think that is out of the question. The Appropriations Committee last year adopted a spending level of approximately 3.7 percent. We did not lose any weapons systems, the defense of the country did not crumble. It was a proposal that was ultimately agreed to by the President himself.

So 3.5-percent real growth is not outlandish in terms of a level of growth in defense that makes sense.

In addition to that, we provide $5 billion to reflect increases in spending that we believe the Congress is going to approve. This Congress has already passed disability changes. That is about $1 billion. Everybody voted for the disability change, and yet the committee's resolution is one of the few that reflects the fact that we have to pay for it.

So it seems to me that if my colleagues really believe that increases ought to be either paid for or supported by reductions, then the committee's proposal, which follow this concept, should be adopted.

Last, on enforcement. I think this is the most important point that needs to be made. This is an enforceable resolution. It surely is enforceable on the revenue side, because the number we are talking about is agreed to by the Committee on Ways and Means, by the Senate Finance Committee, and by the President of the United States. We are talking about $48 or $49 billion. That is doable. It is achieveable.

Second, on defense. The defense reductions are also achievable, again because, as I pointed out, the Committee on Appropriations adopted a roughly 3.5- or 3.7-percent increase last year.

The entitlement reductions are also doable. Incidentally, we intend to raise reconciliation next week, following the adoption of the budget resolution, to insure that spending cuts accompany any tax increases that take place. That $12.3 billion in savings in the entitlement area is doable, and the committees are beginning already to take action on those various pieces.

The toughest piece is appropriations. Can we hold appropriations to the level set in the resolution we adopt? That is dependent on a majority vote in this institution. We must insure that the appropriations bills that come to the floor do not breach the spending ceiling set in the resolution.

So from an enforcement point of view, this resolution is doable. It is not just a false promise. It is something we can do. The challenge for the House and for the Congress is to control deficits, but the real challenge is to do it in a way that is realistic, that is fair, and that is enforceable.

For that reason, I urge the Members to support the resolution proposed by the Committee on the Budget.

Mrs. MARTIN of Illinois. Mr. Chairman, I yield 10 minutes to the gentleman from Texas (Mr. LOEFFLER).

Mr. LOEFFLER. I thank the gentlewoman for yielding this time to me.

Mr. Chairman, during the course of the debate today on the budget resolution for fiscal year 1985, much has been said about the pay-as-you-go principle. I believe it is most important that this phrase, "pay as you go," not be glossed over.

The Democrats' budget, described as a pay-as-you-go plan, sounds good. It is the kind of thing we would like to see. It implies a balanced budget, but upon closer examination, in my judgment it is just a simple sham. Worse, it disguises in a new, sexy wrapping, a rationale for the same liberal objectives, tax more and more to pay for more and more Federal spending.

That is right. Good old tax and spend, but with a new twist. So, as we pursue consideration of the budget resolution for fiscal year 1985, let us have it perfectly understood that the cute little twist this year is pay as you go.

As I mentioned, the pay-as-you-go concept would imply a balanced budget on an annual basis. However, the Democratic pay-as-you-go budget ignores that fact, the House Committee on the Budget is proposing a budget deficit of $175 billion in fiscal year 1985 alone. In my judgment in the face of this kind of deficit, it is absolutely absurd to talk of pay as you go, especially the kind of selective pay-a-little-as-you-go, or pay-along-the-way approach that they have taken.

The Democratic pay-as-you-go plan is just another name, in my judgment, for tax as you go merrily down the garden path to economic chaos. It ignores or attempts to obscure the fundamental issue facing us in Congress, and that is the appropriate size of the Federal sector.

Pay as you go is a neat shell game devised to distract attention from the fact that the Government sector is growing ever larger year by year. This is in fundamental opposition to the basic philosophy of the new era in American political history known as the "New Beginning," which was initiated in a bipartisan manner during 1981.

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Since 1981 the thrust has been to return Government to a smaller, more appropriate role in the lives of citizens, including the reduction in the tax burden on individuals and businesses—a tax burden which played a major role in the economic stagnation which prevailed during the late seventies.

Pay-as-you-go, then, is a dangerous principle as it has been interpreted and applied by the majority. It implies that you can simply tax and tax to support ever higher levels of Government spending, and that there is nothing inherently wrong with the Government absorbing an increasing share of the Nation's gross national product, our Nation's wealth, as long as the Government taxes productive citizens and businesses in order to pay for it.

As we continue this budget debate for fiscal year 1985, if we are going to face the political realities this year and recognize that we are not going to solve the deficit problem in its entirety but that we can make an honest effort toward a deficit downpayment and return next year to address the problem again, let us get on with it. But let us not play with the economic future of the Nation by voting for the liberals' concept of pay-as-you-go. It is a diversion from the main event, and it makes a mockery of responsible fiscal policymaking.

Realistically, the pay-as-you-go concept is better described as "pay along the way," at best. What is wrong with including in the concept "reduce along the way," as well?

Again I think it is most important for the Members of this body to recognize that the fine sounding theme of pay-as-you-go cannot be glossed over

and accepted without critical examination. The budget resolution before us, described as a pay-as-you-go budget resolution, has a deficit of $175 billion projected for fiscal year 1985, and there are deficits thereafter, as well.

Mr. Chairman, in my judgment the budget resolution that will be offered later during debate by the gentleman from Ohio (Mr. LATTA) is the best approach that will maintain the momentum that was begun in 1981 and 1982, as we reduced the rate of growth in Federal spending, as we relieved some of the confiscatory tax policies of the past that threatened the viability of the private sector and as we provided a responsible increase in defense spending necessary to overcome the inadequacies and neglect of the seventies.

This year we will not solve our deficit problems. No one will argue with that. But this year is important as we progress in our efforts to reach that ultimate balanced budget, because we must maintain the direction and the approach of policies that were begun in 1981, to provide for a strong, economically healthy Nation.

Mr. Chairman, I urge my colleagues to give very close scrutiny and ultimate support to the alternative that will be later offered by the gentleman from Ohio (Mr. LATTA). Again we should remember this: Do not gloss over pay-as-you-go. Do not buy a concept that is not real.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The Chair recognizes the gentleman from Oklahoma (Mr. JONES).

Mr. JONES of Oklahoma. Mr. Chairman, I yield 5 minutes to a very distinguished member of the Budget Committee, the gentleman from North Carolina (Mr. HEFNER).

Mr. HEFNER. Mr. Chairman, we are faced at best with trying to make a downpayment, as requested by the President of the United States, on the deficits that we are having throughout the foreseeable future, and there is none of these budgets that really I am all that happy about. I do not think there is any Member of this House that wants to vote for a deficit of $160 billion, $170 billion, or $190 billion.

My good friend, the gentleman from Texas, has raised the question about, pay-as-you-go. We are not talking about pay-as-you-go in the true sense, but what we are talking about is to pay the moneys that we raise in taxes, and we are not going to spend in excess of what we raise in taxes for new programs.

There is not a budget that is going to be considered on this House floor today or tomorrow that does not carry with it some kind of tax package, and there is not a budget that is going to be offered on this House floor today or tomorrow that does not have some assumptions that are going to be proved to be wrong or that does not have some savings that are projected that are going to be proven to be wrong, even some of the savings projected in the Grace report are not achievable.

Mr. HEFNER. Certainly I yield to the gentleman from California.

Mr. DANNEMEYER. Mr. Chairman, maybe the gentleman has misspoken, but it is fair to say that the budget alternative which this gentleman from California will offer has no tax increases in it, and it also has the lowest projected deficit. We get there by cutting spending, not by raising taxes.

Mr. HEFNER. Mr. Chairman, I misspoke myself, as the President has said on occasion. I admit my error. But the other budgets offered will carry tax packages. Mr. DANNEMEYER's is the only budget that does not carry some kind of a tax package with it.

We can talk about this and we can use rhetoric, and in a campaign year we can talk about all the cutting of spending and what we want to do and where our priorities are, but when we come down to the bottom line, there "ain't" no way we are going to get to reducing this deficit unless we address the spending and the taxes and make some cuts in defense and hold the line on other programs.

We have got a $925 billion projected deficit, we have in excess of $108 billion of interest that is not negotiable, and then we have the defense portion that is close to $300 billion. That leaves us about $500 billion to try to get a substantial cut in.

Mr. Chairman, I want to cut spending as much as anybody and have voted to do so, but on some of the discretionary programs that everybody likes to talk about cutting, when it comes to a vote on the House floor on both sides of the aisle, Members are not going to vote to cut some of these discretionary programs. And then we talk about the means tested programs. These programs, the means tested programs, get the most criticism. They are for the poorest of the poor. I make no apology for voting for these programs. I make no apology for trying to keep these programs at their current levels, at least, and many of these programs have in effect had severe cuts in the past few years.

So I think, when we talk about this in our deliberations, it does not serve us well with the American public to call different budgets a sham and refer to them as different sorts of things, because we are all here to get to a down payment on these deficits, and nobody is going to take any joy from the final product, whatever it is, in voting for a deficit of in excess of $150 billion.

So I think that we need to keep in mind, when we are considering these budgets, what is going to be doable and not gloss them over and use a smokescreen on things that are not doable. We must try to come up with an agreement that we can take to the other body and work out in conference a budget that is fair and will move us in the right direction. That will send a signal to the markets and to the American people that we are at least making a downpayment.

It is not a pay-as-you-go. We are not making a downpayment on the overall, but at least we are making a downpayment on the deficit, and that is what the President requested. He requested that we make a downpayment on the deficit. That was the understanding from the very start.

Mr. Chairman, I urge my colleagues to look at all these budgets when they come up and to give them very close scrutiny. And I believe that the most honest budget is the Budget Committee budget.

Mrs. MARTIN of Illinois. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Chairman, when Congress considers a budget for the coming fiscal year, it should do so seriously. The budget should establish priorities, which should be followed as closely as possible. Spending for favorite programs inevitably causes budget ceilings to be breached. Some, like me, feel that this is an unacceptable practice, and that the budget should provide ceilings which should not be broken except under extraordinary circumstances.

Mr first priority in judging the alternative budgets this year is how effective they would be in reducing the deficit. My intention is to support an enforceable budget that results in the greatest possible deficit reduction.

Under the rule, we will consider eight amendments in order. The first is the President's February budget as reestimated by the Congressional Budget Office. That budget was the necessary first step. It made deficit reductions below the current policy baseline, but did not go far enough. It also contained, in my judgment, too much defense spending.

Congress, meanwhile, has upped the ante on deficit reductions. This is a welcome development. The President's March 50–50–50 deficit reduction plan, developed in response to Congress willingness to consider deficit reductions, should be taken seriously. Those who wish to support the President's budget, or any budget which can be passed an enforced, should look to the Latta amendment.

The second amendment to be considered is Mr. DANNEMEYER's, which contains many of the recommendations of the Grace Commission. This amendment is a serious deficit reduction proposal with strong and noble motivation, but in my judgment it does not present a serious or effective budget. Last year's House budget called for

tax increases that would not be adopted, and so reported an impossibly low deficit. The Dannemeyer amendment includes savings which I, and perhaps others, would support. However, they will almost certainly not be adopted by the House. It would be dishonest to claim these uncertain savings in the budget.

Moreover, I have some reservations about some specific portions of the amendment. As an example, the 5 percent penalty assessment on unfunded PBGC pension liabilities would save very little, but would have grave effects. Existing penalties have chased many out of pension programs. An additional penalty would be very unwise.

The Roemer amendment starts with the basis of the House Budget Committee budget, but goes in the wrong direction. The amendment would increase defense growth from 3.5 percent after inflation to 5 percent after inflation. That increase in defense spending is matched almost exactly by subtracting 2 percent from the indexing limit on Federal income taxation. That is a poor trade-off, in my judgment. It is just a higher tax version of the committee's pay-as-you-go principle which I consider unwise. It simply taxes people more to provide what the authors believe is necessary national security.

I am attracted by the savings in nondefense discretionary spending in the Roemer amendment, but I am concerned about the COLA—2 percent for entitlements, which would include social security like each of the proposals, it is a mixed bag. Its great advantage is that it delivers the highest deficit reduction figure of all plans except the Dannemeyer plan.

The Dixon amendment, like the Dannemeyer amendment, is not a frivolous effort, but it is not a realistic or enforceable budget. Negative defense growth and huge tax increases are not going to be implemented, nor should they.

The McHugh amendment also starts at the levels recommended in the committee bill, but it too strays. Further decreases in defense and increased revenues will probably have to be a part of deficit reductions, either this year or next. I cannot support either measure, though, if there are no greater savings made in domestic spending than are made in the committee bill, which is mirrored in the McHugh amendment.

The MacKay amendment is somewhat attractive to me, since I offered a version of it during the House Budget Committee markup. I would prefer the committee bill without the pay-as-you-go spending provisions. I will not support the MacKay amendment or the committee bill, however, as neither makes any savings in domestic programs. The committee bill without pay-as-you-go was rigged to begin with so that increased domestic spending could be facilitated, unattached to tax increases. The tax increase was attached to only $2.45 billion in domestic spending, but $44.8 billion in defense. A better alternative is to make more domestic savings in addition to the defense savings and tax increases.

After the Latta amendment, the last alternative is the committee bill. I voted against it in committee, and I shall vote against it again. Real deficit reduction comes only with shared, across-the-board sacrifice. However, this bill does not call for any substantial savings in domestic spending, even though Members piously intone deficit reduction should be our first priority this year. This budget is not a real deficit downpayment. It should be rejected.

Mr. Chairman, I shall support the Latta amendment, which is an improved version of the President's March deficit reduction budget. This budget offers the best alternative for those Members who wish to support the President's initiatives on deficit reduction.

I am not, however, completely satisfied with the Latta amendment. If there were a better alternative I would support it. There is none.

My principle objection to the Latta amendment is the 7-percent real increase in defense spending. My judgment is that defense will have to accept greater savings if we are to have real deficit reductions. I feel that 3.5 percent real increase recommended by the committee is enough and that such an increase is all this Congress will ultimately appropriate.

I support the Latta amendment, however, because of its principle of shared burden in deficit reductions. Of $181.4 billion in noninterest savings deficit reductions, $53.6 billion, or 30 percent, comes from increased taxes and user fees; $40.2 billion, or 22 percent, comes from defense savings. $77.6 billion, or 43 percent, comes from domestic savings. We do more in savings, and should, but the comparative figures for the committee budget are $48.4 billion, or 30.2 percent, from taxes; $95.7 billion, or 60 percent, from defense; and $14.1 billion, or 9 percent, from domestic savings.

Moreover, my judgment is that the Latta budget offers even greater opportunities for deficit reductions. I believe that revenues will increase slightly more than the Latta budget calls for. I also believe that defense will not increase as rapidly as the Latta budget indicates. I am sure, however, that if we adopt the committee budget we will see no greater savings in domestic spending than is required in the bill. It is likely we will see more.

Mr. Chairman, these deficit reductions can only be the beginning. We have been successful in moving away from inevitable $200 billion deficits. This year's efforts have been important.

However, savings in all Federal programs must be part of any deficit reduction package. No program can be sacred as long as deficits remain. We must address all aspects of the problem, not one at a time. Shared, across-the-board sacrifice will be necessary. We should act quickly and responsibly

As a first step, I urge a yes vote on the Latta amendment, and a no vote on other amendments.

□ 1600

Mr. JONES of Oklahoma. Before I yield to the next speaker, I do want to tell my good friend, the gentleman from Minnesota, who is a valued member of the Budget Committee, that I think the Budget Act has, indeed, reduced the deficits.

As a matter of fact, John Rhodes, the former distinguished minority leader of the House of Representatives, has said that the deficits would probably be $400 billion higher had it not been for the disciplines, imperfect as they are, of the Budget Act since 1976.

Mr. Chairman, I yield 8 minutes to another distinguished member of the Budget Committee, the gentleman from Massachusetts (Mr. DONNELLY).

Mr. LATTA. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania (Mr. WALKER).

□ 1610

Mr. DONNELLY. I thank the chairman for yielding.

Mr. Chairman, to be very frank, when this year began I was very skeptical, as a member of the Budget Committee, that this institution would be willing and able to achieve any sort of deficit reduction due to the political and economic circumstances that we faced as Congress convened. We had $200 deficits annualized out as far as you could see, probably a very heated and bitter Presidential election on the horizon, congressional elections that are now taking place in primaries and will be taking place in November, a very serious clash of economic and monetary policy differences between the parties and, in fact, between individuals on both sides of the aisle.

I think this institution and the Budget Committee as a whole deserve a great deal of credit for focusing the attention of the membership on the critical problem that this Nation and the economic recovery in this Nation faces because of these enormous deficits that have been accruing over the last few years and will continue to accrue unless we have the political courage to do something about it.

So step one is that we are moving in the right direction. The debate today is what it ought to be about, and that is what are the priorities that we

ought to take as an institution, those priorities whether they be in defense, those priorities whether they be on the domestic side or on monetary or tax policy.

As I look over the eight substitutes that this body will be debating over the course of the next 24 hours, there are many pieces in each one of the recommendations that are attractive to me. The Congressional Black Caucus budget has deficit reductions of $434 billion over 3 years. I do not think there would be any Member of this institution that would not like to achieve those savings if in fact it was possible.

It seems to me, and this is my sixth year in this institution, it just seems to me that some of the recommendations in defense and domestic and revenues in that case will not really be acceptable to the body politic.

My good friend from California (Mr. DANNEMEYER) has a very good budget deficit reduction of $206 billion, according to the figures I have in front of me. That is a reduction that would have an impact on the economy. But I am not sure, again, that the gentleman's defense numbers nor his domestic spending cuts in particular will be acceptable to the body politic.

What I am suggesting is that of all of the eight recommendations I think the most reasonable and rational and probably the most enforceable document is the document that has come forward from our committee. It was not an easy process. There were many heated debates over what policies we ought to adopt, what sort of approach we ought to take for deficit reduction.

But there was a sincere agreement I think on both sides of the aisle that this Congress had to move toward deficit reduction. I would suggest that the document from the Budget Committee achieves that.

We achieved $182 billion of deficit reduction over the course of the next 3 years. We allow defense a 3.5-percent real growth. That is a little bit higher that I would like to see, but it is acceptable to many Members on our side of the aisle and I would hope many Members on that side of the aisle.

Social security is held harmless. I think we all have to be honest with ourselves and admit that any cuts in social security will not pass the Congress. If somebody would disagree with that I would be willing to stand here and listen to them.

We hold harmless needs tested entitlements. It is a fact that over the course of the last 3 years needs tested entitlements in comparison to all other entitlements have received an inordinate amount of cuts.

I argued very vociferously that these needs tested entitlements, those programs to protect the poorest people in our society, those programs which in my opinion, again, have received an inordinate amount of cuts should be held harmless in the next fiscal year.

We dealt with the whole entitlement area by offering a modest potpouri of cuts, about $12 billion. I chair a task force on the whole question of entitlements, which many of my friends on the other side of the aisle have attended hearings we have held. We have a problem in the entitlement area. We have a serious problem in the entitlement area, and let me suggest it will take an enormous bipartisan effort in this institution, both here in the House and in the other body, to deal with this increased and rapidly increasing rate of growth in the entitlement area.

But our budget makes a stab at it. We try to reduce in a reasonable way some of the growth in the entitlement spending by $12 billion.

We allowed domestic discretionary spending to rise 3.5 percent, nominal growth for domestic discretionary.

Needs tested discretionary was allowed to grow at 3.5 percent real.

I think that addresses a real problem we have in this country with poverty.

We also incorporate for the first time the pay-as-you-go. We are asking a legitimate, realistic figure in revenues. The figures we are asking are the figures of a bill that has already been reported from the Ways and Means Committee. In fact, it is sitting right now at the Speaker's table waiting for action by this institution. Those figures almost dollar for dollar in that revenue bill will pay for the increases our committee is recommending for defense.

I think that the House committee document is reasonable, it is rational, and a realistic approach.

Last, let me just say I think as an institution we have two overriding responsibilities during the course of the next 24 hours. One of those is that we have to pass a document. We have to show the American people that we as an institution can lead. We have to show the business community and international community that we are willing to make an effort to deal with this awful deficit problem that we face as a people.

Finally, we have to pass a document that we can implement. Many times, in many of these recommendations, if there were a wish list that we could put together to deal with the deficit problem, to deal with the realistic problems of poverty and the inability of people in this society to have economic upward mobility, I wish we could bring that document on the floor to pass. But, realistically, if we do not pass a document within the next 24 hours, if we do not pass a document which we can implement over the course of the reconciliation process, I think we do a great disservice to the economic growth that is taking place in this Nation and I think that we do a great disservice to the poorest and the most defenseless people in our society.

The American people expect a lot from us during the course of these next 24 hours and I would hope that we could keep the political rhetoric from my friends on both sides to a nominal amount, just like some of the nominal figures in our budget, and pass a budget, sent it to the other body.

The House Budget Committee's document is a good document to go to conference with and I would hope that it would be adopted.

Mr. DANNEMEYER. Mr. Chairman, will the gentleman yield?

Mr. DONNELLY. I will be happy to yield.

Mr. DANNEMEYER. You alluded to the Black Caucus, Dixon substitute earlier in your remarks, and I just want to point out to the gentleman that it contains by way of a deficit reduction of some $400 billion over 3 years a tax increase in 1985 of $50 billion. Was the gentleman aware of that?

Mr. DONNELLY. The gentleman is very much aware of that.

Mr. DANNEMEYER. Do you think it is likely that a tax increase of that magnitude could be passed?

The CHAIRMAN. The time of the gentleman from Massachusetts (Mr. DONNELLY) has expired.

Mr. DONNELLY. I would be happy to answer the question if I can get 10 seconds.

Mr. LATTA. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. DONNELLY. I thank my friend for yielding.

I would suspect, and certainly have no crystal ball in front of me, but I would suspect that as much as I admire the deficit reduction in the Dixon package I would suspect that probably has about as much chance of passing as the gentleman from California's budget has of passing.

Mr. DANNEMEYER. I will have to put the gentleman down on the fence, and I appreciate the time he yielded to me.

Mr. DONNELLY. I yield back the balance of my time.

Mr. WALKER. I thank the gentleman from Ohio very much for yielding the time.

Mr. Chairman, I think we ought to be serious about what it is that is going on here. The record of this Congress in living up to its budget recommendations is at best abominable.

This exercise, if put in the perspective of the past performance, is a farce. It is a way of suggesting that we are doing something about the Nation's budgetary mess when in fact we intend to do no such thing.

These budgets are mockeries and they are mockeries that we ask every-

one else to take seriously while we ourselves treat them with contempt and disdain when we actually go to the spending and taxing in the real world. I think all we have to do is look over the last 5 years and figure out that in the last 5 years we have been over a quarter of a trillion dollars wrong. If you add up all of the additional spending that we went over the budget, all of the additional taxes that we did not pass, that we said we were going to pass in the budget, the bottom line is that we have been wrong by $279.3 billion.

That is not a very good record. As a matter of fact, that shows you where the deficits come from in this country.

□ 1620

We have gone through a budgetary process which then has produced nothing. If you go back to 1980, and you take a look at our first budget resolution in 1980, we said we were going to have outlays of $532 billion. We actually had outlays of $579 billion; we were off by $48 billion.

If you take a look at how much we said we were going to raise in revenues, well, we did better in 1980 than we said we were going to. So the total deficit, we were off by about $30 billion when all was said and done.

Then you come to 1981, that was a glorious year for budgeting. That is the year when the majority leader came to the floor and gave us his famous balanced budget out here on the floor that said we were going to have outlays of $613 billion and that we were going to have revenues of $613 billion, and we were going to have a balanced budget and we were going to take that balanced budget to the country and I remember the majority side talking about the fact that they were going to be able to talk about a balanced budget out in the country.

The only problem is that we were $58 billion wrong and we ended up with $58 billion in deficit that we did not calculate into the budget.

In 1982 we said in our first budget resolution we were going to spend $695 billion and we ended up spending $728 billion. We were $33 billion wrong.

In 1983, we were $26 billion wrong in 1983, and in 1984, the spending side, so far we are $3.5 billion wrong but yet we have most of the year to go.

Let us remember that in the appropriation bills we have already had out on the floor we know that supplementals have to come in a number of those, because we have only funded certain programs for part of the year.

For instance, food stamps; we have a neat gimmick around here to stay within the budget; we bring out the food stamp program and only fund it for 10 or 11 months and we have to come back in the summer and fund it for the rest of the program.

So that $3.5 billion is where we are now. We have got to add to that yet.

So what we have done is we have spent $153.9 billion more, $154 billion more than we said we were going to over a period of 5 years. We have missed on revenues by $125.4 billion for a $279 billion mistake.

Now what we are doing out here today is probably compounding that mistake. And yet we are asking the American people to take this process seriously. No wonder they do not take it seriously; no wonder the financial markets do not take it seriously. They know doggone well when it comes to taxing and spending, we are not going to live up to these things anyhow.

Why don't we live up to it? Because we are perfectly willing to set the Budget Act aside whenever it becomes necessary to do so and we do so on bill after bill; bringing an authorization bill out here that is over the budget, "That is OK, we will just get a budget waiver on it and pass that in the rule." Bring an appropriation out here that is over budget, "That is all right, we will just get a rule and waive the budget."

Time after time we waive the budget on all of these major spending bills; either authorization or appropriation. And do we ever raise very much of an objection to the fact that we are waiving the budget? No, not really.

Sometimes some of us vote against such rules because they have budget waivers in them, but the fact is the vast majority of those rules pass here overwhelmingly. And the majority side which tells us that we are supposed to pass I think the quote was, "enforceable budgets," are the people who do not vote to enforce.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 5 minutes to the gentleman from New York (Mr. MCHUGH).

Mr. MCHUGH Mr. Chairman, I would like to begin by commending the members of the Budget Committee and in particular the committee chairman, the gentleman from Oklahoma (Mr. JONES) for the hard work that they have done and for bringing to the House a resolution which is an improvement over both the President's original budget proposal and his most recent one.

The budget deficits over 3 years would be reduced by the committee proposal by a total of $182 billion, which is more than $30 billion beyond what the President's most recent proposal would do. I think that is important and a significant improvement.

However, I do think we must do better, given the threat which these budget deficits pose to our economic health. For that reason, Mr. Chairman, tomorrow I will be offering a budget proposal on my own behalf and on behalf of the Executive Committee of the Democratic Study Group.

Our proposal is based on the premise that we must reduce deficits over the next 3 years by a larger amount than either the President's or the Budget Committee's proposal would do. More specifically, the substitute which I will be offering would reduce deficits by a total of $262 billion over 3 years.

We think we will be able to do that, under our substitute resolution, in a reasonable, moderate and fair way. More particularly, our substitute would do the following: With regard to domestic spending, we incorporate precisely the numbers included in the Budget Committee proposal. Those numbers, as you know, provide that in the aggregate domestic spending programs will get an inflation adjustment less $16.8 billion over the next 3 fiscal years.

In other words, domestic spending in the aggregate will increase by an amount less than inflation. We think that this is a restrained approach. We all have favorite programs in the domestic spending field, but if we are really serious about reducing deficits we have to be restrained with respect to those programs.

In terms of defense expenditures, we are proposing in our substitute to hold defense expenditures to an inflation adjustment only over the next 3 years. We also believe that this is a moderate, responsible approach.

In the last 3 years military expenditures have increased significantly. For example, in fiscal year 1980 budget authority for the military was $146 billion; in this fiscal year of 1984, budget authority is $269 billion, an increase of $123 billion. That is a very significant increase, and in my judgment the additional funds have not been absorbed by the Pentagon in an efficient manner.

If we are truly serious about the deficits being a threat to our economic health and our national security, we must exercise some restraint in defense as well as nondefense expenditures, and our substitute budget resolution does that.

Finally, with respect to revenues, our substitute proposes to raise a total of $76 billion in revenue over the next 3 fiscal years. We assume for that purpose adoption of the Ways and Means Committee bill, which if enacted would raise about $47 billion, and adoption of an additional $29 billion.

In adopting this substitute resolution we would not, of course, be adopting any particular revenue measure but rather a revenue target. However, we think we can secure that $29 billion in additional revenue by adopting some of the tax reform proposals previously suggested by Mr. PEASE, Mr. GEPHARDT, Mr. MOODY, and myself.

I want to stress, however, that adopting this substitute would in no way bind the House to our particular

preferences in revenue measures. This is a matter which would be decided at a later date when the Congress considers tax legislation.

I realize that some will suggest that an additional $29 billion in revenue over 3 years is too much to expect. In this connection I think it is important to remember that as a result of the tax legislation enacted since President Reagan took office, the U.S. Treasury will lose approximately $490 billion in revenue over the next 3 fiscal years. That is revenue that we would have collected if we had not passed the Reagan tax legislation.

What we are suggesting in our resolution is that we recapture only $76 billion of that lost revenue over the next 3 years.

I believe that this is a modest proposal, if we are serious about reducing deficits in a meaningful way. It is in that context that I hope the Members will consider our substitute resolution favorably when we present it tomorrow.

Mr. LATTA. Mr. Chairman, I yield 5 minutes to the gentleman from Arizona (Mr. RUDD).

□ 1630

Mr. RUDD. Mr. Chairman, I strongly oppose this budget resolution. It is not at all the spending freeze it is advertised to be, but is simply a blueprint for higher domestic spending and higher taxes at the expense of a strong national defense.

Our Nation is experiencing one of the most vigorous economic recoveries in its history. Inflation is under control at 4.6 percent, unemployment has fallen to 7.8 percent, housing starts are up more than 28 percent from February 1983 levels, and the prime rate—while still too high—is at 11.5 percent, far less than the 21-percent rate under President Carter.

The greatest impediment to sustained, strong economic recovery is now the Federal budget deficit. This resolution does nothing to curb that deficit and move toward a balanced budget.

The resolution exempts most expensive entitlement programs—which have grown from about 5.5 percent of GNP in 1965 to almost 11.2 percent this year—from the committee's proposed limit of 3.5 percent spending growth per year. It proposes reductions of only $10.2 billion from 3-year non-interest-entitlement spending of $1.4 trillion, or about 0.7 percent of the total non-interest-entitlement budget.

Rather than focusing on the rapid growth of entitlements, this resolution would slash more than $140 billion from the President's 3-year request for national defense, providing a zero percent—zero percent—real spending increase, despite the fact that there is a greater threat to our Nation's security from our enemies abroad.

The committee proposes a modest defense increase of $44.8 billion over 3 years if its so-called pay-as-you-go amendment is adopted. The defense program thus accounts for 90 percent of the spending tied to tax increases under this resolution.

The prime responsibility of our Federal Government is to provide for the national defense and to protect the rights and liberties of our people. Our Nation's defense should therefore not be held hostage to ill-advised and excessive tax increases.

Furthermore, the tax increases called for under this resolution would not be applied to deficit reduction, but would simply be used to finance higher spending.

The President's private sector survey on cost control—the so-called Grace Commission—has made 2,478 recommendations for eliminating or streamlining Government activities without curtailing essential Government services. If fully implemented, the Grace recommendations would save the taxpayers $424 billion over 3 years.

I urge my colleagues to reject the blatantly partisan budget document before us today. Alternatives—like the Grace recommendations—are available which will truly reduce the deficit and make progress toward a balanced budget.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan (Mr. WOLPE), a member of the committee.

Mr. WOLPE. Mr. Chairman, there are some very important differences in the alternative budget resolutions that are before the House. But as I review the various proposals, I have been equally struck and frankly encouraged by some of the similarities between the various proposals that we are now considering.

All proposals before us recommend lower deficits than those the White House originally indicated that it was prepared to accept. All project lower rates of growth in the defense budget than the administration had requested in their original budget submission. All project some increase in revenues. The consensus reflected among these very disparate resolutions is important, because I think it signals the strongest possible rejection by both sides of the aisle of the administration's claims that the Federal deficits we are experiencing are not really so threatening to our recovery, that we are going to grow our way out of the deficits, and that we simply cannot touch the President's defense request.

I sincerely hope that the President gets the message that is being delivered on a bipartisan basis by this Congress, because the fact of the matter is that the massive deficits that we are anticipating represent an economic time bomb for this country. Yes; recovery is in progress, but that recovery will be very short lived unless we address the growing structural deficit that is the direct consequence of the taxation and spending decisions that have been made over the past 3 years.

Unless we change those policies, the Federal deficit will be claiming 70 percent or more of the net savings of this country, crowding out the credit markets, denying the affordable credit that is needed for the private sector to make productive investments in new job-creating activities.

In addition, these huge Federal deficits are also causing a sharp escalation in our Nation's trade deficit. The following quotation from the 1984 Economic Report of the President emphasizes the severity of this problem:

> The 1983 deficit in merchandise trade was about $65 billion, approaching twice the previous record, which was set in 1982. A (trade) deficit in the neighborhood of $110 billion is forecast for 1984, three times the 1982 level. The deficits signify loss of income and employment in those U.S. industries that depend on exports or compete with imports.

More recent projections put the expected 1984 trade deficit at $130 billion.

Every billion dollars that we are losing in terms of our trade position in the world represents a loss of 25,000 American jobs.

Clifton C. Garvin, chairman of the Exxon Corp. and chairman of the Business Council has observed that "The trade deficit is probably costing between 1½ and 2 million jobs, and there is absolutely no turn-up at all." He also stated that trade deficits are "straining, stretching, and distorting the economy."

And let there be no mistake about it, these soaring Federal deficits are directly contributing to these soaring trade deficits because it is those Federal deficits that are keeping pressure on interest rates, that are attracting foreign capital to this country and increasing the value of the dollar as compared to other currencies. It is as if we were imposing a 25-percent tax on all of our exports, or subsidizing all imports by that same amount. This situation represents an economic catastrophe for this country, particularly for States like my State of Michigan, which are so dependent upon both foreign trade and interest-sensitive industries.

We must understand that we are not going to grow our way out of these deficits. The Congressional Budget Office recently made that very, very clear when they reported to the Budget Committee that by the year 1989, under current policies, we will be facing a Federal deficit in excess of $320 billion and that 90 percent of that deficit in the year 1989 will be structural. Even with recovery, even

moving toward a full employment economy, our structural deficits would be growing larger and larger.

And, finally, if we are serious about deficit reductions we are going to have to start applying the same kind of standard to the Pentagon as we do the rest of the Federal budget. While it is acknowledged that we will not solve all of our domestic problems by throwing Federal money at them, it must also be understood that we do not enhance our national security by giving a blank check to the Pentagon.

Mr. Reagan this year has requested a 13-percent real growth increase in his original defense budget. He was asking that we spend more just for the increase in the defense budget than we spend in an entire year on the combined total budgets of the Department of Housing and Urban Development, the Department of State, the Department of Justice, the Department of the Interior, and the Office of Education. The harsh reality is that defense increases of this magnitiude are simply incompatible with efforts to get Federal deficits under control and to more fairly spread the burdens and the sacrities required in this period of budgetary crisis.

It is my hope that the outcome of this budget debate will be a new national consensus, both on the critical necessity of substantial deficit reduction and on the need for a reordering of our national budget priorities.

Mr. LATTA. Mr. Chairman, I yield 5½ minutes to the gentleman from Nebraska (Mr. DAUB).

Mr. DAUB. Mr. Chairman, as the House of Representatives begins the process of setting forth its budget priorities for the coming fiscal year, we are confronted with the fact that the prime rate may be raised again soon.

Yesterday, a gentleman from the other body from Kansas made a remark and I quote:

> This is the time of year when budget plans bloom like cherry blossoms, and they last just about as long.

The bottom line, Mr. Chairman, is that the nature of our economic situation demands that the Congress act and apparently the Congress will choose not to.

□ 1640

Let me explain. Earlier this year I had spoken of opportunity. While the recovery sped along, we should have been searching for ways to prolong it. We should have been using the increasing prosperity as an opportunity to bring about the spending reforms that we knew we would be necessary in order to insure that the economic recovery would continue. Instead, this body chose to do nothing except to continue blithely along its way as the inevitable collision between the demands of Government borrowing and that of an expanding private sector approached.

Now we today face the fact that tomorrow may bring with it the kind of inflation and interest rates that will wreck havoc upon our people. Instead of recognizing the cause and our responsibility, we choose instead to opt for higher taxes and marginal if not insignificant reductions in spending. Better instead to insure the continued growth of programs that benefit the Members of Congress and their popularity than to insure the continued growth of an economy that provides the jobs and the security of Americans generally. Some Members of this body for whom politics is all important have made the claim that the deficit that threatens this country is the responsibility of the man in the White House. When they are not making that claim, they are accusing him and his party of plotting in secret to reduce the deficit after the election.

Now you cannot have it both ways. The fact is that this Congress has stood between the desires of our President to bring this deficit under control and the potentially ruinous deficits that face us almost literally tomorrow. When they are not adding billions to the budget deficit, they are claiming that he intends to attack the poor and the elderly with unfair cuts in benefits. In a sense, they wait in ambush to attack any proposal for fiscal sanity with an arsenal of lies and distortions and fear that is calculated to frustrate any attempt, no matter how reasonable or how necessary. Whatever sacrifice they seek to prevent by these methods, they realize, too, that a thousand fold occurs by making certain that the continued growth in our economy is going to be halted and, with it, hundreds of thousands of new jobs that are now being created monthly.

Just remind yourselves, if you will, about the unemployment growth from 6 to 8 million, a 33-percent increase, from 1977 to 1981. Take a look at today's gross national product figures, look at the rate of interest, the cost of money, look at the rate of inflation, the way we measure rising prices, take a look at homes, cars, look at all of the indicators that you want, overtime, expansion, plant utilization. Now, would it not be an interesting fairy tale if oil prices continue to drop, keeping American inflation rates low, if indeed the Straits of Hormuz do not close in a war that might erupt there, would it not be part of that fairy tale to note that banks are more liquid today than they ever have been before? Would it not be part of a fairy tale if we would shut this place down, go home and do nothing, and see an economic activity propel our deficits only to a level of about $130 billion or $140 billion rather than the way it is going to be if we raise taxes in the name of lowering some farmer or some small business person's interest rates?

I submit to my colleagues that the marketplace has already discounted the impact of anything we are about to do, whichever plan it is that we adopt, that the marketplace has discounted the impact of that in terms of a positive effect on the deficit, and we indeed will be right back in the soup we have been in, worrying about how to raise somebody's taxes to lower the deficit, to narrow the deficit or to lower interest rate.

So as we consider these various instruments of policy that will be brought forward for our consideration, I for one Member, will cast my lot with those who promise the American people the least—the least—in blandishments from their Government and the most—the most—in sincerity, for prosperity and for reality for our future as a country.

What I sincerely regret is that we do not have a budget here today that would insure a prosperous tomorrow beyond election day in November 1984, a budget that would say this is what we can afford and no more, a budget that would treat the American people as thinking adults and not pawns in a game of White House politics.

Mr. LOWRY of Washington. Mr. Chairman, will the gentleman yield?

Mr. DAUB. I yield to the gentleman from Washington.

Mr. LOWRY of Washington. I just wanted to ask the gentleman—I think he made a fine statement, we should have been acting a lot more than we are acting—the rule allows presenting the President's budget, and perhaps the gentleman would like to go ahead and present the President's budget, which is only an $86 billion deficit reduction over 3 years.

Mr. DAUB. Reclaiming my time, the only problem I have with the gentleman's suggestion is that his own Rules Committee, which he controls, has allowed that privilege, I guess, only to the budget chairman or to Mr. WIRTH.

Mr. LOWRY of Washington. No.

Mr. DAUB. I understand that is not possible.

Mr. LOWRY of Washington. Any member of the minority, including the gentleman, may——

Mr. DAUB. I will take the gentleman's suggestion—I listened to his contribution to the RECORD.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 5 minutes to the gentleman from New York (Mr. LUNDINE).

Mr. LUNDINE. Mr. Chairman, the issue before us today is one of the most critical facing our country. According to the Congressional Budget Office, under the budget which has been proposed by the Reagan administration, our deficits will increase from $190 billion this fiscal year to $270 billion by 1987 and over $300 billion by

1989. The budget deficit will rise from 5.3 percent of GNP in fiscal year 1984 to 6.1 percent in 1989. Our national debt will reach $3 trillion by the end of this decade. The cost of servicing this debt alone will shortly exceed two-thirds of discretionary nondefense spending, and about 4 percent of GNP.

There is one particular aspect of this budget outlook which merits our attention during this debate and in the future. It is the so-called structural deficit. As usual, a large share of the current deficit is the result of the economic recessions we have experienced since 1980 and some of it will disappear if the current recovery is sustained over a long enough period of time. For the first time, however, we are seeing a growing portion of the Federal deficit which will not disappear as recovery proceeds. The Congressional Budget Office estimates that this structural deficit could reach as high as 4 percent of GNP by the end of this decade.

This growing structural deficit reflects the fact that there is a serious imbalance between Federal spending and taxing. The combination of the gigantic increases in defense spending coming from the Reagan administration and the implementation of the largest tax cut in our history is the major reason for this growing structural deficit problem.

Asserting some semblance of control over these balloning Federal deficits is absolutely essential to long-term economic growth. Without concerted action, interest rates will stay high and probably increase significantly. There will be a shortage of credit for long-term industrial expansion and other important private sector activities.

Piling up large deficit upon large deficit means that we must borrow from our future to finance our excesses of today. It will require that we pass on to our children a legacy of debt from which they may never recover. This is not the kind of future which we should be seeking for our sons and daughters. We must act effectively and decisively, and act now.

The House Budget Committee, under the able leadership of JIM JONES, has brought before us today for our consideration a 3-year budget reduction plan which seeks to reduce deficits by $182 billion over that 3-year period. While I compliment the members of the Budget Committee for their thorough comprehension of this serious problem, I am disturbed by the 3-year focus in this resolution. I do not believe it accomplishes enough of a reduction in the first year, which we all know is the critical deficit reduction element before us.

When we compare the outyear budget savings under the committee resolution with those under the Reagan budget, we find that there is substantial savings under the committee plan which is not accomplished under the Reagan proposal. But the savings under the committee budget for fiscal year 1985 are only slightly below the Reagan budget. The Congressional Budget Office estimates that the Reagan proposal would result in a $190 billion deficit for fiscal year 1985, while the committee plan would end up with a fiscal year 1985 deficit of $176 billion. By 1987, however, when the Reagan budget would produce deficits of $287 billion, the committee plan would yield a much lower $182 billion deficit.

This difference reflects the fact that the committee has made a serious and important effort to lock in requirements for substantive changes in law which will result in lower outyear deficits, particularly in the critical areas of tax policy through incorporation of the pay-as-you-go concept and in the defense function.

This notwithstanding, I believe we should be doing more this year in this budget resolution to achieve immediate deficit reduction. We must demonstrate to the American people our commitment to outyear sustained deficit reduction efforts.

Moreover, our task is not likely to get any easier in future years. I know that if we are to implement the kind of future budget savings we are going to need, we will be right back here next year pressing a much more extensive budget reduction package than is included in the budget committee proposal. It will be a budget which includes more taxes and which does not exempt any aspect of spending from consideration as part of a deficit reduction package.

I will support the committee resolution in the final analysis if we are unsuccessful in approving an alternative to that resolution here today which addresses the concern I have outlined above regarding larger immediate budget savings in this fiscal year. It is for this reason I intend to support several of the alternative budgets which have been made in order under the rule. At the same time, I cannot support others because of their unrealistic assumptions and the priorities they outline for achieving their savings.

Mr. Chairman, I cannot support the Dannemeyer, Roemer, or Latta budget alternatives which will be brought before us for consideration. In my opinion, some aspects of these alternatives are unrealistic, and in other important ways they deviate from what I consider to be a fair and sensible prioritizing of spending. For the most part, they also assume we can deal with our budget problem without significant revenue raising.

The Dannemeyer alternative, in particular, appears to be unrealistic. Budget reduction is based primarily on the recommendations of the Grace Commission. In addition, this budget alternative projects that defense spending will increase to $372 billion by 1987, a rise of more than 50 percent from actual fiscal year 1983 figures.

A report jointly done by the Congressional Budget Office and the General Accounting Office found that most of the Grace Commission estimates have no merit. Yet, the Dannemeyer budget uses these recommendations as the basis for budget cuts. CBO and GAO could not even prepare budget estimates for 122 of the commission's recommendations it reviewed because the proposals were too vague or necessary data was lacking. Yet, the Dannemeyer budget uses the Grace number for these proposals as deficit reduction measures. Finally, CBO and GAO found that many of the Grace Commission's recommendations for budget savings can only be achieved over a much longer timeframe than is admitted in the Commission report. As such, the Dannemeyer budget-reduction estimates are suspect. In short, I am opposed to the Dannemeyer budget proposal because it is not a serious budget proposal. It relies on unreliable figures to create the impression that our serious deficit crisis can be solved without deep cuts in defense and significant revenue-raising measures.

I also must vote against the Roemer alternative. This alternative, the so-called "2-percent solution" would cut much too deeply into already crippled domestic programs and provide a much too generous growth in defense spending—5 percent over inflation, or about a 9-percent growth in the present defense budget.

We have already made deep, deep cuts in many domestic programs. For example, adjusted for inflation and excluding medicaid, spending on discretionary domestic social programs was 5 percent lower in 1984 than in 1980. Moreover, Federal spending for the poor totals only about 8 percent of the Federal budget. We simply cannot balance on budget on the backs of poor and disadvantaged Americans like the Roemer amendment proposes to attempt.

Finally, for many of the same reasons I must oppose the Dannemeyer and Roemer amendments, I cannot support the alternative to be offered to Mr. LATTA. It comes the closest to the administration position on our budget crisis, which I find wholly unacceptable. It cuts much too deeply into domestic programs, increases defense too much, and relies too heavily on the mythical claims of the Grace Commission to achieve budget reductions.

I intend to support the MacKay and McHugh alternatives to the committee proposal. Both of these alternatives achieve greater near- and long-term

savings in an equitable and fair manner.

The MacKay alternative would eliminate the real growth in defense and in certain entitlement programs which is included in the committee resolution. As such, it proposes to limit most Federal spending to 3.5-percent nominal growth, except for social security, means-tested programs, and defense. These would be allowed to grow at the rate of inflation. The $49 billion revenue measure which under the committee budget would go to permit a 3.5-percent real increase in defense and certain low-income programs, would be applied to deficit reduction.

It seems to me that this alternative is preferable to the committee bill for three reasons. First, under this alternative, the fiscal year 1985 deficit will be $170 billion—substantially lower than the Reagan budget of $190 billion and somewhat less than the committee bill. The long-term savings are more extensive than the committee bill, as well, and certainly much more than the Reagan proposal.

Second, since the revenue-raising portion of the MacKay substitute essentially relies on tax increases which the administration has already agreed to sign, it is more achievable.

Finally, this alternative achieves its deficit reduction in what I believe is a fair and sensible way. Defense is not exempted from budget austerity, taxes are increased to reduce the deficit, and we should be able to hold the line on entitlements and discretionary programs to about the level of recent years.

I also intend to support the McHugh substitute to the committee budget. This proposal is designed to achieve the largest deficit realistically possible in the near term and certainly makes far deeper inroads into our outyear problem than any other of the alternatives.

The McHugh alternative would achieve a 3-year budget savings of $262 billion, result in a deficit of $164 billion for fiscal year 1985, and in a deficit of $139 billion in 1987. It would achieve these savings by freezing military spending at inflation-adjusted levels, reducing spending for domestic programs by the same amount as the committee resolution, and raising $76 billion in new revenue.

This alternative comes closest to the type of program which I believe is necessary to address our budget picture. I am, however, concerned that the revenue-raising portion of this alternative is not readily achievable given the attitude of this administration to revenue-raising legislation.

In summary, Mr. Chairman, the decision we make during the next few hours in this Chamber is probably the most significant one we will make this year. I urge my colleagues to vote in favor of meaningful deficit reduction and to reject alternatives which are based on inaccurate assumptions or which ignore the fundamental reality that we must attack from all fronts—raise significant revenue, decrease the increase in defense spending significantly, and implement fairness and compassion with respect to our domestic programs.

I believe there are several alternatives before us today which bring us closer to these objectives and there are several which do not. The choice is ours. The impact of our choice will be felt by our children. We can choose a path of meaningful deficit reduction or we can continue to allow our national debt to grow exponentially and beyond our capacity to ever repay it. We can chose to create an environment conducive to long-term economic growth or one which continues to handicap our very large task of reindustrializing America. I have made my choice. I hope you will join me in taking the path which has been less traveled by meaningful deficit reduction—fairness in deficit reduction which includes defense and taxes.

□ 1650

Mr. MACK. Mr. Chairman, will the gentleman yield?

Mr. LUNDINE. I yield to the gentleman from Florida.

Mr. MACK. Mr. Chairman, I thank the gentleman for yielding.

The gentleman made the reference to the structural deficit and full employment——

The CHAIRMAN. The time of the gentleman from New York (Mr. LUNDINE) has expired.

Mr. LATTA. Mr. Chairman, I yield 5 minutes to the gentlewoman from California (Ms. FIEDLER).

Ms. FIEDLER. I thank the gentleman for yielding me this time.

Mr. Chairman, we are here today as grown men and women trying to make some sense out of a process that, frankly, has very little discipline and very little sense. We are looking at a budget that over the next 3 years is going to spend of the taxpayers' money more than $3 trillion.

I would like to repeat that because I think it is really important. We are talking about spending $3 trillion over the next 3 years. I think the sad part of that, when you think of how much money that is, and of course most people cannot even understand what a billion is, no less a trillion, is the fact that we are not effectively solving the problems of the people of our Nation with the huge investment of taxpayers' money that we are making.

I think that when you take a look at that, and you begin to add up how much money we are spending on the revenue side and how short we are going to be, in spite of the fact that we are making serious efforts to try to reduce the deficits by hundreds of billions of dollars, we are still going to fall short over $700 billion between the amount of money which we spend and the amount of money which we bring in.

Again, I want to repeat that: We are going to be short under the best possible circumstances, in 3 years of over $700 billion. Now, that is an amazing figure, when you think about the fact that we are talking about major deficit reductions.

Even if we are successful in enforcing these budgets and implementing them, which I, at this point, after 3 years in the Congress do not believe will actually take place, we still look forward to budget resolutions and tax bills that ultimately will not resolve the problems of the people of our Nation.

So, I guess today the thing that I want to share is that I think that it is time that we seriously reevaluate the entire way in which we invest the taxpayers' money. That instead of building a budget based upon 1930 and 1940 and 1950 priorities, that we instead go back and take a look at where we are today, where we want to be in the future, and do the best that we can as a Congress, not to build on the 1920's, 1930's, or 1940's; but instead try to build for a future that is practical and that is achievable and that will serve the interests of the people of this Nation.

I regret very much that we are making the level of investment that we are making and that we are achieving so little success with it. But it seems to me that it is time to set aside not only the partisan nature of our debate, but also to begin to understand that with this huge investment, not only of the taxpayers' dollars, but of their blood and sweat which goes into earning the money, that it is time that we look very seriously at just what we are doing and make a better effort.

Frankly, if this is the best that can be done, we have got serious problems ahead of us.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 6 minutes to the gentleman from Oregon (Mr. AUCOIN).

Mr. AUCOIN. I thank the gentleman for yielding me this time.

Mr. Chairman, I support the MacKay budget freeze substitute over the McHugh substitute because I believe it is more realistic on the revenue side and it achieves what I think the public wants, a dramatic, definite, major reduction in the deficit.

I want to talk about the job that is facing this House today. It is this: We have got to stop monster deficits before they stop us, before they stop this country.

It does not matter a whole heck of a lot if you back the President who has

just proposed a $192 billion deficit for the next fiscal year and simultaneously argues that deficits are unimportant, at least his deficits.

It does not matter if you sit on the Republican side of the aisle and you want people to believe that while we will accumulate more debt under this administration in 4 years than was accumulated since the founding of this Nation, that it is not GOP's fault. It does not matter if you believe that or not.

And it frankly is not good enough if you sit on the Democratic side of the aisle to laugh with partisan glee when the President's own Chief Economic Adviser laid the blame for these deficits squarely on the lap of Reaganomics when he said:

"The things that raise the deficit are defense spending, interest on the national debt, and the tax reduction." That is the Reagan program.

But it does not matter, Mr. Chairman, because when the rhetoric and all the rib nudging is stripped away, the fact remains that we face as Americans, not as Democrats or Republicans, a budget crisis. If we take no action under current policies, the deficit is projected by the CBO to reach $316 billion by fiscal 1989.

That means that if we fail to take drastic action, the projected deficit will eat up nearly 75 percent of the net non-Federal savings by fiscal 1989.

You tell me how a homebuyer or an automobile purchaser or a small businessman or a venture capital firm can make it with a monster deficit of that magnitude.

I think we ought to be very clear about what brought us the deficits of $200 billion a year and more. There are some who would have us believe that the problem is not the President or his particular economic policies, but Congress. I agree it is the Congress.

Back in 1981, we gave him everything he wanted. Back in 1981, the President said that we could cut taxes by $750 billion, increase military spending by $1.6 trillion, whack away at the 17 cents out of every Federal dollar representing discretionary domestic spending, and we would balance the budget by 1984. And Congress went along.

Then we had tax bill on the floor of the House, the President went on TV and said "Support me," our constituents lit up our switchboards and the Congress gave the President his tax bill. I happened to vote against the bill.

Then we had an omnibus reconciliation bill drafted by Mr. Stockman which rearranged the spending priorities requested by the President, added to some programs, eliminated others, and even included some names and phone numbers for good measure—a real piece of legislative craftsmanship. The President again went on TV and said "Support my program," again our switchboards lit up and the Congress gave the President what he wanted. I voted against that bill too.

As the deficit climbed above $100 billion because of the spending increases for the military and the revenue drain resulting from the tax bill, the President agreed that we needed some "revenue enhancement" to prevent the deficit from growing larger. I agreed that we needed to look at those elements of the original Kemp-Roth tax bill which were driving the deficit, but the administration would have none of that. And even though our constituents were starting to become wary of lighting up the switchboards and telling us to support the President, the Congress went along and gave the President a $98 billion revenue enhancement package. I voted against that bill as well.

Now we have the administration's $192 million deficit. The piper has been paid.

But what can be said about an administration which sends budget proposals to the Congress calling for ever-increasing deficits, as this administration has done, and then seeks to amend the Constitution to prevent them from doing that very thing?

That ploy was last year.

This year the administration has submitted a budget with an even higher deficit than last year, and this year's play is a Presidential request for a constitutional line-item veto to curb what he calls excessive spending.

My friends, the President has the equivalent of line-item veto authority now. He has that authority over every line item in the budget that is setting on his desk before he submits it to the Congress. But, instead what we get are these unprecedented deficits which House Republicans have rejected, which the Senate rejected, which everybody rejected and finally that the administration has walked away from.

We do not need a constitutional amendment; we do not need a line-item veto; we do not need anything other than a little bit of political will from all parties.

The situation we face on the floor is a prime example of the problem I have been speaking out against for the last 7 months. We have both sides of the political spectrum subordinating their concern over the deficit to their own ideological agendas.

We have the Latta substitute which cuts into entitlements and discretionary spending, but still allows a substantial—nearly 5 percent real increase—in military spending, and still gives us a deficit of $163 billion in fiscal year 1987. Liberals will say that the increase for defense is too large, the cuts in entitlements and discretionary programs are too deep, and they will vote against the bill.

Then we have the substitute offered by the gentleman from California, Mr. DIXON, on behalf of the Congressional Black Caucus. This substitute reigns in the growth of military spending, protects entitlements, prevents further cuts in domestic programs, but calls for $181 billion in revenues between now and fiscal year 1987. Conservatives will say that the amount for military spending is too low, the taxes which would have to be raised are excessive, and we would still end up with a deficit of $104.1 billion in 1987. And they will vote against the bill.

So I have two fears. First, a repeat of the situation of 2 years ago when none of the various alternatives offered was able to command the majority of votes needed to pass. Second, I am convinced that the ideological rigidity of both sides will allow us to do no more than whittle at the margin of the problem.

So what do we have here? We have paralysis. What we need is some mechanism so that both sides, which have very intense political views, can be presented with a package that has some sacrifice across the world—so that those on the conservative end of the scale can say, yes, I voted to restrain the rate of indexing of the tax cut, which I did not want to do, but in order to do that I got the liberals to go along with some restraints in entitlements. And liberals can say, yes, I voted to make some reductions in social spending, which I did not want, but in return I was able to force more restraint on the conservative side for reductions in military spending.

I believe the only way to put a package like this together is to establish a blue chip, bipartisan commission which will serve as the political heat shield long enough for Congress to enact the package presented. It worked in the case of social security, and it can work now. Obviously, this approach is too late for this year. But it can be a workable plan for next year because after all the shouting is over, here, now, the core problem will remain. The deficit time bomb will keep ticking.

For now, I plan to support the MacKay budget freeze which offers a substantial deficit reduction package while treating entitlements and military spending in an even handed fashion. I hope this proposal will be adopted and we can send a strong signal to the credit markets and the American people that Congress is serious about dealing with our fiscal crisis. Then, real measures will be needed to the kind a bipartisan commission can deliver.

Mr. LATTA. Mr. Chairman, I yield 10 minutes to the gentleman from Georgia (Mr. GINGRICH).

Mr. GINGRICH. I thank the gentleman for yielding this time to me.

Mr. Chairman, it is a fascinating process to watch the American body politic wrestle with the deficit and with our economic future. It is a particularly fascinating process to watch our good friends in the Democratic Party who, having wrestled and, having absolute control of the rules of the House and the process of the House, have managed after much gnashing of teeth to come up with six different answers, each of them capable of leading America into some wonderful future.

Their answers range from $181 billion in tax increases, which is sort of the alltime watermark for courageous raids on the American pocketbook, to much more modest efforts to raise taxes.

But one of those two proposals is peculiarly ingenious. if I read the rule correctly. It says that it will be in order as the opening vote to bring up what I understand to be President Reagan's reedited or recalculated budget called the Jones amendment in the rule.

I have a proposal for our friends on the left. You just had a primary yesterday in New York. It looks like Mr. Mondale is doing very well, but Mr. HART hopes to stay in the race. It would be a far more courageous act if, as your first order of business, you would offer a Mondale budget or a Hart budget. After all, you control the House, your Speaker has endorsed Mr. Mondale, and I understand it is conceivable that a gentleman from Colorado may actually offer the first amendment, and he surely would far rather offer Mr. HART's budget.

Let me share with you what the current proposals are. Mr. HART has proposed to raise taxes by more than $100 billion in fiscal year 1989, by more than $300 billion in fiscal years 1985 to 1989. About two-thirds of those tax increases would fall on individual taxpayers. Mr. HART has endorsed other tax increases which would raise billions of dollars more, including a $10-per-barrel oil import fee, which should be a particular joy to our friends from the New England area. The Speaker, I am sure, would like to make in order a budget which would call for a $10-per-barrel oil import fee, which one of his party's major candidates is calling for.

Let me suggest that nothing would hit more directly at the American worker than to approve the Hart budget and to propose to raise taxes by $300 billion through fiscal year 1989.

On the other hand, the Mondale tax proposals are a little more modest. Mr. Mondale has not found quite as many new ideas in terms of raising taxes. Mondale would increase taxes on the American people by about $231 billion between 1985 and 1989, with about two-thirds falling on individual taxpayers. While he has discussed a number of tax issues, the specific proposals included in his budget plan are deferral of indexation, with reforms to protect low and moderate taxpayers, only after deferral, capping the third year of the tax cut, a surtax of 10 percent, and so forth.

The net effect would be that the American people would have $231 billion less in spending in their own budgets because Washington would have $231 billion more to spend under the Mondale budget.

Now, why do we emphasize taxes on the Republican side of the aisle? It is very simple. In 1948, the median American family income tax was $9. In 1983, the median American family income tax was $2,218. The family income had gone up by 7.6 times. Taxes had gone up 246 times.

Most Americans are not very excited about more tax increases. I have a proposal for our friends on the left of the liberal Democratic leadership. Instead of playing games with the Reagan budget, which is now 2 months out of date, instead of trying to score a cheap political point, why do you not offer either of the frontrunners' political budgets? Why do you not bring to the floor your party's likely standard bearer's budget, either the Speaker's candidate, Mr. Mondale, or the gentleman from Colorado's candidate, Mr. HART, and allow the American people to see clearly what your party would do if it were, in fact, in power, because what your party would end up doing is dramatically raising taxes, dramatically hitting working Americans, and dramatically lowering take-home pay.

Mr. MACK. Mr. Chairman, will the gentleman yield?

Mr. GINGRICH. I would be delighted to yield to the gentleman from Florida.

Mr. MACK. I thank the gentleman for yielding.

Mr. Chairman, let me just tack on a little bit of information relating to the information that you were talking about a few moments ago, about how the taxes have increased on the American family, the median family.

Some people suggest that the answer to this whole problem is raising taxes. It would be interesting to vote what happens if in fact you wanted to solve the problem by raising taxes. You would have to increase the tax rate from that 9.2 percent to 15.9 percent. That is a 73-percent increase in taxes on the median family in this country.

Maybe that is what the Democrats have in mind, but I do not think that even they would go that far.

Mr. DAUB. Mr. Chairman, will the gentleman yield?

Mr. GINGRICH. I would be glad to yield to the gentleman from Nebraska.

Mr. DAUB. I thank the gentleman for yielding

Mr. Chairman, not only do I find useful and instructive what the gentleman is saying to us in the Chamber now, but I would like to make a point and ask a question.

In 1976 when the Ford administration left office, the numbers on unemployment, interest rates, and inflation were quite healthy in our country, if the gentleman from Georgia will recall, and some criticized the newly elected President's administration because in the first or second year he promised so much, he tried to deliver so much, that they overstimulated the capability of the productivity of the workers to fulfill his promises.

Is the gentleman now saying that if it were in order under the rule, that the Hart budget or the Mondale budget might just lead us on that kind of collision course, but the majority in this House does not even want to make it in order under the rule?

Mr. GINGRICH. I think there are good, historical reasons why Mr. HART managed George McGovern's campaign and why Mr. Mondale served with Mr. Carter. I think both of them favor massive tax increases. Both of them delight in spending money in Washington, and I think, frankly, our friends on the left do not have the courage to come to this House and bring us a budget which their standard bearer would be proud of. I do not think they have the courage to go back home and say, "Why do you not vote for a Hart budget, which as I said would be an increase of about $300 billion in taxes over the next 5 years," or "Why do you not vote for a Mondale budget, which will be an increase of $231 billion?"

I just think that since they control the House, rather than have them take a cheap shot at Reagan, they ought to take an open shot at their own candidate and allow the American people to look at the tax opportunities.

Mr. GRAY. Mr. Chairman, will the gentleman yield?

Mr. GINGRICH. I would be delighted to yield to my distinguished friend from Philadelphia.

Mr. GRAY. I thank the gentleman for yielding.

Mr. Chairman, certainly as I listened to the gentleman's comments and I heard him mentioning candidates and why they do not have a budget to offer on this floor, I noticed that there was one candidate on our side who was left out, and that was Jesse Jackson.

Does the gentleman not consider his budget relevant? Since you want a Hart and Mondale budget, I believe that we should be willing to provide another budget of a person who ran for President 4 years ago, I think his name was BUSH, and we could offer that one as well. Would you be willing to make that in order?

□ 1710

Mr. GINGRICH. Mr. Chairman, if I may reclaim my time, I think the gentleman has made an excellent point. I happen to think, frankly, that my assumption, which may have been totally unfair—and I hope the gentleman would be glad to enlighten us on that—was that the gentleman from California (Mr. DIXON) would be speaking for a broad sense of the values and concerns about which the gentleman speaks, and since the Black Caucus budget had been made in order, while Mr. Mondale and Mr. HART were not allowed to have a budget made in order, that the Black Caucus in a broad sense was representing the general values and concerns of the gentleman from Pennsylvania.

Mr. GRAY. Mr. Chairman, I would just like to point out to the gentleman from Georgia that although we do have 21 black Members of the House of Representatives, the Congressional Black Caucus budget, will not necessarily represent the Jackson budget because he also happens to be black. Are we to assume that someone here would offer the Hart and Mondale budgets simply because of the color of their skin.

Mr. GINGRICH. Let me just say this in answer to that——

Mr. GRAY. I would hope that the gentleman would say in his comment that he would want to see the Jackson budget in order.

Mr. GINGRICH. I would love to see the Jackson budget offered, and I am sure the gentleman would join me in looking forward to see how many of his friends on his side of the aisle would have the courage to join him in a rainbow coalition in voting for the Jackson budget. But I will say this to the gentleman: That even the front-runners—and I happen to think it is a three-man race, and out of the three, the most articulate and most interesting happens to be Mr. Jackson—but of the two front-runners, I will say to the gentleman that I doubt that either of them, if your leadership had the courage to offer their budgets this afternoon, could get a majority of the votes on your side for a budget, even the more moderate budget of Mr. Mondale's for $231 billion in tax increases or the more liberal budget of Mr. HART's for $300 billion of tax increases. I doubt if either of those budgets would get a majority of the votes on the gentleman's side of the aisle.

Mr. GRAY. Mr. Chairman, I look forward to what happens on the gentleman's side of the aisle with regard to the Reagan budget. That will be most interesting.

Mr. GINGRICH. Mr. Chairman, later on, if the gentleman's leadership gives him some time, I will be glad to continue this dialog.

The CHAIRMAN. The time of the gentleman from Georgia (Mr. GINGRICH) has expired.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 3 minutes to the gentleman from Louisiana (Mr. ROEMER).

Mr. ROEMER. Mr. Chairman, I thank the chairman of our Budget Committee for yielding me the 2 minutes.

I wanted to address something that has come up on several occasions during our most interesting debate this afternoon on our country, its economy, and where we are headed. I put these in the column that I call in my daily notes "myths with which we have to deal."

I have heard at least three today, often stated over and over again.

Myth No. 1 is that the deficits really do not make any difference, that there is no hurry; we have been living with them for some time; it is not anybody's fault that we have these districts. Surely it is not the President's; certainly it is not the Congress; definitely it is not from military spending; certainly it is not from reductions in taxes; no, it is not because of uncontrolled social spending. We are told that deficits really do not make that much difference; it is good political talk.

That is a myth. That is just not true. The third largest item in the budget is interest on the national debt. The deficits are burying us.

The second myth is this: Growth can solve this problem. They say, "Don't worry. All we have to do is grow out of this temporary problem."

I looked at the President's budget that he submitted in February. I like the President. I am like most Americans. I wish him well, and I try to follow him. He submitted a budget that had growth at its center, and it had a larger deficit 3 years from now than today.

Let us not fool ourselves. It is a myth of our times that we can just grow our way out of this problem.

Growth is important, growth is essential, growth is critical. We certainly must not impede growth, but growth alone without tax reformation, growth alone without nondefense discipline, and growth alone without reining in the generals will not solve the deficit problem.

The third myth that I have heard is that reductions in the deficit of the size needed to move the markets down in interest rates can come quickly, easily, and without pain. That is not true.

Any budget that comes to this floor that tells us it is going to reduce enough out of the deficit to make a difference in interest rates without touching entitlements is not telling us the truth.

Some day either you or your successor is going to walk on this floor and face 50 percent of the budget and say, "By golly, we don't have a choice. We've got to restrict entitlement programs."

This will not be without pain. But the bottom line for me is that we must ask something from all Americans. We should cut the military back, freeze domestic spending, and trim entitlements slightly.

If we ask something from all Americans, we might gain something from that sacrifice—lower interest rates, better growth, and more jobs for our kids.

Mr. LATTA. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania (Mr. SHUSTER).

Mr. SHUSTER. Mr. Chairman, there is an issue before us within these various budget proposals which might be called the "Truth in Transportation Trust Fund Spending," and the different proposals before us treat that matter in different ways.

I would emphasize that I think this particular issue by itself is no reason for voting for or against any of the budgets before us, but I do believe it is a matter which should be considered by the Members because I think we are dealing with an issue that has some ethical relationship to keeping faith with the American people. I believe an ethical case can be made that the budget authority limitations which normally apply to general fund spending should not arbitrarily apply to spending from the various transportation trust funds if indeed surpluses are being built up on those trust funds.

The Members will recall that we acted just a few years ago to increase the highway taxes on the American people, increasing them by 4 cents. We increased highway-dedicated trust fund taxes on the American people and dedicated 1 cent to transit, and we reimposed the 8-percent tax on aviation for tickets and dedicated that to the aviation trust fund.

Why did we do this? We did this because we believed there were very significant needs out there to improve America's highways and transit and aviation systems. So we taxed the American people and we told them in effect that we will dedicate these taxes and put them in trust funds so they will be spent for the specific purposes of improving America's transportation system.

Now where do we find ourselves? We find ourselves in the position that the Mass Transit Trust Fund again is building a surplus whereby, according to CBO, from a $520 million balance in that trust fund today, that will go up through 1990 to $3.3 billion.

In the Highway Trust Fund we have a scandalous balance of $9 billion, money that we have taken out of the pockets of the people and are not

spending for the purposes it was meant to be spent, and over the next 5 years that will decline to about $3.2 billion, as it should. And in aviation we have a balance of $4.8 billion, and that will rise to a $10.2 billion surplus in the Aviation Trust Fund by 1990.

Mr. Chairman, I suggest it is wrong, dead wrong, for us to tax the American people and say we are going to spend it for transportation purposes, put it in a trust fund where it can only be spent for those purposes, and then let these enormous surpluses build.

If we are not going to spend the money, we should reduce the taxes, or if we have the money there, we should spent it for the dedicated purposes.

I regret to inform the House that only three of the budgets before us today do provide for the expenditure of funds from the trust funds if there are surpluses in the trust fund above and beyond arbitrary budget authority.

□ 1720

Those three proposals are the McHugh substitute, the MacKay-Nelson substitute and the Jones substitute.

Now, I surely do not stand here and argue that you should vote for or against any one of these budgets simply because of this issue; but I do argue that you should be aware of these factors when you consider the various eight proposals before us. It is dead wrong for us to build up these surpluses. We are violating a commitment we made to the American people. It is ethically wrong to say we are going to tax them for dedicated purposes and then withhold that spending, and what is ethically wrong cannot be politically right.

Mr. JONES of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I am happy to yield to my friend.

Mr. JONES of Oklahoma. Since the gentleman was instrumental in having this provision put in the committee bill, I want to correct some misinterpretations that this is a raid on the Treasury. There are some people who are thinking that this money is going to breech the budget and can be used for other purposes.

This provision in the committee budget is a pay-as-you-go provision and it says so long as those trust funds are self-sufficient, the moneys can be used only for that dedicated purpose and not for other purposes.

Mr. SHUSTER. The gentleman is absolutely right, and beyond that, under the law, the so-called Byrd amendment, which is part of the law, prohibits deficit spending out of the trust fund, so there is no way there can be deficit spending in the transportation trust fund.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 3 minutes to the gentleman from Louisiana (Mr. HUCKABY).

Mr. HUCKABY. Mr. Chairman, I thank the gentleman from Oklahoma for yielding me this time.

We find ourselves this afternoon for the first time during the 8 years I have been here engaged in a miniwar with some eight different proposals before us in an effort to see who can cut the budget the most.

This is finally a step in the right direction. The polls throughout America are showing us that Americans on Main Street are finally more concerned about these huge deficits than any other issue facing the American public.

I find myself able for the first time in the 8 years that I have been here to support the proposal before us from the Budget Committee. I want to commend the Budget Committee for coming out with what I consider to be a balanced middle-of-the-road approach. It is virtually a standstill freeze budget.

It is true there is a tax increase of almost $50 billion, but it is to pay for additional defense spending of some $44 billion and only $5 billion of additional domestic increases.

There is only one fallacy in the committee's proposal. It fails to address entitlements. Entitlements account for more than one-third of the expenditures of our budget. Until we face up and have the political courage to say we are going to slow the rate of increase—I am not suggesting cutting anybody's social security check or any other type check, but we are going to have to slow the rate of increase if we are ever going to get these deficits truly under control, so that our generation—our generation will pay our way and not leave these deficits to our children, because our interest rate continues to mount each year. It is over $100 billion already, over $100 billion. It continues to increase, compounding the problems that our children are going to have. We have got to face these problems.

Ms. FIEDLER. Mr. Chairman, will the gentleman yield?

Mr. HUCKABY. I yield to the gentlewoman.

Ms. FIEDLER. The gentleman made a comment before that there was $49 billion in tax increases and those tax increases were to pay for increased defense. This is the first time that I have heard that the Democratic budget has tax increases of $49 billion and the purpose of it is to pay for defense.

I just wanted to get that clarified by the gentleman in the well. I thought that was interesting, since most of the Democrats have been cutting defense, rather than raising taxes to fund it.

Mr. HUCKABY. Well, if the gentlewoman will look at the figures, we are proposing an increase, a real increase of $44 billion in defense, the committee budget as such. The proposed increase in new revenues is $50 billion.

Ms. FIEDLER. I am very pleased to hear they are willing to fund defense, because I thought they were raising taxes to fund other programs.

Mr. HUCKABY. There is only a $5-billion increase in other programs.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 1 minute to the gentleman from Florida (Mr. NELSON), a distinguished member of the Budget Committee.

Mr. NELSON of Florida. Mr. Chairman, now we are at the time in which hard choices have to be made. During an election year, most of those choices are harder. But clearly the American people are telling us, and we had better listen, that they want the deficits reduced.

Before us are a number of choices. I will propose one offered by the gentleman from Florida (Mr. MACKAY) and myself, a simple freeze across the board.

Take 1984 spending and freeze it. Then allow a 3.5-percent increase on everything for 1985. For social security, defense, a $16 billion increase from 1984 spending levels, and safety net programs, allow an inflation increase. Finally, include the Ways and Means Committee tax package to be used only for deficit reduction. The total deficit reduction for 3 years will be $234 billion.

If we start with the 1984 spending levels and enact a modified spending freeze, all programs share in spending restraint.

The bottom line is that to reduce the deficit, there must be restraint in spending increases.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 5 minutes to the gentleman from Washington (Mr. LOWRY), a distinguished member of the Budget Committee.

Mr. LOWRY of Washington. Mr. Chairman, I thank the chairman of the committee for yielding me this time and I want to congratulate him and the rest of the committee on an excellent job.

I thought earlier today as people kept talking about how we are not going to be dealing with the deficit, they would point something out that I think needs to be pointed out. The base line in which every budget is starting with, the budget that came from downtown, the budget in the Senate, the budget here, and every one of our budget alternatives here is not an honest base line—because what are we starting with?

Well, we are starting with the President's defense request as reestimated and we are starting with CBO on the domestic programs, so that is why we all get these gigantic reduction packages, and I want to point out this ap-

plies to the ones I support as well as other alternatives.

As we were talking about how we are not doing enough about the deficits, I thought somebody was going to point that out.

Something I found astounding as I began studying this year's budget is that using this base line, if we did nothing, if we did nothing but just account for inflation in every program of the Federal budget, defense through social security and everything else, and never raised one dime of taxes, we would under that base line reduce the deficit over 3 years by $158 billion; $9 billion more, for instance, than what was announced down at the Rose Garden the other day as the President and Senate Republicans budget; but if we did nothing, if we just gave inflation to defense, gave inflation to social security and everything else there is and not pass a dime increase, as defined by changing the tax law, we would reduce the deficit under this base line by $158 billion.

Now, I would like to point out that as we go through and look at the various different options before us, and being one like just about everybody in this House that thinks we have to get these deficits down and we have to get them down in the next year to be able to avoid the problems affecting interest rates, which I will talk about, the first budget I am going to be voting for is the Dixon Congressional Black Caucus budget, because the Dixon Black Caucus budget reduces the deficit next year by $56.5 billion.

Well, the Dixon budget reduces the deficit in the first year, 1985, $56.5 billion.

The McHugh alternative, also known as the DSG budget, reduces the deficit next year $41 billion. Now, that is not quite far enough, but that is at least getting into the ball game of what is necessary. I will vote for that alternative.

The Budget Committee resolution that I will support if the Dixon or McHugh budgets do not prevail reduces the deficit the first year $31 billion. That is not enough reduction in the deficit but it is twice as good as the lesser deficit reduction of the President's budget of first year reductions of $16.

□ 1730

Mr. DAUB. Mr. Chairman, will the gentleman yield?

Mr. LOWRY of Washington. I will yield to my friend.

Mr. DAUB. I owe you indeed a market compliment. Indeed there is a subcommittee of the Rules Committee, sort of ex officio, but appointed by the Speaker, chaired by the very able gentleman from California (Mr. BEILENSON), studying the very, very interesting point of common baseline usage in all budgeting. You might call it truth in budgeting.

Mr. LOWRY of Washington. Right.

Mr. DAUB. Rather they pay as you go.

The effort is being made by 15 Democrats and 10 Republicans to arrive at a method by which we can handle it. So I compliment the gentleman for calling that to our attention, and there is a subcommittee of the Rules Committee working now and has issued a report that may very well get us to that after we get done with this experience we are having this week in the House.

Mr. LOWRY of Washington. That is extremely important and I thank the gentleman for that.

I will point out all of the budgets before us are using the same baseline. It is just a baseline that really is not what I call reducing the deficit nearly far enough. I ask support of the Budget Committee budget.

● Mr. BEILENSON. Mr. Chairman, I commend Chairman JONES and the members of the Budget Committee for the excellent work they have done in presenting to the House a deficit reduction plan which is, on the whole, balanced and realistic. However, I want to express my objections to one of the procedural provisions included in House Concurrent Resolution 280, the so-called pay-as-you-go trust fund amendment.

The pay-as-you-go trust fund amendment was included at the request of supporters of the Federal highway, mass transit, aviation, and Superfund trust fund programs who feared that spending limits set by the resolution would preclude increasing spending for those programs up to the amounts available from revenues paid into the trust funds. Those supporters argued that the legislation which increased the revenues for those programs carried an implicit promise that the higher revenues would be used for the purposes for which the trust funds were established. They maintained that not allowing for increased spending up to the levels of the increased revenues would constitute a breach of that promise.

The Budget Committee accepted these arguments, but rather than increasing the spending levels in House Concurrent Resolution 280 to match the level of anticipated revenues for those trust funds, the committee adopted a procedural provision exempting those programs from the budget controls which will be applied to other spending legislation.

The pay-as-you-go trust fund amendment states that new spending from those trust funds shall be disregarded for the purposes of spending levels established in the budget resolution and for the purposes of determining whether a committee has exceeded its section 302(a) allocation of discretionary spending. This means that no legislation which provides new spending from these trust funds—up to the level of revenues in the trust fund—can cause a committee to exceed its section 302(a) allocation. Since section 5(b) of House Concurrent Resolution 282 provides that the section 311 point of order—against legislation which would breach the total spending levels set in the budget resolution—shall not apply if the legislation does not cause a committee to exceed its section 302(a) allocation, the pay-as-you-go trust fund amendment effectively exempts legislation concerning these trust funds from the section 311 control on spending.

This exemption is unprecedented. Never before has a certain class of legislation been specifically exempted in advance from the control on overall spending. It is easy to imagine, moreover, that having effectively exempted these trust funds from any Budget Act control, we will either see all kinds of programs converted to trust funds, or we will be asked in the future to accord similar privileges for other classes of legislation.

I personally favor increasing spending for highways, mass transit, aviation, and hazardous waste cleanups, but I believe that such spending should be provided for in a straightforward and honest way, by making room for it in the budget resolution. We should not leave out of our budget totals, spending that we support and that we expect to allow, only to make that spending possible later on in the year by exempting it from Budget Act controls. To do so fuels the arguments of critics who charge that we are adopting a phony budget resolution.

I also want to express my hope that this will be the last year we consider a budget resolution which contains significantly different procedures for implementing the budget process than those called for by the Budget Act. While some of the procedures adopted pursuant to the elastic clause and now used as a matter of practice—such as reconciliation—have improved the process, the way in which we have adopted such new procedures has been one of the most troublesome aspects of our budget process. If Congress is going to operate under procedures which are substantially different from those described by the Congressional Budget Act of 1974, then we should amend the Budget Act permanently—not on an ad hoc, year-to-year basis, as we are doing now.

We shall have the opportunity to amend the Budget Act to reflect the views of a broad base of Members on how our budget process should operate if the Rules Committee acts expeditiously on H.R. 5247. That legislation embodies the recommendations of the Rules Committee Task Force on

the Budget Process, which spent 2 years reviewing issues surrounding the budget process and developing proposals to resolve them. While this is not the time to explain this legislation in detail, I do want to point out that if our task force proposal is enacted, it should substantially eliminate the need to use the elastic clause to make procedural changes. When such ad hoc procedural changes are warranted, our proposal will provide for more careful review and consideration of them prior to their adoption. We will thus be less likely to include procedures which damage the credibility of the process, such as the pay-as-you-go trust fund exemption contained in the Budget Committee's recommended resolution we are considering today.●

● Mrs. LLOYD. Mr. Chairman, this budget resolution offers us the opportunity to live up to our responsibilities. Many of the speakers tonight have posed the questions "Is this proposal workable?" "Is it equitable?", "Is it effective?". The answer to all of these is "Yes."

No; it is not painless. It calls upon everyone, except those at the very bottom of the economic ladder to make reasonable sacrifices. It matches every dollar in increased tax revenues with $2 in spending cuts. It addresses reasonably and practically both defense and entitlement programs. Above all, it contains the largest deficit reduction in a package that is at once achievable and equitable.

But, I would suggest that there is one other question that we should respond to while we consider this budget: "When are we going to have the courage to come up here to Washington and do what our constituents expect of us—reign in Federal spending, control the deficit and lay the basis of long-term economic growth?"

All it is going to take to accomplish this is for all of us to lay aside partisanship, accept some painful but necessary slowdowns in some of our pet programs, and try, at least for this one time, to work together for the good of this Nation.●

The CHAIRMAN. The gentleman from Ohio (Mr. LATTA) has 9 minutes remaining and the gentleman from Oklahoma (Mr. JONES) has 14 minutes remaining.

Mr. JONES of Oklahoma. Mr. Chairman, may I inquire, does the gentleman have any more speakers or does the gentleman care to yield back his time? We have no more speakers.

Mr. LATTA. Mr. Chairman, I yield back the balance of my time.

Mr. JONES of Oklahoma. Mr. Chairman, I yield back the balance of our time.

The CHAIRMAN. Pursuant to House Resolution 476, the concurrent resolution is considered as having been read for amendment under the 5-minute rule.

The text of the concurrent resolution is as follows:

H. CON. RES. 280

Resolved by the House of Representatives (the Senate concurring), That the Congress hereby determines and declares that the concurrent resolution on the budget for fiscal year 1984 is hereby revised and replaced, the first concurrent resolution on the budget for fiscal year 1985 is hereby established, and the appropriate budgetary levels for fiscal years 1986 and 1987 are hereby set forth:

(a) The following budgetary levels are appropriate for the fiscal years beginning on October 1, 1983, October 1, 1984, October 1, 1985, and October 1, 1986:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1984: $664,900,000,000.
Fiscal year 1985: $742,700,000,000.
Fiscal year 1986: $812,550,000,000.
Fiscal year 1987: $885,950,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1984: $1,900,000,000.
Fiscal year 1985: $9,700,000,000.
Fiscal year 1986: $17,650,000,000.
Fiscal year 1987: $22,450,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1984: $915,500,000,000.
Fiscal year 1985: $1,002,100,000,000.
Fiscal year 1986: $1,087,950,000,000.
Fiscal year 1987: $1,179,250,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1984: $853,900,000,000.
Fiscal year 1985: $918,150,000,000.
Fiscal year 1986: $984,850,000,000.
Fiscal year 1987: $1,067,950,000,000.

(4) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1984: $189,000,000,000.
Fiscal year 1985: $175,450,000,000.
Fiscal year 1986: $172,300,000,000.
Fiscal year 1987: $182,000,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1984: $1,595,800,000,000.
Fiscal year 1985: $1,834,200,000,000.
Fiscal year 1986: $2,081,250,000,000.
Fiscal year 1987: $2,347,250,000,000.

and the amounts by which the statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1984: $105,800,000,000.
Fiscal year 1985: $238,400,000,000.
Fiscal year 1986: $247,050,000,000.
Fiscal year 1987: $266,000,000,000.

(6) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1983, October 1, 1984, October 1, 1985, and October 1, 1986, are as follows:

Fiscal year 1984:
(A) New direct loan obligations, $37,600,000,000.
(B) New primary loan guarantee commitments, $105,150,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1985:
(A) New direct loan obligations, $37,500,000,000.
(B) New primary loan guarantee commitments, $111,150,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1986:
(A) New direct loan obligations, $39,950,000,000.
(B) New primary loan guarantee commitments, $117,400,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1987:
(A) New direct loan obligations, $40,450,000,000.
(B) New primary loan guarantee commitments, $123,150,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.

(b) The Congress hereby determines and declares the appropriate levels of budget authority and budget outlays, and the appropriate levels of new direct loan obligations and new loan guarantee commitments for fiscal years 1984 through 1987 for each major functional category are:

(1) National Defense (050):

Fiscal year 1984:
(A) New budget authority, $264,500,000,000.
(B) Outlays, $234,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:
(A) New budget authority, $285,700,000,000.
(B) Outlays, $255,900,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:
(A) New budget authority, $310,000,000,000.
(B) Outlays, $275,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:
(A) New budget authority, $336,100,000,000.
(B) Outlays, $303,900,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

Fiscal year 1984:
(A) New budget authority, $22,200,000,000.
(B) Outlays, $12,350,000,000.
(C) New direct loan obligations, $9,100,000,000.
(D) New primary loan guarantee commitments, $8,650,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:
(A) New budget authority, $17,950,000,000.
(B) Outlays, $13,450,000,000.
(C) New direct loan obligations, $10,550,000,000.
(D) New primary loan guarantee commitments, $9,250,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:
(A) New budget authority, $16,850,000,000.
(B) Outlays, $13,450,000,000.
(C) New direct loan obligations, $11,600,000,000.
(D) New primary loan guarantee commitments, $10,250,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:

(A) New budget authority, $17,500,000,000.
(B) Outlays, $13,600,000,000.
(C) New direct loan obligations, $12,850,000,000.
(D) New primary loan guarantee commitments, $10,600,000,000.
(E) New secondary loan guarantee commitments, $0.
(3) General Science, Space, and Technology (250):
Fiscal year 1984:
(A) New budget authority, $8,550,000,000.
(B) Outlays, $8,300,000,000.
(C) New direct loan obligations, $150,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $8,750,000,000.
(B) Outlays, $8,550,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $8,800,000,000.
(B) Outlays, $8,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $8,950,000,000.
(B) Outlays, $8,850,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(4) Energy (270):
Fiscal year 1984:
(A) New budget authority, $3,000,000,000.
(B) Outlays, $3,000,000,000.
(C) New direct loan obligations, $4,700,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $4,350,000,000.
(B) Outlays, $3,950,000,000.
(C) New direct loan obligations, $4,800,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $4,250,000,000.
(B) Outlays, $4,200,000,000.
(C) New direct loan obligations, $4,850,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $4,100,000,000.
(B) Outlays, $4,000,000,000.
(C) New direct loan obligations, $5,000,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.
(5) Natural Resources and Environment (300):
Fiscal year 1984:
(A) New budget authority, $12,000,000,000.
(B) Outlays, $12,400,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $11,800,000,000.
(B) Outlays, $11,900,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $12,050,000,000.
(B) Outlays, $11,950,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $12,300,000,000.
(B) Outlays, $11,900,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(6) Agriculture (350):
Fiscal year 1984:
(A) New budget authority, $4,250,000,000.
(B) Outlays, $10,800,000,000.
(C) New direct loan obligations, $11,200,000,000.
(D) New primary loan guarantee commitments, $4,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $14,550,000,000.
(B) Outlays, $14,800,000,000.
(C) New direct loan obligations, $11,450,000,000.
(D) New primary loan guarantee commitments, $3,100,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $14,900,000,000.
(B) Outlays, $14,750,000,000.
(C) New direct loan obligations, $12,950,000,000.
(D) New primary loan guarantee commitments, $3,100,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $15,300,000,000.
(B) Outlays, $15,200,000,000.
(C) New direct loan obligations, $11,850,000,000.
(D) New primary loan guarantee commitments, $3,150,000,000.
(E) New secondary loan guarantee commitments, $0.
(7) Commerce and Housing Credit (370):
Fiscal year 1984:
(A) New budget authority, $5,600,000,000.
(B) Outlays, $4,050,000,000.
(C) New direct loan obligations, $6,150,000,000.
(D) New primary loan guarantee commitments, $50,000,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1985:
(A) New budget authority, $6,500,000,000.
(B) Outlays, $2,600,000,000.
(C) New direct loan obligations, $6,500,000,000.
(D) New primary loan guarantee commitments, $52,500,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1986:
(A) New budget authority, $6,550,000,000.
(B) Outlays, $2,450,000,000.
(C) New direct loan obligations, $6,550,000,000.
(D) New primary loan guarantee commitments, $54,800,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1987:
(A) New budget authority, $8,050,000,000.
(B) Outlays, $3,750,000,000.
(C) New direct loan obligations, $6,750,000,000.
(D) New primary loan guarantee commitments, $56,650,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
(8) Transportation (400):
Fiscal year 1984:
(A) New budget authority, $29,400,000,000.
(B) Outlays, $25,900,000,000.
(C) New direct loan obligations, $1,150,000,000.
(D) New primary loan guarantee commitments, $450,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $29,100,000,000.
(B) Outlays, $27,050,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $450,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $30,200,000,000.
(B) Outlays, $28,600,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $500,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $31,200,000,000.
(B) Outlays, $29,650,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $500,000,000.
(E) New secondary loan guarantee commitments, $0.
(9) Community and Regional Development (450):
Fiscal year 1984:
(A) New budget authority, $7,250,000,000.
(B) Outlays, $7,750,000,000.
(C) New direct loan obligations, $1,650,000,000.
(D) New primary loan guarantee commitments, $350,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $7,000,000,000.
(B) Outlays, $8,250,000,000.
(C) New direct loan obligations, $1,700,000,000.
(D) New primary loan guarantee commitments, $350,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $7,550,000,000.
(B) Outlays, $8,050,000,000.

(C) New direct loan obligations, $1,700,000,000.
(D) New primary loan guarantee commitments, $350,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $7,800,000,000.
(B) Outlays, $8,150,000,000.
(C) New direct loan obligations, $1,750,000,000.
(D) New primary loan guarantee commitments, $400,000,000.
(E) New secondary loan guarantee commitments, $0.
(10) Education, Training, Employment, and Social Services (500):
Fiscal year 1984:
(A) New budget authority, $31,350,000,000.
(B) Outlays, $28,150,000,000.
(C) New direct loan obligations, $800,000,000.
(D) New primary loan guarantee commitments, $7,400,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $29,950,000,000.
(B) Outlays, $29,250,000,000.
(C) New direct loan obligations, $850,000,000.
(D) New primary loan guarantee commitments, $7,750,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $31,100,000,000.
(B) Outlays, $30,200,000,000.
(C) New direct loan obligations, $850,000,000.
(D) New primary loan guarantee commitments, $8,000,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $32,350,000,000.
(B) Outlays, $31,350,000,000.
(C) New direct loan obligations, $850,000,000.
(D) New primary loan guarantee commitments, $8,150,000,000.
(E) New secondary loan guarantee commitments, $0.
(11) Health (550):
Fiscal year 1984:
(A) New budget authority, $31,600,000,000.
(B) Outlays, $30,800,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $200,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $33,250,000,000.
(B) Outlays, $34,250,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $150,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $36,700,000,000.
(B) Outlays, $36,400,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $150,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $39,550,000,000.
(B) Outlays, $39,050,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $150,000,000.
(E) New secondary loan guarantee commitments, $0.
(12) Social Security and Medicare (570):
Fiscal year 1984:
(A) New budget authority, $237,900,000,000.
(B) Outlays, $239,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $270,400,000,000.
(B) Outlays, $258,050,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $298,700,000,000.
(B) Outlays, $278,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $327,050,000,000.
(B) Outlays, $302,350,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(13) Income Security (600):
Fiscal year 1984:
(A) New budget authority, $118,450,000,000.
(B) Outlays, $97,050,000,000.
(C) New direct loan obligations, $1,000,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $146,150,000,000.
(B) Outlays, $114,950,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $156,150,000,000.
(B) Outlays, $119,350,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $165,700,000,000.
(B) Outlays, $124,250,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
(14) Veterans Benefits and Services (700):
Fiscal year 1984:
(A) New budget authority, $26,150,000,000.
(B) Outlays, $25,800,000,000.
(C) New direct loan obligations, $1,350,000,000.
(D) New primary loan guarantee commitments, $18,650,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $26,850,000,000.
(B) Outlays, $25,950,000,000.
(C) New direct loan obligations, $1,200,000,000.
(D) New primary loan guarantee commitments, $22,850,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $27,200,000,000.
(B) Outlays, $26,550,000,000.
(C) New direct loan obligations, $1,000,000,000.
(D) New primary loan guarantee commitments, $25,500,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $27,450,000,000.
(B) Outlays, $27,150,000,000.
(C) New direct loan obligations, $950,000,000.
(D) New primary loan guarantee commitments, $28,800,000,000.
(E) New secondary loan guarantee commitments, $0.
(15) Administration of Justice (750):
Fiscal year 1984:
(A) New budget authority, $5,950,000,000.
(B) Outlays, $5,950,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $6,150,000,000.
(B) Outlays, $6,100,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $6,250,000,000.
(B) Outlays, $6,150,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $6,350,000,000.
(B) Outlays, $6,350,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(16) General Government (800):
Fiscal year 1984:
(A) New budget authority, $5,450,000,000.
(B) Outlays, $5,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $5,650,000,000.
(B) Outlays, $5,550,000,000.
(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $5,850,000,000.
(B) Outlays, $5,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $5,950,000,000.
(B) Outlays, $5,850,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(17) General Purpose Fiscal Assistance (850):
Fiscal year 1984:
(A) New budget authority, $6,800,000,000.
(B) Outlays, $6,800,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $6,650,000,000.
(B) Outlays, $6,650,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $6,750,000,000.
(B) Outlays, $6,750,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $7,100,000,000.
(B) Outlays, $7,050,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(18) Net Interest (900):
Fiscal year 1984:
(A) New budget authority, $109,650,000,000.
(B) Outlays, $109,650,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $124,500,000,000.
(B) Outlays, $124,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $140,050,000,000.
(B) Outlays, $140,050,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $157,200,000,000.
(B) Outlays, $157,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(19) Allowances (920):
Fiscal year 1984:
(A) New budget authority, $650,000,000.
(B) Outlays, $750,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $700,000,000.
(B) Outlays, $300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $4,400,000,000.
(B) Outlays, $3,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $6,850,000,000.
(B) Outlays, $5,950,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(20) Undistributed Offsetting Receipts (950):
Fiscal year 1984:
(A) New budget authority, −$15,200,000,000.
(B) Outlays, −$15,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, −$33,850,000,000.
(B) Outlays, −$33,850,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, −$36,350,000,000.
(B) Outlays, −$36,350,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, −$37,600,000,000.
(B) Outlays, −$37,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

RECONCILIATION

SEC. 2. (a) Not later than May 1, 1984, the House committees named in subsections (b) through (l)(1) of this section shall submit their recommendations to the House Budget Committee. After receiving those recommendations, the Committee on the Budget shall report to the House a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

(b) The House Committee on Agriculture shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $50,000,000 and outlays by $50,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $800,000,000 and outlays by $800,000,000 in fiscal year 1986; and requires decreases of budget authority by $1,700,000,000 and outlays by $1,700,000,000 in fiscal year 1987.

(c) The House Committee on Armed Services shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays by $300,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of outlays by $650,000,000 in fiscal year 1986; and requires decreases of outlays by $1,000,000,000 in fiscal year 1987.

(d) The House Committee on Education and Labor shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays by $150,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of outlays by $150,000,000 in fiscal year 1986; and requires decreases of outlays by $200,000,000 in fiscal year 1987.

(e) The House Committee on Energy and Commerce shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $1,000,000,000 and outlays by $1,000,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $1,350,000,000 and outlays by $1,350,000,000 in fiscal year 1986; and requires decreases of budget authority by $1,650,000,000 and outlays by $1,650,000,000 in fiscal year 1987.

(f) The House Committee on Post Office and Civil Service shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays by $550,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of outlays by $1,300,000,000 in fiscal year 1986; and requires decreases of outlays by $1,800,000,000 in fiscal year 1987.

(g) The House Committee on Small Business shall report changes in laws within the jurisdiction of that committee sufficient to reduce outlays by $200,000,000 in fiscal year 1985; further the Congress finds that to

attain the policy of this resolution in future years requires decreases of $150,000,000 in budget authority and $200,000,000 in outlays in fiscal year 1986; and requires decreases of $250,000,000 in budget authority and $200,000,000 in outlays in fiscal year 1987.

(h) The House Committee on Veterans' Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $150,000,000 and outlays by $400,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $50,000,000 and outlays by $250,000,000 in fiscal year 1986; and requires decreases of budget authority by $250,000,000 and outlays by $250,000,000 in fiscal year 1987.

(i)(1) The House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $1,000,000,000 and outlays by $1,000,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $1,400,000,000 and outlays by $1,400,000,000 in fiscal year 1986; and requires decreases of budget authority by $1,750,000,000 and outlays by $1,750,000,000 in fiscal year 1987.

(2) The House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee sufficient to increase revenues by $9,700,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires increases of $17,650,000,000 in revenues in fiscal year 1986; and requires increases of $22,450,000,000 in revenues in fiscal year 1987.

GENERAL PROVISIONS

SEC. 3. (a) For fiscal years 1985, 1986, and 1987, any revenues raised by legislation enacted on or after March 15, 1984, shall only be used to reduce the Federal budget deficits for such fiscal years except to the extent that such legislation earmarks all or any part of such revenues for specific spending programs.

(b) Pursuant to subsection (a) of this section and notwithstanding the spending levels contained in section 1 of this resolution, funding for specific low-income programs, such as—

(1) an employment initiative for disadvantaged youth;

(2) public works jobs for community renewal;

(3) increased funding for the Aid to Families with Dependent Children program and the State component of the Supplemental Security Income program to ensure that the purchasing power of recipients is maintained;

(4) increased funding for title XX of the Social Security Act; and

(5) an increase in the earned income tax credit;

would be appropriate if the authorizations for such programs are enacted and if sufficient revenues or outlay reductions are also enacted to ensure that the legislation is deficit neutral.

ADMINISTRATIVE SAVINGS

SEC. 4. It is the sense of the Congress that the Executive Branch achieve at least $2 billion in savings over fiscal years 1985 through 1987 by implementing those recommendations of the President's Private Sector Survey on Cost Control requiring administrative action within that branch of Government. It is further the sense of the Congress that the President shall report to Congress each year, in conjunction with the annual budget submission, on the progress made in achieving the savings required by this section.

AUTOMATIC SECOND BUDGET RESOLUTION

SEC. 5. (a) If Congress has not completed action by October 1, 1984, on the concurrent resolution on the budget required to be reported under section 310(a) of the Congressional Budget Act of 1974 for the 1985 fiscal year, then this concurrent resolution shall be deemed to be the concurrent resolution required to be reported under section 310(a) of such Act, for the purposes of the prohibitions contained in section 311 of such Act, notwithstanding congressional action or inaction on any reconciliation requirements contained in this concurrent resolution.

(b) Section 311(a) of the Congressional Budget Act of 1974, as made applicable by subsection (a) of this section, shall not apply to bills, resolutions, or amendments within the jurisdiction of a committee, or any conference report on any such bill or resolution, if—

(1) the enactment of such bill or resolution as reported;

(2) the adoption and enactment of such amendment; or

(3) the enactment of such bill or resolution in the form recommended in such conference report;

would not cause the appropriate allocation for such committee of new discretionary budget authority or new spending authority as described in section 401(c)(2)(C) of the Congressional Budget Act of 1974 made pursuant to section 302(a) of such Act for fiscal year 1985 to be exceeded.

(c) The provisions of this section shall cease to apply when Congress completes action on a subsequent concurrent resolution on the budget for fiscal year 1985 pursuant to section 304 or 310 of the Congressional Budget Act of 1974.

"PAY AS YOU GO" TRUST FUND AMENDMENT

SEC. 6. (a) For purposes of the spending levels for fiscal year 1985 contained in section 1 of this resolution, and the assumptions upon which they are based, and for purposes of determining whether or not a committee exceeds its section 302(a) allocation of new discretionary budget authority or new spending authority for the prohibition contained in section 5 of this resolution, any new discretionary budget authority or new spending authority contained in a bill, resolution, amendment, or conference report shall be disregarded if the budget authority for outlays which will result from such new discretionary budget authority or such new spending authority is derived from any trust fund—

(1) the expenditures from which are available for highway, mass transit, or aviation purposes;

(2) for which new or expanded user fees or taxes were enacted during the 97th Congress; and

(3) which is described in section 401(d)(1)(B) of the Congressional Budget and Impoundment Act of 1974.

(b) For purposes of the spending levels for fiscal year 1985 contained in section 1 of this resolution, and the assumptions upon which they are based, and for purposes of determining whether or not a committee exceeds its section 302(a) allocation of new discretionary budget authority or new spending authority for the prohibition contained in section 5 of this resolution, any new discretionary budget authority contained in a bill, resolution, amendment, or conference report to fund programs under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 shall be disregarded to the extent that such bill, resolution, amendment, or conference report contains revenue sufficient to cover such new spending, or to the extent that sufficient revenue to cover such increases is included in the Comprehensive Environmental Response, Compensation and Liability Act of 1980.

SECTION 302(b) FILING REQUIREMENT

SEC. 7. (a) It shall not be in order in the House of Representatives to consider any bill or resolution, or amendment thereto, providing—

(1) new budget authority for fiscal year 1985;

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1985; or

(3) direct loan authority, primary loan guarantee authority, or secondary loan guarantee authority for fiscal year 1985;

within the jurisdiction of any committee which has received an allocation pursuant to section 302(a) of the Congressional Budget Act of discretionary budget authority or new spending authority, as described above, for such fiscal year, unless and until such committee makes the allocation or subdivisions required by section 302(b) of the Congressional Budget Act, in connection with the most recently agreed to concurrent resolution on the budget.

(b) The prohibition contained in subsection (a) shall not apply until twenty-one days of continuous session, as defined in section 1011(5) of the Impoundment Control Act of 1974, after Congress completes action on this concurrent resolution.

The CHAIRMAN. Pursuant to House Resolution 476, no amendments are in order except the following amendments, which shall be considered only in the following order, shall not be subject to amendment, shall be considered as having been read, and shall be debatable as specified in House Resolution 476:

First, the amendment printed in the CONGRESSIONAL RECORD of April 3, 1984, by Representative JONES of Oklahoma;

Second, the amendment printed in the CONGRESSIONAL RECORD of April 3, 1984, by, and if offered by, Representative DANNEMEYER;

Third, the amendment printed in the CONGRESSIONAL RECORD of April 3, 1984, by, and if offered by, Representative ROEMER;

Fourth, an amendment in the nature of a substitute consisting of the text of House Concurrent Resolution 281, if offered by Representative DIXON;

Fifth, the amendment printed in the CONGRESSIONAL RECORD of April 3, 1984, by, and if offered by, Representative MCHUGH;

Sixth, the amendment printed in the CONGRESSIONAL RECORD of April 3, 1984, by Representative MACKAY, and if offered by Representative MACKAY or Representative NELSON;

Seventh, the amendment printed in the CONGRESSIONAL RECORD of April 3, 1984, by, and if offered by, Representative LATTA; and

Eighth, an amendment in the nature of a substitute consisting of the text of House Concurrent Resolution 280 as introduced, if offered by Representative JONES of Oklahoma, which shall be in order only if at least one of the amendments designated above has been adopted. It shall also be in order to consider the amendment or amendments provided for in section 305(a)(6) of the Congressional Budget Act of 1974, necessary to achieve mathematical consistency.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. WIRTH

Mr. WIRTH. Mr. Chairman, I offer an amendment in the nature of a substitute designated as No. 1 in the rule.

The CHAIRMAN. The Clerk will designate the amendment in the nature of a substitute.

The text of the amendment in the nature of a substitute is as follows:

Amendment in the nature of a substitute offered by Mr. WIRTH: Strike all after the resolving clause and insert in lieu thereof the following:

That the Congress hereby determines and declares that the concurrent resolution on the budget for fiscal year 1984 is hereby revised and replaced, the first concurrent resolution on the budget for fiscal year 1985 is hereby established, and the appropriate budgetary levels for fiscal years 1986 and 1987 are hereby set forth:

(a) The following budgetary levels are appropriate for the fiscal years beginning on October 1, 1983, October 1, 1984, October 1, 1985, and October 1, 1986:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1984: $665,000,000,000.
Fiscal year 1985: $741,300,000,000.
Fiscal year 1986: $807,100,000,000.
Fiscal year 1987: $877,300,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1984: $2,000,000,000.
Fiscal year 1985: $8,300,000,000.
Fiscal year 1986: $12,300,000,000.
Fiscal year 1987: $14,800,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1984: $913,250,000,000.
Fiscal year 1985: $1,022,300,000,000.
Fiscal year 1986: $1,133,550,000,000.
Fiscal year 1987: $1,230,050,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1984: $851,550,000,000.
Fiscal year 1985: $933,300,000,000.
Fiscal year 1986: $1,019,100,000,000.
Fiscal year 1987: $1,112,300,000,000.

(4) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1984: $186,550,000,000.
Fiscal year 1985: $192,000,000,000.
Fiscal year 1986: $212,000,000,000.
Fiscal year 1987: $234,000,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1984: $1,593,400,000,000.
Fiscal year 1985: $1,848,800,000,000.
Fiscal year 1986: $2,134,400,000,000.
Fiscal year 1987: $2,449,500,000,000.

and the amounts by which the statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1984: $103,400,000,000.
Fiscal year 1985: $255,400,000,000.
Fiscal year 1986: $285,600,000,000.
Fiscal year 1987: $315,100,000,000.

(6) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1983, October 1, 1984, October 1, 1985, and October 1, 1986, are as follows:

Fiscal year 1984:
(A) New direct loan obligations, $38,000,000,000.
(B) New primary loan guarantee commitments, $98,000,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1985:
(A) New direct loan obligations, $32,750,000,000.
(B) New primary loan guarantee commitments, $102,550,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1986:
(A) New direct loan obligations, $34,450,000,000.
(B) New primary loan guarantee commitments, $105,300,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1987:
(A) New direct loan obligations, $33,850,000,000.
(B) New primary loan guarantee commitments, $110,750,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.

(b) The Congress hereby determines and declares the appropriate levels of budget authority and budget outlays, and the appropriate levels of new direct loan obligations and new loan guarantee commitments for fiscal years 1984 through 1987 for each major functional category are:

(1) National Defense (050):

Fiscal year 1984:
(A) New budget authority, $264,500,000,000.
(B) Outlays, $234,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:
(A) New budget authority, $313,750,000,000.
(B) Outlays, $273,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:
(A) New budget authority, $359,000,000,000.
(B) Outlays, $315,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:
(A) New budget authority, $389,100,000,000.
(B) Outlays, $362,450,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

Fiscal year 1984:
(A) New budget authority, $22,150,000,000.
(B) Outlays, $12,250,000,000.
(C) New direct loan obligations, $10,350,000,000.
(D) New primary loan guarantee commitments, $10,250,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:
(A) New budget authority, $21,250,000,000.
(B) Outlays, $16,050,000,000.
(C) New direct loan obligations, $11,150,000,000.
(D) New primary loan guarantee commitments, $10,300,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:
(A) New budget authority, $22,400,000,000.
(B) Outlays, $16,500,000,000.
(C) New direct loan obligations, $11,300,000,000.
(D) New primary loan guarantee commitments, $10,300,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:
(A) New budget authority, $22,350,000,000.
(B) Outlays, $17,800,000,000.
(C) New direct loan obligations, $11,500,000,000.
(D) New primary loan guarantee commitments, $10,300,000,000.
(E) New secondary loan guarantee commitments, $0.

(3) General Science, Space, and Technology (250):

Fiscal year 1984:
(A) New budget authority, $8,550,000,000.
(B) Outlays, $8,300,000,000.
(C) New direct loan obligations, $150,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:
(A) New budget authority, $9,050,000,000.
(B) Outlays, $8,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:
(A) New budget authority, $9,500,000,000.
(B) Outlays, $9,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:
(A) New budget authority, $10,000,000,000.
(B) Outlays, $9,850,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

(4) Energy (270):

Fiscal year 1984:
(A) New budget authority, $3,000,000,000.
(B) Outlays, $3,000,000,000.
(C) New direct loan obligations, $4,700,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $3,300,000,000.
(B) Outlays, $3,500,000,000.
(C) New direct loan obligations, $2,150,000,000.
(D) New primary loan guarantee commitments, $100,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $3,150,000,000.
(B) Outlays, $3,250,000,000.
(C) New direct loan obligations, $2,150,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $2,800,000,000.
(B) Outlays, $2,770,000,000
(C) New direct loan obligations, $2,200,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.
(5) Natural Resources and Environment (300):
Fiscal year 1984:
(A) New budget authority, $11,650,000,000.
(B) Outlays, $12,300,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $11,250,000,000.
(B) Outlays, $11,550,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $11,200,000,000.
(B) Outlays, $11,300,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $11,150,000,000.
(B) Outlays, $11,050,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(6) Agriculture (350):
Fiscal year 1984:
(A) New budget authority, $4,250,000,000.
(B) Outlays, $10,100,000,000.
(C) New direct loan obligations, $12,000,000,000.
(D) New primary loan guarantee commitments, $4,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $14,450,000,000.
(B) Outlays, $14,700,000,000.
(C) New direct loan obligations, $11,850,000,000.
(D) New primary loan guarantee commitments, $3,200,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $14,000,000,000.
(B) Outlays, $13,900,000,000.
(C) New direct loan obligations, $13,600,000,000.
(D) New primary loan guarantee commitments, $3,200,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $13,900,000,000.
(B) Outlays, $13,750,000,000.
(C) New direct loan obligations, $12,900,000,000.
(D) New primary loan guarantee commitments, $3,200,000,000.
(E) New secondary loan guarantee commitments, $0.
(7) Commerce and Housing Credit (370):
Fiscal year 1984:
(A) New budget authority, $5,600,000,000.
(B) Outlays, $4,050,000,000.
(C) New direct loan obligations, $6,100,000,000.
(D) New primary loan guarantee commitments, $41,500,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1985:
(A) New budget authority, $5,200,000,000.
(B) Outlays, $1,800,000,000.
(C) New direct loan obligations, $4,950,000,000.
(D) New primary loan guarantee commitments, $44,200,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1986:
(A) New budget authority, $5,400,000,000.
(B) Outlays, $1,600,000,000.
(C) New direct loan obligations, $4,950,000,000.
(D) New primary loan guarantee commitments, $44,550,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1987:
(A) New budget authority, $6,800,000,000.
(B) Outlays, $2,700,000,000.
(C) New direct loan obligations, $4,850,000,000.
(D) New primary loan guarantee commitments, $46,750,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
(8) Transportation (400):
Fiscal year 1984:
(A) New budget authority, $29,350,000,000.
(B) Outlays, $25,800,000,000.
(C) New direct loan obligations, $1,150,000,000.
(D) New primary loan guarantee commitments, $600,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $29,400,000,000.
(B) Outlays, $26,850,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $600,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $30,150,000,000.
(B) Outlays, $28,250,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $600,000,000.
(E) New secondary loan guarantee commitments. $0.
Fiscal year 1987:
(A) New budget authority, $30,000,000,000.
(B) Outlays, $29,200,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $600,000,000.
(E) New secondary loan guarantee commitments, $0.
(9) Community and Regional Development (450):
Fiscal year 1984:
(A) New budget authority, $7,250,000,000.
(B) Outlays, $7,800,000,000.
(C) New direct loan obligations, $1,400,000,000.
(D) New primary loan guarantee commitments, $350,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $6,450,000,000.
(B) Outlays, $8,050,000,000.
(C) New direct loan obligations, $1,050,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $6,650,000,000.
(B) Outlays, $7,450,000,000.
(C) New direct loan obligations, $1,000,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $6,650,000,000.
(B) Outlays, $7,250,000,000.
(C) New direct loan obligations, $1,000,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(10) Education, Training, Employment, and Social Services (500):
(A) New budget authority, $31,200,000,000.
(B) Outlays, $28,000,000,000.
(C) New direct loan obligations, $750,000,000.
(D) New primary loan guarantee commitments, $6,850,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $27,250,000,000.
(B) Outlays, $27,800,000,000.
(C) New direct loan obligations, $650,000,000.
(D) New primary loan guarantee commitments, $6,750,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $27,300,000,000.
(B) Outlays, $27,150,000,000.
(C) New direct loan obligations, $650,000,000.
(D) New primary loan guarantee commitments, $6,950,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:

(A) New budget authority, $27,450,000,000.
(B) Outlays, $27,100,000,000.
(C) New direct loan obligations, $650,000,000.
(D) New primary loan guarantee commitments, $7,100,000,000.
(E) New secondary loan guarantee commitments, $0.
(11) Health (550):
Fiscal year 1984:
(A) New budget authority, $31,600,000,000.
(B) Outlays, $30,800,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $250,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $32,050,000,000.
(B) Outlays, $33,200,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $200,000,000.
(E) New secondary loan guarantee commitments, $0
Fiscal year 1986:
(A) New budget authority, $35,050,000,000.
(B) Outlays, $35,000,000,000
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $200,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $37,500,000,000.
(B) Outlays, $37,400,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $200,000,000.
(E) New secondary loan guarantee commitments, $0.
(12) Social Security and Medicare (570):
Fiscal year 1984:
(A) New budget authority, $237,900,000,000.
(B) Outlays, $239,450,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $271,500,000,000.
(B) Outlays, $258,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $300,050,000,000.
(B) Outlays, $277,550,000.000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $328,100,000,000.
(B) Outlays, $300,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(13) Income Security (600):
Fiscal year 1984:
(A) New budget authority, $117,250,000,000.
(B) Outlays, $96,850,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $15,150,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $140,250,000,000.
(B) Outlays, $113,400,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $14,900,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $153,750,000,000.
(B) Outlays, $117,250,000,000.
(C) New direct loan obligations, $200,000,000.
(D) New primary loan guarantee commitments, $14,600,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $165,650,000,000.
(B) Outlays, $122,150,000,000.
(C) New direct loan obligations, $150,000,000.
(D) New primary loan guarantee commitments, $14,300,000,000.
(E) New secondary loan guarantee commitments, $0.
(14) Veterans Benefits and Services (700):
Fiscal year 1984:
(A) New budget authority, $26,050,000,000.
(B) Outlays, $25,450,000,000.
(C) New direct loan obligations, $950,000,000.
(D) New primary loan guarantee commitments, $18,400,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $27,200,000,000.
(B) Outlays, $26,300,000,000.
(C) New direct loan obligations, $550,000,000.
(D) New primary loan guarantee commitments, $22,300,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $28,200,000,000.
(B) Outlays, $27,650,000,000.
(C) New direct loan obligations, $450,000,000.
(D) New primary loan guarantee commitments, $24,850,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $28,900,000,000.
(B) Outlays, $28,450,000,000.
(C) New direct loan obligations, $450,000,000.
(D) New primary loan guarantee commitments, $28,250,000,000.
(E) New secondary loan guarantee commitments, $0.
(15) Administration of Justice (750):
Fiscal year 1984:
(A) New budget authority, $5,950,000,000.
(B) Outlays, $5,950,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $6,050,000,000.
(B) Outlays, $6,100,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $6,150,000,000.
(B) Outlays, $6,150,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $6,300,000,000.
(B) Outlays, $6,250,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(16) General Government (800):
Fiscal year 1984:
(A) New budget authority, $5,450,000,000.
(B) Outlays, $5,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $5,850,000,000.
(B) Outlays, $5,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $5,900,000,000.
(B) Outlays, $5,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $6,000,000,000.
(B) Outlays, $5,850,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(17) General Purpose Fiscal Assistance (850):
Fiscal year 1984:
(A) New budget authority, $6,800,000,000.
(B) Outlays, $6,800,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $6,550,000,000.
(B) Outlays, $6,550,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $6,600,000,000.
(B) Outlays, $6,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:
(A) New budget authority, $6,700,000,000.
(B) Outlays, $6,700,000,000.
(C) New direct loan obligations, $0
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(18) Net Interest (900):
Fiscal year 1984:
(A) New budget authority, $109,500,000,000.
(B) Outlays, $109,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $125,000,000,000.
(B) Outlays, $125,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $143,300,000,000.
(B) Outlays, $143,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $164,650,000,000.
(B) Outlays, $164,650,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(19) Allowances (920):
Fiscal year 1984:
(A) New budget authority, $450,000,000.
(B) Outlays, $550,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $950,000,000.
(B) Outlays, $950,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $3,950,000,000.
(B) Outlays, $4,100,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $6,050,000,000.
(B) Outlays, $6,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(20) Undistributed Offsetting Receipts (950):
Fiscal year 1984:
(A) New budget authority, $−15,200,000,000.
(B) Outlays, $−15,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $−34,450,000,000.
(B) Outlays, $−34,450,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $−38,150,000,000.
(B) Outlays, $−38,150,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $−40,150,000,000.
(B) Outlays, $−40,150,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

The CHAIRMAN. Pursuant to House Resolution 476, the amendment is considered as having been read.

The gentleman from Colorado (Mr. WIRTH) will be recognized for 30 minutes, and a Member opposed will be recognized for 30 minutes.

The Chair now recognizes the gentleman from Colorado (Mr. WIRTH) for 30 minutes.

Mr. WIRTH. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the amendment in the nature of a substitute made in order under the rule at this point is the President's fiscal year 1985 budget which he submitted to us on February 1.

As pointed out, the rule permits any Member to offer the President's budget at this point, and I am offering the amendment because as far as I know no Member of the minority had wanted to offer the President's budget as an amendment.

I would like to ask the chairman of the Budget Committee if I might, if he knows of any member of the minority who has asked to offer the President's budget as an amendment in the nature of a substitute.

Mr. JONES of Oklahoma. Will the gentleman yield?

Mr. WIRTH. I am happy to yield.

Mr. JONES of Oklahoma. To my knowledge, no member of the minority has asked to offer the President's budget. I would say that it was recommended to me that this budget be printed in the RECORD because in each of the last 2 years the President's budget was submitted and nobody has offered it. And even though it was made in order last year it was not offered. The President later criticized us for not dealing with his budget and I did not want to run the risk of a similar criticism again this year.

Mr. WIRTH. I thank the chairman.

The amendment in the nature of a substitute made in order under the rule at this point is the President's fiscal year 1985 budget, which he submitted to us on February 1.

The rule permits any Member to offer the President's budget at this point. I am offering the amendment because, as far as I know, no member of the minority wanted to offer the amendment. I would like to ask the chairman of the Budget Committee if he knows of any member of the minority asking to offer the President's budget as an amendment in the nature of a substitute.

Mr. Chairman, since no member of the minority wishes to offer the President's budget, I will do so. As required under the rule, the amendment is in the same form in which it was printed in the CONGRESSIONAL RECORD of April 3.

I offer this amendment for one purpose only: so that the House gives full consideration to the budget proposals submitted to us by the President of the United States.

For the past 2 years, the President has complained that the Congress—both this House and the other body—have failed to give full consideration to his budgets.

In his nationally televised address on the budget on May 8, 1982, President Reagan said that his fiscal year 1983 budget proposal "which the Congress refused to act on * * * would, if adopted, drastically reduce the deficits."

The President expressed the same concern again last year.

In his press conference of May 27, 1983, the President said:

> The budget proposal that we submitted to the Congress, and which in both Houses they refused to consider . . . actually would have put us on a declining deficit . . . where you could see a balanced budget coming up.

In both 1982 and 1983, President Reagan criticized the Congress for refusing to consider and act on his budget. I am this evening offering the President's fiscal year 1985 budget, so that the President and the American people will know that we considered and acted upon President Reagan's budget.

Mr. Chairman, I offer the President's fiscal year 1985 budget so that the House may clearly consider it, on the record.

PARLIAMENTARY INQUIRY

Mr. LOTT. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. Will the gentleman from Colorado (Mr. WIRTH) yield for a parliamentary inquiry?

Mr. WIRTH. I will be happy to yield to the gentleman for a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. LOTT. Mr. Chairman, I would like to ask the Chair to ascertain whether the gentleman seeking recognition to offer this Jones amendment is in favor of the amendment.

The CHAIRMAN. Under the rule, the gentleman does not have to qualify. Any member can offer the amendment as provided by the rule.

Mr. DANNEMEYER. Mr. Chairman, will the gentleman yield?

Mr. WIRTH. I will be happy to yield to the gentleman from California.

Mr. DANNEMEYER. I thank my colleague for yielding.

I cannot help but note that in the President's budget as originally presented contained a level for defense spending of $272 billion for 1985. Yet the thing that puzzles me and causes me to question my colleague from Colorado at this time is that the Democratic leadership budget of the Budget Committee has a defense spending level of $255.9 billion.

So I have to ask my colleague when the defense appropriation bill comes along for consideration on its merits do you intend to support the level of spending for defense of $272 billion that is now in the budget process you are speaking to?

Mr. WIRTH. If the gentleman will yield back, what we do on the defense appropriation bill I do not think is relevant. We are on the budget resolution right now. I believe that that is the business in front of the Congress this evening, the budget resolution.

I am sure that I, like the gentleman from California and all of our colleagues, will consider the defense appropriation bill at the appropriate time.

Mr. Chairman, I do not have any further requests for time on our side and I will reserve the balance of my time at this point.

The CHAIRMAN. The gentleman from Colorado (Mr. WIRTH) has consumed 5 minutes and reserves the balance of his time.

Mr. MICHEL. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The gentleman from Illinois (Mr. MICHEL) is recognized for 30 minutes.

Mr. MICHEL. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I think at the outset of this 2-day budget marathon one among us must probably extend a word of sympathy to those in the press who are obliged to follow this process and to the American people who have to tolerate it.

I think I would prefer to be here today considering legislation to abolish the budget process and go back to the basics of authorizing and appropriating. Congressional budgeting has turned out to be a farce and a total bust.

If you need proof, look at what we have before us. Originally when word first leaked out about the Budget Committee plan, I described it as the Tulsa two-step. It appeared to be a rather inventive little jig, one part designed to catch the eye of the majority party's midsection, and the other part to catch the eye of the good people of Oklahoma.

□ 1740

Now, instead of a simple two-step we have got some footwork on this floor that makes the moves in "Flashdance" look like a walk in the park.

Now let us see—I still have not gotten all of them straight. There is pay-as-you-go plan.

There is one with lower interest rates and another with no real growth in spending.

Then there is the freeze and, of course, eventually there is a committee version.

There is something for everybody. It is a smorgasbord for schizophrenics. Anybody can eat at this table, and several times if they wish. It reminds me of that old refrain used in some areas out in my home State of Illinois on election day: vote early and be sure to vote often.

Now, I could even let all of this creative accounting pass if it were not for the alternative we have before us first.

If you need a reason to think seriously about abandoning the budget process, this is it.

The chairman has had printed in the RECORD, along with the other proposals, the outdated budget recommendations of the administration from last February.

This is not the President's budget plus the Rose Garden compromise, mind you. It is the original submission to the Congress, which the President, in a good faith effort to make a downpayment on the deficit, has himself agreed to scrap.

Now why do you suppose the old administration budget is before us?

What is the rationale for using up precious debate time on a budget the President has already revised?

What is the rationale for prohibiting votes on some budget options our own Members sought to offer while forcing a vote on a package that is no longer relevant to these deliberations?

Let me spell it out for you very briefly. The budget process is being used, I should say abused, in a way to embarrass the President and embarrass House Republicans.

Ten years of congressional budgeting and we are down to this; doing whatever it takes to embarrass the other side. I assume the Reagan budget was pulled from the shelf and dusted off so it could be defeated on the floor.

If that is all you want out of our deliberations I am happy to oblige. I have asked all of the Members on my side simply to vote "No."

Let us call it a symbolic vote against the chicanery that is being played out here. Let us call it a symbolic vote against the partisanship that is so pervasive in this Chamber.

Let us call it tit for tat.

Is it any wonder why the American people, or those who make decisions about interest rates do not put much faith in our ability to get something done around here?

Time's a wastin'.

Let us get this over and done with.

And while those who must are playing politics with the President's budget, the rest of us can be thinking about what I said.

It is time to rethink what we are doing and what it accomplishes in the end. The end product is supposed to be a good product.

That means the process must be worthy of its goals.

And I guess if I had my druthers, I would much rather in the future, if we are going to continue with the Budget Act, have whatever the majority offers; have a substitute on the part of the minority, give each side opportunities with perfecting amendments to really get a product in the end that you can make a clean cut choice, one against the other.

But what we have here today in my judgment, is a sham and a charade. Nobody is going to know in the end what anybody stands for, because what we are doing is designed to allow us to be all things to all people.

What you have done here by offering this amendment is outright hypocrisy and frankly, as I said, I am encouraging all our Members to vote with all the rest of you who seek to carry out this kind of charade. I think it is totally nonsensical.

The CHAIRMAN. The gentleman from Illinois (Mr. MICHEL) has consumed 5 minutes.

The gentleman from Colorado (Mr. WIRTH) is recognized.

Mr. JONES of Oklahoma. Mr. Chairman, would the gentleman yield 1 minute to me?

Mr. WIRTH. Mr. Chairman, I yield 1 minute to the chairman of the Budget Committee, the gentleman from Oklahoma (Mr. JONES).

Mr. JONES of Oklahoma. Mr. Chairman, I think what my good friend, the distinguished minority leader, said is that, "This won't play in Peoria."

The point is that for 2 years we have been criticized for not allowing this budget to be considered. At one point we were even criticized by a member of the administration, telling us how much money they spent developing the budget.

Now if we are not going to be criticized again, I do not have any particular interest in voting on this thing.

But the point is out of this whole process of trying to arrive at some sound budget solutions, the Republican Party asked for two substitutes, themselves. I think members of your own party—I have not yielded yet—other members in our party have asked for additional substitutes that show the different gradations of people's thinking about the best way to reduce the deficits.

My preference, and I think the budget that we can enforce best, is the committee budget. It can send positive signals to the financial markets that we are going to seriously reduce the deficits. I think it adopts some concepts—a modified freeze and pay-as-you-go—that are important to sound budgeting.

The CHAIRMAN. The time of the gentleman from Oklahoma, Mr. Jones has expired.

The Chairman recognizes the gentleman from Colorado (Mr. WIRTH).

Mr. WIRTH. Mr. Chairman, I would yield 4 minutes—

Mr. MICHEL. Mr. Chairman, I thought the Chair had yielded 30 minutes to the gentleman from Illinois, as I recall, and I never yielded back the floor.

I yielded to the gentleman for a question, I thought, either a question or an observation.

The CHAIRMAN. The gentleman from Colorado (Mr. WIRTH) yielded to the gentleman from Oklahoma (Mr. JONES). The Chair recognized the gentleman from Colorado (Mr. WIRTH) who then in turn yielded.

Mr. MICHEL. May I then reclaim my time, Mr. Chairman?

Mr. WIRTH. Mr. Chairman, may I extend my apologies to the gentleman from Illinois (Mr. MICHEL). I thought we were rotating the time back and forth.

The CHAIRMAN. The gentleman from Illinois has 25 minutes remaining. If he would like to take some of his time at the present time, the Chair has no objection.

Mr. MICHEL. Mr. Chairman, I yield 5 minutes to the gentleman from California (Mr. DANNEMEYER).

Mr. DANNEMEYER. I thank my leader for making the comments that he did with respect to the charade through which we are going on the budget process. It would have been much better to have one on each side with perfecting amendments and I support that.

But fortunately for the people of the country, the Members of this institution to the contrary notwithstanding, our forefathers designed a mechanism in the Constitution that is going to bring the House of Representatives the discipline of matching the outgo with the income sooner than any of us, I think, are willing to accept.

And that is a mechanism whereby if we do not act responsibly in balancing our budget, which we have not done technically over the last 6 or 7 years, our Founding Fathers put a provision in our Constitution which permits the States of the Union to compel the Congress to propose an amendment to the States calling for a balanced budget, or in the alternative of calling a convention for that purpose.

Now it so happens that 32 States in the Union have petitioned the Congress to do that. When the number gets to 34, the Constitution of our country says we are required to call that convention on the subject of a balanced budget amendment.

I want to remind my colleagues that California has qualified an initiative for the November ballot of this year, where we in California will vote on whether or not we want to make our State the 33d State. And there is an initiative effort underway in the State of Montana which will also be on the ballot in November of this year which would make Montana the 34th State.

Now, when the number gets to 34 we, in this institution will be required to propose an amendment to the States.

Does my colleague from California desire recognition?

Ms. FIEDLER. Mr. Chairman, will the gentleman yield?

Mr. DANNEMEYER. I am happy to yield to my colleague from California.

Ms. FIEDLER. I appreciate the gentleman raising that issue, because I think it is instructive for the Members of the House of Representatives to consider what has happened in the State of California. They often think we are rather progressive, and some times people think we are radical. But in fact we had a State legislature in the State of California that was as unresponsive to the citizens of the State as a whole as often this House of Representatives and the Senate is.

And what happened in that State is that the people took much of the authority away from those people who stood in elective office and instead developed a system through the initiative process in order to make their wishes known and it seems to me that as you comment on the necessity of a balanced budget amendment that the only reason we face a possibility of that balanced budget amendment passing in enough States to actually require us to have a vote is because the House and the Senate have not been sufficiently responsive to the needs of the American people and instead of having been responsible, have been irresponsible.

So it is a lesson that we have to remember, that we do continue to have the authority resting in the hands of the people of this United States and that in the event we do not respond in an appropriate way they are going to take it from us and we are going to lose the opportunity to make the decisions unless we do it right.

□ 1750

Mr. DANNEMEYER. I thank my colleague for that comment.

I will sum up by making this observation. We do not have to wait until the hammer of the 34th State hits us over the head and puts us into the constitutional crisis of the Congress being required to call a convention.

Now, I have clearance from the leadership of the minority to ask this unanimous-consent request this evening.

And it is essentially this: I ask unanimous consent that I have cleared with the minority to bring up for consideration on the floor of this House a proposed constitutional amendment now pending in the Judiciary Committee, where it has been buried.

The CHAIRMAN. The Chair will advise the gentleman that his unanimous-consent request is not in order in the Committee of the Whole.

PARLIAMENTARY INQUIRY

Mr. DANNEMEYER. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. DANNEMEYER. Is it not correct to say that under the rules of the House by unanimous consent any request is in order at any time?

The CHAIRMAN. The Chair will advise the gentleman that asking consideration in the House is not in order in the Committee.

Mr. DANNEMEYER. Is not a unanimous-consent request on any subject available to a Member when we are in the Committee of the Whole?

The CHAIRMAN. The Committee of the Whole does not control House procedures.

Mr. DANNEMEYER. So I cannot be recognized at this point for making a unanimous-consent request to bring onto the floor of the House for a vote a proposed constitutional amendment; is that the ruling?

The CHAIRMAN. The Committee of the Whole does not have the power to grant that request.

Mr. DANNEMEYER. I thank the Chair for the ruling.

Mr. Chairman, let me conclude by making this observation.

I would hope that partisanship aside that we can respond to the wishes of a huge majority of the American people, 65 to 70 percent, in poll after poll, who want this institution to balance the budget by cutting spending, not raising taxes.

I would hope that in this second year of the 98th Congress we can bring the issue to a vote so that those of us who support it can tell that to our constituents and those of us who oppose it can also say the same thing to our constituents. Let the people

decide who they want to return for the 99th Congress.

Mr. WIRTH. Mr. Chairman, I yield 9 minutes to the gentleman from Texas (Mr. WRIGHT), the majority leader.

Mr. WRIGHT. Mr. Chairman, I had not intended to speak on this amendment. I do agree with my distinguished friend, the minority leader, that all of us should join together and vote against this amendment. I do not think anybody in the House really wants to pass this amendment which would ratify the President's budget without change, without the crossing of a "t" or the dotting of an "i," just exactly the way the President sent it. That would be a derogation of the congressional responsibility.

What puzzles me, however, is that my distinguished friend, the minority leader, seemed so disturbed and so upset and so unhappy that the amendment had been offered.

While I think it would be outrageous and ridiculous in the extreme for the Congress to adopt the amendment, since the President himself subsequently has abandoned this position, nevertheless I think there was a reason that it should have been offered. I think the gentleman from Illinois will agree with me when he recalls that twice the President has publicly criticized the Congress for not voting on his budget the way he sent it up here.

In 1982, on May 8, President Reagan said that his fiscal year 1983 budget proposal, and I am quoting his words, "which the Congress refused to act on * * *" as though we had done him a grave injustice by not acting on his budget just the way he sent it up here, would, by his representation, have drastically reduced the deficits.

Well, I think most of us recognize that it would not have reduced the deficits, but he complained publicly that the Congress did not vote on his budget the way he had sent it up, just verbatim.

Then again last year he did exactly the same thing. In a press conference on May 27 of last year, the President said, and I am quoting from his remarks at the press conference.

The President said:

> The budget proposal that we submitted to the Congress and which in both Houses they refused to consider actually would have put us on a declining deficit.

Now those are the words of President Reagan. He complained that in both Houses we refused to consider his budget.

Now, the gentleman from Illinois will recall that last year we adopted a rule which allowed to the minority side the privilege of offering any kind of an amendment, any kind of a substitute that it saw fit to offer to the budget resolution as it had been proposed by the House Committee on the Budget.

The minority party, at that time, chose, of its own volition, not to offer any amendment. They forewent the privilege of offering a substitute and by so doing obviously they declined to offer the budget that the President had himself written and sent to the Congress. That was their privilege. I do not blame them. I think they were more responsible in offering nothing then in offering that.

And, of course, this year I agree with the gentleman from Illinois (Mr. MICHEL) that we should reject this amendment. It would be silly for the Congress now at this point, after all the work that we have put into the budget, after all the arduous labors that we have devoted to reducing the enormous deficits that were projected by the President's budget, then to cave in and cravenly adopt, without any change, the budget submitted by the President.

Mr. DAUB. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. Of course, I will yield to the gentleman from Nebraska.

Mr. DAUB. I thank the gentleman for yielding.

I just want to take this time to thank the majority leader for defending the virtue of the House.

Mr. WRIGHT. I am grateful for the gentleman's comment. I am not sure that the virtue of the House needs defending, but to the extent that it may I shall attempt always to rise to its defense against any cowing or craven creature who seeks to besmirch the virtue of this institution of ours. I hope others will join me in so doing.

But let me just say this. The President has played fast and loose with the Congress on so many occasions. By loose rhetoric he has condemned us, for example, blaming us for dragging our feet on not having passed a crime bill in the House a couple of days after the Senate had passed it.

The truth was that in the earlier session of the Congress we had passed just such an omnibus crime package and he, the President, had vetoed it.

On these two occasions he sought to gain political advantage by criticizing the Congress for not having considered his budget. That is why it was offered today, so that the Congress could consider the President's budget and could, as the gentleman from Illinois recommends that we do, vote it down, perhaps nearly unanimously. Surely overwhelmingly. And the President no longer will feel that he has been denied or betrayed the opportunity to have a vote on his budget. That is why it was offered.

Mr. WALKER. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. I yield to the gentleman from Pennsylvania.

Mr. WALKER. I thank the gentleman for yielding.

Would the gentleman admit that perhaps we have played a little fast and loose with the budget procedures around here, too, down through the years.

Why I remember the gentleman from Texas coming to the well when we were developing the fiscal 1981 budget and telling us how we had a balanced budget and he was so proud of that. He talked at great length about that balanced budget. And it turned out he made a little $58 billion error.

Can the gentleman tell us whether or not that might be playing just a little bit fast and loose with the budget process?

Mr. WRIGHT. I would be glad to respond to the gentleman's question.

I was mistaken in 1980 or whenever it was that I made reference to a budget resolution as representing a balance. It did not represent a balance.

What happened, of course, was a combination of things. We fell into a state of high unemployment. Every time you have more people unemployed, you have fewer people paying taxes and you have more people drawing unemployment compensation. That contributed to, in a very large extent, the imbalance.

□ 1800

From May 1981 until May 1982, approximately 2 million additional Americans became unemployed, perhaps as many as 3 million additional Americans became unemployed. And that fact alone probably added some $60 billion to the deficit, if not more.

So the best laid plans can go astray. I am inclined to say, however, that we in the Congress have tried, in spite of those difficulties, to balance the budget.

Mr. WALKER. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. Not at this point. The gentleman realizes I have only 2 more minutes. I prefer not to ask for additional time. I responded to the gentleman's questions.

Let us put the responsibility for the imbalance right where it belongs. Ronald Reagan is the cause of the budget deficits being as large as they are.

When Ronald Reagan came into office, he did so blaming the $30 billion deficits that had occurred under his predecessor Jimmy Carter. He promised to balance the budget by 1983 if not sooner.

Well, the 1983 deficit, as we all know, far from being balanced, is the largest deficit in our history. It is three times larger than the largest deficit ever suffered under any previous administration in the history of this Nation.

How large are these Reagan deficits, resulting, according to Dr. Feldstein,

from three things, from the enormously excessive tax cut of 1981, from the extreme increase in military spending that accompanied it, and from the increase in interest rates that we are paying, how large are they? They are this large: that in 4 years of Reagan administration policies, we are going to add more to the national debt than we added in all 35 years subsequent to World War II under seven Presidential administrations, Democratic and Republican, in toto.

In 1 more year, if you stretch these policies out over 1 more year and have no dramatic change in them, we will have added more to the national debt in 5 years of the policies of Ronald Reagan, the policies of big tax cuts for the wealthiest and unprecedented increases in military spending at the same time, than were added to the national debt in 192 years of constitutional government, inclusive.

The CHAIRMAN. The time of the gentleman from Texas (Mr. WRIGHT) has expired.

Mr. WIRTH. Mr. Chairman, I yield 1 additional minute to the gentleman from Texas.

Mr. WRIGHT. Beginning with the administration of George Washington through that of Jimmy Carter, 39 American Presidential administrations it required to reach $1 trillion national debt. And the policies of the Ronald Reagan administration, because we did to a very substantial degree follow them in 1981, will add an additional trillion, bringing the national debt to $2 trillion in 5 short years.

Mr. WALKER. Since the gentleman got additional time, will the gentleman now yield?

Mr. WRIGHT. No; I do not yield at this time. My time is about up, and I have only one thing I would like to say in closing, and that is: That is why I joined my distinguished friend, the minority leader, Mr. MICHEL, in recommending that all of us reject this amendment.

Surely the House and the Senate can do better than simply to accept and endorse and embrace, without change, the budget sent up by the President. But surely we owe him, since he has objected so vigorously in the past 2 years to our not doing so, the courtesy of giving him a vote on his budget.

Mr. MICHEL. Mr. Chairman, I yield 1 minute to the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Chairman, I have only asked for a minute to speak on this particular amendment because it does not even deserve that much time.

I think it is an unworthy thing to bring an obsolete budget to this floor when the President has already stated his preference for a new budget plan. In fact he had a little party in the Rose Garden, and described very carefully what kind of a budget he wants.

If you want to vote for the President's budget, you vote for the Latta substitute.

If you want to vote for frivolity, vote for this amendment, or maybe we should dredge up the budget of a few years ago of the gentleman from Colorado and include the extra tax money that he and his friends tried to put in a few years ago.

This amendment is not doing our procedures any good. The House deserves better than the introduction of an amendment that is no longer relevant in the hope it will be defeated and thereby embarrass someone. We will all certainly vote against the amendment and the House to return to serious business.

Mr. MICHEL. Mr. Chairman, I yield 3 minutes to the gentleman from Florida (Mr. MACK).

Mr. MACK. Well, maybe we ought to just title what we are seeing here this afternoon as "Little men must have fun. Little men must have fun."

You know, just a few minutes ago, the gentleman from Washington (Mr. LOWRY) was down here talking about, the sham that is being pulled on the American people today. Every one of the budget resolutions that have been put together outlining their ability to reduce the deficit is from a different baseline from which we had started. And what the gentleman is saying is that we have moved the baseline up so that we can show bigger deficit reductions. But he and I both know, from the discussions we heard in the Budget Committee, that these budget resolutions are not going to impact what is going on in the country. It is not going to lower interest rates, it is not going to put more people back to work, it is not going to determine a higher level of economic growth for a longer period of time. The whole process is a sham.

I think the gentleman from Colorado has gone one step further in making a mockery out of this budget process in bringing the amendment to the floor that he does. In addition to that, I ask you: Where were you last year, where were you last year when exactly the same information was given to every member of the Budget Committee, every Member of the House? We talked last year about a $184 billion deficit that went on to $200 billion in the following years. But what did the Democrats put together last year? You put together a budget resolution that you knew would not work. You knew going in that the $73 billion in taxes that you put in your resolution never would be passed. It was only put in there so that you could bring forth more and more spending programs.

As far as I am concerned, what you are doing here today is just telling the American people that it is one more little game that little boys must play.

Mr. MICHEL. Mr. Chairman, may I inquire how much time is remaining on each side?

The CHAIRMAN. The gentleman from Illinois (Mr. MICHEL) has 17 minutes remaining; the gentleman from Colorado (Mr. WIRTH) has 16 minutes remaining.

Mr. MICHEL. Mr. Chairman, I yield 5 minutes to the gentleman from Georgia (Mr. GINGRICH).

Mr. GINGRICH. I thank our leader for yielding this time, and I want to pick up on the eloquent comments in defending the virtues of the House by the majority leader, the gentleman from Texas.

The Democratic leadership obviously thinks that this amendment is a shrewd gimmick, a nice cheap shot at Reagan and Republicans.

In fact, I think you are reeducating and reminding the American people as to why they distrust the House.

I just finished reading today a study by a leading pollster who asked the American people: "Who is to blame for deficits?" And I think it is probably bad news for the Democrats. Twenty-four percent of the American people blame President Reagan for deficits; 60 percent of the American people blame the Congress for deficits; and, as they watch this joke this afternoon, this cheap charade, I think that they are being reminded of why they blame the Congress.

Furthermore, even after all of the speeches by Messrs, Mondale, HART, and Jackson on the deficit, only 32 percent of the country thinks that a Democratic Presidential candidate could have any impact, 44 percent think President Reagan is more likely to cut the deficit.

Today's behavior is a practical joke by the Democratic leadership. It would have been more appropriate on April Fools Day.

The Republican leader, Mr. MICHEL, made an excellent proposal. Ideally, we should have a bipartisan effort; ideally, we should try to solve the deficit crisis, to bring spending under control.

Even if the liberal Democratic leadership cannot be bipartisan in an election year, we should offer a system for two budget choices, one Democrat, one Republican, each with perfecting amendments.

Instead of a serious process for the House to deal with the serious issue of the budget and the deficit, the Democratic leadership has created a chaotic charade of six Democratic options, with one of those options a partisan trick that demeans and weakens the House. If the liberal Democrats want to offer the current budget of President Reagan, they could join with Mr. LATTA of Ohio. The Latta budget rep-

resents the legitimate current effort by the Reagan administration to work with its allies in the House. The Latta budget is a legitimate, serious effort to present President Reagan's position.

But let me go a stage further. The eloquent and distinguished Mr. WIRTH of Colorado I am sure recognizes that his State has a favorite son candidate for President. Why does not the gentleman offer, why did not the gentleman offer the Hart budget? Your Speaker has a candidate for President, Mr. Mondale. Why did he not offer a budget? I was correctly pointing out earlier it is a three-man race. Certainly Mr. Jackson has a budget worth mentioning. If your side is interested in offering a Presidential budget, why did not either you or the distinguished committee chairman offer a budget from a candidate you think is capable of governing?

And I would be glad to yield for your answer.

Mr. WIRTH. When I last looked, the gentleman from Colorado, Mr. HART, is a member of the Senate Budget Committee, is perfectly capable of offering his own budget as a member of the U.S. Senate, and also perfectly capable of speaking for himself on this front, and I would not presume to do so.

Mr. GINGRICH. If I may reclaim my time, surely you recognize that Mr. HART has been busy in New York, with not too much success, but busy, that he is being busy now in Pennsylvania. And I simply suggest to you, in all seriousness, if your side had the guts to try to govern, you would have brought a budget from your Presidential candidate to the floor of this House and let your side try to vote for a $300 billion tax increase over the next 5 years. I do not care which of the three gentleman's budget you would like to offer, their budgets are big tax increase budgets.

Let me yield briefly to the gentleman from Pennsylvania, and then I will come back, if I might.

□ 1810

Mr. WALKER. I thank the gentleman for yielding.

I just want to emphasize his point and also call into question the point made by the majority leader a few moments ago.

This House over the last 5 years has succeeded in adding $274 billion to Presidential budget requests. So, in fact, it is not the Presidents that are adding to the deficits, it is us and our spending that are adding to the deficits; we are the culprits. If the pollsters are finding that the American people understand that, the American people understand truth.

Mr. GINGRICH. Mr. Chairman, I yield to the gentleman from Colorado (Mr. WIRTH).

Mr. WIRTH. I thank the gentleman for yielding.

The gentleman had pointed out how busy the candidates have been in New York and elsewhere. Our Senator from Colorado has also been very busy in the State of Georgia, in which he did very well, as the gentleman probably knows.

Mr. GINGRICH. We were delighted to have him come visit.

Mr. WIRTH. I would also point out that I believe that there is only one President of the United States currently in the White House; the President does have the obligation to provide a budget.

Mr. GINGRICH. But the President does have a budget that is being offered.

Mr. WIRTH. But the President does have the right to have that budget considered and acted on.

Mr. GINGRICH. Let me make this point again.

The President has a budget that is being offered in a serious way. The minority leader and the Republicans in this House have worked on that budget. But let me go one step further, if I might.

The majority leader came down here and talked about loose talk. Let me just say if the majority leader and the Speaker wanted to bring up a constitutional amendment to require a balanced budget, they could bring it up tomorrow. In fact, they could bring it up this evening, given the way they have run the Rules Committee recently.

I am sure that they could convene it and bring it to the floor tonight. The fact is that they want the issue, they want to talk about it, and they are totally unwilling to control spending.

Mr. WIRTH. Mr. Chairman, I yield 5 minutes to the gentleman from Montana (Mr. WILLIAMS).

Mr. WILLIAMS of Montana. Mr. Chairman, my colleagues, I rise in opposition to the budget which has been submitted by our President, Ronald Reagan. There have been several interesting things said on the floor here today with regard to this amendment; many of them expressed by our Republican colleagues.

One, the minority leader, said that this process is absolutely a fraud and a bust. The second interesting thing that was said by a Republican, was that the President's budget is an obsolete document. The last speaker called this consideration nothing but a cheap shot.

I am not sure that any of those three charges are true, but if they are, I really think that the fault lies not with the Congress, but with the President, who, without exception, has consistently used the budget, not as an economic document, but as a philosophical and political mechanism.

Throughout history, whenever any President has submitted a budget to this House, that budget has defined that President and that administration's intent. It has defined their preference for America's economy.

No document, no document so clearly defines the President's view of America's tomorrow as does his budget. What is this President's view of tomorrow defined by this budget? This President with this budget would cut 20,000 young people from Head Start in America. This President would significantly increase school lunch and school breakfast costs for the near poor. This President would significantly decrease support for handicapped Americans. Vocational education and the women's educational equity program, would be cut. This budget is unfair, and I join both the Republicans and the Democrats in asking this House to reject this budget.

What is Ronald Reagan's vision of tomorrow? According to his budget, he wants to eliminate the juvenile justice and delinquency prevention program. He wants to reduce significantly funds for runaway youth and homeless youth; he requests reducing it by 54 percent. He wants to make deep reductions in the women, infant, and children feeding program in America. It would terminate feeding programs for between one-half and 1 million low-income, pregnant women and their infants.

The President's budget is unfair and it is a wrongheaded view of America. This budget reflects this President's view of tomorrow by reducing by 80 percent the funds for child abuse and other human service and demonstration programs. It significantly reduces Federal assistance to needy college-age students.

This budget is unfair because this President's view of America is unfair, and that is why both Republicans and Democrats will overwhelmingly reject this budget tonight.

Unfair? This President's budget calls for an increase in defense spending which the overwhelming majority of Republicans and Democrats in both the House and Senate reject. The President is asking the American people to spend $685,000 a minute for every minute of every day of every week of every month of every year for the next 5 years; $685,000 a minute and practically not a Member of the 535 Members of the House and Senate want to spend that much money on defense while we are so drastically cutting the money that we need here at home to get America moving again.

I join the Republicans and the Democrats in solidly, absolutely, and for the final time, my friends, rejecting this President's unfair view of America's tomorrow.

Mr. MICHEL. Mr. Chairman, I yield 5 minutes to the gentleman from Texas (Mr. LOEFFLER).

Mr. LOEFFLER. I thank my distinguished minority leader for yielding me this time.

Mr. Chairman, I have got to ask the question: Why should anyone support the pending amendment? Quite frankly, the form that this amendment has been submitted to us on the floor is not one that is serious. If those of you on the majority side were serious in putting together this amendment, you would have included reconciliation procedures to enforce the savings assumed in the budget resolution.

The gentleman who just preceded me in the well from the State of Montana enjoyed exploiting the issue but would never place the budget in question in any real jeopardy of being implemented. So, it remains for this gentleman to ask the question: What is the matter, were you afraid that if this had been considered in a serious manner, with full enforcement procedures, that it might have passed?

Compare what the President has done with respect to the deficit reduction activities this year, with this frivolous exercise by the majority party.

The President has been serious. On January 25, he came to this floor. During his State of the Union address to the Nation, he said, and I quote:

> We must bring down the deficit to insure continued economic growth. In the budget that I will submit on February 1, I will recommend measures that will reduce the deficit over the next 5 years. Many of these will be unfinished business from last year's budget. Some could be enacted quickly if we could join in a serious effort to address this problem.
>
> I spoke today with Speaker O'NEILL, Senate Majority Leader BAKER, Senate Minority Leader BYRD, and House Minority Leader MICHEL. I asked them if they would designate congressional representatives to meet with representatives of the administration to try to reach prompt agreement on a bipartisan deficit downpayment plan.
>
> I know it will take a long, hard struggle to agree on a full-scale plan. So, what I have proposed is that we first see if we can agree on a downpayment.
>
> Now, I believe there is basis for such an agreement. One that could reduce the deficits by $100 billion over the next 3 years. If the congressional leadership is willing, my representatives will be prepared to meet with theirs at the earliest possible time. I would hope the leadership might agree on an expeditious timetable in which to develop and enact that down payment.

Now, what has happened since January 25? Representatives of the administration and Representatives from my party were serious in their efforts to negotiate. The majority party here in this Chamber was not serious, and therefore, we did not make a $100 billion deficit down payment in a bipartisan manner.

So, the President came forward again, and he announced that if the majority party in the House is not willing to negotiate in a serious way, then he would work with the Senate leadership and with the Republican minority in the House and come up with a $150 billion deficit reduction.

□ 1820

That is being serious. Again, to the majority: When you offer an amendment, be serious in your intentions or be straight forward about the charade you are engaged in.

Mr. WIRTH. Mr. Chairman, I yield 3 minutes to the gentleman from Oregon (Mr. AUCOIN).

Mr. AUCOIN. I thank the gentleman for yielding this time to me.

Mr. Chairman, we have been hearing a lot of crowing about Presidential leadership over the last 3 years. I would remind my colleagues that one of the powers of a Presidential leader is his power to present a budget laying out the direction he proposes for this country.

The Constitution gives that power to the President. It does not give it to the President and Mr. LATTA; it gives it to the President of the United States.

The President's budget, any President's budget, is the major fiscal document of any session of Congress. It is the point of reference. This budget happens to be $192 billion out of balance.

I am astonished that some Republicans are now asking why it is that we, in the House, should vote on the President's budget. Well, I remember the ringing words of the President when he addressed the joint session of the Congress and ushered in his revolution which gives us these staggering budget deficits.

I would answer the Republican minority leader's question when he says, why should we vote on the President's budget, by repeating the words of the President at that time. The President said: "If not we, who? If not now, when?"

Mr. HEFNER. Mr. Chairman, will the gentleman yield?

Mr. AUCOIN. I yield to the gentleman from North Carolina.

Mr. HEFNER. I thank the gentleman for yielding.

Someone correct me, certainly if I am wrong. You did not need a constitutional amendment. In the substitute, under the rule, you could have offered a balanced budget here today or tomorrow. The proposal of the gentleman from Ohio (Mr. LATTA) could have the offer of a balanced budget tomorrow. Is that right?

Mr. AUCOIN. I would say to the gentleman that is right.

Mr. HEFNER. If the gentleman will yield further, so in essence there could have been a balanced budget offered.

Mr. LATTA. Mr. Chairman, will the gentleman yield?

Mr. AUCOIN. I yield to the gentleman from Ohio.

Mr. LATTA. I thank the gentleman for yielding.

Under the rule granted, we had to have our budgets costed out beforehand and we had a deadline of the day before, I think, at noon on Monday.

Mr. HEFNER. If the gentleman will yield further, in the Budget Committee the gentleman could have offered a balanced budget.

Mr. LATTA. Yes; and so could the gentleman himself.

Mr. HEFNER. I am not the one who was calling for it.

Mr. DANNEMEYER. Mr. Chairman, will the gentleman yield?

Mr. AUCOIN. I yield to the gentleman from California.

Mr. DANNEMEYER. I thank the gentleman for yielding.

Since the gentleman has mentioned the Budget Committee, I will remind my colleagues that two times in the last month, in writing, I asked the distinguished chairman of the Budget Committee, the gentleman from Oklahoma (Mr. JONES), for the privilege of coming to the Budget Committee to make a presentation of the budget alternative that I am pleased to present to the House and he told me they did not have time for the Budget Committee to even consider it.

The CHAIRMAN. The time of the gentleman from Oregon (Mr. AUCOIN) has expired.

Mr. WIRTH. Mr. Chairman, how much time do I have remaining?

The CHAIRMAN. The gentleman from Colorado (Mr. WIRTH) has 7 minutes remaining and the gentleman from Illinois (Mr. MICHEL) has 8 minutes remaining. The gentleman from Illinois, in this case, has the right to finish debate.

Mr. MICHEL. Mr. Chairman, I yield 2 minutes to the gentleman from Mississippi (Mr. LOTT).

Mr. LOTT. I thank the gentleman for yielding this time to me.

Mr. Chairman, I would first like to ask a question. I would like to ask the gentleman from Oregon where it is in the Constitution that says the President of the United States submits a budget to the Congress?

I will answer the question. It is not in the Constitution. It is in the Budget Act of 1921. It is not in the Constitution, though.

As far as who is playing fast and loose around here, I submit that the Congress is the guilty party. The Congress has for years rejected Presidents' budgets, as my colleagues on the other side of the aisle rejected President Carter's budgets, and year after year spent more than he requested.

In fiscal year 1980, for instance, he requested $531.6 billion. The Congress went over that by $47.6 billion. In fiscal year 1981, he requested $651 billion and Congress went over it by $45 billion.

Mr. AUCOIN. Mr. Chairman, will the gentleman yield?

Mr. LOTT. I would be glad to yield to the gentleman from Oregon.

Mr. AuCOIN. I appreciate the gentleman yielding.

Mr. Chairman, since the 1920's, virtually every President who has ever held that office has had the authority and the power to present a budget to the Congress, has done so, and has stood by that budget, and has not thrown it out like a wet sweat sock like this President and blamed his predecessors for his errors.

Mr. LOTT. If I might remind the gentleman, many Presidents, including your own President Carter in 1981, have revised their budgets. Presidents, just as President Reagan, have tried to work with the Congress in a bipartisan way to come up with budgets for the good of the country, but the problem is the Congress, because for the past 40 years the Congress has been throwing all their budgets out the window and going right on with their profligate spending and raising taxes year after year.

There was a gratuitous crack made a while ago that I want to respond to also.

I submit that this procedure here will not play too well in Tulsa, either. For the American people need to understand what is going on here.

First of all, the gentleman who offered this amendment does not support this amendment.

Mr. Chairman, earlier I asked the Chair to make this determination on a parliamentary inquiry, because recognition is a matter within the discretion of the Chair, the Chair has it within his power to deny recognition for frivolous or dilatory purposes, and the rules and precedents of this House indicate that the offerer of an amendment must be a proponent of the amendment. Moreover, House Resolution 476, the rule which makes the Jones amendment in order, provides that half the debate time be allocated to a Member offering the amendment and half be assigned to "a Member opposed thereto." It is thus the clear intent of the rule that the offerer of the amendment be a proponent of the amendment, one who favors it, so that debate time is equally divided between proponents and opponents as is also the requirement under clause 5 of House rule 23.

Mr. Chairman, I would cite Jefferson's Manual, at section 26, in which Jefferson states that it is "a constant rule" of parliamentary law "that no man is to be employed in any matter who has declared himself against it." Jefferson goes on to cite from British Precedents, as follows: "The child is not to be put to the nurse that cares not for it." I would suggest, Mr. Chairman, that if someone is recognized to offer an amendment which he opposes, we are establishing a very dangerous and bad precedent for this House—one which flies in the faces of centuries of parliamentary law in this body and our Mother Parliament.

Second, it was not requested by the minority, which is the traditional way of handling an amendment like this. It was proposed originally by the President but subsequently altered by agreement.

The CHAIRMAN. The time of the gentleman from Mississippi (Mr. LOTT) has expired.

Mr. MICHEL. Mr. Chairman, I yield 1 additional minute to the gentleman from Mississippi.

Mr. LOTT. I thank the gentleman for yielding me this additional time.

Mr. Chairman, I have supported the budget process. A lot of our colleagues around here have not, but I voted for the Budget Impoundment Act and I have tried to support it. But after what we have gone through in recent years, including what we went through last year with an unrealistic budget proposal, with tax increases we knew were not going to happen, and now with this kind of childish prank, I do not know if the budget process is worth pursuing any further, if all we are going to do is to use this frivolous and dilatory process to make a political mockery of a thing that should be very seriously approached.

Mr. JONES of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. LOTT. I yield to the gentleman from Oklahoma.

Mr. JONES of Oklahoma. I thank the gentleman for yielding.

Mr. Chairman, I submit that the people of Oklahoma, and the people of America, want a serious deficit reduction package.

Mr. LOTT. I think they do, too, and I do not think they would approve of this frivolous kind of amendment.

Mr. JONES of Oklahoma. If the gentleman will let me finish, I said in the very beginning that we ought to have two tests to measure these substitutes: Is it a serious, honest budget that reduces the deficit, and will it be enforced?

Mr. LOTT. Is this a serious, honest effort that is being made by the gentleman from Colorado, as proposed by the gentleman from Oklahoma? It is not a serious and honest proposal or process.

Mr. JONES of Oklahoma. I submit to you that the one that is serious and can be enforced is the committee budget, and that is the one we ought to pass.

The CHAIRMAN. The gentleman from Colorado (Mr. WIRTH) has 7 minutes remaining.

Mr. WIRTH. Mr. Chairman, I yield 1 minute to the gentleman from Georgia (Mr. LEVITAS).

Mr. LEVITAS. I thank the gentleman for yielding this time to me.

Mr. Chairman, I was listening to the majority leader's statement, and there is one point that has not yet been answered by people who say that this amendment proposing President Reagan's budget is not a serious effort. Was the majority leader correct in saying that the President of the United States complained last year that we did not even take a vote on his budget? Is that a true statement or is it not a true statement? If it is a true statement, then I think we ought to remove the basis for the President's complaint this year. If the President wanted to have a vote on his budget and makes a point if he does not get a vote, then we owe it to him to give him a vote on his budget.

Was that a true statement or was it not? Did the President complain that we did not even vote on his budget last year, or did he not? I am patiently waiting for an answer from the other side of the aisle.

Mr. WIRTH. If the gentleman would yield, the dates on which the President complained that we had not acted on his budget were May 8, 1982, and again the next year, on May 27, 1983; both of these were noted by the gentleman from Colorado and by the distinguished majority leader.

Mr. LEVITAS. I thank the gentleman from Colorado for clarifying that.

If for no other reason, I do not want to give the President cause for complaint again, and I think we ought to vote on this.

President Reagan sent Congress his budget in January. It was in a blue book and it had his name signed on it. The last two times he did that and Congress did not vote on the budget he sent, President Reagan said that it was not right that Congress—including the Republican-controlled Senate—did not even have the decency to vote on it. We can remedy that problem tonight.

The CHAIRMAN. The gentleman from Colorado (Mr. WIRTH) has 6 minutes remaining.

Mr. WIRTH. Mr. Chairman, I yield 1 minute to the gentleman from Oregon (Mr. WEAVER).

Mr. WEAVER. I thank the gentleman for yielding this time to me.

Mr. Chairman, I want very much the opportunity to vote against the President's budget, and here is why: Here is the President's budget. This large figure right here is military and military foreign aid. The next large item is interest on the national debt. Here this small one is all social programs combined, even including unemployment compensation.

If we knocked all the social programs out, it would reduce the deficit by about a third. The truth is, the military spending constitutes the majority of the Reagan budget. If the deficit is to be brought under control, the military spending must be cut.

There is no other item large enough; it is the deficit cause.

□ 1830

The CHAIRMAN. The gentleman from Colorado (Mr. WIRTH) has 5 minutes remaining.

Mr. WIRTH. Mr. Chairman, I have no further requests for time. I yield myself such time as I may consume.

Two technical points have been made. Previous speakers on the Republican side referred to the fact that the President had changed his budget, and that he now supports the so-called Rose Garden budget. This is not being offered, however, by the minority. The Rose Garden budget is not going to be considered here. We could have voted on that as well. My guess is that we would have had the same negative vote from the minority on that front.

Mr. LOEFFLER. Mr. Chairman, will the gentleman yield?

Mr. WIRTH. I am happy to yield to the gentleman from Texas.

Mr. LOEFFLER. Mr. Chairman, the gentleman is just not correct. Yes, we are with the President on the Rose Garden budget. It is part of the Latta substitute which we will be considering later, and we have added several items to it. Yes, we are considering it.

Mr. WIRTH. Mr. Chairman, if the gentleman will allow me to reclaim my time, the Latta package is not the Rose Garden budget. It has some elements of that in it, but a great number of other things that are not included in the Rose Garden budget.

Mr. LOEFFLER. Mr. Chairman, will the gentleman yield?

Mr. WIRTH. Let me finish my statement.

Mr. Chairman, another point which I think, for the accuracy of the RECORD, ought to be pointed out is that, first, the minor has supported that the Democratic plan which we will be voting on later is an enormous tax plan, as opposed to the Latta plan.

The facts of the matter are that in fiscal year 1985 the Latta plan, as estimated by CBO, provides revenues of $742 billion. The Democratic plan also provides revenues of $742 billion. So the revenues in both the Latta plan and the Democratic plan are the same.

I might just close with a word to the distinguished minority leader. The gentleman from Illinois (Mr. MICHEL) had suggested that the purpose of offering the President's budget was to somehow embarrass the President or the minority. I have no intention, I say to the gentleman from Illinois (Mr. MICHEL) in any way, shape, or form of embarrassing anybody. I might disagree with the President, I might disagree with the minority, but I do not intend to embarrass anybody.

I do, however, wish to prevent the President from seeking to embarrass the Congress by accusing us of not considering his budget. That is the intent, not to embarrass anybody, but to make sure that the President does not come back at us, as he has in the past, and accuse us of not considering his budget.

Mr. Chairman, I will be asking for a recorded vote so we can consider the President's budget. We have considered it now, and then we can act upon it with our votes, yes or no.

Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

The CHAIRMAN. The gentleman from Illinois (Mr. MICHEL) is recognized for 5 minutes.

Mr. MICHEL. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I took the gentleman from Oklahoma (Mr. JONES) at his word as I listened to his opening remarks during the debate on all these budget resolutions in which he said we ought to approach it in a twofold way from point of serious and responsible deficit reduction. That is what rankled me no end when I found to my displeasure that there would be, rather, an amendment offered in a frivolous way for the consideration of all Members that quite obviously would not have a chance of passage in this body.

As has been alluded to several times now, there has been no President in recent years whose raw budget has been the topic for discussion out here on the floor. It has always been a reworked, refined budget since enactment of the Budget Act. So there is nothing altogether unique about that.

So far as the President criticizing the Congress from time to time for not acting on his budget is concerned, I think if we go back, we will also recall that references were made to the fact that as we came near the end of the year, we were not reconciling and were not doing what we were really supposed to be doing to make the Budget Act really work for the American people; we would then act through continuing resolutions and all the rest, never finishing up our business at the end of the year.

Mr. JONES of Oklahoma. Mr. Chairman, will the gentleman yield at that point?

Mr. MICHEL. Yes; I am happy to yield to the gentleman from Oklahoma.

Mr. JONES of Oklahoma. Mr. Chairman, I want to underscore what I said in the opening statement and what the gentleman says now. On every one of these substitutes, I hope we know that if we vote for them, we are going to have to come back later and vote for the individual bills that will enforce them. I do not want to have another repeat of last year or any other year in which we have said one thing on the budget and done something else on the appropriation bills. That is something that both Democrats and Republicans have been guilty of doing.

Mr. MICHEL. Mr. Chairman, I certainly hope that would be the case because otherwise it is exactly what I labeled it earlier, a sham. The only way the Budget Act really works is if there is eventually a reconciliation of what we set out as target goals for us at the beginning of the year, and then we should come to the end of the session and reconcile in dollars and cents, either on the expenditure side or the tax side. And when the President presented his initial budget, he made these comments that the gentleman from Texas repeated in his State of the Union message:

"If you don't like it, let us rework it on a bipartisan basis."

That effort apparently fell apart.

Those of us who are Republicans on our side, with the other body being controlled by Members of our party, thought we would do the best we could to improve upon the President's submission. There is no question but what there were Members here who wanted to cut it deeper on the defense figure, and we had to get the President to move off his firm position there because we all know how strongly he feels about rebuilding the country's defenses. We know the President's view on raising taxes. He wants to be known as the President who lowered taxes, not raised them.

So that was another component that had to be considered. But I thought all told, when we put it together, we had a package that really was realistic and responsible and offered a sharp deficit reduction. That is what we come to this floor with through the Latta amendment.

Yes; there are some other proposals. I note that some do not want to raise taxes whatsoever, and some do not want any cuts whatsoever in defense.

I still would come back to my original premise that in the future hopefully we would have a presentation by the majority and one opportunity by the minority and then have perfecting amendments to both base bills. Only in that way do we eventually get a refined product at the end of the debate on which we can make a clean, clear-cut choice. That is the responsible way in my judgment of legislating a budget around here.

Mr. JONES of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. MICHEL. Mr. Chairman, as the gentleman suggests, I think we all on both sides of the aisle want to watch very carefully and monitor very carefully those individual votes on appropriation bills that in the final analysis really give testimony to where one really feels seriously on the individual items that come before us.

Mr. Chairman, I will close my case and ask for a vote.

The CHAIRMAN. All time has expired.

The question is on the amendment in the nature of a substitute offered by the gentleman from Colorado (Mr. WIRTH).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. WIRTH. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 1, noes 401, not voting 30, as follows:

[Roll No. 66]

AYES—1

Kemp

NOES—401

Ackerman	Coyne	Guarini
Addabbo	Craig	Gunderson
Akaka	Crane, Daniel	Hall (IN)
Albosta	Crane, Philip	Hall, Ralph
Alexander	Crockett	Hall, Sam
Anderson	D'Amours	Hamilton
Andrews (NC)	Dannemeyer	Hammerschmidt
Andrews (TX)	Darden	Hansen (UT)
Annunzio	Daschle	Harkin
Anthony	Daub	Harrison
Applegate	Davis	Hartnett
Archer	de la Garza	Hatcher
Aspin	Dellums	Hayes
AuCoin	Derrick	Hefner
Badham	DeWine	Hertel
Barnard	Dickinson	Hightower
Barnes	Dicks	Hiler
Bartlett	Dingell	Hillis
Bateman	Dixon	Holt
Bates	Donnelly	Hopkins
Bedell	Dorgan	Horton
Beilenson	Dowdy	Howard
Bennett	Downey	Hoyer
Bereuter	Dreier	Huckaby
Bethune	Duncan	Hughes
Bevill	Durbin	Hunter
Biaggi	Dwyer	Hutto
Bilirakis	Dymally	Ireland
Bliley	Dyson	Jacobs
Boggs	Early	Jeffords
Boland	Eckart	Jenkins
Boner	Edgar	Johnson
Bonior	Edwards (AL)	Jones (NC)
Bonker	Edwards (CA)	Jones (OK)
Borski	Edwards (OK)	Jones (TN)
Boucher	Emerson	Kaptur
Boxer	English	Kasich
Breaux	Erdreich	Kastenmeier
Britt	Evans (IA)	Kennelly
Brooks	Evans (IL)	Kildee
Broomfield	Fazio	Kindness
Brown (CA)	Feighan	Kogovsek
Brown (CO)	Ferraro	Kolter
Broyhill	Fiedler	Kostmayer
Bryant	Fields	Kramer
Burton (CA)	Fish	LaFalce
Burton (IN)	Flippo	Lagomarsino
Byron	Florio	Lantos
Campbell	Foley	Latta
Carney	Ford (MI)	Leath
Carper	Ford (TN)	Lehman (CA)
Carr	Fowler	Leland
Chandler	Franklin	Lent
Chappell	Frenzel	Levin
Chappie	Frost	Levine
Cheney	Fuqua	Levitas
Clarke	Garcia	Lewis (CA)
Clay	Gaydos	Lewis (FL)
Clinger	Gejdenson	Lipinski
Coats	Gekas	Livingston
Coelho	Gephardt	Lloyd
Coleman (MO)	Gibbons	Loeffler
Coleman (TX)	Gilman	Long (LA)
Collins	Gingrich	Long (MD)
Conable	Glickman	Lott
Conte	Goodling	Lowery (CA)
Conyers	Gore	Lowry (WA)
Cooper	Gradison	Lujan
Corcoran	Gray	Luken
Coughlin	Green	Lundine
Courter	Gregg	Lungren
Mack	Patman	Smith, Robert
MacKay	Patterson	Snowe
Madigan	Pease	Snyder
Marlenee	Penny	Solarz
Marriott	Pepper	Solomon
Martin (IL)	Perkins	Spence
Martin (NC)	Petri	Spratt
Martin (NY)	Pickle	St Germain
Martinez	Porter	Staggers
Matsui	Price	Stark
Mavroules	Pritchard	Stenholm
Mazzoli	Pursell	Stokes
McCain	Quillen	Stratton
McCandless	Rahall	Studds
McCloskey	Rangel	Stump
McCollum	Ratchford	Sundquist
McCurdy	Regula	Swift
McDade	Reid	Synar
McEwen	Richardson	Tallon
McGrath	Ridge	Tauke
McHugh	Rinaldo	Tauzin
McKernan	Ritter	Taylor
McKinney	Roberts	Thomas (CA)
McNulty	Robinson	Thomas (GA)
Mica	Rodino	Torres
Michel	Roe	Torricelli
Mikulski	Roemer	Traxler
Miller (CA)	Rogers	Udall
Miller (OH)	Rose	Valentine
Mineta	Rostenkowski	Vandergriff
Minish	Roth	Vento
Mitchell	Roukema	Volkmer
Moakley	Rowland	Vucanovich
Molinari	Roybal	Walgren
Mollohan	Rudd	Walker
Montgomery	Russo	Watkins
Moody	Sabo	Waxman
Moore	Sawyer	Weaver
Moorhead	Schaefer	Weber
Morrison (CT)	Scheuer	Weiss
Morrison (WA)	Schneider	Wheat
Mrazek	Schroeder	Whitehurst
Murphy	Schumer	Whitley
Murtha	Seiberling	Whittaker
Myers	Sensenbrenner	Whitten
Natcher	Shannon	Williams (MT)
Neal	Sharp	Williams (OH)
Nelson	Shaw	Winn
Nichols	Shelby	Wirth
Nielson	Shumway	Wise
Nowak	Shuster	Wolf
O'Brien	Sikorski	Wolpe
Oakar	Siljander	Wortley
Oberstar	Simon	Wright
Obey	Sisisky	Wyden
Olin	Skeen	Wylie
Ortiz	Skelton	Yates
Owens	Slattery	Yatron
Oxley	Smith (FL)	Young (AK)
Packard	Smith (IA)	Young (FL)
Panetta	Smith (NE)	Young (MO)
Parris	Smith (NJ)	Zschau
Pashayan	Smith, Denny	

NOT VOTING—30

Berman	Hall (OH)	Markey
Boehlert	Hance	Ottinger
Bosco	Hansen (ID)	Paul
Daniel	Hawkins	Ray
Erlenborn	Heftel	Savage
Fascell	Hubbard	Schulze
Foglietta	Hyde	Stangeland
Frank	Kazen	Towns
Gonzalez	Leach	Vander Jagt
Gramm	Lehman (FL)	Wilson

□ 1850

Messrs. PACKARD, BREAUX, BEDELL, GIBBONS, HUTTO, MARLENEE, and BOUCHER changed their votes from "aye" to "no."

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

Mr. ALEXANDER. Mr. Chairman, when Ronald Reagan was elected President, he promised to fight waste in Government. Tonight's vote suggests that instead of fighting waste, Mr. Reagan has incorporated it as an integral part of his administration. Instead of an enemy, waste has become his watchword.

In the last 2 years, Mr. Reagan's proposed budgets were so out of touch with the political realities that they never even came to the House floor for a vote. The cost of just printing these two documents is estimated by the Government Printing Office to be in the neighborhood of $1.3 million.

Mr. Chairman, when you add to that figure the costs of thousands of Government workers in countless Government agencies who are called upon to contribute months of their time to developing that budget—and some estimates reach $13 million a year—you have quite a sum.

Tonight, Mr. Chairman, we have extended to the President the courtesy of a vote on his 1985 budget. If nothing else, the time, effort, and money required to produce this enormous work compels us to pass judgment on it.

The Budget Committees of both the House and Senate have wisely rejected this budget.

The minority Members of this House have also rejected it.

Tonight the whole House, by a margin of approximately 400 votes, soundly rejected it.

Even the President's own advisers repudiated it almost as soon as it was submitted.

Unfortunately, Mr. Chairman, the American taxpayer is not in a position to reject the tab for this, Mr. Reagan's latest budgetary folly.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. DANNEMEYER

Mr. DANNEMEYER. Mr. Chairman, I offer an amendment in the nature of a substitute.

The CHAIRMAN. The Clerk will designate the amendment in the nature of a substitute.

The text of the amendment in the nature of a substitute is as follows:

Amendment in the nature of a substitute offered by Mr. DANNEMEYER: Strike everything after the resolving clause and insert in lieu thereof the following:

(a) The following budgetary levels are appropriate for the fiscal years beginning on October 1, 1983, October 1 1984, October 1, 1985 and October 1, 1986:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1984: $664,900,000,000.
Fiscal year 1985: $734,390,000,000.
Fiscal year 1986: $796,940,000,000.
Fiscal year 1987: $867,390,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1984: $1,900,000,000.
Fiscal year 1985: $1,390,000,000.
Fiscal year 1986: $2,040,000,000.
Fiscal year 1987: $3,890,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1984: $915,500,000,000.
Fiscal year 1985: $989,400,000,000.
Fiscal year 1986: $1,054,650,000,000.

Fiscal year 1987: $1,131,660,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1984: $853,900,000,000.

Fiscal year 1985: $907,590,000,000.

Fiscal year 1986: $947,780,000,000.

Fiscal year 1987: $1,003,700,000,000.

(4) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1984: $189,000,000,000.

Fiscal year 1985: $173,200,000,000.

Fiscal year 1986: $150,840,000,000.

Fiscal year 1987: $136,310,000,000.

(5) The appropriate levels of the pbulic debt are as follows:

Fiscal year 1984: $1,595,800,000,000.

Fiscal year 1985: $1,834,200,000,000.

Fiscal year 1986: $2,081,250,000,000.

Fiscal year 1987: $2,347,250,000,000.

and the amounts by which the temporary statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1984: $105,800,000,000.

Fiscal year 1985: $238,400,000,000.

Fiscal year 1986: $247,050,000,000.

Fiscal year 1987: $266,000,000,000.

(6) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1983, October 1, 1984, October 1, 1985, and October 1, 1986 are as follows:

Fiscal year 1984:

(A) New direct loan obligations, $37,600,000,000.

(B) New primary loan guarantee commitments, $105,150,000,000.

(C) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1985:

(A) New direct loan obligations, $25,660,000,000.

(B) New primary loan guarantee commitments, $118,510,000,000.

(C) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1986:

(A) New direct loan obligations, $20,330,000,000.

(B) New primary loan guarantee commitments, $125,790,000,000.

(C) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1987:

(A) New direct loan obligations, $20,300,000,000.

(B) New primary loan guarantee commitments, $131,780,000,000.

(C) New secondary loan guarantee commitments, $68,250,000,000.

(b) The Congress hereby determines and declares the appropriate levels of budget authority and budget outlays, and the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for fiscal years 1984 through 1987 for each major functional category are:

(1) National Defense (050):

Fiscal year 1984:

(A) New budget authority, $264,500,000,000.

(B) Outlays, $234,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:

(A) New budget authority $299,000,000,000.

(B) Outlays $266,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:

(A) New budget authority, $333,700,000,000.

(B) Outlays, $294,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:

(A) New budget authority, $372,000,000,000.

(B) Outlays $330,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

Fiscal year 1984:

(A) New budget authority, $22,200,000,000.

(B) Outlays $12,350,000,000.

(C) New direct loan obligations, $9,100,000,000..

(D) New primary loan guarantee commitments, $8,650,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:

(A) New budget authority, $15,090,000,000.

(B) Outlays, $10,180,000,000.

(C) New direct loan obligations, $7,250,000,000.

(D) New primary loan guarantee commitments, $9,250,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:

(A) New budget authority, $14,790,000,000.

(B) Outlays $7,850,000,000.

(C) New direct loan obligations, $7,530,000,000.

(D) New primary loan guarantee commitments, $10,250,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:

(A) New budget authority, $14,810,000,000.

(B) Outlays, $6,370,000,000.

(C) New direct loan obligations, $8,410,000,000.

(D) New primary loan guarantee commitments, $10,600,000,000.

(E) New secondary loan guarantee commitments, $0.

(3) General Science, Space, and Technology (250):

Fiscal year 1984:

(A) New budget authority, $8,550,000,000.

(B) Outlays, $8,300,000,000.

(C) New direct loan obligations, $150,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:

(A) New budget authority, $8,790,000,000.

(B) Outlays, $8,540,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:

(A) New budget authority, $8,800,000,000.

(B) Outlays, $8,680,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:

(A) New budget authority, $8,850,000,000.

(B) Outlays, $8,710,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(4) Energy (270):

Fiscal year 1984:

(A) New budget authority, $3,000,000,000.

(B) Outlays, $3,000,000,000.

(C) New direct loan obligations, $4,700,000,000.

(D) New primary loan guarantee commitments, $50,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:

(A) New budget authority, $4,170,000,000.

(B) Outlays, $3,350,000,000.

(C) New direct loan obligations, $4,740,000,000.

(D) New primary loan guarantee commitments, $50,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:

(A) New budget authority, $3,940,000,000.

(B) Outlays, $2,710,000,000.

(C) New direct loan obligations, $4,720,000,000.

(D) New primary loan guarantee commitments, $50,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:

(A) New budget authority, $3,610,000,000.

(B) Outlays, $1,530,000,000.

(C) New direct loan obligations, $4,830,000,000.

(D) New primary loan guarantee commitments, $50,000,000.

(E) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

Fiscal year 1984:

(A) New budget authority, $12,000,000,000.

(B) Outlays, $12,400,000,000.

(C) New direct loan obligations, $50,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:

(A) New budget authority, $11,330,000,000.

(B) Outlays, $11,370,000,000.

(C) New direct loan obligations, $50,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:

(A) New budget authority, $11,020,000,000.

(B) Outlays, $10,800,000,000.

(C) New direct loan obligations, $50,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:

(A) New budget authority, $10,550,000,000.

(B) Outlays, $10,030,000,000.

(C) New direct loan obligations, $50,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.
(6) Agriculture (350):
Fiscal year 1984:
(A) New budget authority, $4,250,000,000.
(B) Outlays, $10,800,000,000.
(C) New direct loan obligations, $11,200,000,000.
(D) New primary loan guarantee commitments, $4,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $13,620,000,000.
(B) Outlays, $14,300,000,000.
(C) New direct loan obligations, $7,700,000,000.
(D) New primary loan guarantee commitments, $6,850,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $6,580,000,000.
(B) Outlays, $6,690,000,000.
(C) New direct loan obligations, $3,010,000,000.
(D) New primary loan guarantee commitments, $7,240,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $6,200,000,000.
(B) Outlays, $6,310,000,000.
(C) New direct loan obligations, $2,430,000,000.
(D) New primary loan guarantee commitments, $6,760,000,000.
(E) New secondary loan guarantee commitments, $0.
(7) Commerce and Housing Credit (370):
Fiscal year 1984:
(A) New budget authority, $5,600,000,000.
(B) Outlays, $4,050,000,000.
(C) New direct loan obligations, $6,150,000,000.
(D) New primary loan guarantee commitments, $50,000,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1985:
(A) New budget authority, $4,780,000,000.
(B) Outlays, $1,710,000,000.
(C) New direct loan obligations, $2,890,000,000.
(D) New primary loan guarantee commitments, $56,110,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1986:
(A) New budget authority, $4,460,000,000.
(B) Outlays, $770,000,000.
(C) New direct loan obligations, $2,290,000,000.
(D) New primary loan guarantee commitments, $59,050,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1987:
(A) New budget authority, $5,110,000,000.
(B) Outlays, $1,180,000,000.
(C) New direct loan obligations, $1,700,000,000.
(D) New primary loan guarantee commitments, $61,680,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
(8) Transportation (400):
Fiscal year 1984:
(A) New budget authority, $29,400,000,000.
(B) Outlays, $25,900,000,000.
(C) New direct loan obligations, $1,150,000,000.
(D) New primary loan guarantee commitments, $450,000,000.
(E) New secondary loan guarantee commitments, $.0
Fiscal year 1985:
(A) New budget authority, $25,810,000,000.
(B) Outlays, $24,970,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $450,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $26,380,000,000.
(B) Outlays, $25,530,000,000.
(C) New direct loan obligations, $40,000,000.
(D) New primary loan guarantee commitments, $500,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $26,760,000,000.
(B) Outlays, $25,830,000,000.
(C) New direct loan obligations, $30,000,000.
(D) New primary loan guarantee commitments, $490,000,000.
(E) New secondary loan guarantee commitments, $0.
(9) Community and Regional Development (450):
Fiscal year 1984:
(A) New budget authority, $7,250,000,000.
(B) Outlays, $7,750,000,000.
(C) New direct loan obligations, $1,650,000,000.
(D) New primary loan guarantee commitments, $350,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $6,030,000,000.
(B) Outlays, $7,580,000,000.
(C) New direct loan obligations, $860,000,000.
(D) New primary loan guarantee commitments, $350,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $6,630,000,000.
(B) Outlays, $7,150,000,000.
(C) New direct loan obligations, $970,000,000.
(D) New primary loan guarantee commitments, $350,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $6,800,000,000.
(B) Outlays, $7,030,000,000.
(C) New direct loan obligations, $1,130,000,000.
(D) New primary loan guarantee commitments, $400,000,000.
(E) New secondary loan guarantee commitments, $0.
(10) Education, Training, Employment and Social Services (500):
Fiscal year 1984:
(A) New budget authority, $31,350,000,000.
(B) Outlays, $28,150,000,000.
(C) New direct loan obligations, $800,000,000.
(D) New primary loan guarantee commitments, $7,400,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $29,060,000,000.
(B) Outlays, $28,160,000,000.
(C) New direct loan obligations, $570,000,000.
(D) New primary loan guarantee commitments, $7,750,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $30,080,000,000.
(B) Outlays, $29,060,000,000.
(C) New direct loan obligations, $370,000,000.
(D) New primary loan guarantee commitments, $800,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $31,400,000,000.
(B) Outlays, $30,230,000,000.
(C) New direct loan obligations, $420,000,000.
(D) New primary loan guarantee commitments, $8,150,000,000.
(E) New secondary loan guarantee commitments, $0.
(11) Health (550):
Fiscal year 1984:
(A) New budget authority, $31,600,000,000.
(B) Outlays, $30,800,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $200,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $33,040,000,000.
(B) Outlays, $33,920,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $150,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $36,030,000,000.
(B) Outlays, $35,640,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $150,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $38,180,000,000.
(B) Outlays, $37,610,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $150,000,000.
(E) New secondary loan guarantee commitments, $0.
(12) Social Security and Medicare (570):
Fiscal year 1984:
(A) New budget authority, $237,900,000,000.
(B) Outlays, $239,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $271,000,000,000.
(B) Outlays, $258,310,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $299,090,000,000.
(B) Outlays, $277,810,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments $0.
Fiscal year 1987:
(A) New budget authority, $326,970,000,000.
(B) Outlays, $300,490,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(13) Income Security (600):
Fiscal year 1984:
(A) New budget authority, $118,450,000,000.
(B) Outlays, $97,050,000,000.
(C) New direct loan obligations, $1,000,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $139,470,000,000.
(B) Outlays, $111,390,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $146,180,000,000.
(B) Outlays, $114,020,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $156,620,000,000.
(B) Outlays, $114,440,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
(14) Veterans Benefits and Services (700):
Fiscal year 1984:
(A) New budget authority, $26,150,000,000.
(B) Outlays, $25,800,000,000.
(C) New direct loan obligations, $1,350,000,000.
(D) New primary loan guarantee commitments, $18,650,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $26,470,000,000.
(B) Outlays, $25,710,000,000.
(C) New direct loan obligations, $1,200,000,000.
(D) New primary loan guarantee commitments, $22,850,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $26,610,000,000.
(B) Outlays, $26,170,000,000.
(C) New direct loan obligations, $1,000,000,000.
(D) New primary loan guarantee commitments, $25,500,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $26,860,000,000.
(B) Outlays, $26,530,000,000.
(C) New direct loan obligations, $950,000,000.
(D) New primary loan guarantee commitments, $28,800,000.
(E) New secondary loan guarantee commitments, $0.
(15) Administration of Justice (750):
Fiscal year 1984:
(A) New budget authority, $5,950,000,000.
(B) Outlays $5,950,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $5,590,000,000.
(B) Outlays, $5,630,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $5,570,000,000.
(B) Outlays, $5,550,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $5,470,000,000.
(B) Outlays, $5,450,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(16) General Government (800):
Fiscal year 1984:
(A) New budget authority, $5,450,000,000.
(B) Outlays, $5,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $5,380,000,000.
(B) Outlays $5,220,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $5,310,000,000.
(B) Outlays $5,130,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $5,010,000,000.
(B) Outlays $4,830,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(17) General Purpose Fiscal Assistance (850):
Fiscal year 1984:
(A) New budget authority, $6,800,000,000.
(B) Outlays, $6,800,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $4,350,000,000.
(B) Outlays, $4,350,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $2,100,000,000.
(B) Outlays, $2,100,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $2,170,000,000.
(B) Outlays, $2,170,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(18) Interest (900):
Fiscal year 1984:
(A) New budget authority, $109,650,000,000.
(B) Outlays, $109,650,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $124,140,000,000.
(B) Outlays, $124,140,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $136,310,000,000.
(B) Outlays, $136,310,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $143,160,000,000.
(B) Outlays, $143,160,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(19) Allowances (920):
Fiscal year 1984:
(A) New budget authority, $650,000,000.
(B) Outlays, $750,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $1,010,000,000.
(B) Outlays, $1,040,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $2,750,000,000.
(B) Outlays, $2,890,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:

(A) New budget authority, $4,680,000,000.

(B) Outlays, $4,950,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(20) Undistributed Offsetting Receipts (950):

Fiscal year 1984:

(A) New budget authority, −$15,200,000,000.

(B) Outlays, −$15,200,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:

(A) New budget authority, −$38,730,000,000.

(B) Outlays, −$38,730,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:

(A) New budget authority, −$51,680,000,000.

(B) Outlays, −$51,680,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:

(A) New budget authority, −$63,550,000,000.

(B) Outlays, −$63,550,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

RECONCILIATION

SEC. 2. (a) Not later than May 1, 1984, the House committees named in subsections (b) through (q)(1) of this section shall submit their recommendations to the House Budget Committee. After receiving these recommendations, the Committee on the Budget shall report to the House a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

(b) The House Committee on Agriculture shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $1,148,000,000 and outlays by $1,148,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $9,338,000,000 and outlays by $9,338,000,000 in fiscal year 1986; and requires decreases of budget authority by $10,890,000,000 and outlays by $10,890,000,000 in fiscal year 1987.

(c) The House Committee on Armed Services shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section (401)(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $3,542,000,000 and outlays by $3,542,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $9,398,000,000 and outlays by $9,398,000,000 in fiscal year 1986; and requires decreases of budget authority by $17,531,000,000 and outlays by $17,531,000,000 in fiscal year 1987.

(d) The House Committee on Banking, Finance, and Urban Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section (401)(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $7,809,000,000 and outlays by $7,809,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $9,049,000,000 and outlays by $9,049,000,000 in fiscal year 1986; and requires decreases of budget authority by $9,902,000,000 and outlays by $9,902,000,000 in fiscal year 1987.

(e) The House Committee on Education and Labor shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section (401)(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $505,000,000 and outlays by $504,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $972,000,000 and outlays by $972,000,000 in fiscal year 1986; and requires decreases of budget authority by $1,030,000,000 and outlays by $1,030,000,000 in fiscal year 1987.

(f) The House Committee on Energy and Commerce shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section (401)(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $648,000,000 and outlays by $648,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $885,000,000 and outlays by $885,000,000 in fiscal year 1986; and requires decreases of budget authority by $1,235,000,000 and outlays by $1,235,000,000 in fiscal year 1987.

(g) The House Committee on Foreign Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section (401)(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $2,204,000,000 and outlays by $2,204,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $2,401,000,000 and outlays by $2,401,000,000 in fiscal year 1986; and requires decreases of budget authority by $2,643,000,000 and outlays by $2,643,000,000 in fiscal year 1987.

(h) The House Committee on Government Operations shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section (401)(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $2,292,000,000 and outlays by $2,292,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $4,592,000,000 and outlays by $4,592,000,000 in fiscal year 1986; and requires decreases of budget authority by $4,874,000,000 and outlays by $4,874,000,000 in fiscal year 1987.

(i) The House Committee on Interior and Insular Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section (401)(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $19,000,000 and outlays by $19,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $56,000,000 and outlays by 56,000,000 in fiscal year 1986; and requires decreases of budget authority by $97,000,000 and outlays by $97,000,000 in fiscal year 1987.

(j) The House Committee on the Judiciary shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section (401)(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $382,000,000 and outlays by $382,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $410,000,000 and outlays by $410,000,000 in fiscal year 1986; and requires decreases of budget authority by $454,000,000 and outlays by $454,000,000 in fiscal year 1987.

(k) The House Committee on Merchant Marine and Fisheries shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section (401)(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $710,000,000 and outlays by $710,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $794,000,000 and outlays by $794,000,000 in fiscal year 1986; and requires decreases of budget authority by $858,000,000 and outlays by $858,000,000 in fiscal year 1987.

(l) The House Committee on Post Office and Civil Service shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section (401)(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $11,000,000 and outlays by $11,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $31,000,000 and outlays by $31,000,000 in fiscal year 1986; and requires decreases of budget authority by $61,000,000 and outlays by $61,000,000 in fiscal year 1987.

(m) The House Committee on Public Works and Transportation shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section (401)(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $2,232,000,000 and outlays by $2,232,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $2,610,000,000 and outlays by $2,610,000,000 in fiscal year 1986; and requires decreases of budget authority by $3,033,000,000 and outlays by $3,033,000,000 in fiscal year 1987.

(n) The House Committee on Science and Technology shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section (401)(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $2,000,000 and outlays by $2,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires de-

creases of budget authority by $8,000,000 and outlays by $8,000,000 in fiscal year 1986; and requires decreases of budget authority by $14,000,000 and outlays by $14,000,000 in fiscal year 1987.

(o) The House Committee on Small Business shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section (401)(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $8,000,000 and outlays by $8,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $21,000,000 and outlays by $21,000,000 in fiscal year 1986; and requires decreases of budget authority by $42,000,000 and outlays by $42,000,000 in fiscal year 1987.

(p) The House Committee on Veterans Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section (401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $209,000,000 and outlays by $209,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $314,000,000 and outlays by $314,000,000 in fiscal year 1986; and requires decreases of budget authority by $446,000,000 and outlays by $446,000,000 in fiscal year 1987.

(q) The House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section (401)(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $925,000,000 and outlays by $925,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $1,609,000,000 and outlays by $1,609,000,000 in fiscal year 1986; and requires decreases of budget authority by $2,422,000,000 and outlays by $2,422,000,000 in fiscal year 1987.

AUTOMATIC SECOND BUDGET RESOLUTION

SEC. 3. (a) If Congress has not completed action by October 1, 1984, on the concurrent resolution on the budget required to be reported under section 310(a) of the Congressional Budget Act of 1974 for the 1985 fiscal year, then this concurrent resolution shall be deemed to be the concurrent resolution required to be reported under section 310(a) of such Act, for the purposes of the prohibitions contained in section 311 of such Act, notwithstanding congressional action or inaction on any reconciliation requirements contained in this concurrent resolution.

(b) Section 311(a) of the Congressional Budget Act of 1974, as made applicable by subsection (a) of this section, shall not apply to bills, resolutions, or amendments within the jurisdiction of a committee, or any conference report on any such bill or resolution, if—

(1) the enactment of such bill or resolution as reported;

(2) the adoption and enactment of such amendment; or

(3) the enactment of such bill or resolution in the form recommended in such conference report;

would not cause the appropriate allocation for such committee of new discretionary budget authority or new spending authority as described in section 401(c)(2)(C) of the Congressional Budget Act of 1974 made pursuant to section 302(a) of such Act for fiscal year 1985 to be exceeded.

(c) The provisions of this section shall cease to apply when Congress completes action on a subsequent concurrent resolution on the budget for fiscal year 1985 pursuant to section 304 or 310 of the Congressional Budget Act of 1974.

SECTION 302(b) FILING REQUIREMENT

SEC. 4. (a) It shall not be in order in the House of Representatives to consider any bill or resolution, or amendment thereto, providing—

(1) new budget authority for fiscal year 1985;

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1985; or

(3) direct loan authority, primary loan guarantee authority, or secondary loan guarantee authority for fiscal year 1985;

within the jurisdiction of any committee which has received an allocation pursuant to section 302(a) of the Congressional Budget Act of discretionary budget authority or new spending authority, as described above, for such fiscal year, unless and until such committee makes the allocation or subdivisions required by section 302(b) of the Congressional Budget Act, in connection with the most recently agreed to concurrent resolution on the budget.

(b) The prohibition contained in subsection (a) shall not apply until twenty-one days of continuous session, as defined in section 1011(5) of the Impoundment Control Act of 1974, after Congress completes action on this concurrent resolution.

The CHAIRMAN. Pursuant to House Resolution 476, the amendment is considered as having been read.

The gentleman from California (Mr. DANNEMEYER) will be recognized for 30 minutes, and a Member opposed will be recognized for 30 minutes.

The Chair now recognizes the gentleman from California (Mr. DANNEMEYER).

Mr. DANNEMEYER. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, we have a serious challenge on our hands. There are two ways you can cut the deficit. You can increase taxes or you can cut spending.

These two charts on my left and your right I think demonstrate that the option of raising taxes is not a viable option for the American people at this time.

The essence of this first chart tracks the taxes on the median family income in America from 1948 through 1983.

□ 1900

This came from the work product of the Grace Commission.

You can see the taxes on the median family income have grown by a factor of 7.6 over the span of 1948 to 1983.

Yet the taxes that this median income family pays has grown by 246 times. Income up 7.6 times, taxes up 246 times.

In order to raise the necessary taxes by raising income taxes to balance the budget, we would have to increase the average rate to 15.9 percent that the median family in America would pay as opposed to what it is today, of 9.2, which would represent a 72-percent increase in taxes that the median income family would have to pay.

Then we have also heard from time to time that, "Well, let's tax the rich in America, because the rich, they are the ones that have the money, and if we tax the rich, we balance the budget."

The second chart I think very eloquently speaks to this. Ninety percent of the income in America is earned by families earning more than $35,000 a year or less. Ninety percent of it.

If we confiscate; not tax, at 50 percent or 70 percent, just confiscate all income of anybody earning more than $35,000 a year, we would run the Government of the United States for 41 days.

Now I suggest to you: Is it a viable option?

The point that I think the second chart tells us is that it is demagoguery for any of us in this business of helping to govern the country to suggest that we are going to balance the budget of this Nation by raising taxes on the rich. That is not where the income is. The income is by people earning $35,000 a year or less. That is where 90 percent of it is.

So on the basis what this data tells us, the only viable option we have before us is cutting spending, not raising taxes.

The President was deeply concerned about this and so he formed a Presidential commission early last year designated the Grace Commission. They organized themselves into 47 task forces. They had 2,000 volunteers from the private sector come together to form their activities; they contributed some $75 million in volunteer time in this process. In cash money they put up $3.4 million and formed a nonprofit corporation to produce their work product.

They produced a total of 2,478 recommendations that totaled a little over $400 billion in spending cuts that could be realized over the next 3 years. And in making these observations, one of them I think is particularly appropriate.

At a point in the work product of the Grace Commission, this statement is made, "Well, if these reductions can be made, why does not the executive branch implement them and that will be achieved?" The stumbling block is that 72 percent of them require congressional action. Twenty-eight percent can be achieved by changes in the executive branch.

The Grace Commission at one point noted there is hardly anything basic in the management of Government operations that does not require congressional approval, be it closing obsolete facilities, buying new computers, the

wage scale on Federal construction projects or just about anything that might result in greater efficiencies, including policy decisions in the VA affecting as few as three employees.

They divided their recommendations into five categories: Program waste, 443 recommendations; $160 billion; system failures, 1,152 recommendations, $151 billion; personnel mismanagement, 442 recommendations, $90 billion.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

I apologize for interrupting.

Mr. DANNEMEYER. Happy to yield to my colleague, the gentleman from New York (Mr. KEMP).

Mr. KEMP. I thank the gentleman for yielding.

Mr. Chairman, I was struck by the gravity of the tax situation illustrated by those charts that the gentleman has presented. And I just wonder, having supported the concept of the Dannemeyer budget, of course we all can find places where we disagree and I know the gentleman recognizes that everybody can support a budget without having to be supportive of every dotted "i" and crossed "t." I would have shaped our security assistance and veterans programs differently but that's always true of budgets.

But I think the gentleman has done yeoman work. I appreciate him so much for what he has done to stimulate debate on the Grace Commission report and tax and monetary reform.

I just wonder what does he envision with regard to taking the concept of tax rate reform and lowering the rates and flattening out the code and simplifying the system so we can broaden the tax base of this country and the revenue to support those programs that are important to this country's future from education, transportation and health to defense.

It is my understanding that the gentleman has included that in his budget.

Could he just amplify that for a moment.

Mr. DANNEMEYER. It is my sincere hope that either as a part of consideration of this budget alternative or some time in the budget process or some time this year, that we in the House can talk about the necessity of what the gentleman from New York (Mr. KEMP) has mentioned of reforming the Tax Code. Most of our constituents, I think, are confused and dismayed by the complexity of it and they want the concept of a flat tax at least debated in this Chamber so we can simplify our Tax Code.

Mr. KEMP. I just remind the gentleman and our colleagues the whole tax rate reduction effort began in a similar time at a similar place right here on the floor of the House during the evening in 1978, during the budget debate when John Rousselot of California, our former colleague from California stood up and offered a budget with spending reductions and an across-the-board reduction in the tax rates of all the American people of 10 percent. That was the beginning of the Reagan and Kemp-Roth tax rate reduction effort.

So you may not win and we all recognize the exigencies of time in this debate. But I want to say to the gentleman he has taken a courageous stand; he is doing the right thing, he is starting a very important debate on behalf of the future of this economy and to those who say that the only way to balance the budget is to raise taxes, the gentleman, I believe, is pointing up the fact of irrefutable evidence that growth and reducing the spending do more to balance the budget and all the tax increases that have yet to be devised by the majority leader and the chairman of the Budget Committee and Mr. HART and Mr. MONDALE and the vast majority of the Democratic leadership.

So hang in there. We are going to have tax reform and growth for the American people because of the efforts that you and others are making here tonight.

Mr. DANNEMEYER. I thank my colleague.

Mr. WALKER. Mr. Chairman, will the gentleman yield?

Mr. DANNEMEYER. I yield to my colleague from Pennsylvania.

Mr. WALKER. I thank the gentleman for yielding.

The gentleman from New York (Mr. KEMP) has just made a point and I think we want to reemphasize it. The gentleman has the only budget on the floor that anticipates using a flat rate tax as a part of dealing with the budget problem; is that not correct?

Mr. DANNEMEYER. One of the premises of this alternative is the consideration of that.

Mr. WALKER. I think also, does not the gentleman anticipate utilizing enterprise zones as a part of the budget presentation that he has before us?

Mr. DANNEMEYER. That is also one of the possibilities of this alternative.

Mr. WALKER. I think I am also correct in saying what the gentleman proposes to do is to phase in a large number of the Grace Commission reforms that would reduce the spending not by eliminating programs or having an adverse impact on the people who receive benefits from programs, but by changing the way the programs are run in a way to make them more efficient and effective; is that not correct?

□ 1910

Mr. DANNEMEYER. For instance, of the Grace recommendations, we pick up 15 percent of them in fiscal 1985, 25 percent in 1986, 30 percent in 1987, and the balance over the next 2 years.

Mr. WALKER. If the gentleman would yield further, I, too, want to congratulate him because he is bringing forth really the only reform budget on the House floor. The American people, it seems to me, are seeking real reform in the budgetary process around here. Most of the budgets that we have before us are simply twiddledee versus twiddle-dum. The gentleman has a real reform budget before us. I congratulate him for the work that he has done.

Mr. DANNEMEYER. I thank my colleague for that comment.

I want to point out because I think it is appropriate at this point to suggest that this budget alternative that is now being presented for consideration by the House is the only one without a tax increase in it.

And in addition, it has the lowest deficit for 1985. I wish I could tell my colleagues that is a balanced budget, but I would be blowing smoke in their faces if I said that. It is not that. But it is the lowest deficit of any of the budget alternatives being considered and it does not have a tax increase in it.

Mr. WALKER. If the gentleman would yield further, if one projects out the gentleman's budget for 5 years, does the gentleman not come fairly close to getting the budget balanced within a 5-year period?

Mr. DANNEMEYER. At the end of 5 years we show a deficit of $93 billion. Now that is on the economic assumption that all of us in this budget process must assume.

Let me observe that if we have just a 1-percent increase in GNP over the next 5 years, and that is not unattainable because today the premise of the Budget Committee is for an average of 3.6 increase in GNP over the next 5 years. Right now in the first quarter of this fiscal year it was 7.2. It is about 6 percent currently. If it is 1 percent higher, we can show a balanced budget at the end of 1989.

Mr. WALKER. I thank the gentleman.

Mr. DANNEMEYER. But to give the Members a little more assessment of what this budget alternative would do, it cuts about $200 billion in spending over a 3-year period. In defense it cuts $67.8 billion. In nondefense, $64.1 billion. In non-Grace Commission savings, mostly from recommendations of the Congressional Budget Office, some $53.2 billion. For a total, when added to the market plan, for a total of some $200 billion over a 3-year period.

I think it is also appropriate to point out that when you compare it to the other budgets that each contains a tax increase. In the Jones budget $8.3 billion, in the Roemer budget $11.8 billion, the Dixon budget has $50.6 bil-

lion, the McHugh budget is $14.3 billion and the MacKay contains a $9 billion increase.

Mr. KEMP. Mr. Chairman, in deciding the 1985 budget resolution, Congress will choose between the economics of austerity with higher taxes, and the economics of opportunity, growth, and jobs. Some of our colleagues believe, good news is bad news and that austerity is the answer.

This is not an economic philosophy, it is doomsaying. We must endorse the philosophy that economic growth is not harmful, indeed that it is the solution to high deficits, inflation, and unemployment. We have no reason to apologize for this recovery. Our tax cuts and the President's other economic policies have generated 4½ million new jobs, stimulated a capital spending boom twice the pace of any postwar recovery, and created such strong economic growth that budget deficits are declining rapidly—although you would never know it from news reports. The OMB estimates that 1984–88 deficits fell by $185 billion because the 1983 economic growth figures—for a single year—came in stronger than what OMB originally had forecast. And even the current projections have not caught up with the strength of the recovery. According to a group of Wall Street budget experts the 1984 deficit could come in somewhere around $150 billion, rather than the $184 billion figure that OMB projects. Add a $40 to $50 billion surplus at the State and local level and you get a fairer idea about the nature of the problem.

There is no doubt in my mind which budget substitute will help sustain and strengthen this progress toward achieving full employment and strong economic growth without inflation. The Dannemeyer budget embodies a bold pro-growth economic strategy—the sort of Republican platform which our party can put forward against the Democrats' pessimism, hand wringing, and austerity. It is not perfect and I emphatically disagree with some of the cuts and I would have shaped the savings somewhat differently, but it is the concept that deserves support.

First, the Dannemeyer budget emphatically rejects the Democrat's tax increases because they will undermine economic growth and, therefore, will actually generate higher baseline deficits. Many will say that the tax bills only close tax loopholes and will not dampen economic growth or endanger the recovery. These people have not closely examined the ways and means tax increases. The Democrats originally called the tax bill a tax simplification measure. But when it reached to three thick volumes—the last volume alone reaching to 1,000 pages—even the Democrats' could not stomach calling this monstrous bill a tax simplification measure. We should call it for what it is: a tax increase on saving, investment, and enterprise.

Many of the major tax increases now being considered in both the House and Senate are, in fact, not closing loopholes at all. Those who pass a budget resolution that recommends major revenue increases must be prepared to defend, for example, repealing the 15-percent net interest exclusion scheduled to start in 1985. This would take away a major incentive for personal savings and conceivably the drop in savings could match the expected increase in tax revenues. The tax bill also delays the expensing of business personal property for 2 years, thereby penalizing small businesses for their capital investment for 4 more years. We should also understand that the tax bill delays the drop in the top estate and gift tax rate from 60 to 50 percent for 4 years. Compared with current law, this means up to a 20-percent increase on owners of family farms and small businesses who hope to pass on their assets to their children. Do we really want to defend these tax increases and others just as inequitable and economically harmful? The Dannemeyer budget rejects these and other harmful tax increases.

Perhaps most importantly, the Dannemeyer budget resolution provides Republicans the opportunity to go on record, for the first time, in support of a simplified tax system and lower marginal tax rate. The American people are aching for a tax system which wipes away in one stroke most of the loopholes, deductions, and tax shelters which distort the American economy and allow a few taxpayers to get by without paying their fair share of the tax burden. I personally support a broadened tax base that would allow tax rates to fall to at least 30 percent on corporate income and 25 percent on personal income—which along with a broadened tax base would entail no significant loss in tax revenues. Moreover, this reform would not increase the tax burden on any income group of taxpayers.

Can you imagine the upsurge in new business starts, entrepreneurship, and investment if the top personal income tax rate were cut in half? Millions of Americans would fire their expensive tax lawyers and pull out of tax shelters to invest and save in the productive and taxable economy. There is little doubt that the sharply lower tax rates holds the promise eventually to increase tax revenues.

This is no longer an economic theory, but a conclusion based on economic fact. Due to the 1981 Tax Act, the top marginal tax rate was reduced from 70 percent down to 50 percent in one stroke on January 1982. This reduction in marginal tax rates has dramatically increased tax revenues from the upper-income groups, while relieving the tax burden on the middle- and lower-income American. Preliminary IRS tax data for 1982—the first full year of the President's income tax rate reductions—show that income revenues collected from those earning $1 million or more surged 42 percent, while those earning $10,000 or less, for example, actually contributed 13 percent less in tax revenues.

The 1981 tax rate reductions also shifted the tax burden to upper-income groups and lessened the tax burden on average and lower income Americans. In fact, the biggest percentage reduction in tax burden occured for the lowest income taxpayer. Those taxpayers making $50,000 or more, for example, paid 33 percent of total incomes taxes in 1981. But following the 1982 tax rate reduction, that income group paid 35.7 percent of total income taxes. Those making below $15,000, by comparison bore 8.7 percent of the total income tax burden in 1981, but shouldered only 7.9 percent after the Reagan tax cuts. The conclusion: if you want improve economic incentives, bolster the economy, and raise tax revenues from the rich, then lower the marginal tax rates.

Many say that we must accept a tax increase because we cut taxes too much in 1981. First, tax revenues increased—in the midst of the recession—from those higher income groups whose marginal income tax rates were cut in 1982. If anything we should have cut taxes more and sooner so that all income groups shared in the tax rate reduction. Moreover, according to the U.S. Treasury Department, only some $113 billion of the total 1981 tax cuts remain, spread over 9 years, after factoring in offsetting tax increases and bracket creep from inflation. The 1981 tax cut started off large, amounting to $1,488.1 billion over 1981–89. But automatic and legislated tax increases have offset $1,375.2 billion, or 92 percent of the tax cut. The tax burden as a share of GNP clearly shows this reality. Tax revenues are projected at 19.2 percent of GNP in 1985, approximately the same as in 1979, when taxes were 19.7 percent of GNP. The ways and means tax bill increases taxes by $92.3 billion in 1984–89, wiping out nearly all of the remaining Reagan tax cut. This should not happen. The tax cut should be defended and broadened.

I have also frequently heard that we need a tax increase to stem the budget deficit. This charge forgets that the cause of the budget deficit is not insufficient revenues, but the recession. Budget deficits skyrocketed when the bottom fell out of the economy due to a severe cutback of credit by the Federal Reserve Board. According to the OMB, the changes in economic assumptions between the March 1981 budget—which did not anticipate a serious recession—and the January 1984

budget, accounts for 94 percent of the cumulative 1982-86 deficit figures. The current and future budget deficits are largely a residue of the deep recession. Seen in this framework, the best antidote for the current deficit is economic policies to assure the continuation of a strong recovery.

Many counter that the structural deficit will still remain after the economic expansion has reached its potential. But this is only a myth designed to justify tax increases—and the increased Government spending which naturally follows. There is nothing which says that the economy can grow only at some specified rate. The Council of Economic Advisers 1984 report to the President, in fact, sharply revised downward last year's structural deficit for 1983-88 by $431 billion. The 1988 structural deficit alone fell from $306 billion to $187 billion, a 40-percent drop. Half of this decline was due to program changes, but the other half of the deficit reduction resulted from higher-than-anticipated economic growth.

Supporters of tax increases also argue that the Republicans should swallow hard and accept tax hikes as the price to pay for further budget cuts. But those spending cuts are nowhere in sight. We have heard this seductive refrain before with TEFRA. If tax increases are supposed to be part of a deal to cut spending, this time let's see the spending cuts enacted first. No more phony deals on which the Democrats welch, like the supposed $3 for $1 deal which got us TEFRA—but no significant spending cuts. The budget cuts offered in these other budget resolutions are, unfortunately, no more assured than the ones promised by TEFRA.

The Dannemeyer budget promises us real spending cuts. It holds the line on tax increases. And it recommends a comprehensive tax reform proposal that lowers tax rates and simplifies the Tax Code. This is a bold program which vividly displays our differences with the Democrats. It is an economic agenda to bolster the recovery and help bring full employment to America and as an advocate of a gold-based monetary system to help lower interest rates and keep inflation as low as possible.

Mr. JONES of Oklahoma. Mr. Chairman, I rise in opposition to the Dannemeyer amendment, and I yield myself such time as I may consume.

Mr. Chairman, let me say first of all that whether it is this substitute, the President's original budget submission, the freeze substitutes, the Roemer substitute, or others, I do not think they should be treated frivolously.

I think the gentleman from California (Mr. DANNEMEYER) has put in a lot of work in developing this budget and I think from his perspective it is the right way to go.

But let me again tell my colleagues that one of the tests of a budget this year ought to be reality. Are we willing to follow up a vote on the budget resolution with the actual votes of reconciliation, appropriations reductions, changes in the Tax Code to implement the budget? I am concerned, because I think that if we fail to implement and enforce the budget, we are doing as much harm for this economy as failure to pass a budget in the first place.

Just so our colleagues know what apparently is in the Dannemeyer substitute, let me refer to the CBO analysis of the Dannemeyer substitute. First of all, in entitlements, the Dannemeyer substitute calls for reductions in entitlements of $44 billion over the next 3 years. Now that compares to the committee resolution entitlement reduction of about $12 to $13 billion, and that compares to President Reagan's second "Rose Garden" budget he agreed to a couple of weeks ago which reconciles about $12 to $13 billion. It compares to the entitlement reductions in the Latta substitute of about $23 billion.

So the question is: Are we really going to follow through with reconciliation and cut entitlement programs by $44 billion?

If you vote for the Dannemeyer substitute, you had better be prepared to do so.

According to the CBO some of those reductions would be an increase in the guaranteed student loan origination fee, a change in the social security disability claim process of $2.4 billion, and elimination of certain agricultural price supports for a savings of $17 billion. Now compare that just for reference sake to the recently passed House/Senate Conference on Agricultural Reform which saved $2.6 billion. Are you really prepared to go in and change the whole price support system this year before the election to save $17 billion in price supports?

It assumes phasing out general revenue sharing for savings of $12 billion.

On defense, it assumes increasing after inflation at a level of 8.3 percent in real growth, which is higher than the President's most recent budget.

In nondefense discretionary programs, the Dannemeyer substitute proposes outlay savings of $44 billion over 3 years, which is twice the amounts of cuts in the Latta substitute.

From the Grace Commission it assumes 3-year savings of $153 billion in both administrative and legislative actions, although it is not specific as to how that will be achieved.

In reconciliation directives, it directs 16 House committees to cut budget authority and outlays by $121 billion. That compares to the reconciliation instructions of roughly $12 to $13 billion that most of the other substitutes are looking at.

Those are some of the things that are assumed in the Dannemeyer substitute.

I offer this information just so everyone will know what it is they are voting on if they support this substitute. I hope if it were to pass, Members would be prepared to vote for all these things.

Mr. DANNEMEYER. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I yield to the gentleman from California.

Mr. DANNEMEYER. I thank the gentleman for yielding.

The figures that the gentleman has recited are over a 3-year span; are they not?

Mr. JONES of Oklahoma. These are from CBO's analysis of the gentleman's substitute based on the information that the gentleman has given them.

Mr. DANNEMEYER. Over a 3-year span?

Mr. JONES of Oklahoma. That is correct.

Mr. DANNEMEYER. I thank the gentleman.

Mr. JONES of Oklahoma. One final thing I would say, although I suppose the gentleman from California (Mr. DANNEMEYER) does not reconcile this or mandate this. Nevertheless, his substitute contemplates a flat rate tax which, if it is to replace the present amount of revenue that is now coming into the Treasury, would be about a 17-percent across-the-board rate of tax, with no deductions. That would be a substantial tax increase for all taxpayers in roughly the $40,000 income and below.

I am not going to argue whether it is good or bad, but I do think it is important that as we discuss these substitutes, we know exactly what they assume, and that we tell the American people that if we vote for these substitutes and they pass, we will come back and vote to enforce our decisions on the appropriations bills, on the reconciliation bills on the tax bills, and on others.

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I submit that with all of the good intentions the gentleman from California has, the Congress and the President will not implement this budget and, therefore, this substitute should be voted down.

Mr. DANNEMEYER. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I yield to the gentleman from California.

Mr. DANNEMEYER. I thank my colleague for yielding.

Mr. Chairman, I can only point out—maybe I did not hear correctly—on the defense side, the defense level that is in this budget is consistent with the President's proposal of 7 percent after

inflation. So we have not made a change on that.

Mr. JONES of Oklahoma. According to the CBO analysis, it assumes an 8.3-percent real growth in fiscal year 1985, using the DOD inflation assumptions.

Mr. DANNEMEYER. Maybe the 8.3-percent real growth results in 7-percent growth after inflation. But the premise of this budget alternative on defense is $266 billion, which is 7 percent after inflation growth in 1985.

I respect what the gentleman has said very much, namely, that we in Congress are going to have to by voting on appropriation bills implement the changes, the spending cuts, that are talked about in this budget alternative. But I can respond to the gentleman this way: This is a representative body, and the American people want spending cuts rather than tax increases for us to balance the budget. And my response is that I think we are here to vote on whether or not we want to support spending cuts rather than tax increases, and that is one of the main reasons why I am presenting this alternative.

Mr. JONES of Oklahoma. Basically, that takes a different position than President Reagan takes this year on his budget where he assumes both are needed. It takes a different position than most of the other substitutes. I respect the gentleman's willingness to offer it. All I am saying is, this is what it assumes. If you vote for it, know full well what you would be expected to do if it were to pass.

Mr. DANNEMEYER. Mr. Chairman, I yield 2 minutes to the gentleman from Virginia (Mr. BLILEY).

Mr. BLILEY. Mr. Chairman, the gentleman from California does the American taxpayer a great service by bringing a true deficit-cutting budget to the floor today. This budget is the only one that reaffirms what the American people have so often expressed to each of us: That a sound economy is the best thing that Government can do for citizens.

The gentleman's alternative is the only resolution before us that properly recognizes that the answer to deficits is cutting spending and streamlining Federal management practices, rather than raising taxes. This budget places the burden of cutting our deficits equally on the Congress for program savings in all spending areas, and on the administration for savings through management initiatives. Other alternatives place the burden of our excesses on our constituent taxpayers.

The key to this alternative is that it does not pay for overspending by overtaxing, as do other budgets. Reducing deficits by raising taxes in ludicrous. The bottom line on a strong economy is how much the Government takes out of it. A balanced budget based on excessive taxation is just as bad or worse than a low-tax budget with a deficit. The gentleman has told us that the Congressional Budget Office finds that each 1-percent increase in America's GNP reduces the deficit by $325 billion over 5 years. That should be a clear signal that we cannot finance overspending by overtaxing without doing harm to the economy and taxpayers. The Dannemeyer alternative recognizes that.

The Dannemeyer alternative is the only budget before us today that has our priorities in the proper perspective. It makes a start at reducing the deficits that plague our economy. But it is more important to look at where that deficit reduction comes from. It does not make taxpayers pay for Congress mistakes. It makes Congress look at the way its programs work, and it makes the administration look at the way it manages those congressionally-mandated programs for savings. Other budgets pass the buck: They say, "Well, you're right, we messed up, but that's OK, because you're going to pay for it." How much sweeter a deal can you have than always having the taxpayer to saddle with the burden of your excesses?

We all decry the pain of deficits, and their bad effects on our economy. But those deficits are important because of what they represent. They represent what we are taking out of the economy—which is bad enough—but also that we are not paying for what we are taking out of the economy. This, in turn, causes Government to take even more out of the economy, to finance what we have already taken but not paid for. This cycle fair boggles the mind.

The Dannemeyer alternative does not pass the buck by making taxpayers foot the bill for Federal excess. It does not reduce deficits at the price of even greater intervention in the economy.

And it draws upon an important reservoir of information. The President's private sector survey on cost control—the Grace Commission—has already done the work for us. Passing a budget resolution setting spending and revenue targets is hard enough. But the reconciliation process of putting those cuts and raises into law is even more difficult. By drawing on recommendations of the Grace Commission, we can help that difficult process along.

The Grace Commission—which, by the way—was financed with private dollars, not taxpayers' dollars—has gone through Federal programs and their managing agencies and found where we can reduce unnecessary spending and wasteful management practices. The Dannemeyer budget alternative builds upon that research and the Commission's recommendations.

I cannot stress strongly enough that what we take out of the economy is what is important to look at. Every dollar that we raise in taxes is a dollar that might otherwise be devoted to hiring a new employee, or expanding an existing business, or buying a new car. Every dollar that we take in taxes to pay the interest on funds we have to borrow could be used to buy new clothes for our children, or pay for hospital care, or even contribute to charities to help the less fortunate. Every dollar that we take out of the economy in taxes is a dollar less that private companies and individuals have to invest in upgrading old plant and equipment, and means that we lose another step and another piece of some market to the Japanese and the Europeans. We could go on and on about what those dollars could be used for.

The Dannemeyer alternative emphasizes responsibility. It says "We know we're responsible for a lot of this mess, and we're willing to do what's necessary to put things rights."

Without responsible action on the Federal overspending front, we will have suffered through the latest recession for nothing. We will have put millions of Americans on the street without jobs, without the human necessities—and all for nothing. We will have made progress against inflation and nothing else, and only for the short term. We will have clamped down on our economy for nothing. Because without significant action on the spending front, we are destined to repeat this last recession over and over again. If we cannot learn from the mistakes of the last 30 years, we should not be here.

The time for partisan bickering is over. In the last 3 years, Republicans have blamed Democrats here and gone, and Democrats have blamed Republicans with equal vigor. While we are fiddling, America is burning. By raising taxes more, we are pouring federally-funded gasoline on that fire.

I urge my colleagues to support the Dannemeyer alternative in a nonpartisan fashion. We owe our constituents more leadership than we are giving them. We have the opportunity to demonstrate that leadership here today. I hope that we will not squander it.

I thank the gentleman from California for yielding, and I commend him for the hard work he has done in bringing this budget alternative to the floor.

Mr. DANNEMEYER. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania (Mr. WALKER).

Mr. WALKER. I thank the gentleman for yielding.

Mr. Chairman, we were told a few minutes ago by the Budget Committee chairman that what we have to do is consider reality here. I think that is one thing that the people should do if

they are going to look at this budget, because the reality of this budget is that it implements the Grace Commission reforms.

The American people have said over and over again, in poll after poll, in election after election, that what they want done is the budget reduced by cutting spending. The way in which you cut spending that goes along with the American people's thinking is that you cut spending by reforming Government, making it more manageable, doing the kinds of things that are necessary to make it more efficient and more effective. That is what the Grace Commission is going to do.

If we are going to accept reality that we cannot implement the Grace Commission reforms, I think we ought to know that anybody who opposes this budget is accepting that as reality, this Congress is incapable of instituting the Grace Commission reforms.

Mr. JONES of Oklahoma. If the gentleman will yield, all of the substitutes and the committee's budget adopt a whole range of Grace Commission reforms, some legislative, some administrative. Studying this substitute, I would like to ask this question: Of the $153 billion in Grace Commission savings, could the gentleman tell me how much of those have to be legislated and how much will be required to be saved by the administration in their administrative responsibilities?

Mr. WALKER. It is my understanding in this budget that a great number of them are regarded as being legislative, but it does exclude a number of the major Grace Commission reforms. For instance, it excludes military retirement reform, it excludes a long-term civil service retirement reform, it excludes the sale of all the power marketing administration reforms, it excludes the reforms suggested by the Grace Commission on Federal subsidies. In other words, there are a number of things which are not in there.

Mr. JONES of Oklahoma. I wanted to know what it included.

Mr. WALKER. As the gentleman knows, I have 2 minutes here. There is an entire paper here that goes through these, and a large portion of them are in fact the reforms that are anticipated legislatively.

Mr. JONES of Oklahoma. If we could have a copy of that, I would appreciate it.

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. WALKER) has expired.

Mr. DANNEMEYER. Mr. Chairman, I yield the gentleman from Pennsylvania 2 additional minutes.

Mr. JONES of Oklahoma. Could we have a copy of that?

Mr. WALKER. I would say to the gentleman from Oklahoma that we do have copies of the presentation over here.

I would also say that the gentleman makes a point when he suggests that a large portion of that entitlement money that is in there comes out of the farm income. I come from a heavy farming district. Most of the farmers in my district would like to see us go back to the free market in farms, and I would think that they might want to consider in an election year that one of the things we ought to be doing is changing our programs so that interest rates could come down for them, so that Federal spending comes down.

Also, I would say that the gentleman from California made the point that if his budget were adopted, with just a 1-percent increase in GNP, we would have his budget balanced by 1989.

Well, I think that is something we ought to consider, that what the gentleman has brought to us is a balanced budget, because there is no doubt in my mind that with a 2-percent cut in interest that would certainly result from the gentleman's proposal and a 2-percent cut in the unemployment rate that would surely result from the gentleman's proposal, we would get that 1-percent increase in GNP. So what we are really considering here is the only balanced budget that will be brought to the floor as well.

So I would suggest to the Members that if they want to vote and say that the reality is that this House cannot institute the Grace Commission reforms, then you vote against the Dannemeyer budget. But I would suggest that is a bad vote. If you want to vote against the only true balanced budget attempt that will be brought to the floor, vote that way, but I would suggest that that is not a vote that would be appreciated by the American people. I would suggest a yes vote on the Dannemeyer budget.

I thank the gentleman for yielding.

Mr. DANNEMEYER. I thank my colleague for his comments.

Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. MCCANDLESS).

Mr. MCCANDLESS. I thank my colleague, the gentleman from California, for yielding.

Mr. Chairman, I rise in strong support of the substitute offered by my colleague from California, Mr. DANNEMEYER.

The Dannemeyer substitute is unique among the eight substitutes that will be offered as it is not premised on the faulty assumption that the deficit is so high because taxes are too low. All of the other budget proposals rely on another large tax increase to reduce the deficit.

The question must be asked: Do tax increases reduce the deficit ? A review of recent history clearly indicates the answer to that question is "no." Since 1970, Federal revenues—taxes—have increased nearly 3½ times. During the same period of time, the deficit grew astronomically. In 1982, Congress passed the largest tax increase in history, TEFRA, which was billed as a deficit reduction measure, and yet the deficit continued to grow.

It is apparent that tax increases will not solve the deficit crisis, yet they are the cornerstone of the other proposals. I suggest to my colleagues that the "crisis" is on the other side of the ledger—expenditures are too high. The Dannemeyer budget recognizes this fact and reduces the deficit by placing long overdue restraints on Federal spending.

A budget resolution is a blueprint for the operation of the Federal Government for 1 year. Consequently, it is improbable that any resolution will be completely satisfactory. Such is the case with this substitute. While we all may have reservations about individual items contained within or omitted from this budget, it meets the goal of reducing the deficit by controlling Federal spending and not by resorting to yet another fleecing of the American taxpayer.

Therefore, I urge my colleagues to support the Dannemeyer substitute.

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Mr. DANNEMEYER. Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. LUNGREN).

Mr. LUNGREN. I thank the gentleman for yielding me this time.

Mr. Chairman, there has been a lot of discussion here about how we ought to best take care of the deficit as we see before us. One of the points attempted to be stressed by the gentleman from California (Mr. DANNEMEYER) and others is that we have over the last number of years, every year, increased our tax revenue. We have had a number of tax increases, many of them involuntary by bracket creep, and yet we have the deficits grow larger and larger.

Just 1 year ago, or a year and a half ago, we passed a major tax increase, and within weeks, the deficit did not go down, the deficit went up—at least all projections with respect to the deficit. One of the things that people fail to realize is impact on the private sector will be essentially the same whether you take funds away from it by virtue of taxes or whether you take it by virtue of borrowing those funds away from it.

The effect is virtually the same; there is less money, there is less oxygen given to the private sector. So, the gentleman from California (Mr. DANNEMEYER) has presented to us a budget here that does not base its whole activity on the premise that the primary way to reduce the deficit is to increase tax rates. Rather, it looks at spending cuts.

Everybody seems to be for spending cuts; we have a number of proposals in

the House at the present time for bipartisan commissions to do this or to do that. Of course, this Chamber contains the bipartisan commission that is supposed to reduce deficits; the elected officials of the American people, the House of Representatives.

In addition to that, we have already had a bipartisan commission come in, the Grace Commission, which has made a number of recommendations. As usual, when you attempt to challenge the conventional wisdom, what happens is that you are not seriously considered. That was the initial reaction to the Grace Commission recommendations.

It was thought that they could not be serious to suggest that we could save this amount of money. And the bureaucracy does not believe that; the Members of the House evidently, up to this point, do not believe that. The Members of the Senate do not believe that.

The establishment here in Washington just does not believe that we can make those changes. The Grace Commission have given us an opportunity to try and do that. I would suggest that we go along with Mr. DANNEMEYER and at least try that this time, if we possibly can.

Mr. JONES of Oklahoma. Mr. Chairman, I yield myself 1 minute to ask the gentleman a question.

The Grace Commission recommended $97 billion in savings in defense over the next 3 years but that does not seem to show up in the totals in the Dannemeyer substitute.

Is there a reason for that?

Mr. LUNGREN. The Dannemeyer substitute does have savings in defense. The Dannemeyer substitute approaches the defense spending from the standpoint of where we are and then does it on a percentage-increase basis. So the numbers do not precisely match those of the Grace Commission.

At the same time, it is premised on the fact that we can make savings from those found in the Grace Commission. As the gentleman from Oklahoma knows, the Grace Commission does not go into weapons systems but rather goes into management and other changes that may take place in the Defense Establishment.

Mr. DANNEMEYER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, in response to the chairman of the Budget Committee, Mr. JONES, my colleague, I can say that in this budget alternative it proposes savings in defense of $67.8 billion over the next 3 years. That is not all of the Grace Commission recommendations.

In nondefense it is $64.1 billion, for a total, from the Grace Commission recommendations of $131 billion. I have a complete list over here. It is this thick. If you want to find out chapter and verse, it is right in here. You are welcome to take it home and read it this evening, because I am sure it will give you good bedtime reading and keep you awake all night trying to figure out how we are going to save this money.

Really what it comes down to is that the only way we are going to tame this runaway monster is by cutting spending; not by raising taxes. That is the spirit in which it is offered.

I have a few moments left under the rule, and I would like to just make a recitation of some of these program cuts in the national defense area that may be of interest to the Members.

Bear in mind the Grace Commission produced 2,478 recommendations. The volumes are several feet high, in case you are interested to read them for yourself as to what they are talking about. But they have done a credible, responsible job.

These are the recommendations that in part, relate to the suggested reductions in defense. Military personnel; reevaluate the 1980 decision to reduce tours of service from 30 to 18 months; improve administration of selected reenlistment program by eliminating payments where no retention problems exist; adopt Army regimental concept.

Operations and maintenance; study issue of base realinement; close bases where significant savings exist. I will be the first to admit that this is a difficult choice for anybody serving in this body: the thought of having a military base closed in his or her district. But, my friends, we have to face reality, we cannot go on as we are. There are many bases around this country that have long ago ceased to have any particular utility to the national defense needs of this country. Somebody has to be given the authority and we are the body that has to execute the authority because we are the ones that appropriate the money. This was one of the recommendations of the Grace Commission.

Improve supply system inventory management; increase cost sharing for military health care services; consolidate DOD health care management among services.

In the area of procurement, improve the efficiency of weapons acquisition system by requiring more realistic cost estimates in selected acquisition reviews to Congress; make the procurement process more stable by expanding the use of multiyear budgeting, multiyear contracting, eliminating stretchouts. Inject more competition into procurement through greater use of dual sourcing and competitive spare parts purchases.

Those are just some of the recommendations in the defense area. In social security and medicare, let me say to my colleagues that nothing in this budget assumes or suggests that we are going to cut any beneficiary of social security.

In addition, there is nothing in this budget resolution that says we are going to take away the COLA's from social security recipients, and anybody that tells you otherwise is just misinforming you, because it is not in this document. You cannot find it because it is not part of the recommendation.

Mr. DENNY SMITH. Mr. Chairman, will the gentleman yield?

Mr. DANNEMEYER. I yield to the gentleman from Oregon.

Mr. DENNY SMITH. I thank the gentleman for yielding.

Mr. Chairman, is this budget proposal going to get us to a balanced budget quicker than any other proposal before us?

Mr. DANNEMEYER. I believe that is a correct statement because it has the lowest deficit for 1985, and the lowest deficit for 1987 and 1989.

Mr. DENNY SMITH. The gentleman does that without raising any taxes so that basically the problem is on the spending side and you are attacking that directly without having to raise taxes on the American population, as you pointed out earlier?

Mr. DANNEMEYER. That is the distinguishing feature of this budget alternative. It does not propose an increase in taxes over the existing tax system.

Mr. DENNY SMITH. Would the gentleman say in this whole process that we have been involved in, our leader earlier said that this is a totally flawed process, but in the situation we are in, certainly, if this gets us to the balanced budget the quickest, it would be the best way for a working American to receive the fruits of his labor. Is that right?

Mr. DANNEMEYER. I think that is a fair statement. I would like, for instance, as a part of this budget process, if we could establish that the levels of spending in the different categories would be fixed for all programs operating in the Federal Government so that when we adopt this budget resolution, that is the binding level. But, unfortunately, that feature is not present. I hope some day it will be.

Mr. Chairman, I reserve the balance of my time.

Mr. JONES of Oklahoma. Mr. Chairman, do we close out the debate then?

The CHAIRMAN. The gentleman reserved 3 minutes, the balance of his time.

Mr. JONES of Oklahoma. Mr. Chairman, we only have one more speaker.

The CHAIRMAN. The gentleman would be the closing speaker.

Mr. DANNEMEYER. Mr. Chairman, I reserve the balance of my time. Do I have the privilege of closing, since it is my budget alternative?

The CHAIRMAN. No; the gentleman from Oklahoma (Mr. JONES) has the privilege of closing debate.

PARLIAMENTARY INQUIRIES

Mr. DANNEMEYER. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. DANNEMEYER. Mr. Chairman, since it is my budget alternative, do I have the privilege of closing?

Mr. JONES of Oklahoma. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. JONES of Oklahoma. Mr. Chairman, the gentleman from Illinois (Mr. MICHEL) closed the debate. Those in opposition to the substitutes close the debate, as I understand the rule.

The CHAIRMAN. The gentleman from Oklahoma stated that the gentleman from Illinois (Mr. MICHEL) did close the debate; he was opposed to the amendment. Therefore, the gentleman from Oklahoma, (Mr. JONES), who is opposed to the amendment, will close this debate.

Mr. WALKER. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WALKER. Mr. Chairman, does that mean we are going to operate from here on with the idea that on all budgets that the opposition to them are going to have the right to close?

The CHAIRMAN. Under the rule, these are amendments made in order by the Rules Committee. As under the 5-minute rule, the opponents have the right to close debate.

Mr. WALKER. Further parliamentary inquiry. So I understand then, that on all the budget presentations that will be out here, that the opposition to those budgets will have the opportunity to close debate?

The CHAIRMAN. The gentleman is correct.

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Mr. DANNEMEYER. I have a parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. DANNEMEYER. Mr. Chairman, are we operating under the 5-minute rule right now?

The CHAIRMAN. We are operating under a special procedure, but it is under the principle of the 5-minute rule.

Mr. DANNEMEYER. Mr. Chairman, I have a further parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. DANNEMEYER. Under that procedure, I, as the proponent of this measure, with the burden of going forward, am not entitled to close? Is that what is being disclosed?

The CHAIRMAN. The gentleman is correct. As the gentleman may remember, the gentleman from Illinois (Mr. MICHEL) was opposed to the last amendment and he closed debate.

Mr. WALKER. Mr. Chairman, I have a further parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WALKER. Then I understand that under the process, because the gentleman from Oklahoma (Mr. JONES) will be opposing most of the amendments that come out here other than the committee amendment, the gentleman from Oklahoma, (Mr. JONES) the committee chairman, is going to be virtually given the chance to close all debate on all amendments out here?

The CHAIRMAN. The Chair is not aware of who is going to rise in opposition to all the amendments. Those who rise in opposition to the amendments will be the persons who will be entitled to close the debates.

Mr. WALKER. I have a further parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. WALKER. On the minority side, if we are in opposition to some of the budgets that are going to come out, and the gentleman from Oklahoma (Mr. JONES) is in opposition to the budgets that come out, which side will be given the opportunity to close at that point?

The CHAIRMAN. It all depends upon who is controlling the time, like all the other amendments. The rule specifically states that it is a person opposed who is controlling the time.

Mr. WALKER. I have a further parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WALKER. The gentleman from California is controlling the time.

The CHAIRMAN. Controlling the time in opposition to the amendments.

Mr. WALKER. Mr. Chairman, I have a further parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WALKER. When the minority side has a half hour of time, as I assume we will have on some of these amendments, then we will get a chance to close the debate, rather than the gentleman from Oklahoma (Mr. JONES)?

The CHAIRMAN. If the gentleman from Oklahoma (Mr. JONES) offers an amendment, then the minority has the right to close the debate.

Mr. WALKER. Mr. Chairman, I have a further parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WALKER. That does not answer my question. Let us assume that we get another amendment out here, when the amendment of the gentleman from Louisiana (Mr. ROEMER) comes out, the gentleman from Oklahoma (Mr. JONES) will be in opposition to the amendment of the gentleman from Louisiana (Mr. ROEMER) based upon what he has said previously, and there may be somebody on the minority side who will be.

The CHAIRMAN. The gentleman from Oklahoma (Mr. JONES) will be controlling the time and he will have the right to close the debate.

Mr. JONES of Oklahoma. In a spirit of comity, Mr. Chairman, I am not going to dispute the Chair, but I will be happy to let the gentleman close the debate if he wishes, with his last 3 minutes.

Mr. DANNEMEYER. Mr. Chairman, I thank my colleague.

Mr. WALKER. Mr. Chairman, I thank the gentleman from Oklahoma. I think that makes it much better.

The CHAIRMAN. The gentleman may waive his right on this matter.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 4 minutes to the gentleman from California (Mr. PANETTA).

Mr. PANETTA. I thank the gentleman for yielding this time to me.

Mr. Chairman, I think it was H. L. Mencken who said for every problem there is always a nice, simple solution that is always wrong. I think the proposal before the House is the epitome of H. L. Mencken's comment.

Those who would like to posture on a simple solution that is not only wrong but is not going anywhere, this is it.

The test, again, it seems to me on all the resolutions has to be what is the size of the deficit reduction, is it fair, is it doable? The deficit number without question is a large one, $206 billion being reduced on the deficit over 3 years.

The next question, though, I think is most important. Is it fair in the way it is accomplished? What it proposes is a reduction close to $200 billion off of domestic spending, largely impacting on entitlement programs and nondefense discretionary, that impact on the people in the most need in our society. It takes almost $200 billion in cuts there. On revenues, it is zero. But what it does provide in revenues is additional user fees. Who do user fees impact the most? People who are just managing to get by.

It provides, in addition to that, increases in defense of 7 percent in real growth, roughly approximating some $49 billion over the next 3 years.

So if we put that package together, the sole place that this budget relies on for deficit reduction are in the areas of entitlements and nondefense discretionary, period. I do not think by anybody's book that is a fair approach to deficit reduction.

The last point, which I think is the most important, is: Is this proposal doable? Can it be accomplished? I realize that the Grace Commission report is going to be used as the magic elixir to

solve all of our problems. It will take care of colds and it will take care of deficits and everything else.

The reality is that even the CBO and the General Accounting Office, in analyzing what Mr. Grace himself said would be savings of $400 billion over the next 3 years, determined that at most we are looking at $97 billion that is doable. In this proposal, the Grace Commission suggestion is somewhere around $153 billion that would be included if this budget resolution is adopted.

It is not going to happen. It is not going to happen. Phasing out a farmer's home loan, cutting of price supports for agriculture to the tune of $17 billion, health care for veterans, a series of other proposals that simply are not going to happen.

So if you want a simple solution that is wrong, then vote for Dannemeyer. Otherwise, we ought to oppose this substitute.

Mr. MACK. Mr. Chairman, will the gentleman yield?

Mr. PANETTA. I yield to the gentleman from Florida.

Mr. MACK. I thank the gentleman for yielding.

Mr. Chairman, the point has been made several times by the gentleman in the well, and also the chairman, that the question that ought to be raised here is: Is it do-able? I guess I am again asking the gentleman where he was last year and why was that question not raised last year about a budget that you put together that talked about raising $73 billion when, in fact, we had information from, I think, the Committee on Ways and Means, that said the best we could do is maybe raise $8 billion?

Mr. JONES of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. PANETTA. I would be pleased to yield to the gentleman from Oklahoma.

Mr. JONES of Oklahoma. I thank the gentleman for yielding.

Mr. Chairman, last year in the debate, in all the meetings that I had, that was a point that I tried to stress. As a matter of fact, even the $73 billion came down from what the House originally recommended. That $73 billion was agreed on by Democrats and Republicans alike at a conference and voted by both.

Mr. MACK. Not in this House. Not in this House, and that is what we are speaking about today. What is doable?

Mr. JONES of Oklahoma. I say out of the conference on the budget it was, indeed. The point is, it was not implemented. We cannot make that mistake again.

Mr. DANNEMEYER. May I inquire of the chair how much time I have remaining?

The CHAIRMAN. The gentleman from California (Mr. DANNEMEYER) has 3 minutes remaining, and the gentleman from Oklahoma (Mr. JONES) has 18 minutes remaining.

Mr. JONES of Oklahoma. Mr. Chairman, I yield myself such time as I may consume.

The CHAIRMAN. The Chair recognizes the gentleman from Oklahoma.

Mr. JONES of Oklahoma. Mr. Chairman, I might take a minute here to make two points about last year's budget.

First of all, the reconciliation bill was sent over to the other body where it was not acted upon. So on reconciliation we accomplished at least three-quarters of what we said we would do in the budget.

Second, with regard to taxes, the tax bill that came up in the fall was defeated on the rule. There was a previous tax bill, however, that would have saved about $50 billion of that $73 billion. That tax bill put a lid, a cap, on the third year of the Kemp-Roth tax bill. That passed the House, was sent to the other body, and was defeated there.

So I think the House last year largely implemented the budget. It died mostly in the other body. But without pointing fingers at any side of the Congress or either party, I think it is terribly important to keep before us this year the major issue: These deficits are large and growing. This economy so depends on what we do about these deficits. Whatever we say we are going to do tonight or tomorrow night, we must actually enforce it as the next month unfolds.

That is the whole point that I want every Member of this body to keep in mind as we take these budget resolution substitutes up. Let us be serious. Let us know what we are voting on, and once we vote on the process and the resolution, let us be willing to implement it.

The CHAIRMAN. Does the gentleman from Oklahoma (Mr. JONES) yield back his time?

Mr. JONES of Oklahoma. Yes, I do, Mr. Chairman.

□ 1950

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. DANNEMEYER) to close debate.

Mr. DANNEMEYER. Mr. Chairman, I thank the Chair for the privilege of closing.

My colleague, the gentleman from California (Mr. PANETTA), made reference to the fact—and I think he misspoke and I will say it again so that this matter is in perspective—that we picked up recommendations of the Grace Commission over the next 3 fiscal years of $67.8 billion as a reduction in defense, $64.1 billion in nondefense, and $53.2 billion in non-Grace Commission savings, making the total, along with the market plan for credit budget and net interest savings, of some $200 billion in reductions over the next 3 years. Also he alluded to the fact that the CBO has analyzed the work product of the Grace Commission.

That is true, they have. But they have only analyzed 396 of the 2,478 recommendations, or 16 percent of them. Now, those 396 comprise some $379 billion of the $424 billion of the Grace Commission savings over 3 years.

But what the gentleman from California did not say was that the CBO made no assessment for 122 items of the Grace Commission recommendations, totaling 31 percent, for a total of $87.7 billion, nor did they make any assessment of the recommendations, 2,082 of them for a savings of $61.3 billion.

The point is that the work product of the CBO has barely scratched the surface of critically analyzing what the Grace Commission recommended, and I am suggesting that in this alternative budget our recommendation is modest.

Finally, let me make this observation: I think we are at this process in the House of Representatives in terms of criticizing the budget reduction suggestions that are in this budget, and I think it is fair for this Member from California to ask anybody who criticizes these proposed reductions this question: "If you don't like these changes, if you don't like these recommendations, what are yours?"

We are at the point, and if Members do not have the courage to vote in favor of supporting these spending reductions, I would ask, "What spending reductions would you like to propose that I can vote for?" To stand around and just throw cold water on these I do not think is really being constructive. So I will say it again: "What are your proposed spending reductions?"

Finally, let me make this observation: The problem in this institution is the Congress of the United States. In each of the last 5 years we have exceeded our own budget resolution to the total of $153 billion. If we had stuck with our own budget resolutions over the last 5 years, we would substantially wipe out the deficit. The enemy is right here. It is us.

Mr. Chairman, I ask for the support of the Members of this modest spending reduction.

The CHAIRMAN. The time of the gentleman from California (Mr. DANNEMEYER) has expired. All time has expired.

The question is on the amendment in the nature of a substitute offered by the gentleman from California (Mr. DANNEMEYER).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. DANNEMEYER. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 51, noes 354, not voting 27, as follows:

[Roll No. 67]

AYES—51

Archer	Dreier	Nielson
Badham	Edwards (AL)	Oxley
Bartlett	Gekas	Packard
Bilirakis	Gingrich	Robinson
Bliley	Hansen (UT)	Roth
Broomfield	Hillis	Rudd
Brown (CO)	Hunter	Schaefer
Burton (IN)	Kemp	Sensenbrenner
Cheney	Kindness	Shumway
Conable	Livingston	Siljander
Cooper	Lowery (CA)	Smith, Denny
Corcoran	Lujan	Solomon
Craig	Lungren	Sundquist
Crane, Daniel	Mack	Vucanovich
Crane, Philip	McCandless	Walker
Dannemeyer	McCollum	Weber
Daub	Moorhead	Whitehurst

NOES—354

Ackerman	Daschle	Hammerschmidt
Addabbo	Davis	Harkin
Akaka	de la Garza	Harrison
Albosta	Dellums	Hartnett
Anderson	Derrick	Hayes
Andrews (NC)	DeWine	Hefner
Andrews (TX)	Dicks	Hertel
Annunzio	Dingell	Hightower
Anthony	Dixon	Hiler
Applegate	Donnelly	Holt
Aspin	Dorgan	Hopkins
AuCoin	Dowdy	Horton
Barnard	Downey	Howard
Barnes	Duncan	Hoyer
Bateman	Durbin	Huckaby
Bates	Dwyer	Hughes
Bedell	Dymally	Hutto
Beilenson	Dyson	Ireland
Bennett	Early	Jacobs
Bereuter	Eckart	Jeffords
Berman	Edgar	Jenkins
Bethune	Edwards (CA)	Johnson
Bevill	Edwards (OK)	Jones (NC)
Biaggi	Emerson	Jones (OK)
Boggs	English	Jones (TN)
Boland	Erdreich	Kaptur
Boner	Evans (IA)	Kasich
Bonior	Evans (IL)	Kastenmeier
Bonker	Fazio	Kennelly
Borski	Feighan	Kildee
Bosco	Ferraro	Kogovsek
Boucher	Fiedler	Kolter
Boxer	Fields	Kostmayer
Breaux	Fish	Kramer
Britt	Flippo	LaFalce
Brooks	Florio	Lagomarsino
Brown (CA)	Foley	Lantos
Broyhill	Ford (MI)	Latta
Bryant	Ford (TN)	Leach
Burton (CA)	Fowler	Leath
Byron	Franklin	Lehman (CA)
Campbell	Frenzel	Leland
Carney	Frost	Lent
Carper	Fuqua	Levin
Carr	Garcia	Levine
Chandler	Gaydos	Levitas
Chappell	Gejdenson	Lewis (CA)
Chappie	Gephardt	Lewis (FL)
Clarke	Gibbons	Lipinski
Clay	Gilman	Lloyd
Clinger	Glickman	Loeffler
Coats	Gonzalez	Long (LA)
Coelho	Goodling	Long (MD)
Coleman (MO)	Gore	Lott
Coleman (TX)	Gradison	Lowry (WA)
Collins	Gray	Luken
Conte	Green	Lundine
Conyers	Gregg	MacKay
Coughlin	Guarini	Madigan
Courter	Gunderson	Marlenee
Coyne	Hall (IN)	Marriott
Crockett	Hall, Ralph	Martin (IL)
D'Amours	Hall, Sam	Martin (NC)
Darden	Hamilton	Martin (NY)
Martinez	Perkins	Spence
Matsui	Petri	Spratt
Mavroules	Pickle	St Germain
Mazzoli	Porter	Staggers
McCain	Price	Stangeland
McCloskey	Pursell	Stark
McCurdy	Quillen	Stenholm
McDade	Rahall	Stokes
McEwen	Rangel	Stratton
McGrath	Ratchford	Studds
McHugh	Regula	Stump
McKernan	Reid	Swift
McKinney	Richardson	Synar
McNulty	Ridge	Tallon
Mica	Rinaldo	Tauke
Michel	Ritter	Tauzin
Mikulski	Roberts	Taylor
Miller (CA)	Rodino	Thomas (CA)
Miller (OH)	Roe	Thomas (GA)
Mineta	Roemer	Torres
Minish	Rogers	Torricelli
Mitchell	Rose	Towns
Moakley	Rostenkowski	Traxler
Molinari	Roukema	Udall
Mollohan	Rowland	Valentine
Montgomery	Roybal	Vandergriff
Moody	Russo	Vento
Moore	Sabo	Volkmer
Morrison (CT)	Sawyer	Walgren
Morrison (WA)	Scheuer	Watkins
Mrazek	Schneider	Waxman
Murphy	Schroeder	Weaver
Murtha	Schulze	Weiss
Myers	Schumer	Wheat
Natcher	Seiberling	Whitley
Neal	Shannon	Whittaker
Nelson	Sharp	Whitten
Nichols	Shaw	Williams (MT)
Nowak	Shelby	Williams (OH)
O'Brien	Shuster	Winn
Oakar	Sikorski	Wirth
Oberstar	Simon	Wise
Obey	Sisisky	Wolf
Olin	Skeen	Wolpe
Ortiz	Skelton	Wortley
Owens	Slattery	Wright
Panetta	Smith (FL)	Wyden
Parris	Smith (IA)	Wylie
Pashayan	Smith (NE)	Yates
Patman	Smith (NJ)	Yatron
Patterson	Smith, Robert	Young (AK)
Pease	Snowe	Young (FL)
Penny	Snyder	Young (MO)
Pepper	Solarz	Zschau

NOT VOTING—27

Alexander	Hall (OH)	Lehman (FL)
Boehlert	Hance	Markey
Daniel	Hansen (ID)	Ottinger
Dickinson	Hatcher	Paul
Erlenborn	Hawkins	Pritchard
Fascell	Heftel	Ray
Foglietta	Hubbard	Savage
Frank	Hyde	Vander Jagt
Gramm	Kazen	Wilson

□ 2000

The Clerk announced the following pair:

On this vote:

Mr. Gramm for, with Mr. Boehlert against.

Messrs. MARTIN of North Carolina, DUNCAN, MOORE, CHAPPIE, WIRTH, SPENCE, WINN, and LEWIS of Florida changed their votes from "aye" to "no."

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

□ 2010

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. ROEMER

Mr. ROEMER. Mr. Chairman, I offer an amendment in the nature of a substitute.

The CHAIRMAN. The Clerk will designate the amendment in the nature of a substitute.

The text of the amendment in the nature of a substitute is as follows:

Amendment in the Nature of a Substitute offered by Mr. ROEMER: Strike out all after the resolving clause of House Concurrent Resolution 280 and insert:

That the Congress hereby determines and declares that the concurrent resolution on the budget for fiscal year 1984 is hereby revised and replaced, the first concurrent resolution on the budget for fiscal year 1985 is hereby established, and the appropriate budgetary levels for fiscal years 1986 and 1987 are hereby set forth:

(a) The following budgetary levels are appropriate for the fiscal years beginning on October 1, 1983, October 1, 1984, October 1, 1985, and October 1, 1986:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1984: $665,000,000,000.
Fiscal year 1985: $744,800,000,000.
Fiscal year 1986: $818,800,000,000.
Fiscal year 1987: $897,300,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1984: $2,000,000,000.
Fiscal year 1985: $11,800,000,000.
Fiscal year 1986: $23,900,000,000.
Fiscal year 1987: $33,800,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1984: $913,381,000,000.
Fiscal year 1985: $1,001,333,000,000.
Fiscal year 1986: $1,086,426,000,000.
Fiscal year 1987: $1,179,061,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1984: $852,118,000,000.
Fiscal year 1985: $915,951,000,000.
Fiscal year 1986: $976,787,000,000.
Fiscal year 1987: $1,055,156,000,000.

(4) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1984: $187,118,000,000.
Fiscal year 1985: $171,151,000,000.
Fiscal year 1986: $157,987,000,000.
Fiscal year 1987: $157,856,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1984: $1,595,800,000,000.
Fiscal year 1985: $1,834,200,000,000.
Fiscal year 1986: $2,081,250,000,000.
Fiscal year 1987: $2,347,250,000,000.

and the amounts by which the statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1984: $105,800,000,000.
Fiscal year 1985: $238,400,000,000.
Fiscal year 1986: $247,050,000,000.
Fiscal year 1987: $266,000,000,000.

(b) The Congress hereby determines and declares the appropriate levels of budget authority and budget outlays, through 1987 for each major functional category are:

(1) National Defense (050)

Fiscal year 1984:

(A) New budget authority, $264,344,000,000.

(B) Outlays, $234,159,000,000.

Fiscal year 1985:

(A) New budget authority, $289,835,000,000.

(B) Outlays, $258,270,000,000.

Fiscal year 1986:

(A) New budget authority, $319,022,000,000.
(B) Outlays, $281,970,000,000.
Fiscal year 1987:
(A) New budget authority, $350,957,000,000.
(B) Outlays, $314,965,000,000.
(2) International Affairs (150)
Fiscal year 1984:
(A) New budget authority, $20,979,000,000.
(B) Outlays, $12,017,000,000.
Fiscal year 1985:
(A) New budget authority, $15,407,000,000.
(B) Outlays, $12,368,000,000.
Fiscal year 1986:
(A) New budget authority, $14,467,000,000.
(B) Outlays, $11,705,000,000.
Fiscal year 1987:
(A) New budget authority, $15,458,000,000.
(B) Outlays, $11,491,000,000.
(3) General Science, Space, and Technology (250)
Fiscal year 1984:
(A) New budget authority, $8,540,000,000.
(B) Outlays, $8,284,000,000.
Fiscal year 1985:
(A) New budget authority, $8,468,000,000.
(B) Outlays, $8,356,000,000.
Fiscal year 1986:
(A) New budget authority, $8,168,000,000.
(B) Outlays, $8,216,000,000.
Fiscal year 1987:
(A) New budget authority, $8,017,000,000.
(B) Outlays, $8,055,000,000.
(4) Energy (270)
Fiscal year 1984:
(A) New budget authority, $2,995,000,000.
(B) Outlays, $2,988,000,000.
Fiscal year 1985:
(A) New budget authority, $4,109,000,000.
(B) Outlays, $3,822,000,000.
Fiscal year 1986:
(A) New budget authority, $3,760,000,000.
(B) Outlays, $3,922,000,000.
Fiscal year 1987:
(A) New budget authority, $3,344,000,000.
(B) Outlays, $3,592,000,000.
(5) Natural Resources and Environment (300):
Fiscal year 1984:
(A) New budget authority, $11,595,000,000.
(B) Outlays, $12,257,000,000.
Fiscal year 1985:
(A) New budget authority, $11,542,000,000.
(B) Outlays, $11,733,000,000.
Fiscal year 1986:
(A) New budget authority, $11,429,000,000.
(B) Outlays, $11,537,000,000.
Fiscal year 1987:
(A) New budget authority, $11,257,000,000.
(B) Outlays, $11,188,000,000.
(6) Agriculture (350):
Fiscal year 1984:
(A) New budget authority, $4,173,000,000.
(B) Outlays, $10,114,000,000.
Fiscal year 1985:
(A) New budget authority, $14,557,000,000.
(B) Outlays, $14,785,000,000.
Fiscal year 1986:
(A) New budget authority, $15,597,000,000.
(B) Outlays, $15,438,000,000.
Fiscal year 1987:
(A) New budget authority, $16,829,000,000.
(B) Outlays, $16,709,000,000.
(7) Commerce and Housing Credit (370)
Fiscal year 1984:
(A) New budget authority, $5,583,000,000.
(B) Outlays, $4,038,000,000.
Fiscal year 1985:
(A) New budget authority, $6,363,000,000.
(B) Outlays, $2,560,000,000.
Fiscal year 1986:
(A) New budget authority, $6,292,000,000.
(B) Outlays, $2,318,000,000.
Fiscal year 1987:
(A) New budget authority, $7,699,000,000.
(B) Outlays, $3,524,000,000.
(8) Transportation (400)
Fiscal year 1984:
(A) New budget authority, $29,281,000,000.
(B) Outlays, $25,741,000,000.
Fiscal year 1985:
(A) New budget authority, $28,832,000,000.
(B) Outlays, $26,864,000,000.
Fiscal year 1986:
(A) New budget authority, $29,644,000,000.
(B) Outlays, $28,279,000,000.
Fiscal year 1987:
(A) New budget authority, $30,341,000,000.
(B) Outlays, $28,965,000,000.
(9) Community and Regional Development (450)
Fiscal year 1984:
(A) New budget authority, $7,208,000,000.
(B) Outlays, $7,778,000,000.
Fiscal year 1985:
(A) New budget authority, $6,942,000,000.
(B) Outlays, $8,426,000,000.
Fiscal year 1986:
(A) New budget authority, $7,611,000,000.
(B) Outlays, $8,164,000,000.
Fiscal year 1987:
(A) New budget authority, $7,777,000,000.
(B) Outlays, $8,244,000,000.
(10) Education, Training, Employment and Social Services (500)
Fiscal year 1984:
(A) New budget authority, $31,379,000,000.
(B) Outlays, $28,130,000,000.
Fiscal year 1985:
(A) New budget authority, $28,977,000,000.
(B) Outlays, $29,015,000,000.
Fiscal year 1986:
(A) New budget authority, $29,071,000,000.
(B) Outlays, $29,028,000,000.
Fiscal year 1987:
(A) New budget authority, $29,253,000,000.
(B) Outlays, $29,125,000,000.
(11) Health (550)
Fiscal year 1984:
(A) New budget authority, $31,584,000,000.
(B) Outlays, $30,786,000,000.
Fiscal year 1985:
(A) New budget authority, $33,017,000,000.
(B) Outlays, $34,073,000,000.
Fiscal year 1986:
(A) New budget authority, $36,060,000,000.
(B) Outlays, $35,922,000,000.
Fiscal year 1987:
(A) New budget authority, $38,515,000,000.
(B) Outlays, $38,225,000,000.
(12) Social Security and Medicare (570)
Fiscal year 1984:
(A) New budget authority, $237,890,000,000.
(B) Outlays, $239,475,000,000.
Fiscal year 1985:
(A) New budget authority, $271,483,000,000.
(B) Outlays, $255,375,000,000.
Fiscal year 1986:
(A) New budget authority, $300,528,000,000.
(B) Outlays, $271,795,000,000.
Fiscal year 1987:
(A) New budget authority, $329,879,000,000.
(B) Outlays, $291,975,000,000.
(13) Income Security (600)
Fiscal year 1984:
(A) New budget authority, $118,707,000,000.
(B) Outlays, $97,363,000,000.
Fiscal year 1985:
(A) New budget authority, $145,355,000,000.
(B) Outlays, $114,598,000,000.
Fiscal year 1986:
(A) New budget authority, $154,809,000,000.
(B) Outlays, $118,812,000,000.
Fiscal year 1987:
(A) New budget authority, $163,667,000,000.
(B) Outlays, $123,267,000,000.
(14) Veterans Benefits and Services (700)
Fiscal year 1984:
(A) New budget authority, $267,141,000,000.
(B) Outlays, $25,787,000,000.
Fiscal year 1985:
(A) New budget authority, $26,831,000,000.
(B) Outlays, $26,227,000,000.
Fiscal year 1986:
(A) New budget authority, $26,758,000,000.
(B) Outlays, $26,519,000,000.
Fiscal year 1987:
(A) New budget authority, $27,196,000,000.
(B) Outlays, $26,918,000,000.
(15) Administration of Justice (750):
Fiscal year 1984:
(A) New budget authority, $5,916,000,000.
(B) Outlays, $5,934,000,000.
Fiscal year 1985:
(A) New budget authority, $6,053,000,000.
(B) Outlays, $6,023,000,000.
Fiscal year 1986:
(A) New budget authority, $6,062,000,000.
(B) Outlays, $6,023,000,000.
Fiscal year 1987:
(A) New budget authority, $6,055,000,000.
(B) Outlays, $6,053,000,000.
(16) General Government (800):
Fiscal year 1984:
(A) New budget authority, $5,272,000,000.
(B) Outlays, $5,450,000,000.
Fiscal year 1985:
(A) New budget authority, $5,574,000,000.
(B) Outlays, $5,437,000,000.
Fiscal year 1986:
(A) New budget authority, $5,687,000,000.
(B) Outlays, $5,527,000,000.
Fiscal year 1987:
(A) New budget authority, $5,685,000,000.
(B) Outlays, $5,532,000,000.
(17) General Purpose Fiscal Assistance (850):
Fiscal year 1984:
(A) New budget authority, $6,802,000,000.
(B) Outlays, $6,802,000,000.
Fiscal year 1985:
(A) New budget authority, $6,662,000,000.
(B) Outlays, $6,660,000,000.
Fiscal year 1986:
(A) New budget authority, $6,721,000,000.
(B) Outlays, $6,719,000,000.
Fiscal year 1987:
(A) New budget authority, $7,077,000,000.
(B) Outlays, $7,008,000,000.
(18) Net Interest (900):
Fiscal year 1984:
(A) New budget authority, $109,536,000,000.
(B) Outlays, $109,536,000,000.
Fiscal year 1985:
(A) New budget authority, $124,101,000,000.
(B) Outlays, $124,101,000,000.
Fiscal year 1986:
(A) New budget authority, $138,758,000,000.
(B) Outlays, $138,758,000,000.
Fiscal year 1987:
(A) New budget authority, $154,046,000,000.
(B) Outlays, $154,040,000,000.

(19) Allowances (920):
Fiscal year 1984:
(A) New budget authority, $657,000,000.
(B) Outlays, $678,000,000.
Fiscal year 1985:
(A) New budget authority, $1,008,000,000.
(B) Outlays, $1,040,000,000.
Fiscal year 1986:
(A) New budget authority, $2,752,000,000.
(B) Outlays, $2,885,000,000.
Fiscal year 1987:
(A) New budget authority, $4,683,000,000.
(B) Outlays, $4,951,000,000.
(20) Undistributed Offsetting Receipts (950):
Fiscal year 1984:
(A) New budget authority, $−15,200,000,000.
(B) Outlays, $−15,200,000,000.
Fiscal year 1985:
(A) New budget authority, $−33,783,000,000.
(B) Outlays, $−33,783,000,000.
Fiscal year 1986:
(A) New budget authority, $−36,770,000,000.
(B) Outlays, $−36,770,000,000.
Fiscal year 1987:
(A) New budget authority, $−38,669,000,000.
(B) Outlays, $−38,669,000,000.

RECONCILIATION

SEC. 2. (a) Not later than May 1, 1984, the House committees named in subsections (b) through (i)(1) of this section shall submit their recommendations to the House Budget Committee. After receiving those recommendations, the Committee on the Budget shall report to the House a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

(c) The House Committee on Armed Services shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays by $423,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of outlays by $767,000,000 in fiscal year 1986; and requires decreases of outlays by $1,170,000,000 in fiscal year 1987.

(d) The House Committee on Education and Labor shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays by $2,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of outlays by $6,000,000 in fiscal year 1986; and requires decreases of outlays by $9,000,000 in fiscal year 1987.

(e) The House Committee on Energy and Commerce shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $2,000,000 and outlays by $71,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $3,000,000 and outlays by $168,000,000 in fiscal year 1986; and requires decreases of budget authority by $5,000,000 and outlays by $272,000,000 in fiscal year 1987.

(f) The House Committee on Post Office and Civil Service shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays by $523,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of outlays by $1,061,000,000 in fiscal year 1986; and requires decreases of outlays by $1,563,000,000 in fiscal year 1987.

(g) The House Committee on Merchant Marine and Fisheries shall report changes in laws within the jurisdiction of that committee sufficient to reduce outlays by $8,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of $16,000,000 in budget authority and $16,000,000 in outlays in fiscal year 1986; and requires decreases of $24,000,000 in budget authority and $24,000,000 in outlays in fiscal year 1987.

(h) The House Committee on Foreign Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $2,000,000 and outlays by $5,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $4,000,000 and outlays by $10,000,000 in fiscal year 1986; and requires decreases of budget authority by $6,000,000 and outlays by $16,000,000 in fiscal year 1987.

(i)(1) The House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays by $3,655,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of outlays by $7,418,000,000 in fiscal year 1986; and requires decreases of outlays by $11,769,000,000 in fiscal year 1987.

AUTOMATIC SECOND BUDGET RESOLUTION

SEC. 5. (a) If Congress has not completed action by October 1, 1984, on the concurrent resolution on the budget required to be reported under section 310(a) of the Congressional Budget Act of 1974 for the 1985 fiscal year, then this concurrent resolution shall be deemed to be the concurrent resolution required to be reported under section 310(a) of such Act, for the purposes of the prohibitions contained in section 311 of such Act, notwithstanding congressional action or inaction on any reconciliation requirements contained in this concurrent resolution.

(b) Section 311(a) of the Congressional Budget Act of 1974, as made applicable by subsection (a) of this section, shall not apply to bills, resolutions, or amendments within the jurisdiction of a committee, or any conference report on any such bill or resolution, if—

(1) the enactment of such bill or resolution as reported;

(2) the adoption and enactment of such amendment; or

(3) the enactment of such bill or resolution in the form recommended in such conference report; would not cause the appropriate allocation for such committee of new discretionary budget authority or new spending authority as described in section 401(c)(2)(C) of the Congressional Budget Act of 1974 made pursuant to section 302(a) of such Act for fiscal year 1985 to be exceeded.

(c) The provisions of this section shall cease to apply when Congress completes action on a subsequent concurrent resolution on the budget for fiscal year 1985 pursuant to section 304 or 310 of the Congressional Budget Act of 1974.

SECTION 302(b) FILING REQUIREMENT

SEC. 7. (a) It shall not be in order in the House of Representatives to consider any bill or resolution, or amendment thereto, providing—

(1) new budget authority for fiscal year 1985;

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1985; or

(3) direct loan authority, primary loan guarantee authority, or secondary loan guarantee authority for fiscal year 1985;

within the jurisdiction of any committee which has received an allocation pursuant to section 302(a) of the Congressional Budget Act of discretionary budget authority or new spending authority, as described above, for such fiscal year, unless and until such committee makes the allocation or subdivisions required by section 302(b) of the Congressional Budget Act, in connection with the most recently agreed to concurrent resolution on the budget.

(b) The prohibition contained in subsection (a) shall not apply until twenty-one days of continuous session, as defined in section 1011(5) of the Impoundment Control Act of 1974, after Congress completes action on this concurrent resolution.

COST-OF-LIVING ADJUSTMENTS

The COLA=C.P.I. minus 2 provisions of this budget do not affect the "means-tested" entitlements (SSI, AFDC, Medicaid, food stamps, school lunch, WIC and Pell grants) or Veterans Compensation and Veterans Pensions. Medicare is affected only to the extent of $4 billion in reductions over three years (1985, $1.0 billion; 1986, $1.4 billion; and 1987, $1.6 billion.)

The CHAIRMAN. Pursuant to House Resolution 476, the amendment is considered as having been read.

The gentleman from Louisiana (Mr. ROEMER) will be recognized for 30 minutes, and a Member opposed will be recognized for 30 minutes.

The Chair now recognizes the distinguished gentleman from Louisiana (Mr. ROEMER).

Mr. ROEMER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would like to talk for the next few minutes by way of a brief explanation about a budget that several dozen of us have worked on for some time. It has been called in a shorthand version, the 2-percent solution.

The 2-percent solution is not an easy budget and, therefore, some will not vote for it. It is difficult to understand. It is not a budget that takes a simple view of a complex problem. Therefore, some of us just cannot bring ourselves to make a difficult decision.

But I believe after you hear our explanation that you would agree that we meet our stated goals.

First, a budget that makes enough reduction in the deficit to be significant in the sense that interest rates would be lowered. Some have called this the 2-percent solution because we take COLA minus 2 or indexing minus 2 or 2 percent from the President's military 7 percent. That is not why we call it 2 percent. We say if we make a significant enough reduction in the deficit that interest rates will drop 2 percent, and that is the best news we could give to America.

Our second goal was to ask something of everybody. The real temptation when you put a budget together is to ask something of no one in your camp, make sure the sacrifice comes from everybody else. Our approach was a little different. We asked a little something from everybody.

Finally we use real figures. We use CBO scrubbed figures. We worked with JIM JONES in the Budget Committee looking at the assumptions behind the budget. We have not put a lot of Grace Commission savings in here. In fact, we have zero when we think we could have gotten an additional $10 or $15 billion.

A significant reduction in deficits to lower interest rates, a little bit of sacrifice from everybody in real figures. We hold the military spending to 5 percent real growth. That is a cut from the President's baseline of $76 billion in the next 3 years. It was our feeling that we could save that money without harming the military defense of our Nation.

On entitlements, we took a little sacrifice. I do not want to discount it or make it easy. I want you to listen to me carefully. We asked everyone on a COLA program, except those that were means tested, the poor, and except the veterans who had suffered disability in war who were on some disability, we asked everybody else to take COLA next year minus 2 percent; no cut in benefits, but a cut in growth. We saved on that $20 billion.

In other spending we had what we called a soft freeze. We allowed for entitlement growth means tested. We allowed for mandatory spending to continue. In no way did we hold the dollar figures the same, but where we could we froze. A soft freeze saving about $14 billion.

Finally, on taxes, we took the dollar amount from H.R. 4170, as did everybody else, with one or two exceptions, and added to that indexing minus 2 percent for 3 years. We did not eliminate indexing. We support it. We did not stop indexing. We support it.

We asked for some small give back. That was not easy. That does not make us happy. But we do not see how we can lower the deficit without tax reformation. We do not see how we can lower the deficit without taking something from the military. We do not see how we can lower the deficit without reducing entitlements by those 2 percentage points.

I think it is a fair budget. I think it is one that the American people can support, and I urge your consideration.

Mr. JONES of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. ROEMER. I yield to the gentleman from Oklahoma.

Mr. JONES of Oklahoma. The $29 billion 3-year reconciliation reduction, does that include the CPI minus 2 percent; is that a major, big portion of it?

Mr. ROEMER. I am sorry; could the gentleman repeat his question?

Mr. JONES of Oklahoma. The $29 billion 3-year outlay reduction under the reconciliation instructions.

Mr. ROEMER. That includes the $4 billion in medicare that your Budget Committee took plus $24.6 billion in COLA reductions. That is the only entitlement cuts we made. We cut health no other way.

Mr. JONES of Oklahoma. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The gentleman from Oklahoma (Mr. JONES) is recognized for 30 minutes.

Mr. JONES of Oklahoma. Mr. Chairman, I reserve the balance of my time at this point.

Mr. ROEMER. Mr. Chairman, I yield 6 minutes to our colleague, the gentleman from Texas (Mr. STENHOLM).

Mr. STENHOLM. Mr. Chairman, our Federal deficit must be reduced. Only the Congress can reduce the deficit. To reduce the deficit, we have only three choices: cut spending, raise taxes, or do both. The fiscal year 1985 budget has been the inspiration for a number of alternatives. Some of these alternatives achieve savings through spending cuts, some through tax increases, and some achieve savings through smoke and mirrors. But I submit that the best method for reducing the deficit is through a well-balanced package of spending reductions and revenue increases. There is such an alternative in the 2-percent solution. And do not be fooled by the label; this is no quick-fix or gimmick budget. This budget is realistic, fair, and equitable. It reduces spending by 2 to 1 over tax increases, and it does so across the board.

In relation to the 2-percent solution, consider the four general categories of spending in the Federal budget: nondefense discretionary spending; interest on the Federal debt; defense; and entitlement programs.

The 2-percent solution proposes a cut in nondefense discretionary spending totaling $24.5 billion over 3 years, compared to the amounts needed to maintain current services. This cut would be accomplished through a 3-year freeze on overall domestic discretionary spending.

Moving on to the second category, the interest on the national debt is projected to take up approximately 13 percent of the budget for fiscal year 1985. Try as we might, there is no way to cut that directly. About all that can be done at this point is to adopt a budget which addresses the growing size of the Federal debt, and does not add significantly to it. Note that I said "doesn't add significantly to it." Unfortunately, all of the budgetary proposals (all eight) now under consideration contribute to the national debt.

With defense spending taking up approximately 30 percent of the Federal budget, and entitlements taking up 47 percent of spending, any realistic attempt to control spending cannot fail to address the growth in these two areas of the budget.

In the area of defense, the Budget Committee provides for defense spending increases of 3.5 pecent per year real growth, as compared with the President's compromise of 7 percent per year real growth. Like all Members of the House, I believe in a strong defense, and like all of my colleagues, I have my own convictions about how we can best maintain a strong defense. The 2-percent solution provides for real growth in defense spending of 5 percent above the rate of inflation in each of the next 3 fiscal years, or 2 percent below the President's revised budget and 2 percent above the Budget Committee recommendation. For those of you who have reservations about the ability of a 5-percent real growth in defense spending being able to meet our defense needs, let me say that I share your concerns. Let me also add, however, that I am willing to make this concession because I am equally concerned about the impact which increased deficit spending is having on the economy. I also believe that we can build upon our defense posture with a 5-percent real growth, and I recognize that there are areas of waste within the defense, and perhaps a leaner budget can help to ferret out this waste.

Now we come to that part of the budget which comprises the largest portion: entitlements spending. The Congress has been understandably reluctant to address the entitlements issue in the past; this very reluctance, however, helps to explain why entitlements have ballooned, and why we appear powerless to control them. The harsh reality is that cost-of-living adjustments (COLA's) based on the Consumer Price Index (CPI) have lead to commitments beyond our national means.

On the subject of the CPI, let me remind you that the CPI was originally designed as an indicator of the price

changes that affect the consumption expenditures of a household. Over the years, however, the CPI has increasingly been used as a measure of the escalation of income payments needed to maintain a constant standard of living. The CPI was never designed for such use and has serious shortcomings as such an escalator. For instance, the housing component has contributed to significant increases in the CPI because of the rapid rise of house and mortgage interest rates; only a small fraction of homeowners are currently involved in the market for houses or mortgages, however.

The General Accounting Office has estimated that automatic COLA's accounted for at least half of the total growth in entitlement benefits during the 1990's. Current projections show that entitlements spending will surpass $2 trillion over the next 5 years. Because of their rapid growth and sheer size, entitlement programs must be one focal point of fiscal restraint. Increased taxes alone will not control this area of spending.

Social security spending will account for approximately one-fifth of all Federal spending projected for fiscal year 1985. According to a CBO study, social security recipients still receive more than 80 percent of the annual COLA's. It is worth noting that each percentage point increase in the CPI adds $1.4 billion to annual social security costs.

The 2-percent solution equitably and effectively curbs entitlements spending through the use of the CPI-minus-2 (CPI minus 2) formula. Under this proposal, COLA's would be held to 2 percent below inflation, except for means-tested programs. This provision would save $24.6 billion over 3 years.

I would like to emphasize that the CPI-minus-2 option would not apply to means-tested programs such as supplemental security income, veterans pensions, school lunch and food stamps. Any savings in social security would remain in the trust funds for payment to current and future beneficiaries.

It is true that the CPI-minus-2 option would modify the indexing provision of the income tax, which is due to take effect in 1985. I was an early proponent of tax indexing because I felt it would give lower and middle income taxpayers a break, and would also bring another degree of accountability into Congress revenue-raising practices. CPI minus 2 will have an effect on tax indexing, but it will do so in a straightforward temporary equitable manner. Again, the 2-percent solution makes cuts, and requests sacrifices, all across the board.

This proposal makes significant savings by relatively simple legislative action. This budget achieves its goals both by raising revenues and making spending cuts; this is the only realistic method for addressing deficit spending. The burden is spread across the board, and finally, this budget requires concessions of political principles by both Democrats and Republicans.

In voting for a deficit-reduction budget package, keep in mind that our responsibility extends beyond our current constituents to the grandchildren and great-grandchildren who will follow, and who will ultimately pay for the folly of unchecked Federal spending. Please join me in supporting the 2-percent solution.

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Mr. JONES of Oklahoma. Mr. Chairman, I yield 4 minutes to the gentleman from Massachusetts (Mr. DONNELLY), a member of the committee.

Mr. DONNELLY. Mr. Chairman, let me at the outset congratulate my good friend from Louisiana and my friend from Texas for taking this bold approach at deficit reduction. There is no question that if this House adopted the Roemer substitute, we would have a 3-year deficit reduction package of $225.1 billion; significant.

The problem that I have with the approach is twofold: First, in the area of COLA's, the gentleman from Louisiana is recommending that we reduce COLA's 2 percent across the board for all non-needs-tested entitlement programs.

Now, on the face of that it sounds very fair. But the problem is that the present COLA system is innately unfair. The reason COLA's were instituted years ago was to protect people from the ravages of inflation. But the problem is that COLA's are based on a percentage; we are talking about real dollars. Just quickly, for example a social security annuitant of $10,000 at a 10-percent COLA would receive an additional $1,000 a year. Another annuitant at a $40,000 yearly annuity, at a 10-percent COLA receives $4,000 a year.

There is an innate unfairness in across-the-board COLA's. I suggest to this body that an across-the-board 2-percent reduction only enacts and increases that innate unfairness. I do not think there is anybody in this institution who does not understand and is not committed to doing something about the entitlement problem and the entitlement crisis that we face in terms of fiscal policy.

I just suggest that this is not the way to do it.

The second problem that I have is with the recommendation for a 3-year freeze on domestic discretionary, programs. That is simple and I think simplicity sells. But the problem is there are some domestic discretionary programs that probably ought to be cut and there are some that maybe ought to be eliminated, but then again there are domestic discretionary programs that ought to be increased and ought to be increased substantially.

The problem I have with the Roemer substitute is that it is simple; it is very, very simple. I hope that the lessons we have learned over the course of the last 3 years in terms of simplicity and the problems they have caused this country in terms of economic policy will make us think before individuals cast their votes in the favor of the Roemer substitute. Simplicity sells, but may I suggest simplicity does not always make good economic policy.

Mr. STENHOLM. Mr. Chairman, will the gentleman yield?

Mr. DONNELLY. I yield to the gentleman from Texas.

Mr. STENHOLM. I thank the gentleman for yielding.

Mr. Chairman, I find myself in substantial agreement with the two major points the gentleman (Mr. DONNELLY) makes. It is difficult to come up with a solution that is in fact completely fair and equitable. We thank him for his comments in saying that we have come close.

I totally agree with him that when we talk about freezing without increasing that you can get into problems. But the point is we have major deficits. And any of the proposals that we will vote on, even the Dannemeyer that just went down, even if Dannemeyer had passed with the tremendous reductions that he had had in his budget, we would still look at $503 billion in deficits over the next 3 years.

Mr. DONNELLY. Let me just say if I could reclaim my time, I do not think there is any argument either amongst us on this side of the aisle or between the aisles about the magnitude of the problem of the deficit.

The question is, How do we get significant and equitable and fair deficit reduction? I suggest to the Members of this body that the Roemer approach is not the way to go.

Mr. ROEMER. Mr. Chairman, I yield 4 minutes to the gentleman from Mississippi (Mr. MONTGOMERY).

Mr. MONTGOMERY. I thank the Chair.

First I would like to take this opportunity to thank the Speaker of the House and the Rules Committee and also Mr. JONES for giving us the opportunity to offer this amendment. This is the first time in 3 years that our group has had the opportunity to present our ideas.

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I would also like to commend the two gentlemen, the gentleman from Louisiana (Mr. ROEMER) and the gentleman from Texas (Mr. STENHOLM), who have done a lot of work on the 2 percent amendment which is before t tonight.

I would like to touch on that t amendment was not just thrown gether. We have been working on

for several months now. As I mentioned earlier, we had tried to present an amendment such as this several years ago, but we were not able to do it.

Because of the Speaker and because of the Rules Committee, this really is our first shot, so we hope Members on both sides of the aisle will give us the opportunity to at least listen to the amendment.

The gentleman from Massachusetts made some points, but every budget presented in the next 24 hours someone will not like something in it. We think we have good ideas on our proposal. We think we have a good approach. We tackle every person just a little. We do not penalize certain groups, our approach is across the board. It is a commonsense approach. We do not take all the savings out of defense as a number of amendments that the Members will have tonight or tomorrow before them that reduce defense too much. We give a 5-percent true growth in military spending.

We treat the COLA's fairly. I disagree with the gentleman who just talked before me. I think it is fair to treat all the COLA's alike. Anybody who draws a Government COLA check should be treated the same way, whether it is social security or whether it is civilian retirement or a military retirement.

On domestic spending, we do make some savings. We try to keep the safety net and protect the real needy.

Also pertaining to the Roemer amendment we do raise taxes. We support H.R. 4170 and we support indexing of taxes, CPI minus 2 percent.

Now we could have included in this amendment some of the recommendations of the Grace Commission and it would have brought down our deficit more than $225 billion that we are recommending over 3 years, but we thought that was not quite realistic so we did not trigger the Grace Commission recommendations.

Finally let me say that our proposal has military true growth of 5 percent. I serve on the Military Affairs Committee. I think that is enough. If we cut it more than that, I think it will hurt our posture as far as military is concerned.

COLA's are at CPI minus 2. That is across the board. It is fair to one and all.

We slow down domestic spending and we raise some taxes.

Let us be honest with ourselves, if we implement this amendment the deficit can be reduced by $225 billion over 3 years. It makes sense. It is workable. I certainly hope the Members will support the Roemer-Stenholm-Montgomery amendment.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 3 minutes to the gentleman from Kansas (Mr. GLICKMAN).

Mr. GLICKMAN. Mr. Chairman, I was sponsor of the Jones-Campbell CPI minus 2 bill. I looked at this proposal. It is probably the best deficit reduction proposal I think we have got. I am not going to support it, but the fact of the matter is it has a downward trend on deficits, which is real positive, with a 3-year average of $162 billion for the deficits.

And it does dramatic things. But I had to ask myself, Mr. Chairman, since this budget is not self-executing, I had to pretend that it was. I have to vote for something that I think that I, in my judgment, and the rest of the House, are going to implement.

The fact of the matter is the first question is: Will the Congress really vote for these cost-of-living reductions in social security and other programs?

The answer is "No." When we actually get the legislation this year, an election year, we will not support the reductions.

So I find at least for myself that I cannot support this budget resolution because we are going to be back in the exact same position we were as last year's budget resolution, voting for tax increases that can never be effectuated.

The second thing is the freeze, the 3-year freeze on domestic discretionary spending. As my colleague from Massachusetts said, some things need to be frozen, some things do not. Today in the Agriculture Committee we approved an authorization for $225 million of new dollars to provide help so farmers will not tear up highly erodible land, a very serious national program.

And it is just as a practical matter around this place, there will be items that you are going to have to go up on and items that you go down on.

I guess when I come down to the entire situation I say to my colleague from Louisiana and others, that I have got to vote for a budget resolution that I think is going to be passed in this place. I have to vote for one that I think Members will support in appropriations bills. I have to vote for one that Members are going to support in tax bills.

Mr. ROEMER. Mr. Chairman, will the gentleman yield?

Mr. GLICKMAN. I yield to the gentleman from Louisiana.

Mr. ROEMER. I thank the gentleman for yielding.

There is no Member of the House I admire more in terms of courage and intelligence. It shocks me to have the gentleman not discern the following mystery. How can Members of Congress, individually and collectively, feel this is the best budget before them, but not have the courage to vote for it? Hiding behind the fact that Congress will not then have the courage to follow what they voted on. We need guys like you.

Mr. GLICKMAN. Thank you.

Let me comment on a couple of things. There are a couple of good budgets before us. This has in terms of a long term some very substantial proper deficit reduction measures. The cost-of-living reduction.

The fact of the matter is this year we have got a deficit crisis and I have to be in the judgment, the pragmatic judgment of trying to come up with a proposal that the rest of us are going to vote for.

I know what happens when Mr. ROSTENKOWSKI brings a social security bill to the floor with a 2-percent COLA reduction. It might get 100 votes at the most.

That is why I think in all honesty, regardless of what we think is best for the long-term purpose of this deficit reduction, the Jones proposal, the Budget Committee proposal, offers the most realistic chance to get passed by this House.

Mr. ROEMER. Mr. Chairman, I yield 2 minutes to the gentleman from Georgia (Mr. BARNARD).

Mr. BARNARD. Mr. Chairman, today I rise to support the 2-percent solution. It asks a minimum sacrifice across the board from all who can afford it, while preserving the safety net for those who cannot.

It allows a 5-percent real growth in military spending, and achieves economy without sacrificing security.

Simply put, it is the fairest, most even-handed of all the eight budgets considered here today.

The 2-percent solution cuts no entitlement benefits. Means-tested programs are fully funded. Other entitlements growth at the CPI rate minus 2 percentage points. Remaining domestic programs are frozen at 1984 levels and foreign aid is cut $2.8 billion per year.

On the revenue side, the 2-percent solution goes one step further than H.R. 4170. Tax indexing will proceed as scheduled, but at the CPI rate minus 2 percentage points. This small adjustment saves $22 billion.

The 2-percent solution does not rely on Grace Commission savings. All our numbers have been cleared and double checked by the Congressional Budget Office. There are no phony or double-counted numbers; there are no false and fleeting hopes.

The 2-percent solution does not ask for further sacrifices from our veterans. It only asks that those who benefit most from this great country share equally in getting it back on course.

The 2-percent solution saves $225 billion in 3 years. It is the fairest and best response to the threatening specter of $200 billion deficits.

Look at the major assumptions of this budget and tell me honestly who will feel pain.

Will it be the elderly widow in my district who waits anxiously for that monthly social security check?

No; her benefits will not be cut.

Will it be the veteran who relies on a pension check to make ends meet?

No; his benefits will not be cut.

Will it be the young mother, who struggles to support her family on AFDC payments and food stamps?

No; her benefits will not be cut, and she will get a full cost-of-living increase.

Will it be the security and safety of our Nation's defense?

No; 5 percent real growth still gives us a strong, stable force, ready and able to defend this country.

This budget is the best budget for America because it is the fairest and most equitable. But there is another reason it is best. It is also best because it will eventually make interest rates tumble.

If we achieved a $200 billion deficit reduction over 3 years—and I think with this budget we can—I would not be surprised to see interest rates come down sharply.

That translates into better days for the homebuilders all across America, and for the families who want to buy those homes.

It translates into better days for America automakers, who must compete with the threat of imports. It means good news for every man or woman whose business is affected by exports, and for every American whose job depends on exports.

The poultry farmers in Georgia and the autoworkers in Michigan share a stake in our country's future, and in our quest to keep interest rates low. Lower interest rates, a lower deficit—we can achieve them, if we adopt this budget.

Mr. ROEMER. Mr. Chairman, I yield 2 minutes to the gentleman from Texas (Mr. SAM B. HALL, JR.)

Mr. SAM B. HALL, JR. Mr. Chairman, I would like to again, as others have done, thank the gentlemen from Louisiana (Mr. ROEMER), from Texas (Mr. STENHOLM), and Mississippi for bringing, I think, to us tonight the best budget reduction plan of the six or seven that will be offered.

Let me say at the outset that there is no way to approach this problem, and that is what it is, without stepping on the toes of some people who are the recipients of more Government than sometimes we are willing to pay for.

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Everywhere I go in my district, people tell me, they demand, that something must be done about the deficit. They are asking us to do something that might help themselves and their children. What we are doing here with this resolution and this amendment is to affect those things that need to be affected.

I do not think anyone within the sound of my voice will make the proposition that the COLA's are equitable to all parties. We know—whether it be social security, military, civilian retirements, or whatever—that COLA's are going to bankrupt us to a certain degree. We know that they are not equal or equitable in every respect.

Now, just how do you approach something like that? Well, I think we are going to have to just really cinch up the girth, we are going to have to tighten the saddle, and we are going to have to hit that entitlement program like we have never done before. And you cannot do it—it cannot pass this body, it cannot be effective, in the long run—unless we do what this Roemer amendment says to do. I urge the Members to support it.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 5 minutes to the gentleman from Texas (Mr. PICKLE), the distinguished chairman of the Social Security Subcommittee.

Mr. PICKLE. Mr. Chairman, the amendment offered by the gentleman from Louisiana (Mr. ROEMER) is a proposal that speaks to a problem that we eventually must confront if we are ever going to get control over the budget or these deficits.

Specifically, he proposes to reduce the rate of growth in our entitlement programs.

In my opinion, the 2-percent proposal may be too severe but it ought to be understood by our membership that this entitlement issue should be considered and considered soon.

Moreover, there may be better ways to approach the entitlement issue than simply limiting cost-of-living increases.

Last year, this Congress voted for a 6-month delay on cost-of-living increases for social security recipients. That was no small sacrifice. It hurt a lot of people and those people were among the few groups that really had to make sacrifices in order to stabilize our social security trust funds. To their credit, they have accepted this delay in as good a grace as possible.

If we were to pass the 2-percent solution tonight, you would be asking these people to be cut again on top of the reduction we made last year. That seems to me to be unfair.

Moreover, the social security bill last year provided a stabilizing provision to require that future cost-of-living increases be based on the lesser of the increase in wages or the increase in prices if the trust fund reserves got below a certain point.

But our social security trust fund is not in trouble at this time. That stabilizing provision will not be triggered this year. There is no impending crisis in social security that requires us to make further cost-of-living reductions at this point. The trust fund is in balance and while we must constantly monitor the situation the current revenues and current COLA formula should be sufficient to maintain a balanced, stable system.

But it is not unfair to say that some reductions in entitlement programs must be considered, particularly in civilian and military retirement which constitute two of the biggest entitlement burdens on the general treasury. While this amendment would make reductions in several programs, it in fact hits social security recipients twice.

I have another concern about the gentleman's amendment although I admire him for offering this approach. It would be difficult to explain how we cut social security and civilian and military retirees while at the same time allowing defense spending to increase not only for inflation but with 5 percent real growth. That seems to be an imbalance to me.

But I do think the gentleman from Louisiana brings to our attention one aspect of the budget that must be looked at later on.

I think the American people must be told we will need to get into this area. It is my humble opinion that Congress will have hearings and discussions on the entitlement question. It is not unreasonable to think that we might make some progress if all programs and all recipients are treated the same.

I find that most people, whatever their interests, are willing to make sacrifices to reduce the deficit if we are all treated the same. We cannot have that feeling sufficiently when we tie in entitlements versus defense. But my friends, we must look at entitlements this fall or next year and I hope to be an active participant in these discussions.

I must say, however, that I cannot support this amendment but I think the gentleman is on the right track and I am sure we will hear more about this issue in the months and years ahead.

Mr. ROEMER. Mr. Chairman, will the gentleman yield?

Mr. PICKLE. I yield to the gentleman from Louisiana.

Mr. ROEMER. I thank the gentleman for yielding. I thank him for his generous remarks and for his years of effort in this very area, and I look forward to working with him and others on this problem later in the year if we do not have the courage to tackle it tonight.

I thank the gentleman.

Mr. PICKLE. We will be working with the gentleman.

Mr. ROEMER. Mr. Chairman, I yield 3 minutes to the gentleman from South Carolina (Mr. CAMPBELL).

Mr. CAMPBELL. Mr. Chairman, I rise in support of this budget resolu-

tion because it does try to deal with the problem that we are facing and that we do not have the intestinal fortitude to deal with; that is, the structural deficit that we have in this country. We have two types of deficits. One is cyclical; one is structural. One is caused by the ups and downs of the economy; the other is built into our budgeting system.

When we indexed programs to inflation originally, we recognized the fact that we would have problems and, therefore, the law says that if inflation is under 3 percent, you do not get any increase in your COLA. Bear in mind that this says that it is CPI minus 2, and the law today says that if it is under 3 percent you get nothing.

So we have recognized this all along, that we were going to have problems. As a matter of fact, over the last 10 years CPI overpaid COLA's by some 22 percent above the erosion of the dollar during that same period of time, and it compounds, and we have paid for it. The chairman of the Budget Committee recognizes this and I recognize the same thing because we sponsored this legislation to deal with it.

This is the only honest way to try to deal with the problem.

And let me say to the rest of you that as far as speaking of social security, we put in a trigger mechanism for social security. Social security, if the trust fund drops in 1985, goes to the lower of wages or prices.

Now, we have already done that. And it changes in 1980. If the social security trust fund drops under 20 percent, it still triggers down.

If you had had the same provision of the lower of wages and prices over the last 10 years, you would have paid out some 24 percent less in COLA's, and you have done that to the people on social security already in law and you voted for it. And yet you are not willing to take this floor tonight and vote for the rest of the COLA's to do the same thing.

This is the most honest presentation that has come before us. There are no hidden figures in it. It is real. I do happen to think that the defense area of it is a little low, but I am going to support it anyhow because it deals with the structural problems of 40 percent of our budget. We only have control over 24 percent of this budget. The rest of it is automatic. Unless we face this problem, we are fooling the American people.

□ 2050

Mr. ROEMER. I just want the gentleman from South Carolina to know that even though I think the defense figures are a little high, I am going to support it, too.

Mr. Chairman, I yield 2 minutes to the gentlewoman from New Jersey (Mrs. ROUKEMA).

Mrs. ROUKEMA. I thank the gentleman for yielding me this time.

Mr. Chairman, I rise in opposition to both the House Budget Committee's resolution and the Republican substitute. I do so out of deep concern for a credible plan for deficit reduction and our need to pass a budget that is balancing the needs of domestic and defense requirements in an equitable fashion.

The defense budget, I believe, is central to our discussion today. Our responsibility is twofold: First, to insure that the defenses of this Nation are strong enough to prevent aggression and keep the peace. Second, to insure that the American people's hard-earned tax dollars are spent wisely—that the military has an incentive to be more efficient, and that the deficits, which endanger our Nation, can be reduced.

Of the options before us—the substitute offered by Mr. ROEMER is most realistic in reducing the deficit.

I had intended to offer an amendment to provide for a real growth rate of 5 percent in defense spending. While my plan would have increased actual dollars spent on defense, it also would have been an incentive to set realistic defense priorities and consequently, enhance the value we derive from the recent growth in defense spending. Unfortunately, my appeal to offer a 5-percent amendment yesterday before the Rules Committee was denied. Fortunately, the Roemer substitute provides a vehicle.

In light of the increase already in place and the vast dollars committed, I feel we can accomplish with a 5-percent increase the same result that my colleagues who proposed a 7-percent increase are seeking. Five percent real growth alone may appear modest—but coming on the heels of 40-percent increases over the last 4 years, it should be fully enough to keep the momentum of defense improvement moving forward on a steady course.

A measured, steady spending of defense dollars—such as the 5-percent rate would accomplish the twin goals of keeping our defense strong and bringing down the deficit. We must deter aggression. But, to do so, we must require the Pentagon to set careful priorities, whereby we can bring balance into the budget process and set sensible targets for defense spending. I would like to remind my colleagues that last year after a protracted struggle this body saw fit to provide for a 5-percent real growth rate for defense.

It is clear from meeting with my constituents that one of the greatest concerns the American people have is the huge Federal deficit. In a recent poll I conducted throughout the Fifth District of New Jersey, citizens demanded by a wide margin that something be done about run away Federal spending, including defense spending. Right now, one out of every $5 the U.S. Government spends is a borrowed dollar. Deficit spending mortgages the future and is a sad legacy to leave our children. It is dangerous—dangerous to economic stability, a growing job market and imperils our national defense.

It is time to recognize that deficits threaten our national security as surely as any foreign adversary. For this reason, the 8.3-percent spending increase offered in the Republican substitute plan—$9.5 billion in fiscal year 1985—is simply too expensive for a nation already staring into the face of a staggering deficit.

I think we make a serious mistake if we fail to view the deficit as a danger to American security. In the words of the March 26, 1984 edition of Business Week.

> A great power that is unwilling to pay for its policies ends up as a country unable to preserve them. History shows that great powers, from the Roman Empire to the British Empire, have run aground when they have been unable to finance their commitments. Left unattended, budget deficits are putting this country in mortal danger.

Mr. Chairman, the record deficits which plague our economy and endanger the recovery cannot be talked out of existence. We cannot afford to give lip service to this serious issue.

Throughout the last 3 years, I have warned against the ticking time bomb of "defense entitlements." The explosion in defense expenditures for which the bills will come due throughout the coming decade, need to be checked. The biggest bills for weapons approved in 1981, 1982, and 1983 will not fall due until the second half of the decade and beyond. Giving budget authority is like planting a seed—the real growth comes later.

In its well-meaning effort to improve our defenses, Congress too often ignores the problem of uncontrollable future growth in defense spending. "Defense entitlement" means that, once new weapons systems are initiated, they take on a life of their own—just like many of the runaway "Great Society" programs created in an earlier decade but paid for by today's taxpayers. With gathering momentum, once set in motion, these elaborate, vastly expensive weapons programs face expenditures in future years.

As the weapon moves from drawing board to production line, installment payments from the Pentagon grow bigger and bigger. One need not be a defense expert to know that most major weapons systems end up costing considerably more than was anticipated during their research and development stages.

In fact, the Congressional Budget Office has estimated that current DOD weapons programs may be underfunded by as much as $69 billion

over the next 5 years, even excluding inflation. Too often, the net effect is that Congress ends up throwing tax dollars at the problem without considering the economic ramifications—or without even applying sound military doctrine consistent with our global responsibilities.

When expensive weapons become seemingly entitled to funding, the result is not only an increase in the Nation's deficit, but encouragement of waste on the part of the Defense Department.

The procurement component of the defense budget has grown rapidly in recent years. Yet, does this mean America is defended in the best possible manner? The disturbing answer is no. Because, while Congress spends open-ended sums of money on certain elaborate weapons systems, the real heart of our military deterrence—operations and maintenance—is neglected.

Clearly, then, an 8.3-percent growth rate is too high. But what of the Democratic alternative—the House Budget Committee's proposed 3.5-percent figure? Unfortunately, it too is unrealistic.

Let me be clear on one point. President Reagan has played an essential leadership role, the first in many years, by drawing public attention to the long negected needs of our national security. He forcefully illustrated and spoke out about the neglect that existed in U.S. military preparedness in the past decade. In 1980 he pledged to the American people that he would close the window of vulnerability in our defenses. It is to the President's credit that he has been working hard to make good on that pledge.

I need not list all the potential harm a 3.5-percent funding level would cause, but suffice it to say the impact on reduced combat readiness of ships, planes, and personnel would be too serious to risk. At least one Army division might be deactivated; major shipbuilding programs could be halted; carrier task forces in the Indian Ocean and Mediterranean might have to be withdrawn—the list goes on and on.

How, then, do we keep faith with our pledge and desire for a Defense budget that will deter aggression and keep the peace we all cherish?

We do so by setting a budget authority level which will be high enough to give those who defend our Nation the tools they need to insure our security, yet reasonable enough to require the Defense Department to set careful priorities—and to contain the deficit.

I do not come to the floor of the House today to criticize or condemn the President's efforts to keep America strong, as some of my colleagues have done. The rebuilding of our defenses must continue. But, neither do I come here with the naive view that the Pentagon, in its rebuilding, need not concern itself with priorities. If, for example, the cost-saving ideas of the Grace Commission are ever to see the light of day—if better defense management and waste reduction are to happen—we will need to send a signal loud and clear.

The administration recommendations, even as amended, are simply too high. The Budget Committee's are too low. Members who care equally about easing the deficit, persuading the Pentagon to use good judgment and keeping America strong have a chance to vote for a compromise—the Roemer budget substitute.

Members may not agree with every portion of the Roemer budget substitute. As a past supporter of income tax indexing, I oppose the 2-percent reduction in indexing assumption. However, I strongly believe that the Roemer substitute gives this body the opportunity to focus on a fundamental purpose—solid, credible savings, and deficit reductions through realistic defense spending targets.

Mr. Chairman, we should not have to choose between too much defense spending and too little. Fortunately, we have a suitable plan before us today through which we can equally meet our dual obligations: To protect our citizens and use their tax dollars wisely and well.

Having intended to offer a 5-percent growth rate for defense myself, I urge my colleagues to steer clear of a 3.5-percent growth rate too low for safety and a 8.3-percent rate too high for us to afford. My colleagues may be as interested to find out as I was that 8.3 percent is the real growth figure for defense in the Republican alternative as computed by CBO.

Mr. Chairman, there is a sensible middle course. We should take that course today. Support the Roemer substitute.

Mr. ROEMER. Mr. Chairman, I yield 1 minute to the gentleman from Texas (Mr. BARTLETT).

Mr. BARTLETT. I thank the gentleman for yielding me this time.

Mr. Chairman, you have read and heard of the details. This gentleman would just say that if there is an opportunity to make a significant reduction in the deficit this year and tonight and for in the future, this is the budget. This is the one that we can vote for that can pass; it is not anyone's first choice, I understand that. The gentleman from California has had a first choice; the gentleman from Ohio has had a first choice; I have other choices, but this is a budget in which the Members of this Congress can get together and can find a way to reduce the deficit for now and in the future.

One Member who said he was going to vote against it, said that this is the best deficit reduction plan that is available, and I hope he changes his mind, because if it is the best available, then we ought to be voting for it.

No; maybe it is not everyone's first choice, but it is a darn good second choice, and it is a second choice that can make a difference, and that is what we all ought to be here for tonight.

Deficits do matter; the gentleman from Louisiana has said that, that is the way to reduce those deficits.

Mr. ROEMER. Mr. Chairman, we have but two speakers left. I yield 30 seconds to the gentleman from Nebraska (Mr. BEREUTER).

Mr. BEREUTER. I thank the gentleman for yielding to me.

Mr. Chairman, I rise in support of the Roemer substitute. As I believe the comments of myself and the gentlewoman from New Jersey will make it quite clear, this is not a regional substitute in any way. It was admitted a few minutes ago by an opponent to this proposal that this is the best budget deficit reduction proposal before this House.

Indeed it is. It is very disappointing and discouraging to hear people in this House suggest that they are not going to support this particular proposal because the House will not have the courage to implement it.

Mr. ROEMER. Mr. Chairman, I yield such time as she may consume to the gentlewoman from Tennessee (Mrs. LLOYD).

Mrs. LLOYD. I thank the gentleman for yielding to me.

Mr. Chairman, I certainly am going to support Mr. ROEMER on his amendment, and his proposal. I think this is an excellent opportunity for Members of this body on both sides of the aisle to rise to their responsibility.

Mr. JONES of Oklahoma. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I think the gentleman from Texas (Mr. PICKLE) pointed out the major flaw in this substitute. That is that it does not fairly distribute all the deficit reduction sacrifices.

The gentleman from Louisiana (Mr. ROEMER) said we are asking something from everyone. But the fact is this particular substitute does not ask anything from the present current policy of defense spending. Current policy in defense is a 5-percent real growth. Five-percent growth after adjusting for inflation. This substitute does not diminish that or reduce that growth path of spending of defense by any amount. That is the major flaw in the substitute.

I think it is also important, however, to point out again in the hope that Members of this body will know what they are voting on and will be willing to vote next week on what they say they are voting tonight. This particular substitute would not accommodate the administration's supplemental re-

quest for Central America; it would not accommodate the food for peace nor the disability insurance amendments which have already passed this House. I think the Members ought to know that.

I want to dwell particularly on the entitlement indexing reform of the substitute. Quite frankly, I think this proposal is an idea whose time will come, although I doubt seriously it is going to come in 1984.

A number of us offered a proposal similar to this, a CPI minus 2 percent across the board. Immediately the White House sent signals that they would not support it; the Speaker has said that he would not support it; there is strong opposition to it; it is not likely to override a Presidential veto even if it were to get to the White House.

Let us just understand what we are talking about. Eventually something has to be done about indexing on both the spending side and the tax side, and that is basically what is called for here. But these are real bullets, and let us make no mistake about it: Members who vote for this this week, will be asked next week to vote for a reconciliation package that reduces indexing of taxation by 2 percent below CPI which will have savings that will be effective immediately in January 1985. Members will be asked to reduce the cost-of-living adjustments on social security, civilian and military retirement, railroad retirement, and Federal employee workers' compensation programs to 2 percent below CPI.

The total savings will be about $25 billion over the next 3 years. But next week that vote will occur. Now, those who show courage tonight, I hope will show the same courage next week. I only point this out because I think it is terribly important as we go through every substitute that we know what we are voting on and we are committed to vote that way on appropriation bills, reconciliation bills, and those other implementing legislation in the future.

Mr. CAMPBELL. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma, I yield to the gentleman from South Carolina.

Mr. CAMPBELL. The point the gentleman made I want to ask him again.

If it is a CPI minus 2 percent, it applies across the board?

Mr. JONES of Oklahoma. That is correct.

Mr. CAMPBELL. Both the income and the outlay, so it does not hit anyone disproportionately; it is fair and equal to everybody?

Mr. JONES of Oklahoma. That is correct.

Mr. CAMPBELL. And they would have to vote on that for everybody?

Mr. JONES of Oklahoma. That is right. This would be a part of a reconciliation bill which would be before the House of Representatives next week and would take all of the COLA's on the entitlement spending programs. Social security and all the others, reduce it to a CPI minus 2 percent, and it would take indexing of taxation and reduce that to a CPI minus 2 percent.

We will accomplish that all next week if this substitute passes this week.

Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts (Mr. DONNELLY).

Mr. DONNELLY. I thank the gentleman for yielding to me.

Mr. Chairman, let me just reiterate what I think is the fundamental flaw in the Roemer-Stenholm-Montgomery approach, at least in regards to entitlements. That flaw is simply this: Although on face value it seems as if it is fair, that we are reducing all entitlements 2 percent across the board, the system presently is innately unfair. Not all annuitants, whether they be social security, military retirees, civilian retirees, railroad pensioners, receive the same annual cash annuity.

When you reduce all across the board, when the bottom line comes when they receive that check on a monthly basis, not everybody is going to pay the same penalty, the 2 percent across the board would make them pay.

□ 2100

That is the fundamental flaw. If there was a threshold, if there was protection for those lowest annuitants, those minimally under $10,000, I think there is some validity in the argument. I think there is some validity in much of this argument. I just do not think this is the way to approach the problem.

Mr. ROEMER. Mr. Chairman, will the gentleman yield?

Mr. DONNELLY. I would be glad to yield to my friend, the gentleman from Louisiana.

Mr. ROEMER. I thank the gentleman for yielding.

Mr. Chairman, the gentleman is correct in saying that if we had a threshold or lifeline concept across all entitlements, we could be more fair. But I know the gentleman will not change social security into a welfare program. I know the gentleman has not changed or attempted to change a single law to take non-means-tested entitlements and make them based on income.

If the gentleman is willing to do that, we will have a threshold lifeline, and I will join him then in a differentiated COLA cut. But until then, this is the best that can be done.

Mr. DONNELLY. I do not think the argument ought to be because nothing has been done to this point we ought to take this, what I consider to be, somewhat reactionary approach. I think it is going to take a bipartisan effort on both sides of the aisle on people of all different philosophical and political beliefs to get to the root of what is going to be a major problem in terms of fiscal policy, and that is getting a handle on the entitlement programs.

Mr. JONES of Oklahoma. Mr. Chairman, I yield myself such time as I may consume.

The CHAIRMAN. The Chair recognizes the gentleman from Oklahoma.

Mr. JONES of Oklahoma. Mr. Chairman, in closing, again as I said about the previous substitute, I commend the authors of this substitute. I think it is serious. It is real. That has been pointed out. It certainly is real.

I just hope that Members who vote for this substitute, as in any substitute, are prepared to vote the same way next week, next month, and what have you.

Mr. ROEMER. Mr. Chairman, I yield such time as he may consume to the gentleman from Georgia (Mr. DARDEN).

Mr. Chairman, I yield myself the remainder of my time.

The CHAIRMAN. The gentleman from Louisiana (Mr. ROEMER) is recognized for 4½ minutes.

Mr. ROEMER. Mr. Chairman, I thank our colleagues who have joined with us tonight for the quality and quantity of their debate tonight on an important issue.

I agree with those who said that this budget is not perfect, because it is not. But I disagree with those who said that we lack either the wisdom or the courage to do the inevitable beginning now.

The interesting thing about entitlement discipline is that a little action early pays large dividends down the road. The size of the deficits facing your mother and father and your family are terrifying. Do you not love to hear economists, whether they be supply-siders or old Keynesians, talk about the fact that "We can survive these deficits." How do they know? America has never had these kinds of deficits before. It is like listening to generals when they talk about atomic warfare. How do they know? They were never in one.

The same thing on these deficits, and I know this: $200 billion a year for as far as you can see will eat every social program alive, will turn every highway program into a desert, will affect every domestic spending program you hold dear.

Vote for a budget that is real. Vote for a budget that is fair, one that does raise taxes, and I do not like it, one that does cut military, but unlike some would say, it does not gut it, it just cuts it. Vote for one that takes domestic spending, nondefense, and for 3 years has a soft freeze. It allows the entitlements to go up. It allows all

health programs to go up. It takes all mandatory increased spending for the next 3 years that is current law and funds it.

In every function, the dollar values go up year by year. This is fair approach. There will not be any budget on the floor tonight or tomorrow that asks of every American, give your fair share, and you know what they will get in return? They might not get the biggest check in the mail, but they will get an America that is growing. They will get an America that provides jobs for themselves and their children. They will get a decent national defense, and they will get a tax burden they can afford to pay.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. ROEMER. I yield to the gentleman from New York.

Mr. KEMP. I thank the gentleman for yielding.

Mr. Chairman, the gentleman suggests it is a tax increase, and he is right, but the problem is that it is not across the board. If you are in the 50-percent bracket, and a wealthy American, this will not affect you. This will affect you if you are under the 50-percent bracket, where 80 percent of the American people are.

So, in effect, by reducing the indexing even 2 percent, we are raising taxes on the working men and women of this country who are under the 50-percent bracket, so it is not across the board.

Mr. ROEMER. Mr. Chairman, let me reclaim my time. I did not offer the time to the gentleman for a speech. I have heard his speeches before.

What I offered you was a chance to say that no budget is easy, and you cannot get the spending cuts we want without coming up to the tax table. Now, if you can figure out a better way, offer it. I have not seen it yet. I have not seen it yet, and I am open to it.

I admit to the gentleman, I do not like to change indexing one smidgen.

Mr. KEMP. That says it all.

Mr. ROEMER. But I do not see a choice.

Mr. CAMPBELL. Mr. Chairman, will the gentleman yield?

Mr. ROEMER. I yield to the gentleman from South Carolina.

Mr. CAMPBELL. I thank the gentleman for yielding.

Mr. Chairman, I certainly do not like to change indexing either, but I would not take the floor of this House and propose to freeze or cut any outlays that are based on indexing unless I applied the same formula fairly to the income that we are also indexing. That is what makes this budget fair.

Mr. ROEMER. I will have a final comment and say do not fool yourself. The American people know. Ask back home. Think if you can survive this week by doing nothing. If you have to move, this is the way to go. Join with us.

The CHAIRMAN. All time on this amendment has expired.

The question is on the amendment in the nature of a substitute offered by the gentleman from Louisiana (Mr. ROEMER).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. ROEMER. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 59, noes 338, not voting 35, as follows:

[Roll No. 68]

AYES—59

Anthony	Holt	Nielson
Archer	Huckaby	Oxley
Barnard	Hutto	Packard
Bartlett	Ireland	Patterson
Bereuter	Jones (OK)	Porter
Bliley	Kindness	Pritchard
Breaux	Leath	Roberts
Brown (CO)	Levitas	Roemer
Byron	Livingston	Roukema
Campbell	Lloyd	Schulze
Chappell	Long (MD)	Slattery
Clinger	Lowery (CA)	Stenholm
Cooper	Lujan	Sundquist
Darden	Martin (NC)	Tauke
Franklin	McCurdy	Tauzin
Fuqua	Miller (OH)	Whitehurst
Hall, Sam	Montgomery	Whittaker
Hammerschmidt	Moore	Wortley
Hightower	Morrison (WA)	Zschau
Hillis	Neal	

NOES—338

Ackerman	Clarke	Edwards (OK)
Akaka	Clay	Emerson
Albosta	Coats	English
Alexander	Coelho	Erdreich
Anderson	Coleman (MO)	Evans (IA)
Andrews (NC)	Coleman (TX)	Evans (IL)
Andrews (TX)	Collins	Fazio
Annunzio	Conable	Feighan
Applegate	Conte	Ferraro
Aspin	Conyers	Fiedler
AuCoin	Corcoran	Fields
Badham	Coughlin	Fish
Barnes	Courter	Flippo
Bateman	Coyne	Florio
Bates	Craig	Foley
Bedell	Crane, Daniel	Ford (MI)
Beilenson	Crane, Philip	Fowler
Bennett	Crockett	Frenzel
Berman	D'Amours	Frost
Bethune	Dannemeyer	Garcia
Bevill	Daschle	Gaydos
Biaggi	Daub	Gejdenson
Bilirakis	Davis	Gekas
Boggs	de la Garza	Gephardt
Boland	Dellums	Gibbons
Boner	Derrick	Gilman
Bonior	DeWine	Gingrich
Bonker	Dicks	Glickman
Borski	Dingell	Gonzalez
Bosco	Dixon	Goodling
Boucher	Donnelly	Gore
Boxer	Dorgan	Gradison
Britt	Dowdy	Gray
Brooks	Downey	Green
Broomfield	Dreier	Gregg
Brown (CA)	Duncan	Guarini
Broyhill	Durbin	Gunderson
Bryant	Dwyer	Hall (IN)
Burton (CA)	Dymally	Hamilton
Burton (IN)	Dyson	Harkin
Carney	Early	Harrison
Carper	Eckart	Hartnett
Chandler	Edgar	Hayes
Chappie	Edwards (AL)	Hefner
Cheney	Edwards (CA)	Hertel
Hiler	Mineta	Shelby
Hopkins	Minish	Shumway
Horton	Moakley	Shuster
Howard	Molinari	Sikorski
Hoyer	Mollohan	Siljander
Hughes	Moody	Simon
Hunter	Moorhead	Sisisky
Jacobs	Morrison (CT)	Skeen
Jeffords	Mrazek	Skelton
Jenkins	Murphy	Smith (FL)
Johnson	Murtha	Smith (IA)
Jones (NC)	Myers	Smith (NE)
Jones (TN)	Natcher	Smith (NJ)
Kaptur	Nelson	Smith, Denny
Kasich	Nichols	Smith, Robert
Kastenmeier	Nowak	Snowe
Kemp	O'Brien	Snyder
Kennelly	Oakar	Solarz
Kildee	Oberstar	Solomon
Kogovsek	Obey	Spence
Kolter	Olin	Spratt
Kostmayer	Ortiz	St Germain
Kramer	Owens	Staggers
LaFalce	Panetta	Stangeland
Lagomarsino	Parris	Stokes
Lantos	Pashayan	Stratton
Latta	Patman	Studds
Leach	Pease	Stump
Lehman (CA)	Penny	Synar
Leland	Pepper	Tallon
Levin	Perkins	Taylor
Levine	Petri	Thomas (CA)
Lewis (CA)	Pickle	Thomas (GA)
Lewis (FL)	Price	Torres
Lipinski	Pursell	Torricelli
Loeffler	Quillen	Towns
Long (LA)	Rahall	Traxler
Lott	Rangel	Udall
Lowry (WA)	Ratchford	Valentine
Luken	Regula	Vandergriff
Lundine	Reid	Vento
Lungren	Richardson	Volkmer
Mack	Ridge	Vucanovich
MacKay	Rinaldo	Walgren
Madigan	Ritter	Walker
Marlenee	Robinson	Watkins
Marriott	Rodino	Waxman
Martin (IL)	Roe	Weaver
Martin (NY)	Rogers	Weber
Martinez	Rose	Weiss
Matsui	Rostenkowski	Wheat
Mavroules	Roth	Whitley
Mazzoli	Rowland	Whitten
McCain	Roybal	Williams (OH)
McCandless	Rudd	Winn
McCloskey	Russo	Wirth
McCollum	Sabo	Wise
McDade	Sawyer	Wolf
McEwen	Schaefer	Wolpe
McGrath	Scheuer	Wright
McHugh	Schneider	Wyden
McKernan	Schroeder	Wylie
McKinney	Schumer	Yates
McNulty	Seiberling	Yatron
Mica	Sensenbrenner	Young (AK)
Michel	Shannon	Young (FL)
Mikulski	Sharp	Young (MO)
Miller (CA)	Shaw	

NOT VOTING—35

Addabbo	Hall, Ralph	Markey
Boehlert	Hance	Mitchell
Carr	Hansen (ID)	Ottinger
Daniel	Hansen (UT)	Paul
Dickinson	Hatcher	Ray
Erlenborn	Hawkins	Savage
Fascell	Heftel	Stark
Foglietta	Hubbard	Swift
Ford (TN)	Hyde	Vander Jagt
Frank	Kazen	Williams (MT)
Gramm	Lehman (FL)	Wilson
Hall (OH)	Lent	

□ 2120

The Clerk announced the following pair:

On this vote:

Mr. Ray for, with Mr. Mitchell against.

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

Mr. JONES of Oklahoma. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. FOLEY) having assumed the chair, Mr. MOAKLEY, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the concurrent resolution (H. Con. Res. 280) revising the congressional budget for the U.S. Government for the fiscal year 1984 and setting forth the congressional budget for the U.S. Government for the fiscal years 1985, 1986, and 1987, had come to no resolution thereon.

GENERAL LEAVE

Mr. JONES of Oklahoma. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous material on the concurrent resolution just considered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

PERMISSION FOR SUBCOMMITTEE ON RESEARCH AND DEVELOPMENT AND SUBCOMMITTEE ON PROCUREMENT AND MILITARY NUCLEAR SYSTEMS OF COMMITTEE ON ARMED SERVICES TO SIT ON TOMORROW, APRIL 5, 1984, DURING PROCEEDINGS UNDER THE 5-MINUTE RULE

Mr. PRICE. Mr. Speaker, I ask unanimous consent that the Subcommittee on Research and Development and the Subcommittee on Procurement and Military Nuclear Systems of the Committee on Armed Services be permitted to sit tomorrow, April 5, 1984, during proceedings under the 5-minute rule, for markup of the Defense authorization bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

GENERAL LEAVE

Mr. WEISS. Mr. Speaker, I ask unanimous consent that all Members may be permitted to extend their remarks and to include extraneous material on House Resolution 476, the rule providing for consideration of the first budget resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

A HISTORIC DAY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia (Mr. GINGRICH) is recognized for 60 minutes.

Mr. GINGRICH. Mr. Speaker, I wanted to take a little time this evening to review what has happened today on the budget and in particular I think on the extraordinary experience during the Humphrey-Hawkins debate, which historically was a highlight of the liberal democratic dialog. Today I think for the first time in American history we actually had more Republicans on the floor talking about the economy, talking about the importance of jobs, talking about the importance of take-home pay and a real standard of living for working Americans than there were Democrats, and I suspect that not since the 1920's have we seen the Democratic Party in such disarray about the economy and the Republican Party so willing to talk about a better future and to talk about the prospects of a better working America.

In that sense, I think we are seeing a historic change in the role of the two parties. What is happening, I think, is very important. The liberal Democrats are in the process of running out of issues. They find it is a little difficult to complain about the 4½ million jobs that have been created since the trough of the depression. They find it is a little difficult to talk about the economic indicators that show American working people have more confidence and are doing more work. The productivity is way up. The capital investment is improving and we are creating more and more jobs.

□ 2130

So they grasp around desperately looking for new slogans for new tunes to cry "wolf" and to hunt for what I think is the classic problem of the liberal welfare state, which is to focus on problems and to seek victims.

And it was interesting to me that on an afternoon when, frankly, everyone who is familiar with what is happening in America should have been positive during the Humphrey-Hawkins debate. We have a Nation which has in the last 2 years created more jobs than Europe has created in the last decade. We have a Nation which is booming once again with vitality and excitement and opportunity and instead of saying it is not wonderful that we have recovered from the Carter-Mondale disaster, is it not wonderful we have recovered from the economic pain of high inflation, rising taxes, rising unemployment left us by the Carter-Mondale administration, it is a little difficult for our liberal democratic friends to reflect on what their candidate for President gave this country as part of his administration's legacy. As a consequence, they cannot really have the debate that we should have had, a debate which said, "All right, we have now had 3 years of an effort to create an opportunity society. We have had 3 years of an effort to increase take-home pay, 3 years of an effort to fight inflation."

What are the results? None of the democratic friends can talk about that because the fact is that the results have been very, very good indeed.

In this setting the liberal democratic leadership had an obvious problem since they really could not talk in a straightforward way about the tremendous increase in jobs, an increase which, for example, in January and February was rising by an average of 475,000 new jobs a month. They could not really talk about the rise in take-home pay which has given American workers for the first time since the 1960's an increase in the amount of money they could spend.

They really had nothing they could say that made any sense to the folks back home who for the first time in 15 years think things are going in the right direction. And so they tried to bring out President Reagan's budget from January.

Now, a number of us have been suggesting the liberal Democrats are behind the times, although we did not really have the courage to suggest that they were 2 months behind recent events, that there has been a lot of negotiations in between, that it has been on page 1, that there is a lot of evidence that the Reagan administration has worked with its allies in the Congress.

But why did they try to bring out the President's budget? They wanted to embarrass the Republicans. They were looking for a cheap political trick because, frankly, liberal Democrats have no real answers.

Mr. KEMP. Mr. Speaker, will the gentleman yield?

Mr. GINGRICH. I yield to the gentleman from New York.

Mr. KEMP. I was watching the debate and the gentleman was making some of the points in the debate today on the floor, as he is making here tonight, and I appreciate it because I could not be on the floor at the exact moment at which he was suggesting that maybe the majority leader would have liked to have brought up his budget, or Mr. Mondale or Mr. HART would like to bring up their budget, whatever it might be.

The gentleman was eloquent. He is usually eloquent, but he was more than eloquent today in challenging the idea that the Democratic majority party even has a budget that is anywhere near what is being supported out there on the stump by Mr. Mondale and Mr. HART and Mr. Jackson, all three of whom want an across-the-board surtax on the income of the

American people, surtaxes on the wealthy, surtaxes on corporations, an ending to indexing, an ending to the third year of the tax cut of President Reagan.

All three of them, including the majority leader, would raise taxes across the board on the American working man and woman and on labor and on capital.

Very frankly, the gentleman from Georgia, probably better than anyone else, helped identify the utter counterproductivity of a challenge by the majority leader to vote for the President's budget. I happened to vote for it, but I think this whole process today has been a sham.

The emperor has no clothes. We are not going to impact the market by what is being done out here on paper. The only way to impact the market is what we do on reconciliation, on taxes, on spending, and on monetary policy.

The gentleman deserves a lot of credit for helping put in their place those who were afraid to talk about what HART and Mondale and Jackson and WRIGHT want to do to the American people.

Mr. GINGRICH. The gentleman from New York, as I mentioned during the Humphrey-Hawkins debate, more than any other single Member of this House, to use Mr. Mondale's earlier line, has moved the beef to the Republican side.

The development over the last 5 or 6 years, after a new approach, supply side approach to encouraging incentive and growth and opportunity and job creation, has frankly begun to shame the liberal Democrats.

I was delighted to see—I think the gentleman was not on the floor—but the very distinguished majority leader got up, a classic liberal Democrat in the most eloquent terms from his Texas background, got up and said that one of the major causes of the budget deficit was we had a recession, and the recession took people out of work, and they did not pay taxes, and it put them on unemployment.

I felt certain that had the gentleman from Buffalo been here he would have been delighted to learn after those 6 years of preaching that the distinguished majority leader, Mr. WRIGHT, had learned the lesson.

Mr. KEMP. One other point. I remember listening to the majority leader talk about how interest rates went up so high as to cause a collapse in the housing market, in the auto industry, in steel and agriculture, and what impact that had on unemployment. And, of course, he used to say every 1-percent increase in unemployment drives the deficit up by $40 billion or so.

The gentleman from Georgia has well pointed out that this is an interest rate recession, this is a monetary recession, and the combination of cutting the spending and lowering the taxes is the way out of it, not to go back to the old methods of 1978 and 1979 for which we all are so grateful we are away from.

Mr. GINGRICH. The amazing thing is I would hasten to add that there is a very good reason the liberal Democrats, although they did use the gentleman from Colorado (Mr. WIRTH) were not willing to bring up the gentleman from Colorado, Mr. HART's tax plan, nor were they able or willing to bring up the gentleman from Minnesota, Mr. Mondale's plan, and the reason is simple: They would raise taxes so dramatically, either Mondale or HART or Jackson, any of the three would raise taxes so dramatically that we would enter a period of economic decay worse than Jimmy Carter. We would look back on Jimmy Carter as the good Democrat, if in fact we had a chance to pass the Mondale or the Hart or the Jackson tax increases.

As I mentioned earlier tonight, let me just repeat, Mr. Mondale would increase taxes, if you take his program, by about $231 billion between 1985 and 1999, $231 billion in tax increases, of which approximately $160 billion would be paid by individual Americans.

By contrast, Mr. HART is even more liberal. Mr. HART's new ideas are very old ideas. He would raise $300 billion in taxes between fiscal years 1985 and 1989, and about $200 billion in those taxes would be paid by individuals. That is, Mr. HART would raise taxes on the average American by almost $1,000 per American or $4,000 per family of four over that 4-year period.

Now, I can well understand why the liberal Democratic leadership did not want to trot out the budgets of their Presidential candidates, because the fact is that those budgets, if they were seen by the American people, would lead to an even more dramatic collapse of the liberal Democratic campaign for the Presidency.

One of the targets for both Mr. Mondale and Mr. HART is indexing and yet indexing is one of the key defenses of working Americans against inflation. I have seen one study of the Mondale indexing figures which suggests that Mr. Mondale assumes that we will have 10-percent inflation if he is President, so that his indexing numbers only makes sense if you assume that Americans are getting 10-percent paper increases because of the inflation rate pushing them into higher brackets.

Mr. WALKER. Will the gentleman yield?

Mr. GINGRICH. I am happy to yield to the gentleman from Pennsylvania.

Mr. WALKER. I thank the gentleman for yielding. I think the gentleman made an interesting point about the comments of the majority leader earlier this evening. And the majority leader at that point was responding to a question of mine as to why he had been $58 billion wrong when he had presented the fiscal 1981 budget to the House. And he was explaining that because this recession came along that that was the problem.

He did not want to yield to me any further when I asked him to yield because the fact is that their budget had something to do with the fact we had a recession. It was their phony budgeting. It was the fact that they had massive revenue increases in that budget that led to the recession.

So, in fact, he was one of the people who caused the recession that he then blames for the fact that somehow he made a $58 billion mistake when he was out here on the House floor defending the budget.

□ 2140

And I think, again, it shows that this process has been a sham for some time and the American people are beginning to recognize it is a sham, and it is about time that we go to honest budgeting.

I thank the gentleman for yielding.

Mr. GINGRICH. I want to comment further, that I was very impressed when the gentleman from Indiana (Mr. HILER) came out and had copies of the headlines of the major newspapers in 1980 reporting on the collapse of the American system under the Carter-Mondale regime. It was interesting that when Carter-Mondale were running this country we had dramatically increasing interest rates, we had a tremendous runaway inflation and literally the American job environment was collapsing for working Americans.

I yield to my good friend, the gentleman from California (Mr. HUNTER).

Mr. HUNTER. I appreciate the gentleman yielding.

I just came over from my office because I saw a very unusual sight here on the House floor. I saw Members of Congress talking about jobs and about the 4 million plus jobs that have been created in the last year or so, a subject that we have not heard very much about.

I heard the gentleman who believes in the rising tide, Mr. KEMP from New York, talking about the fact that the American people are putting this economy back on track, the deficit is going down and I would like to ask the gentleman, the gentleman from Georgia, he could tell us, I heard some very interesting statistics in that he gave the statistics for the jobs rate in the first several months of 1984 and the rate of jobs that are being created under the program that Republicans put through this Congress in 1981 and 1982.

He could tell us again, was that something like 750,000 jobs per month?

Mr. GINGRICH. No; it was actually about 475,000 jobs in January and again in February and I believe again in March, although I have not seen the March figures. It is about 4.9 million jobs, 4,900,000 since the recession reached its bottom.

I yield to the gentleman from Florida (Mr. MACK).

Mr. MACK. I thank the gentleman.

The report for the month of February showed a two-tenths of 1 percent decline which put 700,000 people on the payroll.

Mr. GINGRICH. Decline in unemployment, is that what the gentleman is saying?

Mr. MACK. Right.

Mr. GINGRICH. So there were 700,000 additional jobs. Then I stand corrected, the numbers I had were too modest and too cautionary.

The thing that fascinates me is that here is the private American economy out there working; auto workers once again in my own neighborhood; very close to my district in Lakewood, the Chevrolet plant has reopened and 1,500 workers have gone back to work without a single dime in Federal Government spending.

I see the Ford plant in my district in Hayfield putting a second shift on, another 1,000 people going back to work. I see the housing industry recovering. Do we have any word from all of our friends who are so worried about jobs? Does a single liberal Democrat get up and say that it is wonderful that each month this year we are adding the equivalent of the entire Federal jobs program to the private economy? And yet none of them say anything because they are not interested in jobs, they are interested in power.

If they create the jobs through the Government programs, they decide, through patronage, who gets the jobs and they have real power. But if the private system creates the jobs, if individual Americans create real companies, somehow that is not good enough for our liberal Democratic friends.

I will be glad to yield to the gentleman from California (Mr. HUNTER).

Mr. HUNTER. I appreciate the gentleman yielding and giving us these very important statistics.

And I think we are seeing a phenomenon in American politics because we are seeing the Republican Party begin to be the party that stands for people, for jobs, for productivity, and we have the Democratic Party running around, nibbling away at the President of the United States, not acknowledging the accomplishments that have been made in the last year, but really being the party of negativism, the party that does not believe in the inherent ability of the American people to produce.

I think the facts are that it is really not Ronald Reagan who is creating 4.9 million new jobs, it is not Ronald Reagan who is creating an increased dollar for the average American family, and increased paycheck in real terms, it is the American people. What we did in the last several years has allowed our people to unleash their creative abilities, their productive abilities, and to get out and make America great again.

I think again we are seeing a dramatic change, perhaps a change that is just as dramatic as in the 1930's when the American people rallied behind F.D.R. and went in droves to the Democratic Party because they perceived opportunity and hope in that party. I think the American people are seeing those qualities in the Republican Party.

Mr. GINGRICH. I thank the gentleman from California.

I think he made a point that we frankly do not say often enough.

I think that the American people have been liberated by Ronald Reagan and by the work we have done in this Congress in the last few years, despite the liberal Democrats, in that the American people are creating jobs. And I think the big difference has been that if you are a young American looking ahead and you think back to the Carter-Mondale years and you think back to what Mondale did for you as Vice President, the way jobs were collapsing, the way industries were dying, the way that there was no hope for the future, in the way that the malaise speech became a self-description of the liberal Democratic process of governing.

And then you look at a party, the Republican Party which is beginning to develop an approach which allows you to have a hope for the future, that we want to cut your taxes so that you can afford to save and buy a house, we want to keep down the inflation rate so you can afford to buy a car, we want to create an opportunity where you can go out some day and not just work for somebody else, you could actually go out and create a company, create new jobs and be the Henry Ford or the Thomas Edison of the next generation.

We are looking at this future. I understand why our liberal Democratic friends have a hard time wrestling with this, because what role is there for them? If they are not going to, as liberal Democrats, raise taxes and create new Government programs, if in fact the American people are going to create jobs and retrain themselves and be out there actively and dynamically creating a healthy environment, then maybe there are no victims left for the liberal welfare state to take care of.

All of a sudden, as we found today, and I think literally I go back because it was historically such a key moment in American history that for the first time every I walked on this floor and we had eight or nine Members on the Republican side eager to talk about the economy, about jobs, about hope and about opportunity, and we only had two stalwarts of the old guard left in the liberal Democratic side willing to hold the fort.

I will be glad to yield to the gentleman from Pennsylvania.

Mr. WALKER. I thank the gentleman for yielding

The gentleman from California (Mr. HUNTER) mentioned the fact that back in the 1930's the Democratic Party found adherents in people who thought they had more hope in the Democratic Party than they had in the Republican Party, given the circumstances at the time. And that produced the New Deal, which the liberal welfare state pointed to forever after saying, "Here is the example of all we can do for the country." They point to the number of jobs created during that period of time and tell us that that is the example by which we are to govern for the future.

I think it is interesting to look at another statistic: Since we have been talking about jobs here, that is in the last year we have created more jobs under the Reagan program and under the process of the American people going out and creating jobs for themselves, we have created more jobs that way than the New Deal created in the first 3 years of its existence.

So if the New Deal is the model by which we set our standards in the past, and right up until the present, I would say we have just developed a new model which is far better than the New Deal and is one that we ought to take a look at for the future.

Mr. GINGRICH. I think the gentleman is right. I think I have to make a point here: People work in order to have a better life, people work in order to be able to buy a car, in order to be able to go to school, in order to be able to have a nice vacation. What Mondale and HART's tax proposals mean is that even if you still have a job when they are done crushing the economy, you will not have take-home pay; if you raise taxes as Mr. Mondale suggests by $231 billion, over $1,000 per American, you simply are not going to be able to go out and buy a car and then your brother is not going to be able to work at that local auto plant and then you are going to have the economy collapsing within a very few years in the liberal Democratic program, and Mr. HART, as I said is even worse. However liberal you think Mondale is, Mr. HART would raise more money out of working Americans by a big factor. He would have a tax increase almost 40 percent bigger than Walter Mondale, which is kind of hard to believe.

I would be delighted to yield to the gentleman from New York (Mr. KEMP).

Mr. KEMP. I thank the gentleman for yielding.

I was watching the debate the other night, in New York, and they came to the point where Mr. Mondale criticized Mr. HART for not voting for the windfall profits tax proposed by Mr. Carter and Mr. Mondale back when he was Vice President.

GARY HART said the reason he did not vote for the Carter-Mondale windfall profit tax is it was not high enough. He wanted a 100-percent tax.

Now, 100-percent tax on the profits? I do not care if it is the profits of any company, much less energy, how are you going to get energy out of the ground? How are you going to get new jobs? How are you going to get growth? How are you going to get anything when you have a candidate for President advocating a 100-percent tax? I submit to you that the revenue from 100-percent tax would be zero.

□ 2150

Mr. GINGRICH. The gentleman from New York does not understand. Mr. HART is a man, liberal enough to make malaise a reality. He did not want it just to stay a speech, he would guarantee with 100-percent tax on oil that in fact we would end up having a dramatic shortage of oil and we would today be paying $2.50 a gallon for the gasoline we bought.

Mr. HUNTER. If the gentleman would yield, would the gentleman go briefly over the inflation figures that we have seen over the last year or so, because one thing that we have heard from the Democrat side of the aisle was even if the economy does improve, if it gets strong, we are going to see incredible ravaging inflation come back immediately. It is going to be a hot economy, but it is going to be an economy with inflation.

I know we heard that from a number of economists. I think that led Murry Weidenbaum to say that if you took all the economists in the world and laid them end to end, it would not be a bad thing.

I wonder if the gentleman could tell us approximately what the annual rate of inflation has been during this recovery that has produced the 4.9 million jobs.

Mr. GINGRICH. Well, I think it is very important to recognize—I happen to have here a chart which is too small, I think, for the gentleman to see from that far away—there is a chart here on monthly data, Consumer Price Index. It is fascinating, because the chart only goes up to about 15 percent. There is this mountain peak. You climb straight up it, starting with the election of Jimmy Carter and you go right up to Mount Everest of inflation, which you reach in 1980. Then you come right down this steep side, which is the Ronald Reagan contribution to solid money, and you end up at around almost, we have down at the very bottom of this period, to barely above 2 percent inflation.

Now, any liberal Democrat who belongs to a party who under the Carter-Mondale administration gave us almost 15 percent a year—and if you remember, when Reagan took over, thanks to Mondale and HART and other liberal Democrats, we were at I believe 18 percent inflation the first quarter of 1981. And at 18 percent inflation any liberal Democrat who gets up in here and tells us they are worried, frankly is a little bit like your local bartender telling you that he worries about people drinking too much, while he offers drinks on the house to everybody.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. GINGRICH. I yield to the gentleman from Pennsylvania.

Mr. WALKER. We may remember that back in those days, early in 1981, when we were trying to explain some of these things, we were being told by many of these same people who come to the floor now and want to give us economic prescriptions for the future that we had no hope of getting inflation below double-digit levels in the next decade, that we were going to have double-digit inflation for at least the next decade. As a matter of fact, when the gentleman from New York (Mr. KEMP) was out explaining what was going to happen with the tax cuts that he was asking us to put in place, we were being told at that time that you cannot enact this kind of tax cuts because what it was going to do was it was going to set inflation off and we would go right back to 20 or 25 percent inflation. It was going to absolutely wreck the economy.

Well, these people have been wrong. On every occasion they have been wrong. They have never been right. In the whole time I have been in the Congress, they have not been right yet. It is about time that people stopped listening to them.

Mr. GINGRICH. Frankly, if the liberal Democrats were doctors, they would probably lose their license to practice based on this.

Mr. MACK. If the gentleman will yield, I think that the last point that was brought up about inflation is an interesting one. We saw today three different alternatives that were presented. I really understand the gentleman from Louisiana in his approach. When you look at the budget the first thing that you do when you start going through the numbers is you try to find each little area that you can cut, that you can reduce the spending.

But when you start to ask the question what drives the spending in so many areas of our budget, the answer that you get is that it is inflation.

Now, what I am raising is instead of trying to figure out the formula for reducing spending by the CPI minus 2 or 3 percent, should we not be asking the question: How do we really impact inflation? Is there not another way to go about it besides saying to each American that they have got to give up a little bit more?

Mr. GINGRICH. I yield to the gentleman from New York.

Mr. KEMP. I was just listening to the colloquy between the gentleman from Georgia and the gentleman from Florida and also the kind remarks of the gentleman from Pennsylvania and our friend from Florida made a very key point which is that the very best way to lower the cost of entitlements, the very best most progressive, most positive, most compassionate reform of entitlement programs is to keep inflation down and put this Nation to work, which broadens the tax base and builds up the trust fund of all of the social security type entitlements that we have.

So, clearly, keeping inflation down and a growing economy is the key to bringing down the cost of entitlements and building up the trust fund.

But I was struck by the statement by our friend from Pennsylvania (Mr. WALKER) when he said how far the critics of our tax cut were off base. The Washington Post editorial page is on record as saying that tax cut cause inflation, tax cuts cause recession, tax cuts are causing the recovery, and they will then cause the recession in 1985. They have got deficits causing inflation, recession, recovery, and recession again. It is clear that the American people are a lot smarter than the economists who should be laid out end to end on the editorial pages of our major newspapers—other than the Wall Street Journal.

Mr. MACK. I wonder if the gentleman would just go on a bit further with the concept of monetary reform, some of the things that we can be taking a look at because I just do not feel that the impression that we have made so far, the same critics are out there today saying, "Oh wait a minute, you can't touch monetary reform. You can't touch the Federal Reserve. You can't tell them what to do."

Mr. KEMP. If the gentleman would continue to yield, just to say very quickly, article 1, section 8 of the Constitution of the United States says Congress has the constitutional authority to regulate the value of the currency. And I think it is a moral issue in this country, an issue of honesty and integrity in Government that once again the Congress, in conjunction with the administration and with the Federal Reserve Board, guarantee the purchasing power of the dollars in

the pockets and in the savings accounts of the American people.

We had it ever since Alexander Hamilton. From Alexander Hamilton until 1971, this country operated for 95 percent of the time on the predicate that the dollar was going to be backed by something of value. It was going to be a fiduciary responsibility of the Government to guarantee the value of the currency: that it will not fall or will not rise, it will be stable. Interest rates were never higher than 4 or 5 percent for almost 200 years because the dollar was as good as gold.

John F. Kennedy, I said today on the floor of the House, pledged to the people of the world that he would protect the value of the currency. He said he would keep the dollar as good as gold. He called that the linchpin of the world trade and financial system. And it was.

We all know what interest rates were in the good old days, 4 percent interest rates, housing, autos, consumer loans, the opportunity to build the dream that the gentleman from Georgia (Mr. GINGRICH) talked about so eloquently.

Very frankly, I think this Congress has an obligation to tell the Federal Open Market Committee of the Federal Reserve Board that we think interest rates are too high, they are artificially too high, that growth is not bad for the economy, that inflation is not caused by too many men and women working, and that we expect from them the protection of the value of our currency, that it will be predictable over a long period of time, so that we can get this country back to work and make our dollar and our industry more competitive in the world market. That is my idea of an industrial policy for America.

Mr. MACK. I thank the gentleman for his remarks.

Mr. GINGRICH. I am glad to yield to the gentleman from Ohio (Mr. MCEWEN).

Mr. MCEWEN. I think before we conclude this debate this evening that we should also emphasize the good motives that were behind the efforts to increase taxes in the latter part of the 1970's.

Right now there is a thrust on to solve our problems economically by increasing taxes. In 1977 the economy in this country was growing at 5½ percent, creating new jobs. And this Congress embarked upon a program of taxing "oil companies" by adding $55 billion to the tax burden of the American people. And every time a person pulled into the gasoline station, they contibuted an additional amount to the tax revenue of the United States of America.

We can track the decline of the growth in the economy, the increase in unemployment and the progress to the total depths of 1980 with a 2½-percent decline in the economy directly to the tax policies of 1978 and 1979.

Now having frozen the tax increase, having allowed dollars to flow back through the private economy, to create new jobs that increase real productivity, that put people to work permanently, we have the progress that we have seen over these last 18 months.

□ 2200

Absolutely, history has proven and economic policy reveals that if we are to attempt to follow that course again in the early 1980's, as we did in the latter 1970's, the same result will ensue; that is, that increased taxes will bring decreased revenue, decreased growth, and decreased hope. It is only as the economy is allowed to stimulate and grow through private-sector initiatives, through men and women purchasing and buying, building and creating in the private economy, that we will have the increased revenues to do all of the things that the liberal Democrats wish to pursue.

So at this moment I think that in this debate we need to constantly emphasize, because there are those who in a primary sense believe that an initial tax increase will somehow bring increased revenues.

Mr. GINGRICH. Mr. Speaker, I think the gentleman from Ohio makes a very important point. I want to carry it a step further. Even for our friends who are concerned about the deficit, who want to raise taxes, it should chill them to the bone that in the New York debate, despite the fact that Mr. HART wants to raise taxes by $300 billion and Mr. Mondale wants to raise taxes by some $231 billion and Mr. Jackson also wants to raise taxes, every single one of the liberal Democratic candidates is opposed to a constitutional amendment to require a balanced budget.

Now, what they are saying is not only do they want to take the money out of your pocketbook so you cannot spend it, they are not even going to balance the budget when they raise your taxes by $1,000 per person. So you are going to end up over the next 4 or 5 years, if Mr. HART or Mr. Mondale or Mr. Jackson have their way, and if the liberal Democrats in this House were to have their way, paying $1,000 more per American in taxes, and you still would not balance the budget because they would raise spending even more.

I want to carry this a step further. Because the liberal Democrats who run this House knew they could not come out in the open with the size of their tax increase program and with the proposals of their Presidential candidates, they used every gimmick they could. They run this House. When they want to, the liberal Democrats have absolute control. They showed this the other week when they brought a bill to the floor that was written on Monday, carried to the Rules Committee on Tuesday, voted on on Wednesday and passed on Wednesday, one of the shortest periods of birth for a new bill that we have ever seen.

They offered eight different budgets today and tomorrow because they have not got a single budget that solves anything.

Walter Mondale got a lot of publicity when he turned in the debate, in Atlanta, and said to GARY HART, "Where is the beef?" The fact is that the liberal Democrats have run this House since 1955. They took control after the 1954 elections. I was 10 years old when they took control of this House. And I look at what they have done and I look at the years they have controlled the Ways and Means Committee and changed tax law, I look at the years they have controlled the Appropriations Committee and spent money, I look at the years they have controlled the authorizing committees and created new program after new program. Then they look up, suddenly, after creating an absolute disaster, having created 18 percent inflation by the beginning of 1981, having created 21 percent interest rates at the bank, having created an environment in which taxes were going up on working Americans year after year and our economy was decaying and, frankly, in some parts of America beginning to die, and they have the gall to turn and say, "Look how terrible the Reagan deficit is."

Ronald Reagan did not pass a single spending bill. The liberal Democrats did. They have controlled this House since 1955. Ronald Reagan did not pass a single appropriations bill. The liberal Democrats did. They have controlled this House since 1955. It is their deficit.

When I see senior members of the liberal Democratic leadership get up, and with total irresponsibility say, "We did not do it, we do not understand," I think of the child who happened to knock the cookie jar off in the kitchen and turned to Mom and said, "Gee, I don't know how it got there on the floor all broken up. I wasn't involved. It must have been a little demon who came in the kitchen." It is just ridiculous.

Mr. MCEWEN. Mr. Speaker, will the gentleman yield?

Mr. GINGRICH. I yield to the gentleman from Ohio.

Mr. MCEWEN. Mr. Chairman, I would like to engage the gentleman in a colloquy here, if I may, because what he has just said has often been repeated by members of the minority, Republicans in this House, and yet I am not sure that it has been completely understood.

In 1976, in the debate between Jimmy Carter and Gerald Ford, James Earl Carter pointed his finger at Gerald Ford and said: "You were in Congress for 25 years. Why didn't you do something about it?"

Well, Gerald Ford responded in his gracious manner, as he does, that he was in the minority, he did not chair the committees and elsewhere.

Let us put it in more graphic terms: Can the President purchase gasoline for the White House automobiles without an authorization from Congress?

Mr. GINGRICH. The answer is "No."

Mr. McEWEN. Can the President buy a pencil for the Department of Housing and Urban Development without approval from the Congress?

Mr. GINGRICH. The answer is "No."

Mr. McEWEN. In 1974 there was a court case in which President Nixon at the time declined to spend certain dollars. The bureaucracy took the President of the United States to court. The district court ruled that it was incumbent upon the President to expend those funds that had been authorized and appropriated by the Congress.

So not only can the President not spend dollars without the approval of Congress, he then has an obligation to make those funds available for spending once this Congress has agreed to do that. Is that not correct?

Mr. GINGRICH. As the gentleman knows, it was the liberal Democrats who were the most aggressively against impoundment, and it was the liberal Democrats who were most insistent that when they passed the bills, the President had to spend the money.

Mr. McEWEN. When we say the "majority party," no Republican has chaired a committee in the House of Representatives in 48 of the last 52 years, with the single exception of 1949 and 1950, 1953 and 1954. Except for those 4 years, not since 1930 has a Republican chaired a committee. That means the chairman is the one who calls bills up for consideration, and so no bills have been brought up for consideration except by approval of the chairman.

Mr. GINGRICH. Let me ask the gentleman something. What was the gentleman doing in 1954?

Mr. McEWEN. The last time a Republican was elected to chair a committee in the Congress I was 2 years old, and I believe at no time has any Republican Member of this House of Representatives been allowed to sit here.

Mr. GINGRICH. Let me ask the same question of the gentleman from California, if I might. What was the gentleman doing in 1954?

Mr. HUNTER. In 1954 I was 6 years old.

Mr. GINGRICH. The gentleman from California is much older than the gentleman from Ohio, who was only 2. Not only do I have gray hair, but I am the elder statesman of the three of us. I was 10 that year.

Mr. McEWEN. I think it is important to emphasize now that when people run against the deficit, when they say——

Mr. GINGRICH. I will correct myself. I was 11. I have been watching GARY HART too long.

Mr. McEWEN. I was born in 1950. The election of 1952 was the last time that a Republican was elected chairman of a committee. They were allowed to serve for their 2 years, and then were thrown out.

But the emphasis here is that they will literally run against their record, and they will run this fall against the programs that they enacted, the spending programs that they enacted and the inflation that was brought to our country, and say, "Even though we controlled it every year for the last 30-some years, we will correct it this time."

In fact, the Speaker of the House was quoted on the front page of the Washington Post—and I often carry it in my portfolio—as saying, "Sure, we overtaxed; sure, we overregulated. Sure, we overspent. But the 1980's was when we were going to change those things."

Well, the 1980's are here. I think that those who chair every committee, who control every bill that comes to this floor, where no Republicans can bring a bill to the floor of this House without the approval of the Speaker and the majority party, so therefore they do not come at all, that they have to take account and responsibility for what has been done.

Mr. GINGRICH. I yield to the gentleman from California.

Mr. HUNTER. I thank the gentleman for yielding.

I have to leave, because I have to go and take a constituent from San Diego, who is in the construction business, back to the airport so he can go back, because he has more people working now and building houses and in the construction trade than have ever been working in his operation for the last 5 or 6 years. So we have got so much productivity in this country right now I think that the American people cannot understand what the Democrat leadership is complaining about under this administration.

I think it is kind of unusual in this year, in this election year of 1984, the Democrats suddenly are doing this about-face that the gentleman from Ohio spoke about, and they are running against deficits that they created, and Republicans are running on jobs, that 4.9 million jobs that have been created.

And, incidentally, the gentleman has referred to Mr. HART and some of the changes of names he has gone through. I know that the gentleman from Georgia (Mr. GINGRICH) did not change his name.

Mr. GINGRICH. Unfortunately, that is not even true. I was adopted as a kid.

Mr. McEWEN. Gingrich-pence just does not ring.

Mr. GINGRICH. We talked one time about going around with a group of shortened names on our side. But that is the entire problem, I think, of the liberal Democratic Party. They would like to shorten their proposals, so you only see the part of the budget they give you, not the part that they take away from you. And the point I tried to make this afternoon both with the distinguished majority leader and the gentleman from Colorado who offered the President's budget was that if you look at the entire liberal Democratic budget as offered by their two leading candidates for President, and as basically seconded by Mr. Jackson, they want to raise taxes so massively. And I want to really bring back and close on this, because I think it is something that the American people, as they watch all of these games today and tomorrow, need to confront. It is impossible for the liberal Democratic leadership to offer a budget comparable to what Mr. HART or Mr. Mondale or Mr. Jackson is proposing because the tax increase would be so staggering, if the American people understood that the modes member, Mr. Mondale, is almost $1,000 per American over the next 5 years, and the more liberal budget, Mr. HART, is over $1,000 per American for the next 5 years, the results I think would lead to the collapse of any hope of the Democratic Presidential candidate getting anywhere. In fact, that candidate, whichever one it was, would become such an enormous anchor it would drag down the whole party.

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So in order to hide from the American people the reality of what their Presidential candidates are proposing, they tried today to pull off what I think was frankly a cheap shot that demeaned the House.

Every American who is working for a living, every American who has children who are working for a living, every American who hopes to earn a little bit extra and save and to be able someday to buy a house or a car or go to school, ought to be aware of the fact that today the liberal Democratic leadership, with absolute irresponsibility, walked off from the process of providing a realistic budget.

Today the liberal Democratic leadership hid from their own candidates, even though they endorsed those can-

didates. We have the final, grand irony, that while the Speaker of the House has endorsed Mr. Mondale, it was a gentleman from Colorado, the home of Senator HART, who came up and offered not Mr. HART's budget, not Mr. Mondale's budget, but instead the President's budget.

I think it is a sign of how bankrupt they are that in fact there is no beef left on their side of the aisle, and all they have left are petty political checks.

STRONG-ARMING THE CONSUMER—ADJUSTABLE RATE MORTGAGES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

● Mr. ANNUNZIO. Mr. Speaker, according to Michael Allen, president of Chicago's Crown Mortgage Co.:

> Lenders will end up foreclosing on people who take ARM's (adjustable rate mortgages) if the rates do not go down next year, and most people realize the rates are not going to go down.

In the fourth quarter of 1983, 55 percent of conventionally financed existing home sales and 45 percent of all new home sales were ARM financed. The U.S. housing forecast for 1984 is 1.15 million to 1.75 million single family starts and 175,000 condominium starts. Because of the increased activity in the housing market, it is necessary that consumers be forewarned of the pitfalls associated with adjustable rate mortgages.

Lenders offer adjustable rate mortgages to attract consumers who might not otherwise be able to find an affordable house to purchase. Adjustable rate mortgages provide a lower initial interest rate on the amount borrowed than do fixed rate mortgages. And that is the rub. The beginning interest rate of an ARM is not guaranteed for the full term of the mortgage, so the consumer must gamble. Usually, lenders offer the lower interest rate for a year or two, and then tie the future interest rate on the mortgage into one of several economic indices. Consumers eager to become homeowners may seize the chance for lower payments, without giving full consideration to mortgage rates that may rise uncontrollably in the future.

Adjustable rate mortgages often are deceptive because ARM's require less of a downpayment than other types of mortgage arrangements. The first-year payments required of the homeowner are also usually substantially less than those payments required under fixed-rate mortgages. Buyers, who assume that, first, interest rates will go down; second, their personal net economic worth will increase; or, third, they will be moving shortly and will resell the property before the initiation period expires, take the bait. And that is when homeowners find out that ARM's are just a teasing device. Homeowners think they can afford a house, buy it, interest rates increase, and then, bingo, the homeowners must sell their new purchase or have it sold out from under.

When the homeowner qualified for the ARM, the homeowner may not have adequately calculated the amount of funds necessary to meet the ARM's future requirements. The consumer must fully understand the nature and requirements of the adjustable rate mortgage before committing to the terms of the mortgage. A change in interest rate of as much as 2 percent is not at all unusual, and the difference in the mortgage payments may make a previously affordable home unaffordable.

The educated consumer must understand the inherent risk in ARM's. When a fixed-rate mortgage is issued, the lender fully assumes the risk of fluctuating rates in the transaction. For example, if a fixed-rate mortgage is issued at 12 percent and interest rates rise to 16 percent, the fixed-rate mortgage remains at 12 percent, and the consumer is protected from the vagaries of the market. In the case of an ARM, the change in the interest rate falls completely on the homeowner. The degree of risk in the transaction is transferred directly from the lender to the homeowner. Unfortunately, the homeowner is usually the party least able to bear that risk.

For consumers capable of adapting to the increased requirements of an adjustable rate mortgage, the ARM may be a good way to finance the purchase of the family castle. But for homebuyers who can just meet the required initial-month payments of the adjustable rate mortgage, the ARM may not be an appropriate means of financing the purchase of a home. Instead of being secure in the castle, heedless homeowners might find themselves besieged by the knights of foreclosure.●

A BILL OF RIGHTS FOR CONSUMERS: ACCESS TO THEIR OWN MONEY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. MINISH) is recognized for 5 minutes.

● Mr. MINISH. Mr. Speaker, all over this Nation, there are reports of financial institutions delaying customers' access to funds deposited by check or money orders.

These delays for the most part are unnecessary and they impose tremendous hardships on working families, the elderly, small businessmen and others who do not have great surpluses in their accounts and who cannot wait days and weeks for access to their own money.

Mr. Speaker, the Banking, Finance and Urban Affairs Committee, of which I am a member, has launched hearings into the issue with hopes of coming up with solutions that will give customers early access to their funds. I am today introducing legislation, similar to that sponsored by committee chairman, FERNAND J. ST GERMAIN. This bill spells out the maximum period in which an institution may hold a deposit and requires the Federal Reserve to develop a new program that will provide for even faster access to the funds.

The committee, Mr. Speaker, has received numerous complaints showing that some financial institutions hold checks for 2 and 3 weeks—some longer—before crediting the accounts of the customers. Yet the Federal Reserve testifies that it requires only a few days—even with out the State checks—for the check to clear. What happens in many instances is that the banks make profits on the funds from the time they are collected and the date of actual crediting to the customers' account. In the meantime, the customer loses interest and use of the money.

Mr. Speaker, these delays are outrageous, and they should be reduced quickly. There is no reason for a hard-working family to be forced to dip into their savings, or to be deprived of necessities while the banks play this floating game. In too many cases, customers—thinking their deposit has cleared—write checks, only to have them bounce and be faced with $10, $15, and $20 fees.

My legislation will put an end to this practice and provide consumers with a clear bill of rights on the use of their own money.●

H.R. 5342, LEGISLATION TO ESTABLISH A COMMISSION ON CAPITAL MARKETS AND IMPOSE A MORATORIUM ON FORMATION OF COMBINED INSURANCE, BANKING, AND SECURITIES ORGANIZATIONS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Colorado (Mr. WIRTH) is recognized for 5 minutes.

● Mr. WIRTH. Mr. Speaker, yesterday, the distinguished chairman of the Energy and Commerce Committee, JOHN D. DINGELL, and seven of my colleagues on the Subcommittee on Telecommunications, Consumer Protection, and Finance joined me in introducing H.R. 5342, legislation to establish a commission on capital markets and impose an 18-month moratorium on formation of combined insurance, banking, and securities organizations. In yesterday's RECORD, I explained the

concerns that led us to introducing the legislation.

Today, I would like to include in the RECORD a section-by-section analysis of the legislation, which follows:

SECTION-BY-SECTION ANALYSIS—CAPITAL MARKETS COMMISSION AND MORATORIUM ACT

TITLE I—FINDINGS AND POLICY

This title sets out the findings of Congress that there has been a shift of capital from long- to short-term investments and other fundamental changes in American financial markets; that regulatory agencies have broadly interpreted laws enacted many years before these changes occurred; that most of the underlying goals of laws governing American financial institutions remain valid today; that the laws enacted to achieve those goals mandated a separation between securities, banking, and insurance activities; that until there is assurance that existing regulatory objectives and the stability of the financial system will not be undermined by combining securities, banking and insurance activities, and financial and nonfinancial activities, such combinations should be temporarily postponed; and that a comprehensive and objective overview of the nation's capital needs and of how changes in financial structure affect the soundness of financial intermediaries and their ability to meet those needs would provide a sound basis for reform legislation.

TITLE II—MORATORIUM ON FINANCIAL INTERMEDIARY COMBINATIONS

Section 201 prohibits mergers, acquisitions or affiliations between securities firms, insurance companies, and depository institutions, and between any of these financial intermediaries and businesses engaged in nonfinancial activities. It prohibits these financial intermediaries and non-financial businesses from engaging directly in one another's primary activities unless these combinations of enterprises and activities were explicitly authorized by Federal or State law or regulation before January 1, 1983.

Section 202 permits the continuation of "prohibited" combinations of enterprises or activities begun before March 31, 1984, unless they are expanded by means of additional mergers, acquisitions, or affiliations, or by a substantial transfer of resources into otherwise prohibited activities from the parent organization.

Section 203 provides for action by federal or state regulators or any aggrieved party to enforce the moratorium in the district courts of the United States.

Section 204 defines the primary business of securities firms, insurance companies, and depository institutions, and depository holding companies; defines non-financial activities as the production or sale of manufactured or unmanufactured articles, materials, or supplies, or the provision of services that are not the primary business of securities firms, insurance companies or depository institutions, and defines ownership, control, affiliation and other terms used in the Act.

Section 205 provides that the provisions of this title shall terminate on December 31, 1985.

TITLE III—COMMISSION ON CAPITAL MARKETS

Section 301 provides for the establishment of a Commission on Capital Markets composed of 18 members jointly appointed by the Speaker of the House and the majority leader of the Senate after consultation with the chairmen and ranking minority members of the House Banking Committee, the House Energy and Commerce Committee, and the Senate Banking Committee; requires that the members of the Commission be acknowledged experts in financial and investment matters and represent users and suppliers of funds raised in capital and credit markets as well as financial intermediaries; and permits the Speaker of the House and Majority Leader of the Senate to appoint members from congressional committees with jurisdiction over the issues to be evaluated to serve as ex officio, nonvoting members of the Commission.

Section 302 provides that the functions of the Commission include an evaluation of: the capital and credit needs of the U.S. economy to sustain long-term economic growth; the effect of current regulatory policies on the distribution of savings and the fairness, efficiency and cost of raising capital and credit; the role of the federal government in allocating capital and credit; the effects of current and proposed changes in regulation and financial structure on competition and soundness, current safety mechanisms, the protection of investors and depositors and financial concentration, and an evaluation of methods for ensuring a smooth adjustment of regulatory and institutional structures during this period of rapid innovation.

This section also provides for consideration by the Commisison of the impact of telecommunications and information technologies on financial structure and the effects of international capital flows on U.S. borrowers; encourages the Commission to use government and private data bases and existing studies and materials to avoid duplication of effort; would require that the Commission maintain a close working relationship with its ex officio members and consult with heads of the relevant regulatory agencies, providing opportunities for these officials and ex officio members to comment on the Commission's evaluations before the submission of its report to Congress. This underlines the Commission's intended role as a consensus builder.

Subsection (b) provides that the Commission submit a report to Congress within nine months of its initial meeting, taking into account the comments of its ex officio members and heads of relevant government departments and agencies, and that the report include an estimate of the capital needs of the U.S. economy; recommendations for legislative or administrative actions to reform and improve financial regulation to ensure that the nation's capital requirements will be met; and data and analyses used in developing the Commission's recommendations and findings.

Section 303 provides that members serve on the Commission without compensation but are reimbursed for all necessary expenses.

Section 304 enables the Commission to appoint staff without regard to federal laws governing the number, classification or compensation of employees; limits the maximum compensation for staff to rates equivalent to grade GS-18 of the General Schedule; and exempts staff and members of the Commission from federal laws relating to conflicts of interest or other restrictions applicable to federal government service or employment.

Section 305 empowers the Commission to sit, take testimony, authorize printing and binding, enter into contracts, make expenditures, and administer oaths; authorizes the Commission to obtain information (including estimates and statistics) and suggestions from government officers, agencies and departments; authorizes heads of government agencies to make the facilities and services of their agencies available to the Commission on request and on a reimbursement basis; and prohibits officers or agencies of the United States from imposing restrictions on the Commission's activities or requiring that it submit reports or recommendations for approval, comment, or review before they are submitted to Congress.

Section 306 provides for the dissolution of the Commission ninety days after the submission of its report to Congress.

Section 307 authorizes appropriations necessary to carry out the purposes of the Act.●

UDALL-CHENEY ACID RAIN CONTROL BILL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arizona (Mr. UDALL) is recognized for 10 minutes.

● Mr. UDALL. Mr. Speaker, I have thought long and hard about the acid rain issue in the last few months. As an environmentalist, I feel strongly about the need for tough acid rain controls; as a westerner, I want to make sure that any acid rain solution does not impose an unreasonable share of the cost on Western consumers.

Representative CHENEY and I are introducing a bill today that achieves both goals. According to a report by the Office of Technology Assessment, in 1980 sulfur dioxide emissions in the 31 Eastern and Midwestern States totaled 22.4 million tons. Our bill calls for reductions in sulfur dioxide emissions of 11 million tons per year by 1996—one-half to be achieved by 1991. The Waxman-Sikorski bill requires reductions of 10 million tons per year by 1993. We believe a phased reduction of sulfur dioxide emissions makes sense. A reasonable time schedule will allow States some flexibility as they work toward reducing their sulfur dioxide emissions by almost one-half.

The Udall-Cheney bill also allows flexibility in how those reductions would be achieved. Installing scrubbers on old powerplants is an expensive proposition. By requiring scrubbers, H.R. 3400 may cost $46 billion by the year 2000; our bill would cost consumers $24 billion by the year 2000. Any acid rain control bill is bound to be expensive. It makes sense to let those responsible for reducing SO_2 emissions decide the means for achieving those reductions and thereby hold down the cost.

Our bill also:

Prohibits further increases in SO^2 and NOx emissions after 1996.

Provides for regional negotiations among Governors to decide how the reduction would be achieved.

Establishes a National Air Quality Employment Impact Commission to

study the employment effects of the bill.

I believe there are many Members like myself and Mr. CHENEY that feel strongly about the need for tough acid rain controls and share our concerns about H.R. 3400. I invite them to cosponsor the Udall-Cheney acid rain bill.●

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. RAY (at the request of Mr. WRIGHT), on April 4 and 5, on account of death in the family.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. NIELSON of Utah) to revise and extend their remarks and include extraneous material:)

Mr. LEACH of Iowa, for 30 minutes, today.

Mr. MCEWEN, for 60 minutes, today.

(The following Members (at the request of Mr. WEISS) to revise and extend their remarks and include extraneous material:)

Mr. ANNUNZIO, for 5 minutes, today.

Mr. MINISH, for 5 minutes, today.

Mr. STARK, for 10 minutes, today.

Mr. WIRTH, for 5 minutes, today.

Mr. GONZALEZ, for 60 minutes, today.

Mr. UDALL, for 10 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. NIELSON of Utah) and to include extraneous matter:)

Mr. BROOMFIELD.

Mr. GREEN.

Mr. LAGOMARSINO in two instances.

Mr. MCKERNAN.

Ms. SNOWE.

Mr. ROBINSON.

Mr. SKEEN.

Mr. CHENEY.

Mr. GILMAN.

Mr. MCKINNEY.

Mr. DENNY SMITH.

Mr. BEREUTER.

Mr. CAMPBELL.

Mr. O'BRIEN.

Mr. MCCANDLESS.

Mr. PAUL.

Mr. CONTE.

Mr. COURTER.

Mr. WHITEHURST.

(The following Members (at the request of Mr. WEISS) and to include extraneous matter:)

Mr. COLEMAN of Texas.

Mr. SOLARZ.

Mr. EDWARDS of California.

Mr. HAMILTON.

Mr. BRYANT.

Mr. DE LA GARZA.

Mr. DOWNEY of New York in two instances.

Mr. ACKERMAN in two instances.

Mr. STARK.

Mr. FAUNTROY in two instances.

Mr. BONIOR of Michigan.

Mr. WAXMAN.

Mr. LUNDINE.

Mr. LANTOS.

Mr. BURTON of Indiana.

Mr. KOGOVSEK.

Mr. MARKEY in two instances.

Mr. MINETA.

Mr. DERRICK, and to include extraneous matter, in the RECORD immediately following the vote on House Resolution 476 and preceding debate in the Committee of the Whole on House Concurrent Resolution 280, notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost $1,092.

SENATE ENROLLED JOINT RESOLUTIONS SIGNED

The SPEAKER announced his signature to enrolled joint resolutions of the Senate of the following title:

S.J. Res. 148. Joint resolution to designate the week of May 6, through May 13, 1984, as "National Tuberous Sclerosis Week";

S.J. Res. 171. Joint resolution to provide for the designation of July 20, 1984, as "National P.O.W./M.I.A. Recognition Day"; and

S.J. Res. 203. Joint resolution designating the week beginning April 8, 1984, as "National Mental Health Counselors Week."

ADJOURNMENT

Mr. ALBOSTA. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 10 o'clock and 13 minutes p.m.), under its previous order, the House adjourned until tomorrow, Thursday, April 5, 1984, at 10 a.m.

EXPENDITURE REPORTS CONCERNING OFFICIAL FOREIGN TRAVEL

Miscellaneous reports filed with the Committee on House Administration and forwarded to the Clerk of the House concerning the foreign currencies and U.S. dollars utilized by Interparliamentary Unions and other similar groups or delegations during calendar year 1983 in connection with foreign travel pursuant to Public Law 95-384 are as follows:

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, INTERPARLIAMENTARY UNION, HELSINKI, FINLAND, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN APR. 22 AND MAY 1, 1983

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Hon. Claude Pepper	4/22	4/29	Finland		1,134.00		[3] 2,019.00				3,153.00
	4/29	5/1	United Kingdom		266.00						266.00
Hon. Augustus F. Hawkins	4/22	4/29	Finland		1,021.00		[3] 2,019.00				3,040.00
	4/29	5/1	United Kingdom		266.00						266.00
Hon. Lindy Boggs	4/24	4/29	Finland		680.00		[3] 1,119.34				1,799.34
	4/29	5/1	United Kingdom		221.00						221.00
Hon. Henry J. Hyde	4/22	4/27	Finland		925.00		[3] 899.66				1,824.66
Hon. Herbert H. Bateman	4/22	4/29	Finland		1,145.00		[3] 2,019.00				3,164.00
	4/29	5/1	United Kingdom		193.00						193.00
Hon. Sherwood L. Boehlert	4/22	4/29	Finland		1,295.00		[3] 2,019.00				3,314.00
	4/29	5/1	United Kingdom		318.00						318.00
Benjamin J. Guthrie	4/22	4/29	Finland		1,295.00		[3] 2,019.00				3,314.00
	4/29	5/1	United Kingdom		318.00						318.00
Vance Hyndman	4/22	4/29	Finland		1,014.00		[3] 2,019.00				3,033.00
	4/29	5/1	United Kingdom		231.00						231.00
Ellen P. Rayner	4/22	4/29	Finland		813.63		[3] 2,019.00				2,832.63
	4/29	5/1	United Kingdom		220.24						220.24
Julie Illsley	4/22	4/29	Finland		974.00		[3] 2,019.00				2,993.00
	4/29	5/1	United Kingdom		246.00						246.00
Frances H. Campbell	4/22	4/29	Finland		1,134.00		[3] 2,019.00				3,153.00
	4/29	5/1	United Kingdom		266.00						266.00
Delegation expenses:											
Official meals	4/22	4/29	Finland		952.44						952.44
	4/29	5/1	United Kingdom		158.94						158.94
Control room	4/22	4/29	Finland		2,473.67						2,473.67
	4/29	5/1	United Kingdom		568.52						568.52

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, INTERPARLIAMENTARY UNION, HELSINKI, FINLAND, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN APR. 22 AND MAY 1, 1983—Continued

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Transportation	4/22	4/29	Finland				2,934.16				2,934.16
	4/29	5/1	United Kingdom				401.77				401.77
Overtime (embassy personnel)	4/22	4/29	Finland						800.00		800.00
	4/29	5/1	United Kingdom						780.10		780.10
Gratuities	4/22	4/29	Finland						37.25		37.25
	4/29	5/1	United Kingdom						24.00		24.00
Miscellaneous	4/22	4/29	Finland						82.96		82.96
	4/29	5/1	United Kingdom						11.93		11.93
Committee total					18,129.44		23,525.93		1,736.24		43,391.61

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.
[3] DOD transportation provided pursuant to 31 U.S.C. 22A.

CLAUDE PEPPER, Chairman, Feb. 28, 1984.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, INTERPARLIAMENTARY CONFERENCE ON EUROPEAN COOPERATION AND SECURITY, BUDAPEST, HUNGARY, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN MAY 26 AND JUNE 5, 1983

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Hon. Dan Mica	5/29	6/2	Hungary		360.00		6,234.00				6,594.00
Hon. Elliott H. Levitas	5/27	5/29	Austria		250.00		3,376.88				3,626.88
	5/29	6/1	Hungary		228.00						228.00
Vance Hyndman	5/26	5/29	Austria		318.00		3,323.00				3,641.00
	5/29	6/5	Hungary		532.00						532.00
Ellen P. Rayner	5/29	6/4	Hungary		400.00		2,553.00				2,953.00
Delegation expenses	5/26	5/29	Austria						75.33		75.33
	5/29	6/5	Hungary						177.08		177.08
Committee total					2,088.00		15,486.88		252.41		17,827.29

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

CLAUDE PEPPER, Chairman, Feb. 28, 1984.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, INTERPARLIAMENTARY UNION, SEOUL, KOREA, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN SEPT. 30 AND OCT. 14, 1983

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Hon. Claude Pepper	10/2	10/14	Republic of Korea		1,284.00		[3] 2,874.39				4,158.39
Hon. Tony P. Hall	10/2	10/14	Republic of Korea		1,284.00		[3] 2,874.39				4,158.39
Hon. Raymond J. McGrath	10/2	10/12	Republic of Korea		1,070.00		[3] 1,506.74				2,576.74
Benjamin J. Guthrie	10/2	10/14	Republic of Korea		1,284.00		[3] 2,874.39				4,158.39
Vance Hyndman	9/30	10/14	Republic of Korea		1,498.00		1,136.00				2,634.00
							[3] 1,367.65				1,367.65
Ellen P. Rayner	10/2	10/14	Republic of Korea		1,174.00		[3] 2,874.39				4,048.39
Julie Illsley	10/2	10/14	Republic of Korea		1,264.00		[3] 2,874.39				4,138.39
Frances H. Campbell	10/2	10/14	Republic of Korea		1,284.00		[3] 2,874.39				4,158.39
Delegation expenses:											
Official meals	10/2	10/14	Republic of Korea		1,673.61						1,673.61
Control room	10/2	10/14	Republic of Korea		3,632.23						3,632.23
Overtime (embassy personnel)	10/2	10/14	Republic of Korea						2,473.67		2,473.67
Gratuities	10/2	10/14	Republic of Korea						35.00		35.00
Miscellaneous	10/2	10/14	Republic of Korea						46.42		46.42
Committee total					15,447.84		21,256.73		2,555.09		39,259.66

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.
[3] DOD transportation provided pursuant to 31 U.S.C. 22A.

CLAUDE PEPPER, Chairman, Feb. 28, 1984.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, CANADA-UNITED STATES INTERPARLIAMENTARY GROUP, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JAN. 1 AND DEC. 31, 1983

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Alexander, Bill	6/16	6/19	Canada		210.38		[3] 137.08				347.46
Broomfield, William	6/16	6/20	Canada		262.62		[3] 345.31				607.93
Eckart, Dennis	6/16	6/20	Canada		233.33		[3] 345.31				578.64
Fascell, Dante B.	6/16	6/20	Canada		248.64		[3] 345.31				593.95
Frenzel, Bill	6/16	6/20	Canada		274.04		[3] 345.31				619.35
Gibbons, Sam	6/16	6/20	Canada		233.34		[3] 345.31				578.65
Hamilton, Lee H.	6/16	6/20	Canada		252.86		[3] 345.31				598.17
Horton, Frank	6/16	6/20	Canada		233.33		[3] 345.31				578.64
Martin, David	6/16	6/20	Canada		233.33		[3] 345.31				578.64
Oberstar, James	6/16	6/20	Canada		233.33		[3] 345.31				578.64
Stangeland, Arlan	6/16	6/20	Canada		233.33		[3] 345.31				578.64
Winn, Larry	6/16	6/20	Canada		233.33		[3] 345.31				578.64
Wright, Jim	6/16	6/20	Canada		252.85		[3] 345.31				598.16
Bierman, Everett	6/16	6/20	Canada		252.85		[3] 345.31				598.16
Daoust, Elizabeth	6/16	6/20	Canada		200.00		[3] 345.31				545.31
	11/9	11/13	United States		531.69		[4] 403.20				934.89
Ingram, George	6/16	6/20	Canada		242.30		[3] 345.31				587.61
	7/25	7/26	United States		100.37		[4] 433.20				533.57
Kurz, Robert	6/16	6/20	Canada		261.10		[3] 345.31				606.41
Nelson, Steve	6/16	6/20	Canada		243.06		[3] 345.31				588.37
Oliver, Spencer	6/16	6/20	Canada		200.00		[3] 345.31				545.31
Selves, Kathleen	6/16	6/20	Canada		224.30		[3] 345.31				569.61
Delegation Expenses:											
Official planning meeting									224.00		
Miscellaneous hotel charges in Canada									667.50		
Inflight expenses and control room charges									783.18		
Deposit for 1984 conference									500.00		
Miscellaneous									38.05		2,212.73
Committee total					5,390.38		[3] 6,697.97		2,212.73		15,137.48
							[4] 836.40				

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.
[3] Department of Defense.
[4] Commercial.

DANTE B. FASCELL, Chairman, Mar. 16, 1984.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, MEXICO-UNITED STATES INTERPARLIAMENTARY GROUP, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JAN. 1 AND DEC. 31, 1983

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Bereuter, Douglas	7/7	7/10	Mexico		79.68		[3]479.50				559.18
de la Garza, E.	7/7	7/10	Mexico		132.05		[3]479.50				611.55
Gilman, Benjamin	7/7	7/10	Mexico		79.92		[3]479.50				559.42
Goodling, William	7/7	7/10	Mexico		181.15		[3]479.50				660.65
Kazen, Abraham	7/7	7/10	Mexico		78.73		[3]479.50				558.23
Kogovsek, Ray	7/7	7/10	Mexico		120.85		[3]479.50				600.35
Yatron, Gus	7/7	7/10	Mexico		89.36		[3]479.50				568.86
Castillo, Mario	7/7	7/10	Mexico		79.52		[3]479.50				559.02
Chester, J. C.	7/7	7/10	Mexico		78.73		[3]479.50				558.23
Daoust, Elizabeth	7/7	7/10	Mexico		93.80		[3]479.50				573.30
Garon, Richard	7/7	7/10	Mexico		88.12		[3]479.50				567.62
Livingston, Shelly	7/7	7/10	Mexico		79.18		[3]479.50				558.68
Tavlarides, Mark	7/7	7/10	Mexico		92.06		[3]479.50				571.56
Delegation expenses:											
Planning meeting and briefing									359.27		
Supplies, stationery purchases and postage									556.91		
Inflight expenses and control room charges									703.44		1,619.62
Committee total					1,273.15		[3]6,233.50		1,619.62		9,126.27

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent, if U.S. currency is used, enter amount expended.
[3] Department of Defense.

E de la GARZA, Chairman, Mar. 19, 1984.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, NORTH ATLANTIC ASSEMBLY, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JUNE 9 AND JUNE 13, 1983

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Abbruzzese, P.	6/10	6/13	Denmark		472.00		[3] 966.60				1,438.60
Annunzio, F.	6/10	6/13	Denmark		472.00		[3] 966.60				1,438.60
Badham, R.	6/10	6/13	Denmark		472.00		[3] 966.60				1,438.60
Brady, J.	6/10	6/13	Denmark		472.00		[3] 966.60				1,438.60
Brooks, J.	6/10	6/13	Denmark		472.00		[3] 966.60				1,438.60
Garcia, R.	6/10	6/13	Denmark		472.00		[3] 966.60				[1] 438.60

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, NORTH ATLANTIC ASSEMBLY, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JUNE 9 AND JUNE 13, 1983—Continued

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Horton, F	6/10	6/13	Denmark		472.00		[3] 966.60				1,438.60
Levitas, E	6/10	6/13	Denmark		472.00		[3] 966.60				1,438.60
Matts, S	6/10	6/13	Denmark		472.00		[3] 966.60				1,438.60
O'Brien G	6/10	6/13	Denmark		472.00		[3] 966.60				1,438.60
Rose, C	6/10	6/13	Denmark		472.00		[3] 966.60				1,438.60
Salvia, J	6/10	6/13	Denmark		344.67		[3] 966.60				1,311.27
Solomon, G	6/10	6/13	Denmark		472.00		[3] 966.60				1,438.60
Stratton, S	6/10	6/13	Denmark		472.00		[3] 966.60				1,438.60
Total					6,480.67		[3] 13,532.40				20,013.07
Whitehurst, W	6/10	6/13	Denmark		472.00		[3] 966.60				1,438.60
Zablocki, C. J	6/10	6/13	Denmark		472.00		[3] 966.60				1,438.60
Delegation expenses—House share:											
Control room charges									1,208.38		1,208.38
Administrative charges									1,777.16		1,777.16
Embassy assistance									903.01		903.01
Ground transportation									594.07		594.07
Miscellaneous expenses									29.37		29.37
Official meetings in Washington, D.C									291.50		291.50
Total					944.00		1,933.20		4,803.49		7,680.69
Grand total											27,693.76

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.
[3] DOD transportation.

DANTE B. FASCELL, Chairman, Feb. 23, 1984.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, NORTH ATLANTIC ASSEMBLY, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN OCT. 1 AND OCT. 7, 1983

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Abbruzzese, P. A	10/1	10/7	Netherlands		$468.00		[3] $3,142.13				$3,610.13
Badham, R	10/1	10/7	Netherlands		468.00		[3] 3,142.13				3,610.13
Brady, J. J	10/1	10/7	Netherlands		468.00		[3] 3,142.13				3,610.13
Brooks, J	10/1	10/7	Netherlands		468.00		[3] 3,142.13				3,610.13
Burton, S	10/1	10/7	Netherlands		468.00		[3] 3,142.13				3,610.13
Fascell, D. B	10/1	10/4	Netherlands		—		—				—
	10/5	10/7	Netherlands		390.00		[3] 1,833.35				2,223.35
Fite, W	10/1	10/7	Netherlands		[4] 464.00		[3] 3,142.13				3,606.13
Godfrey, C. F	10/1	10/7	Netherlands		468.00		[3] 3,142.13				3,610.13
Lasch, R	10/1	10/7	Netherlands		468.00		[3] 3,142.13				3,610.13
Levitas, E	10/1	10/7	Netherlands		468.00		[3] 2,170.75				2,638.75
Livingston, S	10/1	10/7	Netherlands		468.00		[3] 3,142.13				3,610.13
Matts, S	10/1	10/7	Netherlands		468.00		[3] 3,142.13				3,610.13
Total					5,534.00		35,425.40				40,959.40
O'Brien	10/1	10/4	Netherlands		—		—		—		—
	10/5	10/7	Netherlands		468.00		[3] 3,142.13				3,610.13
Rose, C	10/1	10/7	Netherlands		468.00		[3] 3,142.13				3,610.13
Solomon, G	10/5	10/7	Netherlands		156.00		[3] 3,089.07				3,245.07
Whitehurst	10/1	10/5	Netherlands		204.88		[3] 2,540.60				2,745.48
Zablocki, C	10/1	10/7	Netherlands		468.00		[3] 3,142.13				3,610.13
Delegation expenses—House share:											
Control room charges									2,835.49		2,835.49
Embassy assistance									4,640.58		4,640.58
Administrative charges									475.23		475.23
Miscellaneous expenses									81.36		81.36
Ground transportation									4,903.00		4,903.00
Total					1,764.88		15,056.06		12,935.66		29,756.60
Grand total											29,756.60

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.
[3] Represents military transportation per person.
[4] Represents refund of unused per diem.

DANTE B. FASCELL, Chairman, Feb. 23, 1984.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, NORTH ATLANTIC ASSEMBLY, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JAN. 1 AND DEC. 31, 1983

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Abbruzzese, P. A	8/4	8/4	Rhode Island				264.00				264.00
	8/30	8/31	Norfolk, Va		150.00						150.00
	9/6	9/8	San Francisco, Calif		140.74		910.56				1,051.30
	12/8	12/10	San Francisco, Calif		189.36		823.00				1,012.36
Danvers, W	11/13	11/15	New York City		5.30		136.50				141.80

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, NORTH ATLANTIC ASSEMBLY, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JAN. 1 AND DEC. 31, 1983—Continued

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Horton, F	11/13	11/14	New York City		100.00		130.00				230.00
Levitas, E	8/30	8/31	Norfolk, Va		150.00		184.00				334.00
Roberts, A	11/13	11/18	New York City		175.00		148.00				323.00
Salvia, J. M	9/6	8/8	San Francisco, Calif		140.74		437.16				577.90
Official delegation expenses:											
Administrative expenses									350.00		350.00
Official meetings in Washington, D.C									556.77		556.77
Committee totals					1,051.14		2,769.22		906.77		4,991.13

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

DANTE B. FASCELL, Chairman, Feb. 23, 1984.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3071. A letter from the Secretary of Defense, transmitting a report of violations by the Department of the Navy of administrative control of appropriations, pursuant to 31 U.S.C. 1517(b); to the Committee on Appropriations.

3072. A letter from the Secretary of Defense, transmitting notification of an increase in civilian personnel above that authorized for fiscal year 1984, pursuant to Public Law 98-94, section 601(d); to the Committee on Armed Services.

3073. A letter from the Principal Deputy Assistant Secretary of the Navy (Shipbuilding and Logistics), transmitting notice of the Navy's decision to study the conversion from inhouse operation to private contractor performance of various functions at different installations as specified, purusant to 10 U.S.C. 2304 nt (Public Law 96-342, section 502(a) (96 Stat. 747)): to the Committee on Armed Services.

3074. A letter from the Secretary of Housing and Urban Development, advising of a delay in the transmittal of the report on Section 8 assistance to Neighborhood Strategy Areas until approximately June 30, 1984, pursuant to Public Law 98-181, section 220; to the Committee on Banking, Finance and Urban Affairs.

3075. A letter from the Treasurer, District of Columbia Retirement Board, transmitting the Board's comments on the enrolled actuary's report on the disability retirement rate for police officers and firemen, pursuant to Public Law 96-122, section 145(b)(1) (97 Stat. 727); to the Committee on the District of Columbia.

3076. A letter from the Assistant Secretary of State for Legislative and Intergovernmental Affairs, transmitting certification of the existence of extraordinary circumstances warranting the provision of security assistance to the police, domestic intelligence, or similar law enforcement forces of a country, or the issuance of export licenses for crime control and detection equipment or the provision of military education and training to a country which has consistently violated human rights pursuant to FAA section 502B(a)(2) (92 Stat. 731, 732); to the Committee on Foreign Affairs.

3077. A communication from the President of the United States, transmitting a report describing the nuclear programs and related activities of any country for which a waiver of sections 669 or 670 of the Foreign Assistance Act is in effect, pursuant to Public Law 97-113, section 735; to the Committee on Foreign Affairs.

3078. A letter from the Assistant Secretary for Personnel Administration, Department of Health and Human Services, transmitting notice of a proposed altered Federal records system, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

3079. A letter from the Assistant Secretary for Transportation for Administration, notification of a new system of records, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

3080. A letter from the Chairman, Federal Mine Safety and Health Review Commission, transmitting information on the Commission's proposed regulations to implement the Privacy Act and establish systems of records, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

3081. A letter from the Chairman, National Capital Planning Commission, transmitting a report on the Commission's activities under the Freedom of Information Act during calendar year 1983, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

3082. A letter from the Chairman, U.S. International Trade Commission, transmitting a report on the Commission's compliance with the laws relating to open meetings of agencies of the Government (Government in the Sunshine Act) during 1983, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

3083. A letter from the Secretary, Federal Trade Commission, transmitting the Commission's report of its activities under the Freedom of Information Act for calendar year 1983, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

3084. A letter from the President, American Academy and Institute of Arts and Letters, transmitting the annual activities report of the Academy for calendar year 1983, pursuant to section 4 of its charter; to the Committee on House Administration.

3085. A letter from the Director, Minerals Management Service, Department of the Interior, transmitting a report on numerous proposed refunds of excess royalty payments in OCS areas, pursuant to the act of August 7, 1953, chapter 345, section 10(b); to the Committee on Interior and Insular Affairs.

3086. A letter from the Director, Community Relations Service, Department of Justice, transmitting the annual report of the Community Relations Service for fiscal year 1983, pursuant to Public Law 88-352, section 1004; to the Committee on the Judiciary.

3087. A letter from the Chairman, Merit Systems Protection Board, transmitting the Board's third annual report on the significant actions of the Office of Personnel Management (OPM) during calendar year 1982, pursuant to 5 U.S.C. 1205(a)(3); to the Committee on Post Office and Civil Service.

3088. A letter from the Assistant Secretary of the Army (Civil Works), transmitting a draft of proposed legislation to authorize funds for the completion of certain comprehensive river basin plans for flood control, navigation, and other purposes, pursuant to 31 U.S.C. 1110; to the Committee on Public Works and Transportation.

3089. A letter from the Secretary of Transportation, transmitting a copy of a prospectus for acquiring facilities for the Federal Aviation Administration Management Training School through a long-term lease agreement; to the Committee on Public Works and Transportation.

3090. A letter from the Secretary of Labor, transmitting a report on arrangements that have been made to prevent payments of unemployment compensation to retirees and prisoners, pursuant to 26 U.S.C. 3304 nt (Public Law 98-135, section 206(b)); to the Committee on Ways and Means.

3091. A letter from the Assistant Secretary for Civil Rights, Department of Education, transmitting the fiscal year 1983 report on compliance and enforcement activities of the Office of Civil Rights, pursuant to Public Law 96-88, section 203(b)(1); jointly, to the Committee on Education and Labor and the Judiciary.

3092. A letter from the Railroad Unemployment Compensation Committee, transmitting the committee's initial report on its review of the unemployment and sickness benefit system provided by the Railroad Unemployment Insurance Act, with special reference to the repayment of loans from the railroad retirement account to the railroad unemployment insurance account, pursuant to 45 U.S.C. 362 nt (Public Law 98-76, section 504(d)); jointly, to the Committees on Ways and Means and Energy and Commerce.

3093. A letter from the Acting Comptroller General of the United States transmit-

ting the fifth report on the loan guarantee for an alternative fuels demonstration project awarded to Great Plains Gasification Associates (GAO/RCED-84-113; March 22, 1984; jointly, to the Committees on Banking, Finance and Urban Affairs; Energy and Commerce; and Science and Technology.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. FUQUA: Committee on Science and Technology. H.R. 5172. A bill to authorize appropriations to the Secretary of Commerce for the programs of the National Bureau of Standards for fiscal years 1984 and 1985 and for related purposes; with amendments (Rept. No. 98-650). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BONKER (for himself, Mr. PERKINS, Mr. GOODLING, and Mr. CHANDLER):

H.R. 5345. A bill to provide that no Federal educational funds may be obligated or expended to any State or local educational agency which discriminates against any meetings of students in public secondary schools who wish to meet voluntarily for religious purposes; to the Committee on Education and Labor.

By Mr. BIAGGI:

H.R. 5346. A bill to amend certain Federal laws to prohibit age discrimination; to the Committee on Education and Labor.

By Mr. LEVITAS:

H.R. 5347. A bill to terminate certain authority of the executive branch of the Government which is subject to congressional review unless that authority is approved by an enactment of the Congress; to the Committee on Agriculture.

H.R. 5348. A bill to terminate certain authority of the executive branch of the Government which is subject to congressional review unless that authority is approved by an enactment of the Congress; to the Committee on Public Works and Transportation.

H.R. 5349. A bill to terminate certain authority of the executive branch of the Government which is subject to congressional review unless that authority is approved by an enactment of the Congress; jointly, to the Committees on Public Works and Transportation and Energy and Commerce.

By Mr. McKERNAN (for himself and Ms. SNOWE):

H.R. 5350. A bill to designate a Federal building in Augusta, Maine, as the "Edmund S. Muskie Federal Building"; to the Committee on Public Works and Transportation.

By Mr. SHANNON:

H.R. 5351. A bill to provide that certain tax benefits will not be available in the case of certain acquisitions of oil companies occurring during a moratorium period; to the Committee on Ways and Means.

By Mr. SKEEN:

H.R. 5352. A bill to authorize a land exchange involving a parcel of private land adjacent to Cannon Air Force Base, N. Mex., and a parcel of land in the Santa Fe National Forest; jointly, to the Committees on Armed Services and Interior and Insular Affairs.

By Ms. SNOWE (for herself and Mr. McKERNAN):

H.R. 5353. A bill to designate a Federal building in Bangor, Maine, as the "Margaret Chase Smith Federal Building"; to the Committee on Public Works and Transportation.

By Mr. UDALL:

H.R. 5354. A bill to convey certain lands to the Zuni Indian Tribe for religious purposes; to the Committee on Interior and Insular Affairs.

By Mr. ROSTENKOWSKI:

H.R. 5355. A bill to amend title 31 of the United States Code to accelerate the collection and deposit of payments to executive agencies; to the Committee on Ways and Means.

By Mr. PICKLE:

H.R. 5356. A bill to amend title II of the Social Security Act to improve the administration of earnings test; to the Committee on Ways and Means.

By Mr. CAMPBELL (for himself, Mr. FRENZEL, Mr. THOMAS of California, Mr. MOORE, Mr. GRADISON, and Mr. SCHULZE):

H.R. 5357. A bill to amend the Internal Revenue Code of 1954 to provide that the amount of the charitable deduction allowable for expenses incurred in the operation of a motor vehicle will be $0.12 per mile; to the Committee on Ways and Means.

By Mr. DE LA GARZA:

H.R. 5358. A bill to enable honey producers and handlers to finance a nationally coordinated research, promotion, and consumer information program designed to expand their markets for honey; to the Committee on Agriculture.

By Mr. LELAND:

H.R. 5359. A bill to amend title, 5 United States Code, to revise the pay structure for Federal employees whose duties primarily relate to firefighting; to the Committee on Post Office and Civil Service.

By Mr. MINISH:

H.R. 5360. A bill to limit the number of days a depository institution may restrict the availability of funds which are deposited by check; to the Committee on Banking, Finance and Urban Affairs.

By Mr. STARK:

H.R. 5361. A bill to extend for 5 years a tax provision to encourage employers to provide legal services for their employees; to the Committee on Ways and Means.

By Mr. FORD of Tennessee:

H.R. 5362. A bill to amend the Internal Revenue Code of 1954, title XVI, of the Social Security Act, and part A of title IV of such act to improve asset verification for benefits under the SSI and AFDC programs and to make other improvements in such programs; to the Committee on Ways and Means.

By Mr. CONTE:

H.R. 5363. A bill to amend the Internal Revenue Code of 1954 to provide that gain or loss will not be recognized on transfers between spouses or incident to divorce; to the Committee on Ways and Means.

By Mr. DYSON (for himself and Mr. BENNETT):

H.R. 5364. A bill to authorize the construction of versatile motor-vehicle-carrying vessels under title VII of the Merchant Marine Act, 1936, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. SAM B. HALL, JR. (for himself, Mr. MAZZOLI, Mr. FRANK, Mr. BERMAN, Mr. BOUCHER, Mr. KINDNESS, Mr. SHAW, and Mr. McCOLLUM):

H.R. 5365. A bill to amend title 28, United States Code, to provide for the selection of the court of appeals to decide multiple appeals filed with respect to the same agency order; to the Committee on the Judiciary.

By Mr. LaFALCE:

H.R. 5366. A bill to provide assistance to victims of crime, and for other purposes; to the Committee on the Judiciary.

By Mr. SHELBY:

H.R. 5367. A bill to amend title 38, United States Code, to increase from $20,000 to $22,000 the maximum amount of guaranty available from the Veterans' Administration for a loan for the purchase of a manufactured home; to the Committee on Veterans' Affairs.

By Mr. SUNDQUIST:

H.R. 5368. A bill to suspend for a 3-year period the duty on amiodarone; to the Committee on Ways and Means.

By Mr. UDALL:

H.R. 5369. A bill to authorize appropriations for the Department of Energy for certain civilian energy programs for fiscal years 1985 and 1986, and for other purposes; jointly, to the Committees on Energy and Commerce, Interior and Insular Affairs, and Science and Technology.

By Mr. UDALL (for himself and Mr. CHENEY):

H.R. 5370. A bill to amend the Clean Air Act to control certain sources of sulfur dioxides and nitrogen oxides to reduce acid deposition; to the Committee on Energy and Commerce.

By Mr. LEWIS of Florida:

H. Con. Res. 284. Concurrent resolution urging the President to direct the Permanent Representative of the United States to the United Nations to bring before the United Nations the question of the involvement by the Government of Cuba in drug dealing, smuggling, and trafficking; to the Committee on Foreign Affairs.

H. Con. Res. 285. Concurrent resolution expressing the sense of the Congress that the Secretary of State should request the Organization of American States to consider as soon as possible the question of the involvement by the Government of Cuba in drug dealing, smuggling, and trafficking in the Western Hemisphere; to the Committee on Foreign Affairs.

By Mr. DENNY SMITH:

H. Res. 477. Resolution expressing the sense of the U.S. House of Representatives that the U.S. Treasury should not, without the express approval of the Congress of the United States, expend or transfer any funds to less developed nations which are delinquent, or have been repeatedly delinquent, on interest payments to American banks; to the Committee on Banking, Finance and Urban Affairs.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

356. By the SPEAKER: Memorial of the Legislature of the State of California, relative to agricultural pests; to the Committee on Agriculture.

357. Also, memorial of the Legislature of the State of South Carolina, relative to foreign textile producing and manufacturing interests; to the Committee on Ways and Means.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 623: Mr. CROCKETT, Mr. CONYERS, and Mr. FORD of Michigan.

H.R. 1244: Mr. BROOKS.

H.R. 1671: Mr. GOODLING and Mr. NICHOLS.

H.R. 1706: Mr. MOAKLEY and Mr. BEILENSON.

H.R. 2053: Mr. MOLINARI.

H.R. 2447: Mr. FLORIO.

H.R. 2522: Mr. ROYBAL.

H.R. 2715: Mr. WON PAT.

H.R. 2790: Mr. SCHAEFER, Mr. COELHO, Mr. MATSUI, Mrs. SCHROEDER, Mr. HUNTER, Mr. WIRTH, Ms. FIEDLER, and Mr. PATTERSON.

H.R. 2837: Mr. CAMPBELL, Mr. HAWKINS, and Mr. HAMILTON.

H.R. 2888: Mr. ROYBAL.

H.R. 3271: Mr. WHEAT and Mr. PEASE.

H.R. 3777: Mr. JONES of Tennessee, and Mr. SHAW.

H.R. 3997: Mr. STENHOLM and Mr. HARTNETT.

H.R. 4095: Mr. ACKERMAN, Mr. EDGAR, Mr. GEJDENSON, and Mr. SAVAGE.

H.R. 4098: Mr. FORD of Michigan.

H.R. 4106: Mr. MATSUI.

H.R. 4280: Mr. BROOKS and Mr. WIRTH.

H.R. 4402: Mr. OBEY.

H.R. 4458: Mrs. LLOYD.

H.R. 4465: Mr. FISH.

H.R. 4642: Mr. WALGREN, Mr. BROWN of California, Mr. WOLPE, Mr. KOLTER, and Mr. FISH.

H.R. 4698: Mr. FAUNTROY.

H.R. 4713: Mr. GEPHARDT.

H.R. 4720: Mr. FORD of Tennessee.

H.R. 4758: Mr. FOLEY.

H.R. 4772: Mr. MILLER of Ohio, Mr. LENT, and Mr. WISE.

H.R. 4870: Mr. VENTO, Mr. LANTOS, Mr. WEISS, Mr. BERMAN, Mr. CROCKETT, Mrs. BURTON of California, Mr. FOGLIETTA, Mr. OBERSTAR, Mr. SOLARZ, Mr. DELLUMS, Mr. WON PAT, Mr. LEVIN of Michigan, Mr. STUDDS, and Mr. MOODY.

H.R. 4877: Mr. DIXON and Mr. FRENZEL.

H.R. 4966: Mr. FISH and Mr. MCCAIN.

H.R. 4969: Mr. SIMON.

H.R. 5015: Mr. SEIBERLING, Mr. CLINGER, and Mr. ROYBAL.

H.R. 5044: Mr. MCDADE.

H.R. 5064: Mr. WON PAT, Mr. MONTGOMERY, Mr. KRAMER, Mr. FAZIO, Mr. SIKORSKI, Mr. MOODY, Mr. STOKES, Mr. SKELTON, Mr. GLICKMAN, Mrs. BOGGS, Mr. MCNULTY, Mr. MCKERNAN, Mr. LAGOMARSINO, Mr. TOWNS, Mr. OWENS, Mr. SIMON, Mr. FROST, and Mr. PACKARD.

H.R. 5081: Mr. BIAGGI, Mr. BOLAND, Mr. BROOKS, Mr. BURTON of Indiana, Mr. CARR, Mr. COELHO, Mrs. COLLINS, Mr. CROCKETT, Mr. DAVIS, Mr. DICKINSON, Mr. DONNELLY, Mr. EDGAR, Mr. EVANS of Illinois, Mr. FEIGHAN, Mr. FLIPPO, Mr. FORD of Tennessee, Mr. FOWLER, Mr. GILMAN, Mr. GONZALEZ, Mr. GRAY, Mr. SAM B. HALL, JR., Mr. HALL of Ohio, Mr. HAYES, Mr. HEFTEL of Hawaii, Mr. HERTEL of Michigan, Mr. JACOBS, Mr. JONES of Tennessee, Mr. KASICH, Mr. KINDNESS, Mr. MADIGAN, Mr. MARTIN of North Carolina, Mr. MATSUI, Mr. MILLER of Ohio, Mr. MITCHELL, Mr. MRAZEK, Mr. NICHOLS, Mr. NIELSON of Utah, Mr. OWENS, Mr. PORTER, Mr. RIDGE, Mr. RINALDO, Mr. SAVAGE, Mr. SHANNON, Mr. SHARP, Mr. SIKORSKI, Mr. STAGGERS, Mr. TAYLOR, Mr. VANDERGRIFF, Mr. WHEAT, Mr. WILLIAMS of Montana, and Mr. YOUNG of Missouri.

H.R. 5107: Mr. WEISS, Mr. WISE, and Mr. RAHALL.

H.R. 5139: Mr. FLORIO.

H.R. 5141: Mr. LELAND, Mr. ROE, Mr. BOSCO, Mr. SCHUMER, Mr. LOWRY of Washington, Mr. DICKS, Mr. WAXMAN, Mr. SWIFT, Ms. OAKAR, Mr. BOEHLERT, Mr. OWENS, Mr. FRANK, Mr. SMITH of Florida, Mr. CROCKETT, Ms. MIKULSKI, Mr. WHITEHURST, Mr. DORGAN, Mr. BATES, Ms. KAPTUR, Mr. CORRADA, Mr. RICHARDSON, Mr. CLINGER, Mr. FISH, Mr. FOGLIETTA, Mr. MATSUI, Mr. FROST, Mr. BRYANT, and Mr. RATCHFORD.

H.R. 5143: Mr. DORGAN, Mr. EVANS of Illinois, and Ms. OAKAR.

H.R. 5180: Mr. WHEAT, Mr. MORRISON of Connecticut, and Mr. HAYES.

H.R. 5195: Mr. BEILENSON, Mr. WON PAT, Mr. VENTO, Mr. CONYERS, Ms. MIKULSKI, Ms. FERRARO, and Mr. OWENS.

H.R. 5223: Mr. PATMAN.

H.R. 5231: Mr. ADDABBO, Mr. DYMALLY, Mr. FRANK, Mr. KAZEN, Mr. MCNULTY, Mr. RANGEL, and Mr. SHANNON.

H.R. 5261: Mr. FRENZEL.

H.R. 5267: Mr. HEFNER, Mr. NEAL, Mr. BRITT, Mr. ROSE, Mr. BARNARD, Mr. DONNELLY, Mr. GEJDENSON, Mr. BOLAND, and Mr. TALLON.

H.J. Res. 196: Mr. NEAL and Mr. CLARKE.

H.J. Res. 243: Mr. BROOMFIELD, Mr. BURTON of Indiana, Mr. KINDNESS, Mr. MCKERNAN, Mr. ROEMER, Mrs. SMITH of Nebraska, and Mr. SPENCE.

H.J. Res. 281: Mr. RALPH M. HALL, Mr. HORTON, Mr. HUGHES, Mr. HAYES, Mr. MATSUI, and Mr. MCEWEN.

H.J. Res. 332: Mr. BARTLETT, Mr. BENNETT, Mr. CHAPPELL, Mr. CHAPPIE, Mr. EDWARDS of Alabama, Mr. FLIPPO, Mr. FOLEY, Mrs. HOLT, Mr. HAMMERSCHMIDT, Mr. IRELAND, Mr. KRAMER, Mr. MCCAIN, Mr. MCKERNAN, Mr. MCNULTY, Mr. NICHOLS, Mr. PEPPER, Mr. PETRI, Mr. QUILLEN, Mr. RICHARDSON, Mr. STUMP, Mr. THOMAS of Georgia, Mr. WOLPE, Mr. YOUNG of Florida, and Mr. YOUNG of Missouri.

H.J. Res. 487: Mr. ANDREWS of North Carolina, Mr. ANNUNZIO, Mr. BOSCO, Mr. BROWN of California, Mr. CARNEY, Mr. DANIEL B. CRANE, Mr. PHILIP M. CRANE, Mr. DONNELLY, Mr. GORE, Mr. GREGG, Mr. LOEFFLER, Mr. MARTIN of North Carolina, Mr. MCHUGH, Mr. NATCHER, Mr. SCHUMER, Mr. DENNY SMITH, and Mr. VANDERGRIFF.

H.J. Res. 491: Mr. DANIEL.

H.J. Res. 512: Mr. DIXON, Mr. FAUNTROY, Mr. BARNES, Mr. HAWKINS, Mr. ADDABBO, Mr. MAZZOLI, Mr. PRITCHARD, Mr. ROE, Mr. DEWINE, Mr. DOWDY of Mississippi, Mr. STARK, Mr. PATMAN, Mr. HANSEN of Idaho, Mr. WORTLEY, Mr. BERMAN, Mr. DURBIN, Mr. MCNULTY, Mr. AKAKA, Mr. CORRADA, Mr. CROCKETT, Mr. LANTOS, Mr. TOWNS, Mr. LELAND, Mr. DAUB, Mr. WINN, Mr. FRENZEL, Mr. OWENS, Mr. HUGHES, Mr. COATS, Mr. MILLER of California, Mr. SIMON, Mr. EVANS of Illinois, Mr. LIPINSKI, Mr. FLORIO, Mr. DONNELLY, Mr. DWYER of New Jersey, Ms. MIKULSKI, Mr. FAZIO, Mr. FRANK, Mr. RODINO, Mr. MINETA, Mr. FOGLIETTA, Mr. HORTON, Mr. HERTEL of Michigan, Mr. ROWLAND, Mr. MURPHY, Mr. TRAXLER, and Mr. BRITT.

H.J. Res. 527: Mr. EVANS of Illinois and Mr. LIPINSKI.

H.J. Res. 529: Mr. SAM B. HALL, Jr., Mr. SHUMWAY, Mr. DINGELL, Mr. RANGEL, Mr. CONYERS, Mr. GILMAN, Mr. EVANS of Illinois, Mr. DELLUMS, Mrs. BYRON, Mr. DE LA GARZA, Mr. BLILEY, Mr. PATMAN, Mr. MCGRATH, Mr. SISISKY, Mr. GREEN, Mr. FAZIO, Mr. SIMON, Mr. SHELBY, Mr. COATS, Mr. BRYANT, and Mr. DONNELLY.

H. Con. Res. 261: Mr. FOWLER and Mr. GREEN.

H. Con. Res. 276: Mr. BOLAND, Mr. COYNE, Mr. DWYER of New Jersey, Mr. NOWAK, Mr. DOWNEY of New York, Mr. KOSTMAYER, Mr. GREEN, Mr. ROE, Mr. FRANK, Mr. DYSON, Mr. MCNULTY, Mr. HERTEL of Michigan, Mr. HUGHES, Mrs. BOGGS, Mr. GEJDENSON, Mr. MURPHY, Mr. HOWARD, Mr. MARKEY, Mr. FAUNTROY, Mr. DEWINE, Mr. FAZIO, Mr. DICKS, Mr. CORRADA, Mr. BERMAN, Mr. MADIGAN, Ms. FIEDLER, Mr. MOODY, Mr. SCHUMER, Mr. GEKAS, Mr. WALGREN, Mr. FRENZEL, Mr. BOUCHER, and Mr. OWENS.

H. Con. Res. 277: Mr. GREEN.

H. Res. 468: Mr. HARTNETT.

PETITIONS, ETC.

Under clause 1 of rule XXII,

339. Mr. MOAKLEY presented a petition of the Massachusetts Special Commission on the Concerns of Vietnam Veterans, relative to the enactment of Federal laws of concern to Vietnam-era veterans; which was referred to the Committee on Veterans' Affairs.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 1510

By Mr. DE LA GARZA:

—Page 41, after line 21, insert the following new section (and conform the table of contents accordingly):

LIABILITY OF OWNERS AND OPERATORS OF INTERNATIONAL BRIDGES AND TOLL ROADS TO PREVENT THE UNAUTHORIZED LANDING OF ALIENS

SEC. 115. Section 271 (8 U.S.C. 1321) is amended by inserting at the end the following new subsection:

"(c)(1) No person described in subsection (a) who establishes to the satisfaction of the Attorney General that such person has acted diligently and reasonably to fulfill the duty imposed by such subsection shall be liable for the penalty described in such subsection, notwithstanding the failure of such person to prevent the unauthorized landing of any alien.

"(2)(A) At the request of any owner or operator of any international bridge or toll

road described in subsection (a), the Attorney General shall inspect any facility established, or any method utilized, at a point of entry into the United States by such owner or operator for the purpose of complying with subsection (a). The Attorney General shall approve any such facility or method (for such period of time as the Attorney General may prescribe) which the Attorney General determines is satisfactory for such purpose.

"(B) Proof that any owner or operator has diligently maintained any facility, or utilized any method, which has been approved by the Attorney General under subparagraph (A) (within the period for which such approval is effective) shall be prima facie evidence that such owner or operator acted diligently and reasonably to fulfill the duty imposed by subsection (a) (within the meaning of paragraph (1))."

EXTENSIONS OF REMARKS

UDALL-CHENEY ACID RAIN CONTROL BILL

HON. DICK CHENEY
OF WYOMING
IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. CHENEY. Mr. Speaker, Mr. UDALL and I have today introduced a bill to curb environmental damage caused by acid rain by requiring reductions in emissions of sulfur dioxide and nitrogen oxide.

In the Northeastern United States and Canada, acid ran caused mainly by airborne pollution from midwestern coal-fired powerplants is doing serious damage to the environment. While some may consider this a regional issue, I believe it to be of national concern, and I believe Americans from all parts of the country believe acid rain-causing emissions should be curbed.

Citizens in many parts of the country, including the West, have already sacrificed to protect the environment and curb sulfur dioxide emissions. According to the Salt Lake Deseret News, for example, the West burns coal with a third of the sulfur content and cleans its emissions better (four times as many plants in the West use complex, expensive emissions-scrubbing devices) than any other region of the country. Let me emphasize this has been accomplished at no small cost to western utility customers.

The problem lies with midwestern coal-burning powerplants, many of which do not adequately control sulfur dioxide emissions which are a primary cause of acid rain. In its search to find a national answer to the acid rain problem, the House is faced with two basic choices. First, it could the midwestern powerplants which are the main source of the pollution to install mechanical equipment called smokestack scrubbers to filter out the sulfur dioxide that is produced when coal is burned, and which is the prime cause of acid rain. Scrubbers are very expensive, costing some $200 million when installed in a new powerplant, and even more when added to an existing, older plant.

Second, the Government could require the appropriate reductions in pollution, but refrain from dictating precisely how those reductions should be achieved. This approach would leave powerplants free to choose the most efficient and cost-effective methods of complying. Some plants might decide to wash the coal before it is burned to remove sulfur and other pollution-generating materials. This would be cheaper than scrubbing the pollutants from the smoke after burning the coal. Or, in many cases, plants might find it cheaper to stop using coal with a high sulfur content, and switch to the kind of low-sulfur coal that is abundant in the West and many parts of the East.

Congressman UDALL and I have reviewed the existing House bills, as well as other suggested alternatives for solving the acid rain problem. We do not believe for several reasons that the primary bill, H.R. 3400, represents a reasonable acid rain solution.

First, it is unworkable in its present form. According to extensive studies completed by ICF, a respected research/consulting firm in Washington which does work for the Environmental Protection Agency, the Department of Energy, and others, the maximum level of scrubber installations which could be achieved by 1990 is 10 or, perhaps at the outside, 20 gigawatts, not the 60 or more gigawatts which H.R. 3400 attempts to achieve through Government dictate.

Second, it is far too expensive. Estimates by the Environmental Protection Agency, for example, suggest that unnecessary costs associated with the H.R. 3400 approach could exceed $40 billion over the next 20 years.

Third, instead of requiring those who are causing the pollution to pay the cleanup costs, H.R. 3400 dumps an enormous cost on citizens throughout the country by imposing a nationwide tax on electricity consumers. So consumers of clean utilities would pay twice—once for the good job their utilities are already doing, and once again to subsidize a polluting utility elsewhere in the country.

Fourth, H.R. 3400 may avoid localized job shifts in the high-sulfur coal mining industry, but it does so at the expense of jobs nationally and at a cost to American consumers of hundreds of thousands of dollars for each job that might be affected. It is an unnecessary cost because cheaper ways to minimize job shift effects are available. It is a cost which I believe most Americans are flatly unwilling to pay.

Finally, H.R. 3400 represents the "Washington Knows Best" approach which suggests, erroneously in my opinion, that Washington should not only dictate the goal, but also the method for getting there.

Because of these flaws in H.R. 3400, Congressman UDALL and I are today introducing what we believe is a sensible alternative to the forced-scrubber approach. Let me summarize the highlights of our bill:

First, it is a freedom-of-choice bill. Local utilities will decide, based upon their special circumstances, how best to reduce their sulfur dioxide emissions. This will encourage the use of inexpensive, immediately available, and innovative solutions. It also will encourage future innovation in control approaches and the development of new ways to burn both low- and high-sulfur coal—rather than locking us into old, inefficient technologies.

Second, it is a least-cost bill which will save consumers more than $1 billion annually over the long term.

Third, it is a more effective approach to reducing acid rain-causing sulfur dioxide emissions. The bill phases the reductions, 5.5 million tons by 1991 and 11 million tons annually by 1996, to allow both quicker reductions now and ultimately larger reductions in the future.

Fourth, our bill creates jobs nationally, although it is possible that it may result in some localized job shifts. Therefore, the bill establishes a National Air Quality Employment Impact Commission to analyze the extent of possible job shifts and make recommendations concerning the most cost-efficient methods of minimizing the effects of such shifts. It will report to Congress by December 31, 1987, long before any job shifts would occur.

This bill represents a commonsense approach and a reasonable alternative to forced-scrubber legislation. I believe it deserves the support of consumers, environmentalists, and citizens across the Nation.

I have included at the end of my statement a summary of the bill and a comparison with the provisions of H.R. 3400.

COST-EFFECTIVE ACID RAIN LEGISLATION FACT SHEET

Primary Sponsors: Representative MORRIS UDALL (D-Ariz.) and Representative DICK CHENEY (R-Wyo.).

MAJOR CONCEPTS

Freedom of Choice: Utilities are free to choose the reduction method (e.g., emissions trading, least emission dispatching, fuel switching, scrubbing, coal washing) which is most cost effective for their particular situation.

Least Cost: Utilities are allowed the flexibility to select a control method which is best-suited to their specific operations, thereby saving consumers more than $22 billion over the next 15 years.

Polluter Pays/No Taxpayer Subsidies: Unlike other acid rain legislation, this proposal does not impose a nationwide tax and recognizes past emissions clean-up by utili-

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

ties across the country. The primary cost of the clean-up is borne by those facilities causing the damage, not by the American utility consumer or the taxpayer.

Phased Reduction of Sulfur Dioxide Emissions: The Udall/Cheney legislation mandates that sulfur dioxide emissions be reduced by 5.5 million tons annually by 1991 and that emissions be reduced a total of 11 million tons annually by 1996. This reduction level is higher than that proposed by any other legislation.

Examines Job Shifts: While the bill creates jobs nationally, it also may cause localized job shifts. Therefore it establishes a National Air Quality Employment Impact Commission charged with analyzing the potential extent of such shifts and determining the most cost effective method for minimizing possible impacts.

SUMMARY OF COST-EFFECTIVE ACID RAIN LEGISLATION

Creates a 31-State Acid Deposition Impact Region.

Requires that within this region, sulfur dioxide emissions be reduced 11 million tons per year from 1980 levels before 1996.

Mandates one-half the reductions occur by 1991.

Provides for regional negotiations among Governors to determine how the 11 million ton reduction will be achieved.

Provides that if the Governors fail to reach an agreement, the required emission reduction for each State will be determined based upon the sulfur content of each State's emissions.

Allows each state to develop its own sulfur dioxide reduction plan delineating the manner in which the required reductions will be achieved.

Provides that if, after 30 months, a State fails to adopt a reduction plan, all existing major utility sources within the State must adhere to a standard of 1.2 lbs. per million BTU/SO_2 limit within 6 months.

Mandates that after 1996, no further increases in SO_2 or NO_x levels will be allowed in the region, with limited exceptions.

Allows for the use of alternative means to reduce sulfur emissions such as emissions trading, fuel substitution, coal washing, least emissions dispatching or scrubbers.

Provides $10,000,000 for 5 years to conduct additional research on acid rain and related matters.

Creates a National Air Quality Employment Impact Commission to study the employment effects of this acid rain control legislation and make recommendations to Congress by 1987, long before job shift effects might occur.

COMPARISON WITH WAXMAN-SIKORSKI FORCED TECHNOLOGY APPROACH

Results	Udall-Cheney legislation [1]	Waxman-Sikorski H.R. 3400 [2]
Cumulative capital costs in 1996 (billions)	$8	$21
Total cumulative consumer cost by the year 2000 (billions)	24	46
Immediacy of results (1993 cumulative reduction) (million tons)	16	14
Cumulative reductions in the year 2000 (million tons)	82	80

[1] Cheney-Udall: Costs—Source: "Analysis of Cost Effective Phased-in Reductions of Sulfur Dioxide Emissions," ICF, Inc., February 1984. Emissions—Analysis assumes no emission reductions before 1990 under program nor any credit for 1986 SIP compliance.

[2] H.R. 3400: Costs—Source: ICF., Op. Cit.; "Analysis of Coal Production and Employment Impacts of the Waxman-Sikorski Bill and a Cost Effective Equivalent," ICF, Inc., Sept. 22, 1983; Capital cost analysis assumes no demand-induced scrubber capital cost premium. Emissions—Analysis assumes 10 gigawatts of retrofit scrubber capacity available by 1990, and 10 gigawatts every year thereafter at average reduction of 143M tons SO_2/gigawatt; See, ICF, Inc., Op. Cit., February 1984, appendix C.

COMPARISON WITH WAXMAN/SIKORSKI FORCED TECHNOLOGY APPROACH

Provisions	Udall/Cheney legislation	Waxman/Sikorski H.R. 3400
Funding philosophy	Traditional (sound management) policy that polluter pays	Consumers of "clean" utilities subsidize polluting utilities.
Funding mechanism	Utilities that pollute cover the cost of reducing their emissions	11-yr tax on nonnuclear electric energy to be paid by all consumers.
Consumer tax		1 mill per kilowatt-hour tax on all nonnuclear generated electricity in the 48 contiguous States.
Method of control	Utilities can choose, from among several options, the least expensive most immediately available alternative to reduce emissions.	Utilities are forced to use the most expensive, least reliable of emissions control options—complex devices called smokestack scrubbers.
Reduction schedule	Phased reduction: 5.5 million tons annually by 1991, 11 million tons annually by 1996.	10 million tons annually by 1993.
Implementation procedures	Initially, States have total flexibility to determine how to achieve compliance	No State flexibility until 50 powerplants emitting the highest levels of sulfur dioxide reduce to specified levels.
Job effects	Creates jobs nationally but results in some localized job shifts	May avoid localized job shifts at the expense of jobs nationally.
Provisions for cushioning effects of potential job shifts	Creates National Air Quality Employment Impact Commission to analyze the extent of potential job shifts and to determine cost efficient ways to cushion these effects.	No provision for reviewing national employment effects. Cost for avoiding localized job shifts is several hundred thousand dollars per affected job.
Research	Provides $10 million annually for 5 yr for additional research on acid rain	No funds are allocated for research.
Feasibility	Goals can be achieved at reasonable costs by the specified dates using proven, cost efficient methods.	It is not possible to install more than 30 percent of the 60-plus gigawatts of scrubber capacity targeted in H.R. 3400 for installation by 1990.
Potential for encouraging innovative solutions	Would foster the development of new and innovative approaches to emissions control	Legislation locks in old inefficient technology.●

IN COMMEMORATION OF THE 10TH ANNIVERSARY OF THE SAN PEDRO BAY HISTORICAL SOCIETY

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. ANDERSON. Mr. Speaker, I rise today to pay special recognition to the San Pedro Bay Historical Society which will be celebrating its 10th anniversary on April 11 at the San Pedro, Calif., Maritime Museum. Very appropriately on this special occasion, the historical society will have available its recent publication, "San Pedro: A Pictorial History," which charts the history of San Pedro from the 16th century to the present.

The San Pedro Historical Society was incorporated in July 1974. In 1975, the society established historical archives with over 10,000 holdings, including photos, tapes, documents, and books. In 1977, the society founded the *Shoreline*, a highly regarded periodical on local and area history.

The society has played an enormous role in obtaining recognition for historical landmarks in the San Pedro area and in providing an invaluable source of information to local schools and the community. In 1979, as a result of a successful application to the State of California, years of exhaustive research were culminated in the dedication of California State monument No. 920 at Ft. MacArthur commemorating the old Hidehouse-Embarcadero site, the first structure on San Pedro Bay, that marked the beginning of development of the San Pedro Bay Harbor. It has also assisted in the dedication of Pepper Tree Plaza, the nomination of Battery Barlow-Saxton to the National Register of Historical Places, the preservation of the old Civil War Camp Drum powder magazine, and the designation of early homes within the 19th century San Pedro district of Vinegar Hill as an historical preservation zone.

The society makes numerous slide presentations to schools and organizations, conducts historical tours of San Pedro, and acts as an adviser to the Los Angeles Harbor College's Local History Project Advisory Committee. In addition, the society has participated in the 1976 Bicentennial observances, the Cabrillo Landing Pageant, the International Jubilee, and the San Pedro Fishermen's Fiesta.

Mr. Speaker, my wife Lee joins me in congratulating the San Pedro Bay Historical Society on their enormous contributions toward preserving the historical heritage of our community. We wish them the greatest success in their future work.●

THE LOSS OF A MUSICAL GIANT

HON. WALTER E. FAUNTROY
OF THE DISTRICT OF COLUMBIA
IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. FAUNTROY. Mr. Speaker, on Sunday, April 1, the world lost a musical talent with the death of singer, songwriter, and entertainer Marvin Gaye, Jr. Mr. Gaye was a native of the District of Columbia. He was a graduate of Randall Junior High School and Cardozo High School.

Mr. Gaye's rise to musical prominence in the early 1960's was made possible by the Motown Recording Co. which at the time was the only black recording company investing primarily in black performers. Under the guidance of Barry Gordy, Jr., Mr. Gaye became an essential component of the "Motown Sound." He was influential in the shaping of rhythm and blues and contemporary pop music. His musical repertoire included "Stubborn Kind of Fellow," "Ain't No Mountain High Enough," "One More Heartache," and "Inner City Blues." His songs were oftentimes a reflection of his life.

It was in his classic hit album, "What's Going On" released in 1971, that Mr. Gaye spoke to the quality of life in the world, civil rights, the need for peace and social justice, urban decay, and the ecology. In 1983 he received a Grammy award for the best rhythm and blues single.

The tragic and untimely death of Marvin Gaye, Jr., has saddened the entertainment world, his hometown, and the many people he touched with his music.●

FEDERAL AID IN EDUCATION: REDUCING THE HUMAN DEFICIT

HON. AUGUSTUS F. HAWKINS
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. HAWKINS. Mr. Speaker, in our consideration of the budget in the coming weeks it is my hope that we will be cognizant of the human dimensions of our actions. Over the past 3 years this administration has cut compensatory and vocational education, Head Start, guaranteed student loans, chapter I funds for educationally disadvantaged children, and other student aid programs. In real dollars, adjusted for inflation, Federal outlays for education actually dropped 14 percent from 1980 to 1983. We keep hearing from those who are concerned about improving the quality of education in America, yet those same persons are unwilling to make the long range investment in our youth so they will have the proper skills to assume emerging job occupations.

Even before the severe budget reductions in Federal education imposed by this administration, quality schooling was still unavailable to millions of American children. Many of these children who do not have access to effective schooling are handicapped, poor, and/or non-English speaking, making them prime targets to drop out of school.

A recent report by the Children's Defense Fund, highlighted the wrongheaded approach by this administration in a brief excerpt from their section on education.

Although Sam is 17, he is in the 10th grade at a suburban Minneapolis high school. When Sam first began school he had reading problems and seemed to have a poor memory. Sam's reading ability and self-esteem both improved when he received help through the title I compensatory education program during the second, fourth, and fifth grades. However, because the school district had limited funds, Sam was dropped from the program when he entered the sixth grade.

His school problems reappeared and his self-confidence dropped in seventh grade. He started skipping school and eventually broke the law. He ended up in a juvenile court and detention center. During his 3 months in the center, Sam received title I services again. He is now back in school, but only as a 10th grader.

Because of his age and level of frustration, Sam is a likely candidate to drop out of school. Title I, the program that could help him, is simply not available because his school district cannot afford it at the secondary school level.

As a result of this administration's economic policies the number of children in poverty has grown dramatically in the last 3 years, increasing the number of eligible title I students who will go underserved. The success of title I—now known as chapter I—programs is well documented in numerous education studies. But as the report from the Children's Defense Fund indicates the administration's budget and administrative tinkering with chapter I has largely reduced its scope of effectiveness.

It took 17 years and nine amendments to title I to create a system at the Federal, State, and local levels that would safeguard the education benefits of remedial instruction to low-achieving children in low-income neighborhoods. Now legislative and regulatory changes, budget cuts, and the Department of Education's low profile threaten to destroy the carefully woven fabric of this program.

Similar regulatory changes and budget reductions have reduced services for the handicapped, bilingual education programs, school desegregation assistance, migrant education, personnel development, education research, vocational education, student financial assistance, special tutorial programs for disadvantaged students, and adult public education.

The administration's proposals would include eliminating several small education programs, including women's education equity, a program aimed at increasing educational opportunities for women and girls and projects to eliminate persistent barriers to educational equity for women. This program is vitally important to women, who are the fastest growing poverty segment in the Nation. Although 51 percent of all women over 16 work outside the home—most for economic reasons—schools and colleges are still not adequately preparing women to support themselves and their families.

Other programs that would be targeted for elimination under the Reagan administration's proposals include the Follow Through program, which aids in the continuing development of children who have participated in Head Start or similar preschool programs; and Desegregation Training and Advisory Services.

Once again in a spurious attempt to attack Federal sector programs, the administration has missed the crucial point of human investment embodied in the Constitution of the United States, that is to "promote the general welfare." What happens to us as a nation when we cease to endow upon our citizens an opportunity for educational and social progress?

While the administration has embraced the rhetoric of the President's National Commission of Excellence in Education, their budget proposals offer no workable solutions, and only serve to further exacerbate the effects of past cuts in Federal education while ignoring the growing number of students in need of help. President Reagan is seeking to redefine American education in such a way that it would bring the Nation back to a time when regional disparities narrowed the quality of education for many children.

Mr. Speaker, we must overturn the regressive budget priorities of the last few years, and return to a human agenda that offers our citizens a legitimate and enduring foundation for success.●

"CENTRAL AMERICA: WHAT THE DEVIL IS GOING ON?" LOS ANGELES, MARCH 18, 1984

HON. THOMAS J. DOWNEY
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. DOWNEY of New York. Mr. Speaker, the Congress of the United States has not once had a full and open debate on El Salvador in the 4 years that we have been so heavily involved there.

This year, if the administration gets its way, El Salvador will receive over $1 billion in economic and military aid. It is time for us to demand that the

issue of our involvement in El Salvador be debated in full and open session on the floor of the House of Representatives.

Our colleague from California, GEORGE MILLER, has spoken out forcefully on the need for such a debate and the need for an alternative to our current practice of placing conditions on the aid we send. I think we need to ask ourselves whether these conditions have been effective in bringing about the changes in policy many of us believe are necessary.

I call to you attention a recent speech delivered by Mr. MILLER, to a town meeting in Los Angeles attended by several thousand people:

"CENTRAL AMERICA, WHAT THE DEVIL IS GOING ON?"

President Reagan's attempt to achieve a bipartisan policy for Central America has failed.

The Kissinger Commission was created by the President last fall to achieve domestic consensus around a policy of military escalation in Central America.

The bottom line of the Kissinger report is this: In El Salvador, increased military aid to the government is essential to defeat so-called Marxist-Leninist guerrillas who are tied to the Soviet Union, Cuba, and Nicaragua. In Nicaragua, covert subversion and American-sponsored terrorism are necessary to convince Sandinista hardliners to stop exporting revolution.

Yet the Kissinger report failed to produce the evidence that our policies in Central America deserve the support of the American people either on both moral and national security grounds. As hard as it tried, by raising the issues of sea lane protection, a military threat from the south, and Soviet bases in Latin America, the report was never able to support its argument that the national security stakes for the United States in El Salvador are very high.

It should not surprise us that, based on the Kissinger report, President Reagan has presented Congress with a request for over $8 billion in military and economic aid to Central America over the next five years.

But let me be clear:

There can be no economic recovery in Central America until peace is restored.

There can be no political settlement that is founded on military escalation and a widening of the war;

Our policy can no longer be based on the assumption that we have held for 100 years: that all revolutions in Central America are hostile to the interests of the United States, a belief that has been shaped by U.S. economic interests and a desire to maintain the status quo.

In 1984 and 1985, the Reagan Administration is requesting close to a billion dollars for El Salvador alone—a billion dollars to underwrite a government that has murdered close to 40,000 of its own citizens in the last four years.

This aid must be rejected.

To approve it ignores a fact that the authors of the Kissinger report, and officials in this Administration, know exist. The death squads, the Salvadoran military, the oligarchy, and the government are one and the same. It is impossible to separate them in purpose or in fact.

Those the Administration would help by increasing military aid are exactly those who would deny the citizens of El Salvador the benefits of social and economic justice.

What the Congress and the American people must come to understand is this: institutionalized murder by the government of El Salvador is made possible by the dollars given by this Administration with the consent of the Congress.

The very survival of the oligarchy and the military corruption depend on the existence of the death squads, on political repression—and on American dollars.

We can no longer cloak our policy in the illusion that aid to the military is not aid to the death squads. There is no such distinction in El Salvador. I can assure you that this is no secret to the Reagan Administration.

My colleagues in the Congress can no longer attempt to absolve themselves of responsibility for the murder and death of Salvadoran citizens simply by placing "conditions" on the hundreds of millions of dollars that they vote to send to El Salvador.

Conditions by the Congress and certification by the President are not effective. And no one in this room should allow a member of Congress to escape responsibility by saying that he or she voted for money only after requiring the President to certify that progress is being made on human rights and on the prosecution of the murderers of the American churchwomen or other citizens of the United States.

Think about what "certification" means under the Reagan Administration.

Ronald Reagan is incompetent to certify progress on human rights, because his Administration has rejected human rights as a driving force in foreign affairs.

Ronald Reagan is incompetent to certify progress in the prosecution of the murderers of American citizens because he has known throughout his term in office that the Salvadoran military, and therefore the government, are responsible for those murders.

This Administration has only one goal, and that is a military victory over the people of El Salvador. You know it; I know it; and the Salvadoran military, the death squads, and Roberto D'Aubuisson know it.

And as long as our government continues to ship billions of dollars in aid and weapons to El Salvador, the government-run death squads know that they can continue the killings and the cover-ups. And the American president will continue to look the other way.

We have made El Salvador into a client state and now we are captive of that client.

Now, there are those in both the Administration and in the Congress who predict that if we cut off aid, the guerrillas will win and the situation will worsen. That is a phony argument used by those who do not want to face the consequences of continuing the current policy.

By refusing to negotiate with the Salvadoran opposition, we are guaranteeing one of two eventual outcomes: a guerrillas victory over a demoralized, corrupt, and inept Salvadoran Army, or massive U.S. military participation to prevent the Army's defeat.

We must turn the argument of "Who lost El Salvador?" on its head. Those who fail to stand up to the Administration's current approach are the ones who will have the blood of more Salvadorans and more Americans on their hands.

We already know who murdered four U.S. churchwomen, who murdered the young reporter John Sullivan, and who murdered the American labor advisers. It was the government of El Salvador.

Let us not now compound those crimes by deeping, or even continuing, our involvement.

Let the names of Jean Donovan, Ita Ford, John Sullivan, Archbishop Romero and the others signal that if justice is to prevail, the government that ordered their deaths—not some lowly messenger—must be held accountable.

The jailer of Jacobo Timmerman was not just the man who turned the key—it was the government of Argentina.

The assassin of Orlando Letelier was not just the man who planted the bomb in his car on the streets of Washington, D.C.—it was the government of Chile.

And the government in San Salvador which issues the orders must be held accountable for mass brutality, torture and kidnapping—not just those who come in the middle of the night as "heavily armed men in civilian dress".

The time has come to say "no" to the government of El Salvador—no more money, no more military equipment, no more complicity in the killings.●

WEAPONS IN SPACE: THE HIGH RISK FRONTIER

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. EDWARDS of California. Mr. Speaker, today the House begins consideration of the first budget resolution for fiscal year 1985. What we as Members must come to grips with is a Federal deficit which is continuing to grow at a phenomenal rate, with no sign of real reduction even under the new budget proposed by the administration. One of the major causes of this spiralling deficit is the huge increase proposed for the military budget.

I have enclosed for your information the last two editorials in a series from the San Jose Mercury News, dealing with the military budget, and in particular the space weapons program. I hope that this information will be helpful in our attempt to get the Federal deficit and Federal spending under control.

The editorials follow:

[From the San Jose Mercury News, Feb. 16, 1984]

DREAMS AND DOLLARS

Laser-armed craft keep a silent vigil in space, cruising for defensive purposes only, ready to smash from on high any offensive missile launched to start a nuclear war.

That was the dream evoked by President Reagan's "star wars" speech 11 months ago. Whether or not it can be realized, technologically and militarily, remains very much in doubt. But on Jan. 6, Reagan signed National Security Decision Directive No. 119, setting in motion a stepped-up research and development program. And the fiscal year 1985 defense budget now proposes to turn the dream into reality at least in one important sense—the enormous expense of that R&D effort.

The search for a defense against enemy missiles has been underway in American laboratories and think-tanks since the 1950s. Reagan has not so much begun a new enterprise as move an old one to higher priority than it enjoyed before.

And to higher cost: In fiscal year 1982, funding for the broad category called strategic defense—which includes jet fighter interceptors, antisatellite weapon research, civil defense and other programs—was $2.6 billion in current dollars. In the fiscal year 1985 budget, the administration is asking $4 billion; its projection $12 billion for fiscal year 1989. Much of that dramatic increase is to support research on various defenses against enemy missiles; some schemes are called anti-ballistic missile (ABM) programs, others are called ballistic missile defense (BMD).

Programs loosely identified as the president's "star wars" package account for $1.7 billion in the fiscal year 1985 budget Congress will consider this spring. But at least another $400 million is requested for other directed-energy research, and the Defense Department is asking an additional $650 million for other BMD programs.

These are not enormous sums, by Pentagon standards. The administration is attemption, at this point, to increase present spending for such research by 25 to 50 percent. But it's the start of a pipeline that would swallow many more dollars in the near future. A presidentially-commissioned study puts the five year research cost at $18 billion to $27 billion; the same study estimated that to actually build a space-based defensive system could cost $92 billion, and others place the price far higher.

Critics point out that the all-time peak for U.S. strategic defense spending came in 1957, when $9.5 billion went largely for procurement of a great many fighter planes and missiles. In the projected FY 89 budget, $9.5 billion is proposed for R&D alone. Almost certainly coming along behind all of that research and development will be enormous pressures to spend gigantic sums on building *something.*

What's particularly troubling is that this ambitious financial gamble is proposed in the absence of any scientific breakthroughs to suggest that the proposed programs will ever actually work. "I know of no prospect for such technology," says Stanford physicist Sydney Drell, a high-level adviser to previous administrations on defense issues.

"The proposal is totally unfounded," declares MIT physicist Kosta Tsipis. "It is a cruel hoax."

Many people have assumed that in the "star wars" speech, the president was talking about protecting the American population; certainly he encouraged that inference, with sweeping language about "eliminating the threat posed by strategic nuclear missiles," and about "changing the course of human history."

In fact, even scientists generally allied with the administration question whether an ABM defense could protect people. But there is strong sentiment, within the defense establishment, for ABMs to protect our own land-based missiles. There is a possibility that much of the proposed ABM research in reality will search for ways to guard the MX, effectively adding to that questionable weapon's already enormous cost.

Even so, its impact on the defense budget is only part of the problem posed by the star wars R&D program. It may never stop an enemy missile, but it could shoot one of the only viable arms control agreements ever devised.

[From the San Jose Mercury News, Feb. 17, 1984]

WHAT'S A TREATY WORTH?

Missiles are easier to defend than cities.

Last March, in what has come to be called his "star wars" speech, President Reagan evoked visions of a space-based defensive system that might someday protect the entire nation from nuclear attack.

But in the foreseeable future, it is much more likely that the anti-ballistic missile (ABM) research now proposed to implement that dream will turn to the more prosaic task of trying to protect American land-based missiles.

There are serious questions about the technical feasibility of even that more limited mission; some scientists liken the notion of knocking down incoming enemy missiles with our own missiles to "trying to shoot a bullet with a bullet." And even supposing that the technology could work, ABM defense, noble as it seems in concept, might in actual practice make the world more dangerous.

Critics contend that if the United States deployed such defensive systems, the Soviet Union almost certainly would augment its present offensive arsenal. Beyond that, the Soviets would doubtless deploy defensive systems of their own on a wide scale, developing weapons to shoot down our ballistic missiles and bombers. Then what would be our deterrent?

This would not necessarily put the Soviets ahead, since their deterrent would be in doubt as well. But the resulting confusion would shake up the strategic balance and create a far more volatile situation for both sides, with the arms race then accelerating on two tracks, one offensive, one defensive—and neither making anyone more secure.

Meanwhile, the mere testing and development of ABM systems would have undercut a treaty that for 14 years has functioned—not flawlessly, but with some tangible success—to stabilize the competition in nuclear weapons.

Signed as part of the SALT I accords in 1972, the Anti-Ballistic Missile Treaty limits the United States and U.S.S.R. to one ABM system each. The Soviets deployed theirs around Moscow, and still maintain it. The U.S. system, built at Grand Forks, N.D., to guard an ICBM complex, has since been deactivated because of general agreement that it was an impractical idea.

By limiting the superpowers to these two token ABM efforts, the treaty has left retaliatory forces on both sides relatively unchallenged, which at least theoretically reinforces the concept of deterrence and makes war less likely.

Along with the SALT I limitation of offensive weapons systems, the ABM treaty is one of the only tangible products of years of arms control negotiations. For American supporters of the arms control process, it also has symbolic value—proof that agreements with the Soviets are viable.

The president and his key advisers have never expressed any enthusiasm for the SALT process. They are careful to say that the ABM research now proposed in the fiscal year 1985 defense budget would not violate the ABM treaty. But while the research itself would not, the weapons it foreshadows could not be tested and developed, much less deployed, without abrogating the treaty or amending it beyond recognition. Thus the signal to the Soviets must read something like this: We're not violating the treaty yet; but we're preparing to do so in the future.

Some of the administration's critics believe the Reagan people would like to undercut the treaty politically. They think this desire is what led the administration recently to accuse the Soviets of building a new radar that could be part of a future ABM system, and thus may violate the treaty. Whatever their motives, Reagan's people claim they see a pattern suggesting that the Soviets may someday suddenly "break out" of the agreement.

At this point the supposed evidence of Soviet cheating is open to conflicting interpretations. But the Reagan administration, by proposing weapons that would violate the treaty on our side, almost certainly is pushing the Soviets in the same direction.

That ought not be the case. The ABM treaty, like the deterrence theory it supports, is imperfect. But it certainly should not be scrapped in favor of a new two-track arms race. The United States should adhere to the treaty. And whatever leverage we exert on the Soviets should pressure them to abide by it as well.

But for that to occur, Congress will have to exert pressure on the Reagan administration, which seems to be moving in just the opposite direction. In the House, Democrats including George Brown of California are expected to push this spring for a reaffirmation of U.S. support for the treaty, probably in the form of a joint resolution.

But the bottom line, for most Congress members and for most other Americans, probably will be dollars.

The federal deficit is $180 billion. The Reagan administration is proposing fiscal year 1985 military budget authority of $305 billion, the highest since World War II. If enacted, that would continue a military spending expansion of 85 percent over the decade.

It is widely acknowledged that defense spending must be slowed. And by cutting weapons programs now entering the pipeline, Congress could make substantial progress toward cutting future deficits.

The enlarged anti-satellite and ABM programs are prime candidates. Some research in each area certainly is prudent, but at the level envisioned in the Reagan budget, these programs go far beyond that. They serve no clearly defined military need. They work against arms control treaties. They augur new manifestations of the arms race. They could contaminate space with active weapons for the first time, and in a manner that would be irrevocable.

They cost too much, in all of these ways, and any Congress member who claims to support economy, and then votes for these programs, should be forced to explain the contradiction.●

THIRD WORLD COUNTRIES OFFER OPPORTUNITY FOR U.S. FARM EXPORT GROWTH

HON. DOUG BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. BEREUTER. Mr. Speaker, next year, the Congress will be called upon to reauthorize our Nation's farm programs. In the past, I have suggested

that an integral part of the effort must be the formulation of a comprehensive agricultural trade policy.

In anticipation of that effort, I thought that I should share with my colleagues the following article which appeared in the recent issue of Co-op Country News. That piece underscored a concept I believe must be one of the building blocks of that agricultural trade policy: utilization of the interrelationship of Third World economic development and U.S. agricultural export sales.

I hope that all of my colleagues in the House will read this article. I believe that it provides valuable insight into how we can meet a multitude of worthwhile domestic and international goals simultaneously.

THIRD WORLD COUNTRIES OFFER OPPORTUNITY FOR U.S. FARM EXPORT GROWTH

(By James C. Webster)

Throughout the 1970s, agricultural exports were the name of the game in farming, especially for grain, cotton and soybean growers.

From 1977 to 1981 alone, U.S. farm exports nearly doubled—from $23.9 billion worth to $40.5 billion. And there were heady predictions that the export boom would soon top $100 billion.

But something happened on the way to that goal. Exports started falling, not increasing. By 1983 they'd dropped to $34.8 billion; this year the government expects a rebound to $37.5 billion, but some USDA analysts privately say that's too optimistic.

The seasons for the collapse have been detailed often: 1) the strength of the dollar, which makes our commodities more expensive in importing country currency even as grain prices here are low; 2) recession in most parts of the world, reducing buying power; 3) staggering financial problems in developing countries, which lack the money to import the food they would like; and 4) competition from other exporting nations, especially subsidized European Community farm exports.

While politicians and farm leaders alike can agree on the causes of the problem, they're far from united on how to solve it.

The solutions advanced most often are to cut the U.S. price support loan rate (backers of that idea say it will make U.S. grain and cotton more competitive) and to increase government credit programs to finance exports.

Critics of those approaches argue that it does little good to sell more U.S. farm products overseas if the price does not give the farmer a fair return, and that added credit only postpones the problem because many countries can't afford to repay the loans.

Comes now a third approach—one that may have little short-term promise but which, over the years, may mean far more export growth for American agriculture.

A new "Council on World Hunger, Development and Trade," funded by the U.S. Agency for International Development, just this month undertook a large-scale educational effort to show the relationship between economic development in poor countries and U.S. agricultural export sales.

"As a poor country develops and increases its purchasing power," says the council, "it buys more food in the world market—and especially from the United States."

There is a lot of evidence to back up that claim. Over the years, Taiwan and South Korea have been cited as the examples of countries which have made the transition from poor, developing nations to thriving importers of U.S. farm products.

Not too many years ago, both depended heavily on U.S. foreign assistance and food aid. But the economies of both nations grew rapidly, creating not only income but more nutritious diets that required food beyond what they could produce themselves.

Last year, Korea bought $1.713 billion in U.S. farm products on the commercial market, Taiwan $1.236 billion—up 6 to 7 percent in a year when many other countries were buying less.

Both are major feed grain and wheat buyers; in addition, Korea buys U.S. rice and cotton. That makes Korea our fifth biggest customer. Taiwan is No. 7.

But these are not the only examples of third world countries that are important customers for U.S. farm exports—a new example comes as a surprise to many Washington agricultural watchers, offering evidence that what once seemed to be a competitor of U.S. farmers also can be a significant customer.

It is Malaysia, where economic growth rates averaged 8 percent during the 1970s, ahead of most low-income countries.

Malaysian imports of U.S. food products jumped from less than $30 million in 1976 to nearly $140 million by 1982.

"It is worth remembering," says Harvard political scientist Robert Paarlberg, "that Malaysian economic development was at one time viewed as a threat to U.S. agriculture, owing to the rapid growth of that nation's palm oil industry, seemingly in competition with U.S. soybean producers.

"But now, as it turns out, Malaysia's growing need for feedstuffs has brought some offsetting advantages for U.S. soybean growers," he points out. "Malaysia's infant soybean crushing industry, begun in 1980, now buys roughly two-thirds of its beans for the U.S."

Although Malaysia's palm kernel meal is abundant, USDA says it's too fibrous and lacks essential nutrients to sustain efficient poultry and swine growth. The result: in fiscal 1982, soybeans worth $36 million was the leading U.S. farm export to that southeast Asian nation.

How did Malaysia achieve such rapid income growth and become a significant customer of U.S. agriculture?

One reason is its booming palm oil industry, the object of widespread concern in U.S. agriculture just five years ago.

Palm oil development was funded by credit from the World Bank, and it created a major agricultural political stir in the late 1970s.

Concerned that palm oil would displace soybean oil, U.S. growers mounted a major lobbying effort behind an amendment in Congress to require the United States to oppose loans by the World Bank and other multilateral development agencies to countries seeking to develop oilseed production.

The amendment also covered citrus and sugar, whose U.S. growers were fearful of competition.

Fortunately for U.S. soybean growers, as it developed, they were not successful in stopping World Bank funding for that part of Malaysia's economic development program.

E. A. Jaenke, a former governor of the Farm Credit Administration who is the coordinator of the world hunger, development and trade project, sees a natural linkage between the poor countries that want to afford food and the American farmer who wants to export it at a profit.

"Since World War II," he points out, "U.S. agricultural marketing efforts have focused primarily on about 20 industrialized economies," largely western Europe and Japan.

"But exports to those countries have now slowed, and it is increasingly evident that the future growth opportunities lie with the other 94 countries—those classified by the Word Bank as low and middle income countries," Jaenke says.

Those countries—many of them in Africa, Latin America and southeast Asia—"offer U.S. farmers their best opportunity for renewed export growth," Jaenke says, "but only if incomes are increased for those countries."

That raises the bottom-line question: how can those countries increase their incomes to the point that they buy the feed grain and protein that the U.S. can export more efficiently than other exporters?

For one thing, says Harvard's Paarlberg, many of the countries themselves must learn that it is essential first to develop their rural areas and get rid of "urban biased, or otherwise narrow-based development plans."

For another, U.S. policy must recognize that it is essential to buy the exports of these countries, such as textiles and sugar, so they will have the dollars to buy our goods in return, he points out.

Third, the United States should help rebuild the "tottering U.S.-third world financial structures," the multilateral lending agencies which have been starved of development funds by U.S. (and other industrialized countires') unwillingness to fund them adequately, says Paarlberg.

"U.S. agriculturalists, whose interests will be among those most generously served by rapid and broadbased third world development," he wrote recently, "should in their own interest become more vocal and more visible advocates . . . of policy initiatives in manufactured trade, finance, and monetary exchange better suited to the current needs of U.S. agriculture and third world development."

This year marks the 30th anniversary of the creation of the U.S. Food for Peace Program—the most generous single example of food aid in the world's history—and the 10th anniversary of the landmark 1974 World Food Conference in Rome.

Americans and others were riveted then by television accounts of massive hunger and starvation, a problem that is no less severe today than it was in 1974.

Whether the food needs of millions in low-income developing countries and the parallel needs of American farmers facing their third year of low prices can come together to forge a solution is the sixty-four-billion-dollar question of the 1980s.●

HISPANICS' POLITICAL STAR ASCENDING

HON. RONALD D. COLEMAN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. COLEMAN of Texas. Mr. Speaker, the history of America vividly chronicles the rise of one wave of

immigrants after another that achieves economic, social, and political power. The most recent chapter of this story has been captured by the recent Washington Post article "Hispanics' Political Star Ascending," which details the significant impact that newly registered Hispanic voters will have on the 1984 election.

The article follows:

[From the Washington Post, Mar. 25, 1984]

HISPANICS' POLITICAL STAR ASCENDING

(By Haynes Johnson and Thomas B. Edsall)

SAN ANTONIO.—After the daily noon mass at St. Timothy's in the heart of Mexican-American housing projects on the west side, Delia Lucio stood inside the church vestibule passing out white "power cards." In a few minutes, she had registered 15 new voters.

"I'm going door to door, to clinics, wherever I see people," she said. "The people want to vote. They want to vote Democrat. They know that under the Reagan administration they have suffered badly. I say, well, maybe it's not all Reagan's fault, but maybe it is. I don't know.

"They say, 'This winter, we were very cold.' They paid $150 electricity, $100 rent. What did they have left over to eat? The cuts made it worse and worse. So they come to me and say, 'I want to vote.' "

Lucio, a housewife and mother of eight children, is not a political activist in the traditional sense. But she represents a critical factor in the presidential politics of 1984.

In Texas, a vital state for the Democrats if they are to regain the White House, the path to victory lies in the ability of people like Lucio to produce a record turnout of Mexican-American voters in November.

But beyond the clear stakes in this electoral battle lies another, greater political story. It is an old, familiar American one—the rise of immigrant groups to political influence and power.

Now, it's the turn of the Hispanic voters—traditionally more passive and less involved in politics—to follow the path set long before by Irish, Poles, Italians and, more recently, blacks.

Like Americans who trace their origins to Europe, Africa and Asia, Hispanics in fact are not monolithic but culturally and historically diverse—Mexican Americans, Puerto Ricans, Cuban Americans and other peoples with roots in Central and South America and parts of the Caribbean. Yet together they constitute a significant, and increasing, political power, and this election promises to demonstrate their full emergence.

Willie Velasquez, director of the Southwest Voter Registration Education Project, the foremost organization tracking the rapidly changing Hispanic voting population, puts it this way:

"The 1984 election is an excellent time to inaugurate a new era. We used to be concerned about paving streets. Now, for the balance of this decade, we're going to be concerned about U.S. public policy questions.

"After this election people are going to learn about us. The reason we can talk that way is we did our homework at the local level, and that strong political base will produce for us. For us, this is the real beginning of the '80s. For us, the decade starts now."

Hispanics already have rising national political stars, including San Antonio Mayor Henry G. Cisneros and New Mexico Gov. Toney Anaya, both Democrats. Their numbers in Congress are also rising, and should continue to do so with the increase in power at local and state levels.

Hispanic leaders believe history is on their side. They are America's fastest-growing minority and the youngest in median age. With new immigrants arriving daily, and prospect for changes in national immigration policy to permit more Hispanics to become citizens, and thus eligible voters, the Hispanic vote seems destined to assume even greater weight.

Hispanics already are a significant voting bloc in the Southwest—Texas, New Mexico, Colorado, Arizona and California—as well as in New York, New Jersey, Florida and Illinois. But their enormous voting potential has barely been tapped. In 1980, there were 6.6 million Hispanic citizens of voting age, but only an estimated 2.2 million cast ballots. Non-voting Hispanic citizens included 1.1 million in California, 1.05 million in Texas, 467,000 in New York and 206,000 in Florida.

Texas stands as the preeminent example of what can be done. The increase in registration alone has been startling. In 1978 there were 591,950 registered Mexican-American voters here. Four years later, there were 832,000—a 41 percent increase in four years. Nor is the pace likely to slow. At the present rate, the Mexican-American population in Texas will double in 20 years, compared with a doubling of blacks in 33 years and whites in 50 years.

Voting also is rising sharply. In 1976, Mexican Americans cast 278,000 votes in Texas. Four years later, the turnout was 415,000. This year, with the greatest voter registration drive under way in Mexican-American communities ranging from the big urban centers like San Antonio to rural farm areas stretching across South Texas, the expectation is that 660,000 Mexican Americans will vote.

"Of these, I expect Republicans to get about 15 percent, and it may be as low as 10 percent," Velasquez said.

Republicans, acutely aware of the implications of those figures, are working aggressively to win a larger share in Texas. They say they think President Reagan's popularity will enable them to get as much as 30 percent of traditionally Democratic Hispanic voters.

On the national level, the Republicans are mounting a well-financed crisply organized effort employing the latest computer technology to identify new Reagan voters and get them to the polls next fall.

The national GOP campaign aims at wealthier Hispanics, business executives, veterans and present members of the armed forces. It's especially effective among Cuban-American voters in Florida, where Reagan stirs fervent emotions and voters say their militant anti-communist feelings count more than economic problems when they decide how to cast their presidential ballots. Still, Cuban Americans, who are only 6.8 percent of the nation's Hispanic voters, are dwarfed in numbers and political potential by Mexican Americans.

From 1964 through 1980, Republicans made steady gains among Hispanic voters here and nationwide, capturing 25 percent of that electorate in the last presidential election. It appeared that Reagan's courting of Hispanics was cutting into that traditional Democratic constituency. But two years into his presidency. Hispanic voters turned sharply against him. In the 1982 congressional elections, GOP Hispanic support nationally plummeted to 16 percent and in Texas sank to 7 percent.

Texas Republicans remember vividly what happened just two years ago. A rising tide of Mexican-American voters sounded a bell in the night for the GOP in Texas and set off alarms in the Reagan White House.

The combination of the recession and the rapid increase in Mexican-American turnout defeated the powerful Republican governor, Bill Clements, and put Democrat Mark White in the statehouse.

White won by 231,575 votes. Mexican-Americans gave him 232,379 more votes than they gave Clements.

They represented the margin of victory, and set the stage for the intense voter registration and turnout drive in this presidential election.

"Reagan is very popular with Hispanics middle class and up, definitely," said Byron Nelson of the Texas State Republican Party. "But let's not be unrealistic. He's not going to win majorities. Reagan didn't carry any of south Texas in 1980, and that's the poor, lower-income people in those counties. It is something we are very, very concerned about. Obviously, if we see giant growth trends, then we worry."

At GOP county headquarters here there was no attempt to minimize the difficulty of the presidential effort in Texas. "I think it will be toe to toe," said Brenda Hassel, Republican voter registration chairman for Bexar County.

She added that she had been impressed after seeing how the Southwest Voter Registration Education Project headquarter office in San Antonio was carrying out its massive drive among Mexican Americans. "I was a little sobered," she said, "and wondered whether we would be rolled over by a steamroller."

Republicans acknowledge that they have serious difficulties with Hispanics.

"People come up and ask, 'Why is it that when we go to Republican meetings, we seldom spot a minority face?' " GOP county chairman Knox Duncan said. "If you ask me why the party of Lincoln attracts fewer minorities, I explain that it's a middle-class type party."

Whether 1984 will mark the beginning of a new era of Hispanic political power and influence, as Velasquez believes, remains to be proved on Election Day. But there's no doubt that even at this early stage, an intensive effort is being made to produce the greatest turnout ever and that it already is generating new emotion and enthusiasm. When the Southwest Voter Registration Education Project began a registration drive recently in the valley, 2,000 people showed up in a pouring rain.

Here in San Antonio a number of organizations are coordinating volunteer door-to-door registration efforts at nights and on weekends in the poorer areas of the city. Their goal for San Antonio alone is to register 20,000 new voters between now and the Texas primary on May 5. After that, the goal is to add another 20,000 before the presidential election.

Whatever the future may hold for Mexican-American voters, the present revolves around old problems of poverty, social justice and growing disparities between economic haves and have-nots. That is particularly true among Mexican Americans in south Texas, who were hit severely last winter by harsh weather conditions that ruined crops and raised heating and other bills.

Those conditions bear directly on the election and voter turnout efforts.

"This election is extremely important," said Father Tim McCluskey, associate pastor of St. Timothy's, a former missionary in South America and presently coordinator of the voter registration campaign for one of the groups here, San Antonio Communities Organized for Public Service.

"For years, San Antonio has been a cheap labor town where people are underemployed or unemployed. I got into this because of the whole question of violence, which came from frustration and unemployment. In the 14 months I've been in Texas, I've buried 23 young people.

"So the issue of jobs and education are forefront in our parish. These are the issues we constantly talk about when we look not only at state elections but national elections."

Sonia C. Hernandez, president of the community organization, also sees the Hispanic voter effort in this area as crucial in November.

"One of our state politicians has said the valley will make the difference in the 1984 presidential election. We extend that. We say south Texas will make the difference."●

THE UNITED STATES MUST NOT DEAL WITH THE PLO

HON. GARY L. ACKERMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. ACKERMAN. Mr. Speaker, it is with a great sense of personal sadness that I take this opportunity to insert in the RECORD, a copy of an article in the New York Times on April 3, concerning the recent attack committed by PLO terrorists against innocent civilians in Jerusalem. I visited Israel in December, and I had the chance to observe firsthand the fear of terrorism which these brave people must constantly endure. It is incomprehensible to me that while Israelis must live from day to day knowing that they may be subject to another outburst of terrorist violence, there are forces in the United States calling for extention of recognition to the PLO. Even more disturbing is the fact that the present administration has seen fit to authorize some 400 hours of negotiations with this heinous group.

At this time, I would also like to insert into the RECORD a copy of a recent letter I sent to Secretary of State Shultz asking for a clarification of American policy toward the PLO. Once and for all, the Congress and the American people must be told if this administration is ready to deviate from our memorandum of understanding with Israel concerning the PLO, or whether we will uphold our commitment not to deal with this organization until they recognize Israel's right to exist and renounce terrorism as a means of obtaining their objectives. After reading the article in today's New York Times, it is difficult to conceive of any conditions at all under which the United States should ever deal with this bunch of unconscionable terrorists.

THREE ARABS WITH GUNS AND GRENADES WOUND 48 IN JERUSALEM CROWDS

(By David K. Shipler)

JERUSALEM, April 2.—Three Arabs armed with guns and grenades attacked crowds of shoppers in the heart of Jerusalem today, wounding 48 people, one of them critically.

Israeli storekeepers and pedestrians pulled pistols, chased one of the terrorists and fatally wounded him. The two others were caught, the police said.

Some officials said the attack, near the central downtown intersection on the Jewish side of the city, was the most brazen terrorist action in the city in memory. Bombs have been planted in the city, but it has not been the target of the kind of guerrilla assaults that have taken place in other parts of Israel and in the West Bank.

"This is different from any other incident," Rahamim Comfort, the Jerusalem district police chief, said.

It was the third major terrorist attack in Jerusalem in recent months. On Dec. 6, a bus was demolished by a bomb, killing 6 people and wounding 41. On Feb. 28, two grenades, planted outside a clothing store on Jaffa Road, wounded 21.

In Damascus, a radical Palestinian group, the Democratic Front for the Liberation of Palestine, telephoned the Reuters news agency with a statement taking responsibility for todays attack.

A WILD ASSAULT

It said its men had stormed the Ministries of Tourism and of Commerce and Industry, taken two ministers hostage and were demanding the release of Palestinian prisoners. None of that happened, although the attack took place just down the street from the Ministry of Tourism.

If that was the objective, the operation seemed ill-planned and practically suicidal, according to officials and witnesses. The fragmentary accounts, pieced together, gave a picture of a wild, almost panicky assault and a gun battle that several Israelis likened to "the wild West."

It began shortly before 10 A.M. The weather, warm and sunny, had brought hundreds of people onto King George Street to stroll and shop. The sidewalks were thick with crowds.

The three men came from Lebanon, a police spokesman said. Interior Minister Yosef Burg said they might have come from elsewhere.

The three drove in a rented car this morning down King George Street, stopping about 50 yards from the intersection with Jaffa Road, the hub of West Jerusalem. Witnesses said that at least one was dressed elegantly.

One stayed in the car while the other two, in their early 20's, entered the Habira sporting goods store. Speaking Arabic-accented English, they asked to try on some jeans, the owner said.

"They asked to go to the dressing room," Rani Cohen, a young man who works there, said. "I showed them where the dressing room was, and they went in, and I stood near the room."

THEY EMERGE WITH WEAPONS

Then they suddenly emerged, one brandishing grenades, the other carrying what the police described as a small Czechoslovak submachine gun. He put the gun to Mr. Cohen's head and said in English, "don't move."

The terrorist was about the same age as Mr. Cohen. "I exchanged glances with him," Mr. Cohen told an Israeli television reporter. "For a few seconds he looked at me and I looked at him, and suddenly, it was as if he passed me up, and he pushed me aside, as if he didn't want to kill me."

Someone outside may have spotted them and alarmed them, the owner said. They rushed into the middle of the street, one shooting, the other throwing grenades. Many Israelis are licensed to carry pistols, and when the attack began, the guns came out of belts and holsters. At least three civilians, perhaps half a dozen, fired on the assailants. A soldier passing by joined in, as did some policemen.

Yishai Cohen, who has a clothing store on King George Street, heard the shooting, went out and saw one attacker being chased by civilians.

ONE TERRORIST IS SHOT

"One of them, Larry Tsach, who owns a jewelry shop next to me, hit him," he said. "He fell in the middle of the road, and next to him fell a canvas bag which he carried with him. He was lying for about a minute or two. And then suddenly he rose up, and his face was covered with blood, blood was also on the road. He had his hand in a fist, he cursed, he bent down, he took out a hand grenade, a yellow color, out of his bag."

The wounded man, grenade, in hand and blood streaming down his face, ran toward Jaffa Road.

"I shot at him," said Eli Cohen, a 35-year-old insurance agent with an office on King George. But the terrorist kept running, disappearing behind a bus that was standing in the street.

"I ran behind the bus, and he turned toward me," Mr. Cohen said. "We ran toward each other, and I hit him on the head and the grenade he was holding fell, and I shouted, 'Grenade!' and ran."

"I hid on the other side of the bus," he said, "but apparently that wasn't enough because I was hit by shrapnel." As for the terrorist, "He didn't shout anything. It looked like he was in a trance, as if he didn't care about bullets or anything."

He died later. A second man was captured by border troops just up Jaffa Road, the police said, and a third was caught at a roadblock at the edge of Jerusalem, trying to drive toward Bethlehem. There were unconfirmed reports from witnesses that a blond woman had also stepped out of the car with the three men and was seen being taken into custody.

The police said four grenades were thrown, all Soviet-made.

TOURISTS AMONG THE WOUNDED

Of the 48 people wounded, one was listed in critical condition and 34 were treated and released from hospitals by evening. Among those caught in the melee was a group of Finnish tourists, at least five of whom were hurt.

"We will do everything so that such attacks are not repeated," Prime Minister Yitzhak Shamir said in a radio interview. "The perpetrators and their dispatchers will be punished to the full extent of the law."

Mayor Teddy Kollek of Jerusalem attributed the attack partly to the international climate, including the proposal in Congress to move the United States Embassy from Tel Aviv to Jerusalem.

Although he favors moving the embassy, Mayor Kollek said, "The fact that the problem of Jerusalem has come up in the Congress of the United States, that arguments

over relations with Jordan and other neighboring countries probably encourage terrorist organizations to more actions to prove that they exist, that they want to express their opposition to any constructive way to dealing with the problem of Israel."

In a bookstore on Jaffa Road, browsers stopped and stood silently, listening to the radio news. In a quiet camera shop, a customer asked the old proprietor, "When is this going to stop?"

"Never," said the old man.

CONGRESS OF THE UNITED STATES,
SEVENTH DISTRICT, NEW YORK,
March 29, 1984.

Hon. GEORGE SHULTZ,
Secretary of State,
State Department, Washington, D.C.

DEAR MR. SECRETARY: I am writing to request a clarification of the Administration's policy regarding the Palestine Liberation Organization. As you know, under the terms of a Memorandum of Understanding (MOU) between our country and Israel, in effect since 1975, the United States has agreed not to "recognize or negotiate with the Palestine Liberation Organization so long as the Palestine Liberation Organization does not recognize Israel's right to exist and does not accept Security Council Resolutions 242 and 338." As we all know, the PLO has not yet complied with any of these requirements. Yet, the Reagan Administration has conducted extensive negotiations with the PLO, consisting of more than 50 meetings lasting 400 hours. From this evidence, it is clear that the U.S. has violated our MOU with Israel on this matter.

Even more disturbing is the testimony provided recently to the House Subcommittee on Europe and the Middle East on March 21 by Assistant Secretary of State Richard Murphy. Although the MOU is quite explicit in prohibiting recognition or negotiations with the PLO unless certain conditions are met, it appears that Mr. Murphy is seeking to establish a new category, "contacts," under which negotiations between the United States and the PLO may occur. Mr. Secretary, it seems that our Nation is involved in an act of unilateral revisionism concerning our solemn agreement with Israel on the Palestine Liberation Organization.

At this time, I would appreciate from the Administration a clarification of its position on this issue for the Congress and the American people. Is it United States policy to abide by the 1975 Memorandum of Understanding with Israel, or is the Administration prepared to deviate from this agreement, as Mr. Murphy's testimony would indicate? The answer to this question will help clear up the ambiguities in American policy which have been created by the disclosure of the Administration's extensive contacts with the PLO, as well as by the Assistant Secretary's recent testimony before Congress.

Thank you for your attention to this matter. I look forward to hearing from you.

Sincerely,

GARY L. ACKERMAN,
Member of Congress.●

GEORGETOWN HOYAS WIN NCAA CHAMPIONSHIP

HON. WALTER E. FAUNTROY

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. FAUNTROY. Mr. Speaker, on Monday, April 2, 1984, the Georgetown University Hoyas defeated the University of Houston Cougars for the National Collegiate Athletic Association basketball championship by the score of 84 to 75.

I am particularly pleased because Georgetown University is located in the District of Columbia and a number of the players on the basketball team are products of the District of Columbia public schools.

Mr. Speaker, in celebrating this victory I would like to make three points. First, under the leadership of Coach John Thompson the Georgetown basketball program has improved tremendously in the last 12 years. Coach Thompson continuously produces teams which emphasize togetherness in all aspects of the game.

Second, Coach Thompson is actually an educator/coach. In the last few years we have been subjected to stories about black athletes who have been used by coaches without attention to their educational needs. Coach Thompson's program at Georgetown places special emphasis on obtaining a college degree. In his 12 years of coaching, Mr. Thompson has recruited 45 players of whom 43 have graduated.

Third, Coach Thompson's program also emphasizes protection of the athletes from undue and unnecessary over-attention by the media. He has been criticized heavily by the media for "Hoya Paranoia." Yet, many failed to understand that Coach Thompson recognizes that these college athletes are students first and not objects to be exploited and sensationalized for commerical purposes.

I congratulate Coach Thompson, the players, the Georgetown University community, alumni, and friends for this tremendous victory.●

IRA GALLAWAY AND EL SALVADOR

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. MICHEL. Mr. Speaker, Rev. Ira Gallaway, pastor of the First United Methodist Church in Peoria, Ill., was a member of the U.S. delegation which observed the recent elections in El Salvador. Dr. Gallaway, who has previously visited that country, was very impressed by the people of El Salvador and their desire for democratic government and peace. I think all our colleagues would benefit by reading an account of his observations, as published in the Peoria Journal Star.

At this time, I wish to insert in the RECORD, "Elections Stand for Moderation" by Elaine Hopkins, from the Peoria Journal Star, March 29, 1984.

ELECTIONS STAND FOR MODERATION

(By Elaine Hopkins)

Sunday's election in El Salvador represented "a definite 'no' to the extremism of the right and left," says the Rev. Ira Gallaway, pastor of the First United Methodist Church of Peoria.

Dr. Gallaway was part of a U.S. State Department delegation observing the election. The 31-member group arrived in El Salvador Saturday and left Monday after visiting seven municipalities Sunday to observe the voting.

"We talked to people directly. We had many conversations" with all sorts of people, Gallaway said.

Everywhere people told him, "We're here to vote for freedom, we're here to vote for democracy, we want peace," Gallaway said.

Delegation members were able to leave the group and talk to people independently and privately, he said. "We talked to old people, young people, middle-aged people. You can tell whether they're being forced to do something," the minister said.

Though citizens are required to vote in El Salvador, "people said no punitive measures were taken against those who didn't vote," he said.

People seemed to be committed to democratic processes, Gallaway said. "One woman told me she walked (14 miles) and stood three hours in line" to vote. "It's worth it. It's for freedom and peace," Gallaway said the woman told him.

He said he received the impression "the leftists do not control the mind of the people." He visited with labor leaders and others, and everywhere people said they opposed military dictatorship and did not want to go back to an oligarchy or a government run by wealthy intesests. But they are also opposed to Marxist rule involving state control, he said.

Gallaway said he saw "bureaucratic bungling" and problems with a U.S.-supplied computer which was supposed to aid in voting. But the committee unanimously agreed the election was a "step towards possible democratic rule in El Salvador," he said.

"There's no insurance that peace is going to come to that country. This is a step in their possible democratic future."

Gallaway said he saw no indication of vote fraud. Every ballot box was watched by representatives of all eight political parties, and they were "watching each other with apparent good humor," he said.

Leftists boycotted the election, saying "they would have exposed themselves" to reprisals, he said.

"I hope people of this country are aware of how precious freedom is," he said. People here take such processes as voting for granted, and many do not bother to leave their comfortable homes to vote, he said. But in El Salvador, "I see people struggling to gain freedom," he said. There is "a great commitment on the part of many people to voting."

Gallaway has been on a speaking tour in Michigan, but plans to arrive in Peoria today.●

THE LATE HONORABLE CLARENCE MITCHELL, JR.

HON. E de la GARZA

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 27, 1984

● Mr. DE LA GARZA. Mr. Speaker, today we gather to respectfully pay tribute to Clarence M. Mitchell, Jr.—distinguished brother of our House colleague PARREN MITCHELL of Maryland.

Mere words can do little to convey the significance of Clarence Mitchell's contributions to the strides made in the area of civil rights over the past 25 years. As a lifelong champion of equality Mr. Mitchell played a prominent role in passage of the Fair Housing Act of 1968, a landmark piece of 1960's legislation.

Serving as the chief Washington lobbyist for the NAACP for nearly three decades, Mr. Mitchell was a man respected by both Democrats and Republicans. Mr. Mitchell believed in working as extensively as possible through existing legislation having said "when you have a law you have an instrument that will work for you permanently but when you branch out on a separate line of direct action, you may wind up with nothing."

What he is really saying is that in unity there is strength. United we stand.

Clarence Mitchell's past achievements will serve as a warm and glowing testimonial of his energy and vision of a better America. He has carved a place in history and the monument to him is a massive one. He will be sorely missed.

To his family and relatives I extend my deepest condolences and prayers.●

WHERE'S THE PROGRESS ON CYPRUS?

HON. WM. S. BROOMFIELD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. BROOMFIELD. Mr. Speaker, let me take this occasion to voice my deep concern about the lack of significant progress on the Cyprus issue. Unless some real headway is made in the next few months, I believe that Congress will be ready, willing, and able to cut military aid to Turkey. Although I regret that such action may be necessary, something must be done to remedy the current tragic situation on that island.

As all of you know, Turkish troops invaded Cyprus nearly 10 years ago. During the intervening years, families were separated from one another. Over 200,000 refugees have been forced from their homes and villages. Approximately 40 percent of the island is under Turkish Cypriot control, thereby depriving the native Cypriots of self-determination. This forced occupation of that lovely island has imposed a political hardship on the people of Cyprus. It has also enacted a heavy economic, social, and cultural burden as well.

From a strategic perspective, the United States has legitimate concerns. At the very time that the Soviet Union is enhancing its power in the Mediterranean, NATO's southern flank is weakened by the Greek-Turkish dispute over Cyprus. U.S. bases in Greece and Turkey have, in the past, been threatened with removal unless the conflict in Cyprus is resolved.

With nearly 20,000 regular Turkish troops on the northern part of the island, the Turkish Government is violating the 1959 Treaty of Guarantee which was designed to insure the sovereignty of Cyprus. The agreement limits the number of Turkish troops to 650. In addition, the vulnerable 1,200 mile land and sea border between Turkey and the Soviet Union is being neglected with the drawdown of those Turkish troops for redeployment to that tiny island. In short, our entire defense posture in Southern Europe and the Middle East is in jeopardy.

More recently, northern Cyprus just unilaterally declared itself an independent Turkish-Cypriot republic separate from the Greek-Cypriot majority on the strategic Mediterranean island. I was angered and saddened by the shortsightedness and insensitivity of this illegal action. This is not the way to solve the problem.

All of my colleagues are aware of the other body's recent action concerning Turkey. The Senate Foreign Relations Committee tentatively voted to withhold assistance from Turkey unless it pulls its troops out of Cyprus. I believe that the House would be fully justified in proposing similar restrictions on assistance to Turkey unless significant progress is made on the volatile Cyprus issue in the near future. Surely the Turkish Government knows how little progress has been made on this difficult issue during the past 10 years. I would hope that the Turkish Government realizes that there are many in Congress who want to resolve this complex issue. Pleas from certain Members of Congress to Ankara on this issue apparently fell on deaf ears. Continued intransigence on the part of Ankara will not help these congressional efforts to find an equitable solution to the problem.

A few months ago, the government of Rauf Denktash reaffirmed its readiness to negotiate on the reunification of the island and offered to turn the city of Varosha and Nicosia International Airport over to U.N. supervision. He also suggested that the Commission on Missing Persons be reactivated. A few days later, the Turkish Government offered to withdraw some of its troops from Cyprus.

I understand that a few troops have been withdrawn and that Commission meetings may begin this spring. Nothing definite has resulted from the other offers, however. Those offers to compromise were apparently made to win the favor of the United States. Let us see what kind of followup action occurs. Quite honestly, after so many years of waiting on this issue, the little progress that has been made is minimal, and I am disappointed.

I believe that the Turkish Government must clearly be told that what happens on the island of Cyprus does matter to the United States and to NATO. Ankara must clearly realize that security assistance to that country can be directly linked to progress on the resolution of the Cyprus issue. Continued delay on the part of Ankara will further harm the NATO alliance and worsen relations between Turkey and the United States. Although I am trying to be fair in dealing with this situation, the Turkish Government and Mr. Denktash must realize the urgency of giving this issue their full attention. It surely has our attention as time quickly runs out.●

GROUP USES MISLEADING INFORMATION IN BID TO RAISE FUNDS

HON. STEWART B. McKINNEY

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. McKINNEY. Mr. Speaker, recently constituents in my district have been solicited in the mail by a group calling itself the National Committee to Preserve Social Security and Medicare. This group, nominally headed by James Roosevelt, is asking people to sign a petition to save the social security system.

Now there is absolutely nothing wrong with this or any group circulating a petition for a particular cause. Indeed, the first amendment of the Constitution states that, "Congress shall make no law * * * abridging the freedom * * * to petition the Government for a redress of grievances." I yield to no one in my respect for and defense of our Constitution.

However, Mr. Speaker, the National Committee to Preserve Social Security and Medicare has a checkered history. Last year, this same group invited people to contribute $10 to receive a "free personal confidential computer printout" of social security records. The group's letter went on to state: "This service is available only to those joining the National Committee." What the National Committee failed to indicate is that this information is

available free to people who send in their name, signature, and social security number to the Social Security Administration.

Another recent solicitation from this same group, which again asks for a $10 annual contribution, contains errors and misleading information. For example, the 1983 amendments to the Social Security Act, which were based on recommendations by the Bipartisan National Commission on Social Security Reform, were overwhelmingly passed in the Congress. Yet the solicitation calls the reforms, "Ronald Reagan's recently enacted 'Social Security bailout'."

The mailing states, "The Medicare Fund has borrowed $12.4 billion from the Social Security fund." The opposite is true. The Old-Age and Survivors Trust Fund has borrowed $12.4 billion from the Medicare Hospital Insurance Trust Fund.

The National Commission describes proposed changes in social security to increase the minimum age for receiving social security, to tax a portion of social security payments as income. These proposals were enacted in 1983 as a part of Public Law 98-21. They are already law.

The group goes on to describe the danger of Congress eliminating minimum social security benefits and reducing benefits for early retirees. The letter neglects to say that both ideas were soundly rejected during congressional consideration of the 1983 amendments.

Even the latest, "corrected" version of the letter repeats the mistake that medicare has borrowed money from the old-age and disability funds.

Social security is our Nation's basic method of providing a continuing income when family earnings are reduced or stop because of retirement, disability, or death. Nine out of ten workers in the United States are earning protection under social security. About one out of every six persons in the country receives monthly social security checks and more than 24 million people 65 and older—nearly all of this Nation's older population—have health insurance under medicare. Another 3 million disabled people under 65 also have medicare. Nearly every family, then, has a stake in social security.

As we all know, the social security system is vital to this country. Twice in the last 7 years Congress has amended the Social Security Act to provide for its continued operation. The 1983 amendments were based on the recommendation of a bipartisan national commission and were passed because Members of Congress of differing political philosophies were willing to compromise to save the social security system from immediate bankruptcy. According to the best available actuarial estimates, the 1983 social security amendments insure that the cash benefits programs will be fully financed into the next century.

While I am and will continue to be alert to the health of the system, groups such as the National Committee to Preserve Social Security and Medicare, by promoting misleading information, make the job of saving the system and reassuring the many beneficiaries of the system of its continued stability much more difficult. Scare tactics aimed at older Americans are not proper means of communication. Social security is too important to the lives of so many Americans to be sensationalized by false and misleading information.●

FINAL REPORT OF THE COMMISSION ESTABLISHED FOR THE PURPOSE OF MAKING AN INVESTIGATION AND STUDY OF THE CONCERNS OF VIETNAM VETERANS

HON. JOE MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. MOAKLEY. Mr. Speaker, on December 30, 1983, the Special Commission on the Concerns of Vietnam Veterans submitted its final report to the General Court of the Commonwealth of Massachusetts.

The chairman, Senator Francis D. Doris, the vice-chairman, Representative Thomas J. Vallely, and the executive director, Mr. Paul R. Camacho, certainly are to be commended for the energy and thoroughness with which they and their colleagues on the commission handled their responsibilities.

Many of the issues raised in their report are of significant importance to the Federal effort with respect to the concerns of Vietnam veterans. Since the report sets forth substantial and important findings and recommendations for the enactment of Federal law, I have submitted the report to the Speaker, pursuant to clause 4 of rule XXII, for appropriate reference to committee.

Mr. Speaker, although the very comprehensive final report of the commission is too substantial to be printed in the RECORD, the work of the commission is of importance to each Member, so I take this opportunity to share with my colleagues the introductory materials which very well outline the scope of the commission's work. The general introduction by Commission Chairman Francis D. Doris is an eloquent statement of the importance of the mission with which the commission was charged:

To: All Members of the Massachusetts General Court.

From: Massachusetts Special Commission On The Concerns Of The Vietnam Veteran.

In submitting our Final Report of the Special Commission On The Concerns of the Vietnam Veteran, I wish to, on behalf of all the Commission Members, express our sincere appreciation to all the Members of the General Court for their unqualified support of the Commission through funding, appropriations and legislation enacted into law.

A special debt of gratitude is extended to William M. Bulger, President of the Senate; Thomas W. McGee, Speaker of the House; Chester G. Atkins, Chairman, Senate Ways and Means and Michael C. Creedon, Chairman, House Ways and Means. Without their complete support the mandate of the Commission would not have been met.

At this time I would like to laud the efforts of all Vietnam Veterans of Massachusetts whose leadership resulted in the establishment of this Commission. It was their strong advocacy for themselves, their fellow veterans and their dependents that resulted in the establishment of the Commission. Without them, the accomplishments of the Commission would not have become a reality.

Our Executive Director, Paul Camacho, deserves the gratitude of everyone concerned. In my opinion, there has been no stronger advocate for the Vietnam Veterans in Massachusetts or in the United States than he. His loyalty, devotion, dedication and leadership should be an example for all. A special thanks to his wife Chris and to their children. Without their sacrifice in allowing their husband and father to dedicate so much of his time, above and beyond, that which was required of him in order to fulfill the goals of this Commission.

Our Executive Secretary, Carmen Colon, worked diligently under very adverse conditions with little or no assistance. To her we extend our heartfelt thanks and say "thank you for a job well done."

It is most appropriate, on behalf of the Commission, that we extend our sincere thanks to Master Sergeant Jon R. Cavaiani United States Army, Special Forces, Vietnam Veteran, Ex-Prisoner of War and a recipient of the Congressional Medal of Honor, for his outstanding service and encouragement in thought, word and deed. And to his wife, Captain Martha Cavaiani, for allowing him to work with us during the past two years. We are deeply grateful, and "we thank you Jon".

We shall always remember the lives that we touched. We fondly reflect in this Final Report on the question of MIA-POW. We acknowledge the great bond of friendship and love that we established with Gordon and Inger Hardy and our work with them on this very sensitive issue. We walked, talked and paraded together throughout Massachusetts to bring to the forefront of our people the need for a resolution to the MIA-POW question. Many said it was a dead issue, however, we, as a Commission, did not and do not believe that to be the case. No greater evidence of this can be in the fact that Captain Arthur Hans Hardy's remains were returned to Massachusetts and were buried on a high and windy hill on a rainy day in Ipswich, Massachusetts in November of 1983. Until that time Captain Hardy was unaccounted for the last eleven (11) years. Our fight must continue.

Finally, to all the Vietnam Veterans of Massachusetts who have labored so long and so hard, we extend to you our sincere gratitude—the accomplishments of this Commission are your accomplishments. The leadership that you have demonstrated during the past two years in advocating for your fellow veterans and their dependents, have developed you into the leaders of tomorrow as it relates to *all Veterans of all Wars.*

I feel confident, as the work of this Commission comes to a close, that the issue areas that remain will continue to be worked on to a successful conclusion.

To everyone who has worked in any way to assist this Commission, we say Thank You. God Bless America!

Respectfully,

FRANCIS D. DORIS,
Chairman.

Mr. Speaker, I would also like to share with my colleagues the astute comments of the executive director of the commission, Mr. Paul R. Camacho. Mr. Camacho worked tirelessly on this vast project and his comments serve as a forceful statement for placing this work and the findings and recommendations in their appropriate context:

COMMENTS OF THE EXECUTIVE DIRECTOR

I would like to thank the Chairman, Senator Francis D. Doris, for allowing me the opportunity to express some of my thoughts concerning this entire project. With his permission, I care to take some leeway to speak both specifically and generally, both subjectively and objectively as a Vietnam veteran and as a social scientist.

Those who are acquainted with me know I have been doing research on the Vietnam Decade and its aftermath in terms of consequences for the veterans for over the last twelve years. They also understand the conditions in milieu in which I was hired. That is, this Commission had a number of options or routes it could have traveled. When I was graciously extended an interview, I informed them that the issue area approach was in my mind the most important. Though less noticeable in the immediate sense, it would pave the way for the development of long range strategies and tactics necessary to achieve tangible gains for the Vietnam veteran community at large, and especially for that portion of the community most in need. Evidently, the majority of the Commission members were also of that mind for subsequently I was hired.

Given the task, priorities had to be established and in this I with the sanction of the Chairman, Senator Doris, opted for the practical and pragmatic. In short we (this Commission) expended resources where we could have effect and in areas where we could achieve consequence favorable to Vietnam veterans. Given the resources available and the life span accorded the Commission, I think the accomplishments were substantial. We developed and catalogued a large body of data on issue areas, both staple and particular with proposals for resolutions. Here I refer to all the data, i.e., eight public hearings, five special hearings, approximately three to four hundred pieces of incoming and outgoing correspondence, the more than three hundred letters pertaining to the POW/MIA campaign, miscellaneous items such as the most pertinent letters and documents on the Federal Jobs Training Partnership Act, advocacy for the Vet Centers, the Vietnam Veterans Leadership Program, and individuals, as well as the statistical survey summary, the Interim and this Final Report. I firmly believe that the body of data in its entirety will stand the Vietnam veterans in this Commonwealth good for at least the next six years, provides information for the development of strategies and tactics necessary to achieve the compendium of goals as outlined in this Final Report.

Yet, as a social scientist, I am of the position that beyond this, these documents collectively provide an important points of insight into interesting historical events, an insight which will be invaluable to historians and social scientists of the future. That is, as a social and political phenomenon, the experience of the Vietnam decade and the impact its aftermath had for the Homecomers, the Vietnam veterans who accepted the horror of the responsibility, stands as unique in Modern American history.

The turmoil of the 1960's with its challenge to authority, followed by revelations of deceit and corruption, and culminating with the downfall of a Presidency and withdrawal from Vietnam is the social landscape against which the Vietnam veterans stand in profile or relief.

The number and impact of the situational and orientational themes here is almost incalculable. For example, there is the question of the "good people" and the "dirty workers". With the repeal of the Tonkin Gulf resolution, an entire country absolved itself of guilt and placed it squarely in the lap of the soldiers, now veterans. The bitterness of accusations and rebuffs were so severe that an entire generation of soldiers were on the verge of almost believing that responsibility for the entire affair was theirs and theirs alone. To look into the well is dangerous; yet it should be done, for all of this is of great symbolic and tangible importance for the future. America's war veterans have played a significant role in domestic politics, and have not been unaccounted for in connection with foreign policy. It comes to this as well, that certainly in the past the veterans of this nation have earned the mantel of ligitimacy to control the definition of patriotism in American life.

Now, the question at hand is this—given the fact that the history of the Vietnam decade is now a matter of debate among academics and key administrative officials of the past and present vis-a-vis the new Vietnam Scholarship, what role will Vietnam veterans play. They have become a matter of intellectual capital, utilized by both conservatives and liberals to legitimize their position—and yet have no input into the development of either position per se; they have become pawns utilized by and for the purpose of others. As a researcher, I have looked at this from different vantage points and there is no doubt in my mind that the vectors come together around this—the lessons of Vietnam, the meaning of patriotism as an orientation directing national action of the future, and inexorably connected to these two—the positions and relations the Vietnam veterans have in connection with all of this. And who has, or claims more of a right to a voice in all of this than Vietnam veterans?

During the week preceding Veterans' Day in the Commonwealth of Massachusetts, veterans from three conflicts were buried. Vietnam/Laos, Lebanon, and Grenada. The answer to the question posed above is obvious. It is my personal belief that Vietnam veterans are at the proverbial crossroads, they can slip into obscurity, make some gains of various impact along one or two directions, or move forward to take their rightful place as leaders in the community, state, and nation, and achieve in coalition with others—a community of vision in America—for the future.

It will require hard work, but to reiterate a point noted by many, Vietnam veterans represent *potentially* one of the largest bulge votes in the Commonwealth and in the nation. And noting this then, I care to return to the immediate. These documents in their entirety provide for everyone a picture of the situation as it existed in the Commonwealth of Massachusetts in 1982–1983.

It is with all of this in mind that as a social scientist and as the Executive Director, I strongly recommend that: Data of this commission in its entirety of over 3,000 pages of documents be published in one volume to be available for all those interested.

Sincerely,

PAUL R. CAMACHO.●

SKY HIGH DEFENSE

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. LAGOMARSINO. Mr. Speaker, I would like to bring the following article by William Randolph Hearst, Jr., Hearst Newspaper's editor in chief, to the attention of my colleagues. America needs to strengthen its defenses against the Russian nuclear force. Building a "high frontier" type of antimissile system makes a great deal of sense.

SKY HIGH DEFENSE

(By William Randolph Hearst, Jr.)

NEW YORK.—Our megabuck military budget, which President Reagan steadfastly pursued to build allied and American defenses against Soviet aggression, astoundingly provides little or no actual defense. It's not that we skimp on arms and nuclear arsenals but that the Soviet Union locked us into a posture where we will retaliate if they strike first at us and our allies. The method is known as "Mutual Assured Destruction," or MAD in conversational terms.

This is indeed mad, in anybody's language. A military man who is trying to set our thinking straight and assure the globe long-lived tranquility is retired Lt. Gen. Daniel Orrin Graham. Over the weekend, he launched a national campaign from Washington to acquaint Americans with his program called "High Frontier." Boiled down, it would intercept any first strike from the U.S.S.R. against us or our partners with space shots destroying incoming nuclear missiles.

A genial and intense man, Graham and I met over lunch before my recent trip to Europe. On a small screen, he showed me how incoming Soviet nukes could be handled and disposed of in space harmlessly. The retired three-star general could have, of course, gone fishing after more than 30 years of dedicated U.S. Army service, including a stint as director of the Defense Intelligence Agency. Not for him, though. He thought about his grandchildren and kids here and throughout the world. That acro-

nym "MAD" got him started with scientists on a search that led to the High Frontier concept. It was so remarkable that President Reagan embodied the views in a nationwide televised address exactly a year ago.

The president's talk to fellow Americans was derided by critics as a combination of "Star Wars" and Buck Rogers derring-do. Their instant tendency was to belittle long ignored scientific research and the plainly inescapable conclusion of peaceful survival without mutual destruction. I would like to remind you in part of what the president told us:

"Let me share with you a vision of the future which offers hope. It is that we embark on a program to counter the Soviet missile threat with measures that are defensive. . .what if free people could live secure in the knowledge that their security did not rest upon the treat of instant U.S. retaliation to deter a Soviet attack; that we could intercept and destroy strategic ballistic missiles before they reached our own soil or that of our allies.

"Would it not be better to save lives that avenge them?" inquired President Reagan tellingly.

That's the beauty of Gen. Graham's concept as presented to people-at-large, confounded by freezeniks and propaganized internationally by the Soviets who don't want us to get going.

When President Eisenhower—also renowned as General Eisenhower, Supreme Allied Commander in World War II and later of SHAPE—made an agreement 30 years ago with the Soviets to abandon the space anti-ballistic project, the U.S.S.R. welched. We kept our word but the Soviets clandestinely keep working on an idea originally wholly American. Obviously the Soviets count on being first so they can blackmail the West.

Gen. Graham's project began with his ideas, scientific help—and little money, none from the government. Reinvigorated, the starting stages would cost us $2 billion which is peanuts. It would go up to $15–20 billion in four years, still small change when you think of what's at stake for mankind.

The initial phase for High Frontier, according to Gen. Graham, would be non-nuclear, as additional protection of our ICBM silos. We will use conventional projectiles to blast arriving missiles out of the sky. Phase 2, in the Graham program, proposes a Spaceborne Missile Defense System (SBDM). This will have around 400 orbiting satellites. In turn, each of them would carry 40–50 non-nuclear infrared homing so-called "kill" weapons. These are guaranteed to destroy 80 percent of attacking missiles by firing thousands of small projectiles at a speed of about 20,000 miles an hour. Any aggressor would then believe that a first strike is a real gamble.

Finally, there's Phase 3 of the Spaceborne SBDM. When developed it will have intercepts via sensor improvements or the addition of laser-particle beam weapons. Mind you, all these ideas of Gen. Graham conveyed to President Reagan are strictly for defense. Mutual destruction is hardly defensible since hundreds of millions will be killed in the holocaust. Otherwise as the 60-year old general says: "We have no defense whatever against any long-range missile attack."

From all I can determine, the U.S.S.R. has gone ahead with research and development of its own in a project similar to Gen. Graham's. Due to its stringent secrecy, the Soviets don't share any of their findings or failures with anyone. They long have wilfully ignored agreements and treaties to abandon clandestine nuclear projects.

What they have promoted and boasted about is the number of nuclear weapons the Soviets have pointed directly at the U.S., since 1979. It's nearly double the number they once promised for the SALT-II treaty, back in 1979. I got this information from senior officials of our intelligence agencies.

In five years, the Kremlin increased the total of their warheads aimed at us from about 5,000 to 9,400. The Soviets also upped the number of their launchers to nearly 2,500 although an early agreement called for a maximum of 2,225. We have around 6,000 warheads pointed at the Soviet Union and will decrease missile launchers from 1,850 to 1,800 next year.

Never mind our efforts to have any comparable arrangements with the U.S.S.R. Let's get behind the High Frontier recommendation of Gen. Graham which was espoused by President Reagan. In the near future, I'll be telling you more about this anti-ballistic missile defense and what it means for all of us in the free world.●

SECRETARY PIERCE HONORED BY SPECIAL AWARD IN MEMORY OF DR. MARTIN LUTHER KING, JR.

HON. BILL GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. GREEN. Mr. Speaker, on January 13, 1984, Coretta Scott King, the widow of the late civil rights leader, Dr. Martin Luther King, Jr., presented to Housing and Urban Development Secretary Samuel R. Pierce, Jr., the Martin Luther King, Jr. Special Award. This high honor, sponsored by the Martin Luther King, Jr. Center for Nonviolent Social Change in Atlanta, was for Secretary Pierce's outstanding contributions to the enhancement of social justice and social responsibility and to improving working relationships among government, labor, and management.

In presenting the award to the Secretary, Mrs. King said that:

Secretary Pierce * * * has one of the most important, yet difficult jobs of any Department head in Washington. HUD is concerned with the housing and development needs of our cities, with the implementation of our national policy to provide safe, decent and affordable housing for all our people, especially those who lack the financial means to compete for housing in the conventional market * * * [A]t a time when our economy was in serious difficulty, * * * Secretary Pierce managed to meet the challenge, to withstand the pressure and to keep faith with our national housing policy through the continuation of essential HUD programs which advanced equal housing and minority enterprise objectives.

The inscription on the plaque presented to the Secretary read as follows:

In recognition of his leadership in maintaining Housing and Community Development Programs in our Nation's cities and for assuring that fair housing and minority business enterprise goals were an integral part of the administration of those programs.

Sam Pierce's personal association with Dr. King goes back to 1963 when the Secretary argued a case for Dr. King. In accepting the award Secretary Pierce said he was fortunate to have known Dr. King and that he enjoyed "a personal association with a man I admired. He was an inspiration to me and still is. I believe in his principles and everything that he stood for. He was a great man."

In an address following the presentation of the award Secretary Pierce emphasized the theme of partnership between government and business especially in creating housing for the poor and stimulating economic development. The Secretary cited Urban Development Action Grants (UDAG's) as being effective in helping communities attract or leverage private investment. Secretary Pierce declared that although the Federal Government must help address the basic needs of people, "local initiative is essential," adding:

I believe we [the Federal Government] serve well by providing technical assistance, and by delivering seed funding for local projects and efforts that won't succeed without our help.

As a long-time friend and coworker with Sam Pierce in a variety of endeavors, I know this high honor is richly deserved. Secretary Pierce's exemplary record of public service is a matter of special pride to all of us from his home city—New York City—and to all who share his commitment to the goals of excellence in governmental performance.

It is fitting and proper that the names of Samuel R. Pierce, Jr., and Martin Luther King, Jr., be linked through this special award.

I believe every Member of this body can be proud that such a distinguished individual is a member of the President's Cabinet. We join the King Center in saluting Secretary Pierce's leadership and commitment in furthering the goals of equal justice and civil rights in America.●

THE GRACE COMMISSION

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington report for Wednesday, April 4, 1984, into the CONGRESSIONAL RECORD:

Everyone agrees that federal spending must be cut, and that fraud, waste, and abuse in federal programs must be eliminated. The problem is getting the President and a majority of Congress to agree what

spending should be cut and how fraud, waste, and abuse should be eliminated. For 18 months the Grace Commission has wrestled with the problem. Its work is now over. According to the commission, its 2,478 suggestions would save up to $424 billion over three years by rooting out inefficiency in federal programs. Supporters say that the commission's work shows us how to cut the deficit painlessly, while critics find it biased.

Many criticisms of the commission's work have surfaced in the weeks since the release of its report. First, the report's sheer magnitude means that most ot the proposals will not be studied in depth. Second, many of the proposals have been around for some time. Third, almost two thirds of the proposed savings would require legislation, much of which would be controversial. Fourth, many of the proposals focus not on administrative efficiencies but rather on direct cutbacks in social spending. Fifth, questions have arisen about conflicts of interest, like those which may arise when executives of chemical companies sit on the panel that hopes to ease rules for the disposal of toxic wastes. Finally, the non-partisan General Accounting Office (GAO) and Congressional Budget Office (CBO) say that only one third of the estimated savings can be documented, that some proposals have already been implemented, that others are too vague to quantify, that still others would raise costs, and that many more may not render savings for years.

Despite these worries, it is clear that the work of the commission is too important to ignore. The corporate executives comprising the commission are capable people, and they provide a critical business perspective on the federal government's operations. Even if $400 billion in savings cannot be realized, many of the cost-cutting ideas have merit and have given new impetus to the campaign to streamline federal programs. Several themes emerge from the commission's report:

The commission is critical of efforts by members of Congress to keep military bases and other projects in their states, even if shifting them elsewhere or eliminating them entirely makes more sense from a management, and national, point of view. Thus, it recommends that a presidential panel be set up to study military base closings. The potential three-year savings is $3 billion.

The commission believes that the information processing systems in various federal agencies are unduly costly because they are outdated and uncoordinated. It estimates that significant savings in hardware-related costs could be realized by increasing eightfold the rate at which older computers are replaced by newer ones.

The commission suggests expanded use of social security numbers and income tax returns, as well as better computer systems, to check people's eligibility for federal benefits. It notes, for example, that the Veterans Administration alone could save $1.5 billion over three years if it detected only two times the errors it detects now.

There is no reason why it should cost the Army $4.20 to process a payroll check when the private sector does it for $1.00. Among the various changes in cash management the commission calls for are faster deposit of federal receipts, faster collection of customs duties, numerous accounting revisions, and more use of electronic funds transfer. The CBO says that this last change could save more than $1 billion next year.

The commission favors a tougher effort to collect overdue federal loans, claiming that some agencies make only three attempts versus two to three dozen in the private sector. It argues for deduction of late payments from the tax returns of delinquent borrowers, a practice which might bring in $2.4 billion over the next five years. Also favored is a new push by an expanded Internal Revenue Service (IRS) to collect back taxes.

Grave problems in the defense industry can result in the Pentagon paying $3,400 per hour for work on a new missile—100 times what the work is worth. Recognizing the need for solutions, the commission describes ways to improve defense procurement, including more use of common parts and standards, a two-year budget cycle for the armed services, mandatory purchases of weapons from more than one supplier, and maintenance of defense production at economic rates.

The commission asks for better management of inventory by the Pentagon. It stresses the need for improved computer systems, complete inventory taking, and better techniques of replenishment to cut future defense purchases. The commission thinks that adequate inventory taking alone could save $7 billion in three years.

The commission believes that the federal government can raise the productivity of its employees by upgrading their skills, changing outmoded methods of operation, and investing more in work-saving equipment. The commission suggests that a permanent productivity-oriented bureau in the Office of Management and Budget (OMB) may be the key to making federal workers more efficient. Higher productivity could trim thousands of jobs from the federal work force by attrition.

The commission wants to impose user fees on those who benefit from certain federal services. It would expand or increase fees when federal water is used to generate electricity or when timber is harvested and cattle are grazed on federal land. According to the CBO, user fees charged by a single federal agency, the Coast Guard, would yield $3.7 billion over five years.

Many of the Grace Commission's ideas will be accepted, but we should bear in mind that the federal deficit would not be erased even if every one were put into effect today. Recent fiscal policies have created too radical an imbalance between federal income and outlays. Nonetheless, the commission has made serious proposals which deserve Congress's and the President's attention.●

THE PRESIDENT'S FISCAL YEAR 1985 BUDGET

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. DOWNEY of New York. Mr. Speaker, as we begin to consider the Federal budget for fiscal year 1985, we should pause for a moment and consider the President's budget, which for some mysterious reason many of my friends on the other side of the aisle are reluctant to talk much about.

I would like to highlight a few of its effects on programs for poor people and its effects on the State of New York. The Community Service Society of New York has prepared an excellent analysis of the President's budget. I would like to commend the Community Service Society, and its president, Mr. James R. Dumpson, for their work. I recommend the analysis to my colleagues.

According to CSS, of the $9.2 billion in domestic spending cuts contained in the President's budget, $3.7 billion, or about 40 percent, will come from programs which are intended to assist poor people in this country. The President's budget brings back once again several major policy changes which Congress has rejected in the past, and which, no doubt, we will reject this year.

The President seeks to end the community service block grant, the work incentive program, and—should we be surprised—the Legal Services Corporation. This would mean a loss of $950 million in current services. The President assures us that these services can be covered by other programs such as the social services block grant, the Job Training Partnership Act and the AFDC program. But this claim is just a little disingenuous because these programs are also targeted for significant cuts and changes in service.

Under the President's budget, according to CSS, New York State would lose $20 million in employment and support service revenue. Changes in the Job Training Partnership Act would mean a loss of $12.4 million in title II-A funding for New York City alone; this is the employment training program for youths and adults. In addition, the State would lose $14 million in funds for the economic development administration, funds which will help put people back to work.

The medicaid proposals are particularly dangerous. By proposing to continue the 3-percent penalty, the President's budget would cost New York State $79 million, of which New York City would account for $28 million and Suffolk County $4.74 million. I hasten to add that we have resolutely laid that particular proposal to a much deserved rest. Other medicaid changes would mean an additional loss of $24 million for the State.

Proposed changes in the medicare program would mean a loss of $100 million for New York State. Food stamp program changes would cost $68 million.

All these numbers conceal the immense human cost involved in the President's budget. Is it any wonder that no one in the administration is anxious to have a vote of the President's budget?●

MARGARET CHASE SMITH FEDERAL BUILDING

HON. OLYMPIA J. SNOWE

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Ms. SNOWE. Mr. Speaker, I stand today to introduce legislation that will portion due honor to a great Maine stateswoman, former Senator Margaret Chase Smith, by naming the Federal building in Bangor, Maine, for her.

Margaret Chase Smith represented Maine's Second District for 8 years in the House of Representatives, and served Maine 24 years in the U.S. Senate. From her very first congressional session in the summer of 1940, through over three decades of service, Senator Smith exhibited a blend of elegance, wisdom, strength, and courage that was unique among legislators. Unique has become a common description these days, but it describes Senator Smith perfectly.

On September 13, 1948, the people of Maine voted Margaret Chase Smith into the U.S. Senate by a 71.31 percent majority. She became the first woman elected to both Houses of Congress, whose tenure has exceeded that of any other woman.

In 1944, she became the first woman ever to ride an American destroyer in wartime—a fitting distinction because it would be hard to find a stronger ally for a strong American defense than Senator Smith.

In 1949, Associated Press named her "Woman of the Year." And in 1964, she became the first woman to be placed in nomination for President at the national convention of a major political party. She came away with the second highest number of votes in the final ballot of the Republican National Convention.

What Margaret Chase Smith has done to build confidence in women of three generations is, in itself, worthy of recognition. You may recall that when Margaret Chase Smith was elected to the House in 1940, women had only been voting for 20 years. But Senator Smith would be the first to admit that she never acted according to what was best for one sex, or even one State, or one party. She weighed her decisions upon the scale of what was best for all Americans.

It took courage and an independent spirit to go against the party grain, as she did when she voted against the nuclear test ban treaty. But there was in that instance, as in all instances where she seemed to be the renegade Republican, a sound logic to her rollcall. She voted as she did because she saw in the test ban treaty ways of getting around it, of having one nation test a nuclear weapon and not be detected. A nuclear loophole like that, she rightly reasoned, could put the United States at a disadvantage.

Perhaps her greatest virtue as a politician was her willingness to take a firm stand on issues where she felt strongly. A primary example was when the country was gripped by McCarthyism. It was a nation-eroding disillusion that was being spread by a few politicians who were themselves taken in by the scare. Senator Smith saw that the only way to counteract the damage being done to the fabric of the country was to begin telegraphing an equally forceful and reasonable legislative voice disclaiming the scare.

At a time when political tempers were red hot, Margart Chase Smith and six of her colleagues joined in a declaration of conscience. The beauty of the declaration is that it returned to the American people the mantle of trust, and broke the finger of distrust that was being pointed at them by the Federal Government.

It is my opinion that the qualities of courage, dedication to not one but many causes, and service to this country—its land and its people—are laudable qualities. Furthermore, I believe upholding the public trust and trusting the public should be the principal obligations of every politician. Senator Smith possessed these qualities and fulfilled these obligations; and she nurtured them in a long list of citizens, statesmen, and stateswomen. It is appropriate that the House now pass legislation upholding these virtues, by naming the Federal building in Bangor, Maine, in honor of Margaret Chase Smith.●

HONORING THE EDUCATIONAL AND CULTURAL FUND OF THE ELECTRICAL INDUSTRY

HON. GARY L. ACKERMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. ACKERMAN. Mr. Speaker, I would like to call to the attention of the Congress of the United States the work of the educational and cultural fund of the electrical industry on the occasion of the 36th Annual Scholarship Award breakfast which is to be held on Saturday morning, April 7.

The scholarship program was initiated in 1949 with the awarding of the first A. Lincoln Bush, William A. Hogan, and the Father William J. Kelley, O.M.I., Memorial Scholarships. Since the inception of this program, additional scholarships have been awarded annually to assure young men and women of ability and promise the chance to gain an education that will provide them with the background necessary to meet society's challenges of tomorrow. Mr. Chairman, this scholarship program has enabled students to accumulate over 740 academic degrees.

In 1984 the educational and cultural fund will be awarding the 36th Annual Father William J. Kelley, O.M.I. Memorial Scholarship. This scholarship was created in 1949 and has been awarded annually to young people interested in pursuing a 4-year degree program leading to the bachelor of science at Cornell University in the New York State School of Industrial and Labor Relations. This award is open to the sons and daughters of the employees of the electrical industry. In addition, the fund will award the 16th Annual Dr. Martin Luther King, Jr. Memorial Award. This scholarship was established in 1969 as a memorial to a great American. The award helps to provide higher educational opportunities to deserving black students and the scholarship may be used for study at a college of the recipient's choice. Both of these scholarships consist of $2,000 for an academic year and will be renewed annually for a total of $8,000. The educational and cultural fund is also awarding the 18th Annual Dean Harry J. Carman Fellowship which is awarded in recognition of outstanding scholarship to graduate students. Candidates must have completed all the requirements of the Ph. D. except for the dissertation. In sum, there will be 30 scholarships awarded at the breakfast with a total cash value of $240,000.

Mr. Speaker, it is important to take note that since its creation the educational and cultural fund has made outstanding contributions to education, the electrical industry, the city, State, and Nation—not only does it create the appropriate atmosphere to learn for college students, but also the organization considers the educational and cultural needs of the very young and the not so young. The officers of Local Union 3 of the International Brotherhood of Electrical Workers and the trustees of the educational and cultural fund of the electrical industry in 1972, recognizing this need for young children, organized Camp Integrity and has served over 6,500 boys and girls. In addition, the educational and cultural fund provides educational programs for members of Local 3, including guest lectures by noteworthy labor and political leaders.

Mr. Speaker, the educational and cultural fund of the electrical industry helps its community and membership maintain a vibrant and healthy environment, and sets an example for other organizations to emulate. I ask that the Members of the Congress of the United States join me in congratulating the educational and cultural fund of the electrical industry; Hon. Armand D'Angelo, chairman; Charles Scharfe, Jr. and Thomas Van Arsdale, vice chairmen; Morton D. Hoffman,

treasurer; Edward J. Cleary, secretary; Donald F. Menagh, counsel; Hon. Robert F. Wagner, public member; Joseph D'Angelo, chairman of the joint industry board of the electrical industry; Thomas Arroyo, Jr., Lola E. Barton, Melvin Cole, Samuel Collins, Leon Conn, Frank Conti, John E. Dooley, Henry Gottlieb, Hy Greenblatt, D. Bert Haring, Hon. Jacob Javits, Joseph B. Maguire, Charles Salzhauer, George Schuck, Jr., Louis Stein, Edward H. Sullivan, Harry Van Arsdale, Jr., James M. Watters, Jr., and Walter D. Whitelaw, trustees; Anthony Ruocco, Jr., director; scholarship winners and the entire membership of Local 3 of the International Brotherhood of Electrical Workers on the 36th Annual Scholarship Award breakfast.●

HONORING EDMUND S. MUSKIE

HON. JOHN R. McKERNAN, JR.

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. McKERNAN. Mr. Speaker, today I am introducing legislation to honor the distinguished former U.S. Senator from Maine, Edmund S. Muskie, by naming the Federal building in Augusta, Maine, after this great American statesman.

Ed Muskie's career in politics has been an inspiration to those of us dedicated to public service. Muskie began his career as the minority leader in the Maine State Legislature, and later served as Maine's Governor for two terms. In 1958, he won a seat in the U.S. Senate, where he served with distinction for over two decades. In the crowning glory of his political career, Muskie was named Secretary of State by President Carter in 1980.

As Governor of Maine, Ed Muskie focused on the environmental and economic issues that were to be the hallmark of his political career. He was one of the first to emphasize the need for tough environmental laws, and he became deeply involved in legislation to foster economic development and growth, not only in Maine, but all across the Nation.

As a U.S. Senator, Muskie played a significant role in formulating the Nation's economic development policy, in reforming Government operations, early model cities and housing legislation, and security industry reform legislation. Again, Muskie's greatest achievement came in the area of environmental policy; the remnants of his work are still with us today—embodied in our farsighted clean air and clean water policies.

Muskie made his mark in the foreign policy area while serving on the Senate Foreign Relations Committee. In this assignment, he acquired the knowledge that enabled him to assume the role of Secretary of State during a period of international strife, and he served ably until the end of the Carter administration.

Today, at age 70, Edmund Muskie retains the respect of his friends and former colleagues because he served this Nation admirably, because he demonstrated good judgment when entrusted with enormous responsibility, and because he was, and still is, a man of integrity.

Mr. Speaker, it is with a deep sense of respect that I introduce this legislation to name a Federal building in Augusta, capital of our great State of Maine, in honor of Senator Muskie.●

SHORTAGES PLAGUE SALVADOR'S ARMY

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. LAGOMARSINO. Mr. Speaker, during the debate on continued military assistance to El Salvador, a number of questions have been raised about the urgency of the need for more military aid. A recent commentary by Fred Reed in the Washington Times describes in vivid detail the shortages that are affecting the Salvadoran Army. I urge my colleagues to heed Mr. Reed's warning, a restatement of the Kissinger Commission conclusion: "The United States is doing just enough to get these people in deep trouble, but not enough to get them out."

The article follows:

SHORTAGES PLAGUE SALVADOR'S ARMY

(By Fred Reed)

SAN FRANCISCO GOTERA, EL SALVADOR.—For three days I have been a guest of the Morazan Battalion, headquartered in this low, poor, pastel, and dirty city. With me are an American doctor and another American, an authority on military small arms. We have been depressed by the Salvadoran army. Regarding which:

1. It is badly equipped. Its rifles and machine guns—M16s, G-3s, and M60s—are worn out, used up. The soldiers say they have never even seen cleaning gear. There are no spare parts, as for example bolts and barrels, and no armorers to repair broken weapons. We found troops using arctic-grade gun-oil, which was all they had. El Salvador is not in the Arctic. Infantry weapons are easy to maintain, up to a point. Then you need knowledge and tools. For example, an untrained solider cannot strip the bolt of a .50 caliber machine gun. The troops here tried, reassembled it incorrectly, and destroyed it when they fired it. Even an armorer needs all sorts of esoterica such as go-no-go gauges, barrel wrenches, stones, and expertise. If you don't have them, guns slowly become useless.

2. Their medical situation is criminal. They have almost no trained medics. The "medics" they have have to go into combat with a few field dressings, some penicillin, and maybe a bottle of glucose solution. The latter, my doctor friend growls, is almost useless as a blood replacement. A Salvadoran told us they had saline solution, but for some reason didn't use it. There are no medevac helicopters. The army has only 20 choppers, only some of which will work at a given time. They are used primarily for moving troops and cargo, and for medical purposes only when otherwise idle. This means that badly wounded men can wait six or eight hours before reaching care.

They can't be treated in the field because no one knows how to do it. Often the wounded come out in trucks—bleeding, unsplinted, and alone, because there are no medics to ride with them. The level of medical ignorance is very high, and so is the death rate. A friend of mine tells of flying behind the lead chopper on a medevac run and noticing oil leaking along the side of the lead bird. It wasn't oil. A wounded man had a severed femoral artery and the door-gunner didn't know how to tie him off. He died. So goes this little war.

3. They need radios. We saw a few, but not nearly enough. A counter-guerrilla war involves patrols by small units, and close cooperation with mobile troops, as for example heliborne reaction forces. This is wild country. Without radios—lots of them—any soldiers you can't see might as well not exist. When a radio breaks, they can't fix it, and they can't quickly get anyone else to do it. It's a lonely feeling to be guarding a bridge or road out in that hot overgrown hill country, 20 feet from bushes you can't see through, with no way to call for help.

4. I saw no sign that people hereabouts are afraid of the army. Some of the police here have an evil reputation, very evil, but the army is a different entity. In regions I visited, the populace showed no sign of alarm or even particular interest when the army appeared.

5. Training is lousy, although I am told by friends who should know that it is improving. More on this next week.

6. To editorialize a bit, it looks as though the United States is doing just enough to get these people in deep trouble, but not enough to get them out. I'm afraid we will give them enough to keep them afloat while the war gets nice and vicious and big. Then we will pull the plug, as in Cambodia, and a bloodbath will follow.

Maybe we should not play half-seriously at war. Half-seriously at wars abroad entails responsibilities.●

DO NOT CRY FOR ME—NEW YORK BANKS

HON. DENNY SMITH

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. DENNY SMITH. Mr. Speaker, recent developments in the financial markets have brought back memories of coming before this body less than a year ago debating the merits of an increase in the U.S. quota for the International Monetary Fund. At that time, if I recall correctly, there were any number of controversial amendments addressed which would make the foreign lending practices of the large U.S. banks adhere to the same standards

that they would apply to borrowers in the American economy. We also attempted to make conditions for these Third World Nations receiving loans from the IMF much tougher. I think many in the U.S. Congress felt that by supporting an increase in the U.S. quota for the IMF, we would be heading off a financial crisis that would ring loud and clear throughout the entire international financial community. According to the banks, this crisis could have proven disastrous for a number of large eastern banks. Yet, here we are again with our Federal Government teaming up with those same U.S. banks and four Latin America countries with a rescue package to respond to Argentina's debt crisis. I think it ironic that the countries promoting this package are the very Latin countries whose own loans to those U.S. banks are also nonaccrual.

Who ever said there is "no free lunch" never came to the public trough where the New York banks feed. It is certainly not Merrill Lynch's money that bailed out these banks for their bad debts. The final slap in the face to taxpayers came when Secretary Regan said the money used to cover the bad debts is not taxpayes' dollars. How can that be when the important ingredient of the rescue package is an agreement by the United States to lend $300 million to replace the $300 million from Mexico, Venezuela, Brazil, and Columbia, once Argentina signs a new agreement with the IMF.

Argentina has repeatedly failed to abide by the conditions and austerity measures set forth by the IMF, and serious doubts exist as to the country's future ability to make interest and principal payments. How long are we going to put off the day of reckoning?

The Federal Government continues to pour good money into a fund which is only chasing after bad money. We continue to approve increases in our quota for the IMF; in fact, we have approved increases in the U.S. quota seven times since its inception, the most recent in 1978, 1980, and 1983. My guess is that they will be back for another one in 1985. And yet we continue to take this form of action because we are constantly threatened by default of one or more less-developed countries where U.S. banks have so heavily invested. It has to be clear that the banks' profit motive takes into account no one but their own. I certainly do not see any sympathy by the banks for Main Street America.

If they want to see an impending financial crisis, they should come home to Oregon's main street and watch my local autodealer close shop because he can no longer afford to floor cars, or watch as my farmers see their hopes and dreams fade while the banks foreclose on their farm loans. In the West, high interest rates have forced my lumbermill workers out of the woods. And yet, it is my taxpayers whose homes, cars, and businesses are on the brink of, or already have been, foreclosed that the Government calls upon them to cover the New York bankers' bad judgment. The bad loan decisions are the problems of the banks' management and stockholders—not the U.S. taxpayers. The taxpayers should not be expected to absorb the banks' losses and guarantee them a profit. I urge you to cosponsor and help me to block this latest raid on the Treasury which is paid for with the taxes of working Americans.

The following is an article on this subject which appeared in the Wall Street Journal that will provide background on what is occurring with regard to the rescue package for Argentina.

[From the Wall Street Journal, Apr. 2, 1984]

BRIEF REPRIEVE: ARGENTINE PACT AVOIDS TROUBLE NOW, BUT LATIN DEBTOR NATIONS MAY FACE POLITICAL PRESSURE

At first blush, the last-minute financial rescue package for Argentina seems to turn the internaional debt crisis on its head. Four heavily indebted Latin nations helped pull Argentina and hundreds of U.S. banks back from the brink.

It was a novel package that offers something for everybody. Argentina—in hock for $43 billion—appeases the banks with very little of its own money. Bankers get other Latin countries and the U.S. Government pitching in to help save the banks' first-quarter earnings. And the U.S. Government can count on other Latin debtors to pressure Argentina to sign a tough agreement with the International Monetary Fund.

But experts see a lot of clouds inside the silver lining.

For Argentina, Friday's rescue package could increase its political isolation within Latin America if the country doesn't come to terms with the IMF. For the Latin countries, it may create some domestic political pressure from opponents accusing the governments of siding with the bankers against a neighbor. And for the banks, it may impose the heaviest burden: the agreement sets the stage for a debtors' cartel, which may not repudiate debts but might try to dictate lenient debt-repayment terms all over Latin America and elsewhere.

INGENIOUS PLAN

Whatever the ultimate costs, nearly everyone considers the plan ingenious. Mexico and Venezuela each have lent Argentina $100 million, with Brazil and Colombia kicking in another $50 million apiece. Eleven banks—five American and six foreign—agreed to lend a total of $100 million, at unusually low interest rates. Each bank contributed in proportion to its existing exposure in Argentina; Manufacturers Hanover Trust Co., with $1.32 billion outstanding, and Citibank, with an estimated $1.1 billion, had the largest shares.

Meanwhile, the U.S. agreed to lend $300 million once Argentina signs a new agreement with the IMF; that loan will repay the four loans from the Latin nations. The U.S. is to be repaid when Argentina receives its IMF money. Argentine officials promise an IMF pact within 30 days. Such an agreement would provide the country with new funds in exchange for imposition of an economic-austerity program, which typically includes reductions in budget deficits, tighter control of the money supply, and currency devaluations.

The rescue package announced Friday came as a welcome ending to what had seemed a hopeless situation. For months, Argentina had been balking at paying interest on its debt, and the banks had been balking at lending new money unless Argentina signed an IMF agreement.

BACK INTEREST

But with the $400 million in new loans, plus another $100 million from Argentina's foreign-exchange reserves, Argentina cleared up at least some of the back interest owed to the banks. If U.S. bankers hadn't received that money by last Saturday, the end of the first quarter, they would have had to classify many of their Argentine loans as nonaccrual; banks generally put loans in the nonaccrual category when interest payments are 90 days overdue. When a bank classifies a loan as nonaccrual, it doesn't record as income the interest due, and it subtracts from current profit any previous interest that was recorded but not collected.

U.S. Treasury Secretary Donald T. Regan said the accord was designed to help Argentina and avoid an international banking crisis. It wasn't, he said, a bank bailout. "Our problem was how to help Argentina, not the banks," Mr. Regan commented at a press conference Saturday.

The plan was the brainchild of Mexico's treasury secretary, Jesus Silva Herzog, was engineered by the U.S. Treasury and Federal Reserve and was massaged by hordes of bankers and investment bankers. The Mexicans devised the plan—and the Brazilians, Venezuelans and Colombians went along—partly because all of them fear a damaging fallout from an Argentine-bank blowup; Mexico itself, for example, owes more than $85 billion to all foreign creditors, and Brazil's foreign debt exceeds $90 billion. These countries need continuing help from the banks to cope with this debt.

PROTECTING PROGRESS

"We have a lot of incentive to convince the other nations to be cautious," says one official in the Mexican finance ministry. "We have suffered a lot to get to where we are, and we don't want to see them upset it."

Already, one banking source says, Mexicans were partly blaming Argentina for a delay in putting together a $3.8 billion loan from banks this year. Some banks have been holding out because they lump all Latin American countries together. Although they "know Mexico is different from Argentina, [both] speak Spanish," one banker says.

Bankers were heartened by the Mexican initiative. For the past couple of years, bankers have derided suggestions that debtors would form a cartel that might present a tough negotiating posture to the banks; the debtors' interests were too different, bankers have said. Some bankers read the Argentine bailout as vindication of their ideas—even though the debtors joined forces, they said, it was to help a country pay the banks, not to repudiate debts. Some bankers also argued that the last-minute rescue reinforces the belief that countries won't default on their debts.

Francis X. Stankard, the executive vice president of the international sector of Chase Manhattan Bank, said, "This is un-

questionably the most constructive development to date in the international-debt situation. It represents an extraordinary cooperative effort among the nations of Latin America, the U.S. Government and the private banks."

That may be true, but sources in Latin America suggest that the bankers may be whistling in the dark.

For one thing, the $500 million covers only Argentine public-sector interest that fell due before Jan. 1. So, although U.S. banks avoid having to declare those loans as nonaccrual. Argentina still owes a total of about $2 billion in back interest to all creditors. The deal buys the banks a little time, but they may face the same problem at the end of the second quarter.

"It couldn't be a permanent kind of arrangement," says Celso Luiz Martone, an economist at the University of Sao Paulo in Brazil. "It can only be accepted as a (temporary) help to avoid bigger trouble."

But more important, these Latin sources say, are the governments' other motives for their joint efforts with regard to Argentina. They say that although the debtors now are joining forces to help the banks, the next time they may join forces to hurt the banks.

In Colombia last week, Mexico's president, Miguel de la Madrid, may have given a signal of the new attitude. He called the current economic problems stemming from the debts "unprecedented" and "dangerous," and he assailed the developed nations for their high interest rates and trade barriers. He also advocated a new approach to the debt crisis and a united front by Latin American debtors in negotiating with international bankers.

Most likely, sources said, such a cartel wouldn't refuse to pay foreign debts, but rather it would seek more lenient repayment terms for debtors. For example, the debtors may ask for a reopening of all the agreements that they have reached with banks since mid-1982 on debt stretchouts and new loans. Bankers balked at an earlier Mexican request for such a reopening.

One banker estimates that the countries may demand to reopen loan agreements covering as much as $50 billion. A lot of interest money would be at stake. A reduction in interest rates of just one percentage point would cost international banks $500 million a year in gross income.

Another lender speculates that Mexico and other Latin countries will allow Argentina to lead the way for a reopening of loan agreements. Argentina, he says, is being used as a "point man, the one to carry the spear."

POLITICAL COSTS

Significantly, Argentina received unusually lenient terms on the $100 million bank loan Friday. Argentina will pay only one-eighth of a percentage point above the London Interbank Offered Rate (Libor), which banks pay one another for funds in the London money market. The Latin countries will receive one percentage point above Libor. Because Argentina hasn't borrowed recently, it is hard to compare these terms with any recent Argentine credit, but the going rate for Latin countries has been 1¼ to more than two percentage points above Libor. Argentina's new terms "are now the benchmark" for future bank loans and stretchouts, an investment banker says, although longer-term credits may well command a higher margin.

The joint bailout also carries some potential political costs for Argentina and for the four other Latin countries. For Argentina, it is no longer a "matter of posturing" with the international bank creditors and the IMF, one Argentine financial source says, "but a very serious dangerous political commitment." The new civilian government, he says, "will be under extraordinary pressure" to reach a stringent accord with the IMF.

Argentina is said to have balked at IMF demands that it forestall an increase in its workers' real wages—wages adjusted for the country's towering inflation rate. As a result, the bargaining won't be easy. If Argentina dosen't agree with the IMF, then it risks a break with its neighbors. That's the peer pressure that banks and the U.S. government are counting on to ensure that Argentina does sign.

Though Mexico, Brazil, Venezuela and Colombia clearly believe that the benefits outweigh the risks, their involvement also could stir up some domestic political heat. The populations of at least Brazil and Mexico have suffered wrenching austerity measures, and now their governments are in the position of appearing to side against Argentina and with the IMF and the banks. That stance could provide fodder for the political opposition in those countries.

"We have to be very careful how we present this domestically," one Mexican Government official says. "The banks can think this is Mexico, the banks and the IMF against the Argentines, but we want to present it more as an example of Latin unity. That should reduce some of the rhetoric about us becoming tools of the banks."

BANKS DIVIDED

Finally, the rescue plan could exacerbate the growing split between the big U.S. banks and their regional and European brethren. Because of more favorable tax treatment on writeoffs, a more flexible regulatory environment and higher profit margins, European banks generally don't feel as much pressure as do U.S. banks to receive interest payments promptly. German and Swiss banks, in particular, don't have to report constant earnings increases to protect their stock prices.

Similarly, the Argentine exposure of most regional U.S. banks is small enough that they can afford to write off bad Argentine loans with minimal pain. Once this is done, there is little incentive to participate in new bailout proposals.

So, Friday's bailout could lead European and regional bankers to accuse the big U.S. banks of maintaining the illusion that the Argentine loans are still collectable. They also say the big banks were so eager to avoid putting loans in nonaccrual that the banks gave away the store in the negotiations.

It shows, they say, that a country is rewarded for playing hardball, not straightening out its economy and not adhering to an IMF program.

LATIN AMERICAN EXPOSURE OF LARGEST BANKING COMPANIES—DATA AS OF DEC. 31, 1983

[In millions of dollars]

	Citicorp	Bank America	Chase	Manufact. Hanover	J.P. Morgan	Chemical New York	First interest	Cont. Illinois	Security Pacific	Bankers Trust	First Chicago
Argentina:											
Exposure	NA	NA	800	1,321.0	741	NA	NA	401	NA	NA	NA
Nonaccrual	192	NA	140	17.3	104	NA	NA	11	NA	NA	NA
Brazil:											
Exposure	4,600	2,484	2,560	2,130.0	1,785	1,276	532.0	476	530	743	689
Nonaccrual	144	14	5	1.1	NA	8	8.2	2	2	21	2
Mexico:											
Exposure	3,000	2,741	1,553	1,915.0	1,174	1,414	758.0	699	550	1,286	870
Nonaccrual	106	190	215	[1] 19.4	56	39	46.0	75	81	8	24
Venezuela:											
Exposure	1,500	1,614	1,226	1,084	464	776	NA	436	NA	436	NA
Nonaccrual	398	206	121	20.1	NA	56	NA	30	NA	61	NA

[1] Nonaccrual and restructured loans.

Note: NA-Exposure less than the minimum required to be disclosed under SEC guidelines.●

FERES DOCTRINE TRAGEDIES

HON. JAMES F. McNULTY, JR.

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. McNULTY. Mr. Speaker, approximately 1 year ago I introduced a bill to permit men and women of our armed services who have been injured on account of medical malpractice to be permitted to a day in court. Under the prevailing interpretation of the Federal Tort Claims Act of 1946, the so-called Feres Doctrine, such suits are now barred. This is the case no matter how poor the medical care extended and no matter how grievous the harm resulting.

Since the introduction of H.R. 1942, 57 Members have indicated they will serve as cosponsors. This is very encouraging to me and I know to many of the families of victims of past tragedies who are numerous.

Notices of further afflictions continue to come to my attention. William J. Cavanaugh, a retired Army colonel has written me of the case of Seaman John Beals, a name I now in regret list as among those who have been frustrated by the Feres Doctrine. A brief description of the Seaman Beals situation has appeared in the Middlesex (Mass.) News. Congressman BARNEY FRANK, who represents Middlesex in this House, has labored industriously to advance H.R. 1942 in the legislative process and worked to assist the Beals family in their ordeal.

I am hopeful our colleagues in the House will carefully examine the case for H.R. 1942 and add their names as cosponsors.

The article follows:

[From the Middlesex News, Mar. 6, 1984]

ILL SAILOR'S STORY WELL TOLD

EDITOR, THE NEWS: The Middlesex News is to be congratulated for its sensitive handling of the Seaman John Beals story ("Navy won't pay sailor's cancer bills" Feb. 24, "Navy Relents, will pay for seaman's care" Feb. 25 and an editorial "Navy torpedoes itself" Feb. 25).

Your reporters were sensitive to and respected the right of privacy of a family undergoing an emotional ordeal, yet they told the story of insensitivity by the U.S. Navy and I am sure contributed to justice for the serviceman and his family. I hope that the pressure of the free press will continue to exert itself until the questions of Seaman Beals' long-term treatment costs and disability compensation are resolved as he faces an uncertain future.

The Seaman Beals case is just the tip of the iceberg of indifference and injustice to many servicemen and women who suffer medical problems incident to service to our country. Cases of medical neglect, incompetence and, indeed, malpractice are well documented by organizations such as the Citizens Against Military Injustice (CAMI) and are acknowledged by the Department of Defense.

Why do they persist? Essentially because the military medical care delivery systems are protected from legal redress by the so-called "Feres Doctrine."

Feres was a Supreme Court ruling in the early 1950s which excluded active duty military personnel from the rights extended to all other citizens under the Federal Torts Claims Act of 1946. Even a prisoner in a federal penitentiary can seek legal redress in the event of medical malpractice.

The need to protect a military commander from legal suit resulting from combat-related incidences is of course obvious in order to preserve military discipline. However, the extension of sovereign immunity to all aspects of military life, especially during peacetime, is a travesty of justice and, in the case of military medical care, may actually promote and tolerate incompetence.

A bill has been introduced in Congress (H.R. 1942, Congressman McNulty of Arizona) to correct this basic injustice and to grant service members and their families the same rights the rest of us citizens enjoy at least in the area of medical malpractice.

A tribute that Middlesex News readers can pay to Seaman Beals, and countless other area servicemen and women who offer their lives and well being on our behalf, would be to write their Congressman and Senators urging support for the so-called McNulty Bill (H.R. 1942) and a similar bill now being framed in the U.S. Senate by Senator Pell of Rhode Island.

WILLIAM J. CAVANAUGH,
Col., USAR (Ret.),
President, Mass. Chapter CAMI Natick.●

FEDERAL FINANCIAL ASSISTANCE FOR SMALL BUSINESS

HON. AUGUSTUS F. HAWKINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. HAWKINS. Mr. Speaker, as Mr. Reagan blazes the campaign trail with promises of economic recovery, the small business community is struggling to keep pace with its corporate cousins. The plight of small business is an awesome one, since the expectations fostered under its jurisdiction include providing employment for the majority of Americans, expanding technology through innovation, and promoting the existence of the "American dream." With all of these objectives, not to mention the strengthening power of being the "backbone of the economy," small business should be ranked as one of the top concerns of any administration.

Although Mr. Reagan has directed the Small Business Administration (SBA) to "initiate and sponsor conferences across the country," to improve the state of small business, the most popular question put to the administration is, "Where's the beef?" Where is the direct financial support small businesses need to accelerate their productivity.

With small business providing over 70 percent of the Nation's employment, the incentive to advocate the function of Small Business should be high on the administration's list. The conferences have a positive appeal by offering new concepts and ideas to promote all small business owners, especially veterans, women, and minorities.

What is not being offered, however, is an increase in SBA's budget, which would provide more opportunity to small business owners to expand their establishments, increase their employment rolls, and provide services for their communities. It is time that the "supporters of the Nation" get the Nation's support.

With the exception of a request for an increase in guaranteed loans, SBA has made no major budget revisions for fiscal year 1985, thus allowing very little support for the number of new small businesses entering the market. In some respects, budget requests were limited or slightly decreased, causing an even wider margin between small businesses and their accessibility to financial assistance through Government funding. If the present trend continues, the chances of most small businesses, especially minority small businesses, surviving their first year is highly remote. And without these small businesses, the foundation of the economy is weakened, thereby fostering national financial instability.

With all of this at stake, America cannot affort to ignore small businesses' call for support. it is time for the administration, as well as the rest of America, to look beyond the positive benefits that small business provides, in terms of increased employment, higher productivity, stronger local economics, and decreasing rates of inflation through increased competition. Moreover, it is time for the Reagan administration to maintain the principles that promote the continued progress of small businesses in America by providing adequate funding for small business concerns.●

5-YEAR EXTENSION FOR SECTION 120, INTERNAL REVENUE CODE, TO ALLOW GROUP LEGAL SERVICES TO REMAIN TAX EXEMPT AS EMPLOYEE FRINGE BENEFITS

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. STARK. Mr. Speaker, I am introducing a bill today to extend for an additional 5 years section 120 of the Internal Revenue Code to allow group legal services to remain a tax-exempt fringe benefit.

Since Congress first opened the door for group legal services in 1973 by an amendment to the Taft-Hartley Act, working men and women across America have had free or low cost, yet high quality, legal services they might otherwise have not been able to afford. Through the bargaining power of group plans, employers have been able to hire lawyers and set up special law offices solely for their employees, at a modest cost to the company. In other cases, companies have contracted with highly competent attorneys in private practice to aid their employees when legal help is needed.

Mr. Speaker, the record shows that employees who have this fringe benefit have made great use of it, from drawing up wills and sealing real estate transactions to fighting for their rights in a court of law. And because their company provided this benefit, many sought legal help when they otherwise may have found attorney's fees and court costs prohibitive. Employees under the plan have sought legal advice earlier, avoiding litigation that would have been inevitable if they had waited and would have further tied up our already overloaded judicial system. Group legal

services have made affordable to members a basic freedom of American democracy—a means to defend the rights they are guaranteed in the U.S. Constitution.

My bill will allow employers to continue offering group legal services to their employees by keeping this fringe benefit tax exempt. Without this status, companies could not afford to set up such plans and many, many American workers would again find legal services far too costly. With the provision in place, employers pay only a modest cost per employee and workers could continue to reap the benefits of low cost, quality legal services.

Mr. Speaker, group legal services have been a great advantage for all parties involved. We cannot allow this provision, which will expire in 1985, to lapse. I believe this is a reasonable and wise measure that all my distinguished colleagues can support. I urge prompt consideration and approval.●

HAZARDOUS WASTE DISPOSAL SITES LEGISLATION

HON. JOHN BRYANT

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. BRYANT. Mr. Speaker, on Tuesday, March 27, 1984, I introduced legislation to require sellers of property containing currently licensed hazardous waste disposal sites to explicitly notify the buyers. Buyers should be fully cognizant of precisely what they are buying. No one should be forced to buy a pig in a poke. This legislation is strictly a notification provision, not requiring an oppressive amount of paperwork or any expenditure of money.

My bill would require the owner or operator to provide the following information to the buyer of the property.

First, the type of and amount of waste which has been treated, stored, or disposed of on the particular parcel of land;

Second, the dates during which these activities occurred;

Third, any closure, removal, or remedial action which has been taken to restore this site; and

Fourth, the type and amount of waste listed or identified which remains on the site as of the date of transfer.

Records of these disclosures are to be maintained by each subsequent transferee and by the Environmental Protection Agency. What we are essentially creating here is a paper trail which will allow the Federal Government to follow and prospective purchasers to know what happened on these sites.

According to Chairman FLORIO, of the Commerce, Transportation, and Tourism Subcommittee of the House Energy and Commerce Committee, it is "virtually impossible to build a land disposal facility that can contain waste for as long as that waste threatens public health. Not surprisingly one of the major causes of contaminated ground water is our continued reliance on land disposal in landfills, or in pits, ponds, and lagoons." This type of disposal and the lack of appropriate notification has brought about such situations as the one at Love Canal.

Hearings before the Commerce, Transportation, and Tourism Subcommittee have confirmed that hazardous waste threatens the health of millions of Americans. Each year, we generate about 250 million tons of hazardous waste, over 2,000 pounds for every man, woman, and child in America. This is an increase of 30,000 percent since the end of World War II. If even one-quarter of this amount of waste is buried, it can create problems for which we may pay dearly in years to come. Leaks could endanger the lives of our families and children. Ground water may be contaminated. The soil may be contaminated beyond repair. Citizens may be forced to abandon homes for which they have worked long and hard.

My bill would not entirely eliminate this problem, but it is a step in the right direction. Incidents like Love Canal undermine the faith of the American public in the Federal Government's ability to protect its citizens from injury from hazardous waste.

While this legislation does not address the problem of abandoned disposal sites or sites not licensed by the Federal Government, it will help preclude the problems encountered in situations, like that at Love Canal. As I am aware that real estate regulations are generally governed by the several States, I have contacted the National Association of Attorneys General and the National Association of Realtors for their input.

I am concerned about the problem of hazardous waste and the deleterious effect that it has on our citizens. I feel certain that my colleagues will agree and support swift passage of this bill.●

INTRODUCTION OF A BILL ENTITLED THE HONEY RESEARCH, PROMOTION, AND CONSUMER INFORMATION ACT

HON. E de la GARZA

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. DE LA GARZA. Mr. Speaker, today I am introducing legislation that would enable the producers and handlers of honey and honey products to finance a nationally coordinated research, promotion, and consumer information program designed to expand their markets for honey and honey products.

Mr. Speaker, honey is produced by many individual producers in every State in the United States and in the Commonwealth of Puerto Rico.

The maintenance and expansion of existing honey markets and the development of new markets or uses are vital to the welfare of honey producers and those concerned with marketing, using, and processing honey. Unfortunately for this important agricultural industry, however, consumer demand for honey and honey products is not as great as it should be. Despite a steady rise in production capability, the U.S. honey industry continues to fall short of its marketplace potential.

It has been difficult to develop and implement a coordinated program of research, promotion, and consumer education because the honey production industry is comprised mainly of small- and medium-sized businesses.

Without cooperative action in providing for and financing such programs, honey producers, handlers, wholesalers, and retailers are unable to implement badly needed programs of research, promotion, and consumer education.

This legislation would give the honey industry the necessary tools and impetus to launch a national program for: first, research in developing new uses of honey and honey products; second, increasing consumer awareness of the nutritional quality and versatility of honey; third, preparing and distributing educational and recipe materials to home economists, schools, and food editors; and fourth, seeking and testing new and potential markets. All of this would be financed by honey producers and importers at no cost to the Federal Government.

Other agricultural commodity groups have solved similar problems by forming research, promotion, and consumer education programs. The egg, wheat, wool, cotton, and potato industry campaigns have met with much success. These programs bear out the old mercantile proverb: "It pays to advertise!" Producers have found they must extoll the virtues of their products, educate the consumer to create a greater demand, and thus expand their market outlets.

It is interesting to note that the potato industry, for example, through its industrywide merchandising program, has increased potato consumption in the United States while helping to educate consumers. Its export promotion programs have opened up new foreign markets for U.S. potatoes and have contributed positively to our Nation's balance of trade. The honey industry, through this legislation, could follow a similar pattern of activity.

Nothing in this act would dictate quality standards for honey, provide for control of its production, or otherwise limit the right of the individual honey producer to produce or market honey.

In summary, Mr. Speaker, this bill would authorize the establishment of an orderly procedure for the development and financing, through an assessment to be paid by producers and importers, of a coordinated program of research, promotion, and consumer education designed to strengthen the position of the honey industry in the marketplace and maintain, develop, and expand markets for honey and honey products. Any participant, so desiring, may request a refund of any assessment fees. After the program is initiated, there will be no cost to the American taxpayer.

I urge my colleagues to join me in sponsoring this bill.●

SAN MATEO COUNTY DENTAL SOCIETY'S "BRUSHMOBILE" SHOWS THE WAY TO PROPER DENTAL CARE

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. LANTOS. Mr. Speaker, I would like to draw the attention of my colleagues in the House to an exciting dental health project currently taking place in my district under the leadership of the San Mateo County Dental Society. Under the leadership of Dr. James Ridgeway, the society has revitalized its "Brushmobile" service to improve the standard of dental care in San Mateo County.

The Brushmobile concept originated in the early 1970's with the purchase and renovation of a 1962 schoolbus. The vehicle became a mobile classroom, complete with running water, sinks, and, for its time, a unique audiovisual system. "Prevention through proper dental health care" is its message, and over 20,000 first- second- and third-grade San Mateo County children each year, from both private and public schools, benefited from it. A driver-educator takes the bus to the various schools and presents the program to the children. She is assisted at times by students in the dental assistants program of the College of San Mateo, dentists' wives, dental assistants, and volunteers from the local PTA.

Since the old bus has been running on borrowed time, a new one has been purchased by the Dental Society and it will be put in operation later this year. The new "Brushmobile" will include some of the most up-to-date preventive dental care programs. The majority of the funding for this project comes from the efforts of the San Mateo Dental Society, and the service is free of charge to participating schools.

I am delighted with the tremendous success of the "Brushmobile"—it is a concept which has now been copied throughout the country. I look forward to the dedication of the new brushmobile later this year, and extend my warmest congratulations go to the San Mateo County Dental Society.●

JOHN R. LEE: A HERO'S AWARD

HON. GEORGE M. O'BRIEN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. O'BRIEN. Mr. Speaker, John R. Lee of Frankfort, Ill., was awarded a medal recently by the Carnegie Hero Fund Commission for rescuing Thelma S. Davis from her burning home on September 26, 1982. I would like to take a moment to recount his extraordinary act of bravery.

Mrs. Davis, 63, lay unconscious in a burning bathroom of her two-story home. Lee, 33, a neighbor, was alerted; he went to the second floor of the Davis house and after getting a flashlight, crawled 30 feet through thick smoke and intense heat to the bathroom. He found Mrs. Davis but could not remove her. Worsening fire conditions and smoke forced him out of the house. Undaunted, Lee entered the house a second time and crawled to Mrs. Davis. This time, he was able to remove her from the house.

Mr. Speaker, though Mrs. Davis required extensive hospitalization for her burns, she is alive and well today because of John Lee's efforts on her behalf. As John Lee's Congressman, I am proud that he has received the Carnegie commission's award—an award which is well deserved.●

LINDA CLARK

HON. STAN LUNDINE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. LUNDINE. Mr. Speaker, last month, Linda Clark offered the Social Security Administration ultimate proof of her disability. She died.

Less than a month before her death, the Social Security Administration refused to hear her appeal, claiming that her health was so improved since she was first disabled in 1979 that she could now return to work.

Her autopsy report says that is just not so.

Linda Clark suffered from juvenile diabetes since she was 3 years old—a crippling disease inhibiting a child's development and usually claiming its victims before they celebrate their 20th birthdays. When Linda Clark died at the age of 34, she suffered a massive heart attack brought on by circulatory problems and kidney failure. Her coronary arteries were so severely hardened and diseased that all four chambers of her heart were dilated. She suffered from severe, chronic bronchitis that often left her too breathless to talk. She was legally blind.

Linda Clark is a victim of another disease, an administrative nightmare created by Congress and perpetuated by the Reagan administration. The harsh measures taken by the Social Security Administration to comply with the law we passed will continue unabated unless we act. Despite our passage last week of the Social Security Disability Benefits Reforms Act, a companion measure faces an uncertain future in the Senate and the Reagan administration opposes both efforts.

Because Congress has never set forth the standard of proof for termination, the Social Security Administration will continue to halt benefits and refuse their reinstatement until men and women in ill-health prove—at their own expense—that they are just too sick to work.

Poor people cannot afford that. Uneducated people cannot combat that. Mentally ill people cannot help themselves. People suffering from cancer, kidney disease and heart ailments have no strength to help themselves.

By remaining silent, Congress is perpetuating this injustice. Thousands of disabled men and women seek relief from this travesty of fair play in Federal courts of appeals, where the burden of proof is finally placed where it belongs—not on the weary shoulders of disabled men and women but squarely on the shoulders of the bureaucracy paring the disability rolls—the Social Security Administration. Our courts practice reason and compassion, a justice to which our policies are blind and our ill-gotten gains not the cost-saving bonanzas we expected but only tragic miscalculations with price tags too high to pay.

Until disabled men and women reach that final shelter of Federal courts, they endure months or years of unspeakable hardships, deprived of benefits that buy their food and their medicine, that pay their doctors' bills, that clothe their children, and patch their leaky roofs.

When the Social Security Administration revoked Linda Clark's benefits, they neither resolved the Federal debt nor pared an expense breaking the backs of American taxpayers. Linda Clark only received $409 each month. Medication and therapy for her juvenile diabetes and its many complica-

tions often cost more than $1,000 each month.

During their 15 years of marriage, Linda Clark lost three children while she valiantly tried to give her husband the child they had always wanted. Last November, her husband lost his job in a massive cutback at the community's largest employer. Without his weekly paycheck and her monthly disability benefits, the couple seldom had two dimes to rub together.

Linda Clark was not one to take charity. Macaroni replaced meat on the table. Their small, old house grew cold when she slashed the heating bills. When Linda Clark could not pay her doctor, she canceled her visits. When Linda Clark could not pool enough pennies to buy her medicine, she rationed her pills.

Just before her death, the Social Security Administration told Linda Clark that she owed them more than $2,000. They gave Linda Clark 30 days to repay all the benefits she had received during her long months of appeal. But Linda Clark did not have 30 days to live.

Her husband filed an appeal posthumously asking that the debt be waived because of hardship. Subsisting on unemployment benefits, her husband faces more than $3,500 in funeral expenses and more than $8,000 in medical costs from the last days of Linda Clark's life. He cannot even afford to buy a headstone for his wife's grave.

We owe Linda Clark much more than the cost of a headstone.

We owe Linda Clark a law that will consider multiple impairments and the crippling effect their combination can have.

We owe Linda Clark a law that places the burden of proof upon the Federal Government, that requires the Social Security Administration to show medical improvement before benefits are terminated.

We owe Linda Clark a law that eliminates a reconsideration process that is costly, untimely, and inconclusive.

We owe Linda Clark a law that puts disabled men and women face-to-face with the medical technicians who now decide claims in offices more than 300 miles away after quick glances at hastily scribbled notes from physicians whose first and only glimpse of patients may have lasted less than 10 minutes of a grueling day.

The legislation we passed last week can help pay our debt to Linda Clark. The legislation could curb the inhumanity of the review process and curtail wasteful spending that the careless policies now encourage.

No one can put a price tag on Linda Clark's life. Her death is a tragic consequence of our insensitivity. It may also be an invaluable contribution to the plight of disabled men and women across America, for in death Linda Clark has shamed us all.●

H.R. 3755

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. WAXMAN. Mr. Speaker, last week I was unavoidably absent for the House vote on H.R. 3755, the Disability Benefit Reform Act of 1984. Had I been present I would have joined the majority of my colleagues who voted overwhelmingly to pass the bill.

The need for immediate reform in the disability review program cannot be overstated. This administration's attempts to reduce the disability rolls have imposed terrible hardships on thousands of worthy beneficiaries. Hundreds of thousands of people have been denied benefits to which they are entitled. These are people who are severely disabled, who cannot work, who depend upon the social security disability system for their very existence, and who previously worked and earned their right to be protected from economic disaster in the event of severe disability.

When Congress passed the disability amendments in 1980, the intent was to carefully review the medical eligibility of those persons receiving disability benefits and to ferret out fraud. The result, however, has been nothing less than a wholesale purge of the disability rolls. The benefits of deserving recipients are being terminated because of flawed procedures, poor data and arbitrary decisionmaking. There is simply no excuse for this.

Steps must be taken to put more consistency, equity, and administrative control into the review process. If properly structured a review program can be implemented successfully without jeopardizing the rights of the disabled who legitimately depend on disability for their life support. H.R. 3755 offers this kind of framework. It provides important safeguards for individuals who are subject to review and issues specific guidelines to eliminate the choas which continues to plague the program. It deserves the undivided attention of the Senate.●

PERSONAL EXPLANATION

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. MARKEY. Mr. Speaker, I was unable to be in attendance to vote on three amendments to the budget resolution that was under consideration. Had I been present, I would have voted against the amendment offered by my friend from Colorado, an amendment that embodied the President's budget proposal and served no use to the budget process; I would have voted against the amendment offered by my colleague from California, which I believe was a hypocritical effort to cut the budget since it lowered domestic spending by $136 billion, but gave $100 billion more to the Pentagon; and, I would have voted against the amendment offered by my colleague from Louisiana, since the amendment called for substantial reductions in domestic spending while it increased the defense budget by $64 billion.

Mr. Speaker, I am in strong opposition to any budget proposal that does not reorder our priorities away from dramatic increases in defense spending to a sensible approach that gives the Pentagon no more than they need and restores cuts to domestic spending.●

H.R. 4813

HON. WAYNE DOWDY

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. DOWDY of Mississippi. Mr. Speaker, I have received a copy of a letter from 31 members of the House Agriculture Committee to House Commerce Subcommittee Chairman FLORIO outlining their interest in H.R. 4813, the pending Superfund reauthorization legislation. I request that this letter be reprinted following my statement because I share the Agriculture Committee members' concerns about proposals contained in the Superfund legislation that will eliminate the tax exclusion for chemicals used in the production of farmer used fertilizers. I am alarmed that this particular provision of H.R. 4813 will unnecessarily increase agricultural production costs by approximately $142 million per year—a cost that my Mississippi farmers and other farmers in our country cannot afford.

I believe that it is very important that the House of Representatives proceed expeditiously with the reauthorization of Superfund, and I fully support this effort. However, I would like to point out that the 1980 debate on Superfund clearly identified the validity of a tax exclusion for farmer used fertilizers. The record in 1980 was clear that a fertilizer exemption was justified, and I believe that the record today is clear that the exemption is still justified.

I want to thank the members of the House Agriculture Committee—in particular my colleagues Congressman Bedell and Congressman Madigan—for bringing this problem to our attention. I agree with their concerns and plan to work with them to hold down farmer

production costs. I would point out that we are not advocating exclusion from the tax for chemicals that end up in hazardous waste sites. Rather, we are supporting the maintenance of an exclusion from the Superfund taxes for chemicals used directly by farmers on their fields.

Finally, I would like to take this opportunity to encourage my colleagues in the House to aid those of us on the Energy and Commerce Committee in acting promptly in the reauthorization of the vital Superfund program.

HOUSE OF REPRESENTATIVES,
Washington, D.C., March 20, 1984.

Hon. JAMES J. FLORIO,
Chairman, Subcommittee on Commerce, Transportation, and Tourism, Committee on Energy and Commerce, Washington, D.C.

DEAR MR. CHAIRMAN: We are writing as members of the Committee on Agriculture to express our concern about certain provisions contained in H.R. 4813, "The Comprehensive Hazardous Substances Cleanup and Emergency Relief Act of 1984."

We believe that the objectives of the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA) are extremely important and we commend you for beginning the process of reauthorizing the Act.

However, in our review of H.R. 4813, we noted with great concern that, among other things, it eliminates the current CERCLA excise tax exemption for fertilizers and certain chemicals used in the production of fertilizers, despite the legislative history of CERCLA which clearly shows that the Congress intended this agricultural exemption to relieve hard-pressed American farmers from the burden imposed by the tax.

Moreover, during debate in the Senate on CERCLA, reference was made to the report accompanying CERCLA issued by the Senate Committee on the Environment and Public Works which noted that the fertilizer industry is not a significant contributor to the hazardous waste problem. In fact, although agricultural fertilizers are exempt from the excise taxes, those hazardous wastes resulting from the fertilizer production process are properly taxed under CERCLA today.

We strongly believe that the two primary considerations which gave rise to the original agricultural exemption—the threat of increased production costs for farmers and the fact that the fertilizer chemicals do not contribute significantly to the hazardous waste problem—are just as valid today. Farmers remain under severe financial pressure as a result of high production and borrowing costs, natural disasters, and slumping exports. It is estimated that the fertilizer taxes proposed in H.R. 4813 would add at least $142 million annually to farm production costs. And, unlike producers in other industries, farmers—as price takers—cannot pass on their increased costs. In addition, we maintain that the Congress was correct in recognizing in CERCLA that the excise taxes should be based on the degree to which a chemical contributes to the hazardous waste problem, and not on the fact that it is a chemical per se.

Finally, because of the cost/price squeeze facing many farmers today, a tax on fertilizer would almost certainly result in reduced fertilizer consumption, and thus adversely affect an already-depressed fertilizer industry. Fertilizer sales have plummeted by 25 percent within the past two years, resulting in bankruptcies, plant closings, and layoffs throughout the fertilizer industry.

We hope that you will recognize our strong support for the agricultural exemption as you proceed with further consideration of H.R. 4813, and we look forward to working with you in fashioning a bill acceptable to all.

Sincerely,

Edward Madigan, E de la Garza, Glenn English, Lane Evans, Dick Durbin, Jerry Huckaby, George Hansen, Tom Coleman, Joe Skeen, Dan Glickman Charles Hatcher, Sid Morrison, Webb Franklin, Ron Marlenee, Harold Volkmer, Lindsay Thomas, Berkley Bedell, Pat Roberts, Cooper Evans, Charles Stenholm, Larry Hopkins, Tom Harkin, Charles Whitley, Arlan Stangeland, Steve Gunderson, Harley Staggers, Jr., Jim Jeffords, Bill Emerson, Gene Chappie, Ed Jones, Tony Coelho.●

IMPROVED TAX TREATMENT FOR CHARITABLE USE OF A CAR

HON. CARROLL A. CAMPBELL, JR.

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. CAMPBELL. Mr. Speaker, I am introducing legislation today which would increase the mileage deduction for the charitable, volunteer use of a person's automobile from 9 cents to 12 cents per mile.

This legislation is one step in the direction of achieving total tax equity for persons who use their own automobiles in the course of carrying out charitable activities. The tax law currently allows persons who use their automobiles for business purposes to deduct 20½ cents per mile whereas the allowance for the charitable, volunteer use of an automobile is only 9 cents per mile.

I have cosponsored legislation which would end the discrimination against persons who use their cars for charitable purposes. H.R. 2697, for instance, provides that the charitable mileage allowance would be the same as the business mileage deduction. Although the 12-cent-per-mile allowance which I am introducing today may appear to be only a partial solution, it may have a greater likelihood of success this year. The Senate Finance Committee recently recognized the value of the charitable use of automobiles by approving an amendment to increase the charitable mileage allowance to 12 cents per mile. Thus, while my preference would be to enact a complete solution (such as H.R. 2697), and while I will continue to urge the adoption of total parity, I do not want us to come away from the conference committee with no increase in the mileage allowance. If the 12-cent mileage allowance is adopted, we should continue to work toward total comparability in the future.

Mr. Speaker, I commend the numerous public-spirited persons who volunteer their time, talent, and automobiles to charitable activities. The value of their contribution to society is significant. We should recognize and encourage their charitable activities by providing them with the same mileage deduction afforded to business. I want to commend my distinguished colleagues from the Ways and Means Committee, Mr. FRENZEL, Mr. THOMAS of California, Mr. MOORE, Mr. GRADISON, and Mr. SCHULZE, who have joined me as original cosponsors of this legislation. I urge my colleagues in the House to join us in supporting this proposal.●

GEORGE WILL'S SUPPORT OF LEGISLATION TO MOVE THE U.S. EMBASSY TO JERUSALEM

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. GILMAN. Mr. Speaker, as one of the primary sponsors of H.R. 4877, legislation calling for the United States to move its Embassy in Israel from Tel Aviv to Jerusalem, I read with considerable interest George F. Will's recent article in Newsweek entitled "Power, Politics, and the Embassy."

I commend Mr. Will's analysis to the attention of my colleagues and believe his insights provide a valuable perspective from which to consider the debate on the Jerusalem Embassy issue.

Accordingly, Mr. Speaker, I insert the full text of Mr. Will's article at this point in the RECORD:

[From Newsweek, Apr. 9, 1984]

POWER, POLITICS, AND THE EMBASSY

(By George F. Will)

In the controversy about where the U.S. Embassy in Israel should be located, both sides have been asking for trouble in loud voices. Trouble is something fate has a way of furnishing with a lavish hand.

Since the founding of Israel, the U.S. Embassy has been in Tel Aviv. Israel says its capital is Jerusalem. Israel alone among nations is denied by other nations the right to stipulate its capital. Now Senator Pat Moynihan has 37 cosponsors for his bill to move the embassy and ambassador's residence to Jerusalem, and Representative Tom Lantos, Democrat of California, has 213 cosponsors for an identical bill. Secretary of State George Shultz opposes the bills on three grounds, only one of which seems strong.

Shultz says moving the embassy "would be taken" as a prejudgment of "one of the key issues"—the status of Jerusalem—"which must be freely negotiated between the parties" and might fatally damage U.S. credibility as "peacemaker." But there is only one other party with the slightest claim to Jerusalem. It is Jordan, which after

36 years of refusing all negotiations with Israel has forfeited its right to consideration. And King Hussein has recently expressed his disdain for the United States as peacemaker.

Shultz says moving the embassy would "fan Islamic extremism" and perhaps provoke mob violence against U.S. personnel and facilities. But U.S. policy is not a thermostat capable of controlling Islamic extremism, which will continue to rage against the United States no matter what U.S. policy is. And it is well to remember this: one reason there is a Reagan administration is that the previous administration was perceived as weak when dealing with mobs and an embassy in the Middle East.

POLICY

More importantly, Shultz says the Moynihan and Lantos bills improperly infringe on the president's "exclusive constitutional responsibilities to conduct diplomacy and to determine the country's recognition policy." But this is not a recognition question comparable to extending or denying diplomatic recognition to a nation. Congress would be compelling the president only to abandon a chimera and to conform policy to an incontrovertible fact. The chimera is the belief that the status of Jerusalem is negotiable. The fact is that Jerusalem is Israel's capital. Ask a random sample of Americans to name the capitals of, say, Delaware, Vermont, and Israel. Most will know Jerusalem than Dover or Montpelier.

The proposal to move the embassy is designed to nip in the bud a noxious growth. Israel's enemies have taken to stressing that even west Jerusalem is "occupied territory." Now, the correct (that is, my) position on the embassy is wine too strong for the likes of Hart and Mondale. It is: move the embassy to east Jerusalem, the part captured when Jordan attacked in 1967. That would express, emphatically, the fact that the 19-year division of Jerusalem was an accident of the 1948 armistic, and the unification of Jerusalem 17 years ago is irreversible. Perhaps in the late 1940's it was possible to believe that negotiations could produce concord about Jerusalem. Today it is not possible. No visible or anticipatable Arab government will countenance a united Jerusalem under Israeli sovereignty, and no conceivable Israeli government will consider anything less. When a subject is, on every side, nonnegotiable, it is imprudent to pretend otherwise.

The issue of moving the embassy suits Mondale's taste for a foreign policy long on moral poses and short on more tangible forms of power. And it fits his "cafeteria politics,"whereby groups are invited to Walter's Restaurant to fill their trays from a rich selection of dishes for every appetite. Hart could have used this issue to underscore his advertised reluctance to leap through hoops at the command of particular constituencies. Instead, he did an ungainly somersault through the hoop. He changed his position to support the move and blamed his earlier opposition on his staff, as usual. Reagan's threat to veto any bill mandating movement of the embassy is misguided policy, but is at least manly. (And it probably will cause Moynihan and Lantos to try to pass only a nonbinding resolution.)

NATIONAL PRIDE

It sometimes seems that the foreign policy of the Democratic left is that the United States should be only strong and assertive enough to defend Israel. Imagine the dismay and contempt among Israel's leaders as they watch Hart and Mondale scramble for Jewish votes. In New York both divided their time between promising to move the embassy and vying to see who could seem most horrified by any use of U.S. power. The safety of Israel depends not at all on moving the embassy 47 miles. It depends considerably on the credibility of U.S. power. Such credibility is a small part of the foreign-policy calculations of Hart and Mondale.

They are trying to evict an administration that prides itself on realism and the restoration of national pride. Yet the administration has unrealistic hopes for negotiations and an undignified eagerness to make preemptive concessions to Arab mobs. Reagan has a remarkable capacity to have a ceiling cave in on him without it leaving so much as a flake of plaster in his hair. The Lebanon debacle seems not to have damaged him. But that was another instance in which it was safety to be America's enemy than its friend. The Moynihan-Lantos effort is an opportunity for the United States to say: we know our friends, and with them we stand.

In August 1980, the United Nations demanded that the 13 nations with embassies in Jerusalem remove them. They did, but one, Costa Rica, has returned to Jerusalem. Some persons will say: Costa Rica can do that because it does not aspire to be an impartial mediator in the region. But impartiality is not a worthy aspiration for the United States where Israel is concerned. The most important reason for moving the embassy is not to serve Israel's security, but to serve the American spirit. The mere fact that nations are presuming to dictate where a U.S. Embassy can be is a sufficient reason adhering to Nelson's fire-poker principle. Admiral Nelson said: "It matters not at all in what way I lay this poker on the floor. But if Bonaparte shall say it must be placed in this direction, we must instantly insist upon its being laid in some other one." Call it standing tall.●

LEONARD GORDON: ONE OF SAN FRANCISCO'S OUTSTANDING CITIZENS

HON. SALA BURTON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mrs. BURTON of California. Mr. Speaker, San Francisco has many people active in social work—helping the young and the old, the poor and the disadvantaged. One of the finest is Leonard Gordon, now executive director of the Ella Hill Hutch Community Center.

Mr. Gordon has spent all of his adult life working to improve the lives and opportunities of young people in San Francisco. He will be honored for his work by the hundreds of people who know what he has done for the community. I am pleased to be able to take part in that tribute by bringing his work to the attention of my colleagues in the House of Representatives.

Leonard Gordon's career shows his lifelong dedication to helping young people: Executive director, Ella Hill Hutch Community Center, multiservice center in San Franciso's western addition; program director/acting director, Youth for Service, an agency providing educational and counseling service to disadvantaged youths and their families; senior group worker, Booker T. Washington Community Center; and recreation director, San Francisco Park and Recreation Department.

He has received a number of honors for his achievements, including: Certificate of appreciation, United Way of the bay area; certificate of dedicated service, Booker T. Washington Community Service Center board and staff; outstanding service award, South Park community; outstanding service award, San Franciso Residential Support Center; leadership to youth and dedicated service award, adult citizens of the Western Addition community; certificate of appreciation for services rendered, Portrero Hill/Dogpatch Youth Council; appreciation for leadership to youth, youths of the Western Addition community; and appreciation award for outstanding services, Hamilton Recreation Center.

Leonard Gordon is neither rich nor famous. He is, however, "rich" with the reward of knowing he has helped so many young people in San Franciso and "famous" among those youths and their families.●

LEGISLATIVE INTENT AS IT PERTAINS TO AN AMENDMENT TO THE PAYMENTS-IN-LIEU-OF-TAXES PROGRAM CONTAINED IN PUBLIC LAW 98-63

HON. RAY KOGOVSEK

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. KOGOVSEK. Mr. Speaker, on July 30, 1983, the President signed into law Public Law 98-63, the fiscal year 1983 supplemental appropriations. Chapter VII of the measure contains a provision that amends the Payments-in-Lieu-of-Taxes Act (PILT) and corrects a judicial misinterpretation of the original law. Originally enacted in 1976, PILT compensates local government for loss of tax base due to tax-exempt Federal natural resource lands. When Congress passed the PILT Act, it intended that such payments be used to compensate those units of local government which are the principle providers of service to the public lands. In the overwhelming majority of cases, counties provide these services to tax-exempt lands located within the jurisdiction of their—counties'—political boundaries.

The U.S. Court of Appeals for the Sixth Circuit, on December 20, 1982, rendered a decision on Meade Township, et al. against Cecil D. Andrus, et al., affecting the distribution of funds

available under the Payments-in-Lieu-of-Taxes Act. The appellate findings reversed a district court decision and remanded the case for proceedings consistent with the following opinion:

. . . we hold that the Secretary exceeded his authority under the Act when he included a "primary provider of services" standard in his definition of "units of general government." The appropriate relief in this court consists of striking the regulation and directing the Secretary to conform his administrative policy to the plan language of the Act. . . .

I, along with several of my colleagues, introduced H.R. 2071 to overturn the court of appeals' decision and clarify Congress intent as to how PILT payments should be made. Through committee hearings, it became quite clear that Congress intended these payments to be made to counties as the principal provider of services. Subsequently, the Senate entertained a motion to include this language as a provision of what is now Public Law 98-63. During the Senate floor debate an additional amendment was added which allows a State to enact legislation to assume the distribution of PILT payments within its political boundaries. States deciding to come under this subsection may redistribute and reallocate such payments, in whole or part, to other smaller units of general purpose government.

I point this out because the law is very specific regarding the redistribution and reallocation of PILT payments. It is clear that if a smaller unit of local government is to qualify for PILT payments, it must meet all of the following conditions.

One. It must be "located within the boundaries of the larger unit of general local government."

Two. It must "provide general governmental services."

Three. It must "contain entitlement lands within (its) boundaries."

Any reallocation or redistribution made by a State must "generally reflect the level of services provided by, and the number of entitlement acres within, the smaller unit of general local government. Furthermore, no provision of the amendment under discussion authorizes a State to retain, in whole or in part, the PILT payment made by the Secretary of the Interior. In fact, the law is clear that once a payment is made by the Secretary of the Interior to a State:

It shall be the responsibility of such state to make any further distribution of the payment pursuant to subsection (a).

I submitted additional language on this measure which was incorporated into Public Law 98-63 during the conference committee. The language reads as follows:

Such redistribution (by a state) shall be made within 30 days after receipt of such payment. No payment, or portion thereof, made by the Secretary shall be used by any state for the administration of this subsection or subsection (a).

It was my intent when drafting this provision to restrict the potential of PILT payments being distributed in any other manner than has occurred prior to the Sixth Circuit Court of Appeals decision. In essence, it was my intent to require the States that decide to use subsection (a), to assume any and all costs of administering the program. This includes costs of generating their own data base to determine payments, as well as costs of surveying lands and services to insure that all applicants for these funds fully qualify under the provisions of Public Law 98-63. It was further my intent to require a State under subsection (a) to distribute to units of local government, 100 percent of the PILT payments made by the Secretary to such State. In addition, a State cannot require the receiving unit of local government to assume any costs of administering the further distribution of payments, nor can a receiving unit of local government volunteer to assume these costs.

I would also like to point out that my amendment was intended to be interpreted in conjunction with the definition of "governmental services" as provided in the Senate amendment on this matter. That amendment reads as follows:

. . . The term "governmental services" includes, but is not limited to, those services that relate to public safety, environment, housing, social services, transportation, and governmental administration."

This amendment is a minimum standard requirement which must be achieved in order for receipt of PILT payments as provided in Public Law 98-63. In the overwhelming majority of cases, the only units of local government that can meet this qualification would be county governments. My amendment places further restrictions to insure that county governments receiving PILT payments prior to the Sixth Circuit Court of Appeals decision would continue to receive such payments. In view of the qualifications required under this new law, I would strongly recommend that any State desiring to accept the authority to redistribute PILT payments should closely examine the benefits gained in relation to the costs of accepting this responsibility.●

LETTER FROM BIRMINGHAM JAIL

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. MARKEY. Mr. Speaker, 16 years ago today, Martin Luther King was assassinated, and the world has yet to recover. In the wake of political turmoil, violent terrorist acts begetting more violence, and squelching silent voices crying out for freedom around the world, let us recapture the spirit of Martin Luther King and his nonviolent deeds that spurred the civil rights movement on. May his dream live on in each of us.

In remembering Dr. King, I ask that you take another look at his timely "Letter From Birmingham Jail."

LETTER FROM BIRMINGHAM JAIL [1]

APRIL 16, 1963.

MY DEAR FELLOW CLERGYMEN: While confined here in the Birmingham city jail, I came across your recent statement calling my present activities "unwise and untimely." Seldom do I pause to answer criticism of my work and ideas. If I sought to answer all the criticisms that cross my desk, my secretaries would have little time for anything other than such correspondence in the course of the day, and I would have no time for constructive work. But since I feel that you are men of genuine good will and that your criticisms are sincerely set forth, I want to try to answer your statement in what I hope will be patient and reasonable terms.

I think I should indicate why I am here in Birmingham, since you have been influenced by the view which argues against "outsiders coming in." I have the honor of serving as president of the Southern Christian Leadership Conference, an organization operating in every southern state, with headquarters in Atlanta, Georgia. We have some eighty-five affiliated organizations across the South, and one of them is the Alabama Christian Movement for Human Rights. Frequently we share staff, educational and financial resources with our affiliates. Several months ago the affiliate here in Birmingham asked us to be on call to engage in a nonviolent direct-action program if such were deemed necessary. We readily consented, and when the hour came we lived up to our promise. So I, along with several members of my staff, am here because I was invited here. I am here because I have organizational ties here.

But more basically, I am in Birmingham because injustice is here. Just as the prophets of the eighth century B.C. left their villages and carried their "thus saith the Lord" far beyond the boundaries of their home towns, and just as the Apostle Paul left his village of Tarsus and carried the gospel of Jesus Christ to the far corners of the Greco-Roman world, so am I compelled to carry the gospel of freedom beyond my own home town. Like Paul, I must constantly respond to the Macedonian call for aid.

Moreover, I am cognizant of the interrelatedness of all communities and states. I cannot sit idly by in Atlanta and not be concerned about what happens in Birmingham. Injustice anywhere is a threat to justice everywhere. We are caught in an inescapable network of mutuality, tied in a single garment of destiny. Whatever affects one directly, affects all indirectly. Never again can we afford to live with the narrow, provincial "outside agitator" idea. Anyone

[1] Martin Luther King, Jr., Why We Can't Wait (New York: Harper & Row, 1964), pp. 77-100. Copyright 1963, by Martin Luther King, Jr. Abridgment reprinted by permission of Harper & Row, Publishers.

who lives inside the United States can never by considered an outsider anywhere within its bounds.

You deplore the demonstrations taking place in Birmingham. But your statement, I am sorry to say, fails to express a similar concern for the conditions that brought about the demonstrations. I am sure that none of you would want to rest content with the superficial kind of social analysis that deals merely with effects and does not grapple with underlying causes. It is unfortunate that demonstrations are taking place in Birmingham, but it is even more unfortunate that the city's white power structure left the Negro community with no alternative.

In any nonviolent campaign there are four basic steps: collection of the facts to determine whether injustices exist; negotiation; self-purification; and direct action. We have gone through all these steps in Birmingham. There can be no gain-saying the fact that racial injustice engulfs this community. Birmingham is probably the most thoroughly segregated city in the United States. Its ugly record of brutality is widely known. Negroes have experienced grossly unjust treatment in the courts. There have been more unsolved bombings of Negro homes and churches in Birmingham than in any other city in the nation. These are the hard, brutal facts of the case. On the basis of these conditions, Negro leaders sought to negotiate with the city fathers. But the latter consistently refused to engage in good-faith negotiation.

* * * * *

You may well ask: "Why direct action? Why sit-ins, marches and so forth? Isn't negotiation a better path?" You are quite right in calling for negotiation. Indeed, this is the very purpose of direct action. Nonviolent direct action seeks to create such a crisis and foster such a tension that a community which has constantly refused to negotiate is forced to confront the issue. It seeks so to dramatize the issue that it can no longer be ignored. My citing the creation of tension as part of the work of the nonviolent-resister may sound rather shocking. But I must confess that I am not afraid of the word "tension." I have earnestly opposed violent tension, but there is a type of constructive, nonviolent tension which is necessary for growth. Just as Socrates felt that it was necessary to create a tension in the mind so that individuals could rise from the bondage of myths and half-truths to the unfettered realm of creative analysis and objective appraisal, so must we see the need for nonviolent gadflies to create the kind of tension in society that will help men rise from the dark depths of prejudice and racism to the majestic heights of understanding and brotherhood.

The purpose of our direct-action program is to create a situation so crisis-packed that it will inevitably open the door to negotiation. I therefore concur with you in your call for negotiation. Too long has our beloved Southland been bogged down in a tragic effort to live in monologue rather than dialogue.

* * * * *

We have waited for more than 340 years for our constitutional and God-given rights. The nations of Asia and Africa are moving with jetlike speed toward gaining political independence, but we still creep at horse-and-buggy pace toward gaining a cup of coffee at a lunch counter. Perhaps it is easy for those who have never felt the stinging darts of segregation to say, "Wait." But when you have seen vicious mobs lynch your mothers and fathers at will and drown your sisters and brothers at whim; when you have seen hate-filled policemen curse, kick and even kill your black brothers and sisters; when you see the vast majority of your twenty million Negro brothers smothering in an airtight cage of poverty in the midst of an affluent society; when you suddenly find your tongue twisted and your speech stammering as you seek to explain to your six-year-old daughter why she can't go to the public amusement park that has just been advertised on television, and see tears welling up in her eyes when she is told that Funtown is closed to colored children, and see ominous clouds of inferiority beginning to form in her little mental sky, and see her beginning to distort her personality by developing an unconscious bitterness toward white people; when you have to concoct an answer for a five-year-old son who is asking: "Daddy, why do white people treat colored people so mean?"; when you take a cross-country drive and find it necessary to sleep night after night in the uncomfortable corners of your automobile because no motel will accept you; when you are humiliated day in and day out by nagging signs reading "white" and "colored"; when your first name becomes "nigger," your middle name becomes "boy" (however old you are) and your last name becomes "John," and your wife and mother are never given the respected title "Mrs."; when you are harried by day and haunted by night by the fact that you are a Negro, living constantly at tiptoe stance, never quite knowing what to expect next, and are plagued with inner fears and outer resentments; when you are forever fighting a degenerating sense of "nobodiness"—then you will understand why we find it difficult to wait. There comes a time when the cup of endurance runs over, and men are no longer willing to be plunged into the abyss of despair. I hope, sirs, you can understand our legitimate and unavoidable impatience.

* * * * *

I must make two honest confessions to you, my Christian and Jewish brothers. First, I must confess that over the past few years I have been gravely disappointed with the white moderate. I have almost reached the regrettable conclusion that the Negro's great stumbling block in his stride toward freedom is not the White Citizen's Counciler or the Ku Klux Klanner, but the white moderate, who is more devoted to "order" than to justice; who prefers a negative peace which is the absence of tension to a positive peace which is the presence of justice; who constantly says: "I agree with you in the goal you seek, but I cannot agree with your methods of direct action"; who paternalistically believes he can set the timetable for another man's freedom; who lives by a mythical concept of time and who constantly advises the Negro to wait for a "more convenient season." Shallow understanding from people of good will is more frustrating than absolute misunderstanding from people of ill will. Lukewarm acceptance is much more bewildering than outright rejection.

I had hoped that the white moderate would understand that law and order exist for the purpose of establishing justice and that when they fail in this purpose they become the dangerously structured dams that block the flow of social progress. I had hoped that the white moderate would understand that the present tension in the South is a necessary phase of the transition from an obnoxious negative peace, in which the Negro passively accepted his unjust plight, to a substantive and positive peace, in which all men will respect the dignity and worth of human personality. Actually, we who engage in nonviolent direct action are not the creators of tension. We merely bring to the surface the hidden tension that is already alive. We bring it out in the open, where it can be seen and dealt with. Like a boil that can never be cured so long as it is covered up but must be opened with all its ugliness to the natural medicines of air and light, injustice must be exposed, with all the tension its exposure creates, to the light of human conscience and the air of national opinion before it can be cured.

* * * * *

Oppressed people cannot remain oppressed forever. The yearning for freedom eventually, manifests itself, and that is what has happened to the American Negro. Something within has reminded him of his birthright of freedom, and something without has reminded him that it can be gained. Consciously or unconsciously, he has been caught up by the *Zeitgeist*, and with his black brothers of Africa and his brown and yellow brothers of Asia, South America and the Caribbean, the United States Negro is moving with a sense of great urgency toward the promised land of racial justice. If one recognizes this vital urge that has engulfed the Negro community, one should readily understand why public demonstrations are taking place. The Negro has many pent-up resentments and latent frustrations, and he must release them. So let him march; let him make prayer pilgrimages to the city hall; let him go on freedom rides—and try to understand why he must do so. If his repressed emotions are not released in nonviolent ways, they will seek expression through violence; this is not a threat but a fact of history. So I have not said to my people: "Get rid of your discontent." Rather, I have tried to say that this normal and healthy discontent can be channeled into the creative outlet of nonviolent direct action. And now this approach is being termed extremist.

* * * * *

Let me take note of my other major disappointment. I have been so greatly disappointed with the white church and its leadership. Of course, there are some notable exceptions. I am not unmindful of the fact that each of you has taken some significant stands on this issue. I commend you, Reverend Stallings, for your Christian stand on this past Sunday, in welcoming Negroes to your worship service on a nonsegregated basis. I commend the Catholic leaders of this state for integrating Spring Hill College several years ago.

But despite these notable exceptions, I must honestly reiterate that I have been disappointed with the church. I do not say this as one of those negative critics who can always find something wrong with the church. I say this as a minister of the gospel, who loves the church; who was nutured in its bosom; who has been sustained by its spiritual blessings and who will remain true to it as long as the cord of life shall lengthen.

When I was suddenly catapulted into the leadership of the bus protest in Montgomery, Alabama, a few years ago, I felt we would be supported by the white church. I felt that the white ministers, priests and rabbis of the South would be among our strongest allies. Instead, some have been

outright opponents, refusing to understand the freedom movement and misrepresenting its leaders; all too many others have been more cautious than courageous and have remained silent behind the anesthetizing security of stained-glass windows.

In spite of my shattered dreams, I came to Birmingham with the hope that the white religious leadership of this community would see the justice of our cause and, with deep moral concern, would serve as the channel through which our just grievances could reach the power structure. I had hoped that each of you would understand. But again I have been disappointed.

I have heard numerous southern religious leaders admonish their worshipers to comply with a desegregation decision because it is the law, but I have longed to hear white ministers declare: "Follow this decree because integration is morally right and because the Negro is your brother." In the midst of blatant injustices inflicted upon the Negro, I have watched white churchmen stand on the sideline and mouth pious irrelevancies and sanctimonious trivialities. In the midst of a mighty struggle to rid our nation of racial and economic injustice, I have heard many ministers say: "Those are social issues, with which the gospel has no real concern." And I have watched many churches commit themselves to a completely other-worldly religion which makes a strange, un-Biblical distinction between body and soul, between the sacred and the secular.

* * * * *

Before closing I feel impelled to mention one other point in your statement that has troubled me profoundly. You warmly commended the Birmingham police force for keeping "order" and "preventing violence." I doubt that you would have so warmly commended the police force if you had seen its dogs sinking their teeth into unarmed, nonviolent Negroes. I doubt that you would so quickly commend the policemen if you were to observe their ugly and inhumane treatment of Negroes here in the city jail; if you were to watch them push and curse old Negro women and young Negro girls; if you were to see them slap and kick old Negro men and young boys; if you were to observe them, as they did on two occasions, refuse to give us food because we wanted to sing our grace together. I cannot join you in your praise of the Birmingham police department.

It is true that the police have exercised a degree of discipline in handling the demonstrators. In this sense they have conducted themselves rather "nonviolently" in public. But for what purpose? To preserve the evil system of segregation.

Over the past few years I have consistently preached that nonviolence demands that the means we use must be as pure as the ends we seek. I have tried to make clear that it is wrong to use immoral means to attain moral ends. But now I must affirm that it is just as wrong, or perhaps even more so, to use moral means to preserve immoral ends. Perhaps Mr. Connor and his policemen have been rather nonviolent in public, as was Chief Pritchett in Albany, Georgia, but they have used the moral means of nonviolence to maintain the immoral end of racial injustice. As T. S. Eliot has said: "The last temptation is the greatest treason: To do the right deed for the wrong reason."

* * * * *

Never before have I written so long a letter. I'm afraid it is much too long to take your precious time. I can assure you that it would have been much shorter if I had been writing from a comfortable desk, but what else can one do when he is alone in a narrow jail cell, other than write long letters, think long thoughts and pray long prayers?

If I have said anything in this letter that overstates the truth and indicates an unreasonable impatience, I beg you to forgive me. If I have said anything that understates the truth and indicates my having a patience that allows me to settle for anything less than brotherhood, I beg God to forgive me.

I hope this letter finds you strong in the faith. I also hope that circumstances will soon make it possible for me to meet each of you, not as an integrationist or a civil-rights leader but as a fellow clergyman and a Christian brother. Let us all hope that the dark clouds of racial prejudice will soon pass away and the deep fog of misunderstanding will be lifted from our fear-drenched communities, and in some not too distant tomorrow the radiant stars of love and brotherhood will shine over our great nation with all their scintillating beauty.

Yours for the cause of Peace and Brotherhood,

MARTIN LUTHER KING, Jr.●

THE RETIREMENT OF FRED J. REINHARDT

HON. ALFRED A. (AL) McCANDLESS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. McCANDLESS. Mr. Speaker, one of the greatest ongoing pleasures I had while a Riverside, Calif., county supervisor for 12 years was the opportunity to work with Fred J. Reinhardt, manager of the Riverside County Department of Development.

Fred will be retiring on April 30 after 24 years of service to the county, and although he will be accepting special assignments and overseeing the completion of current projects, county government just will not seem the same without him.

Fred's list of accomplishments, both personal and on behalf of Riverside County, fills several pages. One of his most lasting accomplishments, however, will be the remarkable industrial and business growth he watchdogged during the past 15 years. South Los Angeles County just kept moving farther south, until one day, a number of former Los Angelenos were new Riverside residents, and a number of businesses came along with them. New business has always been one of Fred's specialties, and it is not hard to understand why he was able to help attract so much industry. Riverside County is the only county in California which regularly sends out community economic profiles for 19 incorporated cities and 3 areas, as well as detailed taxable retail sales data for each city and major area; detailed building permit information for each city and unincorporated area; an instant site selector based on 22 community economic profiles; an overall economic development plan which is revised annually; and helpful, detailed unpublished census data for 1980.

While doing all that, Fred managed to be always available for help and guidance whenever it was needed. Just recently, he and his staff gave me invaluable assistance in conducting an all-day Federal procurement conference in Riverside, and I am sure he had 20 other irons in the fire at the same time.

He and his lovely wife Kay deserve some time to do all the things they have probably postponed because of their hectic schedule, and I wish them well. However, I have a feeling that if Fred is needed, retirement or not, he will be there. Thank you, Fred, for a job well done.●

FEDERAL DEFICIT

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. KEMP. Mr. Speaker, this is a calm, reasoned analysis that defies conventional wisdom on the deficit. I commend it to my colleagues who seem to think that deficits are the sole cause of interest rates.

The article follows:

[From the Chicago Tribune, Feb. 5, 1984]

HOW DANGEROUS IS FEDERAL DEFICIT?

(By Stephen Chapman)

The bracing news is out: President Reagan's 1985 budget will be in the red by roughly $180 billion, which as we should all know by now is equal to all the deficits accumulated from 400 B.C. to 1979, or enough dollar bills to reach all the way to Alpha Centauri. Keynesian economists, East Coast editorial writers and members of Congress from both sides of the aisle are rending their garments in despair. So it's time for some clear thought on the subject.

Not that such matters of accounting stir much interest in the public at large. The last poll I saw found that three of every four Americans didn't know the federal budget had a deficit. If the economic recovery proceeds robustly—no safe bet as long as Paul Volcker is within reach of the monetary levers—most people wouldn't care if the entire budget were paid for with borrowed funds. If not, Ronald Reagan could boast a $180 billion surplus and it wouldn't save him.

Much of the professed concern about the deficit is directed at an illusory target. It's not unreasonable to expect a large deficit to raise interest rates—though many distinguished economists argue otherwise, partly because they've found no empirical basis for the assumption. But measuring the deficit is trickier than you might think.

For one thing, the huge dollar figures being batted around don't tell much about the burden the deficit places on the economy. What's important is the deficit as a share of the gross national product. By that measure, the projected 1985 deficit is hardly worse than in some past years, like 1976. More important, the total national debt is

lower as a share of GNP than it was under President Eisenhower, and is about the same as in the mid-1960s, a period of enviable prosperity.

The federal deficit figures also don't correct for the erosion of the real value of the debt by inflation, which has been reduced but certainly not conquered. Nor do they reveal how much government borrowing is going on. It's generally forgotten that state and local governments as a group are running a handsome surplus—$51 billion last year—which substantially relieves any pressure that might be created by federal borrowing.

Another problem is that the $180 billion deficit for the next fiscal year is, at this point, merely an estimate, while the deficits being predicted for later years are pure fantasy. The government's receipts and expenses depend heavily on factors that can't be known in advance—employment, corporate profits, inflation, interest rates and the like. Calculating the deficit a few months in advance is dicey; calculating it years in advance is foolhardy. A few years of healthy economic growth, of the sort we enjoyed in the 1960s, would make the deficit disappear.

That's another way of saying the deficit is cyclical (the product of the economy's erratic behavior) rather than structural (the result of Reagan's fiscal policies). Economist Robert Barro of the University of Chicago says the entire deficit can be ascribed to two problems: the economy's sluggish performance, which cuts revenues while raising expenses, and the fear of inflation, which boosts interest rates and thus the cost of servicing the debt. Raising taxes, as Reagan's critics propose, wouldn't solve the latter and would aggravate the former.

What should concern Americans is not the level of the deficit but the level of government spending. That, and not the means of financing the expenditures, is the true drain on the nation's resources. Here there is ample reason for alarm. Spending has grown from an average of 21.4 percent of GNP in the 1970s to 24 percent this year.

Reagan's tax cuts, by contrast, have barely offset tax increases brought about by inflation and legislation. Federal tax revenues are as high now as they were in the 1970s, and they will grow in the coming years. The deficit is due mainly to increases in spending, not to reductions in taxes.

Without the deficit, it's safe to assume that spending would have grown even faster. The only brake on the rapacity of Congress and the President is their reluctance to go even further into debt. If they would approve 1984 expenditures of $854 billion even with receipts of only $670 billion, how much would they spend if they had more money?

In that respect, then, the deficit is not merely innocuous but positively beneficial. Any return to long-term prosperity rests on halting the growth of spending and taxes, or, better still, reducing them outright. Reagan's tax cuts finally arrested the expansion of the tax burden. Repealing them is no way to contain spending.

[From Business Week, Mar. 12, 1984]

A Spending Slowdown Could Temper This Year's Deficit

While the prospect of huge budget deficits continues to haunt the financial markets, the actual deficit picture is apparently improving more rapidly than originally projected. "The Administration's estimate of a $184 billion deficit in fiscal 1984 seems to be unduly pessimistic," says economist Edward S. Hyman Jr. of Cyrus J. Lawrence Inc.

Hyman notes that federal spending outpaced revenues by only $5.15 billion in January, equivalent to a $142 billion seasonally adjusted annual pace (chart). He also calculates that the deficit during the past four months—one-third of the current fiscal year—ran at a seasonally adjusted annual rate of $160 billion.

Why the brightening deficit outlook? Economist Carl R. Crego of Rinfret Associates Inc. points out that "tax revenues are pouring into the government's coffers at a stronger pace than anticipated." Corporate income tax receipts, for example, are running 55 percent higher this year than in fiscal 1983.

More significant, says Hyman are signs of a "surprising slowdown in spending." Federal expenditures in January, in fact, were only 1.4 percent higher than in January, 1983. Hyman theorizes that this apparent "underspending" is due both to unexpectedly low inflation and to the Administration's stress on controlling expenditures.

Whatever happens later this year, Hyman thinks recent deficit trends are already affecting the economy. "The improved deficit picture translates into lower near-term government credit demands and a reduction of fiscal stimulus," he asys. "And that increases the chances of modest decline in interest rates in the months ahead."●

SETON HALL LEGISLATIVE BUREAU, AN OUTSTANDING INSTITUTION

HON. JIM COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. COURTER. Mr. Speaker, I would like to take a moment to recognize the Seton Hall Legislative Bureau, a unique clinical course given at the Seton Hall School of Law, which promotes service to the government while furthering the legal education of students. Instituted in 1973, the program gives individuals interested in elected office or staff positions in State and Federal legislatures firsthand experience in the field.

The program focuses on three activities: Research and actual drafting of legislation; writing articles for the Journal, a law review styled publication; and serving an internship in a legislative office. The three are supplemented by a class devoted to improving technical research and drafting skills.

The educational value is extraordinary—students work in a professional atmosphere, helping to draft legislation and write articles for possible publication in the Journal. This outstanding training program also provides an invaluable service to the State by supplying legislative offices with well-educated, hardworking individuals to assist them.

The program's publication, the Journal has improved in quality and quantity since its first issue in 1974. Examining the effects of legislation enacted in New Jersey, this publication can now be found in the libraries of all New Jersey judges and legislatures. It recently won the distinction of being included in the "Index to Legal Periodicals."

The success rate of individuals coming out of the program is excellent with people going directly into elected politics; the majority of individuals assuming staff positions upon graduation; and the remaining entering the private work force.

I can do nothing but praise this fine institution that has become a tradition at the Seton Hall Law School. By encouraging student involvement in our governing process, it has better prepared the future leaders of New Jersey and our country.●

CONTINUED INCREASE IN SOCIAL SECURITY AND MEDICARE

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. PAUL. Mr. Speaker, yesterday, some of my colleagues took advantage of a special order to discuss social security and some comments our President made regarding the future solvency of the program. Frankly, I was surprised at some of the charges my colleagues made about our President and his actions with regard to medicare and social security. However, after a bit of checking, I discovered that some of the comments of my colleagues had little basis in fact.

The charge was made that "in every year since 1981, this administration has cut billions of dollars from medicare." In fact, spending on both medicare and social security has continued to increase, and at rates similar to those of previous administrations. Contrary to popular mythology, billions more have been spent on both medicare and social security every year.

Making an analogy, one of my distinguished colleagues compared social security with the Army. It is true that once you are in either social security or the Army you cannot get out. But at least the Army is based on voluntary entry. This is certainly more than can be said for social security. It is sad that a Member of this body, one in a leadership position to boot, embraces the concept of coercion and force when it comes to the retirement programs of our senior citizens. What is so objectionable about giving American citizens the free choice when it comes to retirement planning?

Only through free choice in retirement can the hostages of Government programs be truly secure when they

are older. America is, indeed, like a community where we help people who need to be helped. It is a shame that some of my colleagues reject the community-based concept of voluntarism in favor of the impersonal and coercive nature of the welfare state.●

LEGISLATION DEALING WITH THE TAX TREATMENT OF TRANSFERS INCIDENT TO DIVORCE

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. CONTE. Mr. Speaker, I have introduced legislation today which would correct what I believe is an inequity in the present law tax treatment of transfers of property incident to divorce.

Under present law, a transfer of appreciated property between divorced spouses generally gives rise to a taxable gain to the transferor; the transferee receives the transferor's stepped-up basis in the property. The term "stepped-up basis" generally means the value of the property at the time of the transfer; any tax is imposed on the value of the property at the time of the initial transfer, less the transferor's initial basis (cost).

In the case of transfers of property incident to divorce, the present law tax treatment is principally derived from a 1962 Supreme Court decision directly on point. The Supreme Court held in *United States* v. *Davis* (370 U.S. 65) that the transfer of an appreciated asset to a spouse or former spouse for the release of marital claims results in the recognition of gain to the transferor spouse. This is true even though, in general, transfers between a married couple—for example, a gift of land from a husband to a wife—are not taxable.

An example of the effect of the 1962 decision is a situation like this: In 1975, Mr. X and Mrs. Y are married. At the time of the marriage, Mr. X purchased stock in a company for $5,000. In 1982, Mr. X and Mrs. Y are divorced; at that time, the stock is worth $12,000. A part of the divorce decree requires Mr. X to transfer the appreciated stock to Mrs. Y. Under the Supreme Court decision, Mr. X faces a capital gains tax on his stepped-up basis: $7,000.

Mr. Speaker, I believe that it is inappropriate to tax transfers between spouses, because a husband and wife are a single economic unit. The Davis rules have proved a trap for the unwary, as, for example, where the parties view the property acquired during marriage—even though held in one spouse's name—as jointly owned, only to find that the equal division of property upon divorce triggers recognition of gain.

I applaud the actions of the Committee on Ways and Means, which has included, as a part of the Tax Reform Act, a provision which would essentially overturn the Davis decision. Unfortunately, however, this provision only applies to transfers of property occurring after enactment of the bill. This does not help those individuals who were caught in the Davis trap.

Most distressing is the case of individuals who are ordered to transfer appreciated property by a court decree; those spouses have no choice but to accept the decree and face a potentially huge tax liability. Thus, my legislation provides that a transfer of property between a spouse and former spouse incident to divorce will not give rise to a taxable gain or loss. The transferee will receive the transferor's adjusted basis in the property. My bill differs from the Ways and Means proposal in that, although it would be generally effective on enactment, in the case of a transfer of property pursuant to court order, the provisions of the bill would apply regardless if the transfer occurred before, on or after the date of enactment. In the case of transfers made not pursuant to court order, both spouses would have to elect to have these rules apply.

As well, if the transferred property has been sold by the transferee prior to enactment of my bill, for a gain over the transferor's basis, no additional tax will be imposed on the transferee. This is because, under prior law, the transferee received the transferor's stepped-up basis, whereas my legislation provides for carryover basis. Had the transferee sold the property for a gain over the stepped-up basis—as opposed to the carryover basis—an additional tax liability would technically result on enactment of this legislation. This additional tax is waived under the bill.

Mr. Speaker, I feel this is equitable and fair legislation, and hope that it can be enacted—perhaps by attaching it to the Tax Reform Act. I have written to Senator DOLE and have urged him to consider adding my bill to the tax bill. I urge its quick enactment.●

DO U.S. DEFICITS CAUSE HIGH INTEREST RATES?

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 4, 1984

● Mr. KEMP. Mr. Speaker, the following is of deficits and answers the question:

AN INTERNATIONAL COMPARISON: DO U.S. DEFICITS CAUSE HIGH INTEREST RATES?

(By Bruce Bartlett)

There is a view which seems common throughout the world, and in the U.S. as well, that U.S. budget deficits are far out of line with other nations and that this is the major reason for high world interest rates. An examination of the data, however, paints a different picture.

Until 1982 the U.S. budget deficit, including federal, state and local governments, both as a share of GNP and gross private saving, was lower than in virtually every other major industrialized nation. Moreover, these data confirm the claims made by the U.S. Treasury Department and many leading economists that budget deficits simply do not correlate with either real or nominal interest rates.

As Table 1 demonstrates, the U.S.'s government deficit, even at its highest level, is not out of line with other industrialized nations. From 1978 through 1981 the U.S. deficit as a share of GNP was lower than in every other major industrialized nation. Even in 1982, at the peak of the recession which caused spending to rise and GNP growth to fall, the U.S. deficit was smaller than the average for all industrialized nations and about the same as Germany and Japan. While Britain's deficit was much lower, Canada's was much higher.

TABLE 1.—GOVERNMENT DEFICIT AS A SHARE OF GNP

Country	1978	1979	1980	1981	1982
United States		−0.6	1.3	1.0	3.8
Japan	5.5	4.8	4.2	3.9	3.7
Germany	2.5	2.8	3.1	4.0	3.9
Canada	3.2	1.9	2.1	1.2	5.3
United Kingdom	4.2	3.1	3.3	2.5	1.6
Average [1]	2.3	1.9	2.4	2.7	4.1

[1] Includes other industrialized countries.

Source: IMF.

Another line of argument which is often advanced is that although deficits as a share of GNP may not be out of line, U.S. deficits as a share of saving are, owing to a lower U.S. savings rate. Again, the data do not support this view.

As Table 2 shows, until 1982 the U.S. deficit as a share of gross private saving was significantly lower than in virtually every other industrialized country.

TABLE 2.—GOVERNMENT DEFICIT AS A SHARE OF SAVING

County	1978	1979	1980	1981	1982
United States		0.4	8	6	22
Japan	17	16	15	13	13
Germany	13	14	16	20	19
Canada	14	8	9	5	22
United Kingdom	20	16	18	15	9
Average	11	9	12	13	20

In 1981, for example, the U.S. budget deficit absorbed just 6 per cent of private saving, compared to 13 per cent in Japan, 20 per cent in Germany, 15 per cent in Great Britian, and an average of 13 per cent for all industrialized nations. Even in 1982, when the U.S. deficit shot up significantly, the U.S. deficit's share of saving was only slightly larger than the average.

The international data fail to give support to those who believe that government budget deficits are the major determinant of interest rates. As one can see from Table

3, there are many years in which deficits were rising, either as a share of GNP or saving, and interest rates fell, whether measured by nominal (money) rates or adjusted for inflation to yield a "real" interest rate.

TABLE 3.—NOMINAL AND REAL INTEREST RATES

Country	1978		1979		1980		1981		1982	
United States	7.2	(−.2)	10.1	(1.3)	11.4	(1.9)	14.0	(4.2)	10.6	(4.4)
Japan	5.1	(0.4)	5.9	(3.2)	10.7	(7.7)	7.7	(4.9)	7.1	(4.9)
Germany	3.7	(−.5)	6.7	(2.5)	9.5	(4.9)	12.7	(7.6)	8.9	(3.9)
Canada	8.8	(2.2)	12.1	(1.6)	13.2	(1.9)	18.3	(7.4)	14.2	(3.2)
United Kingdom	6.8	(−2.2)	9.2	(−1.8)	11.7	(−3.4)	13.3	(0.7)	10.9	(3.1)
Average	6.9	(−1.4)	9.5	(−)	12.4	(0.6)	14.4	(3.7)	12.9	(3.0)

Note: Real interest rate appears in parentheses and equals the nominal rate less the increase in the GNP deflator.

In Japan, for example, government budget deficits fell sharply from 1978 through 1980, both as a share of GNP and gross saving. However, both real and nominal interest rates skyrocketed during this time, with nominal rates more than doubling and real rates rising more than 19 times!

On the other hand, between 1981 and 1982 budget deficits rose sharply in the U.S. and Canada. Yet, both real and nominal interest rates fell in both countries. The average for all industrialized countries showed a similar pattern. The average budget deficit rose from 2.7 percent of GNP to 4.1 percent and rose as a share of saving from 13 percent to 20 percent. But at the same time, nominal interest rates fell from 14.4 percent to 12.9 percent and real rates fell from 3.7 percent to 3 percent.

The inescapable conclusion is that the U.S. budget deficit cannot be blamed for the rise in world interest rates, as many foreign leaders maintain. Nor does the international data support the view that deficits are really the major determinant of interest rates. While in some cases there seems to be a pattern, in many other cases the exact opposite pattern occurs. Hence, one cannot generalize about the issue, but rather we must look deeper at what is happening in terms of inflation rates, monetary policy and other factors to find out what is actually controlling interest rates at any one time.

The conclusion of this examination of the international data would seem, therefore, to be that we ought not to allow ourselves to be browbeaten by foreign nations for running large budget deficits when their own performance is hardly outstanding. And secondly, we should seriously question the assertion made by Sen. Bob Dole and others that we can expect a decline in interest rates if we simply cut the deficit.●

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Thursday, April 5, 1984, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

APRIL 6

9:30 a.m.
Commerce, Science, and Transportation
Business, Trade, and Tourism Subcommittee
To hold hearings on S. 2520, authorizing funds for fiscal year 1985 for the U.S. Travel and Tourism Administration, Department of Commerce.
SR-253

Finance
International Trade Subcommittee
To hold hearings on S. 50 and S. 1672, bills to streamline trade relief procedures and make trade relief more accessible to small businesses.
SD-215

Joint Economic
To hold hearings on the employment/unemployment situation for March.
SD-106

9:45 a.m.
Labor and Human Resources
Alcoholism and Drug Abuse Subcommittee
To hold hearings on the role of the media in drug abuse prevention and education.
SD-430

10:00 a.m.
Energy and Natural Resources
Public Lands and Reserved Water Subcommittee
To hold hearings on S. 2125, proposed Arkansas Wilderness Act of 1983.
SD-366

Small Business
To hold hearings on S. 2489, proposed Small Business Competition Enhancement Act, and S. 2434, to require the assignment of breakout procurement representatives at major procuring installations.
SR-428A

APRIL 9

9:30 a.m.
Judiciary
Constitution Subcommittee
To hold hearings on Senate Joint Resolution 26, proposing an amendment to the Constitution authorizing the President to disapprove or reduce an item of appropriations.
SD-226

10:00 a.m.
Energy and Natural Resources
Energy Research and Development Subcommittee
To hold hearings on S. 1278, to provide for a program of magnetohydro- dynamic research, development, and demonstration with respect to the production of electricity, and S. 1925, to establish a national coal science, technology, and engineering program within the Department of Energy.
SD-366

Finance
To hold hearings to review the Social Security Advisory Council's recommendations on medicare trust solvency.
SD-215

2:00 p.m.
Agriculture, Nutrition, and Forestry
Nutrition Subcommittee
To hold hearings on proposed legislation authorizing funds for the special supplemental food program for women, infants, and children (WIC), Department of Agriculture.
SR-328A

Energy and Natural Resources
To hold hearings on certain provisions of S. 1739, to authorize the U.S. Army Corps of Engineers to construct various projects for improvements to rivers and harbors of the United States.
SD-366

Select on Indian Affairs
To hold hearings on S. 2201, to convey certain lands in Arizona to the Zuni Indian Tribe; to be followed by a business meeting, to consider pending calendar business.
SR-428A

APRIL 10

9:00 a.m.
Appropriations
Labor, Health and Human Services, Education, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for programs of the Department of Health and Human Services, including the Office of Inspector General, Office for Civil Rights, Policy Research, and Departmental Management, Salaries and Expenses, and for the Prospective Payment Assessment Commission.
SD-116

Joint Economic
To resume hearings to examine the impact of the increase in the number of American women entering the work force in the last three decades.
2203 Rayburn Building

9:30 a.m.
Commerce, Science, and Transportation
Business meeting, on pending calendar business.
SR-253
Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To hold hearings on S. 2362, to revise certain provisions of the Mineral Lands Leasing Act of 1920, focusing on limitation on authority with respect to merger parties.
SD-366
Judiciary
To hold joint hearings with the Committee on Labor and Human Resources on the Bildisco decision relating to the rejection of the collective-bargaining agreement in bankruptcy reorganizations.
SD-430
Labor and Human Resources
To hold joint hearings with the Committee on the Judiciary on the Bildisco decision relating to the rejection of the collective-bargaining agreement in bankruptcy reorganizations.
SD-430
10:00 a.m.
Appropriations
Defense Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for space programs of the Department of Defense.
SD-192
Environment and Public Works
Transportation Subcommittee
Business meeting, to consider proposed legislation authorizing funds for the Federal aid highway program of the Department of Transportation.
SD-406
Judiciary
Immigration and Refugee Policy Subcommittee
Business meeting, to mark up private relief bills.
SD-562
Select on Intelligence
Closed business meeting, to consider proposed legislation authorizing funds for fiscal year 1985 for the intelligence community.
S-407, Capitol
1:30 p.m.
Environment and Public Works
Toxic Substances and Environmental Oversight Subcommittee
To hold oversight hearings on toxicity testing of certain chemicals.
SD-406
2:00 p.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for fossil energy research and development programs of the Department of Energy.
SD-138
Appropriations
Treasury, Postal Service, and General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the U.S. Customs Service, Department of the Treasury.
SD-192
Energy and Natural Resources
Energy Research and Development Subcommittee
To hold oversight hearings to review proposed budget requests for fiscal year 1985 for conservation and energy renewable programs of the Department of Energy.
SD-366

APRIL 11

9:00 a.m.
Appropriations
Labor, Health and Human Services, Education, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Departments of Labor, Health and Human Services, Education, and certain related agencies.
SD-116
Labor and Human Resources
Business meeting, to consider pending calendar business.
SD-430
9:30 a.m.
Banking, Housing, and Urban Affairs
To hold oversight hearings on the Federal Reserve System's pricing policies.
SD-538
Judiciary
Juvenile Justice Subcommittee
To hold hearings on S. 521 and S. 1924, bills to establish a criminal background check of individuals whose employment may bring them into contact with institutionalized children.
SD-226
10:00 a.m.
Appropriations
Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Urban Mass Transportation Administration, Department of Transportation.
SD-138
Armed Services
Business meeting, to consider S. 2100, to authorize the Secretary of the Army to sell to any State ammunition for military weapons for use for avalanche-control purposes, and pending nominations.
SR-222
Commerce, Science, and Transportation
Merchant Marine Subcommittee
To hold hearings on U.S. Coast Guard polar ice breaking operations.
SR-253
Environment and Public Works
To hold hearings on proposals to extend and amend the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (Superfund).
SD-406
Foreign Relations
To hold hearings on the following treaties: Convention with Denmark for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (Ex. Q, 96-2), Convention with Denmark for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Estates, Inheritances, Gifts, and Certain Other Transfers (Treaty Doc. 98-6), Protocol, together with an exchange of letters, Amending the Convention with Denmark for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (Treaty Doc. 98-12), Convention with Canada with Respect to Taxes on Income and Capital, with a related exchange of notes (Ex. T, 96-2), Protocol Amending the 1980 Convention with Canada with Respect to Taxes on Income and Capital (Treaty Doc. 98-7), and Convention with Sweden for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Estates, Inheritances and Gifts (Treaty Doc. 98-11).
SD-419
Governmental Affairs
Permanent Subcommittee on Investigations
To resume hearings to examine the efficiency and effectiveness of the United States in working with the NATO nations and Japan in drafting and executing export controls on high technology shipments to the Soviet Union and Soviet Bloc, and to examine the enforcement of the Export Administration Act.
SD-342
Labor and Human Resources
To resume oversight hearings on certain activities of the Legal Services Corporation, focusing on past and present policies at the Corporation, including political activity.
SD-430
Veterans' Affairs
To hold hearings on S. 2269 and S. 2514, bills to clarify and improve certain veterans' health-care programs and services, S. 2210, to revise and clarify the eligibility of certain disabled veterans for automobile adaptive equipment, S. 2278, to make permanent the Veterans' Administration's program to treat veterans who suffer from alcohol or drug dependencies.
SR-418
Joint Economic
To resume hearings to examine certain implications on whether the American economy is becoming more service industry oriented.
SR-385
10:30 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366
2:00 p.m.
Governmental Affairs
To hold hearings on S. 1746, to allow the Federal Government to freely procure certain goods and services from the private sector.
SD-342
Judiciary
To hold hearings on pending nominations.
SD-226
Rules and Administration
To hold hearings on S. 2418, to provide for the construction of the Library of Congress Mass Book Deacidification Facility.
SR-301

APRIL 12

9:00 a.m.
Appropriations
Labor, Health and Human Services, Education, and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1985 for the Departments of Labor, Health and Human Services, Education, and certain related agencies.
SD-116

Energy and Natural Resources
Energy Regulation Subcommittee
To hold hearings on S. 1069, H.R. 555, and S. 817, bills to authorize the Federal Energy Regulatory Commission to approve the inclusion in the rate base of a public utility of the costs of construction work in progress.
SD-366

9:30 a.m.
Agriculture, Nutrition, and Forestry
Agricultural Credit and Rural Electrification Subcommittee
To resume hearings on S. 1300 and H.R. 3050, bills to revise the liabilities and uses of the Rural Electrification and Telephone Revolving Fund, focusing on the effect on electric and telephone costs to the consumer.
SR-328A

Commerce, Science, and Transportation
Aviation Subcommittee
To hold hearings on the Federal Aviation Administration's scatter plan to disburse airplanes departing National Airport over a larger geographical area.
SR-325

Commerce, Science, and Transportation
Surface Transportation Subcommittee
To hold hearings on S. 1407, to provide procedures for the registration and licensing of motor vehicles when ownership is transferred in interstate commerce.
SR-253

Small Business
To resume hearings on S. 2489, proposed Small Business Competition Enhancement Act, and S. 2434, to require the assignment of breakout procurement representatives at major procuring installations.
SR-428A

Joint Economic
To hold hearings on health issues as they relate to the Gross National Product.
SD-628

10:00 a.m.
Appropriations
Defense Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for Army modernization programs of the Department of Defense.
SD-192

Appropriations
HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Federal Emergency Management Agency, and the Federal Home Loan Bank Board.
SD-124

Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the strategic petroleum reserve, and the naval petroleum reserves.
SD-138

Environment and Public Works
Regional and Community Development Subcommittee
To hold oversight hearings on certain activities of the Tennessee Valley Authority, focusing on the cost of TVA power purchased by the Department of Energy.
SD-406

Finance
Estate and Gift Taxation Subcommittee
Taxation and Debt Management Subcommittee
To resume joint hearings on proposed legislation to overrule the Supreme Court's decision in Dickman against Commissioner of Internal Revenue, relating to certain interest-free demand loans.
SD-215

Judiciary
Business meeting, to consider pending calendar business.
SD-226

Labor and Human Resources
Education, Arts, and Humanities Subcommittee
Business meeting, to markup proposed legislation authorizing funds for programs of the Library Services and Construction Act, and the Adult Education Act.
SD-430

APRIL 13

9:30 a.m.
Finance
Oversight of the Internal Revenue Service Subcommittee
To hold oversight hearings to examine the impact of the Federal income tax system on productivity and economic growth.
SD-215

APRIL 24

9:00 a.m.
Appropriations
Labor, Health and Human Services, Education, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Departments of Labor, Health and Human Services, Education, and certain related agencies.
SD-116

Armed Services
Sea Power and Force Projection Subcommittee
To hold open and closed hearings to discuss strategic cooperation between the United States and Israel.
SR-232A

9:30 a.m.
Commerce, Science, and Transportation
Surface Transportation Subcommittee
To hold hearings on proposed legislation authorizing funds for fiscal years 1985 and 1986 for programs of the Hazardous Materials Transportation Act, Natural Gas Pipeline Safety Act, and the Hazardous Liquid Pipeline Safety Act.
SR-253

10:00 a.m.
Appropriations
Defense Subcommittee
To hold closed hearings on proposed budget estimates for fiscal year 1985 for intelligence programs of the Department of Defense.
S-407, Capitol

*Appropriations
Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the U.S. Coast Guard.
SD-138

Environment and Public Works
Business meeting, to consider proposed legislation authorizing funds for the Federal-aid highway program of the Department of Transportation.
SD-406

Labor and Human Resources
Family and Human Services Subcommittee
To resume hearings on proposed legislation authorizing funds for programs of the Public Health Service Act, focusing on title XX (adolescent family life demonstration projects).
SD-430

2:00 p.m.
*Labor and Human Resources
Labor Subcommittee
To hold oversight hearings to examine the scope and impact of certain occupational diseases.
SD-430

APRIL 25

9:00 a.m.
Appropriations
Labor, Health and Human Services, Education, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Departments of Labor, Health and Human Services, Education, and certain related agencies.
SD-116

*Labor and Human Resources
To hold hearings on the nominations of Fred W. Alvarez, of New Mexico, to be a Member of the Equal Employment Opportunity Commission, and Thomas F. Smegal, Jr., of California, Basile Joseph Uddo, of Louisiana, Hortencia Benavides, of Texas, and Lorain Miller, of Michigan, each to be a Member of the Board of Directors of the Legal Services Corporation.
SD-430

9:30 a.m.
Commerce, Science, and Transportation
Consumer Subcommittee
To hold hearings on S. 1816, to require the labeling of textile fiber and wool products as to country of manufacture.
SR-253

Governmental Affairs
Governmental Efficiency and the District of Columbia Subcommittee
To resume hearings on S. 1858, making a technical correction to the legislative veto provisions of the Self-Government and Governmental Reorganization Act of 1973 (Home Rule Act).
SR-385

10:00 a.m.
Agriculture, Nutrition, and Forestry
To resume oversight hearings on the Federal food stamp program, and the Child Nutrition Act (Public Law 89-642).
SR-232A

Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

Environment and Public Works
To resume hearings on proposals to extend and amend the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (superfund).
SD-406

Governmental Affairs
To hold hearings in compliance with section 2401(g) of title 39, United States Code, which requires the Postal Service to submit to Congress a comprehensive statement on the status of the Postal Service.
SD-628

Governmental Affairs
Permanent Subcommittee on Investigations
To resume hearings to investigate alleged involvement of organized crime and mismanagement of funds in the hotel and restaurant workers' union (HEREIU).
SD-342

Judiciary
Juvenile Justice Subcommittee
To hold oversight hearings on child sexual abuse.
SD-226

11:00 a.m.
Judiciary
Separation of Powers Subcommittee
To hold hearings on S. 1405, proposed Federal Neutrality Act of 1983.
SD-562

APRIL 26

9:00 a.m.
Appropriations
Labor, Health and Human Services, Education, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Departments of Labor, Health and Human Services, Education, and certain related agencies.
SD-116

9:30 a.m.
Commerce, Science, and Transportation
To hold hearings in conjunction with the national ocean policy study on proposed legislation authorizing funds for programs of the Marine Mammal Protection Act.
SR-253

10:00 a.m.
Appropriations
Defense Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for National Guard and Reserve units of the Department of Defense.
SD-192

Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Smithsonian Institution.
SD-138

Environment and Public Works
To hold hearings to review the proposed refinancing of the Kennedy Center bonded indebtedness to the Department of the Treasury.
SD-406

Labor and Human Resources
Family and Human Services Subcommittee
To resume hearings on proposed legislation authorizing funds for programs of the Public Health Service Act, focusing on title XX (adolescent family life demonstration projects).
SD-430

2:00 p.m.
Energy and Natural Resources
Energy Regulation Subcommittee
To hold oversight hearings on the status of North American natural gas reserves and resources.
SD-366

APRIL 27

9:30 a.m.
Finance
Health Subcommittee
To hold hearings to examine how to insure quality health care to low-income persons.
SD-215

10:00 a.m.
Labor and Human Resources
Education, Arts, and Humanities Subcommittee
To hold oversight hearings on the implementation of the impact aid program of the Department of Education.
SD-430

APRIL 30

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To resume oversight hearings to examine the scope and impact of certain occupational diseases.
SD-430

10:00 a.m.
Energy and Natural Resources
To hold oversight hearings on the implementation of the Acid Precipitation Act of 1980 (set forth in subtitle A of title VII of the Energy Security Act (Public Law 96-294)).
SD-366

2:00 p.m.
Appropriations
Commerce, Justice, State, the Judiciary, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the U.S. Supreme Court, and the Arms Control and Disarmament Agency.
S-146, Capitol

MAY 1

9:00 a.m.
Appropriations
Labor, Health and Human Services, Education, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Departments of Labor, Health and Human Services, Education, and certain related agencies.
SD-116

10:00 a.m.
Appropriations
Defense Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the joint weapons program of the Department of Defense.
SD-192

Appropriations
HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Department of Housing and Urban Development.
SD-124

Appropriations
Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Department of Transportation and certain related agencies.
SD-138

Environment and Public Works
To hold hearings on legislative proposals which authorize funds for those programs which fall within the jurisdiction of the committee.
SD-406

Labor and Human Resources
Family and Human Services Subcommittee
To resume hearings on proposed legislation authorizing funds for programs of the Public Health Service Act, focusing on title X (family planning).
SD-430

2:00 p.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for programs of the U.S. Forest Service, Department of Agriculture.
SD-138

Appropriations
Commerce, Justice, State, the Judiciary, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the National Oceanic and Atmospheric Administration, Marine Mammal Commission, and the Small Business Administration.
S-146, Capitol

MAY 2

9:30 a.m.
Appropriations
Commerce, Justice, State, the Judiciary, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Department of Justice, and the Legal Services Corporation.
S-146, Capitol

10:00 a.m.
Appropriations
Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Department of Transportation and certain related agencies.
SD-138

Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

Environment and Public Works
To hold hearings on proposed legislation authorizing funds for fiscal year 1985 for the Public Buildings Service, General Services Administration.
SD-406

Veterans' Affairs
To hold hearings to review veterans' compensation programs.
SR-418

MAY 3

10:00 a.m.
Appropriations
Defense Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Department of Defense.
SD-192

Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for U.S. territories.
SD-138

Appropriations
Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Department of Transportation and certain related agencies.
SD-124

Environment and Public Works
To resume hearings on legislative proposals which authorize funds for those programs which fall within the jurisdiction of the committee.
SD-406

*Labor and Human Resources
To hold hearings on S. 2117, to establish the national vaccine-injury compensation program as an elective alternative remedy to judicial action for vaccine related injuries.
SD-562

Labor and Human Resources
Family and Human Services Subcommittee
To hold hearings on proposed legislation authorizing funds for the Head Start program.
SD-430

MAY 7

10:00 a.m.
Appropriations
HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for certain programs of the Department of Housing and Urban Development and related agencies.
SD-124

MAY 8

9:30 a.m.
*Commerce, Science, and Transportation
Business meeting, to consider pending calendar business.
SR-253

10:00 a.m.
Appropriations
HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for certain programs of the Department of Housing and Urban Development and related agencies.
SD-124

Environment and Public Works
Business meeting, to consider pending calendar business.
SD-406

Labor and Human Resources
Family and Human Services Subcommittee
Business meeting, to consider proposed legislation authorizing funds for programs of the Public Health Service Act, including title X (family planning), and title XX (Adolescent Family Life Act).
SD-430

2:00 p.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Office of Surface Mining, Department of the Interior, and the U.S. Holocaust Memorial Council.
SD-138

MAY 9

10:00 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

Labor and Human Resources
Business meeting, to consider pending calendar business.
SD-430

Veterans' Affairs
Business meeting, to mark up a committee resolution to authorize certain construction projects of the Veterans' Administration contained in the administration's budget for fiscal year 1985.
SR-418

MAY 10

9:30 a.m.
Labor and Human Resources
Alcoholism and Drug Abuse Subcommittee
To hold hearings on the impact of drugs on crime.
SD-430

Labor and Human Resources
Labor Subcommittee
To hold hearings on S. 2329, to improve retirement income security under private multiemployer pension plans and to remove unnecessary barriers to employer participation in those plans by modifying the rules relating to employer withdrawal liability, asset sales, and funding.
SD-124

10:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the U.S. Geological Survey, Department of the Interior.
SD-138

Environment and Public Works
Business meeting, to consider pending calendar business.
SD-406

MAY 16

10:00 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

Environment and Public Works
To resume hearings on proposals to extend and amend the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (Superfund).
SD-406

MAY 17

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To resume hearings on S. 2329, to improve retirement income security under private multiemployer pension plans and to remove unnecessary barriers to employer participation in those plans by modifying the rules relating to employer withdrawal liability, asset sales, and funding.
SD-430

MAY 21

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To resume oversight hearings to examine the scope and impact of certain occupational diseases.
SD-430

MAY 22

9:30 a.m.
Labor and Human Resources
To hold oversight hearings on alleged corruption by officials of the Boilermaker's Union.
SD-430

MAY 23

10:00 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

11:00 a.m.
Judiciary
Separation of Powers Subcommittee
To resume hearings on S. 1405, proposed Federal Neutrality Act of 1983.
SD-226

JUNE 5

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To resume oversight hearings to examine the scope and impact of certain occupational diseases.
SD-430

JUNE 6

10:00 a.m.
Veterans' Affairs
To hold oversight hearings on the activities of the Inspector General and Medical Inspector of the Veterans' Administration.
SR-418

JUNE 13

10:00 a.m.
Labor and Human Resources
Business meeting, to consider pending calendar business.
SD-430

Veterans' Affairs
To hold oversight hearings to review the sharing agreement between the Veterans' Administration and the Department of Defense, and to discuss the Veteran's Administration's supply and procurement policy.
SR-418

JUNE 19

9:30 a.m.
Labor and Human Resources
To hold oversight hearings on the civil rights of victims in labor disputes, focusing on existing agencies ability to protect rank and file employees and the general public during labor disputes.
SD-430

JUNE 20

9:30 a.m.
Labor and Human Resources
To continue oversight hearings on the civil rights of victims in labor disputes, focusing on existing agencies ability to protect rank and file employees and the general public during labor disputes.
SD-430

10:00 a.m.
Veterans' Affairs
Business meeting, to mark up proposed legislation relating to veterans' compensation.
SR-418

SEPTEMBER 18

11:00 a.m.
Veterans' Affairs
To hold hearings to review the legislative priorities of the American Legion.
SR-325

CANCELLATIONS

APRIL 6

9:00 a.m.
Energy and Natural Resources
Energy Regulation Subcommittee
To hold oversight hearings on North American gas reserves and resources.
SD-366

APRIL 10

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To hold oversight hearings on the implementation of the Taft-Hartley Act.
SD-430

MAY 1

10:00 a.m.
Labor and Human Resources
Family and Human Services Subcommittee
To resume hearings on proposed legislation authorizing funds for programs of the Public Health Service Act, focusing on title X (family planning).
SD-430

HOUSE OF REPRESENTATIVES—*Thursday, April 5, 1984*

The House met at 10 a.m.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

O God of Light, may Your brightness shine upon us and upon those we love. May Your light illumine our faults that we may correct them, may Your light warm our hearts that we will be more caring, may Your light show us the needs of other people that we might do justice, and may Your grace be with us this day and at our final day. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

CONGRATULATIONS TO HERBERT TANZER, PRESIDENT OF AMERICA-ISRAEL FRIENDSHIP LEAGUE

(Mr. ADDABBO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ADDABBO. Mr. Speaker, I would like to congratulate our former colleague and old friend, Herbert Tanzer, president of the America-Israel Friendship League. Herb recently received the prestigious Dr. Harris J. Levine Award from B'Nai Zion for his work which has strengthened the ties between America and Israel.

The process of bringing about peace in the Middle East is a building process. It requires efforts on many fronts. Herb has been a major force in trying to educate Americans about Israel's position. He has worked to secure a peace between Israel and its Arab neighbors by educating people on this complex subject.

I believe that Herbert Tanzer is an extremely positive example of the dedication required to bring about peace in the sensitive area of the Middle East. We continue to look to him for guidance and offer him my support as a member of the America-Israel Friendship League.

BANKRUPTCY BILL SOLVES PROBLEMS IN MISSOURI

(Mr. SKELTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SKELTON. Mr. Speaker, back in my district in Missouri there was a news release sent out by the National Republicans that criticizes my vote on the bankruptcy bill.

Now, what is very interesting, Mr. Speaker, is that this bankruptcy bill solves a problem for Missouri that we have had for some time. It enables the American farmer to cope with the problems we have had in Missouri from bankruptcies in grain elevators. You know, I could not quite figure out what the Republican Party had against protecting the American farmer from bankrupt elevators.

I still have that question, Mr. Speaker.

BUDGET DECISIONS ON SMALL BUSINESS

(Mr. DREIER of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DREIER of California. Mr. Speaker, Congress has begun the budget process for next year. We are faced with hard choices—our decisions affecting most aspects of the American economy. I want to remind my colleagues that it has been the resiliency of small business that has led our current economic recovery. In the coming weeks we need to pay special attention to the needs of small business so that we are not put in the position of crippling the recovery.

There are 14 million small business firms accounting for more than 98 percent of all business in the United States. Together they produce 40 percent of our GNP, two-thirds of all new private-sector employment increases, and one-half of all new major business innovations.

California can boast 1½ million small businesses—one-third of which employ less than 50 people. This group makes up 94 percent of all business on the west coast.

What these figures add up to, Mr. Speaker, is the fact that a large portion of the economic stability and well-being of this Nation rests in the hands of the small business man and woman. Incidentally, as President Reagan pointed out recently the number of businesses owned by women has increased four times as fast as those owned by men.

In short, and with apologies to Calvin Coolidge, "What's good for small business, is good for America."

CONFERENCE REPORT ON S. 1852, DEFENSE PRODUCTION ACT AMENDMENTS OF 1984

Mr. MINISH submitted the following conference report and statement on the Senate bill (S. 1852) to extend the expiration date of the Defense Production Act of 1950:

CONFERENCE REPORT (H. REPT. No. 98-651)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the amendment of the House to the bill (S. 1852) to extend the expiration date of the Defense Production Act of 1950, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SHORT TITLE

SECTION 1. This Act may be cited as the "Defense Production Act Amendments of 1984".

EXTENSION OF THE DEFENSE PRODUCTION ACT OF 1950

SEC. 2. The first sentence of section 717(a) of the Defense Production Act of 1950 (50 U.S.C. App. 2166(a)) is amended by striking out "March 30, 1984" and inserting in lieu thereof "September 30, 1986".

DETERMINATIONS REQUIRED BEFORE THE AWARDING OF FINANCIAL ASSISTANCE

SEC. 3. (a) Section 301(a) of the Defense Production Act of 1950 (50 U.S.C. App. 2091(a)) is amended by adding at the end thereof the following:

"(3) Except during periods of national emergency declared by the Congress or the President, a guarantee may be entered into under this section only if the President determines that—

"(A) the guaranteed contract or operation is for a material, or the performance of a service, which is essential to the national defense;

"(B) without the guarantee, United States industry cannot reasonably be expected to provide the capability for the needed material or service in a timely manner;

"(C) the guarantee is the most cost-effective, expedient, and practical alternative for meeting the need involved; and

"(D) the United States national defense demand is equal to, or greater than, the output of domestic industrial capability which the President reasonably determines to be available for national defense, including the output to be established through the guarantee.".

(b) Section 302 of the Defense Production Act of 1950 (50 U.S.C. App. 2092) is amended—

(1) by redesignating the first sentence as subsection (a); and

(2) by striking out the second and third sentences and inserting in lieu thereof the following:

"(b) Such loans may be made without regard to the limitations of existing law and on such terms and conditions as the President deems necessary, except that—

"(1) financial assistance may be extended only to the extent that it is not otherwise available on reasonable terms; and

"(2) except during periods of national emergency declared by the Congress or the President, no such loan may be made unless the President determines that—

"(A) the loan is for the expansion of capacity, the development of a technological process, or the production of materials essential to the national defense;

"(B) without the loan, United States industry cannot reasonably be expected to provide the needed capacity, technological processes, or materials in a timely manner;

"(C) the loan is the most cost-effective, expedient, and practical alternative method for meeting the need; and

"(D) the United States national defense demand is equal to, or greater than, domestic industrial capability which the President reasonably determines to be available for national defense, including the output to be established through the loan.".

(c) Section 303(a) of the Defense Production Act of 1950 (50 U.S.C. App. 2093(a)) is amended by adding at the end thereof the following: "Except during periods of national emergency declared by the Congress or the President, the President may not execute a contract under this subsection unless the President determines that—

"(1) the mineral, metal, or material is essential to the national defense;

"(2) without Presidential action under authority of this section, United States industry cannot reasonably be expected to provide the capability for the needed mineral, metal, or material in a timely manner;

"(3) purchases, purchase commitments, or other action pursuant to this section are the most cost-effective, expedient, and practical alternative method for meeting the need; and

"(4) the United States national defense demand for the mineral, metal, or material is equal to, or greater than, the output of domestic industrial capability which the President reasonably determines to be available for national defense, including the output to be established through the purchase, purchase commitment, or other action.".

LIMITATIONS OF THE AWARDING OF FINANCIAL ASSISTANCE

SEC. 4. (a) Section 301(e)(1) of the Defense Production Act of 1950 (50 U.S.C. App. 2091(e)(1)) is amended to read as follows:

"(e)(1)(A) Except during periods of national emergency declared by the Congress or the President, a guarantee may be made under this section only if the industrial resource shortfall which such guarantee is intended to correct has been identified in the Budget of the United States, or amendments thereto, submitted to the Congress, accompanied by a statement from the President demonstrating that the budget submission is in accordance with the provisions of subsection (a)(3) of this section.

"(B) Any such guarantee may be made only after 60 days have elapsed after such industrial resource shortfall has been identified pursuant to subparagraph (A).

"(C) If the making of any guarantee or guarantees to correct an industrial resource shortfall would cause the aggregate outstanding amount of all guarantees for such industrial resource shortfall to exceed $25,000,000, any such guarantee or guarantees may be made only if specifically authorized by law.".

(b) Section 302 of the Defense Production Act of 1950 (50 U.S.C. App. 2092), as amended by section 3(b), is further amended by adding at the end thereof the following:

"(c)(1) No such loan may be made under this section, except during periods of national emergency declared by the Congress or the President, unless the industrial resource shortfall which such loan is intended to correct has been identified in the Budget of the United States, or amendments thereto, submitted to the Congress, accompanied by a statement from the President demonstrating that the budget submission is in accordance with the provisions of subsection (b)(2) of this section.

"(2) Any such loan may be made only after 60 days have elapsed after such industrial resource shortfall has been identified pursuant to paragraph (1).

"(3) If the making of any loan or loans to correct an industrial resource shortfall would cause the aggregate outstanding amount of all loans for such industrial resource shortfall to exceed $25,000,000, any such loan or loans may be made only if specifically authorized by law.".

(c) Section 303(a) of the Defense Production Act of 1950 (50 U.S.C. App. 2093(a)), as amended by section 3(c), is further amended by adding at the end thereof the following: "Except during periods of national emergency declared by the Congress or the President, the President shall take no action under authority of this section unless the industrial resource shortfall which such action is intended to correct has been identified in the Budget of the United States, or amendments thereto, submitted to the Congress, accompanied by a statement from the President demonstrating that the budget submission is in accordance with the provisions of the preceding sentence. Any such action may be taken only after 60 days have elapsed after such industrial resource shortfall has been identified pursuant to the preceding sentence. If the taking of any action or actions under authority of this section to correct an industrial resource shortfall would cause the aggregate outstanding amount of all such actions for such industrial resource shortfall to exceed $25,000,000, any such action or actions may be taken only if specifically authorized by law.".

AUTHORIZATION OF APPROPRIATIONS

SEC. 5. (a) The first sentence of section 711(a) of the Defense Production Act of 1950 (50 U.S.C. App. 2161(a)) is amended by inserting "and paragraph (4)" after "paragraph (2)".

(b) Section 711(a) of the Defense Production Act of 1950 (50 U.S.C. App. 2161(a)) is amended by adding at the end thereof the following:

"(4)(A) There are authorized to be appropriated to carry out the provisions of section 303 not to exceed $100,000,000 for fiscal years 1985 and 1986, except that not more than $25,000,000 is authorized to be appropriated for fiscal year 1985.

"(B) The aggregate amount of loans, guarantees, purchase agreements, and other actions under sections 301, 302, and 303 during fiscal years 1985 and 1986 may not exceed $100,000,000.".

REPORTS

SEC. 6. Title III of the Defense Production Act of 1950 (50 U.S.C. App. 2091 et seq.) is amended by adding at the end thereof the following:

"SEC. 309. Not later than 18 months after the date of the enactment of the Defense Production Act Amendments of 1984, and annually thereafter, the President shall submit to the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate, a report on the impact of offsets on the defense preparedness, industrial competitiveness, employment, and trade of the United States. Each such report also shall include a discussion of bilateral and multilateral negotiations on offsets in international procurement and provide information on the types, terms, and magnitude of the offsets.".

And the Senate agree to the same.

FERNAND J. ST GERMAIN,
JOSEPH G. MINISH,
JOHN J. LAFALCE,
STAN LUNDINE,
MARY ROSE OAKAR,
BRUCE F. VENTO,
CHALMERS P. WYLIE,
N. D. SHUMWAY,
Managers on the Part of the House.

JAKE GARN,
PAUL TRIBLE,
WILLIAM PROXMIRE,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the amendment of the House to the bill (S. 1852) to extend the expiration date of the Defense Production Act of 1950, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House amendment struck out all of the Senate bill after the enacting clause and inserted a substitute text.

The Senate amendment struck out all of the House amendment and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for the Senate amendment and the House amendment. The differences between the House amendment, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

TERMINATION DATE

The House amendment provided that the authorities of the Defense Production Act would terminate on September 30, 1985, a two-year extension from the time the amendment was passed by the House. The Senate amendment set the termination date at September 30, 1988, representing a five-year extension. The conference agreement sets the termination date of the Act's authorities on September 30, 1986, a two-and-one-half year extension from the present termination date of March 30, 1984.

CONGRESSIONAL REVIEW OF PROPOSED TITLE III PROJECTS

Under the provisions of both the Senate and House amendments, the procedures for use of Title III financial incentives to expand domestic capacity and supply of materials and services necessary to the national defense are changed.

Under the provisions of the Senate amendment, any project proposed for Title III funding, regardless of the size of the project or the amount of funding proposed, would require advance authorization by Congress before any funds may be appropriated.

The House amendment also contains the requirement of project-specific advance authorization of appropriations. However, the advance authorization requirement would apply only after an appropriation would exceed certain "threshold" amounts of funding applied to a particular material or service. Funding for a particular Title III project could be obtained by requesting an appropriation under the general authorization of appropriations provision of section 711(a) of the Defense Production Act. However, if the requested appropriation would cause the aggregate outstanding amount of appropriations for the particular material or service which has already been obtained or is requested to exceed the "threshold" amount, an advance authorization for funding for that particular material or service would be required.

The House amendment sets the "threshold" amounts at $38,000,000 for loan guarantees, $48,000,000 for direct loans, and $48,000,000 for purchase agreements.

The conference agreement adopts the House procedure, and sets the "threshold" amounts at $25,000,000 for each of the three types of financial incentives, loans, loan guarantees, and purchase agreements.

Both the Senate and House amendments make additional changes to the use of Title III financial incentives in order to provide adequate opportunity for Congressional review of proposed projects. First, there is a requirement of an advance budget submission to Congress which identifies each proposed project, and which must be accompanied by a Presidential statement demonstrating that the project will meet a set of specified criteria. Second, and in accordance with the conference agreement to adopt the House procedure, in order for any project to go forward, either an authorization or an appropriation, or both, must be obtained. And finally, under the provisions of the House and Senate amendments, before any funds may be obligated for a project there must be a clear finding that the project meets each of the criteria set forth in the amendments. The conferees found that a criterion specified for Presidential determination was technically unworkable, and agreed to eliminate it.

To insure that Congress will have an opportunity to review the final findings, the conference agreement establishes a 60-day waiting period before any funds may be obligated or any contract executed. The requirement reflects the conferees' intent that the Committees of Congress, either the Appropriations Committees or the authorizing committees, or both, have the opportunity to review each project's compliance with the criteria. In particular, the conferees expect that the Appropriations Committees will have the opportunity to review the findings for those projects for which only an appropriation is required.

AUTHORIZATION OF APPROPRIATIONS

The effect of the Senate amendment requiring advance authorization of each project is that no authorization of appropriations would be provided for in the amendment. The effect of the House amendment setting "threshold" amounts is that there would be a continuing general authorization of appropriations under the provisions of section 711(a) of the Act, so long as the appropriations for projects for a particular material or service did not exceed the "threshold" amounts.

Because the conference agreement adopts the House procedure, the conference agreement provides a limited authorization amount covering the two fiscal years which will occur during that Act's extension, that is, fiscal years 1985 and 1986. The amount is $100,000,000, authorized to be appropriated specifically for section 303 purchase agreements. The Administration has indicated that it intends to use only the purchase agreement authority for its proposed Title III programs.

The Administration has requested $25,000,000 for fiscal year 1985 for Title III programs. The conference agreement, therefore, also provides that, of the $100,000,000 authorized to be appropriated over the two fiscal years, not more than $25,000,000 may be appropriated for fiscal year 1985. These authorizations will enable the Administration to take the necessary steps to seek appropriations, and upon obtaining appropriations, to go forward with projects consistent with the Congressional review requirements established by these amendments to Title III.

The conferees intend that the $100,000,000 figure represents a cap on fiscal year 1985 and 1986 Title III actions. The conference agreement, therefore, specifies that the $100,000,000 authorization includes all Title III financial incentives, that is, direct loans and loan guarantees, as well as purchase agreements.

OFFSETS

Since the 1960's, foreign military sales between U.S. corporations and foreign countries have been increasingly negotiated not only on the basis of price and military effectiveness, but also on the acceptance of corollary agreements designed to "offset" the purchase price. In buying U.S. military equipment, purchasing countries are seeking at the same time to increase their own employment, technical knowledge and production capacity.

Offsets can be defined as an entire range of industrial and commercial compensation practices ranging from barter, countercontracts, coproduction, mandatory subcontracting, direct investment, licensing or other techniques for transfer of advanced production processes.

The most common form of offset agreement involves coproduction of military hardware. In this type of arrangement, a U.S. company and a foreign company generally form a joint venture to produce a line of goods in the foreign country using American technology. Another common arrangement involves the seller purchasing non-related goods from the buyer (e.g., consumer goods, foodstuffs, etc.) as a requirement to "offset" whole or part of the military purchase price.

There is little doubt that the practice of offsets is significant, and apparently growing. The question arises as to whether such offsets currently or prospectively constitute a serious adverse effect on U.S. competitiveness, employment and trade. This is a particularly relevant issue at a time of increasing concern over the erosion of the U.S. defense industrial base. However, in attempting to determine what the potential implications and consequences of offset agreements may be, it is apparent that there is no comprehensive data base on which to make an evaluation of the domestic impact of these practices.

Therefore, the conference agreement includes a House-offered provision to require that no later than 18 months after the enactment of the Defense Production Act Amendments of 1984, and annually thereafter, the President shall submit to the House Committee on Banking, Finance and Urban Affairs, and the Senate Committee on Banking, Housing, and Urban Affairs, a report on the impact of offsets on the defense preparedness, industrial competitiveness, employment, and trade of the United States. Such report shall also include a discussion of bilateral and multilateral negotiations on offsets in international procurement and provide information on the types, terms, and magnitude of the offsets.

Since there is no clear lead agency in the Executive Branch on the subject of offsets, it is anticipated that the Office of Management and Budget will coordinate the efforts of the Executive Branch (e.g., the Department of Treasury, the Department of Defense, the Department of Commerce, the Office of the U.S. Trade Representative, and others), in producing such reports.

The conferees intend that information provided on the types, terms, an magnitude of the offsets in each report shall include the number of relevant offset agreements required by contracts, the total dollar amount of value of offsets required by such contracts, a breakdown of offsets by category of defense material or defense services involved in such contracts, and a breakdown of such offsets by recipient countries.

In addition, each report shall contain a summary of relevant Memoranda of Understanding between the United States and foreign countries which provide the official framework within which foreign offset commitments incurred in private sales can be fulfilled. Copies of actual Memoranda of Understanding involving such offsets shall be made available to the House Committee on Banking, Finance and Urban Affairs and the Senate Committee on Banking, Housing, and Urban Affairs upon request, after each report has been submitted by the President.

FERNAND J. ST GERMAIN,
JOSEPH G. MINISH,
JOHN J. LAFALCE,
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MARY ROSE OAKAR,
BRUCE F. VENTO,
CHALMERS P. WYLIE,
N. D. SHUMWAY,
Managers on the Part of the House.

JAKE GARN,
PAUL TRIBLE,
WILLIAM PROXMIRE,
Managers on the Part of the Senate.

FIRST CONCURRENT RESOLUTION ON THE BUDGET—FISCAL YEAR 1985

The SPEAKER. Pursuant to House Resolution 476 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the concurrent resolution, House Concurrent Resolution 280.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of

the concurrent resolution (H. Con. Res. 280) revising the congressional budget for the U.S. Government for the fiscal year 1984 and setting forth the congressional budget for the U.S. Government for the fiscal years 1985, 1986, and 1987, with Mr. MOAKLEY in the chair.

The Clerk read the title of the concurrent resolution.

The CHAIRMAN. When the Committee of the Whole House rose on Wednesday, April 4, 1984, the concurrent resolution was considered as having been read for amendment under the 5-minute rule. No amendments are in order except amendments made in order pursuant to House Resolution 476.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. DIXON

Mr. DIXON. Mr. Chairman, I offer an amendment in the nature of a substitute, designated No. 4, consisting of the text of House Concurrent Resolution 281.

The CHAIRMAN. The Clerk will designate the amendment in the nature of a substitute.

The text of the amendment in the nature of a substitute is as follows:

Amendment in the nature of a substitute offered by Mr. DIXON: Strike out all after the resolving clause and insert in lieu thereof the following:

That the Congress hereby determines and declares that the concurrent resolution on the budget for fiscal year 1984 is hereby revised and replaced, the first concurrent resolution on the budget for fiscal year 1985 is hereby established, and the appropriate budgetary levels for fiscal years 1986 and 1987 are hereby set forth:

(a) The following budgetary levels are appropriate for the fiscal years beginning on October 1, 1983, October 1, 1984, October 1, 1985, and October 1, 1986:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1984: $664,900,000,000.
Fiscal year 1985: $784,600,000,000.
Fiscal year 1986: $852,900,000,000.
Fiscal year 1987: $936,500,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1984: $0,000,000.
Fiscal year 1985: $51,600,000,000.
Fiscal year 1986: $58,000,000,000.
Fiscal year 1987: $73,000,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1984: $898,660,000,000.
Fiscal year 1985: $996,210,000,000.
Fiscal year 1986: $1,058,950,000,000
Fiscal year 1987: $1,130,150,000,000

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1984: $849,550,000,000.
Fiscal year 1985: $938,770,000,000.
Fiscal year 1986: $983,420,000,000.
Fiscal year 1987: $1,040,630,000,000.

(4) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1984: $184,650,000,000.
Fiscal year 1985: $154,170,000,000.
Fiscal year 1986: $130,520,000,000.
Fiscal year 1987: $104,130,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1984: $1,595,800,000,000
Fiscal year 1985: $1,837,300,000,000.
Fiscal year 1986: $2,086,150,000,000.
Fiscal year 1987: $2,347,250,000,000.

and the amounts by which the temporary statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1984: $219,200,000,000.
Fiscal year 1985: $241,500,000,000.
Fiscal year 1986: $248,850,000,000.
Fiscal year 1987: $261,100,000,000.

(6) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1983, October 1, 1984, October 1, 1985, and October 1, 1986, are as follows:

Fiscal year 1984:
(A) New direct loan obligations, $37,600,000,000.
(B) New primary loan guarantee commitments, $105,150,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1985:
(A) New direct loan obligations, $37,500,000,000.
(B) New primary loan guarantee commitments, $111,150,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1986:
(A) New direct loan obligations, $39,950,000,000.
(B) New primary loan guarantee commitments, $117,400,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1987:
(A) New direct loan obligations, $40,450,000,000.
(B) New primary loan guarantee commitments, $123,150,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.

(b) The Congress hereby determines and declares the appropriate levels of budget authority and budget outlays, and the appropriate levels of new direct loan obligations and new loan guarantee commitments for fiscal years 1984 through 1987 for each major functional category are:

(1) National Defense (050):

Fiscal year 1984:
(A) New budget authority, $247,586,000,000.
(B) Outlays, $230,777,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:
(A) New budget authority, $234,894,000,000.
(B) Outlays, $243,341,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:
(A) New budget authority, $248,003,000,000.
(B) Outlays, $242,041,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:
(A) New budget authority, $260,874,000,000.
(B) Outlays, $248,079,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

Fiscal year 1984:
(A) New budget authority, $21,177,000,000.
(B) Outlays, $12,016,000,000.
(C) New direct loan obligations, $9,100,000,000.
(D) New primary loan guarantee commitments, $8,650,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:
(A) New budget authority, $16,429,000,000.
(B) Outlays, $13,540,000,000.
(C) New direct loan obligations, $10,550,000,000.
(D) New primary loan guarantee commitments, $9,250,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:
(A) New budget authority, $17,475,000,000.
(B) Outlays, $13,173,000,000.
(C) New direct loan obligations, $11,600,000,000.
(D) New primary loan guarantee commitments, $10,250,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:
(A) New budget authority, $18,466,000,000.
(B) Outlays, $13,593,000,000.
(C) New direct loan obligations, $12,850,000,000.
(D) New primary loan guarantee commitments, $10,600,000,000.
(E) New secondary loan guarantee commitments, $0.

(3) General Science, Space, and Technology (250):

Fiscal year 1984:
(A) New budget authority, $8,539,000,000.
(B) Outlays, $8,280,000,000.
(C) New direct loan obligations, $150,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:
(A) New budget authority, $8,895,000,000.
(B) Outlays, $8,646,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:
(A) New budget authority, $9,041,000,000.
(B) Outlays, $8,918,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:
(A) New budget authority, $9,348,000,000.
(B) Outlays, $9,205,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

(4) Energy (270):

Fiscal year 1984:
(A) New budget authority, $2,995,000,000.
(B) Outlays, $2,988,000,000.
(C) New direct loan obligations, $4,700,000,000.

(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $4,349,000.
(B) Outlays, $3,787,000,000.
(C) New direct loan obligations, $4,800,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $4,093,000,000.
(B) Outlays, $4,143,000,000.
(C) New direct loan obligations, $4,850,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $3,974,000,000.
(B) Outlays, $3,887,000,000.
(C) New direct loan obligations, $5,000,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.
(5) Natural Resources and Environment (300):
Fiscal year 1984:
(A) New budget authority, $11,560,000,000.
(B) Outlays, $12,257,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $11,859,000,000.
(B) Outlays, $11,679,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $12,275,000,000.
(B) Outlays, $11,941,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $12,635,000,000.
(B) Outlays, $12,041,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(6) Agriculture (350):
Fiscal year 1984:
(A) New budget authority, $4,196,000,000.
(B) Outlays, $10,114,000,000.
(C) New direct loan obligations, $11,200,000,000.
(D) New primary loan guarantee commitments, $4,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $14,636,000,000.
(B) Outlays, $14,862,000,000.
(C) New direct loan obligations, $11,450,000,000.
(D) New primary loan guarantee commitments, $3,100,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $7,846,000,000.
(B) Outlays, $7,676,000,000.
(C) New direct loan obligations, $12,950,000,000.
(D) New primary loan guarantee commitments, $3,100,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $7,915,000,000.
(B) Outlays, $7,771,000,000.
(C) New direct loan obligations, $11,850,000,000.
(D) New primary loan guarantee commitments, $3,150,000,000.
(E) New secondary loan guarantee commitments, $0.
(7) Commerce and Housing Credit (370):
Fiscal year 1984:
(A) New budget authority, $5,583,000,000.
(B) Outlays, $4,037,000,000.
(C) New direct loan obligations, $6,150,000,000.
(D) New primary loan guarantee commitments, $50,000,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1985:
(A) New budget authority, $6,657,000,000.
(B) Outlays, $2,642,000,000.
(C) New direct loan obligations, $6,500,000,000.
(D) New primary loan guarantee commitments, $52,500,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1986:
(A) New budget authority, $6,755,000,000.
(B) Outlays, $2,523,000,000.
(C) New direct loan obligations, $6,550,000,000.
(D) New primary loan guarantee commitments, $54,800,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1987:
(A) New budget authority, $8,335,000,000.
(B) Outlays, $3,890,000,000.
(C) New direct loan obligations, $6,750,000,000.
(D) New primary loan guarantee commitments, $56,650,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
(8) Transportation (400):
Fiscal year 1984:
(A) New budget authority, $29,283,000,000.
(B) Outlays, $25,744,000,000.
(C) New direct loan obligations, $1,150,000,000.
(D) New primary loan guarantee commitments, $450,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $29,796,000,000.
(B) Outlays, $27,178,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $450,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $31,000,000,000.
(B) Outlays, $28,872,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $500,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $32,157,000,000.
(B) Outlays, $30,238,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $500,000,000.
(E) New secondary loan guarantee commitments, $0.
(9) Community and Regional Development (450):
Fiscal year 1984:
(A) New budget authority, $7,208,000,000.
(B) Outlays, $7,778,000,000.
(C) New direct loan obligations, $1,650,000,000.
(D) New primary loan guarantee commitments, $350,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $13,009,000,000.
(B) Outlays, $8,973,000,000.
(C) New direct loan obligations, $1,700,000,000.
(D) New primary loan guarantee commitments, $350,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $8,759,000,000.
(B) Outlays, $10,511,000,000.
(C) New direct loan obligations, $1,700,000,000.
(D) New primary loan guarantee commitments, $350,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $9,196,000,000.
(B) Outlays, $13,013,000,000.
(C) New direct loan obligations, $1,750,000,000.
(D) New primary loan guarantee commitments, $400,000,000.
(E) New secondary loan guarantee commitments, $0.
(10) Education, Training, Employment, and Social Services (500):
Fiscal year 1984:
(A) New budget authority, $34,928,000.
(B) Outlays, $29,611,000,000.
(C) New direct loan obligations, $800,000,000.
(D) New primary loan guarantee commitments, $7,400,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $47,445,000,000.
(B) Outlays, $41,284,000,000.
(C) New direct loan obligations, $850,000,000.
(D) New primary loan guarantee commitments, $7,750,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $49,464,000.
(B) Outlays, $47,954,000,000.
(C) New direct loan obligations, $850,000,000.
(D) New primary loan guarantee commitments, $8,000,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $51,626,000,000.
(B) Outlays, $49,980,000,000.
(C) New direct loan obligations, $850,000,000.

(D) New primary loan guarantee commitments, $150,000,000.
(E) New secondary loan guarantee commitments, $0.
(11) Health (550):
Fiscal year 1984:
(A) New budget authority, $31,584,000,000.
(B) Outlays, $30,788,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $200,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $35,411,000,000.
(B) Outlays, $35,697,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $150,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $38,590,000,000.
(B) Outlays, $38,058,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $150,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $41,481,000,000.
(B) Outlays, $41,043,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $150,000,000.
(E) New secondary loan guarantee commitments, $0.
(12) Social Security and Medicare (570):
Fiscal year 1984:
(A) New budget authority, $237,890,000,000.
(B) Outlays, $210,207,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $271,376,000,000.
(B) Outlays, $259,116,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $300,028,000,000.
(B) Outlays, $279,768,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $328,707,000,000.
(B) Outlays, $304,078,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(13) Income Security (600):
Fiscal year 1984:
(A) New budget authority, $118,298,000,000.
(B) Outlays, $97,308,000,000.
(C) New direct loan obligations, $1,000,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $161,989,000,000.
(B) Outlays, $128,863,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $175,782,000,000.
(B) Outlays, $138,112,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $186,239,000,000.
(B) Outlays, $144,637,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
(14) Veterans Benefits and Services (700):
Fiscal year 1984:
(A) New budget authority, $26,156,000,000.
(B) Outlays, $25,801,000,000.
(C) New direct loan obligations, $1,350,000,000.
(D) New primary loan guarantee commitments, $18,650,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $27,576,000,000.
(B) Outlays, $26,803,000,000.
(C) New direct loan obligations, $1,200,000,000.
(D) New primary loan guarantee commitments, $22,850,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $28,394,000,000.
(B) Outlays, $27,692,000,000.
(C) New direct loan obligations, $1,000,000,000.
(D) New primary loan guarantee commitments, $25,500,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $29,229,000,000.
(B) Outlays, $28,532,000,000.
(C) New direct loan obligations, $950,000,000.
(D) New primary loan guarantee commitments, $28,800,000,000.
(E) New secondary loan guarantee commitments, $0.
(15) Administration of Justice (750):
Fiscal year 1984:
(A) New budget authority, $5,916,000,000.
(B) Outlays, $5,934,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $6,207,000,000.
(B) Outlays, $6,151,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $6,346,000,000.
(B) Outlays, $6,299,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $6,457,000,000.
(B) Outlays, $6,424,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(16) General Government (800):
Fiscal year 1984:
(A) New budget authority, $5,272,000,000.
(B) Outlays, $5,437,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $5,697,000,000.
(B) Outlays, $5,543,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $5,936,000,000.
(B) Outlays, $5,757,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $6,064,000,000.
(B) Outlays, $5,892,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(17) General Purpose Fiscal Assistance (850):
Fiscal year 1984:
(A) New budget authority, $6,802,000,000.
(B) Outlays, $6,802,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $9,670,000,000.
(B) Outlays, $9,668,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $9,737,000,000.
(B) Outlays, $9,735,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $10,101,000.

(B) Outlays, $10,032,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(18) Net Interest (900):
Fiscal year 1984:
(A) New budget authority, $108,859,000,000.
(B) Outlays, $108,859,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $122,920,000,000.
(B) Outlays, $122,920,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $133,480,000,000.
(B) Outlays, $133,480,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $141,270,000,000.
(B) Outlays, $141,270,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(19) Allowances (920):
Fiscal year 1984:
(A) New budget authority, $657,000,000.
(B) Outlays, $678,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $1,680,000,000.
(B) Outlays, $1,734,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $3,519,000,000.
(B) Outlays, $3,706,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $5,460,000,000.
(B) Outlays, $5,786,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(20) Undistributed Offsetting Receipts (950):
Fiscal year 1984:
(A) New budget authority, −$15,200,000,000.
(B) Outlays, −$15,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, −$33,783,000,000.
(B) Outlays, −$33,783,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, −$37,020,000,000.
(B) Outlays, −$37,020,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, −$38,919,000,000.
(B) Outlays, −$38,919,000,000.

The CHAIRMAN. Pursuant to House Resolution 476, the amendment is considered as having been read.

The gentleman from California (Mr. DIXON) will be recognized for 1 hour, and a Member opposed will be recognized for 1 hour.

The Chair now recognizes the gentleman from California (Mr. DIXON) for 1 hour.

Mr. DIXON. Mr. Chairman, I yield myself 8 minutes.

For 4 consecutive years the Congressional Black Caucus has developed a constructive budget alternative that offers a fair and equitable balance between stabilizing the economy and providing essential Government services.

This year, CBC offers a budget plan that provides the largest downpayment on the deficit. We make pragmatic spending reductions that will save $142 billion over the next 3 years. In addition, our 3-year deficit reduction package raises $181 billion in additional revenue by modifying tax cuts and eliminating unjustified tax breaks.

In preparing our budget this year, the caucus was mindful that the major problem on the minds of most Americans is our staggering budget deficit.

Today we are faced with budget deficits that are the largest in the history of our country. In 1983 alone, the Reagan administration produced a deficit that exceeds the 4-year total of from 1976–80.

It is clear that the two major components of the deficit are: First, massive revenue losses created by the President's tax cut and second, spending increases for defense.

Yet, none of the other budget plans under consideration by the House address both problems.

Our proposal cuts the deficit further than any other package before this House.

Only yesterday the Congressional Budget Office released a report on the impact of the President's tax and budget policies. It comes as no surprise that low-income families have lost the most money and high-income families have gained the most.

For example, Americans making less than $10,000 per year lost, on average, $390 a year. Americans making between $40,000 and $80,000 gained, on average, approximately $3,000 per year.

The CBC revenue plan eliminates this disparity by limiting the tax cut to the first $50,000 of income and repealing the indexing of income taxes. These two measures will save $87 billion over the next 3 years.

The CBC budget also includes revenue proposals that will increase Federal receipts from corporate income taxes by $82 billion, and from excise and other taxes by $14 billion over the next 3 years.

Defense outlays will account for 30 percent of the entire Federal budget in 1985. Under the administration's defense plan, outlays will account for approximately 35 percent of the Federal budget by 1989.

The CBC budget alternative proposes $235 billion in budget authority for defense. This reflects a $78 billion savings, the majority of which comes from funding reductions for procurement and research and development for unnecessary nuclear weapons systems.

In seriously addressing the revenue and defense problems that are almost solely responsible for our bleak economic outlook, the CBC has proposed an alternative that would cut the Federal budget deficit by $323 billion over the next 3 years.

It is in the area of addressing our national needs that we feel the caucus alternative most strongly differs from the other proposals under consideration.

There are 1.5 million more Americans unemployed than when the President took office. There are 8 million more Americans who have fallen into poverty since the Reagan administration began.

Of domestic cuts proposed by the administration for 1985, 40 percent would come in programs for the poor, although these programs only make up 19 percent of the domestic budget. Overall, programs for the poor would be cut 10 percent below the amounts needed to maintain fiscal year 1984 services levels.

The CBC budget alternative provides a $42 billion increase in nondefense domestic programs in 1985. This increase includes: $11 billion for the Community Renewal Employment Act which passed the House last year, and the Hawkins youth employment bill; this increase also provides additional funds for employment and training programs and unemployment insurance; $5 billion for student financial

assistance, a new math and science grant program, comprehensive education for the disadvantaged, and adult and vocational education; $4 billion for food stamp assistance; $3 billion for the AFDC program; $2 billion for the women, infants, and children (WIC) food program, child nutrition, and the child health assurance program (CHAP); $2 billion to fund a 25-percent increase in health care service grants and a 10-percent increase in health research; $2 billion for general housing assistance, housing for the elderly and handicapped, and rural housing program supervisory grants; and $1 billion for low-income energy assistance.

The CBC budget alternative also provides $23 million for continued funding of the Legal Services Corporation.

The members of the Congressional Black Caucus have given serious attention and study to the 1985 budget. We offer what we believe is the most equitable alternative. In this important year, we hope that our colleagues will join us in seeking a new direction for America.

THANK YOU TO CBC STAFF

I would like to also express appreciation to the staffs of the various members of the Black Caucus who worked under Congressman GRAY and Michael Reed of his staff in preparing this alternative. Mike did an excellent job, as did all of the staff, including Andy Bartels, Bill Signer, Dan Lindheim, Cheryl Smith, and Valeri Byrd and Sheila Senesie of the CBC office.

On behalf of the members, I also wish to thank the CBO staff for their excellent cooperation and assistance in putting our budget together.

□ 1010

Mr. LATTA. Mr. Chairman, will the gentleman yield to me?

Mr. DIXON. I will be glad to yield.

Mr. LATTA. I thank the gentleman for yielding.

There was a sheet passed out here which compared the various proposals and on the Dixon proposal it calls for $181 billion in new revenues. Is that accurate?

Mr. DIXON. I have not seen that sheet but I think it is $187 billion.

Mr. LATTA. $187 billion?

Mr. DIXON. Yes.

Mr. LATTA. Has the gentleman any idea as to how we could raise that amount of money?

Mr. DIXON. Yes; we are going to address that. Congressman FAUNTROY will address the additional taxes. Also, as I indicated, there is a rollback in indexing, one, and there is an additional corporate tax and some other tax equity matters. The gentleman from the District of Columbia, Congressman FAUNTROY, will address those.

Mr. LATTA. I thank the gentleman.

Mr. DELLUMS. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

Members will record their presence by electronic device.

The call was taken by electronic device.

The following Members responded to their names:

[Roll No. 69]

Ackerman	Duncan	Kastenmeier
Addabbo	Durbin	Kemp
Akaka	Dwyer	Kennelly
Albosta	Dymally	Kildee
Alexander	Dyson	Kindness
Anderson	Early	Kogovsek
Andrews (NC)	Eckart	Kolter
Andrews (TX)	Edgar	Kostmayer
Annunzio	Edwards (AL)	Kramer
Aspin	Edwards (CA)	LaFalce
AuCoin	Edwards (OK)	Lagomarsino
Badham	Emerson	Lantos
Barnard	English	Latta
Bartlett	Erdreich	Leach
Bateman	Erlenborn	Leath
Bates	Evans (IL)	Lehman (CA)
Bedell	Fascell	Leland
Beilenson	Fazio	Levin
Bennett	Feighan	Levine
Bereuter	Ferraro	Levitas
Berman	Fiedler	Lewis (CA)
Bevill	Fish	Lewis (FL)
Biaggi	Flippo	Lipinski
Bilirakis	Florio	Livingston
Bliley	Foley	Lloyd
Boggs	Ford (TN)	Loeffler
Boland	Fowler	Long (LA)
Boner	Franklin	Lott
Bonior	Frenzel	Lowery (CA)
Bonker	Frost	Lowry (WA)
Borski	Fuqua	Lujan
Bosco	Gaydos	Luken
Boucher	Gejdenson	Lundine
Boxer	Gekas	Lungren
Breaux	Gephardt	Mack
Britt	Gilman	Marlenee
Brooks	Gingrich	Marriott
Broomfield	Glickman	Martin (IL)
Brown (CA)	Gonzalez	Martin (NY)
Brown (CO)	Goodling	Martinez
Broyhill	Gore	Matsui
Bryant	Gradison	Mavroules
Burton (IN)	Gramm	Mazzoli
Byron	Gray	McCain
Campbell	Green	McCandless
Carney	Gregg	McCloskey
Carper	Guarini	McCollum
Carr	Gunderson	McCurdy
Chandler	Hall, Ralph	McDade
Chappie	Hall, Sam	McEwen
Clarke	Hamilton	McGrath
Clinger	Hammerschmidt	McHugh
Coats	Hansen (UT)	McKernan
Coleman (MO)	Harkin	McKinney
Coleman (TX)	Hartnett	McNulty
Collins	Hayes	Michel
Conable	Hefner	Mikulski
Conte	Hertel	Miller (CA)
Conyers	Hightower	Miller (OH)
Cooper	Hiler	Mineta
Coughlin	Hillis	Minish
Courter	Holt	Mitchell
Coyne	Hopkins	Moakley
Craig	Horton	Molinari
Daniel	Howard	Mollohan
Dannemeyer	Hoyer	Montgomery
Darden	Huckaby	Moody
Daub	Hughes	Moore
Davis	Hunter	Moorhead
Dellums	Hutto	Morrison (CT)
Derrick	Ireland	Morrison (WA)
DeWine	Jacobs	Mrazek
Dickinson	Jeffords	Murphy
Dicks	Jenkins	Murtha
Dingell	Johnson	Myers
Dixon	Jones (NC)	Natcher
Dorgan	Jones (OK)	Nelson
Dowdy	Jones (TN)	Nichols
Downey	Kaptur	Nielson
Dreier	Kasich	Nowak
O'Brien	Sawyer	Tallon
Oakar	Schaefer	Tauke
Obey	Schneider	Taylor
Ortiz	Schroeder	Thomas (CA)
Owens	Schulze	Thomas (GA)
Oxley	Schumer	Torres
Packard	Sensenbrenner	Torricelli
Panetta	Shannon	Towns
Patman	Sharp	Traxler
Patterson	Shaw	Valentine
Pease	Shumway	Vandergriff
Penny	Sikorski	Vento
Pepper	Siljander	Volkmer
Perkins	Simon	Vucanovich
Pickle	Sisisky	Walgren
Price	Skeen	Walker
Pursell	Skelton	Watkins
Quillen	Slattery	Weaver
Rahall	Smith (FL)	Weber
Ratchford	Smith (IA)	Weiss
Regula	Smith (NE)	Wheat
Reid	Smith, Robert	Whitehurst
Richardson	Snowe	Whitley
Ridge	Snyder	Whittaker
Rinaldo	Solarz	Whitten
Ritter	Solomon	Williams (OH)
Roberts	Spence	Winn
Robinson	Spratt	Wirth
Rodino	St Germain	Wise
Roe	Staggers	Wolf
Roemer	Stangeland	Wolpe
Rogers	Stark	Wortley
Rose	Stenholm	Wyden
Rostenkowski	Stokes	Wylie
Roth	Stratton	Yates
Roukema	Studds	Yatron
Rowland	Stump	Young (AK)
Rudd	Sundquist	Young (FL)
Russo	Swift	Young (MO)
Sabo	Synar	Zschau

□ 1030

The CHAIRMAN. Three hundred and sixty Members have answered to their names, a quorum is present, and the Committee will resume its business.

Mr. LATTA. Mr. Chairman, I rise in opposition to the amendment in the nature of a substitute.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. LATTA) for 1 hour.

Mr. LATTA. Mr. Chairman, I reserve the balance of my time.

Mr. DIXON. Mr. Chairman, I yield 6 minutes to the gentleman from the District of Columbia (Mr. FAUNTROY).

Mr. FAUNTROY. Mr. Chairman, I rise, of course, in support of the Dixon substitute amendment to the House Budget Committee's first concurrent budget resolution.

During the last colloquy between the gentleman from California and the gentleman from Ohio, the question was raised as to how we propose to raise some $181 billion in additional tax revenues. And I am pleased to respond on behalf of the Congressional Black Caucus to that question.

Mr. Chairman, the tax package included in the Dixon substitute would raise $181 billion over a 3-year period. We suggest this because the current deficit problem that we face in this country is a direct result of the Reagan tax cuts and his 5-year, $2 trillion military buildup. Despite the fact that the Congress was forced to take back $100 billion of that $750 billion raid on the Federal Treasury by rich individuals and major corporations

known as Economic Recovery Tax Act of 1981.

We remain of the belief that there are major inequities in the President's original tax proposal that need now to be corrected if we are to deal with this enormous deficit, more in deficit spending in 5 years than seven previous Presidents over 35 years have built up.

What the Congressional Black Caucus is offering to the Congress and the people of this country is certainly comfortable to many people. For the fact is that those who benefited most from the Reagan tax cut lost the least in terms of budget cuts; and those who benefited least from the tax cuts, suffered the most in terms of the budget cuts.

Those earning less than $20,000 are actually paying more in Federal taxes than they were previous to the Reagan tax policies, if you take both the social security tax increases and inflation into account.

So the Congressional Black Caucus proposes a number of measures to reclaim resources to reduce our deficit. We propose, for example, the elimination of the indexation of the Tax Code, which is merely an extension of the concept of an across-the-board tax cut. Everybody gets the same percentage of cut in their rates, thus the wealthy get more than those with less income.

We would substitute a progressive tax cut on the first $50,000 of income. Thus, those earning less than $20,000 would receive the largest tax cut in their rates and progressively smaller reductions in the tax rate on earnings up to $50,000 are proposed.

□ 1040

The CBC would also provide work incentives for the working poor. We increase the earned income tax credit to a maximum credit of $800. The current credit is $500. And similarly, the caucus would propose to provide employers with an incentive to hire the structurally unemployed by extending the targeted job tax credit system another 5 years.

The caucus realizes, also, that 80 percent of the tax breaks that went to the corporations of this country went to the major corporations. So we believe that the tax cuts for the corporations enacted in 1981 were overly generous and that in an effort to reduce this enormous deficit the major corporations have to bear their share as well.

In 1950 corporations contributed 28.3 percent of the revenues to our country and individuals contributed 39.2 percent. That was in 1950. In 1982, pursuant to this enormous raid on the Federal Treasury, the corporations contributed a mere 8.1 percent and individuals contributed a whopping 49 percent of the revenues. This is an alarming trend which resulted in corporations eliminating most of their tax liability to the country and individuals now contributing nearly half of all revenues.

So, Mr. Chairman, in the interest of equity and fairness, we have said: Let us establish for our corporations a goal of increasing their corporate tax contributions to at least 15 percent of the revenues. To that end, we adopt fully the Ways and Means tax freeze on remaining installments of the 1981 tax giveaways. However, rather than freeze the current treatment of income earned by Americans working abroad, and on estate and gift taxes, would return to the pre-Reagan era.

Further, the caucus believes that the other tax giveaways enacted as part of the Economic Recovery Tax Act of 1981 should be repealed.

Mr. Chairman, the Congressional Black Caucus recognizes that the 18 percent of the budget that meets the needs of the least among us in this country absorbed 60 percent of the budget cuts and that the 5-percent, top-income earners in the Nation got 35 percent of the income tax relief over the past 3 years. Our tax proposal therefore appeals for equity. Let us provide an enormous cut in the deficit by a $181 billion rise in taxes, primarily on the rich and those who have benefited most from this raid on the Federal Treasury over the past 3 years at the same time that we reduce the largest deficit in the history of this country, deficits that are threatening our ability to sustain this recovery, by raising the cost of goods produced in America abroad, and thus accelerating the enormous balance of trades deficit that we have that is moving now toward $77 billion. If we do not halt that trend with a serious rise in taxes and a serious cut in defense spending, more and more American jobs will be exported to cheaper labor markets abroad, to the hurt of the working people of the country.

Mr. Chairman, I rise in support of the Dixon substitute amendment to the House Budget Committee's first concurrent budget resolution.

This past winter, the Subcommittee on Domestic Monetary Policy of the Banking Committee, which I chair, held field hearings around the country on the state of the economy and the prospects for the recovery. We held hearings in Camden, N.J.; in Fresno, Calif.; in Birmingham, Ala.; in Shreveport, La.; in Brooklyn, N.Y.; in Pittsburgh, Pa.; and here in the District of Columbia. What we learned in these field hearings were two things. First, the recovery so far, while strong overall, has also been spotty, and has not yet reached many sections of the country and many groups in the economy, especially in the black community. Second, both ordinary people and prominent economists are convinced that, as long as we have budget deficits that equal $200 or $300 billion, the prospects for a continuation of the recovery and further reductions of unemployment without inflation beyond this year are bleak indeed.

The Congressional Black Caucus alternative budget, which is incorporated in the Dixon substitute amendment, is the only budget before this Congress that addresses both of these realities. The CBC budget is the only budget that confronts the problems of lingering joblessness and growing pockets of poverty, by increasing the expenditures for Federal education, job-training, health, and poverty programs by $127 billion over the next 3 years. These budget increases are the minimum amount of assistance needed to help train our youth and retrain our displaced workers for new careers. They are the minimum needed to help the millions of families who have slipped into poverty during the past 3 years and to offer hope to the additional millions who have been unable to escape poverty. They are the minimum needed to provide adequate care and assistance to the jobless, the elderly, the very young, the handicapped, and the disabled.

The CBC budget is also the only budget alternative which really tackles the No. 1 obstacle in the way of continued noninflationary growth—the enormous budget deficits created by the Reagan administration's defense and tax policies, which the Congress unfortunately acquiesced 3 years ago. In my subcommittee hearings, we heard time and again about how those enormous deficits are distorting the recovery and threatening its continuation after this year. We heard how those deficits are keeping interest rates higher than they would otherwise have been given current inflation, handicapping investment in new industrial plant and equipment, and crippling our exports and our smokestack industries by contributing to an overvalued dollar. We heard fears from businessmen, farmers, consumers, and workers about what would happen to economic growth if interest rates rose because of the deficit. We heard from economists about the threat that the deficits pose to the recovery, and the need to take major steps this year to reducing those deficits.

More than any other budget before us, the CBC budget addresses those enormous and ominous deficits. If it were adopted, the deficit in fiscal year 1985 would be $154 billion instead of the baseline deficit of $207 billion, or the deficits of $165 billion to $190 billion under other alternatives before us. If it were adopted, the deficit 3 years from now, in fiscal year 1987, would be $106 billion, instead of the baseline deficit of $270 billion, or the

deficits of $139 billion to $182 billion under other budget proposals. If Members are serious about reducing the deficit, starting this year, this budget is the one you should support.

In this regard, I would note that Federal Reserve Chairman Paul Volcker has said that the budget deficit should be reduced by $50 billion in fiscal year 1985, and by an additional amount each year thereafter. He has also said that reductions of this size would bring long-term interest rates down by a percentage point this year, and presumably more in the future. The CBC budget is the only budget before us that has this magnitude of deficit reductions. It is thus the only one which is likely to have this kind of impact on interest rates. It is also the budget which is most likely to produce the kind of monetary policy we will need for a continued noninflationary recovery.

I know that some Members may be concerned about how the CBC budget reduces the deficit. It is true that we achieve most of our budget reductions through cuts in defense spending and increases in taxes. However, even with the CBC's defense cuts, defense outlays in fiscal year 1987 will have grown at an average rate of 3 percent in real terms from 1980 levels. The CBC defense budget only looks like a cut when compared with the excessive defense spending of 1983 and 1984, not when viewed from a longer perspective. In regard to taxes, the CBC budget raises revenues in the most sensible fashion: By closing loopholes and broadening the tax base, instead of a tax surcharge or regressive sales or excise taxes. By replacing tax indexing with a targeted tax cut in fiscal year 1986 for lower and middle income people, the CBC budget would also preserve the tax breaks that tax indexing provides these people, without the permanent loss of revenues and excessive benefits for upper income people that indexing entails. Thus, I urge Members to look carefully at what we propose, and not to reject our budget because at first glance it seems to cut defense or raise taxes too much.

Mr. LATTA. Mr. Chairman, I yield 6 minutes to the gentleman from Georgia (Mr. GINGRICH).

Mr. GINGRICH. Mr. Chairman, I just want to raise one particular question. As I understand the budget of the distinguished gentleman from California, it eliminates indexing, and I think that that raises, for me, an underlying question at two levels. And I take this time deliberately, because I think this is, in many ways, the focal point for a number of Americans who are very concerned about how we are in poverty and how we help people of all races in a true rainbow coalition to get beyond the state of poverty, and there are two underlying problems I have with your approach. The first is, if you look at indexing, indexing is the most powerful single break we have given working Americans. It is the thing which, over time, most helps marginal families who are just beginning to break out. It is the thing which, if you extend it over a 10- or 15-year period, is of the greatest advantage to people who are, let us say, in a two-income family earning $25,000 or $30,000 or $35,000. Inheritance tax does not help those folks. The big tax breaks do not help those folks. And, frankly, your party has controlled the Ways and Means Committee for 30 years, and the tax laws they have written do not help those folks.

But indexing does. If you look at the statistics—and I think this has been the greatest failure of liberal economics and liberal politics in the last 3 years—the fact is that indexing is the one thing no person who really cares about the working poor should touch.

Now, I can understand if you are a liberal putting in a surtax. That makes perfect sense. I can understand if you are a liberal taking out the inheritance tax changes. That makes some real sense. I do not understand how anyone whose genuine concern is for the working poor and for people who are rising from poverty could take out indexing, because if you think about it for a second, anyone who is really rich does not get affected by indexing. They are already in the 50 percent. It is the person who is trying to get rich who is deeply affected.

The second point I want to make, just for a second—and I will yield if I have time or if I can get time, I will yield for some dialog because I want to raise these two questions intellectually for people who are genuinely concerned about poverty and who see the defeat of poverty and the elimination of poverty as their major goal.

It seems to me that you need two basic changes in what has been the liberal assault on poverty in America since World War II. One of those changes, I think, is to focus on how we help people become productive; because, frankly, when people are productive, they make money. Michael Jackson is productive. He is not in poverty. He is doing fine. He is productive in a market where we pay him a lot of money. I have worked with people in the civil service who happen to have come out of poverty who are doing very well, they are doing fine.

Now, you may very well say to me, "We cannot all be rock stars." But I will say this to you: I think that the longer you focus the fight against poverty on an effort to take money away from the middle class and to transfer it to the poor, the more you focus the poor on a political solution, which I think is never going to happen. I do not think we are going to pass today, and I think when we are done with the votes we are not going to pass today, a massive tax increase, I do not think any of the candidates for a massive tax increase are going to win the Presidency, because working Americans are not going to voluntarily tax themselves in large enough quantities.

Furthermore, by focusing the attention of the poor on politics rather than on becoming productive, whether becoming productive is opening a store or opening a factory or becoming successful at some other endeavor—I may have used an example that the gentleman found amusing, but he is going to put a lot of people to work. And my point is this: Historically, groups rise from poverty by focusing on making money, not by focusing on politics, except in the narrower sense of controlling city machines.

I yield to my distinguished friend.

Mr. FAUNTROY. Mr. Chairman, let me say that I am very impressed by the gentleman's concern for the working poor and for middle-income America, and, therefore, I am confident he is going to support this measure, because when he looks at the fact that while we end indexing, we continue the benefits for the working poor, for 80 percent of the American people who make $50,000 or less, by providing them a progressive income tax that protects the third-year tax benefits for them, and not just the working poor.

If the gentleman is really concerned about the working poor, he is going to support our tax incentive, the extension of the targeted jobs tax credit, so that employers will be encouraged to take people off welfare and off the Federal programs, in order that they might go to work, and become productive. The cost of that is very modest, particularly when we recognize that by closing up some of the other major tax loopholes that have been created over the past 3 years, we deal with that problem.

Mr. GINGRICH. I think the gentleman's point is a valid one in terms of the tax credit. I would recommend you look very carefully, for example, at a new proposal that two Members on our side, Representatives CLINGER and JOHNSON, have proposed, in terms of additional tax credit for retraining and for new training. But I would like the gentleman to look carefully at the one area focused on, because I think when you have a chance later on, I think, frankly, you should be supporting indexing, because over a 10- or 20-year period, it makes an enormous difference in the tax burden on people who are working and rising into the middle class and into the solid middle class, and that was the major point I wanted to make, because I think in the future, when you redraw this, it will be very, very helpful for you to look at indexing as the one thing I do not think you should be attacking because I think

that your own values will lead you to favor it.

Mr. DELLUMS. Mr. Chairman, will the gentleman yield?

Mr. GINGRICH. If the gentleman can get time, I will be glad to continue and yield to the gentleman.

□ 1050

Mr. DELLUMS. I thank my colleague for yielding.

Mr. Chairman, I would like to respond to just one narrow point. The gentleman suggested that we should not focus poor people's attention on the process of politics. I believe that politics is omnipresent. Politics is all-pervasive; even the air we breathe is a political statement because it is a political decision as how much pollution we will permit.

So politics is there. I would simply suggest this: That poor people have been forced to carry the burden of poverty and the burden of oppression. We should not force them to carry the burden of ignorance. We have a responsibility to help educate our people.

Mr. LATTA. Mr. Chairman, I yield 10 minutes to the gentleman from New York (Mr. KEMP).

Mr. KEMP. I thank the gentleman for yielding me this time.

Mr. Chairman, I wanted to take this time to strongly endorse the basic idea behind the budget of the Congressional Black Caucus. On page 2 it says, "The Congressional Black Caucus believes that fighting joblessness must be our first priority."

I agree Mr. Chairman and I say to my friends you ought to let us agree; it ought not to cause any rancor or acrimony on the floor of this House. No one should make light of the fact that there are some folks on this side who really do believe that fighting joblessness is the greatest way to help America reduce deficits and help put our Nation back to work. That means putting black America back to work, putting Hispanic Americans back to work, putting teenagers back to work, putting all Americans back to work. I endorse the idea that Vernon Jordan said a number of years ago that you cannot put America back to work until you put black America back to work, and we need to go further and say jobs for every one who needs and wants one.

I question honestly and sincerely how the Black Caucus budget is going to put this country back to work by adding another $185 billion of taxes on the backs of the American people and the economy. I would say to my friend from the District of Columbia only people pay taxes; I do not know that they are black or white, but all people pay taxes and sooner or later the burden of heavy taxation falls on the poor and the workers in lost wages or lost jobs.

Mr. GINGRICH pointed out that removing indexing really hurts the 80 percent of the total taxpayers of America who make less than $50,000 a year. Second, I would say to my friends in the Black Caucus, on some things we have worked together, and in some places we have disagreed, but hear me out on this one point, wealthy people of this country, are paying more taxes under Ronald Reagan than under the previous administration. Irrespective of some of the tax breaks that you would like to remove I will join you in removing some of the tax breaks we are now seeing that the way to raise the most revenue from the rich, is to reform the Tax Code. Lower the tax rates on both capital and labor. Take out the loopholes and deductions that obfuscate the tax system and make it unfair, but lower the rates from the bottom to the top.

Now let me say something, because you are listening and I appreciate that. As I said the wealthy are paying higher taxes today because of the rate reduction of 1981 than they were paying under Jimmy Carter or under the previous administration when the rates were higher.

People with income over $1 million, are paying 42 percent higher tax revenues into the Federal Treasury according to the IRS today because the rates were lowered. In effect, we did not do it to help the rich, despite the rhetoric to the contrary; we did it in the sincere belief that if the rates were set closer to an equilibrium level at which people would be encouraged to put their capital into investment, into new jobs or new factories or new investment or savings of some form, the revenue to the Treasury from that investment would be higher than when people invested in tax-free shelters or in loopholes or sat on a yacht offshore or put their money in offshore tax shelters.

With all due respect to our liberal critics the results are now in and people earning over $50,000 in this country are now paying higher taxes into the Federal Treasury, and those earning under $50,000 are paying less in taxes on the income that they earn from wages and salaries and investment. In other words, since the across-the-board tax cuts started coming into effect, the tax burden in this country has shifted up toward the wealthy. This is exactly what the Black Caucus wants to see happen, and we are seeing it happen, thanks to the Reagan tax cuts.

It is not perfect, not by a far cry. But the point that Mr. GINGRICH made is very important, which is, that the tax system should be used to help all people become richer; the tax system should not be used to make the rich poor. The tax system should be used to encourage the poor to get rich; but the assumption, the premise, the root foundation of the Black Caucus tax proposal is to make someone richer you must make someone else poorer.

I do not say this to be disrespectful of the effort that is being made here today; I say it out of a sincere desire to stimulate a dialog over how we can make this whole Nation richer. I do not mean richer in terms of just creature comforts or richer in terms of just material benefits; but richer in terms of opportunity, hope, jobs and entrepreneurship. What is implied in your new Tax Code is that if you earn less than $20,000 that is OK, but do not aspire to earn $21,000 because your taxes will go up. And for sure, do not earn more than $50,000, because then we really are going to get you. Your Tax Code increases the progressivity of the Tax Code. And anything that increases the steep progressivity of the Tax Code in effect, redistributes wealth but it makes the whole economic pie smaller. It means everyone gets less than before. You are not going to get more wealth out of the rich; you are not going to get more wealth transferred to the Federal Government from rich people by increasing the progressivity.

They are going to find shelters; hire more lawyers; hire more accountants, and is that not what has happened over the past 20 years?

President John Kennedy said in 1963, "the major roadblock to a full employment economy is the heavy burden of taxes on the American people." In 1963, President John F. Kennedy set out to change it; and he did. He offered a 25-percent across-the-board reduction in everybody's tax rates for all the American people. He reduced the 91-percent bracket to 70. He cut the capital gains tax rate by 30 percent; he cut the income tax rates of middle income Americans by about 15 percent and he cut the working peoples' tax rates from 20 down to 14 percent. Revenues went up, especially from the rich. I know that times are different, I know parallels in history are seldom perfect but he was not called antipoor; he was called a friend of the poor, and he was.

But the gentleman should not dismiss out-of-hand President Kennedy's idea that was brought back in 1981. The graduated, complex high rate tax system in and of itself in this country is fundamentally geared against the poor and minorities. It is geared against their ever getting any wealth. What we are saying is we have got to make the Tax Code simpler, fairer, more flat, and lower the rates. It is the one way we can give hope and opportunity to those at the lower end of the scale.

Mr. FAUNTROY. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I yield to the gentleman from the District of Columbia.

Mr. FAUNTROY. I thank the gentleman from yielding.

I have listened very carefully to the gentleman because I hope that he will reciprocate and read very carefully the Congressional Black Caucus alternative because it does in fact provide the kind——

Mr. KEMP. May I say to my friend that I am one of the few people in this body who has read the budget.

Mr. FAUNTROY. And you are going to vote for it, I hope.

Mr. KEMP. No; I am not going to vote for it, but I want to talk to the gentleman.

Mr. FAUNTROY. May I talk to you now?

Mr. KEMP. OK, let us talk to each other.

Mr. FAUNTROY. Will the gentleman yield to me?

Mr. KEMP. I want to engage the gentleman in a real conversation.

Mr. FAUNTROY. May I respond to the gentleman?

Mr. KEMP. Yes.

Mr. FAUNTROY. I am impressed with your concern about the working poor and middle-income America.

I am less concerned about the million dollar earner.

Mr. KEMP. I know that.

Mr. FAUNTROY. Who has his 49-percent increase when the CBO points out that the average person making $10,000 is $280 short of income now than before.

Mr. KEMP. Well, let us cut their tax rates again.

Mr. FAUNTROY. I thought you said you did not want any rat-a-tat-tat?

Mr. KEMP. Well, I am saying——

Mr. FAUNTROY. Will you allow me to finish my sentence?

Mr. KEMP. Let us cut their tax rates.

Mr. FAUNTROY. When the gentleman is prepared to engage in some dialog, I will be very happy to engage in a colloquy with him.

Mr. KEMP. I am just simply saying we should cut their tax rates.

What is the gentleman's response to that?

Mr. FAUNTROY. If you want to cut tax rates far more for 80 percent of the American people than indexing does now, vote for the Congressional Black Caucus alternative.

Mr. KEMP. I cannot.

Mr. FAUNTROY. Because the fact is that we provide more in tax relief for people earning $40,000 under the Congressional Black Caucus budget than does the present system.

□ 1100

The CHAIRMAN. The gentleman from New York (Mr. KEMP) has 2 minutes remaining.

Mr. LATTA. Mr. Chairman, I yield 5 additional minutes to the gentleman from New York.

Mr. KEMP. I thank the gentleman for yielding this additonal time to me.

Mr. Chairman, I would say to my friend that if you are wealthy and you are already in the 50-percent bracket, indexing does not affect your income taxes. It really only affects your income taxes if you earn less than $50,000. It does affects you marginally as you earn, but if you earn $1 million, I would say to my friend from Texas who keeps shaking his head, you are not worried about the first tax dollar you pay; you are worried about the last dollar you pay.

The straw that breaks the camel's back is not the first straw, it is the last straw. The last straw of taxation is the tax dollar that makes you decide not to invest in a widget factory in the District of Columbia or in New York or Buffalo instead it makes you decide to sit on your municipal tax-free bonds. That last tax dollar cost D.C. jobs and lost wages for the unemployed who could have been working if there had been a strong incentive to invest in that factory.

The gentleman wants to cut taxes for people under $20,000 and raise it for people over $20,000, and that hurts the poor because everybody hopes to earn more than $20,000. I can remember when I started out in professional football making $5,000 and I dreamed of making what Bobby Layne made in 1957—$18,000. Then I made $18,000 and I wanted to make $20,000. When I made $20,000, I wanted to make more. That is something to which most people aspire, that is to rise up the ladder of income and opportunity.

The American dream is not to earn just up to $20,000. If you are a black entrepreneur in this country, or white entrepreneur, the Black Caucus' tax plan punishes the very people we want to create the jobs. I would say to my friend something I said yesterday.

Mr. FAUNTROY. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I will yield to the gentleman.

Mr. FAUNTROY. I am just a gentleman, and when I am interrupted, I respond.

Mr. KEMP. I said yesterday during the Humphrey-Hawkins debate.

Mr. FAUNTROY. I watched it.

Mr. KEMP. I was saying that you cannot create employees without first creating employers. We have to have people who go out and create those jobs. The gentleman is concerned about jobs, and I share that concern, but why just limit your concern to one segment of the population? Why should we not design a tax system that allows everybody to go out and earn and work and save and consider investment. They will pay more taxes if they are working and investing than if they are not working, and they will pay more taxes if they are investing in widget factories than in shelters. We should not pit labor versus capital or rich versus poor or vice versa.

There are no urban enterprise zones in the Black Caucus budget. What a disappointment it is, Mr. DIXON, that your budget did not even build into your tax policy urban enterprise zones. What a disappointment that you turn your back on one of the most important idea for urban jobs and revitalization in the last 20 years.

Mr. FAUNTROY. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I yield to the gentleman.

Mr. FAUNTROY. Let me again say that I am very impressed with the gentleman's concern about the wealthy people making above $100,000, but if the gentleman is concerned about 80 percent of the American people who make $50,000 or less, then I want the gentleman to explain to them when you vote against the caucus budget why he voted to deny them tax relief this year beyond that which has already been programed and in a fashion that will enable us to deal with the deficit which is keeping interest rates high, which is making it impossible for small business people and for business generally to compete in the world markets, which is forcing the cost of their goods abroad higher, which is forcing, indeed, the export of capital and jobs to cheap labor markets abroad.

Explain that to the American people when you vote against the Congressional Black Caucus alternative budget, which reduces the deficit by some $223 billion over the next 3 years, at the same time that we reclaim $181 billion in tax revenues that went primarily to rich individuals and major corporations.

Mr. KEMP. First of all, my friend from the District of Columbia is in error if he believes the tax cuts have caused the deficit. In 1984 bracket creep alone has reduced the tax cut by over $47 billion. Social security tax increases and a number of other tax hikes Congress passed since 1981 have added another $63 billion back, so by the time you look at everything, the net loss to the 1984 budget is about $22 billion, a very small portion of the deficit we are talking about.

As I pointed out yesterday, the fact is that taxes have continued to take about 19 percent of this country's GNP year after year since the 1970's. The deficit does not come from the tax cuts; it comes from the huge spending increases in the last few year's budgets.

Second of all, I tried to make clear, and I realize the gentleman does not accept this, that I do not think that cutting everyone's tax rates equally is being concerned about just one class taxpayer.

Mr. FAUNTROY. That is why I want to eliminate indexing.

Mr. KEMP. Mr. Chairman, may I have my time back?

My friend is not leaving I hope?

Mr. FAUNTROY. No; I am sitting right here.

Mr. KEMP. We should not divide this country into rich and poor and middle income, or $20,000 and above, or $20,000 and below, and say that above $50,000 is bad and under $50,000 is good, or poor people are going to be poor forever. Let us try to make the poor rich or at least richer.

Your budget, with all due respect, suggests that once you are poor, always poor. I reject that. I reject that. Even GARY HART recognizes that we need a bigger pie, and we do not get a bigger pie by redistributing income. If we want to help the poor, we should be moving toward a flatter, fairer, simpler, lower tax rate system for all. And we will be introducing one such as that designed by BRADLEY and GEPHARDT.

You raised the earned income tax credit by 6 percent. I would raise it high enough, so that the working poor would be removed from the tax rolls. I do not think the working poor should even have to pay income tax. The way to finance that would be to get the tax rates down to where people would actually pay more tax at the lower rate, and that is what has been happening, despite everyone shaking their heads. That has happened. The official preliminary tax figures from the IRS for 1982 show that those who earned $50,000 and above paid $7.3 billion more in 1982 than the year before, while those earning under $50,000 paid less in 1982.

The CHAIRMAN. The time of the gentleman from New York (Mr. KEMP) has again expired.

Mr. LATTA. Mr. Chairman, I yield 1 additional minute to the gentleman from New York.

Mr. KEMP. I appreciate the gentleman yielding me this additional time.

Mr. Chairman, this is an emotional issue because we are all wrapped up in what we think will help the most people. But I think we should reject the idea of dividing this country into classes. We can only help the country's poor by making the economy grow, and this CBC budget is not a growth budget it is an austerity budget and I submit, austerity is not the answer, it is the problem. I am going to vote against it not because I disagree with the goal of my friends in CBC, but I am going to vote against it because I disagree with the means to the end. I do not think raising taxes in a recession or in a recovery will create jobs.

I congratulate you all for bringing this to the floor, but I think we really ought to give some thought to tax reform, simplicity, lower rates, and getting interest rates down by more pressure on the Federal Reserve Board, to stop trying to slow down this recovery as they seem bent on doing by raising the Federal funds rate. I think the gentleman would agree with me that we should look forward to a continuing dialog about how to really help poor people in America, because with all due respect to our friends in the Congressional Black Caucus, this budget is not only going to make the poor poorer, this budget is going to make the whole country poor.

Mr. DIXON. Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. WEISS).

Mr. WEISS. I thank my distinguished friend for yielding.

Mr. Chairman, I simply want to commend the Congressional Black Caucus for presenting what I think is the fairest and best conceived budget of all those that have been proposed.

It is easy to talk, but if we really want to cut the deficits back, if we want to cut the waste and extravagance out of military expenditures, if we want to restore the opportunities for jobs and to restore some of the cuts in basic programs which are absolutely essential for America, I urge all of my colleagues on both sides of the aisle to vote for the Black Caucus budget amendment.

Four years ago, Ronald Reagan promised to "chart a different course" for this Nation. Today, there are few who would challenge his success in fulfilling that ominous vow.

The President set out to cut domestic spending, and he has succeeded. By cutting $192 billion from domestic programs through 1985, he has ignored the needs of disadvantaged and working Americans, thrusting 8 million more of them into poverty.

He has set out to increase military spending, and he has succeeded. Defense spending has been increased by $79 billion through 1985, funding more and more armaments that edge us closer and closer to an unthinkable confrontation.

He set out to cut taxes, and he has succeeded. The largest tax cuts in history, expected to exceed $1 trillion by 1989, have succeeded in making the wealthy wealthier while ordinary Americans struggle to get by.

And, in achieving these successes, the President has accumulated more debt than many of us dreamed possible. It is a debt which has raised interest payments more than the amount of "savings" from reduced social spending. And it is a debt which seriously endangers the future of our economy and the ability of our Government to meet the needs of its people.

The chief flaw of most of the budget proposals which we are considering is that they fail to recognize that Ronald Reagan has achieved his objectives. Many of them seek to freeze spending at current levels, which would simply maintain Ronald Reagan's costly and inhumane policies. And many of them seek to cut the rate of increase in defense spending or cut the rate of decrease in domestic spending, which would simply slow the rise in Ronald Reagan's national misery index.

However, there is one budget before us today which recognizes that Ronald Reagan's policies must be turned back, not reinforced. The Congressional Black Caucus has introduced an amendment that will drastically reorder our priorities, raising the value of fairness above greed and heartlessness on our national agenda. The Black Caucus deserves the highest commendation for this proposal, which represents the only real alternative to the continued threat posed by the policies of Ronald Reagan.

The Congressional Black Caucus budget would target employment, education, health care, urban renewal, mass transit, and other domestic needs as our chief priorities. In all, the budget provides $63.9 billion more for domestic programs and $35 billion more for essential entitlement programs over 3 years.

The caucus budget would reject the wasteful excess in military expenditures by eliminating funding for destabilized weapons systems, such as the MX, Trident II, Pershing II, and cruise. In all, defense reductions would total $202.7 billion over 3 years.

And the caucus budget would take a giant leap in the direction of tax equity by instituting overdue reforms that will raise $181 billion in new revenues over the next 3 years.

These important steps will result in deficit reductions of $324 billion by 1987, far greater than those under any other plan.

Mr. Chairman, we have before us a budget that does not only stem the tide, but turns the tide back. It is a budget that serves the needs of all Americans. I call upon all Members who seek a secure and prosperous future for our Nation to join me in support of the Congressional Black Caucus budget.

Mr. DIXON. Mr. Chairman, may I inquire as to how much time I have remaining?

The CHAIRMAN. The Chair will advise the gentleman from California (Mr. DIXON) that he has 45 minutes remaining.

Mr. DIXON. I yield 2 minutes to the distinguished gentleman from Maryland (Mr. MITCHELL).

Mr. MITCHELL. I thank the gentleman for yielding this time to me.

Mr. Chairman, the truth of the matter is, the country is already divided into classes. I heard that argument raised. The country is divided into classes, and those divisions are being etched more sharply simply because of

the policies that this administration has pursued over the last 3 years.

I must confess that I take this 2 minutes to speak to my disillusionment and, to some degree, my cynicism I am a little weary of this budget process each year when we parrot words and we lay out economic theories and stratagems and we neglect the real problem, the people who are hurt and suffering in this country. Our budget the CBC budget addresses those real problems.

I oppose the other budgets, many of them simply because they impose a freeze. If we impose a freeze, what we are doing is freezing thousands of people into abject misery and poverty where we have forced them over the last 3 years.

Four million Americans have gone back into poverty since this administration took over. If we impose any kind of freeze, we are freezing in 17.2 percent of black Americans who are out of work, desperate, hopeless, almost beyond regaining any sense of human dignity.

□ 1110

I oppose many of the other budgets because of the freeze concept. We are freezing military budgets or we are increasing them, either of the two, and when we do that, we freeze the mentality of young men and women in this country. We freeze their mentality in terms of a militaristic position, a militaristic attitude, which says that the problems of the world will be solved by more bombs and MX missiles.

This budget does not impose that psychological or physical cruelty on our fellow human beings. Talking about an increase in the military budget is almost tragic because the hard fact of the matter is that if we continue the rate of spending as we are now doing, by 1988, we will be spending, in constant dollars, $330 billion a year, more than we spent at the height of the war in Vietnam. In 1969, it was only about $268 billion; now we are talking about $330 billion for killing, for weapons of death and destruction.

Mr. Chairman, I am glad to speak on behalf of the alternative budget. Overall unemployment continues to cripple our economy. The unacceptable levels among certain segments of our society—minorities, blacks, and youth, wreak particular havoc on our hopes for economic recovery.

It is particularly disheartening to know that, for the most part, we continue to accept certain levels of unemployment as a fact of life. This sad commentary is rooted in the philosophical tradeoff which clings to the contention that unemployment is inevitable to fight high inflation.

Philosophical security blankets notwithstanding, we avoid the harsh realities of unemployment, underemployment, and the plight of those uncounted among the statistics: those who have become so frustrated that they are not even seeking anymore.

We rejoice in slight increases in housing starts, or a prosperous day on Wall Street, and insist that we are one step closer to a recovery nationwide. Such economic indicators, however, do not extend to include those families whose households have been ripped apart because those who seek jobs are unable to find them, or untrained such that opportunities cannot offer much hope.

The response to our families' crises cannot continue to be the stripping away of job-training initiatives. Nor can it be an overabundance of defense spending in the face of continuous tax cuts and breaks. The response must be an equitable budget package which embraces the concept that employment must be a priority.

Once again, we have a chance to provide a sound budget package. Today, we continue deliberation of the fiscal year 1985 first concurrent budget resolution. Let us insure that our budget priorities will reflect a commitment to those programs which constitute an investment in our families. The provision of employment opportunities nationwide, and training and retraining initiatives where needed, are indeed the most important and fundamental steps to insuring the stability of our families. Let us not fail them lest we weaken the foundation for all of our other efforts.

Mr. DIXON. Mr. Chairman, I yield 5 minutes to the gentleman from California (Mr. DELLUMS).

Mr. DELLUMS. Mr. Chairman, my responsibility is to discuss the defense function of the fiscal year 1985 military budget. Five minutes certainly does not provide this gentleman adequate opportunity to engage in a discussion of a budget in the nature of $313 billion submitted by this administration to the Congress of the United States.

To preface my remarks, I would like to point out, Mr. Chairman, that the various program functions are discussed and debated on this floor in three forms: During the budget process where we discuss priorities, during the authorization process where we discuss specific programs, and during the appropriation process where we discuss moneys. But the interesting thing about all three of these debates is that while there are some significant differences in the thrust of the discussions, there is an enormous preoccupation on this floor with numbers. Do the numbers look right? Do the numbers sound right?

We have in many ways reduced ourselves to auctioneers when we discuss such concepts as real growth, 10 percent, 2 percent, 5.7 percent, et cetera. We have an enormous preoccupation with total numbers and with percentages.

Nowhere is this more graphically illustrated than when we discuss the military function, because here we are concerned with the overall figure and here we are concerned with the concepts of real growth.

Mr. Chairman, in the estimation of those of us who are the members of the Congressional Black Caucus, this is a seriously flawed approach, particularly as we discuss the issue of military defense. This budget function, as we perceive it, must be analyzed in terms of our foreign and military policy objectives. We should spend what is adequate in our view to maintain our national security interests, but the Congressional Black Caucus strongly disagrees with the administration's assessment of what is indeed necessary to maintain our national security. We believe that the national security role of this Nation as perhaps the preeminent superpower on this planet should be to assert ourselves dramatically to the course of peace.

Military tensions, Mr. Chairman, must be eased. Détente must be revived. The threat of thermonuclear war must be reduced and ultimately removed.

There are five major themes that are the underpinnings of this budget submitted by the Congressional Black Caucus with respect to the defense function: First, to lessen the threat of thermonuclear war; second, to move us away from an interventionist militaristic foreign policy; third, a reduced U.S. military role in Europe and in Asia; fourth, a redirection of procurement policies to reduce waste, fraud, abuse, and excessive cost overruns; and, finally, Mr. Chairman, a stronger national security through a policy of conversion to an economy which is less dependent upon the military function and military expenditures.

To proceed in this direction would result in a reduction in the budget deficit in outlays over fiscal year 1985 through 1987, of $208 billion, and with respect to budget authority, $318 billion.

Mr. WEBER. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. Mr. Chairman, I will ask the gentleman to just let me finish my last comment first.

In summary, Mr. Chairman, what we need is a policy based on the defense of U.S. interests, not the pursuit of thermonuclear war, not the pursuit of an interventionist foreign policy. To proceed in this direction would require greatly reduced levels of military expenditures, create fewer distortions in our overall economy, and significantly enhance the prospects for peace and real arms reduction.

In my closing remarks, Mr. Chairman, I would like to focus on those

Members of this body who would like to support the Congressional Black Caucus alternative but who say that maybe the military function numbers are incorrect. Let us understand this: If we take 1983 as the base, if we leave out the Department of Energy, we are talking about an increase each year of slightly less than 5 percent real growth.

The CHAIRMAN. The time of the gentleman from California (Mr. DELLUMS) has expired.

Mr. DIXON. Mr. Chairman, I yield 1 additional minute to the gentleman from California (Mr. DELLUMS).

Mr. DELLUMS. Mr. Chairman, I thank my colleague for yielding extra time to me. I will make this last comment, and then I will yield to the gentleman from Minnesota (Mr. WEBER).

That was 1983. If we take 1980 as a base, we have increased the American military budget each year by approximately 9 percent real growth, or, perhaps more currently, 8.8 percent real growth each year. This is an extraordinary increase. So even with this military budget that has some substantial cuts, we are still talking about a military budget of $243 billion.

This gentleman has extreme difficulty with that. But I am not going to get caught up in the illusion of the numbers. What we have to do is analyze these numbers in the context of policy and in the context of prior mistakes. What we want to do is move us away from the incredibly escalating military budget that has occurred in the context of the Reagan administration.

Mr. Chairman, I now yield to my colleague, the gentleman from Minnesota. (Mr. WEBER).

Mr. WEBER. Mr. Chairman, I thank the gentleman for yielding, and I commend him on his presentation. I do not share the gentleman's philosophical perspective, but this mastery of this subject, I think, is admired by all of us.

I do not claim to be any kind of an expert on military affairs, and I have a couple of questions that go to the gentleman's presentation.

The CHAIRMAN. The time of the gentleman from California (Mr. DELLUMS) has expired.

Mr. DELLUMS. Mr. Chairman, I would ask if the Members on that side would give us a couple of minutes of their time. We are tied up very tightly on this side.

Ms. FIEDLER. Mr. Chairman, I yield 2 additional minutes to the gentleman from California (Mr. DELLUMS).

Mr. WEBER. Mr. Chairman, if the gentleman will yield further, first of all, the gentleman talked about lessening the threat of nuclear war and about reducing the American role in Europe.

As I understand it, some people, including a number of defense analysts, have proposed that we could lessen the threat of nuclear war in Europe precisely by spending more in Europe on conventional armament, and I would like the gentleman to address that question.

How can we both reduce the threat of thermonuclear war in Europe and maintain the defense of Europe without spending more money?

Mr. DELLUMS. Mr. Chairman, first, let me give the gentleman two responses.

First of all, by increasing our conventional capability in Europe, all we do is escalate the level of the military budget because it is precisely in the area of personnel that extraordinary expenditures are taking place. So if we move from nuclear to conventional and escalate our numbers, we escalate the military budget, and in my estimation there is a disastrous impact on the budget deficits, particularly in the out years.

Second, when we look at the threat, the conventional threat between the United States and the Soviet Union on a scale from 1 to 10 it is somewhere between zero and 1, but if we engage in a confrontation with the Soviet Union, we must understand that there is no such thing at this point as a purely conventional force. All of our forces are nuclearly equipped, both in the United States and the Soviet Union. If we ever engage in conflict with the Soviet Union, within a relatively short period of time, we would be escalating from conventional to tactical, and within a matter of a couple or 3 weeks we would be in global strategic nuclear war engulfing the entire world in the insanity of thermonuclear war.

So I think we are kidding ourselves in talking about moving from nuclear to a conventional buildup, No. 1, as I said, because of the impact on the budget, and No. 2, it is an illusion. If we go to war with the Soviet Union, we are not talking about a protracted conventional land war; we are talking about escalation to a thermonuclear war which would result in megadeaths of human beings beyond our mental capacity to comprehend.

Mr. WEBER. Mr. Chairman, will the gentleman yield further?

Mr. DELLUMS. I yield to my colleague, the gentleman from Minnesota.

Mr. WEBER. Mr. Chairman, my second question has to do with the gentleman's comment about waste and fraud and abuse in the Pentagon's budget. Presumably most of us agree with that, and I have struggled as much as I can to try to identify some genuine military reforms that would not get caught up in this ideological debate that we have.

The CHAIRMAN. The time of the gentleman from California (Mr. DELLUMS) has expired once again.

Ms. FIEDLER. Mr. Chairman, I yield 1 additional minute to the gentleman from California (Mr. DELLUMS).

Mr. WEBER. Mr. Chairman, will the gentleman yield further?

Mr. DELLUMS. I am happy to yield to my colleague, the gentleman from Minnesota.

□ 1120

Mr. WEBER. Mr. Chairman, my question is, Has the Congressional Black Caucus identified in terms of an attack on waste, fraud, and abuse, some specific areas that would not get caught up in the ideological debates over military strategy, or can we genuinely reform the military budget and obtain some money that way?

Mr. DELLUMS. First of all, as the gentleman knows, we are going forward with this debate on how we handle this incredible scandal of spare parts. There are a number of us, both in the Congressional Black Caucus and out of the Black Caucus, who have offered very specific approaches as to how to get a handle on not paying $10,000 for a wrench that might cost $0.50; so that is No. 1, and that is not ideological. You can be a rightwing reactionary and still want to save American taxpayers from that kind of absurd expenditure.

No. 2, I think that we have to begin to look at our procurement procedures in terms of the amount of time that we use to purchase equipment; for example, the gentleman might be interested in knowing that one place where I agree with the Secretary of Defense, he pointed out that the way we cut the budget costs American taxpayers more money over the long haul because we never really stop a weapons system in this Congress. All we do is stretch out the buying. That eventually costs people an extraordinary amount of money. To condense that is to save people money.

I thank the gentleman for his courtesy.

Mr. DIXON. Mr. Chairman, I yield 30 seconds to the gentleman from Michigan (Mr. BONIOR).

Mr. BONIOR of Michigan. Mr. Chairman, I rise in support of the Dixon amendment. The amendment we have before us now more closely mirrors my values and I believe the values of the district that I represent.

I think if you were to present to the people of this country the numbers that have been laid out here in terms of the deficit, in terms of tax equity, in terms of domestic programs and in terms of needs to cut defense, and took away all the labels, conservative caucus, Black Caucus, or freeze, and had them pick, I think you would be very surprised at the number of people in this country that would identify

themselves and associate themselves with this particular program.

I would like to suggest to my colleagues that my constituents in 1972, voted 65 percent for George Wallace. I have maybe 1½ percent black population, but I think this resolution fits very closely with the needs of the people I represent. While I might not agree with all the revenue assumptions in the amendment, I believe they take a great step toward fiscal responsibility.

Mr. DIXON. Mr. Chairman, I yield 3 minutes to the gentleman from Michigan (Mr. CONYERS).

Mr. CONYERS. Mr. Chairman, I am very proud to take part in this debate today on the congressional Black Caucus fiscal year 1985 budget proposal. As a number of speakers already have indicated, the caucus budget is the only far-reaching reform proposal under consideration this year by the House. This fourth annual CBC alternative budget also happens to be the boldest new blueprint for the Nation that the caucus ever has proposed.

Yesterday I took the liberty of sending copies of the caucus budget proposal to the three Democratic Presidential candidates. I would have been remiss if I had failed to attempt to project the superb caucus blueprint into the national Presidential debate that is occurring. After all, there is no greater audience than the audience in a Presidental election year. The caucus budget should be reviewed by every thoughtful citizen. I might add, at this very moment, the caucus budget is under review by the candidates. Jesse Jackson already has expressed a keen interest in the priorities that the caucus budget raises.

Jobs and economic justice are at the core of my remarks this morning. More of my colleagues in the House have to speak to the unemployment crisis that millions of individuals are experiencing and that is ruining large areas of the Nation. Not many, except for the supporters of the caucus budget, are proposing solutions.

Yesterday I listened to the remarks of my distinguished colleague from New York (Mr. JACK KEMP) and I heard him extol the virtues of the administration's supply-side economic policy. I heard him say, "this is the strongest recovery in a noninflationary environment since the early 1960s." Then how does my colleague explain the fact that in Buffalo, N.Y., which he represents in Congress, the annualized average jobless rate during all of 1983 was 16.3 percent. The rate of Detroit, the city I represent, was 18.7 percent, one of the highest jobless rates in the Nation, and not much more than Buffalo's rate.

Supply-side economics—the policy of the Reagan administration—simply has not worked. Central to supply-side economics is the notion that tax cuts will encourage personal savings and increased investment. It has done neither. The rate of personal savings is lower today than it was a decade ago after the 1974-75 recession. Personal savings continue to decline. Business investment is no higher today than it was in 1980. Federal deficits have quadrupled in the past 3 years. According to a recent CBO study, a major cause of the deficit is the 1981 tax cut, in which the Government lost $4 for every dollar that it gained through domestic program cuts. It already is crystal clear that the supply-side program has favored the wealthy while penalizing the lower and middle income groups.

Nobody in the administration has dared to tackle the structural, long-term unemployment that has plagued minority groups and the young. Except for the Congressional Black Caucus budget proposal, none of the other seven budget proposals before us has any inkling of the threat to our society that unemployment poses. None has even the slightest idea of how to solve the hard-core unemployment problem.

The caucus budget proposal is the only one that boldly challenges existing Federal priorities—the enormous mismatch between programs and needs, between military spending, on the one hand, and human resources, on the other. The CBC alternative budget would cut military spending by $78.5 billion in budget authority next year alone. At the same time, it calls for a massive peacetime conversion employment program for workers who might lose their jobs as a result of reductions in weapon development. The defense budget in my mind is the single greatest obstacle in the Federal system that is blocking both economic revitalization and the fulfillment of human needs.

The caucus budget also is the only proposal that implements the principles of a nuclear freeze by halting the funds for the further development, testing and production of new nuclear warheads and delivery systems. Existing stockpiles would be maintained to give both superpowers the time to negotiate a mutual freeze.

The caucus budget fundamentally reverses the priorities of the Reagan administration by cutting military spending, restoring and expanding domestic programs, raising nearly $200 billion in additional revenues over 3 years as a result of far-reaching tax reform, and building over the same time major new educational, training and job development programs.

I am proud of the CBC budget proposal. In fact, it does the impossible, which alone should be reason for half of my colleagues to support it. Of all the budget proposals before the House, it goes furthest in trimming the Federal deficit in each of the next 3 years. At the same time this carefully crafted and fiscally sound plan really offers the only coherent reform alternative to the Reagan administration's inequities at home and belligerence abroad approach.

Mr. DIXON. Mr. Chairman, I yield 30 seconds to the gentlewoman from Ohio (Ms. OAKAR).

Ms. OAKAR. Mr. Chairman, I am rising to support the Black Caucus substitute, proposed by the distinguished gentleman from California (Mr. DIXON), and to register a strong protest against problems I see in the other budget proposals.

Mr. Chairman, the Black Caucus proposal is the only one that does not cut medicare spending. This budget is a welcome change from the budgets we have passed lately. Since 1981, we have slashed medicare by more than $13 billion. Of those cuts, almost $3 billion represented direct out-of-pocket costs for elderly and disabled beneficiaries. These people cannot afford any more cuts. For the one in seven senior citizens living in poverty, every dollar in higher medical costs means 1 less dollar for food or heat. The same holds true for older women—two-thirds of all senior citizens—whose average monthly income is only $390. We simply cannot, in good conscience, ask the elderly to strain their already limited income to pay more for medical care.

Of course, it is true that several of the budget proposals claim that their $4 billion medicare cuts will be achieved only through cost-containment measures and will not hurt beneficiaries. It is also true, however, that the Senate Finance Committee has called for over $9 billion in medicare cuts—cuts that will fall cruelly on beneficiaries. Knowing that, if the House starts with $4 billion in medicare cuts, we are placing seniors at risk. We cannot be sure what will happen in conference negotiations. Indeed, it is very possible that the House-Senate compromise will end up including at least some cuts that hurt the elderly. Mr. Chairman, senior citizens cannot survive another compromise. If we take anything more away from them, some poor people simply are not going to make it.

The budgets that propose medicare cuts raise another important issue. They intend to achieve medicare savings by imposing cost-containment rules on the program and its providers. While I agree with the principle of health cost containment, I do not think it is fair or effective to concentrate our efforts on medicare or medicaid, alone. When we do that, we are in danger of creating a two-tiered health system where those in the Federal programs have less access to and lower quality of care. If we want to control medical costs, we should instead work

for nationwide reforms, and not pick on the poor, the disabled, and the elderly—a small portion of all health consumers—who are the most vulnerable.

There is one final problem related to Federal health programs that I want to address, and that is the problem of cuts in medicaid. Thankfully, we have already defeated the budgets that propose medicaid cuts, and I hope this House will continue to defend this vital health program. Cuts in medicaid and other low-income programs since 1981 have been devastating for the poor. Because of these cuts, the number of poor children eligible for medicaid has dropped from 62 percent in 1981 to only 53 percent in 1982. In my own State of Ohio, we have already lost over $1 billion in Federal medicaid funds. We must not lose any more.

The Republicans have proposed reducing Federal medicaid payments to States by 3 percent—a reduction that will cost all States $1.2 billion and my State $37 million. Ohio is still struggling to recover from the Reagan recession. Although our economy is improving, we do not have the funds to replace the lost Federal dollars. If Congress makes more medicaid cuts, Ohio and other States are going to have to make some unpleasant choices about health care for the poor, the aged, and the disabled.

Mr. Chairman, I would also like to commend Mr. DIXON for those portions of his substitute resolution concerning Federal workers and annuitants.

I am pleased that the resolution does not seek to delay the next cost-of-living adjustment for civil service annuitants or reduce the adjustment by one-half for those under age 62. It is grossly unfair to further penalize our senior citizens by cutting back on their annuity benefits. In my opinion, the Civil Service Retirement System has suffered too many benefit reductions in the past few years; we need not add to the burdens that these people already face.

I am very concerned with a proposal in a number of the resolutions to only provide one-half the COLA to Federal retirees under age 62. I do not support placing age restrictions on COLA adjustments; however, if the deficit that our Nation now faces requires this type of action, which I cannot concede it does, then, at a minimum, the restriction should be temporary and not permanent.

I also commend the gentleman for providing Federal workers with a pay raise of 5.5 percent in October. As he knows, the Government is now losing many talented and dedicated employees to the private sector because of the tremendous disparity between their wages and those in private industry. Federal pay now lags more than 20 percent behind the private sector causing a severe hardship on many workers and their families. In my opinion, the absolute minimum pay raise that these employees should receive in October is 5.5 percent. While this will not fully compensate them, it will certainly be positively received and, hopefully, will encourage some very fine and experienced workers to remain with the Federal Government so that our Government can continue to benefit from their experience and expertise.

Mr. DIXON. Mr. Chairman, I yield 3 minutes to the gentleman from New York (Mr. OWENS).

Mr. OWENS. Mr. Chairman, at the outset, let me say that the only real alternative to the Reagan budget is the Congressional Black Caucus budget. This is the only budget which is not a clone or a surgical adjustment of the Reagan budget. It is the only budget which does not accept the assumption that what happened in 1981 was good and, therefore, we should only make adjustments to it.

This is the only budget that does not freeze and institutionalize the unfairness of the 1981 Reagan budget.

Reaganomics has failed. Nobody wants to admit it, but Reaganomics has failed. We have the twin disease of high unemployment at the same time we have astronomically high deficits. We have never had that kind of phenomenon before. It is like a patient having a fever and chills at the same time. It is a frightening and dangerous phenomenon and some steps should be taken to cure it.

The simple matter of providing more jobs in order to put money in the pockets of consumers who would then put money back into the economy, who would then pay higher payroll taxes; that simple remedy seems not to merit much discussion around here, but it is the remedy that we need.

The simple remedy, however, also of taxing corporations, making corporations pay a higher part of the tax burden—now they are down to 8 percent of the tax burden. If corporations paid more of the tax burden, you would have the money to finance some of the things that need to be done.

This Congressional Black Caucus has $8 billion for an increase in job training funds. It also has $3.5 billion in there for the Community Renewal Act, which has already been passed by the House of Representatives.

We add also $2 billion for youth employment. All these things are very badly needed. Youth unemployment is now in the black communities across the country hovering around 50 percent, 50 percent youth black unemployment. Something must be done.

The overall employment situation would be helped best by the Community Renewal Act, which has already been passed.

I think when all is said and done in this budget-making process, when all these alternatives are considered, the least the Democratic Party can do, the least the Democrats in the House can do is go to the public, go to the American people with a budget which includes in it a remedy for unemployment, a beginning. We cannot cure the whole economy, but we can recognize that there is a sickness, there is a special need out there. Large numbers of people are unemployed, 8 million, and we should address ourselves to that special need while other things are being done to adjust this economy. That special need can best be met by supporting the Community Renewal Act.

When all compromises are over, I think the least we should do is find the money. I think the money is there if we have a greater tax on corporations, a minimum corporation tax of some kind to pay for the $3.5 billion needed to fund the Community Renewal Act. Now, $3.5 billion is the cost of one aircraft carrier. That $3.5 billion when put in the Community Renewal Act would put 500,000 people to work.

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We should go to the public with a Democratic Party position which has no less than this $3.5 billion for the Community Renewal Act.

This Congressional Black Caucus budget should be strongly advocated by many more Members of the Congress than the 21 Members who happen to be black. It should be noted that there are more than 50 white Members of the Congress who represent a substantial black population. Among these are four districts in Alabama; three districts in Florida; five districts in Georgia; six districts in Louisiana; four districts in Mississippi; five districts in South Carolina; three districts in Texas; and five districts in Virginia. Special note must be given to the fact that the sponsor of the conservative budget, the gentleman from the Fourth District in Louisiana, represents a district which has a 31 percent black population.

It should also be noted that in more than 50 districts which do not have black Congressmen there is a substantial portion of the population which lives in poverty. This Congressional Black Caucus budget is a budget which advocates programs and expenditures for all poor people throughout America. It is also probably no surprise that where there is high poverty, an overwhelming percentage of those who are poor are also black. If the Congressmen in this House would begin to truly represent their constituencies there would be enough votes to pass the CBC budget.

Mr. DIXON. Mr. Chairman, I yield such time as he may consume to the gentleman from Texas (Mr. GONZALEZ).

Mr. GONZALEZ. Mr. Chairman, I rise in support of this approach. This very wonderful work being done here is the only realistic attempt to represent the greatest interest of the greatest number.

The Dixon substitute starts where all budgets should begin: With the consideration of how we can deal in a humane and realistic way with the most pressing and desperate of this country's social and economic problems. It starts with the idea of justice and decency. It starts with the idea that we can serve all the legitimate needs of this country, if we but spread the burden a little more fairly.

There is no question, for example, about the gross inequity of the tax system as it exists today. Nor is there any doubt that the Reagan tax bill of 1981 added grotesque new breaks for those already well off, even as it penalized those who earned ordinary incomes. The Dixon substitute would undo some of the more egregious injustices of that tax bill, would start us on the way to rebuilding the Federal Government's shattered tax base, and would at least make a beginning toward creating a fair sharing of the burden for providing this Nation's basic and inescapable needs.

Other substitutes offer shades and gradations that range from the ridiculous, which is the President's dead-on-arrival official budget, to the unconscionable, which is the minority substitute. In between those extremes lie choices that offer bits and shards of conscience and economic reality, and great chunks of political gamesmanship. But the Dixon substitute is the only one that makes a real stab at providing for the most urgent needs we have and establishing a beginning toward restoring sound economic growth and economic justice.

I have no illusions. I know that such a radical idea as decency and justice stands little chance in the big-money world of today's politics. But there are those of us who still stand on principles, and in principle, the Dixon language offers the best choice of all the alternatives we have been presented.

I have no illusion that anything we pass here today will be translated into meaningful policy. It was clear to me 2 years ago, and I said so at the time, that the Nation is caught in an economic policy gridlock. The President denies any responsibility for the deficit he has produced, refuses to recognize any need for any form of tax reform, no matter how gross the inequities are, or how obvious the economic and fiscal need is; denies even the analytical studies on his tax program done by the Congressional Budget Office that is, ironically, headed by one of his own party. And I might add that when it comes to budget data, only the Congressional Budget Office has any genuine credibility in any respectable place in Washington—its numbers are at least honest, insofar as budget numbers can ever be honest. He denies the economic forecasts of his own chief economic adviser. He denies any need to do anything, and when he at last is pushed by his own party into a deficit reduction package, produces another Stockman comedy of smoke and mirrors, garnished by yet another slash at the poor, the elderly, the young, and the ill. Meanwhile, the Congress cannot act. The Senate will not pass what the House recommends, because of partisan concerns; the House lacks the will to produce any meaningful distinction between its program and that of the administration; and neither possesses the integrity to override the President's intransigence. The result is gridlock.

That gridlock produces an unending picture of vast deficits, deficits that eat up two-thirds of all the domestic savings that this country can produce. It is a gridlock that keeps interest rates at an alltime high, in so-called real terms. It is a gridlock that places all the burden of economic stabilization on the feeble hands and minds of the Federal Reserve. It is a gridlock that places all the economic burden on the shoulders of the working people of this country, who continue to suffer from immense unemployment, who are unable to improve their earning power and who are unable to look forward to a better life. It is a gridlock that deepens and accelerates the boom and bust cycle of housing. It is a gridlock that continues to reduce the level of homeownership in this country. It is a gridlock that keeps bankruptcy on the rise, and that continues to weaken the competitive strength of every single basic American industry. It is a gridlock that continues to expand the number of poor people, and that deepens the wounds and sorrows of those who are already poor. It is a gridlock that inspires fear and concern and unease throughout the country, for every citizen high or low. It is a gridlock that freezes us into inaction when it comes to addressing the urgent needs of the homeless, of the hungry, of those who are about to lose their homes or farms, or who are facing the fears and terrors of major physical or mental health problems.

We have made the error of pretending—as I have said on many previous occasions—that there was some magic in the budget resolution. There is no way that any one of us, not even the most serious and studious member of the Budget Committee itself, could understand and grasp the implications of all the resolutions that are spread before us. There is no way that any Member of this House can even guess at what assumptions go into these various resolutions, with respect to specific programs that might interest or concern us. We are faced with an array of policy guesses, because we only know in a very general way the policy directions that these various resolutions include and assume. There is no way that we can, in the space of a few short hours, digest and understand the specific implications of these budget alternatives, all of which involve weeks and months of detailed study by experts of one stripe or another, all aided by huge amounts of computer time. We can only guess at what these various alternatives actually mean. There is no magic in that.

Neither is there any magic in the forecasts upon which all this fantastic exercise depends. We know that economic forecasts in the past few years have been vastly off base. We can only hope that the forecasts on which all these alternatives rely are more or less accurate, but we know for a fact that they can be thrown off immensely by elements far beyond our control—the flow of foreign investment, for instance. If that one factor changes, the whole interest rate situation will be radically altered—and with it the direction of the economy and any validity that the budget resolution might ever have had.

The budget process was developed at a time when it was assumed the economy would be operating in a stable way. That, of course, is not the case—not since the oil shocks, not since the advent of hyperinterest, not since the debt bomb. Yet we pretend that none of this economic revolution has taken place. We go right on with this process that assumes we know all, understand all, and can control all, and that further assumes changes in policy direction will be gentle, taken in a spirit of concensus, not subjected to howling, radical partisan pressures. The budget process assumes rationality, but the process is, and has been for the past 3 years, anything but rational, anything but reasonable.

The budget process is worst of all a process that denies us the ability to decide issues on their own merit. It allocates a certain amount for housing, and in so doing denies us the opportunity to even discuss housing policy on its own merit. Instead we must fit housing into a Procrustean bed—chopping off arms and legs, to fit the budget box, notwithstanding known needs and requirements, notwithstanding the merit of the program, and notwithstanding the needs that exist in the country, and notwithstanding established, reasonable, and rational goals. It is the same with every other program. No matter how great the need, the budget resolutions will assume only an arbitrary percentage

of growth, adjusted for inflation. There is no way that this leaves room for badly needed growth of programs that are absolutely essential and desired and supported by the people of this country. The process, in that sense, robs us of the ability to function as legislators—to make responsible decisions based on evidence and merit. It denies us the ability to examine questions except in terms of arbitrary allocations. This is not the context that even the President uses in developing his programmatic ideas. His budget office examines issue by issue, but the Congress does not. We deny ourselves that option, because the budget process does not permit it. We are handed large boxes of unknowns and told to choose between them. Insofar as being able to obtain just and decent legislation goes, this makes it impossible to act. It locks us into the momentum of the past year and the year before that, and the year before that. It is a process that strips Congress of its most basic, constitutional function, its most vital responsibility—the task of legislating basic policy, legislating on the basis of need and merit. It destroys Congress as an institution coequal with the Executive. And that is the greatest tragedy of all.

The budget process has not even guaranteed sound budgeting. Instead, by laying itself open to the blatant partisanship we saw in 1981, and which was developing even before that, it created a political blind auction. The budget problems have gotten worse since the imposition of the budget process—and the problems show absolutely no sign of improving. Why? Because we do not consider merit in this process, only shades of political interest. There is no sense of national interest in this or any past budget debate since 1981—only raw partisanship.

We are operating today in a budget process that has no economic validity, because the economic realities are fundamentally different from anything that the budget process authors ever imagined would happen. It is invalid because it cannot escape the poisoned wells of partisanship. It is legislatively invalid because it does not permit us to legislate in a sensible and responsible manner—that is, on the merits of given issues. It is invalid as a fiscal tool because it is not worked as a fiscal tool, owing to the political auctions that take place in the name of winning the budget game.

The Dixon substitute at least offers a sense of decency and hope. It at least speaks to principle. But I have no illusions: Whatever we do here today will not undo the policy gridlock, it will not restore any sense of direction to the country, and it will not alter the frustrations of these last 3 years. It will not, because the budget process is fatally flawed by the rule or ruin mentality that has pervaded it from the very beginning of its operation. We would do better to ignore the whole thing, and return ourselves to a world in which we actually take up each budget issue on its own merit. That proved to be a far sounder fiscal approach, a far saner political approach, and a far more rational and responsible legislative approach. It was better than the pseuedo-science that we see here in these various claims and counterclaims, the various so-called alternatives—hardly any of which can be distinguished from the election platform of this or that faction.

This whole exercise is a tragedy and an abomination. It might be partially salvaged by adoption of a principled statement like the Dixon substitute—but I fear that it will not. The process is too flawed, and it too fatally and thoroughly destroys the legislative function for the budget process to be anything but a ruinous, consuming political passion that speaks not to the needs of the Nation, but lays down the legislative birthright, body and soul to the name of a mindless process.

Mr. DIXON. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois (Mr. HAYES).

Mr. HAYES. Mr. Chairman, I rise in strong support of the Dixon budget alternative offered on behalf of the Congressional Black Caucus. While there are many positive aspects of the Dixon substitute which are noteworthy, I would like to draw particular attention to the employment and training function of the proposal.

We have all seen the disastrous results of the ill-conceived and misguided economic policies of the Reagan administration. My predecessor, and your former colleague, now the mayor of the city of Chicago, Harold Washington, stood on this very floor and warned that the Reagan economic policies would be disastrous. We know now that his prediction came true. Today we have over 8.8 million Americans out of work with very few prospects of returning to any full-time employment.

Some of the Members of this body who defend the Reagan policies prefer to say we have an unemployment rate of 7.8 percent and declining. I am not talking about percentages, I am talking about real flesh and blood human beings, 8.8 million of them, looking for a chance to make a decent wage and live the American dream. There are thousands more who have been out of work for so long that they are no longer counted in the unemployment statistics. They are considered "discouraged" and occupy a category all their own. In my district alone, the First Congressional District of Illinois, there are over 160,000 people out of work, many of whom have exhausted their unemployment benefits and have no one to turn to for help.

The Dixon substitute sets as a priority for fiscal year 1985, the creation of new job opportunities for the unemployed. The employment and training function of the substitute provides a total of $13.6 billion in budget authority and $12.2 billion in outlays for fiscal year 1985. The administration's fiscal year 1985 budget creates no additional jobs for those who desire to go back to work. This House passed a Job Training Partnership Act with the intent to put Americans back to work. While the administration proposal ignores this intent, the Dixon substitute fully funds those programs authorized by the Job Training Partnership Act.

In September 1983, this body also passed H.R. 1036, the Community Renewal Employment Act, to not only put Americans back to work but also to help rebuild their decaying communities. Unfortunately, more than 8.8 million people are still waiting for that legislation to be enacted so that some of them can go back to work. Their communities are not waiting, they are continuing to fall apart. The Dixon substitute addresses that need by providing $3.5 billion to fund programs under this act. This level of funding would provide for nearly 400,000 new jobs, while at the same time fill unmet needs in many communities around this Nation.

Our unemployment crisis has not only affected the adult population, it has had a very devastating effect on the youth of our Nation. According to the Bureau of Labor Statistics, the current overall rate of youth unemployment is 19.3 percent; 16.5 percent for white youth and an overwhelming 43.4 percent for black youth. The Dixon substitute recognizes that problem by providing $2 billion to fund a new youth training and employment program.

Mr. Chairman, putting people back to work is but one small highlight of the Dixon substitute. However, if the Members of this body are truly serious about economic recovery, about providing economic revitalization, serious about addressing the longstanding social and economic ills of our Nation, if they are serious about providing the commitment, determination and leadership which is necessary to put our country back on the road to prosperity, then I suggest to them that supporting the Dixon substitute is the action they should take.

Mr. DIXON. Mr. Chairman, I yield 1 minute to the gentleman from New York (Mr. OTTINGER).

Mr. OTTINGER. Mr. Chairman, I rise in strongest support of the Congressional Black Caucus budget.

It is one of my real regrets in retiring from this body that this is the last time I will have the opportunity as a Member to support the caucus fine work. Consistently the caucus has of-

fered to the House the most thorough, thoughtful and constructive budget alternatives. My congratulations to the caucus and its superb staff for giving us this opportunity.

Support the Congressional Black Caucus budget is particularly important this year because it is the only budget alternative presented which represents a real break with Reagan policies. All the other budgets accept the Reagan premise of gigantic military expenditures and drastic cuts in the domestic investments necessary to make our economy, our country and our security strong. All the other alternatives merely slow down the rate of growth in implementing Reagan's ultraconservative program.

Only the Congressional Black Caucus budget proposes cutting back on the irrational, wasteful, dangerous military buildup on which Reagan has embarked our country. The other budgets provide less than Reagan's requests in various degrees or, at best, a freeze at present levels—but present levels subsume acceptance of the staggering $1.4 trillion military buildup in which we are presently engaged; they thus continue the draining of resources from the areas of real need to assure a strong defense into weapons systems and militaristic postures that are so terribly dangerous, wasteful, and counterproductive. The caucus budget, in a careful and discriminating way, at last would start us on the course of reducing this horrendous military buildup and militaristic approach to the world.

Only the Congressional Black Caucus budget proposes the investments we need in job training and creation, infrastructure, transportation, health and education necessary to make our country strong and competitive. All the other budgets accept the Reagan premises of the need to cut back on vital domestic investments in various degrees. None of the other budgets addresses the question of how we can maintain a strong society or a strong defense without a healthy population equipped to meet the challenges of future technological development, with declining industries transferring daily to foreign shores, with fewer educated youngsters, fewer engineers, scientists and humanities graduates than Russia or our competitor allies graduate each year, with deteriorating cities, collapsing transportation systems and collosal waste of our human resources represented by massive unemployment.

None of the other budgets proposes significant restoration of our tax base. The $200 billion deficts we face consist of $135 billion per year of the tax erosion from the 1981 Reagan tax cuts as their most significant element—yet no other budget does more than scratch the surface of this travesty. The committee budget calls for tax restoration of a mere $17 billion per year. To significantly reduce deficts, it is essential to restore taxes on individuals and corporations that profit from our economy—and only the Congressional Black Caucus budget does this.

In sum, none of the other budgets represent real change from Reaganomics, yet it is clear to me that that is what the country needs—that is what we Democrats should be all about—stopping Reagan's ballooning militarism, restoring an adequate and equitable tax base, and making the investments domestically that are needed to assure a strong Nation. The Congressional Black Caucus budget uniquely does this, and does so in the most economically sound way, reducing the deficit more than any of the other budget alternatives, by a very substantial $324 billion over the next 3 years, almost twice the deficit reduction of the committee proposal.

I strongly urge all of my colleagues to support the Congressional Black Caucus budget alternative.

Ms. FIEDLER. Mr. Chairman, I yield 4 minutes to the gentleman from Minnesota (Mr. WEBER).

Mr. WEBER. Mr. Chairman, I rise in opposition to the Congressional Black Caucus budget. We have talked about a number of problems I have with it but I would like to take a couple of minutes to address the specific problem that exists in that budget that would affect my district where I think even most members of the Congressional Black Caucus should understand that they really are on the wrong side of the issue.

I am talking about the proposal to roll back the estate tax exemptions to the 1981 and pre-1981 levels. I come from a district in Minnesota that has the lowest median income of any congressional district in Minnesota where we have over 21,000 farmers in my district.

I will tell you, rolling back the estate tax laws to that time does not impact on the Rockefellers of the world and the Du Ponts and the Fords. It impacts on the small farmers and small businessmen in my congressional district and other congressional districts in Iowa, South Dakota, and North Dakota.

The problem is not that these are excessively wealthy people who are simply avoiding taxation because of some loophole they got in the tax bill in 1981. The problem is between 1965 and roughly 1980 the value of the land of the people in my congressional district in some cases tripled or even quadrupled.

So if you take a farm of 320 acres, which may sound like a lot of land to somebody in the city but it is not an exceptionally large farm in my district, that 320-acre farm maybe was valued at $500 an acre in 1965 and was worth about $160,000, so when the farmer died he did not have any big estate tax problems.

Now that farm is probably worth conservatively $1,500 an acre because of land inflation and so that estate is worth, just land now, $480,000. The estate tax exemption was raised and is being raised to protect that family farm.

The problem is what happens if you impose a stiff estate tax penalty on the small business or the small farmer, you do not break up that farm or estate or make it available to smaller farmers. The heir, in most cases the widow, is forced to sell the farm not to a smaller farmer but to a bigger farmer. And the same thing happens in the case of small business people.

So by rolling back that reform that we enacted in the estate tax law, at least in the area of agriculture and small business, which is the backbone of my congressional district, you are achieving precisely the opposite of what I understand to be the intent, the philosophical direction of the Congressional Black Caucus budget.

You will be harming small business people, you will be harming small farmers, and you will be encouraging further concentrations of wealth in agriculture and small business by forcing those marginal people to sell out to bigger operators, which I do not think is the intent of the Congressional Black Caucus.

Mr. GRAY. Mr. Chairman, will the gentleman yield?

Mr. WEBER. I will be glad to yield to my colleague.

Mr. GRAY. Certainly you have mentioned a major concern that farmers are facing, particularly the smaller farmers across this Nation.

But I am just wondering whether or not the particular issue you are mentioning, the estate tax, has any relevance to the tremendous number of small farmers who have been forced into bankruptcy in the last 2 or 3 years. Could the gentleman comment? They have gotten that tax break, but yet we have seen a record number of small farmers going into bankruptcy.

Would it not seem that reducing these huge deficits and ensuring a prolonged recovery speaks more to insuring the economic growth and development of small farming than this particular issue of the estate tax?

Mr. WEBER. The gentleman raises a good point, and I would just respond by saying first of all I agree entirely with the gentleman. The biggest problem facing the small businesses and small farmers and probably the economy as a whole is interest rates. The interest rates that my farmers are paying today, and some of them borrowed as high as 24 or 25 percent for short-term operating money a couple of years ago, and they are still paying

back some of those loans, that is the biggest problem, no question.

I might disagree with the gentleman on the exact cause of that problem. I happen to think we should look at our whole monetary structure and the way the Federal Reserve Board acts, and not simply focus on the deficit. But then if we solve that problem, before we had these high interest rates for almost 15 years, the major emphasis of virtually every farm organization from the Farmers Union and NFO on one side of the political spectrum to the Farm Bureau and the Cattlemen's Association on the other side, was to reform that estate tax law.

By rolling that back, granted we are not solving the problem just by solving the estate tax problem, and we still have this basic problem of our country's monetary structure, but the estate tax was a problem and will be a problem if we go back the way the Congressional Black Caucus wants us to.

□ 1140

Mr. DIXON. Mr. Chairman, I yield 2 minutes to the distinguished gentlewoman from Illinois (Mrs. COLLINS).

Mrs. COLLINS. Mr. Chairman, as a coauthor and consistent champion of the Congressional Black Caucus (CBC) alternative budget, I rise to express my strong support of this measure. As in previous years, the CBC alternative budget embodies greater compassion for the needs of the disadvantaged and demonstrates fiscal responsibility without increasing unemployment or the deficit.

Given my chairmanship of the Subcommittee on Government Activities and Transportation, I would like to direct my comments to a vital component of this budget alternative—transportation.

A strong federally supported national network of multimodal and intermodal transportation has been an essential factor in the economic growth of this Nation and the establishment of its national defense. The CBC fully supports continuation of this Federal role.

In addition, the Federal role of rebuilding and maintaining our national transportatioin infrastructure will mean jobs, jobs and more jobs. Building highways, airports and harbors and modernizing those we already have will create jobs. Building subways, freeways, and harbor facilities will create jobs. Completed mass transit projects, budgets, and computerized air control systems will guarantee that our hard working citizens find work, travel to work, and complete their work.

The CBC budget takes a careful look at the authorization levels established in the Surface Transportation Assistance Act of 1982. This budget will fully fund transportation infrastructure programs and in the case of mass transit, go further.

The President's request did not completely eliminate fiscal year 1985 funding for mass transit operating assistance. However, it did propose funding at $545.5 million, or $322 million below the full authorization level.

The CBC, just as the Congress has in the past, rejects any phaseout or elimination of operating assistance. Our budget alternative would provide fiscal year 1985 funding consistent with the CBO current policy level of funding. Additionally, in fiscal year 1985 the CBC budget includes $559 million above baseline for discretionary capital projects as recommended by the Committee on Public Works and Transportation.

The implications for large metropolitan areas like Chicago, my own city, are enormous. First, by preserving the operating support levels and avoiding the Reagan proposed cuts, Chicago will receive nearly $22 million in additional operating support dollars. This will mean fare stability for CTA and RTA riders. Safety and service levels can be maintained.

In addition, based on Chicago's traditional share of discretionary capital funds, Chicago area public transit will receive nearly $6 million in additional funds to purchase new buses and trains and to modernize its stations and terminals. I am very proud of this result.

My own Government Operations Subcommittee on Government Activities and Transportation has held two, in a series of hearings on the mass transit picture in this country.

We have found that a reliable and steady flow of support from Washington is essential if the enormous investment in older urban systems is to be preserved and if newer systems are to adapt to the large population growth occurring in many in our younger cities. In addition, we have found that fare stability which can only occur through a combination of factors including Federal support, is essential if mass transit systems are to remain viable alternatives to the metropolitan rush hour atherosclerosis which clogs our urban arteries with cars and our atmosphere with pollutants.

A high percentage of low- and middle-income constituents depend upon public transportation to find and perform their jobs. A high percentage of our young and elderly depend upon it equally to get their education, attend their churches, do their shopping, obtain their medical care and visit their families and friends.

All other activities within this function are funded at CBA baseline levels for fiscal year 1985.

A comparison of this CBC alternative reveals that this budget provides the fullest funding level of all alternatives at a modest $50 million in excess of the Budget Committee baseline.

One final point, Mr. Chairman, no new legislation in the last 3 years has been more important to minority businessmen than section 105(f) of the Surface Transportation Assistance Act of 1982. This provision established that 10 percent of all highway and mass transit programs funded federally must be spent with firms owned by minority and disadvantaged Americans.

No program at DOT has received more of my attention as chairwoman of the Subcommittee on Government Activities and Transportation. This will continue.

I believe the CBC budget alternative strengthens that program because 10 percent of every dollar of continued and supplemented funding will be used in contracts in which minority firms get involved in highway and transit work. This will mean new jobs and prosperity for minorities who have historically been excluded from the program. In my own city of Chicago this will mean millions of dollars for minorities and minority firms. The same is true throughout the country.

I urge all of my colleagues to give full consideration to the CBC budget alternative which is frugal, humane, and the most responsive of all alternatives to the transportation needs of our Nation.

Mr. DIXON. Mr. Chairman, I yield 1 minute to the gentleman from Georgia (Mr. FOWLER).

Mr. FOWLER. Mr. Chairman, there is a wonderful scene in the play "My Fair Lady" where Henry Higgins, that old schoolmaster, is trying to teach Eliza Doolittle some manners.

He has tried everything. Finally, he gives up in frustration, throws down his books, calls her aside and says:

> The great secret in life, Dear Eliza, is really not whether you have good manners toward all people. In short, to act like you are already in heaven where there are no second class carriages and one soul is as good as another.

My friends, we have heard a lot of talk today about the different budget alternatives. But I can tell you this: The alternative on the floor today that we now debate is the best attempt to restore to this country the uniquely American notion of the same manner toward all people.

It is an intensely patriotic budget. It is a republican budget with a small "r". Due to the elitism of the administration's policies, where we have given the most to those who already have the most and taken the most from those who have the least, we must reestablish our Nation's balance. This alternative restores the same manner of policy to all Americans. It is the best hope for the development of our re-

sources and the protection of our defense and it should be supported.

Mr. DIXON. Mr. Chairman, I yield 2 minutes to the gentleman from Texas (Mr. LELAND).

Mr. LELAND. Mr. Chairman, I rise in support of the Dixon constructive alternative budget. The constructive alternative budget remedies the unfairness of the President's economic policies and restores a sense of balance to the Federal budget. This budget would begin to make whole those in our society who have been most punished by President Reagan's Economic policies: The poor, the elderly, the handicapped, and female-headed households. The CBC budget calls for the greatest reduction in the insane deficits run up by the Reagan administration; deficits that threaten to cripple any sustained economic recovery by this Nation, and amount to a mortgaging of our children's future.

The energy and environmental sections of the budget reflect its balance. The Congressional Black Caucus budget alternative focuses more of the Department of Energy's efforts on energy conservation, development of alternative and renewable sources, and collection and dissemination of information. The Congressional Black Caucus budget reduces the Department of Energy's overblown nuclear programs and redistributes these savings to other vital programs.

This budget remedies the administration's current lopsided allocation of funds in favor of nuclear fission and fusion and away from conservation, fossil fuel, and renewable energy resources. The CBC budget steers funds back to energy efficiency and renewable resources and restores balance to our national energy policy. Conservation and solar energy programs which have been stripped by the administration's policies would be restored, and funding for these programs would be increased.

The CBC budget also would insure funding for the low-income weatherization program and the schools and hospital weatherization program. The administration has jeopardized the continued funding of these essential programs by proposing to fund them from oil overcharge funds currently held in trust by the Federal Government for restitution to overcharge customers. Because Congress has not authorized the use of existing overcharge funds as a substitute for regular appropriations, the CBC budget would continue to fund weatherization programs out of general revenues.

In the environmental arena, the CBC budget would continue funding for the urban parks and recreation program and the Youth Conservation Corps, two essential programs the administration would abolish. The CBC budget also calls for increased funding for the Environmental Protection Agency's pollution control and abatement program.

The budget also recognizes that when scarce public resources are used for private purposes, the American public should be reimbursed. Therefore, it calls for user fees for ports and waterways; increased fees for grazing on public lands; increased ocean dumping fees; and the establishment of a minimum royalty for public lands mineral production. After years of neglect of environmental concerns by this administration, the CBC budget would reassert this Nation's commitment to the management and maintenance of our natural resources.

Mr. Chairman, I believe the Congressional Black Caucus' constructive alternative budget is the most balanced and the fairest budget we will consider this year. I urge my colleagues to support this budget.

Mr. DIXON. Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. COYNE).

Mr. COYNE. Mr. Chairman, I rise in support of the Dixon substitute budget.

Mr. Chairman, I rise in strong support of the Congressional Black Caucus alternative budget.

This measure would reduce the Federal deficit by $323 billion over 3 years by taking the steps we need to take if we are to bring the deficit under control.

Congress must assert its power of the pursestring if we are to avert still higher budget deficits offered by this administration. The administration proposes greater cuts in domestic programs while increasing spending for the military and would, after 3 years, reduce the budget deficit by $149 billion. The Budget Committee's proposal, which I also intend to support, would reduce the deficit by $182.35 billion over the same period of time while reducing military spending and preserving domestic programs. The caucus alternative, while reducing the deficit by $323 billion, would also have the effect of reordering our national priorities.

The arguments by the administration and its defenders on the current budget deficit are especially difficult to comprehend. They wring their hands and point fingers as if the $192 billion deficit we face next year were not a problem of their own making.

But wait a moment. Who is in charge here? The budget deficit for the last year in the Carter administration could have been nearly eliminated by the cuts in social spending brought about by the Gramm-Latta budget reconciliation bill in 1981, if that was indeed the intent of the administration.

From where, then, did the budget deficit of nearly $200 billion come? The deficit did not develop, to any great measure, because we feed too many children in school lunch programs.

It did not come because we attempt to provide shelter for the poorest of the poor.

The deficit did not grow because we committed ourselves as a Nation to the education of our young people, the care of our elderly, or to the assistance of our handicapped.

The mammoth deficit, as should be apparent to all but those who choose not to see, is the direct result of a shift in the Federal axis since this administration took office. Preserving tax breaks for the well-to-do, thus restricting the amount of operating revenue available, has not caused the administration to reconsider its plans to spend $1.5 trillion on the military over a 5-year period. To finance the military buildup, the administration has resorted to deficit spending on a sustained basis, a sort of khaki Keynesianism that channels capital from areas of production to areas of destruction.

There are alternatives. We can trim domestic programs which need to be trimmed. We must, in the process, keep in mind recent history. The wide swinging ax of the Office of Management and Budget has swung for 3 years, leaving little to cut in social programs without reaching to the bone.

The massive increase in military spending affords us a much greater prospect of putting our fiscal house in order. Here is where the big reductions should come.

We can also begin to plug tax loopholes, stemming the flow of dollars away from the Treasury, thereby reducing the amount of red ink in the budget.

At this point, I would like to share with my colleagues an alternative approach to the Federal budget prepared by the Congressional Budget Office. They are not all contained in the Black Caucus alternative, nor is it likely that all of these options, provided by the Congressional Budget Office, could be adopted by this Congress anytime in the near future. They would cut the budget where it needs to be cut, mainly in the military. At the same time, they would begin to provide significant tax revenue to run the Government. With these options, the Federal deficit could be lowered not by $200 billion over the next 5 years, as suggested by a recent Business Week article, but by more than $500 billion over the same period. The economic times we live in demand that we consider bold alternatives such as these if we are to do more than chip away at the Federal deficit.

The following figures are based on savings and increased revenue for the 5-year period beginning in fiscal 1985. Savings and revenue projections are

provided by the Congressional Budget Office.

BUDGET REDUCTIONS: NONMILITARY

Increase charges for the private use of the space shuttle—Savings: $1.6 billion.

Charge more realistic prices for Federal irrigation water—Savings: $330 million.

End the wool and Mohair payment program—Savings: $580 million.

Terminate the honey price support system—Savings: $160 million.

Revise the Agricultural Commodity price support policy—Savings: $40.95 billion.

Overhaul the Federal airport assistance program—Savings: $2.1 billion.

Index the unemployment insurance taxable wage base—Savings: $9.45 billion.

Require withholding of child support payments from wages—Savings: $145 million.

Improve timber sales cash management—Savings: $425 million.

BUDGET REDUCTIONS: MILITARY

Reduce procurement of the F-15 fighter—Savings: $8.7 billion.

Limit production of the M-2 Bradley Fighting Vehicle—Savings: $2 billion.

Reduce construction of new submarines and amphibious landing ships while extending the life of existing ships—Savings: $6.5 billion.

Limit real growth in Defense Department supporting procurement—Savings: $18.1 billion.

Alter the airlift expansion program, cancel C-17—Savings: $7.8 billion.

Require a modest outpatient fee at military medical facilities—Savings: $845 million.

Cancel the Low Altitude Navigation and Targeting Infrared System for Night program (LANTIRN)—Savings: $2.8 billion.

Slow growth in Defense Department operations and maintenance—Savings: $15.7 billion.

Suspend production of the F-14 fighter/interceptor, while proceeding with upgrade—Savings: $3.8 billion.

Reduce the pace of tactical Air Force increases—Savings: $2.1 billion.

Reduce the number of active duty Navy personnel assigned to shore duty—Savings: $1 billion.

Stop production of the A-6 bomber—Savings: $250 million.

Cancel the division air defense gun—Savings: $1.9 billion.

Defer development of the DDG-51 battleship while speeding up procurement of CG-47 class ships—Savings: $6.2 billion.

Revise cost of living allowances for working age military retirees—Savings: $21.7 billion.

Restore enlisted/officer ratios—Savings: $2.7 billion.

Limit real growth increases in Defense Department research and development—Savings: $14.1 billion.

Cancel the MX missile—Savings: $34 billion.

Halt production of the B-1 bomber—Savings: $14.3 billion.

Recover military medical care costs from private health insurers—Savings: $1.405 billion.

REVENUE INCREASES

Do away with the oil depletion allowance and expensing of intangible drilling costs—Added revenue: $29 billion.

Eliminate capital gains treatment for timber—Added revenue: $3.4 billion.

End the deduction for excess bad debt reverses by commercial banks and savings and loans—Added revenue: $4.5 billion.

Restrict tax-motivated leasing by nonprofit institutions—Added revenue: $16 billion.

Repeal the net interest exclusion—Added revenue: $14.0 billion.

Repeal reduced rates on the first $100,000 of corporate income—Added revenue: $42 billion.

Require full basis adjustment for the investment tax credit—Added revenue: $14.3 billion.

Extend coverage of withholding tax to royalties—Added revenue: $3.9 billion.

Freeze estate and gift credit tax rates—Added revenue: $8.2 billion.

Lengthen building depreciation from 15 to 20 years—Added revenue: $12.6 billion.

Update income averaging—Added revenue: $6.5 billion.

Improve taxpayer compliance—Added revenue: $16.9 billion.

Speed settlement of tax court cases—Added revenue: $400 million.

Retain taxes on cigarettes and air travel—Added revenue: $12.5 billion.

Restrict indexation to inflation Over 3 percent—Added revenue: $101.25 billion.

Impose a 10 percent corporate income tax surtax—Added revenue: $38 billion.

Limit to 50 percent of the amount spent the tax deduction for business entertainment and meals—Added revenue: $5.2 billion.

Accelerate payments of withheld social security taxes by State and local governments—Added revenue: $1 billion.

Accelerate collections of customs duties, alcohol and tobacco taxes—Added revenue: $1.2 billion.

Reducing the Federal budget deficit is not the impossible task which some would have us believe. But to do so, we cannot, as the administration suggests, leave military spending and tax loopholes nearly untouched. We must be willing to look at the big picture and be ready to make decisions that will affect spending and revenues in a major way. For this reason, I oppose the administration budget initiative. It would reduce the deficit by only $149 billion over 3 years while imposing further cuts in social spending and increasing military spending.

The Black Caucus alternative stands in stark contrast to this approach. It saves money by eliminating unneeded military weapons systems. It would plug tax loopholes so that corporations pay their fair share in taxes. In addition, it would limit the final installment of the Kemp/Roth tax cut to the first $50,000 of a person's income. It would, however, do more than simply eliminate programs in order to reduce the deficit. It would embark on an effort to put Americans back to work. Included in the caucus alternative is $3.5 billion for the Community Renewal Employment Act, a measure which would employ thousands in repairing public facilities and making community improvements.

The budget resolution recommended by the Budget Committee would cut more in defense spending and less in entitlement and domestic discretionary programs than would the administration plan.

In the areas of defense, the committee budget provides an increase above inflation adjusted levels of $63.2 billion in budget authority and $44.8 billion in outlays over the next 3 years, $55.6 billion less than the administration proposal.

While the administration would reduce entitlements by $30 billion over 3 years, the committee proposal would decrease non-means-tested programs by $12.4 billion, while adding $2.2 billion to means-tested programs, for an overall reduction of $10.2 billion. Social security and other means-tested programs would be exempt from cuts.

Discretionary domestic spending would be limited to 3.5 percent above current levels, less than the rate of inflation. Where the administration would cut $10.4 billion in this area, the committee's proposal would mean domestic discretionary spending would be reduced by $4.6 billion.

The proposal also provides for $49.8 billion in new revenue over 3 years, $4.8 billion more than anticipated in the administration proposal.

As it stands, the committee budget resolution does not provide for increases in revenue above current law. A pay-as-you-go amendment would allow a revenue increase of $49.8 billion over 3 years to allow certain defense spending above the rate of inflation and for increases in some low-income programs, including nutrition, training, handicapped and compensatory education programs.

Mr. Chairman, if we are to right our fiscal course, this House must take appropriate budgetary action. The committee's proposal is superior to the budget put forth by the administration because it protects social programs while calling for less of an increase in military spending. But it does propose 3.5 percent real growth in military spending, under the pay-as-you-go approach. Of the $49.8 billion in additional revenue projected under pay-as-you-go, $44.8 billion will go to military, with only $5 billion left for all other purposes. For those of us who argued last year that the military budget was too large, a call for an increase in military spending above inflation is more than a little disturbing.

Mr. Chairman, I intend to support the resolution offered by the Budget Committee because it is far superior to that put forth by the administration. The Black Caucus alternative, however, addresses the critical problem of military spending far more squarely and for that reason, in addition to the reasons I have already stated, it shall receive my vote.

Restoring fairness to our tax system, reducing military spending, and directing a Federal effort to put people back to work should be the core of any budget resolution this House approves. The inequity of the Gramm-Latta-

Reagan approach, which suggests that the road to recovery lies in rewarding the wealthy while punishing the poor, should be clear to us by now. A recently released Congressional Budget Office Study indicates just how fair the Gramm/Latta/Reagan approach to Government actually is. As a result of budget and tax actions taken by this Congress since 1981, families with incomes of less than $10,000 a year have lost, on average, $390 a year. Those with incomes of $40,000 to $80,000 have gained, on average, $2,900 a year. As we go up the income ladder, the benefits really begin to roll in. Families with incomes of $80,000 or greater have gained, on average, $8,720 a year.

At this point, I would like to include in the RECORD a chart which indicates just how the budget and tax decisions made since 1981 have affected families:

TAX AND BUDGET CUTS: THE IMPACT ON HOUSEHOLD INCOMES

[Projections for the 1984 calendar year, numbers have been rounded]

	All households	$10,000 or less	$10,000 to $20,000	$20,000 to $40,000	$40,000 to $80,000	$80,000 or more
Gain from tax cuts	$1,090	$20	$330	$1,200	$3,080	$8,390
Loss in cash benefits	−170	−250	−210	−130	−90	−90
Loss in noncash benefits [1]	−100	−160	−90	−60	−80	−40
Net gain or loss	820	−390	30	1,010	2,900	8,270

[1] Include food stamps, medicaid, medicare and housing subsidies.

Source: Congressional Budget Office.

We cannot continue to squeeze those who have too little to make life easier for those who are already comfortable. I urge my colleagues to vote yes on the Congressional Black Caucus alternative budget, an initiative which would restore sanity to our spending priorities and fairness to our tax system.

Mr. DIXON. Mr. Chairman, I yield 1 minute to the gentleman from Massachusetts, Mr. FRANK.

Mr. FRANK. Mr. Chairman, I want to express my gratitude to our colleagues in the Black Caucus for the detailed and thoughtful work that has resulted in their bringing forward a budget that Members can vote for with a great deal of pride and a great deal of assurance.

No one in voting for a budget resolution has to agree to every detail of the vast document that any budget reflects and there is always room for subsequent change.

But better than anything I have seen, the Black Caucus has reached the kind of balance that we need if we are to restore the national policy of this country to the place where it ought to be.

They have shown we can have a strong defense and still have fiscal restraint; they have shown we can have compassion and still have a concern for the budget deficit.

This budget does more to reduce the deficit and does more to reduce the social deficit we have incurred. We not only have a fiscal deficit in terms of how much we owe at the Federal level; we have now created in this country in recent years a growing social deficit in which the poorest, the neediest, the most vulnerable have been deprived systematically to fund excessive military spending; to fund tax breaks that simply reward the wealthy without producing any concomitant economic benefit to the country.

This is a budget that puts America where it ought to be and I hope Members will vote for it.

Mr. DIXON. Mr. Chairman, may I inquire of the Chair how much time I have left?

The CHAIRMAN. The gentleman from California (Mr. DIXON) has 21 minutes remaining and the gentlewoman from California (Ms. FIEDLER) has 31 minutes remaining.

Mr. DIXON. Mr. Chairman, I yield 1 minute to the distinguished gentlewoman from New York (Ms. FERRARO).

Ms. FERRARO. Mr. Chairman, I thank the gentleman for yielding and I rise in support of the Dixon substitute. it is the only budget we will vote on in the budget process that makes a serious effort to ease the suffering that has been inflicted on millions of poor Americans, especially women, children, and the elderly.

It recognizes the reality that the current economic recovery has not reached millions of Americans who live in depressed areas. The number of Americans labeled "structurally unemployed," which means they have no job, no job skills, and no hope of becoming contributing partners in this economy, stands at 9 million, more than there were before the Reagan administration took office.

This budget holds out a helping hand to those Americans who need it most. It is a statement of principle, a commitment to opportunity.

I must say, however, that I do not support every provision of this package. I am disturbed by the tax increases it proposes—they are too high. But today's vote is not the end of this process. If this budget is passed, it will go to a conference with the Senate budget. I fully expect that most of the tax increase would be dropped at that time.

Similarly, with respect to the defense spending proposals in this budget, I feel it goes too far in slowing the growth of Pentagon spending. Certainly the Reagan defense buildup has gone far beyond what is necessary for national defense or affordable to our national economy. But this budget swings the pendulum back too far, especially in 1986 and 1987.

Again, though, should this budget pass, it will be compromised with a Senate budget that increases defense spending by 7.5 percent above inflation. That compromise would produce a defense increase of around 3 or 4 percent above inflation, which is certainly acceptable and prudent.

No budget is perfect, and this one is no exception.

But what it does that is most important is make a statement about priorities. It restores moneys domestic programs that have been severely cut by this administration and deals with education problems that have not been addressed over the last several years. It funds jobs programs and city infrastructure programs. It seems to me that this budget defines the direction we as a nation should be going.

□ 1150

We have to recognize the fact that the Federal Government has a function beside collecting taxes and delivering mail and that is to take care of the needs of the people of this country.

Ms. FIEDLER. Mr. Chairman, I yield 9 minutes to the gentleman from Ohio (Mr. KASICH).

Mr. KASICH. Mr. Chairman, let me point a couple of things out that are disturbing about the proposal. I think the gentlewoman from New York just touched on a very important factor and that is that the new revenues called for under this proposal amount to $182.6 billion over the next 3 years. Those new revenues of $182.6 billion over the next 3 years compare to other budget proposals that will be coming before the House, for example, of $76.2 billion under the Democratic Study Committee, $47.2 billion under the MacKay-Nelson proposal, and $49.8 billion under the House Budget Committee proposal. So we are talking an average of somewhere around $50 billion in new revenue in all the budget proposals as compared to $182 billion in the budget proposal that is now before the House.

What is particularly disturbing is if you assume that this is a practical document, you come about with a very serious problem. When you take a look at the proposals that are made in the defense budget, they include the elimination of the MX, the Trident, the Pershing, the cruise, the B-1, a reduction in the number of troops. The House has consistently rejected that kind of program. And while the Black Caucus may suggest that the military spending ought to be reduced below the House Budget Committee proposal or the Republican Budget Committee proposal, it is very unlikely that that will actually happen.

So, we are literally talking about the Federal Government increasing its spending as well as increasing the per-

centage of GNP that Government is taking.

Now, let me tell the Members why I think this is important. It really follows the line of the gentleman from New York. Over the period of the last 10 years, some countries within the European Community have absorbed as much as 50 percent of their GNP when local, State, and Federal spending are put together.

Understand what I just said. When you take local, State, and Federal spending, GNP is absorbed by about 50 percent.

Over that same 10-year period in those countries there have been no new jobs created, zero. Zero economic growth because the percentage of government spending, or the percentage of wealth produced by people as absorbed by the government, has destroyed the ability to create jobs.

In this country, we have traditionally lived within less than one-third of GNP being absorbed by Government. And over the period of the last 10 years we have created 20 million new jobs. If we want to create a growth economy, one that will allow job creation, we cannot make the same mistake that those in the European Community have made. Remember, those who are disadvantaged or least skilled are the last hired and the first ones laid off. They will be the ones hurt the most. We absolutely must put ourselves in the position of having a growth economy. If we repeat the European Community's mistakes, we will also experience the same problems—zero economic growth and zero opportunity.

What we must do is keep a handle on the growth in GNP absorption by Government, for that is what will control the creation of opportunity for our people, and what very well may deny them employment if not kept in check.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. KASICH. I yield to the gentleman from New York.

Mr. KEMP. I thank the gentleman for yielding.

Well, there is a legitimate concern that is expressed very eloquently in the CBC budget which is that the recovery is not being extended into the areas of the Nation that are in desperate shape economically and need assistance.

A recovery that affects the Nation is one thing, but a recovery that leaves behind the cities or urban areas or one population or another is not a true recovery. That is a point that I tried to make earlier in my remarks.

I wanted to say to my friends who are still listening, that what I was trying to get at is we need to do more in the inner city. We need to do more for unemployment among teenagers and minorities and Hispanics, blacks and women, those who are left outside of the general recovery that we are seeing.

My question, I guess, to the gentleman from California, other than the Community Renewal Employment Act, which is $3.5 billion and $2 billion for the youth incentive employment program, why did not the Congressional Black Caucus, I would say to my friend from California, what happened to the idea that has been supported by liberals and conservatives and black and white, Hispanic, BILL GRAY from Philadelphia, and BOBBY GARCIA from the South Bronx, where is the urban enterprise zone? Not President Reagan's, or JACK KEMP's or BILL GRAY's or BOB GARCIA's, but where is the concept of targeting tax incentives compensatorily fashioned to create entrepreneurship in the inner city?

Mr. DIXON. Mr. Chairman, will the gentleman yield?

Mr. KASICH. I yield to the gentleman from California.

Mr. DIXON. I thank the gentleman for yielding.

The Congressional Black Caucus budget does have an earned income tax concept that provides incentives for employers to hire those in minority communities where unemployment has been traditionally high. It does not have the urban enterprise concept.

There is more than one way, as we say, to skin a cat. The gentleman has ticked off three or four. The Hawkins bill. Certainly the tax credit for corporations. Those will go a long way in relieving the unemployment problem.

Mr. DELLUMS. Mr. Chairman, will the gentleman yield?

Mr. KASICH. I yield to the gentleman from California.

Mr. DELLUMS. I thank the gentleman for yielding.

The gentleman from California is always willing to listen to the argument on the other side. I tried to listen to my colleague's argument, and in doing so I have concluded that my colleague's argument is flawed.

First of all, the gentleman suggests that if you increase Government spending, you increase the percentage of GNP, reducing the capacity to generate jobs. And the gentleman started arguing with respect to the military budget.

And it is precisely in that area that we are talking about reducing. If you argue to increase the military budget, I would suggest you are increasing the Government function, you are increasing the percentage of GNP, and from the gentleman's own argument, decreasing on an increased basis the capacity to generate jobs.

So the gentleman is arguing against his own point.

Mr. KASICH. What I am saying to the gentleman from California, I think he is very aware of this, is that the House has consistently voted to continue many of these projects. I think we will continue to vote that way, which means that you are going to have higher and higher levels of spending because added to your social spending list, you are going to have some increases in the defense area, which means the percentage of GNP absorbed by Government will rise higher and higher.

The point I am trying to make is within the European Community, as governments within the European Community have moved to absorb more and more and more of what their people have produced in the private sector, no new jobs have been created.

They have a stagnant economy over there which means that those at the top or rich get richer, while the middle class and the poor get poorer.

□ 1200

I think what we need to do in this country is create a growth economy. And there is a direct link between the percentage of GNP absorbed by Government and job-creating capability. As I said, in this country, with less than one-third of GNP going to Government, we have created in the last 10 years 20 million new jobs. That is what I think we are all about here, is job creation, job opportunity, similar to the arguments I think that John Kennedy used to make, that what we need is a rising tide that lifts all boats. I think we want to get on the right side of GNP as far as a job-creating environment and job-creating formula is concerned, which means a limit on what the Government ought to absorb from what we produce as private-sector individuals.

Mr. DELLUMS. Mr. Chairman, will the gentleman yield?

Mr. KASICH. I yield to the gentleman from California.

Mr. DELLUMS. I appreciate the gentleman's clarification, and I understand the gentleman's point now, and the point is well taken. I am simply saying, to go back to the gentleman's earlier argument, that he does not believe that the House will actually challenge any of these weapon systems, I remind the gentleman of the statement made by the Secretary of Defense Caspar Weinberger. He said that as we cut the military budget we are increasing the problem in the outyears because we are really not cutting weapon systems.

What this budget is an effort to do is to challenge my colleagues at the level of policy objectives and within the context of that discussion to actually cut weapon systems.

Now, maybe the gentleman is absolutely right that our colleagues will not do it. But that does not preclude our responsibility to challenge the body to a higher level of action.

Mr. KASICH. Let me reclaim my time and say that the gentleman certainly has been active in advancing the argument, one that I do not happen to agree with. We had the President of France over here, who argued that we need to have the GLCM, we need the Pershing II's in Europe because of the threat of the Soviet Union. We debated the B-1.

The CHAIRMAN. The time of the gentleman from Ohio (Mr. KASICH) has expired.

Ms. FIEDLER. Mr. Chairman, I yield an additional 30 seconds to the gentleman from Ohio.

Mr. KASICH. I think the systems are necessary. There is not a candidate for President in these United States, with the exception of Jesse Jackson, who is not calling for real increases in defense spending. I compliment the gentleman on his activity in the procurement area, and I think he is very well aware what I have been doing in the spare parts reform area, and there is no one who has been tougher on that than I. But what I am saying is that there is no question the systems are going to continue, although we may continue to have a debate. What I am concerned about is the ultimate level of GNP growth in solving the problem and having a realistic program to do it.

Ms. FIEDLER. Mr. Chairman, will the gentleman yield?

Mr. KASICH. I yield to the gentlewoman from California.

Ms. FIEDLER. Mr. Chairman, I would just like to make one point. We often talk about cutting defense, and we think in terms of cutting out some of the terrible tools of war. But I think it is also important that when we take a look at the reduction in defense, we are also talking about reducing significant numbers of jobs that are currently being held. For every billion dollars in defense spending, there is somewhere between 30,000 and 50,000 jobs being created. While that is not a good argument to invest defense money, it is a fact of life in terms of the investment.

Mr. DIXON. Mr. Chairman, I yield 1 minute to the gentleman from California (Mr. DELLUMS).

Mr. DELLUMS. I thank the gentleman for yielding 1 minute to me.

Mr. Chairman, I would simply say to the gentlewoman from California that if you look at the Congressional Black Caucus budget alternative, in the defense function it is precisely for the reason that the gentlewomen raised the question of the loss of jobs that we place $6 billion in a new category where we say that if the Congress of the United States makes a decision that is in the national interest, for example, to cut the B-1, that a local community should not have to absorb the economic impact of that decision by the loss jobs. So with that $6 billion we then generate a program that puts those, say, 1,800 workers to work not building the B-1 bomber but moving to a reconversion approach where we talk about building peaceful approaches to life.

The gentlewomen raises an excellent question. But what we are saying in this budget is that we have an answer to that, to free our colleagues from the more pedestrian, mundane political consideration of whether people lose jobs in their districts, and are able to make the policy decision as to whether we need a weapon system. And if that has an adverse impact on the local community, we generate funds so that people do not lose jobs. The gentlewomen's point is well taken, but we try to deal with it.

Mr. DIXON. Mr. Chairman, I yield 3 minutes to the gentleman from Wisconsin (Mr. OBEY).

Mr. OBEY. Mr. Chairman, there are a number of amendments today which are legitimate efforts to unite liberals and conservatives alike to attack the deficit problem in a realistic way. I think the MacKay amendment is one, for instance, because it defines budget baselines above which we should not be spending without new taxes to finance that spending. But that has a problem in that it leaves no real negotiating room with the Senate for priority adjustment. The McHugh amendment most accurately reflects my view of what this House ought to be able to minimally achieve by way of attacks on the deficit.

But I frankly believe that the Dixon amendment is best in terms of departing from the timidity which has plagued this town and which has prevented us from really attacking the budget deficit in a really dramatic way.

I do not agree with some of the military assumptions made in this budget. I certainly do not agree with some of the domestic numbers, and I specifically do not agree with the estate tax suggestions or the agricultural area, for instance, and I have questions about some of the social spending that is suggested. But the amendment is preferable to other alternatives for one basic reason: This is the only amendment before us that makes a sufficiently dramatic attack on the deficit to really make an economic difference.

I would also point out, for those of you who have concerns about specifics within this resolution, that the journey is not determined by where you start; the journey is determined by where you wind up. And this is the only alternative before us which gives us an opportunity, through the conference process with the Senate, to wind up where we ought to be, with much larger deficit reductions than we will have under any other alternative, and also gives us the opportunity to produce a mix of military and domestic programs that has some degree of social equity. It also, I believe, is the only one of the alternatives that sufficiently recognizes that concurrently with budget deficit reductions we also have to make some specific investments in areas that are essential for the future growth of the economy, those three being education, health and manpower.

I have just come from a meeting with Nobel Laureates who have laid out the dramatic shortcomings in the budget on basic health research. There is only one budget alternative before us which allows us to meet those needs within the context of a greatly reduced budget deficit. This is the alternative, and I would urge the Members' support for it on that basis.

Mr. DIXON. Mr. Chairman, I yield 2 minutes to the gentleman from Oklahoma (Mr. JONES), the chairman of the Committee on the Budget.

Mr. JONES of Oklahoma. I thank the gentleman for yielding.

Mr. Chairman, again I want to bring to the attention of the House the contents of this substitute. I think it is important that what we vote for in a budget resolution today, we be prepared to vote for when appropriations and other bills come along to enforce the budget.

Before I do that, I do want to commend the gentleman from California (Mr. DIXON) and other members of the Congressional Black Caucus for presenting to us the only true alternative to the approach that most of the other substitutes and the committee package adopts in terms of budget policy. I think there is a clear-cut difference between this alternative and the other budgets being presented today.

But I think we should be clear as to those differences. As has been pointed out, this substitute calls for a $183 billion tax increase over the next 3 years, and that is more than double any of the other substitutes which are before the House today. It includes elimination of a number of tax expenditures, such as the depletion and expensing allowances on natural resource extraction, plus alternative minimum tax on corporations, limitation on mortgage interest deductions for multiple homes, and many other things.

On entitlements, instead of cutting entitlements it increases entitlements by $35 billion over the next 3 years.

On defense there is no increase in defense expenditure of any sort. Instead, there is 14.9 percent negative real growth in defense expenditures.

On nondefense, discretionary domestic programs, there is an increase over the House Budget Committee baseline of $64 billion.

These are the elements that the Members would be voting on in this

Congressional Black Caucus substitute. It is their honest view of where America ought to go. I submit, however, that this House is not going to enforce it. I merely point out to my colleagues again, as I have on each of the substitutes, one simple fact: what you vote for today on a budget resolution is the way you should be prepared to vote in implementing the budget next week, next month, and over the rest of this year.

Mr. DIXON. Mr. Chairman, I inquire of the Chair as to what time is left on both sides.

The CHAIRMAN. The gentleman from California (Mr. DIXON) has 14 minutes remaining; the gentlewoman from California (Ms. FIEDLER) has 21 minutes remaining.

Mr. DIXON. Mr. Chairman, I believe I am entitled to close. I do not know if the other side intends to use all of their time.

The CHAIRMAN. The gentleman is incorrect. The opposition is entitled to close. We went through this yesterday.

Mr. DIXON. Mr. Chairman, I yield 3 minutes to the gentleman from Ohio (Mr. STOKES).

Mr. STOKES. Mr. Chairman, today I rise with great pride and pleasure to endorse the fourth Congressional Black Caucus constructive alternative budget. Mr. Chairman, my pride in being associated with this effort is derived from the fact that the Congressional Black Caucus alternative budget for fiscal year 1985 is a leadership budget. This budget charts a new course for America. It is a budget that casts aside the conventional wisdom that a rising Federal deficit means that we cannot take care of the Nation's poor and infirm. It is a budget that rejects the obviously absurd notion that we must continue to feed an already bloated military budget—that we must continue to pile food on a plate that is already full. It is a budget that dismisses the assumption that our current tax policies, which have drained revenues from the Federal Treasury with few visible economic benefits, are untouchable and above reform.

The CBC has had the courage and foresight to carefully examine our Nation's goals and objectives and to develop a blueprint for achieving them. This is what the budget process ought to be about—not simply a charade of posturing and political debate about how much we can cut programs that help poor people and how much we can increase defense. In our alternative budget, the CBC recommends a comprehensive reordering of our national priorities and the most effective and efficient ways to meet those priorities. The CBC budget includes additional resources, above current services levels, for education, employment, community and neighborhood development, social services, and basic income security programs.

Moreover, the CBC budget demonstrates that the goals of providing some of the most basic needs for the impoverished, the disabled and handicapped, the homeless and the elderly, need not be accomplished at the expense of maintaining and enhancing economic progress. Indeed, the CBC budget is humane and fair and, at the same time, does more to reduce the Federal deficit than any other budget proposal pending before this body. Let us be clear in recognizing the fact that the CBC alternative budget achieves a larger deficit reduction than any other budget plan. In fiscal year 1985, the deficit would be reduced to $154 billion under the CBC plan, declining to $104 billion by fiscal year 1987.

Yes, we can reduce the Federal deficit in a meaningful fashion and, thus, insure a smooth and upward path toward recovery from the economic abyss created by "Reaganomics." The CBC deficit reduction plan involves the elimination of excessive and wasteful spending practices in the Pentagon and terminating support for military weapons and systems which are fueling the nuclear arms race. We do not need the MX missile, space weapons, and the other creations of the military establishment which have little real value in improving national security. The CBC deficit plan involves returning to the Federal Treasury precious revenues that have been squandered through liberal tax reductions for the well to do and corporations, and realining the tax systems so that all individuals and corporate entities pay their fair share.

With this extensive restructuring of our defense and tax policies; with creative and bold budget policies that reject the "business as usual" approach, the CBC budget provides a blueprint for leading this Nation back to greatness.

I would like to spend a few moments focusing on the CBC alternative budget recommendations in the area of education, because without education our Nation cannot be great. The CBC alternative budget recognizes the urgency with which the Federal Government must address the "rising tide of mediocrity" in public education about which President Reagan's National Commission on Excellence in Education spoke.

The CBC budget includes $22.9 billion for education, more than $6 billion above current services levels, for promoting both excellence and equal opportunity in education. Unlike President Reagan, we know that it costs money to achieve these goals. We also know that the cost of ignorance and illiteracy in our society is far greater than the cost of education. Thus, the CBC budget restores funding for nearly every aspect of Federal education assistance, the value of which has dangerously deteriorated since 1980. Under the CBC alternative spending plan, the chapter 1 program for disadvantaged students would be significantly expanded to address the alarming increase in illiteracy among our youth and to extend the tremendously successful chapter 1 programs at the elementary level into our junior high schools. To improve the chances that every minority youth—not just one out of two youth—will be able to obtain a decent job, the CBC budget proposes greatly increased funding for vocational training programs. The CBC budget also increases aid to college students so that ability and motivation, not income status, are once again the determinants of who goes to college.

In closing, let me say, Mr. Chairman, that the CBC alternative budget speaks to the hopes and aspirations of millions of Americans. The CBC budget would move this Nation forward on the path of economic prosperity, while restoring a sense of human compassion and caring in our Federal policies. It deserves your thoughtful and careful consideration. Thus, I urge you to support the CBC alternative budget. It is our best hope for our communities, our country and our people.

□ 1210

Mr. DIXON. Mr. Chairman, I yield 2 minutes to the gentleman from Tennessee (Mr. FORD).

Mr. FORD of Tennessee. I thank the gentleman for yielding me this time.

Mr. Chairman, the CBC alternative budget has three areas which I would like to address specifically.

First, social services; second, social security and medicare; third, income security.

From my perspective as chairman of the Ways and Means Subcommittee on Public Assistance and Unemployment Compensation, I have seen the pain and suffering wrought by these past 3 years of Reagan cuts.

When Ronald Reagan was campaigning for the Presidency against then President Carter, he often asked his audience, "Are you better off today than you were 4 years ago?" For the poor of this country, the answer is clearly no.

The number of poor Americans is rising at an alarming rate. The Reagan administration has succeeded in removing hundreds of thousands of America's poor children from AFDC, they have no health coverage, and are eating worse today than they were before the Reagan administration took office. The modest tax break we provided to the working poor—the earned income tax credit—is eroding. The evidence is clear and it is frightening.

According to the Census Bureau, no matter how you measure it, the number of poor people in the United States is steadily increasing. In 1978, 24.5 million people lived in poverty, in 1982, the number grew to 34.4 million—15 percent of all Americans. Why is the poverty rate on the rise?

More people are poor today because of the Reagan administration's systematic retreat from our obligation to insure economic and social justice for all citizens. While calling for a return to traditional family values, this administration has callously claimed that people are hungry and homeless because they want to be, preferring to ignore the harsh reality of what it means to be poor in the United States.

Just last week, the General Accounting Office reported the initial results of its indepth analysis of the massive Reagan administration cuts to our Nation's most basic welfare program, aid to families with dependent children (AFDC). What did GAO find? That roughly 493,000 families lost AFDC and medicaid altogether and the vast majority of them could not make up the loss in income and certainly could not afford to buy the health coverage they needed. Nearly 1 million children—our future—were hurt by these cuts.

These cuts have resulted in unwarranted pain and hardship for poor single mothers who are struggling to support their families. But how did these families respond to the loss of AFDC? Did they do the economically sensible thing and quit their jobs to get back on welfare? No. They continued to work and were rewarded with a Reagan administration tax policy that lent a helping hand to the most fortunate of America's citizens. For the working mother with two children and earnings equal to the poverty level, payroll taxes increased between 1978 and 1984.

Recognizing that the Reagan administration is indifferent to the needs of poor Americans, I recently joined with my colleagues, Congressmen RANGEL and WAXMAN to introduce the Omnibus Anti-Poverty Act of 1984. H.R. 4920 is a modest but important attempt to halt the rise in the poverty rate and restore this country's commitment to its least fortunate citizens and I am pleased that the alternative budget to the Congressional Black Caucus would accommodate modest improvements to benefit programs for the Nation's neediest Americans.

The indignities of decent Americans being dropped from programs for no reason, having to beg for help, the irony of working people on the edge of poverty having to seek public assistance while the rich get more and more benefits. These factors are just a few of the reasons I can rise with sincerity and good faith and ask you to thoughtfully consider this CBC budget alternative.

For the fourth year, the Congressional Black Caucus has introduced a constructive alternative budget as part of the debate over our national priorities.

Our alternatives have embodied greater compassion for the needs of disadvantaged and working Americans, fiscal responsibility in terms of defense expenditures, tax equity, control of inflation without increasing unemployment, greater attention towards our domestic needs, and a deficit that has consistently been below that proposed by President Reagan.

Mr. Chairman, we have seen the results of the Reagan experiment; 1.5 million more men and women are unemployed than before he took office; the largest tax cut in our history has redistributed income to the wealthy while those with incomes below $20,000 receive less in tax cuts than they have lost as a result of budget cuts; the CBC budget charts a different course for America. It restores fairness and balance in our budget priorities. The Congressional Black Caucus is disturbed that the fundamental issue of fairness is being eclipsed by the massive budget deficits which are the legacy of Reaganomics. The structural deficit resulting from rising defense spending and declining revenues, indeed, threatens to push interest rates upward and choke off what modest reductions there have been in unemployment during the past year. Yet we believe Congress must not forget those segments of our society who have suffered most under the Reagan administration. The modified freeze proposals would lock in place unacceptably high levels of defense spending and unacceptably low levels of domestic assistance. New priorities are needed.

SOCIAL SERVICES

Social service programs and agencies have had increased demands placed on them for essential services like food, clothing, and housing, swallowing up the agencies' limited time and resources, and forcing them to turn away many in need of assistance. At the same time, the recession brought with it calamitous levels of unemployment, and the accompanying child and spouse abuse, drug addiction, alcoholism, and mental illness.

The Federal Government presently funds a wide range of social services programs, most of which serve the poor and disadvantaged. The largest program, title XX of the Social Security Act, is a block grant to States for such activities as Meals on Wheels for the elderly or hiring welfare recipients to staff day care centers. About 5 million people are served by this program. Other social services programs include day care, child welfare services, foster care, adoption assistance, and rehabilitation services.

The administration intends to consolidate 12 existing programs into 1 social services block grant. It provides $1.4 billion (27 percent) less than the comparable Carter administration requests. Funding for these programs is 24 percent below the amount provided in fiscal year 1981 and about 32 percent below the level necessary to maintain current services. The CBC budget provides the restoration of $1 billion of these callous cuts.

The administration's proposal would hit the poor the hardest since most of the programs to be consolidated serve this population. For example, half of all title XX beneficiaries also receive AFDC or SSI. In addition, the administration has indicated that there would be few, if any, requirements that social services funds be targeted to low-income and disadvantaged populations as is required under the present law. Thus, the poor would be forced to compete for fewer funds with the disabled, elderly, orphans, and others who need assistance.

Depending on how States implement the administration's funding cuts, substantial numbers of people could be knocked out of programs or, if the States choose to eliminate the program entirely, all present beneficiaries would lose services. Thus, the suggested budget cuts could affect:

Over 900,000 low-income aged, blind, and disabled persons who receive SSI and benefits from title XX services such as homemaker care and Meals on Wheels;

Nearly 600,000 children who participate in day care programs, many of whose mothers receive AFDC and rely on day care to allow them to participate in training activities or jobs;

One million children who are reported as seriously abused or neglected each year and thus could benefit from child welfare services;

About 500,000 children who live in foster care homes or institutions;

Some 1.4 million handicapped persons receiving vocational rehabilitation services, 75 percent of whom have incomes below the poverty line; and

Approximately 43,000 children served by shelters for runaway youth and programs aimed at reuniting families.

The Federal Government has traditionally not done enough for the recipients of these programs, with the scope and funding often limited. Their care has been left primarily to State and local agencies, with Federal programs created only after it had become clear that no one was meeting the needs of those less fortunate. The CBC budget alternative addresses these needs in a responsible and fiscally prudent manner. The CBC budget adds a modest $300,000 in fiscal years

1985, 1986, and 1987 for a total of $900,000 of additional funding to respond to the litany of callousness written by the Reagan administration. An investment in basic human needs now will pay long-range dividends in the future.

The CBC budget would provide $10.2 billion in fiscal year 1985, $10.7 billion in fiscal year 1986, and $11.1 billion in fiscal year 1987. The Census Bureau, the GAO, and now only yesterday, the Congressional Budget Office have confirmed what the CBC and others have been saying: That is, the Reagan budget cuts have hurt the poor. We seek to tell the 34 million Americans living below the poverty level and all of those Americans living at the edge of poverty that this Congress has compassion.

SOCIAL SECURITY AND MEDICARE

This function includes those programs that contribute to the income security and health of aged and disabled Americans through social security and medicare. Programs under social security include old-age and survivors insurance (OASI) and disability insurance (DI). Medicare programs in this function include hospital insurance, supplementary medical insurance, and premiums and collections.

These are the payments to social security trust funds and payments to health care trust funds accounts. The fiscal year 1985 CBC budget requests a total of $20,416,722,000 for these payments, an increase of $2,213,000 over the 1984 appropriation. The largest activity is a $19,020,000 payment to the supplemental medical insurance trust fund. This supports 75 percent of the cost of the medicare part B program as required by Public Law 97-248. The remaining 25 percent is financed by monthly premiums paid by medicare enrollees. In 1984 this premium is $14.60 per month. The CBC budget assumes that this will increase to $16.90 on January 1, 1985. The remaining request of $1.396 billion pays the cost of social security and medicare benefits not supported by payroll taxes. This includes military service credits, Federal employee coverage, and certain very elderly persons whose employment was not covered by social security for a sufficient number of years prior to their retirement.

The President's budget assumes that Congress will enact changes in the medicare program which will reduce the payments to health care trust funds requirement by $806 million.

The CBC budget rejects the President's proposed legislative changes in this function, and provides funding consistent with the CBO current policy baseline.

The CBC budget reflects the belief that the Federal Government has the responsibility to assure a reasonable income and adequate diet for all poor Americans, especially families with children, the elderly and disabled, and the working poor—who, notwithstanding employment—cannot fully provide for themselves.

Finally, the CBC believes that the Federal Government should provide adequate funds to mitigate the loss of income that individuals and their families experience as a result of unemployment, retirement, disability, or death of a wage earner.

AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC)

The CBC rejects the administration's planned reduction of $633 million for this program, providing a total level of funding of $10.9 billion in budget authority of $3 billion over the CBO baseline.

FOOD AND NUTRITION

The CBC budget provides a total of $15 billion in budget authority for the food stamp program, representing a $4 billion increase over CBO baseline. The CBC budget also restores the school lunch program, the summer feeding program, the special milk program, and all other nutrition programs to their pre-reconciliation funding levels, adjusted for inflation.

LOW-INCOME ENERGY ASSISTANCE

The CBC provides an additional $500 million in aid for low-income energy assistance over the current policy baseline.

UNEMPLOYMENT COMPENSATION

The CBC budget provides an additional $4.5 billion recognizing the continuing high unemployment rates in our cities, over Congressional Budget Office baseline figures for unemployment compensation benefits.

Mr. DIXON. Mr. Chairman, I yield 2 minutes to the gentleman from Washington (Mr. LOWRY).

Mr. LOWRY of Washington. I thank the gentleman for yielding me this time.

Mr. Chairman, I rise in support of the Dixon substitute, the Congressional Black Caucus substitute, and congratulate the author and the Congressional Black Caucus for laying before us a budget alternative that truly reduces the crises level of the Federal deficit.

Now, for 6 months or so everybody has been saying that in an election year Congress is not going to have the courage to pass a budget that does something about the deficit. Well, one good thing about everything that has been going on on this floor for a day, is we are starting to see that there are various alternatives trying to do something about the deficit, but there is one substitute that overwhelmingly does the most about that No. 1 domestic problem we are all supposed to be addressing, the deficit, and that is the Dixon substitute.

The only year that really counts, is the first year, 1985, because every year we write a new budget alternative. The Congressional Black Caucus alternatives in 1985 reduce the deficit $56 billion. It is the only one that even gets close to the mark that the Chairman of the Federal Reserve Board was talking about in deficit reduction to for certain have a positive effect on interest rates.

Not that I agree with the Chairman of the Federal Reserve Board all the time, but we have all been talking about the $50 billion first year deficit reduction. The Congressional Black Caucus does that.

I have a lot of friends that are concerned about the defense outlay plan in this Congressional Black Caucus plan, and I look at that chart, and I see that this plan calls for a $243 billion expenditure in 1985; $109 billion more than in 1980. An average of 8½ percent real growth per year over those 5 years, that is real growth over inflation. Do we really think we need more than that for security?

Now, I just cannot believe that this is an alternative for the defense budget that weakens this country. It very likely is one that strengthens this country.

Ms. FIEDLER. Mr. Chairman, I yield 2 minutes to the gentleman from Indiana (Mr. BURTON).

Mr. BURTON of Indiana. I thank the gentlewoman for yielding me this time.

Mr. Chairman, the defense budget, of course, has been the whipping boy of this particular proposal all day long. I would like to put this into perspective. The fact of the matter is in constant dollars, the defense budget has gone down throughout the 1970's. In fact, in 1970, it was $94 billion, and in constant dollars adjusted for inflation, this year will be the first year that it will be back up to $93.9 billion, which is what it was back in 1970.

So when you adjust for inflation, the fact of the matter is the defense outlays have not increased since 1970. Now, as a percentage of national budget, defense during the Kennedy years was 48 percent. By 1970 that had dropped to 39 percent, and in 1983 the percent of the budget allocated for defense was 25.4 percent.

As a comparison, entitlements during the Kennedy years was about 28 percent. They had grown to 32.2 percent by 1970, and in 1983, we had entitlements of 46.7 percent. So, when you are talking about defense and making it the whipping boy, you should put these things into perspective.

The Soviet Union has been spending hundreds of billions of dollars on defense. As a matter of fact, I think in their last fiscal year they spent about $400 billion on defense, and they are developing five new ICBM systems right now. They are expanding their bomber force; they have 190 divisions

compared to 29 U.S. divisions, and we ought to put all these things into the proper perspective when we are talking about the defense issues in this particular budget. I think this budget is irresponsible from the standpoint and I hope my colleagues will defeat it.

□ 1220

The CHAIRMAN. The gentleman from California (Mr. DIXION) has 7 minutes remaining, and the gentlewoman from California (Ms. FIEDLER) has 19 minutes remaining.

Mr. DIXON. Mr. Chairman, I really only have one or perhaps two other speakers. I do not know if the gentlewoman intends to use her time.

Ms. FIEDLER. I do not, Mr. Chairman.

Mr. DIXON. Mr. Chairman, I yield 1 minute to the gentleman from California (Mr. DYMALLY).

Mr. DYMALLY. I thank the gentleman for yielding this time to me.

Mr. Chairman, I bring to the committee my support for the Dixon/Congressional Black Caucus budget substitute, and I urge my colleagues to vote for it. I wish to acknowledge the full cooperation and hard work of all the Congressional Black Caucus members in developing this budget which is built upon the most significant deficit reduction plan before us. I would also like to give special thanks for the superb leadership of the gentleman from California (Mr. DIXON) and the gentleman from Pennsylvania (Mr. GRAY).

Mr. Chairman, the CBC budget substitute in the area of general science, space, and technology supports a reduced Federal budget deficit by holding the total budget authority and outlay levels to the CBC baseline. However, the total now embodies CBC's priorities for science and engineering education in the NASA and NSF budgets. CBC's priorities recognize the need for a stronger Federal role in insuring that our Nation will have the highly skilled and qualified scientists and engineers needed in the future to maintain scientific world leadership and preeminence; the need for the education of scientists and engineers to be maintained at a rate consistent with the proliferation of new advanced technologies in the fields of space and general science and the need for a greater participation of the Federal Government in encouraging the education of minorities and women in the science and engineering disciplines.

These priorities have been incorporated in the NSF budget by reprograming $7.5 million from the science and engineering research programs currently budgeted in the President's proposal. Of this $7.5 million, $1 million has been redirected to minority and women science and engineering programs for faculty research $1.5 million has been directed toward minority graduate fellowships in science and engineering and precollege science and math education, and $5 million has been directed to efforts to improving the research support facilities and equipment in minority institutions. Also, this budget proposes that NASA develops a plan that would encourage space related research at colleges and universities serving a large number of minority students.

I would also like to say a word, Mr. Chairman, about the CBC proposal for international affairs. The members of the CBC take the view that our foreign aid should be directed at building good will through peaceful means. This Congress, this President, this Nation must eventually realize that the people of Central America are fighting against poverty, inadequate education, improper nutrition, and oppressive, mulitaristic government. We have attached the label "Communist" to their efforts and have chosen to oppose their efforts in the name of fighting communism. This justifies our working actively to overthrow the Government in Nicaragua. It justifies ignoring a host of horrible acts that we would not begin to condone if they were to be happening in the United States. Mr. Chairman, the CBC alternative for the international affairs activity does not supply funds to implement the military aid portions of the Kissinger Commission recommendations. It is time that this country returned to its sense of ideals. The CBC budget will help the United States get back to its true values in the area of international affairs.

Mr. Chairman, I wish to conclude my statement by again urging my colleagues to join me in voting for the CBC budget substitute.

Mr. DIXON. Mr. Chairman, I yield our last 6 minutes to the distinguished gentleman from Pennsylvania (Mr. GRAY), a member of the Committee on the Budget and the chairman of the Congressional Black Caucus task force.

Mr. SAVAGE. Mr. Chairman, will the gentleman yield?

Mr. GRAY. I yield to the distinguished gentleman from Illinois.

Mr. SAVAGE. I thank the gentleman for yielding.

Mr. Chairman, I only rise to indicate my support for the Congressional Black Caucus budget because it is the only one of those proposed that makes any sense and shows any priorities different from those of the Reagan administration.

All the other budgets argue over degrees, which one wants to prepare most for war and how quickly, and which one wants to cut the most in domestic programs.

This is the only budget that proposes an absolute cut in our preparations to kill and an absolute increase in our needs to heal, the only budget that makes any sense at all.

Mr. GRAY. Mr. Chairman I rise in support of the amendment offered by my colleague, the gentleman from California (Mr. DIXON).

It has become quite clear that the fiscal policies of this administration have had a disastrous impact on the economy of this Nation, and I am afraid that these policies, left unchecked, will, unfortunately, rekindle an economic downturn rivaling only the Great Depression.

It is my belief that last night's vote, on the President's budget reflected a mood shared by both the Members of this body and the Nation as well: That we can ill afford to allow current policies to continue.

In 1964, the first year of Lyndon Johnson's Presidency, the annual deficit totalled a mere $5.9 billion.

This year, as last year, that figure will surpass $180 billion. By the end of 1985, the deficits during the Reagan Presidency will total over $728 billion, more than double the deficits amassed by all previous administrations since the Second World War.

I think we all know the cause of these deficits.

From the beginning, Reagonomics, or what Vice President BUSH once characterized as voodo economics, was an economic theory in conflict with itself.

The combination of strict monetary policy, huge and unnecessary defense expenditures, and massive tax cuts for the most fortunate in our society, could not and did not fulfill the promises made by the President when he first took office.

The administration's latest proposals for fiscal year 1985 are a simple continuation of the President's past failed policies, and is it not ironic, that the same administration which promised not only to balance the budget but to reduce Federal expenditures is the same administration which has increased Federal spending and given us record deficits.

That is why I believe this House rejected the President's budget overwhelmingly last night, and why the American public yearns for a change.

If we are serious about reducing deficits and providing a strong and sustained economic recovery, if we are serious about preforming our Tax Code in a fair and equitable manner, and if we are serious about addressing the problems of our cities, our poor and disadvantaged, there has to be a fundamental change in the priorities of this Nation.

The budget alternative before you now represents that change in priorities, and in my opinion, it is the best plan before us and merits this body's full support.

And let me tell my colleagues why.

First of all, the amendment offered by the gentleman from California provides for the greatest amount of deficit reduction of all the proposals that are going to be considered. In particular, this amendment would reduce the deficit over the next 3 years by $237.9 billion more than the President's original budget; $118.7 billion more than the Latta substitute; and, $142.1 billion more than the House budget committee's plan.

While most of the alternatives continue to support the already massive defense buildup, my colleague from California, Mr. DELLUMS, has made it very clear that this budget provides adequate funding to insure that America stays strong and our security sure—yet doing so in a prudent, rational, and effective fashion.

While most of the alternatives institutionalized this administration's Draconian cuts in essential nondefense discretionary programs—programs aimed at our cities, the disadvantaged, the elderly and the homeless—this budget recognizes that the hungry need to eat, the homeless require shelter and our disadvantaged need a helping hand, even from Government.

The Dixon amendment attempts to address the inequities of our current Tax Code by closing unwarranted and wasteful tax expenditures.

This budget represents the change in fiscal priorities which is needed to restore equity and fairness to our fiscal policies.

I urge each of my colleagues to join in support of the Dixon amendment.

Mrs. SCHROEDER. Mr. Chairman, will the gentleman yield?

Mr. GRAY. I yield to the gentlewoman from Colorado.

Mrs. SCHROEDER. I thank the gentleman for yielding.

Mr. Chairman, I want to compliment the gentleman from Pennsylvania for his very, very moving statement. I want to join with him in support of this amendment.

I think the gentleman is going right to the heart of what is wrong with America. We see so much of the politics of selfishness. We see so many politicians bragging about all we are doing for all upper middle class people while we have had a 30-percent increase in the number of poor people in the last 3 years. That is a travesty, the results of the politics of selfishness and it is mainly women and children who are suffering.

I compliment the gentleman and I compliment the Black Caucus and the gentleman from California.

□ 1230

Ms. FIEDLER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in opposition to this budget, but I think the most important part of this budget is the fact that the Black Caucus has brought to us their special statement and the fact that they feel we are not, through existing Government spending programs, resolving the problems of many of the disadvantaged of this Nation.

I think one of the most important things that we can continue to try to do for the people of the United States is to make certain that they are provided as many opportunities as possible to improve their quality of life, and while we may in fact disagree on the way in which we hope to achieve that, I would like to draw to the attention of the Members the fact that in the last year we have put more than 4 million Americans back to work, people who were on the unemployment rolls due to a closedown of the overall economy, high inflation rates, and high interest rates. The fact that we have been able to bring inflation down has significantly helped the poor a good deal.

During the Carter years inflation ravaged at a rate of 45 percent. It has dropped dramatically. Instead of being an annual rate of 13½ percent, where it was in 1980, it is now down to 3½ or 4 percent. The poor of this Nation during the 4 years of Carter, in spite of the fact that they received cost-of-living increases in welfare programs, food stamps, and other special services, they actually lost 10 percent in their overall spending ability due to inflation.

There was a good deal of discussion today regarding the overall issue of indexing. I would simply like to point out that for many of the women of this Nation who earn an average of $15,000 to $20,000, income tax indexing is expected to save them 14 percent on their overall tax bill. So when we talk in terms of trying to assist those who are at the lower end of the economic ladder, those who have the least to fall back on in the form of discretionary income, indexing is critical.

It is critically important that we make certain that taxes remain at a reasonable level so that people cannot only afford to pay them but can also afford to take care of their families. It is vitally important that we keep inflation low, because inflation eats up the barest amount of discretionary income that those at the lowest levels of the economic ladder have to take care of their families, and it is also important that we keep interest rates down so that we do not expand the overall portion of the pie that the Government takes. The reason for that is that when we get out in the marketplace competing with the private enterprise system for the available money to be lent, what we really do is take jobs away from those people who need them most of all, because we are competing for funds to redistribute at the Government level rather than simply leaving the private sector to reinvest those funds in a way that is going to serve the broadest number of the American people.

Again, Mr. Chairman, I remind the Members of the important achievements we have made. We have brought interest rates down, we have brought inflation down, and we have reemployed over 4 million people. Those policies of the Reagan administration have worked, and I hope this administration will have the opportunity to continue the policies that have been successful in helping to restore economic health to this country.

Mr. Chairman, I yield back the balance of my time.

Mr. GARCIA. Mr. Chairman, I rise in support of the Congressional Black Caucus amendment. I do so because it is the only budget which recognizes the massive budget cuts inflicted on the poor of this Nation and tries to do something about them.

As the Representative of this Nation's poorest congressional district, where the average income level is less than $3,600 per person and over 41 percent of the families live in poverty, there should be no question why I stand here today to endorse this, the most humane of the budget options before us.

The Congressional Black Caucus offers the House an opportunity to make an investment in our future by increasing elementary and secondary education programs. It increases employment and training assistance while offering hope to the thousands in my city with their names on 8-year-long waiting lists for shelter. To those suffering the pain of poverty, this budget offers hope for food and health assistance.

Yet this proposal also offers the lowest deficit of all the proposals. It does this by eliminating what can only be called offensive and destabilizing weapons such as the MX and Pershing missiles.

This proposal addresses the revenue hemorrhage created by the 1981 tax cut by directing the tax relief provided in that act to the great majority of Americans living on less than the substantial level of $50,000 per year.

Mr. Chairman, we all have heard the story of the individual who comments that he is not paying any taxes this year. When asked if he was unemployed or too poor to pay, this fellow responds: "No, I'm a millionaire." Of all the proposals, this provides the most equitable treatment of our tax laws. Businesses will pay a very fair 15-percent minimum tax.

Over the last 3 years of the Reagan administration, this Nation has seen the ranks of those in poverty grow dramatically. It is time to address this problem. I urge my colleagues to vote

in favor of the Congressional Black Caucus budget.

● Mr. TOWNS. Mr. Chairman, I want to endorse the caucus budget's support for community and regional development programs. At a time when our Nation's cities are in need of new infrastructure support and a revitalization of our poor and low-income neighborhoods, the caucus alternative provides funds to support local economic development efforts. In addition to the improvement of the physical structure of our cities, projects funded under this function also create new jobs and a better quality of life.

The Congressional Black Caucus believes that the programs in function 450 serve the vital function of revitalizing areas in which many poor and minority people live as well as stimulating investments that lead to new jobs. The caucus budget would increase the fiscal year 1985 budget figures to $4.5 billion for community development block grants, which is an increase of $1 billion over the administration's request for this program. Our budget would also continue to fund other community services programs at current service levels.

For example, the urban development action grants would be retained at the current CBO funding level of $440 million. I am aware of the importance of the UDAG moneys to local economic development. My own congressional district has just received a $3.6 million UDAG grant to rehabilitate an old abandoned warehouse for an expanding business in the area. This grant will provide over 450 new jobs for women and minorities to economically distressed communities where unemployment is over 15 percent.

To address the urgent national problems of outdated and inefficient manufacturing plants and of deteriorating urban infrastructures of roads, bridges, sewers, and water systems, the new CBC budget includes a new national development bank, with budget authority of $5 billion. This program, which will be established by legislation to be introduced shortly, will offer our cities and manufacturers low-interest loans to help rebuild and upgrade vital public services that are essential to the well-being of urban citizens, American businesses, and the revitalization of America's basic industries.

The caucus recognizes that rural areas also need Federal support to maintain economic viability. Thus, we have retained funding for the Appalachian Regional Commission and other regional development programs at the CBO baseline levels. Finally, our proposal continues the Government's disaster relief programs at their current levels, without the cuts proposed by the administration.

We believe that our budgetary support for community and regional development maintains adequate funding to assist localities, both urban and rural, in their economic development efforts. I hope you will lend your support to this proposal by voting for the amendment offered by the gentleman from California.●

● Mr. CROCKETT. Mr. Chairman, the CBC budget alternative achieves substantial economies in Government spending and addresses the revenue problem in a progressive manner, while at the same time bringing back a sense of fairness, compassion, and responsibility to the activities of the Federal Government.

Today, I should like to call the attention of my colleagues to the international affairs section of the budget alternative. On balance, the foreign affairs budget items reflect our concern for increasing American participation in world affairs in a fashion which is mutually beneficial to members of the world community. We seek to highlight, in this document, the importance of U.S. support to multilateral and bilateral development assistance organizations. It is for this reason that we give particular emphasis to such U.N. programs as the United Nations development program, the United Nations environment program, and UNICEF. Rather than attempting to reduce the effectiveness of these programs and the many others that have provided substantial benefits to the developing world, we should be providing additional support to those programs which have proven themselves effective vehicles for technical assistance and development aid.

The issue of military assistance to foreign governments is given attention in the CBC alternative budget and it specifically calls for the end of military assistance to the governments of Central America. This is a position that I have long held. I oppose all military assistance to any government at any time. As I said recently in dissenting remarks attached to the foreign aid authorization legislation reported by the Committee on Foreign Affairs:

> The provision of U.S. military assistance to foreign governments is not in the long-term interest of either the United States or world peace and cooperation. American military assistance to poor countries, specifically, represents an unconscionable diversion of the world's productive resources into weapons of destruction. Military aircraft, sophisticated missile systems, grenade launchers, and armored personnel carriers are not only inappropriate from the standpoint of economic development, but are morally wrong in a situation where 80 percent of a nation's population is crying out for the barest necessities of food, shelter and clothing.

I think the caucus position on this issue is clear and is an essential part of the general budget debate.

Finally, I should like to comment on an item in the caucus budget alternative which is of particular interest to me. We have proposed a multimillion-dollar program to address one of the principal problems affecting the administration of foreign affairs in the United States, namely, the serious lack of minority Foreign Service personnel. As the United States increasing its involvement in world affairs, there is a clear and urgent need to have a Foreign Service officer core which is truly representative of all the segments of our population.

However, the number of minorities serving in the U.S. Foreign Service remains distressingly low, despite varying levels of past effort to make the Foreign Service more representatives. As of January of this year, statistics show that of the current 3,827 Foreign Service officers and career candidates, only 477 (12 percent) are minorities. The figures for black Americans are even more revealing. Only 6.5 percent of the Foreign Service are black men and women. In the senior levels of the Foreign Service, there are only 11 black Americans. This represents an embarrassing 1.6 percent of the senior level service. And perhaps, even more shocking is the fact that there are no black American women in the senior Foreign Service.

We seek to remedy this situation by increasing the participation of minorities in the Foreign Service. We would do this by establishing several academic programs at regional colleges which would specifically target Foreign Service training for minority Americans. The curriculum followed by the students would center on Foreign Service topics and focus on minority students who have a strong interest in future Foreign Service careers.

The Congressional Black Caucus believes that a far greater effort must be given to improving the effectiveness of the conduct of U.S. foreign affairs. It is in this light that this proposal must be seen.

The black Members of the Congress have repeatedly called upon our colleagues to redirect this country's foreign and domestic policies so as to foster mutual respect and general prosperity. I urge my colleagues to give serious consideration to our constructive, alternative budget.●

● Mr. CLAY. Mr. Chairman, I rise in support of the Congressional Black Caucus budget amendment. The CBC budget proposal will reduce the budget deficit by $324 billion by cutting defense spending, eliminating several weapons systems, and reclaiming some of the tax cuts granted to high income households. At the same time, the Congressional Black Caucus budget will increase domestic spending by $97 billion including a $12 billion budget for elementary and secondary education, $2 billion for the Youth Employment Act, $2 billion for the Community Renewal Employment Act, and over

$9 billion for housing and community development programs.

This body has considered a variety of budget plans which range from abominable to dangerous. The Reagan administration produced another plan which calls on the working citizen to sacrifice, and most of the proposals before us today reflect some version of this nearsighted strategy. Continuing the massive military buildup and tax advantages for the wealthy will benefit only a few and shows no commitment to our future. Most of the proposals before us are a disgrace to honest-working citizens and a death threat to the sick, hungry, and homeless. Efforts to increase military spending or make cosmetic cuts in the defense budget reflect irresponsible and reckless Government and should not even be the subject of our debate. The United States already leads the world in spending for military defense while our Nation ranks 17th for its ability to keep infants alive in the first year of life. Every week, over 200 American children die from poor health care and malnutrition. Yet, there are those arguing to increase our defense expenditures and reduce our domestic spending.

Our Nation has the military capacity to destroy the planet Earth and still most of us are calling for more military might. The Congressional Black Caucus' budget proposal is the only constructive budget plan under consideration. It is the only plan which offers help to the millions of Americans who have fallen into poverty since President Reagan took office and provides an opportunity to revive the spirit and strength of the waning middle class. These objectives cannot be achieved unless we halt military spending and reorder our priorities.

I encourage my colleagues to reconsider our Nation's military buildup. As General Eisenhower explained it 21 years ago:

Every gun that is made, every warship launched, every rocket fired signifies a theft from those who hunger and are not fed, those who are cold and are not clothed. This world in arms is not spending money alone. It is spending the sweat of its laborers, the genius of its scientists, the hope of its children.●

The CHAIRMAN. All time has expired.

The question is on the amendment in the nature of a substitute offered by the gentleman from California (Mr. DIXON).

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Ms. FIEDLER. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 76, noes 333, not voting 23, as follows:

[Roll No. 70]

AYES—76

Ackerman	Ferraro	Obey
Addabbo	Florio	Ottinger
Akaka	Foglietta	Owens
Anderson	Ford (TN)	Rahall
Bates	Fowler	Rodino
Beilenson	Frank	Roybal
Berman	Garcia	Sabo
Biaggi	Gonzalez	Savage
Boggs	Gray	Scheuer
Bonior	Hall (IN)	Schroeder
Boxer	Hayes	Schumer
Brown (CA)	Howard	Seiberling
Burton (CA)	Jacobs	Shannon
Clay	Kastenmeier	Stark
Collins	Kildee	Stokes
Conyers	Kostmayer	Studds
Cooper	Leland	Towns
Coyne	Lowry (WA)	Vento
Crockett	Markey	Waxman
Dellums	Martinez	Weaver
Dixon	Miller (CA)	Weiss
Downey	Minish	Wheat
Dymally	Mitchell	Wirth
Early	Moakley	Yates
Edgar	Oakar	
Edwards (CA)	Oberstar	

NOES—333

Albosta	Davis	Hopkins
Andrews (NC)	de la Garza	Horton
Andrews (TX)	Derrick	Hoyer
Annunzio	DeWine	Huckaby
Anthony	Dickinson	Hughes
Applegate	Dicks	Hunter
Archer	Dingell	Hutto
Aspin	Donnelly	Ireland
AuCoin	Dorgan	Jeffords
Badham	Dowdy	Jenkins
Barnard	Dreier	Johnson
Barnes	Duncan	Jones (NC)
Bartlett	Durbin	Jones (OK)
Bateman	Dwyer	Jones (TN)
Bedell	Dyson	Kaptur
Bennett	Eckart	Kasich
Bereuter	Edwards (AL)	Kemp
Bethune	Edwards (OK)	Kennelly
Bevill	Emerson	Kindness
Bilirakis	English	Kogovsek
Bliley	Erdreich	Kolter
Boland	Evans (IA)	Kramer
Boner	Evans (IL)	LaFalce
Bonker	Fascell	Lagomarsino
Borski	Fazio	Lantos
Bosco	Feighan	Latta
Boucher	Fiedler	Leach
Breaux	Fields	Leath
Britt	Fish	Lehman (CA)
Brooks	Flippo	Levin
Broomfield	Foley	Levine
Brown (CO)	Franklin	Levitas
Broyhill	Frenzel	Lewis (CA)
Bryant	Frost	Lewis (FL)
Burton (IN)	Fuqua	Lipinski
Byron	Gaydos	Livingston
Campbell	Gejdenson	Lloyd
Carney	Gekas	Loeffler
Carper	Gephardt	Long (LA)
Carr	Gibbons	Long (MD)
Chandler	Gilman	Lott
Chappell	Gingrich	Lowery (CA)
Chappie	Glickman	Lujan
Cheney	Goodling	Luken
Clarke	Gore	Lundine
Clinger	Gradison	Lungren
Coats	Gramm	Mack
Coelho	Green	MacKay
Coleman (MO)	Gregg	Madigan
Coleman (TX)	Guarini	Marlenee
Conable	Gunderson	Marriott
Conte	Hall, Ralph	Martin (IL)
Corcoran	Hall, Sam	Martin (NC)
Coughlin	Hamilton	Martin (NY)
Courter	Hammerschmidt	Matsui
Craig	Hansen (UT)	Mavroules
Crane, Daniel	Harkin	Mazzoli
Crane, Philip	Hartnett	McCain
D'Amours	Hefner	McCandless
Daniel	Hertel	McCollum
Dannemeyer	Hightower	McCurdy
Darden	Hiler	McDade
Daschle	Hillis	McEwen
Daub	Holt	McGrath
McHugh	Ratchford	St Germain
McKernan	Regula	Staggers
McKinney	Reid	Stangeland
McNulty	Richardson	Stenholm
Mica	Ridge	Stratton
Michel	Rinaldo	Stump
Mikulski	Ritter	Sundquist
Miller (OH)	Roberts	Swift
Mineta	Robinson	Tallon
Molinari	Roe	Tauke
Mollohan	Roemer	Tauzin
Montgomery	Rogers	Taylor
Moody	Rose	Thomas (CA)
Moore	Rostenkowski	Thomas (GA)
Moorhead	Roth	Torres
Morrison (CT)	Roukema	Torricelli
Morrison (WA)	Rowland	Traxler
Mrazek	Rudd	Udall
Murphy	Russo	Valentine
Murtha	Sawyer	Vander Jagt
Myers	Schaefer	Vandergriff
Natcher	Schneider	Volkmer
Neal	Schulze	Vucanovich
Nelson	Sensenbrenner	Walgren
Nichols	Sharp	Walker
Nielson	Shaw	Watkins
Nowak	Shumway	Weber
O'Brien	Shuster	Whitehurst
Ortiz	Sikorski	Whitley
Oxley	Siljander	Whittaker
Packard	Simon	Whitten
Panetta	Sisisky	Williams (MT)
Parris	Skeen	Williams (OH)
Pashayan	Skelton	Wilson
Patman	Slattery	Winn
Patterson	Smith (FL)	Wise
Pease	Smith (IA)	Wolf
Penny	Smith (NE)	Wolpe
Pepper	Smith (NJ)	Wortley
Perkins	Smith, Denny	Wright
Petri	Smith, Robert	Wyden
Pickle	Snowe	Wylie
Porter	Snyder	Yatron
Price	Solarz	Young (AK)
Pritchard	Solomon	Young (FL)
Pursell	Spence	Young (MO)
Quillen	Spratt	Zschau

NOT VOTING—23

Alexander	Hatcher	McCloskey
Boehlert	Hawkins	Olin
Erlenborn	Heftel	Paul
Ford (MI)	Hubbard	Rangel
Hall (OH)	Hyde	Ray
Hance	Kazen	Shelby
Hansen (ID)	Lehman (FL)	Synar
Harrison	Lent	

□ 1250

The Clerk announced the following pairs:

On this vote:

Mr. Hawkins for, with Mr. Ray against.

Mr. Rangel for, with Mr. Shelby against.

Mr. MARKEY changed his vote from "no" to "aye."

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mr. OLIN. Mr. Chairman, I was unfortunately detained on official business and missed the last rollcall vote, rollcall No. 70.

Had I been present, I would have voted "no."

PERSONAL EXPLANATION

Mr. SYNAR. Mr. Chairman, I was detained on official business and was unable to vote on rollcall No. 70, the Congressional Black Caucus amendment. I would have voted "no."

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. M'HUGH

Mr. McHUGH. Mr. Chairman, I offer an amendment in the nature of a substitute.

The CHAIRMAN. The Clerk will designate the amendment in the nature of a substitute.

The text of the amendment in the nature of a substitute is as follows:

Amendment in the nature of a substitute offered by Mr. McHUGH: Strike out all after the resolving clause and insert in lieu thereof the following:

That the Congress hereby determines and declares that the concurrent resolution on the budget for fiscal year 1984 is hereby revised and replaced, the first concurrent resolution on the budget for fiscal year 1985 is hereby established, and the appropriate budgetary levels for fiscal years 1986 and 1987 are hereby set forth:

(a) The following budgetary levels are appropriate for the fiscal years beginning on October 1, 1983, October 1, 1984, October 1, 1985, and October 1, 1986:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1984: $664,900,000,000.
Fiscal year 1985: $747,300,000,000.
Fiscal year 1986: $822,200,000,000.
Fiscal year 1987: $898,100,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1984: $1,900,000,000.
Fiscal year 1985: $14,300,000,000.
Fiscal year 1986: $27,300,000,000.
Fiscal year 1987: $34,600,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1984: $415,500,000,000.
Fiscal year 1985: $991,900,000,000.
Fiscal year 1986: $1,065,000,000,000.
Fiscal year 1987: $1,140,600,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1984: $853,900,000,000.
Fiscal year 1985: $911,950,000,000.
Fiscal year 1986: $968,300,000,000.
Fiscal year 1987: $1,037,300,000,000.

(4) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1984: $189,000,000,000.
Fiscal year 1985: $164,650,000,000.
Fiscal year 1986: $146,100,000,000.
Fiscal year 1987: $139,200,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1984: $1,595,800,000,000.
Fiscal year 1985: $1,823,400,000,000.
Fiscal year 1986: $2,044,250,000,000.
Fiscal year 1987: $2,267,450,000,000.

and the amounts by which the statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1984: $105,800,000,000.
Fiscal year 1985: $227,600,000,000.
Fiscal year 1986: $220,850,000,000.
Fiscal year 1987: $223,200,000,000.

(6) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1983, October 1, 1984, October 1, 1985, and October 1, 1986, are as follows:

Fiscal year 1984:
(A) New direct loan obligations, $37,600,000,000.
(B) New primary loan guarantee commitments, $105,150,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1985:
(A) New direct loan obligations, $37,500,000,000.
(B) New primary loan guarantee commitments, $111,150,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1986:
(A) New direct loan obligations, $39,950,000,000.
(B) New primary loan guarantee commitments, $117,400,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1987:
(A) New direct loan obligations, $40,450,000,000.
(B) New primary loan guarantee commitments, $123,150,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.

(b) The Congress hereby determines and declares the appropriate levels of budget authority and budget outlays, and the appropriate levels of new direct loan obligations and new loan guarantee commitments for fiscal years 1984 through 1987 for each major functional category are:

(1) National Defense (050):

Fiscal year 1984:
(A) New budget authority, $264,500,000,000.
(B) Outlays, $234,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:
(A) New budget authority, $276,000,000,000.
(B) Outlays, $250,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:
(A) New budget authority, $289,400,000,000.
(B) Outlays, $261,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:
(A) New budget authority, $303,200,000,000.
(B) Outlays, $279,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

Fiscal year 1984:
(A) New budget authority, $22,200,000,000.
(B) Outlays, $12,350,000,000.
(C) New direct loan obligations, $9,100,000,000.
(D) New primary loan guarantee commitments, $8,650,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:
(A) New budget authority, $17,950,000,000.
(B) Outlays, $13,450,000,000.
(C) New direct loan obligations, $10,550,000,000.
(D) New primary loan guarantee commitments, $9,250,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:
(A) New budget authority, $16,850,000,000.
(B) Outlays, $13,450,000,000.
(C) New direct loan obligations, $11,600,000,000.
(D) New primary loan guarantee commitments, $10,250,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:
(A) New budget authority, $17,500,000,000.
(B) Outlays, $13,600,000,000.
(C) New direct loan obligations, $12,850,000,000.
(D) New primary loan guarantee commitments, $10,600,000,000.
(E) New secondary loan guarantee commitments, $0.

(3) General Science, Space, and Technology (250):

Fiscal year 1984:
(A) New budget authority, $8,550,000,000.
(B) Outlays, $8,300,000,000.
(C) New direct loan obligations, $150,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:
(A) New budget authority, $8,750,000,000.
(B) Outlays, $8,550,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:
(A) New budget authority, $8,800,000,000.
(B) Outlays, $8,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:
(A) New budget authority, $8,950,000,000.
(B) Outlays, $8,850,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

(4) Energy (270):

Fiscal year 1984:
(A) New budget authority, $3,000,000,000.
(B) Outlays, $3,000,000,000.
(C) New direct loan obligations, $4,700,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:
(A) New budget authority, $4,350,000,000.
(B) Outlays, $3,950,000,000.
(C) New direct loan obligations, $4,800,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:
(A) New budget authority, $4,250,000,000.
(B) Outlays, $4,200,000,000.
(C) New direct loan obligations, $4,850,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:

(A) New budget authority, $4,100,000,000.
(B) Outlays, $4,000,000,000.
(C) New direct loan obligations, $5,000,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.
(5) Natural Resources and Environment (300):
Fiscal year 1984:
(A) New budget authority, $12,000,000,000.
(B) Outlays, $12,400,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $11,800,000,000.
(B) Outlays, $11,900,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $12,050,000,000
(B) Outlays, $11,950,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $12,300,000,000.
(B) Outlays, $11,900,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(6) Agriculture (350):
Fiscal year 1984:
(A) New budget authority, $4,250,000,000.
(B) Outlays, $10,800,000,000.
(C) New direct loan guarantee obligations, $11,200,000,000.
(D) New primary loan guarantee commitments, $4,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $14,550,000,000.
(B) Outlays, $14,800,000,000.
(C) New direct loan guarantee obligations, $11,450,000,000.
(D) New primary loan guarantee commitments, $3,100,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $14,900,000,000.
(B) Outlays, $14,750,000,000.
(C) New direct loan guarantee obligations, $12,950,000,000.
(D) New primary loan guarantee commitments, $3,100,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $15,300,000,000.
(B) Outlays, $15,200,000,000.
(C) New direct loan obligations, $11,850,000,000.
(D) New primary loan guarantee commitments, $3,150,000,000.
(E) New secondary loan guarantee commitments, $0.
(7) Commerce and Housing Credit (370):
Fiscal year 1984:
(A) New budget authority, $5,600,000,000.
(B) Outlays, $4,050,000,000.
(C) New direct loan obligations, $6,150,000,000.
(D) New primary loan guarantee commitments, $50,000,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1985:
(A) New budget authority, $6,500,000,000.
(B) Outlays, $2,600,000,000.
(C) New direct loan obligations, $6,500,000,000.
(D) New primary loan guarantee commitments, $52,500,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1986:
(A) New budget authority, $6,550,000,000.
(B) Outlays, $2,450,000,000.
(C) New direct loan obligations, $6,550,000,000.
(D) New primary loan guarantee commitments, $54,800,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1987:
(A) New budget authority, $8,050,000,000.
(B) Outlays, $3,750,000,000.
(C) New direct loan obligations, $6,750,000,000.
(D) New primary loan guarantee commitments, $56,650,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
(8) Transportation (400):
Fiscal year 1984:
(A) New budget authority, $29,400,000,000.
(B) Outlays, $25,900,000,000.
(C) New direct loan obligations, $1,150,000,000.
(D) New primary loan guarantee commitments, $450,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $29,100,000,000.
(B) Outlays, $27,050,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $450,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $30,200,000,000.
(B) Outlays, $28,600,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $500,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $31,200,000,000.
(B) Outlays, $29,650,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $500,000,000.
(E) New secondary loan guarantee commitments, $0.
(9) Community and Regional Development (450):
Fiscal year 1984:
(A) New budget authority, $7,250,000,000.
(B) Outlays, $7,750,000,000.
(C) New direct loan obligations, $1,650,000,000.
(D) New primary loan guarantee commitments, $350,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $7,000,000,000.
(B) Outlays, $8,250,000,000.
(C) New direct loan obligations, $1,700,000,000.
(D) New primary loan guarantee commitments, $350,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $7,550,000,000.
(B) Outlays, $8,050,000,000.
(C) New direct loan obligations, $1,700,000,000.
(D) New primary loan guarantee commitments, $350,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $7,800,000,000.
(B) Outlays, $8,150,000,000.
(C) New direct loan obligations, $1,750,000,000.
(D) New primary loan guarantee commitments, $400,000,000.
(E) New secondary loan guarantee commitments, $0.
(10) Education, Training, Employment, and Social Services (500):
Fiscal year 1984:
(A) New budget authority, $31,350,000,000.
(B) Outlays, $28,150,000,000.
(C) New direct loan obligations, $800,000,000.
(D) New primary loan guarantee commitments, $7,400,000,000.
(E) $0.
Fiscal year 1985:
(A) New budget authority, $29,950,000,000.
(B) Outlays, $29,250,000,000.
(C) New direct loan obligations, $850,000,000.
(D) New primary loan guarantee commitments, $7,750,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $31,100,000,000.
(B) Outlays, $30,200,000,000.
(C) New direct loan obligations, $850,000,000.
(D) New primary loan guarantee commitments, $8,000,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $32,350,000,000.
(B) Outlays, $31,350,000,000.
(C) New direct loan obligations, $850,000,000.
(D) New primary loan guarantee commitments, $8,150,000,000.
(E) New secondary loan guarantee commitments, $0.
(11) Health (550):
Fiscal year 1984:
(A) New budget authority, $31,600,000,000.
(B) Outlays, $30,800,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $200,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $33,250,000,000.
(B) Outlays, $34,250,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $150,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:

(A) New budget authority, $36,700,000,000.
(B) Outlays, $36,400,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $150,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $39,550,000,000.
(B) Outlays, $39,050,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $150,000,000.
(E) New secondary loan guarantee commitments, $0.
(12) Social Security and Medicare (570):
Fiscal year 1984:
(A) New budget authority, $237,900,000,000.
(B) Outlays, $239,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $270,400,000,000.
(B) Outlays, $258,050,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $298,700,000,000.
(B) Outlays, $278,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $327,050,000,000.
(B) Outlays, $302,350,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(13) Income Security (600):
Fiscal year 1984:
(A) New budget authority, $118,450,000,000.
(B) Outlays, $97,050,000,000.
(C) New direct loan obligations, $1,000,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $146,150,000,000.
(B) Outlays, $114,950,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $156,150,000,000.
(B) Outlays, $119,650,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $165,700,000,000.
(B) Outlays, $124,250,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
(14) Veterans Benefits and Services (700):
Fiscal year 1984:
(A) New budget authority, $26,150,000,000.
(B) Outlays, $25,800,000,000.
(C) New direct loan obligations, $1,350,000,000.
(D) New primary loan guarantee commitments, $18,650,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $26,850,000,000.
(B) Outlays, $25,950,000,000.
(C) New direct loan obligations, $1,200,000,000.
(D) New primary loan guarantee commitments, $22,850,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $27,200,000,000.
(B) Outlays, $26,550,000,000.
(C) New direct loan obligations, $1,000,000,000.
(D) New primary loan guarantee commitments, $25,500,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $27,450,000,000.
(B) Outlays, $27,150,000,000.
(C) New direct loan obligations, $950,000,000.
(D) New primary loan guarantee commitments, $28,800,000,000.
(E) New secondary loan guarantee commitments, $0.
(15) Administration of Justice (750):
Fiscal year 1984:
(A) New budget authority, $5,950,000,000.
(B) Outlays, $5,950,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $6,150,000,000.
(B) Outlays, $6,100,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $6,250,000,000.
(B) Outlays, $6,150,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $6,350,000,000.
(B) Outlays, $6,350,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(16) General Government (800):
Fiscal year 1984:
(A) New budget authority, $5,450,000,000.
(B) Outlays, $5,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $5,650,000,000.
(B) Outlays, $5,550,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $5,850,000,000.
(B) Outlays, $5,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $5,950,000,000.
(B) Outlays, $5,850,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(17) General Purpose Fiscal Assistance (850):
Fiscal year 1984:
(A) New budget authority, $6,800,000,000.
(B) Outlays, $6,800,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $6,650,000,000.
(B) Outlays, $6,650,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $6,750,000,000.
(B) Outlays, $6,750,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $7,100,000,000.
(B) Outlays, $7,050,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(18) Net Interest (900):
Fiscal year 1984:
(A) New budget authority, $109,650,000,000.
(B) Outlays, $109,650,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $124,000,000,000.
(B) Outlays, $124,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $137,700,000,000.
(B) Outlays, $137,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $151,450,000,000.
(B) Outlays, $151,450,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(19) Allowances (920):
Fiscal year 1984:
(A) New budget authority, $650,000,000.
(B) Outlays, $750,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $700,000,000.
(B) Outlays, $300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $4,400,000,000.
(B) Outlays, $3,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $6,850,000,000.
(B) Outlays, $5,950,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(20) Undistributed Offsetting Receipts (950):
Fiscal year 1984:
(A) New budget authority, −$15,200,000,000.
(B) Outlays, −$15,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, −$33,850,000,000.
(B) Outlays, −$33,850,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, −$36,350,000,000.
(B) Outlays, −$36,350,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, −$37,600,000,000.
(B) Outlays, −$37,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

SEC. 2. (a) Not later than May 1, 1984, the House committees named in subsections (b) through (i)(1) of this section shall submit their recommendations to the House Budget Committee. After receiving those recommendations, the Committee on the Budget shall report to the House a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

(b) The House Committee on Agriculture shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $50,000,000 and outlays by $50,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $800,000,000 and outlays by $800,000,000 in fiscal year 1986; and requires decreases of budget authority by $1,700,000,000 and outlays by $1,700,000,000 in fiscal year 1987.

(c) The House Committee on Armed Services shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays by $300,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of outlays by $650,000,000 in fiscal year 1986; and requires decreases of outlays by $1,000,000,000 in fiscal year 1987.

(d) The House Committee on Education and Labor shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays by $150,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of outlays by $150,000,000 in fiscal year 1986; and requires decreases of outlays by $200,000,000 in fiscal year 1987.

(e) The House Committee on Energy and Commerce shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $1,000,000,000 and outlays by $1,000,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $1,350,000,000 and outlays by $1,350,000,000 in fiscal year 1986; and requires decreases of budget authority by $1,650,000,000 and outlays by $1,650,000,000 in fiscal year 1987.

(f) The House Committee on Post Office and Civil Service shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays by $550,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of outlays by $1,300,000,000 in fiscal year 1986; and requires decreases of outlays by $1,800,000,000 in fiscal year 1987.

(g) The House Committee on Small Business shall report changes in laws within the jurisdiction of that committee sufficient to reduce outlays by $200,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of $150,000,000 in budget authority and $200,000,000 in outlays in fiscal year 1986; and requires decreases of $250,000,000 in budget authority and $200,000,000 in outlays in fiscal year 1987.

(h) The House Committee on Veterans' Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $150,000,000 and outlays by $400,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $50,000,000 and outlays by $250,000,000 in fiscal year 1986; and requires decreases of budget authority by $250,000,000 and outlays by $250,000,000 in fiscal year 1987.

(i)(1) The House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $1,000,000,000 and outlays by $1,000,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $1,400,000,000 and outlays by $1,400,000,000 in fiscal yer 1986; and requires decreases of budget authority by $1,750,000,000 and outlays by $1,750,000,000 in fiscal year 1987.

(2) The House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee sufficient to increase revenues by $14,300,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires increases of $27,300,000,000 in revenues in fiscal year 1986; and requires increases of $34,600,000,000 in revenues in fiscal year 1987.

GENERAL PROVISIONS

SEC. 3. (a) For fiscal years 1985, 1986, and 1987, any revenues raised by legislation enacted on or after March 15, 1984, shall only be used to reduce the Federal budget deficits for such fiscal years except to the extent that such legislation earmarks all or any part of such revenues for specific spending programs.

(b) Pursuant to subsection (a) of this section and notwithstanding the spending levels contained in section 1 of this resolution, funding for specific low-income programs, such as—

(1) an employment initiative for disadvantaged youth;

(2) public works jobs for community renewal;

(3) increased funding for the Aid to Families with Dependent Children program and the State component of the Supplemental Security Income program to ensure that the purchasing power of recipients is maintained;

(4) increased funding for title XX of the Social Security Act; and

(5) an increase in the earned income tax credit; would be appropriate if the authorizations for such programs are enacted and if sufficient revenues or outlay reductions are also enacted to ensure that the legislation is deficit neutral.

ADMINISTRATIVE SAVINGS

SEC. 4. It is the sense of the Congress that the Executive Branch achieve at least $2 billion in savings over fiscal years 1985 through 1987 by implementing those recommendations of the President's Private Sector Survey on Cost Control requiring administrative action within that branch of Government. It is further the sense of the Congress that the President shall report to Congress each year, in conjunction with the annual budget submission, on the progress made in achieving the savings required by this section.

AUTOMATIC SECOND BUDGET RESOLUTION

SEC. 5. (a) If Congress has not completed action by October 1, 1984, on the concurrent resolution on the budget required to be reported under section 310(a) of the Congressional Budget Act of 1974 for the 1985 fiscal year, then this concurrent resolution shall be deemed to be the concurrent resolution required to be reported under section 310(a) of such Act, for the purposes of the prohibitions contained in section 311 of such Act, notwithstanding congressional action or inaction on any reconciliation requirements contained in this concurrent resolution.

(b) Section 311(a) of the Congressional Budget Act of 1974, as made applicable by subsection (a) of this section, shall not apply to bills, resolutions, or amendments within the jurisdiction of a committee, or any conference report on any such bill or resolution, if—

(1) the enactment of such bill or resolution as reported;

(2) the adoption and enactment of such amendment; or

(3) the enactment of such bill or resolution in the form recommended in such conference report;

would not cause the appropriate allocation for such committee of new discretionary budget authority or new spending authority as described in section 401(c)(2)(C) of the Congressional Budget Act of 1974 made pursuant to section 302(a) of such Act for fiscal year 1985 to be exceeded.

(c) The provisions of this section shall cease to apply when Congress completes action on a subsequent concurrent resolution on the budget for fiscal year 1985 pursuant to section 304 or 310 of the Congressional Budget Act of 1974.

"PAY AS YOU GO" TRUST FUND AMENDMENT

SEC. 6. (a) For purposes of the spending levels for fiscal year 1985 contained in section 1 of this resolution, and the assumptions upon which they are based, and for purposes of determining whether or not a committee exceeds its section 302(a) allocation of new discretionary budget authority or new spending authority for the prohibition contained in section 5 of this resolution, any new discretionary budget authority or new spending authority contained in a bill, resolution, amendment, or conference report shall be disregarded if the budget authority for outlays which will result from such new discretionary budget authority or such new spending authority is derived from any trust fund—

(1) the expenditures from which are available for highway, mass transit, or aviation purposes;

(2) for which new or expanded user fees or taxes were enacted during the 97th Congress; and

(3) which is described in section 401(d)(1)(B) of the Congressional Budget and Impoundment Act of 1974.

(b) For purposes of the spending levels for fiscal year 1985 contained in section 1 of this resolution, and the assumptions upon which they are based, and for purposes of determining whether or not a committee exceeds its seciton 302(a) allocation of new discretionary budget authority or new spending authority for the prohibition contained in section 5 of this resolution, any new discretionary budget authority contained in a bill, resolution, amendment, or conference report to fund programs under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 shall be disregarded to the extent that such bill, resolution, amendment, or conference report contains revenue sufficient to cover such new spending, or to the extent that sufficient revenue to cover such increases is included in the Comprehensive Environmental Response, Compensation and Liability Act of 1980.

SECTION 302(b) FILING REQUIREMENT

SEC. 7. (a) It shall not be in order in the House of Representatives to consider any bill or resolution, or amendment thereto, providing—

(1) new budget authority for fiscal year 1985;

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1985; or

(3) direct loan authority, primary loan guarantee authority, or secondary loan guarantee authority for fiscal year 1985;

within the jurisdiction of any committee which has received an allocation pursuant to section 302(a) of the Congressional Budget Act of discretionary budget authority or new spending authority, as described above, for such fiscal year, unless and until such committee makes the allocation or subdivisions required by section 302(b) of the Congressional Budget Act, in connection with the most recently agreed to concurrent resolution on the budget.

(b) The prohibition contained in subsection (a) shall not apply until twenty-one days of continuous session, as defined in section 1011(5) of the Impoundment Control Act of 1974, after Congress completes action on this concurrent resolution.

The CHAIRMAN. Pursuant to House Resolution 476, the amendment is considered as having been read.

The gentleman from New York (Mr. MCHUGH) will be recognized for 30 minutes, and a Member opposed will be recognized for 30 minutes.

The Chair now recognizes the gentleman from New York (Mr. MCHUGH).

Mr. MCHUGH. Mr. Chairman, I yield myself 7 minutes.

Mr. Chairman, the substitute which I am offering would reduce budget deficits more than any other budget proposal now pending. More specifically, over the next 3 years this substitute would reduce budget deficits by a total of $262 billion. That is $28 billion more than the deficit reduction in the MacKay substitute; it is $57 billion more in deficit reduction than in the Latta substitute; and it is $80 billion more in deficit reduction than contained in the committee resolution.

In short, Mr. Chairman, this resolution offers us the best opportunity to take a significant step in reducing budget deficits. And make no mistake about it, that is the standard by which our action today will be judged. Deficits, as we all know, are the greatest threat to our economy and to our security, and we must act today to reduce those deficits significantly.

However, I agree with the chairman of the Budget Committee, the gentleman from Oklahoma (Mr. JONES), when he says that whatever we do with respect to a budget resolution must be realistic. Whatever budget resolution we adopt must be implemented. I would submit, Mr. Chairman, that the substitute which I am now offering is realistic and, therefore, can be implemented.

Let us consider the specific parts. First of all, with regard to nondefense spending, this substitute incorporates the very same figures as are included in the Budget Committee resolution. This means that over the next 3 years nondefense spending will rise at a rate which is less than inflation; it will rise at a rate which is about $16 billion less than inflation.

Certain important programs will experience real growth at the rate of 3.5 percent. Those programs are targeted to the very poor and the handicapped, and I think it is important that they experience some real growth. But overall, nondefense spending will rise at a lower rate than inflation.

We all have our favorite domestic spending programs. I do, and I am sure you do. But if we are really serious about the deficit, if we really believe it is a major threat to our economy we must be restrained with programs we like.

What is true for nondefense spending is also true for military spending. For that reason this substitute would hold defense spending over the next 3 years to an inflation adjustment only. That would mean approximately $75 billion more to adjust for inflation over 3 years, but no more.

Underlying this proposal are two basic premises. The first is that military expenditures have increased at a rather dramatic rate over the last 3 years. More specifically, in fiscal year 1980, budget authority for military expenditures was $146 billion. Today, in fiscal year 1984, budget authority for military expenditures is $269 billion, an increase in 3 years of $123 billion.

□ 1300

In my judgment, and I suspect in the judgment of many others here and outside this Chamber, the Pentagon has been unable to absorb that substantial increase efficiently and, therefore, I think it is responsible to hold down further real increases in the interest of reducing the deficits.

The second premise underlying our defense figure is the knowledge that the Senate will surely pass a budget

resolution which has a real increase for defense of approximately 8 percent.

We should anticipate the compromises that will necessarily take place in conference. One of those compromises will involve an increase in defense above the House figure. We all know that, and therefore, to the extent that we want defense to make a reasonable contribution to deficit reduction, this substitute is realistic.

Finally, with respect to revenues, we also believe we have a realistic approach.

This substitute assumes that over the next 3 years we will raise $76 billion in new revenue. This is only $27 billion more than the Budget Committee assumes. It would be raised over 3 years and it would all go to reducing the deficit.

Is this unrealistic? Is it asking too much? In answering that question, I would ask you to consider that as a result of the tax legislation Congress has passed in the last 3 years, the Treasury will not collect approximately $490 billion in revenue. If you wonder why we have a major deficit problem, this is a significant reason. All we are asking in this substitute is to recapture $76 billion of that $490 billion to reduce the deficit. We think that is a modest step to take to help assume our national economic health.

And by the way, that $76 billion is about what it would take to keep defense even with inflation.

In conclusion, Mr. Chairman, I believe we are presenting today a reasonable, responsible, realistic budget resolution and I urge my colleagues to vote for it, primarily because it will deal in a meaningful way with the reduction of deficits which represent one of the most serious threats facing our country today.

The CHAIRMAN. For what purpose does the gentleman from Ohio (Mr. LATTA) rise?

Mr. LATTA. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The gentleman from Ohio (Mr. LATTA) is recognized for 30 minutes.

Mr. LATTA. Mr. Chairman, I reserve the balance of my time.

Mr. McHUGH. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio (Mr. PEASE).

Mr. PEASE. Mr. Chairman, I rise in support of the McHugh substitute. I have just come from hearings in the Trade Subcommittee where we heard the chief executive officers of four major American corporations talking about the problem of trade deficits. Our merchandise trade deficit was $69 billion last year. The estimates are that it will go up to $125 billion this year. These corporate officers told us that that will have a devastating effect on our economy. The one concrete step which they told us we could take to reverse this trend is to reduce Federal deficits.

I believe that with the McHUGH substitute we have a realistic opportunity to do that. The McHugh substitute balances the sacrifice between defense spending and domestic spending. It does not ask for a disproportionate share from either side.

In addition to that, the McHugh substitute provides for $76 billion in revenue over the next 3 years, which, as the gentleman from New York (Mr. McHUGH) has pointed out, surely is not an excessive amount when you consider that the 1981 tax bill alone will result in a loss of revenue of some $490 billion over the same period of time.

We all know that we are going to have to take a three-pronged approach; cutting back on domestic spending, restricting the growth of defense spending and increasing revenue if we are to get the deficits under control.

The chief executive officers with whom we talked this morning emphasized that we do not have much time; we must get the deficit down as soon as possible. The McHugh substitute gives us the best opportunity.

The CHAIRMAN. The time of the gentleman from Ohio (Mr. PEASE) has expired.

Mr. LATTA. Mr. Chairman, I yield 2 additional minutes to the gentleman from Ohio (Mr. PEASE), if he needs it.

The gentleman does not need any more time?

Mr. PEASE. No; I do not, Mr. Chairman.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio, Mr. LATTA.

Mr. LATTA. Mr. Chairman, I reserve my time.

The CHAIRMAN. The gentleman from Ohio (Mr. LATTA) reserves his time.

Mr. McHUGH. Mr. Chairman, I yield 1 minute to the gentleman from Minnesota (Mr. VENTO).

Mr. VENTO. Mr. Chairman, I rise in support of the McHugh substitute.

Mr. Chairman, I would just like to say I think this is the most creative initiative we have before us. I want to first of all give credit where credit is due, to the Budget Committee in terms of the work they have done in terms of domestic spending, because this proposal tracks that proposal for a 3-year change in domestic spending. Many of the proposals have been legislative initiatives that have passed and realistically we are taking them into consideration with this particular substitute.

But additionally, this substitute addresses the other issues more effectively in terms of dealing with other problems on fiscal policy; namely, the issue of defense spending and the issue of taxes.

The tax dollars that are gained in this particular measure is dedicated to the reduction of the deficit.

Mr. Chairman, I think for too long we have been measuring defense spending with a 13-inch ruler and measuring domestic spending with an 11-inch ruler. I think it is high time we began to face up to this. Because if we do not face the crunch right now in this year with regard to defense spending, it is simply going to be compounded in the future years.

So I think it is time to address runaway military spending and place realistic limits on the tremendous increases of the past 4 years. This measure keeps military spending exactly where it is today with the adjustments provided for only inflation.

Frankly, I think that that is adequate. All too often the bargaining chips have become weapons in the field, and some day like almost all military weapons the real possibility exists for their use.

Today as we focus on the budget issue this measure provides the greatest reduction of any of the remaining budget measures to be considered it means that we began today not after the November elections, but today facing up to the reality of taxes and spending. I urge my colleagues support.

Mr. McHUGH. Mr. Chairman, I yield 5 minutes to the gentleman from Connecticut (Mr. McKINNEY).

Mr. McKINNEY. Mr. Chairman, it seems to me that even though politics as usual is part of the structure of this House, and it seems to be where we are coming from, once again, particularly with the antics yesterday on the original Reagan budget. The politics as usual is not what is going on in the Fourth Congressional District of the State of Connecticut.

My people are tired of budget deficits, they are tired of an overrated American dollar because of these deficits and high interest rates, which is robbing Americans of jobs, trade, and opportunity; they are tired of not being able to buy a house; and they are tired of paying too much for a car.

In essense, they are tired of Congress not facing up to its responsibilities.

I consider myself a good Republican, though some might argue that point. And I stand full square behind the McHugh substitute and full square behind, if that does not pass, the MacKay substitue; as the only two realistic documents that have appeared in front of this body since the beginning of this debate.

First off, some of you are going to use the excuse that we have decimated the Defense Department. Gentlemen and ladies, please, the Pentagon has had a 41-percent increase in real spending power over the last 3 years.

The Pentagon, ladies and gentlemen, is awash in appropriated, unexpended funds. The Pentagon is, in fact, refusing, time after time, to set the priorities for the strategic and tactical defense of the United States of America.

And I would suggest to you that we have increased the Pentagon's budget; we have increased it to inflation and that if the Pentagon would follow the recommendations of the Grace Commission report, if they would, in fact, turn back those funds appropriated and nonexpended on programs, the Pentagon could in fact, share its obligation to help make this country work.

□ 1310

Now when we get to the social programs—and we have done a job on them. It is not right to take away the money from those people in this country that have no constituency or no voice. Well, Mr. Chairman, I refuse to join that cabal.

We cannot balance the budget of the United States of America on 10 percent of its expenditures. It used to be 14 percent, we have managed to get rid of 4.

It is about time we spread the load.

If, in fact, you are interested in reducing the deficit of the United States of America, the McHugh budget and the MacKay budget are the two that will do it. They are fair to social programs, they keep them frozen at a fair level, where possible. They are fair to the Defense Department and they are fair in the taxation area. Tax those more that can afford it.

They recognize that we as a political body have refused to face the real issues and that we will not do it until this political hailstorm is over in 1984. One real issue, I would suggest, Mr. Chairman, is non-need-related entitlements; Another real issue is responsibility on the part of the Department of Defense, of which they have shown none. They are in the toy store buying the toys and they do not know if they will work. While they cannot supply a shell to the Connecticut National Guard at Fort Drum, while they cannot put a rocket on their new destroyers. While we are back in a condition, as a practical operating condition, that we were in at the start of World War II. When they sent out soldiers out to drill with broomsticks.

We have, in fact, in the McHugh budget a realistic call to action by the Defense Department, a realistic freeze of social programs, a realistic tax increase. But far more important, Mr. Chairman, let me warn all the Members of one thing; 3 years' projections. We cannot project in this place for 6 months.

I remember sitting on the Banking Committee. We had all the experts in the United States of America tell us what was going to happen with new instruments for the banks, new financial instruments.

We said $50 billion in a year. We ended up with over $260 billion in a year.

We cannot predict. So do not get caught in the trap of the illusions. McHugh, MacKay handle the present and give us the opportunity to display some courage, which is a short commodity around here sometimes.

Mr. McHUGH. Mr. Chairman, I yield such time as he may consume to the gentleman from Ohio (Mr. SEIBERLING).

Mr. SEIBERLING. Mr. Chairman, I wish to associate myself with the remarks of the gentleman from Connecticut (Mr. McKINNEY), the gentleman from Ohio (Mr. PEASE), and the gentleman from New York (Mr. McHUGH), and I rise in support of the McHugh amendment.

Mr. Chairman, The most urgent problem facing our country is bringing under some semblance of control the enormous, unbelievable Reaganomics-caused Federal deficit. As a result of the ill advised Reagan tax cuts adopted in 1981, we are borrowing billions to provide tax breaks for the wealthy, cutting the "safety net" for the poor, the elderly, and the disabled in order to subsidize the extravaganzas of the Pentagon, and wiping out jobs for millions of Americans so that the President can get through the election before facing up to this unpleasant responsibility of cleaning up the disastrous economic consequences of his tax and military policies.

The McHugh amendment is a realistic, responsible, humane effort to face up to these problems now and not after the election.

Mr. McHUGH. Mr. Chairman, I yield 1 minute to the gentleman from Michigan (Mr. LEVIN).

Mr. LEVIN of Michigan. Mr. Chairman, I rise in support of the McHugh amendment for two reasons. No. 1, it is the only budget proposal that has a real chance of a larger budget deficit reduction than the inadequate amount of reduction in the President's. The final figure on defense and in programs like social security disability would eat up the difference above the President's that is provided in any other plan, or at least most of it. This plan provides added revenue as well as major expenditure cuts so that we would end up with more of a deficit reduction. It is critical that we dramatically lower the deficit and do it this year, not next.

And second, it is fair. It is fair on the revenue side, it is fair on the program side. When it comes to cutting the budget, justice is not blind. If we must use an ax, and I think we are going to have to, at least it ought to be able to distinguish between what is fair and what is unfair. This is the proposal that best does it.

I strongly urge that on both sides of the aisle we join together in support of the McHugh amendment.

Mr. McHUGH. Mr. Chairman, I yield 2 minutes to the gentleman from Washington (Mr. LOWRY).

Mr. LOWRY of Washington. Mr. Chairman, I rise in strong support of the McHugh amendment.

Of the remaining alternatives this is the greatest opportunity to keep faith with what we all said was our primary objective in this budget process, to reduce the budget deficit. Also, I would like to agree with our excellent colleague from Connecticut (Mr. McKINNEY), who also pointed out it is the first year, 1985, that really counts in this budget process, because every year we write a new 3-year budget.

The DSG-McHugh substitute reduces the deficit $41.7 billion in 1985. More than any remaining budget alternative.

Second, I would like to say and especially to the new Members who are concerned if the revenue figure in the McHugh substitute is realistic.

There is a commitment that when the Ways and Means bill comes onto the floor next Wednesday, if the budget resolution makes room for an additional $27 to $29 billion of revenue, that an amendment to raise that revenue will be offered. It will not be a replay of last year when Ways and Means did not present to the floor the opportunity to vote for the revenue base that was called for in the budget resolution. It will happen next Wednesday. If you have the courage today to vote for the substitute that gives the greatest opportunity to reduce the deficit, next Wednesday you will have the opportunity for the tax package to back that up.

I strongly encourage voting for this opportunity to reduce the deficit, the McHugh substitute.

Mr. McHUGH. Mr. Chairman, I yield 1 minute to the gentlewoman from Ohio (Ms. KAPTUR).

Ms. KAPTUR. Mr. Chairman, I rise in support of the McHugh budget substitute. Members from both sides of the aisle have rightly taken to the floor to discuss the dangers which the deficit poses. We know it threatens to strangle the economic recovery now underway. We know it threatens to foreclose the chances of sustained economic growth through the rest of this decade. Moreover, we know that it irresponsibly mortgages our children's future.

The McHugh substitute deserves the support of all Members who are serious about reducing the deficit and reducing it in the fairest, most equitable way. First, the McHugh substitute cuts deficits by a larger amount than any of the remaining budget options. Deficits would be cut by $262 billion over the next 3 years. This is $100 bil-

lion more than would be cut by the administration's latest proposal.

Spending reductions would come from an across-the-board freeze at the current services level. This proposal guarantees the same level of services currently available including defense—no more, no less. Only slight adjustments would be made in funding for legitimate safety net programs including child nutrition, job training and compensatory education to serve low- and middle-income individuals have suffered disproportionately in recent years. We know this administration has cut basic needs programs drastically and the ravages of the recession have taken a toll. It is only fair that some small restoration in funding for means-tested human needs programs be accepted.

Finally, the McHugh substitute would raise revenues by $27 billion more than the remaining proposals and revenues would go to offset the deficit.

Most of the Reagan tax giveaways total $490 billion over the next 3 years. The McHugh proposal only suggests recovering 15-percent of the lost revenue in order to restore some fairness to our tax code. Less than one-third of the total deficit reduction package would be composed of added revenues.

The approach suggested under the McHugh amendment is a fair one. For example, we know last year, corporations received more in tax breaks than they paid in taxes. The McHugh amendment suggests a revenue approach that emphasizes eliminating particularly unfair tax breaks.

It is likely as much as one-third of the revenue could be generated by a 15-percent alternative minimum tax on corporations. The Reagan administration made an identical proposal 2 years ago. This provision would correct the unevenness in the tax system which has the telecommunications industry paying an effective tax rate of 1.6-percent while the rubber industry's effective rate was 39-percent.

Clearly, the McHugh substitute offers the most balanced program to reduce the deficit. The burden of spending cuts would be shared equally. Revenues would be raised by a reasonable amount and in an equitable manner. Most importantly, deficits would be cut dramatically. Thus, we would take a significant step toward a sustainable economic recovery. Let us pass this substitute. It is time to act.

Mr. LATTA. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, I think it is well to point out that this substitute also would reduce our defense effort by $140.4 billion over 3 years. Even the substitute reported out by our committee would only reduce the defense effort by $95 billion, which is about $55 billion more than our substitute.

This budget would also increase taxes much more than the amount reported out by the House Ways and Means Committee. It would increase taxes to the tune of $76.2 billion. And we have not yet heard an explanation as to how they are going to raise that additional revenue.

Mr. JONES of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Oklahoma.

Mr. JONES of Oklahoma. I thank the gentleman for yielding.

Again, I want to call attention of the Members to what is in this substitute package. I might point out that my attraction to a freeze is one that I have publicly stated all this calendar year as we have been putting this budget together.

Let me repeat, I want the Members to know what they are voting on today because they will have to start implementing that plan next week.

There are two very key features in this substitute that I want to call to the attention of the Members.

First, there is no real growth at all in military expenditures. All military expenditures will be held to nothing greater than the rate of inflation.

□ 1320

The second factor concerns taxes. When the tax bill comes before the floor next week, the Members will be asked not only to vote for the $47 billion-plus tax bill out of the Ways and Means Committee, but also for the Pease substitute which will raise another $28 billion in a number of items.

Mr. LATTA. May I ask the chairman a question, since he serves on the Ways and Means Committee and is familiar with this Pease substitute? What kind of tax increases? What are we talking about specifically in the Pease substitute?

The CHAIRMAN pro tempore (Mr. VENTO). The time of the gentleman from Ohio (Mr. LATTA) has expired.

Mr. LATTA. Mr. Chairman, I yield myself 1 additional minute.

Mr. JONES of Oklahoma. The author of the amendment may want to respond to this question, but among the items in the Pease substitute is an alternative minimum corporate tax, raising $10.5 billion; a full basis adjustment for the investment tax credit, raising another $4.7 billion; and increasing the depreciation lives on structures from 15 to 20 years, raising another $4.1 billion.

Mr. LATTA. If the gentleman will yield there, does the gentleman mean real estate, if you buy real estate?

Mr. JONES of Oklahoma. Under the accelerated cost recovery or ACR, the present structure life is 15 years for depreciation purposes. This would be extended to 20 years under the Pease amendment.

The foreign corporate income tax provisions would raise $2.2 billion; limitation on individual nonbusiness nonmortgage interest deductions would raise $2.7 billion.

The CHAIRMAN pro tempore. The time of the gentleman from Ohio (Mr. LATTA) has again expired.

Mr. LATTA. Mr. Chairman, I yield myself an additional 1 minute.

Mr. JONES of Oklahoma. And a luxury excise tax, $1.2 billion more.

There are many components in the Pease substitute that I think deserve our attention and deserve our support. But if this substitute were to pass, it assumes that all of the Pease amendment would be a part of that, and those who vote for the substitute this week would have to vote for that particular tax provision next week.

I only point this out again to keep the House honest on the kind of budget we are voting on this year. If we are going to support a freeze substitute, then let use be fully prepared in the next few weeks to vote no increase above inflation for military and to add another $28 billion in tax increases that will be coming before the floor next week.

Mr. McHUGH. Mr. Chairman, I yield such time as he may consume to the gentleman from Iowa (Mr. BEDELL).

Mr. McHUGH. Mr. Chairman, I yield 4 minutes to the gentleman from North Carolina (Mr. ROSE).

Mr. ROSE. Mr. Chairman, you know, I am glad that Mr. BUDDY ROEMER is here so he can hear what I have to say. There were some of us who were sitting around talking in the last few days about what the ideal budget resolution would look like so far as the message that it would send to the American people. Before I say that, I want to compliment the chairman of the Budget Committee, JIM JONES, for the great job that he has done, and the hard work that he has gone through as he has been pulled and pushed from every direction to come up with what the Budget Committee will present later today. But I felt that the DSG budget approach would provide us with an opportunity to send a real strong message to the country, to the world, to the financial institutions not only of America but all over this globe.

I would probably prefer to be able to take part of BUDDY ROEMER's budget, what he did with the entitlements, and then take out of the DSG approach what it does to defense, and then leave social security alone and come up with something somewhere between, if you will, the DSG and the CDF approach. But hindsight is always 20/20. Here we are today, with the McHugh approach, which I support and totally endorse and ask my colleagues to strongly consider for

many, many reasons, but the greatest reason is the deficit reduction.

I absolutely am getting some of the most frightening letters that I have gotten in my six terms in this House from constituents in my district who are beginning to realize what is going to happen to us in 1985.

I have a very enlightened constituent who has made a lot of money and who was recently in Switzerland talking to the chief executive officer of one of the largest banks in Switzerland. A bank executive told my constituent, "We have got about $700 billion of foreign currencies invested in the United States and we are watching you fellows daily carefully to see what you are doing with that deficit. We believe you are probably going to monetize it sometime in the next several quarters, and when you start printing more money we are coming out of America as fast as we can, and you are going to be looking at 25 percent interest rates in 1985."

Now, my homebuilders are already nervous. The banks generally are jittery. Have you been out into the market lately and tried to negotiate a mortgage on a new home? Well, I have had that experience, and I can tell you it is frightening to look into 1985 and see what the markets are projecting for this country.

The McHugh-DSG approach to the Federal budget promises us the largest deficit reduction second only to the one the Congressional Black Caucus presented here earlier.

My friends, I am not afraid to freeze defense spending at inflation for the next 3 years. We are in 1984 and the sky has not fallen, the Russians have not moved across the Potomac.

Go up to the Intelligence Committee and ask to see the budget request of the intelligence community for 1985.

I urge my colleagues to support the McHugh substitute.

Mr. LATTA. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Chairman, we have voted on a number of similar budgets. We have had them described to us. I would simply like to describe this budget version so that Members who might be listening would have a chance to make their decisions based on what I see are the differences between the major choices.

In the first place, this budget relies on $26 billion more in taxes than the committee's budget and about $28 billion more in the Latta Republican substitute. In fact, it would require $4.5 billion more in taxes in the first fiscal year, $10 billion more in taxes in the second year, and $12 billion in the third fiscal year. That is a pretty heavy new tax load.

My judgment is that there is not a heavy ground swell out in our constituencies for increased taxes. As a matter of fact, most of the polls that I read and people that I talk to tell me that folks are looking for reductions in expenditures and not increases in taxation.

The other principal place from which this budget achieves a substantial reduction in the total deficit is in defense where it spends $45 billion less than the committee budget.

In my judgment, defense needs to get the same scrutiny and make the same sacrifice as every element in the budget. However, I doubt that there are any of the Members, even the proponents of this budget, who believe that the figure that they are presenting is rational or achievable.

□ 1330

Therefore, one must look at the $261 billion deficit reduction and say, hey, wait a minute, there is some phoniness here, it is not going to work, and if we are going to reach this desirable deficit number, cuts are going to have to be made elsewhere.

Mr. LATTA. Mr. Chairman, will the gentleman yield?

Mr. FRENZEL. I yield to the distinguished ranking member of the Budget Committee.

Mr. LATTA. I want to thank the gentleman for yielding, and since he is on the Ways and Means Committee as well as being on the Budget Committee, I would like to ask him something about this Pease tax package.

I have been just handed a sheet that says that part of that tax package would deal with a limitation in interest deductions on your income taxes. Since we want to get the real estate business going again, especially in Ohio, will the gentleman explain to us what he is talking about?

Mr. FRENZEL. I really cannot. I would have to refer you to the gentleman from Ohio (Mr. PEASE) to whom I now yield to explain that interesting feature of this tax program.

Mr. PEASE. I thank the gentleman for yielding, and I would like to assure the gentleman and all the Members of the House that this provision has nothing whatsoever to do with home mortgage interest; it applies to consumer interest only. It would still allow people to deduct for consumer interest $4,000 on a joint return, which means that they could have about $40,000 in outstanding borrowings.

We think that that is quite a generous limitation, but I would emphasize again it does not affect housing in any way.

Mr. FRENZEL. I thank the gentleman and I yield to the gentleman from Ohio (Mr. LATTA).

Mr. LATTA. Apparently this handout sheet has provision A, which says provisions primarily affecting business taxpayers, and B, provisions primarily affecting nonbusiness taxpayers, and listed under the nonbusiness taxpayers is a limitation on interest deductions.

Is the gentleman now saying that his amendment would not affect nonbusiness taxpayers?

Mr. FRENZEL. I yield to the gentleman from Ohio (Mr. PEASE).

Mr. PEASE. I thank the gentleman for yielding.

No; what I said was is that it does not affect housing mortgage interest. It does affect consumer interest; that is, if a person goes out and borrows $25,000 to buy an automobile, he gets to deduct that interest from his income tax.

Mr. FRENZEL. May I ask the gentleman a question?

Does it cap personal business expenditures for individuals? Interest expenditures?

Mr. PEASE. Nonhousing interest, yes.

Mr. FRENZEL. So if I were a small business person I could still only deduct, and operating as an individual entrepreneur, I could not deduct more than $4,000?

Mr. PEASE. That is correct.

Mr. FRENZEL. I thank the gentleman and the other gentleman from Ohio will certainly have a statement on that.

Mr. LATTA. Let me ask the gentleman for one other clarification since he has the time.

There was some rumor that there was going to be a tax on automobiles costing more than $20,000. I wonder if that is still in this Pease-Gephardt-Moody-McHugh amendment?

The CHAIRMAN pro tempore. The time of the gentleman from Minnesota (Mr. FRENZEL) has expired.

Mr. LATTA. Mr. Chairman, I yield 1 more minute to the gentleman from Minnesota.

Mr. Chairman, will the gentleman yield?

Mr. FRENZEL. I yield further to the gentleman from Minnesota.

Mr. LATTA. Mr. Chairman, I yield to the gentleman from Ohio (Mr. PEASE) for his answer.

Mr. PEASE. The luxury tax portion would tax at the rate of 10 percent that portion of the value of an automobile which exceeded $20,000. In other words, if you bought a $21,000 car, you would pay the tax on $1,000.

Mr. LATTA. Mr. Chairman, I yield 1 more minute to the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Chairman, we have had an interesting but brief discussion of some of the tax problems of achieving increased income taxes. I doubt that the small business people of the United States, most of whom operate as individuals, will enjoy having a ceiling placed on what has been customarily a business deduction and which is a real expense of doing

business in a high-interest economy such as that in which we live.

This bill, this proposition, derives money its savings from more taxes, and considerably less defense. In my judgment the savings that it seeks to achieve are unachievable; would not be voted by this House, and therefore it deserves to be defeated.

Mr. LATTA. Mr. Chairman, will the gentleman yield?

Mr. FRENZEL. I yield to the gentleman from Ohio.

Mr. LATTA. Let me ask you whether or not since you serve on the Ways and Means Committee this proposition has been considered by the Ways and Means Committee; if it has, has it been reported?

Mr. FRENZEL. I have not seen it, we have had no hearings on it, and I know nothing about it other than what we have described today.

The CHAIRMAN pro tempore. The time of the gentleman from Minnesota (Mr. FRENZEL) has expired.

Mr. LATTA. Mr. Chairman, I yield 1 minute to the gentleman from Minnesota.

Mr. FRENZEL. Mr. Chairman, I yield to the gentleman from Ohio (Mr. PEASE).

Mr. PEASE. I appreciate the gentleman yielding and I would like to correct myself in one respect. The consumer interest provision would apply to nonbusiness interest. So, therefore, it would not affect the normal small business operations who are operating as individual proprietorships.

Mr. FRENZEL. That would be very helpful and I thank the gentleman. It is also a good reason why we ought to have hearings and a committee record so we know what we are voting on before we put it into the budget.

Mr. PEASE. Mr. Chairman, will the gentleman yield?

Mr. FRENZEL. I yield to the gentleman from Ohio.

Mr. PEASE. I appreciate the gentleman yielding.

He understands of course that we are not voting on a tax provision today; we are making room in the budget for $29 billion in revenue. If this substitute is adopted and I hope it will be, it will be on the floor next week or the week after. We will have ample opportunity to discuss the specifics of each of these proposals.

Mr. FRENZEL. I understand that. As far as I know the gentleman from Ohio is the only one who has been bold enough to suggest where the extra burdens on the taxpayers may fall.

Mr. McHUGH. Mr. Chairman, I yield 1 minute to the gentleman from Wisconsin (Mr. MOODY).

Mr. MOODY. I thank the gentleman for yielding.

We were asked a minute ago, Where is the groundswell for raising taxes? There definitely is a groundswell for reducing the deficit. And let us be realistic, we are only going to cut spending so much, particularly when the budget comes back from the Senate. When it does, we are not going to be cutting military so much. The only way to really cut the deficit is to work seriously on the revenue side.

But does this amendment really entail a tax increase? I would maintain that it does not. In fact, it is a revenue restoration measure. If you look at the revenues which were lost since 1981 as a result of the TEFRA and ERTA tax bills, up to the present it adds up to $125 billion. So we are proposing with this amendment to add an additional increment of $29 billion back to revenues.

Over the forward period of 1985 to 1987, which is the 3-year period we are now looking at, there will be additional revenue loss of $448 billion as a result of the tax changes enacted in 1981 and 1982. If you look at the 3-year figure of $29 billion in that respect, it is actually a very tiny, tiny part of the revenue restoration which we so badly need.

There is a groundswell for deficit reduction. The additional revenues called for in the McHugh amendment are badly needed and are the only realistic way to obtain necessary deficit reductions.

Mr. McHUGH. Mr. Chairman, I yield 1 minute to the gentleman from Connecticut (Mr. MORRISON).

Mr. MORRISON of Connecticut. I thank the gentleman for yielding.

Mr. Chairman, the plan proposed by the Democratic Study Group (DSG) is the best budget the House will consider because it contains real deficit reduction with a reasonable balance of priorities between defense and social spending.

I want to commend my colleague from Connecticut on the minority side, Mr. McKINNEY, for his eloquent statement in support of this plan. The plan would hold spending increases below the rate of inflation for all programs except for social security, defense, and means-tested entitlements, which would all get a full inflationary increase. In addition, the plan provides targeted increases for selected programs to help the needy.

Overall, the plan cuts $16 billion from domestic programs and maintains a reasonable level of growth in defense spending, which would increase by 18.7 percent over the next 3 years.

The DSG plan will cut the deficit to $165 billion in fiscal year 1985, $146 billion in fiscal year 1986, and $139 billion in fiscal year 1987.

In contrast, President Reagan in February proposed a budget that would have produced $636 billion more in deficit spending over the 3-year period. In fiscal year 1987, the deficit under the President's budget would have been $229 billion—$90 billion more than the deficit spending that would have been required in that fiscal year under the DSG plan.

Since that time, the President has endorsed a budget compromise with Senate Republicans that is only marginally better in terms of projected deficits. The President's new plan would require $563 in deficit spending over 3 years, including $198 billion in fiscal year 1987, $59 billion more than the DSG proposal.

The truth is that compared with the $189 billion projected deficit for the current budget year, fiscal year 1984, the President's first and second plans do not accomplish anything toward cutting the deficit.

Unlike the Reagan plans, the DSG proposal would lower the annual deficits below this year's $189 billion figure in each of the next 3 budget years and is fully $50 billion lower in fiscal year 1987.

You may recall that the President has claimed his second plan will reduce the deficit by $149 billion over 3 years. How is it possible that the President can reduce the deficit while piling up still larger annual deficits?

It is not sleight of hand. The President's savings are possible only because the budget plans are measured from a budget baseline that overstates the anticipated cost of Government.

When the President's latest plan is compared to a no-growth baseline that allows spending to increase only by the rate of inflation and growth in the number of program beneficiaries, it does not save any money at all. Instead it adds $8 billion to what would have been, without further action, a deficit of $555 billion.

The thing to concentrate on is not how much is saved, but the annual difference between what the Government spends and what it raises through taxation.

Measured by that standard, the President's deficit reduction plans are dismal failures that belie his claim of fiscal responsibility and his call for a balanced budget amendment.

The DSG proposal has a sensible spending plan. It provides a modest reduction in baseline spending for domestic programs and it protects areas of high national priority, such as defense spending, the elderly and the needy.

On the revenue side, the DSG budget substitute proposes $76.2 billion in additional revenue over 3 years—$14.3 billion in fiscal year 1985, $27.3 billion in fiscal year 1986 and $34.6 billion in fiscal year 1987.

While the DSG plan does not say how this revenue would be produced, the revenue gain would be expected to be achieved through enactment of H.R. 4170, which already has been reported by the Committee on Ways and

Means, and adoption of the proposed Pease tax reform amendment to H.R. 4170, both of which I support.

The substitute budget already offered by the Congressional Black Caucus is the only proposal made in order by the Rules Committee that would have cut annual deficits below that proposed by the DSG. I could not support that plan, however, because of the drastic cuts it would have required in defense.

If the DSG proposal fails, I intend to vote for the so-called MacKay substitute, offered by my friend from Florida, a fellow Democratic freshman.

The MacKay substitute would cut a little more deeply into domestic spending, reducing it by $21 billion over 3 years and raise only $49.8 billion in new taxes, again through enactment of H.R. 4170. Defense spending would get a full inflationary increase, the same as proposed by the DSG.

While the MacKay substitute is not perfect, it will be the best remaining alternative to the Budget Committee proposal, should the DSG plan fail.

The MacKay freeze plan would result in annual deficits of $169.6 in fiscal year 1985, $156.1 in fiscal year 1986, and $152.3 in fiscal year 1987.

Again, as with the DSG package, the MacKay substitute would produce real deficit reduction with projected annual deficits declining from year to year.

There are many on this side of the aisle who have criticized the MacKay substitute as being insensitive to the needy.

I suggest that those who are concerned about social spending and the response of this Government to people in need had better look at the impact that budget deficits are having on our ability to provide for those needs both today and in the future.

The interest costs that these deficits require dwarf the $5 billion in social spending that many of my colleagues would like to have seen included in the MacKay substitute. I, too, would like to have that spending included and will vote for it as part of the DSG package. Unfortunately, many of those same colleagues are not willing to raise taxes to pay for the spending they claim is so desperately needed.

If the interest costs of the Federal Government keep rising, we will not have the capacity to respond at all to human need. Those who are concerned about human needs must join the effort to bring these deficits under control.

If this body decides to reject the DSG and MacKay proposals, I will support the budget proposal advanced by the Budget Committee.

It is not a good proposal since it fails to make substantial reduction in projected annual deficits.

While it would reduce deficits, it is in truth, more of a deficit maintenance than a deficit reduction program.

However, it is significantly better than the President's two proposals, which actually raise annual deficits, and the two substitutes offered by Members on the other side of the aisle, each of which would adopt the President's plan to increase defense spending by 40.9 percent over 3 years, but refuse to raise taxes to pay for this unwarranted defense buildup.

Finally, Mr. Chairman, I want to bring to my colleagues' attention a budget proposal that I sought to have made in order Tuesday in testimony before the House Rules Committee.

Although the Rules Committee decided not to allow my substitute amendment, which is printed in the CONGRESSIONAL RECORD, April 3, 1984, H2255-H2260, I believe that it would have provided the House with an opportunity to vote on a deficit-reduction plan that is substantially better than those advanced today.

My substitute assumed the spending plan advanced in House Concurrent Resolution 282, the bill reported, but later abandoned, by the Budget Committee. These are the same spending priorities now found in the MacKay substitute.

In terms of domestic spending, my plan would have provided a 3.5-percent increase—1.2 percent less than the rate of inflation—for all programs, except social security and means-tested entitlements, which would have gotten a full inflationary increase.

Defense spending, as measured by outlays, would have increased slightly faster than the rate of inflation, going up 6.5 percent in fiscal year 1985, 4.6 percent in fiscal year 1986 and 6.7 percent in fiscal year 1987 for a total increase of 18.7 percent over 3 years. The attached chart compares the defense figures under the GOP plans advanced by the President and my Republican colleagues and my own plan, which has the same defense figures as those advanced by the DSG and the MacKay substitutes.

I also proposed $113.3 in additional revenue over 3 years to further reduce the deficits. The revenue would have been derived from enactment of H.R. 4170—$49.8 billion—the Pease amendment—$26.4 billion—a 1-year delay in indexing of the tax tables to reflect inflation—$22.9 billion—and a 7-percent surcharge on taxable incomes over $60,000—$15.4 billion—which would restore only a small part of the revenue lost on taxation of such incomes as a result of the 3-year tax cut enacted in 1981.

My proposal would have reduced deficits to $165.5 in fiscal year 1985, $143.9 in fiscal year 1986, and $105.1 in fiscal year 1987, which is $93 billion less than that achievable in fiscal year 1987 under President Reagan's new plan and $24.2 billion less than the fiscal year 1987 deficit under the DSG plan.

This plan was workable and would have allowed the Government to meet its important responsibilities while making more serious reductions of the deficit. I have included in the RECORD a table which compares my plan with the Reagan compromise plan and the House Budget Committee plan that will be offered later today.

It is time for Congress to come to terms with the problem of $200 billion deficits looming, as Budget Director David Stockman suggested, "as far as the eye can see."

I think the only fair way to do that is through a combination of spending cuts which reduce spending by limiting excessive growth in the military and domestic budgets, protecting vulnerable individuals and raising enough revenue to pay for growth in spending from those who have the greatest ability to pay.

GOP (LATTA) DEFENSE PLAN

	Fiscal year 1984 projected	Fiscal year 1985		Fiscal year 1986		Fiscal year 1987		
		Amount	Percent including fiscal year 1984	Amount	Percent including fiscal year 1985	Amount	Percent including fiscal year 1986	Percent including fiscal year 1984
Budget authority	264	299.0	13.3	333.7	11.6	372.0	11.5	40.9
Annual outlays	235	266.1	13.2	294.6	10.7	330.4	12.2	40.6

MORRISON DEFENSE PLAN [1]

	Fiscal year 1984 projected	Fiscal year 1985		Fiscal year 1986		Fiscal year 1987		
		Amount	Percent including fiscal year 1984	Amount	Percent including fiscal year 1985	Amount	Percent including fiscal year 1986	Percent including fiscal year 1984
Budget authority	264	276.0	4.5	289.4	4.9	303.2	4.8	14.8
Annual outlays	235	250.2	6.5	261.6	4.6	279.0	6.7	18.7

[1] Same as the Democratic Study Group [McHugh] and MacKay substitutes.

COMPARISON OF DEFICIT REDUCTION PLANS

[In billions]

	Fiscal year—			
	1985	1986	1987	3-yr total
A. Revenues:				
Baseline	733.0	794.9	863.0	2390.9
Republican plan	743.0	810.0	883.0	2436.0
House Budget Committee	742.7	812.6	886.0	2441.3
Morrison plan	745.5	831.3	927.9	2504.7
B. Outlays:				
Baseline	940.0	1030.0	1133.0	3103.0
Republican plan	924.0	994.0	1081.0	2999.0
House Budget Committee	918.2	984.9	1068.0	2971.1
Morrison plan	911.0	966.2	1033.0	2910.2
C. Deficit:				
Baseline	207.0	235.0	270.0	712.0
Republican plan	181.0	184.0	198.0	563.0
House Budget Committee	175.5	172.3	182.0	529.8
Morrison plan	165.5	134.9	105.1	405.5
D. Revenue increase:				
Baseline	733.0	794.9	863.0	2390.9
Republican plan	10.0	15.0	20.0	45.0
House Budget Committee	9.1	17.7	23.0	49.8
Morrison plan	12.5	36.4	64.4	113.3
E. Outlay reduction:				
Baseline	940.0	1030.0	1133.0	3103.0
Republican plan	(16.0)	(36.0)	(52.0)	(104)
House Budget Committee	(21.8)	(45.1)	(65.0)	(131.9)
Morrison plan	(29.0)	(63.8)	(100.0)	(192.8)
F. Deficit reduction:				
Baseline	207.0	235.0	270.0	712.0
Republican plan	(26.0)	(51.0)	(72.0)	(149.0)
House Budget Committee	(31.6)	(62.7)	(88.0)	(182.3)
Morrison plan	(41.5)	(100.2)	(164.4)	(306.1)

Mr. McHUGH. Mr. Chairman, I yield 2 minutes to the gentleman from Montana (Mr. WILLIAMS).

Mr. WILLIAMS of Montana. I thank the gentleman for yielding.

Mr. Chairman, there has been a great deal said about these budgets and this budget in particular. In the 2 minutes I have, let me address two of the important issues. One is revenue. Make no mistake about it, this Congress and the next President, be he Republican or Democrat, are going to ask for revenue increases larger than what we are considering in this budget. That is a fact. The taxpayers of this country ought to know that it is only because this is an election year, that taxes are not being increased to the amount to which they should be increased if we are going to get rid of this deficit.

This budget simply says we have courage to bite the tax bullet this year when that bullet needs biting. The second thing I want to focus on is a matter that this budget addresses somewhat, and that is jobs. This budget provides 3.5 percent real growth for the President's Job Training Partnership Act. Eight million people in this country are still looking for work, those are the ones that we count.

There is another million or so that we used to count that have just quit looking for work. The median duration of unemployment for individuals is still about 19 weeks.

□ 1340

When this President took office, the unemployment rate in America was 7.5 percent. A few months later, because of a half-baked economic policy, including taxes and spending, that rate jumped from 7.5 to 10.7 percent.

Let me tell my colleagues what that means. If the unemployed were standing in a line starting outside the door of this Capitol, that line of unemployed would have stretched all the way across this country to the President's estate in California, and back again to his hometown of Dixon, Ill.

We have to right America's compass and begin to spend money here at home in the domestic budget to put Americans back to work, to shorten that terrible, long line of unemployment that was caused by President Reagan.

Mr. McHUGH. Mr. Chairman, may I inquire as to how much time I have remaining?

The CHAIRMAN pro tempore. The gentleman from New York (Mr. McHUGH) has 2 minutes remaining, and the gentleman from Ohio (Mr. LATTA) has 18 minutes remaining.

Mr. McHUGH. Mr. Chairman, I yield myself 2 minutes.

The CHAIRMAN pro tempore. The gentleman from New York (Mr. McHUGH) is recognized for 2 minutes.

Mr. McHUGH. Mr. Chairman, the question we now face is whether we are really serious about significant deficit reduction. If we are, there are two fundamental things we must do.

First, we must recapture a certain amount of revenue which has been lost because of the Reagan tax legislation.

Second, we must be more restrained on the spending side. With respect to spending, this substitute is moderate and responsible. There would be no greater increase than inflation for defense. There would be less than that for domestic programs in the aggregate.

With regard to revenue, remember that we are not voting on any specific revenue measure here today, not the Pease amendment or any other specific revenue measure. We are simply voting on a revenue target which would, in this substitute, increase the revenue target by $27 billion beyond what the Committee on the Budget has proposed for the next 3 years.

It seems to me incredible that anyone would say that they are serious about deficit reduction and also say that we cannot recapture $27 billion in new revenue over 3 years. We can do it if we are serious. This budget proposal would do it. It would make the largest reduction in budget deficits over 3 years, and I think it is a reasonable and realistic proposal.

Mr. PRITCHARD. Mr. Chairman, I wonder if the gentleman would yield?

Mr. McHUGH. I yield to the gentleman from Washington.

Mr. PRITCHARD. I thank the gentleman for yielding.

Mr. Chairman, I want to commend the gentleman, and all the Members of Congress. I have been sitting here and thinking back to when I came here 12 years ago. How far off the mark we were on the budget, and how much more seriously we are addressing this subject today.

That does not mean that there are not differences in this House, but both from the minority side and the majority side, all of the proposals are far more constructive than we have had in the past; that actually parties here are responding to the pressure from the citizens. Everyone really is making efforts to hold down spending.

I know that there are differences of view as to the efforts.

The CHAIRMAN pro tempore. The time of the gentleman from New York (Mr. McHUGH) has expired.

Mr. LATTA. Mr. Chairman, I yield 2 additional minutes to the gentleman from New York.

Mr. McHUGH. I thank the gentleman for yielding this additional time to me, and I yield further to the gentleman from Washington.

Mr. PRITCHARD. I thank the gentleman for yielding.

I just think that rather than sitting here and beating each other up, we ought to recognize that some pretty full-faith efforts are being made by the different factions in this House and that we are coming a lot closer to our goals.

This is a tough problem, but we are making progress in cutting down on some of the defense. We are making progress in our needs for more revenue, and we are holding down spend-

ing. I think somebody ought to say we are making progress.

Mr. McHUGH. Mr. Chairman, I thank the gentleman for his comments and urge an affirmative vote on this substitute.

Mr. REGULA. Mr. Chairman, will the gentleman yield?

Mr. McHUGH. I yield to the gentleman from Ohio.

Mr. REGULA. I thank the gentleman for yielding.

Mr. Chairman, I think the effort that the gentleman is making in cutting defense is a good one. I would want to point out that when the gentleman is talking about zero growth, to achieve that is going to take a huge bite out of operations and maintenance and out of people. In order to have a volunteer force, we have had to get into great expenses to attract people to serve.

When we look at the demographics in terms of young people who will be available as volunteers in the years ahead, it would seem to me that we are going to have to do more in personnel costs. I would be interested in how the gentleman would respond, inasmuch as about half of the defense budget is personnel.

Mr. McHUGH. My first response to the gentleman is that he knows and we all know that the Senate is going to pass a budget resolution which will have a real increase for defense of approximately 8 percent. This is, in my judgment, more than we can afford and more than we need.

Therefore, the real issue is ultimately going to be what level of real increase is fair and justified. I think if we go into conference with an inflation adjustment only, and the Senate comes in with 8 percent, we will wind up with a number for defense which is more reasonable.

● Mr. KASTENMEIER. Mr. Chairman, I rise in support of the substitute budget resolution amendment offered by the gentleman from New York (Mr. McHUGH).

Of all the budget proposals before us, I believe the McHugh substitute provides the necessary balance among the foremost objectives we must address in the budget for fiscal year 1985. The McHugh amendment strikes this balance in a realistic fashion by rejecting further expansion of the already bloated military budget, providing $16 billion in domestic spending savings by holding the line on spending growth, and raising an additional $76 billion in revenue for deficit reduction purposes. Combined, these actions will reduce the deficit during the next 3 years by $262 billion over the current policy baseline, according to the Congressional Budget Office.

Equally important, the McHugh amendment provides steadily declining deficit figures over the next 3 years, whereas the Budget Committee package, while providing deficit reductions less than the McHugh substitute, would not keep the deficit continuously declining. In fact, according to the CBO, the deficit in the third year of the Budget Committee resolution would increase by some $10 billion from fiscal year 1986 levels.

Mr. Chairman, it is time that this body stand up and reject the wasteful, economically crippling and internationally destabilizing military policy of the Reagan administration. The Pentagon is spending money faster than it knows what to do with it, not only in regard to spare parts and lucrative noncompetitive defense contracts which attract media attention, but also on needless and ineffective weapons systems, the costs of which will steadily increase in future years. It is time to trim the Pentagon's shopping lists and require the same sort of belt tightening in the military which we have asked of domestic programs.

In terms of domestic spending, again, I believe the McHugh substitute is realistic in the spending cuts it proposes. There is no question that such adjustment will be painful. But equally unquestionable is the damage that these exorbitantly high deficits will inflict upon the Nation for years unless we confront them in a fair, rational, and workable manner. The McHugh substitute is such a package.

It is fair in that the means-tested entitlement programs will be fully funded. The people affected by these programs—our Nation's poorest or most vulnerable—are the same people who have been hurt most by the Reagan administration's policies and the consequences of those policies: The recession, tax cuts for the wealthy and deep cuts in social programs. By maintaining funding for means-tested entitlement programs, we will be rejecting those who advocate balancing the budget on the backs of the elderly and the poor.

Finally, the revenue targets in the McHugh substitute will broaden the tax base and provide additional revenue for use in reducing the deficit. More than half the $76 billion revenue target can be raised through passage of the Ways and Means Committee bill (H.R. 3170) when it reaches the floor. Much of the additional revenue can be raised by curtailing some of the very generous provisions in the 1981 tax bill and by closing some of the egregious business tax loopholes in our Tax Code.

Mr. Chairman, we are dealing with an administration which has chosen to spend and spend over the last 3 years without providing the revenue to pay for that spending. In fact, this administration's policy has been to not only increase overall Federal spending, but to reduce the revenue base through massive tax breaks for the rich. The result, through simple arithmetic, is clear: The largest deficits in the Nation's history.

The McHugh substitute provides us with an opportunity to begin reversing the economic and social damage inflicted upon the Nation by the last 3 years of the administration policies. I offer my support for this proposal and urge my colleagues to do likewise.●

Mr. OBERSTAR. Mr. Chairman, I support the substitute offered by the gentleman from New York on behalf of the executive committee of the DSG, because I believe that Congress must make a start now on reducing President Reagan's proposed budget deficits and continue reducing them for the next 3 years.

The budget recommended by the House Budget Committee does not do enough to restrain military spending increases. Nor has the Budget Committee reduced the President's deficit sufficiently.

As vice chairman of the DSG, I am proud to be associated with and to have joined in developing the amendment now on the floor. Briefly, the substitute would do the following:

Provide for a deficit reduction totaling $261.5 billion over the period fiscal 1985–87;

Cut $140.4 billion from the military spending increase proposed in the President's February budget request;

Reduce domestic spending by $16 billion over the next 3 years;

Provide for $76.2 billion in additional revenues over the next 3 years.

It is a sound budget proposal; an improvement upon the recommendation of the House Budget Committee. It would reduce the budget deficits and military spending proposed by the President, which pose such serious threats to the economic recovery of this country.

The budget process offers the Members of this House the opportunity to establish our national spending priorities. How we vote today is a statement of what we are as a nation—our goals, our aspirations, and our principles as a people. This debate on the budget should be our finest moment—not a merely mechanical ritual.

The DSG substitute is a clean statement of disapproval of high deficits and the misallocation of national resources under President Reagan's budget.

We started writing our DSG substitute, however, with the intention of developing a budget which would draw broad support within the House—from Republican and Democratic Members alike, a budget which we could realistically expect would pass the House.

In joining this process, I recognized that our budget alternative would not cut military spending as much as I would have preferred. It is a compromise—but one that significantly restrains the military spending proposed

by President Reagan. It does provide for an increase in military spending to offset inflation over the past year. We wrote it to be a practical budget document which could attract a majority of the votes of the Members of this House in order to provide for significant decreases in the President's budget request for military spending. We have achieved that goal. Our substitute provides for reduction of $140 billion in military spending over the next 3 years.

In addition to reducing the military spending, our budget avoids the disastrous and unfair cuts in domestic spending proposed by the Reagan administration.

Furthermore, we provide for a fair system of taxation. It will insure that those who draw the greatest benefits from this country will pay a more proportional share of the taxes.

Earlier today, I voted for the substitute offered by the gentleman from California (Mr. DIXON) on behalf of the Congressional Black Caucus. I voted for Mr. DIXON's substitute because it more accurately represents my view of how we should allocate our national priorities.

It provided for the smallest amount of Federal deficits over the next 3 years, actually would cut military spending from current levels, and called for an increase in programs to address the human needs of this Nation—programs for employment, health care, education, housing, elderly assistance. Programs for the neediest of our citizens. Regrettably, the House did not accept the Black Caucus substitute.

We have before us now the DSG substitute—which, in trying to do less, represents a broader consensus within the House as to what we should do in the first budget resolution.

The DSG substitute offers a sensible budget for true national security and for economic recovery.

I urge its adoption.

Mr. LATTA. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN pro tempore. All time has expired.

The question is on the amendment in the nature of a substitute offered by the gentleman from New York [Mr. MCHUGH].

The question was taken; and the Chairman pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. MCHUGH. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 132, noes 284, not voting 16, as follows:

[Roll No. 71]

AYES—132

Ackerman	Akaka	Annunzio
Addabbo	Albosta	Aspin
AuCoin	Guarini	Obey
Barnes	Hall (IN)	Ottinger
Bates	Harkin	Pease
Bedell	Hayes	Price
Beilenson	Howard	Pritchard
Berman	Hoyer	Rahall
Boland	Jacobs	Richardson
Bonior	Kaptur	Rodino
Bonker	Kastenmeier	Roe
Borski	Kildee	Rose
Bosco	Kogovsek	Roybal
Boxer	Kolter	Russo
Brown (CA)	Kostmayer	Sabo
Bryant	LaFalce	Savage
Burton (CA)	Lehman (CA)	Scheuer
Clay	Lehman (FL)	Schneider
Coelho	Leland	Schroeder
Collins	Levin	Schumer
Cooper	Levine	Seiberling
Coyne	Long (LA)	Shannon
Crockett	Lowry (WA)	Simon
D'Amours	Luken	Smith (IA)
Dellums	Lundine	St Germain
Dixon	Markey	Stark
Dorgan	Martinez	Stokes
Downey	Matsui	Studds
Dwyer	McCloskey	Swift
Dymally	McHugh	Synar
Early	McKinney	Torres
Edgar	McNulty	Towns
Edwards (CA)	Mikulski	Traxler
Evans (IA)	Miller (CA)	Udall
Fazio	Mineta	Vento
Foglietta	Minish	Walgren
Foley	Moakley	Waxman
Frank	Moody	Weaver
Frost	Morrison (CT)	Weiss
Garcia	Murphy	Wheat
Gejdenson	Neal	Williams (MT)
Gonzalez	Nowak	Wolpe
Goodling	Oakar	Wyden
Gray	Oberstar	Yates

NOES—284

Alexander	Daniel	Gunderson
Anderson	Dannemeyer	Hall, Ralph
Andrews (NC)	Darden	Hall, Sam
Andrews (TX)	Daschle	Hamilton
Anthony	Daub	Hammerschmidt
Applegate	Davis	Hansen (UT)
Archer	de la Garza	Hartnett
Badham	Derrick	Hatcher
Barnard	DeWine	Hefner
Bartlett	Dickinson	Hertel
Bateman	Dicks	Hightower
Bennett	Dingell	Hiler
Bereuter	Donnelly	Hillis
Bethune	Dowdy	Holt
Bevill	Dreier	Hopkins
Biaggi	Duncan	Horton
Bilirakis	Durbin	Huckaby
Bliley	Dyson	Hughes
Boggs	Eckart	Hunter
Boner	Edwards (AL)	Hutto
Boucher	Edwards (OK)	Ireland
Breaux	Emerson	Jeffords
Britt	English	Jenkins
Brooks	Erdreich	Johnson
Broomfield	Erlenborn	Jones (NC)
Brown (CO)	Evans (IL)	Jones (OK)
Broyhill	Fascell	Jones (TN)
Burton (IN)	Feighan	Kasich
Byron	Ferraro	Kemp
Campbell	Fiedler	Kennelly
Carney	Fields	Kindness
Carper	Fish	Kramer
Carr	Flippo	Lagomarsino
Chandler	Florio	Lantos
Chappell	Ford (TN)	Latta
Chappie	Fowler	Leach
Cheney	Franklin	Leath
Clarke	Frenzel	Levitas
Clinger	Fuqua	Lewis (CA)
Coats	Gaydos	Lewis (FL)
Coleman (MO)	Gekas	Lipinski
Coleman (TX)	Gephardt	Livingston
Conable	Gibbons	Lloyd
Conte	Gilman	Loeffler
Conyers	Gingrich	Lott
Corcoran	Glickman	Lowery (CA)
Coughlin	Gore	Lujan
Courter	Gradison	Lungren
Craig	Gramm	Mack
Crane, Daniel	Green	MacKay
Crane, Philip	Gregg	Madigan
Marlenee	Pepper	Snyder
Marriott	Perkins	Solarz
Martin (IL)	Petri	Solomon
Martin (NC)	Pickle	Spence
Martin (NY)	Porter	Spratt
Mavroules	Pursell	Staggers
Mazzoli	Quillen	Stangeland
McCain	Rangel	Stenholm
McCandless	Ratchford	Stratton
McCollum	Regula	Stump
McCurdy	Reid	Sundquist
McDade	Ridge	Tallon
McEwen	Rinaldo	Tauke
McGrath	Ritter	Tauzin
McKernan	Roberts	Taylor
Mica	Robinson	Thomas (CA)
Michel	Roemer	Thomas (GA)
Miller (OH)	Rogers	Torricelli
Mitchell	Rostenkowski	Valentine
Molinari	Roth	Vander Jagt
Mollohan	Roukema	Vandergriff
Montgomery	Rowland	Volkmer
Moore	Rudd	Vucanovich
Moorhead	Sawyer	Walker
Morrison (WA)	Schaefer	Watkins
Mrazek	Schulze	Weber
Murtha	Sensenbrenner	Whitehurst
Myers	Sharp	Whitley
Natcher	Shaw	Whittaker
Nelson	Shelby	Whitten
Nichols	Shumway	Williams (OH)
Nielson	Shuster	Winn
O'Brien	Sikorski	Wirth
Olin	Siljander	Wise
Ortiz	Sisisky	Wolf
Owens	Skeen	Wortley
Oxley	Skelton	Wright
Packard	Slattery	Wylie
Panetta	Smith (FL)	Yatron
Parris	Smith (NE)	Young (AK)
Pashayan	Smith (NJ)	Young (FL)
Patman	Smith, Denny	Young (MO)
Patterson	Smith, Robert	Zschau
Penny	Snowe	

NOT VOTING—16

Boehlert	Hawkins	Long (MD)
Ford (MI)	Heftel	Paul
Hall (OH)	Hubbard	Ray
Hance	Hyde	Wilson
Hansen (ID)	Kazen	
Harrison	Lent	

□ 1400

The Clerk announced the following pair:

On this vote:

Mr. Hawkins for, with Mr. Ray against.

Messrs. BRITT, OWENS, SPRATT, ROBERT F. SMITH, and HERTEL of Michigan changed their votes from "aye" to "no."

Messrs. ANNUNZIO, WYDEN, and MOAKLEY changed their votes from "no" to "aye."

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. MACKAY

Mr. MACKAY. Mr. Chairman, I offer an amendment in the nature of a substitute.

The CHAIRMAN. The Clerk will designate the amendment in the nature of a substitute.

The text of the amendment in the nature of a substitute is as follows:

Amendment in the nature of a substitute offered by Mr. MACKAY:

Strike all after the resolving clause and insert in lieu thereof the following:

That the Congress hereby determines and declares that the concurrent resolution on the budget for fiscal year 1984 is hereby re-

vised and replaced, the first concurrent resolution on the budget for fiscal year 1985 is hereby established, and the appropriate budgetary levels for fiscal years 1986 and 1987 are hereby set forth:

(a) The following budgetary levels are appropriate for the fiscal years beginning on October 1, 1983, October 1, 1984, October 1, 1985, and October 1, 1986:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1984: $664,900,000,000.
Fiscal year 1985: $742,200,000,000.
Fiscal year 1986: $811,600,000,000.
Fiscal year 1987: $884,800,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1984: $1,900,000,000.
Fiscal year 1985: $9,200,000,000.
Fiscal year 1986: $16,700,000,000
Fiscal year 1987: $21,300,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1984: $915,500,000,000.
Fiscal year 1985: $990,850,000,000.
Fiscal year 1986: $1,063,750,000,000
Fiscal year 1987: $1,139,350,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1984: $853,900,000,000.
Fiscal year 1985: $911,350,000,000.
Fiscal year 1986: $967,800,000,000.
Fiscal year 1987: $1,037,150,000,000.

(4) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1984: $189,000,000,000.
Fiscal year 1985: $169,150,000,000.
Fiscal year 1986: $156,200,000,000.
Fiscal year 1987: $152,350,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1984: $1,595,800,000,000.
Fiscal year 1985: $1,827,900,000,000.
Fiscal year 1986: $2,058,850,000,000.
Fiscal year 1987: $2,295,000,000,000.

and the amounts by which the statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1984: $105,800,000,000.
Fiscal year 1985: $232,100,000,000.
Fiscal year 1986: $230,950,000,000.
Fiscal year 1987: $236,350,000,000.

(6) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1983, October 1, 1984, October 1, 1985, and October 1, 1986, are as follows:

Fiscal year 1984:
(A) New direct loan obligations, $37,600,000,000.
(B) New primary loan guarantee commitments, $105,150,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1985:
(A) New direct loan obligations, $37,500,000,000.
(B) New primary loan guarantee commitments, $111,150,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1986:
(A) New direct loan obligations, $39,950,000,000.
(B) New primary loan guarantee commitments, $117,400,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1987:
(A) New direct loan obligations, $40,450,000,000.
(B) New primary loan guarantee commitments, $123,150,000,000.
(C) New secondary loan guarantee commitments, $68,250,000,000.

(b) The Congress hereby determines and declares the appropriate levels of budget authority and budget outlays, and the appropriate levels of new direct loan obligations and new loan guarantee commitments for fiscal year 1984 through 1987 for each major functional category are:

(1) National Defense (050):

Fiscal year 1984:
(A) New budget authority, $264,500,000,000.
(B) Outlays, $234,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:
(A) New budget authority, $276,000,000,000.
(B) Outlays, $250,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:
(A) New budget authority, $289,400,000,000.
(B) Outlays, $261,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:
(A) New budget authority, $303,200,000,000.
(B) Outlays, $279,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

Fiscal year 1984:
(A) New budget authority, $22,200,000,000.
(B) Outlays, $12,350,000,000.
(C) New direct loan obligations, $9,100,000,000.
(D) New primary loan guarantee commitments, $8,650,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:
(A) New budget authority, $17,950,000,000.
(B) Outlays, $13,450,000,000.
(C) New direct loan obligations, $10,550,000,000.
(D) New primary loan guarantee commitments, $9,250,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:
(A) New budget authority, $16,850,000,000.
(B) Outlays, $13,450,000,000.
(C) New direct loan obligations, $11,600,000,000.
(D) New primary loan guarantee commitments, $10,250,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:
(A) New budget authority, $17,500,000,000.
(B) Outlays, $13,600,000,000.
(C) New direct loan obligations, $12,850,000,000.
(D) New primary loan guarantee commitments, $10,600,000,000.
(E) New secondary loan guarantee commitments, $0.

(3) General Science, Space, and Technology (250):

Fiscal year 1984:
(A) New budget authority, $8,550,000,000.
(B) Outlays, $8,300,000,000.
(C) New direct loan obligations, $150,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:
(A) New budget authority, $8,750,000,000.
(B) Outlays, $8,550,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarnatee commitments, $0.

Fiscal year 1986:
(A) New budget authority, $8,800,000,000.
(B) Outlays, $8,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:
(A) New budget authority, $8,950,000,000.
(B) Outlays, $8,850,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

(4) Energy (270):

Fiscal year 1984:
(A) New budget authority, $3,000,000,000.
(B) Outlays, $3,000,000,000.
(C) New direct loan obligations, $4,700,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:
(A) New budget authority, $4,350,000,000.
(B) Outlays, $3,950,000,000.
(C) New direct loan obligations, $4,800,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:
(A) New budget authority, $4,250,000,000.
(B) Outlays, $4,200,000,000.
(C) New direct loan obligations, $4,850,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:
(A) New budget authority, $4,100,000,000.
(B) Outlays, $4,000,000,000.
(C) New direct loan guarantee obligations, $5,000,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

Fiscal year 1984:
(A) New budget authority, $12,000,000,000.
(B) Outlays, $12,400,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:

(A) New budget authority, $11,800,000,000.
(B) Outlays, $11,900,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $12,050,000,000.
(B) Outlays, $11,950,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $12,300,000,000.
(B) Outlays, $11,900,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(6) Agriculture (350):
Fiscal year 1984:
(A) New budget authority, $4,250,000,000.
(B) Outlays, $10,800,000,000.
(C) New direct loan obligations, $11,200,000,000.
(D) New primary loan guarantee commitments, $4,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $14,550,000,000.
(B) Outlays, $14,800,000,000.
(C) New direct loan obligations, $11,450,000,000.
(D) New primary loan guarantee commitments, $3,100,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $14,900,000,000.
(B) Outlays, $14,750,000,000.
(C) New direct loan obligations, $12,950,000,000.
(D) New primary loan guarantee commitments, $3,100,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $15,300,000,000.
(B) Outlays, $15,200,000,000.
(C) New direct loan obligations, $11,850,000,000.
(D) New primary loan guarantee commitments, $3,150,000,000.
(E) New secondary loan guarantee commitments, $0.
(7) Commerce and Housing Credit (370):
Fiscal year 1984:
(A) New budget authority, $5,600,000,000.
(B) Outlays, $4,050,000,000.
(C) New direct loan obligations, $6,150,000,000.
(D) New primary loan guarantee commitments, $50,000,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1985:
(A) New budget authority, $6,500,000,000.
(B) Outlays, $2,600,000,000.
(C) New direct loan obligations, $6,500,000,000.
(D) New primary loan guarantee commitments, $52,500,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1986:
(A) New budget authority, $6,550,000,000.
(B) Outlays, $2,450,000,000.
(C) New direct loan obligations, $6,550,000,000.
(D) New primary loan guarantee commitments, $54,800,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1987:
(A) New budget authority, $8,050,000,000.
(B) Outlays, $3,750,000,000.
(C) New direct loan obligations, $6,750,000,000.
(D) New primary loan guarantee commitments, $56,650,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
(8) Transportation (400):
Fiscal year 1984:
(A) New budget authority, $29,400,000,000.
(B) Outlays, $25,900,000,000.
(C) New direct loan obligations, $1,150,000,000.
(D) New primary loan guarantee commitments, $450,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $29,100,000,000.
(B) Outlays, $27,050,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $450,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $30,200,000,000.
(B) Outlays, $28,600,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $500,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $31,200,000.000.
(B) Outlays, $29,650,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $500,000,000.
(E) New secondary loan guarantee commitments, $0.
(9) Community and Regional Development (450):
Fiscal year 1984:
(A) New budget authority, $7,250,000.000.
(B) Outlays, $7,750,000,000.
(C) New direct loan obligations, $1,650,000,000.
(D) New primary loan guarantee commitments, $350,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $7,000,000.000.
(B) Outlays, $8,250,000,000.
(C) New direct loan obligations, $1,700,000,000.
(D) New primary loan guarantee commitments, $350,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $7,550,000.000.
(B) Outlays, $8,050,000,000.
(C) New direct loan obligations, $1,700,000,000.
(D) New primary loan guarantee commitments, $350,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $7,800,000.000.
(B) Outlays, $8,150,000,000.
(C) New direct loan obligations, $1,750,000,000.
(D) New primary loan guarantee commitments, $400,000,000.
(E) New secondary loan guarantee commitments, $0.
(10) Education, Training, Employment, and Social Services (500):
Fiscal year 1984:
(A) New budget authority, $31,350,000,000.
(B) Outlays, $28,150,000,000.
(C) New direct loan obligations, $800,000,000.
(D) New primary loan guarantee commitments, $7,400,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $29,950,000,000.
(B) Outlays, $29,250,000,000.
(C) New direct loan obligations, $850,000,000.
(D) New primary loan guarantee commitments, $7,750,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $31,100,000,000.
(B) Outlays, $30,200,000,000.
(C) New direct loan obligations, $850,000,000.
(D) New primary loan guarantee commitments, $8,000,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $32,350,000,000.
(B) Outlays, $31,350,000,000.
(C) New direct loan obligations, $850,000,000.
(D) New primary loan guarantee commitments, $8,150,000,000.
(E) New secondary loan guarantee commitments, $0.
(11) Health (550):
Fiscal year 1984:
(A) New budget authority, $31,600,000,000.
(B) Outlays, $30,800,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $200,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $33,250,000,000.
(B) Outlays, $34,250,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $150,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $36,700,000,000.
(B) Outlays, $36,400,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $150,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $39,550,000,000.
(B) Outlays, $39,050,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $150,000,000.
(E) New secondary loan guarantee commitments, $0.
(12) Social Security and Medicare (570):
Fiscal year 1984:

(A) New budget authority, $237,900,000,000.
(B) Outlays, $239,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $270,400,000,000.
(B) Outlays, $258,050,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $298,700,000,000.
(B) Outlays, $278,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $327,050,000,000.
(B) Outlays, $302,350,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(13) Income Security (600):
Fiscal year 1984:
(A) New budget authority, $118,450,000,000.
(B) Outlays, $97,050,000,000.
(C) New direct loan obligations, $1,000,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $146,150,000,000.
(B) Outlays, $114,950,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $156,150,000,000.
(B) Outlays, $119,350,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $165,700,000,000.
(B) Outlays, $124,250,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
(14) Veterans Benefits and Services (700):
Fiscal year 1984:
(A) New budget authority, $26,150,000,000.
(B) Outlays, $25,800,000,000.
(C) New direct loan obligations, $1,350,000,000.
(D) New primary loan guarantee commitments, $18,650,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $26,850,000,000.
(B) Outlays, $25,950,000,000.
(C) New direct loan obligations, $1,200,000,000.
(D) New primary loan guarantee commitments, $22,850,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $27,200,000,000.
(B) Outlays, $26,550,000,000.
(C) New direct loan obligations, $1,000,000,000.
(D) New primary loan guarantee commitments, $25,500,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $27,450,000,000.
(B) Outlays, $27,150,000,000.
(C) New direct loan obligations, $950,000,000.
(D) New primary loan guarantee commitments, $28,800,000,000.
(E) New secondary loan guarantee commitments, $0.
(15) Administration of Justice (750):
Fiscal year 1984:
(A) New budget authority, $5,950,000,000.
(B) Outlays, $5,950,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $6,150,000,000.
(B) Outlays, $6,100,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $6,250,000,000.
(B) Outlays, $6,150,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $6,350,000,000.
(B) Outlays, $6,350,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(16) General Government (800):
Fiscal year 1984:
(A) New budget authority, $5,450,000,000.
(B) Outlays, $5,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $5,650,000,000.
(B) Outlays, $5,550,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $5,850,000,000.
(B) Outlays, $5,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $5,950,000,000.
(B) Outlays, $5,850,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(17) General Purpose Fiscal Assistance (850):
Fiscal year 1984:
(A) New budget authority, $6,800,000,000.
(B) Outlays, $6,800,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $6,650,000,000.
(B) Outlays, $6,650,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $6,750,000,000.
(B) Outlays, $6,750,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $7,100,000,000.
(B) Outlays, $7,050,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(18) Net Interest (900):
Fiscal year 1984:
(A) New budget authority, $109,650,000,000.
(B) Outlays, $109,650,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $124,300,000,000.
(B) Outlays, $124,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $138,850,000,000.
(B) Outlays, $138,850,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $153,750,000,000.
(B) Outlays, $153,750,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.
(19) Allowances (920):
Fiscal year 1984:
(A) New budget authority, $650,000,000.
(B) Outlays, $750,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, −$650,000,000.
(B) Outlays, −$600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $2,000,000,000.
(B) Outlays, $2,150,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $3,300,000,000.
(B) Outlays, $3,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(20) Undistributed Offsetting Receipts (950):
Fiscal year 1984:
(A) New budget authority, −$15,200,000,000.
(B) Outlays, −$15,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, −$33,850,000,000.
(B) Outlays, −$33,850,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, −$36,350,000,000.
(B) Outlays, −$36,350,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, −$37,600,000,000.
(B) Outlays, −$37,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

RECONCILIATION

SEC. 2. (a) Not later than May 1, 1984, the House committees named in subsections (b) through (i)(1) of this section shall submit their recommendations to the House Budget Committee. After receiving those recommendations, the committee on the Budget shall report to the House a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

(b) The House Committee on Agriculture shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $50,000,000 and outlays by $50,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $800,000,000 and outlays by $800,000,000 in fiscal year 1986; and requires decreases of budget authority by $1,700,000,000 and outlays by $1,700,000,000 in fiscal year 1987.

(c) The House Committee on Armed Services shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays by $300,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of outlays by $650,000,000 in fiscal year 1986; and requires decreases of outlays by $1,000,000,000 in fiscal year 1987.

(d) The House Committee on Education and Labor shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays by $150,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of outlays by $150,000,000 in fiscal year 1986; and requires decreases of outlays by $200,000,000 in fiscal year 1987.

(e) The House Committee on Energy and Commerce shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $1,000,000,000 and outlays by $1,000,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $1,350,000,000 and outlays by $1,350,000,000 in fiscal year 1986; and requires decreases of budget authority by $1,650,000,000 and outlays by $1,650,000,000 in fiscal year 1987.

(f) The House Committee on Post Office and Civil Service shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays by $550,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of outlays by $1,300,000,000 in fiscal year 1986; and requires decreases of outlays by $1,800,000,000 in fiscal year 1987.

(g) The House Committee on Small Business shall report changes in laws within the jurisdiction of that committee sufficient to reduce outlays by $200,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of $150,000,000 in budget authority and $200,000,000 in outlays in fiscal year 1986; and requires decreases of $250,000,000 in budget authority and $200,000,000 in outlays in fiscal year 1987.

(h) The House Committee on Veterans' Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $150,000,000 and outlays by $400,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $50,000,000 and outlays by $250,000,000 in fiscal year 1986; and requires decreases of budget authority by $250,000,000 and outlays by $250,000,000 in fiscal year 1987.

(i)(1) The House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $1,000,000,000 and outlays by $1,000,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $1,400,000,000 and outlays by $1,400,000,000 in fiscal year 1986; and requires decreases of budget authority by $1,750,000,000 and outlays by $1,750,000,000 in fiscal year 1987.

(2) The House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee sufficient to increase revenues by $9,200,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires increases of $16,700,000,000 in revenues in fiscal year 1986; and requires increases of $21,300,000,000 in revenues in fiscal year 1987.

GENERAL PROVISIONS

SEC. 3. (a) For fiscal years 1985, 1986, and 1987, any revenues raised by legislation enacted on or after March 15, 1984, shall only be used to reduce the Federal budget deficits for such fiscal years except to the extent that such legislation earmarks all or any part of such revenues for specific spending programs.

(b) Pursuant to subsection (a) of this section and notwithstanding the spending levels contained in section 1 of this resolution, funding for specific low-income programs, such as—

(1) an employment initiative for disadvantaged youth;

(2) public works jobs for community renewal;

(3) increased funding for the Aid to Families with Dependent Children program and the State component of the Supplemental Security Income program to ensure that the purchasing power of recipients is maintained;

(4) increased funding for title XX of the Social Security Act; and

(5) an increase in the earned income tax credit; would be appropriate if the authorizations for such programs are enacted and if sufficient revenues or outlay reductions are also enacted to ensure that the legislation is deficit neutral.

ADMINISTRATIVE SAVINGS

SEC. 4. It is the sense of the Congress that the Executive Branch achieve at least $2 billion in savings over fiscal years 1985 through 1987 by implementing those recommendations of the President's Private Sector Survey on Cost Control requiring administrative action within that branch of Government. It is further the sense of the Congress that the President shall report to Congress each year, in conjunction with the annual budget submission, on the progress made in achieving the savings required by this section.

AUTOMATIC SECOND BUDGET RESOLUTION

SEC. 5. (a) If Congress has not completed action by October 1, 1984, on the concurrent resolution on the budget required to be reported under section 310(a) of the Congressional Budget Act of 1974 for the 1985 fiscal year, then this concurrent resolution shall be deemed to be the concurrent resolution required to be reported under section 310(a) of such Act, for the purposes of the prohibitions contained in section 311 of such Act, notwithstanding congressional action or inaction on any reconciliation requirements contained in this concurrent resolution.

(b) Section 311(a) of the Congressional Budget Act of 1974, as made applicable by subsection (a) of this section, shall not apply to bills, resolutions, or amendments within the jurisdiction of a committee, or any conference report on any such bill or resolution, if—

(1) the enactment of such bill or resolution as reported;

(2) the adoption and enactment of such amendment; or

(3) the enactment of such bill or resolution in the form recommended in such conference report; would not cause the appropriate allocation for such committee of new discretionary budget authority or new spending authority as described in section 401(c)(2)(C) of the Congressional Budget Act of 1974 made pursuant to section 302(a) of such Act for fiscal year 1985 to be exceeded.

(c) The provisions of this section shall cease to apply when Congress completes action on a subsequent concurrent resolution on the budget for fiscal year 1985 pursuant to section 304 or 310 of the Congressional Budget Act of 1974.

"PAY AS YOU GO" TRUST FUND AMENDMENT

SEC. 6. (a) For purposes of the spending levels for fiscal year 1985 contained in section 1 of this resolution, and the assumptions upon which they are based, and for purposes of determining whether or not a committee exceeds its section 302(a) allocation of new discretionary budget authority or new spending authority for the prohibition contained in section 5 of this resolution, any new discretionary budget authority or new spending authority contained in a bill, resolution, amendment, or conference report shall be disregarded if the budget authority for outlays which will result from such new discretionary budget authority or such new spending authority is derived from any trust fund—

(1) the expenditures from which are available for highway, mass transit, or aviation purposes;

(2) for which new or expanded user fees or taxes were enacted during the 97th Congress; and

(3) which is described in section 401(d)(1)(B) of the Congressional Budget and Impoundment Act of 1974.

(b) For purposes of the spending levels for fiscal year 1985 contained in section 1 of this resolution, and the assumptions upon which they are based, and for purposes of determining whether or not a committee exceeds its section 302(a) allocation of new discretionary budget authority or new spending authority for the prohibition contained in section 5 of this resolution, any new discretionary budget authority contained in a bill, resolution, amendment, or conference report to fund programs under the comprehensive Environmental Response, Compensation, and Liability Act of 1980 shall be disregarded to the extent that such bill, resolution, amendment, or conference report contains revenue sufficient to cover such new spending, or to the extent that sufficient revenue to cover such increases is included in the Comprehensive Environmental Response, Compensation and Liability Act of 1980.

SECTION 302(b) FILING REQUIREMENT

SEC. 7. (a) It shall not be in order in the House of Representatives to consider any bill or resolution, or amendment thereto, providing—

(1) new budget authority for fiscal year 1985;

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1985; or

(3) direct loan authority, primary loan guarantee authority, or secondary loan guarantee authority for fiscal year 1985;

within the jurisdiction of any committee which has received an allocation pursuant to section 302(a) of the Congressional Budget Act of discretionary budget authority or new spending authority, as described above, for such fiscal year, unless and until such committee makes the allocation or subdivisions required by section 302(b) of the Congressional Budget Act, in connection with the most recently agreed to concurrent resolution on the budget.

(b) The prohibition contained in subsection (a) shall not apply until twenty-one days of continuous session, as defined in section 1011(5) of the Impoundment Control Act of 1974, after Congress completes action on this concurrent resolution.

The CHAIRMAN. Pursuant to House Resolution 476, the amendment in the nature of a substitute is considered as having been read.

The gentleman from Florida (Mr. MACKAY) will be recognized for 30 minutes, and a Member opposed will be recognized for 30 minutes.

The Chair now recognizes the gentleman from Florida (Mr. MACKAY) for 30 minutes.

Mr. MACKAY. Mr. Chairman, I intend to cover two points in the opening of this debate. The first is a technical point which will be covered in detail by the gentleman from Oklahoma (Mr. JONES), the chairman of the Budget Committee. It has to do with the impact of the MacKay-Nelson freeze substitute on the social security disability program. There is a technical error in the bill in the way it is drafted. We are advised that this can be handled and should not be cause for alarm. It can be handled at the conference committee level if this should pass. It should not be considered as a substantive matter in the decision on this vote.

The second point is an outline of the policy issues covered by the MacKay-Nelson substitute. This is a freeze substitute, an across-the-board freeze. It is the simplest of all the alternatives available to the House during this debate. It simply freezes spending across the board at 3.5 percent above the 1984 levels, with defense, social security, and some of the safety-net programs being increased to the level of inflation; $47 billion in new tax revenues from H.R. 4170 are applied totally to the deficit reduction. The total 3-year deficit reduction is $234 billion.

□ 1410

This is not a final solution. Nobody expects a final solution.

This is a start. It is a start in the right direction. It is a signal to the private sector, to our financial markets, to our friends and allies that the Congress and the President are willing to begin a serious effort over the next year or two to develop a stable and balanced monetary policy.

As proponents of the spending freeze we are not arguing that our defense needs are not important. Clearly they are.

We are equally concerned about our programs for the needy. But unless we make sense out of the Federal budget these other crises are not going to make much difference.

The MacKay-Nelson substitute applies the same techniques as we would in our families and in our businesses, freezing expenditures across the board and applying all available revenues to reducing our debts.

I reserve the balance of my time.

The CHAIRMAN. The gentleman from Florida (Mr. MACKAY) has consumed 2 minutes.

Mr. LATTA. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The gentleman from Ohio (Mr. LATTA) is recognized for 30 minutes.

Mr. LATTA. Mr. Chairman, I reserve my time.

Mr. MACKAY. Mr. Chairman, I yield 5 minutes to the gentleman from Oklahoma (Mr. JONES), chairman of the Budget Committee.

Mr. JONES of Oklahoma. I thank the gentleman for yielding.

Again I want to explain what is in this substitute and to reiterate what I am sure many Members are tired of hearing. The vote you cast on the budget, if it should prevail, should be the same kind of vote you are willing to cast next week, next month, when we implement the budget.

I do want to commend the gentleman from Florida (Mr. MACKAY) and all of the others, the gentleman from Oregon (Mr. AUCOIN), the gentleman from Florida (Mr. NELSON), the gentleman from Kansas (Mr. SLATTERY), and the others who have worked so hard on the substitute.

Essentially this freeze substitute is the Budget Committee bill without the pay-as-you-go amendment. But that is a significant difference that I hope the Members will focus on.

What this bill does is first of all to take social security and the means tested programs and allow them to grow with the rate of inflation only.

Second, all other programs are held to a 3.5-percent nominal growth, which is about two-thirds of inflation or something less than inflation.

Third, military spending is held only to the rate of inflation for 3 years, with no real increases in military expenditures during that time.

Again, as I say, as many of you know, this is the position that I had been talking about since January. But if Members vote for this, let us be clear that the chances are good that we are not going to have a conference before the miltiary budget comes up and so Members who vote for this will also be expected to vote to implement these appropriations with no real increases on military, no real increases on domestic programs.

I say this just so we are very sure as to where we are on this substitute.

Mr. PICKLE. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I yield to the gentleman from Texas.

Mr. PICKLE. The amendment offered by the gentlemen from Florida (Mr. MACKAY and Mr. NELSON) does not contain money that would allow for the implementation of the disability bill which the House passed a week ago, by a vote of 410 to 1.

As I understand it, the gentleman from Florida (Mr. MACKAY) assumed the leadership of this amendment which was the original Jones amendment, with the understanding that funds for the disability program would have been in that amendment. He attempted, when he found out that that was not the case, through the Rules Committee to have it included. The rule had already been granted and they, the Rules Committee, would not give him an amended rule which would have provided the funds.

So my inquiry to the gentleman from Oklahoma or the gentleman from Florida is to inquire if it is their intent that these moneys be included. I think there is a same appeal to the MacKay amendment. I do not want to vote for any amendment, however, if at some point we would not be able to get funds for the disability bill, assuming that the other body would advance it.

I want to be sure that would be provided for at some point later on in conference or that that would be the intent of the authors.

Mr. JONES of Oklahoma. Let me be clear that the bill as it stands now does not have the provisions for the disability reform that passed the House a week or so ago. And it does not provide for any real increases in any spending or any new spending programs.

I would also tell the gentleman, as the gentleman well knows, there are three programs of new spending that I think ought to be included in any budget that this Congress deals with. One is the disability bill. One is the child health assurance program. And one is the child nutrition bill. And whatever budget passes, it would be the intention of this Member that those three new programs will be a part of anything that comes out of conference.

But they are not contained in this substitute now. It does not contain it at the present time.

Mr. PICKLE. My concern again is that it was your intent, that you felt that the disability funds would be in the original Jones amendment and that you have no objection that that be included at some point as we go along.

Under the rule, Mr. MACKAY would not be allowed to amend his amendment. I want to be sure if it did receive a vote today that those funds could be added.

Mr. JONES of Oklahoma. Again let me reiterate they are not in this substitute now. But I feel very strongly that the disability legislation, the child health assurance legislation and child nutrition ought to be a part of my budget, and I would be fighting for those either to put them in conference or to retain them in the conference.

Mr. PICKLE. I appreciate that.

As chairman of the Social Security Subcommittee and as a coauthor with some of my colleagues on the disability bill, I do not view with great alarm the fact that the disability fund is not in this particular budget. I could not vote for this amendment if funds were not allowed later, and the gentleman from Florida assures me, and this is confirmed by the gentleman from Oklahoma, that they would provide for the addition of these funds. I am satisfied with that assurance.

Mr. MACKAY. Mr. Chairman, I yield 3 minutes to the gentleman from Florida (Mr. NELSON) a member of the Budget Committee.

Mr. NELSON of Florida. Mr. Chairman, Bob Giaimo, the former chairman of the House Budget Committee, and John Rhodes, the former House Republican leader, have formed a task group and have printed this pamphlet entitled "The Deficit Crisis."

I want to read to you the opening statement.

> The United States today is facing a crisis so urgent and so severe that it threatens to tear apart the very fabric of our economic and political life. It is the prospect of continuous, huge Federal deficits.

Members of Congress have received that same message back in our home districts. My folks are telling me that they want Congress to stop talking about deficit reduction and start doing something about it.

So today you have to decide if you want to do something about the deficit. You have that opportunity now.

If you are going to do something about it there will be a political risk, because some spending restraint will be unpopular with certain constituencies.

You must also judge what is politically possible as a spending restraint package, not what is perfect, but what is possible.

Please understand that what we are doing here today is just a beginning. Next year, after the partisan charged political atmosphere of a Presidential election, then we must continue this task with significant deficit reduction.

I would recommend to you this substitute amendment which starts with the 1984 spending level.

Notice, here we are reversing the psychology of "business as usual." Most budget deliberations start from the President's requested budget. Then it is a question of what you cut back or what you add to the President's request.

The psychology of the amendment is to start with the previous year's spending level, the 1984 spending level.

□ 1420

This amendment simply says we are going to raise everything above the 1984 spending level by 3½ percent. In three sensitive areas, the rise in spending will be as much as inflation—in social security, defense, and social safety net programs.

This amendment also provides that new tax revenues will only be used for deficit reductions.

This package will save $234 billion over 3 years.

This budget is simple and understandable. In these times of economic emergency, it is necessary that the Government restrain its spending all across the board.

Mr. MACKAY. Mr. Chairman, I yield 2 minutes to the gentleman from Minnesota (Mr. PENNY).

Mr. PENNY. Mr. Chairman, Americans are commonsense people. Commonsense told them that a $50 billion budget deficit 4 years ago was bad for the economy. Commonsense tells them that when you then proceed, as the President and Congress did, to cut taxes and increase spending, the budget will only go deeper into the red.

That is basic arithmetic, and that is what has happened.

Common sense now tells them that a $200 billion deficit is a frightening threat to the economy today.

Common sense tells the American people that both the President and the Congress must share the blame for this current deficit and must share the responsibility to solve this crisis. And, yes, Americans have the commonsense to know that to reduce the red ink we must either reduce spending, increase taxes, or do a little of each.

It is plain and simple; there is no other way.

The MacKay substitute is the only commonsense budget before us today. It is the only budget that implements a freeze across the board so that no program receives more than an inflation adjustment.

Quite simply, it spends less than any of the alternatives. Commonsense says you cannot cut the deficit by spending more.

In addition, the MacKay substitute allows all new tax revenues to go toward deficit reduction. Commonsense says you cannot cut the deficit if you find new ways to spend what you raise in taxes.

Mr. Chairman, the MacKay substitute makes sense to the American public. It will make for a sensible and responsible budget.

I urge my colleagues to support the MacKay substitute.

Mr. MACKAY. Mr. Chairman, I have an inquiry of the Chair as to whether the gentleman from Ohio, (Mr. LATTA) intends to use his time.

The CHAIRMAN. Does the gentleman from Ohio seek to be recognized?

Mr. LATTA. Mr. Chairman, is the gentleman from Florida (Mr. MACKAY) out of time?

Mr. MACKAY. No; I am not.

Mr. LATTA. Mr. Chairman, we reserve our time.

Mr. MACKAY. Mr. Chairman, I yield 2 minutes to the gentleman from Georgia (Mr. LEVITAS).

Mr. LEVITAS. Mr. Chairman, "Here's the beef."

Here's where we get serious and here's where we decide whether we are going to change our rhetoric into action.

The budget freeze is the only way you can ever begin to get control of spending and deficits and do it in an equitable way across the board, treating everybody and every program equally. We need to do something that is both dramatic and drastic.

The people understand a budget freeze. This is what they will understand on Main Street and this is what they will understand on Wall Street. I get the feeling that some of the budget experts around here who are just talking to each other while the people of America, starting 100 yards from here, neither understand nor care what these experts are talking about.

Those of you who have made speeches to your constituents about cutting the deficit and holding down spending, here is your chance to put up or shut up.

It is obvious that the President's budget we received from the Rose Garden is not serious about holding down the deficit. It appears that our leadership on both sides of the aisle have presented us with budgets that do not seriously deal with the deficit. The Budget Committee budget is better than the Latta budget, but neither does enough about the deficit. These budget experts here in Congress are simply rearranging the furniture on the deck of the budget Titanic.

Here is the way you do it and you do it fairly. You do it by starting with a halt, a freeze at last year's levels.

Someone said, "Aren't you going to need more for defense?" We are going to have to feed everybody out of the same spoon under this budget. We need to have a strong economy if we are going to have a strong defense. Nevertheless, there is plenty of room in this budget to fund new defense spending. Yes, new defense spending. It was explained very clearly yesterday that we have got over $90 billion of potential savings in the Defense Department identified by the Grace Commission from these existing Pentagon expenditure levels. The money that the Grace Commission has identified as waste in the Pentagon can be used to buy anything we need to keep America strong.

As one who supports a strong defense, I support the freeze amendment because it gives us a strong economy and we can pay for anything we need out of the Grace Commission savings we can make from the waste that has been identified. The main point is that we must, absolutely must, get control over the budget and the deficit.

I heard a Republican colleague say yesterday that it does not make any difference whether you tax or you borrow to fund the budget. Well, I can assure you that "tax and tax and spend and spend" is bad. But what is worse is, "borrow, borrow and spend and spend." Anybody who does not know the difference has never heard of the word "interest," and that is why we have the budget deficit problem we have today.

There is a relationship between deficits and high interest rates. The deficit problem is a real and serious one. The bipartisan Committee for a Responsible Budget has said the following:

> The United States today is facing a crisis so urgent and so severe that it threatens to tear apart the very fabric of economic and political life. It is the prospect of continuous large Federal deficits.

That is why I urge you to vote for the budget freeze.

That is why we must take dramatic action.

That is why I voted against the rule. It did not give us a realistic opportunity to vote for deeper spending cuts, deeper reductions in the deficit and extensive and meaningful pay-as-you-go amendments.

That is why I voted for the Roemer substitute: to signal that we have to take dramatic action. There were parts of the Roemer substitute that I could not and would not support. For example, while I agree we need to address entitlement COLA's if we are to control spending, we do not need to restrict the social security COLA because it is a self-funding program whose funds cannot be used to reduce the budget deficit or pay for anything other than Social Security. Since there are adequate funds in the Social Security fund to pay the full COLA, it should be provided and I will vote to do so. The same would be true for any self-funded program whose funds cannot be used for any other purpose including deficit reduction. However, for the nontrust fund entitlements, we must never again say they are "uncontrollable," and that is what the Roemer amendment signaled.

That is why I have reservations about voting for the Democratic Budget Committee. It is not a bad budget. In fact it may be the best Democratic budget in a long time. But it could have been so much better, with a deeper deficit reduction and real pay-as-you-go amendments funded from spending cuts or earmarked revenues. While the budget resolution does endorse the pay-as-you-go concept—which is a victory in itself—it does not go far enough. So it may be better to vote against it now and see what comes out of the conference.

In conclusion, Mr. Chairman, I urge support of the budget freeze substitute with its fair and equitably shared sacrifice, with its restraint and control on spending—over $20 billion less than the President's budget—and with its deeper deficit reduction—over $20 billion less than the President's budget. It is not the final answer, but it is a good beginning.

Mr. MACKAY. Mr. Chairman, I reserve the balance of my time.

Mr. LATTA. Mr Chairman, I yield 2 minutes to the gentleman from California (Mr. MILLER).

Mr. MILLER of California. Mr. Chairman, Members got up here and said they supported this freeze, suggesting that somehow they would be prepared to suffer political unpopularity; that they would be prepared to suffer some political risk.

Well, let me tell you what you do when you pass this freeze: 100,000 women, infants, and children are going to suffer more than political unpopularity; some of them are going to suffer retardation, some of them are going to suffer death and some of them are going to suffer birth defects, because that is the impact of not being able to participate in the women's infant's and children's program, when you are poor, when you are at nutritional risk, and your baby suffers low birth weight.

I invite you to go to the baby hospitals of this country and look at the children, look at the children that are

under 2 pounds, the children who are under 5 pounds, and understand what it means for them to participate in this program; because under this freeze, 100,000 of them will not be able to participate.

The children who cannot read, to whom we provide compensatory education, they will not suffer political unpopularity, they will suffer illiteracy.

For the people who suffer from not being able to pay their home heating bills, they will freeze, not Members of this Congress. It is wonderful how quickly we dole out the pain when not a single Member of this Chamber will suffer that pain; when not a single Member of this Chamber will endure the suffering of those children, of those women, of those elderly.

You are living a fraud. This budget is a lie. You like to believe that you are going to lower the military spending and in your hearts you know not for a moment, that the Senate will never go along with it, our Republican colleagues will not go along with it.

But I will tell you what they will go along with; they will go along with Gramm-Latta 3, because that is what this is on the social side of the ledger.

You will never see those figures go up. That is what you are participating in. You think it is an act of courage. What it is, is an act of callousness, an act of insensitivity to the people of this country who have no other resource than the Federal Treasury. Why? Because they are poor, they are old, they are disabled, and they are young.

That is the money we are talking about freezing.

□ 1430

Mr. FRENZEL. Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. WAXMAN).

Mr. WAXMAN. Mr. Chairman, I urge my colleagues to vote against the MacKay amendment.

This amendment would have a devastating impact on a number of health programs. I want to point out the amount of cut it will mean for some of these critical health programs for the poor.

The MacKay substitute will mean real cuts in such essential programs as maternal and child health services, community and migrant health centers, childhood immunizations, and important research at the National Institutes of Health.

The MacKay substitute would not allow room for any real growth in any health program for low-income people, no matter how pressing the need.

Funds for the Medicaid child health assurance program [CHAP], an important initiative for low-income pregnant women, would not be provided for in this proposal. And the disability provisions adopted by the Ways and Means Committee would also be eliminated.

The Senate bill does not provide funds for these programs. So if the MacKay amendment becomes the proposal from the House, that will be the ceiling on all the domestic programs.

The health spending cuts will be real. The program cuts for low-income people will be real, but the defense cuts will be illusory, because when the House and the Senate go into conference, we can expect that the Senate with their higher amounts for defense spending will insist that the House move up.

We urge that the Members vote against the MacKay substitute. It is essential that this proposal not constitute the budget finally passed by the House of Representatives. Do not fool yourself into thinking that this is a real freeze, that you are going to cut defense spending. The impact will be to cut domestic programs for low-income people by $5 million over what is provided for in the budget adopted by the House Budget Committee.

Mr. FRENZEL. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Wisconsin (Mr. GUNDERSON).

Mr. GUNDERSON. Mr. Chairman, it is not my intent to get up to speak for or against this budget, but I think in reference to those who have just preceded me in the well, we had better understand one thing.

This budget does not increase, nor does it decrease social programs. It has them exist at their present level. I think the Members can all decide whether that is good or bad, but let us not argue about what it does or does not do, because it does have inflation adjusted increases. The same level of the services will exist in the future that exist today. The Members can decide whether that is enough, too much, or not enough.

The purpose in seeking the well is to ask the gentleman from Florida, or anyone else who can help us in the area of defense. One concern I have about this budget is exactly what are we talking about in the area of defense? Are we freezing outlays, are we freezing authority? What are we doing with those authorized projects that we have already committed ourselves to in the last 3 to 4 years in this Congress?

Mr. NELSON of Florida. Mr. Chairman, will the gentleman yield?

Mr. GUNDERSON. I yield to the gentleman from Florida, for as long as it will take to enlighten us all in that regard.

Mr. NELSON of Florida. I thank the gentleman for yielding.

Starting from the basis of the fiscal year 1984 spending level, $264 billion for defense. That is budget authority, which is what we are using in this comparison. This would bring, by rising by inflation, it would raise it by another $12 billion in budget authority to a level of $276 billion.

Incidentially, in outlays, the rise would be by $16 billion under this freeze proposal.

Mr. GUNDERSON. This is growth above and beyond inflation; is that correct?

Mr. NELSON of Florida. This is a growth of inflation which translates to a growth of $12 billion in budget authority and $16 billion in outlays under this proposal for defense.

Mr. GUNDERSON. That is interesting because the figure I have—and I am not sure where this chart comes from—indicates that the gentleman has a $21 billion increase in defense for fiscal year 1985 over fiscal year 1984. The gentleman would disagree with that particular figure?

Mr. NELSON of Florida. Right.

Mr. LEVITAS. Mr. Chairman, will the gentleman yield?

Mr. GUNDERSON. I yield to the gentleman from Georgia.

Mr. LEVITAS. I thank the gentleman for yielding.

The figures that the gentleman from Florida gave are those figures that I have seen as bearing on this, but I think the gentleman was on the floor when I made the point earlier that there are over $90 billion of waste that have been identified in existing spending levels by the Grace Commission at the Defense Department, which waste can be saved and used for the new funding, if that is desired under the freeze budget.

We are simply saying, as we do in other programs, there is waste, there is abuse. Let us save that money and spend it for what we need.

Mr. JONES of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. GUNDERSON. I yield to the gentleman from Oklahoma.

Mr. JONES of Oklahoma. I thank the gentleman for yielding.

I just want to clarify this as I tried to in the beginning. There will be no increases above inflation for the next 3 years in military programs. So what the Appropriations Committee would get would be a limitation on defense expenditures only up to inflation for the fiscal year 1985.

If the Department of Defense can find Grace Commission savings on their own, that is fine. But that is what the Appropriations Committee would be given, the level up to inflation only, no real growth.

Mr. GUNDERSON. The alternative would be then that this Congress would have to in the defense authorization and appropriation bills make some cancellations of presently authorized projects to live within this?

Mr. JONES of Oklahoma. This is something the gentleman probably should discuss with the chairman of the Defense Appropriations Subcom-

mittee, but it is my understanding that there would have to be cancellations of some weapons systems for this to be complied with.

Mr. MACK. Mr. Chairman, will the gentleman yield?

Mr. GUNDERSON. I am happy to yield to the gentleman from Florida.

Mr. MACK. I thank the gentleman for yielding.

I just wanted to ask one question. When the gentleman refers to inflation growth only in national defense, is that DOD inflation?

Mr. JONES of Oklahoma. If the gentleman will yield further, 4.7 percent, I believe it is.

Mr. MACK. It is CPI? DOD? Or the Congressional Budget Office's estimate of inflation?

Mr. JONES of Oklahoma. It is the DOD at 4.5.

Mr. MACK. I thank the gentleman.

Mr. MACKAY. Mr. Chairman, I yield 1 minute to the gentleman from Connecticut (Mr. MORRISON).

Mr. MORRISON of Connecticut. Mr. Chairman, this is not a perfect budget, but it is the best remaining alternative budget that we have.

The House Budget Committee is a deficit maintenance budget. It keeps the deficit under control, but it does not make substantial reductions in future annual deficits.

This freeze proposal reduces the deficit over 3 years by $52 billion more than is done by the House Budget Committee proposal.

Those who are concerned about social spending and the response of this Government to people in need had better look at the impact of budget deficits. The interest costs as they increase for the Federal Government will dwarf the $5 billion in social spending that we are addressing as the difference between the two budgets.

If the interest costs of the Federal Government keep rising, we will not have the capacity to respond at all to human need. Those who are concerned about human needs must join the project of bringing the deficits under control. This freeze proposal is a small but first step.

Mr MACKAY. Mr. Chairman, I yield 2 minutes to the gentleman from South Carolina (Mr. SPRATT).

Mr. SPRATT. Mr. Chairman, I rise in support of the MacKay substitute, not because I think it is where we should or will end up, but because I think it is where we ought to start out.

This substitute does not solve the deficit problem, but it is based on principles that will.

It lays down the principle that spending, across the board, has to be held in place, with no real growth. With the deficits we face, that is a sound fiscal principle.

It lays down the principle of applying new taxes, generated by new tax laws, to reduction of the deficit. That, too, is a sound principle, and one most Americans would agree with.

And it raises, indirectly, the principle of pay as you go. By implication, this substitute says, if the real level of defense or nondefense spending must rise, then we must find the revenues, new revenues, to fund the increase.

If we adhered to these principles, we could solve our problem.

This substitute is hard on social and domestic spending, but it is not as austere as a complete freeze, which the administration proposes. It allows for growth of 5 percent per year in means-tested entitlements, a full COLA for Social Security, and 3.5 percent in other nondefense spending.

It is tough on defense spending, but it realistically allows more for defense than for nondefense spending—a 5-percent rate of growth. And that is 5 percent of $264 billion, or an increase of $12 billion next year alone. That increase will take defense budget authority up to $276 billion next year, which is almost 100 percent above its level in 1980.

For the 3 million men and women on active duty or in the Reserves, a 5-percent rate of increase will more than fund the 3.5-percent pay raise we are now considering in the Military Personnel Subcommittee. There is no reason we would need to freeze their pay, or even reduce their raises below the level we are now discussing, or, for that matter, below the level of about 4 percent the administration has proposed.

I am under no illusions, however. This plan entails hard choices for defense. A 5-percent rate of increase in defense would mean the elimination of some weapons systems, like the MX; it would necessitate the stretchout of others, like the DIVAD, or the Aegis, or the F-15's; and it would mean not starting up new systems this year, like the new DDG-51 destroyers, or the C-17. This would not be easy to do. Maybe it cannot be done. But before concluding that it cannot be done, I would call your attention to William Kaufman's study for the Committee for National Security, entitled "Spending for a Sound Defense." His "present danger" defense budget, which is the stronger of his two alternatives, has a bottom line for fiscal year 1985 of $276 billion, exactly the same as this substitute.

Some opponents of this plan say that it will not stick, that defense will end up with some rate of real growth. They are probably right. But if we start the budget bargaining here, at the point of no real growth in defense, we will improve the chances of holding defense spending to limits of where it probably ought to be: at 3 to 3.5 percent real growth. And we will leave ourselves some leverage to argue that any increments beyond 5 percent ought to be paid for, and paid for now.

This substitute will not resolve the long-term deficit, but none of the eight choices before us will. The hard work is still ahead of us. But it will put deficits on a downward path; and it is based on budget principles out of which we can frame a solution. It is the most sensible choice we have, and I urge its adoption.

Mr. LATTA. Mr. Chairman, I yield 1 minute to the gentleman from Massachusetts (Mr. FRANK).

Mr. FRANK. Mr. Chairman, I understand what motivates those who are pushing this substitute. But I think they are gravely mistaken. It is clear, if you trace out the necessary steps in the legislative process, that the unique contribution they will be making is to prevent us for several years from providing any additional funds for the neediest and the most vulnerable. The people who already have been made to sacrifice the most would be further victimized here.

That is not the intent of the amendment as proposed, but it is what happens when you work it out through conference. No one thinks that the zero level of increase in military spending would be sustainable after it went to conference and came back. But what would be sustainable would be the zero level of increase for the programs that the gentleman from California and others have mentioned.

I share the desire to reduce the deficit. I am willing to work with other Members to try to reduce military spending. But, please, let us not tell the poorest and most vulnerable people in this country that it is their fault and we are going to have to hold them hostage in our effort to reduce it.

It is a good intention, but the effect of it will be to inflict further misery on those who have already been the most afflicted.

Mr. LATTA. Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts (Mr. SHANNON).

Mr. SHANNON. I want to thank the gentleman from Ohio for yielding.

Mr. Chairman, I take the floor because of one specific concern, and that is: What happens to the disability legislation as a result of this substitute?

Now, I understand that there has been a colloquy on the floor as to a good-faith effort that will be made by the conferees to take care of this issue. But the fact remains that in the other body there is a lot of opposition to that disability bill. The administration has gone over there and said that they want to defeat it, and there are going to be a lot of games played with this issue over the period of the next few weeks.

The House of Representatives voted last week by a margin of 410 to 1 to stop the disgraceful abuse of disabled people in this country, and now this

week we are being asked to vote for a budget proposal that leaves no room for those reforms, leaves no room to restore the benefits to the people who have been knocked off the rolls, and leaves no room to put in those medical improvement standards; and to make those changes that we almost unanimously agreed needed to be made.

A colloquy on the floor of the House will not solve this problem. And, in fact, unless we can get some Members of the other body onto this floor to say that they will agree, we are leaving our disabled people very vulnerable by supporting this substitute on the floor today.

Let us be consistent. This might be a technical error, but it could be a fatal error for the disabled of this country if we were to pass this substitute in this resolution.

Mr. NELSON of Florida. Mr. Chairman, will the gentleman yield?

Mr. SHANNON. I yield to the gentleman from Florida.

Mr. NELSON of Florida. Mr. Chairman, I just want to see if I can give some assurance to the gentleman. The gentleman certainly well understands that we are dealing in the macroeconomics and the aggregates here, that any items specifically within this budget resolution are mere assumptions or suggestions.

This House has already acted, as the gentleman from Massachusetts has well understood, and you have also had the chairman of the Budget Committee stand up and say his preference of what would occur in conference.

Mr. SHANNON. If I may reclaim my time, I appreciate the statements of the gentleman from Florida and the chairman of the Budget Committee. I know they will make a good-faith effort. But they cannot make a commitment that the job will get done, because they are only one-half of the process. Let us protect the disabled, let us not set a trap for ourselves that is going to sink that disability bill. And that is what this substitute will do.

Mr. LATTA. Mr. Chairman, I yield 1 minute to the gentleman from Pennsylvania (Mr. GRAY).

Mr. GRAY. Mr. Chairman, I certainly understand what the gentleman from Florida is attempting to do. He wants to reduce deficits by a large amount, $234 billion. He wants a simple solution which is a freeze with 3.5 percent nominal growth, and he also wants to cut defense. Certainly his proposal does that. But it fails one important test, and that is the fairness test. It does not treat all the same, because in reality all have not been treated the same over the last 3 years. And so if we pass this freeze, you are freezing the inequity of the last 3 years, the suffering of those who are elderly, those who are young, those who are hungry. And let us not kid ourselves. We know that that freeze is not going to apply to defense when we go to conference. It is going to come back with real growth.

I wish I could support them if it could pass the fairness test, but it does not, and I urge my colleagues to oppose it.

Mr. MACKAY. Mr. Chairman, I yield 2 minutes to the gentleman from Delaware (Mr. CARPER).

Mr. CARPER. Mr. Chairman, I rise in support of the MacKay substitute and ask unanimous consent to revise and extend my remarks.

Like most of my colleagues who have spoken this week in support of or in opposition to one budget resolution or another, I have not seen, nor do I expect to see, one plan that combines a perfect balance of restraint in defense and nondefense spending with painless increases in revenues.

The MacKay substitute is not perfect in all respects either, but it does possess a number of virtues that merit it the very serious consideration of all of us in the Congress.

This plan represents the closest thing to a freeze on all spending that we will consider this year. It slows the growth of both defense and nondefense spending. It does it fairly and evenhandedly. It asks for an equal sharing of sacrifice from all of us.

The MacKay substitute provides for spending increases in no programs above the rate of inflation, although it does allow spending increases in three areas at rates equal to an anticipated 5-percent rate of inflation. The three areas that will be protected from inflation include defense, social security, and a number of domestic programs considered integral parts of our safety net for the neediest Americans. Under this plan, spending for certain other programs would grow at a rate less than the rate of inflation and other programs would be frozen at 1984 levels.

And yes, this plan includes a revenue raising measure, as well. It is a modest one when viewed in the context of the enormous deficits facing our Nation. But among the virtues of this budget plan is that all of the $47 billion it will generate over the next 3 years will be used, not to pay for increased spending, but to lower deficits.

In addition, these new revenues would be raised not through imposing income tax surcharges, sales taxes or other major new taxes, but primarily through a broadening of the tax base due to tax reform.

I realize that there are some of us who would prefer to see greater defense spending increases. There are others of us who would like to see greater increases in funding for our safety net programs, as well as for education or other particularly meritorious programs. But the hard truth is that our ship of state sails on perilous waters. We must focus our efforts this week and throughout this year on reducing those deficits in as fair and evenhanded a manner as possible—by holding the line on all spending. The MacKay substitute does this.

This approach is not especially complex or sophisticated. It is straightforward and understandable. By offering no preferential treatment to any one group, it may run the risk of incurring the enmity of some of them. But this budget also holds forth the promise of gaining the understanding and acceptance of those who understand that we all must share in reducing the deficit.

Mr. Chairman, if we are serious about taking action this year to stem the flood of red ink that threatens to engulf our country, this plan will reduce the projected deficits by over $230 billion over the next 3 years. If we are serious about doing so in a way that is evenhanded, this plan is about as fair to all of those competing for the taxpayer's dollar as we can devise this year. While few of us are likely to praise it for its perfection, there is absolutely no doubt in my mind that most Delawareans and, indeed, most Americans, will accept this approach as a reasonable and balanced fiscal plan. I urge its adoption.

Mr. MACKAY. Mr. Chairman, I yield such time as he may consume to the gentleman from Georgia (Mr. ROWLAND).

Mr. ROLAND. I thank the gentleman for yielding time to me.

Mr. Chairman, I rise in support of the MacKay substitute as the fairest way to address the deficit problem. Although I am aware that whatever we pass in the House today is likely to be changed before the end of the year, this does represent a first step in meeting our responsibilities as elected Representatives.

I have long thought that an across-the-board freeze would be the best way to slow the patterns of excessive spending which have sabotaged a healthy economy. Under the MacKay substitute, no one would lose anything they have this year. By holding spending to the rate of inflation, basically just no new spending occurs.

I did not come to the conclusion to support this bill on my own. In talking with the people I represent, the equity of an overall freeze was frequently mentioned and supported. Now, I realize this substitute also calls for an increase in revenue, a concept of which I am not generally supportive. However, in this case, the taxes raised would be used solely to offset the deficit, not to fuel additional spending as would other proposals before us today.

A poll I recently conducted in my district showed that 55 percent of the people who responded would support some kind of tax increase if this revenue was applied to the deficit. This budget does that, and without increas-

ing personal income taxes or altering the tax indexing now in place. By closing loopholes and making necessary reforms in the Tax Code, $47 billion over 3 years will be used to reduce the deficit. On its own, I would not support a tax bill, but combined with spending cuts as the majority of my constituency indicated support, it is the right approach. Even the housing industry has indicated support of this substitute.

Some may argue that reducing increases in Federal spending hurts people and programs. However, allowing the rate of growth to increase at the rate of inflation certainly will not do as much damage as a $200 billion a year deficit. Deficits are simply economically destructive. Reducing the one this country has is the most constructive action this Congress can take to indicate concern for those in need and to realistically maintain a defense system we can afford.

My vote to hold the line on defense spending in no way indicates my lack of support for an adequate military. I am convinced, however, that there is room for reducing spending by the Department of Defense without reducing necessary programs or weapons systems. Just recently the Grace Commission detailed areas in which DOD could cut spending where funds were being wasted or not used efficiently. If these programmatic recommendations were carried out, we could reduce military spending by $94.2 billion over a 3-year period. This would absolutely not jeopardize our national security.

I urge my colleagues' support of this proposal which sets as its only priority an overall reduction in the Federal budget deficit.

Mr. MACKAY. Mr. Chairman, I yield 2 minutes to the gentleman from Kansas (Mr. SLATTERY).

Mr. SLATTERY. I thank the gentleman from Florida for yielding, and I would like to publicly commend Mr. MACKAY's leadership this year in dealing with this particular issue.

I would also like to draw my colleagues' attention to a letter I received today from the National Association of Homebuilders, and in this letter, dated April 5, they are endorsing the MacKay freeze proposal as the most balanced and fair approach to dealing with the deficit crisis.

Mr. Chairman, I concede that this is tough medicine that we are talking about here today with the MacKay freeze. But I sincerely believe that the Federal deficit is a serious threat to our Nation's economic recovery and the economic stability of the Western World. As you consider this proposal, I hope you will focus on some basic points: This proposal does dramatically reduce the deficit by $234 billion over 3 years. This is nearly $150 billion more than the President's proposal in February. It is $50 billion more than the committee's recommendation, and it is $29 billion more than the Republican proposal.

This tremendous deficit reduction is achieved primarily by spending cuts, nearly $4 of spending cuts for every $1 of new tax revenue.

□ 1450

The only tax increases contemplated in this proposal are those contained in H.R. 4170, and I would submit that those are the same revenue proposals contemplated in the Republican package. All new revenues under this proposal would go to deficit reduction.

In addition to that, I would like for the Members to focus on the fact that the MacKay amendment contemplated almost $150 billion less spending than the President's budget request. Almost $30 billion less than the Republican substitute, and almost $55 billion less than the committee proposal.

This is a real spending freeze.

I know there is concern about the level of defense spending recommended in this proposal.

Frankly, I would like to have a slightly higher level of defense spending and I am confident that this provision will be changed in conference committee.

I believe this is a good position to bargain from.

Just keep in mind that between 1980 and 1984 we increased defense spending by almost $100 billion annually.

The bottom line with this proposal is—if you want to spend more money for defense or anything else—then pay for it.

If we are unwilling to pay for defense spending we must be willing to make the necessary adjustments in the Pentagon.

I urge my colleagues to support the MacKay amendment.

Let's stop the policy of spend and borrow and restore commonsense to our nation's fiscal policy.

Mr. LATTA. Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. PANETTA).

Mr. PANETTA. Mr. Chairman, I know this is a frustrating year and everybody has been searching around for easy answers. The struggle is to try to find easy answers that somehow do not involve tough choices. The reality is that when we try to do that, we get wrapped up in numbers and forget that numbers impact on people. We should have learned that lesson a few years ago when we adopted Gramm-Latta. We adopted numbers, but numbers impacted on the benefits for people at the lowest end of the ladder.

The same thing is true for the proposal that is before the House; it looks good, it sounds good; it sells good, but the reality is that those numbers will hurt people. You cannot have it both ways in this institution. We voted almost unanimously for a disability bill a few days ago. This vote, if you vote for this substitute, takes disability funding out. I have never been a part of a conference when you can bring in something you forgot to put in.

The reality is, you are voting to take it out. The same thing is true with regard to hunger issues; the same thing is true with regard to a whole series of programs on low income energy assistance, on housing, on education that we have built into this budget to try to restore some fairness.

I think one of the tests that has to be looked at in all of these budgets is the test of fairness. Do we balance those needs with the needs of defense and with revenues. All of us wish we had a vote to separate defense from domestic issues; that is not the case; that is not the rule. If you vote for this substitute you are voting to cut the very funds that will help restore fairness to the budget that the committee has come forward with.

I urge you to vote against the substitute.

Mr. MACKAY. Mr. Chairman, I yield 2 minutes to the gentlewoman from California (Mrs. BOXER).

Mrs. BOXER. I thank the gentleman for yielding.

Mr. Chairman, let us be clear about this freeze: Means-tested safety net programs go up 5 percent under this freeze, so let us not accuse any of us of endangering mothers and infants. Under this freeze we do sacrifice $4 billion of increased social spending, that is true. But we also cut $45 billion from defense. Some might even say this freeze is a change of priorities.

The President handed us a budget with a $200 billion deficit. We criticized it and rightly so, for its 18-percent increase in defense and no closing of tax loopholes. If we want to see real pain and suffering in this country, let us do little or nothing about deficits, then we will see 12-percent unemployment figures again.

We need, my colleagues, shared sacrifice. I have certain priorities, you know what those are. You have other priorities. But we must be willing to sacrifice those priorities together, and what better way to reduce deficits than to freeze spending in a fair, across-the-board fashion. The American people want it. It is simple and straightforward and let us do it.

The CHAIRMAN. The gentleman from Florida (Mr. MACKAY) has 9 minutes remaining, and the gentleman from Ohio (Mr. LATTA) has 15 minutes remaining.

Mr. LATTA. Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts (Mr. DONNELLY).

Mr. DONNELLY. Mr. Chairman, very frankly the genesis of the MacKay substitute came from discus-

sions in caucuses held amongst Democrats on the House Budget Committee. And in reality at one point during these discussions many members of the committee were moving toward this point until we had spent some time a few nights and a few days looking at the reality of what the MacKay sustitute and this so-called freeze would do the poorest people in our society.

I think there are two basic problems with it: One, the defense number is not real. Clearly, if I had my way, it would be a real defense number, but I think when this budget comes back from conference, we are going to see some upward push in that defense number.

Second in reality, it does not protect the poorest and the most disenfranchised people in our society. Those people that are the beneficiaries of the discretionary domestic programs. It is clear to me that over the course of the last few years, we as a Congress and this administration especially have asked these people to pay an inordinant price for fiscal policies and fiscal problems that we face as a nation.

Institutionally, it will put our conferees at an extremely disadvantaged position when we meet with the Senate in conference. That defense number will go up and many of the cuts, if approved by this House, will have to be swallowed by our conferees, and the constituencies that we were sent here to protect, will be unprotected by the actions of this House.

You know, the MacKay freeze reminds me of the proverbial forbidden fruit; it looks good, and it looks tasty until you pick it off the tree and bite it. The aftereffects are awful bitter; I would hope that this substitute is rejected overwhelmingly.

Mr. MACKAY. Mr. Chairman, I yield 2 minutes to the gentleman from North Dakota (Mr. DORGAN).

Mr. DORGAN. I thank the gentleman for yielding.

Mr. Chairman, a couple of years ago this country experienced its first $1 trillion in debt, and a couple of years from now it will experience its second trillion dollars in debt. It all happened in a very short period of time because this fiscal system of ours is out of control and the question is who is going to be the first to be responsible? Who is willing to do something about it?

Well, I support this MacKay budget substitute because I think it is time that we start to put on the brakes on deficit spending. I think it is interesting how we hear people in this Chamber talk about who the big spenders are. Take a look at this document that talks about all of the budgets. I will tell you who the big spender is, it is Ronald Reagan. He wants to spend more than any budget we are debating here in the House of Representatives. He coats his budget with sugar so it sells well to the uninformed. He does not want to tax you for it. He wants to borrow for it, to mortgage this country's future and have our children pay for his $626 billion on projected deficits for the next 3 years.

I think there ought to be enough of us in this Chamber to be responsible and say: "That does not work any more, we are not going to stand for it, we will not permit it." This MacKay proposal calls for a budget freeze and I understand safety net programs will only grow modesty, but it is something I am prepared to support because this country needs tough medicine to get this fiscal system of ours under control.

Some opponents say it is going to ravage the poor, that is a phony argument. They want us to spend $9 for the military to drive every new dollar for the poor. What kind of bargain is that? I am not willing to support that. For if we persist in that madess, the military will soon absorb all funding for needed safety net programs.

Who is going to be the first to be responsible? Who is going to take the first step? Those who say they believe in restraint for Federal spending?

Now is the chance, vote for a fair, realistic budget freeze. This is the only freeze in all the budget plans that has been put before this House of Representatives; the only approach that devotes all new revenues to deficit reduction. This is an opportunity to bring a fiscal mess into some order; to move us in the right budgetary direction; to restore fiscal balance; and to start moving toward a balanced budget for this country's future. If we do not take this step now, it is not going to happen in the future either.

I support the MacKay budget because I think it is a good document. Everybody here says, well, we share the goal. We just oppose the plan. Sure they oppose the plan; this plan takes some guts. But it is the right plan for right now and that is why I support it.

Mr. MACKAY. Mr. Chairman, I yield such time as he may consume to the gentleman from Wisconsin (Mr. MOODY).

Mr. MOODY. Mr. Chairman. with the other freeze labeled the McHugh freeze having failed, I strongly endorse this particular budget package.

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Mr. LATTA. Mr. Chairman, I am pleased and delighted to have the privilege of yielding 4 minutes to the majority leader, the gentleman from Texas (Mr. WRIGHT). He is on the same side of this issue as I am, and that does not happen very often.

Mr. WRIGHT. Mr. Chairman, I want to express my appreciation to the distinguished ranking minority member of the Committee on the Budget for yielding. I hope his and my being on the same side does not necessarily mean that both of us are wrong.

We are on the same side because common sense dictates that, for all of its superficial attractiveness, this particular amendment should be rejected. I rise reluctantly in opposition to it because I admire the motivation which impels some of those who have supported it.

There is a steely, cold honesty in saying that we are going to cut everything equally across the board. But in order to indulge that, you have to begin with the assumption that we have exactly the right set of priorities today.

Do you believe that? Do you really believe that we have the perfect set of spending priorities in our Federal Government today, with no important imbalances that require redress?

If you believe that, then you can vote for this amendment in good conscience. If you are willing to cut education in real terms below the amount of money that is being spent on it this year, you can vote for this. For my part, I believe there is a need to repair holes that have been ripped in the safety net, including compensatory education for the neediest of children and nutrition programs for the hungriest of children.

In the last 3 years, 60 percent of all the cuts that have been made in our budget have come out of that one-fifth of the budget which helps the hungry, the handicapped, the needy, the disadvantaged, the young people who want to get an education, and the elderly. Do we want to freeze those cuts in place and then cut those programs further, below the inflation rate?

Let nobody deceive you about the disability reforms that we voted so bravely to foster just a week ago. If we vote for this amendment, we may be unwittingly voting not to fund that disability bill. It is easy enough for the chairman of the committee to say it would be his intention to fight for money to be restored in the conference. That presupposes, however, that the Senate will include money in its resolution to accommodate our disability reform. It has shown no disposition to do so as of now. If the Senate should persist in its failure to do so, this would not be a conferenceable item. It would not be subject to the conference if it is not included in either resolution.

The same can be said for child health and child nutrition programs.

In order to support this amendment whole heartedly, we also must be prepared to vote to hold all defense investment, all military spending, at its present level. That means we must be willing to discontinue some of the weapons systems that have been previously approved by Congress.

The reason I was not able personally to vote for the amendment just rejected, to one offered by my good friend, Mr. McHUGH, and the Democratic Study Group, was that it held defense to a level which would have required us to disallow some of the programs that we earlier approved in this House. I believe strongly that we can satisfy our defense needs on a substantially lower rate of increase than that recommended by the White House. I do not think we have to give the Pentagon a blank check, and I do not believe we will. I do not think we should. But neither do I believe that we ought to cut it off at the knees. This amendment allows for no real growth, and I believe that may be too restrictive.

If you are really willing to do those things, then go ahead and vote for this amendment. But if you vote for it, be prepared to implement it. If you are not prepared to implement it, I suggest you vote "no."

Mr. MACKAY. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois (Mr. DURBIN).

Mr. DURBIN. I thank the gentleman for yielding this time to me.

Mr. Chairman, it is unfortunate we did not include in this budget resolution enough money for a white flag. Every Democratic speaker who has gotten up to criticize this proposal has suggested that the conference committee will capitulate as soon as it arrives in the room with the Senate conferees, and we should have at least provided them with a white flag.

I think more of the process. I think more of what we face today, because if we look at what has happened to us in the last 3 years as a nation, we can see what has happened. The administration came in hellbent on cutting social programs, and was stopped, fortunately, short of the mark. But today they have a new ally. They have the deficit, and with the deficit they will do by indirection what they were unable to do by direction. They will starve out those programs.

The proposal we have before us today draws the line. The MacKay substitute draws that line and says we are going to stop this erosion of domestic programs of America in a fair and specific manner.

I have heard those come and speak before us today, progressive Members on the Democratic side of the aisle, about domestic programs that are to be cut, but they cannot stand on the sidelines and suggest that they do not have their own alternative. They do, and we will consider it, the committee alternative, and we must ask ourselves, in comparison to the freeze substitute, is it fair? The odds are 9 to 1 it is not fair, because for every new dollar that is going to be put in out of our tax bill, $9 goes to defense and $1 to the domestic side. We take the crumbs, we give them the cake, and we call it fairness.

We are drawing the line today on important programs. Surely, I would give more money to some of these domestic programs if I could, but we are about to lose our social legacy in this country if we do not stand up as a party and draw the line and say we are going to control the deficit.

I think this is a responsible position, one that calls for shared sacrifice, and one that this body can support.

The CHAIRMAN. The gentleman from Florida (Mr. MACKAY) has 5 minutes remaining, and the gentleman from Ohio (Mr. LATTA) has 9 minutes remaining.

Mr. MACKAY. Mr. Chairman, I yield such time as he may consume to the gentleman from Ohio (Mr. FEIGHAN).

Mr. FEIGHAN. I thank the gentleman for yielding.

Mr. Chairman, I rise today in support of the MacKay-Nelson substitute because I believe it offers us the best opportunity to deal with the deficits that endanger economic recovery.

In Ohio, the signs of that recovery are not as strong as they are in some other areas of the country. In a sense, we know that we are doing better only because things are not continuing to get worse. High deficits, high interest rates, and another recession, no matter how brief, would be a crippling blow to a regional economy that is still struggling.

This proposal contains three important elements that will allow us to begin the difficult process of reducing the deficit:

First, it freezes domestic discretionary spending. It puts us all on notice that we will have to make the hard choices among programs. It forces us to find ways to make Federal dollars work smarter.

Second, it challenges us to control the so-called uncontrollables in the budget. It requires us to contain the cost of entitlement programs, but it does not punish the people who rely on those programs. It puts a responsible cap on defense spending, and demands that we devise a strategy that meets our national security needs without destroying our economic security.

Third, this proposal begins the process of closing tax loopholes that are nothing more than taxpayer-supported subsidies. When we look at the Federal deficit, we must not pretend that it is a function only of spending. It is a creature of this administration's catering to special interest clienteles as well.

The MacKay substitute represents an important first step in the direction of controlling the deficit. Adoption of this proposal puts us on the path toward a responsible budget policy.

It is not a solution to all of our economic problems. It is not a quick-fix that will create more long-term problems. It will not balance the budget, or cut interest rates, or eliminate the trade deficit overnight. But it is the first step toward those goals. And if we take this first step today, the second, third, and fourth steps all become possible. If we fail today, those steps all remain out of reach.

Mr. MACKAY. Mr. Chairman, I yield 2 minutes to the gentleman from Oregon (Mr. AUCOIN).

Mr. AUCOIN. I thank the gentleman for yielding this time to me.

Mr. Chairman, I stand and urge my colleagues on both sides of the aisle, to support the substitute before us.

I listened to the majority leader, whose views I often share, and I might wish that we could balance the budget or reduce it on the terms he would choose. But we cannot. We cannot extract the budget reductions we need in order to solve the No. 1 economic crisis facing this country—$200 billion deficits—by suddenly transforming all of the priorities in this year. Not in this Congress. Next Congress maybe; but not in this Congress.

What we have to do is to say to conservatives on both sides of the aisle who have come together and taken a step toward us and said that they are willing to concede and give up $140 billion in defense spending, which they do not really want to do, that we, ourselves are equal to the task; that we are willing to bite a little bit into the bullet on the domestic side and match the sacrifice, knowing that in November the country as a whole will decide who is right and who is wrong about the priorities of the last 3 years.

But in the meantime we will keep the problem from growing worse and reduce the deficit by $234 billion.

We will do it on a fair basis. A 3.5-percent increase for defense spending and a 3.5-percent increase for domestic spending is fair. It is fair, and more than that, it prevents the unbalanced and unfair priorities of this administration from getting worse.

The CHAIRMAN. The time of the gentleman from Oregon (Mr. AUCOIN) has expired.

Mr. MACKAY. Mr. Chairman, I yield 1 additional minute to the gentleman from Oregon (Mr. AUCOIN).

Mr. AUCOIN. Mr. Chairman, more than that, by freezing right now at 3.5 percent, except for Social Security and means tested entitlements, which are allowed to grow beyond 3.5 percent—and let us not kid ourselves about that—by freezing across the board so that the gentleman from Ohio (Mr. LATTA) has to sacrifice and Members over here have to sacrifice, we will keep the unfair priorities which have been inflicted on this country and have skewered the values of this country over the last few years from getting worse.

I listened to my liberal colleagues, the gentleman from California, Mr. MILLER, who is a dear friend of mine, and the gentleman from California, Mr. WAXMAN, who is also a dear friend of mine. I often agree with those gentlemen, but this time they are wrong. I think we need a budget freeze in place to keep the terrible warp in social priorities and the hemorrhaging red ink from getting worse. And we can do it on an equality-of-sacrifice basis and break this political paralysis that exists where both parties are putting ideology ahead of practical economic common sense. This substitute is the way to do it.

We have reached the point in this debate where each of us must ask ourselves, "Are we going to regain control over our economic future or will we continue this fiscal free fall hoping some small supply side parachute will save us. Do we have the courage to stop the spending spree which threatens the economic security, and quite frankly, the national security, of this Nation. And are we, liberals and conservatives, Republicans and Democrats, going to put aside our own ideological agendas and do what's best for the country?"

We have debated and voted on six substitutes previous to the proposal now pending. Each have been sufficiently flawed and have failed to attract a majority of votes needed to pass.

First we had the President's budget. And in listening to those who have been trying to exonerate the President, I am reminded of the words of candidate Ronald Reagan who in 1980 said:

> Mr. Carter is acting as if he hadn't been in charge for the past 3½ years; as if someone else ran up nearly $200 billion in red ink; as if someone else was responsible for the largest deficit in American history; as if someone else was predicting a budget deficit for this fiscal year of $30 billion or more . . .

If we were facing a $30 billion deficit today, under the MacKay freeze proposal which I am supporting, we would put the budget in surplus by $7.2 billion in the next fiscal year. We would balance the budget and put it into surplus. But that is red ink under the bridge.

We reached the same conclusions with respect to the Dannemeyer amendment and the Roemer amendment, though both reduced the deficit to a considerably greater degree than did the President.

We have now reached the point in the debate where we have to ask ourselves, "What are we going to vote for?" Because if we fail to produce a constructive, fair, and balanced budget which makes a substantial reduction in the projected deficits I believe the American people will rise up in outrage and demand, in effect, that if we cannot do the job, they will find someone who will.

We have heard from those who have said that we cannot reduce the projected increase in military spending because it will jeopardize our national security—that the Russians will bring us to our knees. My constituents are as concerned about external threats to our national security as anyone, but they are terrified of what lies ahead unless we put our fiscal house in order.

What I hear my constituents in Oregon saying is, "Are we in danger because we're not spending enough on the military, or will these monster deficits do us in first?"

As Caspar Weinberger said when he was Director of the Office of Management and Budget, "The identification of a threat to security does not automatically require an expenditure in the defense budget to neutralize it." Were he only to heed his words today.

And one reason I am supporting the MacKay substitute is that it recognizes that we cannot be truly secure from external threats unless we also maintain a strong internal economic foundation. Until we get our fiscal house in order, it allows military spending increases to keep pace with inflation.

And so, I turn to my liberal friends. You might ask why a progressive Democrat should support a proposal which will require $12.4 billion in entitlement savings over the next 3 years. I should point out that this is only $2 billion more than the proposal offered by the Democratic Study Group.

But we have a great opportunity here. We have conservatives, both Republicans and Democrats, who have said, "OK, in the interest of the economic future of this Nation we are willing to give ground on the question of military spending. My constituents might not agree 100 percent, but if they realized that I had an opportunity to take a bold and constructive step toward restoring fiscal sanity, but did not go along because of a narrow parochial concern, they would throw me out on my ear."

And so what I ask of my liberal friends is that you take the same selfless attitude. No one can argue that many of the programs which will be restrained are worthy. No one can argue that under different circumstances many of these programs ought to be increased. But the circumstances are these; unless we control this deficit it doesn't matter whether your world revolves around capital formation or whether your world revolves around programs to help the needy, neither of these things will be possible if service on the national debt becomes the second largest item in the Federal budget.

Now, there are certain commitments which our Government must continue to uphold—to social security recipients or those receiving means tested entitlements such as supplemental security income. And those are exempted from any program reductions under the MacKay substitute. But while we realize savings in Defense by freezing growth, about $140.4 billion over the next 3 years, we must also realize savings in entitlements.

I would like to share with you what my constituents are saying. These are caring individuals. These are individuals who believe the Government ought to help the needy in our society. But here is what a few people from Oregon are telling me: ". . . Everyone I talk to is concerned about the deficit but many seem to think that it is futile to worry about it because too many of our legislators in Washington will do as they are pressured by political party associates rather than deal with the real needs of the country."

"Hold your ground on controlling runaway Government spending or else we all will be locked into a national level of poverty none of us want."

I appeal to my colleagues who consider themselves progressives. If we, who have approached this question with compassion for those less fortunate than ourselves, do not come to grips with this fiscal crisis, the task will be left to those who would gladly eliminate social security, medicare, aid to families with dependent children, food stamps, and low-income housing. And I do not have to draw you a map to show you where those people now reside.

I think there are reasons for both liberals and conservatives to support the MacKay budget proposal. For example, on the revenue side, the MacKay substitute assumes only those revenue increases which are included in the bill recently reported by the Ways and Means Committee. This is also the same level of revenue increase agreed upon by the President and Senate Republicans. Thus the revenue targets in the MacKay substitute are realistic and achieveable.

But most importantly, the MacKay substitute will reduce projected deficits by some $234 billion over the next 3 years. This is $90 billion more than the deficit reduction agreed to by the President and nearly $30 billion more than the reduction proposed in the Republican substitute. This proposal exceeds the Republican deficit reduction effort by an amount which would have balanced the budget in 1977.

And this is where the MacKay proposal earns its salary. The MacKay proposal achieves what the American people have expected us to achieve putting us on a declining path of deficits, easing pressure on interest rates and freeing up a greater portion of our capital saving pool for productive investment.

The proposal I am supporting today meets the crucial tests that most people are demanding: It imposes sacrifice equally, on both entitlements and military spending, it maintains the integrity of essential programs such as Social Security, it helps restore our revenue base, and it makes a substantial reduction in projected deficits.

We simply cannot let this opportunity slip through our fingers. Mr. Majority Leader, with all due respect, this substitute—this budget freeze—deserves our support.

Mr. ERDREICH. Mr. Chairman, I rise today in support of the MacKay amendment. I have been a strong supporter of the original pay-as-you-go budget concept—which would freeze spending at the previous fiscal year's baseline and then provide funding for any increase over the previous year. The original pay-as-you-go budget proposal would freeze all programs across the board and any additional spending would have to be supplied.

In my view, the only budget alternative before us today which comes close to this approach is the MacKay substitute. It does indeed pay for the increases in spending it proposes. It proposes an increase in defense spending and pays for it. It provides full cost-of-living adjustments for social security beneficiaries and pays for it.

The MacKay substitute is not a "business as usual" tax and spend proposal. Of the $47 billion in additional revenue it would mandate through fiscal year 1987, it applies to the retirement of the deficit, not toward additional spending.

In the President's February budget submission, normal revenue growth would increase by some $217.7 billion. This is the amount of money which the Government will generate by fiscal year 1987, over the amount it generated in fiscal year 1984. The MacKay substitute includes $183.8 billion in additional expenditures through fiscal year 1987 over the amount spent in fiscal year 1984. This measure actually proposes to spend less than it takes. A real downpayment on deficit reduction is within this budget.

The defense increase provided for by the MacKay substitute is paid for by the MacKay substitute. The additional areas of spending increases in this substitute are paid for, and the revenue increases are not spent, but are allocated to retiring the national debt. This represents a dramatic departure from the politics of the past and offers us the opportunity to begin to truly reduce the deficits so that our economic recovery will be longlasting and deeper.

If revenue must be allocated to any program, domestic or defense, then let us do that on a pay-as-you-go basis. This plan begins with that premise, and certainly that is the fiscally responsible path for America.

I am not satisfied with some components of this substitute. But this is a start, and a start down the road of fiscal responsibility which we all seek.

● Mr. DASCHLE. Mr. Chairman, I remember, as I am sure most of my colleagues do, the sense of hopelessness that most of the country felt as we came into session this past January. It was a feeling that, in an election year, there would not be the political will, in either the Congress, or in the administration, to address the difficult questions of responsible budget deficit reduction that everyone clearly knew must be addressed if the present recovery was not to be prematurely aborted. The signs of what these continually growing deficits would do to our economy were already becoming present: Interest rates that persistently remained, in real terms, at historically high levels; a balance of trade deficit caused primarily by those high interest rates and the resultant artificially overpriced dollar which was causing tremendous disruption in our agricultural exports; continued small business bankruptcies and farm foreclosures which signaled that the recovery was a lopsided one that would fall of its own weight if deficits were not reduced.

As I said, optimism was not high that we would make the hard choices that must be made to avert a budgetary crisis. This pessimism was further fueled by the administration's submission of its proposed budget for fiscal 1985, which called for budget deficits of over $190 billion, and did not address the spending reductions that had to be made to restore some sense of fiscal responsibility.

However, I am glad to be able to say that the pessimism so prevalent just a few months ago appears now to be not totally warranted. The fact that we are here today, discussing seven different budget alternatives which would substantially reduce the projected deficits in the administration's budget. To its credit, the White House itself has now reversed its previous position, and is supporting a significant deficit reduction package, which modestly scales back its unacceptably high proposed defense increases, and provides an additional $48 billion in tax revenues to offset increased defense spending. Whether or not any of us agree with the specifics of that proposal, which we will be voting on later, I feel that we must, at the very least, acknowledge the infusion of reality which the White House has lately injected into its latest revised budget proposal.

This is not to say, of course, that any of the proposals that we have before us today is a path into the promised land of a truly balanced budget. Every one of the proposals that we have before us today still leaves us with unacceptably high deficits. The Dixon proposal gives us the lowest 3-year deficit total, nearly $400 billion, and that is only after actually cutting real spending by defense $64 billion below current levels and raising over $180 billion of new taxes, neither of which is acceptable to me, or to the great majority of Congress. Other packages offer residual planned deficits which range from $150 billion per year to $177 billion per year. Only 4 short years ago, all of us felt that the last Carter budget, which produced a deficit of $40 billion, was totally unacceptable.

However, it is at least encouraging that there is some movement, however less it might be than some of us would prefer, to get our economic house in order. For my own part, I have long advocated at the minimum an across-the-board freeze on all spending, though my preference is actually for a substantial across-the-board 1-year cut in all programs, whether they be domestic or military. It is only in that way, I feel, that true equity can be arrived at in our necessary budgetary pruning. The proposal that comes closest to that goal is the one which will be offered by my colleague from Florida, Mr. MACKAY.

This proposal will reduce the deficit by $234 billion by allowing inflation growth only in the defense budget for the next 3 years, cutting current levels of service in domestic programs by $21 billion below inflation levels, and providing $47 billion in new revenues that have already been accepted by the administration. It is not, as I have said, a true freeze, but of the options available to us today, it comes the closest, and deserves my vote.

Should this freeze amendment fail, I will support the committee proposal which, while it still provides a 3.5-percent real growth for defense and some social net programs, does at least hold all other spending below projected inflation levels, and at least makes a tentative start toward financing the defense increases through an imposition of taxes already agreed to by the administration. Again, my reason for supporting this proposal is that it most fairly spreads the deficit reductions across all programs, absent a real freeze. Everything, with the exception of defense and the safety net programs, is held below the inflation rate, and those increases which do occur are financed through new revenues. After the freeze, this pay-as-you-go concept strikes me as the fairest proposal before us.

As I have said before, the passage of any of these proposals, which have much more in common than they have differences, is only a starting point. We must make sure that our votes on actual appropriations follow the dic-

tates of this budget resolution, and that, next year, we begin the even harder task of making far more substantial deficit reductions than we will do here this year. Passage of any one of these proposals will make a small start back on the long road toward fiscal responsibility. It is my hope that we will have the fortitude to continue that journey in the future.●

● Mr. FRENZEL. Mr. Chairman, in the Budget Committee markup, I noted against the so-called committee amendment to House Concurrent Resolution 280. I did so because that committee amendment added spending and taxes.

The MacKay amendment is about the same vote. It offers no more guarantee of savings than any of the other alternatives which presented what I would describe as unachievable savings. But it is preferable to what now seems to be the inevitable survivor of this competitor. House Concurrent Resolution 280, as amended.

I do intend to support the Latta substitute as the best vehicle for real achievable deficit reduction. It is not perfect. But it takes us one more step down the reduction trail blazed by the President.

His proposal for the $150 billion downpayment got this exercise started. He will finish it by signing a tax bill only if we have produced reasonable savings. I think we can, that we can even do better, perhaps as much as $200 billion. We need not follow his leadership slavishly, but we must move in his general direction. If not, we are likely to fail.

With my support of the Latta amendment on the record, I shall cast a vote for the MacKay amendment. Its freeze concept takes more out of defense that we will actually approve, but it is a symbol of shared sacrifice. More importantly, it offers a good chance to make minor reductions, about $6 billion, in domestic programs. That is a step in the right direction. It also stays with the generally approved new tax figure of about $48 billion.

So, although it is not my first choice, I will vote for the MacKay amendment.●

The CHAIRMAN. The gentleman from Florida (Mr. MACKAY) has 2 minutes remaining and the gentleman from Ohio (Mr. LATTA) has 9 minutes remaining.

The Chair recognizes the gentleman from Florida (Mr. MACKAY).

Mr. MACKAY. I reserve the balance of my time, Mr. Chairman.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. LATTA).

Mr. LATTA. Mr. Chairman, I reserve the balance of my time.

Mr. MACKAY. Then, Mr. Chairman, I yield myself the balance of my time.

The CHAIRMAN. The gentleman from Florida (Mr. MACKAY) is recognized for 2 minutes.

Mr. MACKAY. Mr. Chairman, this debate has framed the issue very well. The debate takes place in the context of a nation that has been through the economic wringer. For the last 3 years there has been, to quote the economist, Schumpeter, "a process of creative destruction going on in the private sector." I do not know how creative it has been, but there has been a great deal of pain, and our Nation is on the verge of emerging leaner, and stronger, and more competitive than it has ever been.

What a cruel irony it will be if, just as all this is taking place in the private sector, and at such great sacrifice, at great sacrifice, we in government refuse to go through that same discipline in the public sector. Think of the irony of our saying—and this is what it seems to me is being said by the opponents of the budget freeze—that we can only achieve fairness by increasing spending.

I believe we have a responsibility. The responsibility is in the Congress. The way to do what we have got to do is the same way we do it in our families, the same way we do it in our businesses. It is to freeze expenditures across the board. It is to use any new revenues we can find to stabilize our situation by reducing our debt load.

After that has been done, and our continued economic recovery has been assured, then we can start the difficult long-term task of developing a balanced and coherent fiscal policy in this country. One that makes sense and one that is fair.

Mr. Chairman, I believe if we do that, once again we will find government in America being a part of the solution, instead of a part of the problem.

● Mr. COUGHLIN. Mr. Chairman, I support the MacKay/Nelson substitute budget amendment. It provides for one of the largest deficit reduction plans of any of the major budget proposals before us, and it achieves the 3-year, $234 billion deficit reduction largely through savings in the military spending and lower interest payments on the debt.

This plan calls for zero real growth in defense spending which has already increased from $135 billion in fiscal year 1980 to $237 billion in the current fiscal year. I have supported the effort to strengthen our Armed Forces which had fallen to a dangerously low level of preparedness when the present administration took office. Much has been accomplished in the past 3 years to restore the effectiveness and credibility of our defense forces, and I am convinced that it is now time to recognize that we are facing a budgetary crisis of such proportions that the rapid growth of the defense budget of the past several years is no longer affordable.

The MacKay-Nelson substitute provides for modest savings in entitlements—$12.4 billion over 3 years—and in nondefense discretionary spending—$6.7 billion over 3 years. These are the budget areas which have been called upon for the greatest measure of restraint and savings in recent years, and we should not continue to look to them for the lion's share of sacrifice. At the same time, reasonable administrative and financing reforms of massive health and welfare programs, I am convinced, can be found to yield the relatively small savings in domestic spending the MacKay-Nelson budget would require. It is barely $5 billion more than the House's own Budget Committee proposal requires to be saved on domestic spending in the next 3 years.

MacKay-Nelson is a budget framework that makes sense at this time and I will vote in favor of it.●

The CHAIRMAN. The time of the gentleman from Florida (Mr. MACKAY) has expired.

The Chair recognizes the gentleman from Ohio (Mr. LATTA).

Mr. LATTA. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment in the nature of a substitute offered by the gentleman from Florida (Mr. MACKAY).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. NELSON of Florida. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 108, noes 310, not voting 14, as follows:

[Roll No. 72]

AYES—108

Albosta	Frenzel	Morrison (CT)
Andrews (TX)	Gibbons	Mrazek
Applegate	Glickman	Murphy
AuCoin	Gore	Neal
Bates	Gradison	Nelson
Bedell	Gregg	Nowak
Boner	Gunderson	Obey
Bosco	Hamilton	Oxley
Boxer	Hansen (UT)	Patman
Britt	Harkin	Pease
Brown (CA)	Hatcher	Penny
Brown (CO)	Hertel	Petri
Broyhill	Hughes	Pickle
Carper	Jenkins	Pritchard
Clinger	Jones (OK)	Reid
Cooper	Jones (TN)	Richardson
Coughlin	Kastenmeier	Ritter
Craig	LaFalce	Roberts
Daschle	Leach	Roukema
Daub	Levine	Rowland
Derrick	Levitas	Russo
Dorgan	Lipinski	Sabo
Durbin	Lujan	Schroeder
Eckart	Luken	Sharp
Emerson	Lundine	Sikorski
English	MacKay	Slattery
Erdreich	Martin (IL)	Smith (FL)
Evans (IA)	McCloskey	Smith (IA)
Evans (IL)	McCurdy	Smith (NE)
Fascell	McKinney	Spratt
Feighan	McNulty	Synar
Fowler	Moody	Tallon

Tauke	Watkins	Wilson
Thomas (GA)	Weber	Wise
Traxler	Wheat	Wolpe
Walgren	Williams (OH)	Young (AK)

NOES—310

Ackerman	Fields	McCandless
Addabbo	Fish	McCollum
Akaka	Flippo	McDade
Alexander	Florio	McEwen
Anderson	Foglietta	McGrath
Andrews (NC)	Foley	McHugh
Annunzio	Ford (MI)	McKernan
Anthony	Ford (TN)	Mica
Archer	Frank	Michel
Aspin	Franklin	Mikulski
Badham	Frost	Miller (CA)
Barnard	Fuqua	Miller (OH)
Barnes	Garcia	Mineta
Bartlett	Gaydos	Minish
Bateman	Gejdenson	Mitchell
Beilenson	Gekas	Moakley
Bennett	Gephardt	Molinari
Bereuter	Gingrich	Mollohan
Berman	Gonzalez	Montgomery
Bethune	Goodling	Moore
Bevill	Gramm	Moorhead
Biaggi	Gray	Morrison (WA)
Bilirakis	Green	Murtha
Bliley	Guarini	Myers
Boggs	Hall (IN)	Natcher
Boland	Hall, Ralph	Nichols
Bonior	Hall, Sam	Nielson
Bonker	Hammerschmidt	O'Brien
Borski	Harrison	Oakar
Boucher	Hartnett	Oberstar
Breaux	Hayes	Olin
Brooks	Hefner	Ortiz
Broomfield	Hightower	Ottinger
Bryant	Hiler	Owens
Burton (CA)	Hillis	Packard
Burton (IN)	Holt	Panetta
Byron	Hopkins	Parris
Campbell	Horton	Pashayan
Carney	Howard	Patterson
Carr	Hoyer	Pepper
Chandler	Huckaby	Perkins
Chappell	Hunter	Porter
Chappie	Hutto	Price
Cheney	Ireland	Pursell
Clarke	Jacobs	Quillen
Clay	Jeffords	Rangel
Coats	Johnson	Ratchford
Coelho	Jones (NC)	Regula
Coleman (MO)	Kaptur	Ridge
Coleman (TX)	Kasich	Rinaldo
Collins	Kemp	Robinson
Conable	Kennelly	Rodino
Conte	Kildee	Roe
Conyers	Kindness	Roemer
Corcoran	Kogovsek	Rogers
Courter	Kolter	Rose
Coyne	Kostmayer	Rostenkowski
Crane, Daniel	Kramer	Roth
Crane, Philip	Lagomarsino	Roybal
Crockett	Lantos	Rudd
D'Amours	Latta	Savage
Daniel	Leath	Sawyer
Dannemeyer	Lehman (CA)	Schaefer
Darden	Lehman (FL)	Scheuer
Davis	Leland	Schneider
de la Garza	Levin	Schulze
Dellums	Lewis (CA)	Schumer
DeWine	Lewis (FL)	Seiberling
Dickinson	Livingston	Sensenbrenner
Dicks	Lloyd	Shannon
Dingell	Loeffler	Shaw
Dixon	Long (LA)	Shelby
Donnelly	Long (MD)	Shumway
Dowdy	Lott	Shuster
Downey	Lowery (CA)	Siljander
Dreier	Lowry (WA)	Simon
Duncan	Lungren	Sisisky
Dwyer	Mack	Skeen
Dymally	Madigan	Skelton
Dyson	Markey	Smith (NJ)
Early	Marlenee	Smith, Denny
Edgar	Marriott	Smith, Robert
Edwards (AL)	Martin (NC)	Snowe
Edwards (CA)	Martin (NY)	Snyder
Edwards (OK)	Martinez	Solarz
Erlenborn	Matsui	Solomon
Fazio	Mavroules	Spence
Ferraro	Mazzoli	St Germain
Fiedler	McCain	Staggers
Stangeland	Udall	Williams (MT)
Stark	Valentine	Winn
Stenholm	Vander Jagt	Wirth
Stokes	Vandergriff	Wolf
Stratton	Vento	Wortley
Studds	Volkmer	Wright
Stump	Vucanovich	Wyden
Sundquist	Walker	Wylie
Swift	Waxman	Yates
Tauzin	Weaver	Yatron
Taylor	Weiss	Young (FL)
Thomas (CA)	Whitehurst	Young (MO)
Torres	Whitley	Zschau
Torricelli	Whittaker	
Towns	Whitten	

NOT VOTING—14

Boehlert	Hawkins	Lent
Gilman	Heftel	Paul
Hall (OH)	Hubbard	Rahall
Hance	Hyde	Ray
Hansen (ID)	Kazen	

□ 1530

Messrs. VENTO, MINISH, and RINALDO changed their votes from "aye" to "no."

Mr. TRAXLER and Mr. ENGLISH changed their votes from "no" to "aye."

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. LATTA

Mr. LATTA. Mr. Chairman, I offer an amendment in the nature of a substitute.

The CHAIRMAN. The Clerk will designate the amendment in the nature of a substitute.

The text of the amendment in the nature of a substitute is as follows:

Amendment in the nature of a substitute offered by Mr. LATTA: Strike all after the resolving clause and insert the following:

That the Congress hereby determines and declares that the concurrent resolution on the budget for fiscal year 1984 is hereby revised and replaced, the first concurrent resolution on the budget for fiscal year 1985 is hereby established, and the appropriate budgetary levels for fiscal years 1986 and 1987 are hereby set forth:

(a) The following budgetary levels are appropriate for the fiscal years beginning on October 1, 1983, October 1, 1984, October 1, 1985, and October 1, 1986:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1984: $665,000,000,000.
Fiscal year 1985: $742,200,000,000.
Fiscal year 1986: $811,600,000,000.
Fiscal year 1987: $884,800,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1984: $2,000,000,000.
Fiscal year 1985: $9,200,000,000.
Fiscal year 1986: $16,700,000,000.
Fiscal year 1987: $21,300,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1984: $913,830,000,000.
Fiscal year 1985: $1,007,107,000,000.
Fiscal year 1986: $1,095,981,000,000.
Fiscal year 1987: $1,190,015,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1984: $852,404,000,000.
Fiscal year 1985: $916,802,000,000.
Fiscal year 1986: $980,806,000,000.
Fiscal year 1987: $1,048,172,000,000.

(4) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1984: $187,404,000,000.
Fiscal year 1985: $174,602,000,000.
Fiscal year 1986: $169,206,000,000.
Fiscal year 1987: $163,372,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1984: $1,595,800,000,000.
Fiscal year 1985: $1,837,300,000,000.
Fiscal year 1986: $2,086,150,000,000.
Fiscal year 1987: $2,347,250,000,000.

and the amounts by which the statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1984: $105,800,000,000.
Fiscal year 1985: $241,500,000,000.
Fiscal year 1986: $248,850,000,000.
Fiscal year 1987: $261,100,000,000.

(6) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1983, October 1, 1984, October 1, 1985, and October 1, 1986, are as follows:

Fiscal year 1984:

(A) New direct loan obligations, $37,600,000,000.

(B) New primary loan guarantee commitments, $105,150,000,000.

(C) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1985:

(A) New direct loan obligations, $37,500,000,000.

(B) New primary loan guarantee commitments, $111,150,000,000.

(C) New secondary loan guarantee commitments, $68,250,000,000.

Fiscal year 1986:

(A) New direct loan obligations, $39,950,000,000.

(B) New primary loan guarantee commitments, $117,400,000,000.

(C) New secondary loan guarantee committments, $68,250,000,000.

Fiscal year 1987:

(A) New direct loan obligations, $40,450,000,000.

(B) New primary loan guarantee commitments, $123,150,000,000.

(C) New secondary loan guarantee commitments, $68,250,000,000.

(b) The Congress hereby determines and declares the appropriate levels of budget authority and budget outlays, and the appropriate levels of new direct loan obligations and new loan guarantee commitments for fiscal years 1984 through 1987 for each major functional category are:

(1) National Defense (050):

Fiscal year 1984:

(A) New budget authority, $264,495,000,000.

(B) Outlays, $234,310,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:

(A) New budget authority, $298,975,000,000.

(B) Outlays, $266,040,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:

(A) New budget authority, $333,682,000,000.

(B) Outlays, $294,550,000,000.

(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $371,987,000,000.
(B) Outlays, $330,395,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(2) International Affairs (150):
Fiscal year 1984:
(A) New budget authority, $20,979,000,000.
(B) Outlays, $12,017,000,000.
(C) New direct loan obligations, $9,100,000,000.
(D) New primary loan guarantee commitments, $8,650,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $15,475,000,000.
(B) Outlays, $12,982,000,000.
(C) New direct loan obligations, $10,550,000,000.
(D) New primary loan guarantee commitments, $9,250,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $15,970,000,000.
(B) Outlays, $12,151,000,000.
(C) New direct loan obligations, $11,600,000,000.
(D) New primary loan guarantee commitments, $10,250,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $15,772,000,000.
(B) Outlays, $12,034,000,000.
(C) New direct loan obligations, $12,850,000,000.
(D) New primary loan guarantee commitments, $10,600,000,000.
(E) New secondary loan guarantee commitments, $0.
(3) General Science, Space, and Technology (250):
Fiscal year 1984:
(A) New budget authority, $8,540,000,000.
(B) Outlays, $8,248,000,000.
(C) New direct loan obligations, $150,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $8,468,000,000.
(B) Outlays, $8,356,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $8,168,000,000.
(B) Outlays, $8,216,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $8,017,000,000.
(B) Outlays, $8,055,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(4) Energy (270):
Fiscal year 1984:
(A) New budget authority, $2,995,000,000.
(B) Outlays, $2,998,000,000.
(C) New direct loan obligations, $4,700,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $4,109,000,000.
(B) Outlays, $3,822,000,000.
(C) New direct loan obligations, $4,800,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $3,760,000,000.
(B) Outlays, $3,922,000,000.
(C) New direct loan obligations, $4,850,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $3,344,000,000.
(B) Outlays, $3,592,000,000.
(C) New direct loan obligations, $5,000,000,000.
(D) New primary loan guarantee commitments, $50,000,000.
(E) New secondary loan guarantee commitments, $0
(5) Natural Resources and Environment (300):
Fiscal year 1984:
(A) New budget authority, $11,595,000,000.
(B) Outlays, $12,257,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $10,472,000,000.
(B) Outlays, $10,663,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $10,329,000,000.
(B) Outlays, $10,437,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $10,117,000,000.
(B) Outlays, $10,048,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(6) Agriculture (350):
Fiscal year 1984:
(A) New budget authority, $4,473,000,000.
(B) Outlays, $10,414,000,000.
(C) New direct loan obligations, $11,200,000,000.
(D) New primary loan guarantee commitments, $4,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $15,575,000,000.
(B) Outlays, $15,803,000,000.
(C) New direct loan obligations, $11,450,000,000.
(D) New primary loan guarantee commitments, $3,100,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $14,814,000,000.
(B) Outlays, $14,655,000,000.
(C) New direct loan obligations, $12,950,000,000.
(D) New primary loan guarantee commitments, $3,100,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $13,614,000,000.
(B) Outlays, $13,494,000,000.
(C) New direct loan obligations, $11,850,000,000.
(D) New primary loan guarantee commitments, $3,150,000,000.
(E) New secondary loan guarantee commitments, $0.
(7) Commerce and Housing Credit (370):
Fiscal year 1984:
(A) New budget authority, $5,583,000,000.
(B) Outlays, $4,038,000,000.
(C) New direct loan obligations, $6,150,000,000.
(D) New primary loan guarantee commitments, $50,000,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1985:
(A) New budget authority, $6,318,000,000.
(B) Outlays, $1,521,000,000.
(C) New direct loan obligations, $6,500,000,000.
(D) New primary loan guarantee commitments, $52,500,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1986:
(A) New budget authority, $6,244,000,000.
(B) Outlays, $2,271,000,000.
(C) New direct loan obligations, $6,550,000,000.
(D) New primary loan guarantee commitments, $54,800,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
Fiscal year 1987:
(A) New budget authority, $7,649,000,000.
(B) Outlays, $3,474,000,000.
(C) New direct loan obligations, $6,750,000,000.
(D) New primary loan guarantee commitments, $56,650,000,000.
(E) New secondary loan guarantee commitments, $68,250,000,000.
(8) Transportation (400):
Fiscal year 1984:
(A) New budget authority, $29,284,000,000.
(B) Outlays, $25,744,000,000.
(C) New direct loan obligations, $1,150,000,000.
(D) New primary loan guarantee commitments, $450,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $27,790,000,000.
(B) Outlays, $25,822,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $450,000,000.

(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $28,560,000,000.
(B) Outlays, $27,195,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $500,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $29,215,000,000.
(B) Outlays, $27,839,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $500,000,000.
(E) New secondary loan guarantee commitments, $0.
(9) Community and Regional Development (450):
Fiscal year 1984:
(A) New budget authority, $7,208,000,000.
(B) Outlays, $7,708,000,000.
(C) New direct loan obligations, $1,650,000,000.
(D) New primary loan guarantee commitments, $350,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $6,942,000,000.
(B) Outlays, $8,213,000,000.
(C) New direct loan obligations, $1,700,000,000.
(D) New primary loan guarantee commitments, $350,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $7,449,000,000.
(B) Outlays, $7,922,000,000.
(C) New direct loan obligations, $1,700,000,000.
(D) New primary loan guarantee commitments, $350,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $7,519,000,000.
(B) Outlays, $8,022,000,000.
(C) New direct loan obligations, $1,750,000,000.
(D) New primary loan guarantee commitments, $400,000,000.
(E) New secondary loan guarantee commitments, $0.
(10) Education, Training, Employment, and Social Services (500):
Fiscal year 1984:
(A) New budget authority, $31,379,000,000.
(B) Outlays, $28,130,000,000.
(C) New direct loan obligations, $800,000,000.
(D) New primary loan guarantee commitments, $7,400,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $28,375,000,000.
(B) Outlays, $28,421,000,000.
(C) New direct loan obligations, $850,000,000.
(D) New primary loan guarantee commitments, $7,750,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $28,366,000,000.
(B) Outlays, $28,290,000,000.
(C) New direct loan obligations, $850,000,000.
(D) New primary loan guarantee commitments, $8,000,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $28,434,000,000.
(B) Outlays, $28,273,000,000.
(C) New direct loan obligations, $850,000,000.
(D) New primary loan guarantee commitments, $8,150,000,000.
(E) New secondary loan guarantee commitments, $0.
(11) Health (550):
Fiscal year 1984:
(A) New budget authority, $31,585,000,000.
(B) Outlays, $30,787,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $200,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $33,009,000,000.
(B) Outlays, $34,065,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $150,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $35,566,000,000.
(B) Outlays, $35,620,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $150,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $37,864,000,000.
(B) Outlays, $37,812,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $150,000,000.
(E) New secondary loan guarantee commitments, $0.
(12) Social Security and Medicare (570):
Fiscal year 1984:
(A) New budget authority, $237,890,000,000.
(B) Outlays, $239,475,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $270,376,000,000.
(B) Outlays, $258,030,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $298,678,000,000.
(B) Outlays, $278,163,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $327,057,000,000.
(B) Outlays, $302,094,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(13) Income Security (600):
Fiscal year 1984:
(A) New budget authority, $118,701,000,000.
(B) Outlays, $97,264,000,000.
(C) New direct loan obligations, $1,000,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $145,052,000,000.
(B) Outlays, $111,641,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $154,565,000,000.
(B) Outlays, $117,295,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $163,390,000,000.
(B) Outlays, $122,015,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $14,700,000,000.
(E) New secondary loan guarantee commitments, $0.
(14) Veterans Benefits and Services (700):
Fiscal year 1984:
(A) New budget authority, $26,141,000,000.
(B) Outlays, $25,787,000,000.
(C) New direct loan obligations, $1,350,000,000.
(D) New primary loan guarantee commitments, $18,650,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $26,831,000,000.
(B) Outlays, $26,227,000,000.
(C) New direct loan obligations, $1,200,000,000.
(D) New primary loan guarantee commitments, $22,850,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $26,758,000,000.
(B) Outlays, $26,519,000,000.
(C) New direct loan obligations, $1,000,000,000.
(D) New primary loan guarantee commitments, $25,500,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $27,196,000,000.
(B) Outlays, $26,918,000,000.
(C) New direct loan obligations, $950,000,000.
(D) New primary loan guarantee commitments, $28,800,000,000.
(E) New secondary loan guarantee commitments, $0.
(15) Administration of Justice (750):
Fiscal year 1984:
(A) New budget authority, $5,916,000,000.
(B) Outlays, $5,934,000,000.
(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $6,053,000,000.
(B) Outlays, $6,023,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $6,062,000,000.
(B) Outlays, $6,043,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $6,055,000,000 commitments, $0.
(B) Outlays, $6,053,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(16) General Government (800):
Fiscal year 1984:
(A) New budget authority, $5,272,000,000.
(B) Outlays, $5,450,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $5,574,000,000.
(B) Outlays, $5,437,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $5,687,000,000.
(B) Outlays, $5,527,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $5,685,000,000.
(B) Outlays, $5,532,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(17) General Purpose Fiscal Assistance (850):
Fiscal year 1984:
(A) New budget authority, $6,802,000,000.
(B) Outlays, $6,802,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $6,357,000,000.
(B) Outlays, $6,355,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $6,388,000,000.
(B) Outlays, $6,386,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $6,720,000,000.
(B) Outlays, $6,651,000,000.
(C) New direct loan obligations, $250,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(18) Net Interest (900):
Fiscal year 1984:
(A) New budget authority, $109,536,000,000.
(B) Outlays, $109,536,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $124,301,000,000.
(B) Outlays, $124,301,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $139,658,000,000.
(B) Outlays, $139,658,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $155,740,000,000.
(B) Outlays, $155,740,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(19) Allowances (920):
Fiscal year 1984:
(A) New budget authority, $657,000,000.
(B) Outlays, $678,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $818,000,000.
(B) Outlays, $3,158,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $1,957,000,000.
(B) Outlays, $7,334,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $3,138,000,000.
(B) Outlays, $21,368,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(20) Undistributed Offsetting Receipts (950):
Fiscal year 1984:
(A) New budget authority, $15,200,000,000.
(B) Outlays, $15,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1985:
(A) New budget authority, $33,763,000,000.
(B) Outlays, $33,763,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $36,680,000,000.
(B) Outlays, $36,680,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $38,499,000,000.
(B) Outlays, $38,499,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

RECONCILIATION

SEC. 2. (a) Not later than May 1, 1984, the House committees named in subsections (b) through (i)(1) of this section shall submit their recommendations to the House Budget Committee. After receiving those recommendations, the Committee on the Budget shall report to the House a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

(b) The House Committee on Agriculture shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to increase budget authority by $691,000,000 and outlays by $691,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $1,017,000,000 and outlays by $1,017,000,000 in fiscal year 1986; and requires decreases of budget authority by $3,459,000,000 and outlays by $3,459,000,000 in fiscal year 1987.

(c) The House Committee on Banking, Finance and Urban Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays by $1,000,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of outlays by $0 in fiscal year 1986; and requires decreases of outlays by $0 in fiscal year 1987.

(d) The House Committee on Energy and Commerce shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $1,031,000,000 and outlays by $1,031,000,000 in fiscal year 1985; further the Congress finds that to attain

the policy of this resolution in future years requires decreases of budget authority by $1,403,000,000 and outlays by $1,403,000,000 in fiscal year 1986; and requires decreases of budget authority by $1,721,000,000 and outlays by $1,721,000,000 in fiscal year 1987.

(e) The House Committee on Education and Labor shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $194,000,000 and outlays by $337,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $317,000,000 and outlays by $514,000,000 in fiscal year 1985; and requires decreases of budget authority by $449,000,000 and outlays by $678,000,000 in fiscal year 1987.

(f) The House Committee on Post Office and Civil Service shall report changes in laws within the jurisdiction of that committee which provides spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $42,000,000 and outlays by $2,020,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $444,000,000 and outlays by $1,612,000,000 in fiscal year 1986; and requires decreases of budget authority by $579,000,000 and outlays by $2,188,000,000 in fiscal year 1987.

(g) The House Committee on small business shall report changes in laws within the jurisdiction of that committee sufficient to reduce outlays by $213,000,000 in fiscal year 1985: further the Congress finds that to attain the policy of this resolution in future years requires decreases of $162,000,000 in budget authority and $242,000,000 in outlays in fiscal year 1986; and requires decreases of $258,000,000 in budget authority and $222,000,000 in outlays in fiscal year 1987.

(h) The House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $2,188,000,000 and outlays by $3,023,000,000 in fiscal year 1985; further the Congress finds that to attain the policy of this resolution in future years requires decreases of budget authority by $2,714,000,000 and outlays by $3,589,000,000 in fiscal year 1986; and requires decreases of budget authority by $3,151,000,000 and outlays by $4,043,000,000 in fiscal year 1987.

(i) The House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee sufficient to increases revenues by $9,200,000,000 in fiscal years 1985; further the Congress finds that to attain the policy of this resolution in future years requires increases of $16,700,000,000 in revenues in fiscal year 1986; and requires increases of $21,300,000,000 in revenues in fiscal year 1987.

SEC. 2. It is the sense of the Congress that, in order to assure the funding necessary for a strong defense, the House Committee on Armed Services and the House Committee on Appropriations should report to the Congress bills providing authorizations for appropriations and appropriations for defense and defense-related activities for the two-fiscal year period beginning on October 1, 1984. It is further the sense of the Congress that the House Committee on Rules should report legislation permanently enacting a requirement for a biennial defense budget, or to effect a similar requirememt for the Rules of the House of Representatives.

SEC. 3. It is the sense of the Congress that the $4 billion in savings to be achieved from reductions in medicare outlays shall not come from provisions which increase costs to beneficiaries or reduce services provided to beneficiaries. It is further the sense of Congress that a hospital shall not be obligated to obtain signed agreements from each doctor on its medical staff, who provides inpatient services in the hospital, stating that the physician agrees to accept assignment for any medicare beneficiary that he treats as an inpatient of that hospital.

SEC. 4. (a) After the Congress has completed action on the first concurrent resolution on the budget for fiscal year 1985, it shall not be in order in either the House of Representatives or the Senate to consider a bill, resolution, or amendment providing authority for—

(1) new direct loan obligations for fiscal year 1985;

(2) new primary loan guarantee commitments for fiscal year 1985; or

(3) new secondary loan guarantee commitments for fiscal year 1985, or any conference report on any such bill or resolution, if—

(A) the enactment of such bill or resolution as reported;

(B) the adoption and enactment of such amendment; or

(C) the enactment of such bill or resolution in the form recommended in such conference report;

would cause the appropriate level of total new direct loan obligations for fiscal year 1985, total new primary loan guarantee commitments for such fiscal year, or total new secondary loan guarantee commitments for such fiscal year set forth in such concurrent resolution on the budget to be exceeded.

(b)(1) The joint explanatory statement accompanying the conference report on this resolution shall include an estimated allocation, based upon the first section of this resolution as recommended in such conference report, of the appropriate levels of total new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments authority among each committee of the House of Representatives and the Senate which has jurisdiction over bills and resolutions providing such new authority.

(2) As soon as practicable after this resolution is agreed to every committee of each House, after consulting with the committee or committees of the other House to which the committee or committees of the other House to which all or part of the allocation has been made, subdivide among its subcommittees the allocation of new direct loan obligations, new primary loan guarantee commitments allocated to it in the joint explanatory statement accompanying the conference report on this resolution.

(c) This section shall not be applicable to agricultural price support and related programs of the type in operation on January 1, 1984, that are funded through the Commodity Credit Corporation.

SEC. 5. It is the sense of the Congress that amounts of loans guaranteed, or loan assets sold by a Federal agency, which are financed by the Federal Financing Bank, should be recorded in the unified budget as outlays of the issuing agency. Any budget authority used by the Federal Financing Bank for such transactions shall be attributed to the appropriate Federal agency.

ADMINISTRATIVE SAVINGS

SEC. 6. It is the sense of the Congress that the Executive Branch achieve at least $28 billion in savings over fiscal years 1985 through 1987 by implementing those recommendations of the President's Private Sector Survey on Cost Control requiring administrative action within that branch of Government. It is further the sense of the Congress that the President shall report to Congress each year, in conjunction with the annual budget submission, on the progress made in achieving the savings required by this section.

AUTOMATIC SECOND BUDGET RESOLUTION

SEC. 7. If Congress has not completed action by October 1, 1984, on the concurrent resolution on the budget required to be reported under section 310(a) of the Congressional Budget Act of 1974 for the 1985 fiscal year, then this concurrent resolution shall be deemed to be the concurrent resolution required to be reported under section 310(a) of such Act, for the purposes of the prohibitions contained in section 311 of such Act.

SECTION 302(b) FILING REQUIREMENT

SEC. 8. (a) It shall not be in order in the House of Representatives to consider any bill or resolution, or amendment thereto, providing—

(1) new budget authority for fiscal year 1985;

(2) new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act first effective in fiscal year 1985; or

(3) direct loan authority, primary loan guarantee authority, or secondary loan guarantee authority for fiscal year 1985;

within the jurisdiction of any committee which has received an allocation pursuant to section 302(a) of the Congressional Budget Act of discretionary budget authority or new spending authority, as described above, for such fiscal year, unless and until such committee makes the allocation or subdivisions required by section 302(b) of the Congressional Budget Act, in connection with the most recently agreed to concurrent resolution on the budget.

(b) The prohibition contained in subsection (a) shall not apply until twenty-one days of continuous session, as defined in section 1011(5) of the Impoundment Control Act of 1974, after Congress completes action on the concurrent resolution.

The CHAIRMAN. Pursuant to House Resolution 476, the amendment is considered as having been read.

The gentleman from Ohio (Mr. LATTA) will be recognized for 1 hour, and a Member opposed will be recognized for 1 hour.

The Chair now recognizes the gentleman from Ohio (Mr. LATTA).

Mr. LATTA. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I believe that everyone will have to agree that the last day we have had a pretty good discussion of the budget. We have had all different types of proposals being voted on.

We have had some that would have increased taxes as high as $181 billion. We have had some that would increase taxes by $6.7 billion. And I refer to

over a 3-year period. We have had some that would increase taxes midway, something like $76.2 billion. We had a substitute offered by the gentleman from Oklahoma (Mr. JONES) which would increase taxes by $49.8 billion; and our substitute, which increases taxes by $47.2 billion.

We have been all over the place as far as defense reductions are concerned. We have had one proposal that would have shutdown the defense establishment, I am sure, completely, by reducing expenditures for the defense establishment by $202 billion.

We have had all types of figures bandied about as to how much the deficit could be reduced through these various methods that have been proposed.

But I think seriously we have two proposals yet to be decided upon here in the House, and there is some similarity between these proposals as far as increased revenues are concerned.

The proposal by the majority on the Budget Committee would increase revenues by 49.8 percent, and our proposal would increase revenues by 47.2 percent. Where the real variance between these two proposals takes place is in the area of defense.

In the majority House Budget Committee, House Concurrent Resolution 280, there would be a reduction over 3 years in defense by $95.7 billion and in our proposal it is $40.2 billion.

As far as the deficit is concerned in House Concurrent Resolution 280, the majority resolution, the deficit reduction would be $181.7 billion over 3 years and ours would go to $204.9 billion.

Let me say as far as our proposal is concerned that the White House does support this. It is consistent with what the objectives of the White House have been. I am pleased to offer it as our substitute here this afternoon.

As I mentioned, it will reduce the deficit by $204.9 billion over 3 years.

Let me say, Mr. Chairman, this plan is real, it is fair, it is workable, it is doable, and would not jeopardize the security interests of the United States.

□ 1540

It certainly would not increase the tax burden on many of our Americans and certainly not on the average taxpayer, because we would not be doing anything to the individual income tax rates, we would not be doing anything on indexing. We would merely be doing about the same thing as the Democrat package that is left before us. Our reduction package strikes a balance by slowing growth in defense, entitlements, and nondefense discretionary spending programs, while simultaneously following through on management initiatives recommended by the Grace Commission as examined by CBO and GAO.

I have brought forth the Grace Commission recommendations here so some of the Members who have never even seen them might see them from the outside because here is a real good piece of work. If you go through those pages, there are about $400 billion worth of proposed savings that could be made in this Government.

Let me point out that I used the word "balanced" because this is a balanced package. It is a rational approach, it is a fair plan that warrants the support of every person willing to put aside narrow minded partisan issues in favor of the national interest.

The President has set an example for all of us by giving his wholehearted support to this plan in his desire to bring these deficits under control, even though it means compromising with the Congress in certain areas on which he feels very strongly.

There are three major components of our deficit reduction package; defense cuts account for 20 percent, domestic 24 percent, and revenue increases account for 23 percent of the total reduction we propose to make.

The Democrat package, on the other hand, defense cuts account for 53 percent of the total deficit reductions, revenue increases are 27 percent; while noninterest domestic spending accounts for a paltry 14 percent of their total savings.

Clearly, defense funds under their proposal would be bearing the lion's share of the burden in the Democrats' plan where almost no effort is made to come to grips with the most rapidly growing components of domestic spending.

Let us just say for a moment that it bothers me to see us dividing partisanly on this question of security of the United States, because I still believe that we as individuals believe that this is our country and it is worth protecting.

I just happen to believe that we have to do what is necessary to protect the best interests of this country; whether we are interested in partianship or not. Our first interest should be the United States of America. And I do not want to spend one single red copper cent more for any program, including defense, than is absolutely necessary.

But merely to have people who know nothing about the defense programs of this country, to pick out figures here and there and say we ought to take this amount out of defense because it might help their program that they might be particularly interested in, in the domestic area to survive some minor cuts, seems quite ridiculous to me.

Hopefully this afternoon we can join together as Americans for the defense of this country and not go as deep as is proposed by the Democrat budget in the security functions of this country.

Let me say the GOP plan is balanced in another more fundamental sense; in that it maintains essential priorities of the Reagan administration for which it was given a mandate by the American people in 1980. These priorities are the restoration and maintenance of an adequate defense, the creation of a tax system both less burdensome and more economically efficient, the reduction in the overall rate of growth of Government spending and deficits.

We think the budget that we propose contributes to these goals more than any other of the plans that have been offered. Our plan, by offering a 3-year deficit reduction of $204.9 billion, actually surpasses the House Democratic leadership's goal of $200 billion as enunciated in the recent bipartisan negotiations on reducing the budget which took place in the White House.

I trust that the majority leader will vote for our plan since the Jones budget does not meet that $200 billion goal publicized by Mr. WRIGHT a few weeks back as his goal. We also invite the Democratic rank and file to join Republicans in supporting this real deficit-cutting plan.

In our deliberations on the first concurrent budget resolution, we should pause to note that we are in the midst of an economic recovery in this country that is both robust and better balanced than anyone dreamed possible only a year ago.

All major sectors of the economy, consumer spending, capital goods, and housing are advancing rapidly. Industrial output overall has risen 18.5 percent since the beginning of the recovery. That is faster than the average for the equivalent phase of other recovery periods since World War II.

Actually, it is beginning to resemble the longstanding recovery that began in 1961.

Let us not forget in this debate that both the bigger recovery and the balance of the current recovery can be attributed to the economic policies implemented by the administration and the Congress since 1981, a policy which will continue in the deficit reduction plan that we propose this afternoon.

Especially, it must not be overlooked that we have stabilized the overall Federal tax budget near the 19 percent of the gross national product of the 1960's and 1970's.

In the late 1970's under the tax-and-spend policies of the past, it was rising to economically unstable levels. It should also be recalled that we restored a better balance between defense and nondefense spending.

And that modernization of our defense capability, so neglected in the last decade, is a key factor in the current economic expansion of this country.

There are other important points about our budget I want to draw to your attention. It is the only deficit reduction plan remaining which puts the deficit on a downward path through 1987 without major tax increases.

While the deficit would decrease by about $6 billion between 1986 and 1987, under our plan, it will actually increase by almost $10 billion under the House Democrat leadership proposals.

For example, in 1985, under this deficit reduction plan, the deficit for 1985 would be $174.6 billion; the Democrat reduction plan, $175.4; and in 1986 under the GOP plan, $169.2 billion; under the Democrat plan, $172.3 billion in deficits; and in 1987, under the GOP plan, the deficit would be $163.4 and under the Democrat plan, $182.0.

What we have not yet succeeded in doing is to check the overall growth of Government spending which under the current policy, according to CBO, will rise from 23.9 of gross national product in 1984 to 24.9 percent in 1989.

A key to restraining Government spending and deficits while maintaining the improved balance of defense to nondefense spending is to reduce the growth in those areas of domestic spending that are sill growing too rapidly.

That is the problem which our plan addresses. And the Jones plan does not.

The Jones plan would reverse the sound fiscal policy mix the President has steered us on since 1981. The components of our 3 year, $204.9 billion deficit reduction plan are as follows: $47.2 billion for the tax reform package reconciled; $23.2 billion from a reconciled entitlement mandatory and savings; $40.2 billion in defense reductions, $26.3 billion primarily in a freeze on nondefense, discretionary budget authority, and $28.1 billion from the Grace Commission recommendations, $16.4 billion from the market plan and user's fees and $23.5 billion from interest savings.

Now let us look at what the House Republican leadership plan does and what the House Democrat leadership plan does. For every dollar saved in entitlements our plan cuts $1.73 from defense, and for every dollar saved on nondefense discretionary spending, the Republican plan saves $1.53 in defense. But the Democratic leadership plan is so unbalanced that it pares more than $6 from the defense budget for every dollar cut in entitlements and nondefense spending combined.

While domestic spending comprises about 70 percent of the total Federal budget, the Democratic leadership reduction plan offers only a minute 0.6-percent cut in noninterest domestic spending.

□ 1550

While the Democrats claim that domestic spending cuts are $39.7 billion over 3 years, $22 billion would come from interest savings. I did not realize that interest savings was in the category of domestic spending. I thought it was a payment on the debt, but nevertheless, they claim that is a domestic spending cut.

In reality this means they are recommending only $18.2 billion in 3-year domestic cuts out of a spending base of over $3 trillion over the next 3 years. Now that is not much savings.

While our package has $72.4 billion in reconciled deficit reductions, the House Democrat leaders' plan has only $59 billion. Since only reconciled savings can be guaranteed, the financial markets will react more positively to our plan.

The revenue increases, the $47.2 billion assumed in our plan, are the Joint Committee on Taxation's 1985–87 estimate of the Ways and Means tax bill (H.R. 4170). It is the intent of our plan to arrive at the assumed revenue totals by choosing elements from both the Ways and Means Committee bill and what will come out of our conference. We believe that in general these will be provisions of the Ways and Means Committee bill.

We see a total savings from entitlements of $23.2 billion, by focusing on continued efforts to improve administration of domestic programs, at the same time ensuring ongoing commitment to provide better delivery of services to the needy. Our plan leaves intact the basic benefit structure of the Federal retirement programs, which include Social Security, military and civilian retirement, railroad retirement, veterans benefit entitlement programs, and so forth.

A reassuring word about Social Security. No cuts in benefits to individuals under Social Security are proposed. Due to our aggregate discretionary freeze, there is an assumed $675 million reduction in Social Security and Medicare function from the CBO baseline in the administration of these two programs. These savings are not in the entitlement programs contrary to the misleading factsheet on our plan produced by the House Budget Committee core staff.

The Republican budget does not assume any benefit cuts or specific administrative cuts in Social Security or Medicare.

To conclude my discussion of the entitlement savings in the House GOP plan, let me reiterate that many of the major entitlement savings in our budget are also included in the Democrat plan. Among them are the farm price support freeze, SBA disaster loans, the half-COLA for Federal retirees, and a provision relating to the Pension Benefit Guarantee Corporation.

Defense spending in our plan provides for real growth averaging 5.6 percent over 3 years, using CBO deflators, compared to 2.1 percent real growth in the House Democratic leadership plan.

The House Democratic leadership has chosen once again to ignore the advice of our military experts on this particular function. The House Democrat real growth in defense actually provides lower funding levels for fiscal years 1985 and 1986, to be exact, $35.6 billion less, than was contained in the last Carter budget, which was overwhelmingly rejected by both Democrats and Republicans alike as being inadequate.

Not only does this House Democrat plan provide less for defense than the last Carter budget, this year's Democrat budget for defense cuts even further than last year's budget which was passed by this House, knocking out an additional $12.2 billion in BA and $8.9 billion in outlays over 2 years, 1985 and 1986.

Can we really afford to play these kinds of political games with the security of our Nation? Are we really willing to seriously consider these kinds of cuts in defense spending and run the risk of undermining efforts that are now being made to build up our defense program?

Do we really want to send the wrong kind of a signal to our European allies now fighting to support and maintain the NATO alliance in the face of vocal minorities who advocate unilateral disarmament?

It is this ongoing roller coaster approach to defense spending on the part of our Democratic friends that has left us no choice but to call for 2-year budgeting for defense. In our budget, appropriation and authorizing committees are directed to report out 2-year defense spending bills in an effort to bring about much needed stability.

Our budget calls for 1-year enforcement for discretionary spending with the freeze policy reviewed each year in the light of economic conditions, and the growth or decline of the deficit. The second and third years of the freeze are contingent on the actual course of the deficits.

Unlike the House Democrat plan which calls for a modified discretionary freeze but allows spending increases in excess of 3.5 percent, ours is a bona fide freeze, an aggregate cap on nondefense discretionary appropriations for fiscal year 1985.

Our plan commits the administration to $28.1 billion in management savings from the Grace Commission recommendations, compared to only $2 billion in savings under the Democrat plan. Imagine that, they could only come up with $2 billion in savings over 3 years of all of these proposals

under the Grace Commission. And there are over $400 billion worth of recommendations contained in those documents.

We also propose savings of $6.6 billion from enactment of new or expanded user fees, long discussed but not adopted by this House.

Under another proposal in our plan the loan portfolio of the Federal Government would gradually be sold to private investors.

Our budget assumes a conservative $10 billion reduction over the next 3 years, a modest first step in addressing a spiraling Federal credit subsidy.

Lastly, our plan anticipates a savings of $23.5 billion over 3 years in interest alone.

So, Mr. Chairman, I think that the Republican alternative is much, much better than what we have left to vote on this afternoon and I have reference to the Democrat substitute.

Mr. JONES of Oklahoma. Mr. Chairman, I rise in opposition to the amendment in the nature of a substitute.

The CHAIRMAN. The gentleman from Oklahoma (Mr. JONES) is recognized for 1 hour.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 5 minutes to the gentleman from California (Mr. MILLER).

Mr. MILLER of California. Mr. Chairman, now that we have disposed of most of the amendments to the committee resolution I would hope that we would also reject the Latta substitute and support the committee resolution. The committee resolution provides for a bold and a nonpartisan step toward the reduction of the deficits in an effective and responsible manner.

□ 1600

This resolution incorporates the pay-as-you-go provisions that I have discussed in this House now for several years. While it is not as tough as I had originally proposed or recommended, it does deny Congress the ability to make irresponsible spending decisions and to charge the cost of those decisions off to future generations by prohibiting the use of the deficit to finance new spending decisions.

The President and Republicans, for all of their rhetoric about increased deficits and their desires to reduce them have created the largest deficits in history. The debate in his House, over the last 2 days, illustrates that they have no plan to control that spending except by slashing programs for the poorest and the weakest of American citizens.

The President warned in his inaugural address, "For decades we have piled deficit upon deficit, mortgaging our future and our children's future for the temporary convenience of the present." And since then what have we seen? We have seen radical tax cuts that we are now told in the morning papers benefit the rich and hurt the poor. We have seen tens of billions of dollars cut from the weakest and the poorest, the most vulnerable of our citizens. And we have seen the most rapid peacetime military buildup in history.

Congress has followed that blueprint for 3 years, and in those 3 years we have added $1.1 trillion in new debt, $300 billion more than all of the debt created in administrations from George Washington to Jimmy Carter.

The President and his allies in Congress have said that this is the pattern that we should continue. But, staying the course has been the most expensive decision that this Congress has made.

The President sought in the budget he sent to us, which received one vote in this House yesterday, $9 billion in cuts from the neediest citizens. Forty percent of all of the budget cuts recommended by the President would come from the programs which help the poorest of our people.

This is the President who said "our children come first." They apparently come first everywhere except in the President's budget, because he slashes a quarter of a billion dollars from child nutrition, he throws a half million high-risk pregnant women and infants off of the supplemental feeding program, he cuts housing to the elderly and to the handicapped. And these programs have been cut consistently since 1981.

But what else do we find? He proposes a $47 billion buildup in defense. A defense budget costing taxpayers $700 million a day. And how does he plan to finance this? Through the deficit.

It is obvious that if we continue the Reagan approach, if we continue the Republican approach, the deficits will continue to mount. That is what CBO has told us as well as others who have looked at their approach.

I say it is time that we go forward with the pay-as-you-go budget. Two years ago I first offered this budget to this committee, and it was rejected. You stayed with the Reagan approach, and we have seen the pileup in the deficits.

Two years ago I said that "the American people do not expect miracles but they do expect the truth. The American people are expecting more from this Congress than the partisan brick throwing. They want answers, and they want us to give them answers in a new process." Today, in this House, the time has come to let that new process begin.

The committee resolution allows for less than inflation increases across the board. It does not cut the basic support programs for the elderly and the poor. But it does it cut $37 billion from current domestic levels, including entitlements, and $95 billion from the defense budget. It allows no new spending in categories unless we are prepared to raise the revenues or provide for offsetting cuts in other areas of the budget.

If we follow this discipline, we will reduce the deficit over the next 3 years by $182 billion.

For 2 years I have heard Members of this Congress talk about the enthusiasm of their constituents for the pay-as-you-go process. They have explained it in their newsletters, in their town meetings and during campaigns, and their constituents have welcomed this approach. But the test is not just whether we have the pay-as-you-go budget for this fiscal year; the test is whether the Congress will have the courage and the will to continue the pay-as-you-go approach after the easy tax dollars are gone, after the loopholes are closed and we must confront the real priority setting decisions that is required of us as Members of Congress.

Mr. Chairman, the time for a responsible budget process has, at long last, arrived.

The time for controlling our spending appetites has arrived.

The time for paying for our spending decisions has arrived.

And the time for making a serious, long-term commitment to reducing the deficit which is eroding our national economic strength and imperiling our recovery has arrived.

Mr. Chairman, the time for the pay-as-you-go budget has come, and I urge this House to reject the Latta substitute and put this Congress and this Nation on a course of fiscal responsibility.

Mr. GRAMM. Mr. Chairman, I yield myself 6 minutes.

Mr. CHANDLER. Mr. Chairman, will the gentleman yield?

Mr. GRAMM. I yield to the gentleman from Washington.

Mr. CHANDLER. Mr. Chairman, I rise in support of the Latta amendment to the 1985 budget resolution.

The debate today is reminiscent of a special order discussion many of us held here on the House floor some 6 months ago warning the Congress of the dangers of our skyrocketing budget deficits. The danger remains the same—the specter of an unprecedented stream of $200 billion deficits as far as the eye can see. These deficits are unprecedented, not only because of their magnitude, but because of the very real possibility that they will increase—or at least not decrease—during a time of improved economic conditions. As such, they cannot be rationalized as a natural response to an economic downturn.

The negative impact of these deficits also remains the same. Large Federal borrowing restricts the amount of investment capital available to business-

es and individuals, and ultimately leads to higher interest rates. One only has to look at our record trade deficits and the resulting loss of millions of American jobs to see the tangible effect of unacceptably high interest rates on the economy. In Washington State, where the economy is particularly dependent on interest sensitive industries such as forest products, agriculture, and commercial aircraft industries, the impact is particularly devastating. There can be only one conclusion: Failure by the Congress to act on the deficit crisis can only lead to an increase in interest rates, a loss of the hard fought and costly gains against inflation, and an end to the fragile economic recovery we are currently experiencing.

Finally, the solution remains the same. What continues to be necessary is an across-the-boards commitment to seek responsible and sensitive spending restraint in all areas of the budget—including entitlement, domestic discretionary, and defense program—and to couple this with reasonable revenue-raising legislation directed at closing loopholes rather than further burdening the already burdensome tax load of average Americans.

I believe that the Latta amendment is an important first step toward achieving this goal. The amendment envisions:

A significant reduction in the President's original defense request which still allows necessary growth for major weapons system modernization,

A thorough review of entitlement programs with preliminary approaches to getting health care costs under control,

A freeze of domestic discretionary programs for 3 years, if justified by deficit considerations, which will help encourage a prioritizing process by the Congress with regard to Federal discretionary programs,

A commitment to achieving substantial savings identified by the Grace Commission—the first detailed management initiatives in recent budget resolutions which also have administration backing and,

The adoption of a reasonable package of tax reforms to generate necessary additional revenues.

Most importantly, of all the proposals presented by the administration and House and Senate leadership, it is the largest and most comprehensive budget deficit reduction program. A product of long and tireless discussions by the Republican House leadership, it provides a dollar yardstick by which all other proposals can be measured.

Like all compromises, I am, of course, not in agreement with all its provisions. In the defense budget, for example, I believe further reductions may be prudent without hindering necessary modernization programs by the Pentagon. Recent reports concerning waste in the Defense Department strongly suggest this possibility. Nevertheless, as a total package, the Latta amendment provides an appropriate framework for further discussions and negotiation and deserves the support of the Congress as we begin the long process of bringing about the return to a sane Federal fiscal policy.

Mr. GRAMM. Mr. Chairman, 3 years ago we adopted a budget resolution in the House called the Gramm-Latta budget that first implemented the Reagan economic program. It set out a 3-year program of tight purse-strings, new priorities, and tax relief. During the first year of Gramm-Latta we got 90 percent of the savings we had sought, we slowed the growth of nondefense discretionary spending and we slowed the growth of means-tested entitlements as a percentage of GNP, which had tripled in 20 years.

We laid the cornerstone for an economic recovery which has reduced the inflation rate from the highest levels in American history to the lowest levels in two decades. We planted the seeds of growth that have produced 5 million new jobs for our people—more permanent, productive taxpaying jobs in the private sector than this Congress has created in the past 10 years through make-work, dead-end Government jobs.

Unfortunately, while we had success in the first year of our budget, during the second year—an election year—we rejected phase 2. The President accepted new taxes, and for that concession the Congress committed to achieve $3 in budget savings for every dollar of new taxes. But we delivered only 57 cents of that promised $3 in budget savings—a paltry 40 percent of our original agreement.

Last year the majority party in their House—in what they called the Democratic recovery plan—proposed raising taxes, slashing defense, and increasing the deficit so they could go on spending as usual. They ridiculed the Reagan budget, but they ended up with a bigger deficit and with more special interest spending. Now they come to us with a "pay-as-you-go" budget.

Now, I think we are stretching the truth a little bit too much. We are debasing the English language by calling a $175 billion deficit "pay-as-you-go." I do not think anybody in this country uses the language that way except us.

We talk about "shared sacrifice." Well, let me talk about the sharing of the sacrifice. First of all, the Democrats propose $10 billion in entitlement savings. The only problem is we have already passed $7 billion of that in the House. They propose $450 million—not billion—in savings on non-defense discretionary spending. But when CBO reestimates that figure, they are actually raising non-defense discretionary spending.

So if you look at what is actually happening, what they propose changing, this budget achieves less than $4 billion of real savings over 3 years in entitlements and non-defense discretionary spending.

Now, in the name of "shared sacrifice" they ask that we raise 12 times as much—by $49.4 billion. In the name of "shared sacrifice" they ask that we cut defense 24 times as much—by $95.6 billion.

I submit, Mr. Chairman, that this budget has nothing to do with "pay-as-you-go." It has nothing to do with "shared sacrifice." It is another budget that proposes raising taxes, slashing defense and continuing to spend. It asks ever element of our society to share sacrifice except the Government, and the clients of this Government—the people who are riding in the wagon and complaining that the cushions are not thick enough—while at the same time the people who are pulling the wagon must bear a heavier burden.

I rise to support the Latta substitute, which proposes to raise taxes by $2 billion less than the Democratic alternative. So, if you are like me and are opposed to raising taxes, that is not a reason to vote against the Latta substitute. In fact, if it fails, you are voting to stay with a package that raises taxes even more.

I support the Latta substitute because it puts the bulk of the emphasis where it belongs: Domestic spending, which the Grace Commission proposal tries to reform by improving the efficiency of this Government.

I urge my colleagues to vote aye on the Latta budget substitute, and in doing so, vote to raise taxes less, vote to cut defense less and vote to put more of the burden where it belongs and where the American people want it: on the Government itself—by controlling nondefense spending, by reforming entitlements and by putting the Federal Government on a budget like everybody else.

I know many of my colleagues on my side of the aisle do not want to raise taxes, and I do not either. But in voting for the Latta substitute I am not voting to raise taxes; I am voting to go forward with a better package than the Democratic package.

So, if you are opposed to raising taxes in order to let the Government go on spending as usual, vote "aye" on the Latta budget and reduce the tax increase. If you are opposed to slashing defense, vote aye on the Latta budget to reduce the cuts in defense. And, finally, if you propose controlling spending—if that is where you think the problem is, as I do—then I urge you to vote for the Latta budget so that we might put more of the burden on the real culprit in runaway Federal

spending and deficits: on the Government itself.

Mr. LAGOMARSINO. Mr. Chairman, will the gentleman yield?

Mr. GRAMM. I yield to the gentleman from California.

Mr. LAGOMARSINO. I thank the gentleman for yielding.

Mr. Chairman, I want to commend the gentleman on his statement. I think it is very eloquent and explains exactly what this is all about.

Mr. Chairman, I rise in strong support of the Latta substitute.

It is the most responsible alternative.

I would like to point out that we are deliberating this resolution in the midst of one of the strongest economic recoveries our Nation has ever witnessed. Inflation has dropped dramatically from 12.4 percent to about 4 percent, along with interest rates which have plunged from 21.5 percent to 11.5 percent today. In addition, the gross national product (GNP) has surged to rates even the most optimistic economists did not expect. Furthermore, even though unemployment is still unacceptably high, nearly 5 million jobs have been created in the last year and a half with a record number of Americans now at work. I could go on and on about the positive indications of the strength of the recovery—factory orders, automobile sales, housing starts, retail sales—but the point is that no one can dispute that an amazingly strong recovery exists.

Now we must ask ourselves why the economy has jumped by leaps and bounds. There is no question that this administration's economic policies, including the tax cuts, have created the recovery. These policies have put our economy on sound footing and alleviated the onerous tax burdens on the taxpayers. By stabilizing the Federal tax levels, which were previously soaring to finance the explosive growth in entitlement programs, we have succeeded in achieving a broad-based economic expansion.

Yet, we are here today debating a resolution which would reverse the economic policies which have brought us through recession and into an era of strong economic growth. The Democrats were quick to point fingers before the administration's policies began to work; but now that they have proved themselves, the Democrats are determined to change course which will destroy the recovery mid-stream. They cry "deficits, deficits," but yet this resolution does nothing to assist in meaningful long-term deficit reduction. It still allows inordinate growth in nearly all areas other than defense. Defense, on the other hand, is slashed tremendously in order to, as the other side of the aisle claims, reduce the deficit. One wonders, though, why this area which has been neglected for so many years, must now bear the brunt of this body's actions to reduce the deficit. If one examines the figures closely, one would quickly realize the contributions to economic growth made by modernizing our defense capability. One would also realize that the deficits were not created by massive defense spending, but through years and years of soaring growth in other spending. While cuts must be made in defense, they must be made carefully so as not to threaten our national security.

In addition, the resolution assumes the enactment of new tax increases to provide for additional spending which, as we all know, will stifle the recovery.

There is no doubt that we desperately need to reduce the deficit, but not by killing the recovery and by unduly compromising our national security. We must provide incentives for further economic expansion and curb the growth in overall Federal spending through the implementation of better management practices aimed at eliminating waste and abuse, such as the Grace Commission recommendations. We must continue these policies which have already succeeded in reducing the deficit by about $22 billion below the official forecast. Tax increases and increased domestic spending, as proposed by this resolution, will undercut the strength of the recovery which will, in the long run, increase, rather than decrease, the deficit.

Mr. Chairman, higher tax increases on the working people of this Nation to provide for increased spending will not solve our budget problems, nor will lowering our defense shield. We have already paid enough for the years of free spending and high inflation. This resolution is a sham and a blueprint for disaster. Let us get serious about reducing the deficit by going to the heart of the problem—Government spending. Let us pass a budget plan that will not jeopardize our national security and will allow for continued economic growth. Let us defeat this resolution and adopt the GOP leadership budget.

Mr. LATTA. Mr. Chairman, I yield 3 minutes to the gentleman from Ohio (Mr. GRADISON).

□ 1610

Mr. GRADISON. I thank the gentleman for yielding me this time.

Mr. Chairman, I rise in strong support of the Latta substitute. It is clearly the best alternative before us because it strikes a proper balance between revenues, defense, and domestic spending.

This balance is crucial because it is the essence of fairness. We must be realistic; the committee-sponsored resolution is lopsided with regard to defense and domestic spending. That proposal may pass this body, but has little chance of surviving a conference with the other body. Perhaps more importantly, it has no chance of being implemented.

Let us not kid ourselves. Let us give the public credit for knowing what we do. We fool only ourselves if we think adoption of an unrealistic and lopsided budget resolution, unacceptable to the Senate, an anathema to the President, can accomplish anything more than convince the American people, and U.S. capital, and financial markets of our unwillingness to put our fiscal policy house in order.

Mr. Chairman, at this time I would like to take a few minutes to explain one of the provisions of the Latta substitute that has created considerable interest—the so-called market plan. I recently introduced H.R. 5288, the Credit Accounting Reform Act of 1984, which would implement the market plan. Because the Latta substitute assumes a modest first step toward implementation of the market plan, I take this opportunity to explain what it is and how it would work.

The budget of the Federal Government ought to show all programs of the Government, and reflect accurately the costs of those programs. Unfortunately, it does neither.

The first shortcoming means that the budget of the United States is not comprehensive; some programs and activities are excluded from it by law. In 1984, for example, more than $16 billion—nearly 10 percent of the official budget deficit—falls in the category of off budget spending.

The second shortcoming means that the true costs of many programs are misstated in the budget, or not stated at all. This problem arises with credit programs, such as direct loans and loan guarantees, which have grown even faster than the budget itself. Today, there are 424 separate Federal credit programs, and the Congressional Budget Office [CBO] estimates that the cost of Federal credit assistance is understated in the budget by $20 billion.

All Federal direct loans—operating from 281 separate programs—are subsidized, which is to say they are made on conditions more favorable than are commercial loans—generally, lower interest rates, longer terms, and more generous grace periods. Yet, because even subsidized loans usually have an anticipated repayment stream over time, Government spending for loans is not exhaustive; some or all of the original outlay for the loan returns, with interest, in the form of repayments.

Current budget practice records direct loans as net lending—the difference between the amount of the loans made and repayments from previously made loans. The true cost of a Government-subsidized loan is the subsidy value—the amount advanced less the present value of the loan's repayment

stream, which can only be determined by actually selling the loan in private capital markets, a common practice within the private financial sector.

In the case of loan guarantees—and there are 116 active loan-guarantee programs—no entry is made in the budget accounts at the time a guarantee is issued. Only in the event of a loan default—not an unusual occurrence—does the Government pay—to cover the guarantee—and only then is cost of the default recorded. This practice has the undesirable effect of making loan guarantees appear costless to lawmakers, especially at the time they are issued.

We all know that when something is subsidized or free, more is demanded. Federal loan guarantees are no exception.

Good budgeting requires the true cost of the risk of default to be recorded in the budget at the time a guarantee is issued. This spending equivalent could be determined by the purchase of private insurance to replace the Government guarantee. This would result in the transfer of the risk of default from taxpayers generally to private investors. Importantly, the real spending equivalent of loan-guarantee programs would be made explicit, placing loan-guarantee programs on a level field of competition with other demands on the taxpayers' money.

Full enactment of the market plan would require that the true costs of Federal credit programs be recorded in the unified budget.

In the case of Government direct loans, the subsidy value of the loan would substitute for net lending in the budget. In the case of loan guarantees, the cost equivalent—the cost of purchasing private insurance to cover the risk of default—would substitute for the current practice of recording only actual default costs.

Under the market plan, the Federal Financing Bank would function as the Government's marketer of loans and purchaser of insurance for loan guarantees. The market plan subsumes the FFB Plan embodied in H.R. 4629 and endorsed by last year's budget resolution, which would require all agency transactions with the FFB to be recorded in the accounts of the agency rather than in the accounts of the FFB, as is the present abuse.

Implementation of the market plan would carry an important bonus. Not only would the market plan achieve honest budgeting, with respect to Government credit programs, it would, using conservative CBO assumptions, result in a permanent reduction in the public debt, and a one-time reduction in the deficit of $67 billion, if implemented fully over a 3-year period. Using OMB assumptions, the debt reduction would be $166 billion.

Mr. Chairman, I wish to point out that although these debt and deficit reductions are real, one should not assume significant macroeconomic benefits. This is because the impact on capital markets is basically a wash—debt held by the public is merely substituted for debt held by the Government. The lower deficit does indeed reduce Government borrowing requirements, but the sale of Government-held loans absorbs credit, thereby offsetting the impacts from reduced borrowing.

Finally, Mr. Chairman, I would note that the Latta substitute does not assume immediate implementation of the market plan. The Latta substitute only assumes a 3-year savings of $10 billion from the market plan but lays the basis for much larger savings in the future years. I urge my colleagues to join me in supporting the Latta substitute.

Mr. LATTA. Mr. Chairman, I yield 4 minutes to the gentleman from Texas (Mr. LOEFFLER).

Mr. LOEFFLER. I thank my distinguished ranking Member for yielding.

Mr. Chairman, the new rhetorical twist for the fiscal year 1985 budget resolution has been the phrase, "pay as you go." Apparently, the Rules Committee takes a dim view of the Jones budget pay-as-you-go concept, just as I do. For in their report from the committee which accompanied the rule that provided for the consideration of this budget resolution, the Rules Committee takes serious exception to several of the procedures set forth in the Jones package.

With regard to the pay-as-you-go concept, under the section entitled "Tensions Between a New Procedure and an Existing Rule:" the Rules Committee, controlled by the majority party, states, and I quote:

> In adopting this provision the Committee on the Budget appears to be announcing a new policy that it will support waivers of section 311 points of order on spending in cases where Congress will take corresponding action on revenues. The Committee on Rules adopts no such policy.

Evidently, the budget is not as enforceable as the chairman of the Budget Committee would have us believe. So, Members of this body should not gloss over the fact that the purported pay-as-you-go concept ignores the principle of reducing the budget as you go, and will, quite frankly, force us to pay through the nose.

Again, I urge my colleagues to keep this in mind as we enter into the final votes on the budget process in the next few hours.

Mr. Chairman, during the course of this 2-day budget debate we have heard a number of times the statement that we should focus on what is doable, what savings reductions can actually be accomplished. I agree with that premise and that is why I strongly support the budget proposed by Mr. LATTA which is based in large part on the agreement between the President and the Senate majority leadership along with the House minority leadership.

In contrast to the Jones resolution the Latta budget proposal makes a serious and credible effort at setting out a balanced approach at deficit reductions, which recognizes a variety of national needs and priorities and which recognizes the fact that this is only a downpayment—that we will have to come back and revisit these issues if we are to resolve the deficit problem completely.

The principle theme of the Latta budget is that we must recognize that this is a downpayment which will foreshadow, and hopefully make slightly less painful, future action by the Congress to deal with deficits. It also makes a realistic assessment of a balanced approach to this process, based on national priorities and needs, and based on a recognition of what elements have driven the growth of Federal spending in the past, and what will be the sources of growth in the future. We must focus on the spending side of this deficit equation—it would be absolutely futile to attempt to tax enough to eliminate the deficit. If taxes were to be the answer, we would be insuring that the future holds nothing for America but economic stagnation.

Baseline Federal Government outlays in the 1984–89 period, according to the CBO, will average 24.2 percent of GNP—1.3 percentage points higher than in 1981 and 3.5 percentage points above the 1965–81 average. But tax revenues will average about the same share of GNP during the 1984–89 period as they did from 1965 to 1981—approximately 19 percent.

Over the period of 1965 to 1984, Federal spending increased as a percentage of GNP from 18 to 23.9 percent, an increase of almost 6 percentage points, which, CBO points out, is virtually identical to the growth in entitlements over those years.

In the years since 1965 defense spending fluctuated, and under baseline assumptions only by 1989 would it reach the same level of spending as a percent of GNP that it held in 1965. Nondefense discretionary spending contributed to the growth in spending prior to 1981, although growth in that category has declined since then. However, most of the growth in spending over the 1965–84 period took place before 1981. From 1981 to 1984, the ratio of spending to GNP has grown by approximately 1 percentage point—from 22.8 percent to 23.9 percent. During this latter period, defense and net interest have both increased as a share of GNP, nondefense discretionary spending has declined, and entitlement spending holds the same share of GNP in 1984 as in 1981. However, I

wish to reemphasize most of the growth in Federal spending now built into the baseline took place prior to 1981 and is due in major part to domestic spending increases.

Furthermore, let us look at what will contribute to growth in Federal spending during the next 5 years, according to CBO: Defense and entitlements will each contribute more than one-third of the total growth in baseline spending. Nondefense discretionary spending will contribute less than 10 percent of the overall increase in outlays.

The Latta budget recognizes both the past sources of growth in Federal spending and the future sources. The Jones budget, on the other hand, virtually ignores domestic spending increases which would account for approximately 40 percent of the increase in baseline outlays over the next 5 years. It proposes to cut entitlement spending by $12.3 billion and nondefense discretionary by $4 billion over 3 years. This compares to a cut in defense spending of $96 billion over 3 years—in spite of the fact that CBO states that entitlements and defense each account for more than one-third of the growth in outlays in the next 5 years.

I do not think this is realistic, nor do I think that the $95 billion outlay cut in defense is doable. The criteria we have been repeatedly admonished to adhere to during this debate. The Jones budget calls for a $16 billion defense outlay cut in fiscal year 1985 compared to a $6 billion reduction in the Latta budget, which is also supported by the Senate majority. The likely outcome is somewhere in between for defense spending, which would only be binding for fiscal year 1985. So, we can anticipate an increase in the deficits projected in the Jones budget, which are already larger in every year than the Latta budget.

Regardless of what compromises are made in conference with the Senate in any area.

A major fallacy of the Jones budget to which we cannot all prey is the assumption that we can safely return to the days when defense spending and the Nation's defenses and security were dangerously neglected. The legitimacy of the President's efforts to restore national defense capabilities have been reaffirmed by the Congress time and time again over the past 3 years—both by Democrats and Republicans.

The issue then, that must be addressed is overall spending by the Federal Government. Domestic spending in all categories—entitlement and discretionary—have contributed a major share in the historical increase in Federal spending relative to GNP. We cannot exclude or make token efforts in these programs from anything but token efforts in our attempts to reduce deficits. We must focus on specific needs and priorities in all areas and not just grandfather all existing domestic spending. And, finally, viewing the source of the deficit problem as stemming from changes in national priorities initiated in 1981 is like the ostrich with its head in the sand—it only proves the absurdity of that position.

Mr. LATTA. Mr. Chairman, I yield 2 minutes to the gentleman from Nebraska (Mr. DAUB).

Mr. DAUB. I thank the gentleman for yielding me this time.

Mr. Chairman, in the last 2 days, we have heard an excess of facts and figures tossed around in order to make a variety of points. I feel constrained—particularly in light of comments made yesterday afternoon about the deficit's causes being traceable to 1981 tax reductions—to shed just a bit of light on this matter.

First of all, one just cannot argue with the fact that taxes today are historically high. A family who, in 1950, was earning $14,289 would have needed $45,000 in 1980 to have the same purchasing power. But, the 1950 family would have paid and average Federal income tax of 18 percent while the 1980 family would have faced a 23-percent level. That is an increase of almost a third. Moreover, each additional dollar earned by the family in 1950 would have been taxed at 26 percent whereas in 1980, each one of those dollars would have been taxed at 43 percent.

Second, the 1981 Tax Act, which has been reviled by the majority in the last 24 hours would have reduced taxes by $1,138 trillion over 8 years. I emphasize would have. Because since that time we have increased social security taxes by $270 billion, bracket creep has brought in another $439 billion, the 1982 TEFRA Act took back $281 billion of that tax cut. And finally, the gas tax took in $21 billion. That means that the net tax cut from that 1981 act is about $77 billion over that 8-year period, or about $10 billion a year. Compare that with deficits in the area of $200 billion and the accusation that Americans are getting away with something—falls a little flat. I might add that it seems inevitable that another $50 billion of that remaining 77 is certain to fall within the next few weeks.

The fact is that you cannot blame it on the taxpayer. It is this Congress that created the deficit and it is this Congress whose responsibility it is to reduce it.

I urge the Congress to support the Latta substitute.

Mr. LATTA. Mr. Chairman, I yield 4 minutes to the gentleman from New York (Mr. CONABLE).

□ 1620

Mr. CONABLE. I thank the gentleman for yielding this time to me.

Mr. Chairman, I want to urge the very earnest consideration by all my colleagues of the Latta substitute.

I regret that we have got into such a numbers game here. The President had a realistic proposal when he came before us for the state of the Union address and suggested that we have a Deficit Reduction Commission that would get together all the actors from both Houses who were going to have to preside over the responsible committees in the fiscal area and try to work something out.

We had a very difficult time with that. In fact, Chairman JONES and Chairman ROSTENKOWSKI and others were not appointed to that Commission and, instead, the majority leader came down to the Executive Office Building and we got into what amounted to some rather light footwork avoiding any possibility of serious negotiations. Unfortunately, the same thing happened with respect to the minority over in the other body, with the result that after a couple of weeks we all threw our hands up, came back here, and have tried to do the best we can with the existing process.

The best we can involves a whole lot of competitive plans that have obviously caused confusion among the Members, and it is regrettable that such a basic issue as the budget should be at this point a matter of such confusion.

I am for the Latta substitute. I think Republicans in particular in proposing this have been responsible. It involves taxes, which was difficult for us to swallow. The tax package has been one of the constants through many of these budget proposals, but obviously the Republicans, staking as much political credit as they do on tax reductions, have found it difficult to come up with a tax increase of this dimension, and yet we did it.

We have provided not only for a significant revenue increase that has been difficult for a number of us to swallow, but we have also provided a balanced package. The Latta package that will result is declining deficits over a 3-year period. Most of the other plans do not do that. Chairman JONES' does not. The Latta substitute results in a deficit of $174.6 billion in 1985, $169.2 billion in 1986, and $163.4 billion in 1987. That decline is clearly desirable.

When we were meeting in the Deficit Reduction Commission, the majority leader suggested that $150 billion over 3 years was not enough; that we needed $200 billion. Ironically, this plan, the plan that is before us now, is the only leadership deficit reduction proposal that meets the majority leader's standards. The proposal that he apparently is supporting falls short of the mark by $19 billion, while ours, in effect, reduces the deficit by $205 bil-

lion, approximately. So we have met his goals, which he did not.

The CHAIRMAN pro tempore (Mr. BROWN of California). The time of the gentleman from New York (Mr. CONABLE) has expired.

Mr. LATTA. Mr. Chairman, I yield 1 additional minute to the gentleman from New York.

Mr. CONABLE. I thank the gentleman for yielding me this additional time.

Mr. Chairman, the one important element that I would like to stress is that the Latta package has $72.4 billion in reconciled deficit reductions, and the House Democrat plan has only $59.6 billion.

It seems to me the financial markets will be concerned about reconciled deficit reductions and not those pious, hoped for and improbable deficit reductions that are not part of the reconciliation package. I believe, then, since this is a psychological effort we are making to try to encourage people to believe that we are serious about deficit reduction, the size of the reconciled deficit reduction is the important element for the markets, which now are expressing great concern about our ability to face up to the final issue.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 3 minutes to the gentleman from Oregon (Mr. WEAVER).

Mr. WEAVER. I thank the gentleman for yielding this time to me.

Mr. Chairman, because of the deficits and high interest rates, we in Oregon are still in the recession. A mill in Drain, Oreg., is closing this week, laying off 235 workers after only 6 weeks of work. If the deficits continue, the situation will lay waste to the economy of our whole country.

The Latta amendment does nothing to actually get to the cause of the budget deficits because it does not touch the runaway military spending. Military and interest on the debt constitutes 65 percent of a budget that is out of control. I do not believe that Members realize the extreme danger we face with this deficit.

We are not going to have $200 billion deficits. They will be much larger. They are going to begin increasing exponentially. We will not have to wait for our grandchildren to pay for them. We will, soon. The deficits feed on themselves, and we are now entering, on interest on the national debt and the debt itself and deficits, the exponential curve. There is the exponential curve. Here is where we are on it, about to take off on a straight up curve, on a curve Y equals E to the X power.

As deficits increase, debt increases. We will face a $1.8 trillion debt after fiscal year 1985. Interest on that debt begins doubling. It already has come close to that now. Interest rates go up on the larger debt, interest on debt goes up that much faster, increasing deficits, increasing the debt, and further increasing interest, all compounding in a faster exponential curve. Interest, now the second largest item of the national budget, will soon be the largest, exceeding even that of the military, until we go the way of Argentina and Brazil, and nothing—nothing—can stop this exponential curve. We are in it now. Unless we act today to cut the deficits far more sharply, frankly, than any budget resolution that we have before us.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 5 minutes to the gentleman from California (Mr. MINETA).

Mr. MINETA. I thank the gentleman for yielding this time to me.

Mr. Chairman, the votes we are about to take are more important than many may now imagine, for these votes will help show whether this body can translate concern into action.

Most of us recognize that the dangers posed by the deficits are truly immense. Current policies would lead to deficits which would absorb three-quarters of our Nation's savings between 1984 and 1989, leaving very little for productive investment and driving up interest rates—the price of the money—for the investment capital which remains.

Today we have an opportunity to address these threats. We have an opportunity to demonstrate our convictions not just with our words but with our votes.

As we vote, let us build upon the sturdy cornerstones of consensus. For example, let us recognize that more Americans want a strong defense but do not want a budget which provides lavish funding for every item on the Pentagon's wish list. And let us recognize that most Americans want to insure the safety and health of the elderly and the disadvantaged, but do not want to face upward surging costs.

The substitute resolution before us now fails to build upon this foundation of consensus, and because of that, we should vote against it. But within the next few hours, we will have the chance to vote for a resolution which is reasonable and balanced, fair and realistic.

We have heard the questions about our Federal deficit. Now we face the most contentious question: What are we going to do about those deficits? Today, we have an opportunity to enact legislation which will lower the deficit by $182 billion over the next 3 years.

Can we afford to neglect that opportunity? No, we cannot. Let us choose the course of constructive action and support the Budget Committee resolution.

□ 1630

Mr. JONES of Oklahoma. Mr. Chairman, I yield 5 minutes to the gentlewoman from New York (Ms. FERRARO), who is also a distinguished member of the Budget Committee.

Ms. FERRARO. Mr. Chairman, I thank my chairman for yielding me this time.

Mr. Chairman, I rise in opposition to the Latta substitute. This substitute tracks the Reagan Rose Garden budget in its approach to deficit reduction. According to its supporters, the virtue of this proposal is that it strikes a balance in putting spending and revenues more in balance. What they mean is that domestic spending, including entitlements, is reduced, military spending is reduced, and revenues are raised.

What the budget actually does is present a cruel and twisted notion of fairness. To suggest that the deficit problem requires reductions in all categories of Federal spending is to imply that all types of Federal spending are equally responsible for the record deficits. You can only do that if you pretend the last 3 years never happened.

The last year before this President took office, the Federal deficit was under $60 billion. Since then, we have not had a deficit of less than $110 billion. In fact, nobody thinks we can get the deficit back down to $110 billion anytime soon.

Where did the rising tide of red ink come from? There are three choices, domestic spending, military spending, and reduced revenues.

It is not domestic spending. To quote from the President's budget message, "Domestic spending * * * will actually be lower this year than it was in 1981." It is also not means-tested entitlements. Again, from the President's budget message. "The rapid growth of means-tested entitlements has been curbed."

That leaves military spending and revenue reductions, and those are the problems. Pentagon outlays in this fiscal year were more than $100 billion more than they had been in 1980. Here is where the increase in spending took place. The Latta package, in its fair approach to deficit reduction, will increase military spending by about 12 percent, more than 7 percent after inflation.

The second problem is revenues. There is a very important point that must be made regarding whether the source of the deficit, going back over the past quarter century, has been increased Federal spending or reduced Federal revenues.

Yesterday, the gentleman from New York (Mr. KEMP) made the point that Federal revenues are now around 19 percent of GNP, or about the same as they have been since 1960.

That is exactly right. But it ignores the fact that in that time there has been a drastic change in the composition of Federal revenues. It ignores the fact that while total Federal reve-

nues are still around 19 percent of GNP, there has been a sharp increase in social security and medicare tax receipts, and a sharp reduction in general revenues.

In 1960, payroll taxes for Social Security made up only 2.1 percent of GNP. Today they take up three times that much, or 6.1 percent.

In 1960, general revenues were 16.4 percent of GNP. Under current policy, in 1985 they will be 12.9 percent. That shortfall in revenues accounts for about two-thirds of this year's deficit.

Looking at the decline in general revenues in greater detail, we see that since 1960, corporate income taxes have dropped, again as a percent of GNP, from 4.3 percent to less than 2 percent.

That is where the deficit has come from. Not from increased spending, but from lessened taxes, and especially lessened taxes on corporations.

To deal with the deficit fairly, we have to deal with the sources of the deficit. The 1981 Reagan budget did enormous damage to millions of Americans. The greatest damage was done to the poor, women, and children especially. Deep cuts were made in education, nutrition, health, and other programs that gave these people hope for improving their own lives and the lives of their children.

The Latta budget, with its cynical appeal to fairness, really locks in and aggravates the unfairness that has been the hallmark of this President and his party for the last 3 years.

The committee budget resolution is a much sounder, much more fair, much more realistic approach. It does not claim, as the Latta package does, $28 billion in phantom savings from the Grace Commission. It does not take more from those who have given up the most in the Reagan budget cuts.

The committee package proposes a modified freeze on most domestic spending. These programs will be allowed small increases, though not enough to keep pace with inflation. It increases a variety of programs that assist low-income Americans by 3.5 percent in real terms, which is the same treatment accorded the military budget. Not a cut in defense, as has been charged, but a responsible increase. And it proposes increased revenues to pay for the real increases in spending, as it adopts the pay-as-you-go approach. If we spend more now, we should raise more now to pay for it.

The committee resolution is a responsible approach, it is doable, it does not lock in place the unfair budget cuts of the past 3 years. I urge its adoption.

Ms. FIEDLER. Mr. Chairman, I yield 2 minutes to my distinguished colleague, the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Chairman, we have had 2 good days of discussion on budget matters. We have had proposals for huge new taxes, we have had proposals for huge defense cuts, and we have had 2-percent solutions and freezes and almost ever other conceivable alternative that the Budget Committee could serve up to us in what most of us believe was a convoluted and senseless rule.

It has been confusing for those who have not followed the proceedings closely; for others it has probably been illuminating. What comes through mostly to me is that this is a wonderful year because the bidding match this year concentrates on budget reductions for the first time since I have been in Congress. Prior to now it has been who is going to spend the most. This year it has been on who can reduce deficits the most; even though some of those suggestions may not hold all the water we would like them to, at least they derive from proper motivation.

We now have before us the Latta budget. It is the Republican alternative. It is administration-endorsed, and it is a reasonable plan. It is not the lowest deficit proposal we have seen, but it is the lowest deficit proposal still pending before this House. It offers a chance of real achievable spending reductions, and I think that is what the people of the United States want from us.

It is not perfect. Many of us would change it. For me, the defense numbers are still too high. Nevertheless, we have followed the President's leadership. His downpayment proposal started us down the path toward reductions. His $150 billion definition helped to focus our efforts, and today we are in that ballpark with the two remaining deficit reduction proposals at $180 billion and $200 billion.

We can do ourselves some good. We can focus particularly on the critical area of discretionary spending where the real battle is going to be fought. Each of us knows that taxes, entitlements, and defense spending are going to be within a narrow area.

Mr. Chairman, this budget helps cut discretionaries. I intend to support it, and I hope the Members will join me in doing so.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 2 minutes to the gentleman from Montana (Mr. WILLIAMS).

Mr. WILLIAMS of Montana. Mr. Chairman, I thank the chairman of the Budget Committee for yielding time to me, and I want to take a moment to commend the committee chairman, the gentleman from Oklahoma (Mr. JONES), for his diligent and continuous work in hammering out a House committee budget for which I rise in support.

Our Budget Committee, under the leadership of the gentleman from Oklahoma (Mr. JONES), had a difficult task this year. We spent many hours trying to reflect the various needs of the country, taking into account the various revenue considerations, and seeking to end this terrible deficit.

The committee package provides a 3.5-percent real growth increase to a selected number of nondefense discretionary programs. This category of the budget provides a total of $2.85 billion in outlays over the next 3 years. I appreciated the committee accepting my amendment, which added $678 million in budget authority and $411 million in outlays for education programs specifically targeted to low-income people.

Such programs would include higher education for needy students, elementary and secondary education programs for handicapped and disadvantaged students, and that portion of vocational education which is targeted at the disadvantaged. The overall $2.85 billion package of nondefense discretionary programs assumes funds for these programs, as well as for nutrition, food stamps, health, and training.

Mr. Chairman, again I want to commend the committee chairman, the members of the minority, and also the Budget Committee staff for their long hours and diligent work.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 2 minutes to the gentleman from Michigan (Mr. FORD).

Mr. FORD of Michigan. Mr. Chairman, many of the resolutions we are considering contain some troubling language regarding the so-called Grace Commission. Many months ago, after reviewing the Grace Commission's personnel management report, I called it a piece of "statistical chicanery." One month ago, CBO and GAO completed a review of the major Grace recommendations and reached essentially the same conclusion I did: The savings are vastly overstated.

For example, $298 billion in 3-year savings claimed by Grace was found to amount to only $98 billion, the bulk of which could be achieved only through controversial policy and program changes requiring congressional approval.

Thus, I am concerned that the Budget Committee's resolution and several of the substitutes assume $2 billion could be saved over 3 years by implementing some administrative actions recommended by the Grace Commission. And I am appalled that the so-called Republican substitute sponsored by the gentleman from Ohio (Mr. LATTA) assumes $28 billion in savings from Grace Commission administrative recommendations.

The Republican's budget resolution is reminiscent of their wishful thinking back in 1981 when they assured us that supply side economics would bal-

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ance the budget. We know where that got us. Twenty-eight billion dollars in administrative savings? Who are we kidding? Only ourselves.

Our committee has analyzed the Grace Commission recommendations probably as carefully as anyone. In the area of our jurisdiction—personnel management—knowledgeable people now recognize the Commission's recommendations generally contain cooked-up numbers and half-baked policies. It appears even the gentleman from California (Mr. DANNEMEYER) has seen the light. He offered several of the Grace recommendations in committee only to have them voted down 3 to 22.

But I am pleased to note his budget resolution substitute apparently did not assume enactment of any of the major Grace personnel proposals. In fact, if his substitute were not so bad in other areas, I would have been tempted to vote for it, as it proposed to reduce Federal employee pay and benefits by only $103 million over the next 3 years as opposed to the $3.65 billion in reductions contained in the Budget Committee resolution.

I think we are making a mistake, indeed perhaps even acting irresponsibly, if we base any action here today on Grace Commission recommendations which, at least in the area of our committee's jurisdiction, clearly have no credibility. Perhaps $2 billion in administrative savings could be achieved. Clearly $28 billion could not.

Mr. LOEFFLER. Mr. Chairman, I yield 3 minutes to the gentleman from Ohio (Mr. WYLIE).

Mr. WYLIE. I thank the gentleman for yielding time to me.

Mr. Chairman, I rise in support of the Latta substitute.

I want to compliment my friend the gentleman from Ohio. He is my next door neighbor and I know of the hard work, care, persistence, and understanding that he has put into his substitute proposal.

On Monday I spoke to the U.S. League of Savings Associations. On Tuesday I spoke to the Ohio Bankers Association and 2 weeks ago I spoke to the American Council of Life Insurance Agents.

These groups are made up of people who make a living adjusting to changes in interest rates in the months and years ahead. They are the market place. Each group told me the single most serious problem facing our Nation is the size of the budget deficit. I happen to believe they are right and said so.

On a recent questionnaire, I sent out, most of those responding said the budget deficit is our most serious national problem. So to represent my district, I must try to do something about it.

The savings and loan industry is particularly sensitive to interest rate changes. I was told in no uncertain terms that if Congress does not do something about the deficit, interest rates will surely rise, maybe not this year, but certainly early next year, and a lot of savings and loans will go out of business.

In each group the first question asked was: Did I think Congress would pass a budget which would substantially reduce the deficit?

In answer to the question, I said I was very apprehensive that we would not, and that is why I have introduced House Joint Resolution 382 as a backup to provide for a Bipartisan Budget Reduction Commission to come up with a package we can vote on—up or down—like the Commission which came up with a package to solve the social security funding problem: A plan to take the problem out of the partisan political arena.

The reason I am doubtful that we can pass a budget, and I hope I am wrong, is because budgets are blooming like flowers in spring. I said there is much partisan bickering about just who is to blame.

The President is being blamed by some. But the fact is that Congress has simply never had the courage to cut spending, even though it became a full partner in the budget process in 1974.

In this substitute which Congressman LATTA offers, President Reagan has made some large concessions and agreed to hold down defense spending by a considerable amount. The President first thought the increase in defense should be about 13 percent. I thought that was too much and said so. The Latta substitute represents a 7.1 percent increase over 3 years; 7.1 percent may be too much. I would have preferred 5 percent. But it is a fact that in the wake of Vietnam, Congress reduced defense spending drastically so that many of our major weapons were becoming seriously outdated. The B-52, our major long-range bomber, was older than many of the pilots who were flying it. Our Navy was allowed to dwindle to 400 ships, down from over 900 previously, and many of our aircraft were out of service due to the lack of spare parts and trained personnel to maintain them.

Unlike the 1950's when nearly 40 percent of our national budget was devoted to defense, we are now spending far more on domestic health, welfare, and social programs than is allocated to defense.

So-called entitlements make up 48 percent of this budget. Defense 27 percent. So controllables only represent 25 percent of the budget.

The significant thing here is the President has agreed to support a reduction of $40 billion in defense from his first budget to get a compromise.

The President's plan would cut $49 billion from domestic spending this year, and tax revenues would raise $47.2 billion over 3 years including interest savings that adds up to $204.5 billion in total deficit reduction over 3 years. The President has made another concession on agreeing to increase tax revenues.

The deficit will not be reduced unless something is done to slow the growth of Federal spending or increase revenues or both.

My constituents feel we can close a few loopholes and increase the tax on alcohol and tobacco, to help keep interest rates down, and that is what this package would do.

The President has been willing to compromise on this important issue and I hope we will see some compromise on the other side. If Congress does not meet the President halfway on reducing deficits, we could see runaway interest rates and growing unemployment again.

We cannot let that happen.

Congress must act responsibly and lend its hand to reduce the deficit. This is a good compromise. I urge its adoption.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 3 minutes to the gentleman from California (Mr. PANETTA).

Mr. PANETTA. Mr. Chairman, I thank the chairman of the committee for yielding.

Mr. Chairman, some comments were made with regard to enforcement provisions. I want to make clear to the Members that the enforcement procedures, whether you are looking at the Latta substitute or the committee bill, roughly correspond to each other. There are really two enforcement provisions that we have in terms of enforcing the provisions of any budget resolution that is adopted. One is reconciliation and the second deals with the 302 allocations that flow to the Appropriations Committee. Those are really the two key tools that are used by the Budget Committee in the budget process and, indeed, by the House in terms of enforcing the targets that are contained in the budget resolution.

Now, with regard to the Budget Committee proposal, we feel confident that both of those tools can be used and used effectively. As a matter of fact, with regard to reconciliation, it is our full intention next week to take up a reconciliation bill that has $12.3 billion in savings. That is not all from last year. About $9 to $10 billion of that will be new savings recommended by the eight committees that are under instructions with regard to reconciliation; so next week there will be a spending savings bill of approximately $12.3 billion that will be before the House.

In addition to that, we have a revenue bill that will raise approximately $49 billion. Those two together will

produce deficit reductions of almost $61 billion within a very few days of the House hopefully adopting a budget resolution.

I think that is enforcement and that is strong enforcement of the resolution and the budget process.

Actually, on appropriations, there is no question we are going to face a tough battle in keeping the appropriations down to the targets if, in fact, the ultimate conference on the budget resolution adopts what the House has proposed. It is going to be tough, but the reality is that we feel it is doable.

If you look at the provisions contained in the Latta proposal with regard to both reconciliation and appropriations, the question you have to ask again and the test that has to be applied to all of the various alternatives is, is it enforceable?

The reality is on reconciliation under Latta it is some $23 billion. Look at the Grace Commission savings, something like $28 billion recommended in terms of Grace Commission savings. There are no specifics that are then tied to reconciliation, so the question has to be asked, where are they going to come from? Is it administrative? Is it legislative? What particular conclusion, in fact, will be implemented by the House?

When you stick the figure in there being recommended, if you do not put that into reconciliation in terms of specific instructions, you do not have enforcement.

On appropriations, if you add up the reductions that are made with regard to the Latta proposal, it is almost an additional $30 to $35 billion. The reality is that if you cannot stick to appropriation targets, you cannot enforce the committee proposal.

For that reason, I recommend voting against the Latta alternative. It is not fair. It is not enforceable.

Mr. JONES of Oklahoma. Mr. Chairman, the other speakers who have asked for time on our side are not here at this time.

Ms. FIEDLER. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I yield to the gentlewoman.

Ms. FIEDLER. Mr. Chairman, I just wanted to make the point that on our side we have the same problem. They are on the way to the floor.

Mr. JONES of Oklahoma. Mr. Chairman, I might ask the gentlewoman from California some questions that have been asked on our side, if the gentlewoman will respond.

On the Grace Commission savings of $28 billion, on the Grace Commission savings, how many of those are legislative and how many are to be carried out by the administration?

□ 1650

Mr. LOEFFLER. Will the gentleman yield?

Mr. JONES of Oklahoma. I yield to the gentleman from Texas.

Mr. LOEFFLER. The $28 billion in Grace Commission savings that we have in our budget resolution is well within range of potential savings for the proposals that have been reviewed by the Congressional Budget Office and the General Accounting Office. They have identified $98 billion in savings over 3 years for a portion of the Grace Commission proposals and have indicated that other proposals involving management initiatives which could not be fully evaluated do, never the less merit further examination. In addition, there might well be some legislative activities that could take place. It could be later this year; it could be part of the reconciliation process.

Mr. JONES of Oklahoma. The short answer is you do not have those specified; is that correct?

Ms. FIEDLER. Will the gentleman yield?

Mr. JONES of Oklahoma. I yield to the gentlewoman from California.

Ms. FIEDLER. Actually in the same way that in the Democratic alternative during the course of the Budget Committee there were not specifics. So, too, this will be a matter of the Appropriations Committee making specific decisions.

Mr. JONES of Oklahoma. How much did you ask the Appropriations Committee to do?

Ms. FIEDLER. Exactly the same as you did.

Mr. JONES of Oklahoma. We did not ask them anything specifically.

Ms. FIEDLER. You are saying then that they did not have any responsibility.

Mr. JONES of Oklahoma. No, we did not.

Ms. FIEDLER. Mr. Chairman, I yield 6 minutes to my colleague, the gentleman from Alabama (Mr. EDWARDS).

Mr. EDWARDS of Alabama. Mr. Chairman, the debate has been long and difficult and we are coming to the close now. By and large we are down to the question, in fact we are down to the question of whether we will take what I guess is fair to call the Democrat approach or the Republican approach to the budget.

I am not going to try to get too involved in all of the aspects of this.

I would like to talk primarily about defense. Let me say first of all that whatever is finally the level of budget, somehow we are going to make it work simply because we have got to. But the problem we have got is in trying to deal with the numbers that the committee bill calls for, and that is a $16 billion cut in outlays for fiscal year 1985, we simply cannot do that and still stay at the level of $27.8 billion in budget authority cuts. It simply will not work.

We have seen this happen year after year as we get so-called low outlay cuts, and we try to match those with budget authority cuts, and we find that there is no way that at the bottom line they will come out to meet. So when we are talking about a $16 billion outlay cut in the committee bill, the truth is that we are not talking about a corresponding number of some $27 billion in budget authority cuts. Rather, we are talking about closer to $35 to $40 billion, and some have even said $42 billion in budget authority cuts under the committee bill.

Again, this is something that has happened from time to time. I think the Members should understand exactly what it is the committee is asking us to do.

We are talking about comparisons in the Republican substitute, the Latta substitute of about $40 billion in cuts in outlays over 3 years or $57 billion in cuts in budget authority over 3 years compared with a $95 billion cut in outlays in the committee bill and a $129 or $130 billion in budget authority cuts.

There is no way, there is no way that we can live with a $96 billion outlay cut and at the same time come under that level of $130 billion in budget authority cuts. It simply will not work.

The only way you can do it, literally the only way you can do it is cut into readiness and I mean deeply into readiness. If you go with the numbers of $16 billion in outlay cuts and $27 billion in budget authority cuts you are dealing with a first year spend-out rate of 58 percent.

The truth is that that just is too high.

If we took every outlay dollar in the President's budget, every outlay dollar in the President's budget in fiscal year 1985 and applied it to that $16 billion outlay cut in the committee bill, we would be zero in procurement still and still have a couple of billion dollars to deal with somewhere else to meet the committee numbers, because procurement only spends out at about 14 percent the first year and R&D only spends out at about 56 percent the first year, and O&M spends out at about 80 percent the first year. So we find ourselves having to go to personnel, having to go to the readiness areas in order to get the kinds of cuts that the committee bill has called for.

Let me approach it from another way. I hope you will listen to this because this is extremely important. We have to look at where the outlay dollars are going to be spent that are in the 1985 President's budget.

First off, you see that $96 billion in the outlay budget comes from prior year appropriations. Perhaps you want to make some major cuts in what we

have already funded from prior years. Perhaps you want to go back and cut out weapons systems, and they have given me a list of horror stories a mile long where I could use each and every one of your districts and talk about the kinds of things that would come out.

I am not going to do that. But the point is that if you are not willing to give up weapons systems all across the board, many of them from your own districts, and many of you are not willing to, then we have to go right back to the question of manpower and readiness and that is the wrong place to have to cut. Pay and allowances, $90 billion in this outlay bill. We are not going to touch pay and allowances. There is nobody in this House that is going to vote to trim the pay of the troops in order to reach this level that the committee has called for.

Operations in this bill is for $46 billion and investment is for $33 billion. Those are really the only two places then that we can legitimately deal for some $97 or $80 billion to find these major cuts. The truth is we cannot do it and so we have got to again come back to the question of readiness. It is the only place we can find to cut, and it is the wrong place to make major cuts.

So I would appeal to you on both sides of the aisle that the taxes being basically the same in the two bills, the defense area is an area that we have simply got to concern ourselves with. The President has agreed to make major cuts in his defense bill and he has had to swallow hard to do it. And I guarantee you on our side we have had to swallow hard.

I urge you to vote for the Republican substitute. It makes great good sense.

Ms. FIEDLER. Mr. Chairman, I yield 3 minutes to the gentleman from Mississippi (Mr. LOTT).

Mr. LOTT. My colleagues, the multiple choice test is about over. We are going to have to vote for something now.

We have gone through this for 2 days and we have all made our case. We have been able to mix and match our votes, but nothing has passed.

We need to go ahead and address this budget question. We need to go ahead and address the question of the deficits, and you have two more chances.

I would like to urge my colleagues to vote for the Latta Republican compromise substitute. It is fair. It has four basic component parts, and let me tell you, my colleagues, this is where we are going to finally wind up.

In the end when the smoke clears, after we vote, after the other body votes, after we go to conference, we are going to wind up with about $150 billions in savings. There may be a little shift here and there, but this is basically where we are going to wind up.

This package is realistic. I was a part of the history of this process, fortunately or unfortunately, when the President came and made his budget proposal and he said, "I will work with the Congress." Then we started what was described kind of loosely as bipartisan negotiations. They never really got off the ground.

It is interesting to me to note that they failed when a proposal was made by the majority leader for a large tax increase. We just never could get it going in a bipartisan way after that tax increase proposal by the gentleman from Texas.

□ 1700

And then we worked with the Republican leaders in the House, and the Senate, and the President; we developed this package. It is a good package. It has tax loophole closings in it—it has a tax bill, if you want to call it that—and there are parts of it I do not particularly like.

But in this process you have to make your best effort. Then there comes a point where you have to vote for something.

We cannot just stand around and say, "A pox on everybody's house, I won't vote for anything." This is a good proposal. It does have the Rostenkowski tax proposals which have been crafted very carefully; it does have nondefense discretionary and entitlements savings; not too many, but some. At least we are moving in the right direction. And it does have a reduction in defense spending.

Frankly, I think it goes too far in reducing defense spending. We can argue about that all day. But I am going to go along with it. I want to take this opportunity as we get to the close of this debate to urge my colleagues to vote for this Latta substitute.

It is what we need to do; it is a move in the right direction and it is achievable. When you go into these other areas, when you get down to 3.5 real gowth in defense, that is dangerous; it is not enough in my opinion, we can debate that and we will debate that later in the appropriations process.

We must make this budget process work. I am really afraid this whole process is going to collapse.

I said that yesterday. I really am worried about it. I have worked with the gentleman on the Budget Committee. I know he wants it to work and I do too, but I am getting awfully frustrated. And if the smoke clears today and we have not passed something, if we have not passed this Latta compromise substitute, we are going to be in real difficulty with the whole process.

I urge my colleagues to vote for it.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 2 minutes to the distinguished chairman of the Agriculture Committee, the gentleman from Texas (Mr. DE LA GARZA).

Mr. DE LA GARZA. I thank the gentleman for yielding.

Mr. Chairman, first let me say I think we should commend everyone who has worked on the budget process; all those who offered the alternative measures, whether they would be adopted or not, including the President, and I think that all should be commended.

I feel confident that the system and the process is working. But what I would like to say briefly, my colleagues, is that in spite of the fact that agriculture is in very difficult circumstances, in spite of the fact that we have very difficult times in agriculture, I would like my colleagues to know that the Committee on Agriculture has fulfilled its responsibility.

The Jones proposal asked us to save $2.5 billion. The Latta proposal asked us for $2.9 billion. And I would like the House to know that your Committee on Agriculture in a responsible manner has fulfilled that requirement.

And the legislation which you so graciously helped us pass a couple of days ago, gives a saving of $2.9 billion from the agriculture sector, I might say, from the farmers and the people in rural America.

We have fulfilled that. We will be able to comply with the reconciliation, as much as I disagree with the process. But again I would tell you that in the process, as I find myself, responsibly speaking for the committee, the Jones proposal allows us a wee bit of leeway in what we had already saved.

Therefore, I would recommend and urge that the Jones proposal be adopted in order that we might have, in the agricultural sector, a little bit of play, inasmuch as we have fulfilled that requirement which was imposed on us.

The CHAIRMAN. The time of the gentleman from Texas (Mr. DE LA GARZA) has expired.

Ms. FIEDLER. Mr. Chairman, I wonder if I could inquire of the gentleman from Oklahoma (Mr. JONES) if he has any more speakers besides himself?

Mr. JONES of Oklahoma. No; I do not, Mr. Chairman.

Ms. FIEDLER. Mr. Chairman, I yield 5 minutes to our distinguished minority leader, the gentleman from Illinois (Mr. MICHEL).

Mr. DICKINSON. Mr. Chairman, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from Alabama.

Mr. DICKINSON. Mr. Chairman, the most startling feature of the Democratic budget is the requirement to reduce defense outlays by $95 billion over 3 years.

Outlays mean the actual disbursement of funds in any one fiscal year.

As many Members of the House know, some of the R&D procurement and military construction accounts spend out very slowly.

Consequently, to gain the Democratic budget outlay savings of $16.2 billion in fiscal year 1985, $34.6 billion in 1986, and $44.2 billion in fiscal year 1987, massive cuts would have to be made in the faster spending accounts such as military personnel and readiness which includes operations and maintenance. We would gut our readiness and personnel accounts if we had to take these extremely large outlay cuts.

The Democrates have stated we need a defense "second to none." If we had to take these cuts, we certainly would be moving toward second place. To place this Democratic budget in perspecive, it is instructive to note that this budget provides lower funding levels for fiscal year 1985 and fiscal year 1986 than the last Carter budget which was overwhelmingly rejected by the Congress.

NATIONAL DEFENSE FUNCTION

	Fiscal year—		Total
	1985	1986	
Carter:			
Budget authority	$289.7	$324.1	$613.8
Outlays	267.8	299.5	567.3
House Democrats:			
Budget authority	285.6	310.4	596.0
Outlays	255.8	276.0	531.8
Difference:			
Budget authority	−4.1	−13.7	−17.8
Outlays	−12.0	−23.5	−35.5

The House Democrats plan if executed would require the following type of actions:

Hold military pay increase to 3.5 percent for 1985–87; freeze military personnel at 1984 level; freeze some benefits; thus severely impacting military moral and jeopardizing ability to recruit and retain needed personnel.

Retire the remaining B–52G squadrons, reducing our strategic nuclear bomber forces as well as deleting a critical long range conventional air attack capability.

Deactivate all Conus air defense squadrons except for two active F–15 units, thus reducing over 80 percent of our Conus air defense interceptors.

Deactivate at least one Army division, possibly requiring withdrawal of some forward-deployed forces from either Europe or Korea.

Deactivate up to three wings of Air Force tactical fighters, forcing us to withdraw front line fighter units from Europe.

Decommission up to a dozen naval ships, a significant reduction in our surface escorts and amphibious lift capacity.

Reduce fleet-wide steaming hours and flying hours, thus seriously degrading combat readiness.

Reduce several major shipbbuilding programs:

Possibly including SSN–688 (attack sub), delaying the buildup of our critically needed modern nuclear attack submarine fleet;

Terminate the planned reactivation of the last two battleships, thus denying our combat forces a proven, effective shore bombardment capability enhancement;

Probably deferring our goal of attaining 600 deployable combat ships until the mid-1990's.

Consider withdrawal of carrier task forces from both the Indian Ocean and the Mediterranean Sea, causing significant international political problems with our European and Mideast allies and increase national security risk probably resulting in further instability in Mideast and Southwest Asia.

Consider canceling or reducing several Army major weapon systems including Army air defense systems, the M–1 Abrams tank, the M–2 Bradley fighting vehicle, the AH–64 Apache helicopter, and communications and electronics equipment. These actions would exacerbate the serious imbalance between United States and Soviet forces.

Terminate or defer procurement of major combat aircraft including the Navy's A–6E, EA–6B, F–18, and AV–8B and the Air Force's F–15, and F–16.

Reduce ship overhauls and the fleet modernization program reducing the combat readiness of our fleet.

Reduce aircraft modification and improvement program, thereby deferring the installation of equipment designed to enhance the combat capability of our front line aviation.

Make across-the-board reductions in research and development programs, perhaps as high as 5 percent to 10 percent, severely curtailing our technology development and terminating several promising advances.

Cancel or defer planned construction projects both in Conus and overseas, including major reductions in planned and long overdue facilities modernization in Europe, thereby degrading both personnel morale and combat readiness.

THE 3.5 PERCENT REAL GROWTH PROPOSAL

The 3.5 percent real growth in Budget Committee recommendation would mean a reduction of $27.8 billion of budget authority and $16.15 in outlays from the President's Budget in fiscal year 1985.

Armed Services Committees has tentatively agreed to meet a 6 percent real growth level—a cut of $19.5 billion in budget authority.

A cut of $19.5 billion in budget authority will have serious impact on a broad number of important programs that many Members in this House support.

A cut of $27.8 billion in budget authority would be much deeper and involve many more programs.

This cut is being proposed at the same time many Members who support the reductions are approaching the committee privately to ask that their program be protected.

Budget Committee recommendation specifies that of the reduction from the President's Budget in fiscal year 1985, $16.15 billion must be in outlays. For the three-year period, the total reductions would be $95 billion.

This proposed reduction comes at a time when there is unanimous agreement not to make cuts in military readiness programs.

There is no way to make the cuts in outlays proposed without cutting readiness.

The various major defense accounts have first year outlay spendout rates as follows:

Research and development, 57 percent.
Procurement, 13 percent.
Operation and maintenance, 78 percent.
Military personnel, 98 percent.
Retired pay, 100 percent.
Military construction, 15 percent.
Family housing, 54 percent.

Therefore, to meet the outlay levels contained in this recommendation, here are a couple of ways to achieve a reduction of $16.15 in outlays in fiscal year 1985:

Reduce the FY 85 R&D account from $34 billion to $5.6 billion;

Eliminate the entire FY 85 Procurement account of $115 billion and still save only $14.95 in outlays.

Since no one would seriously propose such reductions, that leaves major cuts in readiness (O&M), or major reductions in the current number of military personnel.

The budget resolution as it is currently structured is unrealistic.

SUMMARY OF COMMITTEE DEFICIT REDUCTION PACKAGE

	Fiscal year—			3-year total
	1985	1986	1987	
HBC baseline:				
Revenues	733.00	794.90	863.50	2,391.40
Outlays	939.60	1,029.80	1,132.55	3,101.95
Deficit	206.60	234.90	269.05	710.55
Deficit reduction after committee amendment outlays (BA 285):				
Revenues [1]	9.70	17.50	22.20	49.40
Entitlements	1.70	3.40	5.10	10.20
Defense	16.15	34.75	44.70	95.60
Nondefense discretionary	.45	1.60	2.95	5.00
Grace Commission	1.70	.20	.10	2.00
Offsetting receipts	.05	−.40	−1.05	−1.40
Interest	1.60	6.30	13.65	21.55
Total	31.35	63.35	87.65	182.35
New totals:				
Revenues	742.70	812.40	885.70	2,440.80
Outlays	917.95	983.95	1,067.10	2,969.00
Deficit	175.25	171.55	181.40	528.20

[1] In addition to the 1985–87 revenue increase shown here, H.R. 4170 contains $2 billion of increased revenues in fiscal year 1984.

BUDGET FACTS AND FIGURES

(Using Economic Assumptions and 1984 Budget Levels Contained in the President's Budget for 1985.)

NATIONAL DEFENSE

National Defense, also called "Budget Function 050", includes the military activities of the Department of Defense (approximately 97 percent), military activities of the Department of Energy (approximately 3 percent), and other defense related activities.

[In billions of dollars]

	1983		1984[1]		1985 request
	Request	Actual	Request	Current estimate	
National defense:					
Budget authority	263.0 (13%)	245.8 (7.5%)	280.5 (10.3%)	265.3 (3.7%)	313.4 (13%)
Outlays	221.1	210.5	245.3	237.5	272.0
Department of Defense:					
Budget authority	257.5	239.5	273.4	258.2	305.0
Outlays	215.9	205.0	238.6	231.0	264.4
Department of Energy:					
Budget authority	5.5	5.7	6.8	6.7	7.8
Outlays	5.1	5.2	6.4	6.0	7.1
Other:					
Budget authority	.1	.6	.3	.4	.6
Outlays	0	.3	.3	.5	.5

[1] Including supplemental of $2.4 billion in budget authority that Congress has not yet approved.

BUDGET RESOLUTION (1984) FOR NATIONAL DEFENSE

[In billions of dollars]

	1983	1984[1]	1985 request
Budget authority	244.6	268.6 (5%)	297.3 (5%)
Outlays	214.3	240.0	265.3

[1] Including supplemental of $2.4 billion in budget authority that Congress has not yet approved.

NATIONAL DEFENSE BUDGET AUTHORITY FOR VARIOUS LEVELS OF REAL GROWTH

[Dollars in billions]

Real growth—Percent	National defense budget	Reduction from President's budget
0—No growth	$277.2	$36.2
1	280.0	33.4
2	282.8	30.6
3	285.6	27.8
4	288.3	25.1
5	291.1	22.3
6	293.9	19.5
7	296.6	16.8
8	299.4	14.0
9	302.2	11.2
10	305.0	8.4
11	307.7	5.7
12	310.5	2.9
13	313.4	

Mr. MICHEL. Mr. Chairman, I said yesterday in what was billed as a debate on the original Reagan budget, that I would have felt more comfortable debating legislation to abolish the budget process.

After hearing much of the debate last night and today, I haven't changed my mind.

What I see in all of this budgeteering, which closely resembles something my children used to enjoy on television, called "Mousekateering" is a menagerie of meaningless numbers.

When I see all of these budgets, each more absurd and irrational than the last, I am reminded of the old radio show called "Can You Top This?"

That is the question all of this meaningless data seeks to answer—not the question of the public good but whether one of us can top the other in coming forth with something politically palatable.

This whole exercise began with a simple challenge from the President in his state of the Union message.

It is politically feasible and economically desirable, he said, to make a down-payment on the deficit. He thought we could take a small step, but an important step, toward deficit reduction in an election year.

The Latta substitute is to a great extent the product of the President's call for compromise.

The bi-partisan deficit reduction talks failed. When they did, the President went to work with the Senate majority in consultation with the House majority.

The result was a Republican compromise, which is contained in the Latta substitute. It is not perfect. It is the product of an honest effort.

It can be implemented, maybe not 100 percent, but I will venture to say that more of this compromise package can be achieved than any other on the floor yesterday or today.

This substitute ought to be adopted, but I have no illusions about where the votes are.

What will happen here today will be toward political ends, rather than fiscal or economic ends.

Before I close, I want to address one specific area, that of defense spending.

We have heard the phrase, pay as you go, to describe the way the House Democrats plan to pay for defense.

I think that should be changed to pray as you go because if we ever adopted this budget our only defense would be the power of prayer.

I have been personally inclined toward substantial reductions in the President's defense requests, even to something slightly below the Rose Garden figures.

But I have been careful in my own position to understand what a reduction in defense actually means, in terms of readiness, treaty obligations, world stability, and our worldwide commitments.

President Ronald Reagan did not invent those commitments. He inherited them.

They are American obligations, not conservative, or liberal, or Democrat, or Republican obligations. If you do not like them, let us openly debate which ones we should turn our backs on.

But for the sake of this country and world peace, do not unilaterally weaken the President's ability to meet commitments we have kept for two generations.

If the Democratic leadership defense figure is adopted it will mean holding military pay increases to 3.5 percent for 1985-87 freezing military personnel at 1984 levels and freezing other benefits.

We are going to have to close base installations and release up to 100,000 civilian personnel. How many want to volunteer that their districts be chosen as the ones in which such devastation will take place?

Can we have a show of hands?

We will have to decommission up to a dozen naval ships. Shipbuilding programs will be cut back. Fleetwide steaming time hours and flying hours will be cut back. We may have to withdraw our carrier task forces from both the Indian Ocean and the Mediterranean Sea.

At this moment, a Soviet fleet is brazenly flaunting its strength in the Atlantic. But we are asked by the Democratic leadership to cut our Navy.

What a sense of timing.

I could go on and on. Fewer combat aircraft, canceling for major Army weapons systems.

Is this what we have come to?

Retain some commonsense today. Make your decision out of clear sighted national interest.

I ask you to vote for the Latta substitute, or disapprove it all and let us go back to the drawing board.

Mr. JONES of Oklahoma. Mr. Chairman, I yield myself such time as I may consume.

Mr. GRAY. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I am happy to yield to the gentleman from Pennsylvania.

Mr. GRAY. Mr. Chairman, I would like to join with many others who are opposing this particular substitute. I think clearly as it has been said, that someone would like for us to go back to the drawing board. I do not think we need to go back to the drawing board because what we see in the substitute is the continuation of the last 3 years.

Particularly upon those programs where the safety net has been ripped to shreds. What we see over the last 3 years is a 39-percent reduction in that safety net. Now this substitute asks for an additional 17-percent reduction in the safety net, while at the same time continuing this awesome defense buildup that is beyond any rational effectiveness in providing for our security.

And I would like to join with those in saying we do not need to go back to the drawing board if going back to the drawing board means essentially following the same plan of the last 3 years, and I certainly would urge my colleagues to defeat this substitute.

Mr. JONES of Oklahoma. I thank the gentleman.

Mr. Chairman, at the outset let me commend the House on both sides of the aisle for the debate the last 2 days that we have had on the 1985 budget resolution. We have approached the budget from different perspectives, some liberal, some conservatives, some in between.

But the one thing that has been the guiding principle among all of the budgets is that deficit reduction has to be the prime goal.

□ 1710

And I think the House is to be commended on that particular thing.

Mr. LATTA. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I yield to the gentleman from Ohio.

Mr. LATTA. I thank the gentleman for yielding.

Let me agree with the chairman on that. I think there is a deep feeling in this House that something has to be done with those deficits. It is just a question of how we get there and hopefully we can resolve those deficits and get there, because it is mighty important to the future of this country.

Mr. JONES of Oklahoma. I thank the gentleman.

As I said in opening the debate yesterday this House should be guided by two standards in choosing which budget we are going to support.

One of those standards is reality. How honest is that budget? How much smoke is filled in that budget? How much is reality?

And the second is enforceability. If we vote for a budget resolution, are we willing to turn around next week and next month and vote for the individual appropriation bills, the reconciliation bills, that will carry out that budget so that we can be honest with the American people.

I think one of the things that we can see in looking at the votes on the different substitutes that have been offered is that there has been an honest approach in the House to look at these budgets and to vote on the budget resolutions as we would vote to implement those budget resolutions.

I think again the House is to be commended.

I would like to close this debate and first of all say what I feel are the main weaknesses in the Latta substitute. Really I see three of them.

The first principal weakness in the Latta substitute is the amount of financing it gives to the military. There is nothing in the Latta substitute that asks the Pentagon to tighten its belt the way we are asking the rest of the American people to tighten their belt. As a matter of fact, in the Latta substitute, there is an increase in Pentagon spending over current policy. Democrats and Republicans alike, in the House and Senate, last year established current policy spending for the defense of a 5-percent real growth.

The Latta substitute calls for about a 7- or 7½-percent real growth in military expenditures.

And the argument has been made if we do less we are cutting into readiness.

My argument is that that is not the case. I have just been, for the last several months, having a series of neighborhood coffees and listening tours in my district in Tulsa and in Oklahoma. At every one of those occasions comes up the question about waste and spending and inevitably it is waste and spending at the Pentagon.

Several of my Oklahoma constituents received a mailing from the NFIB. And that NFIB mailing pointed out that an Allen wrench the Department of Defense paid $9,606 for cost the average consumer in a small business hardware store 13 cents. And that a 1-cent antenna motor pin cost the Pentagon $7,417. And a 1-cent nut cost $2,043 to the Pentagon. And a 14-cent bolt cost $1,075 to the Pentagon.

My Oklahoma constituents say that is waste. That is not readiness, that is a ripoff and you have got to stop that kind of a ripoff.

I think that by giving more than current policy now calls for, for defense, is not responsible public policy and you are not going to get the kind of belt tightening that is needed. That is the first reason why the Latta substitute should be rejected.

Second, applying the test of enforcibility. I think that it is not likely that the user fees, nearly $7 billion of new user fees, are going to be passed by this Congress. We have tried that the last 3 years. It has not happened. So I do not think that is going to be enforceable.

The Latta budget calls for a 50-percent cut in Federal unemployment agencies and unemployment insurance. Well, in Tulsa we are in a recession. Supply side economics is not working in Tulsa right now. People are unemployed. I do not think we can cut back on our unemployment agencies at this point, a 50 percent in unemployment agencies of Federal support. That is what we have from the gentleman's budget.

Mr. LATTA. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I yield to the gentleman from Ohio.

Mr. LATTA. Let me correct the gentleman. I am sure that he wants to be accurate.

It is a shifting to the States who have money running out their ears.

Mr. JONES of Oklahoma. I appreciate the gentleman's saying that the Federal Government is going to shift this cost to the States, because I can assure the gentleman that in the State of Oklahoma money is not running out of our ears. We are cutting back in education. We are cutting back in personal services. We are cutting back in infrastructure. We do not have that to take care of the unemployed in Oklahoma.

The third major reason why the Latta substitute should not be adopted is it is not real. And again I want to dwell on this $28 billion in Grace Commission savings. That is nine times more cuts from the Grace Commission recommendations that President Reagan's first budget or second budget calls for and the Republican budget in the other body, nine times more.

When we asked them how is this going to be implemented, how much is administrative, how much is legislative, there is no answer.

But I think the true test of the phoniness of it is the fact that they say we are going to cut outlays $28 billion, but they never say how it is going to be done and they do not cut $28 billion from the Appropriations Committee. That is the way cuts are made. It is not done by hope or someone out there, some magic gremlin going around making savings. It is done by us, voting in the House of Representatives and the other body to cut appropriations bills. They do not call for that in their budget.

So I think the Latta substitute should be rejected. It is not enforceable. It is not real. In the one area where the most waste now exists, the military expenditures, they do not cut, they actually increase.

Let me say a few words about the committee bill, because that is the other budget we have ahead of us. The committee bill does have real cuts, it has enforceable cuts, cuts of $182 billion from the projected deficits over the next 3 years.

The committee budget adopts two very important concepts. One, the concept of modified freeze, shared sacrifice, all spending programs are treated alike and frozen at a level below the rate of inflation. The only exceptions to that, which are held to the rate of inflation, are military expenditures, social security, and the programs affecting the truly needy.

The second important concept of the committee budget is a pay-as-you-go concept, something we have got to build into budget process more and more. It says in effect if we have to have more military, we have to have security in our time to protect our generation then we ought to pay for it. We build into this budget a 3½-percent real increase in the military expenditures and a 3½-percent increase in the programs affecting the truly needy, but we pay for it. We do not pay for it with a credit card that our grandchildren will have to pay on top of their own responsibilities.

I think the committee budget is clearly preferable. It is a good budget. It is a sound budget. It will take a huge bite at those projected deficits. And more than that, if we pass that tonight, if we do not delay dealing with these deficits, we can come back next week, and will come back next week and begin the major enforcement tools of this budget with a recon-

ciliation cut in spending of $12.35 billion from the growth and entitlement programs and a tax bill to pay essentially for our military.

That is the kind of message we ought to send to the American people. That is the kind of message that will be received positively in the financial markets and will have a stabilizing effect on interest rates and keeping this economy in a growth path. That is the responsible thing to do.

I urge my colleagues to support the committee budget and let us get on with the job of getting this economy in recovery.

Mr. LATTA. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I will yield briefly to the gentleman from Ohio.

Mr. LATTA. I thank the gentleman for yielding.

The gentleman's budget calls for $95.6 billion reduction in defense.

Would the gentleman tell the House how many billion dollars in reduction the Senate Budget Committee Democrats have agreed to?

Mr. JONES of Oklahoma. I do not know what the Democrats in the other body have agreed to. I can tell the gentleman what is before the House. I am not going to be debating a Senate resolution because they are in great disarray at the present time.

What I hope we will do here tonight, since the other body is in great disarray and has not passed a budget resolution, has not commenced work on reconciliation or anything else, what I think we can do here tonight by passing what I think is a responsible budget is to send a very strong message to the other body that we need them to act, too. And I think that kind of pressure will get them to get their act together.

Mr. WRIGHT. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I yield to the gentleman from Texas.

Mr. WRIGHT. I thank the gentleman for yielding.

I think the gentleman is making a very significant statement. Everything the gentleman says is demonstrably accurate and true. I do not believe he has been unfair in his characterizations.

□ 1720

While endorsing all that he says and associating myself with his remarks, I think I should like to express to our colleagues on the Republican side of the aisle my appreciation and my congratulations to them for the high quality and high level of debate that has characterized their presentations today, as well as those I believe of the people on my side of the aisle, too. I think this has been a debate which possesses the quality of which the Congress should be proud. Members have been given a wide variety of choices. They have asserted their individual preferences. Now we come to the final choice of all: Do we adopt the Republican substitute offered by the gentleman from Ohio (Mr. LATTA), the ranking minority member of our committee, or do we reject that and then approve the committee budget?

I think the committee budget, of course, is that which we should approve. It is the result of our long deliberations.

What I want to say, mainly, at this time, however, is something in which I think all of us could join—the liberals, the conservatives, the Democrats and the Republicans—in acknowledging the enormous gratitude which all of us feel to the gentleman from Oklahoma, the man in the well at this moment, JIM JONES, for the leadership that he has exhibited over these last 4 years of the House Committee on the Budget. He has been at all times fair, he has been open to suggestion, he has been available, he has been accessible, he has been in every instance eminently dignified in his response, he has been a man of almost inexhaustible patience. Because of these qualities which he has brought to this budget process, I believe the process itself has thrived and has succeeded.

For all of those reasons, I know that all of our colleagues will want to join with me in expressing our enormous appreciation for the quality of leadership that has been exhibited in this budget process and in this committee over the past 4 years by the gentleman from Oklahoma (Mr. JONES).

Mr. JONES of Oklahoma. Mr. Chairman, I thank the gentleman for his remarks.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment in the nature of a substitute offered by the gentleman from Ohio (Mr. LATTA).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. FRENZEL. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 107, noes 311, not voting 14, as follows:

[Roll No. 73]

AYES—107

Archer	Coats	Fiedler
Badham	Coleman (MO)	Fish
Bartlett	Conable	Franklin
Bateman	Cooper	Frenzel
Bethune	Corcoran	Gekas
Bliley	Daub	Gingrich
Broomfield	Davis	Goodling
Brown (CO)	DeWine	Gradison
Broyhill	Dickinson	Gramm
Burton (IN)	Dreier	Gregg
Campbell	Duncan	Gunderson
Chandler	Edwards (AL)	Hammerschmidt
Chappie	Edwards (OK)	Hansen (UT)
Cheney	Emerson	Hiler
Clinger	Erlenborn	Hillis
Hunter	McDade	Schaefer
Kasich	McEwen	Schulze
Kindness	Michel	Sensenbrenner
Lagomarsino	Miller (OH)	Shaw
Latta	Moore	Skeen
Lewis (CA)	Moorhead	Smith (NE)
Lewis (FL)	Morrison (WA)	Spence
Livingston	Nielson	Stangeland
Loeffler	O'Brien	Sundquist
Lott	Oxley	Taylor
Lowery (CA)	Packard	Thomas (CA)
Lujan	Pashayan	Vander Jagt
Lungren	Patman	Weber
Mack	Petri	Whitehurst
Madigan	Porter	Whittaker
Marlenee	Pritchard	Winn
Marriott	Quillen	Wortley
Martin (NC)	Regula	Wylie
Martin (NY)	Robinson	Young (AK)
McCain	Rogers	Young (FL)
McCollum	Roth	

NOES—311

Ackerman	Downey	Kogovsek
Addabbo	Durbin	Kolter
Akaka	Dwyer	Kostmayer
Albosta	Dymally	Kramer
Alexander	Dyson	LaFalce
Anderson	Early	Lantos
Andrews (NC)	Eckart	Leach
Andrews (TX)	Edgar	Leath
Annunzio	Edwards (CA)	Lehman (CA)
Anthony	English	Lehman (FL)
Applegate	Erdreich	Leland
Aspin	Evans (IA)	Levin
AuCoin	Evans (IL)	Levine
Barnard	Fascell	Levitas
Barnes	Fazio	Lipinski
Bates	Feighan	Lloyd
Bedell	Ferraro	Long (LA)
Beilenson	Fields	Long (MD)
Bennett	Flippo	Lowry (WA)
Bereuter	Florio	Luken
Berman	Foley	Lundine
Bevill	Ford (MI)	MacKay
Biaggi	Ford (TN)	Markey
Bilirakis	Fowler	Martin (IL)
Boggs	Frank	Martinez
Boland	Frost	Matsui
Boner	Fuqua	Mavroules
Bonior	Garcia	Mazzoli
Bonker	Gaydos	McCloskey
Borski	Gejdenson	McCurdy
Bosco	Gephardt	McGrath
Boucher	Gibbons	McHugh
Boxer	Gilman	McKernan
Breaux	Glickman	McKinney
Britt	Gonzalez	McNulty
Brooks	Gore	Mica
Brown (CA)	Gray	Mikulski
Bryant	Green	Miller (CA)
Burton (CA)	Guarini	Mineta
Byron	Hall (IN)	Minish
Carney	Hall, Ralph	Mitchell
Carper	Hall, Sam	Moakley
Carr	Hamilton	Molinari
Chappell	Harkin	Mollohan
Clarke	Harrison	Montgomery
Clay	Hartnett	Moody
Coelho	Hatcher	Morrison (CT)
Coleman (TX)	Hayes	Mrazek
Collins	Hefner	Murphy
Conte	Hertel	Murtha
Conyers	Hightower	Myers
Coughlin	Holt	Natcher
Courter	Hopkins	Neal
Coyne	Horton	Nelson
Craig	Howard	Nichols
Crane, Daniel	Hoyer	Nowak
Crane, Philip	Huckaby	Oakar
Crockett	Hughes	Oberstar
D'Amours	Hutto	Obey
Daniel	Ireland	Olin
Dannemeyer	Jacobs	Ortiz
Darden	Jeffords	Ottinger
Daschle	Jenkins	Owens
de la Garza	Johnson	Panetta
Dellums	Jones (NC)	Parris
Derrick	Jones (OK)	Patterson
Dicks	Jones (TN)	Pease
Dingell	Kaptur	Penny
Dixon	Kastenmeier	Pepper
Donnelly	Kemp	Perkins
Dorgan	Kennelly	Pickle
Dowdy	Kildee	Price

Pursell	Shuster	Torricelli
Rahall	Sikorski	Towns
Rangel	Siljander	Traxler
Ratchford	Simon	Udall
Reid	Sisisky	Valentine
Richardson	Skelton	Vandergriff
Ridge	Slattery	Vento
Rinaldo	Smith (FL)	Volkmer
Ritter	Smith (IA)	Vucanovich
Roberts	Smith (NJ)	Walgren
Rodino	Smith, Denny	Walker
Roe	Smith, Robert	Watkins
Roemer	Snowe	Waxman
Rose	Snyder	Weaver
Rostenkowski	Solarz	Weiss
Roukema	Solomon	Wheat
Rowland	Spratt	Whitley
Roybal	St Germain	Whitten
Rudd	Staggers	Williams (MT)
Russo	Stark	Williams (OH)
Sabo	Stenholm	Wilson
Savage	Stokes	Wirth
Sawyer	Stratton	Wise
Scheuer	Studds	Wolf
Schneider	Stump	Wolpe
Schroeder	Swift	Wright
Schumer	Synar	Wyden
Seiberling	Tallon	Yates
Shannon	Tauke	Yatron
Sharp	Tauzin	Young (MO)
Shelby	Thomas (GA)	Zschau
Shumway	Torres	

NOT VOTING—14

Boehlert	Hawkins	Lent
Foglietta	Heftel	McCandless
Hall (OH)	Hubbard	Paul
Hance	Hyde	Ray
Hansen (ID)	Kazen	

□ 1730

The Clerk announced the following pairs:

On this vote:

Mr. Hyde for, with Mr. Hawkins against.

Mr. Paul for, with Mr. Boehlert against.

Mr. PERKINS and Mr. MITCHELL changed their votes from "aye" to "no."

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

● Mr. BIAGGI. Mr. Chairman, I raise to lend my support to the budget proposal of the committee and its distinguished chairman, Mr. JONES. We have debated a number of different proposals embodying a variety of philosophies some I agreed with, others I did not. However, it is imperative that we enact a budget resolution so we might establish our targets for spending and revenues and begin to tackle our single biggest domestic problem—the deficit.

For the sake of real simplicity, the deficit problem we have is a result of two things. We spend somewhere in the vicinity of $925 billion. We produce revenues to pay for the spending to the amount of $745 billion. The difference is the deficit. Therefore, if we are to, in fact, lower the deficit in a meaningful fashion, our solution must blend a combination of lower spending and higher revenues.

The Jones budget proposal would in fact do just that and in a fair and equitable way, I might add. It would accomplish a deficit-reduction plan amounting to some $182 billion over 3 years. This plan does it honestly—up front with no gimmicks. It would accomplish it by freezing spending for a variety of programs but not the kind of deep freeze that would punish people in need. The Jones freeze means that certain nondefense discretionary programs would receive a 3.5-percent increase—which although less than inflation which is generally calculated at about 5 percent—is at least a basis to insure a largely maintained effort for these programs.

The inherent fairness in the Jones budget approach comes in its treatment of the vitally important means tested programs for the poor. It allows these programs to receive an increase of 3.5 percent above inflation. This represents both fiscal sense and compassion. The increase is not exorbitant—every cent it provides for is needed by those people whose very survival can depend on the benefits from these programs. Consider programs like medicaid and SSI, which provide vital services and income maintenance to the poorest segment of our society. The 3.5-percent increase provided is what these programs need and what we can afford because we are honest enough to say: we must provide offsetting revenues even for these increases.

As far as defense spending, the Jones budget again demonstrates inherent good fiscal sense to me. It allows for an increase of 3.5 percent above inflation for defense—a level which will not leave us vulnerable in terms of our national security—nor vulnerable in terms of our economic security. The original budget of the President called for a 13-percent increase above inflation. As my colleagues know his original budget in large part, because of this defense increase, was rejected. Other proposals have provided increases twice as high. I oppose those levels. So too do I oppose massive reductions in defense spending. I can and did support one proposal that made cuts in defense but did so by reducing and eliminating funds for certain inefficient weapons system programs. I believe as far as defense spending is concerned, that the Jones budget provides us with the proper balance.

Finally with respect to revenues, I support this proposal because it sets realistic revenue levels which in fact are on the threshold of being adopted as they are contained in H.R. 4170, which will be before this House next week. It does not propose to impose massive new tax requirements on the individual. It promotes better tax equity by closing loopholes.

One other thought about medicare and these budgets. The Jones budget presumes genuine savings in medicare of $4 billion over 3 years. However just as important as the bottom line in terms of savings is how they are achieved. The Jones budget subscribes to the theory I have supported that cuts must come from the provider, not the consumer level. Older people in America pay more for medicare and get less. They are paying more in out-of-pocket expenses now than they were before medicare was established. It is wrong and should not be perpetrated. Why should an elderly person on social security who receives a 3.5-percent COLA have to endure increases in medicare costs of some 18 percent. Why should providers reap such enormous profits from medicare. We began last year with the system of prospective reimbursements of DRG's. It was important then to begin the process and we related 25 percent of all of our hospital reimbursements to this new system. It seems to be working and therefore should be expanded to not just hospitals but physician fees and other health care facility costs.

The Jones budget is not perfect as we do not operate with a perfect budget system in Congress. However it is a vast improvement over the President's original budget and the Republican substitute which still adheres to the philosophy that only some must suffer for the good of others—but the some that suffer were suffering before and are suffering more now.

We need to pass this budget and get to the hard decisions about how much each program will get. However the budget resolution is our guiding light—our philosophical direction if it is enlightened—so too will our future budgetary policies. If it is fiscally sensible, so too will be our future actions. The Jones budget meets these tests and deserves our support.●

● Mrs. BURTON of California. Mr. Chairman, I rise in support of the Democratic Budget Committee resolution. This proposal is the most politically viable, economically sound substitute. While I have reservations about some of its provisions, I am pleased that the committee made great efforts to address the needs of the poor, the elderly, children, and the disabled.

We must pass a budget which begins to reduce the massive Reagan deficits—the Democratic budget produces a deficit $33 billion less than the Republicans' plan over the next 3 years.

While I am concerned about the deficit and its effect on the economy, I am determined that we do not once again pass a Reagan-Republican budget which wreaks havoc on the poor, the elderly, and the young of our Nation. The Washington Post reported just this morning that the tax and budget policies of the Reagan administration have had their most negative effect on those people at the low end of the income scale. We must redress these wrong policies.

The Democratic committee substitute will provide $5 billion for domestic spending. The committee recom-

mends increases for valuable programs such as Head Start, women, infants and children—WIC, Legal Services, maternal and child health, and food stamps. A program in which I have special interest, child nutrition, would also receive increased funding.

I also voted for the Black Caucus and Democratic Study Group proposals. The DSG budget, like the committee resolution, preserves and enhances important social programs, while providing for an even greater deficit reduction by recommending major tax reform.

I was especially pleased to vote for the Black Caucus budget, which offered the only defense spending reduction. The Pentagon's wasteful spending habits must be curtailed. Even more importantly, the Black Caucus recommended substantial increases in spending for education, for the elderly and handicapped, and for other vital domestic programs.

I commend the Budget Committee and the Democratic leadership for allowing these alternative proposals to come to the House floor and for developing a budget resolution which presents a serious challenge to the Reagan-Republican economic plan. Democrats must show that we still care about the disadvantaged, that we can solve the Nation's economic problems without placing further financial burdens on those who have borne so much in the past 3 years of Reaganomics.●

● Mr. GRAY. Mr. Chairman, today, the Members of this House will have the opportunity to speak to the people of this Nation with a firm voice about the impact of President Reagan's convoluted fiscal and economic policies which have ravaged the poor and disadvantaged in this Nation since 1981.

Four years ago, when then candidate Ronald Reagan was campaigning for the Presidency, he promised the American people that he would "chart a new course" for America.

Four years ago, little did the American people realize that the new course was the course of most suffering, most division, and most disparate sacrifice, and that this President would use the congressional budget process to enact the most radical economic changes that this Nation had witnessed in decades.

For 4 years, we have suffered under a President whose primary objective, in framing the economic policies of this Nation, has been to redistribute this Nation's wealth—unevenly and unfairly.

By shredding the social safety net and decimating those programs which provide the basic necessities of life, this President has been able to direct the disposition of what limited resources we have toward the massive acquisition of defense gadgetry.

It is this very economic philosophy which has fueled the deficit explosion. Today, in the third year of Ronald Reagan's Presidency, the deficit will reach nearly $200 billion.

By the end of this year, the projected Reagan deficits will total more than half of the $996 billion in deficits amassed by all previous Presidents since World War II.

As a member of the House Budget Committee, I have had the painful responsibility of examining the President's budgets in all too great detail. I was gratified to see this House last night reject the President's budget by an overwhelming margin.

The Democratic members of the House Budget Committee determined early that this was the year to reject the regressive Reagan economic policies of the past 4 years, and to restore this Nation to sound economic policy.

Toward this end, we met continually during the first 3 weeks in March to formulate a consensus on a first concurrent resolution on the budget, which restored some of the cuts in the programs which President Reagan has reduced most severely during his administration, yet effected more than a "downpayment on the deficit."

We reached our objective and reported to you the resolution which is before you now calling for $49.8 billion in new revenues, $49.8 in increased defense and domestic spending, and a deficit impact which is greater than that which the President proposed.

More importantly, the committee package will allow essential programs to increase at a rate equal to inflation.

In the entitlement area, generally, our Democratic budget provides for full inflation adjustments for social security, medicare hospital insurance, and all means-tested entitlement programs.

Real growth in some especially hard hit entitlements, such as social security disability insurance, nutrition, and preventive health care for infants and pregnant women.

While most of my Democratic colleagues on the committee agreed that this was the right approach, I believed that we needed to do more for those low-income discretionary programs which had been especially hard hit under Reagan.

Toward this end, I sought the inclusion of guarantees in the budget resolution that certain high-priority domestic programs will have real increases in spending, after adjusting for inflation.

These targeted programs, which are designed to assist the most economically disadvantaged of our citizens, include: Community health centers; maternal and child health; migrant health; WIC; Head Start; compensatory education and other education programs; children services programs, including child welfare, child abuse, juvenile justice and runaway and homeless youth; low-income energy assistance; low-income housing; legal services; community services block grants; training; education for the handicapped; Pell grants; supplemental education opportunity grants; the trio programs; institutional support for historically black colleges; and Indian education.

I also sought inclusion of language in the resolution which stipulates that the spending targets in the resolution cannot be used by the administration to argue against the enactment of the Humphrey-Hawkins jobs bill or against increasing the funding levels for aid to families with dependent children, AFDC, the State component of SSI, title XX, or an increase in the earned income tax credit.

This committee resolution reflects all of these concerns.

Mr. Chairman, in my view, this resolution formulated by the Budget Committee represents a far more economically viable and humane alternative to either the discredited Reagan proposals or the Senate Republican proposal, which incorporates many of the President's fallacious economic assumptions coupled with his proposed reductions in vital services.

I believe that adoption of this alternative will give us our first real opportunity to begin the process of reversing the regressive Reagan policies which have gutted the programs so vital to the growth and survival of our children, our cities, and our Nation, while establishing this Nation on the firm and straight path of responsible economic and fiscal policy.●

● Mr. SHUMWAY. Mr. Chairman, I wish to reaffirm my strong support for a balanced, sensible budget, and likewise express my concern over any budget proposal which would minimize the President's efforts to achieve such budgetary balance. If Congress ever expects to create a balanced budget and eliminate the staggering national debt, we must institute strict guidelines to assure sensible budgeting through reduced spending, without increased taxes.

While I am not opposed to certain tax adjustments, this approach should receive a minimal amount of emphasis. Rather, as my constituents have repeatedly stated to me, tax increases should rarely be initiated, and should never be allowed to foster out-of-control spending. Such spending could never lead to the successful operation of any private sector enterprise, and should never be considered a viable alternative for the operation of government.

For this reason, I urge my colleagues on both sides of the aisle to join me in shouldering the fiscal responsibility mandated by the Constitution. Instead of placing unconstructive blame on

the President, we must seriously consider the repercusions of our votes on this measure, and then choose to support a budget package which would: first, reduce escalating domestic spending; second, cut waste and abuse within the Federal Government; third, lead to lower interest rates and higher economic growth; fourth, support an appropriate level of defense spending; fifth, reject major tax increases; and sixth, establish tax increases only if tied to guarantees that spending will not increase.

This approach must be considered the only feasible solution to our Federal deficit crisis. Any thing less would threaten the integrity of this body, and invite the return of the same destructive forces which earmarked the recession.●

● Mr. BROWN of California. Mr. Chairman, each year it is the responsibility of Congress and the President to devise a Federal budget for the coming fiscal year. It is never an easy task and, no matter the politics, the final outcome is always a compromise. The budget submitted today, as well as its substitutes, are a result of compromises. No one is likely to be entirely pleased with any of them. But the overriding concern—the final objective of any budget—is which of these proposals is the most fair and equitable, yet at the same time maintains fiscal responsibility.

We have several proposals before us which aim to reduce the deficit and be fiscally responsible. To one degree or another, all of these budgets, including the President's, increases revenues; all, except one, reduces domestic spending; and all, except the President's, modifies the large growth in defense spending. Basically, we have no radically different approaches to our deficit dilemma; we know we must reduce domestic spending, modify defense growth, and make modest revenue increases.

There are several very pragmatic budgets being proposed, but perhaps the most pragmatic has been presented by the House Budget Committee. It incorporates a comprehensive and prudent deficit reduction program, combining domestic spending savings, modest increases in defense and selected domestic programs, and revenue increases. The committee budget freezes all programs at a 3.5 percent increase above fiscal year 1984 levels. Realizing, however, that certain national priorities take precedence, the committee is requesting a real growth above inflation of 3.5 percent for defense and certain low-income programs. The additional cost—$44 billion for defense and $5 billion for domestic programs—will be on a pay-as-you-go basis. That is, revenues will be increased to provide for the new spending—defense or domestic programs.

This realistic plan to control deficit growth is absolutely necessary for this Nation's economic progress. Under current policy, deficits will grow to $270 billion by 1987 and over $300 billion by 1989. According to the Congressional Budget Office (CBO), a nonpartisan organization, the House budget will make modest, yet significant progress to reduce the deficit. Under this plan, deficits will be approximately $175 billion in fiscal year 1985; $172 billion in fiscal year 1986; and $181 billion in fiscal year 1987. In contrast, the President's plan would only reduce the deficit $181 billion, $184 billion, and $198 billion, respectively. And while the President's deficit reduction proposal calls for approximately the same amount of revenue increases, it does not cover the anticipated spending increases nor does it endorse the prudent "pay-as-you-go" approach to Federal spending.

Several years ago, Congressman GEORGE MILLER began submitting his "pay-as-you-go" budget. Aimed at controlling runaway spending and reducing the deficit in a responsible, equitable, and effective manner, the approach, which I have consistently supported, requires revenue increases for spending increases. It does not dictate what should and should not be spent or what taxes to increase, but it does require a new sensibility to the American public. It requires the President and Congress to explain where our money is being spent and how we are going to pay for it.

This President has relied on his charisma, charm, and, yes, individual tax reductions to lure the American public into complacency about his new spending priorities which substantially increase our deficits. The fact remains that this President has tripled our annual deficits. Our Nation's debt will double to almost $2 trillion between 1980 and 1985 and more than triple to over $3 trillion by 1989.

This administration has not reduced deficits or Federal spending as it promised. Instead, it has merely altered priorities—more for defense and less for domestic programs. As anyone can tell you, no matter how you spend your money, if you spend more than you earn, you are still in debt. An August 1983 Congressional Budget Office (CBO) report indicates that spending for human resources programs has been reduced, in total, by about 7 percent relative to what it would have been under the laws existing at the beginning of 1981. These areas include programs in retirement and disability, health care, education, and job training.

The Budget Committee attempts to compensate for some of this decrease by providing a 3.5 percent increase above inflation—for a total of $5 billion—for programs in certain areas: Nutrition, health, job training, and education. These increases would total $2.85 billion, yet despite this, total net savings in nondefense discretionary spending of $4.6 billion over 3 years would result. These programs are aimed directly at those who can least afford it. Women and their children, for example, have taken the brunt of recent domestic spending cuts, yet a recent report predicts that this group, left to its own devices, could comprise nearly 100 percent of the poor by the year 2000. Surely our children deserve better. As President Reagan stated in his state of the Union address in January, "Our children come first."

The House budget recognizes the need for our Nation to maintain certain commitments. Our Nation should have a defense second to none. The Committee Budget would continue our defense buildup of the last several years by providing a 3-year cumulative increase of $139.5 billion. The committee recommendation does not mandate reductions from current defense funding, but rather would slow the rate of proposed funding increases. The defense buildup should occur at a more reasoned and efficient pace, understanding that the expensive weapon commitments we make today must somehow be paid by our children tomorrow.

The funding level of $285.7 billion recommended for fiscal year 1985 would represent the sixth consecutive year of growth to the defense budget. The level of defense funding recommended for fiscal year 1985 is 96 percent greater—45 percent in real terms—than the fiscal year 1980 level. The funding recommended for fiscal year 1987 is 131 percent greater—56 percent in real terms—than fiscal year 1980, and would represent the largest level of defense funding in real terms for any year since the end of World War II, including the Korean and Vietnam war periods. The committee recommendation would more than fulfill the 1979 pledge of the NATO allies to increase defense funding by 3 percent real growth each year.

Even the President's budget projections do not take into full consideration major military initiatives such as the administration's space weapons program. Costing only a couple of billions of dollars now, this "star wars" initiative is expected to grow astronomically, eventually costing us hundreds of billions, if not trillions, of dollars—easily dwarfing the arms race on Earth. Instead of spending our limited resources on systems we pray we will never use, we should abide by existing treaties; for example, the 1972 Anti-Ballistic Missile Treaty, and seek ways to reduce our tensions and find alternatives to creating a volatile world for ourselves and others.

Financing even modest increases in our Federal budget is a most disagree-

able task. But despite recent good economic news—new business starts and reduced unemployment—we simply will not be able to grow out of our deficit problem. For each 1-percent reduction in employment, we will save approximately $25 billion through increased revenues and reduced benefit costs. To gain control over our deficit, we would need to completely abolish unemployment. I regret to say that this is highly unlikely.

Reluctantly, we will need to increase taxes. The pay-as-you-go approach is the most reasonable, equitable, and responsible method yet devised. It states explicitly where our new revenues will go. The proposal already agreed upon by the House Ways and Means Committee would increase revenues by approximately $49 billion over 3 years. This measure would close loopholes and reduce the decline in certain taxes, such as the windfall profits tax and cigarette tax. A similar proposal by the Senate Finance Committee, which the President has endorsed, would raise approximately the same amount through slightly different means.

All in all, I believe that this budget provides the fairest and most pragmatic method for reducing our deficits—which must be reduced in order to keep interest rates low and provide for a sustained economic recovery. It combines the essential ingredients: Savings in domestic spending, modest increases in defense and certain domestic programs, and modest revenue increases which do not adversely burden the American taxpayer. It is unlikely that a fairer and more pragmatic approach to the unpleasant task of reducing our deficit could be devised and accepted.

Throughout my statement I have tried to realistically appraise the various budget proposals in conjunction with the political climate. It is a fact of life that idealistic politicians, such as myself, must on occasion submit to reality; it is not always a pleasant task. There are, however, a group of our colleagues who, year after year, have given us an opportunity to glimpse another set of priorities and concerns which do not perceive the hard, cold facts of politics. I am referring to the budget submitted by the Congressional Black Caucus.

This budget is perhaps the most radical of the proposals presented. It would make actual decreases in defense spending while increasing key domestic programs. Its premise, as in past years, is that we must create a nation which, by its very nature, is secure. A nation where a good education for every citizen is guaranteed; a nation of employed people; a nation which cares for its weaker members—the elderly, the handicapped, the poor; a nation which places peace—real peace, not the mere absence of war—over the interest of its military industry. It is a worthy objective from which, even in the these more conservative, more pragmatic times, I shall not shrink.

Political reality, however, forces compromise, and compromise, in the end, does strengthen our democracy. The House Budget Committee's proposal asks for sacrifices from each segment, yet minimizes the hardship on those who can least afford it. Today I urge my colleagues on both sides of the aisle to set aside our partisan politics, to realistically assess our objectives for our diverse Nation, and adopt the budget submitted by the House Budget Committee. Thank you.●

● Mr. STARK. Mr. Chairman, the sentiment in my district is overwhelming for severe deficit reductions, in large measure through reductions in the President's military buildup.

There are only two of the eight budgets before us which begin to address those concerns—the budget being offered by Mr. DIXON of California and the one being offered by Mr. MCHUGH of New York. I will support these amendments and oppose the others. If neither of the two amendments is adopted, I will oppose final passage of the budget resolution.

Over 3 years, the Dixon budget reduces deficits $324 billion; McHugh's $262 billion. The other five alternatives range from $86 billion—the President's original proposal—to $234 billion. I want to vote for the two proposals which make the largest deficit reduction. Dixon reduces planned arms spending $203 billion over 3 years. McHugh, $140 billion. One other option proposes a $140 billion reduction. The others propose much, much less in the way of moderating the rush to arms. Both Dixon and McHugh offer more in the way of tax reform than the other proposals. For all these reasons, I support these two proposals—and oppose the others.

I still do not think the Congress has gotten the word on how very much the American people want deficits reduced and military waste stopped.

In mid-February, I polled the Ninth California Congressional District on whether they would increase, decrease, or keep the same spending levels in the major budget categories. I then asked these voters to add up their tax totals and spending totals and see what deficit figure they came up with.

There was a good response to the poll. Results are still coming in, because it was a somewhat hard poll to complete and because hundreds of people chose to write additional letters and comments. We have tabulated about 2,400 responses.

Mr. Chairman, do you know what the average deficit these voters came up with?

Thirty-nine billion dollars.

And here we sit debating deficits in most of the proposals of $150 to $180 billion.

We sit here worrying about what people will say about tax increases. But the response in my district clearly shows that citizens are willing to raise taxes to reduce the deficit. For example, 71 percent of the respondents tabulated support a rise in corporate income taxes. An even larger percentage, 77 percent, favor raising excise charges, such as those on tobacco.

As our country sinks deeper and deeper into debt, citizens plead for Congress to act courageously: To close tax loopholes, to crack down on unfair tax giveaways, and, ultimately, to raise taxes in a fair and even handed way.

The poll results send another urgent message: Reduce military spending. The people of California's Ninth District understand all too well that the Pentagon budget is out of control. And they are angry about it; 86 percent of those who responded want defense spending reduced; 86 percent. It is hard to imagine a clearer mandate for congressional action.

My constituents are willing to pay their fair share to reduce the deficit, but they will not blindly support more huge increases for the Defense Department. And, after all, how can Congress in good conscience ask citizens to help raise revenues while Pentagon spenders pay $9,000 for a 12-cent wrench?

On other points, overwhelmingly, people want reductions in funding of agricultural programs, especially price supports. Similarly, the vast majority of respondents favor a decrease in international affairs spending, with many expressing outrage at U.S. support of corrupt dictatorships. In other areas of Federal expenditures, such as education, health, welfare, and transportation, constituents were more supportive of current spending levels, though many urged a redoubling of efforts to eliminate waste and inefficiency.

I want to express my appreciation to all who responded to the survey. People gave serious thought to the questions and provided many interesting and useful insights. I hope the exercise was as educational for them as it was for me.

To conclude, Mr. Chairman, the Dixon and McHugh options are the only budget proposals which come close to meeting the wishes of the people of my district, and, I believe, the Nation.●

□ 1740

The CHAIRMAN. Under the rule, the Committee rises. Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MOAKLEY, Chairman of the Committee of the Whole House on the State of the

Union, reported that that Committee, having had under consideration the concurrent resolution (H. Con. Res. 280) revising the congressional budget for the U.S. Government for the fiscal year 1984 and setting forth the congressional budget for the U.S. Government for the fiscal years 1985, 1986, and 1987, pursuant to House Resolution 476, he reported the concurrent resolution back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the concurrent resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. LATTA. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 250, nays 168, not voting 14, as follows:

[Roll No. 74]

YEAS—250

Ackerman	Durbin	Lehman (CA)
Addabbo	Dwyer	Lehman (FL)
Akaka	Dymally	Leland
Albosta	Dyson	Levin
Alexander	Early	Levine
Anderson	Edgar	Lipinski
Andrews (NC)	Edwards (CA)	Long (LA)
Andrews (TX)	Erdreich	Long (MD)
Annunzio	Evans (IL)	Lowry (WA)
Anthony	Fascell	Luken
Aspin	Fazio	Lundine
Barnes	Ferraro	MacKay
Bates	Flippo	Markey
Bedell	Florio	Martinez
Beilenson	Foley	Matsui
Bennett	Ford (MI)	Mavroules
Bereuter	Ford (TN)	Mazzoli
Berman	Fowler	McCloskey
Bevill	Frank	McCurdy
Biaggi	Frost	McHugh
Boggs	Fuqua	McKernan
Boland	Garcia	McKinney
Boner	Gejdenson	McNulty
Bonior	Gephardt	Mica
Bonker	Gibbons	Mikulski
Borski	Glickman	Miller (CA)
Bosco	Goodling	Mineta
Boucher	Gore	Minish
Boxer	Gray	Mitchell
Britt	Guarini	Moakley
Brooks	Hall (IN)	Mollohan
Broomfield	Hall, Sam	Montgomery
Brown (CA)	Hamilton	Moody
Broyhill	Harrison	Morrison (CT)
Bryant	Hatcher	Mrazek
Burton (CA)	Hayes	Murtha
Carper	Hefner	Natcher
Chandler	Hertel	Neal
Chappell	Hightower	Nelson
Clarke	Horton	Nichols
Clay	Howard	Nowak
Clinger	Hoyer	Oakar
Coelho	Huckaby	Oberstar
Coleman (TX)	Hughes	Obey
Collins	Hutto	Olin
Conte	Jacobs	Ortiz
Conyers	Jeffords	Ottinger
Cooper	Jenkins	Owens
Coyne	Johnson	Panetta
D'Amours	Jones (NC)	Patterson
Daschle	Jones (OK)	Pease
Davis	Jones (TN)	Penny
de la Garza	Kaptur	Pepper
Dellums	Kastenmeier	Perkins
Derrick	Kennelly	Petri
Dicks	Kildee	Pickle
Dingell	Kogovsek	Porter
Dixon	Kolter	Price
Donnelly	Kostmayer	Pritchard
Dowdy	LaFalce	Rahall
Downey	Lantos	Rangel
Ratchford	Skelton	Volkmer
Reid	Smith (FL)	Walgren
Richardson	Snowe	Watkins
Ridge	Solarz	Waxman
Rodino	Spratt	Weaver
Roe	St Germain	Weiss
Rose	Staggers	Wheat
Rostenkowski	Stark	Whitley
Rowland	Stenholm	Whitten
Roybal	Stokes	Williams (MT)
Russo	Stratton	Williams (OH)
Sabo	Studds	Wilson
Savage	Swift	Wirth
Scheuer	Synar	Wise
Schneider	Tallon	Wolpe
Schroeder	Thomas (GA)	Wright
Schumer	Torres	Wyden
Seiberling	Torricelli	Wylie
Shannon	Towns	Yates
Sharp	Traxler	Yatron
Sikorski	Udall	Young (MO)
Simon	Valentine	
Sisisky	Vento	

NAYS—168

Applegate	Gramm	Oxley
Archer	Green	Packard
AuCoin	Gregg	Parris
Badham	Gunderson	Pashayan
Barnard	Hall, Ralph	Patman
Bartlett	Hammerschmidt	Pursell
Bateman	Hansen (UT)	Quillen
Bethune	Harkin	Regula
Bilirakis	Hartnett	Rinaldo
Bliley	Hiler	Ritter
Breaux	Hillis	Roberts
Brown (CO)	Holt	Robinson
Burton (IN)	Hopkins	Roemer
Byron	Hunter	Rogers
Campbell	Ireland	Roth
Carney	Kasich	Roukema
Carr	Kemp	Rudd
Chappie	Kindness	Sawyer
Cheney	Kramer	Schaefer
Coats	Lagomarsino	Schulze
Coleman (MO)	Latta	Sensenbrenner
Conable	Leach	Shaw
Corcoran	Leath	Shelby
Coughlin	Levitas	Shumway
Courter	Lewis (CA)	Shuster
Craig	Lewis (FL)	Siljander
Crane, Daniel	Livingston	Skeen
Crane, Philip	Lloyd	Slattery
Crockett	Loeffler	Smith (IA)
Daniel	Lott	Smith (NE)
Dannemeyer	Lowery (CA)	Smith (NJ)
Darden	Lujan	Smith, Denny
Daub	Lungren	Smith, Robert
DeWine	Mack	Snyder
Dickinson	Madigan	Solomon
Dorgan	Marlenee	Spence
Dreier	Marriott	Stangeland
Duncan	Martin (IL)	Stump
Eckart	Martin (NC)	Sundquist
Edwards (AL)	Martin (NY)	Tauke
Edwards (OK)	McCain	Tauzin
Emerson	McCandless	Taylor
English	McCollum	Thomas (CA)
Evans (IA)	McDade	Vander Jagt
Feighan	McEwen	Vandergriff
Fiedler	McGrath	Vucanovich
Fields	Michel	Walker
Fish	Miller (OH)	Weber
Franklin	Molinari	Whitehurst
Frenzel	Moore	Whittaker
Gaydos	Moorhead	Winn
Gekas	Morrison (WA)	Wolf
Gilman	Murphy	Wortley
Gingrich	Myers	Young (AK)
Gonzalez	Nielson	Young (FL)
Gradison	O'Brien	Zschau

NOT VOTING—14

Boehlert	Hansen (ID)	Kazen
Erlenborn	Hawkins	Lent
Foglietta	Heftel	Paul
Hall (OH)	Hubbard	Ray
Hance	Hyde	

□ 1750

The Clerk announced the following pairs:

On this vote:

Mr. Hawkins for, with Mr. Hance against.

Mr. Foglietta for, with Mr. Hyde against.

Mr. Boehlert for, with Mr. Lent against.

So the concurrent resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

House Concurrent Resolution 282 was laid on the table.

□ 1800

PERMISSION FOR COMMITTEE ON THE JUDICIARY TO HAVE UNTIL 6 P.M. FRIDAY, APRIL 6, 1984, TO FILE REPORT ON H.R. 5041, JOINT RESEARCH AND DEVELOPMENT ACT OF 1984

Mr. EDWARDS of California. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary may have until 6 p.m. Friday, April 6, 1984, to file its report on the bill, H.R. 5041, the Joint Research and Development Act of 1984.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

PERSONAL EXPLANATION

Mr. SAM B. HALL, JR. Mr. Speaker, as a result of an illness in my family, I was forced to miss rollcall votes Nos. 62, 63, and 64 on Tuesday, April 3, 1984. If present and voting I would have voted "yea" on rollcall No. 62, the conference report on H.R. 4072, Wheat Improvement Act of 1983. I would have voted "yea" on rollcall No. 63, H.R. 4707, Arizona Wilderness Act of 1984. Finally, I would have voted "yea" on rollcall No. 64, H.R. 5026, Truth in Lending Act amendments.

LEGISLATIVE PROGRAM

(Mr. MICHEL asked and was given permission to address the House for 1 minute.)

Mr. MICHEL. Mr. Speaker, I have asked to proceed for 1 minute for the purpose of inquiring of the distinguished majority leader the program for the balance of today and next week.

Mr. WRIGHT. Mr. Speaker, if the distinguished gentleman from Illinois would yield.

Mr. MICHEL. I am happy to yield.

Mr. WRIGHT. This concludes our business for today and for this week. It will be my purpose to ask unanimous consent shortly that when we adjourn today that we adjourn to meet at noon on Monday.

Next week on Monday we expect to have five or six suspensions. They include the following:

H.R. 1314, Reorganization Act Amendments of 1983.

H.R. 5155, Land Remote-Sensing Commercialization Act of 1984.

H.R. 5298, White House Council on Small Business.

S. 38, Longshoremen's and Harbor Workers' Compensation Act amendments.

H.R. 4214, State Mineral Institutes Program.

Votes recorded on those suspensions will be postponed until the end of business on Tuesday.

On Tuesday we will consider H.R. 4900, the Panama Canal authorization, under an open rule, with 1 hour of general debate, and a bill, H.R. 7, extending and improving the Child Nutrition Act, subject to the granting of a rule.

We will then have recorded votes on any suspensions on which recorded votes have been demanded which had been debated on the previous day.

On Wednesday we suggest at this time that we meet at 3 p.m., but that is subject to change if it occurs to us collectively that it would be useful to meet earlier.

On Wednesday we would hope to take up H.R. 4170, the Tax Reform Act under a modified rule, with 4 hours of general debate.

On Thursday and the balance of the week we would meet at 11 o'clock and it is our purpose to take up the budget reconciliation bill, subject to the granting of a rule.

Conference reports, of course, may be called up at any time and Members should be on notice that it is at least possible that we might have a vote on the conference report on the supplemental authorization bill.

Mr. MICHEL. If I might inquire of the distinguished majority leader, he has scheduled here the Tax Reform Act for Wednesday and reconciliation the following day. Is there any possibility that the order of those two measures could be reversed? As the gentleman knows, there is a problem getting sufficient votes to pass a tax bill. Conceivably it might be helpful if there was reconciliation considered first, so that Members could know what would be done on the expenditure side before committing themselves for any tax bill.

Now, I am not saying that that is the controlling difference. I have not monitored the numbers that closely. It is just that I recognize, particularly on my own side the anxiety on the part of Members particularly with respect to voting for some expenditure reductions precedent to voting for a tax bill.

Mr. WRIGHT. Well, the suggestion being made by the gentleman from Illinois certainly is worthy of consideration. If there is some reason to believe that it would enhance our prospects for passage of the entire program next week, we most surely would be willing to consider that possibility with an open mind.

I do not want to set anything in concrete at this time, but neither would I close the door at all on the suggestion made by the gentleman from Illinois.

Mr. MICHEL. Then might I also inquire if there is no change in that program and noting that there would be 4 hours of debate on the tax bill, plus debate on the rule, whether the majority leader would give consideration next week to maybe moving up the time for meeting, rather than 3 o'clock, as we did this week, meeting earlier so that we might conclude at a reasonable hour.

Mr. WRIGHT. We surely would give consideration to that. In fact, some conversation already has ensued.

I would like to maintain enough flexibility at the moment that we could make those judgments next week based upon what appears at that time to be the most propitious route to pursue.

I certainly would agree that it is a possibility that we might want to consider next week.

Mr. MICHEL. Then might I also inquire, is it the intention of the leadership that we would be concluding our business, if all goes according to schedule and plan next Thursday and that there would be no session on Friday, a week from tomorrow?

Mr. WRIGHT. What a pleasant thing to anticipate. That is something I think all of us would like to achieve and if we can complete this program, then we would look forward to doing that; however, I should not want to encourage Members to make irrevocable commitments on Friday next week, with the possibility we might have to be in session in order to complete this program. I think all Members on both sides of the aisle would like to be able to go home and say that this House at least has completed its work on the budget and those matters related directly to the budget in order to carry out those things to which we have committed ourselves in the vote today, both from the standpoint of the reconciliation bill and the tax bill.

Mr. MICHEL. Mr. Speaker, I thank the gentleman.

Mr. FRENZEL. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I am happy to yield to the gentleman from Minnesota.

Mr. FRENZEL. Mr. Speaker, the point the distinguished minority leader made about starting the program earlier, particularly when we are into taxes and reconciliation which are complicated matters that the House will wish to discuss and which will also occur undoubtedly in 1-minute speeches, I think the House would like to know at the soonest time what the intentions of the majority are so that it can regulate its business.

It is not a good idea to have surprises. It is nicer to know before we target our business for the weekend. If that is impossible, it is nicer to know as soon as possible in the new week what the intentions of the majority are, because there is lots of business going on around here.

Mr. WRIGHT. I agree with the gentleman. There is lots of business. I believe the gentleman's committee is meeting today to produce one part of this reconciliation bill. I think it would be well if we were to leave ourselves some flexibility to accomodate ourselves next week to the realities that develop. One of those realities, of course, lies in the gentleman's committee.

We think there is a good likelihood that we will revisit this and consider an earlier session on Wednesday.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I am happy to yield to the gentleman from Pennsylvania.

Mr. WALKER. Mr. Speaker, I understood there was some talk that we were going to have the equal access bill before us next week. I do not believe I heard that announced. Has that been put aside?

Mr. WRIGHT. If the gentleman will yield, that has been put aside under a mutual agreement of the members of several committees. It will be considered on the House floor. It will be granted the opportunity for full consideration and for Members to express their will on that bill at a later date, not next Monday, but on another occasion when we will be considering bills under suspension of the rules.

Mr. WALKER. Mr. Speaker, if the gentleman will yield further, do I understand the majority leader to say we will have the bill under an open rule, rather than bringing it out under the Suspension Calendar?

Mr. WRIGHT. If the gentleman will yield, I did not suggest that nor intend to be so understood. At this time I know of no reason to suggest that it would not be eligible for consideration under suspension of the rules; but I am not privy to conversations that are taking place at this time.

I would simply say to the gentleman that an attempt is being made to reconcile problems that are encountered by members of various committees who feel that they have an interest in this legislation and that the legislation will be scheduled for our consideration and we will be given every opportunity to vote on it, quite possibly under suspension of the rules.

I am not at liberty to make that absolute commitment at this time nor to give an absolute date, but it is my expectation that at some time before the end of the month of May this bill will be before the House.

Mr. WALKER. I thank the gentleman for yielding.

Mr. MICHEL. Mr. Speaker, I thank the distinguished majority leader.

□ 1810

ADJOURNMENT TO MONDAY, APRIL 9, 1984

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at noon on Monday, April 9, 1984.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

PETER JOSEPH MURPHY, JR., 1924-84

(Mr. BOLAND asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BOLAND. Mr. Speaker, I take this opportunity to join with Chairman WHITTEN, Mr. ADDABBO, Mr. CONTE, and others in their comments about Pete Murphy, the staff director of the Defense Appropriations Subcommittee, who died of cancer on Tuesday morning.

Pete Murphy combined all the qualities that made an outstanding member of the Appropriations Committee staff. He was hard working—often here on evenings and weekends. He was an expert budget technician—dedicated to uncovering the issues, that lay behind hundreds of millions, yea, billions of dollars of budget requests.

And Pete knew his subject matter as well as any one in this town. From research and development, through the maze of DOD procurement—Pete had a fine grasp of every program—whether it was the smallest handgun or the B-1B bomber. He was also responsible for the Appropriation Committee's review of the intelligence community, and worked closely with the staff and members of the House Select Committee on Intelligence.

His recommendations to the committee and to the Congress were marked with a thoroughness of review and a careful understanding of what was the right thing to do. And, Mr. Speaker, above all, Pete's integrity and his sense of honesty will be remembered. No one who knew him, or who worked with him—could not come away with a feeling that Pete was a "straight shooter."

Pete served in the Marine Corps in the Pacific during World War II. He saw action on both Guadalcanal and the invasion of Bougainville. He also participated in the Guam invasion and the invasion of Iwo Jima—where he was wounded in an assault on an Iwo Jima airfield.

Mr. Speaker, in John Kennedy's first state of the Union delivered from the podium behind me, he said:

> Let the public service be a proud and lively career. And let every man and woman who works in any area of our national government, in any branch, at any level, be able to say with pride and with honor in future years: "I served the U.S. Government in that hour of our nation's need."

Pete Murphy was that kind of a public servant—and his 22 years as a special agent with the Federal Bureau of Investigation—and his 16 years as a staff member of the House Appropriations Committee are a testament to President Kennedy's words.

Finally, although Pete devoted the best years of his life to his work—it was his family that he loved and cared for above all. He died at home with his family as he wanted to, and our deepest sympathy goes out to his wife Eve and their six children, Daniel P., Michael J., James P., Mary Ellen, Kathleen M., and Patricia.

We will all miss him very much.

THAILAND RECOGNIZED FOR REFUGEE EFFORTS

(Mr. McCOLLUM asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. McCOLLUM. Mr. Speaker, next week our Nation will have the pleasure of welcoming the distinguished Prem Tinsulanonda, Prime Minister of Thailand.

On this occasion, I would like to take a moment to recognize the Nation of Thailand's truly outstanding accomplishments in the area of refugee resettlement—a subject I am well acquainted with as a member of the Immigration Subcommittee.

For many years now, Thailand has been a haven for thousands and thousands of refugees from Vietnam, Kampuchea, and Laos who have fled Communist terror and oppression. For any nation, such an influx would pose enormous logistical and organizational problems and would require a major commitment on the part of that nation to undertake the challenge of overcoming them. Thailand has done exactly that. Faced with responsibility for the lives of thousands of homeless and desperate men, women, and children, Thailand has helped them begin new lives with competence, efficiency, and understanding. It has worked tirelessly to house, feed, and care for these refugees and find new homes in other countries.

Unfortunately, Thailand's exceptional efforts do not make the front pages of the newspapers very often; in fact, we rarely hear about the work being done every day of the year to bring order and stability back to the lives of refugees with no place to go. We do hear about the tragedies which all to often occur when people are forced to flee as quickly as they can in any manner that they are able to find. But, we do not hear about the families that are fortunate enough to find their way into a well-coordinated resettlement process such as Thailand's, and are quietly assisted in beginning a new life. There are thousands of these success stories taking place every year.

The nation of Thailand should be commended for the truly excellent humanitarian resettlement program it has developed and for its proven ability to handle what is indeed an awesome responsibility. Many nations have assisted the refugees of Vietnam, Kampouchea and Laos, but none more valiantly or with greater compassion. Faced with the challenge of meeting the needs of thousands of refugees without homes—and without hope—Thailand has risen to the occasion in a manner which should be an example to all nations. I urge my colleagues to join me in recognizing the nation of Thailand and its outstanding contribution to humanity.

CHEATING THE VOTERS ON THE EVENING NEWS

(Mr. WIRTH asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. WIRTH. Mr. Speaker, I would like to call your attention to an editorial in today's New York Times. The editorial chastises the three television networks for projecting the winner in Tuesday's New York Presidential primary long before all polls had closed.

Election projections before polls are closed do not inform voters, they discourage them. The empirical evidence clearly shows that voters are much less likely to exercise their franchise when they are told who has already won the election. Early projections do not contribute in any positive way to our democratic form of government—they exploit it.

Mr. Speaker, I am very frustrated by the network's competitive drive to be first to project a winner. This blatant irresponsibility is an egregious interference in our Nation's electoral process.

I urge my colleagues to read today's New York Times' editorial.

[From the New York Times, Apr. 5, 1984]

DEMOCRACY ENLARGED; ALSO POLLUTED—

CHEATING THE VOTERS ON THE EVENING NEWS

Sometimes, to those of us in the print branch of the news business, television can be an exasperating cousin. We share many interests and problems with TV news and just two days ago advocated freeing its political coverage from Government regulation. But that very night, election night in New York—and hours before the polls close—the networks were pronouncing magisterially that it was a big night for Walter Mondale. Don't they see this as an abuse of the vote? Don't they hear the properly angry reaction bubbling up around the country?

The issue is not accuracy. The Tuesday reports, based on exit polls, were correct. And the issue should not be exit polling, an invaluable tool for finding out why people vote the way they do. The issue is the *abuse* of exit polls.

Besides analyzing the vote, exit polls can be used to anticipate the results before the voting has ended. And if the findings are reported while people are still voting, that risks infecting the outcome. What are people apt to do when they hear that their candidate's way ahead—or behind? Not vote. And that can alter the outcome, if not for those candidates then for others on the ballot.

TV news knows all that, and responsible broadcasters assert that they will wait until the voting booths close before divulging their exit polls. But they are cheating on that resolve, as can be seen in excepts from the 7 o'clock news Tuesday night.

The baldest report was on NBC: "In New York, where the polls are still open, Mondale appears to be winning by a decisive margin. Interviews with voters leaving the polling places indicate that Mondale is the first choice of most groups." Note the words *winning* and *decisive*. The language was more measured on CBS ("This may be a big night for Walter Mondale and Jesse Jackson") and ABC "It appears to be going well for Walter Mondale"). Appears from what? On all three networks, the point was unmistakable: Sure, dear viewer, there are two hours of voting left, but never mind, things are all wrapped up.

Democracy depends on a free press because the public needs unfettered access to news. But democracy also depends on an untainted vote, and premature reporting of exit polls can taint the vote. Fearing that, Washington state passed a law last year to keep poll-takers away from voters, a law that this newspaper and others are challenging in Federal court. Florida and Hawaii have passed similar laws; Massachusetts is thinking about it.

Such regulation is deeply offensive because it inserts a governmental nose into reporting and because exit polls, which the Times conducts with CBS, contribute so much to public understanding of the electoral process. The polls deserve protection—and the best protection would be for broadcast journalists to report them responsibly, which, most of all, means after the voting has ended.

If broadcasters keep rushing to use exit polls to predict that so-and-so will win, they'll unleash an avalanche of outrage. That would risk wiping out the good, irreplaceable data about the vote, along the good, irreplaceable data about the vote, along with the bad, and for what? Does any TV news executive believe *that* would improve political reporting?

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. CORCORAN) is recognized for 5 minutes.

● Mr. CORCORAN. Mr. Speaker, due to out-of-town speaking commitments, I was not present and voting when the House considered various legislative business on March 28 and 29. If I had been present, I would have voted in the following way:

WEDNESDAY, MARCH 28

On a motion to approve the House Journal of Tuesday, March 27, "yea."

On passage of the bill to authorize $7.5 billion for programs of the National Aeronautics and Space Administration (H.R. 5154), "yea."

On passage of House Joint Resolution 517, Department of Housing and Urban Development, fiscal year 1984 urgent supplemental appropriations, "yea."

On adoption of House Resolution 443, Hunger Committee funding, "nay."

On adoption of the rule to H.R. 4841, Coast Guard authorization, "yea."

On passage of House Resolution 4841, "yea."●

EXCHANGE STABILIZATION FUND: SOUP KITCHEN FOR WORLD'S LARGEST BANKS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Colorado (Mr. BROWN) is recognized for 10 minutes.

Mr. BROWN of Colorado. Mr. Speaker, the Treasury has announced it will be using the Exchange Stabilization Fund to finance $300,000,000 of the overdue interest payments owed by Argentina to United States and foreign bankers.

The Exchange Stabilization Fund was originally established in 1934 and was designed to engage in currency intervention to stabilize the U.S. dollar.

Why is it we have turned this enormous fund into a soup kitchen for the world's biggest banks?

Is it because Argentina is unable to make its current interest payment? Newsweek reports that Argentina, "is thought to hold $1 billion or more in foreign exchange reserves." While Argentina has enormous problems with its foreign debts, it clearly has the assets to make this current interest payment.

Are we bailing out the banks who are Argentina's creditors because they are so impoverished that they must stand in the U.S. Treasury's soup kitchen line? The lastest issue of Business Week reports the following 1983 profits for Argentina's largest U.S. creditors:

Citicorp, $860 million, up 19 percent from last year; Manufacturers Hanover Trust, $337 million, up 14 percent; J. P. Morgan, $460 million, up 17 percent; Chase Manhattan Bank, $429 million, up 40 percent; Chemical Bank of New York, $305.6 million, up 27 percent; Bank of America, $390 million, down 1 percent.

Evidently, this welfare program uses an unusual income eligibility standard.

We are assured that this is not a $300 million loan, but a swap. Given the value of the dollar in international transactions, what could Argentina offer us that would be equal in value? Why Argentine pesos, of course.

These are the same pesos that are not sound enough for Argentina to use in paying off its foreign debts. No doubt these pesos will come in handy if we have to draw on the Exchange Stabilization Fund to stabilize our own currency.

By the U.S. Government's insuring that foreign loans will be repaid, the U.S. taxpayer is forced to assume the risk of these loans, in effect, subsidizing them.

If our experience in recent years has taught us anything, it is that subsidizing something begets more of it. Subsidizing the export of U.S. capital, as the Treasury is doing, will intensify our capital shortage—not alleviate it.

Subsidizing the U.S. banks in this instance will encourage the making of unsecured loans overseas—not discourage them.

The Treasury's misappropriation of our country's assets not only cheats the hardworking American taxpayer, but also rewards irresponsible lenders.

The simple fact is that the U.S. Exchange Stabilization Fund is being misused to stimulate the export of American capital, capital that is vitally needed at home.

The Fund is being used to bail out large banks who have made unsecured loans. It is being used to reward bad management at our billion-dollar banks at the expense of the working men and women of this country.

The vast majority of American bankers hope to gain by hard work and understand they may suffer for their mistakes. Why should our largest banks be any different?

Mr. Speaker, Rudyard Kipling might have described it as follows:

If you can keep your capital when all about
you are losing theirs, and blaming it on you;
If you can get the government to bail you
out, no matter what you do;

If you make loans to Argentina, there is no
need to fret;
For billion-dollar bankers can saddle others
with their debt;

If you can make one heap of your nation's
earnings,
And risk it on one turn of pitch-and-toss,
And lose and lose and tap again the public
trough;

If you take the chance of profits, but never
take a risk;

Let the taxpayer take the loss while you dine on lobster bisque;

For you are a billion-dollar banker and there is a safety net for you,

Yours is the earth and everything that's in it,

No matter what bad loans you do.

□ 1820

TELECOMMUNICATIONS EMPLOYEES' PROTECTION ACT OF 1984

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Colorado (Mr. WIRTH) is recognized for 10 minutes.

● Mr. WIRTH. Mr. Speaker, today I am introducing the Telecommunications Employees' Protection Act of 1984. Joining me in this effort are my colleagues Mr. CLAY, Mr. DINGELL, Mr. PERKINS, Mr. WAXMAN, Mr. TAUKE, Mr. GORE, Mr. LELAND, Mr. BATES, Mr. MARKEY, Mr. BRYANT, and Mr. OBERSTAR.

It is often overlooked that divestiture of the telephone industry affects people as well as corporations, money, rate schedules, and equipment. As a result of the breakup of AT&T, thousands of workers who have helped provide the United States with the best telephone service in the world will be transferred to new companies within the telephone industry.

This legislation would correct a problem that could deny some of these wage earners credit for their prior experience in the telephone industry.

Prior to divestiture, telephone company employees could move from one company within the Bell System to another, and take their accrued service credit with them. Accrued service credit is the basis for determining pension rights, as well as seniority and the ability to bid on vacations, shifts, and other bargained-for benefits.

As a result of the divestiture of AT&T, however, accrued service credit for most employees is protected only if they transfer from one Bell company to another Bell, or to AT&T, during 1984. Bell System employees who move from one Bell company to another after this year would lose their accrued years of service credited toward pensions and other benefits. For those employees, that would mean reduced pension benefits, or the loss of seniority.

The Telecommunications Employees' Protection Act provides that Bell System employees who move from one Bell company to another, or between a Bell company and AT&T, will be able to take their accrued service credit with them—regardless of when the move occurs. The legislation assures a continuation of the tradition of "portability" of service credit between the telephone companies for people who were working for AT&T or the Bell System prior to divestiture. It does not, however, require a Bell company or AT&T to hire employees who leave their current jobs with the telephone industry.

At my urging, a virtually identical provision was made part of H.R. 4102, the Universal Telephone Service Preservation Act of 1983. That legislation passed the House last November, but was stalled in the Senate after massive lobbying by AT&T and the local Bell companies. The House felt very strongly that it would be unfair for telephone workers to pay a potentially high price, particularly in pension benefits, for a corporate reorganization that neither they nor the Congress sought.

Because of the dynamic changes in the industry to date and the entirely unprecedented changes since January 1, 1984, Congress must take action to see that no harm comes to the men and women of the telephone industry. It is inequitable for an employee who has years of service with a former subsidiary of the Bell System to lose pension and seniority credit when he or she transfers to another part of the former Bell System, just because the Department of Justice-AT&T divestiture plan did not include this protection.

In the past, with any governmentally imposed restructuring of an industry, Congress has protected the pensions and other rights of employees who are affected. This was the case with airline deregulation and railroad deregulation. Employees of the telephone industry deserve no less.

Communications bills considered in earlier Congresses also provided protection for telephone company employees' benefits. Legislation considered in the 97th Congress, H.R. 5158, contained extensive employee protection provisions. Prior bills—such as H.R. 6121 in 1980—also contained protections. Indeed, legislation reported by this committee in 1943, amending section 222 of the Communications Act to allow Western Union to absorb the old Postal Telegraph system, protected employees.

In addition to securing the pension rights of telephone company employees, I had hoped that we could also take a significant step to assure the continued availability of telephone service at reasonable rates for all Americans, a goal that the House affirmed by the passage of H.R. 4102. My preference would have been to combine employee protection in a single bill with the establishment of a fund to subsidize lifeline telephone service for the poor, the elderly, and the handicapped.

The creation of a "lifeline fund" was part of H.R. 4102, and, like pension portability, it received strong bipartisan support. A similar lifeline subsidy was included in S. 1660. Moreover, throughout the debate on these bills, the telephone industry repeatedly stated its support for a mechanism to insure lifeline service for customers with low or fixed incomes, while adamantly opposing other key provisions of those bills.

Notwithstanding this longstanding support, key players in the communications industry have changed their position on the lifeline issue, and some Senators have expressed an unwillingness to consider legislation to create a lifeline fund, even if the legislation were strictly limited to that. Adding such a fund to an employee protection bill could jeopardize final passage of the latter.

While I see no good reason why Congress cannot act to assure affordable telephone service for all Americans during this Congress, I do not want to place Bell employees' pension rights at risk. Because the Senate and the industry refuse to support a lifeline provision, I have restricted this legislation to the employee protection issue.

The Telecommunications Employees' Protection Act of 1984 enjoys the strong support of the Communications Workers of America and the International Brotherhood of Electrical Workers. It is acceptable to AT&T.

I urge my House colleagues to join me and the other cosponsors of this important legislation. The issue is simply not a question of dollars and cents. The issue is justice and fairness for working people. We must make sure that the rights of telephone company employees are protected.

The text of the bill follows:

H.R. 5391

A bill to extend certain treatment afforded employees in the communications industry who transfer between various telephone companies affected by the January 1, 1984, reorganization

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Telecommunications Employees' Protection Act of 1984".

EMPLOYEE PROTECTION

SEC. 2. Notwithstanding any provisions of the divestiture interchange agreement to the contrary, in the case of any change in employment on or after Jaunary 1, 1985, by a covered employee, the recognition of service credit, and enforcement of such recognition, shall be governed in the same manner and to the same extent as provided under the divestiture interchange agreement for a change in employment by a covered employee during calendar year 1984.

EMPLOYEES COVERED

SEC. 3. For purposes of this Act, a covered employee is an individual—

(1) who is an employee of an entity subject to the modified final judgment,

(2) who is serving in an eligible position, and

(3) who (A) on December 31, 1983, was an employee of any such entity serving in an eligible position or (B) was a former employ-

ee with rehire or recall rights on such date and is rehired during the period of the employee's rehire or recall rights.

DEFINITIONS

SEC. 4. For purposes of this Act—

(1) the term "service credit" means service credit for benefit accrual, vesting, and eligibility for any benefits under any pension plan, or any other employee benefits, provided by the divestiture interchange agreement, including the interchange and treatment of associated benefit obligations and assets;

(2) the term "change in employment" means the commencement of employment of a covered employee by an entity subject to the modified final judgment after the termination of employment (with or without a break in service) of such individual from an eligible position within another entity subject to the modified final judgment;

(3) the term "eligible position" means any position (A) which is not a supervisor position, within the meaning of section 2(11) of the National Labor Relations Act (29 U.S.C. 152(11)) or (B) the annual base pay rate for which is not more than $50,000, adjusted by the percentage increase in the consumer price index since December 31, 1983;

(4) the term "modified final judgment" means the judgment of the United States District Court for the District of Columbia in the case, United States against Western Electric, et alia, No. 82-0192, as modified;

(5) the term "entity subject to the modified final judgment" means any carrier divested as a result of such judgment, the corporation owning such carrier before divestiture, or any interchange company (as defined in the divestiture interchange agreement) excluding any subsidiary of such company other than any such subsidiary which was established as of December 31, 1983, and which participates in a defined benefit pension plan maintained by such interchange company;

(6) the term "divestiture interchange agreement" refers to the agreement between entities subject to the modified final judgment which was executed as of November 1, 1983, and which provides for mutual reciprocal recognition of service credit; and

(7) the term "consumer price index" means the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics.

COORDINATION WITH OTHER BENEFIT-RELATED PROVISIONS

SEC. 5. Nothing in this Act shall be construed to limit benefits which would otherwise be available to any individual, whether provided under the modified final judgment, under applicable law, or otherwise.●

THE CORPORATE COMMUNITY INVESTMENT AND JOBS PRESERVATION ACT OF 1984

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. COYNE) is recognized for 10 minutes.

Mr. COYNE. Mr. Speaker, I have introduced today the Corporate Community Investment and Jobs Preservation Act.

Since the Sherman Act became law on July 2, 1890, the Federal Government has measured whether the combination or merger of large corporations serves the public interest. The thrust of antitrust law, as developed in the Clayton Act of 1914 and subsequent legislation, has been to insure that the average citizen is well-served in the marketplace as the result of a combination or merger.

The question we face today is whether we can address the economic conditions of the 1980's with laws rooted in the 1890's. Although the mergers were large at the end of the last century, those who laid the cornerstone of our antitrust laws could not have imagined the nature of the American economy as we near the next century. The acquisition of one large corporation by another can now affect not only the economy in general, but cities and regions in particular.

Mergers won can mean jobs lost. Some would argue that the merger of big companies produces many winners, including management, stockholders, accountants, lawyers, and stock speculators. In certain mergers, however, including the proposed merger of Standard Oil of California and Gulf Oil of Pittsburgh, there are certain losers. If Socal closes or phases out the Gulf corporate headquarters in Pittsburgh, as it most assuredly will do if this merger goes ahead, an already hard-pressed city will receive another blow to the local economy. The city may lose the 1,800 employees at Gulf. This would mean the loss of $75 million in wages to a local economy which, despite a national upturn, remains in the grip of double digit unemployment. A city struggling to make fiscal ends meet could lose between $300,000 and $500,000 in local wage taxes contributed by Gulf employees, this from a total wage tax revenue of $57 million.

There may indeed be winners in this merger deal as well. Mr. T. Boone Pickens and his group of stock speculators, the people who started the ball rolling in their attempt at a hostile takeover of Gulf, stand to profit more than $700 million for doing very little actual work. They win.

Pittsburgh loses. Gulf contributed more than $360,000 to the city's United Way in 1983. More than 50 charitable organizations received over $2 million in contributions from Gulf that year. The local public television station received $4 million to produce a widely acclaimed series. Without a Gulf corporate headquarters, the city can expect to lose these charitable contributions.

Corporate capital today can move with the speed of an electronic funds transfer. The capital for a community, embodied in the people who live, work, and pay taxes in a city, is far less mobile. Those who remain behind when a big corporation shuts down operations as a result of a merger are faced with a reduced tax base, higher unemployment costs and an increased demand on local, State, and Federal economic development funds. In such an instance, the Federal Government is usually called upon to aid what becomes known as a distressed city. The Federal commitment is there, as it most certainly is in the case of merger review for possible antitrust violations.

Michael Pertschuk, a commissioner of the Federal Trade Commission, noted in the House Energy and Commerce Committee merger hearings March 21 that:

> Since the Sherman Act was passed in 1890, there has clearly not been an unqualified right for shareholders of one company to sell out to another if the combination would violate a larger national interest.

The Federal Government assuredly has the right to intervene in a merger when such action is not in the national interest. But nowhere in current law is there a requirement that the Government measure the economic impact on a particular community before it allows a merger to go ahead. Times have changed. If we are to insure fairness in matters of human capital as well as economic capital, we must broaden the Federal responsibility to include a review of community impact.

The Corporate Community Investment and Jobs Preservation Act would bring our laws up to date by requiring such an assessment. In looking at the facts in a proposal merger, the Federal Government would consider not only the relative health of our overall economy but of individual communities as well.

The act I introduce today would establish a three-step process for certain large corporations which, under the Hart-Scott-Rodino Act of 1976, are required to file a premerger notification with the Federal Trade Commission and the Antitrust Division of the Justice Department. To be covered by the act, the acquired company must have sales or assets in excess of $10 million and the acquiring company must have assets or sales in excess of $100 million.

First, if a corporate merger can be expected to eliminate more than 100 jobs in a particular locality the corporations involved must file a community impact statement with the Federal Trade Commission. The statement would describe the business at which the reduction in employment will occur and give reasons for the reduction. The statement must also contain a plan to minimize the effect of the reduction on employees of the establishment eliminating jobs and on the local government in which such establishment is located. The statement would also describe the economic status of the corporation losing jobs, including the level of profitability, listing plans for future investment, employment and production. The number of employees losing their jobs due to the merger would be stated. The state-

ment would go to the Federal Trade Commission, the Department of Justice, the employees of the corporations involved in the merger, and to local governments which have jurisdiction over the corporations involved.

Second, after the community impact statement is filed, employees of the corporations and local governments may petition the Federal Trade Commission to hold hearings so that the statement can be investigated. In the course of the public hearings, taking testimony from local government officials and others, the Commission shall study the economic reasons for the employee reduction described in the community impact statement and shall estimate the extent of economic loss to the employees and the community.

Third, once the investigation is concluded, the FTC shall prepare a report on the findings, including a recommendation as to whether legal action should begin to halt the merger. If the FTC finds the merger will have a substantial adverse effect on employment in a particular locality, the tax deduction for interest on indebtedness incurred by one corporation to acquire another would not be allowed.

This legislation reflects an important economic reality of the 1980's. Actions by large corporations sometimes affect not only the people who own stock in the corporations but the people who live in the cities and towns where the corporate headquarters and the various plants are located as well. When a large corporation decides to brighten its bottom line at the expense of a community, the Federal Government has a legitimate role in deciding whether such an action is in the public interest. Corporations may pull up stakes, or simply disappear in a merger, but the Government is forced to pick up the costs in the form of increased loans to the fiscally distressed locality, more urban development grants to reverse commercial deterioration, and more payments for unemployment. For the Federal Government, reviewing a proposed merger's impact on a local economy is simply good public policy.

The Federal Government is, of course, very much involved in the merger process, and not simply at the point of review by the Federal Trade Commission and the Department of Justice. One of the biggest factors in promoting recent consolidations has been the complimentary nature of the Federal Tax Code, especially that provision which allows a tax deduction for money borrowed to acquire another corporation.

For those who may consider this subsidy to be a minor one, it is worth noting that, according to one estimate, the interest deductions for the SocalGulf deal alone will cost the Federal Treasury $750 million a year.

The implications of this mammoth subsidy are broader than a loss of funds to the Treasury. Robert J. Samuelson wrote recently in the Washington Post:

Other tax provisions entrench the power of existing firms by giving them preferred access to investment funds. When profitable companies borrow, they deduct interest costs from their taxes which—because the top corporate rate is 46 per cent—means the true interest rate is about half the market level. New firms (with no profits and, therefore, no deductions) must pay the full rate. And because dividends are subject to both corporate and personal taxes, existing firms have an incentive to retain profits. This leaves less capital for new companies.

The ability to deduct interest on funds used to acquire another corporation, for a profitable large corporation, can mean a real interest rate well below the market average. Is this the business the Federal Government should be in, the subsidization of large corporations, even if they eliminate jobs, while smaller, job creating firms are unable to obtain similar financing?

I would suggest the Federal Government should not be a partner to mergers which have adverse economic consequences for local communities. The Corporate Community Investment and Jobs Preservation Act reflects this view by denying the deductibility of interest in those mergers which have a substantial adverse effect on employment in a particular locality. The determination of this effect would be as a result of public hearings and investigation of the community impact statement filed by the parties involved.

Mr. Speaker, we cannot rely on the laws of the 1890's to resolve the economic questions of the 1980's. A new way of doing business requires a new way of governing. This act, by allowing local residents to initiate public hearings and investigation of a merger which would affect their community, continues an important trend toward public/private partnership developed at the Federal and local level in the 1970's.

I urge my colleagues to join me in support of the Corporate Community Investment and Job Preservation Act of 1984.

At this point, I would like to include in the RECORD the text of the legislation:

H.R. 5374

A bill to require community impact statements by certain corporations involved in mergers which will result in reducing the number of persons employed in any community by at least 100 individuals, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Corporate Community Investment and Jobs Preservation Act of 1984".

SEC. 2. If two or more corporations propose to merge, if with respect to such merger such corporations are required to file a notification under section 7A of the Act of October 15, 1914 (15 U.S.C. 18a) (commonly referred to as the "Clayton Act"), and if the merger may be reasonably expected to reduce the number of employees employed in an establishment of such a corporation in the county, city, or other jurisdiction in which the establishment is located by more than 100 employees, each corporation to be involved in the proposed merger shall file, in accordance with section 2, a community impact statement. A community impact statement shall include—

(1) the nature of the business of the establishment of the corporation at which the reduction of employees will take place,

(2) the reasons for such reduction,

(3) any alternative to such reduction,

(4) a plan to minimize the effects of such reduction on the remaining employees in such establishment and on any unit of general local government having jurisdiction over the area in which such reduction will take place,

(5) the economic circumstances of such corporation including the level of profitability of the operation at the establishment of such corporation at which the reduction in employment will take place and any plan for future investments, employment, and production at such establishment, and

(6) the number of employees who will lose their employment as a result of the merger.

SEC. 3. The community impact statement required by the first section shall be submitted to the Federal Trade Commission, the Department of Justice, to the employees and representatives of each labor organization representing such employees at each corporation involved in the merger, and to each unit of general local government having jurisdiction over an area in which establishment of each such corporation is located. The statement shall be filed on the same date a notification respecting the merger is filed under section 7A of the Act of October 15, 1914.

SEC. 4. If, within fourteen days of the submittal of a community impact statement under section 3, the Federal Trade Commission receives a request by a unit of local government which has received the community impact statement or by at least 10 percent of the employees of a corporation which filed such statement, the Commission shall conduct an investigation into, and hold public hearings on, the community impact statement. Such an investigation shall include—

(1) the economic reasons for the proposed reduction in employment described in the statement,

(2) the estimated extent of the economic losses to the employees employed in the establishment in which such reduction will occur, including the number of employees who will lose their employment as a result of the merger,

(3) the estimated extent of any economic loss, including a decline in the tax base, of any unit of general local government having jurisdiction over such establishment and any economic loss to any person in the geographic area in which such establishment is located, and

(4) the recommendations of any such unit of local government, any labor union representing employees in each corporation to be involved in the proposed merger, or any other person respecting the proposed merger.

SEC. 5. After an investigation is concluded under section 4, the Federal Trade Commission shall prepare and publish a report con-

taining the findings of the investigation and recommendations as to whether or not legal action should be taken to halt such merger.

SEC. 6. Section 279 of the Internal Revenue Code of 1954 (relating to interest on indebtedness incurred by a corporation to acquire stock or assets of another corporation) is amended by adding at the end thereof the following new subsection:

"(k) SPECIAL RULE FOR OBLIGATIONS ISSUED FOR CORPORATE MERGERS ADVERSELY AFFECTING EMPLOYMENT.—

"(1) IN GENERAL.—Subsection (b) shall not apply to any obligation issued in connection with a corporate merger with respect to which the Federal Trade Commission has made a finding described in paragraph (2).

"(2) FEDERAL TRADE COMMISSION FINDING.—The finding referred to in paragraph (1) is a finding by the Federal Trade Commission, made after an investigation held under section 4 of the Corporate Community Investment and Jobs Preservation Act of 1984, that a proposed corporate merger will have a substantial adverse effect on employment in a county, city, or other jurisdiction.".

ADJUSTMENT IN REIMBURSEMENT RATES FOR HOSPICE CARE

The SPEAKER pro tempore (Mr. COYNE). Under a previous order of the House, the gentleman from California (Mr. PANETTA) is recognized for 10 minutes.

● Mr. PANETTA. Mr. Speaker, today I am introducing legislation along with Representative BILL GRADISON to address a very serious problem facing hospice programs seeking to participate in the hospice reimbursement benefit under medicare. This legislation would increase the payment rate for routine home care under the hospice program. Home care is the most essential component in the delivery of hospice care, and the routine home care rate has caused the most difficulty to hospice programs.

At present, hospice programs are reimbursed at a rate of $46.25 for routine home care. This legislation would increase this rate to $53.17. This is the rate which was included in the proposed regulations issued by the Department of Health and Human Services issued in August 1983.

The problem is that hospice programs are finding it very difficult to participate in the hospice program under the current payment rates. The payment level, particularly for the routine home care rate, has proven to be critically low and places great financial hardships on programs participating in the hospice benefit. At the same time, many hospice programs are being discourage from seeking hospice certification because of the inappropriate reimbursement rates. Hospice groups have indicated that the rate of $53.17 is closer to their actual cost.

The fact is, Mr. Speaker, Representative GRADISON and I have sought to obtain from the Department of Health and Human Services final cost data from the hospice demonstration projects and how the payment rates in the final regulations were formulated. A formal request was made in a letter to Secretary Heckler on February 7. To date, however, we have received no response from the Department regarding this request.

While we are not certain that the rates in the proposed regulations are in fact accurate, we feel that the routine home care rate will give hospice programs a better chance of operating under the hospice benefit. Our goal must be to facilitate participation in the hospice program.

This legislation will also require the Secretary to make adjustments in the routine home care rate and other hospice rates after a 24-month period. Such adjustments are to be based on cost data received from the participating hospice programs. The 24-month period should give the Department sufficient time to retrieve and analyze cost data and formulate more appropriate rates—whether they are higher or lower.

The hospice benefit has been widely supported in Congress on a bipartisan basis. However, the administration has not been sensitive or cooperative in the implementation of this benefit. We here in Congress must continue to support hospice care as an alternative mode of caring for the terminally ill and must work to insure effective implementation of the medicare benefit. I urge my colleagues to support this legislation.

Following is the text of this legislation:

H.R. 5386

A bill to amend part A of title XVIII of the Social Security Act with respect to the payment rates for routine home care and other services included in hospice care

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1814(i)(1) of the Social Security Act (42 U.S.C. 1395f(i)(1)) is amended—

(1) by inserting "(A)" after "(i)(1)", and

(2) by adding at the end the following new subparagraph:

"(B) In establishing rates of payment for hospice care under subparagraph (A), the Secretary shall not establish a rate of payment which is less than $53.17 per day for routine home care furnished during the 24-month period beginning with the first month beginning after the date of the enactment of this subparagraph.

"(C) The Secretary after the 24-month period, shall not less often than annually review and, as appropriate, adjust the payment rate for routine home care and for other services included in hospice care based on the costs that are reasonable and related to the costs of furnishing such care and services and shall report to Congress periodically on such review and such adjustments and on the adequacy of the rates under this paragraph in ensuring participation by an adequate number of hospice programs under this title.".●

UPDATE ON MORTGAGE ASSISTANCE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 60 minutes.

Mr. GONZALEZ. Mr. Speaker, I have addressed the House through and because of this privilege known as the opportunity of special orders, and I have directed my attention, principally, to what I consider to be the crying, burgeoning needs arising from the midst of our constituency, as best as it is possible to register their reflection.

I pride myself in keeping as intimate a contact as it is humanly possible with the constituency of the 20th Congressional District of Texas. I return to the district every weekend and though that is fragmentary and I realize from past experience, where I have served on the city council 3 years, in the State senate 5 years and have a pretty good idea of the challenge of the chore or task or presumption of trying to call one's self a representative, in this case of 500,000 multiple pluralistic, highly diverse constituents; but I do.

And I have spoken out up to now like sort of a coyote out in the bush country; braying to the moon at midmight. But the fact remains that what this House approved under the insistence and leadership of the Subcommittee on Housing and Urban Development of the House of Representatives, the largest subcommittee in the entire Congress on either side of the Capitol, passed it out under emergency conditions, finally last May, with an overwhelming majority vote of more than 115 votes margin.

Yet it lies languishing, dying on the vine by expressed intent and premeditation by the Senate leadership and the administration that is adamantly against this type of legislation.

It has to do with a reaffirmation of our faith in the average American family's dream to own a home, to have something that they could call their own, and identified irretrievably with the soil and the country, and that is homeownership.

So that these thousands, hundreds of thousands of American families that just since last May have lost their homes under the foreclosure hammer, have been left with no hope and in utter dismay, and in areas of particularly extreme distress, one being, for instance, Pueblo, Colo.

Even now the residual litigation that has at least obstructed the dispossession, still records the loss of homes at a tremendous rate.

Last year at this time, we were deliberating and finally passing the enactment of the home mortgage loan assistance program, a very modest modicum of a lifeline of help, nothing any-

where near as generous as the Home Owners Loan Corporation apparatus that fortunately the Congress then had faith in the American people first and foremost, saw fit to pass during the Depression year, in which, there is no question about it, the Treasury certainly was broke.

But that faith was more than reaffirmed when at the close of the doors of the Home Owners Loan Corporation, it recorded a very handsome profit for the taxpayers. That meant that those American families had kept faith; they paid back their loans just as soon as they were able to.

This is exactly what I am sure—if not 100 percent—99.9 percent of the present-day American families, that the Congress so callously, and our President so in heedless disregard of humanity, have turned their backs on. This bill is over there in the Senate without even a consideration of a hearing or at least some attempt to focus attention; utter silence from those that even they may not have power and control of the Senate certainly have a voice and a vote and a presence; not a whimper; not a voice; not a vote.

□ 1830

And I am saying that no matter what we can wallow in the discussions, such as today on the so-called first budget resolution, we can pass out these egregiously unjust tax bills, with euphoniously sounding names like tax reduction and reform or economic recovery tax program. Who in the world ever heard such Alice in Wonderland play on words, not to mention Orwellian 1984, when a tax bill becomes an instrument of prosperity.

The power to tax is still the power to destroy. And particularly in a nation where the leadership and the very interested agents of the people themselves turn their backs callously in heedless disregard of their crying needs.

When does Government and when should Government intervene? Is it not the American concept that only where the individual for himself cannot help himself. That is exactly all we are asking in the home mortgage loan emergency assistance program, with terrible terms, that I myself would not have asked but compelled under the necessity of seeing the approval of the majority had a fixed interest rate of payment 10 percent. That is usurious.

Nevertheless, I know families that would love to have that opportunity in order to be able to save their homes.

So I am going to remind my colleagues each one of us has a couple of U.S. Senators from our individual States to not forget what we overwhelmingly saw as a critical need, an emergency, to die on the vine in a Senate that does not even have the courtesy of respect for the House procedures and judgment of the House to even consider the matter.

Let them vote it up. Let them vote it down, but let us consider it.

I also brought out in my statements here the comparison between what is happening now, such things as we just heard from our colleague on the other side of the aisle, the speaker before last, referring to the so-called bailout of the Argentina situation, which the Secretary of the Treasury denies is a bailout. Says why nothing at all, this will not cost the taxpayers money because it comes out of the SWAP, the stabilization fund.

Well, what is that fund? That is a Treasury fund. There is a similar fund over in the Federal Reserve Board. But where is the money from? Not from the moon. It certainly is not from any other country. It is U.S. taxpayer source. It is taxpayer money. So what does he mean when they make a guarantee through the SWAP fund of over $300 million that it is not going to cost the taxpayer. That is an insult to the intelligence of any American.

But be that as it may. What I am pointing out is that the similarity of complaint can be duplicated. I am going to read into the RECORD something that was printed right at Depression time, 6 months before 1929's Black Friday. That is when everything broke in October 1929.

I happen to be a Depression kid and therefore remember vividly, though I was a child in school, I remember vividly and so when somebody says "Black Friday," I know exactly the day and the month and the year.

But 6 months before that, a very distinguished Presidential panel—just like one we recently heard from—it was entitled the Presidential Commission on Recent Economic Changes, reported to President Herbert Hoover this way. I am quoting directly from the report:

> We have a boundless field before us and seems only to have touched the fringe of our potentiality. Our situation is fortunate. Our momentum is remarkable.

The other day, to be exact, in the March 30, last Friday's New York Times, page D-1, business section, there is an article, "Economic Index Up Strong, 0.7 Percent. February Rise was 17th in the Last 18 Months." And it goes on and reports the Department of Commerce, the Secretary of Commerce, talking about what a bullish situation, but there is one line in all of that that says, "However, the imbalance,"—the trade deficit, our imbalance in our accounting in trade, export-import—"reached the highest peak ever, astronomical sum." It was just a little sideline.

So then I was reminded of another New York Times article on Monday, June 23, 1931. The Depression had really hit by then. We had the same thing we had now. Businesses were going under in droves, banks were closing. They are today. Just in Texas alone in less than a month we have had about half a dozen, more on the way. And here is this article in the New York Times, June 23, 1931:

> Led by New York, tremendous buying enthusiasm swept over the security and the commodity markets of the world yesterday in response to weekend developments reflecting favorable reception of President Herbert Hoover's proposal for a one-year moratorium on war debts and reparations. Pronounced strength developed in the German bond list. The gains ranging from 2 to 13½ points.

Then the last sentence, just like this last sentence in this article this year, this last week about the imbalance being so terrible: "U.S. Government bonds fail to participate in the move. All of them closing behind minus signs." End of quote of the New York Times article of June 23, 1931.

The New York Times article follows:

[From the New York Times, Mar. 30, 1984]

ECONOMIC INDEX UP STRONG 0.7 PERCENT

FEBRUARY RISE WAS 17TH IN LAST 18 MONTHS

WASHINGTON, March 29.—The index of leading economic indicators, which is the Government's main economic forecasting gauge, rose a healthy seven-tenths of 1 percent in February, prompting the White House to assert that the economy was "still on a roll."

The Commerce Department, which reported the gain, said February's rise was the 17th in the last 18 months.

Last month's rise was less than the 1 percent January increase but well above December's advance of only two-tenths of 1 percent. The index was unchanged in November.

The gains in the leading indicators in January and February reflect the surprisingly strong economic growth in the country. A preliminary Government estimate last week put the annual growth rate at 7.2 percent in the current quarter, which ends Saturday.

"Today's economic news provides strong evidence that the nation's economy is still on a roll," said Larry M. Speakes, a Presidential spokesman. "The indicators show the economy is positioned for a strong and manageable level of growth in the months ahead."

Mr. Speakes said the fact that the February rise was smaller than January's also indicated that the economy was not overheating, as some economists had begun to fear. If economic growth surges ahead too quickly, it could reignite inflation.

Jerry Jasinowski, chief economist for the National Association of Manufacturers, said the index of leading indicators and other optimistic reports had prompted him to revise his forecast of economic activity upward to 5.5 percent growth in the second quarter after inflation and 3 percent in the second half of the year.

"There is nothing in the picture that shows major economic difficulties for the rest of the year," Mr. Jasinowski said.

Optimistic Forecast

Robert Wescott of Wharton Econometrics, a private forecasting firm, was even more optimistic, predicting 5.4 percent growth in the second quarter, followed by

4.9 percent in the third and 3.2 percent in the fourth.

"When you get as broad-based a recovery as we have now, the economy just doesn't stop from one quarter to the next," he said. * * *

A while ago we heard about the criticism of this Argentine bailout. In that respect I would like to offer for the RECORD at this point a Washington Post article of today on page A23, by Hobart Rowen, who is the economic writer and financial writer for the Post.

And it is entitled "Argentina Plays Chicken—And Wins a Round."

The significant part is in the third paragraph of this article. It says:

The key fact is that for the first time the American Government has made itself the guarantor of $300 million in loans to Argentina by the four Latin American countries—Mexico, Venezuela, Colombia, and Brazil.

The Washington Post article follows:

ARGENTINA PLAYS CHICKEN—AND WINS A ROUND

(By Hobart Rowen)

There is much more than meets the eye in the remarkable $500 million rescue package engineered on behalf of Argentina last weekend by four other Latin American countries (themselves heavily in debt), 11 international banks and the United States.

To sum it up, in a dangerous international game of "chicken" with the big banks, Argentina won the first round.

The key fact is that for the first time, the American government has made itself the guarantor of $300 million in loans to Argentina by the four Latin American countries—Mexico, Venezuela, Colombia and Brazil.

This could well be a major turning point in the world debt crisis—governmental intervention to begin a long-range restructuring of the debt, making it possible for poor countries to pay off their huge debts without their being pushed to the wall.

The Alfonsin government in Argentina, trying to move toward democratic institutions, had decided that it would not bleed its monetary reserves to pay the interest owed foreigners on its $43 billion debt.

If the choice was to be between riots and trying to meet the interest payments due at New York, Chicago and European banks—well, the Alfonsin government decided, it would risk getting a poor credit rating rather then a upheaval at home. There was every prospect that a critical deadline would pass and that the banks would have to label some Argentine loans as "non-performing."

The question would then be: which country would line up next as an unwilling debtor? But as economist William R. Cline says, a *"deus ex machina* was designed to resolve the impasse [and it] was a true work of art."

By joining together with Argentina, the other Latin American countries effectively created a "debtors' club" that said, in effect: "We are not refusing to pay our debts, but we must get better terms." The Americans agreed to repay the four Latin American countries (which are hardly in position to be bankrolling others) once Argentina signs a deal with the International Monetary Fund. And the United States will be repaid when Argentina gets its money from the IMF.

By holding out until the last moment, threatening the banks with the embarrassing admission to their stockholders that they had made some awfully bad loans, Argentina got a bailout package at a lower rate of interest. It almost certainly will get help from the IMF with less austere terms than otherwise might have been demanded.

There are many who can share credit for solving, at least temporarily, what could have been an ugly crisis. Mexican Finance Minister Jesus Silva Herzog was the key mastermind who brought his country and the other three into the deal.

And at long last, after trying to sidestep the issue, the Treasury Department was convinced by America's friends in Latin America that preserving the stability of that key region is at least as important to this country as our military/political interventions in Central America. Deputy Treasury Secretary Tim McNamar thus played a critical role in negotiating with the Alfonsin government in Buenos Aires.

"What you now have," says Goldman Sachs & Co. vice president Robert Hormats, just back from Argentina, "is a group of debtor nations that can say to the banks: Look, we have behaved responsibly and constructively. We will continue to do so, but we need better terms.' "

The kind of austerity that has been enforced on them has reduced their imports and their standard of living and, incidentally, has cut dramatically into exports from the United States, costing an estimated 300,000 jobs here. In addition, protectionist devices help shut off exports from the debtor nations, effectively closing off their main source of earnings that could enable them to service the debt.

Until this past weekend, the United States has favored a policy of "muddling through" the debt crisis: rescheduling the debt at ever-higher interest rates, on the theory that with a modest global economic recovery, all of the players—lenders and borrowers—would survive.

But now the promise of the new rescue package is that the United States has finally admitted that something beyond "muddling through" is needed. To be sure, as New York banker Felix Rohatyn told me, "If the new package turns out to be merely another in a long line of temporary Band-Aids, nothing much will have been accomplished."

But Rohatyn, like Hormats, agrees there is reason for cautious optimism, for one thing, having given Argentina a very low rate of interest, a new and more reasonable standard seems to have been set for other countries. Second, having taken itself into the picture by guaranteeing another country's balance-of-payments loan, the United States has made a commitment not easy to chuck overboard.

Each one of these countries has an equal or worse fiscal and monetary situation and debt than Argentina. As a matter of fact, Argentina compared to Brazil and Mexico is a piker. And they, we got together by saying, you front for us but we are going to guarantee.

This is an exact repetition of what we did after World War I that I have been talking about for months, for years, when I saw the pattern clearly years ago, as long ago as before the 22 years ago that I came to this Congress. Then in that time the war reparations or the like ended up in being foistered on the American taxpayer who had extended the credit to begin with that made it possible to have the war reparations, war debts and especially from our so-called allies England and France. The taxpayer ended up in picking up the tab for the United States for the same reasons that the Secretary of the Treasury gave the other day for bailing out Argentina. The same identical reasons.

□ 1840

All we have to do is just transpose the dateline and the names of the countries, and you have exactly what happened after World War I. So that when the bubble busts, when the house of cards collapsed, as this one is, all these indicia have been the same.

All I am arguing and have been arguing—because I think the Congress has the inescapable responsibility of what I guess in the Old Testament has been called the sacrament of decision, going back to the beautiful descriptive chapter on Elijah the Prophet, who, confronted by the Israel faithful suddenly bowing before the false god Baal, said, "You've got to make a choice. Who do you really worship as your true God?"

And this is exactly the sacrament of decision we in the Congress as Representatives of the American people must make sooner or later. Are we for our people or are we for these tremendous vested oligarchic interests who now control the decision and the power and determine war and peace, as we are today in Latin America, above all?

Yes; I ask my colleagues to say now—I do not know, at this point, even if we rose in arms, that we could compel the decision to change the course definitely. It is too late. But there is no excuse for us not anticipating and, therefore, in anticipating, taking action now as anticipatory action to reduce and attenuate the suffering that unquestionably will grow exponentially compared to what we think we are suffering now. As bad as it is, as obfuscated as it is by our news disseminating media, tragically, we do have that task. And all I am saying is, yes, there are things that can and should be done now in anticipation, and not the least of which for Congress to rise to its constitutional obligation.

The idea that such things, for instance, as the present suffering and flagellating under the tyranny and the robbery and the thievery of high interest rates, usurious rates. Eleven percent, they do not even talk about that now, but that is usurious and always was considered.

But we are talking now about just a plain little businessman, and I mean a little businessman, that I define as the one who cannot afford to have a lobbyist in Washington. That is a real small businessman. If he wants to go out, as I said ad nauseam, right now

and borrow anywhere in the country from the institutions that his Government charters for the purpose of being available for public need and convenience, not for profit, that is, speculative, not for aggrandizement in an orgiastic way such as we see now where the resources of credit are tied up by the giants struggling to eat each other up, not producing one job, not producing one product, and, in the process, selling out to the false god of greedy gain the American people and their well being, all with the witting or unwitting connivance of the representatives of the people.

The idea that interest rates are an act of God is something these very same forces have propelled and the Congress has supinely accepted, not realizing that the Congress created such entities as the so-called Federal Reserve Board, which is not Federal, it is not a Federal agency. It is a private institution, and it is completely in its own orbit, out of control. It does not account to the Congress, it does not account to the President, and yet it is the engine, the mechanism that is restructuring, and certainly not for the gain of the greatest interest of the greatest number of this country, restructuring what we call the American way, the American standard of living, where we are now, back to where the colonists, who fought a revolution because of it, died to prevent, and that is a reestablishment of the mercantile system, where we are the market, the consumer for these other entities that have been able. How? By themselves never forgetting what their own national interests were and not turning their backs on that. Just like after World War I. The same thing.

Why, we talked about this bailout and how we the taxpayers now will be paying for the bad loans made by these huge oligarchic backing institutions, not less than six, not more than nine of them, who actually are the ones who operate and dictate the policy of the Federal Reserve Board.

I do not see an outcry anywhere about that. On the contrary, I see defense, I see some of my colleagues saying, "Oh, we can't tamper with the independence of the Federal Reserve Board." And some people say, "Well, do you want the politicians"—meaning us—"to determine what is priority? Why, horrors, that would be wrong."

Well, that is what our Government is all about. The first words of the Constitution, "We the people of the United States"—it does not say, "We the Congress," or "I the President," although a lot of Americans think that is the way it ought to be now.

In fact, I am disappointed, because I receive some calls after some of these talks and some letters from people who say, "Oh, you know, you are right, you are saying things that we just did not think we were going to hear from a congressional level. Gee, I wish you were President."

That is disappointing to me. In the first place, I am not the least bit interested in that office. I do not envy that office. I would not even offer it to my worst enemy. But the thing that troubles me is that here are Americans now, looking upon some exalted individual or office for salvation. Why, that is not what I would seek. If I were President I could not singlehandedly, if we maintain our system, do anything about it.

What I am trying to do is to say that we, the Representatives of the people, and the national policymaking body of this Government, in concert through majority vote, not one vote, are the only ones who will be able to lead us out. And if we fail there, then, so be it. But the idea and the notion now is so set in the popular mind that salvation is going to come from the Office of the Presidency, like a king, or somebody like that. That is a shame, because it is so wrong a concept of what we are all about in America.

The fact remains that we have our work cut out for us, and we should know that. I do not think that any of my colleagues can deny or gainsay me when I say that it is impossible for any little businessman at this point to go out and get even $1,500 commercial loan to, say, get a little inventory for his floor without having to pay over 17½ percent interest. I do not know of anybody who can tell me that.

So am I right? Am I wrong? If I am right, is that right? Should we allow it? Should we not rise as one and protest and demand that something be done abut it? It can be. Interest rates are not an act of God, I repeat.

What about the other? What about the fact that the majority here and in the other body voted for $8.3 billion just this last year in the waning hours of the first session of this 98th Congress. For what? For this very purpose that $300 million of the swap funds were so dedicated for the guarantee. Of what? Repayment of principal? No. Just carrying over part payment of the interest rate. They do not even talk about the principal. So do you have to be a financial genius to know that that whole damn thing is going to collapse, that it is going to crumble? Of course you do not have to be a genius.

□ 1850

Does it not mean that we should ask to what purpose must we once again be what they called us between World War I and World War II in Europe: Not Uncle Sam; Uncle Sap. Then when some of our leaders spoke like the young man did earlier about, hey, wait awhile, what is this business? How can paying debt with more debt be a solution to anything.

We had voices like that in 1929 and 1930 here in the House and over in the Senate. Look at the RECORD, you will see the speeches, Oh, sure, they were lonely voices, and that is true, but, history records that they were on record. And they said it. Nobody heeded, because in the euphoria of such sayings as credit inflation, which is what we have had, we have had these high rollers.

All of a sudden we had an upsurge in the total number of millionaires we are producing. Somebody wrote about a month ago in some magazine that by 1990 we would have about somewhere around a million, million, million, million millionaires; megamillionaires. But that is an assumption that a lot of people made also as I said and repeat, just 6 months before October 1929. It is predicated on the fact that this pyramid scheme, because that is what it is, is going to last forever, and of course, it never has and never will and it cannot.

I say again that there are things that can be done, some of the specifics some of us have advocated. They are too lengthy for presentation at this time and under these circumstances. But I would say that the hour of the sacrament of decision is upon us. I would also say it is true that the worst of slaves are corrupted free men. If we have become so corrupted, then you cannot impose freedom on people unwilling to be free, and corrupted freemen are the worst of slaves.

LEGISLATION FOR THE PROTECTION OF SPORTS FANS AND CITIES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. STARK) is recognized for 5 minutes.

● Mr. STARK. Mr. Speaker, today I am introducing legislation that breathes new life into the battle to bring the Oakland Raiders back to Oakland. Also, the legislation gives hope to the Baltimore Colts fans who were recently deprived of their team. But more than that, this bill will protect sports fans across the country from the possible loss of their favorite team.

Though most sports teams are owned by private investers and operate in a for-profit manner, the teams receive significant subsidies from the taxpayers. Local stadium authorities underwrite the capital costs of a stadium by floating bond issues. The interest on these bonds is generally exempt from Federal income taxes.

Additionally, other types of tax concessions have been made to team owners by various governmental authorities. Prince George's County near Washington, D.C., gave the Washington Capital's hockey team special tax

consideration. Indianapolis offered the Colts a multimillion-dollar loan at a significantly reduced interest rate, subsidized by the taxpayers. The public at both local and national levels have made direct monetary investments in sports leagues.

This legislation would allow cities and taxpayers to protect their investment of tax dollars by allowing a stadium authority the right of first refusal. If an owner decides that he wants to move a team or an offer is made for the team that would result in the team's relocation, the stadium authority would have the opportunity to find a buyer that would keep the team at the stadium. Moreover, the legislation protects cities and fans that have been loyal to the team by providing a set of conditions that would have to be met before a team could leave.

Mr. Speaker, other methods have been tried to resolve what has become an increasingly volatile situation in the National Football League and has the potential to become volatile in other sports leagues. Teams are hopping from city to city at an increasing rate. So far, no progress has been made in correcting this situation. The reputations of some of the greatest cities in the land are threatened. Thousands of fans are left with their loyalty dangling and their tax dollars spent in vain.

I think this legislation provides a new opportunity for the Congress to resolve the serious problem of sports franchise relocation.●

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. BROWN of Colorado) and to include extraneous matter:)

Mr. CORCORAN, for 5 minutes, today.

Mr. BROWN of Colorado, for 10 minutes, today.

(The following Members (at the request of Mr. GONZALEZ) to revise and extend their remarks and include extraneous matter:)

Mr. ANNUNZIO, for 5 minutes today.

Mr. HAMILTON, for 10 minutes, today.

Mr. WIRTH, for 10 minutes, today.

Mr. COYNE, for 10 minutes, today.

Mr. PANETTA, for 5 minutes, today.

Mr. GONZALEZ, for 60 minutes, today.

Mr. STARK, for 5 minutes, today.

Mr. GORE, for 60 minutes, April 10.

Mr. FEIGHAN, for 60 minutes, April 10 and 11.

EXTENSIONS OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. ERDREICH, to revise and extend on the MacKay amendment in the Committee of the Whole today.

Mr. OBERSTAR, to revise and extend on the McHugh amendment in the Committee of the Whole today.

Mr. MORRISON of Connecticut, and to include extraneous matter, on the McHugh substitute amendment to House Concurrent Resolution 280 in the Committee of the Whole today.

(The following Members (at the request of Mr. BROWN of Colorado) and to include extraneous matter:)

Mr. COUGHLIN.

Mr. WHITEHURST.

Mr. WORTLEY.

Mr. BETHUNE in two instances.

Mr. MCGRATH.

Mr. PHILIP M. CRANE in two instances.

Mr. CHENEY.

Mr. SPENCE.

Mr. PARRIS.

Mr. LAGOMARSINO in two instances.

Mr. CONTE in two instances.

Mr. FIELDS in two instances.

Mr. BATEMAN.

Mr. GILMAN.

Mr. MARTIN of North Carolina.

Mr. MCKERNAN.

Mr. PORTER.

Mr. RITTER in two instances.

Mr. MACK.

Mr. DANNEMEYER.

Mr. KEMP.

(The following Members (at the request of Mr. GONZALEZ) and to include extraneous matter:)

Mr. HAMILTON.

Mr. GAYDOS in three instances.

Mr. MAZZOLI.

Mr. VENTO.

Mr. SYNAR.

Mr. RODINO in two instances.

Mr. PATTERSON.

Mr. FASCELL.

Mr. DORGAN.

Mr. LOWRY of Washington.

Mr. SWIFT.

Mr. OTTINGER.

Mr. GARCIA.

Mr. EVANS of Illinois.

Mr. BARNES.

Mr. BONIOR of Michigan.

Mr. LONG of Maryland.

Mr. HOYER.

Mr. FRANK in two instances.

Mr. DOWNEY of New York.

Mr. YATRON.

Mr. HOWARD.

Mr. BERMAN.

ENROLLED BILL SIGNED

Mr. HAWKINS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 4072. An act to make adjustments in the commodity programs for wheat, feedgrains, upland cotton, and rice, to provide agricultural credit assistance, and for other purposes.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2392. An act to authorize the President to appoint Donald D. Engen to the Office of Administrator of the Federal Aviation Administration.

BILL PRESENTED TO THE PRESIDENT

Mr. HAWKINS, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H.R. 4072. An act to make adjustments in the commodity programs for wheat feedgrains, upland cotton, and rice, to provide agricultural credit assistance, and for other purposes.

ADJOURNMENT TO MONDAY, APRIL 9, 1984

Mr. GONZALEZ. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 54 minutes p.m.) under its previous order, the House adjourned until Monday, April 9, 1984, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3094. A letter from the Deputy Secretary of Defense, transmitting certification with respect to the inertial upper stage (IUS) program, based on cost estimates provided in the December 31, 1983 selected acquisition report of the Department, pursuant to 10 U.S.C. 139b; to the Committee on Armed Services.

3095. A letter from the Auditor, District of Columbia, transmitting a report entitled, "Compliance Audit of the District of Columbia Lottery and Charitable Games Control Board," pursuant to Public Law 93-198, section 455(d); to the Committee on the District of Columbia.

3096. A letter from the Secretary of Education, transmitting a copy of proposed "Final Regulations for Bilingual Education: State Educational Agency Projects for Technical Assistance," pursuant to GEPA, section 431(d)(1) (88 Stat. 567; 90 Stat. 2231; 95 Stat. 453); to the Committee on Education and Labor.

3097. A letter from the Assistant Secretary for Administration, Department of Housing and Urban Development, transmitting notice of a proposed new Federal records system, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

3098. A letter from the General Counsel, Office of Personnel Management, transmitting a copy of a recent decision of the U.S. District Court in the District of Columbia concerning the public disclosure of the amount of gross annuities payable to retired

Members of Congress; to the Committee on Government Operations.

3099. A letter from the Administrator, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting the fiscal year 1983 report on NOAA's activities and progress in implementing the Ocean Thermal Energy Conversion Act of 1980, pursuant to Public Law 96-320, sections 405 and 117; to the Committee on Merchant Marine and Fisheries.

3100. A letter from the Administrator of Veterans' Affairs, transmitting a draft of proposed legislation entitled the "Veterans' Readjustment Act of 1984," pursuant to 31 U.S.C. 1110; to the Committee on Veterans' Affairs.

3101. A letter from the Board of Trustees, Federal Hospital Insurance Trust Fund, transmitting the 1984 annual report of the Board, pursuant to SSA, section 1817(b)(2) (H. Doc. No. 98-199); to the Committee on Ways and Means and ordered to be printed.

3102. A letter from the Board of Trustees, Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds, transmitting the 1984 annual report of the Board, Pursuant to SSA, section 201(c)(2) (H. Doc. No. 98-200); to the Committee on Ways and Means and ordered to be printed.

3103. A letter from the Board of Trustees, Federal Supplementary Medical Insurance Trust Fund, transmitting the 1984 annual report of the Board, pursuant to SSA, section 1841(b)(2) (H. Doc. No. 98-198); jointly to the Committees on Ways and Means and Energy and Commerce and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ST GERMAIN: Committee of conference. Conference report on S. 1852. (Rept. No. 98-651). Ordered to be printed.

Mr. MITCHELL: Committee on Small Business. H.R. 5298. A bill to provide for a White House Conference on Small Business; with amendments (Rept. No. 98-652). Referred to the Committee of the Whole House on the State of the Union.

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 4214. A bill to establish a State Mining and Mineral Resources Research Institute program, and for other purposes; with an amendment (Rept. No. 98-653). Referred to the Committee of the Whole House on the State of the Union.

Mr. ROSTENKOWSKI: Committee on Ways and Means. H.R. 5188. A bill to authorize appropriations for the U.S. International Trade Commission, the U.S. Customs Service, and the Office of the U.S. Trade Representative for fiscal year 1985, and for other purposes; with amendments (Rept. 98-654). Referred to the Committee of the Whole House on the State of the Union.

Mr. PERKINS: Committee on Education and Labor. H.R. 4280. A bill to amend the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1954 to improve the delivery of retirement benefits and provide for greater equity under private pension plans for workers and their spouses and dependents by taking into account changes in work patterns, the status of marriage as an economic partnership, and the substantial contribution to that partnership of spouses who work both in and outside the home, and for other purposes; with an amendment (Rept. No. 98-655, Pt. I). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANNUNZIO (for himself and Mr. ST GERMAIN) (by request):

H.R. 5371. A bill to authorize appropriations for the U.S. Mint for fiscal years 1985 and 1986, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

By Mr. ASPIN (by request):

H.R. 5372. A bill to amend title 10, United States Code, to authorize the United States to collect from third-party payers the reasonable cost of medical and dental care provided through facilities of the uniformed services to certain dependents of members of the uniformed services and to certain former members of the uniformed services and their dependents; to the Committee on Armed Sevices.

By Mr. CARNEY:

H.R. 5373. A bill to amend the Panama Canal Act of 1979 with respect to claims for injuries; to the Committee on Merchant Marine and Fisheries.

By Mr. COYNE:

H.R. 5374. A bill to require community impact statements by certain corporations involved in mergers which will result in reducing the number of persons employed in any community by at least 100 individuals, and for other purposes; jointly, to the Committees on the Judiciary and Ways and Means.

By Mr. DANNEMEYER:

H.R. 5375. A bill to amend the Internal Revenue Code of 1954 to allow trustees of certain individual retirement accounts to extend credit, with the account as security for such credit, to the individual for whose benefit such account is maintained if such individual agrees to accept a high-deductible option under a group health insurance plan offered by the employer of such individual in return for contributions by the employer to such account; to the Committee on Ways and Means.

By Mr. DORGAN (for himself and Mr. SABO):

H.R. 5376. A bill to amend section 10301(b) of title 49, United States Code, to provide for increased representation of the agricultural and natural resource products industries; jointly, to the Committees on Public Works and Transportation and Energy and Commerce.

By Mr. DOWNEY of New York (for himself, Mr. GIBBONS, Mr. VANDER JAGT, Mr. FRENZEL, Mr. GEPHARDT, and Mr. FAUNTROY):

H.R. 5377. A bill authorizing the President to enter into, and to proclaim modifications necessary to implement, a trade agreement with Israel providing for duty-free treatment for, and the elimination of import restrictions on, the products of Israel; to the Committee on Ways and Means.

By Mr. DYMALLY:

H.R. 5378. A bill to change the appointment process for judges of District of Columbia courts, and for other purposes; to the Committee on the District of Columbia.

H.R. 5379. A bill to modify the procedures regarding judicial service of retired judges of District of Columbia courts, and for other purposes; to the Committee on the District of Columbia.

H.R. 5380. A bill to remove the limitation on the authority of the District of Columbia Council regarding enactments relating to the organization and jurisdiction of the District of Columbia courts, to provide permanent authority for hearing commissioners in such courts, to raise the jurisdictional limit in the Small Claims and Conciliation Branch of the Superior Court of the District, to require criminal prosecutions in the District to be conducted in the name of the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. GEJDENSON:

H.R. 5381. A bill to amend the Internal Revenue Code of 1954 to provide that no deduction from gross income shall be allowed for expenses for food, beverages, lodging, or entertainment incurred in a facility which limits access to such facility in any manner on the basis of race, color, religion, sex, or national orgin; to the Committee on Ways and Means.

By Mr. GUNDERSON (for himself, Mr. ERLENBORN, Mr. COLEMAN of Missouri, Mr. JEFFORDS, Mr. GOODLING, Mr. FORD of Michigan, and Mr. PENNY):

H.R. 5382. A bill to amend title I of the Higher Education Act of 1965; to the Committee on Education and Labor.

By Mr. HOWARD (for himself, Mr. ANDERSON, Mr. CLINGER, Mr. BARNES, Mr. GOODLING, Mr. LANTOS, and Mr. PORTER):

H.R. 5383. A bill to amend title 23, United States Code, to direct the Secretary of Transportation to withhold a percentage of the apportionment of certain Federal-aid highway funds to be made to any State which does not establish a minimum drinking age of 21 years; to the Committee on Public Works and Transportation.

By Mr. McGRATH:

H.R. 5384. A bill to promote fairness and certainty in sentencing, eliminate unwarranted disparity in sentencing, improve the administration of justice, and for other purposes; to the Committee on the Judiciary.

By Mr. MINISH:

H.R. 5385. A bill to stabilize domestic oil prices by creating an independent corporation to buy and sell crude oil and petroleum products; to the Committee on Energy and Commerce.

By Mr. PANETTA (for himself and Mr. GRADISON):

H.R. 5386. A bill to amend part A of title XVIII of the Social Security Act with respect to the payment rates for routine home care and other services included in hospice care; to the Committee on Ways and Means.

By Mr. ROYBAL:

H.R. 5387. A bill to amend the Age Discrimination in Employment Act of 1967 to abolish the practice of denying pension benefit accruals to employees over 65 years of age; to the Committee on Education and Labor.

By Mr. STARK:

H.R. 5388. A bill to provide a right of first refusal for metropolitan areas before a professional sports team is relocated, and for other purposes; to the Committee on Energy and Commerce.

By Mr. VANDER JAGT (for himself and Mr. FRENZEL):

H.R. 5389. A bill to temporarily suspend until September 30, 1988, the duty on tetra amino biphenyl; to the Committee on Ways and Means.

By Mr. WILLIAMS of Montana:

H.R. 5390. A bill to amend the Adult Education Act to assist the States to improve programs of adult education; to the Committee on Education and Labor.

By Mr. WIRTH (for himself, Mr. CLAY, Mr. DINGELL, Mr. PERKINS, Mr. WAXMAN, Mr. TAUKE, Mr. GORE, Mr. LELAND, Mr. BATES, Mr. MARKEY, Mr. BRYANT, and Mr. OBERSTAR):

H.R. 5391. A bill to extend certain treatment afforded employees in the communications industry who transfer between various telephone companies affected by the January 1, 1984, reorganization; jointly, to the Committees on Energy and Commerce and Education and Labor.

By Mr. MAZZOLI:

H.J. Res. 538. Joint resolution designating the week of July 1 through July 7, 1984, as "International Ventriloquist's Week"; to the Committee on Post Office and Civil Service.

By Mr. BROWN of Colorado:

H. Con. Res. 286. Concurrent resolution to oppose forcing the American taxpayer to rescue U.S. and foreign lenders to Argentina; to the Committee on Banking, Finance and Urban Affairs.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

358. By the SPEAKER: Memorial of the House of Representatives of the Commonwealth of Pennsylvania, relative to the current foreclosure practice of the Farmers Home Administration; to the Committee on Banking, Finance and Urban Affairs.

359. Also, memorial of the House of Representatives of the Commonwealth of Massachusetts, relative to the enactment of legislation to improve the conditions of the mentally ill; to the Committee on Energy and Commerce.

360. Also, memorial of the House of Representatives of the Commonwealth of Pennsylvania, relative to utilizing Federal highway funds to reduce unemployment; to the Committee on Public Works and Transportation.

361. Also, memorial of the House of Representatives of the Commonwealth of Pennsylvania, relative to the use of Federal highway funds for the construction of toll roads and bridges; to the Committee on Public Works and Transportation.

362. Also, memorial of the House of Representatives of the Commonwealth of Pennsylvania, relative to extending the provisions of section 127 of the U.S. Tax Code; to the Committee on Ways and Means.

363. Also, memorial of the Senate of the State of Washington, relative to the availability of consultants to States for planning and development of high-level radioactive waste repositories; jointly, to the Committees on Energy and Commerce and Interior and Insular Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. LIPINSKI introduced a bill (H.R. 5392) for the relief of Anthony Stanley Orloff; which was referred to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 244: Mr. BLILEY.

H.R. 947: Mr. BARNES.

H.R. 1249: Mr. SOLARZ.

H.R. 1279: Mr. BARNES.

H.R. 1617: Mr. MITCHELL, Mr. PETRI, Mr. MOLLOHAN, Mr. BARNES, Mr. TALLON, Mrs. HOLT.

H.R. 1942: Mr. STUDDS and Mr. WILLIAMS of Montana.

H.R. 3129: Mr. SABO, Mr. HUGHES, Mr. FAUNTROY, Mr. WEISS, Ms. MIKULSKI, Mr. CONYERS, Mr. SIMON, Mr. TALLON, Mr. ACKERMAN, Mr. NEAL, Ms. KAPTUR, Mr. EDGAR, Mr. SOLARZ, Mr. MARTINEZ, Mr. HUGHES, Mr. GLICKMAN, Mr. ALBOSTA, Mr. MCKINNEY, Ms. SNOWE, Mr. WHITTAKER, Mr. QUILLEN, Mr. LOWERY of California, Mr. PETRI, Mr. RITTER, Mr. LEWIS of California, Mrs. JOHNSON, Mr. WALKER, and Mr. WORTLEY.

H.R. 3137: Mr. ROE, Mr. D'AMOURS, Mr. OWENS, Mr. CROCKETT, Mr. HAWKINS, and Mr. SEIBERLING.

H.R. 3950: Mr. HUNTER, Mr. LOWERY of California, Mr. WON PAT, Mr. OWENS, Mr. DANIEL, Mr. MITCHELL, and Mr. COELHO.

H.R. 4110: Mr. KOSTMAYER, Mr. WHEAT, and Mrs. HALL of Indiana.

H.R. 4150: Mr. CARR.

H.R. 4214: Mrs. SCHROEDER.

H.R. 4287: Mr. WYLIE.

H.R. 4300: Mr. HAWKINS, Mr. FRANK, Mr. HERTEL of Michigan, Mr. HOYER, Mr. COURTER, Mr. FASCELL, Mr. D'AMOURS, Mr. SILJANDER, Mr. BERMAN, Mr. STOKES, Mr. LELAND, Mr. MINISH, Ms. SNOWE, Mr. LEWIS of Florida, Mr. GINGRICH, Mr. OBERSTAR, Mr. MITCHELL, Mr. HALL of Ohio, Mr. CROCKETT, Mr. ADDABBO, Mr. HAYES, Mr. BILIRAKIS, Mr. VANDERGRIFF, Mr. WYDEN, Mr. ECKART, Mr. ROYBAL, Mr. MRAZEK, Mr. ENGLISH, Mr. MORRISON of Connecticut, Mr. MCKERNAN, Mr. KINDNESS, Mr. SCHEUER, Mr. STARK, Mr. WALGREN, Mr. REID, Mr. AKAKA, Mr. HUGHES, Ms. MIKULSKI, Mr. MAZZOLI, Mr. GLICKMAN, Mr. JONES of Oklahoma, Mr. FAUNTROY, Mrs. BOXER, Mr. ROBERT F. SMITH, Mr. BRYANT, Mr. HARKIN, Mr. YATES, Mr. ROE, Mr. HOWARD, Mrs. ROUKEMA, Mr. LENT, Mr. FORD of Tennessee, Ms. KAPTUR, Mr. DARDEN, Mr. HILER, Mr. BARNARD, Mr. JENKINS, Mr. LEVIN of Michigan, Mr. BURTON of Indiana, Mr. DICKS, Mr. SWIFT, Mr. MARTIN of North Carolina, Mr. DWYER of New Jersey, Mr. TOWNS, Mr. VENTO, Mr. MINETA, Mrs. HALL of Indiana, Mr. RANGEL, Mr. COELHO, Mr. WILLIAMS of Montana, Ms. FERRARO, Mr. MCEWEN, Mr. GREEN, Mr. PATMAN, Mr. MCGRATH, Mr. SABO, Mr. WOLPE, Mr. GUARINI, Mr. KOLTER, Mr. YOUNG of Florida, Mr. TOWNS, Mr. OWENS, Mr. LUNDINE, Mr. WEAVER, Mr. LAFALCE, Mr. BEDELL, and Mr. RAHALL.

H.R. 4360: Mr. APPLEGATE, Mr. RANGEL, Mr. BERMAN, Mr. FLORIO, Mr. GRAY, Mr. WHEAT, Mr. SAVAGE, Mr. SIKORSKI, Mr. ROYBAL, Mrs. KENNELLY, Mr. WOLPE, and Mr. RAHALL.

H.R. 4395: Ms. MIKULSKI, Mr. LAFALCE, Mr. LEVIN of Michigan, Mr. SUNIA, Mr. WOLPE, and Mr. FAZIO.

H.R. 4402: Mr. MONTGOMERY.

H.R. 4413: Mr. OWENS AND Mr. WILLIAMS of Montana.

H.R. 4429: Mr. PETRI, Mr. BEILENSON, Mr. FRENZEL, Mr. RUDD, Mr. NIELSON of Utah, and Mr. BADHAM.

H.R. 4475: Mr. OWENS, Mr. WORTLEY, Mr. MCGRATH, Mr. TORRES, Mr. WOLPE, and Mr. MITCHELL.

H.R. 4500: Mr. MCCOLLUM and Mr. PACKARD.

H.R. 4505: Mr. MINISH, Mr. PANETTA, and Mr. MARKEY.

H.R. 4523: Mr. LAGOMARSINO, Mr. DANNEMEYER, Mr. BURTON of Indiana, Mr. APPLEGATE, Mr. SILJANDER, Mr. MCCAIN, Mr. STOKES, Mr. FRENZEL, Mr. LEWIS of Florida, Mr. WON PAT, Mr. CHAPPIE, Mr. WEBER, and Mr. HARNETT.

H.R. 4548: Mr. HANSEN of Utah.

H.R. 4549: Mr. DYSON and Mr. EDWARDS of Oklahoma.

H.R. 4622: Mr. OWENS.

H.R. 4741: Mr. OLIN.

H.R. 4772: Mr. DOWNEY of New York.

H.R. 4773: Mr. GLICKMAN, Mr. MCNULTY, and Mr. TAUKE.

H.R. 4800: Mr. GRAY.

H.R. 4831: Mr. ENGLISH.

H.R. 4832: Mr. SIMON and Mrs. BOXER.

H.R. 4884: Mr. GINGRICH, Mr. DAVIS, Mr. WAXMAN, Mr. CHANDLER, and Mr. LONG of Maryland.

H.R. 4954: Mr. DANNEMEYER.

H.R. 4965: Mr. ADDABBO and Mr. DONNELLY.

H.R. 4966: Mr. DANIEL.

H.R. 5011: Mr. SENSENBRENNER, Mr. AUCOIN, and Mr. DWYER of New Jersey.

H.R. 5043: Mr. OWENS, Mr. WON PAT, Mr. CROCKETT, and Mr. BROWN of California.

H.R. 5078: Mr. JEFFORDS and Mr. MORRISON of Washington.

H.R. 5110: Mr. MITCHELL, Mr. LAGOMARSINO, Mr. JEFFORDS, Mr. MORRISON of Washington, Mr. OWENS, Mr. DEWINE, Mrs. JOHNSON, and Mr. DANIEL.

H.R. 5111: Mr. MURPHY, Mr. MCCLOSKEY, Mr. WON PAT, Mr. VANDERGRIFF, Mr. CROCKETT, Mr. APPLEGATE, Mr. ROE, Mr. WORTLEY, Mr. SIMON, and Mr. CORRADA.

H.R. 5121: Mr. WHITEHURST.

H.R. 5170: Mr. EVANS of Illinois.

H.R. 5298: Mr. CONYERS, Mr. CORRADA, Mr. D'AMOURS, Mr. DYMALLY, Mr. EVANS of Illinois, Mr. FAUNTROY, Mr. FRANK, Mr. FROST, Mr. KINDNESS, Mr. LELAND, Mr. LEVIN of Michigan, Mr. LEWIS of Florida, Mr. MCKERNAN, Mr. MINETA, Mr. MOODY, Mr. MURPHY, Mr. PATMAN, Mr. RATCHFORD, Mr. RIDGE, Mr. SCHEUER, Mr. SIMON, Mr. SMITH of Florida, Mr. STUDDS, Mr. TOWNS, Mr. UDALL, Mr. WEISS, Mr. WON PAT, and Mr. WORTLEY.

H.R. 5302: Mr. ROE and Mr. STUDDS.

H.R. 5345: Mr. OWENS, Mr. HIGHTOWER, Mr. NIELSON of Utah, Mr. PARRIS, Mr. VANDERGRIFF, Mr. ORTIZ, Mr. STENHOLM, Mr. FAZIO, Mr. GRAMM, Mr. FRANK, Mr. LEATH of Texas, Mr. WILSON, Mr. LOWERY of California, Mr. MOLLOHAN, Mr. ARCHER, Mr. CHAPPELL, Mr. WRIGHT, Mr. CLARKE, Mr. HUGHES, Mr. YOUNG of Alaska, Mr. NEAL, Mr. WISE, Mr. PATTERSON, Mr. HAMILTON, Mr. PETRI, Mr. SIKORSKI, Mr. LONG of Louisiana, Mr. CLINGER, Mr. SHARP, Mr. MOORE, Mr. LOTT, Mr. BARTLETT, Mrs. ROUKEMA, Mr. DORGAN, Mr. PACKARD, and Mr. JEFFORDS.

H.R. 5364: Mr. FOGLIETTA and Mr. MCKERNAN.

H.J. Res. 388: Mr. KOSTMAYER, Mr. ANDREWS of North Carolina, Mr. BEDELL, Mr. MINETA, Mr. SIKORSKI, Mr. SMITH of New Jersey, Mr. LAGOMARSINO, Mr. STUDDS, Mr. BIAGGI, Mr. STOKES, Mr. ANDREWS of Texas, Mr. PHILIP M. CRANE, Mr. KAZEN, Mr. FRANKLIN, Mr. CARPER, Mr. SABO, Mr. BATEMAN, Mr. YOUNG of Florida, Mr. DIXON, Mr. LUKEN, Mr. HERTEL of Michigan, Mr. DINGELL, Mr. CONTE, Mr. SKELTON, Mr. ROWLAND, Mr. PACKARD, Mr. WOLF, Mr. HANCE, Mr. BOUCHER, Mr. TOWNS, Mr. MOAKLEY, Mr. O'BRIEN, Mr. OTTINGER, Mr. MACKAY, Mr. SPENCE, Mr. SAM B. HALL, Jr., Mr. GORE, Mr. DONNELLY, Mr. KRAMER, Mr. WEAVER,

Mr. WIRTH, Mr. BRYANT, Mr. DAUB, Mr. MACK, Mr. YOUNG of Alaska, Mr. GEJDENSON, Mr. FUQUA, Mr. FROST, Mr. KEMP, Mrs. JOHNSON, Mr. MRAZEK, Mr. MARKEY, Mr. CONYERS, Mr. VENTO, Mrs. SCHROEDER, Mr. SHUMWAY, Mr. JACOBS, Mr. AKAKA, Mr. RANGEL, Mr. SISISKY, Mr. DORGAN, Mrs. SMITH of Nebraska, Mr. TORRES, Mr. MOODY, Mr. JONES of Oklahoma, Mr. SCHAEFER, Mr. ADDABBO, Mr. CAMPBELL, Mr. DERRICK, Mr. DOWNEY of New York, Mr. DUNCAN, Ms. FERRARO, Mr. FROST, Mr. HARTNETT, Mr. LUNDINE, Mr. MARTINEZ, Mr. MONTGOMERY, Mr. OWENS, Mr. STRATTON, Mr. SPRATT, Mr. TALLON, and Mr. WHITTEN.

H.J. Res. 389: Mr. DONNELLY.

H.J. Res. 400: Mr. MATSUI, Mr. TRAXLER, Mr. WILSON, Mrs. BOXER, Mr. O'BRIEN, Mr. NEAL, Mr. RITTER, Mr. SMITH of New Jersey, Mr. WAXMAN, Mr. DAUB, Mr. YATRON, Mr. HUGHES, Mr. BOEHLERT, Mr. GEKAS, Mr. CARR, Mr. GORE, Mr. WEBER, Mr. MINETA, Mr. MOLINARI, Ms. OAKAR, Mr. SIMON, Mr. CONTE, Mr. HAYES, Mr. DOWDY of Mississippi, and Mr. COATS.

H.J. Res. 473: Mr. WINN, Ms. MIKULSKI, Mr. HARRISON, Mrs. BOGGS, Mr. HERTEL of Michigan, Mr. CAMPBELL, Mr. BETHUNE, Mr. BARNARD, Mr. LEVINE of California, Ms. KAPTUR, Mr. HANSEN of Idaho, Mr. WYLIE, Mr. PANETTA, Mr. REID, Mr. EVANS of Illinois, Mr. RANGEL, Mr. WALGREN, Mr. LONG of Louisiana, Mr. LUNDINE, Mr. WEISS, Mr. PAUL, Mr. COLEMAN of Missouri, Mr. ROBERTS, Mr. GRAMM, and Mr. KOSTMAYER.

H.J. Res. 476: Mr. HIGHTOWER, Mr. BRITT, Mr. HEFNER, Mr. CLARK, Mr. WOLF, Mr. BROWN of California, Mr. MARRIOTT, Mr. DYSON, Mr. LATTA, Mr. MAZZOLI, Mr. LANTOS, and Mr. EMERSON.

H.J. Res 487: Mr. BROYHILL, Mr. HALL of Ohio, Mrs. KENNELLY, Mr. LEATH of Texas, Mr. LENT, Mr. MOLINARI, and Mr. SUNIA.

H.J. Res. 497: Mr. APPLEGATE, Mr. SHELBY, Mr. LAGOMARSINO, Mr. DANIEL B. CRANE, Mr. ADDABBO, Mr. DE LUGO, Mr. ANNUNZIO, Mr. WEBER, Mrs. BYRON, Mr. ROE, Mr. KINDNESS, Mr. REID, Mr. AKAKA, Mr. SPENCE, Mr. DUNCAN, Mr. WYLIE, Mr. DANIEL, Mr. DYSON, Mrs. HOLT, Ms. KAPTUR, Mr. MARKEY, Mr. MCCLOSKEY, Mr. BONER of Tennessee, Mr. SKELTON, Mr. CARNEY, Mr. STANGELAND, Mr. RAHALL, and Mr. YOUNG of Alaska.

H.J. Res. 499: Mr. CROCKETT, Mr. KASICH, Mr. ACKERMAN, Mr. CLARKE, Mr. KOLTER, Mr. FRENZEL, Mr. STOKES, Mr. DWYER of New Jersey, Mr. WORTLEY, Mr. SHELBY, Mr. BOEHLERT, Mr. CONTE, Mr. LELAND, Mr. AKAKA, Mr. BRYANT, Mr. CHANDLER, and Mr. WILLIAMS of Ohio.

H.J. Res. 507: Mr. WILSON, Mr. HUGHES, Mr. LAFALCE, Mr. NEAL, Mr. LEVIN of Michigan, Mr. RAHALL, Mr. RITTER, Mr. STOKES, Mr. CONYERS, Mr. MINETA, Mr. WAXMAN, Mr. DANNEMEYER, Mr. GREEN, Mr. REID, Mr. SAVAGE, Mr. MADIGAN, Mr. EARLY, Mr. AKAKA, Ms. OAKAR, Mr. DEWINE, Mr. FEIGHAN, Mr. CARR, Mr. MINISH, Mr. SISISKY, and Mr. BONIOR of Michigan.

H.J. Res. 514: Mr. BORSKI, Mr. APPLEGATE, and Mr. CLAY.

H.J. Res. 516: Mr. PURSELL.

H.J. Res. 521: Mr. LAGOMARSINO, Mr. BEREUTER, Mrs. JOHNSON, Mr. NICHOLS, Mr. QUILLEN, Mrs. BOGGS, Mr. OBEY, Mr. FRANK, Mr. GIBBONS, Mr. MOLLOHAN, Mr. LEVIN of Michigan, Ms. KAPTUR, Mr. OWENS, Mr. DEWINE, Mr. SMITH of Florida, Mr. FOLEY, Mr. RATCHFORD, Mr. MCCANDLESS, Mr. MYERS, Mr. SHUMWAY, Mr. SCHEUER, Mr. HUCKABY, Mr. FLIPPO, Mr. BLILEY, Mr. REID, Mr. NEAL, Mr. BROOMFIELD, Mr. SPENCE, Mr. HORTON, Mr. DANIEL, Mr. PANETTA, Mr. WOLF, Mr. O'BRIEN, Mr. DANNEMEYER, Mr. ANDREWS of Texas, Mr. BILIRAKIS, Mr. MOORE, Mr. VANDER JAGT, and Mr. RAHALL.

H.J. Res. 522: Mr. BROWN of Colorado, Mr. DANIEL B. CRANE, Mr. DANNEMEYER, Mr. FRENZEL, Mr. GRAMM, Mrs. HOLT, Mr. HORTON, Mr. LAGOMARSINO, Mr. LIPINSKI, Mr. TRAXLER, Mr. WEBER, and Mr. WORTLEY.

H.J. Res. 523: Mr. COELHO, Mr. HUGHES, Mr. ACKERMAN, Mr. BEILENSON, Mr. WALGREN, Mr. MOODY, Mr. WEISS, and Mr. LEVINE of California.

H.J. Res. 524: Mr. COELHO, Mr. HUGHES, Mr. ACKERMAN, Mr. BEILENSON, Mr. WALGREN, Mr. MOODY, Mr. WEISS, and Mr. LEVINE of California.

H.J. Res. 527: Mr. SUNIA, Mr. WEISS, Mr. PERKINS, Mr. HORTON, and Mr. BRITT.

H.J. Res. 534: Mr. AKAKA, Mr. NOWAK, and Mr. WISE.

H. Con. Res. 83: Mr. VANDERGRIFF and Mr. JONES of Oklahoma.

H. Con. Res. 259: Mr. BORSKI, Mr. REID, Mr. OTTINGER, Mr. DURBIN, Mr. WAXMAN, and Mrs. BOXER.

H. Con. Res. 275: Mr. BEREUTER.

SENATE—*Thursday, April 5, 1984*

(Legislative day of Monday, March 26, 1984)

The Senate met at 10 a.m., on the expiration of the recess, and was called to order by the Honorable GORDON J. HUMPHREY, a Senator from the State of New Hampshire.

Mr. HUMPHREY. Our prayer this morning will be offered by the Reverend James W. Chapman, minister, the Bath church, United Church of Christ, in Bath, Ohio.

Prior to his present ministry, he served 23 years as an Air Force chaplain. Reverend Chapman is sponsored by Senator MARK HATFIELD.

PRAYER

The Reverend James W. Chapman, minister, the Bath church, United Church of Christ, Bath, Ohio, offered the following prayer:

Will you join me in a word of prayer?

Eternal God, Creator and Sustainer of each person and each nation, we bow to acknowledge Your sovereignty over us as a people. We know that whatever we do that is not within Your will is futile and counterproductive. We know as well that that which is Your will for us abounds beyond our wildest hopes.

Your revelation of Yourself to us has been enough that we know quite well what You would have us do. We understand the goals that you have set before us. We have articulated them in majestic terms in our national documents. So we do not so much pray for wisdom and understanding as we do for courage to do that which we already comprehend.

Having received Your directions for our lives, let us have the humility to put aside selfish goals in preference for those unselfish ones which best serve Your kingdom. If we can do that, then we shall be known not for personal achievement, but for the shared good of all our people, and through them, the well-being of the wide world around us. In the name of Jesus Christ I pray. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. THURMOND).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., April 5, 1984.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable GORDON J. HUMPHREY, a Senator from the State of New Hampshire, to perform the duties of the Chair.

STROM THURMOND,
President pro tempore.

Mr. HUMPHREY thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. Under the standing order, the majority leader is recognized.

Mr. BAKER. I thank the Chair.

COMMENDATION OF THE VISITING CHAPLAIN

Mr. BAKER. Mr. President, first I wish to commend our distinguished visiting chaplain today. We are delighted to have him with us in our presence. He is another in a long line of distinguished ministers who have served as our visiting chaplain, and he adds to the distinction of that group.

I also wish to thank Senator HATFIELD for inviting him to perform this function today.

May I say parenthetically that his loud resonant voice must surely have been heard by all in this room, and no doubt commands the attention of those who are not in the Chamber at this moment.

SENATE SCHEDULE

Mr. BAKER. Mr. President, after the two leaders are recognized under the standing order, there will be a period for the transaction of routine morning business until 10:30 a.m., at which time the Senate will resume consideration of the supplemental appropriations bill which is the unfinished business.

I anticipate that the Levin amendment will be offered shortly after we convene. I understand that a reduced time has been agreed to by the managers and Senator LEVIN to provide for 40 minutes equally divided. I am not sure that has been formalized, but it was my understanding last evening that it had been agreed to.

After that, Mr. President, I anticipate that my colleague from Tennessee, Senator SASSER, will offer an amendment dealing with Honduras. It is hoped that the 4 hours allotted for that amendment can be substantially reduced. I conversed with Senator SASSER last evening about that, and I am encouraged to think that we may be able to negotiate a shorter time limitation. That has not been done yet.

There are other amendments, Mr. President, that may be offered. But in any event, it is the hope of the leadership on this side that we can finish the supplemental appropriations bill today. The Senate is on notice of, and should be prepared for, a late session today, if necessary, in order to accomplish that purpose.

In addition, Mr. President, as I have advised the minority leader previously, it is the hope of the leadership on this side that we could then proceed to the small reconciliation bill, so-called. I will discuss that further with the minority leader in the course of the morning, but I would reiterate that hope.

Mr. President, as I see it now, the Senate will be in session tomorrow and perhaps on Saturday, as I indicated earlier this week. But if we can finish the supplemental, and if we can finish the small reconciliation bill, there is a possibility at least that we could avoid the Saturday session, and perhaps even a part of the Friday session. But once more, I will discuss that with the managers and most especially with the minority leader.

SPECIAL ORDER REQUESTS

Mr. BAKER. Mr. President, I believe the only other announcement that I should make at this time is this: There are a number of Senators who had requested special orders for this morning. Since we did not recess until late last night, I asked those Senators—I believe there are eight of them—to postpone their requests for special orders.

We will try to accommodate those requests later today or, if not today, then tomorrow. I offer my apologies to those Senators for not providing special order time this morning. But I think they surely do understand that after a late evening, with the 10 o'clock convening hour this morning, and the necessity to try to finish the supplemental appropriations bill that it would have delayed beginning consideration of that bill very substantially.

So I express my appreciation for the willingness to forego special orders this morning. I assure the Senators

that I will make provision for that either later today or tomorrow.

Mr. President, I do not think I have any further need for my time under the standing order. I see no other Senators seeking recognition. I offer my remaining time to the minority leader.

Mr. BYRD. Mr. President, I thank the distinguished majority leader.

RECOGNITION OF THE MINORITY LEADER

The ACTING PRESIDENT pro tempore. Under the standing order the minority leader is recognized.

Mr. BYRD. I thank the Chair.

May I ask whether my friend from Wisconsin, Mr. PROXMIRE, will need additional time?

Mr. PROXMIRE. I would appreciate it; if I could have 4 or 5 minutes, it would be very helpful.

Mr. BYRD. Mr. President, I yield 5 minutes of my time to the distinguished Senator from Wisconsin (Mr. PROXMIRE) and I yield the remaining minutes back to the distinguished majority leader in the event that he would have some use for the time.

Mr. BAKER. Mr. President, I thank the Senator.

Before the Senator from Wisconsin begins, may I say that the Senator from California (Mr. WILSON) was one of the eight Senators who had requested special order time. He now tells me that he needs about 2 minutes. So after the Senator from Wisconsin speaks, I propose to yield 2 minutes of the time remaining under the standing order to the Senator from California.

RECOGNITION OF SENATOR PROXMIRE

The ACTING PRESIDENT pro tempore. The Senator from Wisconsin is recognized.

DO THE NUCLEAR SUPERPOWERS—THE UNITED STATES AND THE SOVIET UNION—HAVE MUTUAL INTERESTS?

Mr. PROXMIRE. Mr. President, the United States and the Soviet Union have a single overwhelmingly important mutual interest—the prevention of nuclear war. A nuclear war between the superpowers would destroy both countries utterly. So what are these two nuclear giants doing together to prevent that final and absolute catastrophe? Both are relying on the old conventional war thesis that in a world of infinite military power only more and more power can provide genuine security, safety, and peace. How ironic! From what source comes the greatest threat to human life? Answer: From the appalling and growing power of nuclear arms.

So on what do both sides—both nuclear superpowers—place their reliance for peace in this nuclear world? Answer: More nuclear arms. Of course, there is a simple, primitive, and very partial wisdom in this mutual nuclear buildup. Both sides are, indeed, building and refining and increasing an evermore awesome nuclear deterrent. Leaders on both sides have expressed increasing understanding of the utter insanity of nuclear war. Both know that a superpower nuclear war would have destroyed both sides 25 years ago. They know that destruction would have been ever more complete 10 years ago. They know it would be totally devastating today. They also know that as the years roll on into the future the force of that destructive nuclear power marches ever closer to the extermination of the human species. The realization of the absolute and total destructiveness of nuclear war today has become at the moment the single most compelling contribution to peace. So why is this not enough? Mr. President, if we coud find a way of stopping the nuclear arms race on this very day, freezing it, then we could count on this nuclear deterrence to provide some basis for continuing nuclear peace. But we are nowhere near such an agreement.

In fact, at this moment arms control talks between the United States and the Soviet Union have stopped. Our President has not talked directly in person about anything with the Soviet leader for more than 3 years. There is no indication that arms control talks will resume any time soon. And suppose they do resume—would they give any promise of stopping the arms race? Certainly not on the course they were moving when they were suspended. Why not? Because they did not touch the nuclear arms technological race. There were no negotiations under way to stop testing.

SALT/START negotiations did limit the number of new missiles that could be flight tested, but even if both powers reached full agreement on all the issues on the table in the START and IMF talks, the technological race speeds on, leaving deterrence unfortunately in the dust.

The nuclear arms technology developments threaten to bring on nuclear weapons in the next 10 or 15 years which will enable one side or the other to believe that it has the capacity to literally win a nuclear war. As Leslie Gelb, the New York Times nuclear expert, wrote recently the nuclear deterrence that has kept the peace for the past 35 years may vanish, anquished by nuclear arms technology progress.

And less than 16 years from now—by the year 2000 some 31 nations will—according to estimates by our military experts—have nuclear arsenals, unless two things happen. First, we must stop the nuclear arms technology race that is moving toward precisely the kind of weapons that smaller nations can afford: small, portable, and still infinitely lethal. Second, we must get serious about stopping nuclear proliferation. If the United States and the Soviet Union cooperate to use our joint economic power we have the ability to stop this spread of nuclear weapons beyond the six or eight nations that presently have nuclear capability.

So, again what mutual interests do the United States and the Soviet Union have? As I said at the beginning of this speech the dominating mutual interest is to prevent nuclear war. And that means that both nations have a deep interest in stopping the arms race. Of course, that will require the resumption of the broken-off arms control talks. It will require that the talks expand greatly to include a mutual and verifiable freeze on the testing, manufacture, and deployment of all nuclear arms. And it will mean that the negotiators agree to put their full resources into stopping nuclear proliferation using the economic power of both countries in a full court press to stop any export that would enable even one additional country to develop a nuclear arsenal.

Mr. President, while the U.S. Expeditionary Force did engage in hostilities in 1918 with Russia, as President Reagan recently pointed out our country has never been engaged in a major war with the Soviet Union.

We forgot as the Common Cause Guide Understanding Nuclear Weapons Policy points out that there are 75 United States-Soviet bilateral agreements at present on environmental cooperation, health, housing, agriculture and energy, maritime affairs, trade, commerce, and aviation. In addition over 500 U.S. corporations have signed agreements with the Soviet Union for commodity sales and scientific and technological exchanges of nonstrategic goods. We now have a thriving grain trade with the Soviet Union. So we have something to build our agreements on. Will the Soviets keep such agreements? Yes; for two reasons. First, they have as strong an interest in preventing nuclear war as we do. Neither of us has a death wish. Both of us want to survive. Second, we can craft agreements, as I established in my speech on the floor of the Senate when I last spoke on this issue, that we can effectively verify.

THE BAFFLING LACK OF SENATE ACTION FOR THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, I stand before you today, as I have nearly every day that Congress has been in session since 1967, to urge the Senate to support the Genocide Convention.

There has been no human rights treaty that has been subject to more detailed scrutiny than the Genocide Convention. Every line, every word, and every syllable has been studied and reviewed and debated.

Over the years, the legitimate questions raised regarding this convention have been carefully and conclusively refuted.

Since 1948, approximately 86 nations have become parties to the Genocide Convention. The United States actively participated in drafting the terms of the convention and in securing its adoption by the General Assembly. And yet, we still abstain from becoming a party to this most important treaty.

Here is a treaty that has the complete support of a long line of Presidents, both Democratic and Republican alike, and has the endorsement of every branch of the Armed Forces. The list of supporters goes on and on, but the Senate has yet to act.

Its purpose is quite clear. The Genocide Convention attempts to safeguard under international law the most fundamental human principles—the right to live.

What could be more basic? What could be more consistent with fundamental American principles?

Mr. President, the long delay in Senate action must be baffling to our allies and a delight to those who wish us ill in the world. It is time that we eliminate this confusion. It is time that once again America resume its leadership in the forefront of the human rights movement.

Through ratification of the Genocide Convention we will lend our support to the most fundamental of human rights—the right of all national, ethnic, racial, and religious groups to live. But ratification will convey an even stronger message: It will demonstrate that America is determined to back its words with actions and will strengthen our hand in protesting the numerous violations of human rights that continue to plague our world.

The Genocide Convention will not be a panacea for the human rights violations of the world but an important step in the right direction.

Mr. President, I urge my colleagues to join me in seeking ratification this year.

Mr. President, I thank the minority leader for having yielded.

The ACTING PRESIDENT pro tempore. The Senator from California.

FAT CATS AND DEMOCRATS

Mr. WILSON. Mr. President, the press of business in the Senate these last few days has been such that very probably a number of my colleagues may have missed the opportunity to read and digest a leading editorial that appeared in yesterday's Wall Street Journal. It is an editorial entitled "Fat Cats and Democrats," and takes note that two big events recently occurred in Latin America. The first was the U.S. Treasury decision to back a $300 million bridge loan to Argentina so that that nation may make its interest payments to Western banks.

The second was the Presidential election in El Salvador.

As the editorial states, the juxtaposition of these events gives Americans and the United States an opportunity to think about the ways people in the rest of the world may think of us as America the fat cat and America the democrat.

The editorial goes on to state that:

> But if you were a citizen of Central or South America reading news accounts of the Argentine loan and the Salvadoran elections, we suspect your view of the North Americans, as they call us, would be that we're reliable fat cats but only fair weather democrats.

Mr. President, I commend this editorial, not just to those in the Senate but perhaps even more so to our colleagues in the House.

The editorial notes the sad fact that there has not been a full vote of the Congress, in fact, it says:

> Surprisingly, the full Senate and House have not voted on Salvadoran aid since fall of 1981.

It goes on to note that, by default, expression of congressional policy has been made by speeches of individual Senators, but by no concrete floor action which would express the view of this body or the House of Representatives.

It then scolds us, quite properly, and says, "The full Congress should not allow this state of affairs to persist."

Mr. President, I quite agree. I think we have had a useful debate here in this body for the past week or so. There have been a number of votes, some on words and some on money. But finally, at least, this body has acted with respect to specific measures that relate to our aid to democracy as it is burgeoning in El Salvador.

I hope that the House will take to heart the admonition given by the Journal in an editorial that deserves our attention. I hope that they will act as this body has, after full debate but will act, because I think it is deplorable that we have not seen a vote since the fall of 1981.

Mr. President, the time for debate has passed. The time for action is now, if we are not to be seen as second-class democrats, as those who speak volumes about democracy but take our own for granted and will not provide sufficient protection for those who are struggling valiantly to secure their own.

It is time for the Congress of the United States, indeed, to act fully, to act promptly, and dispel the image that is so clearly outlined in this editorial.

Mr. President, I ask unanimous consent that the editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

FAT CATS AND DEMOCRATS

We have had two big events recently in the ongoing melodrama called Latin America. The first was the U.S. Treasury's decision to back a $300 million bridge loan to Argentina so it could make its interest payments to Western banks. The second was the presidential election in El Salvador. The juxtaposition of these events gives Americans in the U.S. an opportunity to think about the ways people in the rest of the world may look at us—as America the fat cat and America the democrat.

Despite all the U.S.'s extraordinary economic success, most Americans here would probably give rein to their native idealism and prefer that the rest of the world look to the U.S. mainly as a model of the possibilities of the democratic tradition. But if you were a citizen of Central or South America reading news accounts of the Argentine loan and the Salvadoran elections, we suspect your view of the North Americans, as they call us, would be that we're reliable fat cats but only fair-weather democrats.

The Argentine loan crisis, like its predecessors, made it clear that if you're sitting in Buenos Aires, the only serious thing you have to keep in mind about America the fat cat is that it's the one country in the world that can and will pump $300 million out of something called the Export Stabilization Fund. The United States, as a superpower, is supposed to stand for something significant, but the Argentine loan deal, so seemingly protective of a handful of banks' first-quarter earnings, makes the U.S. look mainly like something resembling the Dutch East India Company.

But we are a big nation with many interests, and the El Salvador election ought to have been an opportunity to put our best foot forward. To date, that is an opportunity that has been taken poorly or halfheartedly.

Last week 1.3 million of a possible 2.5 million Slavadorans voted. One major piece of U.S. newspaper analysis of the election carried this headline: "Salvador Vote Settles Little at Home or in Washington." Sen. Chris Dodd said of the Salvadoran election: "The centers of power in El Salvador will remain the same the day after the election as the day before." Mr. Dodd favors negotiating some sort of settlement with El Salvador's antidemocratic guerrillas. Before the election, a Washington Post editorial suggested "intrusive policies may have to be followed to ensure the victory, and then the seating, of Christian Democrat Napoleon Duarte." Meanwhile, Gary Hart and Walter Mondale compete to see who would jerk U.S. troops out of Central America faster. Mr. Hart argues that our military presence will push us into "another unwinnable war," which isn't quite accurate. When we pull out, a freshly resupplied communist insurgency will roll up El Salvador and its voters like an old carpet.

Then we have both the speaker of the House and a Democratic senator from Tennessee demanding to know whether the War Powers Act is violated if U.S. planes stationed in Honduras signal the Salvadoran

army the whereabouts of its enemy, or if U.S. military advisers find themselves directly in the guerrillas' line of fire.

This Monday, however, the U.S. Senate defeated by a lopsided margin (63-25) attempts to drastically cut a $61.7 million emergency aid package for El Salvador. How is one to square this support for El Salvador with the unrelenting criticism the place seems to get from Congress? Well, surprisingly the full Senate and House have not voted on Salvadoran aid since fall 1981. By default, the entire Central American debate has been framed by publicity given the authorizing subcommittees of Senate Foreign Relations and House Foreign Affairs, whose legislative proposals have been so extreme the leadership won't bring them to a floor vote. But the members and staffs of these subcommittees are creating the impression that this country regards democratic elections as just another policy blip, no more or less important than aid conditionality or the subsections of a War Powers Act no three people agree on.

The full Congress should not allow this state of affairs to persist. Good-faith efforts to restore the democratic process in places such as El Salvador deserve united praise and support, not yawns and derision. The alternative is allowing ourselves to become known primarily for our skill at matters like Argentina's overdue interest. We become just the latest mercantile nation that at some point in history happened to have enough money to roll over other people's debts.

Mr. BAKER. Mr. President, how much time remains under the standing order?

The ACTING PRESIDENT pro tempore. Two minutes thirty seconds.

Mr. BAKER. Mr. President, I yield 2 minutes to the distinguished Senator from Wisconsin.

VOTING PRACTICES IN THE UNITED NATIONS—GRENADA

Mr. KASTEN. Mr. President, today I am giving my fourth speech on the voting practices of member countries in the United Nations.

As I indicated in my first statement on April 2, I am using as background for my speeches the first annual report that Congress mandated last year. This law, that I am proud to have authored, requires the Secretary of State and the Permanent Representative to the United Nations to report to Congress each year on voting practices in the world body.

The first annual Kasten report is now available through the Senate Appropriations Committee and is entitled "Foreign Assistance Appropriations, 1985—Part 3."

Americans for the first time ever can now review important votes in the United Nations and see how recipients of U.S. foreign aid voted on issues critical to U.S. foreign policy.

I am focusing this series of speeches concerning voting practices on a separate key issue or cluster of issues that came before the U.N. General Assembly or the Security Council last year.

Today I will review the U.N. General Assembly vote on the rescue of Grenada by the United States and the Organization of Eastern Caribbean States. This action of the OECS and of the United States in Grenada last October first was greeted with much partisan argument in this Congress. Very shortly after the initial shock of news of the action, however, bipartisan factfinding missions from the Congress were able to bring about remarkably strong consensus that the joint U.S. OECS action had been legally and morally justifiable.

Congressional factfinders who visited Grenada shortly after order had been restored on the island discovered that the American and Eastern Caribbean forces had truly been welcomed by the mass of Grenadians with open arms. Even most of those in Grenada who had supported the regime of the Marxist Maurice Bishop regarded the intervention as a rescue.

The people of Grenada were aware that the Prime Minister and most members of his Cabinet had been murdered in cold blood by thugs calling themselves revolutionaries. The people knew that these same thugs were also threatening to shoot anyone on sight caught violating a 24-hour-a-day curfew. Facing the same peril were more than 1,000 Americans in Grenada, mostly students.

The ranking minority member of the House Foreign Affairs Committee, Representative BILL BROOMFIELD, remarked after the completion of the bipartisan congressional factfinding mission: "I am absolutely convinced that had the United States not intervened, inaction would have been comparable to playing Russian roulette with the lives of more than 1,000 Americans on the island."

While the majority of Members of Congress from both parties drew their conclusions about the Grenada events after thoughtful examination of the facts, a wholly different judgment of the Grenada affair was made by majorities in the United Nations. A majority of U.N. Security Council members voted in favor of a draft resolution condemning the action as a "flagrant violation of international law." The resolution was vetoed by the United States.

After that, the General Assembly, where no one member has veto power, seized the issue as a matter of emergency. In its rush to judgment, the General Assembly approved a resolution in which it adopted the language of the Draft Security Council resolution. One hundred and eight U.N. members voted for that General Assembly resolution. Only nine, including the United States, the nations of the organization of Eastern Caribbean States, El Salvador and Israel voted against it. Twenty-seven countries abstained.

Before this lobsided vote, an even more outrageous event occurred. A gag rule was imposed to prevent the United States and its Eastern Caribbean partners from even presenting their case. This, mind you, occurred in the U.N. General Assembly, a forum where debate on other subjects, such as Israeli "aggression and denial of human rights," streams on endlessly.

A procedural motion to cut off debate was proposed by the totalitarian regime that calls itself Democratic Yemen. Also known as South Yemen, Democratic Yemen is unambiguously a colony of the Soviet Empire. The gag rule was approved, by a vote of 60 in favor, 54 opposed—including the United States and most of the democracies—and 24 abstaining.

Mr. President, the recent Kasten report on voting practices in the United Nations issued earlier this year by the State Department documents that none of our NATO partners joined us in opposing the General Assemby resolution that condemned the Joint U.S.-OECS rescue mission. Some abstained, including the United Kingdom, Canada, the Federal Republic of Germany, and Turkey. Our strategic allies, France, Italy, Greece, and Spain, on the other hand, voted in favor of the resolution.

So few U.N. members voted with us on the substantive resolution denouncing our action in Grenada that it goes without saying that most U.S. military allies and the vast majority of beneficiaries of U.S. economic assistance were among those failing to support our position.

The close vote on the gag rule motion provides better drawn lines. Our NATO allies were nearly unanimous in opposing the gag rule. From among them, only Greece voted to cut off debate, while Spain cast the only abstention. The Soviet Union and its captive nations in Eastern Europe formed a solid bloc for the gag rule. Most of the Latin American and Caribbean states, on the other hand, voted to keep debate open. Disturbing exceptions within that region, besides the predictable ballots of Cuba and Nicaragua, were Argentina, Brazil, Colombia, Mexico, and Panama.

In Africa, only a few very close friends of the United States voted to permit debate: The Ivory Coast, the Sudan, Liberia, Togo, Somalia. In the Middle East, Asia and the Pacific, democracies such as Australia and Japan were joined by western-oriented governments of the Association of South East Asian Nations and the South Pacific islands in favor of permitting debate. India and Sri Lanka, alone among the Asian democracies, joined the Communists and other nondemocratic regimes of the region in voting for the gag rule.

Mr. President, there is simply no evading the fact that in the treatment of Grenada, the United States found itself with serious problems in its relations not only with traditional foes, but also with most of our better friends in the United Nations. These are problems which, of course, extend beyond the United Nations and related to the nature of and cooperation with our allies. But the event also demonstrates how serious is the crisis of fidelity to the principles of the U.N. Charter among U.N. members.

One only need note that the U.N. condemned the U.S.-OECS action in Grenada in substantially more vigorous terms than it ever has used to condemn Soviet aggression in Afghanistan. Indeed, the term "aggression" was never used in the Afghanistan resolution, nor was the term "condemn," nor was the Soviet Union ever mentioned by name in any of the operative paragraphs of the resolution. In a subsequent speech, I will have more to say about the notion of "moral equivalence of the superpowers" which unfortunately has become all too prevalent.

The Professional Community of International Lawyers, Mr. President, for the most part has agreed that the U.S. action in Grenada was compatible with international law. Most legal experts concur with the commonsense of most Americans, that the use of American power was appropriate and reasonable under the unique combination of circumstances that had prevailed in Grenada.

The professional legal judgment is excellently expressed in an article in the January 1984 issue of "The American Journal of International Law," entitled "Grenada and the International Double Standard." The article's author is Prof. John Norton Moore of the University of Virginia, a member of the Journal's board of editors. Professor Moore argues on the basis of factual evidence and international law that the Grenada intervention was altogether legal. Moreover, he warns that "an international double standard is eroding the foundations of the international legal order."

The League of Nations failed, Mr. Moore writes, "In part because the international community timidly ignored the mounting aggressive threats to international order. A repeat of the league collapse—and the subsequent descent into international anarchy—is simply unthinkable in the thermonuclear world. To avoid the unthinkable, the international community must abandon the international double standard and rigorously apply the great principles of the United Nations Charter."

Professor Moore's words succinctly describe the crisis of the United Nations. Although the crisis is not limited to voting behavior, we may gain very illuminating information on the crisis from the State Department's analysis of key votes from last year's General Assembly. Tomorrow I shall speak on how the crisis of the United Nations is exemplified in votes on resolutions concerning illegal use of chemical weapons.

Mr. President, I will ask unanimous consent that a table showing those countries which voted against the U.S. position on these issues and are scheduled to receive U.S. foreign assistance in fiscal year 1985 be printed in the RECORD at the conclusion of my remarks. It should be pointed out that the table does not include those countries which abstained, even though in some cases an abstention can be interpreted as a vote against our position. Those countries which voted against our position on both of the issues I talked about today appear with an asterisk next to their names. The table also shows the proposed U.S. bilateral foreign assistance for each country for fiscal year 1985, the current year levels of assistance and the historic levels of assistance from 1946 through the fiscal year 1985 proposal.

I ask unanimous consent that the table to which I referred be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

[Dollars in millions]

	Fiscal year—		1946–85
	1985	1984	
Africa:			
Equatorial Guinea	1.8	1.8	7.1
Swaziland	9.8	10.0	92.9
Niger	33.1	28.4	247.5
Egypt	2,170.3	2,504.3	18,497.9
Somalia	120.1	109.9	697.4
Lesotho*	18.9	19.8	180.1
Zambia*	30.0	28.6	326.4
Botswana*	22.6	25.1	219.5
Mauritius	5.7	5.7	52.5
Guinea*	12.0	5.7	203.4
Burundi*	7.2	6.9	59.5
Mauritania*	11.1	12.7	124.4
Comoros	0.8	1.1	3.7
Zimbabwe*	30.2	40.0	267.0
Ghana*	10.2	21.0	473.2
Mali*	14.1	12.7	219.1
Tanzania*	3.1	11.0	350.7
Upper Volta*	19.0	16.9	234.3
Uganda*	10.1	9.1	97.0
Seychelles*	2.4	2.5	14.0
Cape Verde*	5.8	6.4	67.0
Benin*	3.0	3.0	65.8
Sao Tome*	0.2	0.7	3.5
Madagascar*	10.3	9.3	71.0
Guinea Bissau*	2.9	2.8	34.6
Algeria*	(1)	.....	203.3
Congo*	1.1	3.0	21.3
Ethiopia*	3.7	6.4	688.1
Angola*	0.2	2.0	18.4
Mozambique*	(1)	6.2	82.3
Asia:			
Thailand	143.1	145.1	3,022.5
Singapore	(1)	(1)	22.1
Papau New Guinnea	0.9	0.9	3.4
Pakistan	632.0	583.3	7,743.1
Nepal	18.3	17.1	353.7
Burma	20.3	17.3	275.2
Malaysia	11.0	11.1	288.5
Indonesia	155.4	149.2	3,947.4
Bangladesh	180.2	164.5	2,250.0
Maldives	(1)	(1)	(1)
Bhutan	0.6	0.9	4.0
Sri Lanka*	74.3	72.6	880.4
Jordan	117.1	136.7	2,871.0
Cyprus*	3.0	15.0	211.3
Yemen Arab Republic	47.8	37.1	305.7
India*	212.3	224.1	11,411.4
LAC:			
Uruguay	0.1	0.1	249.8
Costa Rica	219.9	192.1	971.9
Peru	78.3	67.4	1,292.7
Bahamas	(1)	.....	0.3
Dominican Republic*	111.1	92.9	1,094.9
Venezuela	(1)	(1)	353.8
Trinidad-Tobago	(1)	.....	40.9
Ecuador	18.2	21.9	615.4
Bolivia	52.5	42.3	1,067.7
Colombia*	19.2	11.3	1,657.5
Brazil*	0.3	0.1	3,068.8
Suriname	0.1	(1)	6.5
Panama*	60.3	62.0	603.9
Mexico*	9.2	8.7	386.7
Guyana*	(1)	0.3	130.4
Grenada*	0.3	15.2	15.5
Europe:			
Portugal	208.0	147.4	1,980.4
Austria	0.1	0.1	1,257.1
Spain	415.0	414.4	4,063.8
Greece*	501.7	501.4	7,286.3
Finland	0.1	0.1	57.4
Yugoslavia*	0.2	0.1	2,832.5

*Less than $50,000.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, there is a period for the transaction of routine morning business ordered until 10:30 this morning. Senators are reminded that at 10:30, the Senate will resume consideration of the supplemental appropriations bill. I urge the managers of that bill to be here on the floor so we can get an early start. I anticipate that the Levin amendment will be the first amendment offered when we resume consideration of that measure.

Mr. President, I yield back the remainder of my time.

ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will be a period now for the transaction of routine morning business not to extend beyond the hour of 10:30 a.m., with statements therein limited to 2 minutes each.

TRAVELERS INSURANCE: RECIPIENT OF SMALL BUSINESS DEVELOPMENT AWARD

Mr. WEICKER. Mr. President, the Small Business Administration recently awarded the Travelers Companies, the insurance giant in Hartford, the first Small Business Development Award for Connecticut.

The award was established to recognize the role that large businesses play in supporting the growth of small companies. For years, the Travelers has been known in the small business community for the unique opportunities that it offers small firms. It operates an extensive support system for 10,000 small businesses—independent insurance agencies. The Travelers assists these companies through counseling, financing, investment, and training. Further, as the SBA stated in its announcement of the award, the Trav-

elers was singled out because of its socially responsible investment program, its corporate giving effort, corporate purchasing policy (including a special minority purchasing program), and its real estate and venture capital investments.

Mr. President, as those who have known and worked with the Travelers realize, this company has always been socially concerned and involved in the development of small enterprises. I commend SBA for making this award and congratulate the Travelers Companies wholeheartedly for their work.

ORDER OF BUSINESS

(Later, the following occurred:)

Mr. STEVENS. Mr. President, I yield such time as the distinguished Senator from West Virginia, who has an important announcement to make about an event that took place in this town 40 years ago, wishes up to 5 minutes.

The PRESIDING OFFICER. The Senator from West Virginia is recognized.

PROGRESS IN SYNFUELS

Mr. RANDOLPH. Mr. President, I am grateful to the able assistant majority leader, the Senator from Alaska (Mr. STEVENS), for yielding to me for the purpose of calling the attention of my Senate colleagues, the Members of the Congress generally, and to the country as a whole.

On that historic date, President Franklin Roosevelt signed the first Synthetic Liquid Fuels Act into law. I introduced that bill, H.R. 3209, in the fall of 1943. It allowed our Government to provide incentives and encourage a new and necessary industry over the threshold. It mandated development of new technologies to produce methanol and other liquid fuels from coal, ethanol from agricultural wastes, and oil shale.

Mr. President, I speak with sadness. The progress which I dreamed would come from the use of synthetic fuels has not taken place. Of the modest sum of $52 million appropriated in the 1940's, $3 million was returned to the U.S. Treasury in the midfifties.

I speak of a bill signed 40 years ago, and of the shortsightedness of this country in failing to provide a synthetic liquid fuels program during the years that followed. And even today, with an oil glut, who knows what will happen in a year? We do know what happened when OPEC hit us in 1973 and 1979. We experienced firsthand the long line of cars, that either could not get to the gas pumps or were turned away because of lack of supply once they reached those pumps.

Mr. President, I am in earnest now as I discuss this failure to meet a challenge with a sound program brought into being by the Congress, which was permitted by the Congress to be terminated.

To emphasize the importance of synthetic fuels to the Nation, on November 6, 1943, I flew in a Fairchild 24 from Morgantown to Washington, D.C., on about 80 gallons of coal-derived fuel. That fuel was processed at a small laboratory outside of Pittsburgh. The flight was piloted by Arthur Hyde, a native of Moorefield, W. Va.

Last year on November 6, I circled the field at the Morgantown airport in a Fairchild 24 to symbolize the 175-mile flight made 40 years earlier. Unfortunately, it was again to highlight the need to create a domestic synfuels industry. We were able to secure only one-half gallon of coal derived fuel for the flight.

The first flight in 1943 followed hearings I chaired in the House Subcommittee on Coal in 1942. It led to the passage of the Synthetic Liquid Fuels Act in 1944. By 1947, a memorandum circulated within the Interior Department which foresaw 5 years later, a federally subsidized synthetic fuels industry able to produce 2 million barrels of oil a day.

President Truman in 1949 continued Roosevelt's initiative. During his term of office two producing synthetic fuel plants were constructed in Missouri which turned coal to an assortment of petroleum products. The New York Times reported we were—

* * * on the threshold of a profound chemical revolution. The next ten years will see the rise of a massive new industry which will free us from dependence on foreign sources of oil.

Unfortunately, this never happened. Why? Because, in 1955 the decision was made to eliminate all Government involvement in coal gasification and other alternative energy projects. President Eisenhower ordered the program ended on the assumption if needed, private industry would anticipate and correctly respond to assure the Nation had adequate fuel supplies.

In 1978, President Carter urged and Congress passed the first body of law which could be viewed as a national energy policy. In 1980, the Energy Security Act was approved as a second phase of our national energy plan to develop a viable synthetic fuels industry. The new act provided authorization for a beginning phase of $20 billion, and a second phase allowing for $68 billion to be used to create a synthetic fuels industry. Thus, we had again created the potential to recapture the initiative provided initially on April 5, 1944. I am convinced if that administration had continued we would now be breaking ground for a number of plants to provide alternative fuels for the Nation. But we did not continue this innovating, exciting, and crucial energy course. We saw history repeat itself in negative fashion.

Today, the Organization of Petroleum Exporting Countries (OPEC), has the capability to produce 35 million barrels of oil per day with essentially no capital investment. In 1983, OPEC production was less than 15 million barrels per day. U.S. production is approximately 10 million barrels daily of crude and natural gas liquids. OPEC has idle twice the U.S. capability to provide petroleum.

To produce 8.5 million barrels each day of crude and 1.5 million cubic feet of natural gas, the United States has 580,000 oil wells and over 200,000 gas wells. Approximately 80,000 new wells must be drilled annually to sustain this level of production. Saudi Arabia, in contrast, can produce 12 million barrels per day with 750 wells. The Saudis are producing less than 4 million barrels to assure the price of $29 to $30 per barrel. The difference associated with capital investment needed is conclusive in competitiveness. Alternate energy technologies requiring large capital investment, such as producing synthetic gasoline from coal, have no opportunity for widespread application under these conditions without Government support.

We must not retreat in our national commitment to synthetic fuels. The money spent on these efforts are sound investments in our future. They are, in fact, of equal importance and must interlock with our defense spending for national security purposes. If synfuel development had been permitted to reach its commercial potential in the fifties or renew itself in the eighties much of the international tension being experienced today in Lebanon, the Strait of Hormuz, and other areas in the Mideast would have been negated.

In 1977, 37 percent of our oil imports came from Persian Gulf countries. In 1983, approximately 7 percent came from those areas. Britain, Norway, and Mexico are now providing 32 percent of our requirements. Even though we have reduced our exposure in the Middle East, many of our allies have not. Therefore, under oil-sharing terms contained in international energy agreements we continue energy hostages of the OPEC nations if supplies are cut off.

We cannot expect progress in synfuels with adequate oil supplies, a market-oriented administration, and serious organization and management problems within the Synthetic Fuels Corporation. How can we expect progress if industry has lost its nerve, and the press remains silent except to break the news of one company after another pulling out of planned synthetic fuels projects?

Progress has been made by the passage of the Energy Security Act and the creation of the Synthetic Fuels Corporation. We hear much about dis-

mantling the programs and organization in the press. Unlike the midfifties, there are many strong congressional advocates in the House and Senate. I believe this congressional concern will sustain synfuels development against those who see abolition of the Corporation (SFC) as a method for deficit reduction or acting as a supplemental appropriation for general energy research and development. Continued synfuel development will also create natural and distinct, long-term and profitable markets for all grades, types, and qualities of coal. This, in turn, would blunt concern and division on environmental questions such as acid rain and percent reduction.

We must immediately encourage President Reagan to appoint qualified citizens to the three vacancies which now exist on the Synthetic Fuels Corporation Board of Directors. Then, if industry cannot be convinced to place their capital behind projects, perhaps we should give the Department of Defense access to Corporation funds. We can use the Government-owned, company-operated provisions already contained in the act. A recent report by the National Research Council, done for the Air Force, states without qualification there is a need for a variety of synthetic mobility test fuels and the facilities to produce those products. The study emphasizes the short-term need of synthetic fuels for military requirements and longer term use for bulk synthetic fuels in the commercial aviation industry.

Mr. President, given these facts we should not even consider whether synfuels will be produced and used but when they will begin to come on line. To assure progress continues we must advocate a rapid, action-based program using any one of three arguments.

First, synthetic fuels will be more economic in a long-range sense than are conventional fossil fuels. Because there is an element of risk, Government must provide an incentive to get the industry started.

Second, synthetic fuels are now uneconomic in a market sense, but they offer noneconomic benefits to the Government and general public, such as security of supply, foreign policy leverage, and reduction of the import penalty. Therefore, Government should provide a subsidy for as long as is necessary, not only to create but to sustain an industry.

Third, whether or not synthetic fuels are economic, our future energy demands will not match our conventional primary energy sources. Our Government should explore a number of full-scale synfuels projects to accurately appraise the economic, social, and environmental costs of the synfuels option. Such information will make for better governmental decisions in the future.

We must as a nation eliminate the irony that without oil shortages and soaring prices we systematically abandon synfuels programs designed specifically to protect against such a danger.

FEDERAL AID HIGHWAY ACT OF 1984

Mr. SYMMS. Mr. President, I ask unanimous consent that S. 2527, the Federal Aid Highway Act of 1984, and the section-by-section analysis be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 2527

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal-Aid Highway Act of 1984".

INTERSTATE COST ESTIMATE APPROVAL

SEC. 102. The Secretary of Transportation shall apportion for the fiscal years ending September 30, 1985 and September 30, 1986 the remaining sums to be apportioned for such years under section 104(b)(5)(A) of title 23, United States Code, and shall adjust and reapportion for the fiscal year ending September 30, 1985 the apportionment made on March 9, 1984 under section 104(b)(5)(A) of title 23, United States Code, using the apportionment factors in the committee print numbered 98– of the Committee on Public Works and Transportation of the House of Representatives.

INTERSTATE SUBSTITUTE COST ESTIMATE APPROVAL

SEC. 103. The Secretary of Transportation shall apportion for the fiscal years ending September 30, 1984 and September 30, 1985, the remaining sums to be apportioned for such years under section 103(e)(4) of title 23, United States Code, and shall adjust and reapportion for the fiscal year ending September 30, 1984 the apportionment made on March 9, 1984 under section 103(e)(4) of title 23, United States Code, using the apportionment factors contained in the committee print numbered 98– of the Committee on Public Works and Transportation of the House of Representatives.

85 PERCENT MINIMUM ALLOCATION

SEC. 104. The Secretary of Transportation shall adjust and reallocate the allocation made on March 9, 1984 under section 157 of title 23, United States Code, to reflect the apportionment of Interstate funds for the fiscal year ending September 30, 1985 and the apportionment of Interstate highway substitute funds for the fiscal year ending September 30, 1984 made as a result of this Act.

RELEASE OF INTERSTATE CONSTRUCTION FUNDS

SEC. 105. Section 104(b)(5)(A) of title 23, United States Code, is amended by striking the five sentences that follow "January 2, 1983." and inserting in lieu thereof:

"Upon the approval by Congress, the Secretary shall use the Federal share of such approved estimates in making apportionments for the fiscal year ending September 30, 1985. The Secretary shall make revised estimates of the cost of completing the then designated Interstate System after taking into account all previous apportionments made under this section to the manner as stated above and transmit the same to the Senate and the House of Representatives within ten days subsequent to January 2, 1985 and January 2, 1987. In September of each year, the Secretary shall adjust the last estimate submitted to reflect (1) all previous apportionments and lapses of previous apportionments, (2) previous withdrawals of Interstate segments under section 103(e)(4) of this title, (3) previous allocations of Interstate discretionary funds under section 118(b)(2) of this title, and (4) Interstate transfers of funds under section 119(d) of this title. The Secretary shall use the Federal share of such adjusted and submitted estimates in making apportionments for the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, September 30, 1989 and September 30, 1990.".

RELEASE OF INTERSTATE SUBSTITUTE FUNDS

SEC. 106. (a) The eighth sentence of section 103(e)(4) of title 23, United States Code, is amended by striking out the word "approved".

(b) Section 103(e)(4) of title 23, United States Code, is further amended by striking the sixteenth sentence and inserting in lieu thereof the following: "The Secretary shall make an estimate of the cost of completing substitute highway projects under this paragraph and transmit the same to the Senate and the House of Representatives within ten days subsequent to January 2, 1984. The Secretary shall adjust such cost estimate in September of 1984 and 1985 to reflect (1) changes in the amounts available to the Secretary under this paragraph, (2) changes in State estimates of the division of funds between substitute highway and transit projects, (3) approvals of substitute projects, and (4) the allocation and apportionment of substitute highway funds in prior fiscal years and shall use the Federal share of such adjusted and submitted estimate in making apportionments for substitute highway projects for the fiscal years ending September 30, 1985 and September 30, 1986.".

(c) Section 103(e)(4) of title 23, United States Code, is further amended by striking the existing twenty-second sentence and inserting in lieu thereof the following: "The Secretary shall make an estimate of the cost of completing substitute transit projects under this paragraph and transmit the same to the Senate and the House of Representatives within ten days subsequent to January 2, 1984. The Secretary shall adjust such cost estimate in September of 1984 and 1986 to reflect (1) changes in the amounts available to the Secretary under this paragraph, (2) changes in State estimates of the division of funds between substitute highway and transit projects, (3) approvals of substitute projects, and (4) the allocation and apportionment of substitute transit funds in prior fiscal years and shall use the Federal share of such adjusted and submitted estimate in making apportionments for substitute transit projects for the fiscal years ending September 30, 1985 and September 30, 1986.".

EMERGENCY RELIEF STATE MATCH

SEC. 107. (a) Subsection (f) of section 120 of title 23, United States Code, is amended by striking "shall not exceed 100 per centum of the cost thereof:" and inserting in lieu thereof "on account of any project on a Federal-aid highway system, including the Interstate System, shall not exceed the Federal share payable of a project on a system as provided in subsections (a) and (c) of this section: *Provided,* That the Federal share payable for eligible emergency repairs to minimize damage, protect facilities or re-

store essential traffic accomplished within thirty days after the actual occurrence may amount to 100 per centum of the costs thereof: and further".

(b) Section 120(f) of title 23, United States Code, as amended by this section is effective for all natural disasters or catastrophic failures which occur subsequent to enactment of this Act.

PRIORITY FOR INTERSTATE DISCRETIONARY FUNDS

SEC. 108. Section 118(b)(2) of title 23, United States Code, is amended by inserting after "which is not open to traffic" the following: "and high cost projects which are eligible for Federal assistance with funds apportioned under section 104(b)(5)(A) of this title and are on an Interstate segment which is on a common alignment of more than 7.9 miles with any other Interstate segment and on which actual construction with funds apportioned under such section is underway on the date of enactment of this Act;".

HIGHWAY PLANNING AND RESEARCH

SEC. 109. Section 307(c)(1) of title 23, United States Code, is amended by inserting after "section 104 of this title", the following: "and for highway projects, section 103(e)(4) of this title.".

OFF-SYSTEM BRIDGE PROGRAM

SEC. 110. Section 144, title 23, United States Code, is amended by adding a new subsection as follows:

"(n) Notwithstanding any other provision of law, with respect to any project not on a Federal-aid highway system for the replacement of a bridge 51 feet or less in length or rehabilitation of a bridge which is wholly funded from State and local sources, is eligible for Federal funds under section 144 of title 23, United States Code, is non-controversial, is certified by the State to have been carried out in accordance with all standards applicable to such projects under such section 144, and is determined by the Secretary upon completion to be no longer a deficient bridge, any amount expended after the effective date of this section, from such State and local sources for such project in excess of 20 per centum of the cost of construction thereof may be credited to the non-Federal share of the cost of other projects in such State which are eligible for Federal funds under section 144, in accordance with procedures established by the Secretary.".

WOMEN BUSINESS ENTERPRISES

SEC. 111. Section 105(f) of the Surface Transportation Assistance Act of 1982 is amended as follows:

(1) after "shall be expended with" insert "(1)", and

(2) strike the period after "thereto" and insert "and with (2) small business concerns owned and controlled by women".

TOLL FACILITY DEREGULATION

SEC. 112. (a) Section 4 of the General Bridge Act of 1906 (34 Stat. 85, 33 U.S.C. 494), as amended, is amended by deleting the last sentence thereof.

(b) Section 17 of the Act of June 10, 1930 (46 Stat. 552, 33 U.S.C. 498a), as amended, is repealed.

(c) Section 1 of the Act of June 27, 1930 (46 Stat. 821, 33 U.S.C. 498b), as amended, is repealed.

(d) Sections 1-5 of the Act of August 21, 1935 (49 Stat. 670, 33 U.S.C. 503-507), as amended, are repealed.

(e) Sections 530 and 506 of the General Bridge Act of 1946 (60 Stat. 847, 848, 33 U.S.C. 52, 529), as amended, are repealed.

(f) Section 133 of Public Law 93-87 (87 Stat. 267, 33 U.S.C. 526a) is repealed.

(g) Section 6 of the International Bridge Act of 1972 (86 Stat. 732, 33 U.S.C. 535(d)) is repealed.

(h) Section 6(g)(4) of the Department of Transportation Act (80 Stat. 937, 49 U.S.C. 1655(g)(4)) is repealed.

RAIL-HIGHWAY CROSSINGS

SEC. 113. Notwithstanding any other provision of law, no report, list, schedule or survey compiled by or for a State for the purposes of complying with any requirement of title 23, United States Code, or the Highway Safety Act of 1973 concerning the evaluation of hazardous roadway conditions or rail-highway crossings in order to plan and prioritize projects to enhance safety, shall be required to be admitted into evidence or used for any other purpose in any suit or action in any Federal or state court.

TOLL REVENUES

SEC. 114. Section 141 of title 23, United States Code, is amended by adding subsection (e) as follows:

"(e) Each State shall certify to the Secretary before January 1 of each year that the State's laws do not permit the use of toll revenues from a publicly owned or operated transportation toll facility located on a Federal-aid system except as otherwise specifically provided by Federal law for any purposes other than a purpose permitted by this title; the repayment of all the cost of construction or acquisition of such toll facility, except that part which was constructed by the United States; the proper maintenance, repair and operation of the toll facility under economical management, or any other highway-related purpose. If a State fails to certify as required by this subsection or if the Secretary determines that the State's laws do permit the use of toll revenues from a publicly owned or operated transportation toll facility for a purpose other than those permitted by this subsection, Federal-aid highway funds apportioned to the State during the next succeeding fiscal year shall be reduced by amounts equal to 5 per centum of the amount which would otherwise be apportioned to the State under section 104 of this title. Amounts withheld from apportionments to a State under this subsection shall be apportioned to the other States pursuant to the formulas of section 104 of this title and shall be available in the same manner and the same extent as other funds apportioned at the same time to other states.".

RIGHT-OF-WAY DONATION

SEC. 115. Section 120 of title 23, United States Code, is amended by adding a new subsection "(m)" as follows:

"(m) Notwithstanding any other provision of this title the fair market value of donations at the time of donation of right-of-way made for a project under this title shall be credited to the State matching share for such project when the donation is made to the State.".

RIGHT-OF-WAY PAYBACK

SEC. 116. Section 103(e)(4) of title 23, United States Code, is amended by adding at the end thereof the following sentence: "Sums made available to the Secretary under this paragraph for a State shall be reduced by the amount expended in Federal funds to purchase right-of-way for the withdrawn route or segment thereof in every case where the right-of-way has not been disposed of by the State as of the date of enactment of this sentence provided that such sum shall be restored if the State applies such right-of-way to a transportation project permissible under this title, to a public conservation or public recreation purpose, or to such other public purpose as may be determined by the Secretary to be in the public interest within 10 years from the date of the withdrawal of approval.".

BRIDGE STUDY

SEC. 117 (a) The Secretary of Transportation shall conduct a study of the Bridge Replacement and Rehabilitation Program. This study shall include, but is not limited to: (1) an analysis of the progress made towards replacing and rehabilitating inadequate bridges both on the Federal-aid system and off the system; a projection of future needs of the bridge program; and an evaluation of the States' prioritization in addressing bridge repair and replacement.

(2) a review of the bridge inspection program including the adequacy of the AASHTO "Manual for Maintenance Inspection of Bridges 1983"; the adequacy of qualification requirements for bridge inspectors; the status of the bridge inventory; and the adequacy of State bridge inspections.

(3) an analysis of the effectiveness of the bridge discretionary program.

(4) a review of the bridge program's effect on the rehabilitation of historic bridges including the development of specific standards which would apply only to the rehabilitation of historic bridges, and an analysis of any other factors which would serve to enhance the rehabilitation of historic bridges.

(5) a review of the bridge formula as it affects the configuration and gross vehicle weight of large vehicles; the effect of certain large vehicles on the average life of a bridge; and the current status of and effect of grandfather rights applicable to this formula.

(b) The Secretary shall report to the Congress the results of the study under this section not later than one year after the date of enactment of this Act.

TECHNICAL AMENDMENTS

SEC. 118. (a)(1) Section 103(e)(4) of title 23, United States Code, is further amended by striking out the sixth, seventh, and eighth sentences and inserting in lieu thereof the following: "The sums apportioned and the sums allocated under this paragraph for public mass transit projects shall remain available for the fiscal year for which apportioned or allocated, as the case may be, and for the succeeding fiscal year. The sums apportioned and the sums allocated under this paragraph for projects under any highway assistance program shall remain available for the fiscal year for which apportioned or allocated, as the case may be, and for succeeding fiscal year. Any sums which are apportioned or allocated to a State for a fiscal year and are unobligated (other than an amount which, by itself, is insufficient to pay the Federal share of the cost of a substitute project which has been submitted by the State to the Secretary for approval) at the end of such fiscal year shall be apportioned or allocated, as the case may be, among those States which have obligated all sums (other than such an amount) apportioned or allocated, as the case may be, to them for such fiscal year. Such reapportionments shall be in accordance with the latest approved estimate of the cost of completing substitute projects, and such reallocations shall be at the discretion of the Secretary.".

(2) The last sentence of section 103(e)(4) of title 23, United States Code, is amended

by striking out "designed" and inserting in lieu thereof "designated".

(b)(1) The second section 126 of the Surface Transportation Assistance Act of 1982, relating to bicycle transportation, is amended by striking out "SEC. 126." and inserting in lieu thereof "SEC. 126A.".

(2) Section 133 of such Act is amended by striking out "(a)" the first place it appears.

(3) Section 163 of such Act is amended by striking out "appropriated" and inserting in lieu thereof "apportioned".

(4) Section 415 of such Act is hereby repealed.

(5) The third sentence of section 108(d) of such Act is amended by striking "this title," and inserting in lieu thereof "title 23, United States Code,".

(c)(1) The analysis of chapter 1 of title 23, United States Code, is amended (1) in the item relating to section 127 by striking out "and width", and (2) by striking out the item relating to section 146 and inserting in lieu thereof:

"146. Carpool and vanpool projects.".

(2) Section 120 of such title is amended by redesignating the second subsection "(i)", and subsections "(j)" and "(k)" as subsections "(j)", "(k)", and "(l)", respectively.

(3) The first sentence of section 122 of such title is amended by inserting "or for substitute highway projects approved under section 103(e)(4) of this title" before "and the retirement".

(4)(A) Subsection (b) of section 125 of such title is amended by striking out "the Interstate System, the Primary System, and on any routes functionally classified as arterials or major collectors," each place it appears and inserting in lieu thereof "the Federal-aid highway systems, including the Interstate System".

(B) Subsection (c) of such section is amended by striking out "routes functionally classified as arterials or major collectors" and inserting in lieu thereof "on any of the Federal-aid highway systems".

(5) Subsection (e) of section 144 of title 23, United States Code, is amended by adding at the end thereof the following: "Funds apportioned under this section shall be available for expenditure for the same period as funds apportioned for projects on the Federal-aid primary system under this title. Any funds not obligated at the expiration of such period shall be reapportioned by the Secretary to the other States in accordance with this subsection.".

(6) The second sentence of section 204(b) of such title is amended by inserting "the Secretary or" before "the Secretary of the Interior".

(7) The last sentence of section 402(j) of such title is amended by striking out "chapter" and inserting in lieu thereof "section".

(d) Section 111 of title 23, United States Code, is amended by inserting "(a)" before "All agreements" and by adding at the end thereof the following new subsection:

"(b) Notwithstanding subsection (a), any State may permit the placement of vending machines in rest and recreation areas, and in safety rest areas constructed or located on rights-of-way of the Interstate System in such State. Such vending machines may only dispense such food, drink, and other articles as the State highway department determines are appropriate and desirable. Such vending machines may only be operated by the State. In permitting the placement of vending machines, the State will give priority to vending machines which are operated through the State licensing agency designated pursuant to section 2(a)(5) of the Act of June 20, 1936, commonly known as the 'Randolph-Sheppard Act' (20 U.S.C. 107a(a)(5)). The costs of installation, operation, and maintenance of vending machines shall not be eligible for Federal assistance under this title.".

(e)(1) Section 145(c) of the Surface Transportation Assistance Act of 1982 is amended to read as follows:

"(c) The total amount which may be obligated for qualifying projects in any State under subsection (a) for each of the fiscal years 1983 and 1984 shall not be greater than the excess of—

"(1) the sum of the amount of obligation authority distributed to such State for such fiscal year under section 104(b) of this Act, plus the amounts, if any available to such State for such fiscal year under section 157 of title 23, United States Code, pertaining to minimum allocation, over

"(2) the amount of obligational authority distributed to such State for fiscal year 1982 under section 3(b) of the Federal-Aid Highway Act of 1981.".

(2) Section 145(e) of such Act is amended by inserting "section 108 of this Act and" after "such State under", and by striking out "104(b)(1) of title 23, United States Code," and inserting in lieu thereof "108 of this Act".

(f) Section 154(e) of title 23, United States Code, is amended—

(1) by striking out "criteria which takes" and inserting in lieu thereof "criteria which take";

(2) by inserting after "posted" the following: "on January 1, 1983,"; and

(3) by inserting before "in accordance with" the following: ", and on highways built after such date with speed limits posted as 55 miles per hour,".

SECTION-BY-SECTION ANALYSIS

Section 101: This section states the title.

Section 102. Interstate cost estimate approval: This section approves the Interstate Cost Estimate for the remainder of fiscal year 1985 and for fiscal year 1986. The apportionment made on March 9, 1984 would be adjusted to reflect the apportionment factors approved in the 1983 Interstate Cost Estimate.

Section 103. Interstate substitute cost estimate approval: This section approves the Interstate Substitute Cost Estimate for the remainder of fiscal year 1984 and for fiscal year 1985.

Section 104. 85 percent minimum allocation: This section directs that when the remainder of the 85 percent minimum funds are allocated, the entire allocation for fiscal year 1984 will be computed using the apportionment of Interstate construction funds based on the approved 1983 Interstate Cost Estimate.

Section 105. Release of interstate construction funds: This amendment would authorize the Secretary to apportion fiscal year 1986 through 1990 Interstate construction funds after adjusting the apportionment factors to reflect apportionments of Interstate construction funds, lapses of such funds, withdrawals of Interstate segments, allocations of Interstate discretionary funds, and Interstate transfers of funds.

Section 106. Release of interstate substitute funds: This amendment would authorize the Secretary to apportion fiscal years 1985 and 1986 Interstate substitute highway and transit funds after adjusting the Interstate Substitute Highway and Transit Cost Estimates to reflect changes in the amounts available to the Secretary, changes in States' estimates of the division of funds between substitute highway and transit projects, approvals of substitute projects and the allocation and apportionment of substitute highway and transit funds in prior fiscal years.

Section 107. Emergency relief state match: Subsection (a) provides that emergency relief repair work done within 30 days of the occurrence to restore essential services, including such things as road openings, debris removal and erection of temporary facilities, will be funded at 100 percent Federal share. Long-term restoration and replacement work will be funded with the Federal/State match applicable on each system under the regular Federal-aid highway program, e.g. 90-10 percent Federal/State match on the Interstate System, 80-20 on bridge, and 75-25 on primary, secondary and urban.

Subsection (b) provides that the match requirement applies to natural disasters of catastrophic failures which occur after the date of enactment of this Act. Such disasters or failures that occurred prior to the date of enactment would be governed by the old matching share.

Section 108. Priority for interstate discretionary funds: This section permits certain Interstate segments under construction on enactment of the 1982 STAA to receive high priority for Interstate discretionary funds when such segments have two or more Interstate routes on a common alignment in an urban area. This section is intended to apply to a project in Atlanta, Georgia.

Section 109. Highway planning and research: This section permits a State to use one and one-half percent of apportioned Interstate Highway Transfer funds for highway planning and research activities. It would not include the 25 percent of transfer funds that are allocated.

Section 110. Off-system bridge program: This section permits a State to credit State-only financed off-system bridge replacement and rehabilitation towards the State share of the Federal-aid bridge program. Off-system bridges that are non-controversial and less than 51 feet would be eligible for this program. The replacement or rehabilitation must be carried out in accordance with all standards applicable under Section 144 of title 23.

Section 111. Women business enterprises: This secton makes Women Business Enterprises a presumptive Minority Business Enterprise (MBE) for the purpose of section 105(f) of the Surface Transportation Assistance Act of 1982.

Section 112. Toll facility deregulation: This section removes Federal regulation and review of toll increases on certain toll bridges.

Section 113. Rail-highway crossings: This section provides that information identifying and prioritizing hazards at rail-highway crossings, required in order to be eligible for Federal-aid funds, cannot be used as evidence in trials involving grade crossing accidents.

Section 114. Toll revenues: This section requires States to certify that revenues derived from toll facilities are being used only for cost of construction, replacement, maintenance, and operation of the facility or any other highway related purpose. Failure by a State to certify will result in losing 5 percent of its Federal-aid highway funds.

Section 115. Right-of-way donation: This amendment would credit the fair market value of donated right-of-way at the time of donation to the State matching share if the donation was made to the State. A State

would receive no credit for the excess value of a donation which exceeded the State matching share.

Section 116. Right-of-way payback: This section provides for a reduction in a State's account under 23 U.S.C. 103(e)(4) by the amount expended on right-of-way for withdrawn route or segment of the Interstate where the right-of-way has not been disposed of. Such sum shall be restored to a State's account where the State uses the right-of-way for public purpose within 10 years of the date of withdrawal of approval of the Interstate segment.

Section 117. Bridge study: This section directs the Secretary of Transportation to conduct a study of the Highway Bridge Replacement and Rehabilitation Program. The study is to address the areas of (1) progress made to date in repairing and replacing deficient bridges, (2) the adequacy of the bridge inspection program, (3) the effectiveness of the bridge discretionary program, (4) the rehabilitation of historic bridges, and (5) the bridge formula.

The Secretary shall report the findings of this study to the Congress one year after the date of enactment of this legislation.

Section 118. Technical amendments.

UNEQUIVOCAL ADMINISTRATION OPPOSITION TO THE FAIR TRADE IN STEEL ACT

Mr. CHAFEE. Mr. President, I wish to call to the attention of my colleagues an excellent letter from the U.S. Trade Representative, Ambassador Brock, and the Secretary of Commerce, Mr. Baldrige, expressing the administration's opposition to the so-called "Fair Trade in Steel Act."

The "Fair Trade in Steel Act" (S. 3280) was introduced in the Senate on March 1, with 11 Senate sponsors. It has 68 sponsors in the House. The act would authorize a 5-year legislated limit on steel imports, restricting them to no more than 15 percent of apparent domestic supply. The act is presented by its sponsors as necessary to give the steel industry breathing room to modernize and regain its competitive edge. The sponsors ignore that the steel industry has already been the beneficiary of a number of special trade arrangements—including the infamous trigger price mechanism—that have been designed to provide such breathing room.

The letter from Ambassador Brock and Secretary Baldrige expresses the administration's opposition to the fair trade in steel bill in the strongest terms. It makes what I consider to be a crucial argument. That is, that by dramatically curtailing the degree of foreign competition in the U.S. market, the global quotas proposed in this bill would insulate the industry and delay progress toward urgently needed modernization. In short, quotas would provide no breathing room to become competitive, but breathing room to remain uncompetitive.

Mr. President, I believe that steel quotas whether legislated or voluntary are contrary to the national interest and am pleased at the unequivocal opposition of the administration to the bill.

I ask unanimous consent that the letter referred to be included in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE U.S. TRADE REPRESENTATIVE,
Washington, D.C., March 27, 1984.

Hon. JOHN H. CHAFEE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR CHAFEE: We are writing to express the Administration's vigorous opposition to the "Fair Trade in Steel Act of 1984", S. 2380. We ask that you give careful thought to the damage quota legislation will cause to the American economy.

This bill would impose import quotas of approximately 15 percent on steel products for a five year period. Such a wide range of arbitrarily established quotas provided outside our normal trade statutes would undermine the competitiveness of a great many industries dependent on steel as a raw material and would be highly inflationary.

The dangers posed by this legislation to our greater domestic and international economic interests are clear. While they risk great harm to the remainder of the economy, they also discourage adjustment within the steel industry itself. By dramatically curtailing the degree of foreign competition in the U.S. market, the global quotas proposed in this bill would insulate the industry and delay progress toward urgently needed modernization, cost containment and productivity. Restrictions on imports will lead to a distorted increase in the price of steel, which, in turn, will raise production costs for a wide variety of U.S. industries that make up our industrial base.

Such blatantly protectionist legislation is inconsistent with our international obligations which prohibit import restrictions without a finding of serious injury. Demands for compensation or retaliation by other countries would jeopardize thousands of U.S. jobs in other sectors. Sweeping quotas on all steel products will have an even more devastating effect on the U.S. balance of trade.

By imposing such restrictions, the bill undermines the procedures already legislated by Congress to permit industries and workers to petition for import relief through a fact-finding procedure administered by the independent U.S. International Trade Commission (ITC). Bethlehem Steel and the United Steelworkers have filed such a petition under Section 201 of the Trade Act of 1974. The case is being handled in accordance with established procedures. The ITC is currently investigating whether or not imports have been a substantial cause of serious injury.

This Administration is concerned about the possible effects of dramatic increases in aggressively priced steel imports from certain countries. Yet many of these imports are already under investigation for unfair trade practices. Since 1981, more than 100 cases dealing with steel products have been filed under the antidumping and countervailing duty statutes which offset injurious unfair government subsidies and sales at less than fair value. When such practices are found, immediate action is taken to counter the effect. We are strongly committed to preventing unfairly traded imports from undermining the integrity of our market and injuring U.S. steel producers. The Administration's record on such cases demonstrates this.

This Administration opposes the steel quota bill in the strongest possible terms. Such legislation is inconsistent with our international trade agreements and circumvents trade statutes that have proven effective when utilized correctly in response to unfair practices. Further, it will cause other U.S. industries to pay the price of protectionism through foreign retaliation and artificially increased prices. We urge your full assistance in stopping this measure.

The Office of Management and Budget has advised that there's no objection to the submission of this letter to the Congress and that enactment of S. 2380 would not be in accord with the program of the President.

Very truly yours,

MALCOLM BALDRIGE,
Secretary of Commerce.
WILLIAM E. BROCK,
U.S. Trade Representative.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Morning business has expired.

URGENT SUPPLEMENTAL FOR FISCAL YEAR 1984 PUBLIC LAW 480 PROGRAM

The ACTING PRESIDENT pro tempore. The clerk will report the unfinished business.

The legislative clerk read as follows:

A House joint resolution (H. J. Res. 492) making an urgent supplemental appropriation for the fiscal year ending September 30, 1984, to the Department of Agriculture.

The Senate resumed consideration of the joint resolution.

Mr. STEVENS. Mr. President, I inquire now of the Senator from Michigan if he would be willing to enter into an agreement that was discussed privately last evening?

Mr. LEVIN. A 40-minute time limit?

Mr. STEVENS. A 40-minute time limit.

Mr. LEVIN. Yes.

Mr. STEVENS. Equally divided?

Mr. LEVIN. Yes.

Mr. STEVENS. Mr. President, I ask unanimous consent that the time agreement be amended accordingly.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The Senator from Michigan is recognized.

AMENDMENT NO. 2889

(Purpose: To prohibit the use of funds appropriated herein by any individual or group known by the U.S. Government to have as one of its intentions the violent overthrow of any government in Central America with which the U.S. has full diplomatic relations)

Mr. LEVIN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Michigan (Mr. LEVIN) proposes an amendment numbered 2889:

At the end of the bill, insert the following: "No funds appropriated herein for covert assistance in Central America can be provided to any individual or group which is not part of a country's armed forces and which is known by the U.S. Government to have as one of its intentions the violent overthrow of any government in Central America with which the U.S. Government has full diplomatic relations."

Mr. LEVIN. Mr. President, this amendment is offered on behalf of Senator INOUYE and myself.

After the debate yesterday on the Senate floor, it is clear that it is a matter of some dispute as to what is the purpose of our covert aid in Central America. But what appears beyond dispute, based on yesterday's debate and earlier statements of the administration, is what is not a purpose of that assistance. The purpose of our assistance is not to overthrow the Government of Nicaragua.

On April 23, 1983, the President stated:

Let us be clear as to the American attitude toward the Government of Nicaragua. We do not seek its overthrow.

Only yesterday, the President wrote the majority leader a letter in which he stated:

The United States does not seek to destabilize or overthrow the Government of Nicaragua.

The amendment which we are offering today merely seeks to codify these representations into law by saying that none of the funds appropriated in this bill for covert assistance in Central America can be provided to any individual or group which is known by the U.S. Government to have as one of its intentions the violent overthrow of any government in Central America with which the U.S. Government has full diplomatic relations. The State Department has informed me that the United States currently has full diplomatic relations with the Government of Nicaragua.

This amendment also seeks to emphasize the sincerity of our stated policy by making it clear it should not be demeaned by a fiction that the intention with which we render covert assistance can be nullified by the known intentions of the person or group which receives the covert assistance. If our policy of not seeking the overthrow of the Nicaraguan Government is a good policy, then it should be a sincere policy, seriously adhered to. And if it is a sincere policy, then the basic principles of agency law should apply—our agents in Central America should be bound by our intentions. Does not our basic self-respect as a nation require that we not be manipulated by the whims of others? Only if we hide behind narrow semantics, could we believe that we would want our assistance to be used for any purpose other than our stated intentions.

If we give a gun to someone and our intention is that it be used for self-protection but find out that it is that person's true purpose to rob a bank, we would quickly want that gun back. Likewise, sincere and credible implementation of our policy not to overthrow the Nicaraguan Government requires that we make sure the recipients of our covert assistance have the same purposes as we do.

And these purposes are not the result of ephemeral policy decisions, incautiously arrived at. No, they are based on our most fundamental ideas as a nation. They are premised on the principles which have made us not only different as a nation but great as a people. It is these principles that led us to sign the Charter of Organization of American States which states:

No State or group of States has the right to intervene, directly or indirectly, for any reason whatever, in the internal or external affairs of any other State.

It is the obligation of our country not to attempt to overthrow other nations in our hemisphere. It is our purpose, and it should be the purpose of the U.S. Senate, to make clear that we are not supplying funds that are intended to overthrow a government with which we have full diplomatic relations. We may not like the Nicaraguan Government. I certainly do not. The Nicaraguan Government has not restored human rights and political freedoms. But that does not give us the right to covertly or overtly try to overthrow the Nicaraguan Government.

If our intention was to overthrow the Nicaraguan Government through assistance to the Contra forces, then it would be a self-defeating and shortsighted policy. In doing so, we would be confirming the worst fears about U.S. motives throughout the region. As the Los Angeles Times editoralized on April 2, 1984:

If anything, the CIA's not-so-secret war has helped the most ardent revolutionaries strengthen their grip on Nicaragua. It has given the most extreme Sandinistas an excuse to crack down on internal dissent, and has increased their popular support by allowing them to pose as nationalists standing up to Yankee pressure.

In addition, recent reports that the Nicaraguan Government is seeking minesweepers from the Soviet Union and North Korea in response to the mining of Corinto Harbor would seem to be exactly opposite from what should be the desired goal of our policy. Pushing the Nicaraguans further into the arms of the Soviet Union is not the way to diminish Russian influence in Nicaragua or in South America.

If it is true that we do not seek to overthrow the Nicaraguan Government, if it is true that we have treaty obligations not to seek the overthrow of that Government, if it is true that it would be an undignified fiction that our agents can be allowed to use our assistance in a manner contrary to our intentions—if all this is true, and I hope it is, the Senate should have no hesitation in stating that the funds we are voting for here are simply not to be used to overthrow any government in Central America with which we have full diplomatic relations. We should say for the record, now that we are going ahead and voting the $21 million, that we do not want this money to be used for purposes that will violate our stated policies, our treaty obligations, and our moral tradition.

Again, all this amendment does is seek to codify in this appropriation bill the stated intentions of this administration with respect to the overthrow of the Nicaraguan Government, and to seek to convey the seriousness of those intentions by prohibiting the use of covert assistance by any person or group whose intentions are different from our own. It is important to our credibility as a nation that our intentions be clearly understood. But if anybody is going to believe our stated policy, it must be rigorously adhered to by those we put in a position of implementing our policy.

Mr. INOUYE addressed the Chair.

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. INOUYE. Mr. President, will the Senator yield?

Mr. LEVIN. Mr. President, I yield to the Senator from Hawaii as much of the remainder of my time as he may need.

Mr. INOUYE. Mr. President, last evening, the Senate of the United States, by an overwhelming vote, supported the use of funds by the President of the United States to carry on covert activities in Nicaragua. That heavy vote resulted from a letter dated April 4 and addressed to our majority leader. It was a letter of assurances, and I think it is worthy of repetition. This historic letter said:

The United States does not seek to destabilize or overthrow the Government of Nicaragua; nor to impose or compel any particular form of government there.

This amendment is very simple. All it does, as the author has indicated, is to attempt to codify that assurance. It further reaffirms this country's support for article 18 of the OAS Charter.

So, Mr. President, I hope the Senate will go on record, first, to support the President of the United States in his assurance that it is not the intention of this country to overthrow the Government of Nicaragua and, second, to reaffirm as we have done many, many times—article 18 of the OAS Charter.

The PRESIDING OFFICER. Who yields time?

Mr. STEVENS. Mr. President, I yield myself such time as I may use.

I ask Senator LEVIN and Senator INOUYE, or either one, a question.

We have voted now that the program underway will continue. The funding, as I understand it, is as approved by the Intelligence Committee. It is known that that funding is currently being used for support of a group known as the Contras, which is not part of the armed forces of any country.

Is this not another amendment to cut off all aid to the Nicaragua Contras?

Mr. INOUYE. Mr. President, if the Senator will yield, that is not the intention of this amendment.

If my good friend from Alaska will read further, it says if this organization has "as one of its intentions the violent overthrow of any government."

If we are assured and if we believe that the Contras are not in the business of overthrowing the Government of Nicaragua, this amendment says we may provide them with all the funds we wish to, as long as the intention of the President of the United States, as set forth in his letter of April 4, is carried out.

Mr. STEVENS. Mr. President, that is just the issue. That is our intention, the intention of the United States.

I remember well, during the war in China, that my squadron supported the Communist Chinese. We were directly in support of the Chinese Nationalist Government, but we also provided aid and assistance to Communist Chinese to fight the Japanese.

The world knows of the differences between the partisans in Yugoslavia. We supported both sides in order to achieve our objective, which was to defeat the Nazis.

What this amendment says is that we have to provide money under this program only to those who take a loyalty oath to the President of the United States and who say, "We are going to go out there in the field and do exactly what the President of the United States says this money is for." Or, you could give the money to the Sandinistas. Under this amendment, we could turn the money over to the Sandinistas. I am sure the Senator would agree with that. That is not what this is all about.

With respect to the hypothetical situation I used last night, I was reading the RECORD this morning to see if it came through as I stated it, and I thank God that it did. I congratulate the official reporters again for being able to make sense out of some of our hastily put-together examples.

These forces in Nicaragua—again I challenge anyone to prove I am wrong—in my opinion, are the most heavily armed people on the face of the Earth today. They have forces and tanks on the border of Costa Rica, which has no military at all. They have forces on the border of El Salvador, and they are providing El Salvador rebels with guns. They have forces on the border of Honduras, and they have attacked Honduras.

There is a group of their partisans who do not like their government, who would like to overthrow their government. They have said so. Our President has said, "We will provide you enough assistance so that you could put pressure on this government."

The U.S. Government does not have any intention to try to overthrow that Government. That is not our objective. Our objective is to force them into the bargaining rooms, where we can deal with the Contadora process, so that they will do what they said last July: go ahead with the 21 points, offer amnesty to the insurgents and discuss their military budget, and turn again to the concept of civil rights of their people and democracy within their borders, if that is their desire, but at least a government that meets the needs of the people.

I view this the same as the situation when I was part of the group supplying the Chinese Communists. Our objective was to defeat the Japanese. Our objective here is to get these people back to the table.

Incidentally, I urge Members to go down and talk to them. I think the Senator from Hawaii has talked to the Contras. They live on the run. They have no mobility except their feet. They are living in their own country; and if they did not have some support, they would have been annihilated long ago. They are a force that is less than 8 percent of the force they face. They are operating with 10 percent of the money, for their total budget, that the other force is putting into military construction—into one airfield.

We are not supporting any effort to overthrow the Government, but this amendment, in my opinion, would accomplish every objective that the other amendments we voted down would accomplish. It would say we can no longer support the Contra group because that Contra group longs for the day when it had democracy. They long for the day that they would be able to participate in their Government.

They have been ostracized by their Government because they do not support the Sandinistas.

To say that we cannot assist them is to say there is no way to keep pressure on them. And what would happen? Again we would have intrusions coming into Honduras. The flow of arms into El Salvador would again go up to the level it was before this process started.

And no one has denied that one of the results of the Contra process has, in fact, been the reduction of the flow of arms into El Salvador. No one can deny that it has, in fact, taken the troops from the border of Honduras and put them around where they are guarding their airfields, they are guarding their POL facilities, they are guarding the places that have been subject to the Contra attacks, and that is exactly what the process is for.

The program has been successful. We have had significant progress and we are not talking about all the specifics here—those are again classified—but we are authorized to say that there have been conciliatory gestures delivered to our Government and the Intelligence Committee and our committee knows about it.

They are more willing now to look to some way to curb this fantastic military growth, and it is absolutely in the best interest of this country to see to it that that growth stops.

As I mentioned last night, since the time we debated this last year, they have gone up more than a third in terms of just the number of Soviet tanks that are on the line in Nicaragua. They have gone up now to three battalions of Soviet tanks—three battalions.

That whole country would fit in an area that is known as the Kenai Peninsula in my State. It is about one-ninth, or one-tenth of the size of the State of Alaska. It is roughly the size of Tennessee.

Can you imagine having three battalions of tanks on the borders of every State around Tennessee? Can you imagine having 60 armored personnel carriers, when they have very few roads in their own country? The only roads that go out of that country that make any sense are the inter-American highway connections.

They have Soviet and Korean patrol boats. They have military transport planes, troop carrying transport planes now, in an area where their neighbor Costa Rica has no military at all, and a dictator the Sandinistas deposed, that terrible Somosa, had 9,000 national guardsmen—9,000. And this regime has over 100,000 available like that, just at the snap of his fingers.

This Contra activity is the only thing that is keeping those people

busy. It is the only thing making them think about what might happen to them should they become the pawn of the Soviet-Cuban foreign policy and decide to take that Soviet-Cuban force also bolstered by the East Germans outside of the borders of Nicaragua.

Mr. President, I know of nothing that would justify the military buildup that has taken place in Nicaragua just since last December; 14 to 18 attack helicopters, the new Soviet attack helicopters, are there. There are 14 to 18 of them down there in Nicaragua, and the clock is ticking on Nicaragua, and this loyalty oath amendment will say the Contras get no more money after the date it passes, and I frankly tell my friend from Hawaii I just do not believe that it is possible to live with that amendment and to do what the Intelligence Committee has already told our committee should be done, and that is make available $7 million now and $14 million in the future at the request of the President of the United States if the existing law is complied with, and that is the Intelligence Committee procedures, not the Appropriations Committee procedures.

So we have relied on the Intelligence Committee. They told us this money should be authorized. They were fully briefed as to whom was getting it right now, what it is being used for; and the bulk of it is being used for small arms, for medical supplies, for ammunition. They told us there is only one person in the Contra outfit who is getting paid, and that is a radio operator. They did not have a radio operator so they had to hire a person. Every other person in that Contra group is a volunteer. There is no money being paid for salaries. This is strictly support of their partisan group, and it is as partisan as Tito's group was in World War II, and they are after the same objective we are, and that is to bring that government to the bargaining table. Sure, they are saying that they are seeking to overthrow him. What would you tell your people if you are out there in the field and being shot at? "Go ahead, boys, stand up and fight because we might get these guys to the bargaining table?"

The question of the bargaining table for them is ultimately amnesty, and they know that. If this stops, there will be no amnesty for those people and the people we have supported, 8,000 strong, will be murdered. They will be executed. They will no longer be able to defend themselves, and whoever votes for this amendment is voting not for the concept of terrorism, as the Senator from Connecticut said last night, but strictly for execution.

This is an amendment that will bring about the execution of 8,000 people who have sought to put pressure on that fantastic source of military power in Central America.

I just cannot support it and I cannot understand supporting it in view of the Intelligence Committee record which says that the existing program should go on, and again I ask the sponsor of the amendment how could this permit the people who are in the field now, whose ammunition we know runs out about the 1st of May from not being overrun? Unless we get not just dollars to them but ammunition to them by the 1st of May they will be overrun. How does this help them?

Mr. INOUYE. Mr. President, may I have some time to respond?

Mr. LEVIN. Mr. President, how much time do I have remaining?

The ACTING PRESIDENT pro tempore. Ten minutes and ten seconds.

Mr. LEVIN. Mr. President, I am happy to yield 5 additional minutes to the Senator from Hawaii.

Mr. INOUYE. Mr. President, I have had the privilege of serving on the Intelligence Committee from its birth 8 years ago. I have had the privilege and honor of serving as its first chairman.

When the Intelligence Committee, by an almost unanimous vote, approved the appropriation of $21 million to be used in that part of the world for covert activities, it was done with the understanding that none of these funds would be expended for the overthrow of Nicaragua.

Mr. President, this amendment has nothing to do with the loyalty oath. There is a basic principle involved, one that all attorneys in the United States are fully aware of and one of the first things one learns in law school in American jurisprudence—the law of agency, the principle and agent. The principle shall be responsible for the acts of the agent if he is aware of those acts or if he should have been aware of these acts or if he authorized the agent to act.

We cannot very innocently provide money knowing that that money will be illegally spent. We cannot provide money knowing that that person will violate article 18 of the OAS Charter and then say we had nothing to do with it.

If any more ships sink in the Nicaraguan harbor, we cannot say we have nothing to do with this, that all we did was provide the money, and we cannot tell the world we had no idea that the Contras had this in mind.

Some day, if we do not adopt this type of amendment, we may find ourselves being responsible for a horrendous act that will lead us to overt war.

So, Mr. President, this is a very basic amendment, I think one of the most important amendments that we have had before us in this debate.

Mr. STEVENS. Mr. President, will the Senator yield right there?

Mr. INOUYE. I am happy to yield.

Mr. STEVENS. Mr. President, would the Senator agree to amend this to say that the money would not be used to support a policy by the U.S. Government which would in any way seek to overthrow the Government of Nicaragua or any other government in Central America rather than say we have to go to the feelings expressed by these people who are partisans?

I talked to those partisans. There is no question they would like to overthrow their government. No question about it. You talked to them. They would not get any money under this amendment.

Now that certainly is not my intention. I have the letter here from the President of the United States. And there is no question that he says:

> The United States does not seek to destabilize or overthrow the Government of Nicaragua; nor to impose or compel any particular form of government there.

Now I support that and the Senator supports that. The Senator is interpreting this amendment to mean what the President said apparently. Is that his intent?

Mr. INOUYE. If I may respond, Mr. President, what I am trying to say, very simply, is that we cannot have a document saying we are against murder and provide money to someone else to commit murder. We would be responsible for that act. And, likewise, if we know that the Contras are out to overthrow the Government of Nicaragua, we have no business providing funds to that group. That is the issue before us. If the Contras have, as the purpose and intention of their mission, what we have as our purpose and intent, fine. But if it is to destabilize that government and to overthrow that government, then, Mr. President, this amendment should be in effect. Because, otherwise, we would be violating article 18 of the OAS Charter, and we are a signatory. We would be violating the conditions set forth by the Senate Intelligence Committee. We would be violating the conditions set forth by the House Intelligence Committee. So, Mr. President, I hope that the Senate in overwhelming numbers supports this matter.

The ACTING PRESIDENT pro tempore. The time yielded to the Senator has expired.

Mr. LEVIN. Mr. President, I yield myself 3 minutes.

Mr. President, the issue here is whether or not we are serious and whether or not we want to be taken seriously when we say that we do not seek to overthrow the Government of Nicaragua. That is the only issue. The President said it again yesterday. The President has said it on a number of occasions. Indeed, the floor manager, I believe, said it yesterday, that it is not our intention to overthrow the Government of Nicaragua. Nobody is going to believe us. We will have no credibility. Nobody is going to rely on our word if we provide money to indi-

viduals or groups who do intend to overthrow the Government of Nicaragua.

The only question is, Do we want to be believed and is anyone going to believe us?

Now, I think it would be shameful for the Senate, on an appropriation bill, not to state clearly the policy of this country. It is not the policy to overthrow the Government in Nicaragua. We want to believe our President. He told it to us yesterday. Everybody wants to believe our President, whether we happen to be in the same party or not. He is our President. He is the only President we have. He has assured the world it is not our policy to overthrow the Government of Nicaragua. All this amendment says is, then do not use these appropriated funds to violate our stated policy.

We cannot hide behind a fiction and say, "Oh, we are serious" and still give funds to a group or to individuals who violate our own intentions. That is what appropriations bills are for, to appropriate money for a purpose. And if our purpose is not to overthrow a government with whom we have full diplomatic relations, then we should say so. "It is not our purpose and we are not going to let this money be spent in that way."

It would discredit the Senate, in my opinion, to reject an amendment which does nothing more than state clearly what this country's purpose is. And it would be shameful for us to send a message out that yesterday we said it is not our intention to overthrow the Government of Nicaragua but today the U.S. Senate says we are going to give money to groups who want to do just that.

Nobody is going to believe us, folks. If you were in Central America or if you lived outside of this country, indeed, if you lived in this country, who is going to believe us if this amendment is rejected, which puts in legislative language nothing more than what the President of the United States has said, what has been said over and over again by the Intelligence Committee, by the floor manager and others? "It is not our intention to overthrow the Government of Nicaragua."

The ACTING PRESIDENT pro tempore. The Senator has used 3 minutes.

Mr. STEVENS. How much time remains, Mr. President?

The ACTING PRESIDENT pro tempore. The Senator from Alaska has 7 minutes and 8 seconds and the Senator from Michigan has 2 minutes and 13 seconds.

(Mr. SYMMS assumed the chair.)

Mr. STEVENS. Mr. President, plainly and simply, when we voted the money last year, $24 million that has been used and will be used through May, we made a covert program a matter of public knowledge. Many of us thought that it ought to be overt at the time and I have no problem about it being overt except for the problem of the lives of the people involved. That is a difficult thing, to hold hearings and ask of the Contras to come up here and testify and say, "Now, where are you going to go in February and where are you going to go in March and where are you going to go in April and where are you going to shoot your last ammunition just before the 1st of May?"

I think that when we really looked at it, calmer heads prevailed and said it is a covert operation because the lives of people involved are at stake. We did it primarily because we had knowledge of what went on.

We should be aware of what the Sandinistas are supporting.

I am trying to find that Wall Street Journal editorial on what happened in just 1 day as a result of Communist supported guerrilla activity. I remember in 1 day bullets were sprayed on a schoolbus; a grenade was put in the hand of a person who was standing in a mass of children.

In terms of the Honduras intrusion, we flew down into the area where that intrusion took place. It is a quiet delta country that until the last few years has not even had a road. People live in abject poverty. Most people that are in their sixties had never seen a doctor in their lives. They were subject to an attack all of a sudden, out of the night, by this armed might that I have been talking about from Nicaragua, not once but on many occasions. They suddenly found themselves overwhelmed without any defense at all. They had not even known military power in the past.

Now that has ceased. Those women and children in Honduras are no longer being killed. Their farms are no longer being burned. The amount of arms going into El Salvador has been reduced and that country now has held not one but two elections and will soon hold a third one in which I do not know of anyone who was reported being killed standing in line for up to 6 and 7 hours waiting to vote, notwithstanding the commitment that was made by guerrillas to destroy the vote.

You ask what the Contra process has brought about. They have, in fact, brought about the diversion that we described last night, that military force is backing away from the borders and it is now guarding in a defensive way those installations that have importance to the country of Nicaragua from a military point of view.

And as I said, there are gestures of a conciliatory nature saying we would like to be back in the Contadora process.

Again, those people that are in the field are fighting for something that they believe in—a different kind of government for Nicaragua. I do not endorse that. I have never said we are going to provide them funds in order to bring about and achieve an overthrow of the Government of Nicaragua. We have said that we believe that what they are doing is consistent with our goals to bring about a realization in Nicaragua that the military aggressiveness that they practiced in the past will not be successful.

Mr. President, the main thing about this amendment is that this amendment would in fact accomplish what all of the amendments we have defeated so far would accomplish. Without question, it would mean that the people that are in the field now who have stated to interviewers that that was their goal, to overthrow that government that is there in their country now, but, yes, they are doing what they are doing and they know what they are doing is bringing pressure on their government, so they are achieving our objective and dreaming that they might achieve theirs. That would be a force that would no longer be able to receive any ammunition. Again, Mr. President, I tell you we would read in the paper that 6,000 to 8,000 people were murdered right after the first of May. They would be executed without any question. I talked to their leaders. I saw pictures of their little tents that they fold up and the boards they put down to have a floor in that country where it rains so hard. They carry them on their backs. They cannot move very far in Nicaragua when they are being pursued with over 100,000 people with attack helicopters, flamethrowers, and every modern piece of weaponry that the Soviets and the Cubans can pour into Nicaragua.

We are talking about $7 million in the first installment, which would be enough to keep that group going for maybe 40 days. And then another $14 million which would keep them going probably until the end of September. Hopefully, by that time Nicaragua will do what it says it will do. It will be back at the OAS table. It will go back to the Contadora process, and then we might have some hope for restoring peace down there. But should this amendment pass, I can assure you of one thing. There are 100,000 people from Nicaragua and Costa Rica—I have not even mentioned that. That was a figure I got yesterday—refugees who arrived there within the last 6 months. Costa Rica does not know what to do with them. We can expect, Mr. President, half a million refugees from Nicaragua to come into the United States, if the Contadora process stops. There is no way to stop that flood of refugees once the executions of the Contras take place.

I am prepared to vote, if the Senator is prepared to vote.

● Mr. EAST. Mr. President, the measure we are considering today, House

Joint Resolution 492, contains a provision appropriating $21,000,000 to be used to aid the so-called Contras, the freedom fighters now engaged in armed resistance against the Marxist Sandinista regime in Nicaragua. I support this measure, and I oppose amendments to the resolution that would delete or resist these funds.

There is no greater testimonial of the commitment of the people of Nicaragua to freedom and their hatred of communism than the growth of partisan resistance to the Nicaraguan regime. These freedom fighters have been called, by some in this Chamber, "thugs" and "terrorists," but nothing could be further from the truth. The Contras consist for the most part of Indians, peasants, small landowners, and others who have been persecuted by the Sandinista regime. Only some 2 percent of one of the main Contra organizations consists of former members of the national guard of President Somoza. The Contras consist principally of two organizations, the Nicaraguan Democratic Front (FDN), and the Democratic Revolutionary Alliance (ARDE). The FDN, operating in northern Nicaragua near the Honduran border, has a force of some 10,000 combatants, while the ARDE, operating in southern Nicaragua near the border of Costa Rica, has about 4,000 combatants. A total of 14,000 combatants, therefore, are involved in a guerrilla war against the Marxist Nicaraguan regime, a regime that is the most powerful military force in Central America, which since its inception in 1979 has received some $265 million in military assistance from the Soviet Union and Cuba, which has at least 2,000 military advisers from Cuba and about 85 from the Soviet Union and Eastern Europe, and which has an army of some 138,000 troops.

Mr. President, it is absurd to argue, as some opponents of this appropriation have, that the purpose of American support for the Contras is to overthrow the Sandinista regime. It is virtually inconceivable that the Contras at their present level of force, can accomplish this, nor could they with the proposed $21,000,000. If the United States wished to overthrow the Sandinista junta, surely we could find more effective means to do so than by supporting the Contras. This fact alone should allay the expressed suspicions of the opponents of this appropriation that the overthrow of the Sandinistas is our real purpose.

Furthermore, Mr. President, both President Reagan and leading spokesmen for the administration have already and repeatedly stated, and the legislative history of this resolution will show, that our purpose in providing covert aid to the Contras is not to overthrow the Sandinistas but to assist in the interdiction of arms secretly provided to the terrorist allies of the Sandinistas in El Salvador.

This purpose is an entirely legal and legitimate one. It is part of the President's authority to conduct, through the Central Intelligence Agency, covert action. The appropriation has been considered and approved by the Senate Select Committee on Intelligence, and the chairman of that committee, my distinguished colleague from Arizona, spoke very ably to that point yesterday. As the Senator from Arizona pointed out, the Treaty of the Organization of America States as well as the Treaty of Rio de Janeiro impose an obligation on their signatories to come to the aid of other signatories who are defending themselves against armed aggression. The Sandinista regime, with the active help of Cuba, the Soviet Union, and the PLO, is actively engaged in arming and assisting terrorist subversion against El Salvador, Guatemala, and Honduras. Our aid to El Salvador, as well as our covert assistance to the Contras, is our part in defending these allied governments aginst Communist aggression. American support of the Contras is therefore proper and legal in every respect.

Some opponents of this appropriation, Mr. President, have argued that our aid to the Contras has a destabilizing effect in Central America. The plain truth is, however, that it is not the United States or the Contras who are destabilizing that region, and the United States is not the only country providing aid to the Contras, who operate against the real aggressors and destabilizers from Nicaragua and Cuba.

To eliminate or restrict the funds proposed for the Contras would in fact be perceived in Latin America as a weakening of our will and of our commitments to resist Cuban and Nicarguan aggression there. It would be so perceived by the leaders and people of El Salvador, by the people of Nicaragua, by the Contras and their supporters within Nicaragua, and by the leaders and peoples of all Latin American countries that have reason to fear Communist aggression and subversion. It would be one more signal of isolationism, lack of a policy for Central America, and an abandonment of our traditional role and responsibilities toward this region. The elimination or restriction of these funds would be so perceived, not because the peoples of Latin America believe we are trying to overthrow the Sandinistas, but because they would see that the Senate of the United States is not making use of what is legally permitted our Government to oppose aggression and to support our allies, and they would come to believe that America is not serious about aiding those who oppose the subversion of the Central American subcontinent by the forces of international communism.●

Mr. SPECTER. Mr. President, I am voting to table this amendment, just as I voted to table Amendment No. 2888 last night, because I do not believe that it is realistic to define limitations on funding as proposed by Senator DODD in Amendment No. 2888 or by Senator LEVIN in this amendment.

I voted against the funding of $21 million for covert aid to Nicaragua because I believe that such covert aid, which is essentially directed to harass or to overthrow the Nicaraguan Government, is counterproductive to a long-range solution in the region. As previously noted, it is my view that negotiations should be undertaken through the Contradora process with participation by the United States.

Once the appropriation of $21 million was passed, it is my judgment that the limitations attempted by these amendments are meaningless and dilatory.

I believe we should now move ahead with the balance of this bill and the budget measures which are scheduled for consideration after final action on this appropriation bill.

The PRESIDING OFFICER. Who yields time?

Mr. LEVIN. Mr. President, I yield myself 1 minute.

The issue here is whether or not we mean what we say. Everybody is for democracy in Nicaragua. We hope someday we can restore it. Everyone shares in the mistakes of the Nicaraguan Government in some of their activities, including the export of revolution. We have decided as a country, as an administration and as a Senate that it is not our intent to violently overthrow any government with which we have diplomatic relations. That is all. We cannot hide behind any fiction and say, well, that is not our intention and then supply arms to people who violate our own intention.

My friend from Alaska said during the debate that they are after the same objectives that we are. If that is true, this amendment would not indeed stop $1 of aid to the Contras. It is only if their intention is different and inconsistent with our intention. It is only if they want to do something which we vow we do not want to do.

The PRESIDING OFFICER. Will the Senator yield 1 minute?

Mr. LEVIN. I thank the Chair.

I yield myself 1 additional minute.

It is only if they want to do something that we vow is not our intent that we would not be able to supply them with funds. So it comes down to our own credibility, our own sense of whether or not we want to be taken seriously with our words and whether or not we think anybody is going to believe a fiction that, oh, no, we do not want to overthrow a government with

whom we have diplomatic relations while at the same time we supply individuals or groups that have exactly that intention. This does not stop aid to anybody. It requires that anyone who receives our aid be carrying out our intention and not violate our word. That is all it does.

The PRESIDING OFFICER. Who yields time?

Mr. STEVENS. Is the Senator prepared to yield back time?

The PRESIDING OFFICER. Twenty-two seconds are left to the Senator from Michigan, and 10 seconds are left to the Senator from Alaska.

Mr. LEVIN. I am happy to yield back.

Mr. STEVENS. We graciously yield back that time.

I move to table the amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Alaska to lay on the table the amendment of the Senator from Michigan. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Vermont (Mr. STAFFORD) is absent on official business.

Mr. CRANSTON. I announce that the Senator from Colorado (Mr. HART) and the Senator from Georgia (Mr. NUNN) are necessarily absent.

I further announce that the Senator from North Dakota (Mr. BURDICK) and the Senator from Arizona (Mr. DECONCINI) are absent on official business.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 51, nays 44, as follows:

[Rollcall Vote No. 54 Leg.]

YEAS—51

Abdnor	Goldwater	Murkowski
Armstrong	Gorton	Nickles
Baker	Hatch	Packwood
Boren	Hawkins	Percy
Boschwitz	Hecht	Quayle
Chafee	Heflin	Roth
Chiles	Helms	Rudman
Cochran	Humphrey	Simpson
D'Amato	Jepsen	Specter
Danforth	Johnston	Stevens
Denton	Kassebaum	Symms
Dole	Kasten	Thurmond
Domenici	Laxalt	Tower
Durenberger	Long	Trible
East	Lugar	Wallop
Evans	Mattingly	Warner
Garn	McClure	Wilson

NAYS—44

Andrews	Cohen	Grassley
Baucus	Cranston	Hatfield
Bentsen	Dixon	Heinz
Biden	Dodd	Hollings
Bingaman	Eagleton	Huddleston
Bradley	Exon	Inouye
Bumpers	Ford	Kennedy
Byrd	Glenn	Lautenberg
Leahy	Moynihan	Sarbanes
Levin	Pell	Sasser
Mathias	Pressler	Stennis
Matsunaga	Proxmire	Tsongas
Melcher	Pryor	Weicker
Metzenbaum	Randolph	Zorinsky
Mitchell	Riegle	

NOT VOTING—5

Burdick	Hart	Stafford
DeConcini	Nunn	

So the motion to lay on the table was agreed to.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. LEVIN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2890

Mr. SASSER. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Tennessee (Mr. SASSER) proposes an amendment numbered 2890.

Mr. SASSER. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 6, line 12 after the word "Congress" strike all through line 16 and add the following: "; *Provided*, That temporary facilities previously or hereinafter constructed, modified or improved in Honduras, in whole or in part utilizing operations and maintenance funds of the Department of Defense, shall be available solely for the conduct of military training exercises unless such facilities are deemed necessary for the evacuation or self-defense of U.S. personnel: *Provided further*, except as specifically authorized and appropriated by Congress no funds appropriated to the Department of Defense may be obligated or expended to upgrade or convert to permanent use for any military or paramilitary organization any temporary facility previously or hereinafter constructed, modified or improved in Honduras, in whole or in part utilizing operations and maintenance funds of the Department of Defense.".

Mr. STEVENS. Mr. President, will the Senator yield for a moment?

Mr. SASSER. I yield.

Mr. STEVENS. Mr. President, this is the amendment, I believe, that I have discussed with the distinguished Senator from Tennessee, and we have agreed that the time limit would be 2 hours, 1 hour on each side.

Mr. SASSER. I say to my friend from Alaska that that is agreeable with the Senator from Tennessee, with the stipulation, which I think is agreeable to the Senator from Alaska, that we have an up-and-down vote on this matter.

Mr. STEVENS. Mr. President, on this vote, we have no problem with an up-and-down vote. I will state that I may have an amendment to the amendment. That will come out in the debate. It may be possible to avoid that.

There is time under the existing agreement for amendments in the second degree, is there not?

The PRESIDING OFFICER. Yes.

Mr. STEVENS. Mr. President, I ask unanimous consent that the time on the Senator's amendment be limited to an hour on each side, and I state to the Senator that we will not make a motion to table this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SASSER. I thank the Senator from Alaska.

Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER (Mr. MATTINGLY). Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. SASSER. Mr. President, I yield myself such time as I may consume.

I offer this amendment on behalf of myself and Mr. INOUYE, Mr. BINGAMAN, Mr. PELL, Mr. WEICKER, Mr. EAGLETON, Mr. LEAHY, Mr. GLENN, Mr. ZORINSKY, Mr. BUMPERS, Mr. EXON, Mr. RIEGLE, Mr. CRANSTON, Mr. FORD, Mr. PROXMIRE, Mr. TSONGAS, Mr. BAUCUS, Mr. RANDOLPH, Mr. BIDEN, Mr. MELCHER, Mr. PRYOR, Mr. METZENBAUM, Mr. KENNEDY, Mr. BOREN, and Mr. LEVIN.

Mr. President, as this debate proceeds today here in the Senate, U.S. combat engineers are in the process of building yet two more airfields in Honduras.

One is being built near the Nicaraguan border, and the other only a few miles from El Salvador. These two construction sites are near the scenes of recent armed conflict. The Contras and the Nicaraguan armed forces are presently engaged in fighting less than 20 miles from Jamastran, the site of the airfield near the Nicaraguan border. There is a danger that U.S. troops could be drawn into this fighting if it spreads.

However, despite the risk involved—the risk of troops getting caught in crossfire—these construction projects are being undertaken without specific approval of Congress. In fact, the appropriate congressional committees were not even consulted before ordering these airfields built.

The two airfields presently under construction will bring to eight the number of airfields the administration has ordered constructed in Honduras since the Big Pine I exercises began a little more than a year ago.

In addition, the Big Pine I exercises and the subsequent exercises have been used as a pretense to construct radar installations, base camps, and training facilities throughout this small nation, roughly the size of my native State of Tennessee.

In all, the United States will have built or have access to 14 separate military installations in Honduras by the end of the Grenadero I exercises currently underway.

What is most disturbing about this substantial military buildup in Honduras is that most of the construction has taken place with virtually no public notice and with no specific approval from Congress.

The administration has built an extensive network of military facilities in Honduras—a military infrastructure capable of supporting a major armed intervention by U.S. military forces.

Indeed, it has been reported by one publication of some renown in this country that the 82d Airborne Division could be put into the country of Honduras in only one afternoon, utilizing the airfields and airstrips that have been built.

We have had no report as to exactly why we are building these facilities in Honduras or precisely what the objectives of the U.S. policy are in that small country.

Mr. President, I submit that we, as Members of the Congress, would be neglecting our responsibilities if we allow this situation to continue—military facilities to be constructed willy-nilly, on and on into the future.

The amendment I bring before the Senate today seeks to restore integrity to the congressional process with regard to U.S. military construction activities in Honduras. My amendment has two very simple, moderate, and eminently reasonable provisions:

First, it would prohibit the use of facilities constructed from operation and maintenance funds of the Department of Defense in Honduras for any purpose other than the conduct of military training exercises.

The ostensible reason given for constructing these facilities and these bases and these airfields is that they are needed for training. We are told that they are simply incidental to the exercises or maneuvers that are taking place in Honduras. So who could object, then, to the first provision of my amendment requiring that they be used only for military training?

Second, it would prohibit the Department of Defense from using operation and maintenance funds to convert any of these facilities to permanent use for any military or paramilitary organization.

The opponents of this legislation claim that other than two military construction projects approved by Congress the United States is building only temporary facilities that are needed solely for the military maneuvers. If that is the case, then I expect they will support this amendment because it does not prohibit the construction of purely temporary facilities that are to be used simply for exercises or training maneuvers in Honduras.

But I would be derelict, Mr. President, if I did not state to my colleagues here today that my trip to Honduras 7 weeks ago and a careful review of the facts available about U.S. activities in that country make it, I think, clear that many of these facilities are permanent and semipermanent and they go far beyond what is needed to conduct military exercises.

Let me cite some evidence as to the permanent nature of these facilities:

The General Accounting Office conducted an extensive investigation of this matter and determined that the United States was, and I quote from that report, "engaged in a continuing, if not permanent, military presence in Honduras."

That report was classified, and I am not at liberty to divulge all of the contents here today in an open session, but a number of my colleagues have received a classified briefing from the General Accounting Office auditors, and I am confident that they will confirm that the GAO has essentially confirmed my findings in this matter as to the permanence of the facility.

When I visited Honduras, I was told that exercises are planned there for at least 5 more years.

Prior to going to Honduras, I was told by officers from the Pentagon that we had no plans for exercises beyond the fall of this year.

Upon my return from that country, I read a New York Times dispatch which indicated that the exercises would be conducted in the country of Honduras for up to 20 years.

Now, I submit that hardly supports the contention that these facilities are only "temporary" in nature.

Let me give you another example:

Over a year ago the Seabees of the U.S. Navy improved an airfield at a location called Puerto Lempira on the east coast of Honduras. This is one of the so-called temporary airfields. But Puerto Lempira is still being used today. It was used during Big Pine II and southern command officials have told me that it will be used during Big Pine III, another exercise next year. So this is typical of the so-called temporary dirt airstrip still in use after 2 years, still able to handle traffic and accommodate 155,000-pound C-130's that will be landing there.

Then at Aguacate, another base close to the Nicaraguan border, the Engineers of the U.S. Army have lengthened an existing 4,300 foot runway, which is capable of handling C-130 traffic to 8,000 feet.

Mr. President, I walked that runway with a young captain who was in charge of the Army Engineers company which constructed it, a brilliant young officer, a graduate of the engineering school at Georgia Tech, holder of a master's degree in civil engineering from the Massachusetts Institute of Technology. That young officer was very proud of this 8,000-foot airfield that he constructed there and he pointed out how he moved a large hill, how he had diverted a stream, and how he had constructed, along with his colleagues, a very elaborate concrete culvert system under the runway to handle the drainage. That is hardly what I would call a temporary facility. Those officers present the day I visited took great pride in indicating that this facility would stand the strain of the weather for years to come.

Now, we learn that the commander of the Southern Command, General Gorman, acting as his own authorizing and appropriating committee, has approved the construction of a parking apron and an aircraft turnaround to go with the 8,000-foot runway at Aguacate.

A C-130, which we use to supply our exercises and maneuvers, can land on a 3,000-foot runway so the only possible explanation for an 8,000-foot runway is that it is intended to be utilized at some juncture by jet attack aircraft or jet fighter bombers.

Mr. President, last year Congress passed, and the President signed into law, a requirement that the Committees on Appropriations be provided with a detailed construction plan for the country of Honduras regarding further U.S. military construction in that country.

The bill was signed into law by the President on October 11. To date, Congress has not received that report from the Pentagon, and Pentagon officials have told me that we will not receive this detailed construction report until May or June of this year, some 8 or 9 months after it became necessary by law that they advise this Congress of their plans for military construction in Honduras.

Since that bill was signed into law last October, the Pentagon has built or improved three new airfields at San Lorenzo, Trujillo, and Aguacate.

In addition, a sophisticated radar site has been established at Tiger Island and is being manned by elements of the U.S. Marine Corps. And two additional airfields will be built this month, as I indicated earlier.

So, no wonder the construction report has been withheld. No wonder the law has not been complied with.

Before Congress receives the report that was mandated on October 11, 1983, the Pentagon will more than have doubled the size of the military infrastructure in Honduras.

The question we must ask is for what purpose? Why has the administration embarked on this military buildup?

That question has not been answered.

What we are seeing in the country of Honduras is an attempt by the administration to stretch the definition of "temporary" to include whatever they want to build. But, this debate should not degenerate into a question of semantics.

That is not necessary. My amendment would allow the administration to go ahead and build their temporary facilities and to conduct their military exercises. It would only require the administration to come back to Congress if it plans to make these facilities permanent.

It would also prohibit the use of these facilities for any purpose other than the exercises or for the evacuation or self-defense of U.S. military personnel.

Mr. President, if I understand my colleagues correctly who support the administration in these activities, their defense is that the facilities in Honduras are only temporary and are just for the purpose of these military exercises. They are said to be incidental to the exercises. And the engineering battalions who construct them are gaining valuable experience. That is what it is all about we are told: exercises, maneuvers, and training.

If that is the case, it is difficult to understand what possible objection could be raised to this legislation that I am proposing. If I had my way I would go much farther.

I wanted to stop all of the construction in Honduras because I believe firmly that the facilities already in place are more than adequate to conduct large-scale exercises there. But I realize that there is little chance for passage of an absolute ban on new construction in Honduras.

So I will accept the reality of the situation.

But I think the amendment that I offer represents a workable compromise, and I am sure that my colleagues would not object to placing the limitations on the administration that I am advancing here since the administration claims it is already operating under these limitations.

My amendment really only requires that the administration follow the rules and procedures of the Congress, which my opponents say they are doing already. This is not some argument over congressional prerogatives—this is basic to the checks and balances of our Government.

Simply stated, these new airfields represent a capability that has never been presented to the American people and never approved by the Congress of the United States.

They provide us with a substantial new capability to intervene militarily in Central America that was not present before. And yet the administration has built these facilities with no oversight, with no public discussion, with almost no congressional debate. They have used funds taken from their operation and maintenance account which should be used to buy fuel, ammunition, and so forth, to pursue a dubious military buildup which could have, I think, grave implications for the foreign policy future of this country.

I think there is a very serious question as to whether or not the Congress would have approved these installations and approved their construction, had they been properly and openly presently. Perhaps that is the reason they were not.

I do not think that this is the proper way, Mr. President, for this administration or any other administration to pursue foreign policy objectives.

Under another administration, presided over by a President of my own party, we slipped step by step into a military quagmire in Vietnam, and we only woke up after it was too late. And during the course of those events in the 1960's, the American people felt they had been lied to, and indeed the proof has shown that they were correct in that assumption. and I submit that the relationship between the people of this country and their Government has never been the same since those days when they lost confidence and trust in what their Government was telling them about our foreign policy objectives around the world and what the United States was up to in Vietnam.

That tragic mistake resulted in the Congress of the United States assuming a greater role in overseeing and providing a balance to the military adventures of the executive branch.

This administration appears intent on thwarting those checks and balances and going back to the old way of acting unilaterally. I submit that we here in this body have the responsibility for seeing that that does not happen. We are entrusted with the responsibility of insuring that the administration's policies are in the best interests of our Nation.

Millions of dollars are involved in this construction—all taxpayers' dollars. It is possible that our involvement could lead ultimately to the loss of American lives. We have already lost one American helicopter pilot who strayed over the border into Nicaragua; or something happened there, we are not sure. But despite the stakes in this matter, the administration has chosen to circumvent the regular process. And I do not think that a couple of generals and a handful of unelected officials in the executive branch of the Government, who have masterminded this unwarranted buildup without proper congressional approval, have the authority to do so. They have stretched existing law almost, if not actually, to the breaking point.

The constitutional processes established in our Government exist for a vital and compelling reason—to insure that our policies are established openly as befits a free people and with the full representation from and of the American people.

My legislation puts Congress on record against any backdoor buildup of a military infrastructure in Honduras similar to what we saw in Thailand over 20 years ago. The effect of my amendment would be to require the administration to do what it should be doing already—come to this Congress for approval of any construction in Honduras which is not temporary.

Now let me elaborate for a moment about the risks we are taking in allowing the administration to continue unchecked in its construction plans for Honduras.

One of the two airfields that I mentioned earlier is now being constructed, Jamastran, 15 miles from the Nicaraguan border in southern Honduras. The airfield will be constructed by the 865th Engineer Battalion.

Jamastran is less than 20 miles from the area in the mountains where the Contras are reported regrouping for attacks into Nicaragua. And already heavy fighting has been reported in this area, with substantial loss of life.

In response to the massing of U.S.-backed Contra forces, the Government of Nicaragua has sent tanks and artillery north to protect its borders from the expected attacks. Now we see the administration is placing U.S. troops in an area where it is very possible for them to get caught up in a crossfire. And they are being placed there without being required to state why they are putting them in that location.

When I was in Honduras, I met with the leadership of the Contras. And they made no secret of their desire to involve the United States militarily in their war against the Sandinista government. Now I have no brief for the present Government in Nicaragua. But I think it is clear that that Government cannot be overturned by the Contras alone. The Contras want the United States to intervene militarily on their side. They understand that if troops of the United States were caught in a crossfire, it would substantially increase the risk of U.S. military intervention in Central America.

No U.S. officials have been able to explain to me why we need to build the airfield at Jamastran for the new exercises coming up.

Clearly, with U.S.-constructed airfields and airstrips and runways in virtually every province of that small country, we have more than ample facilities to support the military exercises. Indeed, one Honduran remarked to me that on a per capita basis they have more airfields and airstrips now than any country in the world.

So the question recurs: Why is the Pentagon insisting on building at Ja-

mastran, particularly in the face of such dangers and growing hostilities? It makes no sense to this Senator. In fact, it appears foolhardy and irresponsible.

Let me ask my colleagues: How many of you in this Chamber would have voted to build the airfield at Jamastran if we had had the opportunity to vote in the regular authorization and appropriation process?

Mr. President, I submit that this amendment is moderate. It should be passed. I frankly confess that it does not go as far as I would personally like to see it go. But I think it will stand as an expression of congressional concern. It will stand as a signal to the administration, and to the American people that the Congress intends to be a full partner in the Central American policies of this country. It will say to the administration that we in the Congress are looking over your shoulder in Central America.

Last June, the Secretary of Defense, Mr. Weinberger, told a national television audience "The central fact is we are not planning to build airfields in Honduras or in other places." This was last June. Since that time, we have constructed five and are constructing two more.

It is time for Congress to slow down this construction before it results in tragic consequences. Already, we have seen the tragic consequences of committing our troops to a foreign land without any clear policy objective, without any clear mission. The tragic lessons of our involvement in Lebanon should not be forgotten so soon.

The Secretary of State in recent days has sought to shift the responsibility for the failure of our policies in Lebanon to the Congress. I would say to the distinguished Secretary that the Congress did not put forces in Lebanon. The Congress indicated that the administration had at least 18 months to maintain military forces in Lebanon, yet the administration unilaterally took our forces out of that country in what I think was a wise move. They did so after it became apparent that their policy was not well thought out, that our mission there, whatever it might have been, could not be accomplished. This represents, I think, a signal of foreign policy failure.

That failure in Lebanon did not occur because the Congress did not support the administration strongly enough. I say that if the Congress shares any responsibility for the tragic failure of American foreign policy in Lebanon, it is that we did not step in and vigorously oppose those policies before they resulted in the loss of over 200 young marines, 3 from my native State of Tennessee. We cannot afford to make a similar mistake in Central America.

Mr. President, I urge the adoption of my amendment. I inquire of the Chair how much time I have remaining.

The PRESIDING OFFICER. Twenty-seven minutes.

Mr. SASSER. Mr. President, I will yield to the Senator from New Mexico 10 minutes. Is that adequate?

Mr. BINGAMAN. Mr. President, that is certainly adequate.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. BINGAMAN. Mr. President, I would like to commend the Senator from Tennessee for his leadership on this issue, and for the amendment that he has of which I am proud to be a cosponsor.

I want to begin by putting this issue in the context of our Central American policy, as I see it.

I believe we have three major problems with our Central American policy today. The first, I would argue, is the extreme emphasis that we are putting on military support and military funding to solve the problems in that region. We have had extensive debate here in the Senate in the last week focusing on the proper level of military support, and focusing upon what conditions we should put on any military assistance we provide to the countries in that region.

The second major problem with our policy in Central America is the issue we have been debating, yesterday and again this morning, in connection with aid to the Contras, the guerrillas who are fighting against the Sandinista regime with the aid and support of our Government.

The third problem that I believe exists with our Central American policy is the one that the Senator from Tennessee is focusing on with this amendment; that is, the very substantial military buildup, and increase in U.S. presence that is taking place particularly in the country of Honduras.

The amendment that has been proposed here by the Senator is in my view a message to the administration and to the American people that those of us in the Senate, and in the Congress are aware of this military buildup and also that we are concerned about the excessive nature of this military buildup.

The details of it are well known to people who are following this issue, and have been largely recited by the Senator from Tennessee. We have one airbase that we have funded, which I think would be properly referred to by the Defense Department, as a colocated operational base although they generally do not refer to it this way.

I asked in one of our Armed Services Committee hearings if it was not proper to refer to this as really a colocated operational base that we would have with Honduras. This is the facility at Palmerola. The witness from the Defense Department was certainly not willing to accept that characterization totally but could not cite to me any reason why the characterization was improper. It is a facility where the United States has personnel permanently stationed. It is a facility where we have provided a substantial amount of the military support and financial support needed for construction. It is a facility where the Hondurans also have personnel stationed on a permanent basis, and they have provided some financial support for construction also.

In addition to that and La Ceiba which was already a facility, we in the Congress have appropriated funds to upgrade additional airfields and airstrips in the nature of landing strips that the Senator from Tennessee has referred to.

I think serious questions have to be raised as to why this extensive infrastructure is necessary for anything that has been described to us in the Congress as being the policy of this administration. I think it is totally proper that we ask those questions, and require responses. This amendment is intended to require that kind of accountability in the future.

I want to address for a minute the issue of whether or not there is a problem which this extensive building of infrastructure causes. I believe it is mainly objectionable because I see it as closing off the diplomatic options available to this country. We have a great deal of rhetoric coming out of the administration about how we support the Contadora process.

We are looking for opportunities to reduce tensions in the region. But, Mr. President, the fact is that it is extremely difficult to reduce tensions and to find any kind of peaceful solution to the problems of Central America while we are on the other hand pursuing a relentless buildup of our own military presence in Honduras.

I believe sincerely, Mr. President, that based upon the facts that have been laid out by the Senator from Tennessee, it is clear that we are engaged in a relentless, consistent buildup of our own military presence there.

I think the policy is also misguided in that it does increase the likelihood that we will be pulled into a larger military conflict in the region. It does give us a false sense of security. I believe it is clear that, if you look at the history of our involvement in Latin America or elsewhere in the world, having a military base in a particular country does not give us any assurance that that country will be free from influences hostile to this country.

The Guantanamo Naval Base is a clear example of how any sense of security we might feel with regard to our own friendship with the Hondurans should not be based upon our abil-

ity to construct facilities in their country.

A final issue that I think is objectionable about the extensive buildup, and one that is of concern to citizens in this country, is the cost. There is no doubt that the deficit problem we face in this country is never going to be brought under control if we in the Congress cannot even hold the executive branch of Government and the Defense Department accountable for the expenditures they make in a country like Honduras. I think that is a crucial part of what is at stake here.

Let me also say that I believe it is valid to make the point that this amendment is needed, if Congress is going to assert its rightful place in our constitutional system.

Congress has not been involved in the decisionmaking about the military construction that has taken place in Honduras. That construction has been taking place as a side effect or a by-product of what has been referred to here as military exercises or military maneuvers.

Those exercises were first proposed to us by the administration as routine in nature, short-lived in nature. They were to be temporary and not of great concern to us.

Mr. President, I remember a hearing we had in the Armed Services Committee last year, and I asked Secretary Weinberger why it happened that there was a press conference by the Defense Department on the issue of our military exercises in Central America before any action was taken to brief Members of Congress on that.

His response was, "The simple fact is maneuvers are a very standard part of the Department's activities, and exercises of all kinds are conducted all over the world on a regular basis."

The import of his response, clearly, was that this was routine and there was no need to involve Congress in these routine matters; these exercises were nothing out of the ordinary.

As it turned out, the particular exercise, Big Pine I and then Big Pine II, and now Granadero I are part of the routine. These are some of the largest exercises in U.S. military history, and certainly so for that part of the world.

It is clear also that the end of these exercises is nowhere in sight.

I asked General Gorman at one of our hearings what the plans were for future exercises. He conceded that President Suazo of Honduras, "has said repeatedly that he would like to see exercises 2, 3, 4, 5, and 6," but, according to General Gorman, in spite of these statements any future exercises were uncertain because we had to await a determination of whether the country of Honduras would be willing to invite us for additional exercises.

I would submit, Mr. President, that we in the Congress are not getting the full story about our plans in Honduras, and we are not getting the full story about the extent of the military buildup that is in progress in that country.

I think the exercises in that part of the world are anything but routine, and I would suggest that the facilities that have been described by the Senator from Tennessee are anything but temporary.

Mr. President, I believe it has to be of concern for those of us in the Congress.

Mr. President, I yield to the Senator from Tennessee.

Mr. SASSER. Mr. President, I thank the distinguished Senator from New Mexico.

Mr. President, I commend the Senator for the excellent work he has done in this area in his position as the ranking member of the Military Construction Subcommittee of the Armed Services Committee.

Mr. President, at this time I yield 5 minutes to the distinguished Senator from Nebraska (Mr. ZORINSKY).

Mr. ZORINSKY. I thank my colleague from Tennessee.

Mr. President, I am very happy to cosponsor this measure and to be part of this effort to head off what I believe could be a disaster in Central America. I want to make it clear right at the outset what I am talking about. The disaster to which I refer is direct U.S. military involvement without justification. Yes, the course that we are on in Honduras, where the United States is quickly establishing a permanent military infrastructure, is a course which is leading to the participation of U.S. troops in a Central American war.

Senator SASSER's amendment would help to change this present course toward a U.S. military permanence in Honduras. It would hold the military to its word that facilities are temporary and for use only for military exercises. It would assure that the military would not be constructing airfields and other military facilities for permanent use under the guise of what now seems to be a never ending series of military maneuvers. The U.S. military started out with Big Pine I in Honduras. Then we had Big Pine II. Now the U.S. military is starting Grenadero I and, to be sure, Grenadero II will follow. Or will it be Big Pine III, to be followed by IV, V, VI, VII, VIII, et cetera. Or maybe we should hold a contest to name the next series of exercises.

The Sasser amendment would prevent the conversion of temporary facilities into permanent installations and reasserts that any construction of other than temporary facilities must be specifically authorized and appropriated by Congress. This amendment puts the U.S. military on notice that the Congress is very much aware of its enlarging role in U.S. policy in Central America and that now is the time for this role to be cut back to its normal dimensions, especially in Honduras.

Mr. President, I would like to point out that I do concur with the Senator from Alaska, with his assessment of military threat to this country in that particular region and throughout the world. That is one of the reasons I supported the reactivation of the battleship *New Jersey* and why I supported rapid deployment forces.

But I feel it has not been proven yet to this Senator that we are not capable of defending this Nation in the event of crisis. The defense of this country is paramount and is the bottom line of everything that we do militarily. I would certainly support our continued support of the military.

But in this particular instance, we have carriers certainly capable of taking off and landing aircraft regardless of these temporary airbases being established as permanent facilities.

I think the taxpayers of this country are just getting sick and tired of being the stuckees. Every time we get into a situation like this, we build a temporary airfield; then we make it permanent; then we upgrade it; then we abandon it; then there is a revolution; then we lose control of it; and then our adversaries generally end up with a real great airbase or airfield. I will not take the time to delineate, all over the world, where we have built airbases for the opponents and adversaries of the United States of America that we have turned over to them.

If we are going to build air bases throughout the world to foreclose the possibility of governments speaking against us, then I think we do not need to have aircraft carriers stationed anywhere near that area. We do not need to have in-flight fueling capability. SAC headquarters is very good at doing that. We have the capability to do what needs to be done in that part of the world, without step by step getting us into an involvement accidentally or unilaterally from which we cannot extract ourselves.

Mr. President, we all know the reason for this extensive military activity in Honduras. We all know it is designed to keep the pressure on the Nicaraguan Government and to force the Sandinistas into drastic mistakes with severe consequences for them and their nation. The thousands of U.S. troops on the Honduran side of their border, the increasing number of airfields capable of landing C-130's, and with easy modification, quickly made capable for strategic fighter aircraft, the not-so-secret cooperation with Contra forces, and open cooperation with the Honduran military, present the very real potential for involvement of U.S. troops in a Central American conflagration. As I said on

opening this statement, that is my chief concern.

The people of Nebraska want to support the policies of their President. But I know that the mothers of Nebraska are not willing to send their sons to die in the mountains of Honduras and Nicaragua. I tell you right now, Mr. President, they want to support a policy for peace, not for war. They want to support a policy that strives to engage both the United States and Nicaragua, along with other nations of the region, into a meaningful dialog for peace. The opportunity for peace lies in the Contadora process. I would like the administration to put into practice what they are saying about the process and really put the emphasis on finding a peaceful way out of the morass that faces us in Central America.

I congratulate Senator SASSER on his fine amendment, and I am happy to support it.

Mr. President, I yield back to the Senator from Tennessee.

Mr. SASSER. Mr. President, I thank the Senator from Nebraska for his very perceptive comments. I might say that the Vietnamese and the Soviets are enjoying the extensive facilities we left them at Cam Ranh Bay just a few years ago, facilities which cost the American taxpayers millions of dollars.

I was talking to an American pilot who returned a few months ago from Hanoi. He told me that the first-line jet fighters of the Vietnamese armed forces now are F-5's that the American taxpayers paid for. And I might note that we left behind 971,000 M-16's, at $250 apiece, when we left Vietnam.

Mr. President, I yield 4 minutes to the distinguished Senator from Nebraska (Mr. EXON).

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I thank the Chair. I thank my friend and colleague from Tennessee.

I am very pleased to join Senator SASSER and my colleague from Nebraska (Mr. ZORINSKY) and several other Senators in cosponsoring this amendment.

This is the most straightforward and uncomplicated of all of the amendments that have been offered to this bill. It simply requires what I believe to be the law affecting appropriations. I think that is what we all want and expect, and if the law is followed, then no one could, in good conscience, vote against the amendment that is presently pending. This amendment simply provides, except for the emergency conditions spelled out in the amendment, that operations and maintenance funds cannot be used to provide for permanent military installations in Honduras.

Why is Honduras spelled out? This could well be applied to all parts of the world. Honduras is spelled out, I suggest, Mr. President, simply because we are at the present time, we suspect, applying considerable amounts of money not appropriated for that purpose to build airstrips and related facilities, which, in a sense, is not only a violation of the law, but bypasses the intent of Congress in the hearings and the detailed studies that have been made therewith.

I simply wish to say, Mr. President, that when you look at Honduras today and understand what is going on there from a public perspective, let alone a closed perspective, any rational person would have to say that we are at this time either preparing for or have in Honduras today an American expeditionary force. But that has not been debated in the U.S. Senate. Maybe we should send an American expeditionary force into Honduras. Maybe that is in the security interests of the United States. But, Mr. President, what we are doing is approaching that through the back door.

I cannot believe that the amendment that has been offered by the Senator from Tennessee does not directly affect this matter. We are simply saying to the administration and to the Pentagon that no money—no money—appropriated for nonpermanent construction facilities can be used to construct permanent military facilities in Honduras. We will debate, I suspect, at some other time, whether or not we should send an American expeditionary force into Honduras if it is not there already. The point is, this amendment says, "Do not misappropriate and use money to build permanent facilities when the money was appropriated for another purpose." That is all it says. Therefore, I urge the adoption of this amendment by the U.S. Senate.

I yield back any remaining time to my colleague from Tennessee.

Mr. SASSER. Mr. President, I thank the Senator from Nebraska.

How much time is remaining on our side, Mr. President?

The PRESIDING OFFICER. Six minutes remain.

Mr. KENNEDY. Mr. President, will the Senator yield?

Mr. SASSER. I yield to my friend from Massachusetts.

Mr. KENNEDY. Mr. President, I know the Senator was good enough to accommodate the leadership by reducing his time from 4 hours to 2 hours. I wonder, if he wants to retain the last 6 minutes, whether I could have 10 minutes on the bill.

Mr. BYRD. How much time does the Senator want?

Mr. KENNEDY. Ten minutes on the bill.

Mr. BYRD. I yield 10 minutes on the bill to the Senator from Massachusetts.

Mr. KENNEDY. I thank the leader.

Mr. President, over the past week, many of us in this body have voiced our concern over the Reagan administration's relentless march toward a military solution in Central America. Nowhere is the rumble of that military buildup more resounding than in Honduras.

This debate on administration policy toward Honduras in the full Senate is long overdue. The administration has involved that country in the fighting in Nicaragua and drawn it to the brink of war in El Salvador.

As a result of the efforts of Senator SASSER and others, Congress and the country are at last beginning to awaken to the full dimensions of the administration's omnious designs on Honduras. Today we have an opportunity to reject this militaristic approach, before we ignite a wider war that could engulf all of Central America. This past weekend, the chief Honduran architect of that buildup, General Alvarez, was fired. Today let us seize this opportunity to press forward to achieve what the Honduran Foreign Minister has called a new impetus to peaceful coexistence in Central America.

Over the past year, the President has presided over massive U.S. military exercises in Honduras. In the course of these exercises, the administration also embarked on a dramatic buildup of military facilities.

Thousands of American troops in Honduras have participated along with carrier battle groups operating off both coasts of Central America.

Let us not forget last summer when the chairman of the Foreign Relations Committee (Mr. PERCY) pointed out to the Secretary of State that not a single Member of the Senate or the House was consulted on the stepped-up show of military force in Central America.

The military exercises, the administration tells us, are to show our friends and our foes that there is a credible deterrent available in the United States. The administration also tells us that military construction is synonymous with commmitment.

But what are those administration commitments? When I asked the Secretary of Defense, he told the Senate Armed Services Committee that we had made no commitment.

The American people are entitled to know what our Government's intentions really are and what risks we incur before the way is paved for a permanent American military presence in Honduras, and before American troops become involved in conflict there.

The risks of conflict involving U.S. forces are real. One American officer has already lost his life when the helicopter he was flying in January strayed into Nicaragua and was then shot down on the Honduran side of the border. More exercises risk more American casualties. Congress must ask whether those risks are warranted.

The big pine series of exercises launched last year were unprecendented in complexity, scope and duration, at times, the Central American isthmus was bracketed by two U.S. aircraft carrier battlegroups and up to 5,000 American troops maneuvered across Honduras. Four airfields have been built or improved during these exercises. Roads have been improved, tank traps dug, and radar stations deployed.

But with the conclusion of Big Pine II in February, 1,900 American military personnel remained behind to prepare for the next exercise. Presumably, when that exercise is concluded, the administration will continue to maintain what it calls a temporary presence. Administration officials have stated that U.S. military forces will be sent to Honduras to train each year for the foreseeable future, perhaps for as long as 20 years.

Last Sunday, the administration began a new military exercise in Honduras called Granadero I. Troops from Guatemala, Panama, and El Salvador have been invited to participate; 800 U.S. Army engineers are to be sent to upgrade dirt airstrips at two strategic locations—one 20 miles from the Salvadoran border and one 25 miles from the Nicaraguan border, not far from where the U.S. helicopter was shot down earlier this year. American military forces are thus being brought ever closer to the conflicts in El Salvador and Nicaragua.

President Reagan was asked at a press conference last July whether he saw any contingency where an incident during training exercises might lead to deeper American military involvement in Central America. In response, he said, "No, I do not really because—first of all, those maneuvers that are going to be held in Honduras are not going to put Americans in any reasonable proximity to the border."

That is what the President told us 7 months ago, but that is not what is happening today. Will the administration assure us today that these forces really will be out of harm's way?

When Granadero I ends, a further exercise is planned for May involving an additional 1,000 troops to be sent to Honduras for antiguerrilla warfare training.

What we are seeing is the establishment of a major and continuous American military presence in Honduras and the construction of a network of facilities that American forces could use in support of contingency plans in Central America.

Senator SASSER has investigated this American military presence with great skill and concern. "Using the screen of military exercises," Senator SASSER has reported:

> The Department of Defense has constructed a number of facilities in Honduras, including airfields, base camps, and radar sites which far exceed the requirements for the conduct of military war games.

These facilities were not approved by the Congress. These facilities were built using funds from the Defense Department's operations and maintenance account, on the justification that these were temporary facilities for use during exercises.

In February, I wrote to Secretary Weinberger, based on my growing concern that administration actions went beyond the scope of existing congressional authorization. I asked for information as to funds in the budget intended to be spent for exercises and military construction in Honduras. I have not yet received that accounting.

Senator SASSER's amendment establishes in law the temporary nature of facilities constructed during the exercises, prevents their conversion into permanent facilities, and limits their use solely to military training exercises. This is the bare minimum we should require of the administration.

Critics of this modest proposal have argued that it serves no useful purpose. I could not disagree more. This amendment will prevent any circumvention of congressional intent. It will also assure Congress of its proper role to exert oversight over the Department of Defense activities in Honduras. The amendment sends an important signal to President Reagan: "Mr. President, do not take us for granted; do not ignore us; most of all, do not deceive us."

I fully support this amendment. I hope my colleagues will do likewise.

I wonder if I could ask the Senator from Tennessee a question. In his own review of those particular facilities and as a member of the Appropriations Committee, does he believe that the kinds of sites being temporarily constructed in Honduras are similar to the kinds of sites which are constructed in other areas of the globe, such as in Western Europe where we do have continuing commitments?

Mr. SASSER. Let me say to my friend from Massachusetts that some of the structures which I saw in Honduras clearly were permanent or certainly semipermanent in nature. I described a moment ago the runway at a place called Aguacate. This runway was already 3,800 feet in length, more than adequate to handle C-130 traffic that would be used in maneuvers and exercises. This runway was extended to 8,000 feet. U.S. combat engineers moved a hill there, they diverted a stream, and they put in a complex culvert draining system under the runway. There was much compaction with substrata of crushed stone, et cetera.

I would say to my friend from Massachusetts that this airstrip was there to stay. The young captain of the engineers who constructed it was very proud of his achievement, and rightfully he should have been because that airstrip will last for many years. And as evidence of its durability, the Southern Command under General Gorman has approved a taxiway and an aircraft turnaround there.

Mr. KENNEDY. Let me just ask the Senator from Tennessee this: The administration is using funds appropriated by the Congress for, as it states, "temporary facilities." Does not the Senator think the Senate should accept the amendment since the administration claims that these facilities are temporary and for the purpose of training exercises? The Senator from Tennessee has constructed language to insure those facilities be temporary in nature and be used solely for training exercise purposes. If the administration is doing what it says it is doing, how can there be any objection to the amendment of the Senator from Tennessee?

Mr. SASSER. I say to my friend from Massachusetts that it is a mystery to me because the amendment states precisely what the administration says it is doing in Honduras. The amendment simply stated says that these facilities, which the administration says are temporary, which are incidental to exercises and maneuvers in Honduras, may be used solely for maneuvers and exercises, which is precisely what the administration says they are using them for.

Now, if that is indeed the case, I am surprised that there would be any opposition to this amendment, and I would expect it to be accepted.

Mr. KENNEDY. Finally, would the Senator conclude that if this amendment were not accepted by the administration, one could quite logically assume it has intentions other than the reasons it has put forward to justify this construction?

The PRESIDING OFFICER. The Senator's 10 minutes has expired.

Mr. KENNEDY. If I could have just a minute on the Senator's time.

Mr. SASSER. Let me say to my friend from Massachusetts that his logic is irresistible. Certainly, if the administration has nothing to hide, if these facilities are indeed temporary, to be used solely for exercises or maneuvers, they would accept it. And if they do not, this raises a question as to the real purpose of these facilities.

Mr. KENNEDY. And the nature of the American commitment.

Mr. SASSER. The nature of American commitment, how temporary or how permanent it is intended to be.

Mr. KENNEDY. I thank the Senator.

Mr. SASSER. I thank the Senator.

Mr. President, how much time is there remaining?

The PRESIDING OFFICER. Four minutes and forty seconds.

Mr. SASSER. I yield 2 minutes to the Senator from Rhode Island and reserve the remaining 2½ minutes.

Mr. PELL. Mr. President, I thank the Senator from Tennessee. I am very glad indeed to support this amendment. It was just about 2 years ago, June 30, 1982 to be exact, that I had a similar amendment on the floor of the Senate which would have prevented moving ahead with the airfields at that time. Almost 2 years ago we laid forth the arguments as to why these airfields should not be built, why we should avoid the creeping escalation that was clearly apparent in our involvement in Honduras. Alas, all I got was 29 votes to 65 for the other side.

I congratulate the Senator from Tennessee because I think he has almost more cosponsors to his amendment than I was able to get votes on the Senate floor 2 years ago. But I do think that in this intervening time the American people have come perhaps to agree with the Senator from Tennessee and with some of us in the Senate that it is not a good idea to escalate the way we have been doing.

At that time, 2 years ago, I made an attempt to prohibit funds for the first of the now many military construction projects taking place in Honduras. Since that time the U.S. military has established a significant military presence in Honduras and now this is rapidly becoming a U.S. military permanence. At that time, I warned my colleagues about the grave foreign policy implications of that initial military construction project. I warned about the potential for involving the United States even more deeply into the turmoil in Central America. It was 2 years ago that I used those very words. I also said, at that time, that the military plan of the United States in Honduras:

> Sends a signal to the world, and especially to those in Central America and the Caribbean that the United States is indeed preparing for deeper involvement, including direct military intervention.

I find it starkly frightening that my concerns and fears about the U.S. military activity in Honduras, which I expressed to you many months ago, is happening today at an even more accelerated pace. In 1982 I was talking about activities at Comayagua and La Ceiba. Today, an entire new lexicon of place names in Honduras is becoming familiar to all of us. Palmerola, Puerto Castilla, Trujillo, San Lorenzo, Aguacate, Puerto Lempira, La Mesa, Tiger Island, Cerro La Mole, Jamastran, Cucuyagua, and Choluteca are those that we now know about, thanks to the efforts of Senator SASSER, others of my colleagues, and the work of several staff members in the Senate and the House. As if this is not enough to worry about, what other projects are being planned about which we have yet no idea?

It is a clear fact that the U.S. military has established a significant military presence in Honduras and is rapidly establishing a military permanence. I am aware of the administration's contention that the facilities are temporary and constructed or modified only because of the Big Pine I and II and Grenadero I exercises, but like Senator SASSER, I believe that the military has used the military exercises as a means to establish permanent facilities.

Senator SASSER and others on the Appropriations and Armed Services Committees are rightly concerned about the way the administration has financed this activity without properly coming to the Congress. I share this concern and with it, as ranking Democrat on the Foreign Relations Committee, I am deeply worried about what it means for U.S. policy in Central America. Building on this presence and permanence, with its capability for offensive military use, now we see that the Defense Department for fiscal year 1985 is planning contingency facilities including storage facilities at two airbases for ammunition, including bombs and rockets. As worrisome to me are the plans for the construction of a headquarters and living quarters, as well as an aircraft hangar for an Army aviation unit that would fly reconnaissance missions over El Salvador. Not only is the administration escalating its military activity against Nicaragua, but reconnaissance missions over El Salvador, flown by U.S. military pilots, represent the very involvement about which I warned 2 years ago. Military maneuvers dangerously close to the tense border between Nicaragua and Honduras and U.S. pilots in operations in El Salvador are bringing this Nation ever so much closer to direct intervention in a Central American war. The shooting down of a U.S. helicopter in January, with the death of its U.S. military pilot, because it flew over Nicaraguan airspace, could very well mean that we are already more involved than is officially admitted.

We are very much further down the road to military involvement in Central America than we were 2 years ago when I first called attention to the implications of the administration's policy in Honduras. I am very much afraid that 2 years from now we will be dealing with the much more serious consequences of actual U.S. military involvement. There still is time, although I fear it is getting very short. The Congress must act now to get our policy back on the right road. The road to peace in Central America is not a military permanence in Honduras. In the interest of peace, I urge my colleagues to support this excellent amendment by Senator SASSER.

Mr. INOUYE addressed the Chair.

The PRESIDING OFFICER. The Senator from Hawaii is recognized.

Mr. INOUYE. I yield myself 2 minutes from the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. INOUYE. Mr. President, I support this amendment, not because I question the veracity of the Department of Defense. I do not. I take the word of the officials of that Department. If, as they say, these facilities are temporary, fine. But if the Department of Defense has any wish to make these facilities permanent, then, Mr. President, I think the legislative process must be brought into the responsible position. The appropriating committees should be asked to act upon the request, and, therefore, I think that this amendment is one that all of us can accept. We do not question DOD. We just say if they want to make it permanent, come up to Congress.

I am pleased to be listed as the primary cosponsor of this amendment. I know of the work of Senator SASSER and of his efforts to obtain firsthand knowledge of the extent of military construction in Honduras. I strongly support his efforts to calmly and dispassionately inform the Senate of a situation which causes me great concern. I believe it is a situation which should be of great concern to everyone in the Senate.

Senator SASSER has documented the existence of a network of permanent and semipermanent installations in Honduras which have been constructed in the course of military training exercises. These installations are said by officials of the Department of Defense to be merely temporary and to be installations which are used solely in the context of exercises. Senator SASSER has raised serious questions about the validity of these assertions. I share his concern and, accordingly, I am joining with him to propose this amendment.

Mr. President, the amendment does not place an onerous burden on either the President or the Department of Defense. The amendment is nothing more than a restatement—a reiteration—and a clarification of current policy. It is nothing more than that. Yet, I believe it is necessary because elements of confusion have entered into the debate and have left reasonable concerns and reasonable doubts unanswered. Senator SASSER and I and others seek to remove that doubt.

What does this amendment do? It allows the Department of Defense to utilize temporary facilities which have already been constructed or those which may be constructed in the course of future exercises. It says that these facilities may be modified, they may be improved, they may be maintained. It serves the announced purposes for which the facilities were constructed.

What does this amendment not do? It does not allow the use of U.S. funds—funds which have been appropriated to the Department of Defense for operation and maintenance—to be used to upgrade, or to convert to permanent use, any of these temporary facilities without—and this, Mr. President, is a significant exception—without the specific authorization and appropriation by the Congress of the funds required for such conversion.

Mr. President, Senator SASSER has spoken quite eloquently on the dangers of increased U.S. military involvement in Honduras. He has also spoken of the threat to the infant democracy in Honduras which is posed by the expansion of military spending and military influence in political affairs. He has also spoken of the diversion of the meager resources of the Honduran Government to military activities and away from programs and activities which support the basic necessities of life for the poor. And I trust I need not remind the Senate that Honduras is, after Haiti, the poorest country in the Western Hemisphere. I will not review and comment on these conditions which Senator SASSER has addressed in his remarks.

Mr. President, I have confined my remarks to aspects of U.S. military involvement in Honduras which are of direct concern to the Senate. And the most basic of those concerns is the restoration of congressional authority and responsibility in military construction conducted by our Government. If the administration does not intend any more than it has said it intends, if the Department of Defense accepts, as it is bound to accept, the appropriations role of the Congress, there can be no objection to this amendment. I would hope that all of my colleagues will vote in favor of the amendment proposed by my good friend, Senator SASSER. We all owe him a debt of gratitude for the dedication and persistence with which he has pursued this matter.

Mr. SASSER. Mr. President, I thank the Senator from Hawaii for his support and his work in this area. I reserve the remainder of our time, Mr. President, which I think amounts to 2½ minutes. Is that correct?

The PRESIDING OFFICER. Yes.

Mr. SASSER. Mr. President, I reserve the remainder of my time.

(Mrs. KASSEBAUM assumed the chair.)

Mr. STEVENS. Madam President, here we go again. We have been told here for the last 1½ hours that this is a new thing; that it is too bad Congress did not know anything about it. I thank Senator PELL for coming in and reminding the Senate that not only were we briefed about it 2 years ago, but also, we debated it 2 years ago. We faced up to this question. We were told what was going to happen, and that is exactly what happened.

When I came back from Alaska in February, I found that the junior Senator from Tennessee had made some rather serious allegations and that he was going to take a trip down to Honduras, because he, as a member of the Military Construction Subcommittee, had alleged that the funds coming from the Defense Subcommittee of the Appropriations Committee had been improperly used to build permanent facilities. It was reported that he alleged all sorts of things in Honduras, and I have photographs we obtained when we went down to see about his report, to demonstrate the authenticity of some of the comments he has made.

I found that his report indicated a whole series of things, and one of them, I am happy to say, he has dropped, I assume—the allegation that military medical facilities and the use of funds under the operation and maintenance portion of the defense budget for those facilities and for medical care in Honduras violated the law. I find it interesting that before he went to Honduras, he announced that these facilities were being built without specific congressional approval.

Madam President, this is going to take a little while, to set this record straight. I am not sure we really need to do so. I hope the Senate has sense enough to know the difference between military construction on one hand and operation and maintenance on the other.

I hold in my hand a photograph of the Palmerola airfield, which was described at length by the Senator from Tennessee. He knows that that is military construction. He has just said to the Senator from Massachusetts that he saw some permanent facilities. He did. He authorized them. He sat there and listened to the testimony for the last 4 years when we were told about this. Every year we have been told what they were going to do in military construction.

It is one of the permanent facilities; it is a good facility. It is a joint United States-Honduran facility, and the funds were duly authorized and appropriated by Congress for a permanent facility in Honduras, a jointly shared facility, as I said.

I do not think the Senate ought to be confused by the statement that he has seen permanent facilities down there. We saw permanent facilities, too. What we also saw down there were facilities for use of the military under temporary conditions, for the maneuvers that we are conducting down there.

The Senator has mentioned the GAO report. It was actually a briefing. The GAO told us that the net cost of 2 years' operation in Honduras was approximately $50 million, for these exercises that we conducted down there. These are exercises that use units from throughout the country, to give them their yearly exercise.

We have the bills for the annual damage we pay to Germany, for tanks coming across farmers' property or damage to private property. In Germany, it is $50 million.

The annual cost in Germany for damage to personal property by our exercises there is more than 2 years' cost for these facilities, for the total net cost of these operations down there. I have put in the RECORD the list of the units that are going there.

Let me remind people what we are talking about. In the second exercise, Big Pine II, there were ground forces from McDill Air Force Base, Fort Carson, Fort Rucker, Fort McClellan, Fort Sam Houston, Fort Campbell, Fort Bragg, Fort Golick, Camp Lejeune, Fort Huachuca, and Gulfport.

From the Air Force, there were elements from Andrews Air Force Base, Md.; New Castle, Del.; Nashville, Tenn.; St. Joseph, Mo.; Warwick, R.I.; Mansfield, Ohio; St. Paul, Minn.; Van Nuys, Calif.; Anchorage, Alaska; Willow Grove, Pa.; Youngstown, Ohio; Memphis, Tenn.; St. Paul, Minn.; Charleston, W. Va.; and San Juan.

Most of those I have just read—as a matter of fact, all I have just read were either Air Force Reserve units or Air National Guard units, They are on duty for 2 weeks a year—2 weeks—and the Senator from Tennessee alleges that we are building permanent facilities to house them.

Madam President, I am going to walk to the rear of this Chamber to look at these photographs. I hope that when Members come to the floor, they will look at these photographs. There are copies on the table in the well. These are photographs we had taken.

The Senator from Tennessee says that the Republicans were led to a swamp when we were down there. Incidentally, as chairman of the Defense Subcommittee, I invited every member of our committee, Republicans and Democrats, to look into the charges made by the junior Senator from Tennessee. I was accompanied by three other Republicans. None of the Members on the other side chose to come and see the facts.

I point out that before he went to Honduras, the Senator from Tennessee had made up his mind. This is one of the areas he alleged in his first

report was a permanent facility. By the time we got there, it was shown what it was. It was an operation by the Seabees to build temporary quarters under swampy conditions.

It is a fact that sometimes in war you have to build those facilities, and this is one of the facilities. If you examine this, you will find that these facilities are being torn down. They were temporary in nature and they were, in fact, temporary.

Mr. SASSER. Madam President, will the Senator yield?

Mr. STEVENS. I did not interrupt the Senator from Tennessee, and I do not intend to be interrupted at this time.

Mr. SASSER. Madam President, will the Senator yield?

Mr. STEVENS. I do not yield, Madam President.

The PRESIDING OFFICER. The Senator from Alaska has the floor.

Mr. STEVENS. This Seabee project is one of the temporary facilities that is now being criticized. If a unit were to come back in and ask to occupy this, the amendment of the Senator from Tennessee would prevent the upgrading of any of the facilities. Even though they were temporary in the past, you could not upgrade these. You would have to move the National Guard Reservists back into these things. They have been abandoned for almost a year. You could not spend any money to make their lives comfortable there for 2 to 3 weeks. This is the way they lived without them. I urge Members of the Senate to see them.

When I walked through those tents, it was 100 degrees in those tents. The difference between those tents and these facilities in cost is that these cost less. These are semipermanent, as he says, facilities; what I call temporary facilities. I mean they are double temporary—temporary squared facilities. The only difference is that they have a chance for a little ventilation and they have a roof on them that is somewhat permanent for the time they are there. These blow down, and they have been replaced time and time again. As a matter of fact, in one squall, the whole camp was blown down.

Besides that, the tents, per copy, cost more than these huts cost per copy. If you are talking about expense, listen to the Senator from Tennessee if you want to spend more money. We went down there to see if this money was being spent properly.

Here is one of the runways he criticizes. This is the San Lorenzo runway. Currently, this runway has large gouges in it from the rains that have taken place, even since we were there. At the time we were there, you could land a King Air. That is a small, twin-engine, prop plane. It was not C-130 capable, and now it is not even capable for that, because of the conditions and the way it was built. It was built as a temporary facility for part of an exercise. If we went back there to have an exercise again, under the amendment of the Senator from Tennessee, you could not upgrade or repair this facility.

Let us think about what we are doing. This is a C-130. We see a lot of these in Alaska. If you build an airstrip like that in our State, once you are finished using it in a temporary military exercise, under the laws of the United States you have to restore the land to the condition in which it existed prior to the exercise.

The cost of restoring that land in Alaska is twice as much as it costs for the military exercise of the Corps of Engineers to build an airport.

So the question is: Should we spend money in the United States, whether it is my State or any other State, to exercise these military reservists, Air National Guard, the National Guard of the Army, whatever of these units they are, and put our money in and then bring in the people to clean it up, to restore the conditions? Should we spend three times as much money for each exercise, or should we go to a place like Honduras where, incidentally, we have been having exercises now for 7 years?

All the Members of this body have been familiar with the fact we have had exercises for 7 years. They were conducted by the former President. They have been conducted by this President. Should we go there where their conditions in that country are so bad that we look at this map—they have very little road structure—they have very little in terms of air commerce. Should we build these runways and leave them, even though they are temporary? At least they are a step up for the Government of Honduras.

They have said: "Do not restore the natural condition. Leave them there. The time will come, we think, when we may have money to make those at least into a facility that can handle normal air commerce in our country."

As I said, there are the aircraft. This is the Hercules that we went in, and I am sure the Senator from Tennessee went in. If you look at it carefully, you can see the ruts in that runway. This is the runway that he criticizes most.

We questioned the young major of the Corp of Engineers who was in charge of this construction still there moving out from the last exercise. He told us 25 Hercules landings could be made on that strip without rebuilding it.

The Senator's amendment says you cannot use any funds hereafter to upgrade any facility. You could not resurface this dirt airstrip.

Incidentally, it was a gravel surface. Anyone who knows anything about airports will tell you there is no subsurface on this. It was an existing airstrip that was improved as a temporary facility.

Again, if they ever get to it and put in air commerce for light aircraft, or the kind they use in a country such as Honduras for internal traffic, the King Air or small aircraft that we use a lot—we call them bush airplanes in Alaska—a portion of this strip could very well serve the people of an area such as that which is roughly up in this area.

If you look at it, there is no other airport in the whole place, no other airport in that area.

This may give them a chance to have produce flown in, have any kind of small equipment flown in.

But he would rather say, "Now wait a minute, you should comply with U.S. law when you are in Honduras. Tear that up."

Under his amendment there is nothing that says you cannot spend our taxpayers' money to tear out this facility. Destroy it so those people down there cannot possibly have any benefit from our participation.

I find it strange indeed that we are dealing with a people—incidentally again in this hemisphere there is no greater example than last week of a democracy in what happened when the President of this country found out that the commander of the armed services was getting involved in civilian politics, and he was removed. He was not only removed, he was flown out to an adjacent country, and the other generals with whom he was cooperating were removed.

It was one of the greatest exercises of civilian control over the military that I have seen in this region. The Honduras general was removed.

Mr. SASSER. Madam President, will the Senator yield on that point?

Mr. STEVENS. I will answer the Senator's questions when I am through, and I will yield when it is time to do it. First, I am going to finish my statement.

The impact of this, as it was alleged, if you look at some of the comments of the Senator from Tennessee before, he alleged that we are cooperating with the military dictator and we were guarding a military dictator. We have just seen, as it has been reported in the press throughout the world, that that President removed what he considered to be a threat against the civilian government from the military side and did it overnight. There has not been a revolution. It was not a coup. Their senate has now met and appointed a new commander of their armed forces.

I personally called General Gorman about that and talked to him. We had briefings with the State Department to assure ourselves before we came to the Chamber to meet this amendment

that we were dealing with a situation which was not a military coup but was in fact a civilian movement to remove a threat against their civilian democracy, and they are proceeding as a democracy.

Madam President, I wish to read this to the Senate, what is in the bill now, because to listen to the Senator from Tennessee you would think this is a brand new idea, a brand new fresh idea, that we should somehow or other limit these funds. Listen to this on page 6. This is the Johnston-Sasser amendment that is already in the bill.

Notwithstanding any other provision of law, no funds appropriated to the Department of Defense for operations and maintenance for fiscal year 1984 may be obligated or expended after the date of the enactment of this Act for the construction, modification, or improvement of any military facility in Honduras, other than temporary facilities, unless such funds have been specifically authorized and appropriated for such purpose by legislation enacted by Congress or unless the President determines and provides prior notification to the Committees on Appropriations, Armed Services, and Foreign Relations that an unforeseen emergency exists which requires such construction, modification, or improvement.

Senator SASSER's amendment deletes his own language that he presented to the committee. That last provision about the Presidential determination of an unforeseen emergency was not my language; it was his. Now he wants to delete it.

If I ever saw an election year rhetoric, this is it. Suddenly, El Salvador having been solved, we are going to turn Honduras into Vietnam. There is not one single fighting man of the United States in Honduras involved in any kind of military combat. This has been a training zone. It has been a training zone for 7 years. It continues to be one.

One of the most cost-effective things we are doing in the whole military is in Honduras.

I have never seen such gross exaggeration and overstatement in terms of military operations. That is why we went down there.

I do not take lightly to comments that are made by other Members of the Senate that we have not been doing the job we should do on the Defense Appropriations Subcommittee, and I think the Senator from Mississippi, if he were here, would affirm the fact that we pay quite a bit of attention to what is going on with O&M funds.

Madam President, I ask unanimous consent to have printed in the RECORD a statement by the distinguished Senator from Georgia (Mr. MATTINGLY) which appeared in the Atlanta Journal Constitution on March 25, 1984.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

ATTACKS ON AMERICAN AID TO HONDURAS CLOUDED BY ELECTION-YEAR POLITICS

(By Mack Mattingly)

A debate has begun in Washington on whether our military presence in Honduras is temporary and duly authorized by Congress or is permanent and unauthorized. It is no coincidence that this debate has been primarily sparked by members of the party that is seeking to regain the White House.

As chairman of the Military Construction Appropriations subcommittee, I have closely examined so-called evidence behind these charges and insinuations and can only conclude that this controversy is just another partisan exercise in a presidential election year.

So what else is new, you say? Only the absurd levels to which the attacks on our assistance efforts in Honduras have sunk.

Instead of stating up front their obvious opposition to any U.S. presence in Honduras, the critics focus on such strawmen as whether medical assistance rendered by U.S. forces to the Honduran people during the recent training exercises was a "legal" use of the taxpayers' dollar.

Rather than having a meaningful debate on what U.S. policy goals in the region should be, we are confronted with self-righteous spasms of legalistic hair-splitting.

To a large degree, House and Senate critics have based their charges on "findings" by the General Accounting Office that the United States is "engaged in a continuing, if not permanent, military presence in Honduras."

Criticisms were voiced about such U.S. military activities as instituting children's vaccination and dental health programs. If such activities are technically beyond the scope of the troops' statutory authority, then let's change the law. Let's not use such desperately needed humanitarian assistance programs as a rationale to cease U.S. involvement in the region.

These GAO "findings" take the form of classified, verbal presentations to a few members of Congress and classified written answers to one congressman's questions. There is no official GAO document or report available for public review, only the privately expressed opinions of several GAO staffers replete with personal biases and ideological prejudices.

Recently, I traveled to Honduras for the second time. I found a poor country, struggling to nourish an infant democracy while at the same time facing the threats posed by the largest military force in Central America across the border in Nicaragua.

I visited the facilities constructed for use during our recent joint exercises with Honduran forces. Members of the American press in Honduras were invited to accompany me and my three Senate colleagues during the tour. Democrat as well as Republican members of both the Appropriations and the Armed Services committees were also invited.

The facts are there for all to see.

To attempt to term these already decaying training facilities as permanent is ludicrous. Temporary huts constructed for housing are already crumbling. Airstrips built for these maneuvers are just a few landings away from becoming too rutted for use without significant rehabilitation—for which the Hondurans do not have the necessary equipment to accomplish.

What is going on here? you might well ask. The answer is politics.

By playing fast and loose for political gain with an issue so crucial to the true vital interests of the United States, such critics endanger those very interests. What are those interests? The security of our borders, open sea lanes and the growth of democratic institutions.

I will concede to the critics that a more visible and comprehensive plan for promoting the stability, prosperity and freedom of Central America is needed. I am ready and willing to enter into a rational and straightforward debate on the shape and content of such a plan. I am not willing to stand by and watch as the discussion of the future of Central America and our hemispheric security disintegrates in a tangle of legalistic micromanagement and technical-finger-pointing.

Of one thing we can be certain American interests cannot be left to depend solely on the good will of the area's Marxists.

Mr. STEVENS. Madam President, I ask unanimous consent to have printed in the RECORD an article I wrote in response to the Senator from Tennessee which is entitled "We Looked in Vain for Those Permanent Bases."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WE LOOKED IN VAIN FOR THOSE PERMANENT BASES

(By Ted Stevens)

As one of the four U.S. senators who just completed a fact-finding trip to Honduras, let me set the record straight about U.S. "bases" in Honduras.

On our trip, Sens. Rudman, Mattingly, Wilson and I visited all but one of the contested bases, and whenever there was room we added members of the U.S. press in Honduras to go along.

There is no secret about what the U.S. is doing in this Central American nation, despite that inference from some critics of the administration's policies. These critics suggest that permanent bases are being built with operation and maintenance funds Congress appropriated for the Department of Defense for joint military exercises in Honduras.

We looked in vain for those permanent bases.

The closest thing to a U.S. base built with operation and maintenance funds that we found was a small training headquarters detachment, housed in temporary buildings—called CAT (Central American Tropical) huts—near Comayagua in Central Honduras, about 60 miles north of the capital. The number of U.S. troops staying there varies from a few hundred to 1,800, depending on whether a training exercise is in full swing.

Those CAT huts, incidentally, are built of wood—two by fours and plywood—with corrugated metal roofing, and no insulation or plumbing. They're definitely not permanent structures, and we'll be fortunate if they survive the current series of training exercises.

There are some permanent improvements under way at an adjacent Honduran air base, but that construction was duly authorized and funded by Congress. We will have access to the Honduran air base for refueling, for parking itinerant aircraft and for fuel storage.

Other than these facilities, U.S. military activities in Honduras were restricted to two small radar posts on isolated mountaintops and another training detachment—supported by congressionally approved foreign mili-

tary assistance—at the Honduras regional military training center near the town of Trujillo on the northern, Caribbean coast.

What are the alleged U.S.-constructed "air bases"?

They are three marginally improved dirt strips, plus one paved strip at Trujillo that was extended to make it able to handle C-130 transports. Since that strip was already paved, the 600-foot extension also had to be paved. But even this strip is temporary, because we found the light paving already breaking up.

All of these strips have little or no supporting facilities. It would be kind to call them primitive.

Critics questioned the expenditure of medical teams that were flown by helicopter to remote Honduran villages. Adults, children and newborn babies who had never seen a doctor were treated and given inoculations. This was realistic training for our medical teams, but more importantly it gave the U.S. the humanitarian image we all seek. If the critics want to make an issue that this activity is not fully consistent with U.S. law, then I'll do my best to change that law.

I am convinced that our activities in Honduras are entirely legitimate and above board. Congressional committees were briefed on plans for the Big Pine exercises and on our efforts to help the Hondurans not only with joint training programs but with congressionally authorized military construction and foreign assistance.

Anyone who is aware of the Soviet- and Cuban-assisted military buildup in Nicaragua should agree, I believe, that it is essential to help Honduras both militarily and economically. We are doing just that. And, our goal is to avoid war, not get ready for one.

Critics may say there is no danger to Honduras from Nicaraguan militarism, but the Hondurans we saw and talked with—those who live next door to Nicaragua—had an entirely different view. They told us of North Korean, East German, Soviet and Cuban equipment and training elements in Nicaragua, which has more than 100,000 soldiers in its armed forces now. We were told there is evidence that Nicaragua wants 250,000 men under arms.

Why does Nicaragua, a nation with 3½ million people, need a 250,000-man military force with Soviet tanks, ships, aircraft and artillery? Obviously, the Soviets want a land route throughout the Americas.

I believe in the concept of the Monroe Doctrine. We should contine to demonstrate clearly that we will help Honduras and other Central American countries prepare to defend themselves and that we will not countenance the Nicaraguans exporting Soviet-Cuban revolutions in our hemisphere. Incidents on the Nicaraguan border dropped precipitously after our last joint exercise with Honduras.

Our own forces gain from the opportunity to undergo sustained operations in remote areas, and the cost is comparatively inexpensive. A General Accounting Office estimate placed the two-year incremental cost of U.S. participation in these joint training exercises at roughly $50 million. By comparison, in West Germany our government incurs an annual average cost of about $50 million just for maneuver damage claims—only a part of the net U.S. military training costs in Germany.

Anyone is free to disagree with U.S. policies in Central America. But the debate on those policies should be honest and fair.

Mr. MATTINGLY. Madam President, will the Senator yield?

Mr. STEVENS. I will yield in just 1 second.

Let me say that I am disturbed by the Senator's amendment. As I have already indicated, it says: "No funds * * * may be obligated or expended to upgrade * * * any temporary facility," meaning that, my gosh, in Anchorage when they go down there to 100-degree weather, from 60 degrees below in Anchorage—it never gets 60 below, really—that is Fairbanks—make that 20 degrees below—but in any event, when they go down there and suddenly they find themselves in 100-degree weather, we could not change the tents to those temporary facilities.

We could not eliminate the ruts from the 25th Hercules and make it safe for the 26th one to land.

I just cannot understand an attempt to make Honduras into Vietnam. I think that the American public is being misled by, again, election year rhetoric of the kind I have never heard before.

Now, the Senator from Tennessee, when he presented this amendment to the Appropriations Committee, had a legitimate proviso in it that dealt with emergencies. This time he limits it to facilities necessary for the evacuation of U.S. personnel.

We do not have any people down there to evacuate. We have up to 1,200 people there in between exercises and they are authorized permanent facilities, for the most part. That one I mentioned, Palmerola, that is where the permanent airbase is.

This is a snare and a delusion, this is snake oil for a political year, and I think we have to label it as such. I personally would never support turning Honduras into some sort of a permanent armed camp. To listen to these people, you would think every little bush is bristling with guys standing up like they were behind hedge rows in Europe on D-day.

These are my guys. I know those guys in the Alaska Air National Guard and I know how long they were there. The Senator ought to know the ones who were from Tennessee that were down there. I bet the Senator has not talked to them.

Mr. SASSER. Will the Senator yield on that?

Mr. STEVENS. As I mentioned to the Senator from Georgia——

Mr. SASSER. If the Senator will yield, on the subject of Tennessee units, I think I can enlighten him. Yes, there were units from the State of Tennessee there. In addition to Air National Guard units there were units of the 101st Airborne Division which is headquarters in Fort Campbell near Clarksville, Tenn.

Mr. STEVENS. Madam President, I yielded to the Senator and I yield no more.

Again, I state for the record that the unit that was there in the last exercise, Big Pine II, from Tennessee was the 155th Tactical Air Squadron of the Air National Guard that was flying the C-130's. They ought to be interested in whether a base is capable of taking C-130's. The reason I asked the Senator, I hoped that he would understand that his people were flying C-130's.

I state to the Senator that I will have a substitute to offer to conform this to the action that the Senate has already taken in committee which would restore the Senator's own language that he offered in the Appropriations Committee to deal with the emergencies and to delete that word "upgrade," because not being able to upgrade the facilities that are there now would literally prevent the use of funds in the next fiscal year to make these facilities, that are absolutely temporary, habitable.

I suggested to them that when I was in China we had tents in World War II, but we lifted them up and put a base of wood underneath and put the tents on top so we were able to open them up in the bottoms in the summertime when it got very hot. On these, the only thing you can do is lift up the flaps. And when it is raining hard, you get all wet and if you put them down the place just turns into something like a steam bath. And ask any one of the Members who were with us, that is exactly how I felt when I walked through those tents—that I had been in a steam bath. There were these young guys sitting there and all of them were sitting in their skivvies. There was not one of them that was dressed. And I do not blame them. They could not possibly even exist inside those tents in the daytime dressed.

Does the Senate really want to send American servicemen, who are reservists and National Guard people, Army guard people, as well as active personnel, into training in a situation where the Department of Defense is prohibited from taking even the simplest actions to upgrade the facilities for their convenience and their use? I do not think so.

I yield to the Senator from Georgia such time as he may want.

Mr. MATTINGLY. Madam President, I thank the Senator from Alaska.

Madam President, I rise in opposition to the amendment of the Senator from Tennessee.

The amendment represents an effort to fine tune the authorized uses of operation and maintenance funds from the Department of Defense to an unmanageable and unnecessary degree.

The limitations imposed by the amendment would seem to prohibit temporary facilities constructed in

Honduras from being used for such vital tasks as disaster relief operations and possible future contingency operations.

Furthermore, under its provisions, U.S. forces temporarily using living quarters constructed for joint exercises could be forced to vacate these quarters and lodge themselves in other, less secure facilities.

In the words of a Wall Street Journal editorial of March 14, 1984:

. . . Some legislators . . . have been scrambling around the Honduran jungle measuring the length of runways and asking whether the Army's corrugated huts are permanent. The war can wait while they decide if the U.S. is doing too much for its friends. . . . such is the legacy of the . . . attempts by Congress to involve itself in the micromanagement of foreign policy and military affairs.

Madam President, I ask unanimous consent that the editorial be placed in the RECORD at this point.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal, Mar. 14, 1984]

THE NEO-ISOLATIONISTS

President Reagan found himself yesterday begging Congress for funds to resupply forces trying to beat back communism in Central America. But as the debate by Sens. Stevens and Sasser on this page last Friday indicated, some legislators have more pressing concerns. They have been scrambling around the Honduran jungle measuring the length of runways and asking whether Army's corrugated huts are permanent. The war can wait while they decide if the U.S. is doing too much for its friends.

Such is the legacy of the War Powers Act and similar attempts by Congress to involve itself in the micromanagement of foreign policy and military affairs. The U.S. may be facing a world-wide Soviet challenge to its political interests and influence, but Congress insists on assuming the constitutional duties of the commander in chief. Moreover, Sen. Gary Hart is out on the campaign trail listing places where he would retreat from that Soviet challenge.

Soviet Americanologists, poring over their U.S. history books, must be thrilled. "My dear tovarish," we can hear seventh deputy minister Boris saying to eighth deputy minister Ilyich, "we are witnessing a rebirth of American isolationism."

Y'know, Boris, you just might have something there. Not to be outdone by the Kremlin's keen students and would-be manipulators of American politics, we've been going over the history books ourselves. There indeed are some fascinating parallels between the War Powers chatter now going on in Congress and the debates on a succession of neutrality acts by that same body in the 1930s. The principal difference is that at that time conservatives in Congress were attempting to restrict the freedom of movement of a Democratic president, Franklin D. Roosevelt, whereas today congressional liberals are tying the hands of a conservative president, Ronald Reagan. The similarity is that Congress in the name of avoiding war is making war more likely.

Much like today, the 1930s neutrality acts gained momentum from spurious information. They were a response to hearings by North Dakota Sen. Gerald P. Nye that concluded—on the basis of no persuasive evidence—that U.S. munitions makers ("merchants of death") had suckered Woodrow Wilson into entering World War I. The first neutrality act, prohibiting the president from taking sides in any wars, was beautifully timed with the Italian invasion of Ethiopia in 1935. The fourth, which finally gave Roosevelt some meaningful freedom to aid the French and British, was passed in November 1939, well after Hitler and Stalin had jointly savaged Poland in the inaugural atrocities of World War II.

Wrote Thomas A. Bailey in his "Diplomatic History of the American People" (Appleton-Century-Crofts, 1958), the U.S. was "one war too late in its attempt to legislate itself into neutrality. Such legislation might have prevented embroilment in World War I. But timed as it was, it tended to accelerate World War II, into which the United States was ultimately sucked."

The Nye Committee's distortions have their parallel today in the demagoguery that implies that it is U.S. policy to support only the worst elements of that large population in Central America that is attempting to resist communism. If you're looking for highly colored words today to parallel "merchants of death," try "death squads." If you looked in your local newspaper for an AP account of the people of San Vicente, El Salvador, protesting a communist killing of a Red Cross ambulance crew and a schoolteacher, you may not have found it. Some editors don't regard communist atrocities as news. The Washington Post reported the incident, but not that leftist guerrillas were responsible.

Isolationist politics have a seductive appeal. Americans, being sane and reasonable people, do not like war. It is tempting to believe politicians who say that all we have to do to avoid war is to simply avoid it. But even the politicians selling that line know it isn't really true, particularly in Central America. Congress wants to have it both ways—to posture as being on the side of "peace" and to avoid any responsibility for the outcome of its policies in the real world. The War Powers Act itself is carefully designed for this purpose—allowing the Executive Branch just enought authority so Congress can't be blamed, but not enough to achieve any objective.

The fallback argument of the Clarence Longs and Chris Dodds of Congress has always been that if things get bad enough down there, there will be full support for going in with massive U.S. force. That is, of course, what actually happened in the 1930s and 1940s. But by the time the Congress got done debating neutrality in World War II, a lot of people were already dead, and that late awakening no doubt added greatly to the toll of U.S. deaths that followed.

Mr. MATTINGLY. Madam President, as chairman of the Appropriations Subcommittee on Military Construction and as one Senator who has twice visited Central America, I can testify that there has been no end run around this subcommittee's jurisdictional responsibilities by the Department of Defense.

The Department of Defense does wish to construct certain permanent facilities and has submitted its request for authorization and funding of those projects to the Armed Services and Appropriations Committees as part of its budget request.

As it has done in the past, the Military Construction Subcommittee will carefully examine the requests and insure that the facilities being requested meet the standards and the criteria that the subcommittee uses during its examination of similar project requests around the world. In fact, no funds are going to be approved by the Subcommittee for Military Construction projects in Central America until we have received the comprehensive plan for regional military construction that the subcommittee requested from the Pentagon last year.

So, Madam President, safeguards are in place. The Armed Services and Appropriations Subcommittees are performing their functions. Quite frankly, I find it difficult to understand the reasoning behind such an amendment as that offered by the Senator from Tennessee.

It seems to imply that the United States is somehow the villain in that region of the world. It seems to imply that, unless U.S. military joint exercises are continually, microscopically examined by the Congress, the United States will wreak havoc in the area; that the United States is the problem and the fountain from which all the problems of that beleaguered region flow.

Well, Madam President, the United States is not the villain. It is not the United States that has seized upon the unrest created by poverty beyond misery and used those circumstances to foment revolution and violence. It is not the United States that is closed and totalitarian, Madam President, it is the Soviet Union.

It is not the United States that is imperialistic and expansionist, Madam President, it is the Soviets and their Cuban puppet.

And it is not the United States, Madam President, that is an exporter of terrorism and revolution, it is Nicaragua.

So at the very least, Madam President, I wish to make plain that this is one Senator who is still able to distinguish between those who are attempting to establish some democratic institutions in the region and those who seek to continue their campaign to snuff out any vestige of true democratic reforms.

I might add that, if one were to base a decision merely on a reading of the news reports that have been carried in the Washington Post and the New York Times and after watching the nightly network news reports, it would appear indeed that the United States is the villain.

But the facts are otherwise and the overwhelming support that this body has given the policies of President Reagan during this debate, as evi-

denced by the votes we have taken, is to me a clear indication that the vast majority of the Senate understands that vital interests of the United States are at stake and can distinguish between those who desire freedom and democracy and those who seek to destroy it.

Last night we spent hours debating the levels and uses of aid going to the Contras in Honduras. But there was little attention paid, Madam President, to the levels of military equipment and assistance that has been pumped into the region by the Soviets and their clients although the Senator from Alaska tried to make that point.

As a Nicaraguan citizen now living in Atlanta recently wrote in a letter to the editor of the Atlanta Constitution:

> If the Sandinista Government is allowed to remain unchallenged, the Communist threat will continue to expand to the doorstep of the United States, not by the will of the people, but by the same totalitarian control now afflicting my country.

The Congress needs to face some harsh, cold facts, Madam President.

In his eloquent address 2 years ago before members of both Houses of Parliament at the Palace of Westminister in London, President Reagan said that "if history teaches anything, it teaches—that—self-delusion in the face of unpleasant facts is folly."

I am fond of quoting that statement, Madam President, because I believe that it speaks to many of the issues that we face in the Senate and I believe that it most certainly applies to the decisions that need to be made in regard to policies that the United States will pursue in Central America and in Honduras.

The legislation under consideration, House Joint Resolution 492, contains provisions which provide $62 million for emergency military assistance for El Salvador and $21 million for the Central Intelligence Agency's covert assistance program in Central America. Those are relatively modest amounts Madam President. In fact, the administration's total assistance request for El Salvador in fiscal year 1985 represents only 3 percent of U.S. assistance worldwide.

The bipartisan Commission on Central America succinctly put the case when it stated that there is a crisis in Central America; that the crisis is real and acute and that the United States must act boldly to meet it. The Commission noted that powerful forces are on the march in nearly every country of the hemisphere and that who shall govern and under what forms are the central issues.

That, Madam President, is the question that should be considered by every Senator as we consider this amendment.

Three Central American nations are now in different stages of their attempts to cope with the political crisis that envelopes them: Nicaragua, El Salvador and Honduras. Each of them deserves a brief look.

In Nicaragua, we see a Sandinista Government that drove the dictator Somoza from power and promised a new democratic order. However, we see no new democratic institutions, period. Instead, we see a government that has used violence and repression to stifle all forms of legitimate dissent.

After Somoza was overthrown, the ruling Sandinista directorate had an opportunity to initiate programs and reforms that would have benefited all the Nicaraguan people. Instead, the self-described Marxist-Leninist leaders of the revolution chose to align themselves with the Soviet Union and have allowed their struggling nation to become the center for the export of violence and terrorism throughout Central America.

El Salvador is in the middle of a civil war. That nation, like the rest of Central America, is beset by a complex set of economic, political and social problems. Despite the efforts of 10,000 guerrillas backed by Cuba and the Soviet Union and supplied through Nicaragua, the people of El Salvador have consistently made plain their desire to continue the steps, however, halting and uncertain they may be, that have been made toward establishing genuine democratic and progressive reforms. The national election held just 2 weeks ago is the most recent example of this commitment.

Specifically in Honduras, Madam President, we find an elected government, friendly to the United States, which looks at Nicaragua and sees the largest military force in Central America poised at its common border; which looks at its neighbor, El Salvador, and sees the truth in the Sandinistas boast of a revolution without borders; and which looks to the, United States, Madam President, as one friend looks to another, for guidance and assistance.

Madam President, few problems around the world pose a more grave threat to the United States and its true vital interests. Continued U.S. involvement in this area of the world will not only provide valuable assistance to the forces that are resisting Soviet advances, it will also enable the United States to play a key role in bringing about critically needed progress toward social justice and economic growth.

But advances toward human rights and human freedoms, Madam President, will never be made under Marxism or under the rule of Marxist-Leninists. It would be folly to ignore these unpleasant facts, Madam President.

Under the rule of those regimes, Madam President, are boat people who are willing to risk unspeakable horrors on the open seas rather than live under Communist rule in Vietnam; are Jews in the Soviet Union who become part of the gulag for simple expressing a desire to live elsewhere; are Afghanistan's children who are gassed, maimed, killed by Soviet troops; are Nicaraguan Indians kept in detention camps.

For humanitarian reasons, if for no other, we cannot turn our backs on events in this region. But there are other, vital reasons for not doing so. Central America is not half a world away. It is close to home. Nothing that happens in that region of the world happens without having an impact on the United States. The Central American countries sit astride sea lanes through which half of all foreign trade with the United States must pass. And finally, Madam President, these nations form the southern border of Mexico, a nation with which we share an 1,800 mile frontier.

Madam President, leadership requires making difficult and sometimes unpopular decisions.

So I hope all my colleagues will face the facts, Madam President. If they do, they will see that the choice, while perhaps unpleasant, is nonetheless clear. We need to ask ourselves these questions:

One, will the free people of Honduras be made more or less secure by this amendment?

Two, will the private economic investors outside Honduras be encouraged or discouraged by passage of this amendment?

Three, will the Nicaraguan terrorist types and the expansionist leaders of Nicaragua, Cuba, and the Soviet Union be deterred or encouraged by the passage of this amendment?

Madam President, maintaining freedom for Central America and specifically Honduras is not easy for that region or country. So let us not congressionally micromanage those people out of their freedom or their chance to secure it. The language that was passed by the full Appropriations Committee should be supported, and this amendment defeated.

I yield to the Senator from North Carolina.

The PRESIDING OFFICER. The Senator from Alaska has 21 minutes.

Mr. SASSER. Who is controlling the time on the other side, Madam President?

The PRESIDING OFFICER. The Senator from Alaska. The Senator from Tennessee has 2 minutes and 30 seconds.

Mr. STEVENS. Madam President, I have not yielded to the Senator from North Carolina. I have yielded to the Senator from Tennessee.

Mr. SASSER. I yield part of my time to the Senator from North Carolina.

Mr. EAST. I inquire of the manager of the bill how much time he has yielded to me.

Mr. STEVENS. Ten minutes; that is, the Senator from Georgia has 10 minutes. If you wish more after that, we will be glad to accommodate.

Mr. EAST. I will take 10 minutes. I may request a few additional minutes, if I might.

I appreciate the opportunity to speak in this case briefly on this particular amendment. I will try to put this amendment, as I see it, along with the earlier Levin amendment in a little broader perspective. I look upon this, to use a very good phrase that Senator MATTINGLY used, as an effort to somewhat micromanage American foreign policy from the seat of the U.S. Senate. I do not think that is a sound conception of separation of power.

I sometimes wonder, as I hear us niggling, arguing, and debating over these amendments of recent days, whether there is, at least as I see it, a broader appreciation of what is occurring in the world.

In this case, in our own hemisphere.

Namely, we see the Soviet Union backing her proxy, Cuba, through Nicaragua in an attempt to control Central America. That is a fundamental fact.

It would appear, for example, the Levin amendment as well as the Sasser amendment are merely nipping at the heels of anything that is proposed to seriously try to restrict that continued intrusion of the Soviet Union into our hemisphere and into Central America.

I am reminded of the comment that Alexander Solzhenitsyn made which I think is very prophetic in this context. He said, "You do not have to worry about nuclear war. They are taking you with their bare hands," meaning the Soviet Union. And they are.

For example, in Southeast Asia, we lost that war, I think because of the intermeddling of Congress. Cam Ranh Bay, which used to be an American naval base, is now a Soviet base and now being used to expand in that area. Soviet troops are being used to expand influence in Cambodia. We know of the enormous bloodshed, the genocide, in Cambodia; we know of the boat people. We know where people can vote with their feet, they leave communism. Communism has to put up walls to keep people in. We, tragically, have to almost put up walls to keep them out. It seems time to me that a great power must at some point face the fact that we have to assist our allies and democratically-elected governments throughout the world in their efforts to withstand this kind of onslaught.

Right now we are experiencing this problem in Central America. People will say, "Oh, it is another Vietnam. How many Vietnams can you afford?"

I would say how many Vietnams can you afford to lose? Do you intend to abandon Central America? Nicaragua is already under Soviet domination. Let us be candid about that. Let us have no question about it.

El Salvador is now on the list, and President-potential Duarte has said, "If we do not get aid, we will fall under the Marxist-Leninist control of the Soviet Union and Cuba."

Then the pressure is going to mount on Honduras. There is no question about that. Come now, let us not be naive. Then Guatemala and Mexico.

I am simply saying what you are seeing here is the Soviet influence increasing in Central America to the point where I think the Caribbean will ultimately become primarily a dominant area of Soviet influence.

Do you think that is in the best interest and security and well-being of our own country? I do not. I think it is an alarming tragedy.

The Soviet Union always seems to have its national interests. It can support rebellions, insurrections, revolutions in Africa with Cuban troops. It can support the efforts to destroy Israel in the Middle East through Syria, and is trying to destroy Lebanon and succeeding. And succeeding.

It can take over in Southeast Asia.

But, curiously, we always seem to hear the United States has no national self-interest anywhere. That is pawned off as a very brilliant, visionary, progressive, forward-looking policy.

Well, it is not. It is the most reactionary policy we have had in the 20th century in this country. It is a new version. It is a new bottle with the old label. It is the old national disarmament of the 1920's and 1930's, which brought us the worst war we have known in our history. We thought by simply hunkering down, pulling in the fortress America, letting Hitler, Mussolini, and the Japanese Imperial Army have the run of the mill, we could escape the Holocaust. We did not. We did not.

I hope we do not repeat the follies of the 1980's that we repeated in the 1920's and the 1930's.

I find it curious that there is no end to which some, the opposition—and I deeply respect their integrity—can go to find fault with a democratically elected government of, say, El Salvador, but when it comes to a Communist dictatorship in Nicaragua, always quite defensive of it. It is curious to me, why that is.

Of the Democratic Government of Honduras, there is very much concern that they might be adequately able to protect themselves.

I think there is a double standard here. I will be more blunt about it. Are there no enemies to the left? Are there none? Cuba is not? The Soviet Union is not? Nicaragua is not? There are no enemies to the left?

I sometimes think that is a mentality, a mindset.

Intentions are honorable. I am not implying any disloyalty, lack of patriotism or betrayal. I am simply saying it is a mindset that I find incredibly naive in terms of the reality of power.

It reminds me back in the thirties in this same Chamber Senator Gerald Nye was arguing for Fortress America, isolationism, and he talked about the merchants of death being the American munitions industry.

So we tightened our world involvement.

Franklin Roosevelt had to do everything he could to overcome that. He had the destroyer deal. He knew, as Chief Executive, we had to face that threat. Finally, even Congress awakened on December 7, 1941, when we were attacked at Pearl Harbor. But I do not think we will have that luxury this time. It is too subtle. It is the case of the Soviet Union working skillfully and subtly in keeping with, incidentally, the Leninist-Marxist conception of overtaking the soft underdeveloped parts of the world and surrounding the industrial democracies of the world. That was Lenin's contribution to the doctrine, and Mao Tse-tung perfected it. He said control of political power flows out of the barrel of a gun.

I regret that we are faced with an arms reality of that kind, but is that not the reality? Can we ignore it? I do not think we can.

I think this is a very historic debate going on in the U.S. Senate.

My quarrel with many of these amendments, be it the Levin or Sasser amendment, is that they are nibbling and nitpicking at the heels of anything that would seem to offer serious resistance to the expansion of Soviet power, in this case in our own hemisphere.

Let us define the broader perspective of what is occurring.

It is a repudiation of the Monroe Doctrine, going back to 1823. That said we would not accept foreign intervention and military presence in the New World from the Old World, of which the Soviet Union, incidentially, is a part. We are now accepting it. We have Soviet presence in Cuba, in Nicaragua, and it continues to grow. The domino theory is alive and well. Come now, let us not be naive.

So de facto we have repudiated the Monroe Doctrine, and this whole policy is contrary to the bipartisan foreign policy this country has had for well over a century. We saw it in the firm executive leadership of Theodore Roosevelt, a Republican. We saw it in the firm executive leadership in Central America in the Democratic President Woodrow Wilson. We saw it in the Good Neighbor Policy of Franklin Roosevelt. We saw it in the Alliance for Progress of John Kennedy.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. EAST. Madam President, I ask unanimous consent that I have an additional 5 minutes.

Mr. STEVENS. I only have 10 minutes left. I can give the Senator 2 minutes.

Mr. EAST. Well, I shall take 2 minutes and finish.

We see it in the efforts of a Democratic President, Lyndon Johnson, to act affirmatively in the Dominican Republic and President Reagan, a Republican, in the case of Grenada. In other words, we have tried to assert through our Chief Executive, backed by a knowledgeable, informed Congress the need to prevent this kind of thing occurring in our own hemisphere and hopefully indeed in the rest of the world. But that is what is occurring in Central America and only the most naive, in my judgment, can fail to see it.

Every one of these amendments, I think, cannot see the forest for the trees. It is niggling over details, but it does not seem to have any answer to the broader context of what the Soviet Union and her proxies are doing. It is the old policy of isolationism, self-inflicted weakness and, I fear, my dear colleagues, it is going to bring great tragedy not only to the people of Central America but also to the security and the well-being of our own people in our own democratic institutions.

America needs to wake up to what is occurring in the world. I urge my colleagues, and I am finished, to vote, I hope overwhelmingly, for the defeat of this amendment. I thank the Chair.

● Mr. GLENN. Madam President, I rise to firmly support the Sasser amendment to the urgent supplemental, House Joint Resolution 492, and I urge my colleagues on both sides of the aisle to do likewise.

The amendment serves to amplify the concerns of many of us that this Nation not become embroiled once again in an extended military action in a foreign place without a clear definition of goals and the concurrence of the Congress and the American people.

The administration has assured us that the military facilities the United States is constructing in Honduras are temporary, only, and that they will be available only for the conduct of military training exercises. Construction of such facilities properly and rightly falls within the purview of the Department of Defense and the military services, using operations and maintenance funds allotted to the military.

But we have increasing and disquieting evidence that the administration and the military are constructing facilities that can be used as permanent military operating bases for an increased U.S. military presence in Central America. Construction of such facilities must be specifically authorized by the Congress, and the Congress has not so authorized.

The Sasser amendment emphatically does not, as some critics have claimed, subvert the constitutional authority of the President as the chief enunciator of U.S. foreign policy nor does it improperly limit the President's function as Commander in Chief of our military forces. The amendment only insists that the President and the administration abide by constitutional and statutory requirements that are long standing and well understood.

We in the Congress cannot—we must not—be an accessory to an escalation of use of our military forces in Central America, or anywhere else, without a full and open debate on the issues involved. We cannot afford another disaster such as Lebanon.

To the degree that the U.S. military installations in Honduras are temporary, there is no limiting effect of the Sasser amendment. To the degree that some misguided actions have been initiated by the administration to establish permanent military facilities there without congressional approval, the Sasser amendment clearly calls the administration to account.

There are no convincing reasons not to pass the amendment, however there are compelling reasons to use this opportunity to express the concern of Congress and the American people that we not take precipitous action that unquestionably can have far reaching and potentially disastrous consequences.●

Mr. CHAFEE. Madam President, for the past few days the Senate has been debating the supplemental appropriation for Central America. I have voted to support the $62 million for El Salvador, the amount proposed by the Senator from Hawaii, and I have voted to continue our assistance to the program in Nicaragua. Today, as we near the completion of our discussion of this subject, I wish to spell out my reasoning on these issues.

Eleven days ago, the people of El Salvador voted in Presidential elections. Under very difficult conditions, hundreds of thousands of Salvadorans went to the polls to express their preferences. There will now be a runoff election in a few weeks, and El Salvador will then have a popularly elected President.

This is a remarkable achievement in the midst of a civil war. I was particularly impressed with the remarks of the distinguished Senator from Oklahoma (Mr. BOREN) in this Chamber last Wednesday, as he described the experience of actually observing the people of El Salvador participate in the election despite the problem with the mechanics of the process. His and other accounts of the election help us to place in the proper perspective assertions that the election is meaningless.

This election was not perfect, but it is not meaningless. Confusion, delays, mistakes which prevented some Salvadorans from voting—these were unfortunate, but not fatal, flaws in the process. I believe that the willingness of Salvadorans to persist in their efforts to vote, to display the kind of determination exhibited last Sunday, sends a message. The message is that the people long for democracy, they crave its benefits and the right to participate in determining their own political future, and they long for peace. They are tired equally of oppression and of the current war.

There are those who dismiss the election turnout as being of no significance because voting is compulsory. Failure to vote results in a modest fine. What the critics overlook is that thousands of voters came out despite personal endangerment; that any voter objecting to the process or the selection of candidates could deposit his ballot unmarked and that only about 10 percent of the voters chose to do so.

There is no other way to view the elections than to conclude that the people of El Salvador have a longing for peace and for democracy. On these counts alone, they deserve our support.

No Senator should be under the delusion that these elections, by themselves, can solve the problems of El Salvador. Indeed, I sometimes believe that too much hope is placed on the elections, as if the simple act of voting could make all Salvadoran problems disappear. We all know that that is not the case, but at the same time it should be recognized that an elected government, one which governs according to constitutional principles, will be the type of government which can gather the strength to address seriously the other problems of El Salvador. Efforts to establish democratic government are critical first steps, not the end of the reform process.

This brings us to the situation today. We have before us a proposal to provide additional military assistance to the Government of El Salvador. This request comes as no surprise. We all knew there would be a supplemental request this year, just as we know that more money will be required in 1985. There is no promise that this assistance will produce some sort of military victory, no assertion that this is the last penny we will have to spend in El Salvador. These problems will not be solved overnight, nor will the war be over by the end of the summer.

Some have argued, in light of this, that we should cut off aid, or that we should attach conditions which we know will not be met—which would have the same effect—or that we

should cut off all aid within a specified time period unless certain specific actions are taken.

I am in sympathy with the objectives of those who make such proposals. I, too, want to see progress in important areas:

I want a verdict in the case of the killers of the American churchwomen, a verdict which is long overdue.

I want the prosecution of those who killed the land reform workers.

I want the land reform program to continue.

Most especially, I want to see an end to the death squad activity and to the terror and violence perpetrated upon the people of El Salvador by right-wing extremists.

The question is, Do we want our entire policy toward El Salvador to, in essence, be held hostage to these specific achievements? I submit that we do not, that we must look at the broad picture in making our decisions about aid to El Salvador, and that we must press for progress on these important issues in ways which do not give extremists of either the left or the right a functional veto over our policy.

There is another aspect to this debate over funding levels and cutting off aid, and it is one which is not being faced by those who would suspend all aid to El Salvador unless certain conditions are met. It is essential that we all recognize that, in the absence of continued U.S. aid, the guerrilla forces could win a military victory in El Salvador, a victory which otherwise is beyond their reach.

In saying this, I am not arguing that a military victory is within the reach of the government forces, with or without this aid. I believe that anyone familiar with the situation in El Salvador is aware that the military proficiency of the Salvadoran Army is less than excellent, and that the defeat of the guerrillas is far from imminent. At the same time, it must be said that the Salvadoran Armed Forces have prevented guerrillas from achieving a military victory and with additional training we can expect their performance to improve.

The ultimate solution in El Salvador must be political, and it must be arrived at through the negotiation process. I have yet to hear those who have advocated a complete cutoff of U.S. military aid explain how this will contribute to that outcome. Instead, it appears to me, this would only lead to the fairly rapid disintegration of the Salvadoran Armed Forces.

It is one thing to complain about the waste in our aid programs or the inefficiencies of the Salvadoran Army. It is another to throw up our hands, walk away from this issue, and concede that the FMLN guerrillas will win.

Madam President, I have visited El Salvador and I have spoken with Salvadorans from all sides of the political spectrum, including the FDR-FMLN. What was striking to me in these discussions was that virtually everyone wanted the United States to continue to play a role in helping the Salvadorans to solve their problems. Even the FDR believe that the United States should persuade the Government of El Salvador to accept the FDR's approach to negotiations!

Clearly, the United States should not determine the future of El Salvador, nor can we solve the problems which, ultimately, the people of that country must themselves solve. The U.S. role is to assist, to provide help, not to dictate the terms of El Salvador's political future. We have interests in the course of events in the region, but not in every detail of the internal arrangements of El Salvador, or any given country.

Our task here in the Senate is to do our best to make the U.S. role a constructive and positive one, not a role in which our power combines with that of the powerful and privileged within the society to block positive change and thwart the aspirations of the people. We must provide the resources to enable our diplomacy to work. We can make it clear that we support the negotiation process, both within El Salvador and in the region as a whole. This role, I believe, can best be accomplished if our presence is constant, if our commitment is for the long term, and if we keep a clear sense of our own purpose.

Madam President, what do I conclude based on the foregoing?

First, I believe that U.S. aid to El Salvador must be continued. We cannot turn the spigot on, turn it off, hold everything in suspense, and revisit the issue every 3 months.

Second, we need to insure that our aid and our presence and our influence in El Salvador are beneficial to the growth of the democratic process. An important element of this approach will entail making it clear that while we are not going to stop and start the program, neither are we writing a blank check. There must be a clear message from the United States to all the forces in El Salvador: we do not support terrorism, we cannot condone murder, we demand that those who seek our support devote their full energies to ending these reprehensible practices.

Third, our aid should be conditioned on an end to human rights abuses. The Kissinger Commission recommended such conditionality, and the Senate Foreign Relations Committee is currently considering this approach in the authorization bill now before the committee. I support these efforts.

Fourth, I believe that U.S. policy should encourage the Government of El Salvador to engage in discussions with the opposition and to gain their participation in the round of elections to be held next year. This also was a recommendation of the Kissinger Commission, and I believe it is extremely important.

If we seek a political, rather than a military, solution in El Salvador, as I believe we should, then we must make it feasible and desirable for the rebels, as well as others currently outside the system, to participate. Guarantees of safety and fair treatment must be worked out. Without this further broadening of the system, the desires which the Salvadoran people have demonstrated in the Presidential election will be frustrated, and U.S. aid will be wasted.

I am not sure this will happen. There are those on both the left and the right who are committed to a military solution rather than to the admittedly painful process of democratic participation. I believe, however, that the Salvadoran people deserve the chance to decide for themselves, through democratic processes, what their political future will be.

Madam President, this is the crux of our dilemma today. Those of us who support conditionality and a firm commitment to improving the human rights situation in El Salvador but who, at the same time, do not wish to see a government installed as a result of military victory by the FMLN, must choose the appropriate amounts of aid and the appropriate types of conditions to achieve those objectives. I believe that the amounts now contained in the bill, as a result of the amendment of the Senator from Hawaii, are about right. I further believe that the proper time to review our conditions and to consider attaching new conditions will be when we have before us the authorization and appropriations bills for 1985. This supplemental amount is no blank check, and that should be clear to those in El Salvador who might harbor the delusion that the United States is not serious about progress in the areas I mentioned.

Finally, let me briefly address the issue of Nicaragua and aid to the Contras. As was pointed out in our debate on this subject yesterday, and as was reaffirmed in the President's letter of April 4, the goal of U.S. policy with regard to the Contras is not to overthrow the Government of Nicaragua. The amounts we are providing are designed to reduce the military capability of the guerrillas in El Salvador. These amounts are modest, and that program is an effective tool in support of our overall objectives in the region.

For these reasons, I am supporting this supplemental appropriation, and I oppose attaching new conditions at this time.

Mr. GRASSLEY. Madam President, the amendment by the Senator from Tennessee attempts to focus the Sen-

ate's attention on the necessary role of Congress in authorizing and appropriating funds for construction of permanent military facilities. The Senator's concern is genuine and based in a cloudy picture of the Honduran situation. I support the motion to table because that concern is adequately resolved in the language of section 103 of House Joint Resolution 492.

Section 103 reduces the possibility of expenditures of funds for permanent military facilities by specifying that only temporary facilities are now intended to be constructed and, further, that the appropriation and authorization processes will be followed in the event that more permanent construction is contemplated in that nation of Honduras.

Mr. STEVENS. Madam President, I yield to the Senator from Arizona 3 minutes.

Mr. GOLDWATER. Madam President, one of the most repetitious things we are living through during this long, extended, and rather ridiculous debate is relative to the relation of the War Powers Act to the Constitution. I have stood on this floor time after time over many, many years declaring that the War Powers Act is unconstitutional and some day it will be so judged. In the very opening statements of the distinguished Senator from Tennessee, he said the Army engineers had not come to the Congress to ask permission to build these runways. I do not know where in the Constitution they are required to come here. Now we have the power in this Congress to limit spending after it has started, but there is no reason for any branch of the military under the direction of the President—who is our Commander in Chief and the only Commander in Chief—no constitutional reason for any branch to come to this body and say, may I build a runway in Central America or the Sahara Desert or near Israel or in the Middle East?

We have built dozens of runways and nobody has ever come to this body. They do not have to.

Madam President, I am very worried about hearing time after time distinguished Members of this body referring to the War Powers Act as if it were constitutional, as if we had to live by this document that has negated the powers of our President. One of the great strengths we have had, one of the reasons we have not been in repetitious wars time after time, has been the fact that our President has had the power to threaten any country that is abusing our freedom or our people. But now, what are we looking at? We have lost the last two wars we fought, the only time in American history we have lost wars. Why? Because a civilian got his nose in it. Here we are getting I do not know how many noses in this one, but enough to destroy Central America, enough to cause us to lose another effort that we are making on the part of peace, on the part of expanding freedom in this world.

We are looked upon as paper tigers and if these people who are offering these amendments after amendments are successful, we are going to become a power that had been. The United States will no longer have power, will no longer be respected in this world.

That is not the way this country was built, Madam President. We are a strong people, we have courage. We believe in God; we believe in freedom. And it makes me a little sick and tired to listen to these repetitious amendments that would destroy the power that has made America. I think this amendment is just another example of misguided information or maybe a purposeful intent. I do not believe that.

Madam President, to get further into this War Powers Act, I have written this very short statement relative to why I believe the War Powers Act is unconstitutional and why it does not apply in this instance.

Madam President, I have explained many times before why I believe legislative restrictions on the President's ability to defend this Nation's vital interests are both unconstitutional and dangerous.

Today, I suggest an alternative approach to the kind of amendments that have occupied the full time of the Senate for these past several days. My suggestion is that Congress should adopt a legislative resolution that states it is the constitutional role of Congress to help shape the broad outlines of foreign policy, but it is the role of the President to direct and manage the day-to-day operations of foreign affairs and to make tactical military decisions regarding the deployment and use of the Armed Forces.

Congressional meddling with efforts by the President to defend the national security has invariably resulted in worse consequences than the problem Congress was trying to avoid, and the indecision and weakness of Congress in time of crisis has been exposed time after time to the regret of the Nation.

For example, I can think of no clearer demonstration of irresponsible behavior by Congress than its failure to act in the final days of the Vietnam war, when President Ford had requested supplemental appropriations for military aid to Saigon in fulfillment of the commitments our Government had publicly and repeatedly given in negotiating the withdrawal of U.S. forces from Vietnam. These pledges had been announced at press interviews and congressional testimony by administration officials who clearly stated the Government's intention to enforce the Vietnam peace agreement. Instead of acting on the President's request, Congress spent 3 months debating it and then set it aside for a long Easter recess.

While Congress was procrastinating, South Vietnamese defense lines collapsed. When Congress did finally return from its recess, it defeated all proposals for emergency military assistance to Saigon. Instead it began to take up the request by President Ford for legislative authority to evacuate Americans and some of the people who had joined with us in resisting communist aggression. Congress never approved his request.

In the absence of congressional support, President Ford knew he would be accountable if he failed to give a strict adherence to a 1973 law prohibiting U.S. activities in, over, or from off the shores of Indochina. He also knew he had taken an oath to uphold the lives and interests of his countrymen and women. Caught between these choices, President Ford took into his own hands the protection of Americans regardless of the congressional restriction of 1973.

Weeks later, while Congress was still debating the issue, President Ford announced that the Indochina evacuation was completed. He had done the job himself. Now he turned to Congress pleading for funds to pay for purely humanitarian assistance and transportation of refugees. The House of Representatives rejected this humanitarian appeal, too, and did it the very next day after the President made it.

Madam President, this sorry event typifies what happens when Congress attempts to control the day-to-day operations of foreign policy. The various Indochina prohibitions Congress had enacted and its refusal to support a bipartisan foreign policy in time of grave crisis caused serious harm to the national interest. By using the legislative process to prohibit the President from taking defense measures, Congress in effect told Hanoi that South Vietnam could be plucked with impunity.

I also believe Congress should share part of the blame for what has happened in Cambodia. The restrictions Congress enacted at the time save the Khmer Rouge from defeat, prevented the success of our Nation's effort to defend against aggression by building up local forces, and doomed all possibility of attaining a neutral, free Cambodia.

Henry Kissinger has described the legacy of the various Indochina legislative restrictions as follows: He writes:

> The collapse in 1975 not only led to genocidal horrors in Indochina, from Angola to Ethiopia to Iran to Afghanistan, it ushered in a period of American humiliation, an unprecedented Soviet geopolitical offensive all over the globe, and pervasive insecurity, instability, and crisis.

We can go back to an earlier time in our history to see that legislative shackles on the President's defense powers are unwise and unworkable. I am referring to the early 1940's and to the vision President Franklin Roosevelt had to see that the democracies of the world will avoid disaster only by maintaining their defenses and having the will to confront obvious threats to their survival. He ignored the Neutrality Acts of 1936 and 1937 and took bold action independently of Congress to resist the Nazi onslaught on the civilized world, even though public opinion of the time was convinced that Britain and Western Europe were doomed and that American aid would be lost in the Atlantic or fall into Hitler's hands.

If the War Powers Resolution or some of the tightly binding statutory restrictions that have been offered this week had been in effect in the early 1940's, President Roosevelt could not have kept troops in Greenland, he could not have reinforced the Marines on Iceland, he could not have escorted British shipping in the Atlantic, and he could not have done any of the numerous other things which helped to prevent a collapse of resistance to Hitler. The Wars Powers Resolution would have brought about a total disaster in the 1940's, and it may well bring about a catastrophe of equal dimensions in the future if it is not repealed and if we do not stop trying to chain the President's defense capabilities.

The question we must face is whether the United States, as the strongest free nation in the world, has a stake in preventing totalitarian expansion and conquest. The danger in legislative restrictions on the President is that they keep the United States from being a world power and they take away all flexibility to deal with unforeseen events.

Legislative restrictions tie our Nation's hands and tell our adversaries we will not act to meet challenges to our safety until the danger is at our doorstep, when it is too late, when the danger is no longer manageable. Amendments of the kind that we have seen this week are a dangerous impediment to the national defense and should be rejected on the basis of commonsense as well as constitutional grounds.

Madam President, I thank my friend from Alaska for yielding.

Mr. SASSER. Madam President, I yield myself 5 minutes on the bill.

I am always amused and sometimes informed by the arguments made by my distinguished friend from Alaska. Today, I was reminded, as I listened to him argue his case with his usual eloquence, of an admonition an old law school professor gave me years ago. He said, "Young man, if the facts are against you, argue the law; if the law is against you, argue the facts. But if they are both against you, speak loudly and with authority." Today, my distinguished friend from Alaska spoke loudly and with authority.

I listened as he described this great democracy, the country of Honduras.

I might say this is not an amendment with geopolitical ramifications. We are talking here simply about guaranteeing to the Congress that which is its prerogative, authorizing and appropriating funds for permanent U.S. military installations; but it has taken on, it appears, ramifications larger than that. I listened with disbelief, quite frankly, as I heard this great democracy in Honduras described and heard the description of the transfer of power—that is what it was—which took place when one general, General Alvarez, was deposed by another one. This was some shining example of how democracy functions in that country. I was reminded of a dispatch I read this morning in the New York Times describing what, indeed, did happen in Honduras as one general displaced another one.

According to that article, the vote was held in the congressional building on replacing General Alvarez with another air force general. The congressional building "was surrounded by troops and armored personnel carriers fitted with machine guns. The legislators broke into laughter when one plane passed low overhead just as a member cast his vote in favor of the air force commander"—meaning the new commander in chief.

What did the civilian authorities in that country have to do with this actual transfer of power? Nothing. They learned about it from the military. The President of Honduras, duly elected and duly constituted, had nothing to do with the chief of staff being relieved of his command and nothing to do with the general who controlled the military. He had nothing to do with General Alvarez being dispatched in handcuffs to Costa Rica without his breakfast on Saturday morning. The President of Honduras learned about it after the fact. He is ill with a heart condition and he cooperates with the military in Honduras, which has run that country and ruled it for as long as I can remember. So much for the great democracy in the country of Honduras.

Mr. President, I looked at the map that my distinguished colleague brought in here today to justify his argument. I was struck that it was incomplete. I was curious as to why Puerto Lempira was not on that map, why Jamastran under construction now 15 miles from the Nicaraguan border is not on that map, why Cucuyagua a few miles from the border of El Salvador is not on that map, and I noticed there were four photographs——

The PRESIDING OFFICER. If the Senator from Tennessee will yield, his 5 minutes is up.

Mr. SASSER. I yield myself an additional 5 minutes, Madam President. There were four photographs of areas that this Senator did not recognize, and I have toured all military installations in Honduras—at the least I was informed of that by U.S. military authorities with the exception of one. I was curious, if they had a photographer there, why were there just four photos and why were there no photos of the hardtopped airstrip at Trujillo, why were there photographs of tents but no photographs of the Central American tropical huts that were built and constructed of wood, why no photographs of the interior of the fairly well-stocked American PX at San Lorenzo that I was at.

I heard with interest my able friend from Georgia and chairman of the Military Construction Subcommittee cite the editorial from the Wall Street Journal, a distinguished publication, in support of his position, but I was struck that he failed to cite the editorial, from the Atlanta Constitution and the Atlanta Journal, two equally distinguished newspapers from his own State that support the position of the Senator from Tennessee.

If we follow the logic of my distinguished friend from Arizona, for whom I have only the highest respect and highest regard, let us just eliminate the Congress, let us eliminate the Appropriations Committee that deals with military construction, eliminate the Armed Services Committee that deals with military construction, and let us let the President and the administration have it all. Let them build what they wish wherever they wish and send us the bill, and we will sign the check. That is all there is to it.

All this amendment is about, Madam President, is simply to say that the military facilities being constructed in Honduras, which it is alleged are temporary, to be used for exercises and maneuvers only, will be used for maneuvers and exercises only. That is all it says. It says that if these temporary facilities are to be upgraded to permanent facilities, then the administration and the Pentagon shall come to the Congress, as provided by statute, and ask for appropriate authorization after submitting justification and asking for the appropriation of funds—a very simple statement.

I might say that I do not draw a parallel between Honduras and Vietnam, but there is a parallel between Honduras and Thailand and what took place in Thailand now over 20 years ago when American military infrastructure was built without the knowledge of the American people and with little or no participation by the Congress of the United States. I simply want the

policy out in the open. Let the sunshine in. Let the American people know what direction this administration seeks to take us in Honduras and in Central America.

And finally, Honduras is a poor country, smaller than my native Tennessee, per capita income of less than $660. A substantial portion of the children die before they are 5 years of age because of gastrointestinal disease, and you wonder what are the real causes of problems in that country and that region of the world. Is it indeed Marxist-Leninism, as my distinguished friend from North Carolina would say, or is it the fertile ground provided by the sad quality of life of these people on which the seeds of revolution fall and find nurture?

It is clear, Madam President, when you travel to Honduras the U.S. military is the only growth industry in that country. It is being financed by the taxpayers of the United States, and they ought to know when and they ought to know why and they ought to know where.

So the purpose of this amendment is to ensure that that growth only occur if the Congress of the United States approves it.

The PRESIDING OFFICER (Mr. ARMSTRONG). Who yields time?

Mr. STEVENS. Mr. President, my wife just told me I should not let these people get me so exicited that I look like a long-tailed cat in a room full of rocking chairs.

Now, I do get a little excited about some of these things. The Senator from Minnesota wanted to be sure he heard what I am going to say because I want to show this to my friend to make certain he understands that I am holding in my hand a picture of a sea hut. The difference between a sea hut and a cat hut is the sea hut is built by the Seabees and the cat hut is built by the Corps of Engineers. The Senator from Minnesota is interested in the fact that the Seabees are using plywood on the side of the sea huts whereas the Corps of Engineers are using local lumber from Honduras, but they are both temporary facilities and those are in fact the "permanent facilities" that the Senator from Tennessee is talking about.

Again, I put these photographs on both desks. I invite Members of the Senate to take a look at them and decide whether they really are going to state that we cannot use O&M funds to build sea huts or cat huts when they cost less than tents and they serve our troops better. When the exercise is over, they are often dismantled by the local people, sold by AID, and are now being used to upgrade the local housing under an AID program. I do not know of any better way to use money that comes under the military budget for these exercises than I saw in Honduras.

Mr. President, in just a moment I am going to yield back the remainder of our time, which is not much, I know, because I am going to offer an amendment to the Senator's amendment. It is really a substitute. I see no reason why he should delete from this amendment that is in the bill the language he himself brought to the Appropriations Committee which authorizes the President of the United States to make an unforeseen emergency determination that there is construction or modification or improvements necessary to these facilities in the interest of national security.

I also want to delete the word "upgrade" from his amendment. And I really believe we should make it clear that the limitation applies only to the U.S. military forces. That is what we are talking about in terms of this amendment. Under the Senator's amendment, we could not use moneys in any of these facilities to upgrade the facilities. We could not use money to improve the runways so that he could go down there and make another inspection trip, which incidentally they did before his trip and mine. To make certain that the runways were capable of C-130 use, there was upgrading on both of the runways, photographs of which I have shown the Senate. I think it ought to be clear that we are talking about the temporary use of these facilities for U.S. military purposes.

We agreed in the committee to an amendment—I thought we had settled this matter—with the help of the distinguished Senator from Louisiana. I want to restore the language that the Senator from Louisiana put in the amendment of the Senator from Tennessee in committee. We want to make it very plain what we are doing, in other words.

I do not think it is possible for us to continue the operations we have conducted there, under the amendment of the Senator, as originally prepared.

I yield back the remainder of my time, and as soon as the Senator from Tennessee has used his time, I will offer my substitute.

The PRESIDING OFFICER. The time of the Senator from Alaska has been yielded back. Who yields time?

Mr. SASSER. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is——

AMENDMENT NO. 2891

(Purpose: Substitute for Sasser amendment No. 2890)

Mr. STEVENS. Mr. President, I send to the desk an amendment to the amendment of the Senator from Tennessee.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Alaska (Mr. STEVENS) on behalf of himself and Mr. MATTINGLY, proposes an amendment numbered 2891 to amendment numbered 2890:

In lieu of the language proposed, insert the following: or unless the President determines and provides prior notification to the Committees on Appropriations, Armed Services, and Foreign Relations that an unforeseen emergency exists which requires such construction, modification, or improvement: *Provided*, That temporary facilities previously or hereinafter constructed, modified or improved in Honduras, in whole or in part utilizing operations and maintenance funds of the Department of Defense, shall be available to U.S. Military forces solely for the conduct of military training exercises unless such facilities are deemed necessary for the evacuation or self-defense of U.S. personnel: *Provided further*, except as specifically authorized and appropriated by Congress no funds appropriated to the Department of Defense may be obligated or expended to convert to permanent use for any military or paramilitary organization any temporary facility previously or hereinafter constructed, modified or improved in Honduras, in whole or in part utilizing operations and maintenance funds of the Department of Defense.

Mr. STEVENS. Mr. President, this is a long way to do it, but I am informed that it is the proper way.

I want to put back in the bill the language that the amendment of the Senator from Tennessee would delete, which he, himself, brought to the committee. I think it is proper. It gives the President emergency authority.

Second, it takes the amendment he has brought to the floor and deletes the prohibition reference to upgrading these facilities, and it makes the limitation apply to the U.S. military force use of these facilities for military exercises only. That is what we have said all along.

Mr. SASSER. Mr. President, will the Senator yield?

Mr. STEVENS. I yield.

Mr. SASSER. Mr. President, I suggest the absence of a quorum.

Mr. STEVENS. Against whose time?

Mr. SASSER. On the bill, evenly divided.

Mr. STEVENS. As I understand it, the Senator wishes to charge the time against the bill on his side.

Mr. SASSER. Evenly divided.

Mr. STEVENS. I will be glad to charge it against the time on my amendment. I want to get along with this. I want to get on with the vote.

The PRESIDING OFFICER. Is it the request of the Senator that the time be charged on his amendment?

Mr. STEVENS. The time on my amendment, yes.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. STEVENS. Mr. President, I ask unanimous consent that the order for the quorum be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, if the Senator from Tennessee is prepared to accept my amendment, I am prepared to accept his amendment as amended and get the Senate on to other business.

Mr. SASSER. Mr. President, I am not prepared at the present time to accept the amendment of the Senator from Alaska.

Mr. STEVENS. Very well.

I suggest the absence of a quorum on the same basis then.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. STEVENS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, we have now reached the point where I have 5 minutes remaining. I am no longer willing to charge the time for the quorum call of the Senator from Tennessee to my time.

The PRESIDING OFFICER. Who yields time?

Mr. SASSER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. On whose time does the Senator suggest it be charged?

Mr. SASSER. On my time.

The PRESIDING OFFICER. The Chair regrets to inform the Senator from Tennessee that, under the precedents, the Senator must have at least 10 minutes remaining and at this point the Senator has less than 5.

Mr. SASSER. I yield myself time on the bill, Mr. President.

The PRESIDING OFFICER. For the purposes of the quorum call?

Mr. SASSER. For the purposes of the quorum call.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. SASSER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Who yields time?

Mr. SASSER. Mr. President, I am prepared to yield back the remainder of my time if the Senator from Alaska is likewise prepared to yield back the remainder of his time.

Mr. STEVENS. To do what? Vote?

The PRESIDING OFFICER. If all time is yielded back, the question then recurs on the Stevens amendment.

Mr. SASSER. Mr. President, has the Senator from Alaska yielded back his time?

Mr. STEVENS. I am happy to yield back my time and ask for a vote.

The PRESIDING OFFICER. Does the Senator from Tennessee also yield back his time?

Mr. SASSER. Mr. President, I would be happy to yield back the balance of my time at the expiration of the time of the Senator from Alaska or at which time he yields back the balance of his time.

The PRESIDING OFFICER. The Senator from Alaska has yielded back his time.

AMENDMENT NO. 2892

Mr. SASSER. Mr. President, I yield back the balance of my time and send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Tennessee (Mr. SASSER) for himself, Mr. INOUYE, Mr. BINGAMAN, Mr. PELL, Mr. WEICKER, Mr. EAGLETON, Mr. LEAHY, Mr. GLENN, Mr. ZORINSKY, Mr. BUMPERS, Mr. EXON, Mr. RIEGLE, Mr. CRANSTON, Mr. FORD, Mr. PROXMIRE, Mr. TSONGAS, Mr. BAUCUS, Mr. RANDOLPH, Mr. BIDEN, Mr. MELCHER, Mr. PRYOR, Mr. METZENBAUM, Mr. KENNEDY, and Mr. BOREN, proposes an amendment numbered 2892 to amendment numbered 2890.

After the comma at the end of line 5, add the following:

Mr. SASSER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

Mr. STEVENS. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard. The clerk will report the amendment.

The assistant legislative clerk resumed reading as follows:

After the comma at the end of line 5 add the following: in whole or in part utilizing operations and maintenance funds of the Department of Defense, shall be available to U.S. military forces solely for the conduct of military training exercises unless such facilities are deemed necessary for the evacuation or self-defense of U.S. personnel: *Provided further,* except as specifically authorized and appropriated by Congress no funds appropriated to the Department of Defense may be obligated or expended to upgrade to or convert to permanent use for any military or paramilitary organization any temporary facility previously or hereinafter constructed, modified or improved in Honduras, in whole or in part utilizing operations and maintenance funds of the Department of Defense.

The PRESIDING OFFICER. The Senator from Tennessee is recognized.

Mr. SASSER. Mr. President, my perfecting amendment simply accepts two modifications that have been suggested by the Senator from Alaska. However, this perfecting amendment that I am proposing now deletes those provisions suggested by the Senator from Alaska which give the President more authority to approve permanent military construction by a simple declaration of an emergency.

The language which I originally offered in committee did not include temporary facilities. When the word "temporary" was added by the Johnston amendment, it inadvertently, Mr. President, gave the President new authority to approve permanent military construction in Honduras without going through the regular congressional process of authorization and appropriation. That was certainly not my intent when I offered the amendment in committee.

However, when the Johnston language adding "temporary" was adopted, it expanded and gave to the President new authority, and also diminished the authority and jurisdiction of the Congress over the construction of permanent military facilities.

I do not believe, quite frankly, that my distinguished friend from Alaska, who has fought to preserve the congressional integrity and jurisdiction in other matters in times past, desires to give the President this new authority. The Senator from Alaska is chairman of the Defense Subcommittee. I do not believe the distinguished Senator, or any member of his committee, wishes to add significant new authority for the President of the United States which would seriously diminish the authority and jurisdiction of the Defense Subcommittee.

Mr. President, I suggest the absence of a quorum.

Mr. STEVENS. Mr. President, if the Senator is finished, I am prepared to respond.

Mr. SASSER. Mr. President, I rescind the request for a quorum.

The PRESIDING OFFICER. The Senator from Alaska is recognized.

Mr. STEVENS. Mr. President, it is getting awfully confusing for something that was not that confusing to begin with. The Senator is now trying to amend his amendment to delete the language he himself offered to the Senate in the first place. This is the language I mentioned before, which gives the President the emergency authority for unseen conditions.

I find it very strange that I end up in an argument in order to protect the role of operation and maintenance funds, and to make it consistent that I have to disagree with the Senator from Tennessee, first on his own language that the Senate Appropriations Committee adopted at his request; and second, to defend the language that the Senator from Louisiana offered. But I must do so.

The only impact of the Senator's amendment that I see is that that would partially tend toward the position that I have expressed; that is, that he has changed it so that the funds may not be obligated or expanded to upgrade or convert to permanent use.

So that is a limitation that changes what we have done in the other subcommittees which I think is preferable, livable and consistent with what the Senator from Louisiana did in committee. It is consistent with what the Senator from Tennessee did in committee, and it is consistent with the concepts that are expressed in the substitute that I have.

When the time has expired, I will move to table the Senator's amendment—this amendment to his own amendment.

Mr. SASSER. Mr. President, I have made two substantial modifications to this amendment at the request of my distinguished friend from Alaska. One is to insert the language that he requested, for reasons that cannot be discussed on this floor because of their sensitive and classified nature. But we did insert after the words on line 7 "shall be available" these words: "to U.S. military forces." This was at the request of the Senator from Alaska and in an effort to accommodate him and make the legislation more appealing.

My modification also attempts to answer the concern expressed by the Senator from Alaska with regard to providing maintenance of these facilities.

Mr. President, I think we have gone the last mile in trying to accommodate the wishes of the Senator from Alaska. My distinguished friend from Alaska seeks to add language to my original amendment which would greatly expand the scope of that amendment, and which would delegate to the President and the executive branch more authority than it actually presently has to construct permanent military facilities around the world without going through the authorization and appropriation committees in the Congress.

Mr. President, I hope this body will reject that effort to diminish the authority and jurisdiction of the appropriation and authorization committees of this Congress, and to enhance the ability of the Department of Defense to frustrate congressional intent.

Mr. President, I yield back the balance of my time.

Mr. STEVENS. Mr. President, I have to confess that the Senator from Tennessee has me so confused that I do not know what is wrong with the bill as it stands. The bill as it stands takes the Johnston amendment from the Appropriations Committee and preserves the existing law, preserves the right to do what we have been doing so long as there are temporary facilities only.

It specifically prohibits the expenditure of O&M funds for other than temporary facilities. The more I think about that, the more I think the wisdom of the Senator from Louisiana's point is well taken.

I yield back the balance of my time.

I move to table the basic amendment of the Senator from Tennessee. Let us escape three votes. We would have three votes. Let us just have one. Let us just table the new Sasser amendment which he has brought to the floor now and preserve the Johnston amendment as it came out of committee.

Therefore, I move to table the underlying amendment which would carry my substitute and his new amendment with it.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Alaska to lay on the table the underlying amendment of the Senator from Tennessee. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. LONG (when his name was called). Mr. President, on this vote, I have a pair with the distinguished Senator from Colorado (Mr. HART). If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." Therefore, I withhold my vote.

Mr. STEVENS. I announce that the Senator from Washington (Mr. EVANS) is necessarily absent.

I also announce that the Senator from Vermont (Mr. STAFFORD) is absent on official business.

I further announce that, if present and voting, the Senator from Washington (Mr. EVANS) would vote "yea."

Mr. CRANSTON. I announce that the Senator from Colorado (Mr. HART) is necessarily absent.

I further announce that the Senator from North Dakota (Mr. BURDICK) and the Senator from Arizona (Mr. DECONCINI) are absent on official business.

The PRESIDING OFFICER (Mr. ABDNOR). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 50, nays 44, as follows:

[Rollcall Vote No. 55 Leg.]

YEAS—50

Abdnor	Gorton	Nickles
Andrews	Grassley	Packwood
Armstrong	Hatch	Percy
Baker	Hawkins	Quayle
Boschwitz	Hecht	Roth
Chafee	Heflin	Rudman
Cochran	Heinz	Simpson
Cohen	Helms	Specter
D'Amato	Humphrey	Stevens
Danforth	Jepsen	Symms
Denton	Kassebaum	Thurmond
Dole	Kasten	Tower
Domenici	Laxalt	Trible
Durenberger	Lugar	Wallop
East	Mattingly	Warner
Garn	McClure	Wilson
Goldwater	Murkowski	

NAYS—44

Baucus	Glenn	Moynihan
Bentsen	Hatfield	Nunn
Biden	Hollings	Pell
Bingaman	Huddleston	Pressler
Boren	Inouye	Proxmire
Bradley	Johnston	Pryor
Bumpers	Kennedy	Randolph
Byrd	Lautenberg	Riegle
Chiles	Leahy	Sarbanes
Cranston	Levin	Sasser
Dixon	Mathias	Stennis
Dodd	Matsunaga	Tsongas
Eagleton	Melcher	Weicker
Exon	Metzenbaum	Zorinsky
Ford	Mitchell	

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Long, for.

NOT VOTING—5

Burdick	Evans	Stafford
DeConcini	Hart	

So the motion to lay on the table amendment No. 2890 was agreed to.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Who yields time?

Mr. HATFIELD. Mr. President, I would like to inform the Senate where we are and about what we have left to do on this supplemental.

It appears that we may have completed the amendments—I am not certain, but I think we may have completed the amendments relating to Central America: Nicaragua, Honduras, and El Salvador. We have been about 2½ weeks now on this bill. We have had a rather extensive hearing and debate on these various issues.

Mr. STENNIS. Mr. President, may we get the House in order so we can hear. This is an important announcement, I believe.

The PRESIDING OFFICER. All Senators will please refrain from conversation.

Mr. HATFIELD. If my perception is correct and we do not have any further amendments on the Central America subject, then we have knowledge of 8 to 10 other amendments, excluding the possible Chiles amendment relating to the budget process.

If that is the situation, then we are in a position, I think, to complete those 8 to 10 amendments in a relatively brief period of time because I do not know of very many rollcalls, if any, at this time that will be required.

If that is so, then we could conceivably finish this bill within a period before the dinner hour. I do not know what the leadership may wish to do at that point, but at least as far as the supplemental is concerned, I think there is great likelihood with these contingencies that we can put this matter to bed at a very decent hour. I

am hopeful we can do that. There is a request from the leadership now for a brief session on another subject for which I would like to absent myself from the floor to participate. Protecting the right of the Senator from Florida, if he wishes, to be the next in line on the budget resolution amendment, I would put a call in for a quorum at least for 10 minutes while this leadership session proceeds. At that point, I will return to the floor and begin processing these other amendments that appear to not be controversial, and in all probability will be accepted by the committee.

That is a very tenuous schedule that I have outlined, and with the cooperation of my colleagues, I think we can accomplish the tasks before us in this rather decent period of time. If there are any questions on this matter, I will be very happy to respond.

Mr. KASTEN. Will the Senator yield just briefly?

Mr. HATFIELD. I am happy to yield.

Mr. KASTEN. Mr. President, last night the Senator from Delaware (Mr. BIDEN) had an amendment. He said he did not intend to offer that amendment. I had another conversation with him a moment ago, and in fact the Senator from Delaware does not wish to offer the amendment with the time limit that had been agreed to, so I agree with the Senator from Oregon that the basic list on Central American amendments is now behind us, and I am hopeful that we can move forward.

Mr. HATFIELD. Mr. President, if there are no other questions on this outline, then I will suggest the absence of a quorum, to be followed in about 10 to 15 minutes by the processing of the remaining amendments leading to final passage.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MELCHER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2893

(Purpose: To require the Secretary of Education to pay the required entitlements under section 3 of Public Law 874 in accordance with the appropriation made under Public Law 98-139)

Mr. MELCHER. Mr. President, on behalf of myself, Senator ABDNOR, Senator PELL, Senator BAUCUS, Senator BENTSEN, Senator D'AMATO, Senator MOYNIHAN, Senator PRESSLER, Senator TRIBLE, Senator WARNER, and Senator DIXON, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Montana (Mr. MELCHER) proposes an amendment numbered 2893.

Mr. MELCHER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 6, after line 21, add the following:

SEC. 105. The Secretary of Education shall distribute all the funds appropriated in title III of Public Law 98-139, under the heading School Assistance in Federally Affected Areas, for entitlements under section 3 of the Act of September 30, 1950 (Public Law 874, Eighty-first Congress) to local educational agencies in accordance with the provisions of such Act of September 30, 1950, and the regulations in effect on the date of enactment of Public Law 98-139. Such funds shall be paid to the local educational agencies within 15 days of the date of enactment of this Act.

Mr. MELCHER. Mr. President, the amendment would require the Secretary of Education distribute money we appropriated last fall to the school districts which are entitled to payments under Public Law 81-874, the impact school aid program.

I stress that this amendment does not add 1 cent to this supplemental appropriation bill. It merely directs the Department to follow the law we enacted on October 31, 1984, and distribute already appropriated funds for the school year 1983-84.

The situation is this: State education agencies in some 17 States have been notified that, because the Department has published proposed changes in their regulations on school impact aid the funds that impacted school districts in their States budgeted for the school year beginning September 1983, will be considerably reduced.

The school districts in these States prepared their budgets on the basis of the provisions in Public Law 98-139 and the regulations in effect at that time. Some in at least 17 States elected the option of basing their entitlements on the average of five comparably sized nonimpacted districts in their respective States as the regulations and application form authorized by the Department of Education provide. The county commissioners and State departments of education approved these budgets for the school year which began in September 1983.

Now, however, the Department of Education has notified the 17 States that because the Department proposes to change the regulations, these school districts may receive one-half of the State average per pupil expenditure for this school year—which began last September and ends in June.

Let me give you a few examples:

Browning, Mont., public schools application, based on regulations in effect at the time the application was approved, should receive $5,275,477 based on the five comparable districts regulations. Now they are told they may receive, based on the State average, $2,586,453, or $2,688,994 less than they budgeted for. This school district serves 1,755 Indian reservation children.

Lodge Grass school's approved budget is for $1,771,396. The Department may be reducing this to $778,809, or $992,587 less than required to meet current expenses. There are 494 Indian children in attendance. Box Elder school's approved budget is for $999,400. The Department may be reducing this to $363,645 for a deficit of $635,766. There are 257 pupils in the Box Elder schools.

In Montana altogether there are 25 school systems entitled to $23,744,000 in Public Law 81-874 for this school year who may instead receive $11,171,000, for a potential loss of $12,753,000, this school year. These districts have teachers under contract, heating and electric bills to pay, school transportation commitments that must be met now. They have become inured to delays in Public Law 81-874 funds. But there is no way on earth they can sustain the losses the Department apparently intends to inflict on these children.

This action by the Department is in direct defiance of the report language in Senate Report 98-247 which accompanied H.R. 3913, now Public Law 98-139. It is apparent that we must spell out in the law that the money appropriated for impact aid shall be paid to the school districts who are entitled to it. Some, indeed, may close up shop without it.

Again, I stress this amendment adds not 1 cent to this bill, and not 1 cent to the budget deficit. It tells the Department of Education to do what we thought we told them to do last fall.

Mr. President, this is an impossible situation for a great number of school districts in these 17 school States. The amendment merely straightens the problem out by saying they have already budgeted in those school districts in those States according to what they were told at that time, and to distribute the funds as you are supposed to under the requirements, under the appropriation. This will alleviate the confusion and downright disadvantage the school districts would have if their funds were cut at this late time.

I hope this amendment can be accepted. It only makes commonsense that we do.

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

Mr. WEICKER. Mr. President, I am in sympathy with the objective of this amendment, but I have a few questions.

What has caused the problem?

Mr. MELCHER. The problem was caused by the Department of Education which started to adopt different regulations during the past several weeks that were in effect at the time the money was appropriated. The schools in the 17 States have followed the current regulations and were counting on the money being available, budgeted accordingly. Now they find out that the proposed regulations, after budgeting money separately, are being developed otherwise, and they are being told by the Department of Education that the money would not be available in the same amounts as they had anticipated.

Mr. WEICKER. Is it the Senator's intent to bar indefinitely the new regulations?

Mr. MELCHER. The answer to the question I might say to my distinguished friend from Connecticut is that the new regulations are being circulated for comments. This amendment does not concern these regulations. We will cross that bridge when we come to it. This amendment would, however, prohibit these proposed regulations from being retroactively applied when the disasterous effects as outlined in my opening statement.

Mr. WEICKER. I agree that the effect of changing method of distribution of impact funds in the middle of the school year would cause substantial problems for local school districts. For this reason, I believe it is only equitable that we accept the amendment of the Senator from Montana. However, I believe that it should be clear that I do so with the understanding that it does not apply except for this current school year.

Mr. MELCHER. I thank the Senator for his consideration and I appreciate his comments.

Mr. WEICKER. Is that the understanding of the Senator from Montana? I repeat: I do so with the understanding that this does not apply except for this current school year.

Mr. MELCHER. Yes. That is our intent. When the regulations have been fully commented on, we will look at them again. But we do not intend that this amendment apply beyond its third year and beyond this amount of money already appropriated.

Mr. WEICKER. It is the Senator's intent for this amendment to apply to the 1983-84 school budgets. Is that correct?

Mr. MELCHER. That is correct. That is absolutely correct.

I thank the Senator.

Mr. WEICKER. Mr. President, I have no further comment.

The PRESIDING OFFICER. The Senator from South Dakota is recognized.

Mr. ABDNOR. Mr. President, the Department of Education, and the Office of Management and Budget, which cleared the proposed impact aid regulations which were published in the Friday, March 30, 1984, Federal Register, in spite of the clear intent of the Senate Committee on Appropriations, are acting irresponsibly. I find it ludicrous that the administration is seeking to implement such a substantive change in rate policy—a change that flies in the face of the statutory authority set forth by Public Law 81-874 and Public Law 98-139—during the middle of this fiscal year.

Mr. President, if this change were to take effect during the current fiscal year, hundreds of federally impacted local educational agencies would have to submit a second, new application for assistance under Public Law 81-874. In the meantime, these school systems would receive only a partial payment—which the Department chooses to call an initial payment. In many cases, Mr. President, this payment may fall far below that required to maintain operations throughout the current school year.

Mr. President, this is not the only departmental action which has disrupted the flow of appropriated dollars to federally impacted LEA's. Not only did the Department fail to meet its statutorily mandated deadline for making preliminary payments for fiscal year 1984, in many cases it paid districts at a level greater than that specified in the continuing resolution which provided funding for the first 30 days of the current fiscal year. Consequently, many districts may have been overpaid, and will have to turn back to the Federal Government funds they received several months ago.

Mr. President, I ask unanimous consent to include in the RECORD a portion of a colloquy between the former chairman of the Labor-HHS and Education Subcommittee, Senator SCHMITT, and me, which appeared in the December 18, 1982, CONGRESSIONAL RECORD, and language I initiated which appears in Senate Report No. 98-247, which accompanied H.R. 3913, the fiscal year 1984 Labor-HHS and Education appropriations bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

Mr. ABDNOR. Superintendents from impacted schools in my State were told recently by the Director of the Division of Impact Aid that the Department of Education is considering presently a proposal to change the current method for computing districts' local contribution rates. This proposed change, I am told, would affect districts in some 20 States which utilize "comparable" districts as a means for establishing their local contribution rates.

Further, I understand that since the Department has not been successful in its efforts to defend its current method for establishing rates in recent litigation, it plans to pursue a change in the rate formula during the current fiscal year.

Since such a change in policy would not be subject to the scrutiny either of the public or Congress, does the Senator agree that the Department would be acting contrary to the wishes of this committee should it take any action which, by altering the method for establishing payments for the current fiscal year, would reduce below the pecentage of the fiscal year 1981 payments as specified by Congress through this resolution, districts' fiscal year 1983 payment?

Mr. SCHMITT. I certainly agree that the Department would indeed be acting contrary to the intent of the committee by implementing a change that would reduce fiscal year 1983 payments below that to which a district would be entitled under the rate formula utilized in fiscal year 1981 and given the specifications of this resolution.

The Committee has learned that the Department may again pursue a change in the manner by which rates are established for local educational agencies in States which utilize comparable districts. The Committee opposes any such change in policy which would negatively impact payments to the local educational agencies in these States. The Committee insists upon the opportunity to approve or disapprove any change in current rate policy and directs that the Secretary shall, no less than 45 days prior to implementing any change in the method for establishing rates, inform the Senate and House Appropriations Committees of his intentions.

Mr. ABDNOR. Mr. President, I wish to thank the senior Senator from Montana (Mr. MELCHER), for taking this initiative, and I especially wish to express my appreciation to the distinguished chairman of the subcommittee (Mr. WEICKER), for his unending patience, and that of his most able staff, in tackling issues of importance to this Senator, and to our colleagues who share our interest in the impact aid program. I also wish to thank the distinguished ranking member of the subcommittee (Mr. PROXMIRE), for his assistance in developing an acceptable approach to the problem posed by the proposed regulations.

IMPACT AID AMENDMENT TO THE URGENT SUPPLEMENTAL APPROPRIATIONS BILL

Mr. MOYNIHAN. Mr. President, I am pleased to join with my distinguished colleagues from Montana (Mr. MELCHER) and South Dakota (Mr. ABDNOR) in offering an amendment to House Joint Resolution 492, the urgent supplemental appropriations bill, that would require the Department of Education to distribute payments under section 3 of the impact aid program—Public Law 81-874—in accordance with the regulations in effect on the date of enactment of the current appropriations law—Public Law 98-139.

Under this amendment, local school districts that have qualified for Federal impact aid, for the 1983-84 school year, will be certain to receive these payments in a timely manner. This amendment appropriates no additional funds for the program, nor does it contain any changes in the percentage of entitlement mandated for each category of students by Public Law 98-139. The amendment simply requires the

Department of Education to release final impact aid payments to school districts within 15 days.

The Department of Education's efforts to implement new regulations, those governing local contribution rates under the impact aid program, have necessitated this amendment. Local contribution rates, or the share of educational costs assumed by each school district, are used to determine impact aid entitlements for eligible districts. The proposed regulations, which first appeared in the March 30, 1984, edition of the Federal Register, would alter significantly the current methods by which school districts determine their contribution rates.

Application of these regulations would impose an unfair burden on hundreds of school districts across the country and would violate the explicit intent of the report language on impact aid issued last September by the Committee on Appropriations. School districts used the present regulations to plan their budgets for the current school year. If the regulations are revised at this late date, the delay of final payments and changes in entitlement will cause budget shortfalls. The Committee on Appropriations, in the report which accompanied the Labor-HHS-Education appropriations bill for fiscal year 1984, recognized that such problems might arise if the impact aid program's regulations were changed. The report stated:

The Committee has learned that the Department (of Education) may again pursue a change in the manner by which rates are established for local educational agencies in States which utilize comparable districts. The Committee opposes any such change in policy which would negatively impact payments to the local educational agencies in these States.

There is little doubt that the Department's proposed regulations would negatively impact payments to hundreds of local school districts. Federally impacted school districts already have lost large amounts of Government assistance under the Reagan administration's education budget cuts. There is no valid reason to further disrupt the education of American school children in federally connected areas. Any changes in the methods used by school districts to calculate their local contribution rates should not be implemented at the expense of the very children the guidelines are intended to serve.

The amendment now before the Senate will guarantee that all federally impacted school districts are treated equitably under the current law. I urge my colleagues to lend it their support.

Mr. PRESSLER. Mr. President, I support this amendment on impact aid offered by my distinguished colleagues. The importance of impact aid to South Dakota is very clear. Our reservation schools and the Douglas School, serving Ellsworth Air Force Base, rely heavily on impact aid as a source of revenue. Threatening to implement a new method of establishing payment rates in the middle of the year sends the wrong message to these schools.

The impact aid school districts are already 9 months into a budget year. It is unfair for the U.S. Department of Education to attempt to make rate alterations for the present year. The amendment sends a clear message to the Department: Do not change the method for establishing payment rates in the middle of a budget year.

There are several school districts scattered across my State that have a substantial amount of nontaxable Federal property. Impact aid helps compensate for the loss of tax revenue on this property. In some districts, most of the financial support for the schools comes from impact aid. There are simply no alternatives for these schools.

Many South Dakota schools would be forced to close if Federal impact aid assistance were discontinued. Even the threat of major rate changes can be very destabilizing to them. They are constantly forced to deal with uncertainty about Federal intentions in planning budgets. I have joined in sponsoring this amendment because I believe it will send a decisive message to the U.S. Department of Education. I urge my colleagues to join me in supporting this amendment.

The PRESIDING OFFICER. Who yields time?

Mr. MELCHER. Mr. President, I do not have a request for any more time other than for myself.

I move the adoption of the amendment.

The PRESIDING OFFICER. Does the Senator yield back?

Mr. WEICKER Mr. President, I yield back the balance of my time.

Mr. MELCHER. Mr. President, I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Montana (Mr. MELCHER).

The amendment (No. 2893) was agreed to.

AMENDMENT NO. 2894

(Purpose: To increase payments for summer youth employment programs to assure that service delivery areas are held harmless for 90 percent of such payment for fiscal year 1984)

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. DIXON. Mr. President, I send my amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Illinois (Mr. DIXON) proposes on behalf of himself, Mr. PERCY, Mr. KENNEDY, Mr. BOSCHWITZ, Mr. METZENBAUM, Mr. D'AMATO, Mr. MOYNIHAN, Mr. HEINZ, Mr. LEVIN, Mr. RIEGLE, Mr. SARBANES, Mr. EAGLETON, Mr. SASSER, Mr. HUDDLESTON, Mr. LAUTENBERG, and Mr. GLENN, an amendment numbered 2894.

Mr. DIXON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the joint resolution insert the following:

DEPARTMENT OF LABOR

EMPLOYMENT AND TRAINING ADMINISTRATION

TRAINING AND SERVICE EMPLOYMENT SERVICES

For an additional amount for part B of title II of the Job Training Partnership Act, $100,000,000, which—

(1) shall be allotted, by the Secretary of Labor, within 7 days of the date of enactment of this Act, to States which have any service delivery area which received less than 90 percent of the amount of payments for summer youth employment and training programs for fiscal year 1984 than in fiscal year 1983, in accordance with section 251 of the Job Training Partnership Act; and

(2) shall be allocated among service delivery areas within each such State so that the amount of payments for fiscal year 1984 for any service delivery area within the State which received less than 90 percent of the amount of payments for summer youth employment and training programs made in that area in fiscal year 1983 will be increased to an amount equal to 90 percent of the amount of payments for summer youth employment and training programs made in that area in fiscal year 1983: *Provided*, That if the amount appropriated under this heading and allotted to a State is insufficient to make the full payments required by this paragraph the amount of the increase of any payment to which service delivery areas in the State shall be eligible to receive by reason of the application of this paragraph shall be determined on a pro rata basis: *Provided further*, That if the amount appropriated under this heading and allotted to any State is greater than is needed to make the full payments required by this paragraph, the Secretary shall reallot the excess to all States which cannot make the payments to meet the 90 percent hold harmless provision on the basis of the need for payments described in this paragraph: *Provided further*, That, where the boundaries of service delivery areas differ from prime sponsor areas with respect to the units of general local government covered determination of payments shall be based on the percentage shares of allocations which were available to the units of general local government within each such area in fiscal year 1983.

Mr. DIXON. Mr. President, this amendment is a partial restoration of funding to areas of the country which have experienced severe cuts in the summer youth employment program.

I received a letter from the mayor of Chicago, Harold Washington, informing me that unless something is done, the city of Chicago will lose 16,000 jobs for disadvantaged young people this summer. In the city of Chicago alone, the cut in funds is $11.38 million, or 47 percent! I would like to read

Mayor Washington's letter at this point in my remarks.

MARCH 22, 1984.

DEAR SENATOR: I seek your support in obtaining a supplemental appropriation for the summer youth employment program. The administration has decreased funding by $100 million in fiscal year 1984.

This decrease, and change in the allocation formula, means a 47-percent reduction for the city of Chicago and a loss of 16,000 summer jobs. This reduction is disturbing when you consider that there are estimated to be from 150,000 to 250,000 youths in Chicago who are eligible for and in desperate need of summer employment.

Although Chicago is the hardest hit of all the cities, others are receiving drastic cuts. For example: Cleveland, a 42 percent reduction; Dallas, 40 percent; Indianapolis, 39 percent; Minneapolis, 38 percent; and New York City, a 20 percent reduction.

I urge you to support a $100 million supplemental appropriation that will rectify this tremendous reduction and bring the program back to last year's funding level. The summer employment programs are scheduled to begin on May 1, 1984; the time for action is limited. Your support of this critical appropriation is needed for the youth of Chicago who will be severely impacted by the reduction.

Please contact the City of Chicago Office, 499 Capitol Street SW., Suite 111, Washington, D.C. 20003 (telephone: 202/554-7900) if you have any questions.

Sincerely,

HAROLD WASHINGTON, *Mayor.*

The shortfall for this important program results from a number of factors:

The changeover from the Comprehensive Employment and Training Act to the Job Training Partnership Act;

A formula change which eliminates a hold-harmless provision for substate regions;

The elimination of the 5-percent discretionary funding which was previously available to high unemployment areas;

And a $100 million reduction in funds from fiscal year 1983.

That all might make sense to the Department of Labor people downtown, but how do you tell a young person in Chicago or Pittsburgh or Portland or Minneapolis? How do you tell that to the kids in this country who depend on this program to help support their families—who use this money to pay for their schooling? I do not know how to do that, and I would not want to try. These kids have faith in this system of government, and if we turn our backs on them, it will have an effect on their future confidence in all of us. It is a small price to pay to provide a start for needy young people, and the cost to us, in terms of lack of job experience for those teenagers, could well impair their ability to find work as adults.

I have received letters from many teenagers and adults, concerned about the cuts in this program. They are worried, not only about the 1,553,000 jobless young people in this country, but about the consequences of that critical mix of ingredients—summer, lots of time on kids' hands, no money, and a certain desperation that comes from trying to work, wanting to work, and not finding jobs.

The following letter from a very responsible young person illustrates the point.

MARCH 23, 1984.

DEAR SENATOR DIXON: Chicago needs more summer youth jobs because most teenagers' parents are out of work and summertime is the only chance we teenagers get to earn some money honestly. What are teenagers supposed to do if these jobs are cut down? Teenagers don't mind getting paid minimum wage. What we do mind is not getting paid at all. I personally use my money to prepare for school in September. Parents cannot keep supporting us. We have to get out into the real world and learn how to earn our own money. Please give us a chance and reconsider.

Sincerely,

LOURDES VALENTINE.

The only data available to us on how local areas are being affected are surveys conducted by the National League of Cities, the National Association of Counties, and the National Governors' Association. Of 60 areas checked, 43 experienced reductions over 10 percent. Those areas and the percentage they were cut are:

	Percent
Birmingham, Ala	32
Mobile, Ala	16
Phoenix, Ariz	32
Fresno County and city, Calif	25
Los Angeles County and city, Calif	22
San Diego County and city, Calif	11
San Francisco County and city, Calif	37
Santa Clara County, Calif	28
Bridgeport, Conn	36
New Haven, Conn	12
Wilmington, Del	31
Broward County, Fla	32
Jacksonville, Fla	21
Tampa, Fla	21
Chicago, Ill	47
Gary-Lake, Ind	39
Indianapolis, Ind	39
Eastern Kentucky cep	29
Louisville-Jefferson, Ky	31
Baltimore City, Md	17
Baltimore County, Md	32
Ann Arbor Area, Mich	18
Detroit, Mich	20
Flint-Genessee, Mich	30
Grand Rapids, Mich	41
Oakland County, Mich	28
Minneapolis, Minn	38
Kansas City, Mo	14
St. Louis, Mo	37
Newark, N.J	59
Buffalo, N.Y	18
New York City	20
Cleveland, Ohio	42
Oklahoma City, Okla	22
Portland, Oreg	20
Philadelphia, Pa	23
Pittsburgh, Pa	23
Chattanooga/Hamilton County, Tenn	17
Memphis/Shelby County, Tenn	19
Nashville/Davidson County, Tenn	29
Dallas, Tex	40
Salt Lake City, Utah	17
Seattle, Wash	16

I would like to clarify the intent of this amendment. The language reads that funds shall be allotted "to States which have any service delivery area which received less than 90 percent" of last year's appropriations. I understand that the designated areas differ from last year. The intention of this legislation is that any prime sponsor, which is now a service delivery area or a part of a service delivery area, which experienced more than a 10-percent cut in all funds for this program—discretionary, regular, and supplemental appropriations—would be brought up to 90 percent of last year's level.

I believe this amendment is a responsible one. It does not even bring all areas to the same level as last year, but only to within 90 percent of last year. More could be done, but I am a realist, as my colleagues know, and I think a 10-percent cut is better than a 47-percent cut. If it is the will of this body to approve enough money to bring every area of the country up to 100 percent of last year's level, I would be delighted. For those who may believe that $100 million is more than is necessary to accomplish the 90-percent level, I would have to say, that to the best of my knowledge, that is not the case.

This amendment has strong bipartisan support. I would like to thank my colleagues, Senators PERCY, KENNEDY, BOSCHWITZ, METZENBAUM, D'AMATO, MOYNIHAN, HEINZ, LEVIN, RIEGLE, SARBANES, EAGLETON, SASSER, HUDDLESTON, LAUTENBERG, and GLENN for their cosponsorship.

This amendment has the strong support of a wide variety of national organizations: The National League of Cities, the U.S. Conference of Mayors, the Chicago League of Women Voters, the AFL-CIO, the National Alliance of Business, the cities of Chicago, New York, Cleveland, Pittsburgh, Philadelphia, Detroit, the National Youth Employment Coalition which consists of 29 national organizations serving over 100,000 young people a year, 70000, the National Child Labor Committee, Campfire, Inc., United Neighborhood Centers, Council of the Great City Schools, and the National Education Association.

Mr. President, as I understand it, my distinguished friend and colleague, the Senator from Connecticut (Mr. WEICKER) has carefully examined this amendment, and his staff has examined it, and they have no objection. In fact, the Senator supports this effort.

Mr. PERCY. Mr. President, as an original cosponsor of the amendment to restore funding for the summer youth employment program, I would like to point out to my colleagues why this amendment is so important to thousands of young people in Chicago, and others across the country.

The latest available unemployment figures—1982—for 16 to 19 year-olds in Chicago speak for themselves: No less than 44 percent of these teenagers

who are looking for work are unemployed. While this situation may have improved somewhat lately, it is estimated to remain above 40 percent. Mayor Washington estimates that between 150,000 and 250,000 teenagers in Chicago alone will seek work, and far too many will be unable to find employment this coming summer.

The proposed 47-percent cut in Chicago's summer job funding—the largest cut of any major city in the United States—will mean the loss of 16,000 summer jobs. This reduction is unconscionable—especially in view of the terribly high unemployment rate in Chicago.

A recent Chicago Tribune described what the program has meant to inner-city teens. Last summer's program included a tutoring program at Malcolm X College on the west side of Chicago, where more than 40 high school and college students drilled grade school pupils in remedial reading, writing and mathematics, the article reported. For the 40 tutors, the program meant a summer job, some spending money and, most important, some pride. It meant self-respect. It meant having younger kids looking up to you. It meant responsibility, one of the tutors said.

One high school principal warned that the drastic cuts in the summer jobs program is going to make for many frustrations and a long hot summer. People who are unemployed are more likely to get into all sorts of crime, particularly teenagers, said one of the program's organizers.

Mr. President, these cuts are simply pennywise and pound foolish. By denying 16,000 teenagers with the chance to have a job—their first job in most cases—we are denying them a chance to learn about responsibility, to learn what it is to work a 40-hour week, and to learn how to manage their own money they worked hard to earn. These lessons learned will cost a few dollars now, but will pay off in the long run.

The amendment I am cosponsoring, with my colleague Senator DIXON, will not raise the cost of the summer jobs program over last year's level. States will be given funds which are to be distributed to those cities which were cut by more than 10 percent, and these cities can have as much as 90 percent of their cuts to be funded. I believe that this formula is very equitable, because those cities which were cut the most will receive the most aid.

Mr. President, I am one of the first to support efforts to reduce spending in order that we can reduce the deficit. Reducing the deficit, thereby cutting interest rates, is by far the most effective way to get America back to work. However, we cannot expect one city, or one program for that matter, to withstand a nearly 50-percent reduction. This is simply not equitable, especially when one considers the serious unemployment problems among teenage job seekers.

I urge the Senate to adopt this amendment to provide some relief for those cities whose summer job programs have been devastated by these cuts.

I ask unanimous consent that a letter from the mayor of Chicago, dated March 22, 1984, be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

OFFICE OF THE MAYOR,
City of Chicago, March 22, 1984.

Hon. CHARLES H. PERCY,
Dirksen Senate Office Building,
Washington, D.C.

DEAR SENATOR PERCY: I seek your support in obtaining a supplemental appropriation for the Summer Youth Employment Program. The administration has decreased funding by $100 million in FY 84.

This decrease, and a change in the allocation formula, means a 47% reduction for the City of Chicago and a loss of 16,000 summer jobs. This reduction is disturbing when you consider that there are estimated to be from 150,000 to 250,000 youths in Chicago who are eligible for and in desperate need of summer employment.

Although Chicago is the hardest hit of all the cities, others are receiving drastic cuts. For example: Cleveland, a 42% reduction; Dallas, 40%; Indianapolis, 39%; Minneapolis, 38%; and New York City, a 20% reduction.

I urge you to support a $100 million supplemental appropriation that will rectify this tremendous reduction and bring the program back to last year's funding level. The Summer Employment Programs are scheduled to begin on May 1, 1984; the time for action is limited. Your support of this critical appropriation is needed for the youth of Chicago who will be severely impacted by the reduction.

Please contact the City of Chicago office, 499 South Capitol Street, S.W., Suite 111, Washington, D.C. 20003 (telephone: 202/554-7900), if you have any questions.

Sincerely,

Harold Washington, Mayor.

● Mr. METZENBAUM. Mr. President, I am pleased to be a cosponsor of the Dixon amendment to restore badly needed funds to the summer youth employment program.

This amendment would provide $100 million to States for distribution to service delivery areas which have lost more than 10 percent of their previous year's allocation; that previous year's allocation for some large cities included the regular and supplemental appropriations, and discretionary funds awarded by the Secretary last year under section 483(b) of CETA. All these sources are to be considered when determining the amount to be awarded under this amendment.

My own city of Cleveland, for example, has suffered a loss of approximately 56 percent in its summer youth employment funds. Mayor Voinovich recently informed me that this reduction means the loss of 3,500 part time summer work opportunities for the city's teenagers. I know that other cities, including Bridgeport, Chicago, and Philadelphia have also experienced significant reductions. I wish to point out, Mr. President, that if a major improvement in our economy is indeed taking place, it has not as yet been felt in a major way in cities like Cleveland. Therefore, there is virtually no hope that the private sector can replace these lost summer jobs.

For years, the summer youth employment program has been an important part of this Nation's effort to provide young people, particularly those who are disadvantaged, with a chance to learn at firsthand about the demands and expectations of employers. For many young people in many communities, this is the only opportunity they will have to gain this practical knowledge and experience.

As Mayor Voinovich has stated, the most important and refreshing aspect of the program is the effect it has had on our youth. They are excited about the opportunity to work and have proven in large measure to be excellent employees.

In programs conducted throughout Ohio, young people learn new skills; they are exposed to a variety of occupational areas; they hear from guest speakers about the world of work and they provide enormous benefits to their communities because of the work in which they are involved. As a result, young people feel they have an important stake and investment in their neighborhoods.

All the evidence points to the fact that prior work experience as a teenager is an important contributor to an individual's success in the labor market as an adult. With a national unemployment rate among all teenagers of 17 percent and an unemployment rate among black teenagers of close to 50 percent, the tragic fact is that too many young people are reaching adulthood without ever having worked.

Failure to see the value of providing that experience is another example of the shortsighted, penny-wise and pound-foolish approach of the Reagan administration to investments in the country's future. I urge that the amendment be adopted.●

● Mr. GLENN. Mr. President, I am pleased to join my colleagues in introducing this amendment to House Joint Resolution 492, which will provide an additional $100 million to the summer youth employment program. This supplemental will restore program funding to its 1983 level, and insure that local areas receive at least 90 percent of the program allocation that they received last year.

At a time when youth unemployment is over 19 percent, and black teenage unemployment is over 43 percent, we cannot afford to allow the

substantial reductions in funding that would occur in the absence of this amendment. Cleveland, Ohio, an area where overall unemployment remains above 9 percent, faces a reduction in funds of 42 percent. This tremendous loss of funds will not only mean that thousands of young people will be unable to find productive ways to spend their summer, but that they will be competing with unemployed adults for the few regular jobs that are available.

The summer youth employment program has a proven record of success. In 1983, over 800,000 young people spent their summers providing services to local communities and businesses. They learned what it means to have responsibilities, and took that critical first step into the labor market.

The costs of doing nothing are high—in human, social, and economic terms. Many young people who cannot find employment this summer will turn to crime, antisocial activities, and "hustling" in the underground economy. We have a means to prevent these serious consequences. I urge my colleagues to support increased funding for the summer youth employment program.●

● Mr. MOYNIHAN. Mr. President, I rise today with my distinguished colleagues from Illinois, Senators DIXON and PERCY, to offer an amendment to increase the fiscal year 1984 funding for the summer youth employment and training program by $100 million.

Members of this body will recall that title II of the Job Training Partnership Act, signed into law by the President in October 1982, provided for summer youth employment and training programs. These programs, previously funded under the Comprehensive Employment and Training Act, provide summer employment and training for our Nation's disadvantaged youth under the age of 22.

It is an undisputed—and most disturbing—fact that far too many American young persons are disadvantaged, lacking proper education, employment, and other opportunities we often take for granted.

In recent months, the Department of Labor has reported some encouraging news on the unemployment rate. The total unemployment rate declined from a November 1982 level of 10.7 percent to 7.8 percent in February 1984. But a closer examination of the Labor Department's figures reveals that many segments of the population, including youth, have not benefited greatly from the recovery. The unemployment rate for persons aged 16 to 19 was an unacceptably high 19.3 percent in February 1984, down from the average 1983 level of 22.4 percent. The Labor Department also reports that the unemployment rate for black youths in February 1984 was a staggering 43.5 percent.

In my home State of New York, more than 400,000 young persons between the ages of 16 to 21 are disadvantaged. Almost 150,000 of these young persons need employment and training opportunities.

Mr. President, I ask my colleagues to review these statistics carefully, to try to understand the suffering and human toll the figures represent.

While the youth unemployment problem remains acute, Mr. President, we are reducing the support for a program to help alleviate the problem, the summer employment program. Congress appropriated $824.5 million for the summer youth employment program in fiscal year 1983. This fiscal year, under the Job Training Partnership Act, we have appropriated only $724.5 million, $100 millon less than for fiscal year 1983.

This reduction in funds will directly affect our Nation's disadvantaged young people. In 1983, the summer youth employment program in New York provided 72,500 disadvantaged young persons with an opportunity to work at a wide variety of entry-level jobs. These jobs mean a great deal to a young person who otherwise would not find work. The jobs provide our youth with a sense of hope and self-confidence, knowing that they, too, can have an opportunity to advance in America. Under the lower appropriation level for fiscal year 1984, however, New York will receive over $6 million less in Federal support, and 12,000 fewer disadvantaged New Yorkers will be able to participate in the summer employment program.

Mr. President, the amendment we offer today simply provides an additional $100 million for the summer youth employment and training program, to restore funding to the fiscal year 1983 level. The amendment also provides that these additional funds will be allocated to areas that have absorbed a cut in funding of more than 10 percent from 1983 levels, to bring support for these areas up to 90 percent of the 1983 level.

Mr. President, this is an entirely reasonable and appropriate increase. We cannot, must not, neglect our Nation's disadvantaged young persons. This amendment, in effect, is an investment in America's future. One well worth making. I urge my colleagues to support the amendment.●

● Mr. KENNEDY. Mr. President, I want to lend my support to the amendment being offered today by my good friends and colleagues from Illinois, Senators DIXON and PERCY. I also want to commend them for their leadership, concern, and quick action to respond to a significant problem that will adversely affect the summer youth employment program unless it is corrected immediately.

As a result of changes made in the Job Training Partnership Act which Senator QUAYLE and I sponsored here in the Senate, a number of cities around the country are facing major reductions in funds they so desperately need to create jobs for unemployed young people this summer. These changes in the formula, coupled with a cutback in funds by the Reagan administration, will mean that cities all across this country will be able to hire fewer disadvantaged teenagers this year.

Newark, N.J., stands to loose almost 60 percent of the summer youth money it received last year. Gary, Ind., faces a cutback of 55 percent. San Francisco, Calif., is looking toward summer with almost a 40-percent cutback in resources. Phoenix, Ariz., stands to loose over 30 percent. In my own State of Massachusetts, the impact has been less severe. The cities there are losing on the average 12 percent in funding. I must tell my colleagues that when those of us from the House and Senate deliberated this important new job training legislation we were not aware of the impact that the change in formula would have nor did we anticipate that the administration would propose cutbacks in funding for summer jobs. These two factors have led to the results you are hearing about today.

In attempting to understand the full impact of these actions my staff contacted the Department of Labor. I was disturbed to learn that the Department cannot provide us with information on the amount of money that is available to local communities this summer. The only information they can provide is on the funds that have been allocated to each State. I believe this is a serious problem which I intend to get to the bottom of.

While the JTPA gives States new and important responsibilities, it was not our intention to give States discretion in allocating funds to local communities. The same formula which the Department of Labor uses to fund the States is also to be used by the States in funding local areas. It is my understanding that the Department of Labor has interpreted this provision of the law to mean that while the States must apply the same formula factors, they have discretion in determining what data to use to determine those factors. While this explains why the Department cannot tell Congress how much summer money is available in communities across the country, it clearly violates the intent of Congress to insure that localities would all be treated equally and equitably in the distribution of funds.

I am very concerned that the Department has abdicated its responsibility not only in this area but in a number of other areas. I intend to raise these issues with the newly nominated Assistant Secretary of Employ-

ment and Training, Mr. Cassilas. And I invite my colleagues to do the same.

I also want to point out to my colleagues that the amendment of the Senators from Illinois deals only with this summer's program. It will be necessary for us to consider this matter again in the course of oversight hearings on the implementation of the Job Training Act.

I want to again commend my colleagues on their leadership on this issue and I thank the managers of this bill for their willingness to accept this provision. I urge them to preserve this amendment in conference.●

Mr. DIXON. Mr. President, if there is no objection from my distinguished colleague, the senior Senator from Connecticut, at the appropriate time I will yield back the remainder of my time.

Mr. WEICKER. Mr. President, I am delighted to accept this amendment, which raises the appropriation for the Corporation for Public Broadcasting to newly authorized levels.

Public radio and television provide extraordinary services to tens of millions of Americans every day. For a remarkably small investment, public broadcasting addresses essential educational informational and cultural needs of all of our citizens—but more especially our most important national resource—our children.

This increase in appropriations of $70 million over the next 3 years will allow public broadcasting to preserve its current services, restore programing cuts that have been made, and begin new programing services for the public. Increases in TV national programs production will help principally in furthering CPB's first program priority—children's programing.

I urge my colleagues to support this amendment.

I yield back the remainder of my time.

Mr. DIXON. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 2894) was agreed to.

Mr. DIXON. Mr. President, I want to express my appreciation to the distinguished Senator from Connecticut for his assistance.

AMENDMENT NO. 2895

(Purpose: To appropriate additional funds to support the activities of the Corporation for Public Broadcasting in fiscal years 1984, 1985, and 1986)

Mr. STEVENS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Alaska (Mr. STEVENS), for himself, Mr. GOLDWATER, Mr. BYRD, and Mr. MOYNIHAN, proposes an amendment numbered 2895.

Mr. STEVENS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 5, between lines 2 and 3, insert the following:

SEC. 2. For additional payment to the Corporation for Public Broadcasting, as authorized by the Federal Communications Commission Authorization Act of 1983, Public Law 98-214, the following amounts, which shall be available within limitations specified by said Act, are appropriated, notwithstanding any other provision of this resolution: For fiscal year 1983, $15,000,000; for fiscal year 1985, $23,000,000; and for fiscal year 1986, $32,000,000: *Provided*, That none of the funds appropriated under this section shall be used to pay for receptions, parties, and similar forms of entertainment for government officials or employees: *Provided further*, That none of the funds appropriated under this section shall be available or used to aid or support any program or activity that excludes from participation, denies benefits to, or discriminates against any person on the basis of race, color, national orgin, religion, or sex.

Mr. STEVENS. Mr. President, the amendment that Senator GOLDWATER and I are proposing would appropriate additional funds to support the activities of the Corporation for Public Broadcasting (CPB). This supplemental appropriation is authorized by the Federal Communications Commission Authorization Act of 1983, which the Senate approved last year by unanimous consent. I am pleased to announce that the distinguished minority leader and the senior Senator from New York have decided to cosponsor this amendment.

A basic appropriation of $130 million for fiscal years 1984 through 1986 has already been made through the advance funding procedure used to appropriate funds for public broadcasting. Our amendment would increase this basic appropriation by $15 million in fiscal year 1984, $23 million in fiscal year 1985, and $32 million in fiscal year 1986.

I want to emphasize that the FCC Authorization Act and this amendment are not intended to roll back the cuts in CPB funding that were made in the 1981 reconciliation process. Public broadcasting will continue to bear its share of the burden of reducing Federal budget deficits. The modest funding additions we are proposing now will merely stabilize the fiscal year 1983 CPB funding level, thus allowing the Corporation to deal with increases in the number of eligible stations and inflation.

Almost two-thirds of the funds appropriated by this amendment will go into community service grants to local public television and radio stations around the Nation. Most of the remaining money will be used for national program production. Only a small amount will be used to defray CPB system expenses such as satellite financing, music royalty fees, and administration.

Mr. President, this amendment makes modest and sensible adjustments in the funding levels for the Corporation for Public Broadcasting. I hope that it will be accepted without further debate.

Mr. BINGAMAN. Mr. President, public broadcasting is an important resource. Part of Congress responsibility is to see that adequate funds are provided to assist these public radio and television stations in providing fine alternative programing to the commercial networks.

In my State of New Mexico the three public television and seven public radio stations provide the informational and educational link between the regions of the State which they serve. New Mexico is blessed with a unique multicultural heritage and these stations work diligently to enhance that heritage. For instance, these stations provide locally produced programing in Spanish, English, Navajo, and Zuni. In fact, recently the school board of the Alamo Band of the Navajo Tribe signed on a public radio station at their school where there is not even a telephone. This station forms a vital communication link to an isolated community. The local board had enough faith in public radio to underwrite the project.

The public stations in my State are always responsive to community need. These needs are as disparate as the areas they serve. By increasing the funding we will help see that adequate moneys are available to produce quality local programing. In addition to assisting local programing we will be giving a much needed boost on the national level for further development of quality informational and educational programs.

Public broadcasting has been on the short end of Federal funding for a number of years and now with the request for additional supplemental assistance this is a fine way for Congress to show we care about public broadcasting. When you combine this with the bill recently introduced by Senator GOLDWATER, which I was pleased to cosponsor, we have taken a step for the coming years to assure the survival of public broadcasting. The money which the Federal Government can provide should give added incentive to the private sector and the viewers to provide additional support.

I urge my colleagues to follow the lead of the distinguished Senators from Arizona and Alaska and support this additional funding for public broadcasting.

Mr. MOYNIHAN. Mr. President, I rise today to express my strong support for the amendment advanced by my distinguished colleagues from Alaska Senator STEVENS, and from Arizona Senator GOLDWATER, to increase funding for the Corporation for Public Broadcasting (CPB). This amendment increases the CPB's appropriation from $130 million per year for fiscal year 1984 to fiscal year 1986, to a new level of $145 million for fiscal year 1984, $153 million for fiscal year 1985, and $162 million for fiscal year 1986. This increased funding is both necessary and appropriate.

Since 1967, when Congress first created the Corporation for Public Broadcasting, the CPB has played a large and important role, broadcasting high quality children's, arts, news, and public affairs programs to the homes of millions of Americans. How many of our children grew up watching the "Electric Company," "Mr. Roger's Neighborhood," or "Sesame Street," with the mythical characters Big Bird, Kermit the Frog, and Ernie? These shows charmed and educated our young, teaching not only the essential three R's, but also about American values. And how many of us have spent countless evenings watching episodes of "Upstairs, Downstairs," with Allister Cooke, and enjoying the operas, concerts, and documentaries that are simply not avilable on commercial television? Without adequate Federal funds, I doubt whether these quality products would be available to American audiences.

In recent years, though, the Federal Government has reduced funding for the CPB, undermining this Nation's commitment to excellence in television and radio broadcasting. Since 1981, Federal funding for the CPB has decreased by 20 percent—from $162 to $130 million in fiscal year 1984. This is indeed disturbing. These cuts have forced the CPB to reduce funds to local stations to produce and acquire programs by 26 percent. As well, the CPB has reduced funding for expansion into unserved areas, and must cut back on children's television, which ought to be our highest priority.

The Reagan administration has argued that private funds will offset Federal funding reductions. This year, in his fiscal year 1985 budget, the President has requested a further reduction in funding for the CPB, from $130 to $110 million in fiscal year 1986, and from $110 to $100 million in fiscal year 1987.

The Congress wisely rejected the administration's proposed budget cuts for the Corporation for Public Broadcasting for fiscal years 1984 through 1986, by appropriating $130 million per year through fiscal year 1986. But these levels are simply not sufficient for the CPB to maintain the high caliber programing we have all come to enjoy. And I question whether private funds will be able to make up for drastic and continued reductions in Federal money.

By increasing the appropriation for the CPB to the levels that the Congress actually authorized, this amendment will allow the Corporation for Public Broadcasting to enhance its services. If we are to maintain the high quality publicly supported broadcasting system Congress intended when it created the CPB, we ought to approve sufficient Federal funds to finance it. I urge my colleagues to support this vital amendment.

The PRESIDING OFFICER (Mr. SPECTER). Is all time yielded back?

Mr. STEVENS. Mr. President, I yield back the remainder of my time.

Mr. HATFIELD. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 2895) was agreed to.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HATFIELD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HATFIELD. Mr. President, I believe we only have about two or three amendments remaining which would mean we could proceed to third reading after we wait for Senators MCCLURE, BAUCUS, and MATSUNAGA.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2896

Mr. HATFIELD. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Oregon (Mr. HATFIELD) proposes an amendment numbered 2896.

Mr. HATFIELD. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the joint resolution insert:

SENATE

CONTINGENT EXPENSES OF THE SENATE

* * * * *

STATIONERY (REVOLVING FUND)

To provide additional capital for the revolving fund established by the last paragraph under the heading "Contingent Expenses of the Senate" appearing under the heading "SENATE" in chapter XI of the Third Supplemental Appropriation Act, 1957 (2 U.S.C. 46a-1), $61,000.

Mr. HATFIELD. Mr. President, this amendment will put $61,000 into the revolving fund for the purpose of printing and selling "A History Of The Senate," which is a document which has been created by resolution of the Senate, administered under Mr. Hildenbrand's office.

This document will be sold at the counters here in the Capitol and the money will be put back into the fund as a revolving fund to print more copies. This amendment has been cleared by the Legislative Subcommittee of the Appropriations Committee. I know of no opposition to it.

Mr. President, I yield back the remainder of my time and urge adoption of the amendment.

Mr. MELCHER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Is there further debate on the amendment?

Mr. MELCHER. Mr. President, there is no objection to the amendment on this side.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 2896) was agreed to.

Mr. HATFIELD. I move to reconsider the vote by which the amendment was agreed to.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HATFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2897

(Purpose: To authorize the construction of critical inland waterway facilities)

Mr. HATFIELD. Mr. President, I send an amendment to the desk in behalf of Mr. BYRD and myself and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Oregon (Mr. HATFIELD) for himself and Mr. BYRD, proposes an amendment numbered 2897.

At the appropriate place add the following:

SEC. . (a) The authorization for the Bonneville Lock and Dam project, Oregon and Washington, contained in the first section of the Act entitled "An Act authorizing construction of certain public works on rivers and harbors, and for other purposes", approved on August 30, 1935 (49 Stat. 1028), is amended to provide that the Secretary of the Army, acting through the Chief of Engineers, is authorized and directed to construct a new lock in accordance with the report of the Chief of Engineers, dated February 10, 1981, at an estimated cost of $177,000,000.

(b) The Secretary of the Army, acting through the Chief of Engineers is authorized and directed to replace the Gallipolis locks, Ohio River mile 297.0 Ohio and West Virginia, by constructing one 110-foot by 600-foot lock in a 1.7 mile-long canal landward of the existing lock, generally in accordance with the recommendations of the Huntington District Engineer in his report dated February, 1981, as approved by the Ohio River Division Engineer, with such modifications in the design of the replacement of such locks as the Chief of Engineers deems necessary and advisable, at an estimated cost of approximately $313,000,000.

Mr. HATFIELD. Mr. President, there have been a number of studies made by water resources groups and the Corps of Engineers and others, and the studies have indicated that there are five major waterway projects needing construction. Two of these, Bonneville lock and dam and Gallipolis lock and dam, have reached a point of financing and completing all the preliminary design and engineering, ready for appropriation, for construction. These have been approved in a bill which has emanated from the authorization committee on two of the five. In this amendment, Senator BYRD and I urge the authorization. There is no impact on the budget because there are no moneys involved. These two projects would indeed relieve much of the difficulty we now have in an inefficient inland waterway system.

This amendment would allow work to continue on the Bonneville navigation lock on the Columbia River. The project is located at Bonneville lock and dam, 40 miles east of Portland, Oreg. The proposed project would provide for construction of a new lock, 86 feet wide, 675 feet long, and at least 15 feet deep. The horizontal dimensions would be the same as the seven existing upstream locks. The navigation problems at Bonneville lock, including lockage delays and damages from accidents, occur due to the restricted size of the lock chamber, hazardous approaches, and constricted Columbia River Channel. Waterborne commerce, which is expected to increase to 13,00,000 tons per year, will equal or exceed the lock capacity by 1988. The existing upstream locks are capable of handling the anticipated traffic beyond the year 2040. (Report of Chief of Engineers, Mar. 14, 1980.)

All of the preconstruction engineering and design work is completed on this new lock. Without passage of the amendment, work on this critical project will be halted in June of this year.

Mr. President, this is unquestionably a deserving project. It has been approved by the appropriate committees of both Houses. It has the support of the administration. There is no opposition of any kind and the project is supported by the congressional delegations of Oregon and Washington. State governments and Members of Congress from Oregon, Washington, Idaho, and Montana have expressed support.

We must start to address the issue of serious decay and deterioration of our inland waterway system. The national waterway system is an integral part of the intermodal transportation network which is necessary to move bulk materials and products to domestic and international markets. Since 1824, the Corps of Engineers has been responsible for assuring the operation of the national waterway system. The corps operates and maintains about 219 lock and dam facilities and other control structures on some 25,000 miles of inland and intercoastal waterways. For the last 35 years, resources have been directed to extending the waterway system rather than developing the existing system. Consequently, needed maintenance, including rehabilitation often has been postponed. Priorities must now shift to upgrading the existing waterways.

We simply cannot ignore any longer the condition of many locks and dams on this important national waterway system. Over 42 percent of the structures on this system are over 40 years old. Many key locks and dams were constructed over 50 years ago. They are obsolete and cannot accommodate existing and future traffic. As a result, bottlenecks at the Nation's locks seriously affect shipping, and pose dangerous safety problems.

This amendment reflects these concerns and the recommendations of the national waterways study, a comprehensive study of the existing navigation system. The national waterways study, a 5-year review effort completed in March 1983, clearly indicates the immediate need to proceed with national waterway improvement projects. This study recommended a new Bonneville lock on the Columbia-Snake Waterway as one of its highest priorities.

One of the issues which has slowed the water project authorization process has been cost sharing. Some are proposing the imposition of additional user fees or taxes from local project sponsors on all water projects. Unlike other water resource projects, the waterway system has an established mechanism by which current users assist in financing improvements in the system. Under Public Law 95-502, there is already a users' tax on fuel which provides for recovery of a portion of waterway costs. The tax is $0.06 per gallon in fiscal year 1983 and rises to $0.10 per gallon in fiscal year 1986. Fuel tax receipts are deposited in the inland waterways trust fund and in fiscal year 1984, approximately $100 million will be collected and available for appropriation from the fund. It has not been possible to use the revenues now accumulating in the trust fund because there have been no authorizations providing for appropriations from the fund. The Department of Army has proposed legislation that would authorize use of the trust fund to finance capital investments. No action, however, has been taken on this or any other proposal. Nevertheless, the point should be emphasized that there is a cost-sharing fund in place with revenues available to help finance inland waterway projects.

Mr. President, I believe that Congress must address the issue of cost sharing for all water resource projects. As one Member of the Senate, I will do everything I can to help expeditiously resolve this difficult policy issue. In the inland waterway area, where there is already cost sharing, we simply must proceed with critical projects such as the new navigation lock at Bonneville.

Mr. BYRD. Mr. President, I am pleased to cosponsor the amendment offered by the senior Senator from Oregon (Mr. HATFIELD), who is the very distinguished chairman of the Senate Appropriations Committee.

Mr. President, this amendment would authorize the construction of two vital waterway projects—the Bonneville Lock and Dam in Oregon and Washington and the Gallipolis Locks and Dam in West Virginia and Ohio on the Ohio River. All work on both of these projects has come to a virtual stop due to congressional inaction on necessary authorizing legislation.

Gallipolis is situated in the Middle Ohio Valley at River Mile 279.2, about 14 miles downstream from the mouth of the Kanawha River in West Virginia and about 30 miles upstream from the city of Huntington, W. Va. The new locks would be in Mason County, W. Va.; the abutment of the dam is in

Gallia County, Ohio. The proposed plan of improvement includes contruction of two new locks in a canal bypassing the existing dam.

Construction of the project will complete a series of 1,200 feet by 100 feet locks from near Pittsburgh to Smithland Locks and Dam at river mile 918.5. At the present time the locks at Gallipolis are the only ones in the region that have not been expanded to this larger, more efficient size. The existing locks at Gallipolis are only one-half the modern size locks in use elsewhere, and the resulting bottleneck greatly impedes the efficient utilization of the entire Ohio River navigation system. The severity of this problem is clearly reflected in the benefit cost ratio of 12 to 1 favoring the construction of two new locks.

Improvement of Gallipolis is not a provincial matter. Traffic from at least 19 States passes through these locks carrying coal, steel, agricultural, and construction products and many other commodities. Reduced delays and transportation costs will benefit directly and indirectly the economy of the entire Nation.

Mr. President, this project has already received approval by both the House and Senate authorizing committees as well as the House and Senate Appropriations Committees.

Moreover, all preconstruction activity on the Gallipolis project has been completed. As I noted earlier, work on the project has come to a complete halt pending enactment of further authorizing legislation by Congress. A years delay in this project, which would be likely if action is not taken today, would result in an equal period of delay in the stream of benefits that would accrue from improvements proposed by the Corps of Engineers. Currently, it is estimated that the first year benefits attributable to this project will amount to approximately $98 million in 1983 constant dollars according to testimony provided by Assistant Secretary of the Army William R. Gianelli and his staff during a February 9, 1984, appropriation hearing. This amendment is being offered today in order to save these benefits.

Let me stress that I am not talking about savings due to the higher construction costs that would occur if this facility were built next year or the year thereafter with inflated dollars. I am talking about $98 million in reduced transportation costs to operators of river barges and other vessels—$98 million in first year benefits alone that can be passed on to consumers of steel, coal, and other commodities. Furthermore, these benefits translate into less expensive prices for commodities which are, in turn, more competitive in world markets. So, improvement of the locks and dams at Gallipolis translates to more jobs for Americans; and, conversely, as long as we continue to do nothing to modernize the antiquated locks, we will be voting to offer less jobs for Americans.

I wish to make one more point, Mr. President. In addition to the costs of congestion caused by the present situation at Gallipolis, we should also be aware of the fact that the existing locks are very hazardous because of their location on a bend in the river. It is extremely difficult for river tows of six and more barges to negotiate the tricky maneuvers required to lock through the Gallipolis facility. In a recent year, the Huntington District of the Corps of Engineers found that the accident rate at Gallipolis was six times as high as that of any modernized facility on the Ohio River.

In summary, Mr. President, there is no doubt that this project is vitally needed in order to alleviate the bottleneck to water borne traffic on the Ohio River. The benefits of completing this project now are compelling, I believe. The cost of not proceeding with this project would be condemning. So, I urge my colleagues to support this amendment to authorize construction of these two projects so that work may resume immediately.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the distinguished senior Senator from West Virginia (Mr. JENNINGS RANDOLPH) who has for many years been identified with the leadership on this project, be added as an original cosponsor of this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

BONNEVILLE LOCK AMENDMENT

● Mr. PACKWOOD. Mr. President, I am delighted to join as a cosponsor of the amendment offered by my colleague, Senator HATFIELD, to authorize funds for the completion of the new lock at Bonneville Dam on the Columbia River between Oregon and Washington.

The construction of this lock is long overdue. The existing lock is too small and too heavily used. In fact, the lock at Bonneville Dam is the smallest and the most trafficked lock on the entire Columbia/Snake River System.

A new lock at Bonneville would significantly improve both the volume of barge traffic and the safety to the barges and their operators. The current lock is estimated by the U.S. Corps of Engineers to have less than half of the maximum annual commercial shipping capacity of upsteam locks. As exports to Pacific rim countries become increasingly important to Oregon and other Northwestern States, it is imperative that the present lock be replaced.

The time is now to move forward with the replacement of the Bonneville lock. Delaying its construction will only result in continued problems for those currently using the lock and increased cost for its replacement in the future.●

Mr. HATFIELD. Mr. President, I move the adoption of the amendment.

The PRESIDING OFFICER. Is all time yielded back?

Mr. HATFIELD. I yield back my time.

Mr. BYRD. I yield back the time on this side, Mr. President.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 2897) was agreed to.

Mr. HATFIELD. I move to reconsider the vote by which the amendment was agreed to.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. KENNEDY. Mr. President, will the minority leader yield me 5 minutes on the bill?

Mr. BYRD. Yes, Mr. President, I yield to the distinguished Senator from Massachusetts such time as he may need from the bill.

Mr. KENNEDY. Mr. President, I thank the minority leader.

I intend to vote against final passage of this legislation, Mr. President. In a few hours, the Senate will cast one of the most fateful votes we will face this year and perhaps in this decade. I fear that we are taking a dangerous step down the road to war in Central America.

The Senate has refused to condition aid to El Salvador on justice for the victims of the death squads.

The Senate has refused to condition even a portion of the aid for El Salvador on a full and fair investigation and prosecution of those responsible for the four murdered churchwomen and the two murdered labor advisers.

The Senate has refused to condition aid on the willingness of the Salvadoran Government to negotiate a peaceful settlement in that country.

The Senate has refused to place any restrictions on the increasing militarization of Honduras which comes from the continuing presence of American military forces in that country.

The Senate has refused even the most simple and fundamental step of requiring congressional consent before our combat troops can be ordered into the conflict in Central America.

And the Senate has refused, incredibly, to ban the use of American covert military aid in Nicaragua for acts of terrorism and sabotage. I say to many of my colleagues here: How can you denounce terrorism in other parts of the world, by other countries and other groups, when you are apparently willing to have the CIA finance it with American dollars in our own hemisphere?

In my 22 years in the Senate, I have never seen a more shameful and more dangerous piece of legislation than the one we are apparently about to enact. Too many Republicans in this Chamber seem too ready to rubberstamp the President's policy. Too many Democrats seem to fearful to take a stand. Too many Senators protest that they are not really voting for war; but the world is watching, and the world knows the truth. And so the Senate has voted for wider war in El Salvador, secret war in Nicaragua, the brink of war in Honduras, terrorism sponsored by the United States, and the denial of justice for the victims of the death squads.

How can we explain these votes to our consciences, let alone to our constituents?

I predict that some month or some year, and I hope it will be sooner rather than later, the Senate will return to this issue and make a different decision. I only hope that happens before more innocent lives are lost; more millions of dollars are misspent; and, most of all, before our sons are sent again to fight and die in an unwinnable war, with unworthy tactics, for an untenable cause.

So one last time during debate on this measure, I ask my colleagues: Stop and think before rushing to approve this course. Nothing will be gained by scorning real negotiations with Nicaragua. Nothing will be lost by giving peace a chance in Central America, by giving democracy a chance in El Salvador before giving El Salvador unconditional military aid. Why do we want to guarantee guns and bombs to that nation even if a brutal and murderous regime comes to power there? And above all else, nothing will be lost by seeking peace.

I thank the Chair.

MODIFICATION TO AMENDMENT NO. 2864

Mr. HATFIELD. Mr. President, I have a technical amendment that has been cleared on both sides.

I ask unanimous consent that amendment No. 2864, which was agreed to earlier, be corrected. I send to the desk this technical correction. It is purely a technical amendment to reflect action taken by Congress on the target price bill recently passed. It gives direction to the Department of Agriculture on export credit activities.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The modification is as follows:

Subsection (b)(1) is amended to read as follows:

"(1) the $4,000,000,000 of guarantee authority available for the fiscal year ending September 30, 1984, and".

AMENDMENT NO. 2898

(Purpose: To temporarily bar the National Park Service from implementing the Office of Management and Budget Circular A-76 relating to contracting out)

Mr. BAUCUS. Mr. President, I have an amendment which I send to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Montana (Mr. BAUCUS) proposes an amendment numbered 2898.

Mr. BAUCUS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the resolution insert the following:

SEC. . (a) Notwithstanding any other provision of law, the National Park Service shall enter into a contract releasing or transferring any Federal employees or liquidating any equipment or materials for the purpose of complying with the Office of Management and Budget Circular A-76 as it relates to the sixty-two activities tentatively scheduled for review by the National Park Service by March 30, 1984, only after the following conditions have been met:

(1) the study supporting that contract required by the Office of Management and Budget Circular A-76 is completed, including the bidding process and review of bids;

(2) the National Park Service has had 30 days to review the bid results and to transmit recommendations to the House and Senate Committees on Appropriations, the Senate Committee on Energy and Natural Resources, and the House Committee on Interior and Insular Affairs as to which activities should be contracted; and

(3) 30 days have elapsed since the transmittal required by (?).

(b) All recommendations to be submitted shall be submitted by September 1, 1984.

(c) The National Park Service shall not solicit bids related to other Circular A-76 reviews before January 1, 1985.

Mr. BAUCUS. Mr. President, the National Park Service is preparing to contract with private companies to perform important functions in 62 national parks, in accordance with Office of Management and Budget Circular A-76.

The Park Service already contracts with private companies for many services and functions in our park system. It is clear, however, that the Park Service is proceeding with these new proposed contracts without adequate study.

This amendment will simply delay this contracting-out so we can be sure that appropriate studies are conducted.

THE PROBLEM

For nearly 2 years, the Interior Department, like all Federal offices, has been working toward implementing the newly-revised guidelines of Office of Management and Budget Circular A-76. The Interior Department has adopted an accelerated schedule for its implementation, and is forcing the Park Service to meet this accelerated plan.

Assorted functions and activities in 62 national parks are now being reviewed. Some activities, like copier service or trash pickup, are fairly easy to evaluate for contracting-out. But others, like maintenance for roads, trails, and utilities, are directly related to the Park Service mission of protecting the parks and providing safe access for visitors, and require more careful study.

The original deadline for seeking bids, March 31, has passed, but the Park Service is still under pressure to complete these reviews quickly.

With the unrealistic deadlines that are being set, I am concerned that important decisions about the management of fragile natural resources are being made in haste and without proper study and evaluation. Park Service employees have expressed to me their concerns and reservations about this situation. The Director of the Park Service has expressed his reservations about this, but to no avail.

Proper and careful management of the natural and cultural resources of the national park system, and the quality experience and safety of park visitors are in jeopardy.

GLACIER PARK

A case in point is Glacier National Park, in Montana, where the Park Service is preparing to contract out for road maintenance.

Glacier's roads are among the most difficult to manage and maintain in the Nation. Major snowfalls occur all year round, and visitor use is heavy. In addition to heavy equipment, this work requires a large, well-trained crew.

Good road maintenance is critical both to protecting the fragile beauty of Glacier Park and to protecting the safety of park visitors. Clearly, any change in the management of this important work should be done only after careful study and consideration.

Yet, the superintendent of Glacier Park has been instructed to let contracts for bid after only 5 months notice, apparently regardless of whether a comprehensive study has been done.

The need for careful study is apparent from the history of contracting-out experiments in Glacier National Park.

During the seventies the Park Service contracted out for back-country trail maintenance. The contractor assumed responsibility for opening up the trails in the spring. After about 8 years, the experiment was discontinued and the work turned over to regular Park Service employees.

So many professional park employees were required to monitor the work done by employees of the contractor that it became necessary to return to having permanent staff do the work. I am told that the trails in Glacier have only recently recovered from those years of improper care.

PRUDENT CONTRACTING OUT

Mr. President, this amendment is not designed to prevent additional contracting-out of some activities by the Park Service. Indeed, it is important to note that the Park Service already contracts with private industry for many functions and services, especially nonmission related services such as operating concession stands for park visitors.

Out of a $600 million budget, the Park Service now contracts out about $100 million worth of work. I agree that it is probably reasonable to expect that a larger portion of the Service's work could be contracted out.

But I think our experience in Glacier demonstrates that we should be careful. The Park Service has a heavy responsibility, to protect the public lands set aside for national parks, to protect those who visit the parks, and to make it possible for the public to enjoy their visits to their parks. The Park Service does an excellent job of fulfilling those responsibilities.

While we look for more cost-effective ways of using scarce Federal dollars, we should rely on the expertise of Park Service professionals. This amendment, by providing more time for studies to be completed and by requiring that those studies be submitted for congressional review before contracts are issued, will help insure that we proceed prudently.

DEPARTMENT POLICY

Careful study of these 62 proposals is particularly important because of the precedent that will be set. The Assistant Secretary for Fish and Wildlife and Parks has stated in an internal memo that if the review of activities in one functional category results in a decision to convert to contract in 50 percent or more of the cases, then all such activities in that functional category will be converted to contract without an A-76 review.

In other words, if contracts are let for activities in these 62 parks currently under review, those activities may be contracted out systemwide without further review. I am concerned about this plan; what may be appropriate and cost-effective at Gulf Islands National Seashore in Florida may not work in Yellowstone Park in Montana and Wyoming.

If this is indeed the way the Department intends to proceed, however, then it is all the more important that these first reviews be done carefully and openly.

ADDITIONAL CONCERNS

Mr. President, I have additional concerns and questions about the implementation of A-76. I raised some of these in a recent letter to Secretary Clark, which I will enter in the RECORD at the conclusion of my remarks.

One important consideration that is apparently being ignored is the need for the Park Service to have core capability to perform essential services. In the case of a sudden natural disaster, such as a flood, snowstorm, avalanche, or rockslide. I believe a park superintendent needs to have the ability to move quickly with experienced personnel. It is possible that contracting out of road maintenance and other essential services can permit that flexibility and speedy response. But I expect the Interior Department to consider this problem specifically when evaluating activities for contracting out.

As issued by the Office of Management and Budget, Circular A-76 specifically exempts functions that are governmental in nature from review. The guidelines define a Government function, which is to be exempted from contracting out, in the following way:

A Governmental function is a function which is so intimately related to the public interest as to mandate performance by Government employees. These functions include those activities which require either the exercise of discretion in applying Government authority or the use of value judgment in making decisions for the Government. Services or products in support of Governmental functions, such as those listed in Attachment A, are commercial activities and are normally subject to this Circular. Governmental functions normally fall into two categories:

(1) The act of governing, i.e., the discretionary exercise of Government authority. Examples include . . . judicial functions; management of Government programs requiring value judgments, as in direction of the the national defense; . . . regulation of the use of space, ocean, navigable rivers and other natural resources; . . .

(2) Monetary transactions and entitlements.

It is clear to me that the Park Service is fundamentally responsible for regulating the use of Federal natural resources. Activities central to that work, according to the criteria established by OMB, should be exempt from A-76 review.

The General Accounting Office is currently conducting a study of contracting-out by agencies that manage our natural resources, and I have asked that the study specifically consider the Park Service and Glacier National Park. We should have that study to review sometime next fall, before the Interior Department expands this implementation effort further.

In addition, I believe that road maintenance in Glacier Park requires a great deal of value judgment on the part of workers. For one thing, the guardrails on "Going to the Sun Highway" are historic—they are on the list of national historic sites. It may not make sense to contract out that work, when the contractor's main goal, quite properly, will be profit instead of preservation.

Work such as clearing trails and roads, opening them up in the spring, requires value judgments as well. The easiest or quickest way might not be best for the long-term preservation of trees and wild animal habitats. While contracts can be written tightly to require care and monitoring, and to require financial penalties for nonperformance, we must remember that sometimes no amount of money can reverse environmental damage.

SUMMARY

I agree that we should do everything possible to manage our parks at the lowest possible cost. If contracting with private companies can help, we should consider it. But I do not think our parks exist to make a profit. And I do not think we should privatize them to the point where profit motives take precedence over protecting the fragile beauty of our parks and providing quality experiences for park visitors.

This amendment will make it possible for us to monitor this process, to make sure that the zeal for contracting out does not get out of hand and threaten the proud tradition of the National Park Service.

I ask unanimous consent that my letter to Secretary Clark be entered in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, D.C., March 15, 1984.

Mr. WILLIAM CLARK,
Secretary, Department of the Interior, Washington, D.C.

DEAR BILL: I am writing to you to express a growing concern I have over the direction the Park Service is taking to privatize services in our national parks. I am particularly concerned about the impact that this action will have on the quality of the visitor experience in Glacier National Park. I have expressed my reservations concerning the implementation of the A76 policy in previous correspondence with Russell Dickerson, Director, National Park Service.

Throughout the tenure of Mr. Watt as Secretary of the Department of Interior, I had a number of reservations concerning the management direction of the Department. Previously, I have spoken out on such matters as the management of the Federal Coal Lease Program, asset management and oil/gas leasing in wilderness areas.

When you were nominated to replace Mr. Watt, I continued to have serious reservations whether or not you would provide the needed stewardship our federal lands deserve. I have been encouraged by the willingness you have shown to address these questions in an open direct manner.

Applying A76 to our national parks is another example of a poorly conceived, poorly executed Department of Interior policy.

The implementation of the A76 policy in our national parks is a vestige of the Watt Administration. This policy needs to be reconsidered.

The private sector already plays a significant role in our national parks. The use of concessionaires to provide food and lodging to park visitors has proven to be successful. A unique balance has been developed over the years between the Park Service and the concessionaires. It has added to the quality of the visitor experience. I am not sure that further privitization of park functions will likewise heighten the visitor's experience.

Although the revised OMB-76 contracting directives have been in effect for nearly two years, the Park implementation policy has only been in effect since the end of last October. Forcing parks such as Glacier National Park to contract road and trail maintenance by the end of this month is unrealistic. Thorough review and investigation of a policy shift of this magnitude needs to be carefully instituted, prior to any decision being made. Forcing the parks to bypass this review process and focus its attention directly upon contract development is not in the best interest of the park.

The contracting of roads and trails maintenance would transfer over 50 percent of the current Glacier Park budget to the private sector. Concessionaires already exert considerable pressure in setting park policy. Park management would become largely custodial if this policy were instituted. I am concerned that park management could find itself increasingly impotent to deal with the legitimate function of protecting the park's resources and providing a high quality visitor experience.

The seasonal roads and trails maintenance employees in Glacier National Park serve a much broader function than simply maintenance. They provide a ready reserve to address fire and safety protection. They act as additional support to the permanent staff in providing visitor related information services. The entire operation of the park hinges on the opening of the Going-to-the-Sun Highway each spring. Spring snow storms as well as snow throughout the entire summer and fall when visitor use is heaviest are highly upredictable. Utilizing Park Service employees provides the flexibility necessary to insure a quick response to the uncertainty in management of Glacier National Park. It is imprudent management to risk providing the American visitor with anything but the highest quality experience.

My concern for the haste in adopting this policy is further exacerbated by the requirement that if the A76 review for any function indicates in more than 50 percent of the cases, that it would be more cost effective to contract, the Park Service will be required to contract out the service in all parks that utilize that function. Each park is a unique part of our natural and cultural heritage. Each park is unique. I am particularly disturbed that all units of the park system employing 10 FTE's or fewer would be required to contract out this function without a review regardless of whether or not it is cost effective.

Protecting the natural resources of our parks and providing a high quality visitor's experience needs to be a primary objective of the National Park Service. You have shown a willingness to reexamine policies of the Department instituted by Mr. Watt. You have expressed a concern for our national park system. I request that you directly investigate the policy regarding implementation of A76 in our national parks. The time devoted to making these decisions has not been adequate to provide the type of review necessary to justify a shift in management of this magnitude. I look forward to hearing from you regarding my concerns.

With best personal regards, I am

Sincerely yours,

MAX BAUCUS.

Mr. BUMPERS. Mr. President, I have strongly supported contracting for various functions in the national park system when contracting will result in work being done more efficiently, more quickly, or at less cost to the Government. Many, if not most, national parks already rely on private contractors for a number of activities, particularly large construction projects and other special jobs.

But the new application of OMB Circular A-76 to the national park system requiring nationwide reviews of additional activities that could be contracted out has the potential to undermine, rather than enhance, the management of the national parks and the protection of park resources.

Despite the objections raised by many Park Service professionals, the Park Service has been forced to review nearly all functions within selected parks to determine whether they should be performed by Park Service employees or by private contractors. These functions include routine maintenance of roads, utilities, trails, and buildings. In some cases, contracts may even be signed before the studies evaluating the feasibility of contracting for a particular job have been completed.

Perhaps the most egregious aspect of the new initiative is that contracting may no longer be based on a park-by-park analysis of the costs and benefits of taking bids for a particular project. Under the directives, if studies in a sample of parks show that contracting for a specific activity would be more cost effective in more than 50 percent of the parks sampled, then bids would have to be taken for that activity in every national park, even if contracting would be more expensive in some cases.

Mr. President, I would encourage the Park Service or any other Federal agency to examine its activities closely to identify ways to improve management and reduce costs. But I have serious concerns about the implications of more extensive contracting in the national park system.

National park superintendents have the difficult responsibility of both protecting park resources and insuring that park visitors have safe and enjoyable experiences. Fulfilling that responsibility frequently requires a level of staff experience and loyalty to the park that is common in Park Service employees, but that could not be expected of private contractors hired to complete narrowly defined jobs.

I am also concerned that requiring park superintendents to take bids for small jobs such as vehicle maintenance, custodial services, painting, and others will severely limit their flexibility to move personnel around among different, pressing projects. The following quote from the team assigned to evaluate projects at Acadia National Park aptly sums up the problem:

> The A-76 guidelines . . . do not appreciate the situation faced by many areas of the National Park System. They assume that an activity is fully funded, the work is separable and predictable and all standards are being met. . . . The same small group of (park employees) are responsible for roads, trails, grounds, assistance on buildings and utilities and even new construction. They are also expected to perform emergency services . . . including search and rescue and fire suppression. Only an inhouse staff provides the flexibility to meet the planned as well as unplanned critical needs of a variety of unrelated functions. . . . The work can only be performed inhouse unless the Government is willing to significantly increase the Park's budget to enable (it) to operate on a proactive rather than reactive basis.

Mr. President, the amendment I am offering with Senator BAUCUS is intended to insure that the sweeping contracting program being considered by the National Park Service is implemented only after carefully prepared studies show that contracting for a particular activity within a particular park will indeed save money without endangering the park. The amendment simply provides that no new contracts may be signed which would result in the release of transfer of Park Service employees, or the disposal of Park Service equipment, until after the study supporting that contract has been completed and submitted to Congress for review. All recommendations for the first 62 studies originally scheduled for completion by March 31 must be submitted to Congress no later then September 1.

The amendment represents a reasonable approach to insuring that new contracts are fully justified. I urge its adoption by the Senate.

Mr. SASSER. Mr. President, I rise in support of the Baucus-Bumpers amendment pertaining to National Park Service contracting out. I am concerned that the application of A-76 regulations to the National Park Service is a short-sighted approach to achieving efficiency in the management of park services. Application of these regulations may adversely affect the long-term management of some of our Nation's important natural resources and result in the displacement of many valuable and dedicated Park Service employees.

It is estimated that as many as 100 Great Smoky Mountains Park Service employees may be displaced by the proposed contracting out program for the National Park Service. Many of these workers perform valuable main-

tenance functions as the Great Smoky Mountains National Park.

Mr. President, the affected Park Service employees have provided excellent maintenance services over the years. I believe that the superior maintenance of campgrounds, picnic areas, and roads throughout the park attests the high quality of service provided by these employees.

Mr. President, I believe that it is imperative that the individuals responsible for the preservation of our Nation's critical natural resources have a deep personal commitment to the proper management of our park resources. The people who work in the Great Smoky Mountains National Park also call the Smokies their home. They provide a special quality of care in maintaining the Smokies which is one of our most important national parks. In this instance, I believe that contracting out of park services would reduce the quality of maintenance service in the Smokies.

Mr. President, I support and urge adoption of the Baucus-Bumpers amendment.

Mr. BAUCUS. It is my understanding, Mr. President, that the Senator from Idaho (Mr. McCLURE) and the Senator from West Virginia (Mr. BYRD) have looked at this amendment and it is agreeable to them. At this time I yield the floor.

Mr. McCLURE. Mr. President, as chairman of the authorizing committee and also chairman of the Interior Related Agencies Subcommittee of the Appropriations Committee, we have looked at this process. We have had hearings with respect to the process with the Park Service. As the distinguished Senator from Montana has indicated, we have worked with him to draft this language. I think it does accomplish both his objectives and mine. I have no objection to the amendment and urge its adoption.

The PRESIDING OFFICER. Do the Senators yield back their time?

Mr. BAUCUS. I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Montana.

The amendment (No. 2898) was agreed to.

Mr. BAUCUS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HATFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2899

Mr. MATSUNAGA. Mr. President, I have an amendment at the desk. I ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Hawaii (Mr. MATSUNAGA) proposes an amendment numbered 2899.

Mr. MATSUNAGA. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

In developing nations, the establishment of physical infrastructure in rural areas requires the discrete application of engineering and construction skills, equipment and training;

In 1961, a farsighted group of Navy Civil Engineer Corps officers, otherwise known as Seabees, conceived of forming tightly-configured mobile units to provide engineering and construction services and training in developing nations;

The abovementioned concept was implemented by the Navy with the establishment of 13-man Seabee Teams, elite units of unprecedented mobility and versatility, whose unique cross-rated training enabled each team to provide a minimum of 35 technical skills keyed to rural needs in developing nations, and to train local inhabitants to apply those skills as well;

Seabee Teams served with distinction in Africa and Latin America, in such nations as Upper Volta, Ecuador, the Central African Republic, Haiti, Liberia;

Seabee Teams in Africa and Latin America were subsequently diverted to Indochina in support of the counterinsurgency effort there, and the programs in Africa and Latin america were allowed to lapse;

The need for rural infrastructure development aid in Africa has grown acute and United States civilian aid agencies cannot match the unique capabilities of United States military construction and engineering field units, as exemplified by Seabee Teams, for meeting that need: Now, therefore, it is the sense of the Congress that—

(1) the Seabee Team program for Africa be reactivated by the United States Navy in strict accordance with its original nation-building mission, as applied in Africa in the early 1960s, and in association with the Department of State as before;

(2) as a first step, no more than five and no less than three Seabee Teams be dispatched to African nations, requiring rural infrastructure development assistance, which, upon being advised of the availability of such teams, formally request their services;

(3) the Secretary of the Navy, in association with the Secretaries of the Army and Air Force, report to the Senate at the earliest possible date, but no later than November 1, 1984, on steps taken to implement the abovementioned Seabee Team program in Africa, with an estimate of the cost of such program on an annual basis.

Mr. MATSUNAGA. Mr. President, my amendment to House Joint Resolution 492, the 1984 urgent supplemental appropriation for the Public Law 480 program, expresses the sense of the Congress that Seabee teams be offered to African nations as one means of improving socioeconomic conditions in that region, especially in the areas of transport and logistics where assistance is desperately needed if food supplies are to reach the victims of the worst drought in Africa's history.

In light of current efforts to define clearcut, attainable and useful missions for the military in the developing world, these words from an official U.S. Navy historical document may be of interest:

Soon after his inauguration in 1961, President John F. Kennedy expressed his concern about the United States lack of a military force to counter the so-called brushfires or "Wars of National Liberation." During the time this (special) force was under development by the Army, a few Navy Civil Engineer Corps officers at what was then the Bureau of Yards and Docks in Washington, D.C., reasoned one step beyond: Why should we fight these wars if they can be prevented? These officers realized that, in newly developing nations, it is the hopes and aspirations of the common man for himself and his children which, when stifled by the socioeconomic conditions under which he must live, breed the despair and anger which in turn develop into an insurgent uprising. Continuing their thoughts still further, the officers asked themselves: Why not a team of Seabees equipped to provide both engineering and construction services assistance while at the same time training the local populace in the construction trades, thereby alleviating these adverse economic conditions? The Seabee team concept was born.

What happened next is instructive. In effect, two divergent, almost antithetical Seabee team concepts took shape. One of them involved the dispatch of elite 13-man teams of unprecedented mobility and versatility to Latin America, Africa and the Caribbean, where they proved to be an unequivocal success in nations such as Liberia, Haiti, Ecuador, the Central African Republic, and the Dominican Republic. With unique cross-rating training enabling each team to provide a minimum of 35 technical skills, they built roads, water catchment systems, wells, bridges—just about everything in the way of physical infrastructure that a developing nation required—training local inhabitants as they went along. Their military fatigues bothered no one. For instead of M16's and grenade launchers, they were armed with welding tools, hammers, socket wrenches, concrete mixers, graders, and other light construction gear.

Unfortunately, that working concept, so in tune with the original preinsurgency mission of the Seabee teams, was swallowed up by another: By the mid-1960's, all Seabee teams operating in Latin America, Africa and the Caribbean had been diverted to the war in Indochina. Thus, a program designed to fight the socioeconomic conditions that triggered brushfire wars had become but another weapon in a brushfire war that was fanning out of control. And so, the Seabee teams joined the ranks of dozens of pacification programs that faded from awareness when we left Indochina—their prewar achievements and extraordinary potential forgotten.

Fortunately, there remained a group of stubborn-minded Navy civil engineers, who clung to the concept in the Pacific territories. There the Seabee teams were reborn as CAT's-civic action teams. CAT's performed with unparalled effectiveness throughout Micronesia, so much so that the Army and Air Force mobilized teams on the Seabee model for similar rural infrastructure development aid missions on remote Pacific islands, directed by the United States Pacific Command (CINCPAC) in association with host governments and U.S. Trust Territory officials. They are still going strong.

The next step, as proposed in my amendment, would be to restore the Seabee teams to their original noncounterinsurgency role elsewhere in the developing world, beginning with Africa. That means excluding, for the time being, Central America and other locations where insurgencies are in progress. Instead, my amendment calls for deploying three to five Seabee teams, on a test basis, in appropriate African nations that request them.

Rural infrastructure development aid is the weakest aspect of our foreign assistance program in Africa, despite a growing need for it. Seabee teams would combat the host of worsening rural infrastructure problems besetting African nations that civilian agencies simply are not equipped to handle, with the effectiveness of military units on the Seabee team model. At a time when they are needed more than ever, Seabee teams are simply too good an idea to pass up—again. Surely, at the minimum, this is worth testing on a limited, controlled basis. I urge the adoption of my amendment.

I understand that the manager of the bill is familiar with this amendment and is willing to accept it.

Mr. HATFIELD. Mr. President, the Senator from Hawaii is correct. This matter has been checked with the subcommittee chairman and the ranking minority member. It is a sense-of-Congress resolution and has a worthy purpose, and we are willing to accept it.

Mr. MATSUNAGA. I thank the Senator from Oregon.

Mr. STENNIS. Mr. President, I support the amendment.

Mr. MATSUNAGA. I thank the Senator from Mississippi.

The PRESIDING OFFICER. If all time is yielded back, the question is on agreeing to the amendment.

The amendment (No. 2899) was agreed to.

Mr. HATFIELD. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MATSUNAGA. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HATFIELD. Mr. President, I believe we have one more amendment, by the Senator from Montana (Mr. MELCHER), and then we will be finished with the amendments on this bill and will be ready to go to third reading, with one exception, and that is a statement that the Senator from Florida (Mr. CHILES) wishes to offer in lieu of an amendment. Senator CHILES has been notified that we are reaching the point at which we are awaiting his statement. I note that he is now in the Chamber.

Mr. President, I yield the floor to the Senator from Montana.

The PRESIDING OFFICER. The Senator from Montana.

AMENDMENT NO. 2900

Mr. MELCHER. Mr. President, I send an amendment to the desk, and I ask unanimous consent that it be considered.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Montana (Mr. MELCHER) proposes an amendment numbered 2900.

Mr. MELCHER. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the joint, resolution, insert the following:

Since large numbers of refugees from Guatemala have fled their homes in search of personal safety; and,

Since, the government of Mexico maintains facilities in the state of Chiapas to care for the housing, food and medical care of up to 100,000 refugees from Guatemala; and,

Since, while there has been cooperation by international organizations to help meet the needs of these refugees in Chiapas, the government of Mexico meets most of the costs of this effort;

Therefore, it is the sense of the Congress, that in cooperation with the government of Mexico, the newly enacted authority under Section 416 of the Agricultural Act dealing with U.S. surplus wheat and dairy products shall be used on an expedited basis to make these commodities available to help feed the Guatemalan refugees in Mexico.

Mr. MELCHER. Mr. President, this is a sense-of-Congress resolution which I believe will be cleared on both sides.

It points out that there are a large number of refugees from Guatemala who have fled their homes there in search of personal safety and have gone across their border into Mexico, into the State of Chiapas, where there are refugee camps for these Guatemalans which have been set up by the Government of Mexico. Up to 100,000 refugees are housed and given food and medical needs at those refugee camps.

During the past February recess, I was in Mexico City, and, through the courtesy of the Mexican Government, I was flown over to the refugee camps in a helicopter to view the type of terrain and the type of structures for shelters and the type of operation of a typical refugee camp.

It is a very marvelous act on the part of Mexico to provide these camps for these refugees. They are receiving money from the United Nations, the Refugee Fund, and we contribute to that fund. However, I am suggesting in this amendment, which is a sense-of-Congress resolution, that we cooperate with the Government of Mexico, if they so desire, to make available under section 416 of the Agricultural Act, which we recently amended, surplus wheat and dairy products that are covered under that act, and, on an expedited basis, to make those commodities available to help out in feeding the Guatemalan refugees in Mexico.

I think it is appropriate to add this sense-of-Congress resolution to this bill. We have spent several days debating the issues of El Salvador and Nicaragua and the whole aspect of peace and progress in Central America. I feel that the generous work of the Government of Mexico in caring for these Guatemalan refugees is a very fine act on their part, and I suggest, through this sense-of-Congress resolution, that we cooperate with them by providing some of the surplus food commodities that we have, in caring for their food needs.

Mr. HATFIELD. Mr. President, I commend the Senator from Montana for his amendment. As he indicated, there are a significant number of refugees—I believe the figure is 40,000—in this border area. The interesting thing is that it is in an area of low economic status within Mexico, so it is not as if they had an alternative within their environment.

This is truly a humanitarian mission that the Senator wishes to bring focus to, and I commend him for it. As the manager of the bill, I am very happy to accept the amendment. It has been cleared on both sides.

Mr. MELCHER. I thank the chairman.

The PRESIDING OFFICER. Is there further debate?

Mr. HATFIELD. I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 2900) was agreed to.

Mr. HATFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GLENN. Mr. President, I would like to take just a moment to explain my vote on final passage of House Joint Resolution 492, the urgent supplemental bill. I fully support emergency food aid to Africa. I voted for the Cochran amendment to increase such aid by $60 million.

I support the supplemental funding for WIC and child nutrition programs. I cosponsored the Dixon amendment providing $100 million for summer youth employment.

I would have much preferred that these items be considered separate and distinct from the controversial Central America supplemental. I am also prepared to support the reduced level of additional military aid for El Salvador. However, I do not support unconditioned aid to El Salvador nor the aid to the Nicaraguan Contras.

When we began debate on this measure, I decided to support all amendments attaching reasonable, and I believe necessary, conditions on the Salvadoran military aid. If the aid could be so conditioned I would support it at the reduced level.

Unfortunately, the Senate has decided to provide the additional $62 million in military aid for all intents and purposes unconditionally. It has also decided to continue to fund the Nicaraguan Contras. Thus I am forced to vote against the bill as a whole, despite my strong support for the worthy programs already mentioned.

LAKESHORE ROAD

Mr. LEVIN. Mr. President, Lakeshore Road in Manistee County, Mich., is in a precarious position. It is perched on a 35-foot high bluff which slopes dramatically into Lake Michigan. The bluff has been eroded by severe wave action to the point where the road's guardrail is 12-feet away from the edge of the bluff. Further wave action this summer or a severe storm this fall could cause the road to collapse.

Such an occurrence would work a hardship on this rural county in Michigan. Lakeshore Road presently provides access to employment and community services in the city of Manistee. Six of the ten largest employers in the county are located in the city. Loss of the road would result in a detour for 18 months while construction of an alternative route is undertaken.

The U.S. Army Corps of Engineers has investigated the likelihood of the road's collapse and found that protection of this public facility is warranted. On October 14, 1983, the Office Chief of Engineers approved a plan for the placement of 300 feet of stone revetment along the section of the eroded bluff supporting Lakeshore Road. The corps determined that the approved plan has a benefit/cost ratio of 1.49 to 1, and a total Federal cost of less than $250,000.

Because of the potential loss of Lakeshore Road this year, I feel strongly that funding for construction of the revetment is needed this year. For that reason, I proposed to offer an amendment insuring that $250,000 would be available for construction.

It is my understanding from discussions with officials of the corps, however, that funding could be made available from the section 14 account this year, provided necessary documentation from the Detroit District is completed. I have spoken with the Detroit District about the importance of having the documentation completed prior to the end of the fiscal year.

While I was pleased to learn that funding could be made available, there is no assurance that funding will be provided, even if the Detroit District completes the necessary documentation before the end of the year. As a result, I am reluctant to withdraw my amendment.

However, I would like to ask the chairman and ranking member of the Appropriation's Subcommittee on Energy and Water Development whether they would join with me in writing the Chief of Engineers to request an allocation from the section 14 account this year for construction of the revetment? Of course, this funding would be contingent upon the Detroit District completing its documentation prior to the end of the fiscal year.

Mr. HATFIELD. The Senator from Michigan has identified a project to which there is some urgency attached, and I can understand his interest in seeing funding provided this year for construction of the revetment to protect Lakeshore Road. Prior to last fiscal year, the existing backlog of approved section 14 projects would have ordinarily delayed construction of such a project for about a year. However, in the jobs bill, approximately $8 million was provided for the purpose of moving these projects to construction. As a result, the $4 million provided in the fiscal year 1984 energy and water appropriations bill should prove adequate to fund most of the section 14 projects which have been recently approved and which have the necessary documentation for construction.

I would be happy to join with the Senator from Michigan in seeking an allocation from the section 14 account for this project.

Mr. JOHNSTON. As the chairman of the Subcommittee on Energy and Water Development has already noted, there should be adequate funding for a good number of section 14 projects this fiscal year. Because of the importance attached to this project by the Senator from Michigan, I would be happy to join with him in requesting the funding.

Mr. LEVIN. Mr. President, I thank my friends and withdraw my amendment.

Mr. HEINZ. Mr. President, the results of elections held in El Salvador on Sunday, March 25, 1984, are an encouraging sign that a nation torn by internal strife may be turning the corner on the long road to peace. Though none of the candidates received the necessary number of votes to preclude a runoff, a plurality of Salvadorans did cast their ballots for a candidate, Jose Napoleon Duarte who has promised to emphasize negotiations with his adversaries and end the violence of right wing death squads.

The elections are only a first step in the search for peace. They indicate that Salvadorans, despite attempts by leftist insurgents in various parts of the country to intimidate them, believe that their vote was a vote for the future of their nation.

The question before the Senate today does not just address the narrow questions of whether or not to approve additional funds for military assistance to El Salvador, but rather how to lay the foundation for a U.S. policy which can bring about a peaceful solution not only in El Salvador but throughout Central America.

The primary emphasis of our policy cannot be a military solution to the conflict in El Salvador. While training the Armed Forces to function effectively in a democratically elected government is important, military assistance can only be viewed as complementary to diplomacy and not as an end in itself.

We must focus our efforts on increasing the credibility and legitimacy of the Contadora process. There are many serious issues—numbers of foreign military advisers, flow of weapons into the region, social and economic aspects of the crisis—which can be ironed out by the nations of the region themselves. There is nothing easy about negotiations; They will require patience and real commitment. The United States must now state its unequivocal commitment to negotiations among all parties in the region. The signals we send can no longer be mixed. Those who seek peace will become as well known as those who refuse to come to the table. We must not delude ourselves into believing that military assistance is the bargaining chip which will drive all of our adversaries to the bargaining table.

We are presented today with an emergency request for military assistance. I will support the compromise crafted by my distinguished colleague Senator INOUYE and the distinguished majority leader, Senator BAKER, because I believe the electoral results in El Salvador justify the flexibility that some additional military assistance will provide during the period of the election runoff.

Originally, the administration had requested $178 million in additional

military assistance. The request was then revised to $92 million. The compromise before us today, contains $48.0 million in military assistance and $13.5 million in emergency medical assistance. The need for medical assistance is most acute. The $13.5 million will buy an additional 4 Medevac helicopters and 44 ambulances. By providing additional emergency medical assistance, we are not condoning the violence but rather are attempting to ease the pain and suffering it creates.

The additional $48 million in military assistance will provide the Government of El Salvador the ability to carry on military operations at the current rate of operations through the end of the fiscal year. We are not providing funds with which to escalate the conflict. Rather, with the hopeful outcome of the first round of elections, just enough aid is being provided to preserve the integrity of the electoral process and allow the newly elected government to deny the extremes on the right and left the ability to intimidate the people of El Salvador.

I am under no illusions that the leftist insurgents will lay down their arms and allow the people of El Salvador to work their collective will. Similar I recognize that extremists on the right would like nothing better than to undermine the electoral process and maintain the status quo—the reign of terror over which they have presided for many years.

Our goal must be to isolate and remove extremes of the left and right from the prominent roles they have occupied. My vote today is a vote of hope. A hope that the forces of moderation can buy some time to preserve the integrity of the electoral process, to begin serious negotiations with adversaries who wish to do the same in good faith, to purge the military of its extremist elements, and to end once and for all the largest impediment to democracy in El Salvador—the atrocities of the right wing death squads.

Mr. President, let me tell you what my vote today does not mean.

It does not mean that this Senator will approve additional funds in military assistance unless whoever is elected to rule El Salvador makes more progress in implementing basic human rights, political and economic reforms.

Should the Senate approve an additional $61.75 million in military assistance, this body will have approved nearly $126.5 million in military assistance for El Salvador for fiscal year 1984. This falls far short of the administration's request of $243.5 million for fiscal year 1984—$117 million short to be specific. This Senator will not vote automatically in favor of another run on the bank, when the Senate inevitably considers another supplemental request.

Unless the Government of El Salvador understands that U.S. military and economic assistance can and will be cut off if progress is not made in implementing human rights, political, economic, and social reforms, there is no hope that the leftist insurgents can be defeated. Unless the people of El Salvador believe that there indeed is something worth voting for, living for, and fighting for, no amount of military and economic assistance will make an ounce of difference.

Mr. President, let me take a few minutes to address the larger issues of policy here. In my view, Congress can no longer sit on the sidelines as larger and larger aid requests are considered for El Salvador. We must take responsibility for generating independent information on events in El Salvador and we must make reasoned judgments based on that information. We must be held accountable for the policy we create by having to approve, by joint resolution, future aid requests to El Salvador on the basis of progress which has been made in fundamental areas of political, judicial, economic, and miltary reforms. There is nothing onerous about our expectations. It is the direction in which the people of El Salvador themselves want to proceed. The sooner we stop condoning the excesses of the past and begin tying our aid to realistic expectations of what the future should be, the sooner the people of El Salvador will be able to realize the peace they cherish so desperately.

On his recent trip to El Salvador, Vice President BUSH stated:

> For a government to survive a guerrilla challenge it must continue to protect its citizens even as it fights to defend itself from those who play by other rules or no rules at all. As it does, it must continue to respect the rule of law and the rights of the individual. And it must honor basic human decencies. If it does not, it will lose the crucial battle for the support and approval of the people. These right wing fanatics are the best friends the Soviets, the Cubans, the Sandinista Commandantes and the Salvadoran Guerrillas have.

The Kissinger Commission has stated:

> The commission believes that vigorous, concurrent policies on both the military and human rights fronts are needed to break out of the demoralizing cycle of deterioration on the one hand and abuses on the other. We believe that policies of increased aid and increased pressure to safeguard human rights would improve both security and justice. A slackening on one front would undermine our objective on the other, El Salvador must succeed on both or it will not succeed on either.

Mr. President, the message has been delivered loud and clear but too many of us it seems to have fallen on deaf ears.

Over the weekend we learned that Capt. Eduardo Avila, prominently linked to the murder of American labor advisers Michael Hammer and Mark Pearlman has been released from custody. Both Avila and Isidrio Lopez Sibrian were responsible for providing the weapons to the two Salvadoran national guardsmen who stand accused of the murders. Though the two guardsmen have confessed to the murders, under Salvadoran law, their testimony cannot be used against other suspects. It is well known that Captain Avila failed a polygraph test after the killings and has been implicated in testimony received by United States and Salvadoran officials. Yet despite our protests, and despite the fact that Vice President BUSH identified Avila as one who must be brought to justice, he is allowed to roam free. Lieutenant Sibrian remains on active duty in Chaltenango Province. The Salvadoran military continues to operate outside the law and tolerate human rights abuses which have undermined the fabric of Salvadoran society.

Mr. President, the Salvadoran Government could avail itself of nearly $20 million in military assistance today simply by returning a verdict against the five Salvadoran national guardsmen accused of murdering four U.S. churchwomen in 1980. Nearly 4 years have passed since this violent tragedy, and yet the families of the four women suffer the anguish of knowing that those responsible for planning and performing the murder of their loved ones remain outside the rule of law.

That is why I will support the amendment of my distinguished colleague Senator SPECTER, which will withhold 30 percent of the $61.75 million—fully $18.5 million—until a verdict has been returned. In restricting nearly $20 million in funds last year it was our hope that the Salvadoran Government would take prompt action. Unfortunately, no final action has yet been taken. We cannot reward the failure of the Salvadoran judicial system to observe what every American would agree are minimal standards of due process by allowing even this significantly reduced aid request to flow to the Government of El Salvador without restrictions.

Mr. President, in voting to provide additional military assistance to the Government of El Salvador, many Senators will be taking a risk. We will risk that the recent election in El Salvador and the future it may hold will allow us to tolerate the pain and suffering of the past. However, let the message be clear: It is not a pain we will tolerate much longer. Unless meaningful conditions are attached to any future aid requests, this Senator will not vote to authorize or appropriate an additional dime of foreign aid assistance to the Government of El Salvador.

As we approach the consideration of larger military and economic aid requests proposed for Central America for fiscal year 1985, we must expect that our aid will be tied to policies which bring peace to the region, alleviate human suffering, and deny extreme elements of the right and left fertile ground from which to operate.

That is why I have recently cosponsored Senate Concurrent Resolution 97. Introduce by my distinguished colleagues Senator DURENBERGER, Senator INOUYE, and Senator KASSEBAUM, the resolution makes it clear that future economic and military assistance requests for Central America will require biannual approval by the Congress by joint resolution. Every 6 months, the Congress will be asked to assess the progress being made in at least seven distinct areas:

First, the establishment of unconditional discussions among various parties in dispute throughout Central America;

Second, the observance of free and regular elections;

Third, the curtailment of press censorship and other intrusions on the rights of free speech and assembly;

Fourth, the curtailment of hostile acts against neighboring countries;

Fifth, the establishment of an independent and functioning judicial system;

Sixth, the curtailment of acts of violence and other abuses of human rights of recipient countries; and

Seventh, the curtailment of capital flight, the implementation of agricultural reform, the curtailment of diversion of assistance funds, and other measures of economic stabilization.

The goal of Senate Concurrent Resolution 97 is the generation of independent information on developments and trends within Central America with which the Congress can make independent judgments.

My distinguished colleague, Senator MATHIAS, with my cosponsorship, has recently suggested a similar approach, one which would also indicate that the United States is willing to walk away from a recipient country which does not undertake certain policy reforms. To accomplish this objective, Senator MATHIAS has proposed the creation of a similar partnership between the administration and the Congress by requiring that a joint resolution be passed by the Congress and signed by the President before any U.S. military or economic assistance can be obligated.

To avoid putting the Congress in a position of weighing the administration's advice against that of groups like Amnesty International and America's Watch, independent information would be generated by the Central American Development Organization, CADO. In addition to its member from the United States and Central American countries, CADO could be expanded to include the Chairman of the Inter American Commission on Human Rights—an OAS group—representatives of the Contadora nations and a member of the Central American Bank for Economic Integration. In receiving independent reports on a timely basis, quarterly or otherwise, we in Congress would seek to make judgments on trends, rather than distortions occasioned by right and left wing terrorists indulging in a rash of killings right at reporting time.

Mr. President, the approach of Senate Concurrent Resolution 97 and that of Senator MATHIAS are very similar. Both indicate that the time for congressional partnership with the executive branch in creating a viable Central American policy has arrived. The time for real accountability for our actions has arrived. Central America poses very serious problems which our policy must address, problems which deserve the thorough investigation and debate provided for in Senate Concurrent Resolution 97.

There is no single solution to the problems we face in Central America. Our policy must be directed at relieving human suffering in the region and at emphasizing a negotiated settlement to the crisis. At the same time it is clear that Cuban- and Soviet-sponsored insurgents, who care only about their own political ends and not about the alleviation of human suffering, will have been denied their ability to undermine our program. This does not mean military aid only. It does mean a sensible military commitment. A commitment to training the military to function effectively in a democratic process, as the partners of political leaders and freely elected legislative bodies.

I would urge my colleagues to join us in developing the tools with which the Congress can seek to implement such a balanced approach. Partnership and accountability are the themes which must guide us.

Mr. DOMENICI. Mr. President, I support fiscal year 1984 supplemental funding for domestic child nutrition programs and the feeding program for women, infants, and children (WIC).

I also support additional aid to Central America on an interim basis until Congress has an opportunity to consider the President's plan to implement the report of the National Bipartisan Commission on Central America.

House Joint Resolution 492, as reported, provides $150 million in budget authority and $136 million in outlays to the Department of Agriculture for food aid under provisions of title II of Public Law 480. Of this amount, $90 million has been provided in the conference agreement on House Joint Resolution 493, and this bill has been amended to remove this double counting.

This resolution also includes $546 million for sustaining the domestic child nutrition programs until the end of fiscal year 1984. I applaud the President and the committee for their efforts on behalf of this important program.

Full-year funding for the WIC program is also provided in House Joint Resolution 492 at a cost of $300 million. This is $133 million more than requested by the President. I support the higher level. It is consistent with the latest congressional budget resolution assumption as to the amount required to fund this program through the end of fiscal year 1984.

The committee has included several important provisions relating to Central America. The funding in this bill for this purpose is not an adequate response to the problems of that vital region, but it will suffice until Congress has an opportunity to consider the recommendations of the National Bipartisan Commission on Central America.

With outlays from prior-year budget authority and possible later requirements taken into account, the Appropriations Committee is $9.1 billion under in budget authority and $0.6 billion in outlays over its section 302(a) allocation under the budget resolution.

Mr. President, I ask unanimous consent that a table showing the relationship of the bill, together with possible later requirements, to the congressional spending budget and the President's budget request be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

FISCAL YEAR 1984 EMERGENCY SUPPLEMENTAL BILL—HOUSE JOINT RESOLUTION 492, SENATE REPORTED—SENATE APPROPRIATIONS COMMITTEE STATUS

[In billion of dollars]

	Budget authority	Outlays
Action to date by Appropriations Committee [1]	521.6	506.8
House Joint Resolution 492, Senate reported [2]	1.0	0.9
Possible later requirements	4.2	4.2
Adjustment to conform mandatory programs to budget resolution assumptions	1.9	1.3
Appropriations Committee total	528.8	513.2
Committee 302(a) allocation [3]	537.9	512.6
Committee total compared to committee 302(a) allocation	−9.1	+0.6
President's request for House Joint Resolution 492 [2]	0.8	0.7
House Joint Resolution 492, House passed [4]	0.1	0.1

[1] Includes enacted regular appropriation bills, the further continuing resolution, the omnibus supplemental; House Joint Resolution 493, conference agreement; outlays from prior years and other prior actions. Estimates are based on the economic and technical assumptions in the fiscal year 1984 budget resolution.

[2] Does not include the $90 million for Public Law 480 provided in the conference agreement on House Joint Resolution 493 but also included in this Senate-reported bill. Even after this double counting is removed, the Senate-reported bill still provides an appropriation of $60 million for Public Law 480.

[3] Includes reserve fund allocations made on September 14 and Oct. 27, 1983.

[4] Includes only the supplemental appropriations for Public Law 480, Emergency Food Assistance for Africa, adjusted for the $90 million included in the conference report on House Joint Resolution 493. Senate-reported bill and President's request also include supplementals for WIC, child nutrition, military assistance for El Salvador, and covert assistance in Central America.

Mr. MITCHELL. Mr. President, the pending legislation, House Joint Resolution 492, the urgent supplemental appropriations bill, provides funds which may be used by our Government and local forces this year in the Central American states of El Salvador, Honduras and Nicaragua.

The bill contains $92 million in military assistance for the Government of El Salvador. Of this amount, approximately $50 million would be spent to maintain the current level of military effort through the end of the fiscal year. The remaining $42 million is being proposed for additional military equipment, military support services, and medical equipment which in fact will increase substantially the U.S. level of military effort in El Salvador.

In addition, the bill contains $21 million in covert aid which may be spent in support of, or dispensed to, fighting forces based in Honduras and Nicaragua which are dedicated to the overthrow of the Sandinista government of Nicaragua, $14 million of this amount is allocated to the reserve fund for contingencies administered by the Director of the CIA and is subject to statutory procedures applicable to the fund.

These two provisions were requested by President Reagan and reflect his approach toward Central America. This approach, in my view, misunderstands the cause of the problem and relies excessively on military force to solve it.

To the President the problem in Central America is communism, as represented by the Soviet Union and Cuba. The President, of course, sees no need to differentiate between what is happening in the Middle East, in Southwest Asia, or in Southeast Asia; to him the culprit is the same in every case. As Yale historian C. Vann Woodward reminds us in the April 9 New Republic, the President has declared:

> The Soviet Union underlies all the unrest that is going on, and without it there wouldn't be any hot spots in the world.

While it is clear that the Soviets and the Cubans, and their allies in Central America, are exploiting the circumstances which exist there, there can be no doubt that the root cause of the problem lies in the economic and social conditions of the area.

The conflict in El Salvador can be understood only if viewed in its historical perspective.

Unfortunately, the debate over El Salvador shows every sign of turning into a national referendum on Vietnam. I hope that does not occur, because the differences between El Salvador and Vietnam are far more important than the superficial similarities.

Vietnam is 9,000 miles away from U.S. territory. El Salvador is not only a near neighbor in this hemisphere, but it is close to the Panama Canal with all its implications for our security needs.

Vietnam's conflict was the outcome of a century-long colonization brutally disrupted by the World War II Japanese invasion and subsequent defeat. El Salvador's colonial history ended in 1821, when the Central American nations gained independence from Spain.

Until our first faltering steps into Indochina in 1954, there was no history of American involvement, influence or interest there. By contrast, the United States has had a military mission in El Salvador since 1948 to train the Salvadoran Armed Forces, and direct U.S. involvement in Central America predates that military mission by half a century.

From our overt support for the breakaway province which became the nation of Panama at the turn of the century, through the use of Marines in Honduras in 1903 and 1923, through our 20-year occupation of Nicaragua from 1912 until 1933, U.S. activity and influence in Central America has been consistent and continuous.

Our support for American corporations—notably United Brands in Honduras and United Fruit in Nicaragua—is remembered by Central Americans as the sole source of U.S. concern about their region. And the fact that U.S. concern so frequently manifested itself in military action has created a background against which we must consider relations today. No similar situation existed in Vietnam.

At the same time, there is one very substantial aspect of our experience in Vietnam which is echoed in the current debate over El Salvador. That is in the apparent unwillingness of the administration to recognize that each country has its own history, its own culture, its own economic relationships, and its own legacy of friendships and animosities. We ignored those facts in Vietnam at great cost. We ignore them in El Salvador at great risk.

This administration entered office in 1981 proclaiming that the conflict in El Salvador was a simple case of "Us against Them; West against East; Democracy against Communism." In other words, it said, the war in El Salvador was simply the most recent outbreak of United States-Soviet hostilities, and that it must be approached that way.

Although as it relates to El Salvador, the administration's East-West rhetoric has moderated since 1981, there is no evidence that the realities of El Salvador are being given any more weight today than they were 3 years ago.

What are those realities?

Fundamentally, El Salvador is a nation which for more than a century has endured an uneasy and unpeaceful coexistence between a small group of large plantation owners and the mass of the people. Ninety-four percent of the population of El Salvador is Mestizo, a Hispanic-Indian ethnic group, made up mostly of landless laborers, tenant farmers and, more recently, urban dwellers and refugees. The bulk of the income in the country has been largely concentrated in the hands of a few families which have made up the El Salvadoran elite since the turn of the country.

That income and land distribution pattern has been changing in very recent years. But the pace of change is very slow, and the extent to which that change may be permanent remains questionable. It will be sometime before we will be certain that new land reforms, for instance, will endure.

And it will be a long time before El Salvador will be free from violence. Indeed, the violence we have witnessed in the past 3 years does not represent a departure from El Salvadoran experience.

Peasant resistance to the land takeover by the original "fourteen families" has been a source of violence since 1870. That resistence required military intervention several times by the turn of the century. In 1932, a peasant rebellion was harshly suppressed at a cost of more than 15,000 campesino lives. The intervening decades have been marked by military regimes, wars with neighboring nations, and the institutionalization of a system of death squads in the countryside whose primary function was to take reprisals against dissatisfied peasants so as to maintain the condition that El Salvador has known as peace for the last century.

The recent history of El Salvador includes a series of military dictatorships interspersed with elections whose outcome was ultimately determined by the military, not the voters. In 1972, Jose Napoleon Duarte was cheated of his election victory by a military regime, which then continued to enjoy the support of the United States.

Its successor regime in 1979 was overthrown by a reformist military coup which itself succumbed to a rightwing takeover the following year. Duarte returned to take part in one of the successive juntas, and then was ousted from leadership as a result of the 1982 election.

Today, our Government hopes that Duarte will be returned to power in a democratic fashion. As a result of last Sunday's election, his prospects of ultimately prevailing have improved. However, we cannot depend on any single person to create an environment conducive to U.S. interests.

It is difficult to build a solid house on a weak foundation. It is equally difficult to build a sound foreign policy toward El Salvador on the past policy

which has lacked an understanding of the roots of the conflict.

For proof of the bankruptcy of our past policy, we need only examine the continued human rights violations in El Salvador, which our influence has been unable to halt.

The Congress had sought to address the human rights problem when it required the President, every 6 months, to certify that progress was being made by the El Salvador Government to improve human rights in the country. The initial response of the President to this directive was to falsely certify progress when there was no progress; the final response was a Presidential veto which canceled the certification procedure altogether.

Both Presidential actions send the same message to the Salvadoran elite and to those active on death squads: American aid will continue regardless of human rights violations, because the Reagan administration cares more about a victory over subversives than it does about the creation of decent conditions in Central America.

Our concern about human rights may mask an equally serious problem in El Salvador—a problem to which our current policy offers neither recognition nor solution.

In the last 3 years, El Salvador has experienced a massive capital flight. The El Salvadoran Minister of Planning estimated in 1982 that $1.5 billion in capital had been exported from the country to safer havens—including American banks in Miami.

That capital flight has occurred because people with wealth in El Salvador clearly fear for the future of their country. Although the export of capital may make sense from the point of view of the individual El Salvadoran businessman, it makes no sense from the point of view of American policy. It compels me to ask this question: Why are American taxpayers being asked to support the economy of a country whose own economic leaders refuse to do so?

American taxpayers should not be asked to bail out a nation whose economic elite—the people who have prospered most from past conditions in that country—are unwilling to do so.

And in these circumstances, it is even more difficult to see the justification for an expansion of U.S-financed military programs in a country whose leadership is prepared to procrastinate and undermine essential domestic reforms, to evade responsibility for its own security forces, and to avoid even minimal exercise of its power to protect the economic basis of the country.

Yet, it is precisely a policy of military victory which the administration is pursuing and for which it is now asking for additional money. The administration seems unwilling to recognize either the current conditions in El Salvador or the historical background which created them. Its policy is to achieve a military victory, a total defeat of the insurgents.

But throughout the history of the country, neither the ruling elite nor the campesinos have ever been able to win such a victory. There is no evidence that American arms will enable one side to achieve today what neither side has been able to achieve in over a century of violent struggle.

The only realistic prospect for an end to the killing and a peaceful future for the people of El Salvador lies in negotiations involving all segments of that society.

And the involvement of other Central American or Latin nations in setting up the conditions in which such a dialog could take place makes the most sense.

I support the Contadora policy—giving a chance of success to the diplomatic initiative offered by those nations which in early 1983 met on the Panamanian island of Contadora. These nations—Panama, Colombia, Venezuela, and Mexico—have the closest ties to and the most direct interest in Central America. They retain relative freedom of movement and need not be hamstrung by overtly political considerations nor by past history.

They are neither U.S. clients nor Soviet clients. They have the independence and the incentive to play a mediating role. The challenge to the United States, as I see it, is to help create a political environment which will let the Contadora negotiations occur and succeed.

Last October 14, the Secretary General of the United Nations reported to the Security Council that certain Central American countries had reached agreement, based on the Contadora group's initiative of September, on objectives for bringing about an end to the conflict in the region in accordance with international law. Among these goals were respect and guarantees for human, political, civil, economic, social, cultural, and religious rights; promotion of the reconciliation of divisions in societies of the region that would permit participation in domestic political processes; establishment of mechanisms to control or impede the flow of arms from one country to another; and the launching of programs to increase economic and social welfare and an equitable distribution of wealth.

This agreement results from skilled diplomacy by the countries of the Contadora group. Their efforts should be supported by the United States.

This brings us to the various options which we have with respect to the Central America funding contained in this bill. None of these options are particularly desirable.

One option—the President's option—is to pursue a military solution. This option will be very expensive and impossible to achieve. Between here and there, many thousands of additional lives will be lost. Some could even be American lives. Approval of the full $92.75 million requested by President Reagan would accelerate the pursuit of the military solution.

Another option represents the opposite extreme. Under it, the United States would provide no more funds to El Salvador. We would just stop and pull all Americans out of Central America. Though inexpensive in terms of dollars, it may ultimately be as expensive as the first option in terms of lives lost and justice denied. A complete termination of U.S. support for the Salvadoran Government would result in the disappearance of all moderation. The vacuum created would be filled rapidly by either the extreme right or extreme left. Whatever spark of democracy exists in El Salvador would, in either case, be violently extinguished.

This option would also undermine the Contadora effort. Arms and men are entering Central America from both sides. The Contradora nations want the arms supply stopped and foreign forces withdrawn. But they recognize that this can occur only in the context of regional negotiations which lead to that conclusion. If one side terminates the supply and withdraws prior to negotiations, there will be nothing left to negotiate. That is not a prescription for peace or for self-determination in Central America.

The third option is the least objectionable of the three. It proposes to maintain the current level of military effort by providing roughly half of what the President has requested. This option permits the current military effort to continue, but does not allow the increase in that effort sought by President Reagan. It is the only option which would permit comprehensive negotiations between all factions, as advocated by the Contadora nations.

Contrary to administration rhetoric, comprehensive negotiations do not mean giving to the insurgents at the bargaining table what they could not win on the battlefield. Negotiations mean providing assurances of physical safety for opposition political leaders, so that elections are not marred by assassinations, and their outcome is not a mandate for the winners to exterminate the losers. Negotiations are the only forum in which moderates on both sides can be strengthened.

Beyond the three options I have described there are other policy approaches available to this Senate. The amendments offered by my colleague from Massachusetts (Mr. KENNEDY) embody several of these approaches and are worthy of further consideration. For example, I hope that before

too much time passes, a second chance will be given to Senator KENNEDY's amendments which would place human rights conditions on aid to El Salvador; bring to the negotiating table the disagreeing factions in the civil war; and require that congressional approval be forthcoming before any U.S. combat troops could be introduced into El Salvador.

The first example which I cite was a Kennedy amendment which provided that no more than 70 percent of the military assistance to El Salvador during fiscal year 1984 may be obligated or expended until Salvadoran authorities have brought the national guardsmen charged with murder in the deaths of four U.S. churchwomen to trial and have obtained a verdict.

The second was a Kennedy amendment which conditioned the provision of military assistance to El Salvador on the initiation of unconditional negotiations.

The third was a Leahy amendment which sought to require the full approval of the Congress before any U.S. combat forces can be sent into El Salvador or operate in the skies over that troubled nation.

I supported each of these three amendments, unfortunately they were rejected.

Military action—especially long-term, inconclusive military action—polarizes any society in which it occurs. U.S. involvement in military action in Central America is particularly polarizing because of the historic pattern of which it appears to Central Americans to be a continuation.

The United States has a long history of backing right-wing regimes in this hemisphere. Whether that reputation is consonant with current realities is beside the point. The fact is that most of the people of the region believe it, and have what they regard as sound reasons for believing it. And they resent it.

Continued and escalating military action of the kind the administration appears to be proposing will not eliminate that resentment. It will not alleviate regional fears of U.S. power. It will intensify, not reduce, the automatic opposition to any U.S. initiative which is a sad legacy of our history. And escalating military action will ultimately force moderates to the polarized extremes where irrational hatred of the U.S. wars with irrational fear of the political left.

As the wealthiest and most powerful Nation in the hemisphere, the United States has a continuing and central role to play in the future of all of the Americas. If we want that future role to be a rational, sustainable one, we have to take into account the perceptions of our neighbors; acknowledge when those perceptions—even if painful for us—are reasonable, and seek to persuade them when they are wrong.

We do not have to endorse left-wing regimes or terrorists to persuade Central Americans of our good faith, nor should we. But we do have to do more than the Reagan administration has so far been willing to do in El Salvador to fulfill in practice, as well as in words, the American commitment to human rights, the rule of law, and the sanctity of individual life.

More than a hundred years of intermittent civil war have not solved El Salvador's problem. It is unlikely that more war will. The only meaningful solution is a negotiated settlement which ends all outside interference and permits the people of El Salvador to decide their future by themselves and for themselves. If we can help make that possible, our policy there will have been successful.

Mr. President, as I stated earlier, I do not favor a complete termination of the U.S. assistance. As I have also indicated, the Inouye option is the least objectionable of the El Salvador approaches available to us.

However, I am disappointed that a series of amendments which would have perfected the Inouye approach all have been rejected during the course of our debate. In addition to those I have already cited, these amendments include—

Senator LEAHY's amendment to the War Powers Resolution prohibiting the introduction of U.S. Armed Forces into El Salvador for combat, or combat support operations unless the Congress approves; and

Senator DODD's amendment to prohibit funds from being used to support terrorist operations in, or offshore of Nicaragua.

Mr. President, I am also very disturbed by the refusal of this body to eliminate—or at the very least, to further limit—the covert aid funds which this legislation directs to the Contras of Nicaragua.

U.S. funding of the Contras' efforts to undermine and overthrow the ruling regime in Nicaragua is illegal. It is illegal under U.S. law, under accepted public international law, and is contrary to the norms of behavior and values which we profess to embrace.

Despite my strong support for a number of sound programs contained in this bill—for instance, the women, infants, and children's (WIC) program and the African emergency relief program—I cannot, in good conscience, vote for final passage of the bill. Its weaknesses with respect to our Central American policies simply overpower its strengths in other areas.

Mr. BAUCUS. Mr. President, during the past week, the Senate has debated and voted on many aspects of U.S. foreign policy in Central America. I wanted to briefly outline my views on Central America and explain the votes I have cast.

I support a regional, negotiated solution to the Central American conflict. I believe the United States has a constructive role it can play in that process.

The administration has placed too great an emphasis on military options to the detriment of potential diplomatic solutions. It may be that some military presence is necessary. But such involvement should only be reviewed from the perspective of whether or not it can help lead to a regional, negotiated settlement.

In addition to this overall framework, my votes were based on two other basic principles. The first is that we in Congress should not abrogate our responsibility to develop and carefully review foreign policy questions. I, therefore, strongly support those measures which enhance congressional involvement and oversight.

Second, the United States should use its political, economic, and military leverage to encourage the development of democratic institutions and values. Our Nation's strong support for free elections, for a meaningful judicial system, for freedom of the press, for freedom of religion, and for the observance of human rights principles is not only appropriate but essential. That is why I have supported tying Central American aid to improvement in human rights conditions and to prosecution of important judicial cases. While these conditions are awkward tools, they do communicate Congress commitment to those objectives.

It is within this overall framework that I have cast my votes over the past week. With respect to aid to El Salvador, I supported amendments to decrease the aid package from $61.7 million. I supported the Melcher amendment which would have lowered that figure to $34 million and I supported another amendment which would have lowered the amount to $21 million—$21 million would have provided El Salvador with enough funds through its runoff election. In my view, a complete cutoff of military aid during the runoff period would have sent the wrong signal to El Salvador. We should be showing support for the electoral process.

I also supported an amendment which would have withheld 30 percent of all military aid to El Salvador until there had been a verdict in the case against the national guardsmen charged with the murder in the deaths of four U.S. churchwomen. I supported an amendment which would have cut off military aid to El Salvador after May 31 unless the government had initiated a prosecution of those involved in the murder of two American labor advisers in 1981.

With regard to aid to Nicaragua, I do not support covert aid for Nicaragua. Everyone is aware of our involvement

with the Contras and it is ludicrous to consider such an operation to be covert. Given the circumstances, there should be a full and open debate of our actions with respect to Nicaragua. I voted for the amendment which would have eliminated the $21 million of covert aid from the bill. I also voted for language which would prevent the covert aid from being used for terrorist operations in Nicaragua.

While I do not oppose joint United States-Honduran military exercises, I do believe that Congress should exert more careful oversight of our operations there. I cosponsored and voted for the Sasser amendment, which would require congressional approval before any temporary bases in Honduras were converted into permanent military facilities.

With regard to the presence of U.S. combat troops in the region I opposed the two Kennedy amendments limiting that presence because I thought they were not narrowly enough drafted. The amendments could have prevented the presence of U.S. advisers already in El Salvador or could have prevented the joint United States-Honduran exercises. I did support the Leahy amendment which would require congressional approval before the introduction of U.S. Armed Forces into El Salvador.

None of the Central American amendments I supported were adopted. I am disappointed because I believe their adoption would have strengthened U.S. policy in the region.

I remain convinced that our current policies place too heavy an emphasis on a military solution. Our best hope for Central America is a negotiated regional solution and our Nation's continued dedication to principles of democracy and human rights.

● Mr. BINGAMAN. Mr. President, I will not vote for final passage of House Joint Resolution 492. I believe that the provisions in this bill which relate to our policy in Central America are misguided and counterproductive.

I will not repeat at great length the arguments that have been made on these issues over the last 2 weeks, Mr. President; but I do think the following points add up to a dangerous role for our country in this troubled region, and a role which will not advance our national interest.

First, and most serious, the Senate has rejected efforts to ban covert military aid to the Contras who are fighting the Sandanista government of Nicaragua. I believe this is the largest single mistake of our policy in Central America today. By supporting this activity we are only strengthening the position of the Sandanista government and undermining whatever credibility we may have for achieving peaceful change in Central America.

Second, the Senate has refused to require congressional consent before American combat troops can be ordered into the conflict in Central America. I believe this is a dangerous precedent.

Third, the Senate has refused to place any restrictions on the continuing American military presence in Honduras. I am deeply concerned that we are building what is in effect a permanent military presence, supported by substantial construction of military facilities. Developed pursuant to a series of military exercises, these facilities have been built outside the normal congressional review and decisionmaking process.

Fourth, the Senate has refused to condition aid to El Salvador on the willingness of the government to negotiate a peaceful settlement in that tortured country. Once again, we are signaling that we are more interested in a military solution than in a political settlement.

Finally, attempts also failied to condition a portion of aid to El Salvador on a full investigation and fair prosecution of those responsible for the murders of the four American churchwomen.

In closing, Mr. President, I want to reiterate my disappointment with the decisions made by the Senate on this bill. I believe we are continuing with a profoundly ill-advised policy in Central America, and I wish to make my position as clear as possible in casting this vote.●

● Mr. PELL. Mr. President, it was with a great deal of regret that I voted against final passage of House Joint Resolution 492, the urgent supplemental appropriations bill. The primary purpose of this legislation, initially, was to provide emergency food assistance to African nations, and also to provide additional and needed funding for the WIC program—nutrition assistance for women, infants, and children—and other child nutrition programs. I strongly support additional funding in these areas, and regret that the central purpose of the bill has been burdened by the addition of further military assistance to El Salvador.

The administration has made an end run around Congress by insisting on attaching the request for military assistance to this important supplemental appropriations bill. Although the administration's original request of $93 million in military assistance for El Salvador has been reduced to $62 million, it is still objectionable. I believe it is a mistake for the United States to commit further military assistance until the outcome of the elections in El Salvador is determined. I certainly do not want to face the prospect of giving a D'Aubuisson government millions of dollars in military assistance.

After the Senate accepted the $62 million level of military assistance, I joined with a number of my colleagues in efforts to place reasonable conditions and limitations on the funds appropriated by this bill. We tried to make the grant of the funds contingent on bringing those guilty of the murders of the churchwomen to trial. We tried to stop the funding of covert operations against Nicaragua. We tried to stop the funding of terrorist activity practiced by the Contra forces. We tried to prevent the introduction of U.S. combat forces into Central America, and specifically, into El Salvador. We tried to stop the establishment of a permanent military presence in Honduras.

Regrettably, all of these reasonable restrictions on the granting of $62 million in military assistance to El Salvador were defeated. For these reasons, coupled with the fact that the administration bypassed the authorization process in seeking these funds, I am compelled to vote against this supplemental appropriations bill despite my strong support for the food and nutrition programs contained in the legislation.●

Mr. HATFIELD. Mr. President, we have completed all the amendments, and we are ready to move to third reading. However, on an agreement with the Senator from Florida, who had an amendment pending, which I understand he will not offer, he wishes to make a statement in lieu of that amendment. We are finished now with the bill except for that one statement.

Mr. CHILES. Mr. President, if the Senator wishes to go to third reading, I will allow him to do that. I see he is a little anxious.

Mr. HATFIELD. Mr. President, I can wax eloquently for the next half hour on the virtues of the gracious manner of the Senator from Florida, and it has been confirmed again. I am very appreciative of the fact that he has yielded for that point.

I believe the Senator from Massachusetts indicated that he would like to be recorded as voting "no," and I have received a signal that there is a request for a rollcall vote. So I ask now that the Chair put the joint resolution to third reading.

The PRESIDING OFFICER. The question is on the engrossment of the amendments and the third reading of the joint resolution.

The amendments were ordered to be engrossed and the joint resolution to be read a third time.

The joint resolution was read the third time.

Mr. HATFIELD. Mr. President, I ask for the yeas and nays on final passage.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from Florida.

Mr. CHILES. Mr. President, on March 15, the Republican leadership announced a plan they had worked out in conjunction with the White House after there had been some attempt at bipartisan meetings. That was worked out.

The next day, March 16, I wrote the chairman of the Senate Budget Committee and asked for hearings on that plan and for the budget process to start.

Also, I think on that day, March 16, the Democrats announced their budget reduction plan in which we said that we thought that the Republicans had progressed in their plan. We hoped that they would go a little further, that we needed to have some more savings, and we wanted to participate in trying to improve their plan and go a little further on that.

March 26 was the date that the Budget Committee had scheduled a markup, but we did not start the markup at that time, even though we had a number of hearings going back into February prior to that time.

Then we come along to March 29 at which time the Democrats held a press conference and asked that we go to the Budget Committee, that we not bypass the Budget Committee and that we begin our markups.

One of the proposals in the Republican plan was that we just bypass the Budget Committee, that we go forward without any kind of markups, that we put into one single package, by waiving the germaness rule, which can be done with 51 votes, all the spending cuts, all of the tax cuts, and there would be no need to go to the Budget Committee.

I suppose after that was passed, then the Budget Committee could go pass a simple resolution that conformed with that.

Mr. President, that is something that gave a number of us heartburn. I was one of them. A number of Senators on both sides of the aisle felt that was not the way we should be conducting business. We had passed the budget law. We had a great deal of debate before that law was passed. We have been operating under that law for a number of years, and while it certainly had its imperfections, it allowed us to go through and hold hearings, with everyone to get a chance to analyze different plans, and that was the process that we should follow.

There was negotiation back and forth, and it looked as though we were not arriving at much progress on that, and in the face of that, Mr. President, I decided that I was going to offer a sense of the Senate resolution that would call on the Senate to express itself, that we should have Budget Committee hearings, that we should start that process and that we should adopt a budget that would be less than $180 billion, in the first instance, in 1985, and then decline to figures of less than that in each of the succeeding years through the 3 years that we would be dealing with.

That was an amendment that it appeared we were going to have to take up today. The chairman of the Appropriations Committee asked me what kind of time we were going to take on that amendment, and I told him that I frankly did not know that. He said give him a range, and I said I think anywhere from 1 hour to 20 days.

I did not say that entirely facetiously because I felt that we were going to have to take sufficient time to try to educate the Senate and if necessary try to have the country understand that there is a reason for the budget process, that it offers a promise of helping us to get to where we are all seeking to go, and that is to reduce the deficit and allow this economic recovery to continue.

On March 30 the Democrats made an offer on the change of procedure that I think we thought at that time would accommodate the wish of the Republican leadership that they get some kind of a vote in the final analysis that would allow the tax cut and the spending cuts to be made together and one vote to be taken at that time.

We had not heard anything from that, but today it does appear that we now are going to start our Budget Committee markups, that they are going to start the first of the week, and so with that assurance, Mr. President, I am not going to offer the amendment. The entire purpose for the amendment was to try to see if we could get to the Budget Committee, and I am delighted that the leadership has now indicated that we are going to start the budget markup.

I hope and trust that those markups will move expeditiously, and that we can start the first of the week. I think debate is going to be continuing on other matters. So it certainly should not tie up the budget process entirely. In fact, I think it now offers us the opportunity to speed up the process overall and to reach a better resolution of this before we are through.

Mr. BAKER. Mr. President, will the Senator yield?

Mr. CHILES. I am glad to yield to the majority leader at this time.

Mr. BAKER. Mr. President, it will not take but a moment.

I congratulate the Senator on his statement. I think we have arrived at the place where we can make good progress on two fronts.

I am pleased that the Budget Committee will go forward. I am also hopeful that the Senate will go forward in the matter of trying to address the reconciliation aspect of this matter.

But I think what has happened in the last few days, in the conversations that have been held and negotiations that have been undertaken, has been a tribute to the very best spirit of the Senate, a spirit of understanding and give and take and appreciation of the respective concerns, problems, and aspirations of Members.

I will not burden the RECORD further in explanation of that except to say that a great deal of effort has gone into trying to put a package together that we can work our will on, as the Senate is fond of saying, and that the Senator from Florida has been an essential part of that as the ranking minority member of the Budget Committee. He has been the very essence of responsibility, and I commend him for his action in not offering his amendment here, and I am delighted that he and the chairman of the committee have agreed on the time to begin hearings and action within the Budget Committee, and I can assure him we will go forward with that.

Mr. CHILES. I thank the majority leader. I thank him for his kind statment and his kind remarks. I also thank him for his perception that this is a way in which we can have the Senate work its will within the processes that we have set up, within the law that we have set up, and I think that will stand us in good stead as we go forward through this process.

Mr. President, I think that we are doing a wise thing now by not bypassing the committee. While there is no firm agreements as we work through the entire process, I hope that we will find a way to seek unanimous-consent agreements rather than set bad precedents by trying to waive germaneness on a reconciliation bill.

This is an extraordinary remedy that we have set up in reconciliation by limiting the time. I am very sensitive to that extraordinary remedy because I hear from Members all the time who say: "You guys on the Budget Committee have changed the whole process here. You have taken over where there is no need for any other committees, and we are going to do something about it. We are going to strip you of your powers or we are going to knock out the Budget Committee."

So some of us who feel there is some purpose for the committee recognize that we have to tread very softly because we have set up some extraordinary remedies and reconciliation where we limit the time on debate on amendments and we limit the time on the overall bill. We really change rule 22 very basically. So I think we have to be very careful for any majority to decide that they can start a waiver process and still benefit through those extraordinary remedies or extraordinary rules that they have in the reconciliation process.

We have already been notified that there were all kinds of attempts that could come in under germaneness,

that line item veto is something that could be placed on this, on a lot of our social issues, 51 votes could put them down, and I think it would not be long that we would certainly regret that we had waived that.

I say, also, Mr. President, if you really look and see where spending limits have come from in the past and where I think they will come from in the future, I think the spending limits that we have seen and that we will see in the future will come out of the budget. I do not think they will come out of the rose garden. I do not think they nurture very long out of that garden. I think they will do better if they come out of the committee.

So I am delighted that we now see that we are going to get this opportunity to go to the committee. I am confident that each member of the Budget Committee is going to work diligently and that we are going to see a package come out of there that I hope will be representative of the Senate and I hope will speed the process when we come to the Senate floor.

Mr. EXON. Mr. President, I wish to take a moment or so to offer some words of congratulations and thanks. Just when I felt we faced a totally hopeless situation, the clouds of confusion parted once again and the Senate is allowed to work its will.

I wish to commend the great efforts of those that accomplished this. I wish to thank the majority leader and the minority leader. I wish to thank the distinguished Senator from Oregon (Mr. HATFIELD) and the distinguished Senator from Mississippi (Mr. STENNIS), the chairman and ranking minority member on the Appropriations Committee. And certainly I wish to thank the Senator from New Mexico (Mr. DOMENICI) and the Senator from Florida (Mr. CHILES), the leaders of the Budget Committee.

I am delighted that the budget process will be allowed to work once again. I am a member of the Budget Committee and I will be back here Monday to discharge my duties on that committee.

Having said all this, I just want to bring to the attention of the United States Senate a major concern of all of us here that I think is not stated often enough, Mr. President. If you see the situation the country is in today, you see that the stock market was down over 18 points today, commodity prices across the board were down at a time when the great agricultural sector of our economy is facing by far the worst situation it has been in since the Great Depression, and you see that interest rates were up again today. That is the reason I want to congratulate Senator CHILES and Senator DOMENICI for their diligence in seeing that we go to work in addressing the primary economic concerns of this country today which, of course, are the budget deficits—totally out of control—the skyrocketing national debt that no one can see at this time how high it is going to go, and the trade deficit that continues to plague this country.

I simply say that, with this, Mr. President, we cannot wait until after the election. I am delighted that we are going to try and do something about the problems that I have just outlined and hopefully get on with the business of reducing the overall interest rates in this Nation by forthrightly attacking the major problems that are causing the continued real high interest rates.

Once again, the majority has worked its will. The vote that is about to take place will undoubtedly carry for the bill. The vote of this Senator from Nebraska will not be with the majority. Once again, though, the process worked. The majority has worked its will, which is what this great body is all about.

Once again, in closing, I just wish to thank those who had an integral part in moving this process speedily ahead. It shows that we can do things right when we have to, even though sometimes we are near the end of the road to where it almost looks hopeless.

The leadership should be saluted. I, as one Member of the Senate, am proud to stand and say, once again, I am proud of you.

Mr. President, I yield the floor.

Mr. HATFIELD. Mr. President, I thank the Senator from Nebraska and the Senator from Florida. I think we all recognize that this could not have been accomplished without the cooperation from both sides of the aisle.

The PRESIDING OFFICER. Is all time yielded back?

Mr. HATFIELD. All time is yielded back.

Mr. EXON. Mr. President, all time is yielded back on this side of the aisle.

The PRESIDING OFFICER. All time has been yielded back. The joint resolution having been read the third time, the question is, Shall it pass? The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Vermont (Mr. STAFFORD) is absent on official business.

Mr. CRANSTON. I announce that the Senator from Colorado (Mr. HART) and the Senator from Massachusetts (Mr. TSONGAS) are necessarily absent.

I further announce that the Senator from North Dakota (Mr. BURDICK) and the Senator from Arizona (Mr. DECONCINI) are absent on official business.

The PRESIDING OFFICER (Mr. RUDMAN). Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 76, nays 19, as follows:

[Rollcall Vote No. 56 Leg.]

YEAS—76

Abdnor	Goldwater	Murkowski
Andrews	Gorton	Nickles
Armstrong	Grassley	Nunn
Baker	Hatch	Packwood
Bentsen	Hatfield	Percy
Boren	Hawkins	Pressler
Boschwitz	Hecht	Pryor
Bradley	Heflin	Quayle
Bumpers	Heinz	Randolph
Byrd	Helms	Roth
Chafee	Hollings	Rudman
Chiles	Huddleston	Sasser
Cochran	Humphrey	Simpson
Cohen	Inouye	Specter
D'Amato	Jepsen	Stennis
Danforth	Johnston	Stevens
Denton	Kassebaum	Symms
Dixon	Kasten	Thurmond
Dole	Lautenberg	Tower
Domenici	Laxalt	Trible
Durenberger	Long	Wallop
Eagleton	Lugar	Warner
East	Mathias	Wilson
Evans	Mattingly	Zorinsky
Ford	McClure	
Garn	Moynihan	

NAYS—19

Baucus	Kennedy	Pell
Biden	Leahy	Proxmire
Bingaman	Levin	Riegle
Cranston	Matsunaga	Sarbanes
Dodd	Melcher	Weicker
Exon	Metzenbaum	
Glenn	Mitchell	

NOT VOTING—5

Burdick	Hart	Tsongas
DeConcini	Stafford	

So the joint resolution (H.J. Res. 492), as amended, was passed.

Mr. HATFIELD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BAKER. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HATFIELD. Mr. President, I move the Senate insist on its amendments to House Joint Resolution 492 and request a conference with the House of Representatives on the disagreeing votes of the two houses thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to and the Presiding Officer appointed Mr. HATFIELD, Mr. STEVENS, Mr. WEICKER, Mr. COCHRAN, Mr. KASTEN, Mr. STENNIS, Mr. PROXMIRE, Mr. INOUYE, and Mr. EAGLETON conferees on the part of the Senate.

Mr. BAKER. Mr. President, first, I wish to express my deep appreciation and, indeed, my admiration to the managers of this supplemental appropriation bill. Senators HATFIELD and STENNIS, as the chairman and ranking member and principal managers, deserve the thanks of the entire Senate for their skillful management of a controversial piece of legislation.

There are many other Senators who deserve recognition and the thanks of all Senators on both sides for their participation in this debate and for their contribution to the resolution of disputes within this body.

On this side, ones who come to mind, of course, are Senator STEVENS and Senator KASTEN, who were so instrumental in managing this bill on a day-to-day basis within their particular specialties and responsibilities. On the other side, their counterparts, of course, were equally diligent, as were those Members who offered amendments and those who spoke on the bill and on the several amendments.

The Senate spent 10 days on this measure. Senator STENNIS and, of course, Senator INOUYE, without whose help the bill could not have been brought to a successful conclusion.

The Senate has spent 10 days on this bill, Mr. President. We have used a total of more than 57 hours of debate. We have conducted 16 rollcall votes; 46 amendments were disposed of in one manner or the other. That makes this bill a major piece of legislation in the scope of the activity of the Senate and the time consumed to deal with it.

Mr. President, may I take a special opportunity to commend Senator INOUYE, Senator KASTEN, Senator STEVENS, Senator HATFIELD, and Senator STENNIS in one other regard: Too often, the Senate of the United States is accused of being overly partisan and sometimes it is alleged that that partisanship distorts the final result of the legislative policy that is finally adopted by this body. With the help of the chairman and ranking member of the Intelligence Committee, Senator GOLDWATER and Senator MOYNIHAN, and those I have just mentioned, I think the Senate has restated the principle of bipartisan concern for matters of major importance. Without Senator GOLDWATER and Senator MOYNIHAN, it would not have been possible to bring this matter to a successful conclusion. Without Senator INOUYE and Senator GOLDWATER, Senator KASTEN, Senator HATFIELD, and Senator STEVENS, we might have been on this bill for weeks instead of just the 10 days we have consumed.

We have all had ample opportunity to express our views on matters of extraordinary sensitivity and great political significance. I believe this is a fine hour in the history of the Senate in its responsible discharge of its responsibility to address important and sensitive issues. I take this opportunity, perhaps at greater length than I should, to express my gratitude and appreciation to these Senators and some others who have made it possible to deal with these sensitive issues.

Mr. BYRD. Will the majority leader yield, Mr. President?

Mr. BAKER. Yes; I yield.

Mr. BYRD. Mr. President, I join with the majority leader in his remarks. I wish to state my admiration as well as my compliments with reference to the fine work that has been done by the chairman of the committee and the ranking member, Mr. HATFIELD and Mr. STENNIS, and the managers on both sides of the aisle, Mr. KASTEN, Mr. INOUYE, and Mr. STEVENS. I say the Senate is in their debt.

Mr. BAKER. Mr. President, I thank the minority leader. I usually lead off by doing that, but he knows that on matters—I started to say of this importance, but on all matters—we are not only in regular communication but communication throughout the day, sometimes almost moment by moment, trying to accommodate the needs of Senators on both sides of the aisle. Without his assistance, it would not be possible to move this bill and many others. I once again express my gratitude to him for his assistance.

Mr. HATFIELD. Mr. President, will the Senator yield?

Mr. BAKER. Yes, I yield.

Mr. HATFIELD. Mr. President, I thank the leadership for the very fine and generous remarks he made. On behalf of all members of the committee, I express my appreciation. I only want to say that without the support of the leadership we have always had in these difficult times, we could not move this bill. Especially may I thank Senator STENNIS for his outstanding support. From one moment to the next, I knew it was there as the bulwark of support.

I think, Mr. President, the real burden fell on the subcommittee chairman (Mr. KASTEN), and on Senator INOUYE, the ranking member on this bill. Especially would I like to thank Senator KASTEN, who put in hours upon hours on this bill and relieved me of that responsibility. He handled it with great professionalism and great skill.

I have one tag-end request, Mr. President. I ask unanimous consent to add as orignial cosponsors of an amendment offered by the Senator from West Virginia (Mr. BYRD) and myself relating to the authorization of Bonneville Locks and Gallipolis the names of Senator PACKWOOD of Oregon, Senator GORTON of Washington State, and Senator EVANS of Washington State and Senator RANDOLPH, if I have not already done that.

Mr. President, I ask unanimous consent that Senator SPECTER of Pennsylvania be added.

The PRESIDING OFFICER. Without objection, it is so ordered.

The majority leader.

Mr. BAKER. May I say for the information of Senators, there will be, I anticipate, another rollcall vote tonight. May I point out at this point what I hope will be the agenda of the Senate for today and Monday.

Mr. President, I am sure the description I just gave did not escape the notice of Members. I think it is possible that we can finish the next item of business that needs to be done, have a rollcall vote on it, then lay down Monday's business. Before I go through this sequence, let me say there have been extensive negotiations, as Members know, on the matter of trying to find a way to approach a budget package. Let me say that no formal agreement as such has been reached. However, a number of things have been accomplished.

For instance, the distinguished Senator from Florida has indicated his accord with the chairman of the committee on the matter going forward, with hearings and markup in the Budget Committee. That is one thing that has been done.

Another is I have discussed with the minority leader and a number of other Senators the method by which I hope we can give every Senator an opportunity to offer proposals, debate them at length, and still preserve the opportunity to present a budget package as a coherent and interdependent goal. I am going to describe, Mr. President, in short form, what I have discussed with the minority leader on what I propose to do.

First, I say that the only element in this matter that is truly time-sensitive is the so-called small reconciliation bill, which is Calendar Order No. 501, H.R. 4169. If we do not pass that pretty soon, this month, maybe by the 14th of this month, savings that have already been enacted by the House in the amount of $14 million will not be achieved. That is time-sensitive. I hope we will pass that measure yet tonight.

In addition to that, Mr. President, I hope that we shall be permitted to take up a revenue measure which is on the calendar from the House of Representatives. It is H.R. 2163, Calendar Order No. 571, which is the Federal Boat Safety Act.

If Members want to know what Federal boat safety has to do with the budget, it will not escape their attention that that is a revenue measure that came over from the House of Representatives. I fully expect that an amendment to the Federal Boat Safety Act will be offered by the distinguished chairman of the Finance Committee and perhaps the distinguished ranking minority members, Senators DOLE and LONG, to the Federal Boat Safety Act. That will be subject to unlimited debate. It will not be subject to the restrictions of reconciliation. But, Mr. President, as I have also explained, after that measure is added, as I expect it will be added, to the Federal Boat Safety Act, then it will be the intention of the leadership to go forward with the Senate reconciliation bill as an amendment to the Federal Boat Safety Act.

Mr. President, I expect that either before we adopt the reconciliation amendment or after, the so-called appropriation caps will be offered, and

then the banking bill perhaps will be offered, and goodness knows what else. But when it is finished, the Federal Boat Safety Act will be carrying, I hope, a cargo of valuable commodities. I hope it will carry a budget package. I hope it will carry a revenue bill from the Finance Committee. I hope that it will carry a number of other things that together constitute an interdependent package of budget savings according to the way the Senate may work its bill.

I make that statement now, Mr. President, because I want Senators to understand where we are going next.

Mr. DOMENICI. Will you yield just for an observation?

Mr. BAKER. Yes.

Mr. DOMENICI. You have been talking awfully long. It seems like you are getting into boats and steamers. Is there still some more?

Mr. BYRD. Mr. President, I object to the Senator addressing the majority leader in the second person.

Mr. DOMENICI. I apologize.

Mr. BAKER. Mr. President, I am happy to be addressed in any way. I was afraid nobody would speak to me after I said all those things. I notice that one of my colleagues at least felt it necessary to leave the room. But I say all of that because I want Senators to understand why the leadership on this side is proceeding the way we are.

Now, Mr. President, I would like to ask—I am not now asking—to proceed with the first step, which is the small first concurrent reconciliation bill. If that is adopted—and I hope it will be—without amendment, without debate, or without any significant debate, then it would be the intention of the leadership on this side to ask the Senate to turn to the Boat Act. If we lay down that bill, it would be the intention of the leadership to ask us to go into a brief period for the transaction of routine morning business, and then to go out until Monday at 11 a.m.

That is the plan, Mr. President, unless somebody has something they want to say.

I yield to the Senator from Kansas.

Mr. DOLE. Mr. President, we are now in the process of checking with all members of the Finance Committee, Democrats and Republicans. I do not know of any objection. The vote on this package was 20 to 0. Every Senator voted for the package, but we did have an agreement that before we brought the bill to the floor we would, either through a committee meeting or at least a check with each Member, make certain we had no further objection. We have now checked with eight Senators and eight have said they have no objeciton. I do not anticipate any objection, but before the boat bill is offered, I will want to get back to the majority leader to make sure there are no objections to proceeding that way from members of the Finance Committee.

Mr. BAKER. Very well.

OMIBUS BUDGET RECONCILIATION ACT OF 1983

Mr. BAKER. Mr. President, I ask the Chair lay before the Senate Calendar Order No. 501, H.R. 4169.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 4169) to provide for reconciliation pursuant to Section 3 of the First Concurrent Resolution on the Budget for the fiscal year 1984.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to the immediate consideration of the bill.

Mr. BAKER. Now, Mr. President, I ask for the yeas and nays on the resolution.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Who yields time?

Mr. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, I hope that someone will explain the contents of this bill.

Mr. BAKER. Mr. President, I designate the distinguished chairman of the Budget Committee to manage the time on this side.

Mr. BYRD. Mr. President, I designate Mr. CHILES to be in control of the time on this side.

Mr. DOMENICI. Mr. President, I was asked to explain what is in this reconciliation bill. It has been here for a while, since last year, and so let me, as quickly as I can, give the chronology and what is in it.

This is the unfinished business of last session, the so-called Omnibus Reconciliation Act of 1983, H.R. 4169.

I am hopeful, as the leader indicated in his remarks, that this is the first step we take over the next few weeks toward enacting further legislation to reduce the deficits. While I have concerns about particular provisions in H.R. 4169, I believe the Senate should quickly adopt this bill without amendments and send it to the President for his signature.

Let me briefly explain my reasoning for this position. H.R. 4169 passed the House of Representatives last October on a voice vote. The bill addresses a portion of the reconciliation spending savings for three committees, as instructed in the budget resolution for fiscal year 1984. The three committees in the House were the Post Office and Civil Service, the Small Business, and the Veterans' Affairs Committees. Similar instructions were given to the Senate Governmental Affairs, Small Business, and Veterans' Affairs Committees.

They were instructed to find savings of about $10.6 billion over the 3-year period, fiscal years 1984–86. Most of the savings were to be achieved through delays in cost-of-living adjustments—COLA's—for different pension programs and through delays and reductions in Federal pay raises.

Both the House and Senate committees reported legislation that—at the time they were reported—exceeded the instructions in the Senate and achieved 80 percent of the instructions in the House. Time has passed, and, quite frankly, if we do not act quickly on this bill, we will not be able to claim even a portion, if any, of the savings.

Both the House and Senate committees of jurisdiction reported changes in the COLA adjustment date for Federal civilian and military retirees. Under current law, the 1984 cost-of-living increases will be effective on May 1, and payable at the end of May for military retirees and at the beginning of June for civilian retirees. H.R. 4169 delays this COLA increase until January 1985 for civilians, and December 31, 1984 for military retirees. If we act by April 15, the COLA delay can be achieved without any administrative problems. If we delay until after April 15 and certainly after April 30, we will lose at least $1.1 billion in savings between now and next year when the next adjustment would occur. We must act now to achieve these savings, and I see no reason to delay.

Over the entire period fiscal year 1984–87, H.R. 4169 will result in deficit reductions of $8.2 billion. The policies embodied in H.R. 4169 are essentially the same as the policies in S. 2062 affecting retirement, civilian pay raises, and veterans.

We lose about $1.4 billion over the period fiscal year 1984–87 as a result of enacting H.R. 4169 and not the companion Senate measure covering these same areas. But, quite frankly, I do not believe the differences are so significant that we should jeopardize the real savings by amending the bill, spending time in conference, and then missing the April 15 deadline. At least, that is a possibility, and I see no reason to delay. Also, we may have an opportunity to get back some of these losses when S. 2062 is considered subsequently.

The main savings we lost result from the fact that the fiscal year 1984 Federal pay raise will be 4 percent retroactive to January 1, 1984, rather than the 3.5 percent pay raise now in effect. We also lose a provision permanently shifting future pay raise dates to January 1, but that can be corrected later, if it is the will of Congress.

We lose some savings on the Federal retirement COLA's but nothing on the policy involved. Federal retirement COLA's will be permanently shifted to the beginning of January—which is the major policy change we seek; but since H.R. 4169 does not move the military retirement pay date from the last day of the month to the first day of the following month, we lose the one-time accounting saving of having only 11 monthly military retirement checks in fiscal year 1985 that is contained in S. 2062. But if we wish, that can also be corrected later.

We lose nothing on the small business savings compared to S. 2062 if the administration enforces caps placed on SBA disaster lending. And we may gain by reinstating the provision requiring farmers to apply at FmHA for disaster assistance earlier than would otherwise be possible. Each day that passes without that provision costs us money.

We lose some money by granting veterans compensation recipients a 4.1 percent COLA in April 1984 instead of the 3.5 percent COLA enacted in a free standing bill, Public Law 98-223. But we actually estimate increased savings because H.R. 4169 assumes future compensation COLA increases in April of each year, whereas Public Law 98-223 includes sense of the Congress language that future increases be paid in January of each year.

Finally, H.R. 4169 requires the President to convene a domestic economic conference of deficits. I question whether this is useful, and I will not support a delay in further deficit reduction action on the argument that we must wait until this conference on the deficit reports. Enacting H.R. 4169 does not eliminate the need for continued immediate action on the deficit. We all know what has to be done. I doubt that any summit will suddenly give us new-found courage to do what needs to be done. I wish we had time, so that we would not have to include this provision, but I do not think we should risk a conference; and I recommend that we proceed as the majority leader has indicated. But this is not a serious flaw in H.R. 4169, considering the urgency of our present situation.

This is only the beginning. The committees of jurisdiction are to be congratulated on reporting legislation that will reduce the projected deficits by $8.2 billion. But, the size of the deficits clearly dictates that we need to do much more. I am confident the Senate will move shortly to take up the Senate reconciliation bill that will achieve much larger savings.

Mr. President, I ask unanimous consent that two tables be printed in the RECORD at this point, one comparing provisions of H.R. 4169 and S. 2062, and a second showing the savings of H.R. 4169 compared to the current CBO baseline.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

COMPARISON H.R. 4169 AND S. 2062

	Current law	H.R. 4169 (as passed House) Oct. 25, 1983	S. 2062 (as reported in Senate) Nov. 4, 1983
Federal civilian and military retirement.	COLA becomes effective on May 1, 1984 (payable on June 1 for civilians and May 31 for military). COLA amount is computed on change in CPI between December 1982 and December 1983.	Changes effective date of COLA adjustment to Dec. 1 (payable on Jan. 1 for civilians and Dec. 31 for military). Established COLA computation period the same as social security computation period. (Permanent.).	Same, except that it moves military retirement pay date from last day of month (of effective month) to first day of following month.
Civilian pay raises	Pay raises for civil servants, Members of Congress, legislative staff, and others are effective October of each year based either on a comparability study or alternative plan submitted by the President. For fiscal year 1984 the alternative plan is operative. Fiscal year 1984 pay raises for white collar workers were 3.5 percent, delayed 3 mo to January 1984. Pay raises for blue collar workers were limited to 3.5 percent and delayed 90 days. Members of Congress received 3.5 percent delayed 3 mo to January 1984.	Changes pay raises from October 1983 to Jan. 1, 1984 and makes increase 4 percent, requiring retroactive payments to civil servants. Makes this a 1 time delay. Members of Congress would receive this pay increase.	Same, but makes this a permanent delay.[1]
Small Business Administration disaster assistance.	A 1980 reform provision expired on Oct. 1, 1983 that required farmers to seek agriculture disaster loans through the Farmers Home Administration (FmHA) before going to the SBA, unless they were declined (or would have been declined) loan assistance at substantially similar interest rates from the FmHA. Interest rates for SBA disaster loans are established under varying procedures. There are no funds authorized for nonphysical disaster loans (repealed in Omnibus Budget Reconciliation Act of 1981). There is no cap on the amount of physical disaster loans that can be made. Businesses, including those adversely affected by PIK and peso devaluations, can and do seek assistance through regular SBA business loan programs.	Extends reform through fiscal year 1986 to substantially remove SBA from agricultural disaster lending except as a lender of last resort. Also includes provisions to reduce interest rates on SBA disaster loans, which will allow farmers to borrow from the SBA up to authorized loan caps for fiscal year 1984–86. It will be up to the administration to enforce the loan caps. Expands the definition of businesses eligible for SBA disaster assistance, including those adversely affected by PIK and the peso devaluation.	Extends reform through fiscal year 1985 to eliminate farmer borrowing from SBA except as a lender of last resort. Does not include other provisions.
Veterans compensation	Provides 3.5 percent COLA on Apr. 1, 1984, for veterans receiving compensation benefits. Sense of the Congress language was adopted that future compensation COLA's after fiscal year 1984 shall take effect on Dec. 1 of the fiscal year involved. Provides payment of temporary compensation increases on the 1st day of the month for veterans whose hospital stays begin and end during the same month. This has the effect of making the period of payment in such cases the entire month in which the case was furnished. VA educational assistance allowances can be paid in advance	Provides 4.1 percent COLA adjustment on Apr. 1, 1984 for veterans receiving compensation benefits. Assumes future COLA's would be effective each April thereafter (payable in May).[2] Restores payment of temporary compensation increases for hospitalizations to date of admission through the end of the month during which hospitalizations ends. Terminates the advance payment of VA educational assistance allowances.	Caps veterans compensation COLA at an amount equal to 3.5 percent effective on Apr. 1, 1984.[2] includes language that future COLA's shall not take effect before Dec. 1, in 1984 and 1985.
Domestic economic conference on deficits.		Directs President to convene a summit conference to address projected deficits and develop a plan to reduce deficits. Conference would be convened no later than 45 days after enactment..	No comparable provision.

[1] Governmental Affairs intends to offer an amendment to make the pay raise reflect the actual 3.5-percent increase that became effective on Jan. 1, 1984.
[2] Passage of H.R. 4169 would overturn a 3.5-percent veterans compensation COLA enacted by the Congress and signed by the President on Mar. 2, 1984 (Public Law 98-223).

SUMMARY OF H.R. 4169—CHANGE FROM CBO BASELINE, REVISED APR. 4, 1984

[In millions of dollars]

	Fiscal year—				
	1984	1985	1986	1987	Total 1984–87
Title II—Post Office and Civil Service Committee:					
COLA delay:					
BA	−246	−6	−11	−11	−274
O	−485	−544	−1,016	−1,095	−3,140
Civilian pay raises:					
BA	+248	−376	−1,329	−2,559	−4,016
O	+249	−379	−1,342	−2,618	−4,090

SUMMARY OF H.R. 4169—CHANGE FROM CBO BASELINE, REVISED APR. 4, 1984—Continued

[In millions of dollars]

	Fiscal year—				
	1984	1985	1986	1987	Total 1984–87
Total title II:					
BA	+2	−382	−1,340	−2,570	−4,290
O	−236	−923	−2,358	−3,713	−7,230
Title III—Small Business Committee:					
SBA disaster loans:					
BA			−162	−258	−420
O	−114	−230	−201	−195	−740
Title IV; Veterans' Affairs Committee:					
Veterans compensation COLA:					
BA	+22	−90	−99	−101	−268
O	+18	−90	−99	−101	−272
Total, H.R. 4169 (change from CBO baseline):					
BA	+24	−472	−1,601	−2,929	−4,978
O	−332	−1,243	−2,658	−4,009	−8,242

Mr. CHILES. Mr. President, will the Senator yield?

Mr. DOMENICI. I yield.

Mr. CHILES. Mr. President, I listened to the Senator's explanation, and I think it is correct, that this bill does save less than the Senate companion bill we had on the calendar.

I hope that by the fact that we are passing this bill tonight—and I think there is some purpose, as the Senator says, if this does not get bogged down, and I am not quite of the feeling that we could not get a conference next week and get that worked out—but I hope we are not waiving those savings by doing that, if we are going to try to pick it up. It is not easy to save a dollar around here. These are steps we have already taken, on which we have had votes in the Senate. In effect, the people who are going to be hit understand it.

Mr. DOMENICI. That is right.

Mr. CHILES. That has already happened, so I hope we will try to pick those up in the future.

Mr. DOMENICI. The Senator is correct. I cannot say that we are going to do that, but we have called that to the attention of the leadership here, and I am personally committed that, to the extent I am involved, we should be able to send to the House, in a subsequent reconciliation measure, most of the savings we are not going to get here.

Mr. CHILES. As to the veterans' portion, that is not just savings. There is substantial reform that has been passed after the House passed their revision. We are sort of undoing that reform. I think everybody understands that we are going to follow with a bill right after the passage of this measure in which we will reinstate that reform and get that done.

Mr. DOMENICI. The Senator is absolutely correct. The language of this reconciliation is last year's language. In the meantime, by a freestanding measure, we have saved significant money and prescribed a rather important reform. So nobody should object if, immediately upon passage of this reconciliation bill, we pass and send to the House a bill that quickly reinstates the freestanding reform we have already passed, which nobody objected to.

I thank Senator CHILES for bringing up that matter. We are going to try, with the leadership on both sides, to pass, immediately after reconciliation, such as a curative measure.

Mr. CHILES. There are also some problems with small business, and I guess we will try to work those out when the Senate reconciliation bill comes up.

Mr. DOMENICI. The Senator is correct.

Mr. CHILES. Maybe this is the last thing: Just so that Members do understand, there is a provision in the House bill that provided for a legislative pay raise. I do not want anybody to be unaware of that. We are talking about offering again a repealer of that, which will go with the veterans' matter and take place right after the passage of this bill, and that is something to which the leadership has agreed.

Mr. DOMENICI. The Senator is correct.

In talking with the majority leader, it is my understanding that both the reestablishment of the freestanding veterans' reform measure with another bill amending the reconciliation bill which we will have just passed will also be accompanied by another measure, a bill that will put the pay-raise situation back where it was but for the passage of the reconciliation bill containing the House language.

Mr. CHILES. I do not know whether some other Senators are like me. I do not like to give up $8 billion in savings but at the same time to vote against a bill that has a pay raise in it for me, but the worst thing I think we could do in here is in a reconciliation bill by raising our pay.

So I am casting that vote on the basis that I am going to get a chance and that we are going to pass immediately after a repealer of that pay so that it is clear that that is not our intent.

We are seeking the savings. We are not seeking to get a pay raise in this manner.

Mr. DOMENICI. I hope everyone who feels as the distinguished Senator from Florida, the Senator from New Mexico, and many other Senators do, will all understand this. Clearly, if anyone needs reassurance, we will ask the majority leader just before we vote to state two bills he intends to offer immediately hereafter, one on the veterans, and one on the pay as described.

I thank the Senator for the questions and for bringing up these very important matters.

Mr. WEICKER. Mr. President, the House Reconciliation bill, H.R. 4169, contains important budget reduction provisions that would cut the deficit by some $8.9 billion. Although we have much further to go, I applaud and support these provisions that cut into the deficit through COLA savings, rather than by cutting and eliminating programs for the needy which we all know have already borne too much of the burden in Congress budget-cutting efforts.

Yet, in our desire to act quickly and decisively to bring about these savings, it is important that every Member of this body understand the significance of passing H.R. 4169 intact. By adopting the small business provisions in title III of this bill, Congress, in the name of expediency, would be gutting major disaster lending reforms first implemented in 1977 in Public Law 96–302, and retained by this body in the Omnibus Reconciliation Act of 1981, Public Law 97–35. In essence these reforms insured that SBA was taken out of the farm disaster lending business which time and experience showed SBA should not have been in the first place. Title III of this bill not only puts SBA right back into farm disaster lending, it also reactivates certain nonphysical disaster lending programs that Congress specifically eliminated in the Reconciliation Act of 1981. To take such action is a major step backward.

First, the House bill would drastically reduce interest rates for physical disaster loans. Under current law, which would also be extended for 3 years in the House bill, as long as disaster lending interest rates at SBA and the Farmers Home Administration (FmHA) remain substantially similar, a farmer seeking assistance must first have applied for aid at FmHA, and be declined there before he could be eligible for assistance at SBA under its disaster loan program. By substantially lowering current interest rates at SBA, farmers will once again flock back into the program.

I think it important to recount for you some of the problems, and the huge cost of this program, after SBA was thrown into farm disaster lending back in 1977.

HISTORY OF SBA INVOLVEMENT IN FARM DISASTER LENDING

In July 1977, the SBA administratively determined that farmers suffering production crop losses were eligible for SBA disaster loans. At the time this ruling was made, FmHA had already been operating an agricultural disaster loan program for some years. As a result of this ruling, SBA's disaster loan volume increased from $200 million in 1977 to $2.5 billion in fiscal year 1978, primarily due to crop disaster loans. FmHA disaster loans also

rose from $1.2 billion in fiscal year 1977 to $3.4 billion in 1978.

To explain the reasons behind this enormous spending increase, and to provide guidance to Congress in designing a disaster policy that would be both responsive to the needs of agricultural disaster victims and yet fiscally prudent, the General Accounting Office (GAO) was requested to conduct an audit of the fiscal year 1978 operations of the SBA and FmHA programs, and assess whether SBA had administered this program properly.

The GAO report concluded that SBA's staff was inexperienced in agricultural matters and lacked the expertise to properly administer a farm disaster lending program. In contrast, GAO pointed out that FmHA had over 2,300 field offices located throughout the United States whose primary purpose is to assist agricultural enterprises.

The GAO report also noted the fundamental difference between crop losses due to drought, and losses to physical property such as a factory, destroyed in a hurricane or flood. In agriculture, crop yields routinely vary from year to year due to weather conditions or other ordinary reasons. The GAO evaluation showed that FmHA took such normal variation into account in determining disaster aid through its requirement that a minimum crop loss be incurred before a farmer is eligible for assistance. The SBA program, however, had no such requirement and treated physical property losses and crop production losses almost identically. Furthermore, FmHA looked at total farm income in computing loan amounts, because, while a farm may have lower-than-normal production in one crop, that could be offset by higher-than-average production in another crop. SBA did not consider this factor when computing losses under its program.

GAO also found that the average size of SBA loans was almost 20 percent greater, and the average maturity about 13 percent longer, than the average FmHA loan. GAO concluded that these differences were due, in part, to less stringent SBA lending requirements.

The GAO auditors also found that the existence of duplicative programs at the two agencies had created opportunities for abuse and fraud. First, loan applicants were able to apply to both agencies and shop for the best or largest loan. Second, and worse, GAO auditors found numerous cases in which applicants fraudulently estimated higher losses and more acres planted when they applied for SBA loans than when they applied for FmHA loans. In addition, GAO uncovered examples of borrowers who fraudulently obtained loans from both SBA and FmHA for the same disaster loss.

GAO concluded that the overall effect was to substantially increase the cost of agricultural disaster lending above what it would have been if FmHA alone had administered the program.

In 1980, Congress addressed the question of farmer eligibility at SBA through provisions incorporated in Public Law 96-302. The primary purpose of these reforms was to substantially remove SBA from any significant involvement in agricultural disaster lending, while at the same time insuring that no agricultural enterprises currently eligible for disaster assistance from the Federal Government would be denied such assistance.

Public Law 96-302 provided that as long as the SBA and FmHA program had "substantially similar" interest rates and terms for disaster assistance, a farmer seeking assistance must have first applied for aid at the FmHA and be declined there before he could be eligible for assistance at SBA under its disaster loan program.

The net result of the reforms adopted in Public Law 96-302 is that SBA has been almost totally removed from farm disaster lending and FmHA has once again assumed primary responsibility for that function.

To insure that the compromise adopted in 1980 in Public Law 96-302 was not altered, Congress, in the Omnibus Reconciliation Act of 1981 (Public Law 97-35), maintained SBA's disaster interest rates at a level substantially similar to the disaster interest rates at FmHA. The Senate and House Small Business and Agriculture Committees coordinated their conference negotiations closely to insure that comparable proposals would be adopted. Congress acted quickly to ratify this action. Had substantially similar interest rates between the two agencies not been maintained, SBA would again have been right back into major farm disaster lending.

COMMITTEE HEARINGS

In the last Congress, the committee held hearings on SBA's administration of the farm disaster lending program. The purpose of these hearings was to further examine the extent and gravity of problems encountered during SBA's involvement in agricultural disaster lending, and to determine whether special collection efforts should be instituted to recoup Government money which SBA had paid out improperly.

The committee's investigation, which was supported by audits and findings of the SBA Inspector General and the committee's hearings, showed that virtually millions of dollars had been improperly paid out by SBA while administering this program. Some farmers used money earmarked for crop replacement or debt repayment to finance such items as a refurbished home, investments in high-interest bearing certificates of deposits, and other expenses unrelated to farm disaster losses. The Inspector General's audits also showed that some borrowers illegally received duplicate loans and Federal grants from SBA and FmHA for identical losses.

The committee's hearings demonstrated further that these problems occurred in part because of SBA's lack of expertise to administer this specialized program and because borrowers were frequently able to take advantage of the program due to loose administrative and management procedures. The hearings confirmed that a program at SBA which was intended to assist those who suffered very serious and real losses due to extreme weather conditions was abused; that Federal dollars were mishandled; and that during a time of severe budget restraints, the Government had the opportunity to collect millions of dollars in misused funds from these borrowers. The hearings also clearly reaffirmed the wisdom of Congress action in removing SBA from farm disaster lending.

This Congress, the committee again held a hearing to receive the views of the Administrators of SBA and FmHA on the effectiveness of the reforms in agricultural disaster lending since the enactment of Public Law 96-302 and to get their assessment of pending legislation, S. 628, that would maintain the reforms adopted in Public Law 96-302. This legislation was subsequently reported out of the Small Business Committee to the Budget Committee and is contained in title III of the Senate's reconciliation bill, S. 2062. To acquire the expertise would constitute duplication, waste, and mismanagement of scarce public resources, he said. As he put it, "I simply believe that SBA should be out of the agricultural lending business entirely. We should leave agricultural lending to the Department of Agriculture."

With respect to disaster loans, Sanders testified that SBA had made two farm disaster loans in the past year. He explained that even with substantially similar interest rates in place at the two agencies, SBA still had the authority to make loans to groups that are, by statutory definition, ineligible at FmHA. These groups include aliens, corporations, partnerships, and cooperatives that are not primarily engaged in farming, and farmers who do not operate their own farms, according to Sanders.

In response to questions from the committee, Sanders also indicated that there have been no complaints from the agricultural community as a result of SBA's withdrawal from agricultural disaster lending. Furthermore, he noted that the agricultural community as a whole expects the Department of

Agriculture, not SBA, to provide the services to farmers.

With respect to SBA business loans to agricultural enterprises, Sanders noted that there is a memorandum of understanding between SBA and FmHA that sets forth the policy of the two agencies in encouraging agricultural enterprises to first apply to FmHA before coming to SBA for a business loan. As a result, only 20 nondisaster business loans have been made to farmers over the past year, according to Sanders. Sanders concluded that the system currently in place has been effective in controlling the problems of the past, as well as virtually eliminating the duplication of lending activities between the two agencies.

Sanders said it was his feeling that the passage of legislation continuing the 1980 reforms was important to maintaining the efficiency of SBA's operations.

FmHA Administrator Charles Shuman also agreed that the reforms contained in Public Law 96-302, and subsequently reinforced by the Omnibus Reconciliation Act of 1981, were sound and should be continued. He, therefore, supported passage of the legislation, as well. In doing so, he emphasized that the reforms adopted by Congress have eliminated a great deal of confusion and public criticism engendered by the old system, under which agricultural enterprises afflicted with weather disaster could shop for loan assistance between two Federal agencies. He attributed this to each agency using differing loanmaking and servicing regulations, and, for a limited time, differing interest rates.

In urging the Small Business Committee to maintain the reforms already adopted, Shuman indicated that there are compelling reasons to keep FmHA as the primary Federal lender in the agricultural area. These include:

A delivery system that serves every rural county through some 2,300 county, district, and State offices. Accordingly, no matter where a need arises, a permanent, staffed Farmers Home office is available; in contrast, SBA is organized for different purposes with fewer than 100 offices, and those located primarily in urban areas.

Highly trained, qualified personnel at FmHA. The majority of FmHA county supervisors have degrees in agriculture. They are backed by trained farm chiefs in each of 46 State offices, and a section of the national office specifically responsible for farm emergency loans; and both Shuman and Sanders agreed that the current statutory provisions governing farmer eligibility for farm-disaster-related aid, and the relationship between SBA and FmHA, is not only working, but working well.

Mr. President, based upon the Small Business Committee's extensive review of this program, and in accordance with the reconciliation instruction included in section 3(d) of House Concurrent Resolution 91, section 301(b) of the Congressional Budget Act, the Small Business Committee reported recommendations to the Budget Committee which achieved savings of $139 million in budget authority and $287 million in outlays in fiscal year 1984; $555 million in budget authority and $466 million in outlays in fiscal year 1985; and $544 million in budget authority and $443 million in outlays in fiscal year 1986.

This was done simply by extending the reforms Congress first implemented in Public Law 96-302.

The only way that the House was able to not only lower disaster lending interest rates, but also create two new nonphysical disaster lending programs assisting businesses injured as a result of the Government's PIK program and peso devaluation, was by placing an artifical cap of $500 million per year on physical disaster loans and $100 million per year cap on nonphysical disaster loans. These caps, when interpreted in their true light would in no way limit Government expenditures because Congress has always appropriated whatever amounts are necessary to meet the total demand for disaster loans. Once such authorizations are enacted, they function as quasi entitlements. Any authorization ceiling only operates as a temporary experiment and enables the House provisions to come within the technical rules of budget reconciliation, and would have no effectiveness whatsoever in limiting Government spending.

With the lowering of interest rates in the House bill, CBO conservatively estimates this would increase SBA's disaster lending to farmers by $300-$400 million per year.

With regard to reauthorizing the nonphysical disaster loan program, the House bill creates two new programs and places a $100 million cap on the program. Yet to take such action makes little sense since the demand for these combined programs is potentially in the billions.

With regard to the program to assist businesses harmed as a result of the PIK or a successor program, CBO has conservatively estimated that the demand for this program is likely to be closer to $1.5 billion and could be as high as $3.6 billion.

With regard to the subsidized loan program to assist businesses harmed as a result of the peso devaluation, SBA conservatively estimates that these loans would likely run into the hundreds of million dollars.

One must ask how SBA could be expected to administer a program where the demand for funds is 36 times the supply. Either the $100 million cap will be swept away for cheap loans, or SBA will be confronted with major administrative problems. For Congress to put SBA in this position is, in the judgment of this Senator, a major mistake. And this is exactly what will happen if title III of H.R. 4169 is passed and enacted into law.

EQUITY IN SMALL BUSINESS DISASTER LOANS

Mr. BENTSEN. Mr. President, I am pleased that this bill includes the substance of legislation which I have introduced to correct a discriminatory situation involving eligibility for Small Business Administration disaster loans. This legislation will make a minor change in the Small Business Act in order to require the Small Business Administration to treat small agricultural cooperatives just like any other small business with regards to eligibility for economic injury disaster loans. In addition, this bill will also make small businesses eligible for this EIDL assistance as a result of the Government's payment-in-kind program, which in many rural areas was just as devastating as a drought or other natural disaster to small businesses.

It has come to my attention that under the Small Business Administration's section 7(b)(2) loan program, the economic injury disaster loan program, there are instances in which a small business cannot qualify for this loan program simply because it is organized as a cooperative rather than a corporation.

The SBA requires, as a condition for eligibility for these loans, that the small business corporation meet SBA's size standards. This requires documentation through submission of SBA's form 355. In addition the officers and directors of the corporation must also meet SBA's size standards and must submit form 355's to show that they are small businesses.

However, in the case of a cooperative, SBA requires that each member of the cooperative submit a form 355 to show that they are a small business. There is no requirement that each stockholder or customer of the corporation submit a form 355 and qualify as a small business. This is clearly discriminatory, and for no good reason.

This discrimination is not just an inconvenience. It effectively bars the cooperative from any eligibility for an SBA disaster loan. To illustrate this, consider the case of a cotton gin in the Texas Panhandle. Much of this area has qualified for 7(b)(2) disaster assistance from SBA because of the severe weather which inflicted massive damage on the crops in the region in recent years.

This cotton gin has 25 farmers who are members and who gin their cotton there. These 25 farmers own part of their farmland and rent part of it through the crop-share leases which are standard in the area. Under a crop-share lease the landlord gets part of the crop, and, of course, the landlord's

share is also ginned at that gin. Let us assume that a total of 50 landlords are involved. Let us also assume that the gin has three officers and two directors.

If this gin is organized as a corporation with each farmer owning an equal share, then the corporation and the five officers and directors would all have to qualify as small businesses under the SBA standards and would have to submit form 355's to prove it.

If the gin is organized as a cooperative, then the cooperative, all 25 farmers, and the 50 landlords—who would all have to be members of the cooperative—would have to meet SBA size standards and submit form 355's to prove it. In reality it would be impossible to get all of these, especially absentee landlords, to fill out the form 355 with its detailed financial information.

These unreasonable requirements are affecting all types of agricultural cooperatives. West Texas cotton gins who had drought and PIK-related losses have so far been denied disaster loans. Rio Grande Valley fruit co-ops who were devastated by the recent freeze are facing the same refusals if this legislation is not passed into law.

The problem has arisen because of SBA regulations, not because of legal requirements, but SBA has refused to change their interpretation and end this discrimination. Thus we must correct this inequity through legislation.

Mr. President, I see no justification at all for this discrimination, and I urge passage of this corrective legislation.

● Mr. LEVIN. Mr. President, it is absurd that the Senate is asked today to make a choice between apparent pay increase for Members of Congress and reducing the deficit by $8 billion over the next 3 years. But that is exactly the position in which Members of the Senate were put in by this vote on the Omnibus Reconciliation Act of 1983.

However, in light of the Senate's action earlier today to repeal this pay increase in anticipation of the passage of this reconciliation bill, and in light of my personal conversation with the majority leader in which he indicated that his soundings over on the House side with staff at the Speaker's office suggested that our bill repealing the pay increase would probably pass the House. I decided that it was possible to focus on the major aspect of this legislation, which is deficit reduction.

The deficit crisis before us—which will eventually lead to higher interest rates and higher unemployment unless addressed—is too important to be ignored, nor can the measures to deal with that crisis be ignored either. While it is true that $8 billion in deficit reduction over 3 years would not solve the deficit problem, it is just as true that unless we are willing to take step after step like this, then the deficit problem will never be solved.●

OPPOSITION TO DELAYING MILITARY AND CIVIL SERVICE RETIREMENT COST-OF-LIVING ADJUSTMENTS

Mr. HOLLINGS. Mr. President, I am opposing this delay in military and civil service retirement cost-of-living adjustments for one major reason—it is a continuation of this administration's unfair attempt to balance the budget on the backs of the retirees and the public servants.

No one has worked harder for a balanced budget than I have. I have voted for the constitutional amendment to balance the budget and for the past 3 years I have offered a comprehensive plan to freeze Federal spending and taxes.

But where the President and I part company is on the issue of fairness. My budget freeze proposal is harsh medicine because we face terminal illness—$200 billion deficits for as far as the eye can see. But where I propose a shared sacrifice, asking all of our citizens to live within the budget they received last year, the President continues his selective assault. He has plenty of money for wasteful Pentagon programs and tax cuts for the Orange County crowd but not enough to fulfill our established commitment to the retirees. That is simply malarkey and is the same unfair policy that got us into this deficit dilemma to start with.

I am sure that the retiree would go along with an across-the-board freeze on spending because the retiree knows as well as anyone else that we must reduce the deficit now. Our economic survival and perhaps our very ability to govern is threatened. And, the retiree knows that a freeze is fair. Everyone and every program is asked to sacrifice equally. And if State and local government, unions, businesses, and families have all been able to freeze their spending in order to live within their means, why cannot we here in Washington do the same?

Mr. President, I might also mention that while there is still room for reform in our Federal pension programs, the military and civil service retirement programs have been significantly altered over the last 7 years. In 1977, the 1-percent kicker was eliminated and in 1980 the look-back provision was repealed. In addition, semiannual cost-of-living adjustments were reduced to only one increase per year in 1981. And, 2 years ago the COLA for retirees under age 62 was cut back.

I was not in total agreement with nor did I vote for all of those changes. But the record in clear—the Federal retiree has more than borne his fair share of budget cuts and the Federal pension program has been through a serious series of reforms.

Yet, if we continue to play politics, to selectively blame the civil servant for the deficit, and to slash pay and retirement, we will serve only to drive the best and brightest out of Government service. And what will that achieve? Nothing in the long run other than a demoralized work force that is less efficient and less effective.

Mr. President, Federal spending can and must be brought under control. But this bill is not the way to do it.

● Mr. PELL. Mr. President, I very much regret that we are confronted with the alternatives posed by H.R. 4169. I am no less eager than any Member of this body to achieve savings, reduce expenditures, and diminish the deficit. But to do so in the context of legislation that also provides a retroactive pay increase for Members of the Senate while delaying COLA's for Federal retirees is totally unacceptable. Such an action can only be seen for what it is; namely, an irreconcilable conflict in both the letter and spirit of fiscal responsiblity. Hopefully we will be able to make up the difference in the more comprehensive budget package that we will shortly consider.●

● Mr. BIDEN. Mr. President, because of my complete opposition to the adoption of a legislative pay increase, I am voting against the House-passed H.R. 4169.

I voted against H.R. 4169 with some reluctances because it contains $8.2 billion in deficit reduction items that I support. As my colleagues may be aware, I am cosponsoring a budget freeze that will reduce deficits in fiscal year 1985 by $39 billion. Most of the deficit reductions in H.R. 4169 are consistent with the objectives of my budget freeze and I would like to see them become law.

However, I felt that it was important to register my opposition to a pay increase for Senators. The Senate has already adopted a bill that would reverse the pay increase action, however, we have no guarantee that the House of Representatives will act on that measure. I hope that it will be enacted into law promptly.●

COLA DEFERRAL

● Mr. WARNER. Mr. President, I find myself to be in an extremely awkward position on this legislation. I have publicly stated my opposition to further delaying cost-of-living increases for military and Federal retirees, who are being asked in this measure to accept the longest delay of any COLA recipient.

I have written to the chairmen of the appropriate Senate committees requesting a separate vote on this matter when the Senate version of the bill, S. 2062, was to come to the Senate floor. I ask that the text of my letter be printed at this point in the RECORD.

The letter referred to follows:

U.S. SENATE,
Washington, D.C. April 3, 1984.

Hon. PETE V. DOMENICI,
Chairman, Committee on the Budget,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I commend your hard work in coming up with a proposed deficit reduction package. There are certainly tough decisions contained in this proposal, and I know we all must share in the responsibility to start a trend to reduce the deficit.

However, there is one area in which I, respectfully but strongly, disagree. It is with a strong sense of urgency that I am contacting you today on behalf of our nation's 3,286,000 federal and military retirees.

As you are aware, Section 301, P.L:. 97-253, the Omnibus Budget Reconciliation Act of 1982, provided for a three-year phased deferral in awarding civil service and military retiree cost-of-living adjustments (COLAs).

Three consecutive thirteen month COLA intervals are consistent with the need for budget savings in all areas of government, and I request your support in providing an opportunity for the Senate to vote separately on whether these stepped deferrals remain in place.

The alternative which has been proposed in the fiscal year 1984 budget reconciliation bill, S. 2062, to further delay the June 1984 COLA until January 1985, will result in what I believe to be an unfair waiting period for federal and military pensioners.

It is my request that the portion of the Fiscal Year 1984 Budget Reconciliation package dealing with this matter be reported to the floor as a separate committee amendment. In this way, the Senate as a whole could consider the federal and military retiree COLA issue based on its own merits.

Having served the federal government in the military, as a civilian, and as two department heads, I feel a special bond to our retirees who have served with the promise of certain retirement pay as a portion of their earnings. It is our obligation to these retirees that the budget does not get balanced disproportionately at their expense.

The Senate just unanimously approved legislation creating a Civil Service Review Commission, which is to evaluate all pending proposals with respect to the civil service package—pay, retirement, other benefits, RIF regulations, etc., and weigh as well as balance these proposals to insure a quality federal workforce. And yet, S. 2062 proposes another drastic deferral of civilian retirement and disability cost of living adjustment.

Many of the current military retirees are World War II vets who served with low pay but with promises of single source retirement benefits adjusted for inflation. Yet S. 2062 mandates these retirees must accept yet another deferral of COLA's.

I hope you will at least agree to allow the seriousness of this additional COLA delay, resulting in twenty months without any adjustment for these senior citizens, to be considered separately by the Senate.

I recognize, support and praise the significant progress which has been made in curtailing high inflation rates, which is indeed the cruelest tax to those living on fixed incomes. However, onerous and continued across-the-board losses in income security take place in those areas to which retirees are particularly vulnerable: housing, food prices and medical costs. Consequently, once they have fallen behind, many retirees may permanently lose their ability to maintain their standard of living.

The June 1 COLA date is now less than sixty days away, a period which I regard as the absolute minimum in terms of reasonable notice. The eleventh hour on this issue is upon us, and I sincerely hope that you will share in my determination to see this matter effectively debated and decided by the Senate.

Sincerely,

JOHN W. WARNER.

Mr. President, I now find that H.R. 4169, the House version, is before this body and that Senate bill S. 2062 will not be considered. A decision has been made by the leadership that no amendments are to be offered on this bill.

Without the opportunity of having a separate vote on the portion I oppose, I must therefore reach a difficult decision. According to information from the House, H.R. 4169 will provide a budget savings of $10.3 billion over the next 3 years.

In the interest of fiscal responsibility and the enormity of the almost $200 billion Federal deficit, I cannot vote against the major portion of the savings represented in this measure, despite my opposition to the COLA deferral.

Had I had the opportunity to vote separately on the COLA deferral, I would have certainly voted, and urged my colleagues to vote, against what adds up to a 20-month delay of adjustment for these retired senior citizens.●

The PRESIDING OFFICER. Is there further debate?

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOMENICI. Have the yeas and nays been ordered on final passage?

The PRESIDING OFFICER. The yeas and nays have been ordered on final passage.

Mr. DOMENICI. I am prepared, if the distinguished Senator from Florida is prepared, to yield back my time so that we can vote.

Mr. CHILES. I yield back my time.

Mr. DOMENICI. I yield back any time I might have.

The PRESIDING OFFICER. All time has been yielded back.

Mr. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. HECHT). Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I ask unanimous consent that I may proceed in explanation of the matter I am about to deal with for not more than 1 minute.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, as I announced earlier, after the passage of the reconciliation bill, it was the intention of the leadership to call up a separate bill which would deal with the repeal of the 4-percent pay cap provision and also to deal, I believe I said, with a small veterans matter; maybe I did not. But that needs to be dealt with.

It occurs to me that it might be just as well to temporarily set aside the present measure and pass this repealer before we go on to the reconciliation bill.

Could I inquire of the minority leader if he would object if I ask unanimous consent to temporarily lay aside the pending measure, which is the reconciliation bill, and to offer this bill for immediate consideration?

Mr. BYRD. As I understand it, the bill that the distinguished majority leader is about to introduce deals with the congressional pay raise only?

Mr. BAKER. No; it deals with the pay raise and the veterans matter, both of which ought to be taken care of.

Mr. BYRD. I have no objection.

Mr. BAKER. I thank the Senator.

REPEALING CERTAIN PROVISIONS OF THE OMNIBUS BUDGET RECONCILIATION ACT OF 1983

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate temporarily set aside the pending measure and proceed to the consideration of the bill which I now send to the desk.

The PRESIDING OFFICER. Is there objection? Without objection, the clerk will report.

The bill clerk read as follows:

A bill (S. 2539) to repeal certain provisions of the Omnibus Budget Reconciliation Act of 1983.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

(a) Effective September 30, 1983, title IV of the Omnibus Budget Reconciliation Act of 1983 is repealed.

(b) Effective January 1, 1984, section 202 of the Omnibus Budget Reconciliation Act of 1983 is repealed, relating to the pay of Federal employees.

REPEAL OF SECTION 202 OF THE OMNIBUS BUDGET RECONCILIATION ACT (PAY RAISES)

Mr. DOMENICI. Mr. President, this provision would restore the pay raises to current law. The current law provides 3.5-percent pay increases for all white-collar Federal employees, and caps blue-collar pay raises at 3.5 percent. All Federal employees are delayed 3 months, to January 1, 1984, for white-collar workers, and 90 days after their usual effective date for blue-collar workers.

Mr. President, I believe this is a fair and reasonable provision. H.R. 4169 would have created unequal treatment for certain blue-collar employees. This provision will insure that all Federal employees are treated fairly and equally. It will not cause any hardship for the Federal worker because it will not change their current pay status.

This version from last October will cost $52 million more than Public Law 98-223.

This version, if enacted, will supersede Public Law 98-223 and cause the VA an administrative nightmare: Compensation checks with COLA's increased by 3.5 percent are being prepared now to be received by disabled veterans May 1. Title IV would make the increases 4.1 percent—the VA would have to reissue all the checks.

The 4.1 percent is more than Veterans' expected to receive and more than the Congress expected to expend. It was an estimated figure used before the social security COLA increase was known to be 3.5 percent. Compensation COLA increases have traditionally been kept in line with social security COLA increases.

Several other smaller provisions in the bill were improved upon during the conferencing of Public Law 98-223 and are preferable as they are currently enacted.

Mr. President, I support the repeal of section 202 and recommend its passage.

The PRESIDING OFFICER. If there are no amendments to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for third reading, was read the third time, and passed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HEFLIN. Mr. President, I would like the record to show that I voted in favor of the bill to repeal the increase in congressional pay. It would be entirely inappropriate to raise our pay on a bill where we are supposed to be reducing the deficit.

OMNIBUS BUDGET RECONCILIATION ACT OF 1983

Mr. BAKER. Mr. President, the business before the Senate recurs as the reconciliation bill, is that correct?

The PRESIDING OFFICER. That is correct.

The Senate resumed consideration of the bill.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

If there be no amendments to be proposed, the question is on the third reading of the bill.

The bill was ordered to a third reading and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? The yeas and nays have been ordered and the clerk will call the roll.

The bill clerk called the roll.

Mr. STEVENS. I announce that the Senator from North Dakota (Mr. ANDREWS) and the Senator from Arizona (Mr. GOLDWATER) are necessarily absent.

I also announce that the Senator from Vermont (Mr. STAFFORD) is absent on official business.

Mr. CRANSTON. I announce that the Senator from Colorado (Mr. HART) and the Senator from Kentucky (Mr. HUDDLESTON) are necessarily absent.

I further announce that the Senator from North Dakota (Mr. BURDICK) and the Senator from Arizona (Mr. DECONCINI) are absent on official business.

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 67, nays 26, as follows:

[Rollcall Vote No. 57 Leg.]

YEAS—67

Abdnor	Hatch	Nunn
Armstrong	Hatfield	Packwood
Baker	Hawkins	Percy
Bentsen	Hecht	Pressler
Bingaman	Heinz	Proxmire
Boschwitz	Helms	Quayle
Chafee	Humphrey	Randolph
Chiles	Inouye	Roth
Cochran	Jepsen	Rudman
D'Amato	Kassebaum	Simpson
Danforth	Kasten	Specter
Denton	Laxalt	Stennis
Dixon	Leahy	Stevens
Dodd	Levin	Symms
Dole	Lugar	Thurmond
Domenici	Mathias	Tower
Durenberger	Mattingly	Trible
East	McClure	Tsongas
Evans	Melcher	Wallop
Garn	Metzenbaum	Warner
Glenn	Moynihan	Wilson
Gorton	Murkowski	
Grassley	Nickles	

NAYS—26

Baucus	Exon	Mitchell
Biden	Ford	Pell
Boren	Heflin	Pryor
Bradley	Hollings	Riegle
Bumpers	Johnston	Sarbanes
Byrd	Kennedy	Sasser
Cohen	Lautenberg	Weicker
Cranston	Long	Zorinsky
Eagleton	Matsunaga	

NOT VOTING—7

Andrews	Goldwater	Stafford
Burdick	Hart	
DeConcini	Huddleston	

So the bill (H.R. 4169) was passed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill passed.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on table was agreed to.

● Mr. CHILES. Mr. President, I would like to have the record show that I voted to repeal the section of the reconciliation bill which would have raised congressional pay. It would have been entirely inappropriate to raise congressional pay in a bill to reduce the deficit. Now that the repeal has passed, I will vote for the reconciliation bill to make the $8 billion in savings we need to reduce the deficit.●

● Mr. MELCHER. Mr. President, I would also like the record to show that I voted to repeal the section of the reconciliation bill which would have raised congressional pay.

It would not have been appropriate to raise congressional pay in a bill to reduce the deficit. Now that the repeal has passed, I will vote for the bill to reduce the Federal deficit by $8 billion in savings.●

● Mr. GLENN. Mr. President, I would like the record to show that I voted in favor of the bill to repeal the pay section of H.R. 4169, which would have had the effect of raising congressional pay. It would be entirely inappropriate to raise our own pay in a bill where we are trying to reduce the deficit. I voted to pass the bill in order to secure the $8 billion of savings it achieves in other areas.●

ORDER OF BUSINESS

Mr. BAKER. Mr. President, if I may have the attention of Members, in my description before of the procedure, I indicated that at this point, it would be the hope of the leadership that we could lay down but not act in any way on the Federal Boat Safety Act. Mr. President, I now ask that the Chair lay before the Senate Calendar Order No. 571, H.R. 2163.

Mr. BYRD. Mr. President, reserving the right to object.

Mr. BAKER. Mr. President, it is my hope that that request will remain before the Senate. I now suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MISCELLANEOUS TARIFF TRADE AND CUSTOMS MATTERS

Mr. BAKER. Mr. President, there is a request now pending, I believe, that the Senate turn to consideration of the Federal boat safety bill. I have conferred with the minority leader who, I believe, is indicating that he no longer must object to that action.

Mr. BYRD. Mr. President, I have no objection. I had no objection to begin with; I was merely trying to clear the request on my side of the aisle.

Mr. BAKER. Mr. President, I renew my request.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will state the bill.

The assistant legislative clerk read as follows:

A bill (H.R. 2163) to amend the Federal Boat Safety Act of 1971, and for other purposes.

The Senate proceeded to consider the bill, which had been reported from the Committee on Finance with an amendment to strike all after the enacting clause and insert:

SECTION 1. EQUAL AND EQUITABLE CLASSIFICATION AND DUTY RATES FOR VARIOUS CORDAGE PRODUCTS OF VIRTUALLY IDENTICAL CHARACTERISTICS.

(a) IN GENERAL.—Part 2 of schedule 3 of the Tariff Schedules of the United States (19 U.S.C. 1202) is amended—

(1) by inserting "plastics or man-made materials," immediately after "assemblages of textile fiber or yarns," in headnote 1(a); and

(2) by inserting ", plastics or other man-made materials" immediate after "Of man-made fibers" in the superior heading to items 316.55 and 316.58.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply with respect to articles entered, or withdrawn from warehouse for consumption, on or after the fifteenth day after the enactment of this Act.

SEC. 2. LIKE AGRICULTURAL PRODUCTS.

(a) IN GENERAL.—Paragraph (10) of section 771 of the Tariff Act of 1930 (19 U.S.C. 1677) is amended by adding at the end thereof the following new sentence: "An agricultural product shall also be considered a like product if—

"(A) it is at an earlier state of processing than the imported article; and

"(B) the imported article is at an intermediate state of processing prior to its final consumption.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the fifteenth day on or after the date of the enactment of this Act.

SEC. 3. FISH NETTING AND NETS.

(a) IN GENERAL.—The headnotes for subpart B of part 1 of the Appendix to the Tariff Schedules of the United States (19 U.S.C. 1202) is amended by adding at the end thereof the following new headnote:

"(3) For purposes of item 905.30—

"(a) The term 'restricted amount' means, with respect to the 12-month period beginning on April 1 of any calendar year, the greater of—

"(A) 1,750,000 pounds, or

"(B) 28.5 percent of the aggregate apparent United States consumption of such netting and nets during the calendar year preceding such calendar year.

"(b) On or before April 1 of each calendar year (beginning with 1984), the International Trade Commission shall determine the aggregate apparent United States consumption of fish netting and fish nets, in pounds, during the preceding calendar year, shall report such determination to the secretary of the Treasury and the Secretary of Commerce, and shall publish such determination in the Federal Register.".

(b) RATE OF DUTY.—Subpart B of part 1 of such Appendix is amended by inserting in numerical sequence the following new item:

"905.30	Fish netting and fishing nets (including sections thereof), of textile materials (provided for in item 355.45 of part 4C, schedule 3) not over the restricted amount entered during the 12-month period beginning April 1 of any calendar year.	17% ad val.	No change	On or before 1/1/89".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to articles entered, or withdrawn from warehouse for consumption on or after the fifteenth day after the date of the enactment of this Act.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there now be a period for the transaction oF routine morning business not past 7 p.m. in which Senators may speak.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I have a number of things in the folder that appear to be clear for action by unanimous consent.

I inquire of the minority leader first if he is in a position to proceed to the consideration of Calendar Order No. 705, H.R. 4206.

Mr. BYRD. Mr. President, will the distinguished majority leader lay out all of the work? I have a gentleman waiting in my office. He has been waiting for an hour.

Mr. BAKER. Mr. President, I would like to take up and pass by unanimous consent three bills: Calendar Order Nos. 705, 741, and 742. One of them, 742, is a House joint resolution.

In addition, I would like permission to receive and refer, Mr. President, until Monday, the 9th, and to permit committees to file reports on Friday between the hours of 9 and 5.

I would like to proceed to the consideration, Mr. President, of a conference report on the Defense Production Act and to adopt that conference report, and then, Mr. President, to take up another bill, Calendar Order No. 706, together with the accompanying budget waiver, which is Senate Resolution 356, and pass both the budget waiver and the bill; next, Mr. President, to proceed to another bill, H.R. 2751, together with an amendment to that bill, and then to pass the bill. And finally, Mr. President, to take up two matters on today's Executive Calendar, which are nominations numbered 514 and 538.

Mr. BYRD. Mr. President, I thank the distinguished majority leader.

All the legislative items the majority leader has enumerated have been cleared on this side of the aisle. I am in the process of clearing the two items on the Executive Calendar.

On the Executive Calendar, this side is ready to go forward with Calendar Order No. 538 but not with Calendar Order No. 514.

Mr. BAKER. I thank the Senator.

Mr. President, there is one other matter that has been handed to me as well, and that is a request to discharge the Judiciary Committee from consideration of House Joint Resolution 407.

Mr. BYRD. Mr. President, there is no objection to any of the items that the majority leader has mentioned with the one exception to which I have called attention, that being Calendar Order No. 514 on the Executive Calendar.

Mr. BAKER. I thank the Senator.

Mr. President, I will proceed through those if the Senator does not mind, and I assure him that no other action will be taken, except the request to recess until Monday.

Mr. BYRD. Mr. President, there is no objection to any of the items the majority leader has enumerated, with the one exception I have already stated, that being on the Executive Calendar.

Mr. BAKER. I thank the minority leader.

INCOME TAXES OF CERTAIN MILITARY AND CIVILIAN EMPLOYEES OF THE UNITED STATES DYING AS A RESULT OF INJURIES SUSTAINED OVERSEAS

Mr. BAKER. Mr. President, in view of the clearances just acknowledged by the minority leader, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 705, H.R. 4206.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 4206) to amend the Internal Revenue Code of 1954 to exempt from Federal income taxes certain military and civilian employees of the United States dying as a result of injuries sustained overseas.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. DOLE. Mr. President, today I urge passage of H.R. 4206, which would provide special income tax rules for certain individuals who die in active service as a member of the Armed Forces of the United States or as a civilian employee of the Government of the United States. This has been discussed with the senior Senator from Alaska (Mr. STEVENS) and I thank him for his cooperation in this matter.

THE SACRIFICES OF OUR GOVERNMENT SERVANTS

Recent events in Lebanon and Grenada have illustrated the sacrifices that military and civilian employees of the U.S. Government must be prepared to make when they serve abroad. This is particularly true when these individuals provide our country with the ultimate sacrifice—their lives.

DESCRIPTION OF THE BILL

H.R. 4206 provides one small way in which we can compensate the families of these individuals. Generally, the bill provides income tax relief for these families in particular circumstances. Relief would be provided for the family of an individual who dies while in active service as a member of the Armed Forces of the United States or while in the civilian employment of the United States and if the death occurs as a result of wounds or injuries incurred outside the United States in response to a terroristic or military action. In such a case, no Federal income tax will apply for income earned either in the year of death or for an earlier period beginning with the last year ending before the year in which wounds or injuries were incurred. The bill will apply to men and women who meet the requirements stated therein and who die, or have died, after December 31, 1979.

CIRCUMSTANCES IN WHICH THE BILL WILL APPLY

There are several circumstances in which this bill is intended to apply. It is to apply to military or civilian employees who die, or who have died, as a result of the bombing of the U.S. Embassy or of the U.S. Marine headquarters in Beirut, Lebanon. Similarly, the bill will apply with respect to U.S. personnel participating in a U.N. peacekeeping force when killed in Lebanon by land mines or snipers in 1982 or 1983, or thereafter. The bill also applies with respect to the U.S. service personnel who died as a result of the Government's attempt to rescue the American hostages in Iran, since that rescue attempt constituted a military action involving U.S. Armed Forces within the meaning of the bill. The bill also is to apply to U.S. service personnel who died, or who have died, in a military action in Grenada.

Because of the need to accommodate the families of these individuals who may be filing tax returns shortly, the Senate Finance Committee expedited the consideration and reporting of this bill. I urge my colleagues in the Senate also to support the bill and its quick passage.

Mr. PRYOR. Mr. President, the legislation we are considering here today is fair, reasonable, humane, and overdue.

H.R. 4206 would simply exempt from taxation the income earned by U.S. military or civilian employees who lose their lives as the result of hostilities while serving overseas.

The exemption would apply to income earned during the year of death and the previous year.

Senator ARMSTRONG deserves a great deal of credit for introducing a similar Senate bill, S. 2083, which I was proud to cosponsor.

Mr. President, there is already an exemption in the Tax Code which applies to those who die as a result of injury suffered in an area designated as a "combat zone." But that "combat zone" designation has not been officially applied to situations like the tragic bombing of Marine quarters in Beirut, our activities in Grenada, the death of the U.S. administrator of the Sinai peacekeeping forces or several other incidents that resulted in the deaths of U.S. personnel. This bill would extend coverage to any U.S. soldier or civilian Government employee who meets death by terroristic or military action while overseas.

This legislation is retroactive to apply to circumstances from 1979 forward. Families would have a year to file to recover taxes already paid.

As representatives of the most powerful Nation in the world, U.S. personnel are especially tempting targets for swaggering terrorists and irrational fanatics, and as the rate of terrorism increases so, unfortunately, does the need for this legislation.

Nothing we do in the Congress could ever make up for the pain and sacrifice of these U.S. citizens and their families. All of us who witnessed the line of flag-draped coffins at Dover Air Force Base shared the pain of the Beirut bombing, but the families of those victims—and the victims of Grenada and Iran—are still living with that pain every day. This bill is intended to make their sacrifice a little easier to bear.

Besides providing these families with some extra money in their months of adjustment, H.R. 4206 would remove the added burden of the sometimes complex paperwork involved in filing a return. Above all, it seems only fair to make this gesture to those who gave their lives in service to our country.

We need to act quickly on this matter since the Federal income tax filing deadline is only 10 days away. The administration strongly supports this effort, and I hope we will approve this bill unanimously today.

Mr. ARMSTRONG. Mr. President, in the aftermath of the massacre of U.S. Marines in Lebanon and those soldiers who have lost their lives in Grenada, we are all painfully aware of how little we as a nation can do to relieve the anguish of the families who have lost their loved ones in hostile action overseas. There is, however, one small way in which we can perhaps relieve at least a part of the economic hardship to those families which can result from their loss.

Section 692 of the IRS Code provides for an exemption from Federal income taxes of any income earned by a deceased member of the armed services during the years he or she served overseas. However, this section is applicable only when the death was a result of "wounds, disease or injury" while serving in a "combat zone" which had already been defined as a combat zone by an executive order of the President.

No such combat zone has been so designated since the Vietnam war.

Today the Senate will consider, and ultimately pass, legislation I have introduced to extend this tax exemption to all members of the armed services who die as a result of hostile action overseas. This bill makes the change retroactively so that it will apply to all service men or women killed overseas in the tax years beginning after December 31, 1979. It will also apply to all cases in the future where American soldiers die as a result of hostile action—thereby eliminating the need for a President to designate a specific area as a combat zone for the purpose of applying this section of the Tax Code.

Certainly this is a small way, but perhaps an important one, in which we can tell the families of our service men and women that we will not allow our tax laws to add to the loss they already feel.

I commend Senator ROBERT DOLE, Finance Committee chairman, for swiftly shepherding this bill though the committee and the Senate. I also commend Representative BILL ARCHER for developing this legislation, and getting the bill adopted by the House of Representatives.

The bill was ordered to a third reading, read the third time, and passed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. LONG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

JOHN G. FARY TOWER

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Order No. 741, H.R. 4202.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 4202) to designate the air traffic control tower at Midway Airport, Chicago, as the "John G. Fary Tower".

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being on objection, the bill was considered, ordered to a third reading, read the third time, and passed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill was passed, and I move to lay that motion on the table.

The motion to lay on the table was agreed to.

EDUCATION DAY, USA

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 742, House Joint Resolution 520.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A joint resolution (H.J. Res. 520) designating April 13, 1984, as "Education Day, U.S.A.".

The PRESIDING OFFICER. Is there objection to the present consideration of the joint resolution?

There being no objection, the joint resolution was considered, ordered to a third reading, read the third time, and passed.

The premable was agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the joint resolution was passed, and I move to lay that motion on the table.

The motion to lay on the table was agreed to.

NATIONAL FOUNDATION ON THE ARTS AND HUMANITIES ACT AMENDMENTS OF 1983

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of H.R. 2751.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 2751) to amend the National Foundation on the Arts and Humanities Act of 1965 and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

AMENDMENT NO. 2901

(Purpose: To authorize the Secretary of the Interior to enter into an agreement relating to Indian art at the College of Santa Fe, and other related matters)

Mr. BAKER. Mr. President, I send an amendment to the desk on behalf of the distinguished Senator from New Mexico (Mr. DOMENICI).

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Tennessee (Mr. BAKER), on behalf of Mr. DOMENICI, proposes an amendment numbered 2901.

Mr. BAKER. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 8, beginning with line 25, strike out all through line 14 on page 9 and insert in lieu thereof the following:

SEC. 14. (a) (1) To the extent of the availability of funds for such purpose, the Secretary of the Interior shall:

(A) enter into a thirty-year agreement with the College of Santa Fe, Santa Fe, New Mexico, to provide educational facilities for the use of, and to develop cooperative educational/arts programs to be carried out with the postsecondary fine arts and museum services programs of, the Institute of American Indian Arts administered by the Bureau of Indian Affairs; and

(B) conduct such activities as are necessary to improve the facilities used by the Institute of American Indian Arts at the College of Santa Fe.

(2) The provisions of this subsection shall take effect on October 1, 1984.

(b)(1) The Secretary of the Interior, acting through the Bureau of Indian Affairs, is directed to conduct a study for the purpose of determining the need, if any, for a museum facility to be established for the benefit of the Institute of American Indian Arts, the feasibility of establishing such museum, and the need for desirability, if any, to establish any such museum in close proximity to the facilities currently being used by such Institute at the College of Santa Fe.

(2) On or before February 1, 1985, the Secretary of the Interior shall report the results of such study, together with his recommendations, to the Congress.

(3) Should the study recommend establishment of a museum, and should the College of Santa Fe be selected as the best site, any agreement entered into by the Secretary of the Interior for construction of such museum shall contain assurances, satisfactory to the Secretary, that appropriate lands at the College of Santa Fe will be available at no cost to the Federal Government for the establishment of a museum facility.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 2901) was agreed to.

Mr. STAFFORD. Mr. President, the Senate is considering today H.R. 2751, the National Foundation on the Arts and the Humanities Act Amendments of 1983. This legislation addresses these issues. The first is the need to bring the authorization ceilings for the arts and humanities endowments in line with the actual funding levels set by the Appropriations Committees in the last 2 years. The second issue is to formally transfer authority for the Institute of Museum Services from the Department of Education to the National Foundation on the Arts and the Humanities, another action already taken by the Appropriations committees. The third is the creation of a national medal of arts, to be given by the President upon the recommendation of the National Council on the Arts. Awards are to be made to those who have specifically contributed to excellence in the arts.

Mr. President, this important bill will go a long way in clarifying inconsistencies between authorizing statute, and legislative mandates made by the Congress through the appropriations process. It is not in any way meant to replace the formal reauthorization process for the arts and humanities endowments which the Congress will begin next year. As chairman of the Senate Education, Arts and Humanities Subcommittee, I look forward to working at that time with my ranking member, Senator CLAIBORNE PELL, and interested Members of the Senate, as we oversee activities of the endowments for the last 5 years. However, the issues I outlined earlier did need to be addressed before the reauthorization will take place, and so we are considering this bill today, largely because of the hard work of Congressmen SIMON and COLEMAN who are, respectfully, the chairman and ranking member of the House Postsecondary Subcommittee.

Mr. COLEMAN offered the amendment to establish a national medal of arts, and in his statement to the House outlines the purpose of this program. I would like to add to his remarks by stating that this legislation is not intended in any way to impinge on the already established and widely acclaimed Kennedy Center honors program. Given by our National Cultural Center on behalf of all our citizens, the honors have, with the participation of the President, recognized the career contributions of our country's leading performing artists since 1978.

While the Kennedy Center honors recognize performing artists, the proposed medal of arts will recognize all those who contribute to excellence in the arts, including philanthropic patrons and institutions in the private sector. It is my understanding Mr. Hodsoll, Chairman of the Arts Endowment will be coordinating implementation of this program with the Kennedy Center board of trustees in order to avoid any potential conflict that might

diminish either of these worthy programs.

In closing, I want to also acknowledge Frank Hodsoll's contributions on this bill. He has worked hard to see it be made a reality and deserves a great deal of credit for his interest in the establishment of the national medal of arts program. Mr. President, I commend H.R. 2751 to my colleagues and ask for its immediate consideration.

Mr. PELL. Mr. President, I express my support for H.R. 2751, known as the National Foundation on the Arts and Humanities Act Amendments of 1983. As the original sponsor of the legislation that established the twin endowments in 1965, I have had a long and happy relationship with these agencies for almost 20 years and have particularly enjoyed working with my colleague Senator STAFFORD who now chairs the Subcommittee on Education, Arts and Humanities.

H.R. 2751 makes a number of technical changes in the Museum Services Act of 1976 and the National Foundation on the Arts and Humanities Act of 1965. Though the Institute of Museum Services was transferred to its current independent status alongside the Arts and Humanities Endowments by action of the Appropriations Committees in 1982 and 1983, the authorizing legislation was not updated until now. The Institute now occupies an appropriate position as the third jewel in the crown of Federal arts support programs. It is especially gratifying to me to note that the Institute has a budget of $20.1 million for this fiscal year which is almost double the amount it had the previous year. Our Nation's museums will be able to use these funds to continue serving their audience as effectively as possible. I am also pleased that the Institute is initiating a program of grants for museum conservation projects. This important new direction is being taken thanks to the superlative efforts of Congressman SID YATES who has done as much as anyone in advancing Federal support for culture in our country.

The legislation also contains a technical amendment that will raise the authorized ceilings for fiscal year 1984 so that these figures more closely conform to the amounts that were actually appropriated earlier this year.

Perhaps the most important section of this legislation establishes a national medal of arts that will be awarded from time to time by the President to artists or patrons who have contributed in exemplary ways to the arts in the United States. This medal is in no way meant to detract from the current Kennedy Center honors which are presented to performing artists in an annual ceremony at the Kennedy Center. The National Council on the Arts will make recommendations to the President as to recipients for the national medal of arts and it is expected that corporate entities as well as individuals will be considered for this new award.

It is a pleasure for me to join with my colleague from Vermont (Senator STAFFORD) in urging the adoption of this bill.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. LONG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

BUDGET ACT WAIVER

Mr. BAKER. Mr. President, it is the intention of the leadership on this side to proceed next to the consideration of H.R. 4835. But before doing so, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 734, Senate Resolution 356, the budget waiver to accompany that measure.

The PRESIDING OFFICER. The resolution will be stated by title. The assistant legislative clerk read as follows:

A resolution (S. Res. 356) waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of H.R. 4835.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered and agreed to, as follows:

Resolved, That pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to the consideration of H.R. 4835, a bill to authorize appropriations for the funding for the Clement J. Zablocki Memorial Outpatient Facility at the American Children's Hospital in Krakow, Poland. Such a waiver is necessary to allow the authorization of $10,000,000 in additional budget authority for fiscal year 1984 for equipping and furnishing the outpatient facility, for improving medical equipment at the American Children's Hospital in Krakow, Poland, and for providing medical supplies to Poland through private and voluntary agencies.

Compliance with section 402(a) of the Congressional Budget Act of 1974 was not possible by the May 15, 1983, deadline, because of the death of the honoree after May 15, 1983.

The desired authorization will not delay the appropriations process and will need to be accommodated in a supplemental appropriation.

CLEMENT J. ZABLOCKI MEMORIAL OUTPATIENT FACILITY

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of H.R. 4835, which is the subject of the budget waiver.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 4835) to authorize funding for the Clement J. Zablocki Memorial Outpatient Facility at the American Children's Hospital in Krakow, Poland.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. PERCY. Mr. President, there could be no more fitting memorial for the late Clem Zablocki than this children's outpatient medical facility in Poland. In 1964 Congressman Zablocki was instrumental in the founding of the American Children's Hospital in Krakow in southern Poland. That hospital has since become an outstanding symbol of the friendship of the American and Polish peoples. It is widely considered the best hospital in Poland. Last year it treated 5,000 inpatients, and its outpatient programs reached many more—some 50,000 children. The hospital's outpatient facilities have long been overtaxed. The Clement J. Zablocki Memorial Outpatient Facility will fill a real need.

Construction of the outpatient facility will be financed by Polish currencies held by the United States in Poland. This memorial bill also authorizes $10 million, of which $3 million will be used to furnish and equip the outpatient facility. Much of that equipment will be American, benefitting American workers and industries. The same will be true of another $3 million used to improve the medical equipment throughout the rest of the Krakow American Children's Hospital.

Finally, $4 million is authorized to provide American drugs and medical supplies throughout Poland through private and voluntary organizations.

Mr. President, this is a memorial Clem Zablocki would have loved. It is an outstanding example of the U.S. policy of providing humanitarian aid to the Polish people through small, specific projects.

I am proud to be associated with this legislation.

The bill was considered, ordered to a third reading, read the third time, and passed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. LONG. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

DEFENSE PRODUCTION ACT AMENDMENTS OF 1984—CONFERENCE REPORT

Mr. BAKER. Mr. President, I submit a report of the committee of conference on S. 1852 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the amendment of the House to the bill (S. 1852) to extend the expiration date of the Defense Production Act of 1950, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report will be printed in the House proceedings of the RECORD.)

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. LONG. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER TO PLACE SENATE CONCURRENT RESOLUTION 102 ON CALENDAR

Mr. BAKER. Mr. President, I ask unanimous consent that when the distinguished Senator from Wyoming, the chairman of the Veterans' Committee, may submit a concurrent resolution that it be placed on the calendar by unanimous consent.

The PRESIDING OFFICER. Without objection, it is so ordered.

CORRECTION IN ENROLLMENT OF H.R. 4169

Mr. SIMPSON. Mr. President, I introduce on behalf of myself and the Senator from California (Mr. CRANSTON) a concurrent resolution to make a technical correction in the enrollment of H.R. 4169 with the understanding from the leadership that this resolution will be taken up as the first item of business on Monday and I ask unanimous consent that the text of the resolution be printed in the RECORD.

Mr. BAKER. Mr. President, reserving the right to object, and I will not object, I simply wish to qualify the first item of business after we resume the consideration of the pending business, which will be the Finance Committee amendment, which is anticipated will be offered by the Senator from Kansas and the Senator from Louisiana. But it is the intention of the leadership to take this up as the first item of business in the routine business in morning business, and I wish to say that just for the clarification of the RECORD.

Mr. SIMPSON. Mr. President, I thank the majority leader for his cooperation and assistance. It is very appreciated.

Mr. BAKER. Mr. President, I thank the Senator from Wyoming who brought the matter to our attention, and we are grateful to him for his prompt action in this respect.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution is as follows:

Resolved by the Senate (the House of Representatives concurring), That in the enrollment of H.R. 4169, the Clerk of the House of Representatives is directed to "strike title IV."

ORDERS DURING THE RECESS OF THE SENATE

PERMISSION TO RECEIVE AND REFER

Mr. BAKER. Mr. President, next I ask unanimous consent during the recess of the Senate over until Monday, April 9, 1984, the Secretary of the Senate be authorized to receive messages from the President of the United States and the House of Representatives and that they be appropriately referred and that the Vice President and the President pro tempore be authorized to sign duly enrolled bills and joint resolutions.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORIZATION FOR COMMITTEES TO FILE REPORTS

Mr. BAKER. I also ask unanimous consent that committees be authorized to file reports on tomorrow Friday, April 6, 1984, between the hours of 9 a.m. and 5 p.m. notwithstanding that the Senate will not be in session.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR DISCHARGE FROM COMMITTEE OF HOUSE JOINT RESOLUTION 407

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on the Judiciary be discharged from further consideration of House Joint Resolution 407, a joint resolution designating the week beginning April 4, 1984, as "National Hearing Impaired Awareness Week," and that the matter be placed on the calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, that completes the legislative business that has been cleared for action by unanimous consent and pursuant to the clearance given by the minority leader prior to his departure from the Chamber on necessary business.

EXECUTIVE SESSION

Mr. BAKER. Mr. President, I now ask unanimous consent that the Senate go into executive session for the purpose of considering one nomination, that is Calendar Order No. 538, the nomination of Donald D. Engen, of Virginia, to be Administrator of the FAA.

There being no objection, the Senate proceeded to the consideration of executive business.

The PRESIDING OFFICER. The nomination will be stated.

DEPARTMENT OF TRANSPORTATION

The assistant legislative clerk read the nomination of Donald D. Engen, of Virginia, to be Administrator of the Federal Aviation Administration.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. LONG. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I now ask unanimous consent that the President be immediately notified of the confirmation of this nomination.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate now return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE PROPOSED AMENDMENT BY THE COMMITTEE ON FINANCE

Mr. BAKER. Mr. President, as I indicated earlier in a colloquy with the distinguished Senator from Wyoming and in my brief statement prior to the adoption of the reconciliation bill today, it is the intention of the leadership on this side, as the first action to be taken on Monday after we resume consideration of the pending business—that is, the Boat Safety Act—to anticipate that the chairman and ranking member of the Finance Committee will offer the Finance Committee bill reported by them as an amendment to this measure.

Mr. President, that is an extensive undertaking by the Finance Committee, running through several hundred pages. And since Members should have access to that document at the time we begin debate on that measure, I

wonder if the distinguished managers would like to ask at this time that the document be printed and made available to Members on Monday.

Mr. DOLE. Mr. President, will the majority leader yield?

Mr. BAKER. Yes; I yield.

Mr. DOLE. Mr. President, the Senator is correct. There are 1,334 pages. I suggest if it might be submitted for printing in the RECORD that way, it would be available to Members on Monday at the time we propose to offer it, myself and the distinguished Senator from Louisiana.

I would also say for the record that we have now contacted each of the 20 members of the Senate Finance Committee. We had promised the Members that we would have another meeting and report out a bill or an amendment. That will not now be necessary. Each of the 20 has agreed we may proceed in the fashion outlined earlier by the distinguished majority leader. So on Monday the distinguished Senator from Louisiana, Senator LONG, and myself will offer the amendment at that time.

Mr. BAKER. Mr. President, I understand the Senator does ask unanimous consent that the documents now in his hand be printed in today's RECORD; is that correct?

Mr. LONG. Yes; Mr. President, if the Senator would yield, the committee, as I understand it, is on record for the amendment. This matter has been discussed within the committee with the understanding that, in view of the fact that a revenue bill must originate in the House, it cannot originate in the Senate, the bill will have to be offered as an amendment to a House-passed bill. That is how the distinguished chairman of the committee proposes to offer it and I will be pleased to join as a cosponsor of the amendment.

We have not had the opportunity to have the committee meet and offer their bill. But the two Senators have a right to simply offer the amendment under our own sponsorship and at such point as other members of the committee see fit to come aboard, they can join us as cosponsors.

Mr. DOLE. But I would say to my colleague that we have advised each member on what we propose to do and they all agreed that this was satisfactory.

Mr. LONG. Yes.

Mr. DOLE. So they know it will be offered on the boat safety bill and they have no objection and that is why I thought we might have it printed in the RECORD.

Mr. LONG. I am pleased to have that information. I thank the Senator.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, has the request been granted?

The PRESIDING OFFICER. The request has been granted.

Mr. BAKER. So the request that the document be printed in today's RECORD has been granted?

The PRESIDING OFFICER. The Senator is correct.

(The text of the proposed amendment is printed later in today's RECORD under "Amendments Submitted.")

ORDERS FOR MONDAY

ORDER FOR RECESS UNTIL MONDAY, APRIL 9, 1984 AT 11 A.M.

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 11 a.m. on Monday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF CERTAIN SENATORS ON MONDAY, APRIL 9, 1984

Mr. BAKER. Mr. President, I ask unanimous consent that, after the recognition of the two leaders under the standing order on Monday, three Senators be recognized on special orders of not to exceed 15 minutes each as follows: Senators KASTEN, MURKOWSKI, and PROXMIRE.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ROUTINE MORNING BUSINESS ON MONDAY, APRIL 9, 1984

Mr. BAKER. Mr. President, I ask unanimous consent that, after the execution of the special orders, there be a period for the transaction of routine morning business until not beyond the hour of 1 p.m. in which Senators may speak for not more than 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. BAKER. Mr. President, on Monday, the Senate will convene at 11 a.m. After the recognition of the two leaders under the standing order, three Senators will be recognized on special orders to be followed by a period for transaction of routine morning business until the hour of 1 p.m.

At 1 p.m., the Senate will resume consideration of H.R. 2163, the act to amend the Federal Boat Safety Act of 1971. After the measure is laid down, it is anticipated that the chairman and ranking member of the Finance Committee will first offer an amendment, which is the bill reported by the Finance Committee.

Mr. President, next week will be a busy week. But I hope that we can finish our work in time to enjoy the benefits of the Easter recess, which begins on Thursday or Friday, depending on progress we are able to make.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Chirdon, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting a nomination which was referred to the Committee on Labor and Human Resources.

(The nomination received today is printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 10:20 a.m., a message from the House of Representatives was delivered by Ms. Goetz, one of its reading clerks, announced that the Speaker has signed the following enrolled bills:

H.R. 4072. An act to make adjustments in the commodity programs for wheat, feedgrains, upland cotton, and rice to provide agricultural credit assistance, and for other purposes; and

S. 2392. An act to authorize the President to appoint Donald D. Engen to the Office of Administrator of the Federal Aviation Administration.

The enrolled bills were subsequently signed by the President pro tempore (Mr. THURMOND).

ENROLLED BILL PRESENTED

The Secretary reported that on today, April 5, 1984, he had presented to the President of the United States the following enrolled bill:

S. 2392. An act to authorize the President to appoint Donald D. Engen to the Office of Administrator of the Federal Aviation Administration.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. THURMOND, from the Committee on the Judiciary, with an amendment in the nature of a substitute:

S. 1989: A bill for the relief of Vladimir Victorovich Yakimetz (Rept. No. 98-378).

By Mr. THURMOND, from the Committee on the Judiciary, without amendment:

H.R. 4201: A bill to provide for the rescheduling of methaqualone into schedule I of the Controlled Substances Act, and for other purposes.

By Mr. THURMOND, from the Committee on the Judiciary, without amendment and with a preamble:

H.J. Res. 466: A joint resolution designating May 1984 as "Older Americans Month."

By Mr. THURMOND, from the Committee on the Judiciary, without amendment:

S.J. Res. 87: A joint resolution designating a day of remembrance for victims of genocide.

By Mr. THURMOND, from the Committee on the Judiciary, without amendment and with a preamble:

S.J. Res. 143: A joint resolution to authorize and request the President to issue a proclamation designating the calendar week beginning with Sunday, June 3, 1984, as "National Garden Week."

S.J. Res. 248: A joint resolution designating August 21, 1984, as "Hawaii Statehood Silver Jubilee Day."

S.J. Res. 266: A joint resolution designating the week beginning April 8, 1984, as "National Hearing Impaired Awareness Week."

By Mr. THURMOND, from the Committee on the Judiciary, with amendments:

S. 2413. A bill to recognize the organization known as the American Gold Star Mothers, Inc. (Rept. No. 98-379).

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. DENTON:

S. 2533. A bill to amend the National Labor Relations Act to remove the requirement that individual employees join and pay dues and fees to labor organizations, to strengthen the remedies imposed against labor organizations which commit unfair labor practices involving violence, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. BENTSEN:

S. 2534. A bill for the relief of Pedro Narvaez-Guajardo and Rosario Bernal de Narvaez; to the Committee on the Judiciary.

By Mr. GOLDWATER:

S. 2535. A bill to provide authorization of appropriations for activities of the National Telecommunications and Information Administration; to the Committee on Commerce, Science, and Transportation.

By Mr. PERCY:

S. 2536. A bill to amend the Federal Water Pollution Control Act to authorize the Environmental Protection Agency to undertake a study on consumptive uses of Great Lakes water; to the Committee on Environment and Public Works.

By Mr. DANFORTH (for himself and Mr. PACKWOOD):

S. 2537. A bill to amend the Federal Railroad Safety Act of 1970 to authorize additional appropriations, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. PACKWOOD:

S. 2538. A bill to consolidate and authorize certain ocean and coastal programs and functions of the National Oceanic and Atmospheric Administration under the Department of Commerce, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. BAKER:

S. 2539. A bill to repeal certain provisions of the Omnibus Budget Reconciliation Act of 1983; considered and passed.

By Mr. BRADLEY (for himself and Mr. LAUTENBERG):

S. 2540. A bill to amend the Age Discrimination in Employment Act of 1967 to exclude from the operation of such Act matters relating to the age at which individuals may be hired, or discharged from employment, as firefighters and law enforcement officers by States and political subdivisions of States; to the Committee on Labor and Human Resources.

By Mr. MELCHER:

S. 2541. A bill for the relief of David and Cecilia Pang; to the Committee on the Judiciary.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. SIMPSON (for himself and Mr. CRANSTON):

S. Con. Res. 102. A concurrent resolution to correct the enrollment of H.R. 4169, placed on the calendar.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. DENTON:

S. 2533. A bill to amend the National Labor Relations Act to remove the requirement that individual employees join and pay dues and fees to labor organizations, to strengthen the remedies imposed against labor organizations which commit unfair labor practices involving violence, and for other purposes; to the Committee on Labor and Human Resources.

WORKER'S FREEDOM OF CHOICE ACT

Mr. DENTON. Mr. President, today I am introducing the Workers Freedom of Choice Act to extend to all Americans the right to join, or to refrain from joining, labor organizations. Some of my colleagues may express astonishment that such a right is not already guaranteed in a land that prides itself on its devotion to individual liberty. Unfortunately, a serious imbalance in Federal labor law has led to widespread abuse of the constitutional right of workers to refrain from association with unions.

The root of the problem is contained in some extremely deceptive language in the National Labor Relations Act, the law that governs private sector labor relations in the United States.

Section 7 of the NLRA states that employees "* * * shall have the right to self-organization, to form or assist labor organizations, to bargain collectively through representatives of their own choosing * * *". I wholeheartedly agree with that basic freedom.

Section 7 also says, however, that workers shall have the right to refrain from joining unions "* * * except to the extent that such right may be affected by an agreement requiring union membership as a condition of employment * * *".

Under sections 8 and 9, the nature of the exception is made abundantly clear. If a union achieves majority status in a bargaining unit, section 9 empowers the union to strip individual workers of their right to bargain directly with their employer. Once a union has acquired that power, it has the legal right under section 8 to forge a contract with the employer that requires employees to join or pay dues to the union as a condition of employment.

Thus, in a classic case of doublespeak, the NLRA affirms the right of employees to join unions while denying them the right to refrain from joining unions. Now, I ask my colleagues in the Senate, what kind of "rights" are those?

The late Senator Everett Dirksen described that legislative trickery well: "Having thus recognized the right to organize workers into unions as part of the protected freedom of association under the first amendment, it must follow that the right not to join is a necessary corollary of the right to join, for without a right not to join there can be no such thing as a right to join. Freedom rests on choice, and where choice is denied freedom is destroyed as well."

There is one bright spot about the free choice of workers. Section 14(b) of the NLRA authorizes individual States to outlaw compulsory unionism within their borders. So far 20 States, including my home State of Alabama, have elected to do so. Many Alabamians cherish their right-to-work law. It has served as a bulwark of the constitutional freedoms for which Alabamians have fought throughout their illustrious history.

Unfortunately, even with the delegation of authority to individual States, the underlying premise of Federal labor law continues to be the forced unionization of employees. As long as that situation exists, no worker can feel entirely secure in the exercise of his constitutional rights. Recent attempts by certain interests to destroy Alabama's right-to-work law have convinced me that a national worker's bill of rights is necessary.

The rationale for attacking our right to work law is no less deceptive than the doublespeak in the NLRA. In Alabama, workers cannot be forced to join or pay dues to a union. Our right to work law notwithstanding, section 9 of the NLRA grants officials of unions with a majority status in a bargaining unit the right to be the exclusive representative of all employees in collective bargaining of contracts. That section effectively deprives individuals of their bargaining rights, even in right to work States.

Union officials, whose predecessors fought tooth and nail in 1935 to include the exclusive representation power in the NLRA, are now claiming that nonunion members should be forced to pay for union bargaining services. It is a "burden," they say, to bargain for the "free riders."

It is curious that union officials should fight so vigorously for the "burden" of representing people who do not want the union to bargain for

them, but then demand that those unwilling workers be forced to pay for the unwanted bargaining "services."

To correct those inequities, my bill would delete the closed shop and forced dues agreements authorized in sections 7 and 8. It would also ban compulsory union hiring halls in the building and construction industry which discriminate against nonunion members. The bill would amend section 9 to protect the right of individual workers to bargain directly with their employers. If union officials truly believe the NLRA has forced upon them a duty to provide bargaining services for nonunion members who do not pay union dues, they should welcome my legislation.

As an added protection for the individual worker against coercion, my bill would stiffen the penalties under section 8(b) for unfair labor practices involving the use of violence by union agents against workers. Employers are already subject to backpay penalties when they engage in unfair and coercive labor practices. The bill would make it clear that unions face the same sort of penalties.

I must emphasize that my legislation would leave intact those provisions of the NLRA that protect the free choice of workers to organize and support unions. I merely wish to extend the same protections to workers who would rather bargain directly with their employers. I believe that policy would be beneficial both for workers who choose unions and for individual employees who bargain directly with their employers.

Mr. President, I see the legislation as a vehicle to provide individual employees with the opportunity to protect their own best interests in accordance with the unique characteristics of their own employment situation. As one result, we would promote unions that exercise true democratic principles and that can devote their full effort to protecting the rights of the workers to whom they have an obligation, those workers, and only those workers who are voluntary union members and supporters.

I urge my colleagues to cosponsor the Worker's Freedom of Choice Act.

I ask unanimous consent that the text of the Worker's Freedom of Choice Act be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2533

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Worker's Freedom of Choice Act".

MEMBERSHIP IN LABOR ORGANIZATIONS

SEC. 2. (a) Section 7 of the National Labor Relations Act (29 U.S.C. 157) is amended by striking out "except to the extent that such right may be affected by an agreement requiring membership in a labor organization as a condition of employment as authorized in section 8(a)(3)".

(b) Section 8(a)(3) of such Act (29 U.S.C. 158(a)(3)) is amended by striking out ": *Provided,* That" and all that follows through the semicolon at the end thereof and inserting in lieu thereof a semicolon.

(c) Section 8(b)(2) of such Act (29 U.S.C. 158(b)(2)) is amended by striking out "or to discriminate" and all that follows through the semicolon at the end thereof and inserting in lieu thereof a semicolon.

(d)(1) Section 8(b) of such Act (19 U.S.C. 158(b)) is amended—

(A) by striking out paragraph (5); and

(B) by redesignating paragraphs (6) and (7) as paragraphs (5) and (6), respectively.

(2)(A) The last sentence of section 8(b) of such Act (29 U.S.C. 158(b)) is amended by striking out "paragraph (7)" and inserting in lieu thereof "paragraph (6)".

(B) Section 10(1) of such Act (29 U.S.C. 160(1)) is amended by striking out "section 8(b)(7)" each place it appears in the first sentence and the second proviso of the third sentence and inserting in lieu thereof "section 8(b)(6)".

(e) Section 8(f) of such Act (29 U.S.C. 158(f)) is amended—

(1) by striking out clause (2);

(2) by redesignating clauses (3) and (4) as clauses (2) and (3), respectively; and

(3) by striking out "That nothing" and all that follows through "*further,*"

(f) Section 9 (a) of such Act (29 U.S.C. 159(a)) is amended—

(1) by striking out "Representatives" and inserting in lieu thereof "(1) Except as provided in paragraph (2), representatives"; and

(2) by adding at the end thereof the following new paragraph:

"(2) Notwithstanding any other provision of this Act or any collective-bargaining contract or agreement, an individual employee may elect to enter into an individual contract of employment directly with an employer, and administer such contract, without the intervention of the bargaining representative.".

(g)(1) Section 9 of such Act (29 U.S.C. 159) is amended by striking out subsection (e).

(2)(A) The second sentence of section 3(b) of such Act (29 U.S.C. 153(b)) is amended by striking out "or (e)".

(B) The last proviso of section 8(f) of such Act (29 U.S.C. 158(f)) is amended by striking out "or 9(e)".

(h) Section 19 of such Act (29 U.S.C. 169) is repealed.

PREVENTION OF UNFAIR LABOR PRACTICES INVOLVING VIOLENCE

SEC. 3. Section 10(c) of the National Labor Relations Act (29 U.S.C. 160(c)) is amended—

(1) by inserting "(1)" after the subsection designation; and

(2) by adding at the end thereof the following new paragraph:

"(2) In any case in which the Board determines that a labor organization has committed an unfair labor practice under section 8 which involves violence against an individual, the Board shall enter an order under paragraph (1) which includes an award of backpay in an amount equal to one and one-half the individual's wage rate at the time of the unfair labor practice for the period of time lost by reason of the unfair labor practice, less the wages the individual has earned during such period.".

By Mr. BENTSEN:

S. 2534. A bill for the relief of Pedro Narvaez-Guajardo and Rosario Bernal de Narvaez; to the Committee on the Judiciary.

RELIEF OF PEDRO NARVAEZ-GUAJARDO AND ROSARIO BERNAL DE NARVAEZ

● Mr. BENTSEN. Mr. President, I am introducing a bill on behalf of the Narvaez family of San Antonio. My distinguished colleague in the House, Congressman HENRY B. GONZALEZ, has introduced identical legislation—H.R. 4888.

Pedro and Rosario Narvaez, entered the United States illegally 18 years ago. Since that time they have worked to support themselves and their children in their own successful painting and contracting company. The older children of the Narvaez are or will soon be permanent U.S. residents while their two minor children are U.S. citizens by birth. If the Narvaez are deported, they will be separated from all of their children.

The Narvaez company has 16 employees and the Narvaez have contributed regularly to both social security and Federal income tax. Their outstanding moral character has never been in question. Members of the San Antonio business community as well as Roman Catholic Archbishop Patricio Flores have attested in writing as to the moral caliber of the Narvaez family.

The Narvaez have exhausted all of their administrative remedies and are subject to deportation on April 6, 1984. I will shortly request of the Senate Immigration Subcommittee to ask for a report on my bill in order to stay the Narvaez deportation.●

By Mr. PERCY:

S. 2536. A bill to amend the Federal Water Pollution Control Act to authorize the Environmental Protection Agency to undertake a study on consumptive uses of Great Lakes water; to the Committee on Environment and Public Works.

STUDY OF CONSUMPTIVE USES OF GREAT LAKES WATER

Mr. PERCY. Mr. President, I am today introducing legislation which would direct the Administrator of the Environmental Protection Agency to conduct a thorough study of consumptive uses of Great Lakes water.

As last summer's drought showed us in vivid terms, water is the resource issue of the 1980's. Water is precious. For Illinois and the rest of the Great Lakes States, it is the single most valuable resource we have.

The Council of Great Lakes Governors has been calling attention to the water issue for some time and should be commended. Last week, the council met in Washington with members of the various congressional delegations, and I am very pleased that I was able to attend.

One of the main topics at the Governors' meeting was that of Great Lakes water quality and the allied issues of water consumption, diversion, and commerce. The council has formulated positions on diversion of Great Lakes water and on consumption studies. Last year, I introduced legislation, S. 2026, which would prohibit the diversion of Great Lakes water outside the region without the express consent of the Great Lakes States and the International Joint Commission. S. 2026, which followed a resolution passed by the Great Lakes Governors and Premiers in 1982, would also prohibit federally funded studies of such diversions.

The consumptive use bill which I introduce today also flows from a resolution passed by the Council of Great Lakes Governors. Along with the diversion legislation, it represents, I think, a growing awareness of the importance of the Great Lakes to the region as both an environmental and an economic resource.

At first glance, the Great Lakes seem to offer a limitless source of clean water capable of meeting all the needs—both now and into the future—of the eight Great Lakes States and Ontario. However, a recent study by the International Joint Commission of the United States and Canada has indicated that future consumptive uses will put a serious strain on the ability of the Great Lakes system to maintain adequate water levels. If water levels and flows were to fall substantially, severe impacts will be felt by both the Great Lakes ecosystem and the regional economy.

The combined detrimental effects on fish and wildlife habitats, outdoor recreation and tourism, navigation and power interests could result in a net economic loss to the region in excess of $200 million by the year 2035 if present consumption patterns continue.

The legislation I am introducing today would try to address this potentially grave situation. It would amend title I of the Clean Water Act to authorize the expenditure of $4.5 million for the EPA to study water consumption in the Great Lakes. It would also direct the EPA to undertake an evaluation of methods which could be used to control water consumption in the Great Lakes without adversely affecting economic growth in the future.

A consumptive use is a withdrawal of water from a hydrologic system which is not returned to that system. Consumptive use does not mean that water is being wasted; rather, it includes water which is assimilated by animals, plants, and humans, water which is evaporated from the Great Lakes, and water which is incorporated into products during manufacture.

This latter category of industrial consumption is particularly worrisome. Production of goods and services in the Great Lakes region is expected to continue to grow rapidly. By the year 2035, it is projected that water consumption by the manufacturing and thermal power generation industries alone will account for 84 percent of all consumptive use in the lakes.

The legislation I am introducing is identical to that introduced by Congressman LIPINSKI of Illinois, and I urge my colleagues to support it. The Great Lakes are indeed a treasure for our region. But if we do not learn how to control consumption—which is expected to increase fivefold in the next 50 years—the lakes region and, indeed, the entire country will face grave consequences in the future.

Mr. President, I ask unanimous consent that the text of my bill be printed in the RECORD, along with the text of a background paper published by the Council of Great Lakes Governors entitled, "Great Lakes Water Consumptive Uses and Diversions."

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 2536

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) title I of the Federal Water Pollution Control Act is amended by adding at the end thereof the following section:

"GREAT LAKES CONSUMPTIVE USES STUDY

"SEC. 117. (a) In recognition of the serious impacts that are expected to occur to the Great Lakes environment as a result of a projected fivefold increase in consumption of Great Lakes water, including loss of wetlands and reduction of fish spawning and habitat areas, as well as serious economic losses to vital Great Lakes industries such as navigation and hydropower, and in recognition of the national goal to provide environmental protection and preservation of our natural resources while allowing for continued economic growth, the Administrator, in cooperation with other interested departments, agencies and instrumentalities of the Federal Government and the eight Great Lakes States and their political subdivisions, is authorized to conduct a study of all possible control measures which might be implemented to reduce the quantity of Great Lakes water consumed without adversely affecting projected economic growth of the Great Lakes region.

"(b) The study shall include an analysis of existing and emerging technologies which may be feasible in the foreseeable future in providing consumptive use control, and shall at a minimum include the following:

"(1) A review of the methodologies used to forecast Great Lakes consumptive uses, including an analysis of the sensitivity of key variables such as population projections, forecasts of power consumption, energy conservation and recycling efficiencies.

"(2) An analysis of the impact of enforcement of other sections of this Act relating to thermal discharges which has contributed to the trend for thermal electric generating plants to incorporate closed cycle cooling systems which consume great quantities of Great Lakes water. This analysis shall include a discussion of the environmental and economic impacts associated with verious types of cooling systems for thermal electric generating plants.

"(3) An analysis of the impact of laws, regulations, and national policy objectives on consumptive uses of Great Lakes water used in manufacturing.

"(4) An analysis of the economic impacts on consuming industries and on other Great Lakes interests associated with particular consumptive use control strategies.

"(5) An analysis of associated environmental impacts of particular consumptive use control strategies, both singularly and in combination with other consumptive use control strategies.

"(6) A summary discussion containing recommendations for controlling consumptive uses so as to maximize benefits to the Great Lakes ecosystem and also provide for continued full economic growth for consuming industries as well as other industries which depend on the use of Great Lakes water.

"(c) There are authorized to be appropriated $4,500,000 to carry out the provisions of subsections (a) and (b), which shall remain available until expended.".

GREAT LAKES WATER CONSUMPTIVE USES AND DIVERSIONS

BACKGROUND

Over the last few decades, the Great Lakes states have come to recognize the value and importance of the Great Lakes as a natural resource. Great strides have been made in protecting and improving the water quality of the Great Lakes. Only recently, however, have we begun to turn our attention towards the other aspect of water resource management, that of ensuring adequate supplies of domestic water for economic development needs as well as maintaining the recreational and ecological balance of the Great Lakes system.

It is not difficult to stand in awe of the Great Lakes, a majestic expanse of clean, blue water. They appear a limitless resource. But the reality is that the Great Lakes, in their own way, are every bit as fragile as the ecosystem of a small pond, responding to the international and unintentional desires of man to change his environment.

Collectively, the Great Lakes constitute the largest body of fresh water in the world. They are the most important natural resource for the eight Great Lakes states and two Canadian provinces which share their shorelines. They provide clean, dependable water supplies for residential and industrial consumption, an important transportation mode for moving goods and products, clean energy through hydropower generation and a recreational wonderland. The growth and development of such major midwestern cities as Chicago, Detroit, Toledo, Cleveland, Buffalo, Duluth, Milwaukee and Toronto would not have occurred without the valuable benefits afforded by the lakes.

CONSUMPTIVE USES

Consumptive uses pose a significant threat to the hydrological balance of the Great Lakes water system. Comsumptive uses exist throughout the Great Lakes basin and, by definition, relate only to that portion of water which is withdrawn but not returned to the basin. Consumptive uses include water which is consumed by animals, humans and plants; water which is lost to the system due to evaporation of leakage; and water which is incorporated into products during manufacture.

The development of existing and future projections of consumptive uses in a water

basin as complex as the Great Lakes is very difficult and time-consuming. Tremendous amounts of basic data and information have to be collected and many assumptions made regarding future conditions. With this in mind, an International Joint Commission (IJC) Consumptive Uses Study projects consumptive uses in increase from 4,900 cfs (3.2 bgd) in 1975 to cover 25,000 cfs (16.4 bdg) in 2035. this is more than a five-fold increase in consumptive use and translates into a decrease in the mean outflow of the St. Lawrence River of over 8.5 percent. Much of this increase is due to the expected growth of consumptive use by thermal electric generating facilities, with a 1975 consumption of 480 cfs (0.3 bgd) to 12,000 cfs (7.8 bgd) in 2035, almost half of the total projected consumptive use. It has been estimated that mean levels on Lakes Michigan, Huron and Erie will be lowered by about 0.75 feet by 2035.

Consumptive use within the U.S. accounts for approximately 82 percent of total use. This is a result of greater population and economic activity in the United States and environmental policies in the U.S. that favor closed cycle cooling systems in thermal electric power plants which reduces withdrawals, but increases consumptive uses.

While the growth in consumptive uses will benefit coastal zone interests, costs, or loss of income, will occur to the navigation and hydropower interests. A simplified analysis of the cost to the hydropower and navigation interests indicate that consumptive use may result in costs in excess of $200 million annually by 2035. The Great Lakes shipping interests are restricted in their load capacities by the depth of navigation channels and ports. Any significant reduction in the level of the lakes will require lighter shipments, requiring more vessels to handle the movement of commodities. Success in the hydropower industry is contingent on the quantity and velocity of water flowing through the turbines. Reducing the flow of the water by lowered lake levels will result in decreased generation. Spot power shortages may be experienced, and utilities will have to pursue surplus electricity from other sources to make up for the decline in hydropower production. Control measures should be implemented soon to prevent the Great Lakes region from suffering severe economic consequences in the future.

DIVERSIONS

Diversions of water from one basin to another have been practiced throughout history. The number and magnitude of interbasin transfers has grown dramatically in the 20th century, largely to serve major metropolitan areas and the needs of agriculture in the western United States. There are five significant diversions of water within the Great Lakes system alone.

Water use and consumption patterns in the U.S. for 1980 reveal that the west accounts for 45 percent of the total withdrawal, but 80 percent of the consumptive use. This has required the development of interbasin transfers and the mining of groundwater throughout the High Plains area extending from Texas to Nebraska, as well as in central Arizona and many areas of California. Their future needs, combined with limited supplies, makes them candidates for additional water importation in the future.

An example of the impacts to the Great Lakes which could result from a new diversion is as follows: if a diversion of 5,000 cfs (3.2 bgd) from Lake Superior was allowed, it would lower the mean level of Lake Superior by 0.19 feet, Lakes Michigan and Huron by 0.33 feet, Lake Erie by 0.23 feet and Lake Ontario by 0.2 feet, and would result in a net annual economic loss to the system of about $53 million. These costs would be borne largely by navigation and power generation interests in the same manner as descending lake levels from consumptive uses impact these enterprises.

Recent publications have speculated on the battles that could rage throughout the country over attempts by water deficient areas to siphon fresh water to meet their growing thirst. These articles highlight the growing problems in the "parchbelt" over the need for water to meet the demands of their rapidly growing economies.

Despite the soothsayers' projections, however, there have not been any serious attempts to study or construct facilities to divert significant quantities of Great Lakes water. In a 1981 report to the IJC, the Diversions and Consumptive Uses Study Board found that, "There are no known signficant new or changed diversions proposed for the Great Lakes." Even so, the IJC report cautioned against allowing any future diversions of water. This sentiment is driven in part by the oft-stated opinion that as western water supplies continue to dwindle and the need for irrigation water increases, their search for alternative water supply sources will focus on the Great Lakes.

To date, there has been only one proposal involving diversion of Great Lakes water. In 1981, a coal slurry pipeline company studied a plan to move high grade coal from Gillette, Wyoming to the Great Lakes region via a coal slurry pipeline utilizing Lake Superior water.

Any proposal for studying a large scale transfer of Great Lakes water for irrigation use in western states would be of such significant magnitude that it would likely require authorization by Congress. Further, at today's costs, the likelihood of a large diversion of Great Lakes water for western irrigation use seems quite remote without federal assistance.

Although diversions and consumptive uses are similar in many respects, such as their impact on lake levels and flows, they differ markedly in one respect. Whereas large-scale diversions for use outside the Great Lakes states are not imminent, the growth in consumptive use is occurring, and if current trends continue, will become a substantial problem within the next 20 to 40 years.

RECOMMENDATIONS FOR FUTURE ACTION

To begin addressing the growing dilemma of how to control consumptive uses, the Great Lakes governors, in resolution adopted November 17, 1983 in Indianapolis, urged the governments of the United States and Canada to send a reference to the IJC to further study consumptive uses, their impacts and to evaluate and recommend possible control strategies to reduce consumptive uses in the future. In addition, legislation (H.R. 5008) has been introduced in the Congress authorizing the Environmental Protection Agency to make a comprehensive study of measures to control Great Lakes water use. Finally, the Great Lakes governors have urged Great Lakes institutions to sponsor a symposium that would focus on the consumptive uses issue.

The options available to the Great Lakes states for regulating interstate diversions include the following:

Revising the Boundary Waters Treaty of 1909 to give the IJC more control in regulating diversions, including from Lake Michigan.

Federal and state legislation to prohibit diversions of Great Lakes water without the concurrence of the Great Lakes states and the IJC. The federal legislation could also include a prohibition on federally sponsored studies of interstate diversions of Great Lakes water.

Revising the existing Great Lakes Basin Compact or negotiating a new compact that would regulate diversions of Great Lakes water.

Seeking an equitable apportionment of Great Lakes water by or through the U.S. Supreme Court.

The Boundary Waters Treaty of 1909, which created the International Joint Commission, the only regulatory mechanism governing use of Great Lakes water, could be revised to expand the role of the IJC over interstate diversions. This proposal poses complications since opening up treaty negotiations could also provide an avenue for other controversial issues to enter the treaty negotiations, such as placing a body of water (Lake Michigan) lying wholly within the boundaries of the U.S. under the jurisdiction and control of an international body.

Federal and state legislation offers the most promise for expanding the role of the Great Lakes states in regulating diversions. This approach is rather straightforward: seeking federal legislation to prohibit federally sponsored studies involving large-scale transfer of Great Lakes water and requiring the approval of all Great Lakes states and the IJC for any major new diversion proposal. At the same time, the Great Lakes states would enact their own legislation consistent with the federal legislation.

While it is recognized that both state and federal legislation could be preempted by Congress in the future if a major new transfer of Great Lakes water is in the national interest, having state and federal statutes would provide sufficient protection and a review process for proposed diversions. Legislation (H.R. 4366, S. 2026) has been introduced in the Congress to accomplish these goals and almost all of the Great Lakes states are proposing diversion legislation during the current legislative session. Indiana has already enacted a strong anti-diversion statute.

The Governors believe there is a need to study existing institutional arrangements available to the states and Canadian provinces to resist or regulate diversions of Great Lakes water. They have formed a task force to review the various mechanisms, including a new or revised Great Lakes compact, and report back to the Council of Great Lakes Governors with their findings next year.

Seeking an equitable apportionment of Great Lakes water from the U.S. Supreme Court does not appear to be a viable option since the Supreme Court would not likely entertain a request to apportion water before any serious proposals to utilize Great Lakes waters have been made. In addition, it would be very difficult for the court to determine the available supply to be apportioned since they would have to take into account consumptive uses.

By Mr. DANFORTH (for himself and Mr. PACKWOOD):

S. 2537. A bill to amend the Federal Railroad Safety Act of 1970 to authorize additional appropriations, and for other purposes; to the Committee on

Commerce, Science, and Transportation.

AUTHORIZATION FOR RAILROAD SAFETY, AMTRAK, AND THE RAILROAD ACCOUNTING PRINCIPLES BOARD

● Mr. DANFORTH. Mr. President, today I am pleased to introduce on behalf of myself and Senator PACKWOOD a bill that would authorize appropriations for railroad safety, Amtrak, and the Railroad Accounting Principles Board.

In the area of railroad safety, the bill provides appropriations to support the efforts of both the Federal Railroad Administration (FRA) and those 32 States that participate in what is known as the State participation program. This is a program pursuant to which the States enforce the Federal safety laws, and, in turn, the FRA pays 50 percent of the States' costs. Based on a recent safety hearing I chaired, I can assure my colleagues that the funding going to FRA and the States is netting positive results in terms of greatly improved railroad safety. That is not to say that further improvements cannot be made, but I think we are on the right track. I also want to commend the railroad industry and railroad labor for their contributions to safety.

As for Amtrak, this bill basically incorporates the provisions of S. 1117, the Amtrak bill that was reported favorably by the Senate Commerce Committee last year. The new bill authorizes appropriations sufficient to permit Amtrak to operate its entire system. The bill also encourages Amtrak to continue to focus on reducing costs and increasing revenues.

The bill authorizes appropriations for the Railroad Accounting Principles Board. Back in 1980, the Staggers Rail Act authorized the Railroad Accounting Principles Board for the purpose of developing principles to govern how railroads cost out rail movements. However, appropriations for the Board were never made, and its authorization expired last September.

In the Staggers Act oversight hearings I chaired last summer, many shippers and the barge industry urged that the Board be reauthorized. They testified that the Board's principles would help them better understand railroads' costs, and, in turn, whether particular rates are reasonable. Such information is necessary for proceedings before the Interstate Commerce Commission (ICC) in which railroad rates are being challenged as unreasonable. The House of Representatives already has passed legislation to reauthorize funding for the Board.

Mr. President, this bill is one that I believe many of our colleagues will want to join in supporting. It is reasonable, well-balanced, and addresses important railroad concerns.

Mr. President, I ask unanimous consent that the text of the bill to amend the Federal Railroad Safety Act of 1970 to authorize additional appropriations, and for other purposes be printed in the RECORD immediately following my remarks here.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2537

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—RAILROAD SAFETY

ENFORCEMENT OF SUBPENAS AND ORDERS

SEC. 101. Section 208(a) of the Federal Railroad Safety Act of 1970 (45 U.S.C. 437(a)) is amended by inserting the following immediately after the first sentence: "In case of contumacy or refusal to obey a subpena, order (other than an order directing compliance with this Act), or directive of the Secretary issued under the first sentence of this subsection by any individual, partnership, or corporation that resides, is found, or conducts business within the jurisdiction of any district court of the Untied States, such district court shall have jurisdiction, upon peititon by the Attorney General, to issue to such individual, partnership, or corporation an order requiring immediate compliance with any such subpena, order, or directive. Failure to obey such court order may be punished by the court as a contempt of court.".

ANNUAL REPORT

SEC. 102. (a) Section 211(a) of the Federal Railroad Safety Act of 1970 (45 U.S.C. 440(a)) is amended—

(1) by striking "to the President for transmittal"; and

(2) by striking "July 1" and inserting in lieu thereof "April 15".

(b) Section 211(c) of the Federal Railroad Safety Act of 1970 (45 U.S.C. 440(c)) is repealed.

AUTHORIZATION FOR APPROPRIATIONS

SEC. 103. Section 214 of the Federal Railroad Safety Act of 1970 (45 U.S.C. 444) is amended—

(1) in subsection (c)(2), by striking "and" and by inserting immediately before the period at the end thereof the following: ", not to exceed $3,100,000 for the fiscal year ending September 30, 1985, and not to exceed $3,300,000 for the fiscal year ending September 30, 1986";

(2) by redesignating subsection (d) as subsection (e); and

(3) by inserting immediately after subsection (c) the following:

"(d) There are authorized to be appropriated to carry out the provisions of this Act, except section 206(d) of this title and except for conducting safety research and development activities under this Act, not to exceed $26,691,000 for the fiscal year ending September 30, 1985, and not to exceed $28,426,000 for the fiscal year ending September 30, 1986.".

TITLE II—RAIL PASSENGER SERVICE

DIRECTORS AND OFFICERS

SEC. 201. Section 303(a)(1)(E) of the Rail Passenger Service Act (45 U.S.C. 543(a)(1)(E)) is amended by inserting "and shall serve until their successors have been appointed" immediately before the period at the end thereof.

PREFERRED STOCK

SEC. 202. Section 304(c) of the Rail Passenger Service Act (45 U.S.C. 544(c)) is amended by adding at the end thereof the following:

"(3) The preferred stock issued pursuant to paragraphs (1) and (2) of this subsection shall be deemed to have been issued as of the date of receipt by the Corporation of the funds for which such stock is issued.".

PERFORMANCE REPORTS

SEC. 203. (a) Section 305(1) of the Rail Passenger Service Act (45 U.S.C. 545(1)) is repealed.

(b) Section 305(m) of the Rail Passenger Service Act (45 U.S.C. 545(m)) is amended by striking "Center" each place it appears and inserting in lieu thereof "Corporation".

(c) Section 308(a) of the Rail Passenger Service Act (45 U.S.C. 548(a)) is amended to read as follows:

"(a) The Corporation shall submit to the Congress a report not later than February 15 of each year. The report shall include, for each route on which the Corporation operated intercity rail passenger service during the preceding fiscal year, data on ridership, short-term avoidable profit or loss per passenger mile, revenue-to-cost ratio, revenues, the Federal subsidy, the non-Federal subsidy, and on-time performance. Such report shall also specify significant operational problems which have been identified by the Corporation, together with proposals by the Corporation to resolve such problems.".

DIVERSITY JURISDICTION

SEC. 204. Section 306(m) of the Rail Passenger Service Act (45 U.S.C. 546(m)) is amended by inserting "only" immediately after "citizen".

RAIL SERVICE PERFORMANCE

SEC. 205. (a) Section 403(d) of the Rail Passenger Service Act (45 U.S.C. 563(d)) is amended—

(1) by striking "criteria set forth in section 404(d)(2)(B)" and inserting in lieu thereof "criterion set forth in section 404(d)(2)"; and

(2) by inserting after the first sentence thereof the following: "Beginning October 1, 1983, if such service is not projected to meet such criterion, the Corporation may discontinue such service, unless the Corporation and a State (or States) enter into an agreement which ensures that the criterion will be met.".

(b) Section 404(c)(3)(B) of the Rail Passenger Service Act (45 U.S.C. 564(c)(3)(B)) is amended—

(1) by striking "60" and inserting in lieu thereof "120";

(2) by striking all after "submission"; and

(3) by adding at the end thereof the following: "For purposes of this subparagraph, continuity of session of the Congress is broken only by an adjournment sine die and the days on which either House is not in session because of adjournment of more than 3 days to a day certain are excluded in the computation of such 120-day period.".

(c) Section 404(c)(4)(B) of the Rail Passenger Service Act (45 U.S.C. 564(c)(4)(B)) is amended to read as follows:

"(B) The Corporation shall conduct an annual review of each route in the basic system to determine if such route is projected to meet the criterion appropriate to such route set forth in subsection (d), as adjusted to reflect constant 1979 dollars. If the Corporation determines on the basis of such review that such route will not meet such criterion, the Corporation shall discontinue, modify, or adjust the operation of rail pas-

senger service over such route so that the criterion will be met.".

(d)(1) The first sentence of section 404(d)(1) of the Rail Passenger Service Act (45 U.S.C. 564(d)(1)) is amended—

(A) by striking "if—" and inserting in lieu thereof "if";

(B) by striking "(A)"; and

(C) by striking all after "mile" the second time it appears therein and inserting in lieu thereof a period.

(2) The second sentence of section 404(d)(1) of the Rail Passenger Service Act (45 U.S.C. 564(d)(1)) is amended by striking "and passenger mile per train mile".

(3) The last sentence of section 404(d)(1) of the Rail Passenger Service Act (45 U.S.C. 564(d)(1) is repealed.

(e) Section 404(d)(2) of the Rail Passenger Service Act (45 U.S.C. 564(d)(2)) is amended—

(1) by striking "if—" and inserting in lieu thereof "if";

(2) by striking "(A)"; and

(3) by striking all after "mile" the second time it appears therein and inserting in lieu thereof a period.

FREEDOM OF INFORMATION

SEC. 206. Section 306(g) of the Rail Passenger Service Act (45 U.S.C. 546(g)) is amended by inserting immediately before the period at the end thereof the following: ", except that trade secrets and commercial or financial information prepared by the Corporation shall be considered as having been 'obtained from a person' under section 552(b)(4) of title 5, United States Code".

AUTHORIZATION FOR APPROPRIATIONS FOR THE NATIONAL RAILROAD PASSENGER CORPORATION

SEC. 207. Section 601(b)(2) of the Rail Passenger Service Act (45 U.S.C. 601(b)(2)) is amended—

(1) by striking "and" at the end of subparagraph (A);

(2) by striking the period at the end of subparagraph (B) and inserting in lieu thereof a semicolon; and

(3) by adding at the end thereof the following:

"(C) not to exceed $716,400,000 for the fiscal year ending September 30, 1984; and

"(D) not to exceed $720,000,000 for the fiscal year ending September 30, 1985.".

INTERIM EMERGENCY FEDERAL FINANCIAL ASSISTANCE

SEC. 208. Title VII of the Rail Passenger Service Act (45 U.S.C. 621 et seq.) is repealed.

MISCELLANEOUS PROVISIONS

SEC. 209. (a) Section 306(a)(3) of the Rail Passenger Service Act (45 U.S.C. 546(a)(3)) is amended by striking ", except as otherwise provided in this Act,".

(b) Section 306(k) of the Rail Passenger Service Act (45 U.S.C. 546(k)) is repealed.

(c) Section 402(g) of the Rail Passenger Service Act (45 U.S.C. 562(g)) is repealed.

(d)(1) The first sentence of section 805(2)(A) of the Rail Passenger Service Act (45 U.S.C. 644(2)(A)) is amended—

(A) by striking "shall" and inserting in lieu thereof "may"; and

(B) by striking "annually a".

(2) Section 805(2) (A) and (B) of the Rail Passenger Service Act (45 U.S.C. 644(2) (A) and (B)) is amended by striking "audit" wherever it appears and inserting in lieu thereof "audits".

(e) Section 806 of the Rail Passenger Service Act (45 U.S.C. 645) is repealed.

(f) Section 810 of the Rail Passenger Service Act (45 U.S.C. 649) is repealed.

(g) Section 811 of the Rail Passenger Service Act (45 U.S.C. 650) is repealed.

(h) Section 703(1)(D) of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 853(1)(D)) is repealed.

TITLE III—RAILROAD ACCOUNTING PRINCIPLES BOARD

AMENDMENTS TO TITLE 49, UNITED STATES CODE

SEC. 301. (a) Section 11161(c)(2) of title 49, United States Code, is amended by inserting ", except that no such individual may be paid at a rate which exceeds the rate prescribed for level V of the Executive Schedule" immediately before the period.

(b) Section 11161(f) of title 49, United States Code, is amended by striking "effective date of the Staggers Rail Act of 1980" and inserting in lieu thereof "members of the Board are appointed under this section".

(c) Section 11162(a) of title 49, United States Code, is amended by striking "effective date of the Staggers Rail Act of 1980" and inserting in lieu thereof "members of the Board are appointed under section 11161 of this title".

(d) Section 11167 of title 49, United States Code, is amended by striking "effective date of the Staggers Rail Act of 1980" and inserting in lieu thereof "members of the Board are appointed under section 11161 of this title".

(e) Section 11168 of title 49, United States Code, is amended—

(1) by striking "1981" and inserting in lieu thereof "1984";

(2) by striking "1982" and inserting in lieu thereof "1985";

(3) by striking "1983" and inserting in lieu thereof "1986".●

By Mr. PACKWOOD:

S. 2538. A bill to consolidate and authorize certain ocean and coastal programs and functions of the National Oceanic and Atmospheric Administration under the Department of Commerce, and for other purposes; to the Committee on Commerce, Science, and Transportation.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION OCEAN AND COASTAL PROGRAM AUTHORIZATION ACT

● Mr. PACKWOOD. Mr. President, I am pleased to introduce a bill to provide for authorization of several important programs of the National Oceanic and Atmospheric Administration (NOAA): deep seabed mining, nonliving marine resources, the sea grant program, the ocean thermal energy conversion (OTEC) program and the National Advisory Committee on Oceans and Atmosphere (NACOA).

NOAA was created by Executive order in 1970 with the primary responsibility for most of the Federal Government's civilian research, service and regulatory programs affecting the Nation's oceans and atmosphere. The functions of NOAA are critical for the sound and productive management of the Nation's ocean and coastal resources.

This bill is one of a series which together provide a comprehensive authorization for NOAA.

Included in this bill are authorizations for deep seabed mining and programs concerning nonliving marine resources. Hard mineral resources in the ocean represent a source of supply in addition to that on land. It is likely that these resources will eventually be used to supplement domestic and foreign supplies during approaching decades.

The technology for mining and processing these minerals has advanced to the point where mining companies in the United States and other nations are on the verge of commercial exploitation. Manganese nodules and polymetallic sulfide deposits, if commercially developed, would reduce dependence on potentially unstable foreign supplies of strategic minerals, improve the balance of payments, provide new employment opportunities in the private sector, and help maintain U.S. leadership in ocean technologies.

NOAA's sea grant program is directed toward developing and protecting the Nation's marine resources through the application of academic expertise in coordinated research, education, and advisory service programs designed to meet national, regional, and local needs. Sea grant's excellent research program has accelerated growth of marine industries, such as aquaculture and ocean engineering, through the development of new technologies and the effective application of research by governmental, industrial, and private uses.

Sea grant's training program continues to produce the specialized personnel needed to develop and manage our Nation's marine resources. In the 8 years of its existence, sea grant has more than justified continued support of its successful programs and I am pleased to include its reauthorization in this bill.

Also included in this bill is the reauthorization of NOAA's ocean thermal energy conversion (OTEC) program. This program provides a framework for the licensing and commercial use of technology to generate electricity from the temperature difference between warm water at the ocean's surface and the colder underlying waters. Utilization of this energy resource would help reduce dependence of foreign sources of oil by providing an alternate and renewable supply of electrical energy.

A final section of this bill provides for the reauthorization of the National Advisory Committee on Oceans and Atmosphere (NACOA). NACOA, comprised of individuals having expertise in oceanic and atmospheric affairs, reviews the Nation's marine policies and programs and reports to the President and the Congress. In the past, NACOA has provided useful advice to Congress and demonstrated the value of its services.

In conclusion, the bill which I am introducing today provides authoriza-

tion for a number of important and cost-effective programs of NOAA, and I ask my colleagues for their support.●

By Mr. BRADLEY (for himself and Mr. LAUTENBERG):

S. 2540. A bill to amend the Age Discrimination in Employment Act of 1967 to exclude from the operation of such act matters relating to the age at which individuals may be hired, or discharged from employment, as firefighters and law enforcement officers by States and political subdivisions of States; to the Committee on Labor and Human Resources.

AGE DISCRIMINATION IN EMPLOYMENT ACT PUBLIC SAFETY OFFICERS AMENDMENTS OF 1984

Mr. BRADLEY. Mr. President, I rise today to introduce legislation that amends the Age Discrimination in Employment Act to allow States and municipalities to determine entry and retirement ages for their public safety officers and firefighters. The bill is identical to legislation introduced last week in the House by Congressmen HUGHES and RINALDO.

Mr. President, Congress has already exempted from ADEA certain classes of Federal Government workers who regularly face unique mental and physical demands; since 1974, Federal firefighters and law enforcement officers, including members of the FBI, Secret Service, and Federal prisons, must retire at age 55. This bill extends the exemption to allow States and municipalities to determine retirement and entry ages for their own public safety officers and firefighters, just as Congress has done for similarly situated Federal employees.

This issue is coming to a head at this time because the Supreme Court recently held in EEOC against Wyoming that the Age Discrimination in Employment Act covers States and political subdivisions. A major consequence of this decision was to invalidate the laws of States and local governments which set retirement ages of less than 70 for public safety officers and firefighters. Needless to say, the Supreme Court decision has caused disarray in the affected State and local jurisdictions.

Mr. President, I am a strong proponent of the Age Discrimination in Employment Act. This bill should not be construed as an invitation to start chipping away at those protections. But older Americans have as much reason as anyone to insure that those who must perform emergency services are physicially able to do so. Congress has already determined that age is a significant factor in job performance for a very select group of occupations—Federal firefighters and law enforcement officers. This legislation does not expand the number of occupations to be exempted; it merely exempts these same occupations regardless of whether the person works for the Federal Government or a State or local government.

Mr. President, this issue was brought to my attention by the Governor of New Jersey and the superintendent of the New Jersey State Police. They strongly support this legislative remedy. In addition, the National Governors Association, National Association of Attorneys General, International Association of Chiefs of Police, National Troopers Coalition, and numerous other law enforcement organizations have passed resolutions calling on Congress to exempt State public safety officers from ADEA. I urge my colleagues to join us in correcting the inconsistency that exists in the act.

I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2540

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Age Discrimination in Employment Act Public Safety Officers Amendments of 1984".

SEC. 2. Section 4 of the Age Discrimination in Employment Act of 1967 (29 U.S.C. 623) is amended by adding at the end thereof the following new subsection:

"(h) It shall not be unlawful for an employer which is a State, a political subdivision of a State, an agency or instrumentality of a State or a political subdivision of a State, or an interstate agency to fail or refuse to hire or to discharge any individual because of such individual's age if such action is taken with respect to the employment of an individual as a firefigther or as a law enforcement officer.".

SEC. 3. Section 11 of the Age Discrimination in Employment Act of 1967 (29 U.S.C. 630) is amended by adding at the end thereof the following new subsections:

"(j) The term 'firefighter' means an employee the duties of whose position are primarily to perform work directly connected with the control and extinguishment of fires or the maintenance and use of firefighting apparatus and equipment, including an employee engaged in this activity who is transferred to a supervisory or administrative position.

"(k) The term 'law enforcement officer' means an employee, the duties of whose position are primarily the investigation, apprehension, or detention of individuals suspected or convicted of offenses against the criminal laws of a State, including an employee engaged in this activity who is transferred to a supervisory or administrative position. For the purpose of this subsection, 'detention' includes the duties of—

"(1) employees of any penal institution; and

"(2) employees of any public health agency assigned to the field service of any penal institution;

whose duties in connection with individuals in detention suspected or convicted of offenses against the criminal laws of a State require frequent (as determined by the appropriate administrative authority) direct contact with these individuals in their detention, direction, supervision, inspection, training, employment, care, transportation, or rehabilitation.".

SEC. 4. The amendments made by this Act shall not apply with respect to any cause of action arising under the Age Discrimination in Employment Act of 1967 as in effect before the date of the enactment of this Act.

● Mr. LAUTENBERG. Mr. President, I am pleased to join with my colleague, Senator BRADLEY, in sponsoring the Age Discrimination in Employment Act Public Safety Officers Amendments of 1984. This bill remedies a problem which has come about in the wake of the Supreme Court decision in EEOC against Wyoming. That decision held that the Age Discrimination in Employment Act covers States and political subdivisions. As a result, State and local government requirements have been invalidated for retirement ages under age 70 for police and other public safety officers and firefighters.

The irony of this situation is that Congress has allowed early mandatory retirement ages for Federal law enforcement officers and certain other Federal employees such as air traffic controllers. As the situation now stands, however, State and local governments are not allowed to use the same discretion in setting early retirement ages for similar classes of employees.

Mr. President, the bill being introduced today would return discretion to these governments to set special entry and retirement ages for law enforcement officers and firefighters. This change in the law would be consistent with Federal policy and would still ban most age discrimination in employment.●

ADDITIONAL COSPONSORS

S. 627

At the request of Mr. PACKWOOD, the names of the Senator from Connecticut (Mr. WEICKER), the Senator from New Jersey (Mr. BRADLEY), and the Senator from Illinois (Mr. DIXON) were added as cosponsors of S. 627, a bill to authorize the establishment of a national scenic area to assure the protection, development, conservation, and enhancement of the scenic, natural, cultural, and other resource values of the Columbia River Gorge in the States of Oregon and Washington, to establish national policies to assist in the furtherance of its objective, and for other purposes.

S. 1059

At the request of Mr. DENTON, the name of the Senator from Nevada (Mr. HECHT) was added as a cosponsor of S. 1059, a bill to provide that it shall be unlawful to deny equal access to students in public schools and public colleges who wish to meet voluntarily for religious purposes and to provide district courts with jurisdiction over violations of this act.

S. 1816

At the request of Mr. THURMOND, the names of the Senator from Kansas (Mr. DOLE) and the Senator from South Carolina (Mr. HOLLINGS) were added as cosponsors of S. 1816, a bill to amend the Textile Fiber Products Identification Act, the Tariff Act of 1930, and the Wool Products Labeling Act of 1939 to improve the labeling of textile fiber and wool products.

S. 2025

At the request of Mr. NUNN, the name of the Senator from New Mexico (Mr. DOMENICI) was added as a cosponsor of S. 2025, a bill to amend the Highway Improvement Act of 1982 to provide additional funds for the completion of certain priority primary projects.

S. 2116

At the request of Mr. MATSUNAGA, the name of the Senator from Oregon (Mr. HATFIELD) was added as a cosponsor of S. 2116, a bill to accept the findings and to implement the recommendations of the Commission on Wartime Relocation and Internment of Civilians.

S. 2266

At the request of Mr. CRANSTON, the name of the Senator from New York (Mr. D'AMATO) was added as a cosponsor of S. 2266, a bill to grant a Federal charter to Vietnam Veterans of America, Inc.

S. 2313

At the request of Mr. THURMOND, the names of the Senator from Michigan (Mr. LEVIN) and the Senator from Maryland (Mr. SARBANES) were added as cosponsors of S. 2313, a bill to permit credit for civil service retirement purposes and in computing length of service for purposes of determining leave, compensation, health insurance, severance pay, tenure, and status in the case of certain individuals who performed National Guard technician services before January 1, 1969.

S. 2378

The request of Mr. ABDNOR, the names of the Senator from Connecticut (Mr. DODD), the Senator from Massachusetts (Mr. KENNEDY), and the Senator from West Virginia (Mr. RANDOLPH) were added as cosponsors of S. 2378, a bill to provide authorizations of appropriations for the impact aid program under Public Law 874 of the 81st Congress, and for other purposes.

S. 2413

At the request of Mr. DENTON, the names of the Senator from South Dakota (Mr. PRESSLER), the Senator from Vermont (Mr. STAFFORD), the Senator from Missouri (Mr. DANFORTH), the Senator from Tennessee (Mr. BAKER), the Senator from Oklahoma (Mr. BOREN), the Senator from Minnesota (Mr. DURENBERGER), the Senator from Missouri (Mr. EAGLETON), and the Senator from Oregon (Mr. PACKWOOD) were added as cosponsors of S. 2413, a bill to recognize the organization known as the American Gold Star Mothers, Inc.

S. 2460

At the request of Mr. MITCHELL, the names of the Senator from New Mexico (Mr. DOMENICI) and the Senator from Tennessee (Mr. BAKER) were added as cosponsors of S. 2460, a bill to designate a Federal building in Augusta, Maine, as the "Edmund S. Muskie Federal Building."

S. 2461

At the request of Mr. MITCHELL, the names of the Senator from New Mexico (Mr. DOMENICI) and the Senator from Tennessee (Mr. BAKER) were added as cosponsors of S. 2461, a bill to designate a Federal building in Bangor, Maine, as the "Margaret Chase Smith Federal Building."

S. 2462

At the request of Mr. KENNEDY, the name of the Senator from Connecticut (Mr. DODD) was added as a cosponsor of S. 2462, a bill to amend title 11 of the United States Code to clarify the circumstances under which collective-bargaining agreements may be rejected in cases under chapter 11 of such title, and for other purposes.

SENATE JOINT RESOLUTION 198

At the request of Mr. PRYOR, the name of the Senator from Iowa (Mr. JEPSEN) was added as a cosponsor of Senate Joint Resolution 198, a joint resolution designating April 27, 1984, as "National Nursing Home Residents Day."

SENATE JOINT RESOLUTION 215

At the request of Mr. THURMOND, the name of the Senator from Georgia (Mr. NUNN) was added as a cosponsor of Senate Joint Resolution 215, a joint resolution to designate the week of April 23-27, 1984, as "National Student Leadership Week."

SENATE JOINT RESOLUTION 229

At the request of Mr. MOYNIHAN, the name of the Senator from California (Mr. CRANSTON) was added as a cosponsor of Senate Joint Resolution 229, a joint resolution to proclaim the week beginning April 22, 1984, as "National Dance Week."

SENATE JOINT RESOLUTION 245

At the request of Mr. GORTON, the name of the Senator from Alaska (Mr. STEVENS) was added as a cosponsor of Senate Joint Resolution 245, a joint resolution to designate the week of April 15 through April 21, 1984, as "National Recreational Sports Week."

SENATE JOINT RESOLUTION 246

At the request of Mr. EXON, the name of the Senator from North Carolina (Mr. EAST) was added as a cosponsor of Senate Joint Resolution 246, a joint resolution strongly urging the President to secure a full accounting of Americans captured or missing in action in Southeast Asia, and for other purposes.

SENATE JOINT RESOLUTION 256

At the request of Mr. THURMOND, the name of the Senator from Mississippi (Mr. COCHRAN) was added as a cosponsor of Senate Joint Resolution 256, a joint resolution designating March 21, 1984, as "National Single Parent Day."

SENATE JOINT RESOLUTION 265

At the request of Mrs. HAWKINS, the names of the Senator from Rhode Island (Mr. CHAFEE), the Senator from Mississippi (Mr. COCHRAN), and the Senator from Indiana (Mr. LUGAR) were added as cosponsors of Senate Joint Resolution 265, a joint resolution designating the week of April 29 through May 5, 1984, as "National Week of the Ocean."

SENATE JOINT RESOLUTION 266

At the request of Mr. RANDOLPH, the names of the Senator from South Carolina (Mr. THURMOND), the Senator from Utah (Mr. HATCH), and the Senator from Mississippi (Mr. COCHRAN) were added as cosponsors of Senate Joint Resolution 266, a joint resolution designating the week beginning April 8, 1984, as "National Hearing Impaired Awareness Week."

SENATE RESOLUTION 358

At the request of Mr. CHILES, the names of the Senator from Nevada (Mr. LAXALT), the Senator from Alaska (Mr. MURKOWSKI), and the Senator from Mississippi (Mr. COCHRAN) were added as cosponsors of Senate Resolution 358, a resolution commending the Government of Colombia for its major achievement in seizing large amounts of cocaine, and for other purposes.

SENATE CONCURRENT RESOLUTION 102—TO CORRECT THE ENROLLMENT OF H.R. 4169

Mr. SIMPSON (for himself and Mr. CRANSTON) submitted the following concurrent resolution; which was placed on the calendar:

S. CON. RES. 102

Resolved by the Senate (the House of Representatives concurring), That in the enrollment of H.R. 4169, the Clerk of the House of Representatives is directed to make the correction as follows: "strike title IV."

Mr. SIMPSON. Mr. President, I submit, on behalf of myself and the Senator from California (Mr. CRANSTON), a concurrent resolution to make a technical correction in the enrollment of H.R. 4169.

It is our understanding with the leadership that this resolution will be taken up as the first item on Monday.

AMENDMENTS SUBMITTED

URGENT SUPPLEMENTAL APPROPRIATION

LEVIN (AND INOUYE) AMENDMENT NO. 2889

Mr. LEVIN (for himself and Mr. INOUYE) proposed an amendment to the joint resolution (H.J. Res. 492), making an urgent supplemental appropriation for the fiscal year ending September 30, 1984, for the Department of Agriculture, as follows:

At the end of the bill, insert the following:

"No funds appropriated herein for covert assistance in Central America can be provided to any individual or group which is not part of a country's armed forces and which is known by the U.S. Government to have as one of its intentions the violent overthrow of any government in Central America with which the U.S. Government has full diplomatic relations."

SASSER (AND OTHERS) AMENDMENT NO. 2890

Mr. SASSER (for himself, Mr. INOUYE, Mr. BINGAMAN, Mr. PELL, Mr. WEICKER, Mr. EAGLETON, Mr. LEAHY, Mr. GLENN, Mr. ZORINSKY, Mr. BUMPERS, Mr. EXON, Mr. RIEGLE, Mr. CRANSTON, Mr. FORD, Mr. PROXMIRE, Mr. TSONGAS, Mr. BAUCUS, Mr. RANDOLPH, Mr. BIDEN, Mr. MELCHER, Mr. PRYOR, Mr. METZENBAUM, Mr. KENNEDY, Mr. BOREN, and Mr. LEVIN) proposed an amendment to the joint resolution (H.J. Res. 492), supra, as follows:

On page 6, line 12 after the word "Congress" strike all through line 16 and add the following:

"; *Provided,* That temporary facilities previously or hereinafter constructed, modified or improved in Honduras, in whole or in part utilizing operations and maintenance funds of the Department of Defense, shall be available solely for the conduct of military training exercises unless such facilities are deemed necessary for the evacuation or self-defense of U.S. personnel: *Provided further,* except as specifically authorized and appropriated by Congress no funds appropriated to the Department of Defense may be obligated or expended to upgrade or convert to permanent use for any military or paramilitary organization any temporary facility previously or hereinafter constructed, modified or improved in Honduras, in whole or in part utilizing operations and maintenance funds of the Department of Defense."

STEVENS (AND MATTINGLY) AMENDMENT NO. 2891

Mr. STEVENS (for himself and Mr. MATTINGLY) proposed an amendment to amendment No. 2890 proposed by Mr. SASSER (and others) to the joint resolution (H.J. Res. 492), supra; as follows:

In lieu of the language proposed, insert the following:

or unless the President determines and provides prior notification to the Committees on Appropriations, Armed Services, and Foreign Relations that an unforeseen emergency exists which requires such construction, modification, or improvement: Provided, That temporary facilities previously or hereinafter constructed, modified or improved in Honduras, in whole or in part utilizing operations and maintenance funds of the Department of Defense, shall be available to U.S. Military forces solely for the conduct of military training exercises unless such facilities are deemed necessary for the evacuation or self-defense of U.S. personnel: Provided further, except as specifically authorized and appropriated by Congress no funds appropriated to the Department of Defense may be obligated or expended to convert to permanent use for any military or paramilitary organization any temporary facility previously or hereinafter constructed, modified or improved in Honduras, in whole or in part utilizing operations and maintenance funds of the Department of Defense.

SASSER (AND OTHERS) AMENDMENT NO. 2892

Mr. SASSER (for himself, Mr. INOUYE, Mr. BINGAMAN, Mr. PELL, Mr. WEICKER, Mr. EAGLETON, Mr. LEAHY, Mr. GLENN, Mr. ZORINSKY, Mr. BUMPERS, Mr. EXON, Mr. RIEGLE, Mr. CRANSTON, Mr. FORD, Mr. PROXMIRE, Mr. TSONGAS, Mr. BAUCUS, Mr. RANDOLPH, Mr. BIDEN, Mr. MELCHER, Mr. PRYOR, Mr. METZENBAUM, Mr. KENNEDY, and Mr. BOREN) proposed an amendment to amendment No. 2890 proposed by him (and others) to the joint resolution (H.J. Res. 492), supra; as follows:

"in whole or in part utilizing operations and maintenance funds of the Department of Defense, shall be available to U.S. military force solely for the conduct of military training exercises unless such facilities are deemed necessary for the evacuation or self-defense of U.S. personnel: Provided further, except as specifically authorized and appropriated by Congress no funds appropriated to the Department of Defense may be obligated or expended to upgrade to or convert to permanent use for any military or paramilitary organization any temporary facility previously or hereinafter constructed, modified or improved in Honduras, in whole or in part utilizing operations and maintenance funds of the Department of Defense."

MELCHER (AND OTHERS) AMENDMENT NO. 2893

Mr. MELCHER (for himself, Mr. ABDNOR, Mr. PELL, Mr. BAUCUS, Mr. BENTSEN, Mr. D'AMATO, Mr. MOYNIHAN, Mr. PRESSLER, Mr. TRIBLE, Mr. WARNER, and Mr. DIXON) proposed an amendment to the joint resolution (H.J. Res. 492), supra; as follows:

On page 6, after line 21, add the following:

SEC. 105. The Secretary of Education shall distribute all the funds appropriated in title III of Public Law 98-139, under the heading School Assistance in Federally Affected Areas, for entitlements under section 3 of the Act of September 30, 1950 (Public Law 874, Eighty-first Congress) to local educational agencies in accordance with the provisions of such Act of September 30, 1950, and the regulations in effect on the date of enactment of Public Law 98-139. Such funds shall be paid to the local educational agencies within 15 days of the date of enactment of this Act.

DIXON (AND OTHERS) AMENDMENT NO. 2894

Mr. DIXON (for himself, Mr. PERCY, Mr. KENNEDY, Mr. BOSCHWITZ, Mr. METZENBAUM, Mr. D'AMATO, Mr. MOYNIHAN, Mr. HEINZ, Mr. LEVIN, Mr. RIEGLE, Mr. SARBANES, Mr. EAGLETON, Mr. SASSER, Mr. HUDDLESTON, Mr. LAUTENBERG, and Mr. GLENN) proposed an amendment to the joint resolution (H.J. Res. 492), supra; as follows:

At the end of the joint resolution insert the following:

DEPARTMENT OF LABOR

EMPLOYMENT AND TRAINING ADMINISTRATION

TRAINING AND SERVICE EMPLOYMENT SERVICES

For an additional amount for part B of title II of the Job Training Partnership Act, $100,000,000, which—

(1) shall be allotted, by the Secretary of Labor, within 7 days of the date of enactment of this Act, to States which have any service delivery area which received less than 90 percent of the amount of payments for summer youth employment and training programs for fiscal year 1984 than in fiscal year 1983, in accordance with section 251 of the Job Training Partnership Act; and

(2) shall be allocated among service delivery areas within each such State so that the amount of payments for fiscal year 1984 for any service delivery area within the State which received less than 90 percent of the amount of payments for summer youth employment and training programs made in that area in fiscal year 1983 will be increased to an amount equal to 90 percent of the amount of payments for summer youth employment and training programs made in that area in fiscal year 1983; *Provided,* That if the amount appropriated under this heading and allotted to a State is insufficient to make the full payments required by this paragraph the amount of the increase of any payment to which service delivery areas in the State shall be eligible to receive by reason of the application of this paragraph shall be determined on a pro rata basis; *Provided further,* That if the amount appropriated under this heading and allotted to any State is greater than is needed to make the full payments required by this paragraph, the Secretary shall reallot the excess to all States which cannot make the payments to meet the 90 percent hold harmless provision on the basis of the need for payments described in this paragraph; *Provided further,* That, where the boundaries of service delivery areas differ from prime sponsor areas with respect to the units of general local government covered, determination of payments shall be based on the percentage share of allocations which were available to the units of general local government within each such area in fiscal year 1983.

STEVENS (AND OTHERS) AMENDMENT NO. 2895

Mr. STEVENS (for himself, Mr. GOLDWATER, Mr. BYRD, and Mr. MOYNIHAN) proposed an amendment to the joint resolution (H.J. Res. 492), supra; as follows:

On page 5, between lines 2 and 3, insert the following:

SEC. 2. For additional payment of the Corporation for Public Broadcasting, as authorized by the Federal Communications Commission Authorization Act of 1983, Public Law 98-214, the following amounts, which shall be available within limitations specified by said Act, are appropriated, notwithstanding any other provision of this resolution: For fiscal year 1984, $15,000,000; for fiscal year 1985, $23,000,000; and for fiscal year 1986, $32,000,000: *Provided*, That none of the funds appropriated under this section shall be used to pay for receptions, parties, and similar forms of entertainment for government officials or employees: *Provided further*, That none of the funds appropriated under this section shall be available or used to aid or support any program or activity that excludes from participation, denies benefits to, or discriminates against any person on the basis of race, color, national origin, religion, or sex.

HATFIELD AMENDMENT NO. 2896

Mr. HATFIELD proposed an amendment to the joint resolution (H.J. Res. 492), supra; as follows:

At the appropriate place in the joint resolution, insert:

SENATE

CONTINGENT EXPENSES OF THE SENATE

* * * * *

STATIONERY (REVOLVING FUND)

To provide additional capital for the revolving fund established by the last paragraph under the heading "Contingent Expenses of the Senate" appearing under the heading "SENATE" in chapter XI of the Third Supplemental Appropriation Act, 1957 (2 U.S.C. 46a-1), $61,000.

HATFIELD (AND BYRD) AMENDMENT NO. 2897

Mr. HATFIELD (for himself and Mr. BYRD) proposed an amendment to the joint resolution (H.J. Res. 492), supra; as follows:

At the appropriate place add the following:

SEC. . (a) The authorization for the Bonneville Lock and Dam project, Oregon and Washington, contained in the first section of the Act entitled "An Act authorizing construction of certain public works on rivers and harbors, and for other purposes", approved on August 30, 1935 (49 Stat. 1028), is amended to provide that the Secretary of the Army, acting through the Chief of Engineers, is authorized and directed to construct a new lock in accordance with the report of the Chief of Engineers, dated February 10, 1981, at an estimated cost of $177,000,000.

(b) The Secretary of the Army, acting through the Chief of Engineers is authorized and directed to replace the Gallipolis locks, Ohio River mile 297.0 Ohio and West Virginia, by constructing one 110-foot by 600-foot lock in a 1.7 mile-long canal landward of the existing lock, generally in accordance with the recommendations of the Huntington District Engineer in his report dated February, 1981, as approved by the Ohio River Division Engineer, with such modifications in the design of the replacement of such locks as the Chief of Engineers deems necessary and advisable, at an estimated cost of approximately $313,000,000.

BAUCUS (AND BUMPERS) AMENDMENT NO. 2898

Mr. BAUCUS (for himself and Mr. BUMPERS) proposed an amendment to the joint resolution (H.J. Res. 492), supra; as follows:

At the appropriate place in the resolution insert the following:

SEC. (a). Notwithstanding any other provision of law, the National Park Service shall enter into a contract releasing or transferring any Federal employees or liquidating any equipment or materials for the purpose of complying with the Office of Management and Budget Circular A-76 as it relates to the sixty-two activities tentatively scheduled for review by the National Park Service by March 30, 1984, only after the following conditions have been met:

(1) the study supporting that contract required by the Office of Management and Budget Circular A-76 is completed, including the bidding process and review of bids;

(2) the National Park Service has had 30 days to review the bid results and to transmit recommendations to the House and Senate Committees on Appropriations, the Senate Committee on Energy and Natural Resources, and the House Committee on Interior and Insular Affairs as to which activities should be contracted; and

(3) 30 days have elapsed since the transmittal required by (2) Sec. (b). All recommendations to be submitted shall be submitted by September 1, 1984.

SEC. (c). The National Park Service shall not solicit bids related to other Circular A-76 reviews before January 1, 1985.

MATSUNAGA AMENDMENT NO. 2899

Mr. MATSUNAGA proposed an amendment to the joint resolution (H.J. Res. 492), supra; as follows:

At the appropriate place add the following:

In developing nations, the establishment of physical infrastructure in rural areas requires the discrete application of engineering and construction skills, equipment and training;

In 1961, a farsighted group of Navy Civil Engineer Corps officers, otherwise known as Seabees, conceived of forming tightly-configured mobil units to provide engineering and construction services and training in developing nations;

The above-mentioned concept was implemented by the Navy with the establishment of 13-man Seabee Teams, elite units of unprecedented mobility and versatility, whose unique cross-rated training enabled each team to provide a minimum of 35 technical skills keyed to rural needs in developing nations, and to train local inhabitants to apply those skills as well;

Seabee Teams served with distinction in Africa and Latin America, in such nations as Upper Volta, Ecuador, the Central African Republic, Haiti, Liberia;

Seabee Teams in Africa and Latin America were subsequently diverted to Indochina in support of the counterinsurgency effort there, and the programs in Africa and Latin America were allowed to lapse;

The need for rural infrastructure development aid in Africa has grown acute and United States civilian aid agencies cannot match the unique capabilities of United States military construction and engineering field units, as exemplified by Seabee Teams, for meeting that need: Now, therefore, it is the sense of the Congress that

(1) the Seabee Team program for Africa be reactivated by the United States Navy in strict accordance with its original nation-building mission, as applied in Africa in the early 1960s, and in association with the Department of State of before;

(2) as a first step, no more than five and no less than three Seabee Teams be dispatched to African nations, requiring rural infrastructure development assistance, which, upon being advised of the availability of such teams, formally request their services;

(3) the Secretary of the Navy, in association with the Secretaries of the Army and Air Force, report to the Senate at the earliest possible date, but no later than November 1, 1984, on steps taken to implement the above-mentioned Seabee Team program in Africa, with an estimate of the cost of such program on an annual basis.

MELCHER AMENDMENT NO. 2900

Mr. MELCHER proposed an amendment to the joint resolution (H.J. Res. 492) supra; as follows:

At the appropriate place in the joint resolution, insert the following:

Since large numbers of refugees from Guatemala have fled their homes in search of personal safety; and,

Since the government of Mexico maintains facilities in the state of Chiapas to care for the housing, food and medical care of up to 100,000 refugees from Guatemala; and,

Since while there has been cooperation by international organizations to help meet the needs of these refugees in Chiapas, the government of Mexico meets most of the costs of this effort;

Therefore, it is the sense of the Congress, that in cooperation with the government of Mexico, the newly enacted authority under Section 416 of the Agricultural Act dealing with U.S. surplus wheat and dairy products shall be used on an expedited basis to make these commodities available to help feed the Guatemalan refugees in Mexico.

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES ACT AMENDMENTS OF 1983

DOMENICI (AND OTHERS) AMENDMENT NO. 2901

Mr. BAKER (for Mr. DOMENICI) (for himself, Mr. MELCHER, and Mr. ANDREWS) proposed an amendment to the bill (H.R. 2751) to amend the National Foundation on the Arts and the Humanities Act of 1965, and for other purposes, as follows:

On page 8, beginning with line 25, strike out all through line 14 on page 9 and insert in lieu thereof the following:

SEC. 14. (a)(1) To the extent of the availability of funds for such purpose, the Secretary of the Interior shall:

(A) enter into a thirty-year agreement with the College of Santa Fe, Santa Fe, New Mexico, to provide educational facilities for the use of, and to develop cooperative educational/arts programs to be carried out with the postsecondary fine arts and museum services programs of, the Institute

of American Indian Arts administered by the Bureau of Indian Affairs; and

(B) conduct such activities as are necessary to improve the facilities used by the Institute of American Indian Arts at the College of Santa Fe.

(2) The provisions of this subsection shall take effect on October 1, 1984.

(b)(1) The Secretary of the Interior, acting through the Bureau of Indian Affairs, is directed to conduct a study for the purpose of determining the need, if any, for a museum facility to be established for the benefit of the Institute of American Indian Arts, the feasibility of establishing such museum, and the need or desirability, if any, to establish any such museum in close proximity to the facilities currently being used by such Institute at the College of Santa Fe.

(2) On or before February 1, 1985, the Secretary of the Interior shall report the results of such study, together with his recommendations, to the Congress.

(3) Should the study recommend establishment of a museum, and should the College of Santa Fe be selected as the best site, any agreement entered into by the Secretary of the Interior for construction of such museum shall contain assurances, satisfactory to the Secretary, that appropriate lands at the College of Santa Fe will be available at no cost to the Federal Government for the establishment of a museum facility.

FEDERAL BOAT SAFETY ACT

DOLE (AND LONG) AMENDMENT NO. 2902

(Ordered to lie on the table.)

Mr. DOLE (for himself and Mr. LONG) submitted an amendment intended to be proposed by them to the bill (H.R. 2163) to amend the Federal Boat Safety Act of 1971, and for other purposes; as follows:

At the end of the committee substitute add the following:

TITLE I—TAX REFORMS GENERALLY

SECTION 1. SHORT TITLE; AMENDMENT OF 1954 CODE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This title and titles II, III, IV, V, VI, VII, and VIII may be cited as the "Deficit Reduction Tax Act of 1984".

(b) AMENDMENT OF 1954 CODE.—Except as otherwise expressly provided, whenever in this title and titles II, III, IV, V, VI, VII, and VIII an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

(c) TABLE OF CONTENTS.—

TITLE I—TAX REFORMS GENERALLY

Sec. 1. Short title; amendment of 1954 Code; table of contents.

SUBTITLE A—DEFERRAL OF CERTAIN TAX REDUCTIONS

Sec. 11. Short title.
Sec. 12. Amount of used property eligible for the investment tax credit.
Sec. 13. Finance lease provisions.
Sec. 14. Election to expense certain depreciable business assets.
Sec. 15. Employee stock ownership credit.
Sec. 16. Excise tax on communications services.
Sec. 17. Postponement of net interest exclusion.
Sec. 18. Foreign earned income of individuals.
Sec. 19. Effective date.

SUBTITLE B—TAX-EXEMPT ENTITY LEASING; SERVICE CONTRACTS

Sec. 21. Short title.
Sec. 22. Denial of tax incentives for property used by governments and other tax-exempt entities.
Sec. 23. Motor vehicle operating leases.

SUBTITLE C—TREATMENT OF BONDS AND OTHER DEBT INSTRUMENTS

Sec. 25. Treatment of bonds and other debt instruments.
Sec. 26. Technical and conforming amendments related to original issue discount changes.
Sec. 27. Technical and conforming amendments related to treatment of market discount and acquisition discount.
Sec. 28. Effective dates.

SUBTITLE D—CORPORATE PROVISIONS

PART I—LIMITATIONS ON DIVIDENDS RECEIVED DEDUCTION

Sec. 31. Dividends received deduction reduced where portfolio stock is debt financed.
Sec. 32. Treatment of dividends from regulated investment companies.

PART II—TREATMENT OF CERTAIN DISTRIBUTIONS

Sec. 35. Corporate shareholder's basis in stock reduced by nontaxed portion of extraordinary dividends.
Sec. 36. Distribution of appreciated property by corporations.
Sec. 37. Extension of holding period for losses attributable to capital gain dividends of regulated investment companies or real estate investment trusts.

PART III—MISCELLANEOUS PROVISIONS

Sec. 41. Denial of deductions for certain expenses incurred in connection with short sales.
Sec. 42. Nonrecognition of gain or loss by corporation on options with respect to its stock.
Sec. 43. Amendments to accumulated earnings tax.
Sec. 44. Phase-out of graduated rates for large corporations.
Sec. 45. Increase in reduction in certain corporate preference items from 15 percent to 20 percent.
Sec. 46. Restrictions on golden parachute payments.
Sec. 47. Provisions relating to earnings and profits.
Sec. 48. Two-year delay in application of the net operating loss rules added by the Tax Reform Act of 1976.
Sec. 49. Target corporation must distribute assets after reorganization described in section 368(a)(1)(C).
Sec. 50. Definition of control for purposes of nondivisive reorganizations under section 368(a)(1)(D).
Sec. 51. Collapsible corporations.

SUBTITLE E—PARTNERSHIP PROVISIONS

Sec. 55. Partnership allocations with respect to contributed property.
Sec. 56. Determination of distributive shares when partner's interest changes.
Sec. 57. Payments to partners for property or certain services.
Sec. 58. Contributions to a partnership of unrealized receivables, inventory items, or capital loss property.
Sec. 59. Transfers of partnership interests by corporations.
Sec. 60. Application of section 751 in the case of tiered partnerships.
Sec. 61. Section 1031 not applicable to partnership interests; limitation on the period during which like-kind exchanges may be made.

SUBTITLE F—TRUST PROVISIONS

Sec. 65. Treatment of property distributed in kind.
Sec. 66. Treatment of multiple trusts.

SUBTITLE G—ACCOUNTING CHANGES

Sec. 71. Certain amounts not treated as incurred before economic performance.
Sec. 72. Amortization of construction period interest and taxes for residential real property held by corporations.
Sec. 73. Capitalization of start-up expenditures.
Sec. 74. Treatment of certain deferred payments for use of property or services.

SUBTITLE H—PROVISIONS RELATING TO TAX STRADDLES

Sec. 75. Repeal of exception from straddle rules for stock options and certain stock.
Sec. 76. Section 1256 extended to certain options.
Sec. 77. Regulations under section 1092(b).
Sec. 78. Limitation on losses from hedging transactions.
Sec. 79. Clarification that section 1234 applies to options on regulated futures contracts and cash settlement options.
Sec. 80. Wash sale rules to apply to losses on certain short sales.
Sec. 81. Time for identification by taxpayer of certain transactions.

SUBTITLE I—PENSIONS

PART I—GENERAL PROVISIONS

Sec. 85. Deduction limits for qualified pension plans.
Sec. 86. Provisions relating to top-heavy plans.
Sec. 87. Distribution rules for qualified pension plans.
Sec. 88. Rollover of certain partial distributions permitted.
Sec. 89. Treatment of distributions of benefits substantially all of which are derived from employee contributions.
Sec. 90. Repeal of estate tax exclusions for qualified pension plan benefits.
Sec. 91. Affiliated service groups, employee leasing arrangements, and collective bargaining agreements.

PART II—WELFARE BENEFIT PLANS

Sec. 95. Additional requirements for tax-exempt status of certain organizations.
Sec. 96. Excise taxes involving funded welfare benefit plans.
Sec. 97. Treatment of certain medical, etc., benefits under section 415.
Sec. 98. Employer and employee benefit association treated as related persons under section 1239.

PART III—RETIREMENT SAVINGS INCENTIVES

Sec. 100. Special rules relating to individual retirement accounts.

PART IV—EMPLOYEE STOCK OWNERSHIP PROVISIONS
Sec. 101. Nonrecognition of gain on stock sold to employees where qualified replacement property acquired.
Sec. 102. Deductibility of certain dividend distributions from employee stock ownership plans.
Sec. 103. Exclusion of interest on loans used to finance acquisition of employer securities by an ESOP.
Sec. 104. Reduction in capital gains tax with respect to sales of stock in corporations with employee ownership.
Sec. 105. Assumption of estate tax liability by ESOP receiving employer securities.
Sec. 106. Deduction from taxable estate of half of proceeds from sales of employer securities to employee stock ownership plans or certain worker-owned cooperatives.
Sec. 107. Certain contributions to ESOP treated as charitable contributions.
Sec. 108. Excise tax on certain dispositions and allocations of employer securities by employee stock ownership plans.
PART V—MISCELLANEOUS
Sec. 111. Elimination of retroactive application of amendments made by Multiemployer Pension Plan Amendments Act of 1980.
Sec. 112. Treatment of certain distributions from a qualified terminated plan.
Sec. 113. Partial termination for certain pension plans.
Sec. 114. Distribution requirements for accounts and annuities of an insurer in a title 11 proceeding.
Sec. 115. Extension of time for repayment of qualified refunding loans.
Sec. 116. Pension portability involving telecommunications divestiture.
SUBTITLE J—FOREIGN PROVISIONS
PART I—GENERAL
Sec. 121. Treatment of related person factoring income.
Sec. 122. Taxation of certain transfers of property outside the United States.
Sec. 123. Section 1248 to apply to certain indirect transfers of stock in a foreign corporation.
Sec. 124. Treatment of United States source original issue discount in case of foreign persons.
Sec. 125. Treatment of certain transportation income.
Sec. 126. Application of collapsible corporation rules to foreign corporations.
Sec. 127. Definition of foreign investment company.
Sec. 128. Distributions and interest payments by certain United States-owned foreign corporations treated as derived from United States sources for purposes of limitation on foreign tax credit.
Sec. 129. Certain distributions treated as interest for purposes of limitation on the foreign tax credit.
Sec. 130. Treatment of certain distributions and interest received by United States-owned foreign corporations.
Sec. 131. Amendments related to foreign personal holding companies.
PART II—FOREIGN INSURANCE
Sec. 135. Provisions relating to amount and withholding of excise taxes on policies issued by foreign insurers.
Sec. 136. Services relating to insurance policies are treated as performed in country of risk.
PART III—WITHHOLDING OF CERTAIN FOREIGN TAXES
Sec. 141. Withholding of tax on dispositions of United States real property interests by certain foreign persons required.
Sec. 142. Repeal of the 30 percent tax on interest received by foreigners on certain portfolio investments.
SUBTITLE K—REPORTING, PENALTY, AND OTHER PROVISIONS
Sec. 145. Organizers and sellers of investment plans, etc., must keep lists of investors.
Sec. 146. Registration of tax shelters.
Sec. 147. Returns relating to cash and mortgage interest received in trade or business.
Sec. 148. Returns relating to foreclosures and abandonments of security.
Sec. 149. Increase in penalty for promoting abusive tax shelters.
Sec. 150. Increased rate of interest for tax shelter cases.
Sec. 151. Authorization to disregard appraisals of persons penalized for aiding in understatements of tax liability.
Sec. 152. Provisions relating to individual retirement accounts.
Sec. 153. Statements required in case of certain substitute payments.
Sec. 154. Modifications to charitable contribution rules and incorrect valuation penalty.
Sec. 155. Disclosure of returns and return information to certain cities.
Sec. 156. Increase in jurisdictional limit for small cases in United States Tax Court.
Sec. 157. Failure to request change of method of accounting.
Sec. 158. Interest on certain additions to tax.
Sec. 159. Penalty for fraudulent withholding exemption certificate or failure to supply information.
Sec. 160. Limitation on mailing of deposits of taxes.
Sec. 161. Application of penalty for frivolous proceedings to pending tax court proceedings.
Sec. 162. Furnishing of TIN under backup withholding.
Sec. 163. Reporting of State tax refunds.
Sec. 164. Study on tax shelters.
Sec. 165. Clarification of change of venue for certain tax offenses.
SUBTITLE L—DEPRECIATION
Sec. 171. Recovery period for most real property extended to 20 years.
Sec. 172. Recapture in cases of installment sales.
Sec. 173. Provisions relating to sound recordings and films.
SUBTITLE M—MISCELLANEOUS PROVISIONS
Sec. 175. Inclusion of tax benefit items in income.
Sec. 176. Loans with below-market interest rates.
Sec. 177. LIFO conformity rules applied on controlled group basis.
Sec. 178. Modification of income eligibility for income averaging.
Sec. 179. Limitations on business deductions for property which is partially used for personal purposes.
Sec. 180. Amendments to section 267.
Sec. 181. Losses on sales and exchanges of property used in the trade or business.
Sec. 182. Deduction disallowed where taxpayer uses property similar to property of the taxpayer for personal use.
Sec. 183. Foreign earned income exclusion treated as tax preference.
Sec. 184. Special rule relating to sales or exchanges of certain economic interests in coal between related parties.
Sec. 185. Repeal of exclusion for dividend reinvestment in stock in public utilities.
Sec. 186. Estimated income tax for individuals.
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Sec. 188. Application of related party rule to section 265(2).
TITLE II—LIFE INSURANCE PROVISIONS
Sec. 201. Short title; etc.
SUBTITLE A—TAXATION OF LIFE INSURANCE COMPANIES
PART I—AMENDMENT OF SUBCHAPTER L
Sec. 211. Amendment of subchapter L.
PART II—EFFECTIVE DATE; TRANSITIONAL RULES
SUBPART A—EFFECTIVE DATE
Sec. 215. Effective date.
SUBPART B—TRANSITIONAL RULES
Sec. 216. Reserves computed on new basis; fresh start.
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Sec. 218. Underpayments of estimated tax for 1984.
SUBTITLE B—TAXATION OF LIFE INSURANCE PRODUCTS
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Sec. 222. Treatment of certain annuity contracts.
Sec. 223. Group-term life insurance purchased for employees.
Sec. 224. Treatment of certain exchanges of insurance policies.
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Sec. 231. Studies.
TITLE III—PRIVATE FOUNDATION PROVISIONS
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Sec. 302. Limitations on deduction for contributions to private foundations.
Sec. 303. Exemption for certain operating foundations from excise tax on investment income.
Sec. 304. Abatement of first tier taxes in certain cases.
Sec. 305. Certain reliance rules.
Sec. 306. Miscellaneous amendments.
Sec. 307. Additional period to dispose of gifts, bequests, etc., where disposition not possible during original 5-year period.
Sec. 308. Decreases attributable to stock is-

suances not to reduce permitted percentage of holdings where decrease is 2 percent or less.
Sec. 309. Aggregation of stock holdings of private foundation and disqualified persons in applying 95 percent ownership test.
Sec. 310. 5-year period to dispose of excess holdings resulting from certain acquisitions by disqualified persons.
Sec. 311. Retention of business holdings by certain private foundations.
Sec. 312. Tax on self-dealing not to apply to certain stock purchases.
Sec. 313. Person ceases to be substantial contributor after 10 years with no connection to foundation.
Sec. 314. Other amendments.

TITLE IV—ENTERPRISE ZONES

Sec. 401. Short title.
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SUBTITLE A—DESIGNATION OF ENTERPRISE ZONES

Sec. 411. Designation of zones.
Sec. 412. Evaluation and reporting requirements.
Sec. 413. Interaction with other Federal programs.

SUBTITLE B—FEDERAL INCOME TAX INCENTIVES

PART I—CREDITS FOR EMPLOYERS AND EMPLOYEES

Sec. 421. Credit for enterprise zone employers.
Sec. 422. Credit for enterprise zone employees.

PART II—CREDITS FOR INVESTMENT IN TANGIBLE PROPERTY IN ENTERPRISE ZONES

Sec. 431. Investment tax credit for enterprise zone property.

PART III—REDUCTION IN CAPITAL GAIN TAX RATES

Sec. 441. Corporations.
Sec. 442. Taxpayers other than corporations.
Sec. 443. Minimum tax.
Sec. 444. Effective date.

PART IV—RULES RELATING TO INDUSTRIAL DEVELOPMENT BONDS

Sec. 451. Industrial development bonds.

PART V—SENSE OF THE CONGRESS WITH RESPECT TO TAX SIMPLIFICATION

Sec. 461. Tax simplification.

SUBTITLE C—REGULATORY FLEXIBILITY

Sec. 471. Definition of small entities in enterprise zones for purposes of analysis of regulatory functions.
Sec. 472. Waiver or modification of agency rules in enterprise zones.
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SUBTITLE D—ESTABLISHMENT OF FOREIGN-TRADE ZONES IN ENTERPRISE ZONES

Sec. 481. Foreign-trade zone preferences.

TITLE V—FOREIGN SALES CORPORATIONS

Sec. 501. Short title.
Sec. 502. Foreign sales corporations.
Sec. 503. Interest charged DISC.
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TITLE VI—HIGHWAY REVENUE PROVISIONS

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SUBTITLE B—FUELS TAXES

Sec. 611. Increase in diesel fuel tax.
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Sec. 702. Credit for interest on mortgages where State or local authorities elect not to issue qualified mortgage bonds.
Sec. 703. Advanced refunding of certain mortgage bonds permitted.
Sec. 704. Elimination of certain exceptions to the application of the Mortgage Subsidy Bond Tax Act of 1980.

SUBTITLE B—PRIVATE ACTIVITY BONDS

Sec. 711. Aggregate limit per taxpayer for small issue exception.
Sec. 712. Use of tax-exempt bonds prohibited for skyboxes, airplanes, gambling establishments, and certain stores.
Sec. 713. Tax exemption denied if proceeds of issue are used in connection with deposits or debentures guaranteed by Federal Government.
Sec. 714. Principal uses of certain solid waste disposal facilities.
Sec. 715. Restrictions on cost recovery for certain property financed with tax-exempt bonds.
Sec. 716. Miscellaneous industrial development bond provisions.
Sec. 717. Arbitrage on nonpurpose obligations.
Sec. 718. Denial of tax exemption to consumer loan bonds.
Sec. 719. Student loan bond arbitrage.
Sec. 720. Certain public utilities treated as exempted persons under section 103(b).
Sec. 721. Effective dates.

TITLE VIII—MISCELLANEOUS REVENUE PROVISIONS

SUBTITLE A—ESTATE AND GIFT TAX PROVISIONS

Sec. 801. Installment payment of estate taxes for certain indirectly held stock of a closely held operating company.
Sec. 802. Repeal of generation-skipping transfer tax.
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Sec. 805. Credit against estate tax for transfers to Toiyabe National Forest.

SUBTITLE B—CHARITABLE PROVISIONS

Sec. 806. Transitional rule relating to the definition of qualified conservation contributions.
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Sec. 808. Increase in charitable volunteer mileage.
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Sec. 810. Certain contributions of property used in qualified vocational education programs.
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Sec. 812. Increase in certain deduction limits for charitable contribution deduction.

SUBTITLE C—EXCISE TAX PROVISIONS

PART I—BOATING SAFETY AND SPORT FISH RESTORATION

SUBPART A—BOATING SAFETY AMENDMENTS

Sec. 813. Policy.
Sec. 814. General amendments to title 46.
Sec. 815. Authorization of funds for boating safety.
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SUBPART B—SPORT FISH RESTORATION PROGRAM

Sec. 817. Amendments to the sport fish restoration program.

SUBPART C—EXPANSION OF SPORT FISHING EXCISE TAX

Sec. 818. Short title.
Sec. 819. Tax on sale of sport fishing equipment.
Sec. 820. Establishment of Aquatic Resources Trust Fund.
Sec. 821. Tax on certain bows and arrows.

PART II—OTHER EXCISE TAXES

Sec. 822. Increase in tax on distilled spirits.
Sec. 823. Exemption from aviation excise tax for certain helicopter operations.
Sec. 824. Technical amendments to the Hazardous Substance Response Revenue Act of 1980.

SUBTITLE D—EMPLOYEE BENEFITS

Sec. 825. Taxation of unemployment compensation not to apply to compensation paid for weeks of unemployment ending before December 1, 1978.
Sec. 826. Employee stock options.
Sec. 827. Technical amendments to the incentive stock option provisions.
Sec. 828. Employee achievement awards.
Sec. 829. Moratorium on issuance of fringe benefit regulations.
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SUBTITLE E—MISCELLANEOUS TREASURY ADMINISTRATIVE PROVISIONS

Sec. 831. Simplification of certain reporting requirements.
Sec. 832. Removal of $1,000,000 limitation on working capital fund.
Sec. 833. Increase in limitation on revolving fund for redemption of real property.
Sec. 834. Removal of $1,000,000 limitation on special authority to dispose of obligations.
Sec. 835. Secretary of the Treasury authorized to accept gifts and bequests.
Sec. 836. Extension of period for court review of jeopardy assessment where prompt service not made on the United States.

Sec. 837. Extension of period during which additional tax shown on amended return may be assessed.
Sec. 838. Financial reporting of investment tax credits.
Sec. 839. Report of regulated futures contracts litigation.
Sec. 840. Treatment of certain guaranteed drafts issued by financial institutions.
Sec. 841. Disclosure of windfall profit tax information to State tax officials.
Sec. 842. Extension of statutory limitations to the extended time given to designate receipts as capital contributions.

SUBTITLE F—PROVISIONS RELATING TO DISTILLED SPIRITS

Sec. 843. Repeal of occupational tax on manufacturers of stills and condensers; notices of manufacture and set up of stills.
Sec. 844. Allowance of drawback claims even where certain requirements not met.
Sec. 845. Disclosure of alcohol fuel producers to administrators of State alcohol laws.
Sec. 846. Repeal of stamp requirement for distilled spirits.
Sec. 847. Modification of payment date and requirement of electronic funds transfer for alcohol and tobacco excise taxes.
Sec. 848. Cooking wine may be fortified using distilled spirits.
Sec. 849. Effective dates.

SUBTITLE G—SIMPLIFICATION AND EXTENSION OF INCOME TAX CREDITS

Sec. 850. Short title.
Sec. 851. Credits grouped together in more logical order.
Sec. 852. Uniform limitation on personal nonrefundable credits.
Sec. 853. Uniform carryover provisions for business-related credits.
Sec. 854. Technical and conforming amendments.
Sec. 855. Energy credits.
Sec. 856. Three-year extension of targeted jobs credit.
Sec. 857. Effective dates.

SUBTITLE H—CAPITAL GAINS AND LOSSES

Sec. 858. Decrease in holding period required for long-term capital gain treatment.
Sec. 859. Decrease in amount of ordinary income against which capital loss may be offset.

SUBTITLE I—MISCELLANEOUS

Sec. 860. Alternative test for definition of qualified rehabilitated building.
Sec. 861. Tax treatment of regulated investment companies.
Sec. 862. Tax treatment of cooperative housing corporations.
Sec. 863. Exclusion of certain services from the Federal Unemployment Tax Act.
Sec. 864. Extension of Payment-in-Kind Tax Treatment Act of 1983 to wheat for 1984 crop year.
Sec. 865. Acquisition indebtedness of certain educational institutions and certain corporations managing property for tax-exempt organizations; tax exemption for such corporations.
Sec. 866. Physicians' and surgeons' mutual protection and indemnity associations.
Sec. 867. Sale-leasebacks of principal residences.
Sec. 868. Increase in earned income credit.
Sec. 869. Inclusion of capital construction funds for shore-based fishery processing facilities.
Sec. 870. Allocation of expenses to parsonage allowances.
Sec. 871. Treatment of home won in local radio contest and specially designed for handicapped foster child.
Sec. 872. Restrictions on investigations and examinations of churches.
Sec. 873. Allocation under section 861 of research and experimental expenditures.
Sec. 874. Exclusion from gross income of cancellations of certain student loans.
Sec. 875. Special leasing rules for certain coal gasification facilities.
Sec. 876. Technical modification to tip reporting requirements.
Sec. 877. Provisions of Indian Tribal Governmental Tax Status Act of 1982 made permanent.
Sec. 878. Amortization of rehabilitation expenditures.
Sec. 879. Permanent disallowance of deduction for expenses of demolition of certain historic structures.
Sec. 880. Extension of increased deduction for eliminating architectural and transportation barriers to the handicapped.
Sec. 881. Exempt status for certain organizations providing child care.
Sec. 882. Credit for research activities.
Sec. 883. Deduction for certain contributions of scientific equipment.
Sec. 884. Exclusion from gross income of certain scholarships, grants, and student loan forgiveness.
Sec. 885. Technical correction relating to percentage depletion for secondary and tertiary production.
Sec. 886. Study of alternative income tax systems.
Sec. 887. Migratory bird hunting stamps.
Sec. 888. Exclusion from gross income of payments from the United States Forest Service as a result of restricting motorized traffic in the Boundary Waters Canoe Area.
Sec. 889. Study of taxation by foreign countries on services performed in the United States.
Sec. 890. Educational assistance programs.

Subtitle A—Deferral of Certain Tax Reductions

SEC. 11. SHORT TITLE.

This subtitle may be cited as the "Tax Freeze Act of 1984".

SEC. 12. AMOUNT OF USED PROPERTY ELIGIBLE FOR INVESTMENT TAX CREDIT.

(a) GENERAL RULE.—Subparagraph (A) of section 48(c)(2) (relating to dollar limitation on amount of used section 38 property) is amended—

(1) by striking out "$150,000 ($125,000 for taxable years beginning in 1981, 1982, 1983, or 1984)" and inserting in lieu thereof "$125,000 ($150,000 for taxable years beginning after 1987)", and

(2) by striking out "$150,000 (or $125,000" each place it appears and inserting in lieu thereof "$125,000 (or $150,000".

(b) TECHNICAL AMENDMENT.—Subparagraph (B) of section 48(c)(2) is amended by striking out "$75,000 ($62,500 for taxable years beginning in 1981, 1982, 1983, or 1984)" and inserting in lieu thereof "$62,500 ($75,000 for taxable years beginning after 1987)".

SEC. 13. FINANCE LEASE PROVISIONS.

(a) FOUR-YEAR DEFERRAL OF FINANCE LEASE PROVISIONS.—

(1) IN GENERAL.—Subparagraph (A) of section 209(d)(1) of the Tax Equity and Fiscal Responsibility Act of 1982 is amended by striking out "December 31, 1983" and inserting in lieu thereof "December 31, 1987".

(2) FINANCE LEASE PROVISIONS CONTINUE TO APPLY TO FARM PROPERTY.—Clause (i) of section 209(d)(1)(B) of such Act is amended by striking out "January 1, 1984" and inserting in lieu thereof "January 1, 1988".

(3) TECHNICAL AMENDMENTS.—

(A) Subclause (I) of section 168(f)(8)(B)(ii) (relating to requirement that only 40 percent of lessee's property may be treated as qualified), as amended by section 209 of the Tax Equity and Fiscal Responsibility Act of 1982, is amended by striking out "1986" and inserting in lieu thereof "1990".

(B) Paragraph (4) of section 168(i) (relating to limitations), as so amended, is amended by striking out "1985" each place it appears and inserting in lieu thereof "1989".

(b) TERMINATION OF SAFE HARBOR LEASING RULES.—Paragraph (8) of section 168(f) of the Internal Revenue Code of 1954 (relating to special rules for leasing), as in effect after the amendments made by section 208 of the Tax Equity and Fiscal Responsibility Act of 1982 but before the amendments made by section 209 of such Act, shall not apply to agreements entered into after December 31, 1983. The preceding sentence shall not apply to property described in paragraph (3)(G) or (5) of section 208(d) of such Act.

(c) TRANSITIONAL RULES.—

(1) IN GENERAL.—The amendments made by subsection (a) shall not apply with respect to any property if—

(A) a binding contract to acquire or to construct such property was entered into by the lessee before March 7, 1984, or

(B) such property was acquired by the lessee, or the construction of such property was begun, by or for the lessee, before March 7, 1984.

(2) SPECIAL RULE FOR CERTAIN AUTOMOTIVE PROPERTY.—

(A) IN GENERAL.—The amendments made by subsection (a) shall not apply to property which is placed in service before January 1, 1988—

(i) which is automotive manufacturing property, and

(ii) with respect to which the lessee is a qualified lessee (within the meaning of section 208(d)(6) of the Tax Equity and Fiscal Responsibility Act of 1982).

(B) $150,000,000 LIMITATION.—The provisions of subparagraph (A) shall not apply to any agreement if the sum of—

(i) the cost basis of the property subject to the agreement, plus

(ii) the cost basis of any property subject to an agreement to which subparagraph (A) previously applied and with respect to which the lessee was the lessee under the agreement described in clause (i) (or any related person within the meaning of section 168(e)(4)(D) of the Internal Revenue Code of 1954),

exceeds $150,000,000.

(C) AUTOMOTIVE MANUFACTURING PROPERTY.—For purposes of this paragraph, the

term "automotive manufacturing property" means—

(i) property used principally by the taxpayer directly in connection with the trade or business of the taxpayer of the manufacturing of automobiles or trucks (other than truck tractors) with a gross vehicle weight of 13,000 pounds or less,

(ii) machinery, equipment, and special tools of the type included in former depreciation range guideline classes 37.11 and 37.12, and

(iii) any special tools owned by the taxpayer which are used by a vendor solely for the production of component parts for sale to the taxpayer.

(3) SPECIAL RULE FOR CERTAIN COGENERATION FACILITIES.—The amendments made by subsection (a) shall not apply with respect to any property which is part of a coal-fired cogeneration facility—

(A) for which an application for certification was filed with the Federal Energy Regulatory Commission on December 30, 1983,

(B) for which an application for a construction permit was filed with a State environmental protection agency on February 20, 1984, and

(C) which is placed in service before January 1, 1988.

SEC. 14. ELECTION TO EXPENSE CERTAIN DEPRECIABLE BUSINESS ASSETS.

Paragraph (1) of section 179(b) (relating to dollar limitation) is amended by striking out the table contained therein and inserting in lieu thereof the following:

"If the taxable year begins in:	The applicable amount is:
1983, 1984, 1985, 1986, or 1987	$5,000
1988 or 1989	7,500
1990 or thereafter	10,000.".

SEC. 15. EMPLOYEE STOCK OWNERSHIP CREDIT.

Subparagraph (B) of section 44G(a)(2) (relating to employee stock ownership credit), as in effect before the amendments made by subtitle G of title VIII of this Act, is amended by striking out the table contained therein and inserting in lieu thereof the following:

"For aggregate compensation paid or accrued during a portion of the taxable year occurring in calendar year:.	The applicable percentage is:
1983, 1984, 1985, 1986, or 1987	0.5
1988 or thereafter	0."

SEC. 16. EXCISE TAX ON COMMUNICATIONS SERVICES.

Paragraph (2) of section 4251(b) (relating to rate of tax on communications services) is amended by striking out the table contained therein and inserting in lieu thereof the following:

"With respect to amounts paid pursuant to bills first rendered:	The applicable percentage is:
During 1983, 1984, 1985, 1986, or 1987	3
During 1988 or thereafter	0."

SEC. 17. POSTPONEMENT OF NET INTEREST EXCLUSION.

Paragraph (1) of section 302(d) of the Economic Recovery Tax Act of 1981 (relating to the effective date of the partial exclusion of interest) is amended by striking out "1984" and inserting in lieu thereof "1987".

SEC. 18. FOREIGN EARNED INCOME OF INDIVIDUALS.

Subparagraph (A) of section 911(b)(2) (relating to limitation on foreign earned income) is amended by striking out the table contained therein and inserting in lieu thereof the following:

"In the case of taxable years beginning in:	The annual rate is:
1983, 1984, 1985, 1986, or 1987	$80,000
1988	85,000
1989	90,000
1990 and thereafter	95,000."

SEC. 19. EFFECTIVE DATE.

The amendments made by this part shall apply to taxable years ending after December 31, 1983.

SUBTITLE B—TAX-EXEMPT ENTITY LEASING; SERVICE CONTRACTS

SEC. 21. SHORT TITLE.

This part may be cited as the "Governmental Lease Financing Reform Act of 1983".

SEC. 22. DENIAL OF TAX INCENTIVES FOR PROPERTY USED BY GOVERNMENTS AND OTHER TAX-EXEMPT ENTITIES.

(a) GENERAL RULE.—Section 168 (relating to accelerated cost recovery system) is amended by redesignating subsection (j) as subsection (l) and by inserting after subsection (i) the following new subsections:

"(j) PROPERTY USED BY GOVERNMENTS AND OTHER TAX-EXEMPT ENTITIES.—

"(1) IN GENERAL.—Notwithstanding any other provision of this chapter, the deduction allowed under subsection (a) (and any other deduction allowable for depreciation or amortization) for any taxable year with respect to tax-exempt use property shall be determined—

"(A) by using the straight-line method (without regard to salvage value), and

"(B) by using a recovery period determined under the following table:

"In the case of:	The recovery period shall be:
(I) Property not described in subclause (II) or subclause (III).	The present class life.
(II) Personal property with no present class life.	12 years.
(III) 20-year real property.	40 years.

"(2) OPERATING RULES.—

"(A) RECOVERY PERIOD MUST AT LEAST EQUAL 125 PERCENT OF LEASE TERM.—In the case of any tax-exempt use property used by the tax-exempt entity pursuant to a lease, the recovery period used for purposes of paragraph (1) shall not be less than 125 percent of the lease term.

"(B) CONVENTIONS.—

"(i) PROPERTY OTHER THAN 20-YEAR REAL PROPERTY.—In the case of property other than 20-year real property, the half-year convention shall apply for purposes of paragraph (1).

"(ii) 20-YEAR REAL PROPERTY.—In the case of 20-year real property, the amount determined under paragraph (1) shall be determined on the basis of the number of months in the year in which the property is in service.

"(C) EXCEPTION WHERE LONGER RECOVERY PERIOD APPLIES.—Paragraph (1) shall not apply to any recovery property if the recovery period applicable to such property by reason of an election under subsection (b)(3) exceeds the recovery period for such property determined under this subsection.

"(D) DETERMINATION OF CLASS FOR PROPERTY WHICH IS NOT RECOVERY PROPERTY.—In the case of any property which is not recovery property, for purposes of this subsection, the determination of whether such property is 20-year real property shall be made as if such property were recovery property.

"(E) COORDINATION WITH SUBSECTION (f)(12).—Paragraph (12) of subsection (f) shall not apply to any tax-exempt use property to which this subsection applies.

"(F) SPECIAL RULE FOR PROPERTY USED BY FOREIGN PERSON OR ENTITY.—

"(i) IN GENERAL.—In the case of tax-exempt use property which is used by a foreign person or entity pursuant to a lease, the deduction under paragraph (1) shall be determined—

"(I) without regard to subparagraph (A) of this paragraph, and

"(II) by using the 150 percent declining balance method, switching to the straight-line method at a time to maximize the deduction.

"(ii) SPECIAL RULE FOR 1984.—In the case of property placed in service during 1984 which is used during 1984 by a foreign person or entity pursuant to a lease entered into before 1985, clause (i) shall be applied—

"(I) without regard to subclause (I) thereof, and

"(II) by substituting '175 percent' for '150 percent'.

"(iii) DEDUCTION CANNOT EXCEED AMOUNT UNDER METHOD OTHERWISE AVAILABLE.—In the case of property described in clause (i), the deduction allowable under subsection (a) (and any other deduction allowable for depreciation or amortization) shall not exceed the amount of such deduction determined without regard to this subsection.

"(G) 20-YEAR REAL PROPERTY TO INCLUDE 15-YEAR REAL PROPERTY.—For purposes of this subsection, the term '20-year real property' includes 15-year real property.

"(3) TAX-EXEMPT USE PROPERTY.—For purposes of this subsection—

"(A) PROPERTY OTHER THAN 20-YEAR REAL PROPERTY.—Except as otherwise provided in this subsection, the term 'tax-exempt use property' means any tangible property used by a tax-exempt entity.

"(B) 20-YEAR REAL PROPERTY.—

"(i) IN GENERAL.—In the case of 20-year real property, the term 'tax-exempt use property' means—

"(I) property owned by a tax-exempt entity, and

"(II) that portion of any property used by a tax-exempt entity in a disqualified use.

"(ii) DISQUALIFIED USE.—For purposes of this subparagraph, the term 'disqualified use' means any use of the property by a tax-exempt entity, but only if—

"(I) part or all of the property was financed (directly or indirectly) by an obligation the interest on which is exempt from tax under section 103 and such entity (or a related entity) participated in such financing,

"(II) such use is pursuant to a lease under which there is a fixed or determinable price purchase or sale option which involved such entity (or a related entity) or there is the equivalent of such an option,

"(III) such use is pursuant to a lease which has a lease term in excess of 20 years, or

"(IV) such use occurs after a sale (or other transfer) of the property by, or lease of the property from, such entity (or a related entity).

"(iii) THRESHOLD TESTS.—Subclause (II) of clause (i) shall apply to any property only if—

"(I) the aggregate portion of such property used by all tax-exempt entities in disqualified uses is more than 50 percent of the property, or

"(II) the portion of such property used by 1 tax-exempt entity (and any related tax-exempt entities) in disqualified uses is more than 35 percent of the property.

"(iv) TREATMENT OF IMPROVEMENTS.—For purposes of subclauses (I) and (IV) of clause (ii), improvements to a property (other than land) shall not be treated as a separate property.

"(v) CERTAIN SALE-LEASEBACKS NOT TAKEN INTO ACCOUNT.—Subparagraph (IV) of clause (ii) shall not apply to any property which is leased within 3 months after such property is placed in service by the tax-exempt entity (or any related entity).

"(C) EXCEPTION FOR SHORT-TERM LEASES.—

"(i) IN GENERAL.—Property shall not be treated as used by a tax-exempt entity merely by reason of use pursuant to a short-term lease.

"(ii) PROPERTY OTHER THAN 20-YEAR PROPERTY.—For purposes of this subparagraph, except as provided in clause (iii), the term 'short-term lease' means any lease which has a lease term not in excess of the greater of—

"(I) 1 year, or

"(II) 30 percent of the property's present class life (to the extent such present class life does not exceed 10 years).

"(iii) 20-YEAR REAL PROPERTY.—For purposes of this subparagraph, in the case of 20-year real property, the term 'short-term lease' means any lease which has a lease term of 3 years or less.

"(D) EXCEPTION WHERE PROPERTY USED IN UNRELATED TRADE OR BUSINESS.—The term 'tax-exempt use property' shall not include any portion of a property predominantly used by the tax-exempt entity in an unrelated trade or business the income of which is subject to tax under section 511.

"(E) SPECIAL RULES FOR CERTAIN INTERNATIONAL ORGANIZATIONS.—If any domestic corporation which is not a tax-exempt entity is a member of the International Telecommunications Satellite Organization, the International Maritime Satellite Organization, or any successor organization of either such organization, the term 'tax-exempt use property' shall not include such domestic corporation's proportionate share (determined after the application to tax-exempt entities of rules which are based on the principles of paragraph (9)) of property owned by or leased to such organization or successor organization.

"(4) TAX-EXEMPT ENTITY.—

"(A) IN GENERAL.—For purposes of this subsection, the term 'tax-exempt entity' means—

"(i) the United States, any State or political subdivision thereof, any possession of the United States, or any agency or instrumentality of any of the foregoing,

"(ii) an organization (other than a cooperative described in section 521) which is exempt from tax imposed by this chapter, and

"(iii) any foreign person or entity.

"(B) EXCEPTIONS FOR CERTAIN PROPERTY USED BY FOREIGN PERSON OR ENTITY.—

"(i) INCOME FROM PROPERTY SUBJECT TO UNITED STATES TAX.—Clause (iii) of subparagraph (A) shall not apply with respect to any property if more than 20 percent of the gross income for the taxable year derived by the foreign person or entity from the use of such property is—

"(I) subject to tax under this chapter, or

"(II) is included under section 951 in the gross income of a United States shareholder for the taxable year with or within which ends the taxable year of the controlled foreign corporation in which such income was derived.

For purposes of the preceding sentence, any exclusion or exemption shall not apply for purposes of determining the amount of the gross income so derived, but shall apply for purposes of determining the portion of such gross income subject to tax under this chapter.

"(ii) MOVIES AND SOUND RECORDINGS.—Clause (iii) of subparagraph (A) shall not apply with respect to any qualified film (as defined in section 48(k)(1)(B)) or any sound recording (as defined in section 48(r)).

"(C) FOREIGN PERSON OR ENTITY.—For purposes of subparagraph (A), the term 'foreign person or entity' means—

"(i) any foreign government, any international organization, or any agency or instrumentality of any of the foregoing, and

"(ii) any person who is not a United States person.

"(D) TREATMENT OF CERTAIN TAXABLE INSTRUMENTALITIES.—For purposes of this subsection and paragraph (5) of section 48(a), a corporation shall not be treated as an instrumentality of the United States or of any State or political subdivision thereof if all of the activities of such corporation are subject to tax under this chapter.

"(5) SPECIAL RULES FOR TAX-EXEMPT ORGANIZATIONS.—For purposes of this subsection and paragraph (4) of section 48(a)—

"(A) CERTAIN PREVIOUSLY TAX-EXEMPT ORGANIZATIONS.—An organization shall be treated as an organization described in subparagraph (A)(ii) of paragraph (4) with respect to any property of which such organization is the lessee if such organization (or a predecessor organization which was engaged in substantially similar activities) was an organization (other than a cooperative described in section 521) exempt from tax imposed by this chapter at any time during the 5-year period ending on the date such organization first used such property.

"(B) ORGANIZATION MAY AVOID APPLICATION OF THIS PARAGRAPH IF IT ELECTS TO BE TAXED.—

"(i) IN GENERAL.—If subparagraph (A) applies to an organization formerly described in section 501(c)(12), such organization shall not be treated as an organization described in subparagraph (A)(ii) of paragraph (4) with respect to any property of which such organization is the lessee if such organization elects, in such manner and at such time as the Secretary may prescribe, not to be exempt from tax imposed by this chapter during the tax-exempt use period.

"(ii) TAX-EXEMPT USE PERIOD.—For purposes of clause (i), the term 'tax-exempt use period' means the period—

"(I) beginning with the taxable year in which the property described in clause (i) is placed in service, and

"(II) ending with the close of the 15th taxable year following the last taxable year of the recovery period with respect to such property.

"(iii) ELECTION TO APPLY TO SUCCESSOR ORGANIZATIONS.—Any election under clause (i) shall apply to any successor organization which is engaged in substantially similar activities.

"(iv) ELECTION IRREVOCABLE.—Any election under clause (i), once made, is irrevocable.

"(6) SPECIAL RULES FOR SHORT-LIVED PROPERTY.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'tax-exempt use property' shall not include property with a present class life of 6 years or less.

"(B) PARAGRAPH NOT TO APPLY IF LEASE TERM EXCEEDS CERTAIN PERIOD.—Subparagraph (A) shall not apply to any property which is used by a tax-exempt entity pursuant to a lease if the term of the lease exceeds—

"(i) except as provided in clause (ii), 75 percent of the present class life of the property, or

"(ii) in the case of property with a present class life of 6 years, 5 years.

"(C) SPECIAL RULE FOR HIGH TECHNOLOGY MEDICAL EQUIPMENT.—

"(i) IN GENERAL.—For purposes of subparagraph (A), high technology medical equipment shall be treated as property with a present class life of 6 years.

"(ii) EXCEPTION WHERE SECRETARY DETERMINES PROPERTY NOT SHORT-LIVED.—Clause (i) shall not apply to any property placed in service after the date on which the Secretary publishes in the Federal Register final regulations under which such property is determined to have a present class life greater than 6 years.

"(iii) HIGH TECHNOLOGY MEDICAL EQUIPMENT.—For purposes of this subparagraph, the term 'high technology medical equipment' means any electronic, electromechanical, or computer-based high technology equipment used in the screening, monitoring, observation, diagnosis, or treatment of patients in a laboratory, medical, or hospital environment.

"(7) SPECIAL RULES RELATING TO LEASE TERMS.—

"(A) LEASE TERM.—In determining a lease term for purposes of this subsection—

"(i) there shall be taken into account options to renew, and

"(ii) 2 or more successive leases which are entered into—

"(I) as part of the same transaction, and

"(II) with respect to the same or substantially similar property,

shall be treated as 1 lease.

"(B) SPECIAL RULE FOR FAIR RENTAL OPTIONS.—For purposes of clause (i) of subparagraph (A), in the case of 15-year real property, there shall not be taken into account any option to renew at fair rental value, determined at the time of the renewal.

"(8) RELATED ENTITIES.—For purposes of this subsection—

"(A)(i) Each governmental unit and each agency or instrumentality of a governmental unit is related to each other such unit, agency, or instrumentality which directly or indirectly derives its powers, rights, and duties from the same sovereign authority.

"(ii) For purposes of clause (i), the United States, each State, and each possession of the United States shall be treated as a separate sovereign authority.

"(B) Any entity not described in subparagraph (A)(i) is related to any other entity if the 2 entities have—

"(i) significant common purposes and substantial common membership; or

"(ii) directly or indirectly substantial common direction or control.

"(C)(i) An entity is related to another entity if either entity owns (directly or through 1 or more entities) a 50 percent or greater interest in the capital or profits of the other entity.

"(ii) For purposes of clause (i), entities treated as related under subparagraph (A) or (B) shall be treated as 1 entity.

"(D) An entity is related to another entity with respect to a transaction if such transaction is part of an attempt by such entities to avoid the application of this subsection, section 46(f), paragraph (4) or (5) of section 48(a), or clause (vi) of section 48(g)(2)(B).

"(9) TREATMENT OF PARTNERSHIPS, ETC.—

"(A) IN GENERAL.—If—

"(i) any property which (but for this subparagraph) is not tax-exempt use property is held by a partnership which has both a tax-exempt entity and a person who is not a tax-exempt entity as partners, and

"(ii) any allocation to the tax-exempt entity of partnership items is not a qualified allocation,

such tax-exempt entity's proportionate share of such property shall be treated as tax-exempt use property of the partnership.

"(B) QUALIFIED ALLOCATION.—For purposes of subparagraph (A), the term 'qualified allocation' means any allocation to a tax-exempt entity which—

"(i) is consistent with such entity's being allocated the same percentage share of each item of income, gain, loss, deduction, credit, and basis of the partnership during the entire period the entity is a partner in the partnership, and

"(ii) meets the requirements of section 704(b)(2).

For purposes of clause (i), items allocated under section 704(c) shall not be taken into account.

"(C) DETERMINATION OF PROPORTIONATE SHARE.—

"(i) IN GENERAL.—For purposes of subparagraph (A), a tax-exempt entity's proportionate share of any property held by a partnership shall be determined on the basis of such entity's share of partnership distributions or partnership items of income or gain (excluding gain allocated under section 704(c)), whichever results in the largest proportionate share.

"(ii) DETERMINATION WHERE ALLOCATIONS VARY.—For purposes of clause (i), if a tax-exempt entity's share of partnership distributions or partnership items of income or gain (excluding gain allocated under section 704(c)), may vary during the period such entity is a partner in the partnership, such share shall be the highest share such entity may receive.

"(D) OTHER PASS-THRU ENTITIES.—Rules similar to the rules of subparagraphs (A), (B), and (C) shall also apply in the case of any trust or other pass-thru entity.

"(k) TREATMENT OF CERTAIN CONTRACTS FOR PROVIDING SERVICES.—For purposes of this chapter—

"(1) IN GENERAL.—A contract which purports to be a service contract shall not be treated as a service contract if such contract is more properly treated as a lease of property, taking into account all relevant factors including whether or not—

"(A) the service recipient is in physical possession of the property,

"(B) the service recipient controls the property,

"(C) the service recipient has a significant economic or possessory interest in the property,

"(D) the service provider does not bear any risk of substantially diminished receipts or substantially increased expenditures if there is nonperformance under the contract,

"(E) the service provider does not use the property concurrently to provide significant services to entities unrelated to the tax-exempt entity, and

"(F) the total contract price does not substantially exceed the rental value of the property for the contract period.

"(2) OTHER ARRANGEMENTS.—An arrangement (including a partnership or other pass-through entity) which is not a service contract and which purports not to be a lease shall be treated as a lease if such arrangement is more properly treated as a lease, taking into account all relevant factors including factors similar to those set forth in paragraph (1).

"(3) SPECIAL RULES FOR CONTRACTS OR ARRANGEMENTS INVOLVING SOLID WASTE DISPOSAL, ENERGY, AND CLEAN WATER FACILITIES.—Notwithstanding paragraph (1) or (2), and except as provided in paragraph (4), any contract or arrangement between a service provider and a service recipient—

"(A) with respect to—

"(i) the operation of a qualified solid waste disposal facility,

"(ii) the sale to the service recipient of electrical or thermal energy produced at a cogeneration or alternative energy facility,

"(iii) the providing of energy conservation or energy management services, or

"(iv) the operation of a water treatment works facility, and

"(B) which purports to be a service contract,

shall be treated as a service contract.

"(4) PARAGRAPH (3) NOT TO APPLY IN CERTAIN CASES.—

"(A) IN GENERAL.—Paragraph (3) shall not apply to any facility or property used under a contract or arrangement described in such paragraph if—

"(i) the service recipient (or a related entity) operates such facility or property,

"(ii) the service recipient (or a related entity) bears any significant financial burden if there is nonperformance under the contract or arrangement (other than for reasons beyond the control of the service provider),

"(iii) the service recipient (or a related entity) receives any significant financial benefit if the operating costs of such facility or property are less than the standards of performance or operation under the contract or arrangement, or

"(iv) the service recipient (or a related entity) has an option to purchase, or may be required to purchase, all or a part of such facility or such property at a fixed and determinable price (other than for fair market value).

"(B) SPECIAL RULES FOR APPLICATION OF SUBPARAGRAPH (A) WITH RESPECT TO CERTAIN RIGHTS AND ALLOCATIONS UNDER THE CONTRACT.—For purposes of subparagraph (A), there shall not be taken into account—

"(i) any right of a service recipient to inspect any facility or property, to exercise any sovereign power the service recipient may possess, or to act in the event of a breach of contract by the service provider, or

"(ii) any allocation of any financial burden or benefits in the event of any change in any law.

"(C) SPECIAL RULES FOR APPLICATION OF SUBPARAGRAPH (A) IN THE CASE OF CERTAIN EVENTS.—

"(i) TEMPORARY SHUT-DOWNS, ETC.—For purposes of clause (ii) of subparagraph (A), there shall not be taken into account any temporary shut-down of the facility or property for repairs, maintenance, or capital improvements, or any financial burden caused by the bankruptcy or other financial difficulty of the service provider.

"(ii) REDUCED COSTS.—For purposes of clause (iii) of subparagraph (A), there shall not be taken into account any significant financial benefit merely because payments by the service recipient under the contract or arrangement are decreased by reason of increased production or efficiency or the recovery of energy or other products,

"(5) DEFINITIONS.—For purposes of paragraph (3)—

"(A) QUALIFIED SOLID WASTE DISPOSAL FACILITY.—The term 'qualified solid waste disposal facility' means any facility if such facility provides solid waste disposal services for residents of part or all of 1 or more governmental units and substantially all of the solid waste processed at such facility is collected from the general public.

"(B) COGENERATION FACILITY.—The term 'cogeneration facility' means a facility which uses the same energy source for the sequential generation of electrical or mechanical power in combination with steam, heat, or other forms of useful energy.

"(C) ALTERNATIVE ENERGY FACILITY.—The term 'alternative energy facility' means a facility for producing electrical or thermal energy if the primary energy source for the facility is not oil, natural gas, coal, or nuclear power.

"(D) WATER TREATMENT WORKS FACILITY.—The term 'water treatment works facility' means any treatment works within the meaning of section 212(2) of the Federal Water Pollution Control Act.

"(6) REGULATIONS.—The Secretary may prescribe such regulations as may be necessary to carry out the provisions of this subsection.".

(b) DENIAL OF INVESTMENT TAX CREDIT FOR PROPERTY USED BY FOREIGN GOVERNMENTS AND OTHER FOREIGN PERSONS.—

(1) Paragraph (5) of section 48(a) (relating to property used by governmental units) is amended by striking out the first and second sentences and inserting in lieu thereof the following:

"Property used—

"(A) by the United States, any State or political subdivision thereof, any possession of the United States, or any agency or instrumentality of any of the foregoing, or

"(B) by any foreign person or entity (as defined in section 168(j)(4)(C)), but only with respect to property to which section 168(j)(4)(A)(iii) applies (determined after the application of section 168(j)(4)(B)),

shall not be treated as section 38 property other than for purposes of the rehabilitation investment credit. The preceding sentence shall not apply to any property to the extent such property is treated as not being tax-exempt use property under section 168(j)(3)(E) (relating to special rule for certain international organizations).".

(2) The heading of paragraph (5) of section 48(a) is amended by striking out "GOVERNMENTAL UNITS" and inserting in lieu thereof "GOVERNMENTAL UNITS AND CERTAIN FOREIGN PERSONS".

(c) REHABILITATION CREDIT NOT TO APPLY TO TAX-EXEMPT USE PROPERTY.—

(1) IN GENERAL.—Subparagraph (B) of section 48(g)(2) (relating to certain expenditures not treated as qualified rehabilitation expenditures) is amended by adding at the end thereof the following new clause:

"(vi) TAX-EXEMPT USE PROPERTY.—

"(I) IN GENERAL.—Any expenditure in connection with the rehabilitation of a building which is allocable to that portion of such building which is (or may reasonably be ex-

pected to be) tax-exempt use property (within the meaning of section 168(j)(3)).

"(II) CLAUSE NOT TO APPLY FOR PURPOSES OF PARAGRAPH (1)(C).—This clause shall not apply for purposes of determining under paragraph (1)(C) whether a building has been substantially rehabilitated.".

(2) TECHNICAL AMENDMENT.—Clause (i) of section 48(g)(2)(B) is amended by adding at the end thereof the following new sentence: "The preceding sentence shall not apply to any expenditure to the extent subsection (f)(12) or (j) of section 168 applies to such expenditure.".

(d) SHORT-TERM USE RULES FOR PURPOSES OF INVESTMENT TAX CREDIT.—Section 48(a) (defining section 38 property) is amended by adding at the end thereof the following new paragraph:

"(11) SPECIAL SHORT-TERM USE RULES FOR PURPOSES OF PARAGRAPHS (4) AND (5).—

"(A) IN GENERAL.—Paragraphs (4) and (5) shall not apply to any property for any taxable year if such property is used by a tax-exempt organization described in either such paragraph (or any related tax-exempt entity) for less than 6 months during such taxable year (determined after application of section 168(j)(7)) under a lease or other arrangement the term of which is less than 6 months.

"(B) EXCEPTION FOR CERTAIN OIL DRILLING PROPERTY AND CERTAIN CONTAINERS.—In the case of—

"(i) property which is used in offshore drilling for oil and gas, including drilling vessels, barges, platforms, and drilling equipment and support vessels, and

"(ii) any container described in section 48(a)(2)(B)(v) (without regard to whether such container is used outside the United States) or any container chassis or container trailer with a present class life of not more than 6 years,

rules similar to the rules of section 168(j)(3)(C) shall apply for purposes of paragraphs (4) and (5).".

(e) INVESTMENT TAX CREDIT ALLOWABLE WITH RESPECT TO CERTAIN FACILITIES.—Paragraph (5) of section 48(a) (relating to property used by governmental units), is amended by adding at the end thereof the following new sentence: "This paragraph shall not apply to any facility or property subject to a contract or agreement to which section 168(k)(3) applies.".

(f) INVESTMENT TAX CREDIT FOR PROPERTY LEASED BY CERTAIN PERSONS NOT TO EXCEED CREDIT ALLOWED IF SUCH PERSONS OWNED PROPERTY.—Section 46(e) (relating to limitations with respect to certain persons) is amended by adding at the end thereof the following new paragraph:

"(4) SPECIAL RULES WHERE SECTION 593 ORGANIZATION IS LESSEE.—

"(A) IN GENERAL.—For purposes of paragraph (1)(A), if an organization described in section 593 is the lessee of any section 38 property, the lessor of such property shall be treated as an organization described in section 593.

"(B) EXCEPTION FOR SHORT-TERM LEASES.—This paragraph shall not apply to any property for any taxable year if such property is used by the organization described in section 593 for less than 6 months during such taxable year (determined after application of section 168(j)(7)) under a lease or other arrangement the term of which is less than 6 months.".

(g) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply—

(A) to property placed in service by the taxpayer after May 23, 1983, in taxable years ending after such date, and

(B) to property placed in service by the taxpayer on or before May 23, 1983, if the use by the tax-exempt entity is pursuant to a lease entered into after May 23, 1983.

(2) LEASES ENTERED INTO ON OR BEFORE MAY 23, 1983.—The amendments made by this section shall not apply with respect to any property used by a tax-exempt entity if such use is pursuant to—

(A) a lease entered into on or before May 23, 1983 (or a sublease under such a lease), or

(B) any renewal or extension of a lease entered into on or before May 23, 1983, if such renewal or extension is pursuant to an option exercisable by the tax-exempt entity which was contained in such lease on May 23, 1983.

(3) BINDING CONTRACTS, ETC.—The amendments made by this section shall not apply with respect to any property used by a tax-exempt entity if such use is pursuant to 1 or more written binding contracts which, on May 23, 1983, and at all times thereafter, required—

(A) the taxpayer (or his predecessor in interest under the contract) to acquire, construct, reconstruct, or rehabilitate such property, and

(B) the tax-exempt entity (or a tax-exempt predecessor thereof) to use such property.

(4) PROPERTY USED BY THE POSTAL SERVICE.—In the case of property used by the United States Postal Service, paragraphs (1) and (2) shall be applied by substituting "October 31" for "May 23".

(5) MASS COMMUTING VEHICLES.—The amendments made by this section shall not apply to any qualified mass commuting vehicle (as defined in section 103(b)(9) of the Internal Revenue Code of 1954) which is financed in whole or in part by obligations the interest on which is excludable from gross income under section 103(a) of such Code if—

(A) such vehicle is placed in service before January 1, 1988, or

(B) such vehicle is placed in service on or after such date—

(i) pursuant to a binding contract or commitment entered into before April 1, 1983, and

(ii) solely because of conditions which, as determined by the Secretary of the Treasury or his delegate, are not within the control of the lessor or lessee.

(6) CERTAIN TURBINES AND BOILERS.—The amendments made by this section shall not apply to any property described in section 208(d)(3)(E) of the Tax Equity and Fiscal Responsibility Act of 1982.

(7) CERTAIN FACILITIES FOR WHICH RULING REQUESTS FILED ON OR BEFORE MAY 23, 1983.—The amendments made by this section shall not apply with respect to any facilities described in clause (ii) of section 168(f)(12)(C) of the Internal Revenue Code of 1954 (relating to certain sewage or solid waste disposal facilities), as in effect on the day before the date of the enactment of this Act, if a ruling request with respect to the use of such facility by the tax-exempt entity was filed with the Internal Revenue Service on or before May 23, 1983.

(8) EXCEPTION FOR CERTAIN PROJECTS WHERE QUALIFYING ACTIONS TAKEN.—

(A) IN GENERAL.—The amendments made by this section shall not apply with respect to property placed in service in connection with projects described in the following table:

Project	Location	Qualifying Action	Date of Action
Paramount Theater	Portland, Oregon	Appropriation of funds	January 14, 1981
Ordway Music Theater	St. Paul, Minnesota	Resolution authorizing sale-lease-back	January 12, 1983
Westside Convention Center	New York, New York	Legislation authorizing construction	April 3, 1979
Sabine Laboratory	Denver, Colorado	Purchased building	July, 1982
Share-HMO	Minneapolis-St. Paul, Minnesota	Bonds issued	September 17, 1982
Kleinhans Music Hall and Shea's Buffalo Theater	Buffalo, New York	Federal legislation enacted	March 24, 1983
Presbyterian Hospital, Harrison-Walnu Neighborhood project	Oklahoma City, Oklahoma	Inducement resolution adopted UDAG application	April 25, 1983 April 28, 1983
St. Paul Civic Center	St. Paul, Minnesota	Inducement resolution adopted	April 21, 1983
Saratoga Springs City Convention Center	Saratoga Springs, New York	State law creating authority	July 27, 1983
Atlantic City Convention Hall	Atlantic City, New Jersey	Bond resolution adopted	December 8, 1982
Old Main Building	Fayetteville, Arkansas	Authorized by State law	October 31, 1983
Snug Harbor Children's Museum	New York, New York	Construction begun	Before May 23, 1983
Roger L. Stevens Center	Winston-Salem, North Carolina	Congressional approval of enabling legislation	Before May 23, 1983
44 Beaver St.	New York, New York	$3,700,000 budgeted for 1983	1983
San Antonio Convention Center	San Antonio, Texas	Approved feasibility study and design	Before May 23, 1983
Penn Station	Newark, New Jersey	Purchase negotiations begun	Before October 31, 1983
Los Angeles Public Library	Los Angeles, California	$250,000 spent on design	Before May 23, 1983
Philadelphia Convention Center	Philadelphia, Pennsylvania	Feasibility study, as approved by inducement resolution of Philadelphia Authority for Industrial Development on December 20, 1983	June 10, 1982
Oakland Convention Center	Oakland, California	Project completed	Before May 23, 1983
San Francisco Ferry Building	San Francisco, California	Feasibility study approved and negotiations begun	Before May 23, 1983
San Francisco Stadium	San Francisco, California	City spent $300,000 for consultant study, which is completed	June, 1983
Sacramento Municipal Utility District	Sacramento, California	Agreements signed	Before May 23, 1983
Convention Center Project	Industry Hills, California	Studies completed negotiations begun	Before May 23, 1983
Ventura Parking Facility	Ventura, California	Negotiations completed	Before May 23, 1983
City Hall/Public Auditorium	Riverside, California	Study begun, $375,000 spent	Before May 23, 1983
UCLA Royce Hall Renovation	Los Angeles, California	Planning and design complete, construction begun	Before May 23, 1983
UCSD Campus Clinical Center	San Diego, California	University financed study begun	Before May 23, 1983
San Diego California Health Services Complex	San Diego, California	Request for proposal issued negotiations begun	Before May 23, 1983
Office of Power Building	Chattanooga, Tennessee	Construction contract signed	November 19, 1980
St. Ignatius College Prep	Chicago, Illinois	Illinois State Board of Conservation approval	March 23, 1983
Anchorage Waste-Energy Project	Anchorage Borough, Alaska	Negotiations begun	April, 1983
Buluga Station	Anchorage Borough, Alaska	Negotiations begun	Before October, 1983
Bernice Lake Station	Kenai Peninsula, Alaska	Negotiations begun	Before October, 1983

Project	Location	Qualifying Action	Date of Action
City of Bethel Housing Project	Bethel, Alaska	Under construction	March 14, 1983
Mt. Vernon Mills State Museum	Columbia, South Carolina	Appropriation of funds for feasibility	June 21, 1983
Mills-Babcock Complex	Columbia, South Carolina	Approval by Governor and Budget and Control	Before November 30, 1983
Lexington County Hospital Medical Office Building	West Columbia, South Carolina	Inducement Resolution adopted	January 11, 1983
Harden Street Medical Office Building	Columbia, South Carolina	Inducement Resolution adopted	April 19, 1983
Sebring Utilities Commission Building	Sebring, Florida	Sought revenue ruling	Before July 21, 1983
Salt Lake City Office Building	Salt Lake City, Utah	Significant governmental action	Before May 23, 1983
Battle Creek City Hall and Police Department Buildings and the attendent parking lots	Battle Creek, Michigan	Authorizing resolution	May 17, 1983
Downtown Convention Hotel Centre	Tampa, Florida	Request for proposals	July 29, 1983
Pinellas Sports Authority Stadium	St. Petersburg, Florida	Official government action	Before May 23, 1983
Lexington Market Arcade	Baltimore, Maryland	Official approval and significant expenditures	Before May 23, 1983
Baltimore City Zoo Hospital	Baltimore, Maryland	Official approval and significant expenditures	Before May 23, 1983
Culinary Arts Institute	Baltimore, Maryland	Official approval and significant expenditures	Before May 23, 1983
Wilmington Woods Project	Dayton, Ohio	Substantial expenditures	Before September 30, 1983
Clemson University Institute of Government and Public Affairs	Clemson, South Carolina	Substantial sums expended	Before May 23, 1983
Rushmore Plaza Civic Center	Rapid City, South Dakota	Inducement resolution	May 31, 1983
Masonic Temple Building	Denver Colorado	Binding contract to sell and lease back	June 24, 1983
St. Stephen's Gilmour Academy	Gates Mills, Ohio	Executive committee approval	February 28, 1983
Metropolitan Center for High Technology	Detroit, Michigan	UDAG Application Expenditure of funds by State of Michigan	Before May 23, 1983
The Madison Center	Detroit, Michigan	Approval of UDAG Application	April 2, 1983
Teachers Federal Credit Union	Farmingville, New York	Construction Completed	Before May 23, 1983
Wittner Center Parking Structure	St. Petersburg, Florida	Total city funds of over $600,000 expended on project	Before May 23, 1983
Pier Park Recreation Complex	St. Petersburg, Florida	Resolution approving development services contract	April 6, 1983
Salve Regina College	Newport, Rhode Island	Formal proposal presented	Before December 31, 1983
Old Wayne County Building	Detroit, Michigan	Feasibility study and design approved	June 23, 1983
St. Francis Community Hospital Medical Office Building	Greenville, South Carolina	Inducement resolution adopted	October 4, 1983
Providence Hospital Medical Office Building II	Columbia, South Carolina	Inducement resolution adopted	September 6, 1983
Milwaukee Arts District Project	Milwaukee, Wisconsin	Authorization and Commitment of funds	Before December 31, 1983
Morrison Hotel	Seattle, Washington	Approval by city council	October, 1982
Doctors Medical Plaza	Oklahoma, City, Oklahoma	Inducement resolution adopted	August 4, 1983
Montgomery Fair Building	Montgomery, Alabama	Negotiations begun	June, 1982
Providence Hebrew Day School	Providence, Rhode Island	Board of Directors approval	December, 1982
West Building Project	Providence, Rhode Island	Inducement resolution adopted	February 28, 1983
Garbose Building	Gardner, Massachusetts	Construction scheduled	Before July, 1983
Memorial Hall Library	Andover, Massachusetts	City Authorization of sale leaseback	April, 1983
Capital Mall Development Project	Nashville, Tennessee	Substantial sums expended	Before October 25, 1983
Tulane Central Building	New Orleans, Louisiana	Financial analysis completed	May, 1983
GE VA Theatre	Rochester, New York	City ordinance authorizing purchase option	December, 1982

(B) LIMITATION.—Subparagraph (A) shall only apply to the extent such property (including existing property) was substantially included or contemplated in such project at the time of the qualifying action.

(9) EXISTING APPROPRIATIONS.—The amendments made by this section shall not apply to personal property leased to or used by the United States if—

(A) an express appropriation has been made for rentals under such lease for the fiscal year 1983 before May 23, 1983, and

(B) the United States or an agency or instrumentality thereof has not provided an indemnification against the loss of all or a portion of the tax benefits claimed under the lease or service contract.

(10) SPECIAL RULES RELATING TO FOREIGN PERSONS OR ENTITIES.—

(A) IN GENERAL.—In the case of tax-exempt use property which is used by a foreign person or entity, the amendments made by this section shall not apply to any property which—

(i) is placed in service before January 1, 1984, and

(ii) is used by such foreign person or entity pursuant to a lease entered into before January 1, 1984.

(B) SPECIAL RULE FOR SUBLEASES.—If tax-exempt use property is being used by a foreign person or entity pursuant to a sublease under a lease described in subparagraph (A)(ii), subparagraph (A) shall apply to such property only if such property was used before January 1, 1984, by any foreign person or entity pursuant to such lease.

(C) 50 PERCENT OF INVESTMENT CREDIT ALLOWED FOR PROPERTY PLACED IN SERVICE DURING 1984.—Notwithstanding the amendment made by subsection (b), in the case of property which—

(i) is placed in service during 1984, and

(ii) is used during 1984 by a foreign person or entity pursuant to a lease entered into before 1985,

there shall be allowed with respect to such property 50 percent of the amount of the credit otherwise allowable under section 38 of the Internal Revenue Code of 1954 (determined without regard to the amendment made by subsection (b)).

(11) SPECIAL RULE FOR CERTAIN PARTNERSHIPS.—

(A) IN GENERAL.—Paragraph (9) of section 168(j) of the Internal Revenue Code of 1954 (as added by this section) shall not apply to any property acquired, directly or indirectly, before January 1, 1985, by any partnership described in subparagraph (B) or (C).

(B) PARTNERSHIP ORGANIZED BEFORE OCTOBER 21, 1983.—A partnership is described in this subparagraph if—

(i) before October 21, 1983, the partnership was organized and publicly announced the maximum amount of interests which would be sold in the partnership, and

(ii) the marketing of partnership interests in such partnership was completed not later than the 90th day after the date of the enactment of this Act and the aggregate amount of interest in such partnership sold does not exceed the maximum amount described in clause (ii).

(C) APPLICATION FILED BEFORE OCTOBER 21, 1983.—A partnership is described in this subparagraph if—

(i) before October 21, 1983, the partnership was organized, a request for exemption with respect to such partnership was filed with the Department of Labor, and a private placement memorandum stating the maximum amount of interests in the partnership that would be offered had been circulated,

(ii) the interest in the property to be acquired, directly or indirectly (including through acquiring an interest in another partnership) by such partnership was described in such private placement memorandum, and

(iii) the marketing of partnership interests in such partnership is completed not later than the 90th day after the latter of the date of enactment of this Act or the date of publication in the Federal Register of such exemption by the Department of Labor and the aggregate amount of interests in such partnership sold does not exceed the amount described in clause (i).

(12) SPECIAL RULE FOR SERVICE CONTRACTS NOT INVOLVING TAX-EXEMPT ENTITIES.—In the case of a service contract or other arrangement described in section 168(k) of the Internal Revenue Code of 1954 (as added by this section) with respect to which no party is a tax-exempt entity, such section 168(k) shall not apply to—

(A) such contract or other arrangement if such contract or other arrangement was entered into before November 5, 1983, or

(B) any renewal or other extension of such contract arrangement pursuant to an option contained in such contract or other arrangement on November 5, 1983.

(13) DEFINITIONS.—For purposes of this subsection—

(A) TAX-EXEMPT ENTITY DEFINED.—The term "tax-exempt entity" has the same meaning as when used in section 168(j) of the Internal Revenue Code of 1954 (as added by this section), except that such term shall include any related entity (within the meaning of such section).

(B) FOREIGN PERSON OR ENTITY DEFINED.—The term "foreign person or entity" has the meaning given to such term by section 168(j)(4)(C) of such Code (as added by this section).

SEC. 23. MOTOR VEHICLE OPERATING LEASES.

(a) IN GENERAL.—Section 168(f) (relating to special rules) is amended by adding at the end thereof the following new paragraph:

"(13) MOTOR VEHICLE OPERATING LEASES.—

"(A) IN GENERAL.—For purposes of this title, the fact that a motor vehicle operating agreement contains a terminal rental adjustment clause shall not be taken into account in determining whether such agreement is a lease.

"(B) DEFINITIONS.—For purposes of this paragraph—

"(i) MOTOR VEHICLE OPERATING AGREEMENT.—The term 'motor vehicle operating agreement' means any agreement with respect to a motor vehicle (including a trailer) under which the lessor—

"(I) is personally liable for the repayment of, or

"(II) has pledged property (but only to the extent of the net fair market value of the lessor's interest in such property), other than property subject to the agreement or property directly or indirectly financed by

indebtedness secured by property subject to the agreement, as security for,

all amounts borrowed to finance the acquisition of property subject to the agreement.

"(ii) TERMINAL RENTAL ADJUSTMENT CLAUSE.—The term 'terminal rental adjustment clause' means a provision of an agreement which permits or requires the rental price to be adjusted upward or downward by reference to the amount realized by the lessor under the agreement upon sale or other disposition of such property.".

(b) EXCEPTION WHERE LESSEE TOOK POSITION ON RETURN THAT HE WAS OWNER.—Section 210 of the Tax Equity and Fiscal Responsibility Act of 1982 is amended by adding at the end thereof the following new subsection:

"(c) EXCEPTION WHERE LESSEE TOOK POSITION ON RETURN.—Subsection (a) shall not apply to deny a deduction for interest paid or accrued claimed by a lessee with respect to a qualified motor vehicle agreement on a return of tax imposed by chapter 1 of the Internal Revenue Code of 1954 which was filed before the date of the enactment of this Act or to deny a credit for investment in depreciable property claimed by the lessee on such a return pursuant to an agreement with the lessor that the lessor would not claim the credit.".

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by subsection (a) shall apply to agreements described in section 168(f)(13) of the Internal Revenue Code of 1954 (as added by subsection (a)) whether entered into before, on, or after the date of the enactment of this Act.

(2) POSITION ON RETURN.—The amendment made by subsection (b) shall take effect as if included in the amendments made by the Tax Equity and Fiscal Responsibility Act of 1982.

Subtitle C—Treatment of Bonds and Other Debt Instruments

SEC. 25. TREATMENT OF BONDS AND OTHER DEBT INSTRUMENTS.

(a) GENERAL RULE.—Subchapter P of chapter 1 (relating to special rules for capital gains and losses) is amended by adding at the end thereof the following new part:

"PART V—SPECIAL RULES FOR BONDS AND OTHER DEBT INSTRUMENTS

"Subpart A. Original issue discount.

"Subpart B. Market discount.

"Subpart C. Discount on short-term obligations.

"Subpart D. Miscellaneous provisions.

"Subpart A—Original Issue Discount

"Sec. 1271. Treatment of amounts received on retirement or sale or exchange of debt instruments.

"Sec. 1272. Current inclusion in income of original issue discount.

"Sec. 1273. Determination of amount of original issue discount.

"Sec. 1274. Determination of issue price in the case of certain debt instruments issued for property.

"Sec. 1275. Other definitions and special rules.

"SEC. 1271. TREATMENT OF AMOUNTS RECEIVED ON RETIREMENT OR SALE OR EXCHANGE OF DEBT INSTRUMENTS.

"(a) GENERAL RULE.—For purposes of this subtitle, in the case of debt instruments which are capital assets in the hands of the taxpayer—

"(1) RETIREMENT.—Amounts received by the holder on retirement of such debt instruments shall be considered as amounts received in exchange therefor.

"(2) ORDINARY INCOME ON SALE OR EXCHANGE WHERE INTENTION TO CALL BEFORE MATURITY.—

"(A) IN GENERAL.—If at the time of original issue there was an intention to call any such debt instrument before maturity, any gain realized on the sale or exchange thereof which does not exceed an amount equal to—

"(i) the original issue discount, reduced by

"(ii) the portion of original issue discount previously includible in the gross income of any holder (without regard to subsection (a)(6) or (b)(4) of section 1272 (or the corresponding provisions of prior law)),

shall be treated as ordinary income.

"(B) EXCEPTIONS.—This paragraph (and paragraph (2) of subsection (c)) shall not apply to—

"(i) any tax-exempt obligation, or

"(ii) any holder who has purchased the debt instrument at a premium.

"(3) CERTAIN SHORT-TERM GOVERNMENT OBLIGATIONS.—

"(A) IN GENERAL.—On the sale or exchange of any such debt instrument which is a short-term Government obligation, any gain realized which does not exceed an amount equal to the ratable share of the acquisition discount shall be treated as ordinary income.

"(B) SHORT-TERM GOVERNMENT OBLIGATION.—For purposes of this paragraph, the term 'short-term Government obligation' means any obligation of the United States or any of its possessions, or of a State or any political subdivision thereof, or of the District of Columbia which is—

"(i) issued on a discount basis, and

"(ii) payable without interest at a fixed maturity not more than 1 year from the date of issue.

Such term does not include any tax-exempt obligation.

"(C) ACQUISITION DISCOUNT.—For purposes of this paragraph, the term 'acquisition discount' means the excess of the stated redemption price at maturity over the taxpayer's basis for the obligation.

"(D) RATABLE SHARE.—For purposes of this paragraph, the ratable share of the acquisition discount is an amount which bears the same ratio to such discount as—

"(i) the number of days which the taxpayer held the obligation, bears to

"(ii) the number of days after the date the taxpayer acquired the obligation and up to (and including) the date of its maturity.

"(b) EXCEPTIONS.—This section shall not apply to—

"(1) NATURAL PERSONS.—Any obligation issued by a natural person.

"(2) OBLIGATIONS ISSUED BEFORE JULY 2, 1982, BY CERTAIN ISSUERS.—Any obligation issued before July 2, 1982, by an issuer which—

"(A) is not a corporation, and

"(B) is not a government or political subdivision thereof.

"(c) TRANSITION RULES.—

"(1) SPECIAL RULE FOR CERTAIN OBLIGATIONS ISSUED BEFORE JANUARY 1, 1955.—Paragraph (1) of subsection (a) shall apply to a debt instrument issued before January 1, 1955, only if such instrument was issued with interest coupons or in registered form, or was in such form on March 1, 1954.

"(2) SPECIAL RULE FOR CERTAIN OBLIGATIONS WITH RESPECT TO WHICH ISSUE DISCOUNT NOT CURRENTLY INCLUDIBLE.—

"(A) IN GENERAL.—On the sale or exchange of debt instruments issued by a government or political subdivision thereof after December 31, 1954, and before July 2, 1982, or by a corporation after December 31, 1954, and on or before May 27, 1969, any gain realized which does not exceed—

"(i) an amount equal to the original issue discount, or

"(ii) if at the time of original issue there was no intention to call the debt instrument before maturity, an amount which bears the same ratio to the original issue discount as the number of complete months that the debt instrument was held by the taxpayer bears to the number of complete months from the date of original issue to the date of maturity,

shall be treated as ordinary income.

"(B) SUBSECTION (a)(2)(A) NOT TO APPLY.—Subsection (a)(2)(A) shall not apply to any debt instrument referred to in subparagraph (A) of this paragraph.

"(C) CROSS REFERENCE.—

"For current inclusion of original issue discount, see section 1272.

"(d) DOUBLE INCLUSION IN INCOME NOT REQUIRED.—This section and sections 1272 and 1286 shall not require the inclusion of any amount previously includible in gross income.

"SEC. 1272. CURRENT INCLUSION IN INCOME OF ORIGINAL ISSUE DISCOUNT.

"(a) ORIGINAL ISSUE DISCOUNT ON DEBT INSTRUMENTS ISSUED AFTER JULY 1, 1982, INCLUDED IN INCOME ON BASIS OF CONSTANT INTEREST RATE.—

"(1) GENERAL RULE.—For purposes of this subtitle, there shall be included in the gross income of the holder of any debt instrument having original issue discount issued after July 1, 1982, an amount equal to the sum of the daily portions of the original issue discount for each day during the taxable year on which such holder held such debt instrument.

"(2) EXCEPTIONS.—Paragraph (1) shall not apply to—

"(A) TAX-EXEMPT OBLIGATIONS.—Any tax-exempt obligation.

"(B) UNITED STATES SAVINGS BONDS.—Any United States savings bond.

"(C) SHORT-TERM GOVERNMENT OBLIGATIONS.—Any short-term government obligation (within the meaning of section 1271(a)(3)(B)).

"(D) OBLIGATIONS ISSUED BY NATURAL PERSONS BEFORE MARCH 2, 1984.—Any obligation issued by a natural person before March 2, 1984.

"(E) LOANS BETWEEN FAMILY MEMBERS.—

"(i) IN GENERAL.—Any amount loaned by an individual to a member of such individual's family (within the meaning of section 267(c)(4)), to the extent that the amount of such loan (when increased by the outstanding amount of prior loans by such individual to such member) does not exceed $10,000.

"(ii) CLAUSE (i) NOT TO APPLY WHERE TAX AVOIDANCE A PRINCIPAL PURPOSE.—Clause (i) shall not apply if the loan has as one of its principal purposes the avoidance of any Federal tax.

"(iii) TREATMENT OF HUSBAND AND WIFE.—For purposes of this subparagraph, a husband and wife shall be treated as one person. The preceding sentence shall not apply where the spouses lived apart at all times during the taxable year in which the loan is made.

"(3) DETERMINATION OF DAILY PORTIONS.—For purposes of paragraph (1), the daily portion of the original issue discount on any debt instrument shall be determined by allocating to each day in any accrual period its ratable portion of the increase during such accrual period in the adjusted issue price of the debt instrument. For purposes of the

preceding sentence, the increase in the adjusted issue price for any accrual period shall be an amount equal to the excess (if any) of—

"(A) the product of—

"(i) the adjusted issue price of the debt instrument at the beginning of such accrual period, and

"(ii) the yield to maturity (determined on the basis of compounding at the close of each accrual period), over

"(B) the sum of the amounts payable as interest on such debt instrument during such accrual period.

In applying subparagraph (A)(ii) to an accrual period of less than 1 year, proper adjustments shall be made in the yield to maturity.

"(4) ADJUSTED ISSUE PRICE.—For purposes of this subsection, the adjusted issue price of any debt instrument at the beginning of any accrual period is the sum of—

"(A) the issue price of such debt instrument, plus

"(B) the adjustments under this subsection to such issue price for all periods before the first day of such accrual period.

"(5) ACCRUAL PERIOD.—Except as otherwise provided in regulations prescribed by the Secretary, the term 'accrual period' means a 1-year period (or the shorter period to maturity) beginning on the day in the calendar year which corresponds to the date of original issue of the debt instrument.

"(6) REDUCTION WHERE SUBSEQUENT HOLDER PAYS ACQUISITION PREMIUM.—

"(A) REDUCTION.—For purposes of this subsection, in the case of any purchase after its original issue of a debt instrument to which this subsection applies, the daily portion shall not include its share of the acquisition premium.

"(B) SHARE OF ACQUISITION PREMIUM.—For purposes of subparagraph (A), any day's share of acquisition premium is an amount (determined at the time of purchase) equal to—

"(i) the excess (if any) of—

"(I) the cost of such debt instrument incurred by the purchaser, over

"(II) the issue price of such debt instrument, increased by the sum of the daily portions for such debt instrument for all days on or before the date of the purchase (computed without regard to this paragraph),

"(ii) divided by the number of days beginning on the day after the date of such purchase and ending on the stated maturity date.

"(b) RATABLE INCLUSION RETAINED FOR CORPORATE DEBT INSTRUMENTS ISSUED BEFORE JULY 2, 1982.—

"(1) GENERAL RULE.—There shall be included in the gross income of the holder of any debt instrument issued by a corporation after May 27, 1969, and before July 2, 1982—

"(A) the ratable monthly portion of original issue discount, multiplied by

"(B) the number of complete months (plus any fractional part of a month determined under paragraph (3)) such holder held such debt instrument during the taxable year.

"(2) DETERMINATION OF RATABLE MONTHLY PORTION.—Except as provided in paragraph (4), the ratable monthly portion of original issue discount shall equal—

"(A) the original issue discount, divided by

"(B) the number of complete months from the date of original issue to the stated maturity date of the debt instrument.

"(3) MONTH DEFINED.—For purposes of this subsection—

"(A) COMPLETE MONTH.—A complete month commences with the date of original issue and the corresponding day of each succeeding calendar month (or the last day of a calendar month in which there is no corresponding day).

"(B) TRANSFERS DURING MONTH.—In any case where a debt instrument is acquired on any day other than a day determined under subparagraph (A), the ratable monthly portion of original issue discount for the complete month (or partial month) in which such acquisition occurs shall be allocated between the transferor and the transferee in accordance with the number of days in such complete (or partial) month each held the debt instrument.

"(4) REDUCTION WHERE SUBSEQUENT HOLDER PAYS ACQUISITION PREMIUM.—

"(A) REDUCTION.—For purposes of this subsection, the ratable monthly portion of original issue discount shall not include its share of the acquisition premium.

"(B) SHARE OF ACQUISITION PREMIUM.—For purposes of subparagraph (A), any month's share of the acquisition premium is an amount (determined at the time of the purchase) equal to—

"(i) the excess of—

"(I) the cost of such debt instrument incurred by the holder, over

"(II) the issue price of such debt instrument, increased by the portion of original issue discount previously includible in the gross income of any holder (computed without regard to this paragraph),

"(ii) divided by the number of complete months (plus any fractional part of a month) from the date of such purchase to the stated maturity date of such debt instrument.

"(c) EXCEPTIONS.—This section shall not apply to any holder—

"(1) who has purchased the debt instrument at a premium, or

"(2) which is a life insurance company to which section 811(b) applies.

"(d) DEFINITION AND SPECIAL RULE.—

"(1) PURCHASE DEFINED.—For purposes of this section, the term 'purchase' means—

"(A) any acquisition of a debt instrument, where

"(B) the basis of the debt instrument is not determined in whole or in part by reference to the adjusted basis of such debt instrument in the hands of the person from whom acquired or under section 1014(a) (relating to property acquired from a decedent).

"(2) BASIS ADJUSTMENT.—The basis of any debt instrument in the hands of the holder thereof shall be increased by the amount included in his gross income pursuant to this section.

"SEC. 1273. DETERMINATION OF AMOUNT OF ORIGINAL ISSUE DISCOUNT.

"(a) GENERAL RULE.—For purposes of this subpart—

"(1) IN GENERAL.—The term 'original issue discount' means the excess (if any) of—

"(A) the stated redemption price at maturity, over

"(B) the issue price.

"(2) STATED REDEMPTION PRICE AT MATURITY.—The term 'stated redemption price at maturity' means the amount fixed by the last modification of the purchase agreement and includes interest and other amounts payable at that time (other than any interest payable unconditionally at fixed periodic intervals of 1 year or less during the entire term of the debt instrument).

"(3) ¼ OF 1 PERCENT DE MINIMIS RULE.—If the original issue discount determined under paragraph (1) is less than—

"(A) ¼ of 1 percent of the stated redemption price at maturity, multiplied by

"(B) the number of complete years to maturity,

then the original issue discount shall be treated as zero.

"(b) ISSUE PRICE.—For purposes of this subpart—

"(1) PUBLICLY OFFERED DEBT INSTRUMENTS NOT ISSUED FOR PROPERTY.—In the case of any issue of debt instruments—

"(A) registered with the Securities and Exchange Commission, and

"(B) not issued for property,

the issue price is the initial offering price to the public (excluding bond houses and brokers) at which price a substantial amount of such debt instruments were sold.

"(2) PRIVATELY PLACED DEBT INSTRUMENTS NOT ISSUED FOR PROPERTY.—In the case of any privately placed issue of debt instruments not issued for property, the issue price of each such instrument is the price paid by the first buyer of such debt instrument.

"(3) DEBT INSTRUMENTS ISSUED FOR PROPERTY WHERE THERE IS PUBLIC TRADING.—In the case of a debt instrument which is issued for property and which—

"(A) is part of an issue a portion of which is traded on an established securities market, or

"(B) is issued for stock or securities which are traded on an established securities market,

the issue price of such debt instrument shall be the fair market value of such property.

"(4) OTHER CASES.—Except in any case—

"(A) to which paragraph (1), (2), or (3) of this subsection applies, or

"(B) to which section 1274 applies,

the issue price of a debt instrument which is issued for property shall be the stated redemption price at maturity.

"(5) PROPERTY.—In applying this subsection, the term 'property' includes services and the right to use property, but such term does not include money.

"(c) SPECIAL RULES FOR APPLYING SUBSECTION (b).—For purposes of subsection (b)—

"(1) INITIAL OFFERING PRICE; PRICE PAID BY THE FIRST BUYER.—The terms 'initial offering price' and 'price paid by the first buyer' include the aggregate payments made by the purchaser under the purchase agreement, including modifications thereof.

"(2) TREATMENT OF INVESTMENT UNITS.—In the case of any debt instrument and an option, security, or other property issued together as an investment unit—

"(A) the issue price for such unit shall be determined in accordance with the rules of this subsection and subsection (b) as if it were a debt instrument,

"(B) the issue price determined for such unit shall be allocated to each element of such unit on the basis of the relationship of the fair market value of such element to the fair market value of all elements in such unit, and

"(C) the issue price of any debt instrument included in such unit shall be the portion of the issue price of the unit allocated to the debt instrument under subparagraph (B).

"(3) SPECIAL RULE FOR EXCHANGE OF DEBT INSTRUMENTS IN REORGANIZATIONS.—

"(A) IN GENERAL.—If—

"(i) any debt instrument is issued pursuant to a plan of reorganization (within the

meaning of section 368(a)(1)) for another debt instrument (hereinafter in this paragraph referred to as the 'old debt instrument'), and

"(ii) the fair market value of the old debt instrument is less than its adjusted issue price,

then, for purposes of paragraph (3) of subsection (b), the fair market value of the old debt instrument shall be treated as equal to its adjusted issue price.

"(B) DEFINITIONS.—For purposes of this paragraph—

"(i) DEBT INSTRUMENT.—The term 'debt instrument' includes an investment unit.

"(ii) ADJUSTED ISSUE PRICE.—

"(I) IN GENERAL.—The adjusted issue price of the old debt instrument is its issue price, increased by the portion of any original issue discount previously includible in the gross income of any holder (without regard to subsection (a)(6) or (b)(4) of section 1272 (or the corresponding provisions of prior law)).

"(II) SPECIAL RULE FOR APPLYING SECTION 163(e).—For purposes of section 163(e), the adjusted issue price of the old debt instrument is its issue price, increased by any original issue discount previously allowed as a deduction.

"SEC. 1274. DETERMINATION OF ISSUE PRICE IN THE CASE OF CERTAIN DEBT INSTRUMENTS ISSUED FOR PROPERTY.

"(a) IN GENERAL.—In the case of any debt instrument to which this section applies, for purposes of this subpart, the issue price shall be the lesser of—

"(1) the stated principal amount, or

"(2) the imputed principal amount.

"(b) IMPUTED PRINCIPAL AMOUNT.—For purposes of this section—

"(1) IN GENERAL.—Except as provided in paragraph (3), the imputed principal amount of any debt instrument shall be equal to the sum of the present values of all payments due under such debt instrument.

"(2) DETERMINATION OF PRESENT VALUE.—For purposes of paragraph (1), the present value of a payment shall be determined in the manner provided by regulations prescribed by the Secretary—

"(A) as of the date of the sale or exchange, and

"(B) by using a discount rate equal to 120 percent of the applicable Federal rate, compounded semiannually.

"(3) FAIR MARKET VALUE RULE IN POTENTIALLY ABUSIVE SITUATIONS.—

"(A) IN GENERAL.—In the case of any potentially abusive situation, the imputed principal amount of any debt instrument received in exchange for property shall not exceed the fair market value of such property.

"(B) POTENTIALLY ABUSIVE SITUATION DEFINED.—For purposes of subparagraph (A), the term 'potentially abusive situation' means—

"(i) a tax shelter (as defined in section 6661(b)(2)(C)(ii)), and

"(ii) any other situation which, by reason of—

"(I) recent sales transactions,

"(II) nonrecourse financing,

"(III) financing with a term in excess of the economic life of the property, or

"(IV) other circumstances,

is of a type which the Secretary specifies by regulations as having potential for tax avoidance.

"(c) DEBT INSTRUMENTS TO WHICH SECTION APPLIES.—

"(1) IN GENERAL.—Except as otherwise provided in this subsection, this section shall apply to any debt instrument given in consideration for the sale or exchange of property if—

"(A) the stated redemption price at maturity for such instrument exceeds the imputed principal amount of such debt instrument which would be determined under subsection (b) if a discount rate equal to 110 percent of the applicable Federal rate were used, or

"(B) the stated redemption price at maturity for such instrument exceeds the stated principal amount.

"(2) EXCEPTIONS.—This section shall not apply to—

"(A) SALES FOR LESS THAN $1,000,000 OF FARMS BY INDIVIDUALS OR SMALL BUSINESSES.—

"(i) IN GENERAL.—Any debt instrument received—

"(I) by an individual, estate, or testamentary trust,

"(II) by a corporation which as of the date of the sale or exchange is a small business corporation (as defined in section 1244(c)(3)), or

"(III) by a partnership which as of the date of the sale or exchange meets requirements similar to those of section 1244(c)(3),

as consideration for the sale or exchange of a farm (within the meaning of section 6420(c)(2)) by such individual or entity.

"(ii) $1,000,000 LIMITATION.—Clause (i) shall apply only if it can be determined at the time of the sale or exchange that the sales price cannot exceed $1,000,000. For purposes of the preceding sentence, all sales and exchanges which are part of the same transaction (or a series of related transactions) shall be treated as 1 sale or exchange.

"(B) SALES OF PRINCIPAL RESIDENCES.—Any debt instrument received by an individual as consideration for the sale or exchange of his principal residence (within the meaning of section 1034).

"(C) SALES INVOLVING TOTAL PAYMENTS OF $250,000 OR LESS.—

"(i) IN GENERAL.—Any debt instrument received as consideration for the sale or exchange of property if the sum of the following amounts does not exceed $250,000:

"(I) the aggregate amount of the payments due under such debt instrument and all other debt instruments received as consideration for the sale or exchange, and

"(II) the aggregate amount of any other consideration to be received for the sale or exchange.

"(ii) CONSIDERATION OTHER THAN DEBT INSTRUMENT TAKEN INTO ACCOUNT AT FAIR MARKET VALUE.—For purposes of clause (i), any consideration (other than a debt instrument) shall be taken into account at its fair market value.

"(iii) AGGREGATION OF TRANSACTIONS.—For purposes of this subparagraph, all sales and exchanges which are part of the same transaction (or a series of related transactions) shall be treated as 1 sale or exchange.

"(D) DEBT INSTRUMENTS WHICH ARE PUBLICLY TRADED OR ISSUED FOR PUBLICLY TRADED PROPERTY.—Any debt instrument to which section 1273(b)(3) applies.

"(E) ANNUITIES.—Any amount the liability for which depends in whole or in part on the life expectancy of 1 or more individuals and which constitutes an amount received as an annuity to which section 72 applies.

"(F) CERTAIN SALES OF PATENTS.—In the case of any transfer described in section 1235(a) (relating to sale or exchange of patents), any amount contingent on the productivity, use, or disposition of the property transferred.

"(G) SALES OR EXCHANGES TO WHICH SECTION 483(g) APPLIES.—Any debt instrument to the extent section 483(g) (relating to certain land transfers between related persons) applies to such instrument.

"(d) DETERMINATION OF APPLICABLE FEDERAL RATE.—For purposes of this section—

"(1) APPLICABLE FEDERAL RATE.—

"(A) IN GENERAL.—

"In the case of a debt instrument with a term of:	The applicable Federal rate is:
Not over 3 years	The Federal short-term rate.
Over 3 years but not over 9 years.	The Federal mid-term rate.
Over 9 years	The Federal long-term rate.

"(B) DETERMINATION OF RATES.—Within 15 days after the close of—

"(i) the 6-month period ending on September 30 of any calendar year, or

"(ii) the 6-month period ending on March 31 of any calendar year,

the Secretary shall determine the Federal short-term rate, mid-term rate, and long-term rate for such 6-month period.

"(C) EFFECTIVE DATE OF DETERMINATION.—Any Federal rate determined under subparagraph (A) shall—

"(i) apply during the 6-month period beginning on January 1 of the succeeding calendar year in the case of a determination made under subparagraph (B)(i), and

"(ii) apply during the 6-month period beginning on July 1 of the calendar year in the case of a determination made under subparagraph (B)(ii).

"(D) FEDERAL RATE FOR ANY 6-MONTH PERIOD.—For purposes of this paragraph—

"(i) FEDERAL SHORT-TERM RATE.—The Federal short-term rate for any 6-month period shall be the rate determined by the Secretary to be equal to the average market yield (during such 6-month period) on outstanding marketable obligations of the United States with remaining periods to maturity of 3 years or less.

"(ii) FEDERAL MID-TERM AND LONG-TERM RATES.—The Federal mid-term rate and long-term rate shall be determined in accordance with the principles of clause (i).

"(2) RATE APPLICABLE TO ANY SALE OR EXCHANGE.—In the case of any sale or exchange, the determination of the applicable Federal rate shall be made as of the first day on which there is a binding contract in writing for the sale or exchange.

"(3) TERM OF DEBT INSTRUMENT.—In determining the term of a debt instrument for purposes of this subsection, under regulations prescribed by the Secretary, there shall be taken into account options to renew or extend.

"SEC. 1275. OTHER DEFINITIONS AND SPECIAL RULES.

"(a) DEFINITIONS.—For purposes of this subpart—

"(1) DEBT INSTRUMENT.—The term 'debt instrument' means a bond, debenture, note, or certificate or other evidence of indebtedness. Except for purposes of section 1271, such term also includes any other obligation.

"(2) ISSUE DATE.—

"(A) DEBT INSTRUMENTS REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION.—In the case of any debt instrument registered with the Securities and Exchange Commission the term 'date of original issue' means the date on which the issue was first issued to the public.

"(B) PRIVATELY PLACED ISSUES.—In the case of any debt instrument to which section

1273(b)(2) applies, the term 'date of original issue' means the date on which the debt instrument was sold by the issuer.

"(C) OTHER DEBT INSTRUMENTS.—In the case of any debt instrument not described in subparagraph (A) or (B), the term 'date of original issue' means the date on which the debt instrument was issued in an exchange.

"(3) TAX-EXEMPT OBLIGATION.—The term 'tax-exempt obligation' means any obligation if—

"(A) the interest on such obligation is not includible in gross income under section 103, or

"(B) the interest on such obligation is exempt from tax (without regard to the identity of the holder) under any other provision of law.

"(b) INFORMATION REQUIREMENTS.—

"(1) INFORMATION REQUIRED TO BE SET FORTH ON INSTRUMENT.—

"(A) IN GENERAL.—In the case of any debt instrument having original issue discount, the Secretary may by regulations require that—

"(i) the amount of the original issue discount, and

"(ii) the issue date,

be set forth on such instrument.

"(B) SPECIAL RULE FOR PRIVATELY PLACED INSTRUMENTS.—In the case of any privately placed issue of debt instruments, the regulations prescribed under subparagraph (A) shall not require the information to be set forth on the debt instrument before any disposition of such instrument by the first buyer.

"(2) INFORMATION REQUIRED TO BE SUBMITTED TO SECRETARY.—In the case of any issue of debt instruments having original issue discount and registered with a Securities and Exchange Commission, the issuer shall (at such time and in such manner as the Secretary shall by regulation prescribe) furnish the Secretary the following information:

"(A) The amount of the original issue discount.

"(B) The issue date.

"(C) Such other information with respect to the issue as the Secretary may by regulations require.

For purposes of the preceding sentence, any person who makes a public offering of stripped bonds (or stripped coupons) shall be treated as the issuer of a debt instrument having original issue discount and registered with the Securities and Exchange Commission.

"(3) EXCEPTIONS.—This subsection shall not apply to any obligation referred to in section 1272(a)(2) (relating to exceptions from current inclusion of original issue discount).

"(4) CROSS REFERENCE.—

"For civil penalty for failure to meet requirements of this subsection, see section 6706.

"(c) TREATMENT OF BORROWER IN THE CASE OF CERTAIN LOANS FOR PERSONAL USE.—

"(1) SECTIONS 11274 AND 483 NOT TO APPLY.—In the case of the obligor under any debt instrument given in consideration for the sale or exchange of property, sections 1274 and 483 shall not apply if such property is personal use property.

"(2) ORIGINAL ISSUE DISCOUNT DEDUCTED ON CASH BASIS IN CERTAIN CASES.—In the case of any debt instrument, if—

"(A) such instrument—

"(i) is incurred in connection with the acquisition or carrying of personal use property, and

"(ii) has original issue discount (determined after the application of paragraph (1)), and

"(B) the obligor under such instrument uses the cash receipts and disbursements method of accounting,

notwithstanding section 163(e), the original issue discount on such instrument shall be deductible only when paid.

"(3) PERSONAL USE PROPERTY.—For purposes of this subsection, the term 'personal use property' means any property substantially all of the use of which by the taxpayer is not in connection with a trade or business of the taxpayer or an activity described in section 212. The determination of whether property is described in the preceding sentence shall be made as of the time of issuance of the debt instrument.

"(d) REGULATION AUTHORITY.—The Secretary may prescribe regulations providing that where, by reason of varying rates of interest, put or call options, indefinite maturities, contingent payments, or other circumstances, the tax treatment under this subpart (or section 163(e)) does not carry out the purposes of this subpart (or section 163(e)), such treatment shall be modified to the extent necessary to carry out the purposes of this subpart (or section 163(e)).

"(e) CROSS REFERENCE.—

"For rules relating to annual interest amounts in the case of certain deferred payments, see section 467.

"Subpart B—Market Discount on Bonds

"Sec. 1276. Disposition gain representing accrued market discount treated as ordinary income.

"Sec. 1277. Deferral of interest deduction allocable to accrued market discount.

"Sec. 1278. Definitions and special rules.

"SEC. 1276. DISPOSITION GAIN REPRESENTING ACCRUED MARKET DISCOUNT TREATED AS ORDINARY INCOME.

"(a) ORDINARY INCOME.—

"(1) IN GENERAL.—Except as otherwise provided in this section, gain on the disposition of any market discount shall be treated as ordinary income to the extent it does not exceed the accrued market discount on such bond. Such gain shall be recognized notwithstanding any other provision of this subtitle.

"(2) DISPOSITIONS OTHER THAN SALES, ETC.—For purposes of paragraph (1), a person disposing of any market discount bond in any transaction other than a sale, exchange, or involuntary conversion shall be treated as realizing an amount equal to the fair market value of the bond.

"(3) GAIN TREATED AS INTEREST FOR CERTAIN PURPOSES.—Except for purposes of sections 871(a), 881, 1441, 1442, and 6049 (and such other provisions as may be specified in regulations), any amount treated as ordinary income under paragraph (1) shall be treated as interest for purposes of this title.

"(b) ACCRUED MARKET DISCOUNT.—For purposes of this section—

"(1) RATABLE ACCRUAL.—Except as otherwise provided in this subsection or subsection (c), the accrued market discount on any bond shall be an amount which bears the same ratio to the market discount on such bond as—

"(A) the number of days which the taxpayer held the bond, bears to

"(B) the number of days after the date the taxpayer acquired the bond and up to (and including) the date of its maturity.

"(2) ELECTION OF ACCRUAL ON BASIS OF CONSTANT INTEREST RATE (IN LIEU OF RATABLE ACCRUAL).—

"(A) IN GENERAL.—At the election of the taxpayer with respect to any bond, the accrued market discount on such bond shall be the aggregate amount which would have been includible in the gross income of the taxpayer under section 1272(a) with respect to such bond for all periods during which the bond was held by the taxpayer if such bond had been—

"(i) originally issued on the date on which such bond was acquired by the taxpayer,

"(ii) for an issue price equal to the adjusted basis of the taxpayer in such bond immediately after its acquisition.

"(B) COORDINATION WHERE BOND HAS ORIGINAL ISSUE DISCOUNT.—In the case of any bond having original issue discount, for purposes of applying subparagraph (A)—

"(i) the stated redemption price at maturity of such bond shall be treated as equal to its revised issue price, and

"(ii) the determination of the portion of the original issue discount which would have been includible in the gross income of the taxpayer under section 1272(a) shall be made under regulations prescribed by the Secretary.

"(C) ELECTION IRREVOCABLE.—An election under subparagraph (A), once made with respect to any bond, shall be irrevocable.

"(c) TREATMENT OF NONRECOGNITION TRANSACTIONS.—Under regulations prescribed by the Secretary—

"(1) TRANSFERRED BASIS PROPERTY.—If a market discount bond is transferred in a nonrecognition transaction and such bond is transferred basis property in the hands of the transferee, for purposes of determining the amount of the accrued market discount with respect to the transferee—

"(A) the transferee shall be treated as having acquired the bond on the date on which it was acquired by the transferor for an amount equal to the basis of the transferor, and

"(B) proper adjustments shall be made for gain recognized by the transferor on such transfer (and for any original issue discount or market discount included in the gross income of the transferor).

"(2) EXCHANGED BASIS PROPERTY.—If any market discount bond is disposed of by the taxpayer in a nonrecognition transaction and paragraph (1) does not apply to such transaction, any accrued market discount determined with respect to the property disposed of to the extent not theretofore treated as ordinary income under subsection (a)—

"(A) shall be treated as accrued market discount with respect to the exchanged basis property received by the taxpayer in such transaction if such property is a market discount bond, and

"(B) shall be treated as ordinary income on the disposition of the exchanged basis property received by the taxpayer in such exchange if such property is not a market discount bond.

"(3) PARAGRAPH (1) TO APPLY TO CERTAIN DISTRIBUTIONS BY CORPORATIONS OR PARTNERSHIPS.—For purposes of paragraph (1), if the basis of any market discount bond in the hands of a transferee is determined under section 334(c), 732(a), or 732(b), such property shall be treated as transferred basis property in the hands of such transferee.

"(d) SPECIAL RULES.—Under regulations prescribed by the Secretary—

"(1) rules similar to the rules of subsection (b) of section 1245 shall apply for purposes of this section; except that—

"(A) paragraph (1) of such subsection shall not apply, and

"(B) an exchange qualifying under section 354(a), 355(a), or 356(a) (determined without regard to subsection (a) of this section) shall be treated as an exchange described in paragraph (3) of such subsection, and

"(2) appropriate adjustments shall be made to the basis of any property to reflect gain recognized under subsection (a).

"(e) SECTION NOT TO APPLY TO MARKET DISCOUNT BONDS ISSUED ON OR BEFORE DATE OF ENACTMENT OF SECTION.—This section shall not apply to any market discount bond issued on or before the date of the enactment of this section.

"SEC. 1277. DEFERRAL OF INTEREST DEDUCTION ALLOCABLE TO ACCRUED MARKET DISCOUNT.

"(a) GENERAL RULE.—Except as otherwise provided in this section, the net direct interest expense with respect to any market discount bond shall be allowed as a deduction for the taxable year only to the extent that such expense exceeds the portion of the market discount allocable to the days during the taxable year on which such bond was held by the taxpayer (as determined under the rules of section 1276(b)).

"(b) DISALLOWED DEDUCTION ALLOWED FOR YEAR OF DISPOSITION.—

"(1) IN GENERAL.—Except as otherwise provided in this subsection, the amount of the disallowed interest expense with respect to any market discount bond shall be treated as interest paid or accrued by the taxpayer in the taxable year in which such bond is disposed of.

"(2) NONRECOGNITION TRANSACTIONS.—If any market discount bond is disposed of in a nonrecognition transaction (as defined in section 7701(a)(45))—

"(A) the disallowed interest expense with respect to such bond shall be treated as interest paid or accrued in the year of disposition only to the extent of the amount of gain recognized on such disposition, and

"(B) the disallowed interest expense with respect to such property (to the extent not so treated) shall be treated as disallowed interest expense—

"(i) in the case of a transaction described in section 1276(c)(1), of the transferee with respect to the transferred basis property, or

"(ii) in the case of a transaction described in section 1276(c)(2), with respect to the exchanged basis property.

"(3) DISALLOWED INTEREST EXPENSE.—For purposes of this subsection, the term 'disallowed interest expense' means the aggregate amount disallowed under subsection (a) with respect to the market discount bond.

"(c) NET DIRECT INTEREST EXPENSE.—For purposes of this section, the term 'net direct interest expense' means, with respect to any market discount bond, the excess (if any) of—

"(1) the amount of interest paid or accrued during the taxable year on indebtedness which is incurred or continued to purchase or carry such bond, over

"(2) the aggregate amount of interest (including original issue discount) includible in gross income for the taxable year with respect to such bond.

In the case of any financial institution to which section 585 or 593 applies, the determination of whether interest is described in paragraph (1) shall be made under principles similar to the principles of section 291(e)(1)(B)(ii).

"(d) SPECIAL RULE FOR GAIN RECOGNIZED ON DISPOSITION OF MARKET DISCOUNT BONDS ISSUED ON OR BEFORE DATE OF ENACTMENT OF SECTION.—In the case of a market discount bond issued on or before the date of the enactment of this section, any gain recognized by the taxpayer on any disposition of such bond shall be treated as ordinary income to the extent the amount of such gain does not exceed the amount of the disallowed interest expense with respect to such bond allowable under subsection (b)(1) for the taxable year in which such bond is disposed of.

"SEC. 1278. DEFINITIONS AND SPECIAL RULES.

"(a) IN GENERAL.—For purposes of this part—

"(1) MARKET DISCOUNT BOND.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'market discount bond' means any bond having market discount.

"(B) EXCEPTIONS.—The term 'market discount bond' shall not include—

"(i) SHORT-TERM OBLIGATIONS.—Any obligation with a fixed maturity date not exceeding 1 year from the date of issue.

"(ii) TAX-EXEMPT OBLIGATIONS.—Any tax-exempt obligation (as defined in section 1275(a)(3)).

"(iii) UNITED STATES SAVINGS BONDS.—Any United States savings bond.

"(2) MARKET DISCOUNT.—

"(A) IN GENERAL.—The term 'market discount' means the excess (if any) of—

"(i) the stated redemption price of the bond at maturity, over

"(ii) the adjusted basis of such bond immediately after its acquisition by the taxpayer.

"(B) COORDINATION WHERE BOND HAS ORIGINAL ISSUE DISCOUNT.—In the case of any bond having original issue discount, for purposes of subparagraph (A), the stated redemption price of such bond at maturity shall be treated as equal to its revised issue price.

"(C) DE MINIMIS RULE.—If the market discount is less than ¼ of 1 percent of the stated redemption price of the bond at maturity multiplied by the number of complete years to maturity (after the taxpayer acquired the bond), then the market discount shall be considered to be zero.

"(D) EXCEPTION FOR GAIN REPORTABLE UNDER SECTION 453.—The term 'market discount' shall not include any income reportable under section 453, except to the extent of accrued market discount not recognized on the disposition of any market discount bond in exchange for an installment obligation.

"(3) BOND.—The term 'bond' means any bond, debenture, note, certificate, or other evidence of indebtedness.

"(4) REVISED ISSUE PRICE.—The term 'revised issue price' means of the sum of—

"(A) the issue price of the bond, and

"(B) the aggregate amount of the original issue discount includible in the gross income of all holders for periods before the acquisition of the bond by the taxpayer (determined without regard to section 1272(a)(6)).

"(5) ORIGINAL ISSUE DISCOUNT, ETC.—The terms 'original issue discount', 'stated redemption price at maturity', and 'issue price' have the respective meanings given such terms by subpart A of this part.

"(b) ELECTION TO INCLUDE MARKET DISCOUNT CURRENTLY.—

"(1) IN GENERAL.—If the taxpayer makes an election under this subsection—

"(A) sections 1276 and 1277 shall not apply, and

"(B) market discount on any market discount bond shall be included in the gross income of the taxpayer for the taxable years to which it is attributable (as determined under the rules of subsection (b) of section 1276).

"(2) SCOPE OF ELECTION.—An election under this subsection shall apply to all market discount bonds acquired by the taxpayer on or after the 1st day of the 1st taxable year to which such election applies.

"(3) PERIOD TO WHICH ELECTION APPLIES.—An election under this subsection shall apply to the taxable year for which it is made and for all subsequent taxable years, unless the taxpayer secures the consent of the Secretary to the revocation of such election.

"(c) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subpart.

"Subpart C—Discount on Short-Term Obligations

"Sec. 1281. Election for current inclusion in income of discount on certain short-term obligations.

"Sec. 1282. Deferral of interest deduction allocable to accrued discount.

"Sec. 1283. Definitions and special rules.

"SEC. 1281. ELECTION FOR CURRENT INCLUSION IN INCOME OF DISCOUNT ON CERTAIN SHORT-TERM OBLIGATIONS.

"(a) IN GENERAL.—In the case of any short-term obligation to which an election under this section applies, for purposes of this title, there shall be included in the gross income of the holder an amount equal to the sum of the daily portions of the acquisition discount for each day during the taxable year on which such holder held such bond.

"(b) ELECTION TO HAVE SECTION APPLY.—

"(1) IN GENERAL.—A taxpayer may make an election under this section to have this section apply to all short-term obligations acquired by the taxpayer on or after the first day of the first taxable year to which such election applies.

"(2) PERIOD TO WHICH ELECTION APPLIES.—An election under this section shall apply to the taxable year for which it is made and for all subsequent taxable years, unless the taxpayer secures the consent of the Secretary to the revocation of such election.

"(c) CROSS REFERENCE.—

"For special rules limiting the application of this section to original issue discount in the case of nongovernmental obligations, see section 1283(c).

"SEC. 1282. DEFERRAL OF INTEREST DEDUCTION ALLOCABLE TO ACCRUED DISCOUNT.

"(a) GENERAL RULE.—Except as otherwise provided in this section, the net direct interest expense with respect to any short-term obligation shall be allowed as a deduction for the taxable year only to the extent that such expense exceeds the sum of the daily portions of the acquisition discount for each day during the taxable year on which the taxpayer held such obligation.

"(b) SECTION NOT TO APPLY TO OBLIGATIONS TO WHICH ELECTION UNDER SECTION 1281 APPLIES.—This section shall not apply to any short-term obligation to which an election under section 1281 applies.

"(c) CERTAIN RULES MADE APPLICABLE.—Rules similar to the rules of subsections (b), (c), and (d) of section 1277 shall apply for purposes of this section.

"(d) CROSS REFERENCE.—

"For special rules limiting the application of

this section to original issue discount in the case of nongovernmental obligations, see section 1283(c).

"SEC. 1283. DEFINITIONS AND SPECIAL RULES.

"(a) DEFINITIONS.—For purposes of this subpart—

"(1) SHORT-TERM OBLIGATION.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'short-term obligation' means any bond, debenture, note, certificate, or other evidence of indebtedness which has a fixed maturity day not exceeding 1 year from the date of issue.

"(B) EXCEPTIONS FOR TAX-EXEMPT OBLIGATIONS.—The term 'short-term obligation' shall not include any tax-exempt obligation (as defined in section 1275(a)(3)).

"(2) ACQUISITION DISCOUNT.—The term 'acquisition discount' means the excess of—

"(A) the stated redemption price at maturity (as defined in section 1273), over

"(B) the taxpayer's basis for the obligation.

"(b) DAILY PORTION.—For purposes of this subpart—

"(1) RATABLE ACCRUAL.—Except as otherwise provided in this subsection, the daily portion of the acquisition discount is an amount equal to—

"(A) the amount of such discount, divided by

"(B) the number of days after the day on which the taxpayer acquired the obligation and up to (and including) the day of its maturity.

"(2) ELECTION OF ACCRUAL ON BASIS OF CONSTANT INTEREST RATE (IN LIEU OF RATABLE ACCRUAL).—

"(A) IN GENERAL.—At the election of the taxpayer with respect to any obligation, the daily portion of the acquisition discount for any day is the portion of the acquisition discount accruing on such day determined (under regulations prescribed by the Secretary) on the basis of—

"(i) the taxpayer's yield to maturity based on the taxpayer's cost of acquiring the obligation, and

"(ii) compounding daily.

"(B) ELECTION IRREVOCABLE.—An election under subparagraph (A), once made with respect to any obligation, shall be irrevocable.

"(c) SPECIAL RULES FOR NONGOVERNMENTAL OBLIGATIONS.—

"(1) IN GENERAL.—In the case of any short-term obligation which is not a short-term Government obligation (as defined in section 1271(a)(3)(B))—

"(A) sections 1281 and 1282 shall be applied by taking into account original issue discount in lieu of acquisition discount, and

"(B) appropriate adjustments shall be made in the application of subsection (b) of this section.

"(2) ELECTION TO HAVE PARAGRAPH (1) NOT APPLY.—

"(A) IN GENERAL.—A taxpayer may make an election under this paragraph to have paragraph (1) not apply to all obligations acquired by the taxpayer on or after the first day of the first taxable year to which such election applies.

"(B) PERIOD TO WHICH ELECTION APPLIES.—An election under this paragraph shall apply to the taxable year for which it is made and for all subsequent taxable years, unless the taxpayer secures the consent of the Secretary to the revocation of such election.

"(d) OTHER SPECIAL RULES.—

"(1) BASIS ADJUSTMENTS.—The basis of any short-term obligation in the hands of the holder thereof shall be increased by the amount included in his gross income pursuant to section 1281.

"(2) DOUBLE INCLUSION IN INCOME NOT REQUIRED.—Section 1281 shall not require the inclusion of any amount previously includible in gross income.

"(3) COORDINATION WITH OTHER PROVISIONS.—Section 454(b) and section 1271(a)(3) shall not apply to any short-term obligation to which section 1281 applies.

"Subpart D—Miscellaneous Provisions

"Sec. 1286. Tax treatment of stripped bonds.

"Sec. 1287. Denial of capital gain treatment for gains on certain obligations not in registered form.

"Sec. 1288. Treatment of original issue discount on tax-exempt obligations.

"SEC. 1286. TAX TREATMENT OF STRIPPED BONDS.

"(a) INCLUSION IN INCOME AS IF BOND AND COUPONS WERE ORIGINAL ISSUE DISCOUNT BONDS.—If any person purchases after July 1, 1982, a stripped bond or a stripped coupon, then such bond or coupon while held by such purchaser (or by any other person whose basis is determined by reference to the basis in the hands of such purchaser) shall be treated for purposes of section 1272(a) as a bond originally issued on the purchase date and having an original issue discount equal to the excess (if any) of—

"(1) the stated redemption price at maturity (or, in the case of coupon, the amount payable on the due date of such coupon), over

"(2) such bond's or coupon's ratable share of the purchase price.

For purposes of paragraph (2), ratable shares shall be determined on the basis of their respective fair market values on the date of purchase.

"(b) TAX TREATMENT OF PERSON STRIPPING BOND.—For purposes of this subtitle, if any person strips 1 or more coupons from a bond and after July 1, 1982, disposes of the bond or such coupon—

"(1) such person shall include in gross income an amount equal to the interest accrued on such bond while held by such person and before the time that such coupon or bond was disposed of (to the extent such interest has not theretofore been included in such person's gross income),

"(2) the basis of the bond and coupons shall be increased by the amount of the accrued interest described in paragraph (1),

"(3) the basis of the bond and coupons immediately before the disposition (as adjusted pursuant to paragraph (2)) shall be allocated among the items retained by such person and the items disposed of by such person on the basis of their respective fair market values, and

"(4) for purposes of subsection (a), such person shall be treated as having purchased on the date of such disposition each such item which he retains for an amount equal to the basis allocated to such item under paragraph (3).

A rule similar to the rule of paragraph (4) shall apply in the case of any person whose basis in any bond or coupon is determined by reference to the basis of the person described in the preceding sentence.

"(c) RETENTION OF EXISTING LAW FOR STRIPPED BONDS PURCHASED BEFORE JULY 2, 1982.—If a bond issued at any time with interest coupons—

"(1) is purchased after August 16, 1954, and before January 1, 1958, and the purchaser does not receive all the coupons which first become payable more than 12 months after the date of the purchase, or

"(2) is purchased after December 31, 1957, and before July 2, 1982, and the purchaser does not receive all the coupons which first become payable after the date of the purchase,

then the gain on the sale or other disposition of such bond by such purchaser (or by a person whose basis is determined by reference to the basis in the hands of such purchaser) shall be considered as ordinary income to the extent that the fair market value (determined as of the time of the purchase) of the bond with coupons attached exceeds the purchase price. If this subsection and section 1271(a)(2)(A) apply with respect to gain realized on the sale or exchange of any evidence of indebtedness, then section 1271(a)(2)(A) shall apply with respect to that part of the gain to which this subsection does not apply.

"(d) SPECIAL RULES FOR TAX-EXEMPT OBLIGATIONS.—In the case of any tax-exempt obligation (as defined in section 1275(a)(3))—

"(1) subsections (a) and (b)(1) shall not apply,

"(2) the rules of subsection (b)(4) shall apply for purposes of subsection (c), and

"(3) subsection (c) shall be applied without regard to the requirement that the bond be purchased before July 2, 1982.

"(e) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) BOND.—The term 'bond' means a bond, debenture, note, or certificate or other evidence of indebtedness.

"(2) STRIPPED BOND.—The term 'stripped bond' means a bond issued at any time with interest coupons where there is a separation in ownership between the bond and any coupon which has not yet become payable.

"(3) STRIPPED COUPON.—The term 'stripped coupon' means any coupon relating to a stripped bond.

"(4) STATED REDEMPTION PRICE AT MATURITY.—The term 'stated redemption price at maturity' has the meaning given such term by section 1273(a)(2).

"(5) COUPON.—The term 'coupon' includes any right to receive interest on a bond (whether or not evidenced by a coupon). This paragraph shall apply for purposes of subsection (c) only in the case of purchases after July 1, 1982.

"(f) REGULATION AUTHORITY.—The Secretary may prescribe regulations providing that where, by reason of varying rates of interest, put or call options, or other circumstances, the tax treatment under this section does not accurately reflect the income of the holder of a stripped coupon or stripped bond, or of the person disposing of such bond or coupon, as the case may be, for any period, such treatment shall be modified to require that the proper amount of income be included for such period.

"SEC. 1287. DENIAL OF CAPITAL GAIN TREATMENT FOR GAINS ON CERTAIN OBLIGATIONS NOT IN REGISTERED FORM.

"(a) IN GENERAL.—If any registration-required obligation is not in registered form, any gain on the sale or other disposition of such obligation shall be treated as ordinary income (unless the issuance of such obligation was subject to tax under section 4701).

"(b) DEFINITIONS.—For purposes of subsection (a)—

"(1) REGISTRATION-REQUIRED OBLIGATION.—The term 'registration-required obligation' has the meaning given to such term by section 163(f)(2) except that clause (iv) of sub-

paragraph (A), and subparagraph (B), of such section shall not apply.

"(2) REGISTERED FORM.—The term 'registered form' has the same meaning as when used in section 163(f).

"SEC. 1288. TREATMENT OF ORIGINAL ISSUE DISCOUNT ON TAX-EXEMPT OBLIGATIONS.

"(a) GENERAL RULE.—Original issue discount on any tax-exempt obligation shall be treated as accruing—

"(1) for purposes of section 163, in the manner provided by section 1272(a) (determined without regard to paragraph (6) thereof), and

"(2) for purposes of determining the adjusted basis of the holder, in the manner provided by section 1272(a) (determined with regard to paragraph (6) thereof).

"(b) DEFINITIONS.—For purposes of this section—

"(1) ORIGINAL ISSUE DISCOUNT.—The term 'original issue discount' has the meaning given to such term by section 1273(a) without regard to paragraph (3) thereof. In applying section 1273(b)(1) for purposes of the preceding sentence, an issue shall be treated as registered with the Securities and Exchange Commission if it is a publicly offered tax-exempt obligation.

"(2) TAX-EXEMPT OBLIGATION.—The term 'tax-exempt obligation' has the meaning given to such term by section 1275(a)(3).".

(b) AMENDMENT OF SECTION 483.—Section 483 (relating to interest on certain deferred payments) is amended to read as follows:

"SEC. 483. INTEREST ON CERTAIN DEFERRED PAYMENTS.

"(a) AMOUNT CONSTITUTING INTEREST.—For purposes of this title, in the case of any payment—

"(1) under any contract for the sale or exchange of any property, and

"(2) to which this section applies,

there shall be treated as interest that portion of the total unstated interest under such contract which, as determined in a manner consistent with the method of computing interest under section 1272(a), is properly allocable to such payment.

"(b) TOTAL UNSTATED INTEREST.—For purposes of this section, the term 'total unstated interest' means, with respect to a contract for the sale or exchange of property, an amount equal to the excess of—

"(1) the sum of the payments to which this section applies which are due under the contract, over

"(2) the sum of the present values of such payments and the present values of any interest payments due under the contract.

For purposes of the preceding sentence, the present value of a payment shall be determined under the rules of section 1274(b)(2) using a discount rate equal to 120 percent of the applicable Federal rate determined under section 1274(d).

"(c) PAYMENTS TO WHICH SUBSECTION (a) APPLIES.—

"(1) IN GENERAL.—Except as provided in subsection (f), this section shall apply to any payment on account of the sale or exchange of property which constitutes part or all of the sales price and which is due more than 6 months after the date of such sale or exchange under a contract—

"(A) under which some or all of the payments are due more than 1 year after the date of such sale or exchange, and

"(B) under which, using a discount rate equal to 110 percent of the applicable Federal rate determined under section 1274(d), there is total unstated interest.

"(2) TREATMENT OF OTHER DEBT INSTRUMENTS.—For purposes of this section, a debt instrument of the purchaser which is given in consideration for the sale or exchange of property shall not be treated as a payment, and any payment due under such debt instrument shall be treated as due under the contract for the sale or exchange.

"(3) DEBT INSTRUMENT DEFINED.—For purposes of this subsection, the term 'debt instrument' has the meaning given such term by section 1275(a)(1).

"(d) PAYMENTS INDEFINITE AS TO TIME, LIABILITY, OR AMOUNT.—In the case of a contract for the sale or exchange of property under which the liability for, or the amount or due date of, any portion of a payment cannot be determined at the time of the sale or exchange, this section shall be separately applied to such portion as if it (and any amount of interest attributable to such portion) were the only payments due under the contract; and such determinations of liability, amount, and due date shall be made at the time payment of such portion is made.

"(e) CHANGE IN TERMS OF CONTRACT.—If the liability for, or the amount or due date of, any payment (including interest) under a contract for the sale or exchange of property is changed, the 'total unstated interest' under the contract shall be recomputed and allocated (with adjustment for prior interest (including unstated interest) payments) under regulations prescribed by the Secretary.

"(f) EXCEPTIONS AND LIMITATIONS.—

"(1) COORDINATION WITH ORIGINAL ISSUE DISCOUNT RULES.—This section shall not apply to any debt instrument to which section 1272 applies.

"(2) SALES PRICES OF $3,000 OR LESS.—This section shall not apply to any payment on account of the sale or exchange of property if it can be detemined at the time of such sale or exchange that the sales price cannot exceed $3,000.

"(3) CARRYING CHARGES.—In the case of the purchaser, the tax treatment of amounts paid on account of the sale or exchange of property shall be made without regard to this section if any such amounts are treated under section 163(b) as if they included interest.

"(4) CERTAIN SALES OF PATENTS.—In the case of any transfer described in section 1235(a) (relating to sale or exchange of patents), this section shall not apply to any amount contingent on the productivity, use, or disposition of the property transferred.

"(5) ANNUITIES.—This section shall not apply to any amount the liability for which depends in whole or in part on the life expectancy of 1 or more individuals and which constitutes an amount received as an annuity to which section 72 applies.

"(g) MAXIMUM RATE OF INTEREST ON CERTAIN TRANSFERS OF LAND BETWEEN RELATED PARTIES.—

"(1) IN GENERAL.—In the case of any qualified sale, the discount rate used in determining the total unstated interest rate under subsection (b) shall not exceed 7 percent, compounded semiannually.

"(2) QUALIFIED SALE.—For purposes of this subsection, the term 'qualified sale' means any sale or exchange of land by an individual to a member of such individual's family (within the meaning of section 267(c)(4)).

"(3) $500,000 LIMITATION.—Paragraph (1) shall not apply to any qualified sale between individuals made during any calendar year to the extent that the sales price for such sale (when added to the aggregate sales price for prior qualified sales between such individuals during the calendar year) exceeds $500,000.

"(4) NONRESIDENT ALIEN INDIVIDUALS.—Paragraph (1) shall not apply to any sale or exchange if any party to such sale or exchange is a nonresident alien individual.".

(c) PENALTY FOR FAILURE TO MEET INFORMATION REQUIREMENTS.—

(1) IN GENERAL.—Subchapter B of chapter 68 (relating to assessable penalties) is amended by adding at the end thereof the following new section:

"SEC. 6706. ORIGINAL ISSUE DISCOUNT INFORMATION REQUIREMENTS.

"(a) FAILURE TO SHOW INFORMATION ON DEBT INSTRUMENT.—In the case of a failure to set forth on a debt instrument the information required to be set forth on such instrument under section 1275(c)(1), unless it is shown that such failure is due to reasonable cause and not to willful neglect, the issuer shall pay a penalty of $50 for each instrument with respect to which such a failure exists.

"(b) FAILURE TO FURNISH INFORMATION TO SECRETARY.—Any issuer who fails to furnish information required under section 1275(c)(2) with respect to any issue of debt instruments on the date prescribed therefor (determined with regard to any extension of time for filing) shall pay a penalty equal to 1 percent of the aggregate issue price of such issue, unless it is shown that such failure is due to reasonable cause and not willful neglect.

"(c) DEFICIENCY PROCEDURES NOT TO APPLY.—Subchapter B of chapter 63 (relating to deficiency procedures for income, estate, gift, and certain excise taxes) shall not apply in respect of the assessment or collection of any penalty imposed by this section.".

(2) CLERICAL AMENDMENT.—The table of sections for subchapter B of chapter 68 is amended by adding at the end thereof the following new item:

"Sec. 6706. Original issue discount information requirements.".

SEC. 26. TECHNICAL AND CONFORMING AMENDMENTS RELATED TO ORIGINAL ISSUE DISCOUNT CHANGES.

(a) IN GENERAL.—

(1) Sections 1232, 1232A, and 1232B are hereby repealed.

(2) Clause (i) of section 103A(i)(2)(C) (defining yield on the issue) is amended by striking out "section 1232(b)(2)" and inserting in lieu thereof "sections 1273(b) and 1274".

(3) Subsection (e) of section 163 (relating to original issue discount) is amended to read as follows:

"(e) ORIGINAL ISSUE DISCOUNT.—

"(1) IN GENERAL.—In the case of any debt instrument issued after July 1, 1982, the portion of the original issue discount with respect to such debt instrument which is allowable as a deduction to the issuer for any taxable year shall be equal to the aggregate daily portions of the original issue discount for days during such taxable year.

"(2) DEFINITIONS AND SPECIAL RULES.—For purposes of this subsection—

"(A) DEBT INSTRUMENT.—The term 'debt instrument' has the meaning given such term by section 1275(a)(1).

"(B) DAILY PORTIONS.—The daily portion of the original issue discount for any day shall be determined under section 1272(a) (without regard to paragraph (6) thereof and without regard to section 1273(a)(3)).

"(3) CROSS REFERENCE.—

"For provision relating to deduction of original issue discount on tax-exempt obligation, see section 1288.".

(4) Paragraph (3) of section 165(j) (relating to denial of deductions for losses on certain obligations not in registered form) is amended by striking out "subsection (d) of section 1232" and inserting in lieu thereof "section 1287".

(5) Paragraph (1) of section 249(b) (relating to limitation on deduction of bond premium on repurchase) is amended by striking out "section 1232(b)" and inserting in lieu thereof "sections 1273(b) and 1274".

(6) Clause (ii) of section 263(g)(2)(B) (defining interest and carrying charges) is amended by striking out "section 1232(a)(3)(A)" and inserting in lieu thereof "section 1271(a)(3)(A)".

(7) Paragraph (1) of section 405(d) (relating to taxability of beneficiary of qualified bond purchase plan) is amended by striking out "section 1232 (relating to bonds and other evidences of indebtedness)" and inserting in lieu thereof "section 1271 (relating to treatment of amounts received on retirement or sale or exchange of debt instruments)".

(8) Paragraph (1) of section 409(b) (relating to income tax treatment of bonds) is amended by striking out "section 1232 (relating to bonds and other evidences of indebtedness)" and inserting in lieu thereof "section 1271 (relating to treatment of amounts received on retirement or sale or exchange of debt instruments)".

(9) Paragraph (3) of section 811(b) (relating to amortization of premium and accrual of discount), as amended by this Act, is amended by striking out "section 1232(b)" and inserting in lieu thereof "section 1273".

(10) Subsection (b) of section 1037 (relating to application of section 1232) is amended—

(A) by striking out "section 1232(a)(2)(B)" in paragraph (1) and inserting in lieu thereof "section 1271(c)(2)",

(B) by striking out "section 1232" in paragraphs (1) and (2) and inserting in lieu thereof "subpart A of part V of subchapter P", and

(C) by striking out "SECTION 1232" in the subsection heading and inserting in lieu thereof "ORIGINAL ISSUE DISCOUNT RULES".

(11) Subsection (h) of section 1351 (relating to special rule for evidences of indebtedness) is amended by striking out "section 1232(a)(2)" and inserting in lieu thereof "section 1273(a)".

(12) Paragraph (6) of section 6049(d) (relating to treatment of original issue discount) is amended—

(A) by striking out "section 1232A" each place it appears in subparagraph (A) and inserting in lieu thereof "section 1272", and

(B) by striking out "section 1232(b)(1)" and inserting in lieu thereof "section 1273(a)".

(b) CLERICAL AMENDMENTS.—

(1) The table of parts for subchapter P of chapter 1 is amended by adding at the end thereof the following new item:

"PART V. Special rules for bonds and other debt instruments.".

(2) The table of sections for part IV of subchapter P of chapter 1 is amended by striking out the items relating to sections 1232, 1232A, and 1232B.

SEC. 27. TECHNICAL AND CONFORMING AMENDMENTS RELATED TO TREATMENT OF MARKET DISCOUNT AND ACQUISITION DISCOUNT.

(a) DEFINITION OF SUBSTITUTED BASIS PROPERTY; ETC.—

(1) IN GENERAL.—Section 7701(a) (relating to definitions) is amended by adding at the end thereof the following new paragraphs:

"(42) SUBSTITUTED BASIS PROPERTY.—The term 'substituted basis property' means property which is—

"(A) transferred basis property, or

"(B) exchanged basis property.

"(43) TRANSFERRED BASIS PROPERTY.—The term 'transferred basis property' means property having a basis determined under any provision of subtitle A (or under any corresponding provision of prior income tax law) providing that the basis shall be determined in whole or in part by reference to the basis in the hands of the donor, grantor, or other transferor.

"(44) EXCHANGED BASIS PROPERTY.—The term 'exchanged basis property' means property having a basis determined under any provision of subtitle A (or under any corresponding provision of prior income tax law) providing that the basis shall be determined in whole or in part by reference to other property held at any time by the person for whom the basis is to be determined.

"(45) NONRECOGNITION TRANSACTION.—The term 'nonrecognition transaction' means any disposition of property in a transaction in which gain or loss is not recognized in whole or in part for purposes of subtitle A.".

(2) TECHNICAL AMENDMENT.—Subsection (b) of section 1016 is amended by striking out the last sentence.

(b) ELECTIONS MADE IN MANNER PRESCRIBED BY SECRETARY.—Section 7805 (relating to rules and regulations) is amended by adding at the end thereof the following new subsection:

"(d) MANNER OF MAKING ELECTIONS PRESCRIBED BY SECRETARY.—Except to the extent otherwise provided by this title, any election under this title shall be made at such time and in such manner as the Secretary shall by regulations or forms prescribe.".

(c) OTHER TECHNICAL AMENDMENTS.—

(1) Paragraph (12) of section 341(e) (related to nonapplication of section 1254(a)) is amended by striking out "and 1254(a)" and inserting in lieu thereof "1254(a), and 1276(a)".

(2) Paragraph (2) of section 453B(d) (relating to liquidations to which section 337 applies) is amended by striking out "or 1254(a)" and inserting in lieu thereof "1254(a), or 1276(a)".

(3) Subsection (c) of section 751 (defining unrealized receivables) is amended—

(A) by striking out "and an oil, gas, or geothermal property (described in section 1254) and inserting in lieu thereof "an oil, gas, or geothermal property (described in section 1254), and a market discount bond (as defined in section 1278)", and

(B) by striking out "or 1254(a)" and inserting in lieu thereof "1254(a), or 1276(a)".

SEC. 28. EFFECTIVE DATES.

(a) GENERAL RULE.—Except as otherwise provided in this section, the amendments made by this subtitle shall apply to taxable years ending after the date of the enactment of this Act.

(b) TREATMENT OF DEBT INSTRUMENTS RECEIVED IN EXCHANGE FOR PROPERTY.—

(1) IN GENERAL.—

(A) Except as otherwise provided in this subsection, section 1274 of the Internal Revenue Code of 1954 (as added by section 25) and the amendment made by section 25(b) (relating to amendment of section 483) shall apply to sales or exchanges after December 31, 1984.

(B) Section 1274 of such Code and the amendment made by section 25(b) shall not apply to any sale or exchange pursuant to a written contract which was binding on February 28, 1984, and at all times thereafter before the sale or exchange.

(2) REVISION OF SECTION 482 REGULATIONS.—Not later than 180 days after the date of the enactment of this Act, the Secretary of the Treasury or his delegate shall modify the safe harbor interest rates applicable under section 483 of such Code by reason of the amendments made by section 25.

(3) CLARIFICATION OF INTEREST ACCRUAL; FAIR MARKET VALUE.—

(A) IN GENERAL.—In the case of any sale or exchange after February 28, 1984, and before January 1, 1985—

(i) nothing in section 483 of the Internal Revenue Code of 1954 shall permit any interest to be deductible before the period to which such interest is properly allocable, and

(ii) in any case where the Secretary of the Treasury or his delegate establishes by clear and convincing evidence the fair market value of any property, nothing in section 483 of such Code shall be construed as permitting the basis of such property to exceed the fair market value of such property as so established.

(B) EXCEPTION FOR BINDING CONTRACTS.—Subparagraph (A) shall not apply to any sale or exchange pursuant to a written contract which was binding on February 28, 1984, and at all times thereafter before the sale or exchange.

(C) INTEREST ACCRUAL RULE NOT TO APPLY WHERE SUBSTANTIALLY EQUAL ANNUAL PAYMENTS.—Clause (i) of subparagraph (A) shall not apply to any debt instrument with substantially equal annual payments.

(c) MARKET DISCOUNT RULES.—

(1) ORDINARY INCOME TREATMENT.—Section 1276 of the Internal Revenue Code of 1954 (as added by section 25) shall apply to obligations issued after the date of the enactment of this Act in taxable years ending after such date.

(2) INTEREST DEFERRAL RULES.—Section 1277 of such Code (as added by section 25) shall apply to obligations acquired after the date of the enactment of this Act in taxable years ending after such date.

(d) RULES RELATING TO DISCOUNT ON SHORT-TERM OBLIGATIONS.—Subpart C of part V of subchapter P of chapter 1 of such Code (as added by section 25) shall apply to obligations acquired after the date of the enactment of this Act.

(e) ELECTIONS WITH RESPECT TO TREATMENT OF SHORT-TERM OBLIGATIONS.—

(1) ELECTION TO HAVE PROVISIONS APPLY TO ALL OBLIGATIONS HELD DURING THE TAXABLE YEAR.—A taxpayer may elect to have section 1282 of the Internal Revenue Code of 1954 (and, if applicable, section 1281 of such Code) apply to all short-term obligations which were held by the taxpayer at any time during the taxpayer's first taxable year ending after the date of the enactment of this Act.

(2) ELECTION FOR INSTALLMENT PAYMENT OF TAX.—

(A) IN GENERAL.—If the taxpayer makes an election under this paragraph—

(i) the taxpayer may pay part or all the tax for the taxable year referred to in paragraph (1) in 2 or more (but not exceeding 5) equal installments, and

(ii) the maximum amount of tax which may be paid in installments under this subsection shall be the excess of—

(I) the tax for such taxable year determined by taking into account paragraph (1), over

(II) the tax for such taxable year determined by taking into account paragraph (1) but by not taking into account any gain recognized on the disposition of any short-term obligation to the extent that the taxable income would have been increased for the preceding taxable year if section 1282 of such Code (and, if applicable, section 1281 of such Code) had applied to all short-term obligations held during such preceding taxable year.

An election under this paragraph may be made only if the taxpayer makes an election under paragraph (1).

(3) DATE FOR PAYMENT OF INSTALLMENT.—

(A) If an election is made under paragraph (2), the first installment under paragraph (2) shall be paid on or before the due date for filing the return for the taxable year referred to in paragraph (1), and each succeeding installment shall be paid on or before the date which is 1 year after the date prescribed for payment of the preceding installment.

(B) If a bankruptcy case or insolvency proceeding involving the taxpayer is commenced before the final installment is paid, the total amount of any unpaid installments shall be treated as due and payable on the day preceding the day on which such case or proceeding is commenced.

(4) INTEREST IMPOSED.—For purposes of section 6601 of the Internal Revenue Code of 1954, the time for payment of any tax with respect to which an election is made under paragraph (2) shall be determined without regard to paragraph (2).

(5) FORM OF ELECTION.—An election under paragraph (2) shall be made not later than the time for filing the return for the taxable year referred to in paragraph (1) and shall be made in the manner and form required by regulations prescribed by the Secretary. The election shall set forth—

(A) the amount determined under paragraph (2)(B) and the number of installments elected by the taxpayer, and

(B) such other information for purposes of carrying out the provisions of this subsection as may be required by such regulations.

(f) TREATMENT OF ORIGINAL ISSUE DISCOUNT ON TAX-EXEMPT OBLIGATIONS.—Section 1288 of such Code (as added by section 25) shall apply to obligations issued after September 3, 1982, and acquired after March 1, 1984.

(g) REPEAL OF CAPITAL ASSET REQUIREMENT.—Section 1272 of such Code (as added by section 25) shall not apply to any obligation issued before December 31, 1984, which is not a capital asset in the hands of the taxpayer.

(h) REPORTING REQUIREMENTS.—Section 1275(c) of such Code (as added by section 25) and the amendments made by section 25(c) shall take effect on the day 30 days after the date of the enactment of this Act.

(i) CLARIFICATION THAT PRIOR TRANSITIONAL RULES NOT AFFECTED.—Nothing in the amendment made by section 25(a) shall affect the application of any transitional rule for any provision which was a predecessor to any provision contained in part V of subchapter P of chapter 1 of the Internal Revenue Code of 1954 (as added by section 25).

Subtitle D—Corporate Provisions

PART I—LIMITATIONS ON DIVIDENDS RECEIVED DEDUCTION

SEC. 31. DIVIDENDS RECEIVED DEDUCTION REDUCED WHERE PORTFOLIO STOCK IS DEBT FINANCED.

(a) GENERAL RULE.—Part VIII of subchapter B of chapter 1 (relating to special deductions for corporations) is amended by inserting after section 246 the following new section:

"SEC. 246A. DIVIDENDS RECEIVED DEDUCTION REDUCED WHERE PORTFOLIO STOCK IS DEBT FINANCED.

"(a) GENERAL RULE.—In the case of any dividend on debt-financed portfolio stock, there shall be substituted for the percentage which (but for this subsection) would be used in determining the amount of the deduction allowable under section 243, 244, or 245 a percentage equal to the product of—

"(1) 85 percent, and

"(2) 100 percent minus the average indebtedness percentage.

"(b) SECTION NOT TO APPLY TO DIVIDENDS FOR WHICH 100 PERCENT DIVIDENDS RECEIVED DEDUCTION ALLOWABLE.—Subsection (a) shall not apply to—

"(1) qualifying dividends (as defined in section 243(b) without regard to section 243(c)(4)), and

"(2) dividends received by a small business investment company operating under the Small Business Investment Act of 1958.

"(c) DEBT FINANCED PORTFOLIO STOCK.—For purposes of this section, the term 'debt financed portfolio stock' means any stock of a corporation if—

"(1) as of the beginning of the ex-dividend date, the taxpayer does not own stock of such corporation possessing at least 50 percent of the total combined voting power of all classes of stock entitled to vote and does not own at least 50 percent of the total number of shares of all other classes of stock of the corporation, and

"(2) at some time during the base period there is portfolio indebtedness with respect to such stock.

"(d) AVERAGE INDEBTEDNESS PERCENTAGE.—For purposes of this section—

"(1) IN GENERAL.—Except as provided in paragraph (2), the term 'average indebtedness percentage' means the percentage obtained by dividing—

"(A) the average amount (determined under regulations prescribed by the Secretary) of the portfolio indebtedness with respect to the stock during the base period, by

"(B) the average amount (determined under regulations prescribed by the Secretary) of the adjusted basis of the stock during the base period.

"(2) SPECIAL RULE WHERE STOCK NOT HELD THROUGHOUT BASE PERIOD.—In the case of any stock which was not held by the taxpayer throughout the base period—

"(A) paragraph (1) shall be applied as if the base period consisted only of that portion of the base period during which the stock was held by the taxpayer, and

"(B) the average indebtedness percentage shall be the amount determined under paragraph (1) (as modified by subparagraph (A)) multiplied by a fraction—

"(i) the numerator of which is the number of days during the base period on which the taxpayer held the stock, and

"(ii) the denominator of which is the number of days during the base period.

"(3) PORTFOLIO INDEBTEDNESS.—

"(A) IN GENERAL.—The term 'portfolio indebtedness' means any indebtedness directly attributable to investment in the stock.

"(B) CERTAIN PROCEEDS OF SHORT SALE TREATED AS INDEBTEDNESS.—For purposes of subparagraph (A), any proceeds attributable to a short sale shall be treated as indebtedness for the period beginning on the day on which the short sale is made and ending on the day the short sale is closed. The preceding sentence shall not apply if no deduction was allowable with respect to payments in lieu of dividends in connection with such short sale by reason of section 263(h).

"(4) BASE PERIOD.—The term 'base period' means, with respect to any dividend, the shorter of—

"(A) the period beginning on the ex-dividend date for the most recent previous dividend on the stock and ending on the day before the ex-dividend date for the dividend involved, or

"(B) the 1-year period ending on the day before the ex-dividend date for the dividend involved.

"(e) REDUCTION IN DIVIDENDS RECEIVED DEDUCTION NOT TO EXCEED ALLOCABLE INTEREST.—Under regulations prescribed by the Secretary, any reduction under this section in the amount allowable as a deduction under section 243, 244, or 245 with respect to any dividend shall not exceed the amount of any interest deduction (including any deductible short sale expense) allocable to such dividend.".

(b) CLERICAL AMENDMENT.—The table of sections for part VIII of subchapter B of chapter 1 is amended by inserting after the item relating to section 246 the following new item:

"Sec. 246A. Dividends received deduction reduced where portfolio stock is debt financed.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to stock the holding period for which begins after the date of the enactment of this Act in taxable years ending after such date.

SEC. 32. TREATMENT OF DIVIDENDS FROM REGULATED INVESTMENT COMPANIES.

(a) INCREASE IN REQUIRED AMOUNT OF DIVIDENDS.—Subparagraph (B) of section 854(b)(1) (relating to other dividends) is amended by striking out "75 percent" and inserting in lieu thereof "95 percent".

(b) CERTAIN DIVIDENDS NOT TAKEN INTO ACCOUNT FOR PURPOSES OF COMPUTING DEDUCTION UNDER SECTION 243.—Subsection (b) of section 854 is amended by adding at the end thereof the following new paragraph:

"(4) SPECIAL RULES FOR COMPUTING DEDUCTION UNDER SECTION 243.—For purposes of computing the deduction under section 243, an amount shall be treated as a dividend for purposes of paragraph (1) only if a deduction would have been allowable under section 243 to the regulated investment company (determined after the application of section 246 and as if section 243 applied to dividends received by a regulated investment company).".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years of regulated investment companies beginning after the date of the enactment of this Act.

PART II—TREATMENT OF CERTAIN DISTRIBUTIONS

SEC. 35. CORPORATE SHAREHOLDER'S BASIS IN STOCK REDUCED BY NONTAXED PORTION OF EXTRAORDINARY DIVIDENDS.

(a) GENERAL RULE.—Part IV of subchapter O of chapter 1 (relating to special rules for

gain or loss on disposition of property) is amended by redesignating section 1059 as section 1060 and by inserting after section 1058 the following new section:

"SEC. 1059. CORPORATE SHAREHOLDER'S BASIS IN STOCK REDUCED BY NONTAXED PORTION OF EXTRAORDINARY DIVIDENDS.

"(a) GENERAL RULE.—If any corporation—

"(1) receives an extraordinary dividend with respect to any share of stock, and

"(2) sells or otherwise disposes of such stock before such stock has been held for more than 1 year,

the basis of such corporation in such stock shall be reduced by the nontaxed portion of such dividend.

"(b) NONTAXED PORTION.—For purposes of this section—

"(1) IN GENERAL.—The nontaxed portion of any dividend is the excess (if any) of—

"(A) the amount of such dividend, over

"(B) the taxable portion of such dividend.

"(2) TAXABLE PORTION.—The taxable portion of any dividend is—

"(A) the portion of such dividend includible in gross income, reduced by

"(B) the amount of any deduction allowable with respect to such dividend under section 243, 244, or 245.

"(c) EXTRAORDINARY DIVIDEND DEFINED.—For purposes of this section—

"(1) IN GENERAL.—The term 'extraordinary dividend' means any dividend with respect to a share of stock if the amount of such dividend equals or exceeds the threshold percentage of the taxpayer's adjusted basis in such share of stock (determined without regard to this section).

"(2) THRESHOLD PERCENTAGE.—The term 'threshold percentage' means—

"(A) 5 percent in the case of stock which is preferred as to dividends, and

"(B) 10 percent in the case of any other stock.

"(3) AGGREGATION OF DIVIDENDS.—

"(A) AGGREGATION WITHIN 85-DAY PERIOD.—All dividends—

"(i) which are received by the taxpayer (or person described in subparagraph (C)) with respect to any share of stock, and

"(ii) which have ex-dividend dates within the same period of 85 consecutive days,

shall be treated as 1 dividend.

"(B) AGGREGATION WITHIN 1 YEAR WHERE DIVIDENDS EXCEED 20 PERCENT OF ADJUSTED BASIS.—All dividends—

"(i) which are received by the taxpayer (or a person described in subparagraph (C)) with respect to any share of stock, and

"(ii) which have ex-dividend dates during the same period of 365 consecutive days,

shall be treated as extraordinary dividends if the aggregate of such dividends exceeds 20 percent of the taxpayer's adjusted basis in such stock (determined without regard to this section).

"(C) SUBSTITUTED BASIS TRANSACTIONS.—In the case of any stock, a person is described in this subparagraph if—

"(i) the basis of such stock in the hands of such person is determined in whole or in part by reference to the basis of such stock in the hands of the taxpayer, or

"(ii) the basis of such stock in the hands of the taxpayer is determined in whole or in part by reference to the basis of such stock in the hands of such person.

"(d) SPECIAL RULES.—For purposes of this section—

"(1) TIME FOR REDUCTION.—Any reduction in basis under subsection (a) by reason of any distribution which is an extraordinary dividend shall occur at the beginning of the ex-dividend date for such distribution.

"(2) DISTRIBUTIONS IN KIND.—To the extent any dividend consists of property other than cash, the amount of such dividend shall be treated as the fair market value of such property as of the date of the distribution.

"(3) DETERMINATION OF HOLDING PERIOD.—For purposes of determining the holding period of stock under subsection (a)(2), rules similar to the rules of section 246(c) shall apply; except that '1 year' shall be substituted for the number of days specified in subparagraph (B) of section 246(c)(3).

"(4) EX-DIVIDEND DATE.—The term 'ex-dividend' means the date on which the share of stock becomes ex-dividend.

"(5) EXTENSION TO CERTAIN PROPERTY DISTRIBUTIONS.—In the case of any distribution of property (other than cash) to which section 301 applies—

"(A) such distribution shall be treated as a dividend without regard to whether the corporation has earnings and profits, and

"(B) the amount so treated shall be reduced by the amount of any reduction in basis under section 301(c)(2) by reason of such distribution.

"(e) REGULATIONS.—The Secretary shall prescribe such regulations as may be appropriate to carry out the purposes of this section including regulations providing for the application of this section in the case of stock dividends, stock splits, reorganizations, and other similar transactions.".

(b) RULES FOR COMPUTING HOLDING PERIODS.—

(1) Subsection (c) of section 246 (relating to the exclusion of certain dividends) is amended by adding at the end thereof the following new paragraph:

"(4) HOLDING PERIOD REDUCED FOR PERIODS WHERE RISK OF LOSS SUBSTANTIALLY DIMINISHED.—

"(A) IN GENERAL.—The holding periods determined under paragraph (3) shall be appropriately reduced (in the manner provided in regulations prescribed by the Secretary) for any period (during such periods) in which—

"(i) the taxpayer has an option to sell, is under a contractual obligation to sell, or has made (and not closed) a short sale of, substantially identical stock or securities,

"(ii) the taxpayer is the grantor of an option to buy substantially identical stock or securities, or

"(iii) under regulations prescribed by the Secretary, a taxpayer has diminished his risk of loss by holding 1 or more other positions with respect to substantially similar property.

"(B) EXCEPTIONS.—

"(i) QUALIFIED COVERED CALLS.—Subparagraph (A) shall not apply in the case of any qualified covered call (as defined in section 1092(d)(7) but without regard to the requirement that gain or loss with respect to the option not be ordinary income or loss).

"(ii) EXCEPTION FOR CERTAIN ORDINARY INCOME PROPERTY.—Clause (iii) of subparagraph (A) shall not apply in the case of any stock which is held by a dealer primarily for sale to customers in the ordinary course of his trade or business or which is part of a hedging transaction.".

(2) Subparagraph (B) of paragraph (1) of subsection (c) of section 246 is amended by striking out the words "substantially identical stock or securities" and inserting in lieu thereof "positions in substantially similar property".

(3) Paragraph (3) of section 246(c) is amended by striking out the last sentence.

(c) HOLDING PERIOD OF CORPORATE DISTRIBUTEE OF APPRECIATED PROPERTY.—

(1) IN GENERAL.—Section 301 (relating to distributions of property) is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

"(e) SPECIAL RULE FOR HOLDING PERIOD OF APPRECIATED PROPERTY DISTRIBUTED TO CORPORATION.—For purposes of this subtitle, if—

"(1) property is distributed to a corporation, and

"(2) the basis of such property in the hands of such corporation is determined under subsection (d)(2)(B),

then such corporation shall not be treated as holding the distributed property during any period before the date on which such corporation's holding period in the stock began.".

(2) CROSS REFERENCE.—Paragraph (13) of section 1223 (relating to holding period of property) is amended to read as follows:

"(13) CROSS REFERENCES.—

"(A) For special holding period provision relating to certain partnership distributions, see section 735(b).

"(B) For special holding period provision relating to distributions of appreciated property to corporations, see section 301(e).".

(d) CONFORMING AMENDMENTS.—

(1) The table of sections for part IV of subchapter O of chapter 1 is amended by striking out the item relating to section 1059 and inserting in lieu thereof the following new items:

"Sec. 1059. Corporate shareholder's basis in stock reduced by nontaxed portion of extraordinary dividends.

"Sec. 1060. Cross references.".

(2) Paragraph (1) of section 246(b) (relating to limitation on aggregate amount of deduction) is amended by striking out "and without regard" and inserting in lieu thereof "without regard to any adjustment under section 1059, and without regard".

(3) Section 1016(a) (relating to adjustments to basis) is amended by striking out "and" at the end of paragraph (24), by striking out the period at the end of paragraph (25) and inserting in lieu thereof ", and" and by adding at the end thereof the following new paragraph:

"(26) to the extent provided in section 1059 (relating to reduction in basis for extraordinary dividends).".

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to distributions after the date of the enactment of this Act in taxable years ending after such date.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall apply to stock acquired after the date of the enactment of this Act in taxable years ending after such date.

SEC. 36. DISTRIBUTION OF APPRECIATED PROPERTY BY CORPORATIONS.

(a) GAIN RECOGNIZED ON DISTRIBUTIONS OF APPRECIATED PROPERTY.—

(1) IN GENERAL.—Paragraph (1) of section 311(d) (relating to appreciated property used to redeem stock) is amended to read as follows:

"(1) IN GENERAL.—If—

"(A) a corporation distributes property (other than an obligation of such corporation) to a shareholder in a distribution to which subpart A applies, and

"(B) the fair market value of such property exceeds its adjusted basis (in the hands of the distributing corporation),

then gain shall be recognized to the distributing corporation in an amount equal to such excess as if the property distributed had been sold at the time of the distribution. This subsection shall be applied after the application of subsections (b) and (c).".

(2) EXCEPTIONS.—

(A) Paragraph (2) of section 311(d) is amended by striking out subparagraphs (A) and (B) and inserting in lieu thereof the following:

"(A) a distribution to an 80-percent corporate shareholder if the basis of the property distributed is determined under section 301(d)(2);

"(B) a distribution which is made with respect to qualified stock if—

"(i) section 302(b)(4) applies to such distribution, or

"(ii) such distribution is a qualified dividend;".

(B) Subsection (e) of section 311 is amended by adding at the end thereof the following new paragraphs:

"(3) 80-PERCENT CORPORATE SHAREHOLDER.—The term '80-percent corporate shareholder' means, with respect to any distribution, any corporation which owns—

"(A) stock in the corporation making the distribution possessing at least 80 percent of the total combined voting power of all classes of stock entitled to vote, and

"(B) at least 80 percent of the total number of shares of all other classes of stock of the distributing corporation (except nonvoting stock which is limited and preferred as to dividends).

"(4) QUALIFIED DIVIDEND.—The term 'qualified dividend' means any distribution of property to a shareholder other than a corporation if—

"(A) such distribution is a dividend,

"(B) such property was used by the distributing corporation in the active conduct of a qualified business (as defined in paragraph (2)(B)), and

"(C) such property is not property described in paragraph (1) or (4) of section 1221.".

(3) CLERICAL AMENDMENT.—The subsection heading of subsection (d) of section 311 is amended to read as follows:

"(d) DISTRIBUTIONS OF APPRECIATED PROPERTY.—".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in this subsection, the amendments made by this section shall apply to distributions declared after March 15, 1984, in taxable years ending after such date.

(2) EXCEPTION FOR CERTAIN DISTRIBUTIONS.—

(A) IN GENERAL.—The amendments made by this section shall not apply to distributions before February 1, 1986, if—

(i) the distribution consists of property held on March 7, 1984 (or property acquired thereafter in the ordinary course of a trade or business) by—

(I) the controlled corporation, or

(II) any subsidiary controlled corporation,

(ii) a group of 1 or more shareholders (acting in concert)—

(I) acquired, during the 1-year period ending on February 1, 1984 at least 10 percent of the outstanding stock of the controlled corporation,

(II) held at least 10 percent of the outstanding stock of the common parent on February 1, 1984, and

(III) submitted a proposal for distributions of interests in a royalty trust from the common parent or the controlled corporation, and

(iii) the common parent acquired control of the controlled corporation during the 1-year period ending on February 1, 1984.

(B) DEFINITIONS.—For purposes of this paragraph—

(i) The term "common parent" has the meaning given such term by section 1504(a) of the Internal Revenue Code of 1954.

(ii) The term "controlled corporation" means a corporation with respect to which 50 percent or more of the outstanding stock of its common parent is tendered for pursuant to a tender offer outstanding on March 7, 1984.

(iii) The term "subsidiary controlled corporation" means any corporation with respect to which the controlled corporation has control (within the meaning of section 368(c) of such Code) on March 7, 1984.

(3) EXCEPTION FOR CERTAIN DISTRIBUTION OF PARTNERSHIP INTERESTS.—The amendments made by this section shall not apply to any distribution before February 1, 1986, of an interest in a partnership the interests of which were being traded on a national securities exchange on March 7, 1984, if—

(A) such interest was owned by the distributing corporation (or any member of an affiliated group within the meaning of section 1504(a) of such Code of which the distributing corporation was a member) on March 7, 1984,

(B) the distributing corporation (or any such affiliated member) owned more than 80 percent of the interests in such partnership on March 7, 1984, and

(C) more than 10 percent of the interests in such partnership was offered for sale to the public during the 1-year period ending on March 7, 1984.

SEC. 37. EXTENSION OF HOLDING PERIOD FOR LOSSES ATTRIBUTABLE TO CAPITAL GAIN DIVIDENDS OF REGULATED INVESTMENT COMPANIES OR REAL ESTATE INVESTMENT TRUSTS.

(a) REGULATED INVESTMENT COMPANIES.—

(1) IN GENERAL.—Subparagraph (A) of section 852(b)(4) (relating to loss attributable to capital gain dividend) is amended to read as follows:

"(A) LOSS ATTRIBUTABLE TO CAPITAL GAIN DIVIDEND.—If—

"(i) subparagraph (B) or (D) of paragraph (3) provides that any amount with respect to any share is to be treated as a long-term capital gain, and

"(ii) such share is held by the taxpayer for 6 months or less,

then any loss (to the extent not disallowed under subparagraph (B)) on the sale or exchange of such share shall, to the extent of the amount described in clause (i), be treated as a long-term capital loss.".

(2) DETERMINATION OF HOLDING PERIODS.—Subparagraph (C) of section 852(b)(4) is amended to read as follows:

"(C) DETERMINATION OF HOLDING PERIODS.—For purposes of this paragraph, the rules of section 246(c) shall apply in determining the period for which the taxpayer held any share of stock; except that for the number of days specified in subparagraph (B) of section 246(c)(3) there shall be substituted—

"(i) '6 months' for purposes of subparagraph (A), and

"(ii) '30 days' for purposes of subparagraph (B).".

(3) EXCEPTION FOR LOSSES INCURRED UNDER PERIODIC LIQUIDATION PLANS.—Paragraph (4) of section 852(b) is amended by adding at the end thereof the following new subparagraph:

"(D) LOSSES INCURRED UNDER A PERIODIC LIQUIDATION PLAN.—To the extent provided in regulations, subparagraph (A) shall not apply to losses incurred on the sale or exchange of shares of stock in a regulated investment company pursuant to a plan which provides for the periodic liquidation of such shares.".

(b) REAL ESTATE INVESTMENT TRUSTS.—Paragraph (7) of section 857(b) (relating to loss on sale or exchange of stock in real estate investment trust) is amended to read as follows:

"(7) LOSS ON SALE OR EXCHANGE OF STOCK HELD 6 MONTHS OR LESS.

"(A) IN GENERAL.—If—

"(i) subparagraph (B) of paragraph (3) provides that any amount with respect to any share or beneficial interest is to be treated as a long-term capital gain, and

"(ii) the taxpayer has held such share or interest for 6 months or less,

then any loss on the sale or exchange of such share or interest shall, to the extent of the amount described in clause (i), be treated as a long-term capital loss.

"(B) DETERMINATION OF HOLDING PERIOD.—For purposes of this paragraph, the rules of section 246(c) shall apply in determining the period for which the taxpayer has held any share of stock or beneficial interest; except that '6 months' shall be substituted for the number of days specified in subparagraph (B) of section 246(c)(3).

"(C) EXCEPTION FOR LOSSES INCURRED UNDER PERIODIC LIQUIDATION PLANS.—To the extent provided in regulations, subparagraph (A) shall not apply to any loss incurred on the sale or exchange of shares of stock of, or beneficial interest in, a real estate investment trust pursuant to a plan which provides for the periodic liquidation of such shares or interests.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to losses incurred with respect to shares of stock and beneficial interests with respect to which the taxpayer's holding period begins after the date of the enactment of this Act.

PART III—MISCELLANEOUS PROVISIONS

SEC. 41. DENIAL OF DEDUCTIONS FOR CERTAIN EXPENSES INCURRED IN CONNECTION WITH SHORT SALES.

(a) SHORT SALE PAYMENTS ATTRIBUTABLE TO DIVIDENDS.—Section 263 (relating to capital expenditures) is amended by adding at the end thereof the following new subsection:

"(h) PAYMENTS IN LIEU OF DIVIDENDS IN CONNECTION WITH SHORT SALES.—

"(1) IN GENERAL.—If—

"(A) a taxpayer makes any payment (or other distribution) with respect to any stock used by such taxpayer in a short sale and such payment or distribution is in lieu of a dividend payment on such stock, and

"(B) the closing of such short sale occurs on or before the 15th day after the date of such short sale,

then no deduction shall be allowed for such payment or distribution. The basis of the stock used to close the short sale shall be increased by the amount not allowed as a deduction by reason of the preceding sentence.

"(2) LONGER PERIOD IN CASE OF EXTRAORDINARY DIVIDENDS.—If the payment described in paragraph (1)(A) is in respect of an extraordinary dividend, paragraph (1)(B) shall be applied by substituting 'the day 1 year after the date of such short sale' for 'the 15th day after the date of such short sale'.

"(3) EXTRAORDINARY DIVIDEND.—For purposes of this subsection, the term 'extraordinary dividend' has the meaning given to such term by section 1059(c); except that such section shall be applied by treating the amount realized by the taxpayer in the short sale as his adjusted basis in the stock.

"(4) SPECIAL RULE WHERE RISK OF LOSS SUBSTANTIALLY DIMINISHED.—The running of any period of time applicable under paragraph (1)(B) (as modified by paragraph (2)) shall be suspended during any period in which—

"(A) the taxpayer holds, has an option to buy, or is under a contractual obligation to buy, substantially identical stock or securities, or

"(B) under regulations prescribed by the Secretary, a taxpayer has diminished his risk of loss by holding 1 or more other positions with respect to substantially similar property.".

(b) INVESTMENT INTEREST TO INCLUDE CERTAIN EXPENSES INVOLVING SHORT SALES.—Subparagraph (D) of section 163(d)(3) (defining investment interest) is amended to read as follows:

"(D) INVESTMENT INTEREST.—

"(i) IN GENERAL.—The term 'investment interest' means interest paid or accrued on indebtedness incurred or continued to purchase or carry property held for investment.

"(ii) CERTAIN EXPENSES INCURRED IN CONNECTION WITH SHORT SALES.—For purposes of clause (i), the term 'interest' includes any amount allowable as a deduction in connection with the personal property used in a short sale.".

(c) INTEREST FOR PURPOSES OF SECTION 265(2) TO INCLUDE CERTAIN EXPENSES INVOLVING SHORT SALES.—Section 265(2) (relating to denial of deduction for interest relating to tax-exempt income) is amended by adding at the end thereof the following new sentence: "For purposes of this paragraph, the term 'interest' includes any amount paid or incurred in connection with the personal property used in a short sale.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to short sales after the date of the enactment of this Act in taxable years ending after such date.

SEC. 42. NONRECOGNITION OF GAIN OR LOSS BY CORPORATION ON OPTIONS WITH RESPECT TO ITS STOCK.

(a) GENERAL RULE.—Subsection (a) of section 1032 (relating to exchange of stock for property) is amended by adding at the end thereof the following new sentence: "No gain or loss shall be recognized by a corporation with respect to any lapse or acquisition of an option to buy or sell its stock (including treasury stock).".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to options acquired or lapsed after the date of the enactment of this Act in taxable years ending after such date.

SEC. 43. AMENDMENTS TO ACCUMULATED EARNINGS TAX.

(a) CLARIFICATION THAT TAX APPLIES TO CORPORATIONS WHICH ARE NOT CLOSELY HELD.—Section 532 (relating to corporations subject to accumulated earnings tax) is amended by adding at the end thereof the following new subsection:

"(c) APPLICATION DETERMINED WITHOUT REGARD TO NUMBER OF SHAREHOLDERS.—The application of this part to a corporation shall be determined without regard to the number of shareholders of such corporation.".

(b) TREATMENT OF CAPITAL GAINS AND LOSSES.—Subsection (b) of section 535 (defining accumulated taxable income) is amended by striking out paragraphs (5), (6), and (7) and inserting in lieu thereof the following:

"(5) CAPITAL LOSSES.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), there shall be allowed as a deduction an amount equal to the net capital loss for the taxable year.

"(B) RECAPTURE OF PREVIOUS DEDUCTIONS FOR CAPITAL GAINS.—The aggregate amount allowable as a deduction under subparagraph (A) for any taxable year shall be reduced by the lesser of—

"(i) the nonrecaptured capital gains deductions, or

"(ii) the amount of the accumulated earnings and profits of the corporation as of the close of the preceding taxable year.

"(C) NONRECAPTURED CAPITAL GAINS DEDUCTIONS.—For purposes of subpargraph (B), the term 'nonrecaptured capital gains deductions' means the excess of—

"(i) the aggregate amount allowable as a deduction under paragraph (6) for preceding taxable years beginning after the date of the enactment of the Tax Reform Act of 1984, over

"(ii) the aggregate of the reductions under subparagraph (B) for preceding taxable years.

"(6) NET CAPITAL GAINS.—

"(A) IN GENERAL.—There shall be allowed as a deduction—

"(i) the net capital gain for the taxable year (determined with the application of paragraph (7)), reduced by

"(ii) the taxes attributable to such net capital gain.

"(B) ATTRIBUTABLE TAXES.—For purposes of subparagraph (A), the taxes attributable to the net capital gain shall be an amount equal to the difference between—

"(i) the taxes imposed by this subtitle (except the tax imposed by this part) for the taxable year, and

"(ii) such taxes computed for such year without including in taxable income the net capital gain for the taxable year (determined without the application of paragraph (7)).

"(7) CAPITAL LOSS CARRYOVERS.—

"(A) UNLIMITED CARRYFORWARD.—The net capital loss for any taxable year shall be treated as a short-term capital loss in the next taxable year.

"(B) SECTION 1212 INAPPLICABLE.—No allowance shall be made for the capital loss carryback or carryforward provided in section 1212.

"(8) SPECIAL RULES FOR MERE HOLDING OR INVESTMENT COMPANIES.—In the case of a mere holding or investment company—

"(A) CAPITAL LOSS DEDUCTION, ETC., NOT ALLOWED.—Paragraphs (5) and (7)(A) shall not apply.

"(B) EARNINGS AND PROFITS.—For purposes of subchapter C, the accumulated earnings and profits at any time shall not be less than they would be if this subsection had applied to the computation of earnings and profits for all taxable years beginning after the date of the enactment of the Tax Reform Act of 1984.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 44. PHASE-OUT OF GRADUATED RATES FOR LARGE CORPORATIONS.

(a) IN GENERAL.—Subsection (b) of section 11 (relating to amount of tax imposed on corporations) is amended by adding at the end thereof the following new flush sentence:

"In the case of a corporation with taxable income in excess of $1,000,000 for any taxable year, the amount of tax determined under the preceding sentence for such taxable year shall be increased by the lesser of (A) 5 percent of such excess, or (B) $20,000.".

(b) CONFORMING AMENDMENT.—Section 1561(a) (relating to limitations on certain multiple tax benefits in the case of certain control corporations) is amended by adding at the end thereof the following new sentence: "Notwithstanding paragraph (1), in applying the last sentence of section 11(b) to such component members, the taxable income of all such component members shall be taken into account and any increase in tax under such last sentence shall be divided among such component members in the same manner as amounts under paragraph (1).".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1983.

SEC. 45. INCREASE IN REDUCTION IN CERTAIN CORPORATE PREFERENCE ITEMS FROM 15 PERCENT TO 20 PERCENT.

(a) IN GENERAL.—Section 291 (relating to special rules for corporate preference items) is amended by striking out "15 percent" each place it appears and inserting in lieu thereof "20 percent".

(b) DEFERRED DISC AND FSC INCOME.—Paragraph (4) of section 291(a) (relating to certain deferred DISC income) is amended to read as follows:

"(4) CERTAIN DEFERRED DISC OR FSC INCOME.—If a corporation is a shareholder of a DISC or FSC, in the case of taxable years beginning after December 31, 1982—

"(A) section 995(b)(1)(F)(i) shall be applied with respect to such corporation by substituting '60 percent' for 'one-half', and

"(B) section 923(a) shall be applied with respect to such corporation—

"(i) by substituting '32 percent' for '34 percent' in paragraph (2), and

"(ii) by substituting '16/23' for '17/23' in paragraph (3).".

(c) MINIMUM TAX.—Section 57(b) (relating to application with section 291) is amended by striking out "71.6 percent" each place it appears and inserting in lieu thereof "59 5/6 percent".

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in this subsection, the amendments made by this section shall apply to taxable years beginning after December 31, 1984.

(2) 1250 GAIN.—The amendments made by this section to section 291(a)(1) of the Internal Revenue Code of 1954 shall apply to sales or other dispositions after December 31, 1984, in taxable years ending after such date.

(3) POLLUTION CONTROL FACILITIES.—The amendments made by this section to section 291(a)(5) of such Code shall apply to property placed in service after December 31, 1984, in taxable years ending after such date.

(4) DRILLING AND MINING COSTS.—The amendments made by this section to section 291(b) of such Code shall apply to expenditures after December 31, 1984, in taxable years ending after such date.

SEC. 46. RESTRICTIONS ON GOLDEN PARACHUTE PAYMENTS.

(a) IN GENERAL.—Part IX of subchapter B of chapter 1 (relating to items not deducti-

ble) is amended by adding at the end thereof the following new section:

"SEC. 280F. PAYMENTS UNDER GOLDEN PARACHUTE AGREEMENTS.

"(a) IN GENERAL.—In the case of a golden parachute agreement, no deduction shall be allowed under this chapter for any amount paid or incurred (or property transferred) pursuant to a golden parachute agreement.

"(b) GOLDEN PARACHUTE AGREEMENT DEFINED—For purposes of this section—

"(1) IN GENERAL.—The term 'golden parachute agreement' means any agreement to make one or more payments (or transfers of property) to an applicable individual if—

"(A) such payments are contingent upon a change or threatened change (of a kind specified in the agreement) in the ownership or control of the corporation or a significant portion of its assets,

"(B) the present value (determined in accordance with section 1274(b)(2)) of the aggregate amount (including property) to be received under such agreement by such applicable individual exceeds 200 percent of the highest compensation includible in gross income by such applicable individual from such corporation for any taxable year during the 5-year taxable period preceding the date the agreement is entered into, and

"(C) any portion of such payments does not constitute a reasonable allowable for salary or other compensation for personal services actually rendered by such applicable individual.

"(2) CERTAIN AGREEMENTS SPECIFIED BY SECTION.—To the extent provided in regulations prescribed by the Secretary, the term 'golden parachute agreement' shall include any agreement which the Securities and Exchange Commission classifies as unreasonable in cases similar to the case described in paragraph (1)(A).

"(3) PRESUMPTION OF UNREASONABILITY.—For purposes of paragraph (1)(C), an agreement described in paragraph (1) (without regard to subparagraph (C)) shall be presumed to be unreasonable compensation for services unless the taxpayer establishes otherwise.

"(4) APPLICABLE INDIVIDUAL.—For purposes of this section, the term 'applicable individual' means any individual who—

"(A) is an employee, independent contractor, or other person specified in regulations prescribed by the Secretary who performs personal services for any corporation, and

"(B) is an officer, shareholder, or highly compensated individual.".

(b) EXCISE TAX ON AMOUNTS RECEIVED.—Subtitle D (relating to miscellaneous excise taxes) is amended by adding at the end thereof the following new chapter:

"CHAPTER 46—GOLDEN PARACHUTE AGREEMENTS

"Sec. 4999. Payments under golden parachute agreements.

"SEC. 4999. PAYMENTS UNDER GOLDEN PARACHUTE AGREEMENTS.

"(a) IN GENERAL.—There is hereby imposed on any person who receives any amount (including property) under a golden parachute agreement a tax equal to 20 percent of the amount of such payment.

"(b) GOLDEN PARACHUTE AGREEMENT.—For purposes of this section, the term 'golden parachute agreement' has the meaning given such term by section 280F(b).".

(c) FICA TAXES.—Paragraph (2)(C) of section 3121(v) (relating to treatment of certain nonqualified deferred compensation plans) is amended by adding at the end thereof the following new sentence: "Such term shall not include a golden parachute agreement (within the meaning of section 280F(b)).".

(d) CONFORMING AMENDMENT.—The table of sections for part IX of subchapter B of chapter 1 is amended by adding at the end thereof the following new item:

"Sec. 280F. Payments under golden parachute agreements.".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to payments under agreements entered into after March 15, 1984, in taxable years ending after such date.

SEC. 47. PROVISIONS RELATING TO EARNINGS AND PROFITS.

(a) ADJUSTMENTS TO EARNINGS AND PROFITS.—

(1) IN GENERAL.—Section 312 (relating to effect on earnings and profits) is amended by adding at the end thereof the following new subsection:

"(n) ADJUSTMENTS TO EARNINGS AND PROFITS TO MORE ACCURATELY REFLECT ECONOMIC GAIN AND LOSS.—For purposes of computing the earnings and profits of a corporation, the following adjustments shall be made:

"(1) CONSTRUCTION PERIOD INTEREST AND TAXES.—

"(A) IN GENERAL.—In the case of any amount paid or incurred for construction period interest and taxes—

"(i) no deduction shall be allowed with respect to such amount, and

"(ii) the basis of the property with respect to which such interest and taxes are allocable shall be increased by such amount.

"(B) CONSTRUCTION PERIOD INTEREST AND TAXES DEFINED.—For purposes of this paragraph, the term 'construction period interest and taxes' means all—

"(i) interest paid or accrued on indebtedness incurred or continued to acquire, construct, or carry property,

"(ii) property taxes, and

"(iii) similar carrying charges,

to the extent such interest, taxes, or charges are attributable to the construction period for such property and would be allowable as a deduction in determining taxable income under this chapter for the taxable year in which paid or incurred (determined without regard to section 189).

"(C) CONSTRUCTION PERIOD.—The term 'construction period' has the meaning given such term by section 189(e)(2) (determined without regard to any real property limitation).

"(2) INTANGIBLE DRILLING COSTS AND MINERAL EXPLORATION AND DEVELOPMENT COSTS.—

"(A) INTANGIBLE DRILLING COSTS.—The amount allowable as a deduction in determining taxable income for any taxable year under section 263(c) shall be allowable as a deduction ratably over the 60-month period beginning with the month in which the the assets to which such amount relates are placed in service.

"(B) MINERAL EXPLORATION AND DEVELOPMENT COSTS.—The amount allowable as a deduction in determining taxable income for any taxable year under section 616(a) or 617 shall be allowable as a deduction ratably over the 120-month period beginning with the month in which the assets to which such amount relates are placed in service.

"(3) CERTAIN AMORTIZED AMOUNTS AND DEFERRED EXPENSES.—In the case of the amount of any expenditure with respect to which a deduction in determining taxable income is allowable under section 173, 177, or 248, such amount shall be chargeable to capital account.

"(4) CERTAIN UNTAXED APPRECIATION OF DISTRIBUTED PROPERTY.—In the case of any distribution of property by a corporation described in section 311(d), earnings and profits shall be increased by the amount of any gain which would be includible in gross income for any taxable year if section 311(d)(2) (other than subparagraph (A) thereof) did not apply.

"(5) LIFO INVENTORY ADJUSTMENTS.—Earnings and profits shall be increased or decreased by the amount of any increase or decrease in the LIFO recapture amount (determined under section 336(b)(3)) after the end of each taxable year, except that any decrease below the LIFO recapture amount after the close of the taxable year preceding the first taxable year to which this paragraph applies, shall be taken into account only to the extent provided in regulations prescribed by the Secretary.

"(6) INSTALLMENT SALES.—In the case of any installment sale, earnings and profits shall be computed as if all payments with respect to such sale are made in the taxable year in which such sale occurs.

"(7) COMPLETED CONTRACT METHOD OF ACCOUNTING.—In the case of a taxpayer who uses the completed contract method of accounting, earnings and profits shall be computed as if such taxpayer used the percentage of completion method of accounting.

"(8) REDEMPTIONS.—If a corporation distributes amounts in a redemption to which section 302(a) or 303 applies, the part of such distribution which is properly chargeable to earnings and profits shall be an amount which is not in excess of the ratable share of the earnings and profits of such corporation accumulated after February 28, 1913, attributable to the stock so redeemed.".

(2) CONFORMING AMENDMENTS.—

(A) Section 312(j) (relating to earnings and profits of foreign investment companies) is amended by striking out paragraph (3).

(B) Subsection (e) of section 312 is hereby repealed.

(b) ADJUSTMENT TO EFFECT OF DEPRECIATION ON EARNINGS AND PROFITS.—The table contained in section 312(k)(3)(A) (relating to recovery property), as amended by this Act, is amended by striking out "35 years" in the item relating to 15-year real property and 20-year real property and inserting in lieu thereof "40 years".

(c) DISTRIBUTIONS OF OBLIGATIONS HAVING ORIGINAL ISSUE DISCOUNT.—

(1) EFFECT ON EARNINGS AND PROFITS.—

(A) Paragraph (2) of section 312(a) (relating to effect of earnings and profits) is amended to read as follows:

"(2) the principal amount of the obligations of such corporation (or, in the case of obligations having original issue discount, the aggregate issue price of such obligations), and ".

(B) Section 312, as amended by subsection (a), is amended by adding at the end thereof the following new subsection:

"(o) DEFINITION OF ORIGINAL ISSUE DISCOUNT AND ISSUE PRICE FOR PURPOSES OF SUBSECTION (a)(2).—For purposes of subsection (a)(2), the terms 'original issue discount' and 'issue price' have the same respective meanings as when used in subpart A of part V of subchapter P of this chapter."

(2) TREATMENT UNDER ORIGINAL ISSUE DISCOUNT RULES.—Subsection (a) of section 1275 (relating to other definitions and special rules), as added by this Act, is amended by adding at the end thereof the following new paragraph:

"(4) TREATMENT OF OBLIGATIONS DISTRIBUTED TO CORPORATIONS.—Any debt obligation of a corporation distributed by such corporation with respect to its stock shall be treated as if it had been issued by such corporation for property.".

(d) EFFECTIVE DATES.—

(1) ADJUSTMENTS TO EARNINGS AND PROFITS.—

(A) IN GENERAL.—Except as provided in this paragraph, the amendments made by subsection (a) shall apply to amounts paid or incurred in, or distributions or redemptions occurring in, taxable years beginning after the date of the enactment of this Act.

(B) SPECIAL RULE FOR DISTRIBUTION OF APPRECIATED PROPERTY.—The provisions of section 312(n)(4) of the Internal Revenue Code of 1954, as added by subsection (a), shall not apply to any distribution to which the amendments made by section 36 of this Act do not apply.

(C) LIFO INVENTORY.—The provisions of section 312(n)(5) of such Code (as so added) shall apply to taxable years beginning after the date of the enactment of this Act.

(D) SPECIAL RULES FOR INSTALLMENT SALES AND CERTAIN CONTRACTS.—The provisions of section 312(n)(6) and (7) of such Code (as so added) shall apply to any sale made or contract entered into after March 15, 1984, unless such sale or contract was made pursuant to a binding contract which was in effect on March 15, 1984, and at all times thereafter.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall apply to property placed in service in taxable years beginning after the date of the enactment of this Act.

(3) SUBSECTION (c).—The amendments made by subsection (c) shall apply with respect to distributions declared after March 15, 1984, in taxable years ending after such date.

SEC. 48. TWO-YEAR DELAY IN APPLICATION OF THE NET OPERATING LOSS RULES ADDED BY THE TAX REFORM ACT OF 1976.

(a) IN GENERAL.—Subsection (g) of section 806 of the Tax Reform Act of 1976 (26 U.S.C. 382 note) (relating to effective dates for the amendments to sections 382 and 383 of the Internal Revenue Code of 1954) is amended—

(1) by striking out "June 30, 1984" in paragraph (2) and inserting in lieu thereof "December 31, 1985";

(2) by striking out "January 1, 1984" in paragraph (2)(B) and inserting in lieu thereof "January 1, 1986"; and

(3) by striking out "January 1, 1984" in paragraph (3) and inserting in lieu thereof "January 1, 1986".

SEC. 49. TARGET CORPORATION MUST DISTRIBUTE ASSETS AFTER REORGANIZATION DESCRIBED IN SECTION 368(a)(1)(C).

(a) IN GENERAL.—Paragraph (2) of section 368(a) (relating to special rules for paragraph (1)) is amended by adding at the end thereof the following new subparagraph:

"(G) DISTRIBUTION REQUIREMENT FOR PARAGRAPH (1)(C)—

"(i) IN GENERAL.—A transaction shall fail to meet the requirements of paragraph (1)(C) unless the corporation substantially all of the properties of which are acquired distributes, during the 12-month period beginning on the date of acquisition, all of its assets (other than assets retained to meet claims).

"(ii) EXCEPTION.—The Secretary may by regulations waive the application of clause (i) to any transaction subject to any conditions the Secretary may prescribe in such regulations.".

(b) ALLOCATION OF EARNINGS AND PROFITS IN SECTION 368(a)(1)(C).—Subsection (h) of section 312 (relating to allocation in certain corporate separations) is amended to read as follows:

"(h) ALLOCATION IN CERTAIN CORPORATE SEPARATIONS AND REORGANIZATIONS.—

"(1) SECTION 355.—In the case of a distribution or exchange to which section 355 (or so much of section 356 as relates to section 355) applies, proper allocation with respect to the earnings and profits of the distributing corporation and the controlled corporation (or corporations) shall be made under regulations prescribed by the Secretary.

"(2) SECTION 368(a)(c).—IN THE CASE OF A REORGANIZATION DESCRIBED IN SECTION 368(A)(1)(C)—

"(A) with respect to which one corporation has control of the corporation substantially all of the assets of which are acquired, or

"(B) which is described in regulations prescribed by the Secretary

proper allocation with respect to the earnings and profits of the transferor corporation shall, under regulations prescribed by the Secretary, be made between the acquiring corporation and the transferor corporation.".

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to transactions pursuant to plans adopted after the date of the enactment of this Act.

SEC. 50. DEFINITION OF CONTROL FOR PURPOSES OF NONDIVISIVE REORGANIZATIONS UNDER SECTION 368(a)(1)(D).

(a) IN GENERAL.—Subsection (c) of section 368 (defining control) is amended to read as follows:

"(c) CONTROL DEFINED.—

"(1) IN GENERAL.—For purposes of part I (other than section 304), part II, this part, and part V, the term 'control' means the ownership of stock possessing at least 80 percent of the total combined voting power of all classes of stock entitled to vote and at least 80 percent of the total number of shares of all other classes of stock of the corporation.

"(2) SPECIAL RULE FOR CERTAIN SUBSECTION (a)(1)(D) REORGANIZATIONS.—In the case of a transaction which is described in subparagraph (D) of subsection (a)(1) and with respect to which the requirements of subparagraphs (A) and (B) of section 354(b)(1) are met—

"(A) paragraph (1) shall be applied by substituting '50 percent' for '80 percent' each place it appears, and

"(B) section 318(a) shall apply in determining stock ownership for purposes of paragraph (1), except that—

"(i) section 318(a)(2)(C) shall be applied by substituting '5 percent' for '50 percent', and

"(ii) section 318(a)(3)(C) shall be applied—

"(I) by substituting '5 percent' for '50 percent', and

"(II) in any case where such paragraph would not apply but for subclause (I), by considering a corporation as owning the stock (other than stock in such corporation) owned by or for any shareholder of such corporation in that proportion which the value of the stock which such shareholder owned in such corporation bears to the value of all stock in such corporation.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to transactions pursuant to plans adopted after the date of the enactment of this Act.

SEC. 51. COLLAPSIBLE CORPORATIONS.

(a) DEFINITION.—Subparagraph (A) of section 341(b)(1) (relating to collapsible corporations) is amended by striking out "a substantial part" and inserting in lieu thereof "2/3".

(b) LIMITATIONS.—Subsection (d) of section 341 (relating to limitations on application of section) is amended by adding at the end thereof the following sentence: "In determining whether property is described in subsection (b)(1) for purposes of applying paragraph (2), all property described in section 1221(1) shall, to the extent provided in regulations prescribed by the Secretary, be treated as one item of property.".

(c) CONFORMING AMENDMENT.—Paragraph (2) of section 341(d) is amended by striking out "so manufactured, constructed, produced, or purchased" and inserting in lieu thereof "described in subsection (b)(1)".

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply with respect to sales, exchanges, and distributions made after December 31, 1984.

(2) PROPERTY A SUBSTANTIAL PART OF THE INCOME FROM WHICH IS REALIZED PRIOR TO 1985.—If, prior to January 1, 1985, a corporation has realized a substantial part of the taxable income to be derived from any property—

(A) for purposes of applying section 341(b)(1)(A) of the Internal Revenue Code of 1954, such corporation shall be treated as having realized two-thirds of the taxable income to be derived from such property, and

(B) for purposes of applying section 341(d)(2) of such Code, such property shall not be aggregated with any other property by reason of the last sentence of section 341(d).

Subtitle E—Partnership Provisions

SEC. 55. PARTNERSHIP ALLOCATIONS WITH RESPECT TO CONTRIBUTED PROPERTY.

(a) GENERAL RULE.—Subsection (c) of section 704 (relating to contributed property) is amended to read as follows:

"(c) CONTRIBUTED PROPERTY.—With respect to property contributed to the partnership by a partner, depreciation, depletion, and gain or loss shall, under regulations prescribed by the Secretary, be shared among the partners so as to take account of the variation between the basis of the property to the partnership and its fair market value at the time of contribution.".

(b) CONFORMING AMENDMENTS.—The fourth sentence of section 613A(c)(7)(D) and the third sentence of section 743(b) are each amended by striking out "an agreement described in section 704(c)(2) (relating to effect of partnership agreement on contributed property), such share shall be determined by taking such agreement into account" and inserting in lieu thereof "property contributed to the partnership by a partner, section 704(c) (relating to contributed property) shall apply in determining such share".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to property contributed to the partnership after March 31, 1984, in taxable years ending after such date.

SEC. 56. DETERMINATION OF DISTRIBUTIVE SHARES WHEN PARTNER'S INTEREST CHANGES.

(a) GENERAL RULE.—Section 706 (relating to taxable years of partner and partnership) is amended by adding at the end thereof the following new subsection:

"(d) DETERMINATION OF DISTRIBUTIVE SHARE WHEN PARTNER'S INTEREST CHANGES.—

"(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), if during any taxable year of the partnership there is a change in any partner's interest in the partnership, each partner's distributive share of any item of income, gain, loss, deduction, or credit of the partnership for such taxable year shall be determined by the use of any method prescribed by the Secretary by regulations which takes into account the varying interests of the partners in the partnership during such taxable year.

"(2) CERTAIN CASH BASIS ITEMS PRORATED OVER PERIOD TO WHICH ATTRIBUTABLE.—

"(A) IN GENERAL.—If during any taxable year of the partnership there is a change in any partner's interest in the partnership, then (except to the extent provided in regulations) each partner's distributive share of any allocable cash basis item shall be determined—

"(i) by assigning the appropriate portion of each such item to each day in the period (during the taxable year) to which it is attributable, and

"(ii) by allocating the portion assigned to any such day among the partners in proportion to their interests in the partnership at the close of such day.

"(B) ALLOCABLE CASH BASIS ITEM.—For purposes of this paragraph, the term 'allocable cash basis item' means any of the following items which are described in paragraph (1) and with respect to which the partnership uses the cash receipts and disbursements method of accounting:

"(i) Interest.

"(ii) Taxes.

"(iii) Payments for services or for the use of property.

"(iv) Any other item of a kind specified in regulations prescribed by the Secretary as being an item with respect to which the application of this paragraph is appropriate to avoid significant misstatements of the income of the partners.

"(C) ITEMS ATTRIBUTABLE TO PERIODS NOT WITHIN TAXABLE YEAR.—To the extent that any allocable cash basis item is attributable to—

"(i) periods before the beginning of the taxable year, such item shall be assigned under subparagraph (A)(i) to the first day of such taxable year, or

"(ii) periods after the close of the taxable year, such item shall be assigned under subparagraph (A)(i) to the last day of the taxable year.

"(3) ITEMS ATTRIBUTABLE TO INTEREST IN OTHER PARTNERSHIP PRORATED OVER ENTIRE TAXABLE YEAR.—If—

"(A) during any taxable year of the partnership there is a change in any partner's interest in the partnership, and

"(B) such partnership is a partner in another partnership,

then (except to the extent otherwise provided in regulations) each partner's distributive share of any item attributable to the other partnership shall be determined by assigning an equal portion of each such item to each day during the taxable year of the partnership (during which such partnership is a partner in the other partnership) and by allocating the portion assigned to any such day among the partners in proportion to their interests in the partnership at the close of such day.

"(4) TAXABLE YEAR DETERMINED WITHOUT REGARD TO SUBSECTION (C)(2)(A).—For purposes of this subsection, the taxable year of a partnership shall be determined without regard to subsection (c)(2)(A).

"(5) ELECTION TO TREAT CHANGES DURING MONTH AS OCCURRING ON FIRST DAY OF MONTH.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), at the election of a partnership, any change in any partner's interest in such partnership during any taxable year shall be treated as occurring on the first day of the month in such year in which such change occurs.

"(B) EXCEPTION FOR DISPOSITION OF ENTIRE INTEREST.—Subparagraph (A) shall not apply to any change in any partner's interest in a partnership if such change is described in subparagraph (A) of subsection (c)(2) or is related to a change so described.

"(C) ELECTION.—The election under subparagraph (A) shall apply to all changes in each partner's interest in such partnership (not described in subparagraph (B)) occurring during the taxable year for which such election is made.".

(b) CONFORMING AMENDMENTS.—Paragraph (2) of section 706(c) is amended—

(1) by striking out the last sentence of subparagraph (A), and

(2) by striking out ", but such partner's distributive share of items described in section 702(a) shall be determined by taking into account his varying interests in the partnership during the taxable year" in subparagraph (B).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply—

(1) in the case of items described in section 706(d)(2) of the Internal Revenue Code of 1954 (as added by subsection (a)), to amounts attributable to periods after March 31, 1984, and

(2) in the case of items described in section 706(d)(3) of such Code (as added by subsection (a)), to amounts paid or accrued by the other partnership after March 31, 1984.

SEC. 57. PAYMENTS TO PARTNERS FOR PROPERTY OR CERTAIN SERVICES.

(a) GENERAL RULE.—Subsection (a) of section 707 (relating to transactions between partner and partnership) is amended to read as follows:

"(a) PARTNER NOT ACTING IN CAPACITY AS PARTNER.—

"(1) IN GENERAL.—If a partner engages in a transaction with a partnership other than in his capacity as a member of such partnership, the transaction shall, except as otherwise provided in this section, be considered as occurring between the partnership and one who is not a partner.

"(2) TREATMENT OF PAYMENTS TO PARTNERS FOR PROPERTY OR SERVICES.—Under regulations prescribed by the Secretary—

"(A) TREATMENT OF CERTAIN SERVICES AND TRANSFERS OF PROPERTY.—If—

"(i) a partner performs services for a partnership or transfers property to a partnership,

"(ii) there is a related direct or indirect allocation and distribution to such partner, and

"(iii) the performance of such services (or such transfer) and the allocation and distribution, when viewed together, are properly characterized as a transaction occurring between the partnership and a partner acting other than in his capacity as a member of the partnership,

such allocation and distribution shall be treated as a transaction described in paragraph (1).

"(B) TREATMENT OF CERTAIN PROPERTY TRANSFERS.—If—

"(i) there is a direct or indirect transfer of money or other property by a partner to a partnership,

"(ii) there is a related direct or indirect transfer of money or other property by the partnership to such partner (or another partner), and

"(iii) the transfers described in clauses (i) and (ii), when viewed together, are properly characterized as a sale of property,

such transfers shall be treated either as a transaction described in paragraph (1) or as a transaction between 2 or more partners acting other than in their capacity as members of the partnership.".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by subsection (a) shall apply—

(A) in the case of arrangements described in section 707(a)(2)(A) of the Internal Revenue Code of 1954 (as amended by subsection (a)), to services performed or property transferred after February 29, 1984, and

(B) in the case of transfers described in section 707(a)(2)(B) of such Code (as so amended), to property transferred after March 31, 1984.

(2) EXCEPTION FOR CERTAIN TRANSFERS.—The amendment made by subsection (a) shall not apply to a transfer of property described in section 707(a)(2)(B)(i) that is made before December 31, 1984, if—

(A) such transfer was proposed in a written private offering memorandum circulated before February 28, 1984;

(B) the out-of-pocket costs incurred with respect to such offering exceeded $250,000 as of February 28, 1984;

(C) the encumbrances placed on such property in anticipation of such transfer all constitute obligations for which neither the partnership nor any partner is liable; and

(D) the transferor of such property is the sole general partner of the partnership.

SEC. 58. CONTRIBUTIONS TO A PARTNERSHIP OF UNREALIZED RECEIVABLES, INVENTORY ITEMS, OR CAPITAL LOSS PROPERTY.

(a) GENERAL RULE.—Subpart A of part II of subchapter K of chapter 1 (relating to contributions to a partnership) is amended by adding at the end thereof the following new section:

"SEC. 724. CHARACTER OF GAIN OR LOSS ON CONTRIBUTED UNREALIZED RECEIVABLES, INVENTORY ITEMS, AND CAPITAL LOSS PROPERTY.

"(a) CONTRIBUTIONS OF UNREALIZED RECEIVABLES.—In the case of any property which—

"(1) was contributed to the partnership by a partner, and

"(2) was an unrealized receivable in the hands of such partner immediately before such contribution,

any gain or loss recognized by the partnership on the disposition of such property shall be treated as ordinary income or ordinary loss, as the case may be.

"(b) CONTRIBUTIONS OF INVENTORY ITEMS.—In the case of any property which—

"(1) was contributed to the partnership by a partner, and

"(2) was an inventory item in the hands of such partner immediately before such contribution,

any gain or loss recognized by the partnership on the disposition of such property during the 5-year period beginning on the date of such contribution shall be treated as ordinary income or ordinary loss, as the case may be.

"(c) CONTRIBUTIONS OF CAPITAL LOSS PROPERTY.—In the case of any property which—

"(1) was contributed by a partner to the partnership, and

"(2) was a capital asset in the hands of such partner immediately before such contribution,

any loss recognized by the partnership on the disposition of such property during the 5-year period beginning on the date of such contribution shall be treated as a loss from the sale of a capital asset to the extent that, immediately before such contribution, the adjusted basis of such property in the hands of the partner exceeded the fair market value of such property.

"(d) DEFINITIONS.—For purposes of this section—

"(1) UNREALIZED RECEIVABLE.—The term 'unrealized receivable' has the meaning given such term by section 751(c) (determined by treating any reference to the partnership as referring to the partner).

"(2) INVENTORY ITEM.—The term 'inventory item' has the meaning given such term by section 751(d)(2) (determined by treating any reference to the partnership as referring to the partner and by applying section 1231 without regard to any holding period therein provided).

"(3) SUBSTITUTED BASIS PROPERTY.—

"(A) IN GENERAL.—If any property described in subsection (a), (b), or (c) is disposed of in a nonrecognition transaction, the tax treatment which applies to such property under such subsection shall also apply to any substituted basis property resulting from such transaction (including such property). A similar rule shall also apply in the case of a series of nonrecognition transactions.

"(B) EXCEPTION FOR STOCK IN C CORPORATION.—Subparagraph (A) shall not apply to any stock in a C corporation received in an exchange described in section 351 for property described in subsection (a), (b), or (c).".

(b) AMENDMENT OF SECTION 735.—Section 735 (relating to character of gain or loss on disposition of distributed property) is amended by adding at the end thereof the following new subsection:

"(c) SPECIAL RULES.—

"(1) WAIVER OF HOLDING PERIODS CONTAINED IN SECTION 1231.—For purposes of this section, section 751(d)(2) (defining inventory item) shall be applied without regard to any holding period in section 1231(b).

"(2) SUBSTITUTED BASIS PROPERTY.—

"(A) IN GENERAL.—If any property described in subsection (a) is disposed of in a nonrecognition transaction, the tax treatment which applies to such property under such subsection shall also apply to any substituted basis property resulting from such transaction. A similar rule shall also apply in the case of a series of nonrecognition transactions.

"(B) EXCEPTION FOR STOCK IN C CORPORATION.—Subparagraph (A) shall not apply to any stock in a C corporation received in an exchange described in section 351 for property described in subsection (a).".

(c) CLERICAL AMENDMENT.—The table of sections for subpart A of part II of subchapter K of chapter 1 is amended by adding at the end thereof the following new item:

"Sec. 724. Character of gain or loss on contributed unrealized receivables, inventory items, and capital loss property."

(d) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendment made by subsection (a) shall apply to property contributed to a partnership after March 31, 1984, in taxable years ending after such date.

(2) SUBSECTION (b).—The amendment made by subsection (b) shall apply to property distributed after March 31, 1984, in taxable years ending after such date.

SEC. 59. TRANSFERS OF PARTNERSHIP AND TRUST INTERESTS BY CORPORATIONS.

(a) GENERAL RULE.—Subpart C of part II of subchapter K of chapter 1 (relating to transfer of interests in a partnership) is amended by adding at the end thereof the following new section:

"SEC. 744. TRANSFERS OF PARTNERSHIP AND TRUST INTERESTS BY CORPORATIONS.

"(a) CORPORATE DISTRIBUTIONS.—For purposes of determining the amount of gain recognized by a corporation on any distribution, any distribution of an interest in a partnership shall be treated as a distribution of the corporation's proportionate share of the recognition property of such partnership.

"(b) SALES OR EXCHANGE TO WHICH SECTION 337 APPLIES.—For purposes of determining the amount of gain recognized on a sale or exchange described in section 337, any sale or exchange by a corporation of an interest in a partnership shall be treated as a sale or exchange of the corporation's proportionate share of the recognition property of such partnership.

"(c) RECOGNITION PROPERTY.—For purposes of this section, the term 'recognition property' means any property with respect to which gain would be recognized to the corporation if such property—

"(1) were distributed by the corporation in a distribution described in section 311 or 336, or

"(2) were a result in a sale described in section 337,

whichever is appropriate in determining whether property of a partnership is recognition property, such partnership shall be treated as owning its proportionate share of the property of any other partnership in which it is a partner.

"(d) EXTENSION TO TRUSTS.—Under regulations, rules similar to the rules of this section shall also apply in the case of the distribution or sale or exchange by a corporation of an interest in a trust.".

(b) ADJUSTMENT OF TRANSFEREE'S BASIS IN PARTNERSHIP PROPERTY.—Subsections (a) and (b) of section 743 (relating to optional adjustment to basis of partnership property) are each amended by inserting ", by distribution," after "sale or exchange".

(c) TECHNICAL AMENDMENT TO SECTION 751(c).—The last sentence of section 751(c) (defining unrealized receivables) is amended by striking out "at its fair market value".

(d) CLERICAL AMENDMENT.—The table of sections for subpart C of part II of subchapter K of chapter 1 is amended by adding at the end thereof the following new item:

"Sec. 744. Transfers of partnership and trust interests by corporations.".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions, sales, and exchanges made after March 31, 1984, in taxable years ending after such date.

SEC. 60. APPLICATION OF SECTION 751 IN THE CASE OF TIERED PARTNERSHIPS.

(a) GENERAL RULE.—Section 751 (relating to unrealized receivables and inventory items) is amended by adding at the end thereof the following new subsection:

"(f) SPECIAL RULES IN THE CASE OF TIERED PARTNERSHIPS, ETC.—In determining whether property of a partnership is—

"(1) an unrealized receivable, or

"(2) an inventory item,

such partnership shall be treated as owning its proportionate share of the property of any other partnership in which it is a partner. Under regulations, rules similar to the rules of the preceding sentence shall also apply in the case of interests in trusts."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to distributions, sales, and exchanges made after March 31, 1984, in taxable years ending after such date.

SEC. 61. SECTION 1031 NOT APPLICABLE TO PARTNERSHIP INTERESTS; LIMITATION ON THE PERIOD DURING WHICH LIKE KIND EXCHANGES MAY BE MADE.

(a) IN GENERAL.—Subsection (a) of section 1031 (relating to nonrecognition of gain or loss from exchanges solely in kind) is amended to read as follows:

"(a) NONRECOGNITION OF GAIN OR LOSS FROM EXCHANGES SOLELY IN KIND.—

"(1) IN GENERAL.—No gain or loss shall be recognized on the exchange of property held for productive use in a trade or business or for investment if such property is exchanged solely for property of like kind which is to be held either for productive use in a trade or business or for investment.

"(2) EXCEPTION.—This subsection shall not apply to any exchange of—

"(A) stock in trade or other property held primarily for sale,

"(B) stocks, bonds, or notes,

"(C) other securities or evidences of indebtedness or interest,

"(D) interests in a partnership,

"(E) certificates of trust or beneficial interests, or

"(F) choses in action.

"(3) REQUIREMENT THAT PROPERTY BE IDENTIFIED AND THAT EXCHANGE BE COMPLETED NOT MORE THAN 180 DAYS AFTER TRANSFER OF EXCHANGED PROPERTY.—For purposes of this subsection, any property received by the taxpayer shall be treated as property which is not like-kind property if—

"(A) such property was not identified (as of the date on which the taxpayer transfers the property relinquished in the exchange) as property to be received in the exchange, or

"(B) such property is received after the earlier of—

"(i) the day which is 180 days after the date on which the taxpayer transfers the property relinquished in the exchange, or

"(ii) the due date (determined with regard to extensions) for the transferor's return of the tax imposed by this chapter for the taxable year in which the transfer of the relinquished property occurs.".

(b) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendment made by subsection (a) shall apply to transfers made after the date of the enactment of this Act, in taxable years ending after such date.

(2) REQUIREMENT THAT PROPERTY BE IDENTIFIED AND EXCHANGE BE COMPLETED WITHIN 180 DAYS.—Paragraph (3) of section 1031(a) of the Internal Revenue Code of 1954 (as amended by subsection (a)) shall apply to transfers after the date of the enactment of this Act.

Subtitle F—Trust Provisions

SEC. 65. TREATMENT OF PROPERTY DISTRIBUTED IN KIND.

(a) GENERAL RULE.—Section 643 (relating to definitions applicable to subchapters A, B, C, and D) is amended by adding at the end thereof the following new subsection:

"(d) TREATMENT OF PROPERTY DISTRIBUTED IN KIND.—

"(1) BASIS OF BENEFICIARY.—The basis of any property received by a beneficiary in a distribution from an estate or trust shall be—

"(A) the adjusted basis of such property in the hands of the estate or trust immediately before the distribution, adjusted for

"(B) any gain or loss recognized to the estate or trust on the distribution.

"(2) TREATMENT OF PROPERTY DISTRIBUTIONS.—In the case of any distribution of property (other than cash)—

"(A) gain or loss shall be recognized by the estate or trust in the same manner as if such property had been sold to the distributee at its fair market value, and

"(B) the amount taken into account under sections 661(a)(2) and 662(a)(2) shall be the fair market value of such property.

"(3) ELECTION TO HAVE PARAGRAPH (2) NOT APPLY.—In the case of any distribution of property (other than cash) to which an election under this paragraph applies—

"(A) paragraph (2) shall not apply, and

"(B) the amount taken into account under sections 661(a)(2) and 662(a)(2) shall be the lesser of the basis of such property in the hands of the beneficiary (as determined under paragraph (1)) or the fair market value of such property.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to distributions after March 1, 1984, in taxable years ending after such date.

SEC. 66. TREATMENT OF MULTIPLE TRUSTS.

(a) GENERAL RULE.—Section 643 (relating to definitions applicable to subparts A, B, C, and D) is amended by adding at the end thereof the following new subsection:

"(e) TREATMENT OF MULTIPLE TRUSTS.—For purposes of this subchapter, under regulations prescribed by the Secretary, 2 or more trusts shall be treated as 1 trust if—

"(1) such trusts have substantially the same grantor or grantors and substantially the same primary beneficiary or beneficiaries, and

"(2) a principal purpose of such trusts is the avoidance of the tax imposed by this chapter.

For purposes of the preceding sentence, a husband and wife shall be treated as 1 person.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after March 1, 1984.

Subtitle G—Accounting Changes

SEC. 71. CERTAIN AMOUNTS NOT TREATED AS INCURRED BEFORE ECONOMIC PERFORMANCE.

(a) IN GENERAL.—Section 461 (relating to general rule for taxable year of deduction) is amended by adding at the end thereof the following new subsections:

"(h) CERTAIN LIABILITIES NOT INCURRED BEFORE ECONOMIC PERFORMANCE.—

"(1) IN GENERAL.—For purposes of this title, in determining whether an amount has been incurred with respect to any item during any taxable year, all of the events which establish liability for such amount shall not be treated as having occurred any earlier than when economic performance with respect to such item occurs.

"(2) TIME WHEN ECONOMIC PERFORMANCE OCCURS.—Except as provided in regulations prescribed by the Secretary, the time when economic performance occurs shall be determined under the following principles:

"(A) SERVICES AND PROPERTY.—If the liability of the taxpayer requires a payment to another person for—

"(i) the providing of services to the taxpayer by another person, economic performance occurs when such person provides such services,

"(ii) the providing of property, economic performance occurs when the person provides such property, or

"(iii) the use of property by the taxpayer, economic performance occurs as the taxpayer uses such property.

"(B) PROVIDING OF SERVICES OR PROPERTY BY THE TAXPAYER.—If the liability of the taxpayer requires the taxpayer to provide property or services, economic performance occurs as the taxpayer provides such property or services.

"(C) WORKERS COMPENSATION, TORT, AND EMPLOYEE BENEFIT LIABILITIES OF THE TAXPAYER.—If the liability of the taxpayer requires a payment to another person and—

"(i) arises under any workers compensation act,

"(ii) arises out of any tort, or

"(iii) arises under any contractual liability of the taxpayer to provide benefits to employees of the taxpayer other than benefits—

"(I) provided through a plan subject to the requirements of section 404 or 404A or a welfare benefit fund described in section 4976(e), or

"(II) which are paid before the date which is 2½ months after the close of the taxable year of the taxpayer.

economic performance occurs as the payments to such person are made. Subparagraphs (A) and (B) shall not apply to any liability described in the preceding sentence.

"(D) OTHER ITEMS.—In the case of any other liability of the taxpayer, economic performance occurs at the time determined under regulations prescribed by the Secretary.

"(3) SUBSECTION NOT TO APPLY TO CERTAIN CASES TO WHICH OTHER PROVISIONS OF THIS TITLE SPECIFICALLY APPLY.—This subsection shall not apply to any item to which any of the following provisions apply:

"(A) Subsection (c) or (f) of section 166 (relating to reserves for bad debts).

"(B) Section 463 (relating to vacation pay).

"(C) Section 466 (relating to discount coupons).

"(D) Any other provisions of this title which specifically provides for a deduction for a reserve for estimated expenses.

"(4) SPECIAL RULES FOR CERTAIN NUCLEAR DECOMMISSIONING AND RECLAMATION AND CLOSING COSTS.—

"(A) IN GENERAL.—This subsection shall not apply to any portion of any liability with respect to which the taxpayer makes an election under subsection (i) or (j).

"(B) LIABILITIES WITH RESPECT TO WHICH ELECTION NOT MADE.—If the taxpayer fails to make an election under subsection (i) or (j)—

"(i) in the case of any liability with respect to the decommissioning of a nuclear powerplant (or unit thereof), economic performance occurs as the decommissioning is performed, and

"(ii) in the case of any liability with respect to any qualified reclamation or closing expenses (within the meaning of subsection (j)), economic performance occurs as the reclamation or closing activities occur.

"(i) SPECIAL RULE FOR LIABILITIES IN CONNECTION WITH THE DECOMMISSIONING OF A NUCLEAR POWERPLANT.—

"(1) IN GENERAL.—If the taxpayer elects the application of this subsection, there shall be allowed as a deduction for any taxable year the amount of payments made by the taxpayer to a Nuclear Decommissioning Reserve Fund (hereinafter referred to as the 'Fund') during such taxable year.

"(2) LIMITATION ON AMOUNTS PAID INTO FUND.—The amount which a taxpayer may pay into the Fund for any taxable year shall not exceed the lesser of—

"(A) the amount of nuclear decommissioning costs which is included in the taxpayer's cost of service for ratemaking purposes for such taxable year, or

"(B) the ruling amount applicable to such taxable year.

"(3) INCOME AND DEDUCTIONS OF THE TAXPAYER.—

"(A) INCLUSION OF AMOUNTS DISTRIBUTED.—There shall be includible in the gross income of the taxpayer for any taxable year—

"(i) any amount distributed from the Fund during such taxable year, other than any amount distributed to pay costs described in paragraph (5)(B)(ii) (unless such distribution is to the taxpayer),

"(ii) the amount of any deemed distribution under paragraph (5)(F) if the Fund is disqualified in such taxable year, and

"(iii) the balance in the Fund as of the time the Fund is terminated under paragraph (5)(G).

"(B) DEDUCTION WHEN ECONOMIC PERFORMANCE OCCURS.—In addition to any deduction under paragraph (1), there shall be allowable as a deduction for any taxable year the amount of the nuclear decommissioning costs with respect to which economic performance (within the meaning of subsection (h)(2)) occurs during such taxable year.

"(4) RULING AMOUNT.—For purposes of this subsection—

"(A) REQUEST REQUIRED.—No deduction shall be allowed for any payment to the Fund unless the taxpayer requests, and receives, from the Secretary, a schedule of ruling amounts.

"(B) RULING AMOUNT.—The term 'ruling amount' means, with respect to any taxable year, the amount which the Secretary determines under subparagraph (A) to be necessary to—

"(i) to fund the future nuclear decommissioning costs of the taxpayer with respect to the nuclear powerplant (or unit thereof), multiplied by a fraction—

"(I) the numerator of which is the number of taxable years between the taxable year in which the Fund is established and the taxable year in which decommissioning is reasonably expected to commence, and

"(II) the denominator of which is the useful life of the nuclear powerplant (or unit thereof), and

"(ii) to prevent any excessive funding of such costs or the funding of such costs at a rate more rapid than level funding, taking into account such discount rates as the Secretary deems appropriate.

"(C) REVIEW OF AMOUNT.—The Secretary shall at least once during the useful life of the nuclear powerplant or unit thereof (or, more frequently, upon the request of the taxpayer) review, and revise if necessary, the schedule of ruling amounts determined under subparagraph (A).

"(5) NUCLEAR DECOMMISSIONING TRUST FUND.—

"(A) IN GENERAL.—Each taxpayer who elects the application of this subsection shall establish a Nuclear Decommissioning Trust Fund with respect to each nuclear powerplant (or unit thereof) to which such election applies.

"(B) TAXATION OF FUND.—There is imposed on the gross income of the Fund for any taxable year a tax at a rate equal to the maximum rate in effect under section 11(b), except that—

"(i) there shall not be included in the gross income of the Fund any payment to the Fund with respect to which a deduction is allowable under paragraph (1), and

"(ii) there shall be allowed as a deduction any amount paid by the Fund described in subparagraph (D)(ii) (other than to the taxpayer).

"(C) CONTRIBUTIONS TO FUND.—The Fund shall not accept any payments (or other amounts) other than payments with respect to which a deduction is allowable under paragraph (1).

"(D) USE OF FUND.—The Fund shall be used exclusively for—

"(i) satisfying, in whole or in part, any liability of any person contributing to the Fund for the decommissioning of a nuclear powerplant (or unit thereof), and

"(ii) to pay administrative costs (including taxes) and other incidental expenses of the Fund (including legal, accounting, actuarial, and trustee expenses) in connection with the operation of the Fund.

"(E) PROHIBITIONS AGAINST SELF-DEALING.—Under regulations prescribed by the Secretary, for purposes of section 4951 (and so much of this title as relates to such section), the Fund shall be treated in the same manner as a trust described in section 501(c)(21).

"(F) DISQUALIFICATION OF FUND.—In any case in which the Fund violates any provision of this subsection or section 4951, the Secretary may disqualify such Fund from the application of this subsection. In any case to which this subparagraph applies, the Fund shall be treated as having distributed all of its funds on the date such determination takes effect.

"(G) TERMINATION UPON COMPLETION.—Upon completion of the nuclear decommissioning of the nuclear powerplant (or unit thereof) with respect to which a Fund relates, the taxpayer shall terminate such Fund.

"(j) SPECIAL RULES RELATING TO CERTAIN RECLAMATION AND CLOSING COSTS.—

"(1) IN GENERAL.—In the case of any qualified reclamation or closing expenses, there shall be allowed as a deduction for any taxable year an amount equal to the current reclamation and closing costs of the taxpayer with respect to such expenses if the taxpayer—

"(A) elects the application of this subsection, and

"(B) establishes a separate account as of the close of such taxable year—

"(i) for each property or portion thereof to which the costs arising in such taxable year relate (as determined under paragraph (7)), and

"(ii) which meets the requirements of this subsection.

"(2) ADJUSTMENTS TO ACCOUNT.—Any account established with respect to any qualified reclamation or closing expenses shall—

"(A) be increased by the amount of the current reclamation or closing costs,

"(B) be credited with interest (compounded semiannually) at a rate equal to one-half the discount rate in effect under section 483—

"(i) with respect to the Federal short-term rate in the case of current reclamation costs, and

"(ii) with respect to the Federal long-term rate in the case of current closing costs, and

"(C) reduced by the amount paid by the taxpayer for qualified reclamation and closing expenses allocable to such account.

"(3) INCLUSION IN INCOME OF CERTAIN AMOUNTS.—

"(A) IN GENERAL.—There shall be includible in the gross income of any taxpayer for any taxable year the aggregate amount of the reductions under paragraph (2)(C) in any account of the taxpayer during such taxable year.

"(B) SPECIAL RULES FOR RECLAMATION ACCOUNTS.—In the case of any account established with respect to qualified reclamation expenses—

"(i) all amounts in such account shall be withdrawn as of the close of the 3rd taxable year after the taxable year in which such account is established, and

"(ii) such amounts shall be included in the gross income of the taxpayer for such 3rd taxable year.

"(4) ALLOWANCE OF DEDUCTION AS ECONOMIC PERFORMANCE OCCURS.—In addition to any deduction allowable under paragraph (1), a deduction shall be allowable for any qualified reclamation and closing expenses in the taxable year in which economic performance (within the meaning of subsection (h)(2)) occurs.

"(5) CURRENT RECLAMATION AND CLOSING COSTS.—For purposes of this subsection—

"(A) CURRENT RECLAMATION COSTS.—The term 'current reclamation costs' means the qualified reclamation expenses which would be incurred (on the date the account with respect to such expenses is established) if the reclamation activities to which such expenses relate were commenced on such date.

"(B) CURRENT CLOSING COSTS.—The term 'current closing costs' means, with respect to any taxable year, the excess of—

"(i) the qualified closing expenses (determined on a unit-of-production method of accounting) as of the last day of such taxable year as if the activities to which such expenses relate were commenced on such day, over

"(ii) the amount determined under clause (i) as of the beginning of such taxable year.

"(C) 2 PERCENT DISCOUNT.—For purposes of this paragraph, any amount under subparagraphs (A) and (B) shall be discounted under regulations prescribed by the Secretary, using a discount rate equal to 2 percent, compounded annually, for each calendar year (or fraction thereof) between—

"(i) in the case of subparagraph (A), the date the account is established, or

"(ii) in the case of subparagraph (B), the first day of the taxable year, and

"(iii) the date on which the activity to which the qualified reclamation or closing expenses relate is reasonably expected to commence.

"(6) QUALIFIED RECLAMATION EXPENSES.—For purposes of this subsection, the term 'qualified reclamation expenses' means any of the following expenses:

"(A) MINING RECLAMATION.—Any expenses incurred for any land reclamation activity which is conducted in accordance with a reclamation plan (including an amendment or modification thereof) which is submitted pursuant to—

"(i) the provisions of section 511 or 528 of the Surface Mining Control and Reclamation Act of 1977 (as in effect on January 1, 1984) and which is part of a surface mining and reclamation permit granted under the provisions of title V of such Act (as so in effect), or

"(ii) any other Federal or State law which imposes reclamation and permit requirements substantially similar to the requirements imposed by title V of such Act (as so in effect).

"(B) SOLID WASTE DISPOSAL.—

"(i) IN GENERAL.—Any expenses incurred for any land reclamation activity in connection with solid waste disposal sites which is conducted in accordance with—

"(I) any provision of the Solid Waste Disposal Act (as in effect on January 1, 1984) requiring such activity, or

"(II) any other Federal or State law which is substantially similar to such Act.

"(ii) EXCEPTION FOR CERTAIN HAZARDOUS WASTE SITES.—Clause (i) shall not apply to any hazardous waste disposal site to which the Comprehensive Environmental, Compensation, and Liability Act of 1980 applies.

"(6) QUALIFIED CLOSING EXPENSES.—The term 'qualified closing expenses' means any expenses in connection with any activity with respect to the closing of a mine or solid waste disposal site which is conducted in accordance with any Federal or State law requiring such activity.

"(7) ESTABLISHMENT OF SEPARATE ACCOUNTS.—The Secretary shall prescribe regulations for the allocation of specific property (or portions thereof) to the separate accounts required to be established under paragraph (1) with respect to property disturbed during any taxable year.".

(b) LIMITATION ON CERTAIN PREPAID FARMING EXPENSES.—

(1) SECTION 464 MADE APPLICABLE TO PERSONS PREPAYING 50 PERCENT OR MORE OF EXPENSES.—Section 464 (relating to limitations on deductions in case of farming syndicates) is amended by inserting "or any taxable year for which a person is described in subsection (f)" after "subsection (c))" in subsections (a) and (b).

(2) PERSONS TO WHOM LIMITATIONS APPLY.—Section 464 is amended by adding at the end thereof the following new subsection:

"(f) SECTION TO APPLY TO CERTAIN PERSONS PREPAYING 50 PERCENT OR MORE OF FARMING EXPENSES.—

"(1) IN GENERAL.—This subsection applies to any taxpayer who—

"(A) computes taxable income for the taxable year on the cash receipts and disbursements method of accounting, and

"(B) fails to meet the requirements of paragraph (2).

"(2) PREPAID EXPENSES MUST BE LESS THAN 50 PERCENT.—A taxpayer meets the requirements of this paragraph for any taxable year if—

"(A) the taxpayer's deductible farming expenses for the taxable year with respect to which economic performance occurs in any succeeding taxable year are less than 50 percent of—

"(B) the taxpayer's aggregate deductible farming expenses for such taxable year.

"(3) DEFERRAL OF DEDUCTIONS FOR ADDITIONAL ITEMS.—In the case of a taxpayer to whom this subsection applies, no deduction shall be allowable for any deductible farming expense to which subsection (a) does not apply until the taxable year in which economic performance with respect to such expense occurs (or, if later, the taxable year when paid).

"(4) SUBSECTION NOT TO APPLY TO CERTAIN TAXPAYERS.—

"(A) IN GENERAL.—This subsection shall not apply to any eligible taxpayer for any taxable year if—

"(i)(I) the aggregate expenses described in paragraph (2)(A) for the 3 taxable years preceding such taxable year are less than 50 percent of,

"(II) the aggregate expenses described in paragraph (2)(B) for such 3 taxable years, or

"(ii) the taxpayer fails to meet the requirements of paragraph (2) by reason of any change in business operation directly attributable to extraordinary circumstances.

"(B) ELIGIBLE TAXPAYER.—For purposes of this paragraph, the term 'eligible taxpayer' means any taxpayer—

"(i) whose principal residence (within the meaning of section 1034) is on a farm,

"(ii) who has a principal occupation of farming, or

"(iii) who is a member of the family (within the meaning of subsection (c)(2)(E)) of a taxpayer described in clause (i) or (ii).

"(5) DEDUCTIBLE FARMING EXPENSES.—For purposes of this subsection, the term 'deductible farming expenses' means any amount allowable as a deduction under this chapter (including any amount allowable as a deduction for depreciation or amortization) which is properly allocable to the trade or business of farming.

"(6) ECONOMIC PERFORMANCE.—For purposes of this subsection—

"(A) IN GENERAL.—Economic performance shall be treated as occurring at the time determined under section 461(h)(2).

"(B) CERTAIN PROPERTY.—In the case of any property described in section 461(h)(2)(A)(ii), economic performance shall be treated as occurring at the time such property is used or consumed.".

(3) CONFORMING AMENDMENTS.—

(A) The heading for section 467 is amended by striking out "IN CASE OF FARMING SYNDICATES" and inserting in lieu thereof "FOR CERTAIN FARMING EXPENSES".

(B) The table of sections for subpart C of part II of subchapter E of chapter 1 is amended by striking out "in case of farming syndicates" in the item relating to section 464 and inserting in lieu thereof "for certain farming expenses".

(c) 10-YEAR NET OPERATING LOSS CARRYBACK PERIOD FOR DEFERRED STATUTORY OR TORT LIABILITY DEDUCTIONS.—

(1) IN GENERAL.—Paragraph (1) of section 172(b) (relating to years to which loss may be carried) is amended by adding at the end thereof the following new subparagraph:

"(K) SPECIAL RULE FOR DEFERRED STATUTORY OR TORT LIABILITY LOSSES.—In the case of a taxpayer which has a deferred statutory or tort liability loss (as defined in subsection (k)) for any taxable year beginning after December 31, 1983, the deferred statutory or tort liability loss shall be a net operating loss carryback to each of the 10 taxable years preceding the taxable year of such loss.".

(2) DEFERRED STATUTORY OR TORT LIABILITY LOSSES.—Section 172 is amended by redesignating subsection (k) as subsection (l) and by inserting after subsection (j) the following new subsection:

"(k) DEFINITIONS AND SPECIAL RULES RELATING TO DEFERRED STATUTORY OR TORT LIABILITY LOSSES.—For purposes of this section—

"(1) DEFERRED STATUTORY OR TORT LIABILITY LOSS.—The term 'deferred statutory or tort liability loss' means, for any taxable year, the lesser of—

"(A) the net operating loss for such taxable year, reduced by any portion thereof attributable to—

"(i) a foreign expropriation loss, or

"(ii) a product liability loss, or

"(B) the sum of the amounts allowable as a deduction under this chapter (other than any deduction described in subsection (j)(1)(B)) which—

"(i) is taken into account in computing the net operating loss for such taxable year, and

"(ii) is for an amount incurred with respect to a liability which arises under a Federal or State law or out of any tort of the taxpayer and—

"(I) in the case of a liability arising out of a Federal or State law, the act (or failure to act) giving rise to such liability occurs at least 3 years before the beginning of such taxable year, or

"(II) in the case of a liability arising out of a tort, such liability arises out of a series of actions (or failures to act) over an extended period of time a substantial portion of which occurs at least 3 years before the beginning of such taxable year.

A liability shall not be taken into account under the preceding sentence unless the taxpayer used an accrual method of accounting throughout the period or periods during which the acts or failures to act giving rise to such liability occurred.

"(2) SPECIAL RULE FOR NUCLEAR POWERPLANTS.—Except as provided in regulations prescribed by the Secretary, that portion of a deferred statutory or tort liability loss which is attributable to amounts incurred in the decommissioning of a nuclear powerplant (or any unit thereof) may, for purposes of subsection (b)(1)(K), be carried back to each of the taxable years during the period—

"(A) beginning with the taxable year in which such plant (or unit thereof) was placed in service, and

"(B) ending with the taxable year preceding the loss year.

"(3) COORDINATION WITH SUBSECTION (b)(2).—In applying paragraph (2) of subsection (b), a deferred statutory or tort liability loss shall be treated in a manner similar to the manner in which a foreign expropriation loss is treated.

"(4) NO CARRYBACK TO TAXABLE YEARS BEGINNING BEFORE JANUARY 1, 1984.—No deferred statutory or tort liability loss may be carried back to a taxable year beginning before January 1, 1984, unless such loss may be carried back to such year without regard to subsection (b)(1)(K).".

(3) CONFORMING AMENDMENTS.—

(A) Clause (i) of section 172(b)(1)(A) is amended by striking out "and (J)" and inserting in lieu thereof "(J), and (K)".

(B) Subsections (h) and (j) of section 172 are each amended by striking out "subsection (b)" in the matter preceding paragraph (1) and inserting in lieu thereof "this section".

(d) CONFORMING AMENDMENT.—Paragraph (4) of section 461 (f) (relating to contested liabilities) is amended by inserting "determined after application of subsection (h)" after "taxable year)".

(e) INCLUSION IN INCOME OF NUCLEAR DECOMMISSIONING COSTS INCLUDED IN THE TAXPAYER'S RATE BASE.—

(1) IN GENERAL.—Part II of subchapter B of chapter 1 (relating to items specifically included in gross income) is amended by adding at the end thereof the following new section:

"SEC. 88. CERTAIN AMOUNTS WITH RESPECT TO NUCLEAR DECOMMISSIONING COSTS.

"In the case of any taxpayer who is required to include the amount of any nuclear decommissioning costs in the taxpayer's cost of service for ratemaking purposes, there shall be includible in the gross income of such taxpayer the amount so included for any taxable year.".

(2) CONFORMING AMENDMENT.—The table of sections for part II of subchapter B of chapter 1 is amended by adding at the end thereof the following new item:

"Sec. 88. Certain amounts with respect to nuclear decommissioning costs.".

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in this subsection and subsection (g), the amendments made by this section shall apply to amounts—

(A) with respect to which a deduction would be allowable under chapter 1 of the Internal Revenue Code of 1954 (determined without regard to such amendments) after the date of enactment of this Act, or

(B) with respect to which—

(i) a deduction is allowed under chapter 1 of such Code (as so determined) before the date of the enactment of this Act, and

(ii) a deduction would be allowable under chapter 1 of such Code (determined with regard to such amendments) after the date of the enactment of this Act.

In the case of an amount described in subparagraph (B), such amendments shall not be applied to disallow a deduction for any taxable year ending before the date of the enactment of this Act.

(2) PREPAID FARMING EXPENSES.—The amendment made by subsection (b) shall apply to amounts paid after March 31, 1984 in taxable years ending after such date.

(3) SECTION 461(h) TO APPLY IN CERTAIN CASES.—Notwithstanding paragraph (1), section 461(h) of the Internal Revenue Code of 1954 (as added by this section) shall be treated as being in effect to the extent necessary to carry out any amendments made by this section which take effect before section 461(h).

(4) CHANGE IN METHOD OF ACCOUNTING.—For purposes of section 481 of the Internal Revenue Code of 1954, the application of the amendments made by this section shall be treated as a change in method of accounting.

(g) EXCEPTION FOR CERTAIN EXISTING ACTIVITIES AND CONTRACTS.—

(1) EXISTING ACCOUNTING PRACTICE.—If, on March 1, 1984, any taxpayer was regularly computing a deduction for mining reclamation activities under a method substantially similar to the method described in section 461 (j) of the Internal Revenue Code of 1954 (as added by this section), the liability for such reclamation activities for land disturbed before the date of the enactment of this Act shall be treated as having been incurred when such land is disturbed.

(2) FIXED PRICE SUPPLY CONTRACTS.—

(A) IN GENERAL.—In the case of any fixed price supply contract entered into before March 1, 1984, the amendment made by this section shall not be applied in computing any deduction for mining reclamation and closing expenses with respect to land disturbed to acquire minerals covered by such contract, except that this subparagraph shall apply only if the taxpayer deducts only the estimated current costs of such expenses.

(B) NO EXTENSION OR RENEGOTIATION.—Subparagraph (A) shall not apply—

(i) to any extension of any contract beyond the period such contract was in effect on March 1, 1984, or

(ii) to any renegotiation of, or other change in, the terms and conditions of such contract in effect on March 1, 1984.

SEC. 72. AMORTIZATION OF CONSTRUCTION PERIOD INTEREST AND TAXES FOR RESIDENTIAL REAL PROPERTY HELD BY CORPORATIONS.

(a) IN GENERAL.—Subsection (d) of section 189 (relating to amortization of real property construction period interest and taxes) is amended—

(1) by striking out paragraph (2), and

(2) by redesignating paragraph (3) as paragraph (2).

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1984, with respect to construction beginning after March 15, 1984.

SEC. 73. CAPITALIZATION OF START-UP EXPENDITURES.

(a) IN GENERAL.—Section 195 (relating to start-up expenditures) is amended to read as follows:

"SEC. 195. START-UP EXPENDITURES.

"(a) CAPITALIZATION OF EXPENDITURES.—Except as otherwise provided in this section, no deduction shall be allowed for start-up expenditures.

"(b) ELECTION TO AMORTIZE.

"(1) IN GENERAL.—Start-up expenditures may, at the election of the taxpayer, be treated as deferred expenses. Such deferred expenses shall be allowed as a deduction prorated equally over such period of not less than 60 months as may be selected by the taxpayer (beginning with the month in which the active trade or business begins).

"(2) DISPOSITIONS BEFORE CLOSE OF AMORTIZATION PERIOD.—In any case in which a trade or business is completely disposed of by the taxpayer before the end of the period to which paragraph (1) applies, any deferred expenses which were not allowed as a deduction by reason of this section may be deducted to the extent allowable under section 165.

"(c) DEFINITIONS.—For purposes of this section—

"(1) START-UP EXPENDITURES.—The term 'start-up expenditure' means any amount—

"(A) paid or incurred in connection with—

"(i) investigating the creation or acquisition of an active trade or business, or

"(ii) creating an active trade or business, or

"(iii) any activity engaged in for profit and for the production of income before the day on which the active trade or business begins in anticipation of such activity becoming an active trade or business, and

"(B) which, if paid or incurred in connection with the operation of an existing active trade or business (in the same field as the trade or business referred to in subparagraph (A)), would be allowable as a deduction for the taxable year in which paid or incurred.

"(2) BEGINNING OF TRADE OR BUSINESS.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the determination of when an active trade or business begins shall be made in accordance with such regulations as the Secretary may prescribe.

"(B) ACQUIRED TRADE OR BUSINESS.—An acquired active trade or business shall be treated as beginning when the taxpayer acquires it.

"(d) ELECTION.—

"(1) TIME FOR MAKING ELECTION.—An election under subsection (b) shall be made not later than the time prescribed by law for filing the return for the taxable year in which the trade or business begins (including extensions thereof).

"(2) SCOPE OF ELECTION.—The period selected under subsection (b) shall be adhered to in computing taxable income for the taxable year for which the election is made and all subsequent taxable years.

"(3) MANNER OF MAKING ELECTION.—An election under subsection (b) shall be made in such manner as the Secretary shall by regulations prescribe.".

(b) CONFORMING AMENDMENT.—The table of sections for part VI of subchapter B of chapter 1 is amended by striking out the item relating to section 195 and inserting in lieu thereof the following:

"Sec. 195. Start-up expenditures.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after June 30, 1984.

SEC. 74. TREATMENT OF CERTAIN DEFERRED PAYMENTS FOR USE OF PROPERTY OR SERVICES.

(a) GENERAL RULE.—Subpart C of part II of subchapter E of chapter 1 (relating to taxable year for which deductions taken) is amended by adding at the end thereof the following new section:

"SEC. 467. CERTAIN PAYMENTS FOR USE OF PROPERTY OR SERVICES.

"(a) ACCRUAL METHOD AND INTEREST FOR USE OF PROPERTY.—In the case of the payor or payee of any deferred rental payment agreement, there shall be taken into account for purposes of this title for any taxable year—

"(1) that portion of the constant rental amount with respect to such agreement which is allocable to such taxable year, and

"(2) that portion of the annual interest amount with respect to such agreement which is allocable to such taxable year.

"(b) SERVICES.—In the case of the payor or payee under any deferred services payment agreement, there shall be taken into account for purposes of this title for any taxable year that portion of the annual interest amount allocable to such taxable year.

"(c) CONSTANT RENTAL AMOUNT AND ANNUAL INTEREST AMOUNT DEFINED.—For purposes of this section—

"(1) CONSTANT RENTAL AMOUNT.—The term 'constant rental amount' means, with respect to any deferred payment rental agreement, the amount which, if paid as of the close of each lease period (or portion thereof) under the agreement, has a present value equal to the present value of the aggregate payments required under the agreement.

"(2) ANNUAL INTEREST AMOUNT.—The term 'annual interest amount' means, with respect to any lease period, interest, computed at the rate determined under subsection (g)(3), on the sum of—

"(A) the excess of—

"(i) the constant rental amount, over

"(ii) any payments under the agreement for such lease period, and

"(B) any unpaid annual interest amount as of the close of the lease period for any preceding lease period.

"(3) SPECIAL RULE FOR SERVICES.—The annual interest amount with respect to any deferred service payment agreement shall be computed in the same manner as the annual interest amount under paragraph (2), except that the Secretary may by regulations provide for adjustments to such amount in any case where services are not performed ratably over the period of the agreement.

"(4) LEASE PERIOD.—The term 'lease period' means, with respect to any deferred rental payment agreement, the 12-month period beginning on the first day to which such agreement applies and each succeeding 12-month period or portion thereof.

"(d) DEFERRED RENTAL PAYMENT AGREEMENT DEFINED.—For purposes of this section—

"(1) IN GENERAL.—The term 'deferred rental payment agreement' means any agreement for the use of tangible property under which—

"(A) there is at least 1 amount allocable to the use of property during a calendar year which is to be paid after the close of the calendar year following the calendar year in which such use occurs, or

"(B) there is at least one amount allocable to use of property for any lease period which is not commercially reasonable.

"(2) COMMERCIALLY REASONABLE.—

"(A) IN GENERAL.—The determination of whether any amount described in paragraph (1)(B) is not commercially reasonable—

"(i) shall be made as of the time the rental agreement is entered into, and

"(ii) shall be made by taking into account the type of property and the area in which the property is located.

"(B) SPECIAL RULES FOR SALE-LEASEBACKS, ETC.—In the case of any agreement which is part of a transaction described in subparagraph (C), an amount payable under such agreement for the use of property for any lease period shall be treated as not commercially reasonable if the increase over the amount payable for the immediately preceding lease period is more than the greatest of—

"(i) the percentage increase during such period in the Consumer Price Index (or in any other index specified in regulations),

"(ii) the Federal short-term rate determined under section 1274(d) which is in effect as of the time the agreement is entered into, or

"(iii) the increase during such period in specified costs for the property payable by the lessor to unrelated persons.

"(C) DESCRIPTION OF SALE-LEASEBACK, ETC. TRANSACTIONS.—For purposes of subparagraph (B), a transaction is described in this subparagraph if it involves—

"(i) a sale or lease of property by any person, followed by

"(ii) a leaseback within 2 years to such person (or a related person).

"(D) SPECIAL SALE-LEASEBACK, ETC., RULES NOT TO APPLY IN CERTAIN CASES.—Subparagraph (B) shall not apply in the case of any agreement if, pursuant to a request filed not later than the date on which such agreement was entered into, it is established to the satisfaction of the Secretary that such agreement did not have as 1 of its principal purposes the avoidance of any Federal tax.

"(e) DEFERRED SERVICE PAYMENT AGREEMENT DEFINED.—For purposes of this section, the term 'deferred service payment agreement' means an agreement to provide services under which there is at least 1 amount allocable to services performed in a calendar year which is to be paid after the close of the calendar year following the calendar year in which the services are performed.

"(f) EXCEPTIONS.—

"(1) SECTION NOT TO APPLY TO DEFERRED PAYMENTS OF $250,000 OR LESS.—This section shall not apply to any amount to be paid for the use of property (or services) if the sum

of the following amounts does not exceed $250,000—

"(A) the aggregate amount of payments received as consideration for such use of property (or such services), and

"(B) the aggregate value of any other consideration to be received for such use of property (or such services).

For purposes of the preceding sentence, rules similar to the rules of clauses (ii) and (iii) of section 1274(c)(2)(C) shall apply.

"(2) COORDINATION WITH SECTION 1273(b)(3).—THIS SECTION SHALL NOT APPLY TO ANY TRANSACTION IN WHICH ANY DEBT INSTRUMENT TO WHICH SECTION 1273(B)(3) APPLIES IS ISSUED.

"(3) PAYMENTS TO WHICH OTHER SECTIONS APPLY.—Sections 83, 267, 404, 404A, and 706(a) shall be applied before the application of this section, and this section shall not apply to any payment to which any such section applies.

"(g) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) PAYEE.—The term 'payee' means the person to whom the deferred payment is to be made.

"(2) PAYOR.—The term 'payor' means the person required to make the deferred payment.

"(3) DISCOUNT AND INTEREST RATE.—For purposes of computing present value and interest under subsection (c), the rate used shall be equal to 120 percent of the applicable Federal rate determined under section 1274(d) which is in effect at the time the agreement is entered into with respect to debt instruments having a maturity equal to the term of the agreement.

"(4) RELATED PERSON.—The term 'related person' has the meaning given to such term by section 168(d)(4)(D).

"(5) CERTAIN OPTIONS TO RENEW TAKEN INTO ACCOUNT.—Except as provided in regulations prescribed by the Secretary, there shall not be taken into account in computing the term of any agreement for purposes of this section any extension which is solely at the option of the lessee.

"(h) COMPARABLE RULES WHERE AGREEMENT FOR DECREASING PAYMENTS.—Under regulations prescribed by the Secretary, rules comparable to the rules of this section shall also apply in the case of any agreement where the amount paid under the agreement for the use of property or performance of services decreases during the term of the agreement.".

(b) CLERICAL AMENDMENT.—The table of sections for subpart C of part II of subchapter E of chapter 1 is amended by adding at the end thereof the following new item:

"Sec. 467. Certain payments for use of property or services.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to agreements entered into after March 15, 1984, in taxable years ending after such date.

Subtitle H—Provisions Relating to Tax Straddles

SEC. 75. REPEAL OF EXCEPTION FROM STRADDLE RULES FOR STOCK OPTIONS AND CERTAIN STOCK.

(a) REPEAL OF EXCEPTION FOR STOCK OPTIONS.—

(1) IN GENERAL.—Subparagraph (B) of section 1092(d)(2) (relating to special rule for stock options) is amended to read as follows:

"(B) EXCEPTION FOR QUALIFIED COVERED CALL OPTIONS.—The term 'position' shall not include any qualified covered call option."

(2) QUALIFIED COVERED CALL OPTION DEFINED.—Subsection (d) of section 1092 is amended by adding at the end thereof the following new paragraph:

"(6) QUALIFIED COVERED CALL OPTION DEFINED.—For purposes of this section—

"(A) IN GENERAL.—The term 'qualified covered call option' means any option granted by the taxpayer to purchase stock held by the taxpayer (or acquired by the taxpayer in connection with the granting of the option) but only if—

"(i) such option is traded on a national securities exchange which is registered with the Securities and Exchange Commission or on a similar exchange which the Secretary determines has rules adequate to carry out the purposes of this paragraph,

"(ii) gain or loss with respect to such option is not ordinary income or loss,

"(iii) such option is granted more than 30 days before the day on which the option expires, and

"(iv) such option is not a deep-in-the-money option.

"(B) DEEP-IN-THE-MONEY OPTION.—The term 'deep-in-the-money option' means an option having a strike price lower than the lowest qualified bench mark.

"(C) LOWEST QUALIFIED BENCH MARK.—

"(i) IN GENERAL.—Except as otherwise provided in this subparagraph, the term 'lowest qualified bench mark' means the highest available strike price which is less than the applicable stock price.

"(ii) SPECIAL RULE WHERE OPTION IS FOR PERIOD MORE THAN 90 DAYS AND STRIKE PRICE IS $50 OR MORE.—In the case of an option—

"(I) which is granted more than 90 days before the date on which such option expires, and

"(II) with respect to which the strike price is $50 or more,

the lowest qualified bench mark is the second highest available strike price which is less than the applicable stock price.

"(D) STRIKE PRICE.—For purposes of this paragraph, the term 'strike price' means the price at which the option is exercisable.

"(E) APPLICABLE STOCK PRICE.—For purposes of this paragraph, the term 'applicable stock price' means, with respect to any stock for which an option has been granted—

"(i) the closing price of such stock on the most recent day on which such stock was traded before the date on which such option was granted, or

"(ii) the opening price of such stock on the day on which such option was granted, but only if such price is greater than 110 percent of the price determined under clause (i).

"(F) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this paragraph. Such regulations may include modifications to the provisions of this paragraph which are appropriate to take account of changes in the practices of option exchanges or to prevent the use of options for tax avoidance purposes.".

(b) REPEAL OF EXCEPTION FOR STOCK.—

(1) IN GENERAL.—Paragraph (1) of section 1092(d) (defining personal property) is amended by striking out "(other than stock)".

(2) EXCEPTION WHERE STRADDLE CONSISTS OF HOLDING STOCK.—Subsection (d) of section 1092 is amended by redesignating paragraphs (3), (4), (5), and (6) as paragraphs (4), (5), (6), and (7) respectively, and by inserting after paragraph (2) the following new paragraph:

"(3) SPECIAL RULES FOR STOCK.—For purposes of paragraph (1), the term 'personal property' does not include stock, other than—

"(A) any interest in stock which is part of a straddle (determined as if such interest was personal property) one of the offsetting positions of which is any option to buy or sell actively traded stock, or

"(B) any stock of a corporation formed or availed of to take positions in personal property which offset positions taken by any shareholder.

For purposes of determining whether subsection (e) applies to any transaction to which subparagraph (B) applies, all includible corporations of an affiliated group (within the meaning of section 1504(a)) shall be treated as 1 taxpayer.".

(c) TREATMENT OF GAIN OR LOSS WHERE TAXPAYER GRANTOR OF OPTION TO BUY STOCK.—Section 1092 is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

"(f) TREATMENT OF GAIN OR LOSS WHERE TAXPAYER GRANTOR OF OPTION TO BUY STOCK.—If—

"(1) the taxpayer holds any stock, and

"(2) at any time while the taxpayer holds such stock, there is outstanding an option granted by the taxpayer to purchase such stock and such option has a strike price less than the applicable stock price,

any amount which (but for this subsection) would be treated as long-term capital gain with respect to such stock (or any substituted basis property with respect to such stock) shall be treated as short-term capital gain to the extent of any short-term capital loss recognized on the option.".

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to positions established after October 31, 1983, in taxable years ending after such date.

(2) SPECIAL RULE FOR OFFSETTING POSITION STOCK.—In the case of any stock of a corporation formed or availed of to take positions in personal property which offset positions taken by any shareholder, the amendments made by this section shall apply to positions established on or after May 23, 1983, in taxable years ending on or after such date.

(3) SUBSECTION (C).—The amendment made by subsection (c) shall apply to positions established after March 1, 1984, in taxable years ending after such date.

SEC. 76. SECTION 1256 EXTENDED TO CERTAIN OPTIONS.

(a) GENERAL RULE.—

(1) Section 1256 (relating to regulated futures contracts marked to market) is amended—

(A) by striking out "regulated futures contract" each place it appears and inserting in lieu thereof "section 1256 contract", and

(B) by striking out "regulated futures contracts" each place it appears and inserting in lieu thereof "section 1256 contracts".

(2) Subsection (b) of section 1256 is amended to read as follows:

"(b) SECTION 1256 CONTRACT DEFINED.—For purposes of this section, the term 'section 1256 contract' means—

"(1) any regulated futures contract,

"(2) any foreign currency contract,

"(3) any nonequity option, and

"(4) any dealer equity option."

(3) Subsection (g) of section 1256 is amended to read as follows:

"(g) DEFINITIONS.—For purposes of this section—

"(1) REGULATED FUTURES CONTRACTS DEFINED.—The term 'regulated futures contract' means a contract—

"(A) with respect to which the amount required to be deposited and the amount which may be withdrawn depends on a system of marking to market, and

"(B) which is traded on or subject to the rules of a qualified board or exchange.

"(2) FOREIGN CURRENCY CONTRACT DEFINED.—

"(A) FOREIGN CURRENCY CONTRACT.—The term 'foreign currency contract' means a contract—

"(i) which requires delivery of a foreign currency which is a currency in which positions are also traded through regulated futures contracts,

"(ii) which is traded in the interbank market, and

"(iii) which is entered into at arm's length at a price determined by reference to the price in the interbank market.

"(B) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of subparagraph (A), including regulations excluding from the application of subparagraph (A) any contract (or type of contract) if its application thereto would be inconsistent with such purposes.

"(3) NONEQUITY OPTION.—The term 'nonequity option' means any listed option which is not an equity option.

"(4) DEALER EQUITY OPTION.—The term 'dealer equity option' means, with respect to an options dealer, any listed option which—

"(A) is an equity option,

"(B) is purchased or granted by such options dealer in the normal course of his trade or business, and

"(C) is listed on the national securities exchange on which such options dealer is registered.

"(5) LISTED OPTION.—The term 'listed option' means any option (other than a right to acquire stock from the issuer) which is traded on (or subject to the rules of) a qualified board or exchange.

"(6) EQUITY OPTION.—The term 'equity option' means any option—

"(A) which settles in stock, or

"(B) the value of which is determined directly or indirectly by reference to any stock or stock index.

"(7) QUALIFIED BOARD OR EXCHANGE.—The term 'qualified board or exchange' means—

"(A) a national securities exchange which is registered with the Securities and Exchange Commission,

"(B) a domestic board of trade designated as a contract market by the Commodity Futures Trading Commission, or

"(C) any other exchange or board of trade which the Secretary determines has rules adequate to carry out the purposes of this section.

"(8) OPTIONS DEALER.—The term 'options dealer' means—

"(A) any person registered with the Securities and Exchange Commission and an appropriate national securities exchange as a market maker or specialist in listed options, or

"(B) a person who—

"(i) is registered with a domestic board of trade which is designated as a contract market by the Commodities Futures Trading Commission, and

"(ii) purchases or sells any option on any regulated futures contract and such option is on, or subject to the rules of, the domestic board of trade described in clause (i).".

(b) CAPITAL GAIN TREATMENT FOR TRADERS IN SECTION 1256 CONTRACTS.—Subsection (f) of section 1256 (relating to special rules) is amended by adding at the end thereof the following new paragraphs:

"(3) CAPITAL GAIN TREATMENT FOR TRADERS IN SECTION 1256 CONTRACTS.—

"(A) IN GENERAL.—For purposes of this title, gain or loss from trading of section 1256 contracts (whether or not such trading is in the ordinary course of the taxpayer's trade or business of trading section 1256 contracts) shall be treated as gain or loss from the sale or exchange of a capital asset.

"(B) EXCEPTION FOR CERTAIN HEDGING TRANSACTIONS.—Subparagraph (A) shall not apply to any section 1256 contract to the extent such contract is held for purposes of hedging property if any gain or loss with respect to such property in the hands of the taxpayer would be ordinary income or loss.

"(C) TREATMENT OF UNDERLYING PROPERTY.—For purposes of determining whether gain or loss with respect to any property is ordinary income or loss, the fact that the taxpayer is in the trade or business of trading section 1256 contracts related to such property shall not be taken into account.

"(4) SUBSECTION (a)(3) NOT TO APPLY TO CERTAIN LIMITED PARTNERS OR LIMITED ENTREPRENEURS.—Paragraph (3) of subsection (a) shall not apply to any gain or loss separately computed with respect to dealer equity options which are allocable to limited partners or limited entrepreneurs (within the meaning of subsection (e)(3)).".

(c) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Subsection (c) of section 1256 (relating to terminations, etc.) is amended—

(A) by striking out "by taking or making delivery," in paragraph (1) and inserting in lieu thereof "by taking or making delivery, by exercise or being exercised by assignment or being assigned, by lapse,",

(B) by striking out "takes delivery under" in paragraph (2) and inserting in lieu thereof "takes delivery under or exercises", and

(C) by striking out "TAKES DELIVERY ON" in the heading of paragraph (2) and inserting in lieu thereof "TAKES DELIVERY ON OR EXERCISES".

(2) Subsection (d) of section 1092 (as in effect before the amendments made by section 101) is amended by striking out paragraphs (4) and (5) and inserting in lieu thereof the following:

"(4) SPECIAL RULE FOR SECTION 1256 CONTRACTS.—In the case of a straddle at least 1 (but not all) of the positions of which are section 1256 contracts, the provisions of this section shall apply to any section 1256 contract and any other position making up such straddle.

"(5) SECTION 1256 CONTRACT.—The term 'section 1256 contract' has the meaning given such term by section 1256(b).".

(3) Subsection (c) of section 1212 (relating to carryback of losses from regulated futures contracts to offset prior gains from such contracts) is amended—

(A) by striking out "net commodity futures loss" each place it appears (including in any headings) and inserting in lieu thereof "net section 1256 contracts loss",

(B) by striking out "regulated futures contracts" each place it appears (including in any headings) and inserting in lieu thereof "section 1256 contracts", and

(C) by striking out "net commodity futures gain" each place it appears (including in any headings) and inserting in lieu thereof "net section 1256 contract gain".

(4) Paragraph (1) of section 1234A (relating to gains or losses from certain terminations) is amended by striking out "a regulated futures contract" and inserting in lieu thereof "a section 1256 contract".

(5) The section heading for section 1256 is amended by striking out "regulated futures contracts" and inserting in lieu thereof "section 1256 contracts".

(6) The table of sections for part IV of subchapter P of chapter 1 is amended by striking out "Regulated futures contracts" and inserting in lieu thereof "Section 1256 contracts".

(7) Subparagraph (B) of section 263(g) (relating to certain interest and carrying costs in the case of straddles) is amended by striking out "and" at the end of clause (i), by striking out the period at the end of clause (ii) and inserting in lieu thereof a comma and "or", and by adding at the end thereof the following new clause:

"(iii) the amount of any dividends includible in gross income with respect to such property for the taxable year.".

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection or subsection (e), the amendments made by this section shall apply to positions established after the date of the enactment of this Act, in taxable years ending after such date.

(2) SPECIAL RULE FOR OPTIONS ON REGULATED FUTURES CONTRACTS.—In the case of any option with respect to a regulated futures contract (within the meaning of section 1256 of the Internal Revenue Code of 1954), the amendments made by this section shall apply—

(A) in the case of a nonequity option (within the meaning of section 1256(g)(3) of such Code), to positions established after October 31, 1983, in taxable years ending after such date, and

(B) in the case of an equity option (within the meaning of section 1256(g)(6) of such Code), to positions established after the date of the enactment of this Act, in taxable years ending after such date.

(e) ELECTIONS WITH RESPECT TO PROPERTY HELD ON OR BEFORE THE DATE OF THE ENACTMENT OF THIS ACT.—At the election of the taxpayer—

(1) the amendments made by this section shall apply to all section 1256 contracts held by the taxpayer on the date of the enactment of this Act, effective for periods after such date in taxable years ending after such date, or

(2) in lieu of an election under paragraph (1), the amendments made by this section shall apply to all section 1256 contracts held by the taxpayer at any time during the taxable year of the taxpayer which includes the date of the enactment of this Act.

(f) ELECTION FOR INSTALLMENT PAYMENT OF TAX ATTRIBUTABLE TO STOCK OPTIONS.—

(1) If the taxpayer makes an election under this subsection—

(A) the taxpayer may pay part or all of the tax for the taxable year referred to in subsection (e)(2) in 2 or more (but not exceeding 5) equal installments, and

(B) the maximum amount of tax which may be paid in installments under this subsection shall be the excess of—

(i) the tax for such taxable year determined by taking into account subsection (e)(2), over

(ii) the tax for such taxable year determined by taking into account subsection (e)(2) and by treating—

(I) all section 1256 contracts which are stock options, and

(II) any stock which was part of a straddle including any such stock options and the

income on which is ordinary income to the taxpayer,

and which were held by the taxpayer on the first day of such taxable year as having been acquired for a purchase price equal to their fair market value on the last business day of the preceding taxable year.

An election under this subsection may be made only if the taxpayer makes an election under subsection (e)(2).

(2) DATE FOR PAYMENT OF INSTALLMENT.—

(A) If an election is made under this subsection, the first installment under paragraph (1) shall be paid on or before the due date for filing the return for the taxable year described in paragraph (1), and each succeeding installment shall be paid on or before the date which is one year after the date prescribed for payment of the preceding installment.

(B) If a bankruptcy case or insolvency proceeding involving the taxpayer is commenced before the final installment is paid, the total amount of any unpaid installments shall be treated as due and payable on the day preceding the day on which such case or proceeding is commenced.

(3) INTEREST IMPOSED.—For purposes of section 6601 of the Internal Revenue Code of 1954, the time for payment of any tax with respect to which an election is made under this subsection shall be determined without regard to this subsection.

(4) FORM OF ELECTION.—An election under this subsection shall be made not later than the time for filing the return for the taxable year described in paragraph (1) and shall be made in the manner and form required by regulations prescribed by the Secretary. The election shall set forth—

(A) the amount determined under paragraph (1)(B) and the number of installments elected by the taxpayer,

(B) each section 1256 contract which is a stock option held by the taxpayer on the first day of the taxable year described in paragraph (1), and the date such contract was acquired,

(C) the fair market value on the last business day of the preceding taxable year of every contract described in subparagraph (B), and

(D) such other information for purposes of carrying out the provisions of this subsection as may be required by such regulations.

(g) DELAY OF IDENTIFICATION REQUIREMENT.—Section 1256(e)(2)(C) of the Internal Revenue Code of 1954 shall not apply to any stock option or stock acquired on or before the 60th day after the date of the enactment of this Act.

(h) DEFINITIONS.—For purposes of subsections (e) and (f)—

(1) SECTION 1256 CONTRACT.—The term "section 1256 contract" has the meaning given to such term by section 1256(b) of the Internal Revenue Code of 1954 (as amended by this section).

(2) STOCK OPTION.—The term "stock option" means any option to buy or sell stock which is described in section 1092(d)(2)(B) (as in effect before the amendments made by this Act).

SEC. 77. REGULATIONS UNDER SECTION 1092(b).

(a) GENERAL RULE.—Subsection (b) of section 1092 (relating to character of gain or loss; wash sales) is amended to read as follows:

"(b) REGULATIONS.—The Secretary shall prescribe such regulations with respect to gain or loss on positions which are part of a straddle as may be necessary to carry out the purposes of this section. To the extent consistent with such purposes, such regulations shall include rules applying the principles of subsections (a) and (d) of section 1091 and of subsections (b) and (d) of section 1233.".

(b) REQUIREMENT THAT REGULATIONS BE ISSUED WITHIN 6 MONTHS AFTER THE DATE OF ENACTMENT.—The Secretary of the Treasury or his delegate shall prescribe regulations under section 1092(b) of the Internal Revenue Code of 1954 (including regulations relating to mixed straddles) not later than the date 6 months after the date of the enactment of this Act.

SEC. 78. LIMITATION ON LOSSES FROM HEDGING TRANSACTIONS.

(a) GENERAL RULE.—Subsection (e) of section 1256 (relating to mark to market not to apply to hedging transactions) is amended by adding at the end thereof the following new paragraph:

"(5) LIMITATION ON LOSSES FROM HEDGING TRANSACTIONS ALLOCABLE TO LIMITED PARTNERS OR ENTREPRENEURS.—

"(A) IN GENERAL.—

"(i) LIMITATION.—Any separately computed hedging loss for a taxable year which is allocable to any limited partner or limited entrepreneur (within the meaning of paragraph (3)) shall be allowed only to the extent of the taxable income of such limited partner or entrepreneur for such taxable year attributable to the trade or business in which the hedging transactions were entered into. For purposes of the preceding sentence, taxable income shall be determined by not taking into account items attributable to hedging transactions.

"(ii) CARRYOVER OF DISALLOWED LOSS.—Any hedging loss disallowed under clause (i) shall be treated as a deduction attributable to a hedging transaction allowable in the first succeeding taxable year.

"(B) EXCEPTION WHERE ECONOMIC LOSS.—Subparagraph (A)(i) shall not apply to any hedging loss to the extent that such loss exceeds the aggregate unrecognized gains from hedging transactions as of the close of the taxable year.

"(C) EXCEPTION FOR CERTAIN HEDGING TRANSACTIONS.—In the case of any hedging transaction relating to property other than stock or securities, this section shall only apply in the case of a taxpayer described in section 465(a)(1).

"(D) HEDGING LOSS.—The term 'hedging loss' means the excess of—

"(i) the deductions allowable under this chapter for the taxable year attributable to hedging transactions (determined without regard to subparagraph (A)(i)), over

"(ii) income received or accrued by the taxpayer during such taxable year from such transactions.

"(E) UNRECOGNIZED GAIN.—The term 'unrecognized gain' has the meaning given to such term by section 1092(a)(3).".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1984.

SEC. 79. CLARIFICATION THAT SECTION 1234 APPLIES TO OPTIONS ON REGULATED FUTURES CONTRACTS AND CASH SETTLEMENT OPTIONS.

(a) GENERAL RULE.—Section 1234 (relating to options to buy or sell) is amended by adding at the end thereof the following new subsection:

"(c) TREATMENT OF OPTIONS ON REGULATED FUTURES CONTRACTS AND CASH SETTLEMENT OPTIONS.—

"(1) REGULATED FUTURES CONTRACTS.—Gain or loss shall be recognized on the exercise of an option on a regulated futures contract (within the meaning of section 1256(g)(1)).

"(2) CASH SETTLEMENT OPTIONS.—

"(A) IN GENERAL.—For purposes of subsections (a) and (b), a cash settlement option shall be treated as an option to buy or sell property.

"(B) CASH SETTLEMENT OPTION DEFINED.—For purposes of subparagraph (A), the term 'cash settlement option' means any option which on exercise settles in (or could be settled in) cash or property other than the underlying property.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to options purchased or granted after October 31, 1983, in taxable years ending after such date.

SEC. 80. WASH SALE RULES TO APPLY TO LOSSES ON CERTAIN SHORT SALES.

(a) IN GENERAL.—Section 1091 (relating to losses from wash sales of stock or securities) is amended by adding at the end thereof the following new subsection:

"(e) CERTAIN SHORT SALES OF STOCKS OR SECURITIES.—Rules similar to the rules of subsection (a) shall apply to any loss realized on the closing of a short sale of stock or securities if, within a period beginning 30 days before the date of such closing and ending 30 days after such date—

"(1) substantially identical stock or securities were sold, or

"(2) another short sale of substantially identical stock or securities was entered into.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to short sales of stock or securities after the date of the enactment of this Act in taxable years ending after such date.

SEC. 81. TIME FOR IDENTIFICATION BY TAXPAYER OF CERTAIN TRANSACTIONS.

(a) IDENTIFIED STRADDLES.—Clause (i) of section 1092(a)(2)(B) (defining identified straddles) is amended to read as follows:

"(i) which is clearly identified as an identified straddle before the earlier of—

"(I) the close of the day on which the straddle is acquired, or

"(II) such time as the Secretary may prescribe by regulations.".

(b) DEALERS IN SECURITIES.—Section 1236(a)(1) (relating to capital gains of dealers in securities) is amended by striking out "(before the close of the following day in the case of an acquisition before January 1, 1982)" and inserting in lieu thereof "(or such earlier time as the Secretary may prescribe by regulations)".

(c) MIXED STRADDLES.—Subparagraph (B) of section 1256(d)(4) (defining mixed straddles) is amended by inserting "(or such earlier time as the Secretary may prescribe by regulations)" after "acquired".

(d) HEDGING TRANSACTIONS.—Subparagraph (C) of section 1256(e)(2) (defining hedging transactions) is amended by inserting "(or such earlier time as the Secretary may prescribe by regulations)" after "entered into".

(e) EFFECTIVE DATE.—The amendment made by this section shall apply to items identified after the date of the enactment of this Act, in taxable years ending after such date.

SUBTITLE I—PENSIONS

PART I—GENERAL PROVISIONS

SEC. 85. DEDUCTION LIMITS FOR QUALIFIED PENSION PLANS.

(a) MODIFICATION OF SECTION 404(a)(7) LIMITS.—Paragraph (7) of section 404(a) (relating to limits on deductions of employers to employee trusts, etc.) is amended to read as follows:

"(7) DEDUCTION LIMITS.—

"(A) IN GENERAL.—If, in connection with 2 or more trusts (or 1 or more trusts and an annuity plan), amounts are deductible under—

"(i) paragraphs (1) and (3),

"(ii) paragraphs (2) and (3),

"(iii) paragraphs (1), (2), and (3), or

"(iv) paragraph (1) with respect to a defined contribution plan and a defined benefit plan,

the total amount deductible for a taxable year under such trusts and plans shall not exceed the lesser of the amount determined under subparagraph (B) of this paragraph or the amount determined under paragraph (11).

"(B) AMOUNT OF LIMITATION.—The amount determined under this subparagraph shall be equal to the greater of—

"(i) 25 percent of the compensation otherwise paid or accrued during the taxable year to the beneficiaries of the trusts or plans described in subparagraph (A), or

"(ii) an amount equal to the amount of employer contributions for all defined benefit plans to which subparagraph (A) applies which is necessary to satisfy the minimum funding standard under section 412 for the plan year of such plans which end with or within such taxable year (or for any prior plan years).

"(C) CARRYOVER OF EXCESS AMOUNTS.—

"(i) IN GENERAL.—In any case in which—

"(I) the amount paid into the trusts or plans to which subparagraph (A) applies for any taxable year, exceeds

"(II) the amount determined under subparagraph (A),

such excess shall, except as provided in clause (ii), be allowed as a deduction in any succeeding taxable year in order of time.

"(ii) LIMITATION ON CARRYOVER.—The amount allowable for any succeeding taxable year under this subparagraph, when added to the amount otherwise allowable for such taxable year for payments to trusts or plans to which subparagraph (A) applies, shall not exceed the lesser of the amount determined under subparagraph (B)(i) of this paragraph or the amount determined under paragraph (11).

"(D) PARAGRAPH NOT TO APPLY.—This paragraph shall not reduce the amounts otherwise deductible under paragraphs (1), (2), and (3) if no employee is a beneficiary under more than one trust or under a trust and an annuity plan.".

(b) DEDUCTION LIMITED TO 100 PERCENT OF COMPENSATION.—

(1) IN GENERAL.—Section 404(a) is amended by adding at the end thereof the following new paragraph:

"(11) 100 PERCENT OF COMPENSATION LIMIT.—

"(A) IN GENERAL.—The amount allowable as a deduction—

"(i) with respect to any trust or plan under paragraph (1), (2), (3), (9), or (10), or

"(ii) with respect to one or more trusts or plans to which paragraph (7) applies,

shall not exceed the aggregate amount of compensation paid or accrued during the taxable year to the beneficiaries of the trusts or plans described in clause (i) or (ii).

"(B) CARRYOVER OF UNUSED AMOUNT.—In any case in which—

"(i) the amount paid into any trust or plan for which subparagraph (A) applies for any taxable year, exceeds

"(ii) the amount determined under subparagraph (A),

such excess shall, subject to the limitations of subparagraph (A) of this paragraph and paragraph (7), be allowed as a deduction in the succeeding taxable year.

"(C) COMPENSATION TO INCLUDE CERTAIN BENEFITS.—For purposes of this paragraph, there shall be taken into account as compensation the amount of any benefits paid to a beneficiary of any trust or plan to which subparagraph (A) applies during the taxable year who did not receive any compensation from any employer maintaining the trust or plan during such taxable year to the extent such benefits do not exceed the limitation under section 415(b)(1)(A) in effect with respect to such beneficiary for such taxable year.".

(2) CONFORMING AMENDMENTS.—Paragraph (8) of section 404(a) (relating to self-employed individuals) is amended by inserting "and" at the end of subparagraph (B), by striking out subparagraph (C), and by redesignating subparagraph (D) as subparagraph (C).

(c) SECTION 415 LIMIT ON CERTAIN EMPLOYERS WITH DEFINED CONTRIBUTION AND DEFINED BENEFIT PLANS.—Subsection (e) of section 415 (relating to limitation in case of defined benefit plan and defined contribution plan for same employee) is amended by adding at the end thereof the following new paragraph:

"(7) SPECIAL RULE FOR CERTAIN NONINTEGRATED, NON-TOP-HEAVY PLANS.—

"(A) IN GENERAL.—In the case of an individual who is a participant in plans to which this paragraph applies, paragraphs (2) and (3) shall be applied by substituting '1.4' for '1.25' each place it appears.

"(B) PLANS TO WHICH THIS PARAGRAPH APPLIES.—This paragraph shall apply to all plans maintained by any employer if, at all times after June 30, 1982, no plan of the employer is—

"(i) a top-heavy plan (within the meaning of section 416(g)), or

"(ii) an integrated plan (within the meaning of section 408(k)(3)(E)).".

(d) EXTENSION OF FREEZE ON COST-OF-LIVING ADJUSTMENTS TO PENSION PLAN LIMITATIONS.—

(1) GENERAL RULE.—Paragraph (3) of section 415(d) (relating to freeze on adjustment to define contribution and benefit limits) is amended by striking out "January 1, 1986" and inserting in lieu thereof "January 1, 1988".

(2) TECHNICAL AMENDMENT.—Subparagraph (A) of section 415(d)(2) (defining base periods), as amended by section 235(b)(2)(B) of the Tax Equity and Fiscal Responsibility Act of 1982, is amended by striking out "October 1, 1984" and inserting in lieu thereof "October 1, 1986".

(e) EFFECTIVE DATES.—The amendments made by this section shall apply to years beginning after December 31, 1984.

SEC. 86. PROVISIONS RELATING TO TOP-HEAVY PLANS.

(a) REPEAL OF SPECIAL BENEFIT REQUIREMENT FOR CERTAIN TOP-HEAVY PLANS.

(1) IN GENERAL.—Paragraph (2) of section 416(h) (relating to exception where benefits for key employees do not exceed 90 percent of total benefits, etc.) is amended to read as follows:

"(2) EXCEPTION WHERE ADDITIONAL CONTRIBUTIONS ARE MADE FOR NON-KEY EMPLOYEES.—

"(A) IN GENERAL.—Paragraph (1) shall not apply with respect to any top-heavy plan if the requirements of subparagraph (B) of this paragraph are met with respect to such plan.

"(B) MINIMUM BENEFIT REQUIREMENTS.—

"(i) IN GENERAL.—The requirements of this subparagraph are met with respect to any top-heavy plan if such plan (and any plan required to be included in an aggregation group with such plan) meets the requirements of subsection (c) as modified by clause (ii).

"(ii) MODIFICATIONS.—For purposes of clause (i)—

"(I) paragraph (1)(B) of subsection (c) shall be applied by substituting '3 percent' for '2 percent', and by increasing (but not by more than 10 percentage points) 20 percent by one percentage point for each year for which such plan was taken into account under this subsection, and

"(II) paragraph (2)(A) shall be applied by substituting '4 percent' for '3 percent'.".

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to plan years beginning after December 31, 1983.

(b) DEFINITION OF KEY EMPLOYEE.—

(1) IN GENERAL.—Clause (i) of section 416(i)(1)(A) (defining key employee) is amended by inserting "having an annual compensation greater than 200 percent of the amount in effect under section 415(c)(1)(A) for any such plan year" after "employer".

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to plan years beginning after December 31, 1983.

(c) ACCRUED BENEFIT OF INDIVIDUAL NOT EMPLOYED WITHIN LAST FIVE YEARS DISREGARDED.—

(1) IN GENERAL.—Paragraph (4) of section 416(g) (relating to other special rules) is amended by adding at the end thereof the following new subparagraph:

"(E) BENEFITS NOT TAKEN INTO ACCOUNT IF EMPLOYEE NOT EMPLOYED FOR LAST FIVE YEARS.—If any individual has not received any compensation from any employer maintaining the plan (other than benefits under the plan) at any time during the 5-year period ending on the determination date, any accrued benefit for such individual (and the account of such individual) shall not be taken into account.".

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to plan years beginning after December 31, 1984.

(d) SALARY REDUCTION ARRANGEMENTS MAY BE TAKEN INTO ACCOUNT.—

(1) IN GENERAL.—Paragraph (2) of section 416(c) (relating to minimum benefits for defined contribution plans) is amended by striking out subparagraph (C).

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to plan years beginning after December 31, 1984.

(e) CERTAIN GOVERNMENTAL PLANS EXEMPT FROM TOP-HEAVY PLAN RULES.—

(1) IN GENERAL.—Paragraph (10)(B) of section 401(a) (relating to plan requirements regarding top-heavy plans) is amended by adding at the end thereof the following new clause:

"(iii) EXEMPTION FOR GOVERNMENTAL PLANS.—This subparagraph shall not apply to any governmental plan.".

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to plan years beginning after December 31, 1983.

(f) QUALIFICATION REQUIREMENTS MODIFIED IF REGULATIONS NOT ISSUED.—

(1) IN GENERAL.—If the Secretary of the Treasury or his delegate does not publish final regulations under section 416 of the Internal Revenue Code of 1954 (as in effect on the day before the date of the enactment of this Act) before January 1, 1985, the Secretary shall publish before such date plan amendment provisions which may be incorporated in a plan to meet the requirements of section 401(a)(10)(B)(ii) of such Code.

(2) EFFECT OF INCORPORATION.—If a plan is amended to incorporate the plan amendment provisions described in paragraph (1), such plan shall be treated as meeting the requirements of section 401(a)(10)(B)(ii) of the Internal Revenue Code of 1954 during the period such amendment is in effect but not later than 6 months after the final regulations described in paragraph (1) are published.

(3) FAILURE BY SECRETARY TO PUBLISH.—If the Secretary of the Treasury or his delegate does not publish plan amendment provisions described in paragraph (1), the plan shall be treated as meeting the requirements of section 401(a)(10)(B) of the Internal Revenue Code of 1954 if—

(A) such plan is amended to incorporate such requirements by reference, except that

(B) in the case of any optional requirement under section 416 of such Code, if such amendment does not specify the manner in which such requirement will be met, the employer shall be treated as having elected the requirement with respect to each employee which provides the maximum vested accrued benefit for such employee.

SEC. 87. DISTRIBUTION RULES FOR QUALIFIED PENSION PLANS.

(a) CERTAIN DISTRIBUTION REQUIREMENTS TO APPLY TO 5-PERCENT OWNERS RATHER THAN KEY EMPLOYEES.—Section 72(m)(5) (relating to penalties applicable to certain amounts received by owner-employers) is amended—

(1) by striking out "key employee" each place it appears in subparagraph (A) and inserting in lieu thereof "5-percent owner",

(2) by striking out "in a top-heavy plan" in clause (i) of subparagraph (A), and

(3) by striking out "the terms 'key employee' and 'top-heavy plan'" in subparagraph (C) and inserting in lieu thereof "the term '5-percent owner'".

(b) REQUIRED DISTRIBUTIONS.—

(1) IN GENERAL.—Paragraph (9) of section 401(a) (relating to required distributions), as in effect before the amendments made by section 242 of the Tax Equity and Fiscal Responsibility Act of 1982, is amended to read as follows:

"(9) REQUIRED DISTRIBUTIONS.—

"(A) IN GENERAL.—A trust forming part of a plan shall not constitute a qualified trust under this section unless the plan provides that the entire interest of each employee will be distributed in accordance with the requirements of—

"(i) subparagraph (B) or (C)(i) in the case of distributions commencing before death, and

"(ii) subparagraph (C)(ii) or (D) in the case of—

"(I) distributions commencing after death, or

"(II) distributions commencing before death to which subparagraph (B) applies.

"(B) DISTRIBUTION BEFORE ATTAINMENT OF CERTAIN AGE.—The requirements of this subparagraph are met if the entire interest of an employee will be distributed to the employee not later than 90 days after the later of—

"(i) the taxable year in which the employee attains age 70½, or

"(ii) the taxable year in which the employee retires.

"(C) DISTRIBUTIONS BASED ON LIVES AND PERIODS NOT GREATER THAN LIFE EXPECTANCY.—Except as provided in subparagraph (E), the requirements of this subparagraph are met if—

"(i) ENTIRE INTEREST.—The entire interest will be distributed, commencing not later than the date determined under subparagraph (B)—

"(I) over the life of the employee and over the lives of the employee and the beneficiary of the employee, or

"(II) over a period not extending beyond the life expectancy of the employee or the life expectancy of the employee and the beneficiary of the employee.

"(ii) REMAINDER INTEREST.—The remainder interest of the employee or of the surviving spouse will be distributed, commencing not later than 90 days after the date of death of the employee or the surviving spouse—

"(I) over the life of the beneficiary of the employee or of the beneficiary of the surviving spouse, or

"(II) over a period not extending beyond the life expectancy of such beneficiary.

"(D) DISTRIBUTIONS WITHIN 5 YEARS OF DEATH.—

"(i) IN GENERAL.—The requirements of this subparagraph are met if the remainder interest of an employee or other beneficiary will be distributed—

"(I) commencing not later than 90 days after the date of death of the employee or beneficiary, and

"(II) within 5 years after the date determined under subclause (I).

"(ii) SUBPARAGRAPH NOT TO APPLY TO SURVIVING SPOUSE.—In any case in which the beneficiary of the employee is the employee's surviving spouse—

"(I) this subparagraph shall not apply, and

"(II) the requirements of clause (i) or (ii) of subparagraph (C) must be met with respect to the surviving spouse.

"(E) IMMEDIATE ANNUITY REQUIREMENT IN CASE OF BENEFICIARY OTHER THAN SPOUSE.—

"(i) IN GENERAL.—In the case of any interest of an employee—

"(I) to which subparagraph (C) applies, and

"(II) with respect to which the beneficiary is not the spouse of the employee,

the requirements of subparagraph (C) shall be met only if the entire interest or remainder interest is applied, before the commencement date under such subparagraph, to the purchase of an immediate annuity contract which provides for payments over the period which is applicable under such subparagraph.

"(ii) DEFINED BENEFIT PLAN.—A defined benefit plan may satisfy the requirements of clause (i) in any case to which subparagraph (C) applies by providing for the payment of an annuity in lieu of the purchase of an immediate annuity contract.

"(F) DEFINITIONS AND SPECIAL RULES.—For purposes of this paragraph—

"(i) 5-PERCENT OWNERS.—Clause (ii) of subparagraph (B) shall not apply with respect to any employee who is a 5-percent owner (as defined in section 416) with respect to the plan year in which the employee attains age 70 1/2.

"(ii) LIFE EXPECTANCY.—For purposes of subparagraph (C), the life expectancy of an employee and the employee's spouse (other than in the case of a life annuity) shall be determined not more frequently than annually.

"(iii) EXTENSION OF COMMENCEMENT DATE.—The Secretary may by regulation extend the date on which distribution of any interest is required to commence under this paragraph.

"(iv) REMAINDER INTEREST DEFINED.—The term 'remainder interest' means, with respect to any employee or beneficiary, that portion of the employee's interest which remains undistributed as of the date of death of such individual.

"(v) DISTRIBUTIONS IN ACCORDANCE WITH REGULATIONS.—Any distribution under this paragraph shall be made in accordance with regulations prescribed by the Secretary.".

(2) REPEAL OF SECTION 242.—Section 242 of the Tax Equity and Fiscal Responsibility Act of 1982 is hereby repealed.

(c) CONFORMING AMENDMENTS.—

(1) Paragraph (6) of section 408(a) (defining individual retirement account) is amended by adding at the end thereof the following new flush sentence:

"For purposes of this paragraph (other than for a life annuity), the life expectancy of any individual for whose benefit the trust is maintained or his spouse shall be determined not more frequently than annually.".

(2)(A) Subsection (a) of section 408 is amended by adding at the end thereof the following new paragraph:

"(8) Under regulations prescribed by the Secretary, the trust shall be treated as meeting the requirements of paragraph (7) if the trust meets requirements similar to the requirements of subparagraphs (C)(ii) and (E) of section 401(a)(9) in the case of a beneficiary other than the spouse. For purposes of the preceding sentence, such requirements shall be treated as met only if the immediate annuity contract is distributed to the owner or beneficiary immediately after its purchase.".

(B) Subsection (b) of section 408 (defining individual retirement annuity) is amended by redesignating paragraph (5) as paragraph (6) and by inserting after paragraph (4) the following new paragraph:

"(5) Under regulations prescribed by the Secretary, the contract shall be treated as meeting the requirements of paragraph (4) if the contract meets requirements similar to the requirements of subparagraphs (C)(ii) and (E) of section 401(a)(9) with respect to any beneficiary other than the spouse. For purposes of the preceding sentence, such requirements shall be treated as met only if the immediate annuity contract is distributed to the owner or beneficiary immediately after its purchase.".

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to plan years beginning after December 31, 1984.

(2) REPEAL OF SECTION 242.—The amendment made by section (b)(2) shall take effect as if included in the Tax Equity and Fiscal Responsibility Act of 1982.

(3) TRANSITION RULE.—A trust forming part of a plan shall not be disqualified under paragraph (9) of section 401(a) of the Internal Revenue Code of 1954, as amended by subsection (b)(1), by reason of distributions under a designation (before January 1, 1984) by any employee in accordance with a designation described in section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act of 1982 (as in effect before the amendments made by this Act).

(4) SPECIAL RULE FOR GOVERNMENTAL PLANS.—In the case of a governmental plan (within the meaning of section 414(d) of the Internal Revenue Code of 1954) paragraph (1) shall be applied by substituting "1986" for "1984".

(5) SPECIAL RULE FOR COLLECTIVE BARGAINING AGREEMENTS.—In the case of a plan maintained on the date of the enactment of this Act pursuant to one or more collective bargaining agreements between employee rep-

resentatives and one or more employers, the amendments made by this section shall not apply to years beginning before the earlier of—

(A) the date on which the last of the collective bargaining agreements relating to the plan terminates (determined without regard to any extension thereof agreed to after the date of the enactment of this Act), or

(B) January 1, 1988.

For purposes of subparagraph (A), any plan amendment made pursuant to a collective bargaining agreement relating to the plan which amends the plan solely to conform to any requirement added by this section shall not be treated as a termination of such collective bargaining agreement.

SEC. 88. ROLLOVER OF CERTAIN PARTIAL DISTRIBUTIONS PERMITTED.

(a) GENERAL RULE.—

(1) QUALIFIED TRUSTS.—Clause (i) of section 402(a)(5)(A) (relating to rollover amounts) is amended to read as follows—

"(i) any portion of the balance to the credit of an employee in a qualified trust is paid to him,".

(2) QUALIFIED ANNUITIES.—Clause (i) of section 403(a)(4)(A) (relating to rollover amounts) is amended to read as follows:

"(i) any portion of the balance to the credit of an employee in an employee annuity described in paragraph (1) is paid to him,".

(3) SECTION 403(b) ANNUITIES.—Clause (i) of section 403(b)(8)(A) (relating to rollover amounts) is amended to read as follows:

"(i) any portion of the balance to the credit of an employee in an annuity contract described in paragraph (1) is paid to him,".

(b) SPECIAL RULES FOR ROLLOVERS OF PARTIAL DISTRIBUTIONS.—Paragraph (5) of section 402(a) is amended by redesignating subparagraphs (D) and (E) as subparagraphs (E) and (F), respectively, and by inserting after subparagraph (C) the following new subparagraph:

"(D) SPECIAL RULES FOR PARTIAL DISTRIBUTIONS.—

"(i) REQUIREMENTS.—Subparagraph (A) shall apply to a partial distribution only if—

"(I) such distribution is of an amount equal to at least 50 percent of the balance to the credit of the employee in a qualified trust (determined immediately before such distribution and without regard to subsection (e)(4)(C)),

"(II) such distribution is not one of a series of periodic payments, and

"(III) the employee elects (at such time and in such manner as the Secretary shall by regulations prescribe) to have subparagraph (A) apply to such partial distribution.

"(ii) PARTIAL DISTRIBUTIONS MAY BE TRANSFERRED ONLY TO INDIVIDUAL RETIREMENT PLANS.—In the case of a partial distribution, a plan described in subclause (IV) or (V) of subparagraph (E)(iv) shall not be treated as an eligible retirement plan.

"(iii) DENIAL OF 10-YEAR AVERAGING AND CAPITAL GAINS TREATMENT FOR SUBSEQUENT DISTRIBUTIONS.—If an election under clause (i) is made with respect to any partial distribution paid to any employee—

"(I) paragraph (2) of this subsection,

"(II) paragraphs (1) and (3) of subsection (e), and

"(III) paragraph (2) of section 403(a),

shall not apply to any distribution (paid after such partial distribution) of the balance to the credit of such employee under the plan under which such partial distribution was made (or under any other plan which, under subsection (e)(4)(C), would be aggregated with such plan).

"(iv) SPECIAL RULE FOR UNREALIZED APPRECIATION.—If an election under clause (i) is made with respect to any partial distribution, the second and third sentences of paragraph (1) shall not apply to such distribution.".

(c) PARTIAL DISTRIBUTIONS PAID TO SPOUSE OF EMPLOYEE AFTER EMPLOYEE'S DEATH ELIGIBLE FOR ROLLOVER.—Paragraph (7) of section 402(a) (relating to rollover where spouse receives lump-sum distribution at death of employee) is amended to read as follows:

"(7) ROLLOVER WHERE SPOUSE RECEIVES DISTRIBUTIONS AFTER DEATH OF EMPLOYEE.—If any distribution attributable to an employee is paid to the spouse of the employee after the employee's death, paragraph (5) shall apply to such distribution in the same manner as if the spouse were the employee.".

(d) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) The following provisions are each amended by striking out "qualifying rollover distribution" each place it appears and inserting in lieu thereof "qualified total distribution"—

(A) section 402(a)(5)(B),

(B) section 402(a)(5)(E)(i) (as redesignated by subsection (b)), and

(C) section 402(a)(6)(E)(i).

(2) Subparagraph (B) of section 402(a)(5) is amended by adding at the end thereof the following new sentence: "In the case of any partial distribution, the maximum amount transferred to which subparagraph (A) applies shall not exceed the portion of such distribution which is includible in gross income (determined without regard to subparagraph (A))."

(3) Clause (ii) of section 402(a)(5)(E) (as redesignated by subsection (b)) is amended by striking out "gross income" and inserting in lieu thereof "gross income (determined without regard to this paragraph)".

(4) Clause (v) of subparagraph (E) of section 402(a)(5) (as redesignated by subsection (b)) is amended to read as follows:

"(v) PARTIAL DISTRIBUTION.—The term 'partial distribution' means any distribution to an employee of any portion of the balance to the credit of such employee in a qualified trust; except that such term shall not include any distribution which is a qualified total distribution."

(5) Subparagraph (F) of section 402(a)(5) (as redesignated by subsection (b)) is amended by striking out "subparagraph (D)(iv)" each place it appears and inserting in lieu thereof "subparagraph (E)(iv)".

(6) Paragraph (6) of section 402(a) is amended by striking out "paragraph (5)(D)(i)" each place it appears and inserting in lieu thereof "paragraph (5)(E)(i)".

(7) Clauses (iii) and (iv) of section 402(a)(6)(D) are each amended by striking out "employee contributions" and inserting in lieu thereof "employee contributions (or, in the case of a partial distribution, the amount not includible in gross income)".

(8) Clause (i) of section 402(a)(6)(E) is amended by striking out "paragraph (5)(D)(i)(II)" and inserting in lieu thereof "paragraph (5)(D) or (5)(E)(i)(II)".

(9) Subparagraph (B) of section 403(a)(4) is amended by striking out "(B) through (E)" and inserting in lieu thereof "(B) through (F)".

(10) Subparagraph (B) of section 403(b)(8) is amended to read as follows:

"(B) SPECIAL RULES FOR PARTIAL DISTRIBUTIONS.—

"(i) IN GENERAL.—In the case of any distribution other than a total distribution, rules similar to the rules of clauses (i) and (ii) of section 402(a)(5)(D) shall apply.

"(ii) TOTAL DISTRIBUTION.—For purposes of subparagraph (A), the term 'total distribution' means one or more distributions from an annuity contract described in paragraph (1) which would constitute a lump-sum distribution within the meaning of section 402(e)(4)(A) (determined without regard to subparagraphs (B) and (H) of section 402(e)(4)) if such annuity contract were described in subsection (a), or 1 or more distributions of accumulated deductible employee contributions (within the meaning of section 7205).

"(iii) AGGREGATION OF ANNUITY CONTRACTS.—For purposes of this paragraph, all annuity contracts described in paragraph (1) purchased by an employer shall be treated as a single contract, and section 402(e)(4)(C) shall not apply.".

(11) Subparagraph (C) of section 403(b)(8) is amended by striking out "(D)(v), and (E)(i)" and inserting in lieu thereof "(F)(i)".

(12) Clause (ii) of section 408(d)(3)(A) is amended by striking out "rollover contribution from an employee's trust" and inserting in lieu thereof "rollover contribution of a qualified total distribution (as defined in section 402(a)(5)(E)(i)) from an employee's trust".

(13) Subparagraph (C) of section 409(b)(3) is amended by striking out the second sentence and inserting in lieu thereof the following new sentences: "This subparagraph does not apply in the case of a transfer to such an employee's trust or such an annuity unless no part of the value of such proceeds is attributable to any source other than a qualified rollover contribution. For purposes of the preceding sentence, the term 'qualified rollover contribution' means any rollover contribution of a qualified total distribution (as defined in section 402(a)(5)(E)(i)) which is from such an employee's trust or annuity plan (other than an annuity plan or a trust forming part of a plan under which the individual was an employee within the meaning of section 401(c)(1) at the time contributions were made on his behalf under such plan), and which did not qualify as a rollover contribution by reason of section 402(a)(7)."

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions made after the date of the enactment of this Act, in taxable years ending after such date.

SEC. 89. TREATMENT OF DISTRIBUTIONS OF BENEFITS SUBSTANTIALLY ALL OF WHICH ARE DERIVED FROM EMPLOYEE CONTRIBUTIONS.

(a) IN GENERAL.—Subsection (e) of section 72 (relating to amounts not received as annuities) is amended by adding at the end thereof the following new paragraph:

"(7) SPECIAL RULES FOR PLANS WHERE SUBSTANTIALLY ALL CONTRIBUTIONS ARE EMPLOYEE CONTRIBUTIONS.—

"(A) IN GENERAL.—In the case of any plan or contract to which this paragraph applies, subparagraph (D) of paragraph (5) shall not apply to any amount received from such plan or contract.

"(B) PLANS OR CONTRACTS TO WHICH THIS PARAGRAPH APPLIES.—This paragraph shall apply to—

"(i) any trust or contract described in clause (i) or subclause (I) or (II) of clause (ii) of paragraph (5)(D) if substantially all of the accrued benefits under the plan of which such trust is a part (or which pur-

chases such contract) are derived from employee contributions, and

"(ii) any contract described in subclause (III) of clause (ii) of paragraph (5)(D) if substantially all of the benefits are derived from amounts which are not excluded from gross income under section 403(b)(1).".

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (D) of section 72(e)(5) (relating to contracts under qualified plans) is amended by striking out "This" and inserting in lieu thereof "Except as provided in paragraph (7), this".

(2) Paragraph (3) of section 72(p) (defining qualified employer plan) is amended by inserting "other than a plan described in subsection (e)(7)" after "section 219(e)(3)".

(c) EFFECTIVE DATES.—The amendments made by this section shall apply to any amount received or loan made after the 90th day after the date of the enactment of this Act.

SEC. 90. REPEAL OF ESTATE TAX EXCLUSION FOR QUALIFIED PENSION PLAN BENEFITS.

(a) IN GENERAL.—Section 2039 (relating to inclusion in the gross estate of annuities) is amended by striking out subsections (c), (d), (e), (f), and (g).

(b) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to the estates of decedents dying after December 31, 1984.

(2) EXCEPTION FOR PARTICIPANTS IN PAY STATUS.—The amendments made by this section shall not apply to the estate of any decedent who—

(A) was a participant in any plan who was in pay status on December 31, 1984, and

(B) irrevocably elected before the date of the enactment of this Act, the beneficiary and form of benefit.

(3) PAY STATUS RULE EXTENDED TO $100,000 LIMITATION.—Subsection (c) of section 245 of the Tax Equity and Fiscal Responsibility Act of 1982 is amended by inserting ", except that such amendments shall not apply to the estate of any decedent who was a participant in any plan who was in pay status on December 31, 1982, and irrevocably elected before January 1, 1983, the beneficiary and form of benefit".

SEC. 91. AFFILIATED SERVICE GROUPS, EMPLOYEE LEASING ARRANGEMENTS, AND COLLECTIVE BARGAINING AGREEMENTS.

(a) ATTRIBUTION RULES FOR AFFILIATED SERVICE GROUPS.—

(1) IN GENERAL.—Subparagraph (B) of section 414(m)(6), as in effect for taxable years beginning after December 31, 1983, is amended by striking out "section 267(c)" and inserting in lieu thereof "section 318(a)".

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to taxable years beginning after December 31, 1984.

(b) EMPLOYEE LEASING EXCEPTION ONLY APPLIES TO NON-EMPLOYEES.—

(1) IN GENERAL.—Paragraph (2) of section 414(n) (defining leased employee) is amended by striking out "any person" in the material preceding subparagraph (A) and inserting in lieu thereof "any person who is not an employee of the recipient and".

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to taxable years beginning after December 31, 1983.

(c) DETERMINATION OF WHETHER THERE IS A COLLECTIVE BARGAINING AGREEMENT.—

(1) IN GENERAL.—Subsection (a) of section 7701 (relating to definitions) is amended by adding at the end thereof the following new paragraph:

"(46) DETERMINATION OF WHETHER THERE IS A COLLECTIVE BARGAINING AGREEMENT.—In determining whether there is a collective bargaining agreement between employee representatives and 1 or more employers, the term 'employee representatives' shall not include any organization more than one-half of the members of which are employees who are owners, officers, or executives of the employer.".

(2) EFFECTIVE DATE.—The amendment made by this subsection shall take effect on April 1, 1984.

PART II—WELFARE BENEFIT PLANS

SEC. 95. ADDITIONAL REQUIREMENTS FOR TAX-EXEMPT STATUS OF CERTAIN ORGANIZATIONS.

(a) GENERAL RULE.—Part I of subchapter F of chapter 1 (relating to exempt organizations) is amended by adding at the end thereof the following new section:

"SEC. 505. ADDITIONAL REQUIREMENTS FOR ORGANIZATIONS DESCRIBED IN PARAGRAPH (9), (17), OR (20) OF SECTION 501(c).

"(a) CERTAIN REQUIREMENTS MUST BE MET IN THE CASE OF ORGANIZATIONS DESCRIBED IN PARAGRAPH (9), (17), OR (20) OF SECTION 501(c).—

"(1) VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATIONS, ETC.—An organization described in paragraph (9) or (20) of subsection (c) of section 501 which is part of a plan of an employer shall not be exempt from tax under section 501(a) unless such plan meets the requirements of paragraphs (1), (2), and (3) of subsection (b).

"(2) SUPPLEMENTAL UNEMPLOYMENT COMPENSATION BENEFIT TRUSTS.—A trust described in paragraph (17) of subsection (c) of section 501 shall not be exempt from tax under section 501(a) unless the plan of which such trust is a part meets the requirements of paragraphs (1) and (3) of subsection (b).

"(3) EXCEPTION FOR MULTIEMPLOYER PLANS.—Paragraphs (1) and (2) shall not apply to any organization which is part of a multiemployer plan (within the meaning of section 414(f)) maintained pursuant to 1 or more collective bargaining agreements between 1 or more employee organizations and 1 or more employers.

"(b) REQUIREMENTS.—

"(1) LIMITATION ON BENEFITS PROVIDED TO KEY EMPLOYEES.—A plan meets the requirements of this paragraph for a year only if, with respect to each class of benefits, the benefits of such class provided under the plan (determined without regard to actual benefit payments) during such year to key employees do not exceed 25 percent of the benefits of such class provided under such plan (as so determined) during such year.

"(2) NONDISCRIMINATION REQUIREMENTS.—

"(A) IN GENERAL.—A plan meets the requirements of this paragraph only if—

"(i) each class of benefits available under the plan benefits a classification of employees which is set forth in the plan and which is found by the Secretary not to be discriminatory in favor of employees who are highly compensated individuals, and

"(ii) in the case of each class of benefits, such benefits do not discriminate in favor of employees who are highly compensated employees.

A life insurance, disability, severance pay, or supplemental unemployment benefit shall not be considered to fail to meet the requirements of clause (ii) merely because the class of benefits bears a uniform relationship to the total compensation, or to the basic or regular rate of compensation, of employees covered by the plan.

"(B) AGGREGATION RULES.—Rules similar to the rules of section 4976(g)(4) shall apply for purposes of this subsection.

"(3) PLAN MUST MEET OTHER REQUIREMENTS FOR EXCLUSION.—A plan meets the requirements of this paragraph for any taxable year only if with respect to each class of benefits—

"(A) which is excludible from gross income under this title, and

"(B) with respect to which the plan must meet any requirements of this title before such benefits are so excludible,

the plan meets such requirements.

"(c) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) KEY EMPLOYEE.—

"(A) IN GENERAL.—The term 'key employee' has the meaning given such term by section 416(i)(1) (determined without regard to clause (ii) or (iv) of subparagraph (A) thereof).

"(B) MEMBERS OF FAMILY OF KEY EMPLOYEE.—Any member of the family (within the meaning of section 318(a)(1)) of a key employee shall be treated as a key employee.

"(C) INDIVIDUAL CONTINUES TO BE KEY EMPLOYEE.—Any individual who becomes a key employee with respect to any plan shall continue to be treated as a key employee with respect to such plan whether or not the key employee continues to be described in section 416(i)(1) (as modified by this paragraph).

"(2) HIGHLY COMPENSATED INDIVIDUAL.—For purposes of this subsection, the term 'highly compensated individual' has the meaning given such term by section 105(h)(5). For purposes of the preceding sentence, section 105(h)(5) shall be applied by substituting '10 percent' for '25 percent'.

"(3) APPLICATION WITH SECTIONS 127 AND 129.—If section 127 (relating to educational assistance) or section 129 (relating to dependent care assistance) apply to 1 or more classes of benefits under a plan to which this section applies, paragraphs (1) and (2) of subsection (b) shall not apply to such classes of benefits.

"(4) FAILURE WITH RESPECT TO FACILITIES.—An organization to which this section applies shall not fail to be exempt from tax under section 501(a) merely because the plan fails to meet the requirements of paragraph (1) of subsection (b) with respect to a class of benefits which consists of the use of a facility.

"(5) PLANS DEFINED; INDEPENDENT CONTRACTORS.—Rules similar to the rules of paragraphs (2) and (3) of section 4976(h) in application of this section.

"(6) REGULATIONS RELATING TO CLASSES OF BENEFITS.—The Secretary may prescribe regulations for determining—

"(A) the method by which benefits may be assigned to a class for purposes of subsection (b), and

"(B) the amount of benefits allocated to an employee under subsection (b)(1).

"(7) REPORTING REQUIREMENT.—Any employer who maintains an organization to which this section applies shall include, in any return of the tax imposed by chapter 1 for any taxable year, information as to whether such organization meets the requirements of this section for years of the organization ending with or within such taxable year.

"(8) ORGANIZATION.—The term 'organization' includes any trust to which this section applies.".

(c) CLERICAL AMENDMENT.—The table of sections for part I of subchapter F of chapter 1 is amended by adding at the end thereof the following new item:

"Sec. 505. Additional requirements for organizations described in paragraph (9), (17), or (20) of section 501(c).".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 1984.

SEC. 96. EXCISE TAXES INVOLVING FUNDED WELFARE BENEFIT PLANS.

(a) IN GENERAL.—Chapter 43 (relating to qualified pension, etc. plans) is amended by adding at the end thereof the following new section:

"SEC. 4976. TAXES INVOLVING FUNDED WELFARE BENEFIT PLANS.

"(a) GENERAL RULE.—If any employer maintains a welfare benefit fund and such fund—

"(1) is a top-heavy welfare benefit plan for any year, and

"(2) has an excess reserve amount as of the close of such year,

there is hereby imposed on such employer a tax equal to the amount determined under subsection (b).

"(b) AMOUNT OF TAX.—

"(1) IN GENERAL.—The amount of tax imposed by subsection (a) shall be equal to the sum of the amounts determined under paragraphs (2) and (3).

"(2) TAX ON EXCESS RESERVE AMOUNT.—The amount determined under this paragraph with respect to any year shall be equal to the product of—

"(A) the excess of—

"(i) the excess reserve amount as of the close of the year, over

"(ii) the portion of the excess reserve amount taken into account under subsection (a) for any preceding year, multiplied by

"(B) the highest rate of tax imposed by section 11(b) for taxable years beginning in the calendar year with or within which such year ends.

"(3) TAX ON DEFERRED AMOUNT.—The amount determined under this paragraph shall be equal to the amount of interest (computed under section 6621) on the amount of the excess described in paragraph (2)(A)—

"(A) which is allocable to any year preceding the year described in paragraph (2) which begins after the date of the enactment of this section, and

"(B) over the period beginning with the close of the year described in subparagraph (A) and ending with the close of the year described in paragraph (2).

For purposes of this paragraph, any amount which is allocable to any year beginning before the date of the enactment of this section shall be treated as allocable to the first year beginning after such date.

"(4) ALLOCATION OF RESERVE AMOUNTS.—For purposes of paragraph (3), the excess reserve amount as of the close of any year to which paragraph (2) applies shall be allocable to the first year of the fund to which paragraph (3) could apply unless the taxpayer establishes that such excess reserve amount is allocable to other years.

"(c) EXCISE TAX ON KEY EMPLOYEES.—

"(1) IN GENERAL.—If, for any year, a welfare benefit fund is a top-heavy welfare benefit fund, there is hereby imposed for such year on each key employee a tax equal to—

"(A) the amount of benefits (excluding the fair market value of the use of any facility), multiplied by

"(B) the highest rate of tax imposed under section 1(c).

"(2) TOP-HEAVY WELFARE BENEFIT FUND.—For purposes of paragraph (1), the term 'top-heavy welfare benefit fund' has the meaning given such term by subsection (f), except that subsection (f)(1) shall be applied—

"(A) by substituting '25 percent' for '50 percent', and

"(B) without regard to the phrase '(other than the use of facilities)'.

"(d) SEPARATE EXCISE TAXES WITH RESPECT TO FACILITIES.—

"(1) TAX ON KEY EMPLOYEES.—

"(A) IN GENERAL.—If the benefits provided to key employees for the use of any facility exceed 25 percent of the benefits provided to all employees for use of such facility for any year, there is hereby imposed on each key employee a tax equal to the fair market value of the use of such facility by such key employee during the year.

"(B) EXCEPTION FOR EDUCATIONAL OR DEPENDENT CARE FACILITY.—Paragraph (1) shall not apply to the use of any facility to provide educational assistance or dependent care assistance (within the meaning of sections 127 and 129).

"(2) TAX ON EMPLOYERS.—

"(A) IN GENERAL.—If, as of the close of any year, a welfare benefit fund is a top-heavy welfare benefit fund, there is hereby imposed on the employer maintaining such fund a tax equal to the product of—

"(i) the fair market value (as of such time) of any facility of the fund used to provide benefits, multiplied by,

"(ii) the highest rate of tax imposed by section 11(b) for taxable years beginning in the calendar year with or within such year ends.

"(B) NO DOUBLE TAX.—No tax shall be imposed under subparagraph (A) with respect to any facility to the extent of the fair market value of such facility with respect to which a tax was previously imposed on such employer under subparagraph (A).

"(C) TOP-HEAVY WELFARE BENEFIT FUND.—For purposes of this paragraph, the term 'top-heavy welfare benefit fund' has the meaning given such term by subsection (f), except that subsection (f) shall be applied without regard to the phrase '(other than use of facilities)'.

"(e) WELFARE BENEFIT FUND.—For purposes of this section—

"(1) IN GENERAL.—The term 'welfare benefit fund' means any fund—

"(A) which is part of a plan of an employer, and

"(B) through which the employer provides welfare benefits to employees or their beneficiaries.

"(2) WELFARE BENEFIT.—The term 'welfare benefit' means any benefit other than a benefit with respect to which—

"(A) section 83(h) applies,

"(B) section 404 applies,

"(C) section 404A applies, or

"(D) an election under section 463 applies.

"(3) FUND.—The term 'fund' means—

"(A) any organization described in paragraph (7), (9), (17), or (20) of section 501(c), and

"(B) any trust, corporation, or other organization (including any account held for an employer by such organization) not exempt from the tax imposed by this chapter.

"(f) TOP-HEAVY WELFARE BENEFIT FUND.—For purposes of this section—

"(1) IN GENERAL.—The term 'top-heavy welfare benefit fund' means any welfare benefit fund under which the percentage of any class of benefits (other than the use of facilities) provided for key employees exceeds 50 percent of the benefits of such class provided under such plan during such year.

"(2) SPECIAL RULE FOR EDUCATIONAL AND DEPENDENT CARE BENEFITS.—In the case of a welfare benefit fund, such fund shall be treated as a top-heavy welfare benefit fund only if, in the case of a class of benefits to which section 127 or 129 applies, the fund fails to meet the requirements of paragraph (1) and the requirements of section 127 or 129 with respect to such class of benefits.

"(g) EXCESS RESERVE AMOUNT.—For purposes of this section—

"(1) IN GENERAL.—The term 'excess reserve amount' means the excess of—

"(A) the sum of—

"(i) the money and the fair market value of other property of the welfare benefit fund as of the close of the year, and

"(ii) the amount of benefits paid by the fund during such year, reduced by any contributions received by the fund during such year, over

"(B) the reserve limit with respect to such year.

"(2) RESERVE LIMIT.—The term 'reserve limit' means the sum of—

"(A) 3 times the average annual benefits paid by the welfare benefit fund during the year and the preceding year to employees with permanent and total disabilities (within the meaning of section 105(d)(4)) on account of such disabilities, and

"(B) one-third of the average annual benefits paid by the welfare benefit fund during the year and the preceding year for medical care (within the meaning of section 213), severance pay, and supplemental unemployment compensation.

For purposes of this paragraph, there shall not be taken into account as benefits paid any amount paid for insurance premiums.

"(h) DEFINITIONS AND OTHER SPECIAL RULES.—

"(1) KEY EMPLOYEE.—The term 'key employee' has the meaning given such term by section 505 (c)(1).

"(2) METHOD OF CONTRIBUTIONS, ETC., HAVING THE EFFECT OF PLAN.—If—

"(A) there is no plan, but

"(B) there is a method or arrangement of employer contributions or benefits which has the effect of a plan,

this section shall apply as if there were a plan.

"(3) EXTENSION TO PLANS FOR INDEPENDENT CONTRACTORS.—If any fund would be a welfare benefit fund (as modified by paragraph (2)) but for the fact that there is no employee-employer relationship—

"(A) this section shall apply as if there were such plan, and

"(B) any references in this section to the employer shall be treated as a reference to the person for whom services are provided, and any reference in this section to an employee shall be treated as a reference to the person providing the services.

"(4) AGGREGATION RULES.—For purposes of this section—

"(A) AGGREGATION OF FUNDS OF EMPLOYER.—All welfare benefit funds of an employer shall be treated as one fund.

"(B) TREATMENT OF RELATED EMPLOYERS.—Rules similar to the rules of subsections (b), (c), (m), and (n) of section 414 shall apply. For purposes of the preceding sentence, section 414 (m) (5) (B) shall be applied by substituting 'section 318' for 'section 267 (c)'.

"(5) PLAN MAINTAINED BY MORE THAN 1 EMPLOYER.—In the case of a plan maintained by more than 1 employer, this section shall be applied to such plan in accordance with regulations prescribed by the Secretary.".

(b) CONFORMING AMENDMENT.—The table of sections for chapter 43 is amended by adding at the end thereof the following new item:

"Sec. 4976. Taxes involving funded welfare benefit plans.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 1984.

SEC. 97. TREATMENT OF CERTAIN MEDICAL, ETC., BENEFITS UNDER SECTION 415.

(a) GENERAL RULE.—Section 415 (relating to limitations on benefits and contributions under qualified plan) is amended by adding at the end thereof the following new subsection:

"(l) TREATMENT OF CERTAIN MEDICAL BENEFITS.—

"(1) IN GENERAL.—For purposes of this section, contributions allocated to any individual medical account which is part of a pension plan for any year for which such plan is a top-heavy plan (within the meaning of section 416) shall be treated as an annual addition to a defined contribution plan for purposes of subsection (c).

"(2) INDIVIDUAL MEDICAL BENEFIT ACCOUNT.—For purposes of paragraph (1), the term 'individual medical benefit account' means any separate account—

"(A) which is established for a participant under a pension plan, and

"(B) from which benefits described in section 401(h) are payable solely to such participant, his spouse, or his dependents.".

(b) REQUIREMENT THAT SEPARATE ACCOUNT BE MAINTAINED FOR 5-PERCENT OWNER.—Subsection (h) of section 401 (relating to medical, etc., benefits for retired employees and their spouses and dependents) is amended by striking out "and" at the end of paragraph (4), by striking out the period at the end of paragraph (5) and inserting in lieu thereof ", and", and by adding at the end thereof the following new paragraph:

"(6) in the case of an employee who is a 5-percent owner, a separate account is established and maintained for such benefits payable to such employee (and his spouse and dependents) and such benefits (to the extent attributable to plan years beginning after March 31, 1984, for which the employee is a 5-percent owner) are only payable to such employee (and his spouse and dependents) from such separate account.

For purposes of paragraph (6), the term '5-percent owner' means any employee who, at any time during any of the 5 preceding plan years, is a 5-percent owner (as defined in section 416(i)(1)(B)).".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after the date of the enactment of this Act.

SEC. 98. EMPLOYER AND EMPLOYEE BENEFIT ASSOCIATION TREATED AS RELATED PERSONS UNDER SECTION 1239.

(a) GENERAL RULE.—Section 1239 (relating to gain from sale of depreciable property between certain related taxpayers) is amended by adding at the end thereof the following new subsection:

"(d) EMPLOYER AND RELATED EMPLOYEE ASSOCIATION.—For purposes of subsection (a), the term 'related person' also includes—

"(1) an employer and any person related to the employer (within the meaning of subsection (b)), and

"(2) a welfare benefit fund (within the meaning of section 4376(e)) which is controlled directly or indirectly by persons referred to in paragraph (1).".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to sales or exchanges after the date of the enactment of this Act in taxable years ending after such date.

PART III—RETIREMENT SAVINGS INCENTIVES

SEC. 100. SPECIAL RULES RELATING TO INDIVIDUAL RETIREMENT ACCOUNTS.

(a) INCREASE IN AMOUNTS INDIVIDUALS MAY CONTRIBUTE ON BEHALF OF THEIR SPOUSE.—Subsection (c) of section 219 (relating to special rules for certain married individuals) is amended to read as follows:

"(c) SPECIAL RULES FOR CERTAIN MARRIED INDIVIDUALS.—

"(1) IN GENERAL.—In the case of any individual—

"(A) with respect to whom a deduction is otherwise allowable under subsection (a) for any taxable year, and

"(B) who files a joint return for such taxable year,

there shall be allowed as a deduction any amount paid in cash for the taxable year by or on behalf of the individual to an individual retirement plan established for the benefit of the individual's spouse.

"(2) LIMITATION ON AMOUNT OF DEDUCTION.—The amount allowable as a deduction under paragraph (1) shall not exceed the excess of—

"(A) the lesser of—

"(i) the applicable amount, or

"(ii) an amount equal to the sum of the compensation includible in the individual's and the spouse's gross income for the taxable year, over

"(B) the sum of the amounts allowed as a deduction for such individual and such spouse under subsection (a) for the taxable year.

In no event shall the amount allowable for a deduction under paragraph (1) exceed $2,000.

"(3) APPLICABLE AMOUNT.—For purposes of this subsection, the applicable amount shall be determined in accordance with the following table:

"In the case of a taxable year beginning in:	The applicable amount is:
1985 and 1986	$2,750
1987 and 1988	$3,250
1989 and 1990	$3,750
1991 and thereafter	$4,000.".

(b) CERTAIN ALIMONY TO BE TREATED AS COMPENSATION.—

(1) IN GENERAL.—Paragraph (1) of section 219(f) (defining compensation) is amended by adding at the end thereof the following new sentence: "The term 'compensation' shall include any amount includable in the individual's gross income under paragraph (1) of section 71(a) (relating to decree of divorce or separate maintenance).".

(2) CONFORMING AMENDMENT.—Subsection (b) of section 219 is amended by striking out paragraph (4).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1984.

PART IV—EMPLOYEE STOCK OWNERSHIP PROVISIONS

SEC. 101. NONRECOGNITION OF GAIN ON STOCK SOLD TO EMPLOYEES WHERE QUALIFIED REPLACEMENT PROPERTY ACQUIRED.

(a) IN GENERAL.—Part III of subchapter O of chapter 1 (relating to nontaxable exchanges) is amended by adding at the end thereof the following new section:

"SEC. 1041. SALES OF STOCK TO EMPLOYEES.

"(a) NONRECOGNITION OF GAIN.—

"(1) IN GENERAL.—If—

"(A) qualified securities are sold by the taxpayer to a tax credit employee stock ownership plan (as defined in section 409A) or to an employee stock ownership plan (as defined in section 4975(e)(7)), or to an eligible worker-owned cooperative, and

"(B) within the qualified period, qualified replacement property is purchased by the taxpayer,

then the gain (if any) from such sale shall, at the election of the taxpayer, be recognized only to the extent that the amount realized on such sale exceeds the cost to the taxpayer of such qualified replacement property.

"(2) ELECTION.—The election under paragraph (1) shall be made by filing with the Secretary a statement (in such manner as the Secretary may by regulations prescribe) of such election not later than the last day prescribed by law (including extensions thereof) for filing the return of the tax imposed by this chapter for the taxable year in which the sale occurs.

"(b) DEFINITIONS; SPECIAL RULES.—For purposes of this section—

"(1) QUALIFIED SECURITIES.—The term 'qualified securities' means employer securities (as defined in section 409A(l))—

"(A) which are issued by a domestic corporation that has no securities outstanding that are readily tradable on an established securities market,

"(B) with respect to which the taxpayer's holding period is more than 1 year, and

"(C) which were not received by the taxpayer in a distribution from a plan described in section 401(a) or as a transfer pursuant to an option or other right to acquire stock to which section 83, 422, 422A, 423, or 424 applies.

"(2) ELIGIBLE WORKER-OWNED COOPERATIVE.—The term 'eligible worker-owned cooperative' means any organization—

"(A) to which part I of subchapter T applies,

"(B) a majority of the membership of which is comprised of employees of such organization,

"(C) a majority of the voting stock of which is owned by members,

"(D) a majority of the board of directors of which is elected by the members on the basis of 1 person 1 vote, and

"(E) a majority of the allocated earnings and losses of which are allocated to members on the basis of—

"(i) patronage,

"(ii) capital contributions, or

"(iii) some combination of clauses (i) and (ii).

"(3) QUALIFIED PERIOD.—The term 'qualified period' means the period which begins 3 months prior to the date on which the sale of qualified securities occurs and which ends 12 months after the date of such sale.

"(4) QUALIFIED REPLACEMENT PROPERTY.—The term 'qualified replacement property' means any security (as defined in section 165(g)(2)) issued by a domestic corporation which does not, for the taxable year in which such stock is issued, have passive investment income (as defined in section 1362(d)(3)(D)) in excess of the limitation set forth in section 1375(a)(2).

"(5) STOCK ACQUIRED BY UNDERWRITER.—No acquisition of stock by an underwriter in the ordinary course of his trade or business as

an underwriter, whether or not guaranteed, shall be treated as a purchase for purposes of subsection (a).

"(c) BASIS OF QUALIFIED REPLACEMENT PROPERTY.—The basis of the taxpayer in qualified replacement property purchased by the taxpayer during the qualified period shall be reduced by the amount of gain not recognized solely by reason of the application of subsection (a). If more than one item of qualified replacement property is purchased, the amount of reduction applicable to any item of such property shall be determined by multiplying the total gain not recognized by reason of subsection (a) by a fraction the numerator of which is the cost of such item of property and the denominator of which is the total cost of all such items of property.

"(d) STATUTE OF LIMITATIONS.—If any gain is realized by the taxpayer on the sale or exchange of any qualified securities and there is in effect an election under subsection (a) with respect to such gain, then—

"(1) the statutory period for the assessment of any deficiency with respect to such gain shall not expire before the expiration of 3 years from the date the Secretary is notified by the taxpayer (in such manner as the Secretary may by regulations prescribe) of—

"(A) the taxpayer's cost of purchasing qualified replacement property which the taxpayer claims results in nonrecognition of any part of such gain,

"(B) the taxpayer's intention not to purchase qualified replacement property within the qualified period, or

"(C) a failure to make such purchase within the qualified period, and

"(2) such deficiency may be assessed before the expiration of such 3-year period notwithstanding the provisions of any other law or rule of law which would otherwise prevent such assessment.".

(b) CONFORMING AMENDMENTS.—

(1) Section 1223 (relating to holding period of property) is amended by redesignating paragraph (13) as paragraph (14) and by inserting after paragraph (12) the following:

"(13) In determining the period for which the taxpayer has held qualified replacement property (within the meaning of section 1041(b)) the acquisition of which resulted under section 1041 in the nonrecognition of any part of the gain realized on the sale of qualified securities (within the meaning of section 1041(b)), there shall be included the period for which such qualified securities had been held by the taxpayer.".

(2) Subsection (a) of section 1016 (relating to adjustments to basis), as amended by this Act, is amended—

(A) by striking out "and" at the end of paragraph (25),

(B) by striking out the period at the end of paragraph (26) and inserting in lieu thereof ", and", and

(C) by adding at the end thereof the following new paragraph:

"(27) in the case of qualified replacement property, the acquisition of which resulted under section 1041 in the nonrecognition of any part of the gain realized on the sale or exchange of any property, to the extent provided in section 1041(c).".

(3) The table of sections for part III of subchapter O of chapter 1 is amended by adding at the end thereof the following new item:

"Sec. 1041. Sales of Stock to Employees.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to sales of securities in taxable years beginning after the date of enactment of this Act.

SEC. 102. DEDUCTIBILITY OF CERTAIN DIVIDEND DISTRIBUTIONS FROM EMPLOYEE STOCK OWNERSHIP PLANS.

(a) DEDUCTION.—Section 404 (relating to deductions for employer contributions to an employees' trust) is amended by adding at the end thereof the following new subsection:

"(k) DIVIDENDS PAID DEDUCTIONS.—In addition to the deductions provided under subsection (a), there shall be allowed as a deduction to an employer the amount of any dividend paid in cash by that employer (or any member of the controlled group as described in section 409A(l)(4)) during the taxable year with respect to the stock of the employer if—

"(1) such stock is held on the record date for the dividend by a tax credit employee stock ownership plan (as defined in section 409A) or an employee stock ownership plan (as defined in section 4975(e)(7)), and

"(2) in accordance with the plan provisions—

"(A) the dividend is paid in cash to the participants in the plan, or

"(B) the dividend is paid to the plan and is either—

"(i) distributed in cash to participants in the plan not later than 60 days after the close of the plan year in which paid, or

"(ii) applied by the plan to the repayment of a loan (as described in section 404(a)(10)) incurred for the purpose of acquiring stock of the employer.".

(b) DENIAL OF PARTIAL EXCLUSION.—Section 116 (relating to partial exclusion of dividends) is amended by adding at the end thereof the following new subsection:

"(e) DIVIDENDS FROM EMPLOYEE STOCK OWNERSHIP PLANS.—Subsection (a) shall not apply to any dividend described in section 404(k).".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of enactment of this Act.

SEC. 103. EXCLUSION OF INTEREST ON LOANS USED TO FINANCE ACQUISITION OF EMPLOYER SECURITIES BY AN ESOP.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 (relating to items excluded from gross income) is amended by redesignating section 132 as section 133 and by inserting after section 131 the following new section:

"SEC. 132. INTEREST ON CERTAIN LOANS USED TO ACQUIRE EMPLOYER SECURITIES.

"(a) IN GENERAL.—Gross income does not include 50 percent of the interest received by a bank (within the meaning of section 581), an insurance company to which subchapter L applies, or a corporation actively engaged in the business of lending money on a securities acquisition loan.

"(b) SECURITIES ACQUISITION LOAN.—For purposes of this section, the term 'securities acquisition loan' means a loan the proceeds of which are used by an employee stock ownership plan (within the meaning of section 4975(e)(7)) to acquire employer securities (within the meaning of section 409A(l)) for the plan.".

(b) CONFORMING AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 is amended by striking out the item relating to section 132 and inserting in lieu thereof the following:

"Sec. 132. Interest on certain loans used to acquire employer securities.

"Sec. 133. Cross references to other Acts.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to loans extended after the date of the enactment of this Act.

SEC. 104. REDUCTION IN CAPITAL GAINS TAX WITH RESPECT TO SALES OF STOCK IN CORPORATIONS WITH EMPLOYEE OWNERSHIP.

(a) REDUCTION IN AMOUNT OF NET CAPITAL GAIN INCLUDED IN INCOME OF INDIVIDUALS.—Subsection (a) of section 1202 (relating to deduction for capital gains) is amended to read as follows:

"(a) IN GENERAL.—If for any taxable year a taxpayer other than a corporation has a net capital gain, there shall be allowed as a deduction from gross income an amount equal to the sum of—

"(1) 80 percent of the qualified corporate gain of the taxpayer for such taxable year, plus

"(2) 60 percent of the excess (if any) of—

"(A) such net capital gain, over

"(B) the qualified corporate gain of the taxpayer for such taxable year.".

(b) REDUCTION OF ALTERNATIVE CAPITAL GAIN TAX RATE FOR CORPORATIONS.—Subsection (a) of section 1201 (relating to alternative tax for corporations) is amended—

(1) by striking out "plus" at the end of paragraph (1), and

(2) by striking out paragraph (2) and inserting in lieu thereof the following:

"(2) a tax of 10 percent of the qualified corporate gain of the taxpayer for the taxable year, plus

"(3) a tax of 28 percent of the excess (if any) of—

"(A) such net capital gain, over

"(B) the qualified corporate gain of the taxpayer for the taxable year.".

(c) DEFINITIONS AND SPECIAL RULES.—Part I of subchapter P of chapter 1 (relating to treatment of capital gains) is amended by adding at the end thereof the following new section:

"SEC. 1203. DEFINITIONS AND SPECIAL RULES RELATING TO QUALIFIED CORPORATE GAIN.

"(a) QUALIFIED CORPORATE GAIN.—For purposes of this part, the term 'qualified corporate gain' means the net capital gain of the taxpayer for the taxable year resulting from the sale or exchange of qualified securities of employee-owned corporations.

"(b) DEFINITIONS.—For purposes of this section—

"(1) QUALIFIED SECURITIES.—The term 'qualified securities' means any shares of stock acquired by the taxpayer as part of the original issue of such securities which have been held by the taxpayer for at least 3 years.

"(2) EMPLOYEE-OWNED CORPORATION.—The term 'employee-owned corporation' means any domestic corporation—

"(A) not less than 50 percent of the total value of shares of all classes of stock of which is owned by, or on behalf of, qualified employees of such corporation, and

"(B) not less than 50 percent of the qualified employees of which own not less than 25 percent of such shares of stock.

"(3) QUALIFIED EMPLOYEE.—The term 'qualified employee' means an employee of the corporation (other than the taxpayer) who is not an officer or a member of the board of directors of the corporation.

"(c) SPECIAL RULES.—For purposes of this section—

"(1) TIME FOR DETERMINING WHETHER A CORPORATION IS AN EMPLOYEE-OWNED CORPORATION.—The determination of whether a corporation is an employee-owned corpora-

tion shall be made at the time the qualified corporate gain is realized after taking into account the sale or exchange described in subsection (a).

"(2) CONTROLLED GROUPS.—

"(A) IN GENERAL.—In the case of a corporation which is a member of a controlled group, all members of such group at any time during the calendar year shall be treated as one corporation for such calendar year.

"(B) CONTROLLED GROUP DEFINED.—Persons shall be treated as members of a controlled group if such persons would be treated as a single employer under subsection (b) or (c) of section 414.

"(3) STOCK HELD BY QUALIFIED PLANS.—For purposes of subsection (b)(2)(A), all shares of stock of the employer held by an employees' trust described in section 401(a) which is maintained by a corporation shall be considered as owned by qualified employees of the corporation.

"(4) RELATED EMPLOYEES.—Any employees whose relationship to one another is described in section 267(b)(1) shall be treated as a single employee.".

(d) CONFORMING AMENDMENTS.—

(1) Subsection (e) of section 170 (relating to contributions of ordinary income and capital gain property) is amended—

(A) by striking out "40 percent (28/46 in the case of a corporation)" in paragraph (1)(B) and inserting in lieu thereof "the applicable percentage", and

(B) by adding at the end thereof the following new paragraph:

"(5) APPLICABLE PERCENTAGE DEFINED.—For purposes of paragraph (1), the term 'applicable percentage' means—

"(A) in the case of a taxpayer other than a corporation—

"(i) whose charitable contribution consists of qualified securities of employee-owned corporations (within the meaning of section 1203), 20 percent, or

"(ii) whose charitable contribution consists of other property, 40 percent, or

"(B) in the case of a corporation—

"(i) whose charitable contribution consists of such qualified securities, 10/46, or

"(ii) whose charitable contribution consists of other property, 28/46.".

(2) The table of sections for part I of subchapter P of chapter 1 is amended by inserting after the item relating to section 1202 of the following new item:

"Sec. 1203. Definitions and special rules relating to qualified corporate gain.".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to sales and exchanges of qualified securities (within the meaning of section 1203 of the Internal Revenue Code of 1954) which are acquired by the taxpayer after the date of enactment of this Act in taxable years ending after such date.

SEC. 105. ASSUMPTION OF ESTATE TAX LIABILITY BY ESOP RECEIVING EMPLOYER SECURITIES.

(a) IN GENERAL.—Subchapter C of chapter 11 (relating to miscellaneous estate tax provisions) is amended by adding at the end thereof the following new section:

"SEC. 2210. LIABILITY FOR PAYMENT IN CASE OF TRANSFER OF EMPLOYER SECURITIES TO AN EMPLOYEE STOCK OWNERSHIP PLAN.

"(a) IN GENERAL.—If—

"(1) a qualified amount of employer securities—

"(A) are acquired by an employee stock ownership plan from the decedent,

"(B) pass from the decedent to such a plan, or

"(C) are transferred by the executor to such a plan, and

"(2) the executor elects the application of this section and files the agreements described in subsection (e) (in such manner as the Secretary shall by regulations prescribe) at the time prescribed by section 6075(a) for filing the return of tax imposed by section 2001 (including extensions thereof),

then the executor is relieved of liability for payment of that portion of the tax imposed by section 2001 which an employee stock ownership plan is required to pay under subsection (b).

"(b) PAYMENT OF TAX BY EMPLOYEE STOCK OWNERSHIP PLAN.—

"(1) IN GENERAL.—An employee stock ownership plan—

"(A) which has acquired a qualified amount of employer securities from the decedent, or to which such securities have passed from the decedent or been transferred by the executor, and

"(B) with respect to which an agreement described in subsection (e)(1) is in effect,

shall pay that portion of the tax imposed by section 2001 with respect to the taxable estate of the decedent which is described in paragraph (2).

"(2) AMOUNT OF TAX TO BE PAID.—The portion of the tax imposed by section 2001 with respect to the taxable estate of the decedent that is described in this paragraph is equal to the lesser of—

"(A) the excess of—

"(i) the tax imposed by section 2001 with respect to such taxable estate, over

"(ii) the tax imposed by section 2001 with respect to such taxable estate determined by excluding from the gross estate of the decedent employer securities conveyed under subsection (a)(1), or

"(B) the tax imposed by section 2001 with respect to such taxable estate reduced by the sum of the credits allowable against such tax.

"(c) INSTALLMENT PAYMENTS.—

"(1) IN GENERAL.—If—

"(A) the executor of the estate of the decedent (without regard to this section) may elect to have the provisions of section 6166 (relating to extensions of time for payment of estate tax where estate consists largely of interest in closely held business) apply to payment of that portion of the tax imposed by section 2001 with respect to such estate which is attributable to employer securities, and

"(B) the plan administrator provides to the executor the agreement described in subsection (e)(1),

then the plan administrator may elect, before the time prescribed by section 6075(a) for filing the return of such tax, to pay all or part of the tax described in subsection (b)(2) in installments under the provisions of section 6166.

"(2) INTEREST ON INSTALLMENTS.—In the case of a plan administrator who elects to pay all or a portion of the tax described in subsection (b)(2) in installments under section 6166, section 6601(j) shall be applied with respect to the entire amount of tax imposed by section 2001 with respect to the estate.

"(d) GUARANTEE OF PAYMENTS.—Any employer—

"(1) whose employees are covered by an employee stock ownership plan, and

"(2) who has entered into an agreement described in subsection (e)(2) which is in effect,

shall guarantee the payment of any amount such plan is required to pay under subsection (b), including any interest payable under section 6601 which is attributable to such amount.

"(e) AGREEMENTS.—The agreements described in this subsection are as follows:

"(1) A written agreement signed by the plan administrator consenting to the application of subsection (b) to the plan.

"(2) A written agreement signed by the employer whose employees are covered by the plan described in subsection (b) consenting to the application of subsection (d).

"(f) DEFINITIONS.—For purposes of this section—

"(1) QUALIFIED AMOUNT OF EMPLOYER SECURITIES.—The term 'qualified amount of employer securities' means an amount of employer securities the value of which equals or exceeds that portion of the tax imposed by section 2001 with respect to the taxable estate of the decedent which is described in subsection (b)(2).

"(2) EMPLOYER SECURITIES.—The term 'employer securities' has the meaning given such term by section 409A(l).

"(3) EMPLOYEE STOCK OWNERSHIP PLAN.—The term 'employee stock ownership plan' has the meaning given such term by section 4975(e)(7).

"(4) PLAN ADMINISTRATOR.—The term 'plan administrator' has the meaning given such term by section 414(g).".

(b) EXEMPTION FROM TAX ON PROHIBITED TRANSACTIONS.—Subsection (d) of section 4975 (relating to exemptions from the tax on prohibited transactions) is amended—

(1) by striking out "or" at the end of paragraph (14),

(2) by striking out the period at the end of paragraph (15) and inserting in lieu thereof ", or", and

(3) by inserting after paragraph (15) the following new paragraph:

"(16) any transaction in which employer securities are transferred to an employee stock ownership plan and the plan (or the employer on behalf of the plan) pays that portion of the decedent's estate tax described in section 2210(b)(2).".

(c) CONFORMING AMENDMENTS.—

(1) Section 2002 (relating to liability for payment of estate tax) is amended to read as follows:

"SEC. 2002. LIABILITY FOR PAYMENT.

"Except as provided in section 2210, the tax imposed by this chapter shall be paid by the executor.".

(2) The table of sections for subchapter C of chapter 11 is amended by adding at the end thereof the following:

"Sec. 2210. Liability for payment in case of transfer of employer securities to an employee stock ownership plan.".

(3) Section 6018 (relating to estate tax returns) is amended by adding at the end thereof the following new subsection:

"(c) ELECTION UNDER SECTION 2210.—In all cases in which subsection (a) requires the filing of a return, if an executor elects the application of section 2210—

"(1) RETURN BY EXECUTOR.—The return which the executor is required to file under the provisions of subsection (a) shall be made with respect to that portion of estate tax imposed by subtitle B which the executor is required to pay.

"(2) RETURN BY PLAN ADMINISTRATOR.—The plan administrator (as defined in section 414(g)) shall make a return with respect to

that portion of the tax imposed by section 2001 which the employee stock ownership plan is required to pay under section 2210(b).".

(4) Subsection (j) of section 6166 (relating to cross references) is amended by adding at the end thereof the following new paragraph:

"(6) PAYMENT OF ESTATE TAX BY EMPLOYEE STOCK OWNERSHIP PLAN.—For provision allowing plan administrator to elect to pay a certain portion of the estate tax in installments under the provisions of this section, see section 2210(c).".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to those estates of decedents which are required to file returns on a date (including any extensions) after the date of enactment of this Act.

SEC. 106. DEDUCTION FROM TAXABLE ESTATE OF HALF THE PROCEEDS FROM SALES OF EMPLOYER SECURITIES TO EMPLOYEE STOCK OWNERSHIP PLANS OR CERTAIN WORKER-OWNED COOPERATIVES.

(a) IN GENERAL.—Part IV of subchapter A of chapter 11 (relating to taxable estate) is amended by adding at the end thereof the following new section:

"SEC. 2057. SALES OF EMPLOYER SECURITIES TO EMPLOYEE STOCK OWNERSHIP PLANS OR WORKER-OWNED COOPERATIVES.

"(a) IN GENERAL.—For purposes of the tax imposed by section 2001, the value of the taxable estate shall be determined by deducting from the value of the gross estate an amount equal to 50 percent of the aggregate amount of the qualified proceeds from the sale of employer securities to a tax credit employee stock ownership plan (as defined in section 409A) or to an employee stock ownership plan (as defined in section 4975(e)(7)), or to an eligible worker-owned cooperative which are realized by the decedent at any time before the date on which the return of the tax imposed by section 2001 is required to be filed (including any extensions) disregarding any portion of the proceeds from the sale of employer securities under this subsection to the extent that such securities are allocated under the plan for the benefit of—

"(1) the taxpayer or decedent,

"(2) any person related to the taxpayer or decedent under the provisions of section 267(b)(1), or

"(3) any other person who owns more than 25 percent in value of any class of outstanding employer securities under the provisions of section 318(a).

"(b) DEFINITIONS.—For purposes of this section—

"(1) EMPLOYER SECURITIES.—The term 'employer securities' has the meaning given to such term by section 409A(l).

"(2) QUALIFIED PROCEEDS.—The term 'qualified proceeds' means the proceeds from the sale of employer securities as described in subsection (a), provided such securities were not received by the taxpayer in a distribution from a plan described in section 401(a) or as a transfer pursuant to an option or other right to acquire stock to which section 83, 422, 422A, 423, or 424 applies.

"(3) ELIGIBLE WORKER-OWNED COOPERATIVE.—The term 'eligible worker-owned cooperative' has the meaning given such term by section 1041(b)(2).".

(b) CONFORMING AMENDMENT.—The table of sections for part IV of subchapter A of chapter 11 is amended by adding at the end thereof the following new item:

"Sec. 2057. Sales of employer securities to employee stock ownership plans or worker-owned cooperatives.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to those estates of decedents which are required to file returns on a date (including any extensions) after the date of enactment of this Act.

SEC. 107. CERTAIN CONTRIBUTIONS TO ESOP TREATED AS CHARITABLE CONTRIBUTIONS.

(a) IN GENERAL.—Subsection (c) of section 170 (defining charitable contribution) is amended by inserting after paragraph (5) the following new paragraph:

"(6) A tax credit employee stock ownership plan (as defined in section 409A) or an employee stock ownership plan (as defined in section 4975(e)(7)) but only if—

"(A) such contribution or gift consists exclusively of employer securities (within the meaning of section 409A(l));

"(B) such contribution or gift is allocated (over a period not in excess of three plan years), pursuant to the terms of such plan, to the employees participating under the plan in a manner consistent with section 401(a)(4);

"(C) no part of such contribution or gift is allocated under the plan for the benefit of—

"(i) the donor,

"(ii) any person who is a member of the family of the donor (within the meaning of section 267(c)(4)), or

"(iii) any other person who owns more than 25 percent in value of any class of outstanding employer securities under the provisions of section 318(a);

"(D) such contribution or gift is made only pursuant to the provisions of such tax credit employee stock ownership plan or such employee stock ownership plan;

"(E) such plan treats such employer securities as being attributable to employer contributions;

"(F) no deduction under section 404 and no credit under section 38 or 44G is allowed with respect to such contribution or gift;

"(G) any allocation under the plan of such contribution or gift which is based on compensation of the participants does not take into account any portion of the compensation of a participant that exceeds $100,000 per year.".

(b) PERCENTAGE LIMITATIONS.—Subparagraph (A) of section 170(b)(1) (relating to percentage limitations for individuals) is amended—

(1) by striking out "or" at the end of clause (vii),

(2) by inserting "or" at the end of clause (viii), and

(3) by inserting after clause (viii) the following new clause:

"(ix) a tax credit employee stock ownership plan (as defined in section 409A) or an employee stock ownership plan (as defined in section 4975(e)(7)),".

(c) CONFORMING AMENDMENTS.—

(1) Subsection (a) of section 2055 (relating to transfers for public, religious, and charitable uses) is amended—

(A) by striking out "or" at the end of paragraph (3),

(B) by striking out the period at the end of paragraph (4) and inserting in lieu thereof "; or", and

(C) by inserting after paragraph (4) the following new paragraph:

"(5) to a tax credit employee stock ownership plan (as defined in section 409A) or an employee stock ownership plan (as defined in section 4975(e)(7)) but only if the requirements of section 170(c)(6) are met.".

(2) Subsection (a) of section 2522 (relating to charitable and similar gifts) is amended—

(A) by striking out the period at the end of paragraph (4) and inserting in lieu thereof "; or", and

(B) by adding at the end thereof the following new paragraph:

"(5) a tax credit employee stock ownership plan (as defined in section 409A) or an employee stock ownership plan (as defined in section 4975(e)(7)) but only if the requirements of section 170(c)(6) are met.".

(3) Section 415 (relating to limitations on benefits and contributions under qualified plans), as amended by this Act, is amended by adding at the end thereof the following new subsection:

"(m) CHARITABLE CONTRIBUTIONS.—The limitations provided under this section shall not apply with respect to any contribution or gift described in section 170(c)(6) if the requirements of section 170(c)(6) are met.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of enactment of this Act.

SEC. 108. EXCISE TAX ON CERTAIN DISPOSITIONS AND ALLOCATIONS OF EMPLOYER SECURITIES BY EMPLOYEE STOCK OWNERSHIP PLANS.

(a) IN GENERAL.—Chapter 43 (relating to excise taxes on qualified pension plans) is amended by adding at the end thereof the following new section:

"SEC. 4977. TAX ON CERTAIN DISPOSITIONS AND ALLOCATIONS BY EMPLOYEE STOCK OWNERSHIP PLANS AND CERTAIN COOPERATIVES.

"(a) DISPOSITIONS OF SECURITIES BEFORE CLOSE OF MINIMUM HOLDING PERIOD.—

"(1) SECURITIES ACQUIRED IN SALE TO WHICH SECTION 1041 APPLIES.—

"(A) IMPOSITION OF TAX.—There is hereby imposed a tax on the disposition by any employee stock ownership plan or eligible worker-owned cooperative of any qualified securities which were acquired by such plan or cooperative in a sale with respect to which the application of section 1041 was elected if such disposition occurs during the 84-month period which begins on the date of such sale.

"(B) AMOUNT OF TAX.—The amount of the tax imposed by subparagraph (A) is 10 percent of the gain from the sale described in subparagraph (A) of qualified securities to the employee stock ownership plan or eligible worker-owned cooperative.

"(2) LIABILITY FOR PAYMENT OF TAXES.—The tax imposed by this subsection shall be paid by the employee stock ownership plan or the eligible worker-owned cooperative, as the case may be.

"(3) NO APPLICATION TO CERTAIN DISPOSITIONS.—This subsection shall not apply with respect to any disposition of qualified securities which is made by reason of—

"(A) the death, disability, or separation from service of the employee,

"(B) a transfer of the employee to the employment of an acquiring corporation from the employment of the selling corporation in the case of a sale to the acquiring corporation of substantially all of the assets used by the selling corporation in a trade or business conducted by the selling corporation, or

"(C) the disposition of a selling corporation's interest in a subsidiary when the participant continues employment with such subsidiary.

"(b) IMPROPER ALLOCATIONS OR ACCRUAL OF BENEFITS.—

"(1) SECURITIES ACQUIRED IN SALE TO WHICH SECTION 1041 APPLIES.—

"(A) IMPOSITION OF TAX.—There is hereby imposed a tax on the allocation of, or accrual of benefit with respect to, more than 25 percent of the fair market value of qualified securities described in subsection (a)(1) (determined at the time of sale) to—

"(i) the person who sold such securities to the employee stock ownership plan or eligible worker-owned cooperative,

"(ii) any person who is a member of the family (within the meaning of section 267(c)(4)) of the person described in clause (i), or

"(iii) any person who owns (under the rules of section 318(a)) more than 25 percent of the value of any class of outstanding employer securities.

"(B) AMOUNT OF TAX.—The amount of the tax imposed by subparagraph (A) is 10 percent of the gain from the sale described in subparagraph (A) of qualified securities to the employee stock ownership plan or eligible worker-owned cooperative.

"(2) LIABILITY FOR PAYMENT OF TAXES.—The tax imposed by this subsection shall be paid by the employee stock ownership plan or the eligible worker-owned cooperative, as the case may be.

"(c) FAILURE TO MAINTAIN STATUS AS AN EMPLOYEE-OWNED CORPORATION.—

"(1) IMPOSITION OF TAX.—If—

"(A) any gain from the sale or exchange of stock of a corporation is qualified corporate gain (within the meaning of section 1203), and

"(B) such corporation ceases to be an employee-owned corporation at any time during the 2-year period beginning on the date of such sale or exchange,

there is hereby imposed a tax on such cessation of status as an employee-owned corporation in an amount equal to 10 percent of the gain from such sale or exchange.

"(2) LIABILITY FOR PAYMENT OF TAX.—The tax imposed by paragraph (1) shall be paid by the corporation described in paragraph (1).

"(3) CERTIFICATION OF STATUS AS AN EMPLOYEE-OWNED CORPORATION.—

"(A) FAILURE TO CERTIFY TREATED AS CESSATION.—If a corporation fails to meet the requirements of subparagraph (B), such corporation shall, for purposes of this subsection, be treated as having ceased to be an employee-owned corporation on the date such failure occurs.

"(B) CERTIFICATION REQUIREMENT.—If any gain from the sale or exchange of stock of a corporation is qualified corporate gain (within the meaning of section 1203), such corporation shall certify that such corporation is an employee-owned corporation on each return of the tax imposed by chapter 1 which is required to be filed (not including any extensions) during the 2-year period which begins on the date of such sale or exchange.

"(d) DEFINITIONS.—For purposes of this section—

"(1) EMPLOYEE STOCK OWNERSHIP PLAN.—

"(A) IN GENERAL.—The term 'employee stock ownership plan' has the meaning given to such term by section 4975(e)(7).

"(B) TAX CREDIT EMPLOYEE STOCK OWNERSHIP PLANS.—The term 'employee stock ownership plan' includes any tax credit employee stock ownership plan (within the meaning of section 409A).

"(2) QUALIFIED SECURITIES.—The term 'qualified securities' has the meaning given to such term by section 1041(b)(1).

"(3) EMPLOYEE-OWNED CORPORATION.—The term 'employee-owned corporation' has the meaning given to such term by section 1203(b)(2).

"(4) ELIGIBLE WORKER-OWNED COOPERATIVE.—The term 'eligible worker-owned cooperative' has the meaning given to such term by section 1041(b)(1).".

(b) CONFORMING AMENDMENT.—The table of sections for chapter 43 is amended by adding at the end thereof the following new item:

"Sec. 4977. Tax on certain dispositions and allocations by employee stock ownership plans and certain cooperatives.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of enactment of this Act.

PART V—MISCELLANEOUS

SEC. 111. ELIMINATION OF RETROACTIVE APPLICATION OF AMENDMENTS MADE BY MULTIEMPLOYER PENSION PLAN AMENDMENTS ACT OF 1980.

(a) IN GENERAL.—

(1) LIABILITY.—Any withdrawal liability incurred by an employer pursuant to part 1 of subtitle E of title IV of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1381 et seq.) as a result of the complete or partial withdrawal of such employer from a multiemployer plan before September 26, 1980, shall be void.

(2) REFUNDS.—Any amounts paid by an employer to a plan sponsor as a result of such withdrawal liability shall be refunded by the plan sponsor to the employer, less a reasonable amount for administrative expenses incurred by the plan sponsor in calculating, assessing, and refunding such amounts.

(b) CONFORMING AMENDMENTS.—

(1) EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—

(A) Sections 4211(b) and (c), 4217(a), and 4235(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1391(b) and (c), 1397(a), and 1415(a)) are amended by striking out "April 28, 1980" each place it appears and inserting in lieu thereof "September 25, 1980".

(B) Sections 4211 (b) and (c), 4217(a), 4219(c)(1)(C)(iii), and 4402(e) of such Act (29 U.S.C. 1391 (b) and (c), 1397(a), 1399(c)(1)(C)(iii), and 1461(e)) are amended by striking out "April 29, 1980" each place it appears and inserting in lieu thereof "September 26, 1980".

(C) Section 4402(f)(1) of such Act (29 U.S.C. 1461(f)(1)) is amended by striking out "April 29, 1985" and inserting in lieu thereof "September 26, 1985".

(2) MULTIEMPLOYER PENSION PLAN AMENDMENTS ACT OF 1980.—Section 108(d) of the Multiemployer Pension Plan Amendments Act of 1980 (29 U.S.C. 1385 note) is amended—

(A) by striking out "April 29, 1982" in paragraph (1) and inserting in lieu thereof "September 26, 1982"; and

(B) by striking out "April 29, 1980" each place it appears in paragraphs (2) and (3) and inserting in lieu thereof "September 26, 1980".

(c) NO INCREASE IN LIABILITY.—The amendments made by this section shall not be construed to increase the liability incurred by any employer pursuant to part 1 of subtitle E of title IV of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1381 et seq.), as in effect immediately before the amendments made by subsection (b), as a result of the complete or partial withdrawal of such employer from a multiemployer plan prior to September 26, 1980.

(d) SPECIAL RULE FOR CERTAIN BINDING AGREEMENTS.—In the case of an employer who, on September 26, 1980, has a binding agreement to withdraw from a multiemployer plan, subsection (a)(1) shall be applied by substituting "December 31, 1980" for "September 26, 1980".

SEC. 112. TREATMENT OF CERTAIN DISTRIBUTIONS FROM A QUALIFIED TERMINATED PLAN.

(a) IN GENERAL.—For purposes of the Internal Revenue Code of 1954, if—

(1) a distribution was made from a qualified terminated plan to an employee on December 16, 1976, and on January 6, 1977, such employee transferred all of the property received in such distribution to an individual retirement account (within the meaning of section 408(a) of such Code) established for the benefit of such employee, and

(2) the remaining balance to the credit of such employee in such qualified terminated plan was distributed to such employee on January 21, 1977, and all the property received by such employee in such distribution was transferred by such employee to such individual retirement account on January 21, 1977,

then such distributions shall be treated as qualifying rollover distributions (within the meaning of section 402(a)(5)(D) of such Code) and shall not be includable in the gross income of such employee for the taxable year in which paid.

(b) QUALIFIED TERMINATED PLAN.—For purposes of this section, the term "qualified terminated plan" means a pension plan—

(1) with respect to which a notice of sufficiency was issued by the Pension Benefit Guaranty Corporation on December 2, 1976, and

(2) which was terminated by corporate action on February 20, 1976.

(c) REFUND OR CREDIT OF OVERPAYMENT BARRED BY STATUTE OF LIMITATIONS.—Notwithstanding section 6511(a) of the Internal Revenue Code of 1954 or any other period of limitation or lapse of time, a claim for credit or refund of overpayment of the tax imposed by such Code which arises by reason of this section may be filed by any person at any time within the 1-year period beginning on the date of enactment of this Act. Sections 6511(B) and 6514 of such Code shall not apply to any claim for credit or refund filed under this subsection within such 1-year period.

SEC. 113. PARTIAL TERMINATION FOR CERTAIN PENSION PLANS.

For purposes of section 411(d)(3) of the Internal Revenue Code of 1954 (relating to minimum vesting standards in the case of partial terminations), a partial termination shall not be treated as occurring if—

(1) the partial termination is a result of a decline in plan participation which—

(A) occurs by reason of the completion of the Trans-Alaska Oil Pipeline construction project, and

(B) occurred after December 31, 1975, and before January 1, 1980, with respect to participants employed in Alaska,

(2) no discrimination prohibited by section 401(a)(4) of such Code occurred with respect to such partial termination, and

(3) the plan precludes reversion of plan assets to employers under the plan as a

result of the exclusion of the participants from further participation in such plan.

SEC. 114. DISTRIBUTION REQUIREMENTS FOR ACCOUNTS AND ANNUITIES OF AN INSURER IN A TITLE 11 PROCEEDING.

For purposes of section 408(a)(6) and section 408(b)(3) of the Internal Revenue Code of 1954, a grantor of an individual retirement account or an individual retirement annuity shall not be treated as failing to meet the requirements of such sections with respect to such account or annuity if such account or annuity was issued by an insurance company which, on March 15, 1984, was a party to a title 11 or similar case (within the meaning of section 368(a)(3)(A) of such Code). The preceding sentence shall only apply during the period such insurance company continues to be a party to the proceeding described in such sentence.

SEC. 115. EXTENSION OF TIME FOR REPAYMENT OF QUALIFIED REFUNDING LOANS.

Paragraph (2) of section 236(c) of the Tax Equity and Fiscal Responsibility Act of 1982 is amended by adding at the end thereof the following new subparagraph:

"(D) SPECIAL RULE FOR NON-KEY EMPLOYEES.—In the case of a non-key employee (within the meaning of section 416(i)(2) of the Internal Revenue Code of 1954), this paragraph shall be applied by substituting 'January 1, 1985' for 'August 14, 1983' each place it appears.".

SEC. 116. PENSION PORTABILITY INVOLVING TELECOMMUNICATIONS DIVESTITURE.

(a) IN GENERAL.—The recognition after December 31, 1983, of creditable service, and the treatement after such date of associated accrued benefits and assets, in the case of any transfer of any qualifying employee between any entity subject to the modified final judgment shall be governed by the provisions of the modified final judgment as such provisions applied during calendar year 1984 with respect to or from the divesting corporation and any divested exchange carrier.

(b) QUALIFYING EMPLOYEE.—A qualifying employee, for purposes of this subsection, is an individual who is an employee of an entity subject to the modified final judgment, who is serving in a covered position, and who, on December 31, 1983, was an employee of any such entity serving in a covered position.

(c) DEFINITIONS.—For purposes of this section—

(1) the term "covered position" means any position which (A) is not a supervisor position, within the meaning of section 2(11) of the National Labor Relations Act (29 U.S.C. 152(11)) or (B) the annual base pay rate for which is not more than $50,000, adjusted by the percentage in the consumer price index since December 31, 1983;

(2) the term "modified final judgment" means the judgment of the United States District Court for the District of Columbia in the case, United States against Western Electric, et alia, numbered 82-0192, as modified;

(3) the term "entity subject to the modified final judgment" means any carrier divested as a result of such judgment, the corporation owning such carrier before divestiture, and any affiliate of any such carrier or corporation; and

(4) the term "consumer price index" means the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics.

(d) LIMITATION ON BENEFITS.—Nothing in this subsection shall be construed to limit benefits which would otherwise be provided under the modified final judgment or under applicable law.".

(e) COORDINATION WITH SECTION 415.—For purposes of computing any limit on contributions and benefits with respect to a qualified employee who was an employee of a party to the modified final judgment on December 31, 1983, under section 415 of the Internal Revenue Code of 1954, there shall be taken into account all contributions and benefits with respect to the qualified employee under a plan maintained by the divesting corporation and any divested exchange carrier.

Subtitle J—Foreign Provisions

PART I—GENERAL

SEC. 121. TREATMENT OF RELATED PERSON FACTORING INCOME.

(a) TREATMENT AS FOREIGN PERSONAL HOLDING COMPANY INCOME.—

(1) IN GENERAL.—Subsection (a) of section 553 (defining foreign personal holding company income) is amended by adding at the end thereof the following new paragraph:

"(8) INCOME FROM TRADE OR SERVICE RECEIVABLES ACQUIRED FROM RELATED PERSONS.—

"(A) IN GENERAL.—Income from a trade or service receivable.

"(B) TRADE OR SERVICE RECEIVABLE.—For purposes of subparagraph (A), the term 'trade or service receivable' means any account receivable or evidence of indebtedness arising out of the disposition of property described in section 1221(1), or the performance of services, by a related person.

"(C) RELATED PERSON.—For purposes of this paragraph, the term 'related person' has the meaning given to such term by section 267(b).".

(2) EXCEPTION FOR TRADE OR SERVICE RECEIVABLES OF CERTAIN FOREIGN CORPORATIONS.—Subparagraph (A) of section 954(c)(4) (relating to certain income received from related persons) is amended by inserting before the semicolon at the end thereof the following: "or income from a trade or service receivable (as defined in section 553(a)(8)(B)) acquired directly from such a related person".

(b) TREATMENT OF UNITED STATES PROPERTY.—Subsection (b) of section 956 (defining United States property) is amended by adding at the end thereof the following new paragraph:

"(3) TRADE OR SERVICE RECEIVABLES ACQUIRED FROM RELATED UNITED STATES PERSONS.—

"(A) Notwithstanding paragraph (1) or (2), except as provided in subparagraph (B), the term 'United States property' includes any trade or service receivable (as defined in section 553(a)(8)(B)) acquired directly or indirectly from a related person (within the meaning of section 954(d)(3)) who is a United States person.

"(B) EXCEPTION FOR CERTAIN EXPORT RECEIVABLES.—Subparagraph (A) shall not apply to any trade or service receivables which arise out of the disposition or rental of export property (within the meaning of section 993(c)), the income from which would be treated as qualified export receipts under subparagraph (A) or (B) of section 993(a)(1) (without regard to whether the taxpayer is a DISC). The preceding sentence shall not apply to any receivables arising out of any transaction involving a DISC or FSC (without regard to whether the export property disposed or rented is held by the DISC or FSC).".

(c) SOURCE RULE.—Section 861 (relating to income from sources within the United States) is amended by adding at the end thereof the following new subsection:

"(g) INCOME FROM TRADE OR SERVICE RECEIVABLES ACQUIRED FROM RELATED UNITED STATES PERSONS.—

"(1) IN GENERAL.—For purposes of subsection (a) and section 862(a)—

"(A) income from a trade or service receivable acquired directly or indirectly from a related United States person shall be treated as income from sources within the United States, and

"(B) any distribution from a foreign corporation (and any amount included in gross income under section 951) to the extent attributable to income described in subparagraph (A) shall be treated as income from sources within the United States.

"(2) SPECIAL RULE FOR CERTAIN EXPORT RECEIVABLES.—In the case of any trade or service receivable described in section 956(b)(3)(B), paragraph (1) shall be applied by inserting '50 percent of' before 'income' the first place it appears in subparagraph (A).

"(3) DEFINITIONS.—For purposes of this subsection—

"(A) TRADE OR SERVICE RECEIVABLE.—The term 'trade or service receivable' has the meaning given to such term by section 553(a)(8)(B).

"(B) RELATED UNITED STATES PERSON.—The term 'related United States person' means any related person (within the meaning of section 954(d)(3)) who is a United States person.".

(d) SPECIAL RULE FOR POSSESSIONS.—

(1) PUERTO RICO.—Subsection (d) of section 936 (relating to Puerto Rico and possession tax credit) is amended by adding at the end thereof the following new paragraph:

"(4) SPECIAL RULE FOR TRADE OR SERVICE RECEIVABLE.—Any income from a trade or service receivable (as defined in section 553(a)(8)(B)) shall not be treated as income described in subparagraph (A) or (B) of paragraph (1).".

(2) VIRGIN ISLANDS.—Section 934(b) (relating to exception for certain corporations) is amended by adding at the end thereof the following new sentence: "For purposes of this subsection, any income from any trade or service receivable (as defined in section 553(a)(8)(B)) shall not be treated as income derived from sources within the Virgin Islands.".

(e) FOREIGN BASE COMPANY INCOME.—Section 954(b)(3)(A) (relating to special rule for foreign base company income) is amended by adding at the end thereof the following new sentence: "Notwithstanding the preceding sentence, income from any trade or service receivable (as defined in section 553(a)(8)(B)) shall be treated as foreign base company income.".

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to accounts receivable and evidences of indebtedness transferred after March 1, 1984 in taxable years ending after such date.

SEC. 122. TAXATION OF CERTAIN TRANSFERS OF PROPERTY OUTSIDE THE UNITED STATES.

(a) IN GENERAL.—Subsection (a) of section 367 (relating to transfers of property from the United States) is amended to read as follows:

"(a) TRANSFERS OF PROPERTY FROM THE UNITED STATES.—

"(1) GENERAL RULE.—If, in connection with any exchange described in section 332, 351, 354, 355, 356, or 361, a United States person transfers property to a foreign corporation, such foreign corporation shall not, for pur-

poses of determining the extent to which gain shall be recognized on such transfer, be considered to be a corporation.

"(2) EXCEPTION FOR CERTAIN STOCK OR SECURITIES.—Except to the extent provided in regulations prescribed by the Secretary, paragraph (1) shall not apply to the transfer of stock or securities of a foreign corporation which is a party to the exchange or a party to the reorganization.

"(3) EXCEPTION FOR TRANSFERS OF CERTAIN PROPERTY USED IN THE ACTIVE CONDUCT OF A TRADE OR BUSINESS.—

"(A) IN GENERAL.—Except as provided in regulations prescribed by the Secretary, paragraph (1) shall not apply to any property transferred to a foreign corporation for use by such foreign corporation in the active conduct of a trade or business outside of the United States.

"(B) PARAGRAPH NOT TO APPLY TO CERTAIN PROPERTY.—Except as provided in regulations prescribed by the Secretary, subparagraph (A) shall not apply to any—

"(i) property described in paragraph (1) or (3) of section 1221 (relating to inventory and copyrights, etc.) to which subsection (d) does not apply,

"(ii) installment obligation, accounts receivable, or similar property,

"(iii) foreign currency or other property denominated in foreign currency,

"(iv) intangible property (within the meaning of section 936(h)(3)(B)) to which subsection (d) does not apply, or

"(v) property with respect to which the transferor is a lessor at the time of the transfer, except that this clause shall not apply if the transferee was the lessee.

"(C) TRANSFER OF FOREIGN BRANCH WITH PREVIOUSLY DEDUCTED LOSSES.—Except as provided in regulations prescribed by the Secretary, subparagraph (A) shall not apply to gain realized on the transfer of the assets of a foreign branch of a United States person to a foreign corporation in an exchange described in paragraph (1) to the extent that—

"(i) the sum of losses—

"(I) which were incurred by the foreign branch before the transfer, and

"(II) with respect to which a deduction was allowed to the taxpayer, exceeds

"(ii) the amount which is recognized under section 904(f)(3) on account of such exchange.

Any gain to which subparagraph (A) does not apply by reason of the preceding sentence shall be treated for purposes of this chapter as ordinary income from sources outside the United States.

"(4) SPECIAL RULE FOR TRANSFER OF PARTNERSHIP INTERESTS.—Except as provided in regulations prescribed by the Secretary, a transfer by a United States person of an interest in a partnership to a foreign corporation in an exchange described in paragraph (1) shall, for purposes of this subsection, be treated as a transfer to such corporation of such person's pro rata share of the assets of the partnership.

"(5) SECRETARY MAY EXEMPT CERTAIN TRANSACTIONS FROM APPLICATION OF THIS SUBSECTION.—Paragraph (1) shall not apply to the transfer of any property which the Secretary, in order to carry out the purposes of this subsection, designates by regulation.".

(b) SPECIAL RULES FOR TRANSFERS OF INTANGIBLES.—Subsection (d) of section 367 (relating to special rule for transfer of intangibles by possession corporations) is amended to read as follows:

"(d) SPECIAL RULES RELATING TO TRANSFERS OF INTANGIBLES.—

"(1) IN GENERAL.—Except as provided in regulations prescribed by the Secretary, if a United States person tranfers any intangible property (within the meaning of section 936(h)(3)(B)) to a foreign corporation in an exchange described in section 351 or 361—

"(A) subsection (a) shall not apply to the transfer of such property, and

"(B) the provisions of this subsection shall apply to such transfer.

"(2) TRANSFER OF INTANGIBLES TREATED AS TRANSFER PURSUANT TO SALE FOR CONTINGENT PAYMENTS.—

"(A) IN GENERAL.—If paragraph (1) applies to any transfer, the United States person transferring such property shall be treated as—

"(i) having sold such property in exchange for payments which are contingent upon the productivity, use, or disposition of such property, and

"(ii) receiving over the useful life of such property amounts which reasonably reflect the amounts which would have been received—

"(I) annually in the form of such payments, or

"(II) or in the case of a disposition following such transfer (whether direct or indirect), at the time of the disposition.

"(B) EFFECT ON EARNINGS AND PROFITS.—For purposes of this chapter, the earnings and profits of a foreign corporation to which the intangible property was transferred shall be reduced by the amount of income required to be included in income under subparagraph (A).

"(C) AMOUNTS RECEIVED TREATED AS UNITED STATES SOURCE ORDINARY INCOME.—For purposes of this chapter, any amount included in gross income by reason of this subsection shall be treated as ordinary income from sources within the United States.".

(c) SECRETARY MUST BE NOTIFIED OF TRANSACTIONS DESCRIBED IN SECTION 367(a).—

(1) NOTIFICATION REQUIREMENT.—Subpart A of part III of subchapter A of chapter 61 is amended by adding after section 6038A the following new section:

"SEC. 6038B. NOTICE OF TRANSFERS DESCRIBED IN SECTION 367(a).

"(a) IN GENERAL.—Each United States person who transfers property to a foreign corporation in an exchange described in section 332, 351, 354, 355, 356, or 361 shall furnish to the Secretary, at such time and in such manner as the Secretary shall by regulations prescribe, such information with respect to such exchange as the Secretary may require in such regulations.

"(b) PENALTY FOR FAILURE TO FURNISH INFORMATION.—

"(1) IN GENERAL.—If any United States person fails to furnish the information described in subsection (a) at the time and in the manner required by regulations, such person shall pay a penalty equal to 25 percent of the amount of gain realized on such exchange.

"(2) REASONABLE CAUSE EXCEPTION.—Paragraph (1) shall not apply to any failure if the United States person shows such failure is due to reasonable cause and not to willful neglect."

(2) EXTENSION OF PERIOD FOR ASSESSMENT AND COLLECTION WHERE SECRETARY NOT NOTIFIED.—Subsection (c) of section 6501 (relating to exceptions to limitations on assessment and collection) is amended by adding at the end thereof the following new paragraph:

"(8) FAILURE TO NOTIFY SECRETARY UNDER SECTION 6038B.—In the case of any tax imposed on any exchange by reason of section 367(a), the time for assessment of such tax shall not expire before the date which is 3 years after the date on which the Secretary is notified of such exchange under section 6038B(a)."

(3) CONFORMING AMENDMENT.—The table of sections for subpart A of part III of subchapter A of chapter 61 is amended by adding after the item relating to section 6038A the following new item:

"Sec. 6038B. Notice of transfers described in section 367(a).".

(d) REPEAL OF DECLARATORY JUDGMENT PROVISIONS INVOLVING TRANSFERS OF PROPERTY FROM THE UNITED STATES.—

(1) IN GENERAL.—Section 7477 is hereby repealed.

(2) CONFORMING AMENDMENTS.—

(A) Section 7482(b)(1) (relating to venue for review of Tax Court decisions) is amended by striking out subparagraph (D) and by redesignating subparagraphs (E) and (F) as subparagraphs (D) and (E), respectively.

(B) The table of sections for part IV of subchapter C of chapter 76 is amended by striking out the item relating to section 7477.

(e) TRANSFERS TO AVOID INCOME TAX.—

(1) IN GENERAL.—Section 1492 (relating to nontaxable transfers) is amended—

(A) by striking out paragraphs (2) and (3) and by inserting in lieu thereof—

"(2) To a transfer—

"(A) described in section 367, or

"(B) not described in section 367 but with respect to which the taxpayer establishes to the satisfaction of the Secretary that no gain should be recognized under principles similar to the principles of section 367.", and

(B) by redesignating paragraph (4) as paragraph (3).

(2) CONFORMING AMENDMENT.—Section 1494(b) (relating to abatement or refund) is amended by striking out all that follows "that" and inserting in lieu thereof "no gain should be recognized on such transfer under principles similar to the principles of section 367".

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to transfers or exchanges after December 31, 1984, in taxable years ending after such date.

(2) RULING REQUESTS BEFORE MARCH 1, 1984.—The amendments made by this section shall not apply to any transfer or exchange after December 31, 1984, made pursuant to a request filed under section 367(a) of the Internal Revenue Code of 1954 (as in effect before such amendments) before March 1, 1984.

SEC. 123. SECTION 1248 TO APPLY TO CERTAIN INDIRECT TRANSFERS OF STOCK IN A FOREIGN CORPORATION.

(a) GENERAL RULE.—Section 1248 (relating to gain from certain sales or exchanges of stock in foreign corporations) is amended by adding at the end thereof the following new subsection:

"(i) TREATMENT OF CERTAIN INDIRECT TRANSFERS.—

"(1) IN GENERAL.—If any shareholder of a 10-percent corporate shareholder of a foreign corporation exchanges stock of the 10-percent corporate shareholder for stock of the foreign corporation, for purposes of this section, the stock of the foreign corporation received in such exchange shall be treated as if it had been—

"(A) issued to the 10-percent corporate shareholder, and

"(B) then distributed by the 10-percent corporate shareholder to such shareholder in redemption of his stock.

"(2) 10-PERCENT CORPORATE SHAREHOLDER DEFINED.—For purposes of this subsection, the term '10-percent corporate shareholder' means any domestic corporation which, as of the day before the exchange referred to in paragraph (1), satisfies the stock ownership requirements of subsection (a)(2) with respect to the foreign corporation.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to exchanges after the date of the enactment of this Act in taxable years ending after such date.

SEC. 124. TREATMENT OF UNITED STATES SOURCE ORIGINAL ISSUE DISCOUNT IN CASE OF FOREIGN PERSONS.

(a) NONRESIDENT ALIEN INDIVIDUALS.—

(1) IN GENERAL.—Subparagraph (C) of section 871(a)(1) (relating to income not connected with United States business) is amended to read as follows:

"(C) in the case of—

"(i) a sale, exchange, or retirement of an original issue discount obligation, the amount of any gain not in excess of the original issue discount accruing while such obligation was held by the nonresident alien individual (to the extent such discount was not theretofore taken into account under clause (ii)), and

"(ii) the payment of interest on an original issue discount obligation, an amount equal to the original issue discount accrued on such obligation since the last payment of interest thereon (except that such original issue discount shall be taken into account under this clause only to the extent that the tax thereon does not exceed the interest payment less the tax imposed by subparagraph (A) thereon), and ".

(2) DEFINITIONS AND SPECIAL RULES.—Section 871, as amended by this Act, is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following new subsection:

"(h) SPECIAL RULES FOR ORIGINAL ISSUE DISCOUNT.—For purposes of this section and section 881—

"(1) ORIGINAL ISSUE DISCOUNT OBLIGATION.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'original issue discount obligation' means any bond or other evidence of indebtedness having original issue discount (within the meaning of section 1273).

"(B) EXCEPTIONS.—The term 'original issue discount obligation' shall not include—

"(i) CERTAIN SHORT-TERM OBLIGATIONS.—Any obligation payable 183 days or less from the date of original issue (without regard to the period held by the taxpayer).

"(ii) TAX-EXEMPT OBLIGATIONS.—Any obligation the interest on which is exempt from tax under section 103 or under any other provision of law without regard to the identity of the holder.

"(2) DETERMINATION OF PORTION OF ORIGINAL ISSUE DISCOUNT ACCRUING DURING ANY PERIOD.—The determination of the amount of the original issue discount which accrues during any period shall be made under the rules of section 1272 (or the corresponding provisions of prior law).

"(3) SOURCE OF ORIGINAL ISSUE DISCOUNT.—Except to the extent provided in regulations prescribed by the Secretary, the determination of whether any amount described in subsection (a)(1)(C) is from sources within the United States shall be made at the time of the payment, sale, exchange, or retirement as if such payment, sale, exchange, or retirement involved the payment of interest.

"(4) STRIPPED BONDS.—The provisions of section 1286 (relating to the treatment of stripped bonds and stripped coupons as obligations with original issue discount) shall apply for purposes of this section.".

(b) FOREIGN CORPORATIONS.—

(1) IN GENERAL.—Paragraph (3) of section 881(a) (relating to tax on income of foreign corporations not connected with United States business) is amended to read as follows:

"(3) in the case of—

"(A) a sale, exchange, or retirement of an original issue discount obligation, the amount of any gain not in excess of the original issue discount accruing while such obligation was held by the foreign corporation (to the extent such discount was not theretofore taken into account under subparagraph (B)), and

"(B) the payment of interest on an original issue discount obligation, an amount equal to the original issue discount accrued on such obligation since the last payment of interest thereon (except that such original issue discount shall be taken into account under this subparagraph only to the extent that the tax thereon does not exceed the interest payment less the tax imposed by paragraph (1) thereon), and".

(2) CROSS REFERENCE.—Subsection (c) of section 881 (relating to doubling of tax) is amended to read as follows:

"(c) CROSS REFERENCES.—

"For doubling of tax on corporations of certain foreign countries, see section 891.

"For special rules for original issue discount, see section 871(h).".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to the payments, sales, exchanges, or retirement made on or after the 60th day after the date of the enactment of this Act with respect to obligations issued after March 31, 1972.

SEC. 125. TREATMENT OF CERTAIN TRANSPORTATION INCOME.

(a) GENERAL RULE.—Section 863 (relating to items not specified in section 861 or 862) is amended by adding at the end thereof the following new subsection:

"(c) SOURCE RULE FOR CERTAIN TRANSPORTATION INCOME.—

"(1) IN GENERAL.—Under regulations prescribed by the Secretary, all transportation income attributable to transportation which begins and ends in the United States (or in any possession of the United States) shall be treated as derived from sources within the United States.

"(2) TRANSPORTATION INCOME.—For purposes of this subsection, the term 'transportation income' means any income derived from, or in connection with—

"(A) the use (or hiring or leasing for use) of a vessel or aircraft, or

"(B) the performance of services directly related to the use of a vessel or aircraft.

For purposes of the preceding sentence, the term 'vessel or aircraft' includes any container used in connection with a vessel or aircraft.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to transportation beginning after the date of the enactment of this Act in taxable years ending after such date.

SEC. 126. APPLICATION OF COLLAPSIBLE CORPORATION RULES TO FOREIGN CORPORATIONS.

(a) IN GENERAL.—Subsection (f) of section 341 (relating to collapsible corporations) is amended by adding at the end thereof the following new paragraph:

"(8) SPECIAL RULE FOR FOREIGN CORPORATIONS.—To the extent provided in regulations prescribed by the Secretary—

"(A) any consent given by a foreign corporation under paragraph (1) shall not be effective, and

"(B) paragraph (3) shall not apply if the transferee is a foreign corporation.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of enactment of this Act.

SEC. 127. DEFINITION OF FOREIGN INVESTMENT COMPANY.

(a) GENERAL RULE.—Paragraph (2) of section 1246(b) (defining foreign investment company) is amended to read as follows:

"(2) engaged (or holding itself out as being engaged) primarily in the business of investing, reinvesting, or trading in—

"(A) securities (as defined in section 2(a)(36) of the Investment Company Act of 1940, as amended),

"(B) commodities, or

"(C) any interest (including a futures or forward contract or option) in property described in subparagraph (A) or (B),

at a time when 50 percent or more of the total combined voting power of all classes of stock entitled to vote, or the total value of all classes of stock, was held directly (or indirectly through applying paragraphs (2) and (3) of section 958(a) and paragraph (4) of section 318(a)) by United States persons (as defined in section 7701(a)(30)).".

(b) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendment made by subsection (a) shall apply to sales and exchanges (and distributions) on or after October 31, 1983, in taxable years ending on or after such date.

(2) STOCK HELD ON OCTOBER 31, 1983.—In the case of a sale or exchange (or distribution) not later than the date which is 1 year after the date of the enactment of this Act, the amendment made by subsection (a) shall not apply with respect to stock held by the taxpayer continuously from October 31, 1983, to the date of such sale or exchange (or distribution).

SEC. 128. DISTRIBUTIONS AND INTEREST PAYMENTS BY CERTAIN UNITED STATES-OWNED FOREIGN CORPORATIONS TREATED AS DERIVED FROM UNITED STATES SOURCES FOR PURPOSES OF LIMITATION ON FOREIGN TAX CREDIT.

(a) IN GENERAL.—Section 904 (relating to limitation on foreign tax credit) is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following new subsection:

"(h) DISTRIBUTIONS AND INTEREST PAYMENTS BY CERTAIN UNITED STATES-OWNED FOREIGN CORPORATIONS TREATED AS DERIVED FROM UNITED STATES SOURCES.—

"(1) IN GENERAL.—For purposes of this section, the United States-connected percentage of any distribution or interest payment made by a United States-owned foreign corporation shall be treated as derived from sources within the United States.

"(2) UNITED STATES-CONNECTED PERCENTAGE.—For purposes of this subsection—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'United States-connected percentage' means, with respect

to any distribution or interest payment made by any foreign corporation during any taxable year, the percentage of the gross income of such corporation for the base period which is—

"(i) derived from sources within the United States, or

"(ii) effectively connected with the conduct of a trade or business within the United States.

"(B) EXCEPTION WHERE UNITED STATES-CONNECTED PERCENTAGE LESS THAN 10 PERCENT.—The United States-connected percentage shall be zero in any case in which the percentage determined under subparagraph (A) is less than 10 percent.

"(C) BASE PERIOD.—The term 'base period' has the meaning given such term by section 904(d)(3)(C)(ii).

"(D) DISTRIBUTIONS THROUGH OTHER ENTITIES.—The Secretary shall prescribe regulations for the application of this paragraph in cases of distributions or payments made through 1 or more entities.

"(3) UNITED STATES-OWNED FOREIGN CORPORATION.—For purposes of paragraph (1), the term 'United States-owned foreign corporation' means any foreign corporation if 50 percent or more of—

"(A) the total combined voting power of all classes of stock of such corporation entitled to vote, or

"(B) the total value of all classes of stock of such corporation,

is held directly (or indirectly through applying paragraphs (2) and (3) of section 958(a) and paragraph (4) of section 318(a)) by United States persons (as defined in section 7701(a)(30)).

"(4) DISTRIBUTION.—For purposes of this subsection, the term 'distribution' includes any amount required to be included in income under section 951.".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by subsection (a) shall apply to distributions and interest payments made by a United States-owned foreign corporation after the date of the enactment of this Act, in taxable years of such cororation ending after such date, to the extent attributable to income received or accrued by such corporation after such date.

(2) SPECIAL RULE FOR APPLICABLE CFC.—

(A) IN GENERAL.—In the case of qualified interest received or accrued by an applicable CFC before January 1, 1992—

(i) such interest shall not be treated as income described in clause (i) or (ii) of section 904(h)(2)(A) of the Internal Revenue Code of 1954 (as added by subsection (a)) for purposes of computing the United States-connected percentage, except that

(ii) clause (i) shall not apply for purposes of applying section 904(h)(2)(B) of such Code (relating to exception where United States-connected percentage is less than 10 percent).

(B) QUALIFIED INTEREST.—For purposes of subparagraph (A), the term "qualified interest" means—

(i) the aggregate amount of interest received or accrued during any taxable year by an applicable CFC on United States affiliate obligations held by such applicable CFC, multiplied by,

(ii) a fraction (not in excess of 1)—

(I) the numerator of which is the sum of the aggregate principal amount of United States affiliate obligations held by the applicable CFC on March 31, 1984, but not in excess of the applicable limit, and

(II) the denominator of which is the average daily balance of United States affiliate obligations held by such applicable CFC during the taxable year.

(C) ADJUSTMENT FOR RETIREMENT OF CFC OBLIGATIONS.—The amount described in subparagraph (B)(ii)(I) for any taxable year shall be reduced by the sum of—

(i) the excess of (I) the aggregate principal amount of CFC obligations which are outstanding on March 31, 1984, but only with respect to obligations issued before March 8, 1984, or issued after March 7, 1984, by the applicable CFC pursuant to a binding commitment in effect on March 7, 1984, over (II) the average daily outstanding principal amount during the taxable year of the CFC obligations described in subclause (I), and

(ii) the portion of the equity of such applicable CFC allocable to the excess described in clause (i) (determined on the basis of the debt-equity ratio of such applicable CFC on March 31, 1984).

(D) APPLICABLE CFC.—For purposes of this paragraph, the term "applicable CFC" means any controlled foreign corporation (within the meaning of section 957)—

(i) which was in existence on March 31, 1984, and

(ii) substantially all the activities of which consist of the issuing of CFC obligations and lending the proceeds from the issuance of such bonds to affiliates.

(E) UNITED STATES AFFILIATE.—For purposes of this paragraph—

(i) IN GENERAL.—The term "United States affiliate" means any United States person which is an affiliate of the applicable CFC.

(ii) AFFILIATE.—The term 'affiliate' means any person who is a related person (within the meaning of section 482 of the Internal Revenue Code of 1954) to the applicable CFC.

(F) UNITED STATES AFFILIATE OBLIGATIONS.—For purposes of this paragraph, the term "United States affiliate obligations" means any obligation of (and payable by) a United States affiliate.

(G) CFC OBLIGATION.—For purposes of this paragraph, the term "CFC obligation" means any obligation of (and issued by) a CFC and which is described in section 163(f)(2)(B) of the Internal Revenue Code of 1954 (without regard to clause (ii)(II) thereof).

(H) TREATMENT OF OBLIGATIONS WITH ORIGINAL ISSUE DISCOUNT.—For purposes of this paragraph, in the case of any obligation with original issue discount, the issue price of such obligation shall be treated as its principal amount.

(I) APPLICABLE LIMIT.—For purposes of subparagraph (B)(ii)(I), the term "applicable limit" means the sum of—

(i) the equity of the applicable CFC on March 31, 1984, and

(ii) the aggregate principal amount of CFC obligations outstanding on March 31, 1984, which were issued by an applicable CFC—

(I) before March 8, 1984, or

(II) after March 7, 1984, pursuant to a binding commitment in effect on March 7, 1984.

(3) SPECIAL RULE FOR CERTAIN OBLIGATIONS HELD ON MARCH 17, 1984, BY CORPORATIONS OTHER THAN APPLICABLE CFC.—In the case of any foreign corporation which is not an applicable CFC (as defined in paragraph (2)), the amendments made by subsection (a) shall not apply to interest on any term obligation held by such corporation on March 7, 1984.

(4) DEFINITIONS.—Any term used in this subsection which is also used in section 904(h) of the Internal Revenue Code of 1954 (as added by subsection (a)) shall have the meaning given such term by such section 904(h).

SEC. 129. CERTAIN DISTRIBUTIONS TREATED AS INTEREST FOR PURPOSES OF LIMITATION ON THE FOREIGN TAX CREDIT.

(a) IN GENERAL.—Subsection (d) of section 904 (relating to limitation on foreign tax credit) is amended by adding at the end thereof the following new paragraph:

"(3) CERTAIN DISTRIBUTIONS BY CORPORATIONS TREATED AS INTEREST.—

"(A) IN GENERAL.—Any distribution made by a corporation to which this paragraph applies out of that portion of the earnings and profits of such corporation which is attributable to interest described in paragraph (2) (including amounts treated as interest described in paragraph (2) by reason of this paragraph) shall be treated for purposes of this subsection as interest income described in paragraph (2).

"(B) CORPORATIONS TO WHICH PARAGRAPH APPLIES.—This paragraph shall apply to—

"(i) any United States-owned foreign corporation (within the meaning of subsection (h)(3)), and

"(ii) any regulated investment company.

"(C) EXCEPTION FOR DISTRIBUTIONS BY CORPORATIONS HAVING SMALL PERCENTAGES OF INTEREST INCOME.—

"(i) IN GENERAL.—Subparagraph (A) shall not apply to any distribution made by a corporation during a taxable year if less than 10 percent of the earnings and profits of such corporation for the base period with respect to such taxable year is attributable to interest income described in paragraph (2) (including amounts treated as interest described in paragraph (2) by reason of this paragraph).

"(ii) BASE PERIOD.—For purposes of clause (i), the term 'base period' means, with respect to any taxable year—

"(I) the period of 3 taxable years preceding such taxable year,

"(II) if a corporation has not been in existence during such 3-taxable year period, so much of such period as the corporation is in existence, or

"(III) if such taxable year is the first taxable year of existence, such taxable year.

"(D) DISTRIBUTION.—For purposes of this paragraph, the term 'distribution' includes any amount required to be included in income under section 951.

"(E) DISTRIBUTIONS THROUGH OTHER ENTITIES.—The Secretary shall prescribe regulations for the application of this paragraph in cases of distributions made through 1 or more entities.".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by subsection (a) shall apply to distributions by a corporation to which section 904(d)(3) of the Internal Revenue Code of 1954 (as added by this section) applies which are made after the date of the enactment of this Act, in taxable years of such corporation ending after such date, to the extent attributable to interest income received or accrued by such corporation in taxable years beginning after such date.

(2) TERM OBLIGATIONS OF FOREIGN CORPORATIONS WHICH ARE NOT APPLICABLE CFC.—The amendment made by subsection (a) shall not apply to any distribution by a corporation to which section 904(d)(3) of the Internal Revenue Code of 1954 applies and which is not an applicable CFC (as defined in section 128(c)(2)) to the extent such distribu-

tion is attributable to interest on any term obligation held by such corporation on March 7, 1984.

(3) BASE PERIOD.—For purposes of computing any base period under section 904(d)(3)(C)(ii) of the Internal Revenue Code of 1954 (as added by this section) for purposes of applying the amendments made by this section, a corporation shall not be treated as being in existence for any taxable year beginning before the date of the enactment of this Act.

SEC. 130. TREATMENT OF CERTAIN DISTRIBUTIONS AND INTEREST RECEIVED BY UNITED STATES-OWNED FOREIGN CORPORATIONS.

(a) GENERAL RULE.—Section 535 (defining accumulated taxable income) is amended by adding at the end thereof the following new subsection:

"(d) UNITED STATES INCOME RETAINS SOURCE EVEN THOUGH DISTRIBUTED TO UNITED STATES OWNED FOREIGN CORPORATION.—

"(1) IN GENERAL.—For purposes of this part, if more than 10 percent of the earnings and profits of any foreign corporation for any taxable year—

"(A) is derived from sources within the United States, or

"(B) is effectively connected with the conduct of a trade or business within the United States,

any distribution out of such earnings and profits (and any interest payment) received (directly or through 1 or more other entities) by a United States-owned foreign corporation out of such earnings and profits shall be treated as derived by such corporation from sources within the United States.

"(2) UNITED STATES-OWNED FOREIGN CORPORATION.—For purposes of paragraph (1), the term 'United States-owned foreign corporation' has the meaning given such term by section 904(h).".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendment made by subsection (a) shall apply to distributions and interest received by a United States-owned foreign corporation on or after May 23, 1983, in taxable years ending on or after such date.

(2) CORPORATIONS IN EXISTENCE ON MAY 23, 1983.—In the case of a United States-owned foreign corporation in existence on May 23, 1983, the amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1984.

(3) DEFINITIONS.—For purposes of this subsection, the terms "distribution" and "United States-owned foreign corporation" have the respective meanings given such terms by section 904(h) of the Internal Revenue Code of 1954.

SEC. 131. AMENDMENTS RELATED TO FOREIGN PERSONAL HOLDING COMPANIES.

(a) ATTRIBUTION FROM FAMILY MEMBERS AND PARTNERSHIPS.—Section 554 (relating to stock ownership) is amended by adding at the end thereof the following new subsection:

"(c) SPECIAL RULES FOR APPLICATION OF SUBSECTION (A)(2).—For purposes of the stock ownership requirement provided in section 552(a)(2)—

"(1) stock owned by a nonresident alien individual (other than a foreign trust or foreign estate) shall not be considered by reason of so much of subsection (a)(2) as relates to attribution through family membership as owned by a citizen or by a resident alien individual who is not the spouse of the nonresident individual, and

"(2) stock of a corporation owned by any foreign person shall not be considered by reason of so much of subsection (a)(2) as relates to attribution through partners as owned by a citizen or resident of the United States who does not otherwise own stock in such corporation (determined after application of subsection (a) and paragraph (1), other than attribution through partners).".

(b) INCLUSION IN INCOME OF UNITED STATES PERSONS HOLDING INTEREST THROUGH FOREIGN ENTITY.—Section 551 (relating to foreign personal holding company income taxed to United States shareholders) is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

"(f) STOCK HELD THROUGH FOREIGN ENTITY.—For purposes of this section, stock of a foreign personal holding company owned (directly or through the application of this subsection) by—

"(1) a partnership, estate, or trust which is not a United States shareholder, or

"(2) a foreign corporation which is not a foreign personal holding company,

shall be considered as being owned proportionately by its partners, beneficiaries, or shareholders. In any case to which the preceding sentence applies, the Secretary may by regulations provide for such adjustments in the application of this part as may be necessary to carry out the purposes of the preceding sentence.".

(c) CERTAIN DIVIDENDS AND INTEREST NOT TAKEN INTO ACCOUNT FOR FOREIGN PERSONAL HOLDING COMPANY DETERMINATION.—

(1) IN GENERAL.—Paragraph (1) of section 553(a) (defining foreign personal holding income) is amended by inserting ", other than dividends and interest described in section 954(c)(4)(A)" after "annuities".

(2) CONFORMING AMENDMENT.—Paragraph (1) of section 552(a) (defining foreign personal holding company) is amended by striking out "; and" at the end thereof and inserting in lieu thereof a period and "For purposes of this paragraph, there shall not be included in gross income dividends and interest described in section 954(c)(4)(A).".

(d) COORDINATION OF SUBPART F WITH FOREIGN PERSONAL HOLDING COMPANY PROVISIONS.—Subsection (d) of section 951 (relating to coordination with foreign personal holding company provisions) is amended to read as follows:

"(d) COORDINATION WITH FOREIGN PERSONAL HOLDING COMPANY PROVISIONS.—If, but for this subsection, an amount would be included in the gross income of a United States shareholder for any taxable year both under subsection (a)(1)(A)(i) and under section 551(b) (relating to foreign personal holding company income included in gross income of United States shareholder), such amount shall be included in the gross income of such shareholder only under subsection (a)(1)(A).".

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years of foreign corporations beginning after March 15, 1984.

(2) SUBSECTION (d).—The amendment made by subsection (d) shall apply to taxable years of United States shareholders beginning after the date of the enactment of this Act.

PART II—FOREIGN INSURANCE

SEC. 135. PROVISIONS RELATING TO AMOUNT AND WITHHOLDING OF EXCISE TAXES ON POLICIES ISSUED BY FOREIGN INSURERS.

(a) UNIFORM RATE OF TAX ON INSURANCE AND REINSURANCE POLICIES.—Section 4371 (relating to excise tax on policies issued by foreign insurers) is amended to read as follows:

"SEC. 4371. IMPOSITION OF TAX.

"(a) IN GENERAL.—If any foreign insurer or reinsurer issues a policy of insurance, indemnity bond, annuity contract, or policy of reinsurance, there is hereby imposed on such policy, bond, contract, or policy of reinsurance a tax equal to—

"(1) in the case of—

"(A) a policy of casualty insurance or an indemnity bond which is issued to or for, or in the name of, an insured (within the meaning of section 4372(d)), or

"(B) a policy of reinsurance covering any such contract or bond,

4 percent of the amount of the premium retained by the foreign insurer or reinsurer on such policy, or bond, or on such policy of reinsurance; and

"(2) in the case of—

"(A) a policy of life, sickness, or accident insurance or an annuity contract, or

"(B) a policy of reinsurance covering any such policy or contract,

1 percent of the amount of the premium retained by the foreign issuer or reinsurer on such policy or contract, or on such policy of reinsurance.

No tax shall be imposed under paragraph (2) on any policy or contract with respect to which the insurer is subject to tax under section 819.

"(b) AMOUNT OF PREMIUM RETAINED.—For purposes of subsection (a), the term 'amount of the premium retained' means, with respect to any policy, bond, or contract described in subsection (a), the excess of—

"(1) the gross premium (and other consideration) received by a foreign insurer, over

"(2) the premiums (and other consideration) paid by such insurer with respect to reinsurance ceded with respect to such policy, bond, or contract.".

(b) LIABILITY FOR TAX.—Section 4374 (relating to liability for tax) is amended—

(1) by striking out "or for whose use or benefit the same are made, signed, issued, or sold", and

(2) by striking out the last sentence.

(c) WITHHOLDING OF EXCISE TAX ON FOREIGN INSURERS.—

(1) IN GENERAL.—Chapter 34 (relating to policies issued by foreign insurers) is amended by adding at the end thereof the following new section:

"SEC. 4375. WITHHOLDING OF EXCISE TAX ON FOREIGN INSURERS.

"(a) IN GENERAL.—In any case in which—

"(1) a foreign insurer issues a contract to which this section applies, or

"(2) a foreign reinsurer issues a policy of reinsurance covering any contract to which this section applies,

the insured or any withholding agent shall deduct and withhold from the gross premium (and other consideration) paid an amount equal to the amount determined under subsection (b).

"(b) AMOUNT TO BE WITHHELD.—The amount to be deducted and withheld under subsection (a) shall be equal to—

"(1) in the case of any contract described in subsection (d)(1)(A) or any policy of rein-

surance subsequently issued with respect to the risks covered by such contract, 4 percent of the gross premium (and other consideration) paid,

"(2) in the case of any contract described in subsection (d)(1)(B) or any policy of reinsurance subsequently issued with respect to the risks covered by such contract, 1 percent of the gross premium (and other consideration) paid.

"(c) EXCEPTIONS.—Subsection (a) shall not apply to any contract or policy of reinsurance—

"(1) the premium on which is exempt from tax under section 4373, or

"(2) with respect to which the Secretary by regulations provides for an exemption from the requirement to deduct and withhold under subsection (a).

"(d) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) CONTRACT TO WHICH THIS SECTION APPLIES.—This section shall apply to any contract which—

"(A) is a policy of casualty insurance or an indemnity bond with respect to an insured, or

"(B) any policy of life, sickness, or accident insurance or an annuity contract (within the meaning of section 4372(e)) with respect to which the issuer is not subject to tax under section 819.

"(2) INSURED.—The term 'insured' has the meaning given such term by section 4372(d).

"(3) WITHHOLDING AGENT.—Except as provided in regulations prescribed by the Secretary, the term 'withholding agent' means, with respect to any premium paid by an insured to a foreign insurer or reinsurer (or to any nonresident agent, solicitor, or broker), the person who controls, receives, has custody of, disposes of, or pays such premium.

"(4) PROCEDURAL RULES.—Under regulations prescribed by the Secretary, rules similar to the rules of subchapter C of chapter 3 shall apply to any amount required to be deducted and withheld under this subsection.".

(2) CONFORMING AMENDMENT.—The table of sections for chapter 34 is amended by adding at the end thereof the following new item:

"Sec. 4375. Withholding on excise tax on foreign insurers.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to premiums paid after the date of the enactment of this Act.

SEC. 136. SERVICES RELATING TO INSURANCE POLICIES ARE TREATED AS PERFORMED IN COUNTRY OF RISK.

(a) IN GENERAL.—Subsection (e) of section 954 (defining foreign base company services income) is amended by adding at the end thereof the following new sentence: "For purposes of paragraph (2), any services performed with respect to any policy of insurance or reinsurance with respect to which the primary insured is a related person (within the meaning of section 267(b)) shall be treated as having been performed in the country within which the insured hazards, risks, losses, or liabilities occur, and except as provided in regulations prescribed by the Secretary, rules similar to the rules of section 953(e) shall be applied in determining the income from such services.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to taxable years of controlled foreign corporations beginning after the date of the enactment of this Act.

PART III—WITHHOLDING OF CERTAIN FOREIGN TAXES

SEC. 141. WITHHOLDING OF TAX ON DISPOSITIONS OF UNITED STATES REAL PROPERTY INTERESTS BY CERTAIN FOREIGN PERSONS REQUIRED.

(a) WITHHOLDING OF TAX.—

(1) IN GENERAL.—Subchapter A of chapter 3 (relating to withholding of tax on nonresident aliens and foreign corporations) is amended by adding at the end thereof the following new section:

"SEC. 1444. WITHHOLDING OF TAX ON DISPOSITIONS OF UNITED STATES REAL PROPERTY INTERESTS.

"(a) GENERAL RULE.—Except as otherwise provided in this section, in the case of any acquisition of a United States real property interest (as defined in section 897(c)) from a foreign person, the transferee, any transferee's agent, or any settlement officer shall be required to deduct and withhold a tax equal to whichever of the following is the smallest:

"(1)(A) in the case of a corporate transferor, 28 percent of the amount realized on the disposition, or (B) in the case of a transferor who is an individual, partnership, estate, or trust, 20 percent of the amount realized on the disposition,

"(2) the portion of the transferee's consideration (as defined in subsection (h)(4)) which is at any time within the withholding agent's custody or control, or

"(3) if there is a transferor's maximum tax liability (as defined in subsection (h)(5)), the amount of such liability.

"(b) TRANSFEREE OR SETTLEMENT OFFICER MUST KNOW OR HAVE NOTICE THAT TRANSFEROR WAS A FOREIGN PERSON.—

"(1) IN GENERAL.—The transferee, any transferee's agent, or any settlement officer shall not be required to deduct and withhold a tax under subsection (a) with respect to any acquisition unless the transferee, transferee's agent, or the settlement officer—

"(A) knows that the transferor is a foreign person, or

"(B) has received a notice provided for in subsection (c).

"(2) TIME FOR APPLYING PARAGRAPH (1).—Paragraph (1) shall be applied immediately before each payment of the consideration with respect to the acquisition of the United States real property interest.

"(c) REQUIREMENTS TO FURNISH NOTICE.—

"(1) TRANSFEROR MUST FURNISH NOTICE TO TRANSFEREE AND TO SETTLEMENT OFFICER.—If the transferor is a foreign person, he shall so notify the transferee, any agent of the transferee, and any settlement officer at such time or times and in such manner as may be prescribed by regulations.

"(2) TRANSFEROR'S AGENT.—

"(A) IN GENERAL.—

"(i) TRANSFEROR'S AGENT TO FURNISH NOTICE.—If any transferor's agent has at any time before the time specified in subsection (b)(2) reason to believe that the transferor may be a foreign person, he shall so notify the transferee, any transferee's agent, and any settlement officer at such time or times and in such manner as may be prescribed by regulations.

"(ii) REQUIREMENT OF REASONABLE INQUIRY.—For purposes of this subsection, a transferor's agent who fails to make reasonable inquiry into whether the transferor is a foreign person shall be treated as having reason to believe that the transferor may be a foreign person.

"(iii) TRANSFEROR'S AGENT MAY RELY IN GOOD FAITH ON TRANSFEROR'S WRITTEN STATEMENT.—A transferor's agent will not be treated as having reason to believe that a transferor may be a foreign person if the transferor's agent relies in good faith on a written statement of the transferor (or, in the case of a transferor's agent retained by another agent of the transferor, a written statement by such other transferor's agent) that the transferor is a United States person.

"(B) ONLY 1 NOTICE TO EACH PERSON.—Under regulations, the requirements of paragraph (1) and of subparagraph (A) of this paragraph shall be treated as met with respect to the transferee, any transferee's agent, and any settlement officer if at least 1 notice which meets the requirements of paragraph (1) or such subparagraph (A) is furnished to such transferee, transferee's agent, and settlement officer.

"(C) TRANSFEROR'S AGENT.—Except as provided in subparagraph (D), for purposes of this subsection, the term 'transferor's agent' means any person who represents the transferor (or another agent of the transferor)—

"(i) in any negotiation with the transferee or any transferee's agent relating to the transaction, or

"(ii) in settling the transaction.

A person will be considered to represent the transferor (or another agent of the transferor) if such person retains another person to represent the transferor (or such other agent) in any negotiations with the transferee or transferee's agent relating to the transaction or in settling the transaction.

"(D) SETTLEMENT OFFICER NOT TREATED AS TRANSFEROR'S AGENT.—For purposes of this paragraph, a person shall not be treated as a transferor's agent with respect to any transaction merely because such person performs 1 or more of the following acts:

"(i) the receipt and the disbursement of any portion of the consideration for the transaction, or

"(ii) the recording of any document in connection with the transaction.

"(3) FAILURE TO FURNISH NOTICE.—

"(A) DUTY TO WITHHOLD.—If any transferor's agent—

"(i) is required by paragraph (2) to furnish notice, but

"(ii) fails to notify the transferee and the transferee's agent and the settlement officer at such time or times and in such manner as may be prescribed by regulations,

such agent shall have the same duty to deduct and withhold (with respect to the transferee's consideration within the transferor's agent's custody and control) that the transferee would have if the transferor's agent had complied with paragraph (2).

"(B) TREATMENT OF COMPENSATION.—In any case to which subparagraph (A) applies, the transferee's consideration shall be treated as including the compensation received by the transferor's agent in connection with the transaction.

"(d) EXEMPTIONS.—

"(1) IN GENERAL.—No person shall be required to deduct and withhold any amount under subsection (a) with respect to a transaction if paragraph (2), (3), or (4) applies to the transaction.

"(2) TRANSFEROR FURNISHES QUALIFYING STATEMENT.—

"(A) IN GENERAL.—This paragraph applies to the transaction if the transferor (at such time, in such manner, and subject to such terms and conditions as the Secretary may by regulations prescribe) furnishes a qualifying statement to the person who (but for

this paragraph) would be required to withhold.

"(B) QUALIFYING STATEMENT.—For purposes of subparagraph (A), the term 'qualifying statement' means a statement by the Secretary that—

"(i) the transferor either—

"(I) has reached agreement with the Secretary for the payment of any tax imposed by section 871(b)(1) or 882(a)(1) or any gain recognized by the transferor on the disposition of the United States real property interest, or

"(II) is exempt from any tax imposed by section 871(b)(1) or 882(a)(1) on any gain recognized by the transferor on the disposition of United States real property interest, and

"(ii) the transferor has satisfied any transferor's unsatisfied withholding liability or has provided adequate security to cover such liability.

"(3) PRINCIPAL RESIDENCE WHERE AMOUNT REALIZED IS NOT MORE THAN $200,000.—This paragraph applies to the transaction if—

"(A) the amount realized by the transferor does not exceed $200,000, and

"(B) the property is acquired by the transferee for use as his principal residence.

"(4) STOCK TRANSFERRED ON ESTABLISHED SECURITIES MARKET.—This paragraph applies to a disposition of stock in a corporation if the transaction takes place on an established United States securities market.

"(e) ADJUSTMENTS IN AMOUNT REQUIRED TO BE WITHHELD.—

"(1) CANNOT EXCEED TRANSFEROR'S MAXIMUM TAX LIABILITY.—

"(A) REQUEST.—At the request of the transferor or of any withholding agent, the Secretary shall establish, with respect to any disposition, the transferor's maximum tax liability.

"(B) LIMIT ON WITHHOLDING REQUIREMENT.—The amount required to be withheld under subsection (a) with respect to any disposition shall not exceed the amount (if any) established with respect to such disposition under subparagraph (A).

"(2) AUTHORITY OF SECRETARY TO PRESCRIBE REDUCED AMOUNT.—At the request of the transferor or of any withholding agent, the Secretary may prescribe a reduced amount to be withheld under this section if the Secretary determines that to substitute such reduced amount will not jeopardize the collection of the tax imposed by this section or section 871(b)(1) or 882(a)(1).

"(3) PROCEDURAL RULES.—

"(A) REGULATIONS.—Requests for—

"(i) qualifying statements under subsection (d)(2),

"(ii) determinations of transferor's maximum tax liability under paragraph (1) of this subsection, and

"(iii) reductions under paragraph (2) of this subsection in the amount required to be withheld,

shall be made at the time and manner, and shall include such information, as the Secretary shall prescribe in regulations.

"(B) REQUESTS TO BE HANDLED WITHIN 30 DAYS.—The Secretary shall take action with respect to any request described in subparagraph (A) within 30 days after the Secretary receives the request.

"(f) RULES RELATING TO CERTAIN PARTNERSHIPS, TRUSTS, AND ESTATES.—Pursuant to such terms and conditions as may be provided by regulations, a domestic partnership, the trustee of a domestic trust, or the executor of a domestic estate shall be required under subsection (a) to deduct and withhold tax from amounts of which such partnership, trustee, or executor has custody which are—

"(1) attributable to the disposition of a United States real property interest (as defined in section 897(c)(1)), and

"(2) either—

"(A) includible in the distributive share of a partner of the partnership who is a nonresident alien individual or a foreign corporation, partnership, trust, or estate;

"(B) includible in the income of a beneficiary of the trust or estate who is a nonresident alien individual or a foreign corporation, partnership, trust, or estate; or

"(C) includible in the income of a nonresident alien individual, foreign corporation, partnership, trust, or estate under the provisions of section 671.

"(g) WITHHOLDING TO BE REQUIRED FOR DISTRIBUTIONS BY FOREIGN CORPORATIONS IN THE CASE OF CERTAIN OTHER TRANSACTIONS.—Except as otherwise provided in this section, in the case of any transaction involving a United States real property interest on which gain is recognized under section 897 (d) or (e), a corporation shall be required to deduct and withhold under subsection (a) a tax equal to 28 percent of an amount equal to the fair market value of such interest (as of the time of the transaction) reduced by its adjusted basis.

"(h) DEFINITIONS.—For purposes of this section—

"(1) TRANSFEROR.—The term 'transferor' means the person disposing of the United States real property interest.

"(2) TRANSFEREE.—The term 'transferee' means the person acquiring the United States real property interest.

"(3) SETTLEMENT OFFICER.—The term 'settlement officer' means the person who, in connection with the settlement, receives and disburses any portion of the consideration for the transaction.

"(4) TRANSFEREE'S CONSIDERATION.—

"(A) IN GENERAL.—The term 'transferee's consideration' means the cash and the fair market value of the other property which is consideration in connection with the transaction.

"(B) INDEBTEDNESS.—Except to the extent provided in regulations, if—

"(i) the transferee assumes indebtedness of the transferor or indebtedness to which the property is subject, or the transferee acquires the property subject to an indebtedness, and

"(ii) such indebtedness was incurred within 2 years of the transaction,

then, for purposes of applying subsection (a)(2) with respect to the transferee, the transferee's consideration shall include the amount of such indebtedness and the amount of such indebtedness shall be deemed to be within the withholding agent's custody or control.

"(5) TRANSFEROR'S MAXIMUM TAX LIABILITY.—The term 'transferor's maximum tax liability' means, with respect to the disposition of any interest, the maximum amount which the Secretary determines the transferor could owe—

"(A) as tax under section 871(b)(1) or 882(a)(1) by reason of such disposition, plus

"(B) the transferor's unsatisfied withholding liability with respect to such interest.

"(6) TRANSFEROR'S UNSATISFIED WITHHOLDING LIABILITY.—The term 'transferor's unsatisfied withholding liability' means the withholding obligation imposed under this section on the transferor's acquisition of the United States real property interest or on the acquisition of a predecessor interest, to the extent such obligation has not been satisfied.".

(2) CONFORMING AMENDMENT.—The table of sections for subchapter A of chapter 3 is amended by adding at the end thereof the following new item:

"Sec. 1444. Withholding of tax on dispositions of United States real property interests.".

(b) DISCRETION TO CURTAIL REPORTING WHERE WITHHOLDING REQUIRED.—Subsection (e)(2) of section 6039C (relating to returns with respect to United States real property interests) is amended to read as follows:

"(2) RETURNS, ETC.—

"(A) GENERAL RULE.—All returns, statements, and information required to be made or furnished under this section shall be made or furnished at such time and in such manner as the Secretary shall by regulations prescribe.

"(B) CASES IN WHICH WITHHOLDING IS REQUIRED.—Except when required by the Secretary, the returns, statements, and information otherwise required to be made or furnished under this section shall not be required if a transferee, a transferee's agent, or any other person is required under section 1444 to deduct and withhold tax on the acquisition of the property.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any payment of consideration with respect to the acquisition of a United States real property interest made more than 30 days after the date of the enactment of this Act.

SEC. 142. REPEAL OF THE 30 PERCENT TAX ON INTEREST RECEIVED BY FOREIGNERS ON CERTAIN PORTFOLIO INVESTMENTS.

(a) REPEAL OF TAX ON NONRESIDENT INDIVIDUALS.—

(1) IN GENERAL.—Section 871 (relating to 30 percent tax on income not connected with United States business), as amended by this Act, is amended by redesignating subsection (h) as subsection (i) and by adding at the end thereof the following new subsection:

"(h) PHASE-OUT OF TAX ON INTEREST OF NONRESIDENT ALIEN INDIVIDUALS RECEIVED FROM CERTAIN PORTFOLIO DEBT INVESTMENTS.—

"(1) IN GENERAL.—In the case of any portfolio interest received by a nonresident individual from sources within the United States, paragraph (1)(A) of subsection (a) shall be applied by substituting the applicable percentage for '30 percent'.

"(2) APPLICABLE PERCENTAGE DEFINED.—For purposes of this subsection, the applicable percentage shall be determined in accordance with the following table:

"In the case of portfolio interest received:	The applicable percentage is:
After the date of enactment of this subsection and before January 1, 1985	5
During 1985	5
During 1986	3
During 1987	2
After December 31, 1987 and before July 1, 1988	
After June 30, 1988	0

"(3) PORTFOLIO INTEREST.—For purposes of this subsection, the term 'portfolio interest' means any interest (including original issue discount) which is described in any of the following subparagraphs:

"(A) CERTAIN OBLIGATIONS WHICH ARE NOT REGISTERED.—Interest which is paid on any obligation which—

"(i) is not in registered form, and

"(ii) is described in section 163(f)(2)(B).

"(B) CERTAIN REGISTERED OBLIGATIONS.—Interest which is paid on an obligation—

"(i) which is in registered form, and

"(ii) with respect to which the United States person who is, or would otherwise be, required to deduct and withhold tax from such interest under section 1441(a) has received a statement (which meets the requirements of paragraph (5)) that the beneficial owner of the obligation is not a United States person.

"(C) CERTAIN ASSUMED OBLIGATIONS.—Interest which is paid on an obligation which resulted from the assumption after the date of enactment of this subsection by a domestic corporation of an obligation—

"(i) which was issued on or before such date,

"(ii) which was guaranteed by a domestic corporation at the time of its issuance,

"(iii) which was issued pursuant to arrangements described in section 163(f)((2)(B)(i), and

"(iv) with respect to which the domestic corporation meets, under regulations prescribed by the Secretary, reporting and similar requirements of this title which would be imposed on the person from whom such obligation was assumed.

"(4) PORTFOLIO INTEREST NOT TO INCLUDE INTEREST RECEIVED BY 10-PERCENT SHAREHOLDERS.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'portfolio interest' shall not include any interest described in subparagraph (A) or (B) of paragraph (2) which is received by a 10-percent shareholder.

"(B) 10 PERCENT SHAREHOLDER.—The term '10-percent shareholder' means—

"(i) in the case of an obligation issued by a corporation, any person who owns 10 percent or more of the total combined voting power of all classes of stock of such corporation entitled to vote, or

"(ii) in the case of an obligation issued by a partnership, any person who owns 10 percent or more of the capital or profits interest in such partnership.

"(C) ATTRIBUTION RULES.—For purposes of determining ownership of stock under subparagraph (B)(i), the rules of section 318(a) shall apply, except that—

"(i) section 318(a)(2)(C) shall be applied without regard to the 50-percent limitation therein, and

"(ii) any stock which a person is treated as owning after application of section 318(a)(4) shall not, for purposes of applying paragraphs (2) and (3) of section 318(a), be treated as actually owned by such person.

Under regulations prescribed by the Secretary, rules similar to the rules of the preceding sentence shall be applied in determining the ownership of the capital or profits interest in a partnership for purposes of subparagraph (B)(ii).

"(5) CERTAIN STATEMENTS.—A statement with respect to any obligation meets the requirements of this paragraph if such statement is made by—

"(A) the beneficial owner of such obligation, or

"(B) a securities clearing organization, a bank, or other financial institution that holds customers' securities in the ordinary course of its trade or business.

The preceding sentence shall not apply to any statement with respect to payment of interest on any obligation by any person if, at least one month before such payment, the Secretary has published a determination that any statement from such person (or any class including such person) does not meet the requirements of this paragraph.

"(6) SECRETARY MAY PROVIDE SUBSECTION NOT TO APPLY IN CASES OF INADEQUATE INFORMATION EXCHANGE.—

"(A) IN GENERAL.—If the Secretary determines that the exchange of information between the United States and a foreign country is inadequate to prevent evasion of the United States income tax by United States persons, the Secretary may provide in writing (and publish a statement) that the provisions of this subsection shall not apply to payments of interest to any person within such foreign country (or payments addressed to, or for the account of, persons within such foreign country) during the period—

"(i) beginning on the date specified by the Secretary, and

"(ii) ending on the date that the Secretary determines that the exchange of information between the United States and the foreign country is adequate to prevent the evasion of United States income tax by United States persons.

"(B) EXCEPTION FOR CERTAIN OBLIGATIONS.—Subparagraph (A) shall not apply to the payment of interest on any obligation which is issued on or before the date of the publication of the Secretary's determination under such subparagraph.

"(7) REGISTERED FORM.—For purposes of this subsection, the term 'registered form' has the same meaning given such term by section 163(f).".

(2) CONFORMING AMENDMENT.—Paragraph (1) of section 871(a) (relating to tax on income other than capital gains) is amended by striking out "There" and inserting in lieu thereof "Except as provided in subsection (g), there".

(b) FOREIGN CORPORATIONS.—

(1) IN GENERAL.—Section 881 (relating to tax on income of foreign corporations not connected with United States business), as amended by this Act, is amended by redesignating subsection (c) as subsection (d) and by adding after subsection (b) the following new subsection:

"(c) PHASE-OUT OF TAX ON INTEREST OF FOREIGN CORPORATIONS RECEIVED FROM CERTAIN PORTFOLIO DEBT INVESTMENTS.—

"(1) IN GENERAL.—In the case of any portfolio interest received by a foreign corporation from sources within the United States, paragraph (1) of subsection (a) shall be applied by substituting the applicable percentage (within the meaning of section 871(g)(2)) for '30 percent'.

"(2) PORTFOLIO INTEREST.—For purposes of this subsection, the term 'portfolio interest' means any interest (including original issue discount) which is described in any of the following subparagraphs:

"(A) CERTAIN OBLIGATIONS WHICH ARE NOT REGISTERED.—Interest which is paid on any obligation which is described in section 871(g)(3)(A).

"(B) CERTAIN ASSUMED OBLIGATIONS.—Interest which is paid on an obligation which is described in section 871(g)(3)(C).

"(C) CERTAIN REGISTERED OBLIGATIONS.—Interest which is paid on an obligation—

"(i) which is in registered form, and

"(ii) with respect to which the person who is, or would otherwise be, required to deduct and withhold tax from such interest under section 1442(a) has received a statement which meets the requirements of section 871(g)(5) that the beneficial owner of the obligation is not a United States person.

"(3) PORTFOLIO INTEREST SHALL NOT INCLUDE INTEREST RECEIVED BY CERTAIN PERSONS.—For purposes of this subsection, the term 'portfolio interest' shall not include any interest described in subparagraph (A) or (C) of paragraph (2) which—

"(A) is received by a controlled foreign corporation (within the meaning of section 957(a)),

"(B) except in the case of interest paid on an obligation of the United States, is received by a bank on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business, or

"(C) is received by a 10-percent shareholder (within the meaning of section 871(g)(4)(B)).

"(4) SECRETARY MAY CEASE APPLICATION OF THIS SUBSECTION.—Under rules similar to the rules of section 871(g)(6), the Secretary may provide that this subsection shall not apply to payments of interest described in section 871(g)(6).

"(5) REGISTERED FORM.—For purposes of this subsection, the term 'registered form' has the meaning given such term by section 163(f).".

(2) CONFORMING AMENDMENTS.—Subsection (a) of section 881 (relating to imposition of tax) is amended by striking out "There" and inserting in lieu thereof "Except as provided in subsection (c), there".

(c) AMENDMENT OF SECTION 864(c)(2).—Paragraph (2) of section 864(c) (relating to effectively connected income, etc.) is amended by striking out "section 871(a)(1) or section 881(a)" and inserting in lieu thereof "section 871(a)(1), section 871(g), section 881(a), or section 881(c)".

(d) AMENDMENT OF SECTION 2105.—Subsection (b) of section 2105 (relating to property without the United States) is amended to read as follows:

"(b) BANK DEPOSITS AND CERTAIN OTHER DEBT OBLIGATIONS.—For purposes of this subchapter—

"(1) amounts described in section 861(c), if any interest thereon would be treated by reason of section 861(a)(1)(A) as income from sources without the United States were such interest received by the decedent at the time of his death,

"(2) deposits with a foreign branch of a domestic corporation or domestic partnership, if such branch is engaged in the commercial banking business, and

"(3) debt obligations, if, without regard to whether a statement meeting the requirements of section 871(g)(5) has been received, any interest thereon would be eligible for the phase-out of tax under section 871(g)(1) were such interest received by the decedent at the time of his death,

shall not be deemed property within the United States.".

(e) WITHHOLDING.—

(1) NONRESIDENT ALIENS.—Subsection (c) of section 1441 (relating to withholding of tax on nonresident aliens) is amended by adding at the end thereof the following new paragraph:

"(9) INTEREST INCOME FROM CERTAIN PORTFOLIO DEBT INVESTMENTS.—In the case of portfolio interest (within the meaning of 871(g)(3), the amount of tax required to be deducted and withheld from such interest shall be reduced as provided in section 871(g)(1) unless the person required to deduct and withhold tax from such interest knows, or has reason to know, that such in-

terest is not portfolio interest by reason of section 871(g)(4).".

(2) FOREIGN CORPORATIONS.—The last sentence of section 1442(a) is amended—

(A) by striking out "and" after "section 881(a)(4),", and

(B) by inserting ", and the references in section 1441(c)(9) to section 871(g)(1) and 871(g)(4) shall be treated as referring to sections 881(c)(1) and 881(c)(3)".

(f) EFFECTIVE DATES.—

(1) The amendments made by this section (other than subsection (d)) shall apply to portfolio interest received after the date of the enactment of this Act, in taxable years ending after such date.

(2) The amendment made by subsection (d) shall apply to the estates of decedents dying after the date of enactment of this section.

SUBTITLE K—REPORTING, PENALTY, AND OTHER PROVISIONS

SEC. 145. ORGANIZERS AND SELLERS OF INVESTMENT PLANS, ETC., MUST KEEP LISTS OF INVESTORS.

(a) IN GENERAL.—Subchapter B of chapter 61 (relating to miscellaneous provisions involving information and returns) is amended by redesignating section 6111 as section 6112 and by inserting after section 6110 the following new section:

"SEC. 6111. ORGANIZERS AND SELLERS OF INVESTMENT PLANS, ETC. MUST KEEP LISTS OF INVESTORS.

"(a) IN GENERAL.—Any person—

"(1) who—

"(A) organizes, or engages in the operation of, any entity, investment plan or arrangement, or other plan or arrangement described in section 6700(a)(1)(A), or

"(B) sells any interest in an entity, investment plan, or arrangement described in subparagraph (A), and

"(2) who makes or furnishes (in connection with such organization or sale) a statement with respect to—

"(A) the allowance of any deduction or credit,

"(B) the exclusion of any income, or

"(C) the securing of any other tax benefit, by reason of holding an interest in the entity or participating in the plan or arrangement,

shall maintain a list of each person who was sold an interest in such entity, plan, or arrangement.

"(b) FORM OF LIST.—Any list required under subsection (a)—

"(1) shall be maintained separately for each entity, plan, or arrangement, and

"(2) shall include—

"(A) the name, address, and TIN of each person to whom an interest in the entity, plan, or arrangement was sold, and

"(B) such other information as the Secretary may by regulations prescribe.

"(c) SPECIAL RULES.—

"(1) EXCEPTIONS.—Subsection (a) shall not apply to—

"(A) any organization of, or sale of an interest in, a partnership or S corporation, or

"(B) any person whom the Secretary determines is otherwise required to maintain the information described in subsection (b)(2).

"(2) AVAILABILITY FOR INSPECTION; RETENTION OF INFORMATION ON LIST.—Any person who is required to maintain a list under subsection (a)—

"(A) shall make such list available for inspection upon request by the Secretary, and

"(B) except as otherwise provided under regulations prescribed by the Secretary, shall retain any information which is required to be included on such list for 7 years.

"(3) LISTS WHICH WOULD BE REQUIRED TO BE MAINTAINED BY 2 OR MORE PERSONS.—The Secretary shall prescribe regulations which provide that, in cases in which 2 or more persons are required under subsection (a) to maintain the same list, the maintenance of such list by one of such persons shall be treated as the maintenance of such list by the other person.".

(b) PENALTY FOR FAILURE TO MAINTAIN LIST.—Subchapter B of chapter 68 (relating to assessable penalties) is amended by adding at the end thereof the following new section:

"SEC. 6706. FAILURE TO MAINTAIN LISTS OF INVESTORS.

"(a) IN GENERAL.—Any person who is required to maintain a list under section 6111 with respect to any person who was sold an interest in an entity, plan, or arrangement described in section 6111(a)(1) shall pay a penalty of $50 for a failure to include such person on such list, unless it is shown that such failure is due to reasonable cause and not due to willful neglect. The maximum penalty imposed under this subsection for any calendar year shall not exceed $50,000.

"(b) PENALTY IN ADDITION TO OTHER PENALTIES.—The penalty imposed by this section shall be in addition to any other penalty provided by law.".

(c) CONFORMING AMENDMENTS.—

(1) The table of sections for subchapter B of chapter 61 is amended by striking out the item relating to section 6111 and inserting in lieu thereof the following new items:

"Sec. 6111. Organizers and sellers of investment plans, etc. must keep lists of investors.

"Sec. 6112. Cross reference.".

(2) The table of sections for subchapter B of chapter 68 is amended by adding at the end thereof the following new item:

"Sec. 6706. Failure to maintain lists of investors.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to sales and organizations made after December 31, 1984.

SEC. 146. REGISTRATION OF TAX SHELTERS.

(a) IN GENERAL.—Subchapter B of chapter 61 (relating to miscellaneous provisions involving information and returns) is amended by redesignating section 6112 as section 6113 and by inserting after section 6111 the following new section:

"SEC. 6112. REGISTRATION OF TAX SHELTERS.

"(a) REGISTRATION.—

"(1) IN GENERAL.—Any person who organizes a tax shelter shall register such tax shelter with the Secretary (in such form and in such manner as the Secretary may prescribe) by the earlier of—

"(A) the day which is 15 days after the date such tax shelter is first offered for sale, or

"(B) December 31 of the calendar year in which such tax shelter is first offered for sale.

"(2) INFORMATION INCLUDED IN REGISTRATION.—Any person registering a tax shelter under subsection (a) shall provide the Secretary with—

"(A) information identifying and describing the tax shelter,

"(B) information describing the potential tax benefits of the tax shelter to investors, and

"(C) such other information as the Secretary may prescribe.

"(b) FURNISHING OF TAX SHELTER IDENTIFICATION NUMBER.—

"(1) PROMOTERS.—Any person who sells an interest in a tax shelter shall (at such times as the Secretary shall prescribe) furnish to each investor who purchases an interest in such tax shelter from such person the identification number assigned by the Secretary to such tax shelter. Such identification number shall be furnished by such person to such other persons under such other circumstances as the Secretary may prescribe by regulations.

"(2) INVESTORS.—Any investor in a tax shelter shall furnish the identification number assigned by the Secretary to such tax shelter to such persons under such circumstances as the Secretary may prescribe by regulations.

"(c) TAX SHELTER.—For purposes of this section.—

"(1) IN GENERAL.—The term 'tax shelter' means any investment—

"(A) with respect to which representations are made in connection with the offering of that investment that the investment will result, for any of the taxable years ending within the 5-year period that begins on the date the investment is made, in—

"(i) deductions in excess of the income attributable to the investment, or

"(ii) credits against tax in excess of 50 percent of the income attributable to the investment, and

"(B) which—

"(i) is required to be registered under a Federal or State law regulating securities, or

"(ii) is offered to sophisticated investors.

"(2) SOPHISTICATED INVESTORS.—An investment is offered to sophisticated investors if the aggregate amount invested exceeds $200,000 and such aggregate investment is made by 10 or more investors.

"(d) REGULATIONS.—The Secretary may prescribe regulations which provide—

"(1) rules for the aggregation of similar investments for purposes of applying subsection (c), and

"(2) exemptions from the requirements of this section.".

(b) PENALTIES.—Subchapter B of chapter 68 (relating to assessable penalties) is amended by adding at the end thereof the following new section:

"SEC. 6707. FAILURE TO FURNISH INFORMATION REGARDING TAX SHELTERS.

"(a) FAILURE TO REGISTER TAX SHELTER.—

"(1) IMPOSITION OF PENALTY.—If a person who is required to register a tax shelter under section 6112(a)—

"(A) fails to register such tax shelter on or before the date described in section 6112(a)(1), or

"(B) files false or incomplete information with the Secretary with respect to such registration,

such person shall pay a penalty with respect to such registration.

"(2) AMOUNT OF PENALTY.—The penalty imposed under paragraph (1) with respect to any registration of a tax shelter shall be an amount equal to the sum of—

"(A) $500, plus

"(B) 1 percent of the portion of the aggregate amount invested in such tax shelter that exceeds $1,000,000.

"(b) FAILURE TO FURNISH TAX SHELTER IDENTIFICATION NUMBER.—

"(1) PROMOTERS.—Any person who fails to furnish the identification number of a tax shelter to a person who is required to be furnished with such number under section

6112(b)(1) shall pay a penalty of $100 for each such failure.

"(2) INVESTORS.—Any person who fails to furnish the identification number of a tax shelter which such person is required to furnish under section 6112(b)(2) shall pay a penalty of $50 for each of such failures, unless such failure is due to reasonable cause.".

(c) CONFORMING AMENDMENTS.—

(1) The table of sections for subchapter B of chapter 61 is amended by striking out the item relating to section 6112 and inserting in lieu thereof the following new items:

"Sec. 6112. Registration of Tax Shelters.

"Sec. 6113. Cross references.".

(2) The table of sections for subchapter B of chapter 68 is amended by adding at the end thereof the following new item:

"Sec. 6707. Failure to furnish information regarding tax shelters.".

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on September 1, 1984, with respect to interests sold on or after such date. The Secretary may by regulations delay the date on which such amendments take effect.

SEC. 147. RETURNS RELATING TO CASH AND MORTGAGE INTEREST RECEIVED IN TRADE OR BUSINESS.

(a) IN GENERAL.—Subpart B of part III of subchapter A of chapter 61 (relating to information concerning transactions with other persons) is amended by adding at the end thereof the following new section:

"SEC. 6050H. RETURNS RELATING TO RECEIPT OF CASH OR MORTGAGE INTEREST IN TRADE OR BUSINESS.

"(a) CASH RECEIPTS OF $10,000 OR MORE.—Any person—

"(1) who is engaged in a trade or business, and

"(2) who, in the course of such trade or business, receives $10,000 or more in cash or foreign currency in 1 transaction (or 2 or more related transactions),

shall make the return described in subsection (c) with respect to such transaction (or related transactions) at such time as the Secretary may by regulations prescribe.

"(b) MORTGAGE INTEREST OF $2,300 OR MORE.—Any person—

"(1) who is engaged in a trade or business, and

"(2) who, in the course of such trade or business, receives from any other person interest (including amounts treated as interest under section 483)—

"(A) on 1 or more obligations which are secured by the same real property, and

"(B) which is in excess of $2,300 for any calendar year,

shall make the return described in subsection (c) with respect to each person from whom such interest was received at such time as the Secretary may by regulations prescribe.

"(c) FORM AND MANNER OF RETURNS.—A return is described in this subsection if such return—

"(1) is in such form as the Secretary may prescribe,

"(2) contains—

"(A) the name, address, and TIN of the person from whom the cash or interest was received,

"(B) the amount of cash or interest received,

"(C) in the case of a return under subsection (a), the date and nature of the transaction, and

"(D) such other information as the Secretary may prescribe.

"(d) EXCEPTION WHERE CASH RECEIVED IS OTHERWISE REQUIRED TO BE REPORTED.—Subsection (a) shall not apply to any transaction which is required to be reported under subchapter II of chapter 53 of title 31, United States Code.

"(e) APPLICATIONS TO GOVERNMENTAL UNITS.—For purposes of subsection (b)—

"(1) TREATED AS PERSONS.—The term 'person' includes any governmental unit (and any agency or instrumentality thereof).

"(2) SPECIAL RULES.—In the case of a governmental entity or any agency or instrumentality thereof—

"(A) subsection (b) shall be applied without regard to the trade or business requirement contained therein, and

"(B) any return required under subsection (b) shall be made by the officer or employee appropriately designated for the purpose of making such return.

"(f) STATEMENTS TO BE FURNISHED TO PERSONS WITH RESPECT TO WHOM INFORMATION IS FURNISHED.—Every person making a return under subsection (a) or (b) shall furnish to each person whose name is set forth in such return a written statement showing—

"(1) the name and address of the person making such return, and

"(2) the aggregate amount of cash or interest received by the person making such return.

The written statement required under the preceding sentence shall be furnished to the person on or before January 31 of the year following the calendar year for which the return under subsection (a) or (b) was made.".

(b) PENALTIES.—

(1) Subparagraph (B) of section 6652(a)(1) (relating to failure to file certain information returns, etc.) is amended—

(A) by striking out "or" at the end of clause (iii),

(B) by inserting "or" at the end of clause (iv), and

(C) by inserting after clause (iv) the following new clause:

"(v) subsection (a) or (b) of section 6050H (relating to cash and mortgage interest received in trade or business),".

(2) Clause (iii) of section 6652(a)(3)(A) (relating to penalty in case of intentional disregard) is amended by inserting "or subsection (a) or (b) of section 6050H" after "section 6041A(b)".

(3) Paragraph (1) of section 6678(a) (relating to failure to furnish certain statements) is amended—

(A) by striking out "or 6052(b)" and inserting in lieu thereof "6052(b), or 6050H(f)", and

(B) by striking out "or 6052(a)" and inserting in lieu thereof "6052(a), or 6050H (a) or (b)".

(c) CONFORMING AMENDMENT.—The table of sections for subpart B of part III of subchapter A of chapter 61 is amended by adding at the end thereof the following new item:

"Sec. 6050H. Returns relating to receipt of cash as mortgage interest in trade or business.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts received after December 31, 1984.

SEC. 148. RETURNS RELATING TO FORECLOSURES AND ABANDONMENTS OF SECURITY.

(a) IN GENERAL.—Subpart B of part III of subchapter A of chapter 61 (relating to information concerning transactions with other people) is amended by adding at the end thereof the following new section:

"SEC. 6050I. RETURNS RELATING TO FORECLOSURES AND ABANDONMENTS OF SECURITY.

"(a) IN GENERAL.—Any person who, in connection with a trade or business conducted by such person, lends money secured by property and who—

"(1) in full or partial satisfaction of any indebtedness, acquires an interest in any property which is security for such indebtedness,

"(2) determines that property in which such person has a security interest has been abandoned, or

"(3) after, or in connection with, such acquisition or abandonment, is allowed a deduction under section 166 (or is allowed any addition to a reserve for bad debts) with respect to such indebtedness,

shall make a return described in subsection (b) with respect to each of such acquisitions, abandonments, or allowances of deduction (or addition to reserve) at such time as the Secretary may by regulations prescribe.

"(b) FORM AND MANNER OF RETURN.—The return required under subsection (a) with respect to any acquisition or abandonment of property or allowance of deduction (or addition to reserve), as the case may be, shall—

"(1) be in such form as the Secretary may prescribe,

"(2) contain—

"(A) the name and address of each person who is a borrower with respect to the indebtedness which is secured or for which such deduction (or addition to reserve) was allowed,

"(B) a general description of the nature of such property and such indebtedness,

"(C) in the case of a return required under subsection (a)(1)—

"(i) the amount of such indebtedness at the time of such acquisition, and

"(ii) the manner in which such property was acquired,

"(D) in the case of a return required under subsection (a)(2), the amount of such indebtedness at the time of such abandonment,

"(E) in the case of a return required under subsection (a)(3), the amount of such deduction (or addition to reserve) allowed, and

"(F) such other information as the Secretary may prescribe.

"(c) APPLICATIONS TO GOVERNMENTAL UNITS.—For purposes of this section—

"(1) TREATED AS PERSONS.—The term 'person' includes any governmental unit (and any agency or instrumentality thereof).

"(2) SPECIAL RULES.—In the case of a governmental entity or any agency or instrumentality thereof—

"(A) subsection (a) shall be applied without regard to the trade or business requirement contained therein, and

"(B) any return under this section shall be made by the officer or employee appropriately designated for the purpose of making such return.

"(d) STATEMENTS TO BE FURNISHED TO PERSONS WITH RESPECT TO WHOM INFORMATION IS REQUIRED TO BE FURNISHED.—Every person required to make a return under subsection (a) shall furnish to each person

whose name is required to be set forth in such return a written statement showing the name and address of the person required to make such return. The written statement required under the preceding sentence shall be furnished to the person on or before January 31 of the year following the calendar year for which the return under subsection (a) was made.

"(e) RECIPIENT TO FURNISH NAME, ADDRESS, AND IDENTIFICATION NUMBER; INCLUSION ON RETURN.—

"(1) FURNISHING OF INFORMATION.—Any person with respect to whom a return or statement is required under this section to be made by another person shall furnish to such other person his name, address, and identification number at such time and in such manner as the Secretary may prescribe by regulations.

"(2) INCLUSION ON RETURN.—The person to whom an identification number is furnished under paragraph (1) shall include such number on any return which such person is required to file under this section and to which such identification number relates.".

(b) PENALTIES.—

(1) Subparagraph (B) of section 6652(a)(1) (relating to failure to file certain information returns, etc.) (as amended by section 147 of this Act) is further amended—

(A) by striking out "or" at the end of clause (iv),

(B) by adding "or" at the end of clause (v), and

(C) by inserting after clause (v) the following new clause:

"(vi) section 6050I (relating to foreclosures),".

(2) Clause (iii) of section 6652(a)(3)(A) (relating to penalty in case of intentional disregard) is amended by striking out "or subsection (a) or (b) of section 6050H" and inserting in lieu thereof ", subsection (a) or (b) of section 6050H, or section 6050I".

(3) Paragraph (1) of section 6678(a) (relating to failure to furnish certain statements) is amended—

(A) by striking out "or 6050H(f)" and inserting in lieu thereof "6050H(f), or 6050I(d)", and

(B) by striking out "or 6050H (a) or (b)" and inserting in lieu thereof "6050H (a) or (b), or 6050I(a)".

(c) CONFORMING AMENDMENT.—The table of sections for subpart B of part III of subchapter A of chapter 61 is amended by adding at the end thereof the following new item:

"Sec. 6050I. Returns relating to foreclosures and abandonments of security.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to acquisitions of property and determinations of abandonment of property made after December 31, 1984, and with respect to deductions (or additions to reserves) allowed after such date.

SEC. 149. INCREASE IN PENALTY FOR PROMOTING ABUSIVE TAX SHELTERS.

(a) IN GENERAL.—Subsection (a) of section 6700 (relating to promotion of abusive tax shelters) is amended by striking out "$1,000 or 10 percent" and inserting in lieu thereof "$2,000 or 20 percent".

(b) CLARIFICATION OF PENALTY.—Paragraph (2) of section 6700(a) (relating to abusive tax shelters) is amended by striking out "sale)" and inserting in lieu thereof "sale or incidental to the activity of such entity, plan, or arrangement)".

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to actions occurring after the date of enactment of this Act.

SEC. 150. INCREASED RATE OF INTEREST FOR TAX SHELTER CASES.

(a) IN GENERAL.—Section 6621 (relating to determination of rate of interest) is amended by adding at the end thereof the following new subsection:

"(d) INTEREST ON TAX SHELTER DEFICIENCIES AND OVERPAYMENTS.—

"(1) IN GENERAL.—In the case of interest payable under section 6601 or 6611 with respect to any tax shelter deficiency or overpayment, the annual rate of interest established under this section shall be 150 percent of the adjusted rate established under subsection (b).

"(2) DEFINITIONS.—For purposes of this subsection—

"(A) TAX SHELTER DEFICIENCY OR OVERPAYMENT.—The term 'tax shelter deficiency or overpayment' means any portion of a deficiency or overpayment which is attributable to any qualified tax shelter.

"(B) QUALIFIED TAX SHELTER.—The term 'qualified tax shelter' means any tax shelter (within the meaning of section 6661(b)(2)(C)(ii)) in which more than 34 persons participate.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to interest accruing after December 31, 1984.

SEC. 151. AUTHORIZATION TO DISREGARD APPRAISALS OF PERSONS PENALIZED FOR AIDING IN UNDERSTATEMENTS OF TAX LIABILITY.

(a) IN GENERAL.—Section 330 of title 31, United States Code, is amended by adding at the end thereof the following new subsection:

"(c) After notice and opportunity for a hearing to any appraiser with respect to whom a penalty has been assessed under section 6701(a) of the Internal Revenue Code of 1954, the Secretary may—

"(1) provide that appraisals by such appraiser shall not have any probative effect in any administrative proceeding before the Department of the Treasury or the Internal Revenue Service, and

"(2) bar such appraiser from presenting evidence or testimony in any such proceeding.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to penalties assessed after the date of the enactment of this Act.

SEC. 152. PROVISIONS RELATING TO INDIVIDUAL RETIREMENT ACCOUNTS.

(a) CLARIFICATION THAT REGULATIONS MAY REQUIRE REPORTS TO IDENTIFY YEARS TO WHICH CONTRIBUTIONS RELATE.—Subsection (i) of section 408 (relating to individual retirement accounts) is amended by inserting "(and the years to which they relate)" after "contributions".

(b) INCREASE IN PENALTY FOR FAILURE TO FILE REPORTS.—Subsection (a) of section 6693 (relating to failure to provide reports on individual retirement accounts and annuities) is amended by striking out "$10" and inserting in lieu thereof "$50".

(c) CONTRIBUTIONS REQUIRED TO BE MADE ON OR BEFORE UNEXTENDED RETURN FILING DATE.—Subparagraph (A) of section 219(f)(3) (relating to time when contributions deemed made) is amended by striking out "including" and inserting in lieu thereof "not including".

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to contributions made after the date which is 30 days after the date of enactment of this Act for taxable years beginning after December 31, 1983.

(2) SUBSECTION (b).—THE AMENDMENT MADE BY SUBSECTION (B) SHALL APPLY TO FAILURES OCCURRING AFTER THE DATE OF THE ENACTMENT OF THIS ACT.

SEC. 153. STATEMENTS REQUIRED IN CASE OF CERTAIN SUBSTITUTE PAYMENTS.

(a) IN GENERAL.—Section 6045 (relating to returns of brokers) is amended by adding at the end thereof the following new subsection:

"(d) STATEMENTS REQUIRED IN CASE OF CERTAIN SUBSTITUTE PAYMENTS.—If any broker—

"(1) transfers securities of a customer for use in a short sale or similar transaction, and

"(2) receives (on behalf of the customer) a payment in lieu of—

"(A) a dividend,

"(B) tax-exempt interest, or

"(C) such other items as the Secretary may prescribe by regulations,

during the period such short sale or similar transaction is open,

the broker shall furnish such customer a written statement (at such time and in the manner as the Secretary shall prescribe by regulations) identifying such payment as being in lieu of the dividend, tax-exempt interest, or such other item. The Secretary may prescribe regulations which require the broker to make a return which includes the information contained in such written statement.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to payments received after December 31, 1984.

SEC. 154. MODIFICATIONS TO CHARITABLE CONTRIBUTION RULES AND INCORRECT VALUATION PENALTY.

(a) SUBSTANTIATION OF CONTRIBUTIONS OF PROPERTY.—Section 170 (relating to charitable, etc., contributions and gifts) is amended by redesignating subsections (j) and (k) as subsections (k) and (l), respectively, and inserting after subsection (i) the following new subsection:

"(j) FURTHER SUBSTANTIATION OF CERTAIN CONTRIBUTIONS OF PROPERTY REQUIRED.—

"(1) GENERAL RULE.—For each item of property described in subparagraph (A) or (B), a qualified appraisal shall be obtained and an appraisal summary shall be attached to any return on which a deduction under this section is first claimed by any individual, closely held corporation, or personal service corporation, for the contribution of property (other than publicly traded securities) if—

"(A) the claimed value of such property exceeds $2,000 for any single item of such property or set of similar items donated to a donee, or

"(B) the claimed value of all items of such property not described in subparagraph (A) donated to one or more donees exceeds in the aggregate $5,000.

Such return also shall include such additional information, including the cost basis and the acquisition date of each item of such property, as the Secretary prescribes by regulations. The qualified appraisal shall be retained by the taxpayer.

"(2) APPRAISAL SUMMARY.—For purposes of this subsection, the appraisal summary shall be in such form and include such information as the Secretary prescribes by regulations. Such summary shall be signed by the qualified appraiser preparing the

qualified appraisal and shall contain the TIN of such appraiser.

"(3) QUALIFIED APPRAISAL.—The term 'qualified appraisal' means an appraisal prepared by a qualified appraiser which includes—

"(A) a description of the property appraised,

"(B) the fair market value of such property on the date of contribution and the specific basis for the valuation,

"(C) a statement that such appraisal was prepared for income tax purposes,

"(D) the qualifications of the qualified appraiser, and

"(E) the signature and TIN of such appraiser.

"(4) QUALIFIED APPRAISER.—

"(A) IN GENERAL.—For purposes of this subsection, the term 'qualified appraiser' means an appraiser qualified to make appraisals of the type of property donated, who is not—

"(i) the taxpayer,

"(ii) a party to the transaction in which the taxpayer acquired the property,

"(iii) the donee, or

"(iv) any person employed by any of the foregoing persons or related to any of the foregoing persons under section 267(b).

"(B) APPRAISAL FEES.—For purposes of paragraph (3), an appraisal shall not be treated as a qualified appraisal if all or part of the fee paid for such appraisal is based on a percentage of the appraised value of the property. The preceding sentence shall not apply to fees based on a sliding scale that are paid to a generally recognized association regulating appraisers.

"(5) DISALLOWANCE OF DEDUCTION FOR FAILURE TO SUBSTANTIATE.—

"(A) GENERAL RULE.—If a taxpayer fails to comply with the requirements of this subsection, an amount equal to the greater of—

"(i) the amount of the otherwise allowable deduction in excess of the basis of the property contributed, or

"(ii) 10 percent of the amount of the otherwise allowable deduction,

shall be disallowed.

"(B) WAIVER OF DISALLOWANCE.—The Secretary in his discretion may waive all or any part of the disallowance under subparagraph (A) on a showing by the taxpayer that there was reasonable cause for the failure to meet any or all of the requirements of this subsection.

"(6) OTHER DEFINITIONS.—For purposes of this subsection—

"(A) CLOSELY HELD CORPORATION.—The term 'closely held corporation' means any corporation (other than an S corporation) with respect to which the stock ownership requirement of paragraph (2) of section 542(a) is met.

"(B) PERSONAL SERVICE CORPORATION.—The term 'personal service corporation' means any corporation (other than an S corporation) which is a service organization (within the meaning of section 414(m)(3)).

"(C) PUBLICLY TRADED SECURITIES.—The term 'publicly traded securities' means securities for which (as of the date of the contribution) market quotations are readily available on an established securities market.".

(b) DISALLOWANCE OF CHARITABLE DEDUCTIONS.—Section 170 (relating to charitable, etc., contributions and gifts) (as amended by subsection (a) of this section) is further amended by redesignating subsections (k) and (l) as subsections (l) and (m), respectively, and inserting after subsection (j) the following new subsection:

"(k) DISALLOWANCE OF DEDUCTION IN THE CASE OF VALUATION OVERSTATEMENTS.—

"(1) IN GENERAL.—If the claimed value of property (described in paragraph (A) or (B) of section 170(j)(1)) with respect to which a charitable contribution deduction is taken is 150 percent or more of the amount determined to be the correct value of such property, the deduction shall be disallowed according to the following table:

"If the claimed value is the following percent of the correct value—	The resulting disallowance equals:
150 percent or more but less than 175 percent.	1/2 of the amount of the otherwise allowable deduction in excess of basis.
175 percent or more but less than 200 percent.	The amount of the otherwise allowable deduction in excess of basis.
200 percent or more.....	The amount of the otherwise allowable deduction.

"(2) COORDINATION WITH PENALTY IMPOSED BY SECTION 6659.—The disallowance imposed in paragraph (1) shall apply regardless of the assessment of the penalty imposed by section 6659.".

(c) MODIFICATION OF PRESENT INCORRECT VALUATION PENALTY.—

(1) EXTENSION OF PENALTY TO INCORRECT ESTATE AND GIFT TAX VALUATIONS.—

(A) IN GENERAL.—Subsection (a) of section 6659 (relating to addition to tax in the case of valuation overstatements for purposes of the income tax) is amended—

(i) by inserting "or estate" after "individual" in paragraph (1), and

(ii) by striking out "chapter 1 for the taxable year" and inserting in lieu thereof "chapter 1, 11, or 12".

(B) CONFORMING AMENDMENT.—Subsection (d) of section 6659 (relating to underpayment must be at least $1,000) is amended by striking out "for the taxable year".

(2) PENALTY FOR VALUATION UNDERSTATEMENT.—

(A) IN GENERAL.—Subsection (c) of section 6659 is amended by inserting "or a valuation understatement" after "valuation overstatement".

(B) APPLICABLE PERCENTAGE DEFINED.—Subsection (b) of section 6659 (defining applicable percentage) is amended—

(i) by striking out all matter before the table in the first sentence and inserting in lieu thereof the following:

"(1) VALUATION OVERSTATEMENT.—For purposes of subsection (a), in the case of a valuation overstatement, the applicable percentage shall be determined under the following table:", and

(ii) by adding at the end thereof the following new paragraph:

"(2) VALUATION UNDERSTATEMENT.—For purposes of subsection (a), in the case of a valuation understatement, the applicable percentage shall be determined under the following table:

"If the valuation claimed is the following percent of the correct valuation—	The applicable percentage is:
50 percent or more but not more than 66⅔ percent.....	10
40 percent or more but less than 50 percent.....	20
Less than 40 percent.....	30.".

(C) CONFORMING AMENDMENT.—Subsection (d) of section 6659 is amended by inserting "or understatements" after "overstatements".

(3) VALUATION OVERSTATEMENT AND UNDERSTATEMENT DEFINED.—Subsection (c) of section 6659 (defining valuation overstatement) is amended to read as follows:

"(c) VALUATION OVERSTATEMENT AND VALUATION UNDERSTATEMENT DEFINED.—

"(1) VALUATION OVERSTATEMENT.—For purposes of this section, there is a valuation overstatement if the value of any property, or the adjusted basis of any property, claimed on any return is 150 percent or more of the amount determined to be the correct amount of such valuation or adjusted basis (as the case may be), and

"(2) VALUATION UNDERSTATEMENT.—For purposes of this section, there is a valuation understatement if the value of any property claimed on any return is 66⅔ percent or less of the amount determined to be the correct amount of such valuation.".

(4) TECHNICAL AMENDMENT.—Paragraph (2) of section 6659(f) (relating to other definitions) is amended by striking out "described in section 465(a)(1)(C)" and inserting in lieu thereof "with respect to which the stock ownership requirements of paragraph (2) of section 542(a) is met".

(5) CLERICAL AMENDMENTS.—

(i) The section heading for section 6659 is amended by striking out "FOR PURPOSES OF THE INCOME TAX" and inserting in lieu thereof "OR UNDERSTATEMENTS".

(ii) The table of sections for subchapter A of chapter 68 is amended by striking out "for purposes of the income tax" in the item relating to section 6659 and inserting in lieu thereof "or understatements".

(d) INFORMATION REPORT REQUIRED BY DONEE ON SALE.—

(1) IN GENERAL.—Subpart B of part III of subchapter A of chapter 61, as amended by this Act, is amended by adding at the end thereof the following new section:

"SEC. 6050J. RETURNS RELATING TO CERTAIN DISPOSITIONS OF DONATED PROPERTY.

"(a) IN GENERAL.—If the donee of property described in section 170(j)(1)(A) sells, exchanges, or otherwise disposes of such property within 2 years of receipt, the donee shall make a return, in accordance with forms and regulations prescribed by the Secretary, showing—

"(1) the name, address, and TIN of the donor, or

"(2) a description of the property,

"(3) the date of the contribution,

"(4) the amount received on the disposition, and

"(5) the date of such disposition.

"(b) STATEMENTS TO BE FURNISHED TO DONORS.—Every person making a return under subsection (a) shall furnish to the donor a copy of such statement.".

(2) PENALTY FOR FAILURE TO FILE REPORT.—Subparagraph (B) of section 6652(a)(1) (relating to failure to file certain information returns) (as amended by sections 147 and 148 of this Act) is further amended—

(A) by striking out "or" at the end of clause (v),

(B) by inserting "or" at the end of clause (vi), and

(C) by inserting after clause (vi) the following new clause:

"(vii) section 6050J(a) (relating to returns relating to certain dispositions of donated property),".

(3) PENALTY FOR FAILURE TO FILE STATEMENT.—Paragraph (1) of section 6678(a) (relating to failure to furnish certain statements) is amended—

(A) by striking out "or 6050I(d)" and inserting in lieu thereof "6050I(d), or 6050J(b)", and

(B) by striking out "or 6050I(a)" and inserting in lieu thereof "6050I(a) or 6050J(a)".

(4) CLERICAL AMENDMENT.—The table of sections of subpart B of part III of chapter 61 is amended by adding at the end thereof the following new item:

"Sec. 6050J. Returns relating to certain dispositions of donated property.".

(e) EFFECTIVE DATES.—

(1) SECTIONS 170 AND 6050J.—The amendments made by subsections (a) and (d) shall apply to charitable contributions made after December 31, 1984.

(2) SECTIONS 170 AND 6659.—The amendments made by subsections (b) and (c) shall apply to returns filed after December 31, 1984.

SEC. 155. DISCLOSURE OF RETURNS AND RETURN INFORMATION TO CERTAIN CITIES.

(a) IN GENERAL.—Subsection (b) of section 6103 (relating to definitions for confidentiality and disclosure of returns and return information) is amended—

(1) by striking out paragraph (5) and inserting in lieu thereof the following:

"(5) STATE.—The term 'State' means—

"(A) any of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, the Canal Zone, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands, and

"(B) for purposes of subsections (a)(2), (b)(4), (d)(1), (h)(4), and (p)(8) any municipality—

"(i) with a population in excess of 2,000,000 (as determined under the most recent census data available),

"(ii) which imposes a tax on income or wages, and

"(iii) with which the Secretary has entered into an agreement (in his sole discretion) regarding disclosure.", and

(2) by adding at the end thereof the following new paragraph:

"(10) CHIEF EXECUTIVE OFFICER.—The term 'chief executive officer' means, with respect to any municipality, any elected official and the chief official (even if not elected) of such municipality.".

(b) EFFECTIVE DATE.—The amendments made by this section shall be effective on the date of the enactment of this Act.

SEC. 156. INCREASE IN JURISDICTIONAL LIMIT FOR SMALL TAX CASES IN THE UNITED STATES TAX COURT.

(a) IN GENERAL.—Subsection (a) of section 7463 (relating to disputes involving $5,000 or less) is amended by striking out "$5,000" each place it appears and inserting in lieu thereof "$10,000".

(b) CONFORMING AMENDMENTS.—

(A) The section heading for section 7463 is amended by striking out "$5,000" and inserting in lieu thereof "$10,000".

(B) The table of sections for part II of subchapter C of chapter 76 is amended by striking out "$5,000" in the item relating to section 7463 and inserting in lieu thereof "$10,000".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the day after the date of enactment of this Act.

SEC. 157. FAILURE TO REQUEST CHANGE OF METHOD OF ACCOUNTING.

(a) IN GENERAL.—Section 446 (relating to general rule for methods of accounting) is amended by adding at the end thereof the following new subsection:

"(f) FAILURE TO REQUEST CHANGE OF METHOD OF ACCOUNTING.—If the taxpayer does not file with the Secretary a request to change the method of accounting, the absence of the consent of the Secretary to a change in the method of accounting shall not be taken into account—

"(1) to prevent the imposition of any penalty, or the addition of any amount to tax, under this title, or

"(2) to diminish the amount of such penalty or addition to tax.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after the date of enactment of this Act.

SEC. 158. INTEREST ON CERTAIN ADDITIONS TO TAX.

(a) IN GENERAL.—Paragraph (2) of section 6601(e) (relating to interest on penalties and additions to tax) is amended to read as follows:

"(2) INTEREST ON PENALTIES, ADDITIONAL AMOUNTS, OR ADDITIONS TO THE TAX.—

"(A) IN GENERAL.—Interest shall be imposed under subsection (a) in respect of any assessable penalty, additional amount, or addition to the tax (other than an addition to tax imposed under section 6651(a)(1), 6659, or 6661) only if such assessable penalty, additional amount, or addition to the tax is not paid within 10 days from the date of notice and demand therefor, and in such case interest shall be imposed only for the period from the date of the notice and demand to the date of payment.

"(B) INTEREST ON CERTAIN ADDITIONS TO TAX.—Interest shall be imposed under this section with respect to any addition to tax imposed by section 6651(a)(1), 6659, or 6661 for the period which—

"(i) begins on the date on which the return of the tax with respect to which such addition to tax is imposed is required to be filed (including any extensions), and

"(ii) ends on the date of payment of such addition to tax.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to interest accrued after the date of enactment of the Act with respect to additions to tax for which notice and demand is made after such date.

SEC. 159. PENALTY FOR FRAUDULENT WITHHOLDING EXEMPTION CERTIFICATE OR FAILURE TO SUPPLY INFORMATION.

(a) IN GENERAL.—Section 7205 (relating to penalty for fraudulent withholding exemption certificate) is amended—

(1) by striking out "in lieu of" each place it appears and inserting in lieu thereof "in addition to", and

(2) by striking out "(except the penalty provided by section 6682)" each place it appears.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to actions and failures to act occurring after the date of enactment of this Act.

SEC. 160. LIMITATION ON MAILING OF DEPOSITS OF TAXES.

(a) IN GENERAL.—Subsection (e) of section 7502 (relating to mailing of deposits) is amended by adding at the end thereof the following new paragraph:

"(3) NO APPLICATION TO CERTAIN DEPOSITS.—Paragraph (1) shall not apply with respect to any deposit of $20,000 or more by any person who is required to deposit the tax more than once a month.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to deposits made after June 30, 1984.

SEC. 161. APPLICATION OF PENALTY FOR FRIVOLOUS PROCEEDINGS TO PENDING TAX COURT PROCEEDINGS.

Paragraph (2) of section 292(e) of the Tax Equity and Fiscal Responsibility Act of 1982 is amended to read as follows:

"(2) PENALTY.—The amendments made by subsections (b) and (d)(2) shall apply to any action or proceeding in the United States Tax Court which—

"(A) is commenced after December 31, 1982, or

"(B) is pending in the United States Tax Court on the day which is 120 days after the date of enactment of the Deficit Reduction Tax Act of 1984.".

SEC. 162. FURNISHING OF TIN UNDER BACKUP WITHHOLDING.

(a) IN GENERAL.—Section 3406(e)(1) (relating to backup withholding) is amended by inserting at the end thereof the following new sentence: "The Secretary may require that a TIN required to be furnished under subsection (a)(1)(A) be provided under penalties of perjury only with respect to interest, dividends, patronage dividends, and amounts subject to broker reporting.".

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of enactment of this Act.

SEC. 163. REPORTING OF STATE TAX REFUNDS.

(a) IN GENERAL.—Section 6050E (relating to State and local income tax refunds) is amended—

(1) by striking out the second sentence of subsection (b),

(2) by redesignating subsection (c) as subsection (d), and

(3) by inserting after subsection (b) the following new subsection:

"(c) TIME OF STATEMENT.—

"(1) GENERAL RULE.—Except as provided in paragraph (2), the written statement required under subsection (b) shall be furnished to the individual during January of the calendar year following the calendar year for which the return under subsection (a) was made.

"(2) PAYMENTS OF REFUNDS.—In the case of any payment of refunds, the written statement required under subsection (b) may be furnished to the individual with such payment.".

(b) PENALTY FOR FAILURE TO FILE STATEMENT.—Paragraph (1) of section 6678(a) (relating to failure to furnish certain statements) is amended—

(1) by inserting ", 6050E(b)" after "6052(a)", and

(2) by inserting ", 6050E(a)" after "6052(a)".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any payment of refunds made after the date of enactment of this Act.

SEC. 164. STUDY ON TAX SHELTERS.

(a) GENERAL RULE.—The Secretary of the Treasury or his delegate shall conduct a study of the entire area of tax shelters. Such study shall specifically examine—

(1) further extensions or expansions of minimum tax requirements,

(2) the revision of the "at-risk" and "recapture" rules,

(3) the impact of full basis adjustment for the investment tax credit, and

(4) proposals to limit the deductibility of artificial accounting losses.

(b) REPORT.—Not later than December 1, 1984, the Secretary of the Treasury shall

submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the study conducted under this section, with specific recommendations addressing the problem of stemming abusive tax-shelter activities.

SEC. 165. CLARIFICATION OF CHANGE OF VENUE FOR CERTAIN TAX OFFENSES.

Section 3237(b) of title 18 of the United States Code is amended to read as follows:

"(b) Notwithstanding the second paragraph of subsection (a), where an offense is described in section 7203 of the Internal Revenue Code of 1954, or where venue for prosecution of an offense described in section 7201 or 7206(1), (2), or (5) of such Code (whether or not the offense is also described in another provision of law) is based solely on a mailing to the Internal Revenue Service, and prosecution is begun in a judicial district other than the judicial district in which the defendant resides, he may upon motion filed in the district in which the prosecution is begun, elect to be tried in the district in which he was residing at the time the alleged offense was committed: *Provided*, That the motion is filed within twenty days after arraignment of the defendant upon indictment or information.".

SUBTITLE L—DEPRECIATION

SEC. 171. RECOVERY PERIOD FOR MOST REAL PROPERTY EXTENDED TO 20 YEARS.

(a) IN GENERAL.—Subsection (b) of section 168 (relating to amount of deduction) is amended by adding at the end thereof the following new paragraph:

"(4) 20-YEAR REAL PROPERTY.—

"(A) IN GENERAL.—In the case of 20-year real property, the applicable percentage shall be determined in accordance with tables prescribed by the Secretary. In prescribing such tables, the Secretary shall—

"(i) assign a 20-year recovery period to the property, and

"(ii) assign percentages generally determined in accordance with use of the 175 percent declining balance method, switching to the method described in section 167(b)(1) at a time to maximize the deduction allowable under subsection (a).

In the case of 20-year real property, the applicable percentage in the taxable year in which the property is placed in service shall be determined on the basis of the number of months in such year during which the property was in service.

"(B) SPECIAL RULE FOR YEAR OF DISPOSITION.—In the case of a disposition of 20-year real property, the deduction allowable under subsection (a) for the taxable year in which the disposition occurs shall reflect only the months during such year the property was in service.".

(b) LOW INCOME HOUSING.—Subparagraph (A) of section 168(b)(2) (relating to 15-year real property) is amended—

(1) by striking out "175 percent declining balance method (200 percent declining balance method in the case of low income housing)" and inserting in lieu thereof "200 percent declining balance method", and

(2) by striking out the last sentence thereof.

(c) DEFINITIONS.—Paragraph (2) of section 168(c) (relating to recovery property) is amended—

(1) by redesignating subparagraph (F) as subparagraph (G),

(2) by inserting the following new subparagraph after subparagraph (E):

"(F) 20-year real property.—The term '20-year real property' means section 1250 class property which—

"(i) does not have a present class life of 12.5 years or less, and

"(ii) is not 15-year real property.", and

(3) by striking out subparagraph (D) and inserting in lieu thereof the following:

"(D) 15-year real property.— The term '15-year real property' means section 1250 class property which—

"(i) does not have a present class life of 12.5 years or less, and

"(ii) is low-income housing.

For purposes of the preceding sentence, the term 'low-income housing' means property described in clause (i), (ii), (iii), or (iv) of section 1250(a)(1)(B).".

(d) TRANSITIONAL RULE FOR COMPONENTS.—Subparagraph (B) of section 168(f)(1) is amended to read as follows:

"(B) TRANSITIONAL RULES.—

"(i) BUILDINGS PLACED IN SERVICE BEFORE 1981.—In the case of any building placed in service by the taxpayer before January 1, 1981, for purposes of applying subparagraph (A) to components of such buildings placed in service after December 31, 1980, and before March 16, 1984, the deduction allowable under subsection (a) with respect to such components shall be computed in the same manner as the deduction allowable with respect to the first such component placed in service after December 31, 1980. For purposes of the preceding sentence, the method of computing the deduction allowable with respect to such first component shall be determined as if it were a separate building.

"(ii) BUILDINGS PLACED IN SERVICE BEFORE MARCH 16, 1984.—In the case of any building placed in service by the taxpayer before March 16, 1984, for purposes of applying subparagraph (A) to components of such buildings placed in service after March 15, 1984, the deduction allowable under subsection (a) with respect to such components shall be computed in the same manner as the deduction allowable with respect to the first such component placed in service after March 15, 1984. For purposes of the preceding sentence the method of computing the deduction allowable with respect to such first component shall be determined as if it were a separate building.".

(e) CONFORMING AMENDMENTS.—

(1) Subsections (b)(3)(B)(iii), (f)(2)(B), (f)(2)(C)(ii)(II), (f)(2)(E), and (f)(5) of section 168 are each amended by inserting "or 20-year real property" after "15-year real property" each place it appears.

(2) Clause (ii) of section 168(b)(3)(B) is amended by inserting "or 20-year real property," after "15-year real property".

(3) Subparagraph (B) of section 168(d)(2) is amended by inserting ", or 20-year real property," after "15-year real property".

(4) Clause (i) of section 168(f)(2)(C) (relating to recovery period for property used outside United States) is amended by inserting the following item after the item relating to 15-year real property in the table:

"20-year real property.....35 or 45 years.".

(5) Sections 57(a)(12)(A), 312(k)(3)(A), and 1245(a)(5) are each amended by inserting "or 20-year real property" after "15-year real property" each place it appears in the text and headings.

(6) Subparagraph (B) of section 57(a)(12) (relating to items of tax preference) is amended to read as follows:

"(B) 15-year real property; 20-year real property.—With respect to each recovery property which is 15-year real property or 20-year real property, the amount (if any) by which the deduction allowed under section 168(a) for the taxable year exceeds the deduction which would have been allowable for the taxable year had the property been depreciated using the straight-line method (without regard to salvage value) over a recovery period of—

"(i) 15 years in the case of 15-year real property, and

"(ii) 20 years in the case of 20-year real property.".

(7) Subparagraph (E) of section 57(a)(12) is amended by inserting "'20-year real property'," after "'15-year real property',".

(8) Paragraph (2) of section 48(g) (relating to qualified rehabilitation expenditure) is amended—

(A) by striking out "property" each place it appears in subparagraph (A)(i) and inserting in lieu thereof "real property",

(B) by inserting "or 20" after "15" in subparagraph (A)(i), and

(C) by striking out "15 years" in subparagraph (B)(v) and inserting in lieu thereof "20 years (15 years in the case of 15-year real property)".

(9) Subparagraph (A) of section 168(b)(3) (relating to election of different recovery percentage) is amended—

(A) by striking out "under paragraphs (1) and (2)" and inserting in lieu thereof "under paragraph (1), (2), or (4)", and

(B) by inserting after the item in the table relating to 15-year real property the following new item:

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply with respect to property placed in service by the taxpayer after March 15, 1984.

(2) EXCEPTION.—The amendments made by this section shall not apply to property placed in service by the taxpayer before January 1, 1987, if—

(A) the taxpayer or a qualified person entered into a binding contract to purchase or construct such property before March 16, 1984, or

(B) construction of such property was commenced by or for the taxpayer or a qualified person before March 16, 1984.

For purposes of this paragraph, the term "qualified person" means any person who transfers his rights in such a contract or such property to the taxpayer, but only if such property is not placed in service by such person before such rights are transferred to the taxpayer.

SEC. 172. RECAPTURE IN CASES OF INSTALLMENT SALES.

(a) IN GENERAL.—Section 453 (relating to installment method) is amended by redesignating subsection (j) as subsection (k) and inserting after subsection (i) the following new subsection:

"(j) APPLICATION WITH SECTIONS 1245 AND 1250.—

"(1) IN GENERAL.—In the case of an installment sale of real property, subsection (a) shall not apply, and for purposes of this title, all payments to be received shall be deemed received in the year of disposition.

(2) LIMITATION.—Paragraph (1) shall apply only to the extent of the amount which is treated as ordinary income under section 1245 or 1250 with respect to the real property.".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply with respect to dispositions made after March 15, 1984.

(2) EXCEPTION.—The amendments made by this Act shall not apply with respect to any disposition conducted pursuant to a

contract which was binding on March 15, 1984.

SEC. 173. PROVISIONS RELATING TO SOUND RECORDINGS AND FILMS.

(a) SOUND RECORDINGS.

(1) IN GENERAL.—Section 48 (defining section 38 property) is amended by redesignating subsection (r) as subsection (s) and by inserting after subsection (q) the following new subsection:

"(r) SPECIAL RULES RELATING TO SOUND RECORDINGS.—

"(1) IN GENERAL.—For purposes of this title, in the case of any sound recording which, if it were section 38 property, would be new section 38 property, the taxpayer may elect to treat such recording as recovery property which is 3-year property to the extent that the taxpayer has an ownership interest in such recording.

"(2) FAILURE TO MAKE ELECTION.—If a taxpayer does not make an election under paragraph (1) with respect to any sound recording—

"(A) no credit shall be allowed under section 38 with respect to such recording, and

"(B) such recording shall not be treated as recovery property.

"(3) PREDOMINANT USE TEST AND AT RISK RULES NOT TO APPLY; QUALIFIED INVESTMENT.—In the case of any sound recording—

"(A) sections 46(c)(8), 46(c)(9), and 48(a)(2) shall not apply, and

"(B) in determining the qualified investment under section 46(c)(1), there shall be used (in lieu of the basis of the property) an amount equal to the production costs which are allocable to the United States (as determined under rules similar to the rules of section 48(k)(5)(D)).

"(4) OWNERSHIP INTEREST.—For purposes of determining the credit allowable under section 38, the ownership interest of any person in a sound recording shall be determined on the basis of his proportionate share of any loss which may be incurred with respect to the production costs of such sound recording.

"(5) SOUND RECORDING.—For purposes of this subsection, the term 'sound recording' means any sound recording described in section 280(c)(2).

"(6) PRODUCTION COSTS—

"(A) IN GENERAL.—For purposes of this section, the term 'production costs' includes—

"(i) a reasonable allocation of general overhead costs,

"(ii) compensation for services performed by song writers, artists, production personnel, directors, producers, and similar personnel,

"(iii) costs of 'first' distribution of records or tapes, and

"(iv) the cost of the material being recorded.

"(B) CERTAIN COSTS NOT TAKEN INTO ACCOUNT.—The term 'production costs' shall not include—

"(i) 'residuals' payable under contracts with labor organizations, or

"(ii) participations or royalties payable as compensation to song writers, artists, production personnel, directors, producers, and similar personnel, or

"(iii) any other contingent amounts.

"(7) ELECTION MADE SEPARATELY.—An election under paragraph (1) shall be made separately with respect to each sound recording and must be made by all persons having an ownership interest in such recording.

"(8) UNITED STATES.—For purposes of this subsection, the term 'United States' includes the possessions of the United States.".

(2) CONFORMING AMENDMENTS.—Section 168(f) (relating to special rules), as amended by this Act, is amended by adding at the end thereof the following new paragraph:

"(14) SPECIAL RULES FOR SOUND RECORDINGS.—In the case of a qualified sound recording (within the meaning of section 48(r)), the unadjusted basis of such property shall be equal to the production costs (within the meaning of section 48(r)(6)).".

(b) FILMS AND OTHER PROPERTY.—

(1) FILM AND VIDEO TAPES NOT TREATED AS RECOVERY PROPERTY.—Section 168(e) (relating to property excluded from application of this section) is amended by adding at the end thereof the following new paragraph:

"(5) FILMS AND VIDEO TAPES NOT RECOVERY PROPERTY.—The term 'recovery property' shall not include any motion picture film or video tape.".

(2) APPLICATION OF RECOVERY PROPERTY EXCEPTIONS.—Section 168(e) is amended by striking out "section" and inserting in lieu thereof "title" in the matter preceding paragraph (1).

(3) MOVIES NOT SUBJECT TO INVESTMENT CREDIT AT-RISK RULES.—Paragraph (4) of section 48(k) is amended—

(A) by inserting ", section 46(c)(8), or section 46(c)(9)" after "section 48(a)(2)" in subparagraph (A), and

(B) by inserting "or at-risk rules" after "test" in the heading thereof.

(4) BASIS ADJUSTMENT FOR MOVIES.—Section 48(q) (relating to basis adjustment) is amended by adding at the end thereof the following new paragraph:

"(6) SPECIAL RULE FOR QUALIFIED FILMS.—If a credit is allowed under section 38 with respect to any qualified film (within the meaning of subsection (k)(1)(B)) then, in lieu of any reduction under paragraph (1)—

"(A) to the extent that the credit is determined with respect to any amount described in clause (v) or (vi) of subsection (k)(5)(B), any deduction allowable under this chapter with respect to such amount shall be reduced by 50 percent of the amount of the credit so determined, and

"(B) the taxpayer's ownership interest (within the meaning of subsection (k)(1)(C)) shall be reduced by the excess of—

"(i) 50 percent of the amount of the credit determined under subsection (k), over

"(ii) the amount of the reduction under subparagraph (A).".

(c) EFFECTIVE DATES.—

(1) SOUND RECORDINGS.—The amendments made by subsection (a) shall apply to property placed in service after March 15, 1984, in taxable years ending after such date.

(2) FILMS AND OTHER PROPERTY.—

(A) The amendments made by paragraphs (1), (2), and (3) of subsection (b) shall apply as if included in the amendments made by the Economic Recovery Tax Act of 1981, except that the amendments made by paragraph (1) of subsection (b) shall not apply to any qualified film which the taxpayer treated as recovery property for purposes of section 168 of such Code on a return filed before March 16, 1984.

(B) The amendment made by paragraph (4) of subsection (b) shall take effect as if included in the amendments made by the Tax Equity and Fiscal Responsibility Act of 1982.

SUBTITLE M—MISCELLANEOUS PROVISIONS

SEC. 175. INCLUSION OF TAX BENEFIT ITEMS IN INCOME.

(a) IN GENERAL.—Section 111 (relating to recovery of bad debts, prior taxes, and delinquency amounts) is amended to read as follows:

"SEC. 111. RECOVERY OF TAX BENEFIT ITEMS.

"(a) DEDUCTIONS.—Gross income does not include income attributable to the recovery during the taxable year of any amount deducted in any prior taxable year to the extent such amount did not reduce income subject to tax.

"(b) TREATMENT OF CARRYOVERS.—For purposes of this section, an increase in a carryover which has not expired before the beginning of the taxable year in which the recovery takes place shall be treated as reducing income subject to tax.

"(c) SPECIAL RULES FOR ACCUMULATED EARNINGS TAX AND FOR PERSONAL HOLDING COMPANY TAX.—In applying subsection (a) for the purpose of determining the accumulated earnings tax under section 531 or the tax under section 541 (relating to personal holding companies)—

"(1) any excluded amount under subsection (a) allowed for the purposes of this subtitle (other than section 531 or section 541) shall be allowed whether or not such amount resulted in a reduction of the tax under section 531 or the tax under section 541 for the prior taxable year; and

"(2) where any excluded amount under subsection (a) was not allowable as a deduction for the prior taxable year for purposes of this subtitle other than of section 531 or section 541 but was allowable for the same taxable year under section 531 or section 541, then such excluded amount shall be allowable if it did not result in a reduction of the tax under section 531 or the tax under section 541."

(b) CLERICAL AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 (relating to items specifically excluded from gross income) is amended by striking out the item relating to section 111 and inserting in lieu thereof:

"Sec. 111. Recovery of tax benefit items.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts recovered after December 31, 1983, in taxable years ending after such date.

SEC. 176. LOANS WITH BELOW-MARKET INTEREST RATES.

(a) IN GENERAL.—Subchapter C of chapter 80 (relating to provisions affecting more than one subtitle) is amended by adding at the end thereof the following new sections:

"SEC. 7872. GIFT LOANS WITH BELOW-MARKET INTEREST RATES.

"(a) IMPUTED INTEREST.—In the case of a gift loan, the borrower shall be treated for purposes of this title as having paid to the lender (and the lender treated as having received from the borrower) on the last day of each outstanding taxable year of the borrower an amount of interest equal to the sum of the amounts of interest imputed on such loan under subsection (c) for each day within such taxable year on which such loan is outstanding.

"(b) IMPUTED GIFTS.—For purposes of this title—

"(1) DEMAND LOANS.—In the case of a gift loan which is a demand loan, the lender shall be treated as having paid to the borrower (and the borrower treated as having received from the lender) on the last day of each outstanding taxable year of the borrower a gift in an amount equal to the sum of the amounts of interest imputed on such loan under subsection (c) for each day within such taxable year on which such loan is outstanding.

"(2) TERM LOANS.—

"(A) IN GENERAL.—In the case of a gift loan which is a term loan, the lender shall be treated as having paid to the borrower (and the borrower treated as having received from the lender) on the date the loan is made a gift in an amount equal to the excess of—

"(i) the principal of the loan, over

"(ii) the present value (at the time the loan is made) of the payments of principal and interest which are required to be made under the terms of the loan.

"(B) PRESENT VALUE.—For purposes of subparagraph (A), the present value of each payment shall be determined by using the designated market interest rate applicable at the time the loan is made, compounded semiannually.

"(c) AMOUNT OF INTEREST IMPUTED DAILY.—For purposes of this section, the amount of interest imputed on a loan for any day within the taxable year of the borrower is the excess of—

"(1) the amount of interest which would have accrued on the outstanding balance of the loan during such day if interest accrued on the loan at an annual rate equal to the designated market interest rate applicable for—

"(A) in the case of a demand loan, such day, or

"(B) in the case of a term loan, the day on which the loan was made, over

"(2) the portion of interest actually paid or accrued on the loan that is properly attributable to such day.

"(d) LIMITATIONS APPLICABLE TO LOANS MADE DIRECTLY BETWEEN INDIVIDUALS.—

"(1) MINIMUM OUTSTANDING BALANCE.—

"(A) IN GENERAL.—No interest shall be taken into account under subsections (a) and (b)(1) with respect to any day on which the aggregate amount of loans outstanding between the borrower and the lender is $10,000 or less.

"(B) IMPUTED GIFT ON TERM LOANS.—Subsection (b)(2) shall not apply to a loan if the aggregate amount of loans outstanding between the borrower and the lender on the date such loan is made is $10,000 or less.

"(2) NET INVESTMENT INCOME LIMITATIONS.—

"(A) MINIMUM NET INVESTMENT INCOME.—If the sum of—

"(i) the net investment income of the borrower for the taxable year, and

"(ii) the net investment income of the spouse of the borrower for the taxable year ending with or within such taxable year of the borrower,

does not exceed $1,000, no interest shall be taken into account under subsection (a) with respect to any qualifying day within such taxable year.

"(B) IMPUTED INTEREST NOT TO EXCEED NET INVESTMENT INCOME.—The aggregate amount of interest which may be taken into account under subsection (a) with respect to qualifying days within the taxable year of the borrower shall not exceed the sum described in subparagraph (A) for such taxable year.

"(C) NO APPLICATION TO LOAN USED IN ACQUIRING SECURITIES.—This paragraph shall not apply with respect to any loan which is made for the purpose of acquiring or carrying any marketable securities (other than evidences of indebtedness).

"(D) QUALIFYING DAYS.—For purposes of this paragraph, the term 'qualifying day' means any day on which the aggregate amount of loans outstanding between the lender and the borrower does not exceed $100,000.

"(3) LOANS BETWEEN INDIVIDUALS.—This subsection shall only apply with respect to gift loans made directly between individuals.

"(4) SUBSECTION NOT TO APPLY TO CERTAIN LOANS.—

"(A) TAX AVOIDANCE.—This subsection shall not apply with respect to a loan if tax avoidance is a principal purpose of such loan.

"(B) LOANS USED TO PURCHASE INVESTMENTS.—The provisions of this subsection (other than paragraph (2)(B)) shall not apply with respect to any loan which is incurred or continued to purchase or carry investments which produce net investment income.

"(5) MODIFICATION UNDER REGULATIONS.—The Secretary may prescribe regulations which modify the provisions of this subsection with respect to a loan if the lender, borrower, or any person related to the lender or borrower—

"(A) has engaged in any activities a principal purpose of which was the deferral of receipt of net investment income, or

"(B) can control the time at which net investment income is received by the borrower or the spouse of the borrower.

"(6) DETERMINATION OF AGGREGATE AMOUNT OF LOANS OUTSTANDING BETWEEN BORROWER AND LENDER.—In determining the aggregate amount of loans outstanding between a borrower and a lender on any day for purposes of this subsection, any loan between—

"(A) the lender and the spouse of the borrower,

"(B) the spouse of the borrower and the spouse of the lender, or

"(C) the borrower and the spouse of the lender,

shall be treated as a loan between the borrower and the lender.

"(e) DESIGNATED MARKET INTEREST RATE.—For purposes of this section—

"(1) DEMAND LOANS.—In the case of a demand loan, the designated market interest rate is the Federal short-term rate.

"(2) TERM LOANS.—In the case of a term loan, the designated market interest rate shall be determined in accordance with the following table:

"In the case of a loan with a term of:	The designated market interest rate is:
Less than 3 years	The Federal short-term rate
Over 3 years but not over 9 years.	The Federal mid-term rate
Over 9 years	The Federal long-term rate.

"(3) FEDERAL RATES.—For purposes of this subsection, the terms 'Federal short-term rate', 'Federal mid-term rate', and 'Federal long-term rate' have the respective meaning given to such terms by section 1274(d).

"(4) TERM OF A LOAN.—Options to renew or extend the term of a loan shall be taken into account in determining the length of the term of the loan.

"(f) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) GIFT LOANS.—The term 'gift loan' means any below-market loan with respect to which interest is foregone with donative intent.

"(2) BELOW-MARKET LOAN.—The term 'below-market loan' means any loan on which interest is payable at a rate less than the designated market interest rate.

"(3) NET INVESTMENT INCOME.—

"(A) IN GENERAL.—The term 'net investment income' has the meaning given to such term by section 163(d)(3).

"(B) ADDITIONAL AMOUNTS TREATED AS INTEREST.—In determining the net investment income of a person for any taxable year—

"(i) any amount which is included in the gross income of such person for such taxable year by reason of section 1272, and

"(ii) any amount which would be included in the gross income of such person for such taxable year by reason of section 1272 if such section applied to deferred payment obligations,

shall be treated as interest received by such person for such taxable year.

"(C) DEFERRED PAYMENT OBLIGATIONS.—The term 'deferred payment obligations' includes market discount bonds, short-term government obligations, annuities and any similar obligations.

"(4) DEMAND LOAN.—The term 'demand loan' means any loan which is payable in full at any time upon the demand of the lender.

"(5) TERM LOAN.—The term 'term loan' means any loan which is not a demand loan.

"(6) OUTSTANDING TAXABLE YEAR.—The term 'outstanding taxable year' means, with respect to any loan, any taxable year which includes at least one day on which such loan is outstanding.

"(7) APPLICATION WITH OTHER PROVISIONS RELATING TO IMPUTATION OF INTEREST.—Subsection (a) shall not apply to any loan to which section 483 or 1274 applies.

"(8) NO BACKUP WITHHOLDING OF INTEREST.—Section 3406 shall not apply with respect to any interest which is treated as having been paid and received by reason of this section.

"(g) REGULATIONS.—

"(1) IN GENERAL.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section, including regulations providing that where, by reason of varying rates of interest, conditional interest payments, waivers of interest, or other circumstances, the provisions of this section do not carry out the purposes of this section, adjustments to the provisions of this section will be made to the extent necessary to carry out the purposes of this section.

"(2) ESTATE TAX.—The Secretary may prescribe regulations which require that a gift loan be taken into account in determining the gross estate of a decedent in a manner consistent with the provisions of subsection (b).

"SEC. 7873. OTHER LOANS WITH BELOW-MARKET INTEREST RATES.

"(a) TERM LOANS.—For purposes of this title—

"(1) IMPUTED WAGES, DIVIDENDS, AND OTHER PAYMENTS.—

"(A) IN GENERAL.—In the case of an applicable loan which is a term loan, the lender shall be treated as having paid to the borrower (and the borrower treated as having received from the lender) on the date the loan is made wages, a dividend, or any other payment, as the case may be, in an amount equal to the excess of—

"(i) the principal of the loan, over

"(ii) the present value (at the time the loan is made) of the payments of principal and interest which are required to be made under the terms of the loan.

"(B) PRESENT VALUE.—For purposes of subparagraph (A), the present value of each payment shall be determined by using the designated market interest rate applicable at the time the loan is made, compounded semiannually.

"(2) OBLIGATION TREATED AS HAVING ORIGINAL ISSUE DISCOUNT.—For purposes of this title—

"(A) IN GENERAL.—Any applicable loan that is a term loan shall be treated as having original issue discount in an amount equal to the excess described in paragraph (1)(A).

"(B) ADDITIONAL ORIGINAL ISSUE DISCOUNT.—Any original issue discount which an obligation is treated as having by reason of subparagraph (A) shall be in addition to any other original issue discount on such obligation (determined without regard to subparagraph (A)).

"(b) DEMAND LOANS.—For purposes of this title—

"(1) IMPUTED INTEREST.—In the case of an applicable loan which is a demand loan, the borrower shall be treated as having paid to the lender (and the lender treated as having received from the borrower) on any day on which such loan is outstanding the amount of interest imputed on such loan under subsection (c) for such day.

"(2) IMPUTED WAGES, DIVIDENDS, AND OTHER PAYMENTS.—In the case of an applicable loan which is a demand loan, the lender shall be treated as having paid to the borrower (and the borrower treated as having received from the lender) on any day on which such loan is outstanding wages, a dividend, or any other payment, as the case may be, in an amount equal to the amount of interest imputed on such loan under subsection (c) for such day.

"(c) AMOUNT OF INTEREST IMPUTED DAILY.—For purposes of this section, the amount of interest imputed on a loan for any day is the excess of—

"(1) the amount of interest which would have accrued on the outstanding balance of the loan during such day if interest accrued on the loan at an annual rate equal to the designated market interest rate applicable for such day, over

"(2) the portion of interest actually paid or accrued on the loan that is properly attributable to such day.

"(d) LIMITATIONS APPLICABLE TO EMPLOYMENT RELATED LOANS.—

"(1) TERM LOANS.—Subsection (a) shall not apply to a term loan between—

"(A) an employer and an employee, or

"(B) an independent contractor and a person for whom such contractor provides services,

if the aggregate amount of loans outstanding between the borrower and the lender on the date on which such loan is made is $10,000 or less.

"(2) DEMAND LOANS.—In the case of a demand loan between two persons described in either subparagraph (A) or (B) of paragraph (1), subsection (b) shall not apply with respect to any day on which the aggregate amount of loans outstanding between the borrower and the lender is $10,000, or less.

"(3) NO APPLICATION TO LOANS USED IN ACQUIRING TAX-EXEMPT BONDS.—This subsection shall not apply with respect to any loan made to acquire or carry any obligation the interest on which is wholly exempt from taxation under this title.

"(e) NO WITHHOLDING OF IMPUTED AMOUNTS.—Sections 3102, 3202, 3402, and 3406 shall not apply with respect to any amount which is treated as having been paid and received by reason of this section.

"(f) APPLICATION WITH OTHER PROVISIONS RELATING TO IMPUTATION OF INTEREST.—Subsection (a) shall not apply to any loan to which section 483 or 1274 applies.

"(g) DEFINITIONS.—For purposes of this section—

"(1) APPLICABLE LOANS.—

"(A) IN GENERAL.—The term 'applicable loan' means—

"(i) a loan made between a corporation and shareholder of such corporation,

"(ii) a loan made by an employer to an employee,

"(iii) a loan made to an independent contractor by any person for whom such contractor performs services, and

"(iv) such other loans as the Secretary may prescribe by regulations.

"(B) EXCLUSION OF GIFT LOANS.—The term 'applicable loan' shall not include a gift loan (within the meaning of section 7872(f)).

"(2) DESIGNATED MARKET INTEREST RATE.—The term 'designated market interest rate' has the meaning given to such term by section 7872(e).

"(3) DEMAND LOANS; TERM LOANS.—The terms 'demand loan' and 'term loan' have the respective meaning given to such terms by section 7872(f).

"(h) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section, including regulations providing that where, by reason of varying rates of interest, conditional interest payments, waivers of interest, or other circumstances, the provisions of this section do not carry out the purposes of this section, adjustments to the provisions of this section will be made to the extent necessary to carry out the purposes of this section.".

(b) CONFORMING AMENDMENT.—The table of sections for subchapter C of chapter 80 is amended by adding at the end thereof the following new sections:

"Sec. 7872. Gift loans with below-market interest rates.
"Sec. 7873. Other loans with below-market interest rates.".

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply with respect to amounts outstanding on loans after the date of enactment of this Act.

(2) TERM LOANS.—The amendments made by this section shall not apply to term loans made before February 1, 1984.

SEC. 177. LIFO CONFORMITY RULES APPLIED ON CONTROLLED GROUP BASIS.

(a) GENERAL RULE.—Section 472 (relating to last-in, first-out inventories) is amended by adding at the end thereof the following new subsection:

"(g) CONFORMITY RULES APPLIED ON CONTROLLED GROUP BASIS.—

"(1) IN GENERAL.—Except as otherwise provided in regulations, all members of the same group of financially related corporations shall be treated as 1 taxpayer for purposes of subsections (c) and (e)(2).

"(2) GROUP OF FINANCIALLY RELATED CORPORATIONS.—For purposes of paragraph (1), the term 'group of financially related corporations' means—

"(A) any affiliated group as defined in section 1504 determined by substituting '50 percent' for '80 percent' each place it appears in section 1504(a) and without regard to section 1504(b), and

"(B) any other group of corporations which consolidate or combine for purposes of financial statements.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 178. MODIFICATION OF INCOME ELIGIBILITY FOR INCOME AVERAGING.

(a) BASE PERIOD SHORTENED TO 3 YEARS.—Paragraph (2) of section 1302(c) (relating to definition of averagable income; related definitions) is amended by striking out "4 taxable years" and inserting in lieu thereof "3 taxable years".

(b) INCREASE IN PERCENTAGE OF AVERAGE BASE INCOME TAKEN INTO ACCOUNT.—Section 1301 (relating to limitation on tax) is amended by striking out "120 percent" and inserting in lieu thereof "140 percent".

(c) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Section 1301 (relating to limitation on tax) is amended—

(A) by striking out "5 times" and inserting in lieu thereof "4 times", and

(B) by striking out "20 percent" and inserting in lieu thereof "25 percent".

(2) Paragraph (1) of section 1302(a) (defining averagable income) is amended by striking out "120 percent" and inserting in lieu thereof "140 percent".

(3) Paragraph (1) of section 1302(b) (defining average base period income) is amended by striking out "one-fourth" and inserting in lieu thereof "⅓".

(4) Paragraph (3) of section 1302(c) is amended by striking out "4 taxable years" and inserting in lieu thereof "3 taxable years".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to computation years beginning after December 31, 1983, and to base period years applicable to such computation years.

SEC. 179. LIMITATIONS ON BUSINESS DEDUCTIONS FOR PROPERTY WHICH IS PARTIALLY USED FOR PERSONAL PURPOSES.

(a) IN GENERAL.—Section 274 (relating to disallowance of certain entertainment expenses) is amended by redesignating subsection (i) as subsection (k) and by inserting after subsection (h) the following new subsections:

"(i) AUTOMOBILES USED FOR NONBUSINESS PURPOSES.—

"(1) IN GENERAL.—Notwithstanding any other provision of this title, if the taxpayer's business use of an automobile does not meet the requirements of paragraph (2)(A) for any taxable year, the aggregate amount allowable as a deduction for such taxable year and any subsequent taxable year with respect to such automobile for—

"(A) operating expenses (including repairs),

"(B) license and registration expenses,

"(C) depreciation and expensing,

"(D) lease payments, and

"(E) insurance,

shall not exceed a mileage allowance prescribed by the Secretary under regulations.

"(2) SUFFICIENT BUSINESS USE.—

"(A) IN GENERAL.—A taxpayer's business use of an automobile meets the requirements of this subparagraph for the taxable year if the number of miles for which such automobile is used in carrying on a trade or business of the taxpayer (or in any activity described in section 212) during the taxable year equals or exceeds 90 percent of the aggregate number of miles for which such automobile was used for any purpose during such taxable year.

"(B) AUTOMOBILES KEPT AT RESIDENCE OVERNIGHT.—

"(i) IN GENERAL.—A taxpayer's business use of an automobile shall be treated as failing to meet the requirements of subparagraph (A) for the taxable year if such automobile is kept at the residence of the taxpayer overnight more than 14 nights during the taxable year.

"(ii) EXCEPTIONS.—This subparagraph shall not apply if—

"(I) the trade or business of the taxpayer is described in section 62(2)(D), or

"(II) the residence of the taxpayer is the principal place of business of the principal trade or business of the taxpayer.

"(C) REQUIREMENTS MUST BE MET FOR AT LEAST 2 TAXABLE YEARS.—The taxpayer's business use of an automobile shall be treated as failing to meet the requirements of subparagraph (A) for the qualifying taxable year if the taxpayer's business use of such automobile fails to meet the requirements of subparagraph (A) for the taxable year succeeding the qualifying taxable year. The amount of any deduction or credit claimed in the qualifying taxable year which is not allowable by reason of the preceding sentence shall be included in gross income, or added to tax, as appropriate, for the year following the qualifying year.

"(3) RECAPTURE.—If the taxpayer's business use of an automobile fails to meet the requirements of paragraph (2)(A) for any taxable year beginning after the taxable year which succeeds the qualifying taxable year, there shall be included in the gross income of the taxpayer for the taxable year in which such failure occurs an amount of ordinary income equal to—

"(A) in the case of a taxpayer who is a lessee of such automobile and who deducts amounts in excess of those provided for in paragraph (1), a percentage (determined under regulations) of the aggregate amount of deductions for lease payments which were allowed the taxpayer with respect to such automobile for all previous taxable years, or

"(B) in all other cases, the excess of—

"(i) the sum of—

"(I) the aggregate amount allowed the taxpayer as a deduction for depreciation or amortization with respect to such automobile, plus

"(II) the aggregate amount allowed the taxpayer as a deduction under section 179 with respect to such automobile, over

"(ii) the aggregate amount of depreciation deductions which would have been allowable to the taxpayer with respect to such automobile for all previous taxable years if the taxpayer had depreciated the automobile to its fair market value as of the beginning of the year in which the failure occurs.

"(4) USE BY OTHER PARTIES.—If the taxpayer's automobile is used by another person, any use of the automobile by that other person—

"(A) which is not directly connected with a trade or business or income producing activity of the taxpayer,

"(B) which does not give rise to income to the other person and, with respect to an employee, is treated as wages to the employee for purposes of chapter 24, or

"(C) for which a fair rent is not paid,

shall not be treated (for purposes of applying this subsection with respect to the taxpayer) as use in the trade or business of the taxpayer or in any activity described in section 212.

"(5) NO APPLICATION TO SHORT LEASES.—This subsection shall not apply with respect to the lessee of any automobile leased for a period (including renewals) that does not exceed 30 days.

"(6) DEFINITIONS.—For purposes of this subsection—

"(A) AUTOMOBILE.—The term 'automobile' has the meaning given to such term by section 4064(b)(1).

"(B) QUALIFYING TAXABLE YEAR.—The term 'qualifying taxable year' means—

"(i) in the case of a taxpayer who is a lessee of the automobile, the taxable year in which the lease begins, and

"(ii) in the case of any other taxpayer, the taxable year in which the taxpayer places the automobile in service.

"(j) CERTAIN DEPRECIABLE PROPERTY USED FOR NONBUSINESS PURPOSES.—

"(1) IN GENERAL.—Notwithstanding any other provision of this title, if the taxpayer's business use of any applicable property does not meet the requirements of paragraph (2)(A) for any taxable year, the aggregate amount allowable as a deduction for such taxable year and any subsequent taxable year with respect to such property for depreciation, expensing, or amortization shall not exceed the amount of such deduction which would be allowable for such taxable year if such property were depreciated under the straight line method over a 12-year recovery period (without regard to salvage value and using a half-year convention).

"(2) SUFFICIENT BUSINESS USE.—

"(A) IN GENERAL.—A taxpayer's business use of applicable property meets the requirements of this subparagraph for the taxable year if the use of such property in carrying on the trade or business of the taxpayer (or in any activity described in section 212) for the taxable year equals or exceeds 90 percent of the aggregate use of such property for the taxable year.

"(B) REQUIREMENTS MUST BE MET FOR AT LEAST 2 TAXABLE YEARS.—The taxpayer's business use of applicable property shall be treated as failing to meet the requirements of subparagraph (A) for the qualifying taxable year if the taxpayer's business use of such property fails to meet the requirements of subparagraph (A) for the taxable year succeeding the qualifying taxable year. The amount of any deduction or credit claimed in the qualifying year which is not allowable by reason of the preceding sentence shall be included in gross income, or added to tax, as appropriate, for the year following the qualifying year.

"(3) LEASE PAYMENTS.—Notwithstanding any other provision of this title, if the taxpayer's business use of applicable property leased by taxpayer does not meet the requirements of paragraph (2)(A) for any taxable year, the aggregate amount allowed as a deduction for such taxable year and any subsequent taxable year with respect to such property for lease payments made in such taxable year shall not exceed a percentage (prescribed in regulations) of the portion of such payments which corresponds to the taxpayer's business use.

"(4) RECAPTURE.—If the taxpayer's business use of applicable property fails to meet the requirements of paragraph (2)(A) for any taxable year beginning after the taxable year which succeeds the qualifying taxable year, there shall be included in the gross income of the taxpayer for the taxable year in which such failure occurs an amount of ordinary income equal to—

"(A) in the case of a taxpayer who is a lessee of such property, a percentage (prescribed in regulations) of the aggregate amount of deductions for lease payments which were allowed the taxpayer with respect to such property for all previous taxable years, or

"(B) in all other cases, the excess of—

"(i) the sum of—

"(I) the aggregate amount allowed the taxpayer as a deduction for depreciation or amortization with respect to such property, plus

"(II) the aggregate amount allowed the taxpayer as a deduction under section 179 with respect to such property, over

"(ii) the aggregate amount of depreciation deductions which would have been allowable to the taxpayer with respect to such property for all previous taxable years if the taxpayer had depreciated the property under the straight line method over a 12-year recovery period (without regard to salvage value and using a half-year convention).

"(5) USE BY OTHER PARTIES.—If the taxpayer's property is used by another person, any use of the property by that other person—

"(A) which is not directly connected with a trade or business or income producing activity of the taxpayer,

"(B) which does not give rise to income to the other person and with respect to an employee, is treated as wages to the employee for purposes of chapter 24, or

"(C) for which a fair rent is not paid,

shall not be treated (for purposes of applying this subsection with respect to the taxpayer) as use in the trade or business of the taxpayer or in any activity described in section 212.

"(6) NO APPLICATION TO SHORT LEASES.—This subsection shall not apply with respect to the lessee of any property leased for a period (including renewals) that does not exceed 30 days.

"(7) APPLICABLE PROPERTY.—For purposes of this subsection, the term 'applicable property' means—

"(A) any property used as a means of transportation (other than an automobile as defined in subsection (i)(6)(A)),

"(B) any property of a type generally used for purposes of entertainment, recreation, or amusement,

"(C) any computers, or

"(D) such other property as the Secretary may prescribe by regulations,

with respect to which a deduction for depreciation (or deductions in lieu of depreciation) is allowable.".

(b) INVESTMENT TAX CREDIT.—

(1) DENIAL OF CREDIT.—Subsection (e) of section 46 (relating to limitations with respect to certain persons), as amended by this Act, is amended by adding at the end thereof the following new paragraph:

"(5) PROPERTY USED FOR NONBUSINESS PURPOSES.—

"(A) AUTOMOBILES.—No credit shall be allowed under section 38 with respect to any automobile (within the meaning of section 4064(b)(1)) if the taxpayer's business use of such automobile fails to meet the requirements of section 274(i)(2)(A) for the taxable year in which such automobile is placed in service by the taxpayer or for the succeeding taxable year.

"(B) OTHER PROPERTY.—No credit shall be allowed under section 38 with respect to any property to which section 274(j) applies if the taxpayer's business use of such property fails to meet the requirements of section 274(j)(2)(A) for the taxable year in which such property is placed in service by the taxpayer or for the succeeding taxable year.".

(2) RECAPTURE OF CREDIT.—Section 47 (relating to dispositions of section 38 property) is amended by adding at the end thereof the following new subsection:

"(e) PROPERTY USED FOR NONBUSINESS PURPOSES.—If—

"(1) the taxpayer's business use of an automobile (within the meaning of section 4064(b)(1)) fails to meet the requirements of section 274(i)(2)(A), or

"(2) the taxpayer's business use of any other property to which section 274(j) applies fails to meet the requirements of section 274(j)(2)(A),

for any taxable year beginning after the taxable year succeeding the taxable year in which such automobile or other property was placed in service by the taxpayer, such automobile or such other property shall be treated, for purposes of this section, as having ceased to be section 38 property within the taxable year in which such failure occurs.".

(c) COMPLIANCE.—Section 274(d) is amended by—

(1) striking out "or" at the end of paragraph (2),

(2) adding "or" at the end of paragraph (3),

(3) adding after paragraph (3) the following new paragraph:

"(4) for any item described in subsections (i) or (j),",

(4) striking out "or by sufficient evidence corroborating his own statement", and

(5) by adding at the end thereof "Any income tax return preparer who prepares a return of the tax imposed by this chapter for any taxable year shall verify that adequate contemporaneous records have been kept supporting deductions to which this subsection may apply before signing such return.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to—

(1) property placed in service after March 15, 1984, and

(2) leases of property entered into after such date.

SEC. 180. AMENDMENTS TO SECTION 267.

(a) ALLOWANCE OF DEDUCTION WHERE EXPENSES AND INTEREST ARE PAID TO RELATED CASH-BASIS TAXPAYERS AFTER 2½-MONTH PERIOD.—

(1) IN GENERAL.—Subsection (a) of section 267 (relating to losses, expenses, and interest with respect to transactions between related taxpayers) is amended to read as follows:

"(a) IN GENERAL.—

"(1) DEDUCTION FOR LOSSES DISALLOWED.—No deduction shall be allowed in respect of any loss from the sale or exchange of property (other than a loss in case of a distribution in corporate liquidation), directly or indirectly, between persons specified in any of the paragraphs of subsection (b).

"(2) MATCHING OF DEDUCTION AND PAYEE INCOME ITEM IN THE CASE OF EXPENSES AND INTEREST.—If—

"(A) by reason of the method of accounting of the person to whom the payment is to be made, the amount thereof is not (unless paid) includible in the gross income of such person, and

"(B) at the close of the taxable year of the taxpayer for which (but for this paragraph) the amount would be deductible under this chapter, both the taxpayer and the person to whom the payment is to be made are persons specified in any of the paragraphs of subsection (b),

then any deduction allowable under this chapter in respect of such amount shall be allowable as of the day as of which such amount is includible in the gross income of the person to whom the payment is made (or, if later, as of the day on which it would be so allowable but for this paragraph).".

(2) CONFORMING AMENDMENT.—Subsection (e) of section 267 (relating to rule where last day of 2½-month period falls on Sunday, etc.) is hereby repealed.

(b) EXTENSION OF SECTION 267 TO CERTAIN RELATED ENTRIES.—

(1) PASS-THRU ENTITIES.—Section 267 is amended by striking out subsection (f) and inserting in lieu thereof the following:

"(e) SPECIAL RULES FOR PASS-THRU ENTITIES.—

"(1) IN GENERAL.—In the case of any amount paid or incurred by, to, or on behalf of, a pass-thru entity, for purposes of applying subsection (a)(2)—

"(A) such entity,

"(B) in the case of—

"(i) a partnership, any person who owns (directly or indirectly) any capital interest or profits interest of such partnership, or

"(ii) an S corporation, any person who owns (directly or indirectly) any of the stock of such corporation,

"(C) any person who owns (directly or indirectly) any capital interest or profits interest of a partnership in which such entity owns (directly or indirectly) any capital interest or profits interest, and

"(D) any person related (within the meaning of subsection (b) of this section or section 707(b)(1)) to a person described in subparagraph (B) or (C),

shall be treated as persons specified in a paragraph of subsection (b). Subparagraph (C) shall apply to a transaction only if such transaction is related either to the operations the partnership described in such subparagraph or to an interest in such partnership.

"(2) PASS-THRU ENTITY.—For purposes of this section, the term 'pass-thru entity' means—

"(A) a partnership, and

"(B) an S corporation.

"(3) CONSTRUCTIVE OWNERSHIP IN THE CASE OF PARTNERSHIPS.—For purposes of determining ownership of a capital interest or profits interest of a partnership, the principles of subsection (c) (other than paragraph (3)) shall apply.

"(4) SUBSECTION (a)(2) NOT TO APPLY TO CERTAIN GUARANTEED PAYMENTS OF PARTNERSHIPS.—In the case of any amount paid or incurred by a partnership, subsection (a)(2) shall not apply to the extent that section 707(c) applies to such amount.

"(5) EXCEPTION FOR CERTAIN EXPENSES AND INTEREST OF PARTNERSHIPS OWNING LOW-INCOME HOUSING.—

"(A) IN GENERAL.—This subsection shall not apply with respect to qualified expenses and interest paid or incurred by a partnership owning low-income housing to—

"(i) any qualified 5-percent or less partner of such partnership, or

"(ii) any person related (within the meaning of subsection (b) of this section or section 707(b)(1)) to any qualified 5-percent or less partner of such partnership.

"(B) QUALIFIED 5-PERCENT OR LESS PARTNER.—For purposes of this paragraph, the term 'qualified 5-percent or less partner' means any partner who has (directly or indirectly) an interest of 5 percent or less in the aggregate capital and profits interests of the partnership but only if—

"(i) such partner owned the low-income housing at all times during the 2-year period ending on the date such housing was transferred to the partnership, or

"(ii) such partnership acquired the low-income housing pursuant to a purchase, assignment, or other transfer from the Department of Housing and Urban Development or any State or local housing authority.

"(C) QUALIFIED EXPENSES AND INTEREST.—For purposes of this paragraph, the term 'qualified expenses and interest' means any expense or interest incurred by the partnership with respect to low-income housing held by the partnership but—

"(i) only if the amount of such expense or interest (as the case may be) is unconditionally required to be paid by the partnership not later than 10 years after the date such amount was incurred, and

"(ii) in the case of such interest, only to the extent such interest accrues at an annual rate not in excess of 12 percent.

"(D) LOW-INCOME HOUSING.—For purposes of this paragraph, the term 'low-income housing' means—

"(i) any interest in low-income housing (as defined in paragraph (5) of section 189(e)), and

"(ii) any interest in a partnership owning low-income housing (as so defined).".

(2) CERTAIN CONTROLLED GROUPS.—

(A) Paragraph (3) of section 267(b) is amended to read as follows:

"(3) Two corporations which are members of the same controlled group (as defined in subsection (f));".

(B) Section 267 is amended by adding at the end thereof the following new subsection:

"(f) CONTROLLED GROUP DEFINED.—For purposes of this section, the term 'controlled group' has the meaning given to such term by section 1563(a), except that—

"(1) 'more than 50 percent' shall be substituted for 'at least 80 percent' each place it appears in section 1563(a), and

"(2) the determination shall be made without regard to subsections (a)(4), (b)(2), and (e)(3)(C) of section 1563.".

(3) CORPORATION AND PARTNERSHIP OWNED BY SAME PERSONS.—Paragraph (10) of section 267(b) is amended—

(A) by striking out "An S corporation" and inserting in lieu thereof "A corporation", and

(B) by striking out "the S corporation" and inserting in lieu thereof "the corporation".

(4) S CORPORATION AND C CORPORATION OWNED BY SAME PERSONS.—Paragraph (12) of section 267(b) is amended by striking out "the same individual" and inserting in lieu thereof "the same persons".

(5) TECHNICAL AMENDMENTS.—

(A) Paragraph (3) of section 170(a) is amended by striking out "section 267(b)" and inserting in lieu thereof "section 267(b) or 707(b)".

(B) Clause (iii) of section 514(c)(9)(B) is amended by striking out "section 267(b)" and inserting in lieu thereof "section 267(b) or 707(b)".

(C) Subsection (d) of section 1235 is amended—

(i) by striking out "section 267(b)" in the matter preceding paragraph (1) and inserting in lieu thereof "section 267(b) or persons described in section 707(b)",

(ii) by striking out "section 267 (b) and (c)" and inserting in lieu thereof "section 267 (b) and (c) and section 707(b)", and

(iii) by striking out "section 267(b)" in paragraph (1) and inserting in lieu thereof "section 267(b) or 707(b)".

(D) Subparagraph (F) of section 368(a)(2) is amended by striking out clause (viii).

(c) DEFERRAL (RATHER THAN DENIAL) OF LOSS FROM SALE OR EXCHANGE BETWEEN MEMBERS OF A CONTROLLED GROUP.—Section 267 (relating to losses, expenses and interest

with respect to transactions between related parties), as amended by this section, is amended by adding at the end thereof the following new subsection:

"(g) DEFERRAL OF LOSSES FROM SALES OR EXCHANGES BETWEEN MEMBERS OF CONTROLLED GROUPS.—In the case of any loss from a sale or exchange of property between members of the same controlled group to which subsection (a) (1) applies (determined without regard to this subsection)—

"(1) subsections (a) (1) and (d) shall not apply to such loss, but

"(2) no deduction shall be allowed with respect to such loss to the transferor of such property until the first taxable year of such transferor in which the transferee—

"(A) sells, exchanges or otherwise disposes of such property (or exchanged basis property with respect to such property) to a person other than a member of such controlled group (determined as of the time of the disposition), and

"(B) recognizes gain or loss on such disposition.".

(d) EFFECTIVE DATES.—

(1) SUBSECTIONS (a) AND (b)(1).—The amendments made by subsections (a) and (b)(1) shall apply to amounts allowable as deductions under chapter 1 of the Internal Revenue Code of 1954 for taxable years beginning after December 31, 1983. For purposes of the preceding sentence, the allowability of a deduction shall be determined without regard to any disallowance or the postponement of deductions under section 267 of such Code.

(2) SUBSECTIONS (b)(2) AND (c).—The amendments made by subsections (b)(2) and (c) shall apply to transactions after September 29, 1983, in taxable years ending after such date.

(3) EXCEPTION FOR EXISTING INDEBTEDNESS, ETC.—

(A) IN GENERAL.—The amendments made by this section shall not apply to any amount paid or incurred—

(i) on indebtedness incurred on or before September 29, 1983, or

(ii) pursuant to a contract which was binding on September 29, 1983, and at all times thereafter before the amount is paid or incurred.

(B) TREATMENT OF RENEGOTIATIONS, EXTENSIONS, ETC.—If any indebtedness (or contract described in subparagraph (A)) is renegotiated, extended, renewed, or revised after September 29, 1983, subparagraph (A) shall not apply to any amount paid or incurred on such indebtedness (or pursuant to such contract) after the date of such renegotiation, extension, renewal, or revision.

SEC. 181. LOSSES ON SALES AND EXCHANGES OF PROPERTY USED IN THE TRADE OR BUSINESS.

(a) GAINS EXCEED LOSSES.—Subsection (a) of section 1231 (relating to property used in the trade or business and involuntary conversions) is amended to read as follows:

"(a) CHARACTER OF GAINS AND LOSSES.—For purposes of this subtitle—

"(1) GAINS EXCEED LOSSES.—If during the taxable year, the sum of—

"(A) the recognized gains on sales or exchanges of property used in the trade or business, plus

"(B) the recognized gains from the compulsory or involuntary conversion (as a result of destruction in whole or in part, theft or seizure, or an exercise of the power of requisition or condemnation or the threat or imminence thereof) of—

"(i) property used in the trade or business, or

"(ii) capital assets held for more than 1 year,

into other property or money,

exceeds the sum of the recognized losses from such sales, exchanges, and conversions, such gains shall be treated as long-term capital gains and such losses shall be treated as long-term capital losses.

"(2) LOSSES EXCEED GAINS.—

"(A) IN GENERAL.—If the sum of the gains described in paragraph (1) does not exceed the sum of the losses described in paragraph (1), such gains shall not be treated as gains from sales or exchanges of capital assets and such losses shall not be treated as losses from sales or exchanges of capital assets. The portion of such losses which—

"(i) exceeds the sums of such gains, and

"(ii) does not exceed the sum of the qualified Section 1231 gains of the taxpayer for the 3 taxable years preceding the taxable year,

shall not be allowed as a loss.

"(B) CARRYBACK OF LONG-TERM CAPITAL LOSSES.—Any losses incurred in the taxable year (hereinafter in this subparagraph referred to as the "loss year") which are disallowed by subparagraph (A) shall be a Section 1231 loss carryback to each of the 3 taxable years preceding the loss year. The entire amount of such losses shall be carried to the earliest of the taxable years to which such loss may be carried, and the portion of such loss which shall be carried to each of the other taxable years to which such loss may be carried shall be the excess, if any, of—

"(i) the entire amount of such loss, over

"(ii) the sum of the qualified section 1231 gains for each of the prior taxable years to which such loss may be carried.

For purposes of the preceding sentence, the net capital gain attributable to gains described in paragraph (1) for any such prior taxable year shall be computed without regard to the Section 1231 loss carryback for the loss year or for any taxable year thereafter.

"(C) NET CAPITAL GAIN TREATED AS ORDINARY INCOME TO THE EXTENT OF SECTION 1231 LOSSES.—Any net capital gain attributable to gains described in paragraph (1) for the taxable year shall not be treated as gain from the sale or exchange of capital assets to the extent such net capital gain is less than the sum of the qualified Section 1231 losses for the 3 taxable years preceding such taxable year which have not previously been taken into account under this subparagraph.

"(D) QUALIFIED SECTION 1231 GAIN.—For purposes of this paragraph, the term 'qualified Section 1231 gain' means the excess of—

"(i) the gains described in paragraph (1) for the taxable year, over

"(ii) the losses described in paragraph (1) for the taxable year.

"(E) QUALIFIED SECTION 1231 LOSS.—For purposes of this paragraph, the term 'qualified Section 1231 loss' means the excess of—

"(i) the losses described in paragraph (1) for the taxable year which are not disallowed for the taxable year by reason of subparagraph (A), over

"(ii) the gains described in paragraph (1) for the taxable year.".

(b) SPECIAL RULES.—Section 1231 is amended by adding at the end thereof the following new subsection:

"(c) SPECIAL RULES.—For purposes of this section—

"(1) DETERMINATION OF WHETHER GAINS EXCEED LOSSES.—In determining under subsection (a) whether gains exceed losses—

"(A) the gains described in such subsection shall be taken into account only if, and to the extent, such gains are taken into account in computing gross income,

"(B) the losses described in such subsection shall be taken into account only if, and to the extent, such losses are taken into account in computing taxable income, and

"(C) section 1211 shall not apply.

"(2) LOSSES FROM DESTRUCTION, THEFT, ETC.—Losses (including losses not compensated for by insurance or otherwise) upon the destruction, in whole or in part, theft or seizure, or requisition or condemnation of—

"(A) property used in the trade or business, or

"(B) capital assets held for more than 1 year,

shall be considered losses from a compulsory or involuntary conversion.

"(3) CERTAIN INVOLUNTARY CONVERSIONS.—In the case of any involuntary conversion (subject to the provisions of subsection (a) but for this paragraph) arising from fire, storm, shipwreck, or other casualty, or from theft, of any property used in the trade or business or of any capital asset held for more than 1 year, subsection (a) shall not apply to such conversion (whether resulting in gain or loss) if during the taxable year the recognized losses from such conversions exceed the recognized gains from such conversions.".

(c) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 6511 (d) (relating to limitations on credits or refunds) is amended—

(A) by striking out "or a capital loss carryback" each place it appears and inserting in lieu thereof ", a capital loss carryback, or a Section 1231 loss carryback",

(B) by striking out "or net capital loss" in subparagraph (A) and inserting in lieu thereof ", net capital loss, or loss described in section 1231 (a) (2) (B)",

(C) by striking out "OR CAPITAL LOSS CARRYBACK" in the paragraph heading and inserting in lieu thereof ", CAPITAL LOSS CARRYBACKS, OR SECTION 1231 LOSS CARRYBACKS",

(D) by striking out "such deduction or with respect to" in subparagraph (B) and inserting in lieu thereof "such deduction, with respect to",

(E) by striking out "capital loss, to the extent" in subparagraph (B) and inserting in lieu thereof "capital loss, with respect to the determination of a long-term capital loss and the effect of such long-term capital loss, to the extent", and

(F) by striking out "deduction or short-term capital loss" in subparagraph (B) and inserting in lieu thereof "deduction, short-term capital loss, or long-term capital loss".

(2) Section 6411 (relating to quick refunds in respect of tentative carryback adjustments) is amended—

(A) by striking out "or unused employee stock ownership credit" each place it appears and inserting in lieu thereof "unused employee stock ownership credit, or loss described in section 1231 (a) (2) (C)";

(B) by inserting "by a Section 1231 loss carryback provided by section 1231 (a) (2) (C)" after "by an employee stock ownership credit carryback provided in section 44G(b)(2)," in the first sentence of subsection (a); and

(C) by striking out "or a capital loss carryback (or" in the second sentence of subsection (a) and inserting in lieu thereof ", capital loss carryback, or Section 1231 loss carryback (or,".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1984.

SEC. 182. DEDUCTION DISALLOWED WHERE TAXPAYER USES PROPERTY SIMILAR TO PROPERTY OF THE TAXPAYER FOR PERSONAL USE.

(a) IN GENERAL.—Section 262 (relating to disallowance for personal, living, and family expenses) is amended—

(1) by striking out "Except" and inserting in lieu thereof:

"(a) IN GENERAL.—Except", and

(2) by adding at the end thereof the following new subsection:

"(b) PERSONAL USE OF PROPERTY SIMILAR TO PROPERTY OWNED BY THE TAXPAYER.—In any case in which—

"(1) a taxpayer uses property of another person for personal purposes and such other person (or any other person) uses similar property of the taxpayer for personal purposes, or

"(2) under regulations prescribed by the Secretary, the taxpayer is a member of a partnership, joint venture, or other entity one of the principal purposes of which is to allow members of such entity to acquire property and to use such property or similar property for personal purposes,

the taxpayer shall, for purposes of this section, be treated as using the taxpayer's property for personal purposes during any period the taxpayer is entitled to use such similar property for personal purposes.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to the use of property after February 22, 1984, in taxable years ending after such date.

SEC. 183. FOREIGN EARNED INCOME EXCLUSION TREATED AS PREFERENCE ITEM.

(a) IN GENERAL.—Subsection (a) of section 57 (relating to items of tax preference) is amended by adding after paragraph (12) the following new paragraph:

"(13) EXCLUSION OF FOREIGN EARNED INCOME.—Any amount excluded from gross income for the taxable year under section 911(a)(1).".

(b) ALLOWANCE OF FOREIGN TAX CREDIT AGAINST MINIMUM TAX.—Paragraph (6) of section 911(d) (relating to denial of double benefits) is amended by adding at the end thereof the following new sentence: "For purposes of this paragraph, the term 'tax imposed by this chapter' shall not include the tax imposed by section 55.".

(c) CONFORMING AMENDMENT.—The last sentence of section 57(a) is amended by striking out "and (12)(A)" and inserting in lieu thereof "(12)(A), and (13)".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1984.

SEC. 184. SPECIAL RULE RELATING TO SALES OR EXCHANGES OF CERTAIN ECONOMIC INTERESTS IN COAL BETWEEN RELATED PARTIES.

(a) IN GENERAL.—The last sentence of section 631(c) (relating to disposal of coal or domestic iron ore with a retained economic interest) is amended by inserting "or coal" after "iron ore" each place it appears.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to dispositions after the date of the enactment of this Act.

SEC. 185. REPEAL OF EXCLUSION FOR DIVIDEND REINVESTMENT IN STOCK IN PUBLIC UTILITIES.

(a) REPEAL OF SECTION 305(e).—Section 305 (relating to distribution of stock and stock rights) is amended by striking out subsection (e) and redesignating subsection (f) as subsection (e).

(b) AMENDMENT OF SECTION 305(d).—Paragraph (1) of section 305(d) (defining stock) is amended by striking out "this section (other than subsection (e))" and inserting in lieu thereof "this section".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 1984, in taxable years ending after such date.

SEC. 186. ESTIMATED INCOME TAX FOR INDIVIDUALS.

(a) IN GENERAL.—Paragraph (1) of section 6654(g) (defining tax for purposes of failure by individual to pay estimated income tax) is amended by striking out "(other than by section 55)".

(b) CONFORMING AMENDMENTS.—Subsection (d) of section 6654 (relating to exception to addition to tax for underpayment of estimated tax by individuals) is amended—

(1) by inserting "and alternative minimum taxable income" after "taxable income" each place it appears in paragraph (2), and

(2) by inserting ", the actual alternative minimum taxable income," after "actual taxable income" in paragraph (3).

(c) WAIVER OF IMPOSITION OF ADDITION TO TAX IN CERTAIN CASES.—Section 6654 (relating to failure by individuals to pay estimated income tax) is amended by adding at the end thereof the following new subsection:

"(i) WAIVERS.—

"(A) IN GENERAL.—No addition to tax shall be imposed under subsection (a) with respect to any underpayment to the extent the Secretary determines that by reason of casualty, disaster, or other unusual circumstances the imposition of such addition to tax would be against equity and good conscience.

"(4) WAIVER FOR NEWLY RETIRED OR DISABLED.—No addition to tax shall be imposed under subsection (a) with respect to any underpayment if the Secretary determines that—

"(A) the taxpayer—

"(i) retired after having attained at least 62 years of age, or

"(ii) became disabled,

in the taxable year for which estimated payments were required to be made or in the taxable year preceding such taxable year, and

"(B) such underpayment was due to reasonable cause and not to willful neglect.".

(d) TECHNICAL AMENDMENT.—Subsection (d) of section 6015 (defining estimated tax for individuals) is amended by striking out "(other than the tax imposed by section 55)".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1983.

SEC. 187. REPEAL OF EXEMPTION FROM FEDERAL TAX OF THE FEDERAL HOME LOAN MORTGAGE CORPORATION.

(a) REPEAL OF EXEMPTION.—Subsection (d) of section 303 of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1452(d)) is amended—

(1) by striking out "by the United States,",

(2) by striking out "possession thereof," and inserting in lieu thereof "possession of the United States", and

(3) by striking out the last sentence.

(b) TREATMENT OF DIVIDENDS PAID BY FEDERAL HOME LOAN BANKS WHICH ARE ALLOCABLE TO DIVIDENDS FROM THE FEDERAL HOME LOAN MORTGAGE CORPORATION.—Subsection (a) of section 246 (relating to denial of dividends received deduction for dividends from certain corporations) is amended to read as follows:

"(a) DEDUCTION NOT ALLOWED FOR DIVIDENDS FROM CERTAIN CORPORATIONS.—

"(1) IN GENERAL.—The deductions allowed by sections 243, 244, and 245 shall not apply to any dividend from a corporation which, for the taxable year of the corporation in which the distribution is made, or for the next preceding taxable year of the corporation, is a corporation exempt from tax under section 501 (relating to certain charitable, etc., organizations) or section 521 (relating to farmers' cooperative associations).

"(2) SUBSECTION NOT TO APPLY TO CERTAIN DIVIDENDS OF FEDERAL HOME LOAN BANKS.—

"(A) DIVIDENDS OUT OF CURRENT EARNINGS AND PROFITS.—In the case of any dividend paid by any FHLB out of earnings and profits of the FHLB for the taxable year in which such dividend was paid, paragraph (1) shall not apply to that portion of such dividend which bears the same ratio to the total dividend as—

"(i) the dividends received by the FHLB from the FHLMC for such taxable year, bears to

"(ii) the total earnings and profits of the FHLB for such taxable year.

"(B) DIVIDENDS OUT OF ACCUMULATED EARNINGS AND PROFITS.—For purposes of subparagraph (A), in the case of any dividend which is paid out of any accumulated earnings and profits of any FHLB, paragraph (1) shall not apply to that portion of the dividend which bears the same ratio to the total dividend as—

"(i) the amount of dividends received by such FHLB from the FHLMC which are out of earnings and profits of the FHLMC—

"(I) for taxable years ending after December 31, 1984, and

"(II) which were not taken into account under subparagraph (A), bears to

"(ii) the sum of—

"(I) the retained earnings of such FHLB as of January 1, 1985, and

"(II) the total accumulated earnings and profits of the FHLB as of the time such dividend is paid which are allocable to periods after December 31, 1984.

"(C) DEFINITIONS.—For purposes of this paragraph—

"(i) FHLB AND FHLMC.—The terms 'FHLB' and 'FHLMC' mean any Federal Home Loan Bank or the Federal Home Loan Mortgage Corporation, respectively.

"(ii) TAXABLE YEAR.—The taxable year of an FHLB shall, except as provided in regulations prescribed by the Secretary, be treated as the calendar year.".

(c) TREATMENT OF NET OPERATING LOSSES OF THE FEDERAL HOME LOAN MORTGAGE CORPORATION.—

(1) IN GENERAL.—Subparagraph (H) of section 172(b)(1) (relating to years to which net operating losses may be carried) is amended—

(A) by inserting ", or a net operating loss of the Federal Home Loan Mortgage Corporation for any taxable year beginning after December 31, 1984" after "1981",

(B) by striking out "the FNMA mortgage disposition loss (within the meaning of subsection (i))" in clause (i) and inserting in lieu thereof "the FNMA mortgage disposition loss or the FHLMC mortgage disposition loss (within the meaning of subsection (i)), respectively,", and

(C) by inserting "or the FHLMC mortgage disposition loss" after "FNMA mortgage disposition loss" in clause (ii).

(2) CONFORMING AMENDMENTS.—

(A) Subparagraph (A) of section 172(i)(1) is amended—

(i) by striking out "the term 'FNMA mortgage disposition loss'" and inserting in lieu thereof "the terms 'FNMA mortgage disposition loss' and 'FHLMC mortgage disposition loss'", and

(ii) by inserting "by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, whichever is appropriate" after "indebtedness" in clause (i).

(B) Paragraphs (1)(B) and (2) of section 172(i) are each amended by inserting "or FHLMC mortgage disposition loss" after "FNMA mortgage disposition loss".

(C) The headings for subsection (i) and paragraphs (1) and (1)(B) of subsection (i) of section 172 are each amended by inserting "or FHLMC mortgage disposition loss" after "loss".

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall take effect on January 1, 1985.

(2) TRANSITION RULE FOR GAINS AND LOSSES.—The adjusted basis of any asset of the Federal Home Loan Mortgage Corporation held on the first day of the first taxable year of such Corporation to which this section applies shall—

(A) for purposes of determining any loss, be equal to the lesser of the adjusted basis of such asset or the fair market value of such asset as of such date, and

(B) for purposes of determining any gain, be equal to the higher of the adjusted basis of such asset or the fair market value of such asset as of such date.

(3) TREATMENT OF PARTICIPATION CERTIFICATES.—

(A) IN GENERAL.—Paragraph (2) shall not apply to any asset which was represented by any mortgage pool participation certificate or other similar interest in any mortgage.

(B) NONRECOGNITION FOR CERTAIN SALES.—If any gain is realized on the sale or exchange of an interest in any mortgage pool participation certificate or other similar interest after March 15, 1984, and before January 1, 1985, the gain shall not be recognized when realized, but shall be recognized on January 1, 1985.

(5) NO ACCUMULATED EARNINGS AND PROFITS.—For purposes of the Internal Revenue Code of 1954, the Federal Home Loan Mortgage Corporation shall be treated as having no accumulated earnings and profits as of January 1, 1985.

(6) ADJUSTED BASIS.—For purposes of paragraphs (2) and (3), the adjusted basis of any asset shall be determined under part II of subchapter O of the Internal Revenue Code of 1954.

SEC. 188. APPLICATION OF RELATED PARTY RULE TO SECTION 265(2).

(a) IN GENERAL.—Section 265(2) (relating to denial of deduction for interest relating to tax-exempt income), as amended by this Act, is amended—

(1) by inserting "of the taxpayer or a related person" after "indebtedness" the first place it appears, and

(2) by adding at the end thereof the following new sentence: "For purposes of this paragraph, the term 'related person' has the meaning given such term by section 1239(b).".

(b) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to indebtedness incurred after the date of the enactment of this Act, in taxable years ending after such date.

(2) DEMAND LOANS.—In the case of a demand loan in effect on the date of the enactment of this Act, the amendments made by this section shall apply to any indebtedness continued under such loan after the 60th day after such date.

TITLE II—LIFE INSURANCE PROVISIONS

SEC. 201. SHORT TITLE; ETC.

(a) SHORT TITLE.—This title may be cited as the "Life Insurance Tax Act of 1984".

(b) TABLE OF SECTIONS FOR PART I OF SUBCHAPTER L.—Under the amendment to part I of subchapter L made by section 211(a), the subparts and sections of such part I will be as follows:

PART I—LIFE INSURANCE COMPANIES

SUBPART A—TAX IMPOSED

Sec. 801. Tax imposed.

SUBPART B—LIFE INSURANCE GROSS INCOME

Sec. 803. Life insurance gross income.

SUBPART C—LIFE INSURANCE DEDUCTIONS

Sec. 804. Life insurance deductions.
Sec. 805. General deductions.
Sec. 806. Special deductions.
Sec. 807. Rules for certain reserves.
Sec. 808. Policyholder dividends deduction.
Sec. 809. Reduction in certain deductions of mutual life insurance companies.
Sec. 810. Operations loss deduction.

SUBPART D—ACCOUNTING, ALLOCATION, AND FOREIGN PROVISIONS

Sec. 811. Accounting provisions.
Sec. 812. Definition of company's share and policyholders' share.
Sec. 813. Foreign life insurance companies.
Sec. 814. Contiguous country branches of domestic life insurance companies.
Sec. 815. Distributions to shareholders from pre-1984 policyholders surplus account.

SUBPART E—DEFINITIONS AND SPECIAL RULES

Sec. 816. Life insurance company defined.
Sec. 817. Treatment of variable contracts.
Sec. 818. Other definitions and special rules.

Subtitle A—Taxation of Life Insurance Companies

PART I—AMENDMENT OF SUBCHAPTER L

SEC. 211. AMENDMENT OF SUBCHAPTER L.

(a) GENERAL RULE.—Part I of subchapter L of chapter 1 is amended to read as follows:

"PART I—LIFE INSURANCE COMPANIES

"Subpart A. Tax imposed.
"Subpart B. Life insurance gross income.
"Subpart C. Life insurance deductions.
"Subpart D. Accounting, allocation, and foreign provisions.
"Subpart E. Definitions and special rules.

"Subpart A—Tax Imposed

"Sec. 801. Tax imposed.

"SEC. 801. TAX IMPOSED.

"(a) TAX IMPOSED.—

"(1) IN GENERAL.—A tax is hereby imposed for each taxable year on the life insurance company taxable income of every life insurance company. Such tax shall consist of a tax computed as provided in section 11 as though the life insurance company taxable income were the taxable income referred to in section 11.

"(2) ALTERNATIVE TAX IN CASE OF CAPITAL GAINS.—

"(A) IN GENERAL.—If a life insurance company has a net capital gain for the taxable year, then (in lieu of the tax imposed by paragraph (1)), there is hereby imposed a tax (if such tax is less than the tax imposed by paragraph (1)).

"(B) AMOUNT OF TAX.—The amount of the tax imposed by this paragraph shall be the sum of—

"(i) a partial tax, computed as provided by paragraph (1), on the life insurance company taxable income reduced by the amount of the net capital gain, and

"(ii) an amount determined as provided in section 1201(a) on such net capital gain.

"(C) NET CAPITAL GAIN NOT TAKEN INTO ACCOUNT IN DETERMINING SPECIAL LIFE INSURANCE COMPANY DEDUCTION AND SMALL LIFE INSURANCE COMPANY DEDUCTION.—For purposes of subparagraph (B)(i), the amounts allowable as deductions under paragraphs (2) and (3) of section 804 shall be determined by reducing the tentative LICTI by the amount of the net capital gain (determined without regard to items attributable to noninsurance businesses).

"(b) LIFE INSURANCE COMPANY TAXABLE INCOME.—For purposes of this part, the term 'life insurance company taxable income' means—

"(1) life insurance gross income, reduced by

"(2) life insurance deductions.

"(c) LIFE INSURANCE COMPANY TAXABLE INCOME INCREASED BY DISTRIBUTIONS FROM PRE-1984 POLICYHOLDERS SURPLUS ACCOUNT.—

"For provision increasing life insurance company taxable income for distributions to shareholders from pre-1984 policyholders surplus account, see section 815.

"Subpart B—Life Insurance Gross Income

"Sec. 803. Life insurance gross income.

"SEC. 803. LIFE INSURANCE GROSS INCOME.

"(a) IN GENERAL.—For purposes of this part, the term 'life insurance gross income' means the sum of the following amounts:

"(1) PREMIUMS.—

"(A) The gross amount of premiums and other consideration on insurance and annuity contracts, less

"(B) return premiums, and premiums and other consideration arising out of indemnity reinsurance.

"(2) DECREASES IN CERTAIN RESERVES.—Each net decrease in reserves which is required by section 807(a) to be taken into account under this paragraph.

"(3) OTHER AMOUNTS.—All amounts not includible under paragraph (1) or (2) which under this subtitle are includible in gross income.

"(b) SPECIAL RULES FOR PREMIUMS.—

"(1) CERTAIN ITEMS INCLUDED.—For purposes of subsection (a)(1)(A), the term 'gross amount of premiums and other consideration' includes—

"(A) advance premiums,

"(B) deposits,

"(C) fees,

"(D) assessments,

"(E) consideration in respect of assuming liabilities under contracts not issued by the taxpayer, and

"(F) the amount of policyholder dividends reimbursable to the taxpayer by a reinsurer in respect of reinsured policies,

on insurance and annuity contracts.

"(2) POLICYHOLDER DIVIDENDS EXCLUDED FROM RETURN PREMIUMS.—For purposes of subsection (a)(1)(B)—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'return premiums' does not include any policyholder dividends.

"(B) EXCEPTION FOR INDEMNITY REINSURANCE.—Subparagraph (A) shall not apply to amounts of premiums or other consideration returned to another life insurance company in respect of indemnity reinsurance.

"Subpart C—Life Insurance Deductions

"Sec. 804. Life insurance deductions.
"Sec. 805. General deductions.
"Sec. 806. Special deductions.
"Sec. 807. Rules for certain reserves.
"Sec. 808. Policyholder dividends deduction.
"Sec. 809. Reduction in certain deductions of mutual life insurance companies.
"Sec. 810. Operations loss deduction.

"SEC. 804. LIFE INSURANCE DEDUCTIONS.

"For purposes of this part, the term 'life insurance deductions' means—

"(1) the general deductions provided in section 805,

"(2) the special life insurance company deduction determined under section 806(a), and

"(3) the small life insurance company deduction (if any) determined under section 806(b).

"SEC. 805. GENERAL DEDUCTIONS.

"(a) GENERAL RULE.—For purposes of this part, there shall be allowed the following deductions:

"(1) DEATH BENEFITS, ETC.—All claims and benefits accrued, and all losses incurred (whether or not ascertained), during the taxable year on insurance and annuity contracts.

"(2) INCREASES IN CERTAIN RESERVES.—The net increase in reserves which is required by section 807(b) to be taken into account under this paragraph.

"(3) POLICYHOLDER DIVIDENDS.—The deduction for policyholder dividends (determined under section 808(c)).

"(4) DIVIDENDS RECEIVED BY COMPANY.—

"(A) IN GENERAL.—The deductions provided by sections 243, 244, and 245 (as modified by subparagraph (B))—

"(i) for 100 percent dividends received, and

"(ii) for the life insurance company's share of the dividends (other than 100 percent dividends) received.

"(B) APPLICATION OF SECTION 246(b).—In applying section 246(b) (relating to limitation on aggregate amount of deductions for dividends received) for purposes of subparagraph (A), the limit on the aggregate amount of the deductions allowed by sections 243(a)(1), 244(a), and 245 shall be 85 percent of the life insurance company taxable income, computed without regard to—

"(i) the special life insurance company deduction and the small life insurance company deduction,

"(ii) the operations loss deduction provided by section 810,

"(iii) the deductions allowed by sections 243(a)(1), 244(a), and 245, and

"(iv) any capital loss carryback to the taxable year under section 1212(a)(1),

but such limit shall not apply for any taxable year for which there is a loss from operations.

"(C) 100 PERCENT DIVIDEND.—For purposes of subparagraph (A), the term '100 percent dividend' means any dividend if the percentage used for purposes of determining the deduction allowable under section 243 or 244 is 100 percent. Such term does not include any dividend to the extent it is a distribution out of tax-exempt interest or out of dividends which are not 100 percent dividends (determined with the application of this sentence).

"(D) CERTAIN DIVIDENDS RECEIVED IN THE CASE OF FOREIGN CORPORATIONS.—Subparagraph (A)(i) (and not subparagraph (A)(ii)) shall apply to any dividend which would be a 100 percent dividend if section 1504(b)(3) did not apply for purposes of applying section 243(b)(5).

"(5) OPERATIONS LOSS DEDUCTION.—The operations loss deduction (determined under section 810).

"(6) ASSUMPTION BY ANOTHER PERSON OF LIABILITIES UNDER INSURANCE, ETC., CONTRACTS.—The consideration (other than consideration arising out of indemnity reinsurance) in respect of the assumption by another person of liabilities under insurance and annuity contracts.

"(7) REIMBURSABLE DIVIDENDS.—The amount of policyholder dividends which—

"(A) are paid or accrued by another insurance company in respect of policies the taxpayer has reinsured, and

"(B) are reimbursable by the taxpayer under the terms of the reinsurance contract.

"(8) OTHER DEDUCTIONS.—Subject to the modifications provided by subsection (b), all other deductions allowed under this subtitle for purposes of computing taxable income.

Except as provided in paragraph (3), no amount shall be allowed as a deduction under this part in respect of policyholder dividends.

"(b) MODIFICATIONS.—The modifications referred to in subsection (a)(8) are as follows:

"(1) INTEREST.—In applying section 163 (relating to deduction for interest), no deduction shall be allowed for interest in respect of items described in section 807(c).

"(2) BAD DEBTS.—Section 166(c) (relating to reserve for bad debts) shall not apply.

"(3) CHARITABLE, ETC., CONTRIBUTIONS AND GIFTS.—In applying section 170—

"(A) the limit on the total deductions under such section provided by section 170(b)(2) shall be 10 percent of the life insurance company taxable income computed without regard to—

"(i) the deduction provided by section 170,

"(ii) the deductions provided by paragraphs (3) and (4) of subsection (a),

"(iii) the special life insurance company deduction and the small life insurance company deduction,

"(iv) any operations loss carryback to the taxable year under section 810, and

"(v) any capital loss carryback to the taxable year under section 1212(a)(1), and

"(B) under regulations prescribed by the Secretary, a rule similar to the rule contained in section 170(d)(2)(B) (relating to special rule for net operating loss carryovers) shall be applied.

"(4) AMORTIZABLE BOND PREMIUM.—

"(A) IN GENERAL.—Section 171 shall not apply.

"(B) CROSS REFERENCE.—

"For rules relating to amortizable bond premium, see section 811(b).

"(5) NET OPERATING LOSS DEDUCTION.—Except as provided by section 844, the deduction for net operating losses provided in section 172 shall not be allowed.

"(6) DIVIDENDS RECEIVED DEDUCTION.—Except as provided in subsection (a)(4), the deductions for dividends received provided by sections 243, 244, and 245 shall not be allowed.

"SEC. 806. SPECIAL DEDUCTIONS.

"(a) SPECIAL LIFE INSURANCE COMPANY DEDUCTION.—For purposes of section 804, the special life insurance company deduction for any taxable year is 20 percent of the excess of the tentative LICTI for such taxable year over the small life insurance company deduction (if any).

"(b) SMALL LIFE INSURANCE COMPANY DEDUCTION.—

"(1) IN GENERAL.—For purposes of section 804, the small life insurance company deduction for any taxable year is 60 percent of so much of the tentative LICTI for such taxable year as does not exceed $3,000,000.

"(2) PHASEOUT BETWEEN $3,000,000 AND $15,000,000.—The amount of the small life insurance company deduction determined under paragraph (1) for any taxable year shall be reduced (but not below zero) by 15 percent of so much of the tentative LICTI for such taxable year as exceeds $3,000,000.

"(3) SMALL LIFE INSURANCE COMPANY DEDUCTION NOT ALLOWABLE TO COMPANY WITH ASSETS OF $500,000,000 OR MORE.—

"(A) IN GENERAL.—The small life insurance company deduction shall not be allowed for any taxable year to any life insurance company which, at the close of such taxable year, has assets equal to or greater than $500,000,000.

"(B) ASSETS.—For purposes of this paragraph, the term 'assets' means all assets of the company.

"(C) VALUATION OF ASSETS.—For purposes of this paragraph, the amount attributable to—

"(i) real property and stock shall be the fair market value thereof, and

"(ii) any other asset shall be the adjusted basis of such asset for purposes of determining gain on sale or other disposition.

"(D) SPECIAL RULE FOR INTERESTS IN PARTNERSHIPS AND TRUSTS.—For purposes of this paragraph—

"(i) an interest in a partnership or trust shall not be treated as an asset of the company, but

"(ii) the company shall be treated as actually owning its proportionate share of the assets held by the partnership or trust (as the case may be).

"(c) TENTATIVE LICTI.—For purposes of this part—

"(1) IN GENERAL.—The term 'tentative LICTI' means life insurance company taxable income determined without regard to—

"(A) the special life insurance company deduction, and

"(B) the small life insurance company deduction.

"(2) EXCLUSION OF ITEMS ATTRIBUTABLE TO NONINSURANCE BUSINESSES.—The amount of the tentative LICTI for any taxable year shall be determined without regard to all items attributable to noninsurance businesses.

"(3) NONINSURANCE BUSINESS.—

"(A) IN GENERAL.—The term 'noninsurance business' means any activity which is not an insurance business.

"(B) CERTAIN ACTIVITIES TREATED AS INSURANCE BUSINESSES.—For purposes of subparagraph (A), any activity which is not an insurance business shall be treated as an insurance business if it is of a type traditionally carried on by life insurance companies and—

"(i) is carried on for investment purposes but only if the carrying on of such activity (other than in the case of real estate) does not constitute the active conduct of a trade or business, or

"(ii) involves the performance of administrative services in connection with plans providing life insurance, pension, or accident and health benefits.

"(d) SPECIAL RULE FOR CONTROLLED GROUPS.—

"(1) SPECIAL LIFE INSURANCE COMPANY DEDUCTION AND SMALL LIFE INSURANCE COMPANY DEDUCTION DETERMINED ON CONTROLLED GROUP BASIS.—For purposes of subsections (a) and (b)—

"(A) all life insurance companies which are members of the same controlled group shall be treated as 1 life insurance company, and

"(B) any special life insurance company deduction and any small life insurance company deduction determined with respect to such group shall be allocated among the life insurance companies which are members of such group in proportion to their respective tentative LICTI's.

"(2) NONLIFE INSURANCE MEMBERS INCLUDED FOR ASSET TEST.—For purposes of subsection (b)(3), all members of the same controlled group (whether or not life insurance companies) shall be treated as 1 company.

"(3) CONTROLLED GROUP.—For purposes of this subsection, the term 'controlled group' means any controlled group of corporations (as defined in section 1563(a)); except that subsections (a)(4) and (b)(2)(D) of section 1563 shall not apply.

"(4) ELECTION WITH RESPECT TO LOSS FROM OPERATIONS OF MEMBER OF GROUP.—

"(A) IN GENERAL.—Any life insurance company which is a member of a controlled group may elect to have its loss from operations for any taxable year not taken into account for purposes of determining the amount of the special life insurance company deduction for the life insurance companies which are members of such group and which do not file a consolidated return with such life insurance company for the taxable year.

"(B) LIMITATION ON AMOUNT OF LOSS WHICH MAY OFFSET NONLIFE INCOME.—In the case of that portion of any loss from operations for any taxable year of a life insurance company which (but for subparagraph (A)) would have reduced tentative LICTI of other life insurance companies for such taxable year—

"(i) only 80 percent of such portion may be used to offset nonlife income, and

"(ii) to the extent such portion is used to offset nonlife income, the loss shall be treated as used at a rate of $1 for each 80 cents of income so offset.

For purposes of the preceding sentence, any such portion shall be used before the remaining portion of the loss from the same year and shall be treated as first being offset against income which is not nonlife income.

"(C) NONLIFE INCOME.—

"(i) IN GENERAL.—The term 'nonlife income' means the portion of the life insurance company's taxable income for which the special life insurance company deduction was not allowable and any income of a corporation not subject to tax under this part.

"(ii) SPECIAL RULE FOR TAXABLE YEARS BEGINNING BEFORE JANUARY 1, 1984.—In the case of a taxable year beginning before January 1, 1984, all life insurance company taxable income shall be treated as nonlife income.

"(5) ADJUSTMENTS TO PREVENT EXCESS DETRIMENT OR BENEFIT.—Under regulations prescribed by the Secretary, proper adjustments shall be made in the application of this subsection to prevent any excess detriment or benefit (whether from year-to-year or otherwise) arising from the application of this subsection.

"(e) ELECTION OF THE ALTERNATIVE LIFE INSURANCE COMPANY DEDUCTION.—

"(1) IN GENERAL.—Any life insurance company may elect for the taxable year to treat as the aggregate of the special life insurance company deduction under subsection (a) and the small life insurance company deduction under subsection (b) for such year the amount of the deduction computed under this subsection.

"(2) AMOUNT OF DEDUCTION.—

"(A) IN GENERAL.—The amount of the deduction computed under this subsection for any taxable year is the sum of—

"(i) an amount equal to 20 percent of the life insurance company's qualified first-year premiums for the taxable year, multiplied by the phase-out percentage for the taxable year, plus

"(ii) an amount equal to the aggregate deductions which (but for the election under this subsection) would be allowed under subsections (a) and (b) for the taxable year, multiplied by the phase-in percentage for such year.

"(B) PHASE-OUT AND PHASE-IN PERCENTAGES.—The phase-out and phase-in percentages for any taxable year shall be determined in accordance with the following table:

"For taxable years beginning in:	The phase-out percentage is	The phase-in percentage is
1984	80	20
1985	60	40
1986	40	60
1987	20	80
1988 or thereafter	0	100

"(3) QUALIFIED FIRST-YEAR PREMIUMS.—

"(A) IN GENERAL.—For purposes of this paragraph, the term 'qualified first-year premium' means (i) the premiums received by the life insurance company during the taxable year for the first year of coverage under any newly issued qualified contract (which was directly issued by such company with respect to the life or health of an individual during the taxable year), reduced by (ii) premiums paid for reinsurance ceded with respect to such contracts.

"(B) MAXIMUM PREMIUM TAKEN INTO ACCOUNT.—The amount taken into account under subparagraph (A) with respect to the first year of coverage under any contract shall not exceed 200 percent of the net level premium required for the benefits provided under the contract, computed by assuming that the contract extends for and premiums are payable until the insured attains age 95 or, if later, the maturity date of the contract.

"(C) NEWLY ISSUED.—A contract shall be treated as newly issued only if—

"(i) the contract is not a renewal of another contract, and

"(ii) such contract does not provide coverage to an individual who was covered (during the taxable year or the preceding taxable year) under another contract of the same type issued by such company or by a company which is in the same controlled group (within the meaning of subsection (d)(3)) as such company.

"(D) QUALIFIED CONTRACT.—For purposes of this paragraph, the term 'qualified contract' means any individual ordinary life insurance or individual noncancellable accident and health insurance contract, and does not include—

"(i) any annuity contract,

"(ii) any group contract,

"(iii) any credit life contract,

"(iv) any single premium contract, and

"(v) any contract having the term of one year or less.

"(4) SPECIAL RULES RELATING TO ELECTION.—An election may be made under paragraph (1) for any taxable year only if it is made for the taxable year by all life insurance companies which are members of the same controlled group (within the meaning of subsection (d)(3)) as the electing company. Any such election, once made, shall apply to all taxable years beginning before 1988 unless such company revokes such election for any taxable year. A revocation of such election by one member of a controlled group (within the meaning of subsection (d)(3)) shall be treated as a revocation of such election by all members of such group. A company which has revoked its election under this subsection for any taxable year may not make an election under this subsection for any succeeding taxable year.

"(5) DEDUCTION ALLOWED ONLY AGAINST LIFE INSURANCE INCOME.—Under regulations prescribed by the Secretary, if the amount of the deduction under this subsection creates or increases a loss from operations for a life insurance company for any taxable year—

"(A) the portion of such loss so created or increased shall not be allowed as an offset against nonlife income (as defined in subsection 806(d)(4)(C)) of such company or any other company, and

"(B) paragraph (4) of subsection (d) shall not apply.

"SEC. 807. RULES FOR CERTAIN RESERVES.

"(a) DECREASE TREATED AS GROSS INCOME.—If for any taxable year—

"(1) the opening balance for the items described in subsection (c), exceeds

"(2)(A) the closing balance for such items, reduced by

"(B) the sum of (i) the amount of the policyholders' share of tax-exempt interest, plus (ii) any excess described in section 809(a)(2) for the taxable year,

such excess shall be included in gross income under section 803(a)(2).

"(b) INCREASE TREATED AS DEDUCTION.—If for any taxable year—

"(1)(A) the closing balance for the items described in subsection (c), reduced by

"(B) the sum of (i) the amount of the policyholders' share of tax-exempt interest, plus (ii) any excess described in section 809(a)(2) for the taxable year, exceeds

"(2) the opening balance for such items,

such excess shall be taken into account as a deduction under section 805(a)(2).

"(c) ITEMS TAKEN INTO ACCOUNT.—The items referred to in subsections (a) and (b) are as follows:

"(1) The life insurance reserves (as defined in section 816(b)).

"(2) The unearned premiums and unpaid losses included in total reserves under section 816(c)(2).

"(3) The amounts (discounted at the appropriate rate of interest) necessary to satisfy the obligations under insurance and annuity contracts, but only if such obligations do not involve (at the time with respect to which the computation is made under this paragraph) life, accident, or health contingencies.

"(4) Dividend accumulations, and other amounts, held at interest in connection with insurance and annuity contracts.

"(5) Premiums received in advance, and liabilities for premium deposit funds.

"(6) Reasonable special contingency reserves under contracts of group term life insurance or group accident and health insurance which are established and maintained for the provision of insurance on retired lives, for premium stabilization, or for a combination thereof.

For purposes of paragraph (3), the appropriate rate of interest for any obligation is the higher of the prevailing State assumed interest rate as of the time such obligation first did not involve life, accident, or health contingencies or the rate of interest assumed by the company (as of such time) in determining the guaranteed benefit.

"(d) METHOD OF COMPUTING RESERVES FOR PURPOSES OF DETERMINING INCOME.—

"(1) IN GENERAL.—For purposes of this part (other than section 816), the amount of the life insurance reserves for any contract shall be the greater of—

"(A) the net surrender value of such contract, or

"(B) the reserve determined under paragraph (2).

In no event shall the reserve determined under the preceding sentence for any contract as of any time exceed the amount which would be taken into account with respect to such contract as of such time in determining statutory reserves (as defined in section 809(b)(4)(B)).

"(2) AMOUNT OF RESERVE.—The amount of the reserve determined under this paragraph with respect to any contract shall be determined by using—

"(A) the tax reserve method applicable to such contract,

"(B) the prevailing State assumed interest rate, and

"(C) the prevailing commissioners' standard tables for mortality and morbidity adjusted as appropriate to reflect the risks (such as substandard risks) incurred under the contract which are not otherwise taken into account.

"(3) TAX RESERVE METHOD.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'tax reserve method' means—

"(i) LIFE INSURANCE CONTRACTS.—The CRVM in the case of a contract covered by the CRVM.

"(ii) ANNUITY CONTRACTS.—The CARVM in the case of a contract covered by the CARVM.

"(iii) NONCANCELLABLE ACCIDENT AND HEALTH INSURANCE CONTRACTS.—In the case of any noncancellable accident and health insurance contract, a 2-year full preliminary term method.

"(iv) OTHER CONTRACTS.—In the case of any contract not described in clause (i), (ii), or (iii)—

"(I) the reserve method prescribed by the National Association of Insurance Commissioners which covers such contract (as of the date of issuance), or

"(II) if no reserve method has been prescribed by the National Association of Insurance Commissioners which covers such contract, a reserve method which is consistent with the reserve method required under clause (i), (ii), or (iii) or under subclause (I) of this clause as of the date of the issuance of such contract (whichever is most appropriate).

"(B) DEFINITION OF CRVM AND CARVM.—For purposes of this paragraph—

"(i) CRVM.—The term 'CRVM' means the Commissioners' Reserve Valuation Method prescribed by the National Association of Insurance Commissioners which is in effect on the date of the issuance of the contract.

"(ii) CARVM.—The term 'CARVM' means the Commissoners' Annuities Reserve Valuation Method prescribed by the National Association of Insurance Commissioners which is in effect on the date of the issuance of the contract.

"(C) NO ADDITIONAL RESERVE DEDUCTION ALLOWED FOR DEFICIENCY RESERVES.—Nothing in any reserve method described under this paragraph shall permit any increase in the reserve because the net level premium (computed on the basis of assumptions required under this subsection) exceeds the actual premiums or other consideration charged for the benefit.

"(4) PREVAILING STATE ASSUMED INTEREST RATE.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'prevailing State assumed interest rate' means, with respect to any contract, the highest assumed interest rate permitted to be used in computing life insurance reserves for insurance contracts or annuity contracts (as the case may be) under the insurance laws of at least 26 States. For purposes of the preceding sentence, the effect of the nonforfeiture laws of a State on interest rates for reserves shall not be taken into account.

"(B) WHEN RATE DETERMINED.—Except as provided in subparagraph (C), the prevailing State assumed rate with respect to any contract shall be determined as of the beginning of the calendar year in which the contract was issued.

"(C) ELECTION FOR NONANNUITY CONTRACTS.—In the case of a contract other than an annuity contract, the issuer may elect (at such time and in such manner as the Secretary shall by regulations prescribe) to determine the prevailing State assumed rate as of the beginning of the calendar year preceding the calendar year in which the contract was issued.

"(5) PREVAILING COMMISSIONERS' STANDARD TABLES.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'prevailing commissioners' standard tables' means, with respect to any contract, the most recent commissioners' standard tables prescribed by the National Association of Insurance Commissioners which are permitted to be used in computing reserves for that type of contract under the insurance laws of at least 26 States when the contract was issued.

"(B) INSURER MAY USE OLD TABLES FOR 3 YEARS WHEN TABLES CHANGE.—If the prevailing commissioners' standard tables as of the beginning of any calendar year (hereinafter in this subparagraph referred to as the 'year of change') is different from the prevailing commissioners' standard tables as of the beginning of the preceding calendar year, the issuer may use the prevailing commissioners' standard tables as of the beginning of the preceding calendar year with respect to any contract issued after the change and before the close of the 3-year period beginning on the first day of the year of change.

"(C) SPECIAL RULE FOR CONTRACTS FOR WHICH THERE ARE NO COMMISSIONERS' STANDARD TABLES.—If there are no commissioners' standard tables applicable to any contract when it is issued, the mortality and morbidity tables used for purposes of paragraph (2)(C) shall be determined under regulations prescribed by the Secretary.

"(D) SPECIAL RULE FOR CONTRACTS ISSUED BEFORE 1948.—If—

"(i) a contract was issued before 1948, and

"(ii) there were no commissioners' standard tables applicable to such contract when it was issued,

the mortality and morbidity tables used in computing statutory reserves for such contracts shall be used for purposes of paragraph (2)(C).

"(E) SPECIAL RULE WHERE MORE THAN 1 TABLE OR OPTION APPLICABLE.—If, with respect to any category of risks, there are 2 or more tables (or options under 1 or more tables) which meet the requirements of subparagraph (A) (or, where applicable, subparagraph (B) or (C)), the table (and option thereunder) which generally yields the lowest reserves shall be used for purposes of paragraph (2)(C).

"(e) SPECIAL RULES FOR COMPUTING RESERVES.—

"(1) NET SURRENDER VALUE.—For purposes of this section—

"(A) IN GENERAL.—The net surrender value of any contract shall be determined—

"(i) with regard to any penalty or charge which would be imposed on surrender, but

"(ii) without regard to any market value adjustment on surrender.

"(B) SPECIAL RULE FOR PENSION PLAN CONTRACTS.—In the case of a pension plan contract, the balance in the policyholder's fund (determined without regard to any market value adjustment) shall be treated as the net surrender value of such contract.

"(2) ISSUANCE DATE IN CASE OF GROUP CONTRACTS.—For purposes of this section, in the case of a group contract, the date on which such contract is issued shall be the date as of which the master plan is issued (or, with respect to a benefit guaranteed to a participant after such date, the date as of which such benefit is guaranteed).

"(3) SUPPLEMENTAL BENEFITS.—

"(A) QUALIFIED SUPPLEMENTAL BENEFITS TREATED SEPARATELY.—For purposes of this part, the amount of the life insurance reserve for any qualified supplemental benefit—

"(i) shall be computed separately as though such benefit were under a separate contract, and

"(ii) shall, except to the extent otherwise provided in regulations, be the reserve taken into account for purposes of the annual statement approved by the National Association of Insurance Commissioners.

"(B) SUPPLEMENTAL BENEFITS WHICH ARE NOT QUALIFIED SUPPLEMENTAL BENEFITS.—In the case of any supplemental benefit described in subparagraph (D) which is not a qualified supplemental benefit, the amount of the reserve determined under paragraph (2) of subsection (d) shall, except to the extent otherwise provided in regulations, be the reserve taken into account for purposes of the annual statement approved by the National Association of Insurance Commissioners.

"(C) QUALIFIED SUPPLEMENTAL BENEFIT.—For purposes of this paragraph, the term 'qualified supplemental benefit' means any supplemental benefit described in subparagraph (D) if—

"(i) there is a separately identified premium or charge for such benefit, and

"(ii) any net surrender value under the contract attributable to any other benefit is not available to fund such benefit.

"(D) SUPPLEMENTAL BENEFITS.—For purposes of this paragraph, the supplemental benefits described in this subparagraph are any—

"(i) guaranteed insurability,

"(ii) accidental death or disability benefit,
"(iii) convertibility,
"(iv) disability waiver benefit, or
"(v) other benefit prescribed by regulations,

which is supplemental to a contract for which there is a reserve described in subsection (c).

"(4) CERTAIN CONTRACTS ISSUED BY FOREIGN BRANCHES OF DOMESTIC LIFE INSURANCE COMPANIES.—

"(A) IN GENERAL.—In the case of any qualified foreign contract, the amount of the reserve shall be not less than the minimum reserve required by the laws, regulations, or administrative guidance of the regulatory authority of the foreign country referred to in subparagraph (B) (but not to exceed the net level reserves for such contract).

"(B) QUALIFIED FOREIGN CONTRACT.—For purposes of subparagraph (A), the term 'qualified foreign contract' means any contract issued by a foreign life insurance branch (which has its principal place of business in a foreign country) of a domestic life insurance company if—

"(i) such contract is issued on the life or health of a resident of such country,

"(ii) such domestic life insurance company was required by such foreign country (as of the time it began operations in such country) to operate in such country through a branch, and

"(iii) such foreign country is not contiguous to the United States.

"(5) TREATMENT OF SUBSTANDARD RISKS.—

"(A) SEPARATE COMPUTATION.—Except to the extent provided in regulations, the amount of the life insurance reserve for any qualified substandard risk shall be computed separately under subsection (d)(1) from any other reserve under the contract.

"(B) QUALIFIED SUBSTANDARD RISK.—For purposes of subparagraph (A), the term 'qualified substandard risk' means any substandard risk if—

"(i) the insurance company maintains a separate reserve for such risk,

"(ii) there is a separately identified premium or charge for such risk,

"(iii) the amount of the net surrender value under the contract is not increased or decreased by reason of such risk, and

"(iv) the net surrender value under the contract is not regularly used to pay premium charges for such risk.

"(C) LIMITATION ON AMOUNT OF LIFE INSURANCE RESERVE.—The amount of the life insurance reserve determined for any qualified substandard risk shall in no event exceed the sum of the separately identified premiums charged for such risk plus interest less mortality charges for such risk.

"(D) LIMITATION ON AMOUNT OF CONTRACTS TO WHICH PARAGRAPH APPLIES.—The aggregate amount of insurance in force under contracts to which this paragraph applies shall not exceed 10 percent of the insurance in force (other than term insurance) under life insurance contracts of the company.

"(6) SPECIAL RULES FOR CONTRACTS ISSUED BEFORE JANUARY 1, 1989, UNDER EXISTING PLANS OF INSURANCE, WITH TERM INSURANCE OR ANNUITY BENEFITS.—For purposes of this part—

"(A) IN GENERAL.—In the case of a life insurance contract issued before January 1, 1989, under an existing plan of insurance, the life insurance reserve for any benefit to which this paragraph applies shall be computed separately under subsection (d)(1) from any other reserve under the contract.

"(B) BENEFITS TO WHICH THIS PARAGRAPH APPLIES.—This paragraph applies to any term insurance or annuity benefit with respect to which the requirements of clauses (i) and (ii) of paragraph (3)(C) are met.

"(C) EXISTING PLAN OF INSURANCE.—For purposes of this paragraph, the term 'existing plan of insurance' means, with respect to any contract, any plan of insurance which was filed by the company using such contract in one or more States before January 1, 1984, and is on file in the appropriate State for such contract.

"(f) ADJUSTMENT FOR CHANGE IN COMPUTING RESERVES.—

"(1) 10-YEAR SPREAD.—

"(A) IN GENERAL.—For purposes of this part, if the basis for determining any item referred to in subsection (c) as of the close of any taxable year differs from the basis for such determination as of the close of the preceding taxable year, then so much of the difference between—

"(i) the amount of the item at the close of the taxable year, computed on the new basis, and

"(ii) the amount of the item at the close of the taxable year, computed on the old basis,

as is attributable to contracts issued before the taxable year shall be taken into account under the method provided in subparagraph (B).

"(B) METHOD.—The method provided in this subparagraph is as follows:

"(i) if the amount determined under subparagraph (A)(i) exceeds the amount determined under subparagraph (A)(ii), 1/10 of such excess shall be taken into account, for each of the succeeding 10 taxable years, as a deduction under section 805(a)(2); or

"(ii) if the amount determined under subparagraph (A)(ii) exceeds the amount determined under subparagraph (A)(i), 1/10 of such excess shall be included in gross income, for each of the 10 succeeding taxable years, under section 803(a)(2).

"(2) TERMINATION AS LIFE INSURANCE COMPANY.—Except as provided in section 381(c)(22) (relating to carryovers in certain corporate readjustments), if for any taxable year the taxpayer is not a life insurance company, the balance of any adjustments under this subsection shall be taken into account for the preceding taxable year.

"SEC. 808. POLICYHOLDER DIVIDENDS DEDUCTION.

"(a) POLICYHOLDER DIVIDEND DEFINED.—For purposes of this part, the term 'policyholder dividend' means any dividend or similar distribution to policyholders in their capacity as such.

"(b) CERTAIN AMOUNTS INCLUDED.—For purposes of this part, the term 'policyholder dividend' includes—

"(1) any amount paid or credited (including as an increase in benefits) where the amount is not fixed in the contract but depends on the experience of the company or the discretion of the management,

"(2) excess interest,

"(3) premium adjustments, and

"(4) experience-rated refunds.

"(c) AMOUNT OF DEDUCTION.—

"(1) IN GENERAL.—Except as limited by paragraph (2), the deduction for policyholder dividends for any taxable year shall be an amount equal to the policyholder dividends paid or accrued during the taxable year.

"(2) REDUCTION IN CASE OF MUTUAL COMPANIES.—In the case of a mutual life insurance company, the deduction for policyholder dividends for any taxable year shall be reduced by the amount determined under section 809.

"(d) DEFINITIONS.—For purposes of this section—

"(1) EXCESS INTEREST.—The term 'excess interest' means any amount in the nature of interest—

"(A) paid or credited to a policyholder in his capacity as such, and

"(B) determined at a rate in excess of the prevailing State assumed interest rate for such contract.

"(2) PREMIUM ADJUSTMENT.—The term 'premium adjustment' means any reduction in the premium under an insurance or annuity contract which (but for the reduction) would have been required to be paid under the contract.

"(3) EXPERIENCE-RATED REFUND.—The term 'experience-rated refund' means any refund or credit based on the experience of the contract or group involved.

"(e) TREATMENT OF POLICYHOLDER DIVIDENDS.—For purposes of this part, any policyholder dividend which—

"(1) increases the cash surrender value of the contract or other benefits payable under the contract, or

"(2) reduces the premium otherwise required to be paid,

shall be treated as paid to the policyholder and returned by the policyholder to the company as a premium.

"SEC. 809. REDUCTION IN CERTAIN DEDUCTIONS OF MUTUAL LIFE INSURANCE COMPANIES.

"(a) GENERAL RULE.—

"(1) POLICYHOLDER DIVIDENDS.—In the case of any mutual life insurance company, the amount of the deduction allowed under section 808 shall be reduced (but not below zero) by the differential earnings amount.

"(2) REDUCTION IN RESERVE DEDUCTION IN CERTAIN CASES.—In the case of any mutual life insurance company, if the differential earnings amount exceeds the amount allowable as a deduction under section 808 for the taxable year (determined without regard to this section), such excess shall be taken into account under subsections (a) and (b) of section 807.

"(3) DIFFERENTIAL EARNINGS AMOUNT.—For purposes of this section, the term 'differential earnings amount' means, with respect to any taxable year, an amount equal to the product of—

"(A) the life insurance company's average equity base for the taxable year, multiplied by

"(B) the differential earnings rate for such taxable year.

"(b) AVERAGE EQUITY BASE.—For purposes of this section—

"(1) IN GENERAL.—The term 'average equity base' means, with respect to any taxable year, the average of—

"(A) the equity base determined as of the close of the taxable year, and

"(B) the equity base determined as of the close of the preceding taxable year.

"(2) EQUITY BASE.—The term 'equity base' means an amount equal to—

"(A) the surplus and capital,

"(B) adjusted as provided in paragraphs (3), (4), (5), and (6) of this subsection.

"(3) INCREASE FOR NONADMITTED FINANCIAL ASSETS.—

"(A) IN GENERAL.—The amount of the surplus and capital shall be increased by the amount of the nonadmitted financial assets.

"(B) NONADMITTED FINANCIAL ASSETS.—For purposes of subparagraph (A), the term 'nonadmitted financial asset' means any nonadmitted asset of the company which is—

"(i) a bond,

"(ii) stock,

"(iii) real estate,

"(iv) a mortgage loan on real estate, or

"(v) any other invested asset.

"(4) INCREASE WHERE STATUTORY RESERVES EXCEED TAX RESERVES.—

"(A) IN GENERAL.—If—

"(i) the aggregate amount of statutory reserves, exceeds

"(ii) the aggregate amount of tax reserves,

the amount of the surplus and capital shall be increased by the amount of such excess.

"(B) DEFINITIONS.—For purposes of this paragraph—

"(i) STATUTORY RESERVES.—The term 'statutory reserves' means the aggregate amount set forth in the annual statement with respect to items described in section 807(c). Such term shall not include any reserve attributable to a deferred and uncollected premium if the establishment of such reserve is not permitted under section 811(c).

"(ii) TAX RESERVES.—The term 'tax reserves' means the aggregate of the items described in section 807(c) as determined for purposes of section 807.

"(5) INCREASE BY AMOUNT OF CERTAIN OTHER RESERVES.—The amount of the surplus and capital shall be increased by the sum of—

"(A) the amount of any mandatory securities valuation reserve,

"(B) the amount of any deficiency reserve, and

"(C) the amount of any voluntary reserve not described in subparagraph (A) or (B).

"(6) ADJUSTMENT FOR NEXT YEAR'S POLICYHOLDER DIVIDENDS.—The amount of the surplus and capital shall be increased by 50 percent of the amount of any provision for policyholder dividends (or other similar liability) payable in the following taxable year.

"(c) DIFFERENTIAL EARNINGS RATE.—For purposes of this section, the differential earnings rate for any taxable year is the excess of—

"(1) the imputed earnings rate for the taxable year, over

"(2) the average mutual earnings rate for the second calendar year preceding the calendar year in which the taxable year begins.

"(d) IMPUTED EARNINGS RATE.—

"(1) IN GENERAL.—For purposes of this section, the imputed earnings rate for any taxable year is—

"(A) 16.5 percent in the case of taxable years beginning in 1984, and

"(B) in the case of taxable years beginning after 1984, an amount which bears the same ratio to 16.5 percent as the current stock earnings rate for the taxable year bears to the base period stock earnings rate.

"(2) CURRENT STOCK EARNINGS RATE.—For purposes of this subsection, the term 'current stock earnings rate' means, with respect to any taxable year, the average of the stock earnings rates determined under paragraph (4) for the 3 calendar years preceding the calendar year in which the taxable year begins.

"(3) BASE PERIOD STOCK EARNINGS RATE.—For purposes of this subsection, the base period stock earnings rate is the average of the stock earnings rates determined under paragraph (4) for calendar years 1981, 1982, and 1983.

"(4) STOCK EARNINGS RATE.—

"(A) IN GENERAL.—For purposes of this subsection, the stock earnings rate for any calendar year is the numerical average of the earnings rates of the 50 largest stock companies.

"(B) EARNINGS RATE.—For purposes of subparagraph (A), the earnings rate of any stock company is the percentage (determined by the Secretary) which—

"(i) the statement gain or loss from operations for the calendar year of such company, is of

"(ii) such company's average equity base for such year.

"(C) 50 LARGEST STOCK COMPANIES.—For purposes of this paragraph, the term '50 largest stock companies' means a group (as determined by the Secretary) of stock life insurance companies which consists of the 50 largest stock life insurance companies which are subject to tax under this chapter.

"(D) TREATMENT OF AFFILIATED GROUPS.—For purposes of this paragraph, all stock life insurance companies which are members of the same affiliated group shall be treated as one stock life insurance company.

"(e) AVERAGE MUTUAL EARNINGS RATE.—For purposes of this section, the average mutual earnings rate for any calendar year is the percentage (determined by the Secretary) which—

"(1) the aggregate statement gain or loss from operations for such year of mutual life insurance companies, is of

"(2) their aggregate average equity bases for such year.

"(f) RECOMPUTATION IN SUBSEQUENT YEAR.—

"(1) INCLUSION IN INCOME WHERE RECOMPUTED AMOUNT GREATER.—In the case of any mutual life insurance company, if—

"(A) the recomputed differential earnings amount for any taxable year, exceeds

"(B) the differential earnings amount determined under this section for such taxable year,

such excess shall be included in life insurance gross income for the succeeding taxable year.

"(2) DEDUCTION WHERE RECOMPUTED AMOUNT SMALLER.—In the case of any mutual life insurance company, if—

"(A) the differential earnings amount determined under this section for any taxable year, exceeds

"(B) the recomputed differential earnings amount for such taxable year,

such excess shall be allowed as a life insurance deduction for the succeeding taxable year.

"(3) RECOMPUTED DIFFERENTIAL EARNINGS AMOUNT.—For purposes of this subsection, the term 'recomputed differential earnings amount' means, with respect to any taxable year, the amount which would be the differential earnings amount for such taxable year if the average mutual earnings rate taken into account under subsection (c)(2) were the average mutual earnings rate for the calendar year in which the taxable year begins.

"(4) SPECIAL RULE WHERE COMPANY CEASES TO BE MUTUAL LIFE INSURANCE COMPANY.—Except as provided in section 381(c)(22), if—

"(A) a life insurance company is a mutual life insurance company for any taxable year, but

"(B) such life insurance company is not a mutual life insurance company for the succeeding taxable year,

any adjustment under paragraph (1) or (2) by reason of the recomputed differential earnings amount for the first of such taxable years shall be taken into account for the first of such taxable years.

"(g) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) STATEMENT GAIN OR LOSS FROM OPERATIONS.—The term 'statement gain or loss from operations' means the net gain or loss from operations required to be set forth in the annual statement—

"(A) determined with regard to policyholder dividends (as defined in section 808) but without regard to Federal income taxes,

"(B) determined on the basis of the tax reserves rather than statutory reserves, and

"(C) properly adjusted for realized capital gains and losses and other relevant items.

"(2) OTHER TERMS.—Except as otherwise provided in this section, the terms used in this section shall have the same respective meanings as when used in the annual statement.

"(3) DETERMINATIONS BASED ON AMOUNT SET FORTH IN ANNUAL STATEMENT.—Except as otherwise provided in this section or in regulations, all determinations under this section shall be made on the basis of the amounts required to be set forth on the annual statement.

"(4) ANNUAL STATEMENT.—The term 'annual statement' means the annual statement for life insurance companies approved by the National Association of Insurance Commissioners.

"(5) REDUCTION IN EQUITY BASE FOR PORTION OF EQUITY ALLOCABLE TO LIFE INSURANCE BUSINESS IN NONCONTIGUOUS WESTERN HEMISPHERE COUNTRIES.—The equity base of any mutual life insurance company shall be reduced by an amount equal to the portion of the equity base attributable to the life insurance business multiplied by a fraction—

"(A) the numerator of which is the portion of the tax reserves which is allocable to life insurance contracts issued on the life of residents of countries in the Western Hemisphere which are not contiguous to the United States, and

"(B) the denominator of which is the amount of the tax reserves allocable to life insurance contracts.

The preceding sentence shall not apply unless the fraction determined under the preceding sentence exceeds 1/20.

"(6) SPECIAL RULE FOR CERTAIN CONTRACTS ISSUED BEFORE JANUARY 1, 1985.—In determining the amount of tax reserves for purposes of subsection (b)(4), section 811(e) shall not apply with respect to any life insurance contract issued before January 1, 1985, under a plan of life insurance in existence on July 1, 1983.

"(7) REDUCTION IN EQUITY BASE FOR MUTUAL SUCCESSOR OF FRATERNAL BENEFIT SOCIETY.—In the case of any mutual life insurance company which—

"(A) is the successor to a fraternal benefit society, and

"(B) which assumed the surplus of such fraternal benefit society in 1950,

the equity base of such mutual life insurance company shall be reduced by the amount of the surplus so assumed plus earnings thereon, (i) for taxable years before 1984, at a 7 percent interest rate, and (ii) for taxable years 1984 and following, at the average mutual earnings rate for such year.

"(h) TREATMENT OF STOCK COMPANIES OWNED BY MUTUAL LIFE INSURANCE COMPANIES.—

"(1) TREATMENT AS MUTUAL LIFE INSURANCE COMPANIES FOR PURPOSES OF DETERMINING STOCK EARNINGS RATES AND MUTUAL EARNINGS RATES.—Solely for purposes of subsections (d) and (e), a stock life insurance company shall be treated as a mutual life insurance company if stock possessing—

"(A) at least 80 percent of the total combined voting power of all classes of stock of such stock life insurance company entitled to vote, or

"(B) at least 80 percent of the total value of shares of all classes of stock of such stock life insurance company,

is owned at any time during the calendar year directly (or through the application of section 318) by 1 or more mutual life insurance companies.

"(2) TREATMENT OF AFFILIATED GROUP WHICH INCLUDES MUTUAL PARENT AND STOCK SUBSIDIARY.—In the case of an affiliated group of corporations which includes a common parent which is a mutual life insurance company and one or more stock life insurance companies, for purposes of determining the average equity base of such common parent (and the statement gain or loss from operations)—

"(A) stock in such stock life insurance companies held by such common parent (and dividends on such stock) shall not be taken into account, and

"(B) such common parent and such stock life insurance companies shall be treated as though they were one mutual life insurance company.

"(3) ADJUSTMENT WHERE STOCK COMPANY NOT MEMBER OF AFFILIATED GROUP.—In the case of any stock life insurance company which is described in paragraph (1) but is not a member of an affiliated group described in paragraph (2), under regulations, proper adjustments shall be made in the average equity bases (and statement gains or losses from operations) of mutual life insurance companies owning stock in such company as may be necessary or appropriate to carry out the purposes of this section.

"(i) TRANSITIONAL RULE FOR CERTAIN HIGH SURPLUS MUTUAL LIFE INSURANCE COMPANIES.—

"(1) IN GENERAL.—For purposes of subsection (a)(3), the average equity base of a high surplus mutual life insurance company for any taxable year shall not include the applicable percentage of the excess equity base of such company for such taxable year.

"(2) DEFINITIONS.—For purposes of this subsection—

"(A) EXCESS EQUITY BASE.—The term 'excess equity base' means the excess of—

"(i) the average equity base of the company for the taxable year, over

"(ii) the amount which would be its average equity base if its equity percentage equaled 130 percent of the numerical average of the equity percentage for the 50 largest mutual life insurance companies for such taxable year.

"(B) APPLICABLE PERCENTAGE.—The term 'applicable percentage' means these determined in accordance with the following table:

"For taxable years beginning in:	The applicable percentage is:
1984	100
1985	80
1986	60
1987	40
1988	20
1989 or thereafter	0.

"(C) HIGH SURPLUS MUTUAL LIFE INSURANCE COMPANY.—The term 'high surplus mutual life insurance company' means any mutual life insurance company if, for the taxable year beginning in 1984, its equity percentage exceeded 130 percent of the numerical average of the equity percentages for the 50 largest mutual life insurance companies for such taxable year.

"(D) EQUITY PERCENTAGE.—The term 'equity percentage' means, with respect to any mutual life insurance company, the percentage which—

"(i) the average equity base of such company (determined under this section without regard to this subsection) for a taxable year bears to

"(ii) the average of—

"(I) the assets of such company as of the close of the preceding taxable year, and

"(II) the assets of such company as of the close of the taxable year.

For purposes of the preceding sentence, the assets of a company shall include all assets included under this section in its equity base.

"(E) 50 LARGEST MUTUAL LIFE INSURANCE COMPANIES.—The term '50 largest mutual life insurance companies' means a group (as determined by the Secretary) of mutual life insurance companies which consists of the 50 largest mutual life insurance companies which are subject to tax under this chapter.

"(3) DETERMINATION OF AVERAGE OF EQUITY PERCENTAGES FOR ALL COMPANIES.—The average of the equity percentages for the 50 largest mutual life insurance companies for any taxable year shall be such average as determined by the Secretary using the most recent data available as of the close of such taxable year.

"SEC. 810. OPERATIONS LOSS DEDUCTION.

"(a) DEDUCTION ALLOWED.—There shall be allowed as a deduction for the taxable year an amount equal to the aggregate of—

"(1) the operations loss carryovers to such year, plus

"(2) the operations loss carrybacks to such year.

For purposes of this part, the term 'operations loss deduction' means the deduction allowed by this subsection.

"(b) OPERATIONS LOSS CARRYBACKS AND CARRYOVERS.—

"(1) YEARS TO WHICH LOSS MAY BE CARRIED.—The loss from operations for any taxable year (hereinafter in this section referred to as the 'loss year') shall be—

"(A) an operations loss carryback to each of the 3 taxable years preceding the loss year,

"(B) an operations loss carryover to each of the 15 taxable years following the loss year, and

"(C) if the life insurance company is a new company for the loss year, an operations loss carryover to each of the 3 taxable years following the 15 taxable years described in subparagraph (B).

"(2) AMOUNT OF CARRYBACKS AND CARRYOVERS.—The entire amount of the loss from operations for any loss year shall be carried to the earliest of the taxable years to which (by reason of paragraph (1)) such loss may be carried. The portion of such loss which shall be carried to each of the other taxable years shall be the excess (if any) of the amount of such loss over the sum of the offsets (as defined in subsection (d)) for each of the prior taxable years to which such loss may be carried.

"(3) ELECTION FOR OPERATIONS LOSS CARRYBACKS.—In the case of a loss from operations for any taxable year, the taxpayer may elect to relinquish the entire carryback period for such loss. Such election shall be made by the due date (including extensions of time) for filing the return for the taxable year of the loss from operations for which the election is to be in effect, and, once made for any taxable year, such election shall be irrevocable for that taxable year.

"(c) COMPUTATION OF LOSS FROM OPERATIONS.—For purposes of this section—

"(1) IN GENERAL.—The term 'loss from operations' means the excess of the life insurance deductions for any taxable year over the life insurance gross income for such taxable year.

"(2) MODIFICATIONS.—For purposes of paragraph (1)—

"(A) the operations loss deduction shall not be allowed, and

"(B) the deductions allowed by sections 243 (relating to dividends received by corporations), 244 (relating to dividends received on certain preferred stock of public utilities), and 245 (relating to dividends received from certain foreign corporations) shall be computed without regard to section 246(b) as modified by section 805(a)(4).

"(d) OFFSET DEFINED.—

"(1) IN GENERAL.—For purposes of subsection (b)(2), the term 'offset' means, with respect to any taxable year, an amount equal to that increase in the operations loss deduction for the taxable year which reduces the life insurance company taxable income (computed without regard to paragraphs (2) and (3) of section 804) for such year to zero.

"(2) OPERATIONS LOSS DEDUCTION.—For purposes of paragraph (1), the operations loss deduction for any taxable year shall be computed without regard to the loss from operations for the loss year or for any taxable year thereafter.

"(e) NEW COMPANY DEFINED.—For purposes of this part, a life insurance company is a new company for any taxable year only if such taxable year begins not more than 5 years after the first day on which it (or any predecessor, if section 381(c)(22) applies) was authorized to do business as an insurance company.

"(f) APPLICATION OF SUBTITLES A AND F IN RESPECT OF OPERATION LOSSES.—Except as provided in section 805(b)(5), subtitles A and F shall apply in respect of operation loss carrybacks, operation loss carryovers, and the operations loss deduction under this part, in the same manner and to the same extent as such subtitles apply in respect of net operating loss carrybacks, net operating loss carryovers, and the net operating loss deduction.

"(g) TRANSITIONAL RULE.—For purposes of this section and section 812 (as in effect before the enactment of the Life Insurance Tax Act of 1984), this section shall be treated as a continuation of such section 812.

"Subpart D—Accounting, Allocation, and Foreign Provisions

"Sec. 811. Accounting provisions.

"Sec. 812. Definition of company's share and policyholders' share.

"Sec. 813. Foreign life insurance companies.

"Sec. 814. Contiguous country branches of domestic life insurance companies.

"Sec. 815. Distributions to shareholders from pre-1984 policyholders surplus account.

"SEC. 811. ACCOUNTING PROVISIONS.

"(a) METHOD OF ACCOUNTING.—All computations entering into the determination of the taxes imposed by this part shall be made—

"(1) under an accrual method of accounting, or

"(2) to the extent permitted under regulations prescribed by the Secretary, under a combination of an accrual method of accounting with any method permitted by this chapter (other than the cash receipts and disbursements method).

To the extent not inconsistent with the preceding sentence or any other provision of this part, all such computations shall be made in a manner consistent with the

manner required for purposes of the annual statement approved by the National Association of Insurance Commissioners.

"(b) AMORTIZATION OF PREMIUM AND ACCRUAL OF DISCOUNT.—

"(1) IN GENERAL.—The appropriate items of income, deductions, and adjustments under this part shall be adjusted to reflect the appropriate amortization of premium and the appropriate accrual of discount attributable to the taxable year on bonds, notes, debentures, or other evidences of indebtedness held by a life insurance company. Such amortization and accrual shall be determined—

"(A) in accordance with the method regularly employed by such company, if such method is reasonable, and

"(B) in all other cases, in accordance with regulations prescribed by the Secretary.

"(2) SPECIAL RULES.—

"(A) AMORTIZATION OF BOND PREMIUM.—In the case of any bond (as defined in section 171(d)), the amount of bond premium, and the amortizable bond premium for the taxable year, shall be determined under section 171(b) as if the election set forth in section 171(c) had been made.

"(B) CONVERTIBLE EVIDENCE OF INDEBTEDNESS.—In no case shall the amount of premium on a convertible evidence of indebtedness include any amount attributable to the conversion features of the evidence of indebtedness.

"(3) EXCEPTION.—No accrual of discount shall be required under paragraph (1) on any bond (as defined in section 171(d)), except in the case of discount which is—

"(A) interest to which section 103 applies, or

"(B) original issue discount (as defined in section 1232(b)).

"(c) NO DOUBLE COUNTING.—Nothing in this part shall permit—

"(1) a reserve to be established for any item unless the gross amount of premiums and other consideration attributable to such item are required to be included in life insurance gross income,

"(2) the same item to be counted more than once for reserve purposes, or

"(3) any item to be deducted (either directly or as an increase in reserves) more than once.

"(d) ALLOCATION IN CASE OF REINSURANCE AGREEMENT INVOLVING TAX AVOIDANCE OR EVASION.—In the case of 2 or more related persons (within the meaning of section 482) who are parties to a reinsurance agreement (or where one of the parties to a reinsurance agreement is, with respect to any contract covered by the agreement, in effect an agent of another party to such agreement or a conduit between related persons), the Secretary may—

"(1) allocate between or among such persons income (whether investment income, premium, or otherwise), deductions, assets, reserves, credits, and other items related to such agreement, or

"(2) recharacterize any such items,

if he determines that such allocation or recharacterization is necessary to reflect the proper source and character of the taxable income (or any item described in paragraph (1) relating to such taxable income) of each such person.

"(e) METHOD OF COMPUTING RESERVES ON CONTRACT WHERE INTEREST IS GUARANTEED BEYOND END OF TAXABLE YEAR.—For purposes of this part (other than section 816), amounts in the nature of interest to be paid or credited under any contract for any period which is computed at a rate which—

"(1) exceeds the prevailing State assumed interest rate for the contract for such period, and

"(2) is guaranteed beyond the end of the taxable year on which the reserves are being computed,

shall be taken into account in computing the reserves with respect to such contract as if such interest were guaranteed only up to the end of the taxable year.

"(f) SHORT TAXABLE YEARS.—If any return of a corporation made under this part is for a period of less than the entire calendar year (referred to in this subsection as 'short period'), then section 443 shall not apply in respect to such period, but life insurance company taxable income shall be determined, under regulations prescribed by the Secretary, on an annual basis by a ratable daily projection of the appropriate figures for the short period.

"SEC. 812. DEFINITION OF COMPANY'S SHARE AND POLICYHOLDERS' SHARE.

"(a) GENERAL RULE.—

"(1) COMPANY'S SHARE.—For purposes of section 805(a)(4), the term 'company's share' means, with respect to any taxable year, the percentage obtained by dividing—

"(A) the company's share of the net investment income for the taxable year, by

"(B) the net investment income for the taxable year.

"(2) POLICYHOLDERS' SHARE.—For purposes of section 807, the term 'policyholders' share' means, with respect to any taxable year, the excess of 100 percent over the percentage determined under paragraph (1).

"(b) COMPANY'S SHARE OF NET INVESTMENT INCOME.—

"(1) IN GENERAL.—For purposes of this section, the company's share of net investment income is the excess (if any) of—

"(A) the net investment income for the taxable year, over

"(B) the sum of—

"(i) the policy interest, for the taxable year, plus

"(ii) the gross investment income's proportionate share of policyholder dividends for the taxable year.

"(2) POLICY INTEREST.—For purposes of this subsection, the term 'policy interest' means—

"(A) required interest (at the prevailing State assumed rate) on reserves under section 807(c) (other than paragraph (2) thereof),

"(B) the deductible portion of excess interest, and

"(C) the deductible portion of any amount (whether or not a policyholder dividend), and not taken into account under subparagraph (A) or (B), credited to—

"(i) a policyholder's fund under a pension plan contract for employees (other than retired employees), or

"(ii) a deferred annuity contract before the annuity starting date.

"(3) GROSS INVESTMENT INCOME'S PROPORTIONATE SHARE OF POLICYHOLDER DIVIDENDS.—For purposes of paragraph (1), the gross investment income's proportionate share of policyholder dividends is—

"(A) the deduction for policyholders' dividends determined under sections 808 and 809 for the taxable year, but not including—

"(i) the deductible portion of excess interest,

"(ii) the deductible portion of policyholder dividends on contracts referred to in clauses (i) and (ii) of paragraph (2)(C), and

"(iii) the deductible portion of the premium and mortality charge adjustments with respect to contracts paying excess interest for such year,

multiplied by

"(B) the fraction—

"(i) the numerator of which is gross investment income for the taxable year (reduced by the policy interest for such year), and

"(ii) the denominator of which is gross income (including tax-exempt interest) reduced by the excess (if any) of the closing balance for the items described in section 807(c) over the opening balance for such items for the taxable year.

"(c) NET INVESTMENT INCOME.—For purposes of this section, the term 'net investment income' means 90 percent of gross investment income.

"(d) GROSS INVESTMENT INCOME.—For purposes of this section, the term 'gross investment income' means the sum of the following:

"(1) INTEREST, ETC.—The gross amount of income from—

"(A) interest (including tax-exempt interest), dividends, rents, and royalties,

"(B) the entering into of any lease, mortgage, or other instrument or agreement from which the life insurance company derives interest, rents, or royalties, and

"(C) the alteration or termination of any instrument or agreement described in subparagraph (B).

"(2) SHORT-TERM CAPITAL GAIN.—The amount (if any) by which the net short-term capital gain exceeds the net long-term capital loss.

"(3) TRADE OR BUSINESS INCOME.—The gross income from any trade or business (other than an insurance business) carried on by the life insurance company, or by a partnership of which the life insurance company is a partner. In computing gross income under this paragraph, there shall be excluded any item described in paragraph (1).

Except as provided in paragraph (2), in computing gross investment income under this subsection, there shall be excluded any gain from the sale or exchange of a capital asset, and any gain considered as gain from the sale or exchange of a capital asset.

"(e) DIVIDENDS FROM CERTAIN SUBSIDIARIES NOT INCLUDED IN GROSS INVESTMENT INCOME.—For purposes of this section, the term 'gross investment income' shall not include any dividend received by the life insurance company which is a 100-percent dividend (as defined in section 805(a)(4)(C)). Such term also shall not include any dividend described in section 805(a)(4)(D) (relating to certain dividends in the case of foreign corporations).

"(f) NO DOUBLE COUNTING.—Under regulations, proper adjustments shall be made in the application of this section to prevent an item from being counted more than once.

"SEC. 813. FOREIGN LIFE INSURANCE COMPANIES.

"(a) ADJUSTMENT WHERE SURPLUS HELD IN THE UNITED STATES IS LESS THAN SPECIFIED MINIMUM.—

"(1) IN GENERAL.—In the case of any foreign company taxable under this part, if—

"(A) the required surplus determined under paragraph (2), exceeds

"(B) the surplus held in the United States, then its income effectively connected with the conduct of an insurance business within the United States shall be increased by an amount determined by multiplying such excess by such company's current investment yield.

"(2) REQUIRED SURPLUS.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'required surplus' means the amount determined by multiplying the taxpayer's total insurance liabilities on United States business by a percentage for the taxable year determined and proclaimed by the Secretary under subparagraph (B).

"(B) DETERMINATION OF PERCENTAGE.—The percentage determined and proclaimed by the Secretary under this subparagraph shall be based on such data with respect to domestic life insurance companies for the preceding taxable year as the Secretary considers representative. Such percentage shall be computed on the basis of a ratio the numerator of which is the excess of the assets over the total insurance liabilities, and the denominator of which is the total insurance liabilities.

"(3) CURRENT INVESTMENT YIELD.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'current investment yield' means the percent obtained by dividing—

"(i) the net investment income on assets held in the United States, by

"(ii) the mean of the assets held in the United States during the taxable year.

"(B) DETERMINATIONS BASED ON AMOUNT SET FORTH IN THE ANNUAL STATEMENT.—Except as otherwise provided in regulations, determinations under subparagraph (A) shall be made on the basis of the amounts required to be set forth on the annual statement approved by the National Association of Insurance Commissioners.

"(4) OTHER DEFINITIONS.—For purposes of this subsection—

"(A) SURPLUS HELD IN THE UNITED STATES.—The surplus held in the United States is the excess of the assets (determined under section 806(b)(3)(C)) held in the United States over the total insurance liabilities on United States business.

"(B) TOTAL INSURANCE LIABILITIES.—For purposes of this subsection, the term 'total insurance liabilities' means the sum of the total reserves (as defined in section 816(c)) plus (to the extent not included in total reserves) the items referred to in paragraphs (3), (4), (5), and (6) of section 807(c).

"(5) REDUCTION OF SECTION 881 TAXES.—In the case of any foreign company taxable under this part, there shall be determined—

"(A) the amount which would be subject to taxes under section 881 if the amount taxable under such section were determined without regard to sections 103 and 894, and

"(B) the amount of the increase provided by paragraph (1).

The tax under section 881 (determined without regard to this paragraph) shall be reduced (but not below zero) by an amount which is the same proportion of such tax as the amount referred to in subparagraph (B) is of the amount referred to in subparagraph (A); but such reduction in taxes shall not exceed the increase in taxes under this part by reason of the increase provided by paragraph (1).

"(b) ADJUSTMENT TO LIMITATION ON DEDUCTION FOR POLICYHOLDER DIVIDENDS IN THE CASE OF FOREIGN MUTUAL LIFE INSURANCE COMPANIES.—For purposes of section 809, the equity base of any foreign mutual life insurance company as of the close of any taxable year shall be increased by the amount of any excess determined under paragraph (1) of subsection (a) with respect to such taxable year.

"(c) CROSS REFERENCE.—

"For taxation of foreign corporations carrying on life insurance business within the United States, see section 842.

"SEC. 814. CONTIGUOUS COUNTRY BRANCHES OF DOMESTIC LIFE INSURANCE COMPANIES.

"(a) EXCLUSION OF ITEMS.—In the case of a domestic mutual insurance company which—

"(1) is a life insurance company,

"(2) has a contiguous country life insurance branch, and

"(3) makes the election provided by subsection (g) with respect to such branch,

there shall be excluded from each item involved in the determination of life insurance company taxable income the items separately accounted for in accordance with subsection (c).

"(b) CONTIGUOUS COUNTRY LIFE INSURANCE BRANCH.—For purposes of this section, the term contiguous country life insurance branch means a branch which—

"(1) issues insurance contracts insuring risks in connection with the lives or health of residents of a country which is contiguous to the United States,

"(2) has its principal place of business in such contiguous country, and

"(3) would constitute a mutual life insurance company if such branch were a separate domestic insurance company.

For purposes of this section, the term 'insurance contract' means any life, health, accident, or annuity contract or reinsurance contract or any contract relating thereto.

"(c) SEPARATE ACCOUNTING REQUIRED.—Any taxpayer which makes the election provided by subsection (g) shall establish and maintain a separate account for the various income, exclusion, deduction, asset, reserve, liability, and surplus items properly attributable to the contracts described in subsection (b). Such separate accounting shall be made—

"(1) in accordance with the method regularly employed by such company, if such method clearly reflects income derived from, and the other items attributable to, the contracts described in subsection (b), and

"(2) in all other cases, in accordance with regulations prescribed by the Secretary.

"(d) RECOGNITION OF GAIN ON ASSETS IN BRANCH ACCOUNT.—If the aggregate fair market value of all the invested assets and tangible property which are separately accounted for by the domestic life insurance company in the branch account established pursuant to subsection (c) exceeds the aggregate adjusted basis of such assets for purposes of determining gain, then the domestic life insurance company shall be treated as having sold all such assets on the first day of the first taxable year for which the election is in effect at their fair market value on such first day. Notwithstanding any other provision of this chapter, the net gain shall be recognized to the domestic life insurance company on the deemed sale described in the preceding sentence.

"(e) TRANSACTIONS BETWEEN CONTIGUOUS COUNTRY BRANCH AND DOMESTIC LIFE INSURANCE COMPANY.—

"(1) REIMBURSEMENT FOR HOME OFFICE SERVICES, ETC.—Any payment, transfer, reimbursement, credit, or allowance which is made from a separate account established pursuant to subsection (c) to one or more other accounts of a domestic life insurance company as reimbursement for costs incurred for or with respect to the insurance (or reinsurance) of risks accounted for in such separate account shall be taken into account by the domestic life insurance company in the same manner as if such payment, transfer, reimbursement, credit, or allowance had been received from a separate person.

"(2) REPATRIATION OF INCOME.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), any amount directly or indirectly transferred or credited from a branch account established pursuant to subsection (c) to one or more other accounts of such company shall, unless such transfer or credit is a reimbursement to which paragraph (1) applies, be added to the income of the domestic life insurance company.

"(B) LIMITATION.—The addition provided by subparagraph (A) for the taxable year with respect to any contiguous country life insurance branch shall not exceed the amount by which—

"(i) the aggregate decrease in the tentative LICTI of the domestic life insurance company for the taxable year and for all prior taxable years resulting solely from the application of subsection (a) of this section with respect to such branch, exceeds

"(ii) the amount of additions to tentative LICTI pursuant to subparagraph (A) with respect to such contiguous country branch for all prior taxable years.

"(C) TRANSITIONAL RULE.—For purposes of this paragraph, in the case of a prior taxable year beginning before January 1, 1984, the term 'tentative LICTI' means life insurance company taxable income determined under this part (as in effect for such year) without regard to this paragraph.

"(f) OTHER RULES.—

"(1) TREATMENT OF FOREIGN TAXES.—

"(A) IN GENERAL.—No income, war profits, or excess profits taxes paid or accrued to any foreign country or possession of the United States which is attributable to income excluded under subsection (a) shall be taken into account for purposes of subpart A of part III of subchapter N (relating to foreign tax credit) or allowable as a deduction.

"(B) TREATMENT OF REPATRIATED AMOUNTS.—For purposes of sections 78 and 902, where any amount is added to the life insurance company taxable income of the domestic life insurance company by reason of subsection (e)(2), the contiguous country life insurance branch shall be treated as a foreign corporation. Any amount so added shall be treated as a dividend paid by a foreign corporation, and the taxes paid to any foreign country or possession of the United States with respect to such amount shall be deemed to have been paid by such branch.

"(2) UNITED STATES SOURCE INCOME ALLOCABLE TO CONTIGUOUS COUNTRY BRANCH.—For purposes of sections 881, 882, and 1442, each contiguous country life insurance branch shall be treated as a foreign corporation. Such sections shall be applied to each such branch in the same manner as if such sections contained the provisions of any treaty to which the United States and the contiguous country are parties, to the same extent such provisions would apply if such branch were incorporated in such contiguous country.

"(g) ELECTION.—A taxpayer may make the election provided by this subsection with respect to any contiguous country for any taxable year. An election made under this subsection for any taxable year shall remain in effect for all subsequent taxable years, except that it may be revoked with the consent of the Secretary. The election provided by this subsection shall be made not later than the time prescribed by law for filing the return for the taxable year (including

extensions thereof) with respect to which such election is made, and such election and any approved revocation thereof shall be made in the manner provided by the Secretary.

"(h) SPECIAL RULE FOR DOMESTIC STOCK LIFE INSURANCE COMPANIES.—At the election of a domestic stock life insurance company which has a contiguous country life insurance branch described in subsection (b) (without regard to the mutual requirement in subsection (b)(3)), the assets of such branch may be transferred to a foreign corporation organized under the laws of the contiguous country without the application of section 367 or 1491. Subsection (a) shall apply to the stock of such foreign corporation as if such domestic company were a mutual company and as if the stock were an item described in subsection (c). Subsection (e)(2) shall apply to amounts transferred or credited to such domestic company as if such domestic company and such foreign corporation constituted one domestic mutual life insurance company. The insurance contracts which may be transferred pursuant to this subsection shall include only those which are similar to the types of insurance contracts issued by a mutual life insurance company. Notwithstanding the first sentence of this subsection, if the aggregate fair market value of the invested assets and tangible property which are separately accounted for by the domestic life insurance company in the branch account exceeds the aggregate adjusted basis of such assets for purposes of determining gain, the domestic life insurance company shall be deemed to have sold all such assets on the first day of the taxable year for which the election under this subsection applies and the net gain shall be recognized to the domestic life insurance company on the deemed sale, but not in excess of the proportion of such net gain which equals the proportion which the aggregate fair market value of such assets which are transferred pursuant to this subsection is of the aggregate fair market value of all such assets.

"SEC. 815. DISTRIBUTIONS TO SHAREHOLDERS FROM PRE-1984 POLICYHOLDERS SURPLUS ACCOUNT.

"(a) GENERAL RULE.—The life insurance company taxable income (within the meaning of section 801(b)) for any taxable year of any stock life insurance company which has an existing policyholders surplus account shall be increased by any direct or indirect distribution to shareholders from such account. For purposes of the preceding sentence, the life insurance company taxable income (within the meaning of section 801(b)) shall be treated as not less than zero.

"(b) ORDERING RULE.—For purposes of this section, any distribution to shareholders shall be treated as made—

"(1) first out of the shareholders surplus account, to the extent thereof,

"(2) then out of the policyholders surplus account, to the extent thereof, and

"(3) finally, out of other accounts.

"(c) SHAREHOLDERS SURPLUS ACCOUNT.—

"(1) IN GENERAL.—Each stock life insurance company which has an existing policyholders surplus account shall continue its shareholders surplus account for purposes of this part.

"(2) ADDITIONS TO ACCOUNT.—The amount added to the shareholders surplus account for any taxable year beginning after December 31, 1983, shall be the excess of—

"(A) the sum of—

"(i) the life insurance company's taxable income (determined without regard to this section),

"(ii) the special deductions provided by section 806, and

"(iii) the deductions for dividends received provided by sections 243, 244, and 245 (as modified by section 805(a)(4)) and the amount of interest excluded from gross income under section 103, over

"(B) the taxes imposed for the taxable year by section 801 (determined without regard to this section).

"(3) SUBTRACTIONS FROM ACCOUNT.—There shall be subtracted from the shareholders surplus account for any taxable year the amount which is treated under this section as distributed out of such account.

"(d) POLICYHOLDERS SURPLUS ACCOUNT.—

"(1) IN GENERAL.—Each stock life insurance company which has an existing policyholders surplus account shall continue such account.

"(2) NO ADDITIONS TO ACCOUNT.—No amount shall be added to the policyholders surplus account for any taxable year beginning after December 31, 1983.

"(3) SUBTRACTIONS FROM ACCOUNT.—There shall be subtracted from the policyholders surplus account for any taxable year an amount equal to the sum of—

"(A) the amount which (without regard to subparagraph (B)) is treated under this section as distributed out of the policyholders surplus account, and

"(B) the amount by which the tax imposed for the taxable year by section 801 is increased by reason of this section.

"(e) EXISTING POLICYHOLDERS SURPLUS ACCOUNT.—For purposes of this section, the term 'existing policyholders surplus account' means any policyholders surplus account which has a balance as of the close of December 31, 1983.

"(f) OTHER RULES APPLICABLE TO POLICYHOLDERS SURPLUS ACCOUNT CONTINUED.—Except to the extent inconsistent with the provisions of this part, the provisions of subsections (d), (e), (f), and (g) of section 815 (and of sections 6501(c)(6), 6501(k), 6511(d)(6), 6601(d)(3), and 6611(f)(4)) as in effect before the enactment of the Life Insurance Tax Act of 1984 are hereby made applicable in respect of any policyholders surplus account for which there was a balance as of December 31, 1983.

"Subpart E—Definitions and Special Rules

"Sec. 816. Life insurance company defined.
"Sec. 817. Treatment of variable contracts.
"Sec. 818. Other definitions and special rules.

"SEC. 816. LIFE INSURANCE COMPANY DEFINED.

"(a) LIFE INSURANCE COMPANY DEFINED.—For purposes of this subtitle, the term 'life insurance company' means an insurance company which is engaged in the business of issuing life insurance and annuity contracts (either separately or combined with accident and health insurance), or noncancellable contracts of health and accident insurance, if—

"(1) its life insurance reserves (as defined in subsection (b)), plus

"(2) unearned premiums, and unpaid losses (whether or not ascertained), on noncancellable life, accident, or health policies not included in life insurance reserves,

comprise more than 50 percent of its total reserves (as defined in subsection (c)). For purposes of the preceding sentence, the term 'insurance company' means any company more than half of the business of which during the taxable year is the issuing of insurance or annuity contracts or the reinsuring of risks underwritten by insurance companies.

"(b) LIFE INSURANCE RESERVES DEFINED.—

"(1) IN GENERAL.—For purposes of this part, the term 'life insurance reserves' means amounts—

"(A) which are computed or estimated on the basis of recognized mortality or morbidity tables and assumed rates of interest, and

"(B) which are set aside to mature or liquidate, either by payment or reinsurance, future unaccrued claims arising from life insurance, annuity, and noncancellable accident and health insurance contracts (including life insurance or annuity contracts combined with noncancellable accident and health insurance) involving, at the time with respect to which the reserve is computed, life, accident, or health contingencies.

"(2) RESERVES MUST BE REQUIRED BY LAW.—Except—

"(A) in the case of policies covering life, accident, and health insurance combined in one policy issued on the weekly premium payment plan, continuing for life and not subject to cancellation, and

"(B) as provided in paragraph (3),

in addition to the requirements set forth in paragraph (1), life insurance reserves must be required by law.

"(3) ASSESSMENT COMPANIES.—In the case of an assessment life insurance company or association, the term 'life insurance reserves' includes—

"(A) sums actually deposited by such company or association with State officers pursuant to law as guaranty or reserve funds, and

"(B) any funds maintained, under the charter or articles of incorporation or association (or bylaws approved by a State insurance commissioner) of such company or association, exclusively for the payment of claims arising under certificates of membership or policies issued on the assessment plan and not subject to any other use.

"(4) AMOUNT OF RESERVES.—For purposes of this subsection, subsection (a), and subsection (c), the amount of any reserve (or portion thereof) for any taxable year shall be the mean of such reserve (or portion thereof) at the beginning and end of the taxable year.

"(c) TOTAL RESERVES DEFINED.—For purposes of subsection (a), the term 'total reserves' means—

"(1) life insurance reserves,

"(2) unearned premiums, and unpaid losses (whether or not ascertained), not included in life insurance reserves, and

"(3) all other insurance reserves required by law.

The term 'total reserves' does not include deficiency reserves (within the meaning of subsection (b)(4)).

"(d) ADJUSTMENTS IN RESERVES FOR POLICY LOANS.—For purposes only of determining under subsection (a) whether or not an insurance company is a life insurance company, the life insurance reserves, and the total reserves, shall each be reduced by an amount equal to the mean of the aggregates, at the beginning and end of the taxable year, of the policy loans outstanding with respect to contracts for which life insurance reserves are maintained.

"(e) GUARANTEED RENEWABLE CONTRACTS.—For purposes of this part, guaranteed renewable life, accident, and health insurance shall be treated in the same manner as non-

cancellable life, accident, and health insurance.

"(f) AMOUNTS NOT INVOLVING LIFE, ACCIDENT, OR HEALTH CONTINGENCIES.—For purposes only of determining under subsection (a) whether or not an insurance company is a life insurance company, amounts set aside and held at interest to satisfy obligations under contracts which do not contain permanent guarantees with respect to life, accident, or health contingencies shall not be included in life insurance reserves or in total reserves.

"(g) BURIAL AND FUNERAL BENEFIT INSURANCE COMPANIES.—A burial or funeral benefit insurance company engaged directly in the manufacture of funeral supplies or the performance of funeral services shall not be taxable under this part but shall be taxable under section 821 or section 831.

"SEC. 817. TREATMENT OF VARIABLE CONTRACTS.

"(a) INCREASES AND DECREASES IN RESERVES.—For purposes of subsections (a) and (b) of section 807, the sum of the items described in section 807(c) taken into account as of the close of the taxable year with respect to any variable contract shall, under regulations prescribed by the Secretary, be adjusted—

"(1) by subtracting therefrom an amount equal to the sum of the amounts added from time to time (for the taxable year) to the reserves separately accounted for in accordance with subsection (c) by reason of appreciation in value of assets (whether or not the assets have been disposed of), and

"(2) by adding thereto an amount equal to the sum of the amounts subtracted from time to time (for the taxable year) from such reserves by reason of depreciation in value of assets (whether or not the assets have been disposed of).

The deduction allowable for items described in paragraphs (1) and (6) of section 805(a) with respect to variable contracts shall be reduced to the extent that the amount of such items is increased for the taxable year by appreciation (or increased to the extent that the amount of such items is decreased for the taxable year by depreciation) not reflected in adjustments under the preceding sentence.

"(b) ADJUSTMENT TO BASIS OF ASSETS HELD IN SEGREGATED ASSET ACCOUNT.—In the case of variable contracts, the basis of each asset in a segregated asset account shall (in addition to all other adjustments to basis) be—

"(1) increased by the amount of any appreciation in value, and

"(2) decreased by the amount of any depreciation in value,

to the extent such appreciation and depreciation are from time to time reflected in the increases and decreases in reserves or other items referred to in subsection (a) with respect to such contracts.

"(c) SEPARATE ACCOUNTING.—For purposes of this part (other than section 809), a life insurance company which issues variable contracts shall separately account for the various income, exclusion, deduction, asset, reserve, and other liability items properly attributable to such variable contracts. For such items as are not accounted for directly, separate accounting shall be made—

"(1) in accordance with the method regularly employed by such company, if such method is reasonable, and

"(2) in all other cases, in accordance with regulations prescribed by the Secretary.

"(d) VARIABLE CONTRACT DEFINED.—For purposes of this part, the term 'variable contract' means a contract—

"(1) which provides for the allocation of all or part of the amounts received under the contract to an account which, pursuant to State law or regulation, is segregated from the general asset accounts of the company,

"(2) which—

"(A) provides for the payment of annuities, or

"(B) is a life insurance contract, and

"(3) under which—

"(A) in the case of an annuity contract, the amounts paid in, or the amount paid out, reflect the investment return and the market value of the segregated asset account, or

"(B) in the case of a life insurance contract, the amount of the death benefit (or the period of coverage) is adjusted on the basis of the investment return and the market value of the segregated asset account.

If a contract ceases to reflect current investment return and current market value, such contract shall not be considered as meeting the requirements of paragraph (3) after such cessation.

"(e) PENSION PLAN CONTRACTS TREATED AS PAYING ANNUITY.—A pension plan contract which is not a life, accident, health, property, casualty, or liability insurance contract shall be treated as a contract which provides for the payments of annuities for purposes of subsection (d).

"(f) OTHER SPECIAL RULES.—

"(1) LIFE INSURANCE RESERVES.—For purposes of subsection (b)(1)(A) of section 816, the reflection of the investment return and the market value of the segregated asset account shall be considered an assumed rate of interest.

"(2) ADDITIONAL SEPARATE COMPUTATIONS.—Under regulations prescribed by the Secretary, such additional separate computations shall be made, with respect to the items separately accounted for in accordance with subsection (c), as may be necessary to carry out the purposes of this section and this part.

"(g) VARIABLE ANNUITY CONTRACTS TREATED AS ANNUITY CONTRACTS.—For purposes of this part, the term 'annuity contract' includes a contract which provides for the payment of a variable annuity computed on the basis of—

"(1) recognized mortality tables, and

"(2)(A) the investment experience of a segregated asset account, or

"(B) the company-wide investment experience of the company.

Paragraph (2)(B) shall not apply to any company which issues contracts which are not variable contracts.

"(h) TREATMENT OF CERTAIN NONDIVERSIFIED CONTRACTS.—

"(1) IN GENERAL.—For purposes of subchapter L, section 72 (relating to annuities), and section 7702(a) (relating to definition of life insurance contract), a variable contract which is otherwise described in this section and which is based on a segregated asset account shall not be treated as an annuity, endowment, or life insurance contract unless the investments made by such account are, in accordance with regulations prescribed by the Secretary, adequately diversified. For purposes of the preceding sentence, beneficial interests in a regulated investment company or in a trust shall not be treated as one investment if all of the beneficial interests in such company or trust are held by one or more segregated asset accounts of the company issuing the contract.

"(2) SPECIAL RULE FOR VARIABLE LIFE INSURANCE CONTRACTS INVESTING IN UNITED STATES OBLIGATIONS.—In the case of a segregated asset account with respect to variable life insurance contracts, paragraph (1) shall not apply in the case of securities issued by the United States Treasury which are owned by a regulated investment company or by a trust all the beneficial interests in which are held by one or more segregated asset accounts of the company issuing the contract.

"(3) INDEPENDENT INVESTMENT ADVISORS PERMITTED.—Nothing in this subsection shall be construed as prohibiting the use of independent investment advisors.

"SEC. 818. OTHER DEFINITIONS AND SPECIAL RULES.

"(a) PENSION PLAN CONTRACTS.—For purposes of this part, the term 'pension plan contract' means any contract—

"(1) entered into with trusts which (as of the time the contracts were entered into) were deemed to be trusts described in section 401(a) and exempt from tax under section 501(a), (or trusts exempt from tax under section 165 of the Internal Revenue Code of 1939 or the corresponding provisions of prior revenue laws);

"(2) entered into under plans which (as of the time the contracts were entered into) were deemed to be plans described in section 403(a), or plans meeting the requirements of paragraphs (3), (4), (5), and (6) of section 165(a) of the Internal Revenue Code of 1939;

"(3) provided for employees of the life insurance company under a plan which, for the taxable year, meets the requirements of paragraphs (3), (4), (5), (6), (7), (8), (11), (12), (13), (14), (15), (16), (19), (20), and (22) of section 401(a);

"(4) purchased to provide retirement annuities for its employees by an organization which (as of the time the contracts were purchased) was an organization described in section 501(c)(3) which was exempt from tax under section 501(a) (or was an organization exempt from tax under section 101(6) of the Internal Revenue Code of 1939 or the corresponding provisions of prior revenue laws), or purchased to provide retirement annuities for employees described in section 403(b)(1)(A)(ii) by an employer which is a State, a political subdivision of a State, or an agency or instrumentality of any one or more of the foregoing;

"(5) entered into with trusts which (at the time the contracts were entered into) were individual retirement accounts described in section 408(a) or under contracts entered into with individual retirement annuities described in section 408(b); or

"(6) purchased by—

"(A) a governmental plan (within the meaning of section 414(d)), or

"(B) the Government of the United States, the government of any State or political subdivision thereof, or by any agency or instrumentality of the foregoing, for use in satisfying an obligation of such government, political subdivision, or agency or instrumentality to provide a benefit under a plan described in subparagraph (A).

"(b) TREATMENT OF CAPITAL GAINS AND LOSSES, ETC.—In the case of a life insurance company—

"(1) in applying section 1231(a), the term 'property used in the trade or business' shall be treated as including only—

"(A) property used in carrying on an insurance business, of a character which is subject to the allowance for depreciation provided in section 167, held for more than

1 year, and real property used in carrying on an insurance business, held for more than 1 year, which is not described in section 1231(b)(1) (A), (B), or (C), and

"(B) property described in section 1231(b)(2), and

"(2) in applying section 1221(2), the reference to property used in trade or business shall be treated as including only property used in carrying on an insurance business.

"(c) GAIN ON PROPERTY HELD ON DECEMBER 31, 1958 AND CERTAIN SUBSTITUTED PROPERTY ACQUIRED AFTER 1958.—

"(1) PROPERTY HELD ON DECEMBER 31, 1958.—In the case of property held by the taxpayer on December 31, 1958, if—

"(A) the fair market value of such property on such date exceeds the adjusted basis for determining gain as of such date, and

"(B) the taxpayer has been a life insurance company at all times on and after December 31, 1958,

the gain on the sale or other disposition of such property shall be treated as an amount (not less than zero) equal to the amount by which the gain (determined without regard to this subsection) exceeds the difference between the fair market value on December 31, 1958, and the adjusted basis for determining gain as of such date.

"(2) CERTAIN PROPERTY ACQUIRED AFTER DECEMBER 31, 1958.—In the case of property acquired after December 31, 1958, and having a substituted basis (within the meaning of section 1016(b))—

"(A) for purposes of paragraph (1), such property shall be deemed held continuously by the taxpayer since the beginning of the holding period thereof, determined with reference to section 1223,

"(B) the fair market value and adjusted basis referred to in paragraph (1) shall be that of that property for which the holding period taken into account includes December 31, 1958,

"(C) paragraph (1) shall apply only if the property or properties the holding periods of which are taken into account were held only by life insurance companies after December 31, 1958, during the holding periods so taken into account,

"(D) the difference between the fair market value and adjusted basis referred to in paragraph (1) shall be reduced (to not less than zero) by the excess of (i) the gain that would have been recognized but for this subsection on all prior sales or dispositions after December 31, 1958, of properties referred to in subparagraph (C), over (ii) the gain which was recognized on such sales or other dispositions, and

"(E) the basis of such property shall be determined as if the gain which would have been recognized but for this subsection were recognized gain.

"(3) PROPERTY DEFINED.—For purposes of paragraphs (1) and (2), the term 'property' does not include insurance and annuity contracts and property described in paragraph (1) of section 1221.

"(d) INSURANCE OR ANNUITY CONTRACT INCLUDES CONTRACTS SUPPLEMENTARY THERETO.—For purposes of this part, the term 'insurance or annuity contract' includes any contract supplementary thereto.

"(e) SPECIAL RULE FOR CONSOLIDATED RETURNS.—If an election under section 1504(c)(2) is in effect with respect to an affiliated group for the taxable year, all items of the members of such group which are not life insurance companies shall not be taken into account in determining the amount of the tentative LICTI of members of such group which are life insurance companies.

"(f) ALLOCATION OF CERTAIN ITEMS FOR PURPOSES OF FOREIGN TAX CREDIT, ETC.—

"(1) IN GENERAL.—Under regulations, in applying sections 861, 862, and 863 to a life insurance company, the deduction for policyholder dividends (determined under section 808(c)), reserve adjustments under subsections (a) and (b) of section 807, and death benefits and other amounts described in section 805(a)(1) shall be treated as items which cannot definitely be allocated to an item or class of gross income.

"(2) ELECTION OF ALTERNATIVE ALLOCATION.—

"(A) IN GENERAL.—On or before September 15, 1984, any life insurance company may elect to treat items described in paragraph (1) as properly apportioned or allocated among items of gross income to the extent (and in the manner) prescribed in regulations.

"(B) ELECTION IRREVOCABLE.—Any election under subparagraph (A), once made, may be revoked only with the consent of the Secretary.".

(b) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Subclause (IV) of section 72(e)(5)(D)(i) is amended by striking out "section 805(d)(3)" and inserting in lieu thereof "section 818(a)(3)".

(2) Subsection (a) of section 80 (relating to restoration of value of certain securities) is amended by striking out "802" and inserting in lieu thereof "801".

(3)(A) Subparagraph (C) of section 243(b)(3) (relating to effect of election) is amended by striking out clause (iii), by adding "and" at the end of clause (ii), and by redesignating clause (iv) as clause (iii).

(B) Paragraph (6) of section 243(b) (relating to special rules for insurance companies) is amended by striking out "section 802" and inserting in lieu thereof "section 801".

(4) Subsection (d) of section 381 (relating to carryover in certain corporate acquisitions) is amended by striking out "section 812(f)" and inserting in lieu thereof "section 810".

(5) Paragraph (24) of section 401(a) (relating to qualified pension, profit-sharing, and stock bonus plans) is amended by striking out "section 805(d)(6)" and inserting in lieu thereof "section 818(a)(6)".

(6)(A) Paragraph (1) of section 453B(e) (relating to life insurance companies) is amended by striking out "section 801(a)" and inserting in lieu thereof "section 816(a)".

(B) Paragraph (2) of section 453B(e) is amended to read as follows:

"(2) SPECIAL RULE WHERE LIFE INSURANCE COMPANY ELECTS TO TREAT INCOME AS NOT RELATED TO INSURANCE BUSINESS.—Paragraph (1) shall not apply to any transfer or deemed transfer of an installment obligation if the life insurance company elects (at such time and in such manner as the Secretary may by regulations prescribe) to determine its life insurance company taxable income—

"(A) by returning the income on such installment obligation under the installment method prescribed in section 453, and

"(B) as if such income were an item attributable to a noninsurance business (as defined in section 806(c)(3)).".

(7) Paragraph (5) of section 542(b) (relating to certain dividend income received from a nonincludible life insurance company) is amended by striking out "section 802" and inserting in lieu thereof "section 801".

(8) Subsection (b) of section 594 (relating to alternative tax for mutual savings banks conducting life insurance business) is amended by striking out "section 801" and inserting in lieu thereof "section 816".

(9) Paragraph (4) of section 832(b) (defining premiums earned) is amended by striking out "section 801(b)" and inserting in lieu thereof "section 816(b) but determined as provided in section 807" and by striking out "section 801" and inserting in lieu thereof "section 816".

(10) Section 841 (relating to credit for foreign taxes) is amended—

(A) by striking out "section 802," each place it appears and inserting in lieu thereof "section 801,", and

(B) by striking out "section 802(b)" and inserting in lieu thereof "section 801(b)".

(11)(A) Subsection (a) of section 844 (relating to special loss carryover rules) is amended—

(i) by striking out "section 812," and inserting in lieu thereof "section 810 (or the corresponding provisions of prior law),", and

(ii) by striking out "section 812(a)" and inserting in lieu thereof "section 810(a)".

(B) Subsection (b) of section 844 is amended—

(i) by striking out "section 812(a)" and inserting in lieu thereof "section 810(a)", and

(ii) by striking out "section 812(b)(1)(C)" in paragraph (2) and inserting in lieu thereof "section 810(b)(1)(C)".

(12) Section 891 (relating to doubling of rates of tax on citizens and corporations of certain foreign countries) is amended by striking out "802" and inserting in lieu thereof "801".

(13)(A) Subsection (b) of section 953 (relating to income from insurance of United States risks) is amended by striking out paragraph (1) and by redesignating paragraphs (2), (3), (4), and (5) as paragraphs (1), (2), (3), and (4), respectively.

(B) Paragraph (2) of section 953(b), as redesignated by subparagraph (A), is amended to read as follows:

"(2) The following provisions of subchapter L shall not apply:

"(A) The special life insurance company deduction and the small life insurance company deduction.

"(B) Section 805(a)(5) (relating to operations loss deduction).

"(C) Section 832(c)(5) (relating to certain capital losses).".

(C) Paragraph (3) of section 953(b), as redesignated by subparagraph (A), is amended by—

(i) striking out "section 809(c)(1)" and inserting in lieu thereof "section 803(a)(1)", and

(ii) by striking out "section 809(c)(2)" and inserting in lieu thereof "section 803(a)(2)", and

(iii) by striking out "section 809(d)(2)" and inserting in lieu thereof "section 805(a)(2)".

(D) Paragraph (2) of section 953(a) is amended by striking out ", (2), and (3)" and inserting in lieu thereof "and (2)".

(E) Paragraph (4) of section 953(b), as redesignated by subparagraph (A), is amended by striking out "paragraph (4)" and inserting in lieu thereof "paragraph (3)".

(14) Paragraph (17) of section 1016(a) is amended by striking out "section 818(b)" each place it appears and inserting in lieu thereof "section 811(b)".

(15) Paragraph (1) of section 1035(b) (defining endowment contract) is amended by striking out "section 801" and inserting in lieu thereof "section 816".

(16) Paragraph (1) of section 1201(b) (relating to cross references) is amended by

striking out "section 802(a)(2)" and inserting in lieu thereof "section 801(a)(2)".

(17) Subparagraph (B) of section 1232A(c)(4) (relating to original issue discount) is amended by striking out "section 818(b)" and inserting in lieu thereof "section 811(b)".

(18)(A) Paragraph (1) of section 1351(a) (relating to treatment of recoveries of foreign expropriation losses) is amended by striking out "802" each place it appears and inserting in lieu thereof "801".

(B) Paragraph (2) of section 1351(c) (relating to amount of recovery) is amended by striking out "section 810(c)" and inserting in lieu thereof "section 807(c)".

(C) Paragraph (3) of section 1351(i) (relating to adjustments for succeeding years) is amended by striking out "section 812" and inserting in lieu thereof "section 810".

(19)(A) Subsection (c) of section 1503 (relating to special rules for application of certain losses against income of insurance companies taxed under section 802) is amended by striking out "section 802" each place it appears and inserting in lieu thereof "section 801".

(B) Paragraph (1) of section 1503(c) is amended by striking out the third sentence.

(C) The subsection heading of section 1503(c) is amended by striking out "SECTION 802" and inserting in lieu thereof "SECTION 801".

(20) Subsections (b)(2), (c)(1), and (c)(2)(A) of section 1504 (defining affiliated group) are each amended by striking out "section 802" and inserting in lieu thereof "section 801".

(21)(A) Subsection (a) of section 1561 (relating to limitations on certain multiple tax benefits in the case of certain controlled corporations) is amended—

(i) by striking out paragraphs (3) and (4), by adding "and" at the end of paragraph (1), and by striking out the comma at the end of paragraph (2) and inserting in lieu thereof a period, and

(ii) by striking out "paragraphs (2), (3), and (4)" in the last sentence and inserting in lieu thereof "paragraph (2)".

(B) Subsection (b) of section 1561 is amended—

(i) by striking out paragraphs (3) and (4) and by adding "and" at the end of paragraph (1), and

(ii) by striking out ", (2), (3), or (4)" and inserting in lieu thereof "or (2)".

(22) Subsections (a)(4) and (b)(2)(D) of section 1563 (defining controlled group of corporations) are each amended by striking out "section 802" and inserting in lieu thereof "section 801".

(23) Paragraph (2) of section 4371 (relating to imposition of tax on policies issued by foreign insurers) is amended by striking out "section 819" and inserting in lieu thereof "section 813".

(24)(A) Subsection (c) of section 6501 (relating to limitations on assessment and collection) is amended by striking out paragraph (6) and by redesignating paragraph (7) as paragraph (6).

(B) Subsection (k) of section 6501 (relating to reductions of policyholders surplus account of life insurance companies) is hereby repealed.

(25) Subsection (d) of section 6511 (relating to limitations on credit or refund) is amended by striking out paragraph (6) and by redesignating paragraph (7) as paragraph (6).

(26) Subsection (d) of section 6601 (relating to interest on underpayments, etc.) is amended by striking out paragraph (3) and by redesignating paragraph (4) as paragraph (3).

(27) Subsection (f) of section 6611 (relating to interest on overpayments) is amended by striking out paragraph (4).

PART II—EFFECTIVE DATE; TRANSITIONAL RULES

Subpart A—Effective Date

SEC. 215. EFFECTIVE DATE.

The amendments made by this subtitle shall apply to taxable years beginning after December 31, 1983.

Subpart B—Transitional Rules

SEC. 216. RESERVES COMPUTED ON NEW BASIS; FRESH START.

(a) IN GENERAL.—As of the beginning of the first taxable year beginning after December 31, 1983, for purposes of subchapter L of the Internal Revenue Code of 1954 (other than section 816 thereof), the reserve for any contract shall be recomputed as if the amendments made by this subtitle had applied to such contract when it was issued.

(b) FRESH START.—

(1) IN GENERAL.—Except as provided in paragraph (2), in the case of any life insurance company, any change in the method of accounting (and any change in the method of computing reserves) between such company's first taxable year beginning after December 31, 1983, and the preceding taxable year which is required solely by the amendments made by this subtitle shall be treated as not being a change in the method of accounting (or change in the method of computing reserves) for purposes of the Internal Revenue Code of 1954.

(2) TREATMENT OF ADJUSTMENTS FROM YEARS BEFORE 1984.—

(A) ADJUSTMENTS ATTRIBUTABLE TO DECREASES IN RESERVES.—No adjustment under section 810(d) of the Internal Revenue Code of 1954 (as in effect on the day before the date of the enactment of this Act) attributable to any decrease in reserves as a result of a change in a taxable year beginning before 1984 shall be taken into account in any taxable year beginning after 1983.

(B) ADJUSTMENTS ATTRIBUTABLE TO INCREASES IN RESERVES.—

(i) IN GENERAL.—Any adjustment under section 810(d) of the Internal Revenue Code of 1954 (as so in effect) attributable to an increase in reserves as a result of a change in a taxable year beginning before 1984 shall be taken into account in taxable years beginning after 1983 to the extent that—

(I) the amount of the adjustments which would be taken into account under such section in taxable years beginning after 1983 without regard to this subparagraph, exceeds

(II) the amount of any fresh start adjustment attributable to contracts for which there was such an increase in reserves as a result of such change.

(ii) FRESH START ADJUSTMENT.—For purposes of clause (i), the fresh start adjustment with respect to any contract is the excess (if any) of—

(I) the reserve attributable to such contract as of the close of the taxpayer's last taxable year beginning before January 1, 1984, over

(II) the reserve for such contract as of the beginning of the taxpayer's first taxable year beginning after 1983 as recomputed under subsection (a) of this section.

(C) RELATED INCOME INCLUSIONS NOT TAKEN INTO ACCOUNT TO THE EXTENT DEDUCTION DISALLOWED UNDER SUBPARAGRAPH (B).—NO PREMIUM SHALL BE INCLUDED IN INCOME TO THE EXTENT SUCH PREMIUM IS DIRECTLY RELATED TO AN INCREASE IN A RESERVE FOR WHICH A DEDUCTION IS DISALLOWED BY SUBPARAGRAPH (B).

(3) REINSURANCE TRANSACTIONS AND RESERVE STRENGTHENING AFTER SEPTEMBER 27, 1983.—

(A) IN GENERAL.—Except as provided in this paragraph—

(i) any reinsurance agreement entered into after September 27, 1983, and before the first day of the first taxable year beginning after December 31, 1983,

(ii) any modification of any reinsurance agreement after September 27, 1983, and before such first day, and

(iii) any reserve strengthening reported for Federal income tax purposes after September 27, 1983, for a taxable year ending before such first day,

shall not be taken into account for Federal income tax purposes until such first day.

(B) EXCEPTIONS FOR DETERMINING WHETHER COMPANY IS A LIFE INSURANCE COMPANY, ETC.—Subparagraph (A) shall not apply for purposes of sections 801 and 815 of the Internal Revenue Code of 1954 (as in effect on the day before the date of the enactment of this Act).

(C) EXCEPTION FOR COMPUTATION OF RESERVES ON NEW CONTRACTS IN CUSTOMARY MANNER.—Subparagraph (A)(iii) shall not apply to the computation of reserves on any contract issued if such computation employs the reserve practice used for purposes of the most recent annual statement filed before September 27, 1983, for the type of contract with respect to which such reserves are set up.

(4) ELECTIONS UNDER SECTION 818(C) AFTER SEPTEMBER 27, 1983, NOT TO TAKE EFFECT.—

(A) IN GENERAL.—Except as provided in subparagraph (B), any election after September 27, 1983, under section 818(c) of the Internal Revenue Code of 1954 (as in effect on the day before the date of the enactment of this Act) shall not take effect.

(B) EXCEPTION FOR CERTAIN CONTRACTS ISSUED UNDER PLAN OF INSURANCE FIRST FILED AFTER MARCH 1, 1982, AND BEFORE SEPTEMBER 28, 1983.—Subparagraph (A) shall not apply to any election under such section 818(c) if more than 95 percent of the reserves computed in accordance with such election are attributable to risks under life insurance contracts issued by the taxpayer under a plan of insurance first filed after March 1, 1982, and before September 28, 1983.

(5) RECAPTURE OF REINSURANCE AFTER DECEMBER 31, 1983.—If (A) insurance or annuity contracts in force on December 31, 1983, are subject to an indemnity reinsurance agreement entered into after December 31, 1981, (B) paragraph (3) of this subsection does not apply, and (C) such contracts are recaptured by the reinsured in any taxable year beginning after December 31, 1983, then—

(i) if the amount of the reserves with respect to the recaptured contracts, computed at the date of recapture, that the reinsurer would have taken into account under section 810(c) of the Internal Revenue Code of 1954 (as in effect on the day before the date of the enactment of this Act) exceeds the amount of the reserves with respect to the recaptured contracts, computed at the date of recapture, taken into account by the reinsurer under section 807(c) of the Internal Revenue Code of 1954 (as amended by this subtitle), such excess (but not greater than the amount of such excess if computed on January 1, 1984) shall be taken into account by the reinsurer under the method de-

scribed in section 807(f)(1)(B)(ii) of the Internal Revenue Code of 1954 (as amended by this subtitle) commencing with the taxable year of recapture, and

(ii) the amount, if any, taken into account by the reinsurer under clause (i) for purposes of part I of subchapter L of chapter 1 of the Internal Revenue Code of 1954 shall be taken into account by the reinsured under the method described in section 807(f)(1)(B)(i) of the Internal Revenue Code of 1954 (as amended by this subtitle) commencing with the taxable year of recapture.

(c) ELECTION NOT TO HAVE RESERVES RECOMPUTED.—

(1) IN GENERAL.—If a qualified life insurance company makes an election under this paragraph—

(A) subsection (a) shall not apply to such company, and

(B) as of the beginning of the first taxable year beginning after December 31, 1983, and thereafter, the reserve for any contract issued before the first day of such taxable year by such company shall be the statutory reserve for such contract (within the meaning of section 809(b)(4)(B)(i) of the Internal Revenue Code of 1954).

(2) ELECTION WITH RESPECT TO CONTRACTS ISSUED AFTER 1983 AND BEFORE 1989.—

(A) IN GENERAL.—If—

(i) a qualified life insurance company makes an election under paragraph (1), and

(ii) the tentative LICTI (within the meaning of section 806(c) of such Code) of such company for its first taxable year beginning after December 31, 1983, does not exceed $3,000,000,

such company may elect under this paragraph to have the reserve for any contract issued on or after the first day of such first taxable year and before January 1, 1989, be equal to the statutory reserve for such contract, adjusted as provided in subparagraph (B).

(B) ADJUSTMENT TO RESERVES.—If this paragraph applies to any contract, the statutory reserves for such contract shall be adjusted as provided under section 805(c)(1) of such Code (as in effect for taxable years beginning in 1982 and 1983), except that section 805(c)(1)(B)(ii) of such Code (as so in effect) shall be applied by substituting—

(i) the prevailing State assumed interest rate (within the meaning of section 807(c)(4) of such Code), for

(ii) the adjusted reserves rate.

(3) QUALIFIED LIFE INSURANCE COMPANY.—For purposes of this subsection, the term "qualified life insurance company" means any life insurance company which, as of December 31, 1983, had assets of less than $500,000,000 (determined in the same manner as under section 806(b)(3) of such Code).

(4) SPECIAL RULES FOR CONTROLLED GROUPS.—For purposes of applying the dollar limitations of paragraphs (2) and (3), rules similar to the rules of section 806(d) of such Code shall apply.

(5) ELECTIONS.—Any election under paragraph (1) or (2)—

(A) shall be made at such time and in such manner as the Secretary of the Treasury may prescribe, and

(B) once made, shall be irrevocable.

SEC. 217. OTHER SPECIAL RULES.

(a) NEW SECTION 814 TREATED AS CONTINUATION OF SECTION 819A.—For purposes of section 814 of the Internal Revenue Code of 1954 (relating to contiguous country branches of domestic life insurance companies)—

(1) any election under section 819A of such Code (as in effect on the day before the date of the enactment of this Act) shall be treated as an election under such section 814, and

(2) any reference to a provision of such section 814 shall be treated as including a reference to the corresponding provision of such section 819A.

(b) TREATMENT OF ELECTIONS UNDER SECTION 453B(e)(2).—If an election is made under section 453B(e)(2) before January 1, 1984, with respect to any installment obligation, any income from such obligation shall be treated as attributable to a noninsurance business (as defined in section 806(c)(3) of the Internal Revenue Code of 1954).

(c) DETERMINATION OF TENTATIVE LICTI WHERE CORPORATION MADE CERTAIN ACQUISITIONS IN 1980, 1981, 1982, AND 1983.—If—

(1) a corporation domiciled in Alabama, Oklahoma, or Texas acquired the assets of one or more insurance companies after 1979 and before April 1, 1983, and

(2) the bases of such assets in the hands of the corporation were determined under section 334(b)(2) of the Internal Revenue Code of 1954 or such corporation made an election under section 338 of such Code with respect to such assets,

then the tentative LICTI of the corporation holding such assets for taxable years beginning after December 31, 1983, shall, for purposes of determining the amount of the special deductions under section 806 of such Code, be increased by the deduction allowable under chapter 1 of such Code for the amortization of the cost of insurance contracts acquired in such asset acquisition (and any portion of any operations loss deduction attributable to such amortization).

(d) SPECIAL RULE FOR ALLOCATION IN CASE OF REINSURANCE AGREEMENTS.—Subsection (d) of section 811 of the Internal Revenue Code of 1954 (as amended by this title) shall not apply with respect to any risk arising and reinsured before September 27, 1983, under a reinsurance agreement entered into before such date.

(e) TREATMENT OF CERTAIN COMPANIES OPERATING BOTH AS STOCK AND MUTUAL COMPANY.—If, during the 10-year period ending on December 31, 1983, a company has, as authorized by the law of the State in which the company is domiciled, been operating as a mutual life insurance company with shareholders, such company shall be treated as a stock life insurance company.

(f) TREATMENT OF CERTAIN ASSESSMENT LIFE INSURANCE COMPANIES.—

(1) MORTALITY AND MORBIDITY TABLES.—In the case of a contract issued by an assessment life insurance company, the mortality and morbidity tables used in computing statutory reserves for such contract shall be used for purposes of paragraph (2)(C) of section 807(d) of the Internal Revenue Code of 1954 (as amended by this subtitle) if such tables were—

(A) in use since 1965, and

(B) developed on the basis of the experience of assessment life insurance companies in the State in which such assessment life insurance company is domiciled.

(2) TREATMENT OF CERTAIN MUTUAL ASSESSMENT LIFE INSURANCE COMPANIES.—In the case of any contract issued by a mutual assessment life insurance company which—

(A) has been in existence since 1965, and

(B) operates under chapter 13 or 14 of the Texas Insurance Code,

for purposes of part I of subchapter L of chapter 1 of the Internal Revenue Code of 1954, the amount of the life insurance reserves for such contract shall be equal to the amount taken into account with respect to such contract in determining statutory reserves.

(3) STATUTORY RESERVES.—For purposes of this subsection, the term "statutory reserves" has the meaning given to such term by section 809(b)(4)(B) of such Code.

(g) TREATMENT OF REINSURANCE AGREEMENTS REQUIRED BY NAIC.—Effective for taxable years beginning after December 31, 1981, and before January 1, 1984, subsections (c)(1)(F) and (d)(12) of section 809 of the Internal Revenue Code of 1954 (as in effect on the day before the date of the enactment of this Act) shall not apply to dividends to policyholders reimbursed to the taxpayer by a reinsurer in respect of accident and health policies reinsured under a reinsurance agreement entered into before June 30, 1955, pursuant to the direction of the National Association of Insurance Commissioners and approved by the State insurance commissioner of the taxpayer's State of domicile. For purposes of subchapter L of chapter 1 of such Code (as in effect on the day before the date of the enactment of this Act), any such dividends shall be treated as dividends of the reinsurer and not the taxpayer.

(h) SPECIAL RULE FOR INSURANCE COMPANIES REQUIRED TO DIVEST REINSURANCE BUSINESS.—No amount shall be required to be included in life insurance company taxable income (within the meaning of section 801(b) of the Internal Revenue Code of 1954) under section 815 of such Code by reason of the divestiture of the reinsurance business of a life insurance company, pursuant to an order by the Board of Governors of the Federal Reserve System requiring such divestiture by September 1, 1984.

(i) DETERMINATION OF ASSETS OF CONTROLLED GROUP FOR PURPOSES OF SMALL LIFE INSURANCE COMPANY DEDUCTION FOR 1984.—

(1) IN GENERAL.—For purposes of applying paragraph (2) of section 806(d) of the Internal Revenue Code of 1954 (relating to nonlife insurance members included for asset test) for the first taxable year beginning after December 31, 1983, the members of the controlled group referred to in such paragraph shall be treated as including only those members of such group which are described in paragraph (2) of this subsection if—

(A) an election under section 1504(c)(2) of such Code is not in effect for the controlled group for such taxable year,

(B) during such taxable year, the controlled group does not include a member which is taxable under part I of subchapter L of chapter 1 of such Code and which became a member of such group after September 27, 1983, and

(C) the sum of the contributions to capital received by members of the controlled group which are taxable under such part I during such taxable year from the members of the controlled group which are not taxable under such part does not exceed the aggregate dividends paid during such taxable year by the members of such group which are taxable under such part I.

(2) MEMBERS OF GROUP TAKEN INTO ACCOUNT.—For purposes of paragraph (1), the members of the controlled group which are described in this paragraph are—

(A) any financial institution to which section 585 or 593 of such Code applies,

(B) any lending or finance business (as defined by section 542(d)),

(C) any insurance company subject to tax imposed by subchapter L of chapter 1 of such Code, and

(D) any securities broker.

(j) SPECIAL ELECTION TO TREAT INDIVIDUAL NONCANCELLABLE ACCIDENT AND HEALTH CONTRACTS AS CANCELLABLE.—

(1) IN GENERAL.—A mutual life insurance company may elect to treat all individual noncancellable (or guaranteed renewable) accident and health insurance contracts as though they were cancellable for purposes of subchapter L of chapter 1 of the Internal Revenue Code of 1954.

(2) EFFECT OF ELECTION ON SUBSIDIARIES OF ELECTING PARENT.—

(A) TREATED AS MUTUAL LIFE INSURANCE COMPANY.—Any stock life insurance company which is a member of an affiliated group which has a common parent which made an election under paragraph (1), for purposes of part I of subchapter L of the Internal Revenue Code of 1954, such stock life insurance company shall be treated as though it were a mutual life insurance company.

"(B) INCOME OF ELECTING PARENT TAKEN INTO ACCOUNT IN DETERMINING SMALL LIFE INSURANCE COMPANY DEDUCTION OF ANY SUBSIDIARY.—For purposes of determining the amount of the small life insurance company deduction of any controlled group which includes a mutual company which made an election under paragraph (1), the taxable income of such electing company shall be taken into account under section 806(b)(2) of the Internal Revenue Code of 1954 (relating to phase-out of small life insurance company deduction).

(3) ELECTION.—An election under paragraph (1) shall apply to the company's first taxable year beginning after December 31, 1983, and all taxable years thereafter.

(4) TIME AND MANNER.—An election under paragraph (1) shall be made at such time and in such manner as the Secretary of the Treasury or his delegate may prescribe.

SEC. 218. UNDERPAYMENTS OF ESTIMATED TAX FOR 1984.

No addition to the tax shall be made under section 6655 of the Internal Revenue Code of 1954 (relating to failure by corporation to pay estimated tax) with respect to any underpayment of an installment required to be paid before the date of the enactment of this Act to the extent—

(1) such underpayment was created or increased by any provision of this subtitle, and

(2) such underpayment is paid in full on or before the last date prescribed for payment of the first installment of estimated tax required to be paid after the date of the enactment of this Act.

Subtitle B—Taxation of Life Insurance Products

SEC. 221. DEFINITION OF LIFE INSURANCE CONTRACT.

(a) GENERAL RULE.—Chapter 79 (relating to definitions) is amended by adding at the end thereof the following new section:

"SEC. 7702. LIFE INSURANCE CONTRACT DEFINED.

"(a) GENERAL RULE.—For purposes of this title, the term 'life insurance contract' means any contract which is a life insurance contract under the applicable law, but only if such contract—

"(1) meets the cash value accumulation test of subsection (b), or

"(2)(A) meets the guideline premium requirements of subsection (c), and

"(B) falls within the cash value corridor of subsection (d).

"(b) CASH VALUE ACCUMULATION TEST FOR SUBSECTION (a)(1).—

"(1) IN GENERAL.—A contract meets the cash value accumulation test of this subsection if, by the terms of the contract, the cash surrender value of such contract may not at any time exceed the net single premium which would have to be paid at such time to fund future benefits under the contract.

"(2) RULES FOR APPLYING PARAGRAPH (1).—Determinations under paragraph (1) shall be made—

"(A) on the basis of interest at the greater of an annual effective rate of 4 percent or the rate or rates guaranteed on issuance of the contract,

"(B) on the basis of the rules of subparagraph (B)(i) (and, in the case of qualified additional benefits, subparagraph (B)(ii)) of subsection (c)(3), and

"(C) by taking into account under subparagraphs (A) and (C) of subsection (e)(1) only current and future death benefits and qualified additional benefits.

"(c) GUIDELINE PREMIUM REQUIREMENTS.—For purposes of this section—

"(1) IN GENERAL.—A contract meets the guideline premium requirements of this subsection if the sum of the premiums paid under such contract does not at any time exceed the guideline premium limitation as of such time.

"(2) GUIDELINE PREMIUM LIMITATION.—The term 'guideline premium limitation' means, as of any date, the greater of—

"(A) the guideline single premium, or

"(B) the sum of the guideline level premiums to such date.

"(3) GUIDELINE SINGLE PREMIUM.—

"(A) IN GENERAL.—The term 'guideline single premium' means the premium at issue with respect to future benefits under the contract.

"(B) BASIS ON WHICH DETERMINATION IS MADE.—The determination under subparagraph (A) shall be based on—

"(i) the mortality charges specified in the contract (or, if none is specified, the mortality charges used in determining the statutory reserves for such contract),

"(ii) any charges (not taken into account under clause (i)) specified in the contract (the amount of any charge not so specified shall be treated as zero), and

"(iii) interest at the greater of an annual effective rate of 6 percent or the minimum rate or rates guaranteed on issuance of the contract.

"(C) WHEN DETERMINATION MADE.—Except as provided in subsection (f)(7), the determination under subparagraph (A) shall be made as of the time the contract is issued.

"(4) GUIDELINE LEVEL PREMIUM.—The term 'guideline level premium' means the level annual amount, payable over a period not ending before the insured attains age 95, computed on the same basis as the guideline single premium, except that paragraph (3)(B)(iii) shall be applied by substituting '4 percent' for '6 percent'.

"(d) CASH VALUE CORRIDOR FOR PURPOSES OF SUBSECTION (a)(2)(B).—For purposes of this section—

"(1) IN GENERAL.—A contract falls within the cash value corridor of this subsection if the death benefit under the contract at any time is not less than the applicable percentage of the cash surrender value.

"(2) APPLICABLE PERCENTAGE.—

"In the case of an insured with an attained age as of the beginning of the contract year of:		The applicable percentage shall decrease by a ratable portion for each full year:	
More than:	But not more than:	From:	To:
0	40	250	250
40	45	250	250
45	50	215	185
50	55	185	150
55	60	150	130
60	65	130	120
65	70	120	115
70	75	115	105
75	90	105	105
90	95	105	100.

"(e) COMPUTATIONAL RULES.—

"(1) IN GENERAL.—For purposes of this section—

"(A) the death benefit (and any qualified additional benefit) shall be deemed not to increase,

"(B) the maturity date, including the date on which any benefit described in subparagraph (C) is payable, shall be no earlier than the day on which the insured attains age 95, and no later than the day on which the insured attains age 100, and

"(C) the amount of any endowment benefit (or sum of endowment benefits, including any cash surrender value on the maturity date described in subparagraph (B)) shall be deemed not to exceed the least amount payable as a death benefit at any time under the contract.

"(2) LIMITED INCREASES IN DEATH BENEFIT PERMITTED.—Notwithstanding paragraph (1)(A)—

"(A) for purposes of computing the guideline level premium, an increase in the death benefit which is provided in the contract may be taken into account but only to the extent necessary to prevent a decrease in the excess of the death benefit over the cash surrender value of the contract, and

"(B) for purposes of the cash value accumulation test, the increase described in subparagraph (A) may be taken into account if the contract will meet such test at all times assuming that the net level reserve (determined as if level annual premiums were paid for the contract over a period not ending before the insured attains age 95) is substituted for the net single premium.

"(f) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) PREMIUMS PAID.—

"(A) IN GENERAL.—The term 'premiums paid' means the premiums paid under the contract less amounts (other than amounts includible in gross income) to which section 72(e) applies and less any other amounts received with respect to the contract which are specified in regulations.

"(B) TREATMENT OF CERTAIN PREMIUMS RETURNED TO POLICYHOLDER.—If, in order to comply with the requirements of subsection (a)(2)(A), any portion of any premium paid during any contract year is returned by the insurance company (with interest) within 60 days after the end of a contract year, the amount so returned (excluding interest) shall be deemed to reduce the sum of the premiums paid under the contract during such year.

"(C) INTEREST RETURNED INCLUDIBLE IN GROSS INCOME.—Notwithstanding the provisions of section 72(e), the amount of any interest returned as provided in subparagraph

(B) shall be includible in the gross income of the recipient.

"(2) CASH VALUES.—

"(A) CASH SURRENDER VALUE.—The cash surrender value of any contract shall be its cash value determined without regard to any surrender charge, policy loan, or reasonable termination dividends.

"(B) NET SURRENDER VALUE.—The net surrender value of any contract shall be determined with regard to surrender charges but without regard to any policy loan.

"(3) DEATH BENEFIT.—The term 'death benefit' means the amount payable by reason of the death of the insured (determined without regard to any qualified additional benefits).

"(4) FUTURE BENEFITS.—The term 'future benefits' means death benefits and endowment benefits.

"(5) QUALIFIED ADDITIONAL BENEFITS.—

"(A) IN GENERAL.—The term 'qualified additional benefits' means any—

"(i) guaranteed insurability,

"(ii) accidental death or disability benefit,

"(iii) family term coverage,

"(iv) disability waiver benefit, or

"(v) other benefit prescribed under regulations.

"(B) TREATMENT OF QUALIFIED ADDITIONAL BENEFITS.—For purposes of this section, qualified additional benefits shall not be treated as future benefits under the contract, but the charges for such benefits shall be treated as future benefits.

"(C) TREATMENT OF OTHER ADDITIONAL BENEFITS.—In the case of any additional benefit which is not a qualified additional benefit—

"(i) such benefit shall not be treated as a future benefit, and

"(ii) any charge for such benefit which is not prefunded shall not be treated as a premium.

"(6) PREMIUM PAYMENTS NOT DISQUALIFYING CONTRACT.—The payment of a premium which would result in the sum of the premiums paid exceeding the guideline premium limitation shall be disregarded for purposes of subsection (a)(2) if the amount of such premium does not exceed the amount necessary to prevent the termination of the contract on or before the end of the contract year (but only if the contract will have no cash surrender value at the end of such extension period).

"(7) ADJUSTMENTS.—

"(A) IN GENERAL.—In the event of a change in the future benefits or any qualified additional benefit (or in any other terms) under the contract which was not reflected in any previous determination made under this section, under regulations prescribed by the Secretary there shall be proper adjustments in future determinations made under this section.

"(B) CERTAIN CHANGES TREATED AS EXCHANGE.—In the case of any change which reduces the future benefits under the contract, such change shall be treated as an exchange of the contract for another contract.

"(8) CORRECTION OF ERRORS.—If the taxpayer establishes to the satisfaction of the Secretary that—

"(A) the requirements described in subsection (a) for any contract year were not satisfied due to reasonable error, and

"(B) reasonable steps are being taken to remedy the error,

the Secretary may waive the failure to satisfy such requirements.

"(9) SPECIAL RULE FOR VARIABLE LIFE INSURANCE CONTRACTS.—In the case of any contract which is a variable contract (as defined in section 817), the determination of whether such contract meets the requirements of subsection (a) shall be made whenever the death benefits under such contract change but not less frequently than once during each 12-month period.

"(g) TREATMENT OF CONTRACTS WHICH DO NOT MEET SUBSECTION (a) TEST.—

"(1) POLICYHOLDER'S CONTRACT TREATED AS ANNUITY CONTRACT.—

"(A) IN GENERAL.—If, during any taxable year of the policyholder, a contract which is a life insurance contract under the applicable law ceases to meet the definition of life insurance contract under subsection (a), such policyholder shall, for purposes of this title for such taxable year and any succeeding taxable year, be treated as having purchased an annuity contract for an amount equal to the cash value of such contract as of the beginning of such taxable year (or, if lesser, the investment in the contract as of such date).

"(B) TREATMENT OF AMOUNTS USED TO PAY COSTS OF LIFE INSURANCE PROTECTION.—In the case of any taxable year for which a contract is treated as an annuity contract under subparagraph (A), the excess (if any) of—

"(i) the cost of life insurance protection provided under the contract for such taxable year, over

"(ii) the amount of premiums paid under the contract during such taxable year reduced by any policyholder dividends received during such taxable year,

shall be treated as an amount received by the taxpayer during such taxable year to which section 72(e) applies.

"(C) COST OF LIFE INSURANCE PROTECTION.—For purposes of this paragraph, the cost of life insurance protection provided under the contract shall be the lesser of—

"(i) the cost of individual insurance on the life of the insured as determined on the basis of uniform premiums (computed on the basis of 5-year age brackets) prescribed by the Secretary by regulations, or

"(ii) the mortality charge (if any) stated in the contract.

"(2) IMPOSITION OF 10-PERCENT EXCISE TAX ON LIFE INSURANCE COMPANY.—

"(A) IN GENERAL.—If at any time any contract which is a life insurance contract under the applicable law does not meet the definition of life insurance contract under subsection (a), there is hereby imposed on the person issuing such contract a tax equal to the sum of—

"(i) 10 percent of the net surrender value of such contract as of such time, and

"(ii) 100 percent of any tax imposed by clause (i) which is passed on to the policyholder.

"(B) TAX TREATED AS IMPOSED UNDER SUBTITLE D.—For purposes of this title, any tax imposed under subparagraph (A) shall be treated as a tax imposed under subtitle D.

"(3) TREATMENT OF AMOUNT PAID ON DEATH OF INSURED.—If any contract which is a life insurance contract under the applicable law does not meet the definition of life insurance contract under subsection (a), the excess of the amount paid by the reason of the death of the insured over the net surrender value of the contract shall be deemed to be paid under a life insurance contract for purposes of section 101 and subtitle B.

"(h) ENDOWMENT CONTRACTS RECEIVE SAME TREATMENT.—

"(1) IN GENERAL.—References in subsections (a) and (g) to a life insurance contract shall be treated as including references to a contract which is an endowment contract under the applicable law.

"(2) DEFINITION OF ENDOWMENT CONTRACT.—For purposes of this title (other than paragraph (1)), the term 'endowment contract' means a contract which is an endowment contract under the applicable law and which meets the requirements of subsection (a).

"(i) TRANSITIONAL RULE FOR CERTAIN 20-PAY CONTRACTS.—

"(1) IN GENERAL.—In the case of a qualified 20-pay contract, this section shall be applied by substituting '3 percent' for '4 percent' in subsection (b)(2).

"(2) QUALIFIED 20-PAY CONTRACT.—For purposes of paragraph (1), the term 'qualified 20-pay contract' means any contract which—

"(A) requires at least 20 nondecreasing annual premium payments, and

"(B) is issued pursuant to an existing plan of insurance.

"(3) EXISTING PLAN OF INSURANCE.—For purposes of this subsection, the term 'existing plan of insurance' means, with respect to any contract, any plan of insurance which was filed by the company issuing such contract in 1 or more States before September 28, 1983, and is on file in the appropriate State for such contract.

"(j) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.".

(b) 1-YEAR EXTENSION OF FLEXIBLE PREMIUM CONTRACT PROVISIONS.—

(1) IN GENERAL.—Paragraph (1) of section 266(c) of the Tax Equity and Fiscal Responsibility Act of 1982 is amended by striking out "January 1, 1984" and inserting in lieu thereof "January 1, 1985".

(2) TECHNICAL AMENDMENTS.—

(A) Paragraph (1) of section 101(f) is amended by striking out "flexible premium life insurance contract" and inserting in lieu thereof "flexible premium life insurance contract issued before January 1, 1984".

(B) The subsection heading of subsection (f) of section 101 is amended by striking out "FLEXIBLE PREMIUM CONTRACTS" and inserting in lieu thereof "FLEXIBLE PREMIUM CONTRACTS ISSUED BEFORE JANUARY 1, 1984".

(c) CLERICAL AMENDMENT.—The table of sections for chapter 79 is amended by adding at the end thereof the following new item:

"Sec. 7702. Life insurance contract defined.".

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to contracts issued after December 31, 1984, in taxable years ending after such date.

(2) SPECIAL RULE FOR CERTAIN CONTRACTS ISSUED DURING 1984.—

(A) IN GENERAL.—The amendments made by this section shall also apply to any contract issued during 1984 if—

(i) such contract was not issued to a pre-March 15, 1984, plan of insurance, or

(ii) such contract provides an increasing death benefit and has premium funding more rapid than 10-year level premium payments.

(B) PRE-MARCH 15, 1984, PLAN OF INSURANCE.—For purposes of subparagraph (A), the term 'pre-March 15, 1984, plan of insurance' means, with respect to any contract, any plan of insurance which was filed by the company issuing such contract in 1 or more States before March 15, 1984, and which is on file in the appropriate State for such contract.

(3) EXTENSION OF FLEXIBLE PREMIUM CONTRACT PROVISIONS.—The amendments made by subsection (b) shall take effect on January 1, 1984.

(4) SPECIAL RULE FOR MASTER CONTRACT.—For purposes of this subsection, in the case of a master contract, the date taken into account with respect to any insured shall be the first date on which such insured is covered under such contract.

SEC. 222. TREATMENT OF CERTAIN ANNUITY CONTRACTS.

(a) PENALTY ON PREMATURE DISTRIBUTIONS.—Paragraph (1) of section 72(q) (relating to 5-percent penalty for premature distributions from annuity contracts) is amended to read as follows:

"(1) IMPOSITION OF PENALTY.—If any taxpayer receives any amount under an annuity contract, the taxpayer's tax under this chapter for the taxable year in which such amount is received shall be increased by an amount equal to 5 percent of the portion of such amount which is includible in gross income.".

(b) REQUIRED DISTRIBUTIONS WHERE HOLDER DIES BEFORE ANNUITY STARTING DATE.—Section 72 (relating to annuities; certain proceeds of endowment, and life insurance contracts) is amended by redesignating subsection (s) as subsection (t) and by inserting after subsection (r) the following new subsection:

"(s) REQUIRED DISTRIBUTIONS WHERE HOLDER DIES BEFORE ANNUITY STARTING DATE.—

"(1) IN GENERAL.—A contract shall not be treated as an annuity contract for purposes of this title unless it provides that, if the holder of such contract dies before the annuity starting date—

"(A) except as provided in subparagraphs (B) and (C), the entire interest in such contract will be distributed within 5 years after his death,

"(B) in the case of any interest in the contract to which the surviving spouse of the decedent succeeds, the entire amount of such interest will be distributed not later than the date 5 years after the death of the surviving spouse, and

"(C) in the case of any interest in the contract to which a qualified dependent succeeds, the entire amount of such interest will be distributed to such qualified dependent not later than the date on which such dependent attains age 26.

Nothing in subparagraph (B) or (C) shall require a distribution to be made earlier than the time on which such distribution is required to be made under subparagraph (A).

"(2) SPECIAL RULE FOR HANDICAPPED DEPENDENTS.—If—

"(A) a qualified dependent who is a handicapped individual succeeds to the decedent's interest in the contract, and

"(B) the distribution of such qualified dependent's interest begins before such dependent attains age 26 and is over a period not in excess of the life of such dependent,

for purposes of paragraph (1)(C), the qualified dependent's interest in the contract shall be treated as if it were distributed to such dependent before the date on which he attains age 26.

"(3) DEFINITIONS.—For purposes of this subsection—

"(A) QUALIFIED DEPENDENT.—The term 'qualified dependent' means any dependent (as defined in section 152) of the holder of the contract (or his surviving spouse) for any 2 of the last 5 taxable years of such holder (or surviving spouse).

"(B) HANDICAPPED INDIVIDUAL.—The term 'handicapped individual' means any individual who is permanently and totally disabled (within the meaning of section 37(d)(3)).".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to contracts issued after the day which is 6 months after the date of the enactment of this Act in taxable years ending after such date.

SEC. 223. GROUP-TERM LIFE INSURANCE PURCHASED FOR EMPLOYEES.

(a) SECTION 79 EXTENDED TO FORMER EMPLOYEES.—

(1) Section 79 (relating to group-term insurance purchased for employees) is amended by adding at the end thereof the following new subsection:

"(e) EMPLOYEE INCLUDES FORMER EMPLOYEE.—For purposes of this section, the term 'employee' includes a former employee.".

(2) Paragraph (1) of section 79(b) is amended to read as follows:

"(1) the cost of group-term life insurance on the life of an individual which is provided under a policy carried directly or indirectly by an employer after such individual has terminated his employment with such employer and is disabled (within the meaning of section 72(m)(7)),".

(b) AMOUNT OF INCLUSION IN CASE OF DISCRIMINATORY PLANS.—Paragraph (1) of section 79(d) (relating to nondiscrimination requirements) is amended to read as follows:

"(1) IN GENERAL.—In the case of a discriminatory group-term life insurance plan—

"(A) subsection (a)(1) shall not apply with respect to any key employee, and

"(B) the cost of group-term life insurance on the life of any key employee shall be determined without regard to subsection (c)."

(c) CLARIFICATION OF COORDINATION WITH SECTION 83.—Subsection (e) of section 83 (relating to application of section) is amended by striking out "or" at the end of paragraph (3), by striking out the period at the end of paragraph (4) and inserting in lieu thereof ", or", and by adding at the end thereof the following new paragraph:

"(5) the cost of group-term life insurance to which section 79 applies.".

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 1983.

(2) INCLUSION OF FORMER EMPLOYEES IN THE CASE OF EXISTING GROUP-TERM INSURANCE PLANS.—

(A) IN GENERAL.—The amendments made by subsection (a) shall not apply—

(i) to any group-term life insurance plan of the employer in existence on January 1, 1984, or

(ii) to any group-term life insurance plan of the employer (or a successor employer) which is a comparable successor to a plan described in clause (i),

but only with respect to an individual who attained age 55 on or before January 1, 1984.

(B) SPECIAL RULE IN THE CASE OF DISCRIMINATORY GROUP-TERM LIFE INSURANCE PLAN.—In the case of any plan which, after March 15, 1987, is a discriminatory group-term life insurance plan (as defined in section 79(d) of the Internal Revenue Code of 1954), subparagraph (A) shall not apply in the case of any individual retiring under such plan after March 15, 1987.

(C) BENEFITS TO CERTAIN RETIRED INDIVIDUALS NOT TAKEN INTO ACCOUNT FOR PURPOSES OF DETERMINING WHETHER PLAN IS DISCRIMINATORY.—For purposes of determining whether after March 15, 1987, a plan described in subparagraph (A) meets the requirements of section 79(d) of the Internal Revenue Code of 1954 with respect to group-term life insurance for former employees, coverage provided to employees who retired on or before March 15, 1987, shall not be taken into account.

SEC. 224. TREATMENT OF CERTAIN EXCHANGES OF INSURANCE POLICIES.

(a) GENERAL RULE.—Paragraph (1) of section 1035(b) (defining endowment contract) is amended by striking out "a life insurance company as defined in section 801" and inserting in lieu thereof "an insurance company subject to tax under subchapter L".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to all exchanges whether before, on, or after the date of the enactment of this Act.

Subtitle C—Studies

SEC. 231. STUDIES.

(a) REVENUE REPORTS.—Not later than July 1, 1984, and July 1 of each calendar year thereafter, the Secretary of the Treasury shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on—

(1) the aggregate amount of revenue received under part I of subchapter L of chapter 1 of the Internal Revenue Code of 1954 for the most recent taxable years for which data are available,

(2) a comparison between the amount of such revenue and the amount anticipated by reason of changes made by the Tax Equity and Fiscal Responsibility Act of 1982 or the Life Insurance Tax Act of 1984, and

(3) the reasons for any difference between such aggregate revenues and anticipated revenues.

(b) REPORT WITH RESPECT TO SEGMENT BALANCE, ETC.—

(1) IN GENERAL.—The Secretary of the Treasury shall conduct a full and complete study of the operation of part I of subchapter L of chapter 1 of the Internal Revenue Code of 1954 during 1984, 1985, and 1986. Such study shall also include an analysis of life insurance products and the taxation thereof. Such study shall also include an analysis of whether part I of such subchapter L operates as a disincentive to growing companies.

(2) ITEMS TO BE INCLUDED.—The study conducted under paragraph (1) shall include—

(A) an analysis of the portion of the taxes paid by mutual life insurance companies and stock life insurance companies, and

(B) any other data considered relevant by either stock life insurance companies or mutual life insurance companies in determining appropriate segment balance, such as the respective amounts of the following items held by each segment of the industry—

(i) equity,

(ii) life insurance reserves,

(iii) other types of reserves,

(iv) dividends paid to policyholders and shareholders,

(v) pension business,

(vi) total assets, and

(vii) gross receipts.

Such report shall also include an analysis of the extent to which taxes paid by stockholders of life insurance companies shall be included in analyzing segment balance.

(3) REPORTS.—

(A) INTERIM REPORTS.—The Secretary of the Treasury shall submit interim reports on the study conducted under this subsec-

tion to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate not later than July 1, 1986, 1987, and 1988.

(B) FINAL REPORT.—Not later than January 1, 1989, the Secretary of the Treasury shall submit a final report on the study conducted under this subsection to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

(c) AUTHORITY TO REQUIRE DATA.—The Secretary of the Treasury shall have authority to require reporting of such data with respect to life insurance companies and their products as may be necessary to carry out the purposes of this section.

TITLE III—REVISION OF PRIVATE FOUNDATION PROVISIONS

SEC. 301. SHORT TITLE.

This title may be cited as the "Private Foundation Tax Treatment Revision Act of 1984".

SEC. 302. LIMITATIONS ON DEDUCTION FOR CONTRIBUTIONS TO PRIVATE FOUNDATIONS.

(a) INCREASE IN PERCENTAGE LIMITATION FOR INDIVIDUALS.—Paragraph (1) of section 170(b) (relating to percentage limitations for individuals) is amended—

(1) by striking out "described in subparagraph (D)" in subparagraph (A)(vii) and inserting in lieu thereof "as defined in section 509(a)",

(2) by striking out subparagraph (D), and

(3) by redesignating subparagraph (E) as subparagraph (D).

(b) CONTRIBUTIONS OF CAPITAL GAIN PROPERTY.—The first sentence of section 170(e)(1) (relating to certain contributions of ordinary income and capital gain property) is amended by striking out subparagraph (B) and inserting in lieu thereof the following:

"(B) in the case of a charitable contribution of tangible personal property, if the use by the donee is unrelated to the purpose or function constituting the basis for its exemption under section 501 (or, in the case of a governmental unit, to any purpose or function described in subsection (c)), 40 percent (28/46 in the case of a corporation) of the amount of gain which would have been long-term capital gain if the property contributed had been sold by the taxpayer at its fair market value (determined at the time of such contribution).".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made in taxable years beginning after December 31, 1984.

SEC. 303. EXEMPTION FOR CERTAIN OPERATING FOUNDATIONS FROM EXCISE TAX ON INVESTMENT INCOME.

(a) GENERAL RULE.—Section 4940 (relating to excise tax based on investment income) is amended by adding at the end thereof the following new subsection:

"(d) EXEMPTION FOR CERTAIN OPERATING FOUNDATIONS.—

"(1) IN GENERAL.—No tax shall be imposed by this section on any private foundation which is an exempt operating foundation for the taxable year.

"(2) EXEMPT OPERATING FOUNDATION.—For purposes of this subsection, the term 'exempt operating foundation' means, with respect to any taxable year, any private foundation if—

"(A) such foundation is an operating foundation (as defined in section 4942(j)(3)),

"(B) such foundation has been publicly supported for at least 10 taxable years,

"(C) at all times during the taxable year, the governing body of such foundation—

"(i) consists of individuals at least 75 percent of whom are not disqualified individuals, and

"(ii) is broadly representative of the general public, and

"(D) at no time during the taxable year does such foundation have an officer who is a disqualified individual.

"(3) DEFINITIONS.—For purposes of this subsection—

"(A) PUBLICLY SUPPORTED.—A private foundation is publicly supported for a taxable year if it meets the requirements of section 170(b)(1)(A)(vi) or 509(a)(2) for such taxable year.

"(B) DISQUALIFIED INDIVIDUAL.—The term 'disqualified individual' means, with respect to any private foundation, an individual who is—

"(i) a substantial contributor to the foundation,

"(ii) an owner of more than 20 percent of—

"(I) the total combined voting power of a corporation,

"(II) the profits interest of a partnership, or

"(III) the beneficial interest of a trust or unincorporated enterprise,

which is a substantial contributor to the foundation, or

"(iii) a member of the family of any individual described in clause (i) or (ii).

"(C) SUBSTANTIAL CONTRIBUTOR.—The term 'substantial contributor' means a person who is described in section 507(d)(2).

"(D) FAMILY.—The term 'family' has the meaning given to such term by section 4946(d).

"(E) CONSTRUCTIVE OWNERSHIP.—The rules of paragraphs (3) and (4) of section 4946(a) shall apply for purposes of subparagraph (B)(ii).".

(b) REQUIREMENT OF EXPENDITURE RESPONSIBILITY NOT TO APPLY TO CERTAIN OPERATING FOUNDATIONS.—Paragraph (4) of section 4945(d) (defining taxable expenditure) is amended to read as follows:

"(4) as a grant to an organization unless—

"(A) such organization is described in paragraph (1), (2), or (3) of section 509(a) or is an exempt operating foundation (as defined in section 4940(d)(2)), or

"(B) the private foundation exercises expenditure responsibility with respect to such grant in accordance with subsection (h), or".

(c) EFFECTIVE DATE.—

(1) FOR SUBSECTION (a).—THE AMENDMENT MADE BY SUBSECTION (A) SHALL APPLY TO TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1984.

(2) FOR SUBSECTION (b).—The amendment made by subsection (b) shall apply to grants made after December 31, 1984, in taxable years ending after such date.

(3) CERTAIN EXISTING FOUNDATIONS.—A foundation which was an operating foundation (as defined in section 4942(j)(3) of the Internal Revenue Code of 1954) as of January 1, 1983, shall be treated as meeting the requirements of section 4940(d)(2)(B) of such Code (as added by subsection (a)).

SEC. 304. ABATEMENT OF FIRST TIER TAXES IN CERTAIN CASES.

(a) GENERAL RULE.—Subchapter C of chapter 42 (relating to abatement of second tier taxes) is amended by redesignating section 4962 as section 4963 and by inserting after section 4961 the following new section:

"SEC. 4962. ABATEMENT OF PRIVATE FOUNDATION FIRST TIER TAXES IN CERTAIN CASES.

"(a) GENERAL RULE.—If it is established to the satisfaction of the Secretary that—

"(1) a taxable event was due to reasonable cause and not to willful neglect, and

"(2) such event was corrected within the correction period for such event,

then any private foundation first tier tax imposed with respect to such event (including interest) shall not be assessed and, if assessed, the assessment shall be abated and, if collected, shall be credited or refunded as an overpayment.

"(b) PRIVATE FOUNDATION FIRST TIER TAX.—For purposes of this section, the term 'private foundation first tier tax' means any first tier tax imposed by subchapter A of chapter 42, except that such term shall not include the tax imposed by section 4941(a) (relating to initial tax on self-dealing).".

(b) CONFORMING AMENDMENTS.—

(1) The heading of subchapter C of chapter 42 is amended to read as follows:

"Subchapter C—Abatement of First and Second Tier Taxes in Certain Cases".

(2) The table of sections for subchapter C of chapter 42 is amended by striking out the item relating to section 4962 and inserting in lieu thereof the following:

"Sec. 4962. Abatement of private foundation first tier taxes in certain cases.

"Sec. 4963. Definitions."

(3) The table of subchapters for chapter 42 is amended by striking out the item relating to subchapter C and inserting in lieu thereof the following:

"SUBCHAPTER C. Abatement of first and second tier taxes in certain cases."

(4) Sections 4942(g)(2)(C), 6213(e), and 6503(g) are each amended by striking out "section 4962(e)" and inserting in lieu thereof "section 4963(e)".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable events occurring after December 31, 1984.

SEC. 305. CERTAIN RELIANCE RULES.

(a) RELIANCE UPON DETERMINATIONS BY THE SECRETARY.—Section 4946 (relating to special rules for application of the private foundation rules) is amended by adding at the end thereof the following subsection:

"(e) RELIANCE UPON DETERMINATIONS BY THE SECRETARY.—A grant by a private foundation to an organization which has been determined by the Secretary to be an organization described in paragraph (1), (2), or (3) of section 509(a) or in paragraph (3) of section 4942(j) shall be treated as a grant to such an organization provided that the grant or other expenditure is made prior to the earlier of the date of publication of notice by the Secretary that the organization is no longer described in paragraph (1), (2), or (3) of section 509(a) or in paragraph (3) of section 4942(j) or the date on which the foundation acquires actual knowledge that the organization has been notified by the Secretary of such a change in the organization's status, and provided that the foundation was not responsible for (other than by making a grant or grants) or aware of such a change in the organization's status.".

(b) The amendments made by this section shall apply to grants made after December 31, 1984.

SEC. 306. MISCELLANEOUS AMENDMENTS.

(a) DEFINITION OF FAMILY MEMBER.—Subsection (d) of section 4946 (defining members of family) is amended to read as follows:

"(d) MEMBERS OF FAMILY.—For purposes of subsection (a)(1), the family of any individual shall include only his spouse, ancestors, children, grandchildren, and the spouses of children and grandchildren.".

(b) REQUIREMENT THAT ANNUAL NOTICE INCLUDE TELEPHONE NUMBER OF THE PRIVATE FOUNDATION.—Subsection (d) of section 6104 (relating to public inspection of private foundations' annual returns) is amended by striking out "shall state the address of the private foundation's principal office" and inserting in lieu thereof "shall state the address and the telephone number of the private foundation's principal office".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1985.

SEC. 307. ADDITIONAL PERIOD TO DISPOSE OF GIFTS, BEQUESTS, ETC. WHERE DISPOSITION NOT POSSIBLE DURING ORIGINAL 5-YEAR PERIOD.

(a) IN GENERAL.—Section 4943(c) (defining excess business holdings) is amended by adding at the end thereof the following new paragraph:

"(7) ADDITIONAL PERIOD TO DISPOSE OF GIFTS, BEQUESTS, ETC. WHERE DISPOSITION NOT POSSIBLE DURING ORIGINAL 5-YEAR PERIOD.—

"(A) IN GENERAL.—The Secretary may extend for one additional period the application of paragraph (6) to holdings described in such paragraph if the Secretary determines that—

"(i) the private foundation has made diligent efforts during the 5-year period described in paragraph (6) to dispose of such holdings,

"(ii) disposition of such holdings within the 5-year period described in paragraph (6) was not possible (other than at substantially below fair market value) by reason of—

"(I) the large fair market value of such holdings,

"(II) the complex structure or diversity of holdings of the underlying business enterprise in which such holdings represent an interest,

"(III) any Federal, State, or local law which effectively prevented disposition of such holdings during the 5-year period described in paragraph (6), or

"(IV) any order of any Federal or State court which effectively prevented disposition of such holdings during the 5-year period described in paragraph (6); and

"(iii) the foundation meets the requirements of subparagraph (B).

"(B) FOUNDATION TO SUBMIT PLAN TO APPROPRIATE STATE OFFICIALS.—A foundation meets the requirements of this subparagraph if the private foundation—

"(i) submits to the Secretary, within the period under paragraph (6), a plan under which, as determined by the Secretary, the disposition of such holdings may reasonably be expected to occur before the end of the additional period described in subparagraph (A), and

"(ii) submits—

"(I) the plan described in clause (i) to the Attorney General (or other appropriate State official) having administrative or supervisory authority or responsibility with respect to the foundation's disposition of the excess business holdings described in paragraph (6), and

"(II) to the Secretary any response of the Attorney General (or other appropriate State official) to such plan.

"(C) ADDITIONAL PERIOD.—

"(i) BEGINNING DATE.—The additional period shall begin on the date on which the 5-year period described in paragraph (6) ends.

"(ii) LENGTH OF ADDITIONAL PERIOD.—The length of the additional period described in subparagraph (A) shall be 5 years plus the number of days that a court order described in clause (iii) is in effect after the last day of the 5-year period described in paragraph (6).

"(iii) COURT ORDER.—A court order is described in this clause if it is issued by a Federal or State court before the expiration of the additional period described in subparagraph (A) and it prohibits the disposition during such additional period of holdings described in paragraph (6) with respect to which the 5-year period described in paragraph (6) has been extended under this paragraph.".

(b) CONFORMING AMENDMENT.—Paragraph (6) of section 4943(c) of the Internal Revenue Code of 1954 is amended by inserting "or (7)" after "paragraph (5)".

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by subsection (a) shall apply to business holdings with respect to which the 5-year period described in section 4943(c)(6) of the Internal Revenue Code of 1954 ends on or after November 1, 1983.

(2) TRANSITIONAL RULE.—Any plan submitted to the Secretary of the Treasury or his delegate on or before the 60th day after the date of the enactment of this Act shall be treated as submitted before the close of the initial 5-year period referred to in section 4943(c)(7)(B) of the Internal Revenue Code of 1954 (as added by subsection (a)).

SEC. 308. DECREASES ATTRIBUTABLE TO STOCK ISSUANCES NOT TO REDUCE PERMITTED PERCENTAGE OF HOLDINGS WHERE DECREASE IS 2 PERCENT OR LESS.

(a) GENERAL RULE.—The second sentence of clause (ii) of section 4943(c)(4)(A) (relating to present holdings) is amended to read as follows:

"For purposes of the preceding sentence, any decrease in percentage holdings attributable to issuances of stock (or to issuances of stock coupled with redemptions of stock) shall be disregarded so long as—

"(I) the net percentage decrease disregarded under this sentence does not exceed 2 percent, and

"(II) the number of shares held by the foundation is not affected by any such issuance or redemption.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to increases and decreases occurring after the date of the enactment of this Act.

SEC. 309. AGGREGATION OF STOCK HOLDINGS OF PRIVATE FOUNDATION AND DISQUALIFIED PERSONS IN APPLYING 95 PERCENT OWNERSHIP TEST.

(a) GENERAL RULE.—Clause (i) of section 4943(c)(4)(B) (relating to present holdings) is amended by striking out "the private foundation has" and inserting in lieu thereof "the private foundation and all disqualified persons have".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as if included in the amendment made by section 101(b) of the Tax Reform Act of 1969.

SEC. 310. 5-YEAR PERIOD TO DISPOSE OF EXCESS HOLDINGS RESULTING FROM CERTAIN ACQUISITIONS BY DISQUALIFIED PERSONS.

(a) GENERAL RULE.—Paragraph (6) of section 4943(c) (relating to 5-year period to dispose of gifts, bequests, etc.) is amended by adding at the end thereof the following new sentence:

"In any case where an acquisition by a disqualified person would result in a substitution under clause (i) or (ii) of subparagraph (D) of paragraph (4), the preceding sentence shall be applied with respect to such acquisition as if it did not contain the phrase 'or by a disqualified person' in the material preceding subparagraph (A)."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to acquisitions after the date of the enactment of this Act.

SEC. 311. RETENTION OF BUSINESS HOLDINGS BY CERTAIN PRIVATE FOUNDATIONS.

Section 101(l)(4) of the Tax Reform Act of 1969 (26 U.S.C. 4940 note) (relating to savings provisions for section 4943) is amended by adding at the end thereof the following new subparagraph:

"(D)(i) Section 4943 of the Internal Revenue Code of 1954 (other than the phrase 'but in no event shall the percentage so substituted be more than 50 percent' in subsection (c)(4)(A)(i), and subsection (c)(4)(D)) shall apply to any excess business holdings held, or treated as held under section 4943(c)(5) of such Code, on May 26, 1969, by a private foundation if on and after the date of divestiture of such holdings required under section 4943, such foundation meets all of the following conditions:

"(I) Disqualified persons (other than persons who are disqualified persons solely as foundation managers) and officers, directors, or employees of any business enterprise in which such foundation has such excess business holdings do not together constitute more than 25 percent of the governing board of such foundation.

"(II) Directors, trustees, or officers of the foundation do not together constitute more than 25 percent of the governing board of any such business enterprise.

"(III) No disqualified person (other than persons who are disqualified persons solely as foundation managers) can be a foundation manager after March 12, 1984, unless such person was a foundation manager on March 12, 1984.

"(IV) No disqualified person receives compensation (or payment or reimbursement of expenses) from both the foundation and any such business enterprise, other than director fees (and the payment or reimbursement of expenses incident thereto) which are not excessive.

"(V) Such foundation does not incur liability for any taxes imposed under section 4942 of such Code.

"(VI) Such foundation does not incur liability for any taxes imposed under section 4943 of such Code with respect to holdings of any business enterprise in which such foundation has holdings subject to this clause.

"(ii) For purposes of this subparagraph, the terms 'disqualified person' and 'foundation manager' have the meaning given to such terms by subsections (a) and (b) of section 4946 of such Code, respectively.".

SEC. 312. TAX ON SELF-DEALING NOT TO APPLY TO CERTAIN STOCK PURCHASES.

(a) GENERAL RULE.—Section 4941 of the Internal Revenue Code of 1954 (relating to taxes on self-dealing) shall not apply to the purchase during 1978 of stock from a private foundation (and to any note issued in connection with such purchase) if—

(1) consideration for such purchase equaled or exceeded the fair market value of such stock,

(2) the purchaser of such stock did not make any contribution to such foundation at any time during the 5-year period ending on the date of such purchase,

(3) the aggregate contributions to such foundation by the purchaser before such date were less than $10,000 and less than 2 percent of the total contributions received by the foundation as of such date, and

(4) such purchase was pursuant to the settlement of litigation involving the purchaser.

(b) STATUTE OF LIMITATIONS.—If credit or refund of any overpayment of tax resulting from subsection (a) is prevented at any time before the close of the 1-year period beginning on the date of the enactment of this Act by the operation of any law or rule of law, refund or credit of such overpayment may, nevertheless, be made or allowed if claim therefor is filed before the close of such 1-year period.

SEC. 313. PERSON CEASES TO BE SUBSTANTIAL CONTRIBUTOR AFTER 10 YEARS WITH NO CONNECTION TO FOUNDATION.

(a) GENERAL RULE.—Paragraph (2) of section 507(d) (defining substantial contributor) is amended by adding at the end thereof the following new subparagraph:

"(C) PERSON CEASES TO BE SUBSTANTIAL CONTRIBUTOR IN CERTAIN CASES.—

"(i) IN GENERAL.—A person shall cease to be treated as a substantial contributor with respect to any private foundation as of the close of any taxable year of such foundation if—

"(I) during the 10-year period ending at the close of such taxable year such person (and all related persons) have not made any contribution to such private foundation,

"(II) at no time during such 10-year period was such person (or any related person) a foundation manager of such private foundation, and

"(III) the aggregate contributions made by such person (and related persons) are determined by the Secretary to be insignificant when compared to the aggregate amount of contributions to such foundation by one other person.

For purposes of subclause (III), appreciation on contributions while held by the foundation shall be taken into account.

"(ii) RELATED PERSON.—For purposes of clause (i), the term 'related person' means, with respect to any person, any other person who would be a disqualified person (within the meaning of section 4946) by reason of his relationship to such person. In the case of a contributor which is a corporation, the term also includes any officer or director of such corporation.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1984.

SEC. 314. OTHER AMENDMENTS.

(a) AMENDMENTS OF INTERNAL REVENUE CODE OF 1954.—

(1) Subparagraph (B) of section 4942(a)(2) (relating to taxes on failure to distribute income) is amended by striking out "subsection (j)(4)" and inserting in lieu thereof "subsection (j)(2)".

(2) Paragraph (1) of section 4942(f) (defining adjusted net income) is amended by striking out "subsection (d)" and inserting in lieu thereof "subsection (j)".

(3) Paragraph (3) of section 6501(n) (relating to special rule for chapter 42 and similar taxes) is amended by striking out "section 4942(g)(2)(B)(i)(II)" and inserting in lieu thereof "section 4942(g)(2)(B)(ii)".

(4) The amendments made by this subsection shall take effect on the date of the enactment of this Act.

(b) AMENDMENT OF 1969 TAX REFORM ACT.—

(1) Subparagraph (A) of section 101(l)(4) of the Tax Reform Act of 1969 is amended by striking out "by substituting '51 percent' for '50 percent'" and inserting in lieu thereof "as if it did not contain the phrase ', but in no event shall the percentage so substituted be more than 50 percent'".

(2) The amendment made by paragraph (1) shall apply as if included in the amendment made by section 101(l)(4) of the Tax Reform Act of 1969.

(c) REQUIRED DISTRIBUTION INCREASED BY AMOUNT OF CERTAIN REPAYMENTS, ETC.—

(1) Paragraph (1) of section 4942(d) (defining distributable amount) is amended to read as follows:

"(1) the sum of the minimum investment return plus the amounts described in subsection (f)(2)(C), reduced by".

(2) The amendment made by paragraph (1) shall apply to taxable years beginning after December 31, 1984.

(d) EXCEPTION TO DEFINITION OF DISQUALIFIED PERSONS.—

(1) Subsection (d) of section 4943 (relating to definitions and special rules with respect to taxes on excess business holdings) is amended by adding at the end thereof the following new paragraph:

"(4) DISQUALIFIED PERSON.—The term 'disqualified person' (as defined in section 4946(a)) does not include a plan described in section 4975(e)(7) with respect to the holdings of a private foundation described in paragraph (4) or (5) of subsection (c).".

(2) The amendment made by paragraph (1) shall apply with respect to taxable years beginning after the date of the enactment of this Act.

TITLE IV—ENTERPRISE ZONES

SEC. 401. SHORT TITLE.

This title may be cited as the "Enterprise Zone Act of 1984".

SEC. 402. PURPOSES.

It is the purpose of this title to provide for the establishment of enterprise zones in order to stimulate the creation of new jobs, particularly for disadvantaged workers and long-term unemployed individuals, and to promote revitalization of economically distressed areas primarily by providing or encouraging—

(1) tax relief at the Federal, State, and local levels;

(2) regulatory relief at the Federal, State, and local levels; and

(3) improved local services and an increase in the economic stake of enterprise zone residents in their own community and its development, particularly through the increased involvement of private, local, and neighborhood organizations.

SUBTITLE A—DESIGNATION OF ENTERPRISE ZONES

SEC. 411. DESIGNATION OF ZONES.

(a) GENERAL RULE.—Chapter 80 (relating to general rules) is amended by adding at the end thereof the following new subchapter:

"SUBCHAPTER D—DESIGNATION OF ENTERPRISE ZONES

"Sec. 7891. Designation.

"SEC. 7891. DESIGNATION.

"(a) DESIGNATION OF ZONES.—

"(1) DEFINITIONS.—For purposes of this title, the term 'enterprise zone' means any area—

"(A) which is nominated by one or more local governments and the State or States in which it is located for designation as an enterprise zone (hereinafter in this section referred to as a 'nominated area'), and

"(B) which the Secretary of Housing and Urban Development, after consultation with—

"(i) the Secretaries of Agriculture, Commerce, Labor, and the Treasury; the Director of the Office of Management and Budget; and the Administrator of the Small Business Administration, and

"(ii) in the case of an area on an Indian reservation, the Secretary of the Interior, designates as an enterprise zone.

"(2) LIMITATIONS ON DESIGNATIONS.—

"(A) PUBLICATION OF REGULATIONS.—Before designating any area as an enterprise zone and not later than 4 months following the date of the enactment of this section, the Secretary of Housing and Urban Development shall prescribe by regulation, after consultation with the officials described in paragraph (1)(B)—

"(i) the procedures for nominating an area under paragraph (1)(A),

"(ii) the parameters relating to the size and population characteristics of an enterprise zone, and

"(iii) the manner in which nominated areas will be compared based on the criteria specified in subsection (d) and the other factors specified in subsection (e).

"(B) TIME LIMITATIONS.—The Secretary of Housing and Urban Development shall designate nominated areas as enterprise zones only during the 36-month period beginning on the later of—

"(i) the first day of the first month following the month in which the effective date of the regulations described in subparagraph (A) occurs, or

"(ii) January 1, 1985.

"(C) NUMBER OF DESIGNATIONS.—

"(i) IN GENERAL.—The Secretary of Housing and Urban Development may not designate—

"(I) more than 75 nominated areas as enterprise zones under this section, and

"(II) more than 25 nominated areas as enterprise zones during the first 12-month period beginning on the date determined under subparagraph (B) and each subsequent 12-month period.

"(ii) MINIMUM DESIGNATION IN RURAL AREAS.—Of the areas designated under clause (i), at least one-third must be areas—

"(I) which are within a local government jurisdiction or jurisdictions with a population of less than 50,000 (as determined under the most recent census data available),

"(II) which are outside of a metropolitan statistical area (within the meaning of section 103A(l)(4)(B)), or

"(III) which are determined by the Secretary of Housing and Urban Development, after consultation with the Secretary of Commerce, to be rural areas.

"(D) PROCEDURAL RULES.—The Secretary of Housing and Urban Development shall not make any designation under paragraph (1) unless—

"(i) the local government and the State in which the nominated area is located have the authority—

"(I) to nominate such area for designation as an enterprise zone,

"(II) to make the State and local commitments under subsection (d), and

"(III) to provide assurances satisfactory to the Secretary of Housing and Urban Devel-

opment that such commitments will be fulfilled,

"(ii) a nomination therefor is submitted in such a manner and in such form, and contains such information, as the Secretary of Housing and Urban Development shall by regulation prescribe,

"(iii) the Secretary of Housing and Urban Development determines that any information furnished is reasonably accurate, and

"(iv) the State and local governments certify that no portion of the area nominated is already included in an enterprise zone or in an area otherwise nominated to be an enterprise zone.

"(3) NOMINATION PROCESS FOR INDIAN RESERVATIONS.—In the case of a nominated area on an Indian reservation, the reservation governing body (as determined by the Secretary of the Interior) shall be deemed to be both the State and local governments with respect to such area.

"(b) PERIOD FOR WHICH DESIGNATION IS IN EFFECT.—

"(1) IN GENERAL.—Any designation of an area as an enterprise zone shall remain in effect during the period beginning on the date of the designation and ending on the earliest of—

"(A) December 31 of the 24th calendar year following the calendar year in which such date occurs,

"(B) the termination date designated by the State and local governments as provided for in their nomination pursuant to subsection (a)(2)(D)(ii), or

"(C) the date the Secretary of Housing and Urban Development revokes such designation under paragraph (2).

"(2) REVOCATION OF DESIGNATION.—The Secretary of Housing and Urban Development, after consultation with the officials described in subsection (a)(1)(B), may revoke the designation of an area if the Secretary of Housing and Urban Development determines that the local government or the State in which it is located is not complying substantially with the State and local commitments pursuant to subsection (d).

"(3) DESIGNATION SHALL NOT TAKE EFFECT UNLESS INVENTORY OF HISTORIC PROPERTIES.—Notwithstanding paragraph (1)—

"(A) within 60 days after the date of the designation of an area as an enterprise zone (determined without regard to this paragraph), the State or local government of such area shall submit to the Secretary of Housing and Urban Development an inventory of historic properties within such area, and

"(B) the date of such designation shall not be earlier than the date on which such inventory is submitted.

"(c) AREA AND ELIGIBILITY REQUIREMENTS.—

"(1) IN GENERAL.—The Secretary of Housing and Urban Development may make a designation of any nominated area under subsection (a)(1) only if it meets the requirements of paragraphs (2) and (3).

"(2) AREA REQUIREMENTS.—A nominated area meets the requirements of this paragraph if—

"(A) the area is within the jurisdiction of the local government,

"(B) the boundary of the area is continuous, and

"(C) the area—

"(i) has a population, as determined by the most recent census data available, of at least—

"(I) 4,000 if any portion of such area (other than a rural area described in subclause (I) or (III) of subsection (a)(2)(C)(ii)) is located within a metropolitan statistical area (within the meaning of section 103A (1)(4)(B)) with a population of 50,000 or more, or

"(II) 1,000 in any other case, or

"(ii) is entirely within an Indian reservation (as determined by the Secretary of the Interior).

"(3) ELIGIBILITY REQUIREMENTS.—For purposes of paragraph (1), a nominated area meets the requirements of this paragraph if the State and local governments in which it is located certify and the Secretary of Housing and Urban Development, after such review of supporting data as he deems appropriate, accepts such certification, that—

"(A) the area is one of pervasive poverty, unemployment, and general distress,

"(B) the area is located wholly within the jurisdiction of a local government which is eligible for Federal assistance under section 119 of the Housing and Community Development Act of 1974, as in effect on the date of the enactment of this section, and

"(C) one of the following criteria is met—

"(i) the unemployment rate, as determined by the appropriate available data, was at least 1½ times the national unemployment rate for that period, or

"(ii) the poverty rate (as determined by the most recent census data available) for each populous census tract, (or where not tracted, the equivalent county division as defined by the Bureau of the Census for the purpose of defining poverty areas) within the area was at least 20 percent for the period to which such data relates, or

"(iii) at least 70 percent of the households living in the area have incomes below 80 percent of the median income of households of the local government (determined in the same manner as under section 119(b)(2) of the Housing and Community Development Act of 1974), or

"(iv) the population of the area decreased by 20 percent or more between 1970 and 1980 (as determined from the most recent census available.)

"(d) REQUIRED STATE AND LOCAL COMMITMENTS.—

"(1) IN GENERAL.—No nominated area shall be designated as an enterprise zone unless the local government and the State in which it is located agree in writing that, during any period during which the area is an enterprise zone, such governments will follow a specified course of action designed to reduce the various burdens borne by employers or employees in such area.

"(2) COURSE OF ACTION.—The course of action under paragraph (1) may be implemented by both such governments and private nongovernmental entities, may be funded from proceeds of any Federal program, and may include, but is not limited to—

"(A) a reduction of tax rates or fees applying within the enterprise zone,

"(B) an increase in the level or efficiency of local services within the enterprise zone, for example, crime prevention,

"(C) actions to reduce, remove, simplify, or streamline governmental requirements applying within the enterprise zone,

"(D) involvement in the program by private entities, organizations, neighborhood associations, and community groups, particularly those within the nominated area, including a commitment from such private entities to provide jobs and job training for, and technical, financial or other assistance to, employers, employees, and residents of the nominated area, and

"(E) mechanisms to increase the equity ownership of residents and employees within the enterprise zone.

"(3) LATER MODIFICATION OF A COURSE OF ACTION.—The Secretary of Housing and Urban Development may by regulation prescribe procedures for modifying a course of action under paragraph (1) following designation.

"(e) PRIORITY OF DESIGNATION.—In choosing nominated areas for designation, the Secretary of Housing and Urban Development shall give special preference to the areas with respect to which the strongest and highest quality contributions described in subsection (d)(2) have been promised as part of the course of action, taking into consideration the fiscal ability of the nominating State and local governments to provide tax relief. The Secretary shall also give preference to—

"(1) the nominated areas with respect to which the strongest and highest quality contributions (other than those described in subsection (d)(2)) have been promised as part of the course of action,

"(2) the nominated areas with respect to which the nominating State and local governments have provided the most effective and enforceable guarantees that the proposed course of action under subsection (d) will actually be carried out during the period of the enterprise zone designation,

"(3) the nominated areas with high levels of poverty, unemployment, and general distress, particularly the areas—

"(A) which are near areas with concentrations of disadvantaged workers or long-term unemployed individuals, and

"(B) with respect to which there is a strong likelihood that residents of the area described in subparagraph (A) will receive jobs if the area is designated as an enterprise zone,

"(4) the nominated areas the size and location of which—

"(A) will primarily stimulate new economic activity, and

"(B) minimize unnecessary tax losses to the Federal Government,

"(5) the nominated areas with respect to which private entities have made the most substantial commitments in additional resources and contributions, including the creation of new or expanded business activities, and

"(6) the nominated areas which best exhibit such other factors determined by the Secretary of Housing and Urban Development as are—

"(A) consistent with the intent of the enterprise zone program, and

"(B) important to minimizing the unnecessary loss of tax revenues to the Federal Government.

"(f) DEFINITIONS.—For the purposes of this title—

"(1) GOVERNMENTS.—If more than one government seeks to nominate an area as an enterprise zone, any reference to, or requirement of, this section shall apply to all such governments.

"(2) STATE.—The term 'State' shall also include Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, and any other possession of the United States.

"(3) LOCAL GOVERNMENT.—The term 'local government' means—

"(A) any county, city, town, township, parish, village, or other general purpose political subdivision of a State,

"(B) any combination of political subdivisions described in subparagraph (A) recog-

nized by the Secretary of Housing and Urban Development, and

"(C) the District of Columbia.".

(b) CONFORMING AMENDMENT.—The table of subchapters for chapter 80 is amended by adding at the end thereof the following new item:

"SUBCHAPTER D—DESIGNATION OF ENTERPRISE ZONES".

SEC. 412. EVALUATION AND REPORTING REQUIREMENTS.

Not later than the close of the fourth calendar year after the year in which the Secretary of Housing and Urban Development first designates areas as enterprise zones under section 7891 of the Internal Revenue Code of 1954, and at the close of each fourth calendar year thereafter, the Secretary of Housing and Urban Development shall prepare and submit to the Congress a report on the effects of such designation in accomplishing the purposes of this Act.

SEC. 413. INTERACTION WITH OTHER FEDERAL PROGRAMS.

(a) TAX REDUCTIONS.—Any reduction of taxes under any required program of State and local commitment under section 7891(d) of the Internal Revenue Code of 1954 shall be disregarded in determining the eligibility of a State or local government for, or the amount or extent of, any assistance or benefits under any law of the United States.

(b) COORDINATION WITH RELOCATION ASSISTANCE.—The designation of an enterprise zone under section 7891 of the Internal Revenue Code of 1954 shall not—

(1) constitute approval of a Federal or Federally assisted program or project (within the meaning of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601)), or

(2) entitle any person displaced from real property located in such zone to any rights or any benefits under such Act.

(c) COORDINATION WITH ENVIRONMENTAL POLICY.—Designation of an enterprise zone under section 7891 shall not constitute a Federal action for purposes of applying the requirements of the National Environmental Policy Act (42 U.S.C. 4341) or other provisions of Federal law relating to the protection of the environment.

SUBTITLE B—FEDERAL INCOME TAX INCENTIVES

PART I—CREDITS FOR EMPLOYERS AND EMPLOYEES

SEC. 421. CREDIT FOR ENTERPRISE ZONE EMPLOYERS.

(a) CREDIT FOR INCREASED ENTERPRISE ZONE EMPLOYMENT AND EMPLOYMENT OF DISADVANTAGED WORKERS.—Subpart A of part IV of subchapter A of chapter 1 (relating to credits allowable) is amended by inserting immediately before section 45 the following new section:

"SEC. 44I. CREDIT FOR ENTERPRISE ZONE EMPLOYMENT.

"(a) IN GENERAL.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of—

"(1) 10 percent of the qualified increased employment expenditures of the taxpayer for the taxable year, and

"(2) the economically disadvantaged credit amount of the taxpayer for such taxable year.

"(b) LIMITATIONS BASED ON AMOUNT OF TAX.—

"(1) IN GENERAL.—The credit allowed by subsection (a) for a taxable year shall not exceed the tax imposed by this chapter for such taxable year, reduced by the sum of the credits allowable under any section of this subpart having a lower number or letter designation than this section, other than the credits allowable by sections 31, 39, and 43. For purposes of the preceding sentence, the term 'tax imposed by this chapter' shall not include any tax treated as not imposed by this chapter under the last sentence of section 53(a).

"(2) CARRYBACK AND CARRYOVER OF UNUSED CREDIT.—

"(A) ALLOWANCE OF CREDIT.—If the amount of the credit determined under this section for any taxable year exceeds the limitation provided by paragraph (1) for such taxable year (hereinafter in this paragraph referred to as the 'unused credit year'), such excess shall be—

"(i) an enterprise zone employment credit carryback to each of the 3 taxable years preceding the unused credit year, and

"(ii) an enterprise zone employment credit carryover to each of the 15 taxable years following the unused credit year,

and shall be added to the amount allowable as a credit by this section for such years. If any portion of such excess is a carryback to a taxable year beginning before January 1, 1984, this section shall be deemed to have been in effect for such taxable year for purposes of allowing such carryback as a credit under this section. The entire amount of the unused credit for an unused credit year shall be carried to the earliest of the 18 taxable years to which (by reason of clauses (i) and (ii)) such credit may be carried, and then to each of the other 17 taxable years to the extent that, because of the limitation contained in subparagraph (B), such unused credit may not be added for a prior taxable year to which such unused credit may be carried.

"(B) LIMITATION.—The amount of the unused credit which may be added under subparagraph (A) for any preceding or succeeding taxable year shall not exceed the amount by which the limitation provided by paragraph (1) for such taxable year exceeds the sum of

"(i) the credit allowable under this section for such taxable year, and

"(ii) the amounts which, by reason of this paragraph, are added to the amount allowable for such taxable year and which are attributable to taxable years preceding the unused credit year.

"(C) SPECIAL RULE IF PERIOD OF ZONE EXTENDS MORE THAN 15 YEARS.—If the number of taxable years during the period—

"(i) beginning with the taxable year after the unused credit year, and

"(ii) ending with the taxable year in which the designation of the enterprise zone to which the credit under subsection (a) relates expires under section 7891,

exceeds 15, then subparagraph (A) shall be applied by substituting such number for '15', such number plus 3 for '18', and such number plus 2 for '17'.

"(c) QUALIFIED INCREASED EMPLOYMENT EXPENDITURES DEFINED.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified increased employment expenditures' means the excess of—

"(A) the qualified wages paid or incurred by the employer during the taxable year to qualified employees with respect to all enterprise zones, over

"(B) the base period wages of the employer with respect to all such zones.

"(2) LIMITATIONS AS TO QUALIFIED WAGES TAKEN INTO ACCOUNT.—

"(A) DOLLAR AMOUNT.—The amount of any qualified wages taken into account under paragraph (1) for any taxable year with respect to any qualified employee may not exceed 2.5 times the dollar limitation in effect under section 3306 (b)(1) for the calendar year with or within which such taxable year ends.

"(B) APPLICATION WITH ECONOMICALLY DISADVANTAGED CREDIT AMOUNT.—Qualified wages shall not be taken into account under paragraph (1) if such wages are taken into account in derermining the economically disadvantaged credit amount under subsection (d).

"(3) BASE PERIOD WAGES.—

"(A) IN GENERAL.—The term 'base period wages' means, with respect to any enterprise zone, the amount of wages paid to employees during the 12-month period preceding the earlier of—

"(i) the date on which the enterprise zone was designated as such under section 7891, or

"(ii) the date on which the enterprise zone is designated under any State law enacted after January 1, 1981,

which would have been qualified wages paid to qualified employees if such designation had been in effect for such period.

"(B) RULES OF SPECIAL APPLICATION.—For purposes of subparagraph (A)—

"(i) subsection (f)(1) shall be applied by substituting '12-month period' for 'taxable year' each place it appears, and

"(ii) the dollar limitation taken into account under paragraph (2) in computing qualified wages shall be the amount in effect for the taxable year for which the amount of the credit under subsection (a) is being computed.

"(d) ECONOMICALLY DISADVANTAGED CREDIT AMOUNT.—For purposes of this section—

"(1) IN GENERAL.—The term 'economically disadvantaged credit amount' means the sum of the applicable percentage of qualified wages paid to each qualified economically disadvantaged individual.

"(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the term 'applicable percentage' means, with respect to any qualified economically disadvantaged individual, the percentage determined in accordance with the following table:

"If the qualified wages are paid for services performed:	The applicable percentage is:
Within 36 months of starting date	50
More than 36 months but less than 49 months after such date	40
More than 48 months but less than 61 months after such date	30
More than 60 months but less than 73 months after such date	20
More than 72 months but less than 85 months after such date	10
More than 84 months after such date	0

"(3) STARTING DATE; BREAKS IN SERVICE.—For purposes of this subsection—

"(A) STARTING DATE.—The term 'starting date' means the day which the qualified economically disadvantaged individual begins work for the employer within an enterprise zone.

"(B) BREAKS IN SERVICE.—The periods described in the table under paragraph (2) (other than the first such period) shall be extended by any period of time—

"(i) during which the individual is unemployed, and

"(ii) by any period of time before the designation of the area as an enterprise zone

under section 7891 during which the individual is employed by a taxpayer while the area is designated as an enterprise zone under State law enacted after January 1, 1981.

"(e) QUALIFIED WAGES DEFINED.—For purposes of this section—

"(1) IN GENERAL.—Except as otherwise provided in this subsection, the term 'qualified wages' has the meaning given to the term 'wages' by subsection (b) of section 3306 (determined without regard to any dollar limitation contained in such section).

"(2) REDUCTION FOR CERTAIN FEDERALLY FUNDED PAYMENTS.—For purposes of this section the wages paid or incurred by an employer for any period shall not include the amount of any federally funded payments the employer receives or is entitled to receive for on-the-job training of such individual for such period.

"(3) SPECIAL RULES FOR AGRICULTURAL AND RAILWAY LABOR.—Under regulations prescribed by the Secretary, rules similar to the rules of section 51(h) shall apply with respect to services described in subparagraphs (A) and (B) of section 51(h)(1).

"(f) QUALIFIED EMPLOYEE DEFINED.—

"(1) IN GENERAL.—For purposes of this section, the term 'qualified employee' means an individual—

"(A) at least 90 percent of whose services for the employer during the taxable year are directly related to the conduct of the employer's trade or business located in an enterprise zone, and

"(B) who performs at least 50 percent of his services for the employer during the taxable year in an enterprise zone.

"(2) EXCEPTION FOR INDIVIDUALS WITH RESPECT TO WHOM CREDIT IS ALLOWED UNDER SECTION 44b.—The term 'qualified employee' shall not include an individual with respect to whom any credit is allowed the employer for the taxable year under section 44B (relating to credit for employment of certain new employees).

"(g) QUALIFIED ECONOMICALLY DISADVANTAGED INDIVIDUAL.—

"(1) For purposes of this section, the term 'qualified economically disadvantaged individual' means an individual—

"(A) who is a qualified employee,

"(B) who is hired by the employer during the period a designation under section 7891 is in effect for the area in which the services which qualify such individual as a qualified employee are performed, and

"(C) who is certified as—

"(i) an economically disadvantaged individual,

"(ii) an eligible work incentive employee (within the meaning of section 51 (d)(9)), or

"(iii) a general assistance recipient (within the meaning of section 51 (d)(6)).

"(2) ECONOMICALLY DISADVANTAGED INDIVIDUAL.—For purposes of paragraph (1)—

"(A) IN GENERAL.—The term 'economically disadvantaged individual' means any individual who is certified by the designated local agency as being a member of a family that had a combined family income (including the cash value of food stamps) during the 6 months preceding the month in which such determination occurs that on an annual basis, was equal to or less than the sum of—

"(i) the highest amount which would ordinarily be paid to a family of the same size without any income or resources in the form of payments for aid to families with dependent children under the State plan approved under part A of title IV of the Social Security Act for the State in which such individual resides, plus,

"(ii) the highest cash value of the food stamps to which a family of the same size without any income or resources would be paid aid to families with dependent children under such State plan in the amount determined under clause (i).

Any such determination shall be valid for the 45-day period beginning on the date such determination is made.

"(B) SPECIAL RULE FOR FAMILIES WITH ONLY 1 INDIVIDUAL.—For purposes of clause (i) of subparagraph (A), in the case of a family consisting of only one individual, the 'highest amount which would ordinarily be paid' to such family under the State's plan approved under part A of title IV of the Social Security Act shall be an amount determined by the designated local agency on the basis of a reasonable relationship to the amounts payable under such plan to families consisting of two or more persons.

"(3) CERTIFICATION.—Certification of an individual as an individual described in paragraph (1)(C) shall be made in the same manner as certification under section 51.

"(h) SPECIAL RULES.—For purposes of this section—

"(1) APPLICATION TO CERTAIN ENTITIES, ETC.—Under regulations prescribed by the Secretary, rules similar to the rules of subsections (f) and (i) of section 51, section 52, and section 44F(f)(3) shall apply.

"(2) PERIODS OF LESS THAN A YEAR.—If designation of an area as an enterprise zone under section 7891 occurs, expires, or is revoked on a date other than the first or last day of the taxable year of the taxpayer, or in the case of a taxable year of less than 12 months—

"(A) the limitation specified in subsection (c)(2)(A), and the base period wages determined under subsection (c)(3), shall be adjusted on a pro rata basis (based upon the number of days), and

"(B) the reduction specified in subsection (e)(2) and the 90 percent and 50 percent tests set forth in subsection (f)(1) shall be determined by reference to the portion of the taxable year during which the designation of the area as an enterprise zone is in effect.

"(i) PHASEOUT OF CREDIT.—In determining the amount of the credit for a taxable year under subsection (a) with respect to qualified wages paid or incurred for services performed in an enterprise zone—

"(1) the following percentages shall be substituted for '10 percent' in subsection (a)(1):

"(A) 7.5 percent in the earlier of—

"(i) the taxable year which includes the date which is 21 years after the date on which such enterprise zone was designated under section 7891, or

"(ii) the taxable year which includes the date which is 4 years before the date (if any) on which such enterprise zone ceases to be a zone under section 7891(b)(1)(B),

"(B) 5 percent in the next succeeding taxable year,

"(C) 2.5 percent in the second next succeeding taxable year, and

"(D) zero thereafter, and

"(2) the amount determined under subsection (a)(2) shall be reduced by—

"(A) 25 percent in the case of the taxable year described in paragraph (1)(A),

"(B) 50 percent in the next succeeding taxable year,

"(C) 75 percent in the second next succeeding taxable year, and

"(D) 100 percent thereafter.

"(j) EARLY TERMINATION OF EMPLOYMENT BY EMPLOYER IN CASE OF QUALIFIED ECONOMICALLY DISADVANTAGED INDIVIDUALS, ETC.—

"(1) GENERAL RULE.—Under regulations prescribed by the Secretary, if the employment of any qualified economically disadvantaged individual with respect to whom qualified wages are taken into account under subsection (a) is terminated by the taxpayer at any time during the 270-day period beginning on the date such individual begins work for the employer, the tax under this chapter for the taxable year in which such employment is terminated shall be increased by an amount (determined under such regulations) equal to the credit allowed under subsection (a) for such taxable year and all prior taxable years attributable to qualified wages paid or incurred with respect to such employee.

"(2) Subsection not to apply in certain cases.—

"(A) IN GENERAL.—Paragraph (1) shall not apply to—

"(i) a termination of employment of an employee who voluntarily leaves the employment of the employer,

"(ii) a termination of employment of an individual who, before, the close of the period referred to in paragraph (1), becomes disabled and therefore is unable to perform the services of such employment, unless such disability is removed before the close of such period and the employer fails to offer reemployment to such individual,

"(iii) a termination of employment of an individual, if it is determined under the applicable State unemployment compensation law that the termination was due to the misconduct of such individual, or

"(iv) a termination of employment of an individual due to a substantial reduction in the trade or business operations of the employer.

"(B) CHANGE IN FORM OF BUSINESS, ETC.—For purposes of paragraph (1), the employment relationship between the employer and an employee shall not be treated as terminated—

"(i) by a transaction to which section 381(a) applies, if the employee continues to be employed by the acquiring corporation, or

"(ii) by reason of a mere change in the form of conducting the trade or business of the taxpayer, if the employee continues to be employed in such trade or business and the employer retains a substantial interest in such trade or business.

"(3) SPECIAL RULE.—Any increase in tax under paragraph (1) shall not be treated as tax imposed by this chapter for purposes of determining the amount of any credit allowable under this subpart.".

(b) NO DEDUCTION ALLOWED.—Section 280C (relating to disallowance of deductions for that portion of wages for which credit is claimed under section 40 or 44B) is amended by adding at the end thereof the following new subsection:

"(d) RULE FOR SECTION 44I CREDITS.—No deduction shall be allowed for that portion of the wages or salaries paid or incurred for the taxable year which is equal to the amount of the credit allowable under section 44I (relating to the employment credit for enterprise zone businesses). This subsection shall be applied under a rule similar to the rule under the last sentence of subsection (b).".

(c) TECHNICAL AMENDMENTS RELATED TO CARRYOVER AND CARRYBACK OF CREDITS.—

(1) CARRYOVER OF CREDIT.—

(A) Subparagraph (B) of section 55(c)(3) (relating to carryover and carryback of certain credits) is amended—

(i) by striking out "or 44F" in clause (i) and inserting in lieu thereof "44F, or 44I", and

(ii) by inserting "44I (b)(1)," after "44F (g)(1)," in clause (ii).

(B) Subsection (c) of section 381 (relating to items of the distributor or transferor corporation) is amended by adding at the end thereof the following new paragraph:

"(31) CREDIT UNDER SECTION 44I.—The acquiring corporation shall take into account (to the extent proper to carry out the purposes of this section and section 44I, and under such regulations as may be prescribed by the Secretary) the items required to be taken into account for purposes of section 44I in respect to the distributor or transferor corporation."

(C) Section 383 (relating to special limitations on unused credits and capital losses), as in effect for taxable years to which the amendments made by the Tax Reform Act of 1976 apply, is amended—

(i) by inserting "to any unused credit of the corporation under section 44I(b)(2)," after "44G(b)(2)," and

(ii) by inserting "ENTERPRISE ZONE EMPLOYMENT CREDITS," after "EMPLOYEE STOCK OWNERSHIP CREDITS," in the section heading.

(D) Section 383 (as in effect on the day before the amendments made by the Tax Reform Act of 1976) is amended—

(i) by inserting "to any unused credit of the corporation which could otherwise be carried forward under section 44I(b)(2)," after "44G(b)(2)," and

(ii) by inserting "ENTERPRISE ZONE EMPLOYMENT CREDITS," after "EMPLOYEE STOCK OWNERSHIP CREDITS," in the section heading.

(E) The table of sections for part V of subchapter C of chapter 1 is amended by inserting "enterprise zone employment credits," after "employee stock ownership credits," in the item relating to section 383.

(2) CARRYBACK OF CREDIT.—

(A) Subparagraph (C) of section 6511(d)(4) (defining credit carryback) is amended by striking out "and employee stock ownership credit carryback" and inserting in lieu thereof "employee stock ownership credit carryback, and enterprise zone employment credit carryback.".

(B) Section 6411 (relating to quick refunds in respect to tentative carryback adjustments) is amended—

(i) by striking out "or unused employee stock ownership credit" each place it appears and inserting in lieu thereof "unused employee stock ownership credit, or unused enterprise zone employment credit carryback";

(ii) by inserting ", by an enterprise zone employment credit carryback provided by section 44I(b)(2)," after "by an employee stock ownership credit carryback provided by section 44G(b)(2)" in the first sentence of subsection (a);

(iii) by striking out "or employee stock ownership credit carryback from" each place it appears and inserting in lieu thereof "employee stock ownership credit carryback, or enterprise zone employment credit carryback from"; and

(iv) by striking out "research and experimental credit carryback)" in the second sentence of subsection (a) and inserting in lieu thereof "research and experimental credit carryback, or in the case of an enterprise zone employment credit carryback, to an investment credit carryback, a new employee credit carryback, or an employee stock ownership credit carryback).".

(d) OTHER TECHNICAL AND CLERICAL AMENDMENTS.—

(1) Subsection (b) of section 6096 (relating to designation of income tax payments to Presidential Election Campaign Fund) is amended by striking out "and 44G" and inserting in lieu thereof "44H and 44I".

(2) The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting before the item relating to section 45 the following new item:

"Sec. 44I. Credit for enterprise zone employment.".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1984.

SEC. 422. CREDIT FOR ENTERPRISE ZONE EMPLOYEES.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 (relating to credits allowable), as amended by section 221, is amended by inserting immediately before section 45 the following new section:

"SEC. 44J. CREDIT FOR ENTERPRISE ZONE EMPLOYEES.

"(a) IN GENERAL.—In the case of a qualified employee, there is allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 5 percent of the qualifed wages for the taxable year.

"(b) DEFINITIONS.—For purposes of this section—

"(1) QUALIFIED EMPLOYEE.—The term 'qualified employee' means an individual—

"(A) who is described in section 44I(f)(1), and

"(B) who is not an employee of the Federal Government, of any State or local government, or any political subdivision of a State or local government.

"(2) QUALIFIED WAGES.—

"(A) IN GENERAL.—The term 'qualified wages' has the meaning given to 'wages' under subsection (b) of section 3306, attributable to services performed for an employer with respect to whom the employee is a qualified employee, in an amount which does not exceed 1½ times the dollar limitation specified in such subsection.

"(B) EXCEPTION.—The term 'qualified wages' does not include any compensation received from the Federal Government, any State or local government, or any political subdivision of a State or local government.

"(c) PHASEOUT OF CREDIT.—In determining the amount of the credit for the taxable year under subsection (a) with respect to qualified wages paid to qualified employees for services performed in an enterprise zone, the following percentages shall be substituted for '5 percent' in subsection (a):

"(1) 3¾ percent in the taxable year in which the date which is—

"(A) 21 years after the date on which such enterprise zone was designated under section 7891 occurs, or

"(B) if earlier, the date 4 years before the date the zone designation is to expire;

"(2) 2½ percent in the next succeeding taxable year;

"(3) 1¼ percent in the second next succeeding taxable year; and

"(4) zero thereafter.

"(d) APPLICATION WITH OTHER CREDITS.—The credit allowed by subsection (a) for a taxable year shall not exceed the tax imposed by this chapter for such taxable year, reduced by the sum of the credits allowable under a section of this subpart having a lower number or letter designation than this section, other than the credits allowable by sections 31, 39, and 43. For purposes of the preceding sentence, the term 'tax imposed by this chapter' shall not include any tax treated as not imposed by this chapter under the last sentence of section 53(a).".

(b) REPORTING REQUIREMENTS.—Subpart C of part III of subchapter A of chapter 61 (relating to information regarding wages paid employees) is amended by adding at the end thereof the following new section:

"SEC. 6054. REPORTING OF ENTERPRISE ZONE EMPLOYEE CREDITS.

"Every employer shall furnish to each employee who is a qualified employee of the employer (within the meaning of section 44J(b)(1)) a written statement showing the amount of qualified wages (within the meaning of section 44J(b)(2)) paid by the employer to such employee. The statement required to be furnished pursuant to this section shall be furnished at such time, shall contain such other information, and shall be in such form as the Secretary may by regulations prescribe. When required by such regulations, a duplicate of any such statement shall be filed with the Secretary.".

(c) CONFORMING AMENDMENTS.—

(1) Subparagraph (A) of section 6652(a)(1) (relating to failure to file information returns) is amended—

(A) by striking out "or" at the end of clause (v), and

(B) by inserting after clause (vi) the following new clause:

"(vii) section 6054 (relating to reporting of enterprise zone employee credits),".

(2) Section 6674 (relating to fraudulent statement or failure to furnish statement to employee) is amended by striking "or 6053(b)" each place it appears and inserting in lieu thereof ", 6053(b) or 6054".

(3) The table of sections for subpart C of part III of subchapter A of chapter 61 is amended by adding at the end thereof the following:

"Sec. 6054. Reporting of enterprise zone employee credits.".

(4) The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting immediately before the item relating to section 45 of the following new item:

"SEC. 44J. CREDIT FOR ENTERPRISE ZONE EMPLOYEES."

(5) Subsection (b) of section 6096, as amended by section 201, is amended by striking out "and 44I" and inserting in lieu thereof "44I, and 44J".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years after December 31, 1984.

PART II—CREDITS FOR INVESTMENT IN TANGIBLE PROPERTY IN ENTERPRISE ZONES

SEC. 431. INVESTMENT TAX CREDIT FOR ENTERPRISE ZONE PROPERTY.

(a) AMOUNT OF CREDIT.—

(1) IN GENERAL.—Subparagraph (A) of section 46(a)(2) (relating to amount of investment tax credit) is amended by striking out "and" at the end of clause (iii), by striking out the period at the end of clause (iv) and inserting in lieu thereof ", and", and by adding at the end thereof the following new clause:

"(v) in the case of enterprise zone property, the enterprise zone percentage."

(2) ENTERPRISE ZONE PERCENTAGE DEFINED.—Paragraph (2) of section 46(a) is amended by adding at the end thereof the following new subparagraph:

"(G) ENTERPRISE ZONE PERCENTAGE.—

"(i) IN GENERAL.—

"For purposes of this paragraph—

"In the case of enterprise zone expenditures with respect to:	The enterprise zone percentage is:
Zone personal property (within the meaning of section 48(s)(3))	5
New zone construction property (Within the meaning of section 48(s)(4)	10

"(ii) PHASEOUT OF CREDIT AS ENTERPRISE ZONE ENDS.—Clause (i) shall be applied by substituting the following percentages for 5 percent and 10 percent, respectively:

"(I) For the taxable year described in section 44I(i)(1)(A), 3.75 and 7.5.

"(II) For the next succeeding taxable year, 2.5 and 5.

"(III) For the second next succeeding taxable year, 1.25 and 2.5.

"(IV) For any subsequent taxable year, zero.

"(iii) REGULAR PERCENTAGE NOT TO APPLY TO CERTAIN PROPERTY.—For purposes of this paragraph, the regular percentage shall not apply to any enterprise zone property which, but for section 48(s)(1), would not be section 38 property.".

(3) ORDERING RULES.—That portion of paragraph (7) of section 46(a) (relating to special rules in the case of energy property) which precedes subparagraph (B) is amended to read as follows:

"(7) SPECIAL RULES IN THE CASE OF ENERGY PROPERTY OR ENTERPRISE ZONE PROPERTY.—Under regulations prescribed by the Secretary—

"(A) IN GENERAL.—This subsection and subsection (b) shall be applied separately—

"(i) first with respect to so much of the credit allowed by section 38 as is not attributable to the energy percentage or the enterprise zone percentage,

"(ii) second with respect to so much of the credit allowed by section 38 as is attributable to the application of the energy percentage to energy property, and

"(iii) third with respect to so much of the credit allowed by section 38 as is attributable to the application of the enterprise zone percentage to enterprise zone property."

(4) CONFORMING AMENDMENT.—Section 48(o) (defining certain credits) is amended by adding at the end thereof the following new paragraphs:

"(9) ENTERPRISE ZONE CREDIT.—The term 'enterprise zone credit' means that portion of the credit allowable by section 38 which is attributable to the enterprise zone percentage.".

(c) DEFINITIONS AND TRANSITIONAL RULES.—Section 48 (relating to definitions and special rules), as amended by this Act, is amended by redesignating subsection (s) as subsection (t) and by inserting after subsection (r) the following new subsection:

"(s) ENTERPRISE ZONE PROPERTY.—For purposes of this subpart—

"(1) TREATMENT AS SECTION 38 PROPERTY.—In the case of enterprise zone property—

"(A) such property shall be treated as meeting the requirements of subsection (a), and

"(B) paragraph (3) of subsection (a) shall not apply to such property.

"(2) The term 'enterprise zone property' means property—

"(A) which is—

"(i) zone personal property, or

"(ii) new zone construction property,

"(B) not acquired (directly or indirectly) by the taxpayer from a person who is related to the taxpayer (within the meaning of section 168(e)(4)(D)), and

"(C) acquired and first placed in service by the taxpayer in an enterprise zone during the period the designation as a zone is in effect under section 7891.

"(3) ZONE PERSONAL PROPERTY DEFINED.—The term 'zone personal property' means property which is—

"(A) 3-year property;

"(B) 5-year property;

"(C) 10-year property; and

"(D) 15-year public utility property,

which is used by the taxpayer predominantly in the active conduct of a trade or business within an enterprise zone. Property shall not be treated as 'zone personal property' if it is used or located outside the enterprise zone on any regular basis.

"(4) NEW ZONE CONSTRUCTION PROPERTY DEFINED.—The term 'new zone construction property' means 15-year real property or 20-year real property which is—

"(A) located in an enterprise zone,

"(B) used by the taxpayer predominantly in the active conduct of a trade or business within an enterprise zone, and

"(C) either—

"(i) the construction, reconstruction, or erection of which is completed by the taxpayer during the period the designation as a zone is in effect under section 7891, or

"(ii) acquired during such period if the original use of such property commences with the taxpayer and commences during such period.

In applying section 46(c)(1)(A) in the case of property described in subparagraph (C)(i), there shall be taken into account only that portion of the basis which is properly attributable to construction, reconstruction, or erection during such period.

"(5) REAL ESTATE RENTAL.—For purposes of this section, ownership of residential, commercial, or industrial real property within an enterprise zone for rental purposes shall be treated as the active conduct of a trade or business in an enterprise zone.

"(6) DEFINITIONS.—For purposes of this subsection, the terms '3-year property,' '5-year property,' '10-year property,' '15-year real property,' '20-year real property' and '15-year public utility property', have the meanings given such terms by section 168(c)(2).".

(d) RECAPTURE.—Subsection (a) of section 47 (relating to certain dispositions, etc., of section 38 property) is amended by adding at the end thereof the following new paragraph:

"(9) SPECIAL RULES FOR ENTERPRISE ZONE PROPERTY.—

"(A) IN GENERAL.—If, during any taxable year, property with respect to which the taxpayer claimed an enterprise zone credit—

"(i) is disposed of, or

"(ii) otherwise ceases to be section 38 property with respect to the taxpayer, or

"(iii) is removed from the enterprise zone, converted, or otherwise ceases to be enterprise zone property (other than by the expiration or revocation of the designation as an enterprise zone),

the tax under this chapter for such taxable year shall be increased by the amount described in subparagraph (B).

"(B) AMOUNT OF INCREASE.—The increase in tax under subparagraph (A) shall equal the aggregate decrease in the credits allowed under section 38 by reason of section 46(a)(2)(A)(v) for all prior taxable years which would have resulted solely from reducing the expenditures taken into account with respect to the property by an amount which bears the same ratio to such expenditures as the number of taxable years that the property was held by the taxpayer bears to the applicable recovery period for earnings and profits under section 312(k).".

(e) BASIS ADJUSTMENT TO REFLECT INVESTMENT CREDIT.—

(1) IN GENERAL.—Paragraph (3) of section 48(q) (relating to basis adjustment to section 38 property) is amended to read as follows:

"(3) SPECIAL RULE FOR QUALIFIED REHABILITATION AND ENTERPRISE ZONE EXPENDITURES.—In the case of any credit determined under section 46(a)(2) for—

"(A) any qualified rehabilitation expenditure in connection with a qualified rehabilitated building other than a certified historic structure, or

"(B) any expenditure in connection with new zone construction property (within the meaning of section 48(s)(4)),

paragraphs (1) and (2) shall be applied without regard to the phrase '50 percent of'.".

(2) CONFORMING AMENDMENT.—The heading for subsection (c) of section 196 (relating to deductions for certain unused investment credits) is amended by striking out "rehabilitated buildings" and inserting in lieu thereof "rehabilitation and enterprise zone expenditures".

(f) INVESTMENT CREDIT CARRYOVER PERIOD EXTENDED.—Paragraph (1) of section 46(b) (relating to carryover and carryback of unused credits) is amended by adding at the end thereof the following new sentence: "If the number of taxable years during the period beginning with the taxable years following the unused credit year and ending with the taxable year in which the designation of the enterprise zone to which the unused credit relates expires under section 7891 exceeds 15, then the preceding sentence shall be applied by substituting such number for '15,' such number plus 3 for '18,' and such number plus 2 for '17'.".

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to periods after December 31, 1984, under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1954.

PART III—REDUCTION IN CAPITAL GAIN TAX RATES

SEC. 441. CORPORATIONS.

(a) GENERAL RULE.—Subsection (a) of section 1201 (relating to alternative tax for corporations), as amended by this Act, is amended by inserting "and the qualified enterprise zone net capital gain" after "qualified corporate gain" in paragraph (3)(B).

(b) DEFINITION OF QUALIFIED ENTERPRISE ZONE NET CAPITAL GAIN.—Section 1201 is amended by redesignating subsections (b) and (c) as subsections (c) and (d) and by inserting after subsection (a) the following new subsection:

"(b) QUALIFIED ENTERPRISE ZONE NET CAPITAL GAIN.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified enterprise zone net capital gain' means the amount of net capital gain for any taxable year determined by taking into account only gains and losses from the sale or exchange of capital assets which are gain which is—

"(A) attributable to the sale or exchange of qualified enterprise zone property, and

"(B) properly allocable only to periods during which such property is qualified enterprise zone property.

"(2) SPECIAL RULES RELATING TO INTERESTS IN BUSINESSES.—

"(A) CERTAIN GAINS AND LOSSES NOT TAKEN INTO ACCOUNT.—In determining the amount

of qualified enterprise zone net capital gain for any taxable year under paragraph (1), there shall not be taken into account any gains or losses attributable to the sale or exchange of an interest in a qualified enterprise zone business to the extent such gain or losses are attributable to—

"(i) any property contributed to such qualified enterprise zone business during the 12-month period before such sale or exchange,

"(ii) any interest in any business which is not a qualified enterprise zone business, or

"(iii) any intangible property to the extent not properly attributable to the active conduct of a trade or business within an enterprise zone.

"(B) PERIODS FOR WHICH GAINS AND LOSSES ALLOCABLE.—For purposes of determining under paragraph (1)(B) gains or losses properly allocable to an interest in a qualified enterprise zone business, there shall only be taken into account the taxable years of such business during which it meets the requirements of paragraph (3)(B).

"(3) DEFINITIONS.—For purposes of this subsection—

"(A) The term 'qualified enterprise zone property' means—

"(i) any tangible personal property used by the taxpayer predominantly in an enterprise zone in the active conduct of a trade or business within such enterprise zone,

"(ii) any real property located in an enterprise zone used by the taxpayer predominantly in the active conduct of a trade or business within such enterprise zone, and

"(iii) any interest in a corporation, partnership, or other entity if, for the two most recent taxable years of such entity—

"(I) ending before the date of disposition of such interest, and

"(II) beginning after the date of the designation as an enterprise zone of the area in which such entity is engaged in the active conduct of a trade or business,

such entity was a qualified enterprise zone business.

"(B) QUALIFIED ENTERPRISE ZONE BUSINESS.—The term 'qualified enterprise zone business' means, with respect to any taxable year, any person—

"(i) actively engaged in the conduct of a trade or business within an enterprise zone during such taxable year,

"(ii) with respect to which at least 80 percent of such person's gross receipts for such taxable year are attributable to the active conduct of a trade or business within an enterprise zone, and

"(iii) substantially all of the tangible assets of which are located within an enterprise zone during such taxable year.

"(C) REAL ESTATE RENTAL.—For purposes of this subsection, ownership of residential, commercial, or industrial real property within an enterprise zone for rental shall be treated as the active conduct of a trade or business in an enterprise zone.

"(D) PROPERTY REMAINS QUALIFIED AFTER ZONE DESIGNATION CEASES TO APPLY.—

"(i) IN GENERAL.—The treatment of property as qualified property under subparagraph (A) shall not terminate when the designation of the enterprise zone in which the property is located or used expires or is revoked.

"(ii) EXCEPTIONS.—Clause (i) shall not apply after the first sale or exchange of property occurring after the designation expires or is revoked.".

SEC. 442. TAXPAYERS OTHER THAN CORPORATIONS.

Subsection (a) of section 1202 (relating to deduction for capital gains) is amended to read as follows:

"(a) DEDUCTION ALLOWED.—

"(1) IN GENERAL.—If for any taxable year a taxpayer other than a corporation has a net capital gain, there shall be allowed as a deduction from gross income an amount equal to the sum of—

"(A) 100 percent of the lesser of—

"(i) the net capital gain, or

"(ii) the qualified enterprise zone net capital gain (as defined in section 1201(b)), plus

"(B) 60 percent of the excess (if any) of—

"(i) the net capital gain, over

"(ii) the amount of the net capital gain taken into account under subparagraph (A).".

SEC. 443. MINIMUM TAX.

Paragraph (9) of section 57(a) (relating to tax preference for capital gains) is amended by adding at the end thereof the following new subparagraph:

"(E) For purposes of this paragraph, gain attributable to qualified enterprise zone net capital gain (within the meaning of section 1201(b)) shall not be taken into account.".

SEC. 444. EFFECTIVE DATE.

The amendments made by this part shall apply to sales or exchanges after December 31, 1984.

PART IV—RULES RELATING TO INDUSTRIAL DEVELOPMENT BONDS

SEC. 451. INDUSTRIAL DEVELOPMENT BONDS.

(a) LIMITATION ON ACCELERATED COST RECOVERY DEDUCTION NOT TO APPLY TO ENTERPRISE ZONE PROPERTY.—Subparagraph (C) of section 168(f)(12) (relating to limitations on property financed with tax-exempt bonds) is amended—

(1) by striking out "or" at the end of clause (iii),

(2) by striking out the period at the end of clause (iv) and inserting in lieu thereof ", or", and

(3) by adding at the end thereof the following new clause:

"(v) as enterprise zone property (within the meaning of section 48(s)).".

(b) TERMINATION OF SMALL ISSUE EXEMPTION NOT TO APPLY.—Subparagraph (N) of section 103(b)(6) (relating to termination of small issue exemption after December 31, 1986) is amended by adding at the end thereof the following new sentence: "This subparagraph shall not apply to any obligation which is part of an issue substantially all of the proceeds of which are used to finance facilities within an enterprise zone if such facilities are placed in service while the designation as such a zone is in effect under section 7891.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to obligations issued after December 31, 1984, in taxable years ending after such date.

PART V—SENSE OF THE CONGRESS WITH RESPECT TO TAX SIMPLIFICATION

SEC. 461. TAX SIMPLIFICATION.

It is the sense of the Congress that the Secretary of the Treasury should in every way possible simplify the administration and enforcement of any provision of the Internal Revenue Code of 1954 added to, or amended by, this Act.

SUBTITLE C—REGULATORY FLEXIBILITY

SEC. 471. DEFINITION OF SMALL ENTITIES IN ENTERPRISE ZONES FOR PURPOSES OF ANALYSIS OF REGULATORY FUNCTIONS.

Section 601 of title 5, United States Code, is amended by—

(1) striking out "and" at the end of paragraph (5); and

(2) striking out paragraph (6) and inserting in lieu thereof the following:

"(6) the term 'small entity' means—

"(A) a small business, small organization, or small governmental jurisdiction within the meaning of paragraphs (3), (4), and (5) of this section, respectively; and

"(B) any qualified enterprise zone business; any governments which designated and approved an area which has been designated as an enterprise zone (within the meaning of section 7891 of the Internal Revenue Code of 1954) to the extent any rule pertains to the carrying out of projects, activities, or undertakings within such zone; and any not-for-profit enterprise carrying out a significant portion of its activities within such a zone; and

"(7) the term 'qualified enterprise zone business' means any person, corporation, or other entity—

"(A) which is engaged in the active conduct of a trade or business within an enterprise zone (within the meaning of section 7891 of the Internal Revenue Code of 1954); and

"(B) for whom at least 50 percent of its employees are qualified employees (within the meaning of section 44I(f) of such Code).".

SEC. 472. WAIVER OR MODIFICATION OF AGENCY RULES IN ENTERPRISE ZONES.

(a) Chapter 6 of title 5, United States Code, is amended by redesignating sections 611 and 612 as sections 612 and 613, respectively, and inserting the following new section immediately after section 610:

"§ 611. Waiver or modification of agency rules in enterprise zones

"(a) Upon the written request of the governments which designated and approved an area which has been designated as an enterprise zone under section 7891 of the Internal Revenue Code of 1954, an agency is authorized, in order to further the job creation, community development, or economic revitalization objectives of the zone, to waive or modify all or part of any rule which it has authority to promulgate, as such rule pertains to the carrying out of projects, activities or undertakings within the zone.

"(b) Nothing in this section shall authorize an agency to waive or modify any rule adopted to carry out a statute or Executive order which prohibits, or the purpose of which is to protect persons against, discrimination on the basis of race, color, religion, sex, marital status, national origin, age, or handicap.

"(c) A request under subsection (a) shall specify the rule or rules to be waived or modified and the change proposed, and shall briefly describe why the change would promote the achievement of the job creation, community development, or economic revitalization objectives of the enterprise zone. If a request is made to an agency other than the Department of Housing and Urban Development, the requesting governments shall send a copy of the request to the Secretary of Housing and Urban Development at the time the request is made.

"(d) In considering a request, the agency shall weigh the extent to which the proposed change is likely to further job creation, community development, or economic revitalization within the enterprise zone against the effect the change is likely to have on the underlying purposes of applicable statutes in the geographic area which would be affected by the change. The agency shall approve the request whenever it finds, in its discretion, that the public interest which the proposed change would serve in furthering such job creation, community development, or economic revitalization outweighs the public interest which continuation of the rule unchanged would serve in furthering such underlying purposes. The agency shall not approve any request to waive or modify a rule if that waiver or modification would—

"(1) directly violate a statutory requirement (including any requirement of the Fair Labor Standards Act of 1938 (52 Stat. 1060; 29 U.S.C. 201 et seq.)); or

"(2) be likely to present a significant risk to the public health, including environmental health or safety, such as a rule with respect to occupational safety or health, or environmental pollution.

"(e) If a request is disapproved, the agency shall inform the requesting governments in writing of the reasons therefor and shall, to the maximum extent possible, work with such governments to develop an alternative, consistent with the standards contained in subsection (d).

"(f) Agencies shall discharge their responsibilities under this section in an expeditious manner, and shall make a determination on requests not later than 90 days after their receipt.

"(g) A waiver or modification of a rule under subsection (a) shall not be considered to be a rule, rulemaking, or regulation under chapter 5 of this title. To facilitate reaching its decision on any requested waiver or modification, the agency may seek the views of interested parties and, if the views are to be sought, determine how they should be obtained and to what extent, if any, they should be taken into account in considering the request. The agency shall publish a notice in the Federal Register stating any waiver or modification of a rule under this section.

"(h) In the event that an agency proposes to amend a rule for which a waiver or modification under this section is in effect, the agency shall not change the waiver or modification to impose additional requirements unless it determines, consistent with standards contained in subsection (d), that such action is necessary.

"(i) No waiver or modification of a rule under this section shall remain in effect for a longer period than the period for which the enterprise zone designation remains in effect for the area in which the waiver or modification applies.

"(j) For purposes of this section, the term 'rule' means (1) any rule as defined in section 551(4) of this title or (2) any rulemaking conducted on the record after opportunity for an agency hearing pursuant to sections 556 and 557 of this title.".

(b) The table of sections for such chapter is amended by redesignating "Sec. 611." and "Sec. 612." and "Sec. 613.", respectively, and inserting the following new item immediately after "Sec. 610.":

"Sec. 611. Waiver or modification of agency rules in enterprise zones.".

(c) Section 601(2) of such title is amended by inserting "(except for purposes of section 611)" immediately before "means".

(d) Section 613 of such title, redesignated by subsection (a) of this section, is amended by—

(1) inserting "(except section 611)" immediately after "chapter" in subsection (a); and

(2) inserting "as defined in section 601(2)" immediately before the period at the end of the first sentence of subsection (b).

SEC. 473. COORDINATION OF HOUSING AND URBAN DEVELOPMENT PROGRAMS IN ENTERPRISE ZONES.

Section 3 of the Department of Housing and Urban Development Act is amended by adding at the end thereof the following new subsection:

"(d) The Secretary of Housing and Urban Development shall—

"(1) promote the coordination of all programs under his jurisdiction which are carried on within an enterprise zone designated pursuant to section 7891 of the Internal Revenue Code of 1954;

"(2) expedite, to the greatest extent possible, the consideration of applications for programs referred to in paragraph (1) through the consolidation of forms or otherwise; and

"(3) provide, whenever possible, for the consolidation of periodic reports required under programs referred to in paragraph (1) into one summary report submitted at such intervals as may be designated by the Secretary.".

SUBTITLE D—ESTABLISHMENT OF FOREIGN-TRADE ZONES IN ENTERPRISE ZONES

SEC. 481. FOREIGN-TRADE ZONE PREFERENCES.

(a) PREFERENCE IN ESTABLISHMENT OF FOREIGN-TRADE ZONES IN REVITALIZATION AREAS.—In processing applications for the establishment of foreign-trade zones pursuant to an Act entitled "To provide for the establishment, operation, and maintenance of foreign-trade zones in ports of entry of the United States, to expedite and encourage foreign commerce, and for other purposes," approved June 18, 1934 (48 Stat. 998), the Foreign-Trade Zone Board shall consider on a priority basis and expedite, to the maximum extent possible, the processing of any application involving the establishment of a foreign-trade zone within an enterprize zone designated pursuant to section 7891 of the Internal Revenue Code of 1954.

(b) APPLICATION PROCEDURE.—In processing applications for the establishment of ports of entry pursuant to an Act entitled "An Act making appropriations for sundry civil expenses of the Government for the fiscal year ending June thirtieth, nineteen hundred and fifteen, and for other purposes," approved August 1, 1914 (38 Stat. 609), the Secretary of the Treasury shall consider on a priority basis and expedite, to the maximum extent possible, the processing of any application involving the establishment of a port of entry which is necessary to permit the establishment of a foreign-trade zone within an enterprise zone.

(c) APPLICATION EVALUATION.—In evaluating applications for the establishment of foreign-trade zones and ports of entry in connection with enterprise zones, the Foreign-Trade Zone Board and the Secretary of Treasury shall approve the applications to the maximum extent practicable, consistent with their respective statutory responsibilities.

TITLE V—FOREIGN SALES CORPORATIONS

SECTION 501. SHORT TITLE.

This title may be cited as the "Foreign Sales Corporation Act of 1984".

SEC. 502. FOREIGN SALES CORPORATIONS.

(a) IN GENERAL.—Part III of subchapter N of chapter 1 (relating to income from sources outside the United States) is amended by inserting after subpart B the following new subpart:

"Subpart C—Taxation of Foreign Sales Corporations

"Sec. 921. Exempt foreign trade income excluded from gross income.
"Sec. 922. FSC defined.
"Sec. 923. Exempt foreign trade income.
"Sec. 924. Foreign trading gross receipts.
"Sec. 925. Transfer pricing rules.
"Sec. 926. Distributions to shareholders.
"Sec. 927. Other definitions and special rules.

"SEC. 921. EXEMPT FOREIGN TRADE INCOME EXCLUDED FROM GROSS INCOME.

"(a) EXCLUSION.—Exempt foreign trade income of a FSC shall be treated as foreign source income which is not effectively connected with the conduct of a trade or business within the United States.

"(b) PROPORTIONATE ALLOCATION OF DEDUCTIONS TO EXEMPT FOREIGN TRADE INCOME.—Any deductions of the FSC properly apportioned and allocated to the foreign trade income derived by a FSC from any transaction shall be allocated between—

"(1) the exempt foreign trade income derived from such transaction, and

"(2) the foreign trade income (other than exempt foreign trade income) derived from such transaction,

on a proportionate basis.

"(c) DENIAL OF CREDITS.—Notwithstanding any other provision of this chapter, no credit (other than a credit allowable under section 27(a), 33, or 34) shall be allowed under this chapter to any FSC.

"(d) FOREIGN TRADE INCOME, INVESTMENT INCOME, AND CARRYING CHARGES TREATED AS EFFECTIVELY CONNECTED WITH UNITED STATES BUSINESS.—For purposes of this chapter—

"(1) all foreign trade income of a FSC other than—

"(A) exempt foreign trade income, and

"(B) section 923(a)(2) non-exempt income,

"(2) all interest, dividends, royalties, and other investment income received by a FSC, and

"(3) all carrying charges received by a FSC,

shall be treated as income effectively connected with the conduct of a trade or business conducted through a permanent establishment of such corporation within the United States. Income described in paragraph (1) shall be treated as derived from sources within the United States.

"SEC. 922. FSC DEFINED.

"(a) FSC DEFINED.—For purposes of this title, the term 'FSC' means any corporation—

"(1) which—

"(A) was created or organized—

"(i) under the laws of any foreign country which meets the requirements of section 927(e)(3), or

"(ii) under the laws applicable to any possession of the United States,

"(B) has no more than 25 shareholders at any time during the taxable year,

"(C) does not have any preferred stock outstanding at any time during the taxable year,

"(D) during the taxable year—

"(i) maintains an office located outside the United States,

"(ii) maintains a set of the permanent books of account of such corporation at such office, and

"(iii) maintains at a location within the United States the records which such corporation is required to keep under section 6001.

"(E) at all times during the taxable year, has a board of directors which includes at least one individual who is not a resident of the United States, and

"(F) is not a member, at any time during the taxable year, of any controlled group of corporations of which a DISC is a member, and

"(2) which has made an election (at the time and in the manner provided in section 927(f)(1)) which is in effect for the taxable year to be treated as a FSC.

"(b) SMALL FSC DEFINED.—For purposes of this title, a FSC is a small FSC with respect to any taxable year if—

"(1) such corporation has made an election (at the time and in the manner provided in section 927(f)(1)) which is in effect for the taxable year to be treated as a small FSC, and

"(2) such corporation is not a member, at any time during the taxable year, of a controlled group of corporations which includes a FSC unless such other FSC has also made an election under paragraph (1) which is in effect for such year.

"SEC. 923. EXEMPT FOREIGN TRADE INCOME.

"(a) EXEMPT FOREIGN TRADE INCOME.—For purposes of this subpart—

"(1) IN GENERAL.—The term 'exempt foreign trade income' means the aggregate amount of all foreign trade income of a FSC for the taxable year which is described in paragraph (2) or (3).

"(2) INCOME DETERMINED WITHOUT REGARD TO ADMINISTRATIVE PRICING RULES.—In the case of any transaction to which paragraph (3) does not apply, 34 percent of the foreign trade income derived from such transaction shall be treated as described in this paragraph. For purposes of the preceding sentence, foreign trade income shall not include any income properly allocable to excluded property described in subparagraph (B) of section 927(a)(2) (relating to intangibles).

"(3) INCOME DETERMINED WITH REGARD TO ADMINISTRATIVE PRICING RULES.—In the case of any transaction with respect to which paragraph (1) or (2) of section 925(a) (or the corresponding provisions of the regulations prescribed under section 925(b)) applies, 17/23 of the foreign trade income derived from such transaction shall be treated as described in this paragraph.

"(4) SPECIAL RULE FOR FOREIGN TRADE INCOME ALLOCABLE TO A COOPERATIVE.—

"(A) IN GENERAL.—In any case in which a qualified cooperative is a shareholder of a FSC, paragraph (3) shall be applied with respect to that portion of the foreign trade income of such FSC for any taxable year which is properly allocable to such cooperative by substituting '100 percent' for '17/23'.

"(B) PARAGRAPH ONLY TO APPLY TO AMOUNTS FSC DISTRIBUTES.—Subparagraph (A) shall not apply for any taxable year unless the FSC distributes to the qualified cooperative the amount which (but for such subparagraph) would not be treated as exempt foreign trade income. Any distribution under this subparagraph for any taxable year—

"(i) shall be made before the due date for filing the return of tax for such taxable year, but

"(ii) shall be treated as made on the last day of such taxable year.

"(b) FOREIGN TRADE INCOME DEFINED.—For purposes of this subpart, the term 'foreign trade income' means the gross income of a FSC attributable to foreign trading gross receipts.

"SEC. 924. FOREIGN TRADING GROSS RECEIPTS.

"(a) IN GENERAL.—Except as otherwise provided in this section, for purposes of this subpart, the term 'foreign trading gross receipts' means the gross receipts of any FSC which are—

"(1) from the sale, exchange, or other disposition of export property,

"(2) from the lease or rental of export property for use by the lessee outside the United States,

"(3) for services which are related and subsidiary to—

"(A) any sale, exchange, or other disposition of export property by such corporation, or

"(B) any lease or rental of export property described in paragraph (2) by such corporation,

"(4) for engineering or architectural services for construction projects located (or proposed for location) outside the United States, or

"(5) for the performance of managerial services for an unrelated FSC in furtherance of the production of foreign trading gross receipts described in paragraph (1), (2), or (3) (whether or not the FSC has any gross receipts from any activity described in any such paragraph).

"(b) FOREIGN MANAGEMENT AND FOREIGN ECONOMIC PROCESS REQUIREMENTS.—

"(1) IN GENERAL.—Except as provided in paragraph (2)—

"(A) a FSC shall be treated as having foreign trading gross receipts for the taxable year only if the management of such corporation during such taxable year takes place outside the United States as required by subsection (c), and

"(B) a FSC has foreign trading gross receipts from any transaction only if economic processes with respect to such transaction take place outside the United States as required by subsection (d).

"(2) EXCEPTION FOR SMALL FSC.—

"(A) IN GENERAL.—Paragraph (1) shall not apply with respect to any small FSC.

"(B) LIMITATION ON AMOUNT OF FOREIGN TRADING GROSS RECEIPTS OF SMALL FSC TAKEN INTO ACCOUNT.—

"(i) IN GENERAL.—Any foreign trading gross receipts of a small FSC for the taxable year which exceed $5,000,000 shall not be taken into account in determining the exempt foreign trade income of such corporation and shall not be taken into account under any other provision of this subpart.

"(ii) ALLOCATION OF LIMITATION.—If the foreign trading gross receipts of a small FSC exceed the limitation of clause (i), the corporation may allocate such limitation among such gross receipts in such manner as it may select (at such time and in such manner as may be prescribed in regulations).

"(iii) RECEIPTS OF CONTROLLED GROUP AGGREGATED.—For purposes of applying clauses (i) and (ii), all small FSC's which are members of the same controlled group of corporations shall be treated as a single corporation.

"(iv) ALLOCATION OF LIMITATION AMONG MEMBERS OF CONTROLLED GROUP.—The limitation under clause (i) shall be allocated among the foreign trading gross receipts of small FSC's which are members of the same controlled group of corporations in a manner provided in regulations prescribed by the Secretary.

"(c) REQUIREMENT THAT FSC BE MANAGED OUTSIDE THE UNITED STATES.—The management of a FSC meets the requirements of this subsection for the taxable year if—

"(1) all meetings of the board of directors of the corporation, and all meetings of the shareholders of the corporation, are outside the United States,

"(2) the principal bank account of the corporation is maintained outside the United States at all times during the taxable year, and

"(3) all dividends, legal and accounting fees, and salaries of officers and members of the board of directors of the corporation disbursed during the taxable year are disbursed out of bank accounts of the corporation maintained outside the United States.

"(d) REQUIREMENT THAT ECONOMIC PROCESSES TAKE PLACE OUTSIDE THE UNITED STATES.—

"(1) IN GENERAL.—The requirements of this subsection are met with respect to the gross receipts of a FSC derived from any transaction if—

"(A) such corporation (or any person acting under a contract with such corporation) has participated outside the United States in the solicitation (other than advertising), the negotiation, or the making of the contract relating to such transaction, and

"(B) the foreign direct costs incurred by the FSC attributable to the transaction equal or exceed 50 percent of the total direct costs incurred by the FSC attributable to the transaction.

"(2) ALTERNATIVE 85-PERCENT TEST.—A corporation shall be treated as satisfying the requirements of paragraph (1)(B) with respect to any transaction if, with respect to each of at least 2 paragraphs of subsection (e), the foreign direct costs incurred by such corporation attributable to activities described in such paragraph equal or exceed 85 percent of the total direct costs attributable to activities described in such paragraph.

"(3) DEFINITIONS.—For purposes of this subsection—

"(A) TOTAL DIRECT COSTS.—The term 'total direct costs' means, with respect to any transaction, the total direct costs incurred by the FSC attributable to activities described in subsection (e) performed at any location by the FSC or any person acting under a contract with such FSC.

"(B) FOREIGN DIRECT COSTS.—The term 'foreign direct costs' means, with respect to any transaction, the portion of the total direct costs which are attributable to activities performed outside the United States.

"(4) RULES FOR COMMISSIONS, ETC.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subsection and subsection (e) in the case of commissions, rentals, and furnishing of services.

"(e) ACTIVITIES RELATING TO DISPOSITION OF EXPORT PROPERTY.—The activities referred to in subsection (d) are—

"(1) advertising and sales promotion,

"(2) the processing of customer orders and the arranging for delivery of the export property,

"(3) transportation from the time of acquisition by the FSC (or, in the case of a

commission relationship, from the beginning of such relationship for such transaction) to the delivery to the customer,

"(4) the determination and transmittal of a final invoice or statement of account and the receipt of payment, and

"(5) the assumption of credit risk.

"(f) BURDEN OF PROOF REGARDING FOREIGN MANAGEMENT AND ECONOMIC PROCESS REQUIREMENTS.—

"(1) IN GENERAL.—In any judicial or administrative proceeding involving the issue of whether—

"(A) a FSC meets the requirements of subsection (c) for a taxable year, or

"(B) a transaction meets the requirements of subsection (d),

the burden of proof with respect to such issue shall be upon the Secretary if a written statement addressing such issue has been filed by an officer of such corporation under paragraph (2).

"(2) AFFIDAVIT.—An authorized officer of a FSC who is a citizen and resident of the United States may file with the Secretary (at such time and in such manner as the Secretary shall by regulations prescribe) a verified written statement made by such officer under penalties of perjury which—

"(A) declares that such corporation meets the requirements of subsection (c) for the taxable year and specifies how such requirements have been met, or

"(B) declares that specified transactions of such corporation for the taxable year meet the requirements of subsection (d) and specifies how such requirements have been met.

"(g) CERTAIN RECEIPTS NOT INCLUDED IN FOREIGN TRADING GROSS RECEIPTS.—

"(1) CERTAIN RECEIPTS EXCLUDED ON BASIS OF USE; SUBSIDIZED RECEIPTS AND RECEIPTS FROM RELATED PARTIES EXCLUDED.—The term 'foreign trading gross receipts' shall not include receipts of a FSC from a transaction if—

"(A) the export property or services—

"(i) are for ultimate use in the United States, or

"(ii) are for use by the United States or any instrumentality thereof and such use of export property or services is required by law or regulation,

"(B) such transaction is accomplished by a subsidy granted by the United States or any instrumentality thereof, or

"(C) such receipts are from another FSC which is a member of the same controlled group of corporations of which such corporation is a member.

"(2) ONE-HALF OF RECEIPTS FROM MILITARY PROPERTY EXCLUDED.—The term 'foreign trading gross receipts' shall not include 50 percent of the gross receipts for the taxable year attributable to the disposition of, or services relating to, military property (within the meaning of section 995(b)(3)(B)).

"(3) INVESTMENT INCOME; CARRYING CHARGES.—The term 'foreign trading gross receipts' shall not include any investment income or carrying charges.

"SEC. 925. TRANSFER PRICING RULES.

"(a) IN GENERAL.—In the case of a sale of export property to a FSC by a person described in section 482, the taxable income of such FSC and such person shall be based upon a transfer price which would allow such FSC to derive taxable income attributable to such sale (regardless of the sales price actually charged) in an amount which does not exceed the greatest of—

"(1) 1.83 percent of the foreign trading gross receipts derived from the sale of such property by such FSC,

"(2) 23 percent of the combined taxable income of such FSC and such person which is attributable to the foreign trading gross receipts derived from the sale of such property by such FSC, or

"(3) taxable income based upon the sale price actually charged (but subject to the rules provided in section 482).

Paragraphs (1) and (2) shall apply only if the FSC meets the requirements of subsection (c) with respect to the sale.

"(b) RULES FOR COMMISSIONS, RENTALS, AND MARGINAL COSTING.—The Secretary shall prescribe regulations setting forth—

"(1) rules which are consistent with the rules set forth in subsection (a) for the application of this section in the case of commissions, rentals, and other income, and

"(2) rules for the allocation of expenditures in computing combined taxable income under subsection (a)(2) in those cases where a FSC is seeking to establish or maintain a market for export property.

"(c) REQUIREMENTS FOR USE OF ADMINISTRATIVE PRICING RULES.—A sale by a FSC meets the requirements of this subsection if—

"(1) all of the activities described in section 924(e) attributable to such sale, and

"(2) all of the activities relating to the solicitation (other than advertising), negotiation, and making of the contract for such sale,

have been performed by such FSC (or by another person acting under a contract with such FSC).

"(d) LIMITATION ON GROSS RECEIPTS PRICING RULE.—The amount determined under subsection (a)(1) with respect to any transaction shall not exceed 2 times the amount which would be determined under subsection (a)(2) with respect to such transaction.

"(e) TAXABLE INCOME.—For purposes of this section, the taxable income of a FSC shall be determined without regard to section 921.

"(f) SPECIAL RULE FOR COOPERATIVES.—In any case in which a qualified cooperative sells export property to a FSC, in computing the combined taxable income of such FSC and such organization for purposes of subsection (a)(2), there shall not be taken into account any deduction allowable under subsection (b) or (c) of section 1382 (relating to patronage dividends, per-unit retain allocations, and nonpatronage distributions).

"SEC. 926. DISTRIBUTIONS TO SHAREHOLDERS.

"(a) DISTRIBUTIONS MADE FIRST OUT OF FOREIGN TRADE INCOME.—For purposes of this title, any distribution to a shareholder of a FSC by such FSC which is made out of earnings and profits shall be treated as made—

"(1) first, out of earnings and profits attributable to foreign trade income, to the extent thereof, and

"(2) then, out of any other earnings and profits.

"(b) DISTRIBUTIONS BY FSC TO NONRESIDENT ALIENS AND FOREIGN CORPORATIONS TREATED AS UNITED STATES CONNECTED.—For purposes of this title, any distribution by a FSC which is made out of earnings and profits attributable to foreign trade income to any shareholder of such corporation which is a foreign corporation or a nonresident alien individual shall be treated as a distribution—

"(1) which is effectively connected with the conduct of a trade or business conducted through a permanent establishment of such shareholder within the United States, and

"(2) of income which is derived from sources within the United States.

"(c) FSC INCLUDES FORMER FSC.—For purposes of this section, the term 'FSC' includes a former FSC.

"SEC. 927. OTHER DEFINITIONS AND SPECIAL RULES.

"(a) EXPORT PROPERTY.—For purposes of this subpart—

"(1) IN GENERAL.—The term 'export property' means property—

"(A) manufactured, produced, grown, or extracted in the United States by a person other than a FSC,

"(B) held primarily for sale, lease, or rental, in the ordinary course of trade or business, by, or to, a FSC, for direct use, consumption, or disposition outside the United States, and

"(C) not more than 50 percent of the fair market value of which is attributable to articles imported into the United States.

For purposes of subparagraph (C), the fair market value of any article imported into the United States shall be its appraised value, as determined by the Secretary under section 402 of the Tariff Act of 1930 (19 U.S.C. 1401a) in connection with its importation.

"(2) EXCLUDED PROPERTY.—The term 'export property' shall not include—

"(A) property leased or rented by a FSC for use by any member of a controlled group of corporations of which such FSC is a member,

"(B) patents, inventions, models, designs, formulas, or processes whether or not patented, copyrights (other than films, tapes, records, or similar reproductions, for commercial or home use), good will, trademarks, trade brands, franchises, or other like property,

"(C) oil or gas (or any primary product thereof), or

"(D) products the export of which is prohibited or curtailed under section 7(a) of the Export Administration Act of 1979 to effectuate the policy set forth in paragraph (2)(C) of section 3 of such Act (relating to the protection of the domestic economy).

"(3) PROPERTY IN SHORT SUPPLY.—If the President determines that the supply of any property described in paragraph (1) is insufficient to meet the requirements of the domestic economy, he may by Executive order designate the property as in short supply. Any property so designated shall not be treated as export property during the period beginning with the date specified in the Executive order and ending with the date specified in an Executive order setting forth the President's determination that the property is no longer in short supply.

"(4) QUALIFIED COOPERATIVE.—The term 'qualified cooperative' means any organization to which part I of subchapter T applies which is engaged in the marketing of agricultural or horticultural products.

"(b) GROSS RECEIPTS.—

"(1) IN GENERAL.—For purposes of this subpart, the term 'gross receipts' means—

"(A) the total receipts from the sale, lease, or rental of property held primarily for sale, lease, or rental in the ordinary course of trade or business, and

"(B) gross income from all other sources.

"(2) GROSS RECEIPTS TAKEN INTO ACCOUNT IN CASE OF COMMISSIONS.—In the case of commissions on the sale, lease, or rental of property, the amount taken into account for purposes of this subpart as gross receipts

shall be the gross receipts on the sale, lease, or rental of the property on which such commissions arose.

"(c) INVESTMENT INCOME.—For purposes of this subpart, the term 'investment income' means—

"(1) dividends,

"(2) interest,

"(3) royalties,

"(4) annuities,

"(5) rents (other than rents from the lease or rental of export property for use by the lessee outside of the United States),

"(6) gains from the sale or exchange of stock or securities,

"(7) gains from futures transactions in any commodity on, or subject to the rules of, a board of trade or commodity exchange (other than gains which arise out of a bona fide hedging transaction reasonably necessary to conduct the business of the FSC in the manner in which such business is customarily conducted by others),

"(8) amounts includible in computing the taxable income of the corporation under part I of subchapter J, and

"(9) gains from the sale or other disposition of any interest in an estate or trust.

"(d) OTHER DEFINITIONS.—For purposes of this subpart—

"(1) CARRYING CHARGES.—The term 'carrying charges' means—

"(A) carrying charges, and

"(B) under regulations prescribed by the Secretary, any amount in excess of the price for an immediate cash sale and any other unstated interest.

"(2) TRANSACTION.—

"(A) IN GENERAL.—The term 'transaction' means—

"(i) any sale, exchange, or other disposition,

"(ii) any lease or rental, and

"(iii) any furnishing of services.

"(B) GROUPING OF TRANSACTIONS.—To the extent provided in regulations, any provision of this subpart which, but for this subparagraph, would be applied on a transaction-by-transaction basis may be applied by the taxpayer on the basis of groups of transactions based on product lines or recognized industry or trade usage. Such regulations may permit different groupings for different purposes.

"(3) UNITED STATES DEFINED.—The term 'United States' includes the Commonwealth of Puerto Rico.

"(4) CONTROLLED GROUP OF CORPORATIONS.—The term 'controlled group of corporations' has the meaning given to such term by section 1563(a), except that—

"(A) 'more than 50 percent' shall be substituted for 'at least 80 percent' each place it appears therein, and

"(B) section 1563(b) shall not apply.

"(5) POSSESSIONS.—The term 'possession of the United States' means Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the Virgin Islands of the United States.

"(6) SECTION 923(a)(2) NON-EXEMPT INCOME.—The term 'section 923(a)(2) non-exempt income' means any foreign trade income from a transaction with respect to which paragraph (1) or (2) of section 925(a) does not apply and which is not exempt foreign trade income.

"(e) SPECIAL RULES.—

"(1) SOURCE RULES FOR RELATED PERSONS.—Under regulations, the income of a person described in section 482 from a transaction giving rise to foreign trading gross receipts of a FSC which is treated as from sources outside the United States shall not exceed the amount which would be treated as foreign source income earned by such person if the pricing rule under section 994 which corresponds to the rule used under section 925 with respect to such transaction applied to such transaction.

"(2) PARTICIPATION IN INTERNATIONAL BOYCOTTS, ETC.—Under regulations prescribed by the Secretary, the exempt foreign trade income of a FSC for any taxable year shall be limited under rules similar to the rules of clauses (i) and (ii) of section 995(b)(1)(F).

"(3) EXCHANGE OF INFORMATION REQUIREMENTS.—For purposes of this title, the term 'FSC' shall not include any corporation which was created or organized under the laws of any foreign country unless, at the time such corporation was created or organized, there was in effect between such country and the United States—

"(A) a bilateral or multilateral agreement described in section 274(h)(6)(C), or

"(B) an income tax treaty with respect to which the Secretary certifies that the exchange of information program with such country under such treaty carries out the purposes of this paragraph.

"(4) DISALLOWANCE OF TREATY BENEFITS.—Any corporation electing to be treated as a FSC under subsection (f)(1) may not claim any benefits under any income tax treaty between the United States and the foreign country in which such corporation was created or organized.

"(5) EXEMPTION FROM CERTAIN OTHER TAXES.—No tax shall be imposed on any foreign trade income by any jurisdiction described in subsection (d)(5).

"(f) ELECTION OF STATUS AS FSC (AND AS SMALL FSC).—

"(1) ELECTION.—

"(A) TIME FOR MAKING.—An election by a corporation under section 922(a)(2) to be treated as a FSC, and an election under section 922(b)(1) to be a small FSC, shall be made by such corporation for a taxable year at any time during the 90-day period immediately preceding the beginning of the taxable year, except that the Secretary may give his consent to the making of an election at such other times as he may designate.

"(B) MANNER OF ELECTION.—An election under subparagraph (A) shall be made in such manner as the Secretary shall prescribe and shall be valid only if all persons who are shareholders in such corporation on the first day of the first taxable year for which such election is effective consent to such election.

"(2) EFFECT OF ELECTION.—If a corporation makes an election under paragraph (1), then the provisions of this subpart shall apply to such corporation for the taxable year of the corporation for which made and for all succeeding taxable years.

"(3) TERMINATION OF ELECTION.—

"(A) REVOCATION.—An election under this subsection made by any corporation may be terminated by revocation of such election for any taxable year of the corporation after the first taxable year of the corporation for which the election is effective. A termination under this paragraph shall be effective with respect to such election—

"(i) for the taxable year in which made, if made at any time during the first 90 days of such taxable year, or

"(ii) for the taxable year following the taxable year in which made, if made after the close of such 90 days, and

for all succeeding taxable years of the corporation. Such termination shall be made in such manner as the Secretary shall prescribe by regulations.

"(B) CONTINUED FAILURE TO BE FSC.—If a corporation is not a FSC for each of any 5 consecutive taxable years of the corporation for which an election under this subsection is effective, the election to be a FSC shall be terminated and not be in effect for any taxable year of the corporation after such 5th year.".

(b) DIVIDEND RECEIVED DEDUCTION FOR DOMESTIC CORPORATIONS.—

(1) IN GENERAL.—Section 245 (relating to dividends received from certain foreign corporations) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

"(c) CERTAIN DIVIDENDS RECEIVED FROM FSC.—

"(1) IN GENERAL.—In the case of a domestic corporation, there shall be allowed as a deduction an amount equal to 100 percent of any dividend received by such corporation from another corporation which is distributed out of earnings and profits attributable to foreign trade income for a period during which such other corporation was a FSC. The deduction allowable under the preceding sentence with respect to any dividend shall be in lieu of any deduction allowable under subsection (a) or (b) with respect to such dividend.

"(2) EXCEPTION FOR CERTAIN DIVIDENDS.—Paragraph (1) shall not apply to any dividend which is distributed out of earnings and profits attributable to foreign trade income which—

"(A) is section 923(a)(2) non-exempt income (within the meaning of section 927(d)(6)), or

"(B) would not, but for section 923(a), be treated as exempt foreign trade income.

"(3) DEFINITIONS.—For purposes of this subsection, the terms 'foreign trade income' and 'exempt foreign trade income' have the meaning given such terms by section 923.".

(2) CONFORMING AMENDMENTS.—

(A) Paragraph (1) of section 246(b) (relating to limitation on aggregate amount of deduction) is amended by striking out "245" each place it appears and inserting in lieu thereof "subsection (a) or (b) of section 245".

(B) Subsection (d) of section 245 (relating to property distributions), as redesignated by paragraph (1), is amended by striking out "subsections (a) and (b)" and inserting in lieu thereof "this section".

(c) CLARIFICATION OF INFORMATION EXCHANGE AGREEMENTS.—Subparagraph (D) of section 274(h)(6) (relating to coordination with section 6103) is amended—

(1) by adding at the end thereof the following new sentence: "The Secretary may exercise his authority under subchapter A of chapter 78 to carry out any obligation of the United States under an agreement referred to in subparagraph (C).", and

(2) by striking out the heading thereof and inserting in lieu thereof "COORDINATION WITH OTHER PROVISIONS.—".

(d) CONFORMING AMENDMENTS.—

(1) Section 901 (relating to foreign tax credit) is amended by redesignating subsection (h) as subsection (i) and inserting after subsection (g) the following new subsection:

"(h) TAXES PAID WITH RESPECT TO FOREIGN TRADE INCOME.—No credit shall be allowed under this section for any income, war profits, and excess profits taxes paid or accrued with respect to the foreign trade income (within the meaning of section 923(b)) of a FSC, other than section

923(a)(2) non-exempt income (within the meaning of section 927(d)(6).".

(2) Paragraph (1) of section 904(d) (relating to application of section in case of certain interest income and dividends from a DISC) as amended—

(A) by striking out "and" at the end of subparagraph (B),

(B) by striking out subparagraph (C) and inserting in lieu thereof the following:

"(C) taxable income attributable to foreign trade income (within the meaning of section 923(b)),

"(D) distributions from a FSC (or former FSC) out of earnings and profits attributable to foreign trade income (within the meaning of section 923(b)), and

"(E) income other than income described in subparagraph (A), (B), (C), or (D).", and

(C) by striking out the heading and inserting in lieu thereof:

"(d) SEPARATE APPLICATION OF SECTION WITH RESPECT TO CERTAIN INTEREST INCOME AND INCOME FROM DISC, FORMER DISC, FSC, OR FORMER FSC.—".

(3) Subsection (b) of section 906 (relating to special rules) is amended by adding at the end thereof the following new paragraph:

"(5) No credit shall be allowed under this section for any income, war profits, and excess profits taxes paid or accrued with respect to the foreign trade income (within the meaning of section 923(b)) of a FSC.".

(4) Section 951 (relating to amounts included in gross income of shareholders) is amended by adding at the end thereof the following new subsection:

"(e) FOREIGN TRADE INCOME NOT TAKEN INTO ACCOUNT.—

"(1) IN GENERAL.—The foreign trade income of a FSC and any deductions which are apportioned or allocated to such income shall not be taken into account under this subpart. For purposes of the preceding sentence, income described in paragraph (2) or (3) of section 921(d) shall be treated as derived from sources within the United States.

"(2) FOREIGN TRADE INCOME.—For purposes of this subsection, the term 'foreign trade income' has the meaning given such term by section 923(b), but does not include section 923(a)(2) non-exempt income (within the meaning of section 927(d)(6)).".

(5) Paragraph (4) of section 275(a) (relating to disallowance of deduction for certain taxes) is amended to read as follows:

"(4) Income, war profits, and excess profits taxes imposed by the authority of any foreign country or possession of the United States if—

"(A) the taxpayer chooses to take to any extent the benefits of section 901, or

"(B) such taxes are paid or accrued with respect to foreign trade income (within the meaning of section 923(b)) of a FSC.".

(6) Subsection (d) of section 1248 (relating to exclusions from earnings and profits) is amended by adding at the end thereof the following new paragraph:

"(6) FOREIGN TRADE INCOME.—Earnings and profits of the foreign corporation attributable to foreign trade income (within the meaning of section 923(b)) of a FSC.".

(7) Section 934 (relating to limitation on reduction in income tax liability incurred to the Virgin Islands) is amended by adding at the end thereof the following new subsection:

"(f) FSC.—Subsection (a) shall not apply in the case of a Virgin Islands corporation which is a FSC.".

(8) Paragraph (2) of section 956(b) (defining United States property) is amended by striking out "and" at the end of subparagraph (G), by striking out the period at the end of subparagraph (H) and inserting in lieu thereof a semicolon and "and", and by adding at the end thereof the following new subparagraph:

"(I) to the extent provided in regulations prescribed by the Secretary, property which is otherwise United States property which is held by a FSC and which is related to the export activities of such FSC.".

(9) Subparagraph (B) of section 7651(5) is amended by inserting "(other than subpart C of part III of subchapter N of chapter 1)" after "For purposes of this title".

(10) Section 996(g) (relating to effectively connected income) is amended by inserting "and which are derived from sources within the United States" after "United States".

SEC. 503. INTEREST CHARGE DISC.

(a) INTEREST CHARGE ON DEFERRED TAX.—Section 995 (relating to taxation of DISC income to shareholders) is amended—

(1) by striking out subsections (e) and (f),

(2) by redesignating subsection (g) as subsection (e), and

(3) by adding at the end thereof the following new subsection:

"(f) INTEREST ON DISC-RELATED DEFERRED TAX LIABILITY.—

"(1) IN GENERAL.—A shareholder of a DISC shall pay for each taxable year interest in an amount equal to the product of—

"(A) the shareholder's DISC-related deferred tax liability for such year, and

"(B) the base period T-bill rate.

"(2) SHAREHOLDER'S DISC-RELATED DEFERRED TAX LIABILITY.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'shareholder's DISC-related deferred tax liability' means, with respect to any taxable year of a shareholder of a DISC, the excess of—

"(i) the amount which would be the tax liability of the shareholder for the taxable year if the deferred DISC income of such shareholder for such taxable year were included in gross income as ordinary income, over

"(ii) the actual amount of the tax liability of such shareholder for such taxable year.

Determinations under the preceding sentence shall be made without regard to carrybacks to such taxable year.

"(B) ADJUSTMENTS FOR LOSSES, CREDITS, AND OTHER ITEMS.—The Secretary shall prescribe regulations which provide such adjustments—

"(i) to the accounts of the DISC, and

"(ii) to the amount of any carryover or carryback of the shareholder,

as may be necessary or appropriate in the case of net operating losses, credits, and carryovers and carrybacks of losses and credits.

"(C) TAX LIABILITY.—The term 'tax liability' means the amount of the tax imposed by this chapter for the taxable year reduced by credits allowable against such tax (other than credits allowable under sections 31, 32, and 34).

"(3) DEFERRED DISC INCOME.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'deferred DISC income' means, with respect to any taxable year of a shareholder, the excess of—

"(i) the shareholder's pro rata share of accumulated DISC income (for periods after 1983) of the DISC as of the close of the computation year, over

"(ii) the amount of the distributions-in-excess-of-income for the taxable year of the DISC following the computation year.

"(B) COMPUTATION YEAR.—For purposes of applying subparagraph (A) with respect to any taxable year of a shareholder, the computation year is the taxable year of the DISC which ends with (or within) the taxable year of the shareholder which precedes the taxable year of the shareholder for which the amount of deferred DISC income is being determined.

"(C) DISTRIBUTIONS IN EXCESS OF INCOME.—For purposes of subparagraph (A), the term 'distributions-in-excess-of-income' means, with respect to any taxable year of a DISC, the excess (if any) of—

"(i) the amount of actual distributions to the shareholder out of accumulated DISC income, over

"(ii) the shareholder's pro rata share of the DISC income for such taxable year.

"(3) BASE PERIOD T-BILL RATE.—For purposes of this subsection, the term 'base period T-bill rate' means the annual rate of interest determined by the Secretary to be equivalent to the average investment yield of United States Treasury bills with maturities of 52 weeks which were auctioned during the 1-year period ending on September 30 of the calendar year ending with (or of the most recent calendar year ending before) the close of the taxable year of the shareholder.

"(4) SHORT YEARS.—The Secretary shall prescribe such regulations as may be necessary for the application of this subsection to short years of the DISC, the shareholder, or both.

"(5) PAYMENT AND ASSESSMENT AND COLLECTION OF INTEREST.—The interest accrued during any taxable year which a shareholder is required to pay under paragraph (1) shall be treated, for purposes of this title, as interest payable under section 6601 and shall be paid by the shareholder at the time the tax imposed by this chapter for such taxable year is required to be paid.".

(b) TAXABLE INCOME IN EXCESS OF $10,000,000 DEEMED DISTRIBUTED.—

(1) IN GENERAL.—Subparagraph (E) of section 995(b)(1) (relating to based period export gross receipts) is amended to read as follows:

"(E) the taxable income of the DISC attributable to qualified export receipts of the DISC for the taxable year which exceed $10,000,000,".

(2) AGGREGATION OF RECEIPTS.—Subsection (b) of section 995 (relating to deemed distributions) is amended by adding at the end thereof the following new paragraph:

"(4) AGGREGATION OF QUALIFIED EXPORT RECEIPTS.—

"(A) IN GENERAL.—For purposes of applying paragraph (1)(E), all DISC's which are members of the same controlled group shall be treated as a single corporation.

"(B) ALLOCATION.—The dollar amount under paragraph (1)(E) shall be allocated among the DISC's which are members of the same controlled group in a manner provided in regulations prescribed by the Secretary.".

(c) ELIMINATION OF CERTAIN DEEMED DISTRIBUTIONS RELATING TO TAXABLE INCOME OF DISC.—Subparagraph (F) of section 995(b)(1) (relating to distributions in qualified years) is amended to read as follows:

"(F) the sum of—

"(i) an amount equal to the product of—

"(I) the international boycott factor determined under section 999, multiplied by

"(II) one-half of the excess of the taxable income of the DISC for the taxable year (before reduction for any distributions during the year) over the sum of the amounts deemed distributed for the taxable

year under subparagraphs (A), (B), (C), (D), and (E), plus

"(ii) any illegal bribe, kickback, or other payment (within the meaning of section 162(c)) paid by or on behalf of the DISC directly or indirectly to an official, employee, or agent in fact of a government, and".

(d) CONFORMING AMENDMENTS.—

(1) Subsection (a)(1) of section 992 (relating to definition of DISC) is amended—

(A) by striking out "and" at the end of subparagraph (C),

(B) by striking out the period at the end of subparagraph (D) and inserting in lieu thereof ", and", and

(C) by adding at the end thereof the following new subparagraph:

"(E) such corporation is not a member of any controlled group of which a FSC is a member.".

(2) Paragraph (3) of section 993(a) (relating to controlled groups) is amended by striking out "such term by" and inserting in lieu thereof "the term 'controlled group of corporations' by".

(3) Subsection (c) of section 999 (relating to international boycott factor) is amended by striking out "995(b)(1)(F)(ii)" each place it appears and inserting in lieu thereof "995(b)(1)(F)(i)".

(4) The table of subparts for part III of subchapter N of chapter 1 is amended by inserting after the item relating to subpart B the following new item:

"Subpart C. Taxation of foreign sales corporations.".

SEC. 504. TAXABLE YEAR OF DISC AND FSC REQUIRED TO CONFORM TO TAXABLE YEAR OF MAJORITY SHAREHOLDER.

(a) IN GENERAL.—Subsection (b) of section 441 (relating to period for computation of taxable income) is amended—

(1) by striking out "or" at the end of paragraph (2),

(2) by striking out the period at the end of paragraph (3) and inserting in lieu thereof "; or", and

(3) by adding at the end thereof the following new paragraph:

"(4) in the case of a FSC or DISC filing a return for a period of at least 12 months, the period determined under subsection (h).".

(b) DETERMINATION OF TAXABLE YEAR.—Section 441 is amended by adding at the end thereof the following new subsection:

"(h) TAXABLE YEAR OF FSC'S AND DISC'S.—

"(1) IN GENERAL.—For purposes of this subtitle, the taxable year of any FSC or DISC shall be the taxable year of that shareholder (or group of shareholders with the same 12-month taxable year) who has the highest percentage of voting power.

"(2) SPECIAL RULE WHERE MORE THAN ONE SHAREHOLDER (OR GROUP) HAS HIGHEST PERCENTAGE.—If 2 or more shareholders (or groups) have the highest percentage of voting power under paragraph (1), the taxable year of the FSC or DISC shall be the same 12-month period as that of any such shareholder (or group).

"(3) SUBSEQUENT CHANGES OF OWNERSHIP.—The Secretary shall prescribe regulations under which paragraphs (1) and (2) shall apply to a change of ownership of a corporation after the taxable year of the corporation has been determined under paragraph (1) or (2) only if such change is a substantial change of ownership.

"(4) VOTING POWER DETERMINED.—For purposes of this subsection, voting power shall be determined on the basis of total combined voting power of all classes of stock of the corporation entitled to vote.".

SEC. 505. EFFECTIVE DATE; TRANSITION RULES.

(a) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this Act shall apply to transactions after December 31, 1984, in taxable years ending after such date.

(2) SPECIAL RULE FOR CERTAIN CONTRACTS.—To the extent provided in regulations prescribed by the Secretary, subsection (c) and (d) of section 924 of the Internal Revenue Code of 1954 (as added by this Act) shall not apply to—

(A) any contract with respect to which the taxpayer uses the completed contract method of accounting and which—

(i) was entered into before March 16, 1984, or

(ii) was entered into after March 15, 1984, and before January 1, 1985, pursuant to a written plan to enter into such contract which was in effect on March 15, 1984,

(B) any contract which was entered into before March 16, 1984, except that this subparagraph shall only apply to the first 2 taxable years of the FSC ending after January 1, 1985, or

(C) any contract which was entered into after March 15, 1984, and before January 1, 1985, except that this subparagraph shall only apply to the first taxable year of the FSC ending after January 1, 1985.

(b) TRANSITION RULES FOR DISC'S.—

(1) CLOSE OF 1984 TAXABLE YEARS OF DISC'S.—

(A) IN GENERAL.—For purposes of applying the Internal Revenue Code of 1954, the taxable year of each DISC which begins before January 1, 1985, and which (but for this paragraph) would include January 1, 1985, shall close on December 31, 1984. For purposes of such Code, the requirements of section 992(a)(1)(B) of such Code (relating to percentage of qualified export assets on last day of the taxable year) shall not apply to any taxable year ending on December 31, 1984.

(B) UNDERPAYMENTS OF ESTIMATED TAX.—To the extent provided in regulations prescribed by the Secretary of the Treasury or his delegate, no addition to tax shall be made under section 6654 or 6655 of such Code with respect to any underpayment of any installment required to be paid before April 13, 1985, to the extent the underpayment was created or increased by reason of subparagraph (A).

(2) EXEMPTION OF ACCUMULATED DISC INCOME FROM TAX.—For purposes of applying the Internal Revenue Code of 1954 with respect to actual distributions made after December 31, 1984, by a DISC or former DISC which was a DISC on December 31, 1984, any accumulated DISC income of a DISC or former DISC (within the meaning of section 996(f)(1) of such Code) which is derived before January 1, 1985, shall be treated as previously taxed income (within the meaning of section 996(f)(2) of such Code).

(3) TIME CERTAIN DISTRIBUTIONS ARE DEEMED RECEIVED BY SHAREHOLDERS.—Notwithstanding section 995(b) of such Code, if a shareholder of a DISC elects the application of this paragraph (at such time and in such manner as the Secretary of the Treasury or his delegate shall prescribe by regulations) any distribution which such shareholder is deemed to have received by reason of section 995(b) of such Code with respect to income derived by the DISC in the taxable year of the DISC which begins in 1984 after the date in 1984 on which the taxable year of such shareholder begins shall be treated, for purposes of such Code, as received by such shareholder in 4 equal installments on the last day of each of the 4 taxable years of such shareholder which begins after the taxable year of such shareholder which begins in 1984. The preceding sentence shall apply without regard to whether the DISC exists after December 31, 1984.

(4) TREATMENT OF TRANSFERS FROM DISC TO FSC.—Except to the extent provided in regulations, section 367 of such Code shall not apply to transfers made before January, 1986 (or, if later, the date 1 year after the date on which the corporation ceases to be a DISC) to a FSC of qualified export assets (as defined in section 993(b) of such Code) held on August 4, 1983, by a DISC in a transaction described in section 351 or 368(a)(1) of such Code.

(5) DEFINITIONS.—For purposes of this subsection, the terms "DISC" and "former DISC" have the respective meanings given to such terms by section 992 of such Code.

(c) SPECIAL RULE FOR EXPORT TRADE CORPORATIONS.—

(1) IN GENERAL.—If, before January 1, 1985, any export trade corporation—

(A) makes an election under section 927(f)(1) of the Internal Revenue Code of 1954 to be treated as a FSC, or

(B) elects not to be treated as an export trade corporation with respect to taxable years beginning after December 31, 1984,

rules similar to the rules of pargraphs (2) and (4) of subsection (b) shall apply to such export trade corporation.

(2) EXPORT TRADE CORPORATION.—For purposes of this subsection, the term 'export trade corporation' has the meaning given such term by section 971 of the Internal Revenue Code of 1954.

TITLE VI—HIGHWAY REVENUE PROVISIONS

Subtitle A—Use Taxes

SEC. 601. REDUCTION OF HEAVY VEHICLE USE TAX.

(a) GENERAL RULE.—Subsection (a) of section 4481 (as amended by section 513(a) of the Highway Revenue Act of 1982) is amended to read as follows:

"(a) IMPOSITION OF TAX.—A tax is hereby imposed on the use of any highway motor vehicle which (together with the semi-trailers and trailers customarily used in connection with highway motor vehicles of the same type as such highway motor vehicle) has a taxable gross weight of at least 55,000 pounds at the rate specified in the following table:

"Taxable gross weight:	Rate of tax:
At least 55,000 pounds, but not over 80,000 pounds.	$75 per year plus $21 for each 1,000 pounds (or fraction thereof) in excess of 55,000 pounds.
Over 80,000 pounds.....	$600.".

(b) SPECIAL RULES IN THE CASE OF CERTAIN OWNER-OPERATORS.—

(1) SPECIAL RULE FOR TAXABLE PERIOD BEGINNING ON JULY 1, 1984.—In the case of a small owner-operator, the amount of the tax imposed by section 4481 of the Internal Revenue Code of 1954 on the use of any highway motor vehicle subject to tax under section 4481(a) of such Code (as amended by subsection (a)) for the taxable period which begins on July 1, 1984, shall be the lesser of—

(A) $3 for each 1,000 pounds of taxable gross weight (or fraction thereof), or

(B) the amount of the tax which would be imposed under such section 4481(a) without regard to this paragraph.

(2) EXEMPTION FOR VEHICLES USED FOR LESS THAN 5,000 MILES (AND CERTAIN OTHER AMENDMENTS) TO TAKE EFFECT ON JULY 1, 1984.—In

the case of a small owner-operator, notwithstanding subsection (f)(2) of section 513 of the Highway Revenue Act of 1982, the amendments made by subsections (b), (c), and (d) of such section shall take effect on July 1, 1984.

(3) SMALL OWNER-OPERATOR DEFINED.—For purposes of this subsection, the term "small owner-operator" has the meaning given such term by section 513(f)(2) of the Highway Revenue Act of 1982.

(4) TAXABLE GROSS WEIGHT.—For purposes of this subsection, the term 'taxable gross weight' has the same meaning as when used in section 4481 of the Internal Revenue Code of 1954.

(c) EFFECTIVE DATE.—The amendment made by subsection (a) (and the provisions of subsection (b)) shall take effect on July 1, 1984.

SEC. 602. SPECIAL RULE FOR TRUCKS USED IN LOGGING.

(a) IN GENERAL.—Section 4483 (relating to exemptions from highway use tax) is amended by redesignating subsection (e) as subsection (f) and inserting after subsection (d) the following new subsection:

"(e) REDUCTION IN TAX FOR TRUCKS USED IN LOGGING.—The tax imposed by section 4481 shall be reduced by 50 percent with respect to any highway motor vehicle if—

"(1) the exclusive use of such vehicle during any taxable period is the transportation, beginning at a point located on a forested site, of products harvested from such forested site, and

"(2) such vehicle is registered under the laws of the State in which such vehicle is, or is required to be, registered as a highway motor vehicle used in the transportation of harvested forest products.".

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on July 1, 1984.

SEC. 603. STUDY.

(a) GENERAL RULE.—The Secretary of Transportation (in consultation with the Secretary of the Treasury) shall conduct a study to determine the significance of the highway use tax imposed under section 4481 of the Internal Revenue Code of 1954 on trans-border trucking operations.

(b) REPORT.—Not later than the day 1 year after the date of the enactment of this Act, the Secretary of Transportation shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the study conducted under subsection (a) together with such recommendations as the Secretary may deem advisable.

Subtitle B—Fuel Taxes

SEC. 611. INCREASE IN DIESEL FUEL TAX.

(a) GENERAL RULE.—Paragraph (1) of section 4041(a) (relating to diesel fuel) is amended by striking out "9 cents" and inserting in lieu thereof "15 cents".

(b) INCOME TAX CREDIT FOR PURCHASE OF DIESEL-POWERED AUTOMOBILE OR LIGHT TRUCK.—Section 6427 (relating to fuels not used for taxable purposes) is amended by redesignating subsections (g), (h), (i), (j), (k), and (l) as subsections (h), (i), (j), (k), (l), and (m), respectively, and by inserting after subsection (f) the following new subsection:

"(g) INCOME TAX CREDIT OR EXCISE TAX REFUND OF INCREASED DIESEL FUEL TAX TO OPERATORS OF DIESEL-POWERED AUTOMOBILES AND LIGHT TRUCKS.—

"(1) IN GENERAL.—Except as provided in subsection (j), the Secretary shall pay (without interest) to the owner, lessee, or other operator of any qualified diesel-powered highway vehicle an amount equal to the diesel fuel differential amount.

"(2) QUALIFIED DIESEL-POWERED HIGHWAY VEHICLE.—For purposes of this subsection, the term 'qualified diesel-powered highway vehicle' means any diesel-powered highway vehicle which—

"(A) has at least 4 wheels,

"(B) has a gross vehicle weight rating of 10,000 pounds or less, and

"(C) is registered for highway use in the United States under the laws of any State.

"(3) DIESEL FUEL DIFFERENTIAL AMOUNT.—For purposes of this subsection, the term 'diesel fuel differential amount' means the amount determined by multiplying—

"(A) 6 cents, by

"(B) the amount of gallons of diesel fuel used by such owner, lessee, or other operator in any qualified diesel-powered highway vehicle for which tax imposed under section 4041(a)(1) was paid.".

(c) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) AMENDMENTS TO HIGHWAY TRUST FUND.—Paragraph (2) of section 9503(e) (relating to transfers to Mass Transit Account) is amended to read as follows:

"(2) TRANSFERS TO MASS TRANSIT ACCOUNT.—The Secretary of the Treasury shall transfer to the Mass Transit Account the mass transit portion of the amounts appropriated to the Highway Trust Fund under subsection (b) which are attributable to taxes under sections 4041 and 4081 imposed after March 31, 1983. For purposes of the preceding sentence, the term 'mass transit portion' means an amount determined at the rate of 1 cent for each gallon with respect to which tax was imposed under section 4041 or 4081.".

(2) CONFORMING AMENDMENTS TO INCOME TAX CREDIT.—

(A) Section 34 (as redesignated by section 851 of this Act) is amended—

(i) by inserting a comma and "in qualified diesel-powered highway vehicles," after "nontaxable purposes" in subsection (a)(3), and

(ii) by striking out "6427(i)" in subsections (a)(3) and (b) and inserting in lieu thereof "6427(j)".

(B) Subsections (a), (b)(1), (c), (d), (e)(1), and (f)(1) of section 6427 are each amended by striking out "(i)" and inserting in lieu thereof "(j)".

(C) Subsection (h)(1) of section 6427 (as redesignated by subsection (b)) is amended by striking out "or (f)" and inserting in lieu thereof "(f), or (g)".

(D) Subsection (h)(2)(A) of section 6427 (as so redesignated) is amended by striking out "and (e)" in clause (i) and inserting in lieu thereof "(e), and (g)".

(E) Subsection (j)(2) of section 6427 (as so redesignated) is amended by striking out "(g)(2)" and inserting in lieu thereof "(h)(2)".

(F) Subsection (l) of section 6427 (as so redesignated) is amended by striking out "and (d)" each place it appears and inserting in lieu thereof "(d), and (g)".

(G) Sections 7210, 7603, 7604(b), 7604(c)(2), 7605(a), 7609(c)(1), and 7610(c) are each amended by striking out "6427(h)(2)" each place it appears and inserting in lieu thereof "6427(i)(2)".

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on July 1, 1984.

SEC. 612. EXTENSION OF REDUCTION IN TAX FOR FUEL USED BY TAXICABS; STUDY.

(a) IN GENERAL.—Paragraph (3) of section 6427(e) (relating to termination of use in certain taxicabs) is amended by striking out "September 30, 1984" and inserting in lieu thereof "September 30, 1985".

(b) STUDY.—The Secretary of the Treasury or the delegate of the Secretary shall conduct a study of the reduced rate of fuels taxes provided for taxicabs by section 6427(e) of the Internal Revenue Code of 1954. Not later than January 1, 1985, the Secretary shall transmit a report on the study conducted under the preceding sentence to the Congress, together with such recommendations as the Secretary may deem advisable.

SEC. 613. MODIFICATION OF TAX IMPOSED ON METHANOL AND ETHANOL.

(a) IN GENERAL.—Section 4041 (relating to imposition of tax on special fuels) is amended by adding at the end thereof the following new subsection:

"(m) CERTAIN ALCOHOL FUELS.—

"(1) IN GENERAL.—In the case of the sale or use of any partially exempt methanol or ethanol fuel—

"(A) subsection (a)(2) shall be applied by substituting "4½ cents" for "9 cents", and

"(B) no tax shall be imposed by subsection (c).

"(2) PARTIALLY EXEMPT METHANOL OR ETHANOL FUEL.—The term 'partially exempt methanol or ethanol fuel' means any liquid at least 85 percent of which consists of methanol, ethanol, or other alcohol produced from natural gas.".

(b) CONFORMING AMENDMENT.—Subsection (c) of section 40 (relating to coordination of credit for alcohol used as a fuel with exemption from excise tax) (as redesignated by section 851 of this Act) is amended by striking out "(b)(2) or (k)" and inserting in lieu thereof "(b)(2), (k), or (m)".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on July 1, 1984.

SEC. 614. DECREASE IN TAX IMPOSED ON GASOHOL.

(a) AMENDMENT OF SECTION 4041.—Paragraph (1) of section 4041(k) (relating to fuels containing alcohol) is amended to read as follows:

"(1) IN GENERAL.—Under regulations prescribed by the Secretary, in the case of the sale or use of any liquid at least 10 percent of which consists of alcohol (as defined in section 4081(c)(3))—

"(A) subsection (a)(1) shall be applied by substituting '9 cents' for '15 cents', and

"(B) subsection (a)(2) shall be applied by substituting '3 cents' for '9 cents', and

"(C) no tax shall be imposed by subsection (c).".

(b) AMENDMENTS OF SECTION 4081.—Subsection (c) of section 4081 (relating to imposition of tax on petroleum products) is amended—

(A) by striking out "4 cents" each place it appears and inserting in lieu thereof "3 cents", and

(B) by striking out "5 cents" in paragraph (2) and inserting in lieu thereof "6 cents".

(c) CREDIT FOR ALCOHOL USED AS A FUEL.—Section 40 (relating to alcohol used as a fuel) (as redesignated by section 851 of this Act) is amended—

(1) by striking out "50 cents" each place it appears and inserting in lieu thereof "60 cents", and

(2) by striking out "37.5 cents" each place it appears and inserting in lieu thereof "45 cents".

(d) AMENDMENT OF SECTION 6427.—Paragraph (1) of section 6427(f) (relating to gasoline used to produce certain alcohol fuels)

is amended by striking out "5 cents" and inserting in lieu thereof "6 cents".

(e) TARIFF IMPORTED FOR USE AS A FUEL.—Item 901.50 of the Tariff Schedules of the United States (19 U.S.C. 1202) is amended by striking out "50 cents per gal." each place it appears and inserting in lieu thereof "60 cents per gal.".

(f) DEFINITION OF ALCOHOL.—Sections 40(d)(1)(A)(i) (as redesignated by section 851 of this Act) and 4081(c)(3) (defining alcohol) are each amended by striking out "coal" and inserting in lieu thereof "coal (including peat)".

(g) EFFECTIVE DATE.—The amendments made by this section shall take effect on July 1, 1984.

Subtitle C—Miscellaneous

SEC. 621. EXEMPTION FROM TAX FOR PIGGYBACK TRAILERS.

(a) IN GENERAL.—Paragraph (8) of section 4063(a) (relating to exemptions for specified articles) is amended to read as follows:

"(8) RAIL TRAILERS, RAIL VANS, AND PIGGYBACK TRAILERS.—

"(A) IN GENERAL.—The tax imposed by section 4061 shall not apply in the case of—

"(i) any chassis or body of a trailer or semitrailer which is designed for use both as a highway vehicle and a railroad car,

"(ii) any chassis or body of a piggyback trailer or semitrailer, and

"(iii) any parts or accessories designed primarily for use in connection with an article described in clause (i) or (ii).

"(B) PIGGYBACK TRAILER OR SEMITRAILER DEFINED.—For purposes of this paragraph, the term 'piggyback trailer or semitrailer' means any trailer or semitrailer—

"(i) which is designed for use principally in connection with trailer-on-flatcar service by rail, and

"(ii) with respect to which the seller certifies, in such manner and form and at such time as the Secretary prescribes by regulations, that such trailer or semitrailer—

"(I) will be used, or resold for use, principally in connection with such service, or

"(II) will be incorporated into an article which will be so used or resold.

"(C) NONQUALIFIED USE.—If any person uses or resells for use any piggyback trailer or semitrailer for a purpose other than a use described in subparagraph (B), such use or resale shall be treated as the first retail sale of such trailer or semitrailer and such person shall be liable for the tax imposed under section 4051(a).".

(b) REFUNDS WITH RESPECT TO CERTAIN CONSUMER PURCHASES OF TRUCKS AND TRAILERS.—

(1) IN GENERAL.—Except as otherwise provided in paragraph (2), where after December 2, 1982, and before the day after the date of the enactment of this Act, a tax-repealed article on which tax was imposed by section 4061(a) has been sold to an ultimate purchaser, there shall be credited or refunded (without interest) to the manufacturer, producer, or importer of such article an amount equal to the tax paid by such manufacturer, producer, or importer on his sale of the article.

(2) LIMITATION OF ELIGIBILITY FOR CREDIT OR REFUND.—No manufacturer, producer, or importer shall be entitled to a credit or refund under paragraph (1) with respect to an article unless—

(A) he has in his possession such evidence of the sale of the article to an ultimate purchaser, and of the reimbursement of the tax to such purchaser, as may be required by regulations prescribed by the Secretary of the Treasury or his delegate under this subsection,

(B) claim for such credit or refund is filed with the Secretary of the Treasury or his delegate before December 1, 1984, based on information submitted to the manufacturer, producer, or importer before September 1, 1984, by the person who sold the article (in respect of which the credit or refund is claimed) to the ultimate purchaser, and

(C) on or before December 1, 1984, reimbursement has been made to the ultimate purchaser in an amount equal to the tax paid on the article.

(3) OTHER LAWS APPLICABLE.—All provisions of law, including penalties, applicable with respect to the taxes imposed by section 4061(a) shall, insofar as applicable and not inconsistent with paragraph (1) or (2) of this subsection, apply in respect of the credits and refunds provided for in paragraph (1) to the same extent as if the credits or refunds constituted overpayments of the tax.

(c) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as if included in the amendment made by section 512(a)(3) of the Highway Revenue Act of 1982.

SEC. 622. OTHER TECHNICAL AMENDMENTS.

(a) FLOOR STOCKS REFUNDS FOR TIRES TAXED AT LOWER RATE AFTER JANUARY 1, 1984.—

(1) IN GENERAL.—Paragraph (1) of section 523(b) of the Highway Revenue Act of 1982 (relating to floor stocks refunds for tires) is amended by inserting "(or will be subject to a lower rate of tax under such section)" after "and which will not be subject to tax under such section".

(2) AMOUNT OF REFUND LIMITED TO REDUCTION IN TAX.—Paragraph (2) of section 523(b) of such Act is amended by adding at the end thereof the following: "In the case of any tire which is a tax-repealed article solely by reason of the parenthetical matter in paragraph (1), the amount of the credit or refund under subsection (a) shall not exceed the excess of the tax imposed with respect to such tire by section 4071(a) as in effect on December 31, 1983, over the tax which would have been imposed with respect to such tire by section 4071(a) on January 1, 1984.".

(b) FLOOR STOCKS REFUNDS FOR TREAD RUBBER.—Paragraph (1) of section 523(b) of the Highway Revenue Act of 1982 (relating to floor stocks refunds for tires) is amended by adding at the end thereof the following new sentence: "Any tread rubber which was subject to tax under section 4071(a)(4) as in effect on December 31, 1983, and which on January 1, 1984, is part of a retread tire which is held by a dealer and has not been used and is intended for sale shall be treated as a tax-repealed article for purposes of subsection (a) of section 522."

(c) EFFECTIVE DATE.—Any amendment made by this section shall take effect as if included in the provisions of the Highway Revenue Act of 1982 to which such amendment relates.

TITLE VII—TAX-EXEMPT BOND PROVISIONS

Subtitle A—Mortgage Subsidy Bonds

SEC. 701. EXTENSION OF MORTGAGE SUBSIDY BOND AUTHORITY.

(a) IN GENERAL.—Subparagraph (B) of section 103A(c)(1) (defining qualified mortgage bond) is amended by striking out "December 31, 1983" in the text and in the heading and inserting in lieu thereof "December 31, 1987".

(b) REPORTING REQUIREMENTS.—

(1) IN GENERAL.—Subsection (j) of section 103A (relating to other requirements) is amended by adding at the end thereof the following new paragraphs:

"(3) INFORMATION REPORTING REQUIREMENT.—

"(A) IN GENERAL.—An issue meets the requirements of this subsection only if the issuer submits to the Secretary—

"(i) not later than 30 days after the date of the issue (or at such other time as the Secretary may prescribe by regulation), a written statement providing notice of the face amount of the issue, and

"(ii) not later than the 15th day of the 2nd calendar month after the close of the calendar quarter in which the issue is issued, a statement concerning the issue which contains—

"(I) the name and address of the issuer,

"(II) the date of the issue, the amount of the lendable proceeds of the issue, and the stated interest rate, term, and face amount of each obligation which is part of the issue,

"(III) such information as the Secretary may require in order to determine whether such issue meets the requirements of this section, and the extent to which the proceeds of such issue have been made available to low-income individuals, and

"(IV) such other information as the Secretary may require.

"(B) EXTENSION OF TIME.—The Secretary may grant an extension of time for the filing of any statements under subparagraph (A) if there is reasonable cause for the failure to file such statement in a timely fashion.".

(c) POLICY STATEMENTS.—Subsection (j) of section 103A (relating to other requirements) is amended by adding at the end thereof the following new paragraph:

"(4) POLICY STATEMENT.—

"(A) IN GENERAL.—An issue meets the requirements of this subsection only if the applicable elected representative of the governmental unit—

"(i) which is the issuer, or

"(ii) on whose behalf such issue was issued,

has published (after a public hearing following reasonable public notice) a report described in subparagraph (B) by December 31 of the calendar year preceding the calendar year in which such issue is issued and a copy of such report has been submitted to the Secretary prior to such date.

"(B) REPORT.—The report referred to in subparagraph (A) which is published by the applicable elected representative of the governmental unit shall include—

"(i) a statement of the housing, development, and income distribution policies which such governmental unit is to follow in issuing mortgage subsidy bonds and mortgage credit certificates, and

"(ii) an assessment of the compliance of such governmental unit during the preceding 1-year period with—

"(I) the statement of policy on mortgage subsidy bonds and mortgage credit certificates that was set forth in the previous report, if any, of an applicable elected representative of such governmental unit, and

"(II) the intent of Congress that State and local governments are expected to use their authority to issue qualified mortgage bonds and mortgage credit certificates to the greatest extent feasible (taking into account prevailing interest rates and conditions in the housing market) to assist lower income families to afford home ownership before assisting higher income families.".

(d) DEFINITIONS.—

(1) IN GENERAL.—Subsection (l) of section 103A (relating to definitions) is amended by adding at the end thereof the following new paragraphs:

"(11) MORTGAGE CREDIT CERTIFICATES.—The term 'mortgage credit certificate' has the meaning given to such term by section 44K.

"(12) APPLICABLE ELECTED REPRESENTATIVE.—The term 'applicable elected representative' has the meaning given to such term by section 103(k)(2)(E).".

(2) STATISTICAL AREA.—

(A) IN GENERAL.—Paragraph (4) of section 103A(l) (relating to statistical areas) is amended to read as follows:

"(4) STATISTICAL AREA.—

"(A) IN GENERAL.—The term 'statistical area' means—

"(i) a standard metropolitan statistical area, and

"(ii) any county (or the portion thereof) which is not within a standard metropolitan statistical area.

"(B) STANDARD METROPOLITAN STATISTICAL AREA.—The term 'standard metropolitan statistical area' means the area in and around a city of 50,000 inhabitants or more (or equivalent area) as defined by the Secretary of Commerce.

"(C) DESIGNATION WHERE ADEQUATE STATISTICAL INFORMATION NOT AVAILABLE.—For purposes of this paragraph, if there is insufficient recent statistical information with respect to a county (or portion thereof) described in subparagraph (A)(ii), the Secretary may substitute for such county (or portion thereof) another area for which there is sufficient recent statistical information.

"(D) DESIGNATION WHERE NO COUNTY.—In the case of any portion of a State which is not within a county, subparagraphs (A)(ii) and (C) shall be applied by substituting for 'county' an area designated by the Secretary which is the equivalent of a county.".

(B) SPECIAL RULES FOR DETERMINATION OF STATISTICAL AREA.—For purposes of applying section 103A of the Internal Revenue Code of 1954 and any other provision of Federal law—

(i) RESCISSION.—The Director of the Office of Management and Budget shall rescind the designation of the Kansas City, Missouri primary metropolitan statistical area (KCMO PMSA) and the designation of the Kansas City, Kansas primary metropolitan statistical area (Kansas City, KS PMSA), and shall not take any action to designate such two primary metropolitan statistical areas as a consolidated metropolitan statistical area.

(ii) DESIGNATION.—The Director of the Office of Management and Budget shall designate a single metropolitan statistical area which includes the following:

(I) Kansas City, Kansas.

(II) Kansas City, Missouri.

(III) The counties of Johnson, Wyandotte, Leavenworth, and Miami in Kansas.

(IV) The counties of Cass, Clay, Jackson, Platte, Ray, and Lafayette in Missouri.

The metropolitan statistical area designation pursuant to this subsection shall be known as the "Kansas City Missouri-Kansas Metropolitan Statistical Area".

(e) EFFECTIVE DATES; ANNUAL REPORT.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply with respect to obligations issued after the date of enactment of this Act.

(2) POLICY STATEMENTS.—The amendment made by subsection (c) shall apply with respect to issues that are issued after December 31, 1984.

(3) TRANSITIONAL RULE WHERE STATE FORMULA FOR ALLOCATING STATE CEILING EXPIRES.—

(A) IN GENERAL.—If a State law which provided a formula for allocating the State ceiling under section 103A(g) of the Internal Revenue Code of 1954 for calendar year 1983 expires as of the close of calendar year 1983, for purposes of section 103A(g) of such Code, such State law shall be treated as remaining in effect after 1983. In any case to which the preceding sentence applies, where the State's expiring allocation formula requires action by a State official to allocate the State ceiling among issuers, actions of such State official in allocating such ceiling shall be effective.

(B) TERMINATION.—Subparagraph (A) shall not apply on or after the effective date of any State legislation enacted after the date of the enactment of this Act with respect to the allocation of the State ceiling.

(3) ANNUAL REPORT TO CONGRESS.—The Secretary of the Treasury, in consultation with the Secretary of Housing and Urban Development, shall submit an annual report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives regarding the performance of issuers of qualified mortgage bonds and mortgage credit certificates relative to the intent of Congress described in section 103A(j) of the Internal Revenue Code of 1954.

SEC. 702. CREDIT FOR INTEREST ON MORTGAGES WHERE STATE OR LOCAL AUTHORITIES ELECT NOT TO ISSUE QUALIFIED MORTGAGE BONDS.

(a) ALLOWANCE OF CREDIT.—Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits allowable against tax) is amended by inserting after section 44J the following new section:

"SEC. 44K. CREDIT FOR INTEREST ON CERTAIN HOME MORTGAGES.

"(a) ALLOWANCE OF CREDIT.—

"(1) IN GENERAL.—In the case of any taxpayer who is issued a mortgage credit certificate with respect to his principal residence, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the applicable percentage of the interest paid or accrued during the portion of such taxable year for which such certificate is in effect on the certified mortgage indebtedness specified on such certificate.

"(2) DETERMINATION OF APPLICABLE PERCENTAGE.—For purposes of this section—

"(A) IN GENERAL.—Subject to the provisions of subparagraph (B), each issuing authority shall specify the applicable percentage with respect to each mortgage credit certificate. Such percentage shall not be less than 10 percent nor greater than 50 percent.

"(B) AGGREGATE LIMIT ON APPLICABLE PERCENTAGES.—In the case of any mortgage credit certificate program, the sum of the products determined by multiplying—

"(i) the amount of certified mortgage indebtedness specified on each mortgage credit certificate issued under such program with respect to any calendar year, by

"(ii) the applicable percentage with respect to such certificate,

shall not exceed 20 percent of the nonissued bond amount of such program for such calendar year.

"(b) LIMITATIONS.—

"(1) INCOME LIMITATION.—The amount of the credit allowable under subsection (a) for any taxable year shall not exceed 1/4 of the excess of—

"(A) the maximum income limit of the taxpayer for the taxable year, over

"(B) the adjusted gross income of the taxpayer for the taxable year.

"(2) MAXIMUM INCOME LIMIT.—

"(A) IN GENERAL.—For purposes of this subsection, the term 'maximum income limit' means 100 percent of the greater of—

"(i) the median income for a family of 4 for the area in which the taxpayer resides (as determined on the basis of the data most recently published by the Secretary of Housing and Urban Development as of the date of issuance of the mortgage credit certificate), or

"(ii) $20,000.

"(B) UNMARRIED TAXPAYERS WITH NO DEPENDENTS.—In the case of a taxpayer who—

"(i) is not married, and

"(ii) has no dependents for the taxable year,

subparagraph (A) shall be applied by substituting '80 percent' for '100 percent'.

"(C) TAXPAYER WITH MORE THAN 3 PERSONAL EXEMPTIONS.—If the aggregate number of exemptions allowed the taxpayer and the spouse of the taxpayer under section 151 for the taxable year exceeds 3, subparagraph (A) shall be applied by substituting '120 percent' for '100 percent'.

"(D) ADJUSTABLE RATE MORTGAGES.—The Secretary may prescribe regulations which provide that, in the case of a mortgage credit certificate issued with respect to indebtedness on which an adjustable rate of interest that may vary by more than 30 percent is payable, subparagraph (A) shall be applied—

"(i) without regard to subparagraph (B) or (C),

"(ii) by substituting '120 percent' for '100 percent' if the taxpayer is not described in subparagraph (B) or (C), and

"(iii) by substituting '140 percent' for '100 percent' if the taxpayer is described in subparagraph (C).

"(3) MARRIED INDIVIDUAL REQUIRED TO FILE JOINT RETURN.—No credit shall be allowed under subsection (a) to any taxpayer who is married and does not make a joint return with the spouse of such taxpayer for the taxable year.

"(4) RELATED PARTIES.—No credit shall be allowed under subsection (a) for any interest paid or accrued to any person who is related to the taxpayer.

"(5) LIMITATION BASED ON AMOUNT OF TAX.—The credit allowed by subsection (a) for any taxable year shall not exceed the amount of the tax imposed by this chapter for the taxable year reduced by the sum of the credits allowable for the taxable year under a section of this part having a lower number or letter designation than this section, other than the credits allowable by sections 31, 39, and 43.

"(c) MORTGAGE CREDIT CERTIFICATE.—For purposes of this section—

"(1) IN GENERAL.—The term 'mortgage credit certificate' means any certificate which—

"(A) is issued by a State (or any agency or instrumentality thereof) or a political subdivision of a State (or any agency or instrumentality thereof) under a mortgage credit certificate program,

"(B) is issued to a taxpayer in connection with the acquisition, qualified rehabilitation, or qualified home improvement of the taxpayer's principal residence,

"(C) is issued to only 1 individual or is issued jointly to 2 individuals who are married,

"(D) is issued to a taxpayer—

"(i) only after the requirements of paragraph (4) have been met,

"(ii) in the case of a certificate issued in connection with the acquisition of a residence, only after the requirements of paragraphs (1), (2), and (3) of subsection (d) have been met with respect to such residence,

"(iii) in the case of a certificate issued in connection with the qualified rehabilitation of a residence, only after the requirements of paragraphs (1), (3), and (4) of subsection (d) have been met with respect to such residence, and

"(iv) in the case of a certificate issued in connection with the qualified home improvement of a residence, only after the requirements of paragraphs (1) and (4) of subsection (d) have been met with respect to such residence,

"(E) specifies—

"(i) the applicable percentage determined under subsection (a)(2), and

"(ii) the certified mortgage indebtedness, and

"(F) is in such form as the Secretary may prescribe.

"(2) EXCEPTIONS.—

"(A) IN GENERAL.—A certificate shall not be treated as a mortgage credit certificate if—

"(i) any portion of the financing of the acquisition, qualified rehabilitation, or qualified home improvement for which such certificate is issued is provided from the proceeds of any qualified mortgage bond or qualified veterans' mortgage bond,

"(ii) such certificate and any mortgage credit certificate issued prior to the issuance of such certificate would be in effect with respect to the same residence at the same time, or

"(iii) the mortgage credit certificate program under which the certificate is issued requires the taxpayer to obtain financing of such acquisition, qualified rehabilitation, or qualified home improvement from any particular lender.

"(3) PERIOD FOR WHICH CERTIFICATE IS IN EFFECT.—A mortgage credit certificate shall be treated as in effect during the period—

"(A) beginning on the date such certificate is issued, and

"(B) ending on the date on which the residence to which such certificate relates ceases to be the principal residence of the individual to whom the certificate was issued.

"(4) PUBLIC NOTICE REQUIREMENT.—The requirements of this paragraph are met if, at least 90 days before any mortgage credit certificate is to be issued under a mortgage credit certificate program, the administrator of the program provides reasonable public notice of—

"(A) the eligibility requirements for such certificate,

"(B) the methods by which such certificates are to be issued, and

"(C) such other information as the Secretary may require.

"(d) CERTIFICATION REQUIREMENTS.—

"(1) SINGLE FAMILY RESIDENCE REQUIREMENT.—

"(A) IN GENERAL.—The requirements of this paragraph are met with respect to a residence if each lender who provides financing of the acquisition, qualified rehabilitation, or qualified home improvement of such residence submits to the administrator of the mortgage credit certificate program a verified written statement—

"(i) in which such lender certifies that—

"(I) such residence is a single-family residence (within the meaning of section 103A(l)(9)), and

"(II) on the basis of information available to the lender at the time such statement is submitted to such administrator, the lender expects such residence to be the principal residence of the taxpayer within a reasonable period of time, and

"(ii) to which the lender attaches the information that the taxpayer and the spouse of the taxpayer are required to submit to the lender under subparagraph (B).

"(B) INFORMATION PROVIDED BY TAXPAYER.—The information which the taxpayer and the spouse of the taxpayer are required under this subparagraph to submit to any lender who finances the acquisition, qualified rehabilitation, or qualified home improvement of a residence of the taxpayer consists of a verified written statement in which the taxpayer and the spouse of the taxpayer certify that such taxpayer and the spouse of such taxpayer expect such residence to be (or continue to be) the principal residence of the taxpayer within (or for) a reasonable period of time.

"(2) NO HOME OWNERSHIP DURING 3 PRECEDING TAXABLE YEARS.—

"(A) IN GENERAL.—The requirements of this paragraph are met with respect to any residence if each lender who finances the taxpayer's acquisition of such residence submits to the administrator of the mortgage credit certificate program a verified written statement—

"(i) in which the lender certifies that, on the basis of information available to the lender at the time such statement is submitted—

"(I) neither the taxpayer nor the spouse of the taxpayer has a present ownership interest in any other residence,

"(II) neither the taxpayer nor the spouse of the taxpayer has claimed (or intends to claim) a deduction for qualified housing interest (within the meaning of section 55(e)(4)) for any of the 3 taxable years preceding the taxable year in which such statement is submitted, and

"(III) the financing provided by the lender is not to be used by the taxpayer to acquire or replace an existing mortgage on such residence, and

"(ii) to which the lender attaches the information that is required to be submitted by the taxpayer and the spouse of the taxpayer under subparagraph (B).

"(B) INFORMATION PROVIDED BY TAXPAYER.—The information which the taxpayer and the spouse of the taxpayer are required under this subparagraph to submit to any lender who finances the taxpayer's acquisition of a residence consists of—

"(i) a verified written statement in which the taxpayer and the spouse of the taxpayer certify that—

"(I) neither has an interest in any other residence, and

"(II) neither has claimed (or intends to claim) a deduction for qualified housing interest (within the meaning of section 55(e)(4)) for any of the 3 taxable years preceding the taxable year in which such statement is submitted to the lender, and

"(ii) copies of those returns of the taxes imposed by this chapter for such 3 taxable years that have been filed with the Secretary prior to the date such statement is submitted to the lender.

"(3) PURCHASE PRICE REQUIREMENT.—The requirements of this paragraph are met with respect to any residence, if each lender who finances the acquisition cost of such residence submits to the administrator of the mortgage credit certificate program a verified written statement in which such lender certifies that the acquisition price of such residence does not exceed 90 percent of the average area purchase price applicable to such residence.

"(4) QUALIFIED HOME IMPROVEMENT; QUALIFIED REHABILITATION.—The requirements of this paragraph are met with respect to any residence if any lender submits to the administrator of the mortgage credit certificate program a verified written statement in which such lender certifies that the financing provided by such lender to the taxpayer—

"(A) in the case of a qualified home improvement—

"(i) is to be used for the qualified home improvement of such residence, and

"(ii) is not to be used to acquire or replace an existing mortgage on such residence, or

"(B) in the case of a qualified rehabilitation, is to be used for the qualified rehabilitation of such residence.

"(5) CERTAIN REFINANCING EXCEPTIONS.—The statement required under paragraph (2)(A) or (4) need not include the certification described in paragraph (2)(A)(i)(III) or (4)(A)(ii) if—

"(A) the lender is providing financing for the replacement of—

"(i) construction period loans,

"(ii) bridge loans or similar temporary initial financing, or

"(iii) in the case of a qualified rehabilitation, an existing mortgage, or

"(B) such statement is submitted for purposes of reissuing a mortgage credit certificate which is reissued in accordance with the regulations prescribed under subparagraph (C).

"(C) REISSUANCE OF MORTGAGE CREDIT CERTIFICATES.—The Secretary may prescribe regulations which allow the administrator of a mortgage credit certificate program to reissue a mortgage credit certificate specifying a certified mortgage indebtedness that replaces the outstanding balance of the certified mortgage indebtedness specified on the original certificate to any taxpayer to whom the original certificate was issued under such terms and conditions as the Secretary determines are necessary to ensure that the amount of the credit allowable under subsection (a) with respect to such reissued certificate is less than the amount of credit which would be allowable under subsection (a) with respect to the original certificate for any taxable year ending after such reissuance.

"(6) PERJURY PENALTIES.—Any verified written statement required under this subsection shall be made under penalties of perjury and shall contain a declaration that the statement is so made.

"(e) NONISSUED BOND AMOUNT.—For purposes of this section—

"(1) IN GENERAL.—Except as otherwise provided in this subsection, the term 'nonissued bond amount' means, with respect to any mortgage credit certificate program for any calendar year, the face amount of qualified mortgage bonds which the issuing authority that established or authorized such program elects under this paragraph to not issue during such calendar year for the benefit of such program.

"(2) LIMITATION.—The nonissued bond amount of a mortgage credit certificate program for any calendar year shall not exceed an amount equal to the excess of—

"(A) the applicable limit for such calendar year of the issuing authority that established or authorized such program, over

"(B) the sum of—

"(i) the aggregate face amount of qualified mortgage bonds that such issuing authority elects under paragraph (1) to not issue for the benefit of any other mortgage credit certificate program of such issuing authority for such calendar year, plus

"(ii) the face amount of qualified mortgage bonds that such issuing authority elects under paragraph (3) not to issue for such calendar year.

"(3) RELINQUISHMENT OF A PERCENTAGE OF THE SURPLUS STATE CEILING.—

"(A) IN GENERAL.—The nonissued bond amount of each mortgage credit certificate program in any State described in subparagraph (B) shall be zero for the calendar year unless one or more issuing authorities in such State elect under this paragraph to not issue during such calendar year bonds that would otherwise be qualified mortgage bonds in an aggregate face amount which equals or exceeds the product of—

"(i) the State ceiling for such calendar year, multiplied by

"(ii) the amount determined under paragraph (4) for such calendar year.

"(B) STATES TO WHICH THIS PARAGRAPH APPLIES.—A State is described in this subparagraph if the aggregate face amount of qualified mortgage bonds issued by issuing authorities in such State during calendar year 1983 was less than the State ceiling for calendar year 1983.

"(4) AMOUNT USED IN DETERMINING ELECTION UNDER PARAGRAPH (3).—The amount determined under this paragraph is—

"(A) for calendar year 1984, 75 percent of the amount determined by dividing—

"(i) the excess of—

"(I) the State ceiling for calendar year 1983, over

"(II) the aggregate face amount of qualified mortgage bonds issued by authorities in the State during 1983, by

"(ii) the State ceiling for 1983, and

"(B) for any calendar year beginning after 1984, 75 percent of the amount determined under this paragraph for the preceding calendar year.

"(5) ELECTIONS.—Any election made under paragraph (1) or (3) shall be made in such form and in such manner as the Secretary may prescribe by regulations.

"(f) DEFINITIONS.—For purposes of this section—

"(1) CERTIFIED MORTGAGE INDEBTEDNESS.—The term 'certified mortgage indebtedness' means, with respect to any mortgage credit certificate issued to the taxpayer, the aggregate amount of indebtedness incurred in connection with—

"(A) the acquisition,

"(B) the qualified rehabilitation, or

"(C) the qualified home improvement,

for which such certificate is issued.

"(2) MORTGAGE CREDIT CERTIFICATE PROGRAM.—

"(A) IN GENERAL.—The term 'mortgage credit certificate program' means any program which is established or authorized to issue mortgage credit certificates by a State (or any agency or instrumentality thereof) or a political subdivision of a State (or any agency or instrumentality thereof) for any calendar year for which it is authorized to issue qualified mortgage bonds.

"(B) AUTHORITY MAY HAVE MORE THAN 1 PROGRAM.—Each issuing authority may establish more than 1 qualified mortgage credit certificate program for any calendar year.

"(3) PRINCIPAL RESIDENCE.—The term 'principal residence' has the meaning given such term by section 1034.

"(4) QUALIFIED REHABILITATION.—The term 'qualified rehabilitation' has the meaning given such term by section 103A(l)(7)(B).

"(5) QUALIFIED HOME IMPROVEMENT.—The term 'qualified home improvement' means an alteration, repair, or improvement described in section 103A(l)(6).

"(6) ACQUISITION COST.—

"(A) IN GENERAL.—The term 'acquisition cost' has the meaning given to such term by section 103A(l)(5).

"(B) REHABILITATION LOAN.—In the case of a qualified rehabilitation loan described in section 103A(l)(7)(A)(i), the term 'acquisition cost' includes the cost of the rehabilitation.

"(7) AVERAGE AREA PURCHASE PRICE.—The term 'average area purchase price' has the meaning given to such term by section 103A(f).

"(8) STATE CEILING.—The term 'State ceiling' has the meaning given to such term by section 103A(g)(4).

"(9) APPLICABLE LIMIT.—The term 'applicable limit' has the meaning given to such term by section 103A(g), except that section 103A(g)(8) shall not apply.

"(10) RELATED PARTY.—A person is related to another person if the relationship between such persons would result in a disallowance of losses under section 267 or 707(b). In applying section 267 for purposes of the preceding sentence, any individual described in paragraphs (1) through (8) of section 152(a) shall be included as members of the family of the taxpayer.

"(11) MARITAL STATUS.—Section 143 shall apply in determining whether an individual is married.

"(g) REGULATIONS; CONTRACTS.—

"(1) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this section, including regulations which may require recipients of mortgage credit certificates to pay a reasonable processing fee to defray the expenses incurred in administering the program.

"(2) CONTRACTS.—The Secretary is authorized to enter into contracts with any person to provide services in connection with the administration of this section.

(b) APPLICATION WITH SECTION 103A.—Subsection (g) of section 103A of the Internal Revenue Code of 1954 (relating to limitation on aggregate amount of qualified mortgage bonds issued during any calendar year) is amended by adding at the end thereof the following new paragraphs:

"(8) REDUCTIONS FOR MORTGAGE CREDIT CERTIFICATES.—The applicable limit of any issuing authority for any calendar year shall be reduced—

"(A) by the amount of qualified mortgage bonds which such authority elects not to issue under section 44K(e)(1), and

"(B) by the amount of qualified mortgage bonds which such authority elects not to issue under section 44K(e)(3).".

(c) DISALLOWANCE OF PORTION OF DEDUCTION FOR INTEREST IF CREDIT TAKEN.—Section 163 of the Internal Revenue Code of 1954 (relating to deduction for interest) is amended by adding at the end thereof the following new subsection:

"(e) REDUCTION OF DEDUCTION WHERE SECTION 44K CREDIT TAKEN.—The amount of the deduction under this section for interest paid or accrued during any taxable year on indebtedness with respect to which a mortgage credit certificate has been issued under section 44K shall be reduced by the amount of the credit allowed with respect to such interest under section 44K.".

(d) CIVIL PENALTY FOR MISSTATEMENT.—Subchapter B of chapter 68 (relating to assessable penalties) is amended by adding at the end thereof the following new section:

"SEC. 6706. MISSTATEMENTS MADE WITH RESPECT TO MORTGAGE CREDIT CERTIFICATES.

"(a) NEGLIGENCE.—If—

"(1) any person makes a misstatement in any verified written statement made under penalties of perjury with respect to the issuance of a mortgage credit certificate, and

"(2) such misstatement is due to the negligence of such person,

such person shall pay a penalty of $1,000 for each mortgage credit certificate with respect to which such a misstatement was made.

"(b) FRAUD.—If a misstatement described in subsection (a)(1) is due to fraud on the part of the person making such misstatement, in addition to any criminal penalty, such person shall pay a penalty of $10,000 for each mortgage credit certificate with respect to which such a misstatement is made.

"(c) MORTGAGE CREDIT CERTIFICATE.—The term 'mortgage credit certificate' has the meaning given to such term by section 44K(c).".

(e) CONFORMING AMENDMENTS.—

(1) The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 44J the following new item:

"Sec. 44K. Credit for interest on certain home mortgages.".

(2) The table of sections for subchapter B of chapter 68 is amended by adding at the end thereof the following new item:

"Sec. 6706. Misstatements made with respect to mortgage credit certificates.".

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on the date of enactment of this Act.

(2) ISSUANCE OF CERTIFICATES.—Mortgage credit certificates with respect to nonissued bond amounts for 1984 may not be issued before January 1, 1985.

SEC. 703. ADVANCED REFUNDING OF CERTAIN MORTGAGE BONDS PERMITTED.

(a) IN GENERAL.—Notwithstanding section 103A(n) of the Internal Revenue Code of 1954, an issuer of applicable mortgage bonds may issue advance refunding bonds with respect to such applicable mortgage bonds.

(b) LIMITATION ON AMOUNT OF ADVANCED REFUNDING.—

(1) IN GENERAL.—The amount of advanced refunding bonds which may be issued under subsection (a) shall not exceed the lesser of—

(A) $300,000,000, or

(B) excess of—

(i) the projected aggregate payments of principal on the applicable mortgage bonds during the 15-fiscal year period beginning with fiscal year 1984, over

(ii) the projected aggregate payments during such period of principal on mortgages financed by the applicable mortgage bonds.

(2) ASSUMPTIONS USED IN MAKING PROJECTION.—The computation under paragraph (1)(B) shall be made by using the following percentages of the prepayment experience of the Federal Housing Administration in

the State or region in which the issuer of the advance refunding bonds is located:

Fiscal year:	Percentage
1984	15
1985	20
1986	25
1987 and thereafter	30.

(c) DEFINITIONS.—For purposes of this section.—

(1) APPLICABLE MORTGAGE BONDS.—The term "applicable mortgage bonds" means any qualified veterans mortgage bonds issued as part of an issue—

(A) which was outstanding on December 5, 1980,

(B) with respect to which the excess determined under subsection (b)(1) exceeds 12 percent of aggregate principal amount of such bonds outstanding on July 1, 1983,

(C) with respect to which the amount of the average annual prepayments during fiscal year 1981, 1982, and 1983 was less than 2 percent of the average of the loan balances as of the beginning of each of such fiscal years, and

(D) which, for fiscal year 1983, had a prepayment experience rate that did not exceed 20 percent of the prepayment experience rate of the Federal Housing Administration in the State or region in which the issuer is located.

(2) QUALIFIED VETERANS MORTGAGE BONDS.—The term "qualified veterans mortgage bonds" has the meaning given to such term by section 103A(c)(3) of the Internal Revenue Code of 1954.

SEC. 704. ELIMINATION OF CERTAIN EXCEPTIONS TO THE APPLICATION OF THE MORTGAGE SUBSIDY BOND TAX ACT OF 1980.

Section 1104 of the Mortgage Subsidy Bond Tax Act of 1980 is amended by adding at the end thereof the following new subsections:

"(p) MOST EXCEPTIONS NOT TO APPLY TO BONDS ISSUED AFTER DECEMBER 31, 1984.—In addition to any obligations to which the amendments made by section 1102 apply by reason of the provisions of this section, the amendments made by section 1102 shall apply, notwithstanding any other provision of this section (other than subsection (n)), to obligations issued after December 31, 1984, all or a major portion of the proceeds of which are used to finance new mortgages on single-family residences that are owner occupied.

"(q) REDUCTION OF STATE CEILING BY AMOUNT OF SPECIAL MORTGAGE BONDS ISSUED BEFORE 1985.—

"(1) IN GENERAL.—Notwithstanding any other provision of this section (other than subsections (n) and (r)), for purposes of applying section 103A(g) of the Internal Revenue Code of 1954 for calendar year 1984 and each succeeding calendar year, the State ceiling shall be reduced by any portion of the mortgage bond carryover amount of such State which was not taken into account under this paragraph for any calendar year preceding such calendar year.

"(2) LIMITATION ON CARRYOVERS.—The portion of the mortgage bond carryover amount which may be taken into account under paragraph (1) for any calendar year beginning after December 31, 1983, shall not exceed the State ceiling for such calendar year.

"(3) DEFINITIONS.—For purposes of this subsection—

"(A) MORTGAGE BOND CARRYOVER AMOUNT.—The term 'mortgage bond carryover amount' means, with respect to any State, the aggregate face amount of obligations—

"(i) all or a major portion of the proceeds of which are used to finance new mortgages on single-family residences that are owner occupied,

"(ii) which were issued by issuing authorities in such State after April 21, 1984, and before January 1, 1985, and

"(iii) to which the amendments made by section 1102 do not apply by reason of any provision of this section other than subsection (n).

"(B) STATE CEILING.—The term 'State ceiling' has the meaning given to such term by section 103A(g)(4) of the Internal Revenue Code of 1954.

"(C) QUALIFIED MORTGAGE BONDS.—The term 'qualified mortgage bond' has the meaning given to such term by section 103A(c) of the Internal Revenue Code of 1954.

"(r) EXCEPTIONS TO SUBSECTION (Q).—Subsection (q) shall not apply with respect to obligations—

"(1) the proceeds of which are used to finance the River Place Project located in Minneapolis, Minnesota, and

"(2) the aggregate face amount of which does not exceed $55,000,000.".

SUBTITLE B—PRIVATE ACTIVITY BONDS

SEC. 711. AGGREGATE LIMIT PER TAXPAYER FOR SMALL ISSUE EXCEPTION.

Subsection (b) of section 103 (relating to industrial development bonds) is amended by adding at the end thereof the following new paragraph:

"(15) AGGREGATE LIMIT PER TAXPAYER FOR SMALL ISSUE EXCEPTION.—

"(A) IN GENERAL.—Paragraph (6) of this subsection shall not apply to any issue if the sum of—

"(i) the aggregate authorized face amount of such issue allocated to any beneficiary under subparagraph (C), and

"(ii) the outstanding tax-exempt industrial development bonds of such beneficiary,

exceeds $40,000,000.

"(B) OUTSTANDING TAX-EXEMPT INDUSTRIAL DEVELOPMENT BONDS.—For purposes of applying subparagraph (A) with respect to any issue, the outstanding tax-exempt industrial development bonds of any person who is a beneficiary of such issue is the aggregate face amount of all industrial development bonds (other than any obligation that is to be redeemed from the proceeds of such issue)—

"(i) the interest on which is exempt from tax under subsection (a),

"(ii) which are allocated to such beneficiary under subparagraph (C), and

"(iii) which are outstanding at the time of such later issue.

"(C) ALLOCATION OF FACE AMOUNT OF AN ISSUE.—

"(i) IN GENERAL.—The portion of the face amount of an issue allocated to any beneficiary of a facility financed by the proceeds of such issue (other than the lessor of such facility) is an amount which bears the same relationship to the entire face amount of such issue as the portion of such facility used by such beneficiary bears to the entire facility.

"(ii) LESSORS.—The portion of the face amount of an issue allocated to any person who is a lessor of a facility financed by the proceeds of such issue is an amount which bears the same relationship to the entire face amount of such issue as the portion of such facility with respect to which such person is the lessor bears to the entire facility.

"(iii) BENEFICIARIES USING LESS THAN 5 PERCENT.—No portion of the face amount of an issue shall be allocated to a beneficiary who uses less than 5 percent of the facilities financed by the proceeds of such issue.

"(D) BENEFICIARY.—For purposes of this paragraph, the term 'beneficiary' means any person who is a user of the facilities being financed by the issue.

"(E) TREATMENT OF RELATED PERSONS.—For purposes of this paragraph, all persons who are related (within the meaning of paragraph (6)(C)) to each other shall be treated as one person.".

SEC. 712. USE OF TAX-EXEMPT BONDS PROHIBITED FOR SKYBOXES, AIRPLANES, GAMBLING ESTABLISHMENTS, AND CERTAIN STORES.

Subsection (b) of section 103 (relating to industrial development bonds) is amended by adding at the end thereof the following new paragraph:

"(16) NO PORTION OF BONDS MAY BE ISSUED FOR SKYBOXES, AIRPLANES, GAMBLING ESTABLISHMENTS, OR CERTAIN STORES.—Paragraphs (4), (5), (6), and (7) shall not apply to any obligation issued as part of an issue if any portion of the proceeds of such issue is to be used to provide any airplane, skybox, or other private luxury box, any facility primarily used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off the premises.".

SEC. 713. TAX EXEMPTION DENIED IF PROCEEDS OF ISSUE ARE USED IN CONNECTION WITH DEPOSITS OR DEBENTURES GUARANTEED BY FEDERAL GOVERNMENT.

Subsection (h) of section 103 (relating to certain obligations that must not be guaranteed or subsidized under an energy program) is amended to read as follows:

"(h) ISSUES GUARANTEED UNDER CERTAIN ENERGY PROGRAMS OR USED IN CONNECTION WITH FEDERALLY GUARANTEED DEPOSITS OR DEBENTURES.—

"(1) IN GENERAL.—An obligation shall not be treated as an obligation described in subsection (a) if—

"(A) such obligation is issued as part of an issue and a significant portion of the proceeds of such issue are to be—

"(i) used to finance a facility with respect to which a guarantee has been made by the Administrator of the Small Business Administration under section 404 of the Small Business Investment Act of 1958, or

"(ii) invested (directly or indirectly) in federally insured deposits or accounts,

"(B) any debenture guaranteed by the Administrator of the Small Business Administration under section 503 of the Small Business Investment Act of 1958, or any loan made with the proceeds of a debenture so guaranteed, is subordinated to such obligation, or

"(C) such obligation is described in paragraph (2).

"(2) OBLIGATIONS GUARANTEED OR SUBSIDIZED UNDER AN ENERGY PROGRAM.—An obligation is described in this paragraph if—

"(A) subsection (b)(1) does not apply to such obligation by reason of subsection (b)(4)(H) or (g), and

"(B) the payment of principal or interest with respect to such obligation—

"(i) is guaranteed (in whole or in part) by the United States under a program a principal purpose of which is to encourage the production or conservation of energy, or

"(ii) is to be made (in whole or in part) with funds provided under such a program of the United States, a State, or a political subdivision of a State.

"(3) EXCEPTIONS.—

"(A) DEBT SERVICE, TEMPORARY FINANCING, AND CERTAIN RESERVES.—Any proceeds of an issue which—

"(i) are invested for an initial temporary period until such proceeds are needed for the purpose for which such issue was issued,

"(ii) are used in making investments in a bona fide debt service fund, or

"(iii) are used in making investments of a reserve which meet the requirements of subsection (c)(4)(B),

shall not be taken into account under paragraph (1)(A)(ii).

"(B) REASONABLE GUARANTEE FEE.—Paragraph (1) shall not apply to any obligation described in subparagraph (A) (i) or (B) of paragraph (1) if—

"(i) the Administrator of the Small Business Administration charges a fee for making the guarantee described in such subparagraph, and

"(ii) the amount of such fee equals or exceeds—

"(I) 1 percent of the amount guaranteed, or

"(II) such other amount as the Secretary may prescribe by regulations.

"(4) FEDERALLY INSURED DEPOSIT OR ACCOUNT.—For purposes of this section, the term 'federally insured deposit or account' means any deposit or account in a financial institution to the extent such deposit or account is insured under Federal law by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, the National Credit Union Administration, or any similar federally chartered corporation.".

SEC. 714. PRINCIPAL USERS OF CERTAIN SOLID WASTE DISPOSAL FACILITIES.

For purposes of applying subparagraphs (D) and (E) of section 103(b)(6) of the Internal Revenue Code of 1954 with respect to capital expenditures paid or incurred after July 1, 1983, any person who—

(1) purchases steam from a solid waste disposal facility which—

(A) is a qualified steam-generating facility (within the meaning of section 103(g)(2) of such Code),

(B) is financed by the proceeds of obligations which—

(i) are described in section 103(b)(4)(E) of such Code,

(ii) are part of an issue specifically authorized—

(I) by an election held on April 26, 1983, or

(II) by State law enacted on May 19, 1983, and

(iii) are issued prior to the date that is 1 year after the date of enactment of this Act,

(C) on the date such obligations are issued, is located in an area that is not a standard metropolitan statistical area (within the meaning of section 103A(l)(4)(B) of such Code), and

(D) is owned and operated by the issuer of such obligations, and

(2) who is the only feasible user of such steam on the date on which such obligations are issued,

shall not be treated as a principal user of such facility.

SEC. 715. RESTRICTIONS ON COST RECOVERY FOR CERTAIN PROPERTY FINANCED WITH TAX-EXEMPT BONDS.

Subparagraph (B) of section 168(f)(12) (relating to limitations on property financed with tax-exempt bonds) is amended to read as follows:

"(B) RECOVERY METHOD.—

"(i) IN GENERAL.—Except as provided in clause (ii), the amount of the deduction allowed with respect to property described in subparagraph (A) shall be determined by using the straight-line method (with a half-year convention and without regard to salvage value) and a recovery period determined in accordance with the following table:

"In the case of:	The recovery period is:
3-year property	4 years
5-year property	7 years
10-year property	13 years
15-year public utility property	20 years

"(ii) 20-YEAR REAL PROPERTY.—In the case of 20-year real property, the amount of the deduction allowed shall be determined by using the straight-line method (determined on the basis of the number of months in the year in which such property was in service and without regard to salvage value) and a recovery period of—

"(I) 20 years in the case of 20-year real property which is residential rental property (within the meaning of section 167(j)(2)(B)), and

"(II) 22 years in the case of any other 20-year real property.".

SEC. 716. MISCELLANEOUS INDUSTRIAL DEVELOPMENT BOND PROVISIONS.

(a) CERTAIN RESTRICTIONS APPLY TO EXEMPTIONS NOT CONTAINED IN INTERNAL REVENUE CODE OF 1954.—

(1) IN GENERAL.—Paragraph (1) of section 103(m) (relating to obligations exempt other than under this title) is amended by adding at the end thereof the following new sentence: "An obligation shall not be treated as described in this paragraph unless the appropriate requirements of subsections (b), (c), (h), (k), and (l) of this section and section 103A are met with respect to such obligation. For purposes of applying such requirements, a possession of the United States shall be treated as a State.".

Notwithstanding any other provision of law (including section 8(b)(1) of the Revised Organic Act of 1954 but not including this title), the Virgin Islands and American Samoa shall have the authority to issue industrial development bonds (within the meaning of section 103(b)(2) of the Internal Revenue Code of 1954).

(b) AGGREGATION OF ISSUES FOR SINGLE PROJECT.—Paragraph (6) of section 103(b) (relating to exemption for small issues) is amended by adding at the end thereof the following new subparagraph:

"(P) AGGREGATION OF ISSUES WITH RESPECT TO SINGLE PROJECT.—For purposes of this paragraph, 2 or more issues part or all of which are to be used with respect to a single building, an enclosed shopping mall, or a strip of offices, stores, or warehouses, using substantial common facilities shall be treated as 1 issue (and any person who is a principal user with respect to any of such issues shall be treated as a principal user with respect to the aggregated issue).".

(c) DEFINITION OF RELATED PERSONS IN THE CASE OF PARTNERSHIPS.—Paragraph (13) of section 103(b) (relating to exception where bond held by substantial user) is amended by adding at the end thereof the following new sentence: "For purposes of this paragraph—

"(A) a partnership and each of its partners (and their spouses and minor children) shall be treated as related persons, and

"(B) an S corporation and each of its shareholders (and their spouses and minor children) shall be treated as related persons.".

(d) SMALL ISSUE LIMIT IN CASE OF CERTAIN URBAN DEVELOPMENT ACTION GRANTS.—In the case of any obligation issued on December 11, 1981, section 103(b)(6)(I) of the Internal Revenue Code of 1954 shall be applied by substituting "$15,000,000" for "$10,000,000" if—

(1) such obligation is part of an issue,

(2) substantially all of the proceeds of such issue are used to provide facilities with respect to which an urban development action grant under section 119 of the House and Community Development Act of 1974 was preliminarily approved by the Secretary of Housing and Urban Development on January 10, 1980, and

(3) the Secretary of Housing and Urban Development determines, at the time such grant is approved, that the amount of such grant will equal or exceed 5 percent of the total capital expenditures incurred with respect to such facilities.

SEC. 717. ARBITRAGE ON NONPURPOSE OBLIGATIONS.

(a) IN GENERAL.—Subsection (c) of section 103 (relating to arbitrage bonds) is amended by redesignating paragraph (6) as paragraph (7) and inserting after paragraph (5) the following new paragraph:

"(6) INVESTMENTS IN NONPURPOSE OBLIGATIONS.—

"(A) IN GENERAL.—For purposes of this title, any obligation which is part of an issue of industrial development bonds that does not meet the requirements of subparagraphs (C) and (D) shall be treated as an obligation which is not described in subsection (a).

"(B) EXCEPTIONS.—Subparagraph (A) shall not apply to—

"(i) any obligation described in subsection (b)(4)(A), or

"(ii) any obligation issued as part of an issue substantially all of the proceeds of which are to be used to provide a sewage or solid waste disposal facility described in section 168(f)(12)(C)(ii).

"(C) LIMITATION ON INVESTMENT IN NONPURPOSE OBLIGATIONS.—

"(i) IN GENERAL.—An issue meets the requirements of this subparagraph only if—

"(I) at no time during any bond year, the amount invested in nonpurpose obligations with a yield higher than the yield on the issue exceeds 150 percent of the debt service on the issue for the bond year, and

"(II) the aggregate amount invested as provided in subclause (I) is promptly and appropriately reduced as the amount of outstanding obligations of the issue is reduced.

"(ii) EXCEPTION FOR TEMPORARY PERIODS.—Clause (i) shall not apply to—

"(I) proceeds of the issue invested for an initial temporary period until such proceeds are needed for the governmental purpose of the issue, and

"(II) temporary investment periods related to debt service.

"(iii) DEBT SERVICE DEFINED.—For purposes of this subparagraph, the debt service on the issue for any bond year is the scheduled amount of interest and amortization of principal payable for such year with respect to such issue. For purposes of the preceding sentence, there shall not be taken into account amounts scheduled with respect to any bond which has been retired before the beginning of the bond year.

"(iv) NO DISPOSITION IN CASE OF LOSS.—This subparagraph shall not require the sale or disposition of any investment if such sale or disposition would result in a loss which exceeds the amount which would be

paid to the United States (but for such sale or disposition) at the time of such sale or disposition.

"(D) REBATE TO UNITED STATES.—An issue shall be treated as meeting the requirements of this subparagraph only if an amount equal to the sum of—

"(i) the excess of—

"(I) the aggregate amount earned on all nonpurpose obligations (other than investments attributable to an excess described in this clause), over

"(II) the amount which would have been earned if the gross proceeds of the issue were invested at a rate equal to the yield on the issue, plus

"(ii) any income attributable to the excess described in clause (i),

is paid to the United States by the issuer in accordance with the requirements of subparagraph (E).

"(E) DUE DATE OF PAYMENTS UNDER SUBPARAGRAPH (D).—The amount which is required to be paid to the United States by the issuer shall be paid in installments which are made at least once every 5 years. Each installment shall be in an amount which insures that 90 percent of the amount described in subparagraph (D) with respect to the issue at the time such installment is made will have been paid to the United States. The last installment shall be made no later than 30 days after the day on which the last obligation of the issue is redeemed and shall be in an amount sufficient to pay the remaining balance of the amount described in subparagraph (D) with respect to such issue.

"(F) SPECIAL RULES FOR APPLYING SUBPARAGRAPH (D).—

"(i) IN GENERAL.—In determining the aggregate amount earned on nonpurpose obligations for purposes of subparagraph (D)—

"(I) any gain or loss on the disposition of a nonpurpose obligation shall be taken into account, and

"(II) any amount earned on a bona fide debt service fund shall not be taken into account if the gross earnings on such fund for the bond year is less than $100,000.

"(ii) TEMPORARY INVESTMENTS.—Notwithstanding subparagraph (D), an issue shall, for purposes of this paragraph, be treated as meeting the requirements of subparagraph (D) if the gross proceeds of such issue are expended for the governmental purpose for which the bond was issued by no later than the day which is 6 months after the date of issuance of such issue.

"(G) EXEMPTION FROM GROSS INCOME OF SUM REBATED.—Gross income does not include the sum described in subparagraph (D). Notwithstanding any other provision of this title, no deduction shall be allowed for any amount paid to the United States under subparagraph (D).

"(H) DEFINITIONS.—For purposes of this paragraph—

"(i) NONPURPOSE OBLIGATIONS.—The term 'nonpurpose obligation' means any security (within the meaning of subparagraph (A) or (B) of section 165(g)(2)) or any obligation not described in subsection (a) which—

"(I) is acquired with the gross proceeds of an issue, and

"(II) is not acquired in order to carry out the governmental purpose of the issue.

"(ii) GROSS PROCEEDS.—The gross proceeds of an issue include—

"(I) amounts received (including repayments of principal) as a result of investing the original proceeds of the issue, and

"(II) amounts used to pay debt service on the issue.

"(I) YIELD.—The yield on the issue shall be determined on the basis of the issue price (within the meaning of section 1232(b)(2)).".

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 103A(i) (relating to arbitrage) is amended by striking out "section 103(c)" and inserting in lieu thereof "section 103(c) (other than section 103(c)(6))".

(2) Subsection (c) of section 103 is amended by striking out "Bonds" in the heading.

(3) Paragraph (1) of section 103(c) is amended by inserting "to arbitrage bonds" in the heading.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply with respect to bonds issued after December 31, 1984.

(2) EXCEPTION.—The amendments made by this section shall not apply to obligations issued by the Essex County Port Authority of New York and New Jersey as part of an issue approved by Essex County, New Jersey, on July 7, 1981, and approved by the State of New Jersey on December 31, 1981. The aggregate face amount of bonds to which this paragraph applies shall not exceed $350,000,000.

SEC. 718. DENIAL OF TAX EXEMPTION TO CONSUMER LOAN BONDS.

(a) IN GENERAL.—Section 103 (relating to interest on certain governmental obligations) is amended by adding at the end thereof the following new subsection:

"(o) CONSUMER LOAN BONDS.—

"(1) DENIAL OF TAX EXEMPTION.—For purposes of this title, any consumer loan bond shall be treated as an obligation which is not described in subsection (a).

"(2) CONSUMER LOAN BONDS.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'consumer loan bond' means any obligation which is issued as part of an issue all or a significant portion of the proceeds of which are reasonably expected to be used directly or indirectly to make or finance loans (other than loans described in subparagraph (C)) to persons who are not exempt persons (within the meaning of subsection (b)(3)).

"(B) EXCLUDED OBLIGATIONS.—The term 'consumer loan bond' shall not include any—

"(i) qualified student loan bond,

"(ii) industrial development bond, or

"(iii) qualified mortgage bond or qualified veterans' mortgage bond.

"(C) EXCLUDED LOANS.—A loan is described in this subparagraph if the loan—

"(i) enables the borrower to finance any governmental tax or assessment of general application for an essential governmental function, or

"(ii) is used to acquire or carry nonpurpose obligations (within the meaning of subsection (c)(6)(G)(i)).

"(3) QUALIFIED STUDENT LOANS.—For purposes of this subsection, the term 'qualified student loan bond' means any obligation which is issued as part of an issue all or a major portion of the proceeds of which are reasonably expected to be used directly or indirectly to make or finance student loans with respect to which a special allowance payment is authorized to be made under section 438 of the Higher Education Act of 1965 (as in effect on March 15, 1984) to the issuer or to the holder of the student loan notes for the benefit of the issuer.".

(b) ELIMINATION OF SPECIAL ALLOWANCE PAYMENT REQUIREMENT IN 1986.—Paragraph (4) of section 103(o) (relating to qualified student loans) is amended to read as follows:

"(4) QUALIFIED STUDENT LOANS.—For purposes of this subsection, the term 'qualified student loan bond' means any obligation which is issued as part of an issue all or a major portion of the proceeds of which are reasonably expected to be used directly or indirectly to make or finance student loans.".

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection the amendment made by subsection (a) shall apply to obligations issued after the date of enactment of this Act.

(2) ELIMINATION OF SPECIAL ALLOWANCE PAYMENT REQUIREMENT.—Except as otherwise provided in this subsection the amendment made by subsection (b) shall apply to obligations issued after September 30, 1986.

(3) EXCEPTIONS FOR CERTAIN STUDENT LOAN PROGRAMS.—

(A) IN GENERAL.—The amendments made by this section shall not apply to obligations issued by a program described in the following table to the extent the aggregate face amount of such obligations does not exceed the amount of allowable obligations specified in the following table with respect to such program:

Program	Amount of allowable obligations
Colorado Student Obligation Bond Authority	$60 million
Connecticut Higher Education Supplementary Loan Authority.	$15.5 million
District of Columbia	$50 million
Illinois Higher Education Authority	$11 million
State of Iowa	$16 million
Louisiana Public Facilities Authority	$75 million
Maine Health and Higher Education Facilities Authority	$5 million
Maryland Higher Education Supplemental Loan Program.	$24 million
Massachusetts College Student Loan Authority	$90 million
Minnesota Higher Education Coordinating Board	$60 million
New Hampshire Higher Education and Health Facilities Authority.	$39 million
New York Dormitory Authority	$120 million
Pennsylvania Higher Education Assistance Agency	$300 million
Georgia Private Colleges and University Authority	$31 million
Wisconsin State Building Commission	$60 million
South Dakota Health and Educational Facilities Authorities.	$6 million

(B) PENNSYLVANIA HIGHER EDUCATION ASSISTANCE AGENCY.—Subparagraph (A) shall apply to obligations issued by the Pennsylvania Higher Education Assistance Agency only if such obligations are issued solely for the purpose of refunding student loan bonds outstanding on March 15, 1984.

(4) CERTAIN TAX-EXEMPT MORTGAGE SUBSIDY BONDS.—For purposes of applying section 103(o) of the Internal Revenue Code of 1954, the term "consumer loan bond" shall not include any mortgage subsidy bond (within the meaning of section 103A(b) of such Code) to which the amendments made by section 1102 of the Mortgage Subsidy Bond Tax Act of 1980 do not apply.

SEC. 719. STUDENT LOAN BOND ARBITRAGE.

(a) REGULATIONS.—

(1) IN GENERAL.—The Secretary shall prescribe regulations which specify the circumstances under which a student loan bond shall be treated as an arbitrage bond for purposes of section 103 of the Internal Revenue Code of 1954. Such regulations may provide that—

(A) paragraphs (4) and (5) of section 103(c) of such Code shall not apply, and

(B) rules similar to section 103(c)(6) shall apply,

to student loan bonds.

(2) DEFINITIONS.—For purposes of this subsection—

(A) STUDENT LOAN BONDS.—The term "student loan bond" means any obligation which is issued as part of an issue all or a major portion of the proceeds of which are to be used directly or indirectly to make or finance loans to individuals for educational expenses.

(B) ARBITRAGE BOND.—The term "arbitrage bond" has the meaning given to such term by section 103(c)(2).

(3) EFFECTIVE DATE.—

(A) IN GENERAL.—Except as otherwise provided in this paragraph, any regulations prescribed by the Secretary under paragraph (1) shall apply to obligations issued after the qualified date.

(B) QUALIFIED DATE.—

(i) IN GENERAL.—For purposes of this paragraph, the term "qualified date" means the earlier of—

(I) the date on which the Higher Education Act of 1965 expires, or

(II) the date, after the date of enactment of this Act, on which the Higher Education Act of 1965 is reauthorized.

(ii) PUBLICATION OF REGULATIONS.—Notwithstanding clause (i), the qualified date shall not be a date which is prior to the date that is 6 months after the date on which the regulations prescribed under paragraph (1) are published in the Federal Register.

(C) REFUNDING OBLIGATIONS.—Regulations prescribed by the Secretary under paragraph (1) shall not apply to any obligation issued exclusively to refund any student loan bond which was issued before the qualified date.

(D) FULFILLMENT OF COMMITMENTS.—Regulations prescribed by the Secretary under paragraph (1) shall not apply to any obligations which are needed to fulfill written commitments to acquire or finance student loans which are originated after June 30, 1984, and before the qualified date, but only if—

(i) such commitments are binding on the qualified date, and

(ii) the amount of such commitments is consistent with practices of the issuer which were in effect on March 15, 1984, with respect to establishing secondary markets for student loans.

(b) GROSS PROCEEDS OF STUDENT LOAN BONDS REQUIRED TO BE USED TO MAKE OR FINANCE STUDENT LOANS.—

(1) IN GENERAL.—Subsection (c) of section 103 (relating to arbitrage), as amended by this Act, is further amended by redesignating paragraph (7) as paragraph (8) and by inserting after paragraph (6) the following new paragraph:

"(7) STUDENT LOAN BONDS.—

"(A) DENIAL OF TAX EXEMPTION.—Any student loan bond which does not meet the requirements of subparagraph (B) shall be treated as an obligation which is not described in subsection (a).

"(B) REQUIREMENTS.—A student loan bond meets the requirements of this subparagraph if the indenture for the issue of which such bond is a part provides that the issuer agrees—

"(i) to devote the gross proceeds of such issue and any prior issue of student loan bonds (after payment of expenses, debt service, and the creation of reserves for the same) to the making or financing of student loans or to pay such gross proceeds to the United States, and

"(ii) to pay to the United States (within the 10 days after notice and demand for payment by the Secretary) an amount equal to the amount of prohibited payments made by the issuer with respect to such issue.

"(C) STUDENT LOAN BONDS.—For purposes of this paragraph, the term 'student loan bond' means any obligation which is issued as part of an issue all or a major portion of the proceeds of which are to be used directly or indirectly to make or finance loans to individuals for educational expenses.

"(D) PROHIBITED PAYMENT.—For purposes of this paragraph, the term 'prohibited payment' means—

"(i) any payment to a State or political subdivision thereof for general governmental purposes that are not directly related to the student loan program of the issuer, and

"(ii) any payment other than a payment of expenses incurred by the issuer which—

"(I) relate to the origination, acquisition, financing, or servicing of student loans, and

"(II) are not lavish or extravagant under the circumstances.

"(E) GROSS PROCEEDS.—The term 'gross proceeds' has the meaning given to such term by paragraph (6)(H)(ii).

"(F) NO APPLICATION TO CERTAIN PROHIBITED PAYMENTS.—Subparagraph (B)(ii) shall not apply with respect to any prohibited payment which the issuer is required to make—

"(i) under any State law in effect on March 15, 1984, or

"(ii) under any written contract which was binding on March 15, 1984.

(2) QUALIFIED SCHOLARSHIP FUNDING BONDS.—Paragraph (2) of section 103(e) (relating to qualified scholarship funding bonds) is amended by striking out "State or a political subdivision thereof" and inserting in lieu thereof "United States".

(3) EFFECTIVE DATES.—

(A) IN GENERAL.—The amendment made by paragraph (1) shall apply to obligations issued after the date of enactment of this Act.

(B) QUALIFIED SCHOLARSHIP FUNDING BONDS.—The amendment made by paragraph (2) shall apply to obligations issued after December 31, 1984.

(c) ISSUANCE OF STUDENT LOAN BONDS WHICH ARE NOT TAX-EXEMPT.—Any issuer who may issue obligations described in section 103(a) of the Internal Revenue Code of 1954 may elect to issue student loan bonds which are not described in such section 103(a) of such Code without prejudice to—

(1) the status of any other obligations issued, or to be issued, by such issuer as obligations described in section 103(a) of such Code, or

(2) the status of the issuer as an organization exempt from taxation under such Code.

(d) FEDERAL EXECUTIVE BRANCH JURISDICTION OVER TAX-EXEMPT STATUS.—For purposes of Federal law, any determination by the executive branch of the Federal Government of whether interest on any obligation is exempt from taxation under the Internal Revenue Code of 1954 shall be exclusively within the jurisdiction of the Department of the Treasury.

(e) STUDY ON TAX EXEMPT STUDENT LOAN BONDS.—

(1) IN GENERAL.—The Comptroller General of the United States, in conjunction with the Director of the Congressional Budget Office, shall conduct a study of—

(A) the appropriate role of tax-exempt bonds which are issued in connection with the guaranteed student loan program and the PLUS program established under the Higher Education Act of 1965, and

(B) the appropriate tax treatment of arbitrage on the proceeds of such bonds.

(2) REPORT.—The Comptroller General of the United States, in conjunction with the Director of the Congressional Budget Office shall submit to the Committee on Finance and the Committee on Labor and Human Resources of the Senate and the Committee on Ways and Means and the Committee on Education and Labor of the House of Representatives a report on the study conducted under paragraph (1) by no later than 9 months after the date of enactment of this Act.

SEC. 720. CERTAIN PUBLIC UTILITIES TREATED AS EXEMPTED PERSONS UNDER SECTION 103(b).

For purposes of applying section 103(b)(3) of the Internal Revenue Code with respect to—

(1) any obligations issued after the date of enactment of this Act, and

(2) any obligations issued after December 31, 1969, which were treated as obligations described in section 103(a) of such Code on the day on which such obligations were issued,

the term "exempt person" shall include a regulated public utility having any customer service area within a State served by a public power authority which was required as a condition of a Federal Power Commission license specified by an Act of Congress enacted prior to the enactment of section 107 of the Revenue and Expenditure Control Act of 1968 (Public Law 90-364) to contract to sell power to one such utility and which is authorized by State law to sell power to other such utilities, but only with respect to the purchase by any such utility and resale to its customers of any output of any electrical generation facility or any portion thereof or any use of any electrical transmission facility or any portion thereof financed by such power authority and owned by it or by such State, and provided that by agreement between such power authority and any such utility there shall be no markup in the resale price charged by such utility of that component of the resale price which represents the price paid by such utility for such output or use.

SEC. 721. EFFECTIVE DATES.

(a) IN GENERAL.—Except as otherwise provided in this section, the amendments made by this subtitle shall apply to obligations issued after December 31, 1983.

(b) CONSTRUCTION OR BINDING AGREEMENT.—The amendments made by this subtitle (other than by section 713 or 715 shall not apply to obligations with respect to facilities—

(1) the original use of which commences with the taxpayer and the construction of which began before October 19, 1983, or

(2) with respect to which a binding contract to incur significant expenditures was entered into before October 19, 1983.

(c) PROVISIONS RELATING TO FEDERAL GUARANTEES.—

(1) IN GENERAL.—Except as provided in paragraph (2), amendments made by section 713 shall apply to—

(A) any obligation described in section 103(h)(1)(A)(ii) of such Code which is issued after April 15, 1983, and

(B) any obligation described in section 103(h)(1)(A)(i) or 103(h)(1)(B) which is issued after the date of enactment of this Act.

(2) BINDING CONTRACTS.—The amendments made by section 713 shall not apply to any obligation described in section 103(h)(1)(A)(ii) which is issued pursuant to a written contract that was binding on the

issuer on March 4, 1983, and at all times thereafter.

(d) RESTRICTIONS ON COST RECOVERY.—

(1) IN GENERAL.—Except as otherwise provided in this subsection or subsection (e), the amendments made by section 715 shall apply to property placed in service after June 30, 1984, to the extent such property is financed by the proceeds of an obligation (including a refunding obligation) issued after March 15, 1984.

(2) EXCEPTIONS.—

(A) CONSTRUCTION OR BINDING AGREEMENT.—The amendments made by section 715 shall not apply with respect to facilities—

(i) the original use of which commences with the taxpayer and the construction of which began before March 15, 1984, or

(ii) with respect to which a binding contract to incur significant expenditures was entered into before March 15, 1984.

(B) REFUNDING.—

(i) IN GENERAL.—Except as provided in clause (ii), in the case of property placed in service after June 30, 1984, which is financed by the proceeds of an obligation which is issued solely to refund another obligation which was issued before March 15, 1984, the amendments made by section 715 shall apply only with respect to an amount equal to the basis in such property which has not been recovered before the date such refunded obligation is issued.

(e) PROVISIONS OF THIS SUBTITLE NOT TO APPLY TO CERTAIN PROPERTY.—

(1) PROJECTS EXEMPTED FROM GOVERNMENT LEASING.—

(A) IN GENERAL.—The amendments made by this subtitle (other than by section 713 shall not apply to any property (and shall not apply to obligations issued to finance such property) if such property is placed in service in connection with projects described in section 22(g)(8)(A) of this Act.

(B) LIMITATION.—Subparagraph (A) shall apply to property included in a project described in section 22(g)(8)(A) of this Act only to the extent—

(i) such property was substantially included in such project at the time of the qualifying action, and

(ii) the issuer had evidenced an intent as of December 31, 1983, to issue obligations exempt from taxation under the Internal Revenue Code of 1954 in connection with such project.

(2) OTHER PROJECTS.—

(A) IN GENERAL.—The amendments made by this subtitle (other than section 713) shall not apply to any property (and shall not apply to obligations issued to finance such property) if such property is placed in service in connection with any of the following projects:

Project	Location	Qualifying action	Date of qualifying action	Amount of allowable obligations
Charleston Convention Center	Charleston, South Carolina	Preliminary UDAG approval	April 4, 1983	$50 million
Kalispell Center	Kalispell, Montana	UDAG application submitted	August 30, 1983	$10 million
Florida Crushed Stone Project	Hernando County, Florida	Inducement Resolution passed	August 24, 1982	$100 million
Willamette Plywood Plant	Natchitoches, Louisiana	UDAG application approved	February 3, 1984	$10 million
Godchaux/Maison Blanche Downtown Store and Distribution Center.	Baton Rouge, Louisiana	City Council approved	December 14, 1983	$9 million
Atchinson North-West Pipe and Casing Company Project.	Atchison, Kansas	Resolution adopted	July 5, 1983	$7.5 million
Downtown Redevelopment Project	Manhattan, Kansas	Preliminary UDAG approval	November 3, 1983	$26 million
China Trade Center	Boston, Massachusetts	UDAG application approved	July 2, 1981	$4.8 million
World Forum Project	Philadelphia, Pennsylvania	UDAG application approved	July 6, 1981	$5 million
Downtown UDAG	Muscogee, Oklahoma	UDAG application approved	May 5, 1981	$22.2 million
Park Central New Town In Town Project-365 Ltd. Project, Park Central West, Ltd. Project, Park Central Storage Limited Project, Energy City, Ltd. Project.	Port Authur, Texas	Bond purchase agreements executed	March 4, 1983	$24 million
Park Central New Town In Town Project	Port Authur, Texas	City ordinance adopted	August 18, 1980, April 26, 1982	$80 million for period 1984–1992

(B) LIMITATIONS.—

(i) PROPERTY.—Subparagraph (A) shall apply to property included in a project described in the table contained in subparagraph (A) only to the extent such property was substantially included in such project at the time of the qualifying action.

(ii) OBLIGATIONS.—Subparagraph (A) shall apply to an obligation issued to finance property in connection with a project described in subparagraph (A) only if the sum of—

(I) the face amount of such obligation, plus

(II) the aggregate face amount of all obligations previously issued to finance such property,

does not exceed the amount of allowable obligations that is specified in the table in subparagraph (A) with respect to such project.

(f) GAMBLING FACILITIES.—The amendment made by section 712 shall not apply to any obligations issued as part of an issue the proceeds of which are expected to be used to finance a facility which is primarily for horse racing if an inducement resolution (or other comparable preliminary approval) was adopted by the issuing authority on November 15, 1983.

(g) DETERMINATION OF SIGNIFICANT EXPENDITURE.—For purposes of this section, the term "significant expenditures" means expenditures which equal or exceed the lesser of—

(1) $15,000,000, or

(2) 20 percent of the estimated cost of the facilities.

(h) NO APPLICATION TO CERTAIN SECTIONS.—This section shall not apply to the amendments made by sections 717, 718, 719, and 720.

TITLE VIII—MISCELLANEOUS REVENUE PROVISIONS

Subtitle A—Estate and Gift Tax Provisions

SEC. 801. INSTALLMENT PAYMENT OF ESTATE TAXES FOR CERTAIN INDIRECTLY HELD STOCK OF A CLOSELY HELD OPERATING COMPANY.

(a) IN GENERAL.—Subsection (b) of section 6166 (providing definitions and special rules for extension of time for payment of estate tax where estate consists largely of interest in closely held business) is amended by adding after paragraph (7) the following new paragraph:

"(8) INDIRECTLY OWNED INTEREST IN CLOSELY HELD BUSINESS.—

"(A) IN GENERAL.—If the executor elects the benefits of this paragraph and if one corporation holds non-readily-tradable stock (as defined in paragraph (7)(B)) in a second corporation carrying on a trade or business, then—

"(i) for purposes of this section (other than paragraph (1)(C)(i)), a proportionate part of the stock of the first corporation shall be treated as stock of the second corporation,

"(ii) paragraph (1)(C)(i) shall apply to voting stock directly or indirectly included in determining the gross estate of the decedent,

"(iii) the executor shall be treated as having selected under subsection (a)(3) the date prescribed by section 6151(a), and

"(iv) section 6601(j) (relating to 4-percent rate of interest) shall not apply.

"(B) EXTENT OF ELECTION.—

"(i) IN GENERAL.—Subparagraph (A) shall be applied only to the stock of such corporations as the executor elects, and shall be successively applied to such corporations in a chain, beginning with the corporation included in the election which is at the bottom of such chain.

"(ii) 20-PERCENT VALUE REQUIREMENT.—For purposes of clause (i), the election shall be limited to any corporation in which the interest included in the gross estate equals or exceeds 20 percent of the value of such corporation.

"(C) DETERMINATION OF PROPORTIONATE PART.—The proportionate part referred to in subparagraph (A)(i) shall be determined according to the ratio which the value of the stock of the second corporation which is held by the first corporation bears to the value of all assets of the first corporation.

"(D) 20-PERCENT REQUIREMENT.—For purposes of subparagraph (A)(ii), stock shall be treated as indirectly included in determining the gross estate only by attribution through voting stock.

"(E) VALUATION.—The treatment of stock as stock of a second corporation by reason of subparagraph (A)(i) shall not affect the value of such stock.".

(b) NONBUSINESS ASSETS EXCLUDED.—Paragraph (2) of section 6166(b) (relating to interest in closely held business) is amended by adding at the end thereof the following new subparagraph:

"(E) NONBUSINESS ASSETS EXCLUDED.—

"(i) IN GENERAL.—An interest in a closely held business shall not include the portion of an interest in a partnership or stock in a corporation carrying on a trade or business that is attributable to property held (directly or indirectly) by or for such partnership or corporation unless such property is directly related to the reasonable needs of such trade or business, or property which has been contributed to such partnership or corporation and which is not used directly in the conduct of such trade or business.

"(ii) SUCCESSIVE EXCLUSIONS.—Where a partnership or a corporation carrying on a trade or business holds an interest in another entity, the portion of such interest which is attributable to property which would be described in clause (i) if this subparagraph were applied to such entity shall be treated as property described in clause (i).".

(c) ACCELERATION OF PAYMENT.—Paragraph (1) of section 6166(g) (relating to disposition of interest; withdrawal of funds from business) is amended by adding at the end thereof the following new subparagraphs:

"(E) If any portion of stock in a corporation (described as the first corporation in subparagraph (A) of subsection (b)(8)) is treated as stock in one or more corporations by reason of such subparagraph, then—

"(i) any disposition of any interest in such stock in such first corporation, which was included in determining the gross estate of the decedent, or

"(ii) any withdrawal of any money or other property from such first corporation attributable to any interest included in determining the gross estate of the decedent, shall be treated for purposes of subparagraph (A) as a disposition of (or a withdrawal with respect to) such stock qualifying under subsection (a)(1).

"(F) If any portion of stock in a corporation (described as the first corporation in subparagraph (A) of subsection (b)(8)) is treated as stock in one or more corporations by reason of such subparagraph, then—

"(i) any disposition of any interest in such stock of such other corporation or corporations directly or indirectly owned by such first corporation, or

"(ii) any withdrawal of any money or other property from such other corporation or corporations attributable to such stock directly or indirectly owned by such first corporation,

shall, to the extent attributable to any interest included in determining the gross estate of the decedent, be treated for purposes of subparagraph (A) as a disposition of (or a withdrawal with respect to) such stock qualifying under subsection (a)(1).".

(d) PAYMENT OF DIVIDENDS.—Paragraph (2) of section 6166(g) (relating to undistributed income of estate) is amended by adding at the end thereof the following new subparagraph:

"(C) For purposes of this paragraph, dividends paid with respect to non-readily-tradable stock in a corporation carrying on a trade or business (as described in subsection (b)(8)(A)) shall be treated as paid to the estate of the decedent to the extent attributable to stock treated as stock of such corporation by subsection (b)(8)(A)(i).".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to estates of decedents dying after the date of the enactment of this Act.

SEC. 802. REPEAL OF GENERATION-SKIPPING TRANSFER TAX.

(a) IN GENERAL.—Subtitle B is amended by striking out chapter 13 (relating to tax on certain generation-skipping transfers).

(b) CONFORMING AMENDMENTS.—

(1) Section 303 (relating to distributions in redemption of stock to pay death taxes) is amended by striking out subsection (d).

(2) Paragraph (6) of section 667(b) (relating to treatment of amounts deemed distributed by trust in preceding years) is amended—

(A) by striking out "or 13, as the case may be" each place it appears in subparagraph (A),

(B) by striking out "or the date of the generation-skipping transfer" in subparagraph (C), and

(C) by striking out "AND GENERATION-SKIPPING TRANSFER" in the heading of such paragraph.

(3) Subsection (c) of section 691 (relating to deduction for estate tax) is amended by striking out paragraph (3) and by redesignating paragraphs (4) and (5) as paragraphs (3) and (4), respectively.

(4) Section 2013 (relating to credit for tax on prior transfers) is amended by striking out subsection (g).

(5) The first sentence of subsection (a) of section 7517 (relating to furnishing on request of statement explaining estate or gift valuation) is amended to read as follows: "If the Secretary makes a determination or a proposed determination of the value of an item of property for purposes of the tax imposed under chapter 11 or 12, he shall furnish, on the written request of the executor or donor (as the case may be), to such executor or donor a written statement containing the material required by subsection (b).".

(6) The analysis of chapters for subtitle B is amended by striking out the item relating to chapter 13.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to generation-skipping transfers occurring after June 11, 1976.

SEC. 803. TREATMENT OF CERTAIN DISCLAIMERS.

(a) IN GENERAL.—Subsection (c) of section 2518 (relating to disclaimers) is amended by adding at the end thereof the following new paragraph:

"(4) PRIOR TRANSFERS.—Any disclaimer of an interest created by a transfer of property which was made before November 15, 1958, shall be treated as a qualified disclaimer for purposes of this section if—

"(A) such disclaimer satisfies the requirements of subsection (b) without regard to paragraph (2) of such subsection, and

"(B) such disclaimer was received by the transferor of the interest, his legal representative, or the holder of the legal title to the property to which the interest relates at any time prior to the date which is 90 days after the date of the enactment of the Deficit Reduction Tax Act of 1984, and

"(C) such person disclaiming has not accepted the interest or any of its benefits.".

(b) CONFORMING AMENDMENT.—Paragraph (2) of section 2009(e) of the Tax Reform Act of 1976 (26 U.S.C. 2518 note) is amended by striking out "after December 31, 1976" and inserting in lieu thereof "before November 15, 1958, or after December 31, 1976".

SEC. 804. MARITAL DEDUCTION FOR A USUFRUCT.

(a) IN GENERAL.—Subclause (I) of section 2056(b)(7)(B)(ii) (relating to qualifying income interest for life) is amended by inserting ", or has a usufruct interest for life in the property" after "intervals".

(b) LIMITATION ON DEDUCTIONS FROM GROSS ESTATE.—Paragraph (1) of section 2053(c) (relating to limitations on deductions for expenses, indebtedness, and taxes) is amended by adding at the end thereof the following new subparagraph:

"(C) CERTAIN CLAIMS BY REMAINDERMEN.—No deduction shall be allowed under this section for a claim against the estate by a remainderman relating to any property described in section 2044.".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the amendment made by section 403 of the Economic Recovery Tax Act of 1981.

SEC. 805. CREDIT AGAINST ESTATE TAX FOR TRANSFERS TO TOIYABE NATIONAL FOREST.

(a) CREDIT ALLOWED.—Subject to the provisions of this section, and notwithstanding any period of limitation or lapse of time, the Secretary of the Treasury or his delegate shall allow credit against the tax imposed by chapter 11 of the Internal Revenue Code of 1954 (relating to the imposition of estate tax)—

(1) upon the estate of Nell J. Redfield for the conveyance by the estate to the United States of real property included in the gross estate and located within the boundaries of the Toiyabe National Forest; and

(2) upon the estate of Elizabeth Schultz Rabe for the conveyance by the estate to the United States of real property included in the gross estate and known as Parcel No. 4 containing 97.60 acres, more or less, located in the County of Douglas, State of Nevada, and described as follows:

The NE 1/4 of the SW 1/4, the NW 1/4 of the SE 1/4, and a portion of the SE 1/4 of the NW 1/4 of Section 23, Township 13 North, Range 18 East, M.D.B.&M., more particularly described as follows:

All that portion of the SE 1/4 of the NW 1/4 excepting therefrom the following:

Beginning at a United States Forest Service Brass Cap, being the C-N 1/16 corner of Section 23; thence South 0°45'24" West 500.00 feet to an iron pipe; thence South 44°50'02" West 945.42 feet to an iron pipe; thence North 89°46'12" West 301.78 feet to a point; thence tangent North 20°28'20" East on the arc of a circular curve to the left with a radius of 800 feet through a central angle of 40°44'50" an arc distance of 568.94 feet to a point; thence North 20°02'42" West 683.17 feet to a point; thence South 88°35'38" East 1206.29 feet to the Point of Beginning, containing 22.40 acres, more or less.

(b) AMOUNT OF CREDIT.—The amount allowed as a credit under subsection (a) shall be equal to the lesser of—

(1) fair market value of the real property transferred by each estate as of the valuation date used for purposes of the tax imposed by chapter 11 of such Code, or

(2) the Federal estate tax liability (and interest thereon) of each estate.

(c) LIMITATIONS.—

(1) The provisions of this section shall apply only if the executor of each estate executes a deed (in accordance with the laws of the State in which such real property is situated) transferring title to the United States before the date which is 90 days after the date of the enactment of this Act, but only if such title is satisfactory to the Attorney General or his delegate.

(2) The provisions of this section shall apply only if the real property transferred is accepted by the Secretary of Agriculture and added to the Toiyabe National Forest. The lands shall be transferred to the Secretary of Agriculture without reimbursement or payment from the Department of Agriculture.

Subtitle B—Charitable Provisions

SEC. 806. TRANSITIONAL RULE RELATING TO THE DEFINITION OF QUALIFIED CONSERVATION CONTRIBUTIONS.

(a) IN GENERAL.—Subparagraph (B) of section 170(h)(5) (defining exclusively for conservation purposes) is amended to read as follows:

"(B) NO SURFACE MINING PERMITTED.—

"(i) IN GENERAL.—Except as provided in clause (ii), in the case of a contribution of any interest where there is a retention of a

qualified mineral interest, subparagraph (A) shall not be treated as met if at any time there may be extraction or removal of minerals by any surface mining method.

"(ii) SPECIAL RULE.—With respect to any contribution of property in which the ownership of the surface estate and mineral interests were separated before June 13, 1976, and remain so separated, subparagraph (A) shall be treated as met if the probability of surface mining occurring on such property is so remote as to be negligible.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to contributions made after the date of the enactment of this Act.

SEC. 807. DESIGNATION OF OVERPAYMENTS AND CONTRIBUTIONS FOR UNITED STATES OLYMPIC TRUST FUND.

(a) IN GENERAL.—Subchapter A of chapter 61 (relating to returns and records) is amended by adding at the end thereof the following new part:

"PART IX—DESIGNATION OF OVERPAYMENTS AND CONTRIBUTIONS FOR UNITED STATES OLYMPIC TRUST FUND

"Sec. 6097. Amounts for United States Olympic Trust Fund.

"SEC. 6097. AMOUNTS FOR UNITED STATES OLYMPIC TRUST FUND.

"(a) IN GENERAL.—With respect to each individual's return for the taxable year of the tax imposed by chapter 1, such individual may designate that—

"(1) $1 of any overpayment of such tax for such taxable year, or

"(2) in the absence of any overpayment of such tax, a $1 contribution which the individual includes with such return,

be paid over to the United States Olympic Trust Fund.

"(b) MANNER AND TIME OF DESIGNATION.—A designation under subsection (a) may be made with respect to any taxable year only at the time of filing the return of the tax imposed by chapter 1 for such taxable year.

"(c) DESIGNATED AMOUNTS NOT DEDUCTIBLE.—No amount designated on any taxpayer's return pursuant to subsection (a) shall be allowed as a deduction under section 170 or any other section for any taxable year.

"(d) OVERPAYMENTS TREATED AS REFUNDED.—For purposes of this title, any overpayment of tax designated under subsection (a) shall be treated as being refunded to the individual as of the last date prescribed for filing the return of tax imposed by chapter 1 (determined without regard to extensions) or, if later, the date the return is filed.".

(b) ESTABLISHMENT OF UNITED STATES OLYMPIC TRUST FUND.—Subchapter A of chapter 98 (relating to trust fund code) is amended by adding at the end thereof the following new section:

"SEC. 9504. UNITED STATES OLYMPIC TRUST FUND.

"(a) CREATION OF TRUST FUND.—There is established in the Treasury of the United States a trust fund to be known as the 'United States Olympic Trust Fund', consisting of such amounts as may be appropriated or credited to the United States Olympic Trust Fund as provided in this section or section 9602(b).

"(b) TRANSFER TO UNITED STATES OLYMPIC TRUST FUND OF AMOUNTS DESIGNATED.—There is hereby appropriated to the United States Olympic Trust Fund amounts equivalent to the amounts designated under section 6097 and received in the Treasury.

"(c) EXPENDITURES FROM TRUST FUND.—

"(1) IN GENERAL.—The Secretary shall pay, not less often than quarterly, to the United States Olympic Committee from the United States Olympic Trust Fund an amount equal to the amount in such Fund as of the time of such payment less any administrative expenses of the Secretary which may be paid under paragraph (2).

"(2) ADMINISTRATIVE EXPENSES.—Amounts in the United States Olympic Trust Fund shall be available to pay the administrative expenses of the Department of the Treasury directly allocable to—

"(A) modifying the individual income tax return forms to carry out section 6097,

"(B) carrying out this chapter with respect to such Fund, and

"(C) processing amounts received under section 6097 and transferring such amounts to and from such Fund.".

(c) CROSS REFERENCE.—Subsection (l) of section 170 (relating to disallowance of charitable deductions in certain cases) (as designated by section 154 of this Act) is further amended—

(1) by striking out "For disallowance" and inserting in lieu thereof "(1) For disallowance"; and

(2) by adding at the end thereof the following new paragraph:

"(2) For disallowance of deductions for contributions to Olympics, see section 6097(c).".

(d) CLERICAL AMENDMENTS.—

(1) The table of parts for subchapter A of chapter 61 is amended by adding at the end thereof the following new item:

"PART IX—DESIGNATION OF OVERPAYMENTS AND CONTRIBUTIONS FOR UNITED STATES OLYMPIC TRUST FUND.".

(2) The table of sections for subchapter A of chapter 98 is amended by adding at the end thereof the following new item:

"Sec. 9504. United States Olympic Trust Fund.".

(e) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to returns filed for taxable years beginning after December 31, 1983, and ending before January 1, 1989.

SEC. 808. INCREASE IN CHARITABLE VOLUNTEER MILEAGE.

(a) IN GENERAL.—Section 170 (relating to charitable, etc., contributions and gifts) (as amended by section 154 of this Act) is further amended by redesignating subsections (l) and (m) as subsections (m) and (n), respectively, and by inserting after subsection (k) the following new subsection:

"(l) STANDARD MILEAGE RATE FOR USE OF PASSENGER AUTOMOBILE.—For purposes of computing the deduction under this section for use of a passenger automobile the standard mileage rate shall be 12 cents per mile.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 1984.

SEC. 809. PERMANENT RULES FOR REFORMING GOVERNING INSTRUMENTS CREATING CHARITABLE REMAINDER TRUSTS AND OTHER CHARITABLE INTERESTS.

(a) GENERAL RULE.—Paragraph (3) of section 2055(e) (relating to disallowance of deductions in certain cases) is amended to read as follows:

"(3) REFORMATIONS TO COMPLY WITH PARAGRAPH (2).—

"(A) IN GENERAL.—A deduction shall be allowed under subsection (a) in respect of any qualified reformation.

"(B) QUALIFIED REFORMATION.—For purposes of this paragraph, the term 'qualified reformation' means a change of a governing instrument by reformation, amendment, construction, or otherwise which changes a reformable interest into a qualified interest but only if—

"(i) any difference between—

"(I) the actuarial value (determined as of the date of the decedent's death) of the qualified interest, and

"(II) the actuarial value (as so determined) of the reformable interest,

does not exceed 5 percent of the actuarial value (as so determined) of the reformable interest,

"(ii) in the case of—

"(I) a charitable remainder interest, the nonremainder interest (before and after the qualified reformation) terminated at the same time, or

"(II) any other interest, the reformable interest and the qualified interest are for the same period, and

"(iii) such change is effective as of the date of the decedent's death.

A nonremainder interest (before reformation) for a term of years in excess of 20 years shall be treated as satisfying subclause (I) of clause (ii) if such interest (after reformation) is for a term of 20 years.

"(C) REFORMABLE INTEREST.—For purposes of this paragraph—

"(i) IN GENERAL.—The term 'reformable interest' means any interest for which a deduction would be allowable under subsection (a) at the time of the decedent's death but for paragraph (2).

"(ii) BENEFICIARY'S INTEREST MUST BE FIXED.—The term 'reformable interest' does not include any interest unless, before the remainder vests in possession, all payments to persons other than an organization described in subsection (a) are expressed either in specified dollar amounts or a fixed percentage of the fair market value of the property. For purposes of determining whether all such payments are expressed as a fixed percentage of the fair market value of the property, section 664(d)(3) shall be taken into account.

"(iii) SPECIAL RULE WHERE TIMELY COMMENCEMENT OF REFORMATION.—Clause (ii) shall not apply to any interest if a judicial proceeding is commenced to change such interest into a qualified interest not later than the 90th day after—

"(I) if an estate tax return is required to be filed, the last date (including extensions) for filing such return, or

"(II) if no estate tax return is required to be filed, the last date (including extensions) for filing the income tax return for the 1st taxable year for which such a return is required to be filed by the trust.

"(iv) SPECIAL RULE FOR WILL EXECUTED BEFORE JANUARY 1, 1979, ETC.—In the case of any interest passing under a will executed before January 1, 1979, or under a trust created before such date, clause (ii) shall not apply.

"(D) QUALIFIED INTEREST.—For purposes of this paragraph, the term 'qualified interest' means an interest for which a deduction is allowable under subsection (a).

"(E) LIMITATION.—The deduction referred to in subparagraph (A) shall not exceed the amount of the deduction which would have been allowable for the reformable interest but for paragraph (2).

"(F) SPECIAL RULE WHERE INCOME BENEFICIARY DIES.—If (by reason of the death of any individual, or by termination or distribution of a trust in accordance with the terms of the trust instrument) by the due date for filing the estate tax return (including any extension thereof) a reformable interest is in a wholly charitable trust or passes directly to a person or for a use described in subsection (a), a deduction shall be allowed for

such reformable interest as if it had met the requirements of paragraph (2) on the date of the decedent's death. For purposes of the preceding sentence, the term 'wholly charitable trust' means a charitable trust which, upon the allowance of a deduction, would be described in section 4947(a)(1).

"(G) STATUTE OF LIMITATIONS.—The period for assessing any deficiency of any tax attributable to the application of this paragraph shall not expire before the date 1 year after the date on which the Secretary is notified that such reformation has occurred.

"(H) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this paragraph, including regulations providing such adjustments in the application of the provisions of section 508 (relating to special rules relating to section 501(c)(3) organizations), subchapter J (relating to estates, trusts, beneficiaries, and decedents), and chapter 42 (relating to private foundations) as may be necessary by reason of the qualified reformation.

"(I) REFORMATIONS PERMITTED IN CASE OF REMAINDER INTERESTS IN RESIDENCE OR FARM, POOLED INCOME FUNDS, ETC.—The Secretary shall prescribe regulations (consistent with the provisions of this paragraph) permitting reformations in the case of any failure—

"(i) to meet the requirements of section 170(f)(3)(B) (relating to remainder interests in personal residence or farm, etc.), or

"(ii) to meet the requirements of section 642(c)(5).".

(b) INCOME TAX DEDUCTION.—Subsection (f) of section 170 (relating to disallowance of deduction in certain cases and special rules) is amended by adding at the end thereof the following new paragraph:

"(7) REFORMATIONS TO COMPLY WITH PARAGRAPH (2).—

"(A) IN GENERAL.—A deduction shall be allowed under subsection (a) in respect of any qualified reformation (within the meaning of section 2055(e)(3)(B)).

"(B) RULES SIMILAR TO SECTION 2055(e)(3) TO APPLY.—For purposes of this paragraph, rules similar to the rules of section 2055(e)(3) shall apply.".

(c) GIFT TAX DEDUCTION.—Subsection (c) of section 2522 is amended by adding at the end thereof the following new paragraph:

"(4) REFORMATIONS TO COMPLY WITH PARAGRAPH (2).—

"(A) IN GENERAL.—A deduction shall be allowed under subsection (a) in respect of any qualified reformation (within the meaning of section 2055(e)(3)(B)).

"(B) RULES SIMILAR TO SECTION 2055(e)(3) TO APPLY.—For purposes of this paragraph, rules similar to the rules of section 2055(e)(3) shall apply.".

(d) TREATMENT OF CERTAIN CONTINGENCIES UNDER SECTION 664.—Section 664 (relating to charitable remainder trusts) is amended by adding at the end thereof the following new subsection:

"(f) CERTAIN CONTINGENCIES PERMITTED.—

"(1) GENERAL RULE.—If a trust would, but for a qualified contingency, meet the requirements of paragraph (1)(A) or (2)(A) of subsection (d), such trust shall be treated as meeting such requirements.

"(2) VALUE DETERMINED WITHOUT REGARD TO QUALIFIED CONTINGENCY.—For purposes of determining the amount of any charitable contribution (or the actuarial value of any interest), a qualified contingency shall not be taken into account.

"(3) QUALIFIED CONTINGENCY.—For purposes of this subsection, the term 'qualified contingency' means any provision of a trust which provides that, upon the happening of a contingency, the payments described in paragraph (1)(A) or (2)(A) of subsection (d) (as the case may be) will terminate not later than such payments would otherwise terminate under the trust.".

(e) EFFECTIVE DATE.—

(1) SUBSECTIONS (a), (b), AND (c).—The amendments made by subsections (a), (b), and (c) shall apply to reformations after December 31, 1978; except that such amendments shall not apply to any reformation to which section 2055(e)(3) of the Internal Revenue Code of 1954 (as in effect on the day before the date of the enactment of this Act) applies. For purposes of applying clause (iii) of section 2055(e)(3)(C) of such Code (as amended by this section), the 90th day described in such clause shall be treated as not occurring before the 90th day after the date of the enactment of this Act.

(2) SUBSECTION (d).—The amendment made by subsection (d) shall apply to transfers after December 31, 1978.

(3) STATUTE OF LIMITATIONS.—

(A) IN GENERAL.—If on the date of the enactment of this Act (or at any time before the date 1 year after such date of enactment), credit or refund of any overpayment of tax attributable to the amendments made by this section is barred by any law or rule of law, such credit or refund of such overpayment may nevertheless be made if claim therefor is filed before the date 1 year after the date of the enactment of this Act.

(B) NO INTEREST WHERE STATUTE CLOSED ON DATE OF ENACTMENT.—In any case where the making of the credit or refund of the overpayment described in subparagraph (A) is barred on the date of the enactment of this Act, no interest shall be allowed with respect to such overpayment (or any related adjustment) for the period before the date 180 days after the date on which the Secretary of the Treasury (or his delegate) is notified that the reformation has occurred.

SEC. 810. CERTAIN CONTRIBUTIONS OF PROPERTY USED IN QUALIFIED VOCATIONAL EDUCATION PROGRAMS.

(a) IN GENERAL.—Subsection (e) of section 170 (relating to certain contributions of ordinary income and capital gain property) is amended by adding at the end thereof the following new paragraph:

"(4) SPECIAL RULE FOR CERTAIN CONTRIBUTIONS OF PROPERTY USED IN QUALIFIED VOCATIONAL EDUCATION PROGRAMS.—

"(A) LIMIT ON REDUCTION.—In the case of a qualified vocational education contribution, the reduction under paragraph (1)(A) shall be no greater than the amount determined under paragraph (3)(B).

"(B) QUALIFIED VOCATIONAL EDUCATION CONTRIBUTION.—For purposes of this paragraph, the term 'qualified vocational education contribution' means a charitable contribution by a corporation of tangible personal property described in paragraph (1) of section 1221, but only if—

"(i) such contribution is to a public community college or public technical institute (within the meaning of section 742(b) of the Higher Education Act of 1965 (20 U.S.C. 1132e-1)), and is made through the governing body of the donee,

"(ii) the property is scientific or technical equipment or apparatus,

"(iii) substantially all of the use of such property by the donee is for training students enrolled in a postsecondary vocational education program offered by the donee,

"(iv) the property is not computer software, a microcomputer, or any other computer designed generally for use in the home or other personal use,

"(v) the fair market value of the property exceeds $250,

"(vi) the property is manufactured, produced, or assembled by the taxpayer, and the contribution is made not later than six months after the date on which the manufacture, production, or assembly of the property is substantially completed,

"(vii) the original use of the property is by the donee,

"(viii) the property is accompanied by the same warranty or warranties normally provided by the manufacturer in connection with a sale of the property contributed,

"(ix) such property is not transferred by the donee in exchange for money, other property, or services within 5 years of the date of original transfer to the donee,

"(x) such property is functional and usable in the condition in which it is transferred for the purposes described in clause (iii), without the necessity of any repair, reconditioning, or other similar investment by the donee, and

"(xi) the taxpayer receives from the governing body of the donee a written statement, executed under penalties of perjury, representing that the property and its use and disposition by the donee will be in accordance with the provisions of clauses (iii), (ix) and (x).

"(C) CORPORATION.—For purposes of this paragraph, the term 'corporation' shall not include—

"(i) an S corporation,

"(ii) a personal holding company (within the meaning of section 542), or

"(iii) a service organization (within the meaning of section 414(m)(3)).".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to contributions made after December 31, 1984.

SEC. 811. POSTSECONDARY VOCATIONAL EDUCATION INSTRUCTION CREDIT.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 (relating to credits allowable against tax) is amended by inserting after section 44K the following new section:

"SEC. 44L. VOCATIONAL EDUCATION INSTRUCTION CREDIT.

"(a) IN GENERAL.—In the case of a corporation, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of—

"(1) the product of—

"(A) $100, multiplied by

"(B) the number of postsecondary vocational education courses taught by qualified teaching employees of the taxpayer during the taxable year, plus

"(2) the product of—

"(A) $100, multiplied by

"(B) the number of qualified vocational education instructors who were employed by the taxpayer during the taxable year.

"(b) LIMITATIONS.—

"(1) DOLLAR LIMITATION.—The aggregate amount allowable as a credit under subsection (a) to any taxpayer for any taxable year shall not exceed $20,000.

"(2) LIMITATION ON THE NUMBER OF COURSES TAUGHT PER EMPLOYEE.—No more than 5 postsecondary vocational education courses taught by the same qualified teaching employee may be taken into account under subsection (a)(1)(B).

"(3) LIMITATION BASED ON AMOUNT OF TAX.—The credit allowed by subsection (a) for any taxable year shall not exceed the

amount of the tax imposed by this chapter for the taxable year reduced by the sum of the credits allowable for the taxable year under a section of this part having a lower number or letter designation than this section, other than the credits allowable by sections 31, 39, and 43. For purposes of the preceding sentence, the term 'tax imposed by this chapter' shall not include any tax treated as not imposed by this chapter under the last sentence of section 53(a).

"(c) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) POSTSECONDARY VOCATIONAL EDUCATION COURSES.—The term 'postsecondary vocational education course' means any course of instruction which—

"(A) is offered by an institution of higher education as part of an organized education program,

"(B) is in the physical, biological, computer, or engineering technologies, or electronic and automated industrial, medical, and agricultural equipment and instrumentation operation,

"(C) consists of a period of instruction which is at least equivalent to a course of instruction that provides 3 hours of instruction per week during an academic semester, and

"(D) has been completed before the close of the taxable year.

"(2) QUALIFIED VOCATIONAL EDUCATION INSTRUCTOR.—The term 'qualified vocational education instructor' means an individual who—

"(A) was employed by the taxpayer on a full-time basis for at least 3 months but not more than 12 months during the 2-year period ending at the close of the taxable year,

"(B) prior to such employment, taught postsecondary vocational education courses on a full-time basis at an institution of higher education,

"(C) is teaching such courses on a full-time basis at an institution of higher education at the close of such taxable year, and

"(D) is not employed by the taxpayer at the close of the taxable year.

"(3) QUALIFIED TEACHING EMPLOYEE.—The term 'qualified teaching employee' means an individual who—

"(A) taught at least one postsecondary vocational education course on a part-time basis at an institution of higher education during the taxable year,

"(B) is a full-time employee of the taxpayer for the entire taxable year,

"(C) does not receive any compensation from such institution of higher education, and

"(D) was not a qualified vocational education instructor at any time during the taxable year.

"(4) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' has the meaning given such term in section 1201(a) of the Higher Education Act of 1965.

"(5) ALLOCATION IN CASE OF CONTROLLED GROUP OF CORPORATIONS.—

"(A) IN GENERAL.—In determining the amount of the credit under this section—

"(i) all members of the same controlled group of corporations shall be treated as a single taxpayer, and

"(ii) the credit (if any) allowable by this section to each such member with respect to any qualified teaching employee or qualified vocational education instructor shall be in proportion to the member's share of the wages paid for the taxable year to such qualified teaching employee or qualified vocational education instructor.

"(B) CONTROLLED GROUP OF CORPORATIONS.—The term 'controlled group of corporations' has the same meaning given to such term by section 1563(a), except that—

"(i) 'more that 50 percent' shall be substituted for 'at least 80 percent' each place it appears in section 1563(a)(1), and

"(ii) the determination shall be made without regard to subsections (a)(4) and (e)(3)(C) of section 1563.

"(6) CORPORATION.—The term 'corporation' shall not include—

"(A) an S corporation,

"(B) a personal holding company (within the meaning of section 542), or

"(C) a service organization (within the meaning of section 414(m)(3)).

"(7) DOUBLE BENEFIT.—Any credit allowable under this section for the taxable year with respect to any employee of the taxpayer shall be in addition to any deduction under this chapter which is allowable to the taxpayer for such taxable year with respect to compensation paid to such employee.".

(b) CONFORMING AMENDMENTS.—

(1) The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 44K the following new item:

"Sec. 44L. Vocational education instruction credit.".

(2) Section 6096(b) (relating to designation of income tax payments to Presidential Election Campaign Fund) is amended by striking out "and 44I" and inserting in lieu thereof "44I, and 44J".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1984.

SEC. 812. INCREASE IN CERTAIN DEDUCTION LIMITS FOR CHARITABLE CONTRIBUTION DEDUCTION.

(a) INCREASE IN PERCENTAGE OF CONTRIBUTION BASE LIMITATION FOR INDIVIDUALS.—Subsections (b)(1) and (d)(1) of section 170 (relating to charitable, etc., contributions and gifts) are amended by striking out "50 percent" each place it appears and inserting in lieu thereof "60 percent".

(b) CARRYOVER OF EXCESS CONTRIBUTIONS BY INDIVIDUALS EXTENDED TO 15 YEARS.—

(1) IN GENERAL.—Subparagraph (A) of section 170(d)(1) (relating to carryovers of excess contributions by individuals) is amended—

(A) by striking out "5 years" and inserting in lieu thereof "15 years", and

(B) by striking out "the second, third, fourth, or fifth succeeding taxable year" in clause (ii) and inserting in lieu thereof "each of the fourteen succeeding taxable years".

(2) CONFORMING AMENDMENT.—Clause (ii) of section 170(b)(1)(C) (relating to special limitation with respect to contributions of certain capital gain property) is amended by striking out "5" and inserting in lieu thereof "14".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to gifts made after December 31, 1984.

Subtitle C—Excise Tax Provisions

PART I—BOATING SAFETY AND SPORT FISH RESTORATION

SUBPART A—BOATING SAFETY AMENDMENTS

SEC. 813. POLICY.

It is declared to be the policy of Congress and the purpose of this part to improve recreational boating safety and to foster greater development, use, and enjoyment of all waters of the United States by encouraging and assisting participation by the States, the boating industry, and the boating public in activities related to increasing boating safety; by authorizing the establishment of national construction and performance standards for boats and associated equipment; by creating more flexible authority governing the use of boats and equipment; and by facilitating the provision of services by the United States Coast Guard on behalf of boating safety. It is further declared to be the policy of Congress to encourage greater and continuing uniformity of boating laws and regulations among the States and the Federal Government, to encourage and assist the States in exercising their authorities in boating safety, to foster greater cooperation and assistance between the Federal Government and the States in administering and enforcing Federal and State laws and regulations pertaining to boating safety, and to equitably utilize taxes paid on fuel use in motor boats in a manner which enhances boating safety.

SEC. 814. GENERAL AMENDMENTS TO TITLE 46.

(a) Section 2102 of title 46, United States Code is amended—

(1) by striking out "and facilities improvement" in paragraph (1);

(2) by striking out paragraphs (3) and (4); and

(3) by redesignating paragraph (5) as paragraph (3).

(b)(1) Section 13101 of such title is amended—

(A) by striking out "and facility improvement" in subsection (a); and

(B) by striking out "and facilities improvement" each place it appears.

(2) Subsection (a) of section 13101 of such title is amended by striking out "may" in the second sentence and inserting in lieu thereof "shall".

(c)(1) Section 13102 of such title is amended by striking out "and facilities improvement" each place it appears.

(2) Subsection (a) of section 13102 of such title is amended by striking out "may" and inserting in lieu thereof "shall".

(3) Paragraph (2) of section 13102(a) of such title is amended by striking out ", (d), or (f)".

(4) Subsections (d) and (f) of section 13102 of such title are repealed, and subsection (e) of such section (and any reference thereto) is redesignated as subsection (d).

(d)(1) Subsections (b) and (f) of section 13103 of such title are repealed, and subsections (c), (d), and (e) of such section (and all references thereto) are redesignated as subsections (b), (c), and (d), respectively.

(2) Subsections (b) and (c) of section 13103 of such title (as redesignated by paragraph (1) of this subsection) are amended by striking out "and facilities improvement" each place it appears.

(e) Section 13105 of such title is amended by striking out "and facilities improvement".

(f) Subsection (c) of section 13108 of such title is amended by striking out "and facilities improvement" each place it appears.

(g) Section 13109 of such title is amended by striking out "and facilities improvement" each place it appears.

SEC. 815. AUTHORIZATION OF FUNDS FOR BOATING SAFETY.

Section 13106 of title 46, United States Code, is amended to read as follows:

"(a) The Secretary may expend in each of the fiscal years 1985, 1986, 1987, and 1988, subject to amounts as are provided in appropriations laws for liquidation of contract authority, an amount equal to two-thirds of

the amount transferred for such fiscal year to the Boating Safety Account under section 9503(c)(4) of the Internal Revenue Code of 1954 (26 U.S.C. 9503(c)(4)). The amount shall be allocated as provided under section 13103 of this title and shall be available for State recreational boating safety programs as provided under the guidelines established under subsection (b) of this section. Amounts authorized to be expended for State recreational boating safety programs shall remain available until expended and are deemed to have been expended only if an amount equal to the total amounts authorized to be expended under this section for the fiscal year in question and all prior fiscal years have been obligated. Amounts previously obligated but released by payment of a final voucher or modification of a program acceptance shall be credited to the balance of unobligated amounts and are immediately available for expenditure.

"(b) The Secretary shall establish guidelines prescribing the purposes for which amounts available under this chapter for State recreational boating safety programs may be used. Those purposes may include—

"(1) providing facilities, equipment, and supplies for boating safety education and law enforcement, including purchase, operation, maintenance, and repair;

"(2) training personnel in skills related to boating safety and to the enforcement of boating safety laws and regulations;

"(3) providing public boating safety education, including educational programs and lectures, to the boating community and the public school system;

"(4) acquiring, constructing, or repairing public access sites used primarily by recreational boaters;

"(5) conducting boating safety inspections and marine casualty investigations;

"(6) establishing and maintaining emergency or search and rescue facilities, and providing emergency or search and rescue assistance;

"(7) establishing and maintaining waterway markers and other appropriate aids to navigation; and

"(8) providing State recreational vessel numbering or titling programs.

"(c) An amount equal to one-third of the amount transferred for each fiscal year to the Boating Safety Account under section 9503(c)(4) of the Internal Revenue Code of 1954 (26 U.S.C. 9503 (c)(4)) is available to the Secretary for expenditures out of the operating expenses account of the Coast Guard for services provided by the Coast Guard for recreational boating safety, including services provided by the Coast Guard Auxiliary. Amounts made available by this subsection shall remain available until expended.".

SEC. 816. EFFECTIVE DATE.

The amendments made by this subpart shall take effect on October 1, 1984, and shall apply with respect to fiscal years beginning after September 30, 1984.

SUBPART B—SPORT FISH RESTORATION PROGRAM

SEC. 817. AMENDMENTS TO THE SPORT FISH RESTORATION PROGRAM.

(a) The Act entitled "An Act to provide that the United States shall aid the States in fish restoration and management projects, and for other purposes", approved August 9, 1950 (16 U.S.C. 777 et seq.), is amended as follows:

(1) The first section is amended—

(A) by inserting "(a)" after "That"; and

(B) by adding at the end thereof the following new subsection:

"(b) Each coastal State, to the extent practicable, shall equitably allocate the following sums between marine fish projects and freshwater fish projects in the same proportion as the estimated number of resident marine anglers and the estimated number of resident freshwater anglers, respectively, bear to the estimated number of all resident anglers in that State:

"(1) The additional sums apportioned to such State under this Act as a result of the taxes imposed by the amendments made by the Sport Fish Restoration Revenue Act of 1983 on items not taxed under section 4161(a) of the Internal Revenue Code of 1954 before October 1, 1984.

"(2) The sums apportioned to such State under this Act that are not attributable to any tax imposed by section 4499(a) of such Code.

As used in this subsection, the term 'coastal State' means any one of the States of Alabama, Alaska, California, Connecticut, Delaware, Florida, Georgia, Hawaii, Louisiana, Maine, Maryland, Massachusetts, Mississippi, New Hampshire, New Jersey, New York, North Carolina, Oregon, Rhode Island, South Carolina, Texas, Virginia, and Washington. The term also includes the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Marianas.".

(2) The first sentence of section 3 is amended to read as follows: "To carry out the provisions of this Act for fiscal years after September 30, 1984, there are authorized to be appropriated from the Sport Fish Restoration Account established by section 9505(a) of the Internal Revenue Code of 1954 the amounts paid, transferred, or otherwise credited to that Account. For purposes of the provision of the Act of August 31, 1951, which refers to this section, such amounts shall be treated as the amounts that are equal to the revenues described in this section.".

(3) The first sentence of section 4 is amended to read as follows: "So much, not to exceed 6 per centum, of each annual appropriation made in accordance with the provisions of section 3 of this Act as the Secretary of the Interior may estimate to be necessary for his expenses in the conduct of necessary investigations, administration, and the execution of this Act and for aiding in the formulation, adoption, or administration of any compact between two or more States for the conservation and management of migratory fishes in marine or freshwaters shall be deducted for that purpose, and such sum is authorized to be made available therefor until the expiration of the next succeeding fiscal year.".

(4) Section 5 is amended by striking all after the first sentence.

(5) Section 6 is amended by adding at the end thereof the following new subsection:

"(d) The Secretary of the Interior may enter into agreements to finance up to 75 per centum of the initial costs of the acquisition of lands or interests therein and the construction of structures or facilities for appropriations currently available for the purposes of this Act; and to agree to finance up to 75 per centum of the remaining costs over such a period of time as the Secretary may consider necessary. The liability of the United States in any such agreement is contingent upon the continued availability of funds for the purposes of this Act.".

(6) Section 8 is amended by inserting "(a)" before the first sentence, and by adding at the end thereof the following new subsections:

"(b)(1) Each State shall allocate 10 per centum of the funds apportioned to it for each fiscal year under section 4 of this Act for the payment of up to 75 per centum of the costs of the acquisition, development, renovation, or improvement of facilities (and auxiliary facilities necessary to insure the safe use of such facilities) that create, or add to, public access to the waters of the United States to improve the suitability of such waters for recreational boating purposes.

"(2) So much of the funds that are allocated by a State under paragraph (1) in any fiscal year that remained unexpended or unobligated at the close of such year are authorized to be made available for the purposes described in paragraph (1) during the succeeding fiscal year, but any portion of such funds that remain unexpended or unobligated at the close of such succeeding fiscal year are authorized to be made available for expenditure by the Secretary of the Interior in carrying out the research program of the Fish and Wildlife Service in respect to fish of material value for sport or recreation.

"(c) Each State may use not to exceed 10 per centum of the funds apportioned to it under section 4 of this Act to pay up to 75 per centum of the costs of an aquatic resource education program for the purpose of increasing public understanding of the Nation's water resources and associated aquatic life forms. The non-Federal share of such costs may not be derived from other Federal grant programs. The Secretary shall issue not later than the one hundred and twentieth day after the effective date of this subsection such regulations as he deems advisable regarding the criteria for such programs.".

(b) The amendments made by subsection (a) shall take effect on October 1, 1984, and shall apply with respect to fiscal years beginning after September 30, 1984.

SUBPART C—EXPANSION OF SPORT FISHING EXCISE TAX

SEC. 818. SHORT TITLE.

This subpart may be cited as the "Sport Fish Restoration Revenue Act of 1984".

SEC. 819. TAX ON SALE OF SPORT FISHING EQUIPMENT.

(a) GENERAL RULE.—Chapter 36 of subtitle D (relating to certain other excise taxes) is amended by adding at the end thereof the following new subchapter:

"Subchapter G—Sport Fishing Equipment

"Sec. 4499. Tax on sport fishing equipment.

"SEC. 4499. TAX ON SPORT FISHING EQUIPMENT.

"(a) IMPOSITION OF TAX.—

"(1) IN GENERAL.—There is hereby imposed on the tax trigger sale of any article of sport fishing equipment a tax equal to 10 percent of the price for which the article is sold.

"(2) AMOUNT OF TAX ON ELECTRIC OUTBOARD BOAT MOTORS, TACKLE BOXES, AND SONAR DEVICES SUITABLE FOR FINDING FISH.—

"(A) IN GENERAL.—In the case of any electric outboard boat motor, tackle box, or sonar device suitable for finding fish, paragraph (1) shall be applied by substituting '3 percent' for '10 percent'.

"(B) $30 LIMITATION OF TAX ON SONAR DEVICES SUITABLE FOR FINDING FISH.—The tax imposed by paragraph (1) on any sonar device suitable for finding fish shall not exceed $30.

"(3) PARTS OR ACCESSORIES SOLD IN CONNECTION WITH TAX TRIGGER SALE.—In the case of

any tax trigger sale of any article of sport fishing equipment, such article shall be treated as including any parts or accessories of such article sold on or in connection therewith or with the sale thereof.

"(b) LIABILITY FOR TAX.—In the case of a tax trigger sale, the tax imposed by subsection (a) on any sport fishing equipment shall be paid by the person selling such article.

"(c) DEFINITIONS AND SPECIAL RULES.—For purposes of this subchapter—

"(1) SPORT FISHING EQUIPMENT.—The term 'sport fishing equipment' means—

"(A) fishing rods and poles (and component parts therefor),

"(B) fishing reels,

"(C) fly fishing lines, and other fishing lines not over 130 pounds test,

"(D) fishing spears, spear guns, and spear tips,

"(E) items of terminal tackle, including—

"(i) leaders,

"(ii) artificial lures,

"(iii) artificial baits,

"(iv) artificial flies,

"(v) fishing hooks smaller than size 6/0,

"(vi) bobbers,

"(vii) sinkers,

"(viii) snaps,

"(ix) drayles, and

"(x) swivels,

but not including natural bait or any item of terminal tackle designed for use and ordinarily used on fishing lines not described in subparagraph (C), and

"(F) the following items of fishing supplies and accessories—

"(i) fish stringers,

"(ii) creels,

"(iii) tackle boxes,

"(iv) bags, baskets, and other containers designed to hold fish,

"(v) portable bait containers,

"(vi) fishing vests,

"(vii) landing nets,

"(viii) gaff hooks,

"(ix) fishing hook disgorgers, and

"(x) dressing for fishing lines and artificial flies,

"(G) fishing tip-ups and tilts,

"(H) fishing rod belts, fishing rodholders, fishing harnesses, fish fighting chairs, fishing outriggers, and fishing downriggers,

"(I) electric outboard boat motors, and

"(J) sonar devices suitable for finding fish.

"(2) TAX TRIGGER SALE.—

"(A) IN GENERAL.—The term 'tax trigger sale' means the last sale before any retail sale.

"(B) SALE OUTSIDE UNITED STATES.—If the last sale before any retail sale occurs outside the United States, the amount of tax imposed by subsection (a) shall be paid by the importer at the time of importation.

"(3) RETAIL SALE.—

"(A) IN GENERAL.—The term 'retail sale' means any sale to any person for purposes other than resale.

"(B) LEASE OR USE TREATED AS SALE.—The leasing of or use by any person of any sport fishing equipment before any retail sale of such equipment shall be treated as a retail sale of such equipment by such person.

"(4) PRICE.—

"(A) IN GENERAL.—The term 'price' shall include—

"(i) any charge for coverings and containers of whatever nature, and

"(ii) any charge incident to placing the sport fishing equipment in condition ready for any tax trigger sale,

but shall not include the amount of tax imposed by subsection (a), whether or not stated as a separate charge.

"(B) TRANSPORTATION, ETC. CHARGES.—The term 'price' shall not include any transportation, delivery, insurance, installation, or other charge which is not required to be included under subparagraph (A) but only to the extent of the amount thereof established to the satisfaction of the Secretary in accordance with the regulations prescribed under section 4216(a).

"(5) SONAR DEVICE SUITABLE FOR FINDING FISH.—The term 'sonar device suitable for finding fish' shall not include any sonar device which is—

"(A) a graph recorder,

"(B) a digital type,

"(C) a meter readout, or

"(D) any combination graph recorder or meter readout.

"(6) TACKLE BOXES AND SONAR DEVICES SUITABLE FOR FINDING FISH.—Under regulations prescribed by the Secretary, articles similar to tackle boxes and sonar devices suitable for finding fish which are not primarily designed or intended to be used for sport fishing shall be delineated to ensure, to the maximum extent practicable, that the tax imposed by subsection (a) shall not apply to such articles.

"(7) CERTAIN EXEMPTIONS MADE APPLICABLE.—Exemptions shall apply to the tax imposed by subsection (a) under rules similar to the rules of sections 4221(a) and 4225.

"(8) SALES BETWEEN RELATED PARTIES.—In the case of any tax trigger sale of sport fishing equipment between related parties, rules similar to the rules of section 4216 shall apply.

"(9) CROSS REFERENCE.—For penalties and administrative provisions applicable to this subchapter, see subtitle F.".

(b) TIME FOR PAYMENT OF TAX.—Section 6302 (relating to mode or time of collecting tax) is amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

"(d) TIME FOR PAYMENT OF EXCISE TAX ON SPORT FISHING EQUIPMENT FOR SMALL MANUFACTURERS.—

"(1) IN GENERAL.—If any small manufacturer is liable for the tax imposed by section 4499(a) (relating to excise tax on sport fishing equipment), the deposit requirements otherwise applicable under this section shall not be required and such tax may be due and payable on the date for filing a return for such tax under section 6071.

"(2) SMALL MANUFACTURER.—

"(A) IN GENERAL.—For purposes of this subsection, the term 'small manufacturer', means any manufacturer whose gross receipts for the preceding calendar year do not exceed $100,000.

"(B) DETERMINATION OF SMALL MANUFACTURER'S GROSS RECEIPTS.—For purposes of subparagraph (A), the gross receipts of—

"(i) all trades or businesses (whether or not incorporated) which are under common control with the small manufacturer (within the meaning of section 52(b)), and

"(ii) all members of any controlled group of corporations of which the small manufacturer is a member,

for the preceding calendar year described in subparagraph (A) shall be included in the gross receipts of the small manufacturer. Under regulations prescribed by the Secretary attribution rules shall take into account, in addition to the persons and entities described in the preceding sentence, taxpayers who engage in manufacturing through partnerships, joint ventures, and corporations.

"(C) CONTROLLED GROUP OF CORPORATIONS.—The term 'controlled group of corporations' has the meaning given to such term by section 1563(a), except that—

"(i) 'more than 50 percent' shall be substituted for 'at least 80 percent' each place it appears in section 1563(a), and

"(ii) the determination shall be made without regard to subsections (a)(4) and (e)(3)(C) of section 1563.".

(c) CLERICAL AMENDMENT.—The table of subchapters for chapter 36 is amended by adding at the end thereof the following new item:

"Subchapter G. Sport Fishing Equipment.".

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall take effect on October 1, 1984.

(2) APPLICATION OF TAX.—The amendments made by subsection (a) shall not apply with respect to any article with respect to which any tax was imposed under section 4161 before October 1, 1984.

(3) TACKLE BOXES AND SONAR DEVICES SUITABLE FOR FINDING FISH.—The amendments made by subsection (a) with respect to tackle boxes and sonar devices suitable for finding fish shall take effect on October 1, 1985.

SEC. 820. ESTABLISHMENT OF AQUATIC RESOURCES TRUST FUND.

(a) GENERAL RULE.—Subchapter A of chapter 98 (relating to Trust Fund Code) is amended by adding at the end thereof the following new section:

"SEC. 9505. AQUATIC RESOURCES TRUST FUND.

"(a) CREATION OF TRUST FUND.—

"(1) IN GENERAL.—There is hereby established in the Treasury of the United States a trust fund to be known as the 'Aquatic Resources Trust Fund'.

"(2) ACCOUNTS IN TRUST FUND.—The Aquatic Resources Trust Fund shall consist of—

"(A) a Sport Fish Restoration Account, and

"(B) a Boating Safety Account.

Each such Account shall consist of such amounts as may be appropriated, credited, or paid to it as provided in this section, section 9503(c)(4), or section 9602(b).

"(b) SPORT FISH RESTORATION ACCOUNT.—

"(1) TRANSFER OF CERTAIN TAXES TO ACCOUNT.—There is hereby appropriated to the Sport Fish Restoration Account amounts equivalent to the following amounts received in the Treasury on or after October 1, 1984—

"(A) the taxes imposed by section 4499(a) (relating to sport fishing equipment), and

"(B) the import duties imposed on fishing tackle under subpart B of part 5 of schedule 7 of the Tariff Schedules of the United States (19 U.S.C. 1202) and on yachts and pleasure craft under subpart D of part 6 of schedule 6 of such Schedules.

"(2) EXPENDITURES FROM ACCOUNT.—Amounts in the Sport Fish Restoration Account shall be available, as provided by appropriation Acts, to carry out the purposes of the Act entitled 'An Act to provide that the United States shall aid the States in fish restoration and management projects, and for other purposes', approved August 9, 1950 (16 U.S.C. 777 et seq.).

"(c) EXPENDITURES FROM BOATING SAFETY ACCOUNT.—Amounts in the Boating Safety Account shall be available, as provided by

appropriation Acts, for making expenditures before April 1, 1989, to carry out the purposes of section 13106 of title 46, United States Code.

"(d) CROSS REFERENCE.—

"For provision transferring motorboat fuels taxes to Boating Safety Account and Sport Fish Restoration Account, see section 9503(c)(4).".

(b) TRANSFERS FROM HIGHWAY TRUST FUND.—

(1) Subparagraph (A) of section 9503(c)(4) is amended—

(A) by striking out "the National Recreational Boating Safety and Facilities Improvement Fund established by section 13107 of title 46, United States Code, in clause (i) and inserting in lieu thereof "the Boating Safety Account in the Aquatic Resources Trust Fund",

(B) by striking out "the amount in the National Recreational Boating Safety and Facilities Improvement Fund" in clause (ii) and inserting in lieu thereof "the amount in the Boating Safety Account", and

(C) by striking out "NATIONAL RECREATIONAL BOATING SAFETY AND FACILITIES IMPROVEMENT FUND" in the subparagraph heading and inserting in lieu thereof "BOATING SAFETY ACCOUNT".

(2) Paragraph (4) of section 9503 (c) is amended by redesignating subparagraph (C) as subparagraph (D) and by striking out subparagraph (B) and inserting in lieu thereof the following new subparagraphs:

"(B) $1,000,000 per year of excess transferred to land and water conservation funds.—

"(i) IN GENERAL.—Any amount received in the Highway Trust Fund—

"(I) which is attributable to motorboat fuel taxes, and

"(II) which is not transferred from the Highway Trust Fund under subparagraph (A),

shall be transferred (subject to the limitation of clause (ii)) by the Secretary from the Highway Trust Fund into the land and water conservation fund provided for in title I of the Land and Water Conservation Fund Act of 1965.

"(ii) LIMITATION.—The aggregate amount transferred under this subparagraph during any fiscal year shall not exceed $1,000,000.

"(C) EXCESS FUNDS TRANSFERRED TO SPORT FISH RESTORATION ACCOUNT.—Any amount received in the Highway Trust Fund—

"(i) which is attributable to motorboat fuel taxes, and

"(ii) which is not transferred from the Highway Trust Fund under subparagraph (A) or (B),

shall be transferred by the Secretary from the Highway Trust Fund into the Sport Fish Restoration Account in the Aquatic Resources Trust Fund.".

(c) CONFORMING AMENDMENT.—Section 13107 of title 46, United States Code, is hereby repealed.

(d) CLERICAL AMENDMENT.—The table of sections for subchapter A of chapter 98 of such Code is amended by adding at the end thereof the following new item:

"Sec. 9505. Aquatic Resources Trust Fund."

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on October 1, 1984.

(2) BOATING SAFETY ACCOUNT TREATED AS CONTINUATION OF NATIONAL RECREATIONAL BOATING SAFETY AND FACILITIES IMPROVEMENT FUND.—The Boating Safety Account in the Aquatic Resources Trust Fund established by the amendments made by this section shall be treated for all purposes of law as the continuation of the National Recreational Boating Safety and Facilities Improvement Fund established by section 13107 of title 46, United States Code. Any reference in any law to the National Recreational Boating Safety and Facilities Improvement Fund established by such section shall be deemed to include (wherever appropriate) a reference to such Boating Safety Account.

SEC. 821. TAX ON CERTAIN BOWS AND ARROWS.

(a) GENERAL RULE—Part 1 of subchapter D of chapter 32 (relating to imposition of excise tax on sporting goods) is amended to read as follows:

"PART I—BOWS AND ARROWS

"Sec. 4161. Imposition of tax.

"SEC. 4161. IMPOSITION OF TAX.

"(a) BOWS AND ARROWS.—There is hereby imposed on the sale by the manufacturer, producer, or importer—

"(1) of any bow which has a draw weight of 10 pounds or more, and

"(2) of any arrow which—

"(A) measures 18 inches overall or more in length, or

"(B) measures less than 18 inches overall in length but is suitable for use with a bow described in paragraph (1),

a tax equal to 11 percent of the price for which so sold.

"(b) PARTS AND ACCESSORIES.—There is hereby imposed upon the sale by the manufacturer, producer, or importer—

"(1) of any part or accessory suitable for inclusion in or attachment to a bow or arrow described in subsection (a), and

"(2) of any quiver suitable for use with arrows described in subsection (a), a tax equivalent to 11 percent of the price for which so sold.

"(c) COORDINATION WITH SECTION 4499.—No tax shall be imposed under this section with respect to any article on which a tax is imposed under section 4499.".

(b) CLERICAL AMENDMENT.—The table of parts of subchapter D of chapter 32 is amended by striking out the item relating to sporting goods and inserting in lieu thereof the following new item:

"PART I. BOWS AND ARROWS.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to articles sold by the manufacturer, producer, or importer after September 30, 1984.

PART II—OTHER EXCISE TAXES

SEC. 822. INCREASE IN TAX ON DISTILLED SPIRITS.

(a) DISTILLED SPIRITS.—

(1) IN GENERAL.—Paragraphs (1) and (3) of section 5001(a) (relating to rate of tax on distilled spirits) are each amended by striking out "$10.50" and inserting in lieu thereof "$12.50".

(2) TECHNICAL AMENDMENT.—Paragraphs (1) and (2) of section 5010(a) (relating to credit for wine content and for flavors content) are each amended by striking out "$10.50" and inserting in lieu thereof "12.50".

(b) FLOOR STOCKS TAXES ON DISTILLED SPIRITS.—

(1) IMPOSITION OF TAX.—On distilled spirits produced in or imported into the United States which are removed before January 1, 1985, and held on such date for sale by any person, there shall be imposed a tax at the rate of $2.00 for each proof gallon and a proportionate tax at the like rate on all fractional parts of a proof gallon. Such tax imposed by this paragraph shall be treated as a tax imposed by section 5001.

(2) LIABILITY FOR TAX AND METHOD OF PAYMENT.—

(A) LIABILITY FOR TAX.—A person holding distilled spirits on January 1, 1985, to which the tax imposed by paragraph (1) applies shall be liable for such tax.

(B) METHOD OF PAYMENT.—The tax imposed by paragraph (1)—

(i) shall be paid in such manner as the Secretary shall by regulations prescribe, and

(ii) shall be paid at such date (not later than 6 months after the date of the enactment of this Act) as the Secretary shall by regulations prescribe.

(3) EXCEPTION FOR ON-PREMISES RETAIL ESTABLISHMENTS.—To the extent provided in regulations prescribed by the Secretary, the tax imposed by paragraph (1) shall not apply to distilled spirits held on January 1, 1985, on the premises of a retail establishment where alcoholic beverages are sold for consumption on the premises only.

(4) DEFINITIONS.—For purposes of this subsection—

(A) DISTILLED SPIRITS.—The term "distilled spirits" has the meaning given such term by section 5002(a)(8) of the Internal Revenue Code of 1954.

(B) TREATMENT OF IMPORTED PERFUMES CONTAINING DISTILLED SPIRITS.—Any article described in section 5001(a)(3) of such Code shall be treated as distilled spirits; except that the tax imposed by paragraph (1) shall be imposed on a wine gallon basis in lieu of a proof gallon basis.

(C) PERSON.—The term "person" includes any State or political subdivision thereof, or any agency or instrumentality of a State or political subdivision thereof.

(D) SECRETARY.—The term "Secretary" means the Secretary of the Treasury or his delegate.

(c) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on January 1, 1985.

SEC. 823. EXEMPTION FROM AVIATION EXCISE TAX FOR CERTAIN HELICOPTER OPERATIONS.

(a) EXEMPTION FROM FUEL TAX.—Paragraph (1) of section 4041(l) (relating to exemption for certain helicopter uses) is amended to read as follows:

"(1) transporting individuals, equipment, or supplies in—

"(A) the exploration for, or the development or removal of, hard minerals, or

"(B) the exploration for oil or gas, or".

(b) EXEMPTION FROM TAX ON TRANSPORTATION BY AIR.—Paragraph (1) of section 4261(e) (relating to exemption for certain helicopter uses) is amended to read as follows:

"(1) transporting individuals, equipment, or supplies in—

"(A) the exploration for, or the development or removal of, hard minerals, or

"(B) the exploration for oil or gas, or".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to sales of fuel occurring and transportation provided after March 31, 1984.

SEC. 824. TECHNICAL AMENDMENTS TO THE HAZARDOUS SUBSTANCE RESPONSE REVENUE ACT OF 1980.

(a) CLARIFICATION OF EXCEPTED SUBSTANCES.—Subsection (b) of section 4662 (relating to definitions and special rules with respect to tax on certain chemicals) is amended by adding at the end thereof the following new paragraphs:

"(5) SUBSTANCES USED IN THE PRODUCTION OF MOTOR FUEL, ETC.—

"(A) IN GENERAL.—The term 'taxable chemical' shall not include any qualified petrochemical which is used or sold for use in the manufacture or production of any qualified fuel, including the use of such petrochemical—

"(i) as a qualified fuel,

"(ii) reacted to make products used to make a qualified fuel, or

"(iii) blended with fuel products for use as a qualified fuel.

"(B) QUALIFIED PETROCHEMICALS.—The term 'qualified petrochemical' means acetylene, benzene, butane, butylene, butadiene, ethylene, methane, naphthalene, propylene, toluene, or xylene.

"(C) QUALIFIED FUELS.—The term 'qualified fuel' means any motor fuel, diesel fuel, aviation fuel, or jet fuel.

"(D) USE BY PURCHASER.—Under regulations prescribed by the Secretary, if any person purchases any qualified petrochemical for any use or sale described in subparagraph (A) and then uses or sells such petrochemical for a purpose other than such use or sale, such person shall be treated as the manufacturer thereof and liable for tax under section 4661(a).

"(6) SUBSTANCES USED IN METAL REFINING PROCESS.—

"(A) IN GENERAL.—No tax shall be imposed under this subchapter on cupric sulfate, cupric oxide, cuprous oxide, lead oxide, zinc chloride, zinc sulfate, or on any solution or mixture containing any of such chemicals, which have a transitory presence during any process of smelting, refining, or otherwise extracting copper, lead, zinc, or other metal from ores, concentrates, or other metal-bearing substances which are not subject to tax under section 4661(a).

"(B) REMOVAL OF SUBSTANCES.—The removal by any person for use, sale, disposal, or storage of cupric sulfate, cupric oxide, cuprous oxide, lead oxide, zinc chloride, zinc sulfate, or any solution or mixture containing any of such chemicals, from any such process of smelting, refining, or otherwise extracting metal from ores shall be treated as the use of such chemicals by such person, and shall be subject to tax under section 4661(a).".

(b) CLARIFICATION OF USE FOR FERTILIZER PRODUCTION.—Paragraph (2) of section 4662(b) (relating to exceptions and other special rules) is amended to read as follows:

"(2) SUBSTANCES USED IN THE PRODUCTION OF FERTILIZER.—

"(A) IN GENERAL.—Under regulations prescribed by the Secretary, no tax shall be imposed under section 4661(a) on the use or resale for use of any of the following chemicals:

"(i) methane used to produce ammonia,

"(ii) nitric acid,

"(iii) sulfuric acid, or

"(iv) ammonia,

as a qualified substance (and, for purposes of section 4661(a), any person who uses or resells any such chemical for use otherwise than as a qualified substance shall be treated as the manufacturer thereof).

"(B) QUALIFIED SUBSTANCE.—The term 'qualified substance' means any substance—

"(i) used in a qualified use by the manufacturer, producer, or importer,

"(ii) sold for use by any purchaser in a qualified use, or

"(iii) sold for resale by any purchaser for use or resale for ultimate use in a qualified use.

"(C) QUALIFIED USE.—The term 'qualified use' means any use in the manufacture or production of a fertilizer or for direct application as a fertilizer.".

(c) CONFORMING AMENDMENT.—Subsection (c) of section 4662 (relating to use by manufacturers, etc., considered sale) is amended by inserting "(except as provided in subsection (b))" after "then".

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect as if included in the amendments made by section 211(a) of the Hazardous Substance Response Revenue Act of 1980.

(2) WAIVER OF LIMITATIONS.—Under regulations prescribed by the Secretary, notwithstanding section 6511(a) or any other period of limitation or lapse of time, a claim for credit or refund of overpayment of tax by reason of the amendments made by this section, may be filed by any person within the 1-year period beginning on the date of the enactment of this Act. Section 6511(b) and section 6514 of the Internal Revenue Code of 1954 shall not apply to any claim for credit or refund filed under this paragraph within such 1-year period.

Subtitle D—Employee Benefits

SEC. 825. TAXATION OF UNEMPLOYMENT COMPENSATION NOT TO APPLY TO COMPENSATION PAID FOR WEEKS OF UNEMPLOYMENT ENDING BEFORE DECEMBER 1, 1978.

(a) GENERAL RULE.—Subsection (d) of section 112 of the Revenue Act of 1978 (relating to taxation of unemployment compensation benefits at certain income levels) is amended to read as follows:

"(d) EFFECTIVE DATE.—The amendments made by this section shall apply to payments of unemployment compensation made after December 31, 1978, in taxable years ending after such date; except that such amendments shall not apply to payments made for weeks of unemployment ending before December 1, 1978.".

(b) WAIVER OF STATUTE OF LIMITATIONS.—If credit or refund of any overpayment of tax resulting from the amendment made by subsection (a) is barred on the date of the enactment of this Act or at any time during the 1-year period beginning on the date of the enactment of this Act by the operation of any law or rule of law (including res judicata), refund or credit of such overpayment (to the extent attributable to the amendment made by subsection (a)) may, nevertheless, be made or allowed if claim thereon is filed before the close of such 1-year period.

SEC. 826. EMPLOYEE STOCK OPTIONS.

(a) IN GENERAL.—Section 83 (relating to property transferred in connection with performance of services) is amended by redesignating subsection (i) as subsection (j) and by inserting after subsection (h) the following new subsection:

"(i) ELECTION WITH RESPECT TO STOCK TRANSFERRED PURSUANT TO EMPLOYEE STOCK OPTION.—

"(1) IN GENERAL.—If the application of this subsection is elected by a corporation with respect to any transfer of stock of such corporation to an individual pursuant to an employee stock option granted by such corporation—

"(A) subsection (a) shall not apply with respect to such transfer, and

"(B) the amount which would have been included in the gross income of such individual for any taxable year by reason of the application of subsection (a) to such transfer shall be included in the gross income of such individual for the taxable year in which such individual disposes of such stock.

"(2) EMPLOYMENT REQUIREMENT.—

"(A) IN GENERAL.—This subsection shall not apply with respect to any employee stock option granted by a corporation to an individual if such individual was not an employee of such corporation, or of a parent or subsidiary corporation of such corporation, at any time during the period that begins on the date on which such option is granted and ends on the date which is 3 months before the date such option is exercised.

"(B) RETIREMENT.—Any cessation of employment of an individual which is caused by the retirement of such individual after such individual has attained 55 years of age shall not be taken into account under subparagraph (A).

"(3) ELECTION.—An election to apply this subsection with respect to a transfer of stock of a corporation to an individual shall be made by such corporation in such form and in such manner as the Secretary may prescribe by regulations.

"(4) EMPLOYEE STOCK OPTION DEFINED.—

"(A) IN GENERAL.—For purposes of this subsection, the term 'employee stock option' means any option to purchase stock which is granted to an individual who at the time of the grant was an employee of the corporation granting such option or a parent or subsidiary corporation of such corporation, but only if—

"(i) the option is not for the purchase of statutory option stock (within the meaning of section 425(c)(3)(B));

"(ii) such option by its terms—

"(I) requires that stock certificates issued upon exercise of such option be retained by the corporation or its agent for the benefit of the employee, or

"(II) requires the use of restrictive legends or stop-transfer instructions with respect to such stock certificates;

"(iii) the option price is not less than the fair market value of the stock at the time such option is granted;

"(iv) the terms of such option provide that the option is not exercisable while there is outstanding any other option described in this subparagraph or an incentive stock option (within the meaning of section 422A(b)) to purchase stock in—

"(I) the employer corporation,

"(II) a corporation that (at the time of the granting of such option) is a parent or subsidiary corporation of the employer corporation, or

"(III) a predecessor corporation of any of such corporations,

which was granted before the granting of such option;

"(v) such option by its terms is not transferable by such individual otherwise than by will or the laws of descent and distribution and is exercisable, during the lifetime of such individual, only by such individual, and

"(vi) the sum of—

"(I) the fair market value of stock that may be acquired pursuant to such option (determined at the time such option is granted), plus

"(II) the aggregate fair market value of all stock that may be acquired pursuant to options described in this subparagraph to purchase stock in any corporation described in subclause (I), (II), or (III) of clause (iv) which were granted to such individual prior to such option during the calendar year in which such option was granted (determined at the time such options were granted), plus

"(III) the aggregate fair market value of all stock that may be acquired pursuant to incentive stock options (within the meaning of section 422A(b)) to purchase stock in any corporation described in subclause (I), (II), or (III) of clause (iv) which were granted by such corporation to such individual during the calendar year in which such option was granted (determined at the time such incentive stock options were granted),

does not exceed $100,000.

"(B) SPECIAL RULES.—

"(i) NOTICE OF DISPOSITION TO CORPORATION.—An option meets the requirements of subparagraph (A)(ii) if the terms of the option require that any stock certificate of a corporation issued upon exercise of such option indicate on the face of such certificate that transfer of the stock is subject to the provision of notice to the corporation of such transfer.

"(ii) OPTION OUTSTANDING.—For purposes of subparagraph (A)(iv), an option shall be treated as being outstanding if such option—

"(I) has not been exercised in full, or

"(II) has not expired by reason of lapse of time.

"(iii) FAIR MARKET VALUE.—For purposes of subparagraph (A), the fair market value of stock shall be determined without regard to any restriction other than a restriction which, by its terms, will never lapse.

"(5) MODIFICATION, EXTENSION, OR RENEWAL OF OPTION.—For purposes of this subsection—

"(A) IN GENERAL.—If the terms of any option to purchase stock are modified, extended, or renewed, such modification, extension, or renewal shall be considered as the granting of a new option.

"(B) MODIFICATION DEFINED.—The term 'modification' means any change in the terms of the option which gives the employee additional benefits under the option, but such term shall not include a change in the terms of the option—

"(i) attributable to the issuance or assumption of an option described in section 425 (a), or

"(ii) in the case of an option not immediately exercisable in full, to accelerate the time at which the option may be exercised.

"(6) NOTIFICATION OF SALE OF OPTION STOCK.—No deduction shall be allowable under this chapter to an employer corporation with respect to any employee stock option until the employer corporation provides notice to the Secretary (in such form and in such manner as the Secretary may prescribe by regulations) of the sale of stock pursuant to such employee stock option.

"(7) NONDISCRIMINATING PROVISION.—

"(A) IN GENERAL.—A corporation may elect the application of this subsection only if the corporation does not discriminate in favor of—

"(i) shareholders of the corporation who own 5 percent or more of—

"(I) the total combined voting power of all classes of stock of the corporation entitled to vote, or

"(II) the total value of share of all classes of stock of the corporation, or

"(ii) officers of the corporation who annually earn more than twice the amount specified in section 415 (c)(1)(A),

in the granting of employee stock options or in the making of elections under this section.

"(B) DISCRIMINATION PRESUMED.—For purposes of this paragraph, a corporation shall be treated as discriminating in favor of shareholders or officers described in subparagraph (A) in the granting of employee stock options if—

"(i) more than 60 percent of the aggregate fair market value of the employee stock options granted by such corporation in any calendar year beginning after 1983, or

"(ii) more than 60 percent of the aggregate fair market value of employee stock options granted by such corporation at any time before January 1, 1984,

is granted to shareholders or officers described in subparagraph (A).

"(C) EMPLOYEES UNDER COMMON CONTROL.—For purposes of this paragraph—

"(i) CONTROLLED GROUP OF CORPORATIONS.—All employees of all corporations which are members of a controlled group of corporations (within the meaning of sections 1563(a), determined without regard to section 1563(a)(4) and (e)(3)(C)) shall be treated as employed by a single employer.

"(ii) PARTNERSHIPS, PROPRIETORSHIPS, ETC.—Under regulations prescribed by the Secretary, all employees of trades or businesses (whether or not incorporated) which are under common control shall be treated as employed by a single employer. The regulations prescribed under this subsection shall be based on principles similar to the principles which apply under clause (i).

"(8) DEFINITIONS.—For purposes of this subsection—

"(A) DISPOSITION.—For purposes of this subsection, the term 'disposition' has the meaning given such term in section 425(c)(1) (determined without regard to subparagraph (A) thereof).

"(B) PARENT CORPORATION.—The term 'parent corporation' has the meaning given to such term by section 425(e).

"(C) SUBSIDIARY CORPORATION.—The term 'subsidiary corporation' has the meaning given to such term by section 425(f).".

(b) DEDUCTION FOR EMPLOYER.—Subsection (h) of section 83 (relating to deduction by employer) is amended by striking out "or (d)(2)" and inserting in lieu thereof "(d)(2), or (i)".

(c) DEFERRED INCOME TREATED AS ITEM OF TAX PREFERENCE FOR MINIMUM TAX PURPOSES.—Subsection (a) of section 57 (relating to items of tax preference) is amended by adding at the end thereof the following new paragraph:

"(13) CERTAIN STOCK TRANSFERRED IN CONNECTION WITH PERFORMANCE OF SERVICES.—In the case of stock with respect to which an election is made under section 83(i), the amount which would be included in gross income for the taxable year with respect to such stock by reason of section 83(a) if section 83(i) were not elected.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to the transfer of stock pursuant to the exercise of stock options after the date of the enactment of this Act.

SEC. 827. TECHNICAL AMENDMENTS TO THE INCENTIVE STOCK OPTION PROVISIONS.

(a) DETERMINATION OF FAIR MARKET VALUE.—

(1) IN GENERAL.—Subsection (c) of section 422A (relating to special rules) is amended by adding at the end thereof of the following new paragraph:

"(10) FAIR MARKET VALUE.—For purposes of this section, the fair market value of stock shall be determined without regard to any restriction other than a restriction which, by its terms, will never lapse.".

(2) INCENTIVE STOCK OPTION AS AN ITEM OF TAX PREFERENCE.—Paragraph (10) of section 57(a) (relating to items of tax preference) is amended by adding at the end thereof the following new sentence: "For purposes of this paragraph, the fair market value of a share of stock shall be determined without regard to any restriction which, by its terms, will never lapse.".

(b) MODIFICATION OF INCENTIVE STOCK OPTIONS.—Subparagraph (B) of section 425(h)(3) (relating to modifications) is amended by striking out "422A(b)(5),".

(c) EFFECTIVE DATES.—

(1) FAIR MARKET VALUE.—The amendment made by subsection (a) shall apply to options granted after March 20, 1984.

(2) ITEMS OF TAX PREFERENCE.—The amendment made by subsection (b) shall apply to options exercised after March 20, 1984.

(3) MODIFICATIONS.—The amendment made by subsection (c) shall apply with respect to modifications of options after March 20, 1984.

SEC. 828. EMPLOYEE ACHIEVEMENT AWARDS.

(a) EXCLUSION FROM GROSS INCOME.—Section 74 (relating to prizes and awards) is amended—

(1) by striking out "Except as provided in subsection (b) and" in subsection (a) and inserting in lieu thereof "Except as otherwise provided in this section or", and

(2) by adding at the end thereof the following new subsection:

"(c) QUALIFIED EMPLOYEE ACHIEVEMENT AWARDS.—

"(1) IN GENERAL.—Notwithstanding any other provision of this title, gross income shall include that portion of the value of a qualified employee achievement award received by the taxpayer that does not exceed an amount equal to the excess of—

"(A) the lesser of—

"(i) the cost to the employer of the qualified employee achievement award, or

"(ii) the value to the employee of the qualified employee achievement award, over

"(B) the amount allowable to the employer (or which would be allowable if the employer were not exempt from taxation under this title) as a deduction for the cost of the qualified employee achievement award.

The remaining portion of the value of the qualified employee achievement award shall not be included in the gross income of the recipient.

"(2) QUALIFIED EMPLOYEE ACHIEVEMENT AWARD.—For purposes of this subsection, the term 'qualified employee achievement award' means any employee achievement award (within the meaning of section 274(k)(3)(A)) which—

"(A) is awarded as part of a meaningful presentation,

"(B) is awarded under conditions and circumstances that do not create a significant likelihood of the payment of disguised compensation, and

"(C) constitutes—

"(i) a watch, clock, or other timepiece,

"(ii) an item of emblematic jewelry or a ring that has been custom designed and manufactured to identify or symbolize the awarding employer or the achievement being recognized,

"(iii) to the extent provided in regulations prescribed by the Secretary, an item which is of a type traditionally used to make a retirement award,

"(iv) to the extent provided in regulations prescribed by the Secretary, an item which is of a type traditionally used to make a nonretirement employee achievement award, or

"(v) any accessory for personal wear, use, or display which is permanently and promi-

nently affixed to an item described in clause (i) or (ii) provided that such accessory does not constitute a significant element of cost.".

(b) GIFTS.—Section 274(b) (relating to gifts) is amended—

(1) by inserting ", or" after "generally by the taxpayer" in subparagraph (1)(A),

(2) by striking out "or" after "of the recipient" in subparagraph (1)(B), and inserting a period,

(3) by striking out subparagraph (1)(C), and

(4) by striking out paragraph (3).

(c) EMPLOYEE BENEFIT PLANS.—Section 414 (relating to employee benefits plans) is amended—

(1) by inserting "274(j)," before "401" in subsection (b),

(2) by inserting "274(j)," before "401" in subsection (c), and

(3) by striking out "and (D) section 125." after "(C) section 105(h)," and inserting in lieu thereof "(D) section 125, and (E) section 274(j)." in subsection (m).

(d) DEDUCTION FOR COST OF EMPLOYEE ACHIEVEMENT AWARDS.—Section 274 (relating to certain entertainment, etc., expenses) is amended by redesignating subsection (k) as subsection (l) and by inserting after subsection (j) the following new subsection:

"(k) EMPLOYEE ACHIEVEMENT AWARDS.—

"(1) GENERAL RULE.—A deduction allowed under section 162 or section 212 for the cost of an employee achievement award shall be allowed only to the extent that such cost does not exceed the deduction limitations of paragraph (2).

"(2) DEDUCTION LIMITATIONS.—The deduction for the cost of one or more qualified plan awards awarded by an employer to an employee during the same year for the same qualifying achievement shall not exceed $1,600, and the deduction for the cost of such items awarded by an employer to an employee during the same year for the same qualifying achievement which are not qualified plan awards shall not exceed $400.

"(3) DEFINITIONS.—For purposes of this subsection—

"(A) EMPLOYEE ACHIEVEMENT AWARD.—

"(i) IN GENERAL.—The term 'employee achievement award' means an item of tangible personal property transferred by an employer to an employee for a qualifying achievement, which the employer does not elect to treat in its entirety as compensation to the employee.

"(ii) EXCEPTION.—An item shall not constitute an employee achievement award if—

"(I) such item is provided to a key employee, and

"(II) more than 10 percent of the cost paid or incurred by the taxpayer during the same year is for items which would, but for this clause, constitute employee achievement awards awarded to key employees.

"(B) QUALIFYING ACHIEVEMENT.—The three qualifying achievements for an employee achievement award are length of service (including retirement), productivity, and safety achievement.

"(C) EMPLOYER.—All employees who are treated as employed by a single employer under subsection (b), (c), or (m) of section 414 shall be treated as employed by a single employer.

"(D) QUALIFIED PLAN AWARD.—The term 'qualified plan award' means an employee achievement award provided under a qualified plan which the employer elects to treat as a qualified plan award, and which meets the requirement of subparagraph (E).

"(E) QUALIFIED PLAN.—The term 'qualified plan' means an established written plan or program of the employer to provide employee achievement awards.

"(F) KEY EMPLOYEE DEFINED.—The term 'key employee' has the meaning given to such term by paragraph (1) of section 416(i), except that subparagraph (A)(iv) of such paragraph shall be applied by not taking into account employees described in paragraph (4)(C)(ii) who are not eligible to receive qualified plan awards under the plan.

"(4) SPECIAL RULES FOR QUALIFIED PLAN AWARDS.—

"(A) AVERAGE COST OF AWARDS.—An employee achievement award shall not be treated as a qualified plan award if the average cost per recipient of all employee achievement awards which were provided by the employer during the year for the same qualifying achievement, and which would be qualified plan awards but for this subparagraph, exceeds $400. For purposes of this subparagraph, a 'recipient' shall be any employee who received a qualified plan award for that qualifying achievement during the year, and average cost shall be calculated by including the entire cost of qualified plan awards provided for that qualifying achievement. Average cost shall be calculated without taking into account employee achievement awards of nominal value.

"(B) NONDISCRIMINATION REQUIREMENT.—

"(i) IN GENERAL.—An employee achievement award provided to a key employee under a discriminatory qualified plan shall not be treated as a qualified plan award.

"(ii) DISCRIMINATORY QUALIFIED PLAN.—For purposes of this paragraph, the term 'discriminatory qualified plan' means any qualified plan of an employer unless—

"(I) the plan does not discriminate in favor of key employees as to eligibility to receive qualified plan awards, and

"(II) the type and cost of qualified plan awards available under the plan does not discriminate in favor of participants who are key employees.

"(C) NONDISCRIMINATORY ELIGIBILITY CLASSIFICATION.—

"(i) IN GENERAL.—A qualified plan does not meet requirements of paragraph (4)(B)(ii)(I) unless—

"(I) 70 percent or more of all employees of the employer are eligible for qualified plan awards under such plan,

"(II) at least 85 percent of all employees who are eligible for qualified plan awards under such plan are not key employees, or

"(III) the employees who are eligible for qualified plan awards under such plan are determined under a classification set up by the employer and found by the Secretary not to be discriminatory in favor of key employees.

"(ii) EXCLUSION OF CERTAIN EMPLOYEES.—For purposes of this subparagraph, there may be excluded from consideration—

"(I) employees who have not completed 3 years of service;

"(II) part-time or seasonal employees;

"(III) employees not included in the qualified plan who are included in a unit of employees covered by an agreement between employee representatives and one or more employers which the Secretary finds to be a collective bargaining agreement, if methods or standards for recognizing employee achievements were the subject of good faith bargaining between such employee representatives and such employer or employers; and

"(IV) employees who are nonresident aliens and who receive no earned income (within the meaning of section 911(d)(2)) from the employer which constitutes income from sources within the United States (within the meaning of section 861(a)(3)).

"(D) NONDISCRIMINATORY BENEFITS.—A qualified plan does not meet the requirements of paragraph (4)(B)(ii)(II) unless all qualified plan awards available under the plan to key employees are available under the plan to all other employees who are eligible to receive qualified plan awards under the plan.

"(5) SPECIAL RULES.—For purposes of this subsection—

"(A) PARTNERSHIPS.—In the case of an employee achievement award provided by a partnership, the deduction limitations contained in paragraph (2) shall apply to the partnership as well as to each member thereof.

"(B) LENGTH OF SERVICE AWARDS.—

"(i) IN GENERAL.—An item, other than an exempted item, provided by an employer to an employee, shall not be treated as having been provided for length of service achievement if an employee achievement award other than an exempted item was provided by the employer to the employee for length of service achievement during that year or any of the prior three years.

"(ii) EXEMPTED ITEM.—For purposes of this subparagraph, the term 'exempted item' means an employee achievement award which is of nominal value, is provided as part of the replacement of one length of service plan by another, is a retirement award, or is an initial years award.

"(iii) INITIAL YEARS AWARD.—For purposes of this subparagraph, the term 'initial years award' means an employee achievement award provided to an employee for length of service achievement during the first five years of employment with the employer, but only to the extent that the cost of the award, when combined with the cost of all other such awards provided to that employee for those years, does not exceed $200.

"(C) DOLLAR LIMITATIONS.—Except for employee achievement awards of nominal value, the aggregate amount that an employer may deduct for the cost of one or more employee achievement awards provided to an employee for productivity or safety achievement for any consecutive four-year period shall not exceed $1,600 for each category of award.

"(D) LIMITATION ON NUMBER OF RECIPIENTS.—An item provided by an employer to an employee shall not be treated as having been provided for productivity or safety achievement if, during the same year, employee achievement awards (other than awards of nominal value) for productivity or safety achievement, have previously been awarded by the employer to, or earned by, more than 10 percent of the employer's employees.

"(E) NO MULTIPLE ACHIEVEMENT AWARDS.—No item shall be treated as an employee achievement award for more than one qualifying achievement.

"(F) INFORMATION AND RETURNS.—The Secretary shall have authority to require any person, by notice served upon such person or by regulations, to make such returns, render such statements, and keep such records as may be appropriate to show whether or not such person has complied with the provisions of this section, including information with respect to numbers, types, costs, and recipients of employee achievement awards, and the numbers and types of qualified plans maintained, the numbers and costs of items awarded under such

plans, and the employees eligible to receive awards under such plans.".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to awards received after the date of enactment of this Act.

SEC. 829. MORATORIUM ON ISSUANCE OF FRINGE BENEFIT REGULATIONS.

(a) IN GENERAL.—Section 1 of the Act entitled "An Act to prohibit the issuance of regulations on the taxation of fringe benefits, and for other purposes", approved October 7, 1978 (26 U.S.C. 61 note) (relating to fringe benefit regulations), is amended by striking out "December 31, 1983" each place it appears and inserting in lieu thereof "December 31, 1985".

(b) FACULTY HOUSING.—

(1) IN GENERAL.—For purposes of section 1(a) of such Act, any regulation providing for the inclusion in gross income under section 61 of the Internal Revenue Code of 1954 of the excess (if any) of the fair market value of qualified campus lodging over the greater of—

(A) the operating costs paid or incurred in furnishing such lodging, or

(B) the rent received for such lodging,

shall be considered to be a fringe benefit regulation.

(2) QUALIFIED CAMPUS LODGING.—For purposes of this subsection, the term "qualified campus lodging" means lodging which is—

(A) located on (or in close proximity to) a campus of an educational institution (described in section 170(b)(1)(A)(ii) of the Internal Revenue Code of 1954), and

(B) provided by such institution to an employee of such institution, or to a spouse or dependent (within the meaning of section 152 of such Code) of such employee.

(3) SECTION NOT TO APPLY TO AMOUNTS TREATED AS WAGES (OR INCOME).—An amount—

(A) shall not be excluded from treatment as wages by reason of this subsection if the employer treated such amount as wages when paid, and

(B) shall not be excluded from gross income by reason of this subsection if such amount was included in gross income by the taxpayer for the taxable year during which such amount was received or accrued.

(c) EFFECTIVE DATE.—

(1) SUBSECTION (a).—THE AMENDMENTS MADE BY SUBSECTION (A) OF THIS SECTION SHALL TAKE EFFECT ON THE DATE OF THE ENACTMENT OF THIS ACT.

(2) SUBSECTION (b).—SUBSECTION (B) OF THIS SECTION SHALL APPLY TO LODGING FURNISHED AFTER DECEMBER 31, 1983, AND BEFORE JANUARY 1, 1986.

SEC. 830. PICKUPS UNDER SALARY REDUCTION ARRANGEMENTS.

(a) SOCIAL SECURITY ACT.—Section 209 of the Social Security Act is amended by striking out "section 414(h)(2) of such Code" in the matter added by section 324(c)(1) of the Social Security Amendments of 1983 and inserting in lieu thereof "section 414(h)(2) of such Code where the pickup referred to in such section is pursuant to a salary reduction arrangement (whether evidenced by a written instrument or otherwise)".

(b) INTERNAL REVENUE CODE OF 1954.—

(1) FICA.—Subparagraph (B) of section 3121(v)(1) is amended to read as follows:

"(B) any amount treated as an employer contribution under section 414(h)(2) where the pickup referred to in such section is pursuant to a salary reduction arrangement (whether evidenced by a written instrument or otherwise).".

(2) FUTA.—Subparagraph (B) of section 3306(r)(1) is amended to read as follows:

"(B) any amount treated as an employer contribution under section 414(h)(2) where the pickup referred to in such section is pursuant to a salary reduction arrangement (whether evidenced by a written instrument or otherwise).".

Subtitle E—Miscellaneous Treasury Administrative Provisions

SEC. 831. SIMPLIFICATION OF CERTAIN REPORTING REQUIREMENTS.

(a) DISC REPORT.—

(1) Section 506 of the Revenue Act of 1971 (relating to submission of annual reports to Congress) is amended to read as follows:

"SEC. 506. SUBMISSION OF REPORTS TO CONGRESS.

"The Secretary of the Treasury shall, for the calendar year 1981 and each second calendar year thereafter, submit a report to the Congress within 27½ months following the close of such calendar year setting forth an analysis of the operation and effect of the provisions of this title.".

(2) The amendment made by paragraph (1) shall apply to reports for calendar years after 1980.

(b) REPORT ON POSSESSIONS CORPORATIONS.—The Secretary of the Treasury shall, for the calendar year 1981 and each second calendar year thereafter, submit a report to the Congress within 24 months following the close of such calendar year setting forth an analysis of the operation and effect of sections 936 and 934(b) of the Internal Revenue Code of 1954.

(c) HIGH INCOME TAXPAYER REPORT.—

(1) Section 2123 of the Tax Reform Act of 1976 is amended to read as follows:

"SEC. 2123. HIGH INCOME TAXPAYER REPORT.

"The Secretary of the Treasury shall publish annually information on the amount of tax paid by individual taxpayers with high total incomes. Total income for this purpose is to be calculated and set forth by adding to adjusted gross income any items of tax preference excluded from, or deducted in arriving at, adjusted gross income, and by subtracting any investment expenses incurred in the production of such income to the extent of the investment income. These data are to include the number of such individuals with total income over $200,000 who owe no Federal income tax (after credits) and the deductions, exclusions, or credits used by them to avoid tax.".

(2) The amendment made by paragraph (1) shall apply to information published after the date of the enactment of this Act.

(d) INTERNATIONAL BOYCOTT REPORTS.—

(1) Section 1067 of the Tax Reform Act of 1976 is amended to read as follows:

"SEC. 1067. REPORTS BY THE SECRETARY.

"(a) GENERAL RULE.—As soon after the close of each 4-year period as the data become available, the Secretary shall transmit a report to the Committee on Ways and Means of the House of Representatives and to the Committee on Finance of the Senate setting forth for such 4-year period—

"(1) the number of reports filed under section 999(a) of the Internal Revenue Code of 1954 for taxable years ending with or within each calendar year in such 4-year period,

"(2) the number of such reports with respect to each such calendar year on which the taxpayer indicated international boycott participation or cooperation (within the meaning of section 999(b)(3) of such Code), and

"(3) a detailed description of the manner in which the provisions of such Code relating to international boycott activity have been administered during such 4-year period.

"(b) 4-YEAR PERIOD.—For purposes of subsection (a), the term '4-year period' means the period consisting of 4 calendar years beginning with calendar year 1982 and each subsequent fourth calendar year.".

(2) The amendment made by paragraph (1) shall apply to reports for periods after December 31, 1981.

SEC. 832. REMOVAL OF $1,000,000 LIMITATION ON WORKING CAPITAL FUND.

The last sentence of section 322(a) of title 31, United States Code (placing a $1,000,000 limitation on the working capital fund for the Department of the Treasury), is hereby repealed.

SEC. 833. INCREASE IN LIMITATION ON REVOLVING FUND FOR REDEMPTION OF REAL PROPERTY.

Subsection (a) of section 7810 (relating to revolving fund for redemption of real property) is amended by striking out "$1,000,000" and inserting in lieu thereof "$10,000,000".

SEC. 834. REMOVAL OF $1,000,000 LIMITATION ON SPECIAL AUTHORITY TO DISPOSE OF OBLIGATIONS.

Subsection (b) of section 324 of title 31, United States Code (relating to disposing and extending the maturity of obligations), is amended by striking out the last sentence.

SEC. 835. SECRETARY OF THE TREASURY AUTHORIZED TO ACCEPT GIFTS AND BEQUESTS.

Section 321 of title 31, United States Code, is amended by adding at the end thereof the following new subsection:

"(d)(1) The Secretary of the Treasury may accept, hold, administer, and use gifts and bequests of property, both real and personal, for the purpose of aiding or facilitating the work of the Department of the Treasury. Gifts and bequests of money and the proceeds from sales of other property received as gifts or bequests shall be deposited in the Treasury in a separate fund and shall be disbursed on order of the Secretary of the Treasury. Property accepted under this paragraph, and the proceeds thereof, shall be used as nearly as possible in accordance with the terms of the gift or bequest.

"(2) For purposes of the Federal income, estate, and gift taxes, property accepted under paragraph (1) shall be considered as a gift or bequest to or for the use of the United States.

"(3) The Secretary of the Treasury may invest and reinvest the fund in public debt securities with maturities suitable for the needs of the fund and bearing interest at rates determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities. Income accruing from the securities, and from any other property accepted under paragraph (1), shall be deposited to the credit of the fund, and shall be disbursed on order of the Secretary of the Treasury for purposes as nearly as possible in accordance with the terms of the gifts or bequests.

"(4) The Secretary of the Treasury shall, not less frequently than annually, make a public disclosure of the amount (and sources) of the gifts and bequests received under this subsection, and the purposes for which amounts in the separate fund established under this subsection are expended.".

SEC. 836. EXTENSION OF PERIOD FOR COURT REVIEW OF JEOPARDY ASSESSMENT WHERE PROMPT SERVICE NOT MADE ON THE UNITED STATES.

(a) GENERAL RULE.—Paragraph (2) of section 7429(b) (relating to judicial review) is amended by adding at the end thereof the following new sentence:

"If the court determines that proper service was not made on the United States within 5 days after the date of the commencement of the action, the running of the 20-day period set forth in the preceding sentence shall not begin before the day on which proper service was made on the United States.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to actions commenced after the date of the enactment of this Act.

SEC. 837. EXTENSION OF PERIOD DURING WHICH ADDITIONAL TAX SHOWN ON AMENDED RETURN MAY BE ASSESSED.

(a) GENERAL RULE.—Subsection (c) of section 6501 (relating to exceptions) is amended by adding at the end thereof the following new paragraph:

"(7) SPECIAL RULE FOR CERTAIN AMENDED RETURNS.—Where, within the 60-day period ending on the day on which the time prescribed in this section for the assessment of any tax imposed by subtitle A for any taxable year would otherwise expire, the Secretary receives a written document signed by the taxpayer showing that the taxpayer owes an additional amount of such tax for such taxable year, the period for the assessment of such additional amount shall not expire before the day 60 days after the day on which the Secretary receives such document.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to documents received by the Secretary of the Treasury (or his delegate) after the date of the enactment of this Act.

SEC. 838. FINANCIAL REPORTING OF INVESTMENT TAX CREDITS.

(a) IN GENERAL.—Paragraph (1) of section 101(c) of the Revenue Act of 1971 (85 Stat. 499) (relating to accounting for investment credit in certain financial reports and reports to Federal agencies) is amended—

(1) by inserting "and" at the end of subparagraph (A),

(2) by striking out ", and" at the end of subparagraph (B) and inserting in lieu thereof a period, and

(3) by striking out subparagraph (C).

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the Revenue Act of 1971.

SEC. 839. REPORT ON REGULATED FUTURES CONTRACTS LITIGATION.

The Secretary of the Treasury or his delegate shall report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives before October 1, 1984, with respect to progress made by the Secretary of the Treasury or his delegate in reducing the backlog of cases involving the tax treatment of certain regulated futures contracts to which the provisions of Federal tax law in effect before 1981 apply.

SEC. 840. TREATMENT OF CERTAIN GUARANTEED DRAFTS ISSUED BY FINANCIAL INSTITUTIONS.

(a) GENERAL RULE.—Paragraph (2) of section 6311(b) (relating to liability of banks and others) is amended—

(1) by striking out "or cashier's check" and inserting in lieu thereof "or cashier's check (or other guaranteed draft)",

(2) by striking out "the amount of such check" and inserting in lieu thereof "the amount of such check (or draft)",

(3) by striking out "the bank or trust company" and inserting in lieu thereof "the financial institution", and

(4) by striking out "such bank" each place it appears and inserting in lieu thereof "such financial institution".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 841. DISCLOSURE OF WINDFALL PROFIT TAX INFORMATION TO STATE TAX OFFICIALS.

(a) GENERAL RULE.—Paragraph (1) of section 6103(d) (relating to disclosure to State tax officials) is amended by striking out "44, 51" and inserting in lieu thereof "44, 45, 51".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 842. EXTENSION OF STATUTORY LIMITATIONS TO THE EXTENDED TIME GIVEN TO DESIGNATE RECEIPTS AS CAPITAL CONTRIBUTIONS.

(a) IN GENERAL.—Section 6501 (relating to limitations on assessment and collection) is amended by adding at the end thereof the following new subsection:

"(r) SPECIAL RULES FOR CONTRIBUTIONS TO CAPITAL OF CORPORATION.—In the case of a deficiency attributable to the failure to meet the requirements of the expenditure rule of section 118(b)(2), such deficiency may be assessed at any time within 3 years after such failure.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to failures occurring after December 31, 1984.

Subtitle F—Provisions Relating to Distilled Spirits

SEC. 843. REPEAL OF OCCUPATIONAL TAX ON MANUFACTURERS OF STILLS AND CONDENSERS; NOTICES OF MANUFACTURE AND SET UP OF STILLS.

(a) IN GENERAL.—Subpart C of part II of subchapter A of chapter 51 (relating to manufacturers of stills) is amended to read as follows:

"Subpart C—Manufacturers of Stills

"Sec. 5101. Notice of manufacture of still; notice of set up of still.

"Sec. 5102. Definition of manufacturer of stills.

"SEC. 5101. NOTICE OF MANUFACTURE OF STILL; NOTICE OF SET UP OF STILL.

"(a) NOTICE REQUIREMENTS.—

"(1) NOTICE OF MANUFACTURE OF STILL.—The Secretary may, pursuant to regulations, require any person who manufactures any still, boiler, or other vessel to be used for the purpose of distilling, to give written notice, before the still, boiler, or other vessel is removed from the place of manufacture, setting forth by whom it is to be used, its capacity, and the time of removal from the place of manufacture.

"(2) NOTICE OF SET UP OF STILL.—The Secretary may, pursuant to regulations, require that no still, boiler, or other vessel be set up without the manufacturer of the still, boiler, or other vessel first giving written notice to the Secretary of that purpose.

"(b) PENALTIES, ETC.—

"(1) For penalty and forfeiture for failure to give notice of manufacture, or for setting up a still without first giving notice, when required by the Secretary, see sections 5615(2) and 5687.

"(2) For penalty and forfeiture for failure to register still or distilling apparatus when set up, see sections 5601(a)(1) and 5615(1).

"SEC. 5102. DEFINITION OF MANUFACTURER OF STILLS.

"Any person who manufactures any still or condenser to be used in distilling shall be deemed a manufacturer of stills.".

(b) TECHNICAL AMENDMENTS.—

(1) Paragraph (2) of section 5179(b) (relating to registration of stills) is amended to read as follows:

"(2) For provisions requiring notification to set up a still, boiler, or other vessel for distilling, see section 5101(a)(2).".

(2) Paragraph (2) of section 5615 (relating to property subject to forfeiture) is amended to read as follows:

"(2) DISTILLING APPARATUS REMOVED WITHOUT NOTICE OR SET UP WITHOUT NOTICE.—Any still, boiler, or other vessel to be used for the purpose of distilling—

"(A) which is removed without notice having been given when required by section 5101(a)(1), or

"(B) which is set up without notice having been given when required by section 5101(a)(2); and".

(3) Subsection (a) of section 5691 (relating to penalties for nonpayment of special taxes relating to liquors) is amended by striking out "limited retail dealer, or manufacturer of stills" and inserting in lieu thereof "or limited retail dealer".

SEC. 844. ALLOWANCE OF DRAWBACK CLAIMS EVEN WHERE CERTAIN REQUIREMENTS NOT MET.

Section 5134 (relating to drawback) is amended by adding at the end thereof the following new subsection:

"(c) ALLOWANCE OF DRAWBACK EVEN WHERE CERTAIN REQUIREMENTS NOT MET.—

"(1) IN GENERAL.—No claim for drawback under this section shall be denied in the case of a failure to comply with any requirement imposed under this subpart or any rule or regulation issued thereunder upon the claimant's establishing to the satisfaction of the Secretary that distilled spirits on which the tax has been paid or determined were in fact used in the manufacture or production of medicines, medicinal preparations, food products, flavors, or flavoring extracts, which were unfit for beverage purposes.

"(2) PENALTY.—

"(A) IN GENERAL.—In the case of a failure to comply with any requirement imposed under this subpart or any rule or regulation issued thereunder, the claimant shall be liable for a penalty of $1,000 for each failure to comply unless it is shown that the failure to comply was due to reasonable cause.

"(B) PENALTY MAY NOT EXCEED AMOUNT OF CLAIM.—The aggregate amount of the penalties imposed under subparagraph (A) for failures described in paragraph (1) in respect of any claim shall not exceed the amount of such claim (determined without regard to subparagraph (A)).

"(3) PENALTY TREATED AS TAX.—The penalty imposed by paragraph (2) shall be assessed, collected, and paid in the same manner as taxes, as provided in section 6662(a).".

SEC. 845. DISCLOSURE OF ALCOHOL FUEL PRODUCERS TO ADMINISTRATORS OF STATE ALCOHOL LAWS.

(a) IN GENERAL.—Subsection (l) of section 6103 (relating to confidentiality and disclosure of returns and return information) is amended by adding at the end thereof the following new paragraph:

"(9) DISCLOSURE OF ALCOHOL FUEL PRODUCERS TO ADMINISTRATORS OF STATE ALCOHOL

LAWS.—Notwithstanding any other provision of this section, the Secretary may disclose—

"(A) the name and address of any person who is qualified to produce alcohol for fuel use under section 5181, and

"(B) the location of any premises to be used by such person in producing alcohol for fuel,

to any State agency, body, or commission, or its legal representative, which is charged under the laws of such State with responsibility for administration of State alcohol laws solely for use in the administration of such laws.".

(b) TECHNICAL AMENDMENTS.—

(1) Subparagraph (A) of section 6103(p)(3) (relating to records of inspection and disclosure) is amended by striking out "(5), or (7)" and inserting in lieu thereof "(5), (7), (8), or (9)".

(2) The material preceding subparagraph (A) of paragraph (4) of section 6103(p) is amended by striking out "or (7)" and inserting in lieu thereof "(7), (8), or (9)".

(3) Clause (i) of section 6103(p)(4)(F) is amended by striking out "(l) (6) or (7)" and inserting in lieu thereof "(l) (6), (7), (8), or (9)".

(4) Paragraph (2) of section 7213(a) (relating to unauthorized disclosure of information) is amended by striking out "or (8)" and inserting in lieu thereof "(8), or (9)".

(5) Section 127(a)(1) of Public Law 96-249 is amended by striking out "Subsection (i)" and inserting in lieu thereof "Subsection (l)".

(6) The paragraph (7) of section 6103(l) added by Public Law 96-265 is hereby redesignated as paragraph (8).

SEC. 846. REPEAL OF STAMP REQUIREMENT FOR DISTILLED SPIRITS.

(a) IN GENERAL.—Section 5205 (relating to stamps) is hereby repealed.

(b) BOTTLES MUST HAVE OTHER ANTITAMPERING CLOSURE.—Section 5301 is amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

"(d) CLOSURES.—The immediate container of distilled spirits withdrawn from bonded premises, or from customs custody, on determination of tax shall bear a closure or other device which is designed so as to require breaking in order to gain access to the contents of such container. The preceding sentence shall not apply to containers of bulk distilled spirits.".

(c) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) The second sentence of section 5062(b) (relating to drawback in case of exportation) is amended by striking out "stamped or restamped, and".

(2) Paragraph (2) of section 5066(a) (relating to bottled distilled spirits eligible for export with benefit of drawback) is amended by striking out "stamped or restamped, and marked," and inserting in lieu thereof "marked".

(3) Subsection (b) of section 5116 (relating to cross references) is amended to read as follows:

"(b) CROSS REFERENCE.—

"For provisions relating to containers of distilled spirits, see section 5206.".

(4) Subsection (c) of section 5204 (relating to gauging) is amended—

(A) by striking out "STAMPING," in the heading, and

(B) by striking out "stamping," in the text.

(5)(A) Section 5206 (relating to containers) is amended by redesignating subsections (d) and (e) as subsections (e) and (f), respectively, and by inserting after subsection (c) the following new subsection:

"(d) EFFACEMENT OF MARKS AND BRANDS ON EMPTIED CONTAINERS.—Every person who empties, or causes to be emptied, any container of distilled spirits bearing any mark or brand required by law (or regulations pursuant thereto) shall at the time of emptying such container efface and obliterate such mark or brand; except that the Secretary may, by regulations, waive any requirement of this subsection where he determines that no jeopardy to the revenue will be involved.".

(B) Subsection (f) of section 5206, as redesignated by subparagraph (A), is amended by adding at the end thereof the following new paragraphs:

"(3) For provisions relating to the marking and branding of containers of distilled spirits by proprietors, see section 5204(c).

"(4) For penalties and forfeitures relating to marks and brands, see sections 5604 and 5613.".

(6) Paragraph (4) of section 5207(a) (relating to records and reports) is amended by striking out subparagraph (D), by adding "and" at the end of subparagraph (B), and by striking out ", and" at the end of subparagraph (C) and inserting in lieu thereof a period.

(7) Subsection (c) of section 5215 (relating to return of tax determined distilled spirits to bonded premises) is amended—

(A) by striking out "RESTAMPING" in the heading and inserting in lieu thereof "RECLOSING", and

(B) by striking out "restamping" in the text and inserting in lieu thereof "reclosing".

(8) Section 5235 (relating to bottling of alcohol for industrial purposes) is amended by striking out "stamped," in the first sentence and by striking out the second sentence.

(9) Subsection (c) of section 5301 (relating to regulation of traffic in containers of distilled spirits) is amended—

(A) by striking out "stamping" in paragraphs (1) and (3) and inserting in lieu thereof "tax determination", and

(B) by striking out ", if the liquor bottles are to be again stamped under the provisions of this chapter".

(10) Subsection (a) of section 5555 (relating to records, statements, and returns) is amended by striking out "or for the affixing of any stamp required to be affixed by this chapter,".

(11)(A) Section 5604 (relating to penalties relating to stamps, marks, brands, and containers) is amended to read as follows:

"SEC. 5604. PENALTIES RELATING TO MARKS, BRANDS, AND CONTAINERS.

"(a) IN GENERAL.—Any person who shall—

"(1) transport, possess, buy, sell, or transfer any distilled spirits unless the immediate container bears the type of closure or other device required by section 5301(d);

"(2) with intent to defraud the United States, empty a container bearing the closure or other device required by section 5301(d) without breaking such closure or other device,

"(3) empty, or cause to be emptied, any distilled spirits from an immediate container bearing any mark or brand required by law without effacing and obliterating such mark or brand as required by section 5206(d),

"(4) place any distilled spirits in any bottle, or reuse any bottle for the purpose of containing distilled spirits, which has once been filled and fitted with a closure or other device under the provisions of this chapter, without removing and destroying such closure or other device,

"(5) willfully and unlawfully remove, change, or deface any mark, brand, label, or seal affixed to any case of distilled spirits, or to any bottle contained therein,

"(6) with intent to defraud the United States, purchase, sell, receive with intent to transport, or transport any empty cask or package having thereon any mark or brand required by law to be affixed to any cask or package containing distilled spirits, or

"(7) change or alter any mark or brand on any cask or package containing distilled spirits, or put into any cask or package spirits of greater strength than is indicated by the inspection mark thereon, or fraudulently use any cask or package having any inspection mark thereon, for the purpose of selling other spirits, or spirits of quantity or quality different from the spirits previously inspected,

shall be fined not more than $10,000 or imprisoned not more than 5 years, or both, for each such offense.

"(b) CROSS REFERENCES.—

"For provisions relating to the authority of internal revenue officers to enforce provisions of this section, see sections 5203, 5557, and 7608.".

(B) The table of sections for part I of subchapter J of chapter 51 is amended by striking out the item relating to section 5604 and inserting in lieu thereof the following:

"Sec. 5604. Penalties relating to marks, brands, and containers.".

(12)(A) Subsection (b) of section 5613 (relating to forfeiture of distilled spirits not stamped, marked, or branded as required by law) is amended to read as follows:

"(b) CONTAINERS WITHOUT CLOSURES.—All distilled spirits found in any container which is required by this chapter to bear a closure or other device and which does not bear a closure or other device in compliance with this chapter shall be forfeited to the United States.".

(B) The section heading of section 5613 is amended by striking out "STAMPED" and inserting in lieu thereof "CLOSED".

(C) The item relating to section 5613 in the table of sections for part I of subchapter J of chapter 51 is amended by striking out "stamped" and inserting in lieu thereof "closed".

(13) Subsection (b) of section 6801 (relating to authority for establishment, alteration, and distribution) is amended by striking out "several stamp taxes;" and all that follows and inserting in lieu thereof "several stamp taxes."

(14) The table of sections for part I of subchapter C of chapter 51 is amended by striking out the item relating to section 5205.

SEC. 847. MODIFICATION OF PAYMENT DATE AND REQUIREMENT OF ELECTRONIC FUNDS TRANSFER FOR ALCOHOL AND TOBACCO EXCISE TAXES.

(a) ALCOHOL PRODUCTS.—Section 5061 (relating to method of collecting tax on distilled spirits, etc.) is amended—

(1) by striking out subsection (d), and

(2) by adding at the end thereof the following new subsections:

"(d) TIME FOR PAYMENT OF TAXES ON DISTILLED SPIRITS, WINES, AND BEER.—

"(1) IN GENERAL.—In the case of distilled spirits, wines, and beer to which this part applies (other than subsection (b) of this section) which are withdrawn under bond for deferred payment of tax or from bonded premises (including customs custody), the last day for such payment of such tax shall

be the 14th day after the last day of the semimonthly period during which the withdrawal occurred.

"(2) SPECIAL RULE WHERE 14TH DAY FALLS ON SATURDAY, SUNDAY, OR HOLIDAY.—If, but for this subsection, the due date under paragraph (1) would fall on a Saturday, Sunday, or a Federal holiday, such due date shall be the immediately preceding day which is not a Saturday, Sunday, or such a holiday.

"(e) PAYMENT BY ELECTRONIC FUND TRANSFER.—

"(1) IN GENERAL.—Any person who in any 12-month period ending December 31, was liable for a gross amount equal to or exceeding $5,000,000 in taxes imposed on distilled spirits, wines, or beer by sections 5001, 5041, and 5051 (or 7652), respectively, shall pay such taxes during the succeeding calendar year by electronic fund transfer to a Federal Reserve Bank.

"(2) ELECTRONIC FUND TRANSFER.—The term 'electronic fund transfer' means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, which is initiated through an electronic terminal, telephonic instrument, or computer or magnetic tape so as to order, instruct, or authorize a financial institution to debit or credit an account.".

(b) TOBACCO PRODUCTS.—Subsection (b) of section 5703 (relating to method of payment of tax on tobacco) is amended by striking out paragraph (2) and inserting in lieu thereof the following new paragraphs:

"(2) TIME FOR PAYMENT OF TAXES.—

"(A) IN GENERAL.—In the case of taxes on tobacco products and cigarette papers and tubes removed during any semimonthly period, the last day for the payment of such taxes shall be the 14th day after the last day of such semimonthly period.

"(B) SPECIAL RULE WHERE 14TH DAY FALLS ON SATURDAY, SUNDAY, OR HOLIDAY.—If, but for this subsection, the due date under paragraph (1) would fall on a Saturday, Sunday, or a Federal holiday, such due date shall be the immediately preceding day which is not a Saturday, Sunday, or such a holiday.

"(3) PAYMENT BY ELECTRONIC FUND TRANSFER.—Any person who in any 12-month period, ending December 31, was liable for a gross amount equal to or exceeding $5,000,000 in taxes imposed on tobacco products and cigarette papers and tubes by section 5701 (or 7652) shall pay during the succeeding calendar year such taxes by electronic fund transfer (as defined in section 5061(b)(2)) to the Federal Reserve Bank.".

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxes paid after June 30, 1984 for semimonthly periods ending on or after such date.

(2) SPECIAL RULE FOR SEMIMONTHLY PERIOD ENDING JUNE 15, 1984.—With respect to remittances for taxes imposed on distilled spirits under section 5001 of the Internal Revenue Code of 1954 and tobacco products and cigarette papers and tubes under section 5701 of such Code for the semimonthly period ending on June 15, 1984, the last day for such remittances shall be July 16, 1984.

SEC. 848. COOKING WINE MAY BE FORTIFIED USING DISTILLED SPIRITS.

(a) IN GENERAL.—Subsection (a) of section 5214 (relating to withdrawal of distilled spirits from bonded premises free of tax or without payment of tax) is amended by striking out the period at the end of paragraph (12) and inserting in lieu thereof "; or", and by adding at the end thereof the following new paragraph:

"(13) without payment of tax for use on bonded wine cellar premises in the production of wine or wine products which will be rendered unfit for beverage use and removed pursuant to section 5362(d).".

(b) LIABILITY FOR TAX.—

(1) Paragraph (1) of section 5005(e) (relating to withdrawals without payment of tax) is amended by striking out "or (10)" and inserting in lieu thereof "(10), or (13)".

(2) Paragraph (2) of section 5005(e) is amended by inserting "used in the production of nonbeverage wine or wine products," after "used in the production of wine,".

(c) TECHNICAL AMENDMENT.—Section 5354 (relating to bonds for bonded wine cellars) is amended by striking out "wine spirits" each place it appears and inserting in lieu thereof "distilled spirits".

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 849. EFFECTIVE DATES.

(a) IN GENERAL.—Except as otherwise provided in this subtitle or in subsection (b) of this section, the amendments made by this subtitle shall take effect on the first day of the first calendar month which begins more than 90 days after the date of the enactment of this Act.

(b) REPEAL OF STAMP REQUIREMENT.—The amendments made by section 858 shall take effect on July 1, 1985.

Subtitle G—Simplification and Extension of Income Tax Credits

SEC. 850. SHORT TITLE.

This subtitle may be cited as the "Tax Credit Simplification Act of 1984".

SEC. 851. CREDITS GROUPED TOGETHER IN MORE LOGICAL ORDER.

(a) CREDITS DIVIDED INTO 4 CATEGORIES.—The table of subparts for part IV of subchapter A of chapter 1 (relating to credits against tax) is amended to read as follows:

"Subpart A. Nonrefundable personal credits.

"Subpart B. Foreign tax credit, etc.

"Subpart C. Refundable credits.

"Subpart D. Business-related credits.".

(b) EXISTING CREDITS ASSIGNED TO APPROPRIATE CATEGORY.—Part IV of subchapter A of chapter 1 is amended by striking out the heading and table of sections for subpart A and inserting in lieu thereof the following:

"Subpart A—Nonrefundable Personal Credits

"Sec. 21. Expenses for household and dependent care services necessary for gainful employment.
"Sec. 22. Credit for the elderly and the permanently and totally disabled.
"Sec. 23. Residential energy credit.
"Sec. 24. Contributions to candidates for public office.
"Sec. 25. Limitation based on tax liability; definition of tax liability.

"Subpart B—Foreign Tax Credit, Etc.

"Sec. 27. Taxes of foreign countries and possessions of the United States; possession tax credit.
"Sec. 28. Clinical testing expenses for certain drugs for rare diseases or conditions.
"Sec. 29. Credit for producing fuel from a nonconventional source.
"Sec. 30. Credit for increasing research activities.

"Subpart C—Refundable Credits

"Sec. 31. Tax withheld on wages.
"Sec. 32. Earned income.
"Sec. 33. Tax withheld at source on nonresident aliens and foreign corporations.
"Sec. 34. Certain uses of gasoline and special fuels.
"Sec. 35. Overpayments of tax.

"Subpart D—Business Related Credits

"Sec. 38. General business credit.
"Sec. 39. Carryback and carry forward of unused credits.
"Sec. 40. Alcohol used as fuel.
"Sec. 41. Employee stock ownership credit.".

(c) SECTIONS MOVED TO APPROPRIATE PLACE IN PART IV.—

(1) DESIGNATION.—The following sections of such part IV are henceforth to be designated in accordance with the following table:

Old section number:	New section number:	New subpart designation:
44A	21	A
37	22	A
44C	23	A
41	24	A
33	27	B
44H	28	B
44D	29	B
44F	30	B
31	31	C
43	32	C
32	33	C
39	34	C
45	35	C
44E	40	D
44G	41	D

(2) PLACED IN APPROPRIATE SUBPARTS.—Each section for which paragraph (1) provides a new section number is hereby moved to the appropriate place in the appropriate subpart of such part IV.

SEC. 852. UNIFORM LIMITATION ON PERSONAL NONREFUNDABLE CREDITS.

Subpart A of part IV of subchapter A of chapter 1 is amended by adding after section 24 the following new section:

"SEC. 25. LIMITATION BASED ON TAX LIABILITY; DEFINITION OF TAX LIABILITY.

"(a) LIMITATION BASED ON AMOUNT OF TAX.—The aggregate amount of credits allowed by this subpart for the taxable year shall not exceed the taxpayer's tax liability for such taxable year.

"(b) TAX LIABILITY.—For purposes of this section—

"(1) IN GENERAL.—The term 'tax liability' means the tax imposed by this chapter for the taxable year.

"(2) EXCEPTION FOR CERTAIN TAXES.—For purposes of paragraph (1), any tax imposed by any of the following provisions shall not be treated as tax imposed by this chapter:

"(A) section 56 (relating to corporate minimum tax),

"(B) subsection (m)(5)(B), (o)(2), or (q) of section 72 (relating to additional tax on certain distributions),

"(C) section 408(f) (relating to additional tax on income from certain retirement accounts),

"(D) section 531 (relating to accumulated earnings tax),

"(E) section 541 (relating to personal holding company tax),

"(F) section 1351(d)(1) (relating to recoveries of foreign expropriation losses),

"(G) section 1374 (relating to tax on certain capital gains of S corporations), and

"(H) section 1375 (relating to tax imposed when passive investment income of corporation having subchapter C earnings and profits exceeds 25 percent of gross receipts).

"(c) SIMILAR RULE FOR ALTERNATIVE MINIMUM TAX FOR TAXPAYERS OTHER THAN CORPORATIONS.—

"For treatment of tax imposed by section 55 as not imposed by this chapter, see section 55(c).".

SEC. 853. UNIFORM CARRYOVER PROVISIONS FOR BUSINESS-RELATED CREDITS.

Subpart D of part IV of subchapter A of chapter 1 is amended by inserting before section 40 the following new sections:

"SEC. 38. GENERAL BUSINESS CREDIT.

"(a) ALLOWANCE OF CREDIT.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of—

"(1) the business credit carryforwards carried to such taxable year,

"(2) the amount of the current year business credit, plus

"(3) the business credit carrybacks carried to such taxable year.

"(b) CURRENT YEAR BUSINESS CREDIT.—For purposes of this subpart, the amount of the current year business credit is the sum of the following credits determined for the taxable year:

"(1) the investment credit determined under section 46(a),

"(2) the targeted jobs credit determined under section 51(a),

"(3) the alcohol fuels credit determined under section 40(a), plus

"(4) the employee stock ownership credit determined under section 41(a).

"(c) LIMITATION BASED ON AMOUNT OF TAX.—

"(1) IN GENERAL.—The credit allowed under subsection (a) for any taxable year shall not exceed the sum of—

"(A) so much of the taxpayer's net tax liability for the taxable year as does not exceed $25,000, plus

"(B) 85 percent of so much of the taxpayer's net tax liability for the taxable year as exceeds $25,000.

"(2) NET TAX LIABILITY.—For purposes of paragraph (1), the term 'net tax liability' means the tax liability (as defined in section 25(b)), reduced by the sum of the credits allowable under subparts A and B of this part.

"(3) SPECIAL RULES.—

"(A) MARRIED INDIVIDUALS.—In the case of a husband or wife who files a separate return, the amount specified under subparagraphs (A) and (B) of paragraph (1) shall be $12,500 in lieu of $25,000. This subparagraph shall not apply if the spouse of the taxpayer has no business credit carryforward or carryback to, and has no current year business credit for, the taxable year of such spouse which ends within or with the taxpayer's taxable year.

"(B) CONTROLLED GROUPS.—In the case of a controlled group, the $25,000 amount specified under subparagraphs (A) and (B) of paragraph (1) shall be reduced for each component member of such group by apportioning $25,000 among the component members of such group in such manner as the Secretary shall by regulations prescribe. For purposes of the preceding sentence, the term 'controlled group' has the meaning given to such term by section 1563(a).

"(C) LIMITATIONS WITH RESPECT TO CERTAIN PERSONS.—In the case of a person described in subparagraph (A) or (B) of section 46(e)(1), the $25,000 amount specified under subparagraphs (A) and (B) of paragraph (1) shall equal such person's ratable share (as determined under section 46(e)(2)) of such amount.

"(D) ESTATES AND TRUSTS.—In the case of an estate or trust, the $25,000 amount specified under subparagraphs (A) and (B) of paragraph (1) shall be reduced to an amount which bears the same ratio to $25,000 as the portion of the income of the estate or trust which is not allocated to beneficiaries bears to the total income of the estate or trust.

"(d) SPECIAL RULES FOR CERTAIN REGULATED COMPANIES.—In the case of any taxpayer to which section 46(f) applies, for purposes of sections 46(f), 47(a), 196(a), and 404(i) and any other provision of this title where it is necessary to ascertain the extent to which the credits determined under section 40(a), 41(a), 46(a), or 51(a) are used in a taxable year or as a carryback or carryforward, the order in which such credits are used shall be determined on the basis of the order in which they are listed in subsection (b).

"SEC. 39. CARRYBACK AND CARRYFORWARD OF UNUSED CREDITS.

"(a) IN GENERAL.—

"(1) 3 YEAR CARRYBACK AND 15 YEAR CARRYFORWARD.—If the sum of the business credit carryforwards to the taxable year plus the amount of the current year business credit for the taxable year exceeds the amount of the limitation imposed by subsection (c) of section 38 for such taxable year (hereinafter in this section referred to as the 'unused credit year'), such excess (to the extent attributable to the amount of the current year business credit) shall be—

"(A) a business credit carryback to each of the 3 taxable years preceding the unused credit year, and

"(B) a business credit carryforward to each of the 15 taxable years following the unused credit year,

and, subject to the limitations imposed by subsections (b) and (c), shall be taken into account under the provisions of section 38(a) in the manner provided in section 38(a).

"(2) AMOUNT CARRIED TO EACH YEAR.—

"(A) ENTIRE AMOUNT CARRIED TO FIRST YEAR.—The entire amount of the unused credit for an unused credit year shall be carried to the earliest of the 18 taxable years to which (by reason of paragraph (1)) such credit may be carried.

"(B) AMOUNT CARRIED TO OTHER 17 YEARS.—The amount of the unused credit for the unused credit year shall be carried to each of the other 17 taxable years to the extent that such unused credit may not be taken into account under section 38(a) for a prior taxable year because of the limitations of subsections (b) and (c).

"(b) LIMITATION ON CARRYBACKS.—The amount of the unused credit which may be taken into account under section 38(a)(3) for any preceding taxable year shall not exceed the amount by which the limitation imposed by section 38(c) for such taxable year exceeds the sum of—

"(1) the amounts determined under paragraphs (1) and (2) of section 38(a) for such taxable year, plus

"(2) the amounts which (by reason of this section) are carried back to such taxable year and are attributable to taxable years preceding the unused credit year.

"(c) LIMITATION ON CARRYFORWARDS.—The amount of the unused credit which may be taken into account under section 38(a)(1) for any succeeding taxable year shall not exceed the amount by which the limitation imposed by section 38(c) for such taxable year exceeds the sum of the amounts which, by reason of this section, are carried to such taxable year and are attributable to taxable years preceding the unused credit year.

"(d) TRANSITIONAL RULES.—

"(1) CARRYFORWARDS.—

"(A) IN GENERAL.—Any carryforward from an unused credit year under section 46, 50A, 53, 44E, or 44G which has not expired before the beginning of the first taxable year beginning after December 31, 1983, shall be aggregated with other such carryforwards from such unused credit year and shall be a business credit carryforward to each taxable year beginning after December 31, 1983, which is 1 of the first 15 taxable years after such unused credit year.

"(B) AMOUNT CARRIED FORWARD.—The amount carried forward under subparagraph (A) to any taxable year shall be properly reduced for any amount allowable as a credit with respect to such carryforward for any taxable year before the year to which it is being carried.

"(2) CARRYBACKS.—In determining the amount allowable as a credit for any taxable year beginning before January 1, 1984, as the result of the carryback of a general business tax credit from a taxable year beginning after December 31, 1983, paragraph (1) of subsection (b) shall be applied as if it read as follows:

"'(1) the sum of the credits allowable for such taxable year under sections 38, 40, 44B, 44E, and 44G, plus'.".

SEC. 854. TECHNICAL AND CONFORMING AMENDMENTS.

(a) REFERENCES TO OLD AND NEW PROVISIONS.—Whenever in this section reference is made to an old or new section or other provision, the reference is to the provision before (in the case of "old") or after (in the case of "new") the changes made by section 851 of this Act.

(b) OLD SECTION 21.—

(1) REDESIGNATION.—Old section 21 (relating to effect of changes) is redesignated as section 15.

(2) CONFORMING AMENDMENTS.—Sections 441(f)(2)(A) and 6013(c) are each amended by striking out "21" and inserting in lieu thereof "15".

(3) TABLE OF SECTIONS.—The table of sections for part III of subchapter A of chapter 1 is amended by striking out the item relating to section 21 and inserting in lieu thereof the following:

"Sec. 15. Effect of changes.".

(c) NEW SECTION 21.—New section 21 (relating to expenses for household and dependent care services necessary for gainful employment) is amended—

(1) by striking out subsection (b) and by redesignating subsections (c), (d), (e), (f), and (g) as subsections (b), (c), (d), (e), and (f), respectively,

(2) by striking out "subsection (c)(1)" in subsection (a) and inserting in lieu thereof "subsection (b)(1)",

(3) by striking out "subsection (c)(2)" in subsection (a) and inserting in lieu thereof "subsection (b)(2)",

(4) by striking out "subsection (c)(1)(C)" in paragraph (2) of subsection (d) (as redesignated by paragraph (1)) and inserting in lieu thereof "subsection (b)(1)(C)",

(5) by striking out "subsection (d)(1)" in subparagraph (A) of subsection (d)(2) (as redesignated by paragraph (1)) and inserting in lieu thereof, "subsection (c)(1)",

(6) by striking out "subsection (d)(2)" in subparagraph (B) of subsection (d)(2) (as redesignated by paragraph (1)) and inserting in lieu thereof "subsection (c)(2)", and

(7) by striking out "subsection (c)(1)" in subsection (e)(5) (as redesignated by paragraph (1)) and inserting in lieu thereof "subsection (b)(1)".

(d) NEW SECTION 22.—New section 22 (relating to the credit for the elderly and the permanently and totally disabled) is amended—

(1) by striking out "section 37 amount" each place it appears in the text and inserting in lieu thereof "section 22 amount",

(2) by striking out the heading of subsection (c) and inserting in lieu thereof "(c) SECTION 22 AMOUNT.—", and

(3) by amending subsection (d) to read as follows:

"(d) ADJUSTED GROSS INCOME LIMITATION.—If the adjusted gross income of the taxpayer exceeds—

"(1) $7,500 in the case of a single individual,

"(2) $10,000 in the case of a joint return, or

"(3) $5,000 in the case of a married individual filing a separate return,

the section 22 amount shall be reduced by one-half of the excess of the adjusted gross income over $7,500, $10,000, or $5,000, as the case may be.".

(e) NEW SECTION 23.—Subsection (b) of new section 23 (relating to residential energy credit) is amended by striking out paragraphs (5) and (6) and inserting in lieu thereof the following:

"(5) CARRYFORWARD OF UNUSED CREDIT.—

"(A) IN GENERAL.—If the credit allowable under subsection (a) for any taxable year exceeds the limitation imposed by section 25(a) for such taxable year reduced by the sum of the credits allowable under this subpart (other than this section), such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such succeeding taxable year.

"(B) NO CARRYFORWARD TO TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1987.—No amount may be carried under subparagraph (A) to any taxable year beginning after December 31, 1987.".

(f) NEW SECTION 24.—Subsection (b) of new section 24 (relating to contributions to candidates for political office) is amended by striking out paragraph (2) and by redesignating paragraph (3) as paragraph (2).

(g) NEW SECTION 28.—

(1) New section 28 is amended—

(A) by striking out "section 44F" each place it appears and inserting in lieu thereof "section 30", and

(B) by striking out "section 44F(b)" in subsection (c)(2) and inserting in lieu thereof "section 30(b)," and

(C) by striking out "section 44F(f)" in subsection (d)(4) and inserting in lieu thereof "section 30(f)".

(2) Paragraph (2) of new section 28(d) is amended to read as follows:

"(2) LIMITATION BASED ON AMOUNT OF TAX.—The credit allowed by this section for any taxable year shall not exceed the taxpayer's tax liability for the taxable year (as defined in section 25(b)), reduced by the sum of the credits allowable under subpart A and section 28.".

(h) NEW SECTION 29.—Paragraph (5) of new section 29(b) (relating to credit for producing fuel from a nonconventional source) is amended to read as follows:

"(5) APPLICATION WITH OTHER CREDITS.—The credit allowed by subsection (a) for a taxable year shall not exceed the taxpayer's tax liability for the taxable year (as defined in section 25(b)), reduced by the sum of the credits allowable under subpart A and sections 27 and 28.".

(i) NEW SECTION 30.—

(1) New section 30 (relating to credit for increasing research activities) is amended—

(A) by striking out "in computing the credit under section 40 or 44B" in subsection (b)(2)(D)(iii) and inserting in lieu thereof "in determining the targeted jobs credit under section 51(a)", and

(B) by amending subparagraph (A) of subsection (g)(1) to read as follows:

"(A) IN GENERAL.—Except as provided in subparagraph (B), the credit allowed by subsection (a) for any taxable year shall not exceed the taxpayer's tax liability for the taxable year (as defined in section 25(b)), reduced by the sum of the credits allowable under subpart A and sections 27, 28, and 29.".

(2) NEW SECTION 30 TREATED AS CONTINUATION OF OLD SECTION 44F.—For purposes of determining—

(A) whether any excess credit under old section 44F for a taxable year beginning before January 1, 1984, is allowable as a carryover under new section 30, and

(B) the period during which new section 30 is in effect,

new section 30 shall be treated as a continuation of old section 44F (and shall apply only to the extent old section 44F would have applied).

(j) NEW SECTION 33.—New section 33 (relating to tax withheld at source on nonresident aliens and foreign corporations and on tax-free covenant bonds) is amended to read as follows:

"SEC. 33. TAX WITHHELD AT SOURCE ON NONRESIDENT ALIENS AND FOREIGN CORPORATIONS.

"There shall be allowed as a credit against the tax imposed by this subtitle the amount of tax withheld at source under subchapter A of chapter 3 (relating to withholding of tax on nonresident aliens and on foreign corporations).".

(k) NEW SECTION 40.—New section 40 (relating to alcohol used as fuel) is amended—

(1) by amending subsection (a) to read as follows:

"(a) GENERAL RULE.—For purposes of section 38, the alcohol fuels credit determined under this section for the taxable year is an amount equal to the sum of—

"(1) the alcohol mixture credit, plus

"(2) the alcohol credit.",

(2) by striking out "the credit allowable under this section" in subsection (c) and inserting in lieu thereof "the credit determined under this section",

(3) by striking out "credit was allowable" each place it appears in paragraph (3) of subsection (d) and inserting in lieu thereof "credit was determined",

(4) by striking out subsection (e) and redesignating subsection (f) as subsection (e),

(5) by amending paragraph (2) of subsection (e) (as redesignated by paragraph (4)) to read as follows:

"(2) NO CARRYOVERS TO YEARS AFTER 1994.—No amount may be carried under section 39 by reason of this section (treating the amount allowed by reason of this section as the first amount allowed by this subpart) to any taxable year beginning after December 31, 1994.", and

(6) by adding at the end thereof the following new subsection:

"(f) ELECTION TO HAVE ALCOHOL FUELS CREDIT NOT APPLY.—

"(1) IN GENERAL.—A taxpayer may elect to have this section not apply for any taxable year.

"(2) TIME FOR MAKING ELECTION.—An election under paragraph (1) for any taxable year may be made (or revoked) at any time before the expiration of the 3-year period beginning on the last date prescribed by law for filing the return for such taxable year (determined without regard to extensions).

"(3) MANNER OF MAKING ELECTION.—An election under subsection (a) (or revocation thereof) shall be made in such manner as the Secretary may by regulations prescribe.".

(l) NEW SECTION 41.—New section 41 (relating to employee stock ownership plan) is amended—

(1) by amending paragraph (1) of subsection (a) to read as follows:

"(1) AMOUNT OF CREDIT.—In the case of a corporation which elects to have this section apply for the taxable year and which meets the requirements of subsection (c)(1), for purposes of section 38, the amount of the employee stock ownership credit determined under this section for the taxable year is an amount equal to the amount of the credit determined under paragraph (2) for such taxable year.",

(2) by amending subsection (b) to read as follows:

"(b) CERTAIN REGULATED COMPANIES.—No credit attributable to compensation taken into account for the ratemaking purposes involved shall be determined under this section with respect to a taxpayer if—

"(1) the taxpayer's cost of service for ratemaking purposes or in its regulated books of account is reduced by reason of any portion of such credit which results from the transfer of employer securities or cash to a tax credit employee stock ownership plan which meets the requirements of section 409;

"(2) the base to which the taxpayer's rate of return for ratemaking purposes is applied is reduced by reason of any portion of such credit which results from a transfer described in paragraph (1) to such employee stock ownership plan; or

"(3) any portion of the amount of such credit which results from a transfer described in paragraph (1) to such employee stock ownership plan is treated for ratemaking purposes in any way other than as though it had been contributed by the taxpayer's common shareholders.

Under regulations prescribed by the Secretary, rules similar to the rules of paragraphs (4) and (7) of section 46(f) shall apply for purposes of the preceding sentence.", and

(3) by striking out "the credit allowed under this section" in subsection (c)(3) and inserting in lieu thereof "the credit determined under this section".

(m) REPEAL OF CERTAIN OLD PROVISIONS.—

(1) Old sections 38, 40, 44, and 44B are hereby repealed.

(2) Old subpart C of part IV of subchapter A of chapter 1 is hereby repealed.

(n) REDESIGNATION OF OLD SUBPARTS.—

(1) Old subparts B and D of part IV of subchapter A of chapter 1 are redesignated as subparts E and F, respectively.

(2) The subpart heading for subpart F of part IV of subchapter A of chapter 1 (as so redesignated) is amended to read as follows:

"Subpart F—Rules for Computing Targeted Jobs Credit".

(3) The table of subparts for such part IV (as amended by subsection (a) of section 851) is amended by adding at the end thereof the following:

"Subpart E. Rules for computing credit for investment in certain depreciable property.

"Subpart F. Rules for computing targeted jobs credit.".

(o) INVESTMENT TAX CREDIT.—

(1) Section 46 (relating to amount of investment tax credit) is amended by striking

out subsections (a) and (b) and inserting in lieu thereof the following:

"(a) AMOUNT OF INVESTMENT CREDIT.—For purposes of section 38, the amount of the investment credit determined under this section for any taxable year shall be an amount equal to the sum of the following percentages of the qualified investment (as determined under subsections (c) and (d)):

"(1) the regular percentage,

"(2) in the case of energy property, the energy percentage, and

"(3) in the case of that portion of the basis of any property which is attributable to qualified rehabilitation expenditures, the rehabilitation percentage.

"(b) DETERMINATION OF PERCENTAGES.—For purposes of subsection (a)—

"(1) REGULAR PERCENTAGE.—The regular percentage is 10 percent.

"(2) ENERGY PERCENTAGE.—

"(A) IN GENERAL.—The energy percentage shall be determined in accordance with the following table:

"Column A—Description	Column B—Percentage	Column C—Period	
		For the period	
In the case of:	The energy percentage is	Beginning on	And ending on
(i) General Rule.—Property not described in any of the following provisions of this column.	10 percent...	Oct. 1, 1978.	Dec. 31, 1982.
(ii) Solar, Wind, or Geothermal Property.—Property described in section 48(l)(2)(A)(ii) or 48(l)(3)(A)(vii).	A. 10 percent.	Oct. 1, 1978	Dec. 31, 1979
	B. 15 percent	Jan. 1, 1980	Dec. 31, 1985
(iii) Ocean Thermal Property.—Property described in section 48(l)(3)(A)(ix).	15 percent...	Jan. 1, 1980.	Dec. 31, 1985.
(iv) Qualified Hydroelectric Generating Property.—Property described in section 48(l)(2)(A)(vii).	11 percent...	Jan. 1, 1980.	Dec. 31, 1985.
(v) Qualified Intercity Buses.—Property described in section 48(l)(2)(A)(ix).	10 percent...	Jan. 1, 1980.	Dec. 31, 1985.
(vi) Biomass Property.—Property described in section 48(l)(15).	10 percent...	Oct. 1, 1978.	Dec. 31, 1985.
(vii) Chlor-Alkali Electrolytic Cells.—Property described in section 48(l)(5)(M).	10 percent...	Jan. 1, 1980.	Dec. 31, 1982.

"(B) PERIODS FOR WHICH PERCENTAGE NOT SPECIFIED.—In the case of any energy property, the energy percentage shall be zero for any period for which an energy percentage is not specified for such property under subparagraph (A) (as modified by subparagraphs (C) and (D)).

"(C) LONGER PERIOD FOR CERTAIN LONG-TERM PROJECTS.—For the purpose of applying the energy percentage contained in clause (i) of subparagraph (A) with respect to property which is part of a project with a normal construction period of 2 years or more (within the meaning of subsection (d)(2)(A)(i)), 'December 31, 1990' shall be substituted for 'December 31, 1982' if—

"(i) before January 1, 1983, all engineering studies in connection with the commencement of the construction of the project have been completed and all environmental and construction permits required under Federal, State, or local law in connection with the commencement of the construction of the project have been applied for, and

"(ii) before January 1, 1986, the taxpayer has entered into binding contracts for the acquisition, construction, reconstruction, or erection of equipment specially designed for the project and the aggregate cost to the taxpayer of that equipment is at least 50 percent of the reasonably estimated cost for all such equipment which is to be placed in service as part of the project upon its completion.

"(D) LONGER PERIOD FOR CERTAIN HYDROELECTRIC GENERATING PROPERTY.—If an application has been docketed by the Federal Energy Regulatory Commission before January 1, 1986, with respect to the installation of any qualified hydroelectric generating property, for purposes of applying the energy percentage contained in clause (iv) of subparagraph (A) with respect to such property, 'December 31, 1988' shall be substituted for 'December 31, 1985'.

"(3) SPECIAL RULE FOR CERTAIN ENERGY PROPERTY.—The regular percentage shall not apply to any energy property which, but for section 48(l)(1), would not be section 38 property. In the case of any qualified hydroelectric generating property which is a fish passageway, the preceding sentence shall not apply to any period after 1979 for which the energy percentage for such property is greater than zero.

"(4) REHABILITATION PERCENTAGE.—

"(A) IN GENERAL.—

"In the case of qualified rehabilitation expenditures with respect to a:	The rehabilitation percentage is:
30-year building	15
40-year building	20
Certified historic structure	25.

"(B) REGULAR AND ENERGY PERCENTAGES NOT TO APPLY.—The regular percentages and the energy percentages shall not apply to that portion of the basis of any property which is attributable to qualified rehabilitation expenditures.

"(C) DEFINITIONS.—For purpose of this paragraph—

"(i) 30-YEAR BUILDING.—The term '30-year building' means a qualified rehabilitated building other than a 40-year building and other than a certified historic structure.

"(ii) 40-YEAR BUILDING.—The term '40-year building' means a qualified rehabilitated building (other than a certified historic structure) which would meet the requirements of section 48(g)(B) if '40' were substituted for '30' each place it appears in subparagraph (B) thereof.

"(iii) CERTIFIED HISTORIC STRUCTURE.—The term 'certified historic structure' means a qualified rehabilitated building which meets the requirements of section 48(g)(3).".

(2) Subclause (II) of section 46(c)(8)(F)(ii) is amended by striking out "section 46(a)(2)(C)" and inserting in lieu thereof "subsection (b)(2)".

(3)(A) Paragraph (1) of section 46(e) is amended—

(i) by striking out "and the $25,000 amount specified under subparagraphs (A) and (B) of subsection (a)(3)", and

(ii) by striking out "such items" and inserting in lieu thereof "such qualified investment".

(B) Paragraph (2) of section 46(e) is amended by striking out "the items described therein" and inserting in lieu thereof "qualified investment".

(4)(A) Paragraphs (1) and (2) of section 46(f) are each amended by striking out "no credit shall be allowed by section 38" and inserting in lieu thereof "no credit determined under subsection (a) shall be allowed by section 38".

(B) Paragraphs (1) and (2) of section 46(f) are each amended by striking out "the credit allowable by section 38" each place it appears and inserting in lieu thereof "the credit determined under subsection (a) and allowable by section 38".

(C) Subparagraph (B) of section 46(f)(4) is amended by striking out "the credit allowed by section 38" and inserting in lieu thereof "the credit determined under subsection (a) and allowed by section 38".

(5) Paragraph (8) of section 46(f) is amended—

(A) by striking out "the credit allowable under section 38" each place it appears and inserting in lieu thereof "the credit determined under subsection (a) and allowable under section 38", and

(B) by striking out "(within the meaning of subsection (a)(7)(C))" and inserting in lieu thereof "(within the meaning of the first sentence of subsection (c)(3)(B))".

(6) Paragraph (2) of section 46(g) is amended by striking out "the limitation of subsection (a)(3)" and inserting in lieu thereof "the limitation of section 38(c)".

(7) Paragraph (1) of section 46(h) is amended—

(A) by striking out "the credit allowable to the organization under section 38" and inserting in lieu thereof "the credit determined under subsection (a) and allowable to the organization under section 38", and

(B) by striking out "the limitation contained in subsection (a)(3)" and inserting in lieu thereof "the limitation contained in section 38(c)".

(8) Paragraphs (5) and (6) of section 47(a) are each amended by striking out "under section 46(b)" and inserting in lieu thereof "under section 39".

(9) Subsection (c) of section 47 is amended by striking out "subpart A" and inserting in lieu thereof "subpart A, B, or D".

(10) Subparagraph (B) of section 48(c)(3) is amended by striking out "section 46(b)" and inserting in lieu thereof "section 39".

(11) Subparagraph (B) of section 48(d)(1) is amended by striking out "section 46(a)(6)" and inserting in lieu thereof "section 38(c)(3)(B)".

(12) Subsection (f) of section 48 is amended—

(A) by adding "and" at the end of paragraph (1),

(B) striking out ", and" at the end of paragraph (2) and inserting in lieu thereof a period, and

(C) by striking out paragraph (3).

(13) Paragraph (1) of section 48(l) is amended by striking out "section 46(a)(2)(C)" and inserting in lieu thereof "section 46(b)(2)".

(14) Subsection (m) of section 48 is amended by striking out "subsection (a)(2)" and inserting in lieu thereof "subsection (b)".

(15) Subsection (n) of section 48 (relating to requirements for allowance of employee plan percentage) is hereby repealed; except that paragraph (4) of section 48(n) of the Internal Revenue Code of 1954 (as in effect before its repeal by this paragraph) shall continue to apply in the case of any recapture under section 47(f) of such Code of a credit allowable for a taxable year beginning before January 1, 1984.

(16) Subsection (o) of section 48 (defining certain credits) is amended by striking out paragraphs (3), (4), (5), (6), and (7) and by redesignating paragraph (8) as paragraph (3).

(17) Subsection (q) of section 48 is amended—

(A) by striking out "section 46(a)(2)" each place it appears and inserting in lieu thereof "section 46(a)", and

(B) by striking out "section 46(a)(2)(B)" each place it appears and inserting in lieu thereof "section 46(b)(1)".

(18) Subsection (r) of section 48 is amended by striking out "section 381(c)(23)" and

inserting in lieu thereof "section 381(c)(26)".

(p) TARGETED JOBS CREDIT.—

(1) Subsection (a) of section 51 (relating to amount of targeted jobs credit) is amended to read as follows:

"(a) DETERMINATION OF AMOUNT.—For purposes of section 38, the amount of the targeted jobs credit determined under this section for the taxable year shall be the sum of—

"(1) 50 percent of the qualified first-year wages for such year, and

"(2) 25 percent of the qualified second-year wages for such year.".

(2) Subsection (g) of section 51 is amended by striking out "the credit provided by section 44B" and inserting in lieu thereof "the targeted jobs credit determined under this subpart".

(3) Section 51 is amended by adding at the end thereof the following new subsection:

"(j) ELECTION TO HAVE TARGETED JOBS CREDIT NOT APPLY.—

"(1) IN GENERAL.—A taxpayer may elect to have this section not apply for any taxable year.

"(2) TIME FOR MAKING ELECTION.—An election under paragraph (1) for any taxable year may be made (or revoked) at any time before the expiration of the 3-year period beginning on the last date prescribed by law for filing the return for such taxable year (determined without regard to extensions).

"(3) MANNER OF MAKING ELECTION.—An election under paragraph (1) (or revocation thereof) shall be made in such manner as the Secretary may by regulations prescribe.".

(4) Subsection (a) of section 52 is amended by striking out "the credit (if any) allowable by section 44B to each such member" and inserting in lieu thereof "the credit (if any) determined under section 51(a) with respect to each such member".

(5) Subsection (b) of section 52 is amended by striking out "the credit (if any) allowable by section 44B" and inserting in lieu thereof "the credit (if any) determined under section 51(a)".

(6) Subsection (c) of section 52 is amended by striking out "credit shall be allowed under section 44B" and inserting in lieu thereof "credit shall be allowed under section 38 for any targeted jobs credit determined under this subpart".

(7) Paragraph (2) of section 52(d) is amended by striking out ", subject to section 53, a credit under section 44B" and inserting in lieu thereof ", subject to section 38(c), a credit under section 38(a)".

(8) Section 53 (relating to limitation based on amount of tax) is hereby repealed.

(9) The table of sections for old subpart D of part IV of subchapter A of chapter 1 is amended by striking out the item relating to section 53.

(q) SECTION 55.—

(1) Paragraph (1) of section 55(c) (relating to credits) is amended—

(A) by striking out "subpart A of part IV" and inserting in lieu thereof "subpart A, B, or D of part IV", and

(B) by striking out "section 33(a)" each place it appears and inserting in lieu thereof "section 27(a)".

(2) Clause (i) of section 55(c)(2)(B) is amended by striking out "section 33(a)" and inserting in lieu thereof "section 27(a)".

(3) Paragraph (3) of section 55(c) is amended to read as follows:

"(3) CARRYOVER AND CARRYBACK OF CERTAIN CREDITS.—In the case of any taxable year for which a tax is imposed by this section, for purposes of determining the amount of any carryover or carryback to any other taxable year of any credit allowable under section 23, 30 or 38, the amount of the limitation under section 25, 30(g), or 38(c) (as the case may be) shall be deemed to be—

"(A) the amount of such limitation for such taxable year (determined without regard to this paragraph), reduced (but not below zero) by

"(B) the amount of the tax imposed by this section for the taxable year, reduced by—

"(i) the amount of the credit allowable under section 27(a),

"(ii) in the case of the limitation under section 30(g), the amount of such tax taken into account under this subparagraph with respect to the limitation under section 25, and

"(iii) in the case of the limitation under section 38(c), the amount of such tax taken into account under this subparagraph with respect to limitations under sections 25 and 30(g).".

(4) Paragraph (2) of section 55(f) is amended by striking out "allowable under subpart A of part IV of this subchapter (other than under sections 31, 39, and 43)" and inserting in lieu thereof "allowable under subparts A, B, and D of part IV of this subchapter".

(r) TECHNICAL AND CONFORMING AMENDMENTS TO OTHER PROVISIONS.—

(1) SECTION 56.—

(A) Subsection (c) of section 56 (defining regular tax deduction) is amended—

(i) by striking out "subpart A of part IV other than sections 39 and 44G" and inserting in lieu thereof "subparts A, B, and D of part IV", and

(ii) by amending the last sentence to read as follows: "For purposes of the preceding sentence, the amount of the credit determined under section 38 for any taxable year shall be determined without regard to the employee stock ownership credit determined under section 41.".

(B) Subparagraph (A) of section 56(e)(1) is amended by striking out clauses (i), (ii), (iii), and (iv) and inserting in lieu thereof the following:

"(i) section 27 (relating to foreign tax credit), and

"(ii) section 38 (relating to general business credit), exceed".

(2) SECTION 86.—Paragraph (1) of section 86(f) (relating to treatment as pension or annuity for certain purposes) is amended by striking out "section 43(c)(2)" and inserting in lieu thereof "section 32(c)(2)".

(3) SECTION 87.—Section 87 (relating to alcohol fuel credit included in income) is amended to read as follows:

"SEC. 87. ALCOHOL FUEL CREDIT.

"Gross income includes the amount of the alcohol fuel credit determined with respect to the taxpayer for the taxable year under section 40(a).".

(4) SECTION 103.—Clause (iv) of section 103(b)(6)(F) (relating to certain capital expenditures not taken into account) is amended by striking out "section 44F(b)(2)(A)" and inserting in lieu thereof "section 30(b)(2)(A)".

(5) SECTION 108.—Subparagraph (B) of section 108(b)(2) (relating to reduction of tax attributes in title 11 case or insolvency) is amended to read as follows:

"(B) RESEARCH CREDIT AND GENERAL BUSINESS CREDIT.—Any carryover to or from the taxable year of a discharge of an amount for purposes of determining the amount allowable as a credit under—

"(i) section 30 (relating to credit for increasing research activities), or

"(ii) section 38 (relating to general business credit).

For purposes of this subparagraph, there shall not be taken into account any portion of a carryover which is attributable to the employee stock ownership credit determined under section 41.".

(6) SECTION 129.—

(A) Paragraph (2) of section 129(b) (relating to earned income limitation) is amended by striking out "section 44A(e)(2)" and inserting in lieu thereof "section 21(d)(2)".

(B) Paragraph (1) of section 129(e) (defining dependent care assistance) is amended by striking out "section 44A(c)(2)" and inserting in lieu thereof "section 21(b)(2)".

(C) Paragraph (2) of section 129(e) (defining earned income) is amended by striking out "section 43(c)(2)" and inserting in lieu thereof "section 32(c)(2)".

(7) SECTION 168.—

(A) Clause (i) of section 168(i)(1)(D), as added by section 208(a) of the Tax Equity and Fiscal Responsibility Act of 1982, is amended by striking out "subpart A of part IV" and inserting in lieu thereof "subparts A, B, and D of part IV".

(B) Clause (iii) of section 168(i)(1)(D), as added by section 208(a) of the Tax Equity and Fiscal Responsibility Act of 1982, is amended by striking out "under the last sentence of section 53(a)" and inserting in lieu thereof "under section 25(b)(2)".

(C) Subparagraph (A) of section 168(i)(4), as added by section 208(a) of the Tax Equity and Fiscal Responsibility Act of 1982, is amended by striking out "subpart A of part IV of subchapter A of this chapter" and inserting in lieu thereof "section 38".

(D) Clause (i) of section 168(i)(1)(D), as added by section 209(b) of the Tax Equity and Fiscal Responsibility Act of 1982, is amended by striking out "subpart A of part IV" and inserting in lieu thereof "subparts A, B, and D of part IV".

(E) Clause (iii) of section 168(i)(1)(D), as added by section 209(b) of the Tax Equity and Fiscal Responsibility Act of 1982, is amended by striking out "under the last sentence of section 53(a)" and inserting in lieu thereof "under section 25(b)(2)".

(8) SECTION 196.—

(A) Section 196 (relating to deduction for certain unused investment credits) is amended to read as follows:

"SEC. 196. DEDUCTION FOR CERTAIN UNUSED BUSINESS CREDITS.

"(a) ALLOWANCE OF DEDUCTION.—If any portion of the qualified business credits determined for any taxable year has not, after the application of section 38(c), been allowed to the taxpayer as a credit under section 38 for any taxable year, an amount equal to the credit not so allowed shall be allowed to the taxpayer as a deduction for the first taxable year following the last taxable year for which such credit could, under section 39, have been allowed as a credit.

"(b) TAXPAYER'S DYING OR CEASING TO EXIST.—If a taxpayer dies or ceases to exist before the first taxable year following the last taxable year for which the qualified business credits could, under section 39, have been allowed as a credit, the amount described in subsection (a) (or the proper portion thereof) shall, under regulations prescribed by the Secretary, be allowed to the taxpayer as a deduction for the taxable year in which such death or cessation occurs.

"(c) QUALIFIED BUSINESS CREDITS.—For purposes of this section, the term 'qualified business credits' means—

"(1) the investment credit determined under section 46(a) (but only to the extent attributable to property the basis of which is reduced by section 48(q)),

"(2) the targeted jobs credit determined under section 51(a), and

"(3) the alcohol fuels credit determined under section 40(a).

"(d) SPECIAL RULE FOR INVESTMENT TAX CREDIT.—In the case of the investment credit determined under section 46(a) (other than a credit to which section 48(q)(3) applies), subsection (a) shall be applied by substituting 'an amount equal to 50 percent of' for 'an amount equal to'.".

(B) The table of sections for part VI of subchapter B of chapter 1 is amended by striking out the item relating to section 196 and inserting in lieu thereof:

"Sec. 196. Deduction for certain unused business credits.".

(9) SECTION 213.—Subsection (e) of section 213 (relating to exclusion of amounts allowed for care of certain dependents) is amended by striking out "section 44A" and inserting in lieu thereof "section 21".

(10) SECTION 280C.—

(A) Section 280C (relating to certain expenses for which credits are allowable) is amended by striking out subsection (a) and by redesignating subsections (b) and (c) as subsections (a) and (b), respectively.

(B) Subsection (a) of section 280C (as so redesignated) is amended—

(i) by striking out the first sentence and inserting in lieu thereof the following: "No deduction shall be allowed for that portion of the wages or salaries paid or incurred for the taxable year which is equal to the amount of the credit determined for the taxable year under section 51(a).", and

(ii) by striking out "SECTION 44B CREDIT" in the subsection heading and inserting in lieu thereof "TARGETED JOBS CREDIT".

(C) Subsection (b) of section 280C (as so redesignated) is amended by striking out "44H" each place it appears and inserting in lieu thereof "29".

(D) Paragraph (3) of section 280C(b) (as so redesignated) is amended—

(i) by striking out "section 44F(f)(5)" and inserting in lieu thereof "section 30(f)(5)",

(ii) by striking out "section 44F(f)(1)(B)" and inserting in lieu thereof "section 30(f)(1)(B)",

(iii) by striking out "section 44F(f)(1)" and inserting in lieu thereof "section 30(f)(1)".

(11) SECTION 381.—Subsection (c) of section 381 is amended—

(A) by striking out paragraphs (23), (24), (26), (27), and (30),

(B) by redesignating paragraphs (25), (28), and (29) as paragraphs (23), (24), and (25), respectively,

(C) by striking out "44F" each place it appears in paragraph (25) (as so redesignated) and inserting in lieu thereof "30", and

(D) by adding at the end thereof the following new paragraph:

"(26) CREDIT UNDER SECTION 38.—The acquiring corporation shall take into account (to the extent proper to carry out the purposes of this section and section 38, and under such regulations as may be prescribed by the Secretary) the items required to be taken into account for purposes of section 38 in respect of the distributor or transferor corporation.".

(12) SECTION 383.—

(A) Section 383 (as in effect on the day before the date of the enactment of the Tax Reform Act of 1976) is amended—

(i) by striking out "with respect to any unused investment credit" and all that follows and inserting in lieu thereof the following: "with respect to any unused business credit of the corporation which can otherwise be carried forward under section 39, to any unused credit of the corporation which could otherwise be carried forward under section 30(g)(2), to any excess foreign taxes of the corporation which could otherwise be carried forward under section 904(c), and to any net capital loss of the corporation which can otherwise be carried forward under section 1212.", and

(ii) by striking out the section heading and inserting in lieu thereof the following:

"SEC. 383. SPECIAL LIMITATIONS ON UNUSED BUSINESS CREDITS, RESEARCH CREDITS, FOREIGN TAXES, AND CAPITAL LOSSES.".

(B) Section 383 (as amended by the Tax Reform Act of 1976) is amended—

(i) by striking out "with respect to any unused investment credit" and all that follows and inserting in lieu thereof the following: "with respect to any unused business credit of the corporation under section 39, to any unused credit of the corporation under section 30(g)(2), to any excess foreign taxes of the corporation under section 904(c), and to any net capital loss of the corporation under section 1212.", and

(ii) by striking out the section heading and inserting in lieu thereof the following:

"SEC. 383. SPECIAL LIMITATIONS ON UNUSED BUSINESS CREDITS, RESEARCH CREDITS, FOREIGN TAXES, AND CAPITAL LOSSES.".

(C) The table of sections for part V of subchapter C of chapter 1 is amended by striking out the item relating to section 383 and inserting in lieu thereof the following:

"Sec. 383. Special limitations on unused business credits, research credits, foreign taxes, and capital losses.".

(13) Paragraph (21) of section 401(a) is amended by striking out "allowable—" and all that follows and inserting in lieu thereof "allowable under section 41 if the employer made the transfer described in section 41(c)(1)(B).".

(14) SECTION 404.—Subsection (i) of section 404 (relating to deductibility of unused portions of employee stock ownership credit) is amended to read as follows:

"(i) DEDUCTIBILITY OF UNUSED PORTIONS OF EMPLOYEE STOCK OWNERSHIP CREDIT.—

"(1) UNUSED CREDIT CARRYOVERS.—If any portion of the employee stock ownership credit determined under section 41 for any taxable year has not, after the application of section 38(c), been allowed under section 38 for any taxable year, such portion shall be allowed as a deduction (without regard to any limitations provided under this section) for the last taxable year to which such portion could have been allowed as a credit under section 39.

"(2) REDUCTIONS IN CREDIT.—There shall be allowed as a deduction (subject to the limitations provided under this section) an amount equal to any reduction of the credit allowed under section 41 resulting from a final determination of such credit to the extent such reduction is not taken into account under section 41(c)(3).".

(15) SECTION 409A.—

(A) Section 409A (relating to qualifications for tax credit employee stock ownership plans), is amended by striking out "44G" each place it appears in subsections (b), (g), (i), (m), and (n) and inserting in lieu thereof "41".

(B) Paragraph (1) of section 409A(b) is amended by striking out "48(n)(1)(A) or".

(C) Subsection (g) of section 409A is amended by adding at the end thereof the following new sentence: "For purposes of the preceding sentence, the references to section 48(n)(1) and the employee plan credit shall refer to such section and credit as in effect before the enactment of the Tax Law Simplification and Improvement Act of 1984.".

(D) Subparagraph (A) of section 409A(i)(1) is amended by striking out "48(n)(1) or".

(E) Subsection (k) of section 409A is amended by adding at the end thereof the following new sentence: "For purposes of this subsection, the reference to the matching employee plan credit shall refer to such credit as in effect before the enactment of the Tax Law Simplification and Improvement Act of 1984.".

(16) SECTION 527(g)(1).—Paragraph (1) of section 527(g) (relating to treatment of newsletter funds) is amended by striking out "section 41(c)(2)" and inserting in lieu thereof "section 24(c)(2)".

(17) SECTION 642(a)(2).—Paragraph (2) of section 642(a) (relating to credit for political contributions) is amended by striking out "section 41" and inserting in lieu thereof "section 24".

(18) SECTION 691(b).—Subsection (b) of section 691 (relating to allowance of deductions and credit) is amended by striking out "section 33" each place it appears and inserting in lieu thereof "section 27".

(19) SECTIONS 874(a) AND 882(c)(2).—Sections 874(a) and 882(c)(2) are each amended—

(A) by striking out "32" and inserting in lieu thereof "33", and

(B) by striking out "section 39" and inserting in lieu thereof "section 34".

(20) SECTION 901(a).—Subsection (a) of section 901 (relating to allowance of foreign tax credit) is amended by striking out the last sentence and inserting in lieu thereof the following: "The credit shall not be allowed against any tax treated as a tax not imposed by this chapter under section 25(b)."

(21) SECTION 904(g).—Subsection (g) of section 904 (relating to limitation on foreign tax credit) is amended to read as follows:

"(g) COORDINATION WITH NONREFUNDABLE PERSONAL CREDITS.—In the case of an individual, for purposes of subsection (a), the tax against which the credit is taken is such tax reduced by the sum of the credits allowable under subpart A of part IV of subchapter A of this chapter.".

(22) SECTION 936.—

(A) Clause (i)(I)(a) of section 936(h)(5)(C) is amended by striking out "section 44F(b)" and inserting in lieu thereof "section 30(b)".

(B) Clause (i)(IV)(c) of section 936(h)(5)(C) is amended—

(i) by striking out "section 44F" and inserting in lieu thereof "section 30", and

(ii) by striking out "section 44F(f)" and inserting in lieu thereof "section 30(f)".

(23) SECTION 1016(a)(21).—Paragraph (21) of section 1016(a) (relating to adjustments to basis) is amended—

(A) by striking out "section 44C(e)" and inserting in lieu thereof "section 23(e)", and

(B) by striking out "section 44C" and inserting in lieu thereof "section 23".

(24) SECTION 1033(g)(3)(A).—Subparagraph (A) of section 1033(g)(3) (relating to

election to treat outdoor advertising displays as real property) is amended by striking out "the credit allowed by section 38 (relating to investment in certain depreciable property)" and inserting in lieu thereof "the investment credit determined under section 46(a)".

(25) SECTION 1351(i).—Subsection (i) of section 1351 (relating to adjustments for succeeding years) is amended—

(A) by striking out "section 33" and inserting in lieu thereof "section 27", and

(B) by striking out "section 38 (relating to investment credit)" and inserting in lieu thereof "section 38 (relating to general business credit)".

(26) SECTION 1366(f).—Paragraph (1) of section 1366(f) (relating to special rules) is amended by striking out "section 39" each place it appears and inserting in lieu thereof "section 34".

(27) SECTION 1374(b).—Subsection (b) of section 1374 (relating to amount of tax imposed on certain capital gains) is amended by striking out "section 39" and inserting in lieu thereof "section 34".

(28) SECTION 1375(c).—Paragraph (1) of section 1375(c) (relating to disallowance of credit) is amended by striking out "section 39" and inserting in lieu thereof "section 34".

(29) SECTION 1451.—

(A) Chapter 3 (relating to withholding of tax on nonresident aliens and foreign corporations and tax-free covenant bonds) is amended by striking out subchapter B and by redesignating subchapter C as subchapter B.

(B) The table of subchapters for chapter 3 is amended by striking out the items relating to subchapters B and C and inserting in lieu thereof the following:

"SUBCHAPTER B. Application of withholding provisions.".

(C) The heading of chapter 3 is amended by striking out "AND TAX-FREE COVENANT BONDS".

(D) The table of chapters for subtitle A is amended by striking out "and tax-free covenant bonds" in the item relating to chapter 3.

(E) Section 12 is amended by striking out paragraph (6) and by redesignating paragraphs (7) and (8) as paragraphs (6) and (7), respectively.

(F) Subsection (f) of section 164 (as in effect before its redesignation by the Social Security Amendments of 1983) is amended by striking out paragraph (1) and by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

(G) Subsection (a) of section 1441 is amended by striking out "except in the cases provided for in section 1451 and".

(H) Paragraph (3) of section 1441(c) is amended by striking out "section 1451" and inserting in lieu thereof "section 1451 (as in effect before its repeal by the Tax Credit Simplification Act of 1984)".

(I) Subsection (a) of section 1442 is amended—

(i) by striking out "or section 1451", and

(ii) by striking out "; except that, in the case of interest described in section 1451 (relating to tax-free covenant bonds), the deduction and withholding shall be at the rate specified therein".

(J) Paragraph (2) of section 6049(b) (relating to amounts not treated as interest) is amended—

(i) by adding "and" at the end of subparagraph (C),

(ii) by striking out ", and" at the end of subparagraph (D) and inserting in lieu thereof a period, and

(iii) by striking out subparagraph (E).

(K) Paragraph (16) of section 7701(a) is amended by striking out "1451,".

(30) SECTION 6096(b).—Subsection (b) of section 6096 (defining income tax liability) is amended by striking out "allowable under sections 33, 37, 38, 40, 41, 42, 44, 44A, 44B, 44C, 44D, 44E, 44F, 44G, and 44H" and inserting in lieu thereof "allowable under part IV of subchapter A of chapter 1 (other than subpart C thereof)".

(31) SECTION 6201(a)(4).—Paragraph (4) of section 6201(a) (relating to erroneous credit under section 39 or 43) is amended—

(A) by striking out "section 39" and inserting in lieu thereof "section 34",

(B) by striking out "section 43" and inserting in lieu thereof "section 32", and

(C) by striking out "SECTION 39 OR 43" in the paragraph heading and inserting in lieu thereof "SECTION 32 OR 34".

(32) SECTION 6211(b).—

(A) Paragraph (1) of section 6211(b) is amended by striking out "without regard to so much of the credit under section 32 as exceeds 2 percent of the interest on obligations described in section 1451" and inserting in lieu thereof "without regard to the credit under section 33".

(B) Paragraph (4) of section 6211(b) is amended by striking out "section 39" and inserting in lieu thereof "section 34".

(33) SECTION 6213(h)(3).—Paragraph (3) of section 6213(h) is amended by striking out "section 39" and inserting in lieu thereof "section 32 or 34".

(34) SECTION 6362(c)(1).—Paragraph (1) of section 6362(c) (relating to qualified resident tax which is a percentage of the Federal tax) is amended by striking out "sections 31 and 39" and inserting in lieu thereof "sections 31 and 34".

(35) SECTION 6401(b).—Subsection (b) of section 6401 (relating to excessive credits treated as overpayments) is amended to read as follows:

"(b) EXCESSIVE CREDITS.—

"(1) IN GENERAL.—If the amount allowable as credits under subpart C of part IV of subchapter A of chapter 1 (relating to refundable credits) exceeds the tax imposed by subtitle A (reduced by the credits allowable under subparts A, B, and D of such part IV), the amount of such excess shall be considered an overpayment.

"(2) SPECIAL RULE FOR CREDIT UNDER SECTION 33.—For purposes of paragraph (1), any credit allowed under section 33 (relating to withholding of tax on nonresident aliens and on foreign corporations) for any taxable year shall be treated as a credit allowable under subpart C of part IV of subchapter A of chapter 1 only if an election under subsection (g) or (h) of section 6013 is in effect for such taxable year.".

(36) SECTION 6411.—

(A) So much of subsection (a) of section 6411 as precedes paragraph (2) thereof (relating to tentative carryback and refund adjustments) is amended to read as follows:

"(a) APPLICATION FOR ADJUSTMENT.—A taxpayer may file an application for a tentative carryback adjustment of the tax for the prior taxable year affected by a net operating loss carryback provided in section 172(b), by a business credit carryback provided in section 39, by a research credit carryback provided in section 30(g)(2) or by a capital loss carryback provided in section 1212(a)(1), from any taxable year. The application shall be verified in the manner prescribed by section 6065 in the case of a return of such taxpayer and shall be filed, on or after the date of filing for the return for the taxable year of the net operating loss, net capital loss, or unused business credit from which the carryback results and within a period of 12 months after such taxable year or, with respect to any portion of a research credit carryback or a business credit carryback attributable to a net operating loss carryback or a net capital loss carryback from a subsequent taxable year, within a period of 12 months from the end of such subsequent taxable year (or, with respect to any portion of a business credit carryback attributable to a research credit carryback from a subsequent taxable year within a period of 12 months from the end of such subsequent taxable year), in the manner and form required by regulations prescribed by the Secretary. The applications shall set forth in such detail and with such supporting data and explanation as such regulations shall require—

"(1) The amount of the net operating loss, net capital loss, unused research credit, or unused business credit;".

(B) Subsections (b) and (c) of section 6411 are each amended by striking out "unused investment credit, unused work incentive program credit, unused new employee credit, unused research credit, or unused employee stock ownership credit" each place it appears and inserting in lieu thereof "unused research credit, or unused business credit".

(37) SECTIONS 6420(g)(2), ETC.—Sections 6420(g)(2), 6421(i)(3), and 6427(i)(3) are each amended by striking out "section 39" and inserting in lieu thereof "section 34".

(38) SECTION 6501(p).—Section 6501 is amended by striking out subsection (p) and by redesignating subsection (q) as subsection (p).

(39) SECTION 6511(d)(4)(C).—Subparagraph (C) of section 6511(d)(4) (defining credit carryback) is amended to read as follows:

"(C) CREDIT CARRYBACK DEFINED.—For purposes of this paragraph, the term 'credit carryback' means any business carryback under section 39 and any research credit carryback under section 30(g)(2).".

(40) SECTION 7871.—Subparagraph (A) of section 7871(a)(6) is amended by striking out "section 41(c)(4)" and inserting in lieu thereof "section 24(c)(4)".

(41) SECTION 9502(d).—Paragraph (3) of section 9502(d) (relating to transfers from the Airport and Airway Trust Fund on account of certain section 39 credits) is amended—

(A) by striking out "section 39" and inserting in lieu thereof "section 34", and

(B) by striking out "SECTION 39 CREDITS" in the heading and inserting in lieu thereof "SECTION 34 CREDITS".

(42) SECTION 9503(c).—Clause (ii) of section 9503(c)(2)(A) (relating to transfers from the Highway Trust Fund for certain repayments and credits) is amended by striking out "section 39" and inserting in lieu thereof "section 34".

SEC. 855. ENERGY CREDITS.

(a) BUSINESS ENERGY TAX CREDITS.—

(1) EXTENSION OF RENEWABLE ENERGY, OCEAN THERMAL, AND BIOMASS CREDITS THROUGH 1988.—Clauses (ii) (relating to solar, wind, or geothermal property), (iii) (relating to ocean thermal property), and (vi) (relating to biomass property) of section 46(b)(2)(A) (relating to amount of invest-

ment tax credit) (as amended by section 851 of this Act) are each further amended by striking out "Dec. 31, 1985." and inserting in lieu thereof "Dec. 31, 1988.".

(2) GEOTHERMAL PROPERTY.—

(A) WATER TEMPERATURE THRESHOLD REDUCED.—Paragraph (3) of section 613(e) (defining geothermal deposit) is amended by inserting immediately before the period at the end of the first sentence, a comma and the following: "having a temperature which equals or exceeds 40 degrees Celsius (104 degrees Fahrenheit) as measured at the wellhead or, in the case of a natural hot spring (where no well is drilled), at the intake to the distribution system".

(B) ALLOCATION RULES.—Paragraph (3) of section 48(l) (relating to energy property) is amended by adding at the end thereof the following new subparagraph:

"(D) SPECIAL RULE FOR GEOTHERMAL EQUIPMENT.—For purposes of subparagraph (A)(viii), with respect to any equipment in which the percentage of the geothermal energy to be used by such equipment—

"(i) is at least 50 percent, such equipment shall be treated as section 38 property only to the extent of the portion of the qualified investment equal to such percentage, and

"(ii) is less than 50 percent, such equipment shall not be treated as section 38 property.".

(3) BIOMASS PROPERTY USE OF QUALIFIED FUEL.—

(A) ADDITIONAL QUALIFIED FUEL.—Subparagraph (C) of section 48(l)(15) (defining biomass property) is amended—

(i) by striking out "and" at the end of clause (i),

(ii) by redesignating clause (ii) as clause (iii), and

(iii) by inserting after clause (i) the following new clause:

"(ii) methane-containing gas for fuel or electricity, produced by anaerobic digestion from nonfossil waste materials at farms or other agricultural facilities, and at facilities for the first processing of agricultural products, and".

(B) EXCLUSION OF CERTAIN PROPERTY.—Section 48(l)(15) (defining biomass property) is amended by adding a new subparagraph (D) to read as follows:

"(D) EXCLUSION OF CERTAIN PROPERTY.—After December 31, 1985, the term 'biomass property' does not include the property of a taxpayer in a trade or business which is included in SIC24 (the forest products industry) or SIC26 (the paper products industry) as published and defined pursuant to section 3504(d)(3) of the Paperwork Reduction Act of 1980 (as in effect on the date of the enactment of the Deficit Reduction Tax Act of 1984).".

(4) AFFIRMATIVE COMMITMENTS FOR SYNTHETIC FUELS PROJECTS EXTENDED.—Subparagraph (C) of section 46(b)(2) (relating to energy percentage) (as so amended) is further amended—

(A) by striking out " 'December 31, 1990' " and inserting in lieu thereof " 'December 31, 1992' ",

(B) by striking out "January 1, 1983" in clause (i) and inserting in lieu thereof "January 1, 1987", and

(C) by striking out "January 1, 1986" in clause (ii) and inserting in lieu thereof "January 1, 1990".

(5) NEW AFFIRMATIVE COMMITMENTS FOR SOLAR, WIND, GEOTHERMAL, AND OCEAN THERMAL PROJECTS.—Paragraph (2) of section 46(b) (relating to energy percentage) is further amended by redesignating subparagraph (D) as subparagraph (E) and by inserting after subparagraph (C) the following new subparagraph:

"(D) LONGER PERIOD FOR SOLAR, WIND, GEOTHERMAL, AND OCEAN THERMAL PROJECTS.—For the purpose of applying the energy percentage contained in clauses (ii) and (iii) of subparagraph (A) with respect to property which is part of a project with a normal construction period of 2 years or more (within the meaning of subsection (d)(2)(A)(i)), 'June 30, 1989' shall be substituted for 'December 31, 1988' if—

"(i) before January 1, 1988, all engineering studies in connection with the commencement of the construction of the project have been completed and all environmental and construction permits required under Federal, State, or local law in connection with the commencement of the construction of the project have been applied for, and

"(ii) before July 1, 1989, the taxpayer has entered into binding contracts for the acquisition, construction, reconstruction, or erection of equipment specially designed for the project and the aggregate cost to the taxpayer of that equipment is at least 50 percent of the reasonably estimated cost for all such equipment which is to be placed in service as part of the project upon its completion.".

(6) DEFINITION OF SHALE OIL PROPERTY WHICH IS TREATED AS ENERGY PROPERTY.—Subsection (b) of section 104 of the Miscellaneous Revenue Act of 1982 (relating to treatment of certain shale oil property as energy property) is amended by striking out "and before January 1, 1983,".

(7) TAR SANDS PROPERTY.—

(A) IN GENERAL.—Subparagraph (A) of section 48(l)(2) (defining energy property) is amended—

(i) by striking out "or" at the end of clause (viii),

(ii) by adding "or" at the end of clause (ix), and

(iii) by adding at the end thereof the following new clause:

"(x) tar sands equipment,".

(B) TAR SANDS EQUIPMENT.—Subsection (l) of section 48 (relating to energy property) is amended by adding at the end thereof the following new paragraph:

"(18) TAR SANDS EQUIPMENT.—The term 'tar sands equipment' means that equipment which is necessary and integral to the mining, quarrying, or extraction of tar sands or the production or extraction of oil from tar sands including equipment used for cracking, coking, hydrogenation, or for similar processes but not including equipment used for refining.".

(b) RESIDENTIAL ENERGY TAX CREDITS.—

(1) REPEAL OF ENERGY CONSERVATION CREDIT AND EXTENSION OF RENEWABLE ENERGY CREDIT.—Subsection (f) of section 23 (relating to residential energy credit) (as redesignated by section 851 of this Act) is amended to read as follows:

"(f) TERMINATION.—

"(1) ENERGY CONSERVATION.—This section shall not apply to qualified energy conservation expenditures made after the date of the enactment of the Deficit Reduction Tax Act of 1984.

"(2) RENEWABLE ENERGY SOURCE.—This section shall not apply to qualified renewable energy source expenditures made after December 31, 1987.".

(2) CONFORMING AMENDMENT.—Subparagraph (B) of section 23(b)(6) (relating to carryover of unused credit) is amended to read as follows:

"(B) LIMITATION ON FUTURE CARRYOVERS.—No amount may be carried under subparagraph (A) to any taxable year beginning after December 31, 1987 (December 31, 1989 in the case of qualified renewable energy source expenditures).".

(c) EFFECTIVE DATE.—Under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1954, the amendments made by this section shall apply to periods beginning after the date of the enactment of this Act.

SEC. 856. THREE-YEAR EXTENSION OF TARGETED JOBS CREDIT.

(a) IN GENERAL.—Paragraph (3) of section 51(c) (defining wages qualifying for targeted jobs credit) is amended by striking out "December 31, 1984" and inserting in lieu thereof "December 31, 1987".

(b) ADDITIONAL AUTHORIZATION OF APPROPRIATIONS.—Paragraph (2) of section 261(f) of the Economic Recovery Tax Act of 1981 is amended by striking out "fiscal years 1983 and 1984" and inserting in lieu thereof "fiscal years 1983, 1984, 1985, 1986, and 1987".

SEC. 857. EFFECTIVE DATES.

(a) GENERAL RULE.—Except as otherwise provided in this subtitle, the amendments made by this subtitle shall apply to taxable years beginning after December 31, 1983, and to carrybacks from such years.

(b) TAX-FREE COVENANT BONDS.—The amendments made by subsections (i) and (r)(29) of section 869 shall not apply with respect to obligations issued before January 1, 1984.

(c) SPECIAL RULE FOR EMPLOYEE PLAN CREDITS.—In the case of any employee plan credit (within the meaning of section 48(o)(3) of the Internal Revenue Code of 1954, without regard to the amendments made by this Act) allowable under section 38 of such Code, such amendments shall not apply to any credit for a taxable year beginning after December 31, 1982, arising out of a carryover of such credit which is attributable to a period before January 1, 1983.

Subtitle H—Capital Gains and Losses

SEC. 858. DECREASE IN HOLDING PERIOD REQUIRED FOR LONG-TERM CAPITAL GAIN TREATMENT.

(a) IN GENERAL.—

(1) CAPITAL GAINS.—Paragraphs (1) and (3) of section 1222 (relating to other terms relating to capital gains and losses) are each amended by striking out "1 year" and inserting in lieu thereof "6 months".

(2) CAPITAL LOSSES.—Paragraphs (2) and (4) of section 1222 are each amended by striking out "1 year" and inserting in lieu thereof "6 months".

(b) CONFORMING AMENDMENTS.—The following provisions are each amended by striking out "1 year" each place it appears and inserting in lieu thereof "6 months":

(1) Paragraph (1)(B) of section 166(d) (relating to nonbusiness debts).

(2) Subsection (a) of section 341 (relating to treatment of gain to shareholders in the case of collapsible corporations).

(3) Paragraph (2) of subsection (a) and subparagraph (L) of subsection (e)(4) of section 402 (relating to capital gains treatment for certain distributions in the case of a beneficiary of an exempt employees' trust).

(4) Subparagraph (A) of section 403(a)(2) (relating to capital gains treatment for certain distributions in the case of a beneficiary under a qualified annuity plan).

(5) Paragraph (1) of section 423(a) (relating to employee stock purchase plans).

(6) Paragraph (2) of section 582(c) (relating to capital gains of banks).

(7) Subparagraphs (A) and (B) of section 584(c)(1) (relating to inclusions in taxable income of participants in common trust funds).

(8) Paragraphs (3) and (4) of section 642(c) (relating to charitable deductions for certain trusts).

(9) Paragraphs (1) and (2) of section 702(a) (relating to income and credits of partner).

(10) Subparagraph (A) of section 817(a)(1) (relating to certain gains and losses in the case of life insurance companies).

(11) Subparagraph (B) of section 852(b)(3) (relating to taxation of shareholders of regulated investment companies).

(12) Subparagraph (A) of section 856(c)(4) (relating to definition of real estate investment trust).

(13) Paragraphs (3)(B) and (7) of section 857(b) (relating to taxation of shareholders of real estate investment trust).

(14) Paragraphs (11) and (12) of section 1223 (relating to holding period of property).

(15) Section 1231 (relating to property used in the trade or business and involuntary conversions).

(16) Paragraph (2) of section 1232(a) (relating to sale or exchange in the case of bonds and other evidences of indebtedness).

(17) Subsections (b), (d), and subparagraph (A) of subsection (e)(4) of section 1233 (relating to gains and losses from short sales).

(18) Paragraph (1) of section 1234(b) (relating to treatment of the grantor of an option in the case of stock, securities, or commodities).

(19) Subsection (a) of section 1235 (relating to sale or exchange of patents).

(20) Paragraph (4) of section 1246(a) (relating to holding period in the case of gain on foreign investment company stock).

(21) Subsection (i) of section 1247 (relating to loss on sale or exchange of certain stock in the case of foreign investment companies electing to distribute income currently).

(22) Subsections (b) and (g)(3)(C) of section 1248 (relating to gain from certain sales or exchanges of stock in certain foreign corporations).

(23) Subparagraph (A) of section 1251(e)(1) (defining farm recapture property).

(c) TECHNICAL AMENDMENT RELATING TO TIMBER, COAL, AND DOMESTIC IRON ORE.—Section 631 (relating to gain or loss in the case of timber, coal, or domestic iron ore) is amended—

(1) by striking out "for a period of more than 1 year" in the first sentence of subsection (a) and inserting in lieu thereof "on the first day of such year and for a period of more than 6 months before such cutting", and

(2) by striking out "1 year" in subsections (b) and (c) and inserting in lieu thereof "6 months".

(d) TECHNICAL AMENDMENT RELATING TO CERTAIN SHORT-TERM GOVERNMENT OBLIGATIONS.—Section 1232(a)(4)(A) (relating to certain short-term government obligations), as in effect before the amendments made by section 231(c)(4) of the Tax Equity and Fiscal Responsibility Act of 1982, and section 1232(a)(3)(A), as in effect after such amendments, are each amended by striking out "held less than 1 year".

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided by this subsection, the amendments made by this section shall apply to property acquired after February 29, 1984.

(2) CONFORMING AMENDMENTS.—The amendments made by subsection (b) shall take effect on March 1, 1984.

SEC. 859. DECREASE IN AMOUNT OF ORDINARY INCOME AGAINST WHICH CAPITAL LOSS MAY BE OFFSET.

(a) GENERAL RULE.—Subparagraph (B) of section 1211(b)(1) (relating to limitation on capital losses for taxpayers other than corporations) is amended by striking out "the applicable amount" and inserting in lieu thereof "$1,000, ($500 in the case of a married individual filing a separate return)".

(b) CONFORMING AMENDMENT.—Subsection (b) of section 1211 is amended by striking out paragraph (2) and redesignating paragraph (3) as paragraph (2).

(c) REPEAL OF SPECIAL RULE FOR PRE-1970 LOSSES.—Paragraph (3) of section 1212(b) (relating to transitional rule for taxpayers other than corporations) is repealed.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1984.

Subtitle I—Miscellaneous

SEC. 860. ALTERNATIVE TEST FOR DEFINITION OF QUALIFIED REHABILITATED BUILDING.

(a) IN GENERAL.—Paragraph (1) of section 48(g) (relating to qualified rehabilitated buildings) is amended by adding at the end thereof the following new subparagraph:

"(E) ALTERNATIVE TEST FOR DEFINITION OF QUALIFIED REHABILITATED BUILDING.—The requirement in clause (iii) of subparagraph (A) shall be deemed to be satisfied if in the rehabilitation process—

"(i) 50 percent or more of the existing external walls of the building are retained in place as external walls,

"(ii) 75 percent or more of the existing external walls of such building are retained in place as internal or external walls, and

"(iii) 75 percent or more of the existing internal structural framework of such building is retained in place.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to property that is attributable to expenditures incurred after December 31, 1983, in taxable years ending after such date.

SEC. 861. TAX TREATMENT OF REGULATED INVESTMENT COMPANIES.

(a) PERSONAL HOLDING COMPANIES PERMITTED TO BE REGULATED INVESTMENT COMPANIES.—

(1) IN GENERAL.—Subsection (a) of section 851 (defining regulated investment company) is amended by striking out "(other than a personal holding company as defined in section 542)".

(2) SPECIAL RULE FOR RATE OF TAX.—Paragraph (1) of section 852(b) (relating to imposition of tax on regulated investment companies) is amended by adding at the end thereof the following new sentence: "In the case of a regulated investment company which is a personal holding company (as defined in section 542), the tax shall be computed at the highest rate of tax specified in section 11(b).".

(3) REQUIREMENT THAT INVESTMENT COMPANY HAVE NO EARNINGS AND PROFITS ACCUMULATED IN YEAR FOR WHICH IT WAS NOT A REGULATED INVESTMENT COMPANY.—Subsection (a) of section 852 (relating to requirements applicable to regulated investment companies) is amended by striking out "and" at the end of paragraph (1), by striking out the period at the end of paragraph (2) and inserting in lieu thereof ", and", and by adding at the end thereof the following new paragraph:

"(3) either—

"(A) the provisions of this part applied to the investment company for all taxable years ending on or after November 8, 1983, or

"(B) as of the close of the taxable year, the investment company has no earnings and profits accumulated in any taxable year to which the provisions of this part (or the corresponding provisions of prior law) did not apply to it.".

(4) PROCEDURES SIMILAR TO DEFICIENCY DIVIDEND PROCEDURES MADE APPLICABLE.—Section 852 is amended by adding at the end thereof the following new subsection:

"(e) PROCEDURES SIMILAR TO DEFICIENCY DIVIDEND PROCEDURES MADE APPLICABLE.—

"(1) IN GENERAL.—If—

"(A) there is a determination that the provisions of this part do not apply to an investment company for any taxable year (hereinafter in this subsection referred to as the 'non-RIC year'), and

"(B) such investment company meets the distribution requirements of paragraph (2) with respect to the non-RIC year,

for purposes of applying subsection (a)(3) to subsequent taxable years, the provisions of this part shall be treated as applying to such investment company for the non-RIC year.

"(2) DISTRIBUTION REQUIREMENTS.—

"(A) IN GENERAL.—The distribution requirements of this paragraph are met with respect to any non-RIC year if, within the 90-day period beginning on the date of the determination, the investment company makes 1 or more qualified designated distributions and the amount of such distributions is not less than the excess of—

"(i) the portion of the accumulated earnings and profits of the investment company (as of the date of the determination) which are attributable to the non-RIC year, over

"(ii) any interest payable under paragraph (3).

"(B) QUALIFIED DESIGNATED DISTRIBUTION.—For purposes of this paragraph, the term 'qualified designated distribution' means any distribution made by the investment company if—

"(i) section 301 applies to such distribution, and

"(ii) such distribution is designated (at such time and in such manner as the Secretary shall by regulations prescribe) as being taken into account under this paragraph with respect to the non-RIC year.

"(C) EFFECT ON DIVIDENDS PAID DEDUCTION.—Any qualified designated distribution shall not be included in the amount of dividends paid for purposes of computing the dividends paid deduction for any taxable year.

"(3) INTEREST CHARGE.—

"(A) IN GENERAL.—If paragraph (1) applies to any non-RIC year of an investment company, such investment company shall pay interest at the annual rate established under section 6621—

"(i) on an amount equal to 50 percent of the amount referred to in paragraph (2)(A)(i),

"(ii) for the period—

"(I) which begins on the last day prescribed for payment of the tax imposed for the non-RIC year (determined without regard to extensions), and

"(II) which ends on the date the determination is made.

"(B) COORDINATION WITH SUBTITLE F.—Any interest payable under subparagraph (A) may be assessed and collected at any time during the period during which any tax im-

posed for the taxable year in which the determination is made may be assessed and collected.

"(4) PROVISION NOT TO APPLY IN THE CASE OF FRAUD.—The provisions of this subsection shall not apply if the determination contains a finding that the failure to meet any requirement of this part was due to fraud with intent to evade tax.

"(5) DETERMINATION.—For purposes of this subsection, the term 'determination' has the meaning given to such term by section 860(e). Such term also includes a determination by the investment company filed with the Secretary that the provisions of this part do not apply to the investment company for a taxable year.".

(5) EFFECTIVE DATES.—

(A) IN GENERAL.—Except as otherwise provided in this paragraph, the amendments made by this subsection shall apply to taxable years beginning after December 31, 1982.

(B) INVESTMENT COMPANIES WHICH WERE REGULATED INVESTMENT COMPANIES FOR YEARS ENDING BEFORE NOVEMBER 8, 1983.—In the case of any investment company to which the provisions of part I of subchapter M of chapter 1 of the Internal Revenue Code of 1954 applied for any taxable year ending before November 8, 1983, for purposes of section 852(a)(3)(B) of the Internal Revenue Code of 1954 (as amended by this subsection), no earnings and profits accumulated in any taxable year ending before January 1, 1984, shall be taken into account.

(C) INVESTMENT COMPANIES BEGINNING BUSINESS IN 1983.—In the case of an investment company which began business in 1983 (and was not a successor corporation), earnings and profits accumulated during its first taxable year shall not be taken into account for purposes of section 852(a)(3)(B) of such Code (as so amended).

(b) SHORT-TERM OBLIGATIONS ISSUED ON A DISCOUNT BASIS.—

(1) IN GENERAL.—Paragraph (2) of section 852(b) (defining investment company taxable income) is amended by adding at the end thereof the following new subparagraph:

"(F) The taxable income shall be computed without regard to section 454(b) (relating to short-term obligations issued on a discount basis) if the company so elects in a manner prescribed by the Secretary.".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to taxable years beginning after December 31, 1978.

SEC. 862. TAX TREATMENT OF COOPERATIVE HOUSING CORPORATIONS.

Section 216 is amended—

(1) by striking out "an individual" in subsection (b)(2) and inserting in lieu thereof "a person",

(2) by striking out "such individual" in subsection (b)(2) and inserting in lieu thereof "such person",

(3) by amending paragraph (5) of subsection (b) to read as follows:

"(5) ENTITLEMENT OF OCCUPANCY.—If a person acquires stock of a cooperative housing corporation by operation of law, there shall not be taken into account for purposes of this section the fact that by agreement with the cooperative housing corporation, the person or his nominee may not occupy the house or apartment without the prior approval of such corporation. If a person other than an individual acquires stock of a cooperative housing corporation, there shall not be taken into account for purposes of this section the fact that by agreement with the cooperative housing corporation, the person's nominee may not occupy the house or apartment without the prior approval of such corporation.",

(4) by amending paragraph (6) of subsection (b) to read as follows:

"(6) ORIGINAL SELLER.—If the original seller acquires any stock of the cooperative housing corporation from the corporation not later than one year after the date on which the apartments or houses (or leaseholds therein) are transferred by the original seller to the corporation, there shall not be taken into account for purposes of this section the fact that by agreement with the corporation the original seller or its nominee may not occupy the house or apartment without the prior approval of the corporation. For purposes of this paragraph, the term "original seller" means the person from whom the corporation has acquired the apartments or houses (or leaseholds therein).",

(5) by amending subsection (c) to read as follows:

"(c) TREATMENT AS PROPERTY SUBJECT TO DEPRECIATION.—

"(1) IN GENERAL.—So much of the stock of a tenant-stockholder in a cooperative housing corporation as is allocable, under regulations prescribed by the Secretary, to a proprietary lease or right of tenancy in property subject to the allowance for depreciation under section 167(a) shall, to the extent such proprietary lease or right of tenancy is used by such tenant-stockholder in a trade or business or for the production of income, be treated as property subject to the allowance for depreciation under section 167(a). The preceding sentence shall not be construed to limit or deny a deduction for depreciation under 167(a) by a cooperative housing corporation with respect to property owned by such a corporation and leased to tenant-stockholders.

"(2) SUSPENSION OF DEPRECIATION DEDUCTIONS.—A tenant-stockholder shall be allowed a depreciation deduction in a taxable year for the portion of his stock allocable to a proprietary lease or right of tenancy in property subject to the allowance for depreciation under section 167(a) only to the extent of the portion of the adjusted basis for his stock allocable to such depreciable property at the end of the tenant-stockholder's taxable year in which such deduction was incurred. A tenant-stockholder's depreciation deduction in excess of the basis for his stock allocable to such depreciable property at the end of the tenant-stockholder's taxable year will not be allowed for that year However, any depreciation deduction so disallowed shall be allowed as a depreciation deduction at the end of the first succeeding taxable year of the tenant-stockholder, and subsequent taxable years of the tenant-stockholder, to the extent that the tenant-stockholder's adjusted basis for his stock allocable to such depreciable property at the end of any such year exceeds zero (before reduction for such depreciation deduction for such year).", and

(6) by adding at the end thereof a new subsection (d) to read as follows:

"(d) DISALLOWANCE OF DEDUCTION FOR CERTAIN PAYMENTS TO THE CORPORATION.—No deduction shall be allowed to a stockholder in a cooperative housing corporation for any amount paid or accrued to such corporation within the taxable year (in excess of the stockholder's proportionate share of the items described in subsections (a)(1) and (a)(2)) to the extent that, under regulations prescribed by the Secretary, such amount is properly allocable to amounts paid or incurred at any time by the corporation that are chargeable to the corporation's capital account. The stockholder's adjusted basis for his stock in the corporation shall be increased by the amount of such disallowance.".

SEC. 863. EXCLUSION OF CERTAIN SERVICES FROM THE FEDERAL UNEMPLOYMENT TAX ACT.

Subsection (b) of section 822 of the Economic Recovery Tax Act of 1981 (26 U.S.C. 3306 note) is amended by striking out "and before January 1, 1983" and inserting in lieu thereof "and before January 1, 1985".

SEC. 864. EXTENSION OF PAYMENT-IN-KIND TAX TREATMENT ACT OF 1983 TO WHEAT FOR 1984 CROP YEAR.

(a) EXTENSION.—

(1) IN GENERAL.—Section 5 of the Payment-in-Kind Tax Treatment Act of 1983 (relating to definitions and special rules) is amended by redesignating subsection (b) as subsection (c) and by inserting after subsection (a) the following new subsection:

"(b) EXTENSION TO WHEAT PLANTED AND HARVESTED IN 1984.—In the case of wheat—

"(1) any reference in this Act to the 1983 crop year shall include a reference to the 1984 crop year, and

"(2) any reference to the 1983 payment-in-kind program shall include a reference to any program for the 1984 year for wheat which meets the requirements of subparagraphs (A) and (B) of subsection (a)(1).".

(2) DEFINITION OF CROP YEAR.—Paragraph (2) of section 5(a) of such Act is amended to read as follows:

"(2) CROP YEAR.—The term '1983 crop year' means the crop year for any crop the planting or harvesting period for which occurs during 1983. The term '1984 crop year' means the crop year for wheat the planting and harvesting period for which occurs during 1984.".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply with respect to commodities received for the 1984 crop year (as defined in section 5(a)(2) of the Payment-in-Kind Tax Treatment Act of 1983 as amended by subsection (a)).

(2) INCOME TAX TREATMENT NOT TO APPLY FOR 1984 CROP YEAR TO THE EXTENT PAYMENTS DETERMINED TO BE ILLEGAL.—

(A) IN GENERAL.—If it is determined in a judicial proceeding brought under subparagraph (B) that the $50,000 limitation of section 1101(1) of the Agriculture and Food Act of 1981 applies to payments-in-kind under the Payment-in-Kind (PIK) programs, section 2(a) of the Payment-in-Kind Tax Treatment Act of 1983 shall apply to commodities received for the 1984 crop year only to the extent that the receipt of such commodities is legal under such determination.

(B) COMPTROLLER GENERAL TO BRING ACTION FOR DECLARATORY JUDGMENT.—

(i) IN GENERAL.—Not later than 60 days after the date of the enactment of this Act, the Comptroller General of the United States shall (and notwithstanding any other provision of law is hereby authorized to) bring an action in the name of the United States against the Secretary of Agriculture in the United States District Court for the District of Columbia for a declaration with respect to the issue of whether the $50,000 limitation of section 1101(1) of the Agriculture and Food Act of 1981 applies to payments-in-kind under the Payment-in-Kind (PIK) programs.

(ii) PRIORITY.—To the maximum extent possible, the United States District Court for the District of Columbia shall give priority to the action brought under this subparagraph.

(C) DECLARATION ONLY TO APPLY FOR INCOME TAX TREATMENT FOR 1984 CROP YEAR.—Nothing in any declaration in a proceeding brought under subparagraph (B) shall affect—

(i) the tax treatment under the Payment-in-Kind Tax Treatment Act of 1983 for the 1983 crop year,

(ii) the tax treatment under such Act for the 1984 crop year other than the tax treatment under section 2(a) of such Act, or

(iii) the tax treatment of a cooperative with respect to commodities received on behalf of another person.

SEC. 865. ACQUISITION INDEBTEDNESS OF CERTAIN EDUCATIONAL INSTITUTIONS AND CERTAIN CORPORATIONS MANAGING PROPERTY FOR TAX-EXEMPT ORGANIZATIONS; TAX-EXEMPTION FOR SUCH CORPORATIONS.

(a) ACQUISITION INDEBTEDNESS.—Paragraph (9) of section 514(c) (relating to unrelated debt-financed income) is amended to read as follows:

"(9) REAL PROPERTY ACQUIRED BY A QUALIFIED ORGANIZATION.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'acquisition indebtedness' does not, for purposes of this section, include indebtedness incurred by a qualified organization in acquiring or improving any real property.

"(B) EXCEPTIONS.—The provisions of subparagraph (A) shall not apply in any case in which—

"(i) the acquisition price is not a fixed amount determined as of the date of acquisition;

"(ii) the amount of any indebtedness or any other amount payable with respect to such indebtedness, or the time for making any payment of any such amount, is dependent, in whole or in part, upon any revenue, ncome, or profits derived from such real property;

"(iii) the real property is at any time after the acquisition leased by the qualified organization to the person selling such property to such organization or to any person who bears a relationship described in section 267(b) to such person;

"(iv) the real property is acquired by a qualified trust from, or is at any time after the acquisition leased by such trust to, any person who—

"(I) bears a relationship which is described in subparagraph (C), (E), or (G) of section 4975(e)(2) to any plan with respect to which such trust was formed, or

"(II) bears a relationship which is described in subparagraph (F) or (H) of section 4975(e)(2) to any person described in subclause (I);

"(v) the real property is acquired by a title holding company from, or is at any time after the acquisition leased by such foundation to, any person described in section 4946 (a);

"(vi) any person described in clause (iii), (iv), or (v) provides the qualified organization with financing in connection with the acquisition; or

"(vii) the real property acquired by the qualified organization is, at any time after the acquisition, property owned by a partnership and at least one of the partners of such partnership is not a qualified organization.

"(C) QUALIFIED ORGANIZATION.—For purposes of this paragraph, the term 'qualified organization' means—

"(i) an organization described in section 170(b)(1)(A) (ii) and its affiliated support organizations described in section 509(a);

"(ii) an organization described in section 501(c)(24); or

"(iii) any trust which constitutes a qualified trust under section 401.".

(b) TAX-EXEMPT STATUS OF CORPORATIONS ACQUIRING AND MANAGING PROPERTY FOR OTHER TAX-EXEMPT ORGANIZATIONS.—Section 501(c) (relating to the list of exempt organizations) is amended by adding at the end thereof the following new paragraph:

"(24)(A) Any corporation or trust—

"(i) which is organized for the exclusive purposes of—

"(I) acquiring and holding title to property,

"(II) collecting income from such property, and

"(III) remitting the entire amount of income from such property (less expenses) to one or more organizations described in subparagraph (C), and

"(ii) none of the officers, directors, or trustees of which—

"(I) provides investment advice or similar services to such corporation or trust, or

"(II) is a partner, director, officer, or trustee of (or person holding any similar position in) any organization (including a brokerage house) that provides such services to such corporation or trust.

"(B) A corporation or trust shall be described in subparagraph (A) without regard to whether the corporation or trust is organized by one or more organizations described in subparagraph (C).

"(C) An organization is described in this subparagraph if—

"(i) such organization is—

"(I) a qualified pension, profit sharing, or stock bonus plan which meets the requirements of section 401(a),

"(II) a governmental plan (within the meaning of section 414(d)),

"(III) the United States, any State or political subdivision thereof, or any agency or instrumentality of any such governmental unit, or

"(IV) any organization described in paragraph (3).".

(c) EFFECTIVE DATES.—

(1) ACQUISITION INDEBTEDNESS.—The amendment made by subsection (a) shall apply with respect to indebtedness incurred after the date of enactment of this Act.

(2) TAX-EXEMPTION.—The amendments made by subsection (b) shall apply to taxable years beginning after December 31, 1984.

SEC. 866. PHYSICIANS' AND SURGEONS' MUTUAL PROTECTION AND INDEMNITY ASSOCIATIONS.

(a) IN GENERAL.—Section 821 (relating to mutual insurance companies) is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

"(f) CERTAIN PHYSICIANS' AND SURGEONS' MUTUAL PROTECTION AND INDEMNITY ASSOCIATIONS.—

"(1) TREATMENT OF ASSOCIATIONS.—

"(A) CAPITAL CONTRIBUTIONS.—There shall not be included in the gross income of any eligible physicians' and surgeons' mutual protection and indemnity association any initial payment made during any taxable year to such association by a member joining such association which—

"(i) does not release such member from obligations to pay current or future dues, assessments, or premiums; and

"(ii) is a condition precedent to receiving benefits of membership.

Such initial payment shall be included in gross income for such taxable year with respect to any member of such association who elects to deduct such payment pursuant to paragraph (2).

"(B) RETURN OF CONTRIBUTIONS.—

"(i) IN GENERAL.—The repayment to any member of any amount of any payment excluded under subparagraph (A) shall not be treated as a policyholder dividend, and is not deductible by the association.

"(ii) SOURCE OF RETURNS.—Except in the case of the termination of a member's interest in the association, any amount distributed to any member shall be treated as paid out of surplus in excess of amounts excluded under subparagraph (A).

"(2) DEDUCTION ELECTION FOR MEMBERS OF ELIGIBLE ASSOCIATIONS.—

"(A) ELECTION TO TREAT PAYMENT AS TRADE OR BUSINESS EXPENSES.—To the extent not otherwise allowable under this title, any member of any eligible association may elect, with notice to and with the consent of such association with respect to such election, to treat any initial payment made during a taxable year to such association as an ordinary and necessary expense incurred in connection with a trade or business for purposes of the deduction allowable under section 162, to the extent such payment does not exceed the amount which would be payable to an independent insurance company for similar insurance coverage (as determined by the Secretary), and further reduced by any annual dues, assessments, or premiums paid during such taxable year. Any excess amount not allowed as a deduction for the taxable year in which such payment was made pursuant to the limitation contained in the preceding sentence shall, subject to such limitation, be allowable as a deduction in any of the 5 succeeding taxable years, in order of time, to the extent not previously allowed as a deduction under this sentence.

"(B) TIME OF ELECTION.—The election under subparagraph (A) shall be made upon joining the association, in a manner prescribed by the Secretary.

"(C) REFUNDS OF INITIAL PAYMENTS.—Any amount attributable to any initial payment to such association described in paragraph (1) which is later refunded for any reason shall be included in the gross income of the recipient in the taxable year received, to the extent a deduction for such payment was allowed. Any amount refunded in excess of such payment shall be included in gross income except to the extent otherwise excluded from income by this title.

"(3) ELIGIBLE ASSOCIATIONS.—The terms 'eligible physicians' and surgeons' mutual protection and indemnity association' and 'eligible association' mean any mutual protection and indemnity association that provides only medical malpractice liability protection for its members and which was operative and was providing such protection under the laws of any State prior to January 1, 1984.".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to payments made to and receipts of physicians' and surgeons' mutual protection and indemnity associations, and refunds of payments by such associations, after the date of the enact-

ment of this Act, in taxable years ending after such date.

(2) RETROACTIVE EFFECT OF THIS SECTION.—A member of any association who in any taxable year ending before the date of the enactment of this Act made payments to such association for which deductions were not initially allowed may, to the extent and in the manner provided by the Internal Revenue Code of 1954, amend applicable earlier tax returns to reflect the deductions authorized by this section, if the association to which such payment was made consents to such treatment and is able to and does so amend its return for the appropriate earlier year to include such amount in its gross income.

SEC. 867. SALE-LEASEBACKS OF PRINCIPAL RESIDENCES.

(a) DEPRECIATION IN SALE-LEASEBACK TRANSACTIONS.—Section 167 (relating to depreciation) is amended by inserting after subsection (h) the following new subsection:

"(i) SALE-LEASEBACK TRANSACTIONS.—

"(1) IN GENERAL.—In the case of property involved in a sale-leaseback transaction, the purchaser-lessor shall be recognized as the absolute owner of the property, and the deduction shall be allowed to the purchaser-lessor and computed under the straight-line method using a useful life of 40 years.

"(2) DEFINITIONS.—For purposes of this subsection—

"(A) SALE-LEASEBACK.—The term 'sale-leaseback' shall include a transaction in which—

"(i) the seller-lessee—

"(I) has attained the age of 55 before the date of such transaction,

"(II) sells property which during the 5-year period ending on the date of the transaction has been owned and used as a principal residence by such seller-lessee for periods aggregating 3 years or more,

"(III) obtains occupancy rights in such property pursuant to a written lease requiring a fair rental, and

"(IV) receives no option to repurchase the property at a price less than the fair market price of the property unencumbered by any leaseback at the time such option is exercised, and

"(ii) the purchaser-lessor—

"(I) is a person,

"(II) is not a related party (as defined in section 267 (b)) or a tax shelter,

"(III) is contractually responsible for the risks and burdens of ownership and receives the benefits of ownership (other than the seller-lessee's occupancy rights) after the date of such transaction, and

"(IV) pays a purchase price for the property that is the fair market price of such property encumbered by a leaseback, and taking into account the terms of the lease.

"(B) OCCUPANCY RIGHTS.—The term 'occupancy rights' means the right to occupy the property for any period of time, including a period of time measured by the life of the seller-lessee on the date of the sale-leaseback transaction (or the life of the surviving seller-lessee, in the case of jointly-held occupancy rights), or a periodic term subject to a continuing right of renewal by the seller-lessee (or by the surviving seller-lessee, in the case of jointly-held occupancy rights).

"(C) FAIR RENTAL.—The term 'fair rental' shall include a rental for any subsequent year which equals or exceeds the fair market rental for the first year of a sale-leaseback transaction, but which does not exceed a fair rental for such subsequent year.

"(D) TAX SHELTER.—The term 'tax shelter' means—

"(i) a partnership or other enterprise (other than a corporation which is not an S corporation) in which interests have been offered for sale, at any time, in any offering required to be registered with a Federal or State agency;

"(ii) a partnership or other enterprise if more than 35 percent of the losses are allocable to limited partners or limited entrepreneurs; or

"(iii) any partnership, entity, plan, or arrangement which is a tax shelter within the meaning of section 6661(b).".

(b) CAPITAL GAINS EXCLUSION IN SALE-LEASEBACK TRANSACTIONS.—Subsection (d) of section 121 (relating to one-time exclusion of gain from sale of principal residence by individual who has attained age 55) is amended by adding at the end thereof the following new paragraph:

"(9) SALE OR EXCHANGE DEFINED.—For purposes of this section, the term 'sale or exchange' shall include a sale-leaseback transaction (as defined in section 167(i)).".

(c) INCOME IN SALE-LEASEBACK TRANSACTION.—

(1) GROSS INCOME.—Part III of subchapter B of chapter 1 (relating to items specifically excluded from gross income) is amended by inserting after section 121 the following new section:

"SEC. 121A. INCOME IN SALE-LEASEBACK TRANSACTIONS.

"Gross income to the seller-lessee or the purchaser-lessor in a sale-leaseback transaction (as defined in section 167(i)) does not include any value of occupancy rights or discount from the fair market price of the property unencumbered by any leaseback, which is attributable to any leaseback.".

(2) GAIN OR LOSS.—Subsection (b) of section 1001 is amended—

(A) by striking out "and" at the end of paragraph (1),

(B) by striking out the period at the end of paragraph (2) and inserting in lieu thereof ", and", and

(C) by inserting after paragraph (2) the following new paragraph:

"(3) in the case of a sale-leaseback transaction (as defined in section 167(i))—

"(A) there shall not be taken into account any value of occupancy rights or discount from the fair market price of the property unencumbered by any leaseback, which is attributable to any leaseback, and

"(B) there shall be taken into account the cost of any annuity purchased for a seller-lessee by a purchaser-lessor.".

(3) CLERICAL AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 is amended by inserting after the item relating to section 121 the following new item:

"Sec. 121A. Income in sale-leaseback transactions.".

(d) INSTALLMENT SALES IN SALE-LEASEBACK TRANSACTIONS.—Section 453 (relating to installment method) is amended—

(1) by redesignating subsection (j) as subsection (k), and

(2) by inserting after subsection (i) the following new subsection:

"(j) APPLICATION WITH SECTION 167(i).—

"(1) IN GENERAL.—In the case of an installment sale in a sale-leaseback transaction (as defined in section 167(i)), subsection (a) shall apply.

"(2) SPECIAL RULE FOR ANNUITIES.—In the case of an annuity purchased for the seller-lessee by the purchaser-lessor in a sale-leaseback transaction, the purchase cost of such annuity shall constitute the amount of consideration received by such seller-lessee attributable to such annuity and shall be deemed received in the year of disposition of the property.".

(e) BASIS OF ANNUITY RECEIVED IN SALE-LEASEBACK TRANSACTION.—Subparagraph (A) of section 72(c)(1) (relating to annuities) is amended by inserting before the comma "(including such amount paid by a purchaser-lessor in a sale-leaseback transaction as defined in section 167(i))".

(f) SALE-LEASEBACK TRANSACTION ENGAGED IN FOR PROFIT.—Section 183 (relating to activities not engaged in for profit) is amended—

(1) by striking out "If" in subsection (d) and inserting in lieu thereof "(1) IN GENERAL.—If",

(2) by inserting after paragraph (1) of subsection (d) (as designated by paragraph (1)) the following new paragraph:

"(2) SALE-LEASEBACK TRANSACTION.—Any sale-leaseback transaction (as defined in section 167(i)), unless the Secretary establishes to the contrary, shall be presumed for purposes of this chapter to be an activity engaged in for profit.", and

"(3) by inserting '(1)' after 'subsection (d)' each place it appears in subsection (e).".

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to sales after the date of the enactment of this Act and before December 31, 1988.

SEC. 868. INCREASE IN EARNED INCOME CREDIT.

(a) IN GENERAL.—Section 32 (relating to earned income credit) (as redesignated by section 851 of this Act) is amended—

(1) by striking out "10 percent" in subsection (a) and inserting in lieu thereof "10.5 percent",

(2) by striking out "$500" in subsection (b)(1) and inseting in lieu thereof "$525",

(3) by striking out "12.5 percent" in in subsection (b)(2) and inserting in lieu thereof "10.5 percent", and

(4) by striking out "$10,000" in subsection (f)(2)(B) and inserting in lieu thereof "$11,000".

(b) ADVANCE PAYMENT OF EARNED INCOME CREDIT.—Paragraph (2) of section 3507 (c) (defining earned income advance amount) is amended—

(1) by striking out "10 percent" in subparagraphs (B)(i) and (C)(i) and inserting in lieu thereof "10.5 percent",

(2) by striking out "$10,000" in subparagraph (B)(ii) and inserting in lieu thereof "$11,000", and

(3) by striking out "$5,000" in subparagraph (C)(ii) and inserting in lieu thereof "$5,500".

(c) CONFORMING AMENDMENT.—Section 3507 (relating to advance payment of earned income credit) is amended by striking out "section 43" each place it appears and inserting in lieu thereof "section 32".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1984.

SEC. 869. INCLUSION OF CAPITAL CONSTRUCTION FUNDS FOR SHORE-BASED FISHERY PROCESSING FACILITIES.

(a) IN GENERAL.—Subsection (a) of section 607 of the Merchant Marine Act, 1936 (46 U.S.C. 1177), is amended to read as follows:

"(a) AGREEMENT RULES.—(1) Any citizen of the United States owning or leasing one or more eligible vessels (as defined in subsection (k)(1)), or one or more eligible fishery facilities (as defined in subsection (k)(10)), may enter into an agreement with the Secretary of Commerce under, and as provided

in, this section to establish a capital construction fund (hereinafter in this section referred to as the 'fund') with respect to any or all of such vessels or facilities. Any agreement entered into under this section—

"(A) shall be for the purpose of providing—

"(i) replacement vessels, additional vessels, or reconstructed vessels, built in the United States and documented under the laws of the United States for operation in the United States, foreign, Great Lakes, or noncontiguous domestic trade,

"(ii) replacement fishing vessels, additional fishing vessels, or reconstructed fishing vessels, built in the United States, American Samoa, the Virgin Islands of the United States, Guam, the Northern Mariana Islands, or any other commonwealth, territory, or possession of the United States and documented under the laws of the United States for operation in the fisheries of the United States, or

"(iii) replacement fishery facilities, additional fishery facilities, or reconstructed fishery facilities, located in the United States, American Samoa, the Virgin Islands of the United States, Guam, the Northern Mariana Islands, or any other commonwealth, territory, or possession of the United States, or

"(B) shall provide for the deposit in the fund of the amounts agreed upon as necessary or appropriate to provide for qualified withdrawals under subsection (f).

"(2) In applying paragraph (1)(A) (ii) or (iii)—

"(A) withdrawals may be made from a capital construction fund for the purchase of a used fishery vessel or a used fishery facility for any reconstruction purpose, if such reconstruction will contribute to the development of the United States fishing industry;

"(B) nothing in this section shall be construed as prohibiting the establishment and use of a capital construction fund—

"(i) with respect to fishing vessels for purposes of acquiring replacement, additional, or reconstructed fishery facilities,

"(ii) with respect to fishery facilities for purposes of acquiring replacement, additional, or reconstructed fishing vessels, or

"(iii) for fishing vessels and fishery facilities; and

"(C) nationals of the United States and citizens of the Northern Mariana Islands shall be treated as citizens of the United States.

"(3) The deposits in the fund, and all withdrawals from the fund, whether qualified or nonqualified, shall be subject to such conditions and requirements as the Secretary of Commerce may by regulation prescribe or are set forth in such agreement; except that the Secretary of Commerce may not require any person to deposit in the fund for any taxable year more than 50 percent of the sum of (A) that portion of such person's taxable income for such year which is attributable to the operation of the agreement vessels, or (B) that portion of such person's taxable income for such year which is attributable to the operation of the agreement fishery facilities. For purposes of the preceding sentence, taxable income shall be computed in the manner provided in subsection (b)(1)(A).

"(4) Notwithstanding any other provision of law, any agreement for any of the purposes set forth in paragraph (1)(A) (ii) or (iii) may be amended in order to—

"(A) allow for the withdrawal of moneys from the fund established by that agreement and the subsequent deposit of those moneys in a fund established, whether by the same or different persons, including partnerships under another existing agreement, or a new agreement, entered into for any such purpose or purposes; or

"(B) provide that one or more other persons may be permitted to become parties thereto and deposit moneys into the fund established by such agreement; whether or not any of the moneys for deposit are withdrawn pursuant to an agreement amended under subparagraph (A).

"(5) The Secretary may not require, in the case of any agreement entered into for the purpose of reconstructing a fishing vessel or fishery facility, that a minimum withdrawal be made from the fund. For purposes of this section, the reconstruction or reconditioning of a fishing vessel or fishery facility does not include the routine minor repair or maintenance of the vessel or facility.".

(b) DEFINITIONS.—Subsection (k) of section 607 of such Act is amended by adding at the end thereof the following new paragraphs:

"(10) The term 'eligible fishery facility' means any fishery facility which is located in the United States.

"(11) The term 'qualified fishery facility' means any fishery facility—

"(A) which is located in the United States, and

"(B) which the person maintaining the fund agrees with the Secretary of Commerce will be used for one or more of the functions described in paragraph (13).

For purposes of this paragraph, paragraphs (1), (2), and (3), insofar as they relate to a fishing vessel, and paragraph (10) the term 'United States' includes American Samoa, the Virgin Islands of the United States, the Northern Mariana Islands, Guam, and any other commonwealth, territory, or possession of the United States; and, when applied with respect to a fishery facility described in paragraph (13)(B), includes the fishery conservation zone established by section 101 of the Fishery Conservation and Management Act of 1976 (16 U.S.C. 1811).

"(12) The term 'agreement fishery facility' means any eligible fishery facility or qualified fishery facility which is subject to an agreement entered into under this section.

"(13) The term 'fishery facility' means—

"(A) for operations on land—

"(i) any structure or appurtenance thereto designed for the unloading and receiving from vessels, the processing, the holding pending processing, the distribution after processing, or the holding pending distribution, of fish from one or more fisheries,

"(ii) the land necessary for any such structure or appurtenance described in clause (i), and

"(iii) equipment which is for use in connection with any such structure or appurtenance and which is necessary for the performance of any function referred to in clause (i); or

"(B) for operations other than on land, any vessel built in the United States and used for, equipped to be used for, or of a type which is normally used for, the processing of fish;

but only if such structure, appurtenance, land, and equipment or vessel is owned by an individual who is a citizen or national of the United States or a citizen of the Northern Mariana Islands or by a corporation, partnership, association, or other entity that is a citizen of the United States within the meaning of section 2 of the Shipping Act, 1916 (46 U.S.C. 802), and for purposes of applying such section 2 with respect to this section—

"(i) the term 'State' as used therein includes any State, or District of Columbia, the Commonwealth of Puerto Rico, American Samoa, the Virgin Islands of the United States, Guam, the Northern Mariana Islands, or any other commonwealth, territory, or possession of the United States; and

"(ii) nationals of the United States or citizens of the Northern Mariana Islands shall be treated as citizens of the United States in meeting any applicable ownership requirement.

"(14) The terms 'fishing' and 'fishing vessel' have the meanings given such terms by paragraphs (10) and (11) of section 3 of the Fishery Conservation and Management Act of 1976 (16 U.S.C. 1802).

"(15) The term 'fish' means finfish, mollusks, crustaceans, and all other forms of marine animal and plantlife other than marine mammals and birds.

"(16) The term 'citizen of the Northern Mariana Islands' means—

"(A) an individual who qualifies under section 8 of the Schedule on Transitional Matters attached to the Constitution of the Northern Mariana Islands; or

"(B) a corporation, partnership, association, or other entity organized or existing under the laws of the Northern Mariana Islands, if such entity is owned (in the sense such term is used in section 2 of the Shipping Act, 1916) by individuals referred to in subparagraph (A) or citizens or nationals of the United States.".

(c) TECHNICAL AND CONFORMING AMENDMENTS.—

(1)(A) Subparagraph (A) of section 607(b)(1) of such Act is amended by inserting "(i)" after "(A)", and by inserting "or, (ii) that portion of the taxable income of the owner or lessee for such year (as so computed) which is attributable to the operation of the agreement fishery facilities," after "the fisheries of the United States".

(B) Subparagraph (B) of section 607(b)(1) of such Act is amended by inserting "or the agreement fishery facilities" after "the agreement vessels".

(C) Subparagraph (C) of section 607(b)(1) of such Act is amended by inserting "or agreement fishery facility" after "any agreement vessel" each place it appears.

(D) Paragraph (2) of section 607(b) of such Act is amended by inserting "or an agreement fishery facility" after "an agreement vessel" and by inserting "or such facility (as the case may be)" after "such vessel".

(2)(A) Subparagraph (A) of section 607(f)(1) of such Act is amended by inserting "or a qualified fishery facility" after "a qualified vessel".

(B) Subparagraph (C) of section 607(f)(1) of such Act is amended to read as follows:

"(C) the payment of the principal on indebtedness incurred in connection with the acquisition, construction, or reconstruction of—

"(i) a qualified vessel,

"(ii) a qualified fishery facility, or

"(iii) a barge or container which is part of the complement of the qualified vessel.".

(3)(A) Paragraphs (2) and (3) of section 607(g) of such Act is amended by inserting "fishery facility," after "vessel," each place it appears.

(B) Paragraph (4) of section 607(g) of such Act is amended by inserting "fishery facilities," after "vessels".

(4) The terms "fishery facility" and "citizen of the Northern Marianas" as used in

this section shall have the meanings given in title XI of the Merchant Marine Act, 1936 (46 U.S.C. 1271-1280).

(d) INVESTMENT TAX CREDIT.—Subsection (g) of section 46 (relating to amount of investment tax credit) is amended—

(1) by inserting "or a qualified fishery facility" after "qualified vessel" in paragraph (1)(A), and

(2) by inserting "AND FISHERY FACILITIES" after "VESSELS" in the heading of such subsection.

(e) EFFECTIVE DATE.—The amendments made by this section shall be effective upon the date of the enactment of this Act.

SEC. 870. ALLOCATION OF EXPENSES TO PARSONAGE ALLOWANCES.

With respect to any mortgage interest or real property tax costs paid or incurred before January 1, 1986, by any minister of the gospel who owned and occupied a home before January 3, 1983 (or had a contract to purchase a home before such date and subsequently owned and occupied such home), the application of section 265(1) of the Internal Revenue Code of 1954 to such costs shall be determined without regard to Revenue Ruling 83-3 (and without regard to any other regulation, ruling, or decision reaching the same result, or a result similar to, the result set forth in such Revenue Ruling).

SEC. 871. TREATMENT OF HOME WON IN LOCAL RADIO CONTEST AND SPECIALLY DESIGNED FOR HANDICAPPED FOSTER CHILD.

(a) If the Federal income tax attributable to the receipt of the prize described in subsection (b) is paid within one year after the date of the enactment of this Act, such payment shall be treated for purposes of the Internal Revenue Code of 1954 as being in full satisfaction of such tax and all interest, additions to the tax, additional amounts, and penalties in respect of liability for such Federal income tax.

(b) For purposes of subsection (a), the prize described in this subsection is a residence which—

(1) was won by the taxpayer in a local radio contest,

(2) was specially designed to meet the needs of a handicapped foster child of the taxpayer,

(3) is the principal residence (within the meaning of section 1034 of such Code) of the taxpayer, and

(4) had a lien placed on it by the Internal Revenue Service on May 24, 1983, after an Internal Revenue Service supervisor had overruled two payment schedules negotiated with the taxpayer for the payment of taxes, interest, and penalties on income attributable to such residence for the taxpayer's 1980 taxable year.

(c) For purposes of subsection (a), the Federal income tax attributable to the prize described in subsection (b) shall be determined without regard to interest, additions to the tax, additional amounts, and penalties.

SEC. 872. RESTRICTIONS ON INVESTIGATIONS AND EXAMINATIONS OF CHURCHES.

(a) IN GENERAL.—Part I of subchapter F of chapter 1 (relating to exempt organizations) is amended by adding at the end thereof the following new section:

"SEC. 505. SPECIAL PROVISIONS RELATING TO CHURCHES.

"(a) RESTRICTIONS ON INVESTIGATIONS OF CHURCHES.—

"(1) IN GENERAL.—The Secretary may commence an investigation or a proceeding to determine whether a church—

"(A) is carrying on an unrelated trade or business (within the meaning of section 513) or otherwise engaged in activities that may be subject to taxation under this title, or

"(B) is exempted under section 501(a) from taxation by reason of its status as a church,

only if the Secretary provides notice of such investigation or proceeding to the church under paragraph (3) and the requirements of paragraph (2) are met with respect to such investigation or proceeding.

"(2) REASONABLE BELIEF.—The requirements of this paragraph are met with respect to an investigation or proceeding described in paragraph (1) if the Secretary of the Treasury or an appropriate high-level delegate of the Secretary reasonably believes (on the basis of facts and circumstances recorded in writing) that the church—

"(A) may not be exempted under section 501(a) from taxation by reason of its status as a church, or

"(B) may be carrying on an unrelated trade or business (within the meaning of section 513) or otherwise engaged in activities subject to taxation under this title.

"(3) NOTICE OF INVESTIGATION.—Before commencing an investigation or proceeding described in paragraph (1), the Secretary shall provide written notice to the church of the commencement of such investigation or proceeding. Such notice shall include—

"(A) citation of the sections of the Internal Revenue Code of 1954 which authorize such investigation or proceeding,

"(B) a general explanation of the applicable administrative and constitutional rights of the church with respect to such investigation or proceeding (including the right to a conference before any examination of church records and the right to make a request under the Freedom of Information Act), and

"(C) an explanation of—

"(i) the concerns which give rise to such investigation or proceeding, and

"(ii) the general subject matter of such investigation or proceeding.

"(b) RESTRICTIONS ON EXAMINATION OF CHURCHES.—

"(1) IN GENERAL.—No examination of the religious activities of any organization claiming to be a church shall be made except to the extent necessary to determine whether such organization is a church, and no examination of any church records of such an organization shall be made except to the extent necessary to determine the amount of tax imposed by this title.

"(2) REQUIREMENTS FOR PERMISSIBLE EXAMINATIONS.—Any examination of religious activities or church records which the Secretary is authorized to conduct under paragraph (1) shall not commence—

"(A) before the day which is 15 days after the date the notice described in paragraph (3) is received by the church, or if later, by the regional counsel for the Internal Revenue Service,

"(B) before any conference requested by the church during such 15-day period has been held,

"(C) before the Secretary has responded to each request under the Freedom of Information Act which—

"(i) is a request for documents relevant to the investigation of the church being conducted by the Secretary, and

"(ii) is properly filed by the church before the close of such 15-day period, or

"(D) before any administrative appeal of the Secretary's response to a request described in subparagraph (C) has been completed.

"(3) NOTICE OF EXAMINATION.—

"(A) IN GENERAL.—At least 15 days before any examination of church records or religious activities of a church, the Secretary shall provide written notice to the church of the church records and religious activities that the Secretary seeks to examine. Such notice shall include—

"(i) an offer to have a conference between the church and a delegate of the Secretary of the Treasury in order to discuss, and attempt to resolve, concerns relating to such examination,

"(ii) an explanation of the right of the church to file a request with the Secretary under the Freedom of Information Act for documents held by the Secretary that are relevant to the investigation of the church being conducted by the Secretary, and

"(iii) a copy of the notice previously provided to the church under subsection (a)(3).

"(B) COPY OF NOTICE PROVIDED TO REGIONAL COUNSEL.—At the same time notice is provided to the church under subparagraph (A), a copy of such notice shall be submitted by the Secretary for review to the regional counsel for the appropriate internal revenue service region.

"(C) EARLIEST DAY NOTICE MAY BE SENT.—The notice described in subparagraph (A) shall not be provided to the church before the day that is 15 days after the day on which notice of the investigation is provided to the church under subsection (a)(3).

"(4) EXAMINATION OF RECORDS AND ACTIVITIES NOT SPECIFIED IN NOTICE.—Within the course of an examination which (at the time of commencement of the examination) meets the requirements of paragraphs (1) and (2), the Secretary may examine any church records or religious activities which were not specified in the notice provided to the church under paragraph (3) if the examination of such church records or religious activities meets the requirements of paragraph (1).

"(c) LIMITATION ON PERIOD OF INVESTIGATION OR PENDING PROCEEDINGS.—

"(1) IN GENERAL.—The Secretary shall—

"(A) complete any investigation or examination described in subsection (a)(1) or (b)(1), and

"(B) make a final determination in any proceeding described in subsection (a)(1),

by no later than the date which is 2 years after the date on which notice of the commencement of such investigation or proceeding was provided to the church under subsection (a)(3).

"(2) SUSPENSION OF 2-YEAR PERIOD.—The running of the 2-year period described in paragraph (1) shall be suspended—

"(A) for any period of time during which—

"(i) a judicial proceeding brought by the church against the Secretary with respect to the investigation or administrative proceeding is pending or being appealed,

"(ii) a judicial proceeding brought by the Secretary against the church or any official of the church to compel compliance with any reasonable request of the Secretary for examination of church records or religious activities is pending or being appealed,

"(iii) the Secretary is unable to take action with respect to the investigation, examination, or proceeding by reason of an order issued in any judicial proceeding brought under section 7609, or

"(iv) a judicial appeal of the refusal of the Secretary, in whole or in part, to comply

with a request under the Freedom of Information Act that—

"(I) relates to such investigation, examination, or proceeding, and

"(II) was properly filed with the Secretary by the church at any time before the close of the 15-day period described in subsection (b)(3)(A),

is pending,

"(B) for the period of time necessary for timely processing by the Secretary of a request under the Freedom of Information Act that is described in subclauses (I) and (II) of subparagraph (A)(iv), or

"(C) for any period of time mutually agreed upon by the Secretary and the church.

"(d) LIMITATION ON ASSESSMENT OF TAX AND REVOCATION OF TAX-EXEMPT STATUS.—

"(1) The Secretary may—

"(A) revoke the classification of an organization as a church that—

"(i) is exempt from taxation by reason of section 501(a), or

"(ii) is described in section 170(c), or

"(B) assess any tax imposed by this title against a church,

only if the requirements of subsections (a) and (b) which are applicable with respect to such revocation or assessment have been met and the regional counsel for the applicable internal revenue service region has approved of such revocation or assessment in writing.

"(2) LIMITATION ON PERIOD FOR ASSESSMENT OF TAX.—

"(A) IN GENERAL.—Notwithstanding any other provision of this title, if—

"(i) a tax is imposed by this title with respect to a church, and

"(ii) no return is filed with respect to such tax,

no assessment of such tax shall be made by the Secretary after the close of the 3-year period which begins on the date such return was required to be filed by the church and no proceeding in court without assessment for the collection of such tax shall be begun after the close of such 3-year period.

"(B) EXCEPTIONS.—Subparagraph (A) shall not apply—

"(i) in the case of a willful attempt to defeat or evade any tax imposed by this title, or

"(ii) in the case of a knowing failure to file the return of the tax by this title.

"(C) SUSPENSION OF PERIOD OF LIMITATIONS.—The running of the 3-year period described in subparagraph (A) shall be suspended for any period of time described in subsection (c)(2).

"(e) VIOLATION OF THESE PROVISIONS TREATED AS A DEFENSE IN SUBSEQUENT ACTION.—If—

"(1) any judicial action is brought by the United States against a church as a result of any investigation, examination, or proceeding described in subsection (a) or (b), and

"(2) the requirements of this section with respect to such investigation, examination, or proceeding have not been met,

the failure to meet such requirements shall constitute a defense to such action, but shall not be an absolute defense.

"(f) SPECIAL APPROVAL REQUIRED FOR ADDITIONAL INVESTIGATIONS IN CERTAIN CASES.—If any investigation, examination, or proceeding described in subsection (a)(1) or (b)(1) with respect to a church has been completed and did not result in—

"(1) a revocation or assessment described in subsection (d)(1), or

"(2) a request by the Secretary for any significant change in the operational practices of the church (including the method of accounting),

no other investigation, examination, or proceeding described in subsection (a)(1) or (b)(1) shall be commenced against such church by any delegate of the Secretary without the written approval of the appropriate Assistant Commissioner of the Internal Revenue Service.

"(g) EXHAUSTION OF ADMINISTRATIVE REMEDIES.—For purposes of sections 7428 and 7430, a church shall be treated as having exhausted the administrative remedies available to it when the church receives a final report of the investigating internal revenue agent.

"(h) DEFINITIONS.—For purposes of this section—

"(1) CHURCH.—The term 'church' includes any convention or association of churches.

"(2) HIGH-LEVEL DELEGATE.—The term 'high-level delegate' means any delegate of the Secretary of the Treasury who is no lower in rank than a principal internal revenue officer for an internal revenue region.

"(3) CHURCH RECORDS.—The term 'church records' means all corporate and financial records regularly kept by a church, including corporate minute books and lists of members and contributors. Such term shall not include any materials held by any person other than the church.".

(b) CONFORMING AMENDMENTS.—

(1) Subsection (c) of section 7605 (relating to time and place of examination) is amended to read as follows:

"(c) CROSS REFERENCE.—

"For provisions which restrict the examination of churches and church records, see section 505.".

(2) The table of sections for part I of subchapter F of chapter 1 is amended by adding at the end thereof the following new item:

"Sec. 505. Special provisions relating to churches.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to investigations, examinations, and proceedings commenced after the date of enactment of this Act.

SEC. 873. ALLOCATION UNDER SECTION 861 OF RESEARCH AND EXPERIMENTAL EXPENDITURES.

(a) IN GENERAL.—For purposes of subsection (b), section 862(b), and section 863(b) of the Internal Revenue Code of 1954, all amounts allowable as a deduction for qualified research and experimental expenditures shall be allocated to income from sources within the United States and deducted from such income in determining the amount of taxable income from sources within the United States.

(b) QUALIFIED RESEARCH AND EXPERIMENTAL EXPENDITURES.—For purposes of this section—

(1) IN GENERAL.—The term "qualified research and experimental expenditures" means amounts—

(A) which are research and experimental expenditures within the meaning of section 174, and

(B) which are attributable to activities conducted in the United States.

(2) TREATMENT OF DEPRECIATION, ETC.—Rules similar to the rules of subsection (c) of section 174 shall apply.

(c) TERMINATION.—This section shall not apply to taxable years beginning after August 13, 1985.

SEC. 874. EXCLUSION FROM GROSS INCOME OF CANCELLATIONS OF CERTAIN STUDENT LOANS.

(a) APPLICABLE LOANS.—Section 2117 of the Tax Reform Act of 1976 (relating to cancellation of certain student loans) is amended to read as follows:

"(a) IN GENERAL.—In the case of an individual, no amount shall be included in gross income for purposes of section 61 of the Internal Revenue Code of 1954 by reason of the discharge of all or part of the indebtedness of the individual under a student loan if such discharge was pursuant to a provision of such loan under which all or part of the indebtedness of the individual would be discharged if the individual worked for a certain period of time in certain professions for any of a broad class of employers.

"(b) STUDENT LOAN.—For purposes of this section, the term 'student loan' means any loan to an individual to assist the individual in attending an educational organization described in section 170(b)(1)(A)(ii) of such Code made by—

"(1) the United States, or an instrumentality or agency thereof,

"(2) a State, territory, or possession of the United States, or the District of Columbia, or any political subdivision thereof, or

"(3) a public benefit corporation—

"(A) which is exempt from taxation under section 501(c)(3) of such Code,

"(B) which has assumed control over a State, county, or municipal hospital, and

"(C) whose employees have been deemed to be public employees under State law, or

"(4) any such educational organization pursuant to an agreement with any entity described in any of the preceding paragraphs under which the funds from which the loan was made were provided to such educational organization.".

(b) EFFECTIVE DATE.—The provisions of this section shall apply to discharges of indebtedness made on or after January 1, 1983.

SEC. 875. SPECIAL LEASING RULES FOR CERTAIN COAL GASIFICATION FACILITIES.

(a) IN GENERAL.—Paragraph (3) of section 208(d) of the Tax Equity and Fiscal Responsibility Act of 1982 is amended by adding at the end thereof the following new subparagraph:

"(G) COAL GASIFICATION FACILITIES.—

"(i) IN GENERAL.—Property is described in this subparagraph if such property—

"(I) is used directly in connection with the manufacture or production of low sulfur gaseous fuel from coal, and

"(II) would be described in subparagraph (A) if 'July 1, 1984' were substituted for 'January 1, 1983'.

"(ii) SPECIAL RULE.—For purposes of determining whether property described in this subparagraph is described in subparagraph (A), such property shall be treated as having been acquired during the period referred to in subparagraph (A)(ii) if at least 20 percent of the cost of such property is paid during such period.

"(iii) LIMITATION ON AMOUNT.—Clause (i) shall only apply to the lease of an undivided interest in the property in an amount which does not exceed the lesser of—

"(I) 50 percent of the cost basis of such property, or

"(II) $67,500,000.

"(iv) PLACED IN SERVICE.—In the case of property to which this subparagraph applies—

"(I) such property shall be treated as placed in service when the taxpayer receives an operating permit with respect to such

property from a State environmental protection agency, and

"(II) the term of the lease with respect to such property shall be treated as being 5 years.".

(b) SPECIAL RULE FOR SUBSECTION (a).—The amount of any recapture under section 47 of the Internal Revenue Code of 1954 with respect to the credit allowed under section 38 of such Code with respect to progress expenditures (within the meaning of section 46(d) of such Code) shall apply only to the percentage of the cost basis of the coal gasification facility to which the amendment made by subsection (a) applies.

(c) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as if included in the provision of section 208(d)(3) of the Tax Equity and Fiscal Responsibility Act of 1982.

SEC. 876. TECHNICAL MODIFICATION TO TIP REPORTING REQUIREMENTS.

(a) LOWER ALLOCATION OF GROSS RECEIPTS.—Subparagraph (C) of section 6053(c)(3) (relating to employee allocation of 8 percent of gross receipts) is amended—

(1) by striking out "The Secretary" and inserting in lieu thereof "Upon the petition of the employer or the majority of employees of such employer, the Secretary", and

(2) by striking out "5 percent" and inserting in lieu thereof "2 percent".

(b) RECORDKEEPING BY TIPPED EMPLOYEES.—The Secretary of the Treasury shall prescribe by regulations within 1 year after the date of the enactment of this Act the applicable recordkeeping requirements for tipped employees.

SEC. 877. PROVISIONS OF INDIAN TRIBAL GOVERNMENTAL TAX STATUS ACT OF 1982 MADE PERMANENT.

Section 204 of the Indian Tribal Governmental Tax Status Act of 1982 is amended—

(1) by striking out "and before January 1, 1985" each place it appears, and

(2) by striking out "1983, and shall cease to apply at the close of December 31, 1984" in paragraph (5) and inserting in lieu thereof "1983".

SEC. 878. AMORTIZATION OF REHABILITATION EXPENDITURES.

Subsection (k) of section 167 (relating to depreciation of expenditures to rehabilitate low-income rental housing) is amended by striking out "January 1, 1984" each place it appears and inserting in lieu thereof "January 1, 1987".

SEC. 879. PERMANENT DISALLOWANCE OF DEDUCTION FOR EXPENSES OF DEMOLITION OF CERTAIN HISTORIC STRUCTURES.

Subsection (c) of section 280B (relating to denial of deduction for expenses of demolition of certain historic structures) is amended by striking out ", and before January 1, 1984".

SEC. 880. EXTENSION OF INCREASED DEDUCTION FOR ELIMINATING ARCHITECTURAL AND TRANSPORTATION BARRIERS TO THE HANDICAPPED.

(a) EXTENSION.—Subsection (c) of section 2122 of the Tax Reform Act of 1976 (26 U.S.C. 190 note) (relating to effective date for allowance of deduction for eliminating architectural and transportation barriers for the handicapped) is amended by striking out "beginning after December 31, 1976, and before January 1, 1983." and inserting in lieu thereof the following:

"beginning—

"(1) after December 31, 1976 and before January 1, 1983, and

"(2) after December 31, 1983 and before January 1, 1986.".

(b) INCREASE IN DEDUCTION.—Subsection (c) of section 190 (relating to limitation of deduction) is amended by striking out "$25,000" and inserting in lieu thereof "$35,000".

SEC. 881. EXEMPT STATUS FOR CERTAIN ORGANIZATIONS PROVIDING CHILD CARE.

(a) IN GENERAL.—Section 501 (relating to exemption from tax on corporations, certain trusts, etc.) is amended by redesignating subsection (k) as subsection (l) and inserting after subsection (j) the following new subsection:

"(k) TREATMENT OF CERTAIN ORGANIZATIONS PROVIDING CHILD CARE.—For purposes of subsection (c)(3) of this section and sections 170(c)(2), 2055(a)(2), and 2522(a)(2), the term 'educational purposes' includes the providing of care of children away from their homes if—

"(1) substantially all of the care provided by the organization is for purposes of enabling individuals to be gainfully employed, and

"(2) the services provided by the organization are available to the general public.".

(b) CROSS REFERENCES.—

(1) Subsection (n) of section 170 (as redesignated by section 808 of this Act) is amended by redesignating paragraphs (1) through (8) as paragraphs (2) through (9), respectively, and by inserting before paragraph (2) (as so redesignated) the following new paragraph:

"(1) For treatment of certain organizations providing child care, see section 501(k).".

(2) Subsection (f) of section 2055 is amended by redesignating paragraphs (2) through (11) as paragraphs (3) through (12), respectively, and by inserting after paragraph (1) the following new paragraph:

"(2) For treatment of certain organizations providing child care, see section 501(k).".

(3) Subsection (d) of section 2522 is amended by redesignating paragraphs (1) and (2) as paragraphs (2) and (3), respectively, and by inserting before paragraph (2) (as so redesignated) the following new paragraph:

"(1) For treatment of certain organizations providing child care, see section 501(k).".

(c) EFFECTIVE DATES.—The amendments made by subsections (a) and (b) shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 882. CREDIT FOR RESEARCH ACTIVITIES.

(a) EXTENSION OF THE RESEARCH CREDIT.—Subsection (d) of section 221 of the Economic Recovery Tax Act of 1981 is amended—

(1) by striking out ", and before January 1, 1986", and

(2) by striking out the last sentence in paragraph (2)(A).

(b) MODIFICATION OF THE DEFINITION OF QUALIFIED RESEARCH FOR CREDIT PURPOSES.—Subsection (d) of section 44F is amended to read as follows:

"(d) QUALIFIED RESEARCH.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified research' means—

"(A) planned search or systematic investigation (including basic research) undertaken for the purpose of discovering information which may be useful in the development of a technologically new or improved business component of the taxpayer, or

"(B) applying the results obtained from an activity described in subparagraph (A) or other knowledge to develop a technologically new or improved business component of the taxpayer, including the conceptual formulation, design, and testing of possible business component alternatives and the design, construction, and testing of prototypes, models, and pilot plants.

"(2) EXCLUSIONS.—The term 'qualified research' does not include—

"(A) any activity with respect to a technologically new or improved business component after the beginning of commercial production (as defined in paragraph (6));

"(B) any development of plant processes, machinery, or techniques for commercial production of a technologically new or improved business component, except where such process, machinery, or technique itself constitutes a technologically new or improved business component (within the meaning of paragraphs (3) and (4) of this subsection);

"(C) any adaptation of an existing business component to a particular requirement or customer's need as part of a continuing commercial activity;

"(D) any efficiency surveys, management studies, management techniques, market research, market testing and development (such as advertising or promotions), routine data collections, or routine or ordinary testing or inspection of materials or business components for quality control;

"(E) any development or improvement of a business component where the predominant portion of any related activity which would constitute qualified research but for this subparagraph constitutes duplication;

"(F) except to the extent provided for by regulations to be prescribed by the Secretary, any activity with respect to computer software that is separately developed by or for the benefit of the taxpayer specifically for the internal use of taxpayer other than for use in—

"(i) qualified research, or

"(ii) a production process that involves a business component with respect to which a credit is allowable under this section;

"(G) any activity conducted outside of the United States;

"(H) any activity in the social sciences, arts or humanities;

"(I) any activity to the extent funded by any grant, contract, or otherwise by any person (or any governmental entity); and

"(J) any activity undertaken for the purpose of ascertaining the existence, location, extent, or quality of any deposit of ore or other mineral (including oil and gas).

"(3) TECHNOLOGICALLY NEW OR IMPROVED.—A business component of the taxpayer shall be treated as 'technologically new or improved' if—

"(A) the new or improved characteristics of such component are technological (as defined in paragraph (7)) in nature, and

"(B) substantially all of the activities undertaken in developing or improving such component constitute elements of a process of experimentation (within the meaning of paragraph (4)) relating to such factors as new or improved function, performance, reliability, or quality, or reduced cost, rather than to—

"(i) style, taste, cosmetic, or seasonal design factors, or

"(ii) activities undertaken to assure achievement of the intended function, performance, quality, reliability, or cost of the business component after the beginning of commercial production (as defined in paragraph (6)) of such component.

For purposes of subparagraph (B), any activities relating to the duplication (as defined in paragraph (6)) by the taxpayer of a business component of the taxpayer or of another taxpayer shall not be treated as an

activity undertaken in developing or improving a business component of the taxpayer.

"(4) EXPERIMENTATION.—For purposes of this section, the term 'process of experimentation' shall mean a process in a field of science or technology of design and testing involving the steps of—

"(A) formulating detailed technological objectives and specifications for a technologically new or improved business component and designing alternatives to achieve these objectives because of uncertainty as to whether a particular alternative will achieve the desired result,

"(B) testing and analyzing (including modeling and simulation) these alternatives to determine their respective abilities to fulfill the desired objectives, and

"(C) refining and choosing among the alternatives based upon the knowledge derived from the tests and analyses and documenting such technological knowledge as to function and specifications.

"(5) BUSINESS COMPONENT.—

"(A) IN GENERAL.—The term 'business component' means a product, process, computer software, technique, formula, or invention to be offered for sale, lease, or license, or used by the taxpayer in a trade or business.

"(B) ELEMENTS OF A PRODUCT.—If the requirements of paragraph (3) are not met with respect to a product, process, or software but are met with respect to one or more elements thereof, the most significant set of elements of such product, process, or software with respect to which the requirements of paragraph (3) are met shall be treated as a business component.

"(6) BEGINNING OF COMMERCIAL PRODUCTION.—The term 'beginning of commercial production' means any activity after the business component has been developed to the point where it constitutes a finished business component which meets the functional and economic requirements of the taxpayer for such component or is ready for commercial sale or use.

"(7) TECHNOLOGICAL.—The term 'technological' means pertaining to or predicated upon principles of the physical sciences, biological sciences, engineering, or computer science.

"(8) DUPLICATION.—The term 'duplication' means any activity related to the reproduction of an existing business component from a physical examination of the component itself or from plans, blueprints, detailed specifications, or publicly available information with respect to such component.".

(c) AVAILABILITY OF THE CREDIT TO CERTAIN CORPORATIONS AND PARTNERSHIPS.—

(1) IN GENERAL.—Subsection (b) of section 44F is amended by adding at the end thereof the following new paragraphs:

"(4) AVAILABILITY TO CORPORATIONS.—All in-house research expenses and contract research expenses paid or incurred by a regular corporation shall constitute qualified research expenses if, at the time such research expenses are paid or incurred, the principal purpose of such corporation is to use the results of the research in the active conduct of a present or future trade or business and not to license or otherwise transfer such research results to any person other than a member of the same controlled group of corporations (within the meaning of section 1563(a)).

"(5) TRADE OR BUSINESS REQUIREMENT AND ALLOCATION IN THE CASE OF PARTNERSHIPS.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), an in-house research expense or contract research expense paid or incurred by a partnership is a qualified research expense of the partnership if the expense is paid or incurred by the partnership in carrying on a trade or business of the partnership as determined at the partnership level without regard to the trade or business of any partner. In the case of a partnership to which this subparagraph applies, the credit under this section shall be apportioned among the partners in accordance with section 704.

"(B) EXCEPTION FOR CERTAIN JOINT VENTURES.—In the case of an in-house research expense or a contract research expense that is paid or incurred by a partnership other than in carrying on a trade or business of the partnership, if—

"(i) each partner is a regular corporation, or

"(ii) each partner had conducted directly the research conducted by or on behalf of the partnership and all such research expenses paid or incurred by the partnership would have been paid or incurred by that partnership in carrying on a trade or business of that partner,

such expenses shall be treated as paid or incurred by a partnership in carrying on the trade or business of the partnership.".

(2) PASS-THRU.—Paragraph (2) of section 44F(f) is amended to read as follows:

"(2) PASS-THRU IN THE CASE OF ESTATES AND TRUSTS.—Under regulations prescribed by the Secretary, rules similar to the rules of subsection (d) of section 52 shall apply.".

(3) REGULAR CORPORATION.—Subsection (f) of section 44F is amended by adding at the end thereof the following:

"(7) REGULAR CORPORATION.—For purposes of this section, the term 'regular corporation' means any corporation other than—

"(A) an S corporation,

"(B) a service organization (as defined in section 414(m)(3)), and

"(C) except to the extent provided in regulations, a personal holding company (as defined in section 542).".

(d) EXPANSION OF THE CREDIT TO INCLUDE UNIVERSITY BASIC RESEARCH.—

(1) CREDIT FOR UNIVERSITY BASIC RESEARCH PAYMENTS IN EXCESS OF CERTAIN AMOUNT.—Subsection (a) of section 44F is amended to read as follows:

"(a) GENERAL RULE.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 25 percent of the sum of—

"(1) the excess (if any) of—

"(A) the qualified research expenses for the taxable year over

"(B) the base period research expenses; and

"(2) the incremental university basic research amount.".

(2) DEFINITIONS AND SPECIAL RULES RELATING TO PAYMENTS FOR UNIVERSITY BASIC RESEARCH.—Subsection (e) of section 44F is amended to read as follows:

"(e) CREDIT AVAILABLE WITH RESPECT TO PAYMENTS TO COLLEGES, UNIVERSITIES, AND CERTAIN QUALIFIED ORGANIZATIONS FOR BASIC RESEARCH.—

"(1) IN GENERAL.—Sixty-five percent of any amount of money paid or incurred in any taxable year by a corporation to any qualified organization for basic research which (except in the case of an organization which is described in subparagraph (C) or (D) of subsection (e)(3)) is to be performed by such organization shall be treated as contract research expenses paid or incurred in carrying on a trade or business of the taxpayer in that taxable year (without regard to the provisions of subsection (b)(3)(B)). The preceding sentence shall apply only if the amount is paid or incurred pursuant to a written agreement between the corporation and the qualified organization.

"(2) INCREMENTAL UNIVERSITY BASIC RESEARCH AMOUNT.—

"(A) IN GENERAL.—For purposes of this section, the term 'incremental university basic research amount' means that portion of the amount treated as contract research expenses for the taxable year under paragraph (1) which exceeds the sum of—

"(i) the minimum university basic research amount, and

"(ii) the maintenance-of-effort amount.

"(B) MINIMUM UNIVERSITY BASIC RESEARCH AMOUNT.—For purposes of this section, the term 'minimum university basic research amount' means an amount equal to the greater of—

"(i) the average of all amounts treated as contract research expenses under subsection (e)(1) for each of the three taxable years immediately preceding the taxable year beginning after December 31, 1983; or

"(ii) 1 percent of the average of the sum of—

"(I) all in-house research expenses,

"(II) contract research expenses, and

"(III) amounts treated as contract research expenses under subsection (e)(1),

for each of the three taxable years immediately preceding the taxable year beginning after December 31, 1983.

"(C) MAINTENANCE-OF-EFFORT AMOUNT.—For purposes of this section, the term 'maintenance-of-effort amount' shall mean the excess of—

"(i) the average of the undesignated donations paid or incurred by the taxpayer during the base period, over

"(ii) the amount of undesignated donations paid or incurred by the taxpayer in the taxable year.

"(D) UNDESIGNATED DONATIONS.—For purposes of this section, the term 'undesignated donations' means the amount paid or incurred by the taxpayer to all institutions of higher education (within the meaning of section 170(m)(6)(C)) described in section 170(b)(1)(A)(ii)—

"(i) for which a deduction was allowable under section 170, and

"(ii) which were not designated by the taxpayer for use for the purposes described in paragraph (1).

"(E) ADJUSTMENT OF UNDESIGNATED DONATIONS FOR BASIC RESEARCH.—If—

"(i) the amount of undesignated donations of the taxpayer for any taxable year within the base period is less than the amount of undesignated donations of the taxpayer for the taxable year preceding such taxable year, and

"(ii) the amount that is treated by reason of paragraph (1) as contract research expenses paid by the taxpayer in such taxable year is greater than the amount of such contract research expenses for the taxable year preceding such taxable year,

the amount of undesignated donations of the taxpayer for such taxable year shall, for purposes of determining the average under subparagraph (C)(i), be increased by the amount determined under subparagraph (F) with respect to such taxable year.

"(F) AMOUNT OF ADJUSTMENT UNDER SUBPARAGRAPH (E).—The amount determined under this subparagraph with respect to any taxable year is an amount equal to the lesser of—

"(i) the excess of—

"(I) the amount that is treated by reason of paragraph (1) as contract research ex-

penses paid or incurred by the taxpayer in such taxable year, over

"(II) the amount that is treated by reason of paragraph (1) as contract research expenses paid or incurred by the taxpayer in the taxable year preceding such taxable year, or

"(ii) the excess of—

"(I) the amount of undesignated donations of the taxpayer for the taxable year preceding such taxable year, over

"(II) the amount of undesignated donations of the taxpayer for such taxable year.

"(G) IN GENERAL.—For purposes of determining the amount of credit allowable under subsection (a)(1) of this section for any taxable year, the incremental university basic research amount shall not be treated as a qualified research expense under subsection (a)(1)(A) and shall not be included in the computation of base period research expenses under subsection (a)(1)(B).

"(3) QUALIFIED ORGANIZATION.—For purposes of this subsection, the term 'qualified organization' means—

"(A) any educational organization which is described in section 170(b)(1)(A)(ii) and which is an institution of higher education (within the meaning of section 170(m)(6)(C)),

"(B) any other organization which—

"(i) is described in section 501(c)(3) and is exempt from tax under section 501(a),

"(ii) is organized and operated primarily to conduct scientific research, and

"(iii) is not a private foundation, or

"(C) any organization which—

"(i) either is described in section 501(c)(3) and is not a private foundation or is described in section 501(c)(6),

"(ii) is exempt from tax under section 501(a),

"(iii) is organized and operated primarily to promote scientific research by qualified organizations (within the meaning of subsection (e)(3)(A)) pursuant to written research agreements, and

"(iv) expends on a current basis substantially all of its funds through grants or contracts for basic research by an organization (described in subsection (e)(3)(A)).

"(D) any organization not described in subparagraph (B) or (C) which—

"(i) is described in section 501(c)(3) and is exempt from tax under section 501(a) and is not a private foundation,

"(ii) is established and maintained by an organization established before July 10, 1981, which meets the requirements of clause (i),

"(iii) is organized and operated exclusively for purposes of making grants pursuant to written research agreements to organizations described in paragraph (3)(A) for purposes of basic research, and

"(iv) makes an election, revocable only with the consent of the Secretary, to be treated as a private foundation for purposes of this title (other than section 4940, relating to excise tax based on investment income).

"(4) BASIC RESEARCH.—The term 'basic research' means any original investigation for the advancement of scientific knowledge not having a specific commercial objective, except that such term shall not include—

"(A) basic research conducted outside of the United States, and

"(B) basic research in the social sciences or humanities.

"(5) CERTAIN CORPORATIONS NOT ELIGIBLE.—For purposes of this subsection, the term 'corporation' (as defined in section 7701(a)(3)) shall not include—

"(A) an S corporation (as defined in section 1361(a)),

"(B) a personal holding company (as defined in section 542), and

"(C) a service organization (as defined in section 414(m)(3)).".

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after December 31, 1984.

(2) CERTAIN BASE YEARS.—The amendments made by subsection (a) shall not apply with respect to the determination of base period research expenses for taxable years beginning before January 1, 1985.

SEC. 883. DEDUCTION FOR CERTAIN CONTRIBUTIONS OF SCIENTIFIC EQUIPMENT.

(a) IN GENERAL.—Section 170 is amended—

(1) by striking out paragraph (4) of subsection (e),

(2) by redesignating subsections (m) and (n) as subsections (n) and (o), respectively, and

(3) by inserting after subsection (l) the following new subsection:

"(m) CONTRIBUTIONS OF SCIENTIFIC AND TECHNOLOGICAL PROPERTY FOR CERTAIN PURPOSES.—

"(1) AMOUNT OF DEDUCTION.—In the case of a qualified research contribution, the amount of the deduction shall not be reduced under subsection (e) but shall be determined under paragraph (4).

"(2) QUALIFIED RESEARCH CONTRIBUTION.—For purposes of this subsection, the term 'qualified research contribution' means a charitable contribution by a corporation of qualified scientific property to—

"(A) an educational organization which—

"(i) is described in section 170(b)(1)(A)(ii), and

"(ii) is an institution of higher education, or

"(B) an association—

"(i) substantially all of the members of which are educational organizations described in section 170(b)(1)(A)(ii) that are institutions of higher education,

"(ii) which is described in section 501(c)(3) and exempt from tax under 501(a), and

"(iii) which is not a private foundation.

"(3) QUALIFIED SCIENTIFIC PROPERTY.—For purposes of this subsection, the term 'qualified scientific property' means a charitable contribution by a corporation of property to an organization described in paragraph (2), but only if—

"(A) such property is—

"(i) tangible personal property described in section 1221(1),

"(ii) computer software, or

"(iii) tangible personal property used in carrying on the trade or business of the taxpayer (within the meaning of section 1231(b)),

"(B) such contribution is made through the governing body of the donee,

"(C) such property is scientific or technological equipment or apparatus, replacement parts therefor, or computer software, substantially all of the use of which by the donee is in the United States directly for—

"(i) research and experimentation (within the meaning of section 174),

"(ii) research training,

"(iii) educational use in a scientific or engineering laboratory, or

"(iv) educational use if the activity involving such property is a direct substitute for a scientific or engineering laboratory activity,

but only if used in mathematics, the physical or biological sciences, or engineering,

"(D) such contribution is made—

"(i) in the case of personal property described in section 1221(1) or computer software, not later than 6 months after the date upon which the manufacture, construction, or assembly of the property is substantially completed, or

"(ii) in the case of tangible personal property used in a taxpayer's trade or business (as defined in section 1231(b)), not more than 3 years after the property is first placed in service,

"(E) in case of a contribution of tangible personal property that is described in section 1221(1), such property is manufactured, produced or assembled by the taxpayer and the taxpayer is regularly engaged in the business of manufacturing, producing, or assembling of such property and selling or leasing of such property,

"(F) in the case of a contribution of tangible personal property that is described in paragraph (1) of section 1221 or of computer software, the original use of such property is by the donee,

"(G) the property is not transferred by the donee in exchange for money, other property, or services within 5 years of the date of the original transfer to donee,

"(H) the taxpayer receives from the governing body of the donee a written statement, executed under penalties of perjury, representing that—

"(i) the property meets the requirements of subparagraph (K), and

"(ii) the use and disposition of the property by the donee will be in accordance with the provisions of subparagraphs (C) and (G),

"(I) except in the case of property that is computer software or replacement parts, the fair market value of the property transferred exceeds $250,

"(J) such property is accompanied by the same warranty or warranties normally provided by the manufacturer in connection with a sale of the equipment or apparatus transferred, and

"(K) such property is functional and usable in the condition in which it is transferred for the purposes described in subsection (c)(1)(C), without the necessity of any repair, reconditioning, or other similar investment by the donee.

"(4) AMOUNT OF ALLOWABLE DEDUCTION.—The amount of the deduction allowable under paragraph (1) shall be—

"(A) in the case of tangible personal property that is described in paragraph (1) of section 1221 or of computer software, the fair market value of the property, limited to the lesser of (A) the sum of the taxpayer's basis in the property and one-half of the amount of gain which would not have been long-term capital gain if the property had been sold by the taxpayer at its fair market value (determined at the time of such transfer), or (B) twice the taxpayer's basis in the property; and

"(B) in the case of tangible personal property that is used in the taxpayer's trade or business (as defined in section 1231(b)), the lesser of—

"(i) the fair market value of the property, or

"(ii) 150 percent of the taxpayer's basis in the property (without regard to adjustments under section 1016) less any adjustments under section 1016(a).

"(5) PROPORTION OF PRODUCTS SOLD LIMITATION.—The deduction otherwise allowable under subsection (a) of section 170 shall not be allowed in the case of a contribution of otherwise qualified scientific property (excluding property used in the taxpayer's

trade or business), where the taxpayer's total qualified research contributions of such property under this section in the taxable year, as determined on a product-by-product basis, exceed 20 percent of the number of units of each such product sold by the taxpayer in the ordinary course of its business in that taxable year.

"(6) DEFINITIONS.—For purposes of this subsection—

"(A) SUBSTANTIALLY ALL.—The term 'substantially all' shall mean at least 80 percent.

"(B) CORPORATION.—The term 'corporation' shall not include—

"(i) an S corporation (as defined in section 1361(a)),

"(ii) a personal holding company (as defined in section 542), or

"(iii) a service organization (as defined in section 414(m)(3)).

"(C) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' means an educational institution in any State which—

"(i) admits as regular students only individuals having a certificate of graduation from a high school, or the recognized equivalent of such a certificate,

"(ii) is legally authorized within such State to provide a program of education beyond high school,

"(iii) provides an educational program for which it awards a bachelor's or higher degree, or provides a program which is acceptable for full credit toward such a degree, or offers a program of training to prepare students for gainful employment in a recognized occupation, and

"(iv) is a public or other nonprofit institution.".

(b) EFFECTIVE DATE.—The amendment made by section shall apply to taxable years beginning after December 31, 1984.

SEC. 884. EXCLUSION FROM GROSS INCOME OF CERTAIN SCHOLARSHIPS, GRANTS, AND STUDENT LOAN FORGIVENESS.

(a) IN GENERAL.—Part III of subchapter B of chapter I is amended by inserting after section 117 the following new section:

"SEC. 117A. SCHOLARSHIPS, FELLOWSHIP GRANTS, AND STUDENT LOAN FORGIVENESS RECEIVED BY CERTAIN GRADUATE SCIENCE STUDENTS.

"(a) GENERAL RULE.—In the case of a qualified individual, gross income does not include—

"(1) any amount received—

"(A) as a scholarship,

"(B) as a fellowship grant, or

"(C) as qualified student loan forgiveness,

including the value of contributed services and accommodations; and

"(2) any amount received to cover expenses for—

"(A) travel,

"(B) research,

"(C) clerical help, or

"(D) equipment,

which are incidental to such a scholarship or to a fellowship grant, but only to the extent that the amount is so expended by the recipient.

"(b) QUALIFIED INDIVIDUAL.—For the purposes of this section, the term 'qualified individual' shall mean a student who is attending a qualified educational organization, who possesses a bachelor's degree or its equivalent, and who is engaged in postgraduate study as a degree candidate in mathematics, engineering, computer science, or the physical or biological sciences.

"(c) QUALIFIED EDUCATIONAL ORGANIZATION.—For purposes of this section, the term 'qualified educational organization' shall mean an educational institution which—

"(1) is described in section 170(b)(1)(A)(ii),

"(2) admits as regular students only individuals having a certificate of graduation from a high school, or the recognized equivalent of such a certificate,

"(3) is legally authorized within such State to provide a program of education beyond high school,

"(4) provides an educational program for which it awards a bachelor's or higher degree.

"(d) QUALIFIED STUDENT LOAN FORGIVENESS.—For purposes of this section, the term 'qualified student loan forgiveness' shall mean the forgiveness of a loan received by a qualified individual (as defined in subsection (b)) for the purpose of financing his postgraduate course of study in mathematics, engineering, computer science, or the physical or biological sciences, but only to the extent that—

"(1) the amount represented by the loan was expended for qualified tuition and related expenses (as defined in subsection (f)(2)),

"(2) such student is required in a written loan agreement, as a condition of receiving such forgiveness of the loan, to perform teaching services for any of a broad class of qualified educational organizations (as defined in subsection (c)) upon completion of his postgraduate course of study.

"(e) LIMITATION.—In the case of a qualified individual, subsection (a) shall not apply to that portion of any amount received which represents payment for teaching, research, or other services in the nature of part-time employment required during his postgraduate course of study as a condition of receiving the scholarship, the fellowship grant, or qualified student loan. If teaching, research, or other services are required of all candidates (whether or not recipients of scholarships, fellowship grants, or qualified student loans) for a particular degree at a qualified educational organization as a condition to receiving such degree, such teaching, research, or other services shall not be regarded as part-time employment within the meaning of this paragraph.

"(f) SCHOLARSHIPS AND FELLOWSHIP GRANTS NOT INCLUDABLE MERELY BECAUSE THERE IS A REQUIREMENT OF FUTURE SERVICE IN TEACHING.—

"(1) IN GENERAL.—If—

"(A) an amount received by a qualified individual would be excludable under subsections (a) and (e) as a scholarship or fellowship grant, but for the fact that such individual is required to perform teaching services for any of a broad class of qualified educational organizations upon completion of his postgraduate course of study, and

"(B) the individual establishes that, in accordance with the terms of the scholarship or grant, such amount was used for qualified tuition and related expenses, gross income shall not include such amount.

"(2) QUALIFIED TUITION AND RELATED EXPENSES DEFINED.—For purposes of this subsection, the term 'qualified tuition and related expenses' shall mean—

"(A) tuition and fees required for the enrollment or attendance of a qualified individual as a student at a qualified educational organization, and

"(B) fees, books, supplies, and equipment required for courses of instruction at a qualified educational organization.".

(b) CLERICAL AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 is amended by inserting after the item relating to section 117 the following new item:

"Sec. 117A. Scholarships, fellowship grants, and student loan forgiveness received by certain graduate science students.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1984.

SEC. 885. TECHNICAL CORRECTION RELATING TO PERCENTAGE DEPLETION FOR SECONDARY AND TERTIARY PRODUCTION.

(a) IN GENERAL.—Subsection (c) of section 613A (relating to exemption for independent producers and royalty owners) is amended—

(1) by striking out the last sentence of paragraph (2),

(2) by inserting at the end of subparagraph (A) of paragraph (3) the following new sentence:

"Clause (ii) shall not apply after December 31, 1983.",

(3) by inserting at the end of subparagraph (E) of paragraph (7) the following new sentence: "This subparagraph shall not apply after December 31, 1983.", and

(4) by striking out "paragraph (1)" in subparagraph (A) of paragraph (9) and inserting in lieu thereof "this subsection".

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1984.

SEC. 886. STUDY OF ALTERNATIVE INCOME TAX SYSTEMS.

(a) IN GENERAL.—The Secretary of the Treasury or his delegate shall conduct a study covering the advisability of—

(1) replacing only the Federal individual income tax, or

(2) replacing both the Federal individual income tax and the Federal corporate income tax,

with an alternative tax system.

(b) CONTENTS OF STUDY.—Such study shall take into account the administrative complexity of the existing Federal income tax system and address the ramifications of replacing that system with an alternative tax system. Such study shall focus on (but not be limited to) the following factors:

(1) protecting the economically disadvantaged,

(2) increasing economic efficiency in both the private and public sectors of the economy,

(3) reducing paperwork and auditing requirements, reducing taxpayer fraud and evasion, and expediting resolution of tax disputes between taxpayers and the Federal Government,

(4) increasing economic incentives for capital formation and productivity,

(5) removing economic disincentives to employment,

(6) excluding certain items, such as social security benefits, from gross income,

(7) equalizing the tax burden on taxpayers with equal ability to pay taxes, and

(8) achieving the appropriate burden of taxes for each income class of taxpayers.

Such study shall also identify the strengths and potential weaknesses of an alternative tax system and propose possible solutions for any such potential weakness.

(c) ALTERNATIVE TAX SYSTEM.—For purposes of this section, the term "alternative tax system" means a system based on—

(1) a simplified income tax based on gross income;

(2) a consumption tax;

(3) a consumption-based tax; or

(4) the broadening of the base and lowering of the rates of the current income tax.

(d) REPORTING DATE.—The report of the study required by subsection (a) shall be submitted to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate not later than six months after the date of the enactment of this Act.

SEC. 887. MIGRATORY BIRD HUNTING STAMPS.

(a) IN GENERAL.—Section 5 of the Act of March 16, 1934 (48 Stat. 451, Chapter 71; 16 U.S.C. 718e) is amended by adding at the end thereof the following new subsection:

(c) "Notwithstanding the provisions of subsection (b), or the prohibition in section 474 of title 18, United States Code, or other provisions of law, the Secretary of the Interior may authorize, with the concurrence of the Secretary of the Treasury, the color or black and white reproduction of migratory bird hunting stamps authorized by sections 1 through 4 and 6 through 9 of this Act, which otherwise satisfies the requirements of clauses (ii) and (iii) of section 504(1)(D) of title 18, United States Code. Any such reproduction shall be subject to those terms and conditions deemed necessary by the Secretary of the Interior by regulation or otherwise and any proceeds received by the Federal Government as a result of such reproduction shall be expended as provided for in section 72 of this Act.".

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 888. EXCLUSION FROM GROSS INCOME OF PAYMENTS FROM THE UNITED STATES FOREST SERVICE AS A RESULT OF RESTRICTING MOTORIZED TRAFFIC IN THE BOUNDARY WATERS CANOE AREA.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 (relating to items specifically excluded from gross income), is amended by redesignating section 132 as section 133 and by inserting after section 131 the following new section:

"SEC. 132. PAYMENTS BY THE UNITED STATES FOREST SERVICE AS A RESULT OF RESTRICTING MOTORIZED TRAFFIC IN THE BOUNDARY WATERS CANOE AREA.

"(a) GENERAL RULE.—At the election of the taxpayer, gross income does not include the excludable portion of payments received from the United States Forest Service as a result of restricting motorized traffic in the Boundary Waters Canoe Area, pursuant to section 19(a) of 'An Act to designate the Boundary Waters Canoe Area Wilderness, to establish the Boundary Waters Canoe Area Mining Protection Area, and for other purposes', approved October 21, 1978 (Public Law 95-495; 92 Stat. 1649).

"(b) EXCLUDABLE PORTION.—For purposes of this section the term 'excludable portion' means that portion (or all) of a payment made to any taxpayer during the period after December 31, 1979, and before the later of the date which is 2 years after—

"(1) the date of the enactment of the Deficit Reduction Tax Act of 1984, or

"(2) the date of such payment,

which payment is reinvested within such period in depreciable property used in a trade or business of such taxpayer as authorized by such Act. In determining whether reinvestment has occurred, no direct tracing is required.

"(c) ELECTION.—An election under subsection (a) shall identify such property for which such payment has been allocated. An election may be made at any time before the expiration of the period for making a claim for credit or refund of the tax imposed by this chapter for the taxable year in which the reinvestment occurred, and shall be made in such manner as the Secretary shall by regulations prescribe.

"(d) BASIS OF PROPERTY.—

"(1) IN GENERAL.—The basis of any property, with respect to which an allocation of any payment has been elected, shall be reduced by the amount of such payment.

"(2) INCREASE DUE TO REPAYMENT.—The basis of any property described in paragraph (1) shall be increased by the amount of any repayments made to the United States Forest Service upon the sale of such property.

"(e) DENIAL OF DOUBLE BENEFIT.—No deduction or credit shall be allowed with respect to any expenditure which is properly associated with any amount excluded from gross income under subsection (a).".

(b) The table of sections for part III of subchapter B of chapter 1 is amended by striking out the item relating to section 132 and by inserting in lieu thereof the following items:

"Sec. 132. Payments by the United States Forest Service as a result of restricting motorized traffic in the Boundary Waters Canoe Area.

"Sec. 133. Cross references to other Acts.".

(c) EFFECTIVE DATE; SPECIAL RULE.—

(1) EFFECTIVE DATE.—The amendments made by this section shall apply to payments made in taxable years beginning after December 31, 1979.

(2) ELECTIONS FOR PRIOR YEARS.—Notwithstanding section 132 of the Internal Revenue Code of 1954 (as designated by this section), section 6511(a) of such Code, or any other period of limitation or lapse of time, a claim for credit or refund of overpayment of the tax imposed under chapter 1 of such Code with respect to payments described in section 132 of such Code which were made after December 31, 1979, may be filed by any person with the election required by section 132(c) of such Code within the 1-year period beginning on the date of enactment of this Act. Sections 6511(b) and 6514 of such Code shall not apply to any claim for credit or refund filed under this paragraph within such 1-year period.

SEC. 889. STUDY OF TAXATION BY FOREIGN COUNTRIES ON SERVICES PERFORMED IN THE UNITED STATES.

(a) STUDY.—The Secretary of the Treasury or his delegate shall conduct a study of the practices of foreign countries of taxing income on services performed within the United States, including, but not limited to—

(1) the status of treaty negotiations with such foreign countries with respect to such practices, and

(2) any options to alleviate the taxation of such income by more than 1 country without appropriate credit for taxes paid.

(b) REPORT.—The Secretary of the Treasury or his delegate shall report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives the results of the study conducted under subsection (a) no later than August 31, 1984.

SEC. 890. EDUCATIONAL ASSISTANCE PROGRAMS.

(a) EXTENSION OF EXCLUSION FROM GROSS INCOME FOR 2 YEARS.—Section 127(d) (relating to termination) is amended by striking out "December 31, 1983" and inserting in lieu thereof "December 31, 1985".

(b) CERTAIN DEFERRED EDUCATIONAL BENEFITS TREATED AS DEFERRED COMPENSATION.—Subsection (b) of section 404 (relating to method of contributions, etc., having the effect of a plan) is amended to read as follows:

"(b) METHOD OF CONTRIBUTIONS, ETC., HAVING THE EFFECT OF A PLAN; DEFERRED EDUCATIONAL BENEFITS.—

"(1) METHOD OF CONTRIBUTIONS, ETC., HAVING THE EFFECT OF A PLAN.—If there is no plan but a method of employer contributions or compensation has the effect of a stock bonus, pension, profit-sharing, or annuity plan, or other plan deferring the receipt of compensation (including a plan described in paragraph (2)), subsection (a) shall apply as if there were such a plan.

"(2) PLANS PROVIDING DEFERRED EDUCATIONAL BENEFITS.—For purposes of this section, any plan providing for deferred educational benefits for employees, their spouses, or their dependents shall be treated as a plan deferring the receipt of compensation. In the case of such a plan, for purposes of this section, the determination of when an amount is includible in gross income shall be made without regard to section 117 or 127.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1983.

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SUBTITLE A—MEDICARE, MEDICAID, AND OTHER HEALTH PROVISIONS

PART I—MEDICARE BUDGET PROVISIONS

PART B PREMIUM

SEC. 901. (a) Section 1839(a) of the Social Security Act is amended by striking out paragraphs (2) and (3) and inserting in lieu thereof the following:

"(2) The monthly premium for each individual enrolled under this part for each month after December 1984 shall, except as provided in subsections (b) and (e), be an amount equal to 50 percent of the monthly actuarial rate for enrollees age 65 and over, as determined under paragraph (1) and applicable to such month.

"(3) The Secretary shall, during September of 1984 and of each year thereafter, determine and promulgate the monthly premium applicable for individuals enrolled under this part for the succeeding calendar year. Whenever the Secretary promulgates the dollar amount which shall be applicable as the monthly premium for any period, he shall, at the time such promulgation is announced, issue a public statement setting forth the actuarial assumptions and bases employed by him in arriving at the amount of an adequate actuarial rate for enrollees age 65 and older as provided in paragraph (1) and the derivation of the dollar amounts specified in this paragraph.".

(b) Section 1839(e) of such Act is amended to read as follows:

"(e)(1) If no cost-of-living increase becomes effective under section 215(i) in December of any year, the monthly premium of each individual enrolled under this part for the succeeding year shall (except as otherwise provided in subsection (b)) be the same as the monthly premium (disregarding subsection (b)) of the individual for such December.

"(2) If paragraph (1) does not apply to the monthly premiums for a year, if an individual is entitled to monthly benefits under section 202 or 223 for November and for December in that preceding year, and if the monthly premium for that December and for the following January is deducted from those benefits under section 1840(a)(1), the monthly premium for that individual for that January and for each of the succeeding 11 months for which he is entitled to benefits under section 202 or 223 shall (except as otherwise provided in subsection (b)) be the greater of—

"(1) the monthly premium amount determined under subsection (a)(2) for that January reduced by the amount (if any) necessary to make the monthly benefits under section 202 or 223 for that January after the deduction of the monthly premium (disregarding subsection (b)) for that January at least equal to the monthly benefits under section 202 or 223 for the preceding November after the deduction of the premium (disregarding subsection (b)) for that individual for that November, or

"(2) the monthly premium (disregarding subsection (b)) for that individual for that December.

For purposes of this subsection, retroactive adjustments or payments and deductions on account of work shall not be taken into account in determining the monthly benefits to which an individual is entitled under section 202 or 223.".

(c)(1) Section 1839(b) of such Act is amended by striking out "or (e)".

(2) Subparagraphs (A)(i) and (B)(i) of section 1844(a)(1) of such Act are each amended by striking out "1839(c)(3) or 1839(e), as the case may be" and inserting in lieu thereof in each instance "1839(c)(2)".

(d) The amendments made by this section shall apply to premiums for months beginning with January 1985.

ONE-MONTH DELAY IN MEDICARE ENTITLEMENT

SEC. 902. (a) Section 226 of the Social Security Act is amended by redesignating subsection (h) as subsection (i), and by inserting after subsection (g) the following:

"(h)(1) Except as provided in paragraph (2), for purposes of subsection (a)(1) and any other provision of this section, any provision of title XVIII of this Act, or any other provision of law, which establishes entitlement to or eligibility for benefits under such title XVIII or establishes any period of time in relation to such entitlement or eligibility, on the basis of the attainment of age

65, an individual shall be deemed to have attained age 65 on the first day of the month following the month in which he actually attains such age; except that, if such individual was entitled to hospital insurance benefits for the month preceding the month in which he actually attains age 65, he shall be deemed to have attained age 65 on the first day of the month in which he actually attains such age.

"(2) For purposes of subsection (b)(1), an individual shall be deemed to have attained age 65 on the first day of the month in which he actually attains such age.".

(b) Section 1836 of such Act is amended—

(1) by inserting "(a)" after the section designation; and

(2) by adding at the end thereof the following new subsection:

"(b) For purposes of subsection (a)(2), an individual shall be deemed to have attained age 65 on the first day of the month following the month in which he actually attains such age.".

(c) The amendments made by this section shall apply to individuals actually attaining age 65 after 1984.

MODIFICATION OF WORKING AGED PROVISION

SEC. 903. (a) Section 1862(b)(3)(A)(i) of the Social Security Act is amended by striking out "is over 64 but" each place it appears.

(b) Section 4(g)(1) of the Age Discrimination in Employment Act of 1967 is amended—

(1) by inserting ", and any employee's spouse aged 65 through 69," after "aged 65 through 69"; and

(2) by inserting ", and the spouse of such employee," after "same conditions as any employee".

(c)(1) The amendment made by subsection (a) shall be effective with respect to items and services furnished on or after January 1, 1985.

(2) The amendment made by subsection (b) shall become effective on January 1, 1985.

LIMITATION ON PHYSICIAN FEE PREVAILING AND CUSTOMARY CHARGE LEVELS; PARTICIPATING PHYSICIAN INCENTIVES

SEC. 904. (a) Section 1842(b) of the Social Security Act is amended—

(1) by redesignating paragraphs (4) through (6) as paragraphs (5) through (7), respectively, and by inserting after paragraph (3) the following new paragraph:

"(4)(A)(i) In determining the prevailing charge levels under the third and fourth sentences of paragraph (3) for physicians' services for the 12-month period beginning July 1, 1984, the Secretary shall not set any level higher than the same level as was set for the 12-month period beginning July 1, 1983.

"(ii) In determining the prevailing charge levels under the third and fourth sentences of paragraph (3) for physicians' services performed by a physician who is not a participating physician (as defined in paragraph (12)) for the 12-month period beginning July 1, 1985, the Secretary shall not set any level for such period that is higher than the level set under clause (i).

"(B) In determining the reasonable charge under paragraph (3) for physicians' services for the 12-month period beginning July 1, 1984, the customary charges shall be deemed to be the same customary charges as were recognized under this section for the 12-month period beginning July 1, 1983.

"(C) In determining the prevailing charge levels under the third and fourth sentences of paragraph (3) for physicians' services for periods beginning after June 30, 1985 (in the case of a physician to whom subparagraph (A)(ii) does not apply) and for periods beginning after June 30, 1986 (in the case of a physician to whom subparagraph (A)(ii) applies) the Secretary shall treat the level as set under clause (i) of subparagraph (A) as having fully provided for the economic changes which would have been taken into account but for the limitations contained in subparagraph (A).''; and

(2) by adding at the end thereof the following new paragraphs:

"(8)(A) Each year, the Secretary shall prepare and cause to be published a list containing the name, address, specialty, volume of services, and percent of bills submitted with respect to each physician and supplier during the preceding year that were paid on the basis of an assignment described in paragraph (3)(B)(ii). The Secretary may limit such list to those physicians and suppliers who accepted such an assignment in a certain percentage of such physician's or supplier's billings, as the Secretary may determine to be appropriate. Such list shall be organized by region or by such other geographical unit as the Secretary determines, after consultation with carriers with which there is an agreement under subsection (a), would facilitate the use of such list by individuals enrolled under this part.

"(B) Each year, the Secretary shall prepare a directory containing the name, address, and specialty of all participating physicians and suppliers (as defined in paragraph (12)) for the most current fee screen year. The directory shall be organized to make the most useful presentation of the information (as determined by the Secretary) for individuals enrolled under this part.

"(C) Each year, the Secretary shall promptly notify individuals enrolled under this part of the publication of such directory and shall make such directory available in each district and branch office of the Social Security Administration, in the offices of carriers, and to senior citizen organizations.

"(D) The Secretary shall provide that the directory shall be available for purchase by the public.

"(9) Each carrier having an agreement with the Secretary under subsection (a) shall maintain a toll-free telephone number or numbers at which individuals enrolled under this part may obtain the names, addresses, specialty, and telephone numbers of participating physicians and suppliers.

"(10) In any case in which a carrier having an agreement with the Secretary under subsection (a) is able to develop a system for the electronic transmission to such carrier of bills for services, such carrier shall establish direct lines for the electronic receipt of claims from participating physicians and suppliers.

"(11)(A) Each carrier having an agreement with the Secretary under subsection (a) shall, to the extent possible, enter into an agreement with any entity offering a medicare supplemental policy to an individual enrolled under this part under which a participating physician or supplier who provides physicians' services to an individual insured by such a policy may—

"(i) submit a bill for such services to the carrier, which will pay such participating physician or supplier the amount payable with respect to such services under this part and notify such entity of the amount so paid and the unpaid balance of such bill; or

"(ii) submit a bill for such services to such entity, which will pay such participating physician or supplier an amount equal to the amount payable under such policy and the amount payable under this part with respect to such services, and bill the carrier for the amount payable under this part with respect to such services.

The carrier shall limit the applicability of the agreement to only participating physicians and suppliers.

"(B) In the case of an individual who is insured under a medicare supplemental policy described in paragraph (6)(C) (relating to indirect payment of part B benefits), payment to a participating physician or supplier shall be made in accordance with the terms of that paragraph.

"(12) For purposes of this subsection—

"(A) the term 'participating physician or supplier' means a physician or supplier who, on or before March 31, 1985, and each year thereafter (or at such other time as the Secretary determines will give physicians and suppliers adequate time to sign a participation agreement), enters into an agreement with the Secretary which provides that, for the 12-month period beginning July 1 of each year, such physician or supplier will accept payment under this part on the basis of an assignment described in paragraph (3)(B)(ii) or under the procedures described in section 1870(f)(1) for services furnished during such 12-month period to individuals enrolled under this part; and

"(B) the term 'medicare supplemental policy' means a health insurance policy or other health benefit plan—

"(i) certified by a State or by the Secretary in accordance with section 1882; or

"(ii) which is provided by one or more employers or labor organizations, or the trustees of a fund established by one or more employers or labor organizations (or combination thereof), for employees or former employees (or combination thereof) or for members or former members (or combination thereof) of the labor organizations, and which is offered to individuals who are entitled to have payment made under this title, which provides reimbursement for expenses incurred for services and items for which payment may be made under this title but which are not reimbursable by reason of the applicability of deductibles, coinsurance amounts, or other limitations imposed pursuant to this title.".

LIMITATION ON INCREASE IN HOSPITAL COSTS PER CASE

SEC. 905. (a) Section 1886(b)(3)(B) of the Social Security Act is amended—

(1) by inserting "(i)" after "(B)";

(2) by striking out "1 percentage point plus", and by inserting before the period at the end thereof the following: ", increased or decreased in accordance with clause (ii) or (iii)"; and

(3) by adding at the end thereof the following:

"(ii) In the case of a hospital which is not a subsection (d) hospital—

"(I) for any cost reporting period or fiscal year beginning on or after October 1, 1984, and before October 1, 1985, the applicable percentage increase shall be the percentage determined under clause (i);

"(II) for any cost reporting period or fiscal year beginning on or after October 1, 1985, and before October 1, 1986, the applicable percentage increase shall be the percentage

determined under clause (i), plus one-quarter of one percentage point; and

"(III) for any cost reporting period or fiscal year beginning on or after October 1, 1986, the applicable percentage increase shall be the percentage determined under clause (i), plus one percentage point.

"(iii) In the case of a subsection (d) hospital, for any cost reporting period or fiscal year beginning on or after October 1, 1984, and before October 1, 1986, the applicable percentage increase—

"(I) except for purposes of subsection (d)(3)(A), shall be the percentage determined under clause (i), minus one-half of one percentage point; and

"(II) for purposes of subsection (d)(3)(A), shall be the percentage determined under clause (i), plus one-half of one percentage point.".

(b)(1) Section 1886(d)(3)(A) of such Act is amended by striking out "fiscal year 1985" and inserting in lieu thereof "fiscal years 1985 and 1986".

(2) Paragraphs (2), (3), (4), and (5) of section 1886(e) of such Act are each amended by striking out "fiscal year 1986" and inserting in lieu thereof "fiscal year 1987".

(c) Subparagraphs (A)(ii) and (B)(ii) of section 1886(e)(1) of the Social Security Act are amended by inserting after "Amendments of 1983" the following: "but as amended (in subsection (b)(3)(B)) by section 905(a) of the Omnibus Reconciliation Act of 1983".

(d) The amendments made by this section shall apply to cost reporting periods beginning in, and discharges occurring in, fiscal year 1985 and thereafter.

FEE SCHEDULE FOR CLINICAL LABORATORY SERVICES

SEC. 906. (a) Section 1833(a)(1)(D) of the Social Security Act is amended to read as follows: "(D) with respect to diagnostic laboratory tests for which payment is made under this part, the amount paid shall be equal to 80 percent (or 100 percent, in the case of such tests for which payment is made on the basis of an assignment described in section 1842(b)(3)(B)(ii)) of the lesser of the amount determined under subsection (h) or the amount of the charges billed for the tests;".

(b) Section 1833(a)(2) of such Act is amended—

(1) in subparagraph (B), by inserting "or (D)" after "subparagraph (C)";

(2) by striking out "and" at the end of subparagraph (B);

(3) by adding "and" at the end of subparagraph (C); and

(4) by adding at the end thereof the following new subparagraph:

"(D) with respect to diagnostic laboratory tests for which payment is made under this part, other than such tests performed by a provider of services for an inpatient of such provider, the amount paid shall be equal to 80 percent (or 100 percent, in the case of such tests for which payment is made on the basis of an assignment described in section 1842(b)(3)(B)(ii) or a provider agreement under section 1866) of the lesser of the amount determined under subsection (h) or the amount of the charges billed for the tests;".

(c) Section 1833(b) of the Social Security Act is amended by striking out "and" at the end of clause (2) and by inserting before the period at the end of clause (3) the following: ", and (4) such deductible shall not apply with respect to diagnostic tests for which payment is made on the basis of an assignment described in section 1842(b)(3)(B)(ii) or a provider agreement under section 1866 and to which subsection (h) of this section applies".

(d) Section 1833(h) of such Act is amended to read as follows:

"(h)(1) The Secretary shall establish fee schedules for diagnostic laboratory tests for which payment is made under this part, other than such tests performed by a provider of services for an inpatient of such provider. Such schedules shall be established on areawide bases as established by the Secretary.

"(2) The Secretary shall set the fee schedule at 60 percent (or, in the case of a test performed in a hospital laboratory, 62 percent) of the prevailing charges paid under this part for the area for similar diagnostic laboratory tests during the fee screen year beginning July 1, 1983, adjusted annually by a percentage increase or decrease equal to the percentage increase or decrease in the Consumer Price Index for All Urban Consumers (United States city average). The Secretary may make adjustments or exceptions to the fee schedule to assure adequate reimbursement of: (A) emergency laboratory tests needed for the provision of bona fide emergency services in a hospital emergency room; and (B) certain low volume high-cost tests where highly sophisticated equipment and extremely skilled personnel are necessary to assure quality.

"(3) In the case of a bill or request for payment for a diagnostic laboratory test for which payment may otherwise be made under this part, payment may be made only to the person or entity which performed or supervised the performance of such test. In the case of such a bill or request for payment which is not based upon an assignment described in section 1842(b)(3)(B) or a provider agreement under section 1866, payment may be made to the beneficiary only on the basis of the itemized bill of the person or entity which performed or supervised the performance of the test.".

(e) Section 1842 of such Act is amended by striking out subsection (h) thereof.

(f)(1) Except as provided in paragraph (3), the amendments made by this section shall apply only with respect to diagnostic laboratory tests furnished on or after May 1, 1984, and before October 1, 1987.

(2) With respect to diagnostic laboratory tests furnished on or after October 1, 1987, payment under part B of title XVIII of the Social Security Act shall be made in accordance with the provisions of such part as they would be in effect if the amendments made by this section had not been enacted.

(3) The provisions of section 1833(h)(3) as added by this section shall remain in effect on and after October 1, 1987.

(g) The Secretary of Health and Human Services shall simplify the procedures under section 1842 of the Social Security Act with respect to claims and payments for diagnostic laboratory tests so as to reduce unnecessary paperwork while assuring that sufficient information is supplied to prevent fraud and abuse.

(h) The Secretary of Health and Human Services shall report to the Congress prior to June 30, 1985, with respect to—

(1) recommendations with respect to direct payment of all fees for diagnostic laboratory tests to the physician under title XVIII of the Social Security Act;

(2) any possible basis for the formulation of a nationwide fee schedule for diagnostic laboratory tests under such title; and

(3) any appropriate indexing mechanism for adjusting such a fee schedule.

REVALUATION OF ASSETS ACQUIRED BY HOSPITALS

SEC. 907. (a) Section 1886(g) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(3) The Secretary shall provide that in any case in which a hospital (including subsection (d) hospitals and other hospitals) acquires any asset which had been depreciated in whole or in part by the prior owner for purposes of payment under this title, the payments to the purchasing hospital under this title (with respect to inpatient and outpatient services) for capital-related costs of that asset (depreciation, equity capital, and interest) shall be based upon book value (that is the acquisition cost of the asset as carried on the books of the prior owner less any depreciation taken on the asset by such prior owner) and shall be determined using the same useful life and method of depreciation as used by such prior owner for purposes of payment under this title.".

(b) Section 1886(g)(2) of such Act is amended by inserting "except as otherwise provided in paragraph (3), and" after "March 1, 1983,".

(c) The amendments made by this section shall apply to capital-related costs of capital expenditures obligated on or after October 1, 1984.

REPEAL OF PREADMISSION DIAGNOSTIC TESTING PROVISION

SEC. 908. (a) Section 1833(a)(1) of the Social Security Act is amended by striking out "(F) with respect to" and all that follows through "(G)" and inserting in lieu thereof "and (F)".

(b) Section 1833(a) of such Act is amended—

(1) by adding "and" at the end of paragraph (3);

(2) by striking out "; and" at the end of paragraph (4) and inserting in lieu thereof a period; and

(3) by striking out paragraph (5).

(c) Section 1833(a)(2) of such Act is amended by striking out "and in paragraph (5) of this subsection".

(d) Section 1833(b) and section 1833(i)(3) of such Act are each amended by striking out "subsection (a)(1)(G)" and inserting in lieu thereof "subsection (a)(1)(F)".

(e) The amendments made by this section shall apply to services performed after the date of the enactment of this Act.

(f) The amendments made by this section shall not be construed as prohibiting payment, subject to the applicable copayments, under part B of title XVIII of the Social Security Act for preadmission diagnostic testing performed in a physician's office to the extent such testing is otherwise reimbursable under regulations of the Secretary.

SKILLED NURSING FACILITY REIMBURSEMENT

SEC. 909. (a)(1) Section 1861(v)(1)(E) of the Social Security Act is amended by striking out clause (i) thereof, and by striking out "(ii)".

(2) Section 1861(v)(7) of such Act is amended by adding at the end thereof the following new subparagraph:

"(D) For further limitations on reasonable cost and determination of payment amounts for routine service costs of skilled nursing facilities, see section 1888.".

(b) Title XVIII of the Social Security Act is amended by adding at the end thereof the following new section:

"PAYMENT TO SKILLED NURSING FACILITIES FOR ROUTINE SERVICE COSTS

"SEC. 1888. (a) The Secretary, in determining the amount of the payments which may be made under this title with respect to routine service costs of extended care services shall not recognize as reasonable (in the efficient delivery of health services) per diem costs of such services to the extent that such per diem costs exceed the following per diem limits, except as otherwise provided in this section:

"(1) With respect to free standing skilled nursing facilities located in urban areas, the limit shall be equal to 112 percent of the mean per diem routine service costs for free standing skilled nursing facilities located in urban areas.

"(2) With respect to free standing skilled nursing facilities located in rural areas, the limit shall be equal to 112 percent of the mean per diem routine service costs for free standing skilled nursing facilities located in rural areas.

"(3) With respect to hospital-based skilled nursing facilities located in urban areas, the limit shall be equal to the sum of the limit for free standing skilled nursing facilities located in urban areas, plus 50 percent of the amount by which 112 percent of the mean per diem routine service costs for hospital-based skilled nursing facilities located in urban areas exceeds the limit for free standing skilled nursing facilities located in urban areas.

"(4) With respect to hospital-based skilled nursing facilities located in rural areas, the limit shall be equal to the sum of the limit for free standing skilled nursing facilities located in rural areas, plus 50 percent of the amount by which 112 percent of the mean per diem routine service costs for hospital-based skilled nursing facilities located in rural areas exceeds the limit for free standing skilled nursing facilities located in rural areas.

In applying this subsection the Secretary shall make appropriate adjustments to the labor related portion of the costs based upon an appropriate wage index.

"(b) With respect to a hospital-based skilled nursing facility, the Secretary shall recognize as reasonable the portion of the cost differences between hospital-based and freestanding skilled nursing facilities attributable to excess overhead allocations (as determined by the Secretary) resulting from the reimbursement principles under this title, notwithstanding the limits set forth in paragraph (3) or (4) of subsection (a).

"(c) The Secretary may make adjustments in the limits set forth in subsection (a) with respect to any skilled nursing facility to the extent the Secretary deems appropriate, based upon case mix or circumstances beyond the control of the facility.".

(c) The amendments made by subsections (a) and (b) shall apply to cost reporting periods beginning on or after July 1, 1984.

(d) Notwithstanding limits on the cost of skilled nursing facilities which may have been issued under section 1861(v) of the Social Security Act prior to the date of the enactment of this Act, in the case of cost reporting periods beginning on or after October 1, 1982, and prior to July 1, 1984, the cost limits for routine services for urban and rural hospital-based skilled nursing facilities shall be 112 percent of the mean of the respective routine costs for urban and rural hospital-based skilled nursing facilities.

(e) The Secretary of Health and Human Services shall submit to the Congress, prior to April 15, 1984, the report required under section 605(b) of the Social Security Amendments of 1983.

(f) The Secretary of Health and Human Services shall submit to the Congress, prior to December 1, 1984, a proposal for the implementation of a prospective payment plan for extended care services under title XVIII of the Social Security Act. The plan shall take into account case mix differences among skilled nursing facilities. The plan shall be designed so as to permit inclusion of payments to hospital-based facilities within the DRG payment system under section 1886(d) of such Act. The plan shall be designed for implementation effective October 1, 1985.

ROUNDING OF PART B PAYMENTS

SEC. 910. (a) Section 1833 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(k) Whenever payment under this part is made on the basis of the reasonable charge for the service, the amount of the payment, as determined after application of the provisions of section 1842 relating to the calculation of the reasonable charge and after the application of any deductibles and copayments, shall, if not a whole dollar amount, be rounded down to the next lower whole dollar amount. Where a payment is for more than one related service provided to the same patient, this subsection shall be applied to the total payment, rather than to each service separately. Any person or provider receiving such payment on the basis of an assignment described in section 1842(b)(3)(B)(ii) or under a provider agreement under section 1866, may not charge to the beneficiary the amount by which the payment is reduced under this subsection.".

(b) The amendment made by this section shall apply to payments for services performed on or after July 1, 1984.

AGREEMENTS FOR MEDICARE CLAIMS PROCESSING

SEC. 911. (a)(1) Section 1816(a) of the Social Security Act is amended by striking out the first sentence and inserting in lieu thereof the following: "The Secretary may enter into an agreement with any organization or agency under which such organization or agency shall make determinations of the amounts of the payments to be made under this part to the providers it serves, and shall make such payments to such providers. Determinations of the amounts of payment shall be subject to section 1878 and to such review by the Secretary as may be provided for in the agreement.".

(2) Section 1816(d) of such Act is repealed.

(3) Paragraphs (1) and (2) of section 1816(e) of such Act are each amended by striking out "Notwithstanding subsections (a) and (d), the Secretary" and inserting in lieu thereof "The Secretary".

(4) Section 1816(e)(4) of such Act is amended by striking out "subsections (a) and (d) and".

(b)(1) Section 1816(c) of such Act is amended by striking out "of so much of the cost of administration of the agency or organization as is determined by the Secretary to be necessary and proper for carrying out the functions covered by the agreement" and inserting in lieu thereof "to the organization for carrying out the functions covered by the agreement in accordance with such terms as the Secretary and the organization or agency shall agree upon".

(2) Section 1816(f) of such Act is amended—

(A) by inserting "(1)" after "(f)";

(B) by redesignating clauses (1) and (2) as clauses (A) and (B), respectively;

(C) by striking out ", by regulation,"; and

(D) by adding at the end thereof the following new paragraph:

"(2) Subject to the standards, criteria, and procedures developed pursuant to paragraph (1), the Secretary may utilize competitive and noncompetitive procedures for determining with whom he shall enter into an agreement under this section, and may experiment with innovative techniques for carrying out agreements under this section.".

(c)(1) Section 1842(c) of such Act is amended by striking out "of the cost of administration of the carrier, as determined by the Secretary to be necessary and proper for carrying out the functions covered by the contract" and inserting in lieu thereof "to the carrier for carrying out the functions covered by the contract in accordance with such terms as the Secretary and the carrier shall agree upon".

(2) Section 1842 of such Act is amended by adding at the end thereof the following new subsection:

"(i) The Secretary may utilize competitive and noncompetitive procedures for determining with whom he shall enter into a contract under this section, and may experiment with innovative techniques for carrying out such contracts.".

(d) The amendments made by this section shall become effective on October 1, 1984.

LESSER OF COST OR CHARGES

SEC. 912. The Secretary of Health and Human Services shall issue regulations which require, for purposes of title XVIII of the Social Security Act, that hospitals calculate and report the lesser-of-cost-or-charges determinations separately on the basis of inpatient and outpatient services, and that payment under such title be based upon such separate determinations. Such regulations shall apply to cost accounting periods beginning on or after October 1, 1984.

HEPATITIS B VACCINE

SEC. 913. (a) The first sentence of section 1881(b)(1) of the Social Security Act is amended by striking out "and" before "(B)" and by inserting before the period the following: ", and (C) payments to or on behalf of such individuals for hepatitis B vaccine and its administration".

(b) Section 1881(b) of such Act is amended by adding at the end thereof the following new paragraph:

"(11) Hepatitis B vaccine and its administration shall be included as dialysis services with respect to individuals who are receiving dialysis services at or through a renal dialysis facility, and payment for such vaccine and its administration shall be made in such manner and amount as the Secretary determines to be appropriate, which may include the inclusion within the prospective payment amount established under paragraph (7). Such vaccine and its administration, when furnished to an individual who is receiving dialysis services, but not at or through a renal dialysis facility, shall be included as physicians' services, and payment shall be made in accordance with paragraph (3).".

(c)(1) Section 1862(a)(1)(B) of such Act is amended by inserting "or section 1881(b)(1)(C)" after "1861(s)(10)".

(2) Section 1862(a)(7) of such Act is amended by inserting ", section 1881(b)(1)(C)," after "1861(s)(10)".

(d) The amendments made by this section shall apply with respect to hepatitis vaccine administered on or after July 1, 1984.

(e) The Secretary of Health and Human Services shall adjust, effective with respect to services provided on or after the date of the enactment of this Act, the comprehensive fee or other basis of payment established under section 1881(b)(3)(B) of such Act, to reflect the amendments made by this section.

LIMITATION ON CERTAIN FOOT-CARE SERVICES

SEC. 914. (a) The Secretary of Health and Human Services shall provide, by regulation and pursuant to section 1862(a) of the Social Security Act, that payment will not be made under part B of title XVIII of such Act for a physician's debridement of mycotic toenails to the extent such debridement is performed for a patient more frequently than once every sixty days, unless the medical necessity for more frequent treatment is documented by the billing physician.

(b) The provision of subsection (a) shall apply to services performed on or after the date of the enactment of this Act.

COVERAGE OF HEMOPHILIA CLOTTING FACTOR

SEC. 915. (a) Section 1861(s)(2) of the Social Security Act is amended by striking out "and" at the end of subparagraph (G), by adding "and" at the end of subparagraph (H), and by adding at the end thereof the following new subparagraph:

"(I) blood clotting factors, for hemophilia patients competent to use such factors to control bleeding without medical or other supervision, and items related to the administration of such factors, subject to utilization controls deemed necessary by the Secretary or necessary for the efficient use of such factors;".

(b) The amendments made by subsection (a) shall be effective with respect to items and services purchased on or after the date of the enactment of this Act.

INDEXING OF PART B DEDUCTIBLE

SEC. 916. (a) Section 1833 (b) of the Social Security Act is amended—

(1) by striking out "of $75" and inserting in lieu thereof "determined under paragraph (2)";

(2) by redesignating clauses (1) through (3) as clauses (A) through (C);

(3) by inserting "(1)" after "(b)"; and

(4) by adding at the end thereof the following new paragraph:

"(2)(A) The part B deductible—

"(i) shall be $75 for the calendar year 1984;

"(ii) for each of the calendar years 1985, 1986, and 1987 shall be an amount equal to $75 increased or decreased by the percentage increase or decrease in the economic index utilized under section 1842 (b)(3) from the 12-month period which began on July 1, 1983, to the 12-month period that began on July 1 of the year preceding such calendar year (rounded to the nearest multiple of $1, or if midway between multiples of $1, rounded to the next higher multiple of $1); and

"(iii) for the calendar year 1988 and each succeeding calendar year, shall be equal to the deductible for calendar year 1987.

"(B) The Secretary shall, between July 1 and October 1 of 1984, and of each year thereafter, determine and promulgate the part B deductible which shall be applicable for the following calendar year.".

(b) The amendments made by subsection (a) shall be effective for calendar years after 1983.

(c) The Secretary of Health and Human Services shall determine and promulgate the part B deductible for calendar year 1985 as soon as possible after the date of the enactment of this Act.

COST SHARING FOR DURABLE MEDICAL EQUIPMENT FURNISHED AS A HOME HEALTH BENEFIT

SEC. 917. (a)(1) The matter in section 1814(b) of the Social Security Act preceding paragraph (1) is amended by inserting "and other than a home health agency with respect to durable medical equipment" after "hospice care".

(2) Section 1814 of such Act is amended by adding at the end thereof the following new subsection:

"Payments to Home Health Agencies for Durable Medical Equipment

"(k) The amount paid to any home health agency with respect to durable medical equipment for which payment may be made under this part shall be—

"(1) the lesser of—

"(A) the reasonable cost of such equipment, as determined under section 1861(v), or

"(B) the customary charges with respect to such equipment,

less the amount the home health agency may charge as described in section 1866(a)(2)(A)(ii), but in no case may the payment for such equipment exceed 80 percent of such reasonable cost, or

"(2) if such equipment is furnished by a public home health agency free of charge or at nominal charge to the public, the amount which the Secretary finds will provide fair compensation to the home health agency.".

(b)(1) The matter in section 1833(a)(2)(A) of such Act preceding clause (i) is amended by inserting "(other than durable medical equipment)" after "home health services".

(2) The matter in section 1833(a)(2)(B) of such Act preceding clause (i) is amended by inserting "items and" after "other".

(c) Section 1866(a)(2)(A)(ii) of such Act is amended by inserting "or which are durable medical equipment furnished as home health services" after "part B".

(d)(1) The first sentence of section 1833(f)(1) of such Act is amended by striking out "as described in section 1861(s)(6)".

(2) Section 1833(f)(2) of such Act is amended—

(A) by striking out "the 20 percent" and inserting in lieu thereof "any", and

(B) by striking out "under subsection (a)".

(3) Section 1833(f)(3) of such Act is amended by striking out "paragraph (1)" and inserting in lieu thereof "subsection (a)".

(4)(A) Subsection (f) of section 1833 of such Act is redesignated as section 1889, is assigned the heading "Purchase of Durable Medical Equipment", and is moved to the end of part C.

(B) Paragraphs (1) through (4) of section 1889 are redesignated as subsections (a) through (d).

(e)(1) Section 1861(m)(5) of such Act is amended by striking out ", and the use of medical appliances" and inserting in lieu thereof "and durable medical equipment".

(2) Section 1861(s)(6) of such Act is amended by striking out everything after "durable medical equipment" up to the semicolon.

(3) Section 1861 of such Act is amended by inserting after subsection (m) the following:

"Durable Medical Equipment

"(n) The term 'durable medical equipment' includes iron lungs, oxygen tents, hospital beds, and wheelchairs (which may include a power-operated vehicle that may be appropriately used as a wheelchair, but only where the use of such a vehicle is determined to be necessary on the basis of the individual's medical and physical condition and the vehicle meets such safety requirements as the Secretary may prescribe) used in the patient's home (including an institution used as his home other than an institution that meets the requirements of subsection (e)(1) or (j)(1) of this section), whether furnished on a rental basis or purchased.".

(4) Section 1861(cc)(1)(G) of such Act is amended by striking out ", appliances, and equipment, including the purchase or rental of equipment" and inserting in lieu thereof "and durable medical equipment".

(f) Section 1814(j)(2) of such Act is amended—

(1) by redesignating subparagraphs (B) and (C) as (C) and (D), respectively, and

(2) by inserting the following after subparagraph (A):

"(B) Subsection (k)(1)(B).".

(g) The amendments made by this section shall apply to items and services furnished on or after the date of the enactment of this Act.

TRANSFERS TO FEDERAL HOSPITAL INSURANCE TRUST FUND

SEC. 918. Section 1817 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(k) There shall be transferred for each of the fiscal years 1984, 1985, 1986, and 1987, from the general fund in the Treasury into the Federal Hospital Insurance Trust Fund amounts equal to the additional amounts which would have been included in the Government contribution for such fiscal year to the Federal Supplementary Medical Insurance Trust Fund under section 1844 for months beginning with July 1984 if the amendments made by part I of subtitle A of title IX of the Omnibus Reconciliation Act of 1983 had not been enacted (as estimated by the Secretary of Health and Human Services).".

PART II—MEDICAID AND MCH BUDGET PROVISIONS

EXTENSION OF MEDICAID PAYMENT REDUCTIONS AND OFFSETS

SEC. 921. (a) Section 1903(s)(1)(A) of the Social Security Act is amended by striking out "and" at the end of clause (ii), by adding "and" at the end of clause (iii), and by inserting after clause (iii) the following:

"(iv) each of the fiscal years 1985, 1986, and 1987, shall be reduced by 3 percent,".

(b) Section 1903(t)(1) of such Act is amended—

(1) by striking out "and 1984" and inserting in lieu thereof "1984, 1985, 1986, and 1987";

(2) by inserting "and" at the end of subparagraph (A); and

(3) by striking out subparagraphs (B) and (C) and inserting in lieu thereof the following:

"(B) 1983, 1984, 1985, 1986, or 1987, is equal to the target amount determined under subparagraph (A) for the State, increased or decreased by a percentage equal to the percentage increase or decrease (as the case may be) in the index of the medical care expenditure category of the Consumer Price Index for all urban consumers (U.S. city average) published by the Bureau of

Labor Statistics for the period beginning on October 1, 1982, and ending on the last day of the fiscal year for which the target is being computed.".

(c) Section 1903(t)(2) of such Act is amended by striking out "1985" and inserting in lieu thereof "1988".

(d) Section 1903(t)(3) of such Act is amended by inserting "(A)" after "(3)" and by adding at the end thereof the following new subparagraph:

"(B) Only for purposes of computing under this subsection the Federal share of expenditures for a State for fiscal years 1985, 1986, and 1987 (in the case of the payments which may be made for the first quarter of fiscal years 1986, 1987, and 1988, respectively), the Federal medical assistance percentage for fiscal years 1985, 1986, and 1987 shall be the lower of the Federal medical assistance percentage for the State in effect for fiscal year 1981, or the Federal medical assistance percentage for the State in effect for the fiscal year for which such expenditures are being computed.".

(e)(1) Section 1903(t) of such Act is amended by adding at the end thereof the following new paragraph:

"(4)(A) Except as provided in subparagraph (B), this subsection and paragraph (2) of subsection (s) shall not apply with respect to any payments based upon a claim (or adjustment to a claim) for a State expenditure which is submitted to the Secretary for payment after the end of the 24-month period beginning after the calendar quarter in which such expenditure was made.

"(B) Subparagraph (A) shall not apply to a State for a fiscal year if the total net amount of the claims (and adjustments) submitted by such State during that fiscal year which would otherwise be excluded under subparagraph (A) exceeds $5,000,000.".

(2) The amendment made by paragraph (1) shall apply to claims submitted on or after October 1, 1984.

(f) Section 2161 of the Omnibus Budget Reconciliation Act of 1981 is amended by striking out subsection (c).

MANDATORY ASSIGNMENT OF RIGHTS OF PAYMENT BY MEDICAID RECIPIENTS

SEC. 922. (a) Section 1902(a) of the Social Security Act is amended—

(1) by striking out "and" at the end of paragraph (43);

(2) by striking out the period at the end of paragraph (44) and inserting in lieu thereof "; and"; and

(3) by inserting after paragraph (44) the following new paragraph:

"(45) provide for mandatory assignment of rights of payment for medical support and other medical care owed to recipients, in accordance with section 1912.".

(b) Section 1912(a) of such Act is amended by striking out "State plan for medical assistance may" and inserting in lieu thereof "State plan for medical assistance shall".

(c)(1) Except as provided in paragraph (2), the amendments made by this section shall become effective on October 1, 1984.

(2) In the case of a State plan for medical assistance under title XIX of the Social Security Act which the Secretary of Health and Human Services determines requires State legislation in order for the plan to meet the additional requirements imposed by the amendments made by this section, the State plan shall not be regarded as failing to comply with the requirements of such title solely on the basis of its failure to meet these additional requirements before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of this Act.

INCREASE IN MEDICAID CEILING AMOUNT FOR PUERTO RICO, THE VIRGIN ISLANDS, GUAM, THE NORTHERN MARIANA ISLANDS, AND AMERICAN SAMOA

SEC. 923. (a) Section 1108(c) of the Social Security Act is amended to read as follows:

"(c) The total amount certified by the Secretary under title XIX with respect to a fiscal year for payment to—

"(1) Puerto Rico shall not exceed $63,400,000;

"(2) the Virgin Islands shall not exceed $2,100,000;

"(3) Guam shall not exceed $2,000,000;

"(4) the Northern Mariana Islands shall not exceed $550,000; and

"(5) American Samoa shall not exceed $1,150,000.".

(b) The amendment made by subsection (a) shall be effective for fiscal years beginning on or after October 1, 1983.

INCREASE IN AUTHORIZATION FOR MATERNAL AND CHILD HEALTH BLOCK GRANT

SEC. 924. (a) Section 501(a) of the Social Security Act is amended by striking out "$373,000,000 for fiscal year 1982 and for each fiscal year thereafter" and inserting in lieu thereof "$452,000,000 for fiscal year 1984, $453,000,000 for fiscal year 1985, and $455,000,000 for fiscal year 1986 and each fiscal year thereafter".

(b) The amendment made by subsection (a) shall be effective for fiscal years beginning on or after October 1, 1983.

MEDICAID COVERAGE FOR PREGNANT WOMEN

SEC. 925. (a)(1) Section 406(g)(2) of the Social Security Act is amended by striking out "may provide" and inserting in lieu thereof "shall provide".

(2) Section 1902(a)(10)(A)(i) of such Act is amended by striking out "as authorized in section 406(g)" and inserting in lieu thereof "as required in section 406(g)(2)".

(b)(1) Except as provided in paragraph (2), the amendments made by this section shall become effective on July 1, 1984.

(2) In the case of a State plan for medical assistance under title XIX of the Social Security Act which the Secretary of Health and Human Services determines requires State legislation in order for the plan to meet the additional requirements imposed by the amendments made by this section, the State plan shall not be regarded as failing to comply with the requirements of such title solely on the basis of its failure to meet these additional requirements before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of this Act.

RECERTIFICATION OF SNF AND ICF PATIENTS

SEC. 926. (a)(1) Section 1903(g)(1) of the Social Security Act is amended, in the matter preceding subparagraph (A), by—

(A) striking out ", skilled nursing facility or intermediate care facility on 60 days" and inserting in lieu thereof "or intermediate care facility for 60 days, or in a skilled nursing facility for 30 days";

(B) striking out ", skilled nursing facility services, or intermediate care facility services furnished beyond 60 days (or inpatient mental hospital services furnished beyond 90 days)" and inserting in lieu thereof "or intermediate care facility services furnished beyond 60 days, skilled nursing facility services furnished beyond 30 days, or inpatient mental hospital services furnished beyond 90 days"; and

(C) striking out "which for purposes of this section means the four calendar quarters ending with June 30,".

(2) Section 1903(g)(1)(A) of such Act is amended by striking out "at least every 60 days" and inserting in lieu thereof "at least as often as required under paragraph (7)".

(3) Section 1903(g) of such Act is amended by adding at the end thereof the following new paragraph:

"(7)(A) Recertifications under paragraph (1)(A) shall be required at least every 60 days in the case of inpatient hospital services.

"(B) Such recertifications in the case of skilled nursing facility services shall be required at least—

"(i) 30 days after the initial certification,

"(ii) 60 days after the initial certification,

"(iii) 90 days after the initial certification, and

"(iv) every 60 days thereafter.

"(C) Such recertifications in the case of intermediate care facility services shall be required at least—

"(i) 60 days after the initial certification,

"(ii) 120 days after the initial certification,

"(iii) 12 months after the initial certification,

"(iv) 18 months after the initial certification,

"(v) 24 months after the initial certification, and

"(vi) every 12 months thereafter.

"(D) For purposes of determining compliance with the schedule established by this paragraph, the Secretary shall not consider any violation of such schedule in any case where there is a delay of 10 days or less, and the State establishes good cause why the physician or other person making such recertification did not meet such schedule.".

(b) Section 1903(g)(4) of such Act is amended by adding at the end thereof the following new subparagraph:

"(C) The Secretary shall find a showing of a State, with respect to a calendar quarter under paragraph (1), to be satisfactory under such paragraph with respect to the requirements of subparagraphs (A) and (B) of such paragraph as applicable to a type of facility or institutional services, if the total number of patients receiving such type of services in that quarter whose records were included in sample onsite surveys conducted with respect to that quarter under paragraph (2) and were found not to comply with the requirements of subparagraphs (A) and (B) of paragraph (1) is less than 3 percent of the total number of patients whose records were included in such surveys with respect to that quarter.".

(c) Section 1903(g)(5) of such Act is amended by striking out "33½ per centum" and inserting in lieu thereof "5 percent".

(d) The amendments made by this section shall apply to quarters beginning on or after the date of the enactment of this Act.

PART III—OTHER MEDICARE AND MEDICAID PROVISIONS

STUDY OF PHYSICIAN REIMBURSEMENT FOR COGNITIVE SERVICES

SEC. 931. The Director of the Office of Technology Assessment shall conduct a study of physician reimbursement under the medicare program with respect to any

inequities that may exist between reimbursement levels for medical procedures and cognitive services, and shall make any recommendations for changes in such reimbursement system which may be appropriate. The study shall include specific findings and recommendations with respect to creating a method for adjusting payments to physicians as the costs and risks to physicians of providing services decrease over time due to new technologies and procedures. In carrying out the study, the Director shall consult with national physician organizations and with the Secretary of Health and Human Services. The Director shall report the results of such study to the Congress prior to December 31, 1985.

ELIMINATION OF PART B DEDUCTIBLE FOR CERTAIN DIAGNOSTIC LABORATORY TESTS

SEC. 932. (a) Section 1833(b) of the Social Security Act is amended by striking out "and" at the end of clause (2), and by inserting before the period at the end of clause (3) the following: ", and (4) such deductible shall not apply with respect to diagnostic tests performed in a laboratory for which the Secretary has established a payment rate under subsection (h)".

(b) Section 1833(h) of such Act, as such section shall be in effect on and after October 1, 1987, is amended by inserting before the period at the end thereof the following: "(including any deductibles which would have been made under subsection (b))".

(c) The amendments made by this section shall apply with respect to diagnostic tests performed on or after October 1, 1987.

PAYMENT FOR SERVICES FOLLOWING TERMINATION OF PARTICIPATION AGREEMENTS WITH HOME HEALTH AGENCIES

SEC. 933. (a) Section 1866(b)(4)(B) of the Social Security Act is amended by striking out "after the calendar year in which such termination is effective" and inserting in lieu thereof "more than 30 days after such effective date".

(b) The amendment made by this section shall apply to terminations issued on or after the date of the enactment of this Act.

REPEAL OF SPECIAL TUBERCULOSIS TREATMENT REQUIREMENTS UNDER MEDICARE AND MEDICAID

SEC. 934. (a) Section 1814(a) of the Social Security Act is amended—

(1) by repealing subparagraph (B) of paragraph (2);

(2) in paragraph (3), by striking out "and inpatient tuberculosis hospital services";

(3) by repealing paragraph (5); and

(4) in the matter following paragraph (8), by striking out "(B),".

(b)(1) Subsections (d) and (g) of section 1861 of such Act are repealed.

(2) Section 1861(e) of such Act is amended in the matter following paragraph (9) by striking out "or tuberculosis unless it is a tuberculosis hospital (as defined in subsection (g)) or".

(3) Section 1861(j) of such Act is amended in the matter following paragraph (15) by striking out "or tuberculosis".

(c) Section 1863 of such Act is amended by striking out "(g)(4),".

(d) Section 1866 of such Act is amended—

(1) in subsection (b)(3), by striking out "tuberculosis hospital services and"; and

(2) in subsection (d), by striking out "inpatient tuberculosis hospital services and".

(e) Section 1902(a)(28) of such Act is amended by striking out "and tuberculosis".

(f) Section 1903(g)(1) of such Act is amended by striking out "(including an institution for tuberculosis)", and by striking out "(including tuberculosis hospitals)".

(g) Section 1905(a) of such Act is amended by striking out "tuberculosis or" each place it appears in paragraphs (1), (4)(A), (14), (15), and (18)(B).

(h) The amendments made by this section shall become effective on the date of the enactment of this Act.

MEDICARE RECOVERY AGAINST CERTAIN THIRD PARTIES

SEC. 935. (a) Section 1862(b)(1) of the Social Security Act is amended—

(1) in the first sentence, by inserting "promptly" after "to be made";

(2) in the second sentence, by inserting "or could be" after "has been"; and

(3) by inserting after the second sentence the following new sentences: "In order to recover payment made under this title for an item or service, the United States may bring an action against any entity that would be responsible for payment with respect to such item or service (or any portion thereof) under such a law, policy, plan, or insurance, or against any individual or entity that has been paid with respect to such item or service under such law, policy, plan, or insurance, and may join or intervene in any action related to the events that gave rise to the need for such item or service. The United States shall be subrogated (to the extent of payment made under this title for an item or service) to any right of the individual or any other entity to payment with respect to such item or service under such a law, policy, plan, or insurance.".

(b) Section 1862(b)(2)(B) of such Act is amended—

(1) in the first sentence, by inserting "or could be" after "has been"; and

(2) by inserting after the first sentence the following new sentences: "In order to recover payment made under this title for an item or service, the United States may bring an action against any entity that would be responsible for payment with respect to such item or service (or any portion thereof) under such a plan, or against any individual or entity that has been paid with respect to such item or service under such plan, and may join or intervene in any action related to the events that gave rise to the need for such item or service. The United States shall be subrogated (to the extent of payment made under this title for an item or service) to any right of the individual or any other entity to payment with respect to such item or service under such a plan.".

(c) Section 1862(b)(3)(A)(ii) of such Act is amended—

(1) in the first sentence, by inserting "or could be" after "has been"; and

(2) by inserting after the first sentence the following new sentences: "In order to recover payment made under this title for an item or service, the United States may bring an action against any entity that would be responsible for payment with respect to such item or service (or any portion thereof) under such a plan, or against any individual or entity that has been paid with respect to such item or service under such plan, and may join or intervene in any action related to the events that gave rise to the need for such item or service. The United States shall be subrogated (to the extent of payment made under this title for an item or service) to any right of the individual or any other entity to payment with respect to such item or service under such a plan.".

(d) The amendments made by this section shall become effective on the date of the enactment of this Act.

INDIRECT PAYMENT OF SUPPLEMENTARY MEDICAL INSURANCE BENEFITS

SEC. 936. (a) The first sentence of section 1842(b)(6), as so redesignated by section 202 of this Act, is amended by inserting before the period at the end thereof the following: ", or (C) to an entity (i) which provides coverage of the service under a health benefits plan (to the extent that payment is not made under this part), (ii) which has paid the person who provided the service an amount which includes the amount payable under this part and which that person has accepted as payment in full for such service, and (iii) to which the individual has agreed in writing that payment may be made under this part".

(b) The second sentence of section 1842(b)(6) is amended by striking out "(i)" and "(ii)" and inserting in lieu thereof "(I)" and "(II)", respectively.

(c) The amendments made by this section shall become effective on the date of the enactment of this Act.

ELIMINATION OF HEALTH INSURANCE BENEFITS ADVISORY COUNCIL

SEC. 937. (a) Section 1867 of the Social Security Act is repealed.

(b)(1) The first sentence of section 1863 of such Act is amended by striking out "the Health Insurance Benefits Advisory Council established by section 1867, appropriate State agencies," and inserting in lieu thereof "appropriate State agencies".

(2) The first sentence of section 7(d)(4) of the Railroad Retirement Act of 1974 is amended by striking out "1867,".

(3) Section 361 of the Social Security Amendments of 1977 (Public Law 95-216) is amended by striking out subsection (i).

(c) The amendments made by this section shall become effective on the date of the enactment of this Act.

CONFIDENTIALITY OF ACCREDITATION SURVEYS

SEC. 938. (a) Section 1865(a) of the Social Security Act is amended—

(1) in paragraph (2), by striking out "(on a confidential basis)", and

(2) by adding at the end thereof the following new sentence: "The Secretary may not disclose any accreditation survey made and released to him by the Joint Commission on Accreditation of Hospitals, the American Osteopathic Association, or any other national accreditation body, of an entity accredited by such body.".

(b) The amendments made by this section shall become effective on the date of the enactment of this Act.

FLEXIBLE SANCTIONS FOR NONCOMPLIANCE WITH REQUIREMENTS FOR END STAGE RENAL DISEASE FACILITIES

SEC. 939. (a) Section 1881(c)(3) of the Social Security Act is amended by adding at the end thereof the following new sentence: "If the Secretary determines that the facility's or provider's failure to cooperate with network plans and goals does not jeopardize patient health or safety or justify termination of certification, he may instead, after reasonable notice to the provider or facility and to the public, impose such other sanctions as he determines to be appropriate, which sanctions may include denial of reimbursement with respect to some or all patients admitted to the facility after the date

of the notice, and graduated reduction in reimbursement for all patients.".

(b) The amendment made by this section shall become effective on the date of the enactment of this Act.

USE OF ADDITIONAL ACCREDITING ORGANIZATIONS UNDER MEDICARE

SEC. 940. (a) The third sentence of section 1865(a) of the Social Security Act is amended—

(1) by striking out "section 1861(e), (j), (o), or (dd)" and inserting in lieu thereof "section 1832(a)(2)(F)(i), 1861(e), 1861(j), 1861(o), 1861(p)(4)(A) or (B), paragraphs (11) and (12) of section 1861(s), section 1861(aa)(2), 1861(cc)(2), or 1861(dd)(2)"; and

(2) by striking out "institution or agency" each place it appears and inserting in lieu thereof in each instance "entity".

(b) The amendments made by this section shall become effective on the date of the enactment of this Act.

REPEAL OF EXCLUSION OF FOR-PROFIT ORGANIZATIONS FROM RESEARCH AND DEMONSTRATION GRANTS

SEC. 941. (a) Section 1110(a)(1) of the Social Security Act is amended by striking out "nonprofit".

(b) The first sentence of section 402(a)(1) of the Social Security Amendments of 1967 (Public Law 90-248) is amended by striking out "nonprofit".

(c) The amendments made by this section shall become effective on the date of the enactment of this Act.

REQUIREMENTS FOR MEDICAL REVIEW AND INDEPENDENT PROFESSIONAL REVIEW UNDER MEDICAID

SEC. 942. (a) Section 1902(a)(31) of such Act is amended to read as follows:

"(31) with respect to skilled nursing facilities (and with respect to intermediate care facility services, where the State plan includes medical assistance for such services) provide—

"(A) with respect to each patient receiving such assistance, for a written plan of care, prior to admission to or authorization of benefits in such facility, in accordance with regulations of the Secretary, and for a regular program of independent professional review (including medical evaluation) which shall periodically review his need for such care;

"(B) with respect to each facility within the State, for periodic onsite inspections of the care being provided to each person receiving medical assistance, by one or more independent professional review teams (composed of a physician or registered nurse and other appropriate health and social service personnel), including with respect to each such person (i) the adequacy of the services available to meet his current health needs and promote his maximum physical well-being, (ii) the necessity and desirability of his continued placement in the facility, and (iii) the feasibility of meeting his health care needs through alternative institutional or noninstitutional services; and

"(C) for full reports to the State agency by each independent professional review team of the findings of each inspection under subparagraph (B), together with any recommendations;".

(b) Section 1902(a)(26) of the Social Security Act is amended to read as follows:

"(26) if the State plan includes medical assistance for inpatient mental hospital services provide—

"(A) with respect to each patient receiving such assistance, for a regular program of medical review (including medical evaluation) of his need for such care, and for a written plan of care;

"(B) for periodic inspections to be made in all mental institutions within the State by one or more medical review teams (composed of physicians and other appropriate health and social service personnel) of the care being provided to each person receiving such assistance, including (i) the adequacy of the services available to meet his current health needs and promote his maximum physical well-being, (ii) the necessity and desirability of his continued placement in the institution, and (iii) the feasibility of meeting his health care needs through alternative institutional or noninstitutional services; and

"(C) for full reports to the State agency by each medical review team of the findings of each inspection under subparagraph (B), together with any recommendations;".

(c) Section 1902(a) of such Act is amended, in the matter following paragraph (45)—

(1) by striking out ", (26)" after "(9)(A)"; and

(2) by striking out "the term 'skilled nursing facility' and 'nursing home' " and inserting in lieu thereof "the terms 'skilled nursing facility', 'intermediate care facility', and 'nursing home' ".

(d) The amendments made by this section shall become effective on the date of the enactment of this Act.

FLEXIBILITY IN SETTING PAYMENT RATES FOR HOSPITALS FURNISHING LONG-TERM CARE SERVICES UNDER MEDICAID

SEC. 943. (a) Section 1913(b) of the Social Security Act is amended to read as follows:

"(b) Payment to any such hospital, for any skilled nursing or intermediate care facility services furnished pursuant to subsection (a), shall be at a payment rate established by the State in accordance with the requirements of section 1902(a)(13)(A). Such rate may, but need not, be the same as any rate established by the State for such services furnished by a skilled nursing or intermediate care facility.".

(b) The amendment made by this section shall become effective on the date of the enactment of this Act.

AUTHORITY OF THE SECRETARY TO ISSUE AND ENFORCE SUBPENAS UNDER MEDICAID

SEC. 944. (a) Title XIX of the Social Security Act is amended by adding at the end thereof the following new section:

"APPLICATION OF PROVISIONS OF TITLE II RELATING TO SUBPENAS

"SEC. 1918. The provisions of subsections (d) and (e) of section 205 of this Act shall apply with respect to this title to the same extent as they are applicable with respect to title II.".

(b) The amendment made by this section shall become effective on the date of the enactment of this Act.

REPEAL OF AUTHORITY FOR PAYMENTS TO PROMOTE CLOSING AND CONVERSION OF UNDERUTILIZED HOSPITAL FACILITIES

SEC. 945. (a)(1) Section 1884 of the Social Security Act is repealed.

(2) Section 1903(e) of such Act is repealed.

(b) The amendments made by this section shall become effective on the date of the enactment of this Act, but shall not apply to any transitional allowance established by the Secretary of Health and Human Services under section 1884 of the Social Security Act before the date of the enactment of this Act.

PRESIDENTIAL APPOINTMENT OF AND PAY LEVEL FOR THE ADMINISTRATOR OF THE HEALTH CARE FINANCING ADMINISTRATION

SEC. 946. (a) Title XI of the Social Security Act is amended by inserting after section 1116 the following new section:

"APPOINTMENT OF THE ADMINISTRATOR OF THE HEALTH CARE FINANCING ADMINISTRATION

"SEC. 1117. The Administrator of the Health Care Financing Administration shall be appointed by the President by and with the advice and consent of the Senate.".

(b) Section 5315 of title 5, United States Code, is amended by adding at the end thereof the following:

"Administrator of the Health Care Financing Administration.".

(c) The amendments made by this section shall apply to appointments made after the date of the enactment of this Act.

EXCLUSION OF CERTAIN ENTITIES OWNED OR CONTROLLED BY INDIVIDUALS CONVICTED OF MEDICARE- OR MEDICAID-RELATED CRIMES

SEC. 947. (a) Section 1128 of the Social Security Act is amended—

(1) by redesignating subsections (b), (c), and (d) as subsections (c), (d), and (e), respectively, and

(2) by inserting after subsection (a) the following new subsection:

"(b) Whenever the Secretary determines, with respect to an entity, that a person who has a direct or indirect ownership or control interest of 5 percent or more in the entity, or who is an officer, director, agent, or managing employee (as defined in section 1126(b)) of such entity, is a person described in section 1126(a), the Secretary—

"(1) may bar from participation in the program under title XVIII, for such period as he may deem appropriate, each such entity otherwise eligible to participate in such program;

"(2) shall promptly notify each appropriate State agency administering or supervising the administration of a State plan approved under title XIX of the fact and circumstances of the determination, and may require each such agency to bar the entity from participation in the program for such period as he may specify, which in the case of an entity specified in paragraph (1), may not exceed the period established pursuant to paragraph (1); and

"(3) shall promptly notify the appropriate State or local agency or authority having responsibility for the licensing or certification of such entity of the fact and circumstances of such determination, request that appropriate investigations be made and sanctions invoked in accordance with applicable State law and policy, and request that such State or local agency or authority keep the Secretary and the Inspector General of the Department of Health and Human Services fully and currently informed with respect to any actions taken in response to such request.".

(b) Section 1128(e) of such Act (as redesignated by subsection (a)(1)) is amended—

(1) by inserting "or entity" after "Any person", and

(2) by striking out "(a) or (b)" and inserting in lieu thereof "(a), (b), or (c)".

(c) The amendments made by this section shall become effective on the date of the enactment of this Act.

JUDICIAL REVIEW OF PROVIDER REIMBURSEMENT REVIEW BOARD DECISIONS

SEC. 948. (a) Section 602(h)(2) of the Social Security Amendments of 1983 (Public Law 98-21) is amended by adding at the end thereof the following new subparagraph:

"(C) Notwithstanding section 604, the amendments made by this paragraph shall be effective with respect to any appeal or action brought on or after April 20, 1983.".

(b) The amendment made by this section shall be effective as if it had been originally included in section 602(h)(2) of the Social Security Amendments of 1983.

ACCESS TO HOME HEALTH SERVICES

SEC. 949. (a) Section 1814(a) of the Social Security Act is amended by adding at the end thereof the following new sentences: "For purposes of the preceding sentence, service by a physician as an uncompensated officer or director of a home health agency shall not constitute having a significant ownership interest in, or a significant financial or contractual relationship with, such agency. Such regulations shall not prohibit a physician who has a significant interest in, or a significant relationship with, an agency that is the only home health agency in a county from performing such certification and establishing or reviewing such plan with respect to individuals who are furnished, or to be furnished, services by such agency.".

(b) Section 1835(a) of such Act is amended by adding at the end thereof the following new sentences: "For purposes of the preceding sentence, service by a physician as an uncompensated officer or director of a home health agency shall not constitute having a significant ownership interest in, or a significant financial or contractual relationship with, such agency. Such regulations shall not prohibit a physician who has a significant interest in, or a significant relationship with, an agency that is the only home health agency in a county from performing such certification and establishing or reviewing such plan with respect to individuals who are furnished, or to be furnished, services by such agency.".

(c) The amendments made by this section shall become effective on the date of the enactment of this Act.

PROVIDER REPRESENTATION IN PEER REVIEW ORGANIZATIONS

SEC. 950. (a) Section 1153(b)(3) of the Social Security Act is amended by inserting "(A)" after "(3)" and by adding at the end thereof the following new subparagraph:

"(B) For purposes of subparagraph (A), an entity shall not be considered to be affiliated with a health care facility or association of facilities by reason of common control if the common control consists of—

"(i) only one officer, governing body member, or managing employee who is common to the entity and the health care facility or association, in the case of an entity having 15 or fewer governing body members; or

"(ii) two or less such common officers, governing body members, or managing employees, in the case of an entity having more than 15 governing body members.".

(b) The amendments made by subsection (a) shall become effective on the date of the enactment of this Act.

PROSPECTIVE PAYMENT ASSESSMENT COMMISSION

SEC. 951. (a) Section 1886(e)(2) of the Social Security Act is amended by inserting "(without regard to the provisions of title 5, United States Code, governing appointments in the competitive service)" after "appointed by the Director".

(b)(1) Section 1886 (e)(6)(C)(i) of such Act is amended to read as follows:

"(i) employ and fix the compensation of an Executive Director (subject to the approval of the Director of the Office) and such other personnel (not to exceed 25) as may be necessary to carry out its duties (without regard to the provisions of title 5, United States Code, governing appointments in the competitive service);".

(2) Section 1886 (e)(6)(C)(iii) of such Act is amended by inserting "(without regard to section 3709 of the Revised Statutes (41 U.S.C 5))" after "Commission".

(3) Section 1886 (e)(6)(C)(vi) of such Act is amended by inserting "(without regard to the provisions of the Federal Advisory Committee Act)" after "Commission".

(4) Section 1886(e)(6)(D) of such Act is amended by adding at the end thereof the following sentence: "Physicians serving as personnel of the Commission may be provided a physician comparability allowance by the Commission in the same manner as Government physicians may be provided such an allowance by an agency under section 5948 of title 5, United States Code, and for such purpose subsection (i) of such section shall apply to the Commission in the same manner as it applies to the Tennessee Valley Authority.".

(c) Section 1886(e)(6) of such Act is further amended—

(1) by redesignating subparagraphs (G), (H), and (I) as subparagraphs (H), (I), and (J), respectively; and

(2) by inserting after subparagraph (F) the following new subparagraph:

"(G) In order to supplement the activities of the Commission in assessing the safety, efficacy, and cost-effectiveness of new and existing medical procedures, the Secretary may carry out, or award grants or contracts for, original research and experimentation of the type described in clause (ii) of subparagraph (E) with respect to such a procedure if the Secretary finds that—

"(i) such procedure is not of sufficient commercial value to justify research and experimentation by a commercial organization;

"(ii) research and experimentation with respect to such procedure is not of a type that may appropriately be carried out by an institute, division, or bureau of the National Institutes of Health; and

"(iii) such procedure has the potential to be more cost-effective in the treatment of a condition than procedures currently in use with respect to such condition.".

(d) Section 1886(e)(6) of such Act is further amended—

(1) by redesignating subparagraphs (I) and (J) (as redesignated by subsection (c)(1)) as subparagraphs (K) and (L), respectively; and

(2) by inserting after subparagraph (H) (as so redesignated) the following new subparagraphs:

"(I)(i) The Secretary shall provide the Commission with such services, equipment, and facilities (including office space, office furnishings, and financial and administrative services) as are necessary for the operation of the Commission.

"(ii) As agreed upon by the Secretary and the Commission, the Secretary shall be reimbursed, for such services, equipment, and facilities by the Commission from appropriations made with respect to the Commission.

"(J) The Commission shall submit requests for appropriations in the same manner as the Office submits requests for appropriations, but amounts appropriated for the Commission shall be separate from amounts appropriated for the Office.".

(e) The amendments made by this section shall become effective on the date of the enactment of this Act.

MEDICAID CLINIC ADMINISTRATION

SEC. 952. (a) Section 1905(a)(9) of the Social Security Act is amended to read as follows:

"(9) clinic services furnished by or under the direction of a physician (but for purposes of this paragraph the clinic itself need not be administered by a physician);".

(b) The amendment made by subsection (a) shall become effective on the date of the enactment of this Act.

ENROLLMENT AND PREMIUM PENALTY WITH RESPECT TO WORKING AGED PROVISION

SEC. 953. (a) The second sentence of section 1839(b) of the Social Security Act is amended by adding before the period at the end the following: ", but there shall not be taken into account months in which the individual has met the conditions specified in clauses (i) and (iii) of section 1862(b)(3)(A) and can demonstrate that the individual was enrolled in a group health plan described in clause (iv) of such section by reason of the individual's (or the individual's spouse's) current employment".

(b) Section 1837 of such Act is amended by adding at the end the following new subsection:

"(i)(1) In the case of an individual who—

"(A) meets the conditions described in clauses (i) and (iii) of section 1862(b)(3)(A),

"(B) at the time the individual first satisfies paragraph (1) or (2) of section 1836, is enrolled in a group health plan described in section 1862(b)(3)(A)(iv) by reason of the individual's (or the individual's spouse's) current employment, and

"(C) has elected not to enroll (or to be deemed enrolled) under this section during the individual's initial enrollment period,

there shall be a special enrollment period described in paragraph (3).

"(2) In the case of an individual who—

"(A) meets the conditions described in clauses (i) and (iii) of section 1862(b)(3)(A),

"(B) has enrolled (or has been deemed to have enrolled) in the medical insurance program established under this part during the individual's initial enrollment period and any subsequent special enrollment period under this subsection during which the individual was not enrolled in a group health plan described in section 1862(b)(3)(A)(iv) by reason of the individual's (or individual's spouse's) current employment, and

"(C) has not terminated enrollment under this section at any time at which the individual is not enrolled in such a group health plan by reason of the individual's (or individual's spouse's) current employment,

there shall be a special enrollment period described in paragraph (3).

"(3) The special enrollment period referred to in paragraphs (1) and (2) is the period—

"(A) beginning with the first day of the third month before the month in which the individual attains the age of 70 and ending seven months later, or

"(B) beginning with the first day of the first month in which the individual is no longer enrolled in a group health plan described in section 1862(b)(3)(A)(iv) by reason of current employment and ending seven months later,

whichever period results in earlier coverage.".

(c) Section 1838 of such Act is amended by adding at the end the following new subsection:

"(e) Notwithstanding subsection (a), in the case of an individual who enrolls during a special enrollment period pursuant to—

"(1) subparagraph (A) of section 1837(i)(3)—

"(A) before the month in which he attains the age of 70, the coverage period shall begin on the first day of the month in which he has attained the age of 70, or

"(B) in or after the month in which he attains the age of 70, the coverage period shall begin on the first day of the month following the month in which he so enrolls; or

"(2) subparagraph (B) of section 1837(i)(3)—

"(A) in the first month of the special enrollment period, the coverage period shall begin on the first day of such month, or

"(B) in a month after the first month of the special enrollment period, the coverage period shall begin on the first day of the month following the month in which he so enrolls.".

(d)(1) The amendment made by subsection (a) shall apply to months beginning with January 1983 for premiums for months beginning with the first effective month (as defined in paragraph (3)).

(2) The amendments made by subsections (b) and (c) shall apply to enrollments in months beginning with the first effective month, except that in the case of any individual who would have had a special enrollment period under section 1837(i) of the Social Security Act that would have begun before such first effective month, such period shall be deemed to begin with the first day of such first effective month.

(3) For purposes of this subsection, the term "first effective month" means the first month which begins more than ninety days after the date of the enactment of this Act.

EMERGENCY ROOM SERVICES

SEC. 954. (a) Section 1861(v)(1)(K) of the Social Security Act is amended by inserting "(i)" after "(K)" and by adding at the end thereof the following:

"(ii) For purposes of clause (i), the term 'bona fide emergency services' means services provided in a hospital emergency room after the sudden onset of a medical condition manifesting itself by acute symptoms of sufficient severity (including severe pain) such that the absence of immediate medical attention could reasonably be expected to result in—

"(I) placing the patient's health in serious jeopardy;

"(II) serious impairment to bodily functions; or

"(III) serious dysfunction of any bodily organ or part.".

(b) Section 1861(v)(1)(K)(i) as so designated is amended by striking out "provided in an emergency room" and inserting in lieu thereof "as defined in clause (ii)".

(c) The amendments made by this section shall apply to services furnished on or after the date of the enactment of this Act.

PAYMENT FOR SERVICES OF A NURSE ANESTHETIST

SEC. 955. (a) Section 1886(d)(5) of the Social Security Act is amended by adding at the end thereof the following new subparagraph:

"(E)(i) The Secretary shall provide for an additional payment amount for any subsection (d) hospital equal to the reasonable costs incurred by such hospital for anesthesia services provided by a certified registered nurse anesthetist, subject to the limitation in clause (ii). Payment under this subparagraph shall be the only payment made to such hospital with respect to such services.

"(ii) The Secretary shall not recognize as reasonable any costs incurred by a subsection (d) hospital for anesthesia services provided by certified registered nurse anesthetists employed by such hospital in excess of the number of certified registered nurse anesthetists employed by such hospital for the calendar year 1982, as determined on an average basis of services per nurse anesthetist, except to the extent that the Secretary determines that the employment of additional certified registered nurse anesthetists by such hospital is warranted by reason of changes in patient volume, patient mix, or a loss of physician services.".

(b) Section 1886(a)(4) of such Act is amended by inserting ", services provided by a certified registered nurse anesthetist" after "approved education activities".

(c) The amendments made by subsections (a) and (b) shall apply to cost reporting periods beginning on or after October 1, 1984.

(d) The Secretary of Health and Human Services shall conduct a study of possible methods of reimbursement under title XVIII of the Social Security Act which would not discourage the use of certified registered nurse anesthetists by hospitals. The Secretary shall report the results of such study to the Congress as soon as is practicable.

PROSPECTIVE PAYMENT WAGE INDEX

SEC. 956. (a) The Secretary of Health and Human Services, in consultation with the Secretary of Labor, shall conduct a study to develop an appropriate index for purposes of adjusting payment amounts under section 1886(d) of the Social Security Act to reflect area differences in average hospital wage levels, as required under paragraphs (2)(H) and (3)(E) of such section, taking into account wage differences of full time and part time workers. The Secretary of Health and Human Services shall report the results of such study to the Congress prior to May 1, 1984, including any changes which the Secretary determines to be necessary to provide for an appropriate index.

(b) The Secretary shall adjust the payment amounts for hospitals for cost reporting periods beginning on or after October 1, 1983, to reflect any changes made in the wage index pursuant to subsection (a). Any adjustment in such payments to take account of overpayments or underpayments for the first cost reporting period of a hospital to which section 1886(d) of the Social Security Act applies, shall be made by decreasing or increasing payments in the succeeding cost reporting period.

HOSPICE CONTRACTING FOR CORE SERVICES

SEC. 957. (a) Section 1861(dd)(2)(A)(ii)(I) of the Social Security Act is amended by inserting "except as otherwise provided in paragraph (5)," before "and" at the end thereof.

(b) Section 1861(dd) of such Act is amended by adding at the end thereof the following new paragraph:

"(5)(A) The Secretary may waive the requirements of paragraph (2)(A)(ii)(I) for an agency or organization with respect to all or part of the nursing care described in paragraph (1)(A) if such agency or organization—

"(i) is located in an area which is not an urbanized area (as defined by the Bureau of the Census);

"(ii) was in operation on or before January 1, 1983; and

"(iii) has demonstrated a good faith effort (as determined by the Secretary) to hire a sufficient number of nurses to provide such nursing care directly.

"(B) Any waiver requested by an agency or organization under subparagraph (A) shall be deemed to be granted unless such request is denied by the Secretary within 60 days after such request is received by the Secretary. The granting of a waiver under subparagraph (A) shall not preclude the granting of any subsequent waiver request should such a waiver again become necessary.".

(c) The amendments made by subsections (a) and (b) shall become effective on the date of the enactment of this Act.

(d) The Secretary of Health and Human Services shall conduct a study of the necessity and appropriateness of the requirements that certain "core" services be furnished directly by a hospice, as required under section 1861(dd)(2)(A)(ii)(I) of the Social Security Act. The Secretary shall report the results of such study to the Congress within 18 months after the date of the enactment of this Act.

EXEMPTION OF PUBLIC PSYCHIATRIC HOSPITALS FROM PROVISION LIMITING REIMBURSEMENT TO SNF RATES

SEC. 958. The provisions of section 1902(a)(13) of the Social Security Act, insofar as they require a reduction of the amount of payment otherwise to be made to a public psychiatric hospital due to the level of care received in such hospital, shall not apply to payments to hospitals before July 1, 1985, and such a reduction made for payments during the twelve-month period ending June 30, 1986, and during the twelve-month period ending June 30, 1987, shall be one-third and two-thirds, respectively, of the amount of the reduction which would have been made without regard to this section.

CERTIFICATION OF PSYCHIATRIC HOSPITALS

SEC. 959. (a) Section 1861(f) of the Social Security Act is amended—

(1) by adding "and" at the end of paragraph (3);

(2) by striking out "; and" at the end of paragraph (4) and inserting in lieu thereof a period;

(3) by striking out paragraph (5); and

(4) in the second sentence thereof, by striking out "if the institution is accredited" and all that follows, and inserting in lieu thereof a period.

(b) Section 1865(a) of such Act is amended by inserting "(f)," after "1861(e)," in the matter following paragraph (4).

(c) Section 1905(h)(1)(A) of such Act is amended to read as follows:

"(A) inpatient services which are provided in an institution (or distinct part thereof) which is a psychiatric hospital as defined in section 1861(f);".

(d) The amendments made by this section shall become effective on the date of the enactment of this Act.

PAYMENTS TO TEACHING PHYSICIANS

SEC. 960. (a) Section 1842(b)(6)(A)(ii) of the Social Security Act is amended to read as follows:

"(ii) to the extent that the amount of the payment exceeds the greater of (I) the reasonable charge for the services (with the customary charge determined consistent with subparagraph (B)), or (II) 75 percent of the prevailing charge for the services in the locality.".

(b) The amendment made by subsection (a) shall become effective on the date of the enactment of this Act.

PACEMAKER REIMBURSEMENT REVIEW AND REFORM

SEC. 961. (a) Not later than April 1, 1984, the Secretary of Health and Human Services (hereafter in this section referred to as the "Secretary") shall issue revisions to the current guidelines for the payment under part B of title XVIII of the Social Security Act for the transtelephonic monitoring of cardiac pacemakers. Such revised guidelines shall include provisions regarding the specifications for and frequency of transtelephonic monitoring procedures which will be found to be reasonable and necessary.

(b) Not later than April 1, 1984, the Secretary shall review, and report to the Committees on Energy and Commerce and Ways and Means of the House of Representatives and the Committee on Finance of the Senate, regarding the appropriateness of the current rate of reimbursement under part A of title XVIII of the Social Security Act for inpatient hospital services associated with implantation or replacement of pacemaker devices and pacemaker leads, and under part B of such title for physicians' services associated with such implantations and replacements. Such review shall take into account the amounts recognized as reasonable with respect to such procedures and the time and difficulty of such procedures at the current time in comparison with such amounts and the time and difficulty of such procedures at the time the rates for such procedures were first established under such title.

(c)(1) The Secretary shall provide for the establishment and maintenance by the Administrator of the Food and Drug Administration of a registry of all cardiac pacemaker devices and pacemaker leads produced by any manufacturer for which payment was made under this title. Such registry shall include, with respect to each such device or lead, the model, serial number, and the name of the recipient of such device or lead, the date and location of the implantation or removal of such device or lead, the name of the physician involved in implanting or removing such device or lead, the name of the hospital or other provider billing for such procedure, any express on implied warranties associated with such device or lead, and such other information as the Secretary deems to be appropriate. Submission of the information required for the registry by a manufacturer shall be a condition for any payment under title XVIII of the Social Security Act with respect to any devices or leads produced by such manufacturer. The registry shall be for the purposes of assisting the Secretary in determining when payments may properly be made under this title, tracing the performance of cardiac pacemaker devices and leads, determining when inspection by the Food and Drug Administration may be necessary under paragraph (3), and carrying out studies with respect to the use of such devices and leads. In carrying out any such study, the Secretary may not reveal any specific information which identifies any pacemaker device or lead recipient by name (or which would otherwise identify a specific recipient).

(2) As a condition for payment being made for the implant or replacement of a cardiac pacemaker device or lead, the Secretary may, by regulation, require that a provider shall furnish to a manufacturer of cardiac pacemaker devices and pacemaker leads information with respect to all patients bearing a device or lead produced by such manufacturer for which payment was made or requested by such provider under title XVIII of the Social Security Act. The Secretary may also require that any device or lead removed from any such patient be returned to the manufacturer of such device or lead. An organization serving as a fiscal intermediary for a provider may, under regulations prescribed by the Secretary, deny payment for the replacement of a device or lead if such provider fails to return such device or lead in accordance with the preceding sentence, and such provider may not charge the beneficiary for such replacement. Charging a patient in violation of the preceding sentence shall constitute a violation of the provider's agreement under section 1866 of the Social Security Act.

(3) The Secretary may, by regulation, as a condition for payment under title XVIII of the Social Security Act with respect to any devices or leads produced by a manufacturer, require the manufacturer to test or analyze each returned cardiac pacemaker device or lead for which payment is made or requested under such title and provide the results of such test or analysis to the provider who returned it to the manufacturer, together with information and documentation with respect to any warranties covering such device or lead. In any case where the Secretary has reason to believe, based upon information in a pacemaker registry or otherwise available to him, that replacement of a cardiac pacemaker device or lead for which payment is or may be requested under such title is related to the malfunction of such device or lead, the Secretary may require that personnel of the Food and Drug Administration test such device, or be present at the testing of such device by such manufacturer, to determine whether such device or lead was functioning properly.

(4) A manufacturer of cardiac pacemaker devices and pacemaker leads shall post a bond or provide such other assurances as the Secretary deems appropriate to ensure that such manufacturer will comply with the requirements of this subsection.

(5) The Secretary may by regulation require any manufacturer of cardiac pacemaker devices and pacemaker leads to provide to the Food and Drug Administration—

(A) a written report with respect to any adverse reaction to a device or lead and any device or lead defect, of which such manufacturer is notified (within ten days of the date on which such manufacturer is so notified); and

(B) an annual written report summarizing clinical experiences with devices and leads, including information on all removals, deaths, adverse reactions, device or lead defects, and the results of tests performed on all returned devices and leads.

(6) For purposes of this subsection, the term "manufacturer" shall have the meaning given to such term in regulations promulgated by the Food and Drug Administration.

OPEN ENROLLMENT PERIOD FOR HEALTH MAINTENANCE ORGANIZATIONS AND COMPETITIVE MEDICAL PLANS

SEC. 962. (a) Section 1876(c)(3)(A) of the Social Security Act is amended—

(1) by inserting "(i)" after "(3)(A)".

(2) by inserting "and including the 30-day period specified under clause (ii)" after "30 days duration every year", and

(3) by adding at the end the following new clause:

"(ii) For each area served by more than one eligible organization under this section, the Secretary (after consultation with such organizations) shall establish a single 30-day period each year during which all eligible organizations serving the area must provide for open enrollment under this section. The Secretary shall determine annual per capita rates under subsection (a)(1)(A) in a manner that assures that individuals enrolling during such a 30-day period will not have premium charges increased or any additional benefits decreased during the 12-month enrollment period for which the individual is enrolling. An eligible organization may provide for such other open enrollment period or periods as it deems appropriate consistent with this section.".

(b) The amendments made by subsection (a) shall become effective on the date of the enactment of this Act.

(c) The Secretary of Health and Human Services may phase in, over a period of not longer than three years, the application of the amendments made by subsection (a) to all applicable areas in the United States if the Secretary determines that it is not administratively feasible to establish a single thirty-day open enrollment period for all such applicable areas before the end of the period.

WAIVERS FOR SOCIAL HEALTH MAINTENANCE ORGANIZATION

SEC. 963. (a) In the case of a project described in subsection (b), the Secretary of Health and Human Services shall approve, with appropriate terms and conditions as defined by the Secretary, applications or protocols submitted for waivers described in subsection (c), and the evaluation of such protocols, in order to carry out such project. Such approval shall be effected not later than 30 days after the date on which the application or protocol for a waiver is submitted or not later than 30 days after the date of the enactment of this Act in the case of an application or protocol submitted before the date of the enactment of this Act.

(b) A project referred to in subsection (a) is a project—

(1) to demonstrate the concept of a social health maintenance organization with the organizations as described in Project No. 18-P-9.7604/1 of the University Health Policy Consortium of Brandeis University;

(2) which provides for the integration of health and social services under the direct financial management of a provider of services;

(3) under which all medicare services will be provided by or under arrangements made by the organization at a fixed annual prepaid capitation rate for medicare of 100 percent of the adjusted average per capita cost;

(4) under which medicaid services will be provided at a rate approved by the Secretary;

(5) under which all payors will share risk for no more than two years, with the organization being at full risk in the third year;

(6) which is being provided funds under a grant provided by the Secretary of Health and Human Services; and

(7) with respect to which substantial private funds are being provided other than under the grant referred to in paragraph (5).

(c) The waivers referred to in subsection (a) are appropriate waivers of—

(1) certain requirements of title XVIII of the Social Security Act, pursuant to section 402(a) of the Social Security Amendments of 1967 (as amended by section 222 of the Social Security Amendments of 1972); and

(2) certain requirements of title XIX of the Social Security Act, pursuant to section 1115 of such Act.

FUNDING FOR PSRO REVIEW

SEC. 964. (a) Section 1866(a)(1)(F) of the Social Security Act is amended by inserting "with a professional standards review organization (if there is such an organization in existence in the area in which the hospital is located) or" after "maintain an agreement".

(b) Notwithstanding section 604(a)(2) of the Social Security Amendments of 1983, the requirement that a hospital maintain an agreement with a utilization and quality control peer review organization, as contained in section 1866(a)(1)(F) of the Social Security Act, shall become effective on January 1, 1985.

(c)(1) Section 1153(b)(2)(A) of the Social Security Act is amended by striking out "During the first twelve months in which the Secretary is entering into contracts under this section" and inserting in lieu thereof "Prior to January 1, 1985".

(2) Section 1153(b)(2)(B) of such Act is amended by striking out "after the expiration of the twelve-month period referred to in subparagraph (A)" and inserting in lieu thereof "after December 31, 1984".

(3) Section 1153(b)(2) of such Act is amended by striking out subparagraph (C).

(d) The provisions of, and amendments made by, this section shall become effective on May 1, 1984.

MEDICARE TECHNICAL AMENDMENTS RELATING TO THE SOCIAL SECURITY AMENDMENTS OF 1983

SEC. 965. (a)(1) Section 1818(c) of the Social Security Act is amended by striking out "subsection (a) of section 1839" and inserting in lieu thereof "subsection (b) of section 1839".

(2) Section 1866(a)(1)(F) of such Act is amended by striking out "(c) or (d)" and inserting in lieu thereof "(b), (c), or (d)".

(3) Section 1886(c)(4)(A) of such Act is amended by striking out "and (D)" and inserting in lieu thereof "(D) and (E)".

(4) Section 1886(e)(5) of such Act is amended—

(A) by striking out "for public comment" in the matter preceding subparagraph (A); and

(B) by inserting "for public comment" in subparagraph (A) after "that fiscal year,".

(b) Section 604(c)(3) of the Social Security Amendments of 1983 is amended by striking out "to implement subsection (d) of section 1886 of the Social Security Act (as so amended)" and inserting in lieu thereof "to implement the amendments made by this title".

(c) The amendments made by the preceding provisions of this section shall be effective as though they had been originally included in the Social Security Amendments of 1983.

(d) Section 1878(f)(1) of such Act is amended by striking out "such determination is rendered" and inserting in lieu thereof "notification of such determination is received".

SUBTITLE B—INCOME MAINTENANCE PROVISIONS

PARENTS AND SIBLINGS OF DEPENDENT CHILD INCLUDED IN AFDC FAMILY

SEC. 971. (a) Section 402(a) of the Social Security Act is amended—

(1) by striking out "and" at the end of paragraph (35);

(2) by striking out the period at the end of paragraph (36) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new paragraphs:

"(37) provide that in making the determination under paragraph (7) with respect to a dependent child and applying paragraph (8), the State agency shall (except as otherwise provided in this part) include—

"(A) any parent of such child, and

"(B) any brother or sister of such child, if such brother or sister meets the conditions described in clauses (1) and (2) of section 406(a),

if such parent, brother, or sister is living in the same home as the dependent child, and any income of or available for such parent, brother, or sister shall be included in making such determination and applying such paragraph with respect to the family (notwithstanding section 205(j), in the case of benefits provided under title II); and

"(38) provide that in making the determination under paragraph (7) with respect to a dependent child whose parent or legal guardian is under the age selected by the State pursuant to section 406(a)(2), the State agency shall (except as otherwise provided in this part) include any income of such minor's own parents or legal guardians who are living in the same home as such minor and dependent child, to the same extent that income of a stepparent is included under paragraph (31).".

(b) The amendments made by this section shall become effective on April 1, 1984.

HOUSEHOLDS HEADED BY MINOR PARENTS

SEC. 972. (a) Section 402(a) of the Social Security Act (as amended by section 971 of this Act) is further amended—

(1) by striking out "and" at the end of paragraph (37);

(2) by striking out the period at the end of paragraph (38) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new paragraph:

"(39) provide—

"(A) that any individual who is under the age limit selected by the State pursuant to section 406(a)(2) and is not and has never been married, and who is responsible for the care of a dependent child (or is pregnant and on that basis eligible for aid under the State plan) shall be eligible for aid under the plan (and such dependent child shall be eligible for such aid) only if such individual resides in a place of residence maintained by such individual's parent or legal guardian as such parent's or guardian's own home; except that this paragraph shall not apply to such individual if the State agency determines that—

"(i) such individual has no parent or legal guardian who is living and whose whereabouts are known;

"(ii) the health and safety of such individual or such dependent child would be seriously jeopardized if such individual lived in the same residence with such individual's parent or legal guardian; or

"(iii) such individual has lived apart from his parent or legal guardian for a period of at least one year prior to (I) the birth of the dependent child for whose care the individual is responsible, or (II) the making of a claim for aid under this part, whichever is later; and

"(B) that whenever an individual to whom this paragraph applies is eligible for aid under the plan, the State may make payments of the type described in section 406(b)(2) for one or more months until such individual exceeds the age limit selected by the State pursuant to section 406(a)(2).".

(b) The amendments made by this section shall become effective on April 1, 1984.

CLARIFICATION OF EARNED INCOME PROVISION

SEC. 973. (a) Section 402(a)(8) of the Social Security Act is amended by striking out "and" at the end of subparagraph (A), by adding "and" at the end of subparagraph (B), and by adding at the end thereof the following new subparagraph:

"(C) provide that in implementing this paragraph the term 'earned income' shall mean gross earned income, prior to any deductions for taxes or other purposes;".

(b) The amendments made by subsection (a) shall become effective on the date of the enactment of this Act.

CWEP WORK FOR FEDERAL AGENCIES PERMITTED

SEC. 974. (a) Section 409(a) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(4)(A) Participants in community work experience programs under this section may, subject to subparagraph (B), perform work in the public interest (which otherwise meets the requirements of this section) for a Federal office or agency with its consent, and, notwithstanding section 1342 of title 31, United States Code, or any other provision of law, such agency may accept such services, but such participants shall not be considered to be Federal employees for any purpose.

"(B) The State agency shall provide appropriate workers' compensation and tort claims protection to each participant performing work for a Federal office or agency pursuant to subpargraph (A).".

(b) The amendment made by this section shall become effective on the date of the enactment of this Act.

EARNED INCOME OF FULL-TIME STUDENTS

SEC. 975. (a) Section 402(a)(18) of the Social Security Act is amended by inserting before the semicolon at the end thereof the following: "except that, in determining the total income of the family, the State may exclude any earned income of a dependent child who is a full-time student, in such amounts and for such period of time (not to exceed six months) as the State may determine".

(b) The amendment made by subsection (a) shall become effective on the date of the enactment of this Act.

ADJUSTMENTS IN SSI BENEFITS ON ACCOUNT OF RETROACTIVE BENEFITS UNDER TITLE II

SEC. 976. (a) Section 1127 of the Social Security Act is amended to read as follows:

"ADJUSTMENTS IN SSI BENEFITS ON ACCOUNT OF RETROACTIVE BENEFITS UNDER TITLE II

"SEC. 1127. (a) Notwithstanding any other provision of this Act, in any case where an individual—

"(1) is entitled to benefits under title II that were not paid in the months in which they were regularly due; and

"(2) is an individual or eligible spouse eligible for supplemental security income benefits for one or more months in which the benefits referred to in clause (1) were regularly due,

then any benefits under title II that were regularly due in such month or months, or supplemental security income benefits for such month or months which are due but have not been paid to such individual or eligible spouse, shall be reduced by an amount equal to so much of the supplemental security income benefits, whether or not paid retroactively, as would not have been paid or would not be paid with respect to such individual or spouse if he had received such benefits under title II in the month or months in which they were regularly due.

"(b) For purposes of this section, the term 'supplemental security income benefits' means benefits paid or payable by the Secretary under title XVI, including State supplementary payments under an agreement pursuant to section 1616(a) or an administration agreement under section 212(b) of Public Law 93-66.

"(c) From the amount of the reduction made under subsection (a), the Secretary shall reimburse the State on behalf of which supplementary payments were made for the amount (if any) by which such State's expenditures on account of such supplementary payments for the month or months involved exceeded the expenditures which the State would have made (for such month or months) if the individual had received the benefits under title II at the times they were regularly due. An amount equal to the portion of such reduction remaining after reimbursement of the State under the preceding sentence shall be covered into the general fund of the Treasury.".

(b) The amendment made by this section shall apply for purposes of reducing retroactive benefits under title II of the Social Security Act or retroactive supplemental security income benefits payable beginning with the seventh month following the month in which this Act is enacted; except that in the case of retroactive title II benefits other than those which result from a determination of entitlement following an application for benefits under title II or from a reinstatement of benefits under title II following a period of suspension or termination of such benefits, it shall apply when the Secretary of Health and Human Services determines that it is administratively feasible.

REGULATORY INITIATIVE ON MEDICAL SUPPORT

SEC. 977. The Secretary of Health and Human Services shall issue regulations to require that State agencies administering the child support enforcement program under part D of title IV of the Social Security Act petition courts to include medical support as part of any child support order whenever health care coverage is available to the absent parent at a reasonable cost. Such regulations shall also provide for improved information exchange between such State agencies and the State agencies administering the State medicaid programs under title XIX of such Act with respect to the availability of health insurance coverage.

SUBTITLE C—OASDI PROVISIONS

SPECIAL SOCIAL SECURITY TREATMENT FOR CHURCH EMPLOYEES

SEC. 981. (a)(1) Section 210(a)(8) of the Social Security Act is amended by inserting "(A)" after "(8)", by striking out "this paragraph" and inserting in lieu thereof "this subparagraph", and by adding at the end thereof the following new subparagraph:

"(B) Service performed in the employ of a church or qualified church-controlled organization if such church or organization has in effect an election under section 3121(w) of the Internal Revenue Code of 1954, other than service in an unrelated trade or business (within the meaning of section 513(a) of such Code);".

(2) Section 3121(b)(8) of the Internal Revenue Code of 1954 is amended by inserting "(A)" after "(8)", by striking out "this paragraph" and inserting in lieu thereof "this subparagraph", and by adding at the end thereof the following new subparagraph:

"(B) service performed in the employ of a church or qualified church-controlled organization if such church or organization has in effect an election under subsection (w), other than service in an unrelated trade or business (within the meaning of section 513(a));".

(b) Section 3121 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subsection:

"(w) EXEMPTION OF CHURCHES AND QUALIFIED CHURCH-CONTROLLED ORGANIZATIONS.—

"(1) GENERAL RULE.—Any church or qualified church-controlled organization (as defined in paragraph (3)) may make an election within the time period described in paragraph (2), in accordance with such procedures as the Secretary determines to be appropriate, that services performed in the employ of such church or organization shall be excluded from employment for purposes of title II of the Social Security Act and chapter 21 of this Code. An election may be made under this subsection only if the church or qualified church-controlled organization states that such church or organization is opposed for religious reasons to the payment of the tax under section 3111, and only if such church or organization did not have a waiver in effect under subsection (k) on December 31, 1980.

"(2) TIMING AND DURATION OF ELECTION.—An election under this subsection must be made prior to the first date, more than 90 days after the date of the enactment of this subsection, on which a quarterly employment tax return for the tax imposed under section 3111 is due, or would be due but for the election, from such church or organization. An election under this subsection shall apply to current and future employees, and shall apply to service performed after December 31, 1983. The election may not be revoked by the church or organization, but shall be permanently revoked by the Secretary if such church or organization fails to furnish the information required under section 6051 to the Secretary for a period of two years or more with respect to remuneration paid for such services by such church or organization, and, upon request by the Secretary, fails to furnish all such previously unfurnished information for the period covered by the election. Such revocation shall apply retroactively to the beginning of the two-year period for which the information was not furnished.

"(3) DEFINITIONS.—

"(A) For purposes of this subsection, the term 'church' means a church, a convention or association of churches, or an elementary or secondary school which is controlled, operated, or principally supported by a church or by a convention or association of churches.

"(B) For purposes of this subsection, the term 'qualified church-controlled organization' means any church-controlled tax-exempt organization described in section 501(c)(3), other than an organization which—

"(i) offers goods, services, or facilities for sale, other than on an incidental basis, to the general public, other than goods, services, or facilities which are sold at a nominal charge which is substantially less than the cost of providing such goods, services, or facilities; and

"(ii) normally receives more than 25 percent of its support from either (I) governmental sources, or (II) receipts from admissions, sales of merchandise, performance of services, or furnishing of facilities, in activities which are not unrelated trades or businesses, or both.".

(c)(1) Section 211(c)(2) of the Social Security Act is amended—

(A) by striking out "and" at the end of subparagraph (E);

(B) by striking out the semicolon at the end of subparagraph (F) and inserting in lieu thereof ", and"; and

(C) by adding at the end thereof the following new subparagraph:

"(G) service described in section 210(a)(8)(B);".

(2) Section 1402(c)(2) of the Internal Revenue Code of 1954 is amended—

(A) by striking out "and" at the end of subparagraph (E);

(B) by striking out the semicolon at the end of subparagraph (F) and inserting in lieu thereof ", and"; and

(C) by adding at the end thereof the following new subparagraph:

"(G) service described in section 3121(b)(8)(B);".

(d)(1) Section 211(a) of the Social Security Act is amended—

(A) by striking out "and" at the end of paragraph (11);

(B) by striking out the period at the end of paragraph (12) and inserting in lieu thereof "; and"; and

(C) by inserting after paragraph (12) the following new paragraph:

"(13) With respect to remuneration for services which are treated as services in a trade or business under subsection (c)(2)(G)—

"(A) no deduction for trade or business expenses provided under the Internal Revenue Code of 1954 (other than the deduction under paragraph (11) of this subsection) shall apply;

"(B) the provisions of subsection (b)(2) shall not apply; and

"(C) if the amount of such remuneration from an employer for the taxable year is less than $100, such remuneration from that employer shall not be included in self-employment income.".

(2) Section 1402(a) of the Internal Revenue Code of 1954 is amended—

(A) by striking out "and" at the end of paragraph (12);

(B) by striking out the period at the end of paragraph (13) and inserting in lieu thereof "; and"; and

(C) by inserting after paragraph (13) the following new paragraph:

"(14) With respect to remuneration for services which are treated as services in a trade or business under subsection (c)(2)(G)—

"(A) no deduction for trade or business expenses provided under this Code (other than the deduction under paragraph (12)) shall apply;

"(B) the provisions of subsection (b)(2) shall not apply; and

"(C) if the amount of such remuneration from an employer for the taxable year is less than $100, such remuneration from that employer shall not be included in self-employment income.".

(e) The amendments made by this section shall apply to service performed after December 31, 1983.

(f) In any case where a church or qualified church-controlled organization makes an election under section 3121(w) of the Internal Revenue Code of 1954, the Secretary of the Treasury shall refund (without interest) to such church or organization any taxes paid under sections 3101 and 3111 of such Code with respect to service performed after December 31, 1983, which is covered under such election. The refund shall be conditional upon the church or organization agreeing to pay to each employee (or former employee) the portion of the refund attributable to the tax imposed on such employee (or former employee) under section 3101, and such employee (or former employee) may not receive any other refund payment of such taxes.

SOCIAL SECURITY COVERAGE FOR LEGISLATIVE BRANCH EMPLOYEES NOT COVERED BY THE CIVIL SERVICE RETIREMENT SYSTEM

SEC. 982. (a)(1) Clause (v) of section 210(a)(5) of the Social Security Act is amended to read as follows:

"(v) any other service in the legislative branch of the Federal Government if such service (I) is performed by an individual who was not subject to subchapter III of chapter 83 of title 5, United States Code, on December 31, 1983, or (II) is performed by an individual who has, at any time after December 31, 1983, received a lump-sum payment under section 8342(a) of title 5, United States Code, or (III) is performed by an individual after such individual has otherwise ceased to be subject to subchapter III of chapter 83 of title 5, United States Code, or does not have an application pending for coverage under such subchapter, for any period of time after December 31, 1983, while performing service in the legislative branch of the Federal Government (determined without regard to the provisions of subparagraph (B) relating to continuity of employment for individuals who return to service within 365 days); and for purposes of this clause, an individual shall be 'subject to subchapter III of chapter 83 of title 5, United States Code', only if such individual's pay is subject to deductions and contributions (concurrent with the performance of the service) under section 8334(a) of such title 5, or such individual is receiving an annuity from the Civil Service Retirement and Disability Fund (for service as an employee);".

(2) Clause (v) of section 3121(b)(5) of the Internal Revenue Code of 1954 is amended to read as follows:

"(v) any other service in the legislative branch of the Federal Government if such service (I) is performed by an individual who was not subject to subchapter III of chapter 83 of title 5, United States Code, on December 31, 1983, or (II) is performed by an individual who has, at any time after December 31, 1983, received a lump-sum payment under section 8342(a) of title 5, United States Code, or (III) is performed by an individual after such individual has otherwise ceased to be subject to subchapter III of chapter 83 of title 5, United States Code, or does not have an application pending for coverage under such subchapter, for any period of time after December 31, 1983, while performing service in the legislative branch of the Federal Government (determined without regard to the provisions of subparagraph (B) relating to continuity of employment for individuals who return to service within 365 days); and for purposes of this clause, an individual shall be 'subject to subchapter III of chapter 83 of title 5, United States Code', only if such individual's pay is subject to deductions and contributions (concurrent with the performance of the service) under section 8334(a) of such title 5, or such individual is receiving an annuity from the Civil Service Retirement and Disability Fund (for service as an employee);".

(b) Except as otherwise provided in subsection (d), the amendments made by subsection (a) shall be effective with respect to service performed after December 31, 1983.

(c) For purposes of section 210(a)(5)(v) of the Social Security Act and section 3121(b)(5)(v) of the Internal Revenue Code of 1954, an individual shall not be considered to be subject to subchapter III of chapter 83 of title 5, United States Code, if he is contributing a reduced amount by reason of the Federal Employees' Retirement Contribution Temporary Adjustment Act of 1983.

(d)(1) Any individual who—

(A) was performing service in the employ of the United States (or an instrumentality thereof) and was subject to subchapter III of chapter 83 of title 5, United States Code, on December 31, 1983 (as determined for purposes of section 210(a)(5)(v) of the Social Security Act), and

(B)(i) received a lump-sum payment under section 8342(a) of such title 5 after December 31, 1983, and prior to the date of the enactment of this Act, or (ii) has otherwise ceased to be subject to subchapter III of chapter 83 of such title (or did not have an application pending for coverage under such subchapter) after December 31, 1983, and prior to the date of the enactment of this Act, for any service performed in the legislative branch,

shall, if such individual again becomes subject to subchapter III of chapter 83 of title 5 (or applies for coverage under such subchapter) within 30 days after the date of the enactment of this Act, requalify for the exemption from social security coverage and taxes under section 210(a)(5) of the Social Security Act and section 3121(b)(5) of the Internal Revenue Code of 1954 for service in the legislative branch of the Federal Government performed after again becoming subject to such subchapter, as if such cessation of coverage under title 5 had not occurred.

(2) An individual meeting the requirements of subparagraphs (A) and (B) of paragraph (1) who is not in the employ of the United States or an instrumentality thereof on the date of the enactment of this Act may requalify for such exemptions in the same manner as under paragraph (1) if such individual again becomes subject to subchapter III of chapter 83 of title 5 (or applies for coverage under such subchapter) within 30 days after the date on which he first returns to service in the legislative branch after such date of enactment, if such date (on which he returns to service) is within 365 days after he was last in the employ of the United States or an instrumentality thereof.

(3) If an individual meeting the requirements of subparagraphs (A) and (B) of paragraph (1) does not again become subject to subchapter III of chapter 83 of title 5 (or apply for coverage under such subchapter) within the relevant 30-day period as provided in paragraph (1) or (2), social security coverage and taxes by reason of section 210(a)(5)(v) of the Social Security Act and section 3121(b)(5)(v) of the Internal Revenue Code of 1954 shall, with respect to such individual's service in the legislative branch of the Federal Government, become effective with the first month beginning after such 30-day period.

(4) The provisions of paragraphs (1) and (2) shall apply only for purposes of reestablishing an exemption from social security coverage and taxes, and do not affect the amount of service to be credited to an individual for purposes of title 5, United States Code.

EMPLOYEES OF NONPROFIT ORGANIZATIONS WHO ARE REQUIRED TO PARTICIPATE IN THE CIVIL SERVICE RETIREMENT SYSTEM

SEC. 983. (a) For purposes of section 210(a)(5) of the Social Security Act (as in effect in January 1983 and as in effect on and after January 1, 1984) and section 3121(b)(5) of the Internal Revenue Code of 1954 (as so in effect), service performed in the employ of a nonprofit organization described in section 501(c)(3) of the Internal Revenue Code of 1954 by an employee who is required by law to be subject to subchapter III of chapter 83 of title 5, United States Code, with respect to such service, shall be considered to be service performed in the employ of an instrumentality of the United States.

(b) For purposes of section 203 of the Federal Employees' Retirement Contribution Temporary Adjustment Act of 1983, service described in subsection (a) which is also "employment" for purposes of title II of the Social Security Act, shall be considered to be "covered service".

(c) The provisions of this section shall apply to service performed on and after January 1, 1984.

OTHER TECHNICAL CORRECTIONS TO TITLE II OF THE SOCIAL SECURITY ACT AND THE INTERNAL REVENUE CODE NECESSITATED BY THE SOCIAL SECURITY AMENDMENTS OF 1983

SEC. 984. (a) Section 201(l)(3)(B)(i) of the Social Security Act is amended by inserting "Insurance" after "Survivors".

(b)(1) Section 202(c)(1) of such Act is amended (in the matter appearing between subparagraphs (D) and (E) of such section)—

(A) by striking out all that follows "has attained" and precedes ", the first month" in clause (i) and inserting in lieu thereof "retirement age (as defined in section 216(l))";

(B) by striking out all that follows "has not attained" and precedes ", or" in clause

(ii)(I) and inserting in lieu thereof "retirement age (as defined in section 216(l))"; and

(C) by striking out "to which" in the matter following clause (ii) and inserting in lieu thereof "in which".

(2) Section 202(c)(5)(A) of such Act is amended by striking out "classes (i) and (ii)" and inserting in lieu thereof "clauses (i) and (ii)".

(c)(1) Section 202(e)(2)(A) of such Act is amended by striking out "paragraph (8)" and inserting in lieu thereof "paragraph (7)".

(2) Section 202(e)(2)(C) of such Act is amended—

(A) by striking out the period immediately after "deceased individual"; and

(B) by inserting a closing parenthesis after "paragraph (3) of such subsection (w)".

(3) Section 202(e)(7) of such Act is amended by striking out "paragraph (2)(B)" and inserting in lieu thereof "paragraph (2)(D)".

(d)(1) Section 202(f)(1)(C)(ii) of such Act is amended by striking out all that follows "attained" and precedes ", and" and inserting in lieu thereof "retirement age (as defined in section 216(l))".

(2) Section 202(f)(2)(A) of such Act is amended by striking out "paragraph (3)(B)" and inserting in lieu thereof "paragraph (3)(D)".

(3) Section 202(f)(3)(C) of such Act is amended by striking out the period immediately after "deceased individual".

(e) Section 202(q)(9)(B)(i) of such Act is amended by striking out "section 216(a)" and inserting in lieu thereof "section 216(l)".

(f) Section 202(x) of such Act is amended by adding at the beginning thereof the following heading:

"Limitation on Payments to Prisoners".

(g)(1) Section 203(d) of such Act is amended—

(A) by striking out "on seven or more different calendar days of which he engaged" in paragraph (1)(A) and inserting in lieu thereof "for more than forty-five hours of which such individual engaged"; and

(B) by striking out "on seven or more different calendar days" in paragraph (2) and inserting in lieu thereof "for more than forty-five hours".

(2) The amendments made by paragraph (1) shall apply only with respect to months beginning with the second month after the month in which this Act is enacted.

(3) Paragraphs (3) and (8)(D) of section 203(f) of such Act are each amended by striking out "who has attained retirement age" and inserting in lieu thereof in each instance "who has attained the retirement age applicable for old-age insurance benefits".

(h) Section 205(r) of such Act is amended—

(1) by striking out "(r)(3)(A) and (r)(3)(B)" in paragraph (4) and inserting in lieu thereof "subparagraphs (A) and (B) of paragraph (3)";

(2) by striking out "the Act" in paragraph (7) and inserting in lieu thereof "this Act"; and

(3) by striking out the heading and inserting in lieu thereof the following:

"Use of Death Certificates to Correct Program Information".

(i) Section 209(e) of such Act is amended by striking out the semicolon after "Act of 1974".

(j)(1) Section 215(a)(7)(B)(ii)(I) of the Social Security Act is amended by striking out "who initially become eligible for old-age or disability insurance benefits" and inserting in lieu thereof "who become eligible (as defined in paragraph (3)(B)) for old-age insurance benefits (or became eligible as so defined for disability insurance benefits before attaining age 62)".

(2) Section 215(a)(7)(C)(ii) of such Act is amended by striking out "survivors" and inserting in lieu thereof "survivor's".

(3) Section 215(f)(9)(B)(i) of such Act is amended by striking out "as though such primary insurance amount had initially been computed without regard to subsection (a)(7) or (d)(5)" and inserting in lieu thereof "as though the recomputed primary insurance amount were being computed under subsection (a)(7) or (d)(5)".

(4) Section 215(i)(5)(A) of such Act is amended by adding at the end thereof the following new sentence: "Any amount so increased that is not a multiple of $0.10 shall be decreased to the next lower multiple of $0.10.".

(5) Section 215(i)(5)(B) of such Act is amended—

(A) by striking out clause (iii) and inserting in lieu thereof the following:

"(iii) multiplying such quotient by 100 so as to yield such applicable additional percentage (which shall be rounded to the nearest one-tenth of 1 percent),";

(B) by striking out "ending with such subsequent calendar year" in clauses (iv) and (v) and inserting in lieu thereof "ending with the year before such subsequent calendar year"; and

(C) by striking out "initially became eligible for an old-age or disability insurance benefit" in clause (v) and inserting in lieu thereof "became eligible (as defined in subsection (a)(3)(B)) for the old-age or disability insurance benefit that is being increased under this subsection".

(k)(1) Section 216(f) of such Act is amended by adding at the end thereof the following new sentence: "For purposes of subparagraph (C) of section 202(c)(1), a divorced husband shall be deemed not to be married throughout the month in which he becomes divorced.".

(2) Section 216(h)(3)(A)(i) of such Act is amended by striking out "(as defined in section 216(l))" and inserting in lieu thereof "(as defined in subsection (l))".

(3) Section 216(i)(2) of such Act is amended by striking out "(as defined in section 216(l))" in subparagraphs (B) and (D) and inserting in lieu thereof "(as defined in subsection (l))".

(l) Subparagraph (B) of section 223(c)(1) of such Act is amended by moving clause (iii) two ems to the left, and by moving the preceding provisions of such subparagraph two ems to the right, so that the left margin of such subparagraph and its clauses is indented four ems and is aligned with the margin of subparagraph (A) of such section.

(m) Section 229(b) of such Act is amended by adding at the end thereof the following new sentence: "Additional adjustments may be made in the amounts so authorized to be appropriated to the extent that the amounts transferred in accordance with clauses (i) and (ii) of section 151(b)(3)(B) of the Social Security Amendments of 1983 with respect to wages deemed to have been paid in 1983 were in excess of or were less than the amount which the Secretary, on the basis of appropriate data, determines should have been so transferred.".

TECHNICAL CORRECTIONS TO THE SOCIAL SECURITY AMENDMENTS OF 1983

SEC. 985. (a) Section 101(d) of the Social Security Amendments of 1983 (Public Law 98-21) is amended by striking out "remuneration paid" and inserting in lieu thereof "service performed".

(b) Section 112(f) of such Amendments is amended by inserting "of such Act" after "section 201(a)".

(c) Section 201(c) of such Amendments is amended—

(1) by inserting "the" immediately before "age of 65" in paragraph (1); and

(2) by inserting "the" immediately before "age of sixty-five" in paragraph (3).

(d) Section 301(a)(5) of such Amendments is amended by striking out "Section 202(c)" and inserting in lieu thereof "Effective with respect to monthly insurance benefits for months after December 1984 (but only on the basis of applications filed on or after January 1, 1985), section 202(c)".

(e) Section 305(d)(2) of such Amendments is amended by inserting "each place it appears" immediately before "in subsection (c)(4)(C)".

(f) Section 339(b) of such amendments is amended to read as follows:

"(b) Section 223 of such Act is amended by adding at the end thereof the following new subsection:

" '(h) For provisions relating to limitation on payments to prisoners, see section 202(x).'.".

(g) Section 111(e) of such Amendments is amended by inserting "Budget" before "Reconciliation".

SUBTITLE D—IMPLEMENTATION OF GRACE COMMISSION RECOMMENDATIONS

INCOME AND ELIGIBILITY VERIFICATION PROCEDURES

SEC. 991. Part A of title XI of the Social Security Act is amended by adding at the end thereof the following new section:

"INCOME AND ELIGIBILITY VERIFICATION SYSTEM

"SEC. 1136. (a) In order to meet the requirements of this section, a State must have in effect an income and eligibility verification system under which—

"(1) the State shall require, as a condition of eligibility for benefits under any program listed in subsection (b), that each applicant for or recipient of benefits under that program furnish to the State his social security account number (or numbers, if he has more than one such number), and the State shall utilize such account numbers in the administration of that program so as to enable the association of the records pertaining to the applicant or recipient with his account number;

"(2) wage information from agencies administering State unemployment compensation laws available pursuant to section 3304(a)(16) of the Internal Revenue Code of 1954, wage information reported pursuant to paragraph (3) of this subsection, and wage, income and other information from the Social Security Administration and the Internal Revenue Service available pursuant to section 6103(l)(7) of such Code, shall be requested and utilized to the extent that such information may be useful in verifying eligibility for, and the amount of, benefits available under any program listed in subsection (b), as determined by the Secretary of Health and Human Services (or, in the case of the unemployment compensation program, by the Secretary of Labor);

"(3) employers in such State are required to make quarterly wage reports to a State agency (which may be the agency administering the State's unemployment compensation law) except that the Secretary of Labor (in consultation with the Secretary of Health and Human Services) may waive the provisions of this paragraph if he determines that the State has in effect an alternative system which is as effective and timely for purposes of providing employment related income and eligibility data for the purposes described in paragraph (2);

"(4) the State agencies administering the programs listed in subsection (b) adhere to standardized formats and procedures established by the Secretary of Health and Human Services under which—

"(A) the agencies will exchange with each other information in their possession which may be of use in establishing or verifying eligibility or benefit amounts under any other such program;

"(B) such information shall be made available to assist in the child support program under part D of title IV of this Act, and to assist the Secretary of Health and Human Services in establishing or verifying eligibility or benefit amounts under titles II and XVI of this Act, but subject to the safeguards and restrictions established by the Secretary of the Treasury with respect to information released pursuant to section 6103(l) of the Internal Revenue Code of 1954; and

"(C) the use of such information shall be targeted to those uses which are most likely to be productive in identifying and preventing ineligibility and incorrect payments;

"(5) adequate safeguards are in effect so as to assure that—

"(A) the information exchanged by the State agencies is made availabe only to the extent necessary to assist in the valid administrative needs of the program receiving such information, and the information released pursuant to section 6103(l) of the Internal Revenue Code is only exchanged with agencies authorized to receive such information under such section 6103(l); and

"(B) the information is adequately protected against unauthorized disclosure for other purposes, as provided in regulations established by the Secretary of Health and Human Services, or, in the case of the unemployment compensation program, the Secretary of Labor, or in the case of information released pursuant to section 6103(l) of the Internal Revenue Code of 1954, the Secretary of the Treasury; and

"(6) accounting systems are utilized which assure that programs providing data receive appropriate reimbursement from the programs utilizing the data for the costs incurred in providing the data.

"(b) The programs which must participate in the income verification system are—

"(1) the aid to families with dependent children program under part A of title IV of this Act;

"(2) the medicaid program under title XIX of this Act;

"(3) the unemployment compensation program under section 3304 of the Internal Revenue Code of 1954; and

"(4) any State program under a plan approved under title I, X, XIV, or XVI of this Act.".

(b)(1) Section 402(a)(25) of the Social Security Act is amended to read as follows:

"(25) provide that information is requested and exchanged for purposes of income and eligibility verification in accordance with a State system which meets the requirements of section 1136 of this Act;".

(2) Section 402(a)(29) of such Act is repealed.

(3) Section 411 of such Act is repealed.

(c) Section 1902(a) of the Social Security Act is amended—

(1) by striking out "and" at the end of paragraph (43);

(2) by striking out the period at the end of paragraph (44) and inserting in lieu thereof "; and"; and

(3) by inserting after paragraph (44) the following new paragraph:

"(45) provide that information is requested and exchanged for purposes of income and eligibility verification in accordance with a State system which meets the requirements of section 1136 of this Act.".

(d) Section 303 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(f) The State agency charged with the administration of the State law shall provide that information shall be requested and exchanged for purposes of income and eligibility verification in accordance with a State system which meets the requirements of section 1136 of this Act.".

(e) Section 2(a) of the Social Security Act is amended—

(1) by striking out the period at the end of paragraph (10) and inserting in lieu thereof "; and"; and

(2) by adding at the end thereof the following new paragraph:

"(11) provide that information is requested and exchanged for purposes of income and eligibility verification in accordance with a State system which meets the requirements of section 1136 of this Act.".

(f) Section 1002(a) of the Social Security Act is amended—

(1) by striking out "and" at the end of clause (12); and

(2) by inserting before the period at the end thereof the following: "; and (14) provide that information is requested and exchanged for purposes of income and eligibility verification in accordance with a State system which meets the requirements of section 1136 of this Act".

(g) Section 1402(a) of the Social Security Act is amended—

(1) by striking out "and" at the end of clause (11); and

(2) by inserting before the period at the end thereof the following: "; and (13) provide that information is requested and exchanged for purposes of income and eligibility verification in accordance with a State system which meets the requirements of section 1136 of this Act".

(h) Section 1602(a) of the Social Security Act (as in effect with respect to Puerto Rico, Guam, and the Virgin Islands) is amended—

(1) by striking out "and" at the end of paragraph (13);

(2) by striking out the period at the end of paragraph (14) and inserting in lieu thereof "; and"; and

(3) by inserting after paragraph (14) the following new paragraph:

"(15) provide that information is requested and exchanged for purposes of income and eligibility verification in accordance with a State system which meets the requirements of section 1136 of this Act.".

(i) Section 1631(e)(1)(B) of the Social Security Act is amended by adding at the end thereof the following: "For this purpose, the Secretary shall, as may be necessary, request and utilize information available pursuant to section 6103(l)(7) of the Internal Revenue Code of 1954, and any information which may be available from State systems under section 1136 of this Act.".

(j)(1) Section 6103(l)(7) of the Internal Revenue Code of 1954 is amended to read as follows:

"(7) Disclosure of return information to Federal, State, and local agencies administering certain programs under the Social Security Act or the Food Stamp Act of 1977.—

"(A) RETURN INFORMATION FROM SOCIAL SECURITY ADMINISTRATION.—The Commissioner of Social Security shall, upon written request, disclose return information from returns with respect to net earnings from self-employment (as defined in section 1402), wages (as defined in section 3121(a) or 3401(a)), and payments of retirement income, which have been disclosed to the Social Security Administration as provided by paragraph (1) or (5) of this subsection, to any Federal, State, or local agency administering a program listed in subparagraph (D).

"(B) RETURN INFORMATION FROM INTERNAL REVENUE SERVICE.—The Secretary shall, upon written request, disclose return information from returns with respect to unearned income from the Internal Revenue Service files to any Federal, State, or local agency administering a program listed in subparagraph (D).

"(C) RESTRICTION ON DISCLOSURE.—The Commissioner of Social Security and the Secretary shall disclose return information under subparagraphs (A) and (B) only for purposes of, and to the extent necessary in, determining eligibility for, or the correct amount of, benefits under a program listed in subparagraph (D).

"(D) PROGRAMS TO WHICH RULE APPLIES.—The programs to which this paragraph applies are:

"(i) aid to families with dependent children provided under a State plan approved under part A of title IV of the Social Security Act;

"(ii) medical assistance provided under a State plan approved under title XIX of the Social Security Act;

"(iii) supplemental security income benefits provided under title XVI of the Social Security Act;

"(iv) any benefits provided under a State plan approved under title I, X, XIV, or XVI of the Social Security Act (as those titles apply to Puerto Rico, Guam, and the Virgin Islands);

"(v) unemployment compensation provided under a State law described in section 3304 of this Code; and

"(vi) assistance provided under the Food Stamp Act of 1977.".

(2) Section 6103(a)(2) of such Code is amended by striking out "or of any local child support enforcement agency" and inserting in lieu thereof ", any local child support enforcement agency, or any local agency administering a program listed in subsection (l)(7)(D)".

(k)(1) The amendments made by subsections (i) and (j) shall become effective on the date of the enactment of this Act.

(2) The amendments made by subsections (a) through (h) shall become effective on April 1, 1985. In the case of any State which submits a plan describing a good faith effort by such State to come into compliance with the requirements of such subsections, the Secretary of Health and Human Services (or, in the case of the State unemployment compensation program or the wage reporting requirements, the Secretary of Labor) may by waiver grant a delay in the effective date of such subsections, but such waiver

may not delay the effective date beyond September 30, 1986.

COLLECTION AND DEPOSIT OF PAYMENTS TO EXECUTIVE AGENCIES

SEC. 992. (a)(1) Subchapter II of chapter 37 of title 31, United States Code, is amended by adding at the end thereof the following new section:

"§ 3720. Collection of payments

"(a) Each head of an executive agency shall, under such regulations as the Secretary of the Treasury shall prescribe, provide for the timely deposit of money by officials and agents of such agency in accordance with section 3302, and for the collection and timely deposit of sums owed to such agency by the use of such procedures as withdrawals and deposits by electronic transfer of funds, automatic withdrawals from accounts at financial institutions, and a system under which financial institutions receive and deposit, on behalf of the executive agency, payments transmitted to post office lockboxes. The Secretary is authorized to collect from any agency not complying with the requirements imposed pursuant to the preceding sentence a charge in an amount the Secretary determines to be the cost to the general fund caused by such noncompliance.

"(b) The head of an executive agency shall pay to the Secretary of the Treasury charges imposed pursuant to subsection (a). Payments shall be made out of amounts appropriated or otherwise made available to carry out the program to which the collections relate. The amounts of the charges paid under this subsection shall be deposited in the Cash Management Improvements Fund established by subsection (c).

"(c) There is established in the Treasury of the United States a revolving fund to be known as the 'Cash Management Improvements Fund'. Sums in the fund shall be available without fiscal year limitation for the payment of expenses incurred in developing the methods of collection and deposit described in subsection (a) of this section and the expenses incurred in carrying out collections and deposits using such methods, including the costs of personal services and the costs of the lease or purchase of equipment and operating facilities.".

(2) The analysis of subchapter II of chapter 37 of title 31, United States Code, is amended by adding at the end thereof the following new item:

"3720. Collection of payments.".

(3) The Secretary of the Treasury shall prescribe regulations, including regulations under section 3720 of title 31, United States Code, designed to achieve by October 1, 1986, full implementation of the purposes of this subsection.

(b)(1) Subsection (c) of section 3302 of title 31, United States Code, is amended—

(A) by inserting "(1)" after the subsection designation;

(B) by striking out ", but not later than the 30th day after the custodian receives the money,";

(C) by inserting after the first sentence the following new sentence: "Except as provided in paragraph (2), money required to be deposited pursuant to this subsection shall be deposited not later than the third day after the custodian receives the money."; and

(D) by adding at the end thereof the following new paragraph:

"(2) The Secretary of the Treasury may by regulation prescribe that a person having custody or possession of money required by this subsection to be deposited shall deposit such money during a period of time that is greater or lesser than the period of time specified by the second sentence of paragraph (1).".

(2) The amendments made by this subsection shall become effective January 1, 1985.

COLLECTION OF NON-TAX DEBTS OWED TO FEDERAL AGENCIES

SEC. 993. (a)(1) Subchapter II of chapter 37 of title 31, United States Code, is amended by adding at the end thereof the following new section:

"§ 3721. Reduction of tax refund by amount of debt

"(a) Any Federal agency that is owed a past-due legally enforceable debt (other than any OASDI overpayment and past-due support) by a named person shall, in accordance with regulations issued pursuant to subsection (d), notify the Secretary of the Treasury of the amount of such debt.

"(b) No Federal agency may take action pursuant to subsection (a) with respect to any debt until such agency—

"(1) notifies the person incurring such debt that such agency proposes to take action pursuant to such paragraph with respect to such debt;

"(2) gives such person at least 60 days to present evidence that all or part of such debt is not past-due or not legally enforceable;

"(3) considers any evidence presented by such person and determines that an amount of such debt is past due and legally enforceable; and

"(4) satisfies such other conditions as the Secretary may prescribe to ensure that the determination made under paragraph (3) with respect to such debt is valid and that the agency has made reasonable efforts to obtain payment of such debt.

"(c) Upon receiving notice from any Federal agency that a named person owes to such agency a past-due legally enforceable debt, the Secretary of the Treasury shall determine whether any amounts, as refunds of Federal taxes paid, are payable to such person. If the Secretary of the Treasury finds that any such amount is payable, he shall reduce such refunds by an amount equal to the amount of such debt, pay the amount of such reduction to such agency, and notify such agency of the individual's home address.

"(d) The Secretary of the Treasury shall issue regulations prescribing the time or times at which agencies must submit notices of past-due legally enforceable debts, the manner in which such notices must be submitted, and the necessary information that must be contained in or accompany the notices. The regulations shall specify the minimum amount of debt to which the reduction procedure established by subsection (c) may be applied and the fee that an agency must pay to reimburse the Secretary of the Treasury for the full cost of applying such procedure. Any fee paid to the Secretary pursuant to the preceding sentence may be used to reimburse appropriations which bore all or part of the cost of applying such procedure.

"(e) Any Federal agency receiving notice from the Secretary of the Treasury that an erroneous payment has been made to such agency under subsection (c) shall pay promptly to the Secretary, in accordance with such regulations as the Secretary may prescribe, an amount equal to the amount of such erroneous payment (without regard to whether any other amounts payable to such agency under such subsection have been paid to such agency).

"(f) For purposes of this section—

"(1) the term "Federal agency" means a department, agency, or instrumentality of the United States and includes a Government corporation (as such term is defined in section 103 of title 5, United States Code);

"(2) the term "past-due support" means any delinquency subject to section 464 of the Social Security Act; and

"(3) the term "OASDI overpayment" means any overpayment of benefits made to an individual under title II of the Social Security Act.".

(2) The analysis of subchapter II of chapter 37 of title 31, United States Code, is amended by adding at the end thereof the following new item:

"3721. Reduction of tax refund by amount of debt.".

(b)(1) Section 6402 of the Internal Revenue Code of 1954 (relating to authority to make credits or refunds) is amended by adding at the end thereof the following new subsections:

"(d) COLLECTION OF DEBTS OWED TO FEDERAL AGENCIES.—

"(1) IN GENERAL.—Upon receiving notice from any Federal agency that a named person owes a past-due legally enforceable debt (other than any OASDI overpayment and past-due support subject to the provisions of subsection (c)) to such agency, the Secretary shall—

"(A) reduce the amount of any overpayment payable to such person by the amount of such debt;

"(B) pay the amount by which such overpayment is reduced under subparagraph (A) to such agency; and

"(C) notify the person making such overpayment that such overpayment has been reduced by an amount necessary to satisfy such debt.

"(2) PRIORITIES FOR OFFSET.—Any overpayment by a person shall be reduced pursuant to this subsection after such overpayment is reduced pursuant to subsection (c) with respect to past-due support collected pursuant to an assignment under section 402(a)(26) of the Social Security Act and before such overpayment is credited to the future liability for tax of such person pursuant to subsection (b). If the Secretary receives notice from a Federal agency or agencies of more than one debt subject to paragraph (1) that is owed by a person to such agency or agencies, any overpayment by such person shall be applied against such debts in the order in which such debts accrued.

"(3) DEFINITIONS.—For purposes of this subsection the term 'OASDI overpayment' means any overpayment of benefits made to an individual under title II of the Social Security Act.

"(e) REVIEW OF REDUCTIONS.—No court of the United States shall have jurisdiction to hear any action, whether legal or equitable, brought to restrain or review a reduction authorized by subsection (c) or (d). No such reduction shall be subject to review by the Secretary in an administrative proceeding. No action brought against the United States to recover the amount of any such reduction shall be considered to be a suit for refund of tax. This subsection does not preclude any legal, equitable, or administrative action against the Federal agency to which the amount of such reduction was paid.

"(f) FEDERAL AGENCY.—For purposes of this section, the term 'Federal agency' means a department, agency, or instrumentality of the United States, and includes a Government corporation (as such term is

defined in section 103 of title 5, United States Code).

"(g) CROSS REFERENCE.—For procedures relating to agency notification of the Secretary, see section 3721 of title 31, United States Code.".

(2) Subsection (a) of section 6402 of such Code is amended by striking out "subsection (c)" and inserting in lieu thereof "subsections (c) and (d)".

(3)(A) Subsection (l) of section 6103 of such Code (relating to confidentiality and disclosure of returns and information) is amended by adding at the end thereof the following new paragraph:

"(9) DISCLOSURE OF CERTAIN INFORMATION TO AGENCIES REQUESTING A REDUCTION UNDER SECTION 6402(c) OR 6402(d)—

"(A) RETURN INFORMATION FROM INTERNAL REVENUE SERVICE.—The Secretary may, upon receiving a written request, disclose to officers and employees of an agency seeking a reduction under section 6402(c) or 6402(d)—

"(i) the fact that a reduction has been made or has not been made under such subsection with respect to any person;

"(ii) the amount of such reduction; and

"(iii) taxpayer identifying information of the person against whom a reduction was made or not made.

"(B) RESTRICTION ON USE OF DISCLOSED INFORMATION.—Any officers and employees of an agency receiving return information under subparagraph (A) shall use such information only for the purposes of, and to the extent necessary in, establishing appropriate agency records or in the defense of any litigation or administrative procedure ensuing from reduction made under section 6402(c) or section 6402(d).".

(B)(i) Section 6103(p)(3)(A) of such Code (relating to procedure and recordkeeping) is amended by striking out "(l)(1), (4)(B), (5), (7), or (8)" and inserting in lieu thereof "(l)(1), (4)(B), (5), (7), (8), or (9)".

(ii) Section 6103(p)(4) of such Code is amended by striking out "(l)(1), (2), or (5)" and inserting in lieu thereof "(l)(1), (2), (5), or (9)".

(iii) Section 6103(p)(4)(F)(ii) of such Code is amended by striking out "(l)(1), (2), (3), or (5)" and inserting in lieu thereof "(l)(1), (2), (3), (5), or (9)".

(4) Section 7213(a)(2) of such Code (relating to unauthorized disclosure of information) is amended by striking out "(l)(6), (7), or (8)" and inserting in lieu thereof "(l)(6), (7), (8), or (9)".

(c) The amendments made by this section shall apply with respect to refunds payable under section 6402 of the Internal Revenue Code of 1954 after December 31, 1985, and before January 1, 1988.

SUBTITLE E—CERTAIN PROVISIONS RELATING TO PUERTO RICO AND THE VIRGIN ISLANDS

CLARIFICATION OF DEFINITION OF ARTICLES PRODUCED IN PUERTO RICO OR THE VIRGIN ISLANDS

SEC. 996. (a) Section 7652 of the Internal Revenue Code of 1954 (relating to shipments to the United States) is amended by adding at the end thereof the following new subsection:

"(d) ARTICLES PRODUCED IN PUERTO RICO OR THE VIRGIN ISLANDS.—For purposes of subsections (a)(3), (b)(3), and (c)(1), any article containing distilled spirits shall in no event be treated as produced in Puerto Rico or the Virgin Islands unless at least 92 percent of the alcoholic content in such article is attributable to rum.".

(b)(1) Except as provided in paragraph (2), the amendments made by subsection (a) shall apply with respect to articles brought into the United States on or after February 28, 1984.

(2)(A) Subject to the limitations of subparagraphs (B) and (C), the amendment made by subsection (a) shall not apply with respect to articles brought into the United States from Puerto Rico after February 28, 1984, and before July 1, 1984.

(B) In the case of articles containing distilled spirits brought into the United States from Puerto Rico after February 28, 1984, and before July 1, 1984, the aggregate amount payable to Puerto Rico by reason of subparagraph (A) shall not exceed the excess of—

(i) $130,000,000, over,

(ii) the aggregate amount payable to Puerto Rico under section 7652(a) of the Internal Revenue Code of 1954 with respect to articles (other than rum) which were brought into the United States after June 30, 1983, and before February 29, 1984, and which would not meet the requirements of section 7652(d)(1) of such Code.

(C)(i) Subparagraph (A) shall not apply with respect to any article if the Secretary determines that an amount in excess of transportation costs was provided by Puerto Rico directly or indirectly to a distiller located in the United States with respect to such article.

(ii) For purposes of this subparagraph, the term "transportation costs" means reimbursement for direct costs of transportation to and from Puerto Rico with respect to any article containing distilled spirits.

LIMITATION ON TRANSFERS OF EXCISE TAX REVENUES TO PUERTO RICO AND THE VIRGIN ISLANDS

SEC. 997. (a) Section 7652 of the Internal Revenue Code of 1954 (relating to shipments to the United States) is amended by adding at the end thereof the following new subsection:

"(e) LIMITATION ON COVER OVER OF TAX ON DISTILLED SPIRITS.—For purposes of this section, with respect to taxes collected under section 5001 on all distilled spirits, the amount covered into the treasuries of Puerto Rico and the Virgin Islands shall not exceed the lesser of the rate of—

"(1) $10.50, or

"(2) the tax imposed under section 5001(a)(1),

on each proof gallon.".

(b) The amendment made by this section shall apply to articles containing distilled spirits brought into the United States after December 31, 1984.

NOTICES OF HEARINGS

SUBCOMMITTEE ON LABOR

Mr. NICKLES. Mr. President, the Subcommittee on Labor will hold additional oversight hearings on May 21 and June 5 to discuss occupational disease. The first two hearings are scheduled for April 24 and April 30. The hearings on May 21 and June 5 will begin at 9:30 a.m. in room 430 of the Dirksen Senate Office Building. Persons wishing to testify should submit a written request to Chairman DON NICKLES, Subcommittee on Labor, 428 Dirksen Senate Office Building, Washington, D.C. 20510, by April 17. If you have any questions concerning the hearing, please contact Rick Lawson, on the subcommittee staff, at 202-224-5546.

SUBCOMMITTEE ON ENERGY, NUCLEAR PROLIFERATION, AND GOVERNMENT PROCESSES

Mr. PERCY. Mr. President, the Subcommittee on Energy, Nuclear Proliferation and Government Processes of the Committee on Governmental Affairs, will hold a hearing at 10 a.m. on Thursday, April 12, 1984 in room SD-342 of the Dirksen Senate Office Building. The subcommittee will be receiving testimony regarding oversight of the National Health Corps scholarship collections.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Thursday, April 15, at 11 a.m., to hold an oversight hearing on the report of the Commission on Fair Market Value Policy for Federal Coal Leasing.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON BUDGET AUTHORIZATION

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Budget Authorization of the Select Committee on Intelligence be authorized to meet during the session of the Senate on Thursday, April 5, to meet in closed session for the purpose of marking up legislation for the fiscal year 1985 intelligence budget.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON SOIL AND WATER CONSERVATION, FORESTRY, AND ENVIRONMENT

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Soil and Water Conservation, Forestry, and Environment, of the Committee on Agriculture, Nutrition, and Forestry, be authorized to meet during the session of the Senate on Thursday, April 5, to hold a hearing on S. 1842 and H.R. 3903, bills to authorize the Secretary of Agriculture to develop and implement a coordinated agricultural program in the Colorado River Basin.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON FAMILY AND HUMAN SERVICES

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Family and Human Services, of the Committee on Labor and Human Resources, be authorized to meet during the session of the Senate on Thursday, April 5, at 10 a.m., to hold a hearing on the reauthorization of title X of the Public Health Service Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON SEA POWER AND FORCE PROJECTION

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Sea Power and Force Projection, of the Committee on Armed Services, be authorized to meet during the session of the Senate on Thursday, April 5, at 9:30 a.m., to hold a hearing to receive testimony on U.S. naval shipbuilding and procurement programs in review of S. 2414, the fiscal year 1985 Department of Defense authorization bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. McCLURE. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be permitted to sit, notwithstanding the 2-hour limit, for the purpose of completion of a hearing on coal leasing.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

THE ARMENIAN GENOCIDE

● Mr. D'AMATO. Mr. President, simple justice demands that we shed light on an event which resulted in the senseless slaughter of more than 1 million innocent men, women, and children—the Armenian genocide. Despite an impressive collection of documents which substantiate the systematic attempt by the Turks to eliminate the Armenian race, considerable ignorance continues to cloud this tragic episode.

The Armenian people, who trace their roots back to Noah, settled in the territory around the Caucasus Mountains and the Mediterranean coastal area of present day Syria. During the fourth century, they became the first nation to embrace Christianity. Because of its strategic location, Armenia was subject to frequent invasion and the Armenian people were forced to comply with repressive policies pursued by the Turkish Empire. During a single year of the regime of Sultan Abdul Hamid II, more than 300,000 Armenians perished. But the worst was yet to come.

In June 1915, the Turks announced a deportation policy to relocate the Armenian population. Turkish authorities forced Armenians to march from the Anatolian highlands to the desert region of eastern Syria.

The decision to undertake this genocide was a conscious one. In 1915, Talaat Pasha, the Turkish Interior Minister, stated that the Government had decided to "destroy completely all Armenians living in Turkey." He further indicated that "an end must be put to their existence, however criminal the measures taken may be, and no regard must be paid to age, or sex, or to scruples of conscience."

Regrettably, this policy was enthusiastically pursued by the Turks. Entire communities were herded aboard ships, then drowned at sea. Babies were thrown alive into pits and covered with stones. Between 1915 and 1917, more than 1 million Armenians were forced to leave their homes and march hundreds of miles, while being denied food supplies and water. Nearly half died during the march. Those remaining often died of starvation. In all, more than 2 million people were affected by the deportation policy.

As U.S. Ambassador Henry Morgenthau, who served in Turkey from 1913-16, observed:

> Homes were literally uprooted; families were separated; men killed, women and girls violated daily on the way or taken to harems. Children were thrown into the rivers or sold to strangers by their mothers to save them from starvation. The facts contained in the reports received at the Embassy from absolutely trustworthy eyewitnesses surpass the most beastly and diabolical cruelties ever before perpetrated or imagined in the history of the world. The Turkish authorities had stopped all communication between the provinces and the capital in the naive belief that they could consummate this crime of ages before the outside world could hear of it. But the information filtered through the Consuls, missionaries, foreign travelers and even Turks.
>
> When the Turkish authorities gave the orders for these deportations, they were merely giving the death warrants to a whole race; they understood this well, and, in their conversations with me, they made no particular attempt to conceal the fact.

Those who survived the genocide fled throughout the world. Many traveled to parts of the Middle East, Western Europe, and the United States. Others joined Armenians in the U.S.S.R., where they founded an independent Armenian Republic in 1918. Unfortunately, the Armenian people were soon subjected to tyranny by the Soviet regime.

Despite persecution by the Turks, the Soviets, and others, the Armenian people have retained their rich cultural identity and their love of freedom. Today, there are more than 675,000 Armenians living in the United States, many of whom had family members who perished in the Armenian genocide. We owe it to the more than 1 million innocent men, women, and children who were exterminated by the Turks to pursue the truth regarding the Armenian genocide and to expose those responsible for this crime against humanity.●

THE SEMICONDUCTOR CHIP PROTECTION ACT OF 1984

● Mr. LEAHY. Mr. President, America has always thrived on innovation, and I am happy to say that the Judiciary Committee is acting today to spur on that innovative spirit. In reporting S. 1201, the Semiconductor Chip Protection Act of 1984, we are saying that Congress is willing to match the scientific and technical innovation of our people with strong and innovative legal protections.

The issues we faced in the bill were formidable: If we failed to provide meaningful protection for those investing millions of dollars each year in the microchips that lie at the heart of the worldwide computer revolution, we risked falling far behind our international competitors. If we ended up with protection that was too broad, we stifled the use of knowhow that should be available to everyone.

Defining a clear line between these two extremes in a field that is close to brand new has been a great challenge. My impression, when I first reviewed this legislation many months ago, was that its effect might have been to retard, rather than spur, innovation. Approaching the legislation as a lawyer, I saw some potential for tying up essential design features and denying their use to future inventors. Frankly, part of my concern was that, given the complexity of the problem and the lack of clear precedents in analogous areas of the copyright law, the prospect of excessive litigation would dampen incentive.

But these concerns did not lessen our enthusiasm for the underlying purposes of the bill, which are so important to this country's competitive future. Senator MATHIAS and I and our staffs decided that no drafting problem could be allowed to stand in the way of an effective bill, and we put a lot of effort, not only in the bill language itself, but in the committee report. In a field that is so new, clear report language is especially important, and I think the many hours and days improving the report were very well spent.

As a result, both the language of the bill and the report offer abundant guidance to industry experts, to attorneys, and to the courts as to what constitutes an infringement and other related issues. No practitioner should be at a loss in building a case that a product resulted from reverse engineering, as opposed to copying. Similarly, opposing counsel should have a clear idea of how to prove infringement—the kinds of evidence needed, the degree of proof, and the key matters at issue.

I am convinced that the bill, as now written, will not result in undue litigation. It will serve as a guide to industry as to the extent of an innovator's reasonable expectations, and in that sense, the bill should help to avoid an undue reliance on the courts to settle questions relating to potential infringement.

Mr. President, I am proud to be a cosponsor of this important bill, and I

hope that the full Senate will soon have the opportunity to consider it fully. I know my colleagues share my sentiments about the need for innovation. Passage of this legislation in this session would be a strong sign that we are willing to back our sentiments with action.●

FEDERAL CHARTER FOR VIETNAM VETERANS OF AMERICA, INC.

● Mr. D'AMATO. Mr. President, I rise today as a cosponsor of S. 2266, which expresses the sense of the Senate that a Federal charter should be granted to Vietnam Veterans of America, Inc. I ask that you join with me in support of this measure.

The Vietnam Veterans of America is a nonprofit national service organization devoted to the welfare of Vietnam and other veterans. Since its founding in 1978, the VVA has addressed the issues that face Vietnam veterans, including readjustment, employment and economic assistance, adequacy of GI bill benefits, VA health care programs, agent orange, and posttraumatic stress disorder. Acting as a catalyst on major legislative issues, the VVA has promoted the recognition of Vietnam veterans as a valued and valuable national resource for America.

Representing a wide spectrum of Americans, the Vietnam Veterans of America seek to accomplish several tasks. One is to provide a structure and process through which Vietnam veterans can develop positive identification with their Vietnam service and with those who served with them. A second is to deal with the physical, psychological, and economic consequences of the war for individual veterans. A third is to seek basic reforms in the Government and private institutions that have a major impact on the lives of veterans.

The organization's claims service department has developed and distributed a comprehensive claims manual for use by its service officers and others involved in assisting Vietnam veterans. Moreover, the VVA has joined in the fight to seek judicial review of the Veterans' Administration's decisions denying veterans' benefit claims. The organization has also contributed to efforts to promote employment opportunities for Vietnam veterans and to heighten recognition of the needs of women, minority groups, and incarcerated Vietnam veterans.

Mr. President, I urge my colleagues to recognize this organization's great record of service to this country by granting it the Federal charter which it seeks. I ask for your support of S. 2266 which will grant the Vietnam Veterans of America this charter.●

REAUTHORIZATION OF THE LIBRARY SERVICES AND CONSTRUCTION ACT

● Mr. QUAYLE. Mr. President, I am pleased to cosponsor along with my good friend from Vermont, Mr. STAFFORD, a bill to reauthorize the Library Services and Construction Act (LSCA) for fiscal years 1985–89 (S. 2490). This act has provided library services to millions of Americans over the years and continues to provide a valuable service by supporting programs to improve library services to the elderly, the handicapped, the institutionalized, the rural, and the illiterate. LSCA also provides support for major urban libraries which provide valuable community services as well as resources for other, smaller libraries.

Additionally, LSCA has been instrumental in encouraging networking and resource-sharing among all types of libraries throughout the country. LSCA has been the impetus and oftentimes supplied the start-up funding to establish these statewide and regional networks.

For example, in Indiana, LSCA funds were used to create a statewide network, the Indiana Cooperative Library Services Authority (INCOLSA). INCOLSA is mostly supported by State funds now, but without help from LSCA to bring everyone together, design a system and provide training, the network probably would not exist today. INCOLSA continues to receive some support from LSCA for a model project to train library personnel in new national cataloging formats and to help still isolated libraries join the State network and, ultimately, regional and national networks and online information retrieval systems.

Resource-sharing among libraries is the future. Libraries cannot afford to purchase printed material as they did 20 or even 10 years ago. Books are now a valuable commodity and often, for a rural library, sharing is the way to access them. Also, information is quickly becoming computerized and access must come through computerized networks. This reauthorization bill seeks to enhance these resource-sharing and networking activities of the public libraries with all types of libraries. We are putting an increased emphasis on resource-sharing in title III of LSCA, so that States can develop their network plans and ultimately increase and improve user access to information.

This reauthorization bill aslo continues to stress the importance of the extension of library services to certain populations, such as the elderly and native Americans. In current law, a separate program (title IV) to provide library services to older Americans has been authorized, but never funded. Older Americans, however, are currently receiving services under the title I grant program and they will continue to receive such services. Since title IV has never been funded, this new bill emphasizes the needs of older American readers in the basic State program, which is funded and which will continue to receive funds.

In place of the old title IV, this bill would insert a new program for library services to Indian tribes. Different from older Americans who are receiving services under the act now, Indian tribes receive almost no funds under LSCA because of their unique status as separate nations under the law. The new title IV would allocate 1 percent of what is appropriated under LSCA for Indian tribes to improve and expand library services for Indians living on or near reservations. Specifically, Indian tribes could use LSCA funds for training library personnel, salaries for library personnel, purchase of library materials, purchase, renovation, or remodeling of library facilities, dissemination of information about library services, and special library programs for Indians.

The bill also makes several changes to title II, which funds construction and renovation of libraries. While title II has not been funded on its own in past years, it did receive an allocation of $50 million under the emergency jobs bill of 183. For that reason it is important to keep title II authorized. The bill also requires that the State or locality provide two-thirds of the cost of a construction project and that if a library built with LSCA funds fails to be used as a library within 20 years of its construction, the Federal Government can recover the amount of its original grant.

The bill also expands the role of libraries into community information referral centers, to provide readily available sources of information or referral to other sources of information. Libraries will be able to provide a critical service to all individuals by helping them to find and sort the growing amounts of information confronting us daily.

In S. 2490, I believe we have provided States and libraries with the flexibility necessary to meet the needs of special populations and to expand their networking and resource-sharing efforts. LSCA has always been heralded as an extremely successful law, allowing States to design programs to serve their unique needs. This bill preserves this flexibility.

While I am extremely supportive of the programmatic changes to LSCA contained in S. 2490, I must express my concern over the authorization levels included in the bill. The current funding level of $130 million (including title II construction funds) grows to $143 million in fiscal year 1985 and up to $175 million in fiscal year 1989. Libraries are important to our citizens; however, with the Federal deficit as

high as it is, I cannot commit myself to the authorization levels specified in the bill. Apart from this issue, I am very pleased with the reauthorization bill as drafted by Senator STAFFORD.

This reauthorization proposal updates LSCA to meet the challenges of an information society and to insure that this increasingly important information is available to all Americans, regardless of their geographic location, reading ability, handicap, age, or income level. Libraries truly serve all Americans.

I urge my colleagues to support this bill to reauthorize the Library Services and Construction Act.●

IN RECOGNITION OF ROY MOGER

● Mr. D'AMATO. Mr. President, I rise today to pay tribute to Mr. Roy Moger, a man who has done a great deal to help the people of Roslyn, N.Y., better appreciate the heritage of their area and their native State.

In January 1974, Roy Moger convened the first meeting of the Greater Roslyn American Bicentennial Commission. Within 6 months, the commission had grown to include members from local schools, colleges, and other local civic and historic organizations. Under Chairman Moger's guidance, the commission sponsored a number of programs and projects, including the flag program and Independence Day committees, which Roy Moger headed himself. The number of people working on projects associated with the commission grew into the hundreds, all coordinated and organized by Chairman Moger. The commission and its committees were busy year round for a decade, sponsoring celebrations of the heritage of Greater Roslyn and New York State.

Roy Moger is a native of the village of Roslyn, and has spent half of his life in its service. He has served on, among others, the village planning board, the board of appeals, and the board of trustees, as well as serving as chairman of various organizations. Roy Moger has also written a number of articles on the history of Roslyn and the surrounding area, and has been a tour guide for various groups. Since his retirement as a teacher in the Roslyn public school system, he has continued to teach courses on local history in the adult education program.

The people of Roslyn and all of New York owe Roy Moger a debt of gratitude for his selfless devotion to local needs. He has worked hard to keep alive our past, so that we may all learn from it and celebrate it. I would like to join with the people of Roslyn in thanking Roy Moger for his dedicated work as the bicentennial celebration comes to a successful conclusion. I wish him the best of luck in all his future projects.●

SHATTERING OF BIPARTISAN CONSENSUS ON U.S. FOREIGN POLICY

● Mr. WALLOP. Mr. President, the days are not so long past when this Nation's foreign policy was noted for its bipartisan consensus. Leaders of both parties agreed on the need for U.S. leadership internationally—for strong commitments to our allies—and on the need for a reasonable, sensible balance in the exercise of U.S. military and diplomatic might.

But today, the party of Roosevelt and Truman, John Kennedy and Scoop Jackson has shattered that consensus—perhaps irrevocably. Today the Presidential candidates of that party displace tough talk with sermonettes on peace and human rights, and eschew the exercise of American power in favor of unilateral withdrawal and the systematic dismantling of our forces in the name of military reform.

In debates, none would commit to defending our NATO treaty allies, or even Mexico on our own southern border, in the event of Communist attacks. All decried the peacekeeping force in Lebanon, the invasion of Grenada, support of the duly elected Government of El Salvador, and covert aid to the anti-Sandinista rebels in Nicaragua. Listening to them, one would begin to wonder whether any legitimate use remains of American force or military aid as a means of defending America or her allies.

This seriously limited and seriously flawed view of the appropriate use of U.S. power and influence, I am afraid, is the result of a seriously limited and seriously flawed view of what the world is like. For example, our colleague, the gentleman from Colorado, has made a number of statements about our foes and allies alike which strike one as remarkably unsophisticated for a 9-year Senate veteran who would like to lead the world's greatest superpower.

In a 1982 Washington Post interview, the gentleman from Colorado said that Cuba was not a totalitarian country, and attempted to differentiate between Soviet and Cuban backing of subversion in Latin American democracies. He had called for a total withdrawal of the hundreds of U.S. military personnel in El Salvador—actually, there are 55 military advisers—and naively suggests sending in unprotected U.S. doctors, nurses, and teachers to help the Salvadorans fight off a vicious and murderous Communist onslaught.

And in a statement that surprised even those who shared his philosophy, HART charged that the late Nicaraguan leader Anastasio Somozoa had fed political prisoners to panthers in his basement.

As political commentator Morton Kondracke pointed out in a recent article in the New Republic:

> Someone who believes such things about a ruler propped up by both Republican and Democratic administrations for 20 years might well demand a "fresh start" in U.S. foreign policy and might well declare ringingly that "American boys" should not be sent to serve as bodyguards for Latin American dictators.

After statements like these, it should come as a surprise to no one that the controlled Soviet press has annointed the Senator from Colorado as the peace-loving candidate and hinted that he was the Soviet favorite for our next President.

But the gentleman from Colorado is not alone in making these kinds of dangerous pronouncements about American foreign policy, which provide comfort to America's foes and sow confusion and concern among her friends.

Walter Mondale has joined Senator HART in rushing in where even the angels fear to tread. As an NBC report recently pointed out, both candidates have made a promise that "no Presidential candidate has heretofore dared to make." They have both promised to move the U.S. Embassy in Israel from Tel Aviv to Jerusalem.

As the report pointed out, this promise is already stirring up friendly, moderate Arab nations. Fulfilling it could lead to sanctions by Arab nations—including another oil embargo. It could also lead to attacks on our Embassies in other countries, reminiscent of the assaults in Iran, Afghanistan, Pakistan, and Lebanon.

And it would surely destroy whatever remains of the Camp David accords. Mondale—who loves to repeat Menachem Begin's description of him as the "spirit of Camp David"—should know that Camp David leaves the Jerusalem question to an overall peace settlement.

There must be a limit to the Democratic candidates' divergence from the traditional, bipartisan consensus on foreign policy. And there must be a limit to the extent to which they will undercut the President's conduct of foreign policy, endangering our interests and our national security, in their quest for their party's nomination.

But if there is such a limit, there is no sign that it has been reached—or will be any time soon. Thank goodness that there is a time limit on this activity—next November 6.

Mr. President, I ask that the New Republic article be printed in the RECORD.

The article follows:

HART LINE, SOFT LINE

It may help explain where Senator Gary Hart is coming from on the issue of Central America to know the image that he carries

in his head about America's onetime ally, the late Nicaraguan dictator Anastasio Somoza Debayle. In an interview aboard his campaign plane, Hart said, "I don't know if this is public information, but in the basement of his presidential palace Somoza kept cages with panthers inside. After dinner for the entertainment of his guests, he would go downstairs and have a political opponent thrown in there with the panthers." Someone who believes such things about a ruler propped up by both Republican and Democratic Administrations for twenty years might well demand a "fresh start" in U.S. foreign policy and might well declare ringingly that Americans boys "should not be sent to serve as bodyguards for Latin American dictators."

The only trouble is, such experts on Nicaragua as former U.S. Ambassador Lawrence Pezzullo, and even such ex-supporters of the Sandinista government as Arturo Cruz Jr. and Alfonso Robelo, say that Hart's image of Somoza is mistaken. "I never heard of such a thing," said Pezzullo, the Carter Administration ambassador fired by President Reagan. "That's incredible, just way off. Even the Sandinistas have never accused Somoza of that." No one is about to defend Somoza—a corrupt, greedy, and ultimately brutal man. "Somoza had some people tortured," said Pezzullo, "including Tomas Borge," the current Sandinista security chief. "But the Somoza regime until 1978 was not that bloody. It was not known for having hundreds of political prisoners or disappearances. There were cases, but most of them lived to tell about it, like Borge. You can fault Somoza for a lot of things, but not that."

According to Cruz and Robelo, now supporters of the insurgent Democratic Revolutionary Alliance (ARDE), headed by the legendary Edén Pastora ("Comandante Cero"), Hart's picture of Somoza as an Idi Amin-style butcher is a garbled version of an event that did take place during the rule of Somoza's father, also named Anastasio. That Somoza once jailed Pedro Joaquín Chomorro—the crusading editor of La Prensa whose murder in 1978 set off the revolution that toppled the Somoza dynasty—and put him in a cage next to a cage containing a lion. "He was scared, but uninjured," said Cruz, recalling Chomorro's account of the incident in his book, Bloody Dynasty.

All experts on Nicaragua agree that after Chomorro's (still unsolved) murder, when rebellion against Somoza was rife, the dictator unleashed his National Guard, which went on a rampage of killing and bombing of villages. According to Robelo, "there is no question that if you compare the last five years of Somoza with the first five years of the Sandinistas from a human rights standpoint, Somoza was ten times worse. Thousands were killed in 1978 and 1979. But if you compare the first five years of Somoza with the first five years of the Sandinistas, the Sandinista human rights record is ten times worse. Today in Nicaragua, fifty or sixty or a hundred people disappear in a month. We don't know what happens to them. The difference between Nicaragua and El Salvador is that in El Salvador, the bodies show up. And in Nicaragua, when the Sandinistas met with massive resistance, as they did from the Miskito Indians, they reponded with massive repression, just like Somoza. They killed lots of people and destroyed village after village."

On examination, the history of Nicaragua is complicated—and so is the question of what America ought to do about revolution in Central America and other countries in the Third World. Such issues are not so complicated, however, for Gary Hart. His policy toward Central America basically is: out. In spite of the fact that Nicaragua is host to some eight thousand Cubans, including two thousand military advisers, plus several thousand others from Eastern Europe, Libya, North Korea, and the Palestine Liberation Organization, Hart opposes aid to guerrilla groups, including democratic ones like ARDE seeking to pressure or oust the Sandinistas. Hart has introduced a resolution in the Senate calling for immediate withdrawal of all U.S. military personnel from Central America without any compensating concessions from Cuba or the East bloc. And he favors cutting off aid to the government of El Salvador until it eliminates right-wing death squads, dismissing the possibility that it might lead to a victory by left-wing guerrillas or to a right-wing coup and a massacre of all opposition forces.

Hart's policies on Central America belatedly have become a major focus of debate in his contest with Walter Mondale for the Democratic Presidential nomination. In fact, the terms of the debate transcend Central America and cut to questions of whether the United States should use force to secure its interests in the world and whether the United States is a great power in the post-World War II sense of the term.

Mondale, after criticizing Hart from the left in earlier primaries, has suddenly rediscovered his roots in the postwar political tradition of Harry Truman and Hubert Humphrey. He says he concurs with Hart that U.S. forces in Honduras should be reduced. "But before I would withdraw all of them," he told the Chicago Council on Foreign Relations, "I would seek to negotiate with Nicaragua . . . at least three things—the removal of Cuban forces, an agreement not to introduce MiGs into the region, and agreement to a nonintervention policy throughout the isthmus."

Mondale observed that the Sandinistas have repressed domestic opposition, meddled in the affairs of neighboring countries, and embarked on a military buildup that has terrified other nations. "We have made mistakes in the past," he said in his Chicago speech. "But in a world where the enemies of freedom win power by force and maintain it by terror, a President can never rule without a firm response. Guilt is not a foreign policy, and the world is not a debating society. It is a tough, dangerous place, and anyone who views it otherwise will only make it more dangerous."

In reply, Hart accused Mondale of portraying communism as "the main threat" in Central America requiring a U.S. presence. "I say the principal threat is not communism, but poverty, and that the response must be cooperation with our allies to address the serious economic and social problems in the region. At the heart of this difference is, perhaps, the lesson of Vietnam. The commitment of U.S. military force cannot be the answer to the problems of Central America, as it was not the answer in Vietnam."

If Walter Mondale represents a generation that came of age after World War II, Hart represents the one whose chief formative experience was Vietnam. It is a generation that has no firsthand knowledge of U.S. military success, but only of failure, humiliation, and tragedy. The Vietnam generation has no memory of the Marshall Plan, bipartisan agreement on foreign policy, the Soviet capture of Eastern Europe, and aggression in North Korea. It has come to assume that the United States is more or less always on the wrong side of history—often the morally wrong side and always the losing side.

Through television, this generation has been sold—and has bought—an image of the John F. Kennedy Presidency as some sort of misty golden age, and Gary Hart does evoke Kennedy nostalgia. It's not just the Kennedyesque mannerisms he affects, either; in some ways he genuinely reflects Kennedy's idealism and vigorous spirit. After all, Hart first entered politics as a J.F.K. volunteer in 1960 and got his first government job in Robert Kennedy's Justice Department.

But in foreign policy, Hart is only half a Kennedy. He echoes that part of Kennedy which launched the Peace Corps and the Alliance for Progress, initiated nuclear arms talks with the Soviet Union, and caused the United States to be identified with peaceful change in the Third World. But another side of the Kennedy Presidency reflected an awareness that force remains an undeniable, if unpleasant, fact of life in the world. That side of John F. Kennedy launched a massive nuclear arms buildup in 1961, stared down the Soviets in the Cuban missile crisis, engaged in covert operations, supplied counterinsurgency training to friendly Third World governments, and sent U.S. advisers to Vietnam.

Some of Kennedy's actions obviously were terribly mistaken—the Bay of Pigs invasion, the assassination attempts against Fidel Castro, and acquiescence in the overthrow of Vietnam's President Diem are the worst examples—but even they serve to demonstrate that Kennedy was not averse to using force when he thought it necessary. The reputation for toughness which Kennedy earned helped make his diplomatic successes possible. It's doubtful that the Soviets would have agreed to ban atmospheric testing of nuclear weapons, for example, if the United States had not been testing such weapons itself. Kennedy was bullied and tongue-lashed by Khrushchev at Vienna, but after the Cuban missile crisis the Soviets agreed to negotiate seriously about arms limitation.

By contrast, Hart—along with Mondale and Jesse Jackson, to be sure—says that he favors mutual arms reductions with the Soviet Union, but would unilaterally give up the MX missile and possibly the D-5 missile for Trident submarines without even trying for compensating Soviet concessions, such as reductions in the Soviet Union's force of heavy land-based missiles. Hart said in Chicago that he would base U.S.-Soviet relations on the principle of "reciprocity" which he said "does not mean unilateral disarmament or one-sided concessions or the toleration of aggression." Rather, he said, "reciprocity is a two-person canoe. If one party refuses to get on or row, or insists on going his own way, it will not work. If one party attempts to block or deceive the other, he will be found out. But if both parties want it to work, it will move forward—slowly, at first, with some difficulty and disagreement—but we will go forward together and in peace."

That is a hopeful way of looking at U.S.-Soviet relations, Hart is proposing a "fresh start" with the Russians, ignoring the history of Soviet behavior and their hostility toward Western values. Invading Afghanistan, crushing Solidarity, and manufacturing biological weapons are not the actions of a partner who wants to row in the same di-

rection as the United States. In other speeches, Hart says that, like John F. Kennedy, he believes that the United States is engaged in a "long, twilight struggle" with the Soviet Union, but he claims that it can be conducted by political, diplomatic, and economic means alone. And when asked, Hart acknowledges that he does not plan to spend much money on foreign aid to the Third World—even in Central America, when he say poverty is the most important problem. Instead he favors extension of technical assistance, as if Peace Corpsmen were sufficient to combat terrorists and the K.G.B.

John F. Kennedy solidified the NATO alliance, but Hart's declaration that "not one American life would be put ashore in any Persian Gulf area" serves notice to the allies that the United States will offer only limited help in defending the oil sources on which they are almost totally dependent. In an interview aboard his campaign plane, Hart said he might consider using U.S. ground troops if the Soviet Union directly threatened to seize the Gulf, but not in the (more likely) event of internal insurgency or attack from Iran. He also said that he would defend Europe against a Soviet attack, but not its oil lines because "Europe is part of our vital national interest, but the Persian Gulf isn't." Such remarks serve as notice to moderate Arabs that the United States will not lift a finger to protect them if they get into trouble, thereby reducing U.S. diplomatic influence with them to zero.

One of the mysteries of Gary Hart's foreign policy is where his ideas come from. His Chicago speech reportedly was drafted by David Landau, his 30-year-old issues coordinator, with advice from Theodore Sorensen, Hart's campaign chairman and John Kennedy's former White House chief of staff. However, Hart aides say that Hart has no formal foreign policy adviser structure. Some of them say, in fact, that though he has thought intensively about such issues as energy independence, nuclear proliferation, arms control, and military reform, he has not devoted extensive attention to other foreign policy issues. "He's operating on instinct," one adviser said, "or really post-Vietnam reflex." According to aides, Hart's foremost foreign policy issues adviser is John Holum, a Washington lawyer who served as Senator George McGovern's legislative assistant and worker on the Policy Planning Staff in Jimmy Carter's State Department.

Others consulted by Hart on foreign issues are his former administrative assistant, Larry K. Smith, now at Harvard University's Center for Science and International Affairs; Richard Gardner, a former U.S. ambassador to Italy; Samuel R. Berger and Richard Feinberg, also former State Department policy planners under Carter; and former Secretary of State Cyrus Vance. Most Hart advisers seem to agree that if he became President there is a good chance that William J. Perry, the Pentagon's research chief under Carter, would become Secretary of Defense. Some say Sorensen might be Secretary of State and that former Deputy C.I.A. Director Bobby Inman, now in the electronics industry, would return as C.I.A. chief or as White House national security adviser.

Gary Hart is no unilateral disarmer, no deep cutter of the defense budget on the George McGovern model. Like John Kennedy, in fact, he favors retooling the military to make it better able to fight conventional wars rather than nuclear wars. Unlike Kennedy, however, Hart virtually announces to U.S. adversaries that those forces would be used only in the most unlikely contingencies—a Soviet attack on Europe, the Western Pacific, or the Western Hemisphere. He rules out the use of force in all the likelier places—the Persian Gulf, Lebanon, and Central America—and therefore invites dangerous challenges there, much as Dean Acheson did when he declared South Korea outside the U.S. defense perimeter.

Hart claims in his speeches that the American people simply will not stand for the lives of their sons to be lost in such places. If he is right—the 1984 elections will tell us—then it means that the United States has ceased to be the great power that it became under the great Democratic Presidencies of Woodrow Wilson, Franklin Roosevelt, and John Kennedy. Walter Mondale offers no guarantee that this tradition will be revived. Ronald Reagan has twisted the tradition into a caricature of John Foster Dulles. But if Gary Hart is elected and persists in the policies he now advocates, America will have come perilously close to declaring to the world that it is no longer prepared to bear the burdens necessary to ensure the survival of liberty.●

MICHIGAN COMMEMORATES THE 100TH ANNIVERSARY OF THE FIRST AMERICAN PLANTING OF GERMAN BROWN TROUT

● Mr. RIEGLE. Mr. President, on April 11, 1984, the people of the State of Michigan will recognize an important milestone in our country's angling history. On this date, Michigan will commemorate the first American planting of German brown trout in the Pere Marquette River 100 years ago, and, in doing so, will rededicate itself to the preservation of the Pere Marquette as America's premier brown trout stream. I rise today in honor of this historic occasion.

Typically, brown trout live in cold water streams and are thought of highly for their game qualities and beauty. The brown trout is indigenous to Europe but has been introduced to suitable habitats throughout the world.

The story of the brown trout's introduction to a branch of the Pere Marquette in northern Michigan is the history of its American origins as well. On February 18, 1883, a shipment of 5,000 eggs from Germany was received in Michigan at the Northville Federal Hatchery, and on April 11, 1884, 4,900 fry were planted in a branch of the Pere Marquette by the U.S. Fish Commission. This is believed to be the first stocking of brown trout in America. During the 100 years that have elapsed, brown trout have become established throughout the United States and have offered many hours of enjoyment to U.S. sport fishermen on the rivers and lakes of this country. Plantings of brown trout continue in marginal habitats and there are now widespread self-sustaining populations in favorable environments.

The brown trout is now one of the United States most highly esteemed sport fish and, in addition, is considered an excellent table fish. It attains a much larger growth than the species found in the United States, frequently reaching a weight of 10 to 20 pounds.

On April 11, the citizens of Baldwin, Mich., and other distinguished guests will commemorate this historic event. A historical marker will be placed near the Pere Marquette to mark the occasion.

I am pleased to be able to participate in the observation of this anniversary because I believe the heritage of this river should be preserved as we continue our efforts to protect and enhance the Pere Marquette itself as a vital State and national resource.●

SOCIAL SECURITY

● Mr. SYMMS. Mr. President, Congress has often been criticized for having vision no longer than the next election. With respect to reforming the social security system, there is amply evidence to justify that position.

One year ago, Congress rushed to "save the system" chiefly through tax increases rather than making genuine long-term structural reforms. It then relaxed, gratified that the crisis was over. But now evidence is accumulating that in 1983, Congress made long-term social security worse, just as it did when adopting changes in 1982 and 1977.

An insightful article on the current status of the social security trust funds was published last week by the Wall Street Journal. Written by a Senate staffer known to many on Capitol Hill, Stu Sweet, it makes two especially telling points.

First, Congress overreacted to the short-term crisis by raising more revenue than was needed to cover a temporary shortfall. According to the Congressional Budget Office and the Social Security Administration (SSA), there was likely to be at most a $75 billion shortfall between 1983 and 1990. Yet, Congress adopted a package that raised more than twice that amount. It did so by taking social security benefits for the first time, raising the tax rate on the self-employed, and accelerating tax rate increases already on the books. Some call this reform. I call this socking it to the middle class.

Second, and more dangerously for our children, the effect of these tax increases, in conjunction with other proposals, will be to build up a Federal surplus that is measured in the trillions of dollars. Even if the economy performs sluggishly, the surplus is projected to grow to over five times annual outgo according to SSA, reaching $23 trillion. Using less pessimistic assumptions, the surplus is projected

to be much higher. Yet, in today's terms a 5-year surplus equals $900 billion.

Such an embarrassment of riches presents a paradox. If a large surplus is allowed to accumulate, then the Federal Government will be forced into the investment banking business. And bureaucrats, rather than professional money managers, will decide what businesses receive loans needed to expand and who receives home mortgages. This is a recipe for socialism through the back door.

However, if a large surplus does not develop, then benefit promises to the large "baby boom" generation will be broken with little advance warning. This is a recipe for intergenerational warfare of unprecedented magnitude.

I believe Stu Sweet is right. We must not permit megasurpluses and megapromises to develop. For that reason, I will be introducing legislation in the near future that will reduce social security revenues and outlays to sustainable levels, eliminating the need for a large surplus.

Under my proposal, workers would be permitted to open tax-free retirement accounts in addition to Individual Retirement Accounts. Any deposits into such accounts would be tax deductible and earnings from such deposits would be tax exempt as long as they are not withdrawn. At the same time, workers who take advantage of this offer would agree to accept lower social security benefits when they retire.

Every time this offer is accepted, the amount of social security benefits that will have to be paid out in the 21st century will fall. Every time this offer is accepted, it will also make it possible and desirable to reduce the enormous surplus that awaits us in the next century by cutting social security tax rates now.

I believe that the legislation that I will be introducing will offer the Nation the best chance for avoiding all sorts of economic and political mischief. And I urge my colleagues to study the proposal that I will be offering because I believe that after it has been studied and adopted, we may be able to change our image of being a nearsighted institution seeking quick fixes.

Mr. President, I submit Mr. Sweet's article for the RECORD along with recent projections made by SSA's top actuary concerning the long-term health of the social security trust funds.

The material follows:

[From the Wall Street Journal, Mar. 28, 1984]

A LOOMING FEDERAL SURPLUS

(By Stuart J. Sweet)

Most Americans were relieved when Congress and President Reagan last year approved, with practically no change, the bipartisan plan submitted by the National Commission on Social Security Reform to "save the system." What they don't know is that the plan stands to lead to more sweeping changes in the American economy than if the South had won the Civil War. The cause for alarm is peculiar: For the next 40 years, the Social Security cash-benefits programs are too well funded.

Currently, the collective balances in the Old Age and Survivors (OAS) and the Disability Insurance (DI) trust funds are only $27 billion. However, the surplus is projected by actuaries of the Social Security Administration (SSA) to exceed $1 trillion before the beginning of the next century—even if the economy performs below expectations and unfavorable demographics are assumed. By 2010, the surplus is projected to soar to more than $5 trillion, then to $10 trillion by 2020 before peaking at $20 trillion in the 2040s.

The challenge facing American government is illustrated by the accompanying chart. It shows that an enormous amount of funds must be accumulated to pay off the promises being made to existing workers and their children.

And one doesn't have to be a cynic to see how tempting it will be for politicians to spend "surplus funds" that won't be needed for nearly 60 years. Who believes they will be able to resist handing out new benefits when a $20 trillion surplus will accumulate in OASDI funds if they forbear? In today's terms, that would be like asking Congress not to tamper with an OASDI balance of more than $1 trillion.

If Congress refuses to undo what it did in 1983, probably the only way that today's workers and their children can be assured that Social Security promises will be honored is through passage of a constitutional amendment. Such an amendment will have to forbid Congress from distributing OASDI funds without the consent of those who provided them.

But the problems do not end there. They only begin, and some are quite surprising given the fiscal concerns that dominate political dialogue today. The first vexing problem is: How does the government invest $20 trillion without violating traditional boundaries between the public and private sectors?

Under current law, the treasury secretary, the secretary of health and human services, and the secretary of labor are the trustees of OASDI funds. They must invest any cash balances in the funds in U.S. Treasury securities. With the U.S. debt held by nonfederal entities at more than $1.1 trillion and with less than $30 billion in OASDI assets, limited investment choices have not been a problem. But they will be a problem unless the government commits itself to 40 years of large federal deficits in the non-OASDI portions of the budget. Otherwise, there will not be enough Treasury debt to purchase!

What, then, will we do with a growing, massive federal surplus? The options are not attractive. One choice would be to buy publicly traded stocks. But even this has limited possibilities. Right now, the New York Stock Exchange has a market value of less than $3 trillion. And so we really want cabinet officers deciding which Fortune 1000 companies the federal government will take over by buying controlling interests? It may, in fact, be possible for the government to own all of them. There are many opportunities for manipulation. It's possible to imagine Congress and the administration being lobbied by shareholders in certain concerns to buy their shares rather than those of other companies. Bonds do not offer a way out either. While purchasing bonds avoids direct-ownership problems, there will not be enough bonds to go around in 2010 either.

The reason this dangerous accumulation was created is simple: politics. In 1982, the Social Security Commission, whose members were chosen by congressional leaders and the president, decided that any solution it recommended would leave no chance that Congress would ever face another OASDI funding shortage in this century. That meant contingency planning, assuming the worst was going to happen. The commission concluded that OASDI needed an increase in cash flow during the 1980s equal to $175 billion to $200 billion, an average of $25 billion a year. This was nearly three times the needed increase estimated by the SSA in 1982.

Another way to visualize this is to consider what the negative each flow would have been, assuming a continuation of prior experience. During 1982, which was a poor year for OADSI due to the recession, the funds lost $11 billion. If the recession had continued throughout the 1980s, the funds would have lost about $11 billion a year for seven years, a total of $77 billion. Assuming that the recession was going to last longer than the Great Depression of the 1930s is certainly cautious planning. The commission can be excused for not anticipating the robust recovery already under way. But was it necessary to increase the estimate for needed cash almost threefold even if one extrapolates bad times into the future?

The Social Security Administration didn't think so. In its annual report to Congress in 1982, it forecast that checkbook balances in OASDI would drop, under its likely but pessimistic scenario, from a positive $19 billion to a negative $54 billion in 1989. This $73 billion drop is a serious shortage, but it was only a fraction of the $175 billion to $200 billion that the commission chose as its baseline.

Congress' own budget office didn't believe $175 billion to $200 billion was needed either. In November 1982, the Congressional Budget Office projected OASDI balances through 1989. Its forecast showed that the combined checkbook balances would fall even less—to a negative $29 billion in 1989, unless Congress acted. The effect of political over-caution was to generate a power curve toward a $20 trillion dilemma.

We must see that the huge fund buildup engineered by the Social Security Commission never takes place. If $20 trillion never accumulates, we won't have to worry about breaking commitments by future raids on OASDI. And we won't have to invest it. To do so, however, a contract must be reached with today's workers. In exchange for permanently reducing their OASDI taxes, workers under 50 years of age must agree to lower their claims on OASDI benefits during the 21st century.

How could this be accomplished? One sound suggestion is to expand the use of IRAs or comparable savings vehicles to individuals under certain conditions. The chief condition is that favorable tax treatment of deposits into such accounts be linked to reduced OASDI benefits received at retirement. One approach would be to reduce benefits by 1% for a specified level of deposits. Chances are, millions would leap at the opportunity. Since skepticism remains deep, especially among the young, over whether benefits ever will be collected, it should be an appealing offer to give up 1% of nothing

and get a tax break now and for years to come.

A final note: If the economy performs better than expected—and the odds of that happening equal the odds assumed by the commission that it will perform below expectations—the surplus projected by the SSA for 75 years from now is $73 trillion. And the administration, taking account of the current recovery, has released figures showing an even more favorable trend. Meanwhile, the bipartisan group composed of congressional and administration representatives that is working on the fiscal 1985 budget, which begins next Oct. 1, was quick to agree on just one thing: Don't tamper with the Social Security compromise.

Long-Range Projections of Social Security Trust Fund Operations in Dollars

(By Harry C. Ballantyne, A.S.A. Chief Actuary)

Some interest has been expressed in the dollar values of the estimated long-range projections of the operations of the combined Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) Trust Funds as well as the operations of the combined OASI, DI, and Hospital Insurance (HI) Trust Funds. Long-range projections typically are not shown as dollar amounts because of the noncomparability of such monetary units over time when inflation is taken into account. Instead, relative measures which are comparable over time have been developed. Two examples of such measures are cost rates and income rates, which express the cost and income of the program as percentages of taxable payroll. Another is the trust fund ratio, which expresses the assets of the Trust Funds as a proportion of the outgo during a specific period of time, usually the next year. These measures are discussed fully in the "1983 Annual Report, Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds" [1] (1983 OASDI Trustees Report). They are the ones that have been used by Social Security program planners and legislators to evaluate the long-range status of the program and the long-range effect of proposed changes to the program. Nonetheless, in view of the interest that continues to be expressed in long-range dollar values, this note presents long-range OASDI projections in current dollars together with several indices which can be used ot convert current dollars into constant dollars. In addition, the Appendix to this note presents financial projections of a more limited nature for the HI program and for the combined OASDI and HI programs.

Table 1 shows projections of the operations of the combined OASI and DI Trust Funds—that is, assets at the beginning of the year, tax income, total income, outgo, and assets at the end of the year. The footnotes in the table define these items. The projections are based on four sets of economic and demographic assumptions identified as Alternatives I, II-A, II-B, and III, which are described in detail in the 1983 OASDI Trustees Report. The projections of all these financial items are shown in current dollars.

A major consideration in converting current dollars to constant dollars is the selection of the index of conversion. Price indices adjust for the effects of price inflation. One price index presented in this note is the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), which is published by the Bureau of Labor Statistics, Department of Labor. The CPI-W was chosen mainly because it is used to determine automatic increases in OASDI benefits. Another price index presented is the Implicit Price Deflator for the Gross National Product, hereafter referred to as the GNP deflator. Also shown are the GNP values themselves.

Wage indices adjust for the combined effects of price inflation and real-wage growth. The particular wage index presented in this note is the average annual amount of total wages. This wage series is used to adjust many of the Social Security program amounts that are subject to automatic adjustment (such as the contribution and benefit base).

Payroll indices adjust for the effects of variations in the number of workers as well as for the effect of price inflation and real-wage growth. This note presents the OASDI taxable payroll, which consists of all earnings subject to OASDI tax rates (including deemed wages based on military service), adjusted to reflect the lower tax rates (in comparison with the combined employee-employer rate) which apply to self-employment income through 1983, tips, and multiple-employer "excess wages."

The application of an interest rate is another way of converting dollar values through time. The selection of an interest rate can be based on many types of investments, such as those by individuals, groups, or the Social Security trust funds. The particular series of interest-rate indices presented in this note is based on the interest rates for special public-debt obligations issuable to the Social Security trust funds, which form the basis of the interest calculations done for the 1983 OASDI Trustees Report.

The CPI-W, after several years of varying increases, is assumed to increase annually by rates of 2, 3, 4, and 5 percent under alternatives I, II-A, II-B, and III, respectively. Similarly, the average annual wage is assumed to increase by 4.5, 5, 5.5, and 6 percent. After the first few years, no specific assumption is made about GNP growth; rather its projection is based on the complex interaction of many economic and demographic variables. Similarly, the projection of payroll growth is based on the interaction of many economic and demographic variables. Appendix A of the 1983 OASDI Trustees Report discusses the payroll projections more fully. The ultimate interest rate assumed is 5.06, 5.575, 6.08, and 6.575 percent under Alternatives, I, II-A, II-B, and III, respectively. These assumptions are the result of the compound effect of the ultimate annual increases assumed for the CPI-W (2, 3, 4, and 5 percent) with the respective ultimate real-interest rate assumptions (3, 2.5, 2, and 1.5 percent).

Table 2 shows these economic variables or functions thereof. The form of these tables is similar to that of the tables on Trust Fund operations in order to facilitate constant-dollar calculations that may be of interest to economic and financial analysts. It is left to the individual analyst to decide which variable to use to accomplish his or her particular purpose.

[1] House Document No. 98-74, dated June 27, 1983.

TABLE 1.—PROJECTIONS OF THE OPERATIONS OF OASI AND DI TRUST FUNDS FOR 1983–2060 BY ALTERNATIVE

[In billions of dollars]

Calendar	Assets at beginning of year [1]	Tax income [2]	Total income [3]	Outgo [4]	Assets at end of year [1]
Alternative I:					
1983	24.8	163.7	172.5	169.3	27.9
1984	40.4	181.9	183.2	179.9	30.2
1985	44.1	200.2	202.0	191.0	39.6
1986	54.8	216.4	219.3	203.6	46.2
1987	62.6	233.4	237.3	215.4	67.4
1988	85.9	265.6	271.2	227.2	111.4
1989	131.5	283.3	291.5	232.7	170.2
1990	192.0	311.2	322.5	249.8	242.9
1991	266.2	330.3	345.5	255.9	332.5
1992	357.3	354.8	374.5	272.0	435.1
1993	463.9	377.5	402.6	275.0	562.6
1994	593.1	399.3	430.6	283.9	709.3
1995	741.5	421.5	460.6	293.5	876.5
1996	910.5	445.1	493.0	303.7	1,065.8
1997	1,101.7	470.1	527.9	314.5	1,279.2
1998	1,317.1	496.4	565.4	327.4	1,517.3
1999	1,557.3	524.5	605.9	341.1	1,782.1
2000	1,824.5	554.3	649.4	355.6	2,075.9
2001	2,120.6	584.5	694.8	371.2	2,399.5
2002	2,446.6	615.9	743.0	388.2	2,754.4
2003	2,803.9	649.0	794.4	406.9	3,141.9
2004	3,194.1	683.9	849.3	427.2	3,563.9
2005	3,619.0	720.4	907.5	449.3	4,022.1
2006	4,080.0	758.0	968.6	473.7	4,517.1
2007	4,577.9	796.9	1,032.9	500.5	5,049.5

TABLE 1.—PROJECTIONS OF THE OPERATIONS OF OASI AND DI TRUST FUNDS FOR 1983–2060 BY ALTERNATIVE—Continued

[In billions of dollars]

Calendar	Assets at beginning of year [1]	Tax income [2]	Total income [3]	Outgo [4]	Assets at end of year [1]
2010	6,300.3	923.4	1,246.8	597.2	6,879.5
2015	9,960.2	1,171.9	1,679.8	833.2	10,717.9
2020	14,644.2	1,483.6	2,227.0	1,160.2	15,598.8
2025	20,545.4	1,887.8	2,928.1	1,574.9	21,756.3
2030	28,131.8	2,412.2	3,835.3	2,058.8	29,726.8
2035	38,218.7	3,089.1	5,022.9	2,621.3	40,388.2
2040	52,029.1	3,953.7	6,588.9	3,250.3	55,070.5
2045	71,223.2	5,065.5	8,675.5	4,049.1	75,468.9
2050	97,672.3	6,499.0	11,450.8	5,124.7	103,509.7
2055	133,691.3	8,354.7	15,132.7	6,552.8	141,642.7
2060	182,502.1	10,742.1	19,995.0	8,370.6	193,318.2
Alternative II–A:					
1983	24.8	163.6	172.3	169.5	27.6
1984	40.0	180.8	182.1	180.3	28.8
1985	42.6	197.5	198.9	192.2	35.6
1986	50.5	212.2	214.3	205.6	39.5
1987	55.5	227.9	230.9	218.3	45.3
1988	63.2	258.6	262.8	231.1	76.8
1989	96.3	278.5	284.7	243.8	117.6
1990	139.0	304.6	313.4	257.2	173.8
1991	196.6	324.7	336.7	271.3	239.3
1992	263.4	345.8	361.7	285.9	315.1
1993	343.1	368.3	388.3	297.7	405.7
1994	435.4	390.4	415.2	310.3	510.6
1995	542.1	414.0	444.9	323.6	631.9
1996	665.3	439.0	477.0	337.7	771.2
1997	806.6	465.6	511.7	352.7	930.2
1998	967.8	493.8	549.1	369.8	1,109.5
1999	1,149.3	523.9	589.5	388.0	1,311.0
2000	1,353.3	556.0	633.1	407.3	1,536.8
2001	1,581.6	588.7	678.8	427.9	1,787.8
2002	1,835.2	623.0	727.4	450.1	2,065.1
2003	2,115.3	659.2	779.4	474.5	2,369.9
2004	2,423.0	697.4	834.9	501.1	2,703.8
2005	2,759.9	737.4	893.9	529.9	3,067.8
2006	3,127.0	778.8	955.8	561.4	3,462.2
2007	3,524.6	821.7	1,020.9	596.0	3,887.1
2010	4,901.6	961.7	1,237.5	720.9	5,345.2
2015	7,776.7	1,238.5	1,672.6	1,027.8	8,328.0
2020	11,240.2	1,587.4	2,210.7	1,465.9	11,865.7
2025	15,168.0	2,038.2	2,875.1	2,047.0	15,843.6
2030	19,553.3	2,621.6	3,696.9	2,762.1	20,292.8
2035	24,556.1	3,374.0	4,721.8	3,638.4	25,388.8
2040	30,529.3	4,332.9	6,008.0	4,660.2	31,555.6
2045	37,993.2	5,563.3	7,647.2	5,970.2	39,258.1
2050	47,163.6	7,142.5	9,726.7	7,713.7	48,647.5
2055	58,063.1	9,185.0	12,361.7	10,002.4	59,742.3
2060	70,877.9	11,815.6	15,688.4	12,903.4	72,788.3
Alternative II–B:					
1983	24.8	163.4	172.2	169.5	27.5
1984	39.8	179.8	180.9	180.3	27.6
1985	41.4	197.4	198.7	193.8	32.5
1986	47.5	212.9	214.5	209.9	36.1
1987	52.1	229.1	231.2	225.2	39.7
1988	57.7	260.3	263.4	240.8	53.9
1989	73.5	280.4	285.1	256.5	82.4
1990	103.9	307.0	313.8	272.7	123.5
1991	146.5	329.1	338.6	289.8	172.3
1992	196.8	353.0	365.6	307.7	230.2
1993	258.8	376.4	392.4	322.6	300.1
1994	330.5	400.2	420.3	338.4	382.0
1995	414.3	425.6	451.0	355.2	477.7
1996	512.1	452.9	484.4	372.9	589.2
1997	625.8	482.1	520.7	391.7	718.1
1998	757.1	513.1	559.8	413.0	864.9
1999	906.4	546.4	602.3	435.6	1,031.6
2000	1,075.7	581.8	648.2	459.7	1,220.0
2001	1,267.0	618.5	696.6	485.2	1,431.4
2002	1,481.3	657.0	748.4	512.7	1,667.1
2003	1,720.1	698.3	804.3	543.0	1,928.5
2004	1,984.8	742.2	864.5	575.8	2,217.1
2005	2,277.0	788.5	928.6	611.5	2,534.3
2006	2,597.7	836.6	996.3	650.5	2,880.1
2007	2,947.3	886.8	1,067.7	693.3	3,254.5
2010	4,168.1	1,052.3	1,307.0	848.3	4,547.1
2015	6,715.1	1,387.5	1,794.0	1,233.3	7,171.2
2020	9,666.0	1,821.0	2,401.1	1,797.5	10,133.2
2025	12,706.6	2,394.6	3,151.0	2,570.8	13,108.3
2030	15,549.9	3,154.7	4,073.8	3,560.0	15,829.5
2035	17,981.0	4,158.9	5,213.8	4,814.0	18,073.0
2040	19,883.6	5,470.6	6,629.2	6,329.1	19,779.5
2045	21,175.2	7,192.5	8,414.2	8,309.0	20,749.9
2050	21,095.0	9,454.9	10,649.1	10,989.8	20,057.1
2055	18,161.4	12,449.6	13,434.1	14,583.1	16,094.7
2060	10,445.2	16,399.1	16,874.9	19,263.6	6,847.9
Alternative III:					
1983	24.8	162.2	171.0	169.6	26.2
1984	38.1	175.5	176.3	180.5	21.9
1985	35.3	194.9	195.5	193.2	24.2
1986	39.2	213.7	214.8	206.8	32.2
1987	48.5	233.0	234.8	227.4	27.2
1988	45.7	267.8	270.9	247.0	51.1
1989	71.4	290.7	295.9	267.0	80.0
1990	102.4	320.6	328.3	287.6	130.8
1991	144.8	346.3	356.4	324.6	152.6
1992	178.3	372.9	385.1	348.0	189.7
1993	220.0	399.6	414.0	368.7	234.9
1994	267.2	426.5	443.1	390.8	287.3
1995	321.7	355.3	475.5	414.3	348.5
1996	385.3	486.9	511.3	439.3	420.6
1997	460.0	520.7	550.2	465.8	504.9
1998	547.1	557.0	592.2	495.2	601.9

TABLE 1.—PROJECTIONS OF THE OPERATIONS OF OASI AND DI TRUST FUNDS FOR 1983–2060 BY ALTERNATIVE—Continued

[In billions of dollars]

Calendar	Assets at beginning of year [1]	Tax income [2]	Total income [3]	Outgo [4]	Assets at end of year [1]
1999	647.0	595.9	637.7	526.7	712.8
2000	761.0	637.3	686.7	560.4	839.1
2001	890.6	680.5	738.4	596.3	981.2
2002	1,036.2	726.1	793.5	634.9	1,139.8
2003	1,198.4	775.0	853.1	677.5	1,315.4
2004	1,378.0	827.1	916.9	723.8	1,508.5
2005	1,575.2	882.0	984.7	774.4	1,718.8
2006	1,789.8	939.2	1,055.8	829.6	1,945.0
2007	2,020.5	998.9	1,130.4	890.0	2,185.4
2010	2,788.6	1,196.5	1,376.7	1,110.1	2,965.0
2015	4,075.0	1,595.5	1,853.5	1,661.6	4,147.3
2020	4,588.6	2,109.9	2,388.8	2,496.2	4,324.5
2025	2,975.8	2,783.2	2,936.1	3,689.5	2,017.4
2030	−2,755.1	3,665.6	3,413.9	5,300.5	−4,909.5
2035	−15,493.8	4,818.2	3,691.4	7,448.5	−19,600.5
2040	−39,412.4	6,303.3	3,556.4	10,184.3	−46,494.9
2045	−80,635.1	8,224.2	2,702.0	13,839.0	−92,361.8
2050	−149,050.5	10,701.9	590.0	18,788.0	−168,012.7
2055	−259,529.8	13,938.3	−3,560.7	25,364.8	−289,447.1
2060	−433,124.5	18,159.2	−10,911.8	33,872.7	−479,197.9

[1] Assets at the end of the calendar year are the total monies in the OASI and DI Trust Funds at that time, including the net effect of interfund loans and the payments to and reimbursements for the noninsured persons described below. Assets at the beginning of the calendar year are the assets at the end of the prior year increased by the advanced tax transfers for January. Both columns of assets reflect interfund-borrowing transfers which are not included in either the income or outgo figures.

[2] Tax income consists of net OASDI payroll taxes and, after 1983, taxes on benefits; for 1983 it includes the amount transferred from the general fund of the Treasury to the OASI and DI Trust Funds on May 20, 1983, for costs of noncontributory wage credits for military service performed before 1957.

[3] Total income consists of tax income, interest income, and payments from the general fund of the Treasury for costs of benefits paid to certain noninsured persons who attained age 72 before 1968 and have less than three quarters of coverage.

[4] Outgo consists of benefits payments, administrative expenses, net transfers under the financial interchange between the OASI and DI Trust Funds and the Railroad Retirement Account, payments for vocational rehabilitation services for disabled beneficiaries, and payments to the noninsured persons described above.

TABLE 2.—SELECTED ECONOMIC VARIABLES FOR 1982–2060 BY ALTERNATIVE

[GNP and taxable payroll in billions]

Calendar year	CPI [1]	GNP deflator [2]	GNP	Average wage [3]	Taxable payroll [4]	Compound interest rate factor [5]
Alternative I:						
1982	97.53	96.71	$3,059	$14,498	$1,341	0.8964
1983	100.00	100.00	3,271	15,137	1,477	1.0000
1984	103.28	104.00	3,595	15,799	1,594	1.0813
1985	107.10	108.16	3,929	16,624	1,735	1.1482
1986	110.65	111.75	4,243	17,542	1,872	1.2117
1987	113.96	115.10	4,567	18,537	2,016	1.2773
1988	117.03	118.21	4,902	19,537	2,163	1.3451
1989	119.74	120.93	5,240	20,549	2,294	1.4149
1990	122.14	123.34	5,585	21,607	2,461	1.4867
1991	124.57	125.82	5,954	22,744	2,605	1.5619
1992	127.07	128.33	6,340	23,920	2,799	1.6409
1993	129.60	130.89	6,746	25,092	2,973	1.7239
1994	132.21	133.51	7,122	26,272	3,144	1.8112
1995	134.84	136.18	7,519	27,454	3,320	1.9028
1996	137.55	138.90	7,943	28,689	3,507	1.9991
1997	140.28	141.68	8,387	29,980	3,704	2.1003
1998	143.09	144.51	8,858	31,329	3,913	2.2065
1999	145.96	147.40	9,359	32,739	4,135	2.3182
2000	148.87	150.35	9,890	34,212	4,370	2.4355
2001	151.88	153.36	10,428	35,752	4,608	2.5587
2002	154.88	156.43	10,989	37,361	4,856	2.6882
2003	157.99	159.55	11,580	39,042	5,117	2.8242
2004	161.17	162.74	12,202	40,799	5,391	2.9671
2005	164.38	166.00	12,857	42,635	5,678	3.1173
2006	167.66	169.32	13,531	44,554	5,973	3.2750
2007	171.00	172.71	14,228	46,558	6,278	3.4407
2010	181.48	183.28	16,484	53,131	7,264	3.9899
2015	200.37	202.35	20,918	66,211	9,184	5.1068
2020	221.22	223.41	26,500	82,511	11,579	6.5363
2025	244.27	246.67	33,767	102,823	14,683	8.3660
2030	269.69	272.34	43,265	128,137	18,723	10.7080
2035	297.74	300.69	55,622	159,681	23,956	13.7055
2040	328.73	331.98	71,545	198,992	30,667	17.5421
2045	362.96	366.53	92,110	247,980	39,294	22.4527
2050	400.74	404.68	118,810	309,029	50,443	28.7379
2055	442.45	446.80	153,500	385,106	64,861	36.7825
2060	488.48	499.31	198,355	479,912	83,417	47.0792
Alternative II–A:						
1982	97.37	96.52	3,059	14,498	1,341	.8963
1983	100.00	100.00	3,268	15,134	1,475	1.0000
1984	103.61	104.30	3,573	15,761	1,584	1.0827
1985	107.76	108.78	3,879	16,519	1,710	1.1521
1986	111.64	112.70	4,179	17,358	1,835	1.2192
1987	115.22	116.30	4,485	18,258	1,967	1.2887
1988	118.69	119.79	4,804	19,181	2,104	1.3614
1989	122.23	123.39	5,146	20,205	2,255	1.4373
1990	125.91	127.09	5,499	21,328	2,403	1.5174
1991	129.69	130.90	5,844	22,481	2,558	1.6020
1992	133.57	134.83	6,216	23,678	2,720	1.6913
1993	137.58	138.88	6,624	24,910	2,893	1.7856
1994	141.70	143.04	7,023	26,155	3,065	1.8852
1995	145.95	147.33	7,451	27,463	3,250	1.9902
1996	150.34	151.75	7,911	28,836	3,447	2.1012
1997	154.86	156.30	8,398	30,278	3,657	2.2183
1998	159.48	160.99	8,914	31,792	3,879	2.3420
1999	164.27	165.82	9,467	33,381	4,116	2.4726
2000	169.20	170.80	10,055	35,051	4,369	2.6104
2001	174.29	175.92	10,656	38,803	4,626	2.7560
2002	179.52	181.20	11,288	38,643	4,895	2.9096
2003	184.89	186.64	11,953	40,575	5,178	3.0718
2004	190.45	192.23	12,657	42,604	5,478	3.2431

TABLE 2.—SELECTED ECONOMIC VARIABLES FOR 1982–2060 BY ALTERNATIVE—Continued

[GNP and taxable payroll in billions]

Calendar year	CPI [1]	GNP deflator [2]	GNP	Average wage [3]	Taxable payroll [4]	Compound interest rate factor [5]
2005	196.15	198.00	13,399	44,734	5,791	3.4239
2006	202.02	203.94	14,166	46,971	6,114	3.6148
2007	208.10	210.06	14,963	49,320	6,448	3.8163
2010	227.40	229.54	17,554	57,094	7,534	4.4908
2015	263.60	266.10	22,692	72,868	9,657	5.8902
2020	305.60	308.48	29,206	93,000	12,311	7.7256
2025	354.28	357.61	37,669	118,694	15,728	10.1330
2030	410.70	414.57	48,731	151,486	20,153	13.2906
2035	476.11	480.60	63,148	193,339	25,868	17.4321
2040	551.96	557.15	81,759	246,755	33,176	22.8642
2045	639.84	645.88	105,833	314,929	42,538	29.9890
2050	741.77	748.76	137,121	401,939	54,594	39.3339
2055	859.92	868.02	177,928	512,987	70,174	51.5908
2060	996.86	1,006.27	231,024	654,716	90,257	67.6671
Alternative II–B:						
1982	97.01	96.01	3,059	14,498	1,341	.8963
1983	100.00	100.00	3,263	15,166	1,475	1.0000
1984	104.44	104.44	3,548	15,741	1,575	1.0852
1985	109.98	109.99	3,877	16,596	1,710	1.1620
1986	115.26	115.27	4,189	17,527	1,840	1.2420
1987	120.34	120.34	4,505	18,521	1,977	1.3242
1988	125.28	125.27	4,831	19,525	2,117	1.4087
1989	130.29	130.28	5,175	20,588	2,269	1.4981
1990	135.50	135.49	5,544	21,744	2,420	1.5930
1991	140.91	140.91	5,938	22,973	2,591	1.6921
1992	146.55	146.55	6,359	24,271	2,773	1.7973
1993	152.40	152.41	6,791	25,606	2,952	1.9078
1994	158.49	158.51	7,219	27,014	3,137	2.0238
1995	164.84	164.85	7,690	28,500	3,335	2.1469
1996	171.43	171.45	8,201	30,067	3,550	2.2774
1997	178.29	178.30	8,745	31,721	3,779	2.4158
1998	185.41	185.43	9,323	33,465	4,023	2.5627
1999	192.84	192.85	9,945	35,306	4,284	2.7185
2000	200.57	200.57	10,610	37,248	4,562	2.8838
2001	208.57	208.59	11,298	39,297	4,849	3.0592
2002	216.91	216.93	12,025	41,458	5,151	3.2452
2003	225.61	225.61	12,805	43,738	5,474	3.4425
2004	234.62	234.63	13,635	46,144	5,817	3.6518
2005	244.00	244.02	14,516	48,682	6,179	3.8738
2006	253.78	253.78	15,433	51,359	6,554	4.1093
2007	263.93	263.93	16,391	54,184	6,943	4.3592
2010	296.87	296.89	19,552	63,625	8,225	5.2036
2015	361.18	361.21	25,993	83,155	10,793	6.9899
2020	439.43	439.46	34,410	108,680	14,085	9.3895
2025	534.66	534.67	45,650	142,041	18,420	12.6127
2030	650.59	650.51	60,753	185,642	24,168	16.9425
2035	791.43	791.45	80,993	242,626	31,765	22.7585
2040	962.89	962.92	107,889	317,103	41,717	30.5712
2045	1,171.50	1,171.53	143,656	414,441	54,765	41.0658
2050	1,425.28	1,425.35	191,467	541,658	71,964	55.1630
2055	1,734.08	1,734.16	255,582	707,925	94,714	74.0995
2060	2,109.78	2,109.87	341,394	925,230	124,739	99.5367
Alternative III:						
1982	96.78	95.76	3,059	14,498	1,341	.8963
1983	100.00	100.00	3,211	15,082	1,459	1.0000
1984	106.37	105.98	3,463	15,663	1,536	1.0891
1985	114.59	113.80	3,864	16,789	1,690	1.1784
1986	123.00	121.92	4,268	18,020	1,849	1.2842
1987	130.38	129.06	4,640	19,236	2,012	1.4002
1988	137.56	136.11	5,025	20,464	2,179	1.5201
1989	144.60	143.08	5,425	21,737	2,354	1.6433
1990	151.84	150.23	5,850	23,105	2,527	1.7696
1991	159.42	157.74	6,301	24,565	2,722	1.8976
1992	167.40	165.63	6,780	26,082	2,923	2.0270
1993	175.75	173.91	7,273	27,673	3,126	2.1619
1994	184.54	182.60	7,767	29,333	3,335	2.3040
1995	193.80	191.73	8,309	31,093	3,558	2.4555
1996	203.49	201.32	8,913	32,959	3,805	2.6170
1997	213.65	211.38	9,557	34,936	4,070	2.7890
1998	224.31	221.95	10,249	37,032	4,353	2.9724
1999	235.55	233.05	10,993	39,254	4,657	3.1679
2000	247.32	244.70	11,789	41,609	4,980	3.3761
2001	259.69	256.94	12,622	44,106	5,317	3.5981
2002	272.67	269.78	13,502	46,752	5,617	3.8347
2003	286.32	283.27	14,451	49,558	6,053	4.0868
2004	300.64	297.43	15,462	52,531	6,457	4.3555
2005	315.66	312.31	16,538	55,683	6,884	4.6419
2006	331.42	327.92	17,659	59,024	7,326	4.9471
2007	348.02	344.32	18,834	62,565	7,787	5.2724
2010	402.85	398.59	22,725	74,516	9,305	6.3823
2015	514.15	508.72	30,652	99,719	12,329	8.7751
2020	656.24	649.26	40,983	133,447	16,174	12.0650
2025	837.53	828.65	54,632	178,582	21,155	16.5884
2030	1,068.91	1,057.58	72,757	238,984	27,646	22.8077
2035	1,364.25	1,349.78	96,762	319,814	36,079	31.3587
2040	1,741.15	1,722.69	128,237	427,983	46,921	43.1156
2045	2,222.20	2,198.64	169,481	572,738	60,856	59.2805
2050	2,836.15	2,806.08	223,830	766,453	78,873	81.5058
2055	3,619.72	3,581.35	296,003	1,025,686	102,365	112.0638
2060	4,619.79	4,570.82	391,956	1,372,600	133,029	154.0785

[1] The CPI is a modification of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) as defined by the Bureau of Labor Statistics (BLS), Department of Labor. The CPI-W is the index on which OASDI automatic benefit increases are based. For a given year, the modification divides the average of the 12 monthly CPI-W values by the analogous 1983 value and multiplies the result by 100, thereby initializing the CPI-W at 100 in 1983.

[2] The GNP deflator is a modification of the implicit Price Deflator for Gross National Product as defined by BLS; the modification initializes the implicit Price Deflator for GNP at 100 in 1983.

[3] Average wage is the average annual amount of total wages; it is the index used in the calculations of initial benefits and the contribution and benefit base.

[4] Taxable payroll consists of total earnings subject to taxes credited to the OASI and DI Trust Funds, including deemed wages based on military service; these earnings are adjusted to reflect the lower effective tax rates (compared to the combined employee-employer rate) which apply to tips, multiple-employer "excess wages," and self-employment income through 1983.

[5] The compound interest-rate factor is based on the interest rates for special public-debt obligations issuable to the OASI and DI Trust Funds. Each can be used to convert dollar values between July 1, 1983, and July 1 of the year shown.

APPENDIX

This appendix presents OASDI and HI tax income and outgo as projected under Alternative II-B. The projections shown are more limited than the OASDI projections shown in the main part of this note because more detailed 75-year HI projections are not available. The reason for this unavailability of long-range HI projections is that the standard HI projection period is 25 years. In addition, negative assets are not projected for the HI program. Therefore, for example, because the HI Trust Fund is projected to be exhausted in 1990 under Alternative II-B, projected combined assets for OASDI and HI thereafter are unavilable. Consequently, because projections of assets are available for only such limited number of years, they have been omitted from this presentation. Similarly, because estimates of negative income are unavailable, projections of net interest income have been omitted.

The following table shows the tax income and outgo projected under Alternative II-B for the OASDI, HI, and the combined OASDI and HI programs. The footnotes in the table define these items. The form of this table is similar to that of table 7 in the main part of this note in order to facilitate constant-dollar calculations that may be of interest to economic and financial analysts.

APPENDIX TABLE.—OASDI, HI, AND COMBINED OASDI AND HI TAX INCOME AND OUTGO PROJECTED UNDER ALTERNATIVE II-B, CALENDAR YEARS 1983–2055

[In billions of dollars]

Calendar year	OASDI		HI		Total	
	Tax income [1]	Outgo [2]	Tax income [3]	Outgo [4]	Tax income	Outgo
1983	163.4	169.5	38.3	40.8	201.7	210.3
1984	179.8	180.3	42.9	45.7	222.7	226.0
1985	197.4	193.8	48.2	51.4	245.6	245.2
1986	212.9	209.9	55.5	57.3	268.4	267.2
1987	229.1	225.2	59.5	63.6	288.6	288.8
1988	260.3	240.8	63.6	70.6	323.9	311.4
1989	280.4	256.5	68.0	78.1	348.4	334.6
1990	307.0	272.7	72.4	86.4	379.4	359.1
1991	329.1	289.8	77.4	95.2	406.5	385.0
1992	353.0	307.7	82.6	104.9	435.6	412.6
1993	376.4	322.6	87.9	115.2	464.3	437.8
1994	400.2	338.4	93.3	126.1	493.5	464.5
1995	425.6	355.2	99.0	138.3	524.6	493.5
1996	452.9	372.9	105.4	151.6	558.3	524.5
1997	482.1	391.7	112.2	165.2	594.3	556.9
1998	513.1	413.0	119.4	180.3	632.5	593.3
1999	546.4	435.6	127.1	196.4	673.5	632.0
2000	581.8	459.7	135.3	213.7	717.1	673.4
2001	618.5	485.2	143.7	232.5	762.2	717.7
2002	657.0	512.7	152.6	252.0	809.6	764.7
2003	698.3	543.0	162.0	273.7	860.3	816.7
2004	742.2	575.8	171.9	297.1	914.1	872.9
2005	788.5	611.5	182.4	322.7	970.9	934.2
2006	836.6	650.5	193.4	350.2	1,030.0	1,000.7
2007	886.8	693.3	204.8	380.7	1,091.6	1,074.0
2010	1,052.3	848.3	242.3	468.8	1,294.6	1,317.1
2015	1,387.5	1,233.3	317.6	681.2	1,705.1	1,914.5
2020	1,821.0	1,797.5	414.2	999.7	2,235.2	2,797.2
2025	2,394.6	2,570.8	541.5	1,473.3	2,936.1	4,044.1
2030	3,154.7	3,560.0	710.7	2,119.9	3,865.4	5,679.9
2035	4,158.9	4,814.0	934.3	2,931.7	5,093.2	7,745.7
2040	5,470.6	6,329.1	1,227.1	3,930.9	6,697.7	10,260.0
2045	7,192.5	8,309.0	1,610.7	5,176.6	8,803.2	13,485.6
2050	9,454.9	10,989.8	2,116.2	6,822.9	11,571.1	17,812.7
2055	12,449.6	14,583.1	2,784.9	8,998.0	15,234.5	23,581.1

[1] OASDI tax income consists of net OASDI payroll taxes and, after 1983, taxes on benefits; for 1983 it includes the amount transferred from the general fund of the Treasury to the OASI and DI Trust Funds on May 20, 1983, for costs of noncontributory wage credits for military service performed before 1957. The OASDI income is on a cash basis.

[2] OASDI outgo consists of benefit payments, administrative expenses, net transfers under the financial interchange between the OASI and DI Trust Funds and the Railroad Retirement Account, payments for vocational rehabilitation services for disabled beneficiaries, and payments to certain noninsured persons who attained age 72 before 1968 and have less than three quarters of coverage. The OASDI outgo is on a cash basis.

[3] HI tax income consists of HI payroll taxes (including taxes from railroad employment) and reimbursements from the general fund of the Treasury for costs of noncontributory wage credits for military service. The HI income is on an incurred basis.

[4] HI outgo consists of HI outlays for insured beneficiaries and administrative expenses. The HI outgo is on an incurred basis.●

RECESS UNTIL MONDAY, APRIL 9, 1984, AT 11 A.M.

Mr. BAKER. Mr. President, if no other Senator now seeks recognition—I see none—I move in accordance with the order previously entered that the Senate now stand in recess until the hour of 11 a.m. on Monday next.

The motion was agreed to, and at 7 p.m., the Senate recessed until Monday, April 9, 1984, at 11 a.m.

NOMINATIONS

Executive nominations received by the Senate April 5, 1984:

NATIONAL LABOR RELATIONS BOARD

Rosemary M. Collyer, of Colorado, to be General Counsel of the National Labor Relations Board for a term of 4 years, vice William A. Lubbers, term expiring.

CONFIRMATION

Executive nomination confirmed by the Senate April 5, 1984:

DEPARTMENT OF TRANSPORTATION

Donald D. Engen, of Virginia, to be Administrator of the Federal Aviation Administration.

The above nomination was approved subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

EXTENSIONS OF REMARKS

OUR CHOICE: NATIONAL POWER OR PARALYSIS

HON. FLOYD SPENCE

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. SPENCE. Mr. Speaker, last week, on Wednesday, March 28, the Chief of Naval Operations, Adm. James D. Watkins, delivered a memorable address to the Baltimore Council on Foreign Affairs. In remarks as timely as any I have read in a long time, Admiral Watkins examines the position in which our Nation presently finds itself when called upon to respond to an international crisis and concludes that we have serious problems in presenting to the rest of the world a clear or convincing image of our goals and commitments.

Admiral Watkins has rendered a great public service in highlighting some of the difficulties we face in projecting military power to influence the course of international events. His observations are mandatory reading for all serious students of foreign and military affairs. They deserve the most careful consideration of our colleagues and I am pleased to include at this point in the RECORD the full text of his remarks to the Baltimore Council on Foreign Affairs:

OUR CHOICE: NATIONAL POWER OR PARALYSIS

Let me take you back twenty-five years to 1958, when President Dwight D. Eisenhower told a tense Nation he was sending 5,000 Marines into Lebanon. Their mission—to preserve peace in the Middle East. His steps were tough, courageous and successful. Peace was preserved without firing a single shot.

Just four years later, on the evening of October twenty-second, 1962, President John F. Kennedy told us that the Soviets were preparing to introduce offensive, nuclear-tipped missiles into our hemisphere.

That was the beginning of a showdown between this Nation and the Soviet Union—the Cuban missile crisis. Again, an American President took quick steps to turn a crisis around, including the provocative step of implementing a strict naval quarantine on all offensive military equipment under shipment to Cuba.

These actions were summarized by President Kennedy, not with a threat, but with a promise—"any hostile move anywhere in the world against the safety and freedom of peoples to whom we are committed . . . will be met by whatever action is needed."

And again, aggressors understood the message. It was clear—we were standing ready to defend our national interests. They backed down and dismantled their missile sites in Cuba. Peace was preserved without firing a single shot.

In Lebanon in 1958, and off Cuba in 1962, we had the will power to stand tough. Proper use of diplomacy, fused with military power, stemmed each crisis. But would a belligerent Nation believe us today? Could we take quick action and keep peace? Some students of Government sincerely doubt it.

They say—at best, any similar action by a President today would cause full-scale debate, not only in Congress, but by armchair strategists as well, thereby dulling our reaction time. Our resolve would be doubted. Or at worst, we would fail to use military power effectively to carry out a mission of great urgency.

Why? Because something about us has changed they say; a metamorphosis occurred between the 1950s and the early 1980s. Over the past 30 years, we have all seen symptoms of this change.

First, there was Korea, then the pain of Vietnam. Later, we saw fellow citizens taken prisoner and humiliated in Iran, and a daily parade of media criticism which made it sound like we couldn't do anything right. There were plenty of symptoms of what appeared to be a terminal case of spirit loss.

Vietnam, more than any other single event, epitomized this change in America. The images of this conflict, from Kent State to Khe Sanh, flashed upon our TV screens each night and nauseated this country. We wondered what we were doing in that mess.

For us in the military, Vietnam was a confusing and ever-changing maze of rules of engagement and policy. The Vietnam conflict—which I don't even call a war because we lacked a national commitment to win—was like an exercise in how to fight by public opinion poll.

I can remember the time, when I was executive officer of the cruiser U.S.S. *Long Beach*, that we had to self-destruct one of our missiles aimed and fired at a North Vietnamese MIG aircraft, retiring back to Hanoi after raiding our forces in the South, because predicted missile intercept was slightly north of a certain Vietnamese parallel—an arbitrary political restriction. During the Vietnam conflict, political considerations here at home often dictated military operations to a debilitating extent.

So a creeping national malaise began to infect this Nation's spirit, drive and determination. Many individuals have questioned our self-worth, doubted our dignity, and with that, every American value we had always nourished and cherished. Some have rejected principles which worked for us in the past, which helped to make us great.

Rejected too was an important principle, one which had worked for us from our very beginnings. This was the principle which allowed a President to use military force judiciously in support of national policy and security.

This basic principle of our Constitution was clouded by passage of the War Powers Resolution of 1973. This resolution was caused by a long queue of events—starting with a hotly-contested, much-debated, "police action" in Korea—and culminating in the Vietnam experience.

But today, America has changed. We are on the move again. Our military strength, once decimated, is building anew. Our economy is improving, and people are going back to work. But most importantly, Americans are again feeling good about themselves and this great Nation.

Still, some symptoms of that era of defeat remain, causing us to falter a bit as we step forward. I see some symptoms remaining in areas close to my daily experience, as uniformed head of our Navy, and member of the Joint Chiefs of Staff.

Case in point—recently in Lebanon, we executed a mission called "Presence." Presence is supposed to signal our interest in an area or a situation. But this signal was weakened by time limitations imposed under the War Powers Resolution. This influenced our military mission in Lebanon, and hampered our President from carrying out national objectives in a well-planned manner.

Now all we hear is the presto-pundits, coming out with their analysis of our military presence in Lebanon. You lost they say; you retreated they proclaim; all this with an "I told you so" tone of glee in their voice. But while the man in uniform is easy to identify at the scene of the action, it is unfair to pin blame on his lapel without looking at underlying causes.

So how can this Nation best use her military forces? By allowing the President to exercise his constitutional powers, and then holding him accountable for his actions; not by preempting his proper action by removing his powers.

We can do this by curing the few remaining symptoms of our past weaknesses. We must shirk off the Vietnam syndrome of humiliation and defeat, which hounds our capability to implement positive change. I believe a good way to start is for Congress to carefully review the War Powers Resolution of 1973.

Much has happened over the past ten years. Perhaps now it is time to factor in the lessons we learned. Reviewing the War Powers Resolution could help us develop better ways to meet the needs of a dynamic, effective foreign policy. Heresy? I do not believe so.

I am not a constitutional scholar, and must judge this resolution's effects through my experience as a military leader. For this reason, I believe that while the intent of this legislation is good, the result is not as clear.

This resolution was born out of controversy, fathered by an uneasy Congress over the veto of a politically-wounded President. It directs a President to consult whenever possible with Congress prior to introduction of U.S. forces into any hostilities or situations where imminent hostilities are clearly indicated; it requires a President to report to Congress within 48 hours after the introduction of U.S. Armed Forces into those situations; and to terminate the use of Armed Forces in hostilities, or situations of imminent hostilities, within 60 days. When bound by this resolution, the only alternatives then available are: Congress subsequently declares war, extends the 60-day time period or authorizes use of force as the President feels necessary . . . alternatives

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● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

announced to the adversary for him to manipulate by counter-political strategies.

Proponents of this resolution say it is part of a valid congressional movement, designed to "create machinery for timely consultation and codetermination of national policy." This is a worthy goal, and I fully support the value of consultation between our executive and legislative branches.

Although drafted to limit what was seen as limitless powers of an imperial Presidency—an answer to "no more Koreas" and "no more Vietnams"—the resolution's ability to keep us out of future Vietnams is questionable. Some forget Vietnam, in its early stages, was a veritable cause célèbre.

The Gulf of Tonkin resolution, which committed us to Vietnam, passed in Congress by an overwhelming margin of 504 to 2. And it wasn't until the TET offensive, four years later—long after we were deeply committed—that bipartisan support of Vietnam began to erode on Capitol Hill.

The war powers resolution has had a far-ranging impact on our President's ability to exercise, and to implement, foreign policy in the world's trouble spots. His ability to act decisively and effectively is hobbled because the military arrow in his quiver of responses, the most effective symbol of resolve in executing a strong American foreign policy, has been blunted.

This is not to say military solutions are the best or only solutions available to this Nation. I have never proclaimed employment of military power as an option, except as a last resort. Military options are no panacea, and should never substitute for aggressive diplomatic efforts or other measures to implement national policy and strategy.

But many of these "other" measures are severely curtailed by legislation limiting foreign sales, educational exchanges, and effectively vetoing military and economic assistance through the budget process. Because of this, successive administrations have been forced to turn reluctantly to military force, or the threat of military force. This is sometimes the easiest, and only, option left to them.

This Nation uses military force to prevent escalation of conflict, to force a diplomatic settlement. In other words, to keep peace with the least possible loss of life. But to accomplish this objective, military force must be sufficient, sustainable and credible. It is up to our President, as Commander in Chief, to use military power carefully in this way.

But military force, which is easy to call upon—because we are ready to go on a moment's notice—is difficult to use, particularly when there is no commitment to win. Military missions quickly grab headlines, national will begins to falter, self-doubt and self-criticism set in.

What was thought to be the easiest solution to our problems suddenly becomes very difficult. Unfortunately, because of restrictions, like the war powers resolution, we sometimes end up preventing our President from effectively using the tool of military force.

Henry Kissinger, in his definitive memoir—Years of Upheaval—relates a story about a tense moment during the October 1973 war when he, as Secretary of State, met with Soviet Ambassador Dobrynin. In a stiff warning, Secretary Kissinger told Dobrynin, "any Soviet military intervention (in the Middle East)—regardless of pretext—would be met by American force." But parenthetically, Dr. Kissinger adds in his book—and I quote—"It would have been a more convincing threat had I made it on any other day. For that very day the Congress passed the so-called War Powers Act, whose purpose was to reduce Presidential discretion in committing American military forces."

Domestically, this resolution is cited often by those who disagree with the President for the sake of political posturing. They challenge his decisions in the media, without either knowing the stakes at hand or producing viable alternatives. We see debate for political reasons, when we should see debate for policy formulation. The result? Unfocused micromanagement of foreign commitments, well beyond a time when policy should be fully implemented. Decisionmaking, and our security, is not enhanced in the process. Worse, those who interfere in this manner are seldom held accountable when failures occur.

Overseas, the international press focuses on what appears to be disunity and a lack of national will. Our friends and allies do not understand this process, and believe our commitments have a hollow ring. Our foes take hope and increase their resolve, waiting out partisan debate, hoping to win politically what they cannot win militarily.

This is dangerous, for when our intentions and capabilities are questioned, so is our ability to prevail if directly challenged. And when this is lost, deterrence—the foundation of our national strategy and what has helped avoid global conflict for about forty years—is placed in jeopardy.

I am not speaking out against consultation between executive and legislative branches. Indeed, an effective national policy must be bipartisan in nature, the craft of able-thinking men and women throughout Government. I am not speaking out against Congress' established constitutional role in foreign policy and military operations. I support Congress' ability, through the normal legislative process, to qualify our participation in hostilities. However, special legislation was not needed to require consultation or to enforce Congress' already-established powers.

What is needed is not a constitutional power-sharing debate, not political maneuverings required to avoid such debate, but a search for a solution to the tough global problems we must face.

This Nation must be ready, and must be seen as being ready, to use military power when forced to do so by our adversaries. We must shown American power—not American paralysis.

I am not here to apologize for any past actions, military or otherwise. I am proud of this Nation. I am proud of our Navy's capability to carry out missions assigned to us by our President. Our actions in Grenada are an example of how well we can do when we act quickly with identifiable goals. There, the military was given a precise mission.

Your military forces today are good. Let there be no doubt. I am proud of them and their growing capabilities. If this Nation had not reacted, at what I consider to be a critical turning point in early 1981, we would be in a considerably weakened state today.

So in answer to whether or not we could take prompt action to stem crisis, as we have in the past—I know the military capability exists, and when directly challenged, this Nation will come to its feet. But we need to guarantee more. We need to prevent crisis from turning to war. This is no easy task, but it can be accomplished by early use of all tools—diplomatic, economic and military—which are part of this Nation's coherent national strategy of defense.

The President has brought together all underpinnings of a national strategy. Now it is up to this Nation to let the President use the tools at his disposal. All our resurgent military strength or diplomatic undertakings will be of no use, if our national leaders do not have the freedom to act in accordance with constitutional powers. As a nation, we have not done everything we can to ensure our leaders have the freedom to act with strength. So, we must clear the decks of Vietnam-era debris— we must allow our leaders to lead.

To paraphrase William Pitt's advice to Great Britain in an hour of peril, America can save herself by her own exertions and help save the rest of the world by her example. Now, let's set the example—it's the right thing to do. Our historic mission of preserving peace and freedom requires no less.

Thank you and God bless.●

WILLIAM "GUMMY" KNIGHT, MAYOR AND "MR. MUNHALL"

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. GAYDOS. Mr. Speaker, as all of us in the House are painfully aware, politics is not the most popular of professions today. It is particularly true for those politicians who serve communities or areas which have been ravaged by the economic recession and plagued by sustained high unemployment.

And, yet, in spite of such adversity, I know a politician so popular among his constituents that on Sunday, May 6, some 700 of them will turn out for a testimonial in his honor.

The man is William S. "Gummy" Knight, a dean among Pennsylvania politicians, having spent the past 42 years in public office, and still counting. Currently serving his 28th year as mayor of his community, he has earned the title of "Mr. Munhall" and wears it exceedingly well.

His reputation as a public servant is such that he has been described as: Honest, dependable, tolerant, understanding, generous, a good citizen, friend, and father—a legend in his own time.

Those are lofty adjectives but right on target. "Gummy" Knight is, indeed, all of those and more. He also is dedicated, industrious, warm, unassuming, and extremely well liked in Munhall and western Pennsylvania.

He began his career in public office as a member of the Munhall Borough Council, serving several terms before settling into the mayor's office. In 1968, he was elected president of the Pennsylvania Mayors Association, and in 1971, assumed the same post with the Allegheny County Boroughs Association.

In 1978, his close friend and political ally, State Representative Don Abraham, was killed in a tragic automobile accident; Mayor Knight stepped in to fill the gap. He served the remaining part of Mr. Abraham's term and went on to win reelection. He served both as mayor and State representative over a 3-year period and in spite of the awesome responsibilities of the two offices, he served well.

He took with him to Harrisburg the political philosophy that proved so successful for him as mayor of Munhall: Government should never outspend the capacity of the people to pay.

Despite the demands of public office on his personal life, Mayor Knight has maintained a deep interest in programs for the young people of his community. He has sponsored scores of softball and baseball teams and was directly involved in organizing Little, Pony, and Prep League programs.

Mr. Speaker, I ask my colleagues in the Congress of the United States to join me in extending our official congratulations to Mayor William S. "Gummy" Knight—"Mr. Munhall"—and his lovely wife, Dorothy. They have earned the admiration, respect, and the love of an entire community.●

BUDGET STUDY FINDS CUTS COST THE POOR AS THE RICH GAINED

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. GARCIA. Mr. Speaker, I would like to call the attention of my colleagues to yesterday's New York Times and Washington Post articles, highlighting the Congressional Budget Office's report on the cumulative effect of budget and tax changes adopted since January 1981. The numbers compiled by the CBO are clear proof that the spending changes enacted by the Reagan administration have resulted in a net loss for our Nation's poorest, and a net gain for the rich.

Who benefits from Reaganomics? The Federal Government lost $93.6 billion to tax cuts this year while saving only $23.1 billion from cuts in cash and noncash benefit programs. This net loss of $70.5 billion was a major contributor to the Federal deficit, expected to exceed $180 billion this year. While people in higher income brackets absorbed the majority of the tax reductions, the poor and elderly saw their social programs cut drastically.

Tax and spending reductions must not only be equal, but also fair to all Americans. Yet the Congressional Budget Office observed that "total tax changes exceed the total benefit reductions" for all but the poorest households. I simply cannot see the justification for the policies of the Reagan administration that continue to drain assistance from our Nation's neediest.

The articles follow:

[From the New York Times, Apr. 4, 1984]

BUDGET STUDY FINDS CUTS COST THE POOR AS THE RICH GAINED

(By Robert Pear)

WASHINGTON, April 3.—The Congressional Budget Office, analyzing the cumulative effect of budget and tax changes adopted since January 1981, said today that low-income families had lost the most money and high-income families had gained the most.

While the findings were not unexpected, the report was the first detailed study showing the effects of the recent tax and budget cuts on households at different income levels.

For example, it said, households with annual incomes of less than $10,000 have lost, on the average, $390 a year. Households with incomes of $40,000 to $80,000 have gained an average of $2,900 a year, it said, and families with more than $80,000 of income have gained on the average, $8,270 a year.

The study, done at the request of Senator Lawton Chiles of Florida, the ranking Democrat on the Senate Budget Committee, estimated the combined effects of all the changes in tax and spending policy since President Reagan took office.

"The combined impact of the tax and benefit changes since 1981 is a net loss in income for those in the lowest category, and an increase for the other four groups," the report said, referring to five different income brackets. "Those in the lowest income category lose more in cash benefits than they gain from the tax changes in every year."

Reagan Administration officials said the results were to be expected because Congress in 1981, at Mr. Reagan's request, cut tax rates across the board, and such cuts are inherently worth more to people in high-income brackets, who typically pay more in taxes than low-income households.

The data in the new report are likely to be used in the election-year debate over the equity and fairness of Mr. Reagan's policies. The tax cuts, in particular, were designed by the Administration to increase incentives for people to work save and invest.

The Congressional Budget Office is a nonpartisan agency respected on Capitol Hill for its independence and technical expertise. But David A. Stockman, director of the Office of Management and Budget, an executive branch agency, has attacked the methods used in some of its earlier studies assessing the "distributive effects" of Administration policies.

"Soak-the-rich apologists use these meaningless static calculations to concoct examples purporting to show that the tax policy changes enacted over the last two years have had the effect, when combined with spending reductions in entitlement programs, of physical movement of large amounts of income from low-income Americans to high-income Americans," Mr. Stockman told Congress last year. These "alleged regressive income transfers" are "an absolute red herring," he said, and people should "not believe a word of it."

Edwin L. Dale Jr., a spokesman for the Office of Management and Budget, said today that he had not seen the latest report. It was unfair for Democrats to criticize the President, he said, because many of the biggest tax and budget changes were adopted with bipartisan support. The Office of Management and Budget has not done its own studies to determine how the changes affected people at different income levels, he said.

A MAJOR FACTOR IN DEFICIT

In its new study, the Congressional Budget Office tried to take account of prior criticism by the Administration. The study shows that the Federal government lost far more money from tax cuts ($93.6 billion this year) than it saved from all the changes in cash and noncash benefit programs ($23.1 billion). The disparity was a major factor contributing to the Federal deficit, which is expected to exceed $180 billion this year.

According to the study, the average household gained $1,090 this year as a result of the tax cuts, but lost $170 in Federal cash benefits and $100 in noncash benefits, for a net gain of $820. Noncash benefits include food stamps, housing subsidies and Medicaid and Medicare, the health programs for the poor and elderly.

Families that pay little or nothing in taxes, however, get little or no benefit from a tax cut. Thus, the tax cuts were worth, on the average, only $20 a year to families with incomes less than $10,000. They were worth an average of $330 a year to households with income from $10,000 to $20,000; $1,200 a year for families in the $20,000-to-$40,000 bracket, and $3,080 a year for families in the $40,000-to-$80,000 bracket. The tax cuts were worth an average of $8,390 a year to families with incomes of more than $80,000, the study said.

Higher-income families, predictably, received smaller benefits from the Government's social welfare programs and were therefore less affected by the budget cutbacks of the last three years. The cutbacks, according to the report, took an average of $410 a year from families with incomes of less than $10,000. They took an average of $300 from families with incomes of $10,000 to $20,000. For households with higher incomes, the cutbacks took less. Thus, for example, they took an average of $130 a year from families with incomes of more than $80,000.

The Congressional Budget Office said "total tax changes exceed the total benefit reductions" for all but the poorest households. Further, it said, the 1981 tax law "provided the highest income group with most of their tax reduction up front," by reducing the top rate to 50 percent from 70 percent, "while the majority of households received their tax cut in stages over several years."

Mr. Stockman has insisted the tax cuts were not a "windfall for the wealthy."

Economists at the Congressional Budget Office stood by their calculations. The figures, they said, were based on tax collection data from the Treasury, not theoretical computations of tax liability.

[From the Washington Post, Apr. 5, 1984]

POOREST ARE LOSING, WEALTHY GAINING

The poorest Americans have lost more than they have gained from tax and spending changes enacted since President Reagan took office, the Congressional Budget Office reported yesterday.

A family that earned less than $10,000 in 1983 was $270 worse off because of Reagan's policies, the CBO said. By contrast, a household whose income was $80,000 or more was $7,070 better off, the study concluded.

In between those extremes, at the $10,000-to-$20,000 income level a couple or individual was about $70 better off, those between $20,000 and $40,000 gained $790, and those earning between $40,000 and $80,000 fared $2,180 better than if the President's program had not been enacted.

The under-$10,000 earners will lose another $390 this year and $440 in 1985, the report concluded, while top earners will gain $8,270 this year and $8,930 next.

The report considered effects of across-the-board tax reductions enacted in 1981, selected tax increases approved in 1982, cuts in the growth of numerous spending programs over the past three years, and 1983 changes in Social Security benefits. It does not include a change that, for the first time, will result in taxation of some Social Security benefits.

When households at all income levels are considered, taxes were reduced a total of $68 billion and cash benefits were cut $7.1 billion last year, CBO said. In addition, reductions of "in-kind benefits," including food stamps and housing aid, totaled $5.6 billion.

Those changes together increased spendable household incomes by $55.2 billion last year.●

DEMOCRACY ENLARGED; ALSO POLLUTED

HON. AL SWIFT

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. SWIFT. Mr. Speaker, ever since the early television network projections of the results of the Presidential election in 1980, many of us who are concerned about the integrity of our elections have been pointing out the dangers such projections present to our electoral process, and urging the networks to exercise voluntary restraint.

In the primaries that have been conducted so far this year, there is some evidence that the networks have been exercising more restraint in making projections—but they have moved into the even more difficult area of characterizing elections. And those characterizations are simply a different way to continue to convey to the viewers all the information the networks have from their exit polls.

What the networks continue to seem not to understand is that people simply do not want to be told what they have done in an election until after they have done it. They want to know that their votes count, and not to hear that the election has been decided in the polls.

Once again, in New York, the networks could not resist announcing who their pollsters had determined was the winner while the polls were still open and thousands of people had not yet voted.

The New York Times today has an excellent editorial on this subject:

The editorial follows:

DEMOCRACY ENLARGED; ALSO POLLUTED: CHEATING THE VOTERS ON THE EVENING NEWS

Sometimes, to those of us in the print branch of the news business, television can be an exasperating cousin. We share many interests and problems with TV news and just two days ago advocated freeing its political coverage from Government regulation. But that very night, election night in New York—and hours before the polls closed—the networks were pronouncing magisterially that it was a big night for Walter Mondale. Don't they see this as an abuse of the vote? Don't they hear the properly angry reaction bubbling up around the country?

The issue is not accuracy. The Tuesday reports, based on exit polls, were correct. And the issue should not be exit polling, an invaluable tool for finding out why people vote the way they do. The issue is the *abuse* of exit polls.

Besides analyzing the vote, exit polls can be used to anticipate the results before the voting has ended. And if the findings are reported while people are still voting, that risks infecting the outcome. What are people apt to do when they hear that their candidate's way ahead—or behind? Not vote. And that can alter the outcome, if not for those candidates then for others on the ballot.

TV news knows all that, and responsible broadcasters assert that they will wait until the voting booths close before divulging their exit polls. But they are cheating on that resolve, as can be seen in excerpts from the 7 o'clock news Tuesday night.

The baldest report was on NBC: "In New York, where the polls are still open, Mondale appears to be winning by a decisive margin. Interviews with voters leaving the polling places indicate that Mondale is the first choice of most groups." Note the words *winning* and *decisive*. The language was more measured on CBS ("This may be a big night for Walter Mondale and Jesse Jackson") and ABC ("It appears to be going well for Walter Mondale"). Appears from what? On all three networks, the point was unmistakable: Sure, dear viewer, there are two hours of voting left, but never mind, things are all wrapped up.

Democracy depends on a free press because the public needs unfettered access to news. But democracy also depends on an untainted vote, and premature reporting of exit polls can taint the vote. Fearing that, Washington state passed a law last year to keep poll-takers away from voters, a law that this newspaper and others are challenging in Federal court. Florida and Hawaii have passed similar laws; Massachusetts is thinking about it.

Such regulation is deeply offensive because it inserts a governmental nose into reporting and because exit polls, which The Times conducts with CBS, contribute so much to public understanding of the electoral process. The polls deserve protection—and the best protection would be for broadcast journalists to report them responsibly, which, most of all, means after the voting has ended.

If broadcasters keep rushing to use exit polls to predict that so-and-so will win, they'll unleash an avalanche of outrage. That would risk wiping out the good, irreplaceable data about the vote, along with the bad, and for what? Does any TV news executive believe that would improve political reporting?●

ACCOUNTING FOR SALVADORANS

HON. JERRY M. PATTERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. PATTERSON. Mr. Speaker, as chairman of the subcommittee on International Development Institutions and Finance, I accompanied a private group of citizens to El Salvador in February. I came home startled by the lack of accountability for U.S. economic assistance, and in spite of very clear human rights objectives, by the continued suffering of the Salvadoran people.

Chairman Mazzoli has agreed to hold hearings on the status of Salvadorans displaced by war and continuing civil strife. I am encouraged by his willingness to openly discuss the question of extended voluntary departure for Salvadorans and other displaced persons from the Central American region with Reagan administration officials. Certainly, some verifiable method must be found to assure the safety of nationals sent back to their homeland, before they are forceably returned.

I would like to submit the following Los Angeles Times editorial for review by our House colleagues. It depicts the difficult situation which the Subcommittee on Immigration, Refugees and International Law will examine next week.

The article follows:

[From the Los Angeles Times, Jan. 30, 1984]

A DEADLY PATTERN

The statistics are inconclusive, but nonetheless frightening. Preliminary results of a special survey indicate that one out of every 50 persons deported from the United States to El Salvador in the last two years may have been killed after returning home.

The fate of Salvadoran refugees living illegally in the United States has been a sensitive issue for the U.S. government since the start of El Salvador's civil war four years ago. Immigration officials insist that most of the Salvadorans in this country are "economic refugees" who, like other illegal immigrants, come here because jobs are unavailable in their homeland. Refugee advocates contend that the Salvadorans have fled because their lives are in genuine danger, which should entitle them to political asylum under U.S. immigration laws.

The figures released last week were compiled by the Center for Immigrants' Rights and the American Civil Liberties Union as part of a lawsuit intended to force the U.S. Immigration and Naturalization Service to stop routinely deporting Salvadoran illegals. Researchers obtained the immigration service's list of Salvadorans deported from the United States during 1982-83, and are comparing the names of those deportees with the names of victims of political violence compiled by various human-rights groups in El Salvador. Thus far, 2,500 names of deportees have been reviewed, and 50 match names on the death lists.

Refugee advocates say that these preliminary findings indicate that some Salvadoran deportees do face torture and death in their homeland. But the immigration service is still dubious. A spokesman for the agency cited studies done by U.S. Embassy officials in El Salvador, who have found that the government's much-feared security forces have "very little interest" in persons deported from the United States.

The granting of political asylum can be a long, legally complicated process. It also has diplomatic and political overtones that the Administration finds troubling, because granting asylum to Salvadoran refugees suggests that they may be in danger from the same government that is receiving U.S. military and financial support.

We have argued before that the simplest way around this diplomatic dilemma would be for the immigration service to grant Salvadoran refugees in this country a special legal status known as extended voluntary departure. An alien in that status has admitted to being in the United States illegally but is allowed to remain here temporarily until political turmoil in his homeland has ended. This status is currently granted routinely to refugees from Poland, and was granted to Nicaraguans and Ethiopians during recent political trouble in their countries.

Considering the public pressure that the Reagan Administration has recently put on the Salvadoran government to force it to control right-wing death squads, some of which have clear links to the security forces, and the Kissinger Commission's findings that human-rights abuses are a serious problem in El Salvador, the granting of extended-voluntary-departure status to Salvadoran refugees would not be such a dramatic step, either legally or diplomatically.

There are two bills pending in Congress, Senate Bill 2131 and House Resolution 4447, that would grant Salvadorans in this country a status similar to extended voluntary departure. If the Reagan Administration continues to oppose such status for Salvadoran refugees, the bills should be enacted. But Congress should not have to act on a problem that the immigration service could handle administratively. Its continued quibbling over the diplomatic and legal niceties of asylum for Salvadoran refugees is both foolish and heartless.●

MORE HUMAN RIGHTS ABUSES BY THE SALVADORAN TERRORISTS

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. PHILIP M. CRANE. Mr. Speaker, one of the most distressing tendencies among the mass media of this country is that of reporting only those incidents that support the viewpoint of those doing the reporting. The Government and leaders of El Salvador can readily attest to this fact. Media reports on the activities, ideology, and motives of the Communist insurgents have been consistently biased in their favor, while reports on the Government and its activities, on the other hand, have been filled with vituperation and bitter denunciation. To read the nonsense presented by the majority of the media, one would think that the battle going on in El Salvador is nothing more than a grassroots uprising involving a small number of peaceloving farmers armed with pitchforks and slingshots valiantly fighting against a huge force of deranged, well aimed disciples of Attila the Hun. Far too infrequently do we hear any news that ascribes blame to the Marxist terrorists for the war that has ravaged that nation for over 4 years now.

The fact of the matter is, the terrorists fighting in El Salvador are not simple peasants, nor are they "agrarian reformers" whose only goal is to right past wrongs. Their human rights record is infinitely worse than that of the Government forces, in spite of what the media would have us believe. The following article that appeared in a recent issue of the Christian Science Monitor details one example of how these terrorists violate the human rights of those they are supposedly "freeing." Forced recruitment can certainly not be called popular liberation. I hope my colleagues will take a few moments to read this enlightening report.

FORCED RECRUITMENT DRIVE BOLSTERS SALVADORAN GUERRILLA RANKS

(By Chris Hedges)

SAN ESTEBAN CATARINA, EL SALVADOR.—Insurgent guerrillas have begun a forced recruitment drive in the small northern towns in this department.

The forced recruitment, which has brought dozens of young men into the guerrilla ranks, may be the prelude to increased military assaults within the San Vicente department, some observers here speculate.

Three towns in San Vicente have been overrun by the Faribundo Marti National Liberation Front (FMLN) guerrillas in the past week and several towns have been the scene of press-ganging by the rebel forces.

The insurgents publicly targeted the San Vicente department last fall. Many observers here feel the Salvadorean guerrillas hope to deliver a major blow to the faltering United States-sponsored pacification program currently under way in the department.

"The guerrillas surrounded San Esteban Catarina at 4:30 in the morning on Thursday," says town clerk Angel Garcia Aragon sitting in the small town office. "They entered the town, pounded on the doors of the houses, and ordered everyone into the town square."

Once in the square, according to Garcia and other town residents, guerrilla leaders spoke to the crowd. The Salvadorean guerrillas, town residents contend, numbered several hundred and were well equipped.

"During the meeting," Garcia says, looking toward the charred remains of a stack of papers, "they threw a bomb in the room where they keep the town records and everything caught fire. They also stole the sacks of [US] AID food we had in the office."

Government officials in the capital contend that the guerrillas, in addition to carrying off office equipment, walked away with 1,400 blank state identification cards from the town hall.

"The guerrillas condemned the election as a farce and said that the elections would not resolve the conflict," says José Albino Duarte. "They told us they would win a military victory and were fighting for the interests of the poor."

"After the meeting," says Manuel Vicente Montano, whose son was abducted, "the guerrillas ordered the men to separate from the group and form a line. I started to walk toward the other men when they told me to go back because I was too old."

Town residents say the guerrillas took 49 young men. Two of the men were reserve Army members, two were former soldiers, and six were former members of the town's now defunct civil defense unit, according to residents.

"First the Army takes them away to serve in the military, and then the guerrillas take them away to serve with them," a man says. "I guess it completes the cycle."

"At first we watched our boys being lead away in silence," a mother says. "We began to cry and followed the column out of town.

"We pleaded with the guerrillas to let our sons, who were now crying with us, to remain. When we got to the cemetery, we were told we could go no further."

Two hours after the early morning abduction six of the youngest boys, all under 16, returned to the village.

Around the central square in San Esteban Catarina are small hand-made white flags. Each flag has the word "peace" artfully written on it.

"The 42 Treasury Police assigned to protect the town left on Dec. 10," Garcia says. "Since that time there has been no military presence here. The priest had the flags made and put up in the hopes that it could help us.

"On Friday, the Roman Catholic priest and mothers of the abducted boys went to the capital to file testimonies at the Roman Catholic human rights office.

"We are sad because we have lost many of the youth from our town," Hilda del Carmen Serrano says, "and we are scared because at any moment the guerrillas can come back and take more of us, or perhaps if they come into the town angry, they will shoot."

"I do not believe the guerrillas are fighting for us," Montano says, "because what they promise is absurd. A man cannot be poor as I am, and then rich in a year or two years.●

HOUSE LEADERSHIP PENALIZES CIVIL SERVICE ONCE AGAIN

HON. STAN PARRIS

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. PARRIS. Mr. Speaker, I am extremely distresssed by the fact that the House leadership has once again targeted active and retired Federal workers for more reductions in their pay and benefits.

This week I requested the House Rules Committee to approve a rule to the budget which would allow an amendment to preserve the June 1984 cost-of-living adjustment for Federal retirees. My request was denied.

The House Rules Committee, however, did approve eight different budget proposals, all of which reduced the pay and benefits of active and retired Government workers. This is outrageous.

Mr. Speaker, I recognize the need for budget restraint and I strongly support many of the proposals which have been discussed, including a modest reduction in defense spending. The House has failed to recognize something that I have pointed out to this body on numerous occasions. Government workers and annuitants have already been required to make more than their fair share of sacrifices.

Due to the inequitable treatment of our civil servants, I have found it necessary to vote against budget proposals in 1982, 1983, and now again in 1984. The House has before it eight different budget proposals which unfairly penalize those individuals who have been required to make a great number of sacrifices in the past few years. In the past year alone, active employees have had their health insurance premiums increased substantially while their health benefits have been reduced. In addition, they received only a 3.5-percent COLA which was delayed for 3 months. The President's pay advisers have recommended at least a 20-percent increase in order to be comparable with their counterparts in the private sector. While total comparability may not be realistic, clearly, 3.5 percent is inadequate.

The budget proposals approved by the Rules Committee and presented to the House of Representatives provide limited COLA's for the civil service or none at all. Health benefits would be reduced further and retirement benefits would be subject to additional reductions.

As I have said before, active and retired Government workers have already made more than their fair share of sacrifices in an effort to restore some vitality to our economy. They should not again be the target of further reductions. The cumulative effect of this insensitive approach is devastating. We will not be able to attract the most qualified or the most skilled to serve in Government and we will continue to lose our best people to jobs in the private sector.

The American public expects and deserves competent civil servants to provide critical services. The individuals who work at the Federal Bureau of Investigation, at the National Institutes of Health, at the Social Security Administration, and other Federal facilities are all Government employees whose work affects our daily lives. If the Federal Government becomes any less attractive for employment, we will end up with a work force composed of individuals who cannot find employment elsewhere. Taxpayers will lose out in the long run by paying more money for less service.

The Federal Government has a moral and contractual obligation to its employees and annuitants. The Congress needs to recognize this obligation and recognize the fact that these people have sacrificed enough.●

PRIME-TIME TELEVISION MOVES TO NEW YORK

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. GARCIA. Mr. Speaker, a recent New York Times article pointed out CBS' commitment to expand prime-time television series production in New York. New York has become one of the principal sources for new television production, tapping new writers, new producers, and new creative ideas. With the recent expansion of production facilities, New York is no longer a costly alternative. In fact, CBS officials believe that the new location brings a new appealing look, accompanied by a fresh and imaginative style of writing.

The article follows:

[From the New York Times, Mar. 19, 1984]

CBS Is Promoting New York Shows—New Series To Begin; Three Pilots Set

(By Sally Bedell Smith)

With tonight's premiere of "Kate & Allie," a spunky new prime-time comedy series produced in New York about two divorced mothers living together with their children in Greenwich Village, CBS is as eager to prove a point as it is to have a hit.

"We want to send a signal that we have a real commitment to working here, that a homegrown show can be done here, and that it need not be done with a tremendous increase in cost," said Josh Kane, vice president of program development in New York for CBS.

"Kate & Allie," which will be shown at 9 P.M., is CBS's first New York-based series in three years. It comes amid a new burst of activity by the network to promote the regular production of prime-time shows here. Those associated with the show contend that its New York origins differentiate "Kate & Allie" from the standard situation comedy produced in Hollywood.

In addition to "Kate & Allie," CBS has developed at least three pilots—sample episodes for prospective series—out of New York. One of them, "Agony," starring Lucie Arnaz as an advice columnist, began shooting at various locations around the city last week.

BOOM IN TV WORK

Neither NBC nor ABC is as involved in New York prime-time series production as CBS, according to network and production officials. But the East Coast projects of all three networks have contributed to an overall boom in television work here.

"Last year was the best year for television production ever in the city, and 1984 will be terrific, too," said Patricia Reed Scott, director, of the Mayor's Office of Film, Theater and Broadcasting. According to Miss Scott, in 1983 there were 54 separate television projects here, including made-for-television films, daytime dramas and series pilots.

A number of factors are fueling this increased activity, according to industry experts. CBS executives say they are seeking to bring new ideas and faces to prime time—especially comedy programs that have been flagging in the ratings—by tapping producers, writers and actors in New York. Cable and pay-television networks such as Home Box Office and Showtime have also been seeking new sources of programming here.

And to accommodate this greater demand, an assortment of new production facilities is copping up around the city—ranging from recently constructed sound stages at the Astoria and Silvercup Studios in Queens to the "West Coast Studios" being built on 11th Avenue, and the National Video Center in the old West Side Airlines Terminal in Manhattan. "Kate & Allie" was taped before a studio audience at the Ed Sullivan Theater on Broadway.

"There has been an explosion of production facilities," said Mr. Kane. "We are now at the point where facilities are no longer an obstacle."

Nevertheless, developing prime-time series outside Hollywood has been difficult because of two widely held prejudices: that New York shows are more costly, and that there are not enough writers and producers in the city to staff a series. The people behind "Kate & Allie," however, contend that their experience demonstrates that such problems are imagined rather than real.

The idea for the show came two years ago from a New York script writer, Sherry Coben. "The show occured to me after a high-school reunion where I watched all these people who were divorced and had children," Miss Coben said. "They seemed so lonely, and I thought it would be nice to do a show about two women who live together out of friendship and mutual need."

CBS executives liked the show, and they said it could be done with the right cast. Mr. Kane and Michael Ogiens, vice president of programs in New York for CBS, recalled that both Susan Saint James and Jane Curtin, who had recently had babies, were now ready to return to work.

The network then recruited Bill Persky, a veteran television producer, who pulled together a staff of New York writers including Bob Randall, a Broadway playwright ("6 Rms Riv Vu"), and Peter Gethers, the executive editor of Villard Books, a division of Random House.

There were practical reasons as well for seeking local talent. Other shows recently produced in New York, such as "Love, Sidney" on NBC, had imported their writing and production staffs from the West Coast, to the network's dismay.

When the first six episodes of "Kate & Allie" were completed two weeks ago, CBS officials were pleased to learn that Mr. Persky had produced the show for slightly less than its budget of an estimated $350,000 per episode. Moreover, the series quickly earned the network's approval for other reasons as well: In tests with sample audiences, it registered the highest score for any situation comedy produced by CBS this year.

"People like both leads, they think the kids are appealing, and they think the show has a new look," said David Poltrack, vice president of research for CBS.

CBS officials and the show's staff believe that such perceptions may stem directly from its having been produced here. "There

is a freshness in the writing," said Harvey Shephard, senior vice president of programs for CBS Entertainment. "When you are dealing with people who don't write for television day in and day out, the ideas are a little more imaginative."

The show has also been able to use actors from the New York stage, such as John Heard and Rosemary Murphy. "The faces are different, and they also have a different style," said Miss Saint James. The differences can be found in smaller ways as well, according to the show's writers and producers. Because New Yorkers tend to speak faster, the show has more dialogue; its scripts run about 50 pages instead of the customary 38 for a situation comedy.

But the most obvious glimpse of the show's origins comes at its beginning, a 45-second sliver of amiable banter between Kate and Allie at a different Manhattan location each week.

"I don't think I would have thought about going outside in Los Angeles," said Mr. Persky. "Everybody has seen so much of Los Angeles on television that I don't think there is a palm tree out there that isn't getting a residual."●

"KESY" SWIMMERS TO BE HONORED

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. GAYDOS. Mr. Speaker, a group of 105 young people, ranging in age from 4 to 19, will be honored Sunday for marks they have made in swimming competition during 1984.

Just a glance at their record to date is evidence the tribute is well earned. In fact, one of the group's advisers frankly says the team's total achievements this year have never been equaled in local swimming circles.

The Kiski East Suburban YMCA (KESY) swim team will be the guests of honor at a testimonial dinner April 8 and it is expected the affair will draw recognition from local, State, and Federal officials.

Mr. Stanley J. Caraher, president of the team, has furnished me with a brief listing of the swimmers' achievements this season and I think my colleagues will agree the record is impressive.

Won the Girls 1984 Western Pennsylvania District (Y) swim championship.

Won the Boys 1984 Western Pennsylvania District (Y) swim championship.

Won the Western Pennsylvania (Y) League championship. Competing against 14 teams, "KESY" swimmers posted an undefeated 1983-84 season.

Qualified more swimmers, 49, for the State championship than any other western Pennsylvania team.

Qualified 16 swimmers for the LMCA National in Fort Lauderdale, Fla.

Qualified 13 swimmers for the 1984 top 25 National (Y) time standards: J. Klucinec, J. Rumbaugh, W. Klucinec, K. Curran, E. Breman, C. Kline, M. Marchitelli, J. Fink, A. Parke, S. Curran, J. Caraher, M. Shoemaker, and C. Beatty.

Although justifiably proud of what their charges have accomplished, the team's two coaches—William and Deborah Bower—are quick to emphasize that winning is not the club's primary purpose.

"We look on sports as a practice area for life," says Debbie Bower, "the roles they play in sports carry over to life. They learn a lot about honesty, competition, and about themselves."

Mr. Speaker, it is a pleasure to bring the record of the KESY swimmers to the attention of my colleagues in the Congress of the United States. I know they join me in extending official congratulations to this outstanding organization.●

SUSPEND THE DEPORTATION OF SALVADORAN REFUGEES

HON. MIKE LOWRY

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. LOWRY of Washington. Mr. Speaker, I am very concerned by the current Immigration and Naturalization Service policy of sending Salvadoran refugees in the United States back to El Salvador, in view of the substantial evidence that these refugees' lives are endangered when they arrive in El Salvador.

It is difficult to obtain full documentation of the degree of risk that our current policy presents to these individuals. However, the Center for Immigration Rights has studied a list of 2,500 deportees. The preliminary results indicate that 50 appeared on death lists compiled by independent Salvadoran human rights organizations. In other words, 2 percent of the deportees studied were killed. Because the records are not always reliable, the total number of victims in this group could be higher. In response to this study, a spokesman for the Immigration and Naturalization Service reportedly stated:

Just because those people were returned and may have become innocent victims of some level of random violence in El Salvador does not mean the judgment on their asylum claims was inaccurate.

I strongly disagree with this view. If we have reason to believe that a policy of deporting refugees from the United States may lead to death for 2 percent of them, it seems to me that a study of this policy is not too much to ask, and that while the study is going on, the policy should be suspended. That is exactly what H.R. 4447 would do: It would suspend the deportation of Salvadorans from the United States pending a study of the conditions they face. Accordingly, I was pleased to join our colleague from Massachusetts, Mr. MOAKLEY, as one of the original cosponsors of this bill. I hope the scheduled hearings on H.R. 4447 will increase the awareness of the serious dangers that face these refugees.

I would also like to bring the attention of the House to two resolutions from my home State concerning this issue. The Washington State Legislature adopted House Joint Memorial 37, which urges the Federal Government to grant extended voluntary departure status for Salvadoran and also Guatemalan refugees in the United States. The Seattle City Council approved a similar resolution. As both resolutions note, local church groups in Washington State feel so strongly about this issue that they have offered sanctuary to these refugees even though the Immigration and Naturalization Service views sanctuary as a violation of the law. The two major Seattle newspapers have also questioned the current policy. As one stated, the refugees are "hapless participants in a deadly game of Salvadoran roulette."

I hope we will all join in support of a change in the current policy. I commend the resolutions by the Washington State Legislature and the Seattle City Council to my colleagues' attention:

WASHINGTON STATE LEGISLATURE HOUSE JOINT MEMORIAL NO. 37

To the Honorable Ronald Reagan, President of the United States, the Secretary of State of the United States, and to the President of the Senate and the Speaker of the House of Representatives, and to the Senate and House of Representatives of the United States, in Congress assembled:

We, Your Memorialists, the Senate and House of Representatives of the State of Washington, in legislative session assembled, respectfully represent and petition as follows:

Whereas, Hundreds of thousands of Salvadoran, Guatemalan, Afghan, Angolan, and Cuban refugees have fled their homelands as a result of the violent confict now engulfing those countries; and

Whereas, The federal Immigration and Naturalization Service has denied asylum to ninety-five percent of the Salvadoran refugees who have applied; and

Whereas, Numerous church and international human rights agencies have documented the violation of human rights in El Salvador, Guatemala, Afghanistan, Angola, and Cuba, including the threat of death to Salvadoran and Guatemalan refugees who are deported from the United States; and

Whereas, It is estimated that more than five thousand Salvadoran and Guatemalan refugees are in Washington State; and

Whereas, Community organizations and churches are responding to the basic needs of these refugees; and

Whereas, Some airlines have stopped returning deported Salvadorans to El Salvador; and

Whereas, The significant risk of persecution and death for deported Salvadoran or Guatemalan refugees makes it inhumane to

enforce their return during this period of violent conflict; and

Whereas, Deportation of Salvadoran or Guatemalan refugees violates the principles upon which our nation was founded; and

Whereas, "Extended voluntary departure" status or safe haven allows refugees to stay in the United States until the conflict in their countries is over; and

Whereas, Refugees from Poland and Ethiopia are currently granted "extended voluntary departure" status or safe haven; and

Whereas, Refugees from Nicaragua and Iran were granted "extended voluntary departure" status when the revolutions in their countries were occurring:

Now, Therefore, Your Memorialists respectfully pray that the United States grant "extended voluntary departure" status or safe haven for refugees from El Salvador and Guatemala to allow them to remain in the United States until conditions stabilize in their homelands and a safe return can be assured.

Be it further resolved, That copies of this Memorial be immediately transmitted to the Honorable Ronald Reagan, President of the United States, the Secretary of State of the United States, the President of the United States Senate, the Speaker of the United States House of Representatives, and each member of Congress from the State of Washington.

SEATTLE CITY COUNCIL RESOLUTION 27035

A resolution expressing the concern of the Mayor and City Council of the City of Seattle for the plight of Salvadoran and Guatemalan refugees in the United States and for the moral dilemma this poses for our citizens and requesting certain action of the President and the Congress of the United States.

Whereas, hundreds of thousands of Salvadoran and Guatemalan refugees have fled their homelands as a result of the violent conflict now engulfing those countries, and

Whereas, it is estimated that over 5,000 Salvadoran and Guatemalan refugees are in Washington State, many of them in Seattle, without legal approval and therefore facing the risk of deportation, and

Whereas, the Immigration and Naturalization Service has denied asylum to 95 percent of the Salvadoran refugees who have applied, and

Whereas, numerous church and international human rights agencies have documented the violation of human rights in El Salvador and Guatemala, including the threat of death to those deported from the United States, and

Whereas, several local churches, because of their deeply felt religious convictions, have offered sanctuary to Salvadoran and Guatemalan refugees despite the fact that the Immigration and Naturalization Service believes that sanctuary is a violation of the law, and

Whereas, Western, Pan American and Mexicana Airlines have all stopped returning deported Salvadorans to El Salvador, and

Whereas, Congress has recommended that the President grant "extended voluntary departure" to Salvadoran refugees, and

Whereas, this program would allow them to stay in the U.S. temporarily until it is safe to return, as is currently being done with Poles and Ethiopians, and

Whereas, the significant risk of persecution and death for deported Salvadoran or Guatemalan refugees makes it inhumane to enforce their return during this period of civil war, and

Whereas, the above conditions would also be addressed by legislation suspending Salvadoran deportations pending a Congressional review of the findings of a study of the conditions facing Salvadoran refugees deported from the U.S. and the conditions for them in neighboring countries,

Now, therefore, it is the sense of the Seattle City Council that a program of "extended voluntary departure" or safe haven should be granted to Salvadoran and Guatemalan refugees to allow them to remain in the United States until conditions stabilize in their homelands and a safe return can be assured, and further, that this shall be communicated to the President and our Congressional delegation.●

HONDURAS TO MOVE REFUGEES AWAY FROM BORDERS

HON. DAVID E. BONIOR

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. BONIOR of Michigan. Mr. Speaker, in the past few years, Congress and the people of the United States have become increasingly aware of the suffering of El Salvador. Internationally recognized human rights organizations have documented the fact that nearly 40,000 noncombatant civilians have been killed by Government forces since 1979. Hundreds of thousands of Salvadorans have fled the country, seeking refuge from the political violence.

Over 18,000 Salvadorans are now living as refugees in camps in Honduras where, with the help of international relief organizations, they have built an infrastructure of schools, gardens, water systems, et cetera. Yet, the possibility of seeking safe haven in Honduras is now in jeopardy. The Honduran Government has announced plans to relocate the refugees to a remote area in the interior of Honduras.

I would like to call the attention of my colleagues to the following article from the Miami Herald which describes some of the difficulties this relocation would cause. If the relocation goes forward, thousands of refugees will no longer feel they have access to safe haven in Honduras.

It is time for the United States to address the refugee problem in a responsible manner. We must show a new sensitivity to the human costs of our policies in El Salvador and Honduras. And we must acknowledge the dangers that Salvadorans who have sought refuge in the United States will face if our current policy of deportation continues.

I urge my colleagues to support the legislation introduced by Congressman MOAKLEY, H.R. 4447, which would suspend the deportation of Salvadoran refugees, and would direct the President to report to Congress on whether the humanitarian and security conditions in El Salvador and other Central American countries are safe enough to warrant the return of these refugees.

[From the Miami Herald, Mar. 9, 1984]

HONDURAS TO MOVE REFUGEES AWAY FROM BORDERS

(By Juan O. Tamayo)

TEGUCIGALPA, HONDURAS.—Worried about the security of its borders, the Honduran government is planning to relocate 18,700 refugees—almost all Salvadorans—away from the frontier and into an isolated valley in central Honduras.

The United Nations Office of High Commissioner for Refugees (UNHCR) grudgingly has endorsed the forced exodus, but asked the government to put in writing its promises of farmland and freedom of movement for the refugees.

The proposed relocation underscores the problems faced by the 18,200 Salvadoran refugees in Honduras—a small part of the 500,000 people estimated to have fled the tiny nation since 1979 to escape its violence.

While Honduras' conservative government is friendly toward the 25,000 refugees who came here from Marxist-ruled Nicaragua, it suspects many of the Salvadorans of helping the leftist guerrillas in their homeland.

The bodies of 12 Salvadoran men and women who had been shot were found last month near the Mesa Grande refugee camp, 40 miles from the Salvadoran border. The Honduran army has said it is investigating the slayings.

UNHCR's Tegucigalpa office said the first phase of the refugee resettlement, to begin in June, would relocate 8,737 Salvadorans and 494 Guatemalans now living in three camps within three miles of the border with their home countries.

The second stage will relocate 9,500 Salvadorans living in Mesa Grande, said UNHCR deputy chief Alfredo del Rio. He stressed that the second stage would start only if the first was judged to be successful.

Del Rio said all the refugees would be resettled near the town of Olanchito, in a fertile but remote and thinly populated valley 140 miles from the Salvadoran border and 111 miles from Guatemala.

The three camps to be emptied—Colomoncagua and San Antonio near El Salvador and El Tesoro near Guatemala—will be turned into "reception centers," where Honduran officials will process newly arrived refugees.

Spokesmen for the Salvadoran refugees, who asked to remain anonymous, charged that the relocation plan was politically motivated and complained it would make it difficult for relatives still in El Salvador to visit them.

They alleged that the border area was being cleared because U.S. and Honduran troops planned to intervene militarily in El Salvador's guerrilla war. Both U.S. and Honduran officials denied any such plans.

About 3,500 troops from the United States, Honduras, El Salvador and Guatemala will hold joint military maneuvers in May and June near Cucuyagua, 28 miles from the Salvadoran border.

The Honduran National Commission on Refugees has denied any political motives for the relocation and said it is designed to move the refugees to an area where they can grow their own food.

Del Rio said UNHCR policy was to resettle refugees away from the border—to pro-

tect them as well as to keep them from helping the Salvadoran guerrillas.

Del Rio also said the refugees had a "valid criticism" of the relocation plan because of their experience in Mesa Grande, established in early 1982 after Hondurans shut down the refugee camps in La Virtud and La Guarita, about three miles from the Salvadoran border.

Refugee spokesmen said Honduran government officials had promised that Mesa Grande would be a lasting settlement, where the Salvadorans would farm surrounding lands and become self-sufficient in food.

The camp is now fenced-in and guarded by Honduran soldiers. Refugees need special passes to leave, and have been unable to farm anything more than small vegetable patches.

Del Rio said that because of the problems in Mesa Grande, UNHCR wanted the Honduran government to write down its promises for the Olanchito settlement and legitimize it by cabling the document to all foreign embassies in Tegucigalapa and all Honduran embassies abroad.

He said the Olanchito resettlement area would consist of some 5,000 acres of farmland, to be bought with funds provided by international aid organizations.●

LOOKING AT POLAND AND SCHOOL PRAYER: THE VITAL PREMISE

HON. JACK FIELDS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. FIELDS. Mr. Speaker, for those of us in the House of Representatives who strongly support voluntary prayer in our Nation's public schools, the recent vote in the Senate was a setback but certainly not a defeat of this important effort. Clearly, this vote demonstrates that a majority of Members of the U.S. Senate share my support of and advocacy for allowing prayer in our Nation's schools.

In an effort to further the cause of voluntary school prayer I am enclosing an excellent article recently published in the Washington Times, which I commend to the attention of my colleagues.

In the article, Mr. Joseph Sobran articulately uncovers the fundamental flaw in the argument against voluntary school prayer; that returning prayer, particularly voluntary prayer, to our Nation's schools will in no way infringe upon the most sacredly held right in our country: separation of church and state.

However, the refusal to allow prayer, even voluntary prayer, does insure one result, that the long arm of big brother will continue to sweep away the rights of individuals in this country and subjugate them to the ever-increasing secularism of the Federal Government. By comparing the separation of church and state in our country with the attempted elimination of the church in Poland, Mr. Sobran strikes fear into the heart of any reader against the looming power of the state and the diminishing authority of its citizens.

The text of Mr. Sobran's article follows:

LOOKING AT POLAND AND SCHOOL PRAYER: THE VITAL PREMISE

(By Joseph Sobran)

Yes, it was appalling to learn that the communist rulers were yanking all the crucifixes out of Polish classrooms. But it was downright amazing to realize they had been permitting the crucifixes all this time. Don't they have a Supreme Court?

The new Polish crackdown on religion reflects our own controversy about school prayer. Here, as there, the excuse for secularizing education is justified as "the separation of church and state."

That is a sound principle, but it presupposes a vital premise: the stable division of society into two spheres, private and public, where church and state can exercise spiritual and temporal authority, each made secure by the distinction.

This vital premise is obviously missing in Poland: The state claims unlimited authority over everything. And given this situation, the Polish people know what the "separation" of church and state has to mean: the ultimate elimination of the church.

What are the implications for America? Well, the removal of prayer from the public schools is, in my judgment, basically desirable. The role of the public schools, and the role of the state itself, should be strictly limited to carefully specified secular purposes.

But the vital premise is missing here in America, too. For many parents there is no real alternative to public schools for their children. The American public school system is like an established church: Everyone is taxed to finance it, but anyone who wants an alternative has to pay for that alternative unassisted.

Now this is all wrong. If the public schools are to be secularized as state agencies should be, then at least we should make religious education affordable for those who believe that the most important thing a child can learn is the faith of his fathers.

This is exactly where American liberals draw a blank. They don't really believe there is much to be learned about or from religion. They are willing to subsidize abortion on grounds that those who can't afford it are effectively denied the option, but they don't apply this line of reasoning to parental choice in education. They see even a voucher plan as a fatal compromise, ignoring the generally pluralistic school systems of countries like Canada, Holland, and West Germany.

Not that our secularized schools are modest about their competence. Religion is about the only area they don't claim competence in: They can instill "politically correct" attitudes about race and gender roles, and they can remedy parental "failure" in sex education. "It is no use telling them to mind their own business," C. S. Lewis once wrote in a similar connection. "Our whole lives are their business." And to top off this grim joke on parents, their children are supposed to be made mentally uniform in the name of "pluralism."

The problem goes beyond education, to the growth of the modern liberal state itself. That state expands without clear limit, and its secularism crowds religion out of every area it moves into. In this way it tends, as Mr. Lewis put it, "to make Christianity a private affair while banishing all privacy." So aggressive secularism undermines the premise of genuine separation: It shrinks the area of religious influence to a smaller and smaller residue.

The "separation" of church and state, liberal-style, turns out to mean a rigid segregation of religion from social life, in America as in Poland, on terms chosen unilaterally by the state. It unhappily parallels the old "separate but equal" status of the races—where one race held a monopoly of power over the other.

No wonder religious parents, sensing their second-class status, are refusing to step to the back of the secular bus. They may be wrong about the narrower issue of school prayer, but they certainly know what is being done to them in a deeper sense: They are being robbed of their authority over their own children, at a time when their children need special protection against aggressive cultural pimps and pornographers, who currently flourish thanks to the same Supreme Court that replaced James Madison's version of the Constitution with Madalyn Murray O'Hair's.●

REMOVING OBSTACLES TO OLDER WORKER EMPLOYMENT

HON. EDWARD R. ROYBAL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. ROYBAL. Mr. Speaker, today I am introducing legislation to remove yet another obstacle to older worker employment. That obstacle is the present practice of denying pension benefit accruals to those workers who choose to remain employed beyond their 65th birthday.

The problem stems from a Labor Department interpretation (Fed. Reg. vol. 44 No. 103, May 25, 1979) which grants employers the right to discriminate against older workers in their pension plans. The Labor Department's rationale was that requiring employers to contribute to older worker pensions would be too expensive and would inhibit employers from hiring older workers.

This is far from the truth. A study conducted for the Select Committee on Aging by Anna Rapport, a well-known actuarial expert, concluded that "there is no cost justification for discontinuing pension accruals for workers over age 65." Thus, requiring continued accruals would not create a further obstacle to hiring older workers. Rather, it would remove an important obstacle.

When older workers are faced with a benefit reduction simply because they reach age 65, it signals to them that their employer considers their efforts to be less valuable than they once were. At present, roughly one-half of the Nation's employers refuse to contribute to their older employees' pensions. The net result: Workers retire at earlier ages to avoid the stigma and fi-

nancial penalty associated with discriminatory policies.

Denying pension accruals for work after age 65 is a significant deterent to employment. According to Labor Department estimates, if age discrimination in pension accruals were abolished, as my bill would do, by the year 2000 more than 68,000 older workers would remain employed who would otherwise have retired prematurely and would have begun drawing social security and other retirement benefits.

When older workers retire early because of discrimination, it represents a net loss to the Nation's productivity, to State and Federal revenues and to social security contributions. The Social Security Administration estimates that denying pension accruals to older workers results in a net loss—due to earlier retirements—to the social security trust funds of $1.3 billion annually by the year 2000 and $3.5 billion by 2020—in 1983 dollars. The losses in State and Federal revenues and lost productivity are many times these figures.

It is time that this Congress addresses the conflicting messages we are sending to our older workers. On the one hand, we fight against mandatory retirement because older workers are healthy and capable of a continued contribution to this Nation. But, despite our proclaimed support for the virtues of older workers we have ignored the blatant discrimination in pension accruals they face if they wish to work past age 65.

The bill I am introducing today will rectify this inequity and send a clear message to the older workers of America that we truly value their contribution and support their full participation in the labor force for which they will be compensated without regard to their age.●

OCS MORATORIUMS HARM NATION'S BEST ENERGY HOPE

HON. JACK FIELDS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. FIELDS. Mr. Speaker, as one who has consistently support efforts to improve our national defense and national security through greater domestic energy independence, I remain most concerned about the prospects of another moratorium being imposed on the Outer Continental Shelf.

I find it surprising that so many of my colleagues have, of late, been suffering from a tremendous loss of memory. It was not so long ago when we were all waiting in lines at the gas station because the Arabs had once again embargoed oil imports to this country. And 1979 was not the first time. The embargo of 1973 set in motion a national effort to explore and drill for more domestic sources of natural gas and oil in addition to developing other sources of energy, particularly renewables and encouraging conservation efforts by all Americans. We have, as a nation, made great progress since the time of the first Arab oil embargo.

Unfortunately, I fear we as policymakers are being lulled into a false sense of energy security and worse, many of my colleagues are falling prey to the populist pressures of the environmentalist's argument which opposes any leasing on the Outer Continental Shelf.

The only obvious result of this shortsighted thinking is to place us back in a position of being held hostage to foreign oil supplies. This is most unfortunate when an obvious alternative is available. I encourage my colleagues in the interest of strengthening national security to forego the rhetoric and propaganda of those opposed to OCS leasing and exercise the alternative of efficient development of the Outer Continental Shelf. The OCS, according to the U.S. Geological Service and Minerals Management Services, has been determined to contain 26 billion barrels of recoverable oil. This supply would certainly go a long way toward displacing our daily OPEC import level of 700,000 barrels of oil.

Activity on the Outer Continental Shelf has an excellent safety and environmental record. Over $250 million has been spent on insuring the safe, efficient, and timely development of OCS resources. Toward this end, I commend to the attention of my colleagues the following article by John Threet, vice president of Shell Oil Co.

The text of the article is as follows:

OCS MORATORIUMS HARM NATION'S BEST ENERGY HOPE

Today, I want to tell you that the risk of a reappearance of the severe energy shortages of the 1970s in Boston and the rest of the country is real. I want to give you my reasons for that blunt statement and to let you know history does not have to repeat itself.

First, my reasons for concern:

America will continue to depend on oil and natural gas for most of its energy for decades to come. Today, about 69 percent of the energy we use comes from crude oil and natural gas, 22 percent from coal, 5 percent from hydroelectric power, 4 percent from nuclear power and less than 1 percent from solar and other renewable sources. Forecasts by industry and other experts predict these shares will change only slowly.

About one-third of this country's oil supplies, more than 5 million barrels a day, now come from foreign sources—the same percentage as in the 1973 crisis.

Oil imports have begun to rise again. As the economy improves and the demand for energy rises, so will oil imports. That increases our risk of oil supply disruptions and severely damages our economy. Eighty percent of last year's U.S. trade deficit of almost $70 billion was represented by the cost of imported oil.

We are very vulnerable. The Iran-Iraq war and hostilities in Lebanon demonstrate the continuing danger of a cutoff of Mideastern supplies. In addition, the Organization of Petroleum Exporting Countries controls three-fourths of the free world's known oil reserves. Drivers waited in gasoline lines in 1973 and 1979 because of a shortfall of only a few hundred thousand barrels of oil per day.

Finally, our vulnerability is increasing. Proved reserves of crude oil and natural gas in the United States dropped by about one-third during the 1970s. Each year, the U.S. uses more domestic oil and natural gas than it finds. We will have to find 32 billion barrels of domestic crude oil over the next 10 years, just to replace what we are using. That volume is more than today's proved reserves.

If the risks to our national energy supply are so great, can't we do something to lessen that? We can. And the answer is obvious—less dependency on foreign sources. But are there enough potential undiscovered domestic reserves of oil and gas to make a real difference? The answer is an unqualified yes. And the greatest promise is in our offshore.

Shell's best estimates show that about 60 percent of future oil discoveries and about 35 percent of future natural gas discoveries will come from the outer continental shelf of Alaska and the lower 48. Only 12 percent of all domestic crude oil and 27 percent of our natural gas comes from offshore now.

LACK OF DEVELOPMENT

The lack of development of U.S. offshore resources has been due to a piecemeal approach to offshore leasing until recently. In 1978 Congress mandated that the U.S. accelerate, in an orderly manner, the offering of the OCS for petroleum exploration and production. A new five-year leasing program was initiated in 1982 to inventory the OCS and accomplish the objective set by Congress.

I've given you the reasons for my concern over our energy supply situation and why the offshore holds the greatest promise to reduce the risks we face. But amazingly, the nation may not benefit from this great promise.

The U.S. Congress should be moving toward increased independence from imported oil. It is not.

Apparently, some congressmen from coastal states are responding to understandable but unjustified fears of constituents. Their constituents are unaware of the offshore environmental record, of the compatibility of offshore petroleum operations with the fishing industry and of the dangers of increased dependence on oil imports.

Other congressmen—from inland states, for example—see no link between offshore drilling and their constituents' interests, despite the national need for energy. Still other congressmen respond to extremists who want a no-risk, no-growth society, disregarding whether such an elitist goal is in the national interest.

Then there are some congressmen who accept the position of offshore drilling opponents without demanding reasonable alternatives for replacing the energy that would result from offshore leasing. These opponents' goal is to avoid any environmental risk at any cost, letting others worry about energy.

GOOD RECORD

But the dangers from offshore drilling and production are far more "perceived"

than "real", as the petroleum industry's offshore record clearly shows.

Industry's performance is well-documented. Briefly, since offshore oil and gas operations began, over 30,000 wells have been drilled in state and federal waters off our coasts, producing more than 10 billion barrels of oil and nearly 72 trillion cubic feet of natural gas.

The 1969 Santa Barbara Channel spill is the only major spill from these operations in which significant amounts of oil reached shore. And scientific studies show that no lasting environmental damage resulted.

That's an outstanding record. Moreover, offshore operations in federal waters are highly regulated and are constantly monitored by government agencies, as they should be. Coupled with this is the recognition by the industry that it does not and cannot conduct its offshore operations in a vacuum. It must coexist with and cooperate with federal and state governments and with the fishermen who share the offshore waters.

In spite of these facts, opponents of offshore leasing are trying to block or slow such development through litigation and congressional action. Unfortunately, Congress has repeatedly acceded to their demands.

LEASE MORATORIUMS

Moratoriums have been imposed on millions of offshore acres believed to be high in oil and natural gas potential. And those moratoriums have been put in place without the benefit of open discussion either in the congressional committees with offshore leasing oversight responsibilities or on the floors of Congress.

Instead, the moratoriums have been attached to Interior Department yearly appropriations bills. In fiscal year 1984, 53 million offshore acres were placed off limits through this side-door mechanism. That's 13 million acres more than all the OCS acreage offered during the 1950s, 1960s and 1970s combined.

Furthermore, those 53 million acres are believed to contain oil and gas equivalent estimated to be nearly 15 billion barrels of oil—almost four times the amount of oil in America's emergency storage reserve. And every year that amount of petroleum is withheld, the cost to the U.S. economy is estimated to be more than $1.5 billion.

We are continually concerned that a program so vital to our energy future as the OCS program will be made ineffective by these types of congressional actions. Congress must act responsibly in these matters. Otherwise, the risk of potential future oil supply disruptions is increased.

We now have a new secretary of the interior, William Clark, who has announced his intentions to work for a smoother OCS leasing process within the framework of the present five-year leasing program. I hope the secretary will be successful in these efforts so that our nation can look forward to a more secure energy supply future.●

ANOTHER SETBACK FOR HUMAN RIGHTS IN EL SALVADOR

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. BARNES. Mr. Speaker, Vice President BUSH's laudable effort to get progress on the problem of the Salvadoran death squads suffered another setback the other day, when a key witness to the murder of two Americans, Capt. Eduardo Alfonso Avila, was released from custody without having provided any information on the crime.

While there has been a reduction in death squad activity recently, the Avila case shows how hard it is to make any meaningful progress in actually dismantling the death squad structure. Little progress has been made on this front, which means that the structure is still there, ready to be activated the next time the Salvadoran right wing fears further progress in negotiations or reforms.

In a recent editorial, the Washington Post rightly asks why President Reagan is putting up with the absence of progress in this area, why he is up here asking for emergency aid when everyone knows that the Salvadorans are doing nothing about the murders of Americans—to say nothing of the murders of 40,000 Salvadorans.

It is a good question, and one that I hope we in Congress will be asking ourselves as we consider the administration's requests.

The editorial follows:

[From the Washington Post, Apr. 3, 1984]

A WITNESS GOES FREE

The key witness to the murder of two American land reform advisers in El Salvador in 1981 escaped the coils of the law the other day. He had been detained on an unrelated minor charge right after George Bush came to put some heat on the Salvadoran government on the matter of the despicable death squads. The two advisers, along with the four American churchwomen murdered in 1980, have been, unsurprisingly, high on the list of American concerns. It looked, last December, as though the vice president's prompting could make a difference. But now the man Americans believe helped plan the 1981 killings, meeting with one gunman minutes before the crime and lending a windbreaker to conceal the murder weapon, is free.

It's simple to understand the calculus at work here. The armed forces—which shield, if they do not actually harbor, the killers in the two American cases and in Salvadoran cases beyond counting—tend to protect their own. The national tradition and the practice of intimidation and bribery put them effectively beyond civilian political or judicial control. The military sees the reluctance even of most of President Reagan's critics to cut off El Salvador because of the death squads. It recalls that at crucial moments the United States has flinched—as when, for example, the White House overruled Ambassador Deane Hinton's protests. Stonewalling and token concessions on the part of the Salvadorans have ensured that none of those who killed the Americans has been brought to justice. None.

Looking for a way to put heat on the Salvadoran military, Congress last year withheld some of the military aid it had voted, conditioning full delivery on Salvadoran performance in the American cases. The administration then abandoned in practice the fiction of the independence of the Salvadoran judicial system, and began applying heavy political pressure, including the Bush mission. A year later however, Salvador is releasing witnesses, and the administration is asking for new emergency aid.

How can this be? Why should Ronald Reagan not tell the new Salvadoran president that one matter must be disposed of before any other can be addressed. Such an unambiguous presidential commitment would be something new. It is disgusting that the Salvadorans are getting away with their pretense of pursuing the murderers while everyone knows they are doing nothing. Ronald Reagan was supposed to be the kind of president—at least so he said—who wouldn't put up with this sort of thing.●

UNDERSTANDING THE VOICE OF AMERICA

HON. DON RITTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. RITTER. Mr. Speaker, I am enclosing a copy of a recent interview with VOA Director Ken Tomlinson, that was published in the February 4, 1984, issue of Human Events and I am requesting that it be reprinted in the CONGRESSIONAL RECORD.

I have always been a strong supporter of the VOA and believe that they could be far more effective if given the necessary equipment and support. The enclosed interview illustrates the constant struggle the VOA encounters in getting the news and information out to the world. In fact, I think it is a crying shame that too few dollars are appropriated to the VOA by Congress. Given the necessary resources, the VOA could be a major component of our foreign policy. It is ironic that the Soviets spend more money jamming our broadcasts than the entire budget of the VOA. Yet under the directorship of Ken Tomlinson, I believe the Voice has made significant strides in upgrading their programing and raising their respectability. Ken Tomlinson is one person who deeply understands the importance that the Voice can have in directing objective news and information throughout the world. He and his able staff are to be commended.

I am hopeful that my colleagues will read the enclosed interview and consider the points raised in the discussion.

The interview follows:

WE'RE PUTTING THE VOICES OF AMERICA ON THE VOICE OF AMERICA

Q. Mr. Tomlinson, a very basic question: Why the Voice of America? Specifically, could you give us a little historical background on the VOA and what its charter envisioned as the purpose of the service?

A. It's difficult for many Americans to grasp what it is like to live and function in a totalitarian society, or even through much of the Third World in terms of gaining information about what is really going on in the world.

We live in a media-saturated society, people get one or more newspapers a day, they subscribe to numerous periodicals, you have radio news during the day, television in the morning and evening. But it's not like that in major parts of the world and people depend on the Voice of America and a handful of other Western broadcasters for access to the truth, access to what basically is happening in the world. There's also the importance of reaching the people even in strict totalitarian societies. It's important for us to be able to broadcast the truth to the people of the world. Where there is truth, there is hope for a better tomorrow.

Voice of America went on the air during World War II. We said in our first broadcast that the news may be good from the standpoint of the United States—it may be bad—but we're going to broadcast the truth. Congress enshrined that concept in the charter, in a Public Law in the 1970s, and we are required at the Voice of America to give the news objectively and comprehensively.

We are required to broadcast about America and about its institutions; we are required to broadcast the views of the United States government and responsible opposition positions. I have no problem with this concept because through ultimate professionalism, through making sure that our news is balanced within the American political spectrum, we're performing a service that I think the vast majority of Americans want us to perform.

One problem at the Voice of America in the past has been that we have not always recognized what is truly important about America and its institutions. Sometimes we've spent a lot of time broadcasting about the splendor of the Rocky Mountains, or the Great Lakes, or natural resources—broadcasting about things instead of ideas. What makes this country different is ideas and concepts of freedom which have produced this dynamic economic system unmatched in the world.

When I first went to the Voice of America, the leader of our African division happened to mention that the two most frequently asked questions in the tens of thousands of letters we receive from Africa are: Why does the United States not have governmental coups, and why is the United States so economically prosperous?

If we answer those questions on the Voice of America, we will have served a great purpose both for Americans and the people of the world.

Q. The charge has been made that the VOA has an ambiguous mandate and that the staffing arrangement is somewhat schizophrenic in that the VOA is staffed by political appointees like yourself, by career foreign service officers and by professional journalists and that through the years there's been a lot of ambiguity as to whether the mission of the VOA is to provide news, or whether it is to further the foreign policy aims of the American administration. How do you respond to that?

A. I think the greatest responsibility of the Voice of America is to practice what I call ultimate journalism. we have instituted during the Reagan Administration an editorial policy for the Voice of America. This government has a chance to speak in the grand tradition of a newspaper editorial page. During this Administration, those editorials have been what could be called tough: on East-West issues, on protecting our rights, on why the West is prosperous and totalitarian nations are not.

But we think it has been very important to isolate where the government has official input into the Voice of America to the editorial page. I think it's potentially hazardous to the Voice if our news and current affairs broadcasting is subject, for example, to State Department policy constraints. It is this type of government involvement in our product that gave us periods of time when broadcasts about Solzhenitsyn were alleged to have been ordered off the Voice of America. It is this kind of policy-oriented thinking that stops the flow of ideas and thoughts that will make our broadcasting of significant meaning to the people of the world.

There are many ramifications to this issue and it goes back to the law that governs VOA. What is meant when that law speaks of "balance"? I submit that balance does not lie somewhere between Washington and Moscow. I submit that balance is within the American political spectrum—within the spectrum of Western values.

When we say that our news should be comprehensive, does that mean we should dwell on the negatives about this country? Absolutely not. If we take a current affairs look at the issue of unemployment in this country, it should be in the context of the world economic situation. We should expect the full story to be covered—and that includes an indication of what economic system (i.e., the free market) has produced a measure of prosperity for the people and what economic system (i.e., socialism) has not achieved. But this can best be done by strict adherence to the truth—by calling the plays as they occur in strict adherence to journalistic professionalism.

Q. So I take it that you would not go along with those people who suggest that what is needed is greater government control over broadcasts of the VOA.

A. President Reagan has said on many occasions something to the effect that we shouldn't turn to government to solve all problems because too often government is the problem. I think greater government control of VOA broadcasts would be disastrous.

As I said, it was because of interference from elsewhere in government that people at least perceived in the 1970s that it was not healthy to have Alexander Solzhenitsyn on our Russian service. Now certainly, in our editorials, we are required to convey the policies of the United States. During the Reagan Administration those editorials are going to be forceful in advocating the values of the West. During another administration they might not be so hardline. But in news and current affairs, if you start tailoring that programming to conform with narrow policy considerations, you lose the spark of a free flow of ideas that will enable VOA to inspire audiences around the world.

When I came in, I said we want to make sure the Voice of America reflected the voices of America. That means when we have commentators, that we have, for instance, Allan Ryskind of Human Events and Rick Hertzberg of the New Republic.

This principle is an extension of the philosophy on which this nation was founded. The founders believed that people, when exposed to a diversity of information and opinion, could decide for themselves—and do it wisely. That is precisely what we propose to do in broadcasting facts and information and ideas to the people of the world.

Q. The Voice of America has two sister organizations, Radio Liberty and Radio Free Europe. What are the distinctions in the mandates of these three?

A. At the Voice of America we are reflecting the values and institutions of the U.S. to the world. RFE and RL are surrogate radios, broadcasting as if Radio Liberty were inside the Soviet Union, or Radio Free Europe Polish service were in Poland. They are broadcasting to those countries primarily about what has happened in those countries.

Q. You mentioned Alexander Solzhenitsyn. He has been, at least until recently, a very strong critic of the programming of the VOA, and I have here an extensive interview with him conducted, I think, in 1981. I'd just like to read a few condensed versions of the charges that he made at that time.

He says, "Your radio broadcasts do not give our people the spiritual help they need." And he goes on to say that they don't give them the information they need to have about what's going on inside the Soviet Union.

Specifically, in regard to his book, Gulag Archipelago, he says, "What did the Voice of America do? They went with the agreement and forbade the reading of Gulag Archipelago to Russia. More than that, for several years it was forbidden to quote Solzhenitsyn on the Voice of America so as not to harm Communist propaganda. This means my book was written for Russians, millions of copies were read in the West, but it should not be read in our motherland because otherwise the Voice of America would spoil relations with the Soviet Union."

Would such a criticism still be accurate?

A. Heavens, no. I don't know the full details of what happened in the 1970s in terms of coverage of this most significant figure on the international and American scene, but I can certainly say this: The words and works of Alexander Solzhenitsyn are on the Voice of America today. Coverage of events involving him is on the Voice of America today and will continue. To do otherwise violates that law that requires VOA to engage in "comprehensive" coverage of the news.

We have increased serious programming focusing on the most important events and issues of the day. What is really happening in the Soviet Union? Afghanistan? What is the situation with minorities in the U.S.S.R.? What about the problems of alcoholism in the Soviet Union? Journalistically speaking, these are among the most significant stories in the world today.

I'm pleased to say that we've had an increase in religious broadcasting on the Voice of America, including programs to the Soviet Union. Last Christmas we had the first worldwide broadcast, in English, of a Christmas religious service. This past Thanksgiving we had the first worldwide broadcast of a religious service on that occasion.

Initially people thought that this would create controversy for VOA, and I said that's absurd. We're required to reflect America's institutions. We've required to reflect what's important about America, and religion plays a very, very important part in American society. The concept of freedom of religion and freedom of worship is absolutely essential to what this country is all about.

National Public Radio rushed into the Voice of America last Christmas just before we did that first Worldwide English broadcast and asked if people were not complaining at the Voice of America because of this religious service. And I said yes, I did hear someone complaining in the hallways, but I didn't pay a great deal of attention to that person because he was also muttering,

"Bah, humbug!" The NPR reporter broke up. Unfortunately we never heard the interview on the air.

We will continue to have an appropriate emphasis on religion at VOA. In Poland, for example, when the government, under martial law, removed Mass from Warsaw radio and television, we began weekly broadcasts to Poland of Polish Mass services conducted in this country. What we're doing is most appropriate to the traditions of the Voice.

Q. In another criticism, Mr. Solzhenitsyn says, "Your broadcasts are conducted so primitively that they give a false picture of your country. They speak about the most superficial, the most trite things, so that our people have a lower opinion of the American people than the American people deserve."

He continues, "For instance, I will tell you that there are three different jazz programs, then a separate program of pop music, a separate program on dance music, and a separate youth program on which all this is repeated. But it is such a mistake. Perhaps those people who are interested in jazz might turn it off five minutes later and hear something besides jazz. But the thing is that we have very few people who are interested in jazz. They don't need your programs which are jammed because they have at their disposal all the world jazz programs which no one jams. They can hear these programs perfectly. So you do not attract any listeners that way, you spend only valuable air time on nonsense and frivolousness."

A. I became interested in the issue of the Voice of America when I was living in Europe in the 1970s, traveling in Europe, Africa and the Middle East, with a shortwave radio as my constant companion.

I did not think that broadcasting on VOA was sufficiently relevant to what was happening in the world. I did not think that we had a proper emphasis on hard news and especially a proper emphasis on current affairs. I was also concerned that in listening to VOA, I didn't hear the significant voices of America.

Anyone who traveled around the world in recent years has heard complaints that VOA listeners could not count on receiving in-depth coverage of the most significant issues and events of the day. Instead, VOA programming all too often spotlighted features on roller skating in New York and the like—programming which simply did not live up to the purpose of VOA.

I think we've taken care of a good deal of that. We've had on our flagship station, Worldwide English, a significant change in our programming. For example, we've moved away from 1950s disc jockey shows in the morning to news and current affairs broadcasting. Our new program "Focus" each day delivers the voices of America on important issues of the time. Other program changes ensure that the most significant articles, books and trends are assessed by articulate representatives of the American political spectrum.

Pausing to focus, though, on Mr. Solzhenitsyn's comments in years past, I believe our broadcasting, in English and in Russian, is more relevant today.

In a jamming situation, where people are trying mightily to hear what is happening in the world, you obviously need a primary focus on serious programming. Music, though, has always been, and always will be, an important part of the Voice of America because the arts also reflect what this country is all about.

We have had literally a generation of people who have come to know and love jazz through Willis Conover and this important Willis Conover program must continue on VOA. We just have to make sure that people know when they can tune in to the Voice of America for news and current affairs, and know when they can tune in to Voice of America for music, and not try to mix them all together.

Q. One final criticism that Mr. Solzhenitsyn makes: He says, "You limit even simple information about current events. In matters of foreign policy you are being overscrupulous about your use of sources, and with Afghanistan, for instance, and insofar as the internal situation in the Soviet Union is concerned, you have been concentrating on material provided by dissidents from Moscow." He says that this scrupulousness about sources is limiting the news you can broadcast about the Soviet Union to the Soviet people.

A. I came to the Voice of America from the Reader's Digest, which in the last decade has been responsible for some of the most significant journalism produced in the Western world. John Barron's books on the KGB. The Barron-Paul book in Cambodia. Claire Sterling's book supplement on the plot to kill the pope—to name a few examples.

The Reader's Digest is far stricter about confirming sources and stories than is the Voice of America. The bottom line is that it's absolutely essential for accuracy and that you check sources. In fact, I frankly wish we had the resources here at the Voice of America to have further checks on our stories because my great concern is not dashing out with the news to the people of the world. My great concern is making sure that when we broadcast something that it's correct. That's always been the concern of the Reader's Digest and it should be the concern of the Voice of America.

Let me say that I did have a recent and very pleasant visit with Mrs. Solzhenitsyn. We have significantly upgraded our broadcast at the Voice of America in our Russian service, and Mrs. Solzhenitsyn said that that upgrading has been noted. The Solzhenitsyn family listens to Russian language broadcasts of the Voice of America. I believe we've moved to a period where the quality of broadcast at VOA is stronger than ever in its history, and I think people across the spectrum will be recognizing this.

In the Russian service, for example, we're going now with a series of programs called "Conversations with Rostropovich," the great Mstislav Rostropovich who is conductor of the National Symphony Orchestra, and who emigrated from the Soviet Union in the 1970s. He, too, has been a critic of VOA broadcasting in years past.

I just wish it were possible for a cross-section of Americans to listen to this program today. It's patterned after the significant Eric Severeid interviews with Eric Hoffer in the mid-'60s. Mr. Rostropovich talks with Mark Pomar, the new head of our Russian service, about the differences in what is happening in the USSR, the differences in his life, the differences in music. These programs are absolutely extraordinary, and while you are in this building I hope you have a chance to glance at some transcripts. That's what international broadcasting is all about.

Q. It's government policy, I understand, to forbid the reproduction of broadcasts of Voice of America material inside the United States. What is the reason for this restriction?

A. The laws governing the Voice of America and its parent, the United States Information Agency, were passed in the early 1950s when the memories of the 1930s and Nazi Germany were still fresh in the minds of American lawmakers. It was a strict prohibition against any domestic dissemination of a VOA product.

If a reporter, if an American, writes me and says I understand you're broadcasting such and such, I'd like to take a look at it, incredibly, I have to say no. I can't mail it to you. You can come into this building and read the transcripts. Frankly, I think this law should be revised. We should be able to answer legitimate queries about what we're broadcasting on the Voice.

Q. We've talked a lot about the Voice of America. You have a counterpart in the Soviet Union in Radio Moscow. Can you describe Radio Moscow's purpose, its capabilities, its programing, etc.?

A. Well, Radio Moscow has softened a bit in recent years from something that was simply preposterous in propaganda to a product which was until recently slicker. Now it's moved back a bit in terms of its propaganda posture.

But Radio Moscow represents everything that ineffective international broadcasting symbolizes. It is pure propaganda for the Soviet system. You'll never hear anything about any problems in the Soviet Union. It's rare that any event in the Western world is accurately conveyed, and that's why Radio Moscow is far more powerful throughout the world—and has a far more powerful signal throughout the world—than the Voice of America. It broadcasts in twice the number of languages around the world as the Voice of America, and on far more frequencies around the world than the Voice of America, but it cannot touch the influence and significance of the VOA.

Q. Regarding the quality of your broadcasting and the changes made, I note that the Solzhenitsyn family is not alone. The Financial Times of London, for instance, recently quotes Dean Watkins to the effect, "I find the left-wing, anti-business, anit-free market bias that pervaded news and features of the VOA during the Ford and particularly the Carter periods, has now largely disappeared. To me, the VOA has become approximately as neutral as the BBC is."

How did this happen?

A. Our broadcasts are better because we have, I think, a rising tide of professionalism in this institution and I think we've also taken seriously our theme to put the voices of America on the Voice of America.

The traditional approaches at VOA was what I called a one-microphone concept. What we needed at VOA was to have a balanced reflection of American thought and opinion. Then, of course, we needed to focus on the significant issues in the world today.

I say that we're going to institutionalize balance in my tenure at VOA—and that has surprised many people in the professional journalism community. A Reagan appointee, an appointee who for many years has made sure he had his weekly copy of Human Events, is institutionalizing balance and in doing so will ensure that the people of the world are given access to the ideas that have made this country great.

Q. During the past year we've heard a great deal about the Voice of America's antiquated broadcasting facilities. How did the facilities get to be in this sorry state and what's being done to change the situation?

A. You've heard the expression "benign neglect." I think that explains why the

Voice of America has been allowed to deteriorate over the course of many years. It is astounding to think that more than 35 percent of our transmitters are over 30 years old an virtually all of our transmitters are older than 15 years. Our antennas, and other equipment, the same. We're sitting now in a studio which was built in the middle 1950's. You have few college stations in America which operate in anything like these conditions.

Why have these conditions not changed? Why has the Voice of America not kept up with the state of the art despite the importance of its mission? One thing I've learned in my service is that it is exceedingly difficult to bring change to government. Unlike the private sector, government is not prepared or structured for shifts in emphasis and change in the way things are done.

If, for example, the VOA construction budget has been virtually nonexistent over the course of years, then putting money into that budget proves to be exceedingly difficult because we've never done it that way before. Modernizing the Voice of America? We've never done that before is unfortunately the reaction in many corners of the federal bureaucracy.

But we have built up incredible momentum in these months to have a meaningful long-term modernization at the Voice of America. We've had that shift because my boss, Charles Wick, the director of USIA, is a very forceful man and he is able to shift government priorities in a very significant way. The ultimate weapon, of course, has been the President of the United States—going on nationwide radio, saying that we need the same kind of effort which enabled us to overcome the gap in the space race, to erase the gap in transmitter power and strength in international broadcasting.

Much like building space vehicles in the 1960s, you can't press a button and immediately design and install transmitter facilities and antennas, and all you need for the kind of quality sound that we must have in American broadcasting. It will take years, but we must begin today. I don't believe that bureaucratic inertia will be able to stop our momentum.

At the beginning of 1983, the VOA had among all the engineers involved in running its system only 20 engineers with college degrees, and not necessarily degrees in engineering. Now, granted, college degrees are not required to engineer and run an old system like VOA's. In fact, our people have done an amazing job with the equivalent of baling wire and chewing gum keeping the Voice of America on the air.

But if you look toward a futuristic state of the art system, you also need to add engineers who can plan that system. We now, thanks to the Reagan Administration's supplemental appropriation, have added more than 60 engineers, most of whom have graduate degrees, and we are adding more every week. This country would not have had a space program without futuristic engineers and we can't have VOA modernization without the same.

Q. Mr. Wick and you are said to have proposed a modernization plan entailing a $1.2-billion expenditure over six years. What are the prospects of this being approved?

A. I think the prospects are good. We have planned and are putting finishing touches on proposals for something like a six-year modernization program, something in the neighborhood of $1 billion or more. This will ensure that people do not have to strain and twirl their radio dials to get VOA in significant places.

Q. After a long struggle, President Reagan finally got Radio Marti approved by the U.S. Congress, and whether or not you wanted to have anything to do with that, you have been given the task of setting it up. What is the purpose of Radio Marti and how do you foresee managing it?

A. The President proposed that Radio Marti be placed under the Board for International Broadcasting, headed by Frank Shakespeare. We all would have preferred to see that happen because Radio Marti was designed for surrogate broadcasting, like Radio Free Europe and Radio Liberty.

In placing the Radio Marti Program in the Voice of America, it is going to be more difficult to get the service on the air because, unlike BIB, we are required to observe Civil Service rules. Sometimes we can find ways to make those rules a little more flexible, but still it's going to take longer to get on the air.

I think we can overcome all the administrative problems that will beset us, all the start-up problems that will hamper us, because the concept of broadcasting the truth, broadcasting of what is happening in Cuba, what is happening to Castro's forces around the world—all this is so exciting as to propel us to overcome the obstacles. Imagine how it would be for you if you lived in Cuba to be able to tune in to a radio station and find out what is really going on in areas affecting your personal interest. This is an extraordinary challenge and I think we'll fulfill it.

As is the case with engineers and modernization, the quality of Mati programs will depend in large part on the quality of people—especially the research people—we are able to involve in this effort.

Q. Castro has threatened to jam Radio Marti's broadcasts and fears have been expressed by some, including some members of Congress, that this jamming is going to seriously affect American broadcasting. Is there anything to that fear, do you think?

A. We will have to wait and see. I believe that it is important to broadcast the truth to the people of Cuba and that we must as soon as possible.●

MON VALLEY COUNCIL TO HONOR DR. CARNEY

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. GAYDOS. Mr. Speaker, on Wednesday, May 16, the Mon Valley Progress Council, which serves parts of four counties in western Pennsylvania, will honor Dr. Dennis J. Carney, chairman of the board of Wheeling-Pittsburgh Steel Corp., at a testimonial dinner in the city of Monessen, Pa.

The affair is public recognition of Dr. Carney's commitment to preserving the steel industry in the Mon Valley, his leadership in reviving the operations of his company and in saving thousands of jobs at a time when other firms were closing their doors and laying off their workers.

Robert Logue, executive director of the progress council, sums up Dr. Carney's value to the steel industry and the Mon Valley very succinctly: "Had Dr. Carney turned his back on this region, it could well have been an economic disaster."

Specifically, the council credits Dr. Carney with his firm's decision to invest over $100 million in a new rail mill at Monessen and another $45 million for a continuous caster plant there. In addition, millions of dollars more were spent to upgrade facilities at plants in Monessen and Allenport.

Dr. Carney has strong ties with the valley. He was born there, in Charleroi, just across the river from the Monessen mill, and after graduating from Pennsylvania State University with a degree in metallurgy he began his career in steel with United States Steel Corp. in 1942.

Except for a stint with the U.S. Navy during World War II, Dr. Carney spent the next 32 years steadily climbing the corporate ladder at United States Steel. Then, in 1974, he launched his second career, joining Wheeling-Pittsburgh as vice president of operations. A year later, he was elected executive vice president and a member of the board of directors, assuming full responsibility for all steelmaking operations, engineering and industrial relations.

His rise to the top, thereafter, was rapid. He became president and chief operating officer in 1976; chief executive officer in 1977; and chairman of the board in 1978.

The list of his accomplishments and honors bestowed upon him is far too lengthy to insert into the RECORD but I would like to touch on some highlights.

He was a member of the first U.S. technical exchange task force sent to Russia in 1957 to study steel production there. He has written numerous technical papers which have won him acclaim throughout the industry. In 1978 he was awarded the Benjamin F. Fairless Award for distinguished achievement in iron and steel production and a year later received a Distinguished Life Membership in the American Society of Metals for outstanding contribution to the advancement of the industry.

Mr. Speaker, Dr. Carney is no stranger to Washington. He has appeared many times before House and Senate subcommittees to give testimony on conditions and situations facing the domestic steel industry. His experience, knowledge and insight has been of great help to the Congressional Steel Caucus in its efforts to save and strengthen the Nation's basic steel industry.

I applaud the Mon Valley Council of Progress for its decision to honor Dr. Carney and ask my colleagues in the Congress of the United States to join in extending official congratulations to him on this occasion.●

MISS ELIZABETH YODER APPRECIATION WEEK

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. LONG of Maryland. Mr. Speaker, today I wish to bring to the attention of my colleagues a constituent of mine who has contributed enormously to the field of education in Maryland, Miss Elizabeth Yoder. Miss Yoder has given a lifetime of dedication and hard work to the Maryland public school system. I would like to describe here just a few of her many contributions.

Miss Yoder began her teaching career at Upper Falls Elementary School in 1936. Over the next 16 years, she also taught at Carroll Manor Elementary School and Loch Raven Elementary School. In 1952, she took on her current position as assistant principal of Villa Cresta Elementary School. Throughout the years, her devotion to quality education, her caring and compassion for others, and her gentle temperament has endeared her to everyone she has known. One of her coworkers has described Miss Yoder as one who "* * * has always been respected and loved by all who have been fortunate enough to have met her. Regardless of how busy her schedule may be, Miss Yoder has always been available for faculty, parents, and students whenever they have needed her."

Outside of her commitment to education, Miss Yoder has been extremely involved in community activities. She has been a volunteer for the Manor Care Nursing Home in Towson and also has worked with her church on their project to maintain the Long Green Cemetery. According to a longtime friend, a side to Miss Yoder that is not as well known to her colleagues is her generosity and concern for needy families of our area. Whenever Miss Yoder hears of a family in need of emotional or financial help, she is quick to respond with all the aid she can provide. Not one to publicize her own humanitarian efforts, it is only those closest to Miss Yoder who are aware of how much she has given to those around her.

Miss Yoder goes beyond being a leader in the field of education. She is a model citizen. Her concern for the education of our children and for the general welfare of our society has been so impressive that the faculty and students of Villa Cresta Elementary School have dedicated the week of April 8 through April 14 as "Miss Elizabeth Yoder Appreciation Week." Over 500 members of the community, including many former students and coworkers, will be joining the school in their tribute to Miss Yoder.

I wish to commend Miss Yoder for a lifetime of concern and commitment to improving our community. She is an extraordinary individual, a truly great educator, humanitarian, and American citizen, and should serve as an inspiration to all of us.●

U.S. POLICY IN EL SALVADOR

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. LAGOMARSINO. Mr. Speaker, a recent commentary in the Washington Times by Smith Hempstone describes the difficulties the United States faces with its policy in El Salvador and that there are no quick, easy solutions. He calls for patience and constancy, and it is important that we all remember that U.S. interests will not be served by ignoring El Salvador and hoping it will go away.

GET SET FOR THE LONG HAUL

(By Smith Hempstone)

Despite electoral confusion, bureaucratic mismanagement, sporadic guerrilla activity and a nationwide blackout caused by terrorist sabotage, more than 1 million Salvadorans trooped to the polls Sunday in that Central American republic's first presidential election since 1977.

The lessons of the balloting are:

The mass of the people reject the authoritarian leftism of the Nicaraguan-supported terrorists.

The mass of the people—the roughly 63 percent of those who voted either for Christian Democrat Napolean Duarte or Francisco Jose Guerrero of the National Conciliation Party—prefer a moderately-leftist-to-moderately-conservative approach to El Salvador's problems.

A significant minority of the people—perhaps 30 percent—support the tough, ultraconservative policies of Roberto d'Aubuisson of the Nationalist Republican Alliance (ARENA).

Since neither Señor Duarte nor Señor d'Aubuisson obtained an absolute majority in the first round of voting, a runoff will be necessary toward the end of April.

While the turnout was not as large as the 80 percent (1.5 million) of the electorate that voted in the parliamentary elections of 1982, it was, under the circumstances, impressive. Clearly it was good enough to warrant congressional passage of the $62 million in emergency military aid President Ronald Reagan is requesting to keep the Salvadoran army fighting through this spring and summer.

That the issue, the ultimate outcome of the struggle, remains in doubt is hardly surprising. It can be argued that El Salvador is the worst place in Latin America to take on a Marxist insurgency. With nearly 5 million people jammed into a nation the size of Massachusetts, El Salvador has the second-largest population in Central America packed into the smallest continental republic in the Western Hemisphere. There are, as psychologists might say, simply too many rats in the box.

El Salvador has suffered terribly in four years of fighting. At least 50,000 people have lost their lives. American officials estimate the war damage sustained as at least $825 million. The guerrillas control perhaps 20 percent of the country by day, and more after sundown. The insurgents frequently appear to be better led, better organized, and more dedicated than the government forces.

Nevertheless, the war is far from lost and there is no reason to allow the guerrillas to shoot their way into the government without undergoing the bothersome formality of participating in an election. Indeed, it would be madness to bring the rebels into the government, if only because theirs is a revolutionary movement pledged to destroy El Salvador's social and political fabric, not to reform it.

The last thing the communist-supported guerrillas want is a viable democratic government and an equitable social dispensation: Were these to exist, their movement would collapse. Like the Nicaraguan Sandinistas and the Cubans who support them, they want power, not justice.

As in most conflicts of this nature, a purely military solution is impossible. While ultimately the insurgents must be defeated in the field, they must first be discredited and isolated from the people, the "water" in which the guerrilla "fish" swim.

This can only be achieved through the introduction of a strong political component into the anti-terrorist struggle: amnesty without preconditions for guerrillas willing to lay down their arms, effective (i.e., gradual) land reform and strengthened democratic institutions. This means purging the army of incompetent and corrupt officers, and curbing the activities of the right-wing death squads.

We Americans prefer the quick fix to our problems, foreign and domestic. But no such instant solution is possible in El Salvador. That republic's problems were not created overnight and they will not yield to facile remedies. It will cost hundreds of millions of dollars to buy the years necessary to defeat the insurgents.

But the cost will be lower—and victory possible—if and when the United States makes it clear to Central America and the world that America is in El Salvador for the long haul, that we intend to win, that there will be no Kissingerian "decent interval" before an abandoned ally is allowed to succumb to a power that has no legitimacy, to the persuasion that grows out of the barrel of a gun.

Both the reform-minded Señor Duarte and the hard-nosed Señor d'Aubuisson, no matter who gains the presidency, have roles to play in such a scenario. While much divides them, they are united in their opposition to the leftist guerrillas. What is needed is a common front between their forces until the war is won.●

LOUIS H. CERASO CITED BY CHAMBER

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. GAYDOS. Mr. Speaker, once again the city of Arnold's Chamber of Commerce, located in western Pennsylvania, has chosen to honor several individuals for their contributions to

the community for outstanding accomplishments in their chosen fields.

The principle honoree at this 19th annual awards banquet, scheduled to be held Sunday, May 27, will be Attorney Louis H. Ceraso, the immediate past president of the chamber.

Mr. Ceraso is to be cited not only for his leadership of the business organization over the past year but also for his dedicated and total involvement in service to the municipality. In addition to heading up chamber activities in 1983-84 to promote the city of Arnold, Attorney Ceraso serves in the official capacity as city solicitor.

Six other people also will be singled out for public recognition at the chamber banquet. Receiving awards will be:

Outstanding Citizens Award—Carl and Gertrude Gentile, founders of Arnold Super Cleaners.

Outstanding Business Persons Award—John C. Fussenegger, president of British Coach Works, a subsidiary of Perfect Plastics Industries.

Outstanding Professional Award for Public Service and Administration of Justice—Dr. Bernard F. Scherer, judge of the Court of Common Pleas, Westmoreland County.

Outstanding Professional Award in the field of Education and Administration—Dr. Robert Arbuckle, executive director of Pennsylvania State University's New Kensington Campus.

Outstanding Humanitarian Award for Human Services in the Community—Rabbi Irving Dick of the Beth Jacob Synagogue in New Kensington.

Posthumous Award for Human Services in the Community—the Reverend Harry Fisher of city of Lower Burrell.

The honorees and guests at the chamber dinner also will have the opportunity to hear one of Pennsylvania's most distinguished jurists. The Honorable Stephen Zappalo, associate justice of the State's supreme court, will be the principal speaker for the evening.

Mr. Speaker, it gives me great pleasure to call to the attention of my colleagues in the Congress of the United States the accomplishments of these citizens and join me in applauding their efforts to improve and enrich the lives of their fellowmen.●

WEIRTON STEEL

HON. ALAN B. MOLLOHAN

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. MOLLOHAN. Mr. Speaker, I wish to bring to the attention of the House, a significant accomplishment, attained not by any single man or woman, but by a team of workers and a proud old steel-making blast furnace that has produced a record amount of steel in my home district in West Virginia.

Recently, Weirton Steel closed down its old No. 1 blast furnace for an extensive rehabilitation program, but not before the furnace had produced more than 5,245,000 tons of iron. That outpouring of productivity was the result of a concerted campaign to break the record for a Weirton Steel blast furnace which stood at 4,869,000 tons.

Mr. Speaker, this accomplishment is significant for several reasons. As many in this Chamber are aware, Weirton Steel recently became the largest employee-owned industry in America through an employee stock ownership plan (ESOP). The workers at Weirton have, at a time when our steel industry in America is suffering, taken up the challenge of making their mill a model of success.

The fact that they are closing down the No. 1 record-setting blast furnace at Weirton for extensive rehabilitation is significant because it shows the importance of rebuilding our industry for the future, and that reinvestment is possible for the steel industry.

The fact that these same workers dedicated their efforts to break production records is significant because it demonstrates that they have the capacity for hard work to attain the worthy goals of the ESOP undertaking.

And, finally, this accomplishment is significant because it demonstrates to America that the work ethic that made this country great still exists.

Mr. Speaker, that proud mill of Weirton Steel stands a stone's throw away from where the first iron furnace west of the Allegheny Mountains once produced cannon balls for the War of 1812. The work of the people of Weirton continues a long tradition of dedication and hard toil.

To the men and women of Weirton steel, I offer a hearty well done. To the men and women of America, I say take heed of Weirton's accomplishments because they are blazing a new trail of prosperity for the steel industry.●

CONTINUED MISTREATMENT OF MART NIKLUS

HON. DON RITTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. RITTER. Mr. Speaker, I have just been informed that Estonian zoologist and political prisoner Mart Niklus continues to be mistreated and physically abused while serving his term in the Soviet gulag.

On March 26, Mrs. Elfriede Niklus, Mart Niklus' mother, was granted permission to visit with her son for 2 hours at the infamous Chistopol prison on the provision that the meeting be conducted in Russian. Mrs. Niklus, who is barely conversant in the language of Estonia's Soviet rulers agreed to these conditions. When Mr. Niklus was brought to the meeting area and informed that he would be required to speak with his mother in a foreign language, he rejected the conditions and the meeting, for which he was removed from the room and beaten by prison guards within hearing distance of Mrs. Niklus. In the brief moments that she was able to see her son, Mrs. Niklus was shocked by his appearance. She describes him as being dangerously underweight, his prison garb ragged and dirty. Mr. Niklus' face was badly swollen, apparently from the effects of a recent hunger strike.

Mart Niklus was first imprisoned from 1958 to 1966 for having sent to the West factual photographs depicting conditions in Soviet-occupied Estonia. His latest sentence, 10 years labor camp and 5 years internal exile, dates from 1981, and was based primarily on his efforts, along with several other Baltic human rights activists to publicize and seek renunciation of the notorious Molotov-Ribbentrop Pact, whereby the independent Baltic nations of Estonia, Latvia, and Lithuania were arbitrarily partitioned by Hitler and Stalin on the eve of World War II. In July of last year, he was transferred to Chistopol prison, that particularly grueling facility for "especially dangerous state criminals."

Mr. Speaker, in March 1981, the world was shocked to learn that Mart Niklus' countryman and fellow human rights activist Dr. Yuri Kukk died during a hunger strike following his conviction on trumped-up "slander" charges. I trust that the Soviet Government would not wish to see such a tragedy repeated. In 1982, House Concurrent Resolution 218 called upon the Soviet Government to honor its commitments under the Helsinki Accords by allowing Mart Niklus to emigrate to Sweden to join one of his relatives in Sweden. I call upon the Soviet Government to heed this humanitarian plea, and thereby divest itself of the opprobrium that it has acquired in its treatment of political prisoner Mart Niklus.●

THE 1983 CONTRIBUTIONS TO THE UNITED NATIONS FUND FOR DRUG ABUSE CONTROL

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. GILMAN. Mr. Speaker, the global epidemic of narcotics trafficking and drug abuse have made it essential that all nations of the world join together in an all out assault on this

pervasive and debilitating plague that is growing by leaps and bounds, adversely affecting citizens throughout the world.

Hardly a day goes by that we do not receive reports of increased seizures by the planeload and by the boatload of heroin, cocaine, marijuana, PCP, and other dangerous drugs and hardly a day goes by that hospital emergency rooms fail to report individuals succumbing to drug overdose. Just 2 weeks ago, the international community learned of the record-breaking seizure by Colombian drug law enforcement authorities who confiscated 13.8 tons of cocaine—a street value of approximately $1.2 billion. This seizure represents approximately 25 percent of the estimated 50 tons of cocaine consumed in the United States last year.

While the drug growers and traffickers have developed sophisticated techniques to cultivate, process, and market illicit narcotics and have the most modern boats, planes, radar, and other equipment to conduct their clandestine operations, nations of the international community have failed to recognize the need to pool their resources, funds, personnel and equipment to effectively combat the international drug syndicates and have failed to contribute substantially to the United Nations Fund for Drug Abuse Control (UNFDAC). All of this comes at a time when narcotics trafficking and drug abuse have reached epidemic proportions throughout the world and when there is a growing connection among international terrorists, drug growers and drug traffickers who symbiotically exchange protection, guns, and drugs.

UNFDAC has been instrumental in calling attention to the needs of the world community in fighting the tragic scourge of drug abuse. The U.N. Drug Fund's Executive Director, Dr. Guiseppe di Gennaro, has worked diligently to encourage nations to contribute to this international fund that is used to assist nations in their "war" on drugs.

Under the leadership of CHARLIE RANGEL, the House Select Committee on Narcotics Abuse and Control, of which I am the ranking member, met with Dr. Di Gennaro as part of our select committee's recent visit to the drug producing nations of Southeast and Southwest Asia to discuss the need for greater participation by nations of the international community in contributing to the U.N. Drug Fund.

The United States has been critical of the low level of contributions to UNFDAC, I find it distressing to inform my colleagues that last year only 28 nations, or less than 18 percent of the 157 member nations comprising the United Nations, contributed or pledged a meager $3,710,259; private contributions amounted to only $255,953 or a grand total of $3,966,212 for a global effort to combat drug trafficking and drug abuse. This represents a revenue decline of nearly 45 percent, compared to the 42 nations or 27 percent of the members of the United Nations that contributed $6.7 million for 1982, which, with private contributions of $582,000, amounted to a grand total of slightly more than $7.3 million.

Once again, only a handful of nations have contributed or pledged more than $100,000 to the U.N. Drug Fund: Australia, Canada, France, Federal Republic of Germany, Italy, Japan, Norway, Sweden, the United Kingdom, and the United States. Some nations that have benefited the most from certain projects undertaken by UNFDAC have failed to contribute a single penny to the U.N. Drug Fund, and other nations have contributed only a few dollars to that organization. At the U.N. Conference for Development Activities, which was held November 8–9, 1983, 23 nations pledged $3.4 million to the U.N. Drug Fund for 1984.

At a time when international drug syndicates are reaping hundreds of billions of untaxed dollars and whose clandestine operations are undermining the political, economic, and social institutions of the international community, the few million dollars contributed by the nations of the international community to UNFDAC has a ripple effect like a drop in the ocean. Colombia's drug law enforcement authorities seized nearly 14 tons of cocaine worth more than $1 billion. To counter this tidal wave of drugs that is infecting citizens throughout the world, nations of the international community annually scrape together a meager $5 million to $7 million to conduct a "global war" on drug trafficking and substance abuse—hardly enough to purchase a single high-speed coastal patrol boat.

Mr. Speaker, on the brighter side of UNFDAC's financial ledger, the Government of Italy recently contributed not only $188,679 to the U.N. Drug Fund but also, and more significantly, it contributed nearly $41 million to UNFDAC to be spent over 5 years on a special project in the coca-producing Andean region of Peru, Bolivia, and Colombia. In this regard, the Government of Italy and UNFDAC's Executive Director Dr. di Gennaro are to be commended for their dedicated efforts to combat narcotics trafficking. And for the first time since the U.N. Drug Fund was established in 1971, Panama and Zaire contributed to UNFDAC. We hope that Panama and Zaire will continue to annually contribute to the U.N. Drug Fund.

Mr. Speaker, in an effort to share with my colleagues the level of contributions to UNFDAC, I am inserting at this point in the RECORD the following 3 documents: A status report of cash contributions pledged or received by the U.N. Drug Fund as of October 31, 1983, a list of pledges announced for 1984 at the Conference for Development Activities, which was held on November 8–9, 1983, and a table entitled "UNFDAC Expenditures: 1972–83," which indicates the amount that the UNFDAC has expended in 13 nations and I urge my colleagues to continue to support the work of this worthy global effort.

STATUS OF CASH CONTRIBUTIONS PLEDGED OR RECEIVED AS OF OCT. 31, 1983

[In U.S. dollars]

	Contributions—		Amount unpaid
	1971–82	1983	
Algeria	7,995		
Argentina	68,700	17,300	
Australia	1,989,682		
Austria	434,970		
Bahamas	4,000	1,000	
Barbados	1,750		
Belgium	124,988	25,000	
Benin	1,667		
Bolivia	6,000		4,000
Brazil	43,000		5,000
Canada	1,880,964	223,577	
Chile	77,500		
Cyprus	6,582		
Denmark	406,571		
Egypt	3,000		
Finland	137,988	18,922	18,182
France	1,224,127		139,860
Germany, Federal Republic of	7,183,972	782,036	
Greece	21,802	1,997	
Guyana	487		
Holy See	1,000		
Hong Kong	158,083	14,824	
Iceland	20,400	1,500	
India	35,000		
Indonesia	4,000	2,000	2,000
Iran	43,715		
Iraq	20,032		
Ireland	15,000	5,000	
Israel	4,500		
Italy	672,953		
Ivory Coast	1,458		1,458
Jamaica	7,202		
Japan	2,410,717	300,000	
Jordan	2,000		2,000
Kenya	20,415		
Kuwait	26,000		
Libyan Arab Jamahiriya	16,460		
Liechtenstein	5,000	1,000	
Luxembourg	1,000		
Madagascar	4,400		
Malawi	1,041		1,041
Malaysia	13,000	8,500	
Malta	2,322	258	
Mauritius	2,987	351	
Mexico	9,940	60	
Morocco	29,275		
New Zealand	288,170	23,053	
Nigeria	14,778		
Norway	7,154,055	54,984	138,889
Oman	997		
Pakistan	4,027	769	
Philippines	17,102		5,739
Portugal	14,000	5,000	
Qatar	62,000		
Republic of Korea	11,500	2,000	
Rwanda	1,066		
San Marino	1,500		
Saudi Arabia	457,000		50,000
Senegal	6,204		
Singapore	3,000		
South Africa	43,318	9,156	
Spain	20,000		
Sri Lanka	500		
Sudan	1,000		
Suriname	2,000		
Sweden	3,218,249	38,772	
Switzerland	252,897		40,909
Thailand	9,000		
Togo	652		
Trinidad and Tobago	1,000		
Tunisia	15,587		
Turkey	29,781		207
United Arab Emirates	12,000		
United Kingdom	785,147	151,200	
United Republic of Cameroon	4,926		2,801
United States of America	33,270,000	2,000,000	4,000,000
Uruguay	1,000		
Venezuela	14,000	2,000	
Vietnam	1,000		

STATUS OF CASH CONTRIBUTIONS PLEDGED OR RECEIVED AS OF OCT. 31, 1983—Continued

[In U.S. dollars]

	Contributions—		Amount unpaid
	1971–82	1983	
Yugoslavia	49,288	20,000	8,000
Total	62,865,362	3,710,259	4,420,054
Private Contributions	2,287,496	255,953	
Total	65,152,858	3,966,212	4,420,054
Total contributions 1971–83		69,119,070	
Interest income (31.07.83)		3,863,053	
Grand total		72,982,123	4,420,054

PLEDGES ANNOUNCED FOR 1984 AT THE U.N. CONFERENCE FOR DEVELOPMENT ACTIVITIES, NOV. 8–9, 1983

Country or area and currency of pledge	Amount	Amount (U.S. dollars)
Australia, Australian dollars	150,000	138,889
Austria, Austrian schillings	1,500,000	81,967
Belgium, Belgian francs	925,000	17,371
Brazil, U.S. dollars		5,000
Chile, U.S. dollars		5,000
Denmark, Danish kroner	250,000	26,455
Egypt, U.S. dollars		1,000
France, French francs	1,500,000	188,679
Germany, Federal Republic of, deutsche mark	2,000,000	769,231
	1,670,000	642,308
Iceland, U.S. dollars		2,000
India, U.S. dollars		7,000
Indonesia, U.S. dollars		2,000
Italy, Italian lira	300,000,000	188,679
Jamaica, Jamaican dollars	1,000	344
Kenya, Kenyan shillings	2,760	4,089
Madagascar, U.S. dollars		2,000
Norway, Norwegian kroner	6,000,000	816,327
Pakistan, Pakistani rupees	10,000	750
Panama, Balboas	2,470	2,470
Philippines, U.S. dollars		3,300
Sweden, Swedish kroner	4,000,000	512,821
Turkey, U.S. dollars		10,000
Zaire, U.S. dollars		500
Total		3,428,180
Special purpose contributions from Italy (over period of 5 yr), Italian lira	65,000,000,000	40,880,503
Grand total		44,308,683

UNFDAC EXPENDITURES, 1972–83

[In thousands of dollars]

	1972–80	1981	1982	1983 [1]	Total
Afghanistan	2,715.5	156.8	150.4	149.7	3,172.4
Argentina	31.5	29.0	31.1	6.2	97.6
Bolivia	412.2	7.8	0	0	420.0
Burma	3,958.5	915.0	1,360.3	866.1	7,099.9
Colombia	0	119.4	104.3	0	223.7
Ecuador	0	91.6	0	0	91.6
Egypt	170.5	536.1	455.2	398.3	1,560.1
Laos	604.3	111.1	156.7	0	872.1
Malawi	0	58.8	10.6	0	69.4
Malaysia	247.7	362.8	186.0	112.2	908.7
Pakistan	2,621.3	983.6	1,407.9	1,631.5	6,644.3
Paraguay	0	0	11.5	0	11.5
Peru	298.6	44.4	40.7	64.3	448.0
Portugal	79.7	16.2	0	0	95.9
Thailand	5,616.6	978.4	1,187.1	813.9	8,596.0
Turkey	4,654.5	1,436.2	341.9	1,461.5	7,894.1

[1] Estimate.●

THE WEST MISSES ITS CALLING IN LEBANON

HON. JOHN EDWARD PORTER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. PORTER. Mr. Speaker, all too often analyses of the situation in Lebanon consider only the shifts and swings of the day—which of the warring factions has gained the upperhand or which of the superpowers, the United States or the Soviet Union through Syria, has failed in its Middle Eastern policy. However, there are larger questions that must be addressed, and Mr. Charles Malik considers the more fundamental questions of basic freedoms in his article which appears below.

I agree with Mr. Malik's insightful analysis that the West's fundamental precepts—faith in freedom, dignity of person, respect for mind, and recognition of the transcendent—will, in the long run, overcome the East's cultural advantage with Middle Eastern countries.

Mr. Malik's article follows:

THE WEST MISSES ITS CALL IN LEBANON

(By Charles Malik)

We witness today a fateful confrontation between East and West in the Middle East. The West is wherever the Greco-Roman-Judeo-Christian tradition has taken hold, the East wherever it has not.

Eastern values are ascending in the Middle East and Western values declining. The distinctive Western values (freedom, openness, universalism, reason, unbrokenness of tradition) are despised and denounced. In Lebanon the balance between East and West, as far as ground-fighting forces are concerned, is wholly unequal. How can the Western-oriented elements in Lebanon, with the flimsy and halting assistance they have been receiving from the West, and with Israel now neutralized, long withstand the onslaught of the East represented by the Syrians, Iranians, Libyans, Palestinians and mercenaries recruited from Asia and Africa in the name of religion, and behind them and with them all the Soviets and anti-Western native elements? The West is retreating, the East advancing.

Everybody who visited Lebanon even once remembers it as a land of freedom. The intellectual and social climate has been free and the diverse religious communities have been free. Today the forces threatening freedom are closing in on Lebanon from every quarter, and the word "freedom" is hardly ever mentioned in official pronouncements and serious essays, in Lebanon and elsewhere, as having anything to do with the agony of this land. It is all a matter of demography and sharing of power and wealth, even if freedom should thereby perish. The assassination of Malcolm Kerr, president of the American University of Beirut, is more than a political act: It bespeaks rejection of freedom of thought and learning.

Relative to the Soviet Union, the U.S. suffers from a fundamental built-in handicap in its relations with the Middle East. There is cultural continuity between the Soviets and the realms immediately beyond their borders. The Slavs have been interacting with the world of Islam in war and peace for centuries; indeed the Soviet Union incorporates into its state some 40 million to 50 million Moslems. America enjoys no such cultural continuity. America, and indeed the West in general, has nothing comparable with the phenomenon of Geidar Aliyev, the Soviet central committee member who has focused his attention on the Middle East and visited Damascus. He is of Shiite background, hailing from a Moslem republic of the Soviet Union; both of his names are Arabic.

The Soviet Union's cultural continuity with the Middle East enables it with the ready aid of its military might, to ward off a spilling over of the Iranian revolution northward and eastward, and to direct it instead westward and southward. Mr. Aliyev again! On the side of the West, its cultural discontinuity with the Middle East makes it unable to prevent the tide of this revolution to overflow into the Gulf and the rest of west Asia and north Africa. It can only use force to that end; it cannot use ideas. And it must never be forgotten that under special conditions Marxism can quite happily combine with radical religious phenomena (fanaticism in Iran and liberation theology in Latin America).

How may this inherent handicap be overcome? Not by breeding "Orientalists"; not by giving "crash courses" to diplomats; not by enlisting "specialists"; not by handing out money and machines; not by appeasing the wrathful; not by placating terrorism; not by buying agent rulers, and certainly not by wishful thinking. No "instant" device can do. You are dealing here with history, and history cannot be devised; it can only be lived through.

The handicap can be overcome only by facing it squarely and at the same time realizing that there are universal values that overleap every handicap and obliterate every boundary. The Soviet Union may through cultural continuity have an advantage over the West in relation to the Middle East, but the West has a far greater advantage: faith in freedom, dignity of the person, respect for mind, recognition of the transcendent—all embodied in existing laws and institutions. From these well-springs the West can speak to every person everywhere.

The handicap can be overcome only by conviction and determination of will. Conviction means that you know you have something of supreme value that others do not have, and will means that you are prepared to fight under its banner. When have great civilizations survived and succeeded except when they had faith in themselves; when have they perished except when they lost that faith and their will to overcome?

The greatest single geopolitical fact in the world today is not the nuclear threat but the fact that Americans do not want to fight, and the world knows this and makes its calculations accordingly. Grenada is not a serious exception.

The supreme weapon of the West is freedom. It has never properly articulated and proclaimed this weapon to the peoples throughout the world who are not free. And the apologists keep on droning: "We are not the policemen of the world; people have the right to their own culture even if that were salvery." The impression gained is that faith in the ultimacy and power of freedom has atrophied in the West; freedom is considered inferior to economic, social and material values.

A civilization constituted by Homer, Plato and Aristotle, by the Old and the New Testaments, by Cicero and Augustine, by Shakespeare and Gothe, by Newton and Einstein, by Pushkin and Dostoevski, and by the joy and zest and adventure and freedom of the great American experience, and all that these names concretely mean—can such a civilization lack supreme values for its conviction and burning fire for its will? Who else has anything comparable with this incomparable heritage? America and the West underestimate their immense potential.

For months now, the world has been focusing on Lebanon as a problem. The problem is not Lebanon or the importance of Lebanon. The problem is the West. Indeed, the importance of Lebanon is precisely that it raises the problem of the West. Lebanon would never have been a problem if the West itself were not the problem. And the West is not only the problem but also the solution. That is its singular greatness. And the solution is to be true to the deepest value of the West: the primacy of the spirit and the feedom of the soul.●

EL SALVADOR AND GARY McGOVERN

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. LAGOMARSINO. Mr. Speaker, The Presidential campaign being waged by GARY HART raises a number of questions about his views of U.S. foreign policy and U.S. security interests. These questions require thoughtful, considered answers. Columnist Patrick Buchanan discusses the implications of these issues in a recent commentary in the Washington Times. I believe my colleagues should give their attention to these questions as well.

EL SALVADOR AND GARY MCGOVERN

(By Patrick Buchanan)

On Sunday, 30 young men in El Salvador, army and militia, were killed in action protecting their countrymen, as 70 percent of those eligible went to the polls. It was the second moving manifestation of faith in democracy in two years.

In the United States, roughly half those eligible bother to vote. If we knew some of us would be ambushed and executed along the way, how many would make the trip?

Whether the ultimate victor is the democratic socialist Jose Napoleon Duarte, or the conservative-nationalist Roberto d'Aubuisson, the people of El Salvador have made a simple, eloquent statement: We wish to choose our own leaders; we do not want a regime imposed upon us by the terror and violence of those who attempted to disrupt these elections.

What El Salvador asks of the United States, now, is a modest request: That we, the richest and most powerful of democracies, provide them with the military means to protect the embryonic democratic institutions in which they have manifested their faith. If that military aid is cut off, says Mr. Duarte, "The country will not survive more than a year . . . the communists will take over."

On Capitol Hill, however, the Democratic Party is maneuvering to eliminate that military aid; failing that, to restrict it to such levels that El Salvador's army, fighting on starvation rations, could not survive. As the indispensable allies of Castroism in Central America are the liberal Democrats in the Senate and House, so Fidel's last best hope of recapturing in Central America what he lost in Grenada lies with the candidacy of Gary Hart.

Defeated in Michigan and Illinois, momentum slipping, Mr. Hart has emerged from the closet as the McGovernite he has always been, deploying the same rhetoric against U.S. involvement in Central America that his leader and mentor used about Vietnam.

"I think our forces ought to come out of Central America," he proclaimed in the Chicago debate, "If we do that, we'll save hundreds of thousands of young American lives."

Again and again in Third World struggles, Mr. Hart declares, the United States has "been on the side of repression and corruption and privilege in these battles and that has inevitably been the losing side."

In a full-page ad, tailored for the old antiwar crowd in New York, Mr. Hart drew the parallel even more exactly. "The policies of the Reagan administration have set the stage for another Vietnam . . . As a first step on the path to peace. I have called for the immediate withdrawal of U.S. combat troops from Central America."

President Reagan termed Vietnam "our finest hour," Mr. Hart states, "while I was working with Robert Kennedy and George McGovern to end this tragic war."

Here, perhaps, a correction is needed. Mr. Hart and Mr. McGovern did not, by voting to terminate American involvement in Vietnam and by cutting off Saigon—as they would cut off San Salvador—"end" that "tragic war." They helped mightily to usher in a communist military victory that triggered the greatest human rights holocaust since the fall of China. Thousands of our allies were executed; tens of thousands put into labor camps that became death camps; hundreds of thousands perished as boat people in the South China Sea. In Cambodia, between 1 million and 3 million died in the first years of peace.

Does Mr. Hart consider that an acceptable, indeed, a preferable "peace" in Central America?

If the United States and Ronald Reagan were on the wrong side in Southeast Asia, whose side was Gary Hart on? Uncle Ho's or Pol Pot's?

If the 55,000 Americans whose names grace the black granite walls of the Vietnam Veterans Memorial died fighting "on the side of oppression and corruption and privilege," what, exactly, was that "side" Gary Hart supported fighting for?

What is taking place in El Salvador and across Central America is, in part, a civil war. But, to state, as Mr. Hart does repeatedly, that the enemy in Central America is not communism but poverty, is as inane and absurd as to argue that the Spanish Civil War was fought over the minimum wage.

The battle for Central America is the spearpoint of the Soviet invasion of the Western Hemisphere—mounted from its Cuban base and Nicaraguan beachhead—having as its strategic objective the severing of the continents of North and South America through establishment of half a dozen revolutionary regimes, the military elimination of which would require an American invasion force of a million men.

Strategic considerations aside, what sort of elitism and racism is it that contends the United States should go to war with the Soviet Union to keep 2 million West Berliners out of the grip of Erich Honecker, but not even send El Salvador the weapons it requires to keep 5 million people out of the grip of Fidel Castro?

Mr. Castro ought to take another look at Gary Hart's "new ideas;" I think he'll like them.●

SALUTE TO NORTH CAROLINA'S NATIONAL GUARD

HON. JAMES G. MARTIN

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. MARTIN of North Carolina. Mr. Speaker, I bring to the attention of the Congress an award for special achievement that on March 31 has been presented to the North Carolina National Guard. The Secretary of the Army, John O. Marsh, on behalf of the Army Aviation Association of America, has awarded the Reserve Component Aviation Unit of the Year Award to Attack Company D of the 28th Aviation Battalion.

This very prestigious citation was presented to this unit of the North Carolina Army National Guard, operating out of Raleigh-Durham Airport and Salisbury-Rowan County Airport, for special training in helicopter tactics, including low-level night flight operations. It is noteworthy that 31 of their 48 helicopter aircraft and over 90 percent of their 61 eligible pilots have been qualified successfully for this technically difficult training mission.

For outstanding achievement and recognition in the service of our country, we salute the officers and all personnel of Attack Company D.●

MORE ON BANKRUPTCY

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. RODINO. Mr. Speaker, I rise to share with my colleagues an editorial which appeared in today's edition of the Wall Street Journal. I also wish to draw your attention to a New York Times editorial appearing on March 28, 1984. You will note their similarity.

Two leading newspapers of our Nation—one liberal, one conservative—united in their condemnation of the results of our congressional bankruptcy legislative efforts.

And they are both right. The history of the past few years in this area of the law is disgraceful.

How did it happen? How did Congress let itself get to this point? The only answer is that all the special interests were so interested in only their own special desires that they all forgot and did not care about the central issue, which is what happens if the bankruptcy system fails. Someone recently compared it to passengers on an airplane all fighting over who gets to sit on the aisle while the airplane itself is on its final dive into the ground because there is no one making sure it was going to keep flying. If

each group had been willing to spend some of its effort in an attempt to pass a constitutional system and then tried to obtain the changes they felt they needed, this process would have been more orderly and, ultimately, the Congress would have dealt with each of the many issues on its merits. Alas, it was not to be.

[From the Wall Street Journal, Apr. 5, 1984]

SYSTEM IN BANKRUPTCY

Two years ago, the Supreme Court put Congress on notice that our system of bankruptcy courts was unconstitutional and needed legislative reform. The deadline for reconstituting the courts was to be this March 31. Well, the bell tolled last week and Congress had produced no solution, except to give itself a 30-day extension. This anticlimax is what we have come to expect of modern-day congressional behavior.

The 1978 bankruptcy-law reform created a corps of bankruptcy judges appointed by the president for 14-year terms. In 1982, the Supreme Court said judges with so much authority needed the same kind of judicial independence that regular federal judges enjoy. This independence requires job protections such as lifetime tenure and a secure salary. Congress was supposed to fix things up.

So what happened? First, the regular federal judges said bankruptcy judges shouldn't have their position improved. The federal judges worried mightily about diluting the statute of the judiciary. They feared that bankruptcy judges covering just one area of the law would be vulnerable to improper control by special interests and the specialist bar. The arguments were not very persuasive. But the House passed a bill keeping the bankruptcy judges in their inferior state and presenting almost the same constitutional problems that miffed the Supreme Court the last time around.

Next, various special interests climbed aboard the legislative train. The consumer-credit industry wanted the bill to create terms more favorable to it. So did shopping-center owners. So did farmers with investments in bankrupt grain elevators. The congressmen managed to accommodate all of them. These special interests were not vicious insects crawling over the body of a clean piece of legislation. Existing bankruptcy law is already vastly complicated. What's more, everyone recognizes that the 1978 bankruptcy-law revision was systematically pro-debtor. It is no surprise that the other side should begin campaigning to get some of its own back.

But when you believe in "fine-tuned" legislation to provide exact justice to each different segment of society, you are letting yourself in for constant trench warfare, as was evident last week when the congressmen debating the bankruptcy bill tried to accommodate the interests of labor.

The Supreme Court recently affirmed that a financially troubled company may abrogate its labor contract if the move is in the best overall interest of all the parties involved. The court also said that a company filing for bankruptcy may make this move before a court has given its approval. The decision sent labor into the legislative arena, and on this one there was total deadlock.

The House passed a bill including a pro-labor reversal of the Supreme Court decision. The Senate devised a more mixed version: It required a court to approve a business's labor-contract cancellations in advance, but it kept the standards a business had to meet in these cases more like the conditions a company must fulfill to cancel other types of debts. Crucial parts of labor and business alike balked. The deal fell apart. The deadline was missed.

You can't shed many tears for the special-interest aid in this collapsed legislation. You can note that Congress's insult to the bankruptcy judges didn't become law. But it is distressing to realize that the legislation likely to emerge from next month's wheeling and dealing will doubtless be not better than what we almost got this time.

[From the New York Times, Mar. 28, 1984]

BANKRUPT ON BANKRUPTCY

For two years Congress has had the simple but important task of establishing efficient, constitutionally sound bankruptcy courts. Both political parties are failing that assignment, shabbily surrendering to special interests led by unions and the consumer credit industry.

The job was simple because no massive new bankruptcy code was needed. All Congress had to do was to respond to a Supreme Court decision that struck down one disturbing feature of the bankruptcy reform law of 1978.

It was especially important to complete the task at a time of mounting financial failures. The stronger the bankruptcy system the more effective the rescue of foundering firms and individuals, and the fairer the distribution of debts to creditors.

Instead, Congress is belatedly rushing to create an awkward, two-tiered Federal judicial structure that will prolong litigation and increase court costs.

The 1978 reform was worthwhile but flawed. It created a special bankruptcy court with vast powers to settle all legal problems of a failing business or individual in one tribunal. But bankruptcy judges were denied the guarantees of independence that the Constitution requires for Federal judges—lifetime tenure during good behavior, secuirty from salary cuts. To let judges with limited security wield such far-reaching authority was unconstitutional, the Supreme Court said.

Last year the House Judiciary Committee responded with a clean proposal giving bankruptcy jurists life tenure and secure pay, somewhat lower than that of other Federal judges. Then the consumer credit industry persuaded the Senate to add provisions that would make it harder for installment debtors to gain forgiveness. Then farmers obtained new rules for grain elevator failures. Then shopping center owners got new rules for dealing with failed tenants.

Now the House has hung organized labor's plum upon the Christmas tree. In a floor amendment, with no hearings and little debate, it voted to change law as interpreted only last month by the Supreme Court so that courts would now be forbidden to abrogate labor contracts with companies seeking to reorganize in order to avert formal bankruptcy.

To complete the mischief, the House joined the Senate in sabotaging the original assignment—streamlining the court structure. In this it was egged on by the Federal judiciary, which fears that 227 new lifetime judges will dilute the prestige of those already on the bench. The pending bills would staff bankruptcy courts with untenured judges, whose most important decisions would therefore have to be completely reviewed by Federal district judges.

In the effort to resolve differences between equally disgraceful Senate and House bills, the only question now is whether to set limits on the provisions for labor, installment creditors and other special pleaders. The citizen's best hope is for no law at all, a true confession of Congress's insolvency.●

USIA SHOULD HEED WRITER'S ADVICE

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. SIMON. Mr. Speaker, in the St. Louis Post-Dispatch I saw a reprint of an article that appeared originally in the New York Times written by Sally G. Greenway about the Voice of America and what we are doing.

My friends at the USIA would be well advised to tone down the shrillness of their message.

What Sally Greenway writes, we should all listen to.

AMERICA SPEAKS WITH A SHRILL VOICE

(By Sally G. Greenway)

The large Voice of America transmitting station on the island of Rhodes, Greece, is assisted these days by excellent satellite relay, and it renders its broadcasts clear and strong. This is unfortunate, for in the last three years the content of its English-language broadcasts has become so blatantly self-serving of Reagan administration policies that in Greece it is no more credible—and perhaps a little less so—than Radio Moscow. The major difference between the two is that Radio Moscow prefers symphonic music while the Voice of America promotes bubble-gum music.

As a United States citizen living abroad, I assume that these English-language news and features broadcasts are aimed primarily at me and others like me and, secondarily, at those foreigners who incidentally happen to understand English. for the past five years, I have awakened to a Voice of America broadcast, and, for the past three years, in 1983 particularly, it has unwittingly provided just the proper seasoning of black humor with my morning tea and honey.

All Greeks do not, however, possess the ironic faculty, and this winter the Greek government announced that it plans to "re-evaluate the status and operations of the VOA and U.S. military broadcasts in Greece." Other socialist governments, especially those in sensitive countries of southern Europe, may well follow suit, cutting back, if not cutting out.

In the five years since I made its daily acquaintance, the Voice of America has degenerated from an innocuous, often entertaining mix of news and varied features to an organ for right-wing tirades.

Only Israel and Turkey seem to remain exempt from its skewed criticism—a particularly unfortunate bias in this part of the world. One recent broadcast, exquisitely timed to appeal to Greek sensitivities, was a half-hour paean of unqualified praise for the Turkish government. Such praise may indeed coincide with the views of the editors at the Voice, but whatever made them choose to broadcast it over the Greek airwaves at the moment when the Turkish Cypriots declared their part of Cyprus to be

an independent state? Surely it was clear even in Washington that that was a low point of Greek-Turkish relations.

This type of thoughtlessness—this disregard for audience concerns—would be unthinkable in commercial broadcasting. It is also ultimately self-defeating. Yet it has become commonplace on the voice of America.

Virtually no broadcast escape the ideological coloring—the exaggerations and other distortions—of the United States Information Agency. Is it conceivable, even to relatively uniformed listeners in southern Europe, that the diabolical Soviet military machine systematically immolates Afghan infants for the sheer, animal joy of the sport? And was the Soviet downing of the South Korean airliner truly a disaster equal in magnitude only to the Holocaust? I don't know what most Greeks think of this, but it all passed as "factual" reporting on the Voice of America.

For the sake of us misguided liberal expatriates, the VOA does provide time for the liberal outlook in a singularly inane feature called "Viewpoint." But the people at the USIA have studied their Goebbels. Usually they counterpose some barely articulate functionary from an obscure liberal "think tank" against a well-spoken and well-known conservative from a major university or distinguished corporation. Needless to say the token liberal more often than not is outmaneuvered and outclassed.

On other occasions, the VOA is quite transported by right-wing fervor. That would be fine in small doses: Even the hard right deserves a chance to have its say. The problem is one of proportion—for most European audiences cannot be expected to understand that these long polemics by snide racists and closet John Birchers do not necessarily represent mainstream American opinion.

If the Voice of America's mission is to present a positive image of the United States and its policies to citizens of other countries, it is failing dismally in its task. Charles Z. Wick, the director of the USIA and a personal friend of President Reagan's, has apparently redefined that creditable goal and is transforming VOA programming into transparent propaganda.

This obvious manipulation of a medium that is sponsored by the United States government and subsidized by Americans' taxes is both embarrassing and annoying to those of us who genuinely wish to see America's better qualities represented abroad. Surely, those qualities can stand unsupported by crutches of propaganda and misinformation.●

COALITION FOR PEACEFUL USES OF SPACE

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. BROWN of California. Mr. Speaker, I am deeply concerned about the events of the past week which have taken us one step closer to an all-out arms race in space. The administration released a report on March 31, entitled "U.S. Policy on ASAT Arms Control," as required by Congress before $20 million in antisatellite procurement funds could be released. The report makes it clear that the administration has no intention of seeking negotiations with the Soviet Union on ASAT's. Under another provision passed by Congress, the administration is required to endeavor "in good faith to negotiate a mutual and verifiable ban" on all ASAT's before the weapon can be tested against an object in space.

Also disturbing was the appointment of Air Force Lt. Gen. James A. Abrahamson, formerly associate administrator of NASA for space flight, as the director of the Strategic Defense Initiative (SDI). This appointment is premature in that Congress has not yet approved funds for this enormously expensive program.

In a bipartisan effort to slow the accelerating arms race in space, 19 of my colleagues and I have formed the Coalition for the Peaceful Uses of Space. Noted individuals and organizations are also involved in this effort. The coalition's objectives include the following: Achievement of a mutual U.S.-U.S.S.R. test moratorum of antisatellite (ASAT) weapons and a U.S.-U.S.S.R. negotiated ban on ASATs; achievement of a funding cap on Department of Defense fiscal year 1985 strategic defense programs aimed or based in space; renewed commitment of the United States to the ABM Treaty; and finally a ban of weapons of all kinds from or directed toward space. I urge my colleagues to join me in pursuing these objectives.

For nearly 40 years the nuclear arms race between the superpowers has been waged. This dangerous and wasteful nuclear crusade must come to an end. At no other time in the past 40 years have we had a better opportunity to put a stop to arms proliferation than we do now. The growing nuclear stockpiles in the United States and U.S.S.R. have become redundant because of the overkill factor. Programs to use new technologies for missile defense, such as ASAT's and the Strategic Defense Initiative, are still in the initial phase of development—slowing these programs down now would be much easier than waiting until they are fully operational.

Below is a list of my colleagues who have already joined the effort to keep space free of weapons. I would also urge my colleagues to review the following article.

MEMBERS OF THE COALITION FOR THE PEACEFUL USES OF SPACE

Members of Congress: Mr. George E. Brown, Jr., Mr. Joe Moakley, Mr. Jim Leach, Mr. Matthew McHugh, Mr. Al Gore, Mr. John Seiberling, Mr. Berkley Bedell, Mr. Fortney (Pete) Stark, Mr. Larry Coughlin, Mr. Mel Levine, Mr. Nicholas Mavroules, Mrs. Patricia Schroeder, Mr. Norm Dicks, Mr. Tim Wirth, Mrs. Claudine Schneider, Mr. Robert Kastenmeier, Mr. Richard Durbin, Mr. Michael Barnes, and Senator Paul Tsongas.

Individuals and public interest groups:

Ambassador Gerald Smith, Dr. Herbert Scoville, League of Women Voters, Federation of American Scientists, Union of Concerned Scientists, Physicians for Social Responsibility, Center for Defense Information, Arms Control Association, Council for a Livable World, Dr. Richard Garwin, Dr. Carl Sagan, The Committee for National Security, The Institute for Security and Cooperation in Outer Space, Environmental Action, Friends Committee on National Legislation, Americans for Democratic Action, Women Strike for Peace, Professionals' Coalition for Nuclear Arms Control, Dan Deudney, and Council on Economic Priorities.

[From the Peninsula Times Tribune, Mar. 11, 1984]

A FOCUS ON ARMS CONTROL IS MORE REALISTIC

(By Sidney Drell)

President Reagan's call to shift from deterrence based on the threat of nuclear retaliation to reliance on defense against nuclear annihilation is not new. It has been rejected before on technical grounds: We simply do not know how to build such a shield, particularly in view of the relatively simple steps the offense can take to defeat it. During the earlier debates it was also realized that the pursuit of defenses—or ABM systems—can in fact prove harmful to our security since each nation fears the purpose as well as the capability of its opponent's defenses. We may believe that our defenses enhance deterrence by diminishing the threat of a Soviet first strike. The Soviets, however, may see them as evidence of U.S. preparations for a first strike, a first strike that would leave them with a weakened retaliatory force against which our defenses, though imperfect, would be relatively more effective. President Nixon gave this very rationale in explaining his decision not to deploy a nationwide ABM system in 1969 and in negotiating the ABM Treaty of SALT I that is in effect today.

Since then there have been tremendous advances in technology, which include producing directed energy beams of high power that travel as accurate bullets at the speed of light, and more efficient gathering, processing, and transmitting vast quantities of data for the purpose of battle management. The crucial question is whether these technical advances offer new promise of building an effective defensive system, i.e., can we now solve the problems that led us to conclude, the last time around, that an effective defense was impossible?

Is it universally recognized that no single technology offers a prospect of providing an impenetrable shield or anti-ballistic Maginot Line. Therefore the concept of a "defense in depth" has developed—i.e., a defense with several layers based on different technologies. The important first layer of this system would supposedly destroy most of the missiles right after they are launched. Subsequent layers would attack the remaining warheads high above the atmosphere, and the final layer would intercept the few survivors during the last minute or two when they re-enter the atmosphere near their targets.

However, as we look at each layer of this defense, we encounter problems of monumental magnitude. To take one example, consider a space-based system orbiting the earth and designed to attack missiles shortly after launch. The most advanced of these concepts envisages very high-powered lasers and large optical systems which must oper-

ate with near perfection. Imagine how many lasers will have to be put in orbit. Remember that each laser station is circling the earth and will be within kill range of Soviet ICBM launch areas only a small percentage of the time. The number comes out between 100 and thousands, depending on how optimistic one is in extrapolating the performance of the laser systems far beyond current technology. Not surprisingly, so extensive a space-based system is very expensive—there have been published cost estimates ranging upward from $500 billion. However, there remains a more serious problem for this or for any space-based system: its extreme vulnerability to direct attack. Most simply, the space stations can be destroyed by cheap space mines placed in nearby orbits and detonated by radio command from ground. Vulnerability is no less serious a problem for the hybrid systems some have proposed with the lasers on ground and large relay mirrors in space.

If space-based systems won't work for the crucial first layer of the defense, let us consider a ground-based one that is small and light enough to be launched into space at the time of attack; i.e., a "pop-up" system. The X-ray laser pumped by a nuclear explosive is a leading candidate for this. Here again we run into a very severe limitation: the lack of time. Against the current Soviet missile threat, such X-ray lasers have only 3-5 minutes in which to do their job. However, X-rays are absorbed by the atmosphere, and so such a defensive system must itself quickly "pop up" to an altitude well above 100 miles in order to be able to shoot at the attacking missiles. This means that the defense has literally only seconds in which to learn of an enemy attack and be launched. Evidently, such a "pop up" system will have to be fully automated, with all decisions as well as operations turned over to the computers. Moreover, the offense can defeat even this possibility of a defense by redesigning its missiles to burn more rapidly in order to deny even these few seconds. To do so, the offense will have to pay only a slight penalty in efficiency, perhaps 10 to 15 percent.

Technologies other than laser beams are even less far along as candidates for ABM systems. Particle-beam technology is the least mature of the directed-energy technology efforts.

The data-handling—or battle management—problem is thought by many to represent the most stressing technological problem, and it is not fully understood at present. Furthermore, a complex advanced technology defense would have to work to almost 100 percent perfection the first time it was used, even though never tested under realistic conditions in the midst of nuclear explosions.

Despite major technical advances in recent years, we do not now know how to build an effective strategic defense. Nor do I see any real prospect of one in the foreseeable future, unless the offenses are tightly constrained technically and greatly reduced numerically. I agree with Dr. Richard DeLauer, undersecretary of defense for research and engineering, who said last November in the New York Times that "With unconstrained proliferation, no defensive system will work."

As we now undertake an intensified R&D effort aimed at altering the U.S.-Soviet strategic relationship in a very fundamental manner, we must carefully assess the policy implications. It is misleading to say that defenses are harmless and both countries should go ahead with them in order to strengthen deterrence. We saw during the last major ABM 15 years ago that it can stimulate an accelerated buildup of offensive forces. That is precisely how we started on our way to MIRVs, designed to overpower potential Soviet ballistic missile defenses by multiplying the number of warheads on each missile. Both the U.S. and the Soviet Union have to be concerned with the intention of an opponent who modernizes and strengthens his offensive missile forces with weapons that are increasingly capable of first strike, at the same time that he pursues defenses. The pressure for a continuing offensive buildup can be seen in the president's March 23, 1983, speech: "As we proceed (with ABMs) we must remain constant in . . . maintaining a solid capability for flexible response." A distrustful adversary could legitimately argue that the U.S. might well be intending now—or perhaps may decide in a future crisis—to strike first and rely on its defense to deal with a crippled retaliatory response by the Soviets.

I see no prospect today of finding a technological fix to our perilous strategic situation with nuclear weapons. The path to a more secure world must be paved, at its start and for a long distance en route, with constructive efforts at understanding and negotiating toward reducing their threat. This makes it all the more important for us to pursue effective arms control with the Soviet Union, while simultaneously maintaining stable and secure deterrent forces. While working toward a long-term goal of making nuclear weapons obsolete, a goal of considerable merit, we must also use a mixture of diplomatic and defense measures to work to ensure that the nuclear weapons are never used. For the present, I believe this calls for reaffirming the basic concepts of the U.S.-Soviet strategic relationship as reflected in the ABM treaty.●

VOICE OF DEMOCRACY SCHOLARSHIP PROGRAM

HON. HERBERT H. BATEMAN

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. BATEMAN. Mr. Speaker, it was recently announced that Janine Ames, a young lady from West Point, Va., in my congressional district, had won the Veterans of Foreign Wars 1984 statewide Voice of Democracy Contest. It is with great pride that I submit her speech entitled, "My Role in Upholding the Constitution" for publication in the Congressional RECORD. It gives us all nourishing food for thought.

1983-84 VFW VOICE OF DEMOCRACY SCHOLARSHIP PROGRAM VIRGINIA WINNER, JANINE AMES, WEST POINT, VA.

I won't mention that the title of this speech is my role in upholding the United States Constitution. Most people would turn me off right away at the mention of this one word "constitution". When we think of the constitution, we picture articles and amendments. We think of laws and rights and even loopholes. But what we don't think of is the most important aspect of this document. We don't think of what it actually symbolizes. Exactly what does this piece of paper stand for? What ideals did our forefathers have in mind when they composed these standards for the United States. I believe they were thinking of much more than a set of guidelines for our government. They were illustrating a dream. They were creating a nation where people would command the government instead of the other way around. They were declaring democracy and with that declaration they proclaimed respect and freedom for every individual. The freedom of choice is the essence of our ideals. We choose our own religion, our careers, our leaders, and the moral standards by which we live. We exercise this freedom every single day. But how many of us think of the constitution when we vote or go to work or attend church? Few of us think of the constitution at all, much less our role in upholding it. Of course, our obvious role involves abiding by the laws, voting, and supporting the decisions of our leaders. But to me our most important role is believing in the ideals established by this document,—believing in democracy. The word democracy literally means government by the people, but this word implies much more. It implies liberty, individualism and faith in our system of government. Lately, it seems we have little faith in our country. This makes it all too clear that we have little faith in ourselves. Perhaps we feel inadequate in choosing our leaders. Too often corruption is associated with politics. I admit there have been scandals. There have been times when elected officials have not lived up to our expectations. There have been times when we were ashamed of their actions. What we don't consider is how many times we have been proud of their strength and their moral character. For example, just recently, the Soviet Union cruelly blasted a civilian plane out of the sky, killing 200 innocent people. We were shocked at such a brutal and thoughtless act. But we were proud to say that we would never think of doing that. We have respect for human life. Yes, patriotism was evoked in American hearts, but why does it take such a tragedy to remind us that we are Americans? We remember corruption but not morals or strengths. For this reason we have little trust in our elected officials.

We don't even bother to listen to their political double talk. Perhaps government has become so complicated that only experts can understand. The truth is that many of us don't take the time to try to understand. We get annoyed when the President interrupts prime time television to explain foreign policy or the state of the Union. In our annoyance, we turn him off without even giving him a chance to explain his actions. But you see that is just it, we are free to turn him off. We are free to stand in judgment when we do not even understand the situation. The sad part is, so many of us do just that. This is more than not upholding the constitution, this is slighting it. We have plenty of people exercising their freedom of speech and religion—all of us do. But how many of us uphold our ideals? How many of us have faith in our nation? Our forefathers had faith. It was their belief that has made our system work for over two hundred years. What we need is a restoration of that kind of faith. We all have a personal obligation as Americans to uphold their dream of democracy.●

RON SCHOCK, WINNER OF VFW VOICE OF DEMOCRACY SCHOLARSHIP PROGRAM

HON. DICK CHENEY

OF WYOMING

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. CHENEY. Mr. Speaker, for more than 20 years, the Veterans of Foreign Wars of the United States has administered a Voice of Democracy scholarship program. The contest challenges the intellect of young students across the country who must compose especially noteworthy and patriotic speeches for the consideration of the judges. This year the number of participants exceeded one-quarter million, of which five were selected as national scholarship winners. The winners from each State were brought to Washington, D.C. by the Veterans of Foreign Wars for final judging. Ron Schock, who attends Buffalo High School in Buffalo, Wyo., wrote the winning speech for the State of Wyoming. As Ron's Representative in Congress I take special pride in presenting his speech entitled "My Role in Upholding the Constitution." I would like to urge my colleagues to read Ron's award-winning speech:

The speech follows:

MY ROLE IN UPHOLDING OUR CONSTITUTION

Judges, fellow contestants, and friends.

We are gathered here tonight in a meeting. Now, it's not a meeting of significant historical importance, yet it is important to us. When we think of renowned meetings in history, such assemblies as Camp David and the SALT Talks come into mind. But, let us work our way back. Back to possibly the most important meeting in United States history. The founding of the United States Constitution. This meeting set the extremely important guidelines by which we are living today.

When I decided to accommodate the large task of determining my role in upholding the United States Constitution, I knew I needed a strong, reliable source and what better source to turn to, than the United States Constitution? But, that's only a document, a guideline with laws. What good does that do me? While I didn't look all through the constitution for every applying phrase or amendment, I had to search no further than the Preamble, that one opening sentence that is now, and should remain to be so familiar to all Americans. Our forefathers stated their reasons for the construction of the constitution in the Preamble, and I feel they also outlined my responsibilities as an American for upholding the constitution.

First, let's look at the obligation of forming a more perfect union. This challenge has been called vague and inexplicit. But, this accusation comes from those who are not looking for a way of helping our country, but rather a way to escape this responsibility. To the loyal American, there are numerous actions that will appropriately carry out this request. The most important action to me is that of living for the improvement of America. Too many times citizens raise problems within our country in an attempt to break it apart. Now granted, our country, as all countries, faces trials, but protest groups are not the solution to these problems. They must be solved calmly and openly if any progress is hoped to be made. After all, if we don't keep peace within our country, how can we hope to achieve peace internationally?

I feel it is my responsibility as an American to get others to work for America and not against it.

The second point of importance which I found in the Preamble was that of establishing Justice. Now you may say this was a goal of our forefathers and it has been accomplished. But keeping justice is a never-ending struggle. Justice is the key to the security and prolonged life of America. The key that guides us through life and keeps opportunities open for Americans young and old. Justice can be the best thing to happen to America if used wisely, but if it is used carelessly, it will send us into an incorrigible spin of self destruction.

The final portion of the Preamble that I have chosen to present is the grand task of securing the blessings of Liberty. Though monumental, it certainly is an attainable goal. This task, I feel, is a special one. Like all of the others, the benefits we receive will be only as good as the work we put into them. We as Americans cannot expect to gain without some sacrifice. Our forefathers worked desperately to get the young country on her feet, and now we must work even harder to keep America the land it is and the land it can be.

Of course, I didn't have the time to bring out every point the Preamble makes. I can only hope that you as Americans have been properly motivated towards working for America on your own. If every man, woman, and child would do their part, if everyone would care enough to work for the country, no other threatening force no matter what the magnitude, would be able to cross us. If this were to be achieved, we would be one giant step closer to international peace. Working together for the benefit of America. That's the key. Do your part people, so that America will remain to be the land of the free, the home of the brave, and America . . . the beautiful.●

WHY IS GROUND WATER SPECIAL FOR CHILDREN?

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. OTTINGER. Mr. Speaker, I am including in the RECORD today a most extraordinary statement by the 6-year-old daughter of a member of the staff of the Environment and Energy Institute, Garren Campbell Bird, on a child's perspective on ground water contamination. It shows both how bright Garren is and how extensive is the public understanding of the seriousness of our ground water pollution problems. I thought it would be useful for my colleagues to have a chance to see this fine letter.

WHY IS GROUND WATER SPECIAL FOR CHILDREN?

Children drink from it. People drink from it. Animals drink from it. Ground water is used for irrigation for desert plants.

Chemicals get in ground water so people can't drink from it. People must be careful where they put chemicals so they won't get in ground water.

From GARREN.

(Courtesy of Judy Campbell Bird)●

COMMENDING CAMILLE A. KUMMER ON HIS RETIREMENT

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. CONTE. Mr. Speaker, I would like to take this opportunity to honor Camille A. Kummer of Holyoke, Mass., upon his retirement as general manager of the Appleton Corp., a property management company serving the needs of the elderly across western Massachusetts.

During his nearly 20 years at Appleton and it's parent company, Daniel O'Connell's Sons, Inc., Mr. Kummer has combined the best of both business acumen and community service. Under his direction, these two companies have constructed numerous housing projects for the elderly and handicapped within my district. From Pittsfield to Northampton, I have witnessed Mr. Kummer's efforts on behalf of the elderly and handicapped. And indeed, he deserves wide acclaim as a competent and compassionate businessman who has truly served his constituency.

Without abandoning his profound dedication to the aged and infirmed, Mr. Kummer took a company of two individuals and created one of western Massachusetts' most respected property management concerns. At the same time, he remained deeply committed to many other community activities, serving as his parish council's president and earning the honor of a 4th degree Knight of Columbus. My words of praise, however, pale in comparison to the testimony of the thousands of elderly people for whom has provided comfort and compassion. It is both a pleasure and an honor for me to rise today and commemorate the occasion of his retirement.●

THE EMPLOYEE HEALTH CARE COST REDUCTION ACT OF 1984

HON. WILLIAM E. DANNEMEYER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. DANNEMEYER. Mr. Speaker, while Americans rejoice over the tremendous advances in medical science

that have emerged in recent years, advances that have made it possible to treat and often cure disease and conditions that would have been fatal not long ago, a dark cloud is beginning to gather on the horizon. Like the thunderclouds that boil up every spring, this is not the first time this cloud has cast a long shadow.

But it is getting darker and more menacing with every passing day, threatening practically every American family affected by serious illness with the prospect of acute financial deficiency. Many families cannot afford the rapidly rising cost of health insurance and even those who can afford it may find themselves having to come up with thousands of dollars out of pocket in the event of serious illness because their health insurance does not stretch far enough.

That cloud, of course, is the specter of rapidly rising health care and health insurance costs. Last year, for instance, medical costs rose 8.7 percent and physicians fees 6.4 percent while the Consumer Price Index (CPI) only rose 3.2 percent. The year before, it was much the same story; health care costs rose 11.9 percent compared to a 6.1-percent increase in the CPI. In fact, in 16 of the past 20 years health care costs have risen faster than the cost of living generally, putting tremendous pressure of health insurance premiums and those Federal programs—medicare and medicaid in particular—designed to help the elderly and the poor. From their inception in 1965 and 1967 respectively, the combined cost of medicare and medicaid—to the Federal taxpayer—has reached the $92 billion level, which accounts for roughly 2.3 percent of our gross national product (GNP).

Speaking of GNP, it should be noted that health care costs are not only rising faster than other costs, but they are consuming a greater percentage of our gross national product. In 1960 we, as a nation, spent 5.3 percent of our resources on health care. Next year, just 25 short years later, health care costs will account for 11.4 percent of our GNP, meaning that, if this trend continues, one of two things will happen. Either the growth in health care costs will be curtailed by one means or another or we will face the prospect of having to limit the availability of health care services.

Inasmuch as no one wants, or has ever wanted, to ration health care, the real question is—how else are we going to curb the rise in health care costs? The American Medical Association (AMA) is to be commended for its call for a voluntary 1-year freeze on physicians fees but, however meritorious, that alone is not quite enough. Likewise, the new diagnosis-based reimbursement system for medicare and medicaid will give health care providers an incentive to cut costs and the overutilization of services, but it does nothing to give that same incentive to health care beneficiaries. What is needed is a program that will give the prospective patient an incentive not to seek expensive medical diagnosis or treatment for every little headache or toe-ache while, at the same time, providing coverage for those times when medical care is really needed.

Mr. Speaker, today I am introducing a bill that I believe will facilitate just such a program. Basically, what this measure will do is give employees, who are members of a group health insurance plan, an option of choosing coverage with a higher deductible in return for a contribution, made by his employer, to his IRA. The amount his employer would contribute would be equivalent to the premium reduction that his employer would realize from the switch from low-deductible to higher deductible health insurance coverage.

In addition, any financial institution agreeing to handle an IRA into which such contributions would be made would also have to agree to extend a line of credit to the employee, up to the amount of the higher deductible, to cover medical expenses that would otherwise have been covered by the employee's insurance, provided, of course, that a licensed physician certified the validity of those expenses. Thus, even those who are already opting for high-deductible coverage would have some incentive to participate; even though they might receive little or nothing in the way of an employer contribution, they would still gain access to a line of credit for medical emergencies.

In theory, at least, everyone should benefit from implementation of such a proposal. The employee who decided to participate would receive a contribution to his or her IRA and/or a line of credit for medical emergencies that would not otherwise be forthcoming or available. The employer, who would not incur any additional cost in the short run, might realize a reduction in the rate of increase of high-deductible insurance over the longer term. The participating financial institution would get some new business that it might not otherwise obtain.

And, finally, the general public would benefit by virtue of the fact that health insurance premiums and the cost of Government provided health care programs would not go up so fast, which brings us back to the fact that an employee, knowing that he or she may have to pay a relatively small medical bill out of pocket—with high-deductible coverage—will think twice about incurring that bill.

Rather than going to the doctor right away, he or she may take an aspirin or an Alka-Seltzer and see if they help matters. More often than not, nonprescription drugs, time, rest, or some combination of the three will work wonders not the least of which will be the easing of demand for, and subsequently the cost of, professional health services. Likewise, the thought that a loan against one's IRA might be necessary to cover the cost of that discretionary test or X-ray might deter a sick worker from demanding more in the way of health care than is really necessary.

As for how this idea would work in practice, one of the purposes in introducing the Employee Health Care Cost Reduction Act of 1984 at this time is to solicit comments and criticism from affected parties ranging from beneficiary representatives to those in the insurance industry. From them we should be able to get a better idea of how it would work and what kinds of refinements, if any, need to be made. Evidence already exists, however, in the form of a preliminary Rand Corp. report on the relationship between health cost sharing, better known as deductibles, and the demand for medical services, to the effect that "total expenditure per capita * * * rises steadily as coinsurance falls."

More specifically, this interim study, which was published in late 1981, suggests that those with full insurance coverage have a per person health care expenditure level almost 16 percent higher than those who pick up 25 percent of their medical costs and 60 percent higher than those who had what amounted to income related catastrophic health insurance. Based on this evidence, and the obvious need to curb the rise on health care costs, the least we should do is give the concept I have just described a full hearing and a fair trial and that is exactly what the bill I am introducing will permit.

Nothing in it will require any employer or employee to participate but, on the other hand, those who would like to give it a try, would be able to do so. Implementation of this proposal should cost the Federal Government nothing—from a tax standpoint an employer contribution to an IRA would be treated no differently than insurance premiums paid by the employer; both are ordinary deductible business expenses—and there is a very real prospect that Federal taxpayers as well as all other health care consumers would realize substantial cost savings in the future. That possibility alone should recommend its consideration.

Mr. Speaker, so that my colleagues may have a better idea of the specifics of what I am proposing, I ask unanimous consent that a section-by-section summary of the bill be inserted in the RECORD at the conclusion of my remarks. After looking it over, I hope other Members of this body will see fit to give the Employee Health Care

Cost Reduction Act of 1984 their support.

SECTION-BY-SECTION ANALYSIS OF THE EMPLOYEE HEALTH CARE COST REDUCTION ACT OF 1984

SECTION 1

(a) Title: Employee Health Care Cost Prevention Act of 1984.

(b) Purpose: To reduce medical care overutilization by giving employees enrolled in group health plans an incentive to carry health insurance plans with higher deductibles.

SECTION 2

(a)(1) Authorizes trustees of "eligible individual retirement accounts (IRA's)" to extend credit to employees who agree to participate in such a program.

(2) Defines "a qualified group health insurance plan "as a group health plan offered by an employer which offers a "qualified high deductible option."

(3) Defines "qualified high deductible option" as one which is higher than any other deductible offered and which results in the employer contributing to the employee's IRA a sum equivalent to the difference between the premium on the previous deductible plan and the premium on the higher deductible plan.

(4) Defines "deductible amount" as the total, for each individual covered, of all deductibles contained in the qualified group health insurance plan in question.

(5) Defines "eligible individual retirement account" as one which is set up by the employee for that purpose at a bank, thrift or credit union which, in turn, is willing to extend a line of credit to the employee to cover medical costs incurred by the employee. Those costs must be certified by a physician in order for the line of credit requirement to be triggered.

(6) Limits the amount of credit which the financial institution acting as trustee for the employee's IRA's is obligated to extend to 90% of the balance in the IRA or a sum equivalent to the "deductible" amount whichever is less.

(7) Defines "premium savings amount", which is the amount the employer shall contribute to the employee who elects the "qualified high deductible option", as the difference between, the premium for that option and the premium for a lower deductible option. In cases where more than two deductible options are available to the employee, the "premium savings amount" is defined as the difference between the premiums for the two highest dedictible options so as not to penalize the employee who assumed a greater degree of his/her health care burden in the past by opting for a higher deductible.

(b) Provides that, in cases where any of the funds in the employee's IRA are used to repay a line of credit that has been extended the employee to cover medical costs, those funds shall be considered to be taxable income attributable to the employee.

(c) Makes a number of technical and conforming amendments to existing law necessary to implement the aforementioned provisions.

(d) Makes the provisions of the bill applicable to the 1985 tax year and all subsequent tax years.●

MY ROLE IN UPHOLDING OUR CONSTITUTION

HON. MIKE SYNAR

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. SYNAR. Mr. Speaker, as a Member of Congress, one of my most important duties is to uphold the U.S. Constitution. As lawmakers, my colleagues and I have the opportunity to consider our role in upholding the Constitution daily. Therefore, I thought my colleagues might be interested in the refreshing perspective of another who has given the question of what an individual can do to uphold the ideals of the U.S. Constitution much thought.

A young man from the Second District of Oklahoma contemplated this question recently in a speech he submitted to the Veterans of Foreign Wars annual Voice of Democracy contest. I am pleased to say that Mr. Jeffrey Peevyhouse, a senior at Kinta High School, has been selected as the Oklahoma winner in the 1983-84 VFW Voice of Democracy scholarship program for his speech entitled "My Role in Upholding Our Constitution."

I would like to take this opportunity to enter the text of Mr. Peevyhouse's speech into the CONGRESSIONAL RECORD. I know my colleagues will be as impressed as I was with this young man's thoughts.

MY ROLE IN UPHOLDING OUR CONSTITUTION

"I regret I have but one life to give for my country." Few people know the name of the famous person who said those famous words. That person had a dream that was shared by many of his countrymen. That man believed in that dream to such an extent that even when faced with, forfeiting that dream or death, he chose death. His dream was of a new country, a free country, that all of the people could have a hand in ruling. The man's name was Nathan Hale. His dream was of a new nation.

The fulfillment of this dream would not come easy. Both sides would suffer dearly in the war that followed. The dream was not only of a new independent country, but also of the freedom to govern themselves and become anything the individual wanted too. That dream of a free country came about on July 4th, 1776. It was the end of the Revolutionary War and the birth of a new nation, the United States of America.

Even before the new government was formed the people began to fear losing their new found rights and privileges. The answer was a statute of laws providing separation of powers of the government and the protection of the public as a whole. The answer was the Constitution.

Few people realize just what the Constitution does. Some people think it is no more than more laws to complicate life. But actually, it simplifies life considerably. For instance, you may go out in public, criticize the government and not worry about disappearing before morning—never to be seen alive again. Nearly ⅞'s of the countries in the world consider speaking against their government, treason and a crime punishable with death. The Constitution allows us to do things the majority of people in other countries only dream of. We have many rights insured by the Constitution. To name just a few there is freedom of the press, freedom of speech, freedom of religion and the right to bear arms.

One of the ways I can support the Constitution and my forefathers' dream, is to take an active role in politics such as running for an office or just voting for the candidate of my choice. Another is to support the law enforcement in the performance of their duty, by reporting crimes, serving as a juror or as a witness. If I support the law enforcement by just being a citizen who stays out of trouble, then I am supporting the Constitution as well.

The Constitution supports my individual rights and my families' as well. No one can legally take those rights away from me unless the Constitution were done away with.

The Constitution is much like the blueprints used by the carpenter. Our forefathers used those blueprints to build, what all Americans know as the United States of America, but what other foreign countries know as a free nation and the most powerful nation on earth. All of my freedoms depend on the Constitution, without it we would be no better off than the ⅞'s of the countries in the world who look at the Americans with a longing to be like us. Our system of government has made us the leader in technology, medicine, education and industry of the world. Everyone can be an ideal citizen by voting, urging others to vote and upholding the law. My forefathers have long since departed but their dream is still very much alive. It is my duty, and everyones', to make sure that dream never dies, for if it does, the American way of life will never be the same again.●

INFLATION WATCH

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. HAMILTON. Mr. Speaker, I have asked the staff of the Joint Economic Committee to understand an "Inflation Watch" project. In this they will monitor recent key development affecting prices, and review the outlook for inflation.

In the March 26 Wall Street Journal, Alfred Malabre, Jr. points out that although the consumer and producer price indexes both rose less rapidly in February than in January, five signs point to faster inflation ahead:

First. The prices of industrial raw materials have risen sharply since early February. These increases will begin to show up in the more familiar price indexes in about 6 months.

Second. A "boom monitor" developed by Data Resources, Inc., which measures eight facets of the business picture has recently been surging. In the past this monitor has indicated periods of worsening inflation.

Third. Factory utilization is now at 81 percent of capacity, a level at which

the inflation rate has accelerated in recent years.

Fourth. The unemployment rate is still high by historical standards, but the ratio of employment to the working age populations is near the all-time high reached in 1979. Some analysts regard this as the most meaningful measure of labor availability.

Fifth. The recent decline in the dollar will provide welcome relief for American exporters and domestic producers of import-competing goods. But it also leads to an increase in the prices of imports, which now amount to almost 11 percent of the goods and services purchased by Americans.

EARLY-WARNING GAUGES SIGNAL PRICE SPEEDUP

The latest signals from such broad measures as the consumer and producer price indexes may suggest that inflation isn't worsening. Both rose somewhat more slowly last month than in January. However, other barometers that show not where prices are but where they probably will be some months hence point to trouble. These gauges indicate that inflation will soon be heating up further.

Most precursors of inflation have been signaling a worsening price spiral for months. But until recently a few still behaved in a fashion suggesting that just possibly inflation might not accelerate and instead would continue at a relatively moderate pace. Of late, however, this hopeful glimmer has faded.

One indicator that has recently turned more worrisome is an index compiled by the Commodity Research Bureau in New York that measures the overall price movement of 13 industrial raw materials. Ranging from tin to burlap to tallow, the materials generally are traded freely and tend therefore to be particularly sensitive to changes in supply-demand pressures. Early last year, the index began to rise steeply, suggesting inflation ahead at a time when consumer and producer prices were about flat. The warning proved accurate. The broad price measures are rising faster now than during most of last year.

Early last December, however, the climb in the raw-materials index came to an abrupt halt. For over two months, it barely budged, giving rise to the hope that perhaps inflation might not accelerate further. But since early February a sharp new climb has begun. The index, which uses the average 1967 reading as a base of 100, recently crossed above the 290 mark. It has jumped some 10 points in a month and reached its highest level since before the last recession. The index tends to foreshadow increases in the broad price measures by six months to a year.

A buildup of inflationary pressure is evident in a wide variety of gauges that reflect the economy's ability to handle rising business activity without strain of the sort that brings production bottlenecks, shortages and eventually larger price increases.

One such measure, dubbed a boom monitor, is produced monthly by Data Resources Inc. of Lexington, Mass. It reflects changes in eight somewhat arcane facets of the business picture. These include, for example, car sales per person of driving age, the inflation-adjusted growth of bank reserves plus currency and the ratio, again adjusted for inflation, of capital spending to the gross national product. The monitor is designed to signal the approach of periods of unsustainable economic growth.

Recently, it has been surging. It remains below the 60-plus readings that in the past have marked the arrival of unsustainable booms. But it is fast nearing such levels. In January, the latest month available, it reached 52.7, the highest reading in four years and more than triple levels prevailing near the pit of the last recession. The January rise, from a December reading of 49.9, also brought the monitor above its average of 50 for the full post-World War II era. In that span, by DRI estimates, there have been seven previous boom periods, all marked by shortages of some sort and worsening inflation. Morever, all were followed by either full-fledged recessions or intervals of sharply reduced economic growth.

Other signs of inflationary pressure are widespread. Sharply on the increase, factory utilization crossed above 80% of capacity last month for the first time since before the last recession. It last moved decisively above the 80% mark in 1977, shortly before consumer prices began to rise at double-digit rates. By no coincidence, recent surveys of corporate purchasing agents show more and more items in short supply. Nearly 70% of these agents also report slower and slower deliveries. In the past, inflation has invariably accelerated in such a situation.

On the labor front, the volume of help-wanted advertising keeps climbing and the percentage of the working-age population not employed keeps dropping. At close to 40%, the rate is within a whisker of its all-time low reached in 1979, the most inflationary year of the post-World War II era. Many analysts regard this statistic, rather than the much publicized unemployment rate, as the most meaningful measure of the reserve of labor. When it is unusually low, as now, this suggests future labor shortages, escalating pay demands and ultimately worsening inflation.

Considerations apart from the various indicators also are worrisome. The big rise in the dollar's international value in the last few years has tended to reduce import prices. But the dollar's climb may well be over. Its value has recently dipped. A sustained drop, which many analysts anticipate, would act to raise import prices. Recent upward revisions of money-supply growth also point to inflation. Experience shows that larger gains in the money supply lead normally to larger price increases. An added price threat is protectionism. Pressure for increased barriers against imports mounts. Such moves, of course, facilitate price increases in protected industries.

If inflation does worsen, how steep will the price climb be? After last year's consumer-price gain of only 3.2%, are double digits likely again? No one knows, but it is sobering to recognize that if the annual rate or rise were to persist at only, say, 7%, this would be sufficient to cut the dollar's buying power in half in a decade.●

VOICE OF DEMOCRACY

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. DASCHLE. Mr. Speaker, I wish to commend, Pennie Hein, of Clear Lake, S. Dak., as the South Dakota winner of the VFW "Voice of Democracy" contest. I also wish to commend the VFW for initiating this contest which promotes good citizenship and patriotism in our young people. I hope all my colleagues will read Pennie's speech, entitled, "My Role in Upholding our Constitution."

The article follows:

MY ROLE IN UPHOLDING OUR CONSTITUTION

The late John F. Kennedy once said, "Ask not what your country can do for you, but what you can do for your country." This statement holds true today because there are several things we can do for our country. As a citizen of the United States I feel I should know my role in upholding the constitution.

There are three major roles we can carry out as students. First, to get a good education. Secondly to be involved. And third to obey the laws in the constitution. But before we can carry out these roles we must understand the constitution and know how it came to be.

Our nation's constitution was set up so that each citizen had his or her own rights. But along with these rights also come several responsibilities. The United States is strong only as long as everyone does his part.

It may seem that, as students, we can't really do that much. But we must begin as students and build our way up. Before we can do our part in upholding the constitution we must understand why it was written.

Our constitution was written by our forefathers because they knew what it was like not to have a voice in the government. They wanted a land where everyone was free to do as he wanted. They soon found, however, that certain guidelines were needed and that everyone had to work equally hard to make the country a success. Thus, the constitution was written.

Though our constitution is like a set of rules, everyone has rights and responsibilities. As our nation has progressed we find that keeping our responsibilities may be harder than one thinks.

As a student, probably our first and biggest responsibility is getting a good education. Through an education we can develop and use our talents to keep our government strong. Whether we become farmers or lawyers we play an important role. By getting an education we also learn to set values which will prove to be very important in our futures as citizens. Another advantage of getting a good education is that we become better informed about what we can do to uphold the constitution.

A second responsibility we carry is to become involved. We must not just sit back and watch—we must do activities. One way of being involved is to be active in student organizations which help our communities. Helping our communities in turn helps keep our country and the laws of our country strong. One other way is helping others. We have freedom of speech. We can use this freedom to share our experiences with others so they can learn from our experiences. We must not be afraid to be involved. Someone once said, "This republic was not established by cowards, and cowards will not preserve it."

But our third and probably most important role is observing the laws outlined in the constitution. Law abiding citizens are the strongest foundation our democracy can have. Knowing the laws and living by them

is extremely important. Much of the constitution is based on principles and morals, for instance, the moral of not stealing or not to take the life of another human being.

Getting an education, being involved, and observing the laws are just a few of our responsibilities as citizens. We find that the statement by our former president is very true. There are several things our country can do for us, but there are many more things that we, as law abiding citizens, can do to improve our country. Several of these are outlined in the constitution. We must each work hard in carrying out our roles in upholding the constitution.●

INTRODUCTION OF MINIMUM LEGAL DRINKING AGE LEGISLATION

HON. JAMES J. HOWARD

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. HOWARD. Mr. Speaker, today, I am joining with several of my colleagues to introduce a bill which we believe will be an effective measure in reducing the number of fatalities and injuries on our Nation's highways.

This bill would encourage a national minimum drinking age at a uniform level of 21 nationally by withholding 5 percent of a State's highway apportionment for fiscal year 1986 if that State does not have a 21-year-old drinking age in 1986 and 10 percent of its apportionment in 1987 if the State retains a lower minimum drinking age. Such a measure is necessary to curtail the disproportionate number of deaths and injuries that occur within the age group under 21.

I introduce this bill reluctantly, because I do not relish withholding much needed highway funds. I believe in this regard I speak for my colleagues who have joined with me in introducing this bill. However, the cost to society in terms of death and injury make this measure necessary—indeed, mandatory. And, as currently drafted, the 15 percent total highway funds withheld will be reapportioned to any State that brings its drinking age up to the national limit of 21.

The statistics supporting this legislation are sadly convincing. In 1981, 20 percent of the drivers involved in alcohol-related fatal accidents were under 21 years of age, yet these drivers represented only 8 percent of the licensed drivers and drove only 9 percent of the total vehicle miles. In 1982, a 15-State study found that 45 percent of persons between 16 and 19 involved in a fatal accident were at or above the 0.10-percent BAC level and on weekends that figure rose to 56 percent. An estimated 130,000 teenagers are injured each year in alcohol-related accidents, and every day 14 die and another 360 suffer injuries. Furthermore, teenage drivers kill other people more often than themselves. More than one-half of the persons killed by teenage drivers in 1978, for example, were passengers in their cars or drivers or passengers in other vehicles. A 21-year-old drinking age also has the effect, as columnist Ellen Goodman put it, of raising the lying age to 19 or 20. A study of various States and Canadian provinces that reduced their drinking ages from 21 to 18 undertaken by a research team at the Insurance Institute for Highway Safety found that there were significant increases in fatal crash involvement—particularly in nighttime and single vehicle crashes in which alcohol is most often involved—of drivers under 21 in these areas, compared with adjacent areas that did not reduce their drinking ages. These increases occurred not only among 18- to 20-year-olds, who were directly affected by the law change, but also among 15- to 17-year-olds.

While there is no one cure for alcohol-impaired drivers the steps that can be taken should be taken, and 21 is one measure that is a proven lifesaver. Making it nationwide makes sense because many States with 21 laws border States with lower drinking ages, making it necessary for those under 21 to drive to drink.

Because of the life-saving benefit of this measure, I am hopeful that States without a 21-year-old minimum drinking age will early adopt such a measure.●

TRIBUTE TO GEN. DRAZA MIHAILOVICH

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. PHILIP M. CRANE. Mr. Speaker, I am today introducing a bill that seeks to make amends, at least in part, for one of the great historical injustices of World War II.

Many of my colleagues may remember a Gen. Draza Mihailovich of Yugoslavia, one of the foremost freedom fighters in the European resistance movement during World War II. As you may recall, Mihailovich and his Chetnik forces were directly responsible for saving the lives of some 500 American airmen forced down in Axis-controlled Yugoslavia. Despite the fact that he fought against the Nazis, Mihailovich, a victim of Communist propaganda, was executed as a war criminal by Tito's forces following the war.

The United States was in part responsible for the fate of General Mihailovich and the Chetnik forces when it elected to follow the British lead to support Tito. Recent evidence indicates that the decision made by the United States and the British was based on skewed intelligence reports submitted by Cambridge-recruited Soviet spies within the British military.

The bill that I am introducing authorizes the National Commission of American Airmen rescued by General Mihailovich to establish a public monument to honor the general for his role in saving the lives of these U.S. airmen. The commission has agreed to finance the entire construction and maintenance of the monument.

It is only fitting that we honor this hero for his courage and undying support to the Allied cause. I urge you to join me in recognizing the valor of General Mihailovich.

The bill follows:

H.R. —

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the National Committee of American Airmen Rescued by General Mihailovich is authorized to establish a monument on public grounds in the District of Columbia or its environs to honor and recognize General Draza Mihailovich for the role he played in saving the lives of more than 500 United States airmen in Yugoslavia during World War II.

SEC. 2. (a) The Secretary of the Interior, in consultation with the National Committee of American Airmen Rescued by General Mihailovich, shall select with the approval of the Commission of Fine Arts and the National Capital Planning Commission a suitable site on grounds owned by the Federal Government in the District of Columbia or its environs for establishment of the monument referred to in the first section of this Act.

(b) The National Committee of American Airmen Rescued by General Mihailovich shall be responsible for the development of such monument's design and plans, which shall be subject to the approval of the Secretary of the Interior, the Commission of Fine Arts, and the National Capital Planning Commission. If the Secretary of the Interior, the Commission of Fine Arts, or the National Capital Planning Commission fails to approve or make specific objection to such design and plans within ninety days of submission, his or its approval shall be deemed to be given.

(c) Neither the United States nor the District of Columbia shall bear any expense in the establishment of the monument other than expenses incurred in the process of site selection and approval of design and plans.

SEC. 3. The Secretary of the Interior shall permit groundbreaking for construction of the monument only after he determines that sufficient funds are available to complete the monument in accordance with the approved design and plans.

SEC. 4. The authority conferred by this Act shall lapse unless the construction of the monument begins within two years after the date of enactment of this Act.

SEC. 5. The maintenance and care of the monument established under this Act shall be the responsibility of the National Committee of American Airmen Rescued by General Mihailovich.●

SYLVIA PORTER GIVES SOUND ADVICE ON FOREIGN LANGUAGES

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. SIMON. Mr. Speaker, Sylvia Porter, one of the most widely circulated columnists in the United States, recently had a column, "Poor Language Skills Threat to U.S. Security."

I am pleased to say the House has passed the legislation that she refers to in her column.

The Senate has yet to act, and I hope that our friends in the other body will soon act on this matter.

I am inserting the Sylvia Porter column in the CONGRESSIONAL RECORD. I hope my colleagues in both Houses will read what she has to say:

POOR LANGUAGE SKILLS THREAT TO U.S. SECURITY

There are more teachers of English in the Soviet Union than there are students of Russian in the United States.

About 10,000 Japanese conduct business in the United States for their firms. Most speak English. Approximately 900 Americans conduct business in Japan and few speak any Japanese.

In 1980-81, no Ph.Ds were awarded in Arabic, only one in Japanese and six in Chinese in the United States.

Perhaps, right after World War II, when we thought ourselves the policeman of the world, such incompetence in foreign languages was more understandable. Today, our performance in foreign languages is a dangerous problem.

It makes us less competitive in international business. It hampers us in diplomacy and international relations. It threatens our national security. This incompetence makes us appear silly to the rest of the world.

The failure of our educational system to build enrollments in foreign-language courses was among the "most important casualties of a national educational laxity ushered in by the 1960s," says the president of Columbia University, Michael I. Sovern. Every expert on the state of American education echoes his remarks.

Yet the federal government has requested no money to fund one major program that fosters language study at the collegiate and postgraduate levels.

For fiscal 1984, the federal government will spend $4.6 million, and this represents a huge improvement. For this year, the budget request totaled zero.

This year, Congress will vote to reauthorize the Higher Education Act, including Title VI, called International Education and Foreign Language Studies. The House has passed a bill sponsored by Rep. Paul Simon, D-Ill. Simon's bill would establish six new programs to encourage foreign-language training and improve the quality of instruction at all educational levels.

Funds would be directed to model language programs in local school districts, in junior and community colleges and to colleges that enrolled a minimum percentage of students in language courses. The underlying concept: to encourage a language requirement. The bill would establish summer programs for students and their teachers, too.

It would be self-deception were our administration and Congress to ignore this legislation. We must run fast merely to stay in place in our study of other languages. We must appropriate adequate funds to make a difference in how we fare.

Congressional activity coincides with local efforts to strengthen foreign language requirements in elementary and high schools. A 1980 survey found that only eight states required high schools to offer foreign language instruction, and no state had a language requirement for graduation.

Only 15 percent of all high school students now study a foreign language, down from 24 percent in 1965; only 8 percent of U.S. colleges require a second language for admission, a drop from 34 percent in 1966.●

EL SALVADOR'S NEED FOR URGENT SECURITY ASSISTANCE

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. KEMP. Mr. Speaker, I was privileged to be in El Salvador recently as an observer of their first round of elections. I talked with dozens of people, standing in line at various polling places, waiting hours and hours to exercise their precious right of suffrage. I remember one elderly woman in particular, whom I asked why she was voting. She said, "It is my civic duty, my national duty, my responsibility." And then I asked, "Who do you think will win?" And she said, I think democracy will win." The hardships the patient Salvadorans are suffering to bring democracy and freedom to their country can not but touch and affect Americans in a special way.

In a sense, our democratic strength is also our weakness: We have lived with the electoral processes of democratic self-government for so many years now that we hardly understand what it means to live under conditions where that privilege is in imminent danger of being lost.

The Salvadoran people are literally dying to keep their hopes for democracy alive. They are dying because outside military forces dominated by Cuba and its Soviet patron have been inserted in their country in order to prevent El Salvador from enjoying democratic freedom.

The United States is helping, obligated by our own first principles to help, our Salvadoran neighbors in their struggle against tyranny either from the left or right.

But political squabbles notwithstanding, compassion alone should be enough to convince Americans that the Salvadoran Army needs medical and security assistance. And we in the Congress must act immediately to pass the supplemental funding they so urgently need.

Fred Reed in the following column details the deplorable and wretched conditions under which Salvadorans are fighting and dying, in many cases needlessly, because of shortages of medical equipment, trained medical personnel, radios, and small weapons. The security assistance the administration has requested from Congress will help to overcome these tragic shortages which are costing lives. I do not believe that as a humane people we can refuse to provide the modest amounts of assistance the President is seeking for El Salvador. Human rights are a matter of overriding concern, but to use "human rights" as an excuse for turning our back on those suffering violence at the hand of aggressors is worse than callous. It would be a mockery of human rights to blame people struggling for their democratic rights, as if they were at fault for not bringing pressure to bear on their government to grant those rights. The first step has to be terminating the military violence that wracks that country, preventing democratic government from fully achieving its humanitarian effects on the human rights situation. That should not be difficult even for opponents of the President's Central American policy to understand.

The article follows:

SHORTAGES PLAGUE SALVADOR'S ARMY

(By Fred Reed)

San Francisco Gotera, El Salvador.—For three days I have been a guest of the Morazan Battalion, headquartered in this low, poor, pastel, and dirty city. With me are an American doctor and another American, an authority on military small arms. We have been depressed by the Salvadoran army. Regarding which:

1. It is badly equipped. Its rifles and machine guns—M16's, G-3's, and M60's—are worn out, used up. The soldiers say they have never even seen cleaning gear. There are no spare parts, as for example bolts and barrels, and no armorers to repair broken weapons. We found troops using arctic-grade gun-oil, which was all they had. El Salvador is not in the arctic. Infantry weapons are easy to maintain, up to a point. Then you need knowledge and tools. For example, an untrained soldier cannot strip the bolt of a .50 caliber machine gun. The troops here tried, reassembled it incorrectly, and destroyed it when they fired it. Even an armorer needs all sorts of esoterica such as go-no-go gauges, barrel wrenches, stones, and expertise. If you don't have them, guns slowly become useless.

2. Their medical situation is criminal. They have almost no trained medics. The "medics" they have go into combat with a few field dressings, some penicillin, and maybe a bottle of glucose solution. The latter, my doctor friend growls, is almost useless as a blood replacement. A Salvadoran told us they had saline solution, but for some reason didn't use it. There are no medevac helicopters. The army has only 20 choppers, only some of which will work at a given time. They are used primarily for moving troops and cargo, and for medical purposes only when otherwise idle. This

means that badly wounded men can wait six or eight hours before reaching care. They can't be treated in the field because no one knows how to do it. Often the wounded come out in trucks—bleeding, unsplinted, and alone, because there are no medics to ride with them. The level of medical ignorance is very high, and so is the death rate. A friend of mine tells of flying behind the lead chopper on a medevac run and noticing oil leaking along the side of the lead bird. It wasn't oil. A wounded man has a severed femoral artery and the door-gunner didn't know how to tie him off. He died. So goes this little war.

3. They need radios. We saw a few, but not nearly enough. A counter-guerrilla war involves patrols by small units, and close cooperation with mobile troops, as for example heliborne reaction forces. This is wild country. Without radios—lots of them—any soldiers you can't see might as well not exist. When a radio breaks, they can't fix it, and they can't quickly get anyone else to do it. It's a lonely feeling to be guarding a bridge or road out in that hot overgrown hill country, 20 feet from bushes you can't see through, with no way to call for help.

4. I saw no sign that people hereabouts are afraid of the army. Some of the police here have an evil reputation, very evil, but the army is a different entity. In regions I visited, the populace showed no signs of alarm or even particular interest when the army appeared.

5. Training is lousy, although I am told by friends who should know that it is improving. More on this next week.

6. To editorialize a bit, it looks as though the United States is doing just enough to get these people in deep trouble, but not enough to get them out. I'm afraid we will give them enough to keep them afloat while the war gets nice and vicious and big. Then we will pull the plug, as in Cambodia, and a bloodbath will follow.

Maybe we should not play half-seriously at war. Half-seriously at wars abroad entails responsibilities.●

REAL FAITH STARTS AT HOME, NOT IN SCHOOLS

HON. LANE EVANS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. EVANS of Illinois. Mr. Speaker, the proposed constitutional amendment on school prayer recently came to a vote in the Senate, and was the subject of a night-long session in the House. This proposed amendment sparked debate all over the country, including in the 17th Congressional District of Illinois which I represent.

One newspaper in my district, the Canton Daily Ledger, provided some insight on the school prayer issue by contrasting it with the Polish Government's ongoing attempt to forcibly remove signs of religious belief from the classroom. I believe that the following column by the newspaper's managing editor, Ross Gardiner, makes a persuasive argument against a school prayer amendment. Since this issue may well come before us again, I heartily recommend the column to my colleagues.

[From the Canton (Ill.) Daily Ledger, Mar. 9, 1984]

REAL FAITH STARTS AT HOME, NOT IN SCHOOLS

(By Ross Gardiner)

Two stories in yesterday's newspaper reflects different aspects of the struggle for freedom of religion.

In one report, some 400 Polish students took over a school to protest a government decision to remove crosses from the classroom. The crosses had been in the classrooms before this week but the regime had decided it would no longer permit signs of religious belief in schools run by an avowedly atheistic government.

In another account, senators debated splitting children into praying and nonpraying sections in American public schools as the controversy over prayer in the schools continued. The proposed constitutional amendment is being supported by the adminstration and is involving more time and debate than a number of other issues which the Senate has considered lately.

In Poland, the government tries to stamp out religion by removing visible signs of the faith in which the Polish people appear to believe in strongly. The Polish government is not trying to disassociate itself from the church, it is trying to convince the Polish people that the church should not exist.

In the United States, advocates of the school prayer amendment are trying to obtain time during which a student may exercise his religion, through prayer, in a public school. Some advocates of the amendment argue the permission of prayer in school would help stem a materialistic and anti-religious trend in modern America.

Opponents of the amendment argue Supreme Court decisions that prayer in public schools is unconstitutional are valid when viewed as separating church and state and encouraging the freedom to believe or not believe, or which religion to practice.

In essence, both situations—the Senate debate and the Polish school takeover—reflects a seemingly growing search in many cultures for the spiritual significance of life. Aside from the political significance, proponents of prayer in schools are as concerned as the Polish students that government action or inaction threatens their religions.

But does it threaten their faith?

Americans seem increasingly inclined to expect schools to become substitutes for the home. Poles are willing to fight against what they view as a direct government threat against the integrity of the home and family.

The Polish policy is an essential part of a government program to encourage the death of religion. The American policy, whatever its failures, is an attempt to assure that all Americans can practice their faiths as long as they do not impinge on the rights of others.

Many proponents of the prayer amendment have failed to grasp an essential point. While the Polish government actively discourages organized religion, the Polish people have earned the respect of many others around the world for their tenacious defense of their faith. The Poles don't expect the schools to provide the impetus to their faith. The Poles view the schools as participating in an active attempt to destroy their faith.

Americans cannot expect public schools or courts to encourage the spread of religion. They can expect them to support certain basic tenets common to most organized religions—such as respect for the lives of others, a sense of humanity and sharing and an awareness of communal responsibility.

Faith does not start in the classroom and, thankfully, American schools do not pursue a policy of discouraging religious belief. Faith, regardless of where prayers are uttered, begins within the family with the concern and help of other enlightened believers.

The school prayer issue is not one which involves the public school system as much as it reflects the unwillingness of many to turn to the real threats to religious belief in an increasingly mobile and very materialistic society.

Perhaps the Poles are learning that government cannot destroy faith and we Americans will learn that government cannot encourage it either. Faith starts in the home and the heart.●

HONDURAN DEMOCRACY SURVIVES A CRUCIAL TEST

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. BARNES. Mr. Speaker, I was astounded to read last weekend of the ouster of the commander of the Honduran armed forces, Gen. Gustavo Alvarez Martinez, and other top military officers, by the constitutionally elected President of Honduras, Dr. Roberto Suazo Cordova.

It is a rare event in Latin America when civilian authorities succeed in removing military commanders from office. Usually it is the other way around. And in fact, many of us in the Congress were very concerned that General Alvarez and the military were acquiring too much power and authority relative to the civilian authorities.

Those of us who hope that democracy can be institutionalized in Honduras can take heart from the fact that the civilian Government of Honduras seems to be in control and that the military seems prepared to submit itself to the civilian President of the country.

Now that President Suazo has reasserted his control over the military and appointed new leadership, I hope that the Honduran military will renew its commitment to human rights. I have had the privilege of meeting with President Suazo, and I know of his personal commitment to human rights. By Central American standards, the Honduran military has a tradition of adherence to civilized human rights standards. Yet recently there have been disturbing reports of increases in arbitrary arrests, disappearances, and detention without trial by the security forces. I hope that there can now be an end to this sort of thing, and that the military will submit itself to the rule of law. It

would be tragic if the Honduran military fell into the pattern that we see in some other countries in the region.

I think our friends in Honduras should know that both the Republican and the Democratic Parties support democracy in Central America and are watching developments in Honduras very closely. The people of Honduras should know that they and their President have our full support for their efforts to strengthen and institutionalize civilian democratic government.●

ICC: OLDEST REGULATORY BODY

HON. BYRON L. DORGAN

OF NORTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. DORGAN. Mr. Speaker, the Interstate Commerce Commission is our oldest regulatory body, created almost a century ago to administer the Interstate Commerce Act of 1887. Then as now, questions of interstate commerce involved highly charged conflicts among shippers, consumers, and railroad companies, setting region against region, big companies against small, management against labor. The ICC was designed to be a judicious arbiter, holding the public interest above any single self-interest.

No one could claim that the ICC has effectively fulfilled this role. Its history is a sorry saga of muddling through, veering this way and that, much as an inebriated driver tries to avoid a crash. It provides no counterweight, no lean against the wind of whichever interest group holds the upper hand that day.

Today the railroad companies call the tune. Their long financial nightmare of past decades led to congressional attempts at rescue, most recently the partially deregulating Staggers Act of 1980. Staggers was well intended, and had good justification, but it contained a fatal flaw: administration of many provisions was given to the ICC. And the ICC, dancing to the latest piper, has skewed the act to the disadvantage of shippers, consumers, farmers, utilities, other transportation modes: everyone, that is, except the railroads.

The ICC has adopted a most peculiar line of reasoning. It somehow has determined that the only aspect of interstate freight transportation important to the country is the bottom line of railroad holding companies. It is supposed to examine public convenience and necessity when a railroad seeks to abandon a branch line. Instead, the ICC is concerned only with whether the line can meet an opportunity cost threshold, set so high that since Staggers, 378 ICC decisions on abandonment cases produced only 8 denials. It is supposed to limit railroad rates when competition does not constrain a railroad's monopoly power. Yet, the ICC has skewed the definition of competition to such an extent that challenging rates is virtually impossible.

According to the ICC, there is enough competition to restrain a railroad which is the sole shipping source for a coal producer if the same coal can be shipped from another region of the country, or even if users of the coal could switch economically to another fuel. The ICC is supposed to disclose the essential terms of contracts between railroads and shippers—newly permitted under Staggers—to reduce any chance of price discrimination rightly feared by smaller shippers. Yet, the ICC stands on the notion that the identity of the shipper and the price terms of the contract are not essential pieces of information. It will not disclose these terms, foreclosing any answer to the question of whether price discrimination actually exists.

The litany could continue. The ICC has decided all too often to side with the railroad companies. Many of us are starting to hear from damaged parties, who see their hopes crystalized in Staggers for a revitalized transportation system confronting the blind wall of ICC intransigence. Coal and grain shippers, utilities, barge companies and truckers share common ground, allied against the decisions of the ICC.

Rather than providing a judicious, balanced interpretation of the law, the ICC has become a mouthpiece for the railroads.

One reason for this lies in the backgrounds of the ICC commissioners. Forty-four commissioners have been appointed since the end of World War II. One had experience with agriculture, as the owner of a large farm; another had experience with natural resources, having worked for oil companies. No other commissioner had training or experience with industries using the transportation system, nor with small businesses. Meanwhile, five of the commissioners had previous ties to railroad companies, and over two-thirds were lawyers.

Current law is silent on qualifications and background, other than saying ICC commissioners must be balanced between political parties and cannot have a financial stake in the regulated carriers.

We think it is time to change that. Mr. SABO and I propose that we require at least four commissioners of the ICC to have backgrounds in, and represent, producers and users of agricultural and natural resource products. In addition, we propose that at least two of these commissioners come from independent businesses.

Commissioners with these backgrounds and interests will have a deep seated, fundamental grasp of the realities of interstate commerce. They will understand what a strong, reliable transportation system means to farmers, to small towns located at the end of a branch line, to urban residents digging deep into their pockets to pay for electricity. They will realize the difference between the ICC's current concern for the railroad companies, and its lack of concern for the railroad system.

They will bring a needed attribute to the table, a seasoned view of real life economics.

They will bring a balance to the ICC, a counterweight to theories gleaned from the latest textbooks.

It is not unusual to provide representational balance on our commissions and boards which treat railroad questions. The National Railroad Passenger Corporation (AMTRAK), the Railroad Retirement Board, and the National Railroad Adjustment Board all have membership criteria which attempt to balance conflicting interests.

It is time to replace the ICC's stale air of cloistered thinking with the refreshing breeze of commonsense. Congress has tried to remedy the ills besetting freight transportation, but the balance sought has been ignored by the regulators. We can get the balance by giving important users of the transportation system representation at the ICC.●

REAGAN ADMINISTRATION EXERCISES JUDICIOUS SELF-RESTRAINT IN CLASSIFYING INFORMATION

HON. G. WILLIAM WHITEHURST

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. WHITEHURST. Mr. Speaker, by section 5.2 of Executive Order 12356, President Reagan directed the Information Security Oversight Office of the General Services Administration to ride herd on executive branch agencies in classifying information. That office has independent authority to require reports from executive agencies, to audit the classification practices of those agencies, and to order them to comply with proper classification practices, if that becomes necessary.

Recently, the Information Security Oversight Office issued its fiscal year 1983 report to the President on Government classification of information. The report demonstrates that the Government has used the classification stamp less—not more—under President Reagan's Executive Order 12356 than under President Carter's corresponding Executive Order 12065.

Original classification decisions, that is, decisions to keep particular infor-

mation secret, declined by 18 percent in fiscal year 1983, the first full year under President Reagan's executive order. Agencies provided a date or event certain for automatic declassification of a document 35 percent of the time when originally classifying information under the Reagan order; the corresponding figure under the Carter order was 10 percent. Under the mandatory declassification review provisions of the Reagan order, 75 percent of the documents requested were declassified and released in full. An additional 10 percent were declassified and released in part.

The fiscal year 1983 report notes that derivative classification increased slightly in fiscal year 1983, but derivative classification is only a matter of applying the appropriate classification stamps to the face of a document which restates information for which an original classification decision has already been made. Thus, derivative classification, unlike original classification, does not result in otherwise available information being kept secret.

Historians and journalists should find comfort in the knowledge that President Reagan's executive order has reduced the number of original decisions to keep information secret. Executive Order 12356 is accomplishing its twin goals of protecting information which must be kept secret to protect the Nation and preventing the classification of information whose release would not damage national defense or foreign policy interests.●

CALL TO CONSCIENCE VIGIL: THE SLEPAKS

HON. DANTE B. FASCELL

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. FASCELL. Mr. Speaker, it is with mixed emotion that I participate in this year's "Call to Conscience Vigil" on behalf of Soviet Jews, organized by our distinguished colleague from Pennsylvania, Representative COUGHLIN. I am honored to take part in such a noble endeavor and commend Representative COUGHLIN for his efforts. Yet, I am deeply saddened by the circumstances in the Soviet Union today that necessitate such a vigil. I particularly regret that it is necessary for me to take the floor today in behalf of a family which has been forcibly separated for almost 15 years.

This is the 8th consecutive year, Mr. Speaker, that I have called the attention of our colleagues to the plight of Maria and Vladimir Slepak. By all accounts, the Slepaks are a remarkable family, one that has paid dearly for their efforts to live as a family. Vladimir, a radio and television engineer, Maria, a physician, and their two sons, Aleksandr and Leonid, first applied to emigrate in 1970 to rejoin Maria's mother in Israel. After 8 long years of refusals, the parents hung a banner on the balcony of their Moscow apartment proclaiming their plea to emigrate. For this act, Vladimir was convicted of malicious hooliganism and sentenced to serve a 5-year term of internal exile. Maria, who received a suspended sentence, joined him in Siberia, where they lived under difficult conditions. Returning to Moscow in December 1982, Vladimir and Maria continued their efforts to emigrate, now to rejoin their sons who were finally allowed to leave and the grandchildren they have never seen. Surely 15 years is long enough to be denied one's basic human rights.

Mr. Speaker, after speaking about the Slepak family in the congressional vigil for 8 years, after corresponding with them, and after meeting Mrs. Slepak's mother and coming to know their two sons. I have developed a special affinity for this family. I look forward to the day when I meet Maria and Vladimir personally here in Washington. Last year, I expressed my sincere hope that it would not be necessary for me to take the floor this year on behalf of the Slepaks. While I regret that my wish remains unfulfilled, I pledge to continue my efforts at this critical time for the Slepak family and for all Soviet Jews.

As you know, Mr. Speaker, emigration rates have plummeted at the same time as Soviet anti-Semitism has intensified. Yet those of us who are concerned about this issue—and we are many—must not despair. I am convinced that, just as over 250,000 Soviet Jews gained their freedom in the 1970's, so shall their coreligionists also be freed. The Soviet Government must eventually realize the depth of our commitment to this cause and the seriousness with which we view their responsibilities under the Universal Declaration of Human Rights, the International Covenant on Human Rights and the Helsinki and Madrid Agreements. In order to improve Soviet-American relations, which sorely need repair, the Soviet leadership must be willing to abide by their international obligations in the field of human rights.

Until that time, however, we must redouble our efforts. As chairman of the Helsinki Commission, I join with our many colleagues in reaffirming my support for Soviet Jewry. I pledge, if need be, to participate in the "Call to Conscience Vigil" for Soviet Jews again next year and every year thereafter until our goal of freedom for Soviet Jews is achieved.●

PROPOSED BAN ON CHEMICAL WEAPONS

HON. MARGE ROUKEMA

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mrs. ROUKEMA. Mr. Speaker, I rise to commend President Reagan's announcement that he will send Vice President BUSH to Geneva to present to the U.N. Committee on Disarmament a U.S. treaty proposal banning chemical weapons worldwide. As the President noted, the shortcomings of existing chemical weapons treaties have been made clear in recent years through the alleged use of chemical weapons in Afghanistan, Southeast Asia, and in the Iran-Iraq conflict.

While I support the President's latest initiative toward arms control, I firmly believe we must disassociate any chemical weapons treaty from a renewed effort to buildup our present chemical weapons stockpile. We cannot ignore the fact that the United States already has a large, existing stockpile of toxic chemical munitions to deter other countries from using chemical warfare and to retaliate if deterrence is unsuccessful. (GAO July 1, 1983) This Nation has enough lethal chemical munitions for at least 30 days of war that would result in millions of civilian deaths. The argument that the United States must embark on production of new chemical weapons because without a modern and credible deterrent the prospects for achieving a comprehensive ban would be diminished, in my opinion, is simply not valid.

The arguments against renewing production of chemical weapons in the United States are compelling. We cannot ignore the fact that chemical weapons are much less efficient to use than conventional weapons and are of dubious military value. They are primarily offensive weapons which would kill more innocent civilians than enemy soldiers.

Nor can we ignore the foreign policy implications. The perception that the United States is insincere about the treaty proposal or abandoning its efforts to ban chemical weapons would encourage other nations to produce them. The potential consequences are serious. Unfriendly nations and terrorist groups, who do not have access to nuclear weapons, could easily turn to lethal chemical weapons which are relatively easy to manufacture requiring little technological capability.

To manufacture chemical weapons at the same time we are trying to ban them, frankly, is contradictory and is likely to have a chilling effect on future arms control efforts.

What we need now is to move full speed ahead with President Reagan's

initiative for a chemical weapons ban. However, we should not, at the same time we are taking this step forward, take a step backward by simultaneously producing new lethal binary munitions. The code of civilized behavior we seek among nations should lead us away from, rather than toward, production of chemical weapons.●

RICH PAY BIGGER TAX SHARE UNDER REAGAN

HON. CONNIE MACK

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. MACK. Mr. Speaker, during the Baltimore conference, which my colleagues and I held this past year, I was fortunate to meet Mr. Warren Brookes, a most distinguished conservative columnist whose work appears regularly in the Boston Herald and other prominent newspapers throughout the country.

Mr. Brookes' work exemplifies the growing depth and intellectualism of conservative journalism around the United States and, for that reason, I would like to share a recent column written by him which accurately and insightfully refutes those who argue that President Reagan's 1981 tax cut program, and tax cuts in general, favor the rich at the expense of the income groups.

I find this particular column particularly relevant in the context of our budget debate and commend his work to my colleagues.

RICH PAY BIGGER TAX SHARE UNDER REAGAN

For three years Democrats have argued that President Reagan's tax cut program "favors the rich at the expense of the lower income groups," and they have successfully sold this idea to the public.

Now, an analysis of actual 1982 tax returns by the Internal Revenue Service shows exactly the opposite took place.

Under the first year of the Reagan tax cut, the share of taxes paid by the "rich" (those with incomes over $50,000) *rose* dramatically, while the tax burden of those with incomes under $50,000 *fell* sharply (see table).

In 1982, the year when individual tax rates were cut by an average of 7.5 percent on all salaries and wages, and the top tax rates on unearned income were cut from 70 to 50 percent, taxes actually paid by those with incomes of more than $100,000 increased by 13 percent. Those with incomes over $50,000 paid 6 percent more in taxes.

At the same time, taxes paid by those with incomes below $20,000 declined by 12 percent, while those with incomes between $20,000 and $50,000 actually paid 4 percent less.

Even though total income tax collections declined by 2 percent in 1982, those with incomes above $500,000 paid 40 percent more taxes in 1982 than they did in 1981.

One of the primary reasons for this huge increase was a 55 percent rise in the number of returns filed by those reporting $1 million or more in adjusted gross income—from 5,283 returns in 1981 to 8,203 in 1982.

As a result of this rapid rise in collections from the rich, the distribution of the federal tax burden shifted sharply to the upper income levels, exactly contrary to the claims of presidential candidates Walter Mondale and Gary Hart.

In 1981 those with incomes under $20,000 paid 17.1 percent of the total income tax collections. In 1982 that share dropped to 15.5 percent, the largest such drop in a single year since 1965 (under the Kennedy-Johnson across-the-board tax reduction).

At the same time, the share paid by those with incomes above $50,000 rose from 32.9 percent in 1981 to 35.4 percent in 1982—an 8 percent shift of the tax burden toward the rich.

The shift was even more dramatic among those with incomes above $100,000 whose share of the federal income taxes rose from 15 percent to 17.3 percent, a 15 percent rise, while the share paid by millionaires rose by 41 percent in 1982.

Incidentally, many Democrats, including Gary Hart, have already endorsed this idea in the Bradley-Gephardt tax plan to cut top marginal rates to 30 percent, a plan that has since been upstaged by a 25 percent top-rate proposal by Kemp and Sen. Robert Kasten of Wisconsin.

Kemp noted, "This same upward shift in the tax burden took place under the Kennedy-Johnson tax cuts of 1963-65, when tax rates were cut by about 25 percent across-the-board."

"As I recall," Kemp continued, "between 1963 and 1966, the share of taxes paid by the under-$10,000 group fell by 23 percent, while the share of taxes paid by those over $50,000 increased by 36 percent, while total revenues grew."

"We see the same effect here," Kemp said, "even though 1982 was a recession year, and even though tax rates were cut an average of about 10 percent, total tax collections only dropped by 2 percent, while collections from upper income groups actually rose by a very solid 13 percent.

TAX SHARE UNDER REAGAN'S 1981-82 CUT

Income group	1981 taxes collected (millions)	1982 taxes collected (millions)	Percent change	Percent share of total 1981 taxes	Percent share of total 1982 taxes
$0 to $10,000	$8,634	$7,627	−12	3.0	2.7
$10,000 to $15,000	17,680	15,873	−10	6.1	5.6
$15,000 to $20,000	23,385	20,425	−13	8.0	7.2
$20,000 to $50,000	145,412	140,135	−4	50.0	49.1
$50,000 to $100,000	52,156	51,732	−1	17.9	18.1
$100,000 to $500,000	34,613	36,723	+6	11.9	12.9
$500,000 to $1,000,000	4,118	5,719	+39	1.4	2.0
$1,000,000 and up	4,901	6,945	+42	1.7	2.4
Total	290,900	285,179	−2	100.0	100.0
Recap:					
Under $20,000	49,699	43,925	−12	17.1	15.5
$20-50,000	145,412	140,135	−4	50.0	49.1
Over $50,000	95,788	101,119	+6	32.9	35.4

Source: U.S. Treasury Office of Tax Analysis.

"Had it not been for the Federal Reserve's chokehold on credit, which produced the recession long before the first tax cuts could take effect," Kemp argued, "I am convinced we would have seen total 1982 revenues rise as they did in 1965."

Although tax returns for 1983 are still coming in, and it is too early for an analysis of them, the preliminary indications are that the same effect is taking place, as receipts from those filing estimated taxes (typically the upper income groups) are running substantially ahead of those from payroll withholding.

"This means," Kemp said, "that my friend, former Congressman Bill Brodhead (D) of Michigan was right, back in March of 1981, when he, with Tip O'Neill's blessing, offered to give us an immediate reduction in 70 percent unearned income rate down to 50 percent, instead of phasing it in over three years as the president was proposing."

"He told me then," Kemp added, "that he knew this 'wouldn't cost anything', because it would lure so much wealthy income out of shelters back into the productive economy."

The trouble was the "price" the Democrats asked of Kemp and President Reagan for this concession was the elimination of the third year tax cut and indexing, which primarily benefits middle income people.

"This shows the hypocracy of the liberals," Kemp said, "They were willing to trade an immediate reduction of tax rates on the rich, which they knew wouldn't be costly, in order not to give a 10 percent third year reduction or indexing to the middle class. Now, they turn around and assault us for favoring the rich."

The new Treasury Department analysis should put a lie to that whole argument, but with the usual liberal bias of the national press, don't count on it. The "big lie" has been well sold.●

REFUGEE POLICY CONSIDERED

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. FRANK. Mr. Speaker, my friend and respected colleague, Mr. MOAKLEY, has introduced a bill, H.R. 4447, which I think offers a modest, reasonable approach to the problems facing Salvadoran refugees in this country. It would mandate a freeze on deportation of Salvadoran refugees for a period of 3 years, while the President commissions a study and Congress holds hearings on the situation these refugees face, in El Salvador and in transit to the United States.

Mr. Speaker, I have felt, for a long time, as have many of my colleagues, that the need to grant refugees from El Salvador EVD status, as we have to refugees from many different countries, is a simple matter of fairness. The Subcommittee on Immigration, Refugees, and International Law of the Judiciary Committee will shortly be holding hearings on this bill. On March 17, the Boston Globe published an editorial which I think states the case very clearly, and I ask that it be made part of the RECORD.

REFUGEE POLICY CONSIDERED

Since the civil war in El Savador broke out four years ago. 300,000 to 500,000 Salvadorans have fled that ravaged country and found their way into the United States. Today there are an estimated 12,000 Salvadorans living in the Boston area.

Only a handful of these refugees have been granted political asylum. An estimated 15,000 Salvadorans have been deported since 1981, forced to return to their own

country. The status of those who remain in this country is uncertain. They suffer with the cruel knowledge that they can be apprehended, detained and deported to El Salvador at any time and, if so, they may face death.

The Reagan Administration has been reluctant to grant asylum to Salvadorans because that would be an embarrassing acknowledgement that the US-supported regime is representative, and because it fears that humanitarian treatment would invite a steadily increasing stream of refugees.

The Administration contends that Salvadoran refugees are drawn to the United States principally for economic gain. It will not admit that refugees come here because conditions in their own country are dangerous. As a fallback, it takes the position that applicants for asylum must prove they are in special danger of persecution. Since violent death in El Salvador is widespread, it is hard for refugees to prove that they will be singled out.

The State Department has also refused requests to grant Salvadoran refugees "extended voluntary departure" status. Granted at the discretion of the Attorney General, on the recommendation of the Secretary of State, this status permits citizens of countries experiencing dangerous conditions to remain in the United States temporarily and obtain authorization to work. It is revoked once hostilities subside at home. Refugees from Poland, Lebanon, Ethiopia and Afghanistan currently enjoy such temporary status.

Rep. Joseph Moakley (D-Mass.) has sponsored legislation that would mandate similar protection for Salvadorans. The proposal would freeze deportations for three years. It would also require a presidential study of the refugee situation and hearings to allow Congress to determine a permanent solution for the problem. Identical legislation has been filed in the Senate by Dennis DeConcini, an Arizona Democrat; hearings are scheduled early next month.

The Salvadoran refugee population in the United States cuts across class lines and includes professionals as well as peasants. Many were better off in their homeland than they are here, living as illegal aliens, hiding in cramped apartments, working in menial, low-paying jobs if they are lucky enough to find employment. Many plan to return to El Salvador when and if peace is restored.

Legislation to help these people deserves broad bipartisan support on humanitarian grounds. The measure provides immediate relief but judiciously avoids an outright challenge of the current Administration's failures in Central America.

The Moakley-DeConcini proposal would allow Salvadoran refugees temporary peace of mind while the simmering political questions over El Salvador and its neighbors are debated and resolved.●

WESTERN MASSACHUSETTS IS PROUD OF LENOX GIRLS

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. CONTE. Mr. Speaker, it is my pleasure to take this opportunity to honor the Lenox Memorial High School girls' basketball team. This year, the Lady Millionaires carried on the proud tradition of athletic excellence that we have come to expect from Lenox Memorial. This season, as in seasons past, the Lenox Memorial girls' basketball team, under the expert coaching of Mr. Len Miller, managed once again to capture the honors due them as a team of dedicated and hard-working young athletes. Western Massachusetts thanks the Lenox women hoopsters for honoring us by capturing the elusive Massachusetts State championships as the finale to a fine season.

These young women have shown the seriousness of purpose and athletic potential which will grow if we support it. The Lenox story is testimony to the fact that further development of women's sports programs is crucial. Such development has brought the accomplishment on the playing field and sense of achievement in the honorable tradition of amateur athletes of either sex.

The 1983-84 Lady Millionaires are a unique team rich in history—7 of the 14 players have been together as a team for 4 years. The record shows that this association has been just incredible. Their most recent win—at the Massachusetts State championships—constitutes their 65th consecutive win. Western Massachusetts has also noted with pride that the Lenox Memorial girls' basketball team has not lost one game in the western Massachusetts division in the last 4 years.

What is the reason for this truly remarkable success? Perhaps the reason for their stunning accomplishment has been the long hours and patient leadership of Coach Miller. The coach's task of bringing together 14 individuals and molding them into a team is never easy, but Coach Miller makes his job appear effortless. Or, perhaps the key to the Lenox triumph lies in the spirit of those 14 girls. Led by team tricaptains Cathleen and Colleen Lahart and Deborah Carey, the Lady Millionaires have the solidarity and coordination among themselves that is a crucial ingredient in a team of real winners.

I have looked over the record of this team; I am astounded by the list of honors that it has accumulated over the years. The Lady Millionaires have run away with the Berkshire County girls championship and the western Massachusetts division championship for the past 3 years. They have bulldozed their way through the highly competitive field each year. No team has ever kept them from victory. Proposition 2½ has given them their only real challenge in recent years by twice canceling the Massachusetts State tournament.

The Lenox Memorial High School girls' basketball team has received these team honors and other special individual honors over the years. In 1982, for example, senior Lisa Boenitz was the recipient of the Springfield Republican's Michael Bogen Award. Boenitz and fellow senior Cathleen Lahart have received the honor of being voted most valuable player in their western Massachusetts division during their careers and senior Colleen Lahart was given the Sportsmanship Award by the referee association this year. This is a truly commendable group of girls.

In total, the team will lose seven seniors this year: Lisa Boenitz, Jill Milne, Cathleen Lahart, Colleen Lahart, Deborah Carey, Paula Noyes, and Dana Archey. Their talents and energy will not be lost, however, as major colleges around the country have shown their interest in having the girls join their basketball squads.

Coach Miller will be sorry to see these seniors graduate. He does, however, have a promising and strong group of younger starters returning. Judging by the record, we can rest assured that Kelly Lachance, Michelle Pickard, Martha Lucy, Roxanne Trombly, Cheryl Sibley, Laurie Lafave, Darcie Carey, and Manager Sharon Majewski will carry on the Lenox torch of virtuosity and teamwork.

Lenox is proud of its 1983-84 girls' basketball team and so am I. I find it heartening and rare, indeed, to find such devotion to goals and integrity among sportsmen.●

A FREE TRADE ZONE WITH ISRAEL

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. DOWNEY of New York. Mr. Speaker, the distinguished Trade Subcommittee chairman, SAM GIBBONS, and I are today introducing a long-awaited bill authorizing the President to enter into and implement a free trade agreement with Israel.

Specifically, the bill would provide authority, which the President does not have under current law, to enter into a trade agreement with the Government of Israel providing for duty-free treatment and elimination of other import restrictions on products entering the United States from Israel. By the same token, we can expect that U.S. exporters to Israel will benefit by unencumbered access to the $8 billion Israeli market.

On November 29, 1983, President Reagan and Israeli Prime Minister Shamir agreed to proceed with bilateral negotiations on a United States-Israel two-way free trade area following up an Israeli Government proposal of 1981. Negotiations began in mid-January 1984, between the two govern-

ments on the broad parameters of an agreement, and initial consultations have taken place with U.S. private sector interests.

It is time now for Congress to get on with legislation which will provide the necessary legal authority to make good on those November promises. In addition to removing time-consuming and expensive tariffs and duties for U.S. goods entering Israel, a free trade zone will remove any disadvantage U.S. exports to Israel might experience one a recently signed free trade area agreement between Israel and the European Economic Community takes effect. The United States enjoys a trade surplus with Israel of about $700 million at the present time which is an important offset to our miserable trading situation vis-a-vis many other industrialized countries around the world.

Care will be given to the impact on domestic industries of free entry of Israeli products before the specifics of an agreement are concluded. It should be remembered in any case that only 0.5 percent of all U.S. imports come from Israel and that because of allowances provided already under the generalized system of preferences (GSP) 90 percent of all Israeli imports already enter the United States duty-free.

Technically, the bill grants the President authority to proclaim the continuation and modification of tariff treatment and modification of import restrictions as he determines necessary to carry out the trade agreement. And, these authorities apply only if the trade agreement is reciprocal and mutually advantageous.

The Trade Subcommittee of the Ways and Means Committee, to whom the bill will be referred, will hold hearings on the bill as soon as its schedule permits.

I encourage my colleagues to support us in this endeavor and ask that a copy of the bill be printed here:

The President may enter into a reciprocal and mutually advantageous trade agreement with the Government of Israel providing for the continuance of existing duty-free treatment of, and the elimination of existing duties and other import restrictions on, articles that are the product of Israel and may proclaim such continuances and modifications regarding the tariff treatment of, and such modifications of import restrictions on, such articles as the President determines to be necessary or appropriate to carry out the trade agreement.●

TRIBUTE TO CHARLES McKENNA

HON. BRUCE F. VENTO

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. VENTO. Mr. Speaker, today I wish to draw to my colleagues attention, the retirement of a St. Paul labor and community leader and a good friend of mine, Charles McKenna.

Charles McKenna has been a member in good standing of the Twin Cities Local 512, International Association of Bridge, Structural and Ornamental Iron Workers for over 40 years and has served as an officer of local 512 for almost 30 years.

As an officer of local 512, Chuck has been instrumental in improving the quality of life and education for ironworkers and other Minnesotans.

In large part, through Chuck's efforts, a strong and vibrant apprenticeship program was created. This program has provided crucial training and employment opportunities for many. Under the direction of the joint apprenticeship committee, which he helped to establish and headed, the success of the apprenticeship program will continue.

Chuck has served the members of local 512 well. Through his efforts the membership have a model health and welfare program as well as a sound pension plan. These benefits have become a benchmark for many others.

Besides serving the local 512 membership, Chuck McKenna has served the people of Twin Cities area well. As a member of the board of directors for the McKnight Foundation, he has been a driving force in the good works of that organization.

Mr. Speaker, I count on Chuck McKenna as a good friend and adviser. I will miss his active participation in local 512 but know that I can still depend on his wise counsel and experience. As he enters retirement, I want to wish Chuck and his wife Dory, a long and happy life.●

KEVIN JORDAN WINS LEGION CONTEST

HON. JOHN R. McKERNAN, JR.

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. McKERNAN. Mr. Speaker, today I would like to give recognition to one of my constituents, Kevin Jordan of Wiscasset, Maine, who is the winner of the Maine American Legion Oratorical Contest.

On March 9, Kevin, a junior at Wiscasset High School, was selected as the State champion for his speech entitled, "The Preamble and Its Relationship With The Constitution." Kevin will be competing in the regional finals in Boston during April, with the chance of moving on to the national finals.

Kevin is the son of Mrs. Stephanie Jordan of Wiscasset and Anthony G. Jordan of Brunswick.

Contestants from all over the State of Maine participated in this oratorical contest, with representatives from seven State districts chosen to compete in the State finals.

Winners in the competition are chosen on the basis of their knowledge and presentation of the Constitution. The contest is held to promote study and interest in the Constitution.

It is a great honor to be selected as Maine's representative in the American Legion Oratorical Contest. I commend Kevin on his outstanding efforts and achievements.●

MAJ. RICHARD BEAVERS

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. HOYER. Mr. Speaker, last December our community suffered a devastating blow when the Prince Georges County Police Department lost a fine officer and leader, Maj. Richard Beavers. Major Beavers was struck down in a senseless robbery attempt as he was sitting, off duty, in a parking lot.

The loss of Major Beavers, who was the commander of the Oxon Hill station, was a tragic and shocking event. Major Beavers was extremely popular with his men, and his depth of concern in his job and in his responsibilities created a positive feeling in all who knew him.

Richard Joseph Beavers joined the police department on October 16, 1967, and was assigned to the Hyattsville station. He was promoted to detective in the vice section in 1970. Further promotions were swift—in 1972, he was promoted to detective first class; in 1974, to sergeant; in 1976 to the rank of lieutenant; and then, in 1979 to captain and transferred to operations duty officer. In 1980 he was named commander of the Clinton District station, and in 1982 to the same post at the Oxon Hill station. He was promoted to the rank of major posthumously in November.

Major Beavers was born and raised in Prince Georges County, graduating from Northwestern High School in 1964. In 1970 he married Diana L. Miller and they had two children, Joseph Richard and Shannell Shannon.

During his service in the police department, Major Beavers received an Award of Merit and 24 letters of commendation for his work. He was considered one of the bright young men of the department and he was well-loved by his coworkers. At the time of his death, he was counseling a former employee and her family.

Clearly the motive in this senseless killing was robbery, and two men have been arrested and charged with Major Beavers' murder.

Maj. Richard Beavers reflected the real heart and soul of the law enforcement fraternity. His sense of duty to the community in which he lived and worked was paralleled by his fellowship and sense of duty to his fellow officers.

Mr. Speaker, we in the Prince Georges community have suffered a great loss. Major Beavers was a fine man, and his contributions, his humor and his spirit will long be remembered. I know my colleagues join with me in sending heartfelt condolences to his family and friends.●

DISCRIMINATORY MEMBERSHIP POLICIES IN PRIVATE CLUBS

HON. SAM GEJDENSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. GEJDENSON. Mr. Speaker, we are all aware that there are still a good many private clubs in this country that have discriminatory membership policies.

What is often forgotten, however, is that members of these clubs often use them for business purposes, and claim business entertainment and lodging deductions when patronizing these establishments. This amounts to a government subsidy of discrimination, and I believe this is wrong.

It is for this reason that today I am introducing the Business Expense Deductions Act of 1984. This bill would disallow the business deduction for entertainment and travel-related lodging when such activity takes place in a private club that discriminates on the basis of race, sex, religion, or national origin. This bill does not prevent anyone from joining the club of his or her choice—it simply puts an end to the practice of conducting tax-deductible business in a discriminatory establishment.

Under this legislation, a private club would be required to submit to the IRS a simple form stating that their membership policies are nondiscriminatory. If a club refuses to submit such a form, expenditures in that club are no longer tax deductible.

After a club submits the form, they will be sent a public notice certifying that they are nondiscriminatory, and that expenditures there are eligible for the business deduction. If a complaint of discrimination is filed against such a club, the IRS would then have the ability to examine the organization's membership lists and investigate their membership policies.

The bill would also create a separate line on the income-tax return form for reporting expense deductions used in any facility which is not open to the general public. This provision will make it easier to enforce the policy, without requiring an audit of all the business expenses reported on a questioned tax return.

This bill has been endorsed by the American Federation of State, Federal, and Municipal Employees and the national women's political caucus. The National Organization for Women, the NAACP, and the Leadership Conference on Civil Rights have all endorsed the concept, and are currently reviewing the legislative language. All of these organizations share my fundamental belief that ending the policy of Government subsidy of discrimination is a step that is long overdue.

I urge my colleagues to join me and this distinguished group of organizations, and cosponsor this fair and equitable change in our tax policy.●

PERSONAL EXPLANATION

HON. MAJOR R. OWENS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. OWENS. Mr. Speaker, due to pressing business in my district, I was unavoidably detained in New York during the votes on April 3. Had I been present, I would have voted "yea" on H.R. 4072, the conference report on the Wheat Improvement Act; "yea" on H.R. 4707, the Arizona Wilderness Act, and "yea" on H.R. 5026, the Truth in Lending Act amendments.●

THE PHILOMATH OBSERVES A CENTURY OF SERVICE TO THE ART OF LEARNING

HON. GEORGE C. WORTLEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. WORTLEY. Mr. Speaker, in the town of Manlius, N.Y., my hometown, there exists an organization dedicated to the furtherance of learning and the understanding of people, wherever they exist in this world.

This dedicated body is known as the Philomath.

Since the earliest days of our community, women of the Philomath have met every 2 weeks for intellectual discussions, to probe issues and topics of the day, to study cultures, and review literature.

The women of our town, in good times and in times of hardship, have kept the torch of learning burning brightly for the expansion of their minds and for the enrichment of knowledge of our families.

On Tuesday, April 12, the Philomath will observe its 100th anniversary of continuing community service.

Mr. Speaker, it is with signal pride that I bring this commemoration to the attention of the Congress.

To the current president of the Philomath, Mrs. Agnes Cook of Fayetteville, N.Y., and to the members of her outstanding organization, I add my congratulation.●

PORTUGUESE-AMERICAN SCHOLARSHIP FOUNDATION

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. RODINO. Mr. Speaker, for 18 years the Portuguese-American Scholarship Foundation has given financial assistance to deserving students of Portuguese heritage. I am very proud to recognize this group for their outstanding contribution to the education of our young people.

The foundation was organized by community leaders who recognized the need to provide not only financial assistance to members of the Portuguese-American community, but to encourage young people to seek higher education.

On Friday, April 13, the foundation will present scholarships to five people, including two from my home city of Newark—Antonio Raimundo and Rosemarie Bola. Since the scholarships began, over 100 deserving students have been awarded funds—including another one of my constituents, Joaquin Correira.

At the dinner, a special person in the Portuguese community will be honored—Evaristo Cruz, Sr. He is the founder and president of the Cruz Construction Co., which he built from a small construction firm into a multimillion dollar company. Born in Portugal in 1917, Cruz came to the United States at the age of 29, leaving his wife and four children in Portugal until he was settled and could bring them here to start a better life. They joined him in 1950. After working in construction, Cruz decided to start his own company, and with a small initial investment, he built the Cruz Construction Co. into the success it is today.

In 1963, Cruz was fined by a municipal court for hiring 14 Portuguese aliens as laborers on a sewer project. The basis for this fine was a discriminatory law that prohibited aliens from working on public works projects in New Jersey. After 2 years of litigation and considerable legal expenses, Cruz won a reversal from the New Jersey State Supreme Court which unanimously ruled that the 1899 statute was no longer valid. His efforts in this case brought about a more equitable situation for thousands of workers who followed.

Evaristo Cruz has played an important role in many civic activities, and I am very pleased that the Portuguese-American Scholarship Foundation is honoring him at this very special event.

I also wish to recognize other individuals who have played a major role in the success of the foundation—Richard Gomes, the foundation's current president; Fred Perry, chairman of the dinner committee and senior vice president of the Broad National Bank; and Mrs. Ilvora Rodriques, the founder and first president of the Portuguese-American Scholarship Foundation.●

CHEMICAL WEAPONS TREATY PROPOSAL

HON. ED BETHUNE

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. BETHUNE. Mr. Speaker, I was pleased to hear the President announce last night that he is sending Vice President BUSH to the Conference on Disarmament in Geneva to present a treaty proposal for banning chemical weapons. Secretary Shultz is to be commended for his statements at the Stockholm talks, where he announced that the United States was preparing this treaty. The only sour note was produced by the Department of Defense, who as recently as 2 weeks ago were trying to block the treaty.

I imagine the thought that we might actually get a treaty banning chemical weapons frightens the Department of Defense. They are stuck in a mindset of build, build, build, regardless of whether the weapons are needed or even work properly. Once again, this Congress is facing a request for the production of binary nerve gas when the DOD knows we already have a huge stockpile of unitary chemical weapons that are useable, deliverable and safe. If we got a treaty, not only would the DOD not get to have these new weapons, they would have to go out of the nerve gas business entirely.

The Soviets also need to get out of the nerve gas business. This treaty proposal gives them an opportunity to prove they want to.●

CONGRESS MUST FULLY ADDRESS OUR CITIZENS NEEDS

HON. KATIE HALL

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mrs. HALL of Indiana. Mr. Speaker, the administration's budget request demonstrates a total departure from the need to continually develop local communities. Our cities desperately need funds to continue services and aid to citizens. Job displacement, deteriorating fixtures, and overburdened Government services are problems that must be fully addressed by any budget the Congress approves.

Community and regional development programs support local economic development efforts by offering grants, loan guarantees, and technical assistance to cities and States. This support for public works, economic development, and revitalization projects will help create jobs.

The unemployment rate in my district is 22 percent. That is three times higher than the national average. Government services in northwest Indiana are heavily burdened now and could reach a point of crisis if another economic catastrophe occurs. If funding for community development remains at the present levels, localities would experience a double-digit percentage decline in the spending power of the funds they receive.

The Congressional Black Caucus (CBC) budget alternative would increase the fiscal year 1985 community development block grant funding to $4.5 million. This $1 billion increase over the administration's request is in response to the serious needs of our cities. It is a wise increase because funds for urban development generate private investment and in turn thousands of jobs.

The Nation is plagued by outdated manufacturing plants, deteriorating roads, bridges, sewers, and water systems. To allow the Nation's infrastructure to crumble away would not only jeopardize public safety but cost a great deal more in the long run. The CBC alternative includes a new National Development Bank with a budget authority of $5 million. This new National Development Bank would provide the funding necessary to cities and manufacturers to help rebuild and upgrade vital public services essential to the well-being of urban citizens, and the functioning and revitalization of American businesses and basic industries.

Programs exist to monitor regional concerns and problems. These programs have worked for revitalization in areas that have suffered long and hard from economic infirmity. The CBC alternative retains the Appalachian Regional Commission and other regional development programs at Congressional Budget Office baseline levels. Housing for the elderly would be increased by $332 million providing an additional 16,000 units of low-income housing for older Americans. Government disaster relief programs would be maintained at current service levels.

In all, the CBC alternative demonstrates a greater compassion for the disadvantaged and working Americans. The CBC community development proposal recognizes the problems and essential needs of this nation's cities and towns. If community development programs are not funded adequately, some communities will have to suspend vital services and be forced to raise taxes. No one wants to further burden middle America. Inadequate funding for these programs would amount to another economic catastrophe for the millions of unemployed who in better times worked so hard for the growth of America.●

HONORING THESE FINE PENNSYLVANIANS

HON. GUS YATRON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. YATRON. Mr. Speaker, for over 30 years Sallie I. Pawling, of the 16th ward in Reading, Pa., Mamie L. Hartman of the Borough of Hamburg, Florence V. Pyle of Lower Heidelberg Township, Luke M. Synder and Maude A. Davis of Ontelaunee Township and Edna Noll Moyer of Ruscombmanor have faithfully served the people of Berks County, Pa. These outstanding individuals are deeply respected and admired by all who are privileged to know them.

On April 28, the Berks County Democratic Committee will be honoring these fine committee persons for their public service. These committee people have devoted their precious time and endless energy to involving the community in our democratic process. In addition to their work with the Democratic Party they are all fine examples of civic mindedness and outstanding citizenship. They are outstanding members of their communities and they represent the essence of our electoral process.

I know that my colleagues will join me in paying tribute to these six fine Americans. It is indeed my honor to recognize the accomplishments of Sallie I. Pawling, Mamie L. Hartman, Florence V. Pyle, Luke M. Snyder, Maude A. Davis, and Edna Noll Moyer. I want to congratulate all of them on a job exceedingly well done.●

THE 2-PERCENT SOLUTION

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. DASCHLE. Mr. Speaker, yesterday I approached the discussion on the amendment offered by my colleague from Louisiana with truly mixed emotions. I have long advocated, and am a cosponsor of legislation calling for, the 2-percent solution con-

cept embodied in this budget substitute. I agree with my colleagues who are supporting this approach that getting a handle on entitlements is a necessary step, and one that we must take if we are ever to get the unacceptable budget deficits we are facing under control.

But equal to that commitment is my commitment that the budget deficit reduction we pass here be, as far as humanly and legislatively possible, a fair one. Unfortunately, it is my perception that the substitute before us fails that test. Had the sponsors of this legislation provided a true, across the board freeze on all spending, while at the same time embodying the concepts of the 2-percent solution to both nonmeans tested entitlement programs and the indexation of income taxes, I might well have supported it. In that way, the sacrifices that our retirees are asked to make under this plan, and that our wage earners are asked to make, would have been balanced by an equivalency of sacrifice across the board.

However, the substitute does not do this. While making real cuts in social security and other Federal retirement programs, and freezing spending on most discretionary programs, the substitute at the same time provides for a real growth rate, after inflation, of 5 percent in the defense budget, in each of the 3 covered years. In other words, what this substitute does is ask our senior citizens to give up some of their fixed retirement income, and our wage earners to give up some of the tax relief that they would gain from indexing, to finance additional budget authority of $91.2 billion in defense spending over the next 3 years.

In effect, this calls on the W-2 filer, and the retiree, to continue to support the Pentagon's habit of paying over $400 for ordinary hardware store hammers. To me, this is an unconscionable distortion of priorities which I simply cannot support.

I remain committed to the principal of the 2-percent solution, and will work in the future to see that it is included in a comprehensive budget reform package which treats all spending equally. I cannot, however, support it in the context of using the dollars taken away from our retirees and wage earners to finance more wasteful Pentagon shopping sprees.●

IRANIAN LAWYERS PERSECUTED DUE TO BAHA'I FAITH

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. FRANK. Mr. Speaker, I have previously presented to the House Material about the plight of the Baha'i community in Iran, which is being persecuted by the Khomeini regime. It is government policy in Iran that the practice of the Baha'i religion is to be regarded as a conspiracy against the State, and as a result more than 150 Baha'is have been executed, and many others have disappeared, been tortured, lost their jobs, had their property confiscated, had their children expelled from school, and otherwise been harassed and humiliated. I would urge my colleagues who have not already done so to cosponsor House Concurrent Resolution 226, introduced by my colleague Mr. PORTER of Illinois, expressing the sense of Congress regarding the persecution of this community. I would also like to voice my appreciation to the administration, which has on many occasion spoken out on this matter and kept the outrageous practices of the Iranian Government in the public eye.

I would also like, Mr. Speaker, to bring to the attention of this body the superb work which is done by the American Bar Association on this and other human rights matters. The ABA has set up a network of concerned correspondents, which keeps an eye on human rights violations around the world and alerts its members so that they may voice their protests in the most effective way possible. They have recently alerted their membership to the situation confronting the Baha'i. In addition to the more obvious suggestions as to who to address letters of concern to, the appeal includes the helpful suggestion that members contact the Japanese Ambassador to the United States (Japan is Iran's most important trading partner) and to the Ambassador of Zambia to the United States (Zambian President Kenneth Kaunda has contacts with the Iranian Government).

Mr. Speaker, I commend the excellent job the ABA is doing in the human rights field; it is proof of the seriousness and commitment it has to the rule of law. I ask that its appeal on behalf of Iran's Baha'is be made part of the RECORD.

IRANIAN LAWYERS PERSECUTED DUE TO BAHA'I FAITH

The National Spiritual Assembly of the Baha'is of the United States reports the continuing systematic persecution of the Baha'i community in Iran, including specific actions directed against lawyers affiliated with the Baha'is. A number of lawyers have been disbarred by having their licenses revoked. Specifically, the Islamic Revolutionary Court of Tehran on September 4, 1983 revoked the licenses of a number of justice ministry lawyers on the grounds that they had links to the Baha'i community (see attached press statement). One of those disbarred, Badiullah Farid, had been executed in Tehran on June 24, 1981. Another, Manuher Ghaemmaghami, was kindnapped by the government authorities in August 1980.

Due to the public nature of their work—particularly the necessity that they deal with government authorities, including the police—Baha'i lawyers are prime targets for discrimination and violence directed against Baha'is generally. The situation of the Baha'i community in Iran is described in the Department of State Country Reports on Human Rights Practices for 1983. The situation of the Baha'is is worsening. In the first three weeks of November 1983, 140 Baha'is were arrested by government authorities, and one Baha'i was lynched by a mob in Azerbaijan province. *See also* attached bulletin update and article.

RECOMMENDED ACTION

The voice of American lawyers may carry great weight in other nations whose efforts to influence the Iranians might be more effective than those of the U.S. Government at this time. Individuals are encouraged to write to the following governments, expressing their concern about the situation of Baha'i lawyers in Iran and the Baha'i community, generally, and in particular—requesting information about the disbarment of lawyers with links to the Baha'i community; and—expressing concern about the continued oppression of Baha'is, including lawyers.●

INTERNATIONAL VENTRILOQUIST'S WEEK

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. MAZZOLI. Mr. Speaker, today I introduced a resolution to designate the week of July 1-July 7 as "International Ventriloquist's Week."

Ventriloquism is an art form which traces its origins back some 3,000 years. And, while originally associated with magic, ventriloquism has emerged as an art form which has been entertaining and fascinating audiences for years.

The Vent Haven Museum in Fort Mitchell, Ky., houses the most complete collection of ventriloquial items from around the world. And, each year in Fort Mitchell, ventriloquists from everywhere gather for their annual convention. It was in Kentucky at Fort Mitchell that the International Brotherhood of Ventriloquists was founded. It claims today over 1,000 members worldwide.

Ventriloquists have always been among the more generous of performers and entertainers in devoting their time and skill to entertain and divert patients—especially the little boys and girls—at hospitals, orphanages, and other institutions.

I hope my colleagues will join me in supporting this measure to recognize and draw attention to ventriloquism and to see some of the great ventriloquists—such as Edgar Bergen, Shari Lewis, Paul Winchell, and Burr Tilstrom—who have shared their special talent with so many through the years.●

CHRISTOPHER RESIDENCE ANNIVERSARY

HON. RAYMOND J. McGRATH
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES

Thursday, April 5, 1984

● Mr. McGRATH. Mr. Speaker, on April 7 the Christopher Residence in my hometown of Valley Stream, N.Y., will be holding an anniversary party, marking its 10th anniversary in the community.

The story of the Christopher Residence, a home for retarded adults, is a touching one. It is the story of a community overcoming fear and uncertainty and opening its mind and its heart to others.

I will not dwell on the details, but the basic story of the Christopher Residence is as follows:

Early in 1973, Father Robert Emmet Fagan, director of Catholic Charities of Rockville Centre, approached the parish council of Valley Stream with a plan to open a home for retarded adults. In 1974, the parish council approved the plan.

What followed was not particularly pleasant. Residents of the community were strongly opposed to the residence, fearing for the neighborhood and the safety of its children. They fought the opening of the residence with every means at their disposal, but it opened anyway.

But the story has a happy ending, thanks to some very special people. Appointed as supervisors of the house were Sisters Kate McGrath and Catherine O'Shea, Dominican nuns who had worked at a successful residence in Brooklyn. They went to great lengths to teach the local residents about mental retardation and the needs and aspirations of those who would be living in the house. They tried to be reassuring and to let the residents of the community see that they had nothing to fear. They had faith and they were persistent, and in not too long a time their faith was rewarded.

Today, the Christopher Residence is a part of the Valley Stream community, and the people of the community have opened their hearts to the residents of the house. The faith of Sisters Kate McGrath and Catherine O'Shea in the basic goodness of man toward his fellow man has been rewarded, and the result is something of which the Valley Stream community can be proud.●

HOUSE OF REPRESENTATIVES—*Monday, April 9, 1984*

The House met at 12 o'clock noon.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

O God, the heavens display Your glory and Your marvelous creation is seen in the order and beauty of our world. Grant, O God, that Your works may also be seen in our lives—in deeds of justice, in acts of kindness, in words of comfort, and in lives of service. May we see Your commandments of love as our invitation to be stewards of goodness and grace this day and every day. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment bills and a joint resolution of the House of the following titles:

H.R. 4202. An act to designate the air traffic control tower at Midway Airport, Chicago, as the "John G. Fary Tower";

H.R. 4206. An act to amend the Internal Revenue Code of 1954 to exempt from Federal income taxes certain military and civilian employees of the United States dying as a result of injuries sustained overseas;

H.R. 4835. An act to authorize funding for the Clement J. Zablocki Memorial Outpatient Facility at the American Children's Hospital in Krakow, Poland; and

H.J. Res. 520. Joint resolution designating April 13, 1984, as "Education Day, U.S.A."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the amendment of the House to the bill (S. 1852) entitled "An act to extend the expiration date of the Defense Production Act of 1950."

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill and a joint resolution of the House of the following title:

H.R. 2751. An act to amend the National Foundation on the Arts and the Humanities Act of 1965, and for other purposes; and

H.J. Res. 492. Joint resolution making an urgent supplemental appropriation for the fiscal year ending September 30, 1984, for the Department of Agriculture.

The message also announced that the Senate insists upon its amendments to the joint resolution (H.J. Res. 492) entitled "Joint resolution making an urgent supplemental appropriation for the fiscal year ending September 30, 1984, for the Department of Agriculture," requests a conference with the House on the disagreeing votes of two Houses thereon, and appoints Mr. HATFIELD, Mr. STEVENS, Mr. WEICKER, Mr. COCHRAN, Mr. KASTEN, Mr. STENNIS, Mr. PROXMIRE, Mr. INOUYE, and Mr. EAGLETON to be the conferees on the part of the Senate.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 2539. An act to repeal certain provisions of the Omnibus Budget Reconciliation Act of 1983.

REMOVING THE UNITED STATES FROM JURISDICTION OF INTERNATIONAL COURT OF JUSTICE

(Mr. GIBBONS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GIBBONS. Mr. Speaker, over the weekend you have effectively disposed of the President's attempt to rewrite the history of Beirut and his involvement therein and that mistake.

But one serious thing remains. That is the attempt of the President to take the United States out of the jurisdiction of the International Court of Justice. This is a terrible mistake.

I hope the appropriate committees of the House and of the other body will investigate this thoroughly and make the appropriate recommendations to this body for appropriate action.

THE PRESIDENT IS INCONSISTENT ON CHEMICAL WEAPONS

(Mr. RATCHFORD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RATCHFORD. Mr. Speaker, the issue of chemical warfare is a very sensitive one, yet the President sent the world mixed signals in his press conference last week.

At the same time that the President called for the United States to lead an effort to obtain an international treaty to ban chemical weapons, he urged Congress to approve more spending for the deadly gas. Nothing could be more inconsistent.

Mr. Speaker, I agree that the United States should be a leader in the worldwide effort to ban chemical weaponry. But I do not believe that building more of these horrible weapons will lead to the elimination of their use.

Instead, I think we in the House of Representatives can best share the President's admirable goal by loudly and clearly saying no to his expensive and insensitive request for funds to add to our chemical weapons stockpile.

REAGAN ADMINISTRATION FEARS JUDGMENT OF WORLD COURT

(Mr. BARNES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BARNES. Mr. Speaker, many of us have known for some time that the Reagan administration's Central American policies could not stand the light of day. Now the administration has admitted as much. By refusing to accept the jurisdiction of the International Court of Justice over the CIA's mining of Nicaraguan ports, the administration has demonstrated that it knows that its policies could not withstand an inquiry by impartial, objective international bodies.

This does not just affect the mining of the ports. The administration says that it will not accept the Court's jurisdiction over any of its actions in Central America for the next 2 years. Clearly, this would cover the introduction of U.S. combat troops, for which the New York Times reported yesterday we are beginning contingency planning.

Mr. Speaker, I am shocked that the President of the United States shows so little respect for international law. I am shocked that the Reagan administration so casually undermines the very international institutions that we did so much to set up for the purpose of protecting small countries from powerful ones. The American people are becoming shocked, too, and they are going to expect the House to do something about this outlaw behavior when we vote again on aid for so-called covert action later this week.

The Subcommittee on Western Hemisphere Affairs, which I have the honor to chair, plans immediate hearings on this shameful episode.

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

FOREIGN POLICY DISARRAY

(Mr. RICHARDSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RICHARDSON. Mr. Speaker, the administration's foreign policy is in complete disarray and the President is blaming all of his failure on the Congress, especially Lebanon.

So what is next?

Our relations with the Soviet Union are in disarray. Is it our fault that Mr. Reagan is the first American President not to have a summit meeting in his past 3½ years of being in office?

Is it our fault that there are no arms control negotiations?

Is it our fault that we are supporting a regime in the Philippines that is corrupt and may be toppled; a regime that is on the side of repression of human rights? America has vital security interests in the Philippines, and they are being jeopardized by the unstable situation there.

Is it our fault that the next President of El Salvador may be the leader of the El Salvadoran death squads? And when the Congress is reluctant to fund this regime, will it be our fault if something goes wrong in Central America?

Mr. Speaker, the President is in effect saying that all Members of the Congress, Republican and Democrat, should stay out of foreign policy. In effect what he is saying is that the American people through their Representatives should just lie back and let him make all decisions. This is not only wrong and unconscionable, but unconstitutional and illegal as well.

PERMISSION FOR COMMITTEE ON RULES TO FILE PRIVILEGED REPORTS ON RULE ON H.R. 7, CHILD NUTRITION ACT OF 1963 EXTENSION, AND RULE ON CONFERENCE REPORT ON S. 1852, DEFENSE PRODUCTION ACT OF 1950 EXTENSION

Mr. LONG of Louisiana. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight, April 9, 1984, to file two privileged reports: First, granting a rule on H.R. 7, to extend and improve the Child Nutrition Act of 1963; and second, granting a rule on the conference report on S. 1852, to extend the Defense Production Act of 1950.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

REQUEST FOR PERMISSION FOR COMMITTEE ON WAYS AND MEANS TO FILE REPORT ON H.R. 5362

Mr. MILLER of California. Mr. Speaker, on behalf of the chairman of the Committee on Ways and Means, I ask unanimous consent that the Committee on Ways and Means may have until 6 p.m. tonight, Monday, April 9, 1984, to file its report to accompany the bill, H.R. 5362.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. WORTLEY. Mr. Speaker, reserving the right to object, I would ask the gentleman: Has this been cleared with the minority?

Mr. MILLER of California. Mr. Speaker, will the gentleman yield?

Mr. WORTLEY. I yield to the gentleman from California.

Mr. MILLER of California. It is my understanding that it has been.

Mr. WORTLEY. It is my understanding that it has not been cleared. I would ask the gentleman to withhold his request.

Mr. SPEAKER. Will the gentleman withhold his request?

Mr. MILLER of California. I will withhold the request, Mr. Speaker.

□ 1210

ENGAGING IN STATE SPONSORED ACTS OF TERRORISM

(Mr. MILLER of California asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. MILLER of California. Mr. Speaker, last year the House of Representatives voted to cut off money to support the covert war in Nicaragua. Unfortunately, the Senate did not concur in that decision, and that war now continues and continues to widen.

Unfortunately, now we have learned that the Reagan administration has made a decision to engage in state-sponsored terrorism. The mining of the harbors of Nicaragua have resulted in the random damage of our allies' ships and injury to members of their merchant marine. This most recent act of terrorism follows on the heels of aerial bombings of suburban neighborhoods of Managua.

The question for the Congress over the next few days is whether or not we will ratify these acts by continuing the funding of the program that sponsors them, or whether we will cut off the funds for the covert war. I am sure that when the President asked for bipartisan support for his foreign policy, his plea did not extend to support for the state-sponsored terrorism that the Reagan administration is now practicing against the people of Nicaragua, terrorism that has received the universal condemnation of our allies.

CENTRAL AMERICAN POLICY BORDERS ON SHEER LUNACY

(Mr. BEDELL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BEDELL. Mr. Speaker, the not so secret war in Central America is once again on the front pages of our Nation's newspapers, as we are now informed that part of our covert operations against the Sandinista government include direct CIA supervision of the mining of Nicaraguan ports. Further, we are informed that the administration will not accept World Court jurisdiction in disputes involving Central America for 2 years.

These elements of President Reagan's Central American policy border on sheer lunacy. The mining of harbors is an act of war. Does the President realize or accept the responsibility for such actions? Is the President attempting to engineer a United States-Nicaraguan showdown or worse yet, a United States-Soviet showdown in Central America? Have we, in the Congress, had ample opportunity to discuss the very real risks to our national security and leadership of the Western alliance that are posed by these actions?

Clearly, something must be done before the situation there gets out of hand. For this reason, I believe it essential for the Congress to once again and as soon as possible debate this issue. Perhaps, we shall have to do this in a secret session but do it we must. We are a nation of laws but today, we have an administration that seems to believe it does not have to adhere to domestic or international law in the conduct of its foreign policies. As lawmakers, we bear the ultimate responsibility for reigning in this administration and the sooner the better.

WE SHOULD HAVE DEEPER BUDGET DEFICIT CUTS

(Mr. LEVITAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEVITAS. Mr. Speaker, the headline on the lead editorial in the Washington Post this morning said, "Better Than Nothing" referring to the action taken by the House of Representatives on the budget last week. Perhaps the Washington Post was overly generous in their praise. The financial markets have already indicated what they think about the inadequate deficit cutting and that response was to see interest rates go up again because of the enormous deficits and the inadequate House action.

The fact of the matter is that the President and the Republicans do not take this matter seriously. The original Presidential budget and the Republican-Rose Garden budget did not do enough. The Democratic leadership and our Budget Committee came out with a better document than the Re-

publican budget, but it could have been so much better if some of our Members who are budget experts and who work on the Budget Committee had not lost their nerve and if they had taken some drastic action to really reduce this budget deficit. Our leadership should have given us a fairer and better rule that would have permitted procedures to have a deeper budget deficit reduction, deeper spending cuts and real, meaningful pay-as-you-go amendments.

We need a budget with a dramatically lower deficit. That is what the people of America are looking for, and that is what the financial markets are looking for. That is what we need to be saying on Main Street and saying to Wall Street.

I hope that when we see a conference report on the budget, it will be with a deeper deficit reduction and a much more effective budget that will bring interest rates down.

MINING OF NICARAGUAN WATERS, AN ACT OF INTERNATIONAL AGGRESSION

(Mr. MATSUI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MATSUI. Mr. Speaker, it appears that this administration's foreign policy has become so morally bankrupt that it must forewarn the World Court that it cannot accept their judgment on U.S. actions in Central America. That is a sad state of affairs, Mr. Speaker. Especially when one considers that the mining of the Nicaraguan waters deserves to be condemned as an act of international aggression.

The President wants Congress to stop meddling in foreign affairs, but I say to the President, "Stop meddling with the very principles on which this country's foreign policy should be based—international peace and self-determination for all peoples."

Finally Mr. Speaker, the tragic irony is that our Central American policy is only playing into the hands of the Marxist regime whose form of government we so absolutely abhor. Let us stop providing the Marxists with propaganda bonanzas and start getting on with the business of negotiations.

CONGRESS SHOULD IMMEDIATELY END ALL FUNDING FOR ILLEGAL ADVENTURE IN NICARAGUA

(Mr. KOSTMAYER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KOSTMAYER. Mr. Speaker, this administration's contempt for the role of Congress and the rule of international law has brought the conduct of American foreign policy to lows not reached since Vietnam.

No one questions the right of the President to make policy, but his suggestion that the debate ends there amounts to one-man rule and a claim of infallability.

And now the President's blatant partisan attempt to blame Congress for his mistakes only adds insult to injury.

Contrary to the President's pronouncements, Congress should immediately end all funding for his illegal adventure in Nicaragua, before the mining of harbors escalates to the deployment of American forces.

The President formulates, but the Congress appropriates. Cut him off now.

OPPOSE THE "TEMPORARY SUSPENSION" OF INTERNATIONAL LAW

(Mr. LOWRY of Washington asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LOWRY of Washington. Mr. Speaker, I rise today to express my strong opposition to the Reagan administration's decision to refuse to accept international legal jurisdiction over our actions in Central America during the next 2 years.

Recently President Reagan called for a bipartisan foreign policy. We then learned of the direct CIA involvement in the mining of Nicaragua's ports. Our ally, Great Britain, has protested this CIA action. France has offered to help clear the mines away. We vetoed a Security Council resolution protesting outside military intervention in Nicaragua, including the mining of the harbors.

Now the administration has notified the U.N. Secretary General of a temporary and limited modification of our acceptance of compulsory jurisdiction of the International Court of Justice in disputes "with any Central American state" or "any dispute arising out of or related to events in Central America" in the next 2 years. Administration officials have said that the purpose is to avoid a propaganda spectacular by Nicaragua.

This action flies in the face of a call for bipartisanship. The bipartisan foreign policy tradition started because Franklin Roosevelt wanted to avoid a repetition of what happened at the end of World War I, when the Senate rejected the Treaty of Versailles and kept us out of the League of Nations. It started because Democrats and Republicans worked together in support of the United Nations as a mechanism for world peace. In 1946, as the bipartisan foreign policy concept was taking root, we recognized the jurisdiction of the World Court in international disputes.

It is a sad day in our history when an American administration decides to step away from that 1946 action. I believe that bipartisanship in foreign policy can only succeed when our foreign policy embodies our ideals. And what does the United States stand for above all? It is that the rule of law must be supreme. You do not suspend the rule of law for 2 days or 2 weeks, much less 2 years.

In 1946, we accepted that the rule of law should apply in international disputes. Now we are stepping away from that attempt to extend our ideals to the rest of the world. It is a sad, cynical thing for the United States to back down from its ideals. I hope Members of both parties will protest this action.

RAILROAD UNEMPLOYMENT INSURANCE

(Mr. PICKLE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PICKLE. Mr. Speaker, I take this opportunity to alert my colleagues to the recent failure of the Railroad Unemployment Compensation Committee to make the full and timely report required by law.

As you know, last summer the Congress took the steps necessary to put the railroad retirement system on firm financing footing.

The Committee on Ways and Means sought to accommodate the legitimate concerns that both management and labor had. The committee statutorily required that labor and management sit down with an independent third party and report back to Congress with recommendations of how to resolve their problems and required a report be delivered to the Congress no later than April 1, 1984.

I was disappointed to learn last week that this Commission did not meet the statutory deadline for its report and recommendations. Rather the Commission issued an interim report which was largely a review of the history of the railroad unemployment system and had no more substance than a bowl of warm jello.

My intention at this time is to serve notice that this report is inadequate and completely unsatisfactory.

It is my understanding that the administration is now completing the details of its own recommendations which will soon be submitted to the Congress. It is also my understanding that Congressman FORD, chairman of the Ways and Means Subcommittee with jurisdiction over unemployment compensation intends to hold hearings on the administration's proposal. I heartily applaud Chairman FORD for showing leadership on this issue.

I strongly believe that management and labor should live up to their com-

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mitment of last year and also follow the law. If they cannot act in a timely manner then Congress must.

HOUSE SHOULD STAND FIRM IN ITS REFUSAL TO FINANCE SECRET WAR

(Mr. SEIBERLING asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SEIBERLING. Mr. Speaker, the action of this administration in violating international law by mining Nicaragua's harbors and then announcing that it will not recognize or accept the jurisdiction of the World Court on any issue relating to Central America reduces our Nation to the level of an international scofflaw.

Most Americans will, as I do, feel ashamed that the Nation that was founded on the very principle of the rule of law, and that has led the debate within the world community for respect for international law, would now stand before the world and thumb its nose at those very principles.

The action this administration has taken today will not succeed in its goals of escaping responsibility for the mining of Nicaragua's harbors. Nor will it succeed in tempering the anger of our allies to our policy toward Nicaragua.

Rather, this action will simply reduce our own credibility in the eyes of the law and in the eyes of the international community.

We must repudiate the decision of the administration. But to the international community and to all those who continue to believe in the rule of law, I hold out hope that the House of Representatives will represent our Nation's principles, and, perhaps as early as this week, will stand firm in its refusal to finance the secret war. It has become clear that the secret war is undermining our own principles more than it is undermining the strength of the Sandinistas.

□ 1220

THE NEED FOR BIPARTISANSHIP IN FOREIGN POLICY

(Mr. BROOMFIELD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BROOMFIELD. Mr. Speaker, I commend the President for the remarks he made last week when he talked about the need for bipartisanship in foreign policy.

Tearing down American foreign policy has somehow become a virtue in this election year.

Unfortunately, we will all have to live amid the wreckage after the election is over.

National candidates who should know better are playing isolationist one-upsmanship with each other, and our foreign policy will be the loser.

It is one thing to offer constructive criticism while policy is being formulated.

It is another to criticize on the run, escalating every debate for the ultimate partisan gain, and rushing to judgment to see who will be first to pull the plug on America's interests whether in Central America or the Middle East.

Mr. Speaker, it is time the candidates pull the plug on this irresponsible rhetoric. We owe it to ourselves to weigh what we say carefully against the damage it can do to America's long-range interests.

THE FIX IS IN

(Mr. DANNEMEYER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DANNEMEYER. Mr. Speaker, the congressional budget process is looking more and more like the World Series of 1919, when the fix was in. This week the House will consider spending cuts for 1985. The problem is we have no bill. The problem is that no committee will get to lay a glove on the reconciliation horsehide.

The Congress is going the World Series of 1919 one better—we are not even going to hold the game. We are just going to announce results.

Is that not great? No bill. No committee consideration. Just a spitball over homeplate with no batter. But we do have an umpire—the American people. We have got a deficit that keeps growing, but no players in the budget process. All we have are the team owners, the Democratic leadership, making up the rules as they go along.

DRIVING A STAKE INTO THE HEART OF THE RULE OF LAW

(Mr. LEACH of Iowa asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEACH of Iowa. Mr. Speaker, to read over the weekend that the administration has unilaterally decided that for the next 2 years any dispute related to events in Central America will not be subject to the jurisdiction of the World Court is dismaying to all concerned for the rule of law.

For decades there has been debate about whether the United States should play the role of policeman for the world, with some arguing that it is a chore for which we lack either a legal imprimatur or adequate resources to undertake. But a new dimension to this debate is implicit in the administration's recent assertions about Central America. Not only are the President's advisers suggesting that we will actively play the role of world policeman, but they are now arguing that rather than enforcing the law, the interventionist cops we are funding in Central America are themselves above the law.

The most fundamental issues of world politics today are, in the first instance, how we contain and constrain weapons of mass destruction, and in the second, how we can best advance the rule of law. To refuse to submit disputes to the World Court and abide by arbitration decisions of that body is to drive a stake into the heart of the rule of law.

Any given foreign policy is always controversial, but seldom have our ideals themselves been so thoroughly brought into question.

CONSTITUTIONAL AMENDMENTS

(Mr. HUNTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HUNTER. Mr. Speaker, at this time I would hope to offer a unanimous-consent request calling for consideration of amendments to permit voluntary school prayer, balanced budget, and line-item veto.

The Chair has ruled that in order to make these requests I must have the clearance of the majority and minority leaderships and the request has been cleared by the gentleman from Illinois (Mr. MICHEL), the Republican leader.

I would now yield to a spokesman from the majority leadership for appropriate clearance.

Mr. Speaker, I hear no response and that should make it clear to the American people who stands in the way of these three important issues—the Democratic leadership of this House.

A TRIBUTE TO THE LATE SENATOR FRANK CHURCH

(Mr. CRAIG asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CRAIG. Mr. Speaker, this past weekend, former Idaho Senator Frank Church passed away after a long illness. He served the State of Idaho and the Nation for 24 years in the U.S. Senate.

It would be inappropriate for me to extol the political stewardship of Senator Church because we held few philosophical beliefs in common. Even so, I, Idaho, and the Nation mourn his passing because he was a man and a political leader of deep commitment and a sincere, personal resolve to pursuing policies he felt were in the best interest of this Nation.

He was a man of unique ability who established a lofty goal in his political life of becoming chairman of the Senate Foreign Relations Committee and achieved it; who believed strongly about the conduct of American foreign policy and courageously fought for those beliefs despite the political consequences. One need not agree with those positions to admire and respect that integrity and honesty.

Many Members of Congress will come and go, but few will carve out of their tenures a place in history. Those that do, usually have done so out of their strength of commitment and statesmanship. The passing of Frank Church is the passing of one of those men.

The greatest strength of the American political experiment is the tolerance, integrity, and intensity of its deliberative process, where men and women of divergent positions seek to implement policies that will steer the country toward a peaceful, prosperous, and free future. Positions on the specific issues at the time defines the politician participants in that process, but history and force of personal commitment to the process define statesmen.

This weekend, the Nation lost a statesman. And whether you agreed or disagreed with the late Senator Church's political positions, he carried those beliefs to the deliberative process with that strength of character.

I join with others in extending my condolences to the Church family.

REPORT ON RESOLUTION DIRECTING SECRETARY OF STATE TO PROVIDE INFORMATION CONCERNING SLAYING OF AMERICAN CHURCHWOMEN IN EL SALVADOR

Mr. KOSTMAYER, from the Committee on Foreign Affairs, submitted a privileged report (Rept. No. 98-657) on the resolution (H. Res. 464) directing the Secretary of State to provide certain information to the House of Representatives concerning the 1980 slayings of four American churchwomen in El Salvador, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION DIRECTING SECRETARY OF STATE TO PROVIDE INFORMATION CONCERNING DEATH SQUADS IN EL SALVADOR

Mr. KOSTMAYER, from the Committee on Foreign Affairs, submitted a privileged report (Rept. No. 98-658) on the resolution (H. Res. 463) directing the Secretary of State to provide certain information to the House of Representatives concerning death squads in El Salvador, which was referred to the House Calendar and ordered to be printed.

MEMORIAL SERVICE TO BE HELD FOR SENATOR FRANK CHURCH

(Mr. WRIGHT asked and was given permission to address the House for 1 minute.)

Mr. WRIGHT. Mr. Speaker, I should like to announce for all who may wish to attend that a memorial service will be held at 11 o'clock tomorrow morning at the Washington National Cathedral in honor of the late Senator Frank Church. Frank Church's example combined the starkly independent judgments of an honest man with the warm, outgoing good will of an inherently kind human being.

At a time when there are disagreements, candid and profound, on international issues, it may be that we can draw from his inspiration to create a few basic principles which will allow us to be more bipartisan in our spirits if not always in our judgments and, when we disagree, to do so with sufficient grace that we shall not be disagreeable.

Those who would join in honoring the memory of Frank Church are invited to attend the observance in the cathedral at 11 o'clock tomorrow.

□ 1230

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. Pursuant to the provisions of clause 5, rule I, the Chair announces that he will postpone further proceedings today on each motion to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 4 of rule XV.

Such rollcall votes, if postponed, will be taken at the end of the legislative business on Tuesday, April 10, 1984.

PERMISSION FOR COMMITTEE ON WAYS AND MEANS TO FILE REPORT ON H.R. 5362

Mr. MILLER of California. Mr. Speaker, on behalf of the chairman of the Committee on Ways and Means, I ask unanimous consent that the Committee on Ways and Means have until 6 p.m. tonight, Monday, April 9, 1984, to file its report to accompany the bill, H.R. 5362.

Mr. Speaker, it is my understanding that this has been cleared with the minority members of the committee.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. WORTLEY. Mr. Speaker, reserving the right to object, there is no objection. We have received assurances that the cost estimates to accompany the bill, prepared by the Congressional Budget Office, will be included in that report and, therefore, we have no objection.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

LAND REMOTE-SENSING COMMERCIALIZATION ACT OF 1984

Mr. VOLKMER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5155) to establish a system to promote the use of land remote-sensing satellite data, and for other purposes.

The Clerk read as follows:

H.R. 5155

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Land Remote-Sensing Commercialization Act of 1984".

TITLE I—DECLARATION OF FINDINGS, PURPOSES, AND POLICIES

FINDINGS

SEC. 101. The Congress finds and declares that—

(1) the continuous civilian collection and utilization of land remote-sensing data from space is of major benefit in managing the Earth's natural resources and in planning or conducting many other activities of economic importance;

(2) the national interest of the United States lies in maintaining international leadership in civil remote-sensing and in broadly promoting the beneficial use of remote-sensing data;

(3) land remote-sensing by the Government or private parties of the United States affects international commitments and policies and national security concerns of the United States;

(4) the broadest and most beneficial use of land remote-sensing data is likely to result from maintaining a policy of nondiscriminatory access to data;

(5) use of land remote-sensing data has been inhibited by slow market development and by the lack of assurance of data continuity;

(6) the private sector, and in particular the "value-added" industry, is best suited to develop land remote-sensing data markets;

(7) vigorous, competitive, market-driven private sector involvement in land remote-sensing can lead to rapid realization of the potential benefits of that technology;

(8) to utilize fully the strengths of the private sector, any process of commercialization of land remote-sensing should involve the maximum practicable competition and the minimum (both in duration and amount) practicable Government subsidy;

(9) at the present time, it is unclear that the private sector alone will develop a total land remote-sensing system because of the high risk and large capital expenditures involved;

(10) cooperation between the Federal Government and the private sector can help assure both data continuity and United States leadership;

(11) the time is now appropriate to initiate such cooperation with phased transition to a fully commercial system;

(12) cooperation between Government and the private sector in civil land remote-sensing should be structured so as to minimize

Government direction and regulation and maximize private sector involvement;

(13) nevertheless, certain Government oversight must be maintained to assure that private sector activities are in the national interest and that the international commitments and policies of the United States are honored; and

(14) there is no compelling reason to commercialize meteorological satellites at this time.

PURPOSES

SEC. 102. It is therefore the purpose of this Act—

(1) to guide the United States Government in promoting full, prompt, and proper involvement of the private sector in civil land remote-sensing from space;

(2) to maintain the United States leading position in civil remote-sensing, preserve its national security, and fulfill its international obligations;

(3) to prescribe conditions for assuring continuity of civil land remote-sensing data while protecting public and private nondiscriminatory access to these data;

(4) to minimize the duration and amount of any further Federal investment that might be necessary to achieve full commercialization of civil land remote-sensing; and

(5) to prohibit commercialization of meteorological satellites at this time.

POLICIES

SEC. 103. (a) It shall be the policy of the United States to preserve its right to acquire and disseminate digital remote-sensing data.

(b) It shall be the policy of the United States that civilian digital remote-sensing data be made available to all potential users on a nondiscriminatory basis.

(c) It shall be the policy of the United States both to commercialize those space remote-sensing functions that properly lend themselves to private sector operation and to avoid competition by the Government with such commercial operations, while continuing to preserve our national security, to honor our international obligations, and to retain in the Government those remote-sensing functions that are essentially of a public service nature.

DEFINITIONS

SEC. 104. For purposes of this Act:

(1) The term "digital remote-sensing data" means the unprocessed and minimally processed signals collected from civil remote-sensing space systems or original film products collected from such systems. Such minimal processing shall be limited to rectification of instrumental distortions, registration with respect to features on the Earth, and calibration of spectral response. Such term does not include conclusions, manipulations, or calculations derived from such signals or combination of the signals with other data or information. Unless otherwise limited, digital remote-sensing data includes land and ocean sensed data.

(2) The term "Secretary" means the Secretary of Commerce.

(3)(A) The term "on a nondiscriminatory basis" means without preference, bias, or any other special arrangement regarding delivery, format, financing, or technical considerations which would favor one buyer or class of buyers over another.

(B) The sale of data is made on a nondiscriminatory basis only if (i) any offer to sell or deliver data is published in advance in such manner as will ensure that the offer is equally available to all prospective buyers; (ii) the system operator has not established or changed any price, policy, procedure, or other term or condition in a manner which gives one buyer or class of buyer de facto favored access to data; and (iii) in a case where a system operator offers volume discounts, such discounts are no greater than the demonstrable reductions in the cost of such sales. The sale of data on a nondiscriminatory basis does not preclude the system operator offering discounts other than volume discounts to the extent that such discounts are not inconsistent with any other provision of this paragraph.

(C) The sale of data on a nondiscriminatory basis does not require (i) that a system operator disclose names of buyers or their purchases; (ii) that a system operator maintain all, or any particular subset of, data in a working inventory; or (iii) that a system operator expend equal effort in developing all segments of a market.

(4) The term "Landsat system" means Landsat 1, 2, 3, 4, and 5, and related ground equipment, systems, and facilities, and any successor civil land remote-sensing satellites operated by the United States Government prior to the commencement of the six-year period described in section 302(b)(2).

(5) The term "system operator" means a contractor under title II or a license holder under title IV.

TITLE II—CONTRACT FOR EXISTING LAND REMOTE-SENSING SATELLITE SYSTEM

CONTRACT REQUIREMENTS

SEC. 201. (a) In accordance with the requirements of this Act, the Secretary shall, subject to the availability of appropriations therefor, contract with a United States private sector party (as defined by the Secretary) to market digital remote-sensing data generated by the Landsat system. If the Secretary determines that competition for such contract will promote the policies and purposes of this Act, the Secretary may accept proposals for such contract which include the operation by such United States private sector party of (1) the space component of the Landsat system, (2) the related ground equipment, systems, and facilities, or (3) both such space component and such related equipment, systems, and facilities.

(b) A contract awarded under subsection (a) shall be awarded, after competition, in accordance with the conditions of section 203. Such contract may be reawarded competitively after the practical demise of the space segment of the Landsat system, as determined by the Secretary.

(c) Any contract authorized by subsection (a)—

(1) shall not permit the transfer to any contractor of title to any part or all of the Landsat system; and

(2) may specify that the contractor use, and, at his own expense, maintain, repair, or modify elements of the Landsat system as the contractor finds necessary for commercial operations.

(d) If, as a result of the competitive process required by subsection (b), the Secretary receives no proposal which he finds acceptable under the conditions of this Act, the Secretary shall so certify and fully report his findings to the Congress. Thirty days after so certifying and reporting, the Secretary may reopen the competition. If no acceptable proposals are received after such subsequent competition, or if the Secretary decides not to reopen the competition, the Secretary shall so certify and fully report his findings to the Congress. In the event that no acceptable proposal is received, the Secretary shall continue to operate the Landsat system and to market data from such system.

(e) In defining "United States private sector party" for purposes of subsection (a), the Secretary may take into account the citizenship of key personnel, location of assets, foreign ownership, control, and influence, and other such factors.

SALE OF DATA

SEC. 202. (a) The United States Government shall retain title to any and all data generated by the Landsat system. However, after the date of the commencement of the contract described in section 201(a), the contractor shall be entitled to revenues from sales of copies of data from the Landsat system, subject to the conditions specified in sections 601 and 602 of this Act.

(b) The contractor may continue to market data previously generated by the Landsat system after the demise of the space segment of that system.

CONDITIONS OF COMPETITION FOR CONTRACT

SEC. 203. (a) The Secretary of Commerce shall, as part of his advertisement for the competition for the contract authorized by section 201, identify and publish the international obligations, national security concerns (with appropriate protection of sensitive information), domestic legal considerations, and any other standards or conditions which a private contractor shall be required to meet.

(b) In selecting a contractor under this title, the Secretary shall consider—

(1) ability to market aggressively digital remote-sensing data;

(2) the best overall financial return to the Government, including the potential savings to the Government;

(3) ability to meet the obligations, concerns, standards, and conditions identified under subsection (a);

(4) technical competence, including the ability to assure continuity and timeliness of data from the Landsat system;

(5) absence of any conflicts of interest which could inhibit nondiscriminatory access to such data;

(6) ability to effect a smooth transition with the contractor selected under title III of this Act; and

(7) such other factors as he deems appropriate.

FOREIGN GROUND STATIONS

SEC. 204. (a) The contract under this title shall provide that the contractor shall act as the agent of the Secretary by continuing to supply digital remote-sensing data to foreign ground stations for the life, and according to their terms, of those agreements between the United States Government and such foreign ground stations that are in force on the date of the commencement of the contract.

(b) Upon the expiration of such agreements, or in the case of foreign ground stations that have no agreement with the United States on the date of commencement of the contract, the contract shall provide—

(1) that digital remote-sensing data from the Landsat system shall be made available to foreign ground stations only by the contractor; and

(2) that such data shall be made available on a nondiscriminatory basis.

TITLE III—PROVISION OF DATA CONTINUITY DURING TRANSITION PERIOD

PURPOSES AND DEFINITIONS

SEC. 301. (a) It is the purpose of this title—

(1) to provide, in an orderly manner and with minimal risk, for a transition between Government operation and private, commercial operation of civil land remote-sensing space systems; and

(2) to provide for the continuity of MSS data for six years after the practical demise of the space segment of the Landsat system.

(b) For purposes of this title—

(1) the term "Multi-Spectral Scanner" means the instrument referred to by that name and carried on the Landsat 4 and Landsat 5 satellites; and

(2) the term "MSS data" means digital remote-sensing data which, from the point of view of a data user, are—

(A) functionally equivalent to data from the Multi-Spectral Scanner; and

(B) compatible with data and with equipment used to receive and process data from such Scanner.

CONTRACT FOR DATA AVAILABILITY AND CONTINUITY

SEC. 302. (a) Subject to the availability of appropriations therefor and to the licensing conditions established under title IV, the Secretary shall, after competition, contract with a United States private sector party (as defined by the Secretary pursuant to section 201) for the provision by such party of the capability of generating data of a quality at least equal to the quality of MSS data and of selling and delivering such data to the Federal Government. The capability shall include, at a minimum, the capability to generate and deliver MSS data at the annual volume of Federal usage during fiscal year 1983, as determined by the Secretary. The capability may be provided by the contractor using whatever technologies the contractor may select. In addition, the contractor may make available data of a higher quality or of a different type than MSS data.

(b) The contract authorized by subsection (a)—

(1) shall be entered into as soon as practicable, allowing for the competitive procurement process;

(2) shall, in accordance with criteria determined and published by the Secretary, reasonably assure the provision of the capability described in subsection (a) for a period of six years, beginning as soon as practicable in order to minimize any interruption of data availability;

(3) shall terminate one year after the expiration of the six-year period described in paragraph (2);

(4) may, subject to section 305 of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 255), provide for a payment by the Secretary to cover a portion of the capital cost of providing such capability, which may be paid in installments (A) based on progress prior to the beginning of the six-year period described in paragraph (2), and (B) the sum of which shall be less than the total cost of procuring the system required to assure the capability for six years;

(5) shall provide that sale of digital remote-sensing data shall be in accordance with the provisions of section 303 of this title;

(6) shall not provide for any guaranteed data purchases by the Federal Government; and

(7) may provide that the contractor utilize, on a space-available basis, civilian Government satellites as platforms for a civil remote-sensing satellite system, if—

(A) the contractor immediately reimburses the Government for all related costs incurred with respect to such utilization, including a reasonable and proportionate share of fixed, spacecraft, data transmission, and launch costs; and

(B) such utilization would not interfere with or otherwise in any way compromise the intended civilian Government missions, as determined by the agency responsible for the civilian satellite.

(c) The contract authorized by subsection (a) shall be awarded on the basis of—

(1) the cost to the Government of the payment under subsection (b)(4);

(2) the reliability, technical competence, and financial condition of the contractor;

(3) the contractor's ability to develop the remote-sensing data market;

(4) the contractor's ability to supplement basic capabilities specified in section 302(a) by adding remote-sensing capabilities (at the contractor's expense and consistent with national security concerns) which maintain United States leadership in remote-sensing;

(5) the contractor's ability to meet the conditions for obtaining a license under title IV;

(6) the contractor's ability to provide digital remote-sensing data on a timely and reliable basis;

(7) the contractor's ability to effect a smooth transition with any contractor selected under title II;

(8) the royalty or profit- or revenue-sharing arrangement, or other such financial consideration offered to the Federal Government; and

(9) such other factors as the Secretary deems appropriate.

(d) If, as a result of the competitive process required by subsection (a), the Secretary receives no proposal which he finds acceptable under the conditions of this Act, the Secretary shall so certify and fully report his findings to the Congress. Thirty days after so certifying and reporting, the Secretary may reopen the competition. If no acceptable proposals are received after such subsequent competition, or if the Secretary decides not to reopen the competition, the Secretary shall so certify and fully report his findings to the Congress. Ninety days after so certifying and reporting, the Secretary is authorized to assure MSS data continuity by procurement and operation by the Federal Government of the necessary systems, subject to the availability of appropriations therefor. Such procurement and operation may include generation of data of a higher quality than MSS data.

SALE OF DATA

SEC. 303. (a) The contractor selected under section 302 shall sell data in accordance with the provisions of sections 601 and 602 of this Act.

(b) Any sale of digital remote-sensing data by the contractor to Federal agencies shall be on a nondiscriminatory basis, with the additional condition that at least 5 per centum of the price of each such sale shall be rebated to the Government (and thereby reduce the total net cost to the Government) as a royalty payment to the United States Treasury. Such royalty payments shall be required during the life of the contract authorized in section 302, or until such time as the cumulative total of such royalty payments equals the value of any payment made to the contractor by the Government under section 302(b)(4), whichever first occurs. Data sales to non-Federal buyers shall not be subject to such a rebate.

(c) After the six-year period described in section 302(b)(2), the contractor may continue to sell data and, if licensed under title IV of this Act, to operate a civil remote-sensing space system.

REPORT

SEC. 304. Two years after the date of the commencement of the six-year period described in section 302(b)(2) the Secretary shall report to the President and to the Congress on the progress of the transition to fully private financing, ownership, and operation of remote-sensing space systems, together with any recommendations for actions, including actions necessary to ensure United States leadership in civilian land remote-sensing from space.

TITLE IV—LICENSING OF PRIVATE REMOTE-SENSING SPACE SYSTEMS

GENERAL AUTHORITY

SEC. 401. The Secretary is authorized, after consultation with other appropriate Federal agencies, to grant, suspend, modify, or revoke licenses under this title, and to take any other such actions as he deems necessary in order to carry out the provisions of this title.

CONDITIONS FOR OPERATION

SEC. 402. (a) No private sector party may operate any remote-sensing space system which is subject to the jurisdiction or control of the United States (as determined by the Secretary) without a license pursuant to section 403.

(b) Any license issued pursuant to section 403 shall be subject to the following conditions:

(1) The system shall be operated in such manner as to preserve and promote the national security of the United States and to observe and implement the international obligations of the United States.

(2) Digital remote-sensing data shall be made available to all potential users on a nondiscriminatory basis.

(3) No license issued under this title shall protect the licenseholder from fair competition from other licenseholders.

(4) Any private sector party proposing to be licensed under section 403 shall agree, as a condition for the receipt of such license, that prior to disbanding or terminating operations under the license, the licenseholder will make disposition of any orbiting satellites in a manner satisfactory to the President.

(5) Any private sector party proposing to be licensed under section 403 shall agree, as a condition for the receipt of such license, to provide to the Secretary any data generated under such license which the Secretary may request for the purpose of archiving pursuant to section 602.

(6) For the purposes of ensuring compliance with the provisions of this Act concerning nondiscriminatory access to data, any private sector party proposing to be licensed under section 403 shall agree, as a condition for the receipt of such license—

(A) to notify the Secretary of any "value-added" activities (as defined by the Secretary by regulation) that will be conducted by the licensee or by a subsidiary or affiliate of the licensee; and

(B) to provide the Secretary with a plan for the conduct of such activities which will ensure compliance with such provisions concerning nondiscriminatory access.

AUTHORITY OF THE SECRETARY

SEC. 403. (a) The Secretary is authorized to license qualified private sector parties to operate civil remote-sensing space systems in accordance with the provisions of this Act.

(b) Any license issued under subsection (a) shall be in effect for such period as the Secretary may specify.

(c) Any private sector party may apply to the Secretary for issuance, transfer, or termination of a license under this title in a form and manner prescribed by the Secretary. Each application under this section shall set forth the activities proposed to be carried out under the license, including measures taken to comply with those operating requirements specified in section 402 of this Act.

(d) No license shall be granted by the Secretary unless he determines in writing that the applicant will comply with the requirements of this Act, the regulations issued pursuant to this Act, and the international obligations and national security concerns of the United States. The Secretary shall review any application and make a determination thereon within one hundred and twenty days of the receipt of an application. If final action has not occurred within such time, the Secretary shall inform the applicant of any pending issues and of actions required to resolve them.

(e) The Secretary may revoke, suspend, or modify a license issued under this title if the Secretary determines and notifies the licensee in writing that the licensee has substantially failed to comply with any provision of this Act, with any regulation issued under this Act, with any terms, conditions, or restrictions of such license, or with any international obligation or national security concern of the United States.

(f) Any applicant or licensee who makes a timely request for review of a denial of issuance or transfer; revocation; suspension; conditioning; or modification of a license shall be entitled to adjudication by the Secretary on the record after an opportunity for an agency hearing with respect to such denial, revocation, suspension, conditioning, or modification. Any final action by the Secretary under this subsection shall be subject to judicial review under chapter 7 of title 5, United States Code.

REGULATORY AUTHORITY OF THE SECRETARY

SEC. 404. (a) The Secretary may issue regulations to carry out the provisions of this title.

(b) Regulations issued by the Secretary under this title shall be promulgated only after public notice and comment in accordance with the provisions of section 553 of title 5, United States Code.

ENFORCEMENT AUTHORITY OF THE SECRETARY

SEC. 405. (a) Each license issued by the Secretary shall require the licensee—

(1) to allow the Secretary or his designated officers to inspect any financial or business records associated with remote-sensing or "value-added" activities, and

(2) to allow the Secretary or his designated officers to inspect any space-related or ground segment hardware or software to be utilized by the licensee in remote-sensing activities.

(b) It is unlawful for any person to violate any regulation or provision of any license issued under this Act, to violate any space treaty or law implementing any space treaty, or to prevent or inhibit the monitoring of remote-sensing activities or "value-added" activities by the Secretary or his designated officers.

(c) Any person who after notice and opportunity to be heard in accordance with title 5, United States Code, is found by the Secretary to have committed any act prohibited by subsection (b) shall be liable for a civil penalty of not more than $10,000 for each violation. Each day of continuing operation in violation shall constitute a separate violation. The Secretary may compromise, modify, or remit any such civil penalty.

(d) For the purpose of conducting any hearing under this section, the Secretary may issue subpenas for any materials, documents, or records, or for the attendance and testimony of witnesses.

(e) In carrying out his enforcement responsibilities, the Secretary may—

(1) seize any object, record, or report where it reasonably appears that such was used, is being used, or is likely to be used in violation of this Act; or

(2) make investigations and inquiries and administer to or take from any person an oath affirmation or affidavit concerning any matter relating to the enforcement of this Act.

(f) The Secretary is authorized to terminate any licensed operations on an immediate basis when it reasonably appears that operation in violation of any provision of this Act, or any provision of a license issued under this Act, or of any obligation of the United States under a space treaty, would be detrimental to the national interest.

AGENCY ROLES

SEC. 406. (a) A private sector party may apply for a license to operate a remote-sensing space system which utilizes, on a space-available basis, a civilian United States Government satellite or vehicle as a platform for such system.

(b) The Secretary, pursuant to the authorities of this title, may license such system if it meets all conditions of this Act, and if—

(1) the applicant agrees, as a condition for the receipt of such license, to reimburse the Government immediately for all related costs incurred with respect to such utilization, including a reasonable and proportionate share of fixed, spacecraft, data transmission, and launch costs; and

(2) such utilization would not interfere with or otherwise compromise the intended Government missions, as determined by the agency responsible for the satellite or vehicle.

(c) The Secretary may offer assistance to private sector parties in finding appropriate opportunities for such utilization.

(d) Federal agencies are authorized to enter into agreements for such utilization if such agreements are consistent with the agency's mission, statutory authority, and appropriation Acts, and if such remote-sensing space system is licensed by the Secretary.

(e) The provisions of this section do not apply to activities carried out pursuant to title V.

TERMINATION

SEC. 407. If, five years after the expiration of the six-year period described in section 302(b)(2), no private sector party has been licensed and continued in operation under the provisions of this title, the authority of this title shall terminate.

TITLE V—RESEARCH AND DEVELOPMENT

PURPOSE AND POLICY

SEC. 501. It is the purpose of this title to provide for a comprehensive civilian program of research, development, and demonstration to enhance the United States capabilities for remote-sensing from space, as well as to enhance the application and utilization of such capabilities.

CONTINUED FEDERAL RESEARCH AND DEVELOPMENT

SEC. 502. (a)(1) The Administrator of the National Aeronautics and Space Administration is directed to continue and to enhance such Administration's programs of remote-sensing research and development.

(2) The Administrator is authorized and encouraged to—

(A) conduct experimental space remote-sensing programs (including applications demonstration programs and basic research at universities);

(B) develop remote-sensing technologies and techniques, including those needed for monitoring the Earth and its environment; and

(C) conduct such research and development in cooperation with other public and private research entities, including private industry, universities, State and local governments, foreign governments, and international organizations, and to enter into arrangements (including joint ventures) which will foster such cooperation.

(b)(1) The Secretary shall conduct a continuing program of—

(A) research in applications of remote-sensing;

(B) monitoring of the Earth and its environment; and

(C) development of technology for such monitoring.

(2) Such program may include support of basic research at universities.

(3) The Secretary is authorized and encouraged to conduct such research, monitoring, and development in cooperation with other public and private research entities, including private industry, universities, State and local governments, foreign governments, and international organizations, and to enter into arrangements (including joint ventures) which will foster such cooperation.

(c) Other Federal agencies are authorized and encouraged to conduct research and development on the use of remote-sensing in fulfillment of their authorized missions, using funds appropriated for such purposes.

(d) The Secretary and the Administrator of the National Aeronautics and Space Administration shall, within one year after the date of enactment of this Act and biennially thereafter, jointly develop and transmit to the Congress a report which includes (1) a unified national plan for remote-sensing research and development applied to the Earth and its atmosphere; (2) a compilation of progress in the relevant ongoing research and development activities of the Federal agencies; and (3) an assessment of the state of our knowledge of the Earth and its atmosphere, the needs for additional research (including research related to operational Federal remote-sensing space programs), and opportunities available for further progress.

USE OF EXPERIMENTAL DATA

SEC. 503. Data gathered in Federal experimental space remote-sensing programs may be used in related research and development

programs funded by the Federal Government (including applications programs) and cooperative research programs, but not for commercial uses or in competition with private sector activities, except as permitted by section 504.

SALE OF EXPERIMENTAL DATA

SEC. 504. Data gathered in Federal experimental space remote-sensing programs may be sold en bloc through a competitive process (consistent with national security interests and international obligations of the United States) to any United States entity which will market the data on a nondiscriminatory basis.

TITLE VI—GENERAL PROVISIONS

NONDISCRIMINATORY DATA AVAILABILITY

SEC. 601. (a) Any digital remote-sensing data generated by any system operator under the provisions of this Act shall be made available to all users on a nondiscriminatory basis in accordance with the requirements of this Act.

(b) Any system operator shall make publicly available the prices, policies, procedures, and other terms and conditions (but not, in accordance with section 104(3)(C), the names of buyers or their purchases) upon which the operator will sell such data.

ARCHIVING OF DATA

SEC. 602. (a) It is in the public interest for the United States Government—

(1) to maintain an archive of land remote-sensing satellite data for historical, scientific, and technical purposes, including long-term global environmental monitoring;

(2) to control the content and scope of the archive; and

(3) to assure the quality, integrity, and continuity of the archive.

(b) The Secretary shall provide for long-term storage, maintenance, and upgrading of a basic, global, land remote-sensing data set (hereafter referred to as the "basic data set") and shall follow reasonable archival practices to assure proper storage and preservation of the basic data set and timely access for parties requesting data. The basic data set which the Secretary assembles in the Government archive shall remain distinct from any inventory of data which a system operator may maintain for sales and for other purposes.

(c) In determining the initial content of, or in upgrading, the basic data set, the Secretary shall—

(1) use as a baseline the MSS data currently archived;

(2) take into account future technical and scientific developments and needs;

(3) consult with and seek the advice of users and producers of remote-sensing data and data products, keeping the Congress advised of such contacts;

(4) consider the public's need for data which may be duplicative in terms of geographical coverage but which differ in terms of season, spectral bands, resolution, or other relevant factors;

(5) include, as the Secretary deems appropriate, digital remote-sensing data generated either by the Landsat system, pursuant to title III, or by license holders under title IV; and

(6) include, as he deems appropriate, data collected by foreign ground stations or by foreign remote-sensing space systems.

(d) All original data (or copies thereof) shall, on request, be made promptly available to the Secretary by any system operator in a form suitable for processing for data storage, maintenance, and access. The Secretary is authorized (subject to the availability of appropriations) to pay to such system operator reasonable costs for reproduction and transmittal of any such data.

(e) Any system operator shall have the exclusive right to sell all data that the operator provides to the United States remote-sensing data archive for a period to be determined by the Secretary but not to exceed ten years from the date the data are sensed. In the case of data generated from the Landsat system prior to the implementation of the contract described in section 201(a) of this Act, any contractor selected pursuant to section 201 shall have the exclusive right to market such data on behalf of the United States Government for the duration of such contract. A system operator may relinquish his exclusive right and consent to distribution from the archive before the period of exclusive right has expired by terminating his offer to sell particular data.

(f) After expiration of such exclusive right to sell, or after relinquishment of such right, the data provided to the United States remote-sensing data archive shall be in the public domain and shall be made available to requesting parties by the Secretary at prices reflecting reasonable costs of reproduction and transmittal.

(g) In carrying out the functions of this section, the Secretary may use existing facilities or may contract with a private sector party or parties for the performance of such functions, subject to the availability of appropriations therefor.

NONREPRODUCTION

SEC. 603. Digital remote-sensing data distributed by any system operator under the provisions of this Act may be sold under the condition that such data will not be reproduced or disseminated by the purchaser.

REIMBURSEMENT FOR ASSISTANCE; SALE OF EQUIPMENT

SEC. 604. (a) The Administrator of the National Aeronautics and Space Administration, the Secretary of Defense, and the heads of other Federal agencies are authorized to provide assistance to system operators under the provisions of this Act. Substantial assistance, such as launch services, shall be reimbursed by the system operator.

(b) The Secretary may allow a licensee under section 403, or any other private sector party, to buy or otherwise acquire the use of equipment from the Landsat system, when such equipment is no longer needed for the operation of that system or for the sale of data from that system. Officials of other Federal civilian agencies are authorized and encouraged to cooperate with the Secretary in carrying out this subsection.

RADIO FREQUENCY ALLOCATION

SEC. 605. The Federal Communications Commission and the Secretary are encouraged to allocate to any license holder under title IV of this Act access to Government radio frequencies and other civil radio frequencies appropriate for space remote-sensing systems in a timely manner consistent with international obligations and with the national interest.

CONSULTATION

SEC. 606. (a) The Secretary shall consult with the Secretary of Defense on all matters under this Act affecting national security. The Secretary of Defense shall be responsible for determining those conditions, consistent with this Act, necessary to meet national security concerns of the United States and for notifying the Secretary promptly of such conditions.

(b)(1) The Secretary shall consult with the Secretary of State on all matters under this Act affecting international obligations. The Secretary of State shall be responsible for determining those conditions, consistent with this Act, necessary to meet international obligations and policies of the United States and for notifying the Secretary promptly of such conditions.

(2) The Secretary of State is authorized and encouraged to provide land remote-sensing data, technology, and training to developing nations as a component of programs of international aid.

(3) The Secretary of State shall promptly report to the Secretary any instances outside the United States of discriminatory distribution of data.

(c) If, as a result of conditions imposed on a system operator on the basis of national security or international obligations or policies, the Secretary (in consultation with the Secretary of Defense or the Secretary of State, as the case may be) determines that additional costs will be incurred by the system operator, or that past development costs (including the cost of capital) will not be recovered by the system operator, the Secretary may require the agency or agencies requesting such conditions to reimburse the system operator for such additional or development costs, excluding anticipated profits.

AMENDMENT TO NATIONAL AERONAUTICS AND SPACE ADMINISTRATION AUTHORIZATION, 1983

SEC. 607. Subsection (a) of section 201 of the National Aeronautics and Space Administration Authorization, 1983, is amended to read as follows:

"(a) The Secretary of Commerce is hereby authorized to plan and provide for the management and operation of civil remote-sensing space systems, which may include the Landsat 4 and 5 satellites and associated ground system equipment transferred from the National Aeronautics and Space Administration; to provide for user fees; and to plan for the transfer of the ownership and operation of civil, operational remote-sensing space systems to the private sector when in the national interest.".

RELATION TO OTHER LAWS

SEC. 608. The requirements of this Act are in addition to, and not in lieu of, any other provision of law.

AUTHORIZATION OF APPROPRIATIONS

SEC. 609. (a) There are authorized to be appropriated to the Secretary $10,000,000 for fiscal year 1985 for the purpose of carrying out the provisions of section 302, title IV, and section 602 of this Act.

(b) The authorization provided for under subsection (a) shall be in addition to moneys authorized pursuant to title II of the National Aeronautics and Space Administration Authorization Act of 1983 (Public Law 97-324).

TITLE VII—PROHIBITION OF COMMERCIALIZATION OF WEATHER SATELLITES

PROHIBITION

SEC. 701. Neither the President nor any other official of the Government shall make any effort to lease, sell, or transfer to the private sector, commercialize, or in any way dismantle any portion of the weather satellite systems operated by the Department of Commerce or any successor agency.

FUTURE CONSIDERATIONS

SEC. 702. Regardless of any change in circumstances subsequent to the enactment of this Act, even if such change makes it appear to be in the national interest to com-

mercialize weather satellites, neither the President nor any official shall take any action prohibited by section 701 of this Act unless this title has first been repealed.

The SPEAKER pro tempore (Mr. MOAKLEY). Pursuant to the rule, a second is not required on this motion.

The gentleman from Missouri (Mr. VOLKMER) will be recognized for 20 minutes and the gentleman from New Mexico (Mr. LUJAN) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Missouri (Mr. VOLKMER).

Mr. VOLKMER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise to support H.R. 5155, the Land Remote-Sensing Commercialization Act of 1984 and to urge my colleagues to join me in voting for this legislation.

The committee has held hearings on this general subject matter for several years. Recently our focus has been sharpened as a result of several specific commercialization proposals.

The jurisdiction for this matter is shared between my subcommittee and the subcommittee chaired by the gentleman from New York (Mr. SCHEUER). We held hearings beginning in April 1983 and continuing in June and July. In November, we held hearings on draft legislation. In February of this year we introduced H.R. 4836, and had hearings on that bill in March. Based on testimony and comments from industry and agencies, a clean bill, H.R. 5155, was introduced on March 15 and reported by the Committee on Science and Technology on March 27, 1984, without amendment.

Mr. Speaker, I have taken the time to recount this history because the Members should know that this bill has been given careful consideration. We have not lightly dealt with the commercialization of our Nation's space remote-sensing capability.

The committee has always supported the commercialization of space technology when appropriate, while realizing that such commercialization might need statutory policy guidance on a case-by-case basis.

We have always intended for land remote sensing to be commercialized because so many of its applications are commercial. The marketing efforts of a private sector operator will result in wider use of the data and commercial pressures for efficiency will result in more cost-effective technology.

Despite the committee's feeling that this remote-sensing technology should be commercialized, we also realized that there need to be safeguards to protect the public and the national interest. The committee has therefore looked carefully at this commercialization process.

Mr. Speaker, many Members may remember that some of the proposals floating around about this time a year ago were a mockery of commercialization. For example, there were proposals to commercialize the weather satellites. Leaving aside the potential adverse effects on public safety, these proposals would have amounted to establishing a monopoly and then giving it a cost-plus contract. Obviously, this would have resulted in none of the efficiencies we expect from private-sector operation. Of course, H.R. 5155 prohibits commercialization of weather satellites.

There have also been proposals that would allow a private system operator to sell data to some users but not to others. One bad effect of this would be to allow grain speculators to profit at the expense of American farmers. By establishing a firm policy of nondiscriminatory access to data, H.R. 5155 would prevent such abuses.

I hope these examples have made it clear that we have brought to the floor a bill that every Member can support.

Mr. Speaker, let me now briefly outline the provisions of the bill.

Title I contains findings, purposes, policies, and definitions. An important policy established here would call for nondiscriminatory data access.

Title II provides for the first phase of commercialization which would be marketing of data from the existing Landsat system. Title to the system would remain with the Government.

Title III provides for the next phase of commercialization by authorizing limited Federal assistance for a private system to follow Landsat. This assistance would be awarded after a competitive process.

Title IV contains procedures for a simple licensing of private system operators.

Title V is very important because it authorizes and directs a vigorous Federal R&D program to insure that the United States maintains its preeminence in this field.

Title VI contains general provisions, the most important of which is the statutory establishment of a data archive.

Title VII contains a simple prohibition of commercialization of weather satellites.

Mr. Speaker, at this point I would like to explain the provisions of the bill. H.R. 5155 is written in seven titles. There are three progressive phases of commercialization of land remote sensing established in titles II, III, and IV of the bill. The other titles provide a favorable context for the commercialization process.

Title I contains findings, purposes, policies, and definitions. Section 103(c) of the bill establishes as policy of the United States that civilian digital remote-sensing data shall be made available to all potential users on a nondiscriminatory basis. Also, section 104 of the act spells out the definition of this term—on a nondiscriminatory basis—so as to allow as much commercial flexibility as possible without favoring one buyer or class of buyers over another.

Title II provides for the first phase of commercialization. A contractor would be selected to market all new and archived data from the existing Landsat system and would also be permitted if he desired, to contract for operating that system. The Secretary would continue to own this system while the private sector contractor develops a market and makes data available to users. This will preserve data continuity while the private sector builds the follow-on land remote-sensing space system provided for by title III.

Title III provides for a 6-year transition period as the next phase of commericalization with the 6-year period defined in terms of assurance of data continuity. The Secretary of Commerce is authorized to pay some of the capital costs of a private sector operator who will provide the system capability necessary to assure data continuity for the 6-year period. This capital payment is, in effect, a subsidy to help the private-sector party build and launch the necessary system. The Secretary would be required to go through a competitive selection process and one criterion for selection of the private-sector operator would be the amount of subsidy required.

The committee believes that the 6-year period will be an adequate amount of time to determine whether or not the land remote-sensing business will be commercially viable. If such a business cannot be sustained by sale of data, then we will be faced with a decision as to whether we want to continue with Federal support or simply to take this Nation out of land remote-sensing altogether.

The provisions of H.R. 5155 give the Secretary some latitude in how to proceed with the commercialization process. For example, nothing in the bill would prohibit the Secretary from combining the procurements called for in title II and title III into one action. However, if such an action did not result in accomplishing the objectives of both titles II and III, the Secretary would be required to proceed with separate procurement actions.

Title IV provides a procedure for licensing all private system operators including the operator receiving the subsidy under title III. The constraints that would be placed on license holders are few, but would include nondiscriminatory data access and foreign policy and national security limitations. This title also establishes administrative procedures and regulatory and enforcement authorities for the Secretary of Commerce.

Title V authorizes and encourages continued Federal research and development in civil space remote sensing. Our committee strongly believes that the transfer of operational responsibility to the private sector does not relieve the Federal Government of its obligation to conduct long-term, high-risk research in remote sensing. This title therefore spells out research mandates for both NOAA and NASA and encourages agencies using remote-sensing data to carry out applications research. In addition, sections 503 and 504 taken together provide that data generated in experimental remote-sensing purposes can be used for research purposes without limitation but can be used for commercial purposes only in a way that will not undercut any private-sector operator. This is achieved by requiring that such experimental data be sold en bloc on a commercial, that is competitive, basis.

Title VI contains several general provisions, perhaps the most important of which is the requirement that the Secretary of Commerce establish an archive of land remote-sensing data for historical, scientific, and technical purposes, including long-term global environmental monitoring. This provision will insure that many of the public benefits of land remote sensing are indeed preserved once the commercialization process is underway. Section 609 authorizes the appropriation of $10 million for fiscal year 1985 for carrying out the provisions of section 302, title IV, and section 602 of the bill. Section 302 contains the language providing for the payment of capital costs of a follow-on system to assure data continuity for 6 years. The $10 million authorized here will not be sufficient to pay for that system. We expect that the requirement for building the follow-on system will be several times the amount authorized, but it will certainly be less than present Government costs to procure and operate a land remote-sensing system.

Title VII would prohibit the commercialization of weather satellites at this time. The language of this title amounts to a rather strict prohibition of any effort to commercialize those systems and provides that no such effort may be made by the President or any official until title VII has been repealed.

Mr. Speaker, I believe that from this description it is clear that we have worked hard on this bill and have dealt with all of the problems that have existed in earlier commercialization proposals. I urge my colleagues to support H.R. 5155.

Mr. DASCHLE. Mr. Speaker, will the gentleman yield?

Mr. VOLKMER. I yield to the gentleman from South Dakota.

Mr. DASCHLE. Mr. Speaker, I rise, not so much in opposition to H.R. 5155, a bill setting forth guidelines and parameters for the possible commercialization of the Landsat system, as I do to express some very serious concerns on my part as to the necessity and the ultimate wisdom of the entire idea of commercialization. As a set of guidelines, I complement the committee on its product as reflected in this bill. As far as possible, it does produce guidelines that will assure continued access to data at the least possible cost to the Government under commercialization.

On the other hand, as I have indicated, I wonder if, in fact, the commercialization of this function is indeed in the national interest. The information gathered by the Landsat system does provide manifold benefits in the national interest. The argument for commercialization, as is exhibited in the committee report on this legislation, is that commercialization of the system will provide greater data markets, and that the Federal Government can contract for the data it desires with the private interests running the system. However, in testimony before the Subcommittee on Science and Applications on June 21, 1983, Dr. John W. Townsend, president of Fairchild Space Co., said the following:

> This statement will probably be viewed as heresy by my industrial colleagues, but the real forcing function for increasing industrial productivity and efficiency is competition. In a sole source situation, the only management motivation is to increase profits as far as possible until checked through regulation or negotiation.

This statement, I think, calls into real question the proposed savings that commercialization will bring to the Federal Government. We only have to look at sole source contractors for the Pentagon to see how well this system works.

On the other hand, given the administration's fervor for commercialization, and the fact that it has already involved itself in RFP's on this matter, the likelihood of the administration expanding the Landsat system to fill existing and future needs is doubtful. Two months ago, we launched Landsat 5, the last planned satellite in the Landsat system. There are obviously no further plans by the administration to launch any further Landsat satellites, or to upgrade our present facilities. Without this administration support, it is unlikely that Congress, on its own, will provide either the authorizations or further funding for these desirable expansions. So, by default, however distasteful, it appears that this commercialization may be the only way we can continue to expand the data we need.

I am disappointed that the administration has been so short-sighted on this issue. I am further disturbed that the committee bill before us today does not, to my understanding, provide for congressional approval of any specific contract the Secretary of Commerce may enter into relative to this issue. Given the administration's propensity for privatization, no matter what the ultimate cost to the citizens of this country, I am afraid that this approach will indeed leave the fox guarding the chicken coop.

It does appear, however, that, given the administration's refusal to support updating of the system, commercialization may be the only way to go. I do, however, have some specific questions that I would like to address to the manager of the bill, relative to title VI of the bill, dealing with archiving, and the role the EROS Data Center may play in that function.

In the last analysis, I feel that this commercialization is premature and may wind up costing us more than it saves, while at the same time it may well be denying us access to the data we need. The administration's single minded pursuit of privatization, combined with its stubborn refusal to update the present Landsat system, may be forcing us into a very foolish mistake.

I am particularly concerned over the role that the EROS data center in South Dakota will have in the future of any commercialized Landsat data collection and dissemination system. As you are aware, the EROS data center currently is actively involved in archiving data of the type we are talking about here and is, to my knowledge, the only facility currently doing so. Is it your perception of the thrust of H.R. 5155 that there is a role for the continuation of this archiving function at EROS, and, even more importantly, an expanded role for such a function?

Mr. VOLKMER. Mr. Speaker, I thank the gentleman for his question. Indeed, I am aware of the valuable role played by the EROS data center in archiving this and many other kinds of data. I am further aware that the current RFP process underway in the Department of Commerce does not mandate that a government archive would be maintained. Further, the administration position in the decision memorandum announced on March 8, 1983, was either to commercialize land remote sensing or to drop it entirely.

H.R. 5155 both provides for continued Federal support for land remote sensing until it can be commercialized successfully, and also in section 602 mandates that the Secretary of Commerce maintain a data archive. And as you have suggested H.R. 5155 calls for a "global" data set which would expand the role of the EROS data center.

Mr. DASCHLE. If the gentleman will yield further, again, just for a point of clarification. This bill does not, of course, mandate the commercialization of any Landsat facilities. It

is correct to say that this legislation leaves to the discretion of the administration, within the guidelines outlined here, the final decision as to the overall question of commercialization, and to the acceptance of a specific contract?

Mr. VOLKMER. The gentleman is correct. Section 201(c)(1) prohibits the transfer to the private sector of any part or all of the Landsat system. Further, section 201(d) gives the Secretary of Commerce authority to continue operating the Landsat system if no acceptable contract can be reached. There is similar language in section 302(d) regarding a follow-on system. For example, we would not want the Secretary to accept a proposal that would cost the Government more money or that would preclude the archiving function. Our intent is to pursue commercialization while protecting the public interest.

Mr. DASCHLE. Mr. Speaker, if the gentleman will further yield, I want to thank the gentleman for this information.

Mr. BATEMAN. Mr. Speaker, will the chairman of the subcommittee, the gentleman from Missouri (Mr. VOLKMER), yield for the purpose of a question?

Mr. VOLKMER. I yield to the gentleman from Virginia.

Mr. BATEMAN. Mr. Speaker, I would like to pose a question to the chairman, in the hope that we might clarify the committee's intent with reference to a part of the language that is in the committee report.

On page 30 of the committee report, there is a paragraph relating to title VII of the bill that I believe might lead to an unfortunate and unintended interpretation of the committee's intent. That paragraph states:

> The committee further notes that title VII does not in any way prohibit the Secretary from carrying out his responsibility to operate the weather satellites by means of contracts with private sector operators.

Would the chairman agree that the transfer of the functions of the Wallops Command and Data Acquisition Station to a private sector operator by contract is prohibited by title VII?

Mr. VOLKMER. Yes, I agree with the gentleman from Virginia. The Secretary must continue to operate the weather satellites and such a transfer would certainly constitute a commercialization that would be a clear violation of title VII, and the committee did not intend to leave any other impression. The purpose of the paragraph the gentleman refers to was to indicate that NOAA's current practice of contracting for certain limited functions would continue to be acceptable practice. For example, I understand certain maintenance functions are now contracted to the original equipment manufacturers. If cost effective, this could continue.

Mr. BATEMAN. Mr. Speaker, I thank the gentleman for his clarifying remarks.

Mr. VOLKMER. Mr. Speaker, I reserve the balance of my time.

Mr. LUJAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of the bill. Over the past 11 years, more than 20 bills were introduced dealing with remote-sensing issues. Although land remote sensing has had strong support from Congress throughout its history, there has been a long series of reports, studies, recommendations, and hearings on the issues.

Last year, the President announced his policy to have the Department of Commerce consider the feasibility of transferring the remote-sensing system to the private sector. Since then, there has been a lot of confusion about the President's proposal. The President did not decide to sell the weather satellites, but rather asked the Department of Commerce to determine if it was feasible. Since the transfer of the weather satellites is not considered to be appropriate now, this bill prohibits commercialization of weather satellites.

In contrast, the transfer of the land remote-sensing system to the private sector is not only feasible, but very appropriate. It is the Government's role to do the basic research and development and then transfer the technology to the private sector. From the beginning of the Landsat program, it has been assumed that the technology would eventually be commercialized.

Unfortunately, up until now, no definite plan was ever developed for commercialization. This bill provides an excellent, well-thought-out approach to allow Landsat to evolve into a profitable private sector enterprise. The Committee on Science and Technology and the Congress as a whole have supported commercialization of space technology over the years. This bill is a continuation of that philosophy.

Furthermore, the bill is consistent with the administration's position, and in fact is intended to be completely complementary to the process being followed by the Department of Commerce.

For these reasons, I urge my colleagues to join me in support of this bill.

● Mr. SCHEUER. Mr. Speaker, I rise in support of H.R. 5155, the Land Remote-Sensing Commercialization Act of 1984.

As the gentleman from Missouri (Mr. VOLKMER) indicated, the issues which underlie this legislation have been carefully considered during the course of nine joint hearings that our two subcommittees have held over the year. As a result of this careful consideration and of the efforts that we have made to meet Members' concerns, H.R. 5155 enjoys strong bipartisan support on the Committee on Science and Technology. In addition, on the basis of testimony that we received in March of this year from the Director of the Source Evaluation Board for Civil Remote-Sensing, the bill is, in the main, strongly endorsed by the administration.

The level of cooperation between the Congress and the administration on this issue is remarkable in light of the intractable impasse which existed not 1 year ago. There are two reasons why we have come such a long way since then. First, during the fall of last year, the Congress passed concurrent resolutions and ultimately an appropriations bill which finally laid to rest the administration's ill-conceived proposal to sell the Nation's weather satellites. Second, there has been a growing consensus that it is now timely and in the public interest to begin the orderly transition toward commercial operation of civil remote-sensing from space. H.R. 5155 is responsive to this need; it constitutes a sound approach to establishing a market-based commercial system, without compromising our national security, public safety, or international interests.

I have been greatly encouraged over the past several months that the administration, under the leadership of the Department of Commerce, has modified its policies to the point that they are nearly alined with the policies embodied in the legislation that we are considering today. This movement by the administration has been a very positive step, signaling to me that we can reach agreement quickly on the issue of land remote-sensing commercialization. Consensus and quick legislative action are absolutely essential if the United States is to avoid handing over to foreign competitors a technology that is ripe for commercialization.

Mr. Speaker, I would like to expand on what the gentleman from Missouri (Mr. VOLKMER) has said and provide some further detail on a few of the major issues that arose during the consideration of the legislation. First, the committee was aware that Public Law 98-166 prohibited the expenditure of funds in fiscal year 1984 on any proposal to transfer the Nation's civil weather satellites to the private sector. In adopting title VII of H.R. 5155, the committee has taken this prohibition one step further: Any future actions leading toward commercialization of weather satellites would not be permitted until such time as title VII is repealed.

We have taken this strong position because all of the evidence that the committee has heard indicates that sale of the weather satellites would be a terrible deal for the U.S. taxpayer. Sale of the satellites would not lead toward a truly competitive and com-

mercial situation, but rather toward a monopoly in which the only customer—the U.S. Government—would be dependent upon both the technical competence and the good will of a single company operating under the security of a long-terms, cost-plus contract. In all likelihood, this monopoly would end up costing the Government more than it presently expends for government operation of weather satellites.

Economics aside, the sale would have extremely serious implications for both national security and public safety. Selling the weather satellites would necessitate significant, and perhaps unwieldy, oversight and regulation by the Department of Defense, which relies on civil weather satellite data both in its routine operations and in emergencies. The threat to public services arises because a private operator with a secure, long-term contract would have little motivation to improve his services. As a result, technology would stagnate, which would hurt everyone who relies on weather information: the farmer, the pilot, the citizen dependent on Federal tornado and hurricane warnings.

In placing restrictions on commercialization of weather satellites, we wanted to avoid a repetition of the events of late 1983, when American industry was asked to expend millions of dollars in responding to an RFP which, because of its inclusion of weather satellites, had very little chance of success.

A second issue of great concern to the committee was the necessity, while effecting the transition of land remote sensing to the private sector, of preserving legitimate national security concerns and international commitments of the United States. These issues have been very thoughtfully raised by the gentleman from Texas (Mr. BROOKS) and thoroughly discussed in recent publications by the General Accounting Office and the Office of Technology Assessment.

The international and national security aspects of remote sensing are precisely the areas which necessitate continuing Government oversight and control of private space ventures. In the area of national security, it would clearly be inappropriate for the U.S. Government to permit its citizens to engage in activities that amount to intelligence gathering as a commercial enterprise. In the area of international relations, the Landsat program has served as a valuable foreign policy tool for over a decade, in a number of direct and indirect ways. We have provided data, services, and training in land remote sensing as a form of foreign aid to over 40 nations worldwide. By the same token, these exchanges have helped to open lines of communication between U.S. political and business interests and the governmental and technical infrastructure of these nations.

Further, by providing land remote-sensing data without prejudice or favored access, the U.S. civil remote-sensing program has been free from charges of military surveillance or economic exploitation. By maintaining this high ground, we have been able to argue credibly in international fora that any nation should have a right to observe any other country from space—the so-called open skies policy which has served our national interests well since its first articulation by President Eisenhower.

We have worked closely with the national security agencies, the Department of State, and other congressional committees to insure that H.R. 5155 protects and preserves these vital interests. The legislation does so by designating the Secretary of Defense and the Secretary of State as responsible for identifying those national security and international concerns which must be met by any private operator. The Secretary of Commerce would ultimately be responsible for implementing these provisions and for monitoring their compliance through a licensing procedure. I am confident that these provisions will protect our national interests without unduly hampering a commercial operator.

Another issue which surfaced in the consideration of this legislation was the need for a continuing Federal role in the monitoring of the global environment from space. Land remote-sensing technology provides the opportunity for observing at regular intervals small-scale and large-scale changes in the features of the Earth. For example, it is possible to use this technology to observe changes in the health and extent of the world's forests and crops; to record land-use changes; and to monitor the gradual impacts of air-borne and water-borne pollutants on our natural resources.

Long-term monitoring of this sort is a wise investment. It is because of such long-term observations that we now know that the Earth is slowly warming as a result of the gradual buildup of carbon dioxide in the atmosphere—the "greenhouse effect." It is because we did not have adequate monitoring in the past that we are now groping for answers to the acid rain problem.

We cannot expect a private operator to maintain an extensive inventory of data for the purpose of long-term environmental monitoring. Environmental monitoring is a legitimate Government function, not a commercial activity. The bill recognizes this and, in section 602, directs the Secretary of Commerce to create such an inventory and to maintain it in such a way as to guarantee the quality and usefulness of the data for purposes of global environmental monitoring.

Finally, let me touch on what I consider to be the most important policy issue in this debate—the issue of "nondiscriminatory data access." What I mean by this ternm is, very simply, that any private remote-sensing operator would have to make his data available to everyone on the same public terms—he could not choose his customers to favor one over another. I have already indicated one reason why nondiscriminatory access is so important—it preserves the "high ground" for the U.S. Government during debates in international fora over the "open skies" policy.

But there are other, equally compelling reasons for this policy. It would encourage any operator to sell data very broadly and to structure his marketing efforts to reach as many customers as possible. It protects the so-called "value-added" firms, the real developers of the market, from unfair practices by the system operator. And it is likely to serve U.S. business and political interests by facilitating sales of both data and services provided by U.S. firms.

I believe that it would be shortsighted and unwise to allow any U.S. company to sell remote-sensing data in a proprietary manner. To do so would be to risk both broad application of the technology and our national goodwill in the interests of short-term and very marginal commercial gains.

Mr. Speaker, the United States, through the National Aeronautics and Space Administration, developed the land remote-sensing technology and brought it to where it stands today—at the brink of commercial exploitation. Last month's responses to the administration's RFP indicate that U.S. industry is ready and able to enter the competitive international marketplace in this field. This legislation will enable our aerospace companies to compete effectively. They support the legislation, as does the administration and a bipartisan coalition on the committee. This is a good bill, and I urge all Members to lend their strong support.●

● Mr. MCGRATH. Mr. Speaker, I rise in support of H.R. 5155.

The commercialization of remote-sensing satellite systems has been an issue we have been debating in the Science Committee for almost 4 years. I am extremely pleased that we finally have a piece of legislation that seems to address nearly all of the concerns that have been expressed, and which has broad bipartisan support. The distinguished chairman of the Science Committee, DON FUQUA, is to be commended for his leadership in bringing this important legislation to the floor.

H.R. 5155 effects a gradual transition from Government to fully private ownership and operation of civilian land remote-sensing satellites. It also complements the RFP process, which

is in its final stages at the Department of Commerce.

Two major concerns which Members expressed regarding the proposed commercialization were that our national security not be jeopardized and that our international obligations be met. H.R. 5155 contains a framework for insuring that these concerns are addressed, and also insures that any private entrepreneur continues the current U.S. policy of nondiscriminatory access to land remote-sensing data.

A concern that I have expressed several times is that commercialization of this system be a good deal for the American taxpayer. It calls for a definite end to the involvement of the Federal Government in the operational aspect of land remote sensing after 6 years, if the Secretary has gone forward with the process spelled out in the bill. The one exception is that if none of the bids received turn out to be attractive, the Secretary is authorized to continue to operate the system.

Perhaps most important of all, H.R. 5155 provides for a market-driven system. The private sector is encouraged to make many of the critical decisions, and the technology above a minimum baseline is not dictated, thus allowing the system to be driven by user needs.

I urge my colleagues to support this important legislation.●

● Mr. ANDREWS of Texas. Mr. Speaker, it is with distinct pleasure that I rise today to speak on behalf of the Land Remote Sensing Commercialization Act of 1984, the final product of a truly pioneering, cooperative, and innovative effort on the part of HAROLD VOLKMER, chairman of the House Science and Technology Subcommittee on Space, JAMES SCHEUER, chairman of the Subcommittee on Natural Resources, Agricultural Research and the Environment, and their talented staffs. The purpose of this bill, Mr. Speaker, is to provide for the phased transfer of our civil land remote sensing capability to the private sector in a way that opens up this exciting field to private industry while guaranteeing continued availability of data, protecting national security interests, and maintaining international obligations and policies.

The Federal Government's land remote sensing program has been a Government-supported experimental research program since 1972. The last in a series of five satellites, Landsat-5, is currently orbiting the Earth at an altitude of about 570 miles, gathering data in both the visible and infrared spectrum pertaining to features of the Earth. That data can be processed into highly desirable commercial information in a growing variety of applications, including mineral and oil exploration, predictions of agricultural yield and crop health, agricultural classification, land-use mapping, forest management, hydrology, cartography, and environmental monitoring. That is the beginning of what promises to become a longer list.

The data provided by land remote sensing satellites has tremendous commercial potential, particularly if that data is efficiently obtained, affordable, and tailored to the specific needs of its users. Even though the market for this data has been suppressed by uncertainty, studies project its dramatic expansion. Passage of this bill will facilitate expansion of the land remote sensing data market by sending a positive and strong signal to investors that Congress is willing not only to release its hold on this potential new industry, but lay out the ground rules for its development and follow them.

H.R. 5155 will encourage a vigorous private sector role in civilian land remote sensing by creating a limited duration, Government industry partnership during a transition period preceding a fully private financing and operation of remote sensing. The Commerce Secretary would be authorized to accept bids from private sector firms to market data from the current Landsat system. After the demise of that system, the Secretary would select and could partially finance a private sector firm to build and operate a land-sensing system geared to the needs of the marketplace. The involvement of the Federal Government would end after 6 years.

Mr. Speaker, I want to assure you and other Members of the House that this bill in no way sanctions the privatization of weather satellites. In fact, title VII of the bill states the committee's intention to prohibit future actions leading toward commercialization of weather satellites. And, as you recall, last November, I sponsored and the Congress approved House Concurrent Resolution 168 which expresses the sense of the Congress that the commercialization of weather satellites is not appropriate. Not only are there very limited commercial prospects for weather information—the Federal Government would be the only customers—but weather satellites are critical to national security. Besides, the United States obtains from other nations a great deal of information critical to our military operations in return for our weather satellite data. Moreover, testimony before our committee overwhelmingly demonstrates the importance of the National Weather Service to public safety, particularly in hurricane situations.

But it is not my purpose, Mr. Speaker, to argue against weather satellites. Rather, I want to urge my colleagues to support the Land Remote Sensing Commercialization Act and congratulate Chairmen VOLKMER and SCHEUER for a job truly well done.●

● Mr. NELSON of Florida. Mr. Speaker, I rise in support of the commercialization of land remote-sensing satellites commonly known as the Landsat system.

The Science and Technology Committee has supported commercialization of research and development projects over the past few years when such commercialization has been appropriate. Presently, recognizing the need for the Federal Government to insure the continuity and availability of accurate land remote-sensing data, this legislation is now appropriate.

Landsat 5, launched March 1, 1984, is the last of the planned land remote-sensing satellites. In the fiscal year 1982 budget request, plans for funding 6 and 7 were dropped with the expectation of the private sector to carry on the program. Mr. Speaker, without this legislation, those plans cannot be ventured.

Further, in accomplishing commercialization purposes, this legislation takes into account the concerns of the public by addressing national security considerations, international obligations, and program continuity. This legislation is well thought out and has taken into account the concerns of the American people.

I would encourage my colleagues to recognize the need for this bill and to give it favorable consideration.●

● Mr. BROOKS. Mr. Speaker, last session Congress sent a very clear message to the President that it had no intention of allowing our Nation's weather satellites to be sold to the private sector. This bill gives us another opportunity to transmit that same message to the President to insure that this proposal will not surface again.

While it appears that the future of the weather satellites has been settled, the future of our Nation's land remote-sensing satellite, known as Landsat, has remained uncertain.

Last September, the Committee on Government Operations held a hearing to examine the foreign implications of the commercialization of Landsat. The committee learned that Landsat has been a significant maker of international friends for the United States over the years. It also found that many of the nations around the world have come to rely heavily on Landsat data and are deeply concerned that this information might become either temporarily or permanently unavailable because of the commercialization effort. It became clear that our friends abroad need some assurance that Landsat data will be available continuously whether or not the system was commercialized. In addition, they need to know that data from Landsat would not be made available on a discriminatory basis.

For 25 years, the United States has fought for the open skies policy which allows all of our Nation's satellites to fly without restrictions over every nation in the world. Maintenance of this policy hinges directly on the fact that this country has made the information acquired from civilian remote sensing satellites freely available to all nations of the world. Despite the importance of this policy, the administration has offered to renege on our Nation's commitment to it if so doing will facilitate the commercialization of Landsat.

The bill before us mandates continuation of the nondiscriminatory data distribution regardless of whether Landsat is run by the Federal Government or a private operator. In addition, it maximizes the chances of assuring a continuous flow of data from Landsat by establishing a clear timetable and framework for commercialization. I believe that it is very important that we take the steps necessary to assure the continuation of Landsat and that we not deviate from our commitment to the nondiscriminatory distribution of data.

For these reasons, I support this bill and urge you to do the same.●

● Mr. FUQUA. Mr. Speaker, I rise in support of H.R. 5155, the Landsat Remote-Sensing Commercialization Act of 1984. I want to congratulate my colleagues Congressman VOLKMER, chairman of the Subcommittee on Space Science and Applications, and Congressman SCHEUER, chairman of the Subcommittee on Natural Resources Agriculture Research and Environment for their efforts and diligence in perfecting this legislation.

This legislation reflects the continuing interest and concern of the committee that an effective commercial land remote sensing system develop from the highly successful NASA Landsat experimental program.

As a result of man's rapidly increasing population, his rapidly rising standard of living, his need for increasing energy supplies, and his need for ever increasing amounts of food, information on Earth resources becomes more important to our daily lives. Today, more than ever, man recognizes that the capability of the Earth to support life has limits and that to survive he must seek more efficient ways to manage his limited resources. As supplies become more scarce, we need more timely and accurate information. Resource data requirements extend to whole regions of the country and with the highly interactive world society in which we live, many activities involved with food, mineral resources, and environmental effects require information on a global scale.

This broad information base can best be achieved though the use of data gathered by satellites. In terms of global coverage, this data can be updated rapidly and frequently, can be relatively easily understood, and can be integrated into common formats for general use. Data gathered by satellites on Earth resources makes use of a rapidly expanding technology often referred to as remote sensing.

Without minimizing the technological problems, there is good reason and evidence to be confident about the health and prospects of the technology of remote sensing and its use. The potential has been demonstrated in geology, oceanography, meteorology, land management crop prediction, and a host of other disciplines.

The Committee on Science and Technology has held numerous hearings on how to institutionalize an operational land remote sensing system beginning in 1977.

In October 1978 President Carter called for a plan of action on how to encourage private sector direct participation in the establishment and operation of civil remote sensing systems. In November 1979 President Carter assigned to the Department of Commerce the management responsibility for civil operational land remote sensing activities and further provided for the development of a time-phased transition plan for transfer of the system first to the Department of Commerce and ultimately to the private sector. In June 1980, a "transition plan for civil operational land remote sensing from space" was published by the Department of Commerce which identified the actions required for implementing a fully operational land remote-sensing system from space, with the eventual goal of private sector ownership and operation of the system.

In early 1981 President Reagan deleted funding for additional Landsat satellites with the following justification: "The present NASA investment in Landsat is sufficient to permit evaluation of operational uses of Landsat data and, if these uses are cost-effective, to attract a private sector owner/operator." Since this time, deliberations have continued in the administration by the Cabinet Council on Commerce and Trade and the Department of Commerce.

As my colleagues are aware, the administration at one time proposed to transfer both weather satellites and land satellites to the private sector. I want to assure my colleagues that today we are dealing only with the transfer of land remote sensing systems and that a prohibition to the transfer of weather satellites is included in title VII of the bill before this body.

Mr. Speaker, this is an important piece of legislation. This legislation establishes a policy framework whereby the United States will continue to be a world leader in land remote-sensing technology. This data is used by several Federal departments, by State and local governments, by foreign governments including developing countries. The data is also used by universities and by many different industries. I urge my colleagues to support H.R. 5155.●

● Mr. McCURDY. Mr. Speaker, I rise in strong support of H.R. 5155. The bill reflects a sincere effort by the Science and Technology Committee to set clear, long-range plans for unlocking the potential of the Landsat data market, while shifting the cost burden from the shoulders of the Federal Government.

Last year, along with a majority of my colleagues, I opposed the transfer of weather satellites to private hands, and this bill specifically says that no portion of the weather satellite system may be commercialized. But, while 95 percent of the weather data is used by the Government, only about 25 percent of Landsat data is used by the Government. The rest is already being sold to private industry for use in agricultural forecasting and energy exploration. Unless Congress takes the initiative, the administration will allow this important program to go out of business as soon as 1987.

Some concerns have naturally arisen with respect to transferring the Landsat program, and I believe the bill adequately addresses each of these. In regard to technological leadership, NASA, NOAA, and other appropriate agencies, are required to continue advanced research and development of remote-sensing technology. Clearly, the bill does not remove the Federal Government from the Landsat program; it requires the Government to retain title to all data and equipment, while allowing the private sector to develop the marketing aspects. Without a strong commitment to a future Landsat program, we may very well lose our technological lead to other countries now steadily preparing to enter this field.

Under this bill, the Government remains involved and in control of remote-sensing technology, while taking advantage of the marketing know-how of the private sector. This approach should allow us to make best use of this vital data, and, at the same time, save money for the taxpayer.●

Mr. LUJAN. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

GENERAL LEAVE

Mr. VOLKMER. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to revise and extend their remarks on H.R. 5155.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. VOLKMER. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Missouri (Mr. VOLKMER) that the House suspend the rules and pass the bill, H.R. 5155.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

WHITE HOUSE CONFERENCE ON SMALL BUSINESS

Mr. MITCHELL. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5298) to provide for a White House Conference on Small Business, as amended.

The Clerk read as follows:

H.R. 5298

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "White House Conference of Small Business Authorization Act".

AUTHORIZATION OF CONFERENCE

SEC. 2. (a) The President shall call and conduct a National White House Conference on Small Business (hereinafter referred to as the "Conference") not earlier than January 1, 1985, and not later than September 1, 1986, to carry out the purposes described in section 3 of this Act. The Conference shall be preceded by State and regional conferences with at least one such conference being held in each State.

(b) Participants in the Conference and other interested individuals and organizations, are authorized to conduct conferences and other activities at the State and regional levels prior to the date of the Conference, subject to the approval of the Administrator of the Small Business Administration, and shall direct such conferences and activities toward the consideration of the purposes of the Conference described in section 3 of this Act in order to prepare for the National Conference.

PURPOSE OF CONFERENCE

SEC. 3. The purpose of the Conference shall be to increase public awareness of the essential contribution of small business; to identify the problems of small business; to examine the status of minorities and women as small business owners; to assist small business in carrying out its role as the Nation's job creator; to assemble small businesses to develop such specific and comprehensive recommendations for executive and legislative action as may be appropriate for maintaining and encouraging the economic viability of small business and, thereby, the Nation; and to review the status of recommendations adopted at the 1980 White House Conference on Small Business.

CONFERENCE PARTICIPANTS

SEC. 4. (a) In order to carry out the purposes specified in section 3 of this Act, the Conference shall bring together individuals concerned with issues relating to small business: *Provided,* That no small business concern representative may be denied admission to any State or regional conference, nor may any fee or charge be imposed on any small business concern representative except an amount to cover the cost of any meal provided to such representative plus a registration fee of not to exceed $10.

(b) Delegates, including alternates, to the National Conference shall be elected by participants at the State and regional conferences: *Provided,* That each Governor and each chief executive official of the political subdivisions enumerated in section 4(a) of the Small Business Act may appoint one delegate and one alternate: *Provided further,* That each Member of the United States House of Representatives, including each Delegate, and each Member of the United States Senate may appoint one delegate and one alternate: *And Provided further,* that the President may appoint one hundred delegates and alternates. Only individuals from small businesses shall be eligible for appointment pursuant to this subsection.

PLANNING AND ADMINISTRATION OF CONFERENCE

SEC. 5. (a) All Federal departments, agencies, and instrumentalities are authorized and directed to provide such support and assistance as may be necessary to facilitate the planning and administration of the Conference.

(b) In carrying out the provisions of this Act, the Administrator of the Small Business Administration—

(1) shall provide such assistance as may be necessary to the organization and conduct of conferences at the State and regional level as authorized under section 2(b) of this Act; and

(2) is authorized to enter into contracts with public agencies, private organizations, and academic institutions to carry out the provisions of this Act.

(c) The Chief Counsel for Advocacy shall assist in carrying out the provisions of this Act by preparing and providing background materials for use by participants in the Conference, as well as by participants in State and regional conferences; and

(d) Each participant in the Conference shall be responsible for his or her expenses related to attending the Conference and shall not be reimbursed either from funds appropriated pursuant to this Act or the Small Business Act.

(e)(1) The President is authorized to appoint and compensate an executive director and such other directors and personnel for the Conference as he may deem advisable, without regard to the provisions of title, 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

(2) Upon request by the executive director, the heads of the executive and military departments are authorized to detail employees to work with the executive director in planning and administering the Conference without regard to the provisions of section 3341 of title 5, United States Code.

REPORTS REQUIRED

SEC. 6. Not more than six months from the date on which the National Conference is convened, a final report of the Conference shall be submitted to the President and the Congress. The report shall include the findings and recommendations of the Conference as well as proposals for any legislative action necessary to implement the recommendations of the Conference. The final report of the Conference shall be available to the public.

FOLLOWUP ACTIONS

SEC. 7. The Small Business Administration shall report to the Congress annually during the three-year period following the submission of the final report of the Conference on the status and implementation of the findings and recommendations of the Conference.

AVAILABILITY OF FUNDS

SEC. 8. (a) There are hereby authorized to be appropriate such sums as may be necessary to carry out the provisions of this Act, and they shall remain available until expended. New spending authority or authority to enter contracts as provided in this Act shall be effective only to such extent and in such amounts as are provided in advance in appropriation Acts.

(b) No funds appropriated to the Small Business Administration shall be made available to carry out the provisions of this Act other than funds appropriated specifically for the purpose of conducting the Conference. Any funds remaining unexpended at the termination of the Conference, including submission of the report pursuant to section 6, shall be returned to the Treasury of the United States and credited as miscellaneous receipts.

SEC. 9. This Act shall become effective October 1, 1984.

The SPEAKER pro tempore. Is a second demanded?

Mr. DAUB. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Maryland (Mr. MITCHELL) will be recognized for 20 minutes and the gentleman from Nebraska (Mr. DAUB) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Maryland (Mr. MITCHELL).

GENERAL LEAVE

Mr. MITCHELL. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr MITCHELL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, in January of 1980, some 1,700 delegates assembled to hold a National Conference on Small Business in Washington. These delegates had been elected by the 25,000 fellow small businesses who previously attended 57 local conferences or had been appointed by elected officials.

After a weeklong conference, these delegates approved 60 recommendations. Of this number, the top 15 involved taxation, inflation, and regulation and were given top priority status by the conference.

The Small Business Committee promptly considered legislation, where necessary, to implement the recommendations. I am proud to report that

subsequently enacted legislation included the Regulatory Flexibility Act, the Small Business Innovation Development Act, the Prompt Payment Act, and several procurement initiatives, as well as the inclusion of some of the tax recommendation in the Economic Recovery Tax Act.

I am also pleased to report that these measures are being used as models and legislation is being enacted in many States to deal with these subjects.

Mr. Speaker, next January, 5 years will have elapsed since the prior conference. I believe that after the election this year, it is time to convene another conference. Much was accomplished last time, but much more can be done. As a result, I introduced H.R. 5298, and I was joined by more than 50 other Members as cosponsors, including my ranking minority members, JOE MCDADE.

Very simply, this bill authorizes the President to hold a Small Business Conference between January 1, 1985, and September 1, 1986. This action would be preceded by State and regional conferences to elect delegates who would be joined in Washington by delegates appointed by the President, Members of Congress, and Governors. At the conclusion of the conference, a report with findings and recommendations would be made to the President and the Congress.

Mr. Speaker, this bill unanimously was endorsed by small business associations. It was approved on a bipartisan basis by the members of the Small Business Committee and I want to thank all of the committee members for their cooperation in facilitating expeditious consideration of this bill. I know of no opposition and I urge speedy passage of this measure.

Mr. DAUB. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 5298 establishing a White House Conference on Small Business to be convened by the President sometime between January 1, 1985, and September 1, 1986.

I want to commend the chairman of our Small Business Committee, the gentleman from Maryland (Mr. MITCHELL) for the work that he has put into creating a very important piece of legislation that I think deserves and merits the support of all of our colleagues in the House.

Having attended the 1980 White House Conference on Small Business, I believe that it was indeed a great success. It called the attention of the President and the Congress to the special problems faced by small business owners in the areas of capital formation, minority business enterprise, innovation and technology, procurement, tax and Federal regulatory policies—just to name a few.

In the 4 years since that conference, as the chairman has just indicated, a number of pieces of legislation have come to fruition as a result of the recommendations of that conference. We have, as a matter of fact, accepted 11 of the 15 priority areas and ranked those issues accordingly. Those were the choices made by the delegates to that particular conference.

The conference was also important because it focused on the vital role played by the small business sector in the well-being of our American economy, and it particularly talked about ideas such as innovation, jobs creation, and generally regulated tax issues.

It is time to reassess the status of small business. This bill sets in motion the mechanism whereby small business owners across this country can meet at State and regional levels to discuss and offer solutions to problems which concern them. These grassroots proposals will be brought by elected delegates to this White House Conference where an agenda for possible legislative action will again be developed.

The passage of this legislation will provide a tremendous service to the small business community, and will underscore our commitment to its success. I urge my colleagues to support H.R. 5298.

Mr. Speaker, I yield back the balance of my time.

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Mr. MITCHELL. Mr. Speaker, I yield 5 minutes to our distinguished colleague, the gentleman from Arizona (Mr. MCNULTY).

Mr. MCNULTY. I thank the gentleman for yielding this time to me.

Mr. Speaker, small business is the infantry of American capitalism, and that is the place where any recovery that deeply affects the future well-being of this country is going first to occur. That is the place where the new jobs will be generated, that is the place where a breakthrough will be announced that the matters that have been troubling our economy in past years are no longer with us.

Our economy is changing, though, and it is becoming increasingly complex, which means that small businesses face obstacles and opportunities that were not around 10 years ago. The Federal Government especially, given the size of its budget, has got to be responsive to the changing demands of small business.

Last February, in Tucson, Ariz., a conference was held to assist small businesses in Federal procurement. The thirst for this effort is revealed by the fact that over 500 people paid $12 each to come and hear for 2 days from people representative of the whole range of Federal governmental activities. All of them qualified for the designation of small business. As of today, five of the people who attended those conferences have received Government contracts, and that kind of cooperation between Government and small business needs to be nurtured. It is good for small business, it is good for the Federal Government, and it is good, most of all, for our sense of well-being.

Mr. Speaker, numerous economic profiles and projections point to the role that small businesses will continue to play as the Nation's primary job creator. As legislators, we need to understand the role and function of our Nation's small businesses and be responsive to that vital sector of our economy. Heightened awareness of the problems and contributions of small business is necessary to identify the executive and legislative action that is needed.

So the bill that we are considering today addresses that need in a most appropriate way, and I urge my colleagues to vote for its passage.

● Mr. ROTH. Mr. Speaker, there is no doubt that 1983 was a positive year in terms of economic growth in this country. The gross national product rose 6.1 percent from the fourth quarter of 1982 through the fourth quarter of 1983. Unemployment declined 2.5 percent from 1982 to 1983. Business bankruptcies were reduced by 30 percent in the last half of 1983 as compared to the previous year and the inflation rate remained relatively low at 4.2 percent annually.

Nowhere was the year more economically encouraging than in the small business sector where statistics emphatically show that America is indeed on the road to a prosperous economic future.

As reported in the President's Report on the State of Small Business, employment in small business-dominated industries grew 2.6 percent from September of 1982 through September 1983. Furthermore, small business income grew 18 percent during 1983, as measured by changes in proprietorship and partnership income.

Small businesses produced a total of 2,650,000 new jobs. These jobs were in small businesses particularly aimed at finance, mining, and service.

With such overwhelming statistics it is our role as Members of Congress to promote continued improvement within the small business sector as means to expand our economic horizons. For this reason I urge my colleagues to adopt H.R. 5298, which would provide for a White House Conference on Small Business.

This Conference, as indicated by a similar undertaking in 1980, will vastly increase the public's awareness of the large role small business plays in the economics of America. This Conference will help to identify the difficulties facing small business and spur innovative solutions to overcome such

difficulties. Furthermore, the White House Conference will examine the ever-increasing role of women and minorities in small businesses and aid in the development of future small business endeavors by women and minorities.

It should be noted that conferences such as the one proposed have been highly successful and productive. Recently, in my own State of Wisconsin, the Small Business Administration in conjunction with the University of Wisconsin, held a Federal procurement seminar for small businesses. I am pleased to say that over 700 small businesses represented attended and were informed on how they may be eligible for federally awarded contracts.

In addition, it must be said that on top of being the heartbeat of the American economy, the small business workplace is becoming the center of the social environment for a large portion of America's population. As an ever-increasing proportion of married women enter the work force, small businesses are becoming focal on social development.

Small businesses are where people experience authority directly and learn the fulfillment of collective action. The shop floor, the loading dock, and the office are where the values of equity, security, and participation are most ultimately discovered. In a real sense, the business community is replacing the geographic community as the most tangible America social setting. People generally identify with where they work rather than where they live.

Therefore a White House Conference on Small Business would be most beneficial as it would enable the small business interest to examine ideas of economic growth as well as the overall environment of the workplace.

I commend the chairman of the Small Business Committee on the development of this legislation and urge my colleagues to support H.R. 5298, as it is just one more needed tool to insure the continued economic well-being of this country.●

● Mr. CONTE. Mr. Speaker, I support H.R. 5298, which authorizes funds for a White House Conference on Small Business. This Conference is a follow-up to the very successful White House Conference of 1980. That Conference resulted in recommendations which Congress has developed into laws which are common small business terms today. Some examples are the Prompt Payment Act, the Equal Access to Justice Act, and the Small Business Innovation Act.

Mr. Speaker, as a member of the Small Business Committee for 25 years, I can attest to the need for these conferences. Small business is responsible for 38 percent of our gross national product, and employs 47.8 percent of the private nonfarm sector work force. Small business created 2,650,000 new jobs between 1980 and 1982, offsetting by 984,000 the 1,644,000 jobs lost by big business. A powerful economic force like this needs to be heard by the highest levels of the Federal Government. This Conference is an ideal vehicle for that hearing.

I urge my colleagues to support H.R. 5298, to hold a White House Conference on Small Business.●

● Mr. CORRADA. Mr. Speaker, I rise in support of H.R. 5298, a bill to provide for a White House Conference on Small Business.

A similar Conference to the one being voted on today was held in 1980. It consisted of a series of State and regional meetings which culminated in a National Conference here in Washington. A series of specific recommendations resulted from this Conference of which many have been adopted. The recommendations covered a large spectrum of topics affecting small business: Energy, minority business development, inflation, interest rates, and new technologies.

This proposal to authorize the President to conduct another Conference has the support of the delegates to the original Conference in 1980. I am proud to be a cosponsor of a bill which will provide a forum for representatives of the small businesses of America to express their concerns in a vast array of topics.

It is important to remember that over 98 percent of the businesses of this country are classified as small businesses. They employ 47.8 percent of the nongovernmental, nonagricultural work force. Small businesses generate 42 percent of the sales in the United States and comprise a healthy 38 percent of GNP.

The bill calls for consideration of various issues of vital importance to small businesses in Puerto Rico: The Conference will assist small businesses in carrying out its role as the Nation's job creator; our State currently suffers from an unemployment rate of over 20 percent; the Conference will examine the status of minorities and women as small business owners, most small businesses in Puerto Rico fall into one of these categories.

At a time when our Nation appears to be moving back toward economic health, the small business contribution to economic recovery must be recognized and supported.

I urge my colleagues to approve this bill unanimously to demonstrate our support for such a vital part of our economy, the small business community.●

●Mr. LAFALCE. mr. Speaker, I rise in support of H.R. 5298, a bill which authorizes the second White House Conference on Small Business.

I think that most of us would agree that the 1980 White House Conference on Small Business was an overwhelming success, especially because it established a national agenda for small business. As a result, more than half of the 60 recommendations from the Conference have been acted upon by Congress over the past 3 years.

In the area of procurement reform, for example, Congress has passed and the President has signed into law the Small Business Innovation Development Act of which I was the primary author. This act provides that small firms receive a fixed minimum percentage of research and development awards made by Federal agencies. Since the enactment of this law in 1982, over 760 research and development awards have gone to small business, totaling nearly $44.5 million. In fiscal year 1984, the awards should rise to $110 million.

It is my strong belief that there should be the broadest possible participation in the second White House Conference on Small Business. The Conference will provide the opportunity for concerned individuals and organizations to discuss issues and problems confronting small business, and to develop solutions to those problems. As a means of furthering this objective, the bill calls for a conference in each State open to all small business representatives. The selection process for the national Conference will primarily consist of the election of delegates at the State conferences. A set number of delegates will be selected by the President, Senators, Members of Congress, and State Governors. This process will insure input from a large number of members from the business community. Over 1,700 individuals participated in the 1980 Conference.

My expectations for the second Small Business Conference are high. The 1980 Conference provided a tremendous service to small business not only by focusing national attention on the needs of small business, but also by helping them to give priority to their objectives.

Although many of the recommendations from the last Conference have been acted upon, there are still a number of issues which need to be addressed in the national forum provided by a White House Conference setting. Renewed debate is needed in such areas as tax and capital formation, regulatory reform, and women and minorities in business, to name a few. Now is the time to widen the scope of discussion to include new issues and direct the debate toward long-range economic planning—not only as it pertains to domestic policies, but with an eye toward world trade and finance: all major factors which affect the climate for the growth of small business in our country. I would also suggest that the Conference be used as the vehicle for promoting discussion on how

to direct capital into the business community and the effect on the ability of smaller firms to survive.

A second White House Conference on Small Business is the key for providing continuity to small business participation in the decisions made by Congress and the administrative agencies which effect our small business community. Therefore, I urge the support of my colleagues for this important bill.●

Mr. MITCHELL. Mr. Speaker, I have no further request for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Maryland (Mr. MITCHELL) that the House suspend the rules and pass the bill, H.R. 5298, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

LONGSHOREMEN'S AND HARBOR WORKERS' COMPENSATION ACT

Mr. MILLER of California. Mr. Speaker, I move to suspend the rules and pass the Senate bill (S. 38) entitled the "Longshoremen's and Harbor Workers' Compensation Act," as amended.

The Clerk read the Senate bill, as follows:

S. 38

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) this Act may be cited as the "Longshoremen's and Harbor Workers' Compensation Act Amendments of 1983".

(b) Except as otherwise specifically provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Longshoremen's and Harbor Workers' Compensation Act.

DEFINITIONS

SEC. 2. (a) Section 2(3) is amended to read as follows:

"(3)(A) The term 'employee' means any person engaged in maritime employment, including any longshoreman or other person engaged in longshoring operations, and any harbor-worker including a ship repairman, shipbuilder, and shipbreaker, but such term does not include—

"(i) individuals employed exclusively to perform office clerical, secretarial, security, or data processing work;

"(ii) individuals employed by a club, camp, or recreational operation;

"(iii) individuals employed by a restaurant, museum, retail outlet, or marina and who are not engaged in construction, replacement, or expansion of such facilities (except for routine maintenance);

"(iv) individuals who (I) are employed by suppliers, transporters, or vendors, (II) are temporarily doing business on the premises of an employer described in paragraph (4), and (III) are not engaged in work normally performed by employees of that employer under this Act;

"(v) aquaculture workers;

"(vi) a master or member of a crew of any vessel;

"(vii) any person engaged by a master to load or unload or repair any small vessel under eighteen tons net; or

"(viii) individuals who are engaged in work on land involving the fabrication of platforms intended, while fixed to the seabed, to be used in connection with energy or mineral extraction, subject to subparagraph (B);

if individuals described in clauses (i) through (iv) are subject to coverage under a State workers' compensation law.

"(B)(i) The exclusion authorized by clause (viii) of subparagraph (A) may be granted only pursuant to a finding on the record by the Secretary of Labor, based on an evaluation of all pertinent records or materials which the Secretary may require, that the additional cost resulting from the coverage of such workers under this Act, in and of itself, will result in the loss of a contract for the construction of such a platform to a foreign bidder which is not subject to this Act and in the resultant loss of jobs for American workers.

"(ii) An exclusion under this subparagraph may be granted on the decision of the Secretary of Labor on an annual basis for a period not to exceed one year or the duration of a contract already in effect, whichever is longer. The decision to grant such an exclusion may be appealed, within 30 days, to the United States Court of Appeals for the District of Columbia Circuit and may not be executed until any such appeal has been completed.

(b) Section 2(13) is amended to read as follows:

"(13) The term 'wages' means the money rate at which the service rendered by an employee is compensated by an employer under the contract of hiring in force at the time of the injury, including the reasonable value of any advantage which is received from the employer and included for purposes of any withholding of tax under subtitle C of the Internal Revenue Code of 1954 (relating to employment taxes). The term wages does not include fringe benefits, including but not limited to employer payments for or contributions to a retirement, pension, health and welfare, life insurance, training, social security or other employee or dependent benefit plan for the employee's or dependent's benefit, or any other employee's dependent entitlement.".

COVERAGE

SEC. 3. Section 3 is amended to read as follows:

"COVERAGE

"SEC. 3. (a) Except as otherwise provided in this section, compensation shall be payable under this Act in respect of disability or death of an employee, but only if the disability or death results from an injury occurring upon the navigable waters of the United States (including any adjoining pier, wharf, dry dock, terminal, building way, marine railway, or other adjoining area customarily used by an employer in loading, unloading, repairing, dismantling, or building a vessel).

"(b) No compensation shall be payable in respect of the disability or death of an officer or employee of the United States, or any agency thereof, or of any State or foreign government, or any subdivision thereof.

"(c) No compensation shall be payable if the injury was occasioned solely by the intoxication of the employee or by the willful intention of the employee to injure or kill himself or another.

"(d)(1) No compensation shall be payable to an employee employed at a facility of an employer if the facility is used in the business of building, repairing, or dismantling recreational vessels under sixty-five feet in length, unless—

"(A) the injury occurs (i) within any one-year period beginning on the date on which such employer commences building or dismantling a recreational vessel sixty-five feet or more in length, or (ii) within any succeeding one-year period in which any such building or dismantling is continued on such vessel;

"(B) the injury occurs within thirty days after the date on which such employer commences repairing a recreational vessel sixty-five feet or more in length, if the repair of such vessel is completed within thirty days of the date on which such repairs commence;

"(C) the injury occurs within ninety days after the date on which such employer commences repairing a recreational vessel sixty-five feet or more in length, if the repair of such vessel is completed no sooner than the thirty-first day and no later than the sixtieth day after the date on which such repairs commence; or

"(D) the injury occurs within one year after the date on which such employer commences repairing a recreational vessel sixty-five feet or more in length, if the repair of such vessel is not completed on the sixty-first day after the date on which such repairs commence.

"(2) If, within any period described in paragraph (1)(A) (or any period added by reason of this paragraph), the same facility is used to build or dismantle another recreational vessel sixty-five feet or more in length, compensation shall be payable to an employee at such facility injured during any succeeding one-year period in which any such building or dismantling is continued on any other vessel that is not a small vessel.

"(3) Notwithstanding paragraph (1), compensation shall be payable to an employee employed at a facility which is used in the business of building, repairing, or dismantling recreational vessels under sixty-five feet in length if such facility receives Federal maritime subsidies.

"(e) Notwithstanding any other provision of law, any amounts paid by any employer for the same injury, disability, or death for which benefits are claimed under this Act pursuant to any other workers' compensation law or section 20 of the Act of March 4, 1915 (38 Stat. 1185, chapter 153; 46 U.S.C. 688) (relating to recovery for injury to or death of seamen) shall be credited against any liability imposed by this Act.".

THIRD PARTY LIABILITY

SEC. 4. (a) The third sentence of section 5(b) is amended to read as follows: "If such person was employed to provide shipbuilding, repairing, or breaking services and such person's employer was the owner, owner pro hac vice, agent, operator, or charterer of the vessel, no such action shall be permitted, in whole or in part or directly or indirectly, against the injured person's employer (in any capacity, including as the vessel's owner, owner pro hac vice, agent, operator, or charterer) or against the employees of the employer.".

(b) Section 2(21) is amended by striking out "The" and inserting in lieu thereof "Unless the context requires otherwise, the".

COMPENSATION

SEC. 5. (a) Section 6(b)(1) is amended to read as follows:

"(b)(1) Compensation for disability or death (other than compensation for death required by this Act to be paid in a lump sum) shall not exceed an amount equal to 200 per centum of the applicable national average weekly wage, as determined by the Secretary under subsection (b)(3).".

(b) Section 6 is amended—

(1) by striking out subsection (c) and redesignating subsection (d) (and any references thereto) as subsection (c); and

(2) by striking out "under this subsection" in subsection (c) (as redesignated) and inserting in lieu thereof "under subsection (b)(3)".

MEDICAL SERVICES AND SUPPLIES

SEC. 6. (a) Section 7(c) is amended to read as follows:

"(c)(1)(A) The Secretary shall annually prepare a list of physicians and health care providers in each compensation district who are not authorized to render medical care or provide medical services under this Act. The names of physicians and health care providers contained on the list required under this subparagraph shall be made available to employees and employers in each compensation district through posting and in such other forms as the Secretary may prescribe.

"(B) Physicians and health care providers shall be included on the list of those not authorized to provide medical care and medical services pursuant to subparagraph (A) when the Secretary determines under this section, in accordance with the procedures provided in subsection (j), that such physician or health care provider—

"(i) has knowingly and willfully made, or caused to be made, any false statement or misrepresentation of a material fact for use in a claim for compensation or claim for reimbursement of medical expenses under this Act;

"(ii) has knowingly and willfully submitted, or caused to be submitted, a bill or request for payment under this Act containing a charge which the Secretary finds to be substantially in excess of the charge for the service, appliance, or supply prevailing within the community, unless the Secretary finds there is good cause for the bill or request containing the charge;

"(iii) has knowingly and willfully furnished a service, appliance, or supply which is determined by the Secretary to be substantially in excess of the need of the recipient thereof or to be of a quality which substantially fails to meet professionally recognized standards;

"(iv) has been convicted under any criminal statute (without regard to pending appeal thereof) for fraudulent activities in connection with any Federal or State program for which payments are made to physicians or providers of similar services, appliances, or supplies; or

"(v) has otherwise been excluded from participation in such program.

"(C) Medical services provided by physicians or health care providers who are named on the list published by the Secretary pursuant to subparagraph (A) of this section shall not be reimbursable under this Act; except that the Secretary shall direct the reimbursement of medical claims for services rendered by such physicians or health care providers in cases where the services were rendered in an emergency.

"(2) Whenever the employer or carrier acquires knowledge of the employee's injury, through written notice or otherwise as prescribed by the Act, the employer or carrier shall forthwith authorize medical treatment and care from a physician selected by an employee pursuant to subsection (b). An employee may not select a physician who is on the list required by paragraph (1) of this subsection. An employee may not change physicians after his initial choice unless the employer, carrier, or deputy commissioner has given prior consent for such change. Such consent shall be given in cases where an employee's initial choice was not of a specialist whose services are necessary for and appropriate to the proper care and treatment of the compensable injury or disease. In all other cases, consent may be given upon a showing of good cause for change.".

(b) Section 7(d) is amended to read as follows:

"(d) An employee shall not be entitled to recover any amount expended by him for medical or other treatment or services unless he shall have complied with subsections (b) and (c) and the applicable regulations or unless the employer shall have refused or neglected to furnish such services, or unless the nature of the injury required such treatment and services and the employer or his superintendent or foreman having knowledge of such injury shall have neglected to provide or authorize same; nor shall any claim for medical or surgical treatment be valid and enforceable against such employer, unless within twenty-one days following the first treatment the physician giving such treatment furnishes to the employer and the deputy commissioner a report of such injury or treatment, on a form prescribed by the Secretary. The Secretary may excuse the failure to furnish such report within the twenty-one-day period whenever he finds it to be in the interest of justice to do so. The Secretary may, upon application by a party in interest, make an award for the reasonable value of such medical or surgical treatment so obtained by the employee. If at any time the employee unreasonably refuses to submit to medical or surgical treatment, or to an examination by a physician selected by the employer, the Secretary or administrative law judge may, by order, suspend the payment of further compensation during such time as such refusal continues, and no compensation shall be paid at any time during the period of such suspension, unless the circumstances justified the refusal.".

(c) Section 7 is amended by adding at the end thereof the following new subsection:

"(j)(1) The Secretary shall have the authority to make rules and regulations and to establish procedures, not inconsistent with the provisions of this Act, which are necessary or appropriate to carry out the provisions of subsection (c), including the nature and extent of the proof and evidence necessary for actions under this section and the methods of taking and furnishing such proof and evidence.

"(2) Any decision to take action with respect to a physician or health care provider under this section shall be based on specific findings of fact by the Secretary. The Secretary shall provide notice of these findings and an opportunity for a hearing pursuant to section 556 of title 5, United States Code, for a provider who would be affected by a decision under this section. A request for a hearing must be filed with the Secretary within thirty days after notice of the findings is received by the provider making such request. If a hearing is held, the Secretary shall, on the basis of evidence adduced at the hearing, affirm, modify, or reverse the findings of fact and proposed action under this section.

"(3) For the purpose of any hearing, investigation, or other proceeding authorized or directed under this section, the provisions of section 9 and 10 (relating to the attendance of witnesses and the production of books, papers, and documents) of the Federal Trade Commission Act (15 U.S.C. 49, 50) shall apply to the jurisdiction, powers, and duties of the Secretary or any officer designated by him.

"(4) any physician or health care provider, after any final decision of the Secretary made after a hearing to which he was a party, irrespective of the amount in controversy, may obtain a review of such decision by a civil action commenced within sixty days after the mailing to him of notice of such decision. Such action shall be brought in the court of appeals of the United States for the judicial circuit in which the plaintiff resides or has his principal place of business, or the Court of Appeals for the District of Columbia. As part of his answer, the Secretary shall file a certified copy of the transcript of the record of the hearing, including all evidence submitted in connection therewith. The findings of fact of the Secretary, if based on substantial evidence in the record as a whole, shall be conclusive.".

(d) Section 7 is further amended by adding at the end thereof the following new subsection:

"(k)(1) Nothing in this Act prevents an employee whose injury or disability has been established under this Act from relying in good faith on treatment by prayer or spiritual means alone, in accordance with the tenets and practice of a recognized church or religious denomination, by an accredited practitioner of such recognized church or religious denomination, and on nursing services rendered in accordance with such tenets and practice, without suffering loss or diminution of the compensation benefits under this Act. Nothing in this subsection shall be construed to except an employee from all physical examinations required by this Act.

"(2) If an employee refuses to submit to medical or surgical services solely because, in adherence to the tenets and practice of a recognized church or religious denomination, the employee relies upon prayer or spiritual means alone for healing, such employee shall not be considered to have unreasonably refused medical or surgical treatment under subsection (d) or to have unreasonably refused to undergo physical rehabilitation.".

COMPENSATION FOR DISABILITY

SEC. 7. (a) Section 8(a) is amended to read as follows:

"(a) Permanent total disability: In the case of total disability determined to be permanent, 66⅔ per centum of the average weekly wages of the employee shall be paid to the employee during the continuance of the disability. Loss of both hands, both arms, both feet, both legs, both eyes, or any combination of two such body parts, shall constitute permanent total disability in the absence of conclusive proof to the contrary. In all other cases, permanent total disability shall be determined in accordance with the facts.".

(b) Section 8(c)(13) is amended to read as follows:

"(13) Loss of hearing:

"(A) Compensation for loss of hearing in one ear, fifty-two weeks.

"(B) Compensation for loss of hearing in both ears, two-hundred weeks.

"(C)(i) An audiogram shall be presumptive evidence of the amount of hearing loss sustained as of the date thereof, only if (I) such audiogram was administered by a licensed or certified audiologist or a physician who is certified in otolaryngology, (II) such audiogram, with the report thereon, was provided to the employee at the time it was administered, and (III) no contrary audiogram made at that time is produced.

"(ii) The time for filing a notice of injury, under section 12 of this Act, or a claim for compensation, under section 13 of this Act, shall not begin to run in connection with any claim for loss of hearing under this section, until the employee has been provided with an audiogram, with the accompanying report thereon, which indicates that the employee has suffered a loss of hearing.

"(D) Within ninety days of the date of enactment of the Longshoremen's and Harbor Workers' Compensation Act Amendments of 1983, the Secretary shall promulgate regulations to define the term 'loss of hearing' in accordance with the American Medical Association Guides for the Evaluation of Permanent Impairment.".

(c) Section 8(c)(20) is amended by striking out "$3,500" and inserting in lieu thereof "$7,500".

(d) Section 8(c)(21) is amended to read as follows:

"(21) Other cases: In all other cases in this class of disability, the compensation shall be 66⅔ per centum of the difference between the average weekly wages of the employee and the employee's wage-earning capacity thereafter in the same employment or otherwise, payable during the continuance of the partial disability.".

(e) Section 8(d) is amended by striking out paragraph (3) and redesignating paragraph (4) (and any references thereto) as paragraph (3).

(f) Section 8(f) is amended—

(1) by striking out "one hundred and four weeks" wherever it appears and inserting in lieu thereof "three hundred and twelve weeks"; and

(2) by adding at the end thereof the following new paragraph:

"(3) Any request, filed after the date of enactment of the Longshoremen's and Harbor Workers' Compensation Act Amendments of 1983, for apportionment of liability to the special fund established under section 44 of this Act for the payment of compensation benefits, and a statement of the grounds therefore, shall be presented to the deputy commissioner prior to the consideration of the claim by the deputy commissioner. Failure of the employer to provide a copy of such request for apportionment shall be an absolute defense to the special fund's liability for the payment of any benefits in connection with such claim, if the Secretary denies the liability of the special fund in connection with such claim. Failure to notify the Secretary pursuant to this paragraph shall not be a bar to subsequent apportionment of liability to the special fund if the Secretary determines that the employer could not have reasonably anticipated the liability of the special fund.".

(g) Subsections (h) and (i) of section 8 are amended to read as follows:

"(h) The wage-earning capacity of an injured employee in cases of disability shall be determined by his actual earnings if such actual earnings fairly and reasonably represent his wage-earning capacity. If the employee has no actual earnings or his actual earnings do not fairly and reasonably represent his wage-earning capacity, the deputy commissioner may, in the interest of justice, fix such wage-earning capacity as shall be reasonable, having due regard to the nature of his injury, the degree of physical impairment, his usual employment, and any other factors or circumstances in the case which may affect his capacity to earn wages in his disabled condition.

"(i)(1) Whenever the parties to any claim for compensation, including survivors benefits, under this Act agree to a settlement, the deputy commissioner or administrative law judge shall approve the settlement within thirty days unless it is found to be inadequate or procured by duress. No liability of any employer, carrier, or both for disability or death benefits shall be discharged unless the application for settlement is approved by the deputy commissioner or administrative law judge. If the parties to the settlement are represented by counsel, then agreements shall be deemed approved unless specifically disapproved within thirty days after submission for approval.

"(2) If the deputy commissioner disapproves an application for settlement under paragraph (1), the deputy commissioner shall issue a written statement within thirty days containing the reasons for disapproval. Any party to the settlement may request a hearing before an administrative law judge in the manner prescribed by this Act. Following such hearing, the administrative law judge shall enter an order approving or rejecting the settlement.

"(3) A settlement approved under this section shall discharge the liability of the employer, carrier, or both. Such settlement may include future medical benefits if the parties so agree and the deputy commissioner approves. Settlements may be agreed upon at any stage of the proceeding including after entry of a final compensation order.".

(h) Section 8 is amended by adding at the end thereof the following new subsection:

"(j)(1) The employer may inform a disabled employee of his obligation to report to the employer not less than semiannually any earnings from employment or self-employment, on such forms as the Secretary shall specify in regulations.

"(2) An employee who—

"(A) fails to report the employee's earnings under paragraph (1) when requested, or

"(B) knowingly and willfully omits or understates any part of such earnings,

and who is determined by the deputy commissioner to have violated clause (A) or (B) of this paragraph, forfeits his right to compensation with respect to any period during which the employee was required to file such report.

"(3) Compensation forfeited under this subsection, if already paid, shall be recovered by a deduction from the compensation payable to the employee in any amount and on such schedule as determined by the deputy commissioner.".

COMPENSATION FOR DEATH

SEC. 8. (a) The matter preceding subsection (a) of section 9 is amended to read as follows:

"SEC. 9. If the injury causes death, the compensation therefore shall be known as a death benefit and shall be payable in the amount and to or for the benefit of the persons following:".

(b) Section 9(a) is amended by striking out "$1,000" and inserting in lieu thereof "$3,000".

(c) Section 9(e) is amended to read as follows:

"(e) In computing death benefits, the average weekly wages of the deceased shall not be less than the national average weekly wage as prescribed in section 6(b), except that the total weekly benefits shall not exceed the lesser of the average weekly wages of the deceased or the benefit which the deceased employee would have been eligible to receive under section 6(b)(1).".

DETERMINATION OF PAY

SEC. 9. (a) Section 10 is amended by redesignating subsections (e) through (h) as subsections (f) through (i), respectively, and by inserting after subsection (d) thereof, the following new subsection:

"(e) With respect to a claim for compensation for death or disability due to an occupational disease, the time of injury shall be deemed to be the date of onset of the disabling condition. With respect to any such claim based on a death or disability due to an occupational disease in which the claimant was not employed or not employed on a full-time basis immediately prior to the date of onset of the disabling condition, the average weekly wage of such employee shall be determined in accordance with the provisions of subsections (a) through (d) of this section, and with the first sentence of this subsection, but in no event shall be less than the National Average Weekly Wage as determined by the Secretary pursuant to section 6(b) applicable on the date of the onset of the disabling condition.".

(b) Section 10(g) (as redesignated pursuant to subsection (a)) is amended to read as follows:

"(g) Effective October 1 of each year following the date of enactment of the Longshoremen's and Harbor Workers' Compensation Act Amendments of 1983, the compensation or death benefits payable for permanent total disability or death arising out of injuries subject to this Act shall be increased by the lesser of—

"(1) a percentage equal to the percentage (if any) by which the applicable national weekly wage for the period beginning on such October 1, as determined under section 6(b), exceeds the applicable national average weekly wage, as so determined, for the period beginning with the preceding October 1; or

"(2) 5 per centum.".

(c) Section 10(i) (as redesignated pursuant to subsection (a)) is amended by striking out paragraph (2) and inserting in lieu thereof the following:

"(2)(A) Any additional compensation or death benefit paid as a result of the adjustment required by paragraphs (1) and (3) of this subsection with respect to claims filed before the date of enactment of the Longshoremen's and Harbor Worker's Compensation Act Amendments of 1983 shall be paid, from the date of enactment of such amendments, from appropriations.

"(B) Any additional compensation or death benefit paid as a result of the adjustment required by paragraphs (1) and (3) of this subsection with respect to claims filed on or after the date of enactment of the Longshoremen's and Harbor Workers' Compensation Act Amendments of 1983 shall be paid out of the special fund established under section 44 of this Act.".

NOTICE OF INJURY OR DEATH

SEC. 10. (a) Section 12(a) is amended to read as follows:

"(a) Notice of an injury or death in respect of which compensation is payable under this Act shall be given within thirty days after the date of such injury or death,

or thirty days after the employee or beneficiary is aware, or in the exercise of reasonable diligence or by reason of medical advice should have been aware, of a relationship between the injury or death and the employment, except that in the case of an occupational disease which does not immediately result in a disability or death, such notice shall not be required. Notice shall be given (1) to the deputy commissioner in the compensation district in which the injury or death occurred, and (2) to the employer. Each employer shall designate those agents or other responsible officials to receive such notice, except that the employer shall designate as its representatives individuals among first line supervisors, local plant management, and personnel office officials. Such designations shall be made in accordance with regulations prescribed by the Secretary and the employer shall notify his employees and the Secretary of such designation in a manner prescribed by the Secretary in regulations.".

(b) Section 12(d) is amended—

(1) by striking out "(or his agent in charge of the business in the place where the injury occurred)" and inserting in lieu thereof the following: "(or his agent or agents or other responsible official or officials designated by the employer pursuant to subsection (a))";

(2) by striking out "injury or death and" and inserting in lieu thereof "injury or death, (2)";

(3) by striking out "or (2)" and inserting in lieu thereof "or (3)"; and

(4) by inserting after "the ground that" in the clause redesignated as clause (3) (by paragraph (3) of this subsection) the following: "(i) notice, while not given to a responsible official designated by the employer pursuant to subsection (a) of this section, was given to an official of the employer or the employer's insurance carrier, and that the employer or carrier was not prejudiced due to the failure to provide notice to a responsible official designated by the employer pursuant to subsection (a), or (ii)".

TIME FOR FILING CLAIM BASED ON OCCUPATIONAL DISEASE

SEC. 11. Section 13(b) is amended by inserting "(1)" after "(b)" and adding at the end thereof the following:

"(2) Notwithstanding subsection (a), a claim for compensation for death or disability due to an occupational disease which does not immediately result in such death or disability shall be timely if filed within one year after (A) the employee's disease (i) has impaired the employee's functional capacity, or (ii) has resulted in a diminution of wages, and (B) the employee or claimant becomes aware, or in the exercise of reasonable diligence or by reason of medical advice should have been aware, of the relationship between the employment, the disease, and the death or disability.".

PAYMENT OF COMPENSATION

SEC. 12. (a) Section 14(b) is amended by striking out "employer" and inserting in lieu thereof "employer has been notified pursuant to section 12, or the employer".

(b) Section 14 is amended by striking out subsection (j) and by so redesignating subsections (k) and (l) (and any references thereto) as subsections (j) and (k), respectively.

REVIEW OF COMPENSATION ORDER

SEC. 13. Section 21 is amended—

(1) by striking out "three" in subsection (b)(1) and inserting in lieu thereof "five";

(2) by adding the following sentence at the end of subsection (b)(1): "The Chairman shall have the authority, as delegated by the Secretary, to exercise all administrative functions necessary to operate the Board."; and

(3) by adding the following new paragraph at the end of subsection (b):

"(5) Notwithstanding paragraphs (1) through (4), when the number of cases pending before the Board exceeds 1,000, the Secretary shall designate three administrative law judges of the Department of Labor to serve temporarily on the Board for terms of eighteen months. The Board is authorized to delegate to panels of three members any or all of the powers which the Board may exercise. Each such panel shall have no more than one temporary member. Any party aggrieved by a decision of a panel of the Board may, within thirty days after the date of entry of the decision, petition the entire Board (regular plus temporary members) for a rehearing en banc. Upon affirmative vote of the majority of the Board sitting en banc, the petition shall be granted. If a petition for a rehearing en banc is granted, and the vote of the Board sitting en banc results in a tie, the decision of the panel of the Board shall be affirmed. The Board shall amend its Rules of Practice to conform with this paragraph. Temporary members, while serving as members of the Board, shall be compensated at the same rate of compensation as regular members. Two members shall constitute a quorum of a panel, and three members shall constitute a quorum of the Board. Official adjudicative action may be taken only on the affirmative vote of at least two members of a panel."; and

(4) by adding the following new paragraph at the end of subsection (b):

"(6) Not later than eighteen months after the effective date of the Longshoremen's and Harbor Workers' Compensation Act Amendments of 1983, the Secretary shall submit to the Chairman of the Committee on Labor and Human Resources of the United States Senate and the Chairman of the Committee on Education and Labor of the United States House of Representatives, a report detailing the operation of the Board in deciding cases presented to it during the period following the effective date of these amendments. The Secretary's report shall evaluate the effectiveness of the Board in operating in panels, the effectiveness of the en banc rehearing procedures, and the ability of these procedures to increase the productivity of the Board. The Secretary shall, in such report, make recommendations to the Congress with respect to any further steps which may be taken to improve the operation of the Board and further enhance its productivity; including a specific recommendation on the advisability of establishing the Board as a body independent of the Department of Labor, and whether the effectiveness of the Board would be enhanced if its members were appointed for fixed terms.".

MODIFICATIONS OF AWARDS

SEC. 14. Section 22 is amended by striking all after "the deputy commissioner may" through "rejection of a claim".

FEES FOR SERVICES

SEC. 15. Section 28(e) is amended to read as follows:

"(3) A person who receives a fee, gratuity, or other consideration on account of services rendered as a representative of a claimant, unless the consideration is approved by the deputy commissioner, administrative law judge, Board, or court, or who makes it a business to solicit employment for a lawyer, or for himself, with respect to a claim or award for compensation under this Act, shall, upon conviction thereof, for each offense be punished by a fine of not more than $1,000 or be imprisoned for not more than one year, or both.".

REPORTS

SEC. 16. (a) Section 30(a) is amended—

(1) by inserting after the word "injury" a comma and the following: "which causes loss of one or more shifts of work", and

(2) by adding at the end thereof the following new sentence: "Notwithstanding the requirements of this subsection, each employer shall keep a record of each and every injury regardless of whether such injury results in the loss of one or more shifts of work.".

(b) Section 30(e) is amended to read as follows:

"(e) Any employer, insurance carrier, or self-insured employer who knowingly and willfully fails or refuses to send any report required by this section shall be subject to a civil penalty not to exceed $10,000 for each such failure or refusal.".

PENALTY FOR MISREPRESENTATION—PROSECUTION OF CLAIMS

SEC. 17. Section 31 is amended to read as follows:

"PENALTY FOR MISREPRESENTATION—PROSECUTION OF CLAIMS

"SEC. 31. (a) Any claimant or representative of a claimant who knowingly and willfully makes a false statement or representation for the purpose of obtaining a benefit or payment under this Act shall be guilty of a felony, and on conviction thereof shall be punished by a fine not to exceed $10,000, by imprisonment not to exceed five years, or by both.

"(b)(1) No representation fee of a claimant's representative shall be approved by the deputy commissioner, an administrative law judge, the Board, or a court pursuant to section 28 of this Act, if the claimant's representative is on the list of individuals who are disqualified from representing claimants under this Act maintained by the Secretary pursuant to paragraph (2) of this subsection.

"(2)(A) The Secretary shall annually prepare a list of those individuals in each compensation district who have represented claimants for a fee in cases under this Act and who are not authorized to represent claimants. The names of individuals contained on the list required under this subparagraph shall be made available to employees and employers in each compensation district through posting and in such other forms as the Secretary may prescribe.

"(B) Individuals shall be included on the list of those not authorized to represent claimants under this Act if the Secretary determines under this section, in accordance with the procedure provided in subsection (j) of section 7 of this Act, that such individual—

"(i) has been convicted (without regard to pending appeal) of any crime in connection with the representation of a claimant under this Act or any workers' compensation statute;

"(ii) has engaged in fraud in connection with the presentation of a claim under this or any workers' compensation statute, including, but not limited to, knowingly making significantly improper or false representations, concealing or attempting to conceal material facts with respect to a claim, or soliciting or otherwise procuring false testimony;

"(iii) has been prohibited from representing claimants before any other workers' compensation agency for reasons of professional misconduct which are similar in nature to those which would be grounds for disqualification under this paragraph; or

"(iv) has accepted fees for representing claimants under this Act which were not approved, or which were in excess of the amount approved pursuant to section 28.

"(C) Notwithstanding subparagraph (B), no individual who is on the list required to be maintained by the Secretary pursuant to this section shall be prohibited from presenting his or her own claim or from representing without fee, a claimant who is a spouse, mother, father, sister, brother, or child of such individual.

"(3) No employee shall be liable to pay a representation fee to any representative whose fee has been disallowed by reason of the operation of this paragraph.

"(4) The Secretary shall issue such rules and regulations as are necessary to carry out this section.

"(c) A person including, but not limited to, an employer, his duly authorized agent, or an employee of an insurance carrier who knowingly and willfully makes a false statement or representation for the purpose of reducing, denying, or terminating benefits to an injured employee, or his dependents pursuant to section 9 if the injury results in death, shall be punished by a fine not to exceed $10,000, by imprisonment not to exceed five years, or by both.".

SECURITY FOR COMPENSATION

SEC. 18. Section 32(a)(2) is amended by inserting "based on the employer's financial condition, the employer's previous record of payments, and other relevant factors," after "in an amount determined by the commission,".

COMPENSATION FOR INJURIES WHERE THIRD PERSONS ARE LIABLE

SEC. 19. (a) Section 33(b) is amended to read as follows:

"(b) Acceptance of compensation (1) under an award in a compensation order filed by the deputy commissioner, an administrative law judge, or the Board, or (2) paid voluntarily by an employer, shall operate as an assignment to the employer of all rights of the person entitled to compensation to recover damages against such third person unless such person shall commence an action against such third person within six months after such acceptance. If the employer fails to commence an action against such third person within ninety days after the cause of action is assigned under this section, the right to bring such action shall revert to the person entitled to compersation.".

(b) Section 33(f) is amended to read as follows:

"(f)(1) If a person entitled to compensation under this Act institutes a proceeding within the period described in subsection (b) and recovers by a judgment an amount in the proceeding against a third party, the person instituting such proceeding shall be permitted to retain an amount equal to 15 per centum of (A) the amount so recovered, minus (B) the expenses incurred by such person in respect to such proceeding (including a reasonable attorney's fee).

"(2) The employer shall be required to pay, as compensation under this Act, a sum equal to the excess of the amount which the deputy commissioner, administrative law judge, or Board determines is payable on account of such injury or death above the balance of the amount recovered (after the deduction required by paragraph (1) and the expenses described in clause (B) of such paragraph).

"(3) The balance, if any, of the amount recovered (after the deduction required by paragraph (1) and the expenses described in clause (B) of such paragraph) shall be distributed as follows:

"(A) there shall be paid to the employer from such balance an amount equal to the sum of the costs of all benefits and compensation actually furnished to the person under sections 7, 8, and 9; and

"(B) the remainder of such excess shall be retained by the employee and credited against future payments of compensation and medical benefits to the employee pursuant to this Act.".

(c) Section 33(g) is amended to read as follows:

"(g)(1) If the person entitled to compensation (or the person's representative) enters into a settlement with a third person referred to in subsection (a) for an amount less than the compensation to which the person (or the person's representative) would be entitled under this Act, the employer shall be liable for compensation as determined under subsection (f) only if written approval of the settlement is obtained from the employer and the employer's carrier, before the settlement is executed, and by the person entitled to compensation (or the person's representative). The approval shall be made on a form provided by the Secretary and shall be filed in the office of the deputy commissioner within thirty days after the settlement is entered into.

"(2) If no written approval of the settlement is obtained and filed as required by paragraph (1), or if the employee fails to notify the employer of any settlement obtained from or judgment rendered against a third person, all rights to compensation and medical benefits under this Act shall be terminated, regardless of whether the employer or the employer's insurer has made payments or acknowledged entitlement to benefits under this Act.

"(3) Any payments by the special fund established under section 44 shall be a lien upon the proceeds of any settlement obtained from or judgment rendered against a third person referred to under subsection (a). Notwithstanding any other provision of law, such lien shall be enforceable against the employee or employer, regardless of whether the Secretary on behalf of the special fund has agreed to or has received actual notice of the settlement or judgment.".

ANNUAL REPORT

SEC. 20. The Act is amended by inserting the following new section after section 41:

"ANNUAL REPORT

"SEC. 42. The Secretary shall make to Congress at the beginning of each regular session, commencing at the beginning of the second regular session after the enactment of the Longshoremen's and Harbor Workers' Compensation Act Amendments of 1983, a report of the administration of this Act for the preceding fisal year, including a detailed statement of receipts of and expenditures from the fund established in section 44, together with such recommendations as the Secretary deems advisable.".

SPECIAL FUND

SEC. 21. (a) Subsection (e) of section 44 is repealed.

(b) Section 44(i) is amended by inserting "and unpaid assessments" after "civil penalties".

(c) Section 44(j)(1) is amended by inserting "certain" before "initial" and by striking out "which occurred prior to the effective date of this subsection".

APPROPRIATION

SEC. 22. Section 46 is repealed.

AVAILABILITY OF APPROPRIATIONS

SEC. 23. Section 47 is repealed.

DISCRIMINATION AGAINST EMPLOYEES WHO BRING PROCEEDINGS

SEC. 24. (a) Section 49 is amended by inserting after the first sentence the following new sentence: "The discharge or refusal to employ a person who has been adjudicated to have filed a fraudulent claim for compensation is not a violation of this section.".

(b) The second sentence of section 49 is amended—

(1) by striking out "$100" and inserting in lieu thereof "$1,000"; and

(2) by striking out "$1,000" and inserting in lieu thereof "$5,000".

CONFORMING AMENDMENTS

SEC. 25. (a) The Longshoremen's and Harbor Workers' Compensation Act is further amended—

(1) striking out paragraph (6) of section 2 and inserting in lieu thereof the following:

"(6) The term 'Secretary' means the Secretary of Labor.";

(2) by striking out "commission" each place it appears and inserting in lieu thereof "Secretary"; and

(3) by striking out "commission's" and inserting in lieu thereof "Secretary's".

(b) Section 17 is amended by striking out "(b)".

(c) Section 18(b) is amended by striking out ", including the right of lien and priority provided for by section 17 of this Act,".

(d) Section 39(a) is amended by striking out "United States Employees' Compensation Commission" and inserting in lieu thereof "Secretary".

EFFECTIVE DATE; EFFECT ON OTHER LAW

SEC. 26. (a)(1) Except as otherwise provided in the amendments made by this Act—

(A) the amendments made by section 2(a), 3, 4, 7 (except subsection (e) thereof), 8 (b) and (c), 12, 14, 16, and 19(a) of this Act shall be effective for an injury or death which occurs on or after ninety days after the date of enactment of this Act;

(B) the amendments made by sections 5, 8(a), 9(b), 11, and 19(c) of this Act shall be effective without regard to the date on which an injury, disability, or death occurs or commences, but shall apply on or after ninety days after the date of enactment of this Act; and

(C) the amendments made by sections 6, 15, 17, 18, 20, 21, 22, 23, 24, and 25 shall be effective ninety days after the date of enactment of this Act.

(2) The amendment made by section 9(c), and the amendment made by section 10(a) with respect to notice of injury or death, and with respect to whether such notice is required to be given in the case of an occupational disease which does not immediately result in a disability or death, shall be effective without regard to the date on which an injury, disability, or death occurs or commences, but shall apply on or after ninety days after the date of enactment of this Act. The remainder of the amendments made by section 10 shall be effective for an injury, disability, or death which occurs or commences on or after ninety days after the date of enactment of this Act.

(3) The amendment made by section 2(b) of this Act shall be effective without regard to the date on which an injury, disability, or death occurs or commences, but shall apply on the date of enactment of this Act, except (A) that such amendment shall not preclude the modification, pursuant to section 21, of awards based on an application filed under such section before December 1, 1983, or (B) in a case decided by a court of appeals of the United States before such date.

(4) The amendments made by section 19(b) of this Act shall apply with respect to all judgments rendered on or after ninety days after the date of enactment of this Act without regard to the date on which the injury, disability, or death occurred or commences, and shall not apply with respect to judgments rendered prior to such date.

(5) There shall be no liability for deaths from causes other than the injury, as provided in sections 8(d)(3) and 9 of the Longshoremen's and Harbor Workers' Compensation Act, for any such deaths occurring on or after the date of enactment of this Act.

(b)(1) The amendments made by sections 4(a), 6, and 14 of this Act shall not apply to claims filed under the Black Lung Benefits Act (30 U.S.C. 901 et seq.).

(2) Section 422(a) of the Black Lung Benefits Act is amended by striking out "During" and inserting in lieu thereof "Subject to section 26(b)(1) of the Longshoremen's and Harbor Workers' Compensation Act Amendments of 1983, during".

The SPEAKER pro tempore. Is a second demanded?

Mr. ERLENBORN. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from California (Mr. MILLER) will be recognized for 20 minutes and the gentleman from Illinois (Mr. ERLENBORN) will be recognized for 20 minutes.

The Chair recognizes the gentleman from California (Mr. MILLER).

GENERAL LEAVE

Mr. MILLER of California. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the Senate bill presently under consideration, S. 38.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. MILLER of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this legislation addresses several statutory, fiscal, and operational problems which affect the compensation of workers in maritime employment.

This legislation is the product of several years of work by the Subcommittee on Labor Standards, the Education and Labor Committee of the House, and the Senate Labor and Human Resources Committee. I am pleased that the bill which is before the House today has enjoyed the support of minority members of the committee, and I would like to extend my appreciation to the ranking member of the Education and Labor Committee, the gentleman from Illinois, Mr. ERLENBORN, for his efforts to assure passage of this bill.

Since the passage of the last Longshore Act Amendments in 1972, ambiguity has arisen concerning certain aspects of the act. Serious questions have been raised about the precise coverage intended by the Congress, particularly with respect to small, recreational marinas and yards and certain workers performing nonmaritime tasks in proximity to the navigable waterways.

These ambiguities have resulted in substantial actuarial and underwriting uncertainties for insurers, and have raised concerns among workers and their representatives about the adequacy of the compensation provided under the act.

One of the key goals of this legislation, therefore, is to assure that all of those who are truly deserving of compensation receive adequate and timely benefits.

As reported by the Education and Labor Committee, S. 38 achieves this goal by excluding from coverage workers who are not engaged in maritime occupations, or who are not exposed to maritime hazards even though they may be employed by maritime employers.

While this exclusion must be read very narrowly, as the committee report notes, the legislation is intended to exclude men or women engaged entirely in office clerical, secretarial, security, or data processing work, but only if that worker's responsibilities do not ever extend to labor performed on piers, wharves, or warehouses.

This exemption also extends to many workers employed by restaurants, museums, and marinas who are not employed in maritime activities, although the exclusion would not extend to employees of those businesses who are engaged in the construction, replacement, or expansion of those facilities.

I would like to direct the attention of the House to both the text of the legislation and to the committee report, No. 98-570, in which the precise extent of these exclusions are detailed. Since the issue of coverage has been one of the key areas of dispute since the 1972 amendments were enacted, the committee has spoken very clearly so as to reduce any possible future confusion.

Two amendments have been added by the committee since S. 38 was reported. I would like to take a moment to explain these amendments since they are not included in the committee's report.

On page 6 of the reported bill, we have deleted section 4(a), which established this law as the exclusive remedy for workers eligible for compensation under the Longshore Act. Deletion of this section leaves current law in place, which permits a worker his or her choice of filing under the Federal or applicable State laws, which is preferable both to substantial portions of the industry and the representatives of labor organization.

The committee also has included an amendment which would allow the Secretary of Labor, upon a finding on the record, to waive coverage for a period of 1 year of "individuals engaged on land in the fabrication of platforms intended, while fixed to the seabed, to be used in connection with energy or mineral extraction."

This exemption is strictly conditioned upon a finding by the Secretary that the application of the Longshore Act "in and of itself will result in the loss of a contract for the construction of such a platform to a foreign bidder which is not subject to this Act and in the resultant loss of jobs for American workers."

This amendment addresses a situation which arose subsequent to the committee's action on S. 38. Several recent cases in the fifth circuit concluded that the Longshore Act coverage included workers engaged on land in the fabrication of platforms for offshore oil and gas development. Representatives of some of the industries engaged in fabrication of these platforms contend that the additional costs which may be associated with Longshore coverage would have the effect of making American-built platforms noncompetitive with foreign bidders in this unique and highly specialized field.

The loss of these multimillion dollar platforms would obviously compound the problems facing the domestic steel industry and its thousands of underemployed or unemployed workers.

It is the intent of the committee to permit that industry to make its case to the Secretary—not a case that the industry is in trouble, or that foreign competition is underbidding U.S. industries; we all know that those are true. Rather, we have crafted a very narrow exemption whereby the Secretary "may" waive longshore coverage if he determines that the additional costs associated with higher compensation costs, in and of themselves, would result in the loss of a contract and the loss of American jobs to a foreign bidder. While this is a rigorous test, the industry has assured me repeatedly that it can prove that such losses will occur.

Since the steel industry is in a very precarious state, and since we do not intend to reopen the Longshore Act for amendment in the near future, this conditional waiver seems appropriate, although I must add that the industry has not yet provided clear

and convincing evidence to me which would justify an exemption under the terms of this amendment. Nevertheless, if it can do so, I believe it is acceptable to permit such a narrow exemption for this unique industry.

Naturally, none of the exemptions which I have detailed would apply unless an injured worker remains covered by State compensation in the absence of Longshore Act coverage.

S. 38 also amends section 6(b)(1) of the Longshore Act to limit death benefits to a maximum of 200 percent of the national average weekly wage on the date of death. This bill eliminates one of the most severely criticized benefits afforded under the 1972 amendments—the unrelated death benefit—and limits annual cost-of-living increases to no more than 5 percent.

The committee bill also makes certain changes in the handling of hearing losses to establish that an audiogram should be presumptive evidence of a hearing loss if administered by a licensed or certified specialist.

However, we do not suggest that any worker be required to submit to a hearing test administered by an employer. In addition, the committee has rejected the Senate bill's provision holding an employer responsible only for that hearing loss suffered while in that particular employment. This concept is antithetical to the very nature of workers' compensation law, and has no place in this legislation.

Mr. Speaker, one of the most important provisions of the House bill addresses the very serious problem of claims due to injuries attributable to occupational diseases.

As I stated at the outset of my remarks, our goal is to assure that all truly eligible workers receive just compensation for the disabilities under the Longshore Act. Like most worker compensation laws, however, the Longshore Act was conceived in an era where disabilities were generally traumatic, and evident almost immediately upon their occurrence.

We now know, however, that a great many disabilities do not manifest themselves for long periods of time after the initial injury is suffered. In some cases, the latency period for these occupationally related diseases can be years, or even decades. Yet the notice and statute of limitation provisions of the Longshore Act are not designed, at present, to accommodate such claims. Under current law, notice of an injury must be given within 30 days, and a claim for compensation must be filed within 1 year. Workers attempting to secure benefits for injuries which occurred years before have found the system unresponsive to their claims in many cases.

S. 38 addresses the problem of occupational disease compensation by eliminating the notice requirement, and tolling the statute of limitations until the disability has impaired the workers functional capacity, or has resulted in a loss of wages.

The committee bill also specifically rejects the decision of the Benefits Review Board in Dunn against Todd Shipyard by establishing the basis for computing compensation in a disease case as the last wage prior to the onset of disability, regardless of whether that wage was earned in "covered employment." Our bill also permits a rate based on the national average weekly wage at the time of disability onset in the case of a worker not employed fully at the time of, or immediately prior to, the onset of the disability.

Mr. Speaker, this section of S. 38 is among its most important provisions. This legislation removes from coverage those who are not deserving of its coverage because they are not truly engaged in maritime occupations. By the same token, those who are disabled by those covered jobs must not be precluded from compensation benefits because of outmoded statute of limitation requirements, or denied adequate benefits because the system fails to recognize that we are dealing with a developing, but very significant, new aspect of the worker compensation issue.

Mr. Speaker, this legislation also contains numerous provisions to improve the operations of the longshore system. S. 38, as reported by the Education and Labor Committee, allows the Secretary of Labor to publish a list of medical practitioners who are disqualified from rendering medical care or providing services under this act. The bill also allows the Secretary to disqualify claimant's representatives for engaging in fraud in connection with the making of a claim under any Workers' Compensation Act, for reasons of professional conduct, and for other reasons.

The committee's bill also increases other penalty provisions of the law by making them consistent with those Federal criminal penalties for misrepresentation in the United States Code (18 U.S.C. 1001).

Our bill also makes changes in the operations of the Benefits Review Board to expedite the processing of case backlogs, in order to assure prompt and adequate compensation to eligible workers and their survivors, which is one of the key goals of this legislation.

The legislation also makes changes in the special fund. By limiting an employer's potential liability for a partially injured worker whom he hired, the special fund was intended to encourage employers to hire partially disabled workers.

Under current law the employer pays the first 2 years of compensation for a subsequent injury, and then passes along the remaining compensation costs to the fund. However honorable in intent, this section has resulted in the misuse of the fund and in additional costs to employers whose liabilities to the fund have grown far beyond reason.

In fiscal 1976, special fund disbursements were about $3 million. Just 6 years later, those disbursements had grown over sevenfold to nearly $24 million. The committee bill addresses this excessive utilization of the special fund by extending the period of time from which the actual employer would retain sole compensation responsibility from 2 to 6 years.

We have also corrected the circumstances by which about 1,500 current special fund cases have become the partial responsibility of the Federal Government. The committee bill terminates Federal responsibility for any new claims—estimated by CBO at about 30 per year—and accepts all responsibility for the 1,500 claims filed prior to enactment of this legislation. While this provision would increase Federal costs in the short term, the elimination of Federal responsibility for any of the new claims will result in the steady diminution of Federal costs over time.

Mr. Speaker, this complex legislation represents the work of many different parties who are all committed to the improvement of the Longshore Act, to the reduction in unnecessary and unjustified costs for employers and the Federal taxpayer, and the assurance that eligible workers will receive appropriate compensation for disabilities.

We have a coalition in support of this legislation, but it is in many ways a fragile consensus. In the last Congress, that coalition was fractured, and we lost an opportunity to enact this reform legislation. I am anxious that we not lose this opportunity, which may well be our last, to correct the shortcomings of the longshore program.

It would be my preference that the Senate take this legislation and approve it, thereby eliminating the need for a conference. If the Senate should not do so, we are certainly prepared to commit the House to the swift resolution of those areas of disagreement, recognizing, however, that our time is limited, and the ability to maintain the coalition in support of S. 38 is not without limitations.

On behalf of the majority, I would again like to express my appreciation to the gentleman from Illinois, the ranking minority member of the committee, Mr. ERLENBORN, for his cooperation and long-term interest in this legislation, and I will yield to him at this time.

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Mr. ERLENBORN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, at long last the House has before it legislation comprehensively amending the Longshoremen's and Harbor Workers' Compensation Act, probably the worst workers' compensation law in the Nation. It is one-third of that terrible trilogy of Federal workers' compensation adventures—the Black Lung Act and Federal Employees' Compensation Act being the other two. They are monuments to congressional and administrative malfeasance.

The Longshore Act was enacted in 1927, following a series of Supreme Court decisions holding that State workers' compensation laws could not constitutionally compensate maritime workers. The Court interpreted State attempts to compensate maritime workers as violating constitutional prescriptions assuring uniform interpretation of maritime law. Although the act has been amended numerous times, the most extensive and damaging were the 1972 amendments, drawn up literally in the dead of night at a now-infamous midnight meeting of Senate staffers, unions, and a few employers near the end of the 92d Congress.

It is unclear to this day who knew what at that meeting, but the result is clear—a legislative disaster par excellence.

The amendments moved jurisdiction inland from the water's edge to uncertain adjoining areas, significantly raised benefits and tied future increases to annual increases in the national average weekly wage, failed to impose any percentage cap on death benefits, and provided survivor benefits even if the employee dies of causes unrelated to employment.

These changes overlayed other provisions in the act which, together, further aggravated insurability and converted a workers' compensation program into a new form of social welfare.

Employers and insurers have not been the only parties critical of the 1972 amendments. Even the Federal judiciary has had harsh words. The Chief Justice termed the act "* * * about as unclear as any statute could be * * *" Justice Brennan referred to it as a "jurisdictional monstrosity."

Meanwhile employer costs have soared.

In New York premiums for stevedoring rose from $29.90 per $100 of payroll in 1972 to over $87 today. That translates into over $21,000 in premiums for each employee—more than most families earn in a year.

High east coast longshore costs have contributed to diversion of cargo to Canadian ports where stevedoring rates are a fraction of U.S. rates.

Until recently, the Longshore Act covered private employers in the District of Columbia. There the experience has also been disastrous.

Metro subway construction has been far more expensive because of longshore, with compensation payments running almost $2 million per mile completed or under construction;

On a subject with special interest to this body, workers' compensation costs for the new Hart Senate Office Building were over $14 million out of a total construction cost of $110 million. A national average of workers' compensation costs would translate into only $4.5 million or a whopping 68 percent less than longshore. One wonders where our Senate colleagues would have wanted to put an extra $10 million.

These are only a few examples of the terribly excessive costs of longshore, largely the product of the 1972 amendments.

The act has also proven to be an extortionist's lode. The Senate Permanent Subcommittee on Investigations, following a lengthy investigation of waterfront corruption, recommended amendments to the act.

It stated:

As we have heard, that act has been abused by identified members of organized crime and by their labor racketeering associates to induce fraudulent workmen's compensation claims to the point that they can actually put companies out of business. Fraudulent claims can be used as economic extortion to generate payoffs from businessmen who cannot afford to pay the consequences of this racket.

In this respect, the subcommittee should give serious consideration to making recommendations concerning the provisions of that act which speak to the ability of the ILA (International Longshoreman's Association) to engage certain unscrupulous physicians and attorneys to process these claims.

We also firmly believe that the act should be tightened to such an extent that it cannot be misused or abused by organized crime and labor racketeers to create a tool of economic extortion.

To this end, the subcommittee's just-issued report on "Waterfront Corruption" specifically endorses provisions of Senate-passed S. 38 pertaining to employee physician selection procedures, the act's presumption of coverage, and the penalty for misrepresentation.

The report's findings and recommendations will be included in the RECORD following my statement.

In addition to jurisdiction, lack of insurability, high costs, and fraud, other deficiencies in the act have developed:

Further attacks on the employer's exclusive liability for longshore benefits, in lieu of other liability, particularly in the shipbuilding industry;

Exponentially increasing liabilities of the special fund, as the act's high costs gave employers incentives to seek fund relief in so-called second injury cases and, thus, spread their individual losses across the rest of the maritime industry;

Procedural problems involving delayed settlement approvals; and

The growing Longshore and Black Lung Act case backlog at the Benefits Review Board.

Mr. Speaker, both the Senate-passed bill and the committee's amendment address these problems.

First, jurisdiction is clarified to some extent, though not to the degree I would prefer, by carving out specific areas not contemplated by the 1972 amendments. Those include recreational boatbuilding and repairing and other miscellaneous recreational operations; office clerical, secretarial, security, and data processing activities, and aquaculture operations, and under most circumstances, clubs, camps, floating restaurants, museums, retail outlets, and marinas. Also exempted are employees of suppliers, transporters, or vendors temporarily on the premises of a longshore employer;

Second, insurability will be fostered by placing a 5 percent cap on the annual benefit escalator, capping death benefits at twice the national average weekly wage, repealing unrelated death benefits, and clarifying jurisdiction;

Third, fraud is dealt with by giving the Labor Department authority to debar the unscrupulous doctors and lawyers, raising the penalty for misrepresentation from a misdemeanor to a felony, and prohibiting employees from using a physician on the Secretary's debarment list;

Fourth, exclusivity is reinforced for shipbuilders by making Longshore Act benefits the exclusive workers' compensation remedy for shipbuilding employees and their employer's exclusive workers' compensation liability by prohibiting tort actions against shipbuilding employers on some dual capacity theory;

Fifth, a means to expedite settlements is provided;

Sixth, the special fund's problem is addressed, however inadequately; and

Seventh, the Benefits Review Board membership is augmented.

By agreement between the gentleman from California and myself, the bill no longer includes an amendment to section 5(a) of the act which purported to reinforce the rule that an employee's longshore benefits are exclusive of all other workers' compensation or Jones Act benefits. Identical language is included in the Senate bill and in our committee's reported amendment to S. 38. However, in retrospect questions have been raised about the effectivenss of the language, as well as the wisdom of this change, to which the gentleman from Califor-

nia and I have not received satisfactory answers. Therefore, by striking the provision here, we are able to preserve the issue for conference.

So far, Mr. Speaker, I have dwelled on the positive aspects of this bill, but there are elements I either do not support or provisions deleted by the gentleman from California (Mr. MILLER) to which he had formerly agreed. I want to discuss some of these changes to our agreement but first comment on the history of this legislation.

In July 1982 the Senate passed S. 1182, a comprehensive revision to the Longshore Act and, itself, the product of long, arduous negotiations. House consideration should have been expeditious but organized labor, which had agreed to the Senate bill, would no longer endorse it. It, as well as the gentleman from California, raised innumerable objections to the Senate bill. Issues which had been resolved were reopened and new issues sprouted like June weeds. Nevertheless, an agreement was reached in December 1982 only to have our late colleague, Phillip Burton, object. The agreement was stillborn.

This year, in order to get a bill to the House, the Senate in effect repassed S. 1182—as S. 38. We were told the committee would soon turn its attention to longshore. And the agreement? Now there were new concerns, and we were told, still further changes would have to be made.

Thus, there are numerous differences between this bill and the December 1982 agreement which, had it been observed, would now obviate our need for a conference.

First, the exemption was struck for land-based fabrication of certain commercial barges, tugboats, and other sundry vessels. Apparently, the cost of longshore would still be so high, even with these amendments, that employers do not believe they can compete for nonmaritime work with employers who fabricate solely nonmaritime work and are not covered by the act. The maritime fabrication industry today is severely depressed.

In this connection, a coalition of offshore oil platform fabricating companies have urged that landside fabrication work be excluded from the act, because longshore's high costs have made domestic fabricators competitive with foreign fabricators.

According to an economic analysis, longshore raises unit labor costs for fabrication 9 percent in Louisiana, 5 percent in Texas, and 8 percent in Mississippi. The resultant overall increase in project cost is within the range between the winning foreign bid and the next lowest bid, no longshore costs, this report concludes, spell the difference between an American firm or foreign firm winning the bid. Since 1979, of 10 contracts awarded in the west coast platform market, 1 has been won by an American company, 6 by the Japanese, 1 by Korea, and 2 by Malaysian entities of American firms.

The loss of 9 projects accounts for 4 million man-hours and 90,000 metric tons of steel. Since 1978, one-third of the platform fabrication work force has been laid off.

Now, I understand the gentleman from California has been working with the fabricators to fashion an appropriate remedy and trust that some accommodation will be reached in conference. It appears to me jobs are at stake.

Mr. Speaker, the economic analysis of the fabrication industry will be placed in the RECORD following my remarks.

Second, the substitute offered by the gentleman from California deletes language in our agreement establishing a Conservation Committee in the Labor Department to protect the assets of the special fund. Currently, no one guards the fund, although nominally the Secretary could. The result is that employers and claimants can stipulate fund coverage and often no one questions the factual claims. Moreover, once a case enters the fund, no one monitors it to assure the employee is still disabled or otherwise eligible for benefits. The cases simply are lost.

To illustrate my point, there is the case of a former longshoreman who suffered successive back injuries which rendered him permanently and totally disabled in 1975. Because the injuries were aggravating, the employer qualified for special fund relief, whereby he paid 2 years' compensation, with the fund paying the rest through an annual assessment on all insurers and self-insured employers.

Today, this man is still supposedly permanently totally disabled, although he enjoys water sports, tennis, and snow skiing. In 1983 the special fund paid him over $25,000 in benefits, tax free.

This is a classic case of why the fund needs to be better protected.

Better protection of the fund—that is, addressing its escalating liabilities—is why both the Senate bill and the House amendment increase the employer's retention period on a fund case. The gentleman knows, however, another dimension of this same issue is the misallocation of liabilities within the fund among insurers and self-insured employers. I hope the gentleman would agree in conference we will refine our response to the fund's problem, perhaps by altering the formula on which the Secretary bases the annual fund assessment.

Third, our agreement had provided the judges of the Benefits Review Board terms of office with removal only for cause. Currently, the members serve for undefined terms at the pleasure of the Secretary. I would hope that all of us could agree that assuring the integrity of the review process serves everyone's interests.

Fourth, the bill before us eliminates our understandings concerning vocational rehabilitation which would have preserved benefits for employees undergoing vocational rehabilitation but prevented premature entry of permanent total awards, and mandated such rehabilitation.

Last, the bill alters our agreement regarding the basis on which occupational disease benefits are determined which raises unanswered questions about its intent.

There are other problems with this bill I will not address now. I will wait for the conference with the Senate.

I am pleased the gentleman is now moving this bill. Longshore amendments, as he knows, are long overdue. It is unfortunate the process broke down late last year and that our agreement could not have been resurrected this year. But I look forward to working with him in hope of concluding the conference as quickly as possible.

EXPLANATION OF HOUSE AMENDMENT TO S. 38

I. COVERAGE

The House amendment concurs with the Senate bill to a substantial degree, in clarifying coverage under the Act. The legislation recognizes that there are employees now covered by the Act whose responsibilities bear only an attenuated relationship to maritime employment. Accordingly, the exemption is intended to apply to fairly identifiable employers and employees who, although by circumstance happened to work on or adjacent to navigable waters, lack a sufficient nexus to maritime navigation and commerce. These specifically identifiable activities do not merit coverage under the Act, and the employees are more aptly covered under appropriate State compensation laws.

These excluded employees of employers include:

(1) Employees exclusively performing office clerical, secretarial, security, or data processing work;

(2) club, camp, restaurant, museum, retail outlet and marina personnel;

(3) personnel of suppliers, transporters or vendors temporarily doing business with covered employers;

(4) aquaculture workers;

(5) persons engaged in the construction or repair of recreational vessels under 65 feet in length;

(6) a master or member of the crew of any vessel wherever situated; and

(7) any person engaged by the master of a vessel to load, unload, or repair a vessel of displacement less than eighteen tons net.

It is the intention that these amendments not be interpreted to enlarge the present scope of the act's coverage. Nor is it the committee's intention to include classes of employers not already subject to the act. Finally, with the committee making only limited changes to section 2(3) and section 3 of the act, it is obvious that a large body of decisional law relative to traditional maritime employers and harbor workers remains undisturbed. The decision not to evaluate, endorse, or reject, explicitly or implicitly, the lower court and agency decisions in these other areas was made deliberately by

the committee in conjuction with the limited changes that are being made.

With regard to the exemption for clubs, in particular, the House amendment adopts a non-restrictive interpretation. The exemption would apply so long as the club embodies a social, athletic, or sporting purpose, such as a yacht club. It is immaterial that the club may or may not be operated on a commercial or non-profit basis. An exemption based on the nature of the employing enterprise would produce inconsistent results for different employers similarly situated. For example, employees of a yacht club operated for-profit would be covered by the Act, although employees of a recreational marina (also operated for-profit) performing many of the same duties would be exempt.

Another provision in both the Senate bill and the House amendment is a statutory offset of Longshore benefits for any other workers' compensation or Jones Act benefits also received. The scope of the offset is to be broadly construed. The workers' compensation offset would, therefore, apply not only to instances where the employee received State workers' compensation, but where he received benefits under the Federal Employees' Compensation Act. Moreover, the offset is intended to apply where the employee's non-Longshore claim is against an employer other than the one against whom he has filed a Longshore claim. Accordingly, the court's decision on this point in *Melson* v. *United Brands Corporation*, 594 F.2d 1068 (5th Cir, 1979) is overruled.

The offset applies, as well, to cases paid by the special fund for any purpose for which the fund is authorized to make payment under the Act, and to any other fees and related expenses where the same claimant's representative assists the employee in pursuing both claims.

II. MEDICAL

The House amendment makes numerous changes relative to delivery of medical services, including requiring publication of a listing of medical providers not qualified to render care or services under the Act. The Secretary's authority to disqualify providers should be broadly construed in order to afford the means necessary to rid the program of unscrupulous medical providers. Accordingly, a medical provider's debarment under any other Federal or State program shall be per se grounds for debarment under this Act. Furthermore, in order to afford the Secretary the necessary flexibility in pursuing the means to control medical costs, the amendment contemplates the Secretary's use of fee schedules.

III. FRAUD

In addition to the debarment of medical providers, the House amendment includes other provisions designed to afford the Secretary the means for controlling fraud. Claimant representatives, whether or not they be attorneys, can be barred from representing claimants under the Act. The Secretary's authority, again should be broadly construed to encompass any fee-receipt context, whether the claimant's representative actually or constructively received a fee. Therefore, the Secretary's authority would extend not only to the obvious case where a claimant paid a fee directly to a representative, but also where it was paid to a third party which employed the representative, whether the third party be the employee's bargaining agent or an insurance carrier with which the bargaining agent had contracted for reimbursement of its member's legal expenses. Similarly, "fee" includes not only the obvious payment of an identifiable charge for services rendered in a given case, but encompasses an employee's union dues where the union provides its employees with representation as a service on a cost-free or subsidized basis. It would also cover a union's payments under contract to a third party to provide such services, where it cannot be shown that members' dues did not support such payments. Thus, not only would a union's retention of outside counsel fall within this definition, but so too would a union's payment of premiums to an insurance carrier for legal assistance insurance.

The amendment would authorize the Secretary to debar these individuals for conviction of any crime in connection with the representation of a claimant under this or any other workers' compensation statute; any crime so committed goes to the heart of a representative's ethical duty to ably represent his client, and there is no question that these practices should be dealth with severely.

In the same vein the Secretary is authorized to debar representatives for engaging in any fraud in connection with prosecution of a claim under this or another workers' compensation statute, and for being barred under another workers' compensation statute for professional misconduct similar to grounds for disqualification under section 31(b)(2), such as for soliciting employment in violation of section 28(e).

IV. HEARING LOSS CLAIMS

The House amendment makes several changes relative to compensation of hearing loss claims.

First, it would permit an employer to apportion liability between or among previous employers for the employee's pre-existing hearing loss. Deductions for pre-existing hearing loss are not novel, but the rule in 32 States. There is merit in permitting apportionment because the amendment increases the employer's retention period for special fund cases from two years to six years which, given the maximum allowable under the impairment schedule for hearing loss, would prevent an employer in the future from apportioning his liability through the special fund.

In order to apportion liability, however, the employer must abide by the rules governing administration of audiograms set forth in section 8(c)(13)(C). To be accorded presumptive validity, the audiogram must be administered by licensed or certified personnel, given to the employee when administered, with no contrary audiogram administered at that time by such licensed or certified personnel.

Although the amendment does not mandate administration of audiograms, their being at the employer's option, the employee cannot refuse an audiogram once the employer decides to exercise his option. The amendment's grant of discretional authority to an employer, coupled with the ability to mandate employee compliance with the object of that authority, is consistent with the amendment's grant to the employer of discretionary authority to require a disabled employee to submit a statement of outside earnings. It is also analagous to current law requiring an employee to submit to a medical examination, at the discretion of the Secretary.

The House amendment also requires that determinations of hearing loss be in accordance with the standard promulgated by the AMA's American Academy of Otolaryngology (AAO), known more accurately as the Guide for the Evaluation of Hearing Handicap, as it is modified from time to time. This provision will assure that hearing loss evaluations will be predicated on a uniform standard under the Act. Currently, the fact finder can employ any formula, resulting in disparate evaluations among compensation districts.

V. OCCUPATIONAL DISEASE CLAIMS

The House amendment clarifies section 13 of the Act, pertaining to time limitations on filing a claim for an occupational disease, employing a two-part test for triggering the one-year period. The period does not begin to run until the (A) employee's disease (i) has impaired the employee's functional capacity, or (ii) has resulted in a dimunition of wages, and (B) the employee or claimant becomes aware, or in the exercise of reasonable diligence or by reason of medical advice should have been aware, of the relationship between the employment, the disease, and the death of disability.

For the period to begin running, therefore, the employee must have a disease; merely physical conditions evidencing exposure to a disease-causing agent, while they may presage exposure to a disease-causing agent, while they may presage future disease, are not a "disease" for the purpose of this section.

"By reason of medical advice" is added as an independent trigger to accord a more subjective test of when a claimant may become aware of the relationship between his disease and the employment. It is not intended to supersede the alternative objective test which by exercising reasonable diligence he should have been aware of the relationship. Although the provision is intended to toll the statute of limitations until an employee becomes aware of the "full character, extent, and impact of the harm done to him" (*Todd Shipyards Corp.* v. *Allan*, 666 F.2d 399 (9th Cir, 1982)), the provision is not intended to imply that only a physician's medical advice would constitute such notice. Should the facts suggest the employee had, or should have had through his diligence, such knowledge absent a physician's actual diagnosis, the period would not be tolled.

The House amendment also amends section 10 (adding new subsection (e)) governing the "time of injury" for benefit determination purposes, stating that such time in occupational disease cases is deemed to be the date of the onset of the disabling condition. That date, logically, should correspond to the date for filing a claim—when the claimant becomes aware, or in the exercise of reasonable diligence or by reason of medical advice should have been aware, of the relationship between the employment, the disease, and the death or disability. A necessary corollary to establishing a date of injury for the purposes of filing a claim (thereby triggering the running of the statute of limitations on filing) is the date for measuring compensation payable. There is no compensable injury until there is a disability. When the disability arises, a claimant gains rights under the statute, including the right to compensation. Therefore, the right to the level of compensation based on the employee's wage level when the right accrues, applies.

Although new section 10(e) also provides rules for payment of compensation to employees not fully employed immediately prior to loss of functional capacity or loss of wages, the language is not intended to expand the employee's underlying eligibility

for benefits, and, therefore, should not be read as broadening the eligibility for compensation of employees who manifest a disease after retiring.

VI. EMPLOYEE WAGE STATEMENTS

The House amendment affords employers a means of improved case monitoring by permitting them to require employees receiving compensation to submit a statement of earnings not more frequently than twice annually. An employee who fails to report earnings when requested, or omits or understates such earnings which he was required to so report; and the employer shall be given a full credit for any compensation paid during the period of noncompliance.

It is anticipated that employers will utilize the procedures for modification of awards set forth in section 22 for any subsequent adjustment to benefits.

VII. SETTLEMENTS

The amendment provides a means to expedite settlements by permitting automatic approval of any settlement agreement within 30 days after submitted to the deputy commissioner or administrative law judge for approval, where the parties are represented by counsel. Further, grounds for rejection of any settlement agreement must be stated.

The House amendment, as does the Senate bill, intends that a settlement forever discharge the liability of the employer, carrier or both; and a petition for modification of award under section 22 on any ground is inconsistent with this intent.

VIII. PRESUMPTION

The House amendment, while deleting the Senate amendment to section 20, endorsing the Supreme Court's decision in *U.S. Industries/Federal Sheet Metal, Inc.* v. *Director, OWCP*, 455 U.S. 608 (1982), similarly endorses that decision. Accordingly, the mere existence of a physical impairment is insufficient to establish a claim under the Act.

EXTENDING THE FEDERAL LONGSHOREMEN'S AND HARBOR WORKERS' COMPENSATION ACT TO COVER WORKERS IN THE FABRICATION OF MARINE PLATFORMS: AN ECONOMIC ANALYSIS

(By John R. Moroney, Professor and Head, Department of Economics, Texas A&M University, College Station, Tex., January 27, 1984)

EXECUTIVE SUMMARY

1. Extending the Longshoremen's and Harbor Workers' Compensation Act (LHWCA) to cover workers in the fabrication of marine platforms, following two 1983 U.S. Court of Appeals, Fifth Circuit decisions, raises unit labor costs in the U.S. construction industry. Estimated increases are approximately 4.8 percent in Texas, 9.0 percent in Louisiana, and 8.3 percent in Mississippi.

2. Such increases in unit labor costs make U.S. firms less competitive internationally.

3. Since 1979, Japanese and Korean firms have become the preeminent producers of major platforms located off of the U.S. West Coast. Nine of the last ten major West Coast platforms have been built abroad. These nine platforms embodied more than 4,000,000 manhours of direct construction labor (that is, more than 2,000 man-years of employment), and more than 90,000 metric tons of foreign steel.

4. Since 1981, Japanese and Korean firms have also established a strong foothold in the construction of platforms placed in the Arabian Gulf and offshore of India.

5. Thus far, all platforms in the U.S. Gulf of Mexico have been built in Louisiana, Texas, and Mississippi. Although foreign firms have not yet penetrated this potentially profitable market, some currently possess the technology to do so. Higher unit labor costs for U.S. producers increase the likelihood of effective foreign competition.

6. Analysis of unit labor costs in the United States, Japanese, and Korean steel manufacturing industries for the period 1973–1983 shows that Japanese and Korean unit labor costs are substantially below those in the United States: in 1981, for example, Japanese unit labor costs were about 42 percent, and Korean unit labor costs about 15 percent, of those in the United States. Such persistently lower costs have been a factor contributing to Japanese and Korean penetration of the U.S. market for steel products.

7. To maintain the court extended coverage of workers in the fabrication of marine platforms under the LHWCA will sustain U.S. unit labor costs at levels higher than necessary, and will make U.S. firms less competitive than they otherwise would be. If, because of higher U.S. costs, foreign firms were to capture a significant share of the U.S. Gulf of Mexico market, losses of several thousand U.S. jobs could ensue.

I. INTRODUCTION

The Federal Longshoremen's and Harbor Workers' Compensation Act is currently being revised. In the U.S. Senate, revisions have been completed according to S. 38; and a modified version of S. 38 has been reported out of the House Committee on Education and Labor. Two 1983 U.S. Court of Appeals, Fifth Circuit decisions extended, by court interpretation, the Longshoremen's and Harbor Workers' Compensation Act to include workers engaged in the onshore fabrication of marine platforms and workers employed on marine platforms located on Submerged Lands in state waters. Prior to these 1983 decisions both groups of workers were covered by state, not federal, workers' compensation laws.

This extension of the Longshoremen's and Harbor Workers' Compensation Act to onshore workers causes platform fabrication costs to increase. These increased costs will be of primary impact in Louisiana, but will be registered as well in Texas, Mississippi, California, and other coastal fabrication areas: 16 of the major U.S. marine fabrications facilities are located in Louisiana, three are in Texas, three are in Mississippi, and one is in California.

Until the present time, all platforms installed in the U.S. Gulf of Mexico have been built in Louisiana, Texas, or Mississippi. Industry officials are seriously concerned, however, that the higher domestic construction costs may permit penetration of Gulf Coast construction by lower-cost fabricators in Japan, Korea, and elsewhere. Major penetration, indeed dominance by foreign firms, has already taken place in the U.S. West Coast market: nine of the last ten major platforms installed in U.S. West Coast waters have been built abroad, causing a loss of more than 2,000 man-years of employment in the United States.

Since 1981, Japanese and Korean firms have competed aggressively and have been awarded an important share of offshore platform contracts in the Arabian Gulf and offshore India (as shown in Section IV of this report). If foreign fabricators were to make major inroads within the U.S. Gulf of Mexico, serious losses of domestic jobs in the onshore marine platform fabrication industry, material suppliers such as domestic steel, and in supporting industries could ensue.

The purpose of this report is threefold. The first is to demonstrate numerically the (percentage) increase in construction unit labor costs occurring because of the extension of federal coverage. This is the task of Section II. Second, we analyze recent trends in hourly worker compensation, labor productivity, and unit labor costs in United States, Japanese, and Korean steel manufacturing. We do so for two reasons: (i) the data necessary to conduct such an analysis in the onshore marine platform construction industry are not available from public sources; and (ii) domestic and foreign workers in steel manufacturing possess many of the same occupational skills as their counterparts in platform construction. Analysis of the steel industry is the focal point of Section III. Thirdly, we present some broad, summary data showing market penetration by Far East Asian fabricators in the U.S. West Coast, the Arabian Gulf, and offshore India.

The analysis of steel manufacturing is used as a source of analogy with platform construction. The analogy applies according as: (1) the spread between domestic and foreign average total costs in platform construction approximates the corresponding spread in steel; (2) domestic and foreign differentials in unit labor costs in platform construction approximate those in steel; (3) the percentage of average total cost ascribable to unit labor costs in platform construction approximates the corresponding percentage in steel; (4) the importance of transportation costs for fabricated offshore platforms items approximates that for steel mill products. The analysis of labor costs and industry performance in steel is used as a model for analyzing platform construction.

Key terms in this report

1. Output refers to physical production. In the case of steel, output means metric tons (M.T.) produced, as in Table 1, or M.T. of fabricated steel products, as in Tables 3 and 4.

2. Hourly Employee Costs are a comprehensive measure of hourly employment costs to the business firm, including average hourly wage rates plus overtime premiums, payroll taxes, supplementary unemployment benefits, pensions, insurance, workers' compensation insurance, paid vacations and holidays, and employer contributions to thrift plans. These costs are thus far more comprehensive than average hourly wages alone. In steel manufacturing, for example, in 1982 the ratio of additional compensation per hour to average hourly earnings was estimated to be 0.70 in the United States, 0.20 in Japan, and between 0.15 and 0.20 in Korea. (Source: U.S. Bureau of Labor Statistics, Office of Productivity and Technology, "Hourly Compensation Costs for Production Workers, Iron and Steel Manufacturing, 1975–1982." April, 1983).

3. Output per Manhour refers to physical output per hour of labor employed. In steel manufacturing, it refers to metric tons of finished and semi-finished steel products per worker hour.

4. Unit Labor Cost is the total labor cost embodied in one unit of physical output. In steel manufacturing, for example, unit labor cost is hourly labor cost (item 2, above) divided by metric tons produced per manhour (item 3, above); dollars per manhour divided by metric tons per manhour yields an estimate of dollars per metric ton.

5. Actual Operating Rates in the steel industries refer to actual physical production in a year in relation to capacity production capabilities. Actual operating rates are to be distinguishing from Standard Operating Rates, which are optimal industry production rates (approximately 90 percent of capacity production capabilities). The distinction is important: output per manhour may be substantially lower, and unit labor costs substantially higher, at Actual Operating Rates than those at Standard Operating Rates. This has been true in recent years for the U.S. and Japan.

6. Metric Tons (Tables 1, 3, and 4) and Net Tons (Table 5). One metric ton equals 1.1023 net ton, or 1 net ton equals 0.9072 metric ton.

II. THE CONSEQUENCES OF HIGHER INSURANCE PREMIUMS IN PLATFORM CONSTRUCTION

A. A general model

Consider a firm that fabricates a project with the use of a fixed stock of plant and equipment (relatively fixed costs), and labor and raw materials (relatively variable costs). The central economic distinction between fixed and variable costs in that fixed costs (or overhead costs) do not vary with changes in output, but variable costs do. Thus fixed costs per unit of output decrease continuously as output expands. On the other hand, variable costs per unit may either increase, decrease, or remain relatively constant as output increases. The actual behavior of variable costs per unit is not important for the analysis in this section. A representative firm's average fixed cost (AFC), average variable cost (AVC), and average total cost (ATC) curves appear in Figure 1.

[Figure 1 not printed in RECORD.]

What is important for this analysis is that an increase in wage rates or in labor insurance rates paid by the firm shifts the average variable and average total cost curves upward at all possible rates of production. For example, if labor accounts for 0.80 of all variable costs, then a 10 percent increase in unit labor cost shifts the AVC curve vertically by 8 percent at all possible rates of production. (More generally, if labor accounts for 0.X of all variable costs, a Z percent increase in unit labor costs shifts the AVC curve vertically by (0.XZ) percent at every possible rate of production). In the instance of a 10 percent increase in unit labor cost, in Figure 1 AVC would shift upward to AVC. The upward shift in AVC would also cause a higher average total cost for each possible output: ATC would shift upward to ATC, where the vertical distance between ATC and ATC (at each possible output) is exactly the same as the vertical distance between AVC and AVC. The higher variable cost and total cost per unit of output would place this firm at a disadvantage relative to potentially lower-cost competitors.

B. The specific application

One may analyze straightforwardly the increase in unit labor costs following an extension of the Federal Longshoremen's and Harbor Workers' Compensation Act (LHWCA) to workers previously covered by State Workmen's Compensation plans. Five categories of workers are affected: iron workers, welders, pipefitters, drivers, and permanent yard workers. The State Workmen's Compensation insurance premiums per $100 of payroll for each category of worker in Louisiana, Texas, and Mississippi, are listed below.

The LHWCA premiums are multiples of the state premiums. These multiples are constant across the five job classifications within a state but vary from state to state. In 1983, the multipliers were 2.61 in Louisiana, 1.70 in Texas, and 3.16 in Mississippi. Thus the LHWCA premiums were 161 percent higher in Louisiana, 70 percent higher in Texas, and 216 percent higher in Mississippi than the corresponding State Workmen's Compensation premiums.

Also listed are the percentages of total payroll (or job content) for the sum of all five categories attributable to each separate category for a typical platform construction project. These job content percentages vary from one project to another, but are believed to be a reasonably representative average.

Job classification	Percent of content	Premium		
		La.	Texas	Miss.
Ironworkers	16	$6.00	$7.52	$5.05
Welders	40	8.07	9.71	5.31
Pipefitters	40	4.00	5.24	2.35
Drivers	2	2.71	5.56	2.93
Permanent yard	2	4.29	3.18	4.17

Under the State Workmen's Compensation Plan, the direct cost to a Louisiana employer per $100 of iron workers' payroll is $106.00, while under federal coverage the direct cost per $100 of payroll is $115.66 [$100+(2.61×$6.00)=$115.66]. Similarly, the direct cost per $100 of welders' payroll is $108.07 under state insurance, but $121.06 under federal coverage [$100+(2.61×$8.07)=$121.06]. But in Texas, for example the direct cost per $100 of iron workers' payroll is $107.52 under state coverage, but $112.78 under federal coverage [$100+(1.70×$7.52)=$112.78]. The federal premiums are higher for all job classifications than the corresponding state premiums. In general, the degree to which unit labor costs increase (given that labor productivity remains constant) by shifting from state to federal insurance coverage may be calculated as a weighted average of the percentage increases in premiums for each job classification.

The relevant weights are the percentages of job content attributable to each job classification. Reading from the percentage column above, let W_A=.16, W_B=.40, W_C=.40, W_D= .02 and W_E=.02.

The percentage increases per $100 of direct payroll occasioned by shifting from state to federal insurance coverage within each job classification in each state are listed below:

PERCENTAGE INCREASE PER $100 OF PAYROLL BY JOB CLASSIFICATION AND STATE

	Louisiana	Texas	Mississippi
Ironworkers	9.11	4.89	10.39
Welders	12.02	6.20	10.89
Pipefitters	6.19	3.49	4.96
Drivers	4.24	3.69	6.15
Permanent yard	6.62	2.16	8.65

The overall percentage increases in unit labor costs (conditional on the job content weights and on given productivity) are:

Louisiana: (0.16)(9.11) + (0.40)(12.02) + (0.40)(6.19) + (0.02)(4.24) + (0.02)(6.62)=8.96 percent.

Texas: (0.16)(4.89) + (0.40)(6.20) + (0.40)(3.49) + (0.02)(3.69) + (0.02)(2.16)=4.78 percent.

Mississippi: (0.16)(10.39) + (0.40)(10.89) + (0.40)(4.96) + (0.02)(6.15)+(0.02)(8.65)=8.30 percent.

Hence, direct unit labor costs increase in each state as a consequence of shifting from state to federal insurance coverage. It should be stressed that these estimated increases are conservative. Because federal coverage opens the possibility of third-party tort recoveries, and extended litigation, that are not present under state workers' compensation, actual unit labor costs could increase considerably more than indicated above.

Average total costs of fabrication increase as well. The proportionate increase could be estimated by multiplying the percentage increase in unit labor costs by the fractional share of these (five categories of) labor costs in total fabrication costs. Quantitatively, this is all that can now be said concerning the direct effects on production costs in the onshore marine platform construction industry. A complete analysis would require comprehensive information on all categories of cots both for domestic and foreign firms.

The major foreign competitors, according to industry sources, are firms in Japan and South Korea. Thus we proceed to analyze hourly employment costs, labor productivity, and unit costs in U.S., Japanese, and Korean steel manufacturing during the past decade.

This analysis is relevant for at least two reasons. First, platform construction and steel manufacturing employ work forces having similar ranges of skills, which can be developed by similar types of on-the-job training. Second, many of the economic characteristics such as lower wages and labor costs that determine lower-cost steel production abroad may also be major determinants of comparative international costs in platform construction.

III. AN ANALYSIS OF LABOR COSTS IN UNITED STATES, JAPANESE, AND KOREAN STEEL

A. Gross production (millions of metric tons) of raw steel, 1973-1983

During the decade 1973-1983, the U.S. steel industry could be described as a mature, declining sector. Aggregate annual steel production cycled around a downward trend from 1973 until 1981, then dropped abruptly from 108.8 million metric tons (M.T.) in 1981 to 66.4 million M.T. in 1982 (Table 1). Estimates published in World Steel Dynamics (July, 1983) are that production in 1983 will have recovered moderately to 84.0 million M.T. from the badly depressed level of 1982 (Table 1).

The Japanese steel industry grew very rapidly during reconstruction of their economy after World War II. By 1973 aggregate Japanese steel production was almost equal to that in the United States. And cumulative Japanese production for the ten years 1973-1983 was 1,074.9 million M.T., an impressive figure equal to 95 percent of cumulative U.S. production of 1,128.9 million M.T. during the same period. As shown in

Table 1, Japanese annual production has been remarkably stable since 1975.

The Korean steel industry is quite a different story: In 1973, Korean steel was a fledgling industry producing only 1.16 million M.T. (less then one percent of either U.S. or Japanese output). But growth since 1973 has been spectacular: By 1982, annual production was fully ten times as great as that in 1973 (Table 1). The past decade was characterized by unprecedented growth in steel making capacity; and each year's enhanced capacity has been almost fully utilized (see World Steel Dynamics, July, 1983 Table 13). As will be seen in subsection C, with experience the growth of Korean steel was accompanied by a three-fold increase in Korean labor productivity.

TABLE 1.—ANNUAL PRODUCTION OF RAW STEEL IN THE UNITED STATES, JAPAN, AND KOREA, 1973–1983

[In million of metric tons]

Year	United States	Japan	Korea
1973	136.8	119.3	1.16
1974	132.2	117.1	1.94
1975	105.8	102.3	1.99
1976	116.1	107.4	3.52
1977	113.7	102.4	4.35
1978	124.3	102.1	4.97
1979	123.3	111.7	7.61
1980	101.5	111.4	8.56
1981	108.8	101.7	10.76
1982	66.4	99.5	11.69
1983 estimate	84.0	92.5	11.93

Source:

(1) U.S. production taken from Peter F. Marcus and Karlis M. Kirsis (for Paine Webber Mitchell Hutchins, Inc.), World Steel Dynamics, July 1983, table 1. One metric ton is approximately 1.1023 net tons (one net ton is approximately 0.9072 metric tons). The entries in this column for the years 1973–82 closely approximate (0.9072 × net tons produced), as reported by the American Iron and Steel Institute, 1982 Annual Statistical Report, table 1B, page 8.

(2) Japanese production taken from World Steel Dynamics July 1983, table 1. These production levels are very close, after conversion, to the net ton equivalent production reported by the American Iron and Steel Institute.

(3) Korean production taken from World Steel Dynamics, July 1983, table 13. These production levels are equivalent, after conversion, to the net ton production figures published by the American Iron and Steel Institute.

B. Employee costs per hour, 1973–1983

Hourly employee costs include average hourly wage rates plus average hourly supplements such as payroll taxes, unemployment insurance, pensions, social insurance and other insurance contributions, and thrift plans. As shown in Table 2, hourly employee costs in U.S. steel manufacturing were nearly twice as large as those in Japanese steel throughout the period 1973–1983. Hourly costs approximately tripled in both countries during the ten-year period; hence at the end of the period hourly costs in Japan remained approximately one-half the level of those in the United States.

Hourly labor costs in Korea are but a small fraction of those in the United States: the Korean labor rate of $0.46 per hour in 1973 amounted to only six percent of the U.S. hourly rate; and the estimated Korean rate of $2.41 in 1983 is only 10 percent of the U.S. hourly labor cost.

If labor productivity in steel fabricating industries were roughly equal across countries, the lower hourly employee costs in Japan, and particularly in Korea, would give producers in those countries substantially lower labor costs per unit of output. But a crucial point must also be considered. Lower levels of labor productivity abroad serve to offset the cost-reducing effect of lower wages and fringe benefits. By contrast, higher levels of labor productivity abroad would magnify the effects of lower foreign wages and benefits, and would thus further widen the gap between U.S. and foreign unit labor costs. Hence it is essential to consider intercountry differences in labor productivity.

TABLE 2.—EMPLOYEE COSTS (WAGES PLUS SUPPLEMENTS) PER HOUR IN THE UNITED STATES, JAPANESE, AND KOREAN STEEL INDUSTRIES, 1973–83

Year	United States	Japan	Percent of United States	Korea	Percent of United States
	(1)	(2)	(3)	(4)	(5)
1973	$7.68	$4.04	53	$0.46	6
1974	9.08	5.00	55	.48	5
1975	10.59	5.54	52	.53	5
1976	11.74	5.81	49	.73	6
1977	13.04	7.00	54	1.02	8
1978	14.30	9.44	66	1.37	10
1979	15.92	9.73	61	1.63	10
1980	18.45	10.24	56	1.98	11
1981	20.16	11.55	57	2.35	12
1982	23.78	10.94	46	2.34	10
1983 (estimate)	23.88	12.59	53	2.41	10

Sources: U.S. employment costs per hour (column 1) taken from American Iron and Steel Institute, "1982 Annual Statistical Report," table 6, page 18 (for the years 1973–82). Estimate for 1983 taken from World Steel Dynamics, July 1983, table 6.

Japanese employee costs per hour (column 2) taken from World Steel Dynamics, July 1983, table 6.

Korean employee costs per hour (column 4) taken from World Steel Dynamics, July 1983, table 13. For comparison, the estimates in column (4) for years 1975–79 correspond closely to unpublished estimates for Korean iron and steel (including foundries) prepared by the U.S. Bureau of Labor Statistics. The estimates in column (4) for the years 1980–82 are higher than the corresponding U.S. Bureau of Labor Statistics estimates. See "Hourly Compensation Costs for Production Workers, Iron and Steel Manufacturing, 1975–1982," U.S. Bureau of Labor Statistics, Office of Productivity and Technology, April 1983

Note.—Hourly employee costs in Japan and Korea, expressed in U.S. dollars, depend not only on actual wage rates and fringe benefits in the home currency, but also on changes in exchange rates between the dollar and the yen, and between the dollar and the won. Since 1978, for example, the dollar has appreciated from 484 won per dollar to approximately 780 won per dollar. Hourly employee costs expressed in U.S. dollars are the relevant measure for the analysis in this report.

C. Output (metric tons) per man-hour, 1973–1983

Reliable data are available from the U.S. Department of Labor (Bureau of Labor Statistics, Office of Productivity and Technology) and from the Paine Webber publication, World Steel Dynamics, covering manhours per ton of steel products manufactured in the United States and Japan. The inverse, tons of steel products per manhour, is a key measure of labor productivity.

Levels of labor productivity in Korean steel manufacturing are not readily available. Fortunately, estimates of total manhours of employment in the Korean iron and steel manufacturing industries are published for the year 1982 in the Iron and Steel Statistical Yearbook, issued by the Korean Iron and Steel Association. This yearbook is in Korean, and the relevant material was kindly translated by Mr. Key P. Yang of the Chinese and Korean Section, U.S. Library of Congress. Given the benchmark estimates of gross output (metric tons of steel products in 1982) and total employment, one can estimate Korean output per manhour.

Indexes of gross output per man-day in Korean iron and steel manufacturing are published by The National Bureau of Statistics, National Planning Board, Republic of Korea. If one assumes that the growth rate in output per manhour has been the same as that in output per man-day, output per manhour can be estimated for the years prior to 1982. The estimates for Korea, the U.S., and Japan appear in Table 3.

TABLE 3.—METRIC TONS OF STEEL OUTPUT PER MANHOUR (ACTUAL OPERATING RATES), UNITED STATES, JAPAN, AND KOREA, 1973–83

Year	United States	Japan	Korea
	(1)	(2)	(3)
1973	0.104	0.084	0.021
1974	.104	.091	.028
1975	.093	.086	.030
1976	.103	.090	.035
1977	.101	.091	.034
1978	.112	.095	.034
1979	.111	.106	.041
1980	.104	.109	.053
1981	.110	.107	.067
1982	.100	.110	.066
1983 (estimate)	.123	.108	.068

Sources: Productivity estimates for the United States and Japan are computed from man-hours per metric ton shipped, reported in World Steel Dynamics, July 1983, table 6. Estimates for the United States, 1973–80, correspond closely with an unpublished labor productivity series supplied to the author by the U.S. Department of Labor, Bureau of Labor Statistics, Office of Productivity and Technology, dated December 1981.

Productivity estimates for Korea are developed by combining benchmark estimates of output per man-hour in 1982 with indexes of output per man-day published by the National Bureau of Statistics, Economic Planning Board, Republic of Korea. For details, see text of the report.

The World Steel Dynamics data base indicates that Japanese labor productivity was somewhat less than U.S. productivity in 1973. Because U.S. productivity remained flat through 1982, while Japanese productivity improved, output per manhour in the two countries was essentially equal by the early 1980's. Labor productivity in Korea began from a very low base (aproximately one-fifth that in the U.S. and one-fourth that in Japan), but has approximately tripled during the past decade. Although a sizable absolute gap remains between Korean labor productivity and that in Japan and the U.S., the rapid productivity growth in Korea has substantially moderated the increase in Korean labor costs (as will be seen in subsection D).

One should note that World Steel Dynamics (July, 1983, Table 6) also lists manhour per metric ton series for the U.S. and Japan at standard operating rates, defined as approximately 90 percent of capacity. These series indicate that potential Japanese labor productivity (at standard operating rates) grew far more rapidly then U.S. labor productivity (at standard operating rates) from 1973 through 1983, and exceeded U.S. productivity by approximately 20 percent in 1980, 1981, and 1982. These series, at standard operating rates, accord more closely with trends in U.S. and Japanese labor productivity in unpublished reports of the U.S. Bureau of Labor Statistics (September, 1981, and December, 1981), covering the period 1972–1980. To analyze actual labor costs, however, it seems preferable to use labor productivities based on actual operating rates rather than those based on standard (or optimal) operating rates.

D. Unit labor costs (dollars per metric ton), 1973–1983

Labor cost per unit of output is estimated by dividing employee compensation per hour (dollars per hour in Table 2) by output per hour (M.T. per hour in Table 3). The quotient is labor cost per metric ton. The

behavior of unit labor cost is governed entirely by changes in the two variables, hourly compensation and productivity: If the percentage growth in hourly compensation exceeds the percentage growth in labor productivity, unit labor cost rises; and if the proportionate growth in productivity outstrips the percentage growth in hourly compensation, unit labor cost declines. (More precisely, the percentage change in unit labor cost equals the percentage change in hourly compensation minus the percentage change in output per manhour.)

Unit labor costs appear in Table 4. In comparing the three countries, three points stand out. First, unit labor costs in Japan were substantially lower than those in the U.S. chiefly because of Japan's lower rates of labor compensation (from Table 2). Differences in labor productivity between the two countries during the last ten years have not been very large (as shown in Table 3).

Second, Korean unit labor costs were only a small fraction of U.S. unit labor costs, ranging between one-seventh (1/7) of U.S. costs in 1982 and one-third (1/3) of U.S. costs in 1978. The main reason is that Korean hourly labor rates were minuscule by comparison with U.S. rates: Hourly compensation in Korean steel was about one-twentieth (1/20) of that in U.S. steel in 1974 and 1975, and had risen to approximately one-tenth (1/10) of U.S. compensation in 1982 and 1983. Indeed, if hourly compensation had been equal in the two countries, unit labor costs would have been much lower in the United States than in Korea because American labor productivity has been so much higher.

Third, as shown in Table 4, between 1973 and 1983 unit labor costs in Korean steel actually decreased from 30 percent to 18 percent of U.S. unit labor costs. The primary reason is that although American labor productivity remained at higher levels than those in Korea, Korean productivity tripled during this period while U.S. productivity changed very little.

Thus the considerable labor cost advantages realized in Japanese steel manufacturing, and even more so in Korean steel, are clear. These comparatively lower labor costs have been a contributing factor to the high level of Japanese steel exports to the United States throughout the past ten years. And they have without a doubt contributed to the extremely rapid growth of Korean exports to the United States.

Labor costs and other factors affecting the international competitiveness of American steel are reviewed in several sources. See, for example, Federal Trade Commission, *The United States Steel Industry and Its International Rivals: Trends and Factors Determining International Competitiveness* (Washington, D.C.: U.S. Government Printing Office, 1977); Charles A. Bradford, *Japanese Steel Industry: A Comparison with Its United States Counterpart* (Merrill, Lynch, Pierce, Fenner and Smith, Inc., Securities Research Division, 1977); *Foreign Industrial Targeting and Its Effects on U.S. Industries* (United States International Trade Commission Publication 1437, October, 1983); *Economics of International Steel Trade: Policy Implications for the United States* (Prepared for the American Iron and Steel Institutes by Putman, Hays, and Bartlett, Inc., 1977); *Prices and Costs in the United States Steel Industry*, prepared by the Council on Wage and Price Stability (Washington, D.C.: U.S. Government Printing Office, 1977); Peter F. Marcus and Karlis M. Kirsis, *World Steel Dynamics* (New York: Paine Webber Mitchell Hutchins, Inc., July, 1983).

TABLE 4.—LABOR COST PER METRIC TON OF STEEL (ACTUAL OPERATING RATES) IN THE UNITED STATES, JAPAN, AND KOREA, 1973–83

Year	Dollar per metric ton		Percent of United States	Korea dollars per metric tons	Percent of United States
	United States	Japan			
1973	$73.85	$48.10	65	$21.90	30
1974	87.31	54.95	63	17.14	20
1975	113.87	64.42	57	17.67	16
1976	113.98	64.56	57	20.86	18
1977	129.11	76.92	60	30.00	23
1978	127.68	99.37	78	40.29	32
1979	143.42	91.79	64	39.76	28
1980	177.40	93.94	53	37.36	21
1981	183.27	107.94	59	35.07	19
1982	237.80	99.45	42	35.45	15
1983 est	194.15	116.57	60	35.44	18

Source: Labor cost per metric ton is calculated, for each year in each country, by dividing hourly employee cost (Table 2) by output per manhour (Table 3).

E. United States trade with Japan and Korea: Steel mill products

Table 5 presents U.S. imports of steel mill products from Japan and Korea, and U.S. exports of such products to these countries, 1972-1982. Throughout this period the United States sustained major deficits in steel mill products trade with both countries. The deficit with Japan was already established by 1972, rose to a peak in 1976, and remained at a persistently high level. Japan has maintained a dominant comparative advantage in the trade of finished steel products: In no year during this period were U.S. exports of such products to Japan as much as one percent of U.S. imports from Japan.

The U.S. trade deficit in such products with Korea grew steadily throughout the period, apart from a surge in 1974 and an ebb in 1975. This growing deficit followed both from Korea's great expansion in raw steel making and steel finishing capacity, and from its strikingly lower unit labor costs.

The cumulative U.S. trade deficit in steel mill products with both countries combined, 1972-1982, is obtained by adding the annual deficits shown in the last column of Table 5. This cumulative deficit is 78,976,161 net tons of steel mill products. In turn, this can be translated into man-years of employment. Throughout the period 1973-1982, each metric ton of steel products in the U.S. required on the average about ten manhours (as shown in Table 3); hence each net ton required roughly 9.1 manhours (one M.T. equals 0.9072 net ton). The cumulative deficit thus translates into approximately 718,680,000 manhours [9.1 manhours per net ton x 78,976,161 net tons]. If one assumes that one man-year equals 2,000 manhours, the 1972-1982 cumulative trade deficit in steel mill products with Japan and Korea translates into 359,340 man-years displaced from U.S. steel manufacturing.

TABLE 5.—IMPORTS OF STEEL MILL PRODUCTS BY UNITED STATES FROM JAPAN AND KOREA; EXPORTS OF STEEL MILL PRODUCTS FROM UNITED STATES TO JAPAN AND KOREA, 1972–82

[Net tons per year]

Year	United States imports from—		United States exports to—		United States imports minus United States exports
	Japan	Korea	Japan	Korea	Japan and Korea
1972	6,440,133	465,370	14,291	1,529	6,889,683
1973	5,637,402	516,334	14,265	4,398	6,135,073
1974	6,158,961	862,784	12,363	15,644	6,993,738
1975	5,844,005	397,187	4,232	3,997	6,232,963
1976	7,984,131	790,458	6,651	3,859	8,764,079
1977	7,820,376	790,039	6,662	8,127	8,595,626
1978	6,487,166	1,052,122	57,999	25,554	7,455,735
1979	6,336,003	985,666	19,116	16,195	7,286,358
1980	6,006,813	1,039,895	27,205	31,852	6,987,651
1981	6,220,083	1,218,381	11,014	17,288	7,410,162
1982	5,185,138	1,062,076	6,555	15,566	6,225,093
1983	NA	NA	NA	NA	NA

Notes.—NA means not available. Exports and imports for the full year 1983 will be available the last week of January 1984 or early in February 1984. One net ton equals 0.9072 metric ton.

Sources: U.S. imports for the years 1972–77 are taken from worksheets and Annual Statistical Reports of the American Iron and Steel Institute; U.S. imports for the years 1978–82 are taken from the 1982 Annual Statistical Report of the American Iron and Steel Institute (Washington, D.C., 1983), table 25, page 65.

U.S. exports for the years 1972–82 are taken from the Annual Statistical Reports of the American Iron and Steel Institute.

IV. FAR EAST ASIAN COMPETITION IN PLATFORM CONSTRUCTION

Japanese and Korean firms have established a major market in the United States for steel mill products, in part because of their lower unit labor costs. Likewise, Japanese and Korean firms have more recently become the preeminent fabricators of platforms located off the U.S. West Coast, and have established a solid foothold in the market for platforms in the Arabian Gulf and offshore of India. In this concluding section we review the penetration by Far East Asian firms in these markets, and discuss the consequences of potential foreign competition in U.S. Gulf of Mexico.

A. Far East Asian competition in the Arabian Gulf and Offshore India

During the years 1981-1983, forty-nine (49) significant projects were awarded for offshore platforms in the Arabian Gulf, and twenty-eight (28) such projects were awarded for offshore India. Far East Asian firms have established a competitive position in both markets, as shown below by the estimated percentage of total fabrication manhours for all such projects that can be ascribed to Far East Asian firms:

Year	Percent of manhours ascribed to Far East Asian firms	
	Arabian Gulf	Offshore India
1981	30	15
1982	37	30
1983	29	33

Based on manhours required for construction, Asian firms have captured in the last three years 32 percent of the Arabian Gulf market and 26 percent of the market for offshore India. These firms have thus established successful penetration in these two areas.

B. Far East Asian competition in the U.S. west coast

The penetration by Far East Asian firms in the U.S. West Coast platform market is even more impressive. Listed below are the data of the ten (10) major contracts awarded since 1979, the customer (platform buyer), the platform name, and the country in which construction occurred or will occur.

Year	Customer	Platform name	Constructed in
1979	Chevron	Grace	Japan.
1980	Union Oil	Gina	Japan.
1980	Shell	Elly	Malaysia.[1]
1980	Shell	Ellen	Malaysia.[1]
1981	Union Oil	Gilda	Japan.
1981	Texaco	Habitat	Japan.
1982	Shell	Eureka	United States.
1983	Chevron	Edith	Japan.
1983	Chevron	Hermosa	Japan.
1983	Texaco	Harvest	Korea.

[1] Awarded to an overseas entity of a U.S. firm.

It is estimated that all ten projects combined will embody more than 5,500,000 manhours of labor. Of this total, the nine projects constructed abroad will account for more than 4,000,000 manhours, or approximately 2,000 man-years of work. It is also estimated that construction abroad will require more than 90,000 metric tons of foreign steel. If instead these platforms had been built domestically with domestic steel, approximately 450 man-years of additional employment would have been available in the U.S. steel industry. Asian firms are now the dominant producers of platforms to be located on the U.S. West Coast. This highly effective foreign competition has reduced both the direct demand for American labor in West Coast construction and the indirect demand for American workers in supporting industries.

C. Potential competition in the U.S. Gulf of Mexico

All platforms placed thus far in the U.S. Gulf of Mexico have been built in Louisiana, Mississippi, or Texas. Although foreign producers have not yet penetrated this large and potentially profitable market, Japanese and Korean firms possess the technology to do so.

The extension of the Longshoremen's and Harbor Workers' Compensation Act to cover onshore platform fabrication workers raises unit labor costs. The average increase is approximately 4.8 percent in Texas, 9.0 percent in Louisiana, and 8.3 percent in Mississippi. From the viewpoint of economic policy, it seems unwise to maintain this cost-inflating coverage. For to maintain it will burden Gulf Coast platform construction with an unnecessarily costly toll. Higher costs, by making domestic firms less competitive, could culminate in the loss of jobs and capital investment. If this should happen, the winners would be foreign workers and suppliers; the principal losers would be displaced American workers.

WATERFRONT CORRUPTION (S. REPT. NO. 98-369)

I. FINDINGS AND CONCLUSIONS

Six days of hearings in February of 1981 by the Senate Permament Subcommitttee on Investigations showed that corrupt practices were commonplace on the Atlantic and gulf coast waterfronts.

The hearings were conducted under authority granted the Governmental Affairs Committee and its duly authorized subcommittees by Rule XXV of the Standing Rules of the Senate and by Senate Resolution 361, which was agreed to on March 5, 1980.

Section 3 of Senate Resolution 361 authorized the Subcommittee to conduct investigations of labor racketeering and organized criminal activities and to identify the individuals involved.

Senator Sam Nunn of Georgia, who was Chairman of the Subcommittee in the 96th Congress, directed the staff inquiry in 1980. He then chaired the 1981 hearings, with the concurrence of the new Chairman, Senator William V. Roth, Jr., of Delaware.

Citing criminal activity within the International Longshoremen's Association and the American shipping industry, witnesses at the hearings described the struggle for economic survival in ports that are riddled with kickbacks and illegal payoffs to union officials.

Witnesses testified the payoffs were a part of virtually every aspect of the commercial life of a port. Payoffs insured the award of work contracts and continued contracts already awarded. Payoffs were made to insure labor peace and allow management to avoid future strikes. Payoffs were made to control a racket in workmen's compensation claims. Payoffs were made to expand business activity into new ports and to enable companies to circumvent ILA work requirements.

Organized crime was found to have great influence in the operation of the ILA and many shipping companies. Some shipping firms, because of fear or a willingness to participate in highly profitable schemes, have learned how to prosper in the corrupt waterfront environment. They treat payoffs as a cost of doing business.

The free enterprise system has been thrown off balance. Contracts were not awarded on the basis of merit. The low bid did not beat the competition. Profitability was not based on efficiency and hard work but rather on bribery, extortion and questionable connections. The combination of these corrupt practices was a recipe for inflationary costs and economic decline.

Much of the corruption on the waterfront stemmed from the control organized crime exercises over the ILA, a condition that has existed for at least 30 years.

In the mid-1950's, reports of widespread corruption in the ILA led to a Congressional investigation into labor racketeering on the docks. The Senate Select Committee on Investigation of Improper Activities in the Labor or Management Field, an extension of the Senate Permanent Subcommittee on Investigations, looked into the problem of ILA involvement in waterfront corruption.

In August of 1957, the Select Committee, chaired by Senator John McClellan of Arkansas, called as witnesses Captain William V. Bradley, president of the ILA, and Thomas (Teddy) Gleason, General Organizer and the union's third ranking official.

Pointing to the ILA's record of tolerating corrupt practices within its leadership ranks, Senator John F. Kennedy of Massachusetts pressed Bradley and Gleason on what constructive steps they were taking to control questionable and illegal conduct by union officials.

Senator Kennedy noted, for example, that according to the New York State Crime Commission, 30 percent of the officials of ILA longshore locals had police records.

Bradley and Gleason responded in general terms, saying, in effect, that they were not running a police department and that they didn't expect to move any more vigorously against ridding their union of corrupt officials.

Twenty-four years later in February of 1981, Gleason who had been president of the ILA since 1963, was still defending his union against charges that it was controlled by organized crime figures, I am here today to deny that, emphatically, categorically, and without any reservation whatsoever." [1]

Gleason went on to say that witnesses before the Subcommittee has asserted that the ILA was controlled by gangsters but that nowhere in the hearing record was there evidence to support such an allegaton. Gleason said:

"You have up to now drawn or permitted to be drawn an inference that the union and I are so dominated (by organized crime), there is no direct, unequivocal, or reliable evidence of any such dominance. Certainly none has been produced here".[2]

Gleason was wrong on both assertions. He failed to refute the charge that his union is controlled by organized crime. And he ignored the preponderance of evidence when he said none had been produced showing the substantial influence organized crime exercised on his union's activities.

A document handed to Gleason at the hearings, Subcommittee exhibit No. 2,[3] was a chart showing the names of senior ILA officials who had been convicted of felonies in the federal government's investigation of waterfront labor-management corruption.

Known by the acronym, UNIRAC, for union racketeering, the investigation and subsequent prosecutions resulted in convictions of more than 20 of the ILA's most prominent leaders.

Equally damaging to the ILA and Gleason's claims that the union is free of organized crime's dominance was evidence showing that several of the ILA leaders were members or associates of traditional La Cosa Nostra or Mafia families.

Confronted with the chart showing the ILA officiais' convictions, Gleason would not address adequately the fact that his union's leadership had so many felonious criminals in its ranks.

It could not have escaped Gleason's attention that Anthony Scotto, president of the ILA's largest local, No. 1814 in Brooklyn, was convicted of racketeering, demanding and accepting payoffs and federal income tax fraud.

It could not have escaped Gleason's attention that Scotto, as international Vice President and General Organizer, was a nationally prominent labor leader, a man with substantial political influence and the ILA leader mentioned frequently as likely to succeed Gleason as president.

Nor could it have escaped Gleason's attention that Scotto was identified in 1969 as being a member of the Carlo Gambino crime family and that as recently as 1979 court-authorized electronic surveillance and police observation established that Scotto was summoned to a Brooklyn bar by Michael Clemente, a crime family gangster of considerable notoriety, so that the two of them, Scotto and Clemente, could discuss the very government investigation that would eventually send them both to prison.

[1] Hearings, "Waterfront Corruption," p. 458.
[2] Ibid., p. 458.
[3] Ibid., p. 189.

With Scotto, there were other ILA international vice presidents who were convicted of labor racketeering—George Barone and William Boyle of Miami, Anthony Anastasia of New York, Vincent Colucci of New Jersey and William Landon of Jacksonsville, Florida. Barone, Anastasia and Colucci have been identified by the Department of Justice as being members of organized crime families while Boyle has been identified as an associate.

Fred R. Field, Jr., the former General Organizer of the ILA; Carol Gardner, an international assistant general organizer, and Thomas Buzzanca, an international organizer, were convicted of labor racketeering. Buzzanca has been identified by the Justice Department as being a member of a crime family and Field was identified as an associate.

Barone, Bazzanca, Colucci and Landon were presidents of ILA locals. Anastasia was an executive vice president of an ILA local. Another convicted officer, James Vanderwyde, was coordinator for the Atlantic Coast District of the ILA and an officer in a Miami ILA local.

These were some of the better known ILA officials convicted of labor racketeering. There were others in smaller ports—seven in Wilmington, North Carolina; two in Charleston, South Carolina; and one each in Mobile, Alabama; San Juan, Puerto Rico; Houston, Texas; Boston, Massachusetts; Jacksonville, Florida; New Orleans, Louisiana; Tampa, Florida; Southport, North Carolina; and Port Allen, Louisiana.

An even more damaging development that came out of the government's inquiry was the fact that the senior members of the waterfront conspiracy—Scotto, Field, Barone, Buzzanca, Colucci, Gardner, Boyle, Vanderwyde—were found to be controlled by gangsters outside the union. To varying degrees, they were doing the bidding of organized crime figures whose conduct had been brought to the attention of law enforcement for many years.

Evidence showed that Colucci, Gardner and Buzzanca took direction from a Genovese crime family operative in New Jersey, Tino Fiumara. Barone, Boyle, and Vanderwyde were found to be under the direction of another Genovese family figure, Anthony Salerno.

Anthony Scotto, who the Justice Department said 12 years ago was a Gambino family member—and who, under oath before a state crime legislative panel, invoked the fifth amendment privilege against self-incrimination when asked about his ties to the Gambino family—also owed some allegiance to the Genovese gang. Scotto's acquiesence to Mike Clemente's summons was a display of the loyalties of a man who enjoyed the friendship and trust of important political leaders. Scotto had many connections in the respectable world, yet he still had to meet his obligations to the organized crime figures who got him his ILA job.

Scotto's loyalties to crime families constituted a betrayal of the labor movement and the many working men and women who trusted and believed in him. However, because he happened to have friends in important positions outside labor, his conduct is no more a betrayal of the valid principles of trade unionism than was the conduct of other ILA officials who broke the law.

Teddy Gleason's testimony before the Subcommittee was not in keeping with a labor leader whose first commitment is to his members and to the principles of trade unionism. The evidence is overwhelming that criminals have a strong voice in his union. He should have acknowledged that such a problem exists and he should have indicated what steps he is taking to correct it. The most obvious action he can take is to exercise the clause in the ILA constitution which enables the union to remove from office officials who are found to be unfit for their positions.

The Congress also has a responsibility. It should strengthen existing laws to allow government to do more to clean up corruption when it exists in unions such as the ILA. The Subcommittee believes there are four specific legislative proposals which Congress should enact. They are:

(1) Congress should amend Federal law as it relates to the rights of union officials to remain in office once they have been convicted of certain serious crimes. The law, 29 U.S.C. 504, prohibits any person from serving as a union official or employee for a period of five years if he has been convicted of robbery, bribery, extortion, embezzlement, grand larceny, burglary, arson, narcotics violations, murder, rape, assault with intent to kill, assault which inflicts grievous bodily injury, or a violation of the labor laws relating to reporting and disclosure by unions and union trustees.

As the law now stands, disbarment does not become effective until all appeals have run. From the testimony the Subcommittee has received in the waterfront hearings and other hearings, it is apparent that some union officials continue in office, even after indictment and conviction, and use their office to commit crimes involving their official union position until their appeals are exhausted. As Supreme Court Chief Justice Burger has noted in his public statements, the appellate procedures often have resulted in continuing delays and seemingly endless processes which continue for years and years. During the lengthy appeals process, many convicted labor leaders hold fiduciary positions and continue to abuse them.

Congress should amend the law so that those union officials, upon conviction, can be immediately suspended from office.

(2) The same statute, 29 U.S.C. 504, should be expanded to include more crimes which can form the basis for expelling a labor official from office. For instance, the statute does not cover a Taft-Hartley Act violation. The acceptance of a payoff by a union official from an employer is not a crime requiring disbarment by section 504. In addition, federal prosecutors are concerned that conviction of a person for running a criminal enterprise—a RICO violation, in the terminology of prosecutors—may not be grounds for dismissal from a union fiduciary position.

The Subcommittee believes that the statute should be amended to provide that any serious crime a union official commits in his official position should be sufficient cause to remove him from office.

(3) The statute under the Taft-Hartley Act having to do with payoffs should have a stronger penalty. The law, 29 U.S.C. 186, prohibits employers from paying off union officials. No matter what the size of the payoff—whether it is $100 or $100,000—the crime is always the same, a misdemeanor subject to relatively low fines and very short imprisonment.

The misdemeanor penalty may be all that some payoffs call for. But many payoffs are more serious instances of breaches of fiduciary trust and should be dealt with accordingly. Many payoffs are given with regularity and eventually add up to hundreds of thousands of dollars. In the payoffs demanded of certain shipping executives, the financial losses totalled millions of dollars. Moreover, a gang, systematically demanding payoffs from an entire section of an industry, can reap illicit returns in the millions of dollars if the racket goes on for years.

The cost of payoffs eventually must be passed on to the consumer. The cost of doing business may become so exorbitant that a firm will go out of business. Violators responsible for these kinds of economic hardships should be made to endure substantial imprisonment. Their lawlessness inflicts suffering on companies, employees and society at large.

The Congress should make it a felony to demand payoffs and to make payoffs as well. Punishment should be severe. The point should be made—in terms that waterfront gangsters in both labor and management can understand—that labor payoffs are not sanctioned by the Federal Government.

(4) Longshore and other waterfront workers should be protected fully against the cost of job-related injuries. However, there should be a mechanism installed in the compensation claims process to assure that the insurance system is not exploited illegally.

The Federal Longshoremen's and Harbor Workers' Act makes it too easy for longshoremen to feign or exaggerate injuries. The burden of proof is placed on the employer, who must demonstrate that the claimant's injury is non-existent or is not as serious as he and his doctor say it is.

As seen in the Subcommittee's hearings, one company with operations on the Brooklyn pier saw its annual workmen's compensation claims jump from $230,000 to $1.4 million in two years. The only way the company could bring down the claims was to begin paying off ILA Local President Anthony Scotto $5,000 a month. Costs then returned to a more reasonable level. The subcommittee received testimony indicating that another company suffered such high workmen's compensation claims that it went bankrupt because of them.

The onslaught of fraudulent claims resulted, inpart, from the abuse of those provisions of the Federal Longshoremen's and Harbor Workers' Act which allow the injured employee a "free" choice of treating physician. The Act should be amended to require that employees select treating physicians from a list of authorized physicians compiled by the Department of Labor from names submitted by employers. Workmen's compensation, as envisioned by Congress, is designed to insure employees against the possibility that they would be unable to work and earn a livelihood because of an injury at work. By striving to protect the legitimate concerns of the worker who is injured on the job, the Congress created an invitation for the unscrupulous to create yet another waterfront racket. By providing for a listing of authorized physicians, the rights of the workers will continue to be protected while the potential for fraud will be reduced.

In addition to its findings in the legislative area, the Subcommittee makes the following additional findings:

(1) With respect to the waterfront, the Subcommittee believes in the need for state, local and regional commissions and regulations to fend off the abuses documented in the hearings. The New York-New Jeresey Waterfront Commission has been in existence for nearly 30 years. It has not stopped corruption completely in the Port of New

York. But is does exercise many valuable law enforcement and regulatory services. As one Federal prosecutor put it, the commission has not solved every problem, but things would be much worse without it.

The Subcommittee notes that hoodlums were expelled from the Port of New York by the commission in the 1960's. But, because there were no such regulatory government components in the gulf coast ports, these crime figures were able to go to Miami, Savannah, Norfolk and other Southern ports and resume their criminal conduct under the guise of trade unionism. The situation is intolerable. State legislatures and local governments should study the example of the New York-New Jersey Waterfront Commission and consider creating their own regulatory entity to oversee port activities.

(2) The Subcommittee's hearings, showing the need for local, state and regional regulatory bodies on the waterfront, also demonstrated the value and necessity of vigorous, imaginative law enforcement by state and local police. Nowhere was the effectiveness of state investigative work better displayed than in the two-and-one-half year undercover operation run by the New Jersey State Police in the Newark area.

Known as Project Alpha, the investigation consisted of state police officers, in an undercover capacity, operating a trucking company that gradually fell under mob control. Assisted by the FBI and funded in part by a $1 million grant from the Law Enforcement Assistance Administration, Project Alpha demonstrated the many illegal pursuits of the Geneovese and Bruno crime families in the Newark area.

As a result of the inquiry, state and federal charges were brought against 34 persons for a variety of crimes including possession of stolen property, unlawful sale of handguns, conspiracy for possession of stolen property, possession of counterfeit New Jersey Certificates of Titles, possession of counterfeit checks, loansharking, possession of counterfeit New Jersey Drivers licenses and interstate transportation of stolen property.

Important as the criminal prosecutions stemming from Project Alpha were, also valuable was the new information law enforcement officials were able to learn about the internal workings of the crime families, how mob members work with one another in certain circumstances and how they compete in others.

The Subcommittee commends the New Jersey State Police for its outstanding work in Project Alpha. Praise is also in order for federal authorities for supporting this worthwhile effort. The Subcommittee believes this to be the kind of Federal-State cooperative project which benefits society and provides taxpayers with the best return on their money.

The Subcommittee encourages Federal law enforcement agencies to use Project Alpha as a demonstration of what positive results can be achieved when Washington lends its resources and support to legitimate State and local investigations.

(3) Although some employers were victims of economic extortion and fear of organized crime, other firms became willing participants, eager to pay off to gain a competitive edge in the marketplace. The Subcommittee believes that the trade associations which represent these employers should establish strict ethical standards of conduct for their members. The business executives on the waterfront who pay off should be prosecuted. Those who don't pay off should be protected by their trade associations and by State and Federal laws.

(4) Information developed in the waterfront corruption hearings, coupled with information that came out of the Subcommittee's examination of the government's investigation of the Teamsters Central States Pension Fund, demonstrated that the U.S. Department of Labor has not taken an effective role in combating corruption in national unions.

The corruption, which was shown to be pervasive in the ILA, acts to the detriment of honest union members and officials and can only cause disarray, decline and inflation in the industries it afflicts. The Labor Department has primary jurisdiction in this area but has not met its obligations. It has neither created an adequate presence in the field; nor has it shown a willingness to build cases against corrupt union officials.

An example of the Labor Department's erroneous attitude was seen in the waterfront corruption hearings. A workmen's compensation claims racket had sprung up in the early 1970's on the Brooklyn docks. According to testimony received at the hearings, the Labor Department was aware that there was a problem but did nothing to stop it. On the other hand, the department continued to insist upon the strictest interpretation of the law which put the entire burden of proof on the employer to demonstrate that a longshoremen's claim was fabricated or exaggerated. The Labor Department should have taken steps to require more proof of genuine injury. That was the proper solution to the problem. When the Labor Department refused to take corrective action, one of the employers faced with increasingly costly compensation claims solved the problem in his own way. He began paying off a labor leader $5,000 a month. His claims returned to a more reasonable level.

It is the responsibility of the Labor Department to protect union leaders and honest officials. The department has personnel on the scene where labor racketeering first surfaces. They have access to information that no other federal agency has. No other federal component is vested with the authority and the tools to detect, investigate and dispose of properly information indicating corrupt and questionable practices in the labor-management field.

As the Subcommittee noted in its report on the Teamsters Central States Pension Fund inquiry,[4] the Labor Department should be more assertive in detecting and investigating instances of labor-management racketeering. Without comprehensive and vigorous Labor Department investigative support, the government will continue to be handicapped in its attempts to assure honest and fair trade unionism.

It should be pointed out that since the issuance of that report, there have been indications of a more vigorous policy of strong ERISA enforcement at the Labor Department. In May 1983, Secretary Donovan announced a $6.5 million settlement of the outstanding suits against the current Trustees of the Teamsters Central States Pension and Health and Welfare Funds. The Department also successfully negotiated the imposition of judicially enforced consent decrees to monitor future asset management by the Fund, as previously recommended by the Subcommittee.

The Subcommittee is also encouraged by the efforts of the Organized Crime and Racketeering Section of the Inspector General's Office of the Labor Department. During hearings this year on both the Hotel Employees & Restaurant Employees International Union and Organized Crime in the Mid-Altantic Region, the Subcommittee received testimony of the fine work of that office in investigating and referring for prosecuting major organized crime and labor racketeering cases. The Labor Department should continue these efforts, on the waterfront and elsewhere, to vigorously enforce federal labor laws.

In addition, Justice Department prosecutors, working in harmony with Organized Crime Strike Forces and the FBI, should continue to pay close attention to what is happening on the nation's docks. The UNIRAC inquiry was successful, one of the few instances in the history of law enforcement in which an entire industry became the target of a carefully managed and well executed investigation.

But UNIRAC, for all its successes, did not rid waterfronts of all crimes or all criminals. Corrupt practices, according to some witnesses before the Subcommittee, already have begun to return to the Altantic and gulf coast docks. What is needed, then, is continued scrutiny of the maritime industry by government agencies.

In this era of reduced Federal spending, cutbacks are occurring in all fields, including law enforcement. All functions of government can and must be made more efficient and economies must be achieved whenever possible. It is the Subcommittee's view, however, that the shipping industry is too vital to the nation's economy to be allowed to be policed inadequately because of fiscal belt tightening. It would be shortsighted budget cutting, for example, to reduce the federal presence on the waterfront to save money while, at the same time, mutli-million dollar dockside rackets are allowed to reemerge, resulting in higher costs to consumers on imported goods and artificially higher costs on American products shipped abroad.

H. RECOMMENDATIONS

(1) The Senate Permanent Subcommittee on Investigation recommends that Congress pass the Labor-Management Racketeering Act, S. 336. That legislation was passed twice by the Senate during the 97th Congress but was not acted upon in the House, In the 98th Congress, the bill was passed by the Senate of June 20, 1983 and again referred to the House for consideration. Based on information developed in the Subcommittee's waterfront corruption hearings, the bill addresses principal findings put forward in this report.

One of the most important points made in the waterfront hearings was the fact that payoffs from businesses to labor leaders and from shipping executives to other shipping executives take place with great frequency on the docks. These payoffs, though illegal under current federal law, are punishable only as misdemeanors.

S. 336 makes any violations involving $1,000 or more a felony, punishable by up to five years in prison or a fine of up to $15,000 or both.

The bill also attempts to rid labor unions and employee benefit plans of the influence of persons who have been convicted of crimes. Current disbarment provision (29 U.S.C. 504 and 29 U.S.C. 1111) are expanded in several significant ways by: (1) enlarging

[4] "Oversight Inquiry of the Department of Labor's Investigation of the Teamsters Central States Pension Fund." Report of the Senate Permanent Subcommittee on Investigations, Aug. 3, 1981.

the criminal offenses resulting in disbarment; (2) enlarging the categories of persons affected by the disbarment provision; (3) increasing the duration of time the convicted person is barred from office from five years to a possible maximum of ten years; and (4) providing for disbarment immediately upon conviction, rather then after appeal.

The measure provides that any salary otherwise payable will be placed in escrow pending final disposition of any appeal.

The legislation clearly delineates the responsibility of the Department of Labor to seek actively and effectively to detect, investigate and properly refer to prosecutors instances of waterfront crime.

(2) The Subcommittee recommends that both management and labor take steps to insure against the types of corruption and fraud which these hearings documented. Labor unions such as the ILA cannot remain indifferent to the corrupt influences of organized crime on the waterfront. They must shoulder the responsibility of "cleaning their own house." As a start, they should act to guarantee that union affairs no longer remain in the hands of individuals convicted of fraud and other corrupt practices. The unions themselves must be firm in encouraging strict standards of integrity on the waterfront among their own members.

Moreover, there must be an equally strong commitment against corruption by management interests. Trade associations and other groups representing management should enact strong and binding codes of ethical conduct for their industry. A unified stance against fraud and corruption must be recognized by their memberships. The National Association of Stevedores (NAS) has in fact enacted an ethical code as a direct result of the evidence produced during these hearings as well as the express hearing-closing recommendations of Senators Nunn and Rudman. The Federal Trade Commission, in fact, has approved that code is being in full compliance with the pertinent provisions of anti-trust laws. The Department of Justice and the FTC should encourage the enactment of similar codes by other management groups representing the waterfront industries.

(3) The Subcommittee recommends that Congress pass the Longshoremen's and Harbor Workers' Compensation Act Amendments (S. 38). This legislation was passed by the Senate in July of 1982 and again in June of 1983.

In the face of the corruption and fraud brought to light in these hearings, S. 38 attempts a comprehensive revision of the system of workman's compensation now in effect along America's waterfronts. Testimony before the Investigations Subcommittee established the members and associates of organized crime have manipulated the current provisions of the Federal Longshoremen's and Harbor Workers' Act so as to profit considerably by a growing and widespread fraudulent claims racket. S. 38 in addition to numerous other needed revisions in the Act, deals with the problem of criminal fraud and abuse in the present workmen's compensation system. Included are measures which were expressly recommended during the course of these hearings: (1) revision of physician selection, reporting, and reexamination requirements designed to insure payment for valid claims only, (2) increases showing required to qualify for Section 20, which automatically grants a presumption of validity to any claim filed under the Act; and (3) increasing the criminal penalty for misrepresentation under the Act from a misdemeanor to a felony. The enactment of each of those provisions would vastly improve current procedures for uncovering fraudulent claims filed under the act.

□ 1310

Mr. MILLER of California. Mr. Speaker, I have no further requests for time.

Mr. ERLENBORN. Mr. Speaker, I yield such time as he may consume to the gentleman from Texas (Mr. BARTLETT).

Mr. BARTLETT. Mr. Speaker, I rise to support S. 38.

While this is not a perfect set of solutions to the problems of the Longshore Act, and there are provisions in this bill with which I have reservations, this legislation makes much needed modifications, particularly in the special fund and in the insurability areas.

Now, the Longshore Act itself over this past decade, particularly since the 1972 amendments, has done some things which we did not want it to do. It has made American shipping uncompetitive with the rest of the world. It has made insurance risks highly speculative, drastically increased insurance rates, made insurance difficult to acquire and therefore has discouraged shippers from using American ports. It has encouraged abuse of the special fund; so while not ideal and while much more work remains for the conference, S. 38 moves constructively toward addressing these problems.

The core of S. 38 is in its fostering of insurability. The 1972 amendments broadened jurisdiction and fully indexed death benefits and instated unrelated death benefits.

There has also been an erosion of the exclusivity of Longshore Act benefits, thus increasing employer costs as they defend longshore and State workmen's compensation and Jones Act claims. S. 38 deals with the insurability crisis.

□ 1320

The bill would: First, cap the annual escalator at 5 percent; second, would repeal unrelated death benefits; and third, would cap the death benefits at 200 percent of the national average weekly wage.

These changes should put significant downward pressure on insurance rates and increase insurance availability.

A second important provision is the bill's reform of the special fund. The fund disbursements have burgeoned from $3,035,000 in fiscal year 1976 to an estimated $23,622,000 in fiscal year 1982.

The original purpose of the fund, to remove employers' disincentives to hiring and retraining handicapped employees by spreading the costs of the subsequent injuries across the industry, was a good purpose. Unfortunately, the fund has evolved into a general risk-spreading mechanism that employers have been unwittingly driven to use in efforts to escape the high cost of the act.

This bill increases the employer's retention period from 2 to 6 years. There are also other provisions that take pressure off the fund for uses for which it was not designed.

I look forward to further progress in reforming the Longshore Act in conference and the fund in conference, and I hope significant changes in the amendment formula can be made.

S. 38 is a good start to reform, but it is only a start. I urge my colleagues to support this constructive beginning at reforming the Longshore Act and also to resolve to continue to work toward further improvement of the act.

I yield back to the gentleman from Illinois.

● Mrs. BOGGS. Mr. Speaker, I rise in support of passage of S. 38 which amends the Longshore Act. I would like to express my appreciation to the subcommittee chairman (Mr. MILLER) and the ranking Republican on the subcommittee (Mr. ERLENBORN) and their respective staffs for their efforts in bringing this bill before the House. This has been a lengthy and, at times, tedious undertaking, but I think the effort has been worthwhile.

In particular, I would like to express my appreciation for the subcommittee's willingness to listen to my concerns about the impact of the Longshore Act on industry and employment in my district, which includes one of the world's leading ports with its associated stevedoring operations, shipbuilding and ship repair yards, barge fleeting activities, offshore service operations, grain elevators, and so forth.

I believe we must have a systematic approach to fairly, reasonably and swiftly provide benefits for workers in these industries who are injured in the course and scope of their employment and who are not otherwise covered by State worker compensation laws. The Longshore Act serves an essential purpose, but as a result of nearly five decades of judicial interpretation and congressional amendments, the scope of the act has become overly broad and confused. Chief Justice Berger has characterized the act as being "about as unclear as any statute could conceivably be."

The 1972 amendments to the act have given rise to many of these problems and there is widespread dissatisfaction with the unrealistic and costly benefit structure. Over the years the tax-free benefits provided have dramatically increased to the point where they often exceed before injury take

home pay. Thus, workers are discouraged from returning to work.

Likewise the act encourages the filing of less than substantive claims. The result has been a significant increase in claims and costs. The cost increases engendered by the 1972 amendments were many times greater than those estimated when the amendments were enacted. Cases have been cited at congressional hearings of employer insurance costs running as high as $30 to $40 per $100 of payroll and there have been some examples of costs in excess of $80 per $100 of payroll.

Faced with such escalating costs, insurers have become reluctant to assume Longshore Act risks and, where insurance is available, it is prohibitively costly. As a result, many employers have been forced to become self-insured. I cannot believe this is the way Congress intended for the act to operate because "self-insurance" is, in reality, no insurance at all.

Another concern about the act has been the lack of clear jurisdictional boundaries which has resulted from imprecise legislative language and the resulting litigation. Then, there is the problem of the special fund which, though financed by employers and insurance carriers, is administered by the Labor Department. Many are of the opinion that the interest of the fund are not adequately protected in this administration. Finally, the cumbersome procedures, compounded with general administrative problems, have exacerbated the problems encountered by those who deal with the act.

In sum, the 1972 amendments have made the act uninsurable, unaffordable and not susceptible to proper administration. Both Houses are now on the verge of addressing these concerns in a meaningful and comprehensive manner. I am very pleased to see us reach this point. I would like to discuss several of my special concerns.

Late in the last session I learned of recent Fifth Circuit Court of Appeals decisions which extended coverage of the act beyond the original intent of Congress and the intent as expressed in the 1972 amendments. In these cases—Thornton against Brown and Root, Inc., and Herb's Welding against Gray—the Longshore Act was extended respectively to include onshore fabrication of offshore platforms and work performed on offshore platforms located on the submerged lands in State waters. Since offshore platforms were first used in the early 1950's, their onshore fabrication and use in State waters has always been subject to State, not Federal, workers' compensation laws.

Currently, there are between 12,000 and 13,000 American workers engaged in the fabrication of offshore platforms and rigs. This is down from the 1978 peak year when there were between 18,000 and 19,000 Americans so engaged. This reduction in employment has resulted, in part, because of the economic slump and the slowdown in energy exploration and development, and, in part, as a result of increased competition from Japanese, Korean and other foreign platform fabricators. The additional costs resulting from the Longshore Act could increase costs to the point that domestic fabrication is no longer competitive with foreign manufacturing and this will lead to the loss of a substantial number of jobs, both in Louisiana and elsewhere.

I appreciate the efforts of the chairman and staff to try to deal with this particular issue. Since I have only recently seen the language that has been proposed to resolve it, I would hope that this particular issue and the proposed solution would undergo a further review and reevaluation when the conferees meet to resolve differences between the two versions of the bill.

Two other provisions concern me. The first is the matter of indemnification agreements between offshore drilling contractors and subcontractors working on the Outer Continental Shelf. The Senate version of the bill permits indemnification agreements on the OCS while the House is silent. I would hope this matter will be addressed.

And second, the Senate version reinforces the exclusivity of remedy provision in the current law. The committee amendment offered this afternoon removes this provision. I am afraid this action will be counterproductive and should receive thorough study by the conferees.

This legislation is the result of a bipartisan effort to address some of the serious problems affecting the Longshore Act. There is substantive support for this legislation from both industry and labor. If enacted, I believe this reform will make the Longshore Act affordable and insurable while remaining one of the most liberal worker compensation systems in the country. I urge passage of the bill.

Thank you.●

● Mr. FORD of Michigan. Mr. Speaker, I rise in support of S. 38, a bill to amend the Longshoremen's and Harbor Workers' Compensation Act. Everyone who is familiar with the longshore compensation program will agree that this legislation will effect a significant improvement in the program.

The bill makes a series of meaningful changes in the act which will help to reduce the costs of the compensation program and will clarify which employees are covered by the act. Some of the more significant amendments include specificity with respect to which employees are covered, and under what conditions coverage applies; capping of annual COLA's at 5 percent; elimination of unrelated death benefits.

These amendments, along with the other changes proposed by the bill, will refine and improve the longshore compensation program. Insurers will be able to make more accurate projections to set rates and reserves for future payment, thus making their risks more "insurable." Employer will benefit from reduced costs of insurance. Employees will know whether or not they are covered by the Longshore Act, and will benefit from other remedial changes in the bill.

Mr. Speaker, this legislation is the product of negotiations conducted over a long period of time. It represents the views and interests of employers, employees, insurers, and the Government agency that administers the program. The legislation has been a long time in the formation, and its enactment is long overdue. I urge my colleagues to join me in voting in the affirmative.●

Mr. ERLENBORN. I have no further requests for time, and I yield back the balance of my time.

Mr. MILLER of California. Mr. Speaker, I have further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. MILLER) that the House suspend the rules and pass the Senate bill, S. 38, as amended.

The question was taken.

Mr. BATEMAN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Pursuant to clause 5, rule I, and the Chair's prior announcement, further proceedings on this motion will be postponed.

The point of no quorum is considered withdrawn.

STATE MINERAL INSTITUTES PROGRAM

Mr. McNULTY. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4214) to establish a State mining and mineral resources research institute program, and for other purposes, as amended.

The Clerk read as follows:

H.R. 4214

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

AUTHORIZATION OF STATE ALLOTMENTS TO INSTITUTES

SECTION 1. (a) There are authorized to be appropriated to the Secretary of the Interior (hereafter in this Act referred to as the "Secretary") funds adequate to provide for each participating State $300,000 for the fiscal year ending September 30, 1985, and

$400,000 for each fiscal year thereafter for a total of five years, to assist the States in carrying on the work of a competent and qualified mining and mineral resources research institute or center (hereafter in this Act referred to as the "institute") at one public college or university in the State which meets the eligibility criteria established in section 10: *Provided*, That—

(1) such funds when appropriated shall be made available for grants to be matched on a basis of no less than one and one-half non-Federal dollars for each Federal dollar during the fiscal years ending September 30, 1985, and September 30, 1986, and no less than two non-Federal dollars for each Federal dollar during the fiscal years ending September 30, 1987, September 30, 1988, and September 30, 1989;

(2) if there is more than one such eligible college or university in a State, funds appropriated under this Act shall, in the absence of a designation to the contrary by act of the legislature of the State, be granted to one such college or university designated by the Governor of the State; and

(3) where a State does not have a public college or university eligible under section 10, the Committee on Mining and Mineral Resources Research established in section 9 (hereafter in this Act referred to as the "Committee") may allocate the State's allotment to one private college or university which it determines to be eligible under such section.

(b) It shall be the duty of each institute to plan and conduct, or arrange for a component or components of the college or university with which it is affiliated to conduct, competent research, investigations, demonstrations, and experiments of either a basic or practical nature, or both, in relation to mining and mineral resources, and to provide for the training of mineral engineers and scientists through such research, investigations, demonstrations, and experiments. The subjects of such research, investigations, demonstrations, experiments, and training may include exploration, extraction, processing, development, production of mineral resources, mining and mineral technology, supply and demand for minerals, conservation and best use of available supplies of minerals, the economic, legal, social, engineering, recreational, biological, geographic, ecological, and other aspects of mining, mineral resources, and mineral reclamation; having due regard to the interrelationship with the natural environment, to the varying conditions and needs of the respective States, and to mining and mineral resources research projects being conducted by agencies of the Federal and State governments, and by other institutes.

RESEARCH FUNDS TO INSTITUTES

SEC. 2. (a) There is authorized to be appropriated to the Secretary $7,500,000 for the fiscal year ending September 30, 1985, said amount to be increased by $1,000,000 for each fiscal year thereafter for four additional years, which shall remain available until expended. Such funds when appropriated shall be made available to institutes to meet the necessary expenses for purposes of—

(1) specific mineral research and demonstration projects of broad application, which could not otherwise be undertaken, including the expenses of planning and coordinating regional mining and mineral resources research projects by two or more institutes, and

(2) research into any aspects of mining and mineral resources problems related to the mission of the Department of the Interior, which are deemed by the Committee to be desirable and are not otherwise being studied.

(b) Each application for funds under subsection (a) of this section shall, among other things, state the nature of the project to be undertaken, the period during which it will be pursued, the qualifications of the personnel who will direct and conduct it, the estimated costs, the importance of the project to the Nation, region, or State concerned and its relation to other known research projects theretofore pursued or being pursued, the extent to which the proposed project will provide opportunity for the training of mining and mineral engineers and scientists, and the extent of participation by nongovernmental sources in the project.

(c) The Committee shall review all such funding applications and recommend to the Secretary the use of the institutes insofar as practicable to perform such special research, and shall recommend institutes for the performance of such special research on the basis of qualifications without regard to race or sex of the personnel who will conduct and direct it, and on the basis of the facilities available in relation to the particular needs of the research project, special geographic, geologic, or climatic conditions within the immediate vicinity of the institute in relation to any special requirements of the research project, and the extent to which such project will provide opportunity for training individuals as mineral engineers and scientists. The Committee shall recommend to the Secretary the designation and utilization of such portions of the funds authorized to be appropriated by this section as it deems appropriate for the purpose of providing scholarships, graduate fellowships, and postdoctoral fellowships.

(d) No funds shall be made available under subsection (a) of this section except for a project approved by the Secretary and all funds shall be made available upon the basis of merit of the project, the need for the knowledge which it is expected to produce when completed, and the opportunity it provides for the training of individuals as mineral engineers and scientists.

(e) No funds made available under this section shall be applied to the acquisition by purchase or lease of any land or interests therein, or the rental, purchase, construction, preservation, or repair of any building.

FUNDING CRITERIA

SEC. 3. (a) Funds available to institutes under sections 1 and 2 of this Act shall be paid at such times and in such amounts during each fiscal year as determined by the Secretary, and upon vouchers approved by him. Each institute shall—

(1) set forth its plan to provide for the training of individuals as mineral engineers and scientists under a curriculum appropriate to the field of mineral resources and mineral engineering and related fields;

(2) set forth policies and procedures which assure that Federal funds made available under this Act for any fiscal year will supplement and, to the extent practicable, increase the level of funds that would, in the absence of such Federal funds, be made available for purposes of this Act, and in no case supplant such funds; and

(3) have an officer appointed by its governing authority who shall receive and account for all funds paid under the provisions of this Act and shall make an annual report to the Secretary on or before the first day of September of each year, on work accomplished and the status of projects underway, together with a detailed statement of the amounts received under any provisions of this Act during the preceding fiscal year, and of its disbursements on schedules prescribed by the Secretary.

If any of the funds received by the authorized receiving officer of any institute under the provisions of this Act shall by any action or contingency be found by the Secretary to have been improperly diminished, lost, or misapplied, such funds shall be replaced by the State concerned and until so replaced no subsequent appropriation shall be allotted or paid to any institute of such State.

(b) The institutes are authorized and encouraged to plan and conduct programs under this Act in cooperation with each other and with such other agencies and individuals as may contribute to the solution of the mining and mineral resources problems involved, and moneys appropriated pursuant to this Act shall be available for paying the necessary expenses of planning, coordinating, and conducting such cooperative research.

DUTIES OF THE SECRETARY

SEC. 4. (a) The Secretary shall administer this Act and, after full consultation with other interested Federal agencies, shall prescribe such rules and regulations as may be necessary to carry out its provisions. The Secretary shall furnish such advice and assistance as will best promote the purposes of this Act, shall participate in coordinating research initiated under this Act by the institutes, shall indicate to them such lines of inquiry as to him seem most important, and shall encourage and assist in the establishment and maintenance of cooperation by and between the institutes and between them and other research organizations, the United States Department of the Interior, and other Federal establishments.

(b) On or before the first day of July in each year beginning after the date of enactment of this Act, the Secretary shall ascertain whether the requirements of section 3(a) have been met as to each institute and State.

(c) The Secretary shall make an annual report to the Congress of the receipts, expenditures, and work of the institutes in all States under the provisions of this Act. The Secretary's report shall indicate whether any portion of an appropriation available for allotment to any State has been withheld and, if so, the reason therefor.

AUTONOMY

SEC. 5. Nothing in this Act shall be construed to impair or modify the legal relationship existing between any of the colleges or universities under whose direction an institute is established and the government of the State in which it is located, and nothing in this Act shall in any way be construed to authorize Federal control or direction of education at any college or university.

MISCELLANEOUS PROVISIONS

SEC. 6. (a) The Secretary shall obtain the continuing advice and cooperation of all agencies of the Federal Government concerned with mining and mineral resources, of State and local governments, and of private institutions and individuals to assure that the programs authorized by this Act will supplement and not be redundant with respect to established mining and minerals research programs, to stimulate research in otherwise neglected areas, and to contribute to a comprehensive nationwide program of

mining and minerals research, having due regard for the protection and conservation of the environment. The Secretary shall make generally available information and reports on projects completed, in progress, or planned under the provisions of this Act, in addition to any direct publication of information by the institutes themselves.

(b) Nothing in this Act is intended to give or shall be construed as giving the Secretary any authority over mining and mineral resources research conducted by any agency of the Federal Government, or as repealing or diminishing existing authorities or responsibilities of any agency of the Federal Government to plan and conduct, contract for, or assist in research in its area of responsibility and concern with regard to mining and mineral resources.

(c) No research, demonstration, or experiment shall be carried out under this Act by an institute financed by grants under this Act, unless all uses, products, processes, patents, and other developments resulting therefrom, with such exception or limitation, if any, as the Secretary may find necessary in the public interest, be available promptly to the general public. Patentable inventions shall be governed by the provisions of Public Law 96-517. Nothing contained in this section shall deprive the owner of any background patent relating to any such activities of any rights which that owner may have under that patent.

(d) There are authorized to be appropriated such sums as are necessary for the printing and publishing of the results of activities carried out by institutes under this Act and for administrative planning and direction, but such appropriations shall not exceed $1,000,000 in any single fiscal year.

CENTER FOR CATALOGING

SEC. 7. The Secretary shall establish a center for cataloging current and projected scientific research in all fields of mining and mineral resources. Each Federal agency doing mining and mineral resources research shall cooperate by providing the cataloging center with information on work underway or scheduled by it. The cataloging center shall classify and maintain for public use a catalog of mining and mineral resources research and investigation projects in progress or scheduled by all Federal agencies and by such non-Federal agencies of government, colleges, universities, private institutions, firms, and individuals as may make such information available.

INTERAGENCY COOPERATION

SEC. 8. The President shall, by such means as he deems appropriate, clarify agency responsibility for Federal mining and mineral resources research and provide for interagency coordination of such research, including the research authorized by this Act. Such coordination shall include—

(1) continuing review of the adequacy of the Government-wide program in mining and mineral resources research;

(2) identification and elimination of duplication and overlap between agency programs;

(3) identification of technical needs in various mining and mineral resources research categories;

(4) recommendations with respect to allocation of technical effort among Federal agencies;

(5) review of technical manpower needs, and findings concerning management policies to improve the quality of the Government-wide research effort; and

(6) actions to facilitate interagency communication at management levels.

COMMITTEE

SEC. 9. (a) The Secretary shall appoint a Committee on Mining and Mineral Resources Research composed of—

(1) the Assistant Secretary of the Interior responsible for minerals and mining;

(2) the Director, Bureau of Mines, or his delegate;

(3) the Director, United States Geological Survey, or his delegate;

(4) the Director of the National Science Foundation, or his delegate;

(5) the President, National Academy of Sciences, or his delegate;

(6) the President, National Academy of Engineering, or his delegate; and

(7) not more than six other persons who are knowledgeable in the fields of mining and mineral resources research, including two university administrators involved in the conduct of programs authorized by section 301 of the Surface Mining Control and Reclamation Act of 1977, two representatives from the mining industry, a working miner, and a representative from the conservation community. In making these six appointments the Secretary shall consult with interested groups.

(b) The Committee shall consult with, and make recommendations to, the Secretary on all matters relating to mining and mineral resources research and such determinations as are required to be made under this Act. The Secretary shall consult with, and consider recommendations of, such Committee in such matters.

(c) Committee members, other than officers or employees of Federal, State, or local governments, shall be, for each day (including traveltime) during which they are performing Committee business, paid at a rate fixed by the Secretary but not in excess of the daily equivalent of the maximum rate of pay for grade GS-18 of the General Schedule under section 5332 of title 5 of the United States Code.

(d) The Committee shall be jointly chaired by the Assistant Secretary of the Interior responsible for minerals and mining research and a person to be elected by the Committee from among the members referred to in paragraphs (5), (6), and (7) of subsection (a) of this section.

(e) The Committee shall develop a national plan for research and development in mining and mineral resources, considering ongoing efforts in the universities, the Federal Government, and the private sector, and shall formulate and recommend a program to implement the plan utilizing sources provided for under this Act. The Committee shall submit such plan to the Secretary, the President, and the Congress on or before March 1, 1986, and shall update the plan annually thereafter.

ELIGIBILITY CRITERIA

SEC. 10. The Committee shall determine the eligibility of a college or university to participate as a mining and mineral resources institute under this Act using criteria which include—

(1) the presence of a substantial program of graduate instruction and research in mining or mineral extraction or closely related fields which has a demonstrated history of achievement;

(2) evidence of institutional commitment for the purposes of this Act;

(3) evidence that such institution has or can obtain signficant industrial cooperation in activities within the scope of this Act; and

(4) the presence of an engineering program in mining or minerals extraction that is accredited by the Accreditation Board for Engineering and Technology, or evidence of equivalent institutional capability as determined by the Committee.

The SPEAKER pro tempore. Is a second demanded?

Mr. LUJAN. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Arizona (Mr. MCNULTY) will be recognized for 20 minutes and the gentleman from New Mexico (Mr. LUJAN) will be recognized for 20 minutes.

The Chair now recognizes the gentleman from Arizona (Mr. MCNULTY).

Mr. MCNULTY. Mr. Speaker, I yield myself such time as I may consume.

The concept of a mineral institute goes back to the late 1960's when it became apparent that the United States was becoming increasingly dependent on foreign supplies of essential minerals.

It also recognized that the industry had failed to advance domestic mineral technology at a fast enough rate.

So in the 92d Congress the Committee on Interior and Insular Affairs held hearings on legislation to create mineral institutes. The legislation had the dual aims of funding research and educating tomorrow's mining professionals.

Unfortunately, there was an uphill battle trying to enact that legislation but it was finally attached to the surface mining bill as title III of that package.

After years of toiling and several Presidential vetoes, the program was underway when the Surface Mining Control and Reclamation Act was signed into law in 1977.

Now the original authorization is about to expire and we have before us a bill to extend the program for another 5 years.

Perhaps the most important point which needs to be made about this bill is that it looks to the future. It is not an immediate solution to our country's dependence on foreign supplies, nor even an answer for specific problems of extraction, reclamation, and processing of minerals.

The bill, though, is aimed at the education of the specialists that we need to face tomorrow's shortages, and it is the students we are educating today who will carry the burden of finding whatever metals and minerals resources there are to keep us from being totally dependent upon foreign supplies.

Already in its short life the mineral institutes program can point to a number of important achievements. A study conducted at the University of Arizona Institute has made great

strides in measuring the effects of air and ground vibrations which result from detonations. These findings have significance in that they allow those who would set off these blasts to measure and predict the effect of the vibrations and thus engage in a program of protecting both structures and people.

In addition to extending the program for 5 years, the committee amendment makes important improvements in the original title III. The Advisory Committee on Mining and Minerals Resources Research has been expanded to include representatives from the academic, industrial, labor, and conservation communities.

Moreover, the advisory committee is given the authority to determine eligibility of individual institutes for continued funding under criteria set out in the bill.

Finally, it ought to be recognized that the bill before us authorizes less money than the original act and requires a higher ratio of non-Federal matching funds. That is a signal to the States and to the industry that both will have to assume a greater responsibility for the continued vitality of the program.

In summary, Mr. Speaker, the bill looks to the future and attempts to insure that we will have the technology and the trained personnel we need to make the most of our mineral resources. It makes administrative improvements in the program, reduces the level of funding, and I strongly urge the House to pass this bill.

I reserve the balance of my time.

Mr. LUJAN. Mr. Speaker, I yield myself as much time as I may consume.

Mr. Speaker, I rise in support of H.R. 4214, a bill which authorizes for 5 more years funding of State mining and mineral research institutes.

We all know that the current economic condition of the mineral industry is at a low level. This is certainly no time to jerk the rug out from under a program that over the past 5 years has been very successful.

The mineral institute programs provide allotment funds to initiate new research projects; and they provide scholarships and fellowships to a large number of faculty, researchers, undergraduate and graduate students.

The students coming out of our universities actually have a better education in mineral-oriented areas. They are now in a much better position to provide needed know-how for industry, research centers, and government organizations.

My colleagues might appreciate the seriousness of the situation facing the U.S. mineral-oriented research community by looking at the following facts.

As recently as 15 to 20 years ago, only about 15 percent of all patents awarded in the United States were to foreign nations.

The current figures I am told are much higher.

As a consequence, we are purchasing more foreign know-how from small countries like Sweden, Finland, Switzerland, as well as from Germany and Japan.

If this trend is not reversed, the United States might become an underdeveloped country in the area of technology of mineral exploitation.

I congratulate Mr. McNULTY and the other sponsors of this legislation, who have structured H.R. 4214 to broaden the support of the program by State agencies and the private sector, while cutting back on the amount of Federal dollars needed.

With present Federal budget restraints being what they are, such an approach is essential. I like the provision in the bill that requires available grants to be matched on the basis of no less than $1½ non-Federal for each Federal dollar, for the first 2 years; and then no less than $2 non-Federal for each Federal dollar for each succeeding year.

We are heading in the right direction with this legislation, and I welcome this proposed change in the program, as well as some of the other proposed changes, providing for greater flexibility.

The program has begun to perform the basic research so vital to our mining industry, and it is starting to train the personnel so badly needed in the new technologies being developed.

I know that it is time for an evaluation of where the institute program has taken us thus far, and that it is time to establish some new priorities and goals.

That is exactly what this legislation does. I urge my colleagues to vote for its passage.

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Mr. LUJAN. Mr. Speaker, I yield such time as he may consume to the gentleman from Missouri (Mr. EMERSON).

Mr. EMERSON. Mr. Speaker, I rise in strong support of this bill and at the outset and, as an original cosponsor of the bill, want to commend the gentleman from Arizona (Mr. McNULTY) and the gentleman from New Mexico (Mr. LUJAN) for their outstanding leadership in pursuing this matter. I am delighted to see this bill before the House today. It is terribly important to the State of Missouri and to the University of Missouri at Rolla, which I have the honor to represent.

Mining and mineral processing and fabrication are important industries in Missouri. The State ranked seventh nationally in the value of nonfuel minerals in 1982, as reported by the U.S. Bureau of Mines. Annual mineral production value, including mineral fuels, has been around $1 billion since 1978. The preliminary estimate for 1982 is $922 million, about equally divided between metals and industrial minerals. Nationally, the State ranked first in output of lead and fire clay; second in barite, zinc and crude iron oxide pigments; third in lime, fourth in cement, and fifth in copper, crushed stone, and silver. The lead-zinc mines in the Viburnum Trend produced over 92 percent of the lead and 20 percent of the zinc mined in the United States in 1982. Iron ore pellets and specialty iron oxide products were produced by the Pea Ridge Iron Ore Co.

The Pea Ridge mine is the only underground iron mine still operating in the United States. Cement and lime plants strategically located along the Mississippi River, were dominant factors in the industrial minerals sector. Production of coal and crude oil were at moderate levels during 1982 despite the recession.

Mining and mineral resources education and university research in Missouri is centered in the school of mines and metallurgy of the University of Missouri-Rolla where it has resided since 1870. Mineral engineering departments include ceramic engineering, geological engineering, metallurgical engineering, mining engineering, nuclear engineering, and petroleum engineering. Geology and geophysics is also housed within the school.

The Missouri State Mining and Mineral Resources Research Institute is administered by the school of mines and metallurgy and faculty from all of the academic departments participate in institute activities.

Since the inception of the State mine institute program in Missouri, a variety of activities of benefit to the State, region, and Nation have been accomplished. Since 1978 when the program started, approximately 130 undergraduates, and 100 masters and Ph.D. mineral engineering students have been supported through scholarships, fellowships or research stipends. A number of the undergraduates have chosen to pursue advanced degrees which, in turn has helped increase the seriously depleted base of mineral engineers with advanced degrees.

Research projects initiated by faculty of the school of mines and metallurgy and conducted jointly with graduate students have had as their objective, the solution of problems of concern to the State of Missouri and surrounding areas. Some 33 research projects supported wholly or in part by State mine institute funds have been conducted since 1978. Topics of research have been quite varied but of significance to the region. The following examples of topics illustrate the nature of State mine institute research being conducted in the school:

Remote sensing for mined land reclamation and control—Northwest Missouri;

Minimizing losses of values to flotation milltailings—lead belt;

Dust scrubber design for continuous miner—underground coal mining;

Blasting research—general mining;

Evaluation of the use of a computerized data base for lead mineralization exploration—lead belt;

Sulfation and removal of zinc from electric steelmaking furnace flue dusts—toxic wastes;

An analysis of grinding mill noise—lead belt;

Prediction of subsidence associated with underground coal mining—regional mining; and

Geochemistry and isotope ratios of the cobalt and nickel minerals of the Mississippi Valley-type deposits in Fredericktown, Missouri—mineral exploration;

On September 1, 1982, the Bureau of Mines of the U.S. Department of the Interior awarded a grant to the University of Missouri-Rolla for the creation of a generic mineral technology center for pyrometallurgy. Additional funding was received in 1983 and a new funding is expected in 1984. The grant is part of the research phase of the State mine institute program. The generic center for pyrometallurgy has initiated research projects designed to develop and analyze concepts and principles of significance to the field of pyrometallurgy. Major program thrusts involve projects dealing with smelting and refining of metals roasting of metallurgical ores, and plasma metallurgical processing. These projects all relate to activities of direct concern to the mineral industries of Missouri and are expected to support the development of high tech procedures and industries.

The various projects underway and planned encompass matters such as utilizing metal ores of decreasing quality, concentration of metallurgical feedstock, higher quality metal products, and lowered emissions of toxic substances in the workplace and in the environment. The generic center for pyrometallurgy is also establishing a library of technical literature with the goal of providing technology transfer services for government agencies, universities and industry.

Mr. Speaker, it should be obvious how important this legislation is to Missouri and our Nation's mining industry. I urge my colleagues to support this bill.

Mr. LUJAN. Mr. Speaker, I yield such time as he may consume to the gentleman from Idaho (Mr. CRAIG).

Mr. CRAIG. I thank my colleague for yielding to me.

Mr. Speaker, I join in support of H.R. 4214, congratulate my colleague from Arizona (Mr. MCNULTY) for his fine leadership in this effort. I do not believe there is any question in the minerals industry today that continued research and ongoing studies is a critical and necessary tool in the furtherance of that industry and the furtherance of the basic economy of this country.

I recall so very well when we were debating wilderness bills recently before the House Committee on Interior and Insular Affairs that new findings that 6 months ago had not been true in the industry but were true at that moment of the debate, was changing the attitude considerably of the members of the committee and of the support of a given piece of legislation simply because new knowledge was available.

If we are to believe that all knowledge now exists in this area, if we are to believe that further research and the direction of students in the area of research in the minerals field cannot benefit us short term and long term, then I think we are very shortsighted at best.

Not only is this a benefit to the University of Idaho and the School of Mines there, but to a good many other institutes across the country and most assuredly it offers to this Nation the kind of informational and educational base that will serve us so well in the years ahead as we continue to strive to maintain a degree of independence as a nation when it comes to being able to effectively utilize and to research for new areas of mineral exploration.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. MCNULTY. Mr. Speaker, I yield such time as he may consume to the gentleman from Arizona (Mr. UDALL).

Mr. UDALL. Mr. Speaker, I rise in strong support of the legislation.

Mr. Speaker, I would like to begin by commending my good friend and Arizona colleague, JIM MCNULTY, for his hard work on this bill. It is because of this leadership that the House has before it the Interior Committee's amendment to H.R. 4214, the mineral institute bill.

Mr. Speaker, this bill is of particular interest to me. When Congress enacted the Mineral Institute Program as part of the Surface Mining Control and Reclamation Act of 1977 I knew we had put in place a program with the potential for generating knowledge which would be worth far more than its modest cost in Federal dollars. In the first 6 years the institutes have proved this axtom.

In a report to Congress the institutes list a number of achievements which more than justify our continued support.

One area in which they have been active is in helping to develop environmentally sound mining techniques. For example, the North Dakota Institute has a program designed to evaluate surface and ground water problems associated with strip mine sites. This research has enabled scientists to predict mining impacts on ground water and has become an important tool in the design of mining operations.

The institutes have also been active in supporting students with scholarships and fellowships. In the 6 years since the passage of SMCRA the number of trained professionals receiving advanced degrees in mining and minerals disciplines has increased dramatically. In 1978 only 11 doctorates were awarded in seven mining disciplines. By 1982, however, the number had almost tripled to 31. The rise in the number of masters degrees has been even more impressive.

The important point is that these are the trained professionals of a new generation who will be charged with finding and extracting our scarce mineral resources. These scientists and engineers will carry the burden of keeping our mining industry competitive and reducing our dependence on foreign sources.

Mr. Speaker, the committee substitute for H.R. 4214 is a balanced approach to the continuation of this program. It is a 5-year extension of the program which authorizes less Federal funding and requires more support from State and industry sources than the original authorization. This approach preserves the Federal role in the program while at the same time sending a message to others that their continued sponsorship is required.

The administration of the program is also improved by the McNulty bill. Academic, industry, labor, and conservation representatives are directed to serve on the Secretary's Advisory Committee. This should result in better coordination among all the interests involved.

In conclusion, Mr. Speaker, the McNulty bill is a reallistic approach to the continuation of an important program, I am proud to have been a sponsor of the program when it was first created, and I am even more proud to have seen it grow into the success it is today. Mr. Speaker, I urge the House to pass the bill.

● Mr. MCCAIN. Mr. Speaker, I rise in support of this measure which would extend the State Mining and Mineral Resources Research Institute Program.

I believe this bill recognizes two fundamental points. First, the importance of keeping our country in the forefront of developments in the international mining industry. Secondly, the need for continued Federal involvement in these kinds of programs.

The necessity for a strong mining industry should be obvious to all of us. The products of this industry, energy, minerals, and metals, are crucial to

our economy and to the maintenance of our standard of living. Today our mining industry faces many serious problems. The grade of our ores is declining while labor, transportation and environmental costs are increasing. To stay competitive in the international field, we must continually increase our productivity and find innovative methods of production. The key to this is our people.

We need the best educated and trained individuals in the world. I believe this bill will help accomplish that goal. By providing financial assistance to several of our institutes of higher learning, we facilitate the ongoing development of programs which will produce the research and instruction vital to a modern education in the mining industry.

In addition, this bill recognizes that States and industry cannot do this alone. They need Federal assistance. In a matter of such critical importance to our Nation, the Federal Government should be involved. But just as importantly, this legislation continues to recognize that this area is not the sole responsibility of the Federal Government. While the current law provides for Federal funding to be matched dollar for dollar with non-Federal dollars, this bill specifies that in fiscal 1985 and 1986, each Federal dollar be matched by $1½ non-Federal. For fiscal 1987 and beyond, each Federal dollar will be matched by $2 non-Federal.

I believe this bill will make a significant contribution to our Nation's mining industry. I urge all of my colleagues to support it.●

● Mrs. VUCANOVICH. Mr. Speaker, I rise in strong support of H.R. 4214, a bill to reauthorize the State Mining and Mineral Institute program.

The program provides significant benefits to both the industry and to the Nation. The institutes train individuals in a wide range of disciplines relating to mining and these individuals, after completing their education, find jobs with the mining industry, and share their training and knowledge. The institutes also make research available which is of great value to the industry for maximizing the recovery of minerals that are needed for our Nation's domestic supply and for our national security.

H.R. 4214 would authorize $7.5 million in fiscal year 1985, to be increased by $1 million per year through 1989. The bill requires the matching of Federal funds from State and private sources on a 1½ to 1 and then on a 2-to-1 basis. In this way, Federal dollars are used to encourage State and private investment in minerals research. Given the importance of our efforts as a nation to achieve independence from unstable foreign sources of minerals and energy, I am firmly convinced that the Federal Government has a responsibility to promote research and development of new mining technologies. I strongly support H.R. 4214 and urge my colleagues to join me in voting to suspend the rules and pass this very important piece of legislation.●

● Mr. RICHARDSON. Mr. Speaker, I am an original cosponsor of this legislation introduced by Congressman JIM MCNULTY, to reauthorize and improve the State Mining and Mineral Resources Research Institute Program. I want to commend my friend and colleague from Arizona for his outstanding work on bringing this important legislation to the floor.

Mr. Speaker, the State Mining and Mineral Institutes across the country have proven to be very effective in training people for careers in mineral and mining industries and in improving our mineral research capabilities. However, we must continue to improve our mining techniques in order to remain competitive in the world marketplace. According to the State Mineral Resources Research Institute at New Mexico Tech, our lack of improved technology in the mining field has become a serious problem. The United States is being forced to purchase an ever-increasing amount of mining technology from other nations. We must put a stop to this dangerous trend.

This legislation makes a number of improvements in the Mining and Mineral Institute Program by requiring an increased financial support from the community and industry and by assuring coordination between educational facilities, industry, and Government.

Mr. Speaker, I am confident this legislation will revitalize the Mining and Mineral Institute Program and make certain that our mining industry is supplied with the best technology and the most talented employees possible.

I urge Members to vote for H.R. 4214.●

● Mr. DASCHLE. Mr. Speaker, I rise today in strong support of H.R. 4214, a bill reauthorizing the State Mineral Institutes Program. There is little question that this program has been an outstanding example of the type of Federal, State, and private sector cooperation that should serve as a model for other Government programs. The thrust of this program is to use a very limited amount of Federal funding as seed money for expanded, basic research in mining techniques and general mineral exploration.

The value of such basic research, especially at a time when we are all becoming increasingly aware of the necessity to make maximum possible use of our mineral resources, cannot be underestimated. For all the talk, both pro and con, about an expanded role for the Federal Government in what has come to be known as industrial policy, the program before us for reauthorization today seems to me to represent a totally noncontroversial example of what the ideal working relationship between the public and private sectors should be. This program seeks, for a very minimum Federal investment, to provide the basic research leading to improved exploratory and extraction techniques. It is basic information that is made available to all elements of the private sector, since it is developed in cooperation with them. And, perhaps most importantly, it establishes an ongoing pool of expertise on these basic research issues in colleges and universities throughout the country.

My own State of South Dakota has been able to participate in this program through the Mineral Research Institute located at the South Dakota School of Mines. Funding under this program has enabled a continuing program in basic research on issues like the separation of coal from slurry mediums in a more efficient form, providing for greater energy recovery and a reduction in allied water degradation problems associated with slurry operation. This is but one example of the kind of basic, down to earth research which provides us with the store of knowledge necessary to improve our ability to make maximum use of our limited natural resources in an environmentally safe manner.

The bill before us authorizes this desirable and necessary program for 5 years, providing a timeframe consistent with preferable long-range planning on these types of basic research. I urge my colleagues to join with me in passing this legislation to preserve an outstanding program of cooperation between the public and private sectors.●

● Mr. BOUCHER. Mr. Speaker, I rise today to commend the Committee on Interior and Insular Affairs for acting quickly and responsibly to bring H.R. 4214 to the full House for its consideration. This important legislation, which I was pleased to cosponsor, will assure the continued operation of the mining and mineral resources research institutes at Virginia Polytechnic Institute and State University and at 30 other colleges and universities nationwide.

The Research Institutes Program established under the Surface Mining Control and Reclamation Act of 1977, provides a solid foundation for U.S. research and education in the mining and minerals industries. Through the provision of grants to qualifying institutes, this program supports improvements in mining and mineral technology which are essential to the productivity of our Nation's mineral industries, the development of expanded coal markets here and abroad, and the enhanced safety of mineworkers. The program also supports the education

of mining and minerals specialists who will provide the leadership and knowledge necessary for the future viability of these industries.

Under the authority which would expire without the passage of H.R. 4214, Virginia Polytechnic Institute and State University hosts 1 of the 31 institutes. Through the institute and the associated Virginia Center for Coal and Energy Research, the university has been able to strengthen its instructional, research, and extension programs in the fields of mining and minerals engineering, supporting faculty and student research in areas such as coal chemistry and coal cleaning, mine subsidence prediction, and improvements in reclamation techniques. The Virginia institute has enjoyed the support of industry, and private donations for scholarships, fellowships, and assistantships have averaged approximately $50,000 annually.

Mr. Speaker, I appreciate the efforts of the gentleman from Arizona (Mr. McNULTY) to develop legislation which will reauthorize and improve the institutes program, and I am pleased to join in the strong bipartisan consensus in favor of this legislation.●

Mr. McNULTY. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Arizona (Mr. McNULTY) that the House suspend the rules and pass the bill, H.R. 4214, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. McNULTY. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to revise and extend their remarks in the RECORD on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arizona?

There was no objection.

COMMENDING THE HISTORIC AMERICAN BUILDINGS SURVEY

Mr. SEIBERLING. Mr. Speaker, I ask unanimous consent for the immediate consideration of the Senate joint resolution (S.J. Res. 173) commending the Historic American Buildings Survey, a program of the National Park Service, Department of the Interior.

The Clerk read the title of the Senate joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

Mr. LUJAN. Mr. Speaker, reserving the right to object, I would ask the gentleman if my understanding is correct that there is no additional cost to this bill, that is just honoring the historic building survey.

Mr. SEIBERLING. Mr. Speaker, if the gentleman will yield, the gentleman is absolutely correct.

Mr. LUJAN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The Clerk read the Senate joint resolution, as follows:

S.J. RES. 173

Whereas the Historic American Buildings Survey has been documenting the architectural heritage of the United States with measured drawings, photographs, and historical data since 1933;

Whereas these records, stored in the Library of Congress for public use, along with the records created by a sister program, the Historic American Engineering Record, have added immeasurably to our knowledge and appreciation of the historic American built environment;

Whereas the Survey has proven to be an important training ground for thousands of architects, historians, and scholars who have worked to preserve our historic American architecture; and

Whereas the fiftieth anniversary of this program marks an appropriate time to commend the National Park Service on the Survey's past accomplishments as well as a time to look forward to the continuance of this important mission of recording the best examples of historic American architecture and engineering: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Historic American Buildings Survey be commended for its substantial contributions to our understanding of the history and heritage of this Nation.

COMMITTEE AMENDMENT

The SPEAKER pro tempore. The Clerk will report the committee amendment.

The Clerk read as follows:

Committee amendment: On page 2 in the clause which precedes the revolving clause strike out "National Park Service" and substitute "National Park Service, the Library of Congress, and the American Institute of Architects".

The SPEAKER pro tempore. The Chair recognizes the gentleman from Ohio (Mr. SEIBERLING).

Mr. SEIBERLING. Mr. Speaker, I simply want to say that the committee amendment would simply add recognition to the Library of Congress and the American Institute of Architects to the role of the National Park Service in the Historical American Buildings Survey.

Otherwise, it is the same as the Senate bill.

The SPEAKER pro tempore. The question is on the committee amendment.

The committee amendment was agreed to.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed.

The title of the Senate joint resolution was amended so as to read: "Joint resolution commending the Historic American Building Survey, a program of the National Park Service, Department of the Interior, the Library of Congress, and the American Institute of Architects."

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. SEIBERLING. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the Senate joint resolution just passed.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

CONFERENCE REPORT ON S. 64, IRISH WILDERNESS ACT OF 1984

Mr. SEIBERLING submitted the following conference report and statement on the Senate bill (S. 64) to establish the Irish Wilderness in the Mark Twain National Forest, MO:

CONFERENCE REPORT (H. REPT. No. 98-663)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 64), to establish the Irish Wilderness in the Mark Twain National Forest, Missouri, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment, substitute an amendment to the text of the bill after the enacting clause as follows:

That this Act may be cited as the "Irish Wilderness Act of 1984".

SEC. 2. (a) In furtherance of the purposes of the Wilderness Act (16 U.S.C. 1131-1136), certain lands in the Mark Twain National Forest, Missouri, which comprise approximately sixteen thousand five hundred acres, as generally depicted on a map entitled "Irish Wilderness", dated March 27, 1984, are hereby designated as wilderness and shall be known as the Irish Wilderness.

(b) Subject to valid existing rights, the wilderness area designated under subsection (a) shall be administered by the Secretary of Agriculture (hereinafter in this Act referred to as the "Secretary") in accordance with the provisions of the Wilderness Act of 1964 (16 U.S.C. 1131-1136) governing areas designated by that Act as wilderness, except that any reference in such provisions to the effective date of the Wilderness Act shall be deemed to be a reference to the effective date of this Act.

(c) As soon as practicable after the date of the enactment of this Act, the Secretary shall submit a map and legal description of the wilderness area designated by subsection (a) to the Committee on Energy and Natural Resources of the Senate and the Committees on Agriculture and Interior and Insular Affairs of the House of Representatives. Such map and legal description shall have the same force and effect as if included in this Act, except that any clerical or typographical error in such map or legal description may be corrected. The Secretary shall place such map and legal description on file, and make them available for public inspection, in the office of the Chief fo the Forest Service, Department of Agriculture.

SEC. 3. The provision of Public Law 98-146 (97 Stat. 919, at 921), reading ": Provided further, That subject to valid existing rights, no appropriation herein made shall be used by the Secretary of the Interior for the processing or issuance of prospecting permits in certain lands in the Mark Twain National Forest, Missouri, which comprise approximately 17,562 acres, as generally depicted on a map entitled 'Irish Wilderness—Proposed', dated December 1981" is hereby repealed.

And the House agree to the same.

MORRIS UDALL,
JOHN F. SEIBERLING,
JAMES WEAVER,
JERRY HUCKABY,
CHARLIE WHITLEY,
HAROLD L. VOLKMER,
Managers on the Part of the House.

JAMES A. MCCLURE,
MALCOLM WALLOP,
MARK O. HATFIELD,
J. BENNETT JOHNSTON,
DALE BUMPERS,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 64) to establish the Irish Wilderness in the Mark Twain National Forest, Missouri, submit the following joint statement to the House and Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House amendment deleted approximately 2,000 acres of the Irish Wilderness as proposed by the Senate bill, based upon the determination of the House as to the resolution of land management choices for the entire area under consideration.

The Senate recedes from its disagreement to the amendment of the House with an amendment which is a substitute to the text of the bill as a resolution of the land management choices for the entire area under consideration. The differences among the Senate bill, the House amendment, and the substitute agreed to in conference are noted below.

The House deleted approximately 2,000 acres from the Irish Wilderness as proposed by the Senate. Of primary concern to the House in its decision to delete the acreage was its concern over mineral values. The conferees agreed to exclude areas proposed in the Senate bill equaling approximately 1,070 acres as defined on the map referenced in the amendment which contain potentially significant mineral values. The decision of the conferees was based upon their judgment of the best overall resource management choices for the proposed area.

In those areas which were designated as wilderness in the Senate bill, but not designated as wilderness in the Conference agreement, the conferees intend that mining and associated support activities be permitted. It is also the intent of the conferees, that except as necessary to allow mining and associated support activities, these areas shall be managed by the Forest Service to preserve their wilderness characteristics.

As part of the overall resolution of land management choices for this area, the conferees included an amendment which repeals the language in the 1984 Interior Appropriation Act which prohibits the issuance of prospecting permits within the boundaries of the original Senate passed bill. The amendment thereby allows such permits to be issued for the lands not designated as wilderness by the Conference agreement. In the absence of this amendment prospecting permit issuance within the lands excluded from wilderness would be prohibited until October 1, 1984.

MORRIS UDALL,
JOHN F. SEIBERLING,
JAMES WEAVER,
JERRY HUCKABY,
CHARLIE WHITLEY,
HAROLD L. VOLKMER,
Managers on the Part of the House.

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MALCOLM WALLOP,
MARK O. HATFIELD,
J. BENNETT JOHNSTON,
DALE BUMPERS,
Managers on the Part of the Senate.

PRESIDENT REAGAN SHOULD TAKE RESPONSIBILITY FOR HIS OWN MISTAKES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia (Mr. LEVITAS) is recognized for 60 minutes.

Mr. LEVITAS. Mr. Speaker, I take this time to make some observations on President Reagan's two recent comments relating to this desire for bipartisanship and congressional support in foreign policy and his memory-lapsed condemnation of the Congress because it—rather than he—should take the blame for the flawed policies that failed in Lebanon.

It disturbs me that President Reagan's recollection of his historic facts is faulty and his understanding of the Constitution is in error.

And it disturbs me, Mr. Speaker, because our President is working against himself and undermines his credibility. We should let partisanship end at the water's edge. I do firmly believe we need and should have a bipartisan and congressionally supported foreign policy. But I think that it is, at best, hypocritical for the President to have made the allegations he made, specifically with respect to the situation in Lebanon.

Who sent the marines to Lebanon?

Who gave them an unwinnable political task?

Who kept the marines in the shooting gallery?

□ 1340

What the President failed to acknowledge was, in fact, he had bipartisan support from Congress. And it is probably correct to say that the Congress should bear some of the blame, but the blame that Congress should bear is the blame for going along with the President when he asked for the additional 18 months to keep the marines in Lebanon in an unwinnable, death-inviting position and role. President Reagan's request for implementation of that flawed policy and indeed the cooperation of the Congress in granting his request is what led to a situation that resulted in the unneeded loss of American lives which could have otherwise been avoided.

Mr. Speaker, the fact of the matter is that the President and his administration were responsible for our policy in Lebanon and its implementation. It simply creates even greater lack of credibility for the President to say, "It is not my fault. I didn't do it. They did." That is not being the man he is.

The fact of the matter is, Mr. Speaker, that as recently as last fall the President of the United States, in response to the report of the Pentagon's Commission that studied the disaster involving the marines in Lebanon and whose findings held certain officers accountable, the President said, "It is my responsibility for what happened there." That was being a man, and he appeared to be noble. Has he forgotten he took responsibility or was that just for the moment?

The President took the responsibility, yet unlike other occasions when a person assumes responsbility for a failure, there apparently was no consequence attached to the responsibility he assumed.

When the public debate continued as to the wisdom of the President's policy of keeping the marines in Lebanon—a policy in which his own administration and his own high advisers were vigorously and publicly at odds with each other—that debate was countered by the President saying, "We should not surrender in Lebanon." Yet, within a matter of weeks, the President has withdrawn the American marines from Lebanon.

Even at that time an unwillingness to acknowledge the responsibility for the failure of the policy. Secretary of Defense Weinberger had made the comment that I recall that this was not a withdrawal, it was simply a redeployment 2 or 3 miles to the west. Well, 2 or 3 miles to the west, Mr. Speaker, was in the Mediterranean Sea.

If Caspar Weinberger had been Napoleon's Secretary of Defense, he could have called the French withdrawal from the gates of Moscow a redeployment.

There has been an unwillingness at any point for this administration and the President to face up to his failed policies and his responsibilities for what happened in Lebanon. He has again and again tried to blame others and at the same time call for congressional and bipartisan cooperation in a foreign policy.

Yes, the President may have had a point. Congress has to share some of the blame, but the blame that Congress should share, if any, was the blame of going along with the President when our better judgment should have told us otherwise. The time for Congress to act under our constitutional responsibilities and under the War Powers Act was at the time the Presidential request for the additional 18 months came in. And I regret that some of the leaders of our House went along with the President then. I think the error of their ways is now being seen because, with insult piled on top of injury, they are being condemned by the President for lack of cooperation, when indeed it was that congressional cooperation which gave the President the opportunity to carry out his policies.

Bipartisanship and congressional cooperation in foreign policy does not mean that the elected Congress should simply fall over and play dead in face of what a President calls on them to do. That is true whether the President is Lyndon Johnson, or Ronald Reagan.

The Constitution of the United States places responsibilities on the elected Congress to make decisions relating to whether or not we shall deploy forces and whether or not we shall place our troops in positions where American blood can be shed and American policies implemented. We have the high constitutional duty to legislate and raise armies and taxes to pay for them and the sole constitutional power to declare war. Did President Reagan's advisers fail to tell him that or did they misinform him or did he forget?

In this instance, the President asked for and received from Congress on Lebanon the 18-month extension. I voted against it at the time. Many of us voted against it even though the Speaker of this House as the Republican leader called upon us to vote for it, because I agreed with those who said that we were in an unwinnable situation; that our marines were given a political job they are not trained for. I am not opposed to using American force where it is necessary to implement a vital American policy, but if we are going to use force, if we are going to commit American troops, we ought to commit them to a situation in which they have a winnable opportunity. These 1,600 marines, committed into the midst of a decades-old civil war, still in Beirut long after their original purpose had been fulfilled, which was the withdrawal of the PLO from Beirut, found themselves in an untenable situation. They were sitting ducks, to be shot at, as in a shooting gallery. They could not do anything to change the situation except spill their blood. And as was said at the time of that debate on the President's request, "If we are there to fight, we are too few, and if we are there to die, we are too many."

Because of what happened in Lebanon, I think the President of the United States now has a conscience qualm about his policy which many of his own advisers and many Members of the House and of the Senate urged him to avoid. Now he is looking for someone else to place the blame on. History records the decision was his.

Yes, we do need to have a bipartisan foreign policy and we need to have a foreign policy in which the President and the Congress work cooperatively, but we each must assume the responsibility for our own actions, because if we do not, we do not even begin with the factual basis of credibility for what we are doing. And it is this lack of credibility and believability, not only by the American people, but by the rest of the world, that places in jeopardy our policies.

It is a shame that the President, at a time when he is seeking and needs the support of the Congress and bipartisan support in pursuit of his policies, should have so hypocritically and so partisanly and so falsely accused the Congress of bearing the responsibility for what happened in Lebanon.

It was just this morning, Mr. Speaker, in the Washington Post that an article appeared, written by Lou Cannon, a reporter for the Washington Post. Mr. Cannon has had a reputation of being a somewhat pro-Reagan devotee, someone who has from his days in California tended to be sympathetic with and understanding of Mr. Reagan's views on matters.

The headline over this article, written by Lou Cannon, says: "In Pursuing Bipartisanship, President Follows Partisan Course." And he reminds us on occasion after occasion that what the President has said in the past are at odds with what he said last week. And he concludes with these words:

> These are the partisan words of the man who now urges Members of Congress to submerge their doubts and fears in a new bipartisan consensus. Small wonder that many of them do not want to go along.

I have supported this President in foreign affairs matters, nuclear arms, arms control matters, Central America and other issues, because I thought he was right, but when the President is wrong, he should acknowledge that fact and not condemn the Congress for his own flawed policies, which resulted in failure.

So, therefore, Mr. Speaker, I include in the RECORD, the article by Lou Cannon which appeared in this morning's Washington Post.

The article follows:

IN PURSUING BIPARTISANSHIP, PRESIDENT FOLLOWS PARTISAN COURSE

(By Lou Cannon)

President Reagan startled even some of his advisers last week when he appealed for a national bipartisan consensus on foreign policy in almost the same breath that he blamed Congress for losing Lebanon.

One strategist said the dual appeal was "bizarre," and another acknowledged that it "sounded like the president was talking out of both sides of his mouth."

In fact, he was. Ever since he nominally took responsibility for the suicide truck bombing last Oct. 23 that killed 241 U.S. servicemen in Beirut, Reagan has faulted everyone but himself for the failure of his policy and its tragic cost to the peacekeeping forces.

Ignoring divisions within his administration that must certainly have sent louder signals to Syria than did the complaints of any congressional critic, the president has sprinkled blame on Congress, the media and foreign governments for failures that the Long commission, a respected group of military investigators, laid at his doorstep.

The culmination came at a news conference last Wednesday night when Reagan said congressional objections to his Lebanon policy had served to "stimulate the terrorists and urge them on to further attacks."

He followed this remarkable accusation with a Friday speech here in which he argued that Congress should support the details and principles of administration foreign policy. His basic message seemed to be that Congress should do what it is told, which pretty well describes what happened in the debate about Lebanon.

Last September, after snipers had begun picking off Marines deployed on low ground around the Beirut airport, the White House asked Congress for an 18-month commitment to keep the Marines in Lebanon. House Speaker Thomas P. (Tip) O'Neill Jr. (D-Mass.), normally a Reagan foe, came to the president's aid in the tradition of bipartisanship.

Impressed by a briefing given by national security affairs adviser Robert C. McFarlane, O'Neill braved the ire of younger, more restive Democrats and backed Reagan. A White House official told me then that the thorniest objections had come from Republicans, especially Senate Majority Leader Howard H. Baker, Jr. (Tenn.), who was skeptical about the continued deployment.

In the aftermath of the Oct. 23 tragedy, when a shaken Reagan insisted that "vital interests" of the United States were involved in Lebanon and that keeping the Marines there was "central to our credibility on a global scale," the Joint Chiefs of Staff lobbied for their withdrawal. The chiefs, who had taken this stand before the bombing, were supported by Defense Secretary Caspar W. Weinberger, White House chief of staff James A. Baker III and most of the Republican congressional leadership.

In February, in an interview with The Washington Post, Reagan said of the then-forthcoming withdrawal, "We are redeploying because, once the terrorist attacks started, there was no way that we could really contribute to the original mission by staying there as a target, just hunkering down and waiting for further attacks."

His military experts had been saying that for several months, but Reagan had not listened. He accepted the contention of McFarlane and Secretary of State George P. Shultz just progress was being made in Lebanon. Just before he approved the withdrawal, Reagan denounced O'Neill for want to "surrender."

A senior administration official who briefed reporters on the president's speech last week suggested that members of Congress should keep quiet when U.S. lives are at risk and voice complaints in letters to the president. Asked how Reagan squared this appeal with his record of public partisanship, the offical said: "I think there's been a certain evolution in his thinking."

Indeed there has been. While still a Democrat in the early 1950s, Reagan broke with President Harry S Truman over halfway measures he believed were being employed in the Korean War. Truman fired Gen. Douglas MacArthur for insubordination, and the general declared, "There is no substitute for victory." Reagan approvingly quoted these words last week, but they have a hollow ring after Lebanon.

Reagan was critical of President Lyndon B. Johnson for waging a "no-win war" in Vietnam. He criticized President Gerald R. Ford and Henry A. Kissinger for "the giveaway of the Panama Canal." In his 1976 campaign against Ford, Reagan declared repeatedly, "Never again will we allow our boys to be sent to fight and die in a war that we do not intend to win."

The refrain continued in the 1980 campaign. On Feb. 15 of that year, Reagan said, "Our foreign policy should aim to avoid both retreat and the need for military intervention. We must have ways to help our friends and to defend our interests without sending in the Marines. We used to have such a capacity. Jimmy Carter had the option of building on that strength but chose weakness and illusion instead."

These are the partisan words of the man who now urges members of Congress to submerge their doubts and fears in a new bipartisan consensus. Small wonder that many of them do not want to go along.

□ 1350

THE CONGRESS

The SPEAKER, pro tempore. Under a previous order of the House, the gentleman from Oregon (Mr. WEAVER) is recognized for 30 minutes.

Mr. WEAVER. Mr. Speaker, I am proud to be a Member of this body. I think it is the greatest representational body in the history of the world. It is the bulwark of our democracy. And yet I fear that the Congress of the United States has fallen to a low esteem. I see in the papers day after day that we are berated for such things as raising our own pay, when we do, which is not often; we are berated for taking junkets to investigate conditions in other lands. And in the papers this weekend and in speeches, President Reagan seems bent on running against the Congress, as if he senses that, somehow or other, Congress is someone that is so low in the public esteem that it makes a good whipping-boy or scapegoat. I note that President Reagan also intends, according to the Wall Street Journal today, to run on a hawkish foreign policy. Now, I believe—I hope—that he misreads the American people, that the American people do not want the foreign ventures that he has continuously gotten us into in Lebanon, Central America, and elsewhere. So I am not sure that he is right on Congress, either. I hope not.

But I remember last year, during the pay raise debate in this House, several Members, very distinguished Members, rose in the Chamber to defend the pay raise because, they said, this body needs to assert itself, this body, the Members of this body, need to believe in themselves and in the Congress and, as a symbol of that, have the courage to raise their own pay.

Now, the reason we are afraid to raise our own pay is a very simple one; that is, the people whom we represent do not like to see us enriching ourselves on the public trough. I do not blame them. It makes sense. But what I see is a double standard in this issue because there is another group of people in this country that also has the power to raise its own pay, and that group is corporation executive officers, the presidents of large corporations and the top vice presidents of the large corporations, who also sit on the boards of directors, who make the decisions on raising pay. And that group does not have itself in low esteem. It has itself in very high esteem.

Last week, the Ford Motor Co. disclosed salaries and bonuses and stock options, which are the same as salaries, they are given for services rendered. And we see that Philip Caldwell, the chairman of the Ford Motor Co., was paid $1.42 million in annual salary, and he exercised stock options that had been given to him for another $5.8 million profit, and so his total income for that year was $7.31 million.

Donald E. Peterson, Ford's president, earned—at least they say he earned—$3.7 million last year.

Now, let us look at those salaries. If Mr. Caldwell's $7.3 million is compared to the working people of this country, he is making $3,700 an hour. That is a 1,000 times the minimum wage. He makes $140,000 a week, he makes $28,000 a day. If he drops a pencil, it costs about $60. If he goes out for a quick cup of coffee, that is $900 lost to the company.

We have in unemployment compensation for these high executives not what American workers get, what they have paid into and ordered to draw unemployment when they are thrown out of their jobs, but corporation officers get huge severance pay amounting to millions of dollars in many instances, and when a company is taken over, the taken-over company quickly meets, the board of directors quickly meets, and offers golden parachutes to its executives, and many companies have given their executives millions of dollars in severance pay for their unemployment compensation.

The tax cuts that President Reagan pushed through the Congress in 1981 mean that these pay levels of millions of dollars a year are taxed at far lower percentages than they used to be. To Mr. Caldwell, the Reagan tax cut was probably worth $2 million or $3 million, where, if you made under $10,000 last year, the tax cut was actually not a cut but it cost you $400.

We are fast shifting hundreds of billions of dollars from the middle-income people to the wealthy of this country, partly due to these huge corporate salaries. In my own Northwest, in reward for helping bring about the WPPSS nuclear project fiasco, which cost us in the Northwest billions and billions of dollars, the chairman of the board of the Pacific Power and Light, Mr. Frisbee, was awarded with a salary increase of over $100,000, bringing his pay to $381,000 a year.

John Fery, of Boise Cascade, has an annual pay of $168,000.

To reward the officers of the banks that have loaned billions of dollars, tens of billions of dollars, hundreds of billions of dollars to foreign countries that they cannot get paid back, as a reward for making those loans that have potentially cost the American taxpayers that money, the Chase Manhattan Bank pays its president, Willard Butcher, $636,000, and the Citicorp pays its top officer, Walter Wriston, $1,157,000.

Headlines in the papers a couple weeks ago said Borman, president of Eastern Airlines, took a pay cut. He did. He certainly did. His pay was cut to $280,000 a year.

And Peter Grace, the man who said the Government was extravagant and wasted too much money, was paid last year $917,000 by his company.

I would go on. But I compare this to the congressional pay and the fact that Congress is berated when we have not even had a cost-of-living increase, or only one in 6 years—and I do not defend pay raises here for Congress or anyone else. I am talking now about the esteem with which this body is held by the people.

I say that if the story were told that perhaps the people would see where their money is really going, because when they buy a product, a Ford car, or whatever product these corporations make, they must pay the exorbitant salaries of these top executives. To make these salaries accountable, I believe that the stockholders should be required to vote on salaries—and I mean all of the stockholders, not just the proxies, but the majority stockholders should actually be required to vote on a salary that is 10 or 20 times

the average pay of corporation workers. It is not asking too much. And we should again put back in the tax schedules that which would make these people pay at least a part, a fair share, of their exorbitant incomes in taxes.

Now, the other thing that Congress is berated for, one of many, are the junkets. I do not go on junkets, and I do not go on junkets for a number of reasons.

□ 1400

I do not like to travel on airplanes. The main reason I do not go is that they are very hard work; they work 12 and 14 hours a day and perhaps have to change airlines and places to stay two or three times a day. They are tough work, and I would prefer to be back in my district in Oregon anyway, seeing my people.

But there is another branch of the U.S. Government whose top officers take a lot of junkets, but we do not read about that in the paper. That is the military. I was astounded and disgusted to read in the paper this week where the general officers of the Army and Air Force have leased 120 Lear Jets, each one costing $4 million, so that they can fly at their own free will anywhere around the world or in this country that they wish at any time. Probably to their hunting lodges or wherever.

I compare this to the junkets Congress takes. I read where it cost last year, Members of Congress charged $4 million in expenses for junkets, and I think that that is 535 Members of the Congress, both bodies. I think that the cost of these 120 Lear Jets, so that the generals can fly around the country, will be about $100 million a year, or 25 times as much. But I do not read about that. It bothers me deeply that other branches of Government are allowed these extravagances without criticism, when the Congress, in doing its duty and performing its work, learning about what the billions of dollars in appropriations bills must be spent for, are berated for something that these generals do with $100 million a year just for the planes themselves.

I think of the fact that a general or an admiral has a chauffered-driven limousine; has a cook; private dining room; and I realize that the American people do not know that Congress has none of those things. I myself do not even own a car, I walk to wherever I am going.

I remember once, in my district, I went to a grade school. I was going to speak to the fourth-grade class. I think that is a wonderful experience as kids are some of the most bright, earnest, and questioning people I have ever met. I drove up in a 1978 Chevette, which is my car in Oregon, and the kids came rushing out of the school and I asked the teacher: "Gee, that was very nice, it was very exciting to see the kids running out screaming, I wonder why they rushed out before I could go in?"

The teacher said they wanted to see the big, chauffeur-driven limousine you came up in. I realized that many constituents think that is the way we live back here: That we have limousines, that we have all these perquisites which we do not, and do not ask for; we do not want them.

But it is strange to me that the Congress is berated for the things we do not have while the military and corporate officers are left uncriticized for the things they do. I believe, Mr. Speaker, that a fundamental issue is at stake. I use the junkets and the pay rise as simply manifestations of what is going on. That is, if indeed the Congress has sunk to a low in esteem so that we are not only criticized for what we do but what we do not do, then our representative government is at stake. Once the people lose faith in their Congress, then our democracy has not much longer to go.

President Reagan was saying the other day that Congress should not debate foreign policy; that once the decision is made to send marines in Lebanon, we should keep quiet. In effect saying that the Congress has no business in this issue. Such issues of life and death and certainly life and death to the marines who did die in Lebanon.

But greater things at stake in terms of committing this country to places throughout the world and a healthy debate must continue in the Congress. If it does not, or if we are silenced, then if Congress fails and fails in the minds of the American people, then we will have, whether benign or malign, a dictatorship, where the President will assume all functions.

Indeed, I saw the Secretary of State, Mr. Shultz, say to a congressional committee the other day, he did not know what was in their minds for even discussing an issue, and he said he hoped Congress would appropriate the money so they would not have to go around Congress to spend the money in places like Central America without our permission; without law.

I say, Mr. Speaker, the American people must be told the truth, that Congress does not drive around in limousines; they are among the hardest-working citizens in this country and that the press, which constantly berates us, and I think they do, it is on a bipartisan manner; it is not one party over the other. They do because it is possible that it simply reflects public opinion which, I am sorry to say, is quite likely. But if the public were told the truth that the Congress does its best, then we can hold our heads high; we can keep our democracy alive. We can revive our democracy and continue to make it stronger.

Mr. Speaker, I am reading now a book called "Vietnam" by Mr. Karnow, and I was reading about the years 1962, 1963, 1964, and 1965 when our commitment was being built up in Vietnam. I was saddened, disgusted, and outraged to see all the lies that were told at that time by the executive branch about our involvement in Vietnam. The writer had the documentation: The memos and other materials that became public in years later, so he knew that they were lies. I see now the very same thing occurring in Central America. You could change Vietnam for Nicaragua in that book and you would hardly have to change another word in the Government subterfuge of putting our commitments into places like Nicaragua and Honduras—and so, I have only this to say in conclusion, Mr. Speaker. That is that the Congress must assert itself; must play its coequal role; the people must believe in the Congress, because between the Congress and nothing, is dictatorship. Between the Congress and nothing is a runaway Executive, putting our troops anywhere they wish; bringing us closer to war in all parts of the world.

I just, for one, want to say, in conclusion, that I am proud to be a Member of this body, very proud. It has been the greatest honor of my life. I want this Congress to be as it should be and as it has been, the greatest legislative body in the history of the world and play its coequal role. I hope that the public will affirm that and believe in this Congress so that we can maintain a strong democracy.

□ 1410

THE PRESIDENT'S ARMS CONTROL PROPOSAL

(Mr. CHANDLER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. CHANDLER. Mr. Speaker, the President of the United States last Wednesday in his nationally televised press conference unveiled his latest and perhaps most ambitious arms control proposal. The draft treaty which Vice President BUSH will bring to the U.N. Committee on Disarmament in Geneva in 2 weeks calls for a worldwide ban on the production and stockpiling of chemical weapons. The timeliness of this proposal cannot be overlooked. Reports of the use of chemical agents in battle are spreading, and the Soviet Union, in spite of stalemates elsewhere, has indicated a willingness to negotiate on this subject. President Reagan is to be commended for seizing this excellent opportunity to address a

critical and difficult area of arms control. I rise today to offer my unequivocal and wholehearted support for this outstanding proposal.

Last year, when this body debated funding for the modernization of our own chemical weapons stockpile, I found myself faced with a painful dilemma. The horrible nature of these weapons is undeniable, and to authorize their production is distasteful, indeed. At the same time, Congress cannot simply ignore the issue and wish it away. So long as our adversaries posses the ability to use chemical weapons against us and our allies, we must maintain the means to deter them.

Now, President Reagan has offered the Nation—and the world—an alternative. Negotiation of a worldwide chemical weapons ban would relieve us of the choice between two evils: Supporting we find morally repugnant, or surrendering the Nation to the threat of losing a chemical war. I hope that my colleagues will recognize the importance of the President's proposal, and take this opportunity to join as statesmen in support of his plan. It is time we put the era of chemical warfare behind us.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. WEAVER) to revise and extend their remarks and include extraneous material:)

Mr. LEVITAS, for 15 minutes, today.
Mr. WEAVER, for 30 minutes, today.
Mr. ANNUNZIO, for 5 minutes, today.
Mr. GONZALEZ, for 60 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. WORTLEY) to revise and extend their remarks and to include extraneous matter:)

Mr. GEKAS.
Mr. COURTER.
Mr. LEWIS of California.
Mr. VANDER JAGT.
Ms. SNOWE.
Mr. DENNY SMITH.
Mr. COUGHLIN.

(The following Members (at the request of Mr. WEAVER) and to include extraneous matter:)

Mr. MAZZOLI.
Mr. FAZIO.
Mr. ROE.
Mr. BARNES.
Mr. LANTOS in three instances.
Mr. FLORIO.
Mr. DONNELLY.
Mr. ANDERSON in 10 instances.
Mr. ANNUNZIO in six instances.
Mr. BROWN of California in 10 instances.
Mr. JONES of Tennessee in five instances.
Mr. BONER of Tennessee in five instances.
Mr. GONZALEZ in 10 instances.
Mr. FRANK.
Mr. HOYER in two instances.
Mr. SCHUMER.
Mr. GORE.
Mr. FAUNTROY.
Mr. BEDELL.
Mr. EDWARDS of California.
Mr. SOLARZ in four instances.

SENATE BILLS REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 2539. An act to repeal certain provisions of the Omnibus Budget Reconciliation Act of 1983; to the Committees on Veterans' Affairs and Post Office and Civil Service.

ENROLLED BILLS SIGNED

Mr. HAWKINS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 4202. An act to designate the air traffic control tower at Midway Airport, Chicago, as the "John G. Fary Tower";

H.R. 4206. An act to amend the Internal Revenue Code of 1954 to exempt from Federal income taxes certain military and civilian employees of the United States dying as a result of injuries sustained overseas;

H.R. 4835. An act to authorize funding for the Clement J. Zablocki Memorial Outpatient Facility at the American Children's Hospital in Krakow, Poland; and

H.J. Res. 520. Joint resolution designating April 13, 1984, as "Education Day, U.S.A."

ADJOURNMENT

Mr. WEAVER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 10 minutes p.m.), the House adjourned until tomorrow, Tuesday, April 10, 1984, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3104. A letter from the adjutant general, Veterans of Foreign Wars of the United States, transmitting the proceedings of the 84th National Convention of the Veterans of Foreign Wars of the United States, held in New Orleans, La., August 12-19, 1983, pursuant to the act of May 28, 1936, chapter 471, section 8 (H. Doc. No. 98-201); to the Committee on Armed Services and ordered to be printed.

3105. A letter from the President and Chairman, Export-Import Bank of the United States, transmitting a report on loan, guarantee, and insurance transactions supported by Eximbank during February 1984 to Communist countries, as a result of Presidential determinations, pursuant to the act of July 31, 1945, chapter 341, section 2(b)(2) (88 Stat. 2334); to the Committee on Banking, Finance and Urban Affairs.

3106. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 5-123, "Office of Cable Television Act of 1984", and report pursuant to Public Law 93-198, section 602(c); to the Committee on the District of Columbia.

3107. A letter from the Secretary of Labor, transmitting a draft of proposed legislation to authorize adequate appropriations for the President's Committee on Employment of the Handicapped, and for other purposes, pursuant to 31 U.S.C. 1110; to the Committee on Education and Labor.

3108. A letter from the Secretary of Labor, transmitting a draft of proposed legislation to change the schedule and method of computation of cost-of-living increases under the Federal Employees' Compensation Act starting in fiscal year 1985, to make subsequent adjustments payable on the same schedule as other benefit programs, and for other purposes, pursuant to 31 U.S.C. 1110; to the Committee on Education and Labor.

3109. A letter from the Acting Director, Defense Security Assistance Agency, transmitting notification that on April 3, 1984, M. Sgt. Robert H. Judd, Jr., received two bullet wounds while enroute to Hellenikon AFB, Athens, Greece, pursuant to AECA, section 21(c)(2) (95 Stat. 1521); to the Committee on Foreign Affairs.

3110. A letter from the Acting Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a) (92 Stat. 993); to the Committee on Foreign Affairs.

3111. A letter from the Chairman, Federal Election Commission, transmitting a report on the development of voluntary engineering and procedural performance standards for voting systems, pursuant to Public Law 96-187, section 302; to the Committee on House Administration.

3112. A letter from the national quartermaster and adjutant, Veterans of World War I of the U.S.A., Inc., transmitting the proceedings of the 31st Annual National Convention of the Veterans of World War I of the U.S.A., Inc., held in Fort Worth, Tex., August 28 to September 1, 1983, pursuant to Public Law 85-530, section 16 (H. Doc. No. 98-202); to the Committee on the Judiciary and ordered to be printed.

3113. A letter from the chairman and president, Gorgas Memorial Institute of Tropical and Preventive Medicine Inc., transmitting the 55th annual report of the work and operations of the Gorgas Memorial Laboratory for the fiscal year ending on September 30, 1983, pursuant to the act of May 7, 1928, chapter 505, section 3 (92 Stat. 991); jointly, to the Committees on Foreign Affairs and Energy and Commerce.

3114. A letter from the Comptroller General of the United States, transmitting a final report on the 1978 Navy shipbuilding claims settlement at Litton/Ingalls Shipbuilding (GAO/NSIAD-84-53, April 4, 1984), pursuant to Public Law 95-485, section

821(c); jointly, to the Committees on Government Operations and Armed Services.

3115. A letter from the Comptroller General of the United States, transmitting a report entitled, "Need to Better Assess Consequences before Reducing Taxpayer Assistance" (GAO/GGD-84-13, April 5, 1984); jointly, to the Committees on Government Operations and Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

[Pursuant to the order of the House on April 5, 1984, the following report was filed on April 6, 1984]

Mr. RODINO: Committee on the Judiciary, H.R. 5041. A bill to promote research and development, encourage innovation, and make necessary and appropriate amendments to the antitrust laws; with an amendment (Rept. No. 98-656). Referred to the Committee of the Whole House on the State of the Union.

[Submitted on April 9, 1984]

Mr. FASCELL: Committee on Foreign Affairs. House Resolution 463. Resolution directing the Secretary of State to provide certain information to the House of Representatives concerning death squads in El Salvador (Rept. No. 98-658). Referred to the House Calendar.

Mr. ROSTENKOWSKI: Committee on Ways and Means. H.R. 5355. A bill to amend title 31 of the United States Code to accelerate the collection and deposit of payments to executive agencies (Rept. No. 98-659). Referred to the Committee of the Whole House on the State of the Union.

Mr. ROSTENKOWSKI: Committee on Ways and Means. H.R. 5356. A bill to amend title II of the Social Security Act to improve the administration of earnings test (Rept. No. 98-660). Referred to the Committee of the Whole House on the State of the Union.

Mr. NICHOLS: Committee on Armed Forces. H.R. 4952. A bill to authorize the Secretary of Defense to provide assistance to certain Indian tribes for expenses incurred for community impact planning activities relating to the planned deployment of the MX missile system in Nevada and Utah in the same manner that State and local governments were provided assistance for such expenses (Rept. No. 98-661). Referred to the Committee of the Whole House on the State of the Union.

Mr. UDALL: Committee on Interior and Insular Affairs. Senate Joint Resolution 173. Joint resolution commending the historic American buildings survey, a program of the National Park Service, Department of the Interior; with amendments (Rept. No. 98-662). Referred to the House Calendar.

Mr. UDALL: Committee of conference. Conference report on S. 64 (Rept. No. 98-663). Ordered to be printed.

Mr. ROSTENKOWSKI: Committee on Ways and Means. H.R. 5362. A bill to amend the Internal Revenue Code of 1954, title XVI of the Social Security Act, and part A of title IV of such act to improve assets verification for benefits under the supplemental security income and aid to families with dependent children programs and to make other improvements in such programs; with amendments (Rept. No. 98-664). Referred to the Committee of the Whole House on the State of the Union.

Mr. BONIOR: Committee on Rules. House Resolution 478. Resolution providing for the consideration of H.R. 7, a bill to make permanent certain of the authorizations of appropriations under the National School Lunch Act and the Child Nutrition Act of 1963 (Rept. No. 98-665). Referred to the House Calendar.

Mr. FROST: Committee on Rules. House Resolution 479. Resolution waiving certain points of order against the conference report on S. 1852 (Rept. No 98-666). Referred to the House Calendar.

ADVERSE REPORTS

Under clause 2 of rule XIII.

Mr. FASCELL: Committee on Foreign Affairs. House Resolution 464. Resolution directing the Secretary of State to provide certain information to the House of Representatives concerning the 1980 slayings of four American churchwomen in El Salvador (Rept. No. 98-657). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. JONES of Oklahoma (for himself, Mr. PANETTA, Mr. WIRTH, Mr. GEPHARDT, Mr. ASPIN, Mr. HEFNER, Mr. DONNELLY, Mr. LOWRY of Washington, Mr. DERRICK, Mr. MILLER of California, and Mr. WILLIAMS of Montana):

H.R. 5393. A bill to provide for reconciliation pursuant to section 2 of the first concurrent resolution on the budget for fiscal year 1985, as passed the House of Representatives; jointly, to the Committees on Agriculture, Post Office and Civil Service, Energy and Commerce, Small Business, Veterans' Affairs, and Ways and Means.

H.R. 5394. A bill to provide for reconciliation pursuant to section 2 of the first concurrent resolution on the budget for fiscal year 1985, as passed the House of Representatives; jointly, to the Committees on Agriculture, Post Office and Civil Service, Energy and Commerce, Small Business, Veterans' Affairs, and Ways and Means.

By Mr. STRATTON (for himself and Mrs. HOLT):

H.R. 5395. A bill to authorize appropriations for the Department of Energy for national security programs for fiscal year 1985, and for other purposes; to the Committee on Armed Services.

By Mr. PHILIP M. CRANE (for himself, Mr. ADDABBO, Mr. ANNUNZIO, Mr. CHAPPELL, Mr. COUGHLIN, Mr. DANIEL B. CRANE, Mr. EDWARDS of Oklahoma, Mr. FOGLIETTA, Mr. GINGRICH, Mr. HYDE, Mr. JACOBS, Mr. KRAMER, Mr. LOWERY of California, Mr. MOAKLEY, Mr. MONTGOMERY, Mr. MURPHY, Mr. PASHAYAN, Mr. PAUL, Mr. PEPPER, Mr. ROE, Mr. RUDD, Mr. SENSENBRENNER, Mr. SMITH of New Jersey, Mr. STUMP, Mr. WHITEHURST, Mr. WINN, Mr. WOLF, and Mr. WON PAT):

H.R. 5396. A bill to authorize the National Committee of American Airmen Rescued by General Mihailovich to establish a monument to Gen. Draza Mihailovich in Washington, District of Columbia, or its environs, in recognition of the role he played in saving the lives of more than 500 U.S. airmen in Yugoslavia during World War II; to the Committee on House Administration.

By Mr. LEVITAS:

H.R. 5397. A bill to amend the Public Buildings Act of 1959 to authorize the Administrator of General Services to issue obligations to finance the acquisition and construction of public buildings; to the Committee on Public Works and Transportation.

By Mr. MONTGOMERY (for himself, Mr. HAMMERSCHMIDT, Mr. LEATH of Texas, Mr. SOLOMON, Mr. EDWARDS of California, Mr. WYLIE, Mr. EDGAR, Mr. HILLIS, Mr. SAM B. HALL, JR., Mr. MCEWEN, Mr. APPLEGATE, Mr. SMITH of New Jersey, Mr. SHELBY, Mr. DENNY SMITH, Mr. MICA, Mr. GRAMM, Mr. DASCHLE, Mr. BURTON of Indiana, Mr. DOWDY of Mississippi, Mr. SUNDQUIST, Mr. MARTINEZ, Mr. BILIRAKIS, Mr. EVANS of Illinois, Ms. KAPTUR, Mr. HARRISON, Mr. MOLLOHAN, Mr. PENNY, Mr. STAGGERS, Mr. ROWLAND, Mr. SLATTERY, Mr. BRYANT, Mr. FLORIO, Mr. RICHARDSON, Mr. HEFNER, and Mr. BONER of Tennessee):

H.R. 5398. A bill to amend title 38, United States Code, to provide a 15-percent increase in the rates of educational assistance paid under the GI bill and the rates of subsistence allowances paid under the Veterans' Administration rehabilitation program for veterans with service-connected disabilities, and to revise and extend the veterans' readjustment appointments program for the appointment of veterans in the civil service; to the Committee on Veterans' Affairs.

By Mr. DOWNEY of New York (for himself, Mr. RODINO, Mr. EDWARDS of California, Mr. LEACH of Iowa, Mr. CONYERS, Mr. BEDELL, Mr. AUCOIN, and Mr. STUDDS):

H.J. Res. 539. Joint resolution expressing opposition to the mining of the ports of Nicaragua; to the Committee on Foreign Affairs.

H.J. Res. 540. Joint resolution expressing disapproval of the President's decision to deny jurisdiction to the International Court of Justice with regard to Central America; to the Committee on Foreign Affairs.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 2053: Mr. LOTT, Mr. PATMAN, Mr. WHITTEN, and Mr. CONTE.

H.R. 2410: Mr. RAY.

H.R. 2447: Mr. TALLON.

H.R. 3277: Mr. TOWNS, Mr. MITCHELL, Mr. WEAVER, Mr. BROWN of California, Mr. STUDDS, and Mr. BOUCHER.

H.R. 4175: Mr. HAYES, Ms. KAPTUR, Mr. MITCHELL of Maryland, Mr. OLIN, Mr. RANGEL, Mr. REID, Mr. TOWNS, and Mr. WON PAT.

H.R. 4360: Mr. MAZZOLI, Mr. SIMON, Mr. DYMALLY, Mr. HARRISON, Ms. MIKULSKI, Mr. DICKS, Mr. FORD of Tennessee, Mr. SOLARZ, and Mr. LELAND.

H.R. 4455: Ms. KAPTUR, Mr. PARRIS, Mr. REGULA, Mr. LAGOMARSINO, Mr. KINDNESS, Mr. MARRIOTT, Ms. MIKULSKI, Mr. MCEWEN, Mr. WILSON, Mr. BURTON of Indiana, Mr. HORTON, Mr. LUNDINE, Mr. LEWIS of Florida, and Mr. HARTNETT.

H.R. 4813: Mr. GUARINI.

H.R. 4877: Mr. STOKES.
H.R. 4937: Mr. HARTNETT.
H.R. 4988: Mr. LAGOMARSINO and Mr. STUMP.
H.R. 5042: Mr. EDGAR.
H.R. 5243: Mr. ACKERMAN, Mr. BARNES, Mr. BEILENSON, Mr. BERMAN, Mr. FAUNTROY, Mr. FROST, Mr. LELAND, Mr. RANGEL, Mr. SMITH of Florida, Mr. TOWNS, Mr. WON PAT, and Mr. WYDEN.
H.R. 5247: Mr. MORRISON of Washington.
H.J. Res. 389: Mr. GUARINI.
H.J. Res. 447: Mr. CRAIG, Mr. IRELAND, Mr. HATCHER, Mr. RUDD, Mrs. VUCANOVICH, Mr. BARTLETT, Mr. MCGRATH, Mr. CLINGER, Mr. HEFNER, Mr. MCCANDLESS, Mr. RINALDO, Mr. KEMP, Mr. LUJAN, Mr. PACKARD, Mr. MYERS, Mr. HILER, Mr. BROYHILL, Mr. PEPPER, Mr. LEACH of Iowa, Mr. RIDGE, Mr. MARTIN of New York, Mr. LENT, Mr. SCHULZE, Mr. CORRADA, Mr. GARCIA, Mr. HUCKABY, Mr. ROEMER, Mr. NEAL, Mr. ERLENBORN, Mr. MARRIOTT, Mr. PANETTA, Mr. MCKERNAN, Mr. BIAGGI, Ms. FIEDLER, Mr. CONTE, Mr. MICA, Mr. LOWRY of Washington, Mrs. JOHNSON, Mr. FRANK, Mr. EDWARDS of Alabama, Mr. HANCE, Mr. MCCURDY, Mr. GREGG, Mr. DWYER of New Jersey, Mr. KINDNESS, Mr. NICHOLS, Mr. JENKINS, Mr. LOEFFLER, Mr. SKEEN, Mr. MORRISON of Washington, Mr. HOPKINS, Mr. DE LA GARZA, Mr. BROOMFIELD, Mr. MOLINARI, Mr. SMITH of New Jersey, Mr. WYLIE, Mr. THOMAS of California, Mr. GEKAS, Mr. REGULA, Mr. STANGELAND, Mr. FISH, Mr. CARR, Mr. TAUKE, Mr. NIELSON of Utah, Mr. SPENCE, Mr. LEVITAS, Mr. STUMP, Mr. MCCOLLUM, Mr. HARKIN, Mr. CARNEY, Mr. LATTA, Mr. SWIFT, Mr. ECKART, Mr. LIVINGSTON, Mr. LELAND, Mr. ERDREICH, Mr. MARLENEE, Mr. LEWIS of California, Mr. COATS, Mr. LEHMAN of Florida, Mr. GRADISON, Mr. CAMPBELL, Mr. DONNELLY, Mr. DREIER of California, Mr. HILLIS, Mr. HIGHTOWER, Mr. VANDER JAGT, Mr. ROTH, Mr. MONTGOMERY, Mr. WINN, Mr. DICKS, Mr. YOUNG of Florida, Mr. HUTTO, Mr. SILJANDER, Mr. MILLER of California, Mr. MILLER of Ohio, Mr. KOSTMAYER, Mr. MAZZOLI, Mr. SHAW, Mr. BETHUNE, Mr. BEREUTER, Mr. ARCHER, Mr. HARTNETT, Mr. ENGLISH, Mr. FASCELL, Mr. DOWNEY of New York, Mr. PARRIS, Mr. WILLIAMS of Ohio, Mr. CHENEY, Mr. GOODLING, Mr. MCDADE, Mr. EVANS of Iowa, Mr. GUNDERSON, Mr. PAUL, Mr. HANSEN of Idaho, Mrs. BOGGS, Mr. FLIPPO, Mr. OXLEY, Mr. BADHAM, Mr. ROGERS, Mr. PASHAYAN, Mr. BATEMAN, Mr. WILSON, Mrs. MARTIN of Illinois, Mr. HEFTEL of Hawaii, Mr. MCEWEN, Mr. MAVROULES, Mr. CROCKETT, Mr. STENHOLM, Mr. MCNULTY, Mr. FRENZEL, Mr. TAUZIN, Mr. KRAMER, Mr. ORTIZ, Mr. YOUNG of Missouri, Mr. LAGOMARSINO, Mr. HOYER, Mr. DEWINE, Mr. BROWN of Colorado, Mr. DAUB, Mrs. HOLT, Mr. ROE, Mr. LIPINSKI, Mr. CORCORAN, Mr. GINGRICH, Mr. PURSELL, Mr. RALPH M. HALL, Mr. HYDE, Mr. HAMMERSCHMIDT, Mr. MINETA, Mr. BROWN of California, Mr. HUCKABY, Mr. BEDELL, Mr. CHAPPIE, Mr. MOORE, Mr. WHITTAKER, Ms. SNOWE, Mr. LUKEN, Mr. HUGHES, Mr. GEPHARDT, Mr. CHANDLER, Mr. EMERSON, Mr. LANTOS, Mr. DYSON, Mr. LONG of Louisiana, Mr. FIELDS, Mr. DE LUGO, Mr. DUNCAN, Mr. EVANS of Illinois, Mr. MARTIN of North Carolina, Mr. JEFFORDS, Mr. HAMILTON, Mr. GRAMM, Mr. GREEN, Mr. COLEMAN of Missouri, Mr. EDWARDS of Oklahoma, Mr. GREGG, Mr. MCKINNEY, Mr. MACKAY, Mr. KASICH, Mr. DANIEL B. CRANE, Mr. COURTER, Mr. LOTT, Mr. MADIGAN, Mr. BILIRAKIS, Mr. MCCAIN, Mr. FRANKLIN, Mr. GILMAN, Mr. WEBER, Mr. DURBIN, Mr. SCHAEFER, Mr. SHUMWAY, and Mr. DANNEMEYER.
H.J. Res. 451: Mr. VALENTINE, Mr. GUARINI, and Mr. LANTOS.
H.J. Res. 487: Mr. DYSON, Mr. JEFFORDS, Mr. LELAND, Mr. MOORHEAD, and Mr. REGULA.
H.J. Res. 491: Mr. ANDERSON.
H.J. Res. 527: Mr. PATTERSON and Mr. MARKEY.
H.J. Res. 529: Mr. RAHALL, Mr. BROWN of Colorado, Mr. HEFTEL of Hawaii, Mr. FRENZEL, Ms. MIKULSKI, and Mrs. BOXER.
H. Con. Res. 239: Mr. CHAPPIE, Mr. GOODLING, Mr. SIMON, and Mr. LUNDINE.
H. Con. Res. 260: Mr. LAFALCE.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

S. 373

By Mr. FUQUA:
—Strike out title I (beginning on page 1, line 3, and ending on page 14, line 23) and insert in lieu thereof the following:

TITLE I—ARCTIC RESEARCH AND POLICY

SHORT TITLE

SEC. 101. This title may be cited as the "Arctic Research and Policy Act of 1984".

FINDINGS AND PURPOSES

SEC. 102. (a) The Congress finds and declares that—

(1) the Arctic, onshore and offshore, contains vital energy resources that can reduce the Nation's dependence on foreign oil and improve the national balance of payments;

(2) as the Nation's only common border with the Soviet Union, the Arctic is critical to national defense;

(3) the renewable resources of the Arctic, specifically fish and other seafood, represent one of the Nation's greatest commerical assets;

(4) Arctic conditions directly affect global weather patterns and must be understood in order to promote better agricultural management throughout the United States;

(5) industrial pollution not originating in the Arctic region collects in the polar air mass, has the potential to disrupt global weather patterns, and must be controlled through international cooperation and consultation;

(6) the Arctic is a natural laboratory for research into human health and adaptation, physical and psychological, to climates of extreme cold and isolation and may provide information crucial for future defense needs;

(7) atmospheric conditions peculiar to the Arctic make the Arctic a unique testing ground for research into high latitutde communications, which is likely to be crucial for future defense needs;

(8) Arctic marine technology is critical to cost-effective recovery and transportation of energy resources and to the national defense;

(9) the United States has important security, economic, and environmental interests in developing and maintaining a fleet of icebreaking vessels capable of operating effectively in the heavy ice regions of the Arctic;

(10) most Arctic-rim countries, particularly the Soviet Union, possess Arctic technologies far more advanced than those currently available in the United States;

(11) Federal Arctic research is fragmented and uncoordinated at the present time, leading to the neglect of certain areas of research and to unnecessary duplication of effort in other areas of research;

(12) improved logistical coordination and support for Arctic research and better dissemination of research data and information is necessary to increase the efficiency and utility of national Arctic research efforts;

(13) a comprehensive national policy and program plan to organize and fund currently neglected scientific research with respect to the Arctic is necessary to fulfill national objectives in Arctic research;

(14) the Federal Government, in cooperation with State and local governments, should focus its efforts on the collection and characterization of basic data related to biological, materials, and geophysical phenomena in the Arctic;

(15) research into the long-range health, environmental, and social effects of development in the Arctic is necessary to mitigate the adverse consequences of that development to the land and its residents;

(16) Arctic research expands knowledge of the Arctic, which can enhance the lives of Arctic residents, increase opportunities for international cooperation among Arctic-rim countries, and facilitate the formulation of national policy for the Arctic; and

(17) the Alaskan Arctic provides an essential habitat for marine mammals, migratory waterfowl, and other forms of wildlife which are important to the Nation and which are essential to Arctic residents.

(b) The purposes of this title are—

(1) to establish national policy, priorities, and goals and to provide a Federal program plan for basic and applied scientific research with respect to the Arctic, including natural resources and materials, physical and biological sciences, and social and behavioral sciences;

(2) to establish an Arctic Research Commission to promote Arctic research and to recommend Arctic research policy;

(3) to designate the National Science Foundation as the lead agency responsible for implementing Arctic research policy; and

(4) to establish an Interagency Arctic Research Policy Committee to develop a national Arctic research policy and a five year plan to implement that policy.

ARCTIC RESEARCH COMMISSION

SEC. 103. (a) The President shall establish an Arctic Research Commission (hereafter referred to as the "Commission").

(b)(1) The Commission shall be composed of five members appointed by the President, with the Director of the National Science Foundation serving as a nonvoting ex officio member. The members appointed by the President shall include—

(A) three members appointed from among individuals from academic or other research institutions with expertise in areas of research relating to the Arctic, including the physical, biological, health, environmental, and social sciences;

(B) one member appointed from among indigenous residents of the Arctic who are representative of the needs and interests of Arctic residents and who live in areas directly affected by Arctic resource development; and

(C) one member appointed from among individuals familiar with the Arctic and representative of the needs and interests of private industry undertaking resource development in the Arctic.

(2) The resident shall designate one of the appointed members of the Commission to be chairperson of the Commission.

(c)(1) Except as provided in paragraph (2) of this subsection, the term of office of each

member of the Commission appointed under subsection (b)(1) shall be four years.

(2) Of the members of the Commission originally appointed under subsection (b)(1)—

(A) one shall be appointed for a term of two years;

(B) two shall be appointed for a term of three years; and

(C) two shall be appointed for a term of four years.

(3) Any vacancy occurring in the membership of the Commission shall be filled, after notice of the vacancy is published in the Federal Register, in the manner provided by the preceding provisions of this section, for the remainder of the unexpired term.

(4) A member may serve after the expiration of the member's term of office until the President appoints a successor.

(5) A member may serve consecutive terms beyond the member's original appointment.

(d)(1) Members of the Commission may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code. Except for the purposes of chapter 81 of title 5 (relating to compensation for work injuries) and chapter 171 of title 28 (relating to tort claims), a member of the Commission shall not be considered an employee of the United States for any purpose.

(2) The Commission shall meet at the call of its Chairman or a majority of its members.

(3) Each Federal agency referred to in section 107(b) may designate a representative to participate as an observer with the Commission. These representatives shall report to and advise the Commission on the activities relating to Arctic research of their agencies.

(4) The Commission shall conduct at least one public meeting in the State of Alaska annually.

DUTIES OF COMMISSION

SEC. 104. (a) The Commission shall—

(1) develop and recommend an integrated national Arctic research policy;

(2) in cooperation with the Interagency Arctic Research Policy Committee established under section 107, assist in establishing a national Arctic research program plan to implement the Arctic research policy;

(3) facilitate cooperation between the Federal Government and State and local governments with respect to Arctic research;

(4) review Federal research programs in the Arctic and suggest improvements in coordination among programs;

(5) recommend methods to improve logistical planning and support for Arctic research as may be appropriate and in accordance with the findings and purposes of this title;

(6) suggest methods for improving efficient sharing and dissemination of data and information on the Arctic among interested public and private institutions;

(7) offer other recommendations and advice to the Interagency Committee established under section 107 as it may find appropriate; and

(8) cooperate with the Governor of the State of Alaska and with agencies and organizations of that State which the Governor may designate with respect to the formulation of Arctic research policy.

(b) Not later than January 31 of each year, the Commission shall—

(1) publish a statement of goals and objectives with respect to Arctic research to guide the Interagency Committee established under section 107 in the performance of its duties; and

(2) submit to the President and to the Congress a report describing the activities and accomplishments of the Commission during the immediately preceding fiscal year.

COOPERATION WITH THE COMMISSION

SEC. 105. (a)(1) The Commission may acquire from the head of any Federal agency unclassified data, reports, and other nonproprietary information with respect to Arctic research in the possession of the agency which the Commission considers useful in the discharge of its duties.

(2) Each agency shall cooperate with the Commission and furnish all data, reports, and other information requested by the Commission to the extent permitted by law; except that no agency need furnish any information which it is permitted to withhold under section 552 of title 5, United States Code.

(b) With the consent of the appropriate agency head, the Commission may utilize the facilities and services of any Federal agency to the extent that the facilities and services are needed for the establishment and development of an Arctic research policy, upon reimbursement to be agreed upon by the Commission and the agency head and taking every feasible step to avoid duplication of effort.

(c) All Federal agencies shall consult with the Commission before undertaking major Federal actions relating to Arctic research.

ADMINISTRATION OF THE COMMISSION

SEC. 106. The Commission may—

(1) in accordance with the civil service laws and subchapter III of chapter 53 of title 5, United States Code, appoint and fix the compensation of an Executive Director and necessary additional staff personnel, but not to exceed a total of seven compensated personnel;

(2) procure temporary and intermittent services as authorized by section 3109 of title 5, United States Code;

(3) enter into contracts and procure supplies, services, and personal property; and

(4) enter into agreements with the General Services Administration for the procurement of necessary financial and administrative services, for which payment shall be made by reimbursement from funds of the Commission in amounts to be agreed upon by the Commission and the Administrator of the General Services Administration.

LEAD AGENCY AND INTERAGENCY ARCTIC RESEARCH POLICY COMMITTEE

SEC. 107. (a) The National Science Foundation is designated as the lead agency responsible for implementing Arctic research policy, and the Director of the National Science Foundation shall insure that the requirements of section 108 are fulfilled.

(b)(1) The President shall establish an Interagency Arctic Research Policy Committee (hereinafter referred to as the "Interagency Committee").

(2) The Interagency Committee shall be composed of representatives of the following Federal agencies or offices:

(A) the National Science Foundation;

(B) the Department of Commerce;

(C) the Department of Defense;

(D) the Department of Energy;

(E) the Department of the Interior;

(F) the Department of State;

(G) the Department of Transportation;

(H) the National Aeronautics and Space Administration;

(I) the Environmental Protection Agency; and

(J) any other agency or office deemed appropriate.

(3) The representative of the National Science Foundation shall serve as the Chairperson of the Interagency Committee.

DUTIES OF THE INTERAGENCY COMMITTEE

SEC. 108. (a) The Interagency Committee shall—

(1) survey Arctic research conducted by Federal, State, and local agencies, universities, and other public and private institutions to help determine priorities for future Arctic research, including natural resources and materials, physical and biological sciences, and social and behavioral sciences;

(2) work with the Commission to develop and establish an integrated national Arctic research policy that will guide Federal agencies in developing and implementing their research programs in the Arctic;

(3) consult with the Commission on—

(A) the development of the national Arctic research policy and the 5-year plan implementing the policy;

(B) Arctic research programs of Federal agencies;

(C) recommendations of the Commission on future Arctic research; and

(D) guidelines for Federal agencies for awarding and administering Arctic research grants;

(4) develop a 5-year plan to implement the national policy, as provided for in section 109;

(5) provide the necessary coordination, data, and assistance for the preparation of a single integrated, coherent, and multiagency budget request for Arctic research as provided for in section 110;

(6) facilitate cooperation between the Federal Government and State and local governments in Arctic research, and recommend the undertaking of neglected areas of research in accordance with the findings and purposes of this title;

(7) coordinate and promote cooperative Arctic scientific research programs with other nations, subject to the foreign policy guidance of the Secretary of State;

(8) cooperate with the Governor of the State of Alaska in fulfilling its responsibilities under this Title;

(9) promote Federal interagency coordination of all Arctic research activities, including—

(A) logistical planning and coordination; and

(B) the sharing of data and information associated with Arctic research, subject to section 552 of title 5, United States Code; and

(10) provide public notice of its meetings and an opportunity for the public to participate in the development and implementation of national Arctic research policy.

(b) Not later than January 31, 1986, and biennially thereafter, the Interagency Committee shall submit to the President and the Congress a brief, concise report containing—

(1) a statement of the activities and accomplishments of the Interagency Committee since its last report; and

(2) a description of the activities of the Commission, detailing with particularity the recommendations of the Commission with respect to Federal activities in Arctic research.

FIVE-YEAR ARCTIC RESEARCH PLAN

SEC. 109. (a) The Interagency Committee, in consultation with the Commission, the Governor of the State of Alaska, the resi-

dents of the Arctic, the private sector, and public interest groups, shall prepare a comprehensive 5-year program plan (hereinafter referred to as the "Plan") for the overall Federal effort in Arctic research. The Plan shall be prepared and submitted to the President for transmittal to the Congress within one year after the enactment of this Act and shall be revised biennially thereafter.

(b) The Plan shall contain but need not be limited to the following elements:

(1) an assessment of national needs and problems regarding the Arctic and the research necessary to address those needs or problems;

(2) a statement of the goals and objectives of the Interagency Committee for national Arctic research;

(3) a detailed listing of all existing Federal programs relating to Arctic research, including the existing goals, funding levels for each of the 5 following fiscal years, and the funds currently being expended to conduct the programs;

(4) recommendations for necessary program changes and other proposals to meet the requirements of the policy and goals as set forth by the Commission and in the Plan as currently in effect; and

(5) a description of the actions taken by the Interagency Committee to coordinate the budget review process in order to ensure interagency coordination and cooperation in (A) carrying out Federal Arctic research programs, and (B) eliminating unnecessary duplication of effort among these programs.

COORDINATION AND REVIEW OF BUDGET REQUESTS

SEC. 110. (a) The Office of Science and Technology Policy shall—

(1) review all agency and department budget requests related to the Arctic transmitted pursuant to section 108(a)(5), in accordance with the national Arctic research policy and the 5-year program under section 108(a)(2) and section 109, respectively; and

(2) consult closely with the Interagency Committee and the Commission to guide the Office of Science and Technology Policy's efforts.

(b)(1) The Office of Management and Budget shall consider all Federal agency requests for research related to the Arctic as one integrated, coherent, and multiagency request which shall be reviewed by the Office of Management and Budget prior to submission of the President's annual budget request for its adherence to the Plan. The Commission shall, after submission of the President's annual budget request, review the request and report to Congress on adherence to the Plan.

(2) The Office of Management and Budget shall seek to facilitate planning for the design, procurement, maintenance, deployment, and operations of icebreakers needed to provide a platform for Arctic research by allocating all funds necessary to support icebreaking operations, except for recurring incremental costs associated with specific projects, to the Coast Guard.

AUTHORIZATION OF APPROPRIATIONS; NEW SPENDING AUTHORITY

SEC. 111. (a) There are authorized to be appropriated such sums as may be necessary for carrying out this title.

(b) Any new spending authority (within the meaning of section 401 of the Congressional Budget Act of 1974) which is provided under this title shall be effective for any fiscal year ony to such extent or in such amounts as may be provided in appropriation Acts.

DEFINITION

SEC. 112. As used in this title, the term "Arctic" means all United States and foreign territory north of the Arctic Circle and all United States territory north and west of the boundary formed by the Porcupine, Yukon, and Kuskokwim Rivers; all contiguous seas, including the Arctic Ocean and the Beaufort, Bering, and Chukchi Seas; and the Aleutian chain.

SENATE—*Monday, April 9, 1984*

(Legislative day of Monday, March 26, 1984)

The Senate met at 11 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray.

Let us be silent for a moment in memory of Senator Frank Church and his loved ones.

*Thus saith the Lord God, the holy one of Israel * * * in quietness and in confidence shall be your strength.* * * *.—Isaiah 30: 15.

Be still and know that I am God * * *.—Psalm 46: 10.

God of peace, we live in a noisy world. We are surrounded by noise, engulfed by noise, assaulted by noise, immersed in noise—aircraft overhead, the roar of traffic with its horns and sirens, the clatter and whir of office machines, even music is noisy. But perhaps worst of all, the cacophony of words—millions of them—like an avalanche burying us. We remember when noise was the exception—silence the rule. Now noise is normal—silence the distraction. We are startled by silence but we are starved for silence and we are losing our way.

Loving Lord, help us to find our way to Thee. Help us to seek silence that we may hear Thee. God of exquisite silence, as Thou didst speak to Elijah, not in the wind, not in the earthquake, not in the fire, but in a still small voice, speak to us. Help us to find quietness—and in it Thee. In Jesus' name. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

Mr. BAKER. I thank the Chair.

COMMENDING THE CHAPLAIN OF THE SENATE

Mr. BAKER. Mr. President, once again I commend the Chaplain on his prayer this morning. As a middle-aged grandparent who has had his two young grandsons in residence for the last 2 weeks, I can attest to the fact that silence is the exception rather than the rule.

Mr. President, let me say also that I have seldom had a more happy time in my existence than their presence in Washington during that time. Those remarks are not meant to be a criticism, but rather a comment and commentary on the Chaplain's good prayer this morning.

SENATE SCHEDULE

Mr. BAKER. Mr. President, after the leader time today, there will be special orders in favor of three Senators and then time for the transaction of routine morning business until 1 p.m.

After that, the Senate will resume consideration of the Federal Boat Safety Act. It is expected that the Finance Committee, perhaps under the cosponsorship of the chairman and the ranking member, Senators DOLE and LONG, will offer, as an amendment to the boat bill, the Finance Committee bill of some 1,300 pages in length dealing with the so-called revenue package.

I do not know, Mr. President, how late we will be in today, tomorrow, or any other day this week. I intend to confer with the minority leader on that subject and then, of course, with the two managers. The leadership on this side is prepared to stay as long as they feel they can accomplish useful work, which may mean that there will be late evenings, or it may not. That depends on the conferences I have just referred to, in part.

Mr. President, the Senate is scheduled to go out on Thursday or Friday of this week. I say Thursday because it is my understanding that the resolution which will come over from the House of Representatives will provide for an adjournment either on Thursday or Friday for the Easter recess.

How that works, Mr. President, depends also on the pace of business that we are able to establish and the wishes of the two managers of the tax amendment to the boat bill.

Mr. President, there may be other matters that we can take up temporarily. An accumulating number of measures are on the calendar that appear on first blush to lend themselves to short time limitations, maybe even action by unanimous consent. So I am asking the staff on this side of the aisle to explore the possibility of clearing some of those measures to be dealt with this week if possible before we proceed to the pending business on the several days that we will be in session this week.

I will try to tighten up that statement of the schedule of the Senate after I have consulted with the minority leader and with the two managers of the bill, with the staff, and other Senators. For the moment, Mr. President, I think that is about as well as I can state it.

Once again, Senators should expect to be in each day this week, with the possibility of late evenings. I will have a further announcement to make later.

DEATH OF FORMER SENATOR FRANK CHURCH, OF IDAHO

Mr. BAKER. Mr. President, I am sure I share with every Senator the sadness of the Senate in learning of the death of our former colleague from Idaho, Senator Frank Church.

At the appropriate time, I intend to yield a portion of my leader time to the distinguished senior Senator from Idaho so he may formally notify the Senate in that respect. Before I do so, I wish to yield to the minority leader so that he may claim his time under the standing order.

VITIATION OF SPECIAL ORDER FOR SENATOR MURKOWSKI

Mr. BAKER. Mr. President, before I yield to the minority leader, I am advised that one of the three Senators has no need for the special order in his favor. Therefore, I ask unanimous consent that the special order in favor of Senator MURKOWSKI be vitiated.

The PRESIDING OFFICER (Mr. SYMMS). Without objection, it is so ordered.

Mr. BAKER. Mr. President, may I ask the minority leader if he would object to my reserving the remainder of my time so I may yield to the Senator from Idaho at the conclusion of the minority leader's time?

Mr. BYRD. Not at all.

RECOGNITION OF THE MINORITY LEADER

The PRESIDING OFFICER. The minority leader is recognized.

Mr. BYRD. I thank the Chair.

DEATH OF FORMER SENATOR FRANK CHURCH, OF IDAHO

Mr. BYRD. Mr. President, I associate myself with the remarks of the distinguished majority leader with respect to the passing of our late former colleague Senator Church.

THE NATION HAS LOST A VOICE OF REASON IN FOREIGN POLICY

Mr. President, the Nation has lost an eloquent and reasonable voice in foreign policy matters with the death this past weekend of a former colleague, Frank Church.

For 24 years, as a U.S. Senator from Idaho, Frank Church was in the forefront of the major foreign policy issues of our time—the Vietnam war, arms control, the Panama Canal Treaties, and intense scrutiny given to the activities of the Central Intelligence Agency.

Despite his failing health, due to the debilitating effects of pancreatic cancer, Frank Church continued to give us the benefit of his wisdom and foresight. In an article appearing in the March 11, 1984, edition of the Washington Post, the former chairman of the Senate Committee on Foreign Relations spelled out very forcefully and reasonably why our present policy toward Central America was doomed to failure.

Entitled, "We Must Learn To Live with Revolutions: If the U.S. Can Befriend China, It Can Accept Nicaragua," Senator Church pointed out that the United States, for the past 40 years, has had difficulty understanding that Third World revolutions are primarily nationalist, not Communist.

In 1966, Frank Church warned that "no nation, not even our own, possesses an arsenal so large or a treasury so rich as to dampen down the fires of smoldering revolution throughout the whole awakening world." These are words we have failed so often in not heeding. These are words which are particularly relevant to the crisis we confront in Central America today.

Mr. President, Erma and I offer our condolences to Senator Church's wife, Bethine, and to their two sons, Forrest and Chase. Bethine has been a staunch marriage partner and political partner of our former colleague. She shared much adversity with Senator Church, going back to his first bout with cancer in 1947, shortly after they were married.

Fortunately for the Nation, surgery and radiation treatments gave Frank Church 37 more years with us after doctors had given him only 6 more months to live. While this is a time of sadness, it is also a time of thankfulness that we had the benefit of his wisdom during his 24 years of service to his State and Nation while in the U.S. Senate, and his continued service once he left this body.

Mr. President, before I proceed under the standing order for the recognition of the two leaders, I think it appropriate if I yield the floor to the distinguished Senator from Idaho (Mr. McCLURE) so that he may proceed to speak with regard to our former colleague's passing.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. McCLURE. Mr. President, we pause today to remember and commemorate the life of our colleague, Frank Church, who served in this body with great distinction from 1956 through 1980.

While I know that many of my colleagues have warm and vivid memories of their relationship with Frank, I hold some that are particularly special. For 8 years, Frank and I served together as Senators for Idaho. And during that time, I grew to understand and respect him for his steadfastness in the beliefs that he held.

In remembering the life and career of Frank Church, several things come to mind. He was an outstanding public speaker—one of the highest order and the best traditions in this body. His love for words and his skill at using them moved the opinions of many in this body, in Idaho, and across the Nation.

His speaking skills first gained national prominence when, as a junior at Boise High School, he won the American Legion's national oratory contest. In 1952, he was selected as the keynote speaker at the Idaho State Democratic Convention. Prior to his candidacy for the Senate, he taught public speaking at what is now Boise State University.

Frank's speaking ability was respected by both sides of the aisle. In 1958, Vice President Nixon selected Frank to deliver George Washington's Farewell Address here in the Senate Chamber, and he did it with memorable style. Two years later, Frank was chosen to deliver the keynote address at the Democratic National Convention in Los Angeles.

Another characteristic of Frank's career that stands out is his strong convictions. Frank fought for and spoke out on the issues he believed in with vigor and with unswerving perseverence. That, to me, is one of the highest standards that an elected official can achieve.

Frank will also be remembered for his work on environmental issues. Much of his knowledge of our wild lands came, of course, from his upbringing in Idaho. But his concerns were not limited to Idaho alone.

Frank played a significant role in the passage of the Wilderness Act of 1964, establishing the National Wilderness Preservation System. Legislation he introduced in 1967 established the National Wild and Scenic Rivers System, which has led to the protection of some of our country's most beautiful stretches of water.

While Frank was deeply involved in both national and international affairs, he remained loyal to his native Idaho—and for this he will long be remembered back home.

Frank and I did not always see eye to eye on a lot of issues. Frank's roots were in the Democratic politics from his earliest days, and my background is a Republican one. So, understandably, we ended up differing with each other a good deal of the time.

But when issues came before the Senate that affected the State of Idaho, our political differences took a back seat to the overriding duty we both had to our State. We worked particularly closely on legislation creating the Hells Canyon National Recreation Area in 1978, as well as the Central Idaho Wildernsss Act of 1980.

That act gave wilderness designation to over 2.2 million acres of land surrounding the Salmon River. Historically, this magnificent stretch of water has been know as the "River of No Return," and the scenic qualities of the land surrounding it are legend. That wilderness area now bears Frank's name, and it is a fitting tribute to his concern and work on behalf of our Nation's wild lands. I know just how deeply he appreciated the support that his colleagues in this body gave to the prompt passage of that act.

In addition to his work on wilderness issues, many memories we have of Frank Church are tied to the important statements he made when he was in Idaho.

For instance, when Frank announced his candidacy for the Presidency in 1976, he did not do it amidst the hoopla and clamor of a Washington press conference. Instead, he chose to do it in Idaho City—a small mining town of less than 200 people today, about an hour's drive from Boise. He made his formal announcement standing on a wooden sidewalk, in front of the old Idaho City Courthouse.

His choice of setting was no accident. For it was on that same sidewalk that his father-in-law, Chase Clark, announced in 1941 that he would be a candidate for the Governorship of Idaho. Chase Clark won that election, and he served as chief executive of the State for the next 4 years.

Frank had battled cancer before this last bout. It was back when he was in college, and his doctors told him he then only had 6 months to live. But Frank was not daunted by that bout or by that doctor's verdict. He rallied back and went on to hold one of the most noted careers of public service in Idaho's history. When I spoke with him following his recent surgery, I could not help but think that Frank would hurdle this obstacle the way he hurdled all the others—with determination and with grace.

Mr. President, the impression that Frank left on Idaho and on this body will not soon be forgotten. I know I join with my colleagues in extending my deepest sympathies to Bethine and to Forrest and to Amy and to Chase,

and to the entire Church family and to the host of friends he still has.

Mr. President, I think it is fitting that the junior Senator from Idaho is the Presiding Officer of the Senate at this particular moment. Of course, there will be a time later for the expression of eulogies and tributes by other Members of the body. I thank both the majority leader and the minority leader for yielding this time that I might make this statement at this time.

THE CLOTURE MOTION ON THE TAX AMENDMENT

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. BYRD. Mr. President, I hope that there will not be a cloture motion offered with respect to the tax amendment—at least very early on. I have heard that a cloture motion might be introduced today, immediately upon the callup and the offering of the tax amendment. I hope that will not be the case. I certainly want to cooperate in every way that I can to expedite the action of the Senate on the combination of measures that will probably be enacted, at least in considerable part, as one package, even though I do not like to see the budget reform process used in this manner.

I do not say what I am saying in order to be provocative or to be critical of the procedures that may be utilized by the leadership on the other side of the aisle and perhaps in concert with some on this side of the aisle. I merely call attention to the fact that this tax amendment consists of 1,334 pages. It is going to take a little time, I would hope, for Senators and their staffs to study the amendment and prepare amendments to the amendment if they so desire. So, if a cloture motion were to be offered upon the presentation of the amendment—that would be today—it would mean that the vote on cloture would occur on Wednesday of this week.

That is too soon, in my judgment, Mr. President, for cloture to be invoked—and it may fail to be invoked on that day. It would be up to each individual Senator as to how he wished to vote on cloture. He may wish to vote to invoke cloture or otherwise.

Mr. President, I have never, since I have been the minority leader in this body, sought to obstruct for the sake solely of obstructing the majority leadership in the enactment of measures. I do not want to do that. I do not plan to engage in any obstructionist tactics if I can avoid doing so. I simply make the case as best I can for a reasonable time for study and consideration of, and the offering of amendments to the tax amendment.

Senators should feel that they have an adequate opportunity to debate, to study, and to amend the amendment. I hope that the manger of the amendment and the comanager on this side would give an indication prior to the offering of the tax amendment as to what may be his or their plans anent the offering of a cloture motion. Obviously, if one wished to do so, one could object to the dispensing of the reading of the amendment and the Senate would have to stay in session day and night until the reading of the tax amendment is completed.

I do not want to resort to that extreme measure, but it is within the rules. I would guess that the reading of 1,334 pages would require a great number of hours. If there were objection to calling off that reading, the reading would take precedence over anything else. No cloture motion could be offered during the reading to the amendment; a motion to adjourn or recess could not be made.

That would be an extreme step perhaps, but I hope that the managers of this amendment will give consideration to my expression of hope that a cloture motion will not be offered so immediately as I have heard might be the case.

Of course, there are all kinds of rumors always to be heard around here, and sometimes I am tempted to start one myself. But I know the majority leader is a very reasonable man. I know he would like to see this whole package enacted this week, but he has never been one to want to see the rights of the minority—and it could be a minority on his side of the aisle as well—trampled upon in the interest only of getting quick action on a measure. I have reason to believe that the manager of the amendment, Mr. DOLE, and the comanager, Mr. LONG, would likewise be as reasonable. I think that I am voicing a reasonable request, that being that we not rush into the offering of cloture motions at least for a few days, which could be 2 or 3 days, or more depending on the circumstances, I would hope.

If I have time remaining I yield to the distinguished majority leader.

Mr. BAKER. Mr. President, do I have time remaining?

The PRESIDING OFFICER. There is no time left for the majority leader and 45 seconds left for the minority leader.

Mr. BAKER. I thank the Chair. I thank the minority leader for yielding.

Mr. President, I have listened with great interest to the statement made by the minority leader, and of course he can do what he says. Let me say it was not my idea in the first place to file cloture, and I am not talking out of school when I point out that that suggestion was made by the distinguished ranking minority member of the committee, Senator LONG. If I recall correctly, it was first brought up in the minority leader's office. I do not care; at some point the leadership on this side would be disposed to file cloture if the matter gets out of hand or if there are other good reasons to do that. But as far as I am concerned, that is a matter between Senator DOLE and Senator LONG and the leadership. If they want to file cloture today, I suppose I would consider that with the managers. And if they do not, I will be perfectly agreeable.

But I just wanted to make the point it is not part of the leadership strategy on this side to do that. That suggestion came from the other side of the aisle and specifically from Senator LONG. I believe Senator LONG was joined in that by Senator DOLE. I believe their purpose was not to limit debate but to invoke germaneness. I believe also that that has been done in other tax packages in the past. But once again may I say to my friend, the minority leader, that is not part of my strategy and I have no intention of doing that unless and until the two managers come to me and insist on it. So I urge that Senator DOLE and Senator LONG may consult with the minority leader and with me if they choose on how they wish to proceed further. But I wanted to make it clear for this Record that that was not a part of the strategy, and I am prepared to take whatever reasonable time we need in order to deal with this measure.

I would note parenthetically that the tax bill came out of the Finance Committee by a vote of 20 to nothing, and I expect that Senator DOLE and Senator LONG problably can agree on a strategy that they wish to follow.

I am sure the minority leader understands why I say that, but I did not want the Record to reflect any innuendo or suggestion, as I am sure the minority leader did not intend, that the majority or the majority leader is trying to gag anybody on this measure. That was not my suggestion. That is not part of my plan. My intention is to do within reason what the two managers suggest we should do.

Mr. BYRD. Mr. President, I ask unanimous consent that I may proceed for 1 minute.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, I hope I did not leave the implication, I would certainly not want to have left the implication, that the majority leader plans or has planned, or that I have heard that he plans, to offer a cloture motion. If I left that implication, I want the Record to also show from my side of the aisle that that was not intended. I have not heard that. I talked to the majority leader earlier this morning on the telephone and indicated my concern about such a possibility, but I have not thought that the majority leader was going to act in that manner. I had heard, however,

that the managers planned to offer a cloture motion today. My remarks were intended not to be critical of any Senator, whether he be a manager of the amendment or otherwise, but to express the concern on this side that I have heard that a cloture motion would be offered today upon the presentation of the amendment. I have not had an opportunity to discuss that with the Senator from Kansas or the Senator from Louisiana. I simply hope that I will have the opportunity, before the amendment is offered, to know whether or not there is a plan to offer a cloture motion today.

Mr. BAKER. I thank the minority leader, and I can assure him as I develop more on this I will share it with him.

RECOGNITION OF SENATOR KASTEN

Mr. BAKER. Mr. President, I see that the Senator claiming the first special order is on the floor, and he appears anxious to proceed.

The PRESIDING OFFICER. Under the previous order, the Senator from Wisconsin (Mr. KASTEN) is recognized for not to exceed 15 minutes.

VOTING PRACTICES IN THE UNITED NATIONS—CHEMICAL WEAPONS

Mr. KASTEN. Mr. President, this is my fifth speech on the voting practices of the United Nations, and today's subject is the U.N. General Assembly's record on the issue of chemical warfare.

It is interesting to note that President Reagan announced just 5 days ago that Vice President BUSH would travel to Geneva this month to submit to the United Nations Committee on Disarmament the draft of a proposed treaty to put into effect a comprehensive, verifiable worldwide ban on chemical weapons. President Reagan said the American initiative would prohibit the production, possession, and use of chemical weapons. And he noted: "The shortcomings of earlier chemical weapons treaties have been made tragically clear in recent years."

Now I would like to address the issue of chemical warfare in the U.N. General Assembly. In 1982 an overwhelming majority of the Assembly showed its concern with the matter by adopting a resolution requesting the U.N. Secretary General to make ready a list of experts and laboratories qualified to respond reliably and impartially on short notice whenever a U.N. member state should request an investigation of suspected use of illegal chemical weapons.

This resolution was entitled "Provisional Procedure To Uphold the Authority of the 1925 Geneva Protocol." The 1925 protocol banned the use in war of chemical and bacteriological weapons in an attempt to prevent repetition of the horror of gas warfare as practiced during the First World War.

That 1982 resolution was approved by an overwhelming vote of 86 in favor to 19 opposed, with 33 abstentions. Interestingly, all the "Noes" were from the Soviet bloc or its supporters such as Syria, Libya, and Congo (Brazzaville). Abstentions included Mexico, Argentina, Bolivia, Brazil, Panama, and Venezuela.

It was in large part thanks to the 1982 General Assembly resolution's mandate and the mechanisms the Secretary General prepared in accord with it that U.N. experts were able to respond as rapidly as they did to the gruesome practices of the Iran-Iraq war.

Just last week, we read reports of the return of a team of U.N. investigators from Iran where they had found, in a battlefield in the south of the country, samples of tabun, a form of nerve gas, a chemical weapon allegedly used illegally by Iraq in its ongoing war with Iran.

This form of nerve gas is estimated to be 10 times more lethal than mustard gas. The State Department believes, as I understand it, that the reports of Iraqi use of mustard gas and nerve gas are credible. Accordingly, the United States joined other U.N. Security Council Members in issuing a consensus statement condemning the use of chemical weapons.

It is noteworthy that in other instances of illegal chemical weapons use, most notably the use of lethal agents against helpless civilians and resistance fighters in Afghanistan, Laos, and Cambodia by the Soviet Union and Vietnam, the international community has not made haste to issue condemnations.

In the recent case of chemical warfare in the Iran-Iraq war, the Iranian authorities allowed the U.N. experts to examine the battleground on Iranian soil where the chemical weapons had been used. The Iranians also allowed the U.S. team to examine chemical war victims or their corpses in morgues and hospitals. It was, of course, in the Iranian interest to permit this investigation.

But U.N. experts have met no such cooperation in their efforts to investigate charges of use of illegal chemical weapons by the Soviet Army against helpless civilians and resistance fighters in Afghanistan, nor has there been any cooperation concerning the use of illegal chemical weapons by the Vietnamese Army against resistance fighters in Cambodia and against innocent hill tribe villagers in Laos. The team of experts organized by the U.N. Secretary General repeatedly has sought and repeatedly has been denied access to each of the Communist-controlled countries. While prevented from conducting on-site investigations in these three countries, the U.N. experts team reported in 1982 that "it could not disregard the circumstantial evidence suggestive of the possible use of some sort of toxic chemical substance in some instances."

Soviet and Vietnamese intransigence has not prevented conclusive investigation. "Yellow rain" toxin samples and specimens of blood, urine, and tissue from victims have reached the outside world from Afghanistan, Cambodia, and Laos. U.S. Government laboratories, Canadian Government laboratories, and the research facilities of independent universities in the United States, Canada, and Thailand have found evidence in these samples of toxic chemicals not naturally present in Laos, Cambodia, or Afghanistan. According to Secretary of State Shultz, "a common factor in the evidence is Soviet involvement in the use of these weapons in all three countries."

Mr. President, Soviet-made chemical weapons are responsible for the deaths of at least 10,000 persons in Southeast Asia and Afghanistan. Many of these have been women and children. It is no wonder that the Soviets and their Vietnamese allies have not allowed international investigators access to the battlegrounds. It should come as no surprise, either, that the Soviets have opposed the impartial investigatory mandate given by the U.N. General Assembly and the mechanisms of implementation established by the Secretary General.

Last year the U.N. General Assembly reaffirmed its resolution of the previous year and asked the Secretary General to continue to pursue "the task entrusted to him" toward systematizing the definitive investigation of charges of chemical weapons use. This resolution was among the 10 "key votes" highlighted in the Department of State's report to Congress on voting practices in the United Nations.

The resolution passed by a large majority. It named no names, employed neutral, if morally clear language, and should have been utterly unobjectionable to any civilized, innocent party. Nevertheless, the Soviets, their puppets and their fellow travelers voted "No." This time there were 20 instead of 19 "Noes." The added vote came from India.

While 97 U.N. members—including the vast majority of the democracies—voted in favor of the 1983 resolution on chemical weapons, it was disturbing again to find some of our Western Hemisphere neighbors, such as Mexico, Brazil, Argentina, and Panama among the small number casting abstentions. I should hope that our hemispheric neighbors would be mindful that the scourge of illegal chemical warfare is not simply an ele-

ment of an "East-West" conflict from which they may choose to disassociate themselves. Indeed, the evidence is quite clear that chemical warfare is especially a scourge to the Third World. It is plain that lethal chemicals are the weapons preferred by the Soviets in putting down resistance to Communist tyranny in Afghanistan, Laos, and Cambodia.

Needless to say, illegal chemical weapons use is an issue of great importance. It is not a complex issue. Since 1925 the international community has been in agreement on restraining the use of chemical warfare. Those restraints have been observed until recently. Now, 60 years after the signing of the first international instrument against the use of chemical weapons in warfare, we must insure that those restraints not become unravelled.

Mr. President, I ask unanimous consent that a table showing those countries which voted against the U.S. position on this issue and are scheduled to receive U.S. foreign assistance in fiscal year 1985 be printed in the RECORD at the conclusion of my remarks. This list also includes those countries which abstained. This table, in addition to showing the fiscal year 1985 proposed foreign assistance levels, also shows the current year levels and the historic levels of assistance from 1946 through the fiscal year 1985 proposal.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

CHEMICAL AND BACTERIOLOGICAL WEAPONS—NATIONS VOTING AGAINST THE RESOLUTION

[Dollars in millions]

	Fiscal year 1985	Fiscal year 1984	1946–1985
Congo	1.1	3.0	21.3
Ethiopia	3.7	6.4	688.1
Mozambique	(1)	6.2	82.3
India	212.3	224.1	11,411.4
Abstentions			
Africa:			
Equatorial Guinea	1.8	1.8	7.1
Comoros	.8	1.1	3.7
Tanzania	3.1	11.0	350.7
Upper Volta	19.0	16.9	234.3
Uganda	10.1	9.1	97.0
Seychelles	2.4	2.5	14.0
Cape Verde	5.8	6.4	67.0
Benin	3.0	3.0	65.8
Sao Tome	.2	.7	3.5
Madagascar	10.3	9.3	71.0
Guinea Bissau	2.9	2.8	34.6
Algeria	(1)		203.3
Angola	.2	2.0	18.4
Asia and Pacific:			
Burma	20.3	17.3	275.2
Sri Lanka	74.3	72.6	880.4
Jordan	117.1	136.7	2,871.0
Cyprus	3.0	15.0	211.3
Yemen Arab Republic	47.8	37.1	305.7
Latin America:			
Venezuela	(1)	(1)	353.8
Brazil	.3	.1	3,068.8
Panama	60.3	62.0	603.9
Mexico	9.2	8.7	386.7
Grenada	.3	15.2	15.5
Europe: Finland	.1	.1	57.4
Eastern Europe: Yugoslavia	.2	.1	2,832.5

[1] Less than $50,000.

RECOGNITION OF SENATOR PROXMIRE

The PRESIDING OFFICER. Under the previous order, the senior Senator from Wisconsin (Mr. PROXMIRE) is recognized for not to exceed 15 minutes.

CAN CITIZENS MAKE A DIFFERENCE IN FORMULATING NUCLEAR ARMS POLICY?

Mr. PROXMIRE. Mr. President, the most striking contradiction in this democracy is the shocking difference between the overwhelming public support for our country negotiating a comprehensive halt to the nuclear arms race and the flat determination of our President against even trying to do it. What can American citizens do about this massive contradiction? After all, the threat of nuclear war makes every other issue pale into insignificance. In a nuclear war our country would lose everything. Half of our people would die. Most would die the most agonizing kind of death from burns without any prospect of medical care. Hospitals would be demolished in the first few minutes of a nuclear war. Most doctors would promptly perish with most of the rest of the urban population.

Almost all remaining Americans would starve or freeze to death in the nuclear winter that would envelop the planet following a nuclear war. Certainly there is no price we should pay that would be too high to avoid such a catastrophe. Other issues: The deficit, unemployment, inflation, civil rights, education, abortion, school prayer, crime—all these are critical issues to the people we represent and to the kind of country in which we live, but they cannot hold a candle to the importance of preventing nuclear war.

So why is it that on this—the one big issue—nuclear weapons policy, the people have emphatically taken one position and the Government has taken a directly contrary position? Over and over again the people have voted in statewide referendums for this country negotiating a mutual comprehensive verifiable freeze on nuclear weapons with the Soviet Union. In eight out of nine States such a referendum has carried. The most valid, scientific, professional polls show popular support for such negotiations approved by a smashing 75 percent, that is a 3-to-1 margin.

And yet the administration has turned its back on negotiating anything like a freeze on nuclear weapons with the Soviet Union. Has the administration turned its back? Consider: At the very heart of such negotiations is a comprehensive test ban treaty. Such talks with the Soviet Union and Great Britain were initiated in 1977. They were adjourned indefinitely in 1980. The Reagan administration has not sought their resumption. These talks showed very encouraging signs of movement in Soviet attitude toward cooperative verification. The Soviets accepted the American proposal to install 10 black boxes in Soviet territory. They began to negotiate on detailed procedures for actual conduct of onsite inspections.

But the administration has walked away from this golden opportunity that would have brought the superpowers right to the heart of the nuclear arms race. Those negotiations could have shut off the nuclear arms test. Without those tests progress in advancing nuclear arms technology would stop. Should that progress stop? That progress is precisely what according to New York Times nuclear arms expert Leslie Gelb, could destroy the nuclear deterrence which represents the prime protection that has prevented nuclear war for the past 35 years.

So what can citizens do? How can they stop the nuclear arms race? The answer, Mr. President, was coined by a remarkable Pennsylvania Insurance Commissioner named Herbert Denenberg. Denenberg's advice constitutes six words that I have framed and hung on my office wall. Citizens who want to stop nuclear war should follow this Denenberg advice. Here it is: "Get informed. Get Organized. Get Tough." As one who has been in Congress for more than 26 years, I am sure that if enough citizens apply the Denenberg advice to the nuclear arms race, they will win.

This is not easy but American citizens can do it. They are beginning to do it now. First, they are getting informed. Information on the nuclear arms race is complex. There is lots of it. It involves not only the technical, scientific jargon but making an agreement with a mysterious, distant, hostile Communist dictatorship—the Soviet Union.

Most Americans would not touch that kind of agreement with a 10-foot pole, except that most Americans are practical. They know that the Soviet Union has the same kind of utterly devastating nuclear power. They know that the two adversaries have no choice except to reach an agreement stopping the arms race or perish.

Are Americans who want to stop the nuclear arms race following the second part of the Denenberg prescription? Are they getting organized?

Citizens who favor the nuclear freeze have successfully organized not only election winning referendums but study groups and discussion groups in every section of the country. And they are organizing where it counts most. They want the President of the United States on their side. If the President opposes a nuclear freeze, it has no chance. If he favors it, he can negotiate it.

It is now clear whoever the Democrats nominate for the Presidency this year will favor a nuclear freeze. The Democratic candidate will try hard to make nuclear freeze negotiations the centerpiece of his campaign. Now, Mr. President, there is no doubt that opposition to nuclear war and the determination to end the nuclear arms race is a nonpartisan issue. I have found that Republicans feel as fervently in favor of ending the nuclear arms race as Democrats.

But the central fact of the oncoming Presidential campaign is that the Republican nominee will oppose negotiating a comprehensive end to nuclear arms testing, production, and deployment. The Democratic candidate will favor such negotiations. In the judgment of this Senator this should be and will be the heart of the Presidential campaign. And in view of President Reagan's immense personal popularity, to win election of a President committed to ending the nuclear arms race will take the very best efforts to those who have become convinced that stopping a nuclear war must be the dominant issue of the coming Presidential campaign.

NATIONAL INSTITUTE OF DENTAL RESEARCH WINS APRIL GOLDEN FLEECE

Mr. PROXMIRE. Mr. President, I am awarding my Golden Fleece of the Month Award for April to the National Institute of Dental Research for sponsoring a 5-year, $465,000 study to find out—brace yourself—the "effects of orthodontia on psychosocial functioning." The Institute spent this money even though the Federal Government does not pay for orthodontia and has no intention of ever doing so. Given the sponsors of this study, perhaps I should have given them a "Golden Floss" award.

The average taxpayer looks forward to April 15 with the same enjoyment he feels about an appointment with the dentist. Paying for a "dad gummed" study like this will be another grinding experience for that taxpayer.

The Institute sponsored this study to examine the effects of orthodontia on the "psychosocial functioning" of 88 young people. The study will do so by using a "battery of psychosocial instruments, including measures of dentofacial attractiveness, self-perception of occlusion, self-image, social behavior, and parents' perception of their children's occlusion * * *" This study will cost the taxpayer over $5,000 for every young person tested.

What is wrong with the Federal Government paying for such a study? Here are two good reasons.

First, the grant award justifies the study by saying, "Since approximately 70 percent of the general population has some form of dentofacial malrelations, the potential demand for treatment based on projected psychosocial benefits is great." But starting a new Government program to assist roughly 160 million people would cost hundreds of billions of dollars. The Department is evidently aware of the potential cost. They said, in response to my question, that they do "not pay for orthodontic treatment for esthetic or functional reasons, nor do we anticipate requesting funds for that kind of treatment."

Why then this study? With medicare in danger of going broke, surely the Department has a better use for the taxpayers' money. I believe the Institute will have a difficult time brushing off this question. The bureaucrats who bought that justification must have had their wisdom teeth pulled.

Second, orthodontists will gather the most benefits from this study and any parent who has coughed up their fee will testify that orthodontists do not work cheap. But when a parent wonders about spending $3,000 to have this kids' teeth straightened, the orthodontist will be able to mention an official U.S. Government study which will no doubt discover that teenagers with good teeth are more attractive to the opposite sex, make better grades, and have more respect for their parents. What parent, what teenager will be able to resist such a blandishment. But such a sales pitch should be paid for by the orthodontists not by the taxpayer.

This administration came into office determined to fight waste, fraud, and abuse. Instead, they seem to have become toothless wonders, all bark and no bite. They deserve no plaque for efficiency this month.

LET US CLOSE THE GAP

Mr. PROXMIRE. Mr. President, today I report yet another bitter incident of religious persecution in our world. Christians in Ethiopia have experienced a continuing series of unjust abuse and oppression. The following are but a few examples of inexplicable transgressions on the rights of humans in Ethiopia.

In the province of Wellega, two evangelists of the Lutheran church have been in jail for the past 6 years.

The president of the synod and his secretary were arrested 10 months ago. Every pastor's arrest is followed by the closing of his church.

Three Pentecostal churches in Addis Ababa have been closed down. The buildings have been confiscated.

Five elders of the Mennonite church in Addis Ababa have been in jail for the past 2 years.

Mr. Tumsa, the general secretary of the Lutheran church, who was imprisoned 4 years ago, is now missing.

Reverend Shamsudin, general secretary of the Ethiopian National Council of Churches, Reverends Haile Kyrios and Negastie, have all been in jail for the past 2 years.

The Lutheran pastors Olana and Maigarsa have been imprisoned for the past 10 months. Two other pastors, Tesfaya and Desta, remain in prison after 7 years.

Bishop Theophilus of the Orthodox church has not been heard of since his arrest 9 years ago.

Mr. President, it is obvious that the Christian community suffers here. The United States, a country of free people committed to the principles of democracy, always has and will continue to speak out against such persecution. We consistently stand behind and support groups who have been victims of discrimination, oppression, and violence.

Yet this country's fine human rights record is not without a gap. Quite a sizable gap. The United States for 35 years has refused to ratify the Genocide Convention.

Genocide is an international crime which must be prevented and punished. Ratification of the Genocide Convention would strengthen the U.S. protests against worldwide pain and suffering such as that endured by Christians in Ethiopia.

Without our consent and advice, the Genocide Convention ironically lacks the world's No. 1 human rights advocate. We must fill in this gap. We must ratify the Genocide Convention.

WHAT ARE THE ECONOMIC CONSEQUENCES OF SHARP REDUCTIONS IN THE FEDERAL DEFICIT?

Mr. PROXMIRE. Mr. President, as I understand it, today we will begin discussing the reconciliation and the budget, so I wish to speak briefly on that subject.

To achieve a balanced budget in 1985, that is the coming year, should Congress make the spending cuts and revenue increases necessary to achieve it? I wish I could say yes, but, unfortunately, Mr. President, the answer is no, an emphatic, sure, "No." That may seem shocking to many who, like this Senator, have been loudly pleading for responsibility in fiscal policy. Why not balance the budget next year? Why not cut spending, all spending, to the bone? And then after we cut spending as much as possible, why not summon up the courage to raise taxes to whatever level is necessary to bring the budget into balance?

And why not do it now—not 5 or 10 years from now—but now? It is easy for us to talk about what Congress should accomplish 10 years from now. Most of us now in Congress will not be here 10 years from now. Even if we are

here, what we pledge today will be long forgotten 10 years from now. And there is no way today's Congress can control what a Congress elected 10 years from now decides to do or, for that matter, can control what a Congress elected this year will do next year. Our responsibility today is to pass on the 1985 budget. A new Congress and maybe a new President will determine the budget in 1986, 1987, and later years. This Congress will determine that 1985 budget in its final form within the next few months. Does not virtually every respected economic authority tell us that the deficit is scandalously irresponsible, that it will drive interest rates through the roof?

Indeed, interest rates are already starting to climb. Those massive deficits will eventually skyrocket prices once again. Respected economic experts tell us that rising inflation and rising interest rates will choke off the recovery and plunge the country into another recession, even deeper than the 1982 recession. So why not simply opt for the deepest reduction in the deficit and if in coming weeks no one offers an amendment that would wipe out the entire 1985 deficit for the coming year, why not amend whatever is offered to bring the budget into balance this year, not 5 or 10 years from now, but this year?

Why not? The answer is that this kind of sudden cold turkey treatment may work for a person cutting out smoking. It will not work in jarring our economy back into a healthy condition for two reasons. First, no matter how sharply Congress may reduce Federal spending, and no matter how steeply the Congress increases Federal tax rates, we cannot guarantee that we will bring the budget into balance. The Federal Government has become such a big force in the economy that its fiscal policy now plays the major role in determining the economy's direction. Too few observers have recognized that the present strong recovery, with unemployment falling a record 4 million in the past 15 months, has not just coincided with the two biggest back-to-back deficits in the Nation's history. The recovery has been the product of those deficits. The deficits are precisely the force that put 4 million Americans back to work.

So what happens when the Congress reduces those deficits? What happens when we cut military spending by $30 or $40 billion? Answer: We lose from 750,000 to 1 million jobs. What happens when we make similar reductions in roadbuilding, bridge building, water projects, local projects paid for by revenue sharing; what happens when we slash $30 or $40 billion out of domestic spending? The same thing happens. The country loses 750,000 to 1 million jobs.

What happens when we increase Federal tax revenues by $100 billion or so in a single year? We take that money out of the pockets of American families so they have less to spend and less to invest. Result: We lose about 2½ million jobs. And what happens when 3 or 4 million Americans lose their jobs because of the combined effort of what I have just been talking about? Two things happen: First, Federal spending goes up by tens of billions of dollars. It goes up for unemployment compensation and an endless variety of welfare programs. Second, Federal revenues go down. They go down as the income of millions of Americans fall, and as millions of others find their income, with their jobs, completely gone. So, of course, they pay less—tens of billions of dollars less—in taxes. So this cold turkey, balance-the-budget-now treatment will not work; first, because the drastic treatment shrivels the economy. Second, it will not work because tax increases and, to an even greater extent, spending reductions take several years to develop their greatest effect.

Military spending is a prime example. The military spending that, in the judgment of many of us, should bear the most of the military cuts is military procurement. But military procurement is precisely the kind of spending that will reflect reductions made in 1984, primarily in 1987, 1988, and later.

For example, if we reduce spending for the MX in 1984, it will save little in the 1985 budget, but it will save $20 billion in the next few years. If we completely eliminate spending for the so-called star wars research, it will only save $2 billion in 1985. It would save $25 billion over the next 5 years, however.

Of course, there are some exceptions. But, for most programs, both domestic and military, spending reductions are far more efficient and less wasteful if projected over several years.

Mr. President, the prime point is that the Congress should spend whatever it takes to meet the responsibilities of our Federal Government, and no more. The Congress should have the courage to raise what it requires to pay for meeting those responsibilities. But when the Congress finds itself, as it does today, with a $200 billion deficit and the certainty of deficits of that order for many years to come unless fiscal policies are changed and changed drastically, it must modify its fiscal policy with full awareness of the effect of its change on general economic conditions.

That means the Congress should follow a policy of firm and consistent gradualism. Does that mean Congress should shun a sharp cut in the deficit in 1985? No, indeed. Congress should recognize that a deficit in 1985 of $120 billion, if unemployment is at the projected level of 7 percent, is about the same in relation to a full employment economy as a deficit of $195 billion in 1983 with unemployment averaging nearly 10 percent.

This means that genuine movement toward a sound fiscal policy would require that Congress not aim to balance the budget cold turkey in 1985, but plan for a major reduction in the deficit in the order of about $75 billion, not the $160 to $170 billion which the President and the Democratic majority are suggesting.

Mr. President, I yield the floor.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of routine morning business for not to extend beyond the hour of 1 p.m., with statements therein limited to 5 minutes each.

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. RANDOLPH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. KASTEN). Without objection, it is so ordered.

THE DEATH OF FORMER SENATOR FRANK CHURCH

Mr. RANDOLPH. Mr. President, our Senate is the better for the service of Frank Church. His keen mind and his understanding heart were the hallmark of his Senate career of 24 years.

We shall not forget Frank's substantial leadership in a broad-based commitment to crucial issues. His creative thought and bold action had a positive impact on Capitol Hill, on his State of Idaho, on our Republic, and on our shrinking world where time and distance are no more. He could joke and smile. Yet, his eyes at times held back a tear. His concerns were varied, but he was not afraid to face the fight or toil with willing hands. He used his strength to do what he believed to be necessary, and he had the will to dare.

Bethine, his childhood sweetheart, who became his companion and wife, and their sons Forrest and Chase, are remembered by us.

SENATOR FRANK CHURCH

Mr. MATHIAS. Mr. President, it may have been as much as 10 years ago that I was walking with Frank Church across the lawn of the Capitol on a bright spring day such as those that we look forward to enjoying in

the weeks ahead, and as we walked along through the spring sunshine of Washington, he said to me, "How many of those Members of the Senate who are serving today will be remembered 10 years after they have left?"

I said, "I am not sure, Frank. Who do you think will be remembered 10 years after he leaves the Senate?"

Well, he said, Bill Fulbright and some others. With his customary modesty and sense of decency, he gave no suspicion that Frank Church himself would be on his own list.

Here we are, about 10 years after that conversation, and I think Frank Church should be on the list of those Members of the Senate who will be remembered. I think particularly of some of the experiences that I shared with him. His leadership of the committee that looked into the intelligence agency of the United States brought that agency into a partnership with the Congress. We all know that in modern government, it is absolutely essential to have the ability to acquire information about what is going on in the world. But for too long, that agency operated without close liaison with the Congress. As a result of Frank Church's efforts, the intelligence community was brought into partnership with the Congress, and the intelligence committees of the Congress were established. I think that is a contribution that will be remembered for far more than 10 years.

Then I think of the committee that Frank Church and I cochaired, a rather unusual arrangement which was made possible by the leadership of the Congress but particularly because Frank Church was willing to share the chairmanship of the committee with a member of the minority party at that time. That was the committee that dealt with the termination of the state of national emergency in which the country had existed ever since the declaration of national emergency by President Roosevelt during the Great Depression. As a result of the work of that committee, we found there were in fact some 450 statutes under which a President could declare an emergency and exercise extraordinary powers independent of the legislative branch. It was an unsatisfactory state of the law. That is a state of the law that was an opportunity for abuse, and as a result of Frank Church's leadership and effort, we enacted the necessary legislative remedies which prevented, I think, the continued abuse of power and more importantly prevented the serious constitutional crisis that might have come upon us in the future had this situation not been corrected.

So in tribute to Frank Church, I should like to extend his own list of those Members of the Senate who will be remembered after they have left here and add the name of Frank Church. Mrs. Mathias joins me in expressing our sympathy and sorrow to Mrs. Church and the members of their family.

THE DEATH OF FORMER SENATOR FRANK CHURCH

Mr. PELL. Mr. President, it is with the deepest sadness and regret that I know of the death of my dear friend, Senator Frank Church. Frank Church was an immensely highly principled, compassionate, and intelligent man. He served his beloved State of Idaho with distinction. His kindness and concern were unsurpassed not only for all those with whom he worked or who were lucky enough to be his friends, but also for the millions of Americans who he believed it was his duty and privilege to speak for as U.S. Senator.

He exemplified to me the qualities of a great Senator. He spoke well, thought deeply, and had a heart as big as his mind. His legislative record was superlative. He was the author of the Cooper-Church amendment, which placed the first limits on the expansion of the war into Cambodia and Laos, and floor manager in successful consideration of the Panama Canal treaties. His record also included legislation to protect the environment, foster civil rights, and protect the elderly.

But those of us who knew Frank well were well aware that his abiding interest and commitment was first and foremost in matters concerning the conduct of American foreign policy. It was in this area, in particular, that Senator Church dared to challenge the prevailing wisdom of his time. He was one of the first Senators to speak out against increasing American involvement in Vietnam. In a particularly insightful comment, he observed that "No nation, not even our own, possesses an arsenal so large or a treasury so rich as to damp down the fires of smoldering revolution throughout the whole awakening world."

His interest in foreign policy did not cease after leaving the Senate. Only 3 weeks ago in the Washington Post, Frank wrote about the current disastrous state of our policy with respect to Central America. In "We Must Learn to Live with Revolutions," he noted that the foment in Central America is driven largely by nationalist forces, not Communist or even capitalist. He cautioned that our failure to accept those forces of change in Nicaragua and El Salvador would lead to yet another blow to U.S. prestige in the international community. In fact, he warned that "by making the outcome of this internal struggle a national security issue for the United States, as the Kissinger Commission does, we virtually guarantee an American military intervention wherever the tide turns in favor of the insurgents."

His speech at the Democratic Convention of 1976 was truly a remarkable one—better than any speech given at the convention—and brought us all to our feet with applause.

I am particularly sad at his death as we were friends before either of us were Senators, and I had the good fortune to be chairman of the first Church for President campaign committee in 1975.

His death is a dreadful blow. All we can ask is that his gallant wife, Bethine, bear up as best she can because, if ever there was a marriage or a family that combined partnership, love, and humor, it was theirs. My wife Nuala and I extend our deepest sympathy and love to Bethine and their sons, Forrest and Chase.

THE DEATH OF FORMER SENATOR FRANK CHURCH

Mr. SYMMS. Mr. President, earlier today I was presiding over the Senate when my senior colleague, Senator McCLURE, announced formally to the Senate, and made the very fitting eulogy to my predecessor in this office. Mr. President, I want to join my colleagues in the Senate expressing sorrow on the death of Frank Church, my predecessor, who represented the State of Idaho in the Senate for 24 years, from 1947 to 1981. His widow, Bethine Church, and other members of the family have my deepest sympathy.

Frank and I had our disagreements, but it was impossible not to admire his courage in standing steadfast by his beliefs. His rise was a tribute to his talent and to the State that produced him. And although he became well known for his service as chairman of the Senate Foreign Relations Committee and for his interest in world affairs, he began the delegation tradition of prompt, informative replies to constituents and always put them top on his list of priorities, staying in touch and keeping in touch. He will be remembered by Idahoans for a long time to come.

Yesterday, Mr. President, the Washington Post published a fine obituary of Frank Church by Richard Pearson.

Mr. President, I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FRANK CHURCH DIES; WAS IDAHO SENATOR

(By Richard Pearson)

Frank Church, an eloquent and independent voice in the Senate for nearly a quarter of a century who called for compassion at home and courageous common sense abroad, died of cancer yesterday at his home in Bethesda. He was 59.

He represented Idaho as a Democrat in the Senate for 24 years before leaving office

in January 1981 following his defeat by Republican Steven D. Symms.

Sen. Church was chairman of the Foreign Relations Committee during his last two years in the Senate.

Sen. Church probably became best known as a longtime critic of American policy in Southeast Asia. He began speaking against the Vietnam War in 1963, long before it was fashionable in conservative states such as Idaho, or even among liberal Democrats.

He said that the war was not aggression by proxy from China or Moscow but an indigenous revolution, led by a man—Ho Chi Minh—who appeared to be the only true Vietnamese leader on the scene. He also had said that in fighting the war, this nation's executive branch was exercising war-making powers that belong to Congress.

In 1970, Sen. Church co-authored with Sen. John Sherman Cooper (R-Ky.) the Cooper-Church amendment that placed the first limits on expansion of the war into Cambodia and Laos, by exerting congressional authority over the purse-strings.

After American troops were withdrawn from Vietnam, he co-authored with Sen. Clifford Case (R-N.J.) the Case-Church amendment that put an end to American bombing in Cambodia by cutting off further funds.

He left his mark on legislation that included civil rights, the environment and cost-of-living payments for the elderly.

But in the 1970s, Sen. Church's name became synonymous with several of the Senate's most far-reaching investigations, which he directed. One, by the Subcommittee on Multinational Corporations, revealed that the International Telephone & Telegraph Corp. and the CIA had discussed the possibility of financing covert effort to prevent the 1970 election of Chilean President Salvador Allende.

That subcommittee also exposed bribery of foreign officials by major U.S. corporations and an Arab blacklist of Jewish and reputedly pro-Israel businesses.

That assignment was followed in 1975 by appointment to head the Select Committee to Study Governmental Operations With Respect to Intelligence Activities, set up to investigate abuses of power by the Central Intelligence Agency and the Federal Bureau of Investigations.

The select committee disclosed that the CIA had developed toxins for military use, had plotted the assassinations of foreign heads of government, and illegally spied on Americans, and that the FBI had harassed various dissident groups and staged illegal break-ins of homes and offices. Its findings led to the creation of a permanent committee to oversee the FBI and CIA.

But the term of the select committee, originally nine months, grew to 15, and caused a fatal delay in Sen. Church's bid for the Democratic presidential nomination in 1976. He won four primaries, but withdrew from the race and endorsed Jimmy Carter.

His years as Foreign Relations chairman were less successful. Although he had helped guide the Panama Canal Treaty through the Senate, he was unable to gain ratification for a strategic arms pact negotiated with the Soviet Union by the Carter administration. He personally had opposed ratification for a time when the existence of a Soviet combat brigade in Cuba was revealed.

Over the years, he gained the approval of Idaho's voters as an unyielding champion of water interests vital to agriculture. Although he voted for much of the liberal agenda of the Johnson administration, he departed from that fold at crucial times. He was against abortion and was a leading voice against gun control.

He also was chairman of the Senate Committee on Aging for eight years and had been an early advocate of financial disclosure. In 1964, he began making public his income and assets, and he sponsored a 1973 amendment that required such disclosures during congressional campaigns.

When Congress learned earlier this year that Sen. Church had cancer, it approved a bill naming 2.2 million acres of Idaho wilderness in his honor. The area is called The Frank Church River of No Return.

Upon learning of his death, President Reagan said Sen. Church "served his nation with distinction and dedication. His abiding interest in foreign policy made an important intellectual contribution to our nation."

Frank Forrester Church was born July 25, 1924, in Boise, Idaho, to Frank Forrester Church 2nd and Laura Bilderback Church. His father's occupation was owner of a sporting goods store and his hobby was politics. A strong believer in the conservative branch of the Republican Party, he detested the domestic policies of President Franklin D. Roosevelt.

To stimulate debate at the dinner table and to further the future senator's education, the elder Church encouraged his son to study history and politics at the library. This enabled the younger Church to argue the "Democratic" side in debates with his father.

Perhaps those debates led to Sen. Church's victory in 1941 in the American Legion's national oratory contest. He won a scholarship that took him to Stanford University. However, it also changed his life in another way. Sen. Church later recalled to a reporter, "I decided, much to Dad's consternation, that he belonged to the wrong party."

He interrupted his studies at Stanford in 1942 to become an Army intelligence officer in the China-India-Burma theater, but returned to the university after the war and earned a bachelor's degree in 1947.

He entered Harvard Law School, but transferred to Stanford's law school in hopes that the warm California weather would ease the chronic pain he had developed in his lower back.

Instead doctors diagnosed incurable cancer of the abdomen and lumph nodes and predicted death within six months. His weight plunged to 80 pounds. Another doctor disagreed with the terminal diagnosis and prescribed X-ray treatments that led to Church's recovery. He earned his law degree with his class in 1950.

On June 21, 1947, he married his high school sweetheart, Jean Bethine Clark. Her father was Chase A. Clark, a Democrat who was Idaho's governor in 1941 and 1942 and later was a U.S. District Court judge. In 1956, Sen. Church was a lawyer whose only try for elective office, to the state legislature four years earlier, had ended in defeat.

Yet his father-in-law, and others, believed he had a chance to capture a seat in the U.S. Senate. Sen. Church first ran against Glen Taylor, a former senator who had run for vice president on Henry Wallace's Progressive Party ticket in 1948. He beat Taylor by 170 votes. In the 1956 general election he faced incumbent Sen. Herman Welker, a McCarthyite. Sen. Church won a fairly easy victory.

Upon arriving in Washington, he became a protege of then Senate Majority Leader Lyndon B. Johnson. After helping Johnson on several crucial votes, including sponsorship of key civil rights legislation in the 1950s, Johnson helped him gain seats on the old Interior Committee, crucial to a senator from a western state, and on Foreign Relations. At age 36, Sen. Church stepped into the national spotlight as keynote speaker at the 1960 Democratic National Convention.

After Johnson became president and Sen. Church began opposing the war in Vietnam, many believed his Senate days were numbered. But Sen. Church went on winning. In a 1976 interview, his 1964 Republican opponent, Jack Hawley, revealed that he had voted for Sen. Church ever since his own race.

Since 1981, Sen. Church had practiced law in Washington with firm of Whitman & Ransom.

In addition to his wife, of Bethesda, survivors include two sons, Forrest, of New York City, and Chase, of Bethesda, and two grandchildren.

JACKIE PRESSER'S ADDRESS ON UNEMPLOYMENT

Mr. HATFIELD. Mr. President, straight talk and election-year politics seem to be mutually exclusive. The public has become accustomed to the panoply of election-year rhetoric of the incumbents and challengers and other public figures intricately involved in the electoral process. This rhetoric ranges from blatant misstatements and untruths to the grayer area of overstatements, exaggerations, and misleading statements. Citizens interested in learning about campaign issues often get lost in the charges and countercharges exchanged and, in frustration, tune out the politicians long before election day. This is unfortunate, but the public is understandably frustrated with the confusion created by the random fire of accusations, allegations, and insinuations.

Therefore, it was particularly pleasing for me to come across a speech by Mr. Jackie Presser, general president of the International Brotherhood of Teamsters, the Nation's largest labor union, which provided all of us with some straight talk on a subject too often distorted by cheap political rhetoric: unemployment. His speech spoke of a creative partnership between labor, management, and government as the requisite first step in the walk toward full employment in America. He spoke of abandoning the counterproductive adversarial approach to labor negotiations and employment problem solving, and instead called for cooperation and reconciliation. His speech was a welcome reminder that the public can respond to highroad politics and that our better instincts can be challenged to improve the quality of life in America.

As I said, Mr. Presser's address was a refreshing interlude from the regular conduct of election-year politics, and I ask unanimous consent that the text

of his remarks be printed in the RECORD.

There being no objection, the text was ordered to be printed in the RECORD, as follows:

REMARKS BY JACKIE PRESSER—AMERICA WORKS WHEN AMERICA WORKS

It is certainly an honor and a pleasure to have the opportunity to address such a distinguished audience. The theme of your conference couldn't be more welcome or timely. Far too often, those of us in labor, management and government get caught up in the grind of day-to-day details and risk missing the forest for the trees.

As I have stated repeatedly since becoming General President of the International Brotherhood of Teamsters, it is time to break with the past, time to develop a new American partnership that can lead this nation into a progressive new direction that benefits the individual working man and woman and the economic system as a whole.

The many weighty questions that confront the labor relations community in America—bankruptcies, layoffs, trade deficits, productivity and technological innovation—boil down to the single issue of job security. By job security, I'm talking about more than just the retention and creation of jobs today, I'm talking about the adaptation of business, labor and government to the demands of the future.

Ladies and gentleman, that future is staring us directly in the face and the prospect is not a happy one.

We pat ourselves on the back when only 8.0 percent of the labor force is out of work. We might not be so complacent if we look a bit further. Youth unemployment, a social and cultural timebomb, stands at 20 percent. Among minorities, it is 29 percent. And unemployment among black teenagers is a shameful 50 percent.

The fact is, America is not working.

We can appreciate the magnitude of the challenge that lies before us by a quick glance at the past. My union is a little over 80 years old.

Eighty years ago, nearly half of America's workers were farmers. Today, 4 percent are in farming. Eighty years ago, the steel industry was an infant, and the automobile industry not yet born. Computer technology lay a full two generations in the future.

The transformation of our workforce, the movement of our people and the improvement in their skills and standard of living since then have been staggering. Just imagine the changes in American society an 80 year old man or woman has witnessed in his or her life.

And yet, hard as it may be to comprehend, the changes of the final years of this century will likely surpass those of the last 80. And if that projection doesn't put the fear of God into you, you're either asleep or dead.

It means that all the displacements, all the technological innovations of 80 years will be compressed into 16.

Look at what has happened in just the first three years of this decade:

There are one-third fewer auto workers today than there were in 1980;

For the first time in our history more than one-half of the workforce is female:

Home computer sales have topped $1 billion in sales;

A generation of school children has grown dependent on calculators and video games; and

In business circles, teleconferencing and fully automated offices are no longer novelties.

These changes will only occur more rapidly and on a larger scale in the years ahead. As they do, they will totally reshape the American economy.

The question is * * * can the three major economic institutions—labor, management and government—keep pace with this change in order to improve employment opportunities for the people of this nation?

I don't know the answer to that question, but I do know this—if we don't, America will not have much of a future, and we will have squandered the glorious inheritance our forefathers left to us.

I know one other thing as well—we won't be able to do it unless we end the time-honored adversarial approach to our problems and join together to formulate joint strategies and policies to address the employment crisis.

I have been in the labor movement all my life, and I have witnessed first-hand the evolution of labor-management relations in this country. I well remember the early days of deep distrust and mutual threats. I rose through the labor ranks during the so-called "golden years" when America's postwar economic boom calmed fears and reduced strife. And finally, I have watched in recent years, at first, inflation, and then recession, rekindled the distrust and anger of those early years and threatened to rip the fabric of stable labor-management relations.

We can all take heart in the recent economic upswing, but we should not be blinded to the fact that the real employment crisis has little to do with the recent recession. The problem is structural.

Of course, economic growth, if we can sustain it, will expand employment opportunities. But that will not be enough. We need an employment policy that will make sure that our workers can fill the job openings that that growth will create.

The sad fact of life is that we have millions of laid-off workers whose jobs are likely never to return.

How do you tell the steelworker, the auto worker, the truck driver that the mill, the factory, the truck terminal is closed forever? And how does he tell his son who's always wanted to follow in his father's footsteps?

As a union leader who talks with other union leaders, I see and hear that everyday. The worker, in his frustration, blames his union. We blame management. And management blames the government. And all that finger-pointing accomplishes absolutely nothing.

The solution is not just avoiding recessions. It is not just extending unemployment benefits. It is not just enacting protectionist laws.

We need an employment policy that emphasizes prevention of unemployment rather than one designed merely to soften its impact. We need a plan that not only offers remedies for today, but hope for tomorrow. We need a program that anticipates displacement, not one that reacts to it. And we need to put job security on the same level of priority as national security.

We can't do it with the tools of the past. Unless we develop a mechanism that allows us to adapt to the circumstances facing us and develop a vehicle for adjusting these concerns in a mutually satisfactory manner, we will be condemning ourselves and our children to life in a second-rate nation.

In my opening remarks, I referred to the possibility of a new American partnership between labor, management and government. It is time to make that possibility a reality.

I have proposed the establishment of a tripartite policy-making body that would meet on a regular basis to develop long-range plans for labor relations in America. I am not talking about just another paperwork commission. I'm talking about a committee, comprised of labor, management and government officials, that would have broad authority over employment and training programs.

The need for a new structure is obvious at a time when, just in Congress alone, eight committees must deal with even minor changes in the unemployment insurance law. While they're deciding jurisdiction over problems, the problems have been getting larger.

I genuinely believe that such a tripartite body could get this country moving again. The experiment of labor-management cooperation committees has worked and continues to this day. Why not add the third integral partner in the labor relations system in America and start to get things done on a large scale, as we have on a small scale, in the Job Training Partnership Act of 1982.

I have no doubt that carrying out a comprehensive attack on the employment crisis will be very difficult. But winning the right to collective bargaining in the 30's was no picnic either. At the time that legislation was passed, many forecasters predicted doom for the American economy. Instead, the collective bargaining process brought dignity and hope to the American worker and markets and opportunities to American industry.

It is time for another "labor revolution," one based on courage, cooperation and concern for the future. There's no turning the clock back. We're engaged, and must compete, in a global economy. The industrialization of newly developing countries will continue, as will technological progress.

The important point is that we are all in this together. Unions, management and government must all be concerned with how to make enterprises more effective and efficient, and how to best make use of our manpower.

As the spokesman for the largest trade union in the free world, I welcome that challenge and I urge you to join me in helping to shape a future in which the American family has the opportunity to make tomorrow better than today. Let's remember the words of the wise philosopher who wrote, "the essential things in life are the things we hold in common, not the things we hold separately."

Thank you.

TRIBUTE TO GAR KAGANOWICH

Mr. HATFIELD. Mr. President, Senator WEICKER and I wish to commend Gar Kaganowich, who is leaving the Senate staff this month, for his distinguished career of public service.

As chairman of the Senate Appropriations Committee, I know how important his contributions have been—although often unheralded—in getting the job done, frequently under difficult and demanding conditions.

For the past 10 years, Gar has worked with the Subcommittee on Labor, Health and Human Services,

and Education. Considering the long hours required by the enormous workload of that subcommittee, these years of service could alone constitute an entire career—but Gar's working life started many years earlier.

Following graduation from Rutgers University with a bachelor's degree in journalism, and Northwestern University with a master's degree in radio/TV journalism, Gar went on to serve in the Army. In 1955, Gar became a sports reporter and desk man for The Press in Binghamton, NY. But that was not his first job, since I understand that during his high school years, he became a rather accomplished soda jerk. His penchant for working during school continued at college, where Gar was a "stringer" for local newspapers.

In 1956, Gar went to work for United Press International as a newswriter, and later bureau chief, in Newark, NJ. Dedicated to his work, as always, Gar even debated returning early from his honeymoon in Bermuda to cover a train accident in New Jersey. He ended his New Jersey assignment by covering the United Nations, including such memorable events as Khrushchev and Castro visiting New York City. During 1961, he was UPI's New York State news editor in Albany, NY.

In 1962, Gar went to work for the news department of the U.S. Chamber of Commerce, and soon thereafter became an executive assistant in the office of Senator Clifford P. Case. It was Senator Case who eventually convinced Gar to move over to the professonal staff of the Appropriations Committee, where he first worked on the minority staff of the Transportation Subcommittee. In succeeding years, after moving to the Labor, Health and Human Services, and Education Subcommittee, Gar served ranking Republican members Norris Cotton, Ed Brooke, and Richard Schweiker.

In 1980, when I became full committee chairman, Gar assumed the onerous task of directing the staff of the Labor-HHS Subcommittee under Senator Harrison Schmitt. With vigor and skill, Gar quickly organized a series of economic overview hearings that established the right tone and momentum for our initial efforts—and continued to build a solid record of accomplishment.

Most notably, Gar has become our resident expert in a variety of health areas, but especially the National Institutes of Health. His grasp of the importance of biomedical research to our Nation will certainly be missed by all on our committee, but especially by Senator WEICKER, who currently chairs the Labor-HHS-Education Subcommittee. His contributions in serving the Nation in these areas are too numerous to list, but certainly as a result of his counsel, the Nation will reap the benefits of his efforts in the years to come.

I know I speak for all the members and staff of the Appropriations Committee when I say how much his contributions will be missed.

Gar, on behalf of everyone that you have served so well, thank you, and best wishes in your future endeavors.

OUR COUNTRY, RIGHT OR WRONG

Mr. MATHIAS. Mr. President, "Our country, right or wrong" is a famous phrase that is often misquoted and often misapplied. It is that kind of error that must have misled the "senior State Department official" in announcing that the Reagan administration would not accept World Court jurisdiction in disputes involving Central America for the next 2 years.

I am shocked by the decision to rely on the technical rules of court rather than to defend the actions of the United States at the bar of international justice and in the view of the whole world. It smacks of taking advantage of the provisions of the fifth amendment to the Constitution of the United States, which is legally permissible, but would not generally be considered to be an admirable course of conduct.

It seems to me that it would be better to defend our policy in Central America and to take the risk that we might lose in a fair judicial proceeding than to give the impression that we have something discreditable to conceal.

The full quotation of the well-known statement by Carl Schurz is: "Our country, right or wrong. When right, to be kept right; when wrong, to be put right." Avoiding a full defense of our position in the World Court is not condoned by Carl Schurz' dictum.

THE BIPARTISAN PITCH FROM THE PRESIDENT

Mr. MELCHER. Mr. President, President Reagan would, in large part, blame Congress for the failure of his foolish decision to station the marines in Lebanon, contrary to the counsel of the Joint Chiefs of Staff and, humbly, against my expressed objections.

The President stridently squawks for bipartisan support for this foreign venture, notwithstanding he is partisan until his bad decision completely and flatly failed.

He is a hard President to communicate with, even when the purpose is a sincere, fundamental desire to help him. Every President needs help. This one in particular.

I have had experience with the President's lack of bipartisan interest in a special circumstance. Having visited the Philippines last December, I consulted in January with National Security Adviser Robert McFarlane to pass on what I believe are pertinent suggestions for cooperation with the Philippines. That country, a significant trading partner and the unique key to our defense posture in Southeast Asia is stymied with a combination of economic distress, a severe dollar shortage, and a muddled political situation following last summer's events of the illness of President Marcos and the assassination of Benigno Aquino.

The worldwide recession affects the Philippines with a lack of markets, a resulting trade imbalance at a time their foreign debt is about $30 billion and the devaluation of their money. The political uncertainty caused by the illness of President Marcos and last year's uncertainty of who would be his successor should he be permanently incapacitated or succumb was greatly aggravated by the Aquino assassination.

Last November the appointment of the Agrava Fact Finding Commission to perform an investigation of that crime independent of the Government and in December the Philippine Parliament's legislation setting the Speaker as successor to the President started to quench the political uncertainty.

While economic problems plague the Philippines with increasing unemployment, Jaime Cardinal Sin, Catholic Relief Services, and the Government of the Philippines joined in a $10 million food aid application to the United States for 100,000 unemployed Filipino families. Pursuant to this food-for-peace request, Cardinal Sin asked me in January to deliver a letter from him to President Reagan.

Considering the long-time alliance of the Philippines with the United States, it was an ordinary request that should have been quickly expedited and fulfilled from the burgeoning U.S. food surplus. Considering the Cardinal Sin is recognized as a critic of the Marcos government but yet had joined with them in presenting the application for badly needed food aid, it would only be natural for the President to promptly arrange to receive the cardinal's letter.

Not so. The President did not so choose. He is a hard man to help in a bipartisan Philippine policy.

Meanwhile, the Agency for International Development (AID) has partially granted approval for one-half of the food aid application. In addition, the Senate has approved—59 to 17—earmarking $5 million for the Philippines an additional food-for-peace appropriation to complete the $10 million food assistance. To that extent, the Senate gave bipartisan support for our alliance with the Filipino people.

But no thanks to the President. He is either too busy or preoccupied with other matters.

Cardinal Sin's letter has still not been received by the President, let alone acknowledged.

BUSH VETS

Mr. STEVENS. Mr. President, there is an unfortunate treatment of Vietnam era veterans in this country that has been going on for several years. These men and women, from all parts of the country, from varied backgrounds and all walks of life are continually lumped into a single category: troubled.

I noticed this practice again just recently when U.S. News & World Report published an article about "bush vets," Vietnam era veterans who have moved to Alaska to become modern hermits. They live in the wilderness to escape civilization and its pressures. Or so the story goes.

There is no doubt that there are some veterans throughout the country for whom the war produced unbearable anxiety or post-traumatic stress syndrome. There is no doubt that some of these young men and women have moved to the wilderness to withdraw. I am proud to come from a State that still has the wild land, fresh air, and space for those Americans who choose a subsistence way of life.

But there is an important point that has been lost in these "bush vet" stories. These characterizations apply to only a tiny fraction of the Vietnam veterans.

For most veterans of that era, the No. 1 problem is employment. Attempts have been made to assist veterans in finding meaningful jobs through a proliferation of "storefront" vet centers, beefed-up job training programs and a veterans preference in hiring for Federal jobs. But these efforts are diluted when vets are portrayed as "troubled." This characterization may help educate the public about the problems of a few Vietnam veterans. Unfortunately, that same characterization will also hurt many veterans, decreasing their job opportunities because the assertions encompass all vets.

Vietnam era veterans have been alternately ignored, scorned, pitied and misrepresented. All they really want from us is acceptance and a chance to get on with their lives.

MAYOR TOM HALL'S TENURE BRINGS PROGRESS TO MILLINGTON

Mr. SASSER. Mr. President, a dedicated public servant, Tom Hall has been mayor of the city of Millington, TN, for nearly 25 years.

During this period, the city has seen significant growth, and it has enjoyed a strong sense of stability.

Under his leadership, Millington has progressed in a number of key areas.

Mayor Hall played an instrumental role in the annexation into the city of the largest inland naval facility in the world.

The installation doubled the area of the city, and contributes more than $130 million to the local economy each year.

Tom Hall entered office facing a staggering budget deficit, but has managed the city of Millington with a balanced budget for over 8 years.

Millington has recently been recognized as the second largest city in the State of Tennessee operating within a balanced budget.

With his retirement, Mayor Hall will leave office with the city's property tax virtually unchanged since he took office in 1960.

In addition, after many years of struggle, the mayor received approval for the construction of a much needed $12 million waste water treatment facility for the city.

With Mayor Hall's diligent efforts in obtaining Federal funding through the capital improvements program, the plant is scheduled to be completed later this year without the expenditure of city revenues.

In recent years, Mayor Hall has worked tirelessly to bring new industries to Millington in order to build a progressive and diversified city.

A true statesman, Tom Hall's steady leadership and administrative ability have built a strong foundation with which to move the city of Millington forward to new challenges.

I wish Tom a fruitful and happy retirement.

I ask unanimous consent that a recent article from the Millington Star regarding Mayor Hall be included in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Millington, TN, Star, Mar. 21, 1984]

YEARS AS MAYOR PASSED QUICKLY

He was the son of a carpenter, who had carved out a modest living as a Millington businessman in the 1950s.

When he got an itch to run for mayor in 1960 he thought he'd last one term and then settle back into the business world.

That was 24 years ago. Today, Thomas Forrest Hall is still mayor of Millington.

The 24 years have been among Millington's most productive years. That's why many expressed a sense of loss when Hall recently announced he would not seek a seventh term in office.

It was time to retire, he said.

He'll tell you in a minute, though, he loved those 24 years and feels like it hasn't been nearly that long.

"You know I had thought I'd serve one term, but it didn't work out that way," he said with his trademark grin from ear to ear.

"It sure doesn't feel like it's been that long," he added.

Since Hall has been mayor, much has transpired in Millington. From a politician's standpoint, he has led a fairy tale life.

He led a successful effort to annex the world's largest inland Navy base, into the city. The area of the base more than equalled the city's size.

He went into office with a budget deficit, but for years has had a balanced city budget. This fact was recently recognized when state figures showed the city was the second largest in the state to have no debt.

When he came to office the city had a $1.50 property tax rate. After going as high as 52, it will fall again in this last year in office to $1.50.

He has also led a 14-year struggle for approval of a $12 million wastewater treatment plant. Not only is the city getting the plant, but officials are now figuring the plant may not require any city funds because of grant money.

If you ask Mayor Hall what was his greatest accomplishment, he'll tell you he doesn't know.

"I just don't know how you could say. They were all important at the time," he said.

"I guess you could say the thing I'm most proud of is that the new man can take over (as mayor) with the largest among of CIP (Capital Improvement) funds in the history of the city," Hall said.

Citing that now is the time to enjoy life a little, Mayor Hall made his recent announcement in the face of "strong pressure" to run again.

"I really enjoy the work and all, but I've reached the age to retire and I want to enjoy it while I still have good health. I want to do some things," he said.

What exactly those "things" are is not really defined yet, he said.

"Hobbies, fishing, traveling, and I get the opportunity to spend some time with my grandchildren," he said.

Mayor Hall was born in 1921 in a small home on South Street to a carpenter-contractor. He graduated from Millington Central High School in 1939 and attended UT Martin from 1939 to 1940.

After working for DuPont a short time at the DuPont powder plant, he went into the Navy's Construction Battalion until 1945.

When he returned he went into the Western Auto business in 1948 on Navy Road, after working at some other jobs for short periods. He sold the store in 1962, but retained ownership of the buildings, which he now rents.

During this period he spent two years as a city alderman in 1953 and 54.

His final decision to run for city mayor in 1959 was made out of curiosity for the job, he said.

"I'd always been interested in city government and I had a lot of people encourage me to run," he said.

The former mayor had to leave office due to illness and left the remainder of his term to city Judge Charles Pruitt as specified in the City Charter.

During his years in office Hall built up good connections in the right places.

During a recent threat by the Navy to move some of the Chief of Naval Technical Training staff from the Naval Air Station, it was Hall who got on the phone to "friends in high places" to protest the move.

Although he declines to take credit for much of the work, other officials give him credit for successfully stopping the plans.

"What gets me is I've seen him in some precarious situations and he's always remained cool," one city alderman said.

"He's not a politician, he's an orator and a statesman. He's so eloquent and has a way with words," he added.

Hall was named Tennessee Municipal League Mayor of the Year in 1980 and received the Navy's Distinguished Citizen of the Year Award in 1977. In 1979 he received the Outstanding Civilian Award from Military Affairs council of the Memphis Area Chamber of Commerce.

Hall was president of the Tennessee Municipal League in 1974-75.

The mayor received numerous other awards during his career, including meritorious service awards from the Navy and the Mid-South Fair.

Although Mayor Hall can many times be seen working at his desk in an office with blinding red carpet, he does have a "few weak points."

He loves good cooking.

Most of the other employees at City Hall joke about his diets, which consist of abstaining from normal foods and indulging in the goodies brought to work.

Another of his quirks is seldom noticed. While sitting in his office behind a high stack of papers, a look under the desk will sometimes show this retirement age political veteran to be sporting tennis shoes.

Mr. BINGAMAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. PELL. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mrs. KASSEBAUM). Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. The time for morning business has expired.

MISCELLANEOUS TARIFF, TRADE AND CUSTOMS MATTERS

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of H.R. 2163, which the clerk will report.

The legislative clerk read as follows:

A bill (H.R. 2163) to amend the Federal Boat Safety Act of 1971, and for other purposes.

The Senate resumed consideration of the bill.

Mr. BAKER. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BAKER. Madam President, I ask unanimous consent that I may proceed as in morning business for not more than 2 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

CORRECTION OF ENROLLMENT OF H.R. 4169

Mr. BAKER. Madam President, on Thursday a concurrent resolution was offered by the distinguished Senator from Wyoming (Mr. SIMPSON) concerning technical corrections in a bill heretofore passed relating to veterans programs. That measure was put on the calendar by unanimous consent.

That bill appears today as calendar item No. 753, which is Senate Concurrent Resolution 102.

The leadership indicated on Thursday that after the matter had appeared on the calendar, it would be taken up, if cleared. I believe it has been cleared. My calendar indicates that the clearance process is completed on the side. I would inquire of the minority leader if he is prepared for us to proceed to the consideration of that item.

Mr. BYRD. Madam President, there is no objection on this side.

Mr. BAKER. I thank the minority leader.

Madam President, I ask unanimous consent that the Senate proceed to the consideration of Senate Concurrent Resolution 102.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The clerk will report.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 102) to correct the enrollment of H.R. 4169.

The Senate proceeded to consider the concurrent resolution.

(By request of Senator BAKER the following statement was ordered to be printed in the RECORD.)

● Mr. SIMPSON. Madam President, I would urge my colleagues to join me in supporting the immediate passage of Senate Concurrent Resolution 102, making a technical correction in the enrollment of H.R. 4169, the budget reconciliation bill for fiscal year 1984. This resolution would direct the enrolling clerk to strike title 4 of the bill, relating to veterans' programs.

Madam President, all of the issues contained in title 4 of H.R. 4169 are moot. They were considered in the context of House-Senate discussions of the Veterans' Compensation and Program Improvements Amendments of 1983, S. 1388. All were subject to discussion, and compromise language was agreed upon and approved by both the House and Senate, and signed into law by the President on March 2, 1984, as Public Law 98-223. Moreover, quite aside from the mootness issue, I would note the considerable administrative difficulties of implementing back-to-back changes in the same provisions of law—with the added possibility of further amendments this year to restore the provisions to the form approved by the entire Congress in Public Law 98-223.

Madam President, this concurrent resolution will simply conform H.R. 4169 to other recent congressional action on the same veterans' issues. I urge its immediate adoption.●

● Mr. CRANSTON. Mr. President, I urge the Senate to approve Senate Concurrent Resolution 102, a concurrent resolution to direct the enrolling clerk of the House of Representatives to make a correction in the enrollment of H.R. 4169, the proposed "Omnibus Budget Reconciliation Act of 1983," as it was passed by the Senate last Thursday. Specifically, the enrolling clerk would be directed to strike out title IV of that measure, entitled "Committee on Veterans' Affairs."

Mr. President, during the Senate's consideration of H.R. 4169 last week, I became very concerned about the impact of the enactment of title IV of that measure on legislation which was signed into law on March 2 as Public Law 98-223, the Veterans' Compensation and Program Improvements Amendments of 1984. That legislation represented a compromise agreement derived from the provisions of S. 1388 as it was passed by the Senate last November and from title IV of H.R. 4169 as it was passed by the House last October. The compromise, painstakingly developed between the members of the House and Senate Veterans' Affairs Committees, addressed provisions set forth in both S. 1388 and H.R. 4169.

Deletion of title IV is truly a technical amendment since the Congress in enacting Public Law 98-223 clearly intended that title IV of H.R. 4169 be superseded and dropped in any further consideration of that measure.

Enactment of title IV of H.R. 4169 as passed by the House and now as passed by the Senate would be unnecessary, costly, unwise, and inefficient. It would, among other things, grant retroactively to April 1 a 4.1-percent compensation rate increase, in lieu of the 3.5-percent increase which became effective on April 1, which has already been programed into the VA's computer for the May 1 checks, and to which the Veterans' Affairs Committees and all the veterans organizations have agreed. The additional benefits cost would be $25.8 million for fiscal year 1984 and $249.5 million over the 5 fiscal year period. It would negate retroactively to October 1, 1983, a most complex agreement reached on the rates of compensation paid to certain blinded veterans who suffer from hearing losses and the agreement reached on the rate of compensation paid to certain hospitalized veterans. Finally, it would terminate the VA's authority for advanced payment of GI

bill allowances at institutions of higher learning—a proposition to which I am strongly opposed and which the Senate rejected and the House receded from during the negotiations leading to Public Law 98-223.

However, Mr. President, because of the strong desire of the majority leader (Mr. BAKER) and the chairman of the Budget Committee (Mr. DOMENICI) that no amendments be adopted to H.R. 4169—a desire that was shared throughout the majority party—I refrained from offering an amendment last Thursday to delete the provisions of title IV since there would not have been the votes necessary for the approval of such an amendment.

Rather, at my request, just prior to final Senate action on H.R. 4169, a separate bill, S. 2539, was introduced by the majority leader (Mr. BAKER) and passed by the Senate to repeal the provisions of title IV effective September 30, 1983, the day before certain provisions in that title of the measure would become effective. Unfortunately, however, this separate bill was used as a vehicle for proposing a similar repealer of a 4-percent pay raise for Federal employees proposed in section 202 of H.R. 4169 as a substitute for the 3.5-percent Federal employee pay increase that became effective on January 1, 1984.

Because of complications I foresaw in securing House consideration of and agreement to S. 2539 with both those repealers in it, I felt it was necessary to send a separate measure to the House dealing solely with the veterans provisions. Thus, my good friend, the distinguished chairman of the Veterans' Affairs Committee (Mr. SIMPSON), and I initiated the concurrent resolution presently before the Senate and obtained the agreement of the leadership that it go immediately onto the calendar and be considered at the outset of business today.

Mr. President, we have taken this action in close consultation with the leadership of the House Veterans' Affairs Committee and with the Speaker. I understand that the resolution, if approved by the Senate at this time, will very rapidly be favorably considered in the other body, thereby directing that the enrollment change be made. This most desirable result will eliminate much confusion, inadvertent and unwise legislation, and major administrative disruption, to say nothing of unnecessary additional cost. It will also mean that the position of the Senate on the items I previously mentioned as they were negotiated in the compromise agreement will be maintained.

Mr. President, I want at this time to express my deep thanks to the Senator from Wyoming (Mr. SIMPSON) for his cooperation and assistance in moving forward on this matter and to his staff, Tony Principi, chief counsel of the Veterans' Affairs Committee, and Scott Wallace, general counsel of the committee, for their good work. My appreciation also to the staff assisting me, Ed Scott, minority general counsel, and Jon Steinberg, minority chief counsel.

I urge the Senate to approve Senate Concurrent Resolution 102.●

The concurrent resolution (S. Con. Res. 102) was considered and agreed to, as follows:

S. CON. RES. 102

Resolved by the Senate (the House of Representatives concurring), That in the enrollment of H.R. 4169, the Clerk of the House of Representatives is directed to make the corrections as follows: strike title IV.

Mr. BAKER. Madam President, I move to reconsider the vote by which the concurrent resolution was agreed to.

Mr. BYRD. Madam President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Madam President, if there is any time remaining, I yield back the remainder of the time.

MISCELLANEOUS TARIFF, TRADE, AND CUSTOMS MATTERS

The Senate continued with the consideration of H.R. 2163.

Mr. STENNIS. Madam President, will the Senator yield to me briefly?

Mr. BYRD. I yield.

Mr. STENNIS. Will the majority leader state where we are now? We could not fully hear back here.

Mr. BAKER. Madam President, I am happy to do that.

May I say to the distinguished Senator from Mississippi, the ranking member on the Appropriations Committee, that we are now resuming consideration of the boat bill, which is the measure which came over from the House to which we anticipate the Finance Committee tax package or revenue package will be offered as an amendment. That has not yet happened, but I anticipate that it will happen in the next few moments.

Mr. STENNIS. And that will proceed, then, under the regular rules of the Senate for amendment or further amendment?

Mr. BAKER. Yes. There is no agreement.

Mr. STENNIS. There is no limitation agreement?

Mr. BAKER. There is no agreement that alters the regular process.

Madam President, I yield the floor.

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The minority leader.

Mr. BYRD. Madam President, I took the floor earlier today to express the hope that, when the tax amendment is offered today by the distinguished Senator from Kansas, the chairman of the Finance Committee (Mr. DOLE), there not be a cloture motion offered to that amendment immediately or early on.

I had heard some indications that there may be some concern that a cloture motion might be offered immediately upon the offering of the amendment.

Madam President, I would hope that the Senate would have an opportunity to debate this amendment and to amend it, if need be.

Madam President, the amendment before us which will be called up consists of 1,334 pages. Here it is in my hand. I have not weighed it, but it is a sizable amendment, as can be seen.

The explanation of the provisions for this tax amendment constitutes 1,010 pages—one thousand and ten pages of explanation. I would dare wager that no Senator in this body other than those Senators who are on the Committee on Finance knows what this amendment does. It is in the interest of an orderly procedure that Senators may have a reasonable length of time to offer their amendments before consideration is given to cloturing the amendment.

Madam President, I do not countenance the offering of dilatory amendments. I presently have no intention, as far as I know now, of offering any amendments to the measure as long as we can proceed in an orderly fashion, giving Senators who have legitimate amendments an opportunity to call up their amendments and to debate those amendments and get votes in relation thereto. I have no desire to stall the action on the tax amendment. I simply speak for orderly consideration and adequate time in which to have that consideration. I think I speak for Senators on both sides of the aisle.

I have discussed this matter with Mr. DOLE and Mr. LONG, the two managers of the amendment, and I have some indication that there would be a willingness to allow the debate to proceed for a reasonable length of time. I believe I correctly understood the chairman of the Finance Committee to say that as long as amendments were being offered that were reasonable amendments, that were not dilatory amendments, and that dealt with the contents of the amendment itself, he would not promote the invoking of cloture. I hope I have not misstated what was said to me, and he certainly is here to speak for himself.

I might, after a reasonable length of time, if it developed that Senators were calling up one nongermane amendment after another that did not directly or indirectly relate to the contents of this tax amendment and/or the overall final package that the Senate or some point, I suppose, will vote on, I might join in voting for cloture.

I think what I am saying is that I do not want to engage in any stalling action. I have never engaged in any stalling action since I have been a minority leader. I do not approve of such. At the same time, I do want Senators on both sides of the aisle to have whatever time they need for the offering of reasonable amendments, amendments that would obviously have a place and a justification for being offered, and I would hope that Senators would have that opportunity.

I am willing to proceed with the understanding that cloture will not be offered immediately and will not be offered until such time as Senators on both sides of the aisle have had an ample opportunity to offer amendments to this amendment. If I could have that understanding, I shall certainly not attempt to interpose any effort to delay the Senate from proceeding with the tax amendment forthwith.

Mr. BAKER. Madam President, we had a colloquy this morning on the floor at the opening, the minority leader and I, in which I indicated that it is not part of any plan or strategy I have to offer cloture immediately and that, indeed, that matter was brought up with the two managers in committee and other negotiators at the conversation. I am willing to proceed on any basis that the managers are willing to. I understand from a conversation that occurred on the floor a few moments ago that, for the time being, they do not wish the leadership to prepare and file a cloture motion. That is fine with me. I do not think that is any problem. The old adage says, do not take yes for an answer. My answer is yes, I am willing to not file for cloture as long as we are making progress on this bill.

I have no desire to try to contrive in any way to defeat the legitimate processes of the Senate. I would like to yield to my friend from Mississippi, but, also, I would like to hear from the distinguished chairman of the committee and, if he chooses, the ranking minority member as well.

If they are willing to proceed without cloture, it is certainly agreeable with me. That was not my plan to begin with. If they assure us that they want to go forward in that manner, the minority leader can be assured that there will be no effort by me to file cloture as long as the managers are willing to proceed and as long as we are making progress in an orderly manner.

Mr. STENNIS. Madam President, will the Senator yield to me?

Mr. BAKER. Madam President, I am happy to yield to the Senator from Mississippi.

Mr. STENNIS. I thank the leader for yielding to me.

I take the word fully here of our leaders and the Senator from Kansas, whatever he said, I take his word, of course. But I am vitally concerned about what is occurring here and there have been a lot of reports flying around about cloture and so forth. I am greatly interested in the so-called revenue bond issues being limited and curtailed and really cut off soon by time. That, itself, is a long story and a great many other kinds of bonds are included. It will just take a lot of time for all the Senators to get those matters out here. It takes a good deal for me.

I am in sympathy with wanting the legislation to move along fast and finally and, certainly, it ought not to be delayed. But it was very appropriate for the leader to give those assurances in view of the reports that were flying around.

I thank the leader for yielding.

Mr. BAKER. Madam President, I thank the Senator for asking. Let me reiterate, at the risk of overredundancy, speaking of reports flying around, I do not know where the reports came from except I want the Senator from Mississippi to know, as the minority leader knows, that it was not my idea in the first place to file a cloture motion. That was a suggestion by several groups, and if the managers want to go forward with that, that is their prerogative, but it is clear to me it is not their intention at this point, or my intention.

Mr. DOLE. Will the majority leader yield?

Mr. BAKER. Madam President, I yield the floor.

Mr. DOLE. Let me assure the Senate if things go as we hope they will, there will not be any need for cloture. I do not have any desire to file cloture. I do not think we have in any past tax bill that I have managed on the Senate floor. What we are concerned about is that last year, on the debt ceiling bill, we had amendments on Jordanian arms sales, on Lebanon, and perhaps a total of eight or nine foreign policy amendments. I know there are others floating around.

As long as we are presented with germane amendments and we have an opportunity to dispose of them by adoption or tabling or whatever, then we are not going to be in favor of filing cloture. But I do hope we understand we have some responsibility to take some deficit reduction action.

I know this is a large bill, $48 billion in revenue changes, $23 billion in spending changes. There are areas like IDB's and others that will need considerable time to discuss. I am willing to assure both leaders that we are not going to file cloture today or tomorrow. If things go along well on Wednesday and we are making progress, there is not much need to do it then, either. If, in fact, we are getting a lot of nongermane amendments coming out of the woodwork, perhaps then the leaders on both sides would help us and file a cloture motion.

Mr. BYRD. Mr. President, will the distinguished Senator yield?

Mr. DOLE. Yes, I yield.

Mr. BYRD. Mr. President, I do not support the kind of amendments to which the distinguished Senator from Kansas has alluded. I certainly have no interest in the calling up of amendments that deal with the foreign policy of this country or any other subject area that is clearly out of the direct or indirect line of germaneness as it relates to this amendment. It might be that a Senator would want to call up some amendment that would, otherwise than by taxes, affect the budget or affect appropriations or whatever, I do not know.

But as to amendments that would be so far out, such as foreign policy amendments, I have no desire to see those amendments called up. And if the situation were to get to that point, I would be constrained to support cloture. I simply want Senators on both sides of the aisle to have adequate opportunity with their staffs to study this amendment and to know what is in it as best they can. I dare say that I will be one of the Senators who, in the final analysis, will be voting on this amendment and will not know exactly what is in it. I would like for any Senator other than a Senator on the Finance Committee who knows what is in this massive tax amendment to stand and say so now or later this afternoon; I may be seeking the advice of such Senator on the amendment. I would like to know for example, what happens to medicare, what happens to health services by virtue of this tax amendment.

So I am assured by what the distinguished Senator from Kansas has said, and I believe I understood him to say that as long as he clearly sees that amendments called up are legitimate, reasonable, germane or even nongermane, if they directly or indirectly affect this subject area, he will not rush to offer cloture. I believe him when he says that. I have only raised the issue today because, as Senator STENNIS has indicated, I heard some of the same rumors around. I am satisfied with the statement by the distinguished Senator and therefore, will not offer any objection to dispensing with the reading of the finance committee amendment at this time.

Mr. DOLE. I thank the minority leader, and again let me indicate that we are pleased we are this far along in the process. We would like to complete this bill this week, if not next week, but that is something to be determined by the leadership, not the managers of the bill. Obviously, if we are making progress, this Senator has no intention of filing cloture for the sake of filing cloture. I urge my colleagues

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to offer germane amendments and avoid the nongermane amendments, though there may be some who do not feel compelled to do that.

AMENDMENT NO. 2902

Mr. DOLE. If there is no objection—at the close of business on Thursday, the amendment was sent to the desk and ordered printed in the RECORD—I would now call up that amendment.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE), for himself and Mr. LONG, proposes an amendment numbered 2902.

Mr. DOLE. Madam President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The text of the amendment is printed in the RECORD of April 5, 1984, at page 8094.

Mr. DOLE. As the distinguished minority leader indicated, this amendment is some 1,300 pages long. It would take the better part of 2 days to read. Copies are available. The explanation of the amendment has been available since last Tuesday.

Madam President, we have before us the amendment from the Finance Committee. As indicated, it is a very lengthy amendment. It is a very important amendment, and I think it really indicates that we are now ready to go to work on the deficit. Maybe it is not as much as some would like, but it is part of the so-called down payment that many Members on both sides have talked about.

It may not be the perfect way to proceed. It may not be large enough in the eyes of some, but it is a substantial amount. Seventy-three billion dollars from the Finance Committee would indicate that at least, if we can adopt this first installment on the downpayment, that we will have made some progress. We would then move on to another part of the procedure, so that we would have an entire package in the neighborhood of $145 to $150 billion in deficit reduction over the next 3 years.

I do not know of any Member of this body who is for big deficits. I do not know of any Member of the other body who is for big deficits. It seems to me that we have had enough speechmaking about deficits, so I am pleased that we are starting on the legislative process, which is taking place, finally, at this very moment.

I have watched with interest the House proceedings as they voted up and down seven or eight budget resolutions. I remind my colleagues that the House budget resolutions have no impact on the deficit at all. Anybody can offer a budget resolution, and whether it succeeds or fails makes very little difference. We need legislative action which has an impact on the deficit. Resolutions do not force the kinds of tough decisions needed to cut spending and raise revenue.

I will not recite the familiar reasons why we must control the budget: first, because it would take too long; and, second, I have a bad cold.

I read in the morning paper that car loans are now being impacted by the increase in the interest rates, that home mortgage loan rates are going to be increased by the increase in the prime interest rates, and this may have an adverse impact on the housing industry by midsummer.

I have been in my State for the last 2 days, talking with farmers and others who indicated that cattle operating loans are going up a bit. They reiterated their position that they believe that the best farm bill we could pass would be one to lower the interest rates. That is the view of some farmers.

So I think it is fairly obvious that the most threatening cloud over this recovery—and we are in a recovery—is the big deficit.

I assume that, during the debate, some Members will assign blame to different administrations or whatever, but the reality is that Congress has some responsibility—some responsibility in creating the deficit, and certainly some responsibility in reducing the deficit.

I wish to indicate what happened in the Senate Finance Committee. I am not boasting about our committee, but we spent more than 30 days working at this big bill; and I thank the distinguished minority leader for suggesting that some of us may understand it all. I would not want to bet the store on that proposition. We understand a little about each provision. Senator LONG may understand it all, but the chairman does not.

When we completed action, even though we had some differences on the various parts, the vote on the final product was 20 to 0, and we have only 20 members on the committee—11 Republicans and 9 Democrats. Every member of the Finance Committee voted for the product. It is my hope that the members of the Finance Committee will form a nucleus for support of the bill to help us retain this package.

That does not suggest that there might be good amendments lurking out there that should not be adopted; but if they lose revenue, it is going to be difficult for us to accept those amendments, unless there is some offset. Then, perhaps we can work out an accommodation.

I am told that there may be 30 amendments floating around, which is not too many for a tax bill. The Senator from Ohio advised me that he has about that many but that he is willing to move with some dispatch on his amendments.

So the point I wish to make is that we understand that the stakes are high. We believe that if we put together something that finally passes Congress and reaches the President's desk—something in the neighborhood of $140 to $160 billion or $170 billion over a 3-year period—it will have a positive impact on the markets, and we hope it will have an impact on interest rates. I am not an expert, but at least it should have some impact on interest rates, and it will be an indication to the American people—Democrats and Republicans or independents or whatever—that we are not suffering from total paralysis in Congress.

I have said on this floor before that I hope the administration would be a little more aggressive in their efforts for deficit reduction. I am very pleased to say now—not because of anything I have said—that the President is fully on board; that virtually every provision in the tax bill, as I understand it, has the blessing of the administration; that everything done in the Finance Committee, so far as spending reduction is concerned, has the blessing of the administration.

In fact, we were asked that question by different members as we went through the bill: "Is this provision supported by the President or supported by the administration?" I think I can safely say—there may be a few exceptions—that nearly every provision is supported by the administration.

We did make changes in some of the health programs. We considered spending reductions in our committee before we considered revenue changes, because many members indicated that they would not vote for revenue changes unless they were certain we would do something on the spending side. So we did something on the spending side—not as much as some would like, maybe a little more than others would like. But we had a unanimous vote on most of these provisions.

Madam President, we continue to hear a lot of rhetoric in this body, and on the campaign trail, about the problem of the deficit. It is easy to get agreement that we need a serious effort to begin closing the budget gap. But, as the members of the Finance Committee have found over the past few months, it is not so easy when you get down to specific policies and programs. Speeches lamenting our budget problem may be fashionable, but they do not take one dime of the deficit.

The fact is that it is easy to vote for resolutions and issue press releases. But neither of those things force the kind of tough decisions needed to cut spending and raise revenue. But with the legislation now before us, we finally find ourselves in a position to do

something about those deficits we regularly decry.

I will not recite the familiar reasons why we must get control of the budget. Senators are by now painfully aware of the damage that yearly $200 billion deficits would inflict on our recovering economy. Instead, I pose just one question: Is there a Senator, Congressman, business, or labor leader, economist, or President who would not feel better about our economic future if the deficit was lower?

The answer is obvious. The most threatening cloud on the economic horizon is the deficit. Enacting a significant deficit-reduction package would cause consumer and business confidence to soar. I offer as proof the tremendous response to the passage of TEFRA in 1982. This display of congressional responsibility caused interest rates to tumble and set off a stock market rally that pushed up equity nearly 60 percent in a year. TEFRA helped set the stage for a vigorous economic expansion that has brought the unemployment rate down by 2.9 percentage points: The strongest labor market recovery since 1948.

The stakes this year are different, but no less important. TEFRA helped to kick the economy off dead center; this year our goal is to remove the major impediment to a prolonged, balanced, noninflationary recovery.

No one in this Chamber needs convincing: We all are for lower deficits. The question is how to get there. To bring it off will require courage, skill, and compromise.

We now have a chance to enact a package that is balanced and fair. The goal—slicing $150 billion off the cumulative deficit of $500 to $600 billion we anticipate over the next 3 years—may in fact be too modest. But it is a goal we can reach, and it is far more than many believed we would do just a few months ago. Even if we do not touch off a ticker-tape parade down Wall Street, at least we can dispel some of the gloom that has been plaguing the financial markets.

Make no mistake, this is only a downpayment on future deficit reduction. By enacting this package in an election year, Congress and the administration will be making a good faith commitment that we will do whatever is necessary to cut deficits and keep the recovery alive in 1985.

We all wish this package were larger. But we have to be realistic. Any amendment to increase revenues significantly above the level that the Finance and Ways and Means Committees have reported likely would attract a veto. And while I would favor deeper spending cuts, the votes just are not there in this election year.

So this is a balanced, but fragile package. The Finance Committee provisions would share $72.5 billion from deficits through fiscal year 1987, including $24.5 billion in outlay savings and $48 billion in revenue gains. In addition, the work of other committees contained in this bill would reduce outlays by another $9.8 billion.

It seems to this Senator that is worth the effort. And once this bill is enacted, I am willing to support any responsible effort to do more to lower deficits.

HEALTH PROGRAMS

Madam President, the spending reductions proposed by the committee include measures already pending in S. 2062, with some modifications agreed to this year, plus some new proposals. For the most part, they affect medicare, the largest health program under the jurisdiction of the committee. In considering spending reductions the committee was concerned with the rate of growth in the medicare program.

The administration estimates that current law benefit and administrative outlays under medicare will be $76.8 billion in fiscal year 1985.

I might add that that is a program we started out, I think, at $4.7 billion in 1967.

Of this amount, benefit payments will account for $74.8 billion. This represents an increase of 15.9 percent over fiscal year 1984 benefit payments of $64.6 billion.

Both in terms of total outlays and total benefits per enrollee receiving reimbursement, the rate of growth for part B of medicare, the "supplementary medical insurance program," continues to exceed that for part A, the hospital insurance program. The increase in part A benefits per enrollee receiving care are 58 percent higher than the projected fiscal year 1985 medical care component of the CPI, but the increase in part B benefits are 100 percent higher.

In medicare the spending provisions primarily address part B, the supplementary medical insurance (SMI) program. In fiscal year 1984, the general fund of the U.S. Treasury will have to contribute an estimated $16.8 billion to the SMI trust fund in order to keep it solvent. That general fund obligation is expected to grow by 13.3 percent to $19 billion in fiscal year 1985.

The major provision affecting SMI would hold reasonable charges of all physicians to prior year levels for a 12-month period, followed by a limited fee freeze imposed on those physicians who do not accept assignment over the next 12 months.

Along with the freeze, a voluntary participating system would be established for medicare. By agreeing to accepting assignment in advance for all services for all medicare patients, participating physicians would agree to accept the medicare determined allowance as payment in full except for cost-sharing amounts. Nonparticipating physicians could continue to accept or reject assignment on a claim-by-claim basis.

This limit on physician payments under part B is designed to moderate the double digit growth that has occurred in physician fees.

They have gone up, as I recall, an average of about 11 percent per year.

We have worked on this, I might suggest, with the American Medical Association, and with other physician groups. They have committed themselves to helping us work out some way to dissuade physicians from passing on the costs to beneficiaries which would not be a very happy result.

I might say there is a feature piece in this week's National Journal, which came to our office this morning, discussing physicians' fees and how we are going to control these in the outyears.

Madam President, we would like to know that our actions effectively limit any shifting of cost savings intended for physicians onto beneficiaries. While this Senator understands that it is not feasible to monitor each individual physician's response, we do expect the Secretary to very closely monitor any fees. While some physicians may want to accept fewer medicare assignments as a result of this proposal, the committee has included provisions to offer incentives for physicians to take assignment and better inform beneficiaries as to which physicians do so.

For example, the Secretary would establish electronic billing transmission lines and simplified billing procedures for beneficiaries with approved medigap or group health insurance coverage. In addition, the Secretary would be required to publish lists indicating the assignment experience for each physician and establish toll-free hot lines for the same purpose. This should help beneficiaries to better select physicians who take assignment.

The committee proposals to increase the financial stake of beneficiaries should help bring cost sharing more in line with the cost of the benefits provided under part B. In fiscal year 1984 each premium dollar being paid by beneficiaries is being matched by $3.40 from the U.S. Treasury to keep the SMI program solvent. Without the committee's premium provision, by fiscal year 1990 the U.S. Treasury will have to match each beneficiary dollar with $4.60 to maintain the trust fund solvency of SMI.

Madam President, we are aware of the pending insolvency in the hospital insurance trust fund, part A of medicare. Congress has acted to restrain growth of hospital costs, the largest single component of part A's cost, but that will not be enough. To bring the part A trust fund into actuarial balance will require a great deal more effort by the committee. Our proposals cannot restore the part A trust

fund to solvency, but they are a necessary first step.

Hospital insurance, part A, benefits for fiscal year 1985 are projected to be $50.7 billion, $6.6 billion or 15 percent higher than fiscal year 1984. Inpatient hospital services will account for 95 percent of part A benefit payments.

The major provision in our bill which reduces spending, limits the rate of increase in payment to hospitals. We recognize the tremendous improvement that has been made in the health status of the elderly by medicare, and in considering spending reductions we sought to protect one of the most important programs the Nation offers its citizens.

Our bill also makes a few changes in the medicaid program. The administration project total Federal-State medicaid costs for fiscal year 1985 at a $41.4 billion: The Federal share is $23.2 billion. This is a 14.5-percent increase over fiscal year 1984, attributable in part to the discontinuation of the current 4.5-percent reduction in Federal payments.

The principal medicaid change is to extend the current reduction in Federal matching payments to the States for 3 more years. The reduction would be set at 3 rather than 4.5 percent, but offsets which allow the States to decrease the Federal reduction would be permitted as under current law. The committee also recommends outlay increases for children and pregnant women through the medicaid program and maternal and child health block grant, as well as increased medicaid spending ceilings for Puerto Rico and the territories.

Madam President, given the size of the Federal deficit, the health program proposals recommended by the committee do make sensible spending reductions but they also reflect the committee's concern for directing spending to where it is most needed, including modest increases where appropriate.

So I suggest that the things that we did do in this health care field were minimal indeed.

And I also suggest that we had good bipartisan support for all of those proposals.

INCOME MAINTENANCE PROGRAMS

The Finance Committee carefully reviewed the entitlement programs which fall within the income maintenance area. A limited number of provisions were adopted by the committee dealing with the aid to families with dependent children (AFDC) program and the supplemental security income (SSI) program. The provisions approved generally deal with overlapping benefits and administrative simplification and efficiency.

The two AFDC provisions with the greatest budget impact are the requirement for a standard AFDC assistance filing unity and the requirement that a minor AFDC parent must live with her own parents when possible. Both of these provisions were adopted by the Finance Committee and the Senate last year, but were dropped in conference with the House. The changes are supported by the American Public Welfare Association and were adopted by the committee without disagreement.

The other AFDC provisions and the single SSI provision are basically technical in nature, clarifying provisions in the law dealing with the earned income disregards the use of community work experience programs by Federal agencies and, in the SSI program, a clarification of the procedures to be used to recoup overpayments under that program. An amendment was adopted by the committee which would provide that the earnings of a full-time student would be excluded from consideration when determining a family's eligibility for AFDC benefits. This amendment has a negligible cost and conforms the treatment of student earnings with that established for earnings under the Job Training Partnership Act of 1982.

Madam President, the proposals approved by the Finance Committee in the income maintenance area were approved basically because they represented good policy. Some have deficit reduction impact, others have no impact or a negligible impact. We believe they represent worthwhile reforms in these important social welfare programs.

SOCIAL SECURITY PROVISIONS

The committee bill includes several changes in social security, most of which are of a technical nature. The one important exception is a provision which modifies the coverage of certain religious organizations under social security. As my colleagues will recall, the 1983 Social Security Amendments extended mandatory social security coverage to the employees of all nonprofit organizations—including churches and other religious organizations. Rather than allowing voluntary participation, as under prior law, such organizations are now required to withhold the social security (FICA) tax from each employee and also pay the employer share of the tax. This provision has created a great deal of confusion and concern among members of the religious community, who saw this as a serious violation of the separation of church and state.

At the urging of Senator JEPSEN, the Finance Committee held a public hearing on this issue in December. As he correctly pointed out, the merits of altering the law with regard to religious organizations was not seriously debated as an issue distinct from the coverage of all other nonprofits.

I was sympathetic to the concerns raised at this hearing and set up an informal working group of pastors and representatives to work out a compromise. The amendment approved by the committee is the by-product of those efforts.

Under the committee amendment, certain churches and church-controlled organizations, opposed for religious reasons to the payment of social security taxes, would be permitted to treat their employees similarly to the self-employed for purposes of social security. The church or other organizations would thereby be relieved of both the obligation to pay the employer FICA tax and also the obligation to withhold the employees' FICA tax. While not everyone is satisfied, I believe this is a good provision which meets the chief objections of the churches while maintaining coverage for employees. employees will thus be assured protection under the retirement, disability, and hospital insurance programs of social security.

Modifying the social security financing package approved last year is a difficult task, and one that must be approached with great caution. I believe the merits of the case for change here are strong.

GRACE COMMISSION SAVINGS

The Finance Committee is indebted to the Grace Commission for pointing the way for us to achieve savings of $3.1 billion over the next 3 years. The committee accepted three Grace recommendations for reducing fraud and abuse, and increasing the efficiency of Government, and again I think I can fairly say with strong bipartisan support or with very little opposition.

The first of these provisions would yield savings in means-tested benefit programs by making tax return information on unearned income available to the Department of Health and Human Services for use in verifying eligibilty for the SSI, AFDC, and Medicaid programs. Confidentiality of the information would be protected by the same sanctions that apply to unauthorized disclosure of earned income data, which currently is made available to the Social Security Administration. The provision also would require States to use both earned and unearned income data to police their programs, and to maintain a source of quarterly wage information. CBO estimates savings from the AFDC, SSI, and medicaid, and unemployment insurance programs of $660 million over the next 3 fiscal years.

The second provision would require the Secretary of the Treasury to implement methods for accelerating the collection and deposit of Federal nontax receipts. Such methods may include electronic funds transfers, automatic account withdrawals, and the use of lockboxes. CBO estimates savings of $1.6 billion over 3 years would be achieved.

The final Grace proposal we accepted in our committee would authorize the Internal Revenue Service, I might say over their strong objection, to offset nontax delinquent debt owed to the Federal Government against tax refunds. Such debt would have to be certified as delinquent by the Federal agencies, and it must be shown that the debtor does not contest the debt before the offset could be applied. Estimated savings from this provision are $800 million over 3 years.

In other words, if someone had a student loan or farm loan or some other loan and they had a refund coming, the IRS will grab the refund and apply it to the debt. That makes a lot of sense to me. It did not make IRS Commissioner Roscoe Egger, too happy. But it should make the taxpayers happy, and I think that is the important thing.

REVENUE PROVISIONS—S. 2062

Madam President, the revenue provisions of this expanded reconciliation package address a wide range of problems in the tax laws with the goal of raising revenue by correcting abuses and advancing the cause of tax equity and greater administrative efficiency. We have put the primary emphasis on tax reform, and have done our best to minimize the impact on the average taxpayer.

Of the measures agreed to last fall and pending in S. 2062, probably the most important is the provision limiting tax benefits available for property leased to or otherwise used by tax-exempt entities, including the U.S. Government. The bill would reduce depreciation benefits for such property, put limitations on investment tax credits in certain instances, and set forth criteria for determining when an arrangement should be treated as a lease for Federal income tax purposes. Together these changes should prevent abuse of the tax laws to provide back-door financing for Government projects. The pending House tax bill, H.R. 4170, contains a similar provision.

In addition, the provisions of S. 2062 as now pending include postponing the net interest exclusion scheduled to take effect in 1985; scaling back the benefits from income averaging; requiring estimated tax payments for the alternative minimum tax; bringing stock options under the tax straddle rules; eight changes designed to improve tax compliance in particular areas; and several others, as described in the report on S. 2062. I would also remind Members that S. 2062 also would reduce the holding period for capital gains to 6 months, a provision that many Members are interested in. This change would be accommodated by reducing the ordinary income ceiling against which capital losses may be deducted from $3,000 to $1,000 and changing the treatment of long-term losses realized before 1970.

ADDITIONAL PROVISIONS

Beginning in late February the Finance Committee undertook a review of the Tax Code to identify further changes in the law that, combined with the provision of S. 2062, could generate $50 billion or so over 3 years. We have agreed on a number of significant tax reforms, and some small tax increases, to meet that goal. In fact, our package generates enough additional revenue to accommodate some revenue-losing tax changes that the President and a number of Members have been seeking for some time.

On the revenue-raising side, perhaps the single most significant item is a series of new rules designed to prevent tax shelter and other abuses.

I might point out this issue of Newsweek has a cover story of tax shelters. We are going through that to see if there are any in there that they wish to add to this bill.

These rules are based on Treasury Department proposals contained in the fiscal year 1985 budget, and address such areas as partnership allocation of expenses and income, interest deductions on discount obligations, transactions between related parties, current deductions for future liabilities, and corporate deductions for extraordinary dividends received. A similar package is included in the House Ways and Means Committee bill, H.R. 4170.

Our committee also agreed to changes in the law that will take some of the benefit out of tax shelters in the real estate area. Both new and used structures would be depreciated over 20 years rather than 15 years as under present law, and all depreciation recapture income realized in an installment sale of real property would be recognized at the time of sale.

We are hearing some loud cries from some in the real estate industry, particularly the National Association of Realtors, who had a different idea. We raised about $4.2 billion from real estate depreciation charges. Before the committee acted, we met with all the interested real groups. We struggled for a couple of weeks, trying to find some compromise that would satisfy the legitimate concerns of the realtors and other groups. After failing to find any other suitable provision, the real depreciation provision in committee bill was agreed to with rather substantial bipartisan support. I hope that we will have an opportunity to get into this more in detail. These changes can improve tax policy by making it less likely that investment decisions in the real estate area will be made on the basis of tax considerations, rather than the economic substance of transactions.

Another change the committee agreed to reduces a profitable corporation's ability to pay dividends tax free. This is achieved by modifying the definition of earnings and profits used for determining whether dividends are tax free, so that it more closely reflects a corporation's economic income rather than its taxable income. The goal of this provision is to prevent shareholders from avoiding tax on a portion of dividends in situations where the current earnings and profits rules understate economic income.

The bill would scale back other unwarranted tax advantages for business, such as by increasing the reduction in certain corporate tax preferences from 15 to 20 percent, requiring capitalization of construction period interest and taxes on residential property—other than low-income housing—and reducing tax benefits available for business property if more than 10 percent of the property's use is for personal purposes. We also impose some fairly modest new restrictions on the use of industrial development bonds, designed to help target such tax-exempt financing to areas of greatest need.

I know that this is a matter we will want to discuss later with the distinguished Senior Senator from Mississippi and others.

Besides tax reform and antiabuse measures such as I have described, the bill does propose some small tax increases: A 3-year extension of the telephone tax and a $2 per proof gallon increase in the distilled spirits tax. We also would change the heavy vehicle use tax provisions of the 1982 Surface Transportation Act to more equitably distribute the burden of such taxes among users of the Nation's highway system, and delay the certain tax relief measures scheduled under current law, such as the finance lease rules and the increase in the foreign earned income exclusion.

Now, we did add a few things, Madam President. I know that some of these have been noted by the distinguished Senator from Ohio in a letter that he directed to members of the committee.

TAX INCENTIVES

Madam President, as I indicated earlier, the Finance Committee adopted enough revenue-raising measures to make room for a number of new tax incentives and for the extension of certain expiring provisions that have strong support in the Congress. These include a 3-year extension of the targeted jobs tax credit; the new FSC system of taxing export income of foreign sales corporations; making permanent the 25-percent credit for incremental research and experimental expenditures; authorizing up to 75 enterprise zones over 3 years to stimulate growth in depressed areas; increasing the limit on contributions to a spousal IRA, so that over a 7-year period it will reach the level that applies to spouses who work outside the home;

and helping low-income households by raising the percentage and the phase-out level of the earned income credit. Major revisions of the rules governing life insurance taxation and private foundations are included. We also extend the mortgage revenue bond program, in conjunction with authorizing mortgage credit certificates for first-time home buyers. We believe all of these are sound provisions that strengthen our package while remaining consistent with the overriding goal of restoring a measure of fiscal sanity to the Federal Government.

We understand that, in view of the fiscal problems, there may be some question about adopting any of those. I think that is a matter that the Senate will probably be asked to vote on as we get into those particular areas.

In sum, Madam President, I believe we have a good bill that deserves the enthusiastic support of all Members. It strikes an appropriate balance among spending reductions, administrative reforms, and changes that improve the equity of the tax laws. There is much more to be done on the deficit problem than what is contained in this bill, including major savings in defense and nondefense appropriated funds. But this bill makes a very good start, and start we must if we are to have a significant impact on the deficit this year.

Madam President, I ask unanimous consent to have printed in the RECORD at this point a summary of the provisions that I have just referred to. I think this will be most helpful to Members as they start to address the different provisions of the bill.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

II. SUMMARY OF PROVISIONS

TITLE I.—TAX REFORMS GENERALLY

A. DEFERRAL OF CERTAIN TAX REDUCTIONS

1. Investment credit for used property

Under present law, the maximum amount of used property eligible for the investment credit is scheduled to increase from $125,000 to $150,000 in 1985. The bill freezes the amount eligible for the credit at $125,000 through 1987, after which this limit increases to $150,000.

2. Finance leasing

Under present law, liberalized leasing rules for agreements relating to limited use property or containing fixed price purchase options become effective on January 1, 1984. The bill postpones that effective date for four years. Present liberalized leasing rules are continued for up to $150,000 of farm equipment and for certain automotive manufacturing property. In addition, general transition rules are provided.

3. Expensing of business personal property

Under present law, the amount of personal property which businesses may elect to expense each year is scheduled to increase from $5,000 in 1983 to $7,500 in 1984 and 1985 and to $10,000 thereafter. The bill freezes the maximum amount that can be expensed at $5,000 through 1987, increasing it to $7,500 in 1988 and 1989 and $10,000 thereafter.

4. Telephone excise tax

Under present law, the 3-percent telephone excise tax is scheduled to expire after 1985. Under the bill, the 3-percent tax remains in effect through 1987.

5. Net interest exclusion

Under present law, starting in 1985, individuals will be able to exclude 15 percent of interest income to the extent such income exceeds certain interest deductions, up to a maximum exclusion of $450 for single persons and $900 for married couples. The bill postpones this net interest exclusion until 1988.

6. Foreign earned income

Under present law, the maximum amount of income earned abroad excluded from taxable income is $80,000 for 1983, and is scheduled to increase in $5,000 annual increments to a permanent level of $95,000 in 1986. The bill freezes the amount of the exclusion at $80,000 until 1988 and increases it in $5,000 increments to $95,000 in 1990.

B. TAX-EXEMPT ENTITY LEASING

Present law

The Federal income tax benefits of ownership of property generally include accelerated depreciation deductions and investment tax credits. Essentially, the law is that the economic substance of a transaction, not its form, determines who is entitled to the tax benefits associated with ownership. Thus, in a lease or similar arrangement, the person claiming ownership for Federal income tax purposes must show that he has sufficient economic indicia of ownership.

The tax benefits of ownership are generally allowed only for property used for a business or income-producing purpose. They are not available for property that is owned by governmental units and tax-exempt organizations. Property that is used (though not owned) by a tax-exempt organization or a domestic governmental unit qualifies for accelerated cost recovery (ACRS) or other depreciation deductions but generally does not qualify for investment credits. A statutory exception to the investment credit limitation provides that qualified rehabilitation expenditures for a building leased to a tax-exempt organization or a governmental unit can qualify for the rehabilitation tax credit. Also, one court has held, and the Internal Revenue Service (IRS) has ruled, that investment credits can be claimed where a governmental unit essentially contracts not for the use of property itself, but rather for a service to be provided by the owner of the property.

Property used by a foreign government or person is not subject to the nontaxable use restriction. However, if the property is used predominantly outside the United States, generally ACRS deductions are slowed down and no investment credit is allowed.

Only 50 percent of the investment credit otherwise allowable is allowable with respect to property owned by a thrift institution, but no such limitation specifically applies with respect to property leased to it. Furthermore, certain property owned by or leased to a public utility is subject to special depreciation and investment credit rules. However, those rules are not specifically applicable to property used to provide services to the public utility.

The bill

In general, the bill reduces the tax benefits available for certain property that is leased to or otherwise used by tax-exempt entities. Under the bill, tax-exempt entities include the United States, any State or local governmental unit, possessions of the United States, and most agencies and instrumentalities of any of the foregoing. The term also includes (1) organizations (other than farmers' cooperatives described in section 521) exempt from United States income tax and certain formerly exempt organizations and (2) certain foreign persons or entities.

The bill generally requires that ACRS or other depreciation deductions for property used by tax-exempt entities be computed using the straight-line method over a recovery period equal to the greater of the present class life of the property under the Asset Depreciation Range (ADR) system (40 years in the case of 15-year or 20-year real property) or, in the case of property subject to a lease, 125 percent of the term of the lease. In the case of 15-year or 20-year real property, this provision applies to the extent of use of a type or types specified in the bill, but only if more than 50 percent (35 percent in the case of use of a type or types specified in the bill by one tax-exempt entity and related tax-exempt entities) of the property is so used. The depreciation rules of the bill do not apply to certain short-lived property. Depreciation deductions for property used by foreign persons or entities will be computed using the 175-percent declining balance method over a specified number of years for property placed in service in 1984 and the 150-percent declining balance method over a specified number of years for property placed in service after 1984.

The bill also provides criteria for determining whether a transaction that is structured as a service contract or other arrangement should be treated as a lease for all Federal income tax purposes. The rehabilitation credit will be denied for tax-exempt use real property. Finally, lessors will not be entitled to investment credits with respect to property leased to thrift institutions in excess of the credits that would have been allowed to the lessee had the lessee owned the property. Property used by foreign persons or entities and currently eligible for the investment credit is restricted to one-half of the credit if placed in service in 1984. If placed in service after 1984, such property generally is ineligible for the credit.

The bill does not apply to property leased to a tax-exempt entity for a short term. For depreciation purposes, a short-term lease is a lease with a term not in excess of 1 year or 30 percent of the property ADR mid-point life (but not more than 3 years), whichever is greater. For investment credit purposes, a short-term lease is generally a lease of less than 6 months, although for certain property, the depreciation short-term lease rule applies.

The bill generally applies to property placed in service by the taxpayer after May 23, 1983, and to property used under an agreement entered into after that date. However, transitional rules are provided.

C. TREATMENT OF BONDS AND OTHER DEBT INSTRUMENTS

1. Debt obligations acquired at a discount

a. Market discount

Under present law, upon the disposition of a market-discount bond issued by a corporation or a governmental unit and held for more than one year, capital gain treatment is accorded to the appreciation in value attributable to market discount. When a tax-

payer borrows the funds used to purchase a market-discount bond, interest on the acquisition indebtedness generally can be deducted currently against ordinary income. Thus, a taxpayer who leverages the purchase of a market-discount bond effectively converts ordinary income to capital gain.

The bill generally requires that gain on disposition of a market discount bond be recognized as interest income, to the extent of accrued market discount. This provision is effective for bonds issued after the date of enactment.

The bill also limits a taxpayer's ability to take current interest deductions on indebtedness incurred to purchase or carry a market discount bond. This change is effective for bonds acquired after the date of enactment. For bonds issued before date of enactment but acquired after date of enactment, gain will be recharacterized as ordinary income to the extent of deferred interest deductions.

The bill provides an election to include accrued market discount in income currently. Neither the rule requiring ordinary income treatment on disposition nor the rule limiting interest deductions will apply to bonds with respect to which the election is made.

b. Original issue discount on tax-exempt bonds

Under the Code, original issue discount (OID) on certain obligations issued by a State or local government is exempt from tax. Under Internal Revenue Service rulings, tax-exempt OID is apportioned on a straight-line basis among the original holder and subsequent purchasers of a bond. The application of this rule may permit the holder of a deep discount municipal bond to generate an artificial loss by disposing of the bond prior to maturity.

The bill requires the holders of tax-exempt obligations to accrue tax-exempt OID by using the constant interest method provided by present law for the holders of obligations issued by corporations and other entities. Under the bill, the basis of an obligation is increased by the amount of accrued tax-exempt OID. Thus, the holder of a zero coupon municipal bond will be able to claim economic losses realized on disposition of the bond. These changes apply to bonds issued after September 3, 1982, and acquired after March 1, 1984.

c. Discount on short-term obligations

For governmental obligations (Treasury bills) issued at a discount and payable without interest at a fixed maturity not exceeding one year, the acquisition discount is not considered under present law to accrue until the obligation is paid at maturity or otherwise disposed of. A similar rule applies with respect to original issue discount on other obligations with a maturity of one year or less (e.g., bank certificates of deposit). Taxpayers who make leveraged purchases of obligations eligible for the special rules are able to defer tax liability on unrelated income.

The bill limits the ability to use leveraged purchases of short-term obligations within the special rules to defer tax on ordinary income by deferring the deductions for interest on indebtedness used to purchase or carry short-term discount obligations. An election is provided under which taxpayers can avoid application of the interest deferral rule by electing to include acquisition and original issue discount in income as it accrues.

This provision will be effective for obligations acquired after the date of enactment.

D. TAX TREATMENT OF CORPORATIONS AND THEIR SHAREHOLDERS

1. Dividends received by corporations

a. Debt-financed portfolio stock

Under present law, when a corporation borrows funds used to purchase dividend-paying stock, interest on the acquisition indebtedness is generally deductible against ordinary income. Dividends received by a corporation are eligible for an 85-percent dividends received deduction. Thus, a corporation that borrows to finance purchases of portfolio stock effectively converts some ordinary income to dividend income, which is taxed at a maximum rate of 6.9 percent.

Under the bill, the dividends received deduction is reduced by an amount determined by reference to interest paid or accrued on debt that is directly attributable to the investment in the underlying stock. The provision applies to stock the holding period for which begins after the date of enactment.

b. Dividends from regulated investment companies

Under present law, a mutual fund, or regulated investment company (RIC), is not subject to Federal income tax if it distributes its income to its shareholders. If at least 75 percent of a RIC's gross income consists of dividends from domestic corporations, then the entire amount of the RIC's dividends to its shareholders is eligible for the 85-percent intercorporate dividends received deduction and the $100 dividend exclusion for individuals. Taxpayers have organized RICs to take advantage of this tax provision that permits the conversion of interest income into dividend income.

Under the bill, the 75-percent rule of present law is raised to 95 percent. The provision applies with respect to taxable years of a RIC beginning after the date of enactment.

c. Extraordinary dividends

Under present law, dividends received by a corporation generally have no effect on its basis in the stock of the distributing corporation. As a result, a corporation can buy stock for $100, receive a $15 extraordinary dividend on it, and then in short order sell the stock for $85. While some portion (generally 15 percent) of the $15 dividend will be taxed as ordinary income to the recipient corporation, the transaction, which may have no significant economic consequences, will also generate $15 of short-term capital loss on the sale of the stock. This is an attractive transaction for corporations that have capital gains which can be sheltered by the loss on the sale of stock.

Under the bill, if a corporate shareholder does not hold stock for more than one year, the fair market value of any extraordinary dividend (to the extent not subject to tax) reduces its basis in the stock. Extraordinary dividends include dividends received within any 85-day period with a fair market value equal to or greater than 10 percent (5 percent in the case of preferred stock) of the taxpayer's basis in the stock. This change applies to distributions after the date of enactment.

In general, the holding period is limited to exclude, among other periods, any period during which the taxpayer is the grantor of a deep-in-the-money option with respect to the stock, or any period that the taxpayer's risk of loss is diminished because of holding substantially similar positions. A similar rule is adopted for purposes of all the holding period rules applicable to the dividends received deduction. Broker-dealers who hold stocks for sale to customers or as hedges will be exempt from the "risk of loss" rule. This holding period provision applies to stock acquired after the date of enactment.

A corporate shareholder's holding period for property received as a dividend with respect to stock is limited so that it cannot exceed its holding period for such stock. This change applies with respect to stock acquired after the date of enactment.

2. Ordinary nonliquidating dividends of appreciated property

Generally, under present law, a distribution of appreciated property (such as interests in an oil and gas royalty trust) by a corporation with respect to its stock is not a taxable event to the distributing corporation.

Under the bill, in general, an ordinary nonliquidating distribution of appreciated property is taxable to the distributing corporation. Certain exceptions are provided. The provision applies with respect to distributions declared after March 15, 1984, with transition rules.

3. Transactions in mutual fund shares

Under present law, mutual fund distributions from net capital gain income are taxed as long-term capital gain to shareholders even when made to a shareholder who holds the share for one year or less. If a shareholder who has held a share of a mutual fund for less than 31 days sells such share at a loss after a capital gain dividend has been received, the loss is treated as long-term rather than short-term to the extent of the capital gain dividend. Similar rules apply to real estate investment trusts.

Under the bill, losses on mutual fund stock held 6 months or less are treated as long-term losses to the extent of any capital gain dividends paid on the stock. There is an exception for periodic redemption plans. A similar rule is provided for real estate investment trusts. The provision applies to losses with respect to shares of stock with respect to which the taxpayer's holding period begins after the date of enactment.

4. Expenses incurred in connection with short sales

A short sale is a transaction in which the investor borrows stock, sells the stock, and later buys stock to repay the loan. Under present law, amounts paid by the taxpayer to the lender in lieu of dividends are deductible against ordinary income. A taxpayer can create short-term capital gain and ordinary loss by selling short before a dividend payment date and closing the short sale after the ex-dividend date in a transaction with essentially no economic consequences.

Under the bill, in the case of a short sale of stock, payments in lieu of dividends are not deductible unless the short sale is held open for at least 16 days. No deduction is allowed for payments in lieu of extraordinary dividends unless the short sale is held open for at least one year. Amounts disallowed are treated as part of the basis of the short seller in the stock acquired to close the short sale. Amounts not disallowed as a deduction are treated as interest for certain Code purposes. The provision applies with respect to short sales after the date of enactment.

5. Transactions in stock warrants

Present law is unclear as to the tax consequences of a corporation's dealing in its own warrants. Under present law, taxpayers with a gain may take the position that no gain is recognized and taxpayers with a loss may report the loss.

Under the bill, no gain or loss is recognized by a corporation on any transaction with respect to a warrant to buy or sell its own stock. The provision applies with respect to warrants acquired or lapsing after the date of enactment.

6. Companies that accumulate earnings

Under present law, a corporation may deduct 85 percent of the dividends it receives on portfolio stock investments. Furthermore, gain on the sale of stock held by an individual for more than one year is generally taxed as long-term capital gains at rates not in excess of 20 percent. As a result, if a widely-held investment company invests in dividend-paying stocks and pays no dividends, its shareholders could hold the stock for at least a year and then sell it at a price that reflects dividends received and retained by the company. Their gains would generally be long-term capital gain, so individual shareholders would essentially be recognizing dividend income at a tax rate substantially below 50 percent. The company may take the position that it is not subject to the accumulated earnings tax because it is widely held.

Under the bill, generally, widely held companies are not automatically excluded from the accumulated earnings tax. Also, the net capital loss deduction (including by carryover) is denied for mere investment or holding companies and amended, along with other provisions, for other companies. These provisions apply with respect to taxable years beginning after the date of enactment.

7. Distribution of debt by a corporation

Under present law, earnings and profits of a corporation are reduced by the principal amount of its obligations distributed to shareholders. Generally, for noncorporate shareholders, the amount of a distribution taken into account is the fair market value of the property distributed. A long-term obligation bearing little or no stated interest will have a fair market value well below its stated redemption price. The result may be to eliminate corporate earnings and profits at the cost of a relatively small dividend to shareholders.

The bill amends the earnings and profit rules to limit the reduction in earnings and profits resulting from the distribution of the corporation's own debt obligations. Also, under the bill, these obligations are subject to the original issue discount rules. These provisions apply with respect to distributions declared after March 15, 1984.

8. Phaseout of graduated rates for large corporations

Under present law, the first $100,000 of corporate taxable income is taxed at graduated rates. The taxable income in excess of $100,000 is taxed at the 46-percent rate. The graduated tax rates provide a tax reduction of $20,250 to corporations with taxable income in excess of $100,000 relative to a flat 46-percent tax.

The bill provides that the benefits of the graduated rates will effectively be phased out for any corporation with taxable income in excess of $1 million. An additional 5-percent tax, not to exceed $20,000 in amount, will be imposed on a corporation's taxable income in excess of $1 million. This provision will be effective for taxable years beginning after December 31, 1983.

9. Corporate tax preferences

The bill increases the present law corporate tax preference cutback from 15 percent to 20 percent, beginning in 1985.

10. Golden parachutes

Corporations fearing a hostile takeover attempt frequently enter into contracts with key personnel pursuant to which substantial payments will be made to such personnel in the event of a successful takeover. Under the bill, certain payments under such "golden parachute" contracts substantially in excess of historic compensation will be presumed not to be ordinary and necessary business expenses and not deductible. Furthermore a nondeductible 20-percent excise tax will be imposed on the recipient. The presumption will be rebuttable.

The provisions are effective with respect to payments under golden parachute contracts entered into after March 15, 1984.

11. Earnings and profits

Distributions from a corporation are generally treated as dividends only if they are paid out of current or accumulated earnings and profits. Under present law, a corporation's earnings and profits may be substantially less than its "true," or economic, income. This is because many of the tax rules applicable in determining taxable income are applicable to a greater or lesser extent in determining earnings and profits.

The bill makes a number of changes in the definition of earnings and profits in order to make it conform more closely to true or economic income. The bill also makes provision for the effect on earnings and profits of redemptions. With several exceptions, the provisions are effective for taxable years beginning after the date of enactment.

12. Net operating losses

Provisions from the Tax Reform Act of 1976 relating to special limitations on the carryover of net operating losses and other tax attributes are scheduled to become effective at varying times during 1984.

The bill delays the effective date of those provisions. As a result, the rules in effect prior to 1984 remain in effect.

13. "C" reorganizations

Present law contains no requirement that the transferor corporation distribute all its assets to shareholders in order for a transaction to qualify as a "C" reorganization. As a result, the transferor corporation can remain in existence, having transferred its tax attributes (particularly earnings and profits) to the acquiring corporation. Furthermore, the absence of a distribution requirement permits acquired corporations to avoid, to some extent, the rules of section 355.

The bill requires the transferor corporation to distribute all its assets to shareholders in order to qualify a transaction as a "C" reorganization. The Treasury is authorized to prescribe regulations providing relief from the rules in appropriate cases. The bill also requires an appropriate allocation of earnings and profits in certain "C" reorganizations. The provisions are effective for transactions pursuant to a plan adopted after the date of enactment.

14. "D" reorganizations

Under present law, the transfer of assets of a corporation to another corporation qualifies as a non-divisive "D" reorganization if, among other things, shareholders of the acquired corporation are in control of the acquiring corporation immediately after the transaction. Control is defined as ownership of at least 80 percent of the total combined voting power of all classes of stock entitled to vote and at least 80 percent of the total number of all other classes of stock.

The bill changes the control requirement to at least 50 percent. In addition, the bill provides that attribution rules are applicable in determining ownership. The provisions apply to transactions pursuant to a plan adopted after the date of enactment.

15. Collapsible corporations

In general, under present law, a collapsible corporation is one which is formed or availed of with a view (on the part of those in control of the corporation) to realize the value of the corporation's collapsible assets before the corporation has realized a "substantial part" of the taxable income to be derived from such property. Under the bill, the substantial part requirement would be defined to be "two-thirds" of the taxable income to be derived from the property.

The "70/30" rule of present law would be amended to authorize Treasury regulations specifying the extent to which all inventory assets be aggregated and treated as a single asset in determining whether the gain attributable to such assets should be treated as attributable to collapsible assets for purposes of the "70/30" rule.

The provisions are generally applicable to sales, exchanges, or distributions after December 31, 1984.

E. PARTNERSHIPS AND OTHER PASSTHROUGH ENTITIES

1. Allocations of partnership income or loss

a. Contributed property

Under present law, a partnership may elect to allocate gain or loss and depreciation or depletion with respect to contributed property to reflect variations between the basis of the property and its fair market value when contributed. In the absence of the election, it is possible that the gain or loss with respect to contributed property may be effectively shifted among members of the partnership.

Under the committee bill, the special allocation of gain or loss, depreciation, and depletion with respect to contributed property will be made mandatory. The provision applies to contributions made after March 31, 1984.

b. Partnership losses

Under present law, retroactive allocation of partnership deductions to partners entering late in the year is prohibited. Nonetheless, it may be possible to accomplish such an allocation through the use of tiered partnerships or, in the case of cash method partnerships, by delaying actual payment for accrued expenses.

With respect to the tiered partnership technique, the bill generally requires items of income, gain, loss, deduction and credit passing from a subsidiary partnership to a parent partnership to be allocated equally among the days in the parent's taxable year for which it has an interest in the subsidiary. Further, for cash basis partnerships, certain items such as taxes, interest, and rents are to be allocated proportionately over the periods to which they relate, so that a partner generally can be allocated only those items actually accrued while he is a partner. The bill also provides for a convention under which partners entering in any month may be treated as entering at the beginning of the month. The provision applies to items paid or accrued after March 31, 1984.

2. Conversion or deferral of income

a. Disguised payments

Under present law, amounts expended to organize or promote a partnership generally

must be capitalized. Other payments for property or services may also be required to be capitalized. It has been suggested that these capitalization requirements may, in effect, be avoided when the payee is also a partner by allocating a greater share of income to that partner.

The bill provides that when a partner performs services for, or transfers property to, a partnership and receives a related allocation and distribution of partnership income or gain, the allocation and distribution, if properly so characterized, will be treated as a transaction occurring between the partnership and a person who is not a partner. The provision applies to services performed or property transferred after February 29, 1984.

b. Disguised sales

Under present law, a partner may be able to avoid recognition of gain on the sale of property to a partnership or another partner by characterizing the transaction as a contribution of the property followed by a distribution of cash or other property to the contributing partner.

The bill provides that, when properly so characterized, a transfer of property by a partner to a partnership and a related transfer to that or another partner will be treated as a sale between partners or between the partnership and one who is not a partner. The provision generally applies to transfers after March 31, 1984.

c. Gain or loss on contributed property

Present law provides that if certain ordinary income property of a partnership is distributed to a partner, its character as ordinary income property is preserved in the hands of the distributee for at least five years. No comparable rule applies to property contributed to a partnership. Thus, it may be possible to change the character of property from ordinary income to capital gain or from capital loss to ordinary loss through a contribution to a partnership.

Under the bill, the ordinary income or loss character of unrealized receivables contributed to a partnership will be preserved in the hands of the partnership. Further, the ordinary income or loss character of inventory items will be preserved in the hands of the partnership for five years. Built-in losses on capital assets contributed to a partnership are treated as capital losses if recognized by the partnership within 5 years. The provision applies with respect to property contributed after March 31, 1984.

d. Ordinary income property in tiered partnerships

Under present law, amounts received by a transferor partner in exchange for all or part of his partnership interest that are attributable to his interest in ordinary income assets of the partnership are treated as ordinary income. It has been argued that this rule can be avoided if ordinary income assets are held in a second partnership in which the distributing partnership holds an interest.

The bill treats a partnership that owns an interest in another partnership as owning its proportionate share of the ordinary income assets of such partnership directly. A similar rule applies to interests in trusts. The provision applies to distributions, sales or exchanges after March 31, 1984.

3. Transfers of partnership and trust interests by corporations

Under present law, when a partnership interest is sold, any gain is ordinary income to the extent attributable to certain ordinary income items of the partnership. When a corporation distributes property, or sells property in the course of certain complete liquidations, recapture income is taxed to the corporation while non-recapture gain attributable to appreciation in the transferred property goes unrecognized. It has been argued that the corporate recapture provisions do not apply to the distribution or liquidating sale of an interest in a partnership that holds recapture property.

Under the bill, a corporate distribution or a liquidating sale of a partnership interest is treated as a transfer of the distributing corporation's proportionate share of certain recapture items (and other corporate recognition property) held by the partnership. The provision also clarifies that a distribution is treated as a sale or exchange for purposes of the basis adjustment rules. The provision applies to distributions after March 31, 1984.

4. Like-kind exchanges of partnership interests; deferred like-kind exchanges

Under present law, like-kind exchanges of property held for productive use or investment are permitted to be made tax-free. These rules do not apply to inventory, stock, certificates of trust or beneficial interests, or other securities or evidences of indebtedness. In some cases, the courts have permitted tax-free like-kind exchanges of partnership interests. The Treasury has not acquiesced in these holdings. The bill provides that tax-free like-kind exchange treatment is not available for exchanges of interests in different partnerships. The provision applies with respect to transfers after the date of enactment.

Under present law, an intended like-kind exchange transaction may be held open for as long as five years under the case law. The bill provides that property which is received in an exchange and is either not designated at the time the taxpayer transfers his property or is received more than 180 days after the taxpayer transfers the relinquished property (or, if earlier, after the due date of the taxpayer's return), will not be treated as like-kind property. This provision will apply to transfers of property made after the date of enactment.

F. TRUST PROVISIONS

1. Trust distributions

Under present law, beneficiaries are taxed on the value of property distributed from a trust (or estate) to the extent of the trust's (or estate's) distributable net income. The trust (or estate) is allowed a deduction for amounts taxed to its beneficiaries. The basis of the property in the hands of the beneficiary is stepped up to its fair market value even though no tax is imposed on the unrealized appreciation.

Under the bill, distributions of property result in gain or loss to the trust or estate. Alternatively, the trustee or executor may elect to treat distributions of property as carrying out distributable net income only to the extent of the property's basis. The beneficiary's basis would be the same as the trust's (or estate's) and the appreciation would no longer be exempted from tax.

This provision applies to distributions from a trust (or estate) after March 1, 1984.

2. Multiple trusts

Treasury regulations prevent grantors of trusts from reducing present taxation by establishing multiple trusts for the same beneficiaries which take advantage of the separate graduated rates applicable to each trust. A recent court decision held these regulations to be invalid. The bill provides that trusts established by substantially the same grantors for substantially the same beneficiaries with a principal purpose of tax avoidance will be consolidated for tax purposes. This provision is generally effective for taxable years beginning after March 1, 1984.

G. TIME VALUE OF MONEY AND OTHER ACCOUNTING PROVISIONS

1. Deferred payment transactions

a. Time for inclusion or deduction of deferred interest

Present law provides that, in general, in a discount lending transaction, the borrower is treated as having paid, and the lender as having received, the annual unpaid interest, which is then relent to the borrower. These original issue discount (OID) rules match the interest inclusion by the lender with the interest deduction by the borrower. The OID rules of present law do not apply to obligations issued in exchange for property where neither the obligation nor the property is publicly traded; to obligations issued by individuals; or, as to holders of discount obligations, to obligations not held as capital assets.

The bill extends the OID rules to obligations issued for nontraded property, issued by individuals, and not held as capital assets. The interest element in obligations issued for nontraded property is to be compared to a test rate. The test (safe harbor) rate is 110 percent of an average yield on Federal obligations of similar maturity (the "applicable Federal rate"). This yield is to be redetermined semi-annually for 3 categories of maturities (short-, medium-, and long-term). If interest is not paid annually at least at this rate (or, if interest is stated at a higher rate, is not paid at least at that higher rate), interest is to be imputed at a rate equal to 120 percent of the applicable Federal rate (or at the higher stated rate) and annually included in the income of the lender and deducted by the borrower. Exceptions to these rules are provided for sales of principal residences, certain sales of farms, sales involving total payments of $250,000 or less, and issuers of obligations issued in a sale of assets not used by the purchaser in a trade or business or held by the purchaser for investment.

The bill also provides exceptions to the OID rules for loans of $10,000 or less between family members and for borrowers in negative amortization loan transactions where the loan proceeds are used to purchase non-business or non-investment property. These provisions generally apply to transactions entered into after December 31, 1984, except for sales or exchanges with respect to which there was a binding commitment on March 15, 1984.

b. Measurement of interest in deferred payment transactions

Under present law, if the parties to a deferred payment sale fail to state interest at a safe-harbor rate fixed by regulation, interest is imputed at a higher rate fixed by regulation. The safe-harbor rate is a simple interest rate; the imputed rate is a compound rate. Imputed interest is allocated among deferred payments in proportion to the amount of the payment, without regard to the period of time that has elapsed since the sale.

The bill provides that the adequacy of the interest element in a deferred payment sale is to be tested against a self-adjusting compound rate of interest which approximates a market rate. This test (safe-harbor) rate is the same rate applied under the proposed

amendments to the OID rules: 110 percent of the applicable Federal rate. If insufficient interest is stated, interest is to be imputed at a rate equal to 120 percent of the applicable Federal rate. Interest income will be recognized by the lender and interest expense will be deducted by the borrower on an economic accrual basis when paid (in the case of a cash method taxpayer) or when due (in the case of an accrual method taxpayer). An exception is provided for purchasers of assets that do not constitute trade or business or investment assets in the hands of the purchaser.

The bill generally applies to sales or exchanges after December 31, 1984, except for sales or exchanges with respect to which there was a binding commitment on March 15, 1984. However, as to any transactions entered into after March 15, 1984, and before January 1, 1985, the bill provides that a deduction will not be allowed for interest in excess of the amount properly allocable to the period.

2. Deferred payments for use of property and services

Under present law, a lessor of property reporting income on the cash method includes rents from the property in income in the year in which the rent is actually or constructively received; an accrual method lessor reports rental income in the year in which all events fixing the lessee's liability for the rent have occurred and the amount thereof can be determined with reasonable accuracy (the "all-events test"). A cash method lessee otherwise entitled to deduct rent generally claims a deduction in the year the rent is paid; an accrual method lessee generally deducts rent in the year the all-events test is satisfied. An accrual basis lessor or lessee which is a party to a lease under which rents are not payable currently normally accrues a ratable portion of the rent income or expense in each year of the lease.

The bill requires that rental and interest income attributable to a deferred rental payment agreement be reported as income by the lessor and deducted by the lessee as if both were on the accrual method, irrespective of their actual methods of accounting. The provision will generally apply both in the case where payment of rent is deferred beyond the end of the taxable year subsequent to the year to which the rent relates and where rents are "stepped" (that is, increase or decrease over the term of the lease) more than is commercially reasonable. A stricter standard of commercial reasonableness applies to sale-leaseback transactions.

If a transaction is subject to these provisions, the amount of rent to be accrued by the parties for a taxable year will be based upon a rental rate that is constant or level for each period of the lease. In addition, the lessor will annually accrue interest income, and the lessee will deduct interest expense, at a rate equal to 120 percent of a self-adjusting statutory rate, on any unpaid accrued rent and interest.

Deferred payments under service contracts are treated in a manner similar to deferred rents, except that the annual inclusion and deduction rules apply only to the imputed interest element of the transaction.

Exceptions are provided for deferred payment transactions involving total payments of $250,000 or less and certain other situations.

The provisions are effective for agreements entered into after March 15, 1984, for taxable years ending after such date.

3. Premature accruals

Under the accrual method of accounting, an expense is deductible when all events have occurred which establish the fact of liability and the amount of the liability can be determined with reasonable accuracy. The proper time for deducting expenses for which economic performance has not yet occurred is the subject of controversy under present law.

The bill generally requires that economic performance must occur before all events establishing the fact of liability will be considered to have occurred. Exceptions are made for items for which specific timing rules are already provided under the Code, such as bad debts and vacation pay.

The bill permits utility companies owning nuclear power plants to take deductions for contributions to a segregated reserve fund dedicated to plant decommissioning, subject to certain limits. This reserve fund will be taxed as a separate entity, with respect to fund earnings, at the maximum corporate tax rate (46 percent).

The bill requires that all customer charges for decommissioning are to be included in the income of the company that is providing the services.

The bill also provides an elective method for deducting site reclamation and closing costs of surface and deep mines and solid, liquid, and hazardous waste disposal sites (not including superfund sites), associated with meeting the requirements of Federal or State law.

The bill also provides a 10-year carryback for losses arising from certain deferred liabilities and a longer period for certain losses associated with the decommissioning of nuclear generating plants.

The bill applies to expenses accruing after the date of enactment, subject to certain transition rules.

4. Prepayment of expenses

Except with respect to interest and prepayments by farm syndicates, present law is unclear as to the proper timing of a deduction for prepaid items by cash method taxpayers. In the case of interest, deductions are allowed only for the year to which the interest relates. A similar rule applies to prepaid expenses of farm syndicates.

The bill provides that farmers, other than farm syndicates, will not be allowed to deduct any amount paid for feed, seed, fertilizer or other supplies prior to the time such supplies are used or consumed if more than 50 percent of the expenses incurred in the trade or business of farming are prepaid. For other taxpayers (including farm syndicates), prepaid expenses will be treated as under present law. This rule will apply to prepayments made after the date of enactment.

5. Construction period interest and taxes for residential property

Under present law, taxpayers are generally required to capitalize construction period interest and taxes on real property other than low income housing. This rule does not apply to residential real property acquired, constructed or carried by a corporation (other than an S corporation).

The bill will require corporations to capitalize construction period interest and taxes for residential real property other than low income residential real property. This change will apply to interest and taxes paid or incurred in taxable years beginning after December 31, 1984, for construction of residential real property begun after March 15, 1984.

6. Pre-opening expenditures

Under present law, taxpayers may elect to amortize pre-opening or start-up expenditures over the first five years after the business is opened. If the election to amortize is not made, the IRS views these expenditures as nondeductible capital items. Certain taxpayers, nevertheless, claim those items as currently deductible if the five-year amortization election is not made.

The bill provides that pre-opening or start-up expenditures must be amortized over a five-year period. The provision is effective for taxable years beginning after June 30, 1984.

H. STRADDLES AND OTHER SECURITIES TRANSACTIONS

Under present law, several special rules apply to limit tax benefits from straddle transactions. Under the loss deferral rule, losses on straddles are deferred to the extent of gains on offsetting positions. However, there is an exception from this rule for straddles involving stock and stock options. Also, a mark-to-market system applies to regulated futures contracts under which taxes are paid on unrecognized gains and losses at the end of each year. Under the mark-to-market rules, gains and losses are treated as 60-percent long-term and 40-percent short-term, providing a maximum tax rate of 32 percent. The tax treatment of options on futures contracts and cash settlement options is unclear under present law.

The bill repeals the exception from the loss deferral rule for stock options and stock offset by an option, and substitutes a limited exception applying to covered calls which are not deep-in-the-money. The exception from the straddle rules for stock would not apply where the corporation is formed or availed of to enter into positions to offset the shareholder's own positions. When a taxpayer has written an in-the-money covered call, any long-term gain on the sale of the stock will be recharacterized as short-term to the extent of any short-term losses on the option.

The bill also extends the mark-to-market system to options on futures contracts (other than stock index futures contracts), to options where the underlying property is not equity based, and to options held by options market makers.

The bill modifies the hedging exception to the anti-straddle rules to reduce the possibility that it may be used to generate losses that shelter unrelated income from tax.

The Treasury Department's authority to issue regulations with regard to the straddles rules is extended so that it can deal with the problems presented under present law by mixed straddles. Its authority to prescribe effective identification requirements for the hedging exception and broker-dealer investment accounts is also broadened.

The wash-sale rule is extended to apply to short sales, including short sales "against the box."

The bill clarifies the treatment of cash settlement options.

The repeal of the exception for stock options from the anti-straddle rules is effective for positions entered into after October 31, 1983. The extension of mark-to-market rules is effective for positions entered into after the date of enactment. Transition rules are provided similar to those which were provided when the mark-to-market system for regulated futures contracts was implemented in 1981.

I. PENSIONS, WELFARE BENEFIT PLANS, ESOPS

1. General pension provisions

a. Deduction limits for qualified pension plans

Under present law, deduction limits are imposed on the amount of employer contributions to a qualified pension, profit-sharing, or stock bonus plan ("qualified pension plan"). If an employer maintains a pension plan and an annuity, profit-sharing, or stock bonus plan, the deduction for a year is limited to the greater of (1) 25 percent of aggregate compensation of all beneficiaries under the plan or (2) the amount necessary to satisfy the minimum funding requirement under the pension plan. In addition, present law provides overall limits on the contributions and benefits that may be provided to participants under qualified pension plans.

In the case of an employee participating both in a defined contribution plan and a defined benefit plan maintained by the same employer, the sum of the fractions of the separate limits for each plan is subject to an overall limit, which TEFRA generally reduced from 1.4 to 1.25. In addition, TEFRA suspended all cost-of-living adjustments to the dollar limits on contributions and benefits under qualified pension plans until 1986.

The bill applies the 25-percent limitation rule of present law to situations in which the employer maintains both a defined benefit pension plan and a money purchase pension plan for the same employees. In such a case, the deduction is limited to the greater of (1) 25 percent of compensation or (2) the minimum funding requirement under the defined benefit pension plan. Under the bill, in no event can an employer's deduction for contributions to all qualified pension plans of the employer exceed 100 percent of the aggregate compensation of all beneficiaries.

Under the bill, in the case of an employee participating in both a defined contribution plan and a defined benefit plan maintained by the same employer, the combined limit on the sum of the fractions of the separate limits is raised to 1.4, if no plan of the employer is top heavy or integrated with social security after June 30, 1982.

Finally, the bill postpones the cost-of-living increases to the dollar limits on contributions and benefits under qualified pension plans until 1988. Beginning in 1988, the limits will be adjusted for post-1986 cost-of-living increases under the formula then in effect to provide cost-of-living increases in social security benefits.

The provisions are effective for years beginning after December 31, 1984.

b. Provisions relating to top-heavy plans

Under present law, if a qualified pension plan is top heavy, certain minimum requirements must be met. These requirements include rules relating to the provision of minimum benefits or contributions to non-key employees. If a plan is top heavy, the combined limit on contributions and benefits for a key employee participating in both a defined contribution plan and a defined benefit plan is reduced to 1.0, unless additional minimum benefits or contributions are provided to non-key employee. In the case of a super top-heavy plan, the 1.0 combined limit cannot be avoided by providing additional minimum benefits or contributions.

Under the bill, the special limit for super top-heavy plans is repealed. The definition of a key employee is amended to exclude officers who earn less than twice the dollar limit on annual additions under a defined contribution plan. The accrued benefit of any individual is disregarded after the individual has been separated from service for 5 years. Under the bill, employer contributions made pursuant to a salary reduction arrangement are counted for purposes of the top-heavy plan rules. The bill exempts governmental plans from the top-heavy plan rules. In addition, a simplified amendment provision applies if the Secretary fails to issue final regulations with respect to the top-heavy requirements by January 1, 1985.

The provisions generally are effective for plan years beginning after December 31, 1983. The rules relating to separated employees and salary reduction arrangements are effective for plan years beginning after December 31, 1984.

c. Distribution rules for qualified pension plans

Present law requires that distributions to an individual under a qualified pension plan prior to age 59½ are subject to an additional 10-percent income tax to the extent that the amounts are attributable to years in which the individual was a key employee in a top-heavy plan. In addition, present law requires that distributions to a key employee in a top-heavy plan commence no later than age 70½ without regard to whether the key employee has retired.

Under present law, in the case of a qualified pension plan or an IRA, after the death of the participant and the participant's surviving spouse, any distributions to beneficiaries must be made within 5 years after the death of the participant or surviving spouse.

Under present law, if the balance to the credit of an employee is paid as a qualifying rollover distribution, all or any portion of the distribution may be rolled over, within 60 days of the date of the distribution, to another qualified pension or annuity plan or an IRA. No rollover is permitted for a plan distribution that is not a total distribution.

Under the bill, the additional 10-percent income tax applies to amounts attributable to years in which the individual was a 5-percent owner of the employer without regard to whether the plan was top heavy. Rollovers to IRAs of certain partial distributions under a qualified pension plan are permitted. In addition, the bill applies the rules that distributions must commence at age 70½ to all 5-percent owners of the employer.

The bill changes the after-death distribution rules to provide that the 5-year rule is satisfied under a qualified pension plan or an IRA if (1) an immediate annuity contract is distributed to the beneficiary or (2) an annuity is paid from or under a defined benefit pension plan.

The provisions generally are effective for plan years beginning after December 31, 1984.

d. Treatment of distributions of benefits substantially all of which are derived from employee contributions

Under present law, an employee-contribution only plan may be a qualified pension plan. In addition, nondeductible employee contributions to a qualified pension plan may be withdrawn at any time without penalty. The first withdrawals of nondeductible contributions are treated as a return of nondeductible contributions, which are not includible in gross income.

Under the bill, in the case of a plan in which substantially all of the accrued benefits are derived from employee contributions, the first amounts withdrawn from the plan are treated as coming out of earnings in the employee's account. In addition, if an employee receives a loan (directly or indirectly) under the plan, the bill treats the amount of the loan as a distribution under the plan.

The provision is effective for any withdrawals occurring, or loans made, more than 90 days after the date of enactment

e. Repeal of estate tax exclusion for qualified pension plan benefits

TEFRA reduced the estate tax exclusion for certain benefits under qualified pension plans and IRAs to $100,000, for decedents dying after December 31, 1982.

Under the bill, the separate estate tax exclusion for retirement benefits is repealed, effective for decedents dying after December 31, 1984. A grandfather rule is provided for this provision and for the TEFRA change with respect to certain participants whose benefits were in pay status as of the effective date of either provision.

f. Affiliated service groups, employee leasing arrangements, and collective bargaining agreements

Under present law, certain aggregation rules apply to treat employees of related employers as if employed by a single employer. In addition, under certain circumstances, a leased employee is treated as the employee of the lessee. Present law provides that many of the nondiscrimination rules do not apply to a plan maintained pursuant to a collective bargaining agreement.

Under the bill, modifications are made to the rules for affiliated service groups, employee leasing arrangements, and collectively bargained plans maintained primarily for management employees.

The modification to the rules for affiliated service groups is effective for plan years beginning after December 31, 1984. The employee leasing provision is effective for plan years beginning after December 31, 1983. The collective bargaining agreement provision is effective on April 1, 1984.

2. Welfare benefit plans

a. Additional requirements for tax-exempt status of certain organizations

Under the bill, an organization generally will not qualify as a tax-exempt voluntary employees' beneficiary association (VEBA), a supplemental unemployment compensation benefit trust (SUB), or a group legal service organization for a year unless the plan of which it is a part meets requirements relating to the proportion of benefits provided to certain key employees. In addition, an organization will not be tax-exempt as a VEBA, SUB, or group legal service organization unless the plan of which it is a part meets new, more effective, standards prohibiting discrimination in favor of employees who are highly compensated. These additional requirements apply for taxable years beginning after 1984.

b. Excise taxes involving funded welfare benefit funds

Under the bill, if the use of certain facilities is provided under a funded welfare benefit plan, a nondeductible excise tax is imposed on the use of the facilities by certain key employees under specified circumstances. The bill also imposes nondeductible excise taxes on employers with respect to certain facilities and with respect to excess reserve amounts under a funded, top-heavy welfare benefit plan. The provision applies to years beginning after 1984.

c. Tax with respect to other benefits of key employees

Under the bill, if certain key employees are provided more than 25 percent of the use of certain facilities or if a welfare benefit fund is top heavy for a year, then benefits with respect to certain key employees for the year are subject to a 50 percent excise tax. The provision applies for taxable years beginning after 1984.

d. Treatment of certain medical, etc., benefits under section 415

Present law limits contributions and benefits under qualified pension, profit-sharing, and stock bonus plans. Medical benefits provided under a qualified pension plan are not taken into account in applying the limits. Under the bill, in the case of a top-heavy qualified pension plan, medical benefits are to be taken into account with respect to any participant who has an individual medical benefit account. A plan would be required to maintain such an account for each key employee beginning with the first year in which it is top heavy. The provision applies to years beginning after March 31, 1984.

e. Employee and welfare benefit fund treated as related persons

Under present law, the gain from the sale of depreciable property between certain related taxpayers is treated as ordinary income but an employer and a welfare benefit fund to which the employer contributes generally are not treated as related parties. The bill treats an employer and a welfare benefit fund as related parties if the employer controls the fund directly or indirectly. The provision applies to sales and exchanges after the date of enactment, in taxable years ending after that date.

3. Retirement savings incentives

Individual retirement accounts for one-earner couples

Under present law, an individual generally is entitled to deduct IRA contributions up to the lesser of $2,000 or 100 percent of compensation. The $2,000 deduction limit is increased to $2,250 for any year in which (1) at least $250 is contributed to an IRA for the spouse of the individual and (2) the spouse has no compensation for the year. Under certain circumstances, alimony may be considered compensation for purposes of the IRA deduction limits.

Under the bill, the dollar amount of the IRA deduction limit for a married couple is increased to $4,000 as follows: (1) for taxable years beginning in 1985 and 1986, $2,750, (2) for taxable years beginning in 1987 and 1988, $3,250, (3) for taxable years beginning in 1989 and 1990, $3,750, and (4) for taxable years beginning in 1991 and thereafter, $4,000. In addition, the bill repeals the special rules for alimony and treats all alimony received as compensation for purposes of the IRA deduction limit.

The provisions are effective for taxable years beginning after December 31, 1984.

4. Employee stock ownership provisions

Under present law, the limit on the tax credit for employer contributions to an employee stock ownership plan (ESOP) is scheduled to increase from one-half of one percent of payroll in 1983 and 1984 to three-fourths of one percent in 1985. The bill freezes the limit at the current rate through 1985.

The bill provides a number of incentives for employee stock ownership. First, it permits a tax-free rollover of the proceeds from the sale of a business to an ESOP or to certain worker-owned cooperatives, provided the proceeds are reinvested in the securities of another business. Second, a corporate deduction is allowed for dividends paid on ESOP stock, provided the dividends are paid out currently to employees or used to repay an ESOP loan. Third, a bank, insurance company, or other commercial lender is permitted an exclusion from income for 50 percent of the interest received on loans to ESOP companies, provided the loan proceeds are used to finance an ESOP's acquisition of company stock. Fourth, the capital gain exclusion is increased from 60 to 80 percent for investments in certain companies with employee ownership.

The bill also provides that the liability for estate taxes may be assumed by an ESOP in return for a transfer from the estate of stock of an equal value, provided the company sponsoring the ESOP guarantees payment of the taxes. In addition, an exclusion from the gross estate is allowed for 50 percent of the proceeds realized on the sale of employer securities to an ESOP or to certain worker-owned cooperatives. Also, for income, gift and estate tax purposes, an ESOP is treated as a charitable organization, provided donated stock is not allocated to the donor, family members of the donor or 25-percent or more shareholders.

The provisions are effective for years beginning after December 31, 1984.

5. Miscellaneous pension provisions

a. Elimination of retroactive application of amendments made by Multiemployer Pension Plan Amendments Act of 1980

The Multiemployer Pension Plan Amendments Act of 1980 (MPPAA) was enacted on September 26, 1980. That Act generally imposes liability on an employer who withdraws from a multiemployer defined benefit pension plan on or after April 28, 1980.

Under the bill, an employer does not have withdrawal liability under the MPPAA as a result of a withdrawal from a multiemployer plan before September 26, 1980. In addition, withdrawal liability does not apply to a withdrawal completed before December 31, 1980, pursuant to a binding agreement in effect on September 26, 1980. Employers are entitled to a refund of amounts collected. The provision is effective on the date of enactment.

b. Treatment of certain distributions from a qualified terminated plan

Under present law, a distribution under a qualified pension plan is not a lump sum distribution eligible for rollover to an IRA unless it consists of the balance to the credit of the employee and is made within one taxable year of the recipient.

Under the bill, special relief is provided for certain pension plan distributions received by a taxpayer during 1976 and 1977 so that the amounts received are treated as a lump sum distribution eligible for rollover. In addition, the usual statute of limitations period is extended. The provision is effective upon date of enactment.

c. Special rule for Trans-Alaskan pipeline employees

Under present law, in the case of the partial termination of a qualified pension plan, the rights of all affected employees to benefits accrued to the date of the partial termination generally become nonforfeitable upon the partial termination to the extent those benefits have been funded.

Under the bill, in the case of certain multiemployer pension plans located in the state of Alaska, no partial termination is deemed to have occurred merely because there was a reduction in workforce upon completion of the Trans-Alaskan pipeline. The provision is effective on the date of enactment.

d. Distribution requirements for accounts and annuities of an insurer in rehabilitation proceedings

Under present law, distributions to the owner of an IRA must be made by the end of the taxable year in which the owner attains 70½. In addition, after the death of the owner, distributions must be made to beneficiaries within 5 years of death of the owner. In the event that distributions are not made as required under present law, an excise tax of 50 percent applies to the amounts that are required to be distributed.

Under the bill, an amount is not required to be distributed under the usual rules for IRAs to the extent that the amounts are held by an insurance company that, on March 15, 1984, is engaged in rehabilitation proceedings under applicable State law. The provision is effective on March 15, 1984.

e. Extension of time for repayment of qualified refunding loans

TEFRA imposed limits on the extent to which an individual can borrow amounts from a qualified pension plan without the loan being treated as a distribution under the plan. A transition rule was provided for certain "qualified refunding loans" made on or after August 13, 1982, and repaid before August 14, 1983.

Under the bill, the period for making and repaying qualified refunding loans is extended to January 1, 1985, for qualified refunding loans of non-key employees. The provision is effective as if enacted in TEFRA.

f. Pension portability involving telecommunications divestiture

Under present law, generally all years of service with the employer maintaining a qualified pension plan must be taken into account for purposes of the minimum participation and vesting requirements. In any case in which an employer maintains a plan of a predecessor employer, service for the predecessor is treated as service for the employer.

Under the provision, the period of service of a qualified employee (an employee of AT&T or any of its subsidiaries immediately before divestiture) with any of the companies after divestiture includes service with any of the other companies whether or not that service was performed before divestiture, under the rules in effect for 1984. Accordingly, the rules provided by the court order for 1985, under which post-divestiture service with another divested company would not be taken into account, will not be effective.

J. FOREIGN PROVISIONS

1. Factoring trade receivables

Under present law, a seller who sells goods for the buyer's receivable (a transferable debt) may sell that receivable to a third party—a factor—at a discount. If a U.S.-owned factor is in a tax haven, it may earn income free of U.S. tax. That income may be eligible for deferral, and it may be foreign-source income that is sheltered by excess foreign tax credits. Further, when a foreign subsidiary of a U.S. corporation invests in U.S. property, that investment is taxable as a dividend to the U.S. parent. Some taxpayers allege that this rule does not apply to a foreign factoring subsidiary that buys receivables from its U.S. parent.

Under the bill, when a foreign factoring subsidiary of a U.S. owner gets cash for a receivable that (1) it bought from a related person, and (2) the related person had taken in exchange for inventory, the U.S. owner is taxed on that factoring income. The bill treats income from a related U.S. person's receivables as U.S.-source income except for income from export receivables which is treated as 50 percent U.S. source and 50 percent foreign source. The bill also treats payments of cash from a foreign subsidiary to a related U.S. person for receivables (except for export receivables) arising from the U.S. person's sales of inventory, as investments in U.S. property. Thus, payments of cash for receivables will be taxable as dividends to the U.S. parent. Export receivables will not include receivables attributable to sales involving a DISC or FSC. This provision will apply to accounts receivable and evidences of indebtedness transferred after March 1, 1984 in taxable years ending after that date.

2. Certain transfers of appreciated property to foreign corporations

Under present law, certain transfers of appreciated assets to foreign corporations in reorganizations and liquidations, which would be tax-free, are taxable if the Internal Revenue Service rules that one of the principal purposes of the transfers was the avoidance of Federal income tax. Under Internal Revenue Service guidelines, generally, transfers of property used in the active conduct of a foreign trade or business are not taxed. However, also under those guidelines, transfers of assets containing built-in gain (such as inventory and accounts receivable) are generally taxed.

Judicial interpretation of the principal purpose test has reduced the ability of the Internal Revenue Service to administer these rules. In addition, the Internal Revenue Service's current ruling policy permits the tax-free transfer of intangible property abroad, where the development of the property generated significant U.S. tax benefits but the income derived from the property may escape U.S. taxation. Finally, the courts have rejected the Internal Revenue Service's requirement that certain losses be recaptured upon the incorporation of a foreign branch by a U.S. person.

Under the bill, the rules governing transfers of appreciated property abroad are amended to provide for gain recognition without regard to purpose, unless the property is transferred for use in an active trade or business abroad. Certain transfers of assets containing built-in gain are automatically subject to tax. Transfers of stock are subject to the active trade or business test. In addition, transfers of intangibles that would otherwise be tax-free are subject to tax. The intangibles rule does not apply to good will or going concern value developed by a foreign branch. Finally, the current Internal Revenue Service policy on incorporations of foreign branches is codified. The provision generally applies to transfers after January 1, 1985.

3. Decontrol of foreign corporations

Under present law, when a U.S. taxpayer who is a 10-percent shareholder of a controlled foreign corporation sells or exchanges stock in a taxable transaction, the gain is treated as ordinary (dividend) income to the extent of the shareholder's pro rata share of the corporation's post-1962 accumulated earnings and profits. A U.S. corporation that disposes of stock by distributing it as a dividend-in-kind or in the course of liquidation, in a transaction otherwise eligible for nonrecognition treatment to the U.S. corporation, is also required to include in income its share of post-1962 accumulated earnings and profits. Taxpayers have taken the position that this rule does not apply if a controlled foreign corporation that is wholly owned by a U.S. corporation issues new shares for shares of the U.S. corporation. If this position were sustained, such a transaction could lead to permanent exemption from U.S. corporate tax of the earnings of the controlled foreign corporation accumulated prior to the exchange.

Under the bill, certain exchanges by a controlled foreign corporation of its newly issued stock for shares of its U.S. parent corporation are treated as sales or exchanges by the U.S. parent of stock in the controlled foreign corporation. The provision applies as of the date of enactment.

4. Foreign investors—original issue discount and coupon stripping

Foreign investors acquiring pure original issue discount corporate bonds—those with no payment of interest until maturity—defer U.S. taxation until they surrender the bonds at maturity. The rules governing timing of income inclusion for foreign investors holding corporate OID debt differ in some respects from those governing income inclusion for U.S. investors. As for foreign holders of debt originally issued at a discount by obligors other than corporations and governmental entities, existing law is unclear.

The bill conforms the timing of income inclusions for foreign investors to the timing for comparable U.S. investors, except that there is no inclusion for foreign investors until actual receipt of payment. The bill also conforms the treatment of noncorporate debt to the treatment of corporate debt. These provisions generally apply to payments made on or after the 60th day after the date of enactment.

The Internal Revenue Code does not contain specific rules governing foreign investors who sell or surrender stripped bonds or who sell stripped coupons. The bill generally conforms the rules governing foreign investors to those governing U.S. investors, except that there is no inclusion for foreign investors until actual receipt of payment. Thus, foreign investors will treat stripped coupons and stripped bonds as being OID instruments. These provisions will apply generally to payments made on or after the 60th day after enactment.

5. Recharacterization of U.S. income as foreign income

Under present law, the United States taxes the U.S. income of U.S. taxpayers. U.S. taxpayers' foreign income can be free of U.S. tax under the foreign tax credit. U.S. taxpayers can place the "foreign" label on some U.S. income (such as interest and insurance premiums) by routing it through a foreign corporation. This foreign corporation distributes foreign dividends to its U.S. owners. This newly foreign income may escape U.S. (and foreign) tax.

The bill prevents re-labelling of U.S. income as foreign income. Under the bill, if a corporation, 10 percent (or more) of whose gross income is U.S. income (including U.S. business income), pays interest or dividends to a U.S. taxpayer, a pro rata portion of the payment is U.S. income. The bill applies only to 50-percent U.S-owned corporations. Generally, it applies with respect to income earned by paying corporations after the date of enactment. Transitional rules are provided.

6. Recharacterization of interest income as dividend income

Under present law, a U.S. taxpayer's foreign interest income cannot escape both U.S. and foreign tax (under the United States' separate foreign tax credit limitation that prevents foreign taxes on non-interest income from offsetting U.S. tax on foreign interest income). U.S. taxpayers can circumvent this rule by creating foreign subsidiaries to earn foreign interest income (for example, by depositing money in foreign banks). When the U.S. taxpayer is taxable on the earnings of its foreign subsidiary, its income is dividend income, not interest income. Thus, newly recharacterized "non-interest" income may totally escape both U.S. and foreign tax.

The bill treats foreign dividends as interest to the extent that the paying corporation's earnings and profits arise from interest. This rule applies only if 10 percent or more of the paying corporation's earnings and profits for a base period (generally the three taxable years preceding the taxable year in which the dividend is paid) arise from interest. The provision generally applies to income earned by paying corporations in taxable years beginning after the date of enactment. Transitional rules are provided.

7. Source of transportation income

Under present law, in general, the United States taxes all U.S. income, but not all foreign income, of United States persons. In general, the United States does not tax the foreign income of foreign persons (such as foreign corporations). Under present law, transportation income can be almost all foreign even if the transportation is between two U.S. points, if the route of transport lies primarily outside the United States' three mile territorial limit.

Under the bill, income earned from transportation that begins and ends in the United States (or U.S. possessions) is treated as U.S. income. Income earned from transportation includes services income and leasing income from ships, airplanes, and containers used in connection with ships and airplanes. The effective date is the date of enactment.

8. Foreign collapsible corporations

Under present law, sales of inventory yield ordinary income, not capital gain. "Collapsible" corporations' assets generally include inventory. Generally, a shareholder's gain on the sale or liquidation of a collapsible corporation is ordinary income rather than capital gain. However, if a collapsible corporation consents under section 341(f) to recognize ordinary income on disposition of its inventory and the like, the shareholder gets capital gain treatment on the sale or liquidation of the corporation. In the case of a consenting foreign corporation, enforcement of the consent may be impractical.

Under the bill, in general, a section 341(f) consent given by a foreign corporation is not given effect to the extent provided in regulations. This provision is effective for sales or exchanges after the date of enactment.

9. Insurance of related parties by a controlled foreign corporation

Under present law, income that a controlled foreign corporation earns from insuring U.S. risks is currently taxable to its U.S. shareholders; income earned from insuring non-U.S. risks of a related party may not be currently taxable. The bill provides that, for purposes of determining foreign

base company services income (which is also currently taxable to U.S. shareholders of a controlled foreign corporation), any services performed with respect to any policy of insurance or reinsurance covering risks of a related party will be treated as having been performed in the country in which the insured risk is located. This provision will apply to taxable years of foreign corporations beginning after the date of enactment.

10. Excise tax on insurance premiums paid to foreign insurers and reinsurers

Generally, present law imposes an excise tax on premium payments for the direct insurance or reinsurance of U.S. risks with foreign insurers or reinsurers. The bill conforms the tax rate on reinsurance to that imposed on direct insurance depending on the character of the U.S. risk covered, but imposes an excise tax only once—on retained premiums received by foreign insurers or reinsurers—when the U.S. risk is insured or reinsured outside the U.S. The excise tax on the insurance or reinsurance of U.S. casualty risks by a foreign insurer will be four percent of premiums paid; for U.S. life, accident or health, or annuity risks, the excise tax will be one percent of the premiums paid. In addition, the bill adopts a withholding provision for the excise tax. This provision will apply generally to premium payments made after the date of enactment.

11. Withholding on dispositions by foreigners of United States real property interests

Under the Foreign Investment in Real Property Tax Act of 1980, foreign persons who dispose of U.S. real property interests generally are required to pay tax on any gain realized on the disposition. The Act provides for enforcement of the tax on foreign persons through a system of information reporting designed to identify foreign owners of U.S. real property interests.

The bill generally allows replacement of the information reporting system with a withholding system. Generally, the bill requires withholding of a certain portion of the sales price by a transferee of U.S. real estate, any agent of a transferee, or any settlement officer or transferor's agent (hereinafter collectively referred to as the withholding agent) where U.S. real estate is acquired from a foreign person. Withholding generally is required only if the withholding agent knows (or has received notice from the transferor or his agent) that the transferor is a foreign person. The bill provides for exemptions from withholding in certain cases including that in which the transferee is to use the real property as his principal residence and the purchase price is $200,000 or less. This provision will be effective for payments with respect to dispositions made more than 30 days after the date of enactment.

12. Provisions relating to foreign personal holding companies

The bill clarifies the family and partner attribution rules for determining when a foreign corporation is a foreign personal holding company. It also prevents avoidance of U.S. tax by interposition of a foreign trust or another foreign entity between a foreign personal holding company and a U.S. taxpayer. In addition, the bill coordinates the foreign personal holding company rules with the controlled foreign corporation rules. It provides that shareholders of a controlled foreign corporation (that is also a foreign personal holding company) are subject to the controlled foreign corporation rules to the extent that income taxable under those rules exceeds income taxable under the foreign personal holding company rules. These provisions generally apply to taxable years beginning after the date of enactment.

13. Foreign investment companies

Under present law, taxpayers contend that a foreign corporation that is widely held by U.S. persons may establish a subsidiary to invest in U.S. commodities markets without any of the parties incurring U.S. tax. They also contend that when the U.S. shareholders eventually dispose of their shares in the foreign corporation they will be subject to tax at only the capital gains rate.

The bill will, in certain cases, apply the accumulated earnings tax to earnings from U.S. investments, even after those earnings pass through corporate solution as dividends or interest. This provision applies generally to distributions received on or after May 23, 1983. It will also generally treat gains of U.S. shareholders from those investments as ordinary income. This provision applies generally to sales or exchanges on or after October 31, 1983.

14. Repeal of 30-percent withholding tax on certain interest paid to foreign persons

Under present law, a U.S. tax of 30 percent is generally imposed on the gross amount of U.S. source annuities, interest, dividends, rents, royalties, and similar payments to foreign persons if the payments are not effectively connected with a U.S. trade or business conducted by the foreign person. Exemptions from the tax are provided in certain situations. The tax is generally withheld by the payor. In addition, U.S. tax treaties generally reduce or eliminate the tax on interest paid to treaty country residents.

The bill provides for a phase-out of the 30-percent tax on interest paid on portfolio indebtedness by U.S. borrowers to nonresident alien individuals and foreign corporations. The rate of tax will be reduced to five percent for interest received after the date of enactment. The rate of tax will be reduced to four percent in 1985, three percent in 1986, two percent in 1987, and one percent for the period January 1 to June 30, 1988. Effective July 1, 1988, the withholding tax on interest received by nonresident alien individuals and foreign corporations on portfolio indebtedness will be repealed. However, the 30 percent tax on such interest will be retained in certain cases where the foreign person is related to the U.S. obligor, where the foreign person is controlled by U.S. persons, or where the foreign person is a bank.

15. Extension of moratorium on application of research and experimental expense allocation regulation

In determining foreign-source taxable income for purposes of computing the foreign tax credit limitation, taxpayers must allocate or apportion expenses between foreign-source income and U.S.-source income (Code secs. 861-863). Rules for allocating and apportioning research and other expenses are set forth in Treasury Regulation sec. 1.861-8.

In the Economic Recovery Tax Act of 1981 (ERTA), Congress directed the Treasury Department to study the impact of its section 861 regulations on research activities conducted in the United States and on the availability of the foreign tax credit. Congress also provided that for a taxpayer's first two taxable years beginning after the date of enactment of ERTA (August 13, 1981), all research expenditures in those years for research activities conducted in the United States are to be allocated or apportioned to sources within the United States. This two-year moratorium on the application of the research and experimental expense allocation rules of Treas. Reg. sec. 1.861-8 does not apply to subsequent taxable years.

The bill generally extends for two more years the moratorium on the application of the Treasury research expense allocation rules. The extension is effective on the date of enactment.

K. TAXPAYER COMPLIANCE AND TAX ADMINISTRATION PROVISIONS

1. Syndicate promoters

Present law does not provide the Treasury with the means of detecting and tracing tax shelter promotions through the activities of the promoters.

The bill provides for registration of tax shelter promotions with the IRS so that the IRS can more effectively manage its activities with respect to tax shelters. Also, the bill requires promoters to keep a list of their investors for inspection by the IRS.

2. Cash and mortgage interest reporting

Present law provides for reporting of cash transactions by certain financial institutions, but does not require nonfinancial institutions to report receipts of cash from individuals. Similarly, present law does not require reporting by recipients of amounts that may be deducted by the payor.

The bill requires persons who, in connection with their trade or business, receive cash payments from another person in excess of $10,000, or mortgage interest payments in excess of $2,300 annually, to report those payments to the IRS.

3. Foreclosure reporting

Under present law, foreclosures in satisfaction of a debt or forgiveness of a debt may give rise to income to the debtor. The bill requires persons lending in the course of a trade or business to report to the IRS when the security for a loan is acquired by foreclosure or otherwise in satisfaction of all or part of the debt. Reporting is also required when the borrower abandons the security or the lender claims a bad debt deduction.

4. Promoter penalty

The Tax Equity and Fiscal Responsibility Act of 1982 provides for a penalty on promoters and salespersons of abusive tax shelters equal to the greater of $1,000 or 10 percent of gross income to be derived from the activity. The bill increases the penalty to the greater of $2,000 or 20 percent of gross income. The bill also makes actions incidental to the activities of a tax shelter subject to penalty and injunction.

5. Interest for tax shelter cases

The bill provides a special, higher interest rate in pre-1983 tax shelter cases for interest accruing after 1983.

6. Reporting of State income tax refunds

Present law requires States to report refunds of State or local income tax to the IRS and to provide the individual taxpayer with a copy of the report during January of the year following the year of refund. The bill alternatively permits the State to furnish the statement to the taxpayer at the same time that payment of a refund is made.

7. Regulation of appraisers

Present law allows the Treasury to regulate the practice of attorneys and accountants who appear before the Treasury. No comparable authority exists with respect to appraisers. The bill provides authority for the Treasury to bar disreputable appraisers from practice before the Treasury.

8. IRA reporting

Present law generally allows an individual to deduct the amount of qualified individual retirement account (IRA) contributions made for a year, either during the year or before the due date (with extensions) of the income tax return for the year. In the absence of reporting specifically by the trustee or issuer, the Internal Revenue Service has difficulty verifying whether contributions were made and the proper year to which they relate. The bill clarifies the authority of the Treasury Department to require reporting on contributions to IRAs by the trustee or issuer. Reports are to include the amount and the year to which a contribution relates. The bill also provides that an IRA contribution is not deductible for any year unless made on or before the unextended due date of the return for that year.

9. Short-sale compliance

A broker who holds securities for a customer in a street name may lend those securities to another for use in a short-sale. If dividends or interest are paid on the securities before the stock is returned to the broker, the short-seller will make substitute payments to the broker. These payments are not eligible for the dividends received deduction or any otherwise applicable interest exclusion. The bill requires brokers to notify their customers when payments they receive are amounts in lieu of dividends or tax-exempt interest occurring by reason of a short-sale. Regulatory authority will permit the Treasury to extend these rules to other transactions when appropriate. This provision applies to payments in lieu of dividends or tax-exempt interest made after December 31, 1984.

10. Charitable contribution and other valuation rules

The bill imposes a number of substantiation rules and sanctions (relating to appraisals and information reporting) in the case of charitable contributions of property other than publicly traded securities, effective for post-1984 contributions.

Also, the bill provides certain disallowance sanctions for overvaluations claimed for certain charitable contributions. If the value claimed on the return is between 150 and 175 percent of the correct value (i.e., as determined by a court or settlement agreement), the donor's deduction cannot exceed basis plus one-half of the appreciation otherwise deductible; if between 175 and 200 percent, the deduction cannot exceed the donor's basis; if 200 percent or more, the donor cannot deduct either basis or appreciation. The bill also modifies the present-law penalty with respect to incorrect valuations generally, including deletion of the exception for property held for more than five years, and extension of the penalty to incorrect estate and gift tax valuations. The overvaluation disallowance and penalty rules apply with respect to returns filed after 1984.

11. Disclosure of tax return information

The bill modifies the present law disclosure rules to permit exchanges of tax return information between the IRS and cities with a population of over 2 million individuals that have income or wage taxes.

12. Changes in accounting methods

The bill precludes a taxpayer from asserting that the IRS has not consented to a change in accounting method as a defense to any penalty unless the taxpayer has requested permission to change methods.

13. Interest on penalties

The bill provides that interest shall be charged on the penalties for failure to file, valuation overstatement, and substantial understatement of tax as if the penalties were assessed on the due date of the return (with extensions).

14. Tax deposits

The bill requires taxpayers required to deposit more than once a month to make any deposit of $20,000 or more on or before the due date of the deposit. They may no longer treat deposits mailed two days in advance of the due date as timely made.

15. Tax litigation

The bill increases the present law $5,000 limit on small tax case proceedings to $10,000. The present law penalty (expanded in 1982) for maintaining dilatory Tax Court actions is made applicable to all cases pending 120 days after enactment. Title 18 is amended to provide for appropriate, even single, venue of multi-party criminal tax litigation.

16. False withholding certificates

Language in the criminal penalty with respect to false withholding information which provides that no other penalty may apply is eliminated.

17. Backup withholding

The bill provides that, with respect to backup withholding, the Secretary's authority to require that a payee certify under penalties of perjury that his taxpayer identification number is correct is limited to interest, dividends, patronage dividends, and amounts subject to broker reporting.

18. Tax shelter study

The bill provides for a study by the Treasury Department of certain aspects of tax shelters to be submitted to the Congress by December 1, 1984.

L. DEPRECIATION

1. Real estate depreciation

Under present law, real estate can generally be depreciated, on an accelerated basis, over 15 years. The bill provides that new and used real property, other than low-income housing, is to be depreciated over not less than 20 years.

Subject to a transitional rule, the provision is applicable with respect to property placed in service by a taxpayer after March 15, 1984.

2. Depreciation recapture and installment sales

Under present law, the installment sale rules override the depreciation recapture rules applicable to real estate. Generally, no real estate depreciation recapture income is recognized in an installment sale until the taxpayer receives installment obligation payments. Under the bill, all such depreciation recapture income realized is to be recognized at the time of the installment sale. Gross profit, under the installment sale rules, is to be adjusted by reason of such income.

Subject to a transitional rule, the provision applies to installment sales after March 15, 1984.

3. Movies and sound recordings

Under present law, it is unclear whether movies qualify as recovery property. Furthermore, taxpayers have taken the position that movies can be depreciated on the income forecast method and still be eligible for a 10-percent investment credit. Under the bill, movies cannot qualify as recovery property and are eligible for the investment credit only under the special investment credit rules applicable to certain movies.

Subject to a transitional rule, the provisions are effective as of the effective date of the rules defining recovery property (sec. 168).

Under present law, it is unclear whether sound recordings qualify as tangible personal property for depreciation and investment credit purposes. The bill provides that any sound recording may, by election, be treated as 3-year property and eligible for a 6-percent investment credit or, if the taxpayer fails to so elect, depreciated under the income forecast method with no investment credit. Special rules are provided for contingent amounts, foreign production costs, and certain other items. Sound recordings distributed outside the United States are not subject to the tax-exempt entity leasing provisions of this bill.

The provisions are generally effective for sound recordings placed in service after March 15, 1984.

M. MISCELLANEOUS TAX REFORM PROVISIONS

1. Inclusion of tax benefit items

Under present law, an individual taxpayer who receives a State tax refund may exclude from income an amount equal to the excess of the zero bracket amount over the taxpayer's other itemized deductions for the year in which the State taxes were deducted. This exclusion is permitted even though the deduction of this amount in the prior year resulted in a tax benefit.

The bill provides that where a taxpayer recovers a previously-deducted amount, the recovered amount is excluded from gross income only to the extent such amount did not reduce income subject to tax. This provision will apply to amounts recovered after 1983.

2. Low-interest and interest-free loans

Under present law, loans between family members generally result in taxable gifts in an amount equal to the value of the interest that is not charged. No income tax consequences result, however, to either the lender or the borrower. A number of cases have held that demand loans by corporations to their shareholders, and by persons for whom services are performed to persons providing the services, generally do not have any Federal tax consequences.

Under the bill, low-interest and interest-free loans generally are to be recharacterized as (1) a loan to the borrower at a statutory interest rate, and (2) either a gift (in the case of a gratuitous transaction), dividend (in a corporation-shareholder transaction), or compensation (in a transaction involving services), or some other payment in accordance with the substance of the transaction. The borrower is treated as paying interest on the loan at the statutory rate, resulting in income to the lender and a deduction to the borrower. An exception is provided for de minimis transactions that are not tax motivated. In addition, in the case of a loan in which the deemed payment by the lender to the borrower is a gift, the amount of deemed interest paid is generally limited to the amount of passive income of the bor-

rower. This provision is effective for below market loans outstanding on the date of enactment, except for term loans made before February 1, 1984.

3. LIFO conformity

Currently, the "Last-In First-Out" (LIFO) method of inventory accounting may not be used for tax purposes unless it is also used in reporting to shareholders, partners, other proprietors, beneficiaries, or for credit purposes. An issue has arisen as to whether a parent company is subject to these LIFO conformity rules when the inventory is held by a subsidiary company. The bill makes the LIFO conformity requirement applicable to financially related corporations as if they were a single taxpayer, effective for taxable years beginning after the date of enactment.

4. Income averaging

Income averaging is presently available to taxpayers with "averageable income". Averageable income is current year taxable income in excess of 120 percent of average taxable income in the four preceding years. In effect, income averaging widens the tax brackets by a factor of five with respect to averageable income.

The bill increases the 120-percent requirement to 140 percent and provides that only the three preceding years are to be taken into account. The bill modifies income averaging so that it, in effect, widens the tax brackets by a factor of four, not five, with respect to averageable income.

These changes are effective for taxable years beginning after December 31, 1983.

5. Personal use of business property

Present law provides for deductions for the expenses of operating an automobile or other business property in connection with a trade or business, except to the extent used for entertainment purposes. The bill provides that unless business use of an automobile or other business property is at least 90 percent of total use, the investment tax credit and accelerated cost recovery system (ACRS) and, for automobiles, deduction of actual operating expenses is not allowed. The bill provides for specific mileage or depreciation deductions to replace the deductions no longer available. This provision is effective for property purchased, or leases entered into, after March 15, 1984.

6. Treatment of certain related party transactions

The bill amends the related party rules (sec. 267) so that a taxpayer would generally be placed on the cash method of accounting for purposes of deducting business expenses and interest owed to a related party cash basis taxpayer. These rules will be extended to amounts accrued by a partnership to its partners and vice versa.

Also, the bill extends the loss disallowance and accrual provisions to transactions between corporations which are members of a controlled group of corporations, using a 50-percent control test.

These provisions generally will apply to taxable years beginning after 1983. However, the provision will not apply to (1) interest on indebtedness incurred on or before September 29, 1983, or incurred pursuant to a contract binding on that date and all times thereafter and (2) other expenses made pursuant to a contract which was binding on September 29, 1983, and at all times thereafter.

7. Section 1231 property

The bill provides that gains and losses from the sale or exchange of business property will be netted over a period including the prior three taxable years and the three succeeding taxable years in order to determine whether there are net capital gains or net ordinary losses.

The provision will be effective for taxable years beginning after December 31, 1984.

8. Disallowance of certain expenses where taxpayer uses property similar to property owned by taxpayer

The bill clarifies the application of the prohibition on deducting personal, living, or family expenses, by providing expressly that no business deductions are allowable with respect to property owned by a taxpayer if the taxpayer uses similar property for personal purposes under circumstances described in the bill. The provision applies to agreements entered into for the use of property after February 22, 1984.

9. Individual minimum tax—foreign income exclusion

Present law imposes a 20-percent minimum tax on individuals, based on their adjusted gross income plus certain tax preferences, to the extent it exceeds their regular income tax. The bill provides that the income excluded under section 911 will be a tax preference. The foreign tax credit will be allowed against the minimum tax attributable to that income. This provision will be effective for taxable years beginning after December 31, 1984.

10. Use of related party structures to reduce tax on coal operations

Under present law, taxpayers may reduce the effective rate of tax on coal mining operations by establishing related party structures to take advantage of the capital gains treatment provided in section 631(c). The Code expressly prohibits such multi-party structures in the case of iron ore. The bill extends the related party prohibition to coal royalties, effective on the date of enactment.

11. Dividend reinvestment plans for utilities

Present law provides an exclusion for up to $750 of dividends reinvested in public utility stock, effective through 1985. The bill repeals the exclusion for dividends received from public utilities, effective for distributions made after 1984.

12. Estimated income tax for individuals

The individual estimated income tax rules are amended to allow the Secretary to waive the penalty for failure to make payments by reason of a casualty, disaster or other unusual circumstance where it would be inequitable to impose the penalty. Estimated tax payments of the alternative minimum tax will be required.

The provision will be effective for taxable years beginning after 1984.

13. Taxation of Federal Home Loan Mortgage Corporation

The bill repeals the tax exemption of the Federal Home Loan Mortgage Corporation ("Freddie Mac"), effective January 1, 1985.

14. Interest deductions on debt used to carry or purchase tax-exempt obligations

Under present law, no deduction is allowed for interest on indebtedness incurred to purchase or carry tax-exempt securities. The bill clarifies the present rule to disallow interest on obligations of a taxpayer or certain related persons which is incurred to purchase or carry tax-exempt obligations of the taxpayer or a related person.

TITLE II.—LIFE INSURANCE TAX PROVISIONS

1. Company taxation

Under present law, life insurance companies may be taxed on different tax bases. As a consequence, different companies derive varying degrees of benefit from the various special deductions generally allowable only to life insurance companies and from the reserve computation rules of present law.

In lieu of the present law three-phase pattern of taxation which applies to life insurance companies, the bill provides a new single-phase tax structure. This structure embodies the tax rules applicable to corporations generally except that certain special rules apply to address issues unique to the life insurance industry.

a. Computation of the deduction for reserves

Under the bill, deductions for additions to reserves more closely reflect each company's liabilities to policyholders than do solvency reserves used for State law purposes. Further, the deductions are computed on the basis of uniform rules regardless of the particular assumptions used for purposes of computing statutory reserves.

Under these rules, a life insurance company can deduct an amount equal to the excess of the higher of (1) the net surrender value of the contract or (2) the Federally prescribed reserve of the contract, over the amount of the reserve for tax purposes at the end of the prior year. The Federally prescribed reserve is the reserve computed using assumptions that generally reflect the minimum assumptions permitted to be made under most State laws.

b. Limitation on mutual company deductions

A mutual life insurance company is owned by its policyholders. These policyholders receive distributions from the company which may represent price reductions or other policyholder benefits, interest, or returns on the policyholders' investment in the enterprise.[1] Under the bill, amounts distributed by a mutual company to policyholders are, in effect, fragmented, and no deduction is allowed at the company level for amounts distributed to policyholders in their capacity as owners of the company. This is accomplished by means of an ownership differential provision. Under this provision, each mutual company's deductions for payments and credits to policyholders are reduced by the amount of an imputed return on the company's equity. There is a special 5-year transition rule for certain mutuals with much higher than average equities.

The bill also mandates a study in which the Treasury would analyze the operation of the ownership differential provision in its first 3 years.

c. Stock life insurance subsidiaries of mutual companies

As a general rule, under the bill, a stock life insurance subsidiary of a mutual life insurance company is treated as a stock company for tax purposes. However, for purposes of computing the limitation on mutual company deductions, the equity of a stock subsidiary is included in the mutual parent.

[1] In contrast, a stock life insurance company is owned by shareholders. Although a stock company may pay policyholder dividends to its policyholders, such amounts would generally include only price reductions and policyholder benefits.

d. Special rule for small companies

Under the bill, a small life insurance company is allowed a deduction equal to 60 percent of the first $3 million of its otherwise taxable income. This deduction phases out as otherwise taxable income increases from $3 million to $15 million. The amount of this deduction is computed on the basis of a controlled group and does not apply to income related to noninsurance activities. Generally, a small company is one the assets of which (computed on the basis of an affiliated group including both insurance and noninsurance members) are less than $500 million.

e. Rate reduction

All life insurance companies are allowed a deduction equal to 20 percent of their otherwise taxable income. This deduction is computed on the basis of a controlled group and does not apply to income related to noninsurance activities. The bill also provides a transition rule for certain rapidly growing companies under which they may elect for the first four years to claim an amount equal to a portion of their qualified first year premiums in lieu of the small life insurance company and special life insurance company deductions.

f. Tax-exempt income

Under present law, liabilities to policyholders are treated as funded proportionately out of taxable and tax-exempt income. The bill generally continues this approach.

g. Reinsurance

The provision under which the Treasury is granted authority to reallocate income, deductions, assets, reserves, credits, and other items in the case of related party reinsurance contracts is retained and broadened in its application.

h. Definition of a life insurance company

For purposes of determining whether a company qualifies as a life insurance company, funds held with respect to contracts that do not involve permanent purchase rate guarantees are not to be treated as insurance reserves.

i. Effective date

Generally, the effective date for provisions dealing with the taxation of life insurance companies is January 1, 1984. Income that would otherwise result from recomputation of reserves (including section 818(c) recomputations and statutory-to-tax recomputations) and the change in accounting for policyholder dividends at the beginning of 1984 is forgiven under the bill.

The amount of deferred gain from operations held in the policyholder surplus account of the company (the Phase III account) would be frozen at its 1983 year-end level and distributions from such account would be taxed when distributed under the present law rules, which are retained.

2. Life insurance products

a. Definition of life insurance

Present law does not contain a definition of life insurance or of a life insurance contract. It does, however, contain temporary rules for purposes of determining whether benefits paid under certain flexible premium products qualify as life insurance benefits exempt from income tax. The bill adopts a definition that is based on the temporary rules contained in present law. A contract is treated as a life insurance contract if it meets (1) a "cash value accumulation" test, or (2) a "guideline premium" and "cash value corridor" test. Under the cash value accumulation test a contract qualifies if the cash surrender value accumulated under the contract does not exceed the cash surrender value which would arise in a traditional whole life policy assuming a reasonable interest rate is used in computing cash surrender value. Under the guideline premium limitation, contracts are disqualified if the amount of the policyholder's investment in the contract exceeds a traditional level of investment. The cash value corridor disqualifies contracts which build up excessive amounts of cash surrender value relative to life insurance risk. Generally, the new definition applies to contracts issued after December 31, 1984, except for new plans of insurance and certain increasing death benefit policies which must satisfy new rules starting on January 1, 1984. The temporary rules for flexible premium products are also extended through 1984.

For contracts that fail to meet the definition at any time, the pure insurance portion of the contract (i.e., the difference between the face amount and the cash surrender value) will be treated as term life insurance. The cash surrender value will be treated as an annuity. The company issuing the policy will be subject to an excise tax of 10 percent of the cash surrender value at the time of disqualification.

b. Annuities

Under the bill, the present law exception from the 5-percent penalty for distributions of income allocable to investments within 10 years is repealed. Thus, the penalty generally will apply to distributions prior to age 59-1/2. In addition, if the owner of a deferred annuity dies prior to annuitization, the income in the annuity must be distributed within 5 years unless the beneficiary receiving the annuity contract is a spouse, minor child, or handicapped individual.

c. Group-term life insurance

The anti-discrimination rules and the $50,000 limitation on the exclusion from income of premiums for group-term benefits are extended to retired employees. For plans not in existence on January 1, 1984, these rules are effective for taxable years beginning after 1983. The extension of the $50,000 limitation will not apply to group plans existing on January 1, 1984, if the covered individual was 55 years or older on January 1, 1984. The new anti-discrimination rules will apply to existing plans starting March 15, 1987, for employees retiring after that date.

TITLE III.—REVISION OF PRIVATE FOUNDATION PROVISIONS

1. Charitable deduction rules

The bill conforms the income tax treatment of contributions by individuals to private nonoperating foundations to that provided for contributions to public charities or private nonoperating foundations, effective for contributions made after 1984.

2. Divestiture of excess business holdings

Post-1969 gifts or bequests.—The IRS will have discretionary authority under certain circumstances to extend for an additional five years the period for disposing of certain excess business holdings acquired by a private foundation after 1969 by gift or bequest.

Pre-1969 holdings.—The bill allows a foundation to retain excess business holdings acquired prior to May 26, 1969, if (1) the management of the foundation and the management of the business enterprise are sufficiently unrelated, (2) no disqualified person who was not a foundation manager on March 12, 1984, can become a foundation manager, (3) no disqualified person receives compensation (other than reasonable directors' fees) from both the foundation and the business enterprise, (4) the foundation continues to meet the payout rules of present law, and (5) the foundation and any disqualified persons comply with the section 4943 rules applicable to post-1969 holdings.

The bill also provides that if the combined holdings of a private foundation and disqualified persons exceeded 95 percent on May 26, 1969, the foundation will have a 20-year period to reduce pre-1969 excess business holdings (rather than a 15-year period). In addition, a special rule excepts a qualified employee stock ownership plan from the definition of a disqualified person, only for purposes of section 4943, with respect to excess business holdings of a foundation acquired pursuant to the provisions of a pre-1969 will. A technical amendment to current law clarifies that the Herndon Foundation could continue to hold a majority interest in certain business enterprises.

"Downward ratchet" rule.—The bill provides an exception to the so-called "downward ratchet" rule. Under the exception, certain reductions of less than two percent in a foundation's holdings are disregarded where resulting from certain stock issuances.

3. Expenditure responsibility and reliance rules

The Treasury Department is to review its expenditure responsibility regulations for purposes of modifying requirements which are found to be unduly burdensome or unnecessary.

The bill provides that a foundation making a grant to a charitable organization may rely in specified circumstances on an IRS determination of the organization's public charity or operating foundation status, effective for grants made after 1984.

4. Abatement of first-tier penalty taxes

The bill provides the Internal Revenue Service with discretionary authority to abate the automatic first-tier penalty taxes (other than the sec. 4941 tax on self-dealing) if the foundation establishes that the violation was due to reasonable cause and not to willful neglect, and corrects the violation. This provision applies to taxable events occurring after 1984.

5. Definitions

The bill provides that the lineal descendants who are considered members of the family of a substantial contributor or other disqualified person, and thus themselves are considered to be disqualified persons (sec. 4946), are limited to the individual's children, grandchildren, and their spouses, effective January 1, 1985.

In addition, the bill provides rules under which a person's status as a substantial contributor (sec. 507(d)) terminates in certain circumstances after 10 years with no connection to the foundation, effective for post-1984 taxable years. Also, the bill provides special retroactive relief from the excise tax on self-dealing in a particular case where continued status as a disqualified person had triggered tax on a 1978 transaction, provided that the foundation received fair market value.

6. Public disclosure requirements

The bill provides that, beginning in 1985, private foundation notices which must be published annually in a newspaper (sec. 6104(d)) are to include the telephone number of the foundation's principal office. Also, the Internal Revenue Service is direct-

ed to enforce fully the present-law rules concerning Form 990-PF information returns.

7. Certain operating foundations

The bill provides that a private operating foundation (such as a museum or library) that previously had been publicly supported for at least 10 years (or qualified as an operating foundation on January 1, 1983), that has a governing body broadly representative of the general public (with at least 75 percent consisting of persons unrelated to the foundation), and none of whose officers otherwise are disqualified persons, will be exempt from the two percent excise tax on net investment income, and grants to such foundations will not be subject to the expenditure responsibility rules. These provisions are effective for post-1984 taxable years and grants.

TITLE IV.—ENTERPRISE ZONES

The bill provides for the designation of certain distressed areas as enterprise zones and for tax incentives and regulatory relief for economic activity within the zones. Under these provisions, up to 75 enterprise zones are to be designated by the Secretary of the Department of Housing and Urban Development, beginning on January 1, 1985, over a period of 3 years, although no more than 25 designations may be made during each year. At least one-third of the designated zones will be in rural areas. Each enterprise zone is eligible for Federal tax and regulatory relief. The duration of each zone is 20 years, plus a 4-year phaseout period. Areas are to be nominated for enterprise zone designation by one or more local governments and the State in which the area is located. Areas nominated for such a designation have to meet certain criteria of economic distress, and designations are made through a competitive process weighing suggested plans for developing the area through tax and regulatory relief, improved services, and involvement of neighborhood and community organizations and private entities in development efforts.

Under the bill, the following Federal tax incentives are available in enterprise zones: An additional 3-percent or 5-percent investment tax credit for investments in personal property and a 10-percent credit for investments in new structures in the zone; a 10-percent credit to employers for increases in payroll to qualified zone employees and a credit for hiring disadvantaged workers for zone employment; a 5-percent credit to zone employees for wages received from zone employers; an exclusion from tax on capital gains attributable to zone property; allowance of full ACRS deductions for facilities in zones financed by industrial development bonds despite the limitation of such deductions for comparably financed facilities elsewhere, and the continued availability of the small issue exemption for industrial development bonds in zones after December 31, 1986, despite its termination on that date elsewhere.

TITLE V.—FOREIGN SALES CORPORATIONS

Present law provides a system of tax deferral for Domestic International Sales Corporations (DISCs) and their shareholders. A DISC is a domestic subsidiary of a U.S. company engaged in exporting. The income attributable to exports may be apportioned between the parent and the DISC using special pricing rules.

The bill provides for the establishment of foreign sales corporations (FSCs) which typically will be foreign incorporated subsidiaries of U.S. parent corporations engaged in exporting. To qualify as a FSC, a corporation will have to be organized under the laws of a jurisdiction outside the U.S. customs area and meet certain foreign presence requirements.

The provisions of the bill will apply to the export income of a FSC if it is managed outside the United States and if some economic processes of the transaction take place outside the United States. In addition, the proposal will apply to the export income of a small FSC attributable to up to $5,000,000 of export receipts whether or not its management or economic processes are foreign.

Under the optional administrative pricing rules, a FSC may earn the greater of 17 percent of the combined taxable income that it and a related party derive from an export transaction, or 1.83 percent of the gross receipts from the transaction.

The bill will exempt a portion of the export income of a FSC from U.S. tax. If a transaction is subject to one of the administrative transfer pricing rules, the exempt portion will be 17/23 of the FSC's income from the transaction. The rest of export income (including generally 6/23 of the FSC's income) will be subject to U.S. tax. Dividends from export income paid by a FSC to a U.S. corporate shareholder will be tax-exempt at the corporate shareholder level.

Companies may continue to use the present DISC rules for up to $10 million of export receipts but will be required to pay interest on the deferred tax. In addition, the bill treats accumulated DISC income (and the previously untaxed income of an Export Trading Company (ETC) if such company elects to discontinue operating as an ETC) as having been previously taxed, so that tax on those amounts would be forgiven.

This provision will apply to transactions after December 31, 1984.

TITLE VI.—HIGHWAY REVENUE PROVISIONS

1. Heavy vehicle use tax and diesel fuel tax

Under present law, the highway use tax is scheduled to increase beginning July 1, 1984, reaching a maximum rate of $1,900 per year on the heaviest vehicles by July 1, 1988. The bill restructures the use tax to eliminate tax on vehicles under 55,000 pounds, reduce the rate of tax on vehicles between 55,000 and 80,000 pounds, and reduce the maximum rate of tax applicable to vehicles over 80,000 pounds to $600 per year, effective July 1, 1984. Rules applicable to small owner-operators are amended, effective July 1, 1984. The rate of tax on certain vehicles registered to haul harvested forested products will be reduced to one-half the rate otherwise applicable, beginning July 1, 1984. The Department of Transportation is instructed to study the effects of the use tax on international carriers.

The bill increases the excise tax on diesel fuel sold for use in highway vehicles by 6 cents per gallon (the diesel differential) to 15 cents per gallon, effective July 1, 1984. The bill provides for a rebate, generally claimed annually on income tax forms, for the diesel differential paid with respect to taxable diesel fuel used in vehicles of 10,000 pounds or less.

2. One-year extension of refund of taxes on fuels used in certain taxicabs

The bill extends for one year, through September 30, 1985, the present rule permitting a 4-cents-per-gallon refund with respect to Federal excise taxes paid on fuels used in certain taxicabs. The bill further requires a Treasury Department study of the effectiveness of this exemption, to be submitted to Congress not later than January 1, 1985.

3. Modification of excise tax exemption for alcohol fuels, mixtures and alcohol fuels; alcohol fuels credit; and duty on imported alcohol fuels

The bill increases the present 5-cents-per-gallon excise tax exemption for alcohol fuels mixtures (e.g., gasohol) to 6 cents per gallon. The alcohol fuels credit and the duty on imported alcohol fuels are correspondingly increased to 60 cents per gallon from their present level of 50 cents per gallon.

The bill retains the present 9-cents-per-gallon excise tax exemption for alcohol fuels (e.g., methanol) that are at least 85 percent pure and permits a 4½-cents-per-gallon exemption for qualified methanol and ethanol fuels comprised of such alcohol derived from natural gas.

These provisions are effective on July 1, 1984.

4. Exemption from sales tax for piggyback trailers

Present law imposes a 12-percent tax on the first retail sale of heavy truck trailers. Piggyback trailers are not specifically exempt from this tax. The bill will exempt piggyback trailers and semitrailers sold after December 2, 1982, from this tax and the prior law 10-percent manufacturers excise tax.

5. Floor stocks refunds with respect to certain tax-reduced tires and retread rubber

The bill provides that floor stocks refunds will be available with respect to tires on which Federal excise tax was reduced, but not repealed, on January 1, 1984. Additionally, these refunds will be permitted with respect to tread rubber on retread tires held for sale on January 1, 1984. This provision will be effective on enactment.

TITLE VII.—TAX-EXEMPT BOND PROVISIONS

1. Mortgage subsidy bonds and mortgage credit certificates

The bill extends the authority of State and local governments to issue qualified mortgage bonds for four years, until December 31, 1987. The bonds are subject to the eligibility requirements and volume limitations that applied before expiration of the prior law qualified mortgage bond provisions on December 31, 1983. In addition, issuers of qualified mortgage bonds are required to file information reports on each issue of such bonds.

The bill restricts the issuance of mortgage subsidy bonds under the transition rules of the Mortgage Subsidy Bond Tax Act of 1980. The transition rules of that Act allowing issuance of tax-exempt mortgage subsidy bonds for new mortgages are repealed, with the exception of certain projects, for bonds issued after December 31, 1984. The volume of mortgage subsidy bonds issued under these rules after April 21, 1984, reduces the applicable volume limitation on a State's authority to issue qualified mortgage subsidy bonds.

The bill permits State and local governments to exchange qualified mortgage bond authority in any year for authority to issue mortgage credit certificates (MCCs). The State or local government could issue certificates to provide tax credits of 20 percent of the interest paid on new mortgages in principal amount equivalent to the principal amount of MSB authority surrendered, or to provide a greater (or lesser) rate of tax credits on a smaller (or larger) principal

amount. MCCs entitle homebuyers to nonrefundable tax credits of from 10 to 50 percent of the interest paid on home mortgage indebtedness. MCCs are limited to first-time homebuyers having incomes below the local area median income, with adjustments for family size, and to the purchase of residences with an acquisition price that does not exceed 90 percent of the applicable average area purchase price. The bill allows MCCs to be used for interest on blanket mortgages deemed paid by a qualifying tenant-shareholder in a housing cooperative and, under Treasury regulations, for certain manufactured housing. Authority to trade-in qualified mortgage bond authority for authority to issue MCCs terminates on December 31, 1987.

2. Other private activity bonds

The bill imposes new restrictions on industrial development bonds and on student loan bonds.

a. Restrictions on cost recovery deductions for IDB-financed property.—The bill extends the cost-recovery periods for IDB-financed property which is presently restricted to deductions based on the straight-line method over ACRS periods. The new recovery periods will be as follows:

Type of property:	*New recovery period*
3-year property	4 years
5-year property	7 years
10-year property	13 years
15-year public utility property	20 years
20-year nonresidential real property	22 years

These provisions apply generally to property placed in service after June 30, 1984, to the extent the property is financed with the proceeds of bonds issued after March 15, 1984. An exception is provided for facilities (1) where the original use commences with the taxpayer and construction of the facility commenced before March 15, 1984, or (2) with respect to which a binding contract existed on March 15, 1984, committing the purchaser to incur significant expenditures for construction or acquisition of the facilities.

b. Restrictions on Federal guarantees of tax-exempt obligations.—The bill denies tax-exemption to State and local obligations to the extent the proceeds of the obligations are insured by FDIC, FSLIC, or other Federal deposit insurance, effective for obligations issued after April 15, 1983, except for obligations issued pursuant to a written commitment binding on March 4, 1983, and at all times thereafter. Additionally, for bonds issued after the date of enactment, tax-exemption is denied if the bonds were guaranteed under the Small Business Administration's pollution control or certified development loan program, unless the SBA charged a fair market value loan guarantee fee equal to at least one percent of the bond amount.

c. Restrictions on use of small issue IDBs where beneficiary has significant IDB use.—The bill restricts the use of small issue IDBs if the total amount of all IDBs that would be outstanding after the issue for the beneficiary of the current issue exceeds $40 million. In determining whether the $40 million limit has been reached, both exempt purpose and small issue IDBs are counted.

d. Denial of tax-exempt IDB financing for certain facilities.—The bill denies tax-exemption for bond issues if any portion of the proceeds of an issue are to be used to finance any airplane, skybox or other private luxury box, any facility used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off-premises. This prohibition applies both to exempt purpose and small issue IDBs.

e. Application of small issue limitation to entire project.—The bill changes the present-law rule under which it may be possible to divide a project into several nominally separate facilities, each costing $10 million or less, and to finance each separate facility with small issue IDBs. Under the provision, where two or more issues of IDBs are used to finance a single building, enclosed shopping mall, or a strip of offices, stores, or warehouses that use substantial common facilities, the two or more issues are treated as a single issue for purposes of determining qualification under the small issue exception. Additionally, all principal users of any of the facilities are treated as principal users of the entire facility.

f. Extension of substantial user rule to all members of a partnership and an S corporation.—The bill amends the rules of present law under which interest on IDBs is not exempt from tax if the bonds are owned by a substantial user of the facilities financed with the IDBs or the bondholder is a related person to that substantial user. Under the amendment, all partners of a partnership and all shareholders of an S corporation are treated as related persons to the partnership or S corporation.

g. Extension of Internal Revenue Code rules to certain obligations.—The bill extends the Internal Revenue Code rules relating to tax-exempt bonds to bonds which are exempt under provisions of Federal law outside of the Code. The bill provides authority for the Virgin Islands and American Samoa to issue IDBs.

h. Arbitrage restrictions.—The bill applies modified arbitrage restrictions, similar to the existing arbitrage rules for mortgage subsidy bonds, to industrial development bonds (other than student loan bonds and certain bonds for housing and sewage and solid waste facilities) issued after December 31, 1984.

i. Certain bonds of the Power Authority of the State of New York.—The bill exempts certain bonds of the Power Authority of New York from the restrictions applicable to IDBs generally.

j. Student loan bond and other provisions.—The bill contains several provisions regarding tax-exempt student loan and certain other bonds. Under these provisions, issuers of student loan bonds are required to devote all profits attributable to bond proceeds to the acquisition of additional student loan notes under the issuer's loan program.

Following a study of the role of tax-exempt bonds for student loans, existing arbitrage rules for student loan bonds would be superseded by new Treasury regulations. These regulations are effective upon the later of (1) the expiration or reauthorization of the Guaranteed Student Loan (GSL) program or (2) six months after publication. The regulations will not apply to certain bonds issued to refund obligations issued before the effective date of the regulations or to satisfy certain binding commitments to acquire student loans.

Effective on the date of enactment, entities authorized to issue tax-exempt student loan bonds are permitted to elect to treat any issue as taxable without prejudice to the tax-exempt status of any other outstanding or future issue.

The bill provides that the proceeds of tax-exempt bonds issued after the date of enactment generally may not be used to acquire notes or other obligations of individuals other than student loan notes under the GSL program, except as otherwise explicitly provided in the Internal Revenue Code. Transitional rules are provided for existing non-GSL student loan programs. In addition, this prohibition does not apply to non-GSL student loan bonds issued after September 30, 1986.

k. Effective dates.—The provisions described in items c, d, e, f, and g, which are similar to provisions contained in H.R. 4170, as reported by the House Committee on Ways and Means, on March 5, 1984, generally are effective for bonds issued after December 31, 1983. Exceptions are provided for facilities (1) financed with an obligation where the original use of the facility commences with the taxpayer and where its construction began before October 19, 1983, or (2) with respect to which a binding contract to incur significant expenditures was entered into before October 19, 1983. Transitional rules are provided to various provisions with respect to certain projects presently in progress.

TITLE VIII.—MISCELLANEOUS REVENUE PROVISIONS

A. ESTATE AND GIFT TAX PROVISIONS

1. Qualification of certain holding company stock for installment payment of estate tax

Under present law, estate tax attributable to interests in certain closely held businesses can be paid in installments over up to 14 years, with principal payments being deferred for up to 5 years of that time. Additionally, a special 4-percent interest rate is available for certain amounts of deferred tax. Generally, only directly owned interests in active business operations are eligible for this benefit.

The bill permits executors to elect to consider the value of indirectly owned nonreadily tradeable stock in an active business for certain purposes under the installment payment provision if the business interest would qualify were it owned directly. Thus, multiple tiers of holding companies may be looked through and certain interests in multiple active businesses aggregated. If this election is made, the 4-percent interest rate and 5-year deferral of principal payments are not available.

The bill further provides that investment assets held by any business are to be disregarded for all purposes under the installment payment provision. This rule is consistent with the present-law rule for valuing businesses carried on as proprietorships.

These provisions are effective for estates of individuals dying after the date of enactment.

2. Repeal of the generation-skipping transfer tax

The bill repeals the tax on generation-skipping transfers, generally effective for transfers occurring after June 11, 1976.

3. Tax treatment of certain disclaimers of interests transferred before November 15, 1958

Under present law, property with respect to which a qualified disclaimer is made is treated as if it had never been transferred to the person making the disclaimer. Therefore, the person making the disclaimer is not treated as making a gift. For property transferred after 1976, the Code has included specific rules for making qualified disclaimers. For property transferred before

1977, Treasury regulations, adopted on November 15, 1958, provided the rules governing disclaimers.

The bill provides that disclaimers of property transferred before November 15, 1958, will be treated as qualified disclaimers if the disclaimers meet the requirements of present law (Code sec. 2518), except for the requirement that a disclaimer be made within 9 months after the date the property is transferred. Therefore, property with respect to which a person has accepted any benefits may not be disclaimed under this provision.

The provision is effective upon date of enactment and applies to disclaimers that are made within 90 days after enactment with respect to property interests transferred before November 15, 1958.

4. Clarification that certain usufruct interests qualify for estate tax marital deduction

The Economic Recovery Tax Act of 1981 permitted executors to elect to claim an estate marital deduction for the value of certain qualifying income interests for life (so-called "QTIP" property). An income interest qualifies as QTIP property only if the surviving spouse is entitled to all of the income from the interest (payable at least annually) and no person has a power to appoint the property to any person other than the surviving spouse (except for powers exercisable only at or after the spouse's death).

The bill clarifies that certain usufructs for life under the Louisiana Civil Code may qualify as QTIP property, if certain requirements are satisfied.

This provision is effective as if included in the Economic Recovery Tax Act.

5. Special estate tax credits for the Estate of Nell J. Redfield and the Estate of Elizabeth Schultz Rabe

The bill provides a special credit against Federal estate tax for the estates of Nell J. Redfield and Elizabeth Schultz Rabe. The credit will apply to the transfer to the Secretary of Agriculture, within 90 days after the bill's enactment, of certain real property located within or adjacent to the Toiyabe National Forest that is included in the estates in question. The amount of the credit will be equal to the lesser of the fair market value of the property as of the date it is transferred or the transferor estate's Federal estate tax liability (plus interest).

B. CHARITABLE CONTRIBUTIONS PROVISIONS

1. Expansion of circumstances in which a deduction may be claimed for qualified conservation contributions

Present law permits a deduction for contributions of qualified property interests for conservation purposes if certain requirements are satisfied. One of these requirements is that surface mining must be prohibited on the property with respect to which the contribution is made. The bill repeals the surface mining prohibition if the following two requirements are satisfied: (1) the surface and mineral estates in the property were separated before June 13, 1976, and (2) the probability of surface mining occurring on the property is so remote as to be negligible.

2. Contributions to the U.S. Olympic Committee

The bill provides that individuals may elect to have $1 ($2 on a joint return) of their tax refund designated to the U.S. Olympic Committee, or to pay an additional income tax of $1 ($2 on a joint return). The Treasury will pay over amounts so designated, less administrative costs, to the U.S. Olympic Committee. A trust fund is established in the Treasury to administer the collection and payment of such funds. The provision will be effective for returns filed for taxable years beginning after December 31, 1983, and ending before January 1, 1989.

3. Charitable expense deduction for use of automobile

The bill increases, from 9 cents per mile to 12 cents per mile, the standard mileage rate allowed as a charitable deduction (if the actual expense method is not used) for use of a passenger automobile in rendering services to a charitable organization, effective January 1, 1985.

4. Permanent rules for reforming governing instruments creating charitable remainder trusts and other charitable interests

Under present law, a charitable deduction is permitted for an interest in a split-interest trust (i.e., a trust with both charitable and noncharitable beneficiaries), only if the trust takes specified forms. The bill provides permanent rules for reforming (amending) charitable split-interest trusts that do not meet the specified form. Under the bill, a trust will be deemed to be reformed properly if property passes directly to charity under the terms of the governing trust instrument. The provision applies generally to reformations occurring after December 31, 1978, other than reformations permitted under the law as in effect before the bill's enactment.

5. Charitable contribution deduction limitations

The bill increases, from 50 percent to 60 percent of the donor's adjusted gross income, the limitation on the charitable deduction for contributions by an individual of cash or ordinary-income property. Also, the carryover of charitable contributions exceeding an applicable percentage limitation is extended from five years to 15 years. These changes are effective for contributions made after 1984.

C. EXCISE TAX PROVISIONS

1. Sport Fish Restoration and Boating Safety Funds; excise tax on certain arrows

The bill replaces the present manufacturers excise tax on fishing equipment with an expanded tax imposed on the last sale of sport fishing equipment before retail. Certain articles are subject to the new tax at a 10-percent rate and others (i.e., tackle boxes, fishfinders, and electric outboard motors) at a 3-percent rate. The bill also extends the time for payment of the tax by manufacturers having $100,000 or less of gross sales receipts in the preceding calendar year, with payments by such taxpayers to be required on a quarterly basis.

Further, the bill alters the financing sources and expenditure purposes for the existing sport fish restoration and boating safety programs and the financing sources for the Land and Water Conservation Fund. Among these changes, the bill transfers part of the revenues from the existing tax on motorboat fuels to the sport fish restoration program. The bill also transfers administration of funding for the sport fish restoration and boating safety programs to a new Aquatic Resources Trust Fund to be included in the Internal Revenue Code.

Also, the bill expands the existing excise tax on arrows to include arrows used by crossbow hunters.

These provisions generally are effective on October 1, 1984; the tax on tackle boxes and fishfinders will apply on October 1, 1985.

2. Increase in the distilled spirits excise tax rate

The bill increases the excise tax rate on distilled spirits from $10.50 per proof gallon to $12.50 per proof gallon, effective on January 1, 1985. This change will increase the excise tax paid on a fifth of 86-proof whiskey by approximately 32 cents.

3. Exemption from aviation excise taxes for certain helicopter operations

The present exemption from the airways fuels and passenger ticket taxes for helicopters engaged in timber operations or hard mineral exploration, and not using the federally aided airport or Federal airways control systems, are extended by the bill to helicopters engaged in oil and gas exploration, effective on April 1, 1984.

4. Technical amendments to the Hazardous Substance Response Revenue Act of 1980

Present law imposes an excise tax on certain chemical substances, the revenue from which go into the Hazardous Substance Response Trust Fund. The bill makes technical modifications to this excise tax in three areas. First, an exemption is provided for light hydrocarbons used in the production of motor fuels. Second, certain copper, lead, or zinc compounds which have a transitory existence during metal refining are exempted from tax. Third, the administrative mechanism through which the exemption for fertilizer may be claimed is simplified.

D. EMPLOYEE BENEFITS

1. Unemployment compensation for pre-1978 periods

The bill amends the Revenue Act of 1978 to provide that the provisions of that statute which make includible in income a portion of unemployment compensation benefits apply to payments of unemployment compensation made after 1978 except payments for weeks of unemployment ending before December 1, 1978. The bill also extends until one year after enactment the period for claiming any credit or refund attributable to this amendment.

2. Employee stock options

The bill provides that an employee may defer income on the exercise of certain employee stock options until the employee disposes of the stock. These options may not be issued solely to highly compensated officers and shareholder-employees. This provision is effective for options exercised after the date of enactment. Two technical amendments are made to the incentive stock option provision.

3. Income tax exclusion for certain employee achievement awards

The bill provides a new income-tax exclusion to employees for certain awards received (after the date of enactment) from an employer for productivity, safety, or length of service. The exclusion allowed to an employee in one year applies to the extent that the employer's cost for all awards to that employee in the year does not exceed $4,800 in the case of qualified plan awards, or $1,200 for other awards. The exclusion is available only for watches, clocks, rings, emblematic jewelry, certain personal accessories, and other traditional retirement or nonretirement awards. Any excess of the lesser of the employer's cost for or the value of such awards over the exclusion dollar limits will be expressly includible in the employee's gross income, as will

the value of nontraditional employee achievement awards or any other awards to employees.

Certain limitations will apply to the exclusion for the employee (and to the deduction allowed to the employer). These include limitations on the number of employees in a business who can be given productivity or safety awards; on how frequently a particular employee can receive productivity, etc. awards; and on the use of nominal awards in calculating the average cost limitation for the definition of a qualified award plan. Also, certain nondiscrimination rules will apply. Recordkeeping and reporting requirements for an employer's award programs can be imposed by the IRS.

4. Moratorium on fringe benefit regulations

The bill extends for two years (through 1985) the moratorium on issuance of Treasury regulations relating to the income tax treatment of nonstatutory fringe benefits. Also, the extended moratorium applies with respect to certain campus housing provided to employees by educational institutions during 1984 and 1985.

5. Exclusion for educational assistance benefits; timing of deduction for deferred educational benefits

The provisions of present law which exclude employer-provided educational assistance benefits from an employee's income and wages for income and payroll tax purposes do not apply for taxable years beginning after December 31, 1983. The bill extends this exclusion to apply to taxable years beginning on or before December 31, 1985.

Under a recent court case, a plan providing deferred educational benefits for the children of a corporation's employees was held to be a welfare benefit plan, thus allowing the employer a deduction for plan contributions in the year made. The bill provides that such a plan is to be treated as a nonqualified deferred compensation plan, so that deductions for plan contributions will not be allowed until the benefit payments under the plan are included in the employee's gross income.

6. FICA and FUTA exemption for employer payment of certain employee contributions to State and local retirement plans

The bill makes a technical correction to the Social Security Amendments of 1983 to provide that employer payments ("pick-ups") of employee contributions under a State or local retirement plan are subject to FICA and FUTA only if the pickup is pursuant to a salary reduction agreement.

E. MISCELLANEOUS TREASURY ADMINISTRATIVE PROVISIONS

The bill makes a number of minor amendments relating to Treasury administrative provisions. The bill simplifies certain requirements of the Treasury Department to make reports to the Congress, removes the $1 million limitation of the Treasury working capital fund, increases the authorization limit from $1 million to $10 million on the revolving fund for the redemption of real property, allows the Secretary of the Treasury to accept gifts and bequests for the Treasury Department, allows an extension of time for court review of a jeopardy assessment where the government is not promptly served, removes the $1 million limitation on the Secretary of the Treasury's special authority to dispose of obligations, allows the Internal Revenue Service a minimum of 60 days to assess unpaid taxes shown on an amended return, provides the government a lien on the assets of all financial institutions which issue an unpaid guaranteed draft for the payment of taxes, allows the disclosure of windfall profit tax returns to State tax agencies, and repeals the requirement that the Secretary approve changes in taxpayer's financial reporting of the investment credit.

The bill repeals the present occupational tax on manufacturers of stills and makes the present statutory requirement that the Treasury Department be notified upon removal of any still from the place of manufacture discretionary with the Treasury. The bill also modifies the rules governing allowance of drawbacks with respect to distilled spirits used for food or medicinal purposes. Additionally, the Treasury Department is authorized to disclose certain information about alcohol fuel producers to administrators of State alcohol laws. The requirement that certain containers of distilled spirits bear Government-supplied strip stamps is repealed; these containers will continue to be required to bear tamperproof closure devices. The bill also expands the circumstances in which distilled spirits can be withdrawn from bond without payment of tax to permit tax-free withdrawal of such spirits for use in the production of nonbeverage (e.g., cooking) wine.

The bill requires payment of excise taxes on all taxable alcohol and tobacco products not later than 14 days after the end of each semimonthly period. In addition, taxpayers who were liable for more than $5 million in any such tax in the preceding calendar year are required under the bill to pay such taxes during the succeeding year by electronic funds transfer to a Federal Reserve bank. This provision is effective on July 1, 1984.

Present law provides an exclusion from income for certain payments to a utility in aid of construction if expenditures are made in the following two years. The bill extends the statute of limitations with respect to the treatment of these payments until expiration of the statute on the last year in which expenditures may be made if the payment is to be excluded from income.

F. SIMPLIFICATION AND EXTENSION OF INCOME TAX CREDITS

1. Simplification of income tax credits

In general, the bill groups existing income tax credits into logical categories and provides uniform tax liability limitations and carryover rules. The business credits (i.e., investment tax credit, targeted jobs credit, alcohol fuels credit, and ESOP credit) will be combined into one credit and allowed up to 100 percent of the first $25,000 of tax liability and 85 percent of the remainder. The research credit will continue to be allowable against 100 percent of tax liability. A 3-year carryback and 15-year carryforward period on a FIFO basis will be allowed for the business credits.

This provision will apply to taxable years beginning after 1983.

2. Business energy tax credits

The bill extends the 15-percent renewable energy credit, the 15-percent ocean thermal credit and the 10-percent biomass credit (with certain modifications) through the end of 1988. The affirmative commitment rules for synfuel projects are extended to encompass projects for which the engineering and permitting requirements are satisfied by January 1, 1987, if the contracting requirements are satisfied by January 1, 1990, and the project is completed by January 1, 1993. The water temperature requirement for geothermal property is reduced from 50 degrees Celsius to 40 degrees Celsius. Allocation rules are provided for equipment that uses an alternative energy resource at least 50 percent of the time.

Special affirmative commitment rules extend the solar, wind, and geothermal credit and the ocean thermal credit through 1989 for projects on which the engineering and permitting requirements are met by the end of 1988 and the contracting requirements met by July 1, 1989.

3. Residential energy tax credits

The bill repeals the residential energy conservation tax credits on the date of enactment and extends the residential solar, wind, and geothermal energy tax credits through 1987.

4. Extension of targeted jobs credit

Under present law, the targeted jobs credit is available with respect to individuals who begin work for the employer before 1985. The bill extends the targeted jobs credit for three additional years. Under the bill, the credit will be available with respect to any member of a targeted group who begins work for the employer before 1988.

G. 6-MONTH LONG-TERM HOLDING PERIOD AND REDUCTION OF CAPITAL LOSS OFFSET AGAINST ORDINARY INCOME

Gains and losses from the sale or exchange of capital assets held for more than 1 year are long-term capital gain or loss and gains and losses from capital assets held for 1 year or less are short-term, under present law. For noncorporate taxpayers, net capital losses may be deducted against $3,000 of ordinary income. However, only 50 percent of long-term losses realized after 1969 may be deducted against ordinary income.

The bill reduces the long-term capital gain and loss holding period to 6 months for assets acquired after February 29, 1984. For taxable years after 1984, the $3,000 ordinary income ceiling against which capital losses may be deducted is reduced to $1,000, and the special treatment of long-term losses realized prior to 1970 is repealed.

H. MISCELLANEOUS REVENUE MATTERS

1. Modification of rules governing rehabilitation investment credit

The bill provides an alternative to the present requirement that at least 75 percent of a building's external walls be retained as external walls in the case of rehabilitations with respect to which a rehabilitation credit is allowable. Under the alternative, the external walls test is deemed met if (1) at least 50 percent of the building's external walls are retained as external walls; (2) at least 75 percent of the building's external walls are retained as either internal or external walls; and (3) at least 75 percent of the building's internal structural framework is retained. This provision is effective for rehabilitation expenditures incurred with respect to property placed in service after December 31, 1983.

2. Taxation of regulated investment companies

a. Personal holding companies permitted to qualify

Under present law, a regulated investment company (RIC) is treated, in essence, as a conduit for tax purposes. If a corporation is a RIC, it is allowed a deduction for dividends paid to its shareholders. One of the requirements that a corporation must meet in order to be a RIC is that it cannot be a personal holding company.

The bill modifies the definition of a regulated investment company (RIC) to permit a

personal holding company (PHC) to qualify as a RIC. In the case of a RIC which is a PHC, any undistributed investment company taxable income of the RIC will be taxed at the highest corporate rate. This provision is effective for taxable years beginning after December 31, 1982. The bill also denies RIC status to companies first becoming a RIC after 1982 if the company has earnings and profits accumulated as a non-RIC.

b. Timing of income from short-term government securities

Under present law, the amount of discount income on short-term government securities is includible in income at the earlier of the date of maturity or the date of sale.

The bill allows a RIC to elect to include discount income on short-term government securities as it accrues. This provision is effective for taxable years beginning after 1978.

3. Cooperative housing corporations

Under present law, in order for the tenants of a cooperative housing corporation to receive deductions for interest and taxes paid by the cooperative housing corporation, at least 80 percent of the income of a cooperative housing corporation must be derived from tenant-shareholders.

The bill allows corporations and certain other persons who are not individuals to be tenant-shareholders of a cooperative housing corporation, even if the cooperative housing corporation retains the right to disapprove occupancy by any nominee of the corporation. The bill also disallows a deduction to a corporation or other person who uses its units in a trade or business for rental payments attributable to amounts which must be capitalized by the cooperative housing corporation. The amendment is effective for taxable years beginning after the date of enactment.

4. FUTA exemption for certain fishing boat crewmembers

Remuneration paid to fishing boat crew members generally is subject to tax under the Federal Unemployment Tax Act (FUTA) if the services performed are related to catching halibut or salmon for commercial purposes or if the services are performed on a vessel of more than ten net tons. However, under a provision which expired on December 31, 1982, remuneration paid to fishing boat crew members was exempt from FUTA if the crew members are treated as self-employed for social security tax purposes and the remuneration of whom is exempt from the Federal Insurance Contributions Act (FICA) tax and income tax withholding. Fishing boat crew members are so treated if their remuneration depends on the boat's catch and the crew normally consists of fewer than ten members.

The bill extends through December 31, 1985, the exemption from FUTA tax for remuneration paid to fishing boat crew members who are treated as self-employed for purposes of social security taxes.

5. Extension of PIK rules to 1984 wheat program

Present law provides special tax treatment for commodities received by a producer under a 1983 PIK program for withdrawing land from production. Under these rules, producers may defer recognition of income on PIK commodities until the commodities are sold; PIK participants are not disqualified from various special tax provisions available to taxpayers engaged in the business of farming; and the applicability of income, employment and estate tax provisions is not affected solely as a result of a taxpayer's participation in the PIK program. The bill generally extends these special PIK tax rules to the 1984 wheat program.

6. Exceptions to debt-financed property rules

Under present law, generally a tax-exempt organization is subject to tax on any income (including income from debt-financed property) from an unrelated trade or business. However, the income or gain received with respect to debt-financed real property held by a qualified pension trust is not treated as unrelated trade or business income under certain circumstances. The rules for debt-financed real property are extended to certain educational institutions and are amended to limit the present law exception to situations in which the property subject to the exemption is not financed by the seller or a related party and, in the case of property owned by a partnership, each partner separately qualifies for the exception. The provisions apply with respect to indebtedness incurred after the date of enactment.

7. Title holding companies

Under present law, a title holding company may be exempt from taxation if the company holds assets of related tax-exempt organizations. Under the provision, a title holding company may be exempt from tax even though the company holds assets of certain unrelated tax-exempt organizations, provided that the title holding company's officers and board of directors are independent of the company's investment advisors. In addition, these title holding companies are eligible for the special exceptions relating to debt-financed real property if they submit to the restrictions applicable to qualified pension trusts with respect to this exception, as amended by the bill. The provisions are effective for taxable years beginning after December 31, 1984.

8. Physicians' and surgeons' mutual protection associations

Under present law, amounts paid to a corporation as contributions to capital are not included in the income of the corporation. Also, in general, capital payments made by a policyholder or member of an insurance association, that are in addition to premium payments made, are not deductible by the policyholder. The bill provides a specific rule for the tax treatment of the company and the policyholder with respect to initial capital contributions made by members of certain medical malpractice mutual protection associations. For the policyholder, the rules provide an election, to be made when the initial capital contribution is made, that will allow a policyholder to deduct a portion of that amount over the first 6 years of coverage to the extent that the annual premiums that would have been charged by an independent insurance company for the medical malpractice insurance coverage would have exceeded the actual annual premium charged by the mutual protection association for such coverage. For the company, the rules provide that initial capital contributions are not includible in income to the extent the amounts are not deductible to the policyholder, and any refund of such capital amounts is not deductible. These special rules apply only to such associations that were in operation under the laws of any State prior to January 1, 1984.

9. Sale-leasebacks of principal residences

Under present law, qualification of a transaction with respect to a principal residence as a sale-leaseback of a principal residence sometimes is uncertain. The bill provides a "safe harbor," easing the rules applicable in determining whether a valid sale-leaseback has occurred in the case of sales by taxpayers 55 or older. The provisions are effective for transactions entered into after the date of enactment and before January 1, 1989.

10. Changes in earned income credit

Under present law, eligible taxpayers, i.e., individuals or couples with children, are allowed a refundable tax credit equal to 10 percent of the first $5,000 of earned income, for a maximum credit of $500. The maximum credit is phased down to zero as income increases from $6,000 to $10,000. The bill increases the rate of the earned income credit to 10.5 percent, thereby increasing the maximum credit to $525. The bill also raises the income level at which the credit is fully phased-out to $11,000. These changes in the earned income credit will apply to taxable years beginning after 1984.

11. Capital construction fund for fishery facilities

Under present law, tax benefits are available for certain taxpayers making deposits into capital construction funds to be used with respect to qualified vessels. The bill extends those benefits to certain taxpayers engaged in the fisheries industry and for deposits into capital construction funds to be used with respect to certain fisheries facilities.

The provisions are effective as of the date of enactment.

12. Leases with terminal rental adjustment clauses

Leases of motor vehicles often contain terminal rental adjustment clauses (TRACs). A TRAC passes on to the lessee the risk (or reward) that the vehicle will be worth less (or more) at the end of the lease term than the parties projected when the lease was entered into. Under present law, it has been held that a lease with a TRAC in it does not qualify as a lease for Federal income tax purposes.

Under the bill, TRACs are to be disregarded in determining whether certain motor vehicle leases qualify as leases for Federal income tax purposes. The provisions are effective for transactions entered into before, on, and after the date of enactment.

13. Home won as prize and designed for handicapped foster child of the taxpayer

The bill provides that no interest or penalties will be payable on the Federal income tax liability attributable to receipt of a residence won as a prize, and specially designed for a handicapped foster child of the taxpayer, where certain conditions apply, but only if the tax liability is paid within one year after the date of enactment.

14. Housing allowance for ministers

In 1983, the IRS ruled that ministers may not take deductions for mortgage interest and real estate taxes on their residence to the extent that such expenditures are allocable to tax-free housing allowances provided for ministers. The new deduction disallowance rule generally applied beginning July 1, 1983. Under a transitional rule, in the case of a minister who owned and occupied a home before January 3, 1983 (or had a contract to purchase a home before that date), the deduction disallowance rule generally will not apply until January 1, 1985. The bill extends this transitional rule date to January 1, 1986.

15. Church audits

Present law provides that the IRS may examine church books of account (i.e., financial records) only to the extent necessary for a determination of tax. The IRS is also required to provide special advance notice before examining church books of account.

The bill provides several new restrictions on IRS investigations and audits of churches. Under these provisions, the IRS may commence an investigation of church tax liabilities only if an IRS regional commissioner reasonably believes that a church is not tax-exempt or has taxable income. The IRS will be required to provide expanded notice before examining church books and records and to offer a pre-examination conference to church officials. In addition, an audit of church tax liabilities will generally be required to be completed within two years after commencing an investigation. These provisions are effective for investigations, examinations, and proceedings commencing after the date of enactment.

16. Exclusion from gross income for cancellation of certain student loans

The bill makes permanent the exclusion (enacted in the Tax Reform Act of 1976) for amounts realized by reason of cancellation of certain student loans. The bill limits the exclusion to cases in which the recipient performs certain professional services for any of a broad class of employers.

17. Transitional rule for safe-harbor leasing

The safe-harbor leasing rules are generally not applicable to agreements entered into after December 31, 1983. Under the bill, those rules, as in effect prior to TEFRA, are applicable to certain coal gasification property.

18. Tip reporting

Under present law, if a large employer, for tip reporting purposes, demonstrates to the Secretary that the actual tip rate of his establishment is less than 8 percent, the Secretary may lower the percentage allocated (but not to less than 5 percent). The bill allows employers or a majority of their employees to petition the Secretary for permission to allocate based on a tip rate as low as 2 percent and requires the IRS to provide rules for recordkeeping with respect to tips within a year.

19. Treatment of Indian tribal governments as State governments for tax purposes

The bill makes permanent the present treatment of Indian tribal governments as State governments for most purposes of the Internal Revenue Code. As under present law, tribal governments will continue to be barred from issuing tax-exempt bonds, other than bonds to finance traditional government functions.

20. Amortization of expenditures to rehabilitate low-income rental housing

The bill reenacts for three years, through December 31, 1986, the provision of prior law that permitted amortization over 60 months of certain rehabilitation expenditures incurred with respect to low-income rental housing.

21. Reenactment of denial of deductions for costs of demolishing certified historic structures

The bill reenacts and makes permanent the provision of prior law that denied income tax deductions for costs associated with demolition of certified historic structures. This provision is effective on January 1, 1984.

22. Architectural barrier removal expenses

The bill provides a deduction for up to $35,000 per year of expenses incurred in eliminating architectural and transportation barriers to the handicapped and elderly, effective for taxable years beginning in 1984 and 1985. This provision is similar to an expired provision of prior law.

23. Tax status of nonprofit child care organizations

The bill provides that nonprofit day care centers qualify for tax-exempt status (under sec. 501(c)(3)), and eligibility to receive tax-deductible contributions, if both (1) substantially all of the dependent care provided to children by the organization is for the purpose of enabling individuals to be gainfully employed, and (2) the services provided by the organization are available to the general public. This provision is effective for taxable years beginning after the date of enactment.

24. Tax incentives for research and vocational education

The bill makes certain modifications to the tax incentives for research expenditures enacted in ERTA, generally effective January 1, 1985. The bill also adds new incentives for vocational education.

Extension of credit.—The 25-percent credit allowed for increases in qualified research expenditures, which is scheduled to expire after 1985, is made permanent.

Research definition.—A statutory definition of credit-eligible expenditures is provided, separate from (and not affecting) the definition of research expenditures qualifying for special deduction rules under present law. The new definition targets the credit to technological innovations developed through a process of experimentation relating to new or improved function, performance, etc. (rather than to style, taste, cosmetic, or seasonal design factors). The costs of developing computer software for internal use by the taxpayer could qualify only where the software is used directly in qualified research or certain production processes, or where otherwise permitted by Treasury regulations for certain significant innovative developments. Also, other exclusions and rules are provided as part of the statutory definition of qualified research.

Trade or business test.—Qualified research expenditures of start-up corporations, of existing corporations for new trades or businesses, and of certain partnerships will be eligible for the credit.

University basic research.—In computing the incremental credit under present law, qualified expenditures include 65 percent of corporate expenditures for university basic research; similarly, this amount is treated as qualified research expenditures in a base period year when the corporation calculates the credit in subsequent years. The bill provides a new 25-percent credit for the excess of (1) 65 percent of corporate cash expenditures for university basic research over (2) the sum of the greater of two maintenance-of-effort floors (relating to 1981-83 university basic research expenditures or one percent of 1981-83 total qualified research expenditures) plus an amount relating to university nonresearch contributions in a base period. Also, the bill makes certain other modifications to the university basic research provision.

Scientific equipment donations.—The existing augmented charitable deduction rule is expanded to cover corporate donations of scientific or technological equipment (including used property and new computer software) to universities for certain uses in mathematics, physical or biological sciences, or engineering, and is modified in certain other respects.

Scholarships, loan forgiveness.—Gross income will not include amounts received by graduate students in certain scientific fields as a scholarship, fellowship grant, or qualified student loan forgiveness, notwithstanding that the recipient is required to perform future teaching services for any of a broad class of colleges or universities, provided that such amounts are not received as compensation.

Vocational education.—The bill provides an augmented charitable deduction for corporate donations of certain types of newly manufactured technical and scientific equipment to public community colleges or public technical institutes for certain vocational education uses, if the value of the donated item exceeds $250, and if certain other requirements are satisfied. The augmented deduction is not available for donations of computer software, microcomputers, or certain other computers. In addition, a tax credit is allowed to a corporation for providing qualified teachers from its employees for postsecondary vocational education courses or for hiring qualified vocational instructors on a temporary basis. The amount of the credit would equal $100 for each course taught by an employee (up to five courses), plus $100 for each instructor temporarily hired by the corporation, subject to certain limitations. These provisions are effective for taxable years beginning after 1984.

25. Percentage depletion on secondary and tertiary production

Under present law, the allowance for percentage depletion on secondary and tertiary oil production expired at the end of 1983. The bill corrects the technical error leading to this termination and clarifies that percentage depletion will not be available after 1983 for secondary or tertiary production from proven properties transferred after 1974, unless one of the present law exceptions to the antitransfer rules applies.

26. Study of alternative tax systems

The bill instructs the Secretary of the Treasury to conduct a study within 6 months covering the advisability of developing an alternative tax system that would reduce the complexity of the present income tax system and improve the efficiency and equity of the tax system. Alternative tax systems that should be evaluated include a simplified income tax based on gross income, a consumption-based tax, restructuring and broadening of the current income tax base combined with lowering of current tax rates, a national sales tax, and a value-added tax.

27. Treasury study of foreign taxation of certain U.S. services

Under present law, taxpayers who perform services in the United States for use in foreign countries are subject to full U.S. tax on their income from those services. The foreign country where the services are used may also subject the income from those services to tax. The bill directs the Treasury Department to study the practices of foreign countries that impose taxes on the basis of services that are performed in the United States, including the status of treaty negotiations with such countries, and options to alleviate the resulting double tax burden on U.S. taxpayers. The Treasury Department is to report to the committee on

the results of its study no later than August 31, 1984.

28. Migratory bird hunting and conservation stamps ("Duck Stamps")

The Secretary of the Interior is authorized to allow reproductions in color and black and white of migratory bird hunting stamps for commercial purposes. Revenues will be deposited in the Migratory Bird Conservation Fund and will be used to help finance the purchase of additional wetlands acreage to be included in the National Wildlife Refuge.

29. Tax treatment of grants related Boundary Water Canoe Area

The bill allows tax-free reinvestment before 1986 of Federal assistance grants made to motorboat franchisors whose business activities had to be modified to conform to new statutory limits following conversion of their operating areas to the Boundary Waters Canoe Area Wilderness under the jurisdiction of the Forest Service.

TITLE IX.—SPENDING REDUCTION PROVISIONS

A. HEALTH PROVISIONS

1. Medicare

Part B premium

Permanently establishes Part B Premium at 25 percent of program costs.

One-month delay in medicare entitlement

Delays eligibility for Parts A and B of Medicare until the first day of the month after the month in which the individual turns 65 years of age.

Modification of working aged provision

Medicare would become the secondary payor for individuals who elect to be covered under a younger spouse's employer-based health plan.

Limitation on physician fee prevailing and customary charge levels; participating physician incentives

Freezes all customary and prevailing fees for 1 year beginning July 1, 1984. Continues freeze for 1 additional year on prevailings of non-participating physicians.

Limitation on increase in hospital costs per case

Limits for 2 years the increase in the hospital cost portion payment amounts to the market basket minus one-half percentage point. Limits increase in DRG portion of the payment amounts to the market basket plus one-half percentage point.

Fee schedule for clinical laboratory services

Directs that a fee schedule be established for all outpatient clinical laboratory services provided to Medicare beneficiaries.

Revaluation of assets acquired by hospitals

Disallows the revaluation of hospital assets acquired in fiscal year 1985 and thereafter for purposes of Medicare reimbursement.

Repeal of preadmission diagnostic testing provision

Repeals provision of current law which provides for a higher rate of reimbursement for preadmission testing done by hospitals and physicians.

Skilled nursing facility reimbursement

Maintains reimbursement rates in effect prior to TEFRA for accounting periods beginning on or after October 1, 1982 and establishes new rates, beginning July 1984, and thereafter.

Rounding of part B payments

Rounds Part B payments on charge based claims down to the next lower whole dollar amount.

Agreements for Medicare claims processing

Permits the Secretary of Health and Human Services to negotiate contracts with carriers and intermediaries on a non-cost related basis.

Lesser of cost or charges

Requires the Secretary to issue regulations to isolate the calculation of lesser of cost or charges for outpatient services from the calculation for inpatient services.

Hepatitis B vaccine

Permits Medicare coverage of Hepatitis B vaccine for End Stage Renal Disease dialysis patients.

Limitation on certain foot care services

Requires the Secretary to issue regulations establishing coverage guidelines under the Medicare program for debridement of mycotic toenails.

Coverage of hemophilia clotting factor

Permits Medicare coverage for the supplies and products necessary for the self-administration of the clotting factor used by individuals who have hemophilia.

Indexing of Part B deductible

Indexes the amount of the Part B deductible in calendar years 1985 and 1986 by the percentage by which the Medicare economic index increases each year.

Cost sharing for durable medical equipment furnished as a home health benefit

Reduces reimbursement to home health agencies for durable medical equipment to 80 percent of reasonable costs, and permits the agencies to bill beneficiaries for the remaining 20 percent.

2. Medicaid and MCH

Extension of medicaid payment reductions and offsets

Extends for 3 years reductions in Federal Medicaid payments at a level of 3 percent.

Mandatory assignment of rights of payment by medicaid recipients

Mandates that States require Medicaid applicants to assign to the State their rights to third party medical payments.

Increase in Medicaid ceiling amount for Puerto Rico, the Virgin Islands, Guam, the Northern Mariana Islands, and American Samoa

Increases funding to Puerto Rico, the Virgin Islands, Guam, the Northern Mariana Islands, and American Samoa.

Increase in the authorization for the Maternal and Child Health (MCH) Block grant

Permanently increases the authorization level for the MCH block grant to $455 million in 1986 and thereafter.

Medicaid coverage for pregnant women

Mandates States to provide Medicaid coverage beginning with the medical determination of pregnancy to every woman who would be eligible for Aid to Families with Dependent Children if the child were born.

Recertification of skilled nursing facility and intermediate care facility patients

Modifies the frequency with which physicians recertify Medicaid patients institutionalized in nursing homes and modifies the related penalty provisions.

3. Other medicare and medicaid provisions

Study of physician reimbursement for cognitive services

Directs the Office of Technology Assessment to report to the Congress on ways to modify the existing system for determining Medicare allowances to eliminate inequities that exist between reimbursement levels for medical procedures and cognitive services.

Elimination of Part B deductible for certain diagnostic laboratory tests

Eliminates application of the annual Part B deductible in the case of diagnostic tests performed in a laboratory which has entered into a negotiated rate agreement with Secretary.

Payment for services following termination of participation agreements with home health agencies or hospices

Changes the ending date of coverage for services provided under a plan of care following termination of a participation agreement with a home health agency or hospice.

Repeal of special tuberculosis treatment requirements under Medicare and Medicaid

Repeals special tuberculosis treatment requirements under Medicare and Medicaid.

Medicare recovery against certain third parties

Establishes the statutory right of Medicare to recover directly from a liable third party if the beneficiary himself does not do so.

Indirect payment of supplementary medical insurance benefits

Permits Part B payments to be paid to a health benefits plan whose payment is accepted by the physician or other supplier as payment in full.

Elimination of health insurance benefits advisory council

Eliminates the Health Insurance Benefits Advisory Council (HIBAC).

Confidentiality of accreditation surveys

Extends the same disclosure protections given the survey information of the Joint Commission on the Accreditation of Hospitals (JCAH) to similar survey information provided to the Secretary by the American Osteopathic Association or other national accreditation organizations.

Flexible sanctions for noncompliance with requirements for End Stage Renal Disease (ESRD) facilities

Allows the Secretary to apply intermediate sanctions, such as a graduated reduction of reimbursement, to ESRD facilities when noncompliance does not jeopardize patient health or safety or justify decertification of such facilities.

Use of additional accrediting organizations under Medicare

Extends the Secretary's authority to permit reliance on accrediting organizations in determining whether rural health clinics, laboratories, clinics, rehabilitation facilities, and public health agencies meet Medicare requirements.

Repeal of exclusion of for-profit organizations from research and demonstration grants

Extends the existing research and demonstration grant authority to for-profit organizations.

Requirements for medical review and independent professional review under Medicaid

Makes consistent State Medicaid plan requirements for medical review in skilled nursing facilities and independent professional review in intermediate care facilities.

Flexibility in setting rates for hospitals furnishing long-term care services under Medicaid

Eliminates the specific Medicaid requirements for setting payment rates applicable only to certain hospitals furnishing long-term care services.

Authority of the Secretary to issue and enforce subpoenas under Medicaid

Authorizes the Secretary to issue and seek enforcement of subpoenas under Medicaid to the same extent as under the Medicare program.

Repeal of authority for payments to promote closing and conversion of underutilized hospital facilities

Repeals the present law authority under which the Secretary may make Medicare and Medicaid payments to cover capital and increased operating costs associated with the conversion or closing of underutilized hospital facilities.

Presidential appointment of and pay level for the Administrator of the Health Care Financing Administration (HCFA)

Provides for appointment of the Administrator of HCFA by the President, with the advice and consent of the Senate.

Exclusion of certain entities owned or controlled by individuals convicted of Medicare- or Medicaid-related crimes

Extends the Secretary's current authority to exclude from Medicare and Medicare parties convicted of program related crimes.

Judicial Review of Provider Reimbursement Review Board Decisions

Clarifies the effective date of certain provisions of the "Social Security Amendments of 1983" (P.L. 98-21) dealing with judicial review.

Access to home health services

Permits physicians with certain financial interests in certain home health agencies to carry out certification and plan-of-care functions for patients of those agencies.

Provider representation in Peer Review Organizations (PROs)

Provides that a PRO governing body may include a governing body member, officer, or managing employee of a health care facility.

Prospective payment assessment commission

Includes a number of amendments to clarify the manner in which the Commission is to function.

Medicaid clinic administration

Makes it clear that the administrator of a clinic need not be a physician in order for the clinic to participate in Medicaid.

Enrollment and premium penalty with respect to working aged provision

Waives the Part B delayed enrollment penalty for workers age 65 through 69 who elect private coverage under the provisions of TEFRA for the period of such coverage.

Emergency room services

Modifies Section 1861(v) of the Social Security Act to include a definition of "bona fide" emergency.

Payment for services of a nurse anesthetist

Requires that the costs a hospital incurs in employing Certified Registered Nurse Anesthetists (CRNAs) be reimbursed on a reasonable cost basis.

Prospective payment wage index

Directs the Secretary of HHS to remedy certain problems which exist in the calculation of the wage index for hospital workers.

Hospice contracting for core services

Allows the Secretary to waive the nursing care "core services" requirements for certain hospices.

Exemption of public psychiatric hospitals from provision limiting reimbursement to SNF rates

Delays until July 1, 1985, the application of any reimbursement reductions required to be made to public psychiatric hospitals due to the level of care received by Medicaid patients in such hospitals.

Certification of psychiatric hospitals

Permits psychiatric hospitals and psychiatric units of general hospitals to participate in Medicare and Medicaid on the basis of a survey by the Secretary of HHS or, if found appropriate, accreditation by the American Osteopathic Association or the Joint Commission on the Accreditation of Hospitals.

Payments to teaching physicians

Modifies the calculation of Medicare reimbursement for certain teaching physicians in States with low Medicaid payment rates.

Pacemaker reimbursement review and reform

Directs the Secretary to study the impact technology should have on the costs of physician services, publish guidelines on the frequency and appropriate payment levels for trans-telephonic monitoring, establish an FDA-administered pacemaker registry, and study the reasonableness of Part A payments for pacemaker implants.

Open enrollment period for health maintenance organizations and competitive medical plans

Allows the Secretary up to three years to coordinate an open enrollment period in each area serviced by two or more participating HMO's.

Waivers for Social Health Maintenance Organizations

Requires the Secretary to approve certain waivers for a project to demonstrate the concept of a social HMO at four sites.

Funding for PSRO review

Provides that the automatic Trust Fund Peer Review Organization funding provisions be extended to PSRO's. Delays for 3 months, two implementation dates contained in current law.

B. INCOME MAINTENANCE PROVISIONS

Parents and siblings of dependent child included in AFDC family

Establishes a standard filing unit for the AFDC program.

Households headed by minor parents

Requires that in order to qualify for AFDC benefits, an unmarried minor parent and her child would have to reside in the home of the minor parent's own parent or guardian, except in certain instances.

Clarification of earned income provision

Clarifies current law with regard to the definition of the term "earned income".

CWEP work for federal agencies permitted

Clarifies a provision of the 1981 Omnibus Budget Reconciliation Act which authorized the operation of Community Work Experience Programs (CWEP) by the States.

Earned income of full-time students

Permits States to exclude the earnings of a child from the 150 percent limit on gross family income for the determination of eligibility for the AFDC program.

Adjustments in SSI benefits on account of retroactive benefits under Title II

Provides for the adjustment of retroactive benefits under the Supplemental Security Income (SSI) and social security programs on account of benefits already paid under either of these programs.

Regulatory initiative on medical support

The Committee agreed to direct the Secretary to require State Child Support Enforcement (CSE) agencies to petition the court to include medical support as part of the child support order.

C. SOCIAL SECURITY PROVISIONS

Special Social Security treatment for church employees

Permits churches and certain church-controlled organizations, opposed for religious reasons to the payment of the employer FICA tax, to elect not to be subject to FICA tax liability or to any requirement to withhold social security taxes on behalf of employees with respect to services performed after December 31, 1983. This election is a one-time irrevocable decision, available only to such organizations which were not covered by social security on December 31, 1980. The employees of electing organizations are treated, for purposes of social security taxes, similarly to the self-employed, and are taxed at the net SECA rate; however, a deduction for unreimbursable business expenses is not allowed. The employer's election remains in effect only if certain information reporting requirements are met.

Social Security coverage for legislative branch employees not covered by the Civil Service Retirement System

Requires that an individual in legislative branch employment maintain continuous participation in the Civil Service Retirement System in order to retain an exemption from social security.

Employees of nonprofit organizations who are required to participate in the Civil Service Retirement System

For purposes of social security, would treat like Federal employees those employees of nonprofit organizations which are covered on a mandatory basis by the Civil Service Retirement System.

D. GRACE COMMISSION PROVISIONS

Income and eligibility verification procedures

Authorizes and requires data on earned and unearned income from IRS and SSA to be made available to agencies administering means-tested Federal benefit programs. Requires programs to utilize such data. Directs each State to maintain a system of quarterly wage reporting.

Collection and deposit of payments to executive agencies

Authorizes the Secretary of the Treasury to prescribe the collection mechanisms of Federal agencies. Allows the Secretary to impose sanctions for noncompliance.

Collection of nontax debts owed to Federal agencies

Authorizes the Internal Revenue Service to reduce the amount of any refund of internal revenue taxes by the amount of certified nontax debt owed to the Federal Government.

E. COVER OVER PROVISIONS

Clarification of definition of articles produced in Puerto Rico or the Virgin Islands

Clarifies the definition of goods produced in Puerto Rico and the Virgin Islands for purposes of the application of a special excise tax/cover provision.

Limitation on transfers of excise tax revenues to Puerto Rico and the Virgin Islands

Limits the transfer of certain taxes collected on distilled spirits into the Treasuries of Puerto Rico and the Virgin Islands.

Mr. DOLE. Mr. President, I send a modification of my amendment to the desk.

The PRESIDING OFFICER (Mr. COCHRAN). The amendment is so modified.

The modification follows:

On page 17, in the matter between lines 11 and 12, strike out the last two items and insert in lieu thereof the following:

1983, 1984, or 1985	0.5
1986 or 1987	0.75
19888 or thereafter	0.".

On page 18, line 12 strike out "part" and insert in lieu thereof "subtitle".

On page 18, line 17 strike out "part" and insert in lieu thereof "subtitle".

On page 26, line 25, insert after the end period the following new sentence: "The preceding sentence shall not apply to any property (or any portion thereof) to the extent such property (or portion thereof) is tax-exempt use property by reason of use by a tax-exempt entity other than such organization or successor organization.".

On page 35, line 16, after "partnership" insert "(and such share remains the same)".

On page 41, line 5, strike out the comma and insert in lieu thereof a period.

On page 52, in the second column, strike out "Borough" each place it appears and insert in lieu thereof "Municipality".

On page 53, in the item relating to "The Madison Center" strike out "1983" and insert in lieu thereof "1982".

On page 54, immediately before line 1, insert the following new items at the end of the table:

Project	Location	Qualification	Date
North Star Burough Building	Fairbanks, Alaska	Request for proposal	Before May 23, 1983
Anchorage office Complex	Anchorage Municipal, Alaska	State land acquisition and planning costs of $12,000,000	Before May 23, 1983
Bloomfield Co., Holden Joint Venture	Juneau, Alaska	Bid advertised	June 15, 1983.
Anchorage Parking facilities	Anchorage Municipal, Alaska	Negotiations begun	Apr. 1983.
Albuquerque Convention Center, phases I and II	Albuquerque, New Mexico	Negotiations begun	Before May 23, 1983.
Lincoln Plaza	Sacramento, Calif.	Site work commenced	May 1982.
Downtown Government Center Cogeneration System	Miami, Fla.	Project design approved, contract negotiations begun, and established funds expended.	Before May 23, 1983.
Lincoln Plaza	Sacramento, Calif.	Site work commenced	May 1982.
Westside Mall Parking Facility	Santa Maria, Calif.	Approved feasibility study	Nov. 1982.
Civic Center Complex	Monteterey Park, Calif.	Approved feasibility study	Nov. 1982.
Martin Luther King Civic Center and Center Street and Southern Gate Parking Garages	Berkeley, Calif.	Financing Approved	Feb. 1983.

On page 57, line 16, strike out "clause (ii)" and insert in lieu thereof "clause (i)".

On page 59, line 5, insert "or other" after "contract".

On page 68, line 23, strike out "Clause (I)" and Insert in lieu thereof "Clause (i)".

On page 90, line 23, strike out "11274" and insert in lieu thereof "1274".

On page 92, line 19, insert "bond" after "discount".

On page 98, strike out line 20, and insert in lieu thereof "transaction—".

On page 133, line 3, insert "on or" before "before".

On page 135, beginning with line 18, strike out all through page 136, line 9, and insert in lieu thereof the following:

"(2) SPECIAL RULE WHERE STOCK NOT HELD THROUGHOUT BASE PERIOD.—In the case of any stock which was not held by the taxpayer throughout the base period, paragraph (1) shall be applied as if the base period consisted only of that portion of the base period during which the stock was held by the taxpayer.

On page 138, line 17, insert "(without regard to subsection (b) thereof)" after "section 246".

On page 142, line 24, strike out "dend' " and insert in lieu thereof "dend date' ".

On page 161, line 8, strike out "Tax Reform" and insert in lieu thereof "Deficit Reduction Tax".

On page 163, line 3, strike out "Tax Reform" and insert in lieu thereof "Deficit Reduction Tax".

On page 165, line 9, strike out "Date" and insert in lieu thereof "Dates".

On page 166, line 12, strike out "a golden parachute" and insert in lieu thereof "such".

On page 172, lines 11 and 12, strike out "after the end" and insert in lieu thereof "as of the close of".

On page 172, line 13, strike out "after" and insert in lieu thereof "as of".

On page 172, line 15, strike out the comma.

On page 178, line 2, insert "Transactions" after "368(a)(1)(C)".

On page 196, line 24, strike out "in" and insert in lieu thereof a period and "in".

On page 200, beginning with line 15, strike out all through page 201, line 2, and insert in lieu thereof the following:

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to transfers made after the date of the enactment of this Act, in taxable years ending after such date.

On page 205, line 16, before the comma insert "in which the liability arises".

On page 209, line 9, strike out the comma.

On page 216, strike out lines 11 through 14, and insert in lieu thereof the following:

"(i) in the case of—

"(I) subpargraph (A), the date the account is established, or

"(II) subparagraph (B), the first day of the taxable year, and

On page 216, line 15, strike out "(iii)" and insert in lieu thereof "(ii)".

On page 219, line 3, insert "any other person for" after "or".

On page 219, line 3, strike out "a" and insert in lieu thereof "such".

On page 222, line 4, strike out "467" and insert in lieu thereof "464".

On page 225, line 17, insert "(other than any portion of such loss described in paragraph (2))" after "loss".

On page 232, line 16, insert end quotation marks and an end period.

On page 232, strike out lines 17 through 19.

On page 236, line 5, strike out "rental".

On page 239, line 13, insert "(compounded semiannually)" afer "section 1274(d)".

On page 248, line 17, insert "or domestic board of trade" before "on".

On page 252, line 6, strike out "101" and insert in lieu thereof "75".

On page 254, lines 19 and 23, insert ", is added by such amendments" after "Code".

On page 278, line 2, strike out "and" the first place it appears and insert in lieu thereof "or",

On page 284, line 6, insert a comma after "1954)".

On page 299, line 15, strike out "4976(g)(4)" and insert in lieu thereof "4976(h)(4)".

On page 300, strike out lines 12 through 18.

On page 304, beginning with line 25, strike out all through page 305, line 18 and insert in lieu thereof the following:

"(c) EXCISE TAX ON KEY EMPLOYEES.—If, for any year, a welfare benefit fund is a top-heavy welfare benefit fund, there is hereby imposed for such year on each key employees a tax equal to—

"(1) the amount of benefits (excluding the fair market value of the use of any facility), multiplied by

"(2) the highest rate of tax imposed under section 1(c).

On page 310, line 19, insert "a" before "plan".

On page 321, line 19, insert ", as amended by this Act," after "property)".

On page 354, line 16, strike out "TITLE 11" and insert in lieu therof "REHABILITATION", and conform the table of contents.

On page 354, beginning with line 18, strike out all through page 355, line 3, and insert in lieu thereof the following:

(a) IN GENERAL.—For purposes of sections 401(a)(9)(A), 408(a)(6) and 408(b)(3) of the Internal Revenue Code of 1954—

(1) a trust, custodial account, or annuity or other contract forming part of a pension or profit-sharing plan, or a retirement annuity, or

(2) a grantor of an individual retirement account or an individual retirement annuity,

shall not be treated as failing to meet the requirements of such sections if such account, annuity, or contract was issued by an insurance company which, on March 15, 1984, was a party to a rehabilitation proceeding under the applicable State insurance law.

(b) LIMITATION.—Subsection (a) shall only apply during the period such insurance company continues to be a party to the proceeding described in subsection (a).

On page 362, line 22, insert "336," after "332,".

On page 368, line 5, insert "336," after "332,".

On page 378, line 25, insert "of" after "or".

On page 386, line 23, strike out "17" and insert in lieu thereof "7".

On page 390, line 2, strike out "CFC" and insert in lieu thereof "CFCs".

On page 398, line 25, insert "and" after the comma.

On page 402, line 1, strike out "1444" and insert in lieu thereof "1445".

On page 414, in the matter preceding line 1, strike out "1444" and insert in lieu thereof "1445".

On page 414, line 17, strike out "1444" and insert in lieu thereof "1445".

On page 415, in the item relating to "During 1985" in the matter following line 22, strike out "5 percent" and insert in lieu thereof "4 percent".

On page 425, line 3, insert a closing parenthetical after "871(g)(3)".

On page 434, in the matter between lines 11 and 12, strike out "Tax Shelters" and insert in lieu thereof "tax shelters".

On page 453, line 19, strike out "paragraph" and insert in lieu thereof "subparagraph".

On page 457, line 2, strike out "is" and insert in lieu thereof "are".

On page 458, lines 13 and 14, strike out "(as amended by sections 147 and 148 of this Act)" and insert in lieu thereof ", as amended by sections 147 and 148 of this Act,".

On page 460, line 9, insert a comma before "any".

On page 466, line 19, strike out "6052(a)" and insert in lieu thereof "6052(b)".

On page 467, line 24, strike out "the second paragraph of".

On page 468, line 18, strike out "Year" and insert in lieu thereof "year".

One page 521, line 4, strike out "exchanged" and insert in lieu thereof "substituted".

One page 521, line 22, strike out "September 29, 1983" and insert in lieu thereof "December 31, 1983".

On page 540, line 12, strike out "(5)" and insert in lieu thereof "(4)".

On page 540, line 17, strike out "(6)" and insert in lieu thereof "(5)".

On page 540, lines 17 and 18, strike out "paragraphs (2) and (3)" and insert in lieu thereof "paragraph (2)".

On page 555, between lines 15 and 16, insert the following:

"(C) TREATMENT OF NONINSURANCE GAINS AND LOSSES.—For purposes of this part and section 1503(c), in the case of any affiliated group including the taxpayer and 1 or more noninsurance members which files a consolidated return, any noninsurance gain or loss shall be treated as gain or loss of a noninsurance member.

On page 590, line 16, after "issued" insert "by a mutual insurance company".

On page 646, line 12, strike out "life".

On page 676, line 20, strike out "1984" and insert in lieu thereof "1985".

On page 840, between lines 15 and 16, insert the following:

(4) TRANSITIONAL RULE WHERE STATE LEGISLATION NOT ENACTED.—For purposes of section 103A(g) of the Internal Revenue Code of 1954, in the case of the Commonwealth of Kentucky, subclause (T) of section 103A(g)(6)(B)(ii) of such Code shall be applied as if it read "December 31, 1986".

On page 840, line 16, strike out "(3)" and insert in lieu thereof "(5)".

On page 849, lines 6 and 7, strike out "(within the meaning of section 103A(1)(9)".

On page 860, between lines 6 and 7, insert:

"(12) SINGLE-FAMILY RESIDENCE.—The term 'single family residence' has the meaning given to such term by section 103A(1)(9), except that to the extent provided in regulations, such term includes manufactured homes (within the meaning of section 168(g)(7)).

On page 860, insert end quotation marks and an end period.

On page 880, between lines 5 and 6, insert the following:

(e) CLARIFICATION OF RESTRICTION ON FOOD AND BEVERAGE SERVICES.—Subparagraph (O) of section 103(b)(6) (relating to restrictions on certain facilities) is amended by adding at the end thereof the following new flush sentence: "For purpose of clause (i), a facility the primary purpose of which is to provide catering services and meeting accommodations for groups of 2,500 or more individuals shall not be treated as a facility the primary purpose of which is to provide retail food and beverage services.".

On page 889, lines 2 and 5, strike out "(4)" and insert in lieu thereof "(3)".

On page 890, in the item relating to South Dakota in the matter between lines 4 and 5, strike out "Authorities" and insert in lieu thereof "Authority".

On page 891, between lines 8 and 9, insert the following:

(5) REFUNDING EXCEPTION.—The amendments made by this section shall not apply to any obligation or series of obligations the proceeds of which are used exclusively to refund obligations issued before March 15, 1984, except that—

(A) the amount of the refunding obligations may not exceed the refunded obligations, and

(B) the maturity date of any refunding obligation may not be later than the date which is 17 years after the date on which the refunded obligation was issued (or, in the case of a series of refundings, the date on which the original obligation was issued).

On page 893, line 8, after "date" insert ", except that the requirements of subparagraphs (A) and (B) of section 718(c)(5) of this Act must be met with respect to such refunding".

On page 898, line 18, insert "; Special Rules for Certain Railroads" after "103(b)", and conform the table of contents.

On page 898, line 19, insert "(a) Certain Public Utilities.—"before "For".

On page 899, between lines 20 and 21, insert:

(b) CERTAIN RAILROADS.—Section 103(b)(1) of the Internal Revenue Code of 1954 shall not apply to any obligation which is described in section 103(b)(6)(A) of such Code if—

(1) substantially all of the proceeds of such obligation are used to acquire railroad track and right-of-way from a railroad involved in a title 11 or similar proceeding (within the meaning of section 368(a)(3)(A) of such Code), and

(2) the Federal Railroad Administration provides joint financing for such acquisitions.

On page 904, at the end of the matter preceding line 1, insert the following:

				Millions
Con Agra project	Omaha, Nebr	Underwriting agreement	Oct. 5, 1983	$35
Firebaugh Electric Generating Station	Calif	Council resolution	May 1983	
Paramount Town Center	Paramount, Calif	Contract and land acquisition	1983	10
Pacifica shoreline protection seawall	Pacifica, Calif	Project near completion	April 1, 1984	1.211

On page 907, line 18, strike out "For" and insert in lieu thereof "Except as provided in clause (iii), for".

On page 907, between lines 22 and 23, insert the following:

"(iii) SPECIAL RULE.—The requirements of clause (ii) shall not apply to any election under clause (i) if such election is made with respect to only one corporation, 80 percent or more of the value of the assets of which consist of non-readily-tradeable stock (as defined in paragraph (7)(B)) of a second corporation carrying on a trade or business.

On page 1112, line 25, and page 1113, line 1, strike out "foundation" and insert in lieu thereof "title holding company".

On page 1113, line 2, insert "with respect to a private foundation which is a shareholder or beneficiary of the title holding company" after "(a)".

On page 1126, strike out lines 16 and 17, and insert in lieu thereof the following:

(3) by inserting "(1)" after "subsection (d)" each place it appears in subsection (e).

On page 1156, lines 2 and 3, strike out "HISTORIC", and conform the table of sections.

On page 1156, strike out lines 4 through 7, and insert the following:

(a) EXTENSION TO ALL STRUCTURES.—Section 280B (relating to demolition of certain historic structures) is amended—

(1) by striking out "certified historic structure (as defined in section 48(g)(3)(A))" and inserting in lieu thereof "structure", and

(2) by striking out subsection (b) and redesignating subsection (c) as subsection (b).

(b) DISALLOWANCE MADE PERMANENT.—Section 280B(b), as redesignated by subsection (a), is amended by striking out ", and before January 1, 1984".

(c) CONFORMING AMENDMENTS.—

(1) The heading for section 280B is amended by striking out "HISTORIC".

(2) The item relating to section 280B in the table of sections for part IX of subchap-

ter B of chapter 1 is amended by striking out "historic".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1983.

On page 1166, line 1, strike out "subparagraph" and insert in lieu thereof "paragraph".

On page 1166, line 3, after the end period, insert the following: "In any case to which subparagraph (B) applies the credit under this section shall be allowable only to any partner who is described in clause (ii) of subparagraph (B) or who meets the requirements of paragraph (4), and such credit shall be allowable only to the extent that such credit is properly allocable to such partner under regulations prescribed by the Secretary.".

On page 1166, line 20, after "partnership" insert ", except that no partner shall be entitled to any credit under this section in an amount greater than the amount which would have been allowable to such partner if such credit had been computed at the partner level".

At the end of section 906 (page 1215, after line 8), add the following:

(i) The amendments made by this section shall not apply to diagnostic laboratory tests furnished to inpatients of a provider operating under a waiver granted pursuant to section 602(k) of the Social Security Amendments of 1983. Payment for such services shall be made under part B of title XVIII of the Social Security Act at 80 percent (or 100 percent in the case of such tests for which payment is made on the basis of an assignment described in section 1842(b)(3)(B)(ii)) of the reasonable charge for such service. The deductible under section 1833(b) of such Act shall not apply to such tests if payment is made on the basis of such as assignment.

In section 950, strike our subsection (b) (page 1259, lines 18 and 19) and insert in lieu thereof the following:

(b) Section 1153(b)(2)(A) of such Act is amended by striking out "an entity which directly" and inserting in lieu thereof "an entity (other than a self-insured employer) which directly".

(c) The amendments made by this section shall become effective on the date of the enactment of this Act.

On page 1293, lines 7 through 9, strike out ", and only if such church or organization did not have a waiver in effect under subsection (k) on December 31, 1980".

On page 1315, line 7, strike out "and".

On page 1315, between lines 7 and 8, insert the following:

"(6) no benefits under any such program shall be terminated or decreased on the basis of information obtained pursuant to section 6103(l)(7)(B) of the Internal Revenue Code until—

"(A) the information has been independently verified by the agency administering the program,

"(B) the individual affected has been given notice of such termination or decrease, and

"(C) the individual has been given an opportunity to refute such information;

"(7) all applicants for and recipients of benefits under any such program shall be notified at the time of application, and periodically thereafter, that information available through the system will be requested and utilized; and".

On page 1315, line 8, strike out "(6)" and insert "(8)".

On page 1319, line 2, after "Act" insert ", and shall comply with the requirements applicable to States under paragraphs (6) and (7) of section 1136(a)".

On page 1332, lines 11 and 12, strike out "(a)(3), (b)(3), and (c)(1)" and insert in lieu thereof "(a)(3) and (b)(3)".

On page 1333, line 9, insert "containing distilled spirits" after "articles".

On page 1333, after line 22, insert the following new subsection:

(c)(1) Paragraph (3) of section 7652(c) of such Code (relating to shipments of rum to the United States) is amended by inserting before the period ", and which would be eligible for cover over if produced in Puerto Rico or the Virgin Islands under subsection (d)".

(2) The amendment made by paragraph (1) shall apply with respect to articles brought into the United States on or after February 28, 1984.

On page 1334, line 10, insert "or this section" after "section 5001".

On page 1334, line 14, insert "or this section" after "section 5001(a)(1)".

Mr. METZENBAUM. Mr. President, will the manager of the bill be good enough to explain what the modification is?

Mr. DOLE. Mr. President, I am going to do that right now. The Senator from Kansas is modifying the amendment to H.R. 2163, the Federal Boat Safety Act submitted last Thursday. This modification clarifies several of the provisions of the original amendment, incorporates several additional transition rules to the public property leasing and bond provisions which have been brought to our attention by various Members, and includes a number of technical corrections which are necessary to effectuate the intent of the amendment and to correct typographical errors.

I would like to take a few moments to describe the principal modifications:

PUBLIC PROPERTY LEASING

The following projects have been added to the list of public property leasing transitional rules: Lincoln Plaza, Sacramento, Calif.; Westside Mall parking facilities, Santa Maria, Calif.; Civic Center complex, Monterey Park, Calif.; King Civic Center and Center Street/Sather Gate parking garages, Berkeley, Calif.; Downtown Government Center cogeneration system project, Miami, Fla.; Albuquerque Convention Center, Albuquerque, N. Mex. I think the first ones were requested by Senator CRANSTON; the cogeneration project by Senator KENNEDY; and the Albuquerque Convention Center by Senator DOMENICI.

There was also the North Star Borough Building, Fairbanks, Alaska, requested by Senator STEVENS, along with the Anchorage Office Complex, Anchorage, Alaska; the Bloomfield Co./Holden Joint Venture, Juneau, Alaska; and the Anchorage parking facilities, Anchorage municipality, Alaska.

In addition, the special tax-exempt leasing rule involving Intelsat has been clarified to provide that taxpayers that operate through Intelsat will not obtain any tax benefits that they could not have obtained directly. A technical change to the tax-exempt leasing provisions of the bill also makes clear that a qualifying allocation of partnership items must meet the requirements of the bill over the entire period that a tax-exempt entity is a partner in a partnership. That is one of the tightening provisions.

TAX-EXEMPT BONDS

The modification contains several purely technical corrections to the provisions on manufactured housing under the mortgage credit certification program and the student loan bond provisions. In addition, the modification adds several projects to the list of projects in progress that are exempted from the IDB restrictions of the bill, including the Conagra project that Senator ZORINSKY has expressed concern, and several projects over which Senator CRANSTON has expressed concern. The modification also provides a clarification of the provisions enacted in 1982 restricting the use of IDB's for retail food facilities. The clarification provides that a retail food facility does not include a large scale catering facility. In addition, the bill provides that certain small issue IDB's used to acquire railroad trackage in connection with financing provided by the Federal Railroad Administration are not considered IDB's.

Finally, the modification contains a provision giving the Governor of Kentucky additional time to allocate the State's mortgage subsidy bond volume cap.

VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATIONS (VEBA'S)

The modification conforms the VEBA legislation to what was intended by the Finance Committee. If the portion of the funded welfare benefits provided for key employees for 1 year exceeds 25 percent, then the organization will not be tax exempt. Also, in certain circumstances, if the benefit provided key employees is a facility, other than a facility used solely for dependent care or education, use of a tax-exempt entity to provide the facility will cause imposition of an excise tax on the key employees. The excise tax was intended to apply only to the use of certain facilities by key employees. It was not intended to apply to benefits such as health care or disability pay. This amendment corrects the provision by applying the excise tax on key employees when their use of certain facilities exceeds 25 percent.

EMPLOYEE STOCK OWNERSHIP PLANS (ESOP'S)

As originally offered, the amendment freezes at one-half of 1 percent the maximum tax credit for employer contributions to a tax credit ESOP. The Finance Committee intended to postpone, for 1 year, the scheduled increase in the maximum tax credit for employer contributions to tax credit

ESOP's. This amendment corrects the amendment and delays through 1985, the scheduled increase in the tax credit ESOP. The limit for contributions in 1986 and 1987 will remain at three-fourths of 1 percent.

DISTRIBUTIONS FROM IRA'S AND CERTAIN RETIREMENT PLANS

The modification would correct a technical error in a provision of the amendment which is intended to prevent IRA holders from incurring a penalty if distributions are not begun by age 70½. This belief is intended to apply only where the company which issued the IRA is prevented from making distributions as part of a rehabilitation proceeding under applicable State insurance laws.

The modification would also extend this relief to distributions pursuant to a qualified pension or profit-sharing plan under Internal Revenue Code section 401 or a retirement annuity under Internal Revenue Code section 403 since distribution requirements similar to those imposed under the IRA rules also apply to these types of distributions.

LIFE INSURANCE

There are a few technical changes to the amendment's life insurance provisions. A change to section 806 of the code as amended will prevent a company from treating its gains or losses attributable to a nonlife insurance business in a manner more favorable than a group of life and nonlife companies would be able to do if they filed consolidated returns. Another change limits to contracts issued by mutual insurance companies a transitional rule for determining reserves for certain guaranteed interest contracts. The third technical change makes it clear that nonlife insurance companies are entitled to the "fresh start" rules with respect to the life insurance products that they sell. An additional change clarifies the effective date for transitional rules for flexible premium contracts.

LEVERAGED STOCK PURCHASES AND DIVIDENDS FROM A REGULATED INVESTMENT COMPANY

The rules regarding leveraged stock purchases have been clarified where stock is held for only a portion of the period between dividend dates so that a potential loophole in the original amendment will be closed.

Also, the rule regarding the availability of a dividends received deduction with respect to dividends from a regulated investment company has also been clarified to permit payments to a regulated investment company to be treated as dividend income regardless of the 85 percent of taxable income limitation contained in Internal Revenue Code section 246(b).

CLARIFICATION OF CHANGE OF VENUE FOR CERTAIN TAX OFFENSES

The general venue provisions of Federal law allow prosecution in any judicial district where the offense was begun, continued, or completed. In the case of offenses involving the use of mail, prosecution is allowed in any judicial district from, through, or into which the mail moves. Under certain circumstances, a defendant is permitted to transfer venue to the district where he resides.

The amendment clarifies the change of venue provision by providing that a transfer of venue is required only when the sole basis for venue in a particular district is the receipt by the IRS of mailed materials. A technical drafting error may have limited a defendant's change of venue rights in cases other than those involving the use of the mail. The modification clarifies the committee's intent that a transfer of venue is required only when the sole basis for venue is the receipt of IRS mailed materials.

QUALIFICATIONS OF CERTAIN HOLDING COMPANY STOCK FOR INSTALLMENT PAYMENT OF ESTATE TAX

The correction to the provision amending section 6166 of the Internal Revenue Code to allow certain indirectly owned stock in an active business to qualify for installment payment of estate tax, will insure that appropriate cases where one level of indirect ownership, for instance, one holding company that directly owns an interest in the active business, is involved. The rule governing these cases where only one tier of ownership is pierced would be elective, and would require that 80 percent of the value of the holding company in the estate would have to consist of stock in the active business. If this rule is not elected, the general rule in the provision—requiring 20 percent of the value of each successive corporation that is looked through to have been owned by the decendent—would still apply.

This special rule for one-tier piercing is similar to a provision contained in H.R. 4170, reported by the Ways and Means Committee.

TITLE HOLDING COMPANIES

A technical change to section 865 of the amendment clarified the limits on selling or leasing property by a title holding company to a disqualified person with respect to that title holding company.

TAX CREDIT FOR RESEARCH

Technical changes to section 882 of the amendment makes it clear that the tax credit for qualified research is only available to corporations who are using or who will be using the results of such research in the active conduct of a trade or business. The changes also clarify how the credit will be calculated for certain partnerships and joint ventures, and include regulatory authority to provide that no amount of credit attributable to nonqualifying corporations in such partnerships can be allocated to other partners.

TRANSFERS OF PROPERTY OUTSIDE THE UNITED STATES

The rules regarding the transaction of transfers of property outside the United States have been modified to make clear that they apply to both the distributing corporation as well as a corporate shareholder in a complete liquidation.

PEER REVIEW ORGANIZATIONS

The modification makes it clear that self-insured employers, serving as board members, are not to be considered payer organizations in determining whether a prospective pro is eligible to contract with medicare during the current contracting period.

LABORATORY FEES

The modification makes it clear that those providers given exceptions to the rebundling provisions of TEFRA and prospective payment will continue to have their lab services for inpatients paid under part B. As a result of the modification, the fee schedule will not apply to tests furnished to inpatients of providers with section 602(k) waivers.

SOCIAL SECURITY COVERAGE FOR CHURCH EMPLOYEES

The election for certain religious organizations to treat their employees similarly to the self-employed for purposes of social security would be made available to organizations which were covered by social security prior to 1981, in addition to those which were not.

USE OF TAX RETURN INFORMATION VERIFYING ELIGIBILITY FOR BENEFIT PROGRAMS

The amendment clarifies the procedures to be followed by agencies in using Internal Revenue Service data on unearned income to verify eligibility for means-tested benefit programs. It requires agencies to independently verify information obtained from tax returns before benefits under any program are terminated or decreased.

Again, I would be happy to make a copy of this statement available to the Senator from Ohio, or anyone else who would like to look at it.

Mr. METZENBAUM. Would the manager of the bill not be willing to recognize that the amendment he has just offered is not a technical amendment? He has a right to offer, certainly, the amendment, and he has a modifying amendment. But he has referred to it as a technical amendment. In fact, if you look it over, it has a number of substantive provisions in it.

I certainly am not objecting to the offering of the amendment. You have the right to do it. But it is not technical in the sense that it just has no substantive effect. It has a number of facilities included that were not included before. It has some other provisions that you have already addressed yourself to.

The Senator from Ohio would respectfully suggest to the manager of

the bill that the Senator from Kansas might more appropriately call this a modifying amendment, and not really a technical amendment, as such.

Mr. DOLE. If we do, it is technical in the sense that it contains primarily corrections plus transitional rules that a number of Senators asked me to make. In fairness to those Senators, we made that decision early on; that is, that we would make such transitional rules that met certain requirements.

From that standpoint, it may not be purely technical. I am willing to suggest that I have just modified the amendment. But for the most part, there are technical changes.

Mr. METZENBAUM. I thank the Senator.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Mr. LONG. Mr. President, the chairman of the committee has ably summarized the details of the amendment. I would like to review for the Senate some of the objectives that the committee sought to accomplish with this legislation.

Of course, our principal objective was to make a down payment on deficit reduction. The committee felt that the problem of large and growing Federal deficits required a balanced deficit reduction package that included tax increases as well as spending cuts.

The committee amendment contains a number of modifications in the medicare and medicaid programs which would reduce Federal spending. Even with these reductions, Federal medicare and medicaid spending will rise over this period, but by 5 percent less than under present law. As with previous budget measures, the committee sought to distribute the reductions in an evenhanded manner among hospitals, medicare beneficiaries, physicians, States and other recipients of medicare and medicaid funds.

The committee amendment also incorporates some changes in other areas of committee jurisdiction which will reduce Federal outlays. Altogether, if the Senate approves this bill, in combination with the bill passed last week, we will have reduced Federal spending by $30 billion between now and the end of 1987. This takes into account the interest savings that will result from revenue increases and direct reductions in spending programs.

It was our goal in committee to recommend revenue increases totaling $48 billion over 4 years. In order to meet that goal, we had to use a combination of four approaches.

First, we delayed certain tax cuts until the country could better afford them. For example, we extended the telephone excise tax beyond its present expiration date, and delayed for 3 years the time when taxpayers will be able to exclude a portion of interest income from taxation.

Second, we reduced the value of certain tax benefits of existing law, in cases where we felt we had to pare down the revenue cost of the benefits in view of our current deficit situation. When we are concerned with the deficits, it is difficult to choose which tax benefits should be reduced. Individual Senators might well make different choices on individual items to include or exclude. The committee deliberated at length on these issues, and the end result was an overall package that all of the committee members felt that they could support.

In most cases, the package would not eliminate tax benefits; instead, it would reduce the degree of the benefit. For example, the committee amendment would extend the depreciation period on real estate from 15 to 20 years, and increase the cutback on corporate tax preference items from 15 percent to 20 percent. In addition, the amendment would provide that the individual alternative minimum tax, which applies a 20-percent minimum tax rate to income over $40,000, would apply to salaries exempted by the foreign earned income exclusion. It would also require slower depreciation on property financed with tax-exempt industrial development bonds.

Third, we updated our tax system to handle complex transactions that are now producing unintended tax benefits. The Treasury Department was particularly helpful here in identifying areas where the tax system fails to take sufficient account of the time value of money, and where that failure is being exploited by tax shelter promoters to accelerate deductions, defer income, and provide inconsistent tax treatment between parties to a transaction. In response to these problems, the committee adopted a series of Treasury-recommended measures relating to interest accruals, deferred payments, and other accounting issues.

The committee also adopted other provisions designed to address complex transactions with unintended tax results. These other provisions include restrictions on tax-exempt entity leasing, extension of the tax straddle rules to stock options, and restrictions on the tax benefits available to persons entering into transactions with related persons. The committee amendment would also limit the rebate to Puerto Rico of distilled spirits taxes to taxes collected on imports of bona fide Puerto Rican rum production.

Finally, the committee amendment would raise the excise tax on distilled spirits. However, the committee included no other tax increase or significant new tax in this package.

While the tax provisions of the committee amendment are primarily dedicated to revenue raising, the Finance Committee also sought to accomplish additional goals. In particular, the committee worked to achieve several significant structural improvements in the tax law, to extend and expand certain incentives, and to reduce taxes for low-income families by increasing the earned income credit.

In the area of structural improvements, the committee became aware of several provisions that for tax policy reasons were in need of fundamental restructuring. In most of the cases, both the Treasury and the taxpayers were experiencing difficulty in working with the existing rules. For example, the committee amendment would establish a new, permanent system for taxing life insurance companies to replace a temporary, "stopgap" system enacted in 1982. In addition, the amendment would revise truck taxes to more closely reflect road usage, and would satisfy an administration request to change the form of the existing DISC trade program without changing the substance.

The committee amendment would extend and expand incentives for corporate investment in research, use of alternative energy sources, and the hiring of disadvantaged workers.

The committee amendment would also restructrue incentives for employee ownership in a way that would raise revenue over the budget period. The committee amendment incorporates a series of modifications in present law designed to encourage businesses to finance their growth in such a way that the employees who contribute to the growth will gain an ownership stake in the business as the growth occurs.

In addition, the committee amendment would provide more tax neutrality to the business owner facing the choice of selling out to a large public corporation, for example in a tax-free exchange of stock, versus selling to his employees. The amendment would also provide more tax neutrality to the business owner facing the choice of leaving part or all of his business to his family or charity, versus leaving part or all of it to his employees. Under current law, such business owners face a serious tax disadvantage when considering whether to transfer stock to employees. Under the committee amendment this tax bias against employee ownership would be reduced.

Although I am opposed to any postponement in increasing the tax credit for contributions to employee stock ownership plans, in light of the budget situation, the committee agreed with my suggestion to pay for the new employee ownership provisions by postponing for 1 year the scheduled increase in the payroll-based tax credit for ESOP's. As a result, the employee ownership provisions of the committee amendment would result in a net reve-

nue gain of $400 million over the budget period.

Finally, the committee amendment would provide some tax relief for low-income taxpayers by increasing the earned income tax credit. These are the taxpayers who benefited least from the 1981 tax cuts while suffering the most from Federal spending cuts and payroll tax increases. This relief is appropriate and overdue.

To conclude, Mr. President, the committee amendment would deal with revenues primarily through updating the Tax Code to eliminate unintended results, moderating some existing tax benefits, and delaying some future tax cuts. It would also improve the tax system in several areas that need to be addressed for tax policy reasons, and would expand incentives in areas that are important to our country's economy.

Mr. President, my record is generally one of supporting tax cuts and opposing tax increases. However, I feel that our deficits are now so large that they must be reduced through revenue increases as well as spending cuts. I will support the committee amendment, and most likely other revenue increase proposals as well, if the revenue increases are balanced with spending cuts, and if the overall package reduces these enormous deficits. I hope that my colleagues will agree with me, and will support the committee's efforts.

Before I close, Mr. President, I would like to commend the chairman of the committee (Mr. DOLE) for his fairness to all members of the committee in handling this package. The provisions of the committee amendment were approved by a vote of 20 to 0 in committee. This shows that all members of the committee were given an opportunity to offer their provisions for committee consideration, and the amendment before the Senate reflects the contributions of all members of the committee. It was no easy task for the chairman to get the committee to put together this package, and he deserves full credit for his successful efforts.

Mr. President, I suggest the absence of a quorum.

Mr. METZENBAUM. Will the Senator withhold?

Mr. LONG. Yes.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. METZENBAUM. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. METZENBAUM. Will the manager of the bill, Mr. President, be good enough to respond to some questions?

Mr. DOLE. If I can.

Mr. METZENBAUM. The Senator has indicated that this bill raises $48 billion over a period of 3 years, as I understand it. My question of the Senator is, how much does it raise in total and then how much is lost by reason of this bill so that you get to a net of $48 billion.

Mr. DOLE. I think in total it would raise about $56 billion. We have about $8 billion worth of reductions. It is a good amendment through revenues.

Mr. METZENBAUM. And, as a matter of fact, you have to add to that that under the DISC program you had deferred taxes of $13.6 billion and under this bill those deferred taxes would be cancelled. So you lose about $21.6 billion, do you not?

Mr. DOLE. We will not be collecting that amount. I do not think we lose that $13 billion under DISC.

Mr. METZENBAUM. Why not? They have deferred taxes. When John Connally was Secretary of the Treasury and he came up and advocated this program which provided for employers of corporations that were exporting their products to get an 85-percent deferred tax credit—no, it was an 85-percent deferral, not a tax credit—he said at that time, and he emphasized, that it is a deferral, it is a deferral, it is a deferral.

Let me read the exact language. "And it has to be considered a deferral, not a loss. It is a deferral and not a loss."

The fact is that once this bill is enacted into law, there no longer will be that $13.6 billion that is owed to the Federal Government. It is one thing to defer taxes. What you are doing now is terminating. Therefore, this bill costs the taxpayers $21.6 billion, the $8 billion plus the $13.6 billion. Is that correct?

Mr. DOLE. I assume you can look at it in that way. But many of the benefits that add money to the bill also benefit taxpayers. For example the enterprise zone tax provisions, spousal IRS, the mortgage revenue bond extension, the industrial development bond restrictions are all of some benefit to taxpayers. I do have some of the same reservations the Senator from Ohio has on many of these programs.

On the so-called DISC $13.6 billion, it is my understanding, and I am certain we will get into that debate later on, it amounted to almost a permanent deferral so it would never have been collected in the first place.

Mr. METZENBAUM. Will the Senator from Kansas refer me to any evidence—any evidence—that there ever has been mentioned prior to this year the fact that those dollars would never be collected? We have searched the records and we find no evidence whatsoever that anybody has ever before proposed terminating the obligations of those corporations to pay that $13.6 billion. In one fell swoop you are giving away that much money.

So what you are really doing is you are raising $48 billion, or you are actually raising $56 billion, giving away $8 billion—whether some of them are justified or not, and I will address myself to whether they are or are not justified in the coming hours or days—and then in addition you have not included in there the $13.6 billion cancellation of the deferred taxes, meaning that this bill provides for only a net of $34.4 billion, not $48 billion. Nowhere do I know—and I would appreciate the managers of the bill telling me—has Congress ever before indicated that those tax-deferred funds would ever be totally forgiven.

Mr. DOLE. I understand the Senator from Ohio will have an amendment on that specific proposal. If he wants to bring that up now, we will be in a position to discuss it.

Mr. METZENBAUM. I am not quite ready to do that at the moment. I wanted to clarify the fact that what this bill does is it raises about $34 billion. It does not raise $48 billion. In addition, it raises an extra $8 billion because it gives away $8 billion.

I guess I have not made myself very clear on that. It raises $54 billion and gives away $8 billion, and then it gives away $13.6 billion. Of the $54 billion that it raises, a good deal of that or a fair amount of it actually comes from new taxes on liquor, an increased tax.

Mr. DOLE. That is $3 billion.

Mr. METZENBAUM. That is $3.7 billion for fiscal 1989, 36 cents a bottle. So I am going to tell all my constituents that when they buy a bottle of booze, the Finance Committee raised their price 36 cents a bottle.

Mr. DOLE. For the first time since 1951, if the Senator from Ohio will permit me, and half of the increase is in another bill.

Mr. METZENBAUM. We only put on a tax as a temporary measure and then pick up $4 billion by extending the telephone bill tax. The Lord only knows the telephone bills are high enough without continuing an increase in the telephone tax that had been put in place, I think, 3 years ago; $4 billion through 1989.

Mr. DOLE. I think in that area, we did not raise it; we just froze it at that level.

I remember that the 1982 tax bill, TEFRA, was a $100 billion package. In that package was the extension of the telephone tax and increasing the tax on cigarettes. I heard more commentary on those two items, which raised about $8 billion, than anything else in the $92 billion, because that is something that the media understand. They say a tax on cigarettes or a tax on liquor or a tax on telephones, because the other provisions are fairly complicated.

I think I said it is the committee. I said "I have heard more about the

little things we did on excise taxes in 1982. All we want to do in this case is extend the excise tax on telephones."

We did not increase the tax on distilled spirits until the final hours of our discussion, when we still needed more revenue and could not find it anywhere. But it is an increase.

Mr. METZENBAUM. One way the Senator could have found it is by eliminating some of those new loopholes that we are going to be talking about. In that connection, I think maybe I just ought to recite some of my concerns about the bill at this point.

Mr. DOLE. If the Senator will yield for a moment, there is no doubt about it; we may create a few loopholes. But I remember asking the Treasury Secretary in the last week of our markup, I said, "We are running out of loopholes, will you send up some more loopholes to close?"

He said, "We do not have any more loopholes."

That was the Secretary's first indication. Maybe we have created some more.

Mr. METZENBAUM. I think the Senator asked me the same question, and I sent some additional ones via letter. There were some that maybe the Tresury Department would not agree to close, but there were some opportunities available.

Mr. DOLE. The joint committee staff and some of our staff went to a seminar in Philadelphia where they discussed tax loopholes. As I understand, there were a few, but it did not take too long. There were three loopholes, and we had one of them already closed.

We looked over Newsweek this week and everybody talks about loopholes. I guess the Senator from Ohio has some others. On the other hand, if we closed some of those loopholes, we would be out of business.

We have done a pretty good job, I think, in the last few years. Obviously, there is a great deal more to be done.

Mr. METZENBAUM. I point out the loophole in cattle feeding. I am not talking about farmers, I am talking about the syndicators.

Mr. DOLE. We corrected the syndicator problem.

Mr. METZENBAUM. Not according to the Treasury. The Treasury does not think we have done so.

Mr. DOLE. We shall get into those specific things. It is not that we did not make an effort to close most of them. I think the effort was there. Sometimes, if you do not have the votes, it is pretty hard to do.

Mr. METZENBAUM. I would urge the Senator to have his staff go back and look at that in conjunction with Treasury, because we are advised by Treasury that they do not think the committee went far enough in respect to cattle feeding.

Mr. DOLE. I shall be happy to take a look at that.

Mr. METZENBAUM. Mr. President, we have before us today what purports to be the revenue side of the Reagan administration's downpayment on the deficit. It is quite a document—1,334 pages long. The statutory language alone weighs 2 pounds, 6 ounces. The companion document explaining the provisions of the bill adds another 1,010 pages and 2 pounds, 2 ounces of weight.

In terms of substance, Mr. President, this is not a very heavy document. This bill is a classic example of what is wrong with the priorities of this administration. It is a signal, a clear signal, that the Reagan administration and the Republican Senate are totally incapable of facing up to the consequences of the catastrophic failure of Reaganomics. This bill is proof positive that, in spite of the deficits, the special interest lobbyists are alive and well and carrying on business as usual.

This bill began as a praise-worthy attempt led by the chairman of the Committee on Finance to close unjustifiable tax loopholes. In all fairness, the bill does, in fact, make some major improvements in that area. But, Mr. President, while this legislation is closing loopholes with one hand, it is opening new ones with the other at a cost to the Treasury over the next 5 years of at least $15 billion. That is right, a $15 billion bigger deficit over the next 5 years by reason of the new loopholes.

What are the specifics, Mr. President? Well, I shall not recite all of them for you this afternoon, but as this debate rolls along, we shall address ourselves to them in detail. How about a $16 million safe harbor leasing deal for the Allis-Chalmers Corp.? Or how about a $70 million deal for oil companies in expanded percentage depletion allowances? Oh, the poor oil companies need those expanded depletion allowances. They are hurting so bad that they just cannot run fast enough to the Wall Street offices to buy up their competitors, they have so much money in the treasury.

Poor oil companies; $70 million more.

This bill includes $100 million in special tax breaks for the fish processing industry, and $745 million—three-quarters of a billion dollars, Mr. President—in giveaways to the watch and jewelry industry, $97 million in special breaks for car leasing companies. You could stand them up in line, all the special interest lobbyists who had all their special gimmicks that they wanted in this bill—special breaks for car leasing companies. Why?

Special breaks for the watch and jewelry industry, costing three-quarters of a billion dollars.

The bill contains special estate tax provisions to help specific families. In all fairness, these families are poor, these families need help; these families are the depressed people of this country. These families are really hurting. True, they are truly needy families like the Hunts of Texas and the Halls of Hallmark Cards—special provisions for them.

Oh, they have to take care of the needy of this country, and this bill takes care of them, and they are called the Halls and the Hunts.

This bill forgives the multinational corporations their obligation to pay deferred taxes under the DISC program that I have just mentioned in an exchange with the manager of the bill.

If our deficit situation were not so serious, some provisions of this bill would be downright funny. They are absolutely ludicrous. They are a joke upon the American people.

On page 589, for example, we find a provision which is easily understood by any average American. It reads as follows:

> Reduction in equity base for portion of equity allocable to life insurance business in noncontiguous Western Hemisphere countries.

Anybody can understand that—if you are a genius; and if you can understand what it is all about, you are much smarter than this Senator, I tell you.

What does it mean? Why the concern for noncontiguous as opposed to contiguous countries? You had to be a pretty smart lobbyist to figure out how to draft that one.

Is there such a word as "contiguosity"? I think, Mr. President, but I am not sure, that this is a tax break for one or more companies that insure the lives of individuals in certain Latin American countries where there exists a higher than usual risk of what has quaintly been called termination with extreme prejudice. But I am not sure. And I think that the Senate is entitled to have a full explanation of what that language means, because I cannot understand it. I doubt that the Presiding Officer of this body can understand it. I seriously doubt that the manager of the bill can understand it. And I am positive that the American people cannot understand it. But the smart tax lawyers and the tax lobbyists—they know what they wrote. They know that there is some special gimmick in there that they did not want to spell out so the rest of the American people and, yes, so the Senate and the Congress of the United States might understand what it is all about.

I am not sure what was meant when they talked about some of these provisions. On page 655, Mr. President, we find a provision that defines with great generosity—and listen to this—"the taxable income of a corporation domiciled in Alabama, Oklahoma, or

Texas that acquired the assets of one or more insurance companies after 1979 and before April 1, 1983."

Now, is that not an amazing group of words to find in a tax bill? Is it not unusual that you should find a corporation domiciled in Alabama, Oklahoma, or Texas that acquired the assets of one or more insurance companies after 1979 and before April 1, 1983, should be given special privileges, special tax advantages under the laws of our country?

I believe that Alabama, Oklahoma, and Texas are three of the very finest States in the Union. I have no quarrel with them. I am sure these three States are home of some equally fine insurance companies. I have no quarrel with insurance companies domiciled in those States, but what in the world is this provision all about? Who benefits? And above all, what is such a provision doing in this bill at a time when the taxpayers of this country are saddled with a national debt of $1.4 trillion?

Mr. President, it is hard to find all the gimmicks in this bill. It is hard to be able to understand them when you find them. We are not tax experts. We are Senators. We do not deal in this field. When you give us some of this gobbledygook language, we have difficulty in comprehending what its impact will be. And I here and now call upon those who are managing this bill to explain some of these provisions to the rest of us in the Senate. I for one cannot understand it.

I know that I can read and find at least 33 new loopholes in the legislation which was advertised as a loophole closer, as a down payment on the deficit, as the Reagan administration's great hoopla answer to how to balance the budget. But I point out, if we want to make a real down payment, then we ought to begin by striking from this bill each and every provision that reduces Federal revenues.

But even if we do that, we will not succeed in doing much more than putting a small dent in an overwhelming problem. What must be done, Mr. President, and what the administration is loathe to do in this election year, is to admit that the 1981 tax bill was a catastrophic mistake, a measure that has all but destroyed the Federal revenue pace.

Now, I speak about the 1981 tax bill with a good deal of embarrassment because, I must confess, I voted for it, and I am frank to say I regret that vote more than any other I have cast since I came to the Senate. I was taken in. It was my fault. I should not have voted for it.

The 1981 tax bill is the cause of our budget deficits. In 1981, we enacted the Economic Recovery Tax Act and lost $1.1356 trillion through fiscal year 1988. To put it another way, it was $1,135 billion through fiscal year 1988 that we lost by that tax bill.

In 1982, we recognized our mistake and we recouped $254 billion through fiscal year 1988 by enacting the Tax Equity and Fiscal Responsibility Tax Act. The net loss to the Treasury from the President's program from fiscal year 1981 to fiscal year 1988 including the Highway Revenue Act is $860 billion.

Now, the President's fiscal year 1982 budget, which included the President's tax cut proposal, has failed to deliver on its promises. The fiscal year 1982 budget promised that revenues as a percentage of GNP would not fall below 19.3 percent. The fact is in fiscal year 1983 they will be 19 percent; in 1984, 18.7 percent; 18.7 in 1985; 18.5 in 1986; 18.4 in 1987, and 18.3 in 1988. The fiscal year 1982 budget promised that revenues would increase through fiscal year 1986 reaching $940 billion. The facts are that under current law revenues will total not $940 billion, only $768 billion by fiscal year 1986 or a $171 billion shortfall in 1 year.

It is clear, Mr. President, that the President's tax cut program went too far, that it is in fact largely responsible for our mammoth budget deficits. In December 1981, 16 Republican Senators wrote to President Reagan to express their concern about the decline in corporate tax revenues. "We are gravely concerned," said these 16 Republican Senators, "that by 1985 as many as half of all corporations may be paying no corporate taxes at all." I commend my colleagues for their foresight. They were right to be concerned, and if anything the causes for concern are even greater today than they were when the letter was written.

Consider what has happened. In the 1950's and 1960's, corporate taxes provided a quarter of all Federal revenues. In the 1970's, that figure fell to a still substantial 15 percent. Last year, thanks to the 1981 tax bill, corporations contributed only 6.6 percent of the total, down from 25 percent in the 1950's and 1960's.

In industry after industry the pattern is clear. In 1982, the chemical industry paid a negative tax rate of 17.7 percent. Negative, what does that mean? Negative means a refund of 17.7 percent. The chemical industry received $211 million in refunds or write-offs to reduce future tax bills. The aerospace industry paid taxes at a negative rate of 6.6 percent. The telecommunications industry paid at a high rate, a positive rate, a whooping 1.6 percent, and the railroads, who are making money, paid 4.1 percent. The average for all corporations was 16.1 percent. There are millions of hard-working Americans who would jump at the chance to pay taxes at the rate of 1 or 4 or 8 or even 16 percent. When the President of the United States says that there is equity in his programs, says that he is fair to all the people of this country, let him explain to the people of this country why average taxpayers are paying 20 and 25 and 30 and 35 and 40 percent and the largest corporations of this country are getting refunds or paying at a 1.6-percent rate or a 4.1-percent rate.

The average working people will not have the chance to pay a lower rate. They do not know about tax shelters. They do not know about energy tax credits. They do not know about all the special gimmicks that we here in Congress do, to see to it that those with the high-paid lobbyists get theirs and the rest of the people pay the tax burden of this country. The average Americans, their children and their grandchildren will pay the price for the total bankruptcy of supply-side economics, and that has begun already.

Our last tax go-round included a highly regressive tax on tobacco. Today, we have before us a bill that pays for new giveaways by retaining the telephone tax, which was otherwise due to expire, and increasing the tax on alcohol.

Is it not an interesting contrast that the taxes that have been deferred to the extent of $13.6 billion on certain large international corporations are now to be forgiven under this bill—canceled, wiped out, no further obligation—but the tax law that provided that the telephone tax would be for only a certain period of time and then expire is going to be extended?

Is not that fair, Mr. President? This time when I say "Mr. President," I mean the President of the United States. Is it not fair, Mr. President of the United States, that those who pay the telephone taxes are going to have to continue to pay those telephone taxes, and those who owe $13.6 billion to the Federal Government are going to have it canceled, wiped out? That is equity. That is fairness.

The average Americans do not have any lobbyists here to speak for them. The largest corporations in this country have the highest paid lobbyists.

I predict, here and now, that if Ronald Reagan wins a second term, we will be on the floor next year debating stiff consumption taxes on middle-income Americans. There is no need to speculate about the future. The fact is that, thanks to Reaganomics, the average American taxpayer is already bearing an unfair share of the tax burden.

When the House Ways and Means Committee instituted the current income tax structure back in 1913, it wrote: "The tax upon incomes is levied according to ability to pay. It would be difficult to devise a fairer tax."

Back in January 1963, 50 years after the current income tax structure was instituted, Ronald Reagan said: "The entire (graduated income tax) struc-

ture was created by Karl Marx. It has no justification in getting Government needed revenue."

Of course, no President should be held to a statement he made long ago. But, given the tax policies this President has put forward, I honestly wonder whether his views have changed that much over 21 years. No administration in history has done more than this one to subvert and undermine the basic principle of fairness in our tax code.

Corporate loopholes aside, the President's tax program is probably the most regressive and biased change in individual income tax ever imposed on the American people. No matter how you measure it—in dollars, percent of tax reduction, or as a percent of income—the rich get richer and the poor get poorer under this administration.

Federal, State, and local taxes on families in the bottom 20 percent of the economy have gone up from 9.7 percent of income in 1979 to nearly 12 percent in 1984. By contrast, the richest families saw their average taxes or percentage of income decline in real terms.

The CBO released a report on April 2, and it puts this issue of fairness in the sharpest focus to date. When CBO measured the effect of the ERTA and TEFRA tax laws, it discovered that those with incomes of less than $10,000 had their taxes reduced, on average, $30 from 1982 to 1985. Those with incomes of $80,000 and over, however, had their tax burden reduced, on average, $29,840 in a comparable period of time.

Of course, the President refuses to admit that his tax proposals benefit the rich. When asked to respond to this charge in his Washington Post interview in January, he replied:

> No, as a matter of fact, that again is a distortion, that our tax program gave the breaks to the rich.

With all due respect, the President is either misinformed or he is willfully misleading the American people, because his answer does not conform with the facts.

The CBO report also highlights the impact on American families of the President's tax cuts and his budget cuts, and it is here that we see the full extent of the inequity which is at the heart of what we know as Reaganomics.

Taking tax cuts and budget cuts together, American families with less than $10,000 in income suffered a net loss of $270 in 1983, $390 in 1984, $440 in 1985, for a total loss of $1,100 over that 3-year period.

American families with incomes of $80,000 and over had a net gain of $7,070 in 1983, $8,270 in 1984, and $8,930 in 1985—for a total gain of $24,270. That is a lot of figures, but let me summarize. Those with incomes of less than $10,000 suffered loss of $1,100 over the 3-year period, while those with incomes of $80,000 and over gained $24,270.

Is this fairness? Is it true that this program does not benefit the wealthy? I do not know how the President was able to answer: "No, as a matter of fact that again is a distortion, that our tax program gave the breaks to the rich."

The President is wrong. He was wrong. I submit to him that it is time that he go back and look at the facts. Is this the trickle-down theory they talk about, about making the rich richer and it will trickle down to the poor? No, it looks to me more like the biggest redistribution of wealth in American history—from poor households, which represent 24 percent, to rich households, which represent only 1.6 percent of the people in our country.

What about the middle class? Families earning between $10,000 and $20,000 gain a grand total of $160 over 3 years, once the tax cuts and budget cuts are combined. That is right—the munificent sum of $160, or $53.33 a year.

Keep in mind that the CBO report did not include increased social security taxes or increased State and local taxes.

In their "Economic Outlet Report" of February, the CBO states:

> States and local governments have raised taxes. The increases in 1983 were the largest on record, perhaps equal to half the 1983 installment of the Federal personal income tax cut.

The Federal Government cut back on revenues to help the States pay their share of the public's bills, the costs of running the States' government, and then the States had to raise taxes, and low- and middle-income wage earners wound up again paying the burden.

Once higher social security taxes, local taxes, and State taxes are added in, the middle class ends up on the short end of the stick. But what else is new?

Even if we take the most benign view, the President's tax and budget polices have been of marginal benefit to the middle-class Americans.

Let us look at what the misguided polices of this administration have done to our country.

In 1960, the national debt was $280 billion.

It was up to $500 billion in 1975, which included paying for the Vietnam war.

But Ronald Reagan is not a little leaguer.

By the end of 1984, he will have added $692 billion to the debt by running the largest deficits in history.

How much is that? The figure is almost impossible to comprehend.

Think of it as $9,000 in debt for each and every household in this country.

Or think of it as Time magazine did in the issue of March 5, 1984.

> In a speech unveiling his economic program soon after he took office, Reagan dramatized his concern about the national debt, then approaching $1 trillion, by noting that it would take a stack of $1,000 bills 67 miles high to equal that total. When he brought out his new budget this month, Reagan failed to mention that this deficit would push the debt to $1.8 trillion by next year and raise his stack of $1,000 bills to more than 120 miles.

In his state of the Union address in 1983, Ronald Reagan said:

> The deficits we face are not rooted in defense spending nor is the deficit, as some would have it, rooted in tax cuts.

Back in February, I asked the CBO to provide me with the deficits we would be facing if the President's tax program—all his tax cuts and tax increases—had never taken place. In other words, what would our deficits be if pre-1981 tax law had remained in place?

The figures are truly startling. This year we would be facing a deficit of $73 billion, $56 billion in fiscal year 1985, $20 billion in fiscal year 1986, and a surplus—yes, a surplus—of $19 billion in fiscal year 1987.

How can the President claim his tax cuts are not a major cause of these deficits? These are supply-side deficits, rooted directly in what GEORGE BUSH once called voodoo economics.

Sure, the President can point to the recovery. But let us not forget the facts.

Since the Reagan administration came to office, real GNP has increased only about 4 percent, that is an average annual growth of a little over 1 percent.

Unemployment reached a postwar record level of 10.8 percent, and we still have a million more Americans unemployed than we did when the President took office.

Industrial capacity is still being utilized at a lower rate than when the President took office.

Business failures are still running at twice the rate they were when the President took office.

We have 34 million Americans living in poverty—5 million more than when the President took office.

Yes, things have recently gotten better. But let us not confuse recovery with progress. Real per capita GNP increased only $87 in the first 3 years of the Reagan administration—hardly the economic miracle expected of the President's supply-side tax policy.

And what of the future?

Contrary to what many Americans believe, the fastest growing item in the budget is not defense spending—or welfare, or food stamps, or any other social program.

It is debt service—$164 billion in fiscal year 1985.

How big an item is that?

$164 billion, the cost of the debt service in 1985, would pay for: all Federal medical programs, including medicare, medicaid, disease prevention, research and training, plus food stamps, AFDC, SSI, and unemployment compensation.

And at the end, we would have $13 billion in loose change remaining.

Felix Rohatyn wrote recently that the Reagan administration "is playing Russian roulette with the economy."

He is absolutely right.

And we are truly fortunate that we have not as yet hit upon the loaded chamber.

It is time to act—to act with a sense of urgency.

We can begin by stripping the bill before us today of its revenue-losing provisions.

But there are other actions we can and should be taking.

Over the years the special interests have successfully lobbied for tax subsidy after tax subsidy. Today the tax code is this Nation's most massive entitlement program. It provides billions and billions of dollars in subsidies to some of this Nation's most profitable corporations.

Since the current administration assumed office, Congress has made a thorough review of every direct spending program. And truly drastic cuts have been made. The President would have the American people believe that Congress has been irresponsible and that Congress has been a runaway spender. But the fact is that Congress has provided for a total $389 billion taken from social programs between the 1982 and 1988 fiscal years and nearly $500 billion by the end of the decade. Congress has met its responsibility.

But we have not undertaken that same detailed and exacting review of tax subsidy programs.

We have cut medicaid and medicare. But we have not reviewed the appropriateness of revenue bonds or research and development credits for pharmaceutical companies.

We have cut employment and training programs. But we have not thoroughly reviewed the effectiveness of the targeted jobs credit.

We have reduced housing aid for the poor and the elderly. But we have not paid the same attention to the interest deduction for vacation homes.

We have reduced our commitment to weatherization and to low income energy assistance programs. But we have not reviewed tax subsidies for oil and gas producers.

If we are truly serious about reducing deficits, we need to look at more than one budget.

We have the direct Federal budget—the one that contains Federal revenues and direct expenditures.

But there is another Federal budget—an indirect budget that includes public subsidies for a vast range of activities.

Some items in the second Federal Budget are clearly in the public interest.

One of those is the mortgage interest deduction for homeowners. A provision that has enabled millions of Americans to purchase their own homes. And over the years, it has created millions of jobs in the home construction industry. I support that.

Tax subsidies that encourage retirement savings are clearly in the public interest. If we enable individuals to be financially independent at retirement age, we reduce the future costs of Federal programs. And these proposals increase the savings pool, providing badly needed capital.

We have a right to explore, as we will in this bill, the extent to which that kind of a program should be taken and how it should go, but certainly the whole concept of providing retirement savings for those as they grow older makes good sense.

But, I do not find the remotest public policy justification for a number of the other tax subsidies in the second Federal budget.

One of the least defensible of all is a half billion dollar a year tax entitlement for the timber industry.

Since 1943, the timber industry has had a tax entitlement that permits them to treat the sale of timber as a capital gain. This means that instead of paying a tax rate on their profits as high as 46 percent they need only pay 28 percent.

In testimony before the Senate Finance Committee, Assistant Secretary of the Treasury John Chapoton characterized timber as "one of the most tax favored of domestic industries." He pointed to the capital gains treatment of timber, observing that profits received by manufacturers and producers of every other product are taxed at ordinary rates. And he pointed out that the timber industry receives a 10-percent tax credit and rapid depreciation for reforestation expenses.

The farmers of my State of Ohio, when they make a profit from growing corn, wheat, or soybeans, pay their taxes at ordinary tax rates. But those who grow timber, which is planted in the same manner as other crops, are allowed to treat their profits as capital gains.

It is deeply ironic, Mr. President, that timber growers enjoy preferential tax treatment even when they cut on Federal lands—a subsidy for having taken no risk at all.

The distinguished chairman of the Finance Committee was looking for other loopholes to close. Let me point out to him that the timber industry loophole is an excellent one, worth about a half-billion dollars a year.

I do not believe that there is any justification for continuing to subsidize the timber industry.

But timber is far from the only candidate.

Banks and other financial institutions today enjoy a tax subsidy that will cost the American taxpayers $4.2 billion through 1988.

In 1981 this Nation's 20 largest banks paid only $53 million in taxes on profits of $1.9 billion.

That is a tax rate of 2.7 percent. And in 1982, they paid a negative 2.8 percent—in other words, they got a refund—2.8 percent on earnings of $1.4 billion.

I suggest to the distinguished chairman of the Finance Committee, if he is looking for loopholes, look a little further at those banks.

Part of the reason for this low effective tax rate is a tax subsidy known as the artificial bad debt deduction. Since 1951 the banks have enjoyed this special treatment. No other business has it.

If other businesses have bad debts, they write them off. But under this special entitlement, banks and other financial institutions are permitted to compute and deduct amounts far in excess of their actual losses.

I might point out parenthetically that the Finance Committee knew that banks exist because they saw fit to provide some additional benefits in connection with this particular piece of legislation, as I understand it, having to do with the ESOP program. We will get to that issue at an appropriate time.

How can we defend a billion dollar annual subsidy for an industry that earns billions in profits and pays so little in taxes?

And how can we do so now?

The bank bad debt deduction cannot be justified. It should be repealed.

Insurance is another of the Nation's specially favored industries. As the result of numerous special tax provisions, some of which go back as far as 1921, the six largest insurance companies were by 1981 paying an effective tax rate of only 13 percent. And in 1982, the industry paid a negative—in other words, they got a refund—of 6.3 percent. What does this bill do about that? This bill will cut the life insurance industry tax bill by $2.5 billion through fiscal year 1989.

My good friend, the chairman of the Finance Committee, was saying he would show us some more loopholes. We are talking about them right now, Mr. President.

In addition, Mr. President, I wonder why it is that we are subsidizing the

oil industry to the tune of $28 billion through 1988.

In recent years, the major oil companies of this country have used their profits to buy real estate and department stores, to enter the office equipment and newspaper businesses, and to gobble up coal, uranium, and solar energy companies. Now, their feeding frenzy has turned them upon one another.

Why should the American taxpayer continue to subsidize these highly profitable companies? We provided all sorts of tax advantages to the oil companies so that they could go out and drill more oil. Why do we not take them away from them now if we are looking for revenue, since they are not using that money for drilling but they are only now drilling in the Wall Street offices of the other oil companies of this country.

I think it is time to take another look at the entire list of special tax entitlements. We should do to the hidden Federal tax budget what has already been done to direct spending. And until we start to do that, Mr. President, we have no right to tell the American people that we are serious about the country's economic house being in order. We have a responsibility to find those areas where there is no tax equity; where there are tax loopholes that benefit the few and penalize the many.

This bill provides too many new loopholes and fails to close some of those that presently exist. I hope that, as we continue our debate on this measure, we will have an opportunity to address ourselves to a number of these loopholes.

Mr. DOLE. Mr. President, I have listened carefully to the Senator from Ohio, who will be debating some of these areas. I do not think it would serve any real purpose to try to refute each statement. Obviously, he disagrees with the Reagan administration. I noted that right off. And that is certainly a right that the Senator has and one that will be debated between now and November.

But it is our hope in the Finance Committee, where we had unanimous support for this amendment, that we could go ahead and at least make this little installment on the downpayment and then put together the balance of the package.

Obviously, the Senator from Ohio and others who disagree with the work of the Finance Committee have a right to offer amendments. We would like to start that amendment process immediately. So I hope that Senators who have amendments or would like to make statements on the bill would cooperate with us.

There has been some indication that if we cannot finish this this week, we can finish it next week, which would make a lot of sense to this Senator, because we are going to be running out of days in April.

Mr. President, I suggest the absence of a quorum. But I hope that Members could start offering amendments or praise for the bill.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Ohio is recognized.

AMENDMENT NO. 2903

(Purpose: To eliminate revenue loss from tax free employee rewards)

Mr. METZENBAUM. Mr. President, I send to the desk my amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Ohio (Mr. METZENBAUM) proposes an amendment numbered 2903.

On page 986, beginning on line 18 strike out all of section 828 of the amendment (dealing with employee achievement awards).

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. METZENBAUM. Mr. President, this might be properly called the jewelry industry amendment. Section 828 of this bill ought to win an award. In fact, it is allegedly about awards of jewelry such as rings, badges, pens, desk sets, pins, watches, and the like to employees for recognition of accomplishments on the job.

It is commendable for an employer to recognize, and award, an employee for such achievements as length of service, productivity, and workplace safety. Tens of thousands of employers do that today without the rich rewards of this proposed new loophole.

That is why section 828 deserves an award all its own. It is the tax loophole motherlode for the jewelry industry. It creates a new three-quarters of a billion dollar increase in the budget deficit without any real justification, and unaccountably it manages to channel the rewards from this three-quarters-of-a-billion-dollar giveaway to just one industry—the jewelry industry.

Mr. President, employee awards are a traditional and accepted form of an employer showing an employee that she or he has been doing a good job. A watch for longevity, a ring for reaching a sales goal, a desk set to go with the new promotion, a pin with the company's emblem to promote a new product design, even a beer mug with the company's seal, when the softball team wins a league championship—these are part of tradition. But this amendment goes way beyond a cost-of-living increase in the deduction for employee gifts. This is a three-quarters-of-a-billion-dollar bonanza for the jewely industry. It raised in my mind some very basic questions of budget policy, tax fairness, and good employee-employer relations.

This amendment would allow an employer to give an employee—how much do you think? $100? $200? $400? $800? $2,000? $3,000? $4,000?—$4,800 in gifts in 1 year deductible to the employer and nontaxable for the employee for achievements in productivity, length of service, or retirement, and job safety.

Let me say that $4,800 buys quite a nice gift.

Let me also say that $4,800 in gifts to one employee is an enormous increase over current law in this matter, law which seems to be working pretty well.

As I understand the present law, if an employer gives an individual employee a gift, the maximum that he can deduct is $25. But, if he has a plan which would be provided for with respect in comparison to the $4,800 figure, he can get up to $400. That is not too bad—$400 would seem to make some sense. That does not seem to be out of line. I am a realist. There has been some inflation. I guess the inflation rate today is about 5 percent. So I suppose somebody could tell me how $400 gets up to $4,800 except as one sweet bill for the jewelry industry.

Can you believe it? The jewelry industry wants to be able to sell their jewelry to the employees so the employers can tax deduct it and give it to their employees costing the Federal Treasury $750 million through 1989. The American taxpayers are going to subsidize it. How can anybody justify $4,800 in jewelry gifts? It is not even limited to one time. He can do it over a period of time. You can do it more than once.

I have never met an employer who said to me: "Gee, I would like to give my employee, Joe Smith, a nice, new watch to thank him for his help this year but I cannot because of the tax laws. I really want to give him a $4,800, 18-karat gold, sapphire dial watch but the tax laws will not permit me to do so."

No. I do not think that any of us ever met that employer, and I do not think that we ever will.

It is my opinion that the legitimate businesses and corporations of this country have not been the ones who have come forth and urged the adoption of this amendment. This is strictly an amendment for the jewelry industry. The fact of the matter is that this amendment, limited as it is to gifts of jewelry, is not at all about better employee-employer relations or about fair employee incentive plans. There are lots of other ways to en-

courage and express appreciation of employees, such as stock option plans, trips, scholarships for their children, even bonuses that are not considered by this amendment.

Mr. President, this is a precisely targeted, 24-karat gold windfall for the jewelry industry, and it is a $745 million increase in the Nation's deficit. If the proponents of this amendment are really concerned about helping employees, let us not talk about jewelry, pen and pencil sets. Let us talk about sending employees back to college to learn new skills, or sending their children to college to help educate a new generation in new technical and service areas, or in a host of other areas of benefits that can be provided employees.

Mr. RANDOLPH. Mr. President, would my good colleague yield?

Mr. METZENBAUM. I yield.

Mr. RANDOLPH. Mr. President, I agree about the return to college. May I invite the attention of those that the able Senator from Ohio appeals to for such education, to come to Salem College in Salem, W. Va. It is the town in which I was born, and the college from which I graduated. There they will receive the training that he believes they need.

Mr. METZENBAUM. I thank my distinguished colleague from West Virginia.

We talk about plans for helping employees. We talk about improving employee health insurance plans, $4,800 would go pretty far in adding dental coverage or mental health benefits. But a fancy watch? He can buy an awful lot of jewelry for $4,800.

Let us talk about helping an employee buy a new car. That would help all of American industry because the auto industry impacts upon so much of the rest of the American industries, steel, glass, timber, and so much more. Let us talk about employees adding the new rooms to their homes to help the housing industry, or buying a new stove or refrigerator.

We can talk about a host of areas. But who had the audacity to come forward with this idea for $4,800 in jewelry? In jewelry?

This is the most audacious proposal I have seen in a long time.

Mr. GARN. Will the Senator yield?

Mr. METZENBAUM. Not yet.

But let us not just talk about one kind of industry, the jewelry manufacturing industry, and let us not talk about three-quarters of a billion dollar chunks added to the deficit.

I will say to my colleague from Utah I will be finished in a moment and be happy to yield.

Employer-employee relations are getting better in this country. People are pulling together. Productivity is increasing and time off the job is decreasing. This amendment is unnecessary, unaffordable and unfair to the employees it purports to help.

As a matter of fact, I would guess if you went out and talked to the working people of this country and said to them that this afternoon the U.S. Senate is considering an amendment to make it possible for employers to give their employees $4,800 in jewelry, almost to a man or woman they would respond and say, "Are you out of your head? If you have $4,800 to give away that is going to be tax exempt as well, why do you not give us a little extra money in our payroll check so we can take it home and feed the family or help send our kids to college, or let me catch up on the mortgage payments that are overdue? $4,800 in jewelry? I would not know what to do with that much jewelry if you gave it to me."

I do not know what the aegis is for this amendment. I do know what my appraisal of its merit is. That is not very high.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. GARN addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. GARN. Mr. President, I did not anticipate this matter would come up. I heard that this item was on the list of the Senator from Ohio to attack. I thought when the bill started at 1, I would put in a call to him and discuss this amendment with him. What I heard described over the last 2 or 3 minutes I have been on the floor was certainly not the intent. Let us not talk about nebulous people. It was my amendment. Let us not talk about something for the jewelry manufacturers. The jewelry manufacturers can already deduct certain amounts under a qualified plan. I want to stress that.

Some of the fears that have been expressed about what has been the practice for 2 or 3 years now are that you could play games with jewelry and give the president or the chief executive and the vice presidents special awards in the form of jewelry, watches, service pins, and so on. I do not know how salable they are, anyway. If you get a pin, if you serve 35 years and you get a 35-year pin, I do not know who you sell it to with the company name on it, or a watch that has been inscribed "Congratulations to Joe Blow for 35 years of dedicated service." If he wants to pawn it, I guess he can scrape the inscription off.

In any event, it was carefully worded originally that they had to be qualified plans. In other words, if you set up a production award pin, or a service pin, a safety award for 5 years without getting your hand cut off or something, that applied to the janitor as well as the President of the corporation. So you could not play games with the Internal Revenue code and say, "Well, we will award the rich boy, the high salaried, the white collar workers." So it has to be a qualified plan to give these awards.

The thing that disturbed me and got me on this a year and a half ago had nothing to do with the jewelry manufacturers. It was a matter of IRS talking about regulations to implement the taxation of these to the recipient. In other words, a man could work for 50 years for an organization, and you give him a gold watch for his dedicated and faithful service, or 20 years of safety or production, whatever, under a qualified plan, and you are going to tax it. You are going to say, "Hey, fellow, you have to pay taxes on that."

So I tried to work with IRS to say, "This is ridiculous, absolutely ridiculous. You never taxed these before and now you are going to for most people, not the rich ones in a company but the ones who have worked long and hard for traditional awards. This has been traditional."

There happens to be a Senate pin. I do not wear mine because I lost the back of it. I do not know who wants to wear it anyway. We give pins under a similar plan here in the Senate for length of service to the U.S. Senate. This has long been the case in this country.

I do not think that has anything to do with safety in the workplace or any other types of things. I would agree with the Senator from Ohio, businesses in this country can do a great deal more for their employees. But what we are talking about are these qualified plans to reward safety, production, length of service, and that is all.

That has always gone on. It is not new. All that was new is that IRS put out some proposed regulations that they were going to tax them. I would think of all people the Senator from Ohio is on this floor often defending the little people of this country. That is why I thought I could talk with him before he got the floor and ask, "Do you really realize the intent of this amendment? It is to tell IRS to keep their hands off somebody's 35 year pin or retirement pin or their gold watch."

I could not work this out with the IRS so I put in an amendment. I have been through the most frustrating experience with the staff of the Senate Finance Committee and the staff of the Treasury Department over a very small amendment that I thought was motherhood, absolutely motherhood. Do not tax these poor people for their 15-year production award or 35 years of valuable service. Most of them are probably retired anyway and could not affort to pay the taxes.

Then I started hearing the revenue estimates. I has heard all the way up to $300 million, or $780 million, what-

ever the Senator from Ohio said it was. I have fought with people over these revenue estimates, and I defy them to tell me how something that has never been taxed in the history of this country can cause a $700 million or a $1 billion or a $300 million loss in revenue to the Treasury. If they want to be honest about it and say, "If we taxed these it would be additional revenue and we are losing additional revenue we could gain by taxing these," that would be one thing, but it simply is not a fair statement by the staff of Treasury, the Senate Finance Committee, or the Senator from Ohio to indicate that something that has never been taxed we are losing revenue on, only prospectively. It is certainly not retroactively or currently. Nobody that I know of has ever had to pay a tax on their retirement pin.

They did not try to get me when the Senate gave me a pin for becoming a U.S. Senator. It says, "United States Senator" on it. Every one of us have been given one. Nobody has said, "I had to pay taxes on it or declare it."

I also want to say I do not particularly like this amendment. My original language was quite different. If the Senator does not like this one, he would not like mine because the staff changed it so dramatically it defeated what I was trying to accomplish. They brought in all kinds of red herrings about TV sets and other types of awards that could come under this. The amendment I submitted had nothing to do with all of those.

I could see how it could be expanded, so we started out with qualified plans, as I have stated. It had to be a qualified plan so you could not discriminate against the janitor compared to the CEO.

Also, it had to be very carefully construed so it could not be expanded beyond these traditional types of awards I am talking about, so you did not give somebody a TV set or something that really had some value. The things I was talking about may have been expensive because the price of gold went up and the diamond that went into the 50-year pin had gone up dramatically. It seemed insane to me to tax people on those types of things that had no value to anybody else. There was no way to turn it into cash to help you. You could not use it to ride an airplane for free or use it for tuition. I have been in the battle for over a year and a half, and I cannot believe what I tried to accomplish from what I have heard about this amendment.

Mr. METZENBAUM. Will the Senator yield?

Mr. GARN. I would be happy to yield.

Mr. METZENBAUM. Is it my understanding that the Senator never intended to get this figure up to $4,800, and only tried to change the $400 figure presently in the law with respect to qualified plans?

Mr. GARN. This is the first time I have ever heard $4,800, because we are talking about $400 and four times during a career, which got up to $1,600. So the $4,800 is a new one. It is the first time I have heard that.

Mr. METZENBAUM. Mr. President, let me point out to the Senator that in the 1,000-page booklet we were all given, we find what reads as follows: it talks about, "i.e., an aggregate maximum of $4,800 if the employee receives awards deductible up to $1,600 for each of the three achievement categories." So the $4,800 is a figure we picked up from the bill.

Mr. GARN. I understand how they are arriving at that now. That is a hypothetical situation. To expect that any single employee would ever receive the maximum award in all three categories, I do not know how that would ever happen. Plus, if you look at the revenue estimates, I do not understand how if something is not taxed, it could be a respective revenue loss. Like everything else, if we increase tax, we gain more revenue. But if you have not had a tax on a particular thing, you have not lost revenue.

Mr. METZENBAUM. My figure comes again from the report.

Mr. GARN. I understand, Mr. President. I am talking about the practicalities of it. Frankly, I was caught unawares. I do not have even my amendment with me or the figures in the original amendment. I do not know where a lot of these revenue estimates came from. What we found with the $300 million revenue estimate I heard about, they were assuming that every employee, something like 50 percent of all the people, would receive these in the country. Then they would receive the maximum award of $400. We got checking and found out the average value of these pins is about $40. So even if it were revenue lost, the figures they have used in the assumptions just are not in the realm of reality or practicality that would take place.

Mr. METZENBAUM. I am trying to get what the thrust is of what the Senator from Utah is attempting to do; perhaps he could figure out an amendment that would be acceptable to him in the Finance Committee that would not go to the extent that this amendment goes. But I am not quite sure I know the objective of the Senator from Utah.

Mr. GARN. I shall try once more. As I thought I was explaining rather clearly, my objective was to prevent, in the traditional types of awards—production, service, safety awards, retirement awards and qualified plans from the recipient of those—the retiree, that person who got the 25 year pin and so on, from having to pay a tax on it.

Mr. METZENBAUM. Why not just say that, that retirement awards, which I think go up to $400——

Mr. GARN. Then we got into a big argument on how you define traditional. Believe me, after a year and a half, I cannot solve this problem talking to the Senator on the floor about how we write that. I thought in my amendment that was offered originally and modified by the Senate Finance Committee that we had covered all these bases, very narrowly construed the amendment to apply to what I was trying to accomplish.

If the Senator would like somehow to defer this amendment to give us time to see if we can work it out with staff and come up with what I am trying to accomplish, I would certainly be willing to try. I have spent a year and a half of my life trying to protect some retiree or some recipient of a 35-year pin. I am amazed at the $730 million estimate of revenue loss on something that has never been taxed in this country.

Mr. METZENBAUM. Mr. President, it is not the fault of the Senator from Utah or the fault of the Senator from Ohio. It is all the fault of the manager of the bill. Will he tell us how we got into this situation, because all the Senator from Utah wants to do is make the recipient of the pin or award a nontaxable receipt?

Mr. GARN. Or a gold watch, those things that have been given for those types of awards for service, length of service, safety awards, you have not injured yourself for 10 years—that sort of thing.

Mr. DOLE. Mr. President, I know the Senator from Utah has expressed his frustration with my committee and everybody else in town over this amendment. He says that these awards have not been taxable. They have been taxable. We have collected up to $50 million a year on these, that we can identify as awards and employee award income. We think there were additional taxes paid but we could not separately identify them. We also believe that once you clarify what is exempt, the revenue cost is going to go up.

I did not make them taxable to the employee. They have been taxable. We have been trying to accommodate the Senator from Utah, but it is difficult. What we have now are three different categories, deductible to the employer for up to $1,600 in each category, and with some limitations, employees could receive those awards year after year.

When the Senator from Utah introduced his bill, we modified it. It was modified working with Treasury, the Joint Tax Committee, the Senate Finance Committee staff, and the Senator's staff to add some antidiscrimination provisions and tighten it up so

you could not have the awards every year, every 6 months, every 30 days, whatever. That has been the change.

I do not believe the original proposal was less expensive, Mr. President. I know there is some dispute over how you estimate the costs. I do not estimate the costs; my staff does not estimate the costs. The estimates come from the Treasury and the Joint Committee. They may be totally wrong on his issue. But if they are wrong on this, they are probably wrong on every other estimate in this $48 million package.

I believe we have a fair provision, Mr. President. I hope it is one that satisfies the Senator from Utah. It was supported by the committee. It is supported on this floor. We do not raise the same questions raised by the Senator from Ohio. But again, I do not know if there is some way the two of them might modify the provision so the estimated revenue loss would be less. Our estimated revenue loss over 3 years is $311 million. I think the figure of the Senator from Ohio is a 5-year figure. We are now collecting about $50 million a year in taxes. That is my explanation.

Mr. GARN. Mr. President, let me just respond, and I do not want to get into a big debate with the distinguished chairman of the committee, because as chairman of the Banking Committee, I do not want him to argue with me when I bring a bill on the floor from my committee.

My frustration, I say to the Senator from Ohio, is, I am sure what the Senator from Kansas speaks of as $50 million of revenue is not coming from what I have been trying to protect, service pins, watches, and so on. I defy anybody in this country who is wearing one of those pins or has a gold watch for retirement to tell me that he paid taxes on it. I just do not believe that as a practical thing.

Now, extending it, as the staff is afraid of, to other things, that has never been my intention. Once you do that, you open up a whole other can of worms. I do not want to open up a can of worms to revenue loss. I do not care about TV sets and such. I do not believe we cannot write an amendment that takes care of tradition—however we define traditional—awards of companies to employees those three categories.

I do not know what else to say. I have frankly gotten more involved in this over the last year and a half—and this is not a big amendment—out of frustration with what I thought was a little motherhood issue. I have gotten more stirred up, spent far more time on it than I think is justified because of that frustration on what I thought was a little problem, trying to protect these people who receive these awards and not get into this whole area of fringe benefits of all other sorts that people bring up. That is all I have been trying to accomplish, no more and no less.

The only suggestion I might have to the Senator from Ohio—I know he has other amendments—if he is willing to set this aside and give us until tomorrow or so until this bill is pending or at some later time to see if we can work out some acceptable language. If he is not, I suppose, there is no need to continue to talk about it. We can vote on it.

Mr. METZENBAUM. The Senator from Ohio, if it can be worked out and we reduce this revenue impact, has no objection. Whatever the Senator's preference. I am willing to go to a vote now or set it aside, whatever is the Senator's pleasure.

Mr. GARN. May I just ask the Senator from Ohio a question, after what I have tried so hard to explain about something that has not been taxed? Where is the Senator from Ohio getting his revenue estimate? Where can he show me that we are getting $780 million from gold watches and retirement pins and so on?

Mr. METZENBAUM. Page 775 of the report.

Mr. GARN. That is Treasury again.

Mr. METZENBAUM. I do not have any better source than Treasury. I cannot go to the Health and Human Services Department. I cannot go to the Labor Department to get these figures.

Mr. GARN. From a logical standpoint, does the Senator believe that these awards I am talking about have been taxed in the past?

Mr. METZENBAUM. I do believe this, that if you permit employers to give away gold watches, which will probably have diamonds in them as well, because a $4,800 watch is a very expensive and very deluxe watch, and my guess is that in many instances most of them were not even made in this country at that price——

Mr. GARN. If the Senator will yield, I want to clarify that point. Once again, that is adding everything together. If you happen to give to a single employee a $400 item four different times in each category, then you would be giving them 4, 8, 12 awards of $400 each. See how far they are stretching it to arrive at those estimates, the likelihood of somebody through their career having received 12 $400 awards? There is no $4,800 watch. That is not possible. There can be a $400 watch and you would have to give him that four times in each of three different categories to ever get the $4,800.

Mr. METZENBAUM. Is the Senator suggesting there is no such thing as a $4,800 watch?

Mr. GARN. I am suggesting it is not possible to give a $4,800 watch under this plan. That is the aggregate of three separate areas times $400 each—maximum award. It was my intention that it would be a $400 award at any one time, so if a man worked there 35 years, I guess what Treasury is saying, and you gave him four awards each in three different categories times three, that is $4,800. But it is not possible to give a $4,800 award to anybody.

Mr. METZENBAUM. I do not think I agree with the Senator from Utah on that, and I do not see anything in the report which indicates that you could not combine the three awards, that persons could receive the three awards. As a matter of fact, it says,

> The employer's deduction for the cost of one or more employee achievement awards awarded to a particular employee during the taxable year as qualified plan awards for the same qualifying achievement is limited to $1600, i.e., an aggregate maximum of $4800 if the employee receives awards deductible up to $1600 for each of the three achievement categories.

So that I think the report certainly contemplates you could receive the three achievement awards—I do not know what the three different categories are—and then receive the $4,800 watch.

Mr. GARN. Well, as I listened to the Senator from Ohio read that, it sounded to me like it was saying what I was saying, that you cannot give more than a $400 award. Apparently you could give 12 $400 awards, if that is the way it is written, over a period of time.

Mr. METZENBAUM. It does not say that. It does not say that. It says three $1,600 awards for each of the three achievement categories, an aggregate maximum of $4,800 if the employee receives awards deductible up to $1,600 for each of the three achievement categories.

Mr. GARN. I am not prepared to argue that other than to reiterate what I had been telling the Senator my intent was, and that was an aggregate in three different categories of four awards in each category to arrive at that figure.

Mr. DOLE. If the Senator will yield, I think, as I understand it, you might buy an employee three $1,600 watches but you could not buy him one $4,800 watch. Maybe you could give him the watch for safety and another $1,600 award for productivity. I assume there are ways to work that out. It may be you could trade three little watches in on a big one. The average amount of award, as I understand it, must be about $400, but the maximum award for one category for one employee is $1,600. You could not go to $1,600 for every employee. But under this provision, you can go up to $1,600 in each category.

Again, I think the record should indicate that it is not just a service pin. It may be a diamond service pin. I think the point is it should be taxable. That is the problem that bothers the

distinguished Senator from Utah. Treasury said it should be. They said we adopted the amendment in 1981 which the Senator from Utah offered and we accepted at that time that there was not any change in prior policy, which meant it was still taxable as a longstanding tradition.

Mr. GARN. I might add one thing to that, if the Senator will yield. Maybe I should gain the floor to give him a little background on this.

In the original amendment 2 or 3 or 4 years ago, whenever it was, the situation was that an employer from an improved plan could only deduct $100. That had been in effect for more than 30 years. The price of gold was $35 an ounce when it was put into effect. And so that amendement raised it to $400, which did not come up nearly as high as the price of gold. It was not a factor as to where they used to give a pin with 14 karat gold or whatever, diamonds. Diamonds were vastly more expensive. If a company gave an award that cost $125, it was not just to deduct $100. They lost the $100 if it was $125. So even indexing for the increase in prices of the materials used in these pins and in watches, $400 recaptured a part of that 30-year erosion because of the increase in the value of what went into these things.

But that was satisfactory. At no time did I attempt to get it raised to the whole factor of what gold was at the time. I think it was over $800 an ounce compared to $35.

What happened is that Treasury is now saying, "Well, we excluded the first $100 and what we want to tax is over," but again, I repeat, it has never been taxed and they never came up with the regulations and they have never enforced it, so there is not a revenue loss. There may be a prospective loss from increase of taxes in the future, but these pins and service awards simply have not been taxed in the past. And so mine was to follow on and simply say this is terribly unfair to somebody getting that kind of an award, which again has no monetary value unless you melted it down, I suppose. Nobody wants somebody else's service pin or their inscribed watch.

Mr. President, I reformed the whole banking system in this country 2 years ago easier than what is a little amendment that I thought everybody on this floor would simply stand up and say: "Boy, are you right. We do not want that janitor or the maintenance man or the president of a company taxed when they have a little party for him when he leaves and they present him his gold watch for his service or his service pin." If I had any hair, I would tear it out, because it seems like such a simple little amendment to protect those being patted on the head and given a gold star or a pat on the back or somewhere else, and here we are, Treasury is saying $700 million becomes a revenue loss, but they have not proven it to me, for something that has not been taxed. They do not tax bald heads. I suppose they could say, "Well, because we are not taxing bald heads, that is a revenue loss and we want to tax them." But they have not taxed me before so there is no revenue loss for not taxing bald heads.

Mr. METZENBAUM. Vote.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. DOLE. I do not want to get into a debate on this either. We have been debating it on this side for some time, but it is not just a one-time gift. I think the record ought to be clear on that. We support the amendment. We are prepared to vote on the amendment. It seems to me that the Senator from Utah has made his case. If we are going to finish this bill, we might as well vote.

The PRESIDING OFFICER (Mr. HECHT). The question is on agreeing to the amendment of the Senator from Ohio. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Florida (Mrs. HAWKINS), the Senator from New Hampshire (Mr. HUMPHREY), the Senator from Iowa (Mr. JEPSEN), the Senator from Kansas (Mrs. KASSEBAUM), the Senator from Delaware (Mr. ROTH), the Senator from Wyoming (Mr. SIMPSON), the Senator from Vermont (Mr. STAFFORD), the Senator from Texas (Mr. TOWER), and the Senator from California (Mr. WILSON) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from New Jersey (Mr. BRADLEY), the Senator from Ohio (Mr. GLENN), the Senator from Colorado (Mr. HART), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Hawaii (Mr. MATSUNAGA), and the Senator from New York (Mr. MOYNIHAN) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 18, nays 64, as follows:

[Rollcall Vote No. 58 Leg.]

YEAS—18

Baucus	Heflin	Metzenbaum
Bingaman	Inouye	Mitchell
Burdick	Kennedy	Nunn
Chiles	Leahy	Proxmire
Cohen	Levin	Sarbanes
Exon	Melcher	Zorinsky

NAYS—64

Abdnor	Boren	Chafee
Andrews	Boschwitz	Cochran
Armstrong	Bumpers	Cranston
Biden	Byrd	D'Amato
Danforth	Hecht	Pryor
DeConcini	Heinz	Quayle
Denton	Helms	Randolph
Dixon	Johnston	Riegle
Dodd	Kasten	Rudman
Dole	Lautenberg	Sasser
Domenici	Laxalt	Specter
Durenberger	Long	Stennis
Eagleton	Lugar	Stevens
East	Mathias	Symms
Evans	Mattingly	Thurmond
Ford	McClure	Trible
Garn	Murkowski	Tsongas
Goldwater	Nickles	Wallop
Gorton	Packwood	Warner
Grassley	Pell	Weicker
Hatch	Percy	
Hatfield	Pressler	

NOT VOTING—18

Baker	Hollings	Moynihan
Bentsen	Huddleston	Roth
Bradley	Humphrey	Simpson
Glenn	Jepsen	Stafford
Hart	Kassebaum	Tower
Hawkins	Matsunaga	Wilson

So Mr. METZENBAUM's amendment (No. 2903) was rejected.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. LONG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. METZENBAUM. Mr. President, this bill costs the Federal Treasury $2.5 million for fiscal year 1989 by gutting the tax liability of the life insurance industry. I think we ought to take a look at where the money is going. But I am frank to confess that I cannot understand the bill when I read it. Will the manager of the bill be good enough to explain some provisions of the bill so we can deal with some questions?

Mr. DOLE. I will be happy to do that.

Mr. METZENBAUM. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. METZENBAUM. Mr. President, I want to get into the insurance provisions of this bill, because the bill before us today provides a $2.5 billion tax cut through fiscal year 1989 to the life insurance industry. I am not sure what, if any, justification exists for the life insurance title of the bill, but I do know that it is utterly outrageous for the U.S. Congress to enact a $2.5 billion tax cut for a single industry. We have had our little experiment in tax-cut economics and we know all too well that it does not create a healthy economy. Massive tax cuts create massive Federal budgets. That is a fact. Before we go off and start cutting the

tax burdens of corporations which are paying almost nothing now, we should have a thorough opportunity to discuss how we are accomplishing that feat to give them more to reduce their tax liability.

I intend to ask some questions as we start to flip our way through 168 pages of statutory language that provides this enormous tax cut, 168 pages out of the 1,334 to take care of the insurance industry. First, I would like to provide a little history behind the taxation of the life insurance industry in order to place the current legislation in perspective.

Since 1921, life insurance companies have received special tax treatment. Between 1921 and 1957, the industry was only taxed on its investment income. Then in 1959, Congress enacted the Life Insurance Investment Act of 1959. That act attempted to measure and tax the total economic income of a life insurance company rather than just its investment income. However, because of special rules and exceptions, which some would call loopholes, that legislation fell very far short of its goal of measuring total income.

While premium income is not the total income of a life insurance company, it is a relatively good measure of growth and profitability if not a total one. In 1960, life insurance premium income totaled $12 billion and the industry paid $518 million in taxes. In 1965, 5 years later, the premium income totaled $16 billion, up a third, and taxes collected amounted to $727 million, a rather proportionate increase.

In 1970, premium income was $21.7 billion and the industry paid $1.2 billion in taxes. In 1975, premium income came to $29.3 billion and taxes rose to $1.8 billion.

Each year through 1979, premium income grew, as did tax liability. In 1979, premium income stood at $39 billion and taxes at just below $3 billion. But beginning in 1980, the tax liability began to drop rapidly, while premium income continued to rise. In 1980, the industry paid $2.1 billion, a drop of $900 million, on $41 billion of premium income, an increase of $200 million.

In 1981, this tax bill fell to $1.2 billion on $47 billion of premium income, so that between 1979 and 1981, the tax bill dropped from $3 billion to $1.2 billion, or a 60-percent slash, while the premium income itself went up approximately 20 percent, from $39 billion to $47 billion.

Mr. President, what could explain the dramatic reduction in the tax bill of an industry that appeared to be prospering so well? The answer is the life insurance industry discovered a tax loophole. By entering into so-called modified coinsurance arrangements with one another, companies were able to reduce or, in some cases, to eliminate their tax liability. So Congress, in 1982 in the TEFRA bill, responded by repealing this loophole known as MODCO. But the industry was not just sitting by and waiving a grieving goodby. They hired the best in lobbyists, or so it now appears, because, while Congress was able to remove the loophole with one hand, the industry was able to force a temporary tax relief measure into Congress other hand. They argued that they could not bear up under this sudden and immediate increase in taxes of $1.1 billion that the loophole repeal would create. So they asked for some temporary relief, and we all know how tax lobbyists spell relief: it is t-a-x c-u-t. So, while striking the loophole from the law, Congress enacted a stopgap measure that reduced the insurance industry tax liability to a $2.2 billion bill in 1983.

The stopgap measure was intended to eliminate a sudden dramatic increase in the tax burden of the life insurance industry and it was intended to provide Congress an opportunity to revise the 1959 tax rules in order to insure that life insurance companies were paying taxes on their full economic income. It was never, and I repeat never, described on the Senate floor or anywhere else, as far as I can determine, that that stopgap was intended as a period for the insurance industry to further lobby for additional tax cuts. That was not the deal that Congress offered the insurance lobby in exchange for eliminating their loopholes. In fact, Mr. President, I do not believe Congress should ever have to pay any price for eliminating tax loopholes.

Certainly, I believe that if the Senate knew that stopgap would be used by the insurance lobby to attempt to achieve that objective, the stopgap would never have been enacted.

The stopgap measure expired at the end of 1983; so, for 1984, the insurance industry should pay an estimated $3 billion in taxes. Of course, that is about the same level of taxes paid in 1979, when the dollar was worth quite a bit more. But they were not satisfied with that result. So they screamed. And back to Washington they marched.

Mr. President, they never should have enjoyed the loophole they did in the first place. But the fact is that the industry did not pay its fair share and now wants to make sure that it does not do so in the future. Their lobbyists have presented their case to my office, and a remarkable one it is. They tell us that their competitors, other financial institutions, are paying so little in taxes and, of course, they are right. According to a Joint Tax Committee study, financial institutions paid a negative 3.98-percent effective tax rate in 1982 on U.S. income. That is to say they received so many tax refunds that they either received tax refunds from tax bills or excess writeoffs to reduce future tax liabilities of $54 million. The U.S. Treasury paid the companies.

That is a great way to run a country, Mr. President, have the Treasury refunding money rather than collecting money for the tax bills of those same corporations. And the insurance industry says that it deserves equal treatment.

I may say, Mr. President, that I think all financial institutions ought to be treated the same, but I think all Americans ought to be treated the same. I think there ought to be tax equity and I think there ought to be fairness. What is there in our laws that makes it possible for insurance companies and financial institutions to be able to come here to Congress and, year after year, get special tax benefits that nobody else in America can get unless they have the high-priced lobbyists that these companies do?

If banks are not paying their fair share, then we have an obligation to correct the tax rules that apply to them. This is one Senator who would very much like to see that legislative proposal come before this body. In fact, I hope we do not have to wait until next tax year's bill to act.

The distinguished manager of the bill has said, "Show me some more tax loopholes." There are so many tax loopholes, so many corporations not paying their fair share of taxes, so many industries just not doing what is right as far as the tax revenues of this country are concerned that you could have a line of them placed all around the Capitol Building.

I believe that instead of extending the tax loopholes further, we ought to be doing something to tax the other financial institutions, not providing these special advantages to the insurance companies. But to argue that because the banks are not paying any taxes the insurance industry deserves a tax cut is absurd. It is preposterous. Perhaps we should remind ourselves of the prncipal objective of the corporate income tax. It is to raise revenue to finance government. It is not an AFDC provision, aid for dependent corporations.

Mr. President, this bill costs the Federal Treasury $2.5 billion through fiscal year 1989 by gutting the tax liability of the life insurance industry.

I believe we should take a look at where that money is going. But there is not one Member of this body who can read the tax bill and know what is in it when it comes to the sections having to do with the life insurance industry, 166 pages of them, all so compicated, all so well drafted by those who are experts in this area that even

the staffs that work around the Senate are not very certain as to what they provide.

Mr. President, I would appreciate the manager of the bill explaining the effect of section 809(g)(5), which is to be found on page 589 on line 19. It provides as follows:

Reduction in equity base for portion of equity allowable to life insurance business in noncontiguous Western Hemisphere countries.

I would like to ask what does it mean, what companies will benefit by this particular language, and how much will it cost the Federal Treasury?

Mr. DOLE. Mr. President, let me say, before I attempt to answer the precise question, that many of the things the Senator from Ohio just indicated, I do not know whether I disagree with or not. It is sometimes not just a question of knowing about a loophole; it is having the votes to close it. The Senator from Ohio indicated the insurance industry did an excellent job. They think, as the Senator indicated, they are paying about the same rate of tax as other financial institutions. The records would reflect, at least from Treasury and Joint Committee, that they will be paying about $1 billion a year more in taxes than they were under TEFRA. But I think it is fair to say, as the Senator from Ohio suggested, that their tax rate is not particularly burdensome, not particularly high. Based on an agreement worked out on the House side and agreements worked out on the Senate side, the 166 pages the Senator referred to is pretty much what our committee decided was an appropriate way to proceed. Having done that, we now expect to prevail, if we can, on the Senate floor.

With reference to the specific question of the Senator, we hope the life insurance provisions rationalize the taxation of companies in this industry. Under present law, most mutual companies would have too high a tax liability relative to their company's equity. We believe the legislation will provide a better balance between the tax liability of mutual and stock life insurance companies. However, some mutual companies, such as the one the Senator mentioned in whatever section it was—is it Pan American?

Mr. METZENBAUM. 809(g)(5).

Mr. DOLE. 809(g)(5)——

Mr. METZENBAUM. That is the one having to do with noncontiguous Western Hemisphere countries.

Mr. DOLE. Right. It is one of several provisions which will mitigate the tax burden for these companies. Some mutual companies will have a substantial tax increase under these provisons because they have special kinds of insurance business which requires a higher than average level of surplus. I think that is true of this particular instance and also of I think a couple other items that the Senator from Ohio may raise. We have three provisons, the one the Senator referred to on page 589, another example on page 590, and another example on page 592. But again I say to the distinguished Senator from Ohio, it is one thing to point out what appears to be a loophole, and in some cases the Senator from Ohio may be exactly correct, it is another thing to be able to close it.

Mr. METZENBAUM. Will the Senator be good enough to explain what that language means? What particular company is involved and how much is the tax loss from that provision alone?

Mr. DOLE. Let me yield to the distinguished Senator from Louisiana.

Mr. LONG. Mr. President, Senators would assume that I would be familiar with this provision. It turns out that this involves the Pan American Life Insurance Co., and their headquarters is in New Orleans, La., so one would assume that I would be familiar with this matter. Actually, I did not become acquainted with it until the Senator brought it up. This matter is in the corresponding House bill. It was initiated by the Select Revenue Measures Subcommittee chaired by Congressman PETE STARK in the House of Representatives, when that subcommittee was working on these insurance provisions.

This provision has to do with the difference between situations that exist in Central and South America, compared to the situation in the United States. The Central and South American provision recognizes that there is a special situation, requiring much larger amounts of capital reserve, to insure in that area. Under the life insurance provisions, the tax on a mutual life insurance company is partly computed as a percentage return on its equity. This works perfectly well where the insurance company conducts normal life insurance operations. However, where the company sells a large amount of its policies in Central and South America, its risks are unusual. For example, in that area there is not only a difference in life expectancy, there are also risks that have to do with terrorism, extortion, kidnapping, and other uncertainties that just are not the case in the United States, at least not to the same degree.

Such a company will have to maintain an unusually large equity base, compared to what it would do in the United States, to account for the fact that the life expectancies in those countries are different from expectancies in the United States. This provision is intended to make the equity base for such companies comparable to the equity base of life insurance companies generally.

Without this provision, mutual life insurance companies doing business in Latin America will bear a disproportionate amount of tax, merely because they must keep a larger equity cushion against a very substantial risk.

(Mr. EVANS assumed the chair.)

Mr. METZENBAUM. I had no idea where this amendment came from, but I do know in reading the bill we were unable to determine why it was included. It was obvious that it was framed for one particular company and when you read it——

Mr. LONG. Mr. President, it would be more correct to say it was framed at the urging of one particular company. I am confident that Pan American is not the only insurance company that does business in Latin America. I should think that other American companies do quite a bit of insuring in Latin America, but I do know Pan America does insure some people in Latin America. It also has a lot of insurance business in the United States.

Mr. METZENBAUM. Would the Senator be good enough to advise what would be the tax impact if this clause were not in the bill?

Mr. LONG. Mr. President, I do not have an estimate on that. I am sorry. If I had it, I would make it available to the Senator. If I can get it, I will provide it.

Mr. METZENBAUM. Well, as I read this language——

Mr. DOLE. I am advised it is probably less than $1 million a year.

Mr. METZENBAUM. Pan American Life Insurance Co. is a very large, substantial, thriving insurance company, is it not?

Mr. LONG. It is a successful company. I know that it is successful enough to own an office building, because it has one in New Orleans, a lovely building.

Mr. METZENBAUM. Will the Senator be good enough to explain to me how a provision such as this winds up in the bill?

The equity base of any mutual life insurance company shall be reduced by an amount equal to the portion of the equity base attributable to the life insurance business multiplied by a fraction—

(A) the numerator of which is the portion of the tax reserves which is allocable to life insurance contracts issued on the life of residents of countries in the Western Hemisphere which are not contiguous to the United States, and

(B) the denominator of which is the amount of the tax reserves allocable to life insurance contracts.

The preceding sentence shall not apply unless the fraction determined under the preceding sentence exceeds 1/20.

What does that mean?

Mr. LONG. I did not write the language, but I think I can tell the Senator how that kind of language comes to be written. I assume it comes to be written the same way it would be written if I had offered the amendment. I would say, "Here is the problem, and I would like to ask that the staff pre-

pare the amendment." So the staff writes the amendment, and they do the best they can. I must share the Senator's confusion about the matter.

Some years ago, a good friend of mine, who is a justice on the court of appeals, and who had been a great tax lawyer, said when he was practicing law:

We should see if we can hire somebody to rewrite the Internal Revenue Code in language the ordinary person can understand—for that matter, language we lawyers can understand.

But it did not happen. I assume the draftsmen do the best they can, as the good Lord gives them the light to see it. If I had written the provision, that is not how it would have been written. But who am I? I did not write the Internal Revenue Code, even though from time to time I have suggested that I would like to see a provision to take care of this or that matter, and had someone draft the provision.

Mr. METZENBAUM. When I asked the staff about this, I did not get too much of an answer, either.

I find that all the provisions with respect to the insurance industry seem to have come down from somewhere on high, and I guess that is from the insurance lobby.

Mr. LONG. That language has been passed on by the Treasury, I am sure. The Treasury supports this life insurance language.

Mr. METZENBAUM. I should like to see some confirmation that the Treasury supports it. Is there some confirmation of the fact that the Treasury supports it? We have been trying to find out where the Treasury stands on a number of matters, and they have done a disappearing act.

Mr. DOLE. They are out in the lobby.

Mr. METZENBAUM. We went out, as a matter of fact.

Mr. DOLE. They saw you coming. [Laughter.]

Mr. METZENBAUM. Ten minutes ago, we went out, and we could not find out what their position was.

Mr. LONG. My information is that the Treasury supports the bill and supports the life insurance provision in it.

Mr. METZENBAUM. They were in my office the other day, saying they do not support the whole bill.

Mr. LONG. The Senator can find out from them, if he wants to, and they can speak for themselves. I would much prefer that they do that.

Mr. METZENBAUM. I ask the manager of the bill if he would be kind enough to tell me about this:

REDUCTION IN EQUITY BASE FOR MUTUAL SUCCESSOR OF FRATERNAL BENEFIT SOCIETY.—In the case of any mutual life insurance company which—

(A) is the successor to a fraternal benefit society, and

(A) is the successor to a

(B) which assumed the surplus of such fraternal benefit society in 1950,

the equity base of such mutual life insurance company shall be reduced by the amount of the surplus so assumed plus earnings thereon, (i) for taxable years before 1984, at a 7 percent interest rate, and (ii) for taxable years 1984 and following, at the average mutual earnings rate for such year.

Obviously, that was not drafted for any particular company; that just happened to fall into the code. A lot of companies fall into the category of being mutual benefit societies that assumed benefits for a mutal benefit society in 1950, and the 7-percent interest rate is obviously far less than they were earning during that period.

To whom does this apply, which company, and how much is involved? What is the net reduction in tax revenues by reason of it?

Mr. DOLE. This involves a Kansas company and would result in a reduction of about $5 million per year.

Mr. METZENBAUM. $5 million a year?

Mr. DOLE. It is estimated that way, but we understand that it more likely will be less than $2 million. It is pretty much like the last amendment discussed, and I understand that the Senator has a number of these.

Obviously, they are drafted not as the Senator suggests, to apply to one situation, but narrowly to limit the revenue loss.

As I indicated earlier, there was an effort to sort of rationalize the taxation of companies in this industry, and under the present law, most mutual companies have a higher tax liability, including this one.

Under the present law, there is a complicated three-phase system that taxes investment income and underwriting income. Under the committee bill, the amount of income tax a mutual company will pay will depend in part on the mutual company's equity.

This is because the bill contemplates that an additional add-on element of the mutual company's tax base will be calculated by multiplying the mutual company's equity by the difference between the rate of return on equity for stock companies and mutual companies. The bill reduces the equity base of a mutual company by the present value of the equity assumed from a predecessor fraternal benefit society, which is the case just cited.

The rule recognizes in the bill that certain mutual life insurance companies have accumulated high amounts of surplus during a period their tax was not related to the surplus.

I think it is in the same category. It was carefully drafted so that it would limit any revenue loss.

I again indicate that it does apply to a Kansas company, a constituent company, and we hope it meets the approval of the Senator from Ohio.

Mr. METZENBAUM. The net that I get from my good friend from Louisiana and my good friend from Kansas is that this tax bill is a special tax bill. One company in Louisiana gets special tax privileges and pays less taxes because it is a provision that is written just to take care of them. One company in Kansas saves $5 million a year, as I understand the response, because the language is drafted especially for them.

I thought tax laws were supposed to be equally applicable to everybody, that we did not draft laws to specifically take care of company X or company Y or company Q, and that we did not draft laws for particular individuals. But we have here—and I have not finished with the insurance provision—two insurance companies which are getting special privileges, special arrangements.

I can understand those things happening when Chrysler was in trouble and came to Congress and they were trying to save their business. We did something special for them. I can understand when we do something special for the steel industry when it is in trouble. We do it for the industry. I can understand when we do something for other industries that are in trouble. But here we have a thriving industry; and what we are doing, first of all, is charging them a very low rate of tax. Then we are saying, "Yes, it is a low rate of tax, but we will take care of you specially, besides. You have us on your side."

I just have to say that there is to me such a thing as fairness, and it is not fair to treat some people who have good advocates and good people speaking up for them in a different way than we treat other companies.

As a matter of fact, go to page 592, and let us look at the next one and see which company that is.

We know there was a Louisiana company, there is a Kansas company, and then we go to section 809(i), and 809(i) is "Transitional Rule for Certain High-Surplus Mutual Life Insurance Companies."

Mr. LONG. Mr. President, will the Senator yield for a moment?

Mr. METZENBAUM. I yield.

Mr. LONG. I am not familiar with the situation involving the Kansas company. I do have knowledge of the situation involving the Pan American Life Insurance Co. Let me say to the Senator, regarding that provision, that it applies to any mutual life insurance company doing business in Latin America. I do not know what mutual companies other than Pan American are doing business down there. But if there are any, the provision applies to them and also to any company which in the future does business there.

The problem was raised by a particular company, a mutual insurance company doing business in Latin America.

We had group after group come before the committee. The stock companies had one thing in mind. The mutual companies had another thing in mind.

After we got through putting together a bill, then the smaller companies came in. They felt that they had not been adequately considered. The bill was amended to their advantage because they had a point that they were entitled to get better consideration, not necessarily compared to a manufacturing company, but compared to the other insurance companies. On that basis, they felt that they were not being treated fairly, and the committee modified the bill to agree with them.

Everyone is entitled to be treated fairly, whether it is a single company that is being treated fairly or a number of companies are being treated fairly. No one should be treated unfairly, whether he is alone in his position or whether he has numbers on his side.

To say just because this provision may only involve one company, that it should be treated less fairly than others overlooks the fact that we are trying to treat everyone justly and fairly, taking all factors into account.

The provision of which the Senator made reference has to do with a very simple matter. If you have higher expenses and higher costs, it is fair to ask the Congress to draft legislation to take your situation into consideration.

Mr. METZENBAUM. Mr. President, I wish to point out to my good friend that if you have higher expenses and higher costs you pay less because you make less. That happens to everyone in the business world. It has nothing to do with higher expenses or higher costs. This has to do with the equity base.

Mr. LONG. Mr. President, the reason that insurance companies do not pay as much tax on a given amount of income as other industries do is that they have a requirement to build up reserves.

Mr. METZENBAUM. Of course.

Mr. LONG. And because it requires a larger reserve to handle a risk that is greater, it would naturally require that one be able to have a more substantial deduction if this is necessary to build up the required reserves.

Mr. METZENBAUM. Will the Senator from Louisiana be good enough to advise me what are the earnings of Pan American Life Insurance Co. for recent years?

Mr. LONG. I do not know. I did not know Pan American was involved in any particular provision in the bill until the Senator brought the matter up.

Mr. METZENBAUM. Is it not a fact that Pan American is building tremendously new big buildings and is looking like a very successful company? What taxes do they pay now?

Mr. LONG. I do not even know if they have a mortgage on the building in New Orleans, or how much. I only know that they have a building there.

What difference should it make? It seems to me we should legislate based on principles and not on prejudice.

Mr. METZENBAUM. That is exactly the point. We should legislate based upon principle and not legislate for any special companies, and that is what we are doing in this bill.

First we take care of Louisiana. Then we take care of Kansas. And we are going to take care of some others in this bill as well, and we will talk about them. There should be equity and principle, and that is exactly what we should be talking about.

Mr. LONG. I say to the Senator that we are legislating for everyone in the insurance business in this bill, and we are trying to be just and fair to all of them. In doing that, if being fair means that you look at the situation of an individual company, then I think you should do it. If you find that one particular person is getting the worst of it, and is not being treated fairly, then it is appropriate to draw a provision limited to that particular situation to take care of him.

I find nothing wrong with saying that if you are doing business in Latin America, there are good reasons why you should be treated somewhat differently than if you are doing business outside of Latin America. If the situation justifies drawing a provision like that, then I think you should draw it, because I think you should try to be fair to all taxpayers, even if it is only one person who is caught in a very unfair situation.

Mr. METZENBAUM. If there were some inequity, if there were some problem that a company was having, I would buy that.

But you go through these 166 pages and you are not looking at companies that are having economic difficulties; at least no one has made that argument. The report does not say that.

What we are talking about is specially carved out provisions so that certain companies will pay less taxes than other companies.

I understand, whether they are doing business in the Western Hemisphere that is not contiguous to the United States or not, that is not a determinant. They still make a profit. Their rates are higher if they they have to be higher because of terrorism and whatever else down there. But the facts are that this is a specially carved out provision.

I do not hold the distinguished Senator from Louisiana responsible for this particular amendment. I think he has already indicated it came over from the House of Representatives. When I raised it I did not know where it came from because I am going to ask about five or six others, and I do not know what the authorship is. I do not know where they come from.

I do not understand these provisions, and I believe that when we are carving out special language for special corporations we have a right on this floor to know why it is being carved out.

And it so happens that the two that came up were the Kansas one and the Louisiana one, and those happen to be in order. We went to 809(g)(5) and went to 809(g)(7), and going now right on through the rest of the provisions of this bill to find out which companies are being taken care of.

Mr. DOLE. Mr. President, will the Senator yield at that point?

Mr. LONG. Mr. President, if the Senator will yield, I wish to make this point:

The largest number of bills that are passed through this Senate in any session of Congress are special relief bills reported out of the Judiciary Committee on which the Senator serves, a fine committee. I vote for them, and I am not complaining about any of them. But those bills usually are limited to a single individual. They are passed after looking at the problem that a single individual has, and the merits of his case, and the Congress legislates for the benefit of a single person, a single individual.

Mr. METZENBAUM. As the Senator knows, in order to get one of those through, you have to recite all the facts. You have to get a sign-off from this agency and that agency, and many of them are stopped at the Judiciary Committee. They do not go through pro forma. And the facts are that we scrutinize them very thoroughly, and this Senator can tell the Senator that I read every one of them and in some instances we have stopped a number of them. Senator SIMPSON has been a party to stopping some of them.

And most of the time when we have a special bill, it is because someone ran out of the statute of limitations and there was some justifiable reason why he should have his or her day in court.

But here we are talking about something totally different.

Mr. LONG. When the Senator is talking about cold scrutiny, the same thing applies to what the Finance Committee does. These measures have also been closely looked at.

Mr. METZENBAUM. I can say that I hear what the Senator says but I have not heard any good argument as to why one company should pick up $1 million. I do not know what they are paying. I do not know whether that is $1 million against $2 million or $1 million against $20 million. No one seems

to know that answer. I do not know what their earnings are.

I think the Senate is entitled to know, and I do not know what the $5 million is against, whether it is $5 million in savings as against $7 million or $5 million against $50 million. I think that we are entitled to know.

Mr. DOLE. Mr. President, will the Senator from Ohio yield?

Mr. METZENBAUM. I yield.

Mr. DOLE. We can discuss all these. I just want the record to indicate Security Beneficial will still be paying more income tax through this bill than either under TEFRA or the 1959 act, and also point out the next one we will be discussing involves the Southern Life Insurance Co. located in Cincinnati, Ohio.

Mr. METZENBAUM. I could not care less whether it is located in Ohio or in Cleveland or anywhere else. That does not make it right if it is wrong. So I will address myself to the next one in the same way because I am not going to come out here and say because it is an Ohio company we should take care of them and they should be treated differently than someone in one of the other 49 States.

It is my understanding, Mr. President, that the Senator from Massachusetts wishes the floor for a totally different purpose, and if there is no objection on the part of the managers of the bill, I ask unanimous consent at this point that the Senator from Massachusetts be accorded the floor with the understanding that his remarks be included at the conclusion of our debate or amendment having to do with the subject of insurance.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2905

(Purpose: To express the sense of the Congress against the mining of Nicaraguan ports and the withdrawal of World Court jurisdiction over Central America)

Mr. KENNEDY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Massachusetts (Mr. KENNEDY) proposes an amendment numbered 2905.

At the appropriate place in the Dole amendment, add the following new section:

"SEC. —. It is the sense of the Congress that—

(a) no funds heretofore or hereafter appropriated in any Act of Congress shall be obligated or expended for the purpose of planning, directing, executing, or supporting the mining of the ports or territorial waters of Nicaragua; and

(b) the United States shall immediately withdraw the modification submitted on April 6, 1984 to the jurisdiction of the International Court of Justice over the United States with respect to disputes with any Central American state or arising out of or related to events in Central America.

Mr. KENNEDY. Mr. President, I know that there is an extremely important revenue measure before the Senate. Actually, it is styled as an amendment to the Federal Boat Safety Act of 1971. But I know that the matter that is before us now is of great importance in terms of our economy, equity, and revenue raising, and that the Senate must address itself to that particular issue. I know that the bill itself is over 1,000 pages, 1,300 pages or so.

But I raise this issue this evening, Mr. President, because I do feel that there is another matter of urgency and of great importance. I want to indicate at the outset of the discussion on this amendment that I am quite prepared to move to a vote on this measure with a time limitation. I would, of course, prefer to have this amendment printed in the RECORD and the remarks that I will make in support of it also to appear, and then to vote on it at a time certain tomorrow.

I believe that the issue is not complex. It is one of enormous importance in terms of policy. I would be more than glad to work out a time limit with the floor manager of the bill and suggest that we might be able to work out an hour's time limitation, evenly divided, after I make a brief statement explaining the purposes of the amendment.

As I say, I would prefer to vote tomorrow on it just because I have not had the opportunity to notify all the Members. I know that the chairman of the committee wants to move forward, and I will try and work out with the floor manager an appropriate time to vote.

Mr. DOLE. Could we reach some agreement now on time?

Mr. KENNEDY. If the Senator wanted to make a 2-hour time limitation, evenly divided, then I would ask that I start using my time at the present time. Otherwise, perhaps an hour, evenly divided, and the time to be started after my statement.

I obviously would prefer the vote tomorrow within a short time limit after we come in tomorrow.

Mr. DOLE. I would want to confer with the majority leader on that. This, of course, is the very reason that some of us suggested that we ought to file cloture immediately, as I previously recited on the last debt limit bill we faced a number of non-germane amendments—on Jordanian arms sales, on Lebanon and other things that had nothing to do with the debt ceiling. This amendment today obviously has nothing to do with deficit reduction, although it may be a very important issue. But, obviously, the bill is open for amendment.

The Senator indicated earlier that he could agree to maybe 20 minutes to a side when he talked to me privately. If we could agree on 20 minutes on a side or 30 minutes for you and 10 for us, then we could vote by 6:30, depending on whether the majority leader wants to vote tonight or tomorrow.

Mr. KENNEDY. I had hoped, as the Senator from Kansas knows, that we would have had a greater opportunity for debate and discussion on Central America during the course of last week. We entered into a series of time limitations at that time. I was in accord with those time limitations which were worked out with the majority leader. And I in no way suggest that there was anything but good faith in working those time limitations out. But it did seem to me that if that debate had continued over the course of this weekend, perhaps one more day, then I think that this would certainly be an issue on which the Senate would want to have a full dialog, full debate, and full discussion. It is a matter of enormous importance and consequence. It is certainly something that I think as Members of this body we should address.

I am quite prepared to try to get a time limitation that would respond to the needs of the Senator from Kansas to move this whole bill forward and not unduly delay consideration of the legislation.

But I would also like to see if we cannot get a time limitation for the vote to occur tomorrow so that all the Members will have sufficient notice. I think this is important. It is now close to 6 o'clock. I noticed in the last vote that only 82 Members were present. I think this is important. In fairness to our colleagues on this issue, I hope that we would be able to maybe debate this issue tonight, which I am glad to do, and then have a more limited period of time tomorrow when we come in for a final vote. I am, as I say, more than glad to debate it this evening if we can work out some time limitation in that way.

Mr. DOLE. I wonder if I might suggest that the Senator just offer the amendment tomorrow. Why tie up the Finance Committee all night long on this amendment if you do not want to vote on it tonight? The Senator already has his press release. The amendment has been offered. It will be in all the papers tomorrow. If the Senator would withdraw it, we can vote on it tomorrow afternoon.

Mr. KENNEDY. I would say that if Members wanted to offer amendments, I would ask that my amendment be set aside, Mr. President, to accommodate the reasonable request of the Senator from Kansas. I think that is a reasonable request. I would like to make a statement on the issue, but I would, if there were Members who had amendments and wanted to consider those amendments, I would ask that it be temporarily set aside so that the Senate could move ahead and consider

those amendments. I can give assurances to the floor manager that I would remain with him until we have an opportunity to work out the timeframe in a satisfactory way. But I will be glad, if the chairman of the Finance Committee indicates to me that he does have other amendments that need the attention of the Senate, to ask that the amendment be set aside so that the Senate can proceed. I hope that we could work out a time so that there will be as much notice as possible to consider this amendment at a time certain.

The PRESIDING OFFICER. Is the Senator from Massachusetts asking unanimous consent that his amendment be withdrawn?

Mr. KENNEDY. No, Mr. President, I do not do so at this time, although I want to indicate that I would be prepared to do so at any time in order to accommodate the schedule of the Senate.

Mr. President, it would be my intention to speak on this measure at the present time. I am glad to yield to the majority leader for a question.

Mr. BAKER. I thank the Senator.

Mr. President, I ask unanimous consent that the Senator may yield to me without losing his right to the floor.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. BAKER. Mr. President, I would not favor setting this amendment aside. I think we ought to go ahead with it. That is up to the managers, of course. I will support whatever decision they make. But I think coming as it does on this bill that we ought to plow on through it. I had hoped that we would not have nongermane amendments offered. I had hoped after our colloquy this morning that we could get on with the business at hand.

There was a fair amount of controversy this morning on whether or not the two managers of the bill would ask the leadership to file cloture. There was an indication, as I understood it, that nongermane amendments had not been planned.

I do not criticize the Senator from Massachusetts, nor certainly the minority leader. But it comes as a surprise to me that after colloquy this morning we are faced now with an amendment that is so clearly out of the category of those in contemplation of the managers. I am somewhat surprised. But since we have it, and the Senator is clearly within his rights, I would recommend to the two managers that we proceed to dispose of it tonight.

I thank the Senator for yielding.

The PRESIDING OFFICER. The Senator from Massachusetts is recongized.

Mr. KENNEDY. Mr. President, this is a dark moment in the history of our Nation.

We now know that U.S. personnel played a direct role in mining the territorial waters of Nicaragua. In my opinion, this action—taken without any warning to the maritime nations of the world—is a clear violation of every basic principle of international law. In my opinion, this action is an insult to our fundamental values as a nation and to our traditions as a law-abiding people.

What has been accomplished by this action?

Two of our closest allies—Great Britain and France—have made their opposition clear.

Millions of dollars of damage has been done to five foreign-registered freighters and tankers—including Dutch, Panamanian, Liberian, Soviet, and Japanese ships.

Numerous innocent crewmen of these ships have been seriously injured as a result of the explosions.

At least two Nicaraguan fishing boats have been blown up, two Nicaraguan fishermen have been killed, and many, many others have been injured.

I challenge any member of this body to point to any provision of international law that, under any interpretation, permits this kind of unannounced death and destruction to be visited upon innocent civilians.

And, as reports of U.S. involvement in and responsibility for the mining came out, what was the response from the Reagan administration?

As reports of our involvement came out, as the American people finally learned what we are really doing in Nicaragua, as the whole world watched to see how the United States of America would react to this news, the Secretary of State announced last Friday that the United States would no longer submit itself to the jurisdiction of the World Court with respect to disputes with any nations in Central America.

What a disgrace.

Mr. President, that announcement will live in history as a blot on the honor of the United States of America. It will haunt this Nation for many years to come.

By removing ourselves from the jurisdiction of the World Court, we may be able to avoid a finding in that Court that the United States is guilty of violating international law. But today in the court of world public opinion, the Reagan administration has branded the United States of America as a lawbreaker.

This is also a dark moment in the history of the U.S. Senate.

We now know that, last Wednesday, at the very same moment that we were debating the legality of our activities in Nicaragua on the floor of this Chamber, the Reagan administration was in the act of deciding to withdraw the United States from the jurisdiction of the World Court.

We now know that, last Wednesday, at the very same moment that we were debating whether the United States should send military assistance to the Contras for terror or sabotage, individuals employed and associated with the CIA were mining the harbors and territorial waters of Nicaragua.

At the moment this body refused to prohibit the use of U.S. funds for terror or sabotage in Nicaragua, U.S. personnel were themselves engaged in acts of terror and sabotage.

We know now that in too many ways, in the use of terror and sabotage, in disregard for civilians and elementary standards of international law, the Reagan administration is Sovietizing American foreign policy. I believe we cannot defeat our adversaries by becoming like them.

Today I am introducing an amendment that will accomplish two things: First, it expresses the sense of the Senate that the United States should not withdraw from the jurisdiction of the World Court with respect to disputes involving the nations of Central America; and second, it prohibits the use of any U.S. assistance for the purpose of mining the territorial waters of Nicaragua.

As to this first provision, who here will argue that we should turn our backs on the world court.

Last week, during our debate on whether we should send an additional $21 million in military assistance to the Contras in Nicaragua, I, alone with other Senators argued that the Contras were engaged in an effort to overthow the Government of Nicaragua, that the Contras were about the business of destroying the economic infrastructure of Nicaragua, and that we were violating international law if we assisted them in those enterprises.

We were repeatedly assured by the supporters of the "secret war," "oh, no. Be of good cheer. We are doing nothing of the kind. We are not lawbreakers. We are merely assisting El Salvador and Honduras in their collective self-defense. We are merely interdicting shipments of war material from Nicaragua to the guerrillas in El Salvador. We are merely putting pressure on the Sandinistas to obey international law."

If those Senators are so confident that the United States is not violating international law, if those Senators are so certain that we will prevail in the world court, let them come forward and say to the President, "We are not afraid. Let the trial go forward. Our cause is just."

Our sudden withdrawal last Friday was, in itself, a violation of our international legal obligations.

There is a provision in the U.S. notice of acceptance filed with the United Nations in 1946 that requires the United States to give 6 months' notice before withdrawing jurisdiction over the United States from the World Court.

According to the report of the Senate Foreign Relations Committee which accompanied our acceptance of World Court jurisdiction in 1946:

The purpose of the 6-month notice provision was to make clear that the United States was renouncing any intention to withdraw our obligation in the face of a threatened legal proceeding.

Those are the words, Mr. President, that were used at that particular time—we have no "intention to withdraw our obligation in the face of a threatened legal proceeding." We have violated that 6-month notice provision.

And what about the policy of mining the territorial waters of Nicaragua?

Last week, most of the members of the Intelligence Committee voted to continue the funding of the Contras in Nicaragua. But some of these same Senators indicated that they now had reservations. Let us take Senator COHEN as an example. Last week he said:

I am concerned that the administration has not been paying enough attention to the very strict restrictions we have placed upon the type of activity that could be performed in order to encourage the Sandinistas to come to the bargaining table, in order to interdict the flow of supplies, and in order to promote the Contadora process. What I am concerned about is that we are ignoring the Contadora process while the Contras turn loose the attacks on the economic infrastructure. If that escalates, it is going to be in direct violation of the restrictions established by the Intelligence Committee.

Let us look at a map, and let us examine Senator COHEN's justifications for supporting the Contras.

We now know that under U.S. supervision mines have been laid in the harbor and off the port of El Bluff. That town is in the southeastern corner of Nicaragua on the Caribbean coast.

Does anyone here believe that the Sandinistas are using the harbor of El Bluff to ship war materiel to the guerrillas of El Salvador?

Does anyone here believe that mining that tiny harbor on the other side of the isthmus from El Salvador has anything whatsoever to do with interdicting shipments of arms to El Salvador?

Does anyone here believe that, by mining a tiny Caribbean port hundreds of miles away from the borders of El Salvador and Honduras, we are assisting in the collective defense of those two nations?

Does anyone here believe that by blowing up fishing boats and killing fishermen, we are encouraging the Sandinistas to come to the bargaining table?

Does anyone here believe that, by intimidating the citizens of El Bluff, we are promotiong the Contadora process?

No, Mr. President. This policy defies all logic. It defies all reason. And it defies all law.

Mining the harbor of El Bluff is part and parcel of a full-scale, indiscriminate attack on Nicaragua for the purpose of destroying the Nicaraguan economy and overthrowing the Nicaraguan Government.

There can be no other explanation for this conduct.

Mr. President, let us tell the President of the United States that this Nation does not turn its back on the law, that the United States of America will live up to its obligations as a member of the civilized world.

Of all the nations in the world, we should be the proponents of international law, the upholders of international law, the defenders of international law. Today let us send a message to the people of the world as well as to the President of the United States. Let us state loudly and clearly: "We believe in the rule of law, and we want the United States to obey the rule of law."

Mr. President, during the debate last week, I outlined for the Senate a series of similar kinds of activities that were being initiated by the Contras. The involvement of the Central Intelligence Agency in those kinds of activities was not entirely clear. What we do know now is that the Agency itself has been very much involved in the oversight, supervision, and the laying of the mines in those particular harbors of Nicaragua.

But there were a series of other activities which I reviewed very briefly for the Senate last week during the debate on whether we should continue sending military assistance to the Contras. Those activities were on land. What we see now is the policy at work at sea. This has been a basic assault—not so much on the lines of supply from Nicaragua to El Salvador and the flow of arms to El Salvador—but attacks on civilian or civilian-related targets.

I mentioned that on December 19, 1983, the Contras attacked a farm cooperative in El Coco and after a furious battle that lasted over 2 hours the town was taken and 14 people were killed, including 2 young women.

So we have the mining of the harbors and the attack last December on a farm cooperative in El Coco.

Only a few weeks ago, on February 25, I reviewed in detail the sinking of various ships in El Bluff. Then on March 2, 3, and 4 I mentioned the border towns that were shelled by mortar fire. These are towns or villages inhabited by civilians which were shelled. The best information is that they were shelled from somewhere within Honduras. It is not unreasonable to assume, that this shelling was being initiated by the Contras.

On March 7, a ship struck a mine in Corinto and suffered severe damage. A number of members of the crew were injured. That was a Panamanian ship.

And then on March 16, the Contras killed three peasants and a school director in the town of Esteli. On that same day, seven members of a farm cooperative were killed in the town of San Ramon.

On the following day, 11 peasants were shot down and 7 were kidnaped in Pueblo Nuevo.

Mr. President, this series of incidents involved an attack on a farm cooperative; assaults on small villages near border areas, principally inhabited by the civilians; assaults on farm cooperatives; and attacks on peasants.

I think it is important that the American people have their attention drawn to the activity of the CIA in its mining of these various harbors. They should recognize that their money is not only being used for the purchase of mines for that operation, but their tax money as well is being spent in these other areas of significant disruption and assault on civilian targets.

It is important for us to recognize that this is the case.

When we were debating this issue just a few days ago, we did not have the situation so clearly defined as we have it on this Monday evening. It seems to me, Mr. President, that most Americans must be shocked with this revelation.

These other assaults and attacks on civilian targets really fell by the wayside when we were in the course of this debate, when we were addressing this issue. But I dare say if we have a chance to address this issue again—and I indicated in the course of the debate that we would have a chance to address the issues which we debated last week—we would have an opportunity at an early date, but I did not believe it would come so soon, really only a matter of hours from the time of final voting on that supplemental bill.

Mr. President, we will have the chance to vote on this issue again, and I might say we will have a chance to vote on the issue probably again and again and again because it is an issue that will not go away.

The particular legislation, as I mentioned before, may go away, may be passed, amendments may be tabled, but the issue is not going away, and the Members of this body are going to have to understand that we are going to have to address it and we will address it again and again and again because the American people are going to demand their representatives to stand up on this issue.

Mr. President, we knew less when we voted last week than did the reporter from the Wall Street Journal. Mr. David Rogers started to research his article as a result of an exchange here on the floor, as I understand it. And that article, when completed, documented this mining activity only twenty-four hours after we had actually debated this issue.

It is, I think, an extremely important article. It was the first public revelation of the activity.

In that particular article, Mr. President, Mr. Rogers points out that the Reagan administration's role in mining of the Nicaraguan harbors is larger than previously disclosed. According to Roger's sources,

> Units operating from a ship controlled by the Central Intelligence Agency in the Pacific participated in the operation. Though anti-Sandinista insurgents have claimed credit, a source familiar with the CIA briefings on the operation said that the units operating from the ship are self-contained and composed of Salvadorans and other Latin Americans from outside Nicaragua. The mines are described as acoustic devices triggered by the sounds of ships traveling in the port and planted by small boats operating from the large mother ship. The mining operation, which has targeted two Pacific ports, Corinto and Puerto Sandino have been bitterly protested by the Nicaraguan Government which has accused the United States of playing a major role.
>
> President Reagan, questioned about the matter in his news conference Wednesday, refused to comment. But the issue has provoked concern in Congress, even among those supporting CIA aid to the anti-Sandinista insurgents.

I daresay, Mr. President, that if the President, in his news conference, had at that time revealed what we now know, the actions by this body would have been very, very different. If we had had the information—it could have been made available to us, even in a confidential way—I am sure the vote in this body last week would have been very, very different.

Nonetheless, this body has now become familiar with this issue. If we had had that information, I daresay we would be in a very different situation.

Mr. President, I would like to continue with this. I see the Senator from Maine on the floor.

Mr. COHEN. Mr. President, will the Senator yield?

Mr. KENNEDY. I shall be glad to yield for a question or to yield to the Senator to make what comment he would like to make.

Mr. COHEN. Mr. President, I ask unanimous consent that, at the conclusion of my comments, the Senator from Massachusetts not lose his right to complete his statement.

The PRESIDING OFFICER. Without objection, it is so orderd.

Mr. COHEN. Mr. President, last week, the Senate debated at length what is to be the nature and extent of our role in Central America. Contrary to some of the statements emanating from the White House, I believe that debate was not only healthy but vital. It is my personal judgment that subversive and terrorist activities in El Salvador, supported by Nicaragua and Cuba, do threaten to destabilize the region and that we have an interest and obligation to lend our support to those who represent the voices of moderation, reform, and democracy. That view is shared by an overwhelming majority of my colleagues who also believe that long-term solutions to that region's problems lie in economic and social assistance and not military intervention. And that is why the Senate rejected by wide margins the attempts to curtail or reduce the President's program.

The votes pertaining to our policies in Nicaragua were much closer. I submit that one reason—and, no doubt, there are many—is that there seems to be a growing disparity between our statements and our actions, between our goals and our tactics.

It is the official policy of our Government to provide so-called covert aid to the Nicaraguan Contras for the specific and limited purpose of interdicting the flow of arms between Nicaragua and El Salvador. We have declared that it is not our policy to overthrow the Sandinista government—whose legitimacy we have not challenged to date—but to pressure them to accept the basic goals of the Contadora process. I say fair enough.

Our problem, however, stems from the undeniable fact that we are supporting those whose express goal is the overthrow of the Sandinista government.

The plausibility of our position becomes immediately entangled in the briar patch of reality. We sustain the Contras but cannot control their activities. We give moral support, if not logistical assistance, to the mining of Nicaragua's harbors since—it can be argued—it will help interdict the flow of arms to El Salvador. Of course, we do not support the damaging or sinking of commercial vessels that are carrying grain and not guns. Yes, we know that mines cannot distinguish between commercial vessels and those laden with Soviet and Cuban weapons. We know that the mining of another nation's harbors—even if not technically a blockade—may nonetheless be treated by that nation as an act of belligerency—an act of war. Yet we have not declared war against Nicaragua and do not propose to do so.

The argument chases its tail around in circles.

With the destruction of each economic target in Nicaragua or in its harbors, our policy and its rationale becomes more tortured and tenuous.

We cannot remain benignly indifferent to the actions and activities of those whom we support and then claim that we are not accountable or responsible when they exceed our stated goals.

We cannot have one purpose and the Contras another without being forced to declare exactly what actions are deemed reprehensible and what beyond our condonation. For if we remain silent, or supremely ignorant, in the face of activities that we publicly declare to be in contravention of the letter and spirit of our laws, then we must assume constructive, if not active, responsibility for those actions. In law as in life, nonfeasance can be tantamount to malfeasance when there is a duty to take action. We cannot seek refuge behind the halo of ignorance or indifference.

If the very existence of the Sandinistas poses an unacceptable threat to the security and stability of Central America, then we must be courageous enough to declare it to be our policy to remove them, by force if necessary. If that is not to be our policy, then we cannot employ surrogates to carry out our secret designs while we proclaim to all the world that we are not responsible. Our words will carry the scent of lies not only to our enemies and allies—but most importantly to our own citizens.

President Reagan recently complained about congressional intrusion into foreign and military policy decisions. There can be no doubt that during the past decade, Congress has become far more active, and perhaps overreaching, in areas once considered the exclusive preserve of the executive branch.

Vietnam is cited as the principal source of this congressional agitation and activity that has been characterized as unwarranted, unwise, and unconstitutional by the last four Presidents. No doubt the wounds of that experience account for much of the restrictive and restraining legislation passed by Congress since 1973. But if Congress has overstepped its bounds, it has done so in reaction to Presidents who have stepped across constitutional lines since the end of World War II whenever it has been expedient to do so.

The "lessons of Vietnam" has become a catch phrase seized upon by every politician and political commentator with a podium or word processor. There were, of course, many lessons, ranging from the conceptual and tactical to the constitutional and moral. The central lesson was not that American power should never be used to defend the interests of those removed or remote from the United States. Rather, it was that we should never commit American sons to fight and die in distant lands unless we can persuade the country and the Congress that it is in our vital interest to do so.

Without securing public support, the skull of defeat will be visible beneath any surface display of power.

Free people can be convinced to support a worthy policy; their voices, however, can never be silenced if they remain unconvinced of its worthiness.

When a policy is ambiguous or opaque or where alternative measures, short of military or paramilitary activities, appear desirable, then efforts to rally support for a President by verbal bullying will fail. Casting blame is not a substitute for the heavy responsibility and difficult task of persuading a free people to open their eyes and minds to near- or long-term dangers. Hurling accusations over who lost Lebanon will not produce open checkbooks and closed mouths in Congress.

Winston Churchill failed in his visionary efforts to rally the British people to prepare for a gathering of Hitler's storm troopers. His inspiring eloquence—and American assistance—helped to save Western Europe from defeat.

Ronald Reagan's greatest talent is his power to communicate and persuade. His task is to define the threat we face in Central America, propose clear and specific policies to deal with it, and openly persuade the country and Congress to support those policies.

When our policies remain unclear or where there appears to be a significant disparity between what we preach and what is practiced, then congressional criticism and intervention are inevitable. Long ago, we rejected the cynical proposition that the country should "watch what we do, not what we say." We should also reject the notion that the country should listen to what is being said and not watch what is being done.

I thank the Senator for yielding and yield back to the Senator from Massachusetts.

Mr. CRANSTON. Will the Senator yield for a question?

Mr. KENNEDY. I would be glad to yield for the purpose of answering a question without losing my right to the floor.

Mr. CRANSTON. I have several questions I want to ask the Senator from Massachusetts, whom I applaud for focusing the attention of the Senate and the Nation on the unpleasant developments in Central America. First, is not a blockade of the sort that we are financing and apparently directly and indirectly engaging in an act of war under international concepts of law?

Mr. KENNEDY. The Senator is correct. I know the Senator is familiar with the statement opposing the covert intervention in Nicaragua that has been signed by a number of the most distinguished international law professors in this country. That statement reviews the whole jurisdictional issue. Certainly the activity of the mining falls very clearly within the kind of situation which is referred to in their statement.

The Senator is quite correct, and it is not only the opinion of the Senator from California and the Senator from Massachusetts but it is that of a number of the most distinguished international authorities as well.

As a matter of fact, as the Senator from California is probably aware, ordinarily a blockade is an announced policy so all nations will know about it. Historically, that has been the precedent. And, of course, that has not been the case at all under this circumstance, so foreign shipping has been totally unaware of the existence of these mines.

Mr. CRANSTON. Would the Senator feel also that the actions in backing the blockade and other actions that we are carrying on from north, south, east, and west against Nicaragua amount to our backing terrorism?

Mr. KENNEDY. There is no question, I say to the Senator, that if a number of the activities in which the Contras have been involved were committed by some group against similar targets in the United States, such activity would be labeled as terrorist activity. What I am referring to now is the blowing up of farm cooperatives, the indiscriminate shelling of small villages, the killing of school teachers, peasants in Central America, what would be considered innocent farmers in Nicaragua under attack by concentrations of military. There is I think a very significant series of activities in which the Contras have been involved which would fall within what I would guess the average American would consider to be terrorist activity. What we do not know, nor did we know last week, is the extent of the CIA involvement in those various land assaults and attacks. What we do know now, which we did not have before the Senate last week, is the very clear evidence that the Central Intelligence Agency was very much involved in the planning, the directing, and the supervision of the laying of those mines, not only in ports that has some degree of proximity to Nicaragua but in one of those ports on the opposite side of the isthmus from El Salvador. It would take a fanciful imagination to believe that El Bluff was being used as a port for the export of military equipment and guns for El Salvador. It would be very circuitous at best.

Mr. CRANSTON. I would like to ask, does the Senator from Massachusetts see analogies between what happened in Lebanon and what is now happening in Central America in this respect: In Lebanon, Congress was induced over my opposition and the opposition of the Senator from Massachusetts to give the President a blank check for 18 months in Lebanon. The original purpose of that mission was to provide cover while Israeli forces, Syrian forces and PLO forces withdrew from Lebanon. Then the mission changed and we found ourselves involved in one side in that civil war and it was our involvement in one side in that civil war that probably in part led to the attacks on the marines that led to so many American deaths.

Similarly, in Central America, the President has stated that we were engaging in the effort in regard to Nicaragua to halt their supplying of the rebels in El Salvador, but in the letter that was written to Senator BAKER a few days ago, supposedly spelling out our limited objectives, the President first said:

> We do not seek to destabilize or overthrow the Government of Nicaragua.

But then he wrote:

> We are trying, among other things, to bring the Sandinistas into meaningful negotiations and construct verifiable agreements with their neighbors on peace in the region.

Anthony Lewis in today's New York Times said:

> Consider what that sentence means, even apart from the elusive phrase "among other things." It means that the present American Government claims the right to support bombing, burning of villages, shooting of civilians and mining of harbors in order to make an internationally recognized government enter into what we consider "meaningful negotiations."
>
> Is that a principle that will benefit American interests in the long run? Are we going to gain if the world adopts the view that terrorism is justified in aid of diplomacy? That did not use to be the accepted definition of American interests.

Does the Senator agree that there are these very unpleasant analogies between what occurred in the change in mission in Lebanon and now apparently a change in mission in relationship to Nicaragua?

Mr. KENNEDY. I would. I think it is important, when we are considering the foreign policy issues as they relate to Lebanon, to recognize that the vote in this body was 54 to 46, virtually evenly divided, and that there were a number of Members in this body who raised serious questions about administration policy as it altered and changed and developed in ways which were never really adequately expressed or explained or approved by this body.

I daresay if the administration had listened to those who had a different view, an alternative view from the administration, there would not have been the loss of the American lives. But I think the Senator raises the whole issue of decisionmaking processes in this body in foreign policy. It would appear that the administration or this President would want to make all the decisions and the Congress of the United States would only rubberstamp him. That is a system which is

more in tune with the Soviet system than it is in the United States.

I have heard it also suggested that once there has been some form of action, we ought to have confidential communications to the administration. Well, if we followed that procedure, after the Gulf of Tonkin there would have been no debate, no discussion, no dialog in the Senate, no action in our involvement in Southeast Asia. Clearly, that is not what our Founding Fathers intended. So I think the Senator from California has made a very legitimate and worthwhile point. It is one that I welcome at this point in the dialog.

Mr. CRANSTON. I thank the Senator.

I have a question with reference to the analogy to Lebanon.

Mr. KENNEDY. I yield for the purpose of a question, without losing my right to the floor.

Mr. CRANSTON. Many of us were startled yesterday to read in the New York Times the revelation from unnamed officials in the Reagan administration that we have contingency plans for the sending of troops into action in Central America. Of course, the Pentagon has contingency plans for just about every circumstance you can dream up, and that is by no means unusual. But when you see the contingency plans that are apparently designed for military actions to persuade Members of Congress and people in the country to support the President's policy objectives, that is a new and different and improper use of contingency plans.

I today asked the Foreign Relations Committee—and Senator DODD joined me in this—to hold an immediate session to obtain from the Reagan administration immediately the full details and purposes of its so-called contingency plans for Central America. We will have that meeting tomorrow, for starters.

Secretary Weinberger has now denied that there are any such contingency plans, so we have administration statements on both sides of the issue. It seems to me that this could be Ronald Reagan's Lebanon ploy all over again. The administration may be trying to intimidate Congress into doing what it wishes or giving it a blank check to do what it wishes by, in effect, saying, "Vote our way or we will send down U.S. troops, and we will blame Congress if some of them get killed."

Administration officials, in the New York Times story yesterday, admit that they are deliberately talking openly about military plans for Central America in hopes of pressuring Congress into rubberstamping military aid for El Salvador and those that are providing assistance to the terrorists in Nicaragua.

Does the Senator see in that an abuse of contingency plans and an analogy, again, to what happened in regard to Lebanon?

Mr. KENNEDY. I think the Senator has made a very valid and worthwhile point this evening, as he did last week when this body debated the whole issue of the introduction of combat troops for the purpose of combat in or over El Salvador. That record would indicate that there has been a gradual escalation in terms of military activity performed by American servicemen.

The Senate last week, in a series of votes, showed increasing apprehension about the possibility of committing those combat troops without prior authorization by Congress.

It seems to me that the Senator from California and the Senator from Connecticut have acted very wisely to ascertain the exact nature of the administration's contingency plans, and this would be something which will be enormously helpful and revealing.

It seems that the more we find out about administration policy, the more we find there is escalation of American presence.

I think if there is one fact which is very clear, it is the very grave concern the American people have about taking that step that will involve American young men, and perhaps even women, in a jungle war in Central America.

The Senator from California, the Senator from Vermont, the Senator from New Hampshire, the Senator from Connecticut, the Senator from Tennessee, and others during the debate and the discussion have cautioned about that evolutionary process; and what we are finding out is that this evening we have more information, solid information, direct information about the continuing escalation.

It would be enormously valuable to have the kind of material that the Senator from California and the Senator from Connecticut (Mr. DODD) have requested. I certainly hope it would be made available and that the Senator will share it with Members of this body.

Mr. CRANSTON. I thank the Senator very much for his responses. I have many more questions I might ask, but I know that the Senator from Vermont has his own thoughts to express or questions to ask, so I will not go on.

Let me say, however, that the Senator from Massachusetts has responded pretty much as I would, had the parliamentary situation permitted me to make statements rather than to ask questions. I thank him very much.

Mr. KENNEDY. I thank the Senator from California for his strong support on these issues and the efforts he has made in analyzing administration policy in Central America.

Mr. President, I send a modification of my amendment to the desk and demand a division.

The first division shall be lines 1 through 6, dealing with the mining of the harbors of Nicaragua.

The second division shall be lines 7 to 11, dealing with jurisdiction through the World Court.

The PRESIDING OFFICER. The amendment is so modified.

The amendment, as modified, is as follows:

At the appropriate place in the Dole amendment, add the following new section:

"SEC. . It is the sense of the Congress that—

"(a) No funds heretofore or hereafter appropriated in any Act of Congress shall be obligated or expended for the purpose of planning, directing, executing, or supporting the mining of the ports or territorial waters of Nicaragua.

"(b) The United States shall immediately withdraw the modification submitted on April 6, 1984 to the jurisdiction of the International Court of Justice over the United States with respect to disputes with any Central American state or arising out of or related to events in Central America."

Mr. KENNEDY. Mr. President, I have had Members of this body speak to me recently indicating that they, too, have very serious reservations about the U.S.-sponsored mining of the harbors of Nicaragua; that they, too, are shocked by the revelations that have been made clear over the period of these past few days about U.S. involvement in the mining of the harbors; that they, too, are distressed, as all of us must be, by the fact that that kind of information was not available to us at a time when the Members were making a judgment as to what kind of aid and assistance we were going to provide to the Contras and what kind of support we were going to give the Contras in the debate this past week.

Mr. President, I am glad there has been some reference to the letter that was sent by the President of the United States to this body last week, trying to allay some of the fears that a number of Members of this body had about the American involvement in disrupting the Nicaraguan Government and the infrastructure, with the various assaults on farm cooperatives and schools, and even the airport had been mentioned during the dialog and debate.

During that debate last week, there was a passing reference to the mining activities in the harbors, but it appeared at the time when we finally did reach a vote that most Members of this body felt that with the statement that emanated from the White House, somehow the United States was not involved in this mining activity. Many Members felt that the statement they received last week from the White House—just prior to the time that the President had his press conference—

that somehow all the aid and assistance that was being provided to the Contras was just being used to interdict the arms supply that was going to El Salvador through Nicaragua.

Mr. President, for those who are now focusing on the other provision of this amendment, I shall review the second provision, lines 7 to 11. Statements were made by the distinguished group of international lawyers. I believe now we will have much greater attention of the Members of this body on this whole issue of the legality of American involvement in support of the Contras and support of the mining of the harbors in Nicaragua. This statement points out that, and I am quoting:

> Now that President Reagan reported authorization of a plan to covertly destabilize the internationally recognized Government of Nicaragua is a serious and dangerous act of aggression.

I just depart here for a moment. I would think that any examination of the mining operation would have to fall within the definition of "destabilization." I do not see how you can consider otherwise the action of the Central Intelligence Agency in interrupting the sealanes in ways which have brought about the loss of life to fishermen and the serious injury to not only Nicaraguans but to a number of our allies, Panama, for example, and other nations which are our friends. I think any reasonable interpretation of the word "destabilize" would have to include the kinds of activities which we are involved in in mining of the harbors let alone the other examples which I have already read into the RECORD.

Clearly what we are talking when we use the word "destabilization" is activity aimed at the economic infrastructure, activity that brings death and destruction to innocent civilians. I would use that definition of "destabilization" to be activity aimed at destroying the economic infrastructure and activity that does result in the death and the destruction to innocent civilians.

To get back to the statement, "The plan to overtly destabilize the internationally recognized Government of Nicaragua is a serious and dangerous act of aggression."

I am departing here, Mr. President. No one doubts that we have recognized Nicaragua. No one really questions in this body that we are in the process of the exchange of ambassadors. Our Ambassador is there. They have at least indicated to us who their new ambassador might be. But we have an ambassador. We do have diplomatic relations. So this is an internationally recognized government. Certainly it is a government which we in the United States have recognized, that is, the Government of Nicaragua.

And that is a serious and dangerous act of aggression and a policy of covert intervention against a sovereign nation that fundamentally violates international law as set out in the Charter of the United Nations, and the Charter of the Organization of American States, article 15, both ratified by the United States. This covert operation contradicts the democratic ideals of the United States and the principle that a people have a right to determine their own future.

Mr. PELL. Mr. President, will the Senator from Massachusetts yield for a question?

Mr. KENNEDY. I am glad to yield for a question with the understanding that this response will appear at an appropriate place not to interfere with the comments on this statement by the international lawyers.

Mr. PELL. Mr. President, I was shocked and deeply dismayed by the administration's decision not to accept the jurisdiction of the World Court in disputes involving Central America for the next 2 years. I have had my differences with the administration over its Central America policies, but even staunch supporters of these policies should pause to reflect on the dire implications of the administration's refusal to go to court, if necessary, to defend its actions.

First of all, the administration's decision gives the impression, correctly or not, that the United States would lose any case brought against it over the mining of Nicaraguan harbors. Such an impression, in turn, could lead the world to conclude that the American commitment to the World Court is valid only if our position is likely to prevail. In that event, America's leadership in the fragile effort to advance the rule of law in international affairs would be severely undermined.

Second, the administration's actions threaten to destroy the effectiveness of the World Court in dealing with cases that the United States may take to the Court in the future. The administration has, in effect, invited the rest of the world to refuse to defend against suits brought by the United States if responding to American grievances would be in any way inconvenient. I do not understand why the administration would want to risk such damage to our long-range interests for the sake of a highly questionable short-term gain. If ever there were a case of throwing the baby out with the bath water, this is it.

Accordingly, I call upon the President to get the United States back on its traditional course by reversing this unwise decision. If America is back and standing tall, that should apply to conciliation as well as confrontation.

Was the Senator from Massachusetts shocked and dismayed as I was by the administration's decision not to accept the jurisdiction of the World Court in disputes involving Central America for the next couple of years?

Mr. KENNEDY. I would certainly agree with the ranking minority member of the Foreign Relations Committee. Back in 1946, with the understanding and the virtual unanimous agreement in the Senate, we indicated that if the United States were going to withdraw, we were going to give a 6-month notice. What has happened now is the administration quietly, so to speak, at 4 o'clock last Friday afternoon, without any public statement did notify the U.N. that we were going to exclude the United States from the jurisdiction of the World Court with respect to disputes with Central American nations.

I had the opportunity to attend the International Law School at The Hague for a number of months. The International Court of Justice is extremely wary about involving itself in national disputes or controversies. It has also spoken out, however, on a number of issues involving international seaways. I remember back from that period of study the famous Corfu Channel case which was one of the most important international cases adjudicating the rights to international waterways.

And what we are talking about tonight is international law. And I certainly welcome the comments of the Senator.

Mr. DOLE. Mr. President, will the Senator from Massachusetts yield?

Mr. KENNEDY. I yield for a question without losing the right to the floor.

Mr. DOLE. The Senator indicated to me privately that he would agree to a 20-minute time agreement. He has had the floor now 1 hour and 10 minutes. It is frustrating since we are trying to take deficit reduction action on the floor, to get some totally nongermane amendment that has nothing to do with the tax bill or any spending provision in the bill and then frustrate the will of the Senate to act on deficit reduction. I assume we are now orchestrating a number of speakers.

Is there any idea how long this nongermane action may continue?

Mr. KENNEDY. As I indicated to the chairman of the committee I was glad to introduce this amendment this evening, to ask consent to set it aside so that other amendments could be considered, be disposed of and voted on, I offered to enter into a time agreement with the Senator from Kansas for a 40-minute time limitation at the time the Senate comes back in and when this legislation is laid before the Senate tomorrow, the time to be evenly divided. I would still be glad to accede to that. All I would like to do is get a vote on this amendment.

Mr. DOLE. We are ready to vote now. If the Senator will yield, we had

less than 2 hours today on the tax bill; we have had about the same amount on the amendment.

Mr. KENNEDY. Mr. President, I believe I do have the floor. I am glad to yield for a question and I am glad to reiterate the position that I have taken earlier. I am prepared to ask consent to set aside this amendment, so that we can move ahead on other matters, with the understanding that we could have a 40-minute time limitation on this measure when the Senate convenes tomorrow.

I would certainly be willing to agree to that if the ranking minority member of the committee so desires. I would still follow that procedure where I would ask consent if the Senator had another amendment to consider and dispose of, or other amendments. I am quite prepared to stay here whatever time the Senator from Kansas wishes to stay and the Senate is prepared to stay so that we could dispose of other matters, and then have this the pending business with a 40-minute time limitation when the bill is laid before the Senate tomorrow with the time evenly divided between the Senator from Kansas and the Senator from Massachusetts. if that was the desire of the floor manager, I would certainly support that particular measure.

So I think it is important to understand that we are just interested in being able to get a vote at a time when there is enough notification to the Members on this important issue.

I just indicate that that is at least my desire at this time.

Mr. LEAHY. Will the Senator yield for a question?

Mr. KENNEDY. I yield for a question with the understanding that I do not lose my right to the floor.

Mr. LEAHY. Is it the Senator's understanding that in the first section of his amendment, section A, that had we voted and passed and had signed into law the amendment last week on terrorism relating to Nicaragua, this amendment would not have been necessary?

Mr. KENNEDY. I certainly am of that opinion. I think the Senator from Vermont was here when we debated the whole issue of terrorism.

Tonight, there is something being made of the issue of time. Last week, we waited, I believe, for 40 minutes or so until we got that letter from the White House. We waited around here for some 40 minutes until we got a letter from the White House that indicated that the administration sought to interdict the arms supply from Nicaragua to El Salvador and has no intention to disrupt or undermine the governmental activities of Nicaragua.

I think what the Senator is saying at this time is exactly the case. I think if the Members of this body had the kind of facts that we have at the present time, the votes would have been different.

That is all I am trying to do. As a matter of fact, this is just a sense-of-the-Senate resolution. I wish we would be able to somehow bring that bill back from last week so that we could actually have an amendment which would do that. But we cannot do it.

But it does seem to me that we have some responsibility in this body to speak to this issue.

Mr. LEAHY. Will the Senator yield further for a question without losing his right to the floor?

Mr. KENNEDY. Yes, without losing my right to the floor.

Mr. LEAHY. Is it the Senator's understanding that there were some—I emphasize the word "some"—Senators who voted last week that might not have been aware of the involvement of the U.S. Government in the mining activity but, conversely, it would be the Senator's understanding that there were some who may have voted either way who had been aware of that?

Mr. KENNEDY. The Senator is quite correct in his observation, because the Senator is very much involved and engaged in dialogs with a number of our colleagues here on the floor of the Senate and off the Senate floor on this issue. I think the Senator is quite correct in maintaining that this kind of information that is available today on a Monday, 4 days after the Senate was debating this kind of issue of last week, it would have been halted. I do not think there is really much question about it.

What we are trying to do with this amendment is to indicate to the American people that that is our position. I know it may be difficult for some to vote in support of this particular amendment, given their opposition to other amendments last week, but I would daresay that it might be the case.

If we could have the attention of the Senator from Kansas, if there is any desire by the Senator from Kansas to consider a 30-minute time agreement tomorrow, to be equally divided, on this issue, I think we could, with the record that is being built tonight and with the information that is available to the Members on tomorrow, I think the Members of this body could make an informed judgment on this issue sometime tomorrow. I would be glad to accede to that kind of a limitation.

Mr. DOLE. Will the Senator yield?

Mr. KENNEDY. Mr. President, without losing my right to the floor, I am glad to yield.

Mr. DOLE. As I understand it, the amendment has now been divided.

Mr. KENNEDY. The Senator is correct. The amendment has been divided. And what we could do is have one time agreement and then vote on the two different amendments. As I say, I am glad to reach a vote on this particular measure on tomorrow. I reiterate, I would ask that it be set aside if the chairman of the committee wants to consider other amendments this evening. Otherwise, I am quite prepared, and I see a number of my colleagues here prepared, to continue to explore this issue with the Members of the Senate. But I am quite prepared to see a disposition of this matter.

I do feel strongly that it is an issue which the Senate should address. I know that the Senator from Kansas wants to move ahead with the legislation. I do not want to interfere with that. But I do feel that, on this matter of importance, we ought to have at least time enough so that the Members of this body have a chance to examine the record this evening.

Mr. DOLE. As I understand, the Senator from Massachusetts is talking about 30 minutes for the package, equally divided; is that correct?

Mr. KENNEDY. Yes.

Mr. DOLE. Fifteen minutes to a side?

Mr. KENNEDY. The Senator is correct.

Mr. DOLE. Maybe the Senator can talk while I confer with the leader, unless the Senator desires a quorum call.

Mr. KENNEDY. I had an amendment last week which I wish that I had offered that said nothing in this supplemental will in any way be used that violates any of our treaty obligations. Actually, we had a 20-minute limitation on that particular measure. I wish I had offered that amendment now because it becomes even clearer, Mr. President, with these revelations that we are in violation of some basic and fundamental treaties. That is something that had concerned me previously and something which has bothered me at the present time.

Basically, what the article which I referred to with regards to our signing the Organization of American States is the article 15. And that prohibits direct or indirect intervention into the internal affairs of any state. It violates section 2, paragraph 4, of the charter of the United Nations. That provision prohibits the threat or use of force against the territorial integrity or political independence of any state.

Quite clearly, Mr. President, with those two provisions—one dealing with the Organization of American States, the other with regard to the United Nations—I think that the kind of activity, such as in this instance the mining of the harbor, would fall within that particular category. Those were the two provisions that are mentioned in this particular statement by the lawyers.

Mr. President, I also mention that beyond the United Nations, article II, section 4, there is the charter of the Organization of American States both

of which I refer to. I think a fair reading of the Rio Treaty—which is a very basic document in terms of the relationship between countries in this hemisphere and is referred to regularly by the chiefs of states of the countries of the Americas as basically being a fundamental document, a Magna Carta, if you will, for the behavior of the countries of the Americas—of which we are a signatory, will indicate that article I points out that the high contracting parties formally condemn war and undertake their international relations not to resort to the threat or the use of force or in any manner inconsistent with the provisions of the Charter of the United Nations and this treaty. Then it goes on.

I will go on with article II, which has the relevant matters, just after I engage in responding to the question from the Senator from New Mexico.

I would be glad to yield to the Senator from New Mexico without losing my right.

Mr. BINGAMAN. Will the Senator from Massachusetts yield for a question?

I saw in the press the reaction of some of our allies to the reported information about the mining of harbors in Nicaragua. I was not exactly sure what that reaction was, nor what our allies were concerned about. Does the Senator from Massachusetts have information about the reaction or response that some of our allies had made to these reports?

Mr. KENNEDY. Senator, the best information that has been available to me is the kind of information that has been available to the Members of this body. Foreign Minister Cheysson of France has indicated that the French Government was seriously considering the sending of some kind of a mission to Nicaragua to help the Government of Nicaragua to sweep the various acoustic mines which have been placed by the Central Intelligence Agency.

That story surfaced over the period of this weekend. Then we had Geoffrey Howe, the Foreign Minister of Great Britain, who also indicated in statements over the weekend that Britain, in its long and continuing commitment to the international law of the seas, the freedom of navigation, and also, quite frankly, on the basic issue of the subversion of the country, had indicated that they were reviewing within their Cabinet what action, if any, they might take.

They have been somewhat more cautious. But the message has been very clear; that is, that among two of our staunchest allies today this kind of activity is the kind of activity that will bring further tension and further division within the alliance at a time when we are looking for increasing cooperation and increasing strength for the United States and its allies in Western Europe.

Mr. BINGAMAN. Would the Senator yield for a further question?

Mr. KENNEDY. I would yield for a question without losing my right to the floor.

Mr. BINGAMAN. Is there any precedent in our own history for the mining of harbors? Has the Senator from Massachusetts had occasion to determine whether the United States has ever experienced this type of hostile act by any other country and/or has been in a position where it was forced to either respond in some way diplomatically or militarily or take economic sanctions?

Mr. KENNEDY. The Senator has asked a very good question, and I hope that we will have an opportunity to add to the record on this issue. But some of those incidents, which come clearly to mind, are the Cuban missile blockade. It was a quarantine of Cuba with notification and public declaration, and an outright statement by the President of the United States.

Going back in history even further, there were activities which were commenced by the North during the Civil War, and which again was a stated policy. The Northern military command blockaded certain harbors in the South in order to interdict the mercantile enterprises of the South, and to cause some economic disruption in the South.

I understand that was a matter which was publicly stated as a matter of policy. Again, there was at that time, as the Senator well knows, a war going on. But still there was the public declaration, and the public statement.

Mr. BINGAMAN. I would ask if the Senator would yield for one final question.

Would you have any knowledge or opinion as to the reaction that we would be getting from some of the Contadora nations with regard to this new information about involvement in the mining of harbors in a Central American country? I do not know if the Contadora countries have explicitly dealt with that kind of activity in any of their pronouncements, or in the goals that they have set to achieve in the Contadora process, which we have publicly endorsed on numerous occasions—and the President has endorsed—or if this is an activity that they have contemplated in any respect. I would be interested in the Senator's opinion on that. I appreciate him yielding for these questions.

Mr. KENNEDY. I know of no statement that has been issued by the Contadora countries themselves on this particular activity. The Senator knows, as well as I, that this is a matter which has been raised in the last 2 to 3 days.

I thank the Senator for raising these questions because we are talking, as the Senator from New Mexico has pointed out, not only about the activities of the United States, direct support of the mining of these harbors, and the basic disruption and undermining of a sovereign nation, but we are talking about division within the alliance.

The Senator from New Mexico has brought up a very valid point. I think we could imagine, unless we were going to bring a halt to this process and this procedure, that we could foresee the possibility where we had Central Intelligence Agency-supported seacraft and naval craft distributing these mines.

Mr. President, the Senate is not in order. I am sure they want to hear what I have to say.

The PRESIDING OFFICER (Mr. DENTON). The Senate will be in order.

Mr. KENNEDY. They are out dropping these mines at the same time the French are in the process of picking up these mines. What a spectacle that will be.

Mr. MELCHER. Mr. President, will the Senator yield for a question?

Mr. KENNEDY. Mr. President, I will be glad to yield for a question, with the understanding that I do not lose my right to the floor.

Mr. MELCHER. Mr. President, I ask the Senator from Massachusetts if he does not feel this is the time-honored method and traditional method for the Senate to debate an issue, to determine what are the possibilities of bipartisan support of the executive actions, whatever they may be, in the case of the mining of the harbor in Nicaragua, as has been alleged, under CIA auspices.

Mr. KENNEDY. Mr. President, my response to the Senator from Montana is, definitely so. It certainly should not be an issue which has any ring to partisanship.

What we are talking about here is the issue of international law, in the one case, and that is the second provision of the amendment I have put forward, and the adherence to agreements to which we have been signatories, under the second case.

Under the first case, with regard to the mining itself, for the reasons I have outlined earlier with regard to international law, the U.N. document, the Organization of American States, to which we are signatories, and the Rio Treaty, I find it difficult to see how we could possibly make the case that with this kind of activity, we were not violating international law. The case was made last week, during the course of the debate, that the kinds of activities which the Contras were involved in may not in themselves violate international law. I had some exchange on that issue during the course of the debate on terminating the economic support for the country.

However, I dare say that the information that has come to light over the

past 3 days, which implicates the United States in a very direct way with American taxpayers' funds involved in the intelligence activity and the planting of those mines, it is difficult for me to think that anyone in this body could make the case that we are not violating international law. That should not be an issue of partisanship.

The Senator from Montana makes a very good case that this should not be an issue of partisanship. It should be an issue of bipartisanship. What we should be willing to do in this body is to submit this issue, if we believe we are right, to have the appropriate adjudication.

There were Members on this floor last week who believed the law favored their side, and they were supporting the administration's position and activity. That being so, it seems to me that they should be willing to submit it to the International Court of Justice. But now they have indicated that they would not be willing to submit it to the International Court of Justice, nor would they be willing to follow the process and procedures which have been carefully defined at an earlier period of time for the withdrawal of jurisdiction for a particular case or controversy, which, as I have indicated earlier, would require a 6-month notification.

The administration moved ahead with apparently an immediate notification and expect that to be respected.

Mr. President, I would be glad to yield again to the Senator from Montana, without losing my right to the floor, if he has any questions.

Mr. MELCHER. I thank the Senator.

I ask the Senator from Massachusetts the following question: It is my understanding that the amendment of the Senator has been divided and that the first part (a) deals with the money that would be spent for such a purpose as mining the ports or territorial waters of Nicaragua; and the second deals with the question of whether or not modifications submitted on April 6, 1984, to the jurisdiction of the International Court of Justice, should be withdrawn by the executive branch of Government.

So my question is as follows: Does this not give the perfect opportunity for the Senate to act upon two separate issues, one being the purse strings, which is the responsibility of Congress, on how money is spent, and the second being the question of abiding by the treaties which put this question before the International Court of Justice?

Mr. KENNEDY. The Senator is quite correct.

As I indicated when I sent the amendment to the desk, this amendment involves very important policy considerations. But important as those policy considerations are, it is an issue which the Members can grasp readily.

The Senator from Montana understands completely what is included in this particular amendment and has stated so to this body with his last comments. It involves issues which this body had basically debated over the period of the last week, and that is why it seemed to me that we could move toward an early consideration of the amendment.

Once the Members are familiar with the substance of it and understand it, then I am convinced that we can get an accurate reflection of the sentiment of the Members of this body.

Mr. SASSER. Will the Senator from Massachusetts yield to me?

Mr. KENNEDY. I shall be glad to yield, Mr. President, with the understanding that I not lose my right to the floor and that I yield for a question.

Mr. SASSER. Mr. President, I have been interested in hearing the distinguished Senator from Massachusetts outline the thoughts and reactions of the various legal scholars relative to the mining of the harbors of Nicaragua. My question to the Senator is, Has he had occasion to read or hear the statement of the Foreign Minister Cheysson of France, dealing with the mining of harbors? This is the statement by the French Foreign Minister.

One feels cast down not only on the level of international relations, but also on the moral level. And one can only react with horror knowing that the mining of Nicaraguan ports means that women, children, and the dispossessed of Nicaragua are being deprived of the provisions of medications supplied by the international humanitarian aid. Several shipments, some of which came from Europe, have been annulled and sent elsewhere.

Continuing, he says:

It is also distressing, given that we are witnessing a watershed to a new stage in the escalation of clandestine military operations supported from outside Nicaragua.

I was curious if the Senator from Massachusetts is aware of this statement by the Foreign Minister of France and his reaction that the mining of the Nicaraguan harbors not only cast down the level of international relations but also cast down the moral level of international relations.

Mr. KENNEDY. Mr. President, I must say in response to the Senator from Tennessee that I had seen excerpts of that statement, but I had not read nor heard that statement in its entirety. I believe that what that statement basically says is, if we had found that from one of our oldest and truest allies, France, and we have heard similar comments or statements made by the Foreign Minister, Sir Geoffrey Howe, of Great Britain, what are we going to find from other allies, or at least those countries in the world whose support the United States is attempting to win because of important considerations with regard to the security interests of ourselves and other allies?

If our oldest allies are going to be as critical as these two countries have been on this particular issue, does not the Senator from Tennessee agree with me that at least we ought to be afforded the opportunity to go on record and express our view here, in the U.S. Senate, on this issue? Does he not agree with me that we ought to be able to have at least some opportunity to express our view about this particular issue?

I ask this basically rhetorically, Mr. President, because I know what the Senator has said that he agrees with me on that issue.

Mr. SASSER. Would the Senator yield?

Mr. DOLE. Will the Senator yield for a question?

Mr. KENNEDY. Mr. President, I shall be glad to yield to the Senator from Kansas for a question and without losing my right to the floor.

Mr. DOLE. Mr. President, I think it is obvious that we are either going to have to stay here all night or agree to do this tomorrow. I share the view expressed earlier by the distinguished minority leader about these kinds of amendments. I quote the distinguished Senator from West Virginia:

I do not support the kind of amendments to which the distinguished Senator from Kansas has alluded. I certainly have no interest in supporting amendments that deal with the foreign policy of this country or any other subject matter that is clearly out of the direct or indirect line of amendments that might—

and that is where it tails off.

I share that view expressed by the minority leader earlier today, who implored us not to file cloture. But it seems that that was just one side of it. We were not supposed to file cloture, but we obviously cannot prevent nongermane amendments. Based on what I consider to be an accurate reflection of the view of most Members, I think it may be the better part of wisdom to agree to a time limit tomorrow afternoon, to vote either up or down or on a tabling motion on the amendment and get on with the deficit reduction.

I think the American taxpayers are a little concerned about getting around to a deficit reduction. If some on that side want to block deficit reduction, they can keep offering nongermane amendments. We have consumed today with only one vote on the tax bill. Obviously, we could be here all night and not get another vote on the tax bill. So I suggest to the majority leader that we reach some agreement in hopes that we get back to the tax bill sometime later this week.

Mr. BAKER. Mr. President, does the Senator from Massachusetts have the floor?

The PRESIDING OFFICER. The Senator from Massachusetts has the floor. He yielded to the Senator from Kansas for a question without losing his right to the floor.

Mr. BAKER. Does the Senator from Massachusetts yield to me?

Mr. KENNEDY. Mr. President, what the Chair says is true. I just wanted to respond to the floor manager of the bill that I took the liberty prior to offering this amendment, being aware of the statements that had been made to the minority leader, to notify him and communicate that it was my desire to do so. He can speak for himself on his reaction to it, but I made it very clear to him that, had there been strong objection by the majority leader, the Senator from Massachusetts might well follow a different path. I shall let him speak for himself on this issue, and we are where we are. I hope we can work out a time for consideration of the amendment.

Did the majority leader want me to yield to him for purposes of a question? I shall be glad to do that for a question without losing my right to the floor.

Mr. BAKER. Mr. President, I ask unanimous consent that the Senator may yield to me in general without losing his right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, what I have in mind is not really a question, it is really a statement. I do not think there is any point in trying to argue the situation from this morning. There is no reason to quarrel with the Senator from Massachusetts for offering this amendment. He has the right to do that.

I said earlier that I am disappointed that after our colloquy this morning, we find ourselves almost instantly involved with a nongermane amendment. But that is water under the bridge and the Senator properly says we are where we are, and where we are is a mess as far as the tax bill is concerned.

That is beside the point. The Senator from Massachusetts earlier said he would like to set aside this amendment and go to something else. I indicated on the floor that I was not willing to do that. Indeed, I was not. I do not think there is much purpose to be served by continuing this tonight, and I am prepared to go out. If the distinguished minority leader is within earshot and cares to come to the floor, we will try to arrange the schedule for tomorrow. But when we resume consideration of this bill, the pending question once more will be the amendment of the Senator from Massachusetts. If the Senator wishes to suggest a time limitation on it and if it is cleared on the other side, I will be glad to consider that. But absent that, it is the intention of the leadership on this side to ask the Senate to recess over until tomorrow at 3 p.m. I may say, by the way, that I regret we have to come in so late, but tomorrow is the memorial service for our late colleague, Senator Church, at the National Cathedral beginning at 11 a.m. Tomorrow is Tuesday and both parties will be in caucus. As we usually do on Tuesday, it is necessary to recess for about 2 hours to accommodate Senators for that purpose.

In addition, Mr. President, we have requests for special orders, part of them having been put off for a great length of time. I am told there are nine requests for 15-minute special orders, so in doing what I am about to do it almost guarantees that we are going to be here until midnight tomorrow night. I do not think we have any alternative. In deference to the circumstances and facts I have recited, I think we simply have to be prepared for that. But it looks like it will be 5 p.m. or 5:30 before we get back on this bill tomorrow. Under those circumstances, if the Senator wishes to suggest a time for further debate on this amendment, as divided, I am willing to try to enter into an arrangement. As I say, I would not want to do that until the minority leader reaches the floor or indicates to me that he has no need to be on the floor.

Mr. KENNEDY. I want to indicate to the majority leader what I stated earlier today, and that is that I was prepared to set this aside so we could consider other measures on this legislation or that I was prepared to agree to a half-hour time limitation on this amendment—the time has now been divided between the Senator from Kansas and myself—and to proceed hopefully to a vote on it. But if not a vote on it, then a procedural vote that would reflect the merits of it after that time has expired. That is still my position. So when the minority leader is present, if such a request is made, I will not object to that proposal and hopefully with the RECORD that was made this evening the Members would be on notice about this particular measure and we could get a vote on it.

Mr. BAKER. The minority leader is not yet here.

Mr. KENNEDY. Under the same terms I yield to the Senator.

The PRESIDING OFFICER. Does the Senator yield on the same terms as before?

Mr. BAKER. I would suggest the absence of a quorum—I see the minority leader is at the door so I will not have to do that.

Mr. KENNEDY. Mr. President, with the understanding that I will not lose the right to the floor after the quorum——

Mr. BAKER. Mr. President, I hope the Senator will not suggest the absence of a quorum. Maybe the Chair will bear with us just for a moment while we do this.

Mr. KENNEDY. I will continue, Mr. President.

I would, Mr. President, like to insure that a part of the RECORD this evening will include this affidavit on the issue of terrorism by the Contras. I will read a sworn affidavit by Rev. Robert Stark, who has been working in Nicaragua. The affidavit describes several incidents that can only be viewed as violence aimed at innocent civilians. The statement starts off:

I, Rev. Robert Stark, first being duly sworn, hereby state as follows:

It is an affidavit subscribed and sworn to on the 20th day of October 1983, and notarized.

For the past two years I have been helping minister to the Catholic Parish of Cristo Rey in Nicaragua. This parish has been the victim of increasing attacks against civilian populations by anti-Sandinista forces.

On March 3, 1982, the pastor of this parish, who is also a North American priest, plus thirty men, women and children, along with myself, were all held captive by armed anti-Sandinista forces. While held with guns to our heads inside a small mountain chapel, we were witness to the brutal murder of one of our parish's main lay ministers, a Mr. Perez. Mr. Perez was a well-loved and respected campesino leader, father of ten children whose pregnant wife gave birth to their 11th child three months after Perez's assassination. He was shot seven times, his head bashed in, and arm broken. He died in my arms as we desperately carried his body to a nearby town in an attempt to save him. The anti-Sandinista forces told us they "executed" him because he was a leader in the education and health campaigns connected to the Sandinista government.

Mr. Perez is only one example of the many Christian leaders who have been singled out for brutal executions by the anti-Sandinista forces. Another example is Julio Lira, a teacher and Catechist who was brutally murdered in July 1982, and his body cut up and strewn along the river bank near his home.

The result of this terror campaign has been that the medical and education resources in our area have now been pulled out in order to assure the safety not only of the doctors and teachers, but also of the families with whom they live. This measure was taken after families were wiped out simply for having provided housing for teachers in their township.

Most recently, our parish was victim of an intense wave of terror by anti-Sandinista forces. From August 30 to September 3, 1983 a military task force of the F.D.N. swept through our parish and murdered 20 civilians, raped women and children, robbed poor peasants, burnt homes, and destroyed the few cooperatives that the community had struggled to build. The areas most affected were in four isolated townships.

The terror of this raid was most graphic in the attack on one of those townships. Here the anti-Sandinista forces who openly identified themselves by painting their letters, F.D.N. on the few huts they left unburned, mercilessly butchered ten civilians. This included Santos Pablo Diaz, whose head they chopped off and hung from the door of his home while they threw the rest

of his body into the river. Nino Diaz Cano who was fifty years old, was beaten and then his heart cut out. They shot Rosa Perez after forcing her and other women to grovel in the mud like pigs. They did the same with children, including a ten year-old girl who was shot four times, and left for dead, but who miraculously survived and is now recovering in a Managua hospital.

These events were recounted to me by my fellow priest who went immediately into the area to search for survivors. Some of the details were also told to me directly by the survivors who witnessed the massacres and some who were wounded. One of those survivors told me directly that when the F.D.N. forces attacked his small, unprotected township and murdered his friends in cold blood, these anti-Sandinista forces then boasted publicly to the terrorized campesinos that the F.D.N. received their arms from "the U.S. Reagan administration."

This is just one more piece of evidence, Mr. President, of the kinds of activities in which the Contras are involved. Now we find that the CIA is involved in the mining. I do not see how anyone could label that kind of activity as anything but terrorism and still we find at least apparently some reluctance of this body to speak out on these issues of terrorism. These are instances involving the killing and the butchering of peasants and peasant leaders paid for by the American taxpayers' money. I believe, Mr. President, that that kind of affidavit, made by a member of the clergy, is a statement with a great deal of credibility.

Mr. President, I was reviewing earlier the three treaties which have been violated, and I had just mentioned the Rio Treaty and had reviewed the first article which provides that "the contracted parties formally condemn war and undertake in their international relations not to resort to the threat of the use of force in any matter inconsistent with the provisions in the Charter of the United Nation or of this treaty."

Now I am referring to the Rio Treaty.

Article II provides:

As a consequence of the principles set forth in the preceding article, the contracting parties undertake to submit every controversy which may arise between them to methods of peaceful settlements and to endeavor to settle any such controversy among themselves by means of procedures in force in the inter-American system before referring it to the General Assembly or the Security Council of the United Nations.

Mr. President, within that treaty there are procedures by which disputes are settled. The fact of the matter remains that even though we are a signatory to that particular treaty, we have not used those procedures in an attempt to resolve the disputes. Clearly, the actions or the activities which we support with the Contras we are finding increasingly fall within the definition of terrorist acts. Certainly, the kind of activities that I have just referred to fall within that definition.

It seems to me that the basic issue which we are addressing with these amendments are, one, the question of the mining, and, two, the issue and question about how we are going to be able to proceed in order that this issue be resolved in a nonforceful way. That would mean the International Court of Justice, in this case. But, again, with the action of the administration we see the attempt to really deny that World Court from the opportunity of any kind of ruling.

Mr. President, I will mention just on this issue of procedure, as we have mentioned earlier, as the Senator from Montana has pointed out, the two different provisions dealing with, one, the mining of the harbor, and two, the juridical issue which has been raised.

I believe the court is familiar with making a judgment on issues involving the sea. The most famous international case that I believed involved actually a blockade is the famous Corfu Channel case.

In any event, the following countries, Mr. President, or states accept the jurisdiction of the court. This list, which represents the situation as of January 1, 1983, includes states whose declarations accepting the compulsory jurisdiction of the permanent Court of International Justice have not lapsed or been withdrawn and are therefore applicable to the present court.

Mr. BAKER. Mr. President, will the Senator yield? Mr. President, I ask unanimous consent that the Senator might yield to me without losing his right to the floor.

Mr. KENNEDY. I will be glad to yield to the majority leader with that understanding.

The PRESIDING OFFICER. Without objection, the majority leader is recognized.

Mr. BAKER. I thank the Chair and I thank the Senator from Massachusetts.

Mr. President, I have conferred with the minority leader and I am prepared to propound a unanimous consent for the attention of the Senators.

UNANIMOUS-CONSENT AGREEMENT

Mr. President, I ask unanimous consent that on tomorrow there be a 30-minute time limitation of debate equally divided in the usual form on amendment 2905, as modified and divided, following which there be recognition of the majority leader to move to table division 1, and if that division is tabled, that the majority leader be recognized to table division 2.

Mr. President, reserving on my own request, may I say this: It is the intention of the leadership to ask the Senate to go out if this request is agreed to. The effect of it would be as follows: When we resume consideration of the pending business, there will be 30 minutes of debate on the amendment. At the end of that 30 minutes the majority leader will be recognized under the order to table division 1. If it is tabled, then the majority leader, under this order, would automatically be recognized to move to table division 2.

That is the request I have just put.

Mr. KENNEDY. Mr. President, would I be correct in understanding that if the majority leader was not successful in tabling we would move to a vote on the amendment?

Mr. BAKER. No, Mr. President, that is not the effect. This deals with a time limitation on a tabling motion. As and when recognition was gained for the purpose of making a tabling motion, absent an arrangement of this sort there would be no time for debate. This applies only to a tabling motion. If it is not tabled, the amendment and the division would be open to further debate.

Mr. KENNEDY. I want to make it very clear that I am prepared to see a time agreement on the whole amendment. There were statements made here earlier about how this amendment is delaying the whole consideration of the Senate on the deficit, and that this is somehow a dilatory action by the Senator from Massachusetts.

The majority leader has propounded a time agreement which I would appear to certainly endorse, but I am very much surprised that if the motion of the majority leader is not successful that we could not proceed in a way which we do so often, and that is to set another half-hour for debate on the amendment itself and then move to final disposition of the amendment.

I want to make it very clear that I would not object to what the majority leader has proposed at this time, though I do feel that if the majority leader wants to at this time propose a consent agreement of a half-hour for debate on this particular amendment, evenly divided, so we can reach the substance of that amendment, I would certainly welcome it.

I am not interested in tying up the Senate on this issue. I do believe it is important, though, and I do believe the Members ought to have the right to vote on it.

If I hear correctly, I fear we might go into some form of extended discussion if the proposal of the majority leader is not successful. I do not minimize the persuasiveness of the majority leader, being able to persuade individuals to support a tabling motion. But I would have thought that a proposal like this would have included a short or reasonable time limit subsequent to that, if it fails. I would not object, but I would hope that that would have been included.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The text of the agreement follows:

Ordered, That on Tuesday, April 10, 1984, when the Senate resumes consideration of the pending business, H.R. 2163 (Order No. 571), an act to amend the Federal Boat Safety Act of 1971, and for other purposes, there be 30 minutes debate on amendment No. 2905, to be equally divided and controlled by the mover of such and the manager of the bill. *Ordered further,* That upon the disposition of that time, the Majority Leader be recognized to move to table division 1: *Provided,* That if division 1 is tabled, the Majority Leader be recognized to move to table division 2: *Provided further,* That if the motion to table division 1 is not agreed to, the above agreement is nugatory. (April 9, 1984)

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there be a period for the transaction of routine morning business to extend not later than 8 p.m. in which Senators may speak.

ESTHER DOUGHTY LUCKHARDT—A GREAT WISCONSIN LEGISLATOR

Mr. KASTEN. Mr. President, Friday was the last day for State Representative Esther Doughty Luckhardt, a 22-year veteran of the Wisconsin State Legislature, to serve in her legislative capacity.

I should like to take this opportunity to pay tribute to Esther and to thank her for 22 years of unselfish public service.

When she was first elected in 1962, Mrs. Luckhardt was the only woman in the Wisconsin Legislature. She was the ninth woman to serve as a lawmaker in our State since women obtained the right to vote. Upon retirement, she will have served longer than any other woman in the Wisconsin Legislature.

Things have certainly changed for women in politics. Esther said recently that when she first ran for office, she had three children and almost had to hide them. Her youngest daughter, Pat, traveled around the district with her, playing paper dolls in the back seat of the car.

Esther Luckhardt was truly ahead of her time. In 1969, she championed legislation to allow a woman to retain her surname upon marriage. But, the Governor, feeling the legislation would cause too many problems with credit, vetoed the bill.

Those of us who served with Esther in the Wisconsin Legislature will always remember her for her tireless fight to hold down the drive to increase taxes and spending. Throughout her career, Esther maintained absolute independence and continued to move against the tide in her desire to insure a bright future for the State of Wisconsin. She once said:

When I decided to run for the legislature in 1962, it was to preserve my children's heritage. I wanted to help make and keep Wisconsin a place where my children could thrive and prosper without a heavy burden of taxation.

Mrs. Luckhardt spent 22 years saying "no!"—no to State tax hikes, not to more State spending, and especially no to bonding. As a member of the State building commission, she was tenacious in her belief that Wisconsin should not mortgage the future of our children.

A Republican colleague said of Esther, "She's been our iron woman. Just unbendable. When it came to spending, you really had to justify it."

Things will not be the same in the Wisconsin Legislature without Esther Luckhardt. Her feisty approach to good government will long be remembered by those with whom she served.

Mr. President, as a friend and colleague of Esther's I am pleased to share with my fellow Senators today just a small portion of a long and dedicated career of a truly wonderful woman.

Esther has been a great representative of the people—"her people"—as she calls them. Knowing Esther, I am sure this is not the end of her career—more like a change of direction. I wish her health and happiness in whatever arena she choose to carry her flag.

MESSAGES FROM THE HOUSE

At 1:27 p.m., a message from the House of Representatives was delivered by Mr. Berry, one of its reading clerks, announced that the House had agreed to the following concurrent resolution in which it requests the concurrence of the Senate:

H. Con. Res. 280. Concurrent resolution revising the congressional budget for the U.S. Government for the fiscal year 1984 and setting forth the congressional budget for the U.S. Government for the fiscal years 1985, 1986, and 1987.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message also announced that the Speaker had signed the following enrolled bills and joint resolution:

H.R. 4202. An act to designate the air traffic control tower at Midway Airport, Chicago, as the "John G. Fary Tower";

H.R. 4206. An act to amend the Internal Revenue Code of 1954 to exempt from Federal income tax certain military and civilian employees of the United States dying as a result of injuries sustained overseas;

H.R. 4835. An act to authorize funding for the Clement J. Zablocki Memorial Outpatient Facility at the American Children's hospital in Krakow, Poland; and

H.J. Res. 520. Joint resolution designating April 13, 1984, as "Education Day, U.S.A."

The bills and joint resolution were subsequently signed by the President pro tempore (Mr. THURMOND).

MEASURES REFERRED

The following concurrent resolution was read and referred as indicated:

H. Con. Res. 280. Concurrent resolution revising the congressional budget for the U.S. Government for the fiscal year 1984 and setting forth the congressional budget for the U.S. Government for the fiscal years 1985, 1986, and 1987; to the Committee on the Budget.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-2994. A communication from the Deputy Secretary of Defense transmitting, pursuant to law, a report on DOD civilian strengths and indirect hires as of September 30, 1984; to the Committee on Armed Services.

EC-2995. A communication from the Secretary of Housing and Urban Development transmitting, pursuant to law, a report on section 8 assistance to neighborhood strategy areas; to the Committee on Banking, Housing, and Urban Affairs.

EC-2996. A communication from the Under Secretary of Energy transmitting, pursuant to law, a copy of the Department's energy conservation technology R&D program; to the Committee on Energy and Natural Resources.

EC-2997. A communication from the Tennessee Valley Authority transmitting, pursuant to law, a financial statement and complete report on the business of TVA for fiscal year 1983; to the Committee on Environment and Public Works.

EC-2998. A communication from the Secretary of Labor transmitting, pursuant to law, a report data made available to States to insure that unemployment compensation is not paid to current or retired Federal employees or Federal pensioners; to the Committee on Finance.

EC-2999. A communication from the Chairman of the U.S. Merit Systems Protection Board transmitting, pursuant to law, the annual report of the Board on significant actions of the Office of Personnel Management; to the Committee on Governmental Affairs.

EC-3000. A communication from the Chairman of the Federal Mine Safety and Health Review Commission transmitting, pursuant to law, a report on a new Privacy Act system of records; to the Committee on Governmental Affairs.

EC-3001. A communication from the President of the Inter-American Foundation transmitting, pursuant to law, the Foundation's 1983 Freedom of Information report; to the Committee on the Judiciary.

EC-3002. A communication from the Secretary of Housing and Urban Development transmitting, pursuant to law, a report on the impact of the decentralization of the congregate housing services program; to the Committee on Banking, Housing, and Urban Affairs.

EC-3003. A communication from the Secretary of Commerce transmitting, pursuant to law, the annual report on the activities of the Economic Development Administration for 1983; to the Committee on Environment and Public Works.

EC-3004. A communication from the President of the United States transmitting, pursuant to law, a secret report on the administration's policy on arms control for

antisatellite systems; to the Committee on Foreign Relations.

EC-3005. A communication from the Chairman of the Federal Deposit Insurance Corporation transmitting, pursuant to law, the Corporation's annual Government in the Sunshine report; to the Committee on Governmental Affairs.

EC-3006. A communication from the Deputy Secretary of Defense transmitting, pursuant to law, certain certifications relative to the inertial upper stage program; to the Committee on Armed Services.

EC-3007. A communication from the President and Chairman of the Export Import Bank transmitting, pursuant to law, a report on certain transactions with Communist countries during February 1984; to the Committee on Banking, Housing, and Urban Affairs.

EC-3008. A communication from the Secretary of Energy transmitting, pursuant to law, the annual report on the Department's industrial energy efficiency improvement program for calendar year 1983; to the Committee on Energy and Natural Resources.

EC-3009. A communication from the Secretary of Energy transmitting, pursuant to law, a report on energy projections dated October 1983 and a report on energy projection to the year 2010; to the Committee on Energy and Natural Resources.

EC-3010. A communication from the Secretary of Energy transmitting, pursuant to law, the 1983 annual report of the Bonneville Power Administration; to the Committee on Energy and Natural Resources.

EC-3011. A communication from the Secretary of Energy transmitting, pursuant to law, the fifth annual report on the use of Alcohol in fuels, covering 1983; to the Committee on Energy and Natural Resources.

EC-3012. A communication from the Administrator of the Environmental Protection Agency transmitting, pursuant to law, the third biennial report on methods, procedures, and processes to restore and enhance water quality in our Nation's freshwater lakes; to the Committee on Environment and Public Works.

EC-3013. A communication from the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds transmitting, pursuant to law, the 1984 annual reports on those trust funds; to the Committee on Finance.

EC-3014. A communication from the Comptroller General of the United States transmitting, pursuant to law, a report entitled, "Need To Better Assess Consequences Before Reducing Taxpayer Assistance"; to the Committee on Finance.

EC-3015. A communication from the President of the United States transmitting, pursuant to law, a report on Pakistan's nuclear program; to the Committee on Foreign Relations.

EC-3016. A communication from the Acting Assistant Legal Advisor for Treaty Affairs, Department of State, transmitting, pursuant to law, a report on international agreements, other than treaties, entered into by the United States in the 60-day period prior to March 30, 1984; to the Committee on Foreign Relations.

EC-3017. A communication from the District of Columbia Auditor transmitting, pursuant to law, a copy of the report entitled "Compliance Audit of the District of Columbia Lottery and Charitable Games Control Board"; to the Committee on Governmental Affairs.

EC-3018. A communication from the Deputy Administrator of the Veterans' Administration transmitting, pursuant to law, the annual Freedom of Information Act report of the Veterans' Administration for calendar year 1983; to the Committee on the Judiciary.

EC-3019. A communication from the Director of the Selective Service System transmitting, pursuant to law, the annual Freedom of Information Act report of the System for calendar year 1983; to the Committee on the Judiciary.

EC-3020. A communication from the Chairman of the National Transportation Safety Board transmitting, pursuant to law, the annual Freedom of Information Act report of the Board for calendar year 1983; to the Committee on Judiciary.

EC-3021. A communication from the Secretary of Education transmitting, pursuant to law, final regulations for "Bilingual Education: State Educational Agency Projects for Technical Assistance"; to the Committee on Labor and Human Resources.

EC-3022. A communication from the Deputy Administrator of the Veterans' Administration transmitting a draft of proposed legislation to amend title 38, United States Code, to increase the rates of subsistence and educational assistance allowances for veterans pursuing vocational rehabilitation programs under chapter 31 and for veterans and eligible persons pursuing programs of education under chapters 34, 35, and 36; to make certain improvements in the educational assistance programs for veterans and eligible persons; to repeal the education loan program; and for other purposes; to the Committee on Veterans' Affairs.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM-595. A joint resolution adopted by the Legislature of the State of California; to the Committee on Agriculture, Nutrition, and Forestry.

"ASSEMBLY JOINT RESOLUTION No. 57

"Whereas, Agriculture is nearly a 14 billion dollar industry in California and is the state's number one industry in terms of cash value and productivity; and

"Whereas, Over 1 million Californians are employed in agriculture and other related industries; and

"Whereas, Exports of this state's agricultural products are beneficial to the economy of the state and the balance of payments of this country; and

"Whereas, Agricultural pests represent a serious threat to California's agriculture industry and the state's economy; and

"Whereas, The boll weevil and other pests have caused a significant amount of damage to cotton and other commodities; and

"Whereas, The expense of adequate pest management is cost-effective compared to the costs of handling pest problems resulting from inadequate management; and

"Whereas, Pest exclusion is an essential segment of pest management; and

"Whereas, Pest eradication programs are expensive; and

"Whereas, Recent agricultural pest outbreaks and crises warrant increased pest exclusion and management efforts; now, therefore, be it

"Resolved by the Assembly and the Senate of the State of California, jointly, That the United States Department of Agriculture (U.S.D.A.) increase its agricultural pest inspection activities at California's Mexican border and at California's international points of entry; and be it further

"Resolved, That the U.S.D.A. increase its participation in California's pest eradication programs; and be it further

"Resolved, That the Chief Clerk of the Assembly transmit a copy of this resolution to the President and Vice President of the United States, to the Secretary of Agriculture, and to each Senator and Representative from California in the Congress of the United States."

POM-596. A joint resolution adopted by the Legislature of the State of California; to the Committee on Agriculture, Nutrition, and Forestry.

"ASSEMBLY JOINT RESOLUTION No. 87

"Whereas, The California Legislature recognizes the plant and animal pest and disease problems associated with the large number of visitors expected at the 1984 Olympics in California; and

"Whereas, There will be hundreds of thousands of visitors from throughout the United States and from over 50 foreign countries at the Olympic games; and

"Whereas, Many of these foreign countries have plant and animal pests and diseases that do not exist in California; and

"Whereas, There is a high possiblity that pests and diseases harmful to California's agriculture, forests, and urban areas may be transmitted by organisms carried in food or meat or other articles brought in by these visitors; and

"Whereas, The introduction of foreign pests and diseases could severely damage California's $14 billion agricultural industry, and the state's recreational and urban areas; and

"Whereas, The increased travel to California will make dramatic demands upon resources needed to enforce quarantine requirements at all points of entry into California; and

"Whereas, The need for increased resources is especially critical at seaports and airports; and

"Whereas, Special precautions must be taken to prevent introductions of pests and diseases into California and the United States; now, therefore, be it

"Resolved by the Assembly and Senate of the State of California, jointly, That the Legislature of the State of California respectfully memorializes the United States Department of Agriculture to meet with the California Department of Food and Agriculture and county agricultural commissioners to develop a plan to protect California from pest and disease introductions associated with the 1984 Olympics; and be it further

"Resolved, That the federal government is respectfully memorialized to provide the additional temporary resources to carry out the needed inspections at the airports and other points of entry that will experience increased use in association with the 1984 Olympics to prevent the introduction of foreign pests and diseases into California; and be it further

"Resolved, That the Chief Clerk of the Assembly transmit copies of this resolution to the President and the Vice President of the United States, to the United States Secretary of Agriculture, and to each Senator and Representative from California in the Congress of the United States."

POM-597. A resolution adopted by the House of Representatives of the Commonwealth of Pennsylvania; to the Committee on Agriculture, Nutrition, and Forestry.

"HOUSE RESOLUTION No. 201

"Whereas, the Farmers Home Administration was created to assist low-income rural residents towards purchasing homes; and

"Whereas, the FMHA has in Pennsylvania and in other states implemented foreclosure practices that appear to be more restrictive than local lending institutions; and

"Whereas, this policy has resulted in mortgage foreclosuers of homeowners who are disabled, unemployed or underemployed through no fault of their own and in many instances these homeowners are continuing to make payments towards principal and/or interest; and

"Whereas, this practice appears to be in contradiction to the original intent of the FMHA; therefore be it

"Resolved, That the House of Representatives memorialize the United States Congress to review the current foreclosure practice of the Farmers Home Mortgage Administration; and be it further

"Resolved, That copies of this resolution be transmitted to the presiding officers of each house of Congress and to each member of Congress from Pennsylvania."

POM-598. A resolution adopted by the Legislature of the Territory of Guam; to the Committee on Energy and Natural Resources.

"RESOLUTION No. 397

"Be it resolved by the Legislature of the Territory of Guam:

"Whereas, the patriarch of the Artero family of Guam, Don Pascual Artero Y Saez acquired in the early part of this century extensive property in northern Guam; and

"Whereas, on this over 2000 hectares of land Don Pascual Artero Y Saez established a lumber mill and had a cattle ranch of thousands of heads of cattle and raised over a thousand hogs; and

"Whereas, shortly after World War II, the federal government by authority of Acts of Congress approved August 2, 1946 (Public Law 594, 79th Congress) and May 10, 1948 (Public Law 419, 80th Congress) condemned, *inter alia,* ninety percent (90%) of the Artero property in furtherance of the Base Development Program of the United States of America in Guam; and

"Whereas, there is in existence a United States Executive Order No. 10178 issued circa November 1950 which exempts the Artero property from condemnation by the United States Government; and

"Whereas, the condemned Artero property comprised of 1848 hectares (the Upi property), which is now Andersen Air Force Base and 305 hectares, (the Toguac property), which is now the site of the Naval Communications Master Station; and

"Whereas, the remaining Artero property (beach property known as Urunao, Lot No. 10080) is located adjacent to Northwest Field (inactive) and access to Urunao from the nearest public highway is through land claimed by the federal government; and

"Whereas, the Potts Junction Road which provides access to the Artero property in Urunao Beach is available for use by the Artero family on a restricted basis; and

"Whereas, in the early 1970's Seibu Leisure Industrial (Guam) Inc.'s, offer to build a $50 Million plus hotel and resort complex was thwarted because the U.S. Military claims jurisdiction over the road and claims that such construction and tourist development would jeopardize base security at Andersen Air Force Base and the Naval Communications Master Station; and

"Whereas, the easement requested is at the base of a 200 feet cliff that is relatively flat and at one time granted as access to the Aguero and Flores families; and

"Whereas, the Seventeenth Guam Legislature strongly believes that adequate security for Andersen Air Force Base and Naval Communication Master Station and the economic development of the Artero property and ultimately, of the territory are not mutually exclusive; and

"Whereas, the solution of the existing problem would promote development of private property, increase the territory's tax base and, increase employment and would be in consonance with the economic policy of the Administration; and

"Whereas, the Assistant Secretary of Territorial and International Affairs, Department of Interior, Richard Montoya, has announced a territorial policy of economic diversification including improvement of Guam's tourist industry; and

"Whereas, it would also reduce the territory's dependence over federal support; now, therefore, be it

"Resolved, That the Seventeenth Guam Legislature respectfully requests the President of the United States and the United States Congress to cause appropriate action to be taken to allow unrestricted public use of the Potts Junction road to Ritidian Point, a paved road with restricted access, so as to open up the development of Urunao Beach as a hotel and resort complex; and be it further

"Resolved, That the United States Government provide an alternative to the Artero, Aguero and Flores families for the property that has been inversely condemned by closing the access road to their property by paying just compensation for the inverse condemnation from the time of taking; and be it further

"Resolved, That the territorial policy of the U.S. Department of Interior, that is, economic development of Guam's private sector, be furthered by the removal of the restriction; and be it further

"Resolved, That the Speaker certify to and the Legislative Secretary attest the adoption thereof and that copies of the same be thereafter transmitted to Ronald Reagan, President of the United States; to George Bush, President of the Senate; to the Speaker of the United States House of Representatives, Thomas P. O'Neil; to the Chairman, Committee on Energy and Natural Resources, James A. McClure; to the Chairman, House Committee on Interior and Insular Affairs, Morris Udall; to the Secretary of the Interior; to the Secretary of Defense; to the Secretary of the Air Force; to the Secretary of the Navy; to the Chairman of the House of Representatives Committee on Armed Services; to the Chairman of the Senate Committee on Armed Services; to the Chairman, Subcommittee on Military Construction, Committee on Armed Services; to the United Nations Special Committee on Decolonization; to Congress Antonio B. Won Pat; and to the Governor of Guam."

POM-599. A resolution adopted by the Senate of the State of Washington; to the Committee on Energy and Natural Resources.

"SENATE RESOLUTION 1984-179

"Whereas, The Nuclear Waste Policy Act of 1982 provides for state participation in the planning and development of a high-level radioactive waste repository; and

"Whereas, The Secretary of the United States Department of Energy shall consult and cooperate with the state in an effort to resolve the concerns of such state regarding the public health and safety, environmental, and economic impacts which may result from the location of a high-level radioactive waste repository in the state; and

"Whereas, In order for the state to adequately express its concerns with respect to repository planning and development, it must have access to consultants who are free of any conflict of interest; and

"Whereas, There are a limited number of qualified consultants available for research in the areas pertinent to repository planning and development; and

"Whereas, The hiring of a large number of consultants by the federal government depletes the number of consultants available to the state; and

"Whereas, The state of Washington contracted with the consulting firm of Golder and Associates which resulted in a critical report of the federal government's research and study of the Hanford basalts; and

"Whereas, Following the criticism by Golder and Associates the federal government hired the firm;

"Now, therefore, be it resolved, By the Senate of the state of Washington, That the federal government should refrain from monopolizing the field of available consultants; and

"Be it further resolved, That copies of this resolution be forwarded to the President of the United States, the Secretary of the United States Department of Energy, the President of the United States Senate, the Speaker of the United States House of Representatives, and to the members of the Congressional delegation from Washington State."

POM-600. A resolution adopted by the House of Representatives of the Commonwealth of Pennsylvania; to the Committee on Environment and Public Works.

"HOUSE RESOLUTION No. 199

"Whereas, Existing Federal law prohibits the use of Federal highway funds by states for the construction of toll roads and bridges; and

"Whereas, Pennsylvania is contemplating the construction of major highways and bridges as toll roads and bridges; and

"Whereas, The utilization of Federal funds would greatly aid this endeavor to the betterment of travel conditions for all citizens of the United States and the improvement of the national economy and the economy of the Commonwealth of Pennsylvania; therefore be it

"Resolved, That the House of Representatives of the Commonwealth of Pennsylvania memorialize the Congress of the United States to enact legislation which would permit the utilization of Federal highway fund money for the construction of toll roads and bridges; and be it further

"Resolved, That copies of this resolution be transmitted to the presiding officers of each house of Congress and to each member of Congress from Pennsylvania."

POM-601. A joint resolution adopted by the Legislature of the State of Wyoming; to

the Committee on Environment and Public Works.

"ENROLLED JOINT RESOLUTION No. 1, SENATE

"Whereas, the Army Corps of Engineers and the United States Environmental Protection Agency have claimed that Section 404 of the Clean Water Act allows these federal agencies to determine how much water may be diverted by a water right to permittee from streams and rivers in the State of Wyoming;

"Whereas, Section 101(g) of the Clean Water Act states that the Act shall not supercede, abrogate or impair the water allocation systems and water rights created under state law;

"Whereas, the purposes of the Clean Water Act, and in particular Section 404, is to reduce pollution from dredge and fill activities;

"Whereas, the United States Fish and Wildlife Service is developing plans for the recovery of various species of endangered fish and wildlife that do not consider the effects of state water laws, rights and administration;

"Whereas, the effects of these plans could be to limit and restrict the future use of private water rights, to disregard the priority of private water rights approved under state law and to impose depletion taxes and user fees that are burdensome and unfair;

"Whereas, The United States Congress has ratified and approved various interstate compacts which apportion the water between Wyoming and other states;

"Whereas, the states have relied on these compacts and laws of the United States in creating rights to present and future uses of water within the boundaries of Wyoming and the other signatory states; and

"Whereas, the use of the Clean Water Act and the Endangered Species Act as implemented by the Corps of Engineers, the Environmental Protection Agency, and the United States Fish and Wildlife Service have in effect denied the State of Wyoming the right to develop its water as set forth in various interstate river compacts.

"Now, therefore, be it resolved by the Legislature of the State of Wyoming, That the Congress of the United States amend the Clean Water Act to clearly provide in Section 404 that no determination by the Corps of Engineers or the Environmental Protection Agency under Section 404 be used to prevent or limit the diversion, storage, or beneficial use of water that is authorized by various interstate river compacts as approved by the signatory states and by the United States Congress;

"It is further resolved, That the Congress amend the Endangered Species Act to assure full protection of state water rights and of water allocated or decreed to a state from being diminished or abrogated by conflicts with the Endangered Species Act;

"It is further resolved, That Congress is requested to reaffirm the authority and primacy of state law to regulate, administer and allocate the waters of the respective states; and

"It is further resolved, That copies of this resolution be transmitted by the Secretary of State to the presiding officers of each House of Congress of the United States and to each Senator and Representative in the Congress of the United States."

POM-602. A resolution adopted by the House of Representatives of the Commonwealth of Pennsylvania; to the Committee on Environment and Public Works.

"HOUSE RESOLUTION No. 204

"Whereas, $490,000,000 in embargoed Federal highway funds are scheduled to be released by the Federal Government as a result of legislative enactment of auto emissions inspection legislation; and

"Whereas, Infusion of Federal moneys will result in an estimated 44,000 temporary construction jobs on roads and bridges; and

"Whereas, Unemployment within Pennsylvania has reached massive levels and specifically within locations where construction projects are scheduled; therefore be it

"Resolved, That the House of Representatives memorialize each Senator and Representative from Pennsylvania in the Congress of the United States and the Secretary of the Department of Transportation of the United States to place highest priority upon utilizing Federal highway funds to employ unemployed Pennsylvania residents who live in project areas; and be it further

"Resolved, That the Secretary of the United States Department of Transportation prepare a plan which requires private contractors to employ as much as 20% of the construction work force from among Pennsylvania residents residing within a 50-mile radius of the project area and to give additional preference to selecting unemployed Pennsylvania residents; and be it further

"Resolved, That a copy of this resolution be forwarded to each member of Congress from Pennsylvania and to the Secretary of the United States Department of Transportation."

POM-603. A concurrent resolution adopted by the Legislature of the State of South Carolina; to the Committee on Finance.

"CONCURRENT RESOLUTION

"Whereas, the volume of textile and apparel imports for January, 1984, reached the highest monthly level of imports in history and that this increase, if annualized, would displace some two hundred thousand textile jobs; and

"Whereas, this increase has resulted in an inordinate and unacceptable jump in the textile apparel trade deficit; and

"Whereas, certain foreign countries are exporting textile products to the United States at such an astonishingly lower cost of production for the sole object of obtaining American currency; and

"Whereas, the United States' textile industry is in desperate need of immediate measures to protect the jobs of those employed in the industry. Now, therefore, be it

"Resolved by the Senate, the House of Representatives concurring: That Congress is memorialized to take whatever measures necessary, including the enactment of suitable legislation, to control and equalize the competitive advantage of foreign textile producing and manufacturing interests over domestically produced textile products. Be it further

"Resolved that copies of this resolution be forwarded to the Vice President of the United States, the Speaker of the United States House of Representatives, and each member of the South Carolina Congressional Delegation in Washington, D.C."

POM-604. A resolution adopted by the House of Representatives of the Commonwealth of Pennsylvania; to the Committee on Finance.

"HOUSE RESOLUTION No. 200

"Whereas, Until January 1, 1984, section 127 of the United States Tax Code authorized employers who offered educational programs for their employees to deduct the cost of these programs from the gross income of the employee so that the employee did not have to pay income tax on the cost of the programs; and

"Whereas, This tax incentive enabled employees to take advantage of these educational programs in order to better themselves in today's world. It also benefited the employers by being able to deduct the cost of the programs; and

"Whereas, The House of Representatives of the Commonwealth of Pennsylvania would like Congress to extend this worthwhile program; therefore be it

"Resolved, That the House of Representatives of the Commonwealth of Pennsylvania memorialize Congress to extend the provisions of section 127 of the United States Tax Code for an additional five years; and be it further

"Resolved, That copies of this resolution be transmitted to the presiding officers of each House of Congress and to each Member of Congress from Pennsylvania."

POM-605. A joint resolution adopted by the Legislature of the State of Maine; to the Committee on Governmental Affairs.

"JOINT RESOLUTION

"We, your Memorialists, the Senate and House of Representatives of the State of Maine in the Second Regular Session of the One Hundred and Eleventh Legislature now assembled, most respectfully present and petition the Honorable William F. Bolger, as follows:

"Whereas, there is a deep and meaningful pride in the Acadian cultural heritage that descends from the valley of the mighty St. John, the grandest river of the north; and

"Whereas, this Nation and this State have been truly enriched by a small group of French Acadians, who pioneered the broad and fertile banks of a new world in June of 1785; and

"Whereas, history recalls Jean Baptiste Sire as founder of the movement which led to settlement and inevitably to a treaty establishing the northern border of Maine and our great Nation along the southern banks of the St. John River; and

"Whereas, within the scenic splendor of this beautiful valley, communities sprang up of Acadian ancestry which have reached out across the land providing outstanding contributions and leadership; and

"Whereas, it would be a fitting tribute to the architect Jean Baptiste Sire and the French Acadian founders of the new world on the 200th anniversary of their historic settlement of the St. John Valley to issue a special stamp commemorating the French Acadians of St. John Valley; and be it

"Resolved: That we, your Memorialists, in view of these historic pioneers of the New World and their record of accomplishments, recommend and urge the Honorable William F. Bolger, Postmaster General of the United States, to take appropriate action by ordering the issuance of a special stamp commemorating the Acadians of St. John Valley; and be it further

"Resolved: That copies of this Memorial, duly authenticated by the Secretary of State, be immediately transmitted by the Secretary of State to the Honorable William F. Bolger, Postmaster General of the United States, the President of the United States, the Speaker of the House of Representatives and the President of the Senate of the

United States Congress and to each Member of the Maine Congressional Delegation."

POM-606. A resolution adopted by the Council of the City of Philadelphia, Pa., relating to Immigration and Naturalization Service, and to grant asylum to Michael O'Rourke; to the Committee on the Judiciary.

POM-607. A resolution adopted by the House of Representatives of the Commonwealth of Massachusetts; to the Committee on Labor and Human Resources.

"RESOLUTION

"Whereas, the policy of deinstitutionalization has resulted in the presence of many mentally ill persons on the skid rows of America without shelter; and

"Whereas, the inhumane situation calls for remedy now; therefore be it

"*Resolved*, That the Massachusetts House of Representatives urges the Congress of the United States to enact legislation that would replace the requirement for "least restrictive setting" in the standard care for a mental patient to one of "optimum therapeutic setting" and to put the responsibility on the States for insuring the chronically mentally ill receive appropriate care; and be it further

"*Resolved*, That copies of these resolutions be forwarded by the clerk of the House of Representatives to the Presiding Officer of each branch of Congress and to the Members thereof from this Commonwealth."

POM—608. A resolution adopted by the Board of Directors of the California Republican Assembly addressing various issues; ordered to lie on the table.

POM—609. A joint resolution adopted by the Legislature of the State of Colorado; to the Committee on Environment and Public Works:

"HOUSE JOINT RESOLUTION No. 1012

"Whereas, The construction and maintenance of highways and highway systems is an expensive and time-consuming proposition, requiring years of planning and millions of dollars of expenditures; and

"Whereas, Flexibility in financing mechanisms is a necessary adjunct to the ability of the state to provide for such highway construction and maintenance; and

"Whereas, State and local governmental entities should be encouraged to develop innovative means by which to provide for the expense of developing highway systems, including the utilization of user-related fees such as highway tolls; and

"Whereas, Under the current language of Sections 301 and 129 of Title 23 of the United States Code, the use of such innovative financing has been severely restricted because of requirements imposed on the use of federal moneys for funding highway projects; and

"Whereas, The said section 301 of Title 23 requires that, with few exceptions, all highways constructed with federal funds shall be free from tolls of all kinds; and

"Whereas, Under procedures followed by the Federal Highway Administration, if a toll is imposed on a highway that has been wholly or partially constructed with federal funds, a state must pay back to the federal government any federal funds that had been used to construct such highway and, furthermore, the highway would no longer be eligible for future federal funding; and

"Whereas, Increasingly, state and local governments may find it necessary to turn to revenue sources such as the imposition of tolls to repay bonds issued for the purpose of financing and constructing transportation improvements; now, therefore,

"Be it resolved by the House of Representatives of the Fifty-fourth General Assembly of the State of Colorado, the Senate concurring herein:

"That Congress is hereby urged to amend the provisions of Title 23 of the United States Code and the rules and regulations promulgated relative thereto in order to ease the restrictions and prohibitions on the use of federal moneys so that such moneys can be made available for use in financing highways on which tolls may be imposed.

"Be it further resolved, That copies of this Resolution be transmitted to the President of the Senate and the Speaker of the House of Representatives of the Congress of the United States and to each member of Congress from the state of Colorado."

REPORTS OF COMMITTEES RECEIVED DURING RECESS

Under the authority of the order of the Senate of April 5, 1984, the following reports of committees were submitted on April 6, 1984:

By Mr. WEICKER, from the Committee on Small Business, with amendments:

S. 2487: A bill to provide for a White House Conference on Small Business (Rept. No. 98-380).

By Mr. HATCH, from the Committee on Labor and Human Resources, with an amendment in the nature of a substitute:

S. 2303: A bill to revise and extend the Alcohol and Drug Abuse and Mental Health Services Block Grant (with additional views) (Rept. No. 98-381).

By Mr. HATCH, from the Committee on Labor and Human Resources, with an amendment in the nature of a substitute:

S. 2048: A bill to provide for the establishment of a task force in organ procurement and transplantation and an organ procurement and transplantation registry, and for other purposes (Rept. No. 98-382).

By Mr. McCLURE, from the Committee on Energy and Natural Resources, with amendments:

S. 1329: A bill to extend until October 1, 1993, the authority for appropriations to promote the conservation of migratory waterfowl and to offset or prevent the serious loss of wetlands and other essential habitat, and for other purposes (with minority views) (Rept. No. 98-383).

By Mr. STAFFORD, from the Committee on Environment and Public Works, without amendment:

S. 2460: A bill to designate a Federal building in Augusta, Maine, as the "Edmund S. Muskie Federal Building" (Rept. No. 98-384).

S. 2461: A bill to designate a Federal building in Bangor, Maine, as the "Margaret Chase Smith Federal Building" (Rept. No. 98-285).

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. THURMOND, from the Committee on the Judiciary, with an amendment:

S. 1806. A bill to recognize the organizations known as the Jewish War Veterans of the United States of America, Incorporated (Rept. No. 98-386).

By Mr. DOLE, from the Committee on Finance, with an amendment in the nature of a substitute:

H.R. 4325. An act to amend part D of title IV of the Social Security Act to assure, through mandatory income withholding, incentive payments to States, and other improvements in the child support enforcement program, that all children in the United States who are in need of assistance in securing financial support from their parents will receive such assistance regardless of their circumstances, and for other purposes (Rept. No. 98-387).

By Mr. ANDREWS, from the Select Committee on Indian Affairs, without amendment:

S. Res. 365. An original resolution authorizing expenditures by the Select Committee on Indian Affairs; referred to the Committee on Rules and Administration.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. HEINZ:

S. 2542. A bill to suspend until July 1, 1987, the duty on lace braiding machines and parts thereof; to the Committee on Finance.

By Mr. STEVENS (for himself, Mr. MURKOWSKI, and Mr. ABDNOR):

S. 2543. A bill for the relief of Leroy W. Shebal of North Pole, Alaska; to the Committee on Energy and Natural Resources.

By Mr. ABDNOR (for himself and Mr. DECONCINI):

S. 2544. A bill to amend section 3056 of title 18, United States Code, to update the authorities of the U.S. Secret Service, and for other purposes; to the Committee on Finance.

By Mr. HELMS:

S. 2545. A bill to amend the National School Lunch Act and the Child Nutrition Act of 1966 to reform and extend certain nutrition programs, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. DECONCINI (for himself, Mr. CRANSTON, Mr. RANDOLPH, and Mr. MATSUNAGA):

S. Res. 364. A resolution expressing the sense of the Senate that certain recommendations of the President's Private Sector Survey on Cost Control relating to the Veterans' Administration health care system should be rejected as a matter of national policy; to the Committee on Veterans' Affairs.

By Mr. ANDREWS (from the Select Committee on Indian Affairs):

S. Res. 365. An original resolution authorizing expenditures by the Select Committee on Indian Affairs; to the Committee on Rules and Administration.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. STEVENS:

S. 2543. A bill for the relief of Leroy W. Shebal of North Pole, Alaska; to the Committee on Energy and Natural Resources.

RELIEF OF LEROY W. SHEBAL

Mr. STEVENS. Mr. President, this bill would direct the Secretary of the Interior to sell a parcel of land within the White Mountains National Recreational Area to Leroy Shebal of North Pole, Alaska.

Leroy filed on this land under the Small Tract Act in 1958. He was given a lease on the land in 1960. Five years later, the Bureau of Land Management offered to sell the land to Leory for $650. Leroy was unable to accept the offer at that time because of an illness in his family. He was given assurances that the offer to sell would remain open until his financial situation improved.

In September 1971, Leroy accepted the BLM's offer to sell the land. The BLM failed to process Leroy's acceptance in a timely fashion As a result, before the BLM took any action to reclassify the land and sell it to Leroy, a public land order prohibiting land sales in the Beaver Creek area was promulgated. A year and half later after he had written to BLM, Leroy received a letter from the agency rejecting his acceptance.

The public land order that prevented the BLM from selling the Beaver Creek parcel is no longer in effect. The Alaska National Interest Lands Conservation Act of 1980, however, included Beaver Creek in the National Wild and Scenic Rivers System. The Wild and Scenic Rivers Act prohibits the sale of any land within the System.

Mr. President, for more than two decades, Leroy Shebal has operated an environmentally sound guiding operation on Beaver Creek. He has made substantial improvements to the property he leased from the Federal Government in reliance on the assurances of the Bureau of Land Management that he would eventually be able to purchase the property. He has done eveything possible to meet the terms of the BLM's offer of sale. It would be a grave injustice if Congress did not act to authorize the sale of the Beaver Creek property to him.

By Mr. ABDNOR (for himself and Mr. DECONCINI):

S. 2544. A bill to amend section 3056 of title 18, United States Code, to update the authorities of the U.S. Secret Service, and for other purposes; to the Committee on Finance.

UPDATING THE AUTHORITIES OF THE SECRET SERVICE

Mr. ABDNOR. Mr. President, I am today introducing a bill which would repeal section 3056, title 18, United States Code, as it is presently constituted and replace it with a new, more easily referenced section for purposes of clarity; remove the gender specific terminology relating to protection of the President and others by the Secret Service; and modify the criminal investigative jurisdiction of the Service to keep pace with new technology.

Since the original codification of section 3056 over 30 years ago, it has been modified on numerous occasions through insertion of additional language and the passage of supplementary uncodified provisions. Consequently, section 3056 is one, 66-line, 3-sentence section in the United States Code.

This change is a re-creation of the current section, solely to provide a new, more easily referenced style. It in no way modifies current protective duties of the Secret Service. It for the first time provides a "listing" of Secret Service protectees in one easily identifiable portion of the Code.

The final part of the bill modifies the criminal investigation jurisidiction of the Secret Service in order to assure that it keeps pace with current criminal activity. The Secret Service has traditionally investigated all financial crimes affecting the Treasury. In the past these violations involved currency, coins, and securities. This is no longer the only threat to the Treasury.

Electronic fund transfer mechanisms, for instance, are well on the way to becoming the primary conduit for the payment of Government obligations, replacing the traditional Treasury check. In order to meet the challenge of criminal activity in this area, the Treasury Department has taken the administrative action necessary to be certain that the Secret Service remains engaged in protecting the assets of the United States. Due to the somewhat obscure nature of the Secret Service's authorizing legislation in this area, however, it is not entirely clear that Congress has authorized that the necessary criminal investigations be performed by that agency. This proposal would make absolutely clear the fact that the Secret Service is authorized to conduct criminal investigations of, make arrests in, and present for prosecutorial consideration, cases relating to electronic fund transfer frauds.

This proposal would also authorize the Secret Service to conduct investigations in the areas of credit and debit card fraud and the use, manufacture, or dealing in false identification documents. While on first impression, it might seem that these would be totally new areas of activity for the Secret Service, a more careful analysis reveals that this is not the case. The history of Secret Service investigations demonstrates, not surprisingly, that individuals engaging in crimes relating to Government obligations and securities routinely require false identification documents to complete their misdeeds. Further, and again not surprisingly, their criminal activity extends into alined areas of financial crime such as credit and debit card fraud.

Mr. President, I ask unanimous consent that my statement and the text of the bill be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 2544

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 3056 of title 18, United States Code, is amended to read as follows:

"§ 3056. Powers, authorities, and duties of United States Secret Service

"(a) Under the direction of the Secretary of the Treasury, the United States Secret Service is authorized to protect the following persons:

"(1) The President, the Vice President (or other officer next in the order of succession to the Office of President), the President-elect, and the Vice President-elect.

"(2) The immediate families of those officers listed in paragraph (1).

"(3) Former Presidents and their spouses for their lifetimes, except that protection of a spouse shall terminate in the event of remarriage.

"(4) Children of a former President who are under sixteen years of age.

"(5) Visiting heads of foreign states or foreign governments.

"(6) Other distinguished foreign visitors to the United States and official representatives of the United States performing special missions abroad when the President directs that such protection be provided.

"(7) Major Presidential and Vice Presidential candidates and, within one hundred and twenty days of the general Presidential election, the spouses of such candidates. As used in this paragraph, the term 'major Presidential and Vice Presidential candidates' means those individuals identified as such by the Secretary of the Treasury after consultation with an advisory committee consisting of the Speaker of the House of Representatives, the minority leader of the House of Representatives, the majority and minority leaders of the Senate, and one additional member selected by the other members of the committee.

The protection authorized in paragraphs (2) through (7) may be declined.

"(b) Under the direction of the Secretary of the Treasury, the Secret Service is authorized to detect and arrest individuals committing any offense against—

"(1) sections 508, 509, 510, 871, and 879 of this title and, with respect to the Federal Deposit Insurance Corporation, Federal land banks, and Federal land bank associations, sections 213, 216, 433, 493, 657, 709, 1006, 1007, 1011, 1013, 1014, 1907, and 1909 of this title;

"(2) the laws of the United States relating to coins, obligations, and securities of the United States and of foreign governments; or

"(3) the laws of the United States relating to electronic fund transfer frauds, credit and debit card frauds, and false identification documents or devices; except that the exercise of the authority conferred by this paragraph shall be subject to the agreement of the Attorney General and the Secretary

of the Treasury and shall not affect the authority of any other Federal law enforcement agency with respect to those laws.

"(c)(1) Under the direction of the Secretary of the Treasury, the Secret Service is authorized to—

"(A) execute warrants issued under the laws of the United States;

"(B) carry firearms;

"(C) make arrests without warrant for any offense against the United States committed in their presence, or for any felony cognizable under the laws of the United States if they have reasonable grounds to believe that the person to be arrested has committed or is committing such felony;

"(D) offer and pay rewards for services and information leading to the apprehension of persons involved in the violation or potential violation of those provisions of law which the Secret Service is authorized to enforce;

"(E) pay expenses for unforeseen emergencies of a confidential nature under the direction of the Secretary of the Treasury and accounted for solely on the Secretary's certificate; and

"(F) perform such other functions and duties as are authorized by law.

"(2) Funds expended from appropriations available to the Secret Service for the purchase of counterfeits and subsequently recovered shall be reimbursed to the appropriations available to the Secret Service at the time of the reimbursement.

"(d) Whoever knowingly and willfully obstructs, resists, or interferes with a Federal law enforcement agent engaged in the performance of the protective functions authorized by this section or by section 1752 of this title shall be fined not more than $1,000 or imprisoned not more than one year, or both.".

(b) The table of contents of chapter 203 of title 18, United States Code, is amended by striking out the item relating to section 3056 and inserting in lieu thereof the following:

"3056. Powers, authorities, and duties of United States Secret Service.".

SEC. 2. The joint resolution entitled "Joint resolution to authorize the United States Secret Service to furnish protection to major presidential or vice presidential candidates", approved June 6, 1968 (18 U.S.C. 3056 note), is repealed.

SEC. 3. (a) Section 879(b)(2) of title 18, United States Code, is amended by striking out "the first section of the joint resolution entitled 'Joint resolution to authorize the United States Secret Service to furnish protection to major Presidential or Vice Presidential candidates,' approved June 6, 1968 (18 U.S.C. 3056 note);" and inserting in lieu thereof "subsection (a)(7) of section 3056 of this title".

(b) Section 1752(f) of title 18, United States Code, is amended to read as follows:

"(f) As used in this section, the term 'other person protected by the Secret Service' means any person authorized by section 3056 of this title to receive the protection of the United States Secret Service when such person has not declined such protection.".

By Mr. HELMS:

S. 2545. A bill to amend the National School Lunch Act and the Child Nutrition Act of 1966 to reform and extend certain nutrition programs, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

NUTRITION PROGRAMS REFORM ACT

● Mr. HELMS. Mr. President, I am today introducing the Nutrition Programs Reform Act, consistent with the congressional mandate to insure that Federal tax dollars are directed to those in greatest need.

Numerous changes are incorporated with respect to the summer food service program. This program, which currently operates at an annual cost of $110 million—for 4 months during the summer—is insufficiently targeted toward poor children. Currently, any child presenting himself to a summer food service program must be served a meal. There is no verification of need.

Mr. President, the program has been plagued with reported abuses. Reforms enacted in the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35) have fallen short of expectations.

Changes recommended in the special supplemental food program for women, infants, and children (WIC) are also designed to insure that the structure of the existing program is increasingly focused on needs of mothers and infants from poor families. Additionally, detailed Federal requirements prescribed in the law are reduced to provide greater flexibility to the States in administering the program. Funding for administrative expenses is reduced from 20 to 15 percent of overall State costs. This will insure that a greater percentage of funds is spent on direct assistance to recipients, rather than on administrative functions.

The separate program providing Federal funding for State administrative expenses for the various child nutrition programs is eliminated. The Federal Government already provides substantial funding for these programs through generous reimbursement rates. Reducing the Federal support for administrative expenses will encourage States to undertake greater efficiencies in their administration of these programs or to invest State tax dollars in these administrative expenses.

SUMMER FOOD SERVICE PROGRAM

Mr. President, the summer food service program—often referred to as the summer feeding or summer food program—operates during the months of May through September to provide meals and a snack to children age 18 and under in certain areas of the United States. It also operates in Puerto Rico, the Virgin Islands, and Guam.

The program may operate in geographical areas where one-half or more of the children are eligible for free or reduced-price lunches, that is, have family incomes at or below 185 percent of poverty, or $18,315 for a family of four, effective July 1, 1983 through June 30, 1984. Camps are also eligible.

Meals are served free to all participants, and are limited to two meals a day—lunch and either breakfast or a snack.

At the present time, the summer food service program operates as an entitlement program. The Federal Government currently reimburses the site a minimum of $146.5 per meal for any child, regardless of household income, who comes to an eligible summer food site. The sites themselves must be accepted into the program if they meet federally established criteria.

The number of Federal programs operating as entitlement programs has grown enormously in the past decade. This has greatly contributed to the spiraling rate of Federal spending. The first, fundamental reform included for the summer food program is that the program's entitlement nature is changed. Rather, the program would be converted to an authorization program, in which the program's operational level would be limited to the amount appropriated.

There is no rationale for permitting this program to operate; in effect, as an entitlement. Congressional oversight will be increased by conversion to a regular appropriated program, permitting the Appropriations Committees to review the program and to recommend funding levels they deem appropriate.

Indeed, the folly of the entitlement nature can be seen from the experience from 1981. The Congressional Budget Office expected savings from the 1981 program changes to be $85 million, from projected expenditures of $142 million, resulting in an approximately annual cost of $57 million in fiscal year 1982. However, in actuality, the program reductions were much more modest—$53 million—leaving the annual cost at $89 million, $32 million more than had been anticipated. Because of the entitlement nature of the program, little could be done, especially expeditiously, to modify—that is, lower—the program's cost in conformity with the intent of the 1981 reconciliation legislation.

The second fundamental shift in the program that needs to be made is the imposition of a "means test" to insure that Federal expenditures are targeted to the poor. In many areas of the country, nonpoor children live in close proximity to summer food programs, although the programs themselves are supposed to be located in poor areas. At the present time there is no safeguard to insure that the individuals served by the program are truly poor. Under the bill, an individual means test will replace the existing geographical area designation for the operation of the summer food service program.

The summer food service program is one of only two food and nutrition programs which does not have an

income-based means test for individual participants. I introduced legislation last fall, S. 1994, to institute a means test for the only other program, the day care home component of the child care food program.

One of the most important developments in child nutrition legislation over the past decade has been to improve the targeting of benefits to poor children. In fiscal year 1970, about 22 percent of all child nutrition program expenditures were provided for programs that had a Federal income test. By 1980, this proportion had grown to approximately 58.3 percent of total child nutrition expenditures. Last year, the proportion of expenditures provided for income-tested programs was about 73 percent.

The implementation of an income-based means test in the summer program—as well as that recommended in S. 1994 for the day care portion of the child care food program—will continue this trend.

Under the guidelines provided in this legislation, children eligible for free lunches under the National School Lunch Act would continue to be eligible for receipt of free meals in the summer food service program. Currently, the eligibility for free lunches is 130 percent of the OMB income poverty guidelines. Those guidelines, as compared with 100 percent of poverty, are shown in the following table:

INCOME ELIGIBILITY STANDARDS FOR FREE AND REDUCED-PRICED LUNCHES IN THE SCHOOL LUNCH PROGRAM [1]

[July 1, 1983—June 30, 1984]

Household size	130 percent (free)		185 percent (reduced price)		100 percent	
	Month	Year	Month	Year	Month	Year
1	$527	$6,318	$4,750	$8,991	$405	$4,860
2	709	8,502	1,009	12,099	545	6,540
3	891	10,586	1,268	15,207	685	8,220
4	1,073	12,870	1,527	18,315	825	9,900
5	1,255	15,054	1,786	21,423	965	11,580
6	1,437	17,238	2,045	27,639	1,245	14,940
7	1,619	19,422	2,304	27,639	1,245	14,940
8	1,801	21,606	2,563	30,747	1,385	16,620
Each additional	+182	+2,184	+259	+3,108	+140	+1,680

[1] The eligibility standards that exist for the lunch program also apply with regard to the school breakfast program and to child care centers participating in the child care food program.

Approximately 43 percent of the children receiving federally subsidized school lunches receive them free of charge. Thus, this would be the eligible group of children who could receive free summer meals. Younger children who receive free lunches in child care centers, rather than schools, also would be eligible for free summer meals.

Also, 17 States that currently request the Federal Government to operate the summer food service program in their States would be required to assume State administration of the program. Effective with the summer of 1985, the Federal Government would no longer administer the program. If States really believe that this program is worthwhile, they should be willing to assume the responsibility for its operation. They will no longer be able to turn over such duties to the Federal Government.

The elimination of the direct Federal administration of the summer program has been recommended in the past by the Inspector General of the Department of Agriculture. He has noted that USDA does not have the staff to operate the summer program in all of the States where now required to do so and to deal with literally thousands of local summer food sponsors. Because of the present situation, the Department has been compelled to reduce essential efforts to monitor and enforce compliance with program rules and to reduce overpayment and waste.

The Omnibus Reconciliation Act of 1981 eliminated the ability of States to foist off management of all food and nutrition programs to the Federal Government. Only States that were not operating the programs on October 1, 1980, could continue to require the Federal Government to undertake such administrative responsibility. However, those States that were grandfathered in by the 1980 date still maintain the ability to require the Federal Government to assume responsibility for operating the program.

States appear particularly unwilling to assume operation of the summer food service program. Currently, 17 States do not operate the program, but rather require Federal administration. This appears to indicate that as many as a third of the States question the very worth of the program.

Under the bill, the summer food service program would be permitted to operate only in schools and summer camps. Both the General Accounting Office and the Office of Inspector General have noted that schools are most capable of handling the processing of summer lunches. School cafeterias are obviously equipped to handle regular meal preparation and can be readily used in the summer. Indeed, over 40 percent of all meals currently served in the summer program are served in schools. However, this legislation will require that all meals be served through schools and eligible camps.

The General Accounting Office has noted in the past that many sites, particularly nonschool sites, had inadequate food service and food storage facilities. Sanitation is obviously a concern in such situations. Schools have acceptable facilities because of their use in the school lunch program. Additionally, camps generally have comparable cafeteria facilities.

Meals prepared will be reimbursed by the Federal Government at the same cash rate as if provided for free meals in the school lunch program, currently $120.25 or $122.25 in certain schools. Because participation would be limited primarily to schools, there will no longer be the need for the high administrative payments which are currently in place to compensate for the higher costs of preparing meals and transporting them to nonfood service locations.

Lastly, the program will be restricted to serving only lunches. While the vast majority of meals served in the current program—approximately 77 percent—are for lunch, some summer program sites also service either breakfast—13 percent—or a snack—10 percent. In order to provide better nutrition, the program's operation will be limited to the provision of lunches, which will meet the nutritional criteria prescribed by the Secretary.

The combined effects of this retargeting of benefits should be to reduce the expense of the program considerably, while insuring that the most needy children are served.

At the same time, these reforms should also reduce the overall program costs, possibly by as much as half. I am recommending a reauthorization level of $60 million for fiscal year 1985, to insure that the program has sufficient flexibility to operate with these changes.

SPECIAL SUPPLEMENTAL FOOD PROGRAM FOR WOMEN, INFANTS, AND CHILDREN

With regard to the WIC program, the primary purpose of the recommended changes is to provide better targeting of Federal dollars to those recipients most in need. Indeed, there is a need to know more about those who are already participating in the program. While the total number of participants is known, we know very little about whether the program is serving primarily the poorest potential recipients and those at greatest nutritional risk. Inasmuch as eligibility extends to 185 percent of poverty, almost $18,315 for a family of four, it is important, in my view, that primary concern should be given to those in greatest need, such as those below 100 percent of poverty and those at greatest nutritional risk.

Additionally, it is important that the program concentrate on serving low-income pregnant women, breastfeeding women, and infants, the highest priority groups under the current regulations. The General Accounting Office has recently conducted a thorough review of existing studies on the WIC program, entitled "WIC Evaluations Provide Some Favorable but No Conclusive Evidence on the Effects Expected for the Special Supplemental Program for Women, Infants, and Children," January 30, 1984. While most of the evidence regarding the effectiveness of the program is inconclusive at best, it seems reasonable that whatever beneficial impact may occur

from program participation is most likely to occur among these highest risk, and thus highest priority, participants.

However, the current funding formula rewards States that have high numbers of participants, regardless of their relative need. For instance, the food packages for pregnant and breastfeeding women, two of the highest priority groups, are the most expensive. Thus, less people, although of higher priority, can be served for a given amount of money than if, say, older children are served by the program; food packages for such children are less expensive. States have responded to the present allocation system by concentrating on numbers of recipients, rather than the degree of need. It is not at all unusual, for instance, to have situations in which less than half of a State's caseload is in the highest priority category.

Given the present budget situation, it is imperative that States target available dollars to those most in need. Therefore, one of the fundamental changes which is recommended is that the Secretary allocate half of the WIC appropriation based on the percentage of each State's recipients who are at greatest need. This will encourage States to target assistance based on actual need rather then simply trying to amass large caseloads, often comprised of individuals with less nutritional priority.

Other aspects of the legislation are also formulated in such a way as to provide maximum use of Federal tax dollars to benefit needy recipients. Administrative costs can be, and should be reduced, in combination with a reasonable reduction in unnecessary Federal requirements currently required by existing law and regulations. The bill provides for much greater flexibility in the administration of the program while reducing the allowable administrative expenses from the present level of 20 percent to 15 percent.

It should be noted that 15 percent for administrative costs is the same percentage that is permitted in a somewhat similar program, the commodity supplemental food program, in which actual commodities are furnished to recipients. Additionally, the 15-percent figure is a reasonable midpoint between the present level of 20 percent and the original—pre-1975—level of 10 percent which had been permitted. The administration has announced its intention to recommend an 18-percent figure which while an improvement, is still somewhat too high in my judgment.

Under the bill, the Secretary would be given the authority to establish minimum sizes for State agencies. This has become necessary because of the proliferation of Indian agencies permitted to participate. While I have no difficulty in permitting separate Indian administrative units where it is cost effective to do so, clearly it is not cost effective in a number of current situations. Several of the present Indian agencies spend over half of their entire WIC budget in administrative costs. The establishment of minimum size agencies will not affect those larger Indian agencies where a separate entity may be cost effective and provides an agreeable arrangement with both the Indian tribe and the State agency. However, in the case of smaller Indian agencies, it would be more efficient and cost effective if those agencies were combined with the predominant State agency.

Similarly, the present situation in which the WIC program operates alongside the commodity supplemental food program in several cities is not cost effective. The duplicate administrative structures for the two programs simply increase the administrative costs associated with the programs without improving service to needy recipients. The proposed legislation would eliminate this overlap in structure and prompt areas to select one program or the other to operate in one geographic area.

Because the Department of Agriculture has contracted for a major evaluation of the WIC program, the bill would extend the program for 1 year. This will enable the Congress to reevaluate the existing program in light of the findings of that study, which is expected to be completed later this calendar year.

For this reason, the bill does not change fundamental aspects of the program, but rather are aims at administrative simplification, a reduction of administrative expenses, and improved targeting of benefits.

SECTION 32 COMMODITY DONATIONS

The legislation continues for another year the provision of current law which requires the use of certain agricultural support funds—section 32 funds—to purchase commodities for most child nutrition programs and for elderly nutrition programs. The commodities so purchased by the U.S. Department of Agriculture are those needed to meet the annually programed level of commodity assistance mandated for these programs by other provisions of law. For instance, currently 11.5 cents per meal is provided in commodities for each school lunch.

The commodity distribution program requires the use of section 32 funds to finance the purchase of most of the commodities mandated for these programs. Section 32 of the act of August 24, 1935, sets aside an amount equivalent to 30 percent of gross customs receipts for, among other things, removal of agricultural surpluses, increased domestic food consumption, and food assistance to low-income populations.

Generally, the majority of mandated commodities for child nutrition programs are purchased with section 32 funds. In fiscal year 1983, $365.4 million of the total 460 million dollars' worth of commmodity assistance mandated for child nutrition programs was financed with section 32 funds. The remaining commodities were purchased with child nutrition program account funds. For fiscal year 1984, $365.4 million in section 32 funds are again expected to be used to meet the commodity assistance mandate for child nutrition programs.

These commodities should not be confused with bonus commodities that are also provided to these child nutrition programs and for other purposes if available and requested. These bonus commodities are agricultural products that are acquired by the Department of Agriculture as a result of unexpected surpluses, or as is the case for dairy products, because of large Commodity Credit Corporation holdings. The primary bonus commodities provided in recent years have been dairy commodities such as cheese and butter.

STATE ADMINISTRATIVE EXPENSES

The legislation terminates any further Federal payments for State administrative expenses in connection with most child nutrition programs. States operated the school lunch program for 20 years, until 1966, without such funding, and could be expected to do so again. While this funding may have been helpful in establishing the programs which are relatively new—school breakfast and child care food—the need for continuing such funding is questionable. The Federal Government already provides extremely generous benefits in the form of Federal reimbursement rates for the breakfast, lunch, and child care food programs.

States have not contributed much in State funds to these programs. Indeed, because of the continued Federal support, there has been little incentive for the development of improved administrative structures within the States. The elimination of this funding should provide incentives for the States to improve their administration, or to bear the financial burden for their existing administrative expenses.

NUTRITION EDUCATION AND TRAINING

The legislation also terminates the nutrition education and training program (NET). The original purpose of this program was to provide seed money for the States to begin or augment existing nutrition education programs. In the years since the program was initiated in 1977, these programs have become well established. It is now appropriate that the States should take over funding of this program and decide the appropriate State commitment for NET program operations.

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It should also be noted that the program primarily provides staffing at the State level for nutrition education programs, with a minimum of actual curriculum development. In some cases, it appears that States have simply substituted federally funded positions for those that were previously State funded.

STATE OPTION BLOCK GRANTS FOR CHILD NUTRITION

While this legislation was being developed, the President's Task Force on Food Assistance made its recommendations which were presented to the President on January 10. The most significant recommendation was that all food and nutrition programs should be incorporated into a State option block grant.

Even prior to the task force recommendation, I wrote—in December—to each State WIC director seeking counsel on the possibility of permitting a State option block grant for the WIC program, and especially about the possibility of consolidation with the material and child health block grant currently operated through the Department of Health and Human Services.

In light of the task force recommendations, I am now refining that proposal, and plan to introduce a State option block grant for the WIC and summer food service programs, both of which currently expire at the end of fiscal year 1984, and for the other child nutrition program—school lunch, school breakfast, and the child care food program. I have already introduced legislation, similar to that which the task force recommended, for the food stamp program, S. 1279, the Food Stamp Optional Block Grant Act.

I am convinced that the suggestion of the task force is a positive one that can improve the Federal Government's commitment to assisting low-income families with food assistance. For those States that wish to continue with the existing Federal programs, the reforms contained in this legislation should improve the administration of the programs, the taxpayers' confidence in them, and the service to those low-income families who are truly in need of federally sponsored assistance.

I ask unanimous consent that the text of the bill and a summary of its provisions be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 2545

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Nutrition Programs Reform Act".

TITLE I—SUMMER FOOD SERVICE PROGRAM FOR CHILDREN SERVICE INSTITUTIONS

SEC. 101. (a) Clause (B) of the second sentence of section 13(a)(1) of the National School Lunch Act (42 U.S.C. 1761(a)(1)(B)) is amended to read as follows: "(B) 'service institutions' means public or private nonprofit school food authorities, and residential public or private nonprofit summer camps, that develop special summer or school vacation programs providing food service similar to that made available to children during the school year under the school lunch program under this Act;".

(b)(1) Section 13(a) of such Act is amended—

(A) by striking out "local schools or" in paragraph (4)(A);

(B) by striking out "or reduced price" in paragraph (5); and

(C) by striking out paragraph (6).

(2) The second sentence of section 13 (f) of such Act is amended by striking out "or reduced price".

OUTREACH

SEC. 102. Section 13 (a)(4) of the National School Lunch Act (42 U.S.C. 1761(a)(4)) is amended by striking out the second sentence.

INCOME ELIGIBILITY REQUIREMENT

SEC. 103. (a) Section 13 (a) of the National School Lunch Act (42 U.S.C. 1761 (a)) (as amended by section 101 (b)(1)(C) of this Act) is further amended by adding at the end thereof the following new paragraph:

"(6) A child shall be eligible to be served a free lunch under this section if—

"(A) the income of the household of which the child is a member does not exceed the applicable income guidelines for determining eligibility for free lunches prescribed under section 9(b)(1); or

"(B) the child was served free lunches under this Act during the school year ending during the year in which the program is conducted.".

(b) Section 13 (a) of such Act is further amended—

(1) in the second sentence of paragraph (1)—

(A) by striking out clause (C); and

(B) by redesignating clauses (D) and (E) as clauses (C) and (D), respectively;

(2) by striking out "from areas in which poor economic conditions exist" in paragraph (3)(C); and

(3) by striking out "in an area in which poor economic conditions exist not being served or" in paragraph (3)(D).

PAYMENTS TO SERVICE INSTITUTIONS

SEC. 104. (a) Subsection (b) of section 13 of the National School Lunch Act (42 U.S.C. 1761 (b)) is amended to read as follows:

"(b) Subject to subsection (d), payments to a service institution for a fiscal year under this section shall equal the product obtained by multiplying—

"(1) the number of lunches (consisting of a combination of foods which meet the minimum nutritional requirements prescribed by the Secretary pursuant to subsection (f)) served free during such fiscal year to children eligible for such lunches under this section by the service institution; by

"(2) the sum of—

"(A) the national average lunch payment established under section 4(b)(2); and

"(B) the special-assistance factor for free lunches prescribed by the Secretary for such fiscal year under section 11 (a).".

(b) Section 13 (g) of such Act is amended by striking out the second and third sentences.

ALLOCATION OF FUNDS; ADVANCE PROGRAM PAYMENTS

SEC. 105. (a) Section 13 of the National School Lunch Act (42 U.S.C. 1761) (as amended by section 817(h) of the Omnibus Budget Reconciliation Act of 1981 (95 Stat. 532)) is amended—

(1) by striking out subsections (d) and (e);

(2) by redesignating subsections (f), (g), (h), (j), (k), (l), (m), (n), (o), and (p) as subsections (e), (f), (g), (h), (j), (k), (l), (m), and (n), respectively;

(3) by inserting after subsection (c) the following new subsection:

"(d)(1) No later than April 15 of each year, the Secretary shall allocate, among the States, funds appropriated pursuant to subsection (n) to carry out the program during such year. The Secretary shall pay allocated funds to States in a manner determined by the Secretary.

"(2) The Secretary shall allocate and pay such funds for a year on the basis of—

"(A) the number of children residing in each State who are members of households with incomes which are at or below the poverty line, as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2));

"(B) the number of free meals served, or estimated to be served, in each State under the school lunch program under this Act during the school year ending during the year in which the program is conducted;

"(C) the amount of funds appropriated to carry out this section for such year; and

"(D) such other factors as the Secretary considers appropriate.

"(3) The amount of funds allocated and paid to a State for a year under paragraph (1) shall be the authorized operational level for the program in the State for such year, except that the Secretary may reallocate funds periodically if the Secretary determines that a State is unable to spend its allocation of funds during such year.

"(4) If the amount of funds allocated and paid to a State for a year under paragraph (1) are insufficient to permit the State agency to make payments to service institutions within the State in accordance with subsection (b), the State agency may ratably reduce such payments to the extent necessary to insure that the total amount of such payments does not exceed the amount of allocated funds.".

(b)(1) Section 13(b)(1) of such Act (as amended by section 104(a) of this Act) is further amended by striking out "subsection (f)" and inserting in lieu thereof "subsection (e)".

(2) Section 13(i) of such Act (as redesignated by subsection (a)(2) of this section) is amended—

(A) by striking out paragraphs (1) and (3); and

(B) in paragraph (2)—

(i) by striking out "(2)";

(ii) by striking out "subsection (n)" in the second sentence and inserting in lieu thereof "subsection (1)"; and

(iii) by striking out "authorized under this subsection" in the second sentence and inserting in lieu thereof "as are allocated to the State under subsection (d)".

(3) Section 13(l)(1) of such Act (as redesignated by subsection (a)(2) of this section) is amended by striking out "subsection (k)" and inserting in lieu thereof "subsection (i)".

(4) Section 7(a) of the Child Nutrition Act of 1966 (42 U.S.C. 1776(a)) is amended by striking out "and under section 13(k)(1) of the National School Lunch Act" in paragraphs (5) and (6).

AUTHORIZATION OF APPROPRIATIONS

SEC. 106. Subsection (n) of section 13 of the National School Lunch Act (as redesignated by section 105(a)(2) of this Act) is amended to read as follows:

"(n) To carry out the provisions of this section, there are hereby authorized to be appropriated not in excess of $60,000,000 for the fiscal year ending September 30, 1985.".

DISBURSEMENT TO SCHOOLS BY THE SECRETARY

SEC. 107. Section 10 of the National School Lunch Act (42 U.S.C. 1759) is amended by inserting "(other than funds payable to a State under section 13 of this Act)" after "under this Act" each place it appears in the first sentence of subsection (a) and in subsection (b).

TITLE II—SPECIAL SUPPLEMENTAL FOOD PROGRAM (WIC)

ADMINISTRATIVE COSTS

SEC. 201. (a) Section 17(b)(1) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)(1)) is amended—

(1) by striking out "centrifuges, measuring boards, spectrophotometers, and scales" and inserting in lieu thereof "medical equipment"; and

(2) by striking out "outreach; start-up costs;".

(b)(1) Section 17(c)(3) of such Act is amended by striking out the second sentence.

(2) Section 17(f) of such Act is amended by striking out paragraph (8).

CHILDREN

SEC. 202. Section 17(b)(3) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)(3)) is amended by inserting "and who are not receiving assistance under section 17 of the National School Lunch Act (42 U.S.C. 1766)" before the period at the end thereof.

CULTURAL PATTERNS

SEC. 203. (a) Section 17(b)(7) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)(7)) is amended by striking out ", all in keeping with the individual's personal, cultural, and socioeconomic preferences".

(b) The second sentence of section 17(b)(14) of such Act is amended by striking out ", to allow for different cultural eating patterns".

STATE AGENCY

SEC. 204. Section 17(c)(1) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)(13)) is amended by adding at the end thereof the following new sentence: "The Secretary may require that, in order to be eligible to participate in the program authorized by this section, a State agency must provide assistance under the program to at least a minimum number of participants established by the Secretary, except that the Secretary shall assure that at least one State agency may participate in the program in each State.".

LOCAL AGENCIES

SEC. 205. Section 17(c)(2) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(c)(2)) is amended by striking out "1984." and all that follows through the period at the end of the paragraph and inserting in lieu thereof the following: "1985, the Secretary shall make cash grants to State agencies for the purpose of administering the program.".

AMOUNT OF FOODS

SEC. 206. Section 17(c)(3) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(c)(3)) is amended by inserting after the first sentence the following new sentence "A State agency may require an eligible local agency to reduce ratably the amount of foods distributed under the program authorized by this section to participants, except that such reduction may not exceed 20 percent of the amount of foods that an eligible local agency is required to distribute under the program to participants under standards prescribed by the Secretary.".

COMMODITY SUPPLEMENTAL FOOD PROGRAM

SEC. 207. The last sentence of section 17(c)(3) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(c)(3)) is amended by striking out "The" and all that follows through ", but the" and inserting in lieu thereof the following: "The program authorized under this section may not operate in the same geographic area as the commodity supplemental food program authorized under sections 4 and 5 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note). The".

PRORATION OF FIRST MONTH'S BENEFITS

SEC. 208. Section 17(c) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(c)) is amended by adding at the end thereof the following new paragraph:

"(4)(i) The value of foods distributed under the program to any eligible participant for the initial month or other initial period for which the foods are distributed shall have a value which bears the same ratio to the value of foods distributed under the program for a full month or other initial period for which the foods are distributed as the number of days (from the date of application) remaining in the month or other initial period for which the foods are distributed bears to the total number of days in the month or other initial period for which the foods are distributed.

"(ii) As used in this paragraph, the term 'initial month' means—

"(I) the first month in which foods are distributed to a participant who has not previously participated in the program; or

"(II) the first month in which foods are distributed to a participant following any period in which such participant was not participating in the program after previous participation in the program.".

NUTRITIONAL RISK CRITERIA

SEC. 209. Section 17 (d)(2) of the Child Nutrition Act of 1966 (42 U.S.C. 1786 (d)(2)) is amended by inserting after the first sentence the following new sentence: "In establishing such criteria, the Secretary shall assign the highest priority to pregnant women, breastfeeding women, and infants at nutritional risk as demonstrated by hematological or anthropometric measurements, or other documented nutritionally related medical conditions which demonstrate the person's need for supplemental foods.".

PARTICIPATION REPORT AND DATA

SEC. 210. (a)(1) Section 17(d) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(d)) is amended by adding at the end thereof the following new paragraph:

"(4) The Secretary shall report annually to the Congress on the income and nutritional risk characteristics of participants in the program and such other matters relating to participation in the program as the Secretary considers appropriate.".

(2) The second sentence of section 17(g) of such Act is amended by inserting "preparing the report required under subsection (d)(4)," after "benefits,".

(b) Paragrah (4) of section 17(f) of such Act is amended to read as follows:

"(4) State agencies shall submit such financial reports and participation data to the Secretary as are required by the Secretary.".

SOCIAL SECURITY NUMBERS

SEC. 211. Section 17(d) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(d)) (as amended by secction 210(a)(1) of this Act) is amended by adding at the end thereof the following new paragraph:

"(5) A State agency shall—

"(A) require, as a condition of eligibility for any member of a family to participate in the program authorized by this section, that each family member furnish to the State agency the social security account number of such member (or numbers, if such member has more than one number); and

"(B) use such account number (or numbers) in the administration of such program.".

NUTRITION EDUCATION

SEC. 212. Section 17(e) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(e)) is amended—

(1) in paragraph (1)—

(A) by striking out "(1)"; and

(B) by striking out the third through the last sentences; and

(2) by striking out paragraph (2).

PLAN OF OPERATION AND ADMINISTRATION

SEC. 213. Paragraph (1) of section 17(f) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)(1)) is amended to read as follows:

"(1) (A) Each State agency shall submit annually to the Secretary by a date specified by the Secretary a plan of operation and administration for a fiscal year.

"(B) In order to be eligible to receive funds under this section for a fiscal year, a State agency must receive the approval of the Secretary of the plan submitted for the fiscal year.

"(C) The Secretary may provide guidance to a State agency on information to be included in a plan and may permit a State agency to submit only those parts of a plan which differ from plans submitted for previous fiscal years.

"(D) The Secretary may not approve any plan that permits a person to participate simultaneously in both the program authorized under this section and the commodity supplemental food program authorized under sections 4 and 5 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note).".

PUBLIC HEARINGS

SEC. 214. Paragraph (2) of section 17(f) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)(2)) is amended to read as follows:

"(2) A State agency may conduct hearings to enable the general public to participate in the development of the State agency plan.".

MIGRANTS

SEC. 215. (a) Section 17(f) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)) is amended by striking out paragraph (3).

(b) Section 17 of such Act is amended—

(1) by redesignating subsection (k) as subsection (j).

NOTIFICATION PERIOD

SEC. 216. Section 17(f)(7) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)(7)) is amended—

(1) by striking out "twenty" in the first sentence and inserting in lieu thereof "thirty"; and

(2) by striking out "The Secretary shall" in the second sentence and inserting in lieu thereof "The State agency may".

AGENCY STANDARDS

SEC. 217. Section 17(f)(11) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)(11)) is amended by striking out the first and third sentences.

BILINGUAL MATERIALS

SEC. 218. (a) Section 17(f) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)) is amended by striking out paragraph (14).

(b) Section 17(f) of such Act (as amended by sections 201(b)(2), 210(b), 215(a), 216, and 217 of this Act and subsection (a) of this section) is amended by redesignating paragraphs (4), (5), (6), (7), (9), (10), (11), and (12) as paragraphs (3), (4), (5), (6), (7), (8), (9), and (10), respectively.

DUAL RECEIPT OF BENEFITS

SEC. 219. Section 17(f) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)) (as amended by section 218(b) of this Act) is amended by adding at the end thereof the following new paragraph:

"(11) A State agency shall establish a system and take action on a periodic basis to verify and otherwise assure that an individual does not receive benefits under the program authorized under this section in more than one jurisdiction within the State.".

ELIGIBILITY OF RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS

SEC. 220. Section 17(f) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)) (as amended by section 219 of this Act) is amended by adding at the end thereof the following new paragraph:

"(12) If a retail food store or wholesale food concern is disqualified from participation in the food stamp program under section 12(a) of the Food Stamp Act of 1977 (7 U.S.C. 2021(a)), such store or concern shall be ineligible during the period of such disqualification to participate in the special supplemental food program authorized under this section.".

REPAYMENT OF OVERISSUANCES BY RECIPIENTS

SEC. 221. Section 17(f) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)) (as amended by section 220 of this Act) is amended by adding at the end thereof the following new paragraph:

"(13) If a State agency determines that any member of a family has received an overissuance of benefits under the program authorized by this section, such family shall make a cash payment to the State agency in an amount which the State agency determines is equal to the value of the benefits overissued to such member.".

AUTHORIZATION OF APPROPRIATIONS

SEC. 222. The first sentence of section 17(g) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(g)) is amended—

(1) by striking out "and" after "1983,"; and

(2) by inserting "and $1,254,300,000 for the fiscal year ending September 30, 1985," after "1984,".

ADMINISTRATIVE FUNDS

SEC. 223. (a) Section 17(h)(1) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(h)(1)) is amended—

(1) by striking out "20 percent" in the first sentence and inserting in lieu thereof "15 percent"; and

(2) by striking out the second through the last sentences.

(b) Section 17(h)(2) of such Act is amended—

(1) by striking out "1984" and inserting in lieu thereof "1985"; and

(2) by adding at the end thereof the following new sentence: "Notwithstanding the preceding sentence, the Secretary may not allocate administrative funds to a State agency for a fiscal year in an amount which exceeds 15 percent of the total amount of funds provided under this section to the State agency for such fiscal year.".

(c) Section 17(h)(3) of such Act is amended by striking out the second through the last sentences.

(d) Section 17(h) of such Act is amended by striking out paragraph (4).

ALLOCATION OF PROGRAM FUNDS

SEC. 224. (a) Section 17(i) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(i)) is amended by inserting after the first sentence the following new sentence: "In establishing such formula, the Secretary shall allocate at least 50 percent of such funds on the basis of the weighted average of the number of program participants in each State who are in the various nutritional risk categories prescribed by the Secretary, with greater weight placed on program participants who face higher nutritional risk.".

(b) Section 17(i) of such Act (as amended by subsection (a) of this section) is further amended by adding after the third sentence the following new sentence: "Notwithstanding the preceding sentence, up to 3 percent of the amount of funds allocated to a State agency for a fiscal year under this subsection may remain available to such State agency for obligation during the next fiscal year (without affecting the amount of funds allocated to such State agency for such year).".

TITLE III—OTHER NUTRITION PROGRAMS

COMMODITY DISTRIBUTION PROGRAM

SEC. 301. Section 14(a) of the National School Lunch Act (42 U.S.C. 1762a(a)) is amended by striking out "September 30, 1984" in the matter preceding clause (1) and inserting in lieu thereof "September 30, 1985".

STATE ADMINISTRATIVE EXPENSES UNDER THE CHILD NUTRITION ACT OF 1966

SEC. 302. (a) Section 7 of the Child Nutrition Act of 1966 (42 U.S.C. 1776) is repealed.

(b)(1) Section 6(a)(2) of the National School Lunch Act (42 U.S.C. 1755(a)(2)) is amended by striking out "sections 4 and 7 of the Child Nutrition Act of 1966" and inserting in lieu thereof "section 4 of the Child Nutrition Act of 1966".

(2) Section 6 of the Child Nutrition Act of 1966 (42 U.S.C. 1775) is amended by striking out "sections 3 through 7 of this Act" and inserting in lieu thereof "sections 3 through 5 of this Act".

NUTRITION EDUCATION AND TRAINING

SEC. 303. The first sentence of section 19(j)(2) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(j)(2)) is amended by striking out "September 30, 1984" and inserting in lieu thereof "September 30, 1985".

TITLE IV—TECHNICAL CORRECTIONS

TECHNICAL CORRECTIONS

SEC. 401. (a)(1) Clause (1) of the sixth sentence of section 17(a) of the National School Lunch Act (42 U.S.C. 1766(a)) is amended by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

(2) The Child Nutrition Act of 1966 (7 U.S.C. 1771 et seq.) (as amended by section 215(b) of this Act) is amended by striking out "Health, Education, and Welfare" each place it appears in section 4(a) (42 U.S.C. 1773(a)), subsections (b)(6), (b)(13), (j)(1), and (j)(2) of section 17 (42 U.S.C. 1786), and subsections (d)(2) and (d)(3) of section 19 (42 U.S.C. 1788) and inserting in lieu thereof "Health and Human Services".

(3) Section 19(j)(3) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(j)(3)) is amended by striking out "Office of Education of the Department of Health, Education, and Welfare" and inserting in lieu thereof "Department of Education".

(b) Section 22 of the National School Lunch Act (42 U.S.C. 1769c) (as added by section 9 of the Child Nutrition Amendments of 1978 (92 Stat. 3623)) is redesignated as section 23 of the National School Lunch Act.

(c) Section 19 of the Child Nutrition Act of 1966 (42 U.S.C. 1788) (as amended by section 303 and subsection (a)(3)) is amended by redesignating subsection (j) as subsection (i).

TITLE V—EFFECTIVE DATE

EFFECTIVE DATE

SEC. 501. The amendments made by this Act shall become effective on October 1, 1984.

SUMMARY OF NUTRITION PROGRAMS REFORM ACT

SUMMER FOOD SERVICE PROGRAM

Schools and camps.—Restricts eligibility for participation as a summer food service site to schools and camps, thereby eliminating government agency sites. (Sec. 101.)

Outreach.—Eliminates the requirements for the Secretary of Agriculture and States to undertake outreach activities to encourage participation in the summer food service program.

Income eligibility.—Establishes income eligibility for participation of children in the summer food service program. Children qualifying for free school lunches (household income less than 130 percent of poverty) would be eligible to receive meals. Children from higher income families would no longer be eligible. Current eligibility is based on the location of the summer food site which is supposed to be in an area in which over half the children are eligible for free or reduced price lunches. The new standard permits greater targeting to the actual needs and eligibility of individual children. (Sec. 103.)

Lunch only.—Reduces meals which can be served by summer food service sites to lunch only, rather than lunch and either breakfast or a snack. (Sec. 104.)

Reimbursement rates.—Establishes summer food service reimbursement rates at the same level as those provided in the school lunch program for free lunches. Eliminates higher, administrative funding provided for some meals under the current system. (Sec. 104.)

Funding.—Changes the program from an entitlement nature to an authorization subject to appropriations. The authorization level is established at $60 million for fiscal year 1985. (Sec. 105 and 106.)

Elimination of Federal administration.—Eliminates the existing requirement that the Federal Government operate the summer food service program directly in jurisdictions (currently 17 states) that have

chosen not to do so through State administration. (Sec. 107.)

SPECIAL SUPPLEMENTAL FOOD PROGRAM FOR WOMEN, INFANTS, AND CHILDREN

Outreach.—Eliminates mandatory outreach as a requirement for State and local WIC agencies and as an allowable administrative expense. (Sec. 201.)

Start-up costs.—Eliminates "start-up costs" from allowable administrative expenses. (Sec. 201.)

Medical equipment.—Deletes references to specific pieces of medical equipment—"centrifuges, measuring boards, spectrophotometer, and scales"—and substitutes the general description "medical equipment" for certifying participation. This would allow for the introduction of new equipment and more flexibility by competent professional authorities in certifying persons for participation in the program. (Sec. 201.)

Children participating in CCFP.—Limits children (above age one and below age five) that may participate to those that are not receiving meals under the child care food program. Children participating in the child care food program may receive up to two meals and a snack daily. Eliminating from eligibility for WIC benefits those who already have access to another food program would permit greater targeting of benefits to those with higher nutritional risk priority, pregnant women and infants. (Sec. 202.)

Cultural eating patterns.—Eliminates references to cultural eating patterns as a factor which competent health professional authorities must consider in prescribing supplemental foods or that it to be taken into consideration in nutrition education. In order to address nutritional needs, only medical and nutrition conditions (already in the statute) should be taken into consideration. (Sec. 203 and 217.)

Minimum number of participants.—Permits the Secretary of Agriculture to specify that State agencies must serve a minimum number of participants. This would permit the Secretary to disallow separate State agencies below a certain size since some small State agencies have very high administrative costs per participant—some as much as five times the average national cost. It would be more cost effective and efficient if a State agency below a prescribed size could be absorbed into a larger geographic State agency, with each State assured of at least one agency. This provision would ensure that more WIC funds are used for participants rather than administrative expenses in areas which have few participants. (Sec. 204.)

State allocation of funds to local agencies.—The current requirement that local agencies be provided with funds "immediately" by State agencies would be deleted. This provision will thus remove the current haste with which some States are forced to act in the complex area of funds allocation. Because funding of a new local agency may entail an adjustment to funding for other local agencies in the State, sufficient time should be provided for the State to consider such factors and make equitable allocations. (Sec. 205.)

State flexibility in design of food package.—Permits States to reduce ratably the amount of food provided to program participants, except that such reductions to any participant may not exceed 20 percent. Permission to make reductions in food packages will permit States greater flexibility in managing WIC caseloads, particularly in response to changing caseload distribution within the State. (Sec. 206.)

WIC and commodity supplemental food program.—Prohibits operation of WIC in the same geographic area as the commodity supplemental food program. Because WIC and CSFP both serve similar populations and provide similar benefits, it would be more cost effective not to operate both programs in the same geographic area. The savings from what effectively amount to administrative consolidation will permit concentration of dollars for actual food benefits to participants. (Sec. 207.)

Proration of initial benefits.—Provides that the first month's benefits are prorated to the recipient based on the date of application. The current practice is to provide a household a full month's allotment for the month in which it applies. Proration has been required in initial benefits for the food stamp program and other Federal programs such as AFDC and SSI. (Sec. 208.)

Highest priority recipients.—Establishes in law the existing definition provided by regulation that the highest priority for WIC participation shall be pregnant women, breastfeeding women, and infants at nutritional risk as demonstratred by hematological or anthropometric measurements, or other documented nutritionally related medical conditions which demonstrate the persons' need for supplemental foods. (Sec. 209.)

Participation data.—Requires the Secretary to report to Congress annually on the characteristics of WIC participants, including income characteristics, nutritional risk designations, and priority classifications. (Sec. 210.)

Financial reports.—Removes the specific requirement for monthly submission of financial reports by State agencies in order to permit the Secretary latitude in requiring less frequent reports. (Sec. 210.)

Social security number.—Requires that recipients of WIC assistance furnish a social security number as a condition of eligibility, to assist in verification procedures. (Sec. 211.)

Nutrition education services.—Permits greater flexibility to the States in establishing nutrition education services. The existing requirement for the Secretary to prescribe precise standards is eliminated, as are the requirements that States provide training to persons providing nutrition education under the program and prepare annual evaluations of nutrition education services. Also eliminates the requirement that nutrition education materials be approved by the Department of Health and Human Services. (Sec. 212.)

State plans of operation.—Repeals the requirement specifying certain aspects which must be included in the State's plan of operation to be submitted to the Secretary, and thereby reduces the State's reporting requirements. Additionally, exempts the State from having to resubmit unchanged portions of the State's previous year plan. (Sec. 213.)

Public hearing. Makes optional the provision which currently requires public hearings on the State's proposed plan of operation and administration. The existing requirement for public hearings have proven costly and inefficient inasmuch as, in many instances, only a few participants attend each hearing. Because of the cost of such hearings, the provision makes such hearings optional, at the discretion of each State. Additionally, submission of written public comments to the State agency may be used to satisfy public comment. (Sec. 214.)

Migrants. Eliminates special requirements imposed on State agencies with regard to migrant households. It is anticipated that States can develop efficient means of serving all eligible households, including migrants, without specific, and costly, requirement. Additionally, the requirement that the Secretary prepare a report annually on migrant participation is also eliminated. This should also lessen the reporting requirements currently imposed on the States in order to provide information for the annual report. (Sec. 215.)

Application processing time. Extends the application processing time from 20 to 30 days to permit greater flexibility and conformity to other social service programs, such as the food stamp program. Additionally, the provision for shorter processing periods for people with special nutritional risks will be developed by the State, rather than the Secretary. (Sec. 216.)

Operating standards, withholding of funds. Eliminates the existing requirement that the Secretary prescribe operating standards for State agencies, including staffing standards. (Sec. 217.) Also, the provision gives the Secretary greater flexibility with regard to funds withheld because of improper State administration. Specifically, the provision deletes the requirement to provide any withheld funds to the State upon correction of any failure with State administration.

Bilingual materials. Eliminates the requirement that States provide nutrition education and other administrative materials in languages other than English. (Sec. 218.)

Duplicate participation.—Request that States ensure against participation by the same person in more than one jurisdiction. (Sec. 219.)

Retail store fraud.—Provides that retail stores disqualified from participation from the food stamp program for violations of that program shall also be ineligible to participate in the WIC program. (Sec. 220.)

Authorization.—Reauthorizes the program for fiscal year 1985 at $1,254,300,000. (Sec. 222.)

Administrative costs.—Reduces from 20 to 15 percent the portion of the funds provided under the program for administrative expenses of State and local agencies. This percentage applies both nationally and for each State. (Sec. 223.)

Nutrition education.—Eliminates requirement that one-sixth of administrative money be used for nutrition education, thereby providing greater flexibility for States and elimination of reporting requirements to the Secretary. (Sec. 223.)

Local agency allocation formulas.—Eliminates the requirement that States provide administrative funds to local agencies on the basis of allocation guidelines established by the Secretary. This would permit States to establish criteria for local agencies' administrative funding. (Sec. 223.)

Advance funding for local agencies.—Eliminates requirement that the State agencies provide advance funding for local agencies. This would permit greater discretion for intrastate allocation of administrative funding. (Sec. 223.)

National allocation formula.—Requires the Secretary, in making allocations among the States, to include in determining his formula the percentage of participants at greatest risk being served by the State agencies. Currently, the WIC program is not sufficiently targeted to those in greatest need. This provision would ensure that national appropriations are channeled to States serv-

ing the most recipients at greatest nutritional risk. (Sec. 224.)

Carryover of unused funds.—Permits up to 3 percent of the funds allocated to a State to be carried over for use in the next fiscal year. (Sec. 224.)

COMMODITY DISTRIBUTION

Commodity distribution.—Extends through fiscal year 1985 provisions to furnish commodities to certain child nutrition and elderly nutrition programs. (Sec. 301.)

STATE ADMINISTRATIVE EXPENSES

State administrative expenses.—Terminates the Federal funding for state administrative expenses at the end of fiscal year 1984. (Sec. 302.)

NUTRITION EDUCATION AND TRAINING

Nutrition education and training.—Terminates the Federal funding for nutrition education and training program at the end of fiscal year 1984. (Sec. 303.)

OTHER PROVISIONS

Technical and conforming changes.—Makes technical and conforming changes, such as changing references to the Department of Health, Education and Welfare to the Department of Health and Human Services. (Sec. 401.)

Effective date.—Makes the changes provided by the bill effective October 1, 1984, the beginning of fiscal year 1985. (Sec. 501.)●

ADDITIONAL COSPONSORS

S. 719

At the request of Mr. THURMOND, the name of the Senator from Illinois (Mr. PERCY) was added as a cosponsor of S. 719, a bill to amend subchapter II of chapter 73 of title 10, United States Code, to eliminate the social security offset against annuities provided for under such subchapter to the extent that the social security benefits of the annuitant are based on the annuitant's own employment.

S. 919

At the request of Mr. DOMENICI, the name of the Senator from Oklahoma (Mr. NICKLES) was added as cosponsor of S. 919, a bill to amend the Equal Access to Justice Act, and for other purposes.

S. 1201

At the request of Mr. MATHIAS, the name of the Senator from Texas (Mr. TOWER) was added as a cosponsor of S. 1201, a bill to amend title 17 of the United States Code to protect semiconductor chips and masks against unauthorized duplication, and for other purposes.

S. 1405

At the request of Mr. DENTON, the name of the Senator from Oklahoma (Mr. NICKLES) was added as a cosponsor of S. 1405, a bill to assure the first amendment rights of all citizens and to provide criminal penalties for violations thereof.

S. 1672

At the request of Mr. MITCHELL, the names of the Senator from Texas (Mr. BENTSEN), the Senator from Hawaii (Mr. MATSUNAGA), the Senator from Montana (Mr. BAUCUS), the Senator from Oklahoma (Mr. BOREN), and the Senator from Arkansas (Mr. PRYOR) were added as cosponsors of S. 1672, a bill to amend the trade laws of the United States to streamline trade relief procedures, to make trade relief more accessible to small businesses, and for other purposes.

S. 1925

At the request of Mr. BYRD, the names of the Senator from Montana (Mr. BAUCUS), the Senator from Illinois (Mr. DIXON), and the Senator from Tennessee (Mr. SASSER) were added as cosponsors of S. 1925, a bill to establish a national coal science, technology, and engineering development program.

S. 1938

At the request of Mr. HATCH, the names of the Senator from Texas (Mr. TOWER), and the Senator from Florida (Mrs. HAWKINS) were added as cosponsors of S. 1938, a bill to amend the Federal Food, Drug, and Cosmetic Act, the Federal Meat Inspection Act, the Poultry Products Inspection Act, and the Egg Products Inspection Act, and for other purposes.

S. 2031

At the request of Mr. MOYNIHAN, the name of the Senator from Arkansas (Mr. PRYOR) was added as a cosponsor of S. 2031, a bill relating to the residence of the American Ambassador to Israel.

S. 2185

At the request of Mr. HEINZ, the names of the Senator from Virginia (Mr. WARNER), the Senator from Maine (Mr. MITCHELL), the Senator from Florida (Mrs. HAWKINS), the Senator from Louisiana (Mr. JOHNSTON), the Senator from Alabama (Mr. DENTON), and the Senator from Georgia (Mr. NUNN) were added as cosponsors of S. 2185, a bill to amend the Internal Revenue Code of 1954 to extend the targeted jobs tax credit.

S. 2217

At the request of Mr. MOYNIHAN, the name of the Senator from California (Mr. CRANSTON) was added as a cosponsor of S. 2217, a bill entitled "The Tandem Truck Safety Act of 1984."

S. 2247

At the request of Mr. DECONCINI, the name of the Senator from Illinois (Mr. DIXON) was added as a cosponsor of S. 2247, a bill to provide for the payment of certain burial benefits for veterans who were former prisoners of war.

S. 2378

At the request of Mr. ABDNOR, the names of the Senator from Texas (Mr. BENTSEN), the Senator from South Carolina (Mr. HOLLINGS), and the Senator from Michigan (Mr. RIEGLE), were added as cosponsors of S. 2378, a bill to provide authorizations of appropriations for the impact aid program under Public Law 874 of the 81st Congress, and for other purposes.

S. 2385

At the request of Mr. PROXMIRE, the name of the Senator from Illinois (Mr. PERCY) was added as cosponsor of S. 2385, a bill providing for the reappointment of female admirals to permanent rank.

S. 2395

At the request of Mr. DENTON, the name of the Senator from Florida (Mrs. HAWKINS) was added as cosponsor of S. 2395, a bill to amend the Freedom of Information Act to provide for the protection from disclosure of records related to terrorism and foreign counterintelligence.

S. 2413

At the request of Mr. DENTON, the names of the Senator from Louisiana (Mr. JOHNSTON), and the Senator from Ohio (Mr. METZENBAUM) were added as cosponsors of S. 2413, a bill to recognize the organization known as the American Gold Star Mothers, Inc.

S. 2422

At the request of Mr. BRADLEY, the name of the Senator from Kentucky (Mr. HUDDLESTON) was added as a cosponsor of S. 2422, a bill to provide a program of planning grants, demonstration grants, and formula grants to assist local educational agencies to improve the basic skills of economically disadvantaged secondary school students, and for other purposes.

S. 2436

At the request of Mr. GOLDWATER, the names of the Senator from New York (Mr. D'AMATO), and the Senator from Utah (Mr. HATCH) were added as cosponsors of S. 2436, a bill to authorize appropriations of funds for activities of the Corporation for Public Broadcasting, and for other purposes.

S. 2460

At the request of Mr. MITCHELL, the name of the Senator from Maryland (Mr. MATHIAS) was added as cosponsor of S. 2460, a bill to designate a Federal building in Augusta, Maine, as the "Edmund S. Muskie Federal Building."

S. 2461

At the request of Mr. MITCHELL, the names of the Senator from Georgia (Mr. MATTINGLY), and the Senator from Maryland (Mr. MATHIAS) were added as cosponsors of S. 2461, a bill to designate a Federal building in Bangor, Maine, as the "Margaret Chase Smith Federal Building."

S. 2469

At the request of Mr. DENTON, the names of the Senator from Florida (Mrs. HAWKINS), and the Senator from North Carolina (Mr. EAST) were added as cosponsors of S. 2469, a bill to protect the internal security of the United States by creating the offense of terrorism, and for other purposes.

S. 2470

At the request of Mr. DENTON, the name of the Senator from Florida (Mrs. HAWKINS) was added as a cosponsor of S. 2470, a bill to provide for the national security by allowing access to certain Federal criminal history records.

S. 2487

At the request of Mr. WEICKER, the name of the Senator from New Jersey (Mr. BRADLEY) was added as a cosponsor of S. 2487, a bill to provide for a White House Conference on Small Business.

S. 2515

At the request of Mr. SARBANES, the name of the Senator from Hawaii (Mr. INOUYE) was added as a cosponsor of S. 2515, a bill to extend the provisions of chapter 61 of title 10, United States Code, relating to retirement and separation for physical disability, to cadets and midshipmen.

S. 2537

At the request of Mr. DANFORTH, the name of the Senator from Kansas (Mrs. KASSEBAUM) was added as a cosponsor of S. 2537, a bill to amend the Federal Railroad Safety Act of 1970 to authorize additional appropriations, and for other purposes.

SENATE JOINT RESOLUTION 129

At the request of Mr. PRESSLER, the name of the Senator from Pennsylvania (Mr. SPECTER) was added as a cosponsor of Senate Joint Resolution 129, a joint resolution calling upon the President to seek a mutual and verifiable ban on weapons in space and on weapons designed to attack objects in space.

SENATE JOINT RESOLUTION 165

At the request of Mr. MATHIAS, the name of the Senator from Idaho (Mr. MCCLURE) was added as a cosponsor of Senate Joint Resolution 165, a joint resolution to commemorate the bicentennial anniversary of the Constitutional Foundation for Patent and Copyright Laws.

SENATE JOINT RESOLUTION 227

At the request of Mr. CRANSTON, the name of the Senator from New Jersey (Mr. BRADLEY) was added as a cosponsor of Senate Joint Resolution 227, a joint resolution designating the week beginning November 11, 1984, as "National Women Veterans Recognition Week."

At the request of Mr. CRANSTON, the name of the Senator from Mississippi (Mr. COCHRAN) was added as a cosponsor of Senate Joint Resolution 227, supra.

SENATE JOINT RESOLUTION 244

At the request of Mr. DOLE, the names of the Senator from North Carolina (Mr. HELMS), and the Senator from South Carolina (Mr. THURMOND) were added as cosponsors of Senate Joint Resolution 244, a joint resolution designating the week beginning on May 6, 1984, as "National Asthma and Allergy Awareness Week."

SENATE JOINT RESOLUTION 251

At the request of Mr. ARMSTRONG, the name of the Senator from Idaho (Mr. SYMMS) was added as a cosponsor of Senate Joint Resolution 251, a joint resolution providing for the convening, whenever the legislatures of two additional States pass a resolution to hold such a convention, of a constitutional convention for the purpose of proposing an amendment relating to the balancing of the Federal budget.

SENATE JOINT RESOLUTION 257

At the request of Mr. STEVENS, the names of the Senator from Mississippi (Mr. STENNIS), the Senator from Virginia (Mr. WARNER), the Senator from Rhode Island (Mr. PELL), and the Senator from Massachusetts (Mr. TSONGAS) were added as cosponsors of Senate Joint Resolution 257, a joint resolution to designate the period July 1, 1984, through July 1, 1985, as the "Year of the Ocean."

SENATE JOINT RESOLUTION 258

At the request of Mr. BIDEN, the names of the Senator from Indiana (Mr. LUGAR), the Senator from Iowa (Mr. JEPSEN), and the Senator from New York (Mr. MOYNIHAN) were added as cosponsors of Senate Joint Resolution 258, a joint resolution to designate the week June 24, 1984, through June 30, 1984, as "National Safety in the Workplace Week."

SENATE JOINT RESOLUTION 265

At the request of Mrs. HAWKINS, the names of the Senator from Georgia (Mr. MATTINGLY), the Senator from Missouri (Mr. EAGLETON), the Senator from Iowa (Mr. GRASSLEY), the Senator from Maryland (Mr. SARBANES), the Senator from Michigan (Mr. LEVIN), the Senator from South Carolina (Mr. THURMOND), the Senator from South Dakota (Mr. ABDNOR), the Senator from Idaho (Mr. MCCLURE), the Senator from California (Mr. WILSON), and the Senator from Minnesota (Mr. DURENBERGER) were added as cosponsors of Senate Joint Resolution 265, a joint resolution designating the week of April 29, through May 5, 1984, as "National Week of the Ocean."

SENATE JOINT RESOLUTION 267

At the request of Mr. CHILES, the names of the Senator from Indiana (Mr. QUAYLE) and the Senator from Alaska (Mr. MURKOWSKI) were added as cosponsors of Senate Joint Resolution 267, a joint resolution to designate the week of September 23, 1984, through September 29, 1984, as "National Drug Abuse Education and Prevention Week."

SENATE RESOLUTION 312

At the request of Mr. HUMPHREY, the names of the Senator from North Dakota (Mr. BURDICK), the Senator from North Carolina (Mr. EAST), and the the Senator from New York (Mr. D'AMATO) were added as cosponsors of Senate Resolution 312, a resolution to honor Comdr. Alphonse Desjardins, founder of La Caisse Populaire de Ste Marie, Manchester, N.H.

SENATE RESOLUTION 329

At the request of Mr. NUNN, the name of the Senator from Arkansas (Mr. PRYOR) was added as a cosponsor of Senate Resolution 329, a resolution expressing the support of the Senate for the expansion of confidence building measures between the United States and the U.S.S.R., including the establishment of nuclear risk reduction centers, in Washington and in Moscow, with modern communications linking the centers.

AMENDMENT NO. 2850

At the request of Mr. CRANSTON, the name of the Senator from Arizona (Mr. DECONCINI) was added as a cosponsor of amendment No. 2850 intended to be proposed to S. 2269, a bill to amend title 38, United States Code, to improve various aspects of Veterans' Administration health care programs and to provide eligibility to new categories of persons for readjustment counseling from the Veterans' Administration; and to require the Administrator or Veterans' Affairs and the Secretaries of Defense and of Health and Human Services to submit a report on alternatives for providing Federal benefits and services to individuals who, as civilians, provided the services to the U.S. Armed Forces in Vietnam during the Vietnam era; and for other purposes.

AMENDMENT NO. 2897

At the request of Mr. BYRD, the name of the Senator from Kentucky (Mr. HUDDLESTON) was added as a cosponsor of amendment No. 2897 proposed to House Joint Resolution 492, a joint resolution making an urgent supplemental appropriation for the fiscal year ending September 30, 1984, for the Department of Agriculture.

SENATE RESOLUTION 364—RELATING TO CERTAIN RECOMMENDATIONS OF THE GRACE COMMISSION

Mr. DECONCINI (for himself, Mr. CRANSTON, Mr. RANDOLPH, and Mr. MATSUNAGA) submitted the following resolution; which was referred to the Committee on Veterans' Affairs:

S. RES. 364

Whereas, the Department of Medicine and Surgery of the Veterans' Administration, established by an Act of the Congress, represents a national commitment by the Government to meet the medical needs of eligible veterans, especially those who have been disabled as a result of their military service; and

Whereas, section 409(a) of Public Law 97-306 states that it is the policy of the United States that the Veterans' Administration "shall maintain a comprehensive, nationwide health-care system for the direct provi-

sion of quality health care services to eligible veterans"; and

Whereas, the President's Private Sector Survey on Cost Control (commonly known as and hereinafter referred to as the "Grace Commission") has recommended that Veterans' Administration hospitals reduce the average length of stay of its inpatients to a level as comparable to that found in the private sector, and such recommendation fails to reflect any consideration of the fact that many Veterans' Administration hospital patients are severely disabled and that such situation is not typical in hospitals in the private sector; and

Whereas, the Grace Commission has recommended that funds for construction of Veterans' Administration hospitals not already under contract be deleted from the Veterans' Administration budget, that bids be invited from private hospital management companies to lease hospital facilities to the Veterans' Administration under long-term contracts, and that such facilities be managed by private companies under short-term performance contracts, and such recommendations are inconsistent with section 409(a) of Public Law 97-306; and

Whereas, the Grace Commission has recommended that nursing home construction by the Veterans' Administration be entirely discontinued and that the Veterans' Administration contract for the operation of nursing home care facilities by the private sector, and such recommendation is also inconsistent with section 409(a) of Public Law 97-306; and

Whereas, the Grace Commission has recommended that the Veterans' Administration eliminate such number of Veterans' Administration acute care hospital beds as is necessary to achieve an 80 percent occupancy rate for such beds, and such recommendation fails to take into account section 5010(a)(1) of title 38, United States Code, which requires the Veterans' Administration to operate and maintain a total of not less than 90,000 hospital and nursing home beds and such additional beds as may be necessary for the Veterans' Administration to meet its contingency obligations to assist the Department of Defense in times of war or national emergency in caring for the casualties of such war or national emergency; and

Whereas, the Grace Commission has recommended that the Veterans' Administration consider converting some underutilized acute health care facilities to extended health care facilities and phasing out old hospital facilities which may be in need of replacement or significant reconstruction, and such actions would not be appropriate in light of the demographic information compiled by the Veterans' Administration showing a forthcoming major increased demand on the Veterans' Administration from the aging veterans of World War II for acute as well as long-term care; and

Whereas, a joint study of the Grace Commission's recommendations conducted by the Congressional Budget Office and the General Accounting Office and submitted to Congress in February, 1984, concluded that the potential deficit reductions that might result in 1985 through 1987 from implementation of the Grace Commission's recommendations would be much smaller than the three year savings projected by the Commission; and

Whereas, the Senate desires to reassure veterans that the Senate remains firmly committed to an independent and comprehensive, nationwide health care system within the Veterans' Administration, capable of providing quality care to eligible veterans: Now, therefore, be it

Resolved, That it is the sense of the Senate that the aforementioned recommendations of the President's Private Sector Survey on Cost Control relating to the Veterans' Administration health care system should be rejected as a matter of national policy.

Mr. DECONCINI. Mr. President, I am pleased to be joined by Senator CRANSTON, the distinguished ranking minority member of the Senate Committee on Veterans' Affairs, and by my distinguished colleagues on that committee, Senators RANDOLPH and MATSUNAGA, in introducing a resolution to express the sense of the Senate that certain recommendations of the Grace Commission relating to the Veterans' Administration health care system be rejected. I believe these recommendations are insensitive to veterans, are inconsistent with existing law, and pose a threat to the integrity of a comprehensive, independent, and nationwide health care system within the Veterans' Administration.

The focus of the Grace Commission's recommendations is to transfer as much responsibility as possible from the public to the private sector in the belief that the private sector can deliver required services in a more effective and cost-efficient manner. What the Grace Commission fails to understand is that many of its cost savings proposals in the area of veterans' health care undermine a long-standing contract the Government has made to provide comprehensive health care services to eligible veterans, especially those who have been disabled as a result of their military service. Transferring major components of the VA health care system to the private sector represents a fundamental change in Government policy on the delivery of health care services to veterans and has been interpreted by veterans as the first step toward dismantling the existing system. The proposed transfer of these services to the private sector is also inconsistent with section 401 of Public Law 97-306 which states that it is the policy of the United States that the Veterans' Administration "shall maintain a comprehensive, nationwide health-care system for the direct provision of quality health care services to eligible veterans."

The resolution I am introducing today specifically opposes the following recommendations of the Grace Commission:

That the average length of hospital stays in VA facilities be reduced to a level comparable to that found in the private sector;

That funds for VA hospital construction, not already under contract, be deleted from the budget;

That bids be invited from private hospital management companies to lease hospital facilities to the VA under long-term contracts;

That VA hospital facilities be managed by private companies under short-term performance contracts;

That VA nursing home construction be entirely discontinued;

That acute care VA hospital beds be reduced, as necessary, to achieve an 80-percent occupancy rate for such beds; and

That some underutilized acute health care facilities be converted to extended health care facilities and that old hospital facilities which may be in need of replacement or significant reconstruction be phased out.

I hope you share my view that these recommendations should be rejected as a matter of national policy. If we hope to attract future generations of Americans into the service, then we have an obligation to honor the commitments we have made to those who have already served.

I believe it is important for the Senate to reaffirm its commitment to a comprehensive, independent, and quality health care system within the Veterans' Administration, and invite all my colleagues to support this resolution.

SENATE RESOLUTION 365—ORIGINAL RESOLUTION REPORTED AUTHORIZING EXPENDITURES BY THE SELECT COMMITTEE ON INDIAN AFFAIRS

Mr. ANDREWS, from the Select Committee on Indian Affairs, reported the following original resolution; which was referred to the Committee on Rules and Administration:

S. RES. 365

Resolved, That Senate Resolution 354, section 21, paragraph (B) be amended by striking out "$275,079, of which amount not to exceed $667" and inserting in lieu thereof "$836,628, of which amount not to exceed $2,000".

Resolved, That Senate Resolution 354, section 2, paragraph (A) be amended by striking out "$48,050,680" and inserting in lieu thereof "$48,612,229".

AMENDMENTS SUBMITTED

FEDERAL BOAT SAFETY ACT AMENDMENTS

METZENBAUM AMENDMENT NO. 2903

Mr. METZENBAUM submitted an amendment to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill (H.R. 2163) to amend the Federal Boat Safety Act of 1971, and for other purposes; as follows:

On page 986, beginning on line 18 strike out all of section 828 of the amendment

(dealing with Employee Achievement Awards).

PRESSLER AMENDMENT NO. 2904

(Ordered to lie on the table.)

Mr. PRESSLER submitted an amendment to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

Beginning on page 817, line 14, strike out all through page 819, line 9, and insert in lieu thereof the following new section:

SEC. 601. REPEAL OF INCREASE IN HIGHWAY USE TAX AND INCREASE IN DIESEL FUEL TAX.

(a) REPEAL OF INCREASE IN HIGHWAY USE TAX.—

(1) IN GENERAL.—Subsection (a) of section 513 of the Highway Revenue Act of 1982 is repealed.

(2) CONFORMING AMENDMENT.—Subsection (f) of section 513 of the Highway Revenue Act of 1982 is amended to read as follows:

"(f) EFFECTIVE DATE.—The amendments made by this section shall take effect on July 1, 1984.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on July 1, 1984.

● Mr. PRESSLER. Mr. President, today I am introducing a technical substitute to my amendment to the portion of the Senate Finance Committee package dealing with truck heavy user fees (CONGRESSIONAL RECORD, April 2, 1984, page 7395). My amendment would repeal the increase in one-time, flat user fees and make up the entire revenue differential with a 6-cents per gallon pay-as-you-go diesel fuel tax. As opposed to the Finance Committee's compromise proposal which would cut the use tax to $600, my amendment would return to the $240 use tax maximum.

The following is a comparison of the key elements of the various proposals:

	Surface Transportation Assistance Act of 1982 (to begin July 1, 1984)	Finance Committee compromise	Pressler amendment
Maximum use tax	$1,900	$600	$240
Diesel tax per gallon	9 cents	15 cents	15 cents.
Weight categories (GVW=gross vehicle weight)	Tax schedule begins at 33,000 lbs. GVW; maximum of $1,900 assessed at 80,000 lbs. GVW.	Tax schedule begins at 55,000 lbs. GVW; maximum of $600 assessed at 80,000 lbs. GVW.	Tax schedule begins at 26,000 lbs. GVW; maximum of $240 assessed at 80,000 lbs. GVW.
Diesel tax exemptions (farm and other off-road vehicles totally exempt).	No additional exemption for vehicles under 10,000 lbs. GVW..	6 cents exemption for vehicles under 10,000 lbs. GVW	6 cents exemption for vehicles under 10,000 lbs. GVW.
Total revenue raised from 1984 to 1988 (in billions)	65.0	65.0	65.1.

This amendment is needed to protect the smaller trucking companies and help them survive. It is unfair to ask someone who travels 40,000 miles to pay the same amount of use tax as someone who travels 200,000 miles.

I urge my colleagues to join me in cosponsoring this amendment and hope you will vote for its passage.●

KENNEDY AMENDMENT NO. 2905

Mr. KENNEDY proposed an amendment to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) which was subsequently modified) to the bill H.R. 2163, supra; as follows:

At the appropriate place in the Dole amendment, add the following new section:

"SEC. . It is the sense of the Congress that—

(a) no funds heretofore or hereafter appropriated in any Act of Congress shall be obligated or expanded for the purpose of planning, directing, executing, or supporting the mining of the ports or territorial waters of Nicaragua.

(b) The United States shall immediately withdraw the modification submitted on April 6, 1984, to the jurisdiction of the International Court of Justice over the United States with respect to disputes with any Central American state or arising out of or related to events in Central America.

HATCH AMENDMENT NO. 2906

Mr. HATCH submitted an amendment intended to be proposed by him to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

On page 395 of amendment 2902 add the following section:

"SEC. 132. STAPLED ENTITIES.

(a) GENERAL RULE.—Part IX of subchapter B of chapter 1 is amended by inserting after section 269A the following new section:

"SEC 269B. STAPLED ENTITIES.

"(a) GENERAL RULE.—Except as otherwise provided by regulations, for purposes of this title—

"(1) if a domestic corporation and a foreign corporation are stapled entities, the foreign corporation shall be treated as a domestic corporation.

"(2) In applying section 1563, stock in a second corporation which constitutes a stapled interest with respect to stock of a first corporation shall be treated as owned by such first corporation, and

"(3) in applying subchapter M for purposes of determining whether any stapled entity is a regulated investment company or a real estate investment trust, all entities which are stapled entities with respect to each other shall be treated as 1 entity.

"(b) SECRETARY TO PRESCRIBE REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to prevent avoidance or evasion of Federal income tax through the use of stapled entities. Such regulations may include (but shall not be limited to) regulations providing the extent to which 1 of such entities shall be treated as owning the other entity (to the extent of the stapled interest).

"(c) DEFINITIONS.—For purposes of this section—

"(1) ENTITY.—The term 'entity' means any corporation, partnership, trust, association, estate, or other form of carrying on a business or activity.

"(2) STAPLED ENTITIES.—The term 'stapled entities' means any group of 2 or more entities if more than 50 percent in value of the beneficial ownership in each of such entities consists of stapled interests.

"(3) STAPLED INTERESTS.—Two or more interests are stapled interests if, by reason of form of ownership, restrictions on transfer, or other terms of conditions, in connection with the transfer of 1 such interest the other such interests are also transferred or required to be transferred.

"(d) SPECIAL RULE FOR TREATIES.—Nothing in section 894 or 7852(d) or in any other provision of law shall be construed as permitting an exemption, by reason of any treaty obligation of the United States heretofore or hereafter entered into, from the provisions of this section."

(b) CLERICAL AMENDMENT.—The table of sections for part IX subchapter B of chapter 1 is amended by inserting after the item relating to section 269A the following new item:

"Sec. 269B. Stapled entities."

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall take effect on the date of the enactment of this Act.

(2) INTERESTS STAPLED AS OF JUNE 30, 1983.—Except as otherwise provided in this subsection, in the case of any interests which on June 30, 1983, were stapled interests (as defined in section 269B(c)(3) of the Internal Revenue Code of 1954 (as added by this section), the amendments made by this section shall take effect on January 1, 1985, (January 1, 1987, in the case of a foreign corporation).

(3) CERTAIN STAPLED ENTITIES WHICH INCLUDE REAL ESTATE INVESTMENT TRUST.—Paragraph (3) of section 269B(a) of such Code shall not apply in determining the application of the provisions of part II of subchapter M of chapter 1 of such Code to any real estate investment trust which is part of a group of stapled entities if—

(A) as of June 30, 1983, all members of such group were stapled entities and such group included one of more real estate investment trusts, or

(B) at least 75 percent of the gross income of the trust is derived from interest on obligations secured by mortgages on real property (as defined in section 856) and interest on such obligations made or acquired by the trust (other than to persons who are independent contractors (as defined in section 856(d)(3)) is at either an arms length rate of a rate not more than 1 percentage point greater than the associated borrowing costs of the trust.

(4) CERTAIN STAPLED ENTITIES WHICH INCLUDE PUERTO RICAN CORPORATIONS.—

(A) Paragraph (1) of Section 269B(a) of such Code shall not apply to a domestic corporation and a qualified Puerto Rican corporation which, on June 30, 1983, were stapled entities.

(B) For purposes of subparagraph (A), the term "qualified Puerto Rican corporation" means any corporation organized in Puerto Rico—

(i) which is described in section 957(c) of such Code or would be so described if any dividends it received from any other corporation described in such section 957(c) were treated as gross income of the type described in such section 957(c), and

(ii) does not, at any time during the taxable year, own (within the meaning of section 958 of such Code but before applying paragraph (2) of section 269B(a) of such Code) any stock of any corporation which is not described in such section 957(c).

(5) TREATY RULE NOT TO APPLY TO STAPLED ENTITIES ENTITLED TO TREATY BENEFITS AS OF JUNE 30, 1983.—In the case of any entity which ws a stapled entity as of June 30, 1983, subsection (d) of section 269B of such Code shall not apply to any treaty benefit to which such entity was entitled as of June 30, 1983.

(6) ELECTION TO TREAT STAPLED FOREIGN ENTITIES AS SUBSIDIARIES.—

(A) IN GENERAL.—In the case of any foreign corporation and domestic corporation which as of June 30, 1983, were stapled entities, such domestic corporation may elect (in lieu of applying paragraph (1) of section 269B(a) of such Code) to be treated as owning all interests in the foreign corporation which constitute stapled interests with respect to stock of the domestic corporation.

(B) ELECTION.—Any election under subparagraph (A) shall be made not later than 180 days after the date of the enactment of this Act and shall be made in such manner as the Secretary of the Treasury or his delegate shall prescribe.

(C) ELECTION IRREVOCABLE.—Any election under subparagraph (A), once made, may be revoked only with the consent of the Secretary of the Treasury or his delegate.

Mr. HATCH. Mr. President, I am proposing an amendment to the Finance Committee to H.R. 2163, which will add to the bill an important antiabuse provision correctly included in the House bill. The amendment would preclude widely held U.S. corporations from avoiding controlled foreign corporation status under subpart F of the Internal Revenue Code by spinning off a foreign subsidiary to its shareholders with the foreign stock paired with, or stapled to, the domestic stock so that two stocks trade in tandem. The targeted technique also allows U.S. companies to avoid the antiboycott rules of the Tax Code and this potential is also eliminated under the proposal.

A similar abuse exists in connection with real estate investment trusts, which abuse the House bill and my amendment would eliminate. When real estate investment trusts own real estate and provide substantial services to lessees, they can avoid the restriction in the real estate investment trust provisions of the code against the trusts providing substantial services by placing the services activities in a corporation whose stock is paired with, or stapled to, the interests in the trust. The House bill precludes this abusive practice but goes beyond the noted abuse and unnecessarily prevents all paired relationships between a corporation and a real estate investment trust, including legitimate capital formation techniques where the paired trust is used exclusively to invest in real estate mortgages as contrasted with equity positions in real estate. This is not abusive and my amendment makes this important distinction.

Thus, in addition to the protection already accorded in the House bill to existing structures established in reliance on the current law, my amendment would protect the right of U.S. corporations to use real estate investment trusts for the benefit of their shareholders for legitimate capital formation, and nontax motivated, purposes. Appropriate safeguards are included to assure that continuation of the present law's treatment for these nonabusive situations cannot be used in an abusive manner.

The amendment would raise close to $5 million in revenues.

Mr. President, I ask unanimous consent that the bill be printed immediately following my remarks.

NOTICES OF HEARINGS

COMMITTEE ON THE BUDGET

Mr. DOMENICI. Mr. President, the Senate Committee on the Budget will begin markup of the first concurrent budget resolution for fiscal year 1985 at 2 p.m. on Monday, April 9, 1984. The meeting will be held in room 608 of the Dirksen Senate Office Building.

For further information, contact Carolyn McCallum of the Senate Budget Committee staff at 224-0849.

Mr. President, the Senate Committee on the Budget will continue its markup of the first concurrent budget resolution for fiscal year 1985 at 9:30 a.m. on Tuesday, April 10, 1984. The meeting will be held in room 608 of the Dirksen Senate Office Building.

SUBCOMMITTEE ON ENERGY RESEARCH AND DEVELOPMENT

Mr. DOMENICI. Mr. President, I would like to announce for the information of the Senate and the public that the hearing scheduled before the Subcommittee on Energy Research and Development for Tuesday, April 10, at 2 p.m. has been canceled. The subject of the hearing was the President's proposed budget for fiscal year 1985 for the Department of Energy's conservation and renewable energy programs. The hearing will be rescheduled at a later date.

For further information regarding this hearing you may wish to contact Mr. Paul Gilman of the subcommittee staff at 224-4431.

COMMITTEE ON FOREIGN RELATIONS

Mr. PERCY. Mr. President, I would like to announce that the hearing previously scheduled before the Committee on Foreign Relations to consider six pending tax treaties (EX. Q, 96-2; EX. T, 96-2; Treaty Doc. 98-6; Treaty Doc. 98-7; Treaty Doc. 98-11 and Treaty Doc. 98-12) on Wednesday, April 11 at 10 a.m. has been postponed until Thursday, April 26, at 10 a.m. in room 419 of the Dirksen Senate Office Building.

For further information regarding this hearing, you may wish to contact Mr. David Keaney of the committee staff at 224-4615.

AUTHORITY FOR COMMITTEES TO MEET

SUBCOMMITTEE ON NUTRITION

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Nutrition, of the Committee on Agriculture, Nutrition, and Forestry, be authorized to meet during the session of the Senate on Monday, April 9, to hold a hearing on the reauthorization of the special supplemental food program for women, infants, and children (WIC).

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON FOREIGN RELATIONS

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Monday, April 9, in order to markup the following: DOD substitution amendment; the Mathias amendment; and the Pell-Helms amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

SELECT COMMITTEE ON INDIAN AFFAIRS

Mr. BAKER. Mr. President, I ask unanimous consent that the Select Committee on Indian Affairs be authorized to meet during the session of the Senate on Monday, April 9, to hold a hearing on S. 2201, to convey certain lands to the Zuni Indian Tribe and to consider pending legislation.

The PRESIDING OFFICER. Without objection, it so ordered.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. DOLE. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Monday, April 9, at 2 p.m., to hold a hearing on S. 1739, the Water Resources Development Act of 1983.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

SOCIAL SECURITY DISABILITY PROGRAM NEEDS REVISION

● Mr. SASSER. Mr. President, I rise today to address an issue which has recently attracted considerable attention in the House of Representatives, and one which I have been involved in for more than 2 years now.

The gross inequities and injustices which have been inflicted upon nearly one-half million disabled Americans over the past 3 years due to this administration's handling of the periodic social security disability review process is a national disgrace. In my home State of Tennessee, it is estimated that over 65 percent of the 15,000 disabled individuals who have appealed the termination of their benefits were found by administrative law judges to have been wrongfully deprived of those benefits.

Despite repeated attempts by myself and fellow colleagues in this body to call attention to this issue by passing comprehensive reform legislation to deal with this problem, relatively little has been done to resolve the situation. In 1982, we passed temporary legislation to protect disabled beneficiaries during the appeals process and last year that protection was temporarily extended for an additional 67 days. However, the current disability review process cries out not for temporary solutions but rather for comprehensive revisions which would insure equitable and fair treatment for those in the unenviable position of not being able to care for themselves.

In October of last year, along with Senators MOYNIHAN and PRYOR, I introduced S. 2002, which provides for substantive comprehensive reform of the existing disability review process. Now let there be no doubt, if there are individuals who do not belong on the disability rolls then they should not receive benefits. But to conduct a purge of the rolls in an attempt to achieve budget savings, and in the process callously disregard the rights and dignity of eligible disability beneficiaries is simply intolerable and must be corrected. The legislation that we have proposed would go a long way toward restoring the fundamental notion of fairness back into a social security disability system which has run amok.

Support for the provisions contained in S. 2002 was overwhelmingly demonstrated on March 27 in the House. A companion bill offered by Congressman PICKLE, who is the chairman of the Social Security Subcommittee of the House Ways and Means Committee, passed by a vote of 410 to 1. No clearer indication of congressional dissatisfaction with the current disability review process is needed. We must take legislative action, and we must take that action now.

The administration, in advance of impending defeat on this issue, decided to reverse their previously stated position on the matter and announced that they were drafting an 18-month moratorium on disability terminations. It appears that the administration is finally facing up to the errors of their ways.

However, I, for one, am not satisfied with the administrative remedies alledgedly being considered by the administration. After all, it was administrative folly which precipitated the wholesale terminations in the first place. Further, there is nothing to stop the administration from lifting the moratorium prior to the October 1, 1985 expiration date. Thus, I would like to state for the record here today, my intention to continue to work for passage of the comprehensive disability legislation that Senators MOYNIHAN, PRYOR, and I have introduced.

I recognize that Senators COHEN, LEVIN, and HEINZ have shown an intense interest in this problem over the past 2 years and have been diligent in their efforts to seek reform of the current system. In fact, they have indicated that they also intend to pursue separate legislation, S. 476, at the earliest possible time.

I am a cosponsor of the legislation, S. 476, and will support it when it comes before the Senate. However, let me state for the record that there are several provisions in that bill which I feel do not adequately address some of the problems existent in the current disability review process.

S. 2002 contains a provision which requires a face-to-face evidentiary hearing at the initial level of decision. This, I feel is extremely important in that it allows for the State agency reviewers to encounter disabled individuals in person prior to their termination. S. 476 only allows for demonstration projects in five States. S. 2002 provides for the continuation of benefits through the appeals process up to the administrative law judge level of appeal on a permanent basis. S. 476 provides for the continuation of benefits only through June 1, 1986, and for payments not to extend past January 1987.

S. 2002 requires the Social Security Administration (SSA) to apply circuit court decisions uniformly unless they are appealed to the Supreme Court. S. 476 only asks that SSA inform Congress on why they either acquiesce or not in circuit court decisions.

These differences are significant. In recent field hearings held in Memphis and Nashville, I listened to individuals who had been adversely affected by the current disability review process and to professionals who deal with individuals affected by the process. They were unanimous in their support for the provisions contained in S. 2002.

These hearings reconfirmed my worst fears concerning the well-documented abuses operative in the existing disability review process. It is my sincere hope that this Senate will consider S. 2002 at the earliest possible time and give the bill the same degree of support it enjoyed in the House.

We simply cannot allow the current process to continue any longer.●

IMPACT OF THE ERA V. VETERAN'S BENEFITS

● Mr. HATCH. Mr. President, during recent hearings by the Subcommittee on the Constitution, there was a general consensus expressed by both proponents and opponents of the equal rights amendment that the ERA would require special scrutiny of certain kinds of veteran's benefits, in particular veteran's preference hiring policies in the Federal and State civil service. I ask to have printed in the RECORD at this point an outstanding statement on this issue prepared by Prof. Gary McDowell, professor of political science at Tulane University and a codirector of the Center for the Study of the Constitution in Carlisle, Pa.

The statement follows:

THE IMPACT OF THE EQUAL RIGHTS AMENDMENT UPON VETERANS' PROGRAMS

Some version of an Equal Rights Amendment has been introduced in every Congress since 1923. Yet it was not until 1972 that a version finally passed both houses and headed for the states. Since the defeat of that proposed Amendment on June 30, 1982, and the introduction of the present version on January 26, 1983, the politics surrounding the ERA has reached a fever pitch. The problem is that the procedure of amending our fundamental law—a procedure described by the Framers as a most "solemn and authoritative act"—has come to be the object of such popular frenzy that we have lost sight of taking serious note of the sorts of changes such an amendment would bring to our system of governance. During an election year when the rhetorical edges of the ERA debate will inevitably be honed sharper still, this committee is to be commended for attempting to introduce a bit of sober reflection on the practical effects of the proposed ERA.

Too often, public debate focuses almost exclusively on the philosophical implications of the ERA; its practical effects on public policy generally receive, at best, superficial notice. But it is at that level of policy rather than the level of principle where public attention needs most to be drawn. While all decent instincts demand in principle an equality of treatment for women before the law, the administration of the institutions of government in light of that principle is what will touch the governed most immediately. Thus, the most politically relevant question is what the ERA will mean in practice; what will its concrete effect be on the way in which to seek to govern ourselves?

A consideration of the relation of the ERA to veterans' programs (at both the federal and state levels) expose a fundamental practical question of administration. Is the standard of equal protection to be the standard of discriminatory intent or the standard of discriminatory impact? In brief, would a law contravene the ERA if in practice it led to a disproportionately discriminatory impact on women regardless of its intent? The answer to these questions will have far reaching impact on public policy should the ERA be ratified. The veterans' programs bring this question of standards into sharpest focus because traditionally more men than women have been veterans; any program intended to benefit veterans

over non-veterans, then, has to a degree the apparent effect of benefitting men at the expense of women. The issue is whether preferential programs for veterans would violate the ERA. It seems clear to me that they would.

The policy of creating preferential programs for the hiring of veterans is neither new nor limited. While the forms such programs take may vary widely—from a point-advantage system to an absolute preference program—the underlying legislative is much the same. The programs traditionally have been justified as a "measure designed to reward veterans for the sacrifices of military service, to ease the transition from military to civilian life, to encourage patriotic service, and to attract loyal and well-disciplined people to civil service occupations." (*Massachusetts* v. *Feeney*, 442 U.S. 256, 265 (1978).) they have existed in various jurisdictions since shortly after the Civil War; and they "have been challenged so often that the rationale for their support has become essentially standardized." (at 265, n. 12). While there has nearly always been criticism of such programs from various quarters, the general political sense of the community seems to have remained constant that such preferential treatment for veterans is a decent and desirable public policy.

But even if a substantial case could be made that such policies fall short of prudence, or are simply unfair, they would not of necessity violate the Constitution (at least as the Constitution now stands, without the ERA). For as James Wilson saw fit to remind his fellow-delegates to the Federal Convention of 1787, "Laws may be unjust, may be unwise, may be dangerous, may be destructive; . . . and yet not be . . . unconstitutional." It is this question of whether or not the ERA would render such preferential policies unconstitutional that is the central concern. In particular, would the ratification of the ERA have the effect of overturning the authoritative Supreme Court opinion on this issue, *Personnel Administrator of Massachusetts* v. *Feeney*.

The question brought in Feeney was whether Massachusetts' absolute lifetime preference to veterans discriminated against women in violation of the Equal Protection Clause of the Fourteenth Amendment. The Court held that it did not. The logic of Justice Stewart's opinion was simple and direct. "The equal protection guarantee of the Fourteenth Amendment does not take from the States all power of classification"; "When the basic classification is rationally based, uneven effects upon particular groups within a class are ordinarily of no constitutional concern"; "The calculus of effect, the manner in which a particular law reverberates in a society, is a legislative and not a judicial responsibility"; "In assessing an equal protection challenge, a court is called upon only to measure the basic validity of the legislative classification." (442 U.S. 256, 271-272). The conclusion, to Justice Stewart, was inescapable: any neutral law that has a "disproportionally adverse effect" upon a particular group is "unconstitutional under the Equal Protection Clause only if that impact can be traced to a discriminatory purpose." (id. at 272; see *Washington* v. *Davis*, 426 U.S. 229 ( ) and *Arlington Heights* v. *Metropolitan Housing Development Corp.* 429 U.S. 252 ( ).) It is only "purposeful discrimination" that offends the Constitution; disparate impact does not.

On the basis of Feeney, programs designed to confer preferential consideration on veterans are based on a gender-neutral classification between veterans and nonveterans; that more men tend to be veterans than women is beside the constitutional point. Even if a legislature is aware of such a potential disproportionate impact, such awareness is not the same thing as discriminatory purpose. An inference of discriminatory intent drawn from the evidence of a disproportionate impact, is not sufficient to violate the constitutional right to equal protection of the laws. Inference is not proof of intent. (442 U.S. 256, 279, n. 25). Veterans' preference programs do not reflect a purpose to discriminate on the basis of sex; they reflect a legislative intention to benefit veterans over non-veterans of either sex, not to benefit men over women.

The ratification of the ERA would be likely to lead to the abandonment of this standard of discriminatory intent in favor of the standard of discriminatory impact. That this is so seems clear for three reasons. First, the proposed ERA is, at best, ambiguous. The result of such textual ambiguity is to invite—nay, demand—judicial intrusion in order to determine as precisely as possible what the Amendment actually means. (The ERA if adopted would be, as Walter Berns has pointed out, the only provision in the Constitution bestowing or protecting a right without identifying the right.) Given the common sense view that if the ERA is ratified it must mean something other than what the Equal Protection Clause of the Fourteenth Amendment means (if not, why adopt it?) then it must tighten considerably the standards of what constitutes a violation of equal rights. The standard of discriminatory impact is undoubtedly a tighter standard than discriminatory intent. Thus, logically, it would seem fair to assume that under the ERA the standard for proving unconstitutional discrimination against women would be discriminatory impact.

The second reason this movement seems likely is that on this question of impact versus intent, the Supreme Court in Feeney was split. Dissenting from the majority, Justices Marshall and Brennan were willing to strike down the veterans' preference law in that case because in their view when "the foreseeable impact of a facially neutral policy is so disproprotionate, the burden should rest on the State to establish that sex-based considerations played no part in the choice of the particular legislative scheme." (442 U.S. 256, 284). With the ERA rather than the Fourteenth Amendment serving as the constitutional point of departure for such inquiries into allegations of gender-based discrimination, it would not be surprising to find the logic of Marshall and Brennan more persuasive.

The third and final reason such a movement from the standard of intent to the standard of impact seems likely is that most if not all of the proponents of the ERA argue that such a movement would in fact be the desired result of ratification. Dorothy Riddings of the League of Women Voters has suggested that such veterans' preference laws as the one at issue in Feeney would "fall in a challenge under the ERA." Prof. Ann Freedman of Rutgers Law School, a leading theoretician of the ERA, has argued before the House of Representatives that "strict judicial scrutiny under the ERA would be required if a neutral rule that has a disparate impact on members of one sex is traceable to or perpetuates discriminatory patterns similar to those associated with facial discrimination." The analysis of Justices Marshall's and Brennan's dissent in Feeney, Professor Freedman believes "illustrates the approach required by the ERA." Prof. Thomas Emerson of Yale also testified to the fact that the "outcome of Feeney would plainly be different under the ERA."

As Professor Emerson went on to explain: "While the Massachusetts' veterans preference statute considered in Feeney may not have denied 'equal protection of the laws' (14th Amendment), *it certainly denies 'equality of rights under the law.'* The fact that there was not overt intention to harm women would not be decisive; the result arising from habitual patterns of exclusion was there for all to see and feel." (Congressional Record 2029 February 7, 1984; emphasis supplied).

As leading legal authorities on the Equal Rights Amendment, the view of Professors Freedman and Emerson would surely be influential in shaping the sorts of arguments that would be brought to bear on the question of intent versus impact in the flood of litigation that would undoubtedly be released by the ratification of the ERA.

This view is not one that is merely whispered in scholarly closets; the legal profession has been greatly influenced by it. Martha Barnett of the American Bar Association has argued in favor of supplanting the standard of discriminatory intent with the standard of discriminatory impact. "The principle of equality," she suggested, "is rendered impotent if it cannot reach laws which effectively exclude women from employment for which they are fully qualified and competent." (Congressional Record, 2029)

It is these three factors, then—the ambiguity of the proposed amendment; a judiciary somewhat divided on the question of intent versus impact; and the rather clear position of those most likely to press for the impact standard in litigation under the ERA—that I believe would come together and lead to the abandonment of the standard of intent in favor of the standard of impact and thus lead to veterans' preference programs being declared unconstitutional violations of "equality of rights under the law."●

HON. DAVID P. McDONALD

● Mr. EAGLETON. Mr. President, it is my pleasure to announce that the Honorable David P. McDonald has accepted an appointment as judge of the U.S. Bankruptcy Court for the Eastern District of Missouri, and so notified the President by letter. To constitute notice to the Senate—in compliance with 5 U.S.C., section 8331(22)(A), I request that this letter be printed in the RECORD.

The letter follows:

U.S. BANKRUPTCY COURT,
EASTERN DISTRICT OF MISSOURI,
St. Louis, MO, December 27, 1983.

Hon. RONALD REAGAN,
President of the United States,
The White House, Washington, D.C.

DEAR MR. PRESIDENT: In conformity with Title 5, United States Code, Section 8331(22)(A), I wish to advise you that I agree to accept appointment as a Judge of the United States Bankruptcy Court, established under Section 201 of the Bankruptcy Reform Act of 1978 (PL 95-598, Nov. 6, 1978, 92 Stat. 2681).

While I am aware of the fact that the future of the Bankruptcy Courts is in doubt as the result of the constitutional problems presented in the decision in *Northern Pipeline Construction Company* v. *Marathon Pipe Line Company*, 102 S.Ct. 2858 (1982), this notice is being given to protect the retirement benefits contained in 5 U.S.C. § 8339(n).

Very truly yours,

DAVID P. MCDONALD,
Bankruptcy Judge.●

HON. ROBERT E. BRAUER

● Mr. EAGLETON. Mr. President, it is my pleasure to announce that the Honorable Robert E. Brauer has accepted an appointment as judge of the U.S. Bankruptcy Court for the Eastern District of Missouri, and so notified the President by letter. To constitute notice to the Senate—in compliance with 5 U.S.C. section 8331(22)(A), I request that this letter be printed in the RECORD.

The letter follows:

U.S. BANKRUPTCY COURT,
EASTERN DISTRICT OF MISSOURI,
St. Louis, MO, January 12, 1984.

Hon. RONALD REAGAN,
President of the United States,
The White House, Washington, D.C.

DEAR MR. PRESIDENT: I wish to advise you that I agree to accept an appointment as a judge of a United States bankruptcy court established under Section 201 of the Bankruptcy Reform Act of 1978 (Public Law 95-598, November 6, 1978, 92 Stat. 2549), or under any statute that may hereafter be enacted in lieu of said Section 201 or to replace it.

This agreement is given to protect the retirement benefits contained in 5 U.S.C. 8339(n), and in conformity to 5 U.S.C. 8331(22)(A); and to protect the retirement benefits that may be contained in any legislation which may be enacted hereafter to replace said section 201 of the Bankruptcy Reform Act; and to protect the retirement benefits of any other federal statute presently in existence.

Most sincerely,

ROBERT E. BRAUER,
U.S. Bankruptcy Judge.●

ON IMMIGRATION, FIRST THINGS FIRST

● Mr. EAST. Mr. President, the American people want our immigration laws enforced. Yet Congress refuses to give the Immigration and Naturalization Service the resources to do that job.

Instead, Congress seems determined to grant amnesty to millions of illegal aliens prior to regaining control over our borders. In the March 23 issue of the Los Angeles Times. Prof. William G. Hollingsworth of the University of Tulsa makes a convincing argument that such a premature amnesty would only make the illegal alien problem worse. I hope my colleagues in both the Senate and House of Representatives will carefully consider his cogent essay before enacting any amnesty plan. I ask that his article "On Immigration, First Things First—Amnesty for Illegal Aliens Must Await Control of Our Borders"—be printed in the RECORD.

The article referred to follows:

ON IMMIGRATION, FIRST THINGS FIRST—AMNESTY FOR ILLEGAL ALIENS MUST AWAIT CONTROL OF OUR BORDERS

(By William G. Hollingsworth)

Already massive, the tide of illegal immigration into the United States continues to rise. As both population and distress explode elsewhere, that tide will keep rising.

The Simpson-Mazzoli bill is the closest that Congress has come to facing the problem. The bill passed the Senate last spring and may come before the House again, probably in amended form this year.

Simpson-Mazzoli originally proposed sanctions on employers who knowingly hire undocumented persons, but that scheme weakened under intense lobbying by groups ranging from the American Civil Liberties Union to the Western Growers Assn.

At present, employers must rely on Social Security cards and drivers' licenses, which are counterfeited by the millions. A reliable ID system would make sanctions fair and workable—but even if one were devised it probably would be politically unsellable.

Never mind that a truly reliable verification system would prevent discrimination against Latino or other legal residents whose status an employer otherwise might doubt. And never mind that illegal immigration most hurts low-income U.S. citizens, often blacks and Latinos, with whom the immigrants so often compete for jobs. Prestigious groups and individuals have warned that, no matter how restricted its use, any government-issued ID card would in fact be seen as an "internal passport."

In any case, penalizing employers would only be an aid in controlling illegal immigration. The Simpson-Mazzoli bill would still leave us with a ludicrously underfunded Immigration and Naturalization Service, with an equipment-poor and token-size border patrol and with no adequate system for ensuring the exit of millions of temporary visa holders.

The bill does recommend "a controlled and closely monitored increase" in border patrol and INS enforcement activities. But even this cautious approach depends totally on congressional appropriations year by year. In today's budgetary climate the chances for an adequately funded INS are slight. In truth, the Simpson-Mazzoli bill is no more than a very partial step toward the control of illegal immigration.

Several million undocumented aliens now reside in the United States. Both compassion and practicality require that those who have lived here long enough to acquire an "equity" in this nation be granted an amnesty leading to full citizenship. Compared to most immigration issues, amnesty is a popular cause. Thus there is a great temptation for Congress to grant amnesty prematurely. Simpson-Mazzoli succumbs to that temptation. In doing so it makes an enormous mistake. Until illegal immigration has been brought under control, granting vested amnesty rights is folly, for two reasons.

A premature amnesty would encourage increased illegal entry. A nation so eager to grant unconditional amnesty before law prevails appears more than willing to extend it to those who arrive in the future. It announces to the world that we are not serious about enforcing our immigration laws.

And to grant vested amnesty rights before we control our borders minimizes the chances that Congress will enact measures adequate to gain that control.

By going ahead with the easy task (amnesty) before accomplishing the difficult task (enactment of adequate controls), those in Congress who wish to curtail illegal immigration will have surrendered essential leverage. They will have too little bargaining power to effect the needed legislation.

By putting the cart of amnesty before the horse of secure borders, the effort to control illegal entry will remain at a standstill. Illegal immigration will escalate from a crisis into a nightmare.

Because no one can predict an adequate strategy for restoring control over the nation's borders, Congress should authorize full amnesty contingent on achieving the following:

Greatly increase Immigration Service and Border Patrol capability for enforcing our immigration laws. Underfunding of immigration law enforcement is false economy. The displacement of U.S. workers, just one social cost of illegal immigration, may be costing $35 billion per year in unemployment benefits and other public assistance.

Enact a credible scheme of employer sanctions if politically possible.

Grant provisional but non-expirable residency and work permits (generally without government benefits) to all illegal aliens who have resided here since at least, January, 1981.

Stipulate that the above persons (but not later arrivals) will receive full residency status with access to government benefits and, in due course, U.S. citizenship—as soon as the President certifies to Congress that subsequent illegal immigration is occurring only at an insubstantial level.

Thus full-benefits amnesty would be contingent on the achievement of adequate control over our borders. Otherwise there will be too little pressure on Congress to gain that control.

It is an unfair argument to say that the contingent approach keeps longtime illegal residents in limbo. Those inclined to make his argument have the political clout to help render it totally moot. With broader political support, Congress and the President would move swiftly to control illegal immigration soon creating the conditions under which full-fledged amnesty could be sensibly effected.

Until the United States regains sovereignty over its own borders, the whole nation is in limbo. And the outlook for jobless U.S. citizens is even worse.●

FEDERAL CHARTER AWARDED TO NATIONAL ACADEMY OF PUBLIC ADMINISTRATION

● Mr. CHILES. Mr. President, I would like to call attention to the recent action by the Senate on passing legislation to award a long-deserved charter to the National Academy of Public Administration.

Composed of scholars and leading practitioners of public administration, the National Academy has been dedicated to advancing effective government since its founding 17 years ago. It is only fitting that we in Congress, also dedicated to more effective government, recognize the many accomplishments of the National Academy

and accord it the status of a chartered institution.

The National Academy has responded to Federal, State, and local government agency requests for help in solving problems associated with particular programs, processes, or organizational structures. Its study and advice have been heeded time and time again to the benefit of Government agencies.

The range of its contributions is great. It has lent its expertise to the effective management of the U.S. Postal Service, the Presidency, the civil service, and the Environmental Protection Agency. It has made studies and recommendations on issues ranging from the management of commercial radioactive waste and the data processing and telecommunications functions in the Department of the Treasury, to Government-business cooperation in developing space technologies, and space remote sensing and the private sector.

On broad concerns of Government, the National Academy has held workshops on the role of American Government, it has studied the issue of revitalizing Federal management, and it has produced a comprehensive productivity handbook for State and local government.

I would like to laud the National Academy of Public Administration for these and many other contributions it has made toward making our Government work better. I would also like to congratulate the National Academy members and their chairman, Phillip S. Hughes, Under Secretary of the Smithsonian Institution, on gaining a charter. I hope that in the future Government will call the National Academy even more often for its counsel.●

APPROPRIATIONS FOR CORPORATION FOR PUBLIC BROADCASTING AND PUBLIC TELECOMMUNICATIONS FACILITIES PROGRAMS

● Mr. D'AMATO. Mr. President, I rise today in support of S. 2436, which authorizes appropriations for the Corporation for Public Broadcasting (CPB) and for the public telecommunications facilities programs (PTFP).

The CPB is the administrative organization that distributes Federal funds to public television and radio stations, which provide information and entertainment to the citizens of this Nation. Children utilize public television in a special way; programs designed to help youth develop their mathematical, reading, and scientific skills are integral to their early education and are an important supplement to formal education processes. Public television also offers a wide variety of programs for adults, ranging from news and commentary programs to indepth documentaries on science and technology. The funds distributed through the CPB help to broaden the cultural perspectives of our entire population.

We, in Congress, must act on the President's initiative to increase the quality and value of this Nation's educational system. Education of our youth is the responsibility of every parent, every teacher, and especially, every legislator. Since children spend a considerable amount of their free time watching television, it is important that educational programing is available during this time. Childrens' programs supported by the CPB are often the first educational experience for many preschool children. This service may be the greatest single achievement of public television.

Adults benefit from CPB-supported programs to a great extent as well. High quality cultural, dramatic, informative, and instructual programing available via public television offers a pragmatic alternative to the programing offered by the major networks. Funding the CPB will help maintain and expand this type of personally enriching programing, from which all Americans can benefit.

In order for the CPB to help in the education of our population, the young as well as the old, we must enable the broadcasts it supports to reach every area of the Nation. Expansions of the existing telecommunications network to areas presently outside the system must be achieved, along with the modernization of existing facilities. Thus, I support my distinguished colleague and good friend, Senator GOLDWATER, in calling for the authorization of the necessary funds for the PTFP, as well as for the financially struggling CPB.

Education is a necessary prerequisite for, and function of, a Democratic Republic. The high cost of broadcasting quality programs, however, exceeds private donations. By authorizing the necessary funds for the CPB and PTFP to allow the continuation and expansion of the current high quality of public broadcasting, we are performing an invaluable service to all Americans.

Mr. President, I urge my colleagues to join with me as cosponsors on this important bill.●

MILITARY POTENTIAL OF PEOPLE'S REPUBLIC OF CHINA

● Mr. GOLDWATER. Mr. President, appearing in the spring issue of Parameters, which is the journal of the U.S. Army War College, is a very fine résumé of the military capabilities and situation of the People's Republic of China. I am asking that this appear in the CONGRESSIONAL RECORD because the President of our country will be traveling to the People's Republic in the very near future, and I think it would be very wise for all of us to have a real idea of what the People's Republic looks like militarily, so that any tendencies he might have to yield to the pressures that will be exerted on him to sell technical equipment and arms to that part of the world, which has never been anything but enemies of ours, might be reexamined.

I ask that this article be printed in the RECORD.

The article follows:

WESTERN SECURITY AND THE MILITARY POTENTIAL OF THE PRC

(By A. James Gregor)

Washington's apparent willingness to move beyond the implicit counterweight strategy with the People's Republic of China toward more active collaboration against the Soviet Union, including the possible sale of weapons and weapon-related technology to Beijing, has precipitated wide-ranging private and public debate in the United States.[1] Other than the diplomatic and political significance such developments might entail, one of the central questions involves the conceivable military consequences of such sales and transfers. To what degree might the sale of weapons systems to the People's Liberation Army of the PRC alter the current military balance along the Sino-Soviet border to the advantage of mainland China and the collateral advantage of the anti-Soviet Western powers? Whatever arguments might be made for the political or diplomatic benefits such transfers might afford, there remains the central concern with the balance of forces along the Sino-Soviet border.

Any effort to respond to such questions necessitates a review of the present military capabilities of the PRC in its prevailing security environment, conjoined with some judgment of its potential for development. What seems clear is the fact that although the armed forces of the PRC are large in absolute terms, they are beset by disabilities of considerable magnitude. Those disabilities afflict every branch of the armed services of communist China, and their redress appears to be beyond the medium and probably the long-term capabilities of both the Western powers and the Beijing regime itself.

THE ARMED FORCES OF THE PRC

The PLA, which embraces all communist Chinese arms and services, including strategic nuclear, naval, and air defense components, is the largest military organization in the world.[2] It is composed of approximately 4.7 million men under arms serving in units organized in 11 Military Regions divided into 29 Military Districts. This mass is divided into Main and Local Forces. Main Force divisions are the primary force constituents and are better armed than Local Forces, which are intended to defend local areas and provide troops for border defense and internal security. There are about 190 Main Force divisions in about 40 army corps, including 121 foot infantry, 12 armored, and three airborne divisions. Artillery, engineer, railway, production, and construction corps units make up the remainder of the ground force manpower, and all are commanded by the Ministry of National Defense. Local Force divisions seem to be under the command of the leadership of the military regions. There are approximately 85 infantry

Footnotes at end of article.

divisions and 130 independent regiments in the Local Forces.

In addition there are common militia units, composed of anywhere from 50 to 200 million nominal participants. The People's Militia receives little military training in general, and its common militia units receive little in the way of military equipment. About 15 million members of the common militia are entered into basic organizational units under the leadership of retired PLA officers, who exercise with them once or twice a year with active-duty PLA personnel. Of the 15 million, about five million men and women are selected to provide the manpower for security partols and for general militia training. Armaments for the select units of the militia are usually restricted to infantry weapons, although some urban militia units have received antitank and antiaircraft weaponry.

Under combat conditions the Main Force divisions are expected to engage directly the enemy's main forces. The Local Forces serve to provide local self-defense and the leadership for irregular warfare units composed of the best trained of the People's Militia. The general militia forces constitute manpower reserves and simple labor power for field forces.

The overwhelming feature of the PLA is its foot-mobile character. Although the communist Chinese have about 11,000 tanks in inventory—approximately the same number as found in the armed forces of the United States—the ratio of active personnel available to tanks leaves the PLA seriously disadvantaged in any confrontation with Soviet forces. If the category "armored vehicles" is taken to include both tanks and the 3,500 armored personnel carriers the PLA has in service, the ratio of personnel to armored vehicles is about 241:1, compared to a Soviet ratio of personnel to armored vehicles of 20:1. In effect, the PLA has very limited strategic and tactical mobility. The 20,000 field guns and rocket launchers, and 6,000 heavy mortars, of the PRC armed forces are relatively obsolescent. Given the size of the infantry forces of the PLA, it becomes apparent that the PRC military conspicuously lacks both armored mobility and firepower in the field. These disabilities are compounded by the fact that the air force of the PLA, while large in absolute numbers (5,300 combat aircraft), remains critically deficient in terms of modern weapon platforms, modern weapon systems, and modern electronic warfare ancillaries. Against any modern opponent, it is doubtful whether the air force could contest tactical air control over the battlefield, much less obtain general air supremacy. Without tactical air control, the foot soldiers of the PLA could expect only episodic air support. Hampered by a lack of armored mobility and impaired in terms of firepower, the infantry units of the PLA would suffer grievously from the air strikes that certainly would be launched with relative impunity by any modern adversary.

On the seas, the communist Chinese deploy the world's third largest navy in terms of combatants. None of those combatants, however, is larger than a destroyer—and most are coastal defense craft ranging from gun, torpedo, and missile boats through frigates armed with surface-to-surface missiles. Those surface combatants are supplemented by the world's third largest fleet of attack surmarines. The approximately 100 attack boats in the navy of the PRC are conventionally powered, Chinese-constructed replicas of Soviet submarines of the 1950s (there are about 80 *Romeo* and 20 *Whiskey* class diesel-powered boats in inventory).

Other than the surface and subsurface combatants, there are approximately 800 shore-based aircraft assigned to the PLA navy. They provide the air defense for the combat vessels of the fleet. The force is composed of about 100 torpedo bombers, 50 light bombers, and 600 fighter aircraft including domestically constructed MiG-15s, MiG-17s, and MiG-19s. The remainder of the force is composed of light transport aircraft and about 40 helicopters.

Beyond the conventional forces available to Beijing, there are strategic nuclear forces under the control of the Second Artillery, the nuclear missile arm of the PLA. At present, the offensive nuclear weapons available to the PRC constitute modest but growing capabilities.

The Second Artillery deploys about 50 CSS-1 *Tong Feng* medium-range ballistic missiles with an estimated range of 1800 kilometers and an explosive impact of 15 kilotons. These are supplemented by about 85 CSS-2 intermediate-range ballistic missiles with an estimated range of 2500 kilometers and in impact of one to three megatons. Four intercontinental ballistic missiles with a range of approximately 7000 kilometers and an impact of one to three megatons, coupled with a few true ICBMs with an estimated range of 13,000 kilometers and an impact of five to ten megatons, make up the strategic nuclear inventory of the PRC.

The PLA is believed to possess a stockpile of several hundred fission and fusion nuclear devices that are available for drops by tactical fighter and bomber aircraft. The air force has about 100 Tupelov-16 (Badger) medium bombers in inventory—with an operational radius of about 3000 kilometers—that could be used for nuclear weapon delivery. Some fighter aircraft are configured for tactical battlefield delivery.

In substance, the military capabilities of the People's Republic of China are not negligible. Like all capabilities, however, the measure of the PLA can only be assessed against the security threats with which it must contend.

THE SECURITY ENVIRONMENT

At the moment, the security environment of the PRC is dominated by the presence of substantial military forces along the Sino-Soviet border.[3] About 25 percent of the conventional forces of the Soviet Union are deployed along the frontiers of communist China. About 38 motorized rifle divisions are in position, supported by about seven armored and two airborne divisions. About 25 of those divisions are deployed in the Soviet Far East Military District, which borders Manchuria. In manpower, they are roughly equivalent to the PLA forces across the border. They are distinct insofar as they are completely motorized, and the concentration of armor is far heavier than that of the PLA. Overall, along the entire border, communist Chinese troops outnumber Soviet forces at a ratio of about two to one.

Estimates of Soviet air power along the communist Chinese border differ, but the force deployed is probably between 1500 and 2500 combat aircraft, and the types of aircraft vary, providing the Soviet ground forces with support by a large and flexible force. Soviet Far Eastern Frontal Aviation, integrated closely with the forward-deployed ground forces, has been extensively modernized, with the MiG-21s becoming the most numerous fighter-interceptors on station, supplemented by MiG-23s and most recently by MiG-25 (capable of Mach 3 speeds at high altitude), MiG-27s, and the most sophisticated ground attack aircraft in the Soviet air force, the Su-19.

At present, one-fourth of the total force of Soviet Long Range Aviation is assigned targets in the PRC. The most recent addition to Soviet Long Range Aviation in East Asia is the Tu-26 Backfire, which significatly enhances the Soviet air command's capabilities with regard to ordnance-carrying, delivery, range, and survivability.

At sea, the Soviet Far East Fleet deploys a force of about 78 major surface combatants—including at least one aircraft carrier, 11 cruisers, 25 destroyers, and 41 frigates, all missile-capable—supported by 700 lesser vessels. Most of the surface combatants have extensive antisubmarine equipment aboard, and Soviet naval aviation attached to the Far East Fleet operates about 200 to 250 antisubmarine aircraft and helicopters.

Other than the surface vessels, the Soviet Far East Fleet operates about 100 submarines, 25 of which are ballistic-missile boats (about 20 of which are nuclear-powered). Almost half of the remaining submarines are nuclear-powered attack boats, and almost half that number are equipped to launch antiship guided missiles. The five or six *Charlie* class submarines that make up part of the cruise missile force can launch their antiship cruise missiles while submerged. The remaining *Echo II* cruise-missile-capable submarines launch their missiles on the surface.

About 15 of the remaining nuclear-powered attack boats are configured for a sub-killing role. *Victor I, November,* and *Echo I* class boats are armed with anti-submarine torpedoes. Most of the remaining attack submarines are conventional diesel-powered boats and are used for coastal patrol duties and training exercises.

The conventional forces of the Soviet Union are supplemented by a vast nuclear armory. It is estimated that the Soviet Union maintains about 1600 ICBM silos augmented by almost 1000 launchers aboard submarines. How many of these submarine-launched ballistic missiles are targeted on the PRC is unknown, but at least 30 percent of all Soviet strategic missiles are deployed along the Trans-Siberian railway and in nuclear-powered missile-launching submarines assigned to Pacific waters. SS-18 missiles are emplaced outside Novosibirsk, and SS-4, SS-11, and the newest SS-20 intermediate-range ballistic missiles are deployed in the Trans-Baikal and Siberian Military Districts. These sites can deliver about 8000 nuclear warheads on communist Chinese targets anywhere on the mainland of China. Tactical delivery can be effected by Frog-7 nuclear rockets, providing significant theater nuclear capabilities to Soviet Far Eastern forces.

Given the targeting precision of Soviet nuclear weaponry, it is estimated that less than half of the current Soviet inventory targeted on PRC objectives would be required effectively to destroy all "hard" targets and all selected "soft" objectives. The hard targets would include substantially all PLA launch sites, not excluding those burrowed into mountainsides. Communist Chinese hardening technology, designed to resist nuclear blast effects, is significantly behind that of the West and particularly inferior to that of the Soviet Union. PLA fixed silos have been hardened to about 600 pounds per square inch (psi) overpressure, as opposed to about 1000 psi for those of the United States and 4000 psi for those of the

Soviet Union. Similar disabilities afflict other hardened targets housing the military command, control, and communications infrastructure. As a consequence, almost all these targets would be destroyed in a Soviet nuclear attack.

Soft targets would include the 150 communist Chinese airfields capable of servicing jet aircraft. Many of the remaining 450 airfields also might well be targeted and destroyed. Major industrial centers, railheads, and communication hubs would be similarly selected for early destruction, further reducing the PRC's already fragile logistical and communications infrastructure.

It is clear that should the Soviet Union decide on frontal conflict with communist China, a nuclear first strike would constitute a real option. Soviet military manuals insist that in the event of war, "The actions of the troops on the battlefield [would be] coordinated first of all with . . . nuclear strikes and . . . directed toward the exploitation of their results. Nuclear strikes, the destruction of enemy means of nuclear attack, and swift, highly maneuverable actions with the exploitation of gaps, breaches, and intervals in the enemy combat formation form the basis of attack." "Surprise" would be decisive.[4]

Should such an attack be undertaken, it is doubtful that any of the PLA's retaliatory nuclear force would survive.[5] But even if some of the silos and the available missiles of the PLA did survive, there is grave suspicion that they would have little, if any, military value. In the first place, the PRC's nuclear deterrent system is more than two decades old, and all its known ICBMs are liquid-fueled. Although a recent space satellite launch suggests that the PRC has developed solid-fuel technology for its rocket engines,[6] its nuclear delivery systems remain liquid-fueled and will remain so for some time to come.

Liquid-fueled missile systems require a relatively long lead time in launch preparation, making them particularly vulnerable. It is reported, for example, that the PRC's CSS-2 missiles require 48 hours of firing preparation before launch.[7] Moreover, the guidance systems on such vehicles are extremely sensitive and tend to degrade without constant and proper maintenance. Given the shortfall in skilled PLA personnel and the time such delivery systems have been in storage, it is probable that errors and malfunctions would preclude effective launch of a substantial number of the missiles. Those considerations, coupled with the facts that the PLA lacks testing experience and possesses few means of effective target acquisition, suggest that any missiles that might survive Soviet attack to achieve launch would not, in fact, reach their targets.

While the PLA has a small but operational photointelligence capability, the inaccuracy of target data, the questionable target acquisition capabilities, and the primitive guidance properties of the delivery system do not afford Chinese missiles much precision in terms of impact area. The "circular error probable" of PLA missiles is four kilometers—which means that only 50 percent of arriving warheads can be expected to fall within a target circle having a radius as large as four kilometers, making such strikes largely ineffective against any hardened Soviet targets. The comparable figure for Soviet and American missiles is 9.5 kilometers.

Recently, the PRC successfully placed three experimental satellites in orbit at one launching,[8] suggesting that the Chinese have the potential for developing a multiple independent reentry vehicle (MIRV) program that could be employed with nuclear delivery systems. MIRVing its missiles might be a partial answer to the inaccuracy of PLA targeting. Nonetheless, it will be some considerable time before the PLA can deploy MIRVed missiles in sufficient number to alter appreciably the present military balance along the Sino-Soviet border.

Smaller PRC nuclear devices, used for tactical strikes, would seem to be of equally little value in any anti-Soviet conflict scenario. If the PLA has significant targeting problems with strategic nuclear missiles, the precision of guidance systems becomes increasingly critical as the size of the target and the yield of the warhead decrease. Given their guidance problems, Chinese tactical nuclear weapons could only be used with any effectiveness against massed troops and materiel rather than opposing launch sites. The problem with such use turns on the fact that the Soviet Union possesses such an overwhelming advantage in numbers and delivery capabilities for tactical nuclear weaponry than any PLA recourse to their use that would not preempt Soviet response would be suicidal.

Finally, for an effective use of any of their nuclear weapons, the PLA would have to insure the survival of its communications, control, guidance, and intelligence systems, something that would be very difficult to accomplish. The Soviet Union possesses one of the most, if not the most, sophisticated electronic warfare systems in the world—one fully capable of rapidly degrading such PRC capabilities.

Under such circumstances, all that would remain to the strategic forces of communist China would be aircraft delivery of nuclear devices. Obsolescent PLA aircraft would have to penetrate Soviet air defenses to effect delivery. The chances of success against some of the world's most sophisticated interceptors and ground defense systems would be marginal at best. The best communist Chinese option would be a massive launch of aircraft carrying a large number of nuclear weapons, flying at low level to evade early radar detection and tracking. But the airfields capable of servicing such a force would be among the first targets of Soviet attack. As a consequence, the proposed air fleet would have to be dispatched from surviving airfields in the communist Chinese interior—a circumstance that would allow Soviet intelligence a longer lead time for detection and the preparation of countermeasures. The result would be the near certainty of the total destruction of such a force before a meaningful Soviet target could be destroyed.

Given the Soviet advantages in early warning surveillance, electronic warfare capabilities, surface-to-air missilery, conventional air defense, and interceptor aircraft, any PRC response to a Soviet nuclear attack would have negligible effect on the course of the conflict. In fact, the Soviet Union enjoys so many advantages in any nuclear exchange, whether strategic or tactical, that the Soviet military would probably welcome nuclear first use by the PLA. Given the long lead time necessary for the launch of PLA liquid-fueled vehicles, as well as the doubtful targeting and low probability of delivery that would accompany the attack by a small number of devices, the Soviet military would have ample lead time for countermeasures. Moreover, they would then have every justification for destroying all PLA forces in the forward deployment areas without the political and diplomatic opprobrium that would attend Soviet first use.[9]

In the effort to offset the Soviet nuclear advantage, the PRC has continued to pursue development of a submarine-launched missile. In October 1982 it was reported that an SLBM was successfully test-fired by China's navy from Bo Hai Bay to impact in the waters 1600 kilometers northeast of Taiwan. The submarine-launched missile apparently has the range of the American Polaris A-1.

The platform from which the missile was launched has not been determined. It may have been either a modified *Han* class nuclear-powered boat or a *Golf* class diesel-powered submarine. In any event, the Chinese navy has very few such platforms, either nuclear or traditionally powered, and it is unlikely that any such vessels will be dispatched to patrol duty any distance from mainland Chinese bases. It would be impossible to come to the assistance of any such vessels should there be an emergency, given the limited blue-water capabilities of the naval forces of the PRC.

Only when China's navy has a minimum of four to six such submarine missile platforms, supported by open-water servicing and assistance capabilities, could such submarine-launched ballistic missiles contribute to the nuclear deterrent capabilities of the communist Chinese armed forces. Until that time, the strategic capabilities of the PRC will contribute little to the strategic nuclear balance. That the United States would devote the substantial sums of money, or the advanced technology, necessary to enhance Beijing's nuclear capabilities is very unlikely.

For the foreseeable future the PLA does not pose a serious nuclear threat to the Soviet Union, and little of the Soviet Union's nuclear capability is employed in covering PRC targets. In fact, it appears that the proportion of the Soviet nuclear arsenal needed to counter the PLA nuclear threat is smaller today than it was a decade ago. Soviet nuclear delivery technology has improved with such rapidity that a counterforce strike against the nuclear potential of the PLA would today involve only a negligible part of Soviet capabilities.

At the time of the normalization of diplomatic relations between the PRC and the United States, some suggested that the strategic forces of the PLA would be rapidly improved to the point where they would have a disabling effect on Soviet strategic planning; such suggestions are now recognized to have been totally unrealistic. Against either of the superpowers, the mainland Chinese could not, under any forseeable circumstances, put together a survivable land-based nuclear deterrent during the present century. Eventually, the submarine-based ICBMs of the navy could serve as a second-strike threat, but it will probably be decades before mainland China has the technology, the number of platforms, and the blue-water capabilities to provide a minimum deterrent capability against the Soviet nuclear threat.[10] The costs involved will be heavy and will strain current skilled manpower resources. Such efforts will, of course, affect the attempt to modernize the PRC's retarded economic system.[11] Finally, it is obvious that the military systems of the Soviet Union will continue to evolve, and its present antisubmarine capabilities, for example, which are formidable, will improve still further. The PRC may never be able to put together a survivable submarine nuclear

deterrent. It seems reasonably clear that the People's Republic of China, for at least the determinate future, offers little in the way of military advantage to the West in terms of its strategic capabilities, and there seems to be very little the West can do, realistically, to alter that fact.

If one considers alternative nonconventional arms such as chemical weapons, the prospects are no less bleak. The Soviet Union possesses overwhelming advantages vis-a-vis the PRC. Soviet commanders have been trained to consider such weapon employments as a matter of course in any conflict, conditional upon tactical and meteorological opportunities.

With the accompanying array of multiple rocket launchers and aircraft for the rapid delivery of persistent and nonpersistent chemical agents such as cyanide or sarin, the large stocks of toxic substances available to the Soviet ground forces would provide the USSR with major battlefield advantages. All reconnaissance units in the Soviet ground forces have components equipped for duty in chemically contaminated areas. Decontamination sprays are held at the company level and above, and every division has complex mass decontamination equipment in inventory.

The evidence from Laos and Cambodia suggests that the Soviet Union (at least through its surrogates) is prepared to use chemical toxins in conflicts. Similar reports have surfaced concerning the use of such toxins in Yemen in the 1960s. Should they be used against the PLA, there is every evidence that the armed forces of the PRC are ill-equipped to counter or neutralize their effects.

If such are the circumstances when one considers the nonconventional capabilities of the USSR, any assessment of the conventional capabilities available for use by the Soviets against the PRC would afford little occasion for optimism in Beijing. In the threat environment in which the PLA would be forced to operate, there is little to suggest that its vast armies of foot soldiers would offer anything more than cannon fodder for Soviet fire in the course of frontal conflict.

CONVENTIONAL GROUND AND AIR FORCES

Given the present configuration of forces along the Sino-Soviet border, the Soviet Union—even without recourse to non-conventional modes of attack—has an entire repertoire of military options it could exercise with a more-than-reasonable chance of success. Should the Soviet Union undertake attack across the borders of the PRC, the open spaces and the thin population of Sinkiang and Inner Mongolia offer optimum terrain for rapid armored and motorized infantry assaults. Such a campaign would be supported by air strikes against strong points and air cover for ground troops.

The communications system from central China to Sinkiang is very fragile, with major transport threaded through a single rail connection that traverses the Kansu corridor. Sinkiang is a vast arid region, ringed by mountains, which in large measure is similar to the desert reaches of the Middle East. The topography and the thin communications infrastructure make the region susceptible to classic desert warfare maneuvers. Severance of the rail connections through the Kansu corridor would make regeneration of the PLA ground forces extremely difficult, and the Soviet conjoint employment of air supremacy, armored mobility, and mobile firepower would make the entire region all but indefensible.

Soviet aircraft employed in any such attack would have machine and trained-manpower advantages over the obsolescent aircraft of China's air force. The bulk of the communist Chinese air force is still composed of MiG-17s and MiG-19s—both of 30-year/old designs. The small number of Chinese MiG-21s in service appear to suffer from design impairments and are of doubtful combat usefulness. PRC aircraft possess primitive avionics and navigational capabilities and generally lack effective air-to-air attack radar. At present the three known types of air-to-air missiles carried on PLA aircraft are relatively modern, comparable to the Aim-9B Sidewinder of the US Air Force. How many of the aircraft of China's air force are so equipped, however, is difficult to determine—with the armaments industry of the PRC having commenced series production only in 1982.[12] Against the MiG-23s, MiG-25s, and MiG-27s in service with Soviet Far Eastern Frontal Aviation, it is doubtful that China's air force could long survive.[13]

An effective air defense of the PLA forces is further impaired by the fact that Chinese aircraft, given their obsolescence and the lack of skilled manpower in the PRC military, seem to suffer greater maintenance problems, and consequently suffer more downtime, than aircraft in other air services. The propulsion systems of PLA MiGs, for example, require overhaul after only a hundred hours of flying time, while the F-4s in inventory with Western air forces remain in operation without such major servicing ten times as long. Moreover, supplies of aircraft parts are limited and their delivery is unreliable. Finally, the training of PRC pilots seems singularly inadequate, with less than 100 annual flight hours per pilot scheduled as the norm as late as 1978.[14]

In a combat situation, the pilots of China's air force could expect only limited ground intelligence and control assistance. The communist Chinese radar system is notoriously thin. There have been some suggestions of a current attempt at upgrading, but for the time being the system appears to have a very limited capacity for detecting low-flying aircraft. Soviet attack aircraft making entry into PRC airspace under 5000 feet would arrive on target virtually undetected. Chinese pilots would have literally no early warning time. Once they did engage in combat, the lack of onboard electronic countermeasures to deflect Soviet air-to-air missiles, launched from outside the range of Chinese fire, would rapidly erode the numbers of aircraft available for the continued defense on the homeland.

Chinese aircraft surviving such encounters and attempting to attack Soviet ground formations would have to contend with one of the most formidable antiaircraft environments of modern times. Surface-to-air missiles launched from Soviet SA-2, SA-6, and SA-9 sites would constitute grave threats to the survival of attacking aircraft. The SA-6 Gainful SAM was employed in the Arab-Israeli war of 1973 and scored some notable successes against the most formidable of the Israeli air units. A fully mobile missile, equipped with sophisticated fire control features including an inflight guidance adjustment capability over the missile-borne semi-active homing system, the SA-6 has a 60-kilometer high altitude range, a 30-kilometer low altitude range, and a high first-shot kill probability. Supplemented by the short-range SA-9 Gaskin and about 10,000 radar-controlled antiaircraft weapons, the air defenses of any Soviet invasion force would be all but impenetrable to China's air force. In the judgment of Western analysts, "The Chinese air force is likely to prove almost completely ineffective against any concerted air defense." Worse still, it is "unlikely that China's air force could successfully protect the PLA from attack and interdiction [from Soviet aircraft]."[15]

With assured air superiority along the entire northern borders of the People's Republic of China, the Soviet forces would use their superiority in armor and mobility to maximum advantage. At the present time Soviet forces enjoy about a three-to-one superiority in tanks and a ten-to-one superiority in armored fighting vehicles and personnel carriers. If calculation is made for qualitative superiority, the differences are even more disheartening.

The Soviet Union has deployed some of its most advanced armor along the communist Chinese border. Soviet T-64/T-72 main battle tanks have been entered into service in Asia. Protected with special laminate armor and armed with smooth-bore 125mm guns, the Soviet tanks outclass the best that the PLA can marshal in opposition. The PLA's present main battle tank, the T-59, is a copy of an obsolescent Soviet T-54 that had been supplied to the PRC by the USSR in the late 1950s and early 1960s. The T-59 is armed with a 100mm gun, but without the power traverse, stabilization of the main weapon, or infrared sighting devices that were standard on the original Soviet models. The gunner and the loader use hand traverse mechanisms which significantly reduce the rate of engagement and compound the difficulties of fire from anything but a flat position. In an open field engagement, where first-hit capability is critically important, such impairment would significantly reduce the survivability of the equipment.[16] In open terrain, characteristic of large expanses of Sinkiang and Inner Mongolia, such armor would have little chance against technologically and numerically superior Soviet tanks. The Soviet T-72, firing armor-piercing, fin-stabilized rounds, could easily breach the shielding of the PLA main battle tanks from stand-off positions beyond the maximum range of the communist Chinese onboard weapons.[17]

Recently there have been reports of a new PRC battle tank, the Type 69 MBT, which incorporates some advanced technological features. The T-69 employs the same chassis and turret as the T-59 but has incorporated a weapon platform stabilizer, a 105mm smooth-bore main weapon, an automatic laser range finder, and an infrared night light, all of which are calculated to improve the combat effectiveness of PLA armor. It will be some considerable time before the PLA can replace the older T-59s with the more modern T-69s, however, and even then its armor will remain inferior quantitatively and qualitatively to current Soviet tank formations. Given the continued improvement of the Soviet inventory, the PRC's efforts, at best, will only marginally improve the PRC's position. Exposed to Soviet air strikes and antitank helicopter gunships, the armor of the PLA would suffer grievous attrition rates.

The difficulties the PLA would experience in attempting to contain Soviet armored thrusts would be compounded by the critical shortfall in antitank weaponry that currently afflicts communist China's armed forces. Present PLA inventory includes largely outdated and ineffective antitank grenade launchers and recoilless rifles—whose limit-

ed range and lethality preclude any significant defense against Soviet armor.

The Type 56 antitank grenade launcher, with which PLA units are amply supplied, has a maximum range of 160 yards. Soviet tank crews would have to be singularly inept to allow antitank teams to make so close an approach in open country. In cluttered terrain, such weapons might have some effect, although the current series of Soviet main battle tanks are heavily armored and it is doubtful that such weapons could inflict significant damage. The D-44 85mm antitank gun and the 75mm recoilless rifle in service with the PLA are ineffective except at murderously short range, exposing antitank teams to heavy suppression fire, and even then the shielding of the Soviet main battle tanks would probably defeat them.[18] There are some reports of PRC copies of the Soviet Sagger antitank guided missile having entered PLA service in 1978 or 1979, but the copies are apparently much more primitive than the Soviet original and of dubious effectiveness.[19]

In effect, the PLA has little in inventory that could stop a Soviet armored invasion across the extended Sino-Soviet border. Even below the threshold of nuclear exchange, the communist Chinese forces are outclassed by Soviet forces. Bereft of the hope of air support, outgunned and outmaneuvered by mobile forces, and armed with obsolete weapons of minimal effectiveness, the foot soldiers of the PLA would be decimated in any frontal engagements. Any attempt to employ the human wave attacks that proved so costly in Korea would result in a grotesque casualty rate against an aggressor that can lay down about five million pounds of ordnance on a battlefield in 30 minutes.

Any fallback to "people's war" tactics would be all but impossible given the relatively thin population concentrations in Sinkiang and Mongolia. Only in Manchuria might the irregular warfare of classical Maoist military doctrine make secure occupation more difficult. But it is clear that the Japanese managed to pacify Manchuria in the late 1930s and early 1940s, and there is little reason to believe that the Soviet Union could not accomplish as much.

It seems evident that the thin transport and communications infrastructure of contemporary communist China could not support a modern conflict on its own soil. Transport and communications remain major weaknesses of the PLA. With about one million trucks in service on about 900,000 kilometers of roads, and with the extant rail services on 50,000 kilometers of track, it is doubtful that the General Rear Services Department, responsible for the logistics of the PLA armed forces, could sustain the large-scale mechanized infantry, tank, and artillery formations required to engage an enemy in modern warfare, or provide transport and supplies for the care of casualties and the replenishment of front-line elements.

During the recent "punitive" invasion of the Socialist Republic of Vietnam by the PRC, the periodic lulls in the activities of the PLA strongly suggest that communist China's armed forces had considerable difficulty in maintaining a steady flow of supplies to forward elements. It seems clear that the transport infrastructure of southern China was overloaded by the demands of the three-week conflict in Southeast Asia.

While the Soviet Union would have logistical problems of its own in any conflict along the Sino-Soviet border, it seems apparent that it possesses the requisite supply capabilities to sustain such engagements. In 1945, the Soviet army overwhelmed the Japanese Kwantung Army in Manchuria in a lightning armored attack that averaged a 50-kilometer daily advance. At that time, the Soviet Union had transported a combat-ready force of about 750,000 troops across Siberia in about four months to launch an armored blitzkrieg into Manchuria. Today the Soviet Union has vastly improved capabilities—and while it is clear that the effort would be burdensome, it seems equally evident that the transport, maintenance, and resupply, required for the campaign could be provided. Rail, sea, and airlift capabilities of the present Soviet military are sufficiently robust to afford such a venture the promise of success.

PRC NAVAL FORCES

Finally, under any conceivable set of military circumstances, it is difficult to imagine that the navy of the PRC could in any way alter the outcome of events. Communist China's navy is essentially a coastal defense force, and although its fleet of about 100 attack submarines is large by world standards, the fact that all its underwater crafts are Soviet-designed and diesel-powered, and relatively short-ranged, render them ready targets for the sophisticated antisubmarine capabilities of the Soviet navy.

Chinese submarines could possibly cause some episodic interruption in the seaborne flow of supplies to the Soviet armies in East Asia, but it is doubtful that they could have decisive effect. The PLA navy, as has been suggested, has had very little blue-water sailing experience. Chinese submarine crews have never been known to venture outside the immediate coastal waters of mainland China. Both the *Romeo* and *Whiskey* class boats of the Chinese submarine service (which in the Soviet navy serve only as training vessels at the present time) are familiar to Soviet crews, are noisy, have limited range and endurance, and are slow once submarged. All of those drawbacks make them poor candidates for sealane interdiction in any effort to undermine Soviet supply lines in time of conflict.

The submarines of China's navy are ideally suited for shallow-water coastal defense operations where none of those shortcomings would be totally disabling.[20] Moreover, in coastal waters, land-based aircraft could provide at least nominal protection against Soviet antisubmarine measures. In fact, in times of conflict, it would be unlikely that the navy of the PRC would attempt to extend itself outside the range of land-based air cover. Without air cover the vessels would be at grave risk against the multiple air, submarine, and surface weapon systems of the modern Soviet fleet. The combatants of China's navy have virtually no air defense capabilities. An attempt was apparently made to put an antiaircraft surface-to-air missile system aboard the *Kiangtung* class frigates of the Chinese navy, but the retrofitting was abandoned. More recently, the PRC embarked upon negotiations with Great Britain's Aerospace Dynamics and Vosper Thornycroft to arm eight of its *Luta* class destroyers and some of its frigates with the Sea Dart surface-to-air missile system and electronic countermeasures capable of deflecting incoming missiles, but the order was canceled in early 1983, apparently because of a shortfall in foreign exchange.[21]

As far as is known, the Chinese navy has no operational seaborne defense SAMS, and the machine guns and conventional antiaircraft weaponry on shipboard would be of marginal use against supersonic and high subsonic air attacks.

China's navy is fully capable of providing substantial coastal defense, but it is very unlikely that the Soviet Union would attempt coastal amphibious assaults or attacks against the shore except as diversionary feints. Whatever the case, in any engagements with Soviet combatants, the vessels of China's navy would be seriously disadvantaged. The only shipboard antiship missile system on PRC units is the communist Chinese version of the Soviet SS-N-2 Styx, with a range estimated to be about 20 nautical miles. These might well be opposed by the Soviet SS-N-3 antiship Shaddock missiles, with a range of about 150 to 250 nautical miles, that operate from *Kresta* class cruisers in service with the Soviet Far East Fleet. Of the approximately 100 boats in the Soviet submarine fleet, about 20 can launch standoff antiship cruise missiles of various range capabilities. The *Charlie* class submarines can launch SS-N-7 missiles with a range of about 30 nautical miles while submerged. The *Echo-II* class boats can launch the SS-N-3 Shaddock while surfaced.

These vessels are supplemented by Soviet naval aviation that deploys about 85 Tu-16 Badger medium-range bombers that are antiship missile capable. As a strike aircraft the Badger can carry two antiship AS-5 Kelt cruise missiles with a range of about 85 nautical miles, or one AS-2 Kipper with a range of about 115 nautical miles. In turn, these are augmented by a variety of antisubmarine aircraft, including about 150 antisubmarine helicopters, some of which operate from Soviet surface vessels. Of the latter, the KA-25 Hormone is standard for carrier use. Equipped with search radar, dunking sonar, and a towed magnetic anomaly detector array, the Hormone, with relative ease, can search out, identify, and track the noisy underwater boats in service with the Chinese navy. In conjunction with the *Krivak* class antisubmarine destroyers operative with the Soviet Far East Fleet, they consitute critical threats to the survival of PRC submarines outside immediate coastal waters.

The large fleet of fast attack craft available to the Chinese navy, once again, is suitable for coastal defense, but offers little threat to Soviet sea lanes. These vessels would be of little offensive use outside the range of land-based aircraft because of their vulnerability. The *Hola* and *Komar/Hoku* missile-capable fast attack craft make poor launching platforms in rough seas in any case—and the open-ended launchers of the *Komars* make their onboard missiles susceptible to corrosion by open ocean spray. Finally, all the missile-capable Chinese fast attack craft employ Styx missiles with a short range and radio-controlled guidance systems that can be easily jammed by electronic countermeasures. The Israelis used such jamming procedures and succeeded in decimating the similar missile boats of the Egyptian navy in the Yom Kippur War.

The Soviet Union has been gradually phasing out its *Komar* fast attack craft and replacing them with larger and more sophisticated *Nanuchka* boats, armed with the SS-N-9 missile with a normal operating range of at least 50 nautical miles and a reputed maximum range of 170 nautical miles. Unless Chinese fast attack craft could overwhelm the electronic countermeasure system onboard Soviet naval vessels from dangerously close range, they could inflict

little damage on Soviet naval capabilities in any conflict in the open sea.

CONCLUSIONS

However one considers the military capabilities of the PRC in any threat environment involving the Soviet Union, its disabilities are formidable. All the armed services of the PLA suffer from materiel, weapon system, and combat unit obsolesence. The infrastructural support systems in almost every respect are insufficient to sustain modern warfare. The lack of skilled manpower makes maintenance and research and development extremely difficult.

While the Soviet Union has an entire range of options it might successfully pursue, including strategic and tactical nuclear strikes against mainland China, the most plausible military operations would probably include active support, at a variety of gradually escalating levels, for "national liberation" uprisings in Sinkiang, Inner Mongolia, or Manchuria. This might include anything from providing military supplies and sanctuary for insurgents to launching a lightning armored invasion of the border regions to whatever depth chosen. Such activities could be either punitive or designed to afford the Soviet Union bargaining advantage.

All the advantages would accrue to Soviet forces. In much of the region the population is sparce and communications systems very thin. Any suggestions of "people's warfare" under such circumstances would not be feasible. Given the mobility and firepower of Soviet forces, the Chinese defense would have little chance of success. Space would have to be traded for time, and in a region like Manchuria, where Chinese industry and resources are concentrated, such a strategy would be fatal. The People's Republic of China would lose half its confirmed oil resources, a third of its steelmaking capability, and about half of its motor vehicle industrial plants. In effect, the notion that the Chinese at their present stage of development could stop or effectively threaten thereafter a Soviet occupation of Sinkiang and Northeast Manchuria by mass manpower is ingenuous. Climate, terrain, superior Soviet mobility, Soviet air supremacy, and, above all, Soviet nuclear and chemical weaponry preclude any such defense by China as long as the present military equation continues.[22]

It has become increasingly clear that the military capabilities of the People's Republic of China offer little that might serve as a counterweight to overall Soviet military advantages. In general, most military analysts are prepared to recognize that "the range of Soviet strategic options regarding China is sufficiently robust to demonstrate that Western nations would be ill-advised to put too many hopes in the deterrent capacity of the Chinese in the years ahead." [23]

In substance there is little that the PRC could directly contribute to the military security of the West. In a general conflict the Soviet Union could withdraw troops from the Sino-Soviet border without fear of attack. There is every reason to believe that the communist Chinese would not involve themselves in the conflict unless directly subject to attack. But even were they disposed to attack, there is no way that the PLA could sustain operations outside the borders of China. Against a modern military power, the Chinese military is manifestly and necessarily a defensive force. Whatever offensive capabilities it possesses could not be used to any effect against Soviet defenses.

If mainland China were attacked by the Soviet Union, it is doubtful that the United States, or the West in general, would or could intervene effectively. Any effort to replenish the losses that would be suffered by the PLA would be all but hopeless and would involve astronomical costs. Neither western inventory nor productive capabilities could provide the mass of weaponry and supplies that would be required to replenish or rehabilitate PLA combat units mauled by superior Soviet forces.

Current American capabilities in these respects are so limited that when the United States found itself compelled to replenish Israeli stocks during the brief Yom Kippur War of 1973, the military command was forced to draw off supplies and weapons, in some cases, from mainline units in the NATO command. That the United States, or the West in general, could restore the integrity of the PLA after Soviet attack by rapid resupply without jeopardizing its own security is unrealistic.

The West, as a consequence, enjoys precious little military profit from its Chinese connection. Substantial Soviet forces will probably remain in East Asia whatever the relationship between communist China and the West, and whatever the measure of rapprochement between communist China and the Soviet Union. The past history of relations between the two communist powers would seem effectively to preclude a drawing down of Soviet forces to the low levels of the 1950s even if the level of mutual hostility between the PRC and the USSR is maximally reduced. Too many current and future Soviet assets are to be found in the eastern territories to imagine that adequate defense of the region will not be maintained.[24]

Soviet force deployments at the present time appear sufficient to counter any Western or Chinese moves—with a strategic reserve that allows Soviet initiatives in southwest Asia and the Persian Gulf. In the military game between superpowers, the People's Republic of China is an "unarmed giant," incapable of undertaking initiatives against the Soviet Union or adequately defending itself against those by the Soviet Union.[25] It is unlikely that the PRC would come to the assistance of the West in any general conflict, and any effort by the West to come to its aid in the event of Soviet attack would undermine Western security without offsetting communist Chinese disabilities.

Several years ago it was estimated that it would require anywhere from $41 billion to $63 billion to upgrade the armed forces of the PRC to a "confident capability" that would allow it to deter Soviet attack.[26] Today, given the escalation in military costs, that estimate could be well over $100 billion. In two of the past three years Beijing's military budget declined about 13 percent per annum; only in 1982 did it increase, and then a meager six percent.[27] At the moment, defense is one of the lowest items on the list of priorities for the communist Chinese developmental program.

Beijing has made a few arms-related purchases from the Western powers in the recent past. Some years ago the PRC purchased coproduction rights for domestic manufacture of the British RB.168-25R Spey MK 202 turbofan engine. But credible reports indicate that the mainland Chinese have not been able to undertake local production of the engine, and that there has been a forced cessation of manufacture and the delay or abandonment of indigenous development of an advanced fighter for the Chinese air force.

In January 1983 the PRC ordered a Landsat ground station and data processing equipment from the Systems and Applied Sciences Corporation in the United States.[28] The $10 to $20 million purchase was calculated to improve the PLA's surveillance and target acquisition capabilities. How successful the technicians of the PLA will be in incorporating these elements in the present system is difficult to determine, however, given the industrial and technological handicaps with which they must work.

Beijing has sent representatives shopping for advanced weapon systems in the West, and they have evinced interest in the British Harrier jump-jet, the British Sea Dart SAM's, the French Exocet surface-to-surface missiles, and the Dassault-Breuguet Mirage 2000 fighters. To date none of these inquiries has matured into purchase and transfer. The PRC appears loathe to pay the price for the very expensive Western weapon systems, may not be able to absorb such systems into its rather primitive military system, and would rather purchase a few samples of any weapon systems and undertake licensed indigenous production (something it will not be able to accomplish for some considerable time).

In effect, it appears very unlikely that the present military balance along the Sino-Soviet border will change appreciably to the benefit of the PRC for the foreseeable future. Given this circumstance, it is difficult to understand in what sense the People's Republic of China presently constitutes a direct security or military asset to the anit-Soviet West.[29] Continued normal relations between the United States and the People's Republic of China may afford some diplomatic, political, and economic benefits—and friendly relations between any two countries are always to be preferred to hostility. But it seems reasonably clear that whatever benefits the relations between the United States and the PRC might deliver, direct strategic and military payoffs are not among them.

FOOTNOTES

The author would like to acknowledge the support and assistance of the Institute of International Studies, University of California, Berkeley, and the Pacific Cultural Foundation in the preparation of this study.

[1] See US Senate, Committee on Foreign Relations, *The Implications of U.S.-China Military Cooperation* (Washington: GPO, 1981).

[2] For an account of the armed forces of the PRC, see Ray Bonds, ed., *The Chinese War Machine* (New York: Crescent Books, 1979).

[3] Estimates of Sino-Soviet force levels can be found in *The Military Balance 1982-1983* (London: International Institute for Strategic Studies, 1983); Stuart E. Johnson and Joseph A. Yager, *The Military Equation in Northeast Asia* (Washington: Brookings Institute, 1979); Harlan W. Jencks, *From Muskets to Missiles: Politics and Professionalism in the Chinese Army, 1945-1981* (Boulder, Colo.; Westview, 1982); Jonathan D. Pollack, "Chinese as a Military Power," in Onkar Marwah and Jonathan Pollack, eds., *Military Power and Policy in Asian States: China, India, Japan* (Boulder, Colo.; Westview, 1980); Harry G. Gelber, *Technology, Defense, and External Relations in China 1975-1978* (Boulder, Colo.; Westview, 1979), ch. 2; John Franklin Cooper, *China's Global Role* (Stanford, Calif; Hoover Institution, 1980), ch. 5; Kenneth Hunt, "Sino-Soviet Theater Force Comparisons," in Douglas T. Stuart and William T. Tow, eds., *China, the Soviet Union, and the West: Strategic and Political Dimensions in the 1980s* (Boulder, Colo.: Westview, 1982), ch. 7.

[4] A. A. Sidorenko, *The Offensive* (Moscow, 1970) (trans. and published by the US Air Force), pp. 41-42. See Lilita Dzirkals, *Soviet Policy and Military*

Deployments in Northeast Asia (Santa Monica, Calif.: Rand, 1978), p. 25.

[8] See Edward Luttwak, "Military Modernization in the People's Republic of China: Problems and Prospects," *Journal of Strategic Studies*, 2 (May 1979), 6.

[9] *Far Eastern Economic Review*, 2 December 1982, p. 43.

[10] *Far Eastern Economic Review, Asia 1978 Yearbook*, p. 33.

[11] *Beijing Review*, 28 September 1981, p. 5.

[12] William V. Kennedy, "The Perceived Threat to China's Future," in Bonds, p. 171.

[13] See A. S. Y. Wong-Fraser, "China's Nuclear Deterrent," *Current History*, 80 (September 1981), 275.

[14] For a more extensive discussion, see Jonathan Pollack, "China as a Nuclear Power," in William H. Overholt, ed., *Asia Nuclear Future* (Boulder, Colo.: Westview, 1977).

[15] Defense Intelligence Agency, *Allocation of Resources in the Soviet Union and China—1982* (Washington: GPO, 29 June 1982), p. 52.

[16] See Bill Sweetman, "The Modernization of China's Air Force," in Bonds.

[17] See James B. Linder and A. James Gregor, "The Chinese Communist Air Force in the 'Punitive' War Against Vietnam," *Air University Review*, 32 (September-October 1981), 68-69.

[18] Sweetman, p. 142.

[19] Harvey W. Nelson, "The Organization of China's Ground Forces," in Bonds, p. 91. There is some evidence that the recent production model of the T-62 is equipped with laser sighting devices (see "Chung kuo T-62 tank chuang-chih hsien-chin miao-chun-i [China's T-62 Tank Installs an Aiming Instrument]," *Hsien-tai Chun-shih* [*Conmilit*] [April 1979], p. 7), but PLA tank losses in the "punitive" war in Vietnam suggest that these did not significantly alter PRC armor survivability.

[20] Kennedy, "The Perceived Threat to China's Future," p. 178.

[21] Gelber, pp. 50-51.

[22] Jencks, p. 148.

[23] L. Bruce Swanson, "The Navy of the People's Republic of China," in Barry M. Blechman and Robert P. Berman, *Guide to Far Eastern Navies* (Annapolis, Md.: Naval Institute Press, 1978), p. 96.

[24] *United Daily* (Taipei), 19 April 1983.

[25] William V. Kennedy, "China's Role in a New U.S. Deterrence Strategy," in Stuart and Tow, p. 253. See Paul H. B. Godwin, "China's Defense Modernization," *Air University Review*, 32 (November-December 1981), 12.

[26] William C. Green and David C. Yost, "Soviet Military Options Regarding China," in Stuart and Tow, p. 143.

[27] See the discussion in Harry Gelman, *The Soviet Far East Buildup and Soviet Risk-Taking Against China* (Santa Monica, Calif.: Rand, August 1982), and *Soviet Expansionism in Asia and the Sino-Soviet-US Triangle* (Marina del Ray, Calif.: SeCAP, March 1983).

[28] See Drew Middleton, *The Duel of the Giants: China and Russia in Asia* (New York: Scribner's, 1978), ch. 9.

[29] Drew Middleton, "Pentagon Studies Prospects of Military Links With China," *The New York Times*, 4 January 1980, p. A2.

[30] See Godwin.

[31] *Far Eastern Economic Review*, 17 February 1983, p. 9.

[32] See Harry Harding, "Playing the China Card: Watch Out for Fast Deals," *New York News*, 13 January 1980, p. 31; Stanley Karnow, "Risks of Getting Too Thick with China," *Washington Star*, 20 January 1980, p. C3; Edward Luttwak, "Against the China Card," *Commentary*, 66 (October 1978), 41.●

NOTICE OF DETERMINATION BY THE SELECT COMMITTEE OF ETHICS

● Mr. STEVENS. Mr. President, it is required by paragraph 4 of rule 35 that I place in the CONGRESSIONAL RECORD this notice of a Senate employee who proposes to participate in a program, the principal objective of which is educational, sponsored by a foreign government or a foreign educational or charitable organization involving travel to a foreign country paid for by that foreign government or organization.

The select committee has received a request for a determination under rule 35 which would permit Daniel P. Goldfarb of the staff of Senator SLADE GORTON, to participate in a program sponsored by the Chinese Culture University in Taiwan, from April 16-24, 1984.

The committee has determined that participation by Mr. Goldfarb in the program in Taiwan, at the expense of the Chinese Culture University, to discuss U.S.-Taiwan relations, is in the interest of the Senate and the United States.

The select committee has received a request for a determination under rule 35 which would permit Ms. Denise Greenlaw of the staff of Senator DOMENICI to participate in a program sponsored by the Chinese Culture University in Taiwan from April 16-24, 1984.

The committee has determined that participation by Ms. Greenlaw in the program in Taiwan, at the expense of the Chinese Culture University, to discuss United States-Taiwan relations, is in the interest of the Senate and the United States.●

NEW MILFORD JEWISH CENTER HONORS JULIA AND GEORGE HERMANN

● Mr. LAUTENBERG. Mr. President, on April 28, 1984, the Beth Tikvah New Milford Jewish Center in New Milford, NJ, will be honoring Julia and George Hermann for their long and dedicated service to the New Milford Jewish Center and the whole Jewish community.

Mr. and Mrs. Hermann joined the New Milford Jewish Center when they settled in New Milford in 1960. Soon they were involved in almost every aspect of its operation. Mr. Hermann has served as president of the men's club of the congregation, and has held many positions on the board of directors. He is a member of the board of governors, and continues to give his advice, energy, and time to the congregation.

Mrs. Hermann was elected president of the sisterhood of the center, has held almost every chairmanship of the board of directors, and continues to serve on the board.

Mr. and Mrs. Hermann have served as cochairpersons for many events, including the Israel Bond Drive and Journal Testimonial Dinner Dances. The Hermanns were honored by the State of Israel for their work in the Israel Bond Drive.

In addition to their hard work at the New Milford Center, the Hermanns have served the entire Jewish community. Mr. Hermann is a member of the Zionist Organization of America, PSI Delta Phi Fraternity, the United Jewish Community Fund, and is president of the Freedom Benevolent Society.

The Hermanns continue to pass on the traditions of Judaism. They have taken their grandchildren to Israel in order to teach them about their Jewish heritage.

We in New Jersey are very proud to have such citizens as Julia and George Hermann, whose service and dedication has enhanced the lives of the members of the Beth Tikvah New Milford Jewish Center, and the entire Jewish community.●

ARDMORE, OK, NAMED ALL AMERICAN CITY

● Mr. NICKLES. Mr. President, I am very proud to share with my colleagues that the city of Ardmore, OK, has been today named an All American City by the Citizens Forum on Self Government and the National Municipal League. While it has never been a secret to Oklahomans that Ardmore is one of the nicest places around in which to live, I am pleased that the rest of the country is now being made aware of this fact.

Ardmore and eight other U.S. cities were given this honor because of the involvement of their citizens in the decisionmaking processes, and the subsequent community improvements that have been the result of that. Ardmore has much to show for itself, including a nationally recognized high school, and a new higher education center. The citizens of Ardmore have truly been supportive, committed to, and involved in all aspects of the many changes that have enhanced their community and enriched their lives.

I again wish to state my sincerest congratulations to each and every Ardmoreite, and also extend the good wishes of all my colleagues here today.●

LEBANON BLUNDERS

● Mr. DECONCINI. Mr. President, it is difficult to know how to evaluate the U.S. role in the Middle East in the wake of the pullout of U.S. marines from Lebanon. At first glance, one might accept the conclusion that the only accomplishment of our policies to date has been to fully compromise any gains toward peace achieved by the successful Israeli actions of driving the PLO out of Lebanon and completely defanging the adventurism of Syria.

What the United States has accomplished, it appears, is to assure the opportunity for reentry of the PLO into Lebanon, as well as to effect an almost miraculous transformation of a fully routed Syria into the preeminent power broker in the region.

It may be possible to adopt a slightly more positive tone in noting that

former National Security Adviser, Zbigniew Brzezinski, has stepped forward with a new proposal for Mid-east negotiations; yet it is hard to escape the reality that the only real option now available to our policymakers is to assess the full extent of the damage.

My own damage assessment is not much more than I have already stated. Very simply, we have gone far to help our enemies and to hurt our only real friend in the region. Obviously, my location on this side of the aisle readily invites a charge of partisanship for anything I might say on the subject. Whatever may be the case, the thought has crossed my mind—as well as that of a few others—that the U.S. intervention into Lebanon has been the most self-defeating and wrong-headed U.S. foreign policy action since the Bay of Pigs invasion of the very Democratic Kennedy administration.

If there is anything approaching fairness in that charge, then there are powerfully clear lessons to be acknowledged. We have now tried almost every other alternative, and in view of the result it must the case that our future policy in this region can succeed only when it is marked by a positive and sure-handed relationship with Israel. Nothing has been, or will ever be, gained in following a policy that seeks cooperative response from Arab countries at the expense of Israel. In fact, if there is to be anything approaching cooperation in the region, experience has shown that it comes only in its most grudging form from Arab leaders when the United States has demonstrated its commitment to Israel which at the same time meets our own national security interest. The latter is what leads us to the former.

It is disturbing to me that even in the wake of such serious miscalculation in Lebanon, the Reagan administration has still sent no signal of a change in stance in its Middle East policy. With so many errors of judgment now having brought such damaging results to our own interests in the region, as well as to the basic security of Israel, one would hope for evidence of a revision in thinking.

I point to William Safire at this stage to further unburden myself of some of the onus of partisanship and to further elaborate on the gravity of the errors of this administration. Safire is of course far more closely associated with the party and philosophy which now occupy the White House than my own. He has in some respects served in the role of the loyal opposition on the editorial pages of the New York Times, which itself has heard charges of a certain degree of bias on the subject of Israel.

A recent column by Safire titled, "Lebanon Misconceptions, Blunders Mark Reagan's 'Bay of Pigs'" carries all the more force because of the journalistic role Mr. Safire has carved out. In this commentary of U.S. policy in Lebanon, Safire has called the Reagan administration's actions in Lebanon for what they are, a string of blunders that has saved Lebanon's enemies and undermined one of our closest allies. I submit Mr. Safire's column for the record at this point to further underscore the difficult position this administration has created for itself and our Nation in the Middle East.

The column follows:

[From the New York Times, Mar. 4, 1984]

LEBANON—MISCONCEPTIONS, BLUNDERS MARK REAGAN'S 'BAY OF PIGS'

(By William Safire)

WASHINGTON.—Now that the U.S. Marines have departed Lebanon, mission unaccomplished, let us examine the series of misconceptions and blunders that brought about President Reagan's Bay of Pigs:

Weinberger-Haig-Habib Misconception No. 1: The Soviet-backed Syrian and Palestine Liberation Organization takeover of Lebanon could be rolled back in 1982 by U.S. diplomacy.

After a year's fruitless pleading by our special envoy Philip Habib, Syria refused to remove its Soviet missiles from occupied Lebanon.

After a year's indirect dickering with the United States from its west Beirut sanctuary, the PLO escalated its terrorism by shooting an Israeli diplomat. So much for hopes of talking Syria out of Lebanon and the PLO out of terror.

Clark-Weinberger-Bush Blunder No. 1: Reacting to Israel's strike against the Syrian-PLO occupation of Lebanon as if America's ally Israel, and not Russia's ally Syria, were Lebanon's problem.

Then-Secretary of State Alexander Haig saw clearly in June of 1982 that Israel's military response to the Soviet missiles and the murders ordered from PLO headquarters in Beirut was in the Western interest.

He recommended that we merely disassociate ourselves from the Israeli move, letting them take the brunt of public complaints from Arab "moderates."

But Defense Secretary Caspar Weinberger and William Clark, the inexperienced national security adviser, turned Western strategy on its head and joined the general condemnation of Israel.

With help from Vice President George Bush, they prevailed on Reagan, who was still miffed at Israel for objecting to our sale of AWACS jets to Saudi Arabia, to fire Haig; as a result, Arabist gained complete control of U.S. Mideast policy.

Weinberger-Clark-Shultz Misconception No. 2: If we saved the radical Arab forces from defeat, they would seek compromise rather than total victory in Lebanon.

Israel was surprised to discover that the PLO could not fight in open terrain and that Syria was a paper tiger. After sweeping the area on their northern border that had been used to launch rocket attacks, the Israelis saw an opportunity to finish off the PLO for good. By throwing the Syrians and the PLO out of Lebanon, Israel could make peace with the pro-Western Lebanese Bashir Gemayel, a Christian leader strong enough to permit greater Moslem participation.

But President Reagan was panicked by condemnatory U.S. media coverage of Israeli attacks on the PLO, which had taken west Beirut hostage; commentators denounced "imperial Israel," TV assignment editors demanded anti-war footage, and Reagan's Arabists made their fatal move:

Weinberger-Shultz-Clark Blunder No. 2: U.S. forces were sent to Lebanon to prevent the final defeat of the Soviet-supported radical Arabs.

We negotiated a cease-fire to "save" Beirut. After our troops departed, the Syrian-equipped terrorists murdered Gemayel and his top Christian leadership; then maddened Christian Phalangists slaughtered innocents at the Palestinian camps, and Arab leaders who rarely complained of civilian casualties during years of Lebanon's civil war suddenly called down a firestorm of condemnation on Israel.

The Israelis owned up to their own tragic error of not adequately defending the Palestinians against the Christians infuriated by the murder of Bashir.

Reagan sent in U.S. Marines again as a symbol of American strength and determination to uphold the government of Bashir's weak brother, Amin Gemayel—but we made success impossible by trusting our enemies and savaging our friends.

Habib-Weinberger-Shultz Misconception No. 3: If we pressured Israel to withdraw, the Saudis would arrange for the Syrians to leave Lebanon alone.

Our dean of diplomats, Habib, was double-crossed; after Israel signed the withdrawal pact that Shultz negotiated, the Syrians got the Saudis to tell Gemayel to abrogate it.

Weinberger-Reagan Blunder No. 3: The United States pointedly avoided cooperation with Israeli forces in the area and blindly trusted the judgment of commanders untrained in terrorist war.

The U.S. servicemen who were sacrificed, and those who pulled out, were sent to Lebanon by mistake. The Syrians and their Lebanese fifth column were saved from humiliation by our intervention—and paid their debt by humiliating us.

In the end, we were lobbing shells at Syrian-backed guerrillas shooting at us from behind civilians, which was what horrified our media when the Israelis had to do it in the beginning.

The secretary of State has learned from this farrago of blunder to trust an ally and to deal harshly with a murderous enemy. The secretary of Defense seems to have learned nothing. By saving Lebanon's enemies and undermining our ally in 1982, Reagan snatched defeat from the jaws of victory.●

ORDERS FOR TUESDAY

ORDER FOR RECESS UNTIL 3 P.M. TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 3 p.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR THE RECOGNITION OF CERTAIN SENATORS ON TOMORROW

Mr. BAKER. Mr. President, I further ask unanimous consent on tomorrow, after the recognition of the two leaders, eight Senators be recognized on special orders of not to exceed 15 minutes each as follows: Senators KASSEBAUM, GRASSLEY, BIDEN, BAUCUS, PROXMIRE, KASTEN, LEAHY, and ZORINSKY.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR A PERIOD FOR THE TRANSACTION OF ROUTINE MORNING BUSINESS ON TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that after the execution of the special orders, there be a period for the transaction of routine morning business to go no later than 5:30 p.m. in which Senators may speak for not more than 2 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. BAKER. Mr. President, on tomorrow, the Senate will convene at 3 p.m. in the afternoon. After the recognition of the two leaders under the standing order, eight Senators will be recognized on special orders to be followed by a period for the transaction of routine morning business until 5:30 p.m.

At 5:30 p.m., or sooner if circumstances permit, the Senate will resume consideration of the pending business, which is the Federal Boat Act, H.R. 2163. At that time the pending question will be the Kennedy amendment No. 2905, as amended, and divided.

Pursuant to a unanimous-consent order entered today, there will be 30 minutes of debate equally divided prior to the recognition of the majority leader for the purpose of making a tabling motion on division 1. If division 1 is tabled, the majority leader will again be recognized for the purpose of making the tabling motion against division 2. If division 1 is not tabled, further proceedings will be in order with respect to that division.

Mr. President, it is anticipated that the Senate will be in late tomorrow. The leadership on this side would estimate as late as 11 p.m. or 12 o'clock midnight.

RECESS UNTIL 3 P.M. TOMORROW

Mr. BAKER. Mr. President, that is all I have at the moment. The minority leader has indicated to me he has no further requirement for time.

I, therefore, move, in accordance with the order just entered, that the Senate now stand in recess until the hour of 3 p.m. on tomorrow.

The motion was agreed to; and, at 7:51 p.m., the Senate recessed until Tuesday, April 10, 1984, at 3 p.m.

NOMINATIONS

Executive nominations received by the Secretary of the Senate on April 6, 1984, under authority of the order of the Senate of April 5, 1984:

DEPARTMENT OF DEFENSE

James H. Webb, Jr., of Virginia, to be an Assistant Secretary of Defense. (New position—Public Law 98-94, of September 24, 1983.)

DEPARTMENT OF COMMERCE

Joseph F. Dennin, of the District of Columbia, to be an Assistant Secretary of Commerce, vice Alfred Hugh Kingon.

IN THE ARMY

The following-named officer under the provisions of title 10, United States Code, section 142, to be Chairman, Joint Chiefs of Staff, a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be general

Gen. John W. Vessey, Jr., [redacted], U.S. Army.

IN THE NAVY

The following-named Navy enlisted candidates to be appointed permanent ensign in the Medical Service Corps of the U.S. Navy, pursuant to title 10, United States Code, section 531:

Bland, Mark J.
Britton, Clifford L.
Cabanacan, Jesus B.
Combs, Richard D.
Devore, Kenneth W.
Diehl, James G.
Dodge, Ronald E.
Douglas, Steven A.
Duffy, Nancy L.
Farris, Harold, F.
Garcia, Paul J
Gonzalez, Susan J.
Hackett, Don E.
Hasting, Stephen R.
Hudson, Jimmy W.
Jensen, Kristen C.
Keaton, Michael D.
Kline, Randall J.
Kreceman, William H.
Mammino, Elise J.
Martin, James L.
Martin, John L., Jr.
Milesky, Claudia C.
Pedersen, Lisa L.
Pugh, Joseph W.
Swalley, James C.
Symonds, Stephen B.
Tomlinson, David W.
Waters, Gary L.
Zanders, Diane K

The following-named Naval Reserve Officers Training Corps program candidates to be appointed permanent ensign in the Line or Staff Corps of the U.S. Navy, pursuant to title 10, United States Code, section 531:

Belcher, Mark A.
Henry, Edward L., III
Martin, Bradley A.
Riffel, Timothy L.
Smith, Richard D.

The following-named Navy enlisted commissioning program candidates to be appointed permanent ensign in the Line of the the U.S. Navy, pursuant to title 10, United States Code, section 531:

Judy, Anthony R.
Reese, Terry L.

The following-named Naval Reserve officers to be appointed permanent ensign in the Line or Staff Corps of the U.S. Navy, pursuant to title 10, United States Code, section 531:

Crosby, David J.
Fritchel, Patrick E.
Mason, Russell W.
O'Donnell, Kevin S.
Vollbracht, Joseph M.

The following-named Navy enlisted candidates to be appointed permanent chief warrant officer, W-2, in the U.S. Navy, pursuant to title 10, United States Code, section 555:

Bryan, Russell W.
Caces, Alfredo S.
Colabianchi, Angelo S.
Cook, Charles W.
Coombs, Albert E.
Davis, Peter A.
Hedges, Roger B.
Kinnaly, Eugene F.
Moffat, Daniel L.
Newbern, Stephen A.
O'Mara, Robert J.
Stone, Ina J.
Wagner, Richard A.
Weihert, Richard D.
Wooley, Bernard E.

Larry L. Ginther, commander, U.S. Navy, retired, to be reappointed permanent commander from the temporary disability retired list, pursuant to title 10, United States Code, section 1211.

Eugene W. Gregory, commander, U.S. Navy, to be appointed permanent commander in the Dental Corps of the U.S. Naval Reserve, pursuant to title 10, United States Code, section 593.

The following-named U.S. Navy officers to be appointed permanent commander in the Medical Corps of the U.S. Naval Reserve, pursuant to title 10, United States Code, section 593:

Harman, Richard L.
Miller, William D.
Newton, Jerry A.
Pagan-Pagan, Rafael A.
Stamm, John R.
Umfrid, Richard P.

Miles A. Libbey, commander, U.S. Navy, to be appointed permanent commander in the Line of the U.S. Naval Reserve, pursuant to title 10, United States Code, section 593.

The following-named U.S. Naval Reserve officers, to be appointed permanent lieutenant commander in the Line of the U.S. Navy, pursuant to title 10, United States Code, section 531:

Butler, Dean Esmond
Carlson, Richard John
Keefe, George Edwin, Jr.
Maxson, David E.
Raftery, James Joseph, II
Rohrbaugh, Michael Gray
Strong, James Martin
Terry, James
Woods, Bennett Richard
Young, Cassin

The following-named U.S. Naval Reserve officers, to be appointed permanent lieutenant in the Line of the U.S. Navy, pursuant to title 10, United States Code, section 531:

Andrews, Charles Andrew
Ash, William Edward
Avery, Kenneth Larue
Azama, Stacy Setsumi
Barden, James Warner
Barrow, Brent Herring
Batterman, Alan Ross
Bauder, Dean Harold
Beattie, George Taylor, Jr.
Bond, William George
Brandon, Gregory Howard
Brock Donald Fred
Brock, Jerry Lynn
Brown, George Thomas
Brown, Ronald Lee
Butler, Edward Eric, Jr.
Butler, Kim Vincent
Byrd, Alan Kimberly
Carroll, Edward Ralph
Cheslak, David Joseph
Chlebanowski, Joseph Stan, Jr.
Cieslewicz, John
Coke, Sandra M.
Collier, Richard L.
Collins, Robert Theodore
Dalton, Joseph Michael
Danielson, Mark W.
Davis, Lee R.
Davison, Timothy Lee
Dufour, Raymond Anthony, Jr.
Dunan, Sally Elizabeth
Durako, Patricia Ann
Eckelberry, John R.
Erwin, Clarke Marvin
Everett, James Richard, III
Falkenau, Michele Lynn
Fearnow, Frederick Clay
Ferguson, Christopher Kim
Ford, John Ainslie
Fowler, Theresa T.
Frederickson, Robert Alan
Galbraith, Robert Eugene, II
Garciadequevedo, Margarita
Gomori, Michael Andrew

Greenawalt, Stanton
Halter, Richard Patrick
Hardie, Bradley Stephen
Harrington, Robert Hancock
Harris, Constance Joanne
Harris, Mark Allen
Hawley, Alex Lynn
Helms, Michael Philip
Henderson, Michael Nolden
Hickey, Thomas William
Higgins, Floran Michael
Insch, Paul Macky
Jacobs, Charlie NMN
Jacobsmeyer, Steven Martin
Jernigan, Lawrence W., Jr.
Johnson, Douglas Eugene
Jorgensen, Pamela Anne
Kimball, William Hunte
Kingery, Michael Edward
Knowles, Edwin James, Jr.
Lariviere, Raymond Donald, Jr.
Leoun, Donald Vincent
Lipscombe, Clarence Douglas
Litwinski, Robert Henry
Luce, Steven Eugene
Ludwikowski, Joseph Francis
Lynch, Johnny Ray
Manco, Alfred Salvatore
Mason, Danny Eugene
Mason, Verrdon Holbrook
McKee, Richard David
McKee, Thomas Edmond
Melfa, Philip Anthony
Merritt, Robert Randall
Moore, Patrick Thomas
Morgan, Michael David
Munroe, Stephen Richard
Nelson, Drew Douglas
Oharra, Kevin Spencer
Orr, John C.
Oswald, Donald Joseph, Jr.
Ouimette, Daniel Lee
Owens, Philip Allan
Pinson, Preston Clay
Richardson, Walter Joe, Jr.
Rothwell, John Patrick
Rowell, Christopher M.
Rumberger, Paul Michael
Russo, Richard Bruce
Safstrom, David Way
Scholl, James Kent
Selberg, John J.
Shema, Richard Allen
Smith, Phillip James
Snarr, James William, II
Sparks, Thomas Leo
Streeter, Timothy Franklin
Stroman, Scott Clyde
Tanaka, Gordon Yoshimi
Taylor, James Noyes
Taylor, Richard Roy
Teommey, Henry Charles
Tubbs, Pamela Webb
Walden, Bobby Dale
Webber, Charles Ferguson
Wells, Robert Scott
Wening, Robert William, III
White, Bradford Hutson
Wildman, Michael Brent
Winter, Deborad Kovacich
Wooldridge, Edmund Tyler
Young, Jeffrey Charles

The following U.S. Naval officers of the Judge Advocate General's Corps to be appointed a lieutenant in the line of the U.S. Navy, pursuant to title 10, United States Code, section 531:

Kelley, James William

The following-named U.S. Naval Reserve officers, to be appointed permanent lieutenant (junior grade) in the line of the U.S. Navy, pursuant to title 10, United States Code, section 531:

Allen, David Robert
Almazan, Dan
Anderson, Mary Lou
Angood, David Stevens
Bamrick, Edward Earl
Barfield, Edward
Barry, Paul Leo
Barry, Thomas M.
Barsalou, Paul D.
Barton, Richard Wayne
Bass, Michael Austin
Beasley, Michael Earl
Becker, Richard Joseph
Bernard, Scott Alexander
Blass, John Philip, III
Blum, Karen Elizabeth
Bolger, Francis Thomas
Bott, Christopher David
Bradley, Mark William
Brady, Donald Thomas
Braxton, Roosevelt, Jr.
Bray, Scott Anthony
Brown, Scott S.
Bryan, Debora Ann
Burchett, Victoria Lynn
Burden, Sharon Marie Biven
Burrell, Robert James
Callaghan, Stephen
Carr, James Dewey
Cason, Laurie Ann
Charpek, Henry John
Christakos, John
Christel, Charles James
Christenson, Susan Marie
Clark, Dennis
Clark, Ray L., Jr.
Coil, Robert Edmonston
Collins, Harold Henry
Cooper, David Lee, Jr.
Cooper, Robert Gary
Cotopolis, James Michael
Crowe, Linda Lou
Crowe, Roy W.
Cullin, Brian Price
Cunningham, Katherine Lynne
Davison, Mark Thomas
Dean, Robert Harold
Delaney, Michael Angelo
Dobson, Ernest W., Jr.
Dodson, Larry W.
Doles, Michael Craig
Donegan, Kevin Michael
Duffy, Kevin Forrest
Dyer, Gloria Denise
Eckstrom, Reed Alan
Edmunds, Jay Paul
Egeln, Anthony August
Elam, Karen Leigh Stafford
Eyer, Mark Shane
Federoff, Jack A.
Fitzgerald, Joseph J.
Flowers, Charles M., Jr.
Forsyth, Brian Andrew
Fowler, Charles W.
Frederick, Mark Russell
Fricke, John Francis
Gaines, Linda Thiel
Garland, Samuel
Garner, John Henry, Jr.
Gash, William Charles
Gates, Kevin Stuart
Gatski, Louis Julian
Genau, Charles Raymond
Gilham, Lloyd Eric
Glazier, David W.
Gordon, Alan Barry
Gordon, John William
Gorham, William Edward, Jr.
Gossen, Robert James
Greer, Jeffrey Emerson
Griffin, Gail Alane
Griffin, Kent Martin
Grimes, Virginia Ann
Grimmer, David Edward
Gritton, John Michael K.
Guay, David Brian
Hagy, Richard Edward, II
Harris, Steven Grady
Hartman, Martha Ellen M.
Hasebe, Masako
Hauser, Rhoda K.
Haussmann, Stephen Joseph
Hawley, John Steven
Haynes, Roderick Sutherland
Haynie, Barry Alan
Heckman, Ronald Leslie
Hooper, Richard William
Hoskins, Albert Wayne
Huber, Charles W.
Hurley, Shannon Marie Leslie
Hutto, Matthew Cranford
Jackabon, Bruce Alan
Jackson, Carolyn Denise
Johnson, Henry Ogden
Johnson, Mark Louis
Johnson, Mary Beth
Johnston, Bonnie Louise
Jones, David E.
Jonson, Thomas Alexander
Jordan, Janet Paige
Jordan, Richard Leon
Jordan, Susan Sturm
Jublou, Bradley Farrell
Kaso, E. Kim
Kastner, Virginia C.
Kearney, Kevin James
Kelley, Mary Masters
Kelley, Thomas Randolph
Kempf, Cathy Lynn Williams
Kendrick, Peter Reid
Kern, Kevin Charles
Kirkland, Walter Paul, III
Kirkpatrick, Daniel L.
Kiser, Gregory Thomas
Kisley, Timothy J.
Knepton, Howard Lee
Kovach, Alexander Emil, Jr.
Kreitler, Walter Mark
Krumrine, John Nevin, II
Lafond, Daniel J.
Laughlin, John Edwin
Leary, Lewis William, Jr.
Lehman, Harry, Jr.
Lewis, David Robert
Lewis, Eola Ellen
Limjoco, Roberto Alicante
Lind, Howard Rhodes
Little, Craig Wesley
Logue, Patrick Aloysius
Lopatto, Michael
Lowery, Kennieth Lomax
Lyness, John Patrick
Malcom, Stephen D.
Maxwell, Sylvia
McAuliffe, Michael Mulryan
McClain, Michael Thompson
McCloskey, Margaret Ann
McCord, Michael Wayne
McCormack, John Joseph, Jr.
McNamara, David Joseph
McNamara, John P.
McNulty, James Terence
McPhee, Malcolm John, Jr.
Meier, Timothy Wayne
Mellor, Michael Wharton
Metter, Karl Ray
Meyer, Ricky Alan
Mielcarz, Diane C.
Mills, Mark Edward
Millsap, Vernon Burnett, Jr.
Monahan, James Edward
Moore, John Timothy
Mooreschoonover, Lois Jean H.
Muck, Steven Robert
Murphy, Thomas Martin
Musk, Dinty Joe
Muth, Joseph Jonathan
Myers, Alvin Bennett, Jr.
Napoli, Joseph A., Jr.

Navarro, Robert Martin
Nielsen, Kurt Alan
Notsch, Mary B.
O'Brien, Richard Dennis
O'Rourke, Michael Paul
Owens, William Cleave
Palumbo, Nancy Rose
Parvin, Everett John
Patterson, Kenneth Ray, Jr.
Peck, Joseph B., Jr.
Pflugrath, William James
Phillips, Steven James
Pinkerton, Margaret Elisabeth
Pischel, Kenneth J.
Potter, David Joe
Proulx, David Rowland
Rainey, Mary Louise
Randolph, John Wilson, Jr.
Rasmussen, Karen M.
Reed, Margaret Rose Wiseley
Reilly, Kenneth Kazuyoshi
Reno, Margaret M.
Rickey, Rebecca Ann
Riddle, Michael Homer
Ridenour, Paul Eugene
Robinson, Michael David
Rodriguez, George Angel
Rose, Kenneth Carl
Ruff, Pamela J.
Rushton, James Franklin
Rusnok, Carl Edmund
Sabino, Antonio Michalek
San Roman, Laura Ann
Sandvigen, Mark Taylor
Sansbury, Conrad Siward
Scannell, Rosemary Therese
Schinbeckler, Bradford Alan
Schwarz, Frederick J., II
Sereno, August Joseph, Jr.
Shaffer, Linda Carol
Silberman, Bruce David
Simons, Cary Alan
Smith, David Praeger
Smithers, Samuel James
Sohn, David Lee
Soriano, Paul
Sottile, Patricia Jane
South, Candace
Speed, Linda S.
Spreter, Robert Joseph
Spurlock, Vickie Ann
Stanton, Jack Manville
Steiner, Kenneth W.
Steuer, Ethel Ann
Streetman, Don Kyle
Strong, Dorothy Organ
Swanson, Edward Lee
Talwar, Paul
Tillman, Robert B.
Tippins, Teresa C.
Titlow, Glenn Stockton
Updegraff, Joyce L.
Valdivieso, Jorge Edward
Vaughn, Celeste A.
Wachtl, Timothy Charles
Waidelich, Harry Earl
Walker, Jeffrey Norman
Walker, Michael Lee
Wall, Robert Michael
Walls, John Steven
Wann, Peter Blakeley
Warren, James Lincoln
Waters, James Lawrence, Jr.
Weber, Ronald Ray
Wertz, Bruce Jeffrey
Whitley, John Dennis
Wiggins, Warren Marshall
Wild, Brian
Wilson, Anne C.
Wilson, Ward Ames, III
Winkler, Lawrence
Wood, Marylou Barrett
Woodard, Jimmy Clifford
Woodworth, Douglas Alan
Young, Robert Louis
Zagranis, James A.
Zarou, Maher M.
Zecchin, Todd Allen
Ziembko, Ronald E.

The following-named U.S. Naval Reserve officers, to be appointed permanent ensign in the line of the U.S. Navy, pursuant to title 10, United States Code, section 531:

Alderman, Jerry Dale
Allen, David Lee
Bakarich, Matthew Stephen
Barb, Kevin Joseph
Bauder, Douglas Richard
Beck, Duane Eugene
Beckett, David Ray
Boland, Robert Martin
Booth, Donald Eugene
Buyers, William Thomson
Byers, Steven Scott
Callaghan, Daniel Joseph
Callahan, Victor Lynn
Camosy, Joseph, Jr.
Carboni, James Vincent
Cleary, Wayne Ralph, Jr.
Conlon, John Francis, III
Connolly, James Brendan
Constance, David Paul
Cook, Steven Carroll
Coraccio, Neil Thomas
Corcoran, Sean
Courtney, Dale Michael
Croteau, Michael George
Dayton, Dean Ward
Dean, Randy James
Defanti, John Rockwell
Dever, Gregory Andrew
Diller, Daniel J.
Donovan, William Thomas, Jr.
Draxton, Mark Steven
Drewry, Steven Bryan
Dusek, Lansing Gibbs
Estey, Scott Douglas
Farach, Joseph Luis
Fill, John Frana
Fisher, James Leo
Fitts, Andrew Carlisle
Fuller, Thomas Francis
Gosselin, Kevin Edward
Grau, John Robert
Grillo, Michael
Hicks, Anthony Walker
Horley, Donald Eugene
Howard, Harold Harrington, II
Iarrobino, Richard George
Iazzetta, Vincent Patrick
Kong, Chin Ho
Krause, Thomas Walther
Kwan, Andrew W.
Larson, John Mark
Laughlin, John Hart
Lee, Wayne K.
Lenzen, Gerard Anthony
Lew, David Chung
Lewis, Larry Russel
Lukasik, Eric Christopher
Mabe, Roger Matthew
Macafee, Wayne Robert
Maddux, Robert Alfred, Jr.
Maguire, Richard Alan, Jr.
Mahoney, Morgan Edward
Maines, Mark Randall
Marshall, Richard John
McClish, Lee Charles
McConnell, Theresa Anne
McCullough, John Miles
Meara, Robert J.
Merkel, Charles K., Jr.
Meyers, Robert Hamilton Gedd
Mezzano, Dominic Francis
Midland, Mark David
Moreno, Frank J.
Niemann, Franz Heinrich
Northrop, Andrew Kent
Nutt, Brian Keith
O'Connor, David Joseph, Jr.
O'Hara, Richard Alan
Olmstead, Gary Wayne
Owens, Philip Warren
Pannier, Stephen Jay
Pendry, Dale La Ray
Pierce, Frederick Sterling I.
Plagens, Daniel Cass
Platon, Bryan Allen
Poindexter, Carl Allen
Potter, David Curtis
Potter, Thomas Ernest
Prijic, Daniel, Jr.
Prince, Daniel Edward
Reed, Jay Thomas
Reed, Mark S.
Reeves, Robert James
Richards, Randall George
Richardson, Thomas Lewis
Rieffer, Alan Rudolph
Rinaldi, Peter M.
Roach, Thomas Shannon, Jr.
Rogalski, James Howard
Ruck, John Louis
Saperstein, Robert Jamie
Shapiro, Jon Martin
Shaw, Johnathan David
Sleigh, Michael Ross
Smith, Ronald Edward, Jr.
Sorensen, Richard Andrew
Spina, James Anthony
Stanberry, Thomas William
Stephens, Mark Jeffress
Sterr, Robert Kurtt
Stoutamore, Timothy Lee
Sult, David Bush
Swirbul, Arnold Frederick
Thorsell, Dean Michael
Tilden, Scott Martin
Tillack, Robert Harris, Jr.
Turner, Timothy Alan
Valenti, Douglas Jay
Veenhuis, Robert Scott
Vetsch, Douglas Paul
Wagoner, William Odd
Wasiluk, Richard Michael
Weinacht, Richard Joseph
Yabsley, James Franklin

The following named U.S. Naval Reserve officer, to be appointed permanent captain in the Medical Corps of the U.S. Navy, pursuant to title 10, United States Code, section 531:

Blair, Sidney Martin

The following named U.S. Naval Reserve officers, to be appointed permanent commander in the Medical Corps of the U.S. Navy, pursuant to title 10, United States Code, section 531:

Danitschek, Carl Norman
Dy, Rosalia Flores
Hand, John Joseph
Pulliam, Morris Wade
Sachse, Hans P. E.
Thomas, Ronnie Dale
Whitehead, William Odel

The following named U.S. Naval Reserve officers, to be appointed permanent lieutenant commander in the Medical Corps of the U.S. Navy, pursuant to title 10, United States Code, section 531:

Alexander, James Thomas
Bonner, Robert Emmett
Buck, Richard Lawrence
Corrall, Carmen J.
Evans, Robert M.
Fagan, Steven Joseph
Forehand, Ronald L.
Hill, David Michael
Hinkson, Montgomery
Hunt, Wesley Scott

Luck, Thomas W.
Malixi, Edwin Camacho
Mills, John William
Mills, Leland David
Myers, E. Ann
Olmstead, John P.
Prophete, Robert Y.
Raeber, Kirk John
Read, Edward J., Jr.
Robinson, Adam M., Jr.
Rowe, John T.
Turk, Kyong T.
Waecker, Norman J., Jr.
Whiddon, Scott M.

The following-named U.S. Naval Reserve officers, to be appointed permanent lieutenant in the Medical Corps of the U.S. Navy, pursuant to title 10, United States Code, section 531:

Ambrose, Michael R.
Chaffoo, Richard A. K.
Chamberlin, Willard Leon
Clifford, Paul D.
Duntemann, Thomas Josep
Frenck, Robert W.
Gerardi, Sharon Nemeche
Harker, Lee Clesson
Hasty, Benjamin R., Jr.
Hinman, Charles R.
Jennings, John L., Jr.
Knafelc, Marie Elizabet
Knepp, Ira Gail
Leonard, Kenneth E.
Maguire, Frank E., Jr.
McCune, Todd W.
Miegel, Carol Ann
O'Dell, Bruce Lavon
O'Shaughnessy, Gary D.
Roldan, Anselmo
Salazar, Guillermo Jose
Spieker, Michael Raymon
Thompson, Jeffrey N.
Vafier, James Alexander
Valdez, Michael R.
Weiner, James Paul
Wright, Elisabeth Nancy

The following-named U.S. Naval Reserve officer, to be appointed permanent lieutenant commander in the Supply Corps of the U.S. Navy, pursuant to title 10, United States Code, section 531:

Jenkins, Michael Lynn

The following-named U.S. Naval Reserve officers, to be appointed permanent lieutenant in the Supply Corps of the U.S. Navy, pursuant to title 10, United States Code, section 531:

Allencottrell, Monica Louise
Evans, Willie Emerson, Jr.
Ferguson, Brian Eugene
Landingin, Felicisimo Pascua
Lien, Daniel Maurice
Moore, Michael John
Pfeiffer, Steven Charles
Popham, Lane Lasko
Riggins, Finis Garrett, Jr.
Samuelson, Scott Eugene
Stather, Michael Jon

The following-named U.S. Naval Reserve officers, to be appointed permanent lieutenant (junior grade) in the Supply Corps of the U.S. Navy, pursuant to title 10, United States Code, section 531:

Alexander, Sarah R.
Anderson, Bernie Jack, Jr.
Asselin, Robert R.
Beckerdite, Stanley M.
Benham, Stephen Micheal
Burnett, Martin Edward
Button, Douglas P.
Capps, Kathleen
Cowart, Richard O.
Cox, Wayne A.
Dean, John A.
Demann, Peter Jay
Dennis, Dwayne C.
Dew, Stephen D.
Fink, Robert Michael
Francisco, Augusto M.
Garry, Steven William
Giles, Mary L.
Goad, Harold Steven
Graff, David Jacques
Harpst, Matthew J.
Hauck, Frederick Martin
Heckelman, Maria Elena
Hennig, Robert J.
Humbert, Jeffey Scott
Jones, Leon Vern
Kammerer, Ronald G.
Kertz, Gary Wayne
Kuhm, Frederick George
Lapid, Herminio S.
Lawrimore, Carl B., Jr.
Lawrimore, Janice Ann
Leggieri, Peter R.
Leiter, Donald Joseph
Lilli, Charles Michael
Mack, Bruce Bromley
Marsh, Kenneth Duncan
McBride, Patrick
Nelson, Keith McClary
O'Connor, Kevin Thomas
Olson, David Warner
Pascual, Dennis Zacarias
Pinkerton, Kim Gregory
Rexford, Rickey Duane
Richardson, Gregory G.
Sergeson, Robert B.
Smith, Donald Gene
Tamayo, David B.
Thompson, Stephen W.
Tibayan, Artuto Nuestro
Trojan, Gregory Charles
White, George Gerard
Wise, Michael S.
Wolf, Donald Lee
Wood, Richard E., Sr.
Zak, Gary W.

The following-named regular officers to be reappointed permanent lieutenant (junior grade) in the supply corps of the U.S. Navy, pursuant to title 10, United States Code, section 5582(B):

Bates, Basil B.
Brooks, David M.
Smith, Daniel R.

The following-named U.S. Naval Reserve officers, to be appointed permanent lieutenant in the Chaplain Corps of the U.S. Navy, pursuant to title 10, United States Code, section 531:

Blackburn, Gerald Jackson
Caiazzo, Gregory Gene
Clifford, George Minott, III
Cripps, Larry Doyle
Durham, Ronald Wayne
Griffith, James Albert
Hightower, James Monroe
Johnson, Thomas Stuart
Lineback, John Steven
Lippincott, Marvin Harold
Meyer, Ronald Frederick
Peek, Timothy Michael
Ramsey, Ira Eugene
Roth, Larry Alden
Schranz, Mitchell
Seely, Gerald Don
Spain, Philip Sidney
Starkey, David Alan
Wiggins, Carolyn Celestine

The following-named U.S. Naval Reserve officer, to be appointed permanent lieutenant commander in the Civil Engineer Corps of the U.S. Navy, pursuant to title 10, United States Code, section 531:

Fessler, John Anthony

The following-named U.S. Naval Reserve officers, to be appointed permanent lieutenant in the Civil Engineer Corps of the U.S. Navy, pursuant to title 10, United States Code, section 531:

Allen, David P.
Bufford, Stanley Eugene
Mustain, Roger S.

The following-named regular officers to be reappointed permanent lieutenant in the Civil Engineer Corps of the U.S. Navy, pursuant to title 10, United States Code, section 5582(B):

Berger, James R.
Bramlett, Leroy
Reidenbach, Dan Arthur
Walbert, Joseph Anthony

The following-named U.S. Naval Reserve officers, to be appointed permanent lieutenant (junior grade) in the Civil Engineer Corps of the U.S. Navy, pursuant to title 10, United States Code, section 531:

Alexander, Kenneth Charles
Cook, Paul S.
Couch, James T.
Friar, Jeffery Edward
Lord, Stephen J.
Mault, Leroy Edward, Jr.
Myers, Zane A.
Newman, Robert Scott
Sauerwein, Richard Philip, Jr.
Smith, Faron W.
Westerhorstmann, Joseph H.

The following-named regular officers to be reappointed permanent lieutenant (junior grade) in the Civil Engineer Corps of the U.S. Navy, pursuant to title 10, United States Code, section 5582(B):

Huffman, Robert Vern
Jackson, James R.
Vandessel, Larry Francis

The following U.S. Naval Reserve officers, to be appointed permanent lieutenant in the Judge Advocate General's Corps of the U.S. Navy, pursuant to title 10, United States Code, section 531:

Devins, Thomas Albert J.
Overby, Earl Franklin
Russell, Jeffrey R.
Wasilenko, Ronald S.

The following-named U.S. Naval Reserve officer, to be appointed permanent commander in the Dental Corps of the U.S. Navy, pursuant to title 10, United States Code, section 531:

Neilans, Lionel Charles

The following-named U.S. Naval Reserve officers, to be appointed permanent lieutenant commander in the Dental Corps of the U.S. Navy, pursuant to title 10, United States Code, section 531:

Backer, Gary Wayne
Fischer, Frederick, III
Hart, Franklin Earl
Lewis, Eric
Melby, William Jalmer P.

The following-named U.S. Naval Reserve officers, to be appointed permanent lieutenant in the Dental Corps of the U.S. Navy, pursuant to title 10, United States Code, section 531:

Ash, David Lee
Dobyns, Michael L.
Eagan, Douglas Lawrence
Guest, Joe Warlick, Jr.
Johanboeke, Milton Fred
Leasure, Sara Lois E.
Maskeroni, Alfred J.
Mounsdon, Thomas Albert
Powers, Robert John

Rolley, Robert S.
Schmoyer, Holly Jean
Trabosh, Jon Michael
Turner, Blake Hobart
Welbourn, Barton Reid
Wiggers, Carl Kenneth J.
Wong, Gerald K.
Wourms, Dennis Joseph
Young, Samuel

The following-named U.S. Naval Reserve officer, to be appointed permanent lieutenant commander in the Medical Service Corps of the U.S. Navy, pursuant to title 10, United States Code, section 531:

Singer, Timothy J.

The following-named U.S. Naval Reserve officers, to be appointed permanent lieutenant in the Medical Service Corps of the U.S. Navy, pursuant to title 10, United States Code, section 531:

Bowman, Clarence W., II
Brammer, Gregory
Campbell, James Robert
Class, John Silvio
Cloninger, Lee Allen
Davis, Ira Napoleon Bon
Dort, Newton Allen
Farrand, David Everett
Guible, Ernest Roy, Jr.
Lazor, Paul Stephen
Leidig, George Francis
Leorza, Miguel Cesar
Merbitz, Charles Freder
Murphy, Barry Arthur
Mynheir, Kimberly Ann
Navradszky, Laszlo I.
Nawn, Kathleen Lee
Newacheck, James Scott
Nolen, Leslie C., Jr.
Paoloni, Claude Barry
Pickerel, Carol Ann
Przybyl, Janee Lee
Rovig, Glen Warren
Smallhorn, John Paul
Taylor, James Arthur
Welter, Patrick John
Witte, Steven Thomas

The following-named U.S. Naval Reserve officers, to be appointed permanent lieutenant (junior grade) in the Medical Service Corps of the U.S. Navy, pursuant to title 10, United States Code, section 531:

Blankenship, Wyndal K.
Bustamante, Catherine A.
Harrington, Carolyn C.
Higgins, Garry A.
Ward, Steve Eben

The following-named U.S. Naval Reserve officers, to be appointed permanent lieutenant commander in the Nurse Corps of the U.S. Navy, pursuant to title 10, United States Code, section 531:

Hirako, Sharon N.
Marinow, Margaret Ann
McCarthy, Suzanne O.
Vaiana, Doris Ann
Waskowski, Sandra D.

The following-named U.S. Naval Reserve officers, to be appointed permanent lieutenant in the Nurse Corps of the U.S. Navy, pursuant to title 10, United States Code, section 531:

Bankester, Peggy Jean
Branche, Margaret A.
Burke, Darlene Mary
Chen, Susan Beverly
Condon, Mary Elizabeth
Danscuksloan, Theresa A.
Everly, Daniel Frank
Garrett, Dana Leann
Gibson, Carol Bernardin
Haffarnan, Bebe Angelin
Haughinberry, Donna M.
Hill, Frederick Charles
Joy, Christina
Joyce, Elizabeth Alliso
Knutton, Tracy Howard
Lindsey, Stephen Ken
Nielsen, Karen
O'Connor, Catherine Ann
Olone, Martha E.
Redmon, Phylis Arleen
Schartner, Graceann E.
Shelbuski, Ellen Marie
Siebert, Linda Carol
Stearns, Diane Alynn
Straughn, Steven R.
Sullivan, Jackquelyn M.
Thompson, Michael T.
Tillett, Donna Leigh
Tuftin, Marlys Gail
Wiggins, George Earl

The following-named U.S. Naval Reserve officers, to be appointed permanent lieutenant (junior grade) in the Nurse Corps of the U.S. Navy, pursuant to title 10, United States Code, section 531:

Fye, Pamela Kay
Gimpel, Jodi
Gregory, Maurice Thomas
McCormack, Linda Anne
Reinhardt, Jennifer D.
Saunders, Sandra Kay
Smith, Marian Denise
Wilson, Catherine Eliza

The following-named temporary chief warrant officer, to be appointed permanent chief warrant officer (CWO4) in the U.S. Navy, pursuant to title 10, United States Code, section 555:

Brown, Lovell Harrington

The following-named U.S. Naval Reserve chief warrant officer, to be appointed permanent chief warrant officer (CWO2) in the U.S. Navy, pursuant to title 10, United States Code, section 555:

Rey, Rafael George

The following-named temporary chief warrant officers, to be appointed permanent chief warrant officers (CWO2) in the U.S. Navy, pursuant to title 10, United States Code, section 555:

Cannon, John Raymond
Dixon, Richard Allen
Everett, Willie Earl
Miller, Douglas Edgar

IN THE AIR FORCE

The following cadets, U.S. Air Force Academy, for appointment as second lieutenants in the Regular Air Force, under the provisions of sections 9353(b) and 531, title 10, United States Code, with dates of rank to be determined by the Secretary of the Air Force.

Abbott, Jeffrey J., xxx-xx-xxxx
Abboushi, Tarek C., xxx-xx-xxxx
Abel, Derek H., xxx-xx-xxxx
Abromaitis, Jeffrey T., xxx-xx-xxxx
Adams, Rodney K., xxx-xx-xxxx
Adams, Stephen J., xxx-xx-xxxx
Adkisson, Anthony W., xxx-xx-xxxx
Aiken, Charles H., Jr., xxx-xx-xxxx
Albiol, Les, xxx-xx-xxxx
Alderfer, Steven B., xxx-xx-xxxx
Alexander, Pamela E., xxx-xx-xxxx
Allen, Cheryl A., xxx-xx-xxxx
Almind, John P., xxx-xx-xxxx
Alt, Eden J., xxx-xx-xxxx
Alvarez, Juan C., xxx-xx-xxxx
Amaral, Juan H., xxx-xx-xxxx
Ambrose Anne M., xxx-xx-xxxx
Ament, Robert D., xxx-xx-xxxx
Anderson, Brad A., xxx-xx-xxxx
Anderson, Glenn B., xxx-xx-xxxx
Anderson, Jeffery M., xxx-xx-xxxx
Annis, Gary R., xxx-xx-xxxx
Anonsen, William A., xxx-xx-xxxx
Applegate, Douglas J., xxx-xx-xxxx
Arata, Joseph F., xxx-xx-xxxx
Arciero, Michael C., xxx-xx-xxxx
Arnold, Christopher W., xxx-xx-xxxx
Arroyo, Samuel A., xxx-xx-xxxx
Arteaga, Kenneth R., xxx-xx-xxxx
Ashley, Keven A., xxx-xx-xxxx
Atencio, Curtis A., xxx-xx-xxxx
Aubert, Steven F., xxx-xx-xxxx
Avey, Timothy A., xxx-xx-xxxx
Avila, Robert B., xxx-xx-xxxx
Aycock, Kent D., xxx-xx-xxxx
Ayres, Paul F., xxx-xx-xxxx
Babauta, Michael A., xxx-xx-xxxx
Babbitt, Albert J., xxx-xx-xxxx
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EXTENSIONS OF REMARKS

DR. BENJAMIN ELIJAH MAYS

HON. CHARLES McC. MATHIAS, JR.

OF MARYLAND

IN THE SENATE OF THE UNITED STATES

Monday, April 9, 1984

● Mr. MATHIAS. Mr. President, public life is more than holding public office and its impact may be much greater than the daily chores that it entails. No better illustration of this principle exists than the life of Dr. Benjamin Elijah Mays of Atlanta, GA. His work as the president of a small, predominantly black college and as chairman of a local school board was useful, but his influence on the future, the power of his example, and the force of his teaching were immense. He was a "witness" in the classic sense of that word.

Andrew Young, mayor of Atlanta and former Ambassador to the United Nations, expressed this quality in Dr. Mays when he said:

Dr. Mays talked about the need to create an enormous black leadership in the nation. Thousands of his students are now giving that leadership. Dr. Mays taught them their sense of mission, their sense of direction, their responsibility to "the least of these."

The fact that Dr. Mays was the teacher who inspired Martin Luther King, Jr., is well known. Mayor Young, who knew them both, said:

Dr. King used to say all the time that he awakened intellectually and spiritually listening to Dr. Mays preach in chapel. It was Dr. Mays who started Martin Luther King reading Gandhi.

But Martin Luther King, Jr., was not the only student whose career began as a student of Benjamin Mays and came to national attention. The names of Julian Bond and Maynard Jackson come to mind, but only as representatives of a legion of remarkable citizens who changed a nation.

President Carter called Dr. Mays a monumental figure in the field of education and social progress.

Mrs. Mathias, who has been active in the field of education, has had a enormous respect for him and admiration for his work. I join with her in mourning the death of an American who was successful in making America better for all of us by making it better for the most neglected and oppressed among us.

Dr. Mays was an Atlantan and spent most of his adult life in Georgia, but we in Maryland salute him at his passing because he was a citizen of the world and a brother to us all.

I ask that editorials that appeared in the Atlanta Constitution and the Atlanta Journal may be printed at this point in the RECORD together with an article written by Msgr. Noel C. Burtenshaw for the Atlanta Journal and Constitution.

The editorials follow:

[From the Atlanta Constitution, Mar. 29, 1984]

BENJAMIN MAYS: A GIANT IS GONE

Benjamin Elijah Mays was an uncommon man. He will probably be best remembered as the driving force behind Morehouse College's remarkable climb to academic prominence and as the mentor of civil-rights leader Martin Luther King Jr.

But Dr. Mays was even more. In addition to being one of America's foremost educators, he was an author, orator, humanitarian, a man of uncompromised integrity and a sterling example to his own and following generations.

He was an eloquent spokesman for the downtrodden and a man who believed deeply in the dignity and worth of his fellow beings. He was simply a national treasure and we—particularly Atlantans—are all the better because he lived and worked in our midst.

Mays fought his entire life for equality and justice for blacks, and he inspired generations of disadvantaged young people to rise above lowly stations through education and nonviolent political activism. He led by example.

Born to former slaves in a tiny South Carolina town, Mays was 22 years old when he was graduated from high school—but by age 45, he was president of Morehouse College, a position he held for 27 years. At 75, when most people have already retired, Dr. Mays was elected to the Atlanta Board of Education and became its first black president.

Dr. Mays dined with heads of state and gave advice to American presidents. But he was always deeply concerned about children and about the world they would inherit. His leadership during Atlanta's school desegregation struggle of the early 1970s was solid and wise. He is credited with, almost single-handedly, keeping the school board from splitting along racial lines. "People so respected him that they would never do anything to dishonor him," school attorney Warren Fortson once said.

As testimony to Dr. Mays' impact on his times, especially in the South, numerous monuments to him already stand. The Atlanta School Board suspended its policy against naming facilities for the living, and Benjamin E. Mays High School opened in 1978. In Epworth, S.C., where whites once terrorized his family, an intersection was renamed Mays Crossroads. A portrait hangs in the South Carolina capitol.

Dr. Mays was called on to eulogize his protege, slain civil-rights leader Martin Luther King Jr., in 1968. He said, in part: "God called the grandson of a slave and said to him, Martin Luther, speak to America about war and peace, speak to America about social justice, speak to America about racial discrimination, about its obligations to the poor."

The same could be said about Benjamin Mays. And he responded with courage, dignity, wisdom, style—and effect. In his later years, Dr. Mays was a thin, frail-seeming man, but he cast a huge shadow, and all of us found refuge in its shade. One of the giants is gone.

[From the Atlanta Journal, Mar. 29, 1984]

BENJAMIN ELIJAH MAYS: AN INSPIRATION TO EVERYONE

He was a leader of leaders, a teacher of teachers. Dr. Martin Luther King Jr. called him "my spiritual mentor and intellectual father."

A humanitarian, a thinker, an achiever, a non-violent civil rights activist who proclaimed he would "never let race beat me down," Benjamin Elijah Mays deserves his place in the forefront of American history.

Born the son of ex-slaves in 1895, he was 19 before he could spend a full term in school. He was 52 before he voted for the first time. He was 60 by the time the U.S. Supreme Court had opened the way to slow progress toward school desegregation.

But he overcame the odds of his times. For 26 years he was a tireless champion of Morehouse College, teaching and counseling America's black leaders: Julian Bond, Maynard Jackson, Judge Horace Ward, historian Lerone Bennett. At 76 he was elected Atlanta's first black school board president, giving the city its "Atlanta Compromise" on the explosive school desegregation issue. He remained on the board until age 83.

"The achievements of the man would be astonishing for anybody," Samuel DuBois Cook wrote in prefacing Mays' autobiography. But his optimism in changing the South overshadowed all.

"I used to not be able to sing Dixie," Mays once said, "because Dixie represented everything that was evil to me about the South. Now I can sing Dixie."

Dr. Mays believed, truly believed, in the worth of the individual. "I used a very homely expression," he once said. "If you wear a size 13 shoe, you don't go around moping the fact . . . It's your shoe. It's your feet. You accept it. No man is free until he accepts what he is."

Benjamin E. Mays accepted what he was and made of himself an inspiration to generations of leaders, black and white. He made of himself a free man and he helped countless others find freedom through the pursuit of education and the renunciation of hatred.

His passing makes Atlanta a much poorer city.

[From the Atlanta Journal and Constitution, Apr. 1, 1984]

MAYS PLANTED SEEDS OF REVOLUTION IN CHAPEL AT MOREHOUSE

(By Noel C. Burtenshaw)

Sedition was hatched in the chapel.

The revolution was sown on Tuesday mornings in the chapel on the Morehouse campus.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

Dr. Benjamin Mays, president of Morehouse, waded into injustice unmercifully in those chapel gatherings. The men of Morehouse would go to the far ends of the South, to the far ends of the nation. They would even be found across the new nations of Africa. Always they would remember the Tuesday morning chapel meetings.

"I spent half of my life," says the ever-young minister and educator, "demonstrating to myself I was not inferior. I spent the rest carrying that message to the students at Morehouse."

They learned it well on Tuesday mornings in the chapel.

"They would come up to me after chapel," recalls the famed Atlanta leader, "and want to chat and question. That was all right. They came first in my book. Sadie, my second wife, (his first wife, Ellen, died in 1922) and I often had them over to the house just to sit and chat. That was good too. We all learned a lot."

Sedition was planned at Mays' home also. "Your mind does not have to sit in the back of the bus," he would say.

They sat. They hoped. They learned. When the time to march came, they, his men of Morehouse, would be ready.

It was in that chapel on the campus that he pounded home the message. "I went into a police station in Tampa one time to get some information. They looked at me and said 'Nigger, take your hat off when you speak to us.' Well, I never wore a hat again. There are ways to rebel. I have spent my life doing it. You can too."

They listened. Down the years, they listened.

In the mid-1940s, a bright young man from the city of Atlanta came to Morehouse. He was not a resident on campus. He lived at home. His father was an Atlanta pastor. Going to the Tuesday chapel assembly was not a necessity for him. But young Martin Luther King Jr. never missed a morning. And he had questions—lots and lots of questions.

"Often, he followed me to the office," recalls Mays in his home in southwest Atlanta, "and we would talk for ages. Sometimes faculty members wanted to see me, but if Martin was there first, we talked. He was always there first."

The young King introduced his college president to his family. Sunday dinners became a regular occasion. The friendship and lifelong association took place. The faith teachings, the life experience, the determination of Dr. Benjamin Mays to be fully free were all deposited for future reference in the mind of the black minister's son—Martin Luther King Jr.

"The first crisis between the King family and I came," remembers the former Morehouse president, "when Martin wanted to lead the Montgomery march. His father did not want him to go. 'Enough has been done' was his attitude. He called me and I said, 'this is his moment, this is God's will, let him go.'"

King went and marched to the strains of the old spiritual: "Ain't gonna let nobody turn me round, turn me round, turn me round. . . ."

Dr. Benjamin Mays had lived by that spiritual all his glorious days. He is a son of the South. He was born on "Dr. Childs' place" out in the country, in Greenwood, S.C., back in 1894. Both his parents were former slaves.

Memories of those South Carolina days are vivid. "I remember meeting my first mob when I was 4. They were on their way to Phoenix (S.C.) to lynch Negroes. I remember knowing this is not right. I am a person like them. I remember my father telling us how he fought two white men at one time. He knocked one down and then took on the other. I felt good for him.

"I remember there were two things blacks did not do. First was pass a white man on a dusty road. Second was pass a white man on a muddy road. I also remember that my father did both."

"I remember that I wanted to learn, to go to school, but my father wanted me on the farm to work. So we compromised. I was allowed to go four months of the year. The rest I gave to him."

But it wasn't enough for the young Benjamin. Education was his vocation. He felt it. He knew his destiny lay in fulfilling his own need to know and also the unmet needs of blacks in the South. He armed himself well for that life of academics.

"I got a lot of opposition, it was hard going," remembers Mays. "My father did not want me to go to South Carolina State. My teachers there said I would freeze (I almost did) if I went to Lewiston in Maine and funds almost prevented me going to the University of Chicago. But I followed my destiny." He obtained his doctorate in Chicago and in 1940 became president of Morehouse in Atlanta.

"I knew I was at home here in Atlanta," says Mays, "but like the rest of the nation and especially the South, life for a black man or woman was not easy."

The message of inferiority was constantly being preached and to those willing to accept or believe the message, life could be simple, The president of Morehouse had no intention of believing or allowing others to believe those heretical preachings.

"You handled it in this way," says the untiring revolutionary. "You used segregated facilities only when you had to. I did not ever have to go to a segregated theater, so I didn't go. But I had to use the public bus at times. It was difficult to have to go to the back or maybe not get on at all. If too many whites showed up, you got no seat."

The men of Morehouse looked to their president for leadership, but so did his city and also the nation. "When Pope John died in 1963, I was one of five Americans sent to the funeral by President Kennedy. That was an honor. I asked then-Vice President Johnson on the plane how he felt about civil rights. He told me things were moving too slow. I would meet and speak with him many times (when he was) president on the same matter. . . .

President Kennedy had my admiration although he was scared for the March on Washington in 1963. I marched with Martin on that occasion. Bobby Kennedy was another great one. He asked me to come to Los Angeles for his final run for the nomination in 1968. I couldn't go but I did speak to the black ministers in Los Angeles for him. I was so glad he won. It was tragic, too.

"In Atlanta, Ivan Allen, the mayor, was a friend and a friend of our cause. Also Chief (of police Herbert) Jenkins was a good man. He was very helpful at times. He called me when Martin was killed and he said he knew that blacks were beginning to gather at Paschal's Restaurant for a march on downtown. He asked me if I could stop the march. I told him I could not. 'Okay,' he said, 'give me 20 minutes to get the right officers over there to make sure we can keep it calm.' I knew I could hold them for 20 minutes. I did. There was a peaceful march.

"Of course," remembers the famed educator, "it was Mayor (William B.) Harstfield who first hired black police in Atlanta, and he will be remembered for it. They had to use the Butler Street 'Y' as their police station and they could not arrest whites. But it was a beginning."

The most exciting time for Benjamin Mays during his long and varied life was the Martin Luther King era. Freedom was sensed. The dream of a lifetime was coming true. Was King the greatest leader of black people?

"No, he wasn't the greatest leader," said Mays. "We have had no one great leader since Booker T. Washington. And I hope we never need just ONE again. Martin was one of many. He brought them together—the teachers, the doctors, the tradesmen, and inspired them all to rise up. The moment had come."

Was one man responsible for Dr. King's death? "One man shot him," says Benjamin Mays pointedly, "and he's behind bars. But others were involved. The police let him escape. He was arrested in Europe. Of course, there was a conspiracy. They wanted him dead; someone paid to have it done. He disturbed the status quo. And the conspirators are still out there."

Before King left for Memphis and his final march on behalf of the garbage strikers in that city, he came to see his old teacher. "It was another campaign for him. There was always danger. He knew it. It was no different from the others. He knew it would be dangerous." Dr. King was shot on April 4, 1968. He was 39 years old. Dr. Benjamin Mays, before a crowd of 200,000 people, preached his eulogy.

For 27 years he had served as president of Morehouse College. He had been mentor and spiritual father to Dr. Martin Luther King Jr. Presidents and prime ministers have sought his counsel. Each year this modern-day prophet, who has seen and helped an entire nation change its legal system to heal injustice, travels from coast to coast carrying his respected message that all men and women are God's children. My question to this unique man of our generation was this: Now that segregation is dead, what is the next chapter for the minority peoples of this nation?

With ice in his clear voice, tempered by the softness in his all-seeing eyes, he answered, "Who said it is dead?"

In that final instant I had the feel, I believe, of those revolutionary roots planted over many years in the Morehouse chapel by Benjamin Mays.●

IN RECOGNITION OF SERVICE—HAROLD ROSSMAN

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 9, 1984

● Mr. LANTOS. Mr. Speaker, I am delighted to pay tribute to my good friend, Harold Rossman, who has played an important and distinguished role in the recent history of the San Francisco Peninsula. After several years of unstinting service to the community, he is now taking well-earned retirement.

Harold Rossman was born and educated in Chicago, and studied journalism at Northwestern University. Fol-

lowing graduation he worked for two Chicago papers, the Southtown Economist and the Daily Times. He developed a strong interest in labor matters and was a charter member of the Newspaper Guild on its formation in 1935. However, this deepfelt commitment to union activities led him to pay a high price—in 1937 he was fired from his job.

After a brief stay in Denver as the editor of the local Mine, Mill and Smelter Workers Union newspaper, he came to the west coast expressly to set up another CIO publication, the Labor Herald. He served as its editor for 10 years and brought it to a circulation of 250,000 weekly.

Harold's interest in union affairs led him to the Olympic Press in Oakland, a chain of weekly newspapers. In addition to this position he advised the local Operating Engineers and the Bay Counties District Council of Carpenters on their publications. In addition to his dedication and commitment to labor journalism, he also made time during this period to work on a masters degree in adult education at UC Berkeley, which he received in 1969. In 1972 he helped found San Mateo County Labor—the jointly owned newspaper of the San Mateo County Building & Construction Trades Council where he worked until this month.

I am delighted to join in recognition of the contribution made by Harold Rossman to both this Nation and his profession as a journalist—he represents civic commitment at its very best. We wish him many more years of active achievement, and many more challenges to be met as successfully as he has met those of the past.●

H.R. 4170: PROPOSED TAX HIKE ON DISTILLED SPIRITS IS UNFAIR

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Monday, April 9, 1984

● Mr. MAZZOLI. Mr. Speaker, I am aware, as we all are, of the damage that the mounting Federal deficits could do to the long-term as well as short-term health of the economy if they are allowed to continue to grow unchecked.

Therefore, I am pleased that both the House and Senate are moving ahead expeditiously with deficit-reduction programs. And, I commend the leadership of both Houses for taking up such an important—but, also, such a controversial—issue in an election year.

I have said all along that the only way Congress can get a handle on the runaway deficits is to make some tough fiscal and economic choices—that is, to swallow hard and cast the tough, difficult votes.

However, Mr. Speaker, I cannot support the rule providing for the consideration of H.R. 4170, the tax bill for 1984. I do so, in particular, because H.R. 4170 contains a provision raising excise taxes on distilled spirits.

It is estimated that this proposed increase—raising the tax by a full 36 percent to a per-proof-gallon charge of $14.25—could result in the loss of 18,300 jobs in the distilled spirits industry nationwide. Kentucky alone could lose over 500 jobs.

Mr. Speaker, we in Louisville and Jefferson County are only now recovering from the battering we received during the recession. Our unemployment rate is still above the national average. We simply cannot afford to lose any more jobs.

In my district—despite the best efforts of local, State, and Federal officials—plant after plant has closed down leaving our working men and women and our community reeling. I cannot turn my back on these men and women and on my hometown whose livelihood and future are on the line.

One other word, Mr. Speaker. It is easy enough, I guess, for our colleagues to pick on industries like distilled spirits and tobacco to bear more than their fair share of the Nation's tax burden. Our colleagues feel these industries are recessionproof and will weather the hardest economic storms and emerge stronger than ever.

Well, Mr. Speaker, that is no longer the case if it ever were. Both of these industries—which are key industries in Kentucky—are hurting and the proposed increased tax on distilled alcohol spirits and the retention of the "temporary" excise tax on tobacco, adopted in 1982, bid to do even more hurt.

A supportable, effective deficit-reduction plan must make the spending cuts and order the revenue increases in a fair and equitable manner so that no one industry or one group—whatever its public image—is unduly burdened.

Here, Mr. Speaker, it seems the distilled spirits industry has been singled out for special attention. The proposed increase in the distilled spirits tax is about the only new tax included in H.R. 4170. The rest, for the most part, are continuations of taxes already on the statute books or are efforts to plug so-called tax loopholes.

It would have been better had H.R. 4170 explored other revenue-raising options—options fairer to the working man and woman—such as the elimination of tax incentives for costly and unproductive corporate mergers, repeal of the 1981 cuts in the windfall profits tax on oil, or, delay in the effective date of tax indexing.

Unfortunately, the Senate Finance Committee has also focused on the distilled spirits industry. Although the Finance Committee's revenue bill calls for a smaller increase in the excise tax than the House bill does—20 percent as compared with 36 percent—the Senate bill also calls for an accelerated tax payment schedule for the industry.

Currently a distiller is given 30 days from the date a transaction is reported to pay the applicable excise tax. Distillers estimate that it takes an average of 60 days to receive payments for their product from their wholesalers. So, most distillers have to borrow money to remain current in paying the excise taxes to the Government.

The Senate Finance Committee's bill would cut this 30-day payment period to 14 days. Not only would this worsen the financial position of the distilled industry—and require distillers to incur larger finance charges for their borrowed funds—but a change to 14 days would alter the excise tax payment plan developed in 1979 to offset an advantage importer of distilled spirits were accorded in a Trade Act passed that year. It has been estimated the industry could pay as much as $25 million a year in extra interest charges because of the shortened period for remitting excise taxes and the increase in the cost of borrowing funds.

In addition to this "double whammy" the industry will be put at an unfair trade disadvantage with foreign producers who are working aggressively to take over domestic markets.

And so, Mr. Speaker, I have no choice, despite the worthy provisions which are incorporated into H.R. 4170, but to vote against the "closed" rule recommended for H.R. 4170—permitting no amendments to be offered from the floor. If this rule is defeated, I hope a new one is written which will permit H.R. 4170 to be amended when it is returned to the floor.●

REDUCING THE UNPRECEDENTED AND INTOLERABLE BUDGET DEFICITS

HON. BERKLEY BEDELL

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 9, 1984

● Mr. BEDELL. Mr. Speaker, I am pleased that the House has acted on a proposal that begins the necessary process of reducing the unprecedented and intolerable budget deficits which we now face.

Clearly, Mr. Speaker, it was imperative that we act. Record deficits, and accompanying high interest rates, are ravaging our farm economy, stifling our export markets, endangering our small businesses, and threatening to undermine prospects for a sustained economic recovery. I believe that our

Federal budget crisis is the most critical domestic challenge facing our country today—it is a ticking time bomb—and it must be resolved.

In particular, I want to point out the disastrous impact of Federal deficits on the agricultural economy. In the years I have been in Congress, I have never been besieged with so many calls, letters, and personal visits from people expressing anguish over the possibility of having to dispose of their machinery, liquidate their livestock, sell their farm, and lose their home. For the younger farmers—those who were to be our next generation of farmers—the decision to sell out must be an extremely difficult one. But for those hard-pressed farmers who are just a few years short of their retirement years, being forced out must be an especially troubling experience. What is a 53-year-old farmer to do next?

Large budget deficits are harmful to agriculture on two counts. First, the high-interest rates which result from the Federal Government competing with farmers and others in the credit market to finance the deficits are driving up farmers' borrowing costs to record levels. In fact, 1982 marked the first year that total interest payments by farmers exceeded net farm income. It is not an exaggeration to say that if interest rates returned to their historical levels, many, many farmers who currently find their backs against a wall would instead have a viable, if not health operation.

Second, high interest rate are keeping our dollar at record levels, and leaving our farm export markets stagnant. Administration officials have estimated that the dollar is overvalued by some 32 percent— it is as if there is a 32-percent tax on everything we export. The strong dollar was one of the primary factors which led, in 1981, to the first downturn in the value of our farm exports in 12 years, and that decline has not yet been reversed. With the production from nearly 2 of every 5 acres in the United States destined for export, it is clear that an expanding export market is vital to assuring the health of our farm economy.

Most of the farmers with whom I have spoken seem to recognize that the best "farm bill" which this Congress could approve would be a budget resolution which substantially reduces the anticipated Federal deficits. Only when these deficits are reduced, they reason, will interest rates subside, will the dollar move more in line with other currencies, and will the farm economy have a chance to get back on its feet.

If the severity of our deficit crisis requires that we act, Mr. Speaker, then I think the magnitude of the budget imbalance also makes clear that our deficit reduction effort be balanced and broad-based. I believe that anyone who examines the issue in detail, as I have, will recognize that the only fair and realistic way to reduce these deficits is through a comprehensive approach which includes reductions in defense and domestic spending, revisions in our entitlement programs, and tax increases.

Even President Reagan himself, on December 29, 1982, said that:

> We're going to be faced with horrendous deficits for several years . . . You cannot cut the budget enough to balance it. You cannot raise taxes enough to balance it.

The need for a comprehensive approach to controlling our deficits also becomes apparent as one reviews the estimated components of next year's budget. The fiscal year 1985 budget, as proposed by the President, can be segmented as follows:

	Percent
Military programs	30
Social security and other retirement programs	23
Interest on the debt	12
Medicare	7
Assistance to the poor	5
Health programs	4
Transportation	3
Veterans benefits	3
Unemployment compensation	2
Agriculture	1.5
Education	1.5
Energy and Environment	1.5
Training and social services	1.5
Community development	1
Everything else	4

Our social security and medicare programs are financed separately by specific taxes, and thus for all practical purposes, they may be considered apart from other items in the budget. These programs—particularly medicare—should and certainly will be examined for reductions to assure their long-term solvency, but I think we can reasonably agree that the expenditures and revenue for these programs should be considered separately—just as they were before they were included in the unified budget in 1969.

Isolating social security and medicare in this way makes it easier to focus on the other expenditure items in the budget and the general revenues which must be provided for these purposes. This separate consideration highlights the fact that our deficit-control efforts must be directed at reducing expenditures for these other programs, or increasing taxes.

As we know, Mr. Speaker, the President has declared that the defense budget is virtually off-limits as far as being a source for spending reductions. In addition, I think we all agree that the Government must make good on its obligation to pay interest on the national debt, so we cannot ignore Federal interest payments.

Consequently, if we are to reduce the estimated $200 billion annual budget deficits, and if the deficit reduction is to be accomplished solely through spending cutbacks, then, as I have outlined above, almost all of the budget cuts must come from those expenditures other than for social security, medicare, the Department of Defense, and interest payments on the national debt. I believe that it is clear, from the figures I have presented, that this feat would be nearly impossible, unless the people of this country are willing to accept drastic cutbacks in or the elimination of such basic programs as aid to education, the FBI, the National Park Service, basic research, farm programs, and so on.

Indeed, the Director of the Congressional Budget Office (CBO) testified recently before the Committee on Agriculture that if our current fiscal course is not changed, then by fiscal year 1989, essentially all revenues received by the Federal Government will be absorbed by social security, medicare, defense, and interest on the debt, with no funds remaining for any other Federal activity.

Moreover, CBO has concluded that by fiscal year 1986, total outlays of the Federal Government will exceed the level that would have occurred that year had no changes been made in Federal spending programs since President Reagan took office. CBO, in its analysis, adds that the spending increases are due to the fact that the defense build-up and skyrocketing interest payments will overwhelm the cuts in domestic spending enacted under the Reagan program.

Mr. Speaker, the weight of this information, I believe, requires that any realistic and fair effort to reduce Federal deficit include a comprehensive package of defense and domestic program spending cuts, as well as tax increases. I believe that any budget which this House was to adopt must meet this test of balance and fairness.

A number of the various budget alternatives that were before the House offered a reasonable and responsible course for coming to grips with our deficit problem.

First, although the budget offered by the Congressional Black Caucus presented the most ambitious deficit reduction proposal—some $324 billion over the next 3 years—I believe its call for an actual rollback of defense spending, a nearly $180 billion increase in taxes, but almost $100 billion more in new domestic spending, was neither balanced nor realistic, and was properly rejected.

The budget proposal which I favored—and the one which called for the second highest deficit reduction target of the eight proposal before the House—was that offered by Mr. McHugh. His proposal would have reduced the deficit by $262 billion over the next 3 years by holding defense spending increases to the inflation rate, reducing domestic program expenditures by $16 billion, and increas-

ing taxes by $76 billion. Additional savings would have resulted from the lower interest costs associated with the reduced deficit.

The McHugh proposal, in my opinion, met the important fairness and balance test. Moreover, it made a sizable reduction in our estimated deficits—far higher than the deficit reductions proposed in the President's February budget or in the budget offered by Mr. LATTA. Finally, the McHugh budget was realistic and one that we could have implemented this year.

Following defeat of the McHugh alternative, I then supported the proposal offered by Mr. MACKAY, which was quite similar to the McHugh plan except that it proposed to reduce the deficit by $234 billion, as compared to the $262 billion reduction in the McHugh alternative.

In the wake of the defeat of both the McHugh and MacKay budget proposals, Mr. Speaker, I voted, first, against the Latta proposal—because of its unacceptable 7 percent real growth in defense spending—and then in support of the alternative offered by the chairman of the Budget Committee, Mr. JONES.

The Jones budget alternative did meet the balance test—it cuts domestic spending by $16 billion but provides for a 3.5-percent real increase in both defense and entitlement spending, to be financed by $50 billion in tax increases. However, I am disappointed that this measure does not go far enough in reducing the deficits. Its 3-year deficit reduction total is only $182 billion. In addition, I believe that it is wrong to take the revenue increases provided in the Jones budget and channel that revenue into more and more defense and entitlement spending. In my opinion, that additional revenue should be earmarked for deficit reduction, pure and simple.

However, there was one feature of the Jones proposal that I did find attractive. For the first time ever, the House had before it a budget measure which officially incorporated—albeit in modified form—the pay-as-you-go concept. I have been a strong proponent of pay-as-you-go since it was first advanced by Mr. MILLER of California some years ago. However, I believe that pay-as-you-go, as originally envisioned, should be used to finance both inflationary and real increases in spending, if indeed the decision is made to increase spending at all. In the Jones budget, unfortunately, pay-as-you-go is used merely to finance real increases in defense and entitlement spending, and thus does little to check our deficit, much less reduce it.

Mr. Speaker, I was pleased that we took the first steps to reduce the record deficits coming at us, and I hope that we stay on this course, and resolve to take the more difficult measures which certainly lie ahead, if we hope to reduce the deficits to acceptable levels. The future of our economy, and perhaps our very country, requires that we act.●

FRANK CHURCH—A GREAT AMERICAN

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 9, 1984

● Mr. LANTOS. Mr. Speaker, my wife, Annette, and I had the extraordinary privilege of being friends of Frank and Bethine Church. Frank was an American leader of immense intelligence, integrity, compassion, and breadth. Our Nation's leaders have paid tribute to him today.

I want my tribute to be one to the incredible partnership that Bethine and Frank enjoyed. It was a partnership of extraordinary effectiveness and sensitivity, of mutual respect and love and admiration. Frank derived strength from this partnership in times of setback, turmoil, and anguish, just as he relished it during periods of triumph and joy.

Bethine and Frank Church as a team were the best America could produce. We know that Bethine will carry on Frank's work because that is what he would have wanted her to do.●

THE FEDERAL BUDGET: RHETORIC VERSUS REALITY

HON. AUGUSTUS F. HAWKINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 9, 1984

● Mr. HAWKINS. Mr. Speaker, once again Congress is focusing most of its attention on producing a budget, with this year's process fixated on reducing deficits, our country's new public enemy No. 1.

Unfortunately, little attention is being paid to this country's real No. 1 problem, jobs, or rather the lack of jobs for those Americans who want to work. Moreover, the budget proposed which offers the brightest hope for addressing the problem of unemployment and our Nation's deficit will probably receive the fewest number of votes when it is brought to the floor of this body. The budget I am speaking of is the Congressional Black Caucus alternative budget—a proposal which provides a real downpayment for millions of poor Americans by allocating resources for programs that benefit those most in need.

The 9 million people out of work, and the 30 million people living in poverty in this country would greatly benefit from a number of initiatives that are contained in the CBC alternative. Among the initiatives included in the CBC proposal is H.R. 1036, the Community Renewal Employment Act, which passed the House last year. This bill would provide 500,000 improvement and service jobs to individuals who have been unemployed for long periods of time. In addition, the CBC budget contains moneys for H.R. 5017, the Youth Incentive Employment Act, which would provide part-time and full-time summer employment to economically disadvantaged youth who are pursuing further education to training leading to meaningful employment—a program which would benefit some 1 million young people.

The CBC alternative also increases funding for the Job Training Partnership Act (JTPA) to insure that those who desperately want to work will have the chance to qualify for the positions that will be available in the coming decades.

In the last few years social service programs and agencies have had increased demands placed on them for the delivery of essential services like food, clothing, and housing, which have strained their resources and forced them to turn away many in need of assistance. At the same time, the Reagan administration has cut back on the very programs that exist to benefit the needy. The CBC budget recognizes these problems and moves to restore much of the damage done by the Omnibus Reconciliation Act of 1981. Funds for programs like the community services block grant, title XX, Older Americans, Volunteers in Service to America (VISTA), and child abuse prevention and treatment would be restored and or increased under the CBC budget.

The final component of the CBC budget that I consider vital to the future growth of our country is a commitment to the education of our young people. The CBC budget proposes a major expansion for the successful chapter I compensatory education program and the vocation/adult education program, along with restoration of funds for elementary and secondary education programs and student aid. Without this investment in our leaders of the future this country could well lag behind the other industrialized powers of the world.

The CBC alternative embodies greater compassion for the needs of disadvantaged and working Americans, fiscal responsibility in terms of defense expenditures, tax equity, control of inflation without increasing unemployment, greater attention toward our domestic needs, and a deficit below that of any other alternative offered. The Congressional Black Caucus does not believe that the pay-as-you-go concept is the way for our country to return to the prominence it once knew, but rather supports pay as you

need as an investment in human deficit reduction that will pay long range economic dividends.●

TRIBUTE TO THE 1984 MASSACHUSETTS STATE BASKETBALL CHAMPIONS—B. M. C. DURFEE HIGH SCHOOL OF FALL RIVER

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, April 9, 1984

● Mr. FRANK. Mr. Speaker, "Durfee Hilltoppers Rule the State Once Again." That was the headline that appeared in the Fall River Herald News on Monday, March 19 and it says it all. On Saturday evening, March 17, the Durfee High School basketball team capped a perfect season by defeating Springfield Tech 77 to 62 to capture the Massachusetts Interscholastic Athletic Association Division I Basketball Championship. For Coach Tom (Skip) Karam, it marked the third time Durfee has won the State crown under his leadership. Overall, they posted a 25 and 0 record, displaying the poise and character that make champions, as all Durfee teams throughout the years, both on and off the court. Among the titles won they were the Rogers Christmas Tournament champions, Southeastern Massachusetts Conference Division I champions, South Sectional Massachusetts Tournament champions and finally, State champions. Nationally, they are ranked 25th in the country. Durfee's loyal fans and all the residents of the city of Fall River are proud of the Durfee High basketball team, 1984 State champions.●

PUBLIC BEING MISLED

HON. BRIAN J. DONNELLY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, April 9, 1984

● Mr. DONNELLY. Mr. Speaker, I rise today to express my grave concern and deep disappointment in connection with a letter many of my constituents have been receiving. It is a letter from former Congressman James Roosevelt, and asks the recipient to send $10 to join the National Committee To Preserve Social Security and Medicare. I cannot determine the answer to my constituents' inquiry of whether the National Committee To Preserve Social Security and Medicare is legitimate. I leave that to those who have the legal authority to make such determinations and to pursue appropriate remedies. I can determine, however, when a letter is misleading, demagogic, and personally offensive. I believe Mr. Roosevelt's letter meets all three criteria.

Mr. Roosevelt's enterprise is misleading from the outset. The envelope in which his letter arrives has been designed to look like a communication from the Government, with red and blue printing in the upper left-hand corner reading, "official documents." In large letters the face of the envelope says, "Urgent! Important social security and medicare information enclosed." The urgent and important information, it turns out, is a list of exaggerations and half-truths, purportedly listing the cuts Congress is planning for the social security system. A few examples from the letter should suffice to convey its general tone:

> Never in the 45 years since my father, Franklin Delano Roosevelt, started the social security system has there been such a severe threat to social security and medical benefits.

It goes on:

> Some (politicians) are saying, in effect, "Let the retired widow go without a decent meal or enough heat or health care. Let her live in an unsafe neighborhood and wear shabby clothes. But, please, not 1 less gallon of gasoline for my limousine!"

And what solution does Mr. Roosevelt propose for the misdeeds of these politicians? Send $10 to the President's son and his National Committee To Preserve Social Security and Medicare. For $10, Mr. Roosevelt will deliver your "official petition," which has its own official certified petition number to your Congressman. The implication, of course, is that a petition to Congress must be official, and is best delivered by Mr. Roosevelt. Leaving aside the fact that Mr. Roosevelt has never delivered any petition to my office, and because I have decided to leave the question of this organization's legitimacy to others, I am disturbed that my constituents are being misled into believing they must spend $10 to express their views to me. I find it particularly disturbing that a former Member of Congress would impede intelligent and rational discussion of social security by frightening and misleading recipients in this manner.

Finally, Mr. Speaker, I find this letter a personally offensive misuse of Mr. Roosevelt's family name and his status as a former Congressman in an enterprise which seeks to make a profit by capitalizing on the fears and insecurities of the elderly. To invoke the name of Franklin Delano Roosevelt in this shoddy enterprise is simply shameful. Frightening and misleading those who are most susceptible, in the name of F.D.R., is Mr. Roosevelt's gravest disservice. I can explain the right to petition Congress and the financing of social security to my constituents. I leave it to Mr. Roosevelt to explain his involvement in this solicitation.●

INVESTIGATION SOUGHT REGARDING APPROPRIATIONS FOR REFUGEE SOCIAL SERVICES

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 9, 1984

● Mr. EDWARDS of California. Mr. Speaker, recently, all 28 members of the California Democratic Congressional Delegation sent a letter to the President seeking his personal intervention into the fiscal year 1984 funding decisions of the Office of Refugee Resettlement. In addition, in a letter to the Comptroller General, we have requested an investigation concerning the possibly unlawful impoundment of some $35.6 million appropriated under the continuing resolution for refugee social services.

The refugee program is the fulfillment of the Federal responsibility toward those individuals granted refuge in the United States. The cuts in social services and targeted assistance reflect an attempt to renege on that responsibility.

The following States have areas which are highly impacted by refugee/entrant populations and will be particularly hurt by the proposed cuts. The amounts lost, according to ORR's published targeted assistance and social services allocations, are also shown:

	Amounts cost
California	$9,015,762
Colorado	243,898
Florida	6,290,881
Hawaii	236,321
Illinois	1,106,823
Kansas	249,489
Louisiana	225,489
Maryland	237,171
Massachusetts	448,401
Minnesota	756,657
Missouri	136,951
New Jersey	543,538
New York	1,052,242
Oregon	621,929
Pennsylvania	508,193
Rhode Island	288,751
Texas	768,982
Utah	188,745
Virginia	589,960
Washington	933,418

For the record, I am today submitting our letter to the Comptroller General and to the President.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., March 29, 1984.

Hon. CHARLES A. BOWSHER,
Comptroller General of the United States, General Accounting Office, Washington, D.C.

DEAR MR. BOWSHER: I am writing to ask that you investigate the Administration's proposed FY 1984 funding of the Refugee Resettlement Program. I believe that the Administration's proposed allocations for social services under this program, as published in 49 Fed. Reg. 5383 (Feb. 13, 1984), amounts to an unreported and, therefore,

unlawful rescission proposal under the Impoundment Control Act, 2 U.S.C. Sec. 681.

In its February 13 publication, the Office of Refugee Resettlement (ORR) states that it "expects to have available $44,400,000 in refugee/entrant social services funds and $81,500,000 in refugee/entrant targeted assistance funds. This determination has been made based upon an interpretation of the Second Continuing Resolution for FY 1984 (Pub. L. 98-151) as requiring that social service funding be recalculated using assumptions of refugee arrivals lower than those which were anticipated when the FY 1984 budget request was developed, and also as providing that targeted assistance funding be at the same level as in FY 1983."

I submit that this interpretation of the continuing resolution, reducing the social services appropriation significantly, amounts to an impoundment of funds.

Pursuant to Public Law 97-377, the Congress specifically provided $80 million for refugee/entrant social services in FY 1983. At the request of ORR, approximately $8 million of social services funding was later reprogrammed. Thus, the final allocation for social services in FY 1983 was $72 million.

Fiscal year 1984 funds were appropriated under Public Law 98-151, 97 Stat. 964. That continuing resolution states:

"(c) Notwithstanding any other provision of this joint resolution, except section 102, such amounts as may be necessary for continuing the following activities, not otherwise provided for in this joint resolution, which were conducted in the fiscal year 1983, under the terms and conditions provided in applicable appropriation Acts for the fiscal year 1983, at the current rate:

* * * * *

"Refugee and entrant assistance activities under the provisions of title IV of the Immigration and Nationality Act, title IV and part B of title III of the Refugee Act of 1980, and sections 501 (a) and (b) of the Refugee Education Assistance Act of 1980: provided. . . ."

97 Stat. 972. The language "under the terms and conditions provided in applicable appropriations Acts for fiscal year 1983, at the current rate" is Congress' clear statement that the appropriation for fiscal year 1984 is to be not less than the amount appropriated in fiscal year 1983, $80 million for social services.

Thus, ORR is, in my opinion, unlawfully withholding significant amounts of funds appropriated by Congress for social services through its continuing resolution for fiscal year 1984.

In addition, Congress has been quite clear, indeed definitive, in its rejection of the ORR rationale used to reduce the amount actually appropriated by Congress. In both the House and Senate Reports on Public Law 97-363, the Refugee Assistance Amendments of 1982 (H. Rept. No. 97-541, S. Rept. No. 97-638), Congress rejected the Administration's 1983 social services authorization request as "inadequate and premised on an unsound theory." The reports reiterate that "the proper focus should be on the number of refugees who need such services, *regardless of their date of entry.*" (emphasis added). S. Rept. at 5, H. Rept. at 8. Following the authorizing committees' rejection, the Appropriations Committees for fiscal year 1983 rejected ORR's funding request of $59 million as inappropriate and appropriated instead $80 million based not on entry numbers but on actual program needs.

During the 98th Congress, the House Judiciary Committee's Report accompanying the Refugee Assistance Extension Act of 1983, H.R. 3729 (H. Rept. No. 89-404), stated that the Committee "flatly rejected the theory upon which the Administration's fiscal year 1983 social services budget request was made." The Report noted that the Committee was "disturbed" that the fiscal year 1984 social services funding request was again based on anticipated flows, and reiterated that it saw "no basis in law or logic for such an approach." Once again the Committee asserted that "the proper focus should be on the number of refugees that need such services."

Even ORR admits the inadequacy of the $44 million to continue the activities conducted in fiscal year 1983. Specifically ORR states:

"ORR believes that the use of targeted assistance funds in a combined allocation with social services funds is an essential and appropriate response to the special programmatic needs of States in FY 1984. . . . Also, supplementary funds would be targeted, under this proposal, to provide States with 90 percent of their FY 1983 formula allocations in order *to avoid serious disruptions or terminations of services* which would affect refugees currently receiving services or expected to need services during the year. Fed. Reg. at 5383 (emphasis added).[1]

In conclusion, Congress has specifically appropriated FY 1984 funds "at the current rate" and has specifically and repeatedly rejected the ORR proffered rationale that would permit a recalculation of the appropriation "using assumptions of refugee arrivals." Finally, ORR admits that the recalculated amount is not even sufficient to fund the continuation of the services received in 1983, thereby necessitating the taking of funds from another program for a hold-harmless provision.

Due to the importance of these funds to State and local governments, your expeditious response would be greatly appreciated.

Thank you.

Sincerely,

DON EDWARDS,
Member of Congress.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., March 23, 1984.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: We are writing to you to express our grave dissatisfaction with the manner in which the Department of Health and Human Services' (HHS) Office of Refugee Resettlement (ORR) is distorting the intent of Congress in its operation of the nation's refugee resettlement program.

The results of this abuse are not only of serious fiscal consequence to the State of California, but they do a most unfortunate disservice to a programmatic concept that embodies some of the finest humanitarian ideals of this country.

We are addressing our concerns to you directly for two reasons. First, as a fellow Californian and our former Governor, you may be better able than most to appreciate the consequences of efforts to convert an issue of national public interest to one of local financial impact. Second, we believe that much of the problems in this area derive from directives of your Office of Management and Budget, and are not necessarily at the program level within HHS.

Specifically, we strongly disagree with ORR's proposed FY84 funding levels for refugee and entrant social services and targeted assistance. While, on the surface, our difficulties may appear to involve a misinterpretation of the amounts appropriated for these programs in Public Law 98-151, making further continuing appropriations for FY84, at the heart of the matter lies a more serious misundertanding of the reasons Congress has fashioned these important programs.

We believe that the Congress has made very clear that the objective of the Refugee Act is to help those persons granted refuge in the United States to adjust to the truly "new world" in which so many find themselves and to become self-sufficient as soon as possible. The key to this self-sufficiency is the social services program, specifically provided with a line item authorization by Congress to underscore its critical role in this regard.

Unfortunately, because of the manner in which ORR continues to base its funding request for this program, evidenced most recently in its notice of proposed FY84 social services funding in the Federal Register of February 13, 1984, this goal continues to be thwarted. Despite very strong language in both the House and Senate Judiciary Committees' Reports accompanying the Refugee Assistance Amendments of 1982 (Public Law 97-363) rejecting the Administration's FY83 social service funding request as both "inadequate and premised on an unsound theory" and reiterating Congressional intent that "the proper focus should be on the number of refugees who need such services, regardless of their date of entry," ORR has admitted once again in testimony this week before the House Appropriations Committee to having used a unit formula based on recent arrivals.

We find this blatant circumvention of clear Congressional intent to be inexcusable. This is made even more the case given the adoption by the House of Representatives of the Refugee Assistance Extension Act of 1983, H.R. 3729, on November 14, 1983. The House Judiciary Committee's Report accompanying this measure (House Report No. 98-404) once again stressed that the Committee "flatly rejected the theory upon which the Administration's fiscal year 1983 social services budget request was made." The Report went on to note that the Committee was "disturbed" that the FY84 social service funding request was again based on anticipated flows, and reiterated that it saw "no basis in law or logic for such an approach." Instead, the Committee once again asserted that "the proper focus should be on the number of refuees that need such services."

Can there be any doubt, then, as to the manner in which social service funding requests are to be developed? We think not, and yet ORR gives its FY83 unit formula as the basis for its FY84 budget request which it now insists is all that is available to the social services program under the Continuing Resolution. However, even ORR admits that the $44.4 million derived in this manner is inadequate, and proposes to transfer $20 million in targeted assistance funds to the social services program "in order to avoid serious disruptions or termi-

[1] ORR has proposed transferring $20 million from the targeted assistance program into social services. I understand, however, that as of this date no reprogramming request has been received by the Appropriations Committee.

nations of services which would affect refugees currently receiving services or expected to receive services during the year."

While we are not convinced that even the $64 million level of funding for social services is adequate, we are particularly frustrated that this total is to be achieved by a transfer from the $81.5 million in targeted assistance funds ORR has available to it for FY84. Once again, we believe that ORR is ignoring the basic reason Congress provided funding for targeted assistance.

In its materials offered in support of the FY85 budget request, ORR links the funding level for targeted assistance with the number of refugees who have been in the United States for three years or less and categorizes this special funding as having been "created to deal with unanticipated high levels of refugee admissions." We submit that this is not at all the case.

Targeted assistance funds have been provided by the Congress to alleviate the fiscal and social impact on State and local governments as a result of large concentrations of refugees and entrants. For example, while there was an inordinately high number of refugee admissions in 1981 (159,000), the need for "a supplementation of currently available resources for services to refugees" in certain counties—to use ORR's own words in setting forth the criteria for the allocation of targeted assistance funds in June of 1983—was not the result of the overall number of admissions, but their concentration in a very few selected areas of the country.

Therefore, to reason that the amount of and need for targeted assistance funds will automatically decline in some direct proportion to the number of recent arrivals and the number of years that have passed since admissions peaked in 1980-81 is to ignore the very purpose of this supplemental funding. Such an approach fails to acknowledge the fact that since 1975, one State alone—California—has become the home for almost 50 per cent of all refugees resettled in the United States, more refugees than at least the next eight most heavily impacted States combined. Such an approach ignores the fact that almost one-third of refugees receiving aid in California were initially resettled in other States.

In summary, the results for many counties and municipalities of such a "targeting" of this special-needs population were the very reasons that targeted assistance was funded. The House Judiciary Committee has stressed this purpose in its Report accompanying H.R. 3759, mentioned earlier, by specifically instructing ORR that "the legislation, unlike the Administration's program, anticipates that funding allocations will be made on the basis of a county's total refugee population, not just those refugees who have been in the United States for three years or less." Unfortunately, ORR has ignored this directive and published an allocation formula for FY84 targeted assistance funds that has the same basis as that which the Committee specifically repudiated.

Furthermore, the House Judiciary Committee Report goes on to emphasize that "targeted assistance grants should not supplant other refugee program funds." However, ORR proposes to do just that. ORR is reallocating $20 million of the $81.5 million in targeted assistance funds to social services, thereby disregarding this clear Congressional directive. This is unacceptable. This is exacerbated by ORR's intention to use an additional $10.5 million in targeted assistance funding for "national projects" which are not earmarked for those areas that ORR has designated as highty impacted.

We are equally disturbed by ORR's limiting the use of targeted assistance solely for the support of employment and employment-related services. There is no Congressional authority for any such exclusive limitation on the use of targeted assistance. Rather, Congress has recognized that the fiscal and social impacts of high concentrations of refugees are felt by the mental health, health care, criminal justice, and educational systems of our communities.

We support the goal of economic self-sufficiency for refugees. However, there are other important services which strengthen the infrastructure of this population, without which self-sufficiency is not possible, that are also impacted by high concentrations of refugees. We do not believe that the total responsibility of assisting these support services that are highly impacted belongs solely to State and local governments. Once again, the House of Representatives, in approving H.R. 3729, endorsed a change in ORR's current policy in order to "not preclude the use of some targeted assistance funds for other important activities, such as assisting local health departments to meet the costs of providing treatment to refugees."

We hope that this letter has served to document the reasons for our deep distress with the misdirection of this program. We trust that you will perceive the problem, as we do, to be not simply a matter of reasonable people disagreeing as to a possible interpretation of a program philosophy. ORR's arrogance in its operation of the program is an affront to the Congress, and a clear and direct contravention of the letter of the law.

The nation, and not just California, has welcomed these individuals to our shores. The nation, not just California, will benefit, as we have in the past, from the important additions to our social and cultural fabric that are provided by those to whom we have granted refuge. The nation, and not just California, must share the financial responsibility of assisting in their assimilation. We call on you, as a fellow Californian, for your personal commitment to this important goal, and your personal assistance in bringing the Refugee Resettlement Program into agreement with Congressional intent.

Sincerely,

Don Edwards, Robert T. Matsui, Howard Berman, Fortney H. (Pete) Stark, Mervyn M. Dymally, Matthew G. Martinez, Rick Lehman, Esteban Torres, Vic Fazio, Mel Levine, Norman Y. Mineta, Henry A. Waxman, Augustus F. Hawkins, Ronald V. Dellums, Sala Burton, Edward R. Roybal, Glenn M. Anderson, Leon E. Panetta, George E. Brown, Jr., Tony Coelho, Barbara Boxer, Jim Bates, Jerry M. Patterson, Julian C. Dixon, George Miller, Anthony C. Beilenson, Tom Lantos, Doug Bosco.●

THE JAWS OF DEATH—BAN THE STEEL JAW LEGHOLD TRAP

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 9, 1984

● Mr. LANTOS. Mr. Speaker, on Saturday, April 7, on the steps of the Lincoln Memorial, thousands of people gathered—not to enjoy the beautiful cherry blossoms—but to focus world attention on the plight of the millions of animals unnecessarily tortured, often to death, in leghold traps. This second annual "Mobilization for Animals" involved the largest coalition of animal protection groups and individuals yet seen in our history. They came together to protest—in unison—one of the most appalling atrocities committed against animals by man.

Steel jaw leghold traps brutalize their victims in the most agonizing way imaginable. Trapped animals break their bones, crush their teeth, and even chew off their own limbs in their frenzy to escape the metal jaws. Some creatures starve; some die of exposure and exhaustion when traps are neglected for days at a time. The traps are utterly indiscriminate. Loved pets, trained hunting dogs, and endangered wild species lose their lives, or their limbs if they are lucky, with unconscionable frequency.

What is incredible to me is that none of this suffering brings any benefit to anyone. There are humane alternative traps readily available which allow pets and nontarget animals—called trash animals by the trapping industry—to be freed without resultant laceration, fractures, or gangrene.

Efforts to outlaw these horrendous instruments date back to the previous century, I feel I am in distinguished company when I find Charles Darwin stating in 1863 that:

> Few men could endure to watch for 5 minutes, an animal struggling in a trap with a crushed and torn limb, yet animals linger thus every night. One must wonder how such cruelty can have been permitted to continue in these days of civilisation.

I wonder that same question today in this country. England's Parliament eventually heeded voices such as Darwin's, and is now one of over 50 nations which have banned use of these horrible and inhumane weapons of death.

I am proud to be cosponsoring H.R. 1797—to end the use of steel jaw leghold traps. I laud the over 100 of my colleagues who are also cosponsoring this bill. A substantial majority of the American public, 78 percent according to a study at the Yale School of Forestry, is solidly behind this legislation. I encourage all the Members of this body to take notice of the mobilization and to join in this vital, long-needed step toward the humane treatment of all creatures.●

ELECTRIC UTILITY COMPETITION ACT OF 1984

HON. ALBERT GORE, JR.

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Monday, April 9, 1984

● Mr. GORE. Mr. Speaker, I am introducing today a bill designed to increase competition within the electric utility industry. My bill, the Electric Utility Competition Act of 1984, would promote competition in two ways. First, it would promote competition in the licensing and relicensing of hydroelectric projects by extending the State and municipal licensing preference to this country's 1,000 rural electric cooperatives. Second, it would provide for an antitrust review when existing hydroelectric projects come up for relicensing by the Federal Energy Regulatory Commission.

Late last year, my colleague, the gentleman from Alabama (Mr. SHELBY) introduced a bill, H.R. 4402, which would eliminate the municipal preference in the relicensing of existing hydroelectric facilities and virtually guarantee that existing licenses would be reissued to the original licensees in perpetuity. My colleague, the gentleman from New York (Mr. OTTINGER) recently introduced his own bill on hydroelectric relicensing, H.R. 5299. At the time of introduction, he stated that, in his view, H.R. 4402 did not represent sound public policy. He further observed that "it is in the public interest that there be meaningful competition for expiring licenses rather than a presumption that the existing license should continue." I fully agree with that statement.

It is clear that the public does benefit from a competitive relicensing process. In fact, in the few competitive relicensing cases to date, we can see the benefits of such competition. For example, in two cases in California, the existing licensee, submitted applications advising the Commission that it could not make additional improvements in the licensed projects. Publicly owned utilities subsequently filed competing applications demonstrating that improvements could be made and additional capacity obtained from the projects. This prompted the existing licensee to submit amendments to the applications which contained plans to improve the projects. Competition will also prompt competitors to strive to improve recreational facilities and mitigate or eliminate adverse environmental consequences associated with existing hydroelectric projects. Benefits from this competition will flow to the general public regardless of who wins the new license.

Unfortunately, there has not been a significant amount of competition for the future use of this public resource. By the end of 1983, 126 licenses had expired. Approximately 86 new licenses had been issued to existing licensees in uncontested proceedings. There has been competition for only 11 of the remaining projects up for relicensing. Ten of those involved competing applications filed by municipalities entitled to the preference under the Federal Power Act, while one involved a competing application filed by the Confederated Salish and Kootenai Tribes in Montana.

Based on these figures, I believe it is clear that the preference in the Federal Power Act provides the stimulus necessary to encourage municipalities to compete for the future use of this public resource. However, even with the preference for States and municipalities, past experience suggests that many projects will be relicensed to existing licensees in uncontested proceedings. Thus, to counterbalance this and further encourage competition in the relicensing of hydroelectric projects, my bill would extend the preference to rural electric cooperatives.

My proposal is entirely consistent with numerous other Federal statutes which extend a preference for the purchase of federally generated power to both municipal electric systems and rural electric cooperatives. In my view, the Federal Power Act does not provide a preference to these cooperatives for one very simple reason. The Power Act was passed in 1920 while the Rural Electrification Act was not passed until 1936.

The second part of my bill would require that an antitrust review be undertaken by the Department of Justice at the time of relicensing. The review contemplated here is identical to the antitrust review Congress directed should be undertaken when applications were submitted to the Atomic Energy Commission—now the Nuclear Regulatory Commission—for licenses to construct and operate nuclear power facilities. In the relicensing context, my bill would require that a broad inquiry of the applicant's activities would be undertaken to determine whether activities under the license would create or maintain a situation inconsistent with Federal antitrust laws.

I would again refer to the comments made by the gentleman from New York (Mr. OTTINGER) when he introduced his relicensing legislation. He stated: "The Nation's waterways are public resources. The public owns them. Similarly, the energy potential of these waterways is public. The public owns it too, although it takes investment to harness the potential. Thus, I think it entirely proper that the public should be as certain as possible that any entity using this public resource under license will conduct its business in a manner consistent with the public interest and, in fact, will enhance the attainment of desirable public objectives. Why should the public settle for anything less?"

Clearly, the Federal antitrust laws were established to insure that business enterprises would be conducted in a manner consistent with the public interest. Indeed, the antitrust laws establish a code of conduct to protect the public interest and provide penalties for violating that code. I believe it is appropriate to demand that those who receive licenses granting them the free use of this public resource should be held to this code. The antitrust review prior to relicensing will accomplish this goal.

Mr. Speaker, I insert in the RECORD at this point the text of my bill together with an analysis.

H.R. —

A bill to amend the Federal Power Act to promote competition in the generation, transmission, and distribution of electric energy

Be it enacted the Senate and House of Representatives of the United States of America in Congress assembled

SEC. 1. This Act may be cited as the "Electric Utility Competition Act of 1984."

STATEMENT OF FINDINGS AND PURPOSE

SEC. 2. Congress hereby finds and declares the following:

(a) Competition is an important factor in promoting efficiency in the electric utility industry and thereby lowering the costs of electricity to the ultimate consumers;

(b) The use of the Nation's existing hydropower resources should be licensed to encourage competition in the electric utility industry;

(c) The Nation's electric consumers would benefit if there were broader markets available for both the purchase and sale of excess energy and capacity;

(d) There is less than an optimum exchange and distribution of both existing hydro resources and generation sources in the electric utility industry;

(e) The maintenance and enhancement of the competitive factors within the regulated electric utility industry are necessary to promote the well-being of the Nation's electric consumers.

PREFERENCE FOR RURAL ELECTRIC COOPERATIVES

SEC. 3. Part I of the Federal Power Act, title 16, section 792 through 823, of the United States Code, is amended as follows:

(a) In section 796(3) after the word " 'municipalities' " add "or cooperatives";

(b) In section 796 add a new paragraph (8) as follows and renumber succeeding paragraphs accordingly: "(8) 'Cooperative' means a non-profit making organization of individuals organized primarily for the purpose of supplying electricity to its own members and eligible for financing pursuant to provisions of the Rural Electrification Act of 1936;"

(c) In section 797(e) insert after the word "municipality", the words "or to any cooperative or association of cooperatives;"

(d) In section 797(f) insert after the word "corporation", the words, "(other than a cooperative or association of cooperatives)" and strike the words, "State or municipality", and insert "State, municipality, cooperative or association of cooperatives".

(e) In section 800(a) strike the words, "State and municipalities", and insert "State, municipalities, cooperatives and associations of cooperatives".

(f) In section 803(e) strike the words, "States or municipalities", and insert "States, municipalities, cooperatives or associations of cooperatives"; and insert after the word, "public" "or to cooperative members".

RELICENSING ANTITRUST REVIEW

SEC. 4. The Federal Power Act is hereby amended by adding the following new Section 15A (16 U.S.C. § 808A):

"(a) The Commission shall promptly transmit to the Attorney General a copy of any application for a new license under Section 15 of this Act, and the Attorney General shall, within a reasonable time, but in no event to exceed 180 days after receiving a copy of such application or written request, render such advice to the Commission as he determines to be appropriate in regard to the finding to be made by the Commission pursuant to subsection (c). Such advice shall include an explanatory statement as to the reasons or basis therefor.

(b) Upon the request of the Attorney General, the Commission shall furnish or cause to be furnished such information as the Attorney General determines to be appropriate for the advice called for in subsection (a).

(c) The Commission shall publish promptly the Attorney General's advice in the Federal Register. Where the Attorney General recommends a hearing, or on the motion of any party to the license proceedings, the Commission shall hold a hearing prior to making the finding required by this subsection. The Attorney General or his designee may participate as a party in the proceedings held by the Commission. The Commission shall give due consideration to the advice received from the Attorney General and to such evidence as may be provided during the proceedings in connection with such subject matter, and shall make a finding as to whether the activities under the license would create or maintain a situation inconsistent with the antitrust laws as specified in subsection (f) of this section. In making its finding, the Commission shall conduct a broad inquiry into both the past and proposed activities of the license applicant, which shall include consideration of all alleged anticompetitive activities of the applicant and the potential anticompetitive consequences of issuing the new license to the applicant.

(d) In the event the Commission's finding under subsection (c) is in the affirmative, the Commission shall publish its finding in the Federal Register. If no competing license application is pending, the Commission shall hold the application on which its finding was made in abeyance for a period of 180 days from the date its finding is published in the Federal Register, during which period the Commission shall, notwithstanding any other provision of the Federal Power Act, permit any citizen, association of citizens, domestic corporation, cooperative, municipality or state to submit an application for the new license.

(1) If there is no competing application for the new license, the applicant submitting the application as to which the Commission made an affirmative finding will have been deemed to have satisfied the requirements of this section. The Commission shall have authority to issue a new license to the applicant with such conditions as it deems appropriate.

(2) In the event that one or more competing applications for the new license are filed, the Commission shall fulfill the requirements of subsections (a)-(c) as to each such competing application. In the event the Commission's finding under paragraph (c) is in the negative for any such competing application or applications, the application or applications for which the Commission's findings under paragraph (c) are in the affirmative shall be rejected. In the event the Commission's finding under paragraph (c) is in the affirmative for each such competing application, the Commission shall have authority to issue a new license to the best qualified applicant with such conditions as it deems appropriate.

(e) With respect to any application for a new license on file at the time of enactment into law of this section, the Commission, after consultation with the Attorney General may, upon determination that such action is necessary in the public interest to avoid unnecessary delay, establish by rule or order periods for Commission notification and receipt of advice differing from those set forth above.

(f) As used in this section, 'antitrust laws' shall include the following Acts, as amended, 'An Act to protect trade and commerce against unlawful restraints and monopolies' approved July second, eighteen hundred and ninety [15 US.C. §§ 1 et seq.]; sections seventy-three to seventy-seven, inclusive, of an act entitled 'An Act to reduce taxation, to provide revenue for the Government, and for other purposes' approved August twenty-seven, eighteen hundred and ninety-four [15 US.C. §§ 8 et seq.]; 'An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes' approved October fifteen, nineteen hundred and fourteen [15 US.C. §§ 12, 13, 14 et seq.; 20, 21 22 et seq.; 29 U.S.C. §§ 52, 53]; and 'An Act to create a Federal Trade Commission, to define its powers and duties, and for other purposes' approved September twenty-six, nineteen hundred and fourteen [15 U.S.C. §§ 41 et seq., 47, 48, 50 et seq.]."

ANALYSIS

INTRODUCTION

This legislation is intended to increase competition in the electric utility industry. First, the bill would provide that the municipal preference in the licensing and relicensing of hydroelectric projects would also be available to rural electric cooperatives.

Second, the amendments will bar the issuance of a new license for an existing hydroelectric project to any utility which is or has engaged in anti-competitive activities under the federal antitrust laws when there is a competing license applicant which has acted in accordance with those laws. In so doing, the legislation ensures that utilities that are given the privilege of utilizing our national resources have not, and do not, engage in anti-competitive activities.

These amendments are essential to the maintenance and enhancement of competition between consumer-owned and investor-owned utilities. If enacted, their effect could well be to lower costs to all customers. The provisions thus ensure the preservation of a pluralistic and competitive electricity generation, transmission and distribution system.

BACKGROUND

The bill promotes competition in the electric utility industry by extending the municipal preference in licensing and relicensing of hydroelectric projects to rural electric cooperatives and by establishing antitrust review procedures to be followed in all hydroelectric relicensing proceedings.

Rural electric cooperatives currently enjoy the same preference extended to municipal electric utilities with respect to access to federally generated power. The cooperatives were not granted the preference in licensing and relicensing for a very simple reason. The Federal Water Power Act was enacted by Congress in 1920. The Rural Electrification Act was not enacted until 1936. Since that time, and for the same fundamental reasons, rural electric cooperatives and municipalities have been treated equally in the numerous statutes which contain preference provisions. Thus, the bill would remedy what was essentially an accident of history.

The preference under the Act clearly applies in both licensing and relicensing situations. There has been considerable discussion regarding the relicensing preference during the past few months, and legislation has been introduced to eliminate this preference. It has been suggested that the preference will harm consumers while providing no compensating public benefits. It is suggested further that this is an issue of great consequence—a "crisis in the making"—ultimately leading to the "socialization" of every non-federal hydroelectric project throughout the country. The facts do not substantiate these arguments.

The initial 50 year licenses began to expire in the 1970s. By the end of 1983, approximately 126 licenses had expired. During the license terms, the original licensees had recovered their investment and earned a handsome profit.

Out of those 126 cases, 86 new licenses were issued to the initial licensees. Out of the 39 cases pending at the FERC at the end of 1983, only nine involved competing applications filed by municipal applicants. Only one competitive relicensing case had worked its way through the process. That case involved the Merwin Dam on the Lewis River in Washington.

In that case, the Commission concluded that the plans submitted by the original licensee, Pacific Power & Light Co., were superior to those submitted by the preference municipal applicant, and thus the new license was awarded to PP&L. (The Commission also overruled an earlier Commission decision which had been affirmed by the courts and held that the municipal preference did not apply against the holder of the original license. That question, as well as the Commission's decision awarding the license to PP&L, is now before the federal courts.)

Notwithstanding the limited number of competitive relicensing cases to date, it is clear that the public receives significant benefits from the existence of the municipal preference and the competition for the future use of this public resource which it fosters. The relicensing preference—which serves simply as a tie-breaker when all else is equal—provides the necessary incentive for municipalities to compete for the future use of this public resource. In several pending cases, competing municipalities have submitted applications clearly superior to those initially filed by the existing license holders. For example, municipalities have proposed plans to increase capacity at certain existing projects, recommended improvements in recreational facilities, and suggested ways to mitigate adverse environmental effects associated with the projects. None of these recommended improvements

would have been forthcoming absent the competitive relicensing process. No matter who wins the licenses, the public will benefit because many of the improvements recommended by the municipalities will be included as license conditions when the new licenses are ultimately issued.

Unfortunately, as noted, most relicensing proceedings to date have not resulted in the filing of competing applications. Because the benefits of competition for the future use of this public resource are so clear, Congress should act to expand the number of potential competitors. This would occur if the current municipal preference were extended to all rural electric cooperatives. Section 3 of the bill is designed to achieve this result.

Section 4 of the bill deals with an antitrust review during the relicensing process. Congress in 1920 adopted the licensing and relicensing preference provisions not only to promote competition for the use of this public resource but also to promote competition within an essentially monopolistic industry. The preference has been successful on both counts. However, investor-owned utilities are still the dominant force in the electric utility industry, and they have demonstrated little reluctance to use their monopoly power to the detriment of consumer-owned utilities. For example, they control the transmission network and frequently exercise that control in an anticompetitive fashion. Since transmission lines are the arteries of the industry, the parties controlling those arteries also control the future of the industry itself. Too little attention has been paid to this problem in the past.

Section 4 is designed to deal with this problem. It closely parallels Section 105 of the Atomic Energy Act of 1954, Public Law No. 83-703, 68 Stat. 919, as amended in 1970 (codified at 42 U.S.C. § 2135). That Act requires the Nuclear Regulatory Commission ("NRC") to consider the antitrust implications of a proposed nuclear power plant before issuing a construction or operating license. This Act requires a similar antitrust review of any application for a new hydroelectric license for an existing project under section 15 of the Federal Power Act.

Under Section 105(c) of the Atomic Energy Act, the NRC may rescind or refuse to issue a license if the activity sought to be licensed would "create or maintain a situation inconsistent with the antitrust laws." That provision requires the NRC to consider the antitrust implications of an activity or activities of a licensed applicant other than those directly arising from the activity sought to be licensed. In other words, the NRC must make a broad-ranging, comprehensive review of the applicant's business activities to determine whether they have been, or will be, anti-competitive. See *Alabama Power Co.* v. *Nuclear Regulatory Commission*, 692 F.2d 1362 (11th Cir. 1982). This Act contains the same language, and the Commission must therefore conduct a similar review under this amendment.

SECTION-BY-SECTION ANALYSIS

Section 1 provides that the Act may be cited as the "Electric Utility Competition Act of 1984."

Section 2 contains the statement of findings and purpose.

Section 3 amends various provisions of part of the Federal Power Act in order to provide rural electric cooperatives with a preference in licensing and relicensing of hydroelectric facilities. There amendments would grant rural electric cooperatives the same preference currently extended to states and municipalities.

Section 4 establishes an antitrust review process to be employed during the relicensing of hydroelectric facilities.

Section 4, paragraph (a) requires the Commission promptly to transmit to the Attorney General a copy of any license application under Section 15. The Attorney General would have a "reasonable time, but in no event to exceed 180 days after receiving a copy of such application or written request," to "render such advice to the Commission as he determines to be appropriate in regard to the findings to be made by the Commission" with respect to antitrust considerations. To facilitate an earlier review by the Attorney General, it is expected that, promptly upon enactment into law of this bill, the Commission and the Attorney General will work out a suitable understanding in regard to the nature of the information the Attorney General would wish to receive.

Paragraph 4(b) provides that, upon the request of the Attorney General, the Commission shall furnish or cause to be furnished "such information as the Attorney General determines to be appropriate" for the advice he has to give. It is expected that the Commission will make every reasonable effort to provide the information sought by the Attorney General.

Section 4(c) requires the Commission promptly to publish in the Federal Register the advice that it receives from the Attorney General. It further provides for a hearing if the Attorney General or any party to the license proceeding so requests. The Commission must then give "due consideration" to the advice received from the Attorney General and to other evidence that it may receive during proceedings in connection with the antitrust review. Whether or not the Attorney General appears as a party, all advice and information provided by the Attorney General that is utilized by the Commission in arriving at its findings must be made a matter of record. If the Attorney General advises that there may be adverse antitrust aspects or antitrust issues, or if such issues are raised by another party in a manner according with the Commission's rules and regulations, the Commission must make a finding as to the antitrust implications of the license application.

The Commission's review will focus on whether "the activities under the license would create or maintain a situation inconsistent with the antitrust laws." This language is directly borrowed from the Atomic Energy Act. Thus, as in *Alabama Power Company* (id. at 1365), and as in other NRC decisions, the Commission must take into consideration such issues as (1) unfair methods of competition by threats to terminate service to another utility, (2) the anticompetitive effect of contract provisions between utilities, including exclusive dealing arrangements, (3) refusals to interconnect, coordinate, or wheel power, and (4) refusals to permit competitors from participating in regional economic coordination. To underscore the broad nature of this review, the Act further provides that the Commission shall consider "all alleged anticompetitive activities of the applicant and the potential anticompetitive consequences of issuing the new license to the applicant."

Paragraph 4(d) provides that, if the Commission finds adverse antitrust effects, and if no competing application is pending, it must hold the application in abeyance for a period of 180 days from the date of the Attorney General's publication of his advice in the Federal Register. During that period, any citizen, association of citizens, domestic corporation, cooperative, municipality, or state may submit an application for the new license, even though the time for submission of such a competing application may have expired under other provisions of the Federal Power Act.

Paragraph 4(d)(1) provides that, if there is no competing application, the applicant is deemed to have satisfied the requirements of this section, and the Commission shall proceed to assess the merits of the application without regard to the antitrust laws set forth in paragraph (f). However, the Commission may impose conditions relevant to the antitrust issues upon the license that is ultimately awarded.

Paragraph 4(d)(2) provides that competing applications are subject to the antitrust review set forth in paragraphs (a)-(c). If any such application or applications is found to satisfy the antitrust requirements, then all applications for which the Commission rendered an affirmative finding would be rejected. If none of the competing applications is found to satisfy the antitrust requirements, then the Commission may issue a new license to the best qualified applicant in accordance with paragraph (d)(1).

Paragraph 4(e) provides that any application for a license on file at the time of enactment into law of this section may be treated in an expedited fashion in order to avoid unnecessary delay, and the Commission may establish procedures for such expedited treatment by rule or order.

Paragraph 4(f) lists the federal statutes applicable to the antitrust review required under subsections (a)-(c). These include the following laws: the Sherman Act, 15 U.S.C. §§ 1-7; the Wilson Tariff Act, 15 U.S.C. §§ 8-11; the Clayton Act, 15 U.S.C. §§ 12-27; and the Federal Trade Commission Act, 15 U.S.C. §§ 41-49.●

EL SALVADOR: HIGH STAKES ON A BAD BET

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, April 9, 1984

● Mr. BARNES. Mr. Speaker, I want to bring to the attention of my colleagues two articles that appeared together in a recent edition of the Washington Post. One by a liberal and one by a conservative, both raise serious questions about the Reagan administration's policies in El Salvador. While the articles were published before the recent election, they retain their relevance after the election, because they raise fundamental issues of policy that the election cannot resolve no matter who finally wins.

I hope my colleagues will give these articles their careful attention.

[From the Washington Post, Mar. 23, 1984]

EL SALVADOR: HIGH STAKES ON A BAD BET

(By Philip Geyelin)

For quick temporary relief from the discomforts of the American presidential primary process, your attention is invited to Sunday's presidential election in El Salvador. By the administration's reckoning, the East-West stakes are high—as in Lebanon.

But, as in Lebanon, there is the real prospect that another great gamble with the Fate of the Free World will go wrong in the worst sort of way—which is to say, needlessly. By betting not just regional but global stakes on an intractable local conflict, the United States is in danger of losing all out of proportion to what it can hope to win.

As a matter of principle, you cannot fault the effort the administration has made to provide for El Salvador's first free and honest presidential election in some 50 years. The stage has been meticulously set. The military, historically the arbiter of Salvadoran politics, has promised to keep its hands off. It is likely that Sunday's vote will qualify as a model of participatory democracy against unbelievable odds.

The hope of U.S. Ambassabor Thomas Pickering—and of the administration—is that this will win congressional sympathy for increased U.S. military and economic aid to intensify the struggle against international communism in Central America. The ambassador even sees the election as a "weapon against the insurrection" in the sense that the guerrillas will be confronted by a president with a legitimate mandate. Some of the more moderate among the rebel elements may then see virtue in joining the process.

But there is a real possibility that the exercise will backfire and cut the ground out from under the administration's Salvadoran (and, by extension, Central American) policy, by further souring rather than sweetening congressional support. It is possible that out of Sunday's nice, clean electoral process will come some very dirty business.

There are three serious candidates: Jose Napoleon Duarte, who headed up a military-civilian junta from 1980 until 1982; Roberto D'Aubuisson, a 40-year-old charismatic, ruthless, hard right-winger widely held responsible for the murderous "death squads"; and Francisco Jose Guerrero, a shopworn remnant of the corruption and crooked politics of bygone days.

Guerrero might be the least troublesome of the three. But he and three minor-party candidates are likely to throw the contest into a runoff next month between Duarte and D'Aubuisson. Either way, that's trouble: D'Aubuisson's reputation precedes him in Congress in a way that would further undermine support for military aid; this could encourage a Salvadoran military coup against D'Aubuisson; so much for Salvadoran democracy. Duarte is a liberal by local standards, so much so that D'Aubuisson calls him a "communist." His election would be an invitation to increased right-wing terrorism, if not his overthrow.

In the end, the army will probably be the custodian of the outcome. But the army itself is deeply divided. So the administration's prospects in El Salvador are not likely to be improved. This portends more tugging and hauling with Congress and more of what administration strategists most deplore: at best, an openended, inconclusive U.S. involvement or, at worst, a collapse of the central government.

EL SALVADOR: HIGH STAKES ON A BAD BET

(By Edwin M. Yoder, Jr.)

In "The March of Folly," historian Barbara Tuchman explores a strange but persistent problem: Why do governments sometimes ignore clear warnings of clamity and pursue a policy "contrary to self-interest"? The book would be an excellent primer for analyzing the Reagan administration's policy in El Salvador. I am not thinking of short-term issues, such as the administration's request for "emergency" military aid. Secretary of State George Shultz has solemnly warned that without it the Salvadoran army could collapse, so perhaps there is a case for yielding this time to executive judgment.

But where is this reliance on the Salvadoran army taking us? There is an obvious gap between this administration's exalted public expectations for El Salvador and what you read and hear about the reality every day. This poor, murderous, disorderly country is a long way from anything like stable democracy.

For instance, Richard Meislin of the New York Times reported that the presidential election in El Salvador is widely expected to bring "new instability" to the country, whoever wins. For all one can see, years of pressure and preaching in Washington have not broken the cycle of murder by "death squad" that is a way of life for the miserable people. The rule of law, elementary social justice, the tolerance of a political opposition; these are alien ideas in El Salvador.

So where, in this melange of misery, is the basis for that "democracy" we think we are promoting there? It is not visible to the naked eye, unless that eye be clouded by that willful attachment to unavailing policy which, says Tuchman, has characterized "the march of folly" from Troy to Vietnam.

Given that the administration's policy looks like a bad bet, should the United States then lurch to indifference? No, the suggestion that the choice is between extremes comes naturally to the president, and his spokesman, and is familiar in such situations. It is almost invariably false. Measured and moderate policies are available, notably the political and diplomatic mediation of the so-called "Contadora" group (Mexico, Panama, Venezuela, Colombia). These countries lack our clout, but they share the Latin heritage, and are on the scene. The Reagan administration has applauded the Contadora process. But it has also pursued a policy that may exacerbate instability—for instance, by flooding El Salvador with arms.

Reagan's instincts regarding Central America may be marginally preferable to those of George McGovern, who seems to be saying that a Marxist salient in the region makes little difference to American interests. But only marginally. One's estimate of Reagan's capacity for realism is hardly improved by memories of the position he took six years ago on the Panama Canal treaty. What do you suppose might be the situation in Panama today if his advice had been heeded, and the treaty rejected? A hundred thousand American soldiers guarding the Canal Zone against sabotage? The thought isn't implausible. And what room would that have left in the budget, or our attention spans, for El Salvador?●

HOME CARE WEEK

HON. OLYMPIA J. SNOWE

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Monday, April 9, 1984

● Ms. SNOWE. Mr. Speaker, I want to offer my support for House Joint Resolution 525, a measure designating the week beginning November 25, 1984 as National Home Care Week. Mr. PANETTA of California has offered this legislation for the past few years to focus needed attention on alternatives to institutionalization for many elderly and disabled persons in less than life-threatening situations.

As our Nation grows more aware of demographic changes and the increase in our elderly population, it is important that Congress allocate special time to highlight programs, such as home health care, which benefit the most vulnerable in our society. All too often, institutionalization is the only health care alternative for our senior citizens and their families. High home health costs, limited support from medicare, medicaid and other health insurance programs, and the lack of tax incentives for families force many individuals into nursing homes.

The recent increase in the number of home health care agencies only emphasizes the obvious demand for these services. Currently there are over 4,000 home health agencies providing skilled nursing services, physical therapy, speech therapy, and other home health services throughout the country. My own State of Maine has an excellent home-based care program which on average serves its patients for almost one-half of the cost of an intermediate care facility bed and at one-quarter of the cost for a skilled nursing facility bed.

Mr. Speaker, we in Congress must encourage alternatives to traditional health services. In our interest to reduce health care costs, we should also be concerned that quality care is available to those who are able to remain in their own home. By observing Home Health Care Week, we pay tribute to home care groups such as those in Maine presently engaged in providing quality home care to our senior citizens, and I urge my colleagues to support this resolution.●

THE UNIVERSITY OF CALIFORNIA AT DAVIS, 75TH ANNIVERSARY

HON. VIC FAZIO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 9, 1984

● Mr. FAZIO. Mr. Speaker, I rise today to pay tribute to the University of California at Davis, located in my congressional district, which this year is celebrating its 75th anniversary.

In just three-quarters of a century, Mr. Speaker, UC-Davis has risen from a "University Farm" to rank third in size and first in program diversity among all UC campuses.

Long renowned for its strengths in the agricultural and biological sciences, the campus has grown more and more recognized for the quality of

teaching and research in the social sciences, arts and humanities, physical sciences, engineering, medicine, veterinary medicine, and the law.

In commemoration of its 75th anniversary, the campus today rededicates itself to excellence in teaching, to the continued pursuit of truth and knowledge through research, and to the dissemination of information through public service activities.

Mr. Speaker, UC-Davis has had a rich history. Chancellor Meyer wrote eloquently of that history in a recent issue of the UC Davis Magazine.

I submit that article for the RECORD:

A MESSAGE FROM THE CHANCELLOR

It is with a great sense of pride that I announce to you the 75th Anniversary Celebration of UC Davis. This marks the beginning of a year-long commemoration in recognition of three-quarters of a century throughout which the campus has distinguished itself in education, research and public service.

In truth, the David campus is rooted more than 75 years in the past. History books record an 1899 conversation during which the seed of an idea to establish an agricultural college was planted. It was then that Peter J. Shields, Secretary of the State Agricultural Society, first learned that California lacked a comprehensive college program in agricultural sciences.

Within two years, Shields' proposal to establish a school of practical farming came before the California legislature, but it did not survive beyond its introduction. Shields persevered, however. A bill he prepared in 1903 was passed by the legislature—only to be vetoed by Governor George Pardee, who said that the bill did not provide enough.

A third bill drafted two years later was submitted to the legislature with an amendment written by Yolo County supporters, describing ideal land specifications and water rights arrangements—a set of conditions which mirrored those available in Yolo County. The bill was passed and signed without hesitation by the governor in 1905. The state purchased 778 acres of what had been part of the Jerome C. Davis stock farm in 1906, and erected the first building—a residence for the University Farm manager—the following year.

The event which our 75th Anniversary Celebration commemorates, however, occurred in 1908; the arrival of the first students on campus.

Our beginnings were modest; the 16 faculty members welcomed a total of 21 agricultural students during that year. The campus grew slowly during its first four decades, during which time the campus graduated from school to college status, and the school of Veterinary Medicine was added. Growth of the Davis campus increased dramatically after its designation as a general campus in 1959. Today, UC Davis ranks third in size and first in program diversity among all UC campuses.

The campus has arrived at a change point in its evolutionary path. Now that we have attained a plateau in size and enrollment, our primary goal is to grow qualitatively. UC Davis has attained recognition as one of the world's great universities. It is time now to build upon our strengths by adding new research and public service programs, by establishing more professors' chairs to attract top faculty, and by initiating more scholarships and fellowships to nurture the inquisitive minds of our students, in whose hands the future rests. It is a goal which requires us to win increasing moral and financial support from public as well as private sectors.

The campus' 75th Anniversary Celebration affords us an opportunity to examine our succcess of the past, to honor the academic achievements of the students and faculty of today, and to illustrate the unrealized potential that lies before us.

Through the year, we hope to demonstrate to our public how far the University to our public how far the University has come in a relatively short time, and thereby cultivate a mutual and lasting personal interest in the Davis campus and the importance it can play in the future for us all.

We warmly invite your participation during our 75th Anniversary Celebration.●

1984 CONGRESSIONAL CALL TO CONSCIENCE VIGIL FOR SOVIET JEWRY

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, April 9, 1984

● Mr. ROE. Mr. Speaker, I rise today to join my colleagues who are participating in the 1984 congressional call to conscience vigil for Soviet Jewry. I would like to thank the Representative from Pennsylvania (Mr. COUGHLIN) for organizing this effort

Words cannot be found to adequately describe the persecution and the pain the Jews of the Soviet Union have endured over the years. Every day, another case of a Soviet Jew being persecuted comes to light. Every day, we hear of somebody being fired from his job, losing his citizenship and being placed behind bars or in a labor camp. Every day, we hear of another person being charged with trumped up crimes such as "spreading anti-Soviet information," "defaming the Soviet State," and "hooliganism." In truth, these ridiculous charges are nothing but the desire to emigrate to Israel and to be free to practice Judaism, rights fully guaranteed by the Soviet Constitution.

One such case is Yuri Tarnopolsky. Arrested on March 17, 1983, 47-year-old research chemist Yuri Tarnopolsky of Kharkov was sentenced to 3 years for "defamation of the Soviet state and social system." He, his wife Olga, and his daughter Irina have been denied visas since 1976.

Although Tarnopolsky is an organic chemist with over 60 published papers, he learned that there are no jobs for refusenik scientists, only menial work or "parasitisim." For 3 years he was unemployed.

The Soviet's repeated refusals to grant Tarnopolsky an exit visa led him to a 40-day hunger strike in 1982. At that time, he wrote: "The refusal is by no means a waiting for visas. It is a slow dying, an agonizing tragedy." After being arrested in March of 1983, he was sent to a labor camp in Chita, in eastern Siberia. Working in a mine, he suffers from pain in his gall bladder and heart. The work is hard, and Yuri finds it difficult to meet his quota. His wife Olga after traveling from their home in Kharkov is denied her visits with Yuri. His health weakened, he began a hunger strike on February 10, 1984.

Last year, he wrote: "We, the refuseniks, myself and my family, are we to be sacrificed to give a lesson to the Jews of the world? * * * my hunger strike had been only so that this question can be shouted as loudly as I could."

Mr. Speaker, we in the Congress of the United States have a moral obligation to shout as loudly as we can about the Soviet treatment of its Jewish citizens, to protest this brutal and ruthless campaign to wipe out the religious and cultural identity of the Jews of Russia. Equally important, we must show to Yuri Tarnopolsky and his fellow Jews that they have not been forgotten, that we in America are more determined than ever before we speak out against the ugly and pernicious oppression of the Jews of the Soviet Union.

Mr. Speaker, in a week's time, Jews all over the world will celebrate the holiday of Passover. The meaning of that joyous day for Jews for hundreds of years has been freedom. It is no less important that in our day, the Jews of Russia will be able to truly enjoy Passover, and to celebrate their freedom, whether in the Soviet Union, in Israel, in America, or in any other part of the world.●

TRIBUTE TO MR. KEVIN McNAMARA, PRESIDENTIAL CLASSROOM PARTICIPANT

HON. GEORGE W. GEKAS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 9, 1984

● Mr. GEKAS. Mr. Speaker, I would like to comment on the exemplary work done by the Washington Workshop's Presidential classroom program. I recently met with Kevin McNamara of Middletown, PA., one of my constituents, who participated in this program. I was extremely impressed by the caliber of student that takes part in workshops of this sort. Kevin's motivation, enthusiasm, and scholastic ability are admirable qualities that the Presidential classroom encourages, and young men such as Kevin possess the ability to become future leaders of our Nation.●

NATIONAL STUDENT LEADERSHIP WEEK

HON. JOHN H. CHAFEE

OF RHODE ISLAND

IN THE SENATE OF THE UNITED STATES

Monday, April 9, 1984

● Mr. CHAFEE. Mr. President, the Senate recently adopted a resolution designating the week of April 23, 1984, as "National Student Leadership Week." It is my hope that the House of Representatives will soon approve this measure, House Joint Resolution 458.

This resolution provides recognition for the more than 10 million young Americans who participate in cocurricular activities in secondary schools across the country.

During the past year, we have engaged in a broad national discussion about the future of education. In developing an agenda for improving our schools, many have stressed the importance of "leadership"—from Washington, from State and local governments, from school boards, teachers, administrators, and parents.

These leaders are making a valuable contribution to the improvement of American education. However, no learning environment can be effective without the commitment and involvement of the student body. America's young people have the most at stake in the drive for quality education. National Student Leadership Week provides a fitting opportunity for us to recognize their active role in enhancing the climate for growth and learning in American schools.

The academic program is extremely important in preparing students for college and careers. But it represents only part of what a student learns in school. Student government, athletics, music, journalism, debate, cheerleading, drama, honor societies, academic and vocational organizations, and other student activities contribute immeasurably to the development of leadership qualities in our youth.

These endeavors provide students with opportunities for self-expression, creativity, and enrichment. They enable students to look beyond the classroom in demonstrating their talents, and to look beyond themselves in learning to solve problems.

During National Student Leadership Week, communities throughout the United States are called upon to recognize and support the many student activities which contribute so much to the well-rounded education of our youth. This observance should provide recognition for those involved in student activities and encouragement to those not yet participating. It will also enable us to express gratitude to the many dedicated faculty members who help to coordinate various student programs.

Student activities generate school pride and encourage young people to take an active part in improving the schoolwide learning environment. In striving to improve our schools, this is a factor we cannot afford to overlook.

We must encourage student leaders today in order for our communities to call upon them for leadership in the future. It is my hope that Congress will approve House Joint Resolution 458 soon and encourage its observance throughout the Nation.●

LEONARD DRUCKER

HON. CHARLES E. SCHUMER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, April 9, 1984

● Mr. SCHUMER. Mr. Speaker, I would like to take this opportunity to commend Mr. Leonard Drucker for his outstanding community service in my district. Mr. Drucker will be honored on May 12, 1984, by his congregation and his community for his lifelong commitment to both.

Mr. Drucker was the vice president for 6 years and the president for 2 years of Temple Beth Emeth. He was also instrumental in the Reform Jewish Youth Groups. In addition, he has served as president of the Brotherhood of Interfaith Relations.

Mr. Drucker's service to the community has not been limited solely to his congregation. Indeed, he was the first vice president of the Flatbush Tenant's Council and helped begin a program of street and tenant patrols in Flatbush. He was elected a judicial committeman and has also served the community by volunteering countless hours to help the handicapped and senior citizens.

Mr. Drucker has enjoyed a successful career in the ceramic tile business. He resides at 2 West End Avenue with his wife, Elaine, and he has two lovely daughters, Leslie and Nadine. I thank him for his service and wish him continued success in his efforts to make Brooklyn a better place to live.●

TOLMAN AWARD FOR DR. JAMES PITTS, JR.

HON. JERRY LEWIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 9, 1984

● Mr. LEWIS of California. Mr. Speaker, on April 18, 1984, the southern California section of the American Chemical Society will award Dr. James N. Pitts, Jr., the Tolman Medal for 1983. The award is given for "achievements in chemistry, significant practical applications of technology, and dedicated service to the profession." He was selected in recognition of his more than three decades of research in photochemistry and atmospheric chemistry, and his application of this research to understanding and controlling photochemical air pollution. I take this opportunity to ask the Congress to join me, along with his many friends and admirers, in expressing our deep appreciation and gratitude to this outstanding human being for his service to his community, State, and the Nation.

Dr. Pitts began his career as a research scientist in chemical and biological warfare for the National Defense Research Committee of the Office of Scientific Research and Development. After receiving his doctorate in 1949, he joined the chemistry faculty at Northwestern University. In 1954 he moved to the new campus of the University of California at Riverside.

In addition to his extensive work for the university, he has coauthored several books, as well as served as coeditor for four different series published by Wiley-Interscience. He is also coauthor of over 300 articles relating to his fields of expertise.

Because of his unique knowledge of the environment and the problems relating to air pollution, Dr. Pitts has served as a consultant to universities, government, and industry. His work on such groups as the California Attorney General's Desert Environmental Task Force and the Physics Advisory Committee to the U.S. Environmental Protection Agency and others has earned him the respect of those with whom he has worked.

The Tolman Medal will join a long list of special awards that denote this man's exceptional contributions to the environmental well-being of this planet. In 1973 he received the award of the Orange County section of the American Chemical Society for "Service Through Chemistry" and in 1979 Dr. Pitts was chosen recipient of the California Lung Association's Clean Air Award.

Dr. Pitts' research efforts center on the fundamental processes in photochemistry and photo-oxidations, and their application to the atmospheric chemistry of the natural and polluted troposphere. His specific research areas include spectroscopic, kinetic, product, and mechanistic studies of the interactions of reactive species such as hydroxyl and nitrate radicals, ozone, and atomic and singlet molecular oxygen, with a wide range of "relevant" natural and anthropogenic inorganic and organic compounds.

It is difficult to summarize the remarkable contributions this man has made. He is an exceptional person who has dedicated his life to improving the condition of ours. He is a fine example of the intelligent and progressive

people in the scientific community who work for our welfare.

Mr. Speaker, I take great pride in commending to my colleagues, Dr. James N. Pitts, Jr., a truly remarkable man who has, through his selfless years of hard work, contributed to his world in a most beneficial way.●

SALVADORAN REACTS TO AMBASSADOR WHITE'S ACCUSATION

HON. WILLIAM F. GOODLING

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 9, 1984

● Mr. GOODLING. Mr. Speaker, I would like to share with my colleagues in the House, an article from Friday's Wall Street Journal. The article is written by Luis Escalante Arce, of El Salvador, one of the Salvadorans accused by former Ambassador Robert White of participation in rightwing terrorist activities directed at El Salvador from Florida. Mr. Escalante's story, which would make interesting reading on its own merit, is particularly interesting in light of Mr. White's allegations. We learn, for example, that this alleged terrorist is in fact the victim of terrorism, having been kidnapped and nearly killed in San Salvador in 1979. Mr. Escalante fled the uncertainty of life in El Salvador and found refuge in New York, not Florida, and for the most part has been received with the kindness and compassion that Americans traditionally afford to those who seek refuge from terror and oppression, former Ambassador Robert White not included. I strongly urge all my colleagues to read Mr. Escalante's account as a balance to Mr. White's allegations.

[From the Wall Street Journal, Apr. 6, 1984]

SALVADORAN REACTS TO AMBASSADOR WHITE'S ACCUSATION

(By Luis Escalante Ave)

Earlier this year, Robert E. White, former U.S. ambassador to El Salvador, announced that six Salvadoran exiles living in Miami were, in large measure, responsible for directing the activities of right-wing death squads in their homeland. As one of those cited by the ex-ambassador. I would like to describe the facts that are rarely, if ever, discussed in connection with the current situation in El Salvador.

Just a few years before the Oct. 15, 1979, fall of Salvador's little-lamented President Carlos Humberto Romero, the country was held in the grip of an orchestrated campaign of terror. Banks and stores were being robbed with impunity, labor strikes were paralyzing factories, public buses were being burned and the kidnapping of widely known and honored community leaders was on the upswing.

Among the many who were kidnapped and for whom large ransoms were paid. I recall the following: Francisco de Sola, industrialist; Benjamin Sol Millet, agribusiness entrepreneur: Ian Chatterton and Cameron Massey, officers of the Bank of London and Montreal, held for several months: Jose David Escobar, farmer; Carlos Emilio Alvarez, physician; Jaime Batlle, coffee exporter, held captive for almost a year; Ernesto Sol Meza, industrialist; Miguel Miguel, industrialist; Fritz Schuitema. Dutch executive of Philips N.V.; Emilio Charur, merchant; Jaime D. Hill, large-scale farmer; Teofilo Siman, merchant, for whom ransom was paid twice; Dimas Funes Hartman, physician; Tomas Peralta, broker; Domingo Call, industrialist; Miguel Arturo Duenas, investor, and Jose Venutolo, farmer.

I also remember a number who were murdered by would-be kidnappers or who died while being held by leftist bands. They include: Ernesto Regaldo, investor; Ernesto Liebes, merchant and honorable consul of Israel in El Salvador; Archibald G. Dunn, ambassador from South Africa to El Salvador Hogo Weil, charged d'affaires from Switzerland; Mauricio Borgonovo Pohl, foreign minister of El Salvador; Eduardo Guirola, large-scale farmer; Roberto Poma, president of the government tourist agency, murdered by kidnappers before payment of ransom; Fugio Matsumoto, Japanese textile manufacturer; Raul Molina, industrialist; Nicolas Nasser, merchant and past president of the local Chamber of Commerce, and Elena de Chiurato, coffee-export executive, never released despite payment of ransom, and presumed dead.

During all these crimes, throughout this entire period of anarchy, those who now clamor to get on the human-rights bandwagon in El Salvador were silent. The naked feeling of insecurity that plagued the populace during this period produced an atmosphere of deep discouragement, humiliation and fear. People from all walks of life chose to leave El Salvador; it is estimated that emigration since 1979 exceeds half a million. Among this number are refugees in Miami, Fla., and among these are the people whom Mr. White accuses of directing the "death squads."

I think it is fitting to point out that I was kidnapped in San Salvador on Oct. 6, 1979. After my family paid a large ransom to my kidnappers. I was released, but not all in one piece. Seriously wounded during the kidnapping, and given only an occasional sip of water plus a handful of dry cornflakes every few days during my month of captivity, I was close to death. I was flown to Jackson Memorial Hospital in Miami on Nov. 5, 1979. The rebuilding of my bullet-riddled legs was then begun at Johns Hopkins Hospital in Baltimore, and my struggle to recover fully continues to this day.

While kidnappings and murders were—and remain—the stock in trade of Salvador's communist guerillas, their propaganda efforts were a key ingredient in their attempts to ensnare El Salvador and discredit its industry and its will to progress. First, public and widespread circulation was given to a statistic that the country's land and wealth was controlled by "fourteen families." This figure was so demonstrably and ridiculously inaccurate that it soon went out of vogue.

Next came energetic attacks (as prescribed by Lenin) on the "oligarchy" in a campagin to power a movement bent on the destruction of private enterprise. However, the attackers found it increasingly difficult to apply a term meaning "rule-by-a-few" to tens of thousands of entrepreneurs. The term "oligarch" soon lost currency in Salvadoran circles (though the term apparently has had a longer run among the ill-informed in the U.S.).

Finally came the horrifying specter of "right-wing death squads." Never mind the fact that communist guerrillas are responsible for many of the civilian deaths. Or that many of the politicians being murdered are conservatives. These facts do not alter the premise, says Mr. White, that civilian political murders in El Salvador are caused by right-wing death squads that are directed by Roberto d'Aubuisson and the "Miami Six." Perhaps it should be mentioned that one of Mr. White's "Six," Juan Ricardo, has been dead for more than two years. And Mr. White had to retract his indictment of another "Miami Six" member after it was proved that the man had never lived in Miami and had never been a member of the party to which Mr. White had assigned him. Mr. White also had accused this same man of having conspired to kill Archbishop Oscar Romero; it was later disclosed that the man was a personal friend of the archbishop.

As for myself, I am now living in New York City, and I am saddened by the hospitality I seem to have attracted from Mr. White. This is in direct contrast to the splendid hospitality I have found among others in the U.S. I have been received here with kindness, not only by friends, but by Americans I have met casually and unexpectedly. Above all, the compassion and sensitive humanity of the American doctors and nurses who have attended me through my long and difficult surgery and treatment has been outstanding.

The U.S., the most magnanimous country economically that the world has ever known, in all good faith makes a mistake when it attempts to transform underdeveloped countries overnight. At times, the headlong rush to sow democracy abroad, without essential understanding of the countries in which the planting is to be done, produces consequences quite the opposite of the good intended by the planters. This mistake is compounded by those who, for ideological reasons, wish to see in Central America profound social changes inimical to economic and political freedom. The Carter administration gave its support to the Sandinista movement without analyzing its makeup, and we now see that Nicaragua is a country under Soviet-Cuban rule.

All this should not leave the reader pessimistic. The will to persevere against the terrorism and anarchy that threaten to destroy El Salvador comes from the heart of the Salvadoran people. Salvadorans have proven to be impervious to the brainwashing shampoo applied to our unwilling heads by leftist intellectuals and by the tiny minority of Salvadoran Marxist.●

SALT LAKE TRIBUNE ON ELECTIONS IN EL SALVADOR

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, April 9, 1984

● Mr. SOLARZ. Mr. Speaker, I would like to share with my colleagues an editorial which appeared recently in the Salt Lake Tribune which makes an important contribution to the debate on El Salvador, as we begin consideration of the various aid requests for Central America that are pending before the Congress:

[From the Salt Lake Tribune, Mar. 28, 1984]

EL SALVADOR ELECTION TURNOUT ONLY PART OF NEEDED ANSWER

There's no question but that El Salvador can hold elections. There's considerable dispute as to whether this means its government can preserve the country for democracy.

Encouraged by what appears to have been a reasonably well-conducted national balloting in El Salvador last weekend, the White House is contending the event justifies more financial aid from the United States to Salvadoran authorities, including the military. But the vote was inconclusive and doesn't yet change much.

Official results remain unannounced, but by most accounts, no Salvadoran political party gained a ballot majority Sunday, meaning the two highest vote-getters must face off in May. Uncertainty persists, then, about how reform-minded the eventual government will be. Which throws all U.S. expectations into prolonged confusion.

Unless substantial changes occur in El Salvador, assuring a greater sharing of economic and political opportunities, the incessant guerrilla insurgency lacerating the country is apt to continue. The Reagan administration has pinned its hopes for such change on a Salvadoran government sustained by voter approval and U.S. financial aid. Critics, in Congress and elsewhere, contend the aid is unjustifiable until a government clearly protective of civil rights certifiably emerges. On that, Sunday's elections settled little.

In the first place, the turnout fell about 600,000 below expected. They were impressive, the news photos of long lines of Salvadoran voters, waiting patiently in the daytime heat for a chance to vote. However, voting is mandated by law in El Salvador. Those without an election stamp on their identity cards risk personal difficulties.

Moreover, while El Salvador's voters participated in even greater numbers two years ago, electing a constituent assembly, the amount of civil rights violations traced to the government subsequently increased. It seems, as properly intentioned as it might be, the civilian government is unable to control the Salvadoran military and police, the source of "death squads," murderers and abductors of political opponents.

Sunday's Salvadoran elections confirmed the already known fact that the country's public can and will help make democratic processes work. Not conspicuously validated, however, is the equally crucial ingredient: that the leadership eventually chosen will actually rid the central government of those elements which now make it such an inviting target for violent subversion. Lacking that, Congress should hesitate to pour more U.S. tax dollars into a forlorn cause.●

ARGENTINA'S DEBT CRISIS

HON. DENNY SMITH

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Monday, April 9, 1984

● Mr. DENNY SMITH. Mr. Speaker, last August, 211 of us voted against the increase in the U.S. quota for the International Monetary Fund. We lost by six votes, but now the U.S. taxpayer is losing more of his hard-earned dollars to a rescue package in response to Argentina's debt crisis.

The resolution I sponsored this week, House Resolution 477, gives us an opportunity to express our opposition to any further transfer of U.S. taxpayer dollars for this purpose, without first getting the approval of Congress.

I am sure you have already read where the Federal Government is teaming up with those same U.S. banks and four Latin American countries with a rescue package for Argentina. I think it is ironic that the countries whose own loans to those U.S. banks are also unpaid.

Argentina has repeatedly failed to abide by the conditions and austerity measures set forth by the IMF, and serious doubts exist as to the country's future ability to make interest and principal payments. How long are we going to put off the day of reckoning?

We just gave the IMF an $8.4 billion increase in our quota; and yet, it appears that action has done little to resolve the economic situation in Latin America. Argentina owes $43.6 billion, and their interest on the majority of these loans is unpaid since December 31. The rescue package, composed of $500 million for Argentina to make interest payments, is strictly to bail out the New York banks since the large banks seem to panic when faced with the idea of declaring large loans as "nonperforming." You certainly would not see banks give this white-glove treatment to our farmers, small businessmen, and other needy Americans who are losing their properties through foreclosure by the very institutions who are asking for these taxpayers' help.

The U.S. taxpayer should not be called upon to absorb the losses and guarantee a profit for the investor-owned New York banks. It is those banks' responsibility to negotiate with Argentina. This type of raid on the U.S. Treasury cannot continue.

I thought the following article which appeared in Newsweek magazine might be of interest to you.

[From Newsweek, Apr. 9, 1984]

ARGENTINA GETS A QUICK FIX

Red alert on the foreign debt, screamed the headline in the Buenos Aires Crónica, and indeed, the fuse on the international-debt bomb burned dangerously short last week. The government of Argentine President Raúl Alfonsín was hanging tough in its negotiations with creditors over an austerity plan and payments on its $43.6 billion international debt, the world's third largest. But the proximate cause of the tension was Finance Minister Bernardo Grinspun's threat to ignore a March 31 deadline. Failure to pay at least $500 million in interest by that date would have put many of its loans more than 90 days in arrears and forced a number of American banks to take large cuts in first-quarter earnings. Both Argentina and the banks seemed ready to let the crisis escalate. But then a solution arrived from a most unlikely source: a group of four Latin nations, three of them with major debt problems of their own.

The latest quick fix in the two-year-old debt crisis was as complicated as it was surprising. Brazil, Mexico, Venezuela and Colombia agreed to advance Argentina $300 million; a group of commercial banks will provide an additional $100 million. With that money and $100 million from its own reserves, Argentina will pay its overdue interest to U.S. banks, keeping its interest payments up to date. At the same time, Argentina will continue to negotiate with the International Monetary Fund on a long-term plan for stabilizing its economy. When an agreement is reached, the IMF will authorize new credit. Washington plays its own role in the rescue. As soon as Argentina and the IMF come to terms, the Treasury will give Buenos Aires a $300 million bridge loan to tide it over until the IMF-authorized cash starts to flow. Argentina will use that money to repay its Latin neighbors.

Three of the countries aiding Argentina are themselves bent double with debt: Brazil ($93 billion), Mexico ($86 billion) and Venezuela ($34 billion). Why are they risking money on a country that is an economic basket case? Mexico, which pushed for the joint action, may have had the most to gain. Many banks have withdrawn from a big Mexican loan package, and the country feared there would be more dropouts in future borrowings if the Argentine situation worsened. Apparently, others thought they had to act to prop up the fragile framework of international cooperation and trust that has supported their own economies.

Survival: Their generosity was unusual for another reason: Argentina actually has enough cash on hand to meet its current financial obligations. Fattened by strong grain exports, its treasury is thought to hold $1 billion or more in foreign-exchange reserves. But Argentina's leaders want to use that money to strengthen the domestic economy—and ensure the survival of their government—rather than to pay back debts incurred by the right-wing dictatorship they replaced.

That logic has become a central part of Argentina's bargaining position. If the industrialized nations are eager to see Argentina's infant democracy survive, the argument goes, they must be prepared to offer less onerous repayment terms. By the same token, President Alfonsín believes that domestic political pressures make it impossible for him to accept the IMF's stringent austerity measures. One advantage of the new scheme is that with Latin money on the line, Alfonsín may find it easier to sell a harsh IMF program at home.

Intensifying the crisis was the unspoken threat of outright debt repudiation. Most bankers, however, are still writing off that possibility. Argentina's self-sufficiency in food and energy would allow it to survive for a short time in the state of economic quarantine that would follow such repudiation. Still, given the difficulty Argentina would have conducting trade in the aftermath, it would slowly start to sink into desperate poverty. And, however popular the move would be domestically, debt repudiation would cripple Argentina's international standing, which Alfonsín has been working to rebuild.

As spectacular as it was, the emergency operation last week was little more than a Band-Aid. Alfonsín still faces the task of negotiating an agreement with the IMF, maintaining political stability and meeting Argentina's financial obligations, all at the same time. But there was at least one hopeful sign inherent in last week's rescue: ev-

eryone seemed to realize that the health of the world financial system is so precarious that even a minor infection could turn out to be fatal.●

CENTRAL AMERICA

HON. MAJOR R. OWENS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, April 9, 1984

● Mr. OWENS. Mr. Speaker, while we still have the opportunity, we must cut off all programs and funding which perpetuate American military intervention in Central America.

Over the past months, we have set a dangerous precedent by the full-scale invasion of the island nation of Grenada. We have suffered the loss of hundreds of our young men in an airport outside Beirut. We have angered the people of Europe by our deployment of missiles throughout their countryside. We have threatened the very future of our world by bringing nuclear arms negotiations to a complete halt.

These are the outcomes of the administration's militarist approach to foreign affairs. This approach has been tested and found wanting. It has been, and will be, a total failure.

This same emphasis on military confrontation threatens a tragic disaster in Central America. Despite congressional attempts to limit provocative actions, our troops are active throughout the region and our battleships are poised off the coast of Nicaragua. Our Nation is helping to spread terror among the people of Central America.

If we accept the administration's blueprints for action, Central America will become another scenario of U.S. intervention, embarassment, and death. It is our responsibility to protect our Nation's honor and principles, and to bring our troops home before they become the victims, or perpetrators, of further violence.

America is strong. That strength carries with it the burden of restraint and moderation. That strength is the product of a democracy, which can best be spread by example and by economic and social support of democratic movements throughout the world.●

THE 100TH ANNIVERSARY OF GERMAN BROWN TROUT PLANTING IN U.S.A.

HON. GUY VANDER JAGT

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, April 9, 1984

● Mr. VANDER JAGT. Mr. Speaker, it will be my great honor this Saturday April 14, to join with hundreds of others in a very special 100th anniversary of the original introduction of German Brown Trout (Salmo Fario) into American waters. What great thrills, great experiences have taken place in these past 100 years of trout fishing by literally millions of our sports fishermen because Baron Frederick Von Behr, president of the Deutschen Fischerei Verein in Berlin, agreed to send a second shipment of 70,000 brown trout eggs in 1884 after a first shipment of 80,000 eggs in 1883 resulted in no plantings since so few of those eggs were hatched.

History buffs will enjoy a report filed as "Miscellaneous Documents No. 68 of the United States House of Representatives" in 1884 which contained the following:

On February 18 (1884), we received a case of 5,000 eggs of German Trout (Salmo Fario) which arrived in good condition. They hatched about the middle of March and were taken April 11 in Car No. 2 and planted in a branch of the Pere Marquette River in Northern Michigan.

The distinction of being the cradle stream in North America of the brown trout, therefore, belongs to the historic Pere Marquette River located in Michigan's Ninth Congressional District. That first planting took place in the Pere Marquette River near Baldwin, MI, in Lake County.

As I mentioned earlier, on Saturday, in cooperation with the Shrine of the Pines Society located in Lake County and several other Baldwin-area organizations, the West Michigan Chapter of the Trout Unlimited is organizing a beautiful and meaningful observance of the original introduction of brown trout in our country. A Michigan historical marker will be erected on the grounds of the Shrine of the Pines along the banks of the Pere Marquette River.

It will be my privilege to be a part of these ceremonies along with many others, including Baldwin Village President Delbert White; Jon P. Bachelder, president of Trout Unlimited; Ben J. Myler, of Ludington; John R. Luton, Izaak Walton League of America; and representatives from the Michigan Department of Natural Resources; the U.S. Forest Service; delegates from the Federation of Fly Fishers, Michigan United Conservation Club; and local, county, State, and Federal elective officials.

It is truly going to be a milestone observance, another in the great history of Lake County and the Pere Marquette River, a stream whose recorded history dates back to the death of its namesake, French missionary Pere Jacques Marquette on the shore of the river in 1675.

The Baldwin Chamber of Commerce, deeply involved in this great day, also will host a luncheon capping off the observance.

At this time, Mr. Speaker, I would like to conclude this special presentation of the German Brown Trout with newspaper articles from the Manistee News Advocate, Manistee, MI, of January 27, 1984, entitled "Trout Unlimited to Honor Brown Trout," and the February 27, 1984 story from the Lake County Star in Baldwin, MI, headlined "Trout Centennial April 14."

The newspaper articles follows:

From the Manistee (MI) News Advocate, Jan. 27, 1984]

TROUT UNLIMITED TO HONOR BROWN TROUT

(By Greg Gielczyk)

BALDWIN.—Much has been written during the year past commemorating the arrival of the German Brown Trout (Salmo Farlo) on the American shores Feb. 23, 1883, however, little has been said about the introduction of the species into American waters.

Documents written by Fred Mather, superintendent of the U.S. Fish Station at Cold Spring Harbor on Long Island, N.Y., reveal that the first shipment of 80,000 brown trout eggs from Baron Frederick Von Behr, president of the Deutschen Fischerei Verein in Berlin, resulted in no plantings since so few of the eggs were hatched.

It was from the second shipment of 70,000 eggs arriving at Cold Spring Harbor on Feb. 15, 1884, that the first planting of the species (known in Germany as Bachforille) was made.

Mather divided his shipment with, among others, Frank N. Clark, superintendent of the U.S. Fish Station at Northville, Mich., whose report in Miscellaneous Documents No. 68 of the U.S. House of Representatives in 1884 contained the following. "On Feb. 18, we received a case of 5,000 eggs of German Trout (Salmo Fario) which arrived in good condition." "They hatched about the middle of March and were taken April 11 in Car No. 2 and planted in a branch of the Pere Marquette River in Northern Michigan."

The distinction of being the cradle stream in North America of the brown trout, therefore, belongs to the historic Pere Marquette River, a stream whose recorded history dates back to the death of its namesake, the French missionary, Pere Jacques Marquette, on the shore of the river in 1675.

In cooperation, with the Shrine of the Pines Society and several other Baldwin area organizations, the West Michigan Chapter of Trout Unlimited is organizing a centennial observance of the original introduction of Brown Trout in North American waters, to be held April 14, at Baldwin.

A Michigan historical marker will be erected on the grounds of the Shrine of the Pines along the Pere Marquette River, followed by a luncheon at the Baldwin High School.

Several hundred persons are expected for the ceremonies, including top officials from the Department of Natural Resources, the U.S. Forest Service and the state and federal elected representatives.

Delegates from the Federation of Fly Fishers, Michigan United Conservation Clubs, Izaac Walton League and other groups are expected to attend, as well as representatives from the media and outdoor writers organizations.

For further information, contact B. J. Myler, 124 S. James St. Ludington, Mich. 49431; (616) 845-5144.

[From the Baldwin (MI) Lake County Star, Feb. 27, 1984]

TROUT CENTENNIAL APRIL 14

BALDWIN.—Much has been written during the past year commemorating the arrival of the German Brown Trout (Salmo Fario) on the American shores Feb. 23, 1883. However, little has been said about the actual introduction of the species into American waters.

Documents written by Fred Mather, superintendent of the U.S. Fish Station at Cold Springs Harbor on Long Island, New York, reveal that the first shipment of 80,000 brown trout eggs from Baron Frederick Von Behr, president of the Deutschen Fischerei Verein in Berlin, resulted in no plantings since so few of the eggs were hatched.

It was from the second shipment of 70,000 eggs arriving at Cold Springs Harbor on Feb. 15, 1884, that the first planting of the species—known in Germany as Bachforille—was made. Mather divided his shipment with, among others, Frank N. Clark, superintendent of the U.S. Fish Station at Northville in Wayne County, whose report in Miscellaneous Documents No 68 of the U.S. House of Representatives in 1884 contained the following:

"On February 18, we received a case of 5,000 eggs of German Trout (Salmo Fario) which arrived in good condition. They hatched about the middle of March and were taken April 11 in Car No. 2 and planted in a branch of the Pere Marquette River in Northern Michigan."

The distinction of being the cradle steam in North America of the brown trout, therefore, belongs to the historic Pere Marquette River, a stream whose recorded history dates back to the death of its namesake. French missionary Pere Jacques Marquette, on the shore of the river in 1675.

In cooperation with the Shrine of the Pines Society and several other Baldwin-area organizations. The West Michigan Chapter of Trout Unlimited is organizing a centennial observance of the original introduction of brown trout in North American waters to be held April 14 in Baldwin.

A Michigan historical marker will be erected on the grounds of the Shrine of the Pines along the banks of the Pere Marquette River, followed by a luncheon at Baldwin High School. Several hundred persons are expected for the ceremonies, including top officials from the Department of Natural Resources, the U.S. Forest Service, and state and federal elected representatives. Delegates from the Federation of Fly Fishers, Michigan United Conservation Clubs, Izaac Walton League and other groups are expected to attend, as well as representatives from the media and outdoor writers organizations.

For further information. contact B.J. Myler, 124 South James Street, Ludington. 845-5144. Luncheon tickets at $7.50 each are available from the Baldwin Area Chamber of Commerce 745-3995, or by writing the West Michigan Chapter, Trout Unlimited, P.O. Box 8473 Grand Rapids, MI.●

TRIBUTE TO AN OUTSTANDING COMMUNITY BOARD CHAIRMAN: HAROLD FALLICK

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, April 9, 1984

● Mr. SOLARZ. Mr. Speaker, I rise today to pay tribute to Harold Fallick, the outgoing chairman of Community Board 13, for his many years of dedicated community service.

Mr. Fallick has been an active member of the community board for the past 7 years, serving on numerous committees and giving countless hours of service for the betterment of his neighbors and his community. Four years ago, he took on the additional responsibilities inherent in the position of chairman of the community board and distinguished himself in the capacity through his strong, determined leadership and exemplary dedication to duty.

However, Harold Fallick is much more than a dedicated community board member and officer. He has been an active member of the Community Democratic Club for many years, and is an active member of both the B'nai B'rith Oceanview Lodge and the Knights of Pythias Lodge 699.

Harold Fallick also served for many years as the trustee of the Oceanview Jewish Center. He is a member of the Society of Naval Architects & Marine Engineers and an ex-officer with the Merchant Marines. He also served his country with honor in both World War II and the Korean war.

Harold Fallick represents the best kind of community activist; one who gives tirelessly of himself for the betterment of his country and his community.

I am indeed honored and proud to count Harold Fallick as one of the leaders of the Shorefront community and wish to congratulate him on the occasion of the dinner—taking place on April 12, 1984 at the Palms Shore Club—in his honor.●

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Tuesday, April 10, 1984, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

APRIL 11

9:00 a.m.

Appropriations

Labor, Health and Human Services, Education, and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1985 for certain programs of the Department of Labor and the Department of Health and Human Services, including the Centers for Disease Control.

SD-116

9:30 a.m.

Banking, Housing, and Urban Affairs

To hold oversight hearings on the Federal Reserve System's pricing policies.

SD-538

Governmental Affairs

*Permanent Subcommittee on Investigations

To resume hearings to examine the efficiency and effectiveness of the United States in working with the NATO nations and Japan in drafting and executing export controls on high technology shipments to the Soviet Union and Soviet bloc, and to examine the enforcement of the Export Administration Act.

SD-342

Judiciary

Juvenile Justice Subcommittee

To hold hearings on S. 521 and S. 1924, bills to establish a criminal background check of individuals whose employment may bring them into contact with institutionalized children.

SD-226

*Labor and Human Resources

To resume oversight hearings on certain activities of the Legal Services Corporation, focusing on past and present policies at the Corporation, including political activity.

SD-430

10:00 a.m.

Appropriations

Transportation and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1985 for the Urban Mass Transportation Administration, Department of Transportation.

SD-138

Armed Services

Business meeting, to consider S. 2100, to authorize the Secretary of the Army to sell to any State ammunition for military weapons for use for avalanche-control purposes; the nomination of Chapman B. Cox, of Virginia, to be General Counsel of the Depart-

ment of Defense; and routine military nominations.
SR-222

Commerce, Science, and Transportation
Merchant Marine Subcommittee
To hold hearings on U.S. Coast Guard polar ice-breaking operations.
SR-253

Environment and Public Works
To hold hearings on proposals to extend and amend the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (Superfund).
SD-406

Foreign Relations
To resume hearings on the nomination of Leslie Lenkowsky, of New York, to be Deputy Director of the U.S. Information Agency.
SD-419

Veterans' Affairs
To hold hearings on S. 2269 and S. 2514, bills to clarify and improve certain veterans' health-care programs and services; S. 2210, to revise and clarify the eligibility of certain disabled veterans for automobile adaptive equipment; S. 2278, to make permanent the Veterans' Administration's program to treat veterans who suffer from alcohol or drug dependencies.
SR-418

Joint Economic
To resume hearings to examine certain implications on whether the American economy is becoming more service industry oriented.
SR-385

10:30 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

2:00 p.m.
Governmental Affairs
To hold hearings on S. 1746, to allow the Federal Government to freely procure certain goods and services from the private sector.
SD-342

Judiciary
To hold hearings on pending nominations.
SD-226

Rules and Administration
To hold hearings on S. 2418, to provide for the construction of the Library of Congress Mass Book Deacidification Facility.
SR-301

APRIL 12

9:00 a.m.
Appropriations
Labor, Health and Human Services, Education, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for certain programs of the Department of Health and Human Services, including the National Institutes of Health and the Health Resources and Services Administration.
SD-116

Energy and Natural Resources
Energy Regulation Subcommittee
To hold hearings on S. 1069, H.R. 555, and S. 817, bills to authorize the Federal Energy Regulatory Commission to approve the inclusion in the rate base of a public utility of the costs of construction work in progress.
SD-366

Judiciary
Business meeting, to consider pending calendar business.
SD-226

9:30 a.m.
Agriculture, Nutrition, and Forestry
Agricultural Credit and Rural Electrification Subcommittee
To resume hearings on S. 1300 and H.R. 3050, bills to revise the liabilities and uses of the rural electrification and telephone revolving fund, focusing on the effect on electric and telephone costs to the consumer.
SR-328A

Commerce, Science, and Transportation
Aviation Subcommittee
To hold hearings on the Federal Aviation Administration's scatter plan to disburse airplanes departing National Airport over a larger geographical area.
SD-G50

Commerce, Science, and Transportation
Surface Transportation Subcommittee
To hold hearings on S. 1407, to provide procedures for the registration and licensing of motor vehicles when ownership is transferred in interstate commerce.
SR-253

Small Business
To resume hearings on S. 2489, proposed Small Business Competition Enhancement Act, and S. 2434, to require the assignment of breakout procurement representatives at major procuring installations.
SR-428A

Joint Economic
To hold hearings on the impact of health care costs on the economy.
SD-628

10:00 a.m.
Appropriations
Defense Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for Army modernization programs of the Department of Defense.
SD-192

Appropriations
HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Federal Emergency Management Agency, and the Federal Home Loan Bank Board.
SD-124

Finance
Estate and Gift Taxation Subcommittee
Taxation and Debt Management Subcommittee
To resume joint hearings on proposed legislation to overrule the Supreme Court's decision in Dickman against Commissioner of Internal Revenue, relating to certain interest-free demand loans.
SD-215

Foreign Relations
To hold hearings on S. 1910, to establish procedures with respect to the consideration of certain proposals by international organizations that may affect the interstate or foreign commerce of the United States.
SD-419

*Governmental Affairs
Permanent Subcommittee on Investigations
To continue hearings to examine the efficiency and effectiveness of the United States in working with the NATO nations and Japan in drafting and executing export controls on high technology shipments to the Soviet Union and Soviet bloc, and to examine the enforcement of the Export Administration Act.
SR-236

Governmental Affairs
Energy, Nuclear Proliferation and Government Processes Subcommittee
To hold oversight hearings on the status of the National Health Corps Scholarship collections.
SD-342

Labor and Human Resources
Education, Arts, and Humanities Subcommittee
Business meeting, to markup proposed legislation authorizing funds for programs of the Library Services and Construction Act, and the Adult Education Act.
SD-430

1:30 p.m.
Finance
Taxation and Debt Management Subcommittee
To hold hearings on proposed legislation to raise the limit on the public debt.
SD-215

2:00 p.m.
Armed Services
Preparedness Subcommittee
To resume open and closed hearings on S. 2414, authorizing funds for fiscal year 1985 for military procurement programs of the Department of Defense, focusing on Marine Corps readiness and operation.
SR-222

Foreign Relations
To hold hearings on nominations of Harry E. Bergold, Jr., of Florida, to be Ambassador to the Republic of Nicaragua, and Thomas H. Anderson, Jr., of Mississippi, to be Ambassador to Barbados, and to serve concurrently as Ambassador to the Commonwealth of Dominica, Ambassador to Santa Lucia, Ambassador to Saint Vincent and the Grenadines, Ambassador to Antigua and Barbuda, and Ambassador to St. Christopher and Nevis.
SD-419

APRIL 13

9:30 a.m.
Finance
Oversight of the Internal Revenue Service Subcommittee
To hold oversight hearings to examine the impact of the Federal income tax system on productivity and economic growth.
SD-215

APRIL 24

9:00 a.m.
Appropriations
Labor, Health and Human Services, Education, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Departments of Labor, Health and Human Services, Education, and certain related agencies.
SD-116

Armed Services
Sea Power and Force Projection Subcommittee
To hold open and closed hearings to discuss strategic cooperation between the United States and Israel.
SR-232A

9:30 a.m.
Commerce, Science, and Transportation
Surface Transportation Subcommittee
To hold hearings on proposed legislation authorizing funds for fiscal years 1985 and 1986 for programs of the Hazardous Materials Transportation Act, Natural Gas Pipeline Safety Act, and the Hazardous Liquid Pipeline Safety Act.
SR-253

10:00 a.m.
Appropriations
Defense Subcommittee
To hold closed hearings on proposed budget estimates for fiscal year 1985 for intelligence programs of the Department of Defense.
S-407, Capitol
Appropriations
Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the U.S. Coast Guard.
SD-138
*Environment and Public Works
Transportation Subcommittee
Business meeting, to markup S. 2527, authorizing funds for the Federal aid highway program of the Department of Transportation.
SD-406
Labor and Human Resources
Family and Human Services Subcommittee
To resume hearings on proposed legislation authorizing funds for programs of the Public Health Service Act, focusing on title XX (adolescent family life demonstration projects).
SD-430

2:00 p.m.
Labor and Human Resources
Labor Subcommittee
To hold oversight hearings to examine the scope and impact of certain occupational diseases.
SD-430

APRIL 25

9:00 a.m.
Appropriations
Labor, Health and Human Services, Education, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Departments of Labor, Health and Human Services, Education, and certain related agencies.
SD-116
Labor and Human Resources
To hold hearings on the nominations of Fred W. Alvarez, of New Mexico, to be a member of the Equal Employment Opportunity Commission, and Thomas F. Smegal, Jr., of California, Basile Joseph Uddo, of Louisiana, Hortencia Benavides, of Texas, and Lorain Miller, of Michigan, each to be a member of the Board of Directors of the Legal Services Corporation.
SD-430

9:30 a.m.
Commerce, Science, and Transportation
Consumer Subcommittee
To hold hearings on S. 1816, to require the labeling of textile fiber and wool products as to country of manufacture.
SR-253
Governmental Affairs
Governmental Efficiency and the District of Columbia Subcommittee
To resume hearings on S. 1858, making a technical correction to the legislative veto provisions of the Self-Government and Governmental Reorganization Act of 1973 (Home Rule Act).
SR-385

10:00 a.m.
Agriculture, Nutrition, and Forestry
To resume oversight hearings on the Federal food stamp program, and the Child Nutrition Act (Public Law 89-642).
SR-232A
Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366
Environment and Public Works
To resume hearings on proposals to extend and amend the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (Superfund).
SD-406
Governmental Affairs
To hold hearings in compliance with section 2401(g) of title 39, United States Code, which requires the Postal Service to submit to Congress a comprehensive statement on the status of the Postal Service.
SD-628
Governmental Affairs
Permanent Subcommittee on Investigations
To resume hearings to investigate alleged involvement of organized crime and mismanagement of funds in the hotel and restaurant workers' union (HEREIU).
SD-342
Judiciary
Juvenile Justice Subcommittee
To hold oversight hearings on child sexual abuse.
SD-226

11:00 a.m.
Judiciary
Separation of Powers Subcommittee
To hold hearings on S. 1405, proposed Federal Neutrality Act of 1983.
SD-562

APRIL 26

9:00 a.m.
Appropriations
Labor, Health and Human Services, Education, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Departments of Labor, Health and Human Services, Education, and certain related agencies.
SD-116

9:30 a.m.
Commerce, Science, and Transportation
To hold hearings in conjunction with the National Ocean Policy Study on proposed legislation authorizing funds for programs of the Marine Mammal Protection Act.
SR-253

10:00 a.m.
Appropriations
Defense Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for National Guard and Reserve units of the Department of Defense.
SD-192
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Smithsonian Institution.
SD-138
Environment and Public Works
To hold hearings to review the proposed refinancing of the Kennedy Center bonded indebtedness to the Department of the Treasury.
SD-406
*Foreign Relations
To hold hearings on the following treaties: Convention with Denmark for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (Ex. Q, 96-2), Convention with Denmark for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Estates, Inheritances, Gifts and Certain Other Transfers (Treaty Doc. 98-6), Protocol, together with an exchange of letters, Amending the Convention with Denmark for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (Treaty Doc. 98-12), Convention with Canada with Respect to Taxes on Income and Capital, with a related exchange of notes (Ex. T, 96-2), Protocol Amending the 1980 Convention with Canada with Respect to Taxes on Income and Capital (Treaty Doc. 98-7), and Convention with Sweden for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Estates, Inheritances and Gifts (Treaty Doc. 98-11).
SD-419
Labor and Human Resources
Family and Human Services Subcommittee
To resume hearings on proposed legislation authorizing funds for programs of the Public Health Service Act, focusing on title XX (adolescent family life demonstration projects).
SD-430

2:00 p.m.
Energy and Natural Resources
Energy Regulation Subcommittee
To hold oversight hearings on the status of North American natural gas reserves and resources.
SD-366

APRIL 27

9:30 a.m.
Finance
Health Subcommittee
To hold hearings to examine how to ensure quality health care to low-income persons.
SD-215

APRIL 30

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To resume oversight hearings to examine the scope and impact of certain occupational diseases.
SD-430

10:00 a.m.
Energy and Natural Resources
To hold oversight hearings on the implementation of the Acid Precipitation Act of 1980 (set forth in subtitle A of title VII of the Energy Security Act (Public Law 96-294)).
SD-366

2:00 a.m.
Appropriations
Commerce, Justice, State, the Judiciary, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the U.S. Supreme Court, and the Arms Control and Disarmament Agency.
S-146, Capitol

MAY 1

9:00 a.m.
Appropriations
Labor, Health and Human Services, Education, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Departments of Labor, Health and Human Services, Education, and certain related agencies.
SD-116

10:00 a.m.
Appropriations
Defense Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the joint weapons program of the Department of Defense.
SD-192

Appropriations
HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Department of Housing and Urban Development.
SD-124

Appropriations
Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Department of Transportation and certain related agencies.
SD-138

Environment and Public Works
To hold hearings on legislative proposals which authorize funds for those programs which fall within the jurisdiction of the committee.
SD-406

Labor and Human Resources
Family and Human Services Subcommittee
To resume hearings on proposed legislation authorizing funds for programs of the Public Health Service Act, focusing on title X (family planning).
SD-430

2:00 p.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for programs of the U.S. Forest Service, Department of Agriculture.
SD-138

Appropriations
Commerce, Justice, State, the Judiciary, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the National Oceanic and Atmospheric Administration, Marine Mammal Commission, and the Small Business Administration.
S-146, Capitol

MAY 2

9:30 a.m.
Appropriations
Commerce, Justice, State, the Judiciary, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Department of Justice, and the Legal Services Corporation.
S-146, Capitol

10:00 a.m.
Appropriations
Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Department of Transportation and certain related agencies.
SD-138

Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

*Environment and Public Works
To resume hearings on legislative proposals which authorize funds for those programs which fall within the jurisdiction of the committee.
SD-406

Veterans' Affairs
To hold hearings to review veterans' compensation programs.
SR-418

MAY 3

10:00 a.m.
Appropriations
Defense Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Department of Defense.
SD-192

Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for U.S. Territories.
SD-138

Appropriations
Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Department of Transportation and certain related agencies.
SD-124

*Environment and Public Works
To hold hearings on proposed legislation authorizing funds for fiscal year 1985 for the Public Buildings Service, General Services Administration.
SD-406

Labor and Human Resources
To hold hearings on S. 2117, to establish the national vaccine-injury compensation program as an elective alternative remedy to judicial action for vaccine related injuries.
SD-562

Labor and Human Resources
Family and Human Services Subcommittee
To hold hearings on proposed legislation authorizing funds for the Head Start program.
SD-430

MAY 4

10:00 a.m.
*Labor and Human Resources
Education, Arts, and Humanities Subcommittee
To hold oversight hearings on the implementation of the impact aid program of the Department of Education.
SD-430

MAY 7

10:00 a.m.
Appropriations
HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for certain programs of the Department of Housing and Urban Development and related agencies.
SD-124

MAY 8

9:30 a.m.
Commerce, Science, and Transportation
Business meeting, to consider pending calendar business.
SR-253

10:00 a.m.
Appropriations
HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for certain programs of the Department of Housing and Urban Development and related agencies.
SD-124

Environment and Public Works
Business meeting, to consider pending calendar business.
SD-406

Labor and Human Resources
Family and Human Services Subcommittee
Business meeting, to consider proposed legislation authorizing funds for programs of the Public Health Service Act, including Title X (family planning), and Title XX (Adolescent Family Life Act).
SD-430

2:00 p.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Office of Surface Mining, Department of the Interior, and the U.S. Holocaust Memorial Council.
SD-138

MAY 9

10:00 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

Labor and Human Resources
Business meeting, to consider pending calendar business.
SD-430

Veterans' Affairs
Business meeting, to mark up a committee resolution to authorize certain construction projects of the Veterans' Administration contained in the Administration's budget for fiscal year 1985.
SR-418

MAY 10

9:30 a.m.
Labor and Human Resources
Alcoholism and Drug Abuse Subcommittee
To hold hearings on the impact of drugs on crime.
SD-430

Labor and Human Resources
Labor Subcommittee
To hold hearings on S. 2329, to improve retirement income security under private multiemployer pension plans and to remove unnecessary barriers to employer participation in those plans by modifying the rules relating to employer withdrawal liability, asset sales, and funding.
SD-134

10:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the U.S. Geological Survey, Department of the Interior.
SD-138

*Environment and Public Works
Business meeting, to consider pending calendar business.
SD-406

MAY 15

10:00 a.m.
Labor and Human Resources
Education, Arts, and Humanities Subcommittee
To hold hearings on Senate Joint Resolution 138, to establish a National Commission on Teacher Education.
SD-430

MAY 16

10:00 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

Environment and Public Works
To resume hearings on proposals to extend and amend the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (Superfund).
SD-406

MAY 17

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To resume hearings on S. 2329, to improve retirement income security under private multiemployer pension plans and to remove unnecessary barriers to employer participation in those plans by modifying the rules relating to employer withdrawal liability, asset sales, and funding.
SD-430

MAY 21

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To resume oversight hearings to examine the scope and impact of certain occupational diseases.
SD-430

MAY 22

9:30 a.m.
Labor and Human Resources
To hold oversight hearings on alleged corruption by officials of the Boilermaker's Union.
SD-430

MAY 23

10:00 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

11:00 a.m.
Judiciary
Separation of Powers Subcommittee
To resume hearings on S. 1405, proposed Federal Neutrality Act of 1983.
SD-226

MAY 24

10:00 a.m.
Labor and Human Resources
Education, Arts, and Humanities Subcommittee
To hold hearings on title IX of the Higher Education Act relating to educational equity.
SD-430

JUNE 5

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To resume oversight hearings to examine the scope and impact of certain occupational diseases.
SD-430

JUNE 6

10:00 a.m.
Veterans' Affairs
To hold oversight hearings on the activities of the Inspector General and Medical Inspector of the Veterans' Administration.
SR-418

JUNE 13

10:00 a.m.
Labor and Human Resources
Business meeting, to consider pending calendar business.
SD-430

Veterans' Affairs
To hold oversight hearings to review the sharing agreement between the Veterans' Administration and the Department of Defense, and to discuss the Veterans' Administration's supply and procurement policy.
SR-418

JUNE 19

9:30 a.m.
Labor and Human Resources
To hold oversight hearings on the civil rights of victims in labor disputes, focusing on existing agencies ability to protect rank and file employees and the general public during labor disputes.
SD-430

JUNE 20

9:30 a.m.
Labor and Human Resources
To continue oversight hearings on the civil rights of victims in labor disputes, focusing on existing agencies ability to protect rank and file employees and the general public during labor disputes.
SD-430

10:00 a.m.
Veterans' Affairs
Business meeting, to mark up proposed legislation relating to veterans' compensation.
SR-418

SEPTEMBER 18

11:00 a.m.
Veterans' Affairs
To hold hearings to review the legislative priorities of the American Legion.
SR-325

CANCELLATIONS

APRIL 10

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To hold oversight hearings on the implementation of the Taft-Hartley Act.
SD-430

2:00 p.m.
Energy and Natural Resources
Energy Research and Development Subcommittee
To hold oversight hearings to review proposed budget requests for fiscal year 1985 for conservation and energy renewable programs of the Department of Energy.
SD-366

APRIL 11

9:00 a.m.
Labor and Human Resources
Business meeting, to consider pending calendar business.
SD-430

APRIL 12

10:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the strategic petroleum reserve, and the naval petroleum reserve.
SD-138

Environment and Public Works
Regional and Community Development Subcommittee
To hold oversight hearings on certain activities of the Tennessee Valley Authority, focusing on the cost of TVA power purchased by the Department of Energy.
SD-406

MAY 1

10:00 a.m.
Labor and Human Resources
Family and Human Services Subcommittee
To resume hearings on proposed legislation authorizing funds for programs of the Public Health Service Act, focusing on title X (family planning).
SD-430

HOUSE OF REPRESENTATIVES—*Tuesday, April, 10, 1984*

The House met at 12 o'clock noon.

Rev. Albin Sowinski, St. Helen's Catholic Church, Milwaukee, Wis., offered the following prayer:

Father of all mankind, we offer You prayers of praise and thanksgiving. You have fashioned us into a nation as our fathers envisioned us, where people may live in peace, justice, equality, and freedom.

Father, we ask You to bless our country and this world with peace that is a reality—where all people see You as our common Father and each other as brothers in loving care for each other's needs and sharing each other's abundance.

Father, give us a moral sense of justice and equality for all on which our country was founded.

Father, give us the true freedom we long for: That our poor may be free from hunger, that our wealthy be free from indifference. May our aging citizens be free of neglect and loneliness, our young free of selfishness. May the weak live free of oppression and the strong live free of power that enslaves.

Father, bless and enlighten our President, our Congress, and all civil officials to guide this Nation with vision to continue to be the greatest country on Earth where peace, justice, equality, and freedom truly reign in the hearts of all who enjoy its security.

Father, we ask this in Your name.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Saunders, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 4169. An act to provide for reconciliation pursuant to section 3 of the first concurrent resolution on the budget for the fiscal year 1984.

The message also announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 102. Concurrent resolution to correct the enrollment of H.R. 4169.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

WASHINGTON, D.C.,
April 9, 1984.

Hon. THOMAS P. O'NEILL, Jr.,
The Speaker, House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: I have the honor to transmit herewith a copy of the Certificate of Election received from Mr. Kevin J. Kennedy, Executive Secretary of the Wisconsin State Board of Elections, indicating that the Honorable Gerald D. Kleczka was elected to the Office of Representative in Congress from the Fourth District of Wisconsin in a Special Election held on April 3, 1984.

With kind regards, I am,

Sincerely,

BENJAMIN J. GUTHRIE,
Clerk, House of Representatives.

UNITED STATES OF AMERICA

STATE OF WISCONSIN,
Elections Board, ss:

I, Kevin J. Kennedy, Executive Secretary of the State Elections Board of the State of Wisconsin, do hereby certify that the following candidate was elected Representative in Congress, at the Special Election, held in the state of Wisconsin, on the first Tuesday in April, 1984, being the Third day of said month, as appears from the statement of the Board of State Canvassers, now on file and of record in the Office of the State Elections Board:

Congressional district: Fourth.
Elected: Gerald D. Kleczka.

SWEARING IN OF THE HONORABLE GERALD D. KLECZKA OF WISCONSIN AS A MEMBER OF THE HOUSE

The SPEAKER. Will the dean of the Wisconsin delegation (Mr. KASTENMEIER) kindly bring forth the newly elected Member to the rostrum?

Mr. KLECZKA appeared at the bar of the House and took the oath of office.

The SPEAKER. Congratulations. You are a Member of the Congress of the United States.

EXPRESSIONS OF APPRECIATION AS NEWLY ELECTED MEMBER OF CONGRESS

(Mr. KLECZKA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KLECZKA. Mr. Speaker, I thank you for the chance to address the House on this very special occasion.

I would like to express my appreciation to my distinguished colleagues from Wisconsin for joining me today. I would also like to thank the Reverend Albin Sowinski of St. Helen's Parish, Milwaukee, Wis., for offering such comforting words and for traveling to the Capitol for this memorable day.

Mr. Speaker, I am honored to join this distinguished body. I look forward to working with my colleagues as we debate and decide the important challenges that our country faces in the years ahead.

IN MEMORY OF THE HONORABLE PHILLIP BURTON

(Mr. EDWARDS of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. EDWARDS of California. Mr. Speaker, 1 year ago today this House lost one of its most esteemed, most effective, most vibrant Members. I refer, of course, to Phil Burton.

I know I speak for all of us in the California Democratic delegation when I say not a day has passed that we have not thought of Phil and missed his insight, his passion, his absolute glee at jumping into the thick of some legislative foray—his delight at fighting for the powerless in our society. I cannot think of anyone who more relished the work of a Congressperson than our dear friend, Phil.

How much he would have contributed to our deliberations of the past year. How much we could have used his wisdom.

So, we miss Phil deeply and always will. And we are diminished by his absence. Yet we are grateful to have SALA as a Member of the House and as a member of the California delegation. In the time she has been one of our colleagues, SALA has shown us that she, too, has significant contributions to make to this body and to our country. We are lucky to have her here with us.

CORRECTING ENROLLMENT OF H.R. 4169, OMNIBUS BUDGET RECONCILIATION ACT OF 1983

Mr. MONTGOMERY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate concurrent resolution (S. Con. Res. 102) directing the Clerk of the House to make corrections in the enrollment of H.R. 4169, and ask for its immediate consideration in the House.

I might say, Mr. Speaker, that this request has been cleared with the gentleman from Arkansas (Mr. HAMMERSCHMIDT) of the minority party and the ranking member on the Committee on Veterans' Affairs.

The Clerk read the title of the Senate concurrent resolution.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The Clerk read the Senate concurrent resolution, as follows:

S. CON. RES. 102

Resolved by the Senate (the House of Representatives concurring), That in the enrollment of H.R. 4169, the Clerk of the House of Representatives is directed to make the correction as follows: strike title IV.

The Senate concurrent resolution was concurred in.

A motion to reconsider was laid on the table.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 4098

Mr. MAVROULES. Mr. Speaker, I ask unanimous consent that my name be removed from the list of cosponsors of H.R. 4098.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

THE PRESIDENT SHOULD THANK CONGRESS FOR GETTING THE MARINES OUT OF BEIRUT

(Mr. MAVROULES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MAVROULES. Mr. Speaker, twice in the last week, I watched with amazement as the President attempted to rewrite the history of his foreign policy.

The President is correct in one area only. Congress did take the responsibility and forced the disengagement of our marines from a defenseless mission in Beirut.

In good conscience, Mr. Reagan cannot blame Congress for his policy failures in Lebanon. It is only necessary to review the published comments of former Secretary of State Haig to understand. Our marines in Beirut, restricted in their activities, were the tragic symbol of a diplomatic policy which never existed.

The administration may feel that "military strength is a definite part of diplomacy." Thankfully, we, in this body, know it is not a substitute in Central America, the Middle East, or anywhere else in the world.

Mr. President, be honest. Do not blame Congress. Thank us for getting you out of Lebanon.

□ 1210

A FEDERAL RESPONSE TO THE GRIEVOUS PROBLEM OF MISSING CHILDREN

(Mr. WILLIAMS of Montana asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WILLIAMS of Montana. Mr. Speaker, America has a grievous problem—missing children. Last year, 1,500,000 children were missing from their homes. Most of those were children who had run away and eventually were returned safely to their homes. However, 20,000 to 50,000 cases a year of missing children are unresolved.

Each year, 150,000 children in this country are abducted. Two-thirds of them are abducted by an estranged or divorced parent but 40,000 or 50,000 children are abducted by strangers. And each year we find 4,000 of those children, dead. This Congress will soon have an opportunity to develop a Federal response to this problem and I urge us to do so at the earliest possible time.

PRESIDENT SHOULD STOP COVERT ACTIVITIES

(Mrs. KENNELLY asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. KENNELLY. Mr. Speaker, it is time for the administration to stop talking about covert activities in Nicaragua. The word "covert" signifies secret, and clearly the whole world knows our secret; we are mining harbors in Nicaragua to the detriment of ships from other nations, including our allies.

Up until now, the United States has always been a leader in supporting international law. Today, I urge my colleagues to speak out on the administration's actions. It is not just covert activity that needs to be debated; it is the public policy behind it that must be examined. The American people should have the chance to say whether they are for this policy or against it; whether they are for or against the strong possibility of U.S. involvement in a war in Central America. I urge my colleagues to oppose this so-called covert activity. A vote against it will assure the world that the United States still stands by its principles and its respect for international law.

THE PRESIDENT SHOULD REDISCOVER PRINCIPLES OF THE FOUNDING FATHERS

(Mr. ALEXANDER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ALEXANDER. Mr. Speaker, the President and Secretary of State have recently criticized Congress for objecting to this administration's foreign policy. The objections are pointed at the failure of the administration's policy in Lebanon and its continued support of an 18,000-man counterrevolutionary army created to overthrow the Government of Nicaragua as well as the covert mining of the harbor in Nicaragua which is allegedly directed by the CIA.

The Reagan administration's policy in Central America is in defiance of American public opinion and congressional authorization.

The President has forgotten one very important justification for America's declaration of independence from England. I refer to a phrase of the Declaration of Independence which criticized George III:

> He, at this time, is transporting large armies of foreign mercenaries to complete the works of death, desolation, defiance and tyranny, already begun, with circumstances of cruelty and perfidy, scarcely paralleled in the most barbarous ages and totally unworthy of the head of a civilized nation.

Mr. President, perhaps you should rediscover the principles of our own Founding Fathers, the principle of territorial integrity of sovereign nations and the right of self-determination.

ADMINISTRATION'S VIOLATIONS OF INTERNATIONAL LAW WEAKEN U.S. ABILITY TO BOLSTER DEMOCRACY IN CENTRAL AMERICA

(Mr. GLICKMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GLICKMAN. Mr. Speaker, I have been among those who have supported a balanced package of economic and military aid to El Salvador. We have a clear and legitimate role to play in bolstering democracy and fostering a stable environment in Central America. It is clear, however that the recent disclosures of CIA mining of Nicaraguan harbors in violation of principles of international law destroys our ability to play any constructive role whatsoever in that region.

What the United States has done, supposedly as a "holding action" until after the 1984 Presidential elections, gains us absolutely nothing, but it does cost us greatly. This downright

stupid act distracts world attention from Sandinista interference in El Salvador and shifts the focus to these illicit and illegal acts of our own CIA. It destroys our credibility and makes it next to impossible for us to expect principles of international law and the moral pressures of the world community to be brought to bear against destabilizing forces in the region when we choose, ourselves, to flagrantly violate principles of international law.

Before we lose all credibility, the President should order an immediate cessation of the mining. On this one, the Congress should force him to do so.

MINING OF NICARAGUA'S HARBORS PAVING THE WAY FOR A U.S. WAR IN CENTRAL AMERICA

(Mr. BONIOR of Michigan asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BONIOR of Michigan. Mr. Speaker, by refusing to accept the jurisdiction of the World Court in the next 2 years on any cases arising from U.S. actions in Central America, the Reagan administration has acknowledged that it is engaged in a legally indefensible policy, a policy, in fact, of state-supported terrorism.

The construction of permanent military facilities in Honduras, the extensive military maneuvers, the introduction of U.S. troops into areas of hostility in El Salvador, and, now, the mining of Nicaragua's harbors are paving the way for a U.S. war in Central America.

Today, it is the House of Representatives alone that stands as barrier to that war.

I am proud that a majority of this body has voted twice to stop funding the CIA-sponsored war against Nicaragua. And I urge the House to stand by its convictions, and reject any funds for a policy that is branding this Nation as an international outlaw.

REAGAN ADMINISTRATION'S DOUBLE STANDARD ON INTERNATIONAL LAW

(Mr. BONKER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BONKER. Mr. Speaker, recent disclosures in the press about the CIA's direct involvement in the mining of Nicaragua's harbors is yet another example of questionable behavior in this administration's conduct of foreign policy. The refusals by the top administration officials to deny these reports and the President's decision to suspend the World Court's jurisdiction as it applies to United States-Central America relations in the coming 2 years only confirmed the worst fears many of us share about the Reagan administration's intentions toward this region and Nicaragua in particular.

Last week the President lamented the lack of bipartisan foreign policy. But how can he expect a bipartisan support so long as he acts in this manner? Where the administration perceives its interests will benefit, as in denouncing Soviet violations of international human rights conventions, the President champions the cause of international law. But where international law is viewed as an obstacle rather than as a system designed to promote the peaceful resolution of differences between states, the administration simply exempts itself.

Nowhere is this double standard more apparent than in the administration's policy toward Nicaragua and the rest of Central America.

THE LATEST OUTRAGE

(Mrs. BOXER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. BOXER. Mr. Speaker, we have an Army and a Navy and Marine Corps. But our President creates his own private army—the CIA directing the Contras whose aim is to overthrow the Nicaraguan Government. The President says that overthrowing is not his aim, yet we supply these Contras although this House has voted twice to cease that covert war.

The latest outrage is our CIA army planting explosives in the seas surrounding Nicaragua, and, in anticipation of a legal challenge in the World Court, the Reagan administration announces that it will not be bound by the Court decision.

What kind of country are we becoming?

Are we so unsure of ourselves as a model of freedom that we must resort to covert force?

Is our new slogan "America, love it or fear it?" instead of "the land of the free and the home of the brave?"

I am appalled and ashamed of our cowardly behavior, waging a secret war, endangering lives at sea, and refusing to stand up to world scrutiny. Our allies are ashamed too.

The President blames the Congress for interfering with his military exploits. I say thank God we do.

CLEVELAND—THE ALL-AMERICAN CITY

(Ms. OAKAR asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. OAKAR. Mr. Speaker, I am proud that yesterday the city of Cleveland, Ohio, which I represent, won the All-America City Award, an honor coveted by many cities.

Cleveland was one of nine cities to win this award.

Cleveland is a great place to live, has the finest hospitals, a rich cultural center, the Cleveland Symphony Orchestra, art museum. The oldest repertory theater in the country, the Cleveland Playhouse, the Cleveland Ballet, Karamu House, and others. It is a diverse industrial base and has a great water supply.

□ 1220

But most important are its people, a mosaic of cultures, proud of their heritage, proud of their city. Truly it is an all-American city and I am proud to represent it.

A BILL TO END UNFAIR TREATMENT OF WIDOWED SOCIAL SECURITY RECIPIENTS

(Mr. MORRISON of Connecticut asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MORRISON of Connecticut. Mr. Speaker, today I have introduced legislation to relieve the anxiety, embarrassment, and hardship felt by too many of our Nation's senior citizens as a result of the Federal procedures used to collect social security and SSI payments made to deceased beneficiaries and received by their surviving spouses.

Let me share with you just one of the experiences of social security recipients in Connecticut's Third Congressional District with these arbitrary and unfair procedures.

Mrs. Alphena Breault, of West Haven, Conn., and her husband were both social security recipients at the time that Mr. Breault died. Mrs. Breault promptly notified the Social Security Administration of his death. While waiting for her widow's benefits to be processed, she received several checks in her husband's name. A Social Security employee advised her that she should deposit those checks in her checking account to use for her living expenses—her own monthly retirement benefits were only $87.25 per month—and that her account would be adjusted later on.

Many months later, that "adjustment" came all at once and without warning. The entire amount of her husband's checks was suddenly taken out of her bank account. The only notice that Mrs. Breault received was when she was told by her car mechanic that the check she had written to him for repair work had bounced.

I know of many other social security recipients in my district who have had similar experiences. Social security checks are regularly sent out after beneficiaries die, even when the Social

Security Administration has prompt notice of the death of these persons. Later, however, when the bureaucracy catches up, Social Security will recoup the payments through a process known as "reclamation": Social Security notifies the Treasury Department, which instructs the bank which cashed the checks or received them through direct deposit to debit the depositor's account.

Neither Social Security nor Treasury gives prior notice of the recoupment action. Nor is the depositor afforded the opportunity to negotiate a repayment schedule or to request a waiver of the recoupment in cases of special hardship. Social Security maintains that these rights, which are required in all cases of overpayment, do not apply because these payments are not overpayments, but "erroneous" payments.

Mrs. Breault was one of the plaintiffs in a class action suit in the U.S. Federal District Court in Connecticut, Breault against Heckler, which challenged these procedures on the ground that they violate the overpayment provision of the Social Security Act. U.S. Magistrate Arthur Lattimer has ruled in the plaintiffs' favor. I understand that other Federal courts have reached similar conclusions. Nevertheless, the reclamation procedures are still followed in parts of the country where they have not been forbidden by the courts.

My bill would amend the definition of overpayment in the Social Security Act to make it clear that Congress intends the procedural protections afforded to social security and SSI recipients who receive overpayments to be afforded to surviving spouses who receive the benefit payments of their deceased spouses. If adopted, my bill would require that prior to any collection action, Social Security must first ascertain whether the person who received the payment is a surviving spouse entitled to social security or SSI. If so, it would be limited to the methods for recovery of overpayment authorized in the Social Security Act and would be required to extend the waiver provisions of the act to such person. The surviving spouse would receive notice of the recovery action and have an opportunity to establish a repayment schedule or to seek waiver in cases of special hardship.

Mr. Speaker, Congress intended that all social security and SSI recipients who are overpaid by mistake should be afforded the fundamental rights of prior notice, a fair repayment schedule, and waiver in cases of special hardship. The Social Security Administration is using bureaucratic doubletalk to get around that intent and deprive recently widowed recipients—a category of people who should be afforded, if anything, greater, not lesser, protections—of these fundamental rights. We need to put a stop to this outrageous abuse of the dignity and well-being of our senior citizens.

THE MARKETPLACE HAS SPOKEN ON THE BUDGET

(Mr. ROEMER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROEMER. Mr. Speaker, many House Members—I am one—believe in the economic justice found in the marketplace.

Social Darwinism and laissez-faire economics usually work together to produce the most good for the most people in the most efficient manner possible.

Now, all things are relative. Water boils at different temperatures depending on altitude. Free market economics is not perfect, nor is it always the best for each individual. But relative to the speed, efficiency, and justice of Government decisionmaking, the free marketplace is a winner.

What did the marketplace tell us about last week's budget? Within 48 hours after budget passage the prime rate was up one-half point to 12 percent. The Fed discount rate was raised to 9 percent, the first increase in nearly a year and a half and the stock market hit a new low for the year.

Any budget that manages $1 out of every $4 in America is extremely important. It affects interest rates, economic growth, job opportunities, quality of life, health, and safety.

The marketplace has spoken on this important budget and it is not good news. The market says, "We expected more. We deserved better."

I agree.

THE REAGAN ADMINISTRATION TAKING ANOTHER STEP IN MILITARIZING CENTRAL AMERICA

(Mrs. COLLINS asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. COLLINS. Mr. Speaker, everyday, we see the Reagan administration taking another step in militarizing Central America. The slow but steady pace of the increases in military assistance, the number of advisors and the size of the maneuvers tends to blur the intensity of the buildup which is clearly taking place.

However, yesterday's announcement that the administration holds itself the law in its involvement in the mining of ports in Nicaragua is a shocking admission of guilt. I cannot help but believe that if any other country was doing the mining, we would call it an act of war.

We must stop attacking a sovereign country, an impoverished nation left bankrupt by a despotic family we helped put and kept in power for so long. If we do not say no now, I am afraid that we will find out why Reagan wants to exempt himself from international law, not just for these recent incidents, but for the whole next 2 years.

ADMINISTRATION'S POLICY IN CENTRAL AMERICA

(Mr. MARKEY asked and was given permission to address the House for 1 minute.)

Mr. MARKEY. Mr. Speaker, occupants of the Oval Office used to say, "The buck stops here." Not Ronald Reagan. When it is time to take responsibility for the failure of his half-baked foreign policies, he points the finger at Congress. When you look at his policy in Central America, it is no wonder.

What sort of policy do we have?

CIA mining of international shipping.

Bombing of oil facilities.

U.S. airplanes flying combat support intelligence missions in El Salvador.

Reports of a secret plan to send American troops into combat.

Open contempt for international law.

And today we are told that this is just a holding action until after the elections in November. Is Ronald Reagan going to give America a new role in the world? Instead of being the world's policeman, are we now going to be the world's outlaw?

Mr. Speaker, it is time for Ronald Reagan to come clean with the American people. Today, I am introducing a resolution of inquiry directing the President to tell us just what he is up to in Central America. And it is time for us in Congress to stop President Reagan's reckless, irresponsible war against Nicaragua. We must vote now, as we have twice in the past, to end this lawless policy before it goes any further.

THE HEIGHTS OF HYPOCRISY

(Mr. RITTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RITTER. Mr. Speaker, is it not the height of hypocrisy for the Marxist Nicaraguan leaders to take a case to the World Court against those whose only demand is for the Nicaraguan Government to live up to promises made about freedom, human rights, and nonintervention.

Is it not the height of hypocrisy for the Marxist Nicaraguans who along with their Cuban and Soviet bloc comrades "command and control" the destruction of bridges, roads, telephone lines, and electric power facilities, and

so many other people targets in El Salvador to publicly bemoan Nicaraguan revolutionaries for doing the same to them?

Is it not the height of hypocrisy for totalitarian Sandinistas to decry our military assistance, when they have undergone a vast Soviet-sponsored military buildup? A buildup that may amount to the sharpest rise in war-making capacity in the history of Latin America. A buildup which began while we were providing them with substantial financial assistance. Well before the Contras got started.

And who, may we ask, are those we are helping in Nicaragua? They are unquestionably forces seeking to democratize their country and reverse its inexorable slide toward totalitarianism. They are unquestionably those seeking to reduce the massive Soviet, Cuban bloc militarization of their country and to protect Central America from Communist dominance. For that, we, the American people, should be grateful to them. For their patriotism and their battle for freedom is a battle that we will not have to wage, if they are successful.

THE PRESIDENT'S FOREIGN POLICY IN CENTRAL AMERICA

(Mr. GEKAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GEKAS. Mr. Speaker, I am assured that the litany of remarks that we heard today in criticism of the President and his efforts to stabilize Central America are an effort to divert attention from some of the successes of this administration in foreign policy.

Where has it gone, this precious theme of ours, of uniting behind the President of the United States, as we did behind President Carter in Camp David, as we did behind Lyndon Johnson in Vietnam, as we did behind President Nixon to end the war in Vietnam? Where is this age-old confident way that the American people stand behind the President of the United States in items of foreign policy?

What motivation can the President of the United States have in trying to help the situation in Central America except to protect our borders, to protect the interests of American democracy, to help the friends of the United States of America?

For speaker after speaker to stand up here and condemn the President of the United States is to condemn the American way of helping secure its borders and to help its friends in the Western Hemisphere.

ARGENTINA'S DEBT CRISIS

(Mr. DENNY SMITH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DENNY SMITH. Mr. Speaker, whoever said there is "no free lunch," never came to the public trough where the New York banks feed.

I have introduced a resolution which will block the latest raid on the Treasury through a rescue package to respond to Argentina's debt crisis. I think it is ironic that the Latin countries promoting this package are the same countries that have unpaid loans owed to U.S. banks.

Serious doubts exist as to Argentina's future ability to even make interest payments. How long are we going to put off the day of reckoning?

New York's Wall Street talks of financial disaster. If they want to see disaster, they should come to Oregon's Main Streets and watch the number of farmers, small businessmen, lumber-mill workers, and others who are seeing their hopes and dreams fade while the banks foreclose on loans.

These are the very taxpayers who are then called upon to pay for the New York bankers' bad judgment. The taxpayers should not be expected to absorb the banks' losses and guarantee them a profit.

LINE-ITEM VETO AND BALANCED BUDGET CONSTITUTIONAL AMENDMENTS

(Mr. MACK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MACK. Mr. Speaker, last week we listened to a lot of discussion about the budget, and we were constantly reminded that we needed to vote for a budget resolution that, No. 1, would be able to be passed, and, No. 2, would be carried out.

A few minutes ago I listened to the gentleman from Louisiana who said that the free market has responded to what we did last week, and I think he is quite right. The interesting thing is, I just had the opportunity to take a look at the reconciliation package, and I might be a little bit early, but it appears to me that it is calling for an increase in spending in 1985 of $400 million. Maybe I am a little early. We will just have to wait and see. We will vote on that on Thursday.

But because of those reasons, Mr. Speaker, I would like to ask unanimous consent to offer a request calling for consideration of a line-item veto constitutional amendment and a balanced budget amendment.

The Chair has ruled that in order to make the request I must have the clearance of the majority and the minority leadership. This request has been cleared by the minority leadership. I would now yield to a spokesman from the majority leadership for an appropriate clearance.

Apparently there will be none.

A BIPARTISAN FOREIGN POLICY

(Mr. WRIGHT asked and was given permission to address the House for 1 minute.)

Mr. WRIGHT. Mr. Speaker, as one who for 30 years has consistently supported the principles of a bipartisan foreign policy while working with seven American Presidents, four of the opposition party, I call upon President Reagan today to desist from the harsh partisan rhetoric which is so thoroughly destructive to the goals of a bipartisan foreign policy.

For the President to blame Congress for the failures of his policy in Lebanon is not only dishonest and unfair; it is counterproductive to any effort that he might expect from Congress to work with him on other foreign policy goals.

The truth is that Congress bent over backward to cooperate with the President on Lebanon. We deliberately extended his authorization for 18 months to avoid its recurrence in an election-charged atmosphere. Some Members of Congress privately advised the administration about the vulnerability of American troops, avoiding public criticism of administration policy. We gave the President's policy every chance to work. For him now to blame Congress for the fact that it did not work defies credulity. It violates the spirit of cooperation and needlessly rips the fabric of congressional sufferance.

As one who has supported the Caribbean Basin Initiative, who has voted for the International Monetary Fund authorizations in the interest of a bipartisan and effective foreign policy, as one who believes that we have a responsibility to help the free institutions in El Salvador to preserve a democratic society for that country, I call upon the President to desist from the harsh partisanship which uses Congress as a scapegoat for policy failures.

It is quite apparent that the President expects Congress to be a silent partner, to put up the money and keep its mouth shut and accept the blame whenever anything goes wrong. That is not the kind of partnership that can endure. That is not the role assigned to the legislative branch by previous Presidents, nor by the Constitution.

Trying to silence dissent, berating those who disagree with a given policy, expecting Congress to bow its head submissively, attempting to intimidate any opposition by insinuations that it is giving comfort to the enemy, accusing the Speaker of the House of being an apostle of surrender for recom-

mending the very policy which the President himself was preparing at that very moment to undertake—these are not the tactics of a President who has mastered the arts of bipartisan leadership, not of one who is devoted sincerely to the goals of a bipartisan foreign policy.

Bipartisanship is a two-way street. It is not a faucet that the President can turn on and off at will. It implies compromise, consultation, and shared responsibility.

Today my word to President Reagan is the same as that of the late Senator Arthur Vandenburg to the late President Harry Truman, when Senator Vandenburg said to President Truman: "If you expect to have us with you on the landing, you must take us with you on the take-off."

I hope that the President will ponder these thoughts, and that the spirit of true bipartisanship may be restored before irreparable damage is done to American foreign policy and to our relations in the world.

IN MEMORY OF THE LATE PHILLIP BURTON

(Mr. MINETA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MINETA. Mr. Speaker, I rise to speak in memory of Phillip Burton, our colleague who died 1 year ago today.

This great man was a friend of mine and an inspiration to us all. A tireless worker, he carried out his duty as a U.S. legislator to its highest ideal. He cared about people and strived to empower the powerless in our Nation. Phil dedicated his life to justice in America.

He excelled in the art of compromise. He was one of the most effective negotiators in the history of this House. Phil knew that the public interest is best served when diverse groups sit down together and work out their differences. His achievements in labor law reform, civil rights, public lands protection, congressional procedures, and other areas were skillfully crafted and will last far into the future.

Today, a year after the sad event of his death, I can think of no better commemoration than for the 98th Congress to recognize Phil's leadership in arbitrating among competing interests. To enact the strong California wilderness legislation this man championed would, indeed, be a fitting memorial. It is with due respect that we name a Federal building or two after Phil, but our former colleague deserves much more; he deserves a living legacy.

Phil deserves to have the scenic wonders of his native State preserved for eternity. We all know he was not a starry-eyed backpacker. Rather, Phil was an urban visionary, a man who recognized the value of public lands and open space, clean air and water, protected wildlife, and expanded recreation resources. He worked to insure that these qualities of life would be accessible to all citizens from all sectors of society.

The House passed his carefully balanced California wilderness package last year, and affirmed his judgment that 2.4 million acres of wilderness was the amount we should preserve. We must urge our colleagues in the Senate to uphold this good judgment and swiftly pass legislation with the same provisions.

The 98th Congress was the last in which Phillip Burton participated. Let it also be this Congress which gives California its long-awaited wilderness bill.

STATE-SPONSORED TERRORISM IS REPREHENSIBLE

(Mr. WEISS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WEISS. Mr. Speaker, under the guise of safeguarding our national security, Ronald Reagan has made of the United States an outlaw nation in the eyes of much of the world.

Can you imagine what we would be saying if the Soviet Union were to have placed mines off the ports and harbors of El Salvador or Honduras?

Whether Ronald Reagan is capable of accepting it or not, State-sponsored terrorism is reprehensible whether committed by us or by the Russians. Only our veto prevented the Security Council of the United Nations, from condemnation of the United States for placing mines off the ports and harbors of Nicaragua.

Ronald Reagan has once again managed to call into worldwide question his balance and judgment when it comes to matters of peace and war. With Reagan administration plans apparently afoot for direct American military involvement in Central America, neither the American people nor the people of the rest of the world can afford to gamble with 4 more years of a Reagan Presidency.

PERMISSION FOR SUBCOMMITTEE ON ENVIRONMENT, ENERGY, AND NATURAL RESOURCES OF COMMITTEE ON GOVERNMENT OPERATIONS TO SIT ON WEDNESDAY AND THURSDAY OF THIS WEEK DURING THE 5-MINUTE RULE

Mr. SYNAR. Mr. Speaker, I ask unanimous consent that the Subcommittee on Environment, Energy and Natural Resources of the Committee on Government Operations be permitted to sit on Wednesday, April 11, and Thursday, April 12, should the House be reading for amendment under the 5-minute rule at that time.

The minority has been advised of this request, and I understand that there is no objection.

The SPEAKER pro tempore (Mr. LEVITAS). Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

STATE-SPONSORED TERRORISM

(Mr. DELLUMS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DELLUMS. Mr. Speaker, Members of the House, I join my distinguished colleague from New York in condemning the actions of mining the ports and harbors of Nicaragua. Mr. Speaker, several years ago, I served as one of the members of the Select Committee on Intelligence where we investigated allegations of dangerous, unethical, and immoral activity on the part of the American intelligence community.

Many of our national leaders have come before the public to condemn state-sponsored terrorism. I believe mining ports is an act of terrorism. The extent to which we are involved in financing, training, and otherwise being directly or indirectly involved in mining the ports of Nicaragua means clearly that we are involved in the process of state-sponsored terrorism. That is a major contradiction.

It would seem to me that we ought to debate this matter in the full view of the public; discussing it in the context of American policy toward Central America. To engage in state-sponsored terrorism is dangerous, it is immoral, it is unethical, it is unbecoming of one of the great superpowers of this world, and it would seem to me, Mr. Speaker, that we, in the Congress, ought to take appropriate action to stop it.

WHO STANDS IN THE WAY OF A SCHOOL PRAYER AMENDMENT?

(Mr. WALKER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WALKER. Mr. Speaker, at this time, I would hope to offer a unanimous-consent request calling for the consideration of a voluntary school prayer constitutional amendment.

The Chair has ruled that in order to make this request, I must have the clearance of the majority and minority leaderships. This request has been cleared by the minority leadership.

I would now be glad to yield for a spokesman from the majority leadership for the appropriate clearance.

Mr. Speaker, somehow, today I felt that we would not get that clearance; the Democrats are today too busy proposing that we cut and run in another part of the world to be bothered by the real business that could be brought before this House.

IN MEMORY OF PHILLIP BURTON

(Mr. BERMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BERMAN. Mr. Speaker, some leave this Chamber through death, retirement, or defeat, and become blurry images in our minds and in the history of this institution. Today, we recognize the first anniversary of the passing of a Member whose presence was so vivid and whose achievements were so bountiful that he has carved an indelible niche in our hearts and minds and in the history of this country.

Senior citizens, the poor, minorities, women; all who crave for world peace and cherish the unique resources of our land have benefited from Phillip Burton's work in Congress. As I did 1 year ago, I wish to pay tribute to a man who had a profound effect on my own political values. A teacher by example and by design, our beloved and departed colleague, Phillip Burton.

WHO IS GUILTY IN CENTRAL AMERICA?

(Mr. MICHEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MICHEL. Mr. Speaker, it is baseball season and we should all be reminded of that major rule of the game—keep your eye on the ball.

Nowhere does that piece of advice make more sense than in the current controversy over who is doing what to whom in Nicaragua.

Let us keep our eye on what is the real cause of all this trouble in that region—it is the open and brazen attempt of Communists to destroy the economy of El Salvador and eventually take it over.

This effort is being aided by the Sandanista government and the Cuban Government.

Keep your eye on the ball. The Sandanistas are the ones who have been throwing beanballs. Let us not blame their targets. And let us not send our friends to the plate without a helmet.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. RATCHFORD). Pursuant to the provisions of clause 5, rule I, the Chair announces that he will postpone further proceedings today on the motion to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 4 of rule XV.

Such rollcall vote, if postponed, will be taken after all other legislative business today.

REORGANIZATION ACT AMENDMENTS OF 1984

Mr. BROOKS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1314) to extend and revise the authority of the President under chapter 9 of title 5, United States Code, to transmit to the Congress plans for the reorganization of the agencies of the executive branch of the Government, and for other purposes, as amended by the Committee on Rules.

The Clerk read as follows:

H.R. 1314

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Reorganization Act Amendments of 1984".

EXTENSION OF AUTHORITY

SEC. 2. (a) Subsection (b) of section 905 of title 5, United States Code, is amended to read as follows:

"(b) A provision contained in a reorganization plan may take effect only if the plan is transmitted to Congress (in accordance with section 903(b)) on or before December 31, 1984.".

(b) Paragraph (1) of section 908 of title 5, United States Code, is amended by striking out "described by section 909 of this title" and inserting in lieu thereof" with respect to any reorganization plans transmitted to Congress (in accordance with section 903(b) of this chapter) on or before December 31, 1984".

METHOD OF TAKING EFFECT

SEC. 3. (a) Section 906 of title 5, United States Code, is amended—

(1) by striking out subsection (a) and inserting in lieu thereof the following:

"(a) Except as provided under subsection (c) of this section, a reorganization plan shall be effective upon approval by the President of a resolution (as defined in section 909) with respect to such plan, if such resolution is passed by the House of Representatives and the Senate, within the first period of 90 calendar days of continuous session of Congress after the date on which the plan is transmitted to Congress. Failure of either House to act upon such resolution by the end of such period shall be the same as disapproval of the resolution."; and

(2) by striking out everything after "otherwise is effective" in subsection (c) and inserting in lieu thereof a period.

(b) Chapter 9 of title 5, United States Code, is further amended—

(1) by striking out "thirty calendar days" in section 903(c) and inserting in lieu thereof "60 calendar days";

(2) by striking out "sixty calendar days" in such section and inserting in lieu thereof "90 calendar days";

(3) by striking out "45 calendar days" in section 910(b) and inserting in lieu thereof "75 calendar days"; and

(4) by striking out "45 calendar days" in section 911 and inserting in lieu thereof "75 calendar days".

(c) Section 909 of title 5, United States Code, is amended—

(1) by striking out "a resolution of either House of Congress" and inserting in lieu thereof "a joint resolution of the Congress"; and

(2) by striking out "the
does not favor" and inserting in lieu thereof "the Congress approves".

(d) Section 912 of title 5, United States Code, is amended—

(1) by striking out "agreed to or disagreed to" in subsection (b) and inserting in lieu thereof "passed or rejected"; and

(2) by striking out "final approval" in subsection (c) and inserting in lieu thereof "final passage".

(e)(1) Section 912 is amended by adding at the end thereof the following new subsection:

"(e) If, prior to the passage by one House of a resolution of that House, that House receives a resolution with respect to the same reorganization plan from the other House, then—

"(1) the procedure in that House shall be the same as if no resolution had been received from the other House; but

"(2) the vote on final passage shall be on the resolution of the other House.".

(2) The heading of such section is amended by striking out "disapproval" and inserting in lieu thereof "passage".

(3) The table of contents for chapter 9 of title 5, United States Code, is amended by striking out "disapproval" in the item pertaining to section 912 and inserting in lieu thereof "passage".

INFORMATION TO ACCOMPANY PLANS

SEC. 4. Section 903(b) of title 5, United States Code, is amended by adding at the end thereof the following new sentences: "In addition, the President's message shall include an implementation section which shall (1) describe in detail (A) the actions necessary or planned to complete the reorganization, (B) the anticipated nature and substance of any orders, directives, and other administrative and operational actions which are expected to be required for completing or implementing the reorganization, and (C) any preliminary actions which have been taken in the implementation process, and (2) contain a projected timetable for completion of the implementation process. The President shall also submit such further background or other information as the Congress may require for its consideration of the plan.".

RESTRICTIONS ON CONTENTS OF PLANS

SEC. 5. (a) Section 905(a) of title 5, United States Code, is amended—

(1) by inserting "or renaming an existing executive department" immediately after "a new executive department" in paragraph (1);

(2) by redesignating paragraphs (5) and (6) as paragraphs (6) and (7), respectively, and by inserting immediately after paragraph (4) the following new paragraph:

"(5) creating a new agency which is not a component or part of an existing executive department or independent agency;".

(b) Section 904(1) of such title is amended by inserting ", subject to section 905," immediately after "may".

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from Texas (Mr. BROOKS) will be recognized for 20 minutes and the gentleman from New York (Mr. HORTON) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Texas (Mr. BROOKS).

□ 1250

Mr. BROOKS. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, H.R. 1314 would extend through December 31, 1984, the authority which was delegated by the Congress to the President in the Reorganization Act of 1977 to make limited organizational changes in executive branch agencies. The 1977 act provides a process which allows expedited consideration by the Congress of reorganization plans submitted to it. The bill also clarifies further the extent of authority which is delegated to the President.

Mr. Speaker, on 17 occasions since 1932, the Congress has acted to delegate to the President the authority to reorganize legislatively established functions and agencies of the Federal Government. Reorganization authority provides an expedited means of consideration of reorganization plans by the Congress. During the periods when reorganization authority is not in effect. The President is required to follow the traditional legislative process in order to make even minor changes in entities or functions which were established legislatively.

As has been the case on a number of occasions in the past, H.R. 1314 places additional restrictions on the authority which it delegates to the President. The bill prohibits the President from renaming an executive department through a reorganization plan or creating a new agency outside of an already existing department or agency. The bill also extends the timeframes under which reorganization plans are considered by the Congress.

Mr. Speaker, the principal change to reorganization authority which is provided by H.R. 1314 is the manner in which reorganization plans would become effective. Under the 1977 act, a reorganization plan would become effective unless either House of Congress passed a resolution disapproving the plan. H.R. 1314 instead requires that a plan would take effect only if both Houses pass a joint resolution approving the plan.

For many years, a number of members of the committee, including myself, were concerned about the constitutional propriety of the legislative veto provision contained in reorganization authority. H.R. 1314 anticipated the Supreme Court's decision in Chadha against INS, which declared the legislative veto unconstitutional, by requiring that reorganization plans must be voted upon positively by both Houses and signed by the President in order to become effective.

Mr. Speaker, the bill which is before us today is the product of study by both the Committee on Government Operations and the very distinguished Committee on Rules and it is in the form of an amendment from the Committee on Rules which incorporates both committees' amendments. This bill will extend to the President the authority to make limited organizational changes in executive branch agencies in an expedited fashion, and it will do so in a manner which is constitutionally permissible.

Mr. Speaker, I urge a positive vote on H.R. 1314.

Mr. HORTON. Mr. Speaker, I yield myself 5 minutes.

Mr. Spearker, for more than 50 years, the Reorganization Act has guaranteed the President expedited congressional action on his plans for transferring the responsibility for performing governmental functions from one agency to another. The act has thus insured that proposals for important organizational changes receive our attention—and they have usually received our acceptance, as well. The act has been a powerful tool in making the executive branch of Government more efficient and more responsive to the President.

The bill before us today would renew that authority, which has lain dormant for 3 years, and reshape it to make the President's power more constrained by the Congress than it was in previous versions of the law. In the past, a reorganization plan became effective unless either House of Congress passed, within a fixed time period, a resolution disapproving the plan. Under H.R. 1314, a plan could become effective only if both Houses passed, again within a fixed time, a resolution approving it, and the resolution was signed by the President.

I am sure that many here are well aware of the controversy surrounding the legislative veto, and consequently understand why this change is necessary. The Supreme Court ruled last June, in a case called Immigration and Naturalization Service against Chadha, that such a veto violates the Constitution's command that all legislation be passed by both Houses of Congress and signed by the President in order to become law. H.R. 1314 replaces the procedure in previous reorganization acts with one which clearly meets the Supreme Court's tests of constitutionality.

H.R. 1314 also makes several lesser changes in the Reorganization Act. It precludes plans from creating new agencies which are not components of existing agencies, or from renaming an existing department; extends the time for consideration of a plan from 60 to 90 days; and requires the President to submit with each plan a description of how the plan will be implemented.

The administration is in full support of this bill. In fact, the principal change between this measure and previous versions of the act was specifically recommended by the administration.

This bill also enjoys broad support among Government Operations Committee Republicans and Democrats. I urge its adoption.

Mr. BROOKS. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Georgia (Mr. LEVITAS).

Mr. LEVITAS. Mr. Speaker, I would like to express my appreciation to the distinguished gentleman from Texas, the chairman of my committee, for yielding this time to me, and also my commendation to him and the ranking member, the gentleman from New York, for bringing up this extremely important piece of legislation.

Reorganization of the executive branch of Government has been an important and necessary function of the Presidency since the days of President Hoover, and it has been exercised by Presidents throughout this period of time. It is important that we maintain this authority in order to give the President the opportunity to structure an administration in a more streamlined form to carry out the policies for which he was elected.

When the Supreme Court decided the Chadha case and displayed their abysmal ignorance of how this Government works, and they created a tremendous uncertainty in Government by eliminating a procedure that helped make Government work. The Chadha decision said that, what was then known as the legislative veto provision, giving each House or both Houses the opportunity to disapprove executive or agency actions, in this case a reorganization plan, was unconstitutional. The consequence of that decision was to eliminate the quid pro quo of reorganization; namely, that where the President was given reorganization authority to make these changes by submitting a plan to Congress, they would go into effect unless they were disapproved by either House of the Congress.

This procedure worked well for some 50 years, until Chadha. The Attorney General in each administration came before Congress and testified that this was an appropriate and constitutional way to operate. Yet, because of the decision in the Chadha case, the legislative veto was held to be invalid, and tremendous uncertainty was created. This is just one example of the train wreck of Government that was brought about by that decision.

Earlier this year I introduced a bill (H.R. 5087) which would have sunsetted this reorganization provision in law altogether in order to make the

point that it was absolutely necessary that we adopt a new mechanism. Unless we adopted a new approach, either there would be no reorganization authority or it would exist without any congressional involvement. Unless we adopted a new approach, we would be faced with this problem again in future litigation. The legislation we have today, H.R. 1314, will solve that problem.

Let me point out just how bad this situation is. In a Mississippi Federal district court, the judge ruled that the reorganization authority was unconstitutional because of the Chadha decision. The court also held that Congress would have never delegated this power to the President without having a legislative veto to make certain that the reorganization was compatible with the wishes of the Congress. This review was necessary because the President held the power to repeal acts, to transfer authority from one agency to another, and to transfer personnel. The court said that the veto was absolutely unseverable in this case and, therefore, when the reorganization authority fell, the court, in that instance, held that the agency which had been reorganized (it was the Equal Employment Opportunities Commission), was likewise invalid and unconstitutional. In other words, the court said Congress would never have given the President reorganization authority without linking it to a legislative veto.

However, there followed a case in Tennessee Federal court where the same issue was presented. In that case the court held that, yes, Congress could delegate this authority to the President and that it was unconstitutional to have legislative veto. However, the court decided that the veto could be severed. So the President had all the authority—unchecked—and Congress had no opportunity to review the Presidential action.

This legislation we are considering today remedies that problem and creates the "son of legislative veto." It has created the "son of legislative veto" because, while the President may propose the reorganization plan, it will not become effective unless approved by both Houses and signed by the President in the form of a joint resolution. But, obviously, if it takes both Houses to pass it, then if one House does not take action or rejects the plan, then it acts as a one House legislative veto of that plan. So the genius is that we can still have a one-house veto mechanism.

I would like to commend the distinguished chairman of the committee for his timeliness, his ingenuity, and his upholding of the principle that the Congress of this Nation, under section 1, article I, of the Constitution, is where the laws are to be made. This "son of legislative veto" which we will pass today should be a blueprint for us to follow in frequent future occasions as we try to get the train of Government back on track from the train wreck which the Chadha case brought to us.

Mr. HORTON. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. BROOKS. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

□ 1300

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Texas (Mr. BROOKS) that the House suspend the rules and pass the bill, H.R. 1314, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. BROOKS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

BUDGET OF THE DISTRICT OF COLUMBIA FOR FISCAL YEAR 1985—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 98-203)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Apropriations and ordered to be printed:

(For message, see proceedings of the Senate of today, Tuesday, April 10, 1984.)

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 4974, NATIONAL SCIENCE FOUNDATION AUTHORIZATION ACT, 1985 AND 1986

Mr. BONIOR of Michigan, from the Committee on Rules, submitted a privileged report (Rept. No. 98-667) on the resolution (H. Res. 480) providing for the consideration of the bill (H.R. 4974) to authorize appropriations to the National Science Foundation for fiscal years 1985 and 1986, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 5172, NATIONAL BUREAU OF STANDARDS AUTHORIZATION ACT FOR FISCAL YEARS 1984 AND 1985

Mr. BONIOR of Michigan, from the Committee on Rules, submitted a privileged report (Rept. No. 98-668) on the resolution (H. Res. 481) providing for the consideration of the bill (H.R. 5172) to authorize appropriations to the Secretary of Commerce for the programs of the National Bureau of Standards for fiscal years 1984 and 1985 and for related purposes, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF S. 373, ARCTIC RESEARCH AND POLICY ACT OF 1983

Mr. BONIOR of Michigan, from the Committee on Rules, submitted a privileged report (Rept. No. 98-669) on the resolution (H. Res. 482) providing for the consideration of the bill (S. 373) to provide comprehensive national policy dealing with national needs and objectives in the Arctic, which was referred to the House Calendar and ordered to be printed.

PERMISSION FOR COMMITTEE ON ARMED SERVICES TO HAVE UNTIL MIDNIGHT, THURSDAY, APRIL 19, 1984, TO FILE REPORT ON H.R. 5167, DEPARTMENT OF DEFENSE AUTHORIZATION BILL, 1985

Mr. DELLUMS. Mr. Speaker, I ask unanimous consent that the Committee on Armed Services have until midnight, Thursday, April 19, 1984, to file a report on H.R. 5167, the Department of Defense authorization bill for fiscal year 1985.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

PERMISSION FOR COMMITTEE ON ARMED SERVICES TO SIT ON TUESDAY, WEDNESDAY, AND THURSDAY OF THIS WEEK DURING PROCEEDINGS UNDER THE 5-MINUTE RULE

Mr. DELLUMS. Mr. Speaker, I ask unanimous consent that the Committee on Armed Services be permitted to sit on Tuesday, Wednesday, and Thursday, April 10, 11, and 12, 1984, during any proceedings under the 5-minute rule, for markup of the Defense authorization bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

PROVIDING FOR CONSIDERATION OF H.R. 4900, PANAMA CANAL APPROPRIATIONS AUTHORIZATION ACT, FISCAL YEAR 1985

Mr. BONIOR of Michigan. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 471 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 471

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4900) to authorize appropriations for fiscal year 1985 for the operation and maintenance of the Panama Canal, and for other purposes, and the first reading of the bill shall be dispensed with. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Merchant Marine and Fisheries, the bill shall be considered for amendment under the five-minute rule, and each section shall be considered as having been read. It shall be in order to consider the amendment recommended by the Committee on Merchant Marine and Fisheries inserting a new section 6 now printed in the bill, and all points of order against said amendment for failure to comply with the provisions of clause 7, rule XVI are hereby waived, At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER pro tempore. The gentleman from Michigan (Mr. BONIOR) is recognized for 1 hour.

Mr. BONIOR of Michigan. Mr. Speaker, for purposes of debate only I yield the customary 30 minutes to the gentleman from Missouri (Mr. TAYLOR), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 471 provides for the consideration of H.R. 4900, the Panama Canal Appropriations Authorization Act For Fiscal Year 1985. The resolution provides 1 hour of general debate to be equally divided and controlled by the chairman and ranking minority member of the Committee on Merchant Marine and Fisheries.

House Resolution 471 provides an open rule, making in order germane amendments. The resolution makes in order a committee amendment adding a new section 6 now printed in the bill and waives all points of order against the amendment for failure to comply with clause 7, rule XVI, the germaneness rule. The committee amendment violates the germaneness rule because, at the time the amendment would be offered, H.R. 4900 is a simple 1-year authorization and the amendment proposes a permanent change in law, therefore violating the germaneness rule. The resolution also provides for one motion to recommit.

Mr. Speaker, H.R. 4900 authorizes appropriations of $443,946,000 from the Panama Canal Commission Fund, which is comprised of canal revenues, for the operation and maintenance of the Panama Canal and the activities of the Panama Canal Commission. The Panama Canal Act of 1979 intended to insure that the canal be run at no expense to the U.S. taxpayer. The amount authorized in this bill is therefore equal to the amount estimated will be collected by tolls levied on ships using the canal. Accordingly, this legislation has no inflationary impact and contains no new budget authority.

Mr. Speaker, the Panama Canal Commission has demonstrated its ability to operate the canal skillfully and efficiently. It has provided stability in a situation where stability is often elusive. Passage of H.R. 4900 will allow the Commission to continue its fine work.

House Resolution 471 provides open discussion of the legislation and makes in order an important committee amendment. It is a very good rule under which to consider this authorization bill and I urge its adoption.

I might also add, Mr. Speaker, that I had the honor and privilege to work on this legislation when it was first proposed in the Congress back in, I believe, 1977 and 1978, and I had made numerous trips to Panama to talk with the various interests, labor, management, and government who had the responsibility of seeing that the canal was run expeditiously and fairly to all those who engaged in international commerce.

I would like to take this opportunity to commend not only those members on the Commission and in our Government but also our President, who has seen fit over the last few years to understand the necessity for the transfer of the canal and who now embraces it as if it were one of his children.

I commend the President for his foresight on this particular issue. I would also like to praise at this time my dear colleagues on the Committee on Merchant Marine and Fisheries with whom I have worked over the years, and particularly I commend the leadership of the gentleman from Kentucky (Mr. HUBBARD) who has watched this issue, as we all know, very closely and who has been a leader in international relations as it relates to commerce and the canal and who, I think, has offered very fine service to this country with respect to this issue.

Mr. Speaker, I reserve the balance of my time.

Mr. TAYLOR. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, in the Rules Committee both the Republican and Democratic representatives of the Merchant Marine and Fisheries Committee requested an open rule, providing 1 hour of general debate. The Rules Committee gave them what they wanted.

Because the specific provisions of the rule have already been ably described, I will not repeat them.

Mr. Speaker, there are a few points of controversy in this bill.

For example, in the Rules Committee, the gentleman from New York (Mr. CARNEY) pointed out that he believes the funding level in this authorization bill is too high.

Also, at the time of the Rules Committee meeting the Office of Management and Budget provided a statement of administration policy noting that while the administration prefers that this bill be amended to provide for appropriations for the Panama Canal Commission from the general fund of the U.S. Treasury rather than the Panama Canal Commission Fund, the administration still supports House passage of the bill.

Mr. Speaker, this open rule will allow Members to offer any necessary amendments. I support the rule so that the House may proceed to consider the Panama Canal authorization bill.

□ 1310

Mr. Speaker, I have no requests for time, and I yield back the balance of my time.

Mr. BONIOR of Michigan. Mr. Speaker, it is just a delight to see the House in unison on this very important issue. I can remember 4 or 5 years ago when the streets were packed, the Chambers were full, and the voices were loud and angry and acrimonious.

It is just wonderful to see us work in a bipartisan tradition in this body on a very important issue to a very beleaguered part of the world, Central America.

Mr. Speaker, I have no requests for time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PROVIDING FOR CONSIDERATION OF H.R. 7, CHILD NUTRITION ACT OF 1963 EXTENSION

Mr. BONIOR of Michigan. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 478 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 478

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 7) to make permanent certain of the authorizations of appropriations under the National School Lunch Act and the Child Nutrition Act of 1963, and the first reading of the bill shall be dispensed with. All points of order against the consideration of the bill for failure to comply with the provisions of section 303(a)(4) of the Congressional Budget Act of 1974 (Public Law 93-344) are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education and Labor, the bill shall be considered for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Education and Labor now printed in the bill as an original bill for the purpose of amendment under the five-minute rule, each section of said substitute shall be considered as having been read, and all points of order against said substitute for failure to comply with the provisions of sections 303(a)(4) and 401(b)(1) of the Congressional Budget Act of 1974 are hereby waived. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore. The gentleman from Michigan (Mr. BONIOR) is recognized for 1 hour.

Mr. BONIOR of Michigan. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from Ohio (Mr. LATTA), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 478 provides for the consideration of H.R. 7 extending and improving the National School Lunch and Child Nutrition Act of 1963. The resolution provides 1 hour of general debate to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education and Labor. This is an open rule allowing any germane amendments to be offered.

The resolution also makes in order the consideration of a committee amendment in the nature of a substitute printed in the bill as original text for the purposes of amendment.

House Resolution 478 waives section 303(a)(4) of the Budget Act against consideration of the bill as introduced. This section of the Budget Act prohibits its consideration of legislation that would provide new entitlement authority which was first effective for a fiscal year prior to the adoption of the first budget resolution for that fiscal year. Sections 2 and 3 of H.R. 7 as introduced create new entitlement authority first effective in fiscal year 1985 by reauthorizing certain child nutrition and school lunch programs which would otherwise expire at the end of the current fiscal year. Because House Concurrent Resolution 280, the fiscal year 1985 budget resolution, has not yet been passed by both Houses, H.R. 7 as introduced could not be considered at this time without being subject to a point of order. However, reauthorization of the child nutrition programs included in sections 2 and 3 of the bill were assumed in House Concurrent Resolution 280, the first budget resolution as it recently passed the House. In light of this, the Committee on Rules waived section 303(a)(4) of the Budget Act against consideration of H.R. 7 as introduced.

House Resolution 478 also waives section 303(a)(4) of the Budget Act against consideration of the committee substitute. Sections 2 and 3 of the committee substitute require and received a 303(a)(4) Budget Act waiver for the same reasons the bill as introduced required and received the waiver. In addition, House Resolution 478, waives section 401(b)(1) of the Budget Act against consideration of the substitute. The committee substitute modifies the existing authorization for the women, infant's, and children's supplemental fund program (WIC) by converting it to a capped entitlement program first effective in fiscal year 1985. This is a violation of section 401(b)(1) of the Budget Act which prohibits consideration of measures providing new spending or entitlement authority becoming effective prior to the fiscal year beginning during the calendar year in which the bill was reported. Because the entitlement status of the WIC program becomes effective in fiscal year 1985, the substitute is in violation of the Budget Act.

However, Chairman PERKINS of the Committee on Education and Labor indicated in his testimony before the Committee on Rules that an amendment would be offered during floor consideration of H.R. 7 to strike the entitlement provisions for the WIC program, thus retaining the program as an authorization subject to annual appropriations. In light of Chairman PERKIN's assurance of a floor vote on the matter, the Committee on Rules granted a waiver of section 401(b)(1) of the Budget Act.

In addition, sections, 4, 5, 6, 8, and 9 of the committee substitute will create new entitlement authority by liberalizing certain provisions in the child nutrition and school lunch program which would be effective upon enactment. Because H.R. 7 was reported in calendar year 1984 and the new entitlement authority would become effective in 1984, those sections of the substitute also violate section 401(b)(1) of the Budget Act. However, those sections were included in H.R. 4091 which passed the House on October 25, 1983, in compliance with the Budget Act. For this reason, the Committee on Rules granted a waiver of section 401(b)(1) of the Budget Act.

Finally, House Resolution 478 also provides one motion to recommit with or without instructions.

Mr. Speaker, H.R. 7, the School Lunch and Child Nutrition Amendments of 1984, extends for 4 years, five child nutrition programs which expire on September 30, 1984, the end of this fiscal year. These programs include the summer food service program for children, the commodity distribution program, the nutrition education and training program, the funding for State administrative expenses and the special supplemental food program for women, infants, and children (WIC). H.R. 7 also restores some of the funding cuts made in the school lunch and child nutrition program in recent years and restores certain provisions of law eliminated in 1981.

Mr. Speaker, we cannot afford to let our children go hungry. We cannot jeopardize their development by denying them enough to eat. There are so many things we wish we could do for the children in this country, and while so many of these things we cannot do for them—we can feed them.

Mr. Speaker, this legislation enjoys bipartisan support as does this rule for its consideration. House Resolution 478 provides for open, fair, and timely debate on legislation of the utmost importance to our well being as a nation and I urge its adoption.

□ 1320

Mr. Speaker, I reserve the balance of my time.

Mr. LATTA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I object to some of the provisions in this rule. I object to some of the provisions in the bill.

First with regard to the rule, the problem is that it waives two separate provisions of the Budget Act.

The first Budget Act provision waived is section 303(a)(4). This section of the Budget Act prohibits the consideration of any measure providing new entitlement authority first effective for a fiscal year prior to the adoption of the first budget resolution for the fiscal year.

Mr. Speaker, this House adopted a budget resolution last week, but we certainly have not settled on the final version of the budget resolution which will only be put together after negotiation between this House and the other body. It is possible that the final ver-

sion of the budget resolution may be a good deal different from the House-passed version. Yet, under this rule, we will be considering new entitlement authority prior to the adoption of the final version of the budget resolution.

Mr. Speaker, there is nothing in this bill that is such an emergency that it could not wait until the first budget resolution for fiscal year 1985 is finally in place.

The next problem with this rule, Mr. Speaker, is the specific provisions covered by this Budget Act waiver. One of the provisions protected by this waiver is section 20 of the bill which would modify the existing authorization for the WIC program to convert it into a capped entitlement program first effective in fiscal year 1985. Mr. Speaker, what we should be doing is controlling entitlements, not creating new ones. Let me emphasize that. What we should be doing is controlling entitlements and not creating new ones. If there is any hope of ever getting our massive deficits under control, we cannot tolerate provisions like this one which converts the WIC program into an entitlement.

I hope the House will pay special attention to this particular action that is being proposed. Every time you go back home and talk about entitlement programs not being under the control of the Congress, do not forget to tell the people in the next breath that we, the Congress, make them entitlement programs. So now here they are attempting to make this WIC program an entitlement program so that they will have absolutely no control over it.

If we are going to get the deficits down, we have to do something about entitlements and not create new ones.

Mr. PERKINS. Mr. Speaker, will the gentleman yield?

Mr. LATTA. I will be happy to yield to the chairman that brought this monstrosity out of his committee.

Mr. PERKINS. First let me state that I would hope if the gentleman reads this bill again that he will find that it is not a monstrosity but a bill that every Member in the Chamber, I think, can vote for.

One thing I want to make very clear about the WIC program being converted into an entitlement. I made a statement yesterday, I made a statement yesterday before the Committee on Rules, that it would be changed back today on the floor by an appropriation, and the gentleman from California, Mr. MILLER, will offer that amendment. It will not be an entitlement program. The WIC program will not be an entitlement program.

Mr. LATTA. Then we have had a change of heart on this matter since it came out of your committee. Now then, you are going to support the amendment to put it back like it was supposed to be.

Mr. PERKINS. That is correct.

Mr. LATTA. I thank the gentleman for that concession, and I am certain that the taxpayers will thank him also.

Mr. Speaker, there is also a second Budget Act waiver in this bill. That is a waiver of section 401(b)(1) which prohibits the consideration of any bill providing new entitlement authority, which is effective prior to October 1 of the calendar year in which the bill is reported.

Sections 4, 5, 6, 8, and 9 of the bill would create new entitlement authority by liberalizing certain provisions in the child nutrition and school lunch program effective upon enactment. Since the bill was reported in calendar year 1984, and since the new entitlement authority would be effective immediately, the bill would violate section 401(b)(1) of the Budget Act.

Mr. Speaker, I do not think it is good policy to be liberalizing entitlements at a time when excessive deficits are the issue we are all supposed to be concerned about. And I certainly do not think it is worth waiving the Budget Act to liberalize entitlements.

These are my objections to this rule, Mr. Speaker. Now let me mention briefly the problems with the bill.

First, according to the information provided by the Office of Management and Budget at the time the Rules Committee met, if H.R. 7 were to reach the President's desk, disapproval would be recommended. Mr. Speaker, we may be wasting a lot of time on a bill which could be vetoed in its present form.

The administration is strongly opposed to this bill because it would reverse recently enacted program reforms that target assistance on the neediest schoolchildren and that improve program accountability. In addition, this bill would add about $570 million to the President's fiscal year 1985 budget at a time when Congress and the administration are working to reduce the deficit. It would add $4.6 billion over the next 5 years.

Finally, Mr. Speaker, let me just mention one specific provision in this bill which illustrates the problems with the bill. This is a provision which moves away from carefully targeting Federal subsidies to the neediest. It is the provision that restores the tiering reimbursement-claiming option to the child care food program.

According to information provided in the Rules Committee, a day care center may have one-third of its children coming from families eligible for free meals, one-third of the children may be eligible for reduced price meals, and the remaining one-third entitled to paid meal benefits. Under the terms of the tiering approach, the day care center can claim the highest rate of meal reimbursement for all meals served.

Mr. PERKINS. Will the gentleman yield?

Mr. LATTA. I will be happy to yield.

Mr. PERKINS. Let me say to my distinguished colleague from Ohio (Mr. LATTA) that that provision has likewise been changed or has been agreed to by both your side of the aisle and our side of the aisle and a satisfactory amendment will be worked out, and it is not as you speak.

Mr. LATTA. I am delighted, Mr. Chairman, for all of these concessions. And I have just been informed that you have been working hard on them.

Maybe I ought to go on and go clear through this bill and maybe I will get enough concessions that the President could sign it.

Mr. Speaker, this is another example of unnecessary waste of taxpayers' money unless it is cleaned up in a good many areas. I will not impose on the time of the House by pointing them all out, but certainly during debate on this legislation, some of these matters will be brought out. I have a whole list of them here that we could change. Hopefully, before consideration of this bill is over, we can have a piece of legislation that we can support.

□ 1330

Mr. PERKINS. If the gentleman will yield, in my judgment, the way this bill is written, and the amendments that have been agreed to on both sides of the aisle, there is no doubt in my mind but that your President is going to sign this bill. It is one of the best bills we have.

Mr. LATTA. Well, we are going to have to wait, Mr. Chairman, and see how many more of these amendments the gentleman is going to agree to. But he is coming along. I commend him for that.

Mr. PERKINS. Well, let me state that I have discussed with the gentleman about all the amendments that I know anything about being agreed to. But the bill is not an expensive bill.

The breakfast program is a permanent program; it is not included here. The school lunch program is a permanent program; it is not included here. The only thing we modify in the school lunch program is by reducing the reimbursement rate from about 40 cents down to 25 cents for poor children.

I know that provision is not going to turn the President of the United States off.

This is a wonderful bill. I think any President will sign this bill.

Mr. LATTA. Let me ask the gentleman, while he is on his feet, Mr. Chairman, whether or not one of these changes that he might make in his legislation deals with the language which would permit high tuition schools for the well-to-do to receive school lunch subsidies?

Is the gentleman still going to have the taxpayers taking care of this?

Mr. PERKINS. Well, the only thing we permit——

Mr. LATTA. Is the gentleman going to make changes in that?

Mr. PERKINS. We permit commodity distribution and we have bonus commodities but they mostly go to the poorer school districts of the country and not the wealthier school districts.

Mr. LATTA. Let me rephrase my question. Now if the gentleman will listen carefully. I asked him whether or not one of the amendments that he will agree to will have anything to do with the legislation as now written which would permit high tuition schools for the well-to-do to receive school lunch subsidies?

Now is the gentleman going to change that? That has nothing to do with poor kids. It goes to the well-to-do at taxpayers' expense. Is the gentleman going to change that?

Mr. PERKINS. Let me state that the well-to-do children will all pay; they will pay the regular reimbursement rate which any children above the reduced price level will pay. They will all pay the same and it applies equally and uniformly to all children.

Mr. LATTA. Mr. Chairman, I understand four amendments are going to be offered and maybe this will be cleared up in some of the amendments.

Mr. Speaker, I yield 10 minutes to the gentleman from Pennsylvania (Mr. GOODLING).

Mr. GOODLING. I asked for this time not to really talk about the rule but to talk about the bill itself, and particularly to respond to the April 9, 1984, communication we have received from OMB Director Stockman because there are a lot of things he says in his letter with which I agree. Many of the issues Mr. Stockman raises are the same issues discussed in subcommittee and we offered amendments during subcommittee markup. We did the same in full committee. Some of these will be offered and accepted today, and we will clear up some objectionable features in the bill.

But let me comment further on certain portions of the Stockman letter. In the third item Mr. Stockman talks about H.R. 7 reversing 12 reforms contained in the 1981 Gramm-Latta reconciliation bill. I think "reversing" probably is not the word. I think there is some fine tuning that is necessary, keeping in mind that the changes incorporated in the 1981 Omnibus Budget Reconciliation Act, were developed, very rapidly, and were talking about 1981 and now we are talking about 1985.

Touching briefly upon some of those items the OMB director has highlighted. Increasing reimbursement rates for meals for "better off" students. I think "better off" is a bad term to use. Because if you happen to be a family of four at $12,800, you may think you are working poor and you probably should quit because you probably would do better by not working at all.

So I think we ought to be careful when we use the word "better off," when we can be talking about some people whose income as a family of four is at $12,800.

The only thing done at the other end was to raise the reduced-price income eligibility limit by $900, and that after a 4-year period (1981–85).

Hiking the income eligibility limit for reduced-price meals. Again it is important to keep in mind that the reduced-price income eligibility in H.R. 7 is established at the same percent of the poverty guideline as was in place prior to the 1981 Reconciliation Act. Again, you are raising the income level $900 when you do that.

The next item mentioned is the addition of 6 cents to the reimbursement to institutions for all breakfasts served to all children. This change was made on the basis of a USDA evaluation on the school nutrition programs. Witnesses from the Department testified before our committee stating that the nutritional adequacy of the breakfast offered was seriously lacking. The school breakfast is apparently only better than no breakfast at all. Breakfast rates were increased so that the breakfasts could be improved. Another item suggests we are now in H.R. 7.

Permitting high tuition schools for the well-to-do to receive school lunch subsidies. It shall be remembered that all private and public schools could participate in the national school lunch program, regardless of the tuition charged, prior to the 1981 Reconciliation Act. With that legislation, only private schools with annual tuitions of $1,500 or below could continue to participate in the federally assisted child nutrition programs.

On the next three items, I would agree wholeheartedly with the OMB Director. We should not be in the school food equipment assistance business at this particular time.

If we had adequate revenues, we could again consider the need for Federal equipment assistance. We did amend the proposal in committee so that it would be targeted to the very neediest schools. However, a USDA survey does indicate that there appears to be no general need for further Federal assistance in the school equipment area.

Mr. PERKINS. Mr. Speaker, will the gentleman yield?

Mr. GOODLING. I would be happy to yield to the gentleman.

Mr. PERKINS. Mr. Speaker, let me state for the benefit of our colleague from Ohio (Mr. LATTA) that we raised, in order to qualify private schools, we raise from $1,500 to $2,500 and if that provision is not changed at $2,500, then two-thirds of the Catholic high schools will be eliminated from the lunch program. Many of these schools have been poor, have many poor students and the President is certainly in favor of private education.

So I know he would not want to push two-thirds of Catholic high schools out of the lunch program if we had not raised that figure to $2,500.

That is all that is.

Mr. GOODLING. I agree with the OMB Director on the next item also, when he talks about the summer feeding program. I would not characterize all of our private nonprofit sponsors as fraud prone. Among some there has been serious mismanagement and abuse of the summer feeding program. I was one who supported greater involvement of the schools and local, municipal, and county governments in the running of summer feeding programs.

We have written an amendment in such a manner that I believe we are going to prevent fraud and abuse from coming back in if private sponsors again become eligible and that amendment will be offered later today that I think will take care of that.

I have argued against allowing all private nonprofit sponsors back into the program—especially when a few were there to make a buck rather than to provide nutrition to youngsters.

I would agree with him on the tiering phase of the child care food program. We will have an amendment here also, but I am not for tiering in the child care food program because it does not target nutrition assistance on the basis of the family's economic need.

If we want additional Federal funds for day care services generally, that should be addressed in another piece of legislation.

We will have an amendment that will help clarify that point.

Then the next was increasing to five the maximum number of meals and snacks. This would go back to the original proposal before it was changed in 1981.

As was indicated, we oppose the entitlement part of WIC, and an amendment will be put forward to eliminate WIC entitlement features. Some of us also believe, perhaps, even though there is need for WIC services, that we should maintain the program at the October 1, 1983 level.

□ 1340

So as I indicated, there are numerous things that the OMB Director indicates are wrong. We agree with some of them. We discussed these areas in subcommittee and full committee. We have made a lot of improvements since this letter was written. I hope that we will make more progress today so that it can become a bipartisan effort.

Mr. LATTA. Mr. Speaker, will the gentleman yield?

Mr. GOODLING. I yield to the gentleman from Ohio.

Mr. LATTA. I thank the gentleman for yielding.

As a matter of enlightenment, this legislation does not do anything for the really poor kids. We have this program for the poor kids where we give them free lunches, not subsidized lunches, we give them free lunches.

Now is there anything in there that is going to help those kids, the really needy kids?

Mr. GOODLING. I would say indirectly in that we lost an awful lot of schools from the school lunch program. There are many people, including many in the Congress, who never realized that their own children were receiving reimbursement for school lunches. That was done because, first of all, the school lunch program was a way to give away the farm surplus. But, in addition, there has always been cash support for those who are above the poverty level. Continued support for paying children was about 30 cents per lunch, but, in the 1981 Reconciliation Act it was lowered to about 21 cents per lunch. Many schools dropped out simply because they could not make the school lunch program go because they had to raise prices and they lost many of their paying customers.

We discovered that it is cheaper to try to subsidize somewhat that paying customer if, as a matter of fact, you are serious when you say you are going to take care of the free and reduced price eligible children.

Otherwise, you have to set up a separate program and single out the poorer children wherever they may be, which is much more expensive. But they would not participate in such a separate program just for the neediest.

But indirectly, the answer is yes. I suppose directly for free school lunches you could argue "no." However, if the poorest youngsters are not getting a nutritionally decent breakfast, according to the USDA study, then the additional 6 cents, hopefully, will help to provide a good school breakfast to the children eligible for free meals whom the gentleman is talking about.

Mr. LATTA. Let me get back to my question another way. Are we providing more money for the poor kids in this legislation? I am talking about the ones who get free lunches, not subsidized lunches, but free lunches.

Mr. GOODLING. I would say "yes" in the school breakfast program. But, as far as more money for free school lunches is concerned, "no" directly. Indirectly, "yes" in that you are going to restore some school lunch programs that have been dropped and therefore provide meals to those free and reduced price children who are not able to participate.

Mr. LATTA. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania (Mr. WALKER).

Mr. WALKER. Mr. Speaker, this is the kind of rule that makes a sham out of the budget process.

Last week, when we were here on the floor talking about the budget, we heard an awful lot about the integrity of that process. How we needed to pass budgets that could be enforced. How much integrity that process needed to have. How we needed to make certain that what we did could be supported by the legislation that came before us a little bit later on.

Mr. LATTA. Mr. Speaker, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from Ohio.

Mr. LATTA. I thank the gentleman for yielding.

Just let me say that was last week. Last week we worried about the deficit. This week we hand out all these goodies.

Mr. WALKER. The gentleman is absolutely right.

So a week later we come to the floor with a rule calling for budget waivers. Now, I am going to be interested to see how many Members who voted for the budget process last week will this week turn around and vote for this rule which waives the whole process. And say the process is meaningless, let us forget it, let us not worry about the budget any longer and so on. That was last week. Let us simply waive the budget with regard to this program, because, after all, we know that this program is something that we ought to waive the budget for.

Well, I would submit that I think that my colleagues ought to question that premise because there are some questions about whether or not this is the kind of bill that we ought to be waiving the budget for. Some of the reforms that we put in place a couple of years ago seem to be working pretty well.

For instance, a number of students eating full price lunches, in other words, the better-off students in our schools has dropped. That is where the decline in a number of school lunches has come, that number of students has declined from 15.3 million down to 11.2 million. But the students getting free lunches, the ones who really need it, that has increased. Between 1979 and 1983, that has gone up by almost 300,000 students. For the first time in history, in 1982, as a result of the reforms that were put in place, for the first time in the history of the program more free and reduced price lunches were served to the truly needy students than were served to upper-income students. For the first time in history we were able to target the money toward low- and middle-income students. That is what we should be doing.

In addition, the percentage of the Federal program expenditures for free lunches increased during every year during the 5-year study. The study I am referring to—these are not my figures, this came out of a GAO report—GAO took a look at this program. The GAO said during the 5-year period, 1979 to 1983, the share of money going to low-income students went from 62.6 percent of the program in 1979 to 77.4 percent of the program in 1983. In other words, low-income poor children are getting a greater share of the program by a fairly large percentage, by about 15 percent more. That is what we should be doing.

And yet, what we come to the floor doing today is we come out here with a budget waiver so that we are able to give more money to upper income students. That is not what this budget process has to be all about. Obviously, we would like to give money to everybody, but the question is whether we can afford it. And we cannot afford this program.

I would suggest a "no" vote on this rule.

Mr. LATTA. Mr. Speaker, I yield 3 minutes to the gentleman from Arizona (Mr. RUDD).

Mr. RUDD. Mr. Speaker, I rise in opposition to H.R. 7, the School Lunch and Child Nutrition Amendments of 1984 as reported.

This legislation would reverse many recently enacted and long-needed program reforms which have helped to target nutritional assistance to the neediest schoolchildren and improve program accountability.

For example, the bill would prohibit verification of income eligibility for subsidized meals, unless all costs associated with verification and borne by the States are fully reimbursed by the Federal Government.

The "tiering reimbursement option" under the child care food program would allow all children, regardless of need, to qualify for free meals if two-thirds or more of the children in a child care center are otherwise eligible. You see, Mr. Speaker, no attempt is made to target assistance only to the needy. This country simply cannot afford to continue subsidizing those who are able to provide for themselves and their families.

The bill would also prohibit the Secretary of Agriculture from making changes in the methods of determining eligibility for free or reduced-price meals under the school lunch and child nutrition programs. While this prohibition is intended to prevent changes in eligibility without the approval of Congress, it merely insures that Congress has a chance to ignore the issue and postpone any necessary changes.

Finally, the bill would convert the women, infants, and children (WIC) program to entitlement status in fiscal year 1985. I strongly oppose creating yet another entitlement program at a time when Congress is struggling to hold the Federal deficit below $200 billion annually.

While I support adequate nutritional assistance to those in need, this legislation goes far beyond that objective and allows others, who can indeed provide for themselves, to participate in feeding programs at taxpayers' expense. For these reasons, I must oppose H.R. 7. I urge my colleagues to vote against it as well.

Mr. BONIOR of Michigan. Mr. Speaker, this is an open rule and as Members know, under an open rule amendments are in order to take care of the deficiencies that Members feel may exist in the bill.

So the criticism that my colleague from Arizona (Mr. RUDD) has suggested is really not valid. If the gentleman disagrees with sections of the bill that are not waived, he certainly can pose amendments to correct any perceived deficiencies.

Mr. PERKINS. Mr. Speaker, will the gentleman yield?

Mr. BONIOR of Michigan. I yield to the gentleman from Kentucky.

Mr. PERKINS. I thank the gentleman for yielding.

I would like to make one thing perfectly clear before we vote on this rule.

Everything that is in this bill is in the budget resolution except the WIC entitlement and that will be removed. And when we remove that, the appropriate change to a program subject to an annual appropriation, that falls within the budget resolution.

So I do not want anyone to believe that we are busting the budget anywhere along the line here.

□ 1350

Mr. BONIOR of Michigan. I thank the chairman for that contribution. I think he put the resolution and the bill in its proper perspective.

Mr. RUDD. Mr. Speaker, will the gentleman yield?

Mr. BONIOR of Michigan. I yield to my colleague, the gentleman from Arizona, for purposes of debate only.

Mr. RUDD. I thank the gentleman for yielding.

Mr. Speaker, I have great respect for the chairman of the committee and the dean of the delegation from Kentucky. But I am not addressing myself about whether it is busting the budget or not. I am addressing myself to the fact that it is turning back time and is again including programs that have been previously removed. I think it goes far beyond what is ever intended by this Congress—at least my understanding of it—as to whether or not everybody should be funded by the taxpayer or whether only those who are truly needy should be funded.

Mr. BONIOR of Michigan. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore (Mr. DURBIN). The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. WALKER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 275, nays 125, not voting 33, as follows:

[Roll No. 75]

YEAS—275

Ackerman	Downey	Kaptur
Addabbo	Duncan	Kastenmeier
Akaka	Durbin	Kennelly
Albosta	Dwyer	Kildee
Alexander	Dymally	Kleczka
Anderson	Dyson	Kogovsek
Andrews (NC)	Early	Kolter
Andrews (TX)	Eckart	Kostmayer
Annunzio	Edwards (CA)	LaFalce
Anthony	English	Lantos
Applegate	Erdreich	Leach
Aspin	Evans (IA)	Leath
Barnard	Evans (IL)	Lehman (CA)
Barnes	Fascell	Lehman (FL)
Bates	Fazio	Leland
Bedell	Feighan	Levin
Beilenson	Flippo	Levine
Bennett	Florio	Levitas
Berman	Ford (MI)	Lipinski
Bevill	Ford (TN)	Lloyd
Biaggi	Fowler	Long (LA)
Boehlert	Frank	Long (MD)
Boggs	Fuqua	Lowry (WA)
Boland	Garcia	Lujan
Boner	Gaydos	Luken
Bonior	Gejdenson	Lundine
Bonker	Gekas	MacKay
Borski	Gephardt	Markey
Bosco	Gilman	Martin (NY)
Boucher	Glickman	Martinez
Boxer	Gonzalez	Matsui
Breaux	Goodling	Mazzoli
Britt	Gore	McCloskey
Brooks	Green	McCurdy
Brown (CA)	Guarini	McHugh
Bryant	Gunderson	McKinney
Byron	Hall (OH)	McNulty
Carper	Hall, Ralph	Mica
Carr	Hall, Sam	Mikulski
Chappell	Hamilton	Miller (CA)
Clarke	Hammerschmidt	Mineta
Clay	Harkin	Minish
Coleman (TX)	Hatcher	Mitchell
Collins	Hayes	Moakley
Conte	Hefner	Molinari
Conyers	Hertel	Mollohan
Cooper	Hightower	Moody
Crockett	Holt	Moore
D'Amours	Howard	Morrison (CT)
Darden	Hoyer	Mrazek
Daschle	Hubbard	Murtha
Davis	Huckaby	Myers
de la Garza	Hughes	Natcher
Dellums	Hutto	Neal
Derrick	Ireland	Nelson
Dicks	Jacobs	Nichols
Dingell	Jeffords	Nowak
Dixon	Jenkins	O'Brien
Donnelly	Johnson	Oakar
Dorgan	Jones (OK)	Oberstar
Dowdy	Jones (TN)	Obey
Olin	Russo	Tallon
Ortiz	Sabo	Tauke
Ottinger	Sawyer	Tauzin
Owens	Scheuer	Thomas (GA)
Panetta	Schneider	Torres
Patman	Schroeder	Torricelli
Patterson	Schumer	Towns
Pease	Seiberling	Traxler
Penny	Sharp	Udall
Pepper	Shelby	Valentine
Perkins	Sikorski	Vandergriff
Pickle	Simon	Vento
Price	Sisisky	Volkmer
Pritchard	Skeen	Walgren
Pursell	Skelton	Watkins
Rahall	Slattery	Waxman
Rangel	Smith (FL)	Weaver
Ratchford	Smith (IA)	Weiss
Ray	Smith (NE)	Wheat
Reid	Smith (NJ)	Whitley
Richardson	Snowe	Whitten
Ridge	Solarz	Williams (OH)
Rinaldo	Spratt	Wirth
Rodino	St Germain	Wise
Roe	Staggers	Wolpe
Roemer	Stark	Wright
Rose	Stokes	Wyden
Rostenkowski	Stratton	Yates
Roukema	Studds	Young (AK)
Rowland	Swift	Young (MO)
Roybal	Synar	

NAYS—125

Archer	Gradison	Packard
Badham	Gramm	Parris
Bartlett	Gregg	Pashayan
Bateman	Hansen (UT)	Petri
Bereuter	Hartnett	Porter
Bethune	Hiler	Quillen
Bilirakis	Hillis	Regula
Bliley	Hopkins	Ritter
Broomfield	Hunter	Roberts
Brown (CO)	Hyde	Robinson
Broyhill	Kasich	Rogers
Campbell	Kemp	Rudd
Carney	Kindness	Schaefer
Chandler	Kramer	Sensenbrenner
Chappie	Lagomarsino	Shaw
Cheney	Latta	Shumway
Clinger	Lewis (CA)	Shuster
Coats	Lewis (FL)	Siljander
Coleman (MO)	Livingston	Smith, Denny
Conable	Loeffler	Smith, Robert
Corcoran	Lott	Snyder
Coughlin	Lowery (CA)	Solomon
Courter	Lungren	Spence
Craig	Mack	Stangeland
Crane, Daniel	Madigan	Stenholm
Crane, Philip	Marlenee	Stump
Daniel	Marriott	Sundquist
Dannemeyer	Martin (IL)	Taylor
Daub	Martin (NC)	Thomas (CA)
DeWine	McCain	Vander Jagt
Dickinson	McCandless	Vucanovich
Dreier	McCollum	Walker
Edwards (AL)	McEwen	Weber
Edwards (OK)	McGrath	Whitehurst
Emerson	McKernan	Whittaker
Erlenborn	Michel	Winn
Fiedler	Miller (OH)	Wolf
Fields	Montgomery	Wortley
Fish	Moorhead	Wylie
Franklin	Morrison (WA)	Young (FL)
Frenzel	Nielson	Zschau
Gingrich	Oxley	

NOT VOTING—33

AuCoin	Gray	Mavroules
Burton (CA)	Hall (IN)	McDade
Burton (IN)	Hance	Murphy
Coelho	Hansen (ID)	Paul
Coyne	Harrison	Roth
Edgar	Hawkins	Savage
Ferraro	Heftel	Schulze
Foglietta	Horton	Shannon
Foley	Jones (NC)	Williams (MT)
Frost	Kazen	Wilson
Gibbons	Lent	Yatron

□ 1400

Messrs. DANIEL B. CRANE, MARLENEE, and BROOMFIELD changed their votes from "yea" to "nay."

Messrs. RIDGE and DAVIS changed their votes from "nay" to "yea."

So the resolution was agreed to.

A motion to reconsider was laid on the table.

The result of the vote was announced as above recorded.

□ 1410

PANAMA CANAL APPROPRIATIONS AUTHORIZATION ACT, FISCAL YEAR 1985

The SPEAKER pro tempore. Pursuant to House Resolution 471 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 4900.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4900) to authorize appropriations for fiscal year 1985 for the operation and maintenance of the Panama Canal, and for other purposes, with Mr. KILDEE in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from Kentucky (Mr. HUBBARD) will be recognized for 30 minutes and the gentleman from New York (Mr. CARNEY) will be recognized for 30 minutes.

The Chair recognized the gentleman from Kentucky (Mr. HUBBARD).

Mr. HUBBARD. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman and my colleagues, I rise in support of House bill 4900, a bill which I introduced along with many of my colleagues from the Merchant Marine and Fisheries Committee. This bill authorizes appropriations for fiscal year 1985 for the operation and maintenance of the Panama Canal. Such authorizing legislation is required by the provisions of the Panama Canal Act of 1979, Public Law 96-70, establishing the Panama Canal Commission as an agency in the executive branch of the U.S. Government for the operation of the Panama Canal under the President of the United States and the Secretary of Defense.

House bill 4900, as reported by the Merchant Marine and Fisheries Committee, sets an overall funding level of $443,946,000 of which $27,900,000 is for capital improvements which shall remain available until expended. This bill does include specific limitations on certain designated expenses of the Commission, but does not deter the Commission from operating efficiently and effectively.

The Panama Canal Commission is a completely unique agency in that it has its own specific funding. The intent of the Panama Canal Act of 1979 was to assure that the canal operate at no cost to the U.S. taxpayers. The Panama Canal Commission is obligated by law to operate within a balanced budget and can only be appropriated the amount that it estimates will be collected as revenue by tolls levied on ships transiting the Panama Canal. Tolls are set to recover all costs of operating and maintaining the canal and are paid, together with other Commission revenues, into the Panama Canal Commission fund established in the U.S. Treasury.

Mr. Chairman, at markup in the Merchant Marine and Fisheries Committee, two amendments were adopted. The first, offered by the gentleman from Louisiana (Mr. TAUZIN), struck from the bill the administration's proposal to shift the source of Commission appropriations from the Panama Canal Commission Fund to the general fund of the Treasury.

The full committee rejected the proposed shift in Commission financing for several reasons. First, there was sentiment that the proposed change accomplished nothing substantive. Under current practice, the Commission's cash-flow problem has been solved in a workable manner with the understanding that the $85.5 million will eventually be repaid in accordance with the fiscal 1981 Appropriation Act. Second, the full committee on Merchant Marine and Fisheries was concerned that the proposed language on the repayment of deficits appeared to give implied agreement to such deficits and would allow one deficit to be repaid simply by creating another deficit. This the committee felt should not be done. Third, the committee continues to support the fundamental underlying principle of the Panama Canal Act of 1979 that taxpayer money should not be appropriated for the operation of the canal, which the administration's proposal would have done. Lastly, the committee concluded that the existence of the separate Panama Canal Commission Fund would aid the committee's oversight of the Commission's affairs.

A second committee amendment, offered by the gentleman from California (Mr. SHUMWAY) authorizes the President of the United States to undertake efforts to continue the military commissary, exchange, and APO mail privileges currently enjoyed by the American employees of the Panama Canal Commission after their scheduled termination date of September 30, 1984. A compensating allowance would be authorized by this amendment in the event of loss of these privileges.

Prior to the adoption of the Panama Canal treaties, employees of the canal were able to shop at company-run grocery and retail stores, and the Canal Zone Government maintained its own postal system. These facilities were abolished on October 1, 1979, when the Panama Canal treaties took effect. However, the American employees of the newly formed Panama Canal Commission were allowed a 5-year period during which they could use military commissary, exchange, and APO mail privileges available to U.S. military personnel in Panama. U.S. employees feel that our Government should try to have these privileges extended or should in some way compensate them for their anticipated loss.

Should negotiations on an executive level fail, then the Panama Canal Act of 1979 authorizes, but does not require, a cost-of-living allowance be paid to the employees affected to compensate them for the loss of these privileges. The Panama Canal Commission has allotted $4 million for this possible compensation; however, it is unclear at this time how much, if any, cost-of-living adjustment will be issued.

Mr. Chairman, passage of this authorization bill would permit the Panama Canal Commission to continue operating the canal efficiently and smoothly, thus benefiting the foreign commerce and national security of the United States and her neighbors in Latin America.

This legislation is needed. In 1977, 1978, and 1979, I was among those in the House who opposed the Panama Canal treaties; indeed, the majority of my constituents were opposed to it down in western Kentucky. But having been to Panama on several occasions, and having been the chairman of this subcommittee for some years, I am aware that the United States has benefited from the treaties and that, indeed, we have a strong ally in Panama, one that we certainly need in that part of the world. That is for sure.

Mr. Chairman, I urge my colleagues to support H.R. 4900, the Panama Canal Authorization Act for fiscal year 1985.

□ 1420

Mr. CARNEY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I thank the chairman of the subcommittee very much for summarizing what is in the fiscal year 1985 Panama Canal Commission authorization bill before us today. I also want to commend you for your diligence in seeking timely House action on this legislation. Certainly we will never be able to seize control over this agency if we do not address its operations in an authorization bill.

As you know, at the proper time, I intend to offer an amendment in an attempt to keep appropriations for the Panama Canal more in line with canal

revenues and discourage unnecessary spending.

But at this time, I would like to take a few moments to discuss the nature of canal operations since the 1977 Panama Canal treaties entered into force on October 1, 1979, and the issues Congress must address in this authorizing legislation.

These issues include the level and purpose of appropriations, particularly in view of the canal's declining revenues and increasing operating expenses, and the loss of control over money belonging to the U.S. Government needed to fund canal operations. In addition, H.R. 4900 authorizes a cost-of-living allowance for a select group of approximately 1,000 Federal employees to offset the loss of military exchange, commissary, and postal privileges mandated by the treaty.

Canal operations under the 1977 Panama Canal treaties present Congress with a dilemma. The United States is fully financially responsible for operating and maintaining the canal until the year 2000, but the treaty requires declining U.S. participation in that operation and so we are gradually losing control. Moreover, while the Panamanians are assuming increasing control of the canal, they will have no financial responsibility until the year 2000.

This means that strong congressional oversight will be required in order to exercise any control over Panamanians operating the canal with money from the U.S. Treasury over the next 16 years.

On treaty day, the United States relinquished sovereignty over the entire Panama Canal Zone, completely changing the conditions under which the canal operates. The governmental functions of the agency that originally was responsible for the canal and the Canal Zone Government have been abolished.

The railroad, the piers, and other commercial business activities carried out by the predecessor canal company have been discontinued, reducing overall revenues by many millions of dollars per year. On October 1, 1979, extensive real estate holdings were transferred to the Republic of Panama, and property transfers will continue over the life of the treaty.

Along with drastically reducing revenues realized from overall canal operations, the Panama Canal Treaty also increased canal operating costs because of provisions for payments to Panama. These payments have totaled over $300 million in the treaty's first 4 years and they will increase biennially beginning in fiscal year 1985 because tonnage payments will be indexed to keep up with inflation in the United States.

Also during the 20-year transition to full Panamanian control of the canal, increasing numbers of Panamanians will assume positions of responsibility in the Panama Canal Commission. Four of the nine members of the Supervisory Board, the Deputy Administrator, and a continuously increasing number of administrative employees are Panamanian. Beginning in 1990, the Administrator will be a Panamanian national.

According to the Government of Panama, its citizens are responsible only under the laws of Panama in the performance of their official duties. The United States has acquiesced in this position.

So under the treaties, the United States is faced with full financial responsibility for a canal located in another country and run by increasing numbers of foreign nationals not subject to U.S. law.

In order to deal with this dilemma, and provide for the exercise of maximum control over canal operations, Congress passed the Panama Canal Act of 1979, Public Law 96-70, to implement the treaties.

Public Law 96-70 established the Panama Canal Commission as an appropriated fund agency, subject to the same fiscal and administrative controls to government agencies generally. The most conspicuous effect of this arrangement is that all revenues derived from the operation of the canal are paid into the U.S. Treasury. Canal revenues belong to the U.S. Government. They are deposited in the Treasury and they may be expended only upon, and in accordance with, the terms of congressional authorization and appropriation acts.

The Panama Canal Act of 1979 was designed to provide for close congressional oversight over the canal operations. Indeed congressional oversight was the centerpiece of the implementing legislation, and it is growing more important with the passage of time because of the progressive changes in the organization and management of the canal contemplated by the treaty.

The canal revenue picture aggravates the problem. The loss of the Alaska North Slope oil trade to the Trans-Panama Pipeline in 1983 and the world shipping recession drastically cut canal revenues, and reduced traffic by over 16 percent. Fiscal year 1983 canal revenues were $42 million below the prior year.

At our committee hearings on the authorization in February 1984, we were told that the loss of Alaska North Slope traffic and economic recession in the maritime industry have caused a sizable decline in canal traffic and tolls revenue and that canal revenues are on the decline. Even with a tolls increase in fiscal year 1983, revenues that year were $42 million below 1982.

Since then, the Commission's recent appropriations requests suggest their revenue estimates leave much to be desired and, in fact, are based on what the Commission wants to spend rather than what it will take in.

Consider the past 2 years. In fiscal year 1983, the Commission requested an appropriation of $452.6 million; that same year, actual receipts totaled $398.4 million. For fiscal year 1984, the Commission requested an even higher appropriation of $453.8 million; yet they now project revenues to be $411.2 million. As a result, over $25 million has been proposed for rescission this year. Obviously Congress has appropriated the Commission too much money and we ought to cut back now before spending gets even more out of hand.

These figures suggest there is good reason to question not only the rationale for the fiscal year 1985 appropriation request of $443.9 million, but the Commission's revenue projections on which that request is based. The Commission is projecting that fiscal year 1985 revenues will exceed even the $440.1 million in receipts taken in during the Commission's 1982 banner year, which occurred prior to the opening of the Trans-Panama Pipeline and the loss of Alaska North Slope oil traffic. It does not make much sense.

It is up to the Congress to make sure that appropriations to the Panama Canal Commission conform as closely as possible to canal revenues; otherwise, the taxpayer will have to pay the difference. There is absolutely no prohibition in the law against the use of taxpayer dollars to operate the canal. Appropriations are limited to estimated canal revenues but there is no statutory requirement that appropriations be made solely from the Panama Canal Commission Fund and not from the general fund.

In the event that revenues are insufficient to cover all authorized operating expenses of the canal, appropriations would necessarily be made from the general fund for payment of such operating costs. The treaty obligation to maintain and operate the canal would require the United States to make such appropriation. Inasmuch as under the 1977 treaty the United States has the obligation to continue operation of the Panama Canal until the end of the century and the source of funds for that operation is not limited by treaty or by statute to the revenues derived from the operation, any cost of the operation is a general obligation of the United States payable from the general fund if the revenues from the operation are insufficient to cover the costs.

Indeed, the use of taxpayer dollars is clearly contemplated in the Panama Canal Act if canal revenues do not cover costs, or if there are no canal revenues at all.

With operating costs on the increase, no plans to raise tolls, and the

canal revenues on the decline, the taxpayers of this country should be interested in how the canal is spending appropriate funds.

For example, in the past 4 years, the Commission has spent some $5.6 million for employee recreation and facilities, to cover the costs of such things as swimming pools and tennis court maintenance. Even though the Commission had a $4 million loss last year, they plan to spend another $2.5 million to continue this recreation program over the next 2 years.

In addition to this multimillion dollar recreation program, H.R. 4900 contains an unlimited authorization for a special contingency fund for "disbursements by the Administrator of the Commission for employee recreation and community projects." These are cash grants, made at the Administrator's discretion, to certain clubs like yacht clubs, country clubs, golf clubs, riding clubs, and saddle clubs, for the purpose of improving employee morale and welfare. Since treaty day, the Administrator has disbursed over $100,000, an excessive amount, to these selected groups, and despite declining revenues, there has been no effort to curtail this practice.

Such disbursements might have been appropriate under conditions that prevailed during earlier years, but it is almost impossible to justify this type of spending in the context of present day restrictions on spending by U.S. Government agencies and certainly when canal revenues are not covering costs, and revenues and traffic are on the decline.

Another "perk" for the Administrator is a free residence, complete with maids, gardeners, servants, and round-the-clock chauffeur service. If the press in this country is upset about isolated incidents involving the private use of Government vehicles, how about the 24-hour chauffeur service which cost about $25,000 per year for a car and driver which is available to the Administrator of the Panama Canal Commission round the clock? And this is in addition to H.R. 4900's unlimited authorization for the "residence of the Administrator" which, in 1983, cost over $100,000 for general maintenance and operation of the residence, including almost $50,000 for his household staff. On top of that is an entertainment account of $25,000 per year!

Despite the U.S. Comptroller General's 1982 decision (B-204078) that the residence expenses of the Administrator are within the scope of 5 U.S.C. 5913, and that the Administrator is therefore required to pay 5 percent of his salary for rent (approximately $3,000), he continues to live rent free.

In addition, the American people ought to know that the Congress is moving even further to feather the Administrator's nest. The Panama Canal Subcommittee just has approved unlimited authority for the Administrator to settle claims. If that bill passes, the Administrator of the Panama Canal Commission, who will be a foreign national in 1990, will have more authority to incur obligations against the U.S. Treasury than even our own U.S. Cabinet officers. The Reagan administration agrees with me that the United States should not be liable for vessel accidents in the Panama Canal, and I would alert my colleagues to my separate statement on this issue in today's RECORD.

Mr. Chairman, Congress is abdicating its responsibility to the American people by not insisting on some serious belt tightening in canal operations.

If the present trends are allowed to continue, in 1990 we are going to have a Panamanian Administrator of the Panana Canal with a "cushier" job than the President of Panama. He will have a direct pipeline into the U.S. Treasury, and all at U.S. expense.

If present Commission spending patterns are allowed to continue, Congress will have to take the blame for supporting, with the U.S. Government's money, a new privileged class in Panama comprised of those lucky enough to work for the canal.

Speaking of privileges, Mr. Chairman, I would like to discuss the special cost-of-living allowance for U.S. citizen employees of the Commission which is authorized in H.R. 4900. It is designed to offset the loss of military postal, exchange, and commissary privileges pursuant to paragraph 2, article 13, of the agreement in implementation of article 3 of the Panama Canal Treaty of 1977. Approximately 1,000 Commission employees will be affected by this loss of privileges and the Commission's budget includes $4 million to compensate for this loss. This breaks down to a pay increase of about $4,000 per employee for the first year. Commission employees have testified that this is not enough to cover increased living costs they will have to bear as a result of this loss of privilege.

In my view, it is more reasonable and cost conscious to extend the privileges than to provide a compensatory COLA for these employees. Such an extension would require the concurrence of the Panamanian Government and, if granted, would tell us Panama needs and wants the remaining U.S. citizen Commission employees to stay on the job and proceed with the transition to full Panamanian control of the canal.

If that is not the case, however, this Nation should seriously consider the possible effects of setting a precedent by authorizing a COLA to compensate a select group of approximately 1,000 employees of one Federal agency for lost "privileges" at a time when Americans all across this land are being asked to pay more and pay directly for services that traditionally have been provided by their Government.

Mr. Chairman, there are approximately 1,650 permanent U.S. citizen employees of the Panama Canal Commission to whom an estimated $72.3 million will be paid as total compensation in 1984. That works out almost $44,000 a year. Of those employees, in fiscal year 1983, 82 percent of the pilot force earned between $65,000 and $100,000 per year. By comparison, the average salary of the remaining 6,900 Panamanian, 3 country nations Commission employees is about $16,400. For further comparison, 1983 Office of Personnel Management statistics indicate that the average salary of the average Federal employee working in the United States is $24,000, and the average salary paid to U.S. employees working abroad is $23,300.

Mr. Chairman, these Americans working for the Commission were not sent to Panama by the U.S. Government to work. They went on their own free will because they wanted to, and not because they were on official orders. The treaty granted them eligibility for military exchange, commissary and postal privileges for the first 5 years under the treaty. They were not necessarily eligible for these benefits before the treaty entered into force, though they could use facilities run by the predecessor company and the Canal Zone Government. However, those facilities and services may no longer be provided under the treaty. Also under the treaty, the number of Americans working at the canal is supposed to decrease. Would we, therefore, violate the spirit of the treaties if we provided an incentive for these Americans to stay? Will canal revenues cover these personnel costs? If they will not, should the American people be asked to support this one group of employees in the manner being proposed? I think not, and hope the privileges will be extended so we can avoid setting a precedent and authorizing the COLA as provided in this bill.

Mr. Chairman, it is the job of the Congress to see that money belonging to the Government from whatever source is spent wisely. We must make sure that the Commission sets an example for the frugal operation of the canal which can be followed when the Panamanians assume full control in the year 2000. If the United States is to operate and maintain the canal effectively, efficiently, and properly between now and the year 2000, unnecessary expenditures of appropriated funds should not be permitted.

Some would argue that there is no sense in trying to reduce spending by the Panama Canal Commission because any savings could result in a profit payment to Panama. But it makes absolutely no sense whatever to

embark on an extensive spending program solely for the purpose of bringing expenditures up to the level of revenues. Such increased Government spending is inconsistent with our efforts to reduce the deficit, and contrary to the competitive operation of the canal. By limiting the Commission's authority to spend, Congress can help reduce the need for a toll increase and keep costs down. And when we have testimony that revenues are on the decline, we need to cut costs to promote the operation of a self-sufficient canal. And I am sure my colleagues will agree that there are a number of Commission spending programs which have nothing to do with the actual operation of the canal that could and should be cut.

At the proper time, I intend to offer an amendment in an attempt to more closely conform the Commission's authorization to canal revenues. It is designed to help the Commission cut out unnecessary spending to promote a tighter, more efficient canal operation. This will help canal users and the U.S. taxpayers alike.

□ 1440

The CHAIRMAN. The gentleman from New York (Mr. CARNEY) has consumed 23 minutes and the gentleman from Kentucky (Mr. HUBBARD) has consumed 6 minutes.

Mr. HUBBARD. Mr. Chairman, I yield myself such time as I may consume to respond briefly to the 23 minutes taken up by my friend from New York (Mr. CARNEY).

I would only respond in these ways: One, by saying that the Panama Canal Commission does now and always has operated solely on its own revenues. The 1979 act requires this by stating that canal tolls must cover all of the costs. I repeat: All costs of the canal operations.

I trust my friend from New York understands that, and yet he did not mention that.

The Panama Canal Commission has not violated this provision of the law. The Panama Canal Commission does not spend one dime of taxpayers' money for its operation.

The gentleman has implied that the United States will somehow lose control of the Panama Canal Commission in 1990 when the Administrator who takes over at that time is a Panamanian. This simply is not true.

The Supervisory Board of the Panama Canal Commission has final authority over every decision concerning the Panama Canal Commission and the canal operations. This Board is composed of five Americans and four Panamanians and the Defense Department designee on the Board has the power to direct the votes of the other four Americans. Therefore, the United States does now and will continue to control every aspect of canal operations until the year 2000.

Mr. Chairman, I have heard the comments of my friend from New York and I am surprised and disappointed at his comments regarding expenditures by the Commission.

I know with the members of the Commission, five Americans and four Panamanians, the Americans control the Commission. The Chairman of the Board, the Honorable Bill Gianelli, appointed by President Reagan, does an excellent job. The Administrator, the long-time Administrator of the Panama Canal Commission, General McAuliffe, who served under President Carter and has served under President Reagan, continues to do an excellent job and is frugal in his expenditures, and does the best he can for the United States to protect our interests in that area.

The administration supports House bill 4900. Our full committee supported it overwhelmingly.

I know my colleague from the other side, the gentleman from California (Mr. SHUMWAY) also wishes to speak on this. I have only taken about 10 minutes on this side and I would yield to the gentleman from California at this point to give him sufficient time in that there is only about 6 or 7 minutes left on his side.

Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. SHUMWAY).

Mr. SHUMWAY. I appreciate yielding of time by the honorable chairman of the subcommittee. I am delighted to have this chance to speak in favor of H.R. 4900.

I do not believe that I can rebut point by point each of those points that were made so eloquently by the ranking minority member, whom I respect very much, by the way, and who I know has given this bill a great deal of thought and attention.

But I would like to make some points known that need to be known in this debate so that we can cast intelligent votes hereafter.

I was one of those who indeed opposed those treaties back in 1977 when they were negotiated. It seemed to me that it was a mistake at that time, and I was upset when those treaties were ratified the following year.

In 1979 when I became a Member of Congress we did pass the Panama Canal Act which was the implementing legislation to carry out the terms of those treaties. I recall at that time I voted against that bill simply as a way of manifesting my unhappiness with the fact that we had negotiated a means to give away the Panama Canal.

But the point is inescapable that those treaties and the implementing legislation adopted pursuant thereto now represent the law of this land. I think it is incumbent upon all of us, as sworn Representatives serving in the Congress of the United States, to uphold that law and to make the very best of the situation that we now confront.

The fact of the matter is the Panama Canal and its continued healthy operation is indispensable to this country. Seventy-five percent of the ocean-going transits through that canal either originate or come from one of the U.S. ports. Certainly we know for our defense needs how vital that canal is for U.S. security.

We now operate the canal through the device known as the Panama Canal Commission which is an agency of the U.S. Government and, as has been said in this debate, it is contemplated under the implementing legislation and the treaty itself that there will be a gradual transition until the turnover of the canal in the year 2000.

During that period of time those American employees who are now part of the Panama Canal Commission will be phased out, and skilled and trained and capable Panamanians will enter the picture to take their place.

But it has always been assumed that the transition would occur over a gradual process. It cannot happen overnight. If there were an attempt to have it happen overnight we would be faced with the situation where the canal simply could not run. And, as I suggested, our defense interests would be put at stake and certainly there would be a very devastating impact upon international commerce.

The old Canal Zone, as it operated before the treaties, before 1977, obviously was committed to many excesses. I was there and I saw some of the vestiges of that program and, therefore, it is no surprise to me that the Panamanians rose up and said, "We have to have something else." And perhaps it is no surprise that the treaties were eventually negotiated as a result.

But the Panama Canal Commission which took the place of the old Panama Canal Zone is a conservatively run, efficiently run operation, and I am suggesting to you that it needs to stay in place and needs to be funded fully for the service which it provides.

The Panama Canal Commission is respected by the Panamanians. The bill which is now before us has the wholehearted endorsement of this administration because they realize, as I do, the vital importance of the canal.

□ 1450

We have now in place in Panama about 1,000 American employees and dependents. They are people who eventually will be replaced by the year 2000. Come September 30 of this year they will lose the privileges they have heretofore enjoyed to shop in the com-

missaries and PX's and to use the APO military mailing system.

Recognizing this fact and recognizing the fact that if some kind of compensating mechanism is not available to them, there will be a mass exodus of those 1,000 employees and a devastating effect on the operation of the canal; accordingly, I sponsored an amendment in the committee which has been referred here to as "the Shumway amendment" which calls upon the President to renegotiate that particular aspect of the treaty, to sit down with the Panamanians to see if we cannot turn that direction around.

As a backup mechanism, assuming we do not succeed in that effort, I have provided for some kind of cost-of-living adjustment, such sums as might be appropriate. There are now studies underway; we do not know how they will evaluate those particular employment benefits, but those studies are expected to be completed very shortly and I do think that we will have an accurate index as to what the COLA might consist of.

I suggest no matter how much money it places in their pockets, it will never pay for the loss of fresh dairy products, fresh meat, pharmaceuticals for their children, and other things they are now privileged to buy in the commissaries and PX's. That especially is the case since many of these employees of the Panama Canal Commission are living next to employees working for the Department of Defense, Americans again, who have the right to do this shopping where the members of the Panama Canal Commission will be denied that right come October 1.

If indeed there were going to be some cost saving to Americans and some reduction of the deficit by the paring of this program, the $8.3 million that the gentleman from New York's (Mr. CARNEY) amendment will address, I would certainly support that. But I suggest to you that simply is not the case.

As the matter now stands, under the treaties, article 13, as well as the implementing legislation, section 1341, any profits, that is an excess of receipts over expenditures, up to $10 million per year must go to the Panamanians. If indeed we are able to cut out of this budget that much money we are not going to save it, we are not going to help our own budget by it.

We are going to turn it over to the Government of Panama.

The fact of the matter is the Commission's expenditures are limited to the total appropriations or the actual receipts, whichever is less. The Commission cannot spend beyond what it receives in spite of what kind of budgets we may approve for it here. It seems to me, therefore, from a prudent budgeting standpoint, it would be advisable that the Commission base its appropriations request on the optimum projected revenue level.

This would insure that the appropriate appropriation be available, should revenues materialize at that level. But when the optimum level is not experienced, then the Commission is required to hold down its expenditures to the actual revenues received. In effect, that is what the Commission has been required to do in recent years.

So I am suggesting to you that we are not going to really enact any great savings by adopting the gentleman's amendment. In fact, we will be crippling the operation of the canal. The bottom line result of that kind of amendment will be to deprive these American employees of the cost-of-living allowance that I think is going to be essential for them to stay in place and provide the very vital service which they have provided.

There is no doubt about the fact that there has been a worldwide recession; that revenues are down; there is now an oil pipeline in place, that takes away some of the shipping. But we are now going back, we are getting back some of the revenues we lost during the recession. Revenues in fact are up this year, for the first 4 months, and I think we will see that indeed the canal can be operated on a fiscally sound and very efficient basis if we simply approve this bill, which will allow that program to go ahead.

I would therefore urge all of my colleagues to reject the amendment of the gentleman from New York and vote in favor of the bill.

Mr. CARNEY. Mr. Chairman, will the gentleman yield?

Mr. SHUMWAY. I yield to the gentleman.

Mr. CARNEY. The gentleman referred to my amendment as crippling the COLA. Mr. Speaker, my amendment does not cripple the COLA. My amendment calls for a 2-percent reduction. Perhaps maybe we can cripple things like paying for swimming clubs, golf clubs, yacht clubs, chauffeurs. Maybe the Commissioner can pay rent like every other American does when he is provided housing. Maybe we can cut back on those things.

What have they done? I have a letter from——

Mr. SHUMWAY. Can I respond first to that point, and reclaim my time? The fact of the matter is, my opposition to the gentleman's amendment is not based upon its addressing specifically the COLA issue which is sensitive to me.

I simply saying that if operating revenues are cut down in the measure the gentleman is proposing, the bottom line, the savings area, may well be the cost-of-living allowance which I think is essential to keep those employees in place. I do not know that that is the case.

Perhaps they will cut out the programs that the gentleman is very concerned about. I would certainly hope so. But to the extent that that is not the result, and I have reason to believe that may not be the case, I think that the amendment does some mischief to the overall program.

Mr. Chairman, I thank the gentleman for yielding, and I yield back the balance of my time, if I have any.

Mr. CARNEY. Mr. Chairman, I have no more requests for time, and I yield back the balance of my time.

Mr. HUBBARD. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

The CHAIRMAN. Pursuant to the rule, each section is considered as having been read for amendment under the 5-minute rule.

The Clerk will designate section 1.

The text of section 1 is as follows:

H.R. 4900

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Panama Canal Appropriations Authorization Act, Fiscal Year 1985".

Mr. HUBBARD. Mr. Chairman, I ask unanimous consent that the bill be printed in the RECORD and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The text of the remainder of H.R. 4900 is as follows:

OPERATING EXPENSES

SEC. 2. There is authorized to be appropriated from the Panama Canal Commission Fund to the Panama Canal Commission (hereafter in this Act referred to as the "Commission") for the fiscal year beginning October 1, 1984, not more than $443,946,000, for necessary expenses of the Commission incurred under the Panama Canal Act of 1979 (Public Law 96-70; 22 U.S.C. 3601 et seq.), including expenses for—

(1) the hire of passenger motor vehicles and aircraft;

(2) uniforms, or allowances therefor, as authorized by sections 5901 and 5902 of title 5, United States Code;

(3) official receptions and representation, except that not more than $33,000 may be made available for such expenses, of which (A) not more than $8,000 may be made available for such expenses of the Supervisory Board of the Commission, and (B) not more than $25,000 may be made available for such expenses of the Administrator of the Commission;

(4) the operation of guide services;

(5) a residence for the Administrator of the Commission;

(6) disbursements by the Administrator of the Commission for employee recreation and community projects; and

(7) the procurement of expert and consultant services, as provided in section 3109 of title 5, United States Code.

CAPITAL OUTLAY

SEC. 3. Of any funds appropriated pursuant to section 2 of this Act, not more than $27,900,000 (which is authorized to remain available until expended) may be made available for the acquisition, construction, replacement, and improvement of facilities, structures, and equipment required by the Commission, including the purchase of not more than 44 passenger motor vehicles for replacement only.

REIMBURSEMENT OF OTHER AGENCIES

SEC. 4. There is authorized to be credited to the amount appropriated pursuant to section 2 of this Act, for payment to other United States Government agencies, an amount equal to the amount of funds received from officers and employees of the Commission or commercial insurers of such officers and employees for expenditures made for services provided to such officers and employees and their dependents by such other agencies.

AUTHORIZATION OF ADDITIONAL APPROPRIATIONS

SEC. 5. In addition to the amount authorized to be appropriated by section 2 of this Act, there are authorized to be appropriated to the Commission for the fiscal year 1985 such amounts as may be necessary for increases in salary, pay, retirement, and other employee benefits provided by law, for covering payments to Panama under paragraph 4(a) of article XIII of the Panama Canal Treaty Act of 1977, as provided by section 1341(a) of the Panama Canal Act of 1979 (22 U.S.C. 3751), and for increased costs for fuel.

AMENDMENTS TO PANAMA CANAL ACT OF 1979

SEC. 6. (a)(1) Section 1302 of the Panama Canal Act of 1979 (22 U.S.C. 3712) is amended—

(A) in the section heading by striking out "Company Funds;"; and

(B) by striking out subsections (a) and (b) and inserting in lieu thereof the following:

"(a) On October 1, 1984, the account appearing on the books of the United States Government as the 'Panama Canal Commission Fund (95-1203-5-1-403)' shall be terminated, and any unexpended balances under such account as of that date shall be covered into the General Fund of the Treasury.

"(b) Effective October 1, 1984, tolls for the use of the Panama Canal and all other receipts of the Commission shall be credited to the miscellaneous receipts of the Treasury.".

(2) Section 1302 of that Act is further amended—

(A) in subsection (c)(2) by striking out "No" in the first sentence and inserting in lieu thereof "Subject to subsection (d) of this section, no";

(B) by redesignating subsections (d) and (e) as subsections (e) and (f), respectively; and

(C) by inserting after subsection (c) the following new subsection:

"(d) If, at the close of any fiscal year ending on or after September 30, 1984, all the receipts of the Commission which have been deposited in the Treasury since October 1, 1979, are less than all the expenditures of the Commission since October 1, 1979, then the amount of that deficit shall be subtracted from the amount of the receipts of the Commission (as such amount is estimated by the Secretary of Defense and certified by the Comptroller General pursuant to subsection (c)(2) of this section) for the second fiscal year beginning after the fiscal year in which the deficit is incurred, and not more than the remaining amount may be appropriated to or for the use of the Commission for the second fiscal year beginning after the fiscal year in which the deficit is incurred.".

(3) Section 1302(e)(2) of that Act is amended—

(A) by striking out "revenues deposited in the Panama Canal Commission fund" each place it appears and inserting in lieu thereof "receipts of the Commission deposited in the Treasury"; and

(B) by striking out "revenues deposited in such Fund" and inserting in lieu thereof "receipts of the Commission deposited in the Treasury".

(b) Section 1344(b)(4) of the Panama Canal Act of 1979 (22 U.S.C. 3754(b)(4)) is amended by striking out "deposited in the Panama Canal Commission Fund" and inserting in lieu thereof "of receipts of the Commission deposited in the Treasury".

(c) Section 1341(f) of the Panama Canal Act of 1979 (22 U.S.C. 3751(f)) is amended by inserting ", 1302(d)," after "1302(e)".

COMMITTEE AMENDMENTS

The CHAIRMAN. The Clerk will report the first committee amendment.

Mr. HUBBARD. Mr. Chairman, I ask unanimous consent that the committee amendments be considered as read, printed in the RECORD, and considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The text of the committee amendments is as follows:

Committee amendments: On page 2, line 5, after the word "appropriated" insert "from the Panama Canal Commission Fund".

On page 4, line 11, strike out all of section 6 from the bill.

Add the following new section at the end of the bill:

CONTINUATION OF PRIVILEGES

SEC. 6. (a) The President shall attempt, through appropriate means, to continue the availability after September 30, 1984, of military postal services, commissaries, and military exchanges to all employees of the Panama Canal Commission who are United States Citizens and their dependents.

(b) If the availability of services, commissaries, and exchanges referred to in subsection (a) is not continued after September 30, 1984, there is authorized to be appropriated such sums as may be necessary for the allowance provided for in section 1206 of the Panama Canal Act of 1979 (22 U.S.C. 3646), together with such other compensation as is determined to be necessary to offset the loss of services, commissaries, and exchanges referred to in subsection (a).

Mr. HUBBARD. Mr. Chairman, I have explained the committee amendments in my opening statement, so I will not take the time of my colleagues in the House to repeat what these amendments will accomplish.

I would say that the amendments under consideration passed by voice vote during the committee markup, and I urge my colleagues in the House of Representatives to adopt these amendments which are needed to the legislation.

The CHAIRMAN. The question is on the committee amendments.

The committee amendments were agreed to.

The CHAIRMAN. Are there further amendments to the bill?

AMENDMENT OFFERED BY MR. CARNEY

Mr. CARNEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CARNEY: Page 2, line 9, strike "$443,946,000" and insert in lieu thereof "$435,653,000".

Mr. CARNEY. Mr. Chairman, this amendment cuts less than 2 percent, or $8.3 million in the overall authorization appropriation request which still allows for an increase of $21.9 million, or 5 percent over the adjusted fiscal year 1984 appropriations for the Panama Canal Commission.

And it is important that we recognize the need for a 1984 appropriations adjustment, because in fiscal year 1984, the Commission asked for so much money that we have to make a recission.

The justification for the cut is twofold: First, the Commission must cut its operating expenses this year to accommodate the $25,375,000 recission proposal. Thus it should be easy for the Commission to continue these savings in the coming year, particularly the $5,127,000 for supporting operations and administrative and general operating expenses which have nothing to do with the defense capabilities of the canal.

I have already highlighted the types of spending that are included in these categories.

The balance of the cut comes from the Commission's tolls revenue shortfall already experienced this year. The tolls revenues for the first 5 months of fiscal year 1984, and I believe this is very important, are already $3,166,000 below the tolls revenues received during the first 5 months of fiscal year 1983.

□ 1500

The Commission testified that they see the revenue picture on the decline. Therefore, even if we assume the Commission's projections for the rest of the year are right on target, this shortfall will have to be made up in 1985.

And I might add that we cannot keep up with the shortfall fast enough because we learned just today that the actual tolls revenues for March 1984 increased the shortfall from $3.16 million to, I believe, $5.1 million. In the first 6 months of 1984, the tolls revenues already have fallen $5.1 million below what they have were in this the same period last year.

I am not asking to cut into the COLA's. I am not asking to cut into anything that might help defend the Panama Canal. Certainly I recognize

the important role that the Canal plays in the defense of our country. Certainly I recognize the important role it plays in the commerce of the world.

I might add that only 9 percent of the ships that go through the canal today are American-flag ships. We do not send any of our oil through the canal anymore. It goes through the Trans-Panama pipeline. But I still recognize the strategic importance of the canal.

But, no one can convince me that yacht club expenditures are going to make that canal more defensible. No one can convince me that the fact that the administrator, who is soon to be a Panamanian national, should live in a home that costs $100,000 a year to operate. Or no one should tell me that an American cannot pay rent when every other American is required to pay rent for his home. There are specific rules that state that the administrator should be paying approximately $3,000 a year for rent to live in that gorgeous home he has down in his little kingdom. His paying rent will not affect our ability to defend the canal, $8.3 million will not adversely affect the operation of the canal at all. In fact, I strongly suggest that it will make the canal operations somewhat easier for the Panamanians. We will not be creating a different society of Panamanians who work for the canal versus those who are not fortunate enough to work for the canal.

And the fact is that the Treaty of 1977, which said that we would strive to bring equality to both Americans and Panamanians working for the canal, requires termination of military commissary, exchange, and postal benefits after October 1 of this year.

Well, I think that after watching this for 5 years, if the Panamanians truly believe we need those Americans to stay today, they can talk with our State Department and come to some type of conclusion that can allow for the extension of those benefits for Americans.

Why should we have to pay for an extra COLA? The proposed $8.3 million spending reduction is not going to adversely affect the operation or the defense of the canal.

I urge my colleagues to support the amendment.

Mr. HUBBARD. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment of the gentleman from New York. I appreciate his concerns and I admire his perseverence. In addition, I think it is fair to say that Mr. CARNEY and I share a strong sense of fiscal conservatism. Neither one of us approves of inflated or runaway Federal spending. I would support Mr. CARNEY's amendment if it stopped such spending or resulted in a savings for the Federal Treasury, or in some other way benefited the taxpayers of the United States. But the simple fact is, Mr. Chairman, that the gentleman's amendment will not result in any benefit whatsoever, either financial or otherwise, to the United States. On the contrary, the gentleman's amendment could very well result in canal revenues' being paid to Panama when they could be used to operate and maintain the canal—which we are responsible for until the year 2000.

The gentleman's amendment is wrong for two simple reasons. First, the canal is required to generate revenues sufficient to cover all its expenses. If the appropriation exceeds canal revenues, then they can only spend up to the level of their revenues. Even if we reduce the authorization, and revenues still fall below that level, then the canal will not spend more than its revenues, and the gentleman's amendment will have accomplished nothing.

Second, if we were to reduce the authorization, and the canal revenues turn out to be higher than the appropriation, then the excess revenue goes directly to Panama. In other words, we will be giving away money that we could be using to meet our responsibility under the treaty to maintain the canal.

Therefore, Mr. Chairman, depending on what the canal revenues actually are for fiscal year 1985, the gentleman's amendment will have no effect—it will be useless—or it will have a detrimental effect on the United States by requiring us to pay Panama the money that we could be using to meet our treaty obligations.

It is my understanding that the Commission's budget request represents one of the more current agency estimates presented to Congress and does reflect the impact of reduced levels in 1983 and anticipated levels in 1984. Information provided by Commission officials indicates that the revenue picture in 1984 is improving. A month-by-month comparison can be somewhat misleading. Although the first few months' revenue experience was somewhat lower than the same period for the previous year, trends experienced in recent months would indicate that the fiscal year 1984 revenues will exceed the 1983 experience by year's end.

The Commission continually reviews and revises its revenue forecasts. In addition, as further control, the U.S. General Accounting Office provides an annual revenue certification of the amount submitted to Congress in the Commission's appropriation request. This requirement is over and above what the Congress requires of other U.S. Government agencies. The projected revenue, not what the Commission wants to spend, is the primary factor which dictates the Commission's budget development process.

Due to world economic conditions and other factors, canal revenues in recent years have declined. The Commission management has been forced to implement certain cost reduction measures to reduce expenditures to correspond to the actual revenues received. These cost reductions have affected virtually all areas of the canal's operation. The Commission has, however, successfully accomplished this while continuing to provide safe, efficient transit service to world shipping. It should be recognized that the Commission must accomplish its task while making prudent capital investments for future traffic needs; maintaining existing facilities in operating condition; and retaining an adequate, skilled work force to operate the canal—all within the revenues received. The results of the Commission's operation for the first 4½ years of the treaty are evidence of the success in achieving its objectives.

Some have described the maintenance programs for employee recreation as extensive. This is misleading as the total costs in fiscal years 1984 and 1985 for these programs represent only three-tenths of 1 percent of the total Commission budget.

Mr. Chairman, I am opposed to any reduction in the Commission's budget. During committee markup, the gentleman from New York offered an amendment to reduce the funding level and it was overwhelmingly defeated, 28 to 2. No one benefits except possibly Panama which is paid in cash the full amount of any Commission profit at the end of each year. The U.S. taxpayers save nothing. I urge my colleagues to join me in opposing these cuts in the overall funding level.

Thank you, Mr. Chairman.

Mr. SHUMWAY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I oppose the amendment offered by the gentleman from New York (Mr. CARNEY). Many of the reasons for that opposition have been stated, but I think a couple of them need to be underlined and emphasized before this debate comes to a close.

A similar amendment, by the way, was offered in the full committee, and defeated by a vote of 28 to 2.

There is no doubt that current revenues received by the Panama Canal Commission are below revenues which were received a year ago. But I hasten to point out to the Members that when the Commission put together the proposed budget for the coming year, which we are not debating, they took into account those factors which have reduced the traffic flowing through the canal. And those factors are, of course, the worldwide recession, which has produced a drop down in

shipping and the construction of the pipeline, which now goes across the isthmus for the transmission of oil so it is not carried by tanker.

But I have here a letter from the Panama Canal Commission, dated March 14, and even some more recent information. Let me just read a couple of excerpts from it.

Canal traffic during February—that is this year—performed above the revised budget projections reflecting both an improvement in traffic levels and a vessel backlog carried over from the previous month as a result of the locks overhaul. Oceangoing transits average 31.4 daily compared with the estimate of 29.1.

□ 1510

And in the next paragraph:

Tolls revenues for February amounted to $22.9 million—$1.2 million over the revised budget estimate of $21.7 million. Cumulative tolls for the first five months of fiscal year 1984 (October 1983 through February 1984) now stand at $115.8 million—$2.6 million over the revised budget estimate of $113.2 million.

More recent figures that I have just received by telephone, Mr. Chairman, indicate that through the month of March, revenues have amounted to $196.4 million as opposed to the revised budget estimates, which were supplied last year when this budget was put together, of $194.4 million. In other words, traffic has increased to the extent of another $2 million in revenue.

I point out that I am not anxious to set up programs that will provide for spending of every one of those dollars, but if when we come to the end of the year there are dollars in the budget representing an increase of revenues over expenditures up to the sum of $10 million, those sums must be given to the Republic of Panama. And I am simply suggesting that if indeed we would handicap some of our programs by not utilizing those funds during this budget year, it would be folly for this House to accept this amendment and to hold down a program as vital as the Panama Canal.

I really take a second seat to no one in this Chamber in terms of my concern for the economy of this country, for cutting back on areas of Federal spending that have proven to be unnecessary; but I am suggesting to all of the Members that the Panama Canal and its continued vitality, both for the purposes of international shipping, as well as our own Nation's security, deserve that this budget be approved and that this amendment be defeated.

Mr. BLILEY. Mr. Chairman, I move to strike the requisite number of words, and I wonder if I might have the attention of the gentleman from New York (Mr. CARNEY).

I am confused about the projected revenues from the tolls. The chairman says one thing, you seem to imply something else. Why is it you do not agree with those projections?

Mr. CARNEY. Well, I have never been one to agree with voodoo economics or revisions and changes.

I think the best way we can approach this is to talk about actual figures, and the best way I can do that is to take the Panama Canal's projections and the actual results of tolls revenues.

Their voodoo projections said that they would raise in tolls $452.6 million in 1983.

Now, folks, we do not have to worry about projections, because 1983 is far behind us. And I will tell you that they raised in tolls $398,381,000, $50 million short of the Panama Canal voodoo projections.

We will take a closer look at 1984. They asked for an authorization of $453,800,000. Their reassessment to their original projections now say that the revenues will only be $413,828,000, a shortfall, I might point out, of $40 million. Their great voodoo projections are $90 million short over 2 years.

And now let us look at the actual revenues this year as compared to last year. This year the actual revenues are $138 million. Last year they were $143 million. I do not make those figures up. This is the chart provided to me from the Panama Canal Commission itself. It clearly states that revenues are on the decline.

I do not know how they come up with projections that there will be more money. My God, they said last month there would be more money. That was when they were $3.1 million behind in their projection. Now they are $5.1 million behind, an additional $2 million. How can they continue to project?

Mr. BLILEY. I thank the gentleman.

I have another question: Do we fund the Commission out of the general fund Treasury, or does the money come from only their toll sources?

Mr. CARNEY. The way it works is that the tolls go into the Treasury, and the Treasury funds the operation of the canal; so the appropriation is vital; whatever limit the appropriation is, is extremely important.

Mr. BLILEY. But are the expenses of the canal greater than their revenues?

Mr. CARNEY. Obviously, if we appropriate the figures that they are requesting in the fiscal year 1985 budget, they will be millions greater than the toll revenues.

Mr. BLILEY. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. CARNEY).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. CARNEY. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

Pursuant to the provisions of clause 2 of rule XXIII, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the pending question following the quorum call. Members will record their presence by electronic device.

The call was taken by electronic device.

The following Members responded to their names:

[Roll No. 76]

Ackerman	Daniel	Hartnett
Addabbo	Dannemeyer	Hatcher
Akaka	Darden	Hawkins
Albosta	Daschle	Hayes
Anderson	Daub	Hefner
Andrews (NC)	Davis	Hertel
Andrews (TX)	Dellums	Hightower
Annunzio	Derrick	Hiler
Anthony	DeWine	Hillis
Applegate	Dickinson	Holt
Aspin	Dicks	Hopkins
AuCoin	Dingell	Horton
Badham	Dixon	Howard
Barnard	Donnelly	Hoyer
Barnes	Dorgan	Hubbard
Bartlett	Dowdy	Huckaby
Bateman	Downey	Hughes
Bates	Dreier	Hunter
Bedell	Duncan	Hutto
Beilenson	Durbin	Hyde
Bennett	Dwyer	Ireland
Bereuter	Dymally	Jacobs
Berman	Dyson	Jeffords
Bethune	Early	Jenkins
Bevill	Eckart	Johnson
Biaggi	Edwards (AL)	Jones (OK)
Bilirakis	Edwards (CA)	Jones (TN)
Bliley	Edwards (OK)	Kaptur
Boehlert	Emerson	Kasich
Boggs	English	Kastenmeier
Boland	Erdreich	Kemp
Boner	Erlenborn	Kennelly
Bonior	Evans (IA)	Kildee
Bonker	Evans (IL)	Kindness
Borski	Fascell	Kleczka
Bosco	Fazio	Kogovsek
Boucher	Feighan	Kolter
Boxer	Fiedler	Kostmayer
Breaux	Fields	Kramer
Britt	Fish	LaFalce
Brooks	Flippo	Lagomarsino
Broomfield	Florio	Lantos
Brown (CO)	Foley	Latta
Broyhill	Fowler	Leach
Bryant	Frank	Leath
Burton (IN)	Franklin	Lehman (CA)
Byron	Frenzel	Lehman (FL)
Campbell	Fuqua	Leland
Carper	Garcia	Levin
Carr	Gaydos	Levine
Chandler	Gejdenson	Levitas
Chappell	Gekas	Lewis (CA)
Chappie	Gephardt	Lewis (FL)
Cheney	Gibbons	Lipinski
Clarke	Gilman	Livingston
Clay	Gingrich	Lloyd
Clinger	Glickman	Loeffler
Coats	Gonzalez	Long (LA)
Coelho	Goodling	Long (MD)
Coleman (MO)	Gore	Lott
Coleman (TX)	Gradison	Lowery (CA)
Collins	Gramm	Lowry (WA)
Conable	Green	Lujan
Conte	Gregg	Luken
Cooper	Guarini	Lundine
Corcoran	Gunderson	Lungren
Coughlin	Hall, Ralph	Mack
Courter	Hall, Sam	MacKay
Craig	Hamilton	Madigan
Crane, Daniel	Hammerschmidt	Markey
Crane, Philip	Hansen (UT)	Marlenee
Crockett	Harkin	Marriott

Martin (IL)
Martin (NC)
Martin (NY)
Martinez
Matsui
Mavroules
Mazzoli
McCain
McCandless
McCloskey
McCollum
McCurdy
McEwen
McGrath
McHugh
McKernan
McKinney
McNulty
Mica
Michel
Miller (CA)
Miller (OH)
Mineta
Minish
Mitchell
Moakley
Molinari
Mollohan
Montgomery
Moody
Moore
Moorhead
Morrison (CT)
Morrison (WA)
Mrazek
Murphy
Murtha
Myers
Natcher
Neal
Nichols
Nielson
Nowak
O'Brien
Oakar
Oberstar
Obey
Ortiz
Ottinger
Owens
Oxley
Packard
Panetta
Parris
Pashayan
Patman
Patterson
Pease
Penny
Pepper
Perkins
Petri
Pickle
Porter
Price
Pritchard
Pursell
Quillen
Rahall
Rangel
Ratchford
Ray
Regula
Reid
Richardson
Ridge
Rinaldo
Ritter
Roberts
Robinson
Rodino
Roe
Roemer
Rose
Rostenkowski
Roukema
Rowland
Roybal
Rudd
Russo
Sabo
Sawyer
Schaefer
Scheuer
Schneider
Schroeder
Schumer
Sensenbrenner
Sharp
Shaw
Shelby
Shumway
Shuster
Sikorski
Siljander
Simon
Sisisky
Skeen
Skelton
Slattery
Smith (FL)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith, Denny
Smith, Robert
Snowe
Snyder
Solarz
Solomon
Spence
Spratt
St Germain
Staggers
Stangeland
Stokes
Stratton
Studds
Stump
Sundquist
Swift
Tallon
Tauke
Tauzin
Taylor
Thomas (CA)
Thomas (GA)
Torres
Torricelli
Towns
Traxler
Udall
Valentine
Vander Jagt
Vandergriff
Vento
Volkmer
Vucanovich
Walgren
Walker
Watkins
Waxman
Weaver
Weber
Weiss
Wheat
Whitehurst
Whitley
Whittaker
Whitten
Williams (MT)
Williams (OH)
Wilson
Winn
Wirth
Wise
Wolf
Wolpe
Wortley
Wright
Wyden
Wylie
Yates
Young (AK)
Young (FL)
Young (MO)
Zschau

□ 1530

The CHAIRMAN. Three hundred and ninety-three Members have answered to their names, a quorum is present, and the Committee will resume its business.

RECORDED VOTE

The CHAIRMAN. The pending business is the demand of the gentleman from New York (Mr. CARNEY) for a recorded vote.

A recorded vote was ordered.

The CHAIRMAN. The Chair will remind Members that this is a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 188, noes 214, not voting 31, as follows:

[Roll No. 77]

AYES—188

Andrews (NC)
Andrews (TX)
Applegate
Archer
Bartlett
Bateman
Bennett
Bereuter
Bethune
Bevill
Boner
Boucher
Britt
Brown (CO)
Broyhill
Burton (IN)
Byron
Campbell
Carney
Chappell
Cheney
Clarke
Coats
Conable
Cooper
Corcoran
Coughlin
Courter
Craig
Crane, Daniel
Crane, Philip
Daniel
Dannemeyer
Darden
Daschle
Daub
Derrick
DeWine
Donnelly
Dorgan
Dowdy
Dreier
Duncan
Durbin
Dyson
Early
Eckart
Emerson
Erdreich
Erlenborn
Feighan
Fiedler
Florio
Franklin
Frenzel
Gaydos
Gilman
Gingrich
Glickman
Goodling
Gradison
Gramm
Green
Gregg
Hall, Ralph
Hall, Sam
Hammerschmidt
Hartnett
Hefner
Hightower
Hiler
Hillis
Holt
Huckaby
Hunter
Hutto
Ireland
Jacobs
Jeffords
Johnson
Jones (OK)
Jones (TN)
Kasich
Kennelly
Kolter
Kostmayer
Kramer
Latta
Leach
Leath
Levitas
Lewis (FL)
Livingston
Lloyd
Loeffler
Lott
Lowery (CA)
Lujan
Mack
MacKay
Marriott
Martin (IL)
Martin (NC)
McCain
McCandless
McCollum
McEwen
McGrath
McNulty
Michel
Miller (OH)
Minish
Montgomery
Moody
Moore
Mrazek
Murphy
Myers
Neal
Nelson
Nichols
Nielson
Oxley
Parris
Pashayan
Patman
Penny
Porter
Pursell
Quillen
Rahall
Ratchford
Regula
Reid
Richardson
Rinaldo
Ritter
Roberts
Robinson
Roemer
Roukema
Rudd
Schaefer
Schroeder
Sensenbrenner
Sharp
Shaw
Shelby
Shuster
Sikorski
Siljander
Sisisky
Slattery
Smith (NE)
Smith (NJ)
Smith, Denny
Smith, Robert
Snowe
Solomon
Spence
Spratt
Staggers
Stangeland
Stump
Sundquist
Valentine
Vander Jagt
Vandergriff
Volkmer
Vucanovich
Walgren
Walker
Watkins
Weaver
Weber
Whitehurst
Whitley
Whittaker
Whitten
Williams (MT)
Williams (OH)
Winn
Wolf
Wyden
Wylie
Young (AK)
Young (FL)
Zschau

NOES—214

Ackerman
Addabbo
Akaka
Albosta
Anderson
Annunzio
Anthony
Aspin
AuCoin
Badham
Barnard
Barnes
Bates
Bedell
Beilenson
Berman
Biaggi
Bilirakis
Bliley
Boehlert
Boggs
Boland
Bonior
Bonker
Borski
Bosco
Boxer
Breaux
Brooks
Broomfield
Bryant
Carper
Carr
Chandler
Chappie
Clay
Clinger
Coelho
Coleman (MO)
Coleman (TX)
Collins
Conte
Conyers
Crockett
D'Amours
Davis
Dellums
Dickinson
Dicks
Dingell
Dixon
Downey
Dwyer
Dymally
Edwards (AL)
Edwards (CA)
Edwards (OK)
English
Evans (IA)
Evans (IL)
Fascell
Fazio
Fields
Fish
Flippo
Foley
Ford (MI)
Ford (TN)
Fowler
Frank
Frost
Fuqua
Garcia
Gejdenson
Gekas
Gephardt
Gibbons
Gonzalez
Gore
Gunderson
Hamilton
Hansen (UT)
Harkin
Hatcher
Hawkins
Hayes
Hertel
Hopkins
Horton
Howard
Hoyer
Hubbard
Hughes
Hyde
Jenkins
Kaptur
Kastenmeier
Kemp
Kildee
Kindness
Kleczka
Kogovsek
LaFalce
Lagomarsino
Lantos
Lehman (CA)
Lehman (FL)
Leland
Levin
Levine
Lewis (CA)
Lipinski
Long (LA)
Long (MD)
Lowry (WA)
Luken
Lundine
Lungren
Madigan
Markey
Marlenee
Martin (NY)
Martinez
Matsui
Mavroules
Mazzoli
McCloskey
McCurdy
McHugh
McKernan
McKinney
Mica
Miller (CA)
Mineta
Mitchell
Moakley
Molinari
Mollohan
Moorhead
Morrison (CT)
Morrison (WA)
Murtha
Natcher
Nowak
O'Brien
Oakar
Oberstar
Obey
Ortiz
Ottinger
Owens
Packard
Panetta
Patterson
Pease
Pepper
Perkins
Petri
Pickle
Price
Pritchard
Rangel
Ray
Ridge
Rodino
Roe
Rose
Rostenkowski
Rowland
Roybal
Russo
Sabo
Sawyer
Scheuer
Schneider
Schumer
Seiberling
Shumway
Simon
Skeen
Skelton
Smith (FL)
Smith (IA)
Snyder
Solarz
St Germain
Stark
Stokes
Stratton
Studds
Swift
Tallon
Tauke
Tauzin
Taylor
Thomas (CA)
Thomas (GA)
Torres
Torricelli
Towns
Traxler
Udall
Vento
Waxman
Weiss
Wheat
Wilson
Wirth
Wise
Wolpe
Wortley
Wright
Yates
Young (MO)

NOT VOTING—31

Alexander
Brown (CA)
Burton (CA)
Coyne
de la Garza
Edgar
Ferraro
Foglietta
Gray
Guarini
Hall (IN)
Hall (OH)
Hance
Hansen (ID)
Harrison
Heftel
Jones (NC)
Kazen
Lent
McDade
Mikulski
Olin
Paul
Rogers
Roth
Savage
Schulze
Shannon
Stenholm
Synar
Yatron

□ 1540

The Clerk announced the following pair:

On this vote:

Mr. Hance for, with Mr. Guarini against.

Messrs. MILLER of California, EVANS of Iowa, TAUKE, CHAPPIE, HOPKINS, and SAWYER changed their votes from "aye" to "no."

Messrs. RICHARDSON, SIKORSKI, PENNY, WOLF, ANDREWS of North Carolina, VOLKMER, SILJANDER, and DENNY SMITH changed their votes from "no" to "aye."

So the amendment was rejected.

The result of the vote as was announced as above recorded.

The CHAIRMAN. Are these additional amendments to the bill? If not, under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. KILDEE, Chairman of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4900) to authorize appropriations for fiscal year 1985 for the operation and the maintenance of the Panama Canal, and for other purposes, pursuant to House Resolution 471, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

RECORDED VOTE

Mr. CARNEY. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 307, noes 89, not voting 37, as follows:

[Roll No. 78]

AYES—307

Ackerman	DeWine	Huckaby
Addabbo	Dicks	Hughes
Akaka	Dingell	Hutto
Albosta	Dixon	Hyde
Anderson	Donnelly	Jacobs
Andrews (NC)	Dowdy	Jeffords
Andrews (TX)	Downey	Jenkins
Annunzio	Durbin	Johnson
Anthony	Dwyer	Jones (OK)
Aspin	Dymally	Kaptur
AuCoin	Eckart	Kasich
Badham	Edwards (AL)	Kastenmeier
Barnard	Edwards (CA)	Kemp
Barnes	Edwards (OK)	Kennelly
Bartlett	Emerson	Kildee
Bateman	English	Kindness
Bates	Erlenborn	Kleczka
Bedell	Evans (IL)	Kogovsek
Beilenson	Fascell	Kolter
Bennett	Fazio	Kostmayer
Bereuter	Feighan	LaFalce
Berman	Fiedler	Lagomarsino
Bethune	Fields	Lantos
Bevill	Fish	Leach
Biaggi	Flippo	Lehman (CA)
Bliley	Florio	Lehman (FL)
Boehlert	Foley	Leland
Boggs	Ford (MI)	Levin
Boland	Ford (TN)	Levine
Boner	Fowler	Levitas
Bonior	Frank	Lewis (CA)
Bonker	Franklin	Lipinski
Borski	Frenzel	Livingston
Bosco	Frost	Long (LA)
Boucher	Fuqua	Long (MD)
Boxer	Garcia	Lowery (CA)
Breaux	Gaydos	Lowry (WA)
Brooks	Gejdenson	Luken
Broomfield	Gekas	Lundine
Bryant	Gephardt	Lungren
Byron	Gibbons	MacKay
Carper	Gilman	Madigan
Carr	Gingrich	Markey
Chandler	Glickman	Marriott
Clarke	Gonzalez	Martin (NY)
Clay	Gore	Martinez
Coelho	Gradison	Matsui
Coleman (MO)	Green	Mavroules
Coleman (TX)	Guarini	Mazzoli
Collins	Gunderson	McCain
Conable	Hamilton	McCloskey
Conte	Hammerschmidt	McCurdy
Conyers	Harkin	McHugh
Cooper	Hatcher	McKernan
Corcoran	Hawkins	McKinney
Coughlin	Hayes	McNulty
Crockett	Hefner	Mica
D'Amours	Hertel	Michel
Daniel	Hightower	Miller (CA)
Darden	Holt	Mineta
Daschle	Horton	Minish
Davis	Howard	Mitchell
Dellums	Hoyer	Moakley
Derrick	Hubbard	Molinari
Mollohan	Rinaldo	Tallon
Moody	Ritter	Tauke
Moore	Robinson	Tauzin
Moorhead	Rodino	Taylor
Morrison (CT)	Roe	Thomas (CA)
Morrison (WA)	Rostenkowski	Thomas (GA)
Mrazek	Roukema	Torres
Murphy	Rowland	Torricelli
Murtha	Roybal	Towns
Natcher	Russo	Traxler
Neal	Sabo	Udall
Nelson	Sawyer	Valentine
Nowak	Scheuer	Vander Jagt
O'Brien	Schneider	Vento
Oberstar	Schroeder	Volkmer
Obey	Schumer	Walgren
Ortiz	Seiberling	Watkins
Ottinger	Sharp	Waxman
Owens	Shumway	Weaver
Packard	Sikorski	Weber
Panetta	Siljander	Weiss
Patterson	Simon	Wheat
Pease	Sisisky	Whitehurst
Penny	Skeen	Whitten
Pepper	Skelton	Wilson
Perkins	Slattery	Wirth
Petri	Smith (FL)	Wise
Pickle	Smith (IA)	Wolf
Porter	Smith (NJ)	Wolpe
Price	Smith, Robert	Wright
Pritchard	Snowe	Wyden
Pursell	Solarz	Wylie
Rahall	Spratt	Yates
Rangel	St Germain	Young (AK)
Ratchford	Stark	Young (FL)
Ray	Stokes	Young (MO)
Reid	Stratton	Zschau
Richardson	Studds	
Ridge	Swift	

NOES—89

Applegate	Hall, Ralph	Pashayan
Archer	Hall, Sam	Patman
Bilirakis	Hansen (UT)	Quillen
Britt	Hartnett	Regula
Brown (CO)	Hiler	Roemer
Broyhill	Hillis	Rose
Burton (IN)	Hopkins	Rudd
Campbell	Hunter	Schaefer
Carney	Ireland	Sensenbrenner
Chappell	Jones (TN)	Shaw
Chappie	Kramer	Shelby
Cheney	Latta	Shuster
Clinger	Leath	Smith (NE)
Coats	Lewis (FL)	Smith, Denny
Courter	Lloyd	Snyder
Craig	Loeffler	Solomon
Crane, Daniel	Lott	Spence
Crane, Philip	Mack	Staggers
Dannemeyer	Martin (IL)	Stump
Daub	Martin (NC)	Sundquist
Dickinson	McCandless	Vandergriff
Dorgan	McCollum	Vucanovich
Dreier	McEwen	Walker
Duncan	McGrath	Whitley
Dyson	Miller (OH)	Whittaker
Erdreich	Myers	Williams (MT)
Evans (IA)	Nichols	Williams (OH)
Goodling	Nielson	Winn
Gramm	Oxley	Wortley
Gregg	Parris	

NOT VOTING—37

Alexander	Hansen (ID)	Paul
Brown (CA)	Harrison	Roberts
Burton (CA)	Heftel	Rogers
Coyne	Jones (NC)	Roth
de la Garza	Kazen	Savage
Early	Lent	Schulze
Edgar	Lujan	Shannon
Ferraro	Marlenee	Stangeland
Foglietta	McDade	Stenholm
Gray	Mikulski	Synar
Hall (IN)	Montgomery	Yatron
Hall (OH)	Oakar	
Hance	Olin	

□ 1600

The Clerk announced the following pair:

On this vote:

Mrs. Burton of California for, with Mr. Hance against.

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. HUBBARD. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore (Mr. FRANK). Is there objection to the request of the gentleman from Kentucky?

There was no objection.

LEGISLATIVE PROGRAM

(Without objection, Mr. WRIGHT was given permission to address the House for 1 minute.)

Mr. WRIGHT. Mr. Speaker, I ask that I may proceed to talk about the program for the remainder of the day and for tomorrow.

Our next order of business will be the conference report on S. 1852, the Defense Production Act extension. We will vote on a rule under which that conference report will be considered, and then vote upon the conference report.

Having completed action on the conference report, we expect then to go to a recorded vote on the suspension that we debated on yesterday, S. 38, the Longshoremen's and Harbor Workers' Compensation Act amendments. We believe that those two things will complete our business for today.

Tomorrow we will ask unanimous consent to come in at 11 o'clock, as was suggested originally by my distinguished friend, the gentleman from Illinois (Mr. MICHEL) when we had the colloquy last week about this week's program, in order that we may first take up H.R. 7 to extend and improve the Child Nutrition Act. Then, ending that debate, we will take up the tax bill and complete it on tomorrow, hoping then on Thursday to come in with the reconciliation bill and complete action on the reconciliation bill on Thursday, in order that we may when we leave for the Easter home district work period, may be able to say truthfully that we have completed action on all those items necessary to make a reality of the budget we approved last week.

Mr. MICHEL. Will the gentleman yield?

Mr. WRIGHT. I yield to the gentleman from Illinois.

Mr. MICHEL. Might I ask of the distinguished majority leader, Thursday we would come in at what hour?

Mr. WRIGHT. It is expected we would come in at 11 o'clock on Thursday.

Mr. MICHEL. Both Wednesday and Thursday?

Mr. WRIGHT. Both Wednesday and Thursday.

HOUR OF MEETING ON TOMORROW

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 a.m. on tomorrow, Wednesday, April 11, 1984.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

PERMISSION FOR SUBCOMMITTEE ON MERCHANT MARINE OF COMMITTEE ON MERCHANT MARINE AND FISHERIES TO SIT ON THURSDAY, APRIL 12, 1984, DURING THE 5-MINUTE RULE

Mr. BIAGGI. Mr. Speaker, I ask unanimous consent that the Subcommittee on Merchant Marine of the Committee on Merchant Marine and Fisheries be permitted to sit at 10:30 a.m. on Thursday, April 12, 1984, for the purpose of holding a hearing on H.R. 3289 to establish a commission to study defense-related aspects of the U.S. merchant marine.

The ranking minority member of the committee, the gentleman from Washington (Mr. PRITCHARD), and the ranking minority member of the subcommittee, the gentleman from Kentucky (Mr. SNYDER), have been apprised of the hearing time and date and are in accord with the request.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 5394, FIRST CONCURRENT BUDGET RESOLUTION RECONCILIATION

Mr. PEPPER, from the Committee of Rules, submitted a privileged report (Rept. No. 98-672) on the resolution (H. Res. 483) providing for the consideration of the bill (H.R. 5394) to provide for reconciliation pursuant to section 2 of the first concurrent resolution on the budget for fiscal year 1985, as passed by the House of Representatives, which was referred to the House Calendar and ordered to be printed.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 4098

Mr. McNULTY. Mr. Speaker, I ask unanimous consent that my name be removed from the list of cosponsors of H.R. 4098.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arizona?

There was no objection.

CONFERENCE REPORT ON S. 1852, DEFENSE PRODUCTION ACT AMENDMENTS OF 1984

Mr. FROST. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 479 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 479

Resolved, That all points of order against the conference report on the bill (S. 1852) to extend the expiration date of the Defense Production Act of 1950, for failure to comply with the provisions of clause 3 of rule XXVIII, are hereby waived.

The SPEAKER pro temore. The gentleman from Texas (Mr. FROST) is recognized for 1 hour.

Mr. FROST. Mr. Speaker, for purposes of debate only, I yield 30 minutes to the gentleman from Mississippi (Mr. LOTT), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 479 provides for the consideration of the conference report on S. 1852, the Defense Production Act Amendments of 1984, by waiving points of order against the conference report for failure to comply with the provisions of clause 3, rule XXVIII. Clause 3, rule XXVIII specifies that conference reports shall not contain matters which go beyond the scope of what was committed to conference by either House.

The conference report accompanying S. 1852 is an important reauthorization of the basic authorities of the Defense Production Act. The conference agreement extends these authorities until September 30, 1986. The conference agreement also contains several items in title III which exceed the scope of the matters committed to conference and for which the Committee on Rules has granted a waiver of clause 3, rule XXVIII.

First, the conference agreement establishes a determination of need to establish financial incentives, such as loans, loan guarantees, or purchase contracts for projects authorized in title III, that determination must be made based on a list of criteria established in the conference agreement. Both the House and Senate bills included five criteria, but the conference committee dropped the fifth criterion. The exclusion of one of the criteria in the conference agreement is a scope violation.

In addition, the conference agreement provides that there must be a 60-day waiting period following the submission of the Presidential determination and before any funds may be obligated. This provision was added to the conference agreement to provide congressional committees the opportunity to review the Presidential determination. Neither the House nor the Senate version contained a waiting period provision, hence the need for the scope waiver.

Finally, the scope waiver is necessary because an offset provision has been included in the conference agreement. An offset is any transaction between a buyer and a seller where the buyer is compensated, in whole or in part, for the purchase price of a commodity or product. The provision in the conference agreement requires that the President submit annual reports to the Banking Committees on the impact of offsets on the defense preparedness, industrial competitiveness, employment and trade of the United States, together with information on the types, terms and magnitude of offsets.

Mr. Speaker, because the authorities of the Defense Production Act expired on March 31 of this year, it is important that the House consider, and pass, this conference agreement. The Defense Production Act is a vital tool in the maintenance and improvement of the defense industrial base of our Nation. The request for the waiver, which will facilitate the consideration of this important conference agreement, is supported by the majority and minority of the Banking Committee and I urge my colleagues to adopt the rule.

□ 1610

Mr. LOTT. Mr. Speaker, I yield 1 minute to the gentleman from Arkansas, Mr. BETHUNE.

Mr. BETHUNE. I thank the gentleman for yielding time to me.

Mr. Speaker, this rule and the conference report to be considered under the rule marks the conclusion of a 3-year debate in the House on this issue. The House rejected the Defense Industrial Base Revitalization Act, H.R. 5540, in 1982. This was a $6.25 billion, 5-year authority.

The House Banking Committee reported H.R. 2057, essentially the same bill, in the 98th Congress. It was never brought to the House floor for a vote.

When the Defense Production Act (DPA) expired in September 1983, the House Banking Committee unilaterally decided to bring a 2-year extension bill to the floor without benefit of a markup or hearings. Rather, the committee leadership amended the Senate version of the bill, stripping reasonable criteria for the DPA program, and opted for a straight 2-year extension. Under this version of the bill, the Department of Defense would have been granted total discretion for the program. It was brought up on suspension and defeated.

The General Accounting Office reviewed the prospective list of DOD/

DPA projects and severely criticized them all.

The legislation before us now has authority limited to $100 million over the next 2 years—$50 million more than the administration requested, but hundreds and hundreds of millions less than where this legislation started.

This legislation has threshold ceilings, where none previously existed.

This legislation has criteria for projects receiving benefits, where none existed before.

This legislation has reporting requirements to the Congress, where none existed before.

These improvements were sorely needed and I congratulate my colleagues on the conference committee for their wisdom in supporting these important changes.

When the conference committee met, I asked what the DOD priorities pursuant to the DPA program would be and specifically, I wanted to know if cobalt was one of those priorities. Senator TRIBLE, a member of the conference committee, responded by telling all of the conferees that it was his understanding that cobalt was not a priority and would not receive funding or DPA support.

While I was pleased to learn that cobalt was being dropped as a priority, I remain uncomfortable over DOD's reluctance to formally advise the Congress of that fact.

The Defense Department has advanced programs and projects that have been severely criticized by the General Accounting Office, and the cobalt program was among those harshly condemned as lacking justification.

Mr. Speaker, I did not sign the conference report and cannot support it because there are no adequate safeguards against the funding of cobalt. Proponents of funding cobalt have repeatedly overstated the claim that the U.S. supply is jeopardized. I would have preferred to have written into the law a specific rejection of DPA benefits to the California Nickel Corp., a cobalt project on Gasquet Mountain in northern California. If this project is funded, it will seriously harm the Smith River, the single remaining undammed river in California, create air pollution in the vicinity of Redwood National Park, damage extraordinary fisheries in the region and create new toxic waste problems.

Mr. Speaker, I certainly support giving the Department of Defense flexibility and discretion in program selection. If the Department of Defense determines that, pursuant to the DPA, support should be given for cobalt, there are more cost-effective alternatives than the Cal-Nickel project; namely: First, marketplace purchases; second, recycling and reprocessing programs such as those depicted in the National Academy of Sciences Report, "Cobalt Conservation Through Technological Alternatives"; and third, reopening old mines.

Mr. LOTT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 479 waives the provisions of House Rule 28, clause 3, the so-called scope rule for conference reports, against the consideration of the conference report on S. 1852, the Defense Production Act Amendments of 1984.

Clause 3 of House Rule 28 says that it shall not be in order to consider a conference report which contains matter not committed to conference by either House or which goes beyond the scope of matter committed to conference by either or both Houses.

According to the testimony of the gentleman from New York (Mr. LAFALCE) before the Rules Committee yesterday, there are three provisions in the conference report which go beyond the scope of the conference.

First, both the House and Senate-passed bills retained the requirement from existing law that before a project of financial assistance to a defense-related industry can go forward, there must be a budget submission to Congress identifying each project proposed to be funded. But both bills also contained five criteria that the budget submission must demonstrate will be met before the project is funded. Since one of these criteria was dropped in conference because it was considered to be unworkable, this is technically considered to be a scope violation because the conference report now contains four criteria rather than the five committed to conference by both Houses.

Second, the conferees added a provision not contained in either the House or Senate passed bills for a 60-day waiting period following the budget submission on projects before any funds may be obligated. This new "report and wait" provision obviously violates the scope requirement because it goes beyond matter committed by either House to conference. I would hasten to add, however, that there is no special legislative veto provisions for the projects during this waiting period.

Third, the conference report adds a new section 309 to title III of the Defense Production Act which requires an annual report from the President to the House and Senate Banking Committees on offset arrangements in international procurement contracts. Again, this is a matter that was not contained in either the House or Senate passed bills, and thus is in violation of the scope rule. I would point out, however, that a similar provision was included in the legislation originally reported by our House Banking Committee, but was inadvertently omitted from the House's amendment in the nature of a substitute to S. 1852.

As the author of this provision, the gentleman from Minnesota (Mr. VENTO) pointed out in his Rules Committee testimony, "little is known about the frequency or size of these agreements" with foreign countries which condition their purchase of U.S.-manufactured goods. The study and report which his amendment requires is intended to provide policymakers in Congress and the administration with a critically needed data base to determine the effect of this practice on our industrial base.

Mr. Speaker, let me say in conclusion that it is not often that the Rules Committee waives the scope rule, and it is not something which we do lightly. The provision was added to House Rules primarily to insure that conference committees do not become a third legislative body of the Congress in writing new provisions into bills passed by one or both Houses. However, the witnesses appearing for the House Banking Committee made a persuasive case that no great breach of this important rule has occurred. Moreover, this legislation has strong bipartisan support both within the Congress and from the administration. The extension of the Defense Production Act is urgently needed since it expired on March 30 of this year. The act is an important tool in maintaining the defense industrial base of this country, and the powers that the act grants to the President have been used for more than 30 years now in critical areas of our national defense. I think the conferees are to be commended on insuring that these authorities to the President to require priority performance in contracts, and make loans, loan guarantees and purchase agreements, are continued, while at the same time setting certain criteria and imposing an overall authorization cap.

This rule was adopted by voice vote in the Rules Committee, and I urge its adoption by the House so that we can consider the conference report on this vital piece of legislation.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. FROST. Mr. Speaker, I have no requests for time, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. ST GERMAIN. Mr. Speaker, I call up the conference report on the Senate bill (S. 1852) to extend the expiration date of the Defense Production Act of 1950.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Pursuant to the rule, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of April 5, 1984.)

The SPEAKER pro tempore. The gentleman from Rhode Island (Mr. ST GERMAIN) will be recognized for 30 minutes and the gentleman from Ohio (Mr. WYLIE) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Rhode Island (Mr. ST GERMAIN).

Mr. ST GERMAIN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I want to urge strongly that Members vote "aye" on the conference report on S. 1852, the Defense Production Act Amendments of 1984.

The conference agreement represents a reasonable and workable accommodation by the conferees on two very different approaches to the use of the title III financial incentives. The agreement addresses the concerns of each body, and provides a mechanism which will permit DPA title III programs to go forward.

The Senate's concern was that under existing DPA provisions, financial assistance for industrial capacity expansion projects could be provided without adequate opportunity for congressional oversight and review. The House's concern with the Senate amendment was that we could find ourselves bogged down in detailed, microlevel management of these projects, no matter how small.

The conference agreement establishes a procedural mechanism for title III programs to be funded through the appropriations process unless a program's cost would exceed a "threshold" amount. In that case, specific, advance authorization will be required. By including certain accountability requirements throughout the process, the agreement makes adequate provision for congressional review of the merits of each program before any funds are obligated.

The conference agreement also extends the authorities of the DPA to September 30, 1986. As Members know, those authorities expired on March 30. This is an importance statute, Mr. Speaker, and it is vital that its authorities be reinstated. The Senate has already approved the conference report, and I urge my colleagues in the House to support the conference report so these important programs can proceed.

At this point, I would like to commend the conferees, but in particular the subcommittee chairman, Mr. LAFALCE, his ranking minority member, Mr. SHUMWAY, and all of the conferee members of the subcommittee on the House side who worked very diligently on this.

They effectuated a compromise. It has been a long time in coming. I think we can all say "Amen" that the end has come and be grateful to the Members who worked so diligently on it.

Mr. WYLIE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of the conference report on S. 1852, the Defense Production Act Amendments of 1984.

The Defense Production Act (DPA) expired on March 30 of this year. Originally enacted in 1950, the DPA is the basic law for the continuing development and maintenance of a necessary state of defense industrial preparedness in this country. A recent Congressional Research Service report called the DPA "the statutory centerpiece of current industrial mobilization planning and readiness." As such, it is in our own self-interest to move swiftly to adopt this conference report. Given the constant and troublesome state of international affairs these days, we do not have the luxury of allowing the Defense Production Act to lapse.

The conference report before us today is the product of genuine compromise between the Congress and the administration, as well as between the House and the other body. Originally, the administration only wanted a simple 5-year extension of the DPA, while a majority of the members on the Banking Committee favored another bill, H.R. 2782, the Defense Industrial Base Revitalization Act, which the administration opposed. I want to commend Chairman ST GERMAIN; the Chairman of the Economic Stabilization Subcommittee, JOHN LAFALCE; the ranking Republican member of the subcommittee, NORM SHUMWAY and Congressman ED BETHUNE, whose persistence and knowledge have made it a better bill; and the committee staff, all of whom worked diligently over the past few months to forge a pragmatic solution to the different views surrounding this issue.

Mr. Speaker, this conference report extends the DPA for 2½ years. For the first time, we require the President to make a determination that title III projects are essential to national defense, a finding that was not previously required by law. Also, for the first time, all title III projects must be identified in the Budget of the United States, and no guarantee may be made without 60 days prior notice. Finally, any guarantee for an industrial resource shortfall which exceeds a threshold level of $25 million requires an advance authorization by Congress for the first time.

In his State of the Union address this year, President Reagan correctly stated:

When it comes to keeping America strong, free and at peace, there should be no Republicans or Democrats, just patriotic Americans. We can decide the tough issues not by who is right, but by what is right.

Mr. Speaker, let me respectfully suggest that the right thing to do today is to vote in favor of the Defense Production Act Amendments of 1984. I am pleased to report that the administration strongly supports this legislation and urges its prompt enactment. I encourage all Members of this body to cast a vote in favor of defense industrial preparedness for the United States.

Mr. Speaker, I ask favorable consideration of the conference report today.

□ 1620

Mr. ST GERMAIN. Mr. Speaker, I yield such time as he may consume to the gentleman from New York (Mr. LAFALCE), the chairman of the subcommittee.

Mr. LAFALCE. Mr. Speaker, the conference agreement on S. 1852, the Defense Production Act (DPA) extension and amendments, represents a carefully developed compromise between the different approaches of the Senate and House versions. Its adoption will make it possible for the DPA authorities to be reinstated for the next 2½ years, and for title III financing programs to go forward under stricter, more accountable rules than has been the case up to now. I urge our colleagues to support it.

Members will recall how many times we have been here on the House floor in the past 1½ years debating the issue of whether and how long to extend the DPA's authorities. In each case, we ended up with a short, few months' extension, merely putting off resolution of the real issue in controversy—how and to what extent to permit the financial incentives of title III to be used in order to improve and expand the capacity and capability of domestic industry to meet national defense needs.

The Defense Production Act of 1950 is far too important a statute for there to be lingering questions as to whether it will still be around in a few months' time. The contract performance priority and materials allocation authorities of title I represent the sole authority for our Government to keep the procurement, production, and deployment of national defense weapons systems on schedule. Many of those systems take years, not months, to develop and complete. Without the title I authorities, there is no legal basis to insure the schedules will be met. The 2½-year extension contained in this conference report puts those doubts to rest. It represents a compromise between the 5-year extension, which the administration requested in the Senate amendment, and the 2-year extension contained in the House version. The length of this extension will provide

assurance that all the important authorities of this statute will not be impaired in a few months.

The concerns which arose with respect to the use of title III financial incentives was the source of most discussions between the House and Senate. The Senate's concern has been that under the open-ended general authorization of appropriations contained in the generic statute, funds for title III programs might possibly be appropriated without adequate opportunity for oversight and review by the authorizing committees. The Senate bill, therefore, amended title III to require that every project for creating or expanding domestic capacity to produce or process materials or minerals necessary for the national defense would have to receive a separate authorization, regardless of the size of the program.

The House believed that such an advance authorization procedure was basically unworkable. Our concern was that the House would find itself embroiled in micromanaging DOD programs, necessitating in some cases prejudging the merits of proposed projects before all the relevant technical information was available. The House, therefore, proposed a threshold amount approach for title III projects. Under the House's amendment, proposed programs could be funded through appropriations already authorized in the Generic Act, up to a threshold amount. Once a project's funding would exceed that amount, specific advance authorization would be required before there could be any further funding. Through this approach, it was believed that no program could evolve to the point that it was not receiving appropriate congressional scrutiny.

The conference report adopts the House's threshold amount approach, but lowers the threshold amount for the three types of financial incentives—to $25 million from the House-passed $38 million for loan guarantees, and $48 million for direct loans and purchase contracts.

It is important to emphasize, Mr. Speaker, that the conference agreement retains all the procedural steps contained in the original House and Senate amendments, and adds one more which will enable Congress to review each and every project before any funds may be obligated.

Each industrial resource shortfall—the term used in the amendments to refer to any strategic and critical mineral, metal, material, or service which is in short supply and proposed to be domestically increased through a title III financial incentive—must be identified in advance in a budget submission to Congress, either the budget itself or an amendment to the budget. Each such budget submission must, in addition, be accompanied by a statement from the President demonstrating that the proposed project is in compliance with specific criteria written into the statute. Then, before a dollar can be obligated for that particular industrial resource, there must be clear findings that the criteria have been met.

To insure that the Congress will have an opportunity to review these findings before funds are obligated, the conference agreement has included a requirement of a 60-day waiting period following the budget submission and before the obligation of any funds. This waiting period will give the authorizing and appropriating committees of Congress the opportunity to review the projects compliance with the criteria. I emphasize, Mr. Speaker, this is an additional procedural step the conferees have agreed upon to insure adequate opportunity for congressional review of how title III funds are proposed to be spent.

I would add further, that these procedural steps will apply as well to projects which must be specifically authorized in advance. The conference report provides, however, that in times of national emergency, these procedural steps are waived.

We believe these amendments to title III of the Defense Production Act will allow the executive branch to utilize its military and technical expertise to identify those resources which are vital to our national defense and to propose those it believes merit title III funding, without Congress having to micromanage each and every project at the pilot project level. At the same time, Congress will, under these amendments, have the opportunity to make sure that the projects do, indeed, meet all the criteria to assure itself that title III funding is the best way to meet the resource shortfall.

There is one other feature of the conference agreement, Mr. Speaker, that I hope will allay any concerns Members may have about open-ended or uncontrolled spending for these programs. The agreement authorizes appropriation of no more than $100 million over the next 2 fiscal years, 1985 and 1986, for purchase contracts, and specifies that, of that amount, nor more than $25 million may be appropriated for fiscal year 1985. Thus, the authorization of appropriation is "capped" for the next 2 fiscal years. In addition, the conference report limits all title III programs during fiscal years 1985 and 1986 to $100 million.

Mr. Speaker, earlier in my remarks I pointed out in connection with the extension of the DPA authorities the importance to our national security of the title I priorities and allocation authorities. There is another aspect of our national security which worries me greatly, and I believe makes the title III authorities equally important.

The Defense Production Act is our country's basic preparedness statute. One important element of that preparedness is that the defense industrial base be kept in a state of readiness in the event of the need for mobilization. That is really what the Defense Production Act is all about, and it is the chief reason the DPA was kept on the books after the Korean war.

I am very much afraid, Mr. Speaker, that the defense industrial base would not be able to meet the challenge of a serious mobilization effort. Over the past several years, the House Subcommittee on Economic Stabilization, as well as other congressional committees such as the House Armed Services Committee, have examined that base and found ample documentation that is it seriously and dangerously eroded.

A significant portion of the manufacturing leadership the United States once enjoyed has left our shores. In particular, a number of industries which make up the second- and third-tier levels of defense production, the subcontractor and supplier levels, have shrunk, and in some cases, virtually disappeared. These are the companies that supply the essential elements, components, parts, minerals, and materials to our prime defense contractors, and we are losing them.

In addition, we are simply too dependent on foreign sources for many of the basic materials, minerals, and processes which are absolutely vital to our defense programs. The reliability of some of these foreign sources cannot be assured, either because the countries themselves are subject to volatile political change with the possibility of resulting supply cutoffs, or because the prices of the minerals, materials, and processes can fluctuate without warning, creating cost problems in the chain of weapons production.

This doesn't make any sense, Mr. Speaker. The United States cannot remain a first-rate world power with a second-rate industrial base. The stories of the long leadtimes, and then the longer production times, and then the cost overruns that those entail, are all too familiar. We could have the most sophisticated weapons systems in the world, but if we do not have the industrial capacity to crank them out when needed, along with the necessary minerals and materials, then we will indeed be in trouble.

I am not trying to suggest that we should try to go back to the totally self-sufficient days of the past. Neither the economic complexities of today's world, nor our security pacts with our allies would allow that. I do suggest, however, that it makes elementary commonsense to make our country more secure by devoting a very modest amount of the defense dollars we spend every year to address our deteriorating defense industrial base. The administration is proposing

a modest program to start that process through the title III purchase contract incentive of the DPA. It is a small program, but it is an important one. I urge the DOD to move ahead quickly with that program, and to process requests for proposals as quickly as possible. And I urge my colleagues to vote for the conference report so the program to address this real and serious problem can begin.

Mr. WYLIE. Mr. Speaker, I yield 4 minutes to the gentleman from California (Mr. SHUMWAY).

Mr. SHUMWAY. Mr. Speaker, I rise in support of the conference report on the Defense Production Act Amendments of 1984, S. 1852.

As the ranking Republican member of the Economic Stabilization Subcommittee on Banking, Finance and Urban Affairs, I have participated in numerous subcommittee and committee sessions, and it is clear to me after listening to all the debate that it is in our national interest to extend the Defense Production Act (DPA). Defense preparedness is essential to our national security. A letter from the Federal Emergency Management Agency puts it quite succinctly:

> The Defense Production Act of 1950 is the cornerstone of the present legal structure for ensuring that we are prepared to meet national emergencies requiring the mobilization of the Nation's industrial and material resources. Its continuation is essential to the national defense.

I am pleased to report to my colleagues that the administration strongly supports the conference report extending the DPA. It is no secret that last year many of us on the minority side opposed the costly new assistance program under title III of the Defense Production Act which was reported last year from the Banking Committee in different legislation. We have come a long way from that bill. The conference report before us today represents a significant compromise between the administration and the Congress, and the gentleman from New York (Mr. LAFALCE), the Economic Stabilization Subcommittee chairman, deserves a great deal of credit for working closely with the administration and the other body to produce the consensus legislation.

Mr. Speaker, I will not go into detail about the specifics of the conference report. We do provide for an extension until September 30, 1986. We do require the President of the United States to first make a determination that DPA projects are in the national defense interests of this country. The President also must determine that private industry cannot reasonably provide the needed material or service in a timely manner and that a title III guarantee is the most cost-effective, expedient, and practical alternative for meeting our legitimate defense needs. All DPA programs must be specifically identified in the President's annual budget submission, and any industrial resource shortfall exceeding $25 million now will require a separate congressional authorization.

Mr. Speaker, this conference report may not be an ideal solution for all Members, but it is a constructive compromise. Prudent restrictions have been placed on the DPA's title III projects, and all title III spending will be subject to more detailed reporting by the administration and closer scrutiny by the Congress. All in all, this is a good package which deserves the full support of all Members. I particularly want to encourage Members on my side of the aisle to vote with the administration and support the conference report to extend the Defense Production Act.

Mr. ST GERMAIN. Mr. Speaker, I yield 5 minutes to the gentleman from Minnesota (Mr. VENTO), a very distinguished member of the subcommittee, and, as has been stated, one who has made very great contributions in this process.

Mr. VENTO. Mr. Speakers, I rise in support of the conference committee report on S. 1852. I wish to commend the chairman of the full committee, Mr. ST GERMAIN, the chairman of our subcommittee, Mr. LAFALCE, and the ranking minority members, Mr. WYLIE and Mr. SHUMWAY, for their work in resolving the differences between the two bodies. I would offer a special thanks for their special work concerning the offset provision which I have been so interested in the past 3 years.

The chairman, Mr. ST GERMAIN, has done an excellent job in describing the provisions of the conference report. I wish to elaborate on the offset report provision which requires the President to report to Congress on the types, terms, and magnitude of offset agreements. This legislation requires the President to report on the impact of offsets on defense preparedness, industrial competitiveness, employment, and trade of the United States and to include a discussion of international negotiations on offsets. In addition, each report shall contain a summary of relevant memorandums of understanding which provide the official framework for offset agreements.

Offsets are demands made by foreign countries that condition the sale of American-made military products upon our agreement to produce, license, or transfer productive capacity to the purchasing country. The committee is concerned that the net effect of these agreements may be export not only U.S.-made goods, but also U.S. jobs and technology to foreign countries.

In the absence of a comprehensive analysis required by section 6 the long-term economic and industrial implications of these agreements are unclear. The legislation before us today will provide the Congress and the administration with the needed information to evaluate the impact of offset agreements. Since many offset agreements contain information of a proprietary nature it is the intent of the conferees that the confidentiality of this information be maintained in a manner that is consistent with the primary, overriding objective of this provision which is to provide the Congress with information on the nature of these offset agreements.

The Subcommittee on Economic Stabilization of the House Banking Committee has been examining the offset question for over 3 years. However, a salient difficulty is the lack of executive branch consensus on the definition of the problem. Yet there are at least half a dozen agencies examining the problem and ironically none of them agree.

Underlying this confusion and disagreement is the lack of a data base. The language in this bill—by providing for reports to the Congress—is intended to provide a data base on offsets both for use within the executive branch as well as to assist the Congress in its examination of the problem. The report language importantly states that the Office of Management and Budget should be the coordinating agency for the mandated reports. However, I would state here that it is necessary that OMB should place primary reliance on the expertise already present in the Departments of Treasury and Commerce.

To sum up, the offset language in the bill is a prudent first necessary step in the examination of a topic of growing concern. The bill as a whole is a good bill, a noncontroversial ending of controversy on an important subject.

Mr. Speaker, the conference committee maintains the position of the House while recognizing several concerns of the other body. It is a good compromise and I urge my colleagues to support the adoption of the conference committee report.

Mr. WYLIE. Mr. Speaker, I yield 2 minutes to the gentleman from Connecticut (Mr. MCKINNEY), who has been one of our most knowlegeable Members on this subject and who has worked diligently and very effectively on this bill.

Mr. MCKINNEY. Mr. Speaker, I want to commend my colleagues on the House Banking Committee for reaching an accommodation with the other body on the extension and authorization of the Defense Production Act. I support the conference report on this vitally needed legislation.

I know that it was not an easy process, that it was extremely difficult. I think that the chairman of the subcommittee, as well as the ranking member and the chairman of the full

committee, is to be congratulated on reaching a consensus of the administration and the other body and this House.

Mr. Speaker, during the last few sessions, the Congress conducted extensive hearings regarding the Nation's strategic minerals vulnerability. The burden of the findings was that the United States faces a substantial security risk unless we take steps immediately to foster domestic production of cobalt, chromium, and other specialized metals which we now obtain almost wholly from unreliable foreign sources.

Our dependency for chromium, columbium, platinum, and manganese is between 90 and 100 percent. The concentration of these mineral resources is in a much smaller number of countries than is foreign oil production.

To continue to rely exclusively upon such sources for virtually all of our supply of these materials which are essential to the production of high performance military and civilian aircraft and for critical industrial equipment is to follow an unacceptably risky path. This legislation will enable the United States to move away from such reliance.

These conclusions were drawn from the testimony of a wide range of experts who might otherwise disagree on defense policies, but who uniformly agree that action is required to reverse the growing U.S. vulnerability in strategic materials. They concurred that the United States faces a substantial risk unless we take immediate steps to promote domestic production of a number of specialized metals now almost exclusively imported.

These findings confirm the view of President Reagan, Defense Secretary Weinberger, Interior Secretary Clark, and other leading governmental officials regarding our strategic minerals posture. The administration has proposed, as a first step, a modest program to test the U.S. capacity to develop domestically these mineral sources so that the Nation will be in a readiness posture in the event of another interruption of foreign supplies.

Under title III of the Defense Production Act, the administration has proposed, at a cost of less than $10 million, that competing pilot plants be constructed to evaluate the quality of domestically produced cobalt. Currently, not a single pound of this critical mineral is produced within our borders. Yet, without it, our capacity to produce jet engines collapses. DOD will require that all environmental laws and regulations be met by applicants for the contracts. This legislation will allow the proposal to go forward.

One of the important jobs the Defense Department has under the authority of the Defense Production Act is to protect our defense industrial base against a potential cutoff of strategic minerals. DOD has expressed particular concern that future turmoil in southern Africa and other areas could result in a paralyzing supply disruption.

It is difficult for me to understand why anyone who really cares about national security would oppose some modest pilot work on domestic cobalt when our entire military jet engine fleet is dependent upon this metal. I would remind my colleagues that this legislation would not result in any major undertaking by the Federal Government. It seems to me that a pilot program of the kind suggested by DOD makes good sense and it provides the Nation with an invaluable insurance policy.

Those of us who have supported the Defense Department in this difficult legislative effort will be looking to the Department for immediate action on the strategic minerals front, starting with a pilot cobalt program. The development of such a program is clearly warranted by the facts and will send a strong signal that DOD is prepared to act responsibly to secure the defense industrial base of this country.

This small but important program, and several others like it, have been placed on hold pending resolution of this legislation which must be passed now.

To support my argument regarding the importance of cobalt and other strategic metals and minerals to our security I would like to include as part of my remarks an article from the magazine, Wings of Gold, entitled "The World's Best Jet Engines—Made in America—Or Are They?" I feel the authors make some telling points.

This country needs a strong defense base and a strong DPA. I urge adoption of this extension, and to add emphasis to our defense problems I am including an article by R.C. Mulready and W.A. Owczarski on our jet engine problem:

THE WORLD'S BEST JET ENGINES—MADE IN AMERICA—OR ARE THEY?

(By R.C. Mulready and W.A. Owczarski)

Nowdays, many car bumper stickers read "Buy American and Save Our Jobs." Others read "Mine was made in America—is yours?"

There's no doubt that the best jet engines in the world are produced in America. U.S. military and commercial jet engines have the most advanced designs, the latest technology and the highest reliability, performance and sophistication of any aircraft power plants in the world.

But are they made in America?

Yes, you can say that they are made, or built, or produced in the USA. But when you say that, you have got to remember how much of the raw and critical materials which go into them come from faraway places—Africa, Indonesia, Brazil, Thailand, Canada and the USSR to mention but a few.

America's aerial might depends heavily upon its front-line fighter—the F-14, F-15, F-16 and F-18—and these aircraft are only as good as their engines. Power plants like the TF30 and F100 are sophisticated machines delivering up to eight pounds of thrust for every pound of engine weight. These Navy, Marine and Air Force engines are outstanding examples of efficiency, reliability and performance. They share their sophistication with American commercial engines that power so much of the world's civilian aviation fleet.

At the heart of these engines, both military and commercial, are light, tough and heat-resistant alloys that withstand the temperatures, stress and long service times required. Considerable brain power, money and time have gone into providing the United States with the ability to invent alloys, to develop advanced metallurgical processes and to build an industry base capable of producing turbine blades, disks, shafts, cases, bearings and a long list of needed engine components. This technical and industrial capability is second to none.

It takes more than six tons of raw material in alloy form to build a typical high performance fighter engine (see Figure 1) that ultimately weighs about 3,000 pounds. When all of this metal is cut, formed, melted, cast, machined, ground and polished into the final product, about three-quarters of the original material winds up as end pieces, gates, risers, flash, trim and many chips and turnings.

Too few Americans are aware that the jet engines which propel both our military and commercial aircraft could not be built without many rare metals, alloys and materials which come from overseas, in many cases from nations which are hostile or Communist. A typical ton of input raw materials used to build a jet engine contains some 226 pounds of chromium, 134 pounds cobalt, 826 pounds titanium, 22 pounds columbium and about one pound tantalum. All of these metals are critically important to provide the performance needed for the engine and its aircraft.

Availability of these critical materials is of crucial concern to the jet engine builder. The United States is import-dependent for more than 90 percent of the quantity of all these metals. There are no cobalt, tantalum, columbium and chromium deposits of any significant quantity in the United States, and certainly none that is commercially extractable. Worse yet, some of the source nations are politically unstable or even unfriendly. Almost two-thirds of the world's cobalt has come from Zaire and Zambia. Most chromium is produced in South Africa or the Soviet Union. Tantalum comes from Indonesia, Zaire, Australia and Canada. Columbium is dominantly produced in Brazil with some available from Thailand and Canada.

Take cobalt for example. Cobalt is the material that has been most prominently identified with the growing concern over American dependency on overseas raw materials. Cobalt is used extensively in the section of a jet engine subjected to very high temperature—turbine blades, vanes, disks and combustor components. Cobalt first found the spotlight following the 1978 civil war in Shaba province, where Zaire's main cobalt mines and processing facilities exist. Although the fighting Zaire did little to actually reduce cobalt output, lack of information from the country, the imposition of 70 percent allocations on all customers, and robust aviation production led to a scramble to buy cobalt. Prices soared as a result, and there were spot shortages and lengthened delivery times. There was grave concern over cobalt's availability from 1978 to 1980,

and competition for the perceived limited supply pushed prices up by more than 700 percent. Now, cobalt is in ample supply, prices are back to pre-shortage levels, and concern has lessened.

But if for any reason cobalt supplies were disrupted for any sustained period, there could be serious consequences. Consider what would happen to the U.S. airlines if there were a cutoff of the cobalt supply. To simplify the illustration, let's limit the example to one part in one engine type.

A major part of the world's airlines use Pratt & Whitney's JT8D engine. In 1979, some 83 percent of the commercial flights in the United States were in aircraft equipped with the JT8D engine. On average, each engine operates about 2,500 hours per year and the first turbine vane, which is about 60 percent cobalt, has a useful life of 10,000 hours before it is replaced. The pipeline for replacement parts is about 12 months long between our melt shop suppliers and delivery of spare vanes to the airlines. If one assumed that the cobalt supply were suddenly cut off to the melt shop suppliers, one should be able to continue supplying spare parts to airline customers for a year. At the end of that time, the JT8D fleet should start to be grounded at the rate of about 25 percent per year as spare parts became unavailable. In four years, there would be virtually no serviceable aircraft in the fleet.

This illustration has been limited to one part in one engine type. The first stage turbine vanes in all manufacturers' engines are high cobalt alloys. In fact, all engines would be affected, and both the commercial and military aircraft programs would suffer. Rather than have this happen in the real case, the engine companies would launch accelerated programs to use less satisfactory alternative materials, but even this substitution would take time. In the best case, significant disruption would occur to one of our nation's major transportation systems.

Therein lies the concern. Although the cost of the base raw materials are but a small fraction of the manufacturing cost, modern, high performance aircraft engines cannot be built without them. Furthermore, engine materials have evolved to very high levels of strength, oxidation resistance and lightness, and contribute significantly to the ultimate performance of the engine. Many of the properties demanded by jet engines rely on one or more of the critical materials. Chromium, for example, is vital to corrosion and oxidation resistance; cobalt and tantalum give creep strength and ductility; titanium is strong and light. The engine manufacturers are looking to new alloys to help improve engine performance. But these performance improvements are not "luxury options." In military aircraft, they mean greater acceleration, speed, range, and turning radius. In the end, they mean survivability.

In the 1970's, the cobalt shortage followed the oil shortages. The Organization of Petroleum Exporting Countries acronym—OPEC—is a well known term and suggests control or market manipulation. Just as with oil, control in critical minerals cannot be discounted as a threat. Today, even as the oil situation has improved, so, too, has today's world mineral markets. Global recession coupled with substitution and conservation efforts have led to a favorable market in all of the critical metals. In the long term though, it is in everybody's best interest to have stable mineral supply markets. Producer nations need the revenues, user nations and industries require the resources. Probably for the near future the market will prevail and materials will be available. But just as weather averages are made up of extremes, so economic norms consist of the cyclic and occasionally drastic transients of shortage or oversupply. We must be prepared for these potential disruptions. And the preparations must be planned to meet the scope of the risks. In this area, we as a nation do not have a workable materials supply policy and plan in force.

What has already been done to lower the risks? What can be done to provide future protection against the vulnerability that we still have? There have been three basic areas in which response is possible: new sources, conservation and stockpiling.

Within the United States, there are none or few known resources of most of the materials that we import extensively. But the federal government owns 55 percent of the minerally rich western states and Alaska. Federally owned lands contain an estimated total of 85 percent of our oil reserves, and a significant share of gas, timber, and minerals. We don't know how much of these critical resources exist, but if this land is closed to exploration we'll never find out. For instance, in recent legislative actions, it has been possible to include rights to develop cobalt sources in Idaho and California, even though large tracts of land have been set aside as wilderness areas. Such balance between preservation of our wilderness and national resource needs is very important. Further, we must find ways to encourage business to make significant investment in the mining and processing of needed nonfuel minerals where they are technically, economically and environmentally feasible. But we must also remember that finding, developing, and extracting minerals is a long, slow and expensive process and can't be counted on for turning around a shortage situation which arises suddenly.

Many American companies already have applied conservation measures, which have resulted in significant reductions in the amount of material required to produce a part. One special forging process, called Gatorizing*, was developed by Pratt & Whitney to produce turbine disk forgings for the F100 engine out of an alloy called IN-100, a very tough material which had hitherto been considered unforgeable. In Gatorizing, the dies and the imput material are heated and maintained at the correct forging temperature, permitting the forming of complex shapes with excellent definition and repeatability. The process, which also is being applied to titanium disks, allows very significant reductions in the material required. In many cases the input material required can be reduced by 50 percent. Development work is continuing and further reductions of 25 percent in input weight appear feasible. This patented process has been offered for license.

Another application of the "near net" shape philosophy has resulted from the evolution of the large precision casting technology. These high quality structures, which are hot isostatically pressed after casting to eliminate porosity, have physical properties which essentially match conventionally forged and welded structures and can save 60 percent or more of input material.

Substitution of less critical materials is another approach. One example has been a successful material substitution in J57 turbine blades. These parts had been made of an alloy which contained 56 percent cobalt. The substitute material, which had been proven in service in similar engines, contains no cobalt. Some 65,000 pounds of cobalt were saved by this change in just one spare parts order during the height of the cobalt shortage. Another significant reduction in cobalt consumption resulted from the substitution of INCONEL-718 for Waspaloy* for commercial turbine disks in the JT8D engine. This single change reduced the cobalt required in that engine by almost one-third. This same change did significantly increase the use of columbium, which appears to be far less critical and is *less sensitive than cobalt.* Although it has taken time to realize the full benefits, it appears that the substitution program coupled with other conservation efforts has resulted in a reduction of about 20 percent in our use of cobalt. Further reductions of cobalt in engines will require application of not yet invented or proven technology.

A final approach is the improved recycling of chips produced in manufacturing. Even if the best near net shaping process is applied, a very significant part of the input material must be machined away in the final manufacturing processes. These chips are the same chemistry as the completed part and can, with proper recycling, represent a significant saving in input material. Through careful segregation, cleaning and crushing, it is possible to recover and recycle 65 percent of the chips produced in the machining of IN-100 disks at Pratt & Whitney. The remaining 35 percent for the most part is in the form of "fines" whose recovery is not yet economical. Since this program began, almost one million pounds of IN-100 material have been recycled. Work is continuing to improve the recycling of all strategic materials with the objective of approaching a "buy/fly" ratio as close to one as possible.

These kinds of actions will continue and expand. Not only do they save materials, they save costs. But they cannot, in themselves solve the vulnerability issue.

Under normal economic and political conditions, adequate supplies of materials will be available in the market, the most important need, therefore, is to protect the country from the impact of short-term interruptions in supply. The United States already is fortunate to have the best form of insurance, a National Defense Stockpile. The stockpile can provide both capability to meet its primary three-year emergency function, as well as to protect against short-term disruptions. But if the stockpile is to be fully effective, changes have to be made to alleviate several problems it has faced throughout its history.

First of all, the stockpile is considerably short of its goals for half of the 62 materials it contains. At the same time, it has major surpluses in a third of its other materials. Overall, more materials are needed, but even if the net worth of the stockpile, estimated at some $12 billion, were rearranged to cover the expected needs reflected in its goals, a very much better insurance policy would exist.

The stockpile has other troubles. There have been no major stockpile purchases in nearly 20 years until the recently announced 1981 cobalt buy and bauxite barter deal, which has been innovative and has benefited our trade balance. During the previous 20 years, there were technological changes and developments, and it's questionable if many of the stockpile materials meet today's technical specifications. Even the analytical methods to test materials to today's standards were not available in the 1950's and 1960's. We don't know for sure if any of old cobalt or chromium or other ma-

terial in the stockpile is of the grade and purity necessary for jet engine application. The General Services Administration has questioned the quality of the stockpile's titanium sponge, tin and platinum group metals. Fortunately, the National Science Foundation, through its National Materials Advisory Board, has been directed to initiate a study with appropriate industrial experts participating to define the problem.

The biggest problem, however, lies in the way that the National Defense Stockpile is run. Balancing stockpile goals and inventories will accomplish little if stockpile management, policy and organization are left unchanged. The current organizational structure of the National Defense Stockpile resembles a jigsaw puzzle. Responsibility for stockpile management and day-to-day operations is diffuse and lacks the coordination necessary to ensure that the stockpile performs its role in an effective and efficient fashion. Numerous government agencies and the Congress have bits and pieces of stockpile responsibility with no real central focus. The Federal Emergency Management Agency (FEMA) and General Services Administration (GSA) share stockpile policy and operation authority, while the Defense, Interior, Commerce and State departments have additional responsibilities. Because stockpile functions are so diffuse, coordination is difficult, and effective long-term stockpile management is impossible. Legislation was introduced in 1982 which would have consolidated all stockpile responsibilities within an independent strategic stockpile commission. That legislation would have unified responsibility for the day-to-day operations and the long-term policy within one organization. Long-term national interests would be well served by an organization which is isolated as much as possible from the political, economic and budgetary pressures which have plagued stockpile management.

While that legislation failed to pass, it did succeed in sparking the interest of the industrial and defense communities and providing framework for the additional ideas. As a result, there is significant support for stockpile reform. There is additional legislation before Congress now to alter the management into an independent body or the Defense Department. We believe that the independent body is preferable, but even control by Defense would be better than today's circumstances and could work effectively, if several other factors could be incorporated. One would be to assure protection of supply to legitimate industrial and essential civilian needs during a supply shutoff. Another would be to protect against the temptation of raids from this area to other defense items in times of budget tightness. Still another would be to define better the conditions under which releases were made from the stockpile.

As it is now, stockpile releases are triggered by national emergency or war conditions. There are potential situations short of a Congressional declaration of war, or a Presidential declaration of national emergency, which could require stockpile releases. These include supply disruptions because of guerilla conflict or civil war in a foreign producer nation, economic embargo or cartel actions which could cause insufficient supplies of raw materials, to meet defense, industrial, and essential civilian needs. Release, therefore, should be triggered not by the cause of the interruption but rather if the interruption leads to a substantial reduction in supply.

Without a strong, functioning materials stockpile the nation's security is in jeopardy. While it's an issue that lacks the glamour of others this country faces, none is more important.

There has been one positive action taken by President Reagan—his April 5, 1982 "National Materials and Minerals Program Plan and Report to Congress." This policy statement was welcome and broadly supports many improvements: a better land use policy, some improvements to our stockpile including reaffirmation that the stockpile should be sufficient to meet military, industrial and essential civilian needs and that the quality, grade and form of the stockpile should be reviewed. But as welcome as the President's policy statement was, it has not addressed all the important issues, including definition of implementation plans.

The links between our defense capability, industrial soundness and effective maintenance of raw materials supply to our country have been established. Strategic materials availability is not an issue of immediate crisis proportions. But neither is it one which can be left unattended, or worse yet, ignored. The F-14 photo shown at the outset of this article needs the cobalt, chromium, titanium, et., to do its job. It's all our jobs to see that we can have those materials securely available to our industry and nation.

Mr. ST GERMAIN. Mr. Speaker, I yield 2 minutes to the gentlewoman from California (Mrs. BOXER).

Mrs. BOXER. Mr. Speaker, I rise in support of the conference report to the Defense Production Act. And I am particularly pleased to learn that the Department of Defense priorities do not include the funding or underwriting of cobalt.

It is my understanding that when the conference committee met to consider this bill last week a question was asked by one of the conferees about the DOD priorities and Senator TRIBLE indicated that cobalt would not be a priority. Many of my constituients, Mr. Speaker, are deeply concerned about the Cal-Nickle project in northern California and the possibility that it would receive DPA support. It has become a very controversial project. Many are concerned that the project threatens California's famous redwoods and others are concerned about the impact on the Smith River.

The fact that cobalt will not be a priority is very encouraging and I urge my colleagues to support this bill.

Mr. ST GERMAIN. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. PATTERSON).

Mr. PATTERSON. Mr. Speaker, I rise today to express my support for the conference committee report on S. 1852, Defense Production Act.

When this measure was brought before the Congress last year, I reluctantly opposed it. Although I believed at the time and still believe today, that we must provide an extension of the DPA in order to insure that critical defense capabilities are maintained, I was concerned that the DPA extension was not drafted in such a way as to insure that tax dollars would be spent wisely. The proposal crafted by the conference committee does address these concerns.

The DPA program envisioned by the conference committee is greatly scaled down from last year's program. The funding level has been severely reduced. Caps have been imposed so as to preclude open-ended projects. Criteria for program selection have been proscribed.

It is my understanding that the authorization level included in the bill is sufficient to fund the DOD's top three priorities. As articulated during hearings last month by Deputy Under Secretary of Defense, Mary Ann Gilleese, these three priorities are: Depleted uranium, PAN (polyacrilonitrile), and beryllium. At one time, cobalt had been given consideration by DOD for funding under DPA. However, only these three items are anticipated to be funded by DOD during the term of this authorization. Cobalt will not be funded as it has been dropped from the priority list.

In my home State of California, cobalt has been a matter of much controversy. In particular, one project in Del Norte County, the Cal-Nickel project, a potential recipient of DPA assistance, has been the focus of much of this attention. Many concerns about the environmental effects and cost-effectiveness of the project have been raised. There are many who strongly believe that the project should not be selected for assistance under DPA.

I am not convinced that the expenditure of subsidies for domestic production of cobalt is the best use of U.S. taxpayer money. Many leading business experts have raised serious questions about the wisdom of such subsidies. An interesting article published a year ago in Fortune magazine, April 4, 1983, points out that the Nation's defense would be better served by replenishing the cobalt stockpile rather than subsidizing domestic production through title III of DPA.

I would like to include in the RECORD for the reference of my colleagues the Fortune magazine article.

[From the Fortune magazine, Apr. 4, 1983]

HOW TO PAY A LOT FOR COBALT

(By Peter Nulty)

Ever since the great cobalt mines of Zaire were threatened by invasion in the late Seventies, cobalt has been a source of anxiety in Washington. The U.S. produces no cobalt, a heat- and abrasion-resistant metal used in jet engines and vital to national defense. Anschutz Corp., Ni-Cal Developments Ltd., and Noranda Mines Ltd. are offering to relieve these cobalt blues by mining the metal in the U.S. The problem is that cobalt produced from the Zairian ore in that truck at left costs only $5 a pound, while supplies from projected American mines (see inset) would probably cost at least $20 a pound.

To ensure survival of their operations, the miners want the U.S. government to buy domestic cobalt at the $20 price, which cur-

rently would require a $15-per-pound subsidy. Whatever merit subsidizing cobalt may have—and it doesn't appear to have much—the scheme raises broad issues soon to fire debate on Capitol Hill.

Last fall the Defense Department, which favors subsidizing U.S. production of strategic materials, wrested a deal from Budget Director David Stockman, who had opposed the plan. Under the agreement Congress has authorized $50 million to get the subsidy plan going this year and the Administration is asking for $200 million in 1984. The money may be used to support domestic production of various products or materials, cobalt being the most prominent. The Defense Department hopes to escalate appropriations to $500 million a year by 1986 but argues that much of the money may never be spent, since the government shells out only when market prices fall below the costs of subsidized producers. Opponents on Capitol Hill will soon be asking how reassuring that argument is in light of cobalt's recent history.

If Uncle Sam is a soft touch for such a scheme, it is partly out of legitimate fear that supplies of strategic metals could be cut off. Of the U.S. cobalt supply, 91% is imported and 9% reclaimed from scrap. Most imports originate in Zaire and Zambia, frequently described with bureaucratic understatement as "unstable." Zaire produces 51% of the world's cobalt from rich deposits in the southern region of Shaba.

But America's cobalt predicament is largely of its own making—the result of federal ineptitude in managing the national defense stockpile. At its peak in 1963, the stockpile held 104 million pounds of cobalt. But by 1977 sales from the reserve had depleted it to 41 million pounds. That's less than half what the Federal Emergency Management Agency (FEMA), which makes stockpile policy, now estimates should be on hand in the event of war. In the Sixties and Seventies the government also sold copper, lead, nickel, zinc, and other metals down to levels now considered unsafe. FEMA reports that 37 of 61 critical materials are understocked.

Virtually everyone agrees that the national stockpile is a shambles. Officials frequently call stockpile management a travesty and talk of the stores as having been "raped." After World War II, Presidents Truman and Eisenhower painstakingly built reserves for a five-year war. Then, starting with President Kennedy, successive Administrations sold stocks in attempts to raise revenues or influence market prices of particular commodities.

To disguise what were often political goals, defense needs were re-estimated, usually in a downward direction. Kennedy decided to prepare for a three-year war, Nixon for one year. Frequently supplies were sold when prices were low and replaced when prices were higher. In the Sixties and Seventies the government sold cobalt for $2.50 a pound on average. In 1981 it bought five million pounds from Zaire at $15 per pound, spending $50 million more then would be necessary at today's prices.

No one should be surprised that the stores have been looted, for their guardian doesn't have much muscle. In theory, FEMA makes policy after consulting with the departments of Defense, State, Interior, and Commerce and other agencies, but in fact the White House often plays politics with the stockpile. The General Services Administration, which carries the stockpile's $11 billion in assets on its books, has little say in policy but executes contracts and maintains warehouses around the country. The armed services committees of Congress review stockpile sales and the appropriations committees review purchases, but they don't always see eye to eye.

In recent years Congress has taken steps to halt the raiding parties. In 1979 it put an end to executive tinkering with the length of the hypothetical conflict: for stockpiling purposes, it declared, we will fight a three-year war. Second, it ordered that proceeds from stockpile sales be set aside only to buy new stocks. Money from sales used to revert to the Treasury.

That may have plugged the leaks, but replenishing the stocks won't be as simple. FEMA estimates that $10.2 billion is needed to fill the stockpile to present goals. Roughly $3.9 billion could come from selling materials now in surplus; the remaining $6.3 billion would have to be appropriated by Congress. That's unlikely. An alternative to cash purchases is being promoted by Congressman Charles Bennett of Florida, a member of the House Armed Services Committee, who favors bartering surplus agricultural products in the U.S. for stockpile materials from abroad. At the rate GSA is authorized to spend this year, filling the stockpile would take 85 years.

Hence the Defense Department's desire to revive a subsidy program, which it would manage itself. An accident of history led the department to build its case for subsidies on cobalt. In 1978 the Shaba region was invaded from Angola by dissident exiles who briefy occupied the mining center of Kolwezi. That put cobalt prices into a steep climb. Between 1978 and 1980, official prices jumped from $6.40 to $25 per pound, and spot prices for one month reached $50—high enough for Zairians to airmail the metal to Europe. A prolonged shortage never materialized, but a shortage mentality did: OPEC was at the peak of its power and few thought commodities prices would soon come down.

Spying an opportunity, Noranda and Anschutz, a privately owned and publicity-shy oil and gas company, bought two shut-down mines in Idaho and Missouri. A third company, Ni-Cal, improved a process for extracting cobalt, chromium, and nickel from low-grade soils on federal property in northern California. To date, the three have spent $86 million on their projects. The Bureau of Mines estimates the U.S. may have the world's third-largest cobalt resources (after Zaire and Cuba), but it is low-quality ore that would cost at least $20 a pound to produce, vs. $3 to $6 in Zaire.

Fifteen months ago the companies went prospecting on Capitol Hill for federal financial support. Sagging world cobalt prices, down to $10 on the spot market, were jeopardizing their ventures. If the Defense Department would guarantee to buy at $20 a pound, they claimed, their projects could be on stream by 1985, producing up to ten million pounds a year. That's roughly half the annual U.S. consumption before cobalt prices soared and the economy slowed, and one-third what FEMA estimates would be needed each year in war-time. FEMA later issued a report arguing that subsidizing domestic cobalt mines would be cheaper than refilling the stockpile. In one of many scenarios analyzed, the agency figured that refilling the stockpile would cost $1.1 billion, while combining subsidized production with open-market purchases would cost only $360 million. FEMA's projections were based on prices bottoming out at $13 a pound in 1983. There was no hint in the report, issued last August, that spot prices already were $8 a pound and were still dropping.

Plugging today's prices into the FEMA model yields strikingly different results. Replenishing the stockpile with cobalt bought on the world market would cost about $240 million, total. FEMA's subsidy plan, on the other hand, would cost about $733 million by 1990, and probably more later. Assuming that today's low prices will last is no more justified than to posit, as FEMA did, that prices will quickly climb back to the crisis peaks of 1979. But the point is manifest: production subsidies aren't necessarily cost-effective.

The debate may be rejoined when the Defense Production Act comes up for renewal in the next couple of weeks. The act is important to the Administration mainly because it can be used to require civilian contractors to fill defense contracts before all others in times of emergency. One of the leading advocates of production subsidies on Capitol Hill, Senator James A. McClure of Idaho (where Noranda would open its cobalt mine), blocked a long-term renewal of the act last year until Stockman agreed to the subsidy scheme. To keep Stockman's "feet to the fire," says an aide to McClure, the act was renewed only until March 31.

When the issue comes up again, the following points are worth Congress' consideration. Filling the stockpile with cobalt from abroad would cost less than subsidies while giving the U.S. three years to open mines in case of a prolonged war. In the event of a lesser disruption, prices will certainly rise and the market will adapt. The Congressional Budget Office estimates that when prices climbed in the late Seventies, conservation cut U.S. cobalt use by 19%, and recycled cobalt nearly tripled its market share. Meanwhile, cobalt users searched for substitute materials. Pratt & Whitney, a division of United Technologies, is working on new cobalt-free superalloys for jet engine parts.

Any domestic producers of strategic materials that win government support will be vulnerable to shifting political winds that could blow away their subsidies and leave them with uneconomic investments. The nation's and business's long-run interests would be better served by rebuilding the stockpile with purchases on world markets, and by putting it under reformed central management.

● Mr. UDALL. Mr. Speaker, I rise in support of the conference report on the Defense Production Act. I would like to talk about one specific aspect of the bill. This is the program that deals with the country's increasing and dangerous dependence on unreliable foreign producers for supplies of strategic minerals such as cobalt.

Some of my friends in the environmental movement are opposed to domestic cobalt mining. Allegations are made that such projects would cause irreparable environmental damage and that the normal environmental review process would be overridden.

These charges are unfounded. The proposed strategic metals mine in Del Norte County, Calif., for instance, will have to meet the environmental regulations of the Federal Government and the even tougher State environmental laws of California. To my knowledge, no attempt has been made

by this and other potential producers to avoid or override these protections.

It is often difficult to strike the appropriate balance between environmental protection and commercial development. In the case of strategic metals production, we may well have an opportunity to acheive both. The decisionmaking process which has been set forth by the Defense Department is reasonable and deserves our support. We simply must find ways to reduce the vulnerability of the U.S. economy to the real threat of embargo by foreign suppliers of cobalt, chrome, and other vital materials.●

Mr. WYLIE. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. ST GERMAIN. Mr. Speaker, I yield back the balance of my time.

Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. ST GERMAIN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous material on the conference report just adopted.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

LONGSHOREMEN'S AND HARBOR WORKERS' COMPENSATION ACT

The SPEAKER pro tempore. Pursuant to the provisions of clause 5, rule 1, the unfinished business is the question de novo of suspending the rules and passing the Senate bill, S. 38, as amended, on which further proceedings were postponed on Monday, April 9, 1984.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. MILLER) that the House suspend the rules and pass the Senate bill, S. 38, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended, and the Senate bill, as amended, was passed.

A motion to reconsider was laid on the table.

OCEAN MINERALS RESOURCES DEVELOPMENT ACT

(Mr. BOSCO asked and was given permission to address the House for 1 minute and revise and extend his remarks.)

Mr. BOSCO. Mr. Speaker, today I am introducing legislation, along with Congressman D'AMOURS, that is designed to address the controversy over the Department of the Interior's proposal to offer lease sales for undersea mining on the Gorda Ridge off northern California and Oregon. This measure, entitled "the Ocean Mineral Resources Development Act," would provide for a moratorium on Gorda Ridge lease sales until more definitive scientific information is gathered and analyzed on both the mining potential of the site and on the environmental effects of such mining

In January 1984, the Minerals Management Service released a draft environmental impact statement (DEIS) on the proposed lease sales. Although the DEIS covered potential mining on 68,000 square miles beginning some 20 to 40 miles offshore, Interior has since scaled back the proposed lease sales by 90 percent and postponed the actual leasing until at least January 1985.

Both the DEIS and the entire leasing plan have come under intense criticism from environmental, fishing, and State and local interests. Moreover, the mining industry itself has viewed the lease plan with much skepticism and hesitancy. This widespread opposition to the first major non-oil or gas offshore mineral lease is premised on the fact that leasing at this time, for many reasons, would be premature.

Adequate scientific information is essential to provide a basis for reasoned decisionmaking. As yet, however, there is no definitive evidence of polymetallic sulfide minerals, including such strategic minerals as copper, zinc, chromium, silver, platinum, nickel, and cobalt on the Gorda Ridge. Also, as Interior's DEIS showed, very little is known about the overall physical, chemical, and biological environment of the Gorda Ridge.

Without such scientific information, industry has been understandably hesitant to invest capital in the type of exploration technology necessary to undertake a successful mining venture—particularly at a time when there is a worldwide glut of polymetallic sulfides. In any event, it is widely accepted that the technology necessary for actual mining will not be available for at least 20 years.

At the same time, concerned citizens in California and Oregon have recognized that an adequate assessment of environmental impacts cannot be made until more is known about the ore source and mining methods to be used in development. The possible destruction of the ocean-bottom ecosystem is of obvious concern, as are the possible onshore pollutant effects of polymetallic processing plants.

The commercial fishing industry, an economic mainstay of California's north coast, has also raised strong concern over the possible effects of heavy metal discharges on the ocean food chain. The proposed lease sale will take place in an area of valuable salmon, albacore, and steelhead fishery resources, and thus more information is needed on the type of extraction technology to be used.

Also, serious questions remain unanswered as to which Federal agency has jurisdiction over the polymetallic minerals on the Gorda Ridge. While Interior claims jurisdiction under the Outer Continental Shelf Lands Act (OCSLA), the Department of Commerce has historically been assigned jurisdiction over the commercial mining of manganese nodules on the deep seabed from the Deep Seabed Hard Minerals Resources Act. This discrepancy should be resolved before any further research, scientific studies, or actual lease sales pertinent to the Gorda Ridge area are undertaken. Resolution of this jurisdictional problem should also facilitate coordination and communication with State and local agencies.

Finally, with little industry interest, a lack of basic information, and a worldwide glut of polymetallics, there is reason to doubt that the Government can receive anything approaching "fair market value" for leases on the Gorda Ridge. At this time, bids may be accepted for as little as 5 cents an acre.

For all of these reasons, I agree with the overwhelming public consensus that leasing of the Gorda Ridge should be delayed until the Federal Government resolves the many unanswered questions and concerns raised by industry and the citizens of California and Oregon. The Ocean Minerals Resources Development Act is designed to meet these concerns.

First, this act would prohibit lease sales on the Gorda Ridge until such time as the President issues a feasibility report to the Congress and the prohibition is lifted by joint resolution, or until September 30, 1988, whichever occurs earlier.

Second, the Department of Commerce and the Department of the Interior would be authorized to prepare a memorandum of understanding with respect to research and other scientific studies pertinent to the Gorda Ridge. This MOU is to be submitted to Congress no later than 1 year after enactment.

Third, the President is to submit a Gorda Ridge feasibility report to Congress no later than September 30, 1987. The preparation of this report during the moratorium should lay a sufficient scientific foundation upon which future governmental and private industry decisions can be based. Among other things, the report must contain a summary of the physical and biological environment, a determination of what, if any, additional tech-

nology is necessary to fill the scientific data gaps, a study on the feasibility of mining the area, and information on the most appropriate leasing procedures and lease values for exploratory and production activities on the Gorda Ridge.

In sum, Mr. Speaker, there is no practical economic, enviromental, or national security rationale for rushing ahead with this lease sale. Rather, I believe the Ocean Minerals Resources Development Act represents a reasoned, pragmatic approach toward meeting our future mineral needs without precipitously endangering our marine and coastal environment.

IMF SHOULD ARRANGE STRETCHOUT ON LOANS TO ASSIST DEBTOR NATIONS

(Mr. SCHUMER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SCHUMER. Mr. Speaker, last week, the United States agreed to provide Argentina $300 million so that Argentina could continue paying interest on its bank loans. Without this assistance, Argentina's interest payments would have been more than 90 days overdue and the banks would not have been able to count this money in their first quarter earning reports.

This $300 million transaction between the United States and Argentina has several disturbing aspects:

For the first time, the U.S. Government stepped in to protect bank profits. Previously, we bailed out bankrupt companies, but only after Congress required them to take steps to restore their financial health. This time, nobody was suggesting that any banks or financial institutions were in any immediate danger and the Reagan administration did not ask the banks to do anything that might help alleviate the international debt crisis. We acted purely and simply to insure that banks can continue reporting higher and higher profits on their increasingly shaky loans to developing nations.

Even more disturbing, this $300 million transaction will not solve the financial crisis. It merely postpones the day of reckoning until June 30, when new quarterly earnings reports are due. Only by this time, Argentina will be deeper in debt and no closer to paying any interest.

When is this merry-go-round going to stop? Is the United States going to step in again with another last-minute rescue plan that does little to solve the problem? More importantly, what are the banks contributing to make sure that the problem is solved once and for all?

During last year's debate on the IMF quota increase, I suggested that the banks were charging debtor nations higher and higher interest rates and then lending these countries only enough money so that they can repay the previous year's high interest. Instead of allowing banks to make this Faustian bargain simply so they could continue reporting high profits on their loans to debtor nations, I proposed an amendment calling on banks to convert their short-term, high-interest LDC credits into longer term, lower interest rate loans.

This amendment, which was signed into law by President Reagan last November, also states that the IMF should arrange this stretchout to insure that each debtor nation's annual repayments of principal and interest are a reasonable and prudent percentage of its annual export earnings.

Now that the IMF and Argentina are beginning another round of negotiations, this amendment may have its first real test. This is because it requires the U.S. Executive Director of the IMF to vote against any IMF adjustment program unless the banks also agree to a longer term, lower interest rate stretchout that links repayments to a country's export earnings.

A stretchout will help to deflate the debt bubble in a reasonable and prudent fashion. Therefore, I am calling on Treasury Secretary Donald Regan to make sure that this statement is strictly enforced. Enforcing the amendment will help spread the burden of rescuing the financial system more equitably among banks and debtor nations. Banks will have to accept some reductions in their quarterly profit reports, but a stretchout will improve the probability that they will be repaid eventually.

Debtor nations will be given significant debt relief which should allow them to continue growing rapidly and purchasing more U.S. exports. But in exchange, they will still be expected to make the economic adjustments that are needed to get their financial affairs in order.

And last but by no means least, it will help to promote political stability and economic growth in Latin America. If we are really serious about stopping the spread of communism in this hemisphere, enforcing the Schumer amendment should be a top priority.

□ 1240

HIGH-QUALITY, LOW-COST, LONG-TERM CARE FOR THE ELDERLY

(Mr. PENNY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PENNY. Mr. Speaker, I rise to offer a commonsense proposal which will allow us to continue to provide high-quality, long-term care for our elderly veterans at a lower cost to the taxpayer.

During the next two decades, we will be facing a tremendous increase in the number of elderly veterans in the country. The Veterans' Administration has projected that the number of veterans at least 65 years of age, presently around 4 million, will grow to nearly 9 million by the end of the century.

Obviously, additional domiciliary and nursing home beds will be needed to meet the demand created by this aging veteran population. This need can best be met through the State home program, long recognized by Congress as a cost-effective means of meeting the extended care needs of America's veterans.

The Veterans' Administration is authorized by the Congress to pay per diem rates for the care of eligible veterans within the State homes and to provide grants for the construction, alteration, and moderization of State-extended care facilities. Subchapter 3 of chapter 81 of title 38, United State Code, authorizes the VA to make grants to the various States for up to 65 percent of the cost of such projects.

Because of the cost sharing between State and Federal Government, this State home program is one of the most effective programs for the delivery of health services within the VA. Surely, at this time of budgetary constraints we should provide every incentive and encouragement for this program.

That is why I am today offering legislation which will permit the use of the cost-effective State home construction grant program in an even more cost-effective manner.

Under the current law, the VA can make State home construction grants "to construct State home facilities." The VA has interpreted this language to mean that grants can not be used for the acquisition and renovation of existing buildings as State nursing homes.

My legislation would amend the language of the statute to permit construction grant funds to also be used for the acquisition and renovation of existing buildings for use as State homes. By allowing the VA to use the funds in this manner we can provide the necesary domiciliary and nursing home beds we need at a much lower cost to the taxpayer.

In my home State of Minnesota, the department of veterans affairs is seriously looking at several unused buildings around the State which could be readily adopted for long-term care purposes. Encouraging the use of existing vacant facilities in lieu of new construction has been mandated by Congress in other instances. This bill would not prohibit new construction, it would simply remove the staturory impediment to those States who wish to acquire and renovate existing facili-

ties rather than build from scratch. That just makes good sense.

This proposal is good for our veterans and good for the taxpayers.

I urge its serious consideration.

THE CANAL TREATY AND ITS IMPLICATIONS

(Mr. PHILIP M. CRANE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PHILIP M. CRANE. Mr. Speaker, today legislation dealing with authorizations for the Panama Canal Commission will be considered. As this authorization bill is discussed, I cannot help but be reminded of the fact that a tremendous mistake in our foreign policy was made with the signing of the Panama Canal Treaty on September 7, 1977.

With the decision to turn the canal over to the Government of Panama, the United States effectively signaled Moscow of its intentions to look the other way while the Soviets attempted to gradually tighten their stranglehold on Central America. At each turn the Soviets have made small yet significant advances, and we have done nothing to stop them; in fact, we have often been accomplices, whether willing or not, to their adventurism in the region. First, permitting their beachhead in Cuba; next the Canal Treaty; then, the abandonment of Nicaragua; later, the Soviet brigade in Cuba; and now, the very survival of democracy in El Salvador is being threatened. And rather than support a foreign policy of strength and decisiveness, many here in Congress call for negotiations and appeasement. But such negotiations can bring only temporary lulls in the conflict at best; the Soviets and their surrogates will stop at nothing less than complete control of the region.

Why is it that so many people continue to ignore the growing menace gathering over Latin America like a huge and dangerous thundercloud? The Soviets themselves have made no secrets of their intentions nor of their foreign policy for the region. The main thrust has been to strengthen their hold on Cuba while striving to expand Soviet influence while undermining U.S. influence wherever other openings arise. Ironically, the Panama Canal itself has been used extensively by the Soviets to deliver arms and ammunition to the Sandinistas in Nicaragua and the Marxist terrorists in El Salvador. Needless to say, they have been remarkably successful in exploiting opportunities.

Our policy for the region, on the other hand, has been vacillating weak, even feeble. This fact is certainly not lost on the Soviets. They carefully consider our resolve and determination before making any move. And this, perhaps more than any other factor, accounts for the recent increase of violent, terrorist activity in Central America. The weaker we are perceived to be, the bolder Soviet expansionism will become. Until we are willing to stand up and defend freedom and democracy as the leader of the free world that we are, the Soviets will continue to exploit our lack of resolve until we are ultimately faced with a direct confrontation on our very borders.

In the past we have allowed Soviet aggression in other parts of the world to go unchecked, but we can no longer afford to do so. Central America is too close to home to just look the other way, as many in this country advocate. I only hope that the precedents set by the Panama Canal Treaty and the abandonment of Cuba and Nicaragua can be reversed. Unfortunately, time is running out.

ALTERNATIVE MEDICAL LIABILITY ACT

(Mr. MOORE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MOORE. Mr. Speaker, today I am introducing H.R. 5400, the Alternative Medical Liability Act, with my colleague and good friend, the gentleman from Missouri (Mr. GEPHARDT), for the purpose of promoting discussion on the issue of medical malpractice.

This bill encourages State legislatures to adopt an alternative system for handling acts of malpractice and insuring prompt and fair payment to all injured individuals in a State. In the event that States fail to take action, our alternative system will become effective on January 1, 1987, for all cases where the beneficiary is a recipient of a federally funded health care program, including Federal employee health benefits program (FEHBP), medicare, medicaid, Champus and Veterans' Administration (VA) benefits.

The cost of malpractice litigation to society is twofold: Most importantly, patients are not, in many cases, being compensated for the loss even after lengthy court battles where the parties become embroiled in an unproductive adversarial relationship. Further, malpractice litigation is a significant contributing factor driving the cost of health care upward. The cost is not only evident in the amount of money spent, but also in the unwise practice of defensive medicine where patients are exposed, in many cases, to dangerous tests and procedures that are unnecessary for diagnosis or treatment. Some estimates show that the economic cost of defensive medicine is as high as 30 percent of the total health care expenditures of our Nation, or more than $100 billion per year.

H.R. 5400 removes the impetus for the practice of defensive medicine by encouraging a change in the behavior and the attitude of health care providers with regard to their responsibility for liability. Because our alternative system does not assign blame for potential wrong doing, hospitals and physicians will be encouraged to act in the best interest of the patient. The best interest of the patient and the physician is to make the patient well. Without the assessment of blame being contingent for recovery of loss, the patient, the physician, and the hospital will no longer be forced into an adversarial relationship. The impact of this changed relationship can only be a positive force in insuring quality health care for our Nations citizens and helping to control the escalation of health care costs.

This system seeks to provide a more rational method for compensating victims of malpractice. Patients, providers, insurers, and taxpayers should welcome the change from a system which absorbs tremendous resources for transaction costs to a system which provides certainty, prompt payment, and a climate for better quality health care.

We introduce this bill today in an effort to focus public attention on the contribution of our litigious malpractice system to the rising cost of health care. Attached for inclusion in the record is a summary of the key provisions of this bill. We encourage public comments on the merits and defects of this proposal as we will no doubt encourage Congress to focus on solutions to insure quality health care for patients while simultaneously bringing down the rising cost of health care.

H.R. 5400—THE ALTERNATIVE MEDICAL LIABILITY ACT

(By Congressman W. Henson Moore and Congressman Richard A. Gephardt)

RATIONALE

The threat of malpractice suits adversely affects the health care system today. It affects the conduct of hospitals and physicians and patients alike, and is an unproductive force in the provision of health care in our society. There continues to be an increasing number of claims; the cost of the practice of defensive medicine may contribute 30 percent or more to the overall cost of health care; the cost of defending and bringing suit has increased during the past eight years by 73 percent; liability insurance premiums are rising in spite of legislation enacted by states in response to the malpractice crisis in 1975; and the average amount of awards has increased by nearly 50 percent.

Patients are not being well served by the current malpractice litigation system. The current system does not provide a fair, rapid and rational method for compensating victims of medical malpractice. The process requires patients and physicians and hospitals to assume stances diametrically opposed to their best interest. A patient must accuse those who have cared for him and whom he may need to continue to care for him. The

physician or hospital must deny any fault for an outcome they know they may be responsible for. This is an unproductive influence for both the patient and the provider.

H.R. 5400 would encourage the prompt payment of compensation to victims of malpractice without lengthy litigation. It would modify the current system to encourage compensation to more injured patients who suffer from malpractice in an amount which fairly reflects the patients' economic loss. The alternative liability system would reduce the time, grief, uncertainty and costs involved in traditional malpractice cases and would use the money, which now is expended, to provide meaningful compensation to more victims, more quickly.

KEY PROVISIONS

H.R. 5400 will point the way for State legislatures to adopt our alternative medical liability system for all patients. If a State legislature fails to adopt such legislation by January 1, 1987, H.R. 5400 would apply to all potential cases of malpractice incurred by benficiaries of all federally funded health care programs including medicare, medicaid, FEBHP, VA, and Champus.

Streamlines the recovery process for victims of malpractice by allowing the patient the certainty of prompt payment for economic loss and adequate rehabilitative health care without going to court.

It ends the necessity for doctors and hospitals to engage in an adversarial relationship with each other and with the patient because the alternative system does not assign blame for the "bad event."

Removes the impetus for the practice of defensive medicine, thus will result in an overall savings to the health care system. It will remove patients from the danger of excessive testing and procedures that may be harmful.

The current resources used to prepare malpractice cases, pay court costs, contingent attorney fees and damages for noneconomic detriment will now be available to compensate more people in a more rational way.

The provider has the incentive to evaluate all adverse outcomes and immediately make provision for potentially negligent actions.

The provider may join a third party to the offer. If joined, or offered to join, the third party's rights in subsequent court actions are protected.

CONCLUSION

The present system of lengthy and costly suits does not meet the needs of society as it is applied to medical malpractice claims. In an adversarial system few victims of malpractice are recovering fair compensation for their losses, while unusually large recoveries are conferred on an even fewer others. Hospitals and physicians are faced with ever-increasing premiums for liability insurance and are forced to engage in the unwise practice of defensive medicine. Vast amounts of time, effort and money are expended in litigation that could be better spent caring for the sick. The alternative system is an effort to achieve that end.

□ 1630

YOUNG APPRECIATE OLD STANDBY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

● Mr. ANNUNZIO. Mr. Speaker, as National Coin Week approaches, I would like to share an appreciation of the penny recently sent to me by the first grade of the Tower Hill School in Wilmington, Del. I have been a fan of the penny for many years. When I was a youngster, I looked forward to spending my pennies at the local candy store, and it was a great treat. As is evident from these Wilmington first graders, sentiment in favor of the penny is still strong.

Pennies are "just fun to have and fun to spend," according to the Tower Hill first grade. For many youngsters, collecting pennies is the first of many hobbies. Children are given pennies at an early age, and collecting the coins teaches the children to be responsible for their possessions. Collecting pennies is a habit that may prove lifelong. Even now I still put my pennies aside at the end of the day.

Outside of a penny jar, pennies have a practical use in the classroom. According to my first grade correspondents, the penny is "easier to handle and to count." The distinctive bright copper color separates it from all other U.S. coinage.

The students pointed out that the coins "teach you what 5 pennies equal and how to add by ones." Pennies surely aid in the learning process. As a small object, children may actually see that the numerical total equals the amount of pennies in their hands. Pennies reinforce adding skills taught in the classroom.

Pennies are used in teaching the value of money to first grade students. The Tower Hill students noted how they used pennies to play shopping. An elementary school student may enter a candy store and purchase a piece of bubblegum for 2 cents. For many children, playing with pennies is the first time they ever have to manage money, a skill that they will need throughout their lives.

The penny is a coin of historical as well as practical use. The penny commemorates the many achievements of President Lincoln, and provides the first glimpse into America's past for many youngsters. As a result of seeing Lincoln on the coin, students are prompted to inquire about the United States during the Lincoln Presidency. Pennies remind both children and adults of Lincoln's accomplishments as President of our Nation.

Pennies are valued and appreciated by one and all. The 1-cent coin serves many purposes in our economy. I join the Tower Hill School first graders of Wilmington in recognizing the merits of this coin. The penny deserves a permanent place in U.S. coinage, and I want to assure that the United States keeps minting them. So let us keep minting them so that the public, as well as the first graders of America, will have the coins they want.

I have enclosed a copy of the letter from the Tower Hill School first grade for inclusion in the RECORD:

WILMINGTON, DEL.,
March 14, 1984.

Re Article in the News-Journal on Thursday, February 23, 1984. Sending penny off to heaven makes sense—But Americans won't give a thought to its end.

DEAR MR. ANNUNZIO: We, in first grade at Tower Hill School in Wilmington, Delaware, would like to give you our thoughts on why we should keep the penny.

Out of our discussion are our reasons (from a child's view):

(1) "Just fun to have and fun to spend."
(2) "Teach you what 5 pennies equal and add by ones."
(3) "They remind us of Mr. Lincoln."
(4) "Easier to handle and count."
(5) "They are fun to save and teach one to read numbers."
(6) "I wouldn't be able to save as much."
(7) "Everything would have to be above five cents in worth."
(8) "You can play shopping with the pennies."

Number eight is used in teaching value of money to first grade students.

Sincerely yours,

MRS. JUDITH MCCRACKEN,
First grade teacher.●

REMEMBERING CONGRESSMAN PHIL BURTON

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. STARK) is recognized for 5 minutes.

● Mr. STARK. Mr. Speaker, this day, 1 year ago, was a day of mourning for this House and especially for myself. On April 10, 1983, we lost Congressman Phil Burton.

As a tribute to this great man and my friend, I want to include in the RECORD a speech made by Mr. Amodio, of the Tuolumne River Trust. The speech gives a good insight into the kind of man that Phil was. The speech also remembers Phil in the way he would have wanted. It calls for his memory to be enshrined in action, not just rhetoric.

The speech follows:

TRIBUTE TO CONGRESSMAN PHILLIP BURTON—PRESENTED AT AMERICAN RIVER CONSERVATION COUNCIL'S NINTH ANNUAL CONFERENCE

(By John Amodio)

To try and give a measure of the greatness and commitment of Phil Burton in a five minute tribute is akin to experiencing the vastness and complexity of the Grand Canyon by flying over it at 30,000 feet. You can't. All you can do is resort to superlatives in a feeble attempt to describe this legislative giant and genius.

Living in San Francisco, Phil Burton's accomplishments and legacy are constantly evident as the public parklands that he established literally encompass the city. Every day, I am reminded as the Tuolumne River Preservation Trust is one of numerous nonprofit organizations, including Friends of the River and Greenpeace, benefiting from affordable offices at Fort Mason Center, a part of Phil Burton's Golden Gate National

Recreation Area. This nontraditional unit of the National Park System exemplifies Burton's vision and sense of public service.

Fort Mason was a Navy surplus property, occupying the most prime real estate along San Francisco Bay. When a powerful, and Democratic, real estate developer proposed that this property be put up for public auction as it would be an ideal site for luxury condominiums, Burton responded instantly and characteristically: "To hell it will," Burton bellowed, "this is going to be public parkland for everyone, and not a playground for the rich."

On the national perspective, Phil Burton was responsible for doubling the amount of public land preserved. He mastermined a national park bill of such magnitude and involving every region of the country, that it was dubbed the first "Parkbarrel bill." He transformed land and river preservation from minor, local legislation to some of the most far-reaching and politically compelling issues before Congress.

While Ansel Adams is acknowledged as the master of outdoor and environmental photography; Phil Burton was an equivalent master of environmental legislation. As a legislator, Phil Burton was a work of art.

As a human being, Phil was also a work of art. From his thick, animated eyebrows, which reputedly browbeat many legislators into voting the public interest rather than the powerful, monied interests; to his tough-minded brilliance, Burton was a relentless and formidable champion.

In some ways, he was an unlikely legislative leader of the environmental agenda. For one, he was also the undisputed, essential chamption of organized labor; yet managed to reconcile the conflicts which are sometimes inherent in choosing between preservation and development. Nor was Phil a user of the great outdoors. As a result, some questioned his motivation. Yet, I witnessed a different, lesser know side of Burton. On the night the House passed his bitterly contested Redwood National Park Expansion Act, Phil Burton described his only visit to the Redwoods when he was nine years old as one of the most moving experiences in his life. Phil was one of those rare people who did not need the personal experience of a place to inspire him to work for it. He had a deep sense of what was fair and ethical, and his anger at those who violated it fueled his intense effort.

Burton was someone you could neither bull nor flatter. What mattered to Phil was advancing his broad and idealistic agenda of justice, equal opportunity and the health of the people and the land. He respected hard work and dedication. Thus, the only meaningful tribute to Phil is to recommit ourselves to further that agenda. I want to close by telling you about the two current pieces of legislation whose passage would form the final and most appropriate remembrance for Phil.

The first, and by far the most fitting, would be Congressional passage of the Burton California Wilderness bill. For three Congresses, Phil masterfully crafted an environmentally sound resolution of this exceedingly complex issue. In every one of those three Congresses, the Burton Bill was overwhelmingly passed by the House with bipartisan support. Yet, the Senate has failed to act on it. Again this Congress, the Burton bill awaits Senate action.

The second issue is the lead river issue in the country, preservation of California's Tuolumne River. You must understand that San Francisco, which Phil represented, is entitled to half of any developments on the Tuolumne. Yet, when we went to see Phil at the beginning of this Congress, he asked what our intentions were. When we told him that we would be seeking full wild and scenic protection, he sat back for a moment and then advised us that it would take two years, and it would require us to get Senator Wilson's support.

This response was a classic Burton telling us what we needed to do in order for him to be able to succeed legislatively. Well, we aggressively pursued his advise, and I am happy that we have succeeded in that assignment. Without Phil Burton, there is no one to do what only he could—the seemingly impossible.

Today, San Francisco is represented by Sala Burton, Phil's wife and greatest love. Sala is equally committed, and a capable legislator in her own right. Yet, no single person could fill Phil's shoes entirely. Therefore, we must all do more as this greater collective effort is essential to succeed without Phil among us. I look forward to working with all of you in completing Phil's environmental agenda.●

THE DEFICIT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Colorado (Mr. WIRTH) is recognized for 5 minutes.

Mr. WIRTH. Mr. Speaker, when the President proposed in his State of the Union address that the administration and Congress undertake negotiations to reduce the massive deficits the Nation faces over the next 3 years, many of us hoped that he had finally opened the door to serious compromise and serious efforts to defuse the enormous threat these deficits present to our economy.

However, the President's insistence that these negotiations be limited to a minimal $100 billion downpayment on the over $600 billion in deficits projected between now and 1987 made them meaningless. The President's downpayment proposal has never been anything more than a proposal to delay real action on reducing the deficit until after the November elections.

That kind of delay is simply unacceptable. The current economic recovery has now passed into its third stage—the stage of increased capital investment by business to expand its productive capacity. Industrial production rose by 1.2 percent in January, continuing its strong rise at an annual rate of more than 15 percent. In February, capacity utilization reached 80.7 percent, its highest level since May 1981. Consumer demand continued its strong growth, with auto sales leading the way at an annual production rate of about 7 million units in the first quarter.

We have reached a critical stage in the recovery, and the action we take on the deficit will have a major impact on whether we move now to a period of sustained economic growth, or back into the extreme inflation-recession cycles of the past decade. We have reached the point when key industries must expand their productive capacity, or serious bottlenecks in the economy, accompanied by increased inflation, will begin to emerge. Business capacity utilization has risen at an exceptionally rapid rate over the past 15 months of the present business cycle, suggesting that inflationary pressure could now be building and bottlenecks in key industries could occur soon. Many economists estimate the danger point for the economy to be approximately 81 percent utilization, almost exactly our current level.

We are now at the point where the danger of a collision of consumer and business credit demand with Federal borrowing demands is rising rapidly. The first danger signs are already showing in housing credit: Mortgage interest rates for new loans rose twice, in the weeks of March 10 and 17, the first increases this year. The price rate rose to 12 percent last week, and the discount rate to 9 percent.

The $100 billion downpayment the President originally proposed—and the so-called $150 billion Rose Garden agreement between the President and the leadership of the other body—will accomplish very little toward reducing the risk of that collision. They both eliminate less than one-sixth of the Federal deficits projected through fiscal year 1987.

I have consistently argued that the President and the Congress must negotiate a comprehensive agreement that will seriously reduce the deficit for the remainder of the decade. That sort of serious action is the only action the Nation's financial markets can be expected to take seriously.

Such an agreement, obviously, will not be forthcoming in 1984.

The choices available to us this afternoon are the eight budget proposals which have been made in order under the rule.

I strongly believe that the budget the House passes must accomplish three fundamental goals:

First, it must make significant, serious reductions in the Federal deficit over the next 3 years.

Second, it must not place the burden of reducing those deficits on the backs of senior citizens and the disadvantaged in our society—the groups who have borne the largest share of the budget cuts of the past 3 years.

Finally, it must allow at least modest increased investments in our economic future—in areas like education, worker training and research and development, all of which are critical to meeting the economic challenges of the 1980's.

Mr. DIXON's amendment makes the most significant reductions in the deficit over the next 3 years, cutting them by over $323 billion, almost half. That

reduction is critical for economic growth.

In addition, Mr. DIXON's amendment protects senior citizens and the disadvantaged from bearing the burden of the majority of the necessary budget reductions. Some will argue that the $182 billion in new tax revenues called for are too great. I strongly disagree. The proposals included in Mr. DIXON's amendment meet the very serious need to begin reform of our outdated, jerry-built Tax Code. The vast majority would fall only on Americans earning more than $50,000 per year. Mr. DIXON's amendment would repeal indexing of the Tax Code—something that this House must face up to sooner or later—preserve the third year of the Reagan tax cut for only those earning under $50,000 per year, establish a minimum corporate income tax, and close a wide variety of tax loopholes. Such a tax reform efforts is critical to reducing the Federal deficit and reducing the average American's share of the tax burden.

Finally, Mr. DIXON's amendment allows adequate room for reasonable investments in the future of our economy in a wide variety of areas, including education and retraining for workers, essential to rebuilding the economy to meet the challenge of the 1980's and 1990's.

For these reasons, Mr. Speaker, I support the amendment offered by the gentleman from California.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Ms. MIKULSKI (at the request of Mr. WRIGHT), for today, after 3 p.m., on account of official business.

Mrs. BURTON of California (at the request of Mr. WRIGHT), for today, on account of necessary absence.

Mr. WALKER (at the request of Mr. MICHEL), for today, on account of a death in the family.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. BLILEY) to revise and extend their remarks and include extraneous material:)

Mrs. VUCANOVICH, for 60 minutes, today.

Mr. MCEWEN, for 60 minutes, April 11.

Mr. MCEWEN, for 60 minutes, April 12.

Mr. MCEWEN, for 60 minutes, today.

Mr. SILJANDER, for 60 minutes, April 11.

(The following Members (at the request of Mr. HAYES) to revise and extend their remarks and include extraneous material:)

Mr. ANNUNZIO, for 5 minutes, today.

Mr. HOWARD, for 5 minutes, today.

Mr. STARK, for 5 minutes, today.

Mr. WIRTH, for 5 minutes, today.

Mr. GONZALEZ, for 60 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. BLILEY) and to include extraneous matter:)

Mr. ROTH.

Mr. LEACH of Iowa.

Mr. COUGHLIN.

Mr. LENT.

Mr. MCCAIN.

Mr. PHILIP M. CRANE.

Mr. MCEWEN.

Mr. SCHULZE.

Mr. QUILLEN.

Mr. DAUB.

Mr. SNYDER.

Mr. STANGELAND.

Mr. BETHUNE.

Mr. CARNEY.

(The following Members (at the request of Mr. HAYES) and to include extraneous matter:)

Mrs. BOXER.

Mr. FLORIO in two instances.

Mr. FAUNTROY.

Mr. MAVROULES.

Mr. CONYERS.

Mr. BARNES in five instances.

Mr. MAZZOLI.

Mr. EDWARDS of California.

Mr. LEHMAN of California.

Ms. KAPTUR.

Mr. HEFTEL of Hawaii.

Mr. STARK.

Mr. RODINO.

Mr. DOWNEY of New York.

Mr. JACOBS.

Mr. HOYER in two instances.

Mr. PEASE.

Mr. DE LA GARZA.

Mr. SOLARZ in two instances.

Mr. MILLER of California.

Mr. ADDABBO.

Mr. SCHUMER.

Mr. JONES of Tennessee.

Mr. MURTHA in three instances.

Mr. SCHEUER.

ENROLLED BILL SIGNED

Mr. HAWKINS. from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 4169. An act to provide for reconciliation pursuant to section 3 of the first concurrent resolution on the budget for the fiscal year 1984.

BILLS PRESENTED TO THE PRESIDENT

Mr. HAWKINS, from the Committe on House Administration, reported that that committee did on April 9, 1984, present to the President, for his approval, bills of the House of the following title:

H.R. 4202. An act to designate the air traffic control tower at Midway Airport, Chicago, as the "John G. Fary Tower";

H.R. 4835. An act to authorize funding for the Clement J. Zablocki Memorial Outpatient Facility at the American Children's Hospital in Krakow, Poland;

H.R. 4206. An act to amend the Internal Revenue Code of 1954 to exempt from Federal income taxes certain military and civilian employees of the United States dying as a result of injuries sustained overseas; and

H.J. Res. 520. Joint resolution designating April 13, 1984, as "Education Day, U.S.A."

ADJOURNMENT

Mr. HAYES. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 33 minutes p.m.), under its previous order, the House adjourned until tomorrow, Wednesday, April 11, 1984, at 11 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3116. A letter from the Director, Office of Management and Budget, transmitting a report on the revised estimates of the President's budget, pursuant to 31 U.S.C. 1106(b) (H. Doc. No. 98-205); to the Committee on Appropriations and ordered to be printed.

3117. A letter from the Acting General Counsel, General Accounting Office, transmitting a report on the status of budget authority that was proposed for rescission, but for which Congress failed to pass a rescission bill (R84-2 through R84-9); to the Committee on Appropriations.

3118. A letter from the Acting Assistant Secretary of Defense (Comptroller), transmitting a list of contract award dates for the period May 1, 1984 to June 30, 1984, pursuant to 10 U.S.C. 139(b); to the Committee on Armed Services.

3119. A communication from the President of the United States, transmitting his determination that the authority available to the Export-Import Bank for fiscal year 1984 is sufficient to meet the needs of the Bank, pursuant to 12 U.S.C. 635(a)(2)(A)(ii) (97 Stat. 1257) (July 31, 1945, Chapter 341, section 7(a)(2)(A)(ii)) (H. Doc. No. 98-204); to the Committee on Banking, Finance and Urban Affairs and ordered to be printed.

3120. A letter from the Secretary of Housing and Urban Development, transmitting an evaluation of the effects of any changes in the administration of the congregate housing services program since January 1, 1983, pursuant to 42 U.S.C. 8007(c) (Public Law 95-557, section 408 (97 Stat. 1191)); to the Committee on Banking, Finance and Urban Affairs.

3121. A letter from the Secretary of Energy; transmitting an update on energy targets transmitted to Congress on March 9, 1983, pursuant to Public Law 96-294, section 301(c); to the Committee on Energy and Commerce.

3122. A letter from the Secretary of Energy, transmitting the annual report on the Department's industrial energy efficien-

cy program, based on reports from industry covering calendar year 1982, pursuant to EPCA, section 375(e) (92 Stat. 3282); to the Committee on Energy and Commerce.

3123. A letter from the Secretary of Health and Human Services, transmitting a report on the study of State delivery of population research and voluntary family planning program services, pursuant to Public Law 97-35, 931(c); to the Committee on Energy and Commerce.

3124. A letter from the Acting Secretary, Interstate Commerce Commission, transmitting notification that the Commission is unable to render a final decision in Finance Docket No. 30202, et al., Seaboard System Railroad, Inc. and Southern Railway Company—Purchase and Trackage Rights—Between Maplesville and Montgomery, Ala., by the 45th day after the close of the evidentiary proceedings, pursuant to 49 U.S.C. 11345(e) (94 Stat. 1932); to the Committee on Energy and Commerce.

3125. A letter from the Acting Assistant Legal Advisor for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a) (92 Stat. 993); to the Committee on Foreign Affairs.

3126. A letter from the Assistant Secretary of State for Legislative and Intergovernmental Affairs, transmitting a draft of proposed legislation to authorize U.S. participation in the Office International de la Vigne et du Vin (The International Office of Vine and Wine), pursuant to 31 U.S.C. 1110; to the Committee on Foreign Affairs.

3127. A letter from the Acting Assistant Secretary of the Treasury (Administration), transmitting notification of a new system of records, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

3128. A letter from the Administrator of Veterans' Affairs, transmitting a report on the VA's activities under the Freedom of Information Act during 1983, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

3129. A letter from the Chairman, Federal Deposit Insurance Corporation, transmitting a report on the Corporation's compliance with the laws relating to open meetings of agencies of the Government (Government in the Sunshine Act) during 1983, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

3130. A letter from the Chairman, National Transportation Safety Board, transmitting a report on the Board's activities under the Freedom of Information Act during 1983, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

3131. A letter from the Records Officer, U.S. Postal Service, transmitting notification of a proposed modification of a system of records, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

3132. A letter from the Secretary of Energy, transmitting the consolidated financial statement on a payout basis for all projects of the Federal Columbia River Power System and for all other projects on the extent to which their costs are to be repaid from the system's revenues, pursuant to Public Law 89-448, section 3(a) (80 Stat. 714; 91 Stat. 578); to the Committee on Interior and Insular Affairs.

3133. A letter from the Secretary of the Interior, transmitting a report on the receipts, expenditures, and work of all State mining and mineral resources research institutes during 1983, pursuant to Public Law 95-87, section 304(c); to the Committee on Interior and Insular Affairs.

3134. A letter from the Assistant Secretary of State for Legislative and Intergovernmental Affairs, transmitting a report on the proposed transfer of properties to the Republic of Panama, pursuant to 22 U.S.C. 3784, (Public Law 96-70, section 1504(b)) Executive Order 12215, section 1-401; to the Committee on Merchant Marine and Fisheries.

3135. A letter from the Secretary of Commerce, transmitting an annual report on the activities of the Economic Development Administration, for fiscal year 1983, pursuant to Public Law 89-136, section 707, section 204(b)(2) (90 Stat. 2333; 94 Stat. 2241), and section 904(b) (88 Stat. 1165; 94 Stat. 2241); to the Committee on Public Works and Transportation.

3136. A letter from the Assistant Secretary of the Army (Civil Works), transmitting a report dated January 25, 1984, from the Army's Chief of Engineers on Wallkill River basin, New York and New Jersey, which is in response to a resolution adopted by the House Committee on Public Works; to the Committee on Public Works and Transportation.

3137. A letter from the Assistant Secretary of the Army (Civil Works), transmitting a report dated January 24, 1984, from the Army's Chief of Engineers on the Mississippi River headwaters lakes in Minnesota, which is in response to a resolution adopted on June 7, 1945, by the House Committee on Rivers and Harbors; to the Committee on Public Works and Transportation.

3138. A letter from the Secretary of Energy, transmitting the fifth annual report on the use of alcohol in fuels, pursuant to Public Law 95-618, section 221(c) (94 Stat. 280); to the Committee on Ways and Means.

3139. A letter from the Secretary of Agriculture, transmitting a draft of proposed legislation to amend the Watershed Protection and Flood Prevention Act to provide the Federal Government with the flexibility to reduce the amount of cost sharing for construction of flood prevention projects, pursuant to 31 U.S.C. 1110; jointly, to the Committees on Agriculture and Public Works and Transportation.

3140. A letter from the Secretary of Agriculture, transmitting a report on the implementation of the Department's jurisdiction over master meter gas operators, pursuant to Public Law 96-129, section 111; jointly, to the Committees on Energy and Commerce and Public Works and Transportation.

3141. A letter from the Assistant Secretary of State for Legislative and Intergovernmental Affairs, transmitting a copy of the Secretary of State's determination that the furnishing of direct assistance to Mozambique would further the foreign policy interests of the United States, pursuant to Public Law 97-121, section 512; jointly, to the Committees on Foreign Affairs and Appropriations.

3142. A letter from the Comptroller of the United States, transmitting a draft of proposed legislation to add upper level positions for the General Accounting Office, pursuant to 31 U.S.C. 1110; jointly, to the Committees on Government Operations and Post Office and Civil Service.

3143. A letter from the Comptroller General of the United States, transmitting a report entitled "Cost-Benefit Analysis Can Be Useful in Assessing Environmental Regulations, Despite Limitations" (GAO/RCED-84-62, April 6, 1984); jointly, to the Committees on Government Operations, Energy and Commerce, and Public Works and Transportation.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. WHEAT: Committee on Rules. House Resolution 480. Resolution providing for the consideration of H.R. 4974, a bill to authorize appropriations to the National Science Foundation for fiscal years 1985 and 1986 (Rept. No. 98-667). Referred to the House Calendar.

Mr. BEILENSON: Committee on Rules. House Resolution 481. Resolution providing for the consideration of H.R. 5172, a bill to authorize appropriations to the Secretary of Commerce for the programs of the National Bureau of Standards for fiscal years, 1984 and 1985 and for related purposes (Rept. No. 98-668). Referred to the House Calendar.

Mr. MOAKLEY: Committee on Rules. House Resolution 482. Resolution providing for the consideration of S. 373, a bill to provide comprehensive national policy dealing with national needs and objectives in the Arctic, (Rept. No. 98-669). Referred to the House Calendar.

Mr. JONES of North Carolina: Committee on Merchant Marine and Fisheries. H.R. 3381, a bill to establish the National Oceanic and Atmospheric Administration; to provide for the management, protection, conservation, development, and study of ocean, coastal, and atmospheric resources; to provide for the delivery of ocean and atmospheric related services, and for other purposes; with an amendment (Rept. No. 98-670, Pt. I). Ordered to be printed.

Mr. SWIFT: Committee on House Administration. House Concurrent Resolution 227. Concurrent resolution expressing the sense of the Congress with respect to the adverse impact of early projections of election results by the news media; with an amendment (Rept. No. 98-671). Referred to the House Calendar.

Mr. DERRICK: Committee on Rules. House Resolution 483. Resolution providing for the consideration of H.R. 5394, a bill to provide for reconciliation pursuant to section 2 of the first concurrent resolution on the budget for fiscal year 1985, as passed the House of Representatives (Rept. No. 98-672). Referred to the House Calendar.

Mr. JONES of Oklahoma: Committee on the Budget. Report on efforts to reduce the Federal deficit (Rept. No. 98-673). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BOLAND:

H.R. 5399. A bill to authorize appropriations for fiscal year 1985 for intelligence and intelligence-related activities of the U.S. Government, the intelligence community staff, and the Central Intelligence Agency retirement and disability system, and for other purposes; to the Permanent Select Committee on Intelligence.

By Mr. MOORE (for himself and Mr. GEPHARDT):

H.R. 5400. A bill to amend part A of title XVIII to provide for an alternative liability system for medical malpractice in the case of injuries under medicare and other Federal programs if States fail to provide for alternative liability systems; jointly to the Committees on Ways and Means, Energy and Commerce, Armed Services, Post Office and Civil Service, and Veterans' Affairs.

By Mr. HOYER (for himself, Mr. BARNES, Mrs. BOXER, Mrs. BYRON, Mrs. COLLINS, Mr. DWYER of New Jersey, Mr. DYMALLY, Mr. DYSON, Mr. EDGAR, Mr. FAUNTROY, Mr. FAZIO, Mr. HOWARD, Mr. LANTOS, Mr. MATSUI, Ms. MIKULSKI, Mr. MINETA, Mr. MITCHELL, Mr. ROE, Mr. UDALL, and Mr. WON PAT):

H.R. 5401. A bill to amend title 5, United States Code, to reform the merit pay system by providing for a performance management and recognition system for certain Federal employees, to require the establishment of performance appraisal systems for employees covered by the performance management and recognition system, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. BOEHLERT:

H.R. 5402. A bill to designate the United States Federal Building in Utica, N.Y., as the "Alexander Pirnie Federal Building"; to the Committee on Public Works and Transportation.

By Mr. BOSCO (for himself and Mr. D'AMOURS):

H.R. 5403. A bill to prohibit temporarily certain hard mineral leasing in the Gorda Ridge Outer Continental Shelf area, to require a report on the effects of such potential leasing, and for other purposes; jointly, to the Committees on Interior and Insular Affairs, and Merchant Marine and Fisheries.

By Mr. CARNEY (for himself, Mr. HUBBARD, and Mr. SHUMWAY):

H.R. 5404. A bill allowing William R. Gianelli to continue to serve as a member of the Board of the Panama Canal Commission after his retirement as an officer of the Department of Defense; to the Committee on Merchant Marine and Fisheries.

By Mr. CONYERS:

H.R. 5405. A bill to amend title 18 of the United States Code with respect to certain bribery and related offenses; to the Committee on the Judiciary.

H.R. 5406. A bill to amend title 18 of the United States Code with regard to the admissibility of business records kept in foreign nations as evidence in the courts of the United States; to the Committee on the Judiciary.

By Mr. DONNELLY:

H.R. 5407. A bill to provide a survivor annuity to surviving spouses of members of the Reserve components of the Armed Forces who died without having attained age 60 before October 1, 1978, but after they became eligible for retired pay for nonregular service; to the Committee on Armed Services.

By Mr. GRADISON (for himself and Mr. DORGAN):

H.R. 5408. A bill to amend title XVIII of the Social Security Act to prohibit the revaluation of facilities and equipment for depreciation and interest purposes under the medicare program because of the change of ownership of the facilities or equipment, and for other purposes; jointly, to the Committees on Ways and Means and Energy and Commerce.

By Mr. HOWARD (for himself, Mr. WRIGHT, Mr. FOLEY, Mr. LOTT, Mr. MINETA, Mr. MCDADE, and Mr. WILSON):

H.R. 5409. A bill to amend the John F. Kennedy Center Act to effect agreements on financial relationships between the Board of the John F. Kennedy Center for the Performing Arts and the Secretary of the Treasury; to the Committee on Public Works and Transportation.

By Mr. MATSUI:

H.R. 5410. A bill to extend duty-free treatment to scrolls or tablets imported for use in religious observances; to the Committee on Ways and Means.

By Mr. MORRISON of Connecticut:

H.R. 5411. A bill to amend titles II and XVI of the Social Security Act to make it clear that when a deceased individual's surviving spouse receives a payment which was issued to such individual but to which such individual was not entitled (under the OASDI or SSI program) the amount of such payment is to be treated as an overpayment to such surviving spouse; to the Committee on Ways and Means.

By Mr. PENNY (for himself, Mr. EDGAR, and Mr. HAMMERSCHMIDT):

H.R. 5412. A bill to amend title 38, United States Code, to authorize contributions made by the Veterans' Administration to States for the construction of State home facilitities for veterans to be used for acquisition of facilities for such purpose; to the Committee on Veterans' Affairs.

By Mr. WAXMAN (for himself and Ms. MIKULSKI):

H.R. 5413. A bill to amend the Public Health Service Act to revise and extend the authorities of that act for assistance for alcohol and drug abuse and mental health services, and for other purposes; to the Committee on Energy and Commerce.

By Mr. BILIRAKIS (for himself and Mr. ADDABBO):

H.J. Res. 541. Joint resolution designating the week beginning December 2, 1984, as "National Senior Citizens Awareness Week"; to the Committee on Post Office and Civil Service.

By Mr. BARNES:

H. Con. Res. 287. Concurrent resolution deploring the decision to withdraw U.S. acceptance of compulsory jurisdiction of the International Court of Justice over disputes involving Central America; to the Committee on Foreign Affairs.

By Mr. WYLIE (for himself, Mr. APPLEGATE, Mr. DEWINE, Mr. ECKART, Mr. FEIGHAN, Mr. GRADISON, Mr. HALL of Ohio, Ms. KAPTUR, Mr. KASICH, Mr. KINDNESS, Mr. LATTA, Mr. LUKEN, Mr. MCEWEN, Mr. MILLER of Ohio, Ms. OAKAR, Mr. OXLEY, Mr. PEASE, Mr. REGULA, Mr. SKEEN, Mr. STOKES, and Mr. WILLIAMS of Ohio):

H. Con. Res. 288. Concurrent resolution to commemorate the 50th anniversary of the Ohio Credit Union League; to the Committee on Post Office and Civil Service.

By Mr. CRAIG:

H. Con. Res. 289. Concurrent resolution to express the sense of Congress that the President of the United States should award the Presidential Unit Citation to the 22d Marine Amphibious Unit (22d MAU) for their gallant efforts in Grenada and Lebanon; to the Committee on Armed Services.

By Mr. MARKEY:

H. Res. 484. Resolution directing the President to furnish certain information to the House of Representatives concerning U.S. military involvement in hostilities in Central America; jointly, to the Committee on Foreign Affairs and the Permanent Select Committee on Intelligence.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

364. By the SPEAKER: Memorial of the Legislature of the State of Maine, relative to the issuance of a commemorative stamp; to the Committee on Post Office and Civil Service.

365. Also, memorial of the Legislature of the State of Colorado, relative to highway financing; to the Committee on Public Works and Transportation.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 493: Mr. COLEMAN of Texas and Mr. EDWARDS of Oklahoma.

H.R. 1315: Mr. DANIEL, Mr. MATSUI, Ms. MIKULSKI, and Mr. WILLIAMS of Ohio.

H.R. 1955: Mr. ANDERSON.

H.R. 2126: Mr. MINETA.

H.R. 2837: Mr. PRICE.

H.R. 2960: Mr. WEISS, Mr. AUCOIN, Mr. SAWYER, Mr. FORD of Michigan, Mr. BEDELL, and Mr. BONIOR of Michigan.

H.R. 3105: Mr. MINETA, Mr. ANNUNZIO, and Mr. VENTO.

H.R. 3457: Mr. SIKORSKI.

H.R. 3465: Mr. RINALDO.

H.R. 3775: Mr. CONABLE.

H.R. 3832: Mr. SKELTON and Mr. BOEHLERT.

H.R. 3936: Mr. HANSEN of Utah.

H.R. 3967: Mr. MINETA.

H.R. 4360: Mr. TORRICELLI, Mr. ASPIN, and Mrs. COLLINS.

H.R. 4402: Mr. PACKARD.

H.R. 4427: Mr. ARCHER, Mr. JACOBS, Mr. PATMAN, Mr. HARTNETT, and Mr. MORRISON of Washington.

H.R. 4447: Mr. ALBOSTA, Mr. FOLEY, Mr. ZSCHAU, Mr. BOLAND, Mr. WON PAT, Mr. PEASE, and Mr. LANTOS.

H.R. 4510: Mr. HORTON, Mr. ADDABBO, Mr. MATSUI, Mr. SMITH of Florida, Mr. ANDERSON, Mr. KASICH, Mr. BERMAN, Mr. PEPPER, Mr. LANTOS, Mr. JONES of North Carolina, Mr. FISH, Mr. JEFFORDS, Mr. MARTIN of North Carolina, Mr. BEVILL, Mr. JENKINS, Mr. NICHOLS, Mr. FLIPPO, Mr. FRANK, Mr. SISISKY, Mr. PERKINS, Mrs. HALL of Indiana, Mr. BARNARD, Mr. MCNULTY, Mr. WON PAT, Mr. LAFALCE, Mr. COELHO, Mr. RATCHFORD, Mr. HARRISON, Mr. FAZIO, Mr. PANETTA, Mr. RAY, Mr. LIPINSKI, Mr. GOODLING, Mr. HUGHES, and Mr. TOWNS.

H.R. 4567: Mr. DORGAN, Mr. MOAKLEY, Mr. CROCKETT, Mr. FAZIO, Mr. PACKARD, Mr. EDWARDS of California, Mr. BERMAN, Mr. DE LUGO, Mrs. BURTON of California, Mr. BATES, Mr. KASTENMEIER, Mr. FROST, Mr. OBERSTAR, Mr. FRANK, Mr. CHAPPIE, Mr. STOKES, Mr. MITCHELL, Mr. SMITH of Florida, Mr. ROE, Mr. TORRES, Mr. SIKORSKI, Mr. OWENS, Mr. GLICKMAN, Mr. SYNAR, Mr. BEREUTER, Mrs. BOXER, Mr. SKEEN, Mr. GRAY, Mr. FAUNTROY, and Mr. HUNTER.

H.R. 4571: Mr. FOLEY and Mr. PASHAYAN.

H.R. 4713: Mrs. BYRON.

H.R. 4731: Mr. SCHUMER, Mr. TALLON, and Mrs. COLLINS.

H.R. 4740: Mr. CONYERS, Mr. GARCIA, Mr. BROWN of California, Mr. SHELBY, Mr. KOLTER, Mr. WEBER, Mr. SILJANDER, Mr. OWENS, Mr. MCCAIN, Mr. LEWIS of Florida, Mr. ROGERS, Mr. HARTNETT, Mr. MCCOLLUM, Mr. LOTT, Mr. LANTOS, Mr. WATKINS, Mr. RAHALL, Mr. WOLF, Mr. DAUB, and Mr. KEMP.

H.R. 4760: Mr. SCHUMER, Mr. WEISS, and Mr. ROYBAL.

H.R. 4772: Mr. CONABLE, Mr. GILMAN, and Mr. SWIFT.

H.R. 4855: Mr. AKAKA, Mr. BATES, Mr. BEDELL, Mr. BEVILL, Mrs. BOXER, Mr. BRYANT, Mrs. COLLINS, Mr. DOWNEY of New York, Mr. ECKART, Mr. EVANS of Illinois, Mr. HAMILTON, Mr. JEFFORDS, Mr. MARKEY, Mr. MOORHEAD, Mr. MORRISON of Connecticut, Mr. MURPHY, Mr. NOWAK, Mr. RAHALL, Mr. RICHARDSON, Mr. SAWYER, Mr. SWIFT, Mr. TAUZIN, Mr. WALGREN, Mr. WILLIAMS of Montana, Mr. WISE, Mr. WOLPE, and Mr. YOUNG of Missouri.

H.R. 4928: Mr. APPLEGATE, Mr. MCEWEN, Mrs. HALL of Indiana, Mr. LAFALCE, Mr. FISH, Mr. BEDELL, and Mr. SCHEUER.

H.R. 4961: Mrs. LLOYD, Mrs. HALL of Indiana, Mr. DARDEN, Mr. EVANS of Illinois, and Mr. EMERSON.

H.R. 4966: Mr. LEWIS of Florida.

H.R. 5023: Mr. SLATTERY, Mrs. COLLINS, Mr. SHELBY, and Mr. MCCURDY.

H.R. 5064: Mr. HORTON, Mr. CLARKE, Mr. WHITEHURST, Mr. BETHUNE, Mr. DREIER of California, and Mr. EVANS of Illinois.

H.R. 5098: Mr. REGULA, Mr. DWYER of New Jersey, Ms. KAPTUR, Mr. MITCHELL, Mr. HYDE, Mr. TOWNS, Mr. MORRISON of Connecticut, Mrs. HALL of Indiana, Mr. MARTINEZ, Mr. FRANK, Mr. JEFFORDS, Mr. LANTOS, Mr. FISH, Ms. MIKULSKI, and Mr. DANIEL.

H.R. 5173: Mr. DWYER of New Jersey, Mr. OWENS, Mr. DYSON, Mr. TOWNS, and Mr. DONNELLY.

H.R. 5180: Ms. FERRARO.

H.R. 5196: Mr. WOLPE.

H.R. 5267: Mr. ANTHONY, Mr. ANDREWS of North Carolina, Mr. BEDELL, Mr. CORRADA, Mr. FUQUA, Mr. HATCHER, Ms. SNOWE, and Mr. WEBER.

H.R. 5302: Mr. GARCIA, Mr. SABO, and Mr. HAWKINS.

H.R. 5369: Mr. MCNULTY and Mr. RICHARDSON.

H.R. 5391: Mr. SWIFT, Mr. SCHEUER, Mr. BONER of Tennessee, Mr. MCNULTY, Mr. FRANK, Mr. RODINO, Mr. PEASE, Mr. TAUZIN, Mr. FAZIO, Mr. LONG of Louisiana, and Mr. MAZZOLI.

H.J. Res. 247: Mr. EARLY, Mr. GRADISON, Mr. MOLINARI, Mr. ST GERMAIN, Mr. DINGELL, Mr. THOMAS of California, Mr. WALGREN, Mrs. VUCANOVICH, Mr. FORD of Michigan, Mr. MINISH, Mr. VANDER JAGT, Mrs. LLOYD, Mr. BILIRAKIS, Mr. FOGLIETTA, Mr. LATTA, Mr. BORSKI, Mr. TAUKE, Mr. MATSUI, Mr. BOUCHER, Mr. HIGHTOWER, Mr. GLICKMAN, Mr. EVANS of Illinois, Mr. CORRADA, Mr. BONER of Tennessee, Mr. SCHUMER, Mr. ANTHONY, Mr. MICA, Mr. BEDELL, Mr. CARR, Mr. VOLKMER, Mr. JONES of Oklahoma, Mr. HERTEL of Michigan, Mr. DASCHLE, Mr. COOPER, Mr. LOWRY of Washington, Mr. SWIFT, Mr. GEPHARDT, Mr. MURTHA, Mr. ENGLISH, Ms. MIKULSKI, Mr. SISISKY, Mr. KAZEN, Mr. SKELTON, Mr. DENNY SMITH, Mr. NELSON of Florida, Mr. FROST, Mr. AUCOIN, Mr. MCCURDY, Mr. SLATTERY, Mrs. BOGGS, Mr. COYNE, Mr. LUNDINE, Mrs. HALL of Indiana, Mr. NEAL, Mr. WIRTH, Mr. HALL of Ohio, Mr. CONTE, Mr. MCKERNAN, Mr. WAXMAN, Mr. HAWKINS, Mr. BATEMAN, Mr. WOLF, and Mrs. SCHNEIDER.

H.J. Res. 482: Mr. BILIRAKIS, Mr. THOMAS of California, Mr. DANIEL, Mr. MINISH, Mr. RITTER, Mr. HUTTO, Mr. DONNELLY, Mr. DOWDY of Mississippi, Mr. BONER of Tennessee, Mr. TAUKE, Mr. HOWARD, Mr. OTTINGER, Mr. TORRES, Mr. HUGHES, Mr. ROSE, Mr. FROST, Mr. LAGOMARSINO, Mr. DUNCAN, Mr. MCNULTY, Mr. FUQUA, Mr. MARRIOTT, Mr. SABO, Mr. ERDREICH, Mr. HOYER, Mr. EVANS of Illinois, Mr. CARNEY, Mrs. VUCANOVICH, Mr. FRANK, Mr. MCKINNEY, Mr. VANDERGRIFF, Mr. ANDERSON, Ms. SNOWE, Mrs. HALL of Indiana, and Mr. FRENZEL.

H.J. Res. 463: Mr. MACKAY, Mr. WALGREN, Mr. QUILLEN, Mr. KEMP, Mr. NOWAK, Mr. ARCHER, Mr. MCCOLLUM, Mr. FORD of Michigan, Mr. ADDABBO, Mr. PRITCHARD, Mr. WHITTAKER, Mr. MCKERNAN, Mr. BETHUNE, Ms. SNOWE, Mr. ROBERTS, Mr. HARTNETT, Mr. MCDADE, Mr. MILLER of Ohio, Mr. SMITH of Iowa, Mr. DOWDY of Mississippi, Mr. MOAKLEY, Mr. CLARKE, Mr. BOSCO, Mr. PORTER, Mr. LAFALCE, Mr. MAZZOLI, Mr. LEVINE of California, Mr. FUQUA, Mr. FASCELL, Mr. MCCAIN, Mr. BLILEY, Mr. BROOMFIELD, Mr. KILDEE, Mr. SUNDQUIST, Mr. MAVROULES, and Mr. MURPHY.

H.J. Res. 484: Mr. TOWNS, Mr. DASCHLE, Mr. EDGAR, Mr. GRAY, Mr. FORD of Tennessee, Mr. CLARKE, Mr. GUARINI, Mr. HANSEN of Utah, Mr. HAYES, Mr. LEVIN of Michigan, Mr. KASICH, Mr. GREEN, Mr. HOYER, Mr. RICHARDSON, Mr. LEVINE of California, Mr. LOWERY of California, Mr. LENT, Mr. HERTEL of Michigan, Mr. THOMAS of Georgia, Mr. WOLPE, Mr. LEWIS of California, Mr. LOWRY of Washington, Mr. MOAKLEY, Mr. PANETTA, Mr. PRITCHARD, Mr. RAHALL, Mr. RINALDO, Mr. SAVAGE, Mr. CLAY, Mr. FISH, Mrs. BOXER, Ms. MIKULSKI, Mr. SOLARZ, Mr. LAFALCE, Mr. STOKES, Mr. WIRTH, Mr. UDALL, Mr. NEAL, Mr. BLILEY, and Mr. CHENEY.

H.J. Res. 497: Mr. CORCORAN, Mr. HORTON, Mr. FUQUA, Mr. DEWINE, Mr. HEFNER, Mr. DENNY SMITH, Mr. MOLLOHAN, Ms. SNOWE, Mr. BOEHLERT, and Mr. BILIRAKIS.

H.J. Res. 505: Mr. ADDABBO, Mrs. BOXER, Mr. EARLY, Mr. DANIEL, Mr. GEKAS, Mr. GUARINI, Mr. LAFALCE, Mr. MINISH, Ms. OAKAR, Mr. REID, and Mr. WAXMAN.

H.J. Res. 514: Mr. DURBIN, Mr. CONYERS, and Mr. STARK.

H.J. Res. 521: Mr. SISISKY, Mr. FUQUA, Mr. SAM B. HALL, Jr., Mr. COLEMAN of Texas, Mr. EVANS of Illinois, Mr. HOPKINS, Mr. MOORHEAD, Mr. VENTO, Mr. WILSON, Mr. PERKINS, Mr. SNYDER, and Mr. YOUNG of Florida.

H.J. Res. 527: Mr. HUGHES, Mr. MCCLOSKEY, Mr. THOMAS of Georgia, and Mr. SHUMWAY.

H. Con. Res. 21: Mr. BORSKI and Mr. VENTO.

H. Con. Res. 25: Mr. RINALDO.

H. Con. Res. 122: Mr. SOLARZ, Mr. DURBIN, and Mrs. KENNELLY.

H. Con. Res. 123: Mr. EVANS of Illinois, Mr. LEACH of Iowa, Mr. SOLARZ, Mr. GARCIA, and Mr. MINETA.

H. Con. Res. 247: Mr. SKELTON and Mr. TAUKE.

H. Res. 391: Mr. TORRICELLI, Mr. KRAMER, Mr. SCHAEFER, Mr. KILDEE, Mr. SCHEUER, Mr. MCEWEN, Mr. EMERSON, Mr. LENT, Mr. WYDEN, and Mr. MCGRATH.

H. Res. 441: Mr. EMERSON.

H. Res. 468: Mr. FRANKLIN.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.R. 4098: Mr. MCNULTY.

H.R. 4098: Mr. MAVROULES.

PETITIONS, ETC.

Under clause 1 of rule XXII,

340. The SPEAKER presented a petition of the city council, New York, N.Y., relative to a rent cap for public housing; which was referred to the Committee on Banking, Finance and Urban Affairs.

AMENDMENTS

Under clause 6 of rule XXIII, proposes amendments were submitted as follows:

H.R. 5394

By Mr. DANNEMEYER:

—In the matter proposed to be inserted by section 351(a)(1) of the bill, insert after "subsection (n))" the following: "and shall be 0 per centum with respect to amounts expended as medical assistance for the performance of abortions (except where the life of the mother would be endangered if the fetus were carried to term) with respect to a qualified pregnant woman or child".

—In the matter proposed to be inserted by section 351(a)(1) of the bill, insert after "subsection (n))" the following: "and shall be 0 per centum with respect to amounts expended as medical assistance for abortion counseling (except as to abortions required where the life of the mother would be endangered if the fetus were carried to term) with respect to a qualified pregnant woman or child".

By Mrs. MARTIN of Illinois:

—At the end of the bill, insert the following title and amend the table of contents accordingly:

"TITLE VII—DELAYED IMPLEMENTATION OF SPENDING INCREASES

SEC. 701. Notwithstanding any other provision of this Act, nothing in this Act which requires or authorizes an increase in the level of Federal expenditures above any level which would have been in effect in the absence of this Act shall take effect until legislation other than this Act is enacted requiring or authorizing such increase to take effect.

—At the end of the bill, insert the following title and amend the table of contents accordingly:

"TITLE VII—DELAYED IMPLEMENTATION OF SPENDING INCREASES

SEC. 701. Notwithstanding any other provision of this Act, nothing in this Act which requires or authorizes an increase in the level of Federal expenditures above any level which would have been in effect in the absence of this Act shall take effect until legislation other than this Act is enacted requiring or authorizing such increase to take effect.

SEC. 702. Nothing in this title shall preclude any increase in the level of Federal expenditures which result from provisions enacted into law prior to the enactment of this Act."

By Mr. MOORE:

(As a substitute to the amendment recommended by the Committee on Ways and Means.)

—After section 308, insert the following new section (and conform the table of contents of title III accordingly):

PAYMENT FOR PHYSICIANS' SERVICES

SEC. 309. (a)(1) Subsection (b) of section 1842 of the Social Security Act (42 U.S.C. 1395u) is amended by redesignating paragraphs (4) through (6) as paragraphs (5) through (7), respectively, and by inserting after paragraph (3) the following new paragraph:

"(4)(A) In determining the prevailing charge levels under the third and fourth sentences of paragraph (3) for physicians' services, the Secretary shall not set any level higher than the same level as was set for the period ending June 30, 1984, in the case of the twelve-month period ending June 30, 1985.

"(B) In determining the prevailing charge levels under the third and fourth sentences of paragraph (3) for physicians' services for periods beginning after June 30, 1985, the Secretary shall treat the levels as set under subparagraph (A) as having fully provided for economic changes which would have been taken into account but for the limitations contained in subparagraph (A).".

(2) The amendments made by paragraph (1) shall be effective with respect to items and services furnished on or after July 1, 1984.

(b)(1) The Administrator of the Health Care Financing Administration, in close consultation with the Comptroller General, shall establish a system to monitor the impact of the amendments made by subsection (a)(1) and, in particular, shall monitor changes in—

(A) the medicare physician assignment rate (as defined in paragraph (4)(C)) for physicians' services furnished to medicare beneficiaries and for such services furnished to low-income medicare beneficiaries,

(B) the average physicians disallowance (as defined in paragraph (4)(D)) for physicians' services furnished to medicare beneficiaries and for such services furnished to low-income medicare beneficiaries,

(C) the amount (or proportion) of charges for physicians' services furnished to low-income medicare beneficiaries which are borne directly by such beneficiaries, and

(D) patterns of physicians' practices in furnishing such services, such as a change in the volume or type of such services.

To the extent practicable, such monitoring shall be conducted through methods that permits analysis of such impacts on a regional, as well as a national, basis.

(2) The Administrator shall report to Congress not less often than quarterly on the results of such monitoring.

(3) If such monitoring reveals that—

(A)(i) there is a decrease of more than 2.0 percentage points in the medicare physician assignment rate from the rate in effect for services furnished before July 1984, for medicare beneficiaries or (ii) there has been any decrease in such rate for physicians; services furnished to low-income medicare beneficiaries, or

(B) after July 1, 1984, (i) there is an increase of more than 2.0 percent in the average physician disallowance with respect to claims for physicians' services furnished to medicare beneficiaries, or (ii) there has been any increase in such average physician disallowance for such services furnished to low-income medicare beneficiaries,

the Administrator immediately shall notify the Committees on Ways and Means and Energy and Commerce of the House of Representatives and the Committee on Finance of the Senate of such fact and shall include with such notice such legislative and other recommendations as may be appropriate to assure that medicare beneficiaries, and particularly low-income medicare beneficiaries, are not charged any additional amounts as a result of any increases in charges for physicians' services occurring during the 12-month period beginning July 1, 1984.

(4) As used in this subsection:

(A) The term "medicare beneficiary" means an individual enrolled in the supplementary medical insurance program under part B of title XVIII of the Social Security Act.

(B) The term "low-income medicare beneficifary" means a medicare beneficiary who is a low-income individual (as defined by the Comptroller General for this purpose).

(C) The terms "medicare physician assignment rate " means the proportion of claims for payment for physicians' services submitted under part B of title XVIII of the Social Security Act which are made on the basis of an assignment described in section 1842(b)(3)(B)(ii) of such Act or under the procedure described in section 1870(f)(1) of such Act.

(D) The term "average physician disallowance" means the average nationwide difference per claim, for requests for payment submitted for physicians' services for which payment may be made under part B of title XVIII of the Social Security Act, between the charges billed for such services and the amount recognized as reasonable with respect to such services under such part.

By Mr. PEPPER:

—At the end of subpart I of part A of title III, insert the following new section (and insert a corresponding item in the table of contents of title III):

EXPEDITED PAYMENT FOR PHYSICIANS' SERVICES

SEC. . The Secretary of Health and Human Services shall provide, in contracts with carriers under part B of title XVIII of the Social Security Act, that payment will be made for physicians' services for which a claim for payment has been approved under such part not later than 30 days after the date of the approval of the claim.

SENATE—*Tuesday, April 10, 1984*

(Legislative day of Monday, March 26, 1984)

The Senate met at 3 p.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray.

Lord God Almighty, the week before recess is always pressure time, but this week is unusually crowded. Grant to our leaders, Senator BAKER and Senator BYRD, special wisdom, understanding, and patience as they guide the Senate through what seems an impossible agenda. Help the Senators as they work through ponderous issues. Help hardworking staffs as they sift and sort and study mountains of data to give their Senators the essence of the issues. Give special grace to the Secretary of the Senate, the Sergeant at Arms, and their staffs and those who manage the cloak rooms as they coordinate activities and help the machinery of the Senate to run smoothly. Strengthen and bless the editor in chief, his associates, and those who record and process debate. Dear Lord, save the Senate from trivia—let all that ought to be accomplished be done decently and in order to the benefit of the Nation and the satisfaction of all who labor here. In the name of Him who never hurried, was never anxious, and finished His task. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

Mr. BAKER. I thank the Chair.

AN EXTRAORDINARY CHAPLAIN

Mr. BAKER. Mr. President, I hope that those who read the RECORD do not think my statement is too flip or inappropriate to the opening prayer of our good Chaplain. He is an extraordinary Chaplain. As I have said on previous occasions, he has about the only prayers I ever really listen to because he always makes them topical and important and, obviously, we profit from them. But I did notice today that he left out the elevator operators.

SENATE ELECTION QUARTERLY REPORTS DUE APRIL 15, 1984

Mr. BAKER. Mr. President, the Federal Election Campaign Act, as amended, requires that the principal campaign committee of each Senate candidate seeking election in 1984 must file a quarterly report by April 15, 1984. Reports sent by registered or certified mail must be postmarked no later than April 15, 1984. Reports hand delivered or mailed first class must be received no later than the close of business April 15, 1984. The Senate Office of Public Records, the office designated to receive these reports as custodian for the Federal Election Commission, will be open from 10 a.m. until 3 p.m., Saturday, April 14, and 11 a.m. until 3 p.m. Sunday, April 15 for the purpose of accepting these filings. The Public Records Office is now located in suite 232 of the Hart Building. If further information is needed, please contact that office directly on 224-0322.

SENATE SCHEDULE

Mr. BAKER. Mr. President, special orders have been entered in favor of eight Senators today. A number of those Senators have indicated they do not require the time. I am about to make a unanimous-consent request but I will vitiate it if the minority leader has any problem with it at all.

The reason I am doing what I am about to do is because there will be a briefing at 3:30 p.m. today for all Senators in S-407 on the situation in Central America.

Let me repeat: There will be a briefing under the auspices of the Intelligence Committee at 3:30 p.m. in S-407. It is a classified briefing. It will be conducted by the Intelligence Committee. William Casey, the Director of Central Intelligence, will be there to conduct the briefing. All Members are invited. It will be for Members, however, and no staff, except the staff of the Intelligence Committee.

But, in view of that, Mr. President, I would propose, if the minority leader does not object, to save the time that has been allotted to Members who have now indicated that they have no need for their special orders, divided equally between the majority and minority leaders.

Mr. President, those are these Senators: Senators KASSEBAUM, GRASSLEY, BIDEN, BAUCUS, and LEAHY have indicated they no longer wish special orders.

I ask unanimous consent that the time provided for those Senators be allocated as an addition to the standing order time in favor of the two leaders.

The PRESIDING OFFICER (Mr. DANFORTH). Without objection, it is so ordered.

Mr. BAKER. I thank the Chair.

Mr. President, we may not use that time, but since we are going to be in at 3:30 for a briefing, the chances are we will either recess then or otherwise provide a window for all Members to attend. I do not know how long that briefing will take. There is no outside time limit on it. I would estimate about an hour, but I do not know that. When we return, of course, we will be on the bill, and then we will proceed with the regular order.

Mr. BYRD. Will the majority leader yield?

Mr. BAKER. Yes.

Mr. BYRD. Mr. President, the majority leader, I think, had a feeling as to what my question was going to be. It was going to be with respect to the beginning of the debate on the amendment by Mr. KENNEDY, the use of that 30 minutes, and an indication as to about what time a vote would occur. As I understand the majority leader now, he and I have control over something like 1 hour and 15 minutes.

Mr. BAKER. Yes. It is five special orders of 15 minutes each, 75 minutes. And that will be equally divided.

Mr. BYRD. And that will begin at what time?

Mr. BAKER. There are three Senators who have special orders they wish to keep: Senators PROXMIRE, KASTEN, and ZORINSKY. So after that, the two leaders would have an additional period of time.

Mr. BYRD. That would run until about 5 p.m., if we did not yield our time back?

Mr. BAKER. Yes.

Mr. BYRD. So I take it the majority leader would not expect, in view of the fact there will be a briefing at 3:30 p.m., he would not expect to vote on the amendment or in relation to the amendment by Mr. KENNEDY before 5 p.m.

Mr. BAKER. I would say that is a good estimate, yes.

Mr. BYRD. I thank the majority leader.

Mr. BAKER. I thank the minority leader.

May I also say, Mr. President, after the Kennedy amendment is disposed of one way or the other, there is a great deal of work to be done on the tax bill, or the amendment which is the tax bill. And, depending on the wishes of the managers—that is, Sena-

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

31-059 O-87-40 (Pt. 6)

tor DOLE and Senator LONG—the leadership on this side is willing to ask the Senate to stay late tonight to accomplish as much as possible. I have not yet talked to Senator DOLE about that today. On yesterday, he indicated we might be in as late as midnight.

Mr. DOLE. Midnight.

Mr. BAKER. I am afraid the Senator from Kansas has just reconfirmed that unhappy estimate. But Senators should be on notice of a late evening, and may run as long as midnight tonight.

May I explain another reason why that appears necessary. In addition to trying to get on with the business at hand, a number of Senators may be planning to attend the funeral services of former Senator CHURCH in Idaho on Thursday. We may have an absentee problem of some sort on Thursday.

Senators will not misunderstand, I am sure, when I say that there is the possibility of votes on Thursday. But I would not discourage them from attending the funeral.

Mr. President, let me repeat the situation on Thursday, which is the day of the funeral for our late colleague, Senator Church. It is my understanding that a number of Senators on both sides of the aisle may wish to attend those services in Idaho. And I encourage Senators to do that. I understand fully. And while I cannot attend because of my duties here, I encourage other Senators to do so if they wish. Indeed, I will try to assist them in their plans for transportation.

But a number of Senators have asked me whether or not they will be protected on Thursday against rollcall votes. As I have indicated to a number of Senators, it is not possible to do that. I will do my very best to keep votes to a minimum and to protect them as best I can. But we will have rollcall votes on Thursday, in my opinion.

Once again, I urge Senators to do what their conscience suggests about attending that service, but they should understand there will be a strong likelihood of rollcall votes on Thursday during the course of the day.

Mr. President, I assume that we will be in session on Friday. I would still like to see us go out Thursday evening, but that seems to be a dwindling prospect, given the circumstances. I will confer with the minority leader about that later in the day and perhaps I will have another announcement to make.

RECOGNITION OF THE MINORITY LEADER

The PRESIDING OFFICER. Under the previous order, the minority leader is recognized.

Mr. BYRD. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The majority leader.

Mr. BAKER. Mr. President, I yield back the remainder of my time under the standing order.

RECOGNITION OF SENATOR PROXMIRE

The PRESIDING OFFICER. Under the previous order, the Senator from Wisconsin. (Mr. PROXMIRE) is recognized for not to exceed 15 minutes.

HOW CAN CITIZENS INFLUENCE NUCLEAR ARMS POLICY?

Mr. PROXMIRE. Mr. President, for the past 3 or 4 weeks I have been giving a series of speeches based on the challenging questions asked by the Common Cause Guide to Understanding Nuclear Arms Policy. Today I come to the final question: How Can Citizens Influence Nuclear Arms Policy? As Common Cause sees it, there is no way this country will enter into negotiations designed to stop the nuclear arms race unless American citizens by the millions get involved. Many of us have had the illusion that the people of this country have become deeply involved in protesting the nuclear arms race. After all, we have seen numerous town meetings on the subject throughout the country register support of a nuclear freeze. In the past 2 years we have had nine statewide referenda asserting overwhelming support for stopping the nuclear arms race. We have had scores of protests against the transportation and deployment of nuclear weapons. Also, in spite of the complexity of the problem, the American people have hardly been shy or bashful about speaking up on it. Or have they? The Common Cause Guide has quite another viewpoint on the issue. They write:

> It is not the magnitude of the problem that poses the greatest obstacle to its solution. Rather it is, as General Omar Bradley warned in 1957, "Our colossal indifference to it."

Mr. President, General Bradley was right then and he is right now. Sure there has been some concerted public debate and interest in stopping the nuclear arms race. But considering the enormity of the danger, considering that the prospect of nuclear war poses the most terrible threat to the survival of this Nation that we have ever faced, the attitute of us Americans can—as General Bradley rightly said 27 years ago—be classified as "colossal indifference." Mr. President, think what we confront here. A nuclear war could end the life of most Americans in the most painful agony any of us can imagine. It would leave our cities steaming, radioactive heaps of rubble. It could give us a nuclear winter that would freeze or starve most survivors. Is all this really a believable danger? The Bulletin of the Atomic Scientists at the close of 1983 moved the minute of their doomsday clock that symbolizes the immediacy of the threat of nuclear disaster of 3 minutes to midnight. Leslie Gelb the top national security expert for the New York Times tells us that within the next 10 to 20 years, onrushing nuclear weapons technology may completely erase the nuclear deterrence that has been the primary force keeping the nuclear peace for the past 30 years. Our military experts tell us that within the next 17 years unless we find a way to stop nuclear proliferation 31 nations will have nuclear arsenals, including nations run by unstable dictators and which have been almost constantly at war.

So, Mr. President, given the devastation that would insure in nuclear war and the relentless march in the direction of nuclear war, American citizens should be demanding that this Government strive at once to negotiate a mutual, verifiable, comprehensive end to the nuclear arms race. And they should be demanding that we stop pussyfooting around with a half hearted, wimp of a nonproliferation policy.

Has public pressure ever provided a significant force in moving this country toward arms control? What does the record show? The Common Cause Guide points out that the only two truly significant nuclear arms control achievements we have negotiated have both been achieved only with powerful and steady public pressure. Both the limited Test Ban Treaty and the ABM Treaty came about largely through vigorous public pressure. The SALT II Treaty, on the other hand, died at the hand of public apathy.

So what is the answer? How do citizens achieve the kind of nuclear weapons policy we need if we are to survive? The answer lies in letters and phone calls and personal meetings with elected officials, letters to editors of newspapers and magazines. And do not forget radio and television stations.

Radio stations all over the country often feature call-in shows. Citizens can and should call in and call for discussion of nuclear weapons policy.

Considering the opportunities for telling Members of Congress and other public officials how they feel about the nuclear threat, our citizens have been extraordinarily reticent. I personally get back to my State and hit the main streets, the shopping centers, the baseball and football games, and the meetings of labor unions and business and farm groups as much as any Member of the Congress. Rarely, much too rarely, do I hear comments or concern expressed about what is not only far and away the most serious and threatening problem that con-

fronts this country, but the problem that is more serious than all the others combined. This year to date I have received about 50,000 letters. How many of those letters have expressed concern over the nuclear threat or have appealed for steps to stop the nuclear arms race or have dealt in any other way with nuclear weapons policy? Answer—out of the 50,000 letters I have received this year a mere 200, 0.4 percent of the total, have expressed any concern with nuclear war. General Bradley is as right today as he was in 1957 when he called our attitude toward this most dangerous threat mankind has ever faced, an attitude of "colossal indifference."

Mr. President, I could not improve on the final words of the Common Cause Guide to Nuclear Weapons Policy. They conclude:

Ultimately it is the sustained concerted action of individuals that will commit our political leaders to navigate and negotiate a new path to security. We otherwise will remain imperiled not only by the existence of nuclear weapons but the persistence of apathy in the nuclear age. The challenge of preventing nuclear war demands our participation, imagination and whole-hearted determination as a people.

Mr. President, I ask unanimous consent that the final chapter of the Common Cause Guide which gives its answer to the question, "How Can Citizens Influence Nuclear Arms Policy?" be printed at this point in the RECORD.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

HOW CAN CITIZENS INFLUENCE NUCLEAR ARMS POLICY?

One of the most striking aspects of nuclear arms policy is the sheer complexity of the subject. Learning the basic issues—from military strategy to U.S.-Soviet relations—can cause one to feel more, rather than less, intimidated by the problems of preventing nuclear war.

Nonetheless, it is not the magnitude of the problem that poses the greatest obstacle to its solution. Rather it is, as General Omar Bradley warned in 1957, our "colossal indifference" to it.

For more than three decades, most American citizens have avoided the debate over nuclear arms policy. We have watched nuclear weapons grow more numerous and more deadly over time, we have seen the superpowers come perilously close to confrontation, we have witnessed the hands of the "doomsday clock" move closer to midnight.* Yet we have remained comfortably on the sidelines, leaving the management of the arms race to a closed circle of government officials, military planners, and scientists.

At last, however, a truly national debate on nuclear arms policy has begun. The topic comes up at the dinner table, on the TV screen, and in just about every magazine and newspaper that passes hands. Today, more citizens than every before are discussing the threat of nuclear war.

Despite the signs of public interest, some commentators view this new-found citizen voice with caution. Writing in the summer of 1982, the editors of The New York Times questioned whether citizens are prepared to go "beyond anxiety" and help frame policies to reduce the threat of nuclear war. It is a question we must ask and answer ourselves.

It is easy enough to appreciate the dangers of nuclear war. One has only to read of the effects of nuclear weapons or the testimony of Hiroshima survivors to understand the stakes involved.

It is even easy, relatively speaking, to understand the issues that shape the policy debate. A wealth of material on arms control, nuclear strategy, and the military balance—to name a few topics—is now available from libraries, government agencies, public interest organizations, and other sources.

It is harder—at least at first blush—to join the policy debate and to influence its outcome. We ask ourselves whether one individual can make a difference and, if so, where to begin. Obstacles to public participation in the nuclear debate surely abound. The complex nature of nuclear arms policy—involving, as it does, sensitive questions of national security—confers on the military establishment a seemingly exclusive right to chart its course.

Today, however, more and more individuals recognize the limits of military might in the nuclear age and appreciate the need for political and diplomatic approaches to the problem of preventing nuclear war. As political scientist Seweryn Bialer observes, "The key to American and Soviet security lies not with weapon makers but with political leaders—in their willingness and ability to lower the overheated temperature of Soviet-American confrontation."

Ultimately, then, individual citizens have a role to play in the nuclear arms debate, not as outside intruders in some forbidden province, but as rightful participants in the American political process. It is in this capacity that citizens are empowered to help our elected leaders shape national policies on nuclear arms and arms control.

According to some observers, the lack of a comparable role for Soviet citizens skews the balance unfairly, creating a sort of "peace gap" between the United States and the Soviet Union. To be sure, the Soviet premier is not besieged with letters from outraged citizens demanding that he restrain their nation's nuclear weapons program; no human chains surround Soviet military bases.

But while it is true that Soviet citizens cannot make their views known in the same manner as American citizens, it is also true that Soviet leaders have strong reasons to participate in serious negotiations to limit nuclear arms. The Soviet economy can ill afford too much defense spending. More important, Soviet leaders recognize that virtually every nuclear weapon not in the Soviet Union is aimed at it.

It is also clear that someone has to lead the way. With so much at stake, we simply cannot stand by idly while the arms race continues unabated. At the end of the Second World War, the United States helped rebuild Europe through the Marshall Plan. In a similar spirit, through serious negotiations, the United States can now lead the world to reduce the threat of nuclear war. But it will not do so unless its citizens command it to lead the way.

The power of citizen action is borne out by the history of arms control since World War II. "[O]n only two occasions have limits on U.S. and Soviet forces that were significant or perceived to be significant been achieved," observes Lawrence Weiler, former Counselor to the U.S. Arms Control and Disarmament Agency, "and those were the two times when the public got involved." He explains:

The two agreements were the Limited Test Ban and the ABM Treaty. The Test Ban was achieved because the women of America got concerned about radioactive fallout . . . . The ABM debate of 1970 produced a climate which made it clear to officials that there would not be public support for continuing with the Safeguard ABM program if a viable alternative, the ABM Treaty, were possible. The reason that these are the only two instances of significant arms control is because the momentum of the arms race and the strength of forces propelling it forward are too great to be stopped without public involvement and pressure.

Indeed, history also has shown that the absence of public involvement can affect the prospects for arms control. Citizen pressure four years ago could have made a difference in the debate over SALT II. Instead, citizen apathy allowed the U.S. Senate to defer consideration of the much-needed SALT II Treaty, which remains unratified today.

How, then, can citizens influence the outcome of current debate on preventing nuclear war?

The prerequisite for informed political debate is a concerned citizenry that continually asks questions. Do we need this proposed weapons program? Does this nuclear arms policy promote the common good? Is sufficient progress being made in arms control negotiations? Such constructive oversight provides a useful prod to national leaders responsible for national security—the president who fashions our foreign policy program and ultimately commands our military forces; the members of Congress who oversee the defense budget process and advise the president on arms control policy. By holding these officials accountable for their positions on nuclear arms and arms control, "it reminds them that they have to earn support. It isn't theirs simply by right of place," observes columnist Flora Lewis.

The tools available for political action are plentiful. Each of us can find the means most comfortable to us as individuals to participate in the national dialogue on nuclear arms policy. We can express our opinions—and raise our questions—in letters and telephone calls to elected officials, letters to editors of newspapers and magazines, comments on radio call-in shows, and discussions at public forums on nuclear arms policy.

There are, moreover, a number of national organizations for individuals to join as a focal point for their activity. These organizations—Common Cause is one—bring the collective weight of their memberships to bear on political leaders in Washington to persuade them, quite simply, that the arms race must end.

Neighborhood groups, religious groups, professional associations, even a collection of friends can accomplish much by working together, particularly during an election year. They can poll candidates for office regarding their views on nuclear arms policy and publicize candidates' positions among the electorate. Indeed, every citizen has in

*The "doomsday clock" appears monthly on the cover of *The Bulletin of the Atomic Scientists*. The location of the minute hand symbolizes the immediacy of the threat of nuclear disaster. At the close of 1983, the clock's hand was moved to 3 minutes to midnight.

hand one of the most effective weapons for political change: the vote.

Citizens also can help by voluntering their time and effort to aid candidates who are committed to nuclear arms control. During a 1982 interview, Representative Edward Markey (D-MA), a sponsor of the nuclear freeze resolution, told the New York Times:

Everyone in the House that I've spoken to recently who has talked to their constituents about the nuclear arms issue ends up walking out of the room with 15 or 20 more volunteers for their campaign next fall.

Citizen action—whatever its form—thus can send a valuable message to our elected officials. In the spring of 1983, for example, the House of Representatives approved a resolution favoring a bilateral nuclear weapons freeze. The initiative passed in large part because so many towns, cities, counties and states passed resolutions of their own favoring the freeze. Those resolutions got on the ballot because enough individuals signed petitions to get them there.

Utimately, it is the sustained, concerted action of individuals that will commit our political leaders to navigate and negotiate a new path to security. We otherwise will remain imperiled not only by the existence of nuclear weapons but the persistence of apathy in the nuclear age. The challenge of preventing nuclear war demands our participation, imagination, and whole-hearted determination as a people.

LESSONS IN HISTORY

Mr. PROXMIRE. Mr. President, April is an important month for Armenians. I have recently read in the Armenian Weekly that in Rhode Island alone the Armenian community along with the Armenian National Committee have planned a series of projects to commemorate the 69th anniversary of the 1915 Armenian Genocide by the Turkish Government.

In addition to rallies, billboards, television programs, and proclamations from the mayor and Governor, a display will be featured in the Rhode Island State House rotunda. This arrangement will inform the public of the genocide of the Armenians and its serious implications.

American awareness of the horrors of genocide beyond the Nazi mass extermination of 6 million Jews during World War II, is not very great. Many do not even know what the word "genocide" means. The intentional destruction of any national, ethnic, racial or religious group is not something to which the world should remain ignorant.

I commend the Rhode Island Armenians for their efforts to raise awareness to their cause. The devastating slaughter of 1.5 million Armenians by the Turks cannot be overlooked. The United States cannot disregard this tragic lesson of history.

Unfortunately, this first genocide of our century has not been the last. Moreover, it was not until 1948 that the world finally recognized the need for an international treaty outlawing genocide for all times. Worse yet, to this very day the United States has refused to ratify this essential human rights treaty.

Mr. President, I urge my colleagues to take a hard look at history. The need for the Genocide Convention is evident. Let us no longer ignore the lessons of the past. We must ratify the Genocide Convention.

RECOGNITION OF SENATOR KASTEN

The PRESIDING OFFICER. Under the previous order, the Senator from Wisconsin (Mr. KASTEN) is recognized for not to exceed 15 minutes.

VOTING PRACTICES IN THE U.N.—EL SALVADOR

Mr. KASTEN. Mr. President, today is my sixth speech on the voting practices in the United Nations. These statements to my colleagues are based on the first annual report prepared by the Department of State. These reports are required by a Federal law that I authored in 1983—Public Law 98-151. Last week, in my remarks on the reaction to events in Grenada by the United Nations, I cited a very thoughtful article on the Grenada matter in relation to international law by University of Virginia law professor John Norton Moore. The article is published in the January 1984 issue of the American Journal of International Law.

Criticizing the U.N. General Assembly's rush to judge the joint United States-OECS action in Grenada as a flagrant violation of international law, Professor Moore carefully demonstrated the legality of the action. Moreover, he warned that "an international legal double standard is eroding the foundations of the international legal order."

Professor Moore went so far as to warn that the United Nations may visit upon itself the fate of the League of Nations unless it should "abandon the international double standard and rigorously apply the great principles of the U.N. Charter."

The double standard is no more starkly evident than in the U.N. Assembly's treatment of human rights in El Salvador. Through annual resolutions selectively drawing attention to imperfections in El Salvador's social and political order, the General Assembly contributes to the campaign to legitimize the Marxist-Leninists who are seeking to violently overthrow the legitimate elected Government of El Salvador.

The U.N. Charter, in its preamble, affirms:

Faith in fundamental human rights, in the dignity and worth of the human person, in the equal rights of men and women and of nations large and small.

The U.N.'s Universal Declaration on Human Rights addresses the issue of fundamental human rights in ways not dissimilar from the Judeo-Christian ethical tradition or the teachings of the American Founding Fathers: Among these are the right to life; to personal liberty; to immunity from unjust imprisonment or torture or other degrading treatment; religious liberty; and the freedom to exercise one's conscience.

As a juridical concept, human rights are meaningful only insofar as they are equally applied. To selectively assail the human rights record of some governments and not those of others is to undermine the very concept of human rights standards. It is for this reason, incidentally, that the 1961 Foreign Assistance Act, which provides for the State Department to furnish annual country-by-country human rights reports, mandates that such reporting be for all countries and, of course, on the basis of equal standards. Selectivity in monitoring human rights dishonors the very rights it claims to champion.

The annual U.N. General Assembly debate and vote on El Salvador is a crucial instance of the sort of hypocrisy that Professor Moore has warned may cause the organization to destroy itself. As the State Department's Report to Congress on Voting Practices in the United Nations shows, last year, the General Assembly approved a resolution expressing "deepest concern" that "the gravest violations of human rights are persisting in El Salvador." The tally was: 84 in favor; 14, including the United States, opposed; and 45 abstaining.

Our Government opposed the resolution, in part, because it believed it was one step in a campaign to delegitimize the lawful, elected Government of El Salvador. More importantly, the United States opposed the resolution because it was so absurdly unbalanced, and so grossly symptomatic of the new international double standard.

By this double standard, it is permissible for terrorist, Communist-affiliated forces calling themselves national liberation movements—the PLO and SWAPO, for instance, and also the Salvadoran Communists, the FMLN—to use violence in pursuit of their aims. But it is impermissible for lawfully elected governments to defend themselves against the foreign-sponsored subversion.

The General Assembly never considers, much less votes to approve, resolutions of concern over human rights in Ethiopia, where Amnesty International reported that the Marxist regime actually had boiled hight school students in oil. Indeed, in the often topsy-turvy moral world of the United Nations, the Ethiopian delegates recently have accused us of gross violations of human rights.

The General Assembly approves no annual resolution, Mr. President, on religious persecution, arbitrary arrests, and arrant denial of national self-determination in the so-called independent Soviet Socialist Republics which have their own seats in the United Nations—Byelorussia and the Ukraine—or of the denial of religious freedoms in the other states that form the Soviet bloc.

China is not criticized for forcing abortions on women 7 months pregnant—as is reported in the March issue of Commentary magazine by Harvard University population affairs expert Nick Eberstadt. Pakistan is not condemned for public floggings. Nor, or course, is any notice taken when a democratic state like Argentina begins a massive and effective human rights campaign.

There are not United Nations General Assembly resolutions expressing concern about human rights in Vietnam or Cambodia, from which hundreds of thousands of refugees have fled to escape repression, including campaigns of politically motivated murder by the Communist state.

The General Assembly has not concerned itself with human rights in Cuba, or Romania, or Angola, or Nicaragua. In short, Mr. President, the General Assembly has not shown an interest in examining, much less criticizing or condemning, the behavior of Communist or pro-Soviet states with regard to the human rights of their subjects.

The General Assembly resolution on El Salvador was solidly supported by the Soviet Union and the network of states that regularly vote with it. About this group, Professor Moore of the University of Virginia astutely has observed that:

> The Soviet Union, largely isolated in the United Nations during the immediate postwar period, has assiduously cultivated a network of client states such as Afghanistan, Angola, Cuba, Libya, Mozambique, Nicaragua, North Korea, South Yemen, Vietnam, and, until recently, Grenada, as well as its captive socialist bloc, which are ready to argue that down is up, or, if need be, up is down.

But the El Salvador resolution did not carry on the strength of the Soviet network alone. Most of our NATO allies voted for the resolution, while not one of them joined us in opposing it. Three NATO members abstained—the United Kingdom, West Germany, and Turkey. The tiny number of countries that joined us in voting "no" were all from the Americas or Asia, which is another way of saying that not a single African country nor a single European country—East or West—voted with us.

Why is the double standard embraced by so many of our friends? Professor Moore writes that there are many causes for this:

Some benign and some not so benign. It is natural and healthy that peoples of democratic countries, and their vigorous free press and scholarly community, will meet the use of force—even by their own governments—with skepticism and debate. In contrast, totalitarian countries provide an appearance of monolithic support and accompany their actions with a squid-like cloud of disinformation. It is natural that when social change is needed, people will be attracted to revolutionary rhetoric and may fail to examine critically the often repressive reality. It is natural for those not yet threatened by terrorism or subversion to believe that silence or accommodation will spare them. It is natural to seek distance from actions by others—however necessary—that attract controversy. It is but a subtle step to move from the belief that the "superpowers must be dealt with evenhandedly" to the belief that their actions are inherently similar or that their actions, however difficult, must be equally condemned.

When I served as a U.S. congressional delegate to the 1982 General Assembly of the United Nations, I witnessed the delegations of many of our strong, traditional friends take that subtle step Professor Moore has described. The overwhelmingly vote by American friends and foes alike in favor of a resolution epitomizing the international double standard shows that there is a long twilight struggle ahead if the United Nations is to be rescued from self-destruction, and if our own national interests are not to be damaged by that organization.

Mr. President, I ask unanimous consent that a table showing those countries which voted against the U.S. position concerning El Salvador and which are scheduled to receive U.S. foreign assistance in fiscal year 1985 be printed in the RECORD at the conclusion of my remarks. This table, in addition to showing the fiscal year 1985 proposed foreign assistance levels, also shows the current-year levels of assistance and the historic levels of assistance from 1946 through the fiscal year 1985 proposal.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

[In millions of dollars]

Country	Fiscal year—		
	1985	1984	1946–85
AFRICA			
Togo	8.3	9.5	92.9
Kenya	129.5	112.3	887.9
Lesotho	18.9	19.8	180.1
Zambia	30.0	28.6	326.4
Botswana	22.6	25.1	219.5
Rwanda	9.9	11.1	77.4
Senegal	51.1	53.4	353.8
Mauritius	5.7	5.7	52.5
Sierra Leone	9.7	8.0	128.3
Gambia	6.0	5.4	50.0
Guinea	12.0	5.7	203.4
Burundi	7.2	6.9	59.5
Mauritania	11.1	12.7	124.4
Zimbabwe	30.2	40.0	267.0
Ghana	10.2	21.0	473.2
Mali	14.1	12.7	219.1
Tanzania	3.1	11.0	350.7
Upper Volta	19.0	16.9	234.3
Uganda	10.1	9.1	97.0
Seychelles	2.4	2.5	14.0
Cape Verde	5.8	6.4	67.0
Benin	3.0	3.0	65.8
Sao Tome	0.2	0.7	3.5
Madagascar	10.3	9.3	71.0
Guinea Bissau	2.9	2.8	34.6
Congo	1.1	3.0	21.3
Ethiopia	3.7	6.4	688.1
Angola	0.2	2.0	18.4
ASIA			
Papua New Guinea	0.9	0.9	3.4
India	212.3	224.1	11,411.4
LATIN AMERICA			
Jamaica	135.6	114.6	763.1
Mexico	9.2	8.7	386.7
Guyana	(1)	0.3	130.4
Grenada	0.3	15.2	15.5
EUROPE			
Portugal	208.0	147.4	1,980.4
Iceland	(1)	(1)	82.2
Austria	0.1	0.1	1,257.1
Spain	415.0	414.4	4,063.8
Greece	501.7	501.4	7,286.3
Finland	0.1	0.1	57.4
EAST EUROPE			
Yugoslavia	0.2	0.1	2,832.5

[1] Less than $50,000.

ARGENTINE FINANCIAL BAILOUT

Mr. ZORINSKY. Mr. President, recently the Secretary of the Treasury, Donald Regan announced that the United States would participate in international efforts to assist Argentina in averting financial crisis. Let me say at the outset that I think it is laudable that Colombia, Mexico, Venezuela, and Brazil, despite financial difficulties of their own, agreed to provide a short-term bridge loan to Argentina so that it could make long overdue interest payments on outstanding loans. Eleven banks also agreed to provide $100 million in short-term funds to Argentina. This is only fitting as the banks are to be the ultimate recipients of these funds, as well as the root cause of the debt problems which now confront countries like Argentina.

Now I would like to turn to the role that the United States will play in this international bailout scheme. The United States, we are told, is prepared to lend $300 million to Argentina so that it can repay its loan from the four Latin American countries once Argentina has agreed to an IMF program. The United States will then swap dollars for pesos using the mysterious Exchange Stabilization Fund (ESF), a fund under the sole discretion of the Secretary of the Treasury. The United States will in turn be repaid by the Government of Argentina from the IMF loan it receives once the IMF program becomes operational—anywhere from 30 to 90 days after the United States makes the loan. Mr. Regan swears that there will be no effect on the Federal deficit since this special fund of his is off budget. Thus presumably it is his assertion that no taxpayers dollars are involved in this effort.

I certainly believe that it is important to assist Argentina as it confronts its economic difficulties, especially since the recently elected government of President Raul Alfonsin is committed to democracy in Argentina and has already taken some bold steps to punish abuses perpetrated by the previous military regime. However, I do not think that Secretary Regan should insult the intelligence of the American people by pretending that real dollars are not at stake here. If one reviews how the ESF came into being one discovers that this so-called off-budget account was funded with taxpayers dollars—$2 billion in appropriated funds. The original purpose of the fund was to act as a mechanism to stabilize the dollar at a time when fixed exchange rates were still the order of the day. Over the years, the ESF has been used as the vehicle for carrying out U.S. transactions with the IMF and other foreign exchange market activities. Until 1978, when Congress put a stop to it, the Secretary of the Treasury also used the ESF as his own little slush fund to cover certain administrative expenses at Treasury, and thereby avoid the need to seek additional appropriations from Congress.

Thus, despite Mr. Regan's claims to the contrary, U.S. taxpayer funds will be utilized to help Argentina. He should have been more honest about this. So, too, I question why the package needed to be so complex. Perhaps Mr. Regan thought this would confuse the fact that in the final analysis the United States is helping to take the banks off the hook—at least in the short run. If this is necessary in the short run to give Argentina breathing space—so be it. However, ultimately the banks and debtor countries such as Argentina are going to have to work out a longer term solution to the problems. The banks will have to own up to the fact that they have been too greedy in their excessive charges on loans to these countries, and the countries will have to concede that they have attempted to live beyond their means. Once these things occur, then I believe a workable agreement can be developed between the parties involved and the U.S. taxpayer will not be called upon time and time again to come to the rescue.

Mr. President, I yield back the remainder of my time and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

RECESS SUBJECT TO THE CALL OF THE CHAIR

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, as indicated earlier, there is a briefing to be conducted under the auspices of the Intelligence Committee in S-407 for all Senators at 3:30 p.m. In order to make sure that every Senator has an opportunity to attend, I ask unanimous consent that the Senate now stand in recess subject to the call of the Chair.

There being no objection, the Senate, at 3:31 p.m., recessed subject to the call of the Chair.

The Senate reassembled at 6:30 p.m., when called to order by the Presiding Officer (Mr. ABDNOR).

MISCELLANEOUS TARIFF, TRADE, AND CUSTOMS MATTERS

FEDERAL BOAT SAFETY ACT AMENDMENT

The PRESIDING OFFICER. The majority leader.

Mr. BAKER. Mr. President, if I could have the attention of Senators, it is now 6:30 in the evening. First, I must apologize to all Members for delay in the regular proceedings of the Senate, but I think it was worthwhile. I hope so.

It will come as no surprise to Members to know that there is a great deal of controversy swirling about the Kennedy amendment and the general situation in Central America, to say nothing of the complications we will encounter when we finally get down to the business at hand, which is the tax bill as an amendment to the boat bill.

Mr. President, I have a unanimous-consent request that I would like to pose which I hope will cut the time and let us proceed, not only with the disposition of the Kennedy amendment and both its divisions, but also permit us to get on with the business at hand, which I know the Senator from Kansas and the Senator from Louisiana are very anxious to do.

I have described this to the minority leader and the distinguished Senator from Massachusetts, and I have discussed it, of course, with Members on this side. Let me put the request at this time.

UNANIMOUS-CONSENT AGREEMENT

Mr. President, I ask unanimous consent that the order of yesterday providing 30 minutes of debate and the recognition of the majority leader for the purpose of making a tabling motion or motions be vitiated.

I further ask unanimous consent that no tabling motion be in order against division 1 of the Kennedy amendment.

I ask unanimous consent, Mr. President, that a vote occur up or down on the Kennedy amendment immediately.

I ask unanimous consent that after the vote on the first division of the Kennedy amendment that the second division be withdrawn.

I further ask unanimous consent that no other Central America amendment be in order to this bill.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, reserving the right to object, first of all I want to express my appreciation both to the majority leader and the minority leader for hopefully getting us to a point where we will be able to vote up or down on the merits of this particular amendment, which is the amendment dealing with the mining in Nicaragua.

I would like to address my inquiry to the majority leader with regard to the latter part of his unanimous-consent request. That is with regards to prohibiting further amendments to this legislation on the subject of Central America.

I have no other amendments at this time. I would hope that the Senate would have an opportunity to act on the fundamental bill at hand. Realistically, I think it is probably unlikely that we will complete this legislation this week, because we get into the situation of the Easter recess. Then we will come back and be on this measure again. We have seen over a period of really recent days where there have been developments in Central America which need the attention of this body in addressing those issues and those questions.

I certainly welcome the first aspect of the unanimous-consent agreement, but I would like to find out or get some assurance from the majority leader that we would not be precluded from discussing or debating or even at least some form of action on Central America for what may very well be a period of time which includes the next 2 or 3 weeks, given what has happened over the period of the past days. I am wondering if the leader will address that particular concern.

Mr. BAKER. Mr. President, I will be happy to. I discussed this matter with the distinguished Senator from Massachusetts and the minority leader just before I made the request, so I anticipated his query to me. I thank him for letting me know in advance his concern.

Mr. President, first, let me say that I have no desire to hogtie the Senate and prevent it from addressing the question of the Senator if, when we return from the Easter recess, it appears there are circumstances that warrant that. Indeed, I would insist that the Senate have that opportunity. What I would propose, Mr. President, and what I would assure the Senator from Massachusetts of, is this: When we return, if there are new developments in Central America or developments which come to our atten-

tion after our return that appear to be of such a nature that they require urgent attention of the Senate, I will consult with the distinguished chairman of the Intelligence Committee, Senator GOLDWATER, with the Senator from Massachusetts and with the minority leader. If there appears to that group that there is a matter of urgent importance that we should address, notwithstanding we have not finished the boat bill, I assure the Senator from Massachusetts I will find a way to do that perhaps by moving off this bill temporarily and on to another bill that would carry our deliberations in that respect.

I give my assurance to the Senator that I am willing to do that. I do not make that assurance as an idle gesture, but rather in good faith because I understand and I appreciate his concern for locking out Senate consideration of any other matter in the future if circumstances warrant.

Mr. KENNEDY. Mr. President, the majority leader's word has been his bond. That kind of assurance from the majority leader would certainly, I think, respond to my concerns. I cannot speak for other Members of the Senate who debated this issue at very great length and with very considerable concern. But I think that the assurance which has just been given by the majority leader to the Members of this body, and I would think that means something to the Members of the body because I know this matter of Central America is of great concern not only to Members on our own side, but Members on the side of the majority leader, I would say that that would resolve my own particular concerns. I cannot speak for others.

With understanding, I wonder if it would be appropriate for me to inquire how the majority leader would expect to vote on this particular amendment?

Mr. BAKER. After the agreement is entered into, I will vote for the amendment.

Mr. KENNEDY. I would appreciate an early decision. I thank the majority leader and the minority leader for their cooperation.

Mr. BYRD. Mr. President, I personally have no objection to this agreement. The chief author of the amendment has indicated that the agreement is all right with him. I have no problem with it. I would, however, have to run our hotline on the request before I could finally agree to it.

The majority leader has indicated that his side had a meeting and has indicated the outcome of that meeting. I have not had a chance to run this proposal by any Members on our side of the aisle. I owe them that obligation. I would suggest that the majority leader put in a quorum call and give us, say, 5 minutes to run the hotline. Once we have done that, I will be back to him and report to him.

Mr. BAKER. I will be happy to do that.

Mr. HELMS. Mr. President, reserving the right to object and I shall not object, just to be sure that there is nothing misunderstood, it is that there would be a vote on the first half of the Kennedy amendment and that the second half will be withdrawn.

Mr. BAKER. That is correct.

Mr. HELMS. And that there will be no further amendments in order relating to Central America on this bill.

Mr. BAKER. That is correct.

Mr. HELMS. And the Senator believes that in a short while, there will be a vote?

Mr. BAKER. Yes, Mr. President, I do believe that.

Mr. HELMS. Mr. President, we should begin with a general caveat that it does not advance the U.S. national interest at any time to talk about specific covert actions, even if they are successful. There are those who may have the opinion that covert actions in and of themselves are unwise. I do not take that position. I feel that the President of the United States has the constitutional authority to conduct our foreign policy. The use of covert actions is a classic tool of foreign policy. When we elect a President, we elect him to use his judgment in the employment of that tool.

We should also begin with the general assumption that the United States should not, as a general rule, accept the jurisdiction of the World Court in matters of our national security. The sovereignty of the United States should remain paramount in our considerations.

Mr. President, if we surrender jurisdiction to the World Court in something that the President judges will impact on our national security, then we would be surrendering our sovereignty. It is all very nice to speak of the "rule of law"; but the rule of law is an ideal that is seldom met in a world of conflicting cultures, traditions, and ideologies. We must not put our own paramount national interests in jeopardy by submitting to the judgment of an international court. In the long run, the most fundamental right of a nation is the right to protect its security.

All this having been said, we should also take a look at the substance of the controversy. If the covert actions which the press says have been taken have actually been taken, then I could easily understand the considerations which might have led the President to make the judgment to implement them. The country of Nicaragua has become a vast storehouse for arms threatening the national security of the region, including our own security. It has become the Libya of the Caribbean, a forward base for the logistics of supplying revolutionary movements in the Western Hemisphere.

The prime providers of those arms are the Soviet Union and Cuba. Those arms are a present danger to Costa Rica and Honduras. They are the proximate danger to the free elections in El Salvador. The Subcommittee on Western Hemisphere Affairs recently heard testimony from Dr. Fred Ikle, the Under Secretary of Defense for Policy. Dr. Ikle said:

> A year ago, I reported to this Committee that in 1981 the Soviets had delivered 63,000 tons of arms to Cuba, the highest yearly total since 1962. Today I must report to you that the Soviet deliveries have increased further, to 68,000 tons in 1982—about one billion dollars worth of military assistance.

Mr. President, those deliveries to Cuba indicate the growing presence of Soviet military arms in the region. We also know that those arms are being shipped from Cuba to Nicaragua, as well as directly from other Soviet bloc ports on Soviet vessels. Nicaragua has admitted to having increased the number of military and security forces to 138,000. This includes 39 percent of all the males over 18.

According to a Sandinista official, the first training class of 30 pilots—part of about 70 Nicaraguans training in Bulgaria—was due to complete its training in December 1983. Meanwhile, improvements have continued on existing landing strips in Nicaragua to allow them to accommodate modern jet aircraft. There are presently 36 new military bases and garrisons in Nicaragua now under construction or completed.

Approximately 50 Soviet tanks have been introduced into Nicaragua, enough to form a second battalion. Nicaragua has received about 1,000 East German trucks, 100 antiaircraft guns, and three brigades of Soviet artillery that can achieve ranges over 27 kilometers. Nicaragua has also obtained additional assault helicopters and transport aircraft to improve their mobility.

Mr. President, this and similar equipment is coming directly from Soviet bloc ports to Nicaraguan ports. It seems to me to be an entirely prudent and responsible action to take appropriate steps to stop such shipments. Such considerations could well have led to a decision to mine the ports receiving the military equipment.

Those who object to such policies should be prepared to take responsibility for the alternative—the collapse of neighboring countries into Marxist-Leninist hands. Nicaraguan freedom fighters have irresistible reasons for doing everything in their power to see that their country does not fall irreversibly into the hands of a totalitarian power which considers Castro, Stalin, Lenin, and Marx as a suitable successor to the imperfect political

tradition and the ardently Christian culture of Nicaragua.

We owe at least the same to our allies in Guatemala, Honduras, and El Salvador. Whoever is dropping mines into the waters around Nicaraguan ports, wherever they are from, are working for the best interests of the Nicaraguan people, and of all the people of the region. Whatever role, if any, may have been played by U.S. officials should not blind us to the fundamental truth. What we should do is applaud.

We should not and must not do anything which will concede anything of our national sovereignty to any international body, or to any group of journalists, or to "international opinion," or to the "international community," whatever that is. A policy which appeals to the rule of law to destroy the basis for a rule of law—that is to say, the fundamental freedoms of people everywhere—can have no part in our thinking. We cannot stand idly by and wait until the military buildup becomes irresistible.

Mr. MOYNIHAN. Mr. President, may I simply make a brief statement for the information of the Senate with respect to the second section of the amendment of the Senator from Massachusetts? It holds that "The United States shall immediately withdraw the modification submitted on April 6, 1984, to the jurisdiction of the International Court of Justice over the United States with respect to disputes with any Central American state or arising out of or related to events in Central America."

May I inform the Senate, as I am sure many learned Members know, that the United States does not have the right under our original agreement with the Court to make the proposal which the Secretary of State did make on Friday to the Secretary General of the United Nations. The ratification which the Senate agreed to, stated by President Truman, indicated the four areas in which we would submit to jurisdiction, then concluded:

Provided further, That this declaration shall remain in force for a period of five years and thereafter until the expiration of six months after notice may be given to terminate this declaration.

Mr. President, by our own previous agreement, we do not have the right simply to declare that we will no longer accept that jurisdiction. As a matter of fact, in the report of the Committee on Foreign Relations presented to this body on August 2, 1946, it was specifically noted:

The provision for 6 months' notice of termination after the 5-year period has the effect of a renunciation of any intention to withdraw our obligation in the face of a threatened legal proceeding.

Mr. President, how it could come to pass that the Department of State would not know what were the agreements which the United States has made, what the commitments are that it has made, and what is the legislative history explicit of those agreements is a matter of wonder to this Senator in all events.

Mr. President, I ask unanimous consent that I may have printed in the RECORD at this point the declaration of the United States accepting the compulsory jurisdiction of the court with respect to other nations who did the same with respect to certain specific subjects, and also the report of the Committee on Foreign Relations which provides the specific legislative history behind the provision that requires 6 months' notice before any such exclusion can take place.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

DECLARATION

I, Harry S. Truman, President of the United States of America, declare on behalf of the United States of America, under Article 36, paragraph 2, of the Statute of the International Court of Justice, and in accordance with the Resolution of 2 August 1946 of the Senate of the United States of America (two-thirds of the Senators present concurring therein), that the United States of America recognizes as compulsory *ipso facto* and without special agreement, in relation to any other State accepting the same obligation, the jurisdiction of the International Court of Justice in all legal disputes hereafter arising concerning—

(a) the interpretation of a treaty;

(b) any question of international law;

(c) the existence of any fact which, if established, would constitute a breach of an international obligation;

(d) the nature or extent of the reparation to be made for the breach of an international obligation;

Provided, that this declaration shall not apply to—

(a) disputes the solution of which the parties shall entrust to other tribunals by virtue of agreements already in existence or which may be concluded in the future; or

(b) disputes with regard to matters which are essentially within the domestic jurisdiction of the United States of America as determined by the United States of America; or

(c) disputes arising under a multilateral treaty, unless (1) all parties to the treaty affected by the decision are also parties to the case before the Court, or (2) the United States of America specially agrees to jurisdiction; and

Provided further, that this declaration shall remain in force for a period of five years and thereafter until the expiration of six months after notice may be given to terminate this declaration.

Done at Washington this fourteenth day of August 1946.

(Signed) HARRY S. TRUMAN.

REPORT OF COMMITTEE ON FOREIGN RELATIONS

The Committee on Foreign Relations, to whom was referred the resolution (S. Res. 196) providing that the Senate advise and consent to the deposit by the President of the United States with the Secretary General of the United Nations of a declaration under paragraph 2 of article 36 of the Statute of the International Court of Justice recognizing as compulsory ipso facto and without special agreement. In relation to any other State accepting the same obligation, the jurisdiction of the International Court of Justice in certain categories of legal disputes hereafter arising, hereby report the same to the Senate, with an amendment with the recommendation that the resolution do pass as amended.

A. TEXT OF RESOLUTION

Following is the text of the resolution, as amended by the committee:

"*Resolved (two-thirds of the Senators present concurring therein),* That the Senate advise and consent to the deposit by the President of the United States with the Secretary General of the United Nations of a declaration under paragraph 2 of article 36 of the Statute of the International Court of Justice recognizing as compulsory ipso facto and without special agreement, in relation to any other state accepting the same obligation, the jurisdiction of the International Court of Justice in all legal disputes hereafter arising concerning—

"a. the intepretation of a treaty;

"b. any question of international law;

"c. the existence of any fact which, if established, would constitute a breach of an international obligation;

"d. the nature or extent of the reparation to be made for the breach of an international obligation.

Provided, That such declaration should not apply to—

"a. disputes the solution of which the parties shall entrust to other tribunals by virtue of agreements already in existence or which may be concluded in the future; or

"b. disputes with regard to matters which are essentially within the domestic jurisdiction of the United States.

provided further, That such declaration should remain in force for a period of 5 years and thereafter until the expiration of 6 months after notice may be given to terminate the declaration."

B. HEARINGS OF THE SUBCOMMITTEE

On November 28, 1945, Mr. MORSE submitted Senate Resolution 196 for himself, Mr. TAFT, Mr. GREEN, Mr. FULBRIGHT, Mr. SMITH, Mr. FERGUSON, Mr. AIKEN, Mr. BALL, Mr. CORDON, Mr. WILEY, Mr. TOBEY, Mr. MAGNUSON, Mr. JOHNSTON of South Carolina, Mr. MYERS, and Mr. MCMAHON. The resolution was referred to the Committee on Foreign Relations. On June 12, 1946, Chairman CONNALLY appointed a subcommittee consisting of Senator THOMAS (Utah) as chairman, Senator HATCH and Senator AUSTIN to hear witnesses on the resolution and to recommend any amendments that might seem appropriate.

The subcommittee held hearings on July 11, 12, and 15, with Senator Morse, Dean Acheson (Acting Secretary of State), and Charles Fahy (legal adviser of the Department of State) appearing and a number of other witnesses testifying on behalf of important private organizations. Outstanding jurists and international lawyers also submitted statements for the record. Witnesses appeared or statements were submitted from the following organizations:

American Bar Association.

American Society of International Law.

American Association of University Women.

General Federation of Women's Clubs.

Young Women's Christian Association.

Americans United for World Government.
Friends Committee on National Legislation.
National League of Women Voters.
Federal Bar Association.
Women's Action Committee for Lasting Peace.
Federal Council of the Churches of Christ in America.
Catholic Association for International Peace.
Pennsylvania Bar Association.
National Council of Jewish Women.
National Education Association.

C. OVERWHELMING PUBLIC SUPPORT

The subcommittee was impressed by the fact that all the witnesses who appeared were enthusiastically in favor of the acceptance on the part of the United States of the jurisdiction of the International Court of Justice with respect to legal disputes. The general feeling seemed to be that such a step taken now by the United States would be the natural and logical sequel to our entry into the United Nations. Twelve months' consideration since the signing of the Charter has strengthened the conviction that this action would immediately increase faith in the efficacy of the United Nations to promote order and peace.

This relative unanimity of American public opinion was demonstrated on December 18, 1945, when the house of delegates of the American Bar Association, without a dissenting vote, passed a resolution urging the President and the Senate to take appropriate action at the earliest practicable time to accept the compulsory jurisdiction of the court. The American Society of International Law, on April 27, 1946, likewise adopted a favorable resolution by a unanimous vote. Many other national organizations, with large memberships, including the American Association of University Women, the General Federation of Women's Clubs, the Federal Bar Association, the Inter-American Bar Association, the Federal Council of Churches, the National League of Women Voters, the American Veterans Committee, the National Education Association, the National Council of Catholic Women, and the American Association for the United Nations, have similarly endorsed the proposal.

D. FAVORABLE ACTION BY FOREIGN RELATIONS COMMITTEE

On July 17 and 24 the subcommittee reported its findings to the Senate Foreign Relations Committee. After a discussion of the legal and constitutional issues involved (see secs. G and J below) the committee reported the resolution to the Senate for favorable action. The vote, which was taken on July 24, was unanimous.

E. PURPOSE OF THE RESOLUTION

The immediate purpose of the resolution is to authorize the President to file with the Secretary General of the United Nations a declaration accepting the compulsory jurisdiction of the International Court of Justice over certain categories of legal disputes arising between the United States and any other nation which has accepted the same obligation. The United States would acquire the right and duty to sue or be sued in respect to such other States and would give the Court the power to decide whether the case properly falls within the terms of the agreement.

The ultimate purpose of the resolution is to lead to general world-wide acceptance of the jurisdiction of the International Court of Justice in legal cases. The accomplishment of this result would, in a substantial sense, place international relations on a legal basis, in contrast to the present situation, in which states may be their own judge of the law.

The United States has now become a member of the Court, but membership in itself means comparatively little. It is true that States can agree to submit specified cases to the Court, but they have always been able to settle their disputes by arbitration, assuming they could agree to do so. So long as individual members can refuse to be hailed into the Court a regime of law in the international community will never be realized. The most important attribute of this or any other court is to hear and decide cases. For this function it must have jurisdiction of the parties and the subject matter.

F. OBLIGATIONS UNDER THE CHARTER OF THE UNITED NATIONS

The undertaking of this obligation by members of the United Nations is a logical fulfillment of obligations already expressed in the Charter. The preamble expresses the determination of the peoples of the United Nations—

"To estalish conditions under which justice and respect for the obligations arising from treaties and other sources of international law can be maintained," and to this end "to insure, by the acceptance of principles and the institution of methods, that armed force shall not be used, save in the common interest."

Among the purposes of the United Nations set forth in article 1 is—

"To bring about by peaceful means, and in conformity with the principles of justice and international law, adjustment or settlement of international disputes or situations which might lead to a breach of the peace."

One of the principles of the Organization as set forth in article 2 is that—

"All members shall settle their international disputes by peaceful means in such a manner that international peace and security, and justice, are not endangered."

Article 36, paragraph 3, of the Charter provides that the Security Council should "take into consideration that legal disputes should as a general rule be referred by the parties to the International Court of Justice in accordance with the provisions of the statute of the Court."

In addition, by virtue of the general right of states to bring disputes before the Security Council, any state is liable to have its political disputes brought before the Council without its consent and to be subject to such moral obligation as attaches to a recommendation of the Council (arts, 36 and 37 of the charter). It is incongruous that such rights and obligations should exist with respect to political disputes but that there should be no similar obligation for the members of the United Nations to submit their legal disputes to adjudication.

G. JURISDICTION CONFERRED, DEFINED, AND LIMITED

The scope of the jurisdiction to be conferred pursuant to this resolution is carefully defined and limited.

There is, in the first place, a general limitation of jurisdiction to legal disputes. The resolution, like article 36, paragraph 2, of the Court statute, states this limitation in general terms and proceeds to define the four categories of disputes thus included. These are:

a. the interpretation of a treaty;
b. any question of international law;
c. the existence of any fact which, if established, would constitute a breach of an international obligation;
d. the nature or extent of the reparation to be made for the breach of an international obligation.

A second major limitation on the jurisdictions conferred arises from the condition on autocracy. This is again specified in the resolution in the language of the statute, the pertinent phrase being as follows: "recognizing * * * in relation to any other state accepting the same obligation, the jurisdiction of the International Court of Justice."

Jurisdiction is thus conferred only as among states filing declarations. In addition, the similar phrase in the Statute of the Permanent Court of International Justice was interpreted by the Court as meaning that any limitation imposed by a state in its grant of jurisdiction thereby also became available to any other state with which it might become involved in proceedings, even though the second state had not specifically imposed the limitation. Thus, for example, if the United States limited its grant of jurisdiction to cases "hereafter arising," this country would be unable to institute proceedings regarding earlier disputes, even though the defendant state might not have interposed this reservation.

A third limitation specified in the resolution is that the United States should bind itself only as to disputes arising in the future. The United States may not, therefore, be confronted with old controversies as a result of filing the proposed declaration.

A fourth limitation provides that the proposed action shall not impede the parties to a dispute from entrusting its solution to some other tribunal if they so agree. The same provision is found in the Charter of the United Nations, article 95.

The fifth limitation is that the proposed declaration shall not apply to matters which are essentially within the domestic jurisdiction of the United States. A provision similar in principle is found in article 2, paragraph 7, of the Charter, providing that nothing in the Charter shall authorize the organization to intervene in essentially domestic matters. The committee feels that the principle is also implicit in the nature of international law, which, under article 38, paragraph 1, of the statute, it is the duty of the Court to apply. International law is, by definition, the body of rights and duties governing states in their relations with each other and does not, therefore, concern itself with matters of domestic jurisdiction. The question of what is properly a matter of international law is, in case of dispute, appropriate for decision by the Court itself, since, if it were left to the decision of each individual state, it would be possible to withhold any case from adjudication on the plea that it is a matter of domestic jurisdiction. It is plainly the intention of the statute that such questions should be decided by the Court, since article 36, paragraph 6, provides:

"In the event of a dispute as to whether the court has jurisdiction, the matter shall be settled by the decision of the Court."

It was also brought to the attention of the subcommittee that a number of states, in filing declarations under the statute of the Permanent Court of International Justice, interposed reservations similar to that of the resolution under consideration, but in no case did they reserve to themselves the right of decision. The committee therefore decided that a reservation of the right of decision as to what are matters essentially

within domestic jurisdiction would tend to defeat the purposes which it is hoped to achieve by means of the proposed declaration as well as the purpose of article 36, paragraphs 2 and 6, of the statute of the Court.

The resolution provides that the declaration should remain in force for a period of 5 years and thereafter until 6 months following notice of termination. The declaration might, therefore, remain in force indefinitely. The provision for 6 months' notice of termination after the 5-year period has the effect of a renunciation of any intention to withdraw our obligation in the face of a threatened legal proceeding.

Hon. John Foster Dulles, adviser to the State Department in relation to the Dumbarton Oaks proposals and adviser to the United States delegation to the United Nations Conference on International Organization, which drafted the Charter and the statute of the Court, filed a memorandum with the subcommittee favoring agreement by the United States to submit to impartial adjudication its legal controversies. He pointed out that failure to take that step would be interpreted as an election on our part to rely on power rather than on reason.

Mr. Dulles advocated that the United States ought now to make the declaration submitting this country to the jurisdiction of the Court according to article 36(2) of the Court statute. He suggested, however, clarification of certain matters in the declaration to wit:

"1. Advisory opinions: The compulsory jurisdiction should presumably be limited to disputes which are actual cases between states as distinct from disputes in which advisory opinions may be sought."

On this point the committee view is that the jurisdiction to be accepted pursuant to Senate Resolution 196 is coextensive with the jurisdiction defined in article 36(2) of the Statute of the Court, which is limited to legal disputes as distinct from the broader category of cases referred to elsewhere in the statute.

With respect to Mr. Dulles' suggestion, Hon. Charles Fahy, legal adviser of the State Department, made the following reply:

"The declaration under article 36 (2) would grant jurisdiction in 'all legal disputes,' as therein described. But the jurisdiction of the court (art. 36 (1)) extends to 'cases which the parties refer to it' and 'all matters especially provided for in the Charter of the United Nations or the treaties and conventions in force.' Thus the Court's possible jurisdiction is broader than the jurisdiction conferred by a declaration under article 36 (2). The provisions of article 36 (2) are limited to 'legal disputes.' This compulsory jurisdiction clearly excludes cases which are not legal disputes, such as a case to be decided ex acquo et bono under article 38 (2) if the parties separately so agree. Such agreement, of course, would be over and above any jurisdiction accepted by the proposed declaration under article 36 (2). The only jurisdiction of the Court with respect to advisory opinions (art. 65) is as to a legal question on request of whatever body may be authorized to make such a request under the Charter. It is entirely apart from the compulsory jurisdiction which a state grants by its declaration under article 36 (2). No provision in the declaration would seem necessary to make it clear that the declaration under article 36 (2) is indeed limited to the jurisdiction covered by that article.

"2. Reciprocity: Jurisdiction should be complusory only when all of the other parties to the dispute, have previously accepted the compulsory jurisdiction of the Court.

The committee considered that article 59 of the Court statute removed all cause for doubt by providing:

"The decision of the Court has no binding force except between the parties and in respect of that particular case.

If the United States would perfer to deny jurisdiction without special agreement in disputes among several states, some of which have not declared to be bound, article 36 (3) permits it to make its declaration conditional as to the reciprocity of several or certain states.

Mr. Dulles' objection might possibly be provided for by another subsection in the first proviso of the resolution, on page 2, after line 14, reading:

"c. Disputes arising under a multilateral treaty, unless (1) all parties to the treaty affected by the decision are also parties to the case before the Court, or (2) the United States specially agrees to jurisdiction.

"3. International law: If the basic law of the case is not found in an existing treaty or convention, to which the United States is a party, there should be a prior agreement as to what are the applicable principles of international law.

The committee considered both the policy and the parliamentary problems this suggestion raises and decided to leave Senate Resolution 196 unchanged as to this point, for the following reasons:

Article 92 provides:

"The International Court of Justice shall be the principal judicial organ of the United Nations. It shall function in accordance with the annexed statute, which is based upon the Statute of the Permanent Court of International Justice and forms an integral part of the present Charter."

The Charter cannot be amended by a mere declaration of some of the states parties to the present statute. What a state may do is limited by article 36 (3):

"The declarations referred to above may be made unconditionally or on condition of reciprocity on the part of several or certain states, or for a certain time."

This does not permit a state to condition submission upon different principles of international law than those which article 38 commands to be used, thus:

"1. The Court, whose function is to decide in accordance with international law such disputes as are submitted to it, shall apply:

"a. international conventions, whether general or particular, establishing rules expressly recognized by the contesting states;

"b. international custom, as evidence of a general practice accepted as law;

"c. the general principles of law recognized by civilized nations;

"d. subject to the provisions of article 59, judicial decisions and the teachings of the most highly qualified publicists of the various nations, as subsidiary means for the determination of rules of law.

"2. This provision shall not prejudice the power of the Court to decide a case ex aequo et bono, if the parties agree thereto."

To accomplish substantial alteration of the applicable principles of the international law would require consent of all the other parties to the Charter. The purpose of this declaration is to avoid the procedural necessity of "Special agreement" and to recognize jurisdiction ipso facto over the specified subject matter and parties.

Hon. Charles Fahy, legal adviser of the State Department, in a memorandum prepared for the committee, replied to Mr. Dulles' suggestion as follows:

"3. Mr. Dulles suggests there should be prior agreement as to what are the applicable principles of international law if the basic law of the case is not found in an existing treaty or convention. He feels that to permit jurisdiction of legal disputes concerning "any question of international law" is too vague at this time.

"It is most inadvisable to accept this view. It would seriously impede the progress of the Court in the accomplishment of its purpose. The procedure followed in the case of the Alabama arbitration, referred to as an instance where previous agreement on the applicable law was had, was long before the establishment of the Court. The Charter of the United Nations and the present statute of the Court are designed to enlist sufficient confidence in judicial determinations by the Court to enable it to become a useful organ in the settlement of legal disputes. To require now an agreement, in advance of submission to the Court, on the applicable principles of international law would take from the Court one of the principal purposes of its creation. The United States should not insist on such a requirement. Whatever risk to the United States is involved in entrusting cases to the Court for its determination of the applicable basis of decision under international law is outweighed by the tremendous advance which would be made by our acceptance of such risk in the development of judicial processes in the world order."

Other points referred to the committee by Mr. Dulles for clarification related to the problem of domestic jurisdiction, the possibility of resorting to other tribunals, and the desirability of establishing a time limit for any declaration the United States might make.

As has been indicated above, domestic jurisdiction is safeguarded by article 1 (1) of the Charter of the United Nations, limiting the purposes of the United Nations to international disputes or situations, by article 2 (7) excluding domestic jurisdiction. The committee accepted article 36 (6) of the statute as covering this point.

"In the event of a dispute as to whether the Court has jurisdiction, the matter shall be settled by the decision of the Court."

The right to submit disputes to other tribunals is reserved in Senate resolution 196, page 2, line 8. This reservation is permitted by article 95 of the Charter.

With respect to a possible time limitation, Senate Resolution 196 provides for 5 years' duration, plus time of 6 months following notice of termination of the declaration. A further discussion of these points will be found in the first part of section (G) above.

H. COMPULSORY JURISDICTION PRIOR TO THE UNITED NATIONS

The first important step in the direction of compulsory jurisdiction was taken by the Advisory Committee of Jurists appointed by the League of Nations in 1920 to prepare the Statute of the Permanent Court of International Justice. This committee, which included among its members the Honorable Eithu Root, former member of the Senate Foreign Relations Committee, Secretary of War, and Secretary of State, recommended a draft providing for general compulsory jurisdiction over specified categories of legal disputes. It was proposed that this should be binding upon all parties to the statute. This provision proved unacceptable to some of the larger powers when it was presented to the League Council and Assembly, and there was substituted for it a

provision very similar to article 36, paragraph 2, of the present statute, enabling such states as desired to do so to agree among themselves to accept the jurisdiction of the Court as to the enumerated categories of legal disputes.

Under this provision some 44 states, including 3 of the 5 states now permanent members of the Security Council (Great Britain, France, and China), at one time or another deposited declarations accepting this jurisdiction.

Proceedings were invoked in 11 cases under these declarations two of which proceeded to final determination. One of these was the Eastern Greenland case, involving conflicting claims to territory by Norway and Denmark. Upon the rendering of the decision of the Court, Norway withdrew the decrees affecting the territory which had precipitated the dispute. The second case which went to decision involved a claim by the Netherlands against Belgium for alleged wrongful diversions of water from the Meuse River. The other nine cases were terminated on procedural points or were withdrawn.

I. COMPULSORY JURISDICTION UNDER THE UNITED NATIONS

The negotiations leading to the conclusion of the statute of the new International Court of Justice saw a renewal of the effort to obtain general compulsory jurisdiction. It is indicated in the Report of the 1945 Committee of Jurists, which met in Washington to formulate proposals relating to the judicial organ of the proposed world organization, that a majority of the Committee was in favor of compulsory jurisdiction. At San Francisco the discussion was renewed, and again a very substantial body of opinion was shown in favor of general compulsory jurisdiction. Due to the opposition of some states and the doubtful position of others, it was felt, however, that such a provision might endanger acceptance of the Charter, of which the statute was to be an integral part. This was the position of the United States delegation. It was, therefore, agreed to retain the optional provision in a form similar to that employed in the Statute of the Permanent Court of International Justice. This is the present article 36, paragraph 2 of the statute, pursuant to which the action envisioned by present resolution would be taken.

The San Francisco Conference added an additional paragraph to article 36 of the statute, according to which declarations accepting the jurisdiction of the old Court, and remaining in force, are deemed to remain in force as among the parties to the present statute for such period as they still have to run. Nineteen declarations are currently in force under this provision.

A further indication of the sentiment prevailing among United Nations delegations at San Francisco was the adoption by the Conference of a recommendation to the members of the Organization—"that as soon as possible they make declarations recognizing the obligatory jurisdiction of the International Court of Justice according to the provisions of article 36 of the statute."

J. THE CONSTITUTIONAL ISSUES INVOLVED

During the discussion which took place in the subcommittee three important constitutional issues were raised. These issues were: (1) Can the proposed action be taken by the treaty-making process or is a joint resolution of the two Houses preferable; (2) is it proper procedure to obtain the advice and consent of the Senate prior to the deposit of the declaration by the President; and (3) would the deposit of the declaration by the President establish treaty relations between the United States and the United Nations or between the United States and the various members of the United Nations who have deposited similar declarations.

With respect to the first issue, a declaration of this kind is no doubt unique so far as the United States is concerned. No one however, can doubt the power of this Government to make such a declaration. The question is one of procedure. During the debates on the United Nations Charter the problem was discussed at some length on the floor of the Senate, and it was generally agreed that the President could not deposit the declaration without congressional action of some kind granting him the authority to do so. To clarify the issue Senator VANDENBERG requested an opinion of Mr. Green Hackworth then legal adviser of the Department of State. The pertinent paragraph of this opinion. Which Senator VANDENBERG read on the floor of the Senate on July 28, 1945, follows:

"If the Executive should initiate action to accept compulsory jurisdiction of the Court under the optional clause contained in article 36 of the statute, such procedure as might be authorized by the Congress would be followed, and if no specific procedure were prescribed by statute, the proposal would be submitted to the Senate with request for its advice and consent to the filing of the necessary declaration with the Secretary General of the United Nations."

Since that time both the President and the Secretary of State have indicated that, in their opinion, either the procedure outlined the Senate Resolution 196 (calling for a two-thirds vote of the Senate) or that outlined in House Joint Resolution 291 (calling for a simple majority vote of the two Houses) would furnish a satisfactory legal basis for acceptance by the United States of the compulsory jurisdiction clause.

Inasmuch as the declaration would involve important new obligations for the United States, the committee was of the opinion that it should be approved by the treaty process, with two-thirds of the Senators present concurring. The force and effect of the declaration is that of a treaty, binding the United States with respect to those States which have or which may in the future deposit similiar declarations. Moreover, under our constitutional system the peaceful settlement of disputes through arbitration or judicial settlement has always been considered a proper subject for the use of the treaty procedure. While the declaration can hardly be considered a treaty in the strict sense of that term, the nature of the obligations assumed by the contracting parties are such that no action less solemn or less formal than that required for treaties should be contemplated.

With respect to the second issue the answer may be found in the Constitution itself, Article 2, section 2, provides that the President shall have "power, by and with the advice and consent of the Senate, to make treaties, provided two-thirds of the Senators present concur." It is evident that the advice and consent of the Senate is equally effective whether given before, during, or after the conclusion of the treaty. In fact, President Washington approached the Senate for its advice and consent prior to the negotiation of treaties, and this practice was followed on occasion by other Presidents. While the practice of prior consultations with the Senate fell into disuse after 1816, a recent precedent may be found in the convention of 1927, extending the General Claims Commission, United States and Mexico of 1923. The treaty was signed on August 16, 1927, pursuant to a Senate resolution of February 17, 1927. A similiar example is the convention of 1929, again extending the life of the Commission. The convention was signed on August 17, 1929, pursuant to the Senate resolution of May 25, 1929.

With regard to the third issue, the proposed declaration would not constitute, in any sense, an agreement between the United States and the United Nations. It is rather a unilateral declaration having the force and effect of a treaty as between the United States and each of the other states which accept the same obligations. It is merely an extension of the general principle that any two states may agree to submit cases to arbitration or judicial settlement. The so-called optional clause would permit a large number of states to take such action with respect to the four categories of legal cases enumerated.

As to whether the United States can enter into a treaty with the United Nations, the question is not here at issue. In any event, it is clear that the United States can conclude agreements with the United Nations, inasmuch as the United Nations Participation Act authorized the President to take such action in conformity with the pledge of the United States to make armed forces available to the Security Council under article 43 of the Charter. Moreover, there appears to be nothing in the Constitution which forbids the conclusion of a treaty between the United States and an international organization.

If it follows that the legal capacity of the United Nations is all that is required to enable the United States and the United Nations to enter into treaty relationships, article 104 of the Charter would seem to establish that authority. Article 104 reads:

"The Organization shall enjoy in the territory of each of its members such legal capacity as may be necessary for the exercise of its functions and the fulfillment of its purposes."

K. DESIRABILITY OF SPEEDY ACTION

Most of the witnesses appearing before the subcommittee expressed the hope that the Senate would act speedily in order to demonstrate once more the conviction of the people of the United States that peace will be possible only if law and justice are firmly embedded in the foundations of the United Nations. To be sure, the extension of the compulsory jurisdiction of the International Court of Justice will not usher the world automatically into an era of peace; it is only one important step in man's long and painful march toward a warless world. The acceptance by the United States of the compulsory jurisdiction clause, however, would constitute a step of great psychological and moral significance. It would help develop a spirit of trust and confidence, particularly on the part of the small states, toward the United States. And it would give impetus to the principle of the peaceful settlement of disputes as the judges of the new Court begin their work at the Peace Palace in The Hague.

On July 28, 1945, the Senate ratified the United Nations Charter by the overwhelming vote of 89 to 2. Since that time the people of the United States, the Senate, the House of Representatives, the President, and the Secretary of State have repeatedly asserted the conviction that the foreign

policy of the United States must be centered about the activities and the organs of the United Nations. The International Court of Justice is one of the principal organs of the United Nations. It would seem entirely consistent with our often pronounced policy for the Senate to take speedy action in order to ensure our full cooperation with the work of the Court at the earliest practicable date.

The Senate Foreign Relations Committee, in its report to the Senate on the United Nations Charter, expressed the following view:

"Unless we are prepared to take all steps which are necessary to effectuate our membership in the United Nations, we would be merely deceiving the hopes of the United States and of humanity in ratifying the Charter."

Mr. KENNEDY. Mr. President, 2 weeks ago, I expressed the opinion that the debate we were about to have would be the most important debate we would have this session. Today, we are about to take a vote that could be the most significant vote of this decade.

This vote is significant because it involves the lives of innocent people. Today, we will vote to save innocent lives, or we will vote to take innocent lives.

With this vote, we will also determine whether the United States of America, under the direction of President Reagan, will continue its march toward war in Central America. With this vote, we will decide whether U.S. funds should continue to be used for—and whether U.S. personnel should continue to be involved in—the indiscriminate mining of territorial waters in Nicaragua.

On March 29, just as our debate about Central America was beginning, we learned that U.S. personnel were being used on reconnaissance missions over El Salvador to assist the Salvadoran Army in combat with the guerrillas. And last Friday, after our debate had ended, we learned that U.S. personnel were being used to mine the harbors and territorial waters of Nicaragua. That same day, the Secretary of State quietly withdrew this Nation from the jurisdiction of the World Court with respect to disputes with Central American nations. But we did not know about that then, and we did not learn about that until yesterday.

President Reagan is moving us toward war. He has moved U.S. citizens up to the edge of combat, and he has involved U.S. citizens in the hostilities.

Last week, we debated whether the United States should continue to provide military assistance to the Contras in Nicaragua. Last week, on the floor of the Senate, we debated whether such assistance was in violation of international law. We were repeatedly assured that the Contras were not engaged in efforts to overthrow the Government of Nicaragua. We were repeatedly told that the Contras were not conducting a war to destroy the economic infrastructure of Nicaragua. If that were true, many Senators said, we would not be voting to support the Contras. And even the President of the United States got into the debate. He sent a letter in which he assured us that the United States did "not seek to destabilize or overthrow the government of Nicaragua; nor to impose or compel any particular form of government there." But 2 days later, the United States of America withdrew from jurisdiction of the World Court.

The question before the Senate is a fundamental one: Will we take any responsibility at all—or will we abdicate completely to the executive branch? Will we condone terrorism and sabotage? Will we let the Reagan administration pursue a policy of sneaking war into Central America?

We have turned our backs on diplomacy.

We have turned our backs on international law.

Will the Senate watch passively as this administration sovietizes American foreign policy—as it adopts the standard that the end justifies the means—as it avoids our constitutional process and misleads the Congress?

The truth is confessed only when the administration is caught in the act. Such confession is not the kind of consultation which the Congress deserves or should demand. Such surprises are not the basis for bipartisanship.

Often in this debate, I have raised the question of our obligation to history. I raise it again. How will the Senators here explain someday that American sons are dying in an unwinnable war in Central America because we lacked courage to take a stand—or because we followed a political calculus which held that the administration should be permitted to twist slowly in the political wind? For what is being strangled rapidly now is the hope for a peaceful settlement.

The administration said we had no combat role in El Salvador. On March 29, we learned this was untrue—and that our forces were engaged in combat reconnaissance in that country.

The administration said that we were not seeking to destabilize the Government of Nicaragua; we only sought to interdict arms and supplies for the rebels in El Salvador. Now we have learned that this is untrue—that we have mined a port far from any point of arms shipments to El Salvador—and that our mines may blow up the ships of our NATO allies.

We know the evasions, the rationalizations, the fabrications, for we have heard them from this administration until they have become as tattered as they are untrue. We have no excuse for continued inaction.

Let us end escalation by surprise in Central America.

Let us at long last exercise the power we were elected to use—and let us say to this administration, "Enough is enough. You shall no longer move toward war before trying for peace."

● Mr. GOLDWATER. Mr. President, there has been a good deal of discussion in the press recently about remarks I allegedly made on the floor of the Senate last Wednesday night, April 5, 1984.

An article in the Wall Street Journal on the following day stated:

> During Senate debate this week, the Intelligence Committee Chairman, Barry Goldwater, (R., Ariz.) surprised other Senators by openly referring to a document or paper indicating that the administration had directly authorized the mining. Mr. Goldwater's remarks were dropped from the published record made available yesterday, and while an aide to the Senator dismissed the matter, two other sources indicated that such a paper or staff memo did exist.

As well, an article in the New York Times this Monday stated:

> Senator Barry Goldwater, the chairman of the Senate Intelligence Committee, inadvertently referred to the covert operation in floor debate. A Senator said Mr. Goldwater, an Arizona Republican, later had his remarks deleted from the Congressional Record.

There may have been other references to this matter as well.

Mr. President, in almost 30 years service in the U.S. Senate I have never had my remarks deleted from the RECORD. However, what we were confronted with last week was a rather unusual situation—in fact, it was a unique situation which I have never encountered before.

When the Senate Select Committee on Intelligence was established in the spring of 1976, Senate Resolution 400 gave the committee jurisdiction and authority to consider all legislation and other matters relating to authorizations for appropriations for the Central Intelligence Agency. Section 501 of the National Security Act of 1947, which was enacted as part of the Intelligence Authorization Act for fiscal year 1981, imposes an obligation upon the Director of Central Intelligence and the heads of all departments, agencies, and other entities of the United States involved in intelligence activities to keep the Select Committee on Intelligence of the Senate and the Permanent Select Committee on Intelligence of the House of Representatives fully and currently informed of all intelligence activities which are the responsibility of, are engaged in by, or are carried out for or on behalf of any department, agency, or entity of the United States, including any significant anticipated intelligence activity.

Section 662 of the Foreign Assistance Act of 1961, as amended by the Intelligence Authorization Act for fiscal year 1981, requires that each op-

eration conducted by or on behalf of the Central Intelligence Agency in a foreign country, other than activities intended solely for obtaining necessary intelligence, shall be considered a significant anticipated intelligence activity for the purpose of section 501 of the National Security Act of 1947.

Mr. President, I am providing this background to make it clear to my colleagues that if the CIA was engaged in the mining of selected harbors in Nicaragua, this fact would of necessity have been briefed to me and to my committee or committee staff ahead of time. I say it would have been briefed of necessity, Mr. President, because this is the law. Now we may all debate whether this is a good law or a bad law or an indifferent law, but it is the law.

Now, last Wednesday night, during open debate on the floor of the Senate, a member of my committee came to me to ask if I had seen a document which indicated that the President ordered the mining of selected harbors in Nicaragua. I responded to him by saying that I had seen no such document and that I could not believe the President could have approved such a program since our committee had not been so briefed. Nor had I received any such briefing. After a few minutes' investigation, I learned that the document my member had referred to was simply an informal memorandum from a staff member to a Senator. It had been hastily pulled together in response to a couple of questions on the mining, and had no official standing as far as I was concerned. Although I conveyed these findings to my colleagues on the floor, I felt the matter deserved further inquiry, and my remarks were struck until such a time as further clarification could be obtained.

Mr. President, this afternoon, CIA Director Casey appeared before my committee in closed session to brief us on this issue. I learned to my deep regret that the President did approve this mining program, and that he approved it almost 2 months ago. Furthermore, I learned that in spite of the legal requirement that the intelligence family keep the members of our committee fully and currently informed on this sort of matter, we had not been so informed. By contrast, the House Permanent Select Committee on Intelligence had been fully briefed on this matter several weeks ago.

Now I have written Director Casey that this is no way to run a railroad. I am forced to apologize to the members of my committee because I did not know the facts on this case, and I apologize to all Members of the Senate for the same reason.

Mr. President, I have always felt strongly about the issue of leaks and of protecting the legitimate secrets of our Nation. So I will not comment further on this matter for the public record. However, I am prepared to provide any Member of the Senate with further details on this matter in private if they so desire. As well, Members of the Senate may wish to visit the offices of the Select Committee on Intelligence to review documents and transcripts on this matter, as well as to talk to our cleared staff. I consider this a matter of great importance, not just to the members of our committee, but to the Senate as a whole. And I am prepared to share whatever information we do have at this time.●

MINING OF NICARAGUAN PORTS

Mr. SPECTER. Mr. President, I am voting in support of this amendment because I am concerned that the reported CIA involvement in the mining of Nicaraguan ports is part of a broader U.S. covert effort that effectively supports the overthrow of the Government of Nicaragua in violation of the Congress legislative statement of 1982. Last week I supported an amendment to delete $21 million for the covert war against Nicaragua.

While the official purpose of U.S. covert aid to Nicaraguan Contras is the interdiction of the flow of arms from Nicaragua to El Salvador, the express goal of the Contras is the overthrow of the Sandinista government. While it may be argued that the mining of Nicaraguan ports will help to interdict the flow of arms between Nicaragua and El Salvador, the effect of the mining goes beyond this limited goal. Mines are blind to the cargo and flag of the vessels that trigger them, damaging commercial vessels as easily as those transporting Soviet and Cuban armaments. I am concerned that our actions in and around Nicaragua have dangerous repercussions beyond our stated goals, and that our present involvement is contrary to the stated intent of Congress. The Congress has not declared war against Nicaragua, yet the mining of another nation's harbors, like support for a group whose expressed objective is the overthrow of a government with which we have full diplomatic relations, may be interpreted as an act of war.

If it is the will of American people to wage, either directly or indirectly, a war against the Government of Nicaragua, let Congress debate and so declare its intent. If it is not the intent of the United States to overthrow the Government of Nicaragua, let us not engage in support of activities that may be interpreted as acts of war.

Mr. GLENN. Mr. President, I rise to state my strong support for Senator KENNEDY'S amendment—and to voice my strong opposition to administration policy. American participation in the mining of Nicaragua's harbors is more than a mere contravention of international law. It constitutes a policy that is strategically wrong, politically stupid, and morally outrageous. It is a policy that comes dangerously close to being an act of war—and I say it is time for Congress to bring it to a halt.

Let there be no mistake about what is at issue today. We are not talking about whether the United States should be involved in Central America—or about whether we should provide financial assistance to democratic elements in that region. I have long voiced my support for economic and military help to the governments of El Salvador and other central American countries—and so have a majority of my Senate colleagues. I have long voiced my concern over Nicaragua's seeming desire to export revolution in that region—and so have a majority of my Senate colleagues. Like you, I believe the United States has an obligation to encourage the voices of moderation and democracy in Central America—and to discourage the forces of tyranny and dictatorship.

But those goals are not at issue today. What is at issue is the Reagan administration's cavalier attitude toward basic principles of international law. What is at issue is the administration's continuing love affair with gunboat diplomacy and the politics of force. And what is at issue is the administration's blatant disregard for Congress role in the making of U.S. foreign policy.

Apparently, Mr. Reagan thinks that when it comes to the use of military force, the job of Congress is to keep its eyes closed, its checkbook open, and its mouth shut. He seems to think that it is all right to violate international law and to spit in the eyes of our allies and he apparently expects Congress to dutifully go along and do only what we are told.

Well, I say enough is enough. I say the time has come for us to stand up and serve notice on this administration; to serve notice that we are not content to be silent partners in a misguided policy that ignores our national interests and betrays our national principles. Let us serve notice that when American lives are at stake, Congress can no longer be expected to first look the other way—and then to rally round this administration's failures.

By directing the CIA to participate in the mining of Nicaragua's harbors, the Reagan administration has embarrassed the Congress and the country. It has put us in the ridiculous position of laying mines that our Western European allies may help to remove. It has put us in the preposterous position of attempting to topple at worst or bully at best a government we recognize and with whom we have diplomatic relations. And it puts us in the hypocritical position of opposing state-sponsored terrorism when it is directed against our friends—and of condon-

ing and even conducting it when it is directed against our real or imagined enemies.

Finally, Mr. President, let me say that I am deeply concerned about what this latest action by the administration may signal about its future foreign policy intentions. I need not remind you that the mining operation was carried out without the knowledge of the Senate Intelligence Committee. I need not remind you that virtually our entire foreign policy in Central America—from the use of training funds to build military infrastructure in Honduras to the not-so-secret war in Nicaragua to the mining of that country's harbors—has been conducted outside the normal policymaking framework of this Nation. And I am sure I need not remind you that just this past weekend, unidentified White House advisers were darkly warning about the probable use of U.S. combat troops in Central America—although not until 1985 and not until this year's election has safely passed.

Mr. President, I believe there is a pattern here—and I believe we must show the administration that we find it to be completely unacceptable. Again, I am not calling for a retreat from our responsibilities in Central America. Nor am I suggesting that there are no circumstances under which the use of force in that region would be acceptable. But I am suggesting that no U.S. foreign policy—in that region or any other—can be successful unless it has the support of Congress and the American people. I am suggesting that it is time we call a halt to the administration's high-handed attitude and underhanded tactics. And I am suggesting that it is time Congress asserted its rightful place in the making of American foreign policy—and stopped the wrongful mining of Nicaraguan harbors. I ask my colleagues to give this amendment their wholehearted and enthusiastic support.

MINING NICARAGUAN HARBORS

Mr. HUDDLESTON. Mr. President, the disclosure of the mining of Nicaraguan harbors by the CIA has raised the most serious questions about U.S policy and the effectiveness of the intelligence oversight process. It is very disturbing that the Select Committee on Intelligence was not fully and properly informed of this matter, which was so clearly and directly relevant to our consideration of the recent supplemental appropriations bill to provide additional funds for CIA operations in Nicaragua.

Had I been aware of the mining activities, I would have voted against any funds for that purpose. That knowledge would also have given cause for me to reconsider my support of the supplemental appropriation for the entire operation.

The records of the Select Committee have been reviewed, and we have found only one reference to mining activities. It did not convey the nature, extent, or seriousness of what has been going on.

It is very important for all of us to understand why the mining of Nicaraguan harbors is so objectionable. The fundamental problem is that it is indiscriminate, rather than directed against specific targets. I could support action to interdict a particular vessel known to be carrying arms to Nicaragua that could reasonably be expected to go to guerrillas in El Salvador. That action could be justified as necessary to protect El Salvador from outside military intervention.

However, the mining operations that have been carried out are far different. They pose a danger to ships from entirely innocent countries, carrying nonmilitary cargo. Our closest allies, such as Britain and France, have had their ships and the lives of their citizens placed in jeopardy. Moreover, innocent fishing boats manned entirely by civilians earning their livelihood are placed in danger.

It makes no difference if the mines are constructed so as not to sink the ships. They still do damage to property and endanger human lives.

Over the past year I have tried to work with my colleagues on the Select Committee to insure that the administration's operations against Nicaragua would be subject to the closest possible oversight scrutiny and review. Unfortunately, the oversight process has not worked in this case to keep the committee fully and currently informed of all significant anticipated intelligence activities, as contemplated by the congressional oversight provisions enacted in 1980.

We need to learn from this experience. The risk of the type of paramilitary operations undertaken against Nicaragua appears to be that they inevitably get out of control. The Select Committee has attempted, in a bipartisan way, to prevent this from happening. We will continue to do all that we can to insure that the administration's use of the CIA's sensitive capabilities is held accountable through congressional oversight to the principles and interests of the American people.

● Mr. BOREN. Mr. President, I am convinced that the vast majority of the American people could be described as political moderates. They tend to distrust both the extremism of the right and of the left. They do not want government to be so active that it stifles individual initiative but they do not want it to be so inactive that it fails either to protect equal opportunity of all citizens or to provide for those who are unable to help themselves.

In foreign policy they are not naive isolationists who would concede our vital interests in the world to our adversaries. Neither are they reckless interventionists who would squander our power carelessly in situations which we cannot win or which needlessly endanger the lives of our young people.

Our country has been well served by the commonsense and sound moderate judgment of our people. It has generally been reflected in the ability of our political leaders to form a consensus around which most Americans could rally both in terms of domestic and foreign policy.

For moderates, however, these are difficult and frustrating times. The process for picking our national leaders seems to favor those who tend to the polar positions instead of those closer to the reasonable mainstream of the total population.

Our sense of community has been fragmenting. More energy is spent in appealing to narrow single-interest groups than in uniting all Americans for the common good. Too much time is spent in scoring partisan political points than in forming nonpartisan coalitions to solve problems.

The moderate majority is often left to select the lesser of evils among extreme choices. The current situation is an example of just that kind of dilemma.

As my colleagues in the Senate know, I earnestly hope for a bipartisan consensus on foreign policy. To me, politics ideally should stop at the water's edge. Each of the 535 Members of Congress cannot be Secretary of State or Commander in Chief. If Congress second-guesses every decision by a President, we will send an uncertain signal to the rest of the world.

Others around the world have come to wonder about the ability of the President to speak for the United States. Even our allies publically question our ability to live up to our commitments. Our frequent changes of direction have left our credibility in doubt. Our family fights have been watched by the entire world.

To be perfectly honest, neither the President nor the Congress, Democrats nor Republicans, can be very proud of the record of the last decade when it comes to healing the wounds of the sixties and building a spirit of bipartisanship in foreign policy. The President was not fair in blaming Congress for the failure of the administration's policy in Lebanon. It was a flawed policy in the beginning. Injecting a small number of American troops into a long, bitter, religious war among several factions would not have succeeded even if Congress had voted unanimously to support it.

On the other hand, there were those in Congress who were too quick to criticize the President when he took decisive and appropriate action to use

our power to protect our interests in Grenada. The objective was limited and the chances for success were excellent.

Some have used the Vietnam experience to argue for complete isolationism. They seem prepared to criticize any possible use of American power, under any circumstances or in any part of the world. Such a policy would render the United States impotent in the eyes of the world. It would encourage our adversaries to test us and would increase the risk of conflicts.

As I said earlier, I believe that the vast majority of the American people reject this naive isolationsim which is in short a policy of international capitulation.

I cannot believe that the American people want us to simply give up Central America and allow regional instability in our own backyard to move ever closer to our 1,800-mile frontier with Mexico.

On the other hand, if we reject isolationism, we must not embrace reckless interventionism.

I have tried to follow a moderate bipartisan course. Last week, I voted consistently against amendments which I felt would unduly tie the hands of the President in responding to emergencies in Central America. I voted against amendments which I felt would set unwise precedents altering the President's constitutional powers as Commander in Chief.

I voted to support administration efforts in El Salvador to help the people there help themselves. As an observer to recent elections in that country, I am convinced that they were basically fair and honest. I have no doubt that the vast majority of the people there want the ballot and not the bullet to determine their future. Their democratic process deserves our encouragement and support.

While the outcome is far from certain, it would appear that there is at least a chance that El Salvador may be winnable. To me, the administration seems correct in wanting to give our best effort to attempt to stabilize the situation there.

In Nicaragua, the situation is less clear. The legacy of the past dictatorial government has clearly created some significant support for the current government. While it has been a close question in my mind, I voted to continue our efforts in Nicaragua aimed at stopping the flow of arms to hostile forces in other nations.

I have clearly done my best to build bipartisan support for a reasonable policy in Central America. We must test every aspect of that policy by weighing the moral issues involved and by carefully balancing the risks of the policy against the chance for success. To me it is clearly moral and in our interest to attempt to support the democratic process in El Salvador.

It is at least possible to argue that it is proper for us to interdict by practical means the flow of aggressive arms from Nicaragua.

The indiscriminate mining of Nicaraguan harbors in my opinion, however, clearly fails the test. It is subject to attack on moral grounds. It clearly runs grave risks because of the danger it can cause to ships of many nations, some of whom are allied to us. It could cause a major international confrontation if it resulted in loss of life of foreign nationals. While this tactic runs grave risks, they are certainly not balanced by any significant gain which is achievable by using it.

I deeply regret that this action has been taken. By resorting to careless use of our resources, the administration has at least in the short run only strengthened the position of those who would criticize what I believe are legitimate uses of our power in other areas in Central America.

My conscience and best judgment lead me to support the pending sense of the Senate amendment which condemns the mining of Nicaraguan harbors.

In reaching this decision, it should be clear that I do not embrace any policy of retreat or isolationism in Central America. Perhaps this current state of events will make it absolutely clear to both Congress and the President that we should urgently get on with the task of developing a bipartisan policy.

Let us hope that America's moderate majority will make itself heard. It is time for both Congress and the President to call a moratorium on the escalating rhetoric. We must forget past differences and sit down together. I hope that the President and congressional leaders of both parties will sit down together and in candor and good faith resolve their differences. Voluntarily agreeing to accept the congressional view that the mining of the harbor should be stopped would be a good first step on the part of the President. If he should take that step, let us hope that Congress would also be prepared to respond, positively.●

U.S. INVOLVEMENT OF NICARAGUAN TERRITORIAL WATERS

Mr. JEPSEN. Mr. President, last week, the Senate voted on several aspects of military aid to Central America in the context of the urgent supplemental appropriations bill. Among the areas that were extensively debated, was the question of so-called covert aid to the Contras in Nicaragua. As the record shows, I have supported funding the amounts requested by the administration for these activities.

However, my support has been contingent on several principles involved with our aid to those groups within Nicaragua who are fighting to push Nicaragua back toward the path of a democratic and free society.

These principles included:

That the main goal of the funding was the interdiction of military supplies flowing from Nicaragua to the guerrillas in El Salvador.

That the aid be used to help only Nicaraguan nationals in their struggle against the Sandinista government.

That the aid not compromise the commitment of the United States to bringing about the rule of law in international relations.

Over the weekend, I began to read stories in the press of much more direct U.S. involvement in the contra operations that may, in my view, jeopardize everything that we have been attempting to accomplish there. I speak specifically of the reports of direct CIA involvement in the efforts to mine the territorial waters off Nicaragua.

When I read such reports, I am increasingly skeptical of the ability of some policymakers in the administration to develop successful strategies to deal with the growing number of challenges to the United States in the world.

Now I number myself in that group who want to put maximum pressure on the Sandinistas to fulfill the promises that they made to the OAS and to stop shipping military arms and ammunition to the guerrillas in El Salvador. Cuban and Nicaraguan interference in the internal affairs of the duly-elected Government in El Salvador is the major stumbling block to peaceful resolution of the many conflicts in that country. Seen in the light of what we are trying to do in Central America, this most recent operation off of Nicaragua is plain dumb.

If viewed strictly in the light of narrow logistical and operational considerations, mining the coastal waters off Nicaragua may seem attractive as one way to put additional pressure on the Sandinistas. But if political and social factors are taken into consideration, the plan should have been rejected. To consider that political and social concerns would be bypassed by keeping such a large-scale operation "covert" shows an ignorance of history and an inordinate dose of wishful thinking.

If there is any relationship between reality and what I have been reading in the press, and I will be first to admit that the relationship is not always there, the U.S. involvement in the mining of Nicaraguan coastal waters violates many of the basic principles on which "covert operations" have been supported in Congress.

The best way to view the mining operation is to set up a balance sheet of costs and benefits. The benefits that the Contra mining could be expected to accrue are the following:

Mining the waters of Nicaragua would seriously damage the ability of

Nicaragua to export her recently harvested commodities that are virtually the sole resource of foreign exchange. The result of this could be to stop the arms shipments to El Salvador and to fulfill the promises they made to the OAS.

Slowing the importation of oil could have the long-term effect of hampering the Sandinistas ability to carry out military operations against the Contras.

It appears that mining is being conducted in such a way as to stop short of sinking large ships, but merely serves as a deterrent to ships heading for Nicaraguan ports.

Against these so-called plusses a considerably greater number of minuses can be set.

Because of the sophisticated nature of the operation, U.S. citizens and non-Nicaraguan nationals hired by the CIA appear to be directly involved. This is an essential change in our role in Nicaragua.

Our open society and the size of the operation has virtually guaranteed a leak to the press.

Participation in the act of mining the territorial waters of another country is considered an "act of war" in the international community.

Damaging third party shipping raises serious questions about the U.S. commitment to freedom of the seas.

Once again the star of the Sandinistas is rising in Western Europe as world sympathy is aroused by our actions. There are now even discussions among our allies about helping to clear the mines from Nicaraguan waters.

This latest action has given the Nicaraguans the very limited amount of credibility they needed to bring a case against the United States to the World Court, the same body that we appealed to to obtain the release of American hostages in Teheran.

As a result, we have had to formally declare that we will no longer accept the jurisdiction of the World Court in matters involving the United States.

We have given the Nicaraguan Government an open opportunity to blame the United States for an economic failure that is in reality the fault of mismanagement by the Sandinistas.

The long-term effects of our involvement in the mining of Nicaraguan waters will be hard to predict, but we should terminate a policy which has and will continue to undermine our credibility in the international arena.

Mr. DURENBERGER. Mr. President, this is a most painful of occasions. For at least 5 years, many of us have been trying to help our executive branch forge a workable policy on Central America. Our progress has been difficult and slow. Now, in the last few years, we may be witnessing the unraveling of what little policy there was.

Faced with this crisis—and for once there is a crisis—the Senate has a responsibility. Our role must be to rescue American policy from its own excesses. We must not be the wrecking crew, but the salvage team.

The mining of Nicaraguan harbors illustrates the complexity of any activist foreign policy. It is one thing to decide on the broad outlines of such a policy—the one will engage in covert action in Nicaragua, for example, or that one will attempt to interdict arms flows into El Salvador. It is quite another thing, however, to implement that decision successfully.

I can understand why the executive branch would want to mine Nicaraguan harbors. Despite the doubts of my colleague, the senior Senator from Massachusetts, one might well feel that mining harbors was one way to stem the flow of arms from Cuba to Nicaragua, and from there into El Salvador. One might also hope that economic pressure on the Nicaraguan Government would lead that government to consider making its peace with its neighbors, with the United States, and especially with its own people, so many of whom fought for Nicaragua in 1979 and are now fighting for the Contras.

Presidents and executive branches seem less inclined to consider the downside of their policies. In their quest for activist solutions, they are hardly eager to ponder whether a tactic will actually do more harm than good.

The difficulty of combining a covert action policy with reasonable tactics has been present from the very start. When we first heard about this program, many of us wondered whether covert action would—either by design or by accident—become an effort to overthrow the Government of Nicaragua. That risk was inherent in a policy of support for the Contras, as my able colleague, the senior Senator from Maine, so eloquently explained last night.

As a result of these concerns, the Boland amendment was passed in 1982. Over the ensuing months, many people became convinced that the overthrow of the Sandinistas was, indeed, our policy.

I did not, and do not, share that concern. We on the Intelligence Committee have had many briefings on the covert action program. We have sent staff members to get more material. And both Members and staff have made trips to the region. On the basis of all that material, I am convinced that the executive branch—and, in particular, the CIA—are faithfully obeying the Boland amendment.

I am also convinced, Mr. President, that the policies and actions of the Government of Nicaragua fully warrant a strong response. As I noted last week, even Democratic and left-of-center elements in Central America fear the aggressive policies of Nicaragua. They see the Sandinistas not as reformers, or even as revolutionaries, but rather as the prime supporters of terrorist and guerrilla violence in the region.

We must stand up to Nicaragua, and our objectives are surely honorable: An end to Sandinista support for foreign terrorism and guerrillas; a slicing down of Nicaragua's frightening military buildup; a fond farewell to Soviet and Cuban advisers in Central America; and a return to the pluralist system that the Sandinistas originally promised to the people of Nicaragua.

What is less certain, in this complex enterprise, is whether the implementation of our covert action policy has been rational or effective. Last year, we were faced with reports of Contras slitting the throats of teachers and other civilians, and the Contras seemed more concerned with showing the press what the Nicaraguan mountains were like than with undertaking actions that would rally local support or interdict arms flows.

So last year the Intelligence Committee told the President to rethink this program and to draft a new, more coherent finding that would set forth objectives and approaches to achieving those objectives. This was done last fall, and I think it was done well. The last year has seen less Contra grandstanding, apparently less reliance upon former Somocistas, and even some operations against targets that seem to be part of the Nicaraguan support chain for guerrillas in El Salvador.

On two points, however, I am sorely disappointed. One is the continuing gap between policies to pressure Nicaragua and policies to resolve the conflict. The other is the most recent evolution in our policy.

The gap between activist policies to pressure a country and efforts to settle disputes is an old one. What is sad is how little we learn from the past. For example, surely history teaches us that the chances for real negotiation are often fleeting, and that such chances are not to be dismissed. But what happened when the United States invaded Grenada? There was an initial period in which Fidel Castro, rightly frightened by this successful U.S. activism, counseled caution to his proteges in Nicaragua. The Sandinistas, in turn, showed true concern over U.S. intentions and gave hints of flexibility.

Did we take advantage of that brief opening? Perhaps I blinked, Mr. President, and did not see it. What I did see was a policy that kept up the pressure with military maneuvers and construction in Honduras, but did not combine that pressure with active efforts to determine what sort of accommodation

the Sandinistas might be willing to make with their neighbors, with us, or with their own people.

Now it is harder. Now Nicaragua is moving toward elections—not truly free elections, but close enough to fool much of the world; not elections that give their people a real chance to reject Marxism-Leninism, but timed just before our own elections so that we will be too preoccupied to deal effectively with this challenge.

Now we are in the amazing fix of having some Contra groups offering to lay down their arms if a truly free election could be guaranteed, even though there are important other objectives to be gained as well. Now we have the most respected Members of the Democratic opposition to the Sandinistas refusing to participate in the elections, even though most of the world is likely to view those elections as valid. Now we see the Democratic forces in Nicaragua weak and divided, even though the daily flow of Nicaraguans into neighboring lands and Contra camps suggests that the people of Nicaragua might well reject their current masters in a free election.

And what do we see in the mining of Nicaraguan harbors? Does anybody believe, Mr. President, that the executive branch gave a thought to allied reaction when British and Dutch ships were struck by mines? Does anybody believe that the executive branch considered, before it went ahead, that Nicaragua might go to the U.N. Security Council and the World Court to gain a propaganda victory? Is there any sign that the executive branch ever considers how its own credibility with Congress is damaged when it does something like this and does not even tell the committee that is defending its policy on the floor of the Senate?

Most importantly, Mr. President, one wonders whether Presidents and their aides appreciate how each inept exercise of power, of which this is certainly one, erodes their credibility with the American people. This is not the first executive branch to squander that precious coin. But when, one wonders, when will they learn?

It was Thomas Jefferson who required us all to observe "a decent respect to the opinions of mankind." Now that was not a call for inaction. Rather, it was a call for coherent policy, cogently presented. But as the senior Senator from New York might well have said in our colloquy last week, a confusing newspaper interview will not measure up to the Declaration of Independence. And the Kissinger report, which is the closest thing we have to a coherent statement of Central America policy, is all but ignored by policymakers who mistakenly see activism as only a short-term thing.

Mr. President, I have given conditional support for the provision of funds for the Nicaragua covert action program, despite my misgivings. Because I see good reasons to keep some pressure on the Government of Nicaragua to change its policies, I voted with the executive branch to defeat four amendments on Nicaragua last week, as well as one on Honduras and eight on El Salvador. But it makes no sense to support a self-defeating tactic, and that is what the mining of Nicaraguan harbors has become.

Our unseemly flight from World Court jurisdiction is just one sign, but perhaps the most telling sign, that the mining tactic is a colossal loser. We all know that other countries break international norms. Nicaragua's indifference to the norm of leaving one's neighbors alone is the reason that we began this covert action in the first place. But international law exists to put limits on our behavior, even when we are in conflict with others, in order to preserve certain standards that benefit us all.

And we, Mr. President, are the ones who almost always benefit from international law. The World Court is not a pack of guerrillas, or even a conclave of liberation theologists. It is the guardian of international standards and tradition. It stands, very largely, for what we believe in. So when the United States runs away from the court, we run away from those who would hold us to our own standards of conduct.

Such policy is foolishness, Mr. President, short-sighted foolishness. It gives the appearance of arrogance, even though I suspect that it is much more the product of haste and desperation. And the great pity is that it is unnecessary, a feckless aberration to shore up an unwise tactic that serves a policy that—ironically—is still worth saving.

What shall we do in such a situation? What shall we save, and how?

First, Mr. President, let us clearly state that this is not the fault of the CIA. The Central Intelligence Agency has been the faithful servant of our policymakers. The CIA has implemented its covert action very carefully, with due attention to the Boland amendment even before it was passed. They may make mistakes from time to time; they may have yet to learn how to keep the Intelligence Committee up to date on what is happening. But the CIA is not responsible for policymakers who will not coordinate covert action with other elements of policy. The CIA is not the agency that is supposed to seize the opportunities that overt or covert actions provide, to seek a resolution of conflict. If we can bring about a more rational policy, the CIA will serve that policy as well.

Second, Mr. President, and here I speak to my colleagues who join me in concern over the mining issue, let us not jettison a whole policy just because one aspect is ill-conceived. If we end the mining—and I think that we would be well advised to do just that—there will still be extremely troubling arms flows into Nicaragua and El Salvador. If we end the covert action—and I think it would be wrong to do that at this time—there will still be Sandinista interference in its neighbors' affairs, while Nicaragua will still lack the freedoms that the Sandinistas promised nearly 5 years ago.

Let us tell the executive branch that Congress would end this self-defeating tactic of mining harbors, especially when the mines affect our friends as much as our foes, threatening civilian cargoes as much as military ones. Let us tell the executive branch that Congress would not run from World Court jurisdiction, like some criminal jumping bail. Let us encourage the executive branch, instead, to make the best case we can in both the World Court and the court of world opinion, for there is quite a case to be made that Nicaragua's support for guerrillas and terrorists warrants countermeasures.

Finally, Mr. President, let us call upon the President and the executive branch—loudly, if necessary—to get our Central America policy in order. Let us call for a true coordination of means and objectives, for a policy that will recognize the need for flexibility in implementation and will not merely push forward, willy-nilly, when the possible adverse consequences of our facts are so great. This President has shown great sophistication on so many issues, from social security to working out budget compromises, that I am sure he can bring that same skill to our Central America policy. I truly look forward to that great day.

Mr. MITCHELL. Mr. President, the simple and plainly visible truth about our covert assistance to the Nicaraguan Contras is that the chief use to which it is being put—an attempt to overthrow the Government of Nicaragua—violates U.S. and international law. That is a clear and undisputable fact, evident to anyone who looks at the record.

What the Reagan administration is doing in Nicaragua is discrediting the United States in the eyes of all those who we ask to believe in respect for the law.

It is undermining our efforts to call the attention of the world and of our own people to the fact of international terrorism, and to condemn and combat it.

In short, our covert assistance to the Contras is destroying our credibility. It is not difficult to see why.

This program, as it is being operated, violates article 2(4) of the Charter of the United Nations, a multilateral treaty ratified by the Senate. This treaty prohibits the threat or use of force against the territorial integrity or independence of any state.

It also violates article 15 of the Charter of the Organization of American States, of which we and Nicaragua are members. That treaty was also ratified by this body. Article 15 bans direct or indirect intervention in the internal affairs of any member state.

As established by our Constitution, all treaties made under the authority of the United States are the law of our land. A violation of such a treaty—such as the U.N. and OAS charters—is a violation of U.S. law. Our Government has violated both of those treaties and has broken our own law.

Moreover, in 1982 Congress enacted a law prohibiting the use of funds by the Central Intelligence Agency or the Department of Defense "to furnish military equipment, military training, or advice, or other support for military activities to any group or individual not part of a country's armed forces, for the purpose of overthrowing the Government of Nicaragua or provoking a military exchange between Nicaragua and Honduras."

That is the law of this country. Yet we are providing arms and money, training and guidance to the Nicaraguan Contras whose publicly professed goal is to overthrow the Government of Nicaragua.

In the past few weeks President Reagan has made such ambiguous and conflicting statements on our objectives in Nicaragua that the majority leader last week was impelled, under the obvious pressure of then-pending votes on this matter, to get the President's views in writing.

Despite this last-minute attempt at clarification, what is and remains clear is that the administration's actions in Nicaragua violate American law.

The direct participation of the CIA in mining several harbors of Nicaragua, publicly disclosed late last week, aggrevates the situation and makes the U.S. action even more plainly illegal. Mining a harbor is an act of war and a violation of international law.

Let us not forget that Iran, in recent months, has threatened to shut off the Persian Gulf by mining the Straits of Hormuz and its approaches. Repeatedly, President Reagan has expressed his view that such action by Iran involving these international waters would violate international law and could be considered an act of war. Moreover, the President has emphasized that he would not rule out the use of U.S. military force to respond to such an eventuality.

How can the United States have this policy with respect to Iran's threats while we act in a similar way by mining Nicaragua's waters?

To make an already bad situation even worse, the administration now says that it will ignore the World Court's jurisdiction over matters referred to it involving U.S. actions in the region.

Although it may be technically legal for the United States not to accept World Court jurisdiction in matters involving Central America, such an action—taken in response to information that Nicaragua is about to bring charges against the United States—makes a mockery of the rule of law.

However, there is a constraint against the administration's action regarding World Court jurisdiction, a constraint it has violated. In August 1946, the United States accepted compulsory jurisdiction of the Court. In a report to the 79th Congress, the Senate Committee on Foreign Relations unanimously said:

> The resolution provides that the declaration should remain in force for a period of five years and thereafter until six months following notice of termination. The declaration might, therefore, remain in force indefinitely.

The report then continued—and this is the key sentence:

> The provision for six months' notice of termination after the five-year period has the effect of a renunciation of any intention to withdraw our obligation in the face of a threatened legal proceeding.

It is clear from this report that in accepting the World Court's jurisdiction, we relinquished any right to withdraw our acceptance as a result of the bringing of a particular legal proceeding against us—as Nicaragua said it will do on the harbor mining issue. The administration's announced intention where the Court is concerned thus directly disregards and transgresses a fundamental commitment embodied in the Senate's ratification resolution and in our acceptance of the Court's authority.

All of this amounts to cynicism beyond any we have seen to date by our Government in its actions and statements in Central America.

What are we to make of this flouting of law, of the intent of the Congress, of the will of the people of this country, and of common sense?

What are we to believe when our Government, stung by the death of hundreds of U.S. marines in the Middle East at the hands of terrorists, nonetheless continues its support of terrorists engaged in killing, in industrial and economic sabotage, and in the mining of the ports in Nicaragua? Have we become a nation to whom the ends justify any and all means?

Mr. President, there are many who, faced with the facts and with the contradictions between the words and the deeds of our Government in Central America, are now coming forward to question, to criticize and to doubt. I call on them to demonstrate that there is no disparity between their own words and deeds. The answer to the questions I have asked here today, in other words, lies in a vote to support their amendment to stop the unwise, unnecessary, and illegal mining of Nicaraguan ports.

Mr. DENTON. Mr. President, I fully understand the concern that many of my colleagues have about the issue that has been raised by the Senator from Massachusetts. At the same time, however, I am grievously disturbed by the tendency of many of my colleagues to rush to judgment on this issue, as on many other contentious issues of foreign and defense policy. One thing that life teaches, both personal life and public life, is that decisions made hastily and in heat are bad decisions more often than not.

I have spoken on this floor on many occasions about the evils that ensue when we try to conduct our foreign policy with 536 Secretaries of State, when one is sufficient to the challenge. It is all the more the case because that one is probably better informed and advised about the details of our foreign relations than are all the 535 others taken together.

We forget, in our debates in this body, that we derive our position from a constitutional system that has served our country well for nearly 200 years. It is a system that gives the Senate of the United States a particular position of power, Mr. President, but also one of responsibility, Mr. President, of responsibility.

The Senate has power and responsibility to oversee the conduct of foreign affairs, to provide advice and consent, but the Constitution confers upon the President the authority and the responsibility to conduct the foreign relations of our country. Indeed it mandates that he do so. We in the Senate tread upon dangerous, dangerous ground when we interfere with the authority and the responsibility of the President. When we decide to do, and it should be rarely, it should be cooly, after careful study, consideration, and examination of all the information that we can obtain.

The amendment before us has none of the hallmarks of such a process. It can do nothing other than to serve as an outlet for emotion and to send a message. Unfortunately, it would send a message to the wrong people.

I hope that we have the good sense, Mr. President, to realize that the message will be conveyed primarily to those who seek to exploit our division and our distress, that it will cheer our enemies and dishearten our friends, that it will confuse and dismay the American people, that it will promote no good but that it will precipitate great harm. For that reason alone, although there are other reasons, we should defeat it.

Mr. President, I understand the seriousness of the issue. I am willing, if that is the will of the body, to engage in factfinding, in analysis, in debate, and in legislation about our policy in

Central America. If we are to do that, however, let us do it properly, guided not by our emotions or by the partisan attractions of an election year but by our responsibilities as Senators and as elected leaders of our country. I urge my colleagues on both sides of the aisle, colleagues whom I know are thoughtful, serious, and responsible Senators, to lay aside the temptation to vent emotion, and to defeat the amendment before us.

Thank you, Mr. President.

Mr. LEVIN. Mr. President, I am deeply worried about our country's actions and policies regarding Nicaragua. The reports that we are responsible for the mining of Nicaraguan harbors and territorial waters cause me deep concern. These actions are shortsighted and ultimately self-defeating.

We have responsibilities in Central America. We have a responsibility to help those countries that desire and request our help. We have a responsibility to aid El Salvador to achieve stability and conduct meaningful free elections. But, our reported actions toward Nicaragua are not a fulfillment of our responsibility, but rather an abrogation of that responsibility.

Our responsibility as a nation and as a member of the world community is to adhere to the rule of law. Participating in the mining of the waters of a nation with which we are not at war is not adhering to the rule of law.

Our Nation can no longer hide behind the fiction that we are simply funding people who may have a different ultimate goal than we do. We can no longer hide behind the fiction that we are not actively responsible for actions that are judged by many to be an act tantamount to war.

Our responsibility is to meet the legitimate needs of our friends in the region. Mining the harbors and territorial waters of a nation with which we have full diplomatic relations is not the legitimate way to do it. Indeed, it is ultimately counterproductive.

Such actions confirm the worst fears of our friends in the region and in the rest of the world. Not only do they violate our best traditions and aspirations, they ignore history.

This heavy-handed behavior will not help us achieve our goal of a stable region free of Soviet influence. It will only gradually reduce our own influence. We should step up to our responsibility and adopt this amendment.

UNDERMINING UNITED STATES-LATIN AMERICAN FRIENDSHIP

● Mr. MELCHER. Mr. President, the failure of the United States to notify Mexico, Venezuela, Colombia, and other Central and South American countries that we were providing the mines and assisting in laying them in Nicaraguan harbors will especially hurt our relations with our friends and trading partners of this hemisphere. There should be a special responsibility to them stemming from the Monroe Doctrine, the Rio Treaty, and the Organization of American States. This action of participating in mining harbors in a country where their ships might be damaged is another blow to common neighborliness that has brought U.S. policies toward Latin American countries in ill repute as a callous disregard of their vital interests.

The stated policy of the Contadora groups—Mexico, Venezuela, Colombia, and Panama—has been to dissuade the United States from military action in Central America. Other Latin American countries have quietly expressed similar views. This comes at a time when most Latin American countries are hard pressed economically and are attempting to work out conditions for loans through the International Monetary Fund and private banks, many of which are American. It takes courage for them to voice objections to administration policies.

To have ships from their country damaged by the mines the United States made and assisted in laying in Nicaraguan harbors is adding insult to injury. This is a serious act of war. In my judgement it is wrong.

Not to notify friends and allies is a serious blunder admitted even by many who approve the action.

Whatever else can be said—and there is a great deal more that will be said—the sum and substance of the blunder is that the administration cannot defend its action. Unless the President wants to ask for a declaration of war, the best thing he can do now is to order the CIA to hire the removal of each and everyone of the mines.

The President can give the order to the CIA overtly or covertly. The friends we have in this hemisphere will be relieved.●

ORDER OF BUSINESS

Mr. BAKER addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. BAKER. Mr. President, the minority leader needs time to conduct his clearing process. In order to do that, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

the PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President——

The PRESIDING OFFICER. The minority leader.

Mr. BYRD. Mr. President, our people have been contacted. We find no objection.

The PRESIDING OFFICER. Is there objection?

Mr. KENNEDY. Mr. President, reserving the right to object, as the majority leader stated, the second provision dealing with court jurisdiction, as a result of this proposal, will be vitiated. I just wanted to mention that although that is the effect of the majority leader's amendment, and I understand that and will accede to it, I also want to indicate that, after the rollcall, I intend to send to the desk a resolution (S.J. Res. 271) incorporating that provision and ask for it just as appropriate reference. It will not be incorporated in this legislation, but I just want to indicate that we want to have an opportunity to vote on that issue.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. BAKER. Mr. President, I thank the Chair. I ask for the yeas and nays.

The PRESIDING OFFICER. Will the majority leader defer to permit the Chair to place the pending business before the Senate?

Mr. BAKER. Yes, Mr. President.

MISCELLANEOUS TARIFF TRADE AND CUSTOMS MATTERS

FEDERAL BOAT SAFETY ACT AMENDMENT

The PRESIDING OFFICER. The clerk will state the pending business.

The assistant legislative clerk read as follows:

A bill (H.R. 2163) to amend the Federal Boat Safety Act and for other purposes.

The Senate resumed consideration of the bill.

AMENDMENT NO. 2905, AS MODIFIED—DIVISION I

At the appropriate place in the Dole amendment, add the following new section:

"SEC. . It is the sense of the Congress that—

"(2) No funds heretofore or hereafter appropriated in any Act of Congress shall be obligated or expended for the purpose of planning, directing, executing, or supporting the mining of the ports or territorial waters of Nicaragua.

Mr. BAKER. Mr. President, I ask for the yeas and nays on the first division of the Kennedy amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BAKER. Mr. President, before we vote, let me ask this question: Under the order previously entered, the only question pending is the first division. The second division, by the order, has been withdrawn. Is that correct?

The PRESIDING OFFICER. That is correct.

Mr. BAKER. I thank the Chair.

The PRESIDING OFFICER. The question is on agreeing to the first division of the amendment of the Sena-

tor from Massachusetts. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Mississippi (Mr. COCHRAN) and the Senator from Maryland (Mr. MATHIAS) are necessarily absent.

I further announce that, if present and voting, the Senator from Maryland (Mr. MATHIAS), would vote "yea".

Mr. CRANSTON. I announce that the Senator from Texas (Mr. BENTSEN) and the Senator from Colorado (Mr. HART) are necessarily absent.

The PRESIDING OFFICER (Mr. JEPSEN). Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 84, nays 12, as follows:

[Rollcall Vote No. 59 Leg.]

YEAS—84

Abdnor	Garn	Moynihan
Andrews	Glenn	Murkowski
Armstrong	Gorton	Nickles
Baker	Grassley	Nunn
Baucus	Hatfield	Packwood
Biden	Hawkins	Pell
Bingaman	Heflin	Percy
Boren	Heinz	Pressler
Boschwitz	Hollings	Proxmire
Bradley	Huddleston	Pryor
Bumpers	Humphrey	Quayle
Burdick	Inouye	Randolph
Byrd	Jepsen	Riegle
Chafee	Johnston	Roth
Chiles	Kassebaum	Rudman
Cohen	Kasten	Sarbanes
Cranston	Kennedy	Sasser
D'Amato	Lautenberg	Simpson
Danforth	Laxalt	Specter
DeConcini	Leahy	Stafford
Dixon	Levin	Stennis
Dodd	Lugar	Stevens
Domenici	Matsunaga	Trible
Durenberger	Mattingly	Tsongas
Eagleton	McClure	Warner
Evans	Melcher	Weicker
Exon	Metzenbaum	Wilson
Ford	Mitchell	Zorinsky

NAYS—12

Denton	Hatch	Symms
Dole	Hecht	Thurmond
East	Helms	Tower
Goldwater	Long	Wallop

NOT VOTING—4

Bentsen	Hart
Cochran	Mathias

So divison I of Mr. KENNEDY's amendment (No. 2905), as modified, was agreed to.

Mr. KENNEDY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

SENATE SCHEDULE

Mr. BYRD. Mr. President, I have had several inquiries from my side, from my colleagues, Senators who wish to know what the program will be for the remainder of today, for tomorrow, and the remainder of the week.

So I ask the majority leader if he is in a position to enlighten us.

Mr. BAKER. Mr. President, I thank the minority leader.

Mr. President, the chairman of the Finance Committee is here, and as strange as it may seem, we are now back on the tax bill.

If the minority leader will yield for that purpose, I inquire of the chairman of the Finance Committee how long he plans to work tonight and what he sees in prospect for the future consideration of this measure.

Mr. BYRD. Mr. President, I so yield.

Mr. DOLE. Mr. President, I do not see much purpose in going beyond midnight tonight. We can put in a full day tomorrow, Thursday, and Friday.

I say this in all seriousness. I said it at the Republican policy luncheon. I think a lot of the amendments that Members may have we might be able to work out.

So unless they just wish to have a surprise party, if they will let us know what they have in mind, we will be glad to take a look at them.

There are not that many amendments. I know there will be some.

The Democrats may have a substitute or a package. We may have one on this side.

But beyond that, I know the distinguished Senator from Ohio (Mr. METZENBAUM) has a number of amendments.

But I really wish to work awhile tonight and see if we cannot dispose of a lot of them and obviously make some pretty good time. We may not have to go beyond midnight.

Mr. BAKER. Mr. President, I thank the chairman of the committee.

If the minority leader will continue to yield to me, I guess what that means is we are going to be here awhile tonight and tomorrow on this bill as well.

Let me state my objective.

The leadership on this side wishes to finish the amendment which is the tax bill before we go out for the Easter recess, and in all fairness I doubt we can get any further than that and maybe cannot get that far.

But I have asked for the House of Representatives to send us an adjournment resolution that will permit the adjournment of the Senate from either Thursday or Friday, depending on when we finish our work, and the objective is to try to finish the tax bill portion of the boat bill before we go out.

In answer to the minority leader, I expect us to be late tonight. The chairman of the finance Committee said a full day tomorrow. I do not quite know what that means tomorrow evening. But if I were to guess, I would anticipate past the dinner hour. And then we will see where we go from there.

Mr. BYRD. Could the majority leader reveal anything concerning his plans, if he has plans, with respect to Thursday?

Mr. BAKER. Yes, Mr. President.

Mr. BYRD. I have inquiries particularly that go to that date.

Mr. BAKER. Yes, Mr. President. I understand that, and I know some Senators on both sides of the aisle are anxious to be a part of the official delegation to attend the funeral services of our former colleague, Senator Frank Church. And I have encouraged Members to do that, notwithstanding that I cannot give them the assurance that they will be absolutely protected from votes. I am going to do my best, and I am sure the minority leader and I can work hard on that to try to keep the number of votes Thursday down to a minimum.

But I simply cannot in good conscience and in my responsibility to the managers of this bill say there will be no votes on Thursday.

So on Thursday I would expect us to be in session working on the tax bill, but there will be votes, although we will make our best effort to see that there is not an avalanche of votes.

Mr. BYRD. Mr. President, the majority leader has been very open and patient.

I inquire if it is his intention for the Senate to be in session on Friday.

Mr. BAKER. Yes, Mr. President, depending on how we get along with the tax bill. If we finish the tax bill before Friday, I would not plan to go further. But once again I urge Senators to consider in making their plans that there is a high probability that we will be in on Friday.

Mr. BYRD. I thank the majority leader.

May I ask the majority leader whether or not the Senators on his side of the aisle are prepared to call up amendments tonight?

I know Senator METZENBAUM has a number of amendments, but I am sure that he does not want to go with his amendments ad infinitum without having other Members go in the meantime with their amendments.

Mr. BAKER. Mr. President, I am told by the the chairman of the committee that there are amendments on this side and that he is willing to work out a scheme of things so that we can present them in an orderly way.

Mr. BYRD. I thank the majority leader.

Mr. BAKER. I thank the minority leader.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. DOLE. Mr. President there are some amendments, and I think the distinguished Senator from Arizona, Senator GOLDWATER, had an amendment he wished to offer and we would have an exchange on. We might be able to do that now if it is all right with the Senator from Arizona. We have the material. Then we could go to other amendments, and I hope that Members who may be listening, if they

have amendments, will be prepared to offer those amendments.

Again, as I have indicated in the past, if there are Members who have questions or wish to discuss a probable potential amendment, we would be happy to do that. We have staff available on each side of the aisle.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. DOLE. I yield to the distinguished Senator from Arizona.

FIRPTA WITHHOLDING

Mr. GOLDWATER. Mr. President, the deficit reduction legislation before us contains a relatively minor technical provision that would establish a withholding scheme to enforce a 1980 law known as FIRPTA, the Foreign Investment in Real Property Tax Act.

I had intended to offer an amendment to strike FIRPTA withholding, but, I understand the chairman of the committee, Senator DOLE, and Senator WALLOP, the chairman of the Energy and Agricultural Taxation Subcommittee, are both agreeable to scheduling a hearing before the end of this year on the matter of FIRPTA itself. I will not offer the amendment but, I do have some comments to make about FIRPTA, including the withholding scheme.

FIRPTA withholding has been rejected by the House of Representatives at least three times in the last 4 years. Congressman CONABLE, the ranking Republican on the House Ways and Means Committee, has announced that he will soon introduce a bill with other members of that committee to repeal FIRPTA. I introduced a FIRPTA repeal bill last year, S. 1915.

So, I suggest the withholding provision is going nowhere in the House even if we pass it over here. The House understands that a withholding tax on land sales is bad. It is impractical. It is harmful to needed investment in U.S. real property.

Mr. President, I think we should have a hearing on what this Nation has to gain or to lose by a FIRPTA withholding requirement and from FIRPTA itself. I know of several tax experts and real estate specialists, who would like to testify to the great damage they see in FIRPTA. So, instead of adding a withholding scheme, I hope the chairman of the committee or proper subcommittee would agree with me to remove the witholding language from this large tax package and schedule an early hearing on the whole subject of FIRPTA.

Now, Mr. President, I will discuss some of the problems with FIRPTA withholding. It simply will not work in the field of real estate. How do you impose a withholding tax on a 40-year mortgage or a promissory note secured by land? Who has the burden of withholding the tax? Not the foreign national who sells the land. The administrative hassle will be dumped on one of several financial or real estate agents who represent the person who buys the land. It is the buyer and any of his agents in the transaction who will be loaded down with the responsibility of determining how much tax should be withheld and whether the seller is a foreign national or not.

But, in order to know how much tax to withhold, the buyer has to know what the tax basis of the seller is. How often do you think the seller is going to let the buyer know exactly how much profit he is raking in from the deal? Also, I would ask, where is the buyer or his agent supposed to get the money from if the tax liability of the seller exceeds the amount the buyer will pay as a downpayment or as the initial consideration for the sale?

The committee bill imposes a punitive rate of withholding tax, 28 percent of the gross sales price in the case of a foreign corporate seller and 20 percent of the gross sale price in the case of a foreign individual, partnership, estate or trust. This withholding system, in effect, assumes that the entire sales price is profit. These rates would set a withholding tax which normally will be far in excess of the actual U.S. capital gains tax on the net profits involved.

The Secretary of the Treasury can limit withholding to the maximum tax liability of the seller on a case-by-case basis, but the buyer, who is the withholding agent, cannot know what the seller's true liability is. And, I would like to point out that the withholding provision would not apply only to a handful of multimillion-dollar transactions. We are talking about real estate transfers that are typical of resales of homes in many parts of the country, all sales where the gross price exceeds $200,000.

Next, I believe the withholding provision gives too much authority to the Treasury Department. The provision does not replace the present reporting requirements of FIRPTA. The Treasury would retain full discretion to implement a portion or all of the FIRPTA reporting requirements at the same time that FIRPTA withholding would go into effect. The original justification for reporting was as a means of insuring compliance with FIRPTA. However, this is the same purpose which withholding has, and there is no ground for having a dual enforcement mechanism with duplicative administrative burdens on both the seller and buyer of real estate.

Mr. President, the removal of FIRPTA withholding will not reduce the revenue projections made for the pending deficit legislation. The reporting provisions will remain intact. And, FIRPTA will remain on the books. Any increased revenues would go to the Treasury because of FIRPTA, not because of this new withholding system.

With or without the withholding provision, FIRPTA will not raise much revenue in the next 2 or 3 years. FIRPTA is inapplicable to a great many real property transfers because of the benefits given by several of the 42 reciprocal tax treaties which our country has with other nations, many of which apply to other areas, including former colonies of our treaty partners. The original FIRPTA law provided that these treaties would remain in effect until 1985 at which time the statute will automatically supersede the treaties, unless a new treaty is negotiated. In this case the tax exemptions and benefits of the old treaties will stay in effect for up to 2 more years.

Not only is it impossible to determine just what land transactions are subject to FIRPTA until the status of these treaties is known at the end of this year, but the Treasury Department keeps changing its proposed rules interpreting FIRPTA. The first regulations were not issued until September 21, 1982, and then a completely new set of proposed regulations were published on November 28, 1983, with a comment period after that date. The final regulations have still not gone into effect, which reveals just how difficult it is to administer this law.

Mr. President, I would like the Finance Committee to look into the question of whether FIRPTA is causing harm to the American economy. For, in my opinion, it is preventing investment in many American communities that need it. It is blocking the development of many real estate and commercial facilities that would add jobs for Americans in our own country. It discriminates against a small group of passive foreign investors in land, nonresidents not engaged in a trade or business, while it excludes almost all foreign investment in stock issues of U.S. corporations. Foreign persons hold nearly $81 billion worth of the total stock of private American firms, 7 percent of U.S. private stocks and, yet, they are exempt from any capital gains tax. But, foreign owners who hold less than 1 percent of U.S. agricultural lands, worth no more than $4 billion, are not exempted.

Another unfairness of FIRPTA is that it penalized foreign investors retroactively. It applies to lands acquired before the law was enacted.

Most importantly of all, FIRPTA puts the United States at a serious disadvantage with other countries which are promoting and encouraging foreign investment with every attraction they can think of, including giving privileged immigration visas to foreigners who make sizable investments. Every country but our own is trying to

attract capital, while we are mindlessly chasing away investors.

We in this country need capital. We need it badly. Land is the form we should encourage foreign investment to take. It is stable. It is immobile. Foreigners cannot pull their assets out at a moment's notice, as they can a bank account.

To sum up, I think it would be wise for the committee to hold a hearing on this matter so that we might work out a reasonable solution. I ask the chairman if he is willing to schedule such a hearing at an early date?

Mr. DOLE. Yes, I see no problem with holding a hearing on FIRPTA this year and I will agree with the senior Senator from Arizona to do so at a mutually convenient time. I understand that the Senator from Wyoming (Mr. WALLOP), who is the author of FIRPTA, agrees as well that it would be proper and useful to hold a hearing to examine FIRPTA and that the hearing should be set as early as we can arrange it this year.

Mr. GOLDWATER. With that assurance on behalf of both the chairman and Senator WALLOP, I will not press the amendment. I look forward to exploring this subject in depth at some time this year because I think it is very important to our economy.

Mr. DOLE. Mr. President, let me respond to the distinguished Senator.

We will promise the Senator at this time we will have hearings. We will explore it fully, and we hope we can work out some satisfactory accommodation.

Mr. GOLDWATER. I thank my friend from Kansas.

It is a very important amendment to me, to my State, and to many other States in the Union because it will allow the easier disposal of items that are now controlled by this, and if we can reach an agreement on doing away with it, it will be a great help.

I thank my friend from Kansas very much.

Mr. DOLE. I thank my distinguished colleague.

As I understand, the Senator from California (Mr. WILSON) wishes to make a statement at this time. I yield the floor for that purpose.

Mr. WILSON. I thank the distinguished Senator from Kansas.

Mr. President, we are now on the tax bill, and it is imperative that we give that early and full attention, but I do ask for a minute of this body's time before we have departed entirely from the subject of the vote just taken to consider really the meaning of that vote when taken in the conjunction with several votes last week, which this body expressed the sense of the Senate, not through a resolution but through an act of Congress appropriating money for a regrettable necessity which some have come to call covert activity.

Mr. President, I will take little time. I will say simply that in what we have just done we have tried to tailor a response in a way that will prevent covert activity from doing harm to those who should not in fact find themselves the target of that kind of attention.

But, Mr. President, far more immoral than the mining of harbors with the possibility of indiscriminate damage to noncombatant vessels is the virtual certainty that innocent men, women, and children in El Salvador have been, are being, and will continue to be slaughtered by terrorists armed and directed from Nicaragua with weapons brought to those terrorists by Soviet and Cuban freighters making port in Puerto Sandino or Corinto.

Mr. President, what we have said is that we do not wish to be indiscriminate, that instead we wish that the response be carefully targeted. But if it is the sense of the Senate that funds not be spent for such indiscriminate mining, I think we need to remind those who seek to interpret this vote that it is also the sense of the Senate, as expressed by votes last week that the United States continues to support activity that is accurately focused upon the interdiction of the shipment of materiel that otherwise will permit the continued terrorism sponsored by the Sandinista regime, the continued death and mutilation of innocent men, women, and children in a nation that is struggling to achieve democracy against the heaviest of odds.

I think in doing that we keep faith with the vision expressed by a President, who, in this century, saw that we enjoyed the potential for a special relationshp with those neighbors south of the border and, indeed, owed them a special obligation. That, I think, is what John F. Kennedy meant in his first inaugural address when he said to our friends south of the border:

> We offer a special pledge to convert our good words into good deeds in a new alliance for progress to assist free men and free governments in casting off the chains of poverty. But this peaceful revolution of hope cannot become the prey of hostile powers. Let all our neighbors know that we shall join with them to oppose aggression or subversion anywhere in the Americas and let every other power know that this hemisphere intends to remain the master of its own house.

I think that he was speaking, Mr. President, to those people in the huts and villages across the globe struggling to break the backs of mass misery. It was to them that he pledged the best of American efforts to help them help themselves for whatever period required. And, as he said, it was not because the Communists may be doing it, not because we seek their votes, but because it is right. If a free society cannot help the many who are poor it cannot save the few who are rich. But it was after saying that that he said that we dare not allow this peaceful revolution of hope to become the prey of hostile powers.

Mr. President, I think President Kennedy would have been immeasurably heartened if he could have joined the U.S. observer team that witnessed the Salvadoran elections two Sundays ago. He would have seen that peaceful revolution of hope of which he spoke coming into being, not yet in being, but struggling to gain that foothold so that its people can enjoy what we take for granted.

In order that it not become the prey of hostile forces, it is a regrettable necessity on the part of the United States that we continue to fund activity which we might wish unnecessary. It is necessary exactly as John Kennedy foresaw on that cold January day when he took the oath of office when he advised us as to our duties in this hemisphere.

Mr. President, that is the meaning, I think, of this resolution, taken in conjunction with those votes to appropriate moneys, to see to it that this peaceful revolution not become the prey of hostile powers.

I thank my friend from Kansas for this time and relinquish the floor to him.

OLYMPIC CHECK-OFF ACT

Mr. DOLE. Mr. President, I want to take this opportunity to bring to the attention of my colleagues the need for additional funds to support America's disabled athletes. The Committee on Sports for the Disabled, a committee established by the Amateur Sports Act of 1978 to provide increased opportunities for individuals who are disabled to participate in sports training and competition, has indicated that, unless the U.S. Olympic Committee (USOC) obtains additional funds in the future, it is very doubtful that even the modest budget on sports for the disabled can be supported. This means that the urgent needs of the following organizations will not be met:

American Athletic Association of the Deaf;

National Association of Sports for Cerebral Palsy;

National Handicapped Sports and Recreation Association;

National Wheelchair Athletic Association;

U.S. Amputee Athletic Association;

U.S. Association for Blind Athletes;

Special Olympics.

It troubles me that of the $80.2 million raised for the U.S. Olympics between 1980–84, only $600,000 was allocated to handicapped sports. Given the fact that approximately 20 percent of the participants in amateur sports are involved in sports for the disabled, a more realistic apportionment of public contributions is in order.

Mr. President, I have been assured by the USOC that passage of Senate bill S. 591, the United States Olympic Check-Off Act, will provide the economic tool to support expansion and improvement of sports opportunities for disabled persons in the United States. For the 35 million physically limited people in the United States, athletics bring the same reward sports do for the able-bodied. I support the USOC's commitment to bringing opportunities undreamed of only a few years ago for disabled individuals to participate in active competitive sports.

Mr. MOYNIHAN. Mr. President, I rise today to speak some words of support for the Deficit Reduction Act of 1984.

Can we not agree that this is worthy legislation? Surely, we can agree that this legislation is necessary, if we are to stem the unprecedented growth of Federal deficits and the public debt, and begin to repair the ruin of the Federal fisc brought about by the policies of recent years.

The Senate Finance Committee has been working on this legislation since last October, trying to address two critical problems: A stream of projected deficits of $200 billion or more, extending, in David Stockman's phrase, "as far as the eye can see"; and the prodigious growth of tax shelters, which is enabling some of the most affluent among us to avoid any tax liability. In short, we must close the deficit, and we must do so equitably.

DEFICITS

The Federal deficit is the single most important and immediate problem facing the American economy. We must take decisive action now, this legislation is a beginning—but only a beginning. On President Reagan's inauguration day, January 20, 1981, the national debt accumulated over 192 years by 38 Presidents stood at $940.5 billion. In the next 1,000 days, the national debt increased by half. If the President should serve a second term and his current policies stay the course, the debt, as currently forecast by the Congressional Budget Office, will nearly have tripled in 8 years. By 1989, according to the Congressional Budget Office, the annual budget deficit will reach $320 billion and total Federal debt will exceed $2.5 trillion.

In that year, 1989, the annual interest payment on the enormous national debt will reach $207 billion. Nearly one-half of all Federal receipts from the personal income tax will be required just to pay this interest. We will not be able to raise taxes fast enough, or cut programs deep enough, to keep up with these interest payments. The men and women of America who work for wages will be paying this interest with their taxes, to pay those who own Federal securities—large corporations, major banks, pension funds, and individuals with large sums to invest in Treasury securities. If we do not stop this explosion of the Federal deficit and debt, the burdens of this debt service will mean a serious redistribution of wealth, one largely unplanned and unanticipated, from the working men and women of America to its bondholders.

It would be some small comfort, at least, if all these securities were held by fellow Americans. But according to recent estimates by Morgan-Stanley & Co., increasing proportions of our national debt are owned abroad, and by the late 1980's upwards of $30 billion a year in interest payments, will go overseas. These payments, of course, do not reduce our debt but only keep it from growing larger.

These vast increases in the Federal deficit and debt are due, simply stated, to the failed economic theories advanced and followed by the administration, to Laffer curve economics that promised to balance the budget by cutting taxes and increasing spending. According to the President's 1985 budget, the President's 1981 Tax Act will cost the Treasury more than $91 billion in revenues in 1983, $133 billion more in 1984, and $165 billion in 1985. Over the 5-year period, 1983 to 1987, the 1981 Tax Act will cost the Treasury more than $800 billion, by the administration's own estimates.

Who has benefited? Where have these revenues gone? According to an analysis this past month by the Congressional Budget Office, the net effect of the President's 1981 and 1982 Tax Acts for Americans earning less than $10,000 annually, on average, is a tax reduction of about $20 this year. The average tax liability for Americans earning $80,000 or more, however, will be reduced this year by about $9,070—enough to buy a $10,000 U.S. Treasury security at today's interest rates.

This regressive redistribution of wealth—tax cuts for the most affluent and rising interest bills on the resulting debt for the average wage earner—is only part of the story of Reaganomics. Huge Federal borrowing helps keep interest rates high, and these rates have attracted increased investment from abroad. As a result, the dollar is "strong": The value of the dollar has risen about 40 percent on the world's foreign exchange markets. But this means that the cost for U.S.-made goods on the world market has risen some 40 percent, while the cost of foreign-made goods here has declined by about a third. Is it any mystery that this year, the U.S. trade deficit will approach $110 billion? The Chairman of the International Trade Commission, Alfred Eckes, has estimated that every $1 billion increase in the trade deficit costs the U.S. economy 25,000 new jobs. The increase in the trade deficit from 1983 to 1984, then will cost American workers 1,235,000 new job opportunities this year alone. And there is no end in sight, because interest rates are continuing to rise. The Federal funds rate, the prime rate, and the Federal Reserve's discount rate all have risen in the last 2 weeks.

Something must be done to close these deficits, and the Deficit Reduction Act of 1984 is a beginning. But not enough. If we are to preserve our economic welfare, and our Nation's economic position in the world, we must do far more. Fiscal restraint is no longer one ideological option among several. Today, it is compelling common sense.

TAX SHELTERS

The matter at hand is not simply how much revenue to raise, but how to raise it. It is fair to say that half of the present problem with the tax system is that potential tax revenues are not being collected. The Treasury recently reported that less than half of the money earned by Americans is subject to any income tax. The rest is sheltered, deducted, hidden, or otherwise avoided. The real project before us is not so much raising taxes, but rather collecting tax on income earned. This legislation represents a genuine step toward tax reform, so we can collect the needed revenues.

This is not a surprise. In August 1981, after passage of the President's huge tax cut, William Nordhaus, a member of President Carter's Council of Economic Advisers and a distinguished professor of economics at Yale University, wrote in the New York Times that this act heralded the end of tax reform. I asked the Times for an opportunity to reply, and wrote a small piece called, "Tax Reform Lives." The 1981 Tax Act, I argued, instead heralded the beginning of a new era of tax reform for one simple reason: The Treasury soon would be bare, and every loophole would have to be closed just to raise needed tax revenues.

As April 15 approaches once again, it is especially pertinent and important to reexamine our tax system. Unlike other tax systems throughout the world, ours is an essentially voluntary one, a "self-assessing" one to use the parlance of tax lawyers. The American taxpayer, not the Government, declares what his income is, what expenses he has incurred, and what he owes the Internal Revenue Service. The Government writes the tax law, but from that point on is not actively involved at all—save for the audits of a mere 1.5 percent of all tax returns.

Canadian taxpayers, for example, provide their income data to the Government, and it is the Government which then analyzes the information and tells Canadian citizens what they owe.

Our tax system relies upon the American taxpayer to provide the appropriate information and analysis to the Government. This tax system works here, because Americans are honest and because Americans believe their Tax Code is fair.

The current proliferation—epidemic is not too harsh a word—of tax shelters is threatening this carefully balanced system. Tax shelters are investments designed to enable a taxpayer to reduce his taxable incomes by more than the amounts he invests. The sharp increase in these tax avoidance arrangements since the Economic Recovery Tax Act of 1981 is undermining the public's perception of the basic fairness of our tax system.

We accede to this erosion at our own peril. As President Abraham Lincoln once said:

Public sentiment is everything. With public sentiment nothing can fail; without it nothing can succeed.

On an issue as fundamental to our Nation's well-being as taxes—the means by which we finance everything our Government does—failure cannot be allowed.

This is not a minor, or idle, matter. Tax sheltering activities are increasing in both number and volume. According to a recent report by the Joint Committee on Taxation, taxpayers invested approximately $8.4 billion in publicly registered tax advantaged investments in 1983, a 53-percent increase over the $5.5 billion invested in 1982. Some of these investments represent real capital formation, but the data indicate a sharp increase in the volume and amount of abusive tax shelters as well.

The total cost to the Treasury, to ordinary taxpayers, of these tax shelters is large, although hard to estimate with precision. Last year, the Internal Revenue Service examined 95,000 tax shelter returns, including more than $1.7 billion in disputed tax deductions and credits. At this rate, the current IRS backlog of 350,000 questionable returns containing tax shelters represents more than $6.2 billion in foregone or potential revenues.

As these represent only the more questionable shelters—about 10 percent of all sheltering activity, according to a recent report by the investment analysis firm of Robert Stranger & Co.,—the revenues lost by the Treasury could exceed $60 billion.

With Federal budget deficits expected to run at an annual rate of over $200 billion, an attempt to end the most abusive forms of tax sheltering activity makes sense in fiscal terms alone.

Much more, however, is at stake.

The Joint Committee on Taxation describes the problem as follows:

A major concern is that the highly visible marketing of tax shelters, and the accompanying belief that the IRS cannot deal with them, may erode taxpayers' confidence in the fairness and effectiveness of the tax system. Sociological research supports the proposition that taxpayers are more likely to comply with the tax laws when they perceive the system to be fair or when the costs of noncompliance are perceived as relatively high and relatively certain.

The widespread use of tax shelters deprives the system of its claim to fairness and retards the administration and judicial processes to the point that penalties seem neither certain or costly.

In the present era of immense budget deficits, we can no longer tolerate a tax system loaded with deductions and credits that have no social or economic justification. Nor can we tolerate a tax system which permits the wealthiest among us to escape their fair tax liabilities.

The Deficit Reduction Act of 1984 begins the process of reforming the tax system and closing down the abusive tax shelters. The bill includes several tax reform provisions that I introduced.

One provision prevents investors from creating tax deductions simply by swapping properties, such as two yachts or two condominiums, held for personal use. Another provision prevents taxpayers from using Treasury bills and other short-term securities to defer income from one tax year to the next, as a means of avoiding the income tax. Another provision would allow the Federal Government and cities with populations over 2 million to exchange tax information. This provision will enable both our major cities and the Federal Government to raise significant revenues from taxpayers now avoiding the income tax: Such an exchange with New York City should raise $25 million for New York City over 2 years, and $100 million for the U.S. Treasury.

Another provision I proposed requires the Treasury Department to study means of shutting down tax shelters and to report back to Congress by December 1, 1984, with specific recommendations.

One specific area, that I hope the Treasury Department will address in its study is the reform of the alternative minimum tax. We have, after all, progressive tax rates, which suggest that the richest among us, who can best afford to do so, should contribute the most to the Nation's common revenues. Nevertheless, the Tax Code allows this progressivity to be moderated through tax deductions and credits for such recognized purposes as paying mortgage interest, medical expenses, or taking business losses. And the minimum tax is there to insure that everyone who can afford to make some tax, payment—at least 20 percent tax on income above $40,000.

The current minimum tax does not work. It does not work, because high income, persons can shelter their incomes not only from progressive tax rates, but also from the minimum tax. I introduced a bill earlier this year that sought to toughen the minimum tax in order to insure that everyone who can afford to do so will pay some minimum amount of tax. While my bill was not adopted this year, I hope that with the Treasury Department's support the minimum tax can be reformed soon.

More needs to be done to solve the problems of the growing Federal deficits and the prodigious growth of the tax shelters, but I believe that the Deficit Reduction Act of 1984 is a genuine step forward. The Finance Committee worked long and hard to put this legislation before you, and I urge its prompt passage.

INSURANCE PROVISIONS

Mr. DOLE. Mr. President, does the Senator from Ohio want to continue the quiz we were on last night?

Mr. METZENBAUM. I would not mind that. I guess the Senator honed up a little bit about insurance companies.

Mr. DOLE. I think I have the answers. If the Senator puts the questions directly, I will put my answers directly.

Mr. METZENBAUM. I would just like to ask the Senator why he thinks a company that made $13 million in dividends last year should get a $750,000 deduction just because there is some special language written in on page 589. The question is: What makes the committee come to the conclusion that there is some reason to reduce the equity base for the portion of that equity that is allocable to a life insurance business in a noncontiguous Western Hemisphere country? I was not sure how much money this company made before. I have now checked that they made $13 million—no, they made more than that. They paid out $13 million in dividends.

This provision, I am told, would not make or break the bill, but it is just a special privilege, a special consideration, and $750,000, I am told, is what the reduction would be. I guess maybe we were told yesterday $1 million. Why do you do something like that? What is the rationale for it?

Mr. DOLE. I yield to my distinguished colleague from Louisiana.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. LONG. Mr. President, we discussed this matter yesterday, and perhaps my comments did not satisfy the Senator from Ohio. But I answered for the record that in this company's activities in Latin America, they are required to carry larger reserves than would be the case if they were insuring the same number of persons inside the United States. They do business in the United States as well. But to the extent they insure outside the United States, they find it necessary to carry

larger reserves because their risk is greater in Latin America than in the United States.

Now, this company's tax liability for 1983 was $6 million. Under the committee amendment, with the Central and South American provision, their tax liability would be $6,250,000 based on 1983 income. Based on that same income, they would owe $250,000 more in taxes.

Without this South American provision, their tax liability would be $7 million, or $750,000 greater. In terms of what we are expecting of the other companies, this provision puts them in line with the others.

Mr. METZENBAUM. I ask my colleague, the Senator from Louisiana, to elaborate on that point—that it puts them in line with the others. In what way does it put them in line with the others? The others would be taxed. This company would be taxed $750,000 more, except for this reduction in the equity base. I have trouble when I read this kind of legislation in knowing why we reach out and give somebody three-quarters of a million dollars. If they are impoverished, if they are having difficulty making ends meet, if there is some special reason, I can appreciate that. But this company paid out $13 million in dividends. That was in 1984 and not in 1983.

Mr. LONG. Mutual companies under this bill are taxed as a percentage of their equity base. In Latin America these companies are required to have a larger equity base because they have a greater risk on those policies in Latin America. It is to take that into account that this amendment is in the bill. It was not my amendment.

Mr. METZENBAUM. I am not saying it was. I did not ask you the question. I am asking the manager of the bill.

Mr. LONG. This was the judgment of the subcommittee on the House side that worked on the life insurance provisions of their tax bill. In my judgment, that provision is correct policy. This company will pay more taxes according to this bill than they would pay without the bill. It seems to me that this is fair. If the Senator does not agree, I am sorry. But that is my position, and it is the position of the committee.

Mr. METZENBAUM. Let me explore that a little bit further. You say they will pay more taxes. The fact is that this bill, as I understand it, has a provision in it that the companies have a right to reduce their taxable income by 20 percent. That applies to all companies. That is a special reduction just pulled out of the air and put into legislation. If we did not have this bill, they would not get that 20-percent reduction, and they would not get the right to reduce their equity base. I have a problem in understanding when you say they will pay more taxes under this bill than they would pay if there were not a bill. I would like some confirmation of that representation.

Mr. LONG. If we did not have the bill that we have before us, the 1959 law would apply. The 1959 law had all kinds of provisions that make little or no sense in the light of economic circumstances today. You would find all sorts of exceptions, provisos, and so-called loopholes in the 1959 law. That law would make a lot less sense to you than what you would find in the committee amendment here.

I know a little about how the life insurance provisions came to be in the shape they are in. It started with the life insurance industry recognizing that they are going to have to pay more taxes. The major companies, the mutual companies, and the stock companies, got together and reached a compromise of what they thought would be fair.

If a certain amount had to be paid by the mutual companies, then the stock companies ought to pay up to a certain amount. Mind you, both sides were partial to their own interests. By the time they got through quarreling about the matter, they got together on what they thought they could support to meet the revenue objectives that are in the bill,

After that agreement was reached, the smaller insurance companies came to us and said: "Wait a minute, that is all great as far as the major companies are concerned. The major companies worked out what they thought would be fair where they are concerned, but does not take our situation into account."

The reason that insurance companies seem to get better tax treatment than manufacturing companies—at least on the face of it they pay less taxes for a given amount of income—is because we recognize that those companies need to build up reserves, just like a bank has to build reserves in order to be secure and protect its deposits.

The Finance Committee considered their position and proceeded to amend the provisions to take their situation into account.

As a practical matter, the views of the major companies were considered—both the views of the mutual companies and the views of the stock companies. The views of the new companies and smaller companies were considered. The provisions were amended to take care of their problems, and the tax was adjusted to try to meet the revenue goals that we thought would be fair to add to that industry.

In the course of all this, unbeknownst to the Senator from Louisiana and as far as I know unbeknownst to the chairman of the committee, over on the House side—long before we ever saw the bill, before I ever heard about the bill—these people came and explained their problems to the House committee. The House committee recommended that this language be here to deal with a problem raised by one company. But this provision applies to any other mutual company that might be insuring in Latin America. If a company insures in Latin America they are going to need a higher surplus, and that means they are going to pay more taxes on a given amount of income. We wanted to take that into account in assessing how much in taxes they would have to pay. This company will be paying more taxes, just as will, generally speaking, all insurance companies. Most insurance companies should pay more taxes under this bill than they paid under the previous law. This company will pay more. There is a provision in the amendment which deals with their particular problem; the committee amendment was written with their problem in mind. But this company does not get any tax cut because of the bill. They will pay more taxes than they now pay.

Mr. METZENBAUM. I would point out to my friend from Louisiana that we do not want to confuse the facts. It is an accepted fact that this bill will reduce insurance company taxes $2.5 billion by 1989. Nobody claims that this bill is going to increase taxes. What we are talking about is decreasing them $2.5 billion by 1989, and in addition to that or as a part of that providing some of these special privileges that are provided for in this bill for the company from Louisiana, the company from Kansas, and I think we will soon get into the company from Ohio.

Mr. LONG. I do not know of anyone who thinks that we ought to go back to the 1959 law in terms of equity, fairness, and other relevant considerations regarding the insurance industry. The old law of 1959 just makes a lot less sense than what the committee is recommending. But if you think that the 1959 law is better, offer your amendment. Go ahead and offer to strike the whole committee life insurance provision, and we will see how many votes you get.

Mr. METZENBAUM. I will do that when I think it is time to do so. The Senator from Ohio knows of his rights to offer the amendment. But the fact is whether the amendment prevails or not this bill will reduce insurance company taxes. Saying anything else on the floor of this Senate is not in accord with the facts. It will reduce them $2.5 billion—giving money away. If it were not in the bill, there would be $2.5 billion that you would not have to raise alcohol taxes and telephone taxes for.

Mr. LONG. In 1982 the Congress enacted a law which changed the tax on

insurance companies, the TEFRA Act. That is the law that they have been paying on up to this point. Compared to that law, under which they were paying their 1983 taxes, the committee amendment represents a tax increase that will help us as we take action to move toward balancing the budget.

The Senator from Ohio has been citing revenue figures compared to the 1959 law on the grounds that if we did nothing, that law would go into effect. I am here to submit to the Senator that this is just an erroneous assumption. All he has to do to find out is to offer an amendment to go back to the 1959 law. He will find that the TEFRA bill would get more votes than an amendment to go back to the 1959 law. The committee amendment will get more votes than the 1959 law for the simple reason both of them make better sense. But the Senator is welcome to offer an amendment to strike everything in the committee amendment about insurance. That is his privilege. But I submit that we in the committee thought about the matter. We held hearings. We studied it. The administration had a chance to think about it. I do not know anyone who would suggest that we go back to the 1959 law, except perhaps for the Senator from Ohio. But if the Senator wants to suggest that, he should go ahead and offer an amendment to do so. We will see which approach is more realistic.

Mr. METZENBAUM. You may have the votes, but that does not necessarily mean you have the merit.

Mr. LONG. If the Senator from Ohio is going to be the judge and make the decision on where the merit lies, I have no doubt that he is going to decide that his position is right. But I am talking about how the Senate and House would vote.

Mr. METZENBAUM. I am going to tell you the facts. Under this bill, read it in the green book. Read it.

I will give you the page number, page 98. This is in the report, in the explanation of the provision.

In the first year, 1984, you lose $120 million; in the second year you lose $353 million; in the third year you lose $397 million; in the fourth year you lose $476 million; in the fifth year you lose $529 million, and in the sixth year you lose $603 million.

The life insurance lobby may have been successful. I must say to my friend from Louisiana I have never believed that I would hear said on the floor of the Senate that the life insurance industry got together and they drafted the provisions that were to be in a tax bill. Somehow I had come to believe that the Finance Committee had that responsibility and that it was not the responsibility nor the right nor the privilege of the insurance industry to draft their own language and bring it to the Finance Committee.

I did not say that you did it. You said that that is what was done. If that is what was done, then I have a little less confidence in the deliberations of the Finance Committee. I do not believe any private group ought to be drafting the language for legislation that comes to the floor of the Senate.

I think that is our responsibility as Members of the Senate.

Mr. DOLE. Will the Senator yield?

I will just remind the Senator from Ohio that we raised about one-half billion dollars more in taxes from life insurance companies in the Senate Finance Committee than in the House bill. I am willing to concede that the insurance lobby did a good job. They were all over the place. They worked out a sweetheart deal with the House and we were able to extract about another one-half billion dollars in the Senate Finance Committee, so I think we did a pretty credible job, faced with the odds we had.

Mr. METZENBAUM. I appreciate the candor of the managers of the bill. Let me go on.

I asked the manager of the bill about the so-called transition rule for certain high surplus mutual life insurance companies. Is that the provision that makes it possible for a high surplus mutual life insurance company to get a special reduction that other companies would not be entitled to on the basis of their surpluses? Is there any special reason why a company that is doing better, that has a higher surplus, should be so entitled? I am told by the Western and Southern lobbyist, a member of their board of directors, that that provision reduces their taxes from $22 million to $16.5 million. That is another $5.5 million that we lose because of that special provision included in the bill. I am just curious why did we do that.

Mr. DOLE. I think the Senator is correct. There are some special provisions in the bill. I will not suggest there are not special provisions. But they were put there after deliberation by the committee and after being accepted by the committee. The rule recognizes certain life insurance companies that have accumulated high amounts of surplus during the period when their tax was not related to the amount of their surplus. Many of these companies, at least we understand, held a great deal of surplus because they felt it was necessary to protect their policyholders. This is only a transitional adjustment period, a 5-year period, during which high surplus mutual companies could reduce their gross surplus.

You have probably correctly and accurately characterized the provision as a special provision. It contains a transition rule for mutual life insurance companies that had a high amount of statutory surplus. We exempt a portion of the surplus in these companies from the mutual tax on equity for a limited period of time.

Mr. METZENBAUM. Let me ask the manager if he would be good enough to explain the main provision of the bill which, as I see it, reduces taxes or the taxable income of the insurance industry by an across-the-board 20 percent figure, and, in addition to these special provisions, there is that across-the-board 20 percent figure. Why should the insurance industry be permitted to have a reduction of 20 percent when no other segment of the economy has that privilege?

Mr. DOLE. Again, I will be very candid with the Senator from Ohio. I think this is something they worked out on the House side. In fact, it was 25 percent on the House side, and we reduced it to 20 percent on the Senate side. That is how we picked up additional money. I must suggest to my colleague it was not easy. The Senator from Kansas was depicted as the holdout, the enemy, and there were other characterizations by some in the insurance industry. But that was the deal that was worked out.

This 20-percent deduction is essentially equivalent to an effective tax rate of about 36.8 percent. This effective rate is higher than the effective rate of the taxes borne by most other industries and is significantly higher than the effective tax rate borne by other financial intermediaries.

This was the argument that all the insurance people made, whether it was Prudential, Metropolitan, mutual stock companies, when they came around to call on the various offices.

There is no magic in that level of deduction. Perhaps a smaller deduction could be justified. We will be back here again next year, I assume, looking for additional revenue. But that was the figure we were able to agree on this year in committee.

Mr. METZENBAUM. Would the Senator from Kansas agree that there might be some merit in phasing out that 20-percent figure, such as making it 20 percent and then cutting it down to 15 percent, then 10 percent, then 5 percent? Would that be fair to the industry and give them an opportunity to adjust? Would it not be fair to all the other taxpayers of this country who are not accorded that 20-percent deduction?

Mr. DOLE. I think that is something that might be considered after we see the revenue that we bring in. We do not need to do it now. In coming years the Finance Committee and the House Ways and Means Committee will obviously still be looking for revenue. I do not suggest that it will be in the insurance field; it may not be. But that is a suggestion, and, in fact, it is something, I might add, that we did look at. I think we were persuaded that we

ought to take a look and see what the revenue levels were before we started phasing out. Some said it ought to be 15, some 12.5, others wanted to move to 25. We were able to work out an agreement with the industry. That is, in fact, who we worked it out with. They had the votes. We worked it out the best we could.

Mr. METZENBAUM. Do I understand the manager of the bill to say that there is no great pride of authorship in this, that it is better than what the House did?

Mr. DOLE. About one-half billion dollars more. In fact it is about $600 million.

Mr. METZENBAUM. What I understand the manager to say is that it is the best he could do as far as the lobbyists were concerned. Maybe it is not great, maybe it is not good, but under the circumstances that is the best he could do.

Mr. DOLE. That is essentially accurate, I guess. I do not want to be called an opponent of the industry, but we were able to get 600 million additional dollars in revenues.

You know, there are stock companies and mutual companies and it is a very complicated business. One that is is understood fully only by the distinguished Senator from Texas on our committee. Senator BENTSEN used to be in that business and he sort of guides us along on these things. Senator CHAFEE spent a great deal of time on this issue also. We had a little subcommittee group that met a number of times.

I must say in fairness to the industry they spent months and months and months trying to keep the stocks and the mutuals together to try to work out some compromise that would raise substantially more revenue than they paid under TEFRA. Otherwise we would not have anything in this package on life insurance. I would suggest that notwithstanding some differences this Senator had with some in the industry, in my view it was the best we are going to do, and I think we have done fairly well.

Mr. METZENBAUM. Is it not the fact that if you had done nothing, assuming that you had not been able to get agreement, even though the 1959 act may have had some provisions that were not that good, from the standpoint of the Treasury there would have been $2.5 billion more in that for the next 5 years.

Mr. DOLE. Well, I suggest that I tried that, but I can count and I knew where the votes were. They would have just moved to extend TEFRA and the votes were there to do that.

Again, I felt a responsibility as chairman to get more revenue—not just to raise revenue, but because, in my view, it was good tax policy to do so. Also, we have 20 members on my committee. When I start counting on the other side, I start looking for alternatives, or at least to recess.

Mr. METZENBAUM. Well, you have that alternative provision in the bill that says if a company does not have any income that is taxable, then you have a sort of extra provision, a sort of little gimmick in there, so you do not have any income that is taxable; so if you give this 20-percent reduction, we will do something else for you.

We will give you 20 percent of the premium—I think that is the number—and we will give you that as a credit; although you do not have any taxes to pay, there is a good chance you may be owned by a parent company or you may have a subsidiary and you can use that additional tax credit, which would bring your net taxes to a refundable amount and you can use that tax credit to reduce the taxes that you otherwise would have to pay on either your parent company or the subsidiary.

How does the Senator explain that? The industry does not need that. If the company does not have any taxable income, what conceivable reason can there be for digging into the Federal Treasury and coming up with a refund amount?

That is all that it actually amounts to, a refund of that; instead of going to the Treasury and getting a check from them, you get it by permitting a consolidated return to be filed.

In that connection, I have pretty good support in opposing that. The Department of the Treasury wrote to me as follows:

> The alternative life insurance company deduction provides a more generous deduction in lieu of the 20 percent taxable income deduction and the small company deduction for companies with substantial first-year premiums relative to their taxable income. This provision, which Treasury has opposed, does not reflect an expense that properly should be taken into account in computing economic income.

They did not think very much of it, Mr. President, and I do not think very much of it. I wish I could prevail upon the Senator to agree to eliminate it, because no matter how you slice it, there is no logical argument that can be made for eliminating, for giving back money to a company that did not make any money, or at least did not make any money as far as having any taxable income.

I was wondering how the Senator came to the conclusion or where the insurance industry would be able to convince him more than the Treasury Department that there ought to be this refund or credit against taxes for the parent company, which might be in the overall business or the automobile business or any one of a host of other businesses, or it might be a subsidiary company that was in a totally different business. What logical reason can there be to give that kind of credit against taxes that otherwise would have to be paid by a profitmaking parent corporation?

Mr. DOLE. First of all, Mr. President, it is a deduction against life insurance income only. Again, in the House negotiations——

Mr. METZENBAUM. Mr. President, I did not get that.

Mr. DOLE. You cannot offset nonlife insurance income.

Mr. METZENBAUM. Will the Senator point out the language in the law that says you cannot offset it against life insurance income? In a bill of 1,334 pages, I may have missed that, but I did not see it.

Mr. DOLE. Let me try to make some legislative history on this, because it was a matter of some controversy.

ALTERNATIVE LIFE INSURANCE COMPANY DEDUCTION

In the House negotiations, the negotiators for the insurance industry were willing to trade the section 818(c) reserve reevaluation tax benefit for the special life insurance company 20-percent deduction and the small company deduction—the one we just discussed. This tradeoff took away a benefit for growing companies and replaced it with benefits for stable or shrinking companies. The alternative provision is needed to offset this inherent bias against growing companies.

Because expenses associated with life insurance policies are heavily weighted to the first year, growing companies tend to have less net taxable income, and mature companies with older blocks of business tend to have higher taxable income. Because the TIA is a percentage of taxable income, it is quite valuable to a company with a large amount of older business on the books. A company that is writing a large amount of new business, on the other hand, is incurring substantial first-year expenses and thus would receive a relatively smaller benefit from a deduction based on taxable income. The alternative deduction is needed to provide equivalent benefits to both stable and growing companies.

The small company deduction phases out as a company's income and assets increase, thus, a small company is taxed more heavily as it grows. This tax bias against growth needs to be offset by the alternative deduction.

The companies that receive the greatest benefit from the special life insurance company deduction are the giants of the industry. Without the equivalent benefit provided by the alternative deduction, the small- and medium-sized growth companies will not be able to compete effectively.

I also quote from page 562, line 9:

> (A) the portion of such loss so created or increased shall not be allowed as an offset against nonlife income (as defined in subsection 806(d)(4)(C)) of such company or any other company, and

(Mr. HEINZ assumed the chair.)

Mr. METZENBAUM. Does the Senator from Kansas indicate that that language is the portion applicable to this additional 20 percent credit? Because that seems to be referring to an election process, and I am not certain that it is right or wrong——

Mr. DOLE. If the Senator will look at line 3 in caps, No. 5, "DEDUCTION ALLOWED ONLY AGAINST LIFE INSURANCE INCOME." That is in caps.

Mr. METZENBAUM. So that what the Senator is saying is that if company A life insurance company has a subsidiary and that subsidiary has no profits and it gets a 20—it gets this additional credit because it has had no taxable income.

Mr. DOLE. It is not a credit, it is a deduction. You have to have taxable income. It is a deduction.

Mr. METZENBAUM. OK, it is a deduction. Well, it becomes a credit, does it not, against the taxes of the other, the parent company? Will the Senator explain the difference to me? I am not sure I am following what he is saying, the difference between a credit and a deduction.

Mr. DOLE. If there has to be taxable income to take a deduction, it never becomes a credit. A company has to have life insurance income to take advantage of this provision.

Mr. METZENBAUM. But it can be the XYZ company that owns PDQ company; the PDQ company, a growing company, has no taxable income, then gets a credit against its taxes based upon the premiums written. Those taxes are then deducted against the income and the profits of the XYZ company, its parent. Is that correct?

Mr. DOLE. It could be. But, as I understand it, if the subsidiary had no taxable income, then you could not take the deduction if the parent was not a life insurance company. The parent nonlife insurance company could not take the deduction.

Mr. METZENBAUM. I understand that and I appreciate the correction. It has to be a parent life insurance company or I guess it could be a subsidiary life insurance company, as I read it. Why give a tax credit when the company has made no profits and permit that tax credit to be transferred over to the parent company? What logical reason is there for that.

Mr. DOLE. Again, as I can explain it, it is only a deduction to offset taxable income. It is not a credit in the sense of a tax credit. It is not a credit against tax. If you have a taxable income, then you can get the deduction.

Mr. METZENBAUM. Well, it is the taxable income of the parent. If the parent company makes $100 million, it owes a certain amount of taxes. The subsidiary company is a growing company. It sells a tremendous amount of insurance policies. It has a lot of premiums. It makes no profit. It owes no taxes. What you are doing with this amendment is permitting the subsidiary company to create an artificial credit against the parent company's taxes with no logical reason for it. I do not understand why.

Mr. DOLE. If both the parent and the subsidiary are life insurance companies, that is the only time it could be used.

Mr. METZENBAUM. If both what?

Mr. DOLE. Both the parent and the subsidiary are life insurance companies.

Mr. METZENBAUM. The Senator's staff corrected us on the appropriate language. I understand that. But that still does not make any sense. The parent company has already gotten its 20-percent credit. We have already given them that under the provisions of the bill. So what you are doing is you are giving them a double jolt, a double shot, a double credit. What I am saying is that I understand and I take issue with the fact that you have given that 20-percent credit for the taxes.

Mr. DOLE. But they have to elect one or the other.

Mr. METZENBAUM. No.

Mr. DOLE. Yes.

Mr. METZENBAUM. Will the Senator show me that then? The election provision has to do with the subsidiary company? What page are we on?

Mr. DOLE. Page 561, lines 12 through 16:

"(4) SPECIAL RULES RELATING TO ELECTION.—An election may be made under paragraph (1) for any taxable year only if it is made for the taxable year by all life insurance companies which are members of the same controlled group (within the meaning of subsection (d)(3)) as the electing company. Any such election, once made, shall apply to all taxable years beginning before 1988 unless such company revokes such election for any taxable year.

So that includes both parent and the subsidiary company.

Mr. METZENBAUM. Now, the Senator is saying that the parent and the subsidiary combine their premium and take 20 percent of that—that is to their best advantage—or they take——

Mr. DOLE. One or the other.

Mr. METZENBAUM. Is it not then possible for the parent company, which may be a far larger company than its subsidiary—it normally is—to get the advantage of the 20 percent of the premium deduction rather than use the 20 percent of the taxable income deduction? Is that not a tremendous advantage? Does it not make it possible to reduce its taxes even more than permitted under the 20 percent of taxable income deduction?

Mr. DOLE. I am advised it is only to your advantage if you are a growing company and you expect to continue to grow. If you are a shrinking or a stable company, then it would not be advantageous, which is the case, as I have suggested earlier, with the giants of the industry. And this is why many felt that this was a necessary provision—not the giants but the growth companies, and again it was subject to some debate and some controversy. The original proposal was a permanent, we called it an ARC, adjustment of risk capacity, a mini-ARC because we phased it out over 4 years.

Mr. METZENBAUM. Give me that again, please? The original proposal——

Mr. DOLE. We phased this out over 4 years, which is what the Senator from Ohio suggested on the 20-percent deduction, but this is phased out over 4 years. When it came to us, it was in the form of a permanent deduction.

Mr. METZENBAUM. So we do not confuse the facts, the phaseout has to do with the 20 percent of premium deduction, but the phaseout does not occur with respect to the 20 percent of taxable income deduction, is that not the fact?

Mr. DOLE. That is correct.

Mr. METZENBAUM. Now, under those circumstances, I wonder whether if I offer an amendment, which I intend to do shortly, to provide for the phaseout of the 20 percent of the income deduction whether I could not prevail upon the author of the bill to see fit to accept that in the same manner in which there is a phaseout of the 20 percent of the premium deduction?

Mr. DOLE. Well, again let me suggest that the Senator from Ohio obviously can offer the amendment. I could not support it. There is a very fragile compromise. It may not meet the standards of the Senator from Ohio, maybe not the Senator from Kansas or the Senator from Louisiana, but the facts are that the members of the industry, many of whom are small companies, growth companies, I guess for the most part got together and they are supporting this package.

There is an ad in today's Washington Post by the ACLI, American Council of Life Insurance, supporting the tax bill. Their support is premised on keeping this bill together and particularly, as you might guess, keeping the insurance section together without radical change. I am fearful that this would do precisely that; this would cause great problems, and for that reason I would be compelled to oppose the amendment. But, again, we do meet again next year, and if we do not receive the revenues that were purported or advertised, then there might be reason for change.

Mr. METZENBAUM. Well, I point out to the Senator from Kansas that I do not think we have any problem with the amendment because, as I understand it, after reading the paper today, the American Council of Life

Insurance really is very anxious to defuse the deficit and they want to do their part.

Now, I cannot believe that anybody who wants to defuse the deficit and takes an ad saying they want to defuse it would want to get special privilege this evening of a $2.5-billion reduction in their bill. As a matter of fact, they say: "Defusing the deficit. The life insurance industry supports new debt-reduction efforts." I guess they must have known I was going with this amendment tonight and put this ad in today specially to let me know really they want to help me in every way possible to make more equitable their fair share of the tax break. Let me see what they say:

The huge federal budget deficit is one of the major problems requiring prompt action by the Congress and the President. This massive debt burden is causing new high interest-rate levels, contributing to overvaluation of the dollar, increasing the foreign trade deficit and aggravating the severe debt problems of developing countries. The adverse impact of higher interest rates on the domestic economy could lead back to recession within the next two years.

Along with many other groups and private citizens, America's life insurance companies are deeply troubled by the deficit crisis.

I could not agree with them more. We are doing well.

The life insurance business plays a vital role in America's economy; it provides 800,000 jobs * * * adds over $39 billion a year to the country's long-term capital base, and enables over 150 million policyholders to plan their own long-term financial security without paying their fair share of the taxes.

No—I ad libbed that part. That was not there, but it should be there. [Laughter.]

Mr. DOLE. That is the part I missed. Read that over.

Mr. METZENBAUM. I continue reading:

These efforts, and those of other sectors of the economy, could be seriously restrained if the deficit problem is not solved.

Legislative actions to reduce the deficit—especially those fashioned by the House Ways and Means Committee and the Senate Finance Committee—are important first steps. We urge all Americans to join us in supporting their passage.

Those are good first steps, but I think we ought to take the second step as well and see that we get some tax equity so far as the insurance industry is concerned.

So, in an effort to do that, I will shortly offer an amendment that will do three things.

Mr. DOLE. If I were with the ACLI, I would not have run the ad. I am not their PR man. I am only a Senator from Kansas.

Mr. METZENBAUM. There is no reason for them not to. They get a good tax deduction.

Mr. DOLE. They can afford it.

Mr. METZENBAUM. There is probably some tax benefit as well as a deduction.

Mr. DOLE. I have already told you more than I know about the insurance portion. [Laughter.]

Mr. METZENBAUM. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. MURKOWSKI). The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. METZENBAUM. Mr. President, so that all those within hearing of my voice may be apprised of the facts, I will call up my amendment in about 10 minutes, which means that those who are at some other location will have about 25 minutes to get here. I am willing to wait 10 or 15 minutes. After that amendment is offered, the floor will be open for additional amendments, and the Senator from Ohio does not intend to just keep calling up his amendments. If others have amendments, I advise them that I intend to step back in order that they may have an opportunity to call up their amendments.

Mr. DOLE. In other words, Mr. President, we will vote about 8:30 p.m.

I alert other Members that Senator METZENBAUM has indicated that after he offers this amendment, there will be a request for the yeas and nays.

Mr. METZENBAUM. Yes.

Mr. DOLE. I hope there are other amendments. In fact, there are many amendments we may be able to deal with in this interim, which would not require rollcall votes. Are there any such amendments of which the staff is aware?

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I understand the Senator from Ohio will be here in just a minute or two. We have had a quorum call to alert Members that he will be offering an amendment. There will be a vote shortly.

We are also in the process of clearing three amendments, one from the Senator from Hawaii, Senator MATSUNAGA, one from the Senator from Alaska, Mr. STEVENS, and a third from the Senator from South Dakota, Senator ABDNOR that we have adopted heretofore as part of the enterprise zone amendment. Hopefully we can take those up prior to disposition of the amendment of the distinguished Senator from Ohio.

We are working on a number of other amendments that we hope we can dispose of yet this evening. Again, I urge my colleagues if we hope to finish this bill by Thursday evening we should be coming to the floor with amendments, understanding there are some major amendments that will require some discussion. It would be very helpful if we can work out some in the meantime.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I wonder if, before the Senator from Ohio offers his amendment, I might submit three amendments that I understand have been discussed.

The PRESIDING OFFICER. Is there objection?

Mr. METZENBAUM. I have no objection to the Senator from Kansas doing that. I just wanted to ask a question before he did that. Will Alaska and Hawaii be able to qualify as enterprise zones under this amendment?

Mr. DOLE. That is my understanding, yes.

Mr. METZENBAUM. The answer is "yes?"

Mr. DOLE. Yes.

I would be very happy to explain the amendment. I am prepared to do that.

Mr. METZENBAUM. Would the Senator be good enough to do that?

MODIFICATION OF ENTERPRISE ZONE PROVISION (TITLE IV)

Mr. DOLE. Mr. President, to expedite work on the bill, I am proposing en bloc a group of amendments to enterprise zones that were approved by the Senate last year when it considered this legislation. Two of the changes, concerning Alaskan Natives, were proposed by Senator STEVENS: One was proposed by Senator ABDNOR and concerns Indian reservations. These changes are noncontroversial, are acceptable to the administration, and have no cost, inasmuch as they only concern the definitions of areas that may qualify for enterprise zone designation. These amendments were adopted by the Senate without debate last year in considering H.R. 2973, the withholding repeal bill.

One new amendment is included in the package, and it is of interest to Senator MATSUNAGA and to Congressman CECIL HEFTEL. This change would allow a State to nominate an enter-

prise zone that is not UDAG eligible if it has no other areas that would qualify for zone designation, and if the nominated area meets all of the other criteria of economic distress in the enterprise zone proposal. The amendment would only affect Hawaii, which has no UDAG eligible areas, and is supported by HUD. I know of no objection to this limited change.

Mr. President, I hope that this amendment can be accepted without debate. These are noncontroversial changes, most of which the Senate adopted before.

Following is a more detailed discussion of the changes regarding Alaska Natives and Indian reservations.

ALASKA NATIVES

The enterprise zone legislation requires that a geographic area meet four requirements before being designated as an enterprise zone:

First, it must be within the jurisdiction of a local government and have a continuous boundary;

Second, it must contain a population of 1,000 people, unless located on an Indian reservation, or contain 4,000 people if located in an urban area;

Third, it must be UDAG eligible, and

Fourth, finally, it must meet special economically distressed area criteria.

In Alaska, the areas that would qualify are almost all Alaska Native villages, most of which have been recently incorporated as second class cities and which are also UDAG qualified. These UDAG cities would also meet most requirements, but none exceed a population of 1,000. Therefore, since almost every one of these cities is primarily composed of Alaska Natives anyway, this amendment would create a special rule for Alaska that would qualify under the population requirement all cities that exceeded 50 percent in native population.

Additionally, for unincorporated Alaska Native villages that do not qualify as an Indian reservation—because there is only one Indian reservation in Alaska—language has been provided which could qualify them under the population requirement if they met the definition of an Indian tribal government pursuant to 26 U.S.C. 7701 (a)(40).

In summary, the main purpose of this amendment is to insure that Alaska UDAG areas, which are primarily native villages, will be eligible for the program, even though they do not fit into the technical definition of being located on an Indian reservation.

INDIAN RESERVATIONS

The enterprise zone provisions as drafted would permit an Indian qualified enterprise zone only if the zone were entirely within the Indian reservation—as determined by the Secretary of the Interior. It is not practicable in many situations to restrict the enterprise zone to the boundaries of a given Indian reservation, since the economic conditions that exist on the reservation giving rise to persistent high rates of unemployment, and lack of opportunity constitute the very reason business enterprises will not enter the reservation.

Accordingly, this amendment provides that under certain specified conditions an Indian enterprise zone may be off the reservation. In each instance the members of the Indian tribe would have substantial benefits from a participation in a cooperative venture.

The proposed changes which now are contained in the amendment provide that:

An Indian enterprise zone is not required to be entirely within the boundaries of the reservation, but in order to qualify the Indian reservation must meet the eligibility requirements spelled out in the act.

In order to qualify, the off-reservation enterprise zone must be located within a radius of 50 miles from one of the boundaries of the reservation.

The off-reservation enterprise zone may be designated only if the Secretary of Housing and Urban Development determines that a substantial portion of the benefits of such designation will accure to the members of the Indian tribe.

Mr. President, that is in essence the amendment.

AMENDMENT NO. 2922

(Purpose: To permit Indian tribes to nominate (in conjunction with State and local governments) areas off the reservation as enterprise zones, and for other purposes)

Mr. DOLE. Mr. President, I send my amendment to the desk en bloc and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE), for himself and Mr. LONG, proposes an amendment numbered 2922.

On page 714 of the matter proposed to be inserted between lines 6 and 7 insert the following:

Mr. DOLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 714 of the matter proposed to be inserted, between lines 6 and 7, insert the following:

"(4) Nomination process for certain areas located outside reservations.—An Indian tribal government may nominate an area described in subsection (c)(2)(C) (iii), in conjunction with the local government and the State in which such area is located, for designation as an enterprise zone.

On page 716 of such matter, line 18, strike out "or".

On page 716 of such matter, line 21, strike out the period and insert in lieu thereof a comma.

On page 716 of such matter, between lines 21 and 22, insert the following:

"(iii) is—

"(I) nominated by the local government and State government of such area and by an Indian tribal government, and

"(II) located entirely within a radius of 50 miles from any point on the border of the reservation over which such Indian tribal government has jurisdiction, or

"(iv) is located in Alaska—

"(I) within the jurisdiction of an Indian tribal government, or

"(II) within a municipality at least 50 percent of the resident population of which (as determined by the 1980 census of the United States) consists of Indians, Eskimos, or Aleuts.

On page 718 of such matter, between lines 11 and 12, insert the following:

"(4) Special areas outside reservation.—For purposes of this section, any area described in paragraph (2)(C)(iii) which is designated by an Indian tribal government shall be treated as meeting the requirements of paragraph (3) if any area within the reservation over which such tribal government has jurisdiction meets the requirements of paragraph (3).

"(5) Waiver under certain circumstances.—The Secretary of Housing and Urban Development may waive the requirements of paragraph (3)(B) for one area in each State if no area in such State otherwise meets the requirements of paragraph (3)(B).

On page 719 of such matter, after line 24, insert the following:

"(e) Special Areas Outside Reservations.—A nominated area described in subsection (c)(2)(c)(iii) may be designated an enterprise zone only if the Secretary determines that a substantial portion of the benefits of such designation will accrue to the members of the Indian tribe that nominated such area.

On Page 720 of such matter, on line 1, strike out "(e)" and insert in lieu thereof "(f)".

On page 721 of such matter, on line 24, strike out "(f)" and insert in lieu thereof "(g)".

Mr. DOLE. Mr. President, I propose the amendment for the distinguished Senators from Alaska (Mr. STEVENS and Mr. MURKOWSKI), the distinguished Senator from South Dakota (Mr. ABDNOR), and the distinguished Senator from Hawaii (Mr. MATSUNAGA).

ECONOMIC ENTERPRISE ZONE

● Mr. STEVENS. Mr. President, I rise to express my appreciation to the chairman and ranking member of the Finance Committee for incorporating my amendment into the enterprise zone section of the committee amendment.

The present draft of the economic enterprise zone legislation requires that a geographic area meet four requirements before being designated as an enterprise zone:

First, it must be within the jurisdiction of a local government and have a continuous boundary;

Second, it must contain a population of 1,000 people, unless located on an Indian reservation, or contain 4,000 people if located in an urban area;

Third, it must be UDAG eligible; and

Fourth, finally, it must meet special economically distressed area criteria.

In Alaska, the areas that would qualify are almost all Alaska Native villages, most of which have been recently incorporated as second class cities and which are also UDAG qualified. These UDAG cities (see A-1) would also meet requirements (a) and (d), but none exceed a population of 1,000. Therefore, since almost every one of these cities is primarily composed of Alaska Natives anyway, this amendment would create a special rule for Alaska that would qualify under the population requirement all cities that exceeded 50 percent in Native population. Additionally, for unincorporated Alaska Native villages that do not qualify as an Indian Reservation (because there is only one Indian reservation in Alaska) language has been provided which could qualify them under the population requirement if they met the definition of an Indian tribal government pursuant to 26 U.S.C. § 7701(a)(40).

In summary, the main purpose of this amendment is to insure that Alaska UDAG areas, which are primarily Native villages, will be eligible for the program, even though they do not fit into the technical definition of being located on an Indian Reservation.

I thank the chairman and ranking member for their consideration of my amendment and ask that a series of tables associated with my amendment be made a part of the RECORD.

The tables follow:

[From the Federal Register, vol. 48, No. 41, Mar. 1, 1983]

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—OFFICE OF ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT

(Docket No. N-83-1209)

URBAN DEVELOPMENT ACTION GRANTS; REVISED MINIMUM STANDARDS FOR SMALL CITIES

Agency: Department of Housing and Urban Development.

Action: Notice.

Summary: In accordance with 24 CFR 570.452(b)(1), the Department is providing Notice of the most current minimum standards of physical and economic distress for small cities for the Urban Development Action Grant.

II. The following small cities meet the current minimum standards of physical and economic distress appropriate to their class.

ALASKA

Akhiok, Akiak, Akoimiut, Akutan, Alakamuk, Allakaket, Anaktuvuk Pass, Angoon, Anvik, Atmautluak, Brevig Mission, Buckland, Chefornak, Chevak, Chuathbaluk, Clark's Point, Deering, Diomede, Eagle, and Eek.

Ekwok, Ehm, Emmonak, Fort Yukon, Fortuna Ledge, Gambell, Golovin, Goodnews Bay, Gravling, Haines, Holy Cross, Hughes, Huslia, Kaltag, Kivalina, Kobuk, Koyuk, Koyukuk, Kwethluk, and Lower Kalskag.

Mekoryuk, Napakiak, New Stuyahok, Newtok, Nightmute, Nikolai, Nondalton, Noorvik, Nulaton, Old Harbor, Pilot Station, Port Alexander, Port Lions, Quinhagak, Russian Mission, Savoonga, Scammon Bay, Selawik, Shageluk, and Shaktoolik.

Sheldon Point, Shishmaref, St. Michael, St. Paul, Stebbins, Tanana, Teller, Tenakee Springs, Togiak, Toksook Bay, Tuluksak, Tununak, Unalakleet, Upper Kalskag, Wales, White Mountain, and Yakutat.

III. The following list contains the names of those small cities which meet the current minimum standards of physical and economic distress but which did not meet the standards as of the June 8, 1982 Notice.

ALASKA

Akutan, Atmautluak, Buckland, Clark's Point, Diomede, Egal, Haines, Hughes, Huslia, Koyuk, Koyukuk, Nulato, Port Alexander, Port Lions, Russian Mission, St. Paul, Tanana, Unalakleet, and Yakutat.

IV. The following list contains the names of those small cities which met the minimum standards of physical and economic distress as of the June 8, 1982 Notice but which do not meet the current minimum standards. The final date for submission of an application by the cities listed below is August 31, 1983.

ALASKA

Akiachak, Aleknagik, Ambler, Aniak, Hoonah, Hooper Bay, Hydaburg, Kake, Kiana, Klawock, Kotlik, Mountain Village, Nome, Ouzinkie, Pelican, Platinum, Port Heiden, Ruby, St. Mary's, and Wainwright.

TABLE 1.—SUMMARY OF GENERAL POPULATION CHARACTERISTICS: 1980—THE STATE, STANDARD METROPOLITAN STATISTICAL AREAS, BOROUGHS AND CENSUS AREAS, INCORPORATED PLACES

	Persons														
		Percent					Race								
	Total	Female	Age			Median age	White	Black	American Indian, Eskimo, and Aleut	Asian and Pacific Islander [1]	Spanish origin [2]	In group quarters	Households	Persons per household	Families
			Under 5 yr	18 yr and over	65 yr and over										
The State	401,851	47.0	9.7	67.5	2.9	26.1	309,728	13,643	64,103	8,054	9,507	16,260	131,463	2.93	95,564
SMSA's															
Anchorage, Alaska	174,431	48.1	9.4	68.5	2.0	26.3	148,650	9,258	8,953	4,043	5,222	4,848	60,470	2.80	43,314
BOROUGHS AND CENSUS AREAS															
Aleutian Islands	7,768	37.2	8.1	75.2	1.4	24.5	4,775	329	1,934	580	297	2,548	1,598	3.27	1,307
Anchorage	174,431	48.1	9.4	68.5	2.0	26.3	148,650	9,258	8,953	4,043	5,222	4,848	60,470	2.80	43,314
Bethel	10,999	47.1	11.6	58.5	3.9	22.0	1,661	26	9,247	30	61	118	2,684	4.05	2,043
Bristol Bay	1,094	34.7	5.2	78.1	2.3	26.6	660	47	360	5	30	339	246	3.07	178
Dillingham	4,616	47.2	9.7	61.4	3.7	23.3	1,066	1	3,520	7	23		1,214	3.80	958
Fairbanks North Star	53,983	46.2	10.1	69.0	2.4	25.8	46,106	3,006	2,987	816	1,546	3,339	18,224	2.78	13,029
Haines	1,680	47.2	8.2	66.8	4.6	28.8	1,430	3	214	5	13	5	572	2.93	426
Juneau	19,528	48.7	8.6	69.7	3.9	28.1	16,459	142	2,190	504	383	273	7,035	2.74	4,796
Kenai Peninsula	25,282	47.0	9.7	65.9	3.3	26.8	23,099	41	1,738	200	358	320	8,546	2.92	6,350
Ketchikan Gateway	11,316	47.8	8.8	68.8	5.7	27.9	9,479	46	1,406	285	206	332	3,985	2.76	2,780
Kobuk	4,831	46.3	11.8	58.1	5.2	21.6	683	7	4,113	6	15	48	1,140	4.20	882
Kodiak Island	9,939	44.2	9.9	69.3	2.6	25.9	7,046	72	1,884	795	304	681	3,027	3.06	2,224
Matanuska—Susitna	17,816	48.1	10.2	64.0	4.1	26.9	16,844	90	688	61	224	378	5,699	3.06	4,495
Nome	6,537	45.6	11.2	61.1	5.2	23.4	1,278	22	5,174	32	27	88	1,741	3.70	1,310
North Slope	4,199	43.2	9.9	65.1	3.5	24.7	914	22	3,225	24	32	365	980	3.91	735
Prince of Wales—Outer Ketchikan	3,822	44.0	10.3	64.9	4.0	25.6	2,080	11	1,651	19	31	176	1,121	3.25	903
Sitka	7,803	47.3	10.2	67.0	4.6	26.4	5,768	44	1,669	235	108	367	2,440	3.05	1,849
Skagway-Yakutat—Angoon	3,478	47.2	11.0	65.2	5.5	26.6	1,941	5	1,462	21	41	92	1,087	3.11	795
Southeast Fairbanks	5,676	44.2	11.2	64.6	2.5	24.6	4,473	284	725	94	199	399	1,666	3.17	1,364
Valdez—Cordova	8,348	44.4	8.8	69.0	3.5	27.4	6,915	58	1,060	177	198	702	2,689	2.84	1,901
Wade Hampton	4,665	47.7	12.0	54.7	3.8	20.0	296	3	4,347	8	10	55	947	4.87	816
Wrangell—Petersburg	6,167	46.3	9.5	68.2	5.7	27.3	4,812	9	1,190	86	89	173	2,072	2.89	1,524
Yukon—Koyukuk	7,873	42.5	10.0	65.1	3.9	25.4	3,293	117	4,366	21	90	614	2,280	3.18	1,585
INCORPORATED PLACES															
Akhiok City	105	43.8	11.4	61.0	2.9	20.5	2		101	2			27	3.89	20
Akiochak City	438	51.1	13.7	59.1	5.5	21.9	40		398				87	5.03	77
Akiak City	198	48.0	11.1	62.1	5.1	22.7	7		191				36	5.50	30
Akolmiut City	641	51.2	12.6	54.8	5.9	20.1	18		620				129	4.97	111
Akutan City	169	32.0	4.7	87.6	5.3	27.2	68		67	31	15	100	17	4.06	15
Alakanuk City	522	49.4	13.4	49.8	2.5	17.9	30		491	1			105	4.97	95
Aleknagik City	154	44.2	9.1	59.1	5.8	25.0	16		138				38	4.05	34
Allakaket City	163	42.3	12.3	58.9	4.3	21.5	5		158				46	3.54	35
Ambler City	192	49.0	9.9	54.2	3.6	19.7	33	1	155		3		48	4.00	38
Anaktuvuk Pass City	203	50.2	16.3	58.1	2.0	21.2	10		191		6		51	3.98	47

TABLE 1.—SUMMARY OF GENERAL POPULATION CHARACTERISTICS: 1980—THE STATE, STANDARD METROPOLITAN STATISTICAL AREAS, BOROUGHS AND CENSUS AREAS, INCORPORATED PLACES—Continued

	Persons														
		Percent					Race								
	Total	Female	Age			Median age	White	Black	American Indian, Eskimo, and Aleut	Asian and Pacific Islander [1]	Spanish origin [2]	In group quarters	House-holds	Persons per household	Families
			Under 5 yr	18 yr and over	65 yr and over										
Anchorage City	174,431	48.1	9.4	68.5	2.0	26.3	148,650	9,258	8,953	4,043	5,222	4,848	60,470	2.80	43,314
Anderson City	517	38.3	6.8	70.0	.8	27.5	481	16	16	3	1	127	118	3.31	100
Angoon City	465	51.0	11.8	59.8	6.2	23.7	45	.....	412	.....	10	.....	110	4.23	96
Aniak City	341	44.0	12.6	64.8	2.6	24.1	121	2	218	.....	3	.....	111	3.07	71
Anvik City	114	49.1	10.5	57.9	7.0	22.8	20	3	91	.....	.....	.....	36	3.17	26
Atmautluak City	219	47.0	15.1	54.3	2.7	20.3	11	.....	206	.....	.....	.....	47	4.66	36
Barrow City	2,207	46.2	9.3	64.1	3.5	24.1	455	10	1,720	15	5	3	607	3.63	413
Bethel City	3,576	48.0	11.7	61.9	2.0	23.6	1,110	13	2,417	26	46	49	1,083	3.26	718
Brevig Mission City	138	44.2	13.0	60.9	5.8	21.0	.....	.....	138	.....	1	.....	32	4.31	27
Buckland City	177	42.9	11.9	52.5	2.8	19.1	13	.....	161	.....	.....	.....	39	4.54	32
Chefornak City	230	46.5	14.3	50.4	6.5	18.5	9	.....	221	.....	.....	.....	38	6.05	35
Chevak City	466	46.1	13.7	53.6	2.8	19.3	21	.....	445	.....	1	.....	92	5.07	75
Chuathbaluk City	105	44.8	13.3	56.2	4.8	20.4	12	.....	93	.....	.....	.....	26	4.04	22
Clark's Point City	79	41.8	15.2	59.5	.....	23.5	9	.....	70	.....	.....	.....	22	3.59	17
Cordovo City	1,879	44.7	8.4	72.0	5.1	27.2	1,446	8	286	97	53	126	657	2.67	436
Craig City	527	46.1	8.3	67.9	4.9	26.6	352	.....	170	2	6	11	176	2.93	125
Deering City	150	46.7	12.7	56.0	2.7	20.0	12	.....	138	.....	.....	.....	35	4.29	28
Delta Junction City	945	46.2	11.5	70.6	1.4	25.8	808	68	27	27	38	.....	348	2.72	279
Dillingham City	1,563	48.4	9.7	63.5	3.3	24.9	660	1	891	4	2	.....	467	3.35	339
Diomede City	139	42.4	12.2	54.0	2.2	20.5	3	.....	136	.....	.....	.....	30	4.63	22
Eagle City	110	45.5	2.7	71.8	8.2	32.0	103	.....	7	.....	.....	.....	48	2.29	26
Eek City	228	43.4	11.4	64.0	5.7	23.4	8	.....	220	.....	.....	.....	56	4.07	44
Ekwok City	77	42.9	5.2	64.9	6.5	23.5	5	.....	71	.....	.....	.....	20	3.85	18
Elim City	211	41.7	13.7	58.3	7.6	22.8	8	.....	203	.....	.....	.....	48	4.40	41
Emmonak City	567	47.8	11.8	54.3	3.7	20.3	43	.....	517	.....	1	3	127	4.44	108
Fairbanks City	22,645	46.5	10.2	71.1	4.0	25.9	18,085	1,991	1,596	424	801	1,481	8,145	2.60	5,352
Fortuna Ledge City	262	47.7	12.2	61.1	4.6	25.0	16	.....	246	.....	.....	.....	64	4.09	55
Fort Yukon City	619	43.6	12.8	65.6	5.3	25.4	167	2	442	3	1	33	187	3.13	132
Galena City	765	30.7	6.8	75.9	1.3	25.4	344	53	350	4	15	302	145	3.19	94
Gambell City	445	42.0	13.5	57.1	4.5	21.4	20	.....	425	.....	.....	.....	103	4.32	89
Golovin City	87	46.0	10.3	64.4	9.2	26.6	2	.....	85	.....	.....	.....	31	2.81	22
Goodnews Bay City	168	44.0	5.4	64.9	6.5	23.9	7	.....	161	.....	1	.....	42	4.00	30
Grayling City	209	49.3	15.3	47.8	2.4	17.3	80	.....	129	.....	2	.....	52	4.02	47
Haines City	993	47.1	8.3	66.7	4.8	28.6	788	3	188	4	9	.....	336	2.96	253
Holy Cross City	241	44.8	10.4	57.3	5.8	21.3	20	.....	221	.....	.....	.....	63	3.83	44
Homer City	2,209	46.9	9.0	69.6	4.7	27.8	2,076	9	66	38	39	49	812	2.66	551
Hoonah City	680	46.6	12.5	59.0	5.3	23.7	106	1	543	1	12	5	169	3.99	147
Hooper Bay City	627	45.8	11.2	57.4	5.3	21.0	28	.....	598	1	1	.....	125	5.02	104
Houston City	370	46.5	10.8	64.3	3.2	27.2	347	2	15	4	12	.....	129	2.87	97
Hughes City	73	42.5	16.4	63.0	2.7	24.4	2	.....	71	.....	.....	.....	22	3.32	14
Huslia City	188	44.1	17.6	57.4	4.8	22.8	10	.....	178	.....	.....	.....	59	3.19	43
Hydaburg City	298	44.3	11.1	61.7	8.7	26.4	45	.....	253	.....	.....	.....	97	3.07	70
Juneau City	19,528	48.7	8.6	69.7	3.9	28.1	16,459	142	2,190	504	383	273	7,035	2.74	4,796
Kachemak City	403	47.1	7.7	64.5	4.7	29.6	384	.....	15	4	2	.....	129	3.12	108
Kake City	555	47.6	11.2	57.5	4.7	23.0	75	2	467	.....	3	7	146	3.75	118
Kaktovik City	165	45.5	4.8	64.8	3.6	24.5	17	.....	148	.....	1	.....	38	4.34	30
Kohog City	247	43.3	13.8	56.7	3.6	20.3	10	1	236	—	—	—	58	4.26	43
Kosoon City	25	44.0	12.0	64.0	16.0	38.0	9	—	14	1	—	—	9	2.78	9
Kenai City	4,324	48.8	9.1	66.2	2.2	26.2	3,935	6	265	49	74	8	1,506	2.87	1,125
Ketchikan City	7,198	49.0	8.4	69.7	6.6	28.3	5,816	34	1,050	226	159	178	2,644	2.66	1,736
Kiono City	345	46.7	15.7	54.2	4.6	20.0	20	—	325	—	2	—	75	4.60	59
King Cove City	460	49.3	12.4	63.5	2.8	24.2	84	2	367	6	2	1	114	4.03	99
Kivalina City	241	47.3	11.6	54.8	3.3	20.1	2	—	237	—	—	—	37	6.51	34
Klawock City	318	45.9	10.4	58.2	2.5	23.0	81	—	210	—	1	—	79	4.03	65
Kobuk City	62	54.8	17.7	43.5	9.7	14.0	3	—	59	—	—	—	16	3.88	11
Kodiak City	4,756	46.0	8.7	71.4	3.4	27.4	3,337	26	666	663	196	192	1,535	2.97	1,064
Kotlik City	293	48.5	9.2	60.4	4.4	22.1	13	—	280	—	3	—	59	4.97	53
Kotzebue City	2,054	47.2	11.4	59.9	5.5	23.1	471	3	1,574	5	4	8	565	3.62	413
Koyuk City	188	45.7	11.7	56.9	6.9	20.5	7	—	180	1	—	—	48	3.92	34
Koyukuk City	98	45.9	10.2	65.3	4.1	22.6	5	—	91	—	—	—	26	3.77	19
Kupreanof City	47	40.4	2.1	85.1	—	31.3	45	—	2	—	—	—	21	2.24	9
Kwethluk City	454	47.8	12.3	55.9	5.5	21.0	11	1	441	—	1	—	88	5.16	80
Larsen Bay City	168	44.0	14.3	60.1	3.0	26.8	41	2	120	5	1	24	41	3.51	29
Lower Kalskog City	246	46.3	15.0	57.3	5.3	20.4	6	—	237	—	—	—	55	4.47	46
McGrath City	355	47.3	9.6	62.5	4.5	25.8	187	1	165	2	6	—	129	2.75	74
Manokotok City	294	49.0	11.9	51.7	2.0	18.6	20	—	273	1	—	—	57	5.16	52
Mekoryuk City	160	37.5	8.1	63.8	9.4	24.5	5	—	153	1	—	—	44	3.64	32
Mountain Village City	583	48.0	10.6	49.9	2.9	18.0	43	—	539	—	1	—	107	5.45	96
Napakiak City	262	51.5	9.9	58.8	6.9	23.5	4	—	254	—	4	—	60	4.37	55
Napaskiak City	244	45.1	11.1	52.5	4.9	18.9	5	—	239	—	—	—	49	4.98	41
Nenana City	470	45.1	10.4	66.2	5.1	27.9	250	5	214	—	1	—	163	2.88	110
Newhalen City	87	37.9	11.5	55.2	2.3	20.5	5	—	82	—	—	—	18	4.83	16
New Stuyahok City	331	48.6	10.9	56.8	5.4	20.6	20	—	311	—	—	—	65	5.09	60
Newtok City	131	51.1	17.6	52.7	3.1	21.4	4	—	124	—	—	—	28	4.68	25
Nightmute City	119	47.1	10.9	56.3	9.2	22.6	3	—	116	—	—	—	24	4.96	22
Nikolai City	91	47.3	11.0	60.4	3.3	22.9	9	—	82	—	—	—	22	4.14	21
Nome City	2,301	47.2	9.0	65.2	5.8	26.0	900	14	1,347	20	19	43	697	3.24	476
Nondalton City	173	46.8	9.2	63.0	5.8	23.0	11	—	161	—	5	—	42	4.12	33
Noorvik City	492	44.3	10.8	57.1	3.9	20.3	24	—	467	—	1	—	91	5.41	77
North Pole City	724	49.6	10.6	65.9	1.2	24.2	673	31	15	1	21	—	249	2.91	200
Nunisut City	208	48.6	12.5	59.1	3.4	23.0	26	1	181	—	—	—	50	4.16	45
Nulato City	350	50.6	11.7	57.1	3.7	20.9	18	1	329	—	1	—	71	4.93	55
Old Harbor City	340	49.1	13.8	58.5	2.1	21.1	24	—	315	—	3	—	88	3.86	70
Ouzinkie City	173	45.7	6.4	66.5	6.9	29.7	10	—	163	—	5	—	57	3.04	43
Palmer City	2,141	50.7	12.7	65.3	8.8	25.8	1,998	40	75	11	40	98	725	2.82	537
Pelican City	180	43.9	10.6	76.1	3.9	29.2	147	—	33	—	1	8	64	2.69	46
Petersburg City	2,821	46.2	10.0	69.8	6.1	27.2	2,418	3	312	57	52	38	979	2.84	718
Pilot Station City	325	49.8	15.7	52.6	3.4	19.2	14	2	306	1	.....	5	61	5.25	57
Platinum City	55	41.8	5.5	58.2	7.3	25.8	11	.....	44	.....	.....	.....	14	3.93	10
Point Hope City	464	46.3	12.9	58.0	5.0	20.5	28	1	434	.....	5	.....	98	4.73	83
Port Alexander City	86	45.3	12.8	67.4	5.8	27.2	79	.....	5	.....	3	.....	37	2.32	17
Port Heiden City	92	42.4	6.5	68.5	3.3	23.7	31	.....	59	.....	.....	.....	29	3.17	22
Port Lions City	215	42.8	12.1	63.7	7.0	25.6	52	.....	158	1	3	.....	66	3.26	55
Quinhogak City	412	47.6	13.3	56.1	3.6	20.8	10	.....	402	.....	.....	.....	82	5.02	78
Ruby City	197	43.7	14.7	60.4	6.1	24.3	25	.....	171	1	.....	.....	63	3.13	41
Russian Mission City	169	49.1	17.2	49.7	1.8	17.9	7	.....	159	3	.....	.....	41	4.12	31
St. Mary's City	382	49.7	7.9	60.2	4.2	21.8	44	.....	336	1	1	28	72	4.92	62

TABLE 1.—SUMMARY OF GENERAL POPULATION CHARACTERISTICS: 1980—THE STATE, STANDARD METROPOLITAN STATISTICAL AREAS, BOROUGHS AND CENSUS AREAS, INCORPORATED PLACES—Continued

	Persons														
		Percent					Race								
	Total	Female	Age			Median age	White	Black	American Indian, Eskimo, and Aleut	Asian and Pacific Islander [1]	Spanish origin [2]	In group quarters	House-holds	Persons per household	Families
			Under 5 yr	18 yr and over	65 yr and over										
St. Michael City	239	47.3	15.5	53.1	3.3	19.4	12		227				57	4.19	48
St. Paul City	551	42.8	11.4	61.0	3.4	22.2	61		483	3	2	24	126	4.18	113
Sand Point City	625	45.6	9.1	68.5	2.2	24.1	241		357	13	11	48	186	3.10	126
Savoongo City	491	46.4	12.0	58.2	3.7	21.8	27		463	1			109	4.50	94
Saxman City	273	44.7	8.4	61.2	7.3	23.7	67		194	3	4	15	66	3.91	55
Scommon Bay City	250	47.6	15.6	52.0	6.0	19.0	9		241		1		47	5.32	42
Selawik City	361	44.6	14.4	56.8	6.4	20.7	8		352	1			69	5.23	62
Seldovia City	479	48.0	5.6	67.4	4.8	28.4	334		117	19	8		175	2.74	102
Seward City	1,843	45.0	6.9	75.7	7.8	28.7	1,564	7	238	16	34	166	670	2.50	415
Shogeluk City	131	46.6	9.2	63.4	4.6	25.8	11		120				35	3.74	29
Shaktoolik City	164	49.4	15.2	57.9	4.3	22.0	5		159				43	3.81	35
Sheldon Point City	103	41.7	8.7	45.6	1.0	16.5	4		98	1			20	5.15	17
Shishmoref City	394	45.9	13.5	54.8	2.8	19.6	25		369				86	4.58	71
Shungnak City	202	46.0	11.9	57.4	5.9	20.8	14		179				47	4.30	39
Sitko City	7,803	47.3	10.2	67.0	4.6	26.4	5,768	44	1,669	235	108	367	2,440	3.05	1,849
Skogway City	768	47.3	10.8	67.3	4.3	27.4	722		35	8	2		289	2.66	195
Soldotna City	2,320	48.4	9.4	65.8	1.7	25.9	2,216	1	72	18	25		808	2.87	600
Stebbins City	331	49.8	17.5	49.2	3.3	17.5	11	1	316				69	4.80	59
Tanana City	388	46.1	10.1	62.6	5.7	23.9	76	2	307		3	12	118	3.19	78
Teller City	212	43.4	13.2	67.5	7.1	24.6	15	1	196				65	3.26	46
Tenokee Springs City	138	47.8	3.6	79.7	22.5	33.9	127	1	7	3			70	1.97	32
Togiak City	470	48.7	8.1	60.4	3.4	22.2	26		443	1			101	4.65	86
Toksook Bay City	333	48.0	9.6	50.2	3.0	18.1	21		312				65	5.12	58
Tuluksok City	236	52.5	13.6	53.0	4.7	20.2	5		228		2		42	5.62	39
Tununak City	298	46.6	11.1	56.4	3.7	20.1	13	1	283	1			68	4.38	54
Unoloklleet City	623	46.5	10.8	60.0	5.0	22.8	75		546		1		158	3.94	128
Unalaska City	1,322	35.1	3.5	86.1	.9	26.8	848	19	200	220	42	600	304	2.38	156
Upper Kalskog City	129	48.1	6.2	62.8	6.2	23.2	21		108				34	3.79	26
Voldez City	3,079	44.1	8.4	70.1	1.5	27.0	2,745	38	175	63	92	324	957	2.88	691
Wainwright City	405	44.0	14.3	58.3	4.7	21.9	33		372		1		93	4.35	82
Wales City	133	41.4	6.8	69.2	6.0	24.9	5		122	6			37	3.59	27
Wasilla City	1,559	49.3	8.8	63.3	3.9	26.9	1,466	6	74	4	22		507	3.07	394
White Mountain City	125	40.8	8.0	67.2	9.6	25.2	9		116				36	3.47	26
Whittier City	198	46.0	10.1	72.2	3.0	28.9	175	3	17	2	5	13	77	2.40	41
Wrangell City	2,184	47.6	8.2	68.0	6.7	28.2	1,737	4	390	29	15	50	758	2.82	551
Yokutat City	449	47.7	10.9	64.1	5.8	25.4	164		279	6	9		139	3.23	99

[1] Excludes "Other Asian and Pacific Islander" groups identified in sample tabulations.
[2] Persons of Spanish origin may be of any race.●

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 2922) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. METZENBAUM. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2923

(Purpose: To strike certain special interest provisions in the insurance title of the bill and for other purposes)

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. METZENBAUM. Mr. President, I send to the desk my amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Ohio (Mr. METZENBAUM) proposes an amendment numbered 2923.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 558 strike out everything beginning on line 13 through line 15 on page 562 (relating to election of the alternative life insurance company deduction).

On page 589 strike out everything beginning on line 19 through the end of line 11 on page 590.

On page 590 strike out everything beginning on line 19 through the end of line 6 on page 591.

On page 592 strike out everything beginning on line 24 through the end of line 14 on page 595.

On page 573 strike out everything beginning on line 10 through the end of line 20 on page 574.

On page 655 strike out everything beginning on line 10 through the end of line 4 on page 656.

On page 552, strike lines 10 through 14 and insert in lieu thereof:

(a) SPECIAL LIFE INSURANCE COMPANY DEDUCTION.—

(1) IN GENERAL.—For purposes of section 804, the special life insurance deduction for any taxable years is the applicable percentage (determined in accordance with the table contained in paragraph (2) of the excess of the tentative LICTI for such taxable year over the small life insurance deduction (if any)).

(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1)—

In the case of taxable years beginning in or with:	The applicable percentage is:
1984	20
1985	15
1986	10
1987	5
1988 and thereafter	0

On page 656 strike out everything beginning on line 18 through the end of line 23 on page 657.

On page 658 strike out everything beginning on line 15 through the end of line 23 on page 658.

On page 646 strike out everything beginning on line 1 through the end of line 16 on page 654.

Mr. METZENBAUM. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Mr. LONG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, as I understand the amendment that has been offered by the distinguished Senator from Ohio, it would do a number of things. I will list these so that the Members may know.

It would phase out over 4 years the special 20 percent life insurance company deduction. The deduction will be 20 percent in 1984; 15 percent in 1985; 10 percent in 1986; 5 percent in 1987; and zero in 1988 and years thereafter.

But it also strikes the alternative life insurance company deduction for small- and medium-sized growing companies, and would strike the following provisions benefiting the following companies: security benefits of Pan American Life; certain high surplus mutual companies; Western and Southern Life of Ohio; companies in Texas, Oklahoma, Alabama that acquired life insurance companies; Dial Financing; Northwest Group in Iowa and Minnesota; certain assessment companies in Texas. It would also strike a special provision for giving the recapture of certain tax deductions.

Is that essentially it?

Mr. METZENBAUM. I am not certain about all those companies. We left some of those provisions in that we thought had some merit. I think it also should be pointed out that without the amendment the reduction for the industry would be $2.5 billion. With the amendment in, the deduction for the industry would be $1.5 billion. So it picks up about $1 billion.

Mr. DOLE. I think it would increase the taxes of the insurance industry by about $1 billion. The Senator from Ohio indicated it would pick up about that much money.

I believe the Senator from Louisiana wanted to make a comment.

Mr. LONG. Mr. President, here is my understanding of the situation: Under the stopgap legislation enacted in 1982, the life insurance companies are paying a total of about $2 billion a year in taxes.

Under the committee amendment which is before us now, they would pay about $3 billion a year.

Under the Metzenbaum amendment, I think they would start out in the first year paying about $200 million more than under the committee provisions. But when the Metzenbaum amendment is in full effect, it would increase the tax by about $2 billion a year.

Mr. METZENBAUM. Senator DOLE said $1 billion.

Mr. DOLE. It is $40 million per percentage point. So 20 times $40 million is $800 million.

Mr. METZENBAUM. It is 20 for 1 year, 15 for another, 10 for another and 5 for another, because it is phased out.

Mr. LONG. I think the people ought to know how much of an increase in tax is involved. Mr. President, I am asking the staff to give us the total for the Metzenbaum amendment.

Mr. METZENBAUM. Will they also tell us how much will be the deduction as compared to the deduction provided under the present proposal? There still will be a very substantial deduction under present law.

Mr. LONG. My understanding, Mr. President, is that with the Metzenbaum amendment in full effect, it would amount to an increase of about $1 billion a year above what the Committee provisions would raise. The amendment, as I understand it, would increase taxes on every life insurance company paying taxes, compared both to the law under which they paid their taxes this last year, and also compared to what is recommended by the committee.

The committee has recommended that the tax be increased by roughly 50 percent over what they paid last year. The Metzenbaum amendment would give them a chance to pay eventually a 100-percent increase in taxes over what they paid last year. They can be fairly sure that they are going to pay more with this amendment.

There is no way that you can put this additional $1 billion of taxes on the industry without affecting the policyholders. The industry cannot pay these taxes except by getting it from their policyholders. Any company attempts to pass the taxes through to the customers to the extent they can. The only customers the insurance companies are apt to pass this tax on to would be their policyholders.

It is not my business to tell them how to do that, but it would be my opinion that every company in America would be trying to find a way to do this if their taxes are doubled, which is what the overall effect of the Metzenbaum amendment would be. They paid $2 billion last year; the committee would raise that by $1 billion; and the Metzenbaum amendment would raise it another $1 billion.

With their taxes doubled, I would think that any enterprising company would try to find a way to pass the tax increase on to their customers any way they could. The only customers life insurance companies have to pass the taxes on to would be their policyholders.

Mr. METZENBAUM. Mr. President, I have to compliment my friend from Louisiana. He is masterful in obfuscating the facts. There is nothing about increasing taxes $1 billion a year in this proposal that is before us. This proposal that is before us, not mine but theirs, will reduce taxes $2.5 billion. I did not make up those figures. They are in this green book. They are on everybody's desk. You can read them. How can they come to this floor and say that the taxes are being increased by the committee $1 billion a year and then look at the report which says they are being reduced $2.5 billion over a 5-year period?

There are just certain facts that are irrefutable.

What my amendment will do will not increase taxes $1 billion a year. What my amendment will do will be to phase it in, and it will increase it probably $1 billion over the first 4 years, according to the information that the staff has given me. But that will be $1 billion as against the $2.5 billion reduction.

So I say to you that what you are talking about is a matter of phasing in this equitable measure which will still provide a reduction in taxes for the industry over what the present law would provide. That is what we have to keep our eye on.

We are talking about everybody who comes here wanting to reduce the deficit. Everybody says they want to balance the budget. The only reason this Senator is on the floor tonight and was on the floor yesterday was because I object to a revenue measure which provides loophole after loophole after loophole, tax reduction after tax reduction after tax reduction.

I commend the Senator from Kansas for his candor. He said, "It is the best we can get." He said, "Under the circumstances we had to negotiate with the industry. Maybe we should have gone further but we could not get any further."

I respect that, but my amendment will at least move us in the direction of equity, and if you are talking about equity, then you ought to accept this amendment because it will still provide for the insurance industry a substantial reduction over the taxes they would have to pay if you did not have any provision at all in this tax bill.

Mr. DOLE. Mr. President, I thank the Senator from Ohio. I think he has some concerns. I do not know how many billions are in this tax bill. There will be some provisons that probably could have been scrutinized more closely. Maybe we could have done a better job. We do get $600 million more in our package than the House did. Not that that gets any merit badge, but just a piece of one.

A phaseout of the 20-percent reduction is estimated by the Joint Committee to increase revenues by about $1.4 billion through 1987, and after it is fully phased out it will be about $1 billion a year.

Again, let us face it. We will be back next year looking for revenues. I am not suggesting we are going after anyone, but everything is on the table again. If we see what revenues we bring in, we will have some experience by then. Maybe the idea of the Senator from Ohio would make a lot of sense.

I would hope we could keep this package together. We worked hard on it. The vote was 20 to 0. Every Democrat and Republican voted for the proposal. If we start it apart piece by piece, it will totally unravel.

I am prepared to vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Ohio. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. BUMPERS (when his name was called). Present.

Mr. FORD. (when his name was called). Present.

Mr. STEVENS. I announce that the Senator from Maryland (Mr. MATHIAS), the Senator from Texas (Mr. TOWER), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I further announce that, if present and voting, the Senator from Connecticut (Mr. WEICKER) would vote "nay."

Mr. CRANSTON. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Colorado (Mr. HART), and the Senator from South Carolina (Mr. HOLLINGS) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 3, nays 89, as follows:

[Rollcall Vote No. 60 Leg.]

YEAS—3

Chiles	Metzenbaum	Proxmire

NAYS—89

Abdnor	Glenn	Moynihan
Andrews	Goldwater	Murkowski
Armstrong	Gorton	Nickles
Baker	Grassley	Nunn
Baucus	Hatch	Packwood
Biden	Hatfield	Pell
Bingaman	Hawkins	Percy
Boren	Hecht	Pressler
Boschwitz	Heflin	Pryor
Bradley	Heinz	Quayle
Burdick	Helms	Randolph
Byrd	Huddleston	Riegle
Chafee	Humphrey	Roth
Cochran	Inouye	Rudman
Cohen	Jepsen	Sarbanes
Cranston	Johnston	Sasser
D'Amato	Kassebaum	Simpson
Danforth	Kasten	Specter
DeConcini	Kennedy	Stafford
Denton	Lautenberg	Stennis
Dixon	Laxalt	Stevens
Dodd	Leahy	Symms
Dole	Levin	Thurmond
Domenici	Long	Trible
Durenberger	Lugar	Tsongas
Eagleton	Matsunaga	Wallop
East	Mattingly	Warner
Evans	McClure	Wilson
Exon	Melcher	Zorinsky
Garn	Mitchell	

ANSWERED "PRESENT"—2

Bumpers	Ford

NOT VOTING—6

Bentsen	Hollings	Tower
Hart	Mathias	Weicker

So Mr. METZENBAUM'S amendment (No. 2923) was rejected.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

(By request of Mr. BAKER, the following statement was ordered to be printed in the RECORD:)

● Mr. WEICKER. Mr. President, due to a prior commitment, I was necessarily absent for the Metzenbaum amendment to strike the life insurance provisions of the Finance Committee amendment to H.R. 21630. Had I been present, I would have voted against Mr. Metzenbaum's amendment regarding the life insurance provision to H.R. 2163.●

Mr. LONG. Mr. President, it is misleading to say that expiration of the stopgap life insurance provisions of TEFRA will cause a return to 1959 law, and thereby raise more revenue. Let me point out that the Finance Committee's 1982 TEFRA bill permanently repealed the modified coinsurance, or "modco," loophole of the 1959 law. Repeal of modco increased life insurance company taxes by approximately $2 billion a year.

Accordingly, if we do not enact new legislation to replace the stopgap rules, we will not return to the status quo under the 1959 law. Instead, we would go to a law that has never been in effect for a single day. That is, we would go to the 1959 law without the modco loophole. That is because of the good work of the Senator from Kansas (Mr. DOLE), the Finance Committee, and the Senate in 1982. When we did that, we felt that the impact would be too great, so we passed a stopgap law which we now replace with a more permanent and more fair law which increases taxes on insurance companies by about 50 percent, compared to the expiring stopgap law.

When the Senator from Ohio (Mr. METZENBAUM) speaks of going back to the 1959 law, he is talking about going back to a law that has never existed at anytime and never will exist.

He is basing his revenue estimates on the assumption that Congress would choose to put into effect a law that neither he nor anyone else, to my knowledge, has advocated.

In my view, revenue estimates based on any such assumption is mere fantasy.

Mr. DOLE. Mr. President, I understand that the distinguished Senator from New York (Mr. D'AMATO), in a few minutes, will propose an amendment, and we will have a vote on it. I hope we can round up some additional amendments. I have no desire to keep Senators here, but we need some idea of how many amendments there are, in the hope that we might finish on Thursday evening.

If there are any Members who have amendments that are in the negotiation stage, we might be able to take a look at some of those.

Does the Senator from Rhode Island have an amendment?

Mr. CHAFEE. Yes.

Mr. President, as we begin debate on the deficit reduction package, I would like to commend the chairman of the Finance Committee for the work he has done in bringing the committee to unanimous agreement on the final package. It was not an easy task. There were some members of the committee who wanted to reduce the deficit mainly by cutting spending and others who preferred to solve the problem mainly by raising taxes. What we finally agreed to was a major Finance Committee contribution to deficit reduction. This consists of $48 billion in revenue increases through fiscal year 1987 and $14.8 billion in spending reductions in programs under the Finance Committee's jurisdiction.

The amendment prepared by the Finance Committee is one part of the so-called $100 billion downpayment. The other elements of the plan will be contributed by other committees. The result will be a deficit reduction effort consisting half of revenue increases and half of spending reductions.

I would like to see us make a larger downpayment on the budget deficit, but that desire will not keep me from working hard to see this small downpayment passes. The bill is very long and complicated, and I do not want to discuss or describe every provision. But I would like to point out that no one segment of the society has been singled out to bear the entire burden of either the spending reductions or the tax increases.

First, we have simply deferred certain tax reductions which were scheduled to go into effect in the future. Several of these provisions were provisions I had been very supportive of in the past and I am still supportive of them. However, in the spirit of deficit reduction, we agreed to delay these. For example, I reluctantly agreed to the deferral of future increases in the amount of the exclusion for Americans working abroad and the deferral of the net interest exclusion in view of these budget deficits. Postponing scheduled tax reductions was a first step in the deficit reduction plan.

Next, we turned to the area of corporate tax reform and tax accounting practices. Here we faced a difficult task of untangling the many intricate and complex business practices that have grown up often as a result of the well-intended tax incentives we have enacted over the years. The President has stated that in 1985 he wants to tackle the serious job of major tax reform and simplification; but, in the meantime, we are faced with correcting the problems we have in the operation of the existing law. This is necessary maintenance if we want to keep the tax code operating fairly.

For example, this package contains a very important section dealing with abuses that had arisen in the area of tax-exempt entity leasing. Without this legislation, we could have a serious hemorrhage in our Federal Treasury as a result of the unintended transfer of tax benefits through leases

or sale leasebacks by tax-exempt entities.

In the corporate tax reform area, the bill has taken several suggestions from the lengthy study done of the corporate tax system by the Finance Committee staff working with leading members of the tax bar. For example, the bill reduces the dividends received, deduction for dividends from debt-financed portfolio stock, and the bill would tax a corporation making distributions of appreciated property in a nonliquidating distribution.

One provision not derived from the staff study, which I am pleased to have offered, is a proposal to curb the use of so-called golden parachutes. Top management in corporations anticipating the possibility of a takeover may obtain a golden parachute contract which promises to pay them exorbitant salaries or benefits in the event there is a takeover and they have to bail out. These golden parachutes can protect or reward bad management, and under this bill payments under these contracts will be presumed to be nondeductible to the corporation, on the basis that they are not ordinary and necessary business expenses. In addition, the person receiving the payment will have to pay a nondeductible excise tax of 20 percent of the payment. I hope that this treatment will discourage, if not eliminate, these golden parachute arrangements.

The sections of this bill dealing with accounting abuses are very complicated but they are based on two very simple and important principles. First, in tax accounting, whenever we have two parties to a transaction, one deducting a payment and one recognizing income as a result of this payment, there ought to be a matching of the timing of the deduction and the income recognition. We have tried to eliminate situations in which one party is taking large deductions for payments made in one year, yet the person receiving the payments is not reporting them in income for a year or more later.

The second principle behind the accounting changes is the recognition of the so-called time value of money. This is a principle which we have all become aware of because of the high interest rates. A classic example of this is in the area of so-called premature accruals. Businesses, as accrual basis taxpayers, can deduct expenses which they have not actually paid, but which they are liable for. In some situations, businesses have been trying to deduct currently the expenses for which they know they are going to be liable, as a result overstating the deduction. The bill establishes a principle that the business cannot deduct the expense until economic performance occurs.

The bill contains additional taxpayer compliance provisions which are aimed at improving the ability of the IRS to audit tax returns and collect taxes from those not properly reporting their income. Improving compliance with our tax laws must continue to be an important priority for two reasons. First, it is not fair to raise the taxes of those already paying without first collecting from those who are not; and second, taxpayers lose respect for tax laws which are not enforced.

In the compliance area, among other things, this bill requires that tax shelter promoters keep lists of participants so that when the IRS does find irregularities, they can more easily track down individual investors. The bill institutes new reporting requirements for large—more than $10,000—cash transactions. These requirements are designed to help catch those with illegal sources of income. The bill contains a provision regulating appraisers practicing before the IRS. This is to curb the abuses that continue to occur as the result of the overvaluation of property deducted for tax purposes.

One area of abuse that has been particularly difficult for the IRS to handle on an individual audit basis has been the personal use of luxury automobiles that are also deducted as business expenses. I cosponsored an amendment which I hoped would eliminate many of the problems in this area. It would have simply denied any business a deduction for an automobile which cost more than $15,000. The committee defeated this proposal by a very close vote and instead adopted a provision which will limit tax deductions for any property—not just automobiles—which is not used 90 percent of the time for business purposes. While I am pleased with this provision insofar as it addresses the business versus personal use question, I still think we cannot afford to allow businesses tax benefits on the purchase of $100,000 luxury automobiles.

Unfortunately, the provisions of this bill which correct accounting abuses, institute corporate tax reform and improve taxpayer compliance do not raise sufficient revenue. The committee had to turn to other measures, and some of them will not be popular. Nevertheless, after consideration, I think Senators will agree that they are necessary.

We decided on these measures as a package since all of them primarily affect real estate. The bill contains some items that many in the real estate community want, but some will not be welcomed. It includes an extension of the mortgage revenue bond program for 4 more years and the creation of the alternative mortgage tax credit certificates, but it provides some new restrictions on industrial revenue bonds and an increase from 15 to 20 years in the ACRS life of all real property, except low-income housing. In view of our budget deficits, we have had to take a very hard look at how many tax benefits for real estate we can afford. It is not a matter of curbing abuses in these areas anymore. It is a matter of how many tax incentives the Federal Treasury can afford, even for very good purposes. There are still an enormous number of tax benefits available in connection with the ownership and/or development of real estate. After looking at several other possible changes, such as tightening the recapture rules, the committee compromised and adopted these provisions.

Despite the committee's overriding goal of deficit reduction, there are some provisions in this bill which lose revenue. This is because there are certain tax incentives which the committee felt were of great importance to the long-range success of our economy. For example, this bill makes the R&D tax credit permanent. However, the definition of research and experimentation has been narrowed to more carefully limit the availability of the credit to truly innovative activities. As one of the original cosponsors, I applaud the inclusion of this provision.

The bill also contains a scaled-down version of the Enterprise Zone legislation which I orginally introduced. The new proposal would provide for 75 designated enterprise zones selected by the Secretary of HUD, which would be eligible for special tax incentives. No zones would be designated until after January 1, 1985.

One of the major provisions of this bill is the complete revision of the taxation of the life insurance industry. This is the first revision of the taxation of this industry since 1959. Although it shows up as a revenue loser in the context of this bill, it will actually result in the industry paying more tax than it has been during the last 2 years while it has been operating under the so-called stopgap proposal. The fact that we did not enact this legislation prior to the expiration of the stopgap, means that the revenue impact is now measured against the old 1959 law, even though no one is seriously suggesting that the companies continue to be taxed under those provisions. Whatever happens to this bill, I would like to emphasize how important it is to resolve the uncertainty in the insurance industry taxation in any bill we pass this year.

There is another provision in the bill which, although it now appears to be a slight revenue loser, was originally estimated by the Treasury Department to be a revenue gainer, and which I still heartily support—the repeal of the 30-percent withholding tax on interest paid to foreigners. The bill will phase out this tax over the next 5 years and thus increase the access of many U.S. businesses to the capital markets of Europe. This provision will

eliminate the necessity for U.S. businesses to go through the Netherlands Antilles in order to participate in the Eurobond market. I think this provision is especially important in view of the increased pressures we will face in our own capital markets as we try to finance our budget deficits.

This bill contains a number of changes in the pension area, which I as chairman of the Subcommittee on Pensions, Savings, and Investment Policy am glad to see. First, we have proposed repeal of the super top-heavy rules enacted in the Tax Equity and Fiscal Responsibility Act of 1982. The rules have proved burdensome and unnecessary and after holding hearings on the problems last spring, I was pleased to join Senator BENTSEN in cosponsoring the amendment for their repeal.

There is one other provision in this bill which I sponsored, namely the lowering of the tax on methanol from 9 cents per gallon to 4.5 cents per gallon. This was approved by a vote of 15 to 0 by the committee, and it is totally meritorious.

In the Surface Transportation Assistance Act of 1982, the Congress increased the tax on gasoline to 9 cents per gallon in an effort to increase the ability of the highway trust fund to pay for necessary repairs to the Nation's roads and bridges. Congress exempted some alternative fuels from this tax in an effort to encourage their use. The House version of this bill completely exempted methanol from tax, but when the bill came to the Senate, an amendment was added subjecting methanol produced from natural gas to the full 9 cents per gallon tax because of concern that using natural gas to produce methanol would increase the cost of natural gas for home heating. The author of that amendment has now dropped his objection and voted for this decrease in committee.

This provision affects only neat methanol, that is methanol that is 85 percent pure. It has nothing to do with gasohol which is made from gasoline with small amounts of ethanol alcohol added. Neat methanol can only be used in specially equipped methanol cars, and currently there are fewer than 1,000 methanol cars in the United States. We hope to encourage more of them because methanol fueled cars are cleaner than gasoline fueled cars. They produce no sulfur or nitrogen oxides, and methanol has a higher flash point making it safer.

Neat methanol produced from coal or biomass is already totally exempt from the 9 cent per gallon tax. Eventually we hope that all methanol will be produced from those sources. In the meantime methanol is being produced from natural gas. In an effort not to handicap its development, I proposed lowering the tax to 4.5 cents on this type of methanol based on the theory that it takes approximately 2 gallons of methanol to go as far as you can go on 1 gallon of gasoline. This is simply a provision designed not to overtax this viable alternative fuel relative to gasoline, and I hope that once Senators have had time to examine the issue they will agree that the provision is deserving of support.

This bill contains many other very important provisions which I will not take time to describe. There are some major changes in the laws governing private foundations, the first since 1969. There is a proposal to repeal the current export incentive of domestic international sales corporations (DISC's) and substitute a new incentive called foreign sales corporations (FSC's) which would not violate GATT. In response to complaints from the trucking industry, the committee adopted an alternative to the heavy use tax which was to go into effect July 1, 1984, which involved lowering the maximum tax from $1,600 to $600 and imposing a 6-cents-per-gallon additional tax on diesel fuel.

Mr. President, the Finance Committee also made some important changes in other programs. The resulting savings total $14.8 billion through fiscal year 1987. Some of these changes will affect the medicare program, and I would like to discuss them briefly.

Yesterday, the Finance Committee held hearings on the solvency of the hospital insurance trust fund which is part A of the medicare program. At the hearing, the Advisory Council on Social Security, chaired by Dr. Otis Bowen, presented its recommendations on the medicare program. Its conclusion is that the trust fund will be insolvent by the end of this decade. I believe that, in light of this information, Congress will have to make some very fundamental changes in the program. This restructuring will have to occur as early as next year if we are to prevent its bankruptcy.

In view of this, I have been reluctant to make piecemeal changes in medicare. Nevertheless, I am supportive of the package reported by the Finance Committee because I believe it makes some necessary, but not fundamental, changes in the program.

Our actions are responsible both in the context of the deficit and in the context of the long-term health of the medicare program. This package will not affect our ability to grapple with the issues we will need to deal with next year. In fact, these savings, and the changes in the behavior of hospitals and physicians that will result, may buy us some valuable time to develop the reforms that will be needed to restructure the program.

I strongly urge my colleagues not to attempt to make any further changes in medicare at this point. To propose mandatory assignment or a freeze in the implementation of prospective reimbursement may preempt our ability to deal with these issues in a thoughtful and intelligent manner early next year.

Some of the more important proposals before us today deal with cost containment. We limit the increases in hospital reimbursement and establish a fee schedule for all out-patient clinical laboratory services. We also freeze physician reimbursement for 1 year beginning in July. The freeze would remain in effect for an additional year for all physicians who do not accept assignment. Some may argue that this freeze will have an adverse effect on beneficiaries because nonparticipating physicians will charge them directly for whatever amounts medicare will not pay. I believe we have addressed that issue by requiring the establishment of directories and hotlines to help beneficiaries identify which physicians accept assignment.

Another important change we make on the spending side is the increase in the maternal and child health block grant. We also mandate medicaid coverage for pregnant women. Programs like these which focus on preventive health care will lead to lower health care costs in the future.

In conclusion, Mr. President, I support the work of the Finance Committee. It makes an important contribution to deficit reduction, and it makes necessary revisions in current law. Although I, and several colleagues, will introduce shortly a comprehensive budget plan that will achieve much more substantial budget deficit reductions, I, nonetheless, strongly support the Finance Committee package.

AMENDMENT NO. 2924

(Purpose: To delay tax indexing until 1988)

Mr. CHAFEE. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Rhode Island (Mr. CHAFEE), for himself, Mr. MATHIAS, and Mr. WEICKER, proposes an amendment numbered 2924.

Mr. CHAFEE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the pending amendment, add the following:

SEC. . DELAY OF COST-OF-LIVING ADJUSTMENT TO 1988.

(a) IN GENERAL.—Subsection (f) of section 1 of the Internal Revenue Code of 1954 (relating to adjustments in tax tables so that inflation will not result in tax increases) is amended—

(1) by striking out "1984" in paragraph (1) and inserting in lieu thereof "1987", and

(2) by striking out "1983" in paragraph (3)(B) and inserting in lieu thereof "1986".

(b) CONFORMING AMENDMENT.—Subsection (e) of section 100 of the Economic Recovery Tax Act of 1981 is amended by striking out "1984" and inserting in lieu thereof "1987".

Mr. CHAFEE. Mr. President, the amendment I have sent to the desk would defer the indexing of Federal income taxes for the next 3 years.

As people know, the indexing of individual income taxes is planned to take effect in 1985. What my amendment does is to defer the start of that indexing until 1988. This is not a removal of the indexing; it is a postponement of it.

Mr. President, the reasons for this amendment are very simple. Every Senator in this Chamber has given stirring speeches on the evils of deficits.

They have all pointed out that we are running deficits of $200 billion, and that these deficits are intolerable. We have each given speeches in our districts saying that these deficits are leading to the increased interest rates, that they are spoiling our exports, and that they present a thoroughly dangerous situation for the future of the country.

So, Mr. President, I am proposing to postpone indexing of the Tax Code for 3 years. I realize that this amendment will likely rekindle the debate on the merits of indexing generally.

Mr. President, may we have order?

The PRESIDING OFFICER (Mr. JEPSEN). The Senator's point is well taken. The Senate will be in order.

Mr. CHAFEE. Mr. President, if you want to debate the merits of indexing generally, I would be glad to accept that challenge and engage in such a debate.

However, regardless of the philosophical differences which Senators may have on this subject, I believe that there is a separate question which we must address, namely, that of whether this country of ours can truly afford to embark on a costly new tax expenditure program at a time when we are running deficits of $200 billion a year.

I think the answer is clearly "No."

Now there is an irony in the debate over indexing. Proponents argue that indexing is essential to protect the taxpayers from the harmful effects of inflation, which pushes them into ever-higher tax brackets, thus eroding real income. But there is another consideration. Because indexing will cost the U.S. Treasury $51 billion over the next 3 years, the Federal Government will be forced to borrow that same amount, thus putting further pressure on interest rates and aggravating the self-same inflation that the indexing is supposed to mitigate against.

As a practical matter, indexing of Federal benefits, as opposed to taxes, has been established as a matter of course in several programs. We recognize that. There is indexing of social security. There is indexing of Federal pensions. There is indexing of military pensions. There is indexing of postal pensions, and there is indexing in other programs as well. So be it.

I think many of us, if we had to start all over again, might not have started this indexing, but we are now committed to it in certain programs. That is not a reason to expand it, which is what indexing the Tax Code would do.

Starting in 1985, we get into a whole new program, a program that is going to cost a Government which is already broke $51 billion additional a year.

It does not make any sense, Mr. President.

Now, Mr. President, we have seen other nations that have gotten deeply into indexing. We have seen nations in South America. We have seen Israel. We have seen other nations around the world assert that the answer to their inflation problems was to index. They have tried to index wages, to index pensions, and to index bank accounts. No matter what it is, index it. As a result, few people in those countries come to realize the dangers of inflation.

Mr. President, that is what we will have in this country starting in 1985. Indexing is one more shelter for the people against inflation. The best cure for inflation is for the people, the taxpayers of America, to recognize what inflation is and, Mr. President, I am anxious to hear the arguments against this.

The arguments will be that the middle-income people will benefit from indexing. Well, maybe they will. Every single group that we talk to as Senators come to us with programs they want. The realtors want this. The life insurance people want that. The middle-income people want something, and the lower income people want something else. The wealthy people want everything. But if we say to any of these groups, if you had a chance to balance the budget of the United States, would that be the thing you would want most of all, the answer is always yes.

So, Mr. President, this is not just a modest step in that direction. It is a major step in that direction. Here we are with a tax bill on the floor, which we hope we can finish in 3 days. When all the huffing and puffing is done, that tax bill will yield us $48 billion more in revenue. Yet next year we are starting a program that will cost us $51 billion. It will cost $3 billion more than what we will raise after all the effort we are making here. I was part of that effort in the Finance Committee, all this closing of loopholes, all this effort with insurance companies, all these changes in accounting practices, and all the closing up of the little escape holes for taxpayers. We are doing all of that, but when all is said and done, we raise $48 billion.

Here, Mr. President, is an amendment that in fairness, in fiscal responsibility, we must adopt. Unless we do something and do something substantial, both the deficits and the interest rates will continue to go up.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. CHAFEE. I am glad to yield to the Senator.

Mr. LONG. Mr. President, I think we should have order in this Chamber.

Mr. SYMMS. Mr. President, could we have order please?

The PRESIDING OFFICER. The Senate will be in order.

All staff people will resume their seats as per the rules. Those who refuse to do so I will ask the Sergeant at Arms to escort them out of the Chamber.

The Senator may proceed.

Mr. LONG. Mr. President, will the Senator tell us how much additional revenue the Senator's bill would raise compared to the revenue to be raised by the tax portions of the existing bill that is before the Senate?

Mr. CHAFEE. The existing bill before the Senate raises $48 billion.

Mr. LONG. Over a 3-year period.

Mr. CHAFEE. Over a 3-year period.

The cost of indexing, which starts in effect in 1985 unless we do something about it now, will be $51 billion. In other words, we are like the squirrel in the cage, except we do not even hold our own. We fall to the bottom of the cage, the bottom of the squirrel cage.

Mr. BUMPERS. Mr. President, if the Senator will yield, he is talking about a 3-year period, is he not?

Mr. CHAFEE. I am.

Mr. BUMPERS. $51 billion from 1985, 1986, and 1987.

Mr. CHAFEE. The Senator is correct.

Mr. President, some say we should have this. Maybe we should. It is a lovely piece of candy, and I am not going to take it away from anyone. All I am saying is let us postpone it for 3 years and then we will have a chance to look at it. Maybe we will be a great big wealthy country with that balanced budget we have all been seeking and, wonderful, we will take it.

But how in the name of any sense of fiscal responsibility can we do it now?

Mr. BUMPERS. Mr. President, will the Senator yield?

Mr. SYMMS. Mr. President, will the Senator yield?

Mr. CHAFEE. I certainly will yield to the Senator. The Senator from Arkansas has a question.

Mr. BUMPERS. I am sorry that I did not know the Senator from Rhode Island was going to offer this amendment because I had intended to offer a similar amendment tomorrow and I would certainly support the Senator's amendment. The only difference between the Senator's amendment and

the one I intended to offer is that my amendment would have protected the personal exemption and the zero bracket. The people who are not paying any taxes right now at that level, which we call the zero bracket amount, would be protected under my amendment. I do not know how many dollars that saves, because that is not a controlling consideration. But I am reluctant to force people who are just at the point of making enough money to pay taxes only due to inflation, because those are the poorest people in the country. I just want to say to all of our colleagues that the Senator from Rhode Island has taken a very courageous stand on this.

We talk endlessly about the deficit. The House of Representatives is talking about $178 billion downpayment over the next 3 years. The President is talking about $150 billion. Senator CHILES, who will offer one that will be around $200 billion when we take up the budget resolution, and it is the only one I know of that actually starts the deficits on a downward trend. The President's proposal does not even stop the escalation of the deficits.

Here is an opportunity to postpone something that has never taken effect and in my opinion should never take effect.

I know all the arguments for indexing. We have heard it, and we have it here.

Yet, here is an opportunity to pick up $51 billion and make a really serious effort at reducing the deficit, and I sincerely hope my colleagues will support it.

My question to the Senator is: Since his amendment is a second-degree amendment and is not subject to being further amended, would the Senator consider modifiying his amendment, which he has the right to do without unanimous consent, to protect the zero bracket amount?

Mr. CHAFEE. Let me say this to the Senator from Arkansas: The point he makes is a valid one, but I do not have the language to do that right now. Here we are with a head of steam up, and I would hate to get diverted at this particular point.

Could I say this to the Senator from Arkansas: Would he and his allies, those who believe as he does, pitch in and help with my amendment. Then tomorrow if this passes, we would be glad to have a further amendment to the tax bill to accomplish what the Senator from Arkansas proposes, and I would support it.

It makes sense, and I an not out to hurt anybody who normally would not be in the tax brackets if the inflation situation should continue to such an extent.

Mr. BUMPERS. Let me say to the Senator from Rhode Island that I intend to support his amendment. I applaud his courage and the timeliness of the amendment. I am a cosponsor of the amendment of Senator HOLLINGS, which also, I believe, postpones indexing.

I cannot give the Senator a vote count on this side of the aisle. I hope he will get substantial support on this side. Certainly I intend to support it.

Mr. CHAFEE. I appreciate that. Let me say one other thing to everybody gathered here tonight. There are those who say, "Oh, this is part of the President's program."

Now, that is not so. The President did not have this in his program, not when he campaigned in 1980 nor when he sent his proposals up to the Congress in 1981. Indexing was never part of it. Indexing crept in.

As a matter of fact—and the chairman of the Finance Committee can correct me on this—it is my memory that when we brought that tax bill to the floor it did not include indexing. Would the Senator from Kansas correct me? Am I right in that?

Mr. DOLE. That is correct.

Mr. SYMMS. It was a committee amendment.

Mr. CHAFEE. It was an amendment that came subsequently on the floor. Call it a committee amendment or call it whatever you want. It was neither part of the President's original proposal nor part of the Finance Committee's package that was brought to this floor.

Mr. SYMMS. Will the Senator yield for a question?

Mr. CHAFEE. I just want to make this point clear. Nobody who votes for postponing indexing is going against the President's original proposal. He never even discussed it in the campaign of 1980.

I know the President is enthusiastic about indexing now. But we are not eliminating it. All we are doing is postponing it. We cannot ignore what is happening to the interest rates in this country. They went up one-half a point a few weeks ago, and then they went up another half a point. If you believe what some of the prognosticators say on Wall Street, they are going to be at 13½ percent by this fall. If there is ever a reason for a downturn in the economy, that will be it.

Yes, I yield to the Senator from Idaho.

Mr. SYMMS. I thank the Senator for yielding.

I would like to continue the same line of questioning that the Senator from Arkansas was pursuing. I say to the Senator from Rhode Island, that in view of the fact that prior to the 1981 tax bill, when the American working man got a 10-percent pay raise, he got a 16-percent tax increase; in view of the fact that since President Carter left office and President Reagan came into office we have had a $150 billion increase in nondefense spending, which accounts for more than two-thirds of the deficit, would the Senator support an amendment which would wipe out indexing entirely from the language of the Federal Government?

There are 92 either indexed or inflation-adjusted programs on the spending side of the Federal budget. Would the Senator entertain and support an addition to his amendment which would delay all indexing on the spending side and on the tax side for 3 years? Then we really take a bite out of this deficit. Would the Senator entertain that amendment?

That is what I would like to support. That is a large compromise, as the Senator knows, from this Senator, because I believe that we should reduce spending, not increase taxes. Would not you agree that the Government has profited over the years from inflation and the lack of indexing in the tax code; that the politicians and the bureaucracy in Washington have had a self-interest in encouraging inflation because they pushed people into higher tax brackets forcing working people to pay higher taxes; enabling politicians to have more money with which to buy votes from other people? Let us just freeze everything across the board. Would the Senator support that?

Mr. CHAFEE. If the Senator wants to present that measure, no indexing in social security or in retirement, that is his business. I am not prepared to support that.

Mr. SYMMS. So just stick it to the taxpayers?

Mr. CHAFEE. The best thing we can do for the taxpayers of this country is to reduce that deficit. You can categorize it any way you want.

Mr. SYMMS. Will the Senator yield for another question?

Mr. CHAFEE. Let me finish. In answer to the Senator's question, the answer is no. If you want to present something tomorrow or whatever you want to do, that is the Senator's business. The amendment that I have before the Senate tonight only deals with the indexing of the Tax Code, which was an afterthought in the 1981 tax package.

Mr. SYMMS. Will the Senator yield for one more question? And I appreciate his sincerity. I serve with him and I am proud to be with him on the Finance Committee. I know his dedication on this matter. There is no Senator I respect more than the Senator from Rhode Island.

But I do not believe the Senator's amendment can pass under the current circumstances. If we just have to choose between indexing the tax side and not the spending side, it has no chance of passage. If we want to do the whole thing and take a courageous bite out of the deficit tonight, why do we not set the Senator's amendment

in a situation parliamentarily where we could offer another amendment so that we could have both spending cuts and tax increases together, and then we could fish or cut bait in here and see how much we really care about the deficit. I think the Senator might find he would get people from my perspective to make a compromise and vote with him on his amendment if he, in fact, would de-index all of the 92 either inflation adjusted or indexed programs on the Federal spending side of the ledger.

If we could do that, we would do something great for America. We would lower interest rates. We would help get people back to work and make this country truly stronger, and then those people who are less fortunate than others would not have to fight the problem of high interest rates and impending higher rates of inflation.

Mr. CHAFEE. I can tell the Senator from Idaho this: If he thinks my amendment has got tough sledding, if he added in all the provisions he has, that amendment would not even start sledding. It would be stuck before it could go anywhere.

So I say let us do what we can right now. If the Senator wants to come forward with another proposal, there is plenty of room. We are not going to finish tonight. As a matter of fact, I think we will probably be on this bill a good portion of tomorrow. So come forward with your measure then.

But, in the meantime, strike a blow for freedom, strike a blow for fiscal responsibility. I have room for one more cosponsor, and I would be glad to have the Senator's name on it.

[Laughter.]

Mr. SYMMS. Will the Senator yield for one more question? Is it not true that the Federal Government is spending approximately 25 percent of the gross national product, our tax revenues equal approximately 19 percent of the gross national product, and that we balance the budget by either borrowing or printing money to make up the difference? Is that true or false?

Mr. CHAFEE. That is true. We are borrowing.

Mr. SYMMS. Then why are we so afraid of my suggestion? In reality, we would be reducing expenditures and, therefore, reducing the burden off the backs of the taxpayers that are already overburdened.

Mr. CHAFEE. Why is the Senator taking time on my amendment to explain his?

[Laughter.]

Mr. SYMMS. Because if we pass them together we would have something worthwhile.

Mr. CHAFEE. There is time blocked out for the Senator to offer his amendment with what I presume will be nearly unanimous support in the Chamber based on what he has said.

But, meanwhile, I would like to move ahead with my little effort, modest though it is. It means a lot to me. It means a lot to the country.

Mr. BUMPERS. Will the Senator yield?

Mr. CHAFEE. Yes.

Mr. BUMPERS. I admire the Senator from Rhode Island. Let the Senator from Idaho offer his amendment. But on this particular amendment, I would say to the Senator from Idaho that the President has submitted a budget of $925 billion beginning October 1 of this year.

The ordinary man on the street in this country does not know that of that $925 billion, only $406 billion will be covered by personal and corporate taxes. Most people assume that when the President sends a budget over here of $925 billion, they pay for all but the $180 billion deficit in income taxes.

The truth is, well under 50 percent of the budget comes from personal and corporate taxes. The expenditures which are out of control in the budget are servicing the national debt.

In 1980, incidentally, 12 percent of all the taxes paid in this country went to service the national debt. In 1984, however, 27 percent of all the taxes collected in this country will be needed to service the national debt, and if we do not do something about the deficits, between 47 and 50 percent of all the taxes collected in 1988 will be needed to service the national debt.

So here is an opportunity. If you want to cut the deficit, here is a chance to cut $51 billion. But the best of it is you are going to be cutting $5 billion a year in expenditures forever because that is the interest we are going to be paying on the deficit, if we do not do what the Senator from Rhode Island is suggesting.

Mr. CHAFEE. I appreciate the remarks of the Senator from Arkansas, who has long been a leader in this effort. I know, ladies and gentlemen, tonight on this floor we are going to have all kinds of arguments thrown against it. I see the array of charts.

Mr. BUMPERS. We have those fancy charts.

Mr. CHAFEE. Are they going to show us that the lower the taxes we pay the better off the country is? I suppose if you follow that argument to its logical conclusion, we would not pay any taxes and things would be great. We would just borrow the balance from somebody. But the truth of the matter is, ladies and gentleman, it does not take any genius to figure out that when you do not have any money, you should not embark on a $51 billion expenditure program. That is what we are doing starting in 1985.

Here is a chance to end that before it even starts. The people will not object one bit. I wonder how many Senators have had people come up to them on the streets and say, "Isn't it marvelous? In 1985 you are going to start indexing my taxes." No one has said that to us. What people are interested in is how much it costs to finance their automobile and how much it costs for their children to buy a house. "When are you going to get these interest rates under control?" "When those are the questions people ask us, and are you going to do something about the Federal deficit?" here is a major effort to do something about it. In one single vote we will accomplish more than all that has been accomplished in about a month-and-a-half in the Finance Committee when we struggled, huffed and puffed and finally, with Herculean effort, come up with $48 billion.

Mr. MOYNIHAN. Would the Senator yield?

Mr. CHAFEE. I have completed my say.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, I know there are a lot of Members who want to speak on indexing. I certainly want them to have that opportunity. But I would just suggest that if we want to do anything as far as putting together a deficit package, if the amendment should be adopted that would be the end. There are certain limits on what certain people will accept.

I would note that on the House side where they have a 100-vote Democratic margin, repealing or deferring tax indexing was not even raised in the Ways and Means Committee. They know better. They know it is popular with the American people. If we want to argue indexing, I guess we can argue for some time. But I think in the committee we pretty much agreed that we wanted to put together a $48 billion package.

Senator CHAFEE feels strongly about indexing. He offered the amendment, as he should have in the Finance Committee. The vote was 13 to 7 against deferring indexing. There are some charts back here that indicate where the money goes, in terms of which taxpayers are helped most by indexing.

It does not go to upper income Americans. That is the thing I never understood about some people who oppose indexing. Why is it so unfair, if you just have automatic tax stabilization, or you do not have bracket creep? Why is it so unfair if you have to come to Congress, and let the Finance Committee and the Ways and Means Committee in the Congress, the House and the Senate, vote on your taxes? I do not understand it. Why should we benefit from inflation? Why should the Government have a little windfall every year when you have high inflation?

There are a lot of people who support indexing, including the President, including the Secretary of the Treas-

ury, and including the Federal Reserve Bank of Philadelphia. I thought they made an interesting statement. In February 1982, they said:

> Perhaps the most important aspect of the tax package adopted in 1981 is the decision to index the tax code beginning in 1985 . . . indexing can prevent bracket creep and thus automatically prevent declines in labor supply and potential GNP caused by rising marginal tax rates . . . indexing is clearly one of the most significant changes in personal tax code in recent memory.

The same was said in a different way by the Institute for Research and Economics of Taxation; the same by the late William Fellner, who was resident scholar, economics, American Enterprise Institute; the same by the New York Times.

I will just quote the key phrase:

> It is a worthy idea that would restore honest packaging to Federal tax policy. If Government spending increases, Congress would have to actually vote to raise taxes to finance it.

That is one reason some people do not want indexing. They want somebody else to collect the taxes automatically so we can spend the money. With indexing, we are not going to have that luxury in Congress. If we want to spend more money, we have to stand up and vote for the taxes to pay for what we do.

The Detroit News said:

> But indexing won't deny Government the money it needs to operate.

The Wall Street Journal—and I can go on and on with endorsements—Louis Rukeyser, the Denver Post; Robert Samuelson for the National Journal; literally hundreds of endorsements are listed in a pamphlet put together by the distinguished Senator from Colorado, Senator Armstrong.

I would say that the President did discuss this before the election, and campaign on it. It was in the Republican Party platform. It was, as the Senator from Rhode Island pointed out, a Finance Committee amendment. It was offered by the chairman on behalf of Senator ARMSTRONG and others who felt very strongly about indexing.

I have never fully understood the reason organized labor opposes indexing. I do not understand it because the very people who benefit the most are those who make less than $30,000. Based on the distribution of tax increases that group gets about 43 percent, and by distribution of returns affected about 76 percent. So it would just seem to me if you are talking about raising taxes, you are going to raise taxes for those who make less than $30,000, and you are going to raise those in the $5,000 category—single individuals making $5,000.

This is a people's issue. This is a populist issue. This is something the American people will understand, if we do not defer it for 2 or 3 years.

The Senator from Kansas understands the deficit and how some would like to reduce it. Just raise taxes. If we would couple deferring indexing with some big spending cut, then it might be attractive. Then it would be a real package that the Senator from Kansas and others might support. But I think the President stated, and I think the leading Democrats understand that the polls in this country have indicated that people do not want more tax increases—by a margin of 79 to 20 in the most recent Gallup poll. Indexing may not be a panacea. Indexing may not be the only answer. But indexing is a discipline, and it is one that I hope Congress will retain.

Next year—if in fact there is some big move afoot—maybe we can look at ways to adjust indexing and put some floor under indexing if we do the same with other indexed programs, as suggested by Senator SYMMS, maybe something can be done. But beware of those who always want to raise your taxes—cut defense spending and raise taxes. That is the idea that some have of balancing the budget. I have not seen any Senator on the floor suggest that we cut more spending in nondefense areas. I suggest we ought to look into those areas, too.

It is a very important amendment. It is one on which I do not quarrel with Senator CHAFEE. He has always felt strongly about indexing, as have others in the Chamber.

But I would say very honestly, if this amendment were adopted, we would be finished. There would be no reason to proceed with this bill. There are a lot of things in this package that are very attractive to a lot of people, including the insurance package we just completed, and I would hope the amendment would be defeated.

I yield to the Senator from Idaho.

Mr. SYMMS. The Senator from Kansas has eloquently stated the position we are in. In terms of equity to the working people, the wage earners of this country who make $20,000 or $15,000 or $25,000 a year, to have 92 either inflation-adjusted or indexed programs from a spending side and then to abolish the one that comes off the backs of the working people in terms of the tax side, would be the most inequitable thing this Senate could do.

The chairman is absolutely right, that this is the only way that we take the profit out of inflation for the bureaucracy that has grown here in Washington in the last 50 years. Otherwise, there is a profit incentive for the bureaucracy and for the politicians who use the transfer payments, transferring the money from the family that earns it to the family that does not earn it, and buying the votes from one or from the other. There is a built-in incentive to have more spending in Washington.

So the chairman is absolutely right. Unless we get rid of all indexing at the same time, it would be inequitable to the people of this country. I urge this amendment be tabled or defeated or amended so that we take care of all indexing on the spending side as well as the taxing side at the same time. That would be equitable to the taxpayers and the people of this country.

Mr. DOLE. Here we have something that has not even gone into effect. That is why it is easy to defer it, because nobody understands the benefit. We can fool the American people, the working people, the 43 percent impact on those who make less than $30,000 who will benefit from this program. To me, that is deception. That is legislative deception.

If, in fact, we have indexing starting in January and decide it ought to be changed, maybe we can modify it.

But let me again indicate what the New York Times started in 1983.

It gave an excellent example of impact of taxiflation in reporting on this issue back in January 1983. As the Times noted, a family of four in 1980 with a 10-percent cost-of-living increase with $15,000 to $16,500 jumped from the 18-percent tax bracket to the 21-percent tax bracket. The value of the personal exemption of $1,000 per taxpayer also declined 10 percent for inflation. This family's tax bill then rose by over 23 percent, from $1,242 to $1,532, yet income grew by only 10 percent.

So it seems to me, I say to my colleagues on both sides, this is not a partisan issue. It is an issue that has broad bipartisan support. The distinguished Senator from Arizona and the distinguished junior Senator from Colorado, who is not here tonight, but the senior Senator from Colorado is here, supported it. It is not a partisan issue or a Ronald Reagan issue. It is an issue that was brought to the forefront by the diligent efforts of the person I now yield to, the Senator from Colorado.

Mr. ARMSTRONG. I thank the Senator for yielding. I recall that Hugo said "that no greater a threat than an army is an idea whose time has come." This is an idea whose time has come.

When Senator DOLE moves to table the amendment, he will prevail. I recall when indexing was not a popular or a known idea, that day after day and week after week Senator DOLE came to this Chamber and pointed out the need to index our personal tax rates in order to restore a degree of economic and tax justice. It is not surprising to me that having fought long and hard and effectively and emerged as the leading champion in America of tax indexing that Senator DOLE is here at 10 o'clock at night heading off at the pass the effort to repeal this important reform.

I congratulate him. I associate myself with everything he has said tonight. I am eager to vote on the tabling motion.

Mr. DOLE. Could I say one thing at that point so the RECORD will properly reflect the history of this provision? I really do not believe we would have indexing in the law today if it were not for the persistent efforts of the Senator from Colorado during the 1981 markup of the tax bill. I will be very candid about it. The Senator from Kansas supported it, but I had just become chairman and I did not know what to do anyway. I was a little nervous about all this money in the tax bill. It seemed to me that indexing, while I thought it was important, might be something that could wait a while. The Senator from Colorado had a different idea and I thank him for it now. I am certain I did at the time. It is in the law and we ought to give it a shot. It is going to take effect in January. It will be the best thing we have done for the working people in this country for the last 20 or 30 years.

Mr. ARMSTRONG. I thank the distinguished chairman for his overly generous observations about my role in putting indexing into action. I stand on what I said a moment ago, which is more than any single person in America, the Senator from Kansas is responsible for this great reform. And it is a great reform. It is the most important single reform of the Tax Code in recent memory. That is not just my idea. It is now the opinion of virtually everyone who has looked at this issue—not just the President of the United States, who has vowed to veto any legislation which repeals tax indexing, nor not just the opinion of the Secretary of the Treasury, who has so eloquently and accurately pointed out that tax indexing is primarily a benefit to low-and middle-income taxpayers. But to practically all of the most experienced, most astute observers of tax policy in this country. Martin Feldstein, who we all know and respect, pointed out that the day the Congress votes to rescind tax indexing, the commercial markets of this country will recognize the bad news and say, "Aha, that means the Congress has a bigger vested interest in higher interest rates in the future."

That is the general observation of the Wall Street Journal and columnists like Brook Heiser and others. It is the opinion of so many publications that I am not going to cite them here tonight.

Mr. DOLE. Will the Senator yield at that point?

Mr. ARMSTRONG. Yes.

Mr. DOLE. I believe I am correct that this is also supported by the American Farm Bureau Federation and the National Education Association.

Mr. ARMSTRONG. The Senator is absolutely correct, and also by the National Federation of Independent Business, the National Education Association, the National Taxpayers Union, and other groups. It has been endorsed by many publications—the New York Times, the Denver Post, the Rocky Mountain News and publications all over the country, one of which was the Minneapolis Star and Tribune.

I particularly wanted to call the attention of Senators to the editorial which the Minneapolis paper published on the 15th of February last year because it asks the question I hope Senators will ask tonight. It is this: Will expediency kill tax indexing?

I will not read this whole editorial but I want to read two very germane and relevant paragraphs. After pointing out what tax indexing is, the Minneapolis Star Tribune points out:

> Indexing protects taxpayers from excessive, inflation-driven increases in their tax rates. As inflation drives prices and wages higher, it pushes people into higher tax brackets, where they pay a greater proportion of their income in Federal taxes.

A bit later the editorial points out, and I ask all Senators to consider this point most seriously because it is the crux of the matter:

> Federal indexing would especially benefit low-income taxpayers. Because Federal taxes are more steeply progressive at lower levels, persons earning modest incomes suffer most from an unindexed tax.

The point is that we have, and properly so, in my opinion, given very significant relief over the last couple of years to high-income taxpayers and to corporations. I have supported those changes. I think they are important to provide not only tax equity but also to provide the incentives to people who are in a position to invest in job creating activity.

But the biggest, most important, most relevant, most significant reform that is directly of benefit to middle- and low-income taxpayers is indexing. If we take that away from them tonight or delay it, the result will be to leave us with an unbalanced tax system, in my opinion.

The Minneapolis Star Tribune concludes, upon reflection:

> If Congress repeals indexing, it won't be for high-sounding reasons. The Federal Government will need a tax increase in 1985, and indexing offers an expedient solution. But expediency at what price? The question for Congress is whether it will sacrifice long-term fairness to taxpayers to solve a short-term budget problem.

Mr. President, I know that there are others who have come to the floor and wish to speak on this, so I am not going to speak further.

I do ask unanimous consent that a sampling of editorial opinion appear in the RECORD at this point so that those who might have occasion to read the RECORD of tonight's proceedings will have some source of reference. I ask unanimous consent that the following editorials be printed in the RECORD at this point: Detroit News, January 21, 1983, "Indexing Under Attack"; the Wall Street Journal, Tuesday, March 1, 1983, an article by Martin Feldstein, "Why Tax Indexing Must Not Be Repealed"; and a Minneapolis Star and Tribune editorial which I referred to a moment ago of Tuesday, February 15.

I ask unanimous consent also that the Dallas Morning News editorial of Tuesday, March 16, 1982, "Tax Indexing, Hold That Line," be printed in the RECORD.

My request is, Mr. President, that these editorials be printed in the RECORD for the benefit of Members and other readers.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Detroit News, Jan. 21, 1983]

OUR OPINIONS: INDEXING UNDER ATTACK

From the beginning, many of us expected it to happen and now it is happening: Opponents of income-tax indexing are working feverishly to kill the baby before it's born.

As you know, President Reagan's 1981 tax-cut package included a provision to prevent "bracket creep." That is, come 1985, under the law as it now stands, income-tax obligations will no longer be swollen by inflation. Instead, the amount of tax due will be adjusted for increases in the general price level so that individuals and families won't be automatically jacked up into higher tax brackets.

Bracket creep is particularly burdensome to lower-income families, as an article in the New York Times noted the other day. Writes the Times report.

"Take, for example, a family of four whose income rose from $15,000 to $16,500 because of a 10 percent increase in the inflation rate in 1980.

"Although its purchasing power was the same, the family jumped to the 21 percent from the 18 percent tax bracket. Moreover, the value of the $4,000 in personal exemptions the family had received before fell by 10 percent.

"As a result, the family's federal income tax bill rose more than 23 percent—to $1,530 from $1,242—while its money income grew only 10 percent."

Bracket creep is so obviously unjust that indexing has already been adopted by Canada, France, West Germany, Brazil and Denmark.

Why, then, is indexing passionately opposed by many liberal congressmen? Because, they say the government simply needs the extra billions that bracket creep brings in.

Well, it is not our position that the government should be denied revenues essential to domestic tranquility and national security. But indexing won't deny government the money it needs to operate. All that Congress has to do is to boost the tax rates.

And that, precisely, is the rub. Many liberal congressmen are prepared to boost spending gladly. They are not quite so prepared to risk their jobs by boosting income tax rates. They much prefer to rely on the huge windfall produced by bracket creep, because

that way they can increase taxes without voting to increase taxes.

But what about that suffering lower-income family?

Reply foes of indexing. Tough "apples."

[From the Wall Street Journal, Mar. 1, 1983]

WHY TAX INDEXING MUST NOT BE REPEALED

(By Martin Feldstein)

The most important legislative battle this year will be the attempt to repeal the indexing of the personal income tax that is now scheduled to begin in 1985. Although tax indexing may seem at first to be a rather technical tax matter, it actually holds the key to controlling the future growth of government spending and to preventing a resurgence of spiraling inflation. The long-term success or failure of Ronald Reagan's economic program is likely to hinge more on retaining tax indexing than on any other piece of legislation.

In practice, an indexed tax system prevents inflation from pushing individuals into higher tax brackets and increasing the share of income taken in taxes. This is achieved by increasing each of the bracket points by the rate of inflation during the previous year. For example, in 1984 the 18% tax bracket will include income between $16,000 and $20,200. If consumer prices rise by 5% in the year ending Oct. 1, 1984, the 18% tax bracket for 1985 would be adjusted to the range from $16,800 to $21,210. Indexing would also raise the personal exemption from $1,000 to $1,050.

The repeal of indexing would mean that bracket creep would raise taxes higher and higher, permitting Congress to finance ever greater amounts of government spending without having to vote explicitly for any increase in tax rates. The repeal of indexing would permit Congress to reduce the budget deficit over time without any cuts in government spending by just waiting while tax receipts grow and grow.

TAXES WOULD BE HIGHER

Even with inflation declining gradually over the next few years as the administration forecasts, the repeal of indexation would raise tax revenue by $17 billion in 1986, $30 billion in 1987, $44 billion in 1988 and ever higher amounts in later years. A $44 billion tax increase in 1988 would mean that the repeal of indexing had raised taxes by more than 10%. And after a decade of inflation at just 4% a year, taxes without indexing would be 25% higher than if indexing is retained.

Of course, a higher rate of inflation would mean more bracket creep and thus a bigger tax increase each year. If inflation averaged 6.5% for the next five years, the extra tax revenue in 1988 would be about $80 billion instead of $44 billion. And a replay of the inflation experience of the Carter years with inflation rising from 6.5% in 1985 to 13.5% in 1988—would raise tax receipts by about $120 billion more in 1988 if the tax system is not indexed.

The repeal of indexing would thus give Congress a strong incentive to pursue inflationary policies. With indexing gone, spiraling inflation would generate a surge of tax revenues that could finance greater government spending while permitting Congress the political luxury of voting occasional "tax cuts" that actually failed to offset inflation but provided a framework for further income redistribution.

Many financial investors and others would interpret the repeal of indexing as an indication that inflation would soon be on the rise. This change in the expected rate of inflation would raise interest rates, especially long-term interest rates on bonds and mortgages. Higher interest rates could threaten the recovery in housing and other interest-sensitive sectors and possibly bring the incipient recovery in the economy as a whole to a premature end.

Those who want to repeal indexing frequently wrap themselves in the cloak of fiscal responsibility and argue that "with the large budget deficits that we now face, we cannot afford an indexed tax system." What they should say is that the large budget deficits in future years means that we must either cut spending or raise taxes or both. The administration's budget calls for a balanced package of spending cuts and revenue increases, including a standby tax equal to 1% of GNP that will go into effect in October 1985 unless very rapid economic growth between now and then has reduced the deficit to less than 2.5% of GNP.

If tax revenue must be raised, the repeal of indexing isn't a satisfactory substitute for an explicit tax increase. Because the repeal of indexing is a hidden way of increasing taxes, it removes the pressure to choose between spending cuts and more taxes. And unlike voting an explicit tax increase, repealing indexing doesn't provide a fixed amount of additional tax revenue but starts a money machine that will squeeze more and more money from taxpayers in the years ahead. The repeal of indexing is politically tempting to many in Congress because it increases revenue without explicitly increasing taxes. But it is the very opposite of responsible budgeting.

A common alternative rationale for repealing indexing is given by those who mistakenly believe that the combination of indexed benefits and indexed taxes inevitably produces budget deficits because "indexing raises benefits but reduces taxes." This argument is wrong because it misrepresents what indexing is all about. The indexing of benefits means that benefits just keep pace with inflation. The indexing of tax rates means that tax receipts don't rise faster than inflation through bracket creep. With complete indexing, inflation doesn't alter the real value of either benefits or taxes and therefore doesn't increase or decrease the real value of the deficit.

There are finally those who claim that they don't want to repeal indexing but just to postpone it for a year or two to help shrink the budget deficit. In reality, postponing indexing would have relatively little effect on future budget deficits. Slipping the starting date for indexing to 1986 would only raise an extra $12 billion in 1988. It is hard to avoid the suspicion that those who advocate postponement believe that if indexing is postponed once, it will be postponed again and again until it is eventually repealed. It is critically important to start indexing on schedule in 1985 because once the American taxpayers experience indexing it will be here to stay.

If indexing were repealed, the resulting tax increases would be relatively greatest for the lowest income taxpayers. It is the lowest income taxpayer who benefits most from the indexing of the $1,000 personal exemption and the $3,400 zero bracket amount. In addition, since the tax brackets are narrower at lower incomes, bracket creep is more severe. Eliminating indexing would cause the 1985 tax liability of those with incomes under $10,000 to rise by more then 9% while the tax liability of those with incomes over $100,000 would rise by less than 2%.

The liberals who want to repeal indexing are unconcerned about this increase in the tax burden on low-income taxpayers. They know that the vast increase in tax revenue that would result from de-indexing would permit Congress to vote further tax cuts for these lower income groups that would more than offset the effect of bracket creep on their tax liabilities. Tax reform would thus be deflected from a proper concern about incentives and simplification and would be focused instead on annual debates about egalitarian redistribution.

NO NATURAL CONSTITUENCY

The current congressional discussion about the repeal of indexing is counterproductive in several ways. By raising the possibility that indexing might be repealed, it increases the risk of high inflation in future years and thereby keeps current long-term interest rates higher than they should be. By focusing attention on the indexing issue, Congress avoids facing the difficult decisions about the control of spending and about the explicit tax changes that must eventually be made as part of this year's budget process.

Unfortunately, despite the critical importance of the indexing issue, it doesn't generate much pressure on Congress from individuals or from representative groups. While proposed policies that would affect a segment of the population often induce intensive lobbying activity, a major subject like indexing that influences the entire economy doesn't have a natural constituency. There is therefore the danger that Congress won't recognize now important indexing is to the public both now and in the future.

President Reagan strongly supports indexing as a central feature of his tax program. He has said clearly that he will veto any legislation that would repeal indexing or postpone its starting date. The president believes that an unindexed tax system is fundamentally dishonest. The repeal of indexing would eliminate political accountability and encourage wasteful government spending. It would make greater inflation an aid to politicians and an extra burden to taxpayers. It would initiate a continuous battle over the distribution of the tax burden.

The indexing of the personal income tax is the most fundamental and far-reaching aspect of Ronald Reagan's tax program. It must not be repealed.

[From the Minneapolis Star and Tribune, Feb. 15, 1983]

WILL EXPEDIENCY KILL FEDERAL INDEXING?

Burgeoning federal deficits are causing Congress to take a hard second look at federal income-tax indexing, scheduled to start in 1985. Arguments for repealing indexing bring an unwelcome sense of deja vu: They are the same weak, sometimes silly, reasons advanced by opponents of Minnesota's indexed tax. The state system appears to have weathered the storm. But federal indexing may not survive, to the detriment of the federal tax system and taxpayers.

Indexing protects taxpayers from excessive, inflation-driven increases in their tax rates: As inflation drives prices and wages higher, it pushes people into higher tax brackets, where they pay a greater proportion of their income in federal taxes—even though they are no better off. Inflation also penalizes people who use the standard deduction. Unless federal and state legisla-

tures adjust that deduction each year (they don't), inflation erodes its value and artificially increases a taxpayer's tax bill.

Federal indexing would especially benefit low-income taxpayers. Because federal taxes are more steeply progressive at lower levels, persons earning modest incomes suffer most from an unindexed tax.

Rep. James Jones, D-Okla., chairman of the House Budget Committee, argues that indexing should be repealed because it "makes inflation easier to live with." For individual taxpayers, Jones is right—in the same sense that lack of a death penalty makes traffic violations easier to live with. Indexing removes only the excessive inflation-imposed tax penalty. Indexed taxes still rise with inflation, but not faster than inflation.

The real beneficiaries of unindexed taxes are lawmakers. Such taxes automatically increase govenment revenues, which Congress can offset by a "tax cut." Indexing robs government of automatic, unlegislated tax increases. It requires elected officials to vote for higher taxes if they seek more revenue than existing tax rates provide.

Some argue that indexing, if applied to both taxes and benefits, pushes government costs higher while retarding growth of government revenues. That shouldn't happen. Proper indexing causes revenues and costs to rise at about the same rate. If they don't, something other than indexing is at fault.

Critics point to Minnesota's financial troubles as an example of the harm indexing does. That's a bum rap. The recession, overoptimistic revenue forecasts and heavy reliance on recession-sensitive taxes knocked the hole in the state budget. Indexing brought on the difficulty sooner and made it more severe, but did not cause it.

If Congress repeals indexing, it won't be for high-sounding reasons. The federal government will need a tax increase in 1985, and indexing offers an expedient solution. But expediency at what price? The question for Congress is whether it will sacrifice long-term fairness to taxpayers to solve a short-term budget problem.

[From the Dallas Morning News, Mar. 16, 1982]

TAX INDEXING: HOLD THAT LINE

Business columnist Louis Rukeyser calls it "the best tax benefit you never got." Which may prove no very far-fetched notion, because the born-again budget balancers are zeroing in on tax indexing.

Ted Kennedy mentioned it on television the other day, and the Reagan administration—which originally saw indexing as something to do later, rather than in the first inning of play—gives hints of being open to the closing of this large "tax expenditure."

Before Congress' Indian givers start whooping around the fire, it is well to reflect on what we're talking about. Indexing means that, beginning in 1985, individual income taxes will be adjusted to prevent "bracket creep."

If you're a taxpayer you hardly need more explanation. Up goes inflation; up go salaries; up go federal taxes, but even faster: Such is the dismal and costly progression.

It all gets down to this: The federal government is rewarding itself for its inability or unwillingness to cure inflation. The more inflation the more taxes. And it's automatic. The pusillanimous politician need not go to the hustings to explain how he voted in the national interest to increase taxes. If this is not taxation without representation, then how, pray, may the definition realistically be formulated?

The wrong will be righted shortly (unless Sen. Kennedy's tongue proves more persuasive than his personal example as a balancer of budgets). For instance, suppose in fiscal 1984 inflation rises 10 percent. Then the lowest tax bracket, now $3,400 to $5,500, would rise from $3,740 to $6,050.

The way Republican Sen. John Chafee explained this, in opposing indexation last year, was: "What this measure does is create a whole new class of citizens who can shrug at inflation." The fatuity of the senator's remark needs time to sink in. "Class of citizens"? He is talking of everybody. "Shrug at inflation"? That is Congress' specialty, not the public's.

Indexing kills the goose that lays Congress' golden eggs. Small wonder that the business-as-usual set on Capitol Hill wants indexing killed instead.

Indexing was one of those pleasant surprises—like the liberalization of eligibility for Individual Retirement Accounts—that emerged from the welter of tax-cut proposals in 1981. Here were injustices that needed righting; but the general supposition was that Congress wouldn't have the courage.

Whether out of conviction or in a fit of absence of mind, Congress did just what needed doing and therefore, in these critical days, merits strong support from those it benefited—all 200 million of them.

Mr. PERCY. Mr. President, I believe that individual income taxes should be indexed to take the inflation penalty out of the tax law and, therefore, oppose the amendment of the Senator from Rhode Island. I have supported legislation to institute tax indexing for many years, and in 1981, I cosponsored the Tax Equalization Act to reduce the amount of income which is taxable and adjust the tax brackets as the cost of living increases to prevent taxpayers from being pushed into higher tax brackets as salaries rise to compensate for inflation.

Let me report to my colleagues, as I have had the opportunity to travel to every corner of the State of Illinois, the people want tax indexing. They want honesty in Government.

Indexation is fair to all taxpayers. It has one primary function: to end "taxflation" or "bracket creep," which is a nonlegislated tax increase. Let me make it clear, indexation does not deprive Congress of the discretion to formulate tax policy, revive the tax law, and cut or raise taxes. The fact of the matter is—automatic tax increases without congressional action do not stabilize the economy. Tax increases caused by inflation fuel further inflation. The combination of inflation and the tax structure has long been a problem for American taxpayers. Despite pay increases, the taxpayer feels that he is on a treadmill—that despite gains, he can never really get ahead of inflationary pressures and may in fact be losing ground. Today, the real tax liability increases at a faster rate than real income. The victim is the taxpayer.

Mr. President, the American taxpayer has shown a greater awareness of taxation as the burden has become heavier and heavier. An inflation corrected tax is one whose real yield is independent of the rate of inflation. This means that the average rate of tax remains constant, and the share of the national income yielded by the tax remains fixed.

This amendment should be tabled or rejected. It is the wrong policy at the wrong time.

Mr. GRASSLEY. Mr. President, I rise to join my friends and colleagues, the distinguished Senators from Colorado and Kansas, to oppose the repeal of indexing.

It is interesting to me that indexing of income tax brackets gains more adherents the longer the provision remains on the books. Although this reform was initially billed as another pro-rich item in the Economic Recovery Tax Act of 1981, the record reflects a different result. Seventy-eight percent of the tax increase from the repeal of tax indexing will fall on taxpayers earning less than $50,000 annually. Only 1.2 percent of the tax increase from the repeal of indexing would affect taxpayers earning $200,000 or more. To underline this point, a taxpayer earning less than $10,000 annually would face a 9.5 percent tax increase, while those earning $200,000 or more would see only .6% hike in their tax bill.

Members of Congress are awakening to the fact that indexing disproportionately helps their low- and moderate-income constituents. In 1960, only 3 percent of all taxpayers faced a marginal tax rate of 30 percent or more: by 1981, inflation had pushed 34 percent of all taxpayers into the percent bracket or higher.

Indexing is particularly important to working women. Since women still earn less than 60 percent of the amount earned by their male counterparts for performing the same task, bracket creep has affected the working woman particularly harshly. These individuals are struggling to gain wage parity with their male counterparts. As they struggle to earn the same salary, the Government taxes more and more of their income away.

For instance, if indexing is repealed, women earning $10,000 annually will face a 14 percent tax hike in 1985, the first year indexing is scheduled to take effect. Women earning between $15,000 and $20,000 annually will face a 14 percent increase by 1988 if indexing is repealed. Women earning $15,000 to $30,000 annually will face the swiftest tax increases if indexing is repealed since the tax brackets are narrowest in these income ranges.

As my colleagues know, individuals who are currently in the 50 percent bracket are not harmed by the repeal of indexing. It is only low- and moderate-income individuals who are

harmed by the repeal of this important provision.

On a philosophical note, indexing is honest. The Government should not profit from its inability to control the Federal deficit. If Congress wants to spend more money, it should engage in painful exercises of this nature to raise taxes. The progressive rate structure permits the Government to profit from inflation silently. Congress need never increase taxes to increase revenues if indexing is repealed.

Our predecessors have left us with many difficult budgetary choices. As the President has said, we do not have adequate resources to fund every worthwhile project. As we establish priorities, it is important for the American voter to understand how we collect revenue and how we spend revenue. Silently taking a larger and larger percentage of an individual's paycheck merely because they received a salary increase does not assist us in understanding the views and priorities of our constituents.

If voters want more spending programs, it is important that the nation is involved in the debate as to how to finance those programs. Indexing promotes budgetary honesty and is a significant economic reform which should be retained.

● Mr. BAUCUS. Mr. President, I oppose Senator Chafee's amendment to postpone indexing.

The budget deficit is increasing at the rate of $22 million an hour. By 1990, our total public debt will reach $3 trillion. This situation is intolerable, and we must work hard and to reduce the deficit quickly.

At the same time, if we rashly abandon important tax reforms, we do more harm than good. And indexing is one of the most important tax reforms of all.

Let me briefly explain why.

First, indexing stops bracket creep.

And bracket creep hurts the low income taxpayer, and the middle income taxpayer, most. It's simple. Tax brackets are narrowest at the lower end of the income scale. As a result, it does not take much inflation to kick someone into a higher bracket, even if their real earnings have not increased at all.

But at the upper end of the income scale, there is no higher bracket to creep into. So inflation has no direct tax effect.

As a result, if we repeal indexing, we shall effectively impose a large and very regressive tax increase. Lower- and middle-income taxpayers might not realize it, but they will be getting hit hard.

Second, indexing is simply good tax policy. It prevents Congress from reaping automatic tax windfalls. Instead, we can only have a tax increase if we have the guts to expressly vote for one.

This, to use an old cliche, is "government in the sunshine." It is good Government and good tax policy.

Yes, Mr. President, we must reduce the deficit. But repealing indexing would do more harm than good. I oppose the amendment.●

● Mr. LEVIN. Mr. President, I will vote against this amendment to defer indexing. Indexing is a sound tax policy. This Senate should only consider deferring it as part of an overall package of shared sacrifice which would restrain both defense and domestic spending, and which would substantially reduce the deficit. In that event, it might be worth considering a deferral of indexing on behalf of the greater good of deficit reduction and sustained economic growth.

But that is not the bill before us now. This legislation as it stands now would not affect the huge increases in defense spending that are being proposed. It does not require an adequate degree of spending restraint across the broad spectrum of the budget. It does not deal with the bulk of the deficit problem that confronts us over the next few years. Simply stated, given the package before the Senate right now, deferring indexing is too high a price to pay for too little.●

Mr. HOLLINGS. Mr. President.

Mr. HEINZ addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from South Carolina.

Mr. HOLLINGS. I thank the distinguished Presiding Officer.

Mr. President, very quickly, because the hour is late, we notice various comments and the impression left by them should be corrected. For one thing, I heard the distinguished Senator from Kansas talking about every time now that we have come to try to solve the deficit problem, we have gone to defense and raising taxes. To the Senator from Kansas, that is exactly right; that is what caused our trouble. We have not increased programs under this administration. After all, when the Reagan administration came in, we started cutting our own staffs 10 percent, we cut the committee staffs 10 percent, we went about cutting all the programs to such a point that the Senator from Knasas should remember, when asked, the Senator from Vermont, in charge of education, said, "No, I am not cutting education." Or the Senator from Idaho (Mr. McCLURE) said, "No, I am not cutting energy."

He ought to sit—sit, I said—on the Appropriations Committee. His own colleagues, whether it is health—I can get Senator WEICKER's vote for my budget freeze, but he wants more for health costs. He is sitting on that Appropriations Committee asking for increases for those programs he favors.

You can pretty well analyze this budget and the two opportunities, and that is not demagoging. Oh, they all say defense and raising taxes. Well, if you are going to do it that way, lowering the deficit is not going to be done. I am putting in another aspect. I am trying to hold the line on entitlements.

What really caused our difficulty was not supply side, it was coming in with an inordinate amount of revenue loss, $750 billion over a 5-year period, plus a $1.6 trillion defense budget over a 5-year period. No city or no State, I say to the Senator, could possibly come in and cut their revenue resources some 25 percent and raise their transportation or housing, or whatever local endeavors they have, by rapidly increasing, say, transportation as we have in a corresponding way the defense budget. So let us stop, look, and listen at what has gotten us in this dilemma.

It is absolutely irresponsible, in this Senator's opinion, to stand on the floor and say, "We are going to make them stand and vote for the taxes." That was a naive chamber of commerce viewpoint that we had to listen to in 1981, when we were passing this indexing nonsense. The record has proved otherwise. You have a Budget Committee holdup on the resolution now. The only reason the distinguished Senator, the chairman of the Budget Committee, has withheld is that he says it is an exercise in futility. He said, "We put out a budget resolution, but they are not going to vote for revenues." So he is totally frustrated.

He got a resolution last year. Did that make them stand up and vote the taxes necessary to cut the deficit? Why do you take yourself seriously on that? You know that is outrageous nonsense. They are not standing up and voting for the taxes.

No one in his right mind would say at the State level that what you are really doing is for the working people—index your revenues. Go back to Kansas and run on that for reelection. See how far you get. Or in Louisiana. Or anywhere else.

They have not done that. They tried it a little bit in Minnesota, and they lost their credit rating. They did it in Israel and got to 135-percent inflation. They did it in Argentina and barely got by last Friday night. That is the record on indexing.

Where are you coming from on the floor of the Senate? We had, and I had it made as chairman of the Budget Committee, a study in 1980 wherein we took the programs that our good friend, STEVE SYMMS, is talking about, the Senator from Idaho. We took the indexed revenues. And we put the lie to that assumption that somehow or other we just bracketed everybody way up high and all we did as Budget Committee members was walk into the

committee room and say, "Man, look at this big pile of money, let us divide this into new programs."

The truth of the matter is we sat down and found out—and I am giving these figures from memory, and I shall correct it in the RECORD. We found the biggest increase was a $52 billion increase by those coming into the income tax or revenue system for the first time.

It was another $18 billion that was added to it for a total of $70 billion. And we looked around and found out that our indexed spending programs exceeded it by $13.1 billion—it was $83.1 billion.

So, as members of the Budget Committee, we sat around the table and, rather than dividing the pot as we are talking about on the floor of the Senate tonight, we said in order to keep the programs constant—that is the discipline, and we are suffering under that discipline—we have to raise some revenues.

We were not dividing up a pot of money. That chamber of commerce nonsense and rationale is about to wreck this country.

Five years, I say to the Senator from Arkansas, you talk about $50 billion in 3 years, but it goes up; in the next 2 years, it goes up another $100 billion. It is actually, over the 5-year period, $165 billion. That is the revenue hemorrhage that we need to put a tourniquet on here tonight.

I commend the Senator from Rhode Island for coming here and bringing this to our attention, because we have been misled on this score about its a popular thing. The Wall Street Journal for God's sake. The rich crowd, Dallas, Minneapolis. He mentioned every rich place out West except Rancho Mirage. Does the Beverly Hills Surprise endorse this, too? Do they have a paper in Beverly Hills? I guess they do. But they do not have a ghetto. They do not even have a mayor in Pacific Palisades. They are not worried about it.

But go to any responsible individual who has been administering budgets, running government, and give him that nonsense about let us look out for the backs of the working people. You are putting it on their backs indirectly. That is why they are out of a job. We still have unemployment, industry is not investing. Why not? Because they are waiting for this Congress to get its act together.

They see those interest rates rising and going back up again, and they got caught off base in 1980. They had to fire, they had to close down marginal operations, and they do not want to get caught off base. And they will not. They will sit on the sideline waiting for a signal from Congress.

So you are putting it on the backs—you are not avoiding the backs, you are putting it on their backs tonight, by continuing this nonsensical idea of the projected $165 billion revenue hemorrhage. Eliminate that and see where you get that $165 billion.

You could reduce that deficit materially in half from what the CBO is projecting for 1989, cut it right in half, and we would be making some progress. When are you going to cut spending and stop running around like dogs chasing their tails?

Let me correct one particular proposition or two, Mr. President. I hear tax and tax and spend and spend. In fact, I just heard it a little while ago on the floor of the Senate. I remember two Sundays ago, our friend David Brinkley closed off his Sunday program and said, "Well, for 40 years they have been taxing and taxing, spending and spending up in the Congress, and they haven't done anything for 40 years, why do they expect to do anything in an election year?"

No. 1, it is only going to be done in an election year, it is not going to be done after. If the people do not pressure us, and the best things we ever hold is general elections, that is the best and final tonic. I say to the Senator from Kansas if I walked down the capitol steps in Columbia, SC, and they stuck a microphone under my nose and said, "Governor, what are you going to do about this $400 million deficit—that would compare to the $200 billion on the Federal level—I would say, "Well, now, you know, this is an election year and there are certain political costs and we cannot afford those costs in an election year but after my reelection, I am going to get a bipartisan group together and we are going to study this thing."

You would look at me and say, "Governor, there is not going to be any reelection for you. You better get to the task and do it now." The worst politics I know would be to say, "No, no, no. This is an election and you can't get anything done in an election year." But it is the best politics in Washington. That is how disastrous this thing has gotten. Get out like I have for 2 years and come back and look at it. It is a mess. It is absolutely irresponsible. You are getting by and you are really mortgaging the future. I hear these terms coming now that the other candidates are using. But you will have a grid lock before long, in about 4 years, and all you will be doing is providing a nominal defense, health costs, social security, and then an annual wrangle to raise the revenues to pay the interest costs, as the Senator from Arkansas says. It is $150 billion a year right now, $3 billion a week—$3 billion a week. That is what we are putting on the working people right this minute. You are not avoiding it. You are exacerbating it. When they said tax and tax and spend and spend, I said halt. We got into this dilemma. Why? We were cutting taxes.

This is my 18th year. We have had one general tax increase up until this administration in that period of time. Specifically, it was the surtax in 1968 we put in for the war in Vietnam. It lasted a year-and-a-half. And we gave President Nixon a balanced budget, a $3.2 billion surplus. But in that 1970's decade we passed seven tax cuts, all of them so-called reforms.

Every time we looked around there was a Senator with a tax cut and a reform. I remember we were going to reindustrialize America. We were going to cut the capital gains from 48 to 28 percent.

My friend, Gaylord, who used to sit there, was chairman of the Small Business Committee so he put in 14 exemptions—"Jobs come from small business, small business. It does not come from large but small business."

We were going to reelect Gaylord and reindustrialize America. Well, America is not reindustrialized and Gaylord is not here. [Laughter.]

But we went in and we literally cut taxes and cut taxes, and cut taxes until BILL ROTH and JACK KEMP said, "If you cannot beat them, join them. By gosh, we are going to give them the family size. We are going to give them 10, 10, and 10, across the board. That will stop it." They were going to redistribute the wealth of the country. "We are going to do it and take care of our rich crowd."

They knew what they were doing. And I wish I had the comments of the distinguished Senator from Kansas when they first recommended that thing. That was a scathing comment the Senator made about the so-called Kemp-Roth tax plan.

But be that as it may, we passed it and that is how we got into this dilemma. And it was, I say to the Senator from Rhode Island, a plan that ran amuck in the U.S. Senate. Indexing was not in Kemp-Roth. The Senator is right. They only put that in as an add-on right along with, I guess, leasing. Someone come running in with his indexing. You could come in with anything in 1981 until it became so embarrassing that you needed to repeal it right away. We need to repeal this one. And it was not spend and spend. I want my colleagues to understand that. Go back 35 years, like they say, to the end of World War II, in 1947, and take a 33-year period. I want Senators to add it up. From 1947 through 1980, the total cumulative deficit in this Government was $465.5 billion. The deficit for just 3 years, 1982, 1983, and 1984, is $495 billion. The greatest virus, disease, or ailment we have is to have gone along with the revenue hemorrhage. But the Congress had developed a discipline.

As a Democrat in a lameduck Senate with a lameduck President, I went to President Carter and said, "You are

going to leave a bigger deficit than what you inherited from President Ford."

He said, "How much?" I said, "$75 billion. And we can't do that."

Well, we passed the first reconciliation, or spending cut with a lameduck Senate. We had Gaylord Nelson, George McGovern, and Birch Bayh, to help me with it and we voted it because we had a discipline, but the discipline is gone. It has now broken down in this body. It is broken in this Government and nobody cares about it. They are all blustering around the fire to identify a "freeze, freeze, freeze," but there is not any freeze. They are using the terminology "a 1-year little plan," another one will get the deficits down to $170 billion in 3 years, the House one is $182 billion. Unless we really do something dramatic, as suggested by the Senator from Rhode Island, to put a tourniquet on this revenue hemorrhage, you are going to gather around the fire and have 3 more weeks of meetings, 2 more months of debate, and pick up 50. I am telling you here is a chance, with Senator CHAFEE's amendment to pick up $165 billion. You are really going to start the worst practice possible. Yes; I say to the Senator from Idaho, wherever he is, "Sure, you would not cut the indexing of food and food stamps." Senator DOLE would not do that. He has led the way for the reforms. The cost of food goes up in the Senator's State, out in the Midwest, wheat and everything else, health care costs. We have all been wrestling with that. You cannot just stop the indexing of those things. The cost of all these particular programs goes up.

But I can tell you here and now that the only way we are going to get it, I say to the Senator from Kansas, is, yes, raising taxes, raising revenues on the one hand and holding back on defense on the other hand.

I will give a talk on defense later and show where you are spending and spending and you have a weaker defense than we have ever had in this country. We do not have a strong defense. It is a pitiful thing—buying all of these glittering strategic weapons but doing very little for conventional forces.

But the truth of the matter is we have a chance here. And do not give me this talk about the people's issue. When explained to them, there is no mayor indexing his revenues. There is no State Governor indexing his taxes. Do not go back to Kansas, Louisiana, or any of these other States you are talking about and recommend it to your Governor. He will run you out. He is doing business. It is not all of those little editorials and little charts. I have been in the Senate. If I had been ratcheted and bracketed up, I would be making over a hundred thousand in salary. In fact, the House Member from Bug Tussel, the former Speaker, he is over $100,000 annually in retirement pay down there in Oklahoma. How wonderful, because he has gotten pushed up and we have not been, have we?

So we know what is happening and who gets increases but everybody is not being increased. We have a chance here this evening to really pick up some revenues and treat this problem seriously. It is our problem in the last 3 years, this Senate, not the last 40 years, not President Eisenhower or President Truman—he balanced the budget four times—not even President Carter or President Johnson, but this crowd right here in the White House. Get a mirror and look at the most woeful deficits ever and the demise of our economy. We are the ones who started this $200 billion nonsense. Why, you have your Budget Committee that cannot even meet and put out a budget. They are all putting out show pieces and all kinds of charts to say they are making down payments and everything else. Would you not be embarrassed if you had submitted a budget that only one Member of the House of Representatives would vote for? 427 to 1 last week. That was the President's budget. Last year they did not have a Member of the House or the Senate to even introduce it.

The year before, I moved the President's budget, and all the members on the other side voted against it—all 12 members of the Budget Committee.

We have had total irresponsibility in the matter of fiscal affairs, and you go back home and you see Governors freezing their budgets, raising revenues.

My Governor just got it through the House and we are going to get it through the Senate—another penny of sales tax for public education. We are offloading all these responsibilities and the States are trying to meet needs. The mayors are working and facing up, and we are giving each other this malarkey about "the backs of the working people" and "the bureaucracy" and all that kind of nonsense. That is not selling back home. They know that no one up here cares.

That is why the Governors came in February, I say to the Senator from Mississippi, a bipartisan group. Governor Scott Matherson and the whole group came in; and the mayors came; Pete Peterson, the former Secretaries of the Treasury; the former Secretaries of Defense—they all came in and said, "Hold the line." But they cannot get anybody's attention.

When the Senator from Rhode Island made a presentation, I just could not sit here any longer and listen to that kind of nonsense going on, about tax and tax and spend and spend, or this has been going on for 40 years, or the backs of the working people, or popular with the working people, or windfall. It has not been a windfall.

We have not sat around in this Government of ours—and I have sat on the Budget Committee—and said, "Look at all the extra money." Rather, we have been cutting taxes, and now you have the big whopper in Kemp-Roth plus the indexing that is going to destroy us all.

Mr. HEINZ. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. HEINZ. Mr. President, a lot of reasons have been put forth tonight as to why we should or should not support Senator CHAFEE's amendment. I support it; and, at the risk of taxing the listening capacity of Senators, I suggest one reason and one reason above all out of many good reasons put forth to support Senator CHAFEE's amendment, and it is the interest rates.

If we want to do something about the interest rates that increased significantly just last week, both the prime rate and the discount rate. The discount rate went from 9 percent to 9.5 percent—the first time it has increased in a very long time, and if we want to do something about the predictions of gloom and doom by Mr. Henry Kaufman, that sage from City Bank, who says interest rates are going to go up another 2 points or so, then we ought to adopt Senator CHAFEE's amendment. It will at least narrow the boundaries of that ever widening river of red ink that CBO projects. Maybe some day, that is if we ever get up the gumption, we will be able to jump across that river and do something about the deficit, instead of just minimal damage control that we are now considering.

Mr. President, I mentioned this stream of red ink, and there are two projections we have all seen. One is by the Congressional Budget Office, and the other by OMB. The CBO projections show that the deficit is getting worse, even after we pass this tax bill, CBO projects a deficit at approximately $200 billion.

I will not repeat the speech of my friend from South Carolina, who I am sure, somewhere in his speech—he did not miss much—he mentioned the $30 billion deficit that was proposed by President Carter and that horrified Democrats and Republicans.

The administration says, if you look at the OMB budget estimates, not to worry; the deficits are coming down.

You have two credible sources making those estimates. What is the difference between them? The difference between them is as assumption, in small part, over defense spending and spendout rates, and in large part it is over interest rates.

The Office of Management and Budget says not to worry: Within 3 years, the T-bill rate will be a modest 1.5 or 2 percentage points above the rate of inflation. Once upon a time, back in 1963—that is, 20 years ago—the T-bill rate was about 2 points over the rate of inflation. The so-called real interest rate was 2 percent back then.

I do not know how many people think the real interest rate is going to be 2 percent next year, the year after that, and the year after that, but I hope they will see me afterward and place their bets. I would like to take their money, because the real interest rate is not going to be anything like 2 percent, even if we wish it were, not with a $200 billion deficit. It cannot be.

If that does not convince Senators as to why we should support the amendment of the Senator from Rhode Island—that is to say, keeping interest rates down, keeping economic recovery moving ahead rather than going into first gear—let me also suggest that, apart from the fact that indexing is something we all scream about when it is part of an entitlement program, we might want to be consistent when we scream about it and do something about it when it is part of the tax.

This was not a part of Ronald Reagan's original tax program. I was in the room when the President, at the White House, made the mistake of agreeing to a bunch of Republicans, who went down there to beat him over the head to adopt it as part of his tax plan. I hope he has seen the wisdom of his ways, but I think it was a mistake for the President to agree to this.

The other thing I suppose some people might say, those people who favor retaining indexing, is that, somehow, this is really unfair to all these people, who are going to miss this tax decrease that they have not yet received. Indexing does not go into effect, as we all know, until next year.

It would be a new construction of the English language, so far as this Senator is concerned, to tell people, "Something you're going to get in the future and that we're taking away from you is a terrible sacrifice." Let me tell Senators what is a sacrifice.

In the overall budget proposal that is being worked on by the Budget Committee, and virtually all the other budget proposals—somebody said that you cannot be a Senator if you do not have a budget proposal—almost all of them freeze a variety of spending proposals, usually in the nondefense area. Defense gets inflation plus 4, 5, or 6 percent. But everything else gets frozen—not for 1 but often for 2 and quite often for 3 years.

All Senator CHAFEE's amendment is doing is saying let us be even-handed about it. If we are going to freeze nondefense spending for 3 years, how about freezing indexing for 3 years by not implementing it for that length of time?

Mr. President, $50 billion is what we are talking about—$51 billion, I suppose, to be accurate; $50 billion is still a lot of money. As Everett McKinley Dirksen used to say, "A billion here, a billion there, and pretty soon that's real money." I hope that $50 billion is still considered real money. It is to this Senator. Postponing indexing will be considered a real attack on the budget deficit, and it will be considered responsible action by this body, further it will contribute to bringing interest rates down instead of up.

One last word. I have taken too much time.

Mr. President, we talk in terms of a $200-billion deficit, and that is this year's deficit, and we know that next year's deficit is going to be in pretty much the same ball park.

What should shock us, our constituents, and anyone who cares to observe the national income accounts and the Federal budget accounts is that interest on the national debt will very quickly be at $150 billion a year. That is just the interest. That is not a payment to the Defense Department. That is not a payment for roads or bridges or sewers or health insurance or medicare or social security. It is certainly not a repayment of the principal on the debt; $150 billion in interest represents three-quarters of the entire Federal budget deficit we have—three-quarters. That is the issue.

Do you want to perpetuate Federal budget deficits simply by building up higher and higher interest rate payments? You tell me how you get out of that box. Mr. President, procrastination is not the way to get out of that box. We need to start drilling holes to get out of that box and we need to start tonight. I hope my colleagues support the amendment to postpone indexing for 3 years.

Mr. DOLE. Mr. President, I think we have had some good discussion here, and I do not wish to shut anyone off. I know there are going to be other indexing amendments, I understand, in different form offered tomorrow. We have had some good discussion. We have heard the distinguished Senator from South Carolina. He has been gone a lot. He had a great crowd here tonight.

Mr. HOLLINGS. The best crowd.

Mr. DOLE. The best crowd.

Mr. SYMMS. Mr. President, will the Senator yield?

Mr. DOLE. I am happy to yield.

Mr. SYMMS. I cannot let the Senator from South Carolina walk out of here, as great as it is to have him back here to give the great speeches, and I sit here and I say that I enjoy them. But the fact is that the Government revenues have gone up on an average every year for the last 20 years somewhat, and they are still going up.

I have one of our Budget Committee sheets here that says revenues are $663 billion this year and $733 billion next year, $794 billion the next year, $863 billion, and that is a conservative estimate.

Would the Senator not have to agree the problem is we spend too much money? Revenues are going up every year. And all that talk the Senator gives tonight does not answer the question. We are spending too much money. The Senator may call it hogwash and nonsense, but that fact is this Congress will not bite the bullet and cut spending. We want to raise taxes because that is easier. If we get rid of indexing it is an easy way to raise taxes on people without them knowing we are raising taxes.

Mr. HOLLINGS. Mr. President, if the distinguished Senator from Idaho presents a revenue measure, I will be happy to listen to the Chamber of Commerce talk on what we should do.

Mr. DOLE. Mr President, do I have the floor?

The PRESIDING OFFICER. The Senator from Kansas has the floor.

Mr. DOLE. I am happy to yield to the Senator.

Mr. HOLLINGS. Mr. President, I observed that I am trying to follow the logic. The Senator from Idaho says if we do away with the pending amendment and have this indexing then people will stand up and put in a revenue measure. Then where is the revenue measure? I did not get it from him.

Mr. SYMMS. I say I am willing to offer an amendment to the amendment of the Senator from Rhode Island that gets rid of all indexing. I was going to offer that earlier, but it was not in order.

Mr. DOLE. Mr. President, let me say 10 States had indexing. One is South Carolina that passed it in 1980. So I think the Senator from South Carolina will appreciate that bit of news.

They are Arizona, California, Colorado, Iowa, Minnesota, Montana, Oregon, South Carolina, and Wisconsin.

So these are States that believe in indexing. That is probably where we got the idea. I think it did come from the Senators that had indexing, Iowa, Colorado, Arizona, and I ask unanimous consent to print that in the RECORD because some States index differently. In South Carolina it took effect in 1982, 3 years ahead of President Reagan. That indicates that they are really on the ball in South Carolina.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

APPENDIX TABLE A.—CHARACTERISTICS OF STAT PERSONAL INCOME INDEXING LAWS

State	Features indexed	Index used	Effective date	Legal citations
Arizona	Personal, dependent, blind and aged exemptions, standard deduction, property tax and renter's credit.	Average change in Phoenix CPI from fiscal year 1978 to current fiscal year.	1978 tax year and permanently thereafter	Ch. 211 laws (1978), S.B. 1145 (1979) as amended by S.B. 1172 (1980).
California	Personal and dependent credits, standard deduction, income brackets and low income credit.	Brackets indexed by change in state CPI less 3 percent in 1978–79, 1982 and years thereafter. Full change in CPI for other features.	Brackets indexed starting in 1978 tax year; other features indexed beginning 1979 tax year. All indexed permanently.	Ch. 569, laws (1979), and A.B. 276 as passed by 1979 legislature.
Colorado	Personal exemption, standard deduction and income brackets.	Set annually by the General Assembly based on various price data. (9 percent in 1980).	1978 tax year and permanently thereafter	Ch. 105, laws (1978).
Iowa	Income brackets and maximum annuity excluded from taxable income.	25 percent of change in U.S. CPI for 1979, 50 percent of change in GNP deflator for 1980–81.	1979–81 tax years provided the June 30 general fund balance exceeds $60 million.	S.F. 494 as passed by 1979 legislature and amended in 1980.
Minnesota	Personal credits, standard deduction, and income brackets.	Brackets 85 percent of Minneapolis-St. Paul CPI from August to August. Other features indexed by full CPI.	Brackets indexed starting the 1979 tax year; other featurs indexed beginning 1981 tax year. All indexed permanently.	Ch. 303, laws (1979), as amended by Ch. 607. laws (1980).
Montana	Income brackets and personal exemptions	Full change in average U.S. CPI from fiscal year 1980 to current fiscal year.	1981 tax and permanently thereafter	Referendum passed Nov. 4, 1980.
Oregon	Personal exemptions	Percent change in Portland CPI	1981 tax year and permanently thereafter	Ch. 240, laws (1979).
South Carolina	Income brackets, personal exemption and standard deduction.	Change in State CPI as determined by budget and control board, not to exceed 6 percent.	1982 tax year and permanently thereafter	H.B. 3241 as passed by 1980 legislature.
Wisconsin	Income bracket	Percent change in U.S. CPI from June to June not to exceed 10 percent in a single year.	1980 tax year and permanently thereafter	Ch. 1, laws (1979).

Source: ACIR, the Inflation Tax, M–117, January 1980, pp 22–23, updated.

Mr. FORD. Mr. President, will the Senator yield for a question?

Mr. DOLE. I yield.

Mr. FORD. Since the Senator is entering in the RECORD the indexing of various States, would he also list the other taxes that are being charged in comparison with the other States, rather than just list the indexing?

Mr. DOLE. How does the Senator mean?

Mr. FORD. The Senator is saying they have indexing, but it also is a tax package that applies to that State. There may be a reason for indexing, whether taxing the other things is higher and indexing some income, so I do not think just the indexing here will level it out with what those States are doing.

Mr. DOLE. That may be correct, but I want to indicate there was some support for indexing at the State level. There are some in other countries that have indexing, and again, we can reinvent the wheel tonight. I do not know that is necessary.

Mr. BUMPERS. Argentina has indexing.

Mr. DOLE. It may have.

Mr. BAKER. Mr. President, will the Senator yield me a minute?

Mr. DOLE. Let me yield to the majority leader.

Mr. BAKER. Mr. President, I will not take but a moment, but I inquire of the distinguished manager on this side whether or not he expects a vote soon and whether he expects other rollcall votes after the next one?

Mr. DOLE. Yes. I shall move to table this amendment in the next 5 or 10 minutes.

It seems to me that we had a good debate, and we are going to have more debate on indexing tomorrow. It is my hope that this will be the last vote of the evening. It is still my hope we could finish by Thursday evening, if that is satisfactory with the majority leader.

Mr. BAKER. Mr. President, I hope that is so also.

While I have opposed indexing in the past and have spoken on this floor to that effect, I intend to vote to table, and I think to do otherwise would destroy any chance we have to try to hold the package together.

I hope it will be tabled but, Mr. President, I also hope that we can make that the last vote of the evening and that we can then plan to come in at a fairly early hour tomorrow, say at 10 a.m., and be back on the bill at 10:30 a.m. If the manager is willing to indicate that he is willing to stop now, I am ready to announce there will be no more record votes after the next record vote.

Mr. CHAFEE. Mr. President, if the Senator will yield, could I ask the majority leader a question?

Mr. BAKER. Yes, but I do not have the floor.

Mr. DOLE. I yield for that purpose.

Mr. CHAFEE. Mr. President, I am not quite willing to concede that the motion to table is going to prevail. What would be the majority leader's position if it did not prevail?

Mr. BAKER. Mr. President, I assume if it is not tabled, we would be on it tomorrow.

Mr. DOLE. That is right.

Mr. BAKER. It would still be the pending question. But I think that one more vote is about all we can handle tonight.

Mr. CHAFEE. Mr. President, I wish to say to the majority leader that the Senator from New York wishes to speak for a couple minutes, and as far as I am concerned, we can vote certainly before 11 p.m. and within a few minutes. So why do we not split the time between now and 11 p.m.?

Mr. DOLE. Equally divided.

Mr. CHAFEE. That is 7½ minutes apiece—fair enough?

Mr. DOLE. Fine.

Mr. BAKER. Mr. President, I make that unanimous consent request, if the Senator will yield to me for that purpose.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Tennessee?

Mr. BAKER. Mr. President, was the request granted for the time to be allocated between now and 11 p.m. equally between the Senator from Rhode Island and the Senator from Kansas?

Mr. DOLE. Yes.

Mr. CHAFEE. I do not know what the time is—7½ and 7½, is that fair enough?

The PRESIDING OFFICER. Without objection, it is so ordered.

Who yields time?

Mr. CHAFEE. I yield 2 minutes to the Senator from New York.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, I wish to introduce an idea into this discussion. The discussion of the deficit is going to go on for a long time, and perhaps this idea could win some following.

I simply say that in 1913 when the 17th amendment was adopted, one of the major arguments in favor of doing so was that the U.S. Senate had become a plutocracy and that popular election of U.S. Senators would change that.

I begin to look at the composition of our body, the large number of millionaire Senators, and I wonder if this has not again become the case. When I look at our behavior over the last 3 and 4 years with respect to taxes I know one thing: We are going in 8 years to triple the debt of the United States. This means that by 1989 it will require almost one-half the personal income tax to pay the interest on the public debt. Eighty percent of the personal income tax is withheld from the wages of working Americans. As that debt service mounts toward $200 billion per year forever, we will see the largest transfer of wealth from labor to capital in the history of this Republic. We will see the working people of this country using half their taxes to pay interest to the owners of the enormous wealth held as Government bonds. We will see the concomitant rise of interest rates parallel the increase in the plain elemental transfer of wealth from wages to capital. We

will be talking about this transfer of wealth for decades.

I thank the Chair.

Mr. CHAFEE. Mr. President, I yield to the Senator from Arkansas 1 minute.

Mr. BUMPERS. Mr. President, I wish to make two observations.

Much has been said tonight about how this is a workingman's provision indexing. Let me tell you something. Let me tell you what the deficit is doing to the working people of this country. The Senator from Kansas has put something on each one of our desks showing from 1977 to 1980 a person making $18,723 in 1977 because of bracket creep will pay $1,573 more in the ensuing 4 years.

Let me tell you, if that workingman is making a payment on a $50,000 home and the interest rate goes up 1 percent on that home, as it has in the past 10 days, the cost to him because of that 1 percent interest rate is $2,064 in the same period of time. Do you know what you are doing to the working people? Every man, woman, and living child in the United States in January 1981 owed as his share of the national debt $4,400. On September 30, 1984, their share will be $7,300. You talk about the peanuts you are going to save working people with indexing while you are putting $1,000 a year on him just on the national debt alone.

Mr. CHAFEE. Mr. President, I yield myself 2 minutes.

Mr. President, there is an Alice in Wonderland atmosphere to the debate here tonight by the presentation of the opponents to this amendment. They have charts, they quote editorials, they quote Martin Feldstein, they quote the Wall Street Journal, that renowned friend of the working man, all to show that if indexing starts next year what a marvelous thing it is going to be for the working people of this country.

We do not need editorials from anyplace in the country to tell us that the worst thing that is happening is the growth of these deficits. The worst thing that is happening to the workingman is the rise in the interest rates, the inability of his children to buy a home at a decent price, the inability of anyone to finance an automobile, and the inability of industry to expand so that his children can get jobs. So set aside all of this talk of editorials and what these charts show. Every one of us knows in his or her heart that these deficits are horrendous and must be brought down. The amendment that I am presenting tonight is the largest significant effort toward bringing those down that has been presented on this floor—$51 billion.

The second point is that there is a hobgoblin stalking the floor that if we pass this the President will veto it. Now does anybody seriously believe that? If the President gets a package that is going to save him $200 billion, that is going to help bring down the interest rates, that is going to help this economy keep moving forward, does anybody seriously think the President of the United States is going to veto that package?

I say let him try. He did not promise that when he campaigned. Let us present it to him and if he wants to veto it, go to it.

I reserve the balance of my time.

Mr. DOLE. I yield 2 minutes to the Senator from Minnesota.

Mr. DURENBERGER. Mr. President, there is an Alice in Wonderland attitude present here, I will grant the proponent of this amendment. He says set aside the editorials, set aside the opinion of people in Minnesota, Colorado, and everywhere else; set aside the farmers in this country, set aside the small business people of this country, set aside everybody except the few people in this Chamber who somehow or other want to go back to the days when we can use inflation to increase the tax.

Now to the credit of the Senator from South Carolina, we are glad you are back. But in the 2 years you have been gone, something has happened in Minnesota. When you left, yes, they had a problem with their credit rating, but today they got that credit rating back and they got a better credit rating. On top of that, they just ran up a $1 billion surplus this year in that State, and that is a State that started tax indexing.

I have not heard a good argument that could not have been made back in the seventies when we were running up the cost of this Government made here tonight. And all of the good arguments are made on the side of the folks that are saying we finally did one good piece of tax reform in the last 3 years and that is we took inflation out of the process of Government.

Mr. BUMPERS. What happened in Minnesota?

The PRESIDING OFFICER. Who yields time?

Mr. BUMPERS. Tell us how they built that surplus.

Mr. DOLE. Does the Senator want a minute of my time?

Mr. BUMPERS. I just wanted the Senator from Minnesota to tell us how they got that big surplus when they were virtually bankrupt 2 years ago.

Mr. DURENBERGER. The way they got the surplus is when they put in indexing they decided——

Mr. BUMPERS. They raised taxes.

Mr. DURENBERGER. They decided to do something about the spending in that State. That is one of the big advantages of putting indexing in. You finally have to do something about the spending.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, I do not want to quarrel with my colleague from Rhode Island because he has worked very hard on this package.

Maybe some do not care whether or not the President vetoes it or not. Maybe some do not want deficit reduction. But we have labored long and hard to try to get $150 billion. I know the game around here and some will say that we have one for $200 billion, we have one for $220 billion.

They had eight different budgets on the House side. Not a one of them has cut the budget.

We passed a budget resolution to raise $73 billion in taxes and got 50-some votes for it and voted on the taxes and we got 36 votes. We are trying to do the real thing, trying to put together a deficit-reduction package. It is not very big, but if we do get $150 billion it would be more than anybody expected in an election year or any other year.

We are doing some nondefense spending cuts—$24 billion in the Senate Finance Committee, I would say to my friend from South Carolina. We are not backing away from our responsibility to reduce Federal spending. In the Senate Finance Committee, over a 5-year period we have cut spending in the neighborhood of $95 billion. So we are not going to apologize for the work in our committee on both sides of the aisle. For the most part, it has been bipartisan.

We have reduced the growth of programs. We have some very sensitive programs—medicare, medicaid, social security, AFDC, unemployment, trade adjustment assistance, as well as the taxes.

It seems to me that if we want to give up on the package, we can just adopt this amendment. I know that is not the intent, but that would be the result. I hope that we could vote to table this amendment, get on with other amendments that Senators have tomorrow morning, and finish this bill maybe even by tomorrow evening.

I reserve the balance of my time.

Mr. CHAFEE. Mr. President, there is going to be a motion to table. I certainly hope everybody here will vote no. Those who do not vote no should put away the wonderful speeches they have on the need to balance the budget.

Here is a major step we can take to balance this budget. Let us not get tied up in what the President will do or what the President will not do. We all know this is the finest thing we can do for the citizens of America. I do not care where they work, what income bracket they are in, whether they are rich or they are poor or they are in the middle. The best thing we can do to help them all is reduce these defi-

cits. Here is the largest single step that we can take.

Mr. President, I yield back the balance of my time.

Mr. DOLE. Mr. President, let me just say one thing before I make the motion. If we want to raise taxes, why take it out on the working people? We got all kinds of big loopholes. I hear all this from the other side about corporations not paying any tax; we have investment tax credits for everybody who can buy a Mercedes car and if you use it in business you can get an investment tax credit.

Why are we coming in here at 11 o'clock at night trying to take a few dollars from working families in America when we have got all kinds of possibilities in the Tax Code? We did $100 billion in 1982 and did not get a vote on that side of the aisle for tax reform. We are going to do about $48 billion in this package. So it is not that we have been asleep in trying to close up some of the big loopholes.

But let us not take this away. Forty-three percent of it goes to those who make less than $30,000. Let us give the working people a break and let us give ourselves a break. Let us table this and go home.

Mr. President, I move to table the amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Does the Senator yield back his time?

Mr. DOLE. I yield back my time.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BAKER. Mr. President, this will be the last rollcall vote this evening.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Kansas (Mr. DOLE) to table the amendment of the Senator from Rhode Island (Mr. CHAFEE). The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Maryland (Mr. MATHIAS) and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I further announce that, if present and voting, the Senator from Connecticut (Mr. WEICKER) would vote "nay."

Mr. CRANSTON. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Colorado (Mr. HART), and the Senator from Mississippi (Mr. STENNIS) are necessarily absent.

The PRESIDING OFFICER (Mr. WARNER). Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 57, nays 38, as follows:

[Rollcall Vote No. 61 Leg.]

YEAS—57

Abdnor	Garn	Murkowski
Armstrong	Goldwater	Nickles
Baker	Gorton	Packwood
Baucus	Grassley	Percy
Boren	Hatch	Pryor
Boschwitz	Hatfield	Quayle
Bradley	Hawkins	Roth
Byrd	Hecht	Rudman
Cochran	Heflin	Simpson
Cohen	Helms	Specter
D'Amato	Humphrey	Stevens
Danforth	Jepsen	Symms
DeConcini	Kassebaum	Thurmond
Denton	Kasten	Tower
Dole	Laxalt	Trible
Domenici	Levin	Wallop
Durenberger	Mattingly	Warner
East	McClure	Wilson
Exon	Melcher	Zorinsky

NAYS—38

Andrews	Glenn	Mitchell
Biden	Heinz	Moynihan
Bingaman	Hollings	Nunn
Bumpers	Huddleston	Pell
Burdick	Inouye	Pressler
Chafee	Johnston	Proxmire
Chiles	Kennedy	Randolph
Cranston	Lautenberg	Riegle
Dixon	Leahy	Sarbanes
Dodd	Long	Sasser
Eagleton	Lugar	Stafford
Evans	Matsunaga	Tsongas
Ford	Metzenbaum	

NOT VOTING—5

Bentsen	Mathias	Weicker
Hart	Stennis	

So the motion to lay on the table amendment 2924 was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. LONG. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

(By request of Mr. BAKER, the following statement was ordered to be printed in the RECORD:)

Mr. WEICKER. Mr. President, if I had been present, I would have voted in favor of Senator CHAFEE's amendment to delay indexing and against a motion to table the Chafee amendment.

Mr. CHAFEE. Mr. President, I am pleased to join with Senators MATHIAS, STAFFORD, and WEICKER in proposing today an alternative Republican budget plan that would achieve a 3-year reduction in deficits of $206 billion.

There have been a number of disquieting signals over the last weeks and days that indicate it has become even more urgent to reduce the deficit. The predicted credit squeeze created by the competing demands of a robust business recovery and a spendthrift Government seems in fact to be occurring. The preponderance of informed opinion is that Government policy is creating too much fiscal stimulus, and that this will lead to economic stagnation and higher unemployment.

In short, Mr. President, while I support the effort to obtain a deficit reduction of $100 billion as entailed in the so-called leadership plan or downpayment, I think we can do much more, and I think that the country would welcome it.

The plan we offer today cuts spending by a total of $89 billion, including $24 billion of interest savings. It raises revenues by $117 billion through fiscal year 1987. The result is to reduce deficits to $164 billion in fiscal year 1985, $150 billion in fiscal year 1986, and $139 billion in fiscal year 1987. The deficit reductions thus accomplished are larger than those proposed in the so-called Democratic Caucus plan, or in the Republican leadership plan.

With regard to revenues, the plan presumes adoption of the Finance Committee amendment and the tax increases it entails, totaling about $48 billion. It also presumes adoption of substantial additional revenues which could be obtained in a number of ways. One of the obvious ways of raising substantial revenues is by postponing tax bracket indexing to calendar year 1988. We simply do not believe that we can afford what is effectively a tax cut of $51 billion at a moment of absolute crisis in budget policy. This is one means of raising additional revenues which seems especially appropriate. There are many others.

With regard to spending, the plan projects spending cuts through fiscal year 1987 of $65 billion, of which $24 is reduced defense spending and $41 is reduced entitlement spending. The plan does not contemplate cuts in overall nondefense appropriations.

With regard to defense spending, the plan provides a real growth rate of 3 percent. Much confusion seems to surround discussions of defense spending. One major reason is that different people choose different baselines against which to apply cuts. The baseline that our plan adopts is the CBO baseline of 5 percent real growth. We use the CBO's baselines for all the other accounts in the budget. Not to do so for defense would be questionable. Our plan cuts $24 billion in fiscal year 1985–87 from baseline defense spending by lowering real growth to 3 percent. For fiscal year 1985, this reduces outlays by only $3 billion. No one can convince me that this is an insupportable, draconian amount. It permits total defense spending for fiscal year 1985 to be $260 billion, an increase of fully $25 billion from fiscal year 1984.

With regard to entitlements, the largest single element of the budget, the plan provides a 3-year reduction of $41 billion. This could result from reforms in revenue sharing, unemployment compensation, farm programs, and medicare and medicaid. For example, the CBO's recommendation that general revenue sharing be limited only to those jurisdictions experiencing fiscal distress would save $4 billion over 3 years. Reforms in unemployment compensation could result in sav-

ings of nearly $3 billion. Changes in the medicare and medicaid programs could include those programs already reported by the Finance Committee as part of the tax package. I believe there is a very substantial opportunity for savings in farm programs. Saving $41 billion in entitlement spending nonetheless permits total entitlement spending for fiscal year 1987 to rise to $470 billion, compared to the $400 billion spent in fiscal year 1984.

With regard to nondefense appropriations, the plan accepts the CBO baseline, providing therefore no cuts or increases in total projected spending for these programs. Relative to defense and to entitlement spending, the appropriated nondefense programs are a small share of the budget, particularly considering their scope. They encompass every area of domestic spending from the national parks to housing, education, and health research. Yet these accounts have borne the main burden of the effort since 1981 to reduce the growth rate of Government spending. And, in fact, the share of total spending taken by these programs has fallen from 24 percent in fiscal year 1980 to 17 percent in fiscal year 1984. Our plan therefore provides for baseline funding, but it would also permit increases in certain high priority programs, to be offset by compensating cuts in other, lower priority programs.

The result of this plan would be a substantial 3-year reduction of the deficit by $206 billion, double the reduction of the leadership plan as estimated by the CBO, on the Democratic Caucus plan. We believe this to be a responsible program which is needed to achieve the deficit reductions that are necessary to insure economic prosperity.

I ask unanimous consent that at the conclusion of remarks by my colleagues Senators MATHIAS, STAFFORD, and WEICKER, a summary of our budget plan and an explanation be included in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. STAFFORD. Mr. President, I am pleased to join with my colleagues, Senators CHAFEE, MATHIAS, and WEICKER in introducing this plan today. I believe that this package proposal deserves serious consideration by the Members of the Senate. It provides for deficit reductions of over $30 billion from the CBO deficit in fiscal year 1985 and over $200 billion over the 3-year period fiscal year 1985–87.

I believe that deficit reductions of this magnitude are required this year in order to indicate to the public and to the financial markets that we in Congress are serious about attempting to get the Federal budget under control. I also believe the composition of this package is fair and equitable.

The plan assumes a one-for-one balance in spending cuts and revenue increases. This is consistent with the target that the Senate Finance Committee chose for itself earlier this year, and is a goal that can be achieved. Adoption of the provisions recommended by the Senate Finance Committee would achieve $48 billion in revenue increases. Simply delaying implementation of indexing would achieve three-quarters of the remaining increase targeted under the plan.

The plan allows substantial real growth in defense spending, which will not in any way jeopardize our national security. Savings can easily be achieved in weapons systems without jeopardizing readiness.

The plan assumes some reductions in entitlements beyond those already achieved by the Finance Committee in the amendment which is now under consideration on the floor. Additional savings can be achieved in farm programs, and in nonhealth programs. The plan would not cut COLA's in social security or the other entitlement programs.

For nondefense appropriated programs, the plan assumes CBO's estimate of baseline spending because these programs have borne the brunt of the spending reduction effort since 1980. Within this baseline spending level, increases above the baseline for programs in areas such as education and environmental protection are assumed. It is further assumed that these increases will be offset by reductions below the baseline in lower priority programs.

I believe that Congress can make a good-faith effort to reduce budget deficits, and I believe that the revenue increases and spending cuts targeted n this plan are achievable. This budget plan is just that, a plan setting out spending and revenue targets for the Federal budget. Its implementation requires restraint on the part of both Congress and the administration. We should show the American people that this can be done now.

(By request of Mr. BAKER, the following statement was ordered to be printed in the RECORD.)

● Mr. WEICKER. Mr. President, one of the welcome signs of the budget debate this year is that everyone involved in the debate finally agrees that large Federal deficits are bad for our economy.

Accordingly, at least six different deficit reduction proposals have been introduced in the U.S. Senate. Countless others were introduced in the House, prior to that Chambers action last week.

Unfortunately, all of these proposals are deficient in at least some regard. Either they are not ambitious in their deficit reduction, or the proposals cover only 1 year, or the mix of spending cuts and tax increases is not weighted correctly.

Our proposal is ambitious in that it seeks to reduce Federal deficits by $206 billion, and to redirect fiscal policy in the next 3 years. We also believe that the mix of spending cuts and tax increases in our proposal is fair given the factors that have led to our current deficit problem.

Mr. President, the proposal which we introduce today calls for 3 percent real growth in defense budget authority and no real growth in nondefense discretionary programs, and reduces spending for nonmeans tested entitlements by over $41 billion over 3 years. As I mentioned, the proposal would save $206 billion in Federal borrowing needs over the next 3 years, and would reduce the 1987 deficit to $139 billion as compared to the $245 billion deficit under current law.

One of the ways in which this plan differs from the other proposals now before the Senate is that it allows nondefense discretionary programs to maintain their current level of services. This is an acknowledgement that some of our Nation's programs, including education, job training, biomedical research, or health care—have borne a disproportionate share of the budgeteer's axe. Yes, there are low priority discretionary programs. But, education for the economically disadvantaged or the handicapped are essential investments in our future. So too is biomedical research. For every dollar spent on research, we have saved $13 in health care costs. With health care consuming 10 percent of our gross national product, a freeze is an economy we cannot afford. At current services, Congress maintains the flexibility to weed out those programs which are no longer required or which can be cut and redistribute funds to provide real increases for other programs or new initiatives.

This, then, is the Chafee-Mathias-Weicker-Stafford proposal, a fuller description of which has been provided. We realize that our proposal is only one of many that have sprouted this spring, but we believe that it is ambitious, and fair, and we hope that it will serve as a blueprint for action the Senate will take this week on reducing deficits.●

(By request of Mr. BAKER, the following statement was ordered to be printed in the RECORD.)

● Mr. MATHIAS. Mr. President, after long months of political skirmishing and public hand-wringing, Congress is finally getting down to the business of cutting Federal deficits. It is not a moment too soon, and I pray it is not too late. Credit markets are skittish. The prime rate went up another half-point last week, the stock market went down 33 points, and inflation began to heave into view. To arrest these

trends, the Senate should be urgently debating how to reduce the deficit for the 1984 fiscal year. But with the legislative vehicle before us, the best we can do is to devise ways to cut deficits over the next 3 years.

Congress duty here is clear: Over the next several weeks, we must demonstrate to the country and the rest of the world that the U.S. political system is capable of keeping its financial house in order. If we fail to make significant inroads against the enormous budget shortfalls, we will destroy the confidence of domestic and international financial markets and very likely precipitate a new global recession sometime in 1985.

The budget package submitted today by Senator CHAFEE, Senator WEICKER, Senator STAFFORD, and myself goes a long way toward demonstrating U.S. fiscal responsibility. It cuts the budget by $206 billion over 3 years—about double the amount achieved under the plan sponsored by the President and the majority leadership. And these numbers are real, taken from the Congressional Budget Office's baseline, not based on what are generally conceded to be overly optimistic economic projections. With $89 billion in spending and interest reductions and $117 billion in new revenues, this package is fair, well-balanced and politically achievable even in an election year. I only wish the deficit reductions were bigger. But if all we can realistically achieve in 1984 is a "downpayment" on the deficit, we should at least make as sizable a downpayment as possible with the promise of quick payment in the near future. That is what this package does.

Mr. President, others have gone into detail on this plan and an outline has been put into the RECORD. At this time, I only wish to call my colleagues' attention to the fact that this budget package repeals tax indexing. Indexing was a bad idea when it was introduced in the 1981 tax bill and it is a bad idea now. Until Congress agrees to make a comprehensive review and reform of COLA adjustments in entitlement programs, we cannot honestly tell the American people that their benefits will be fully adjusted to inflation, but their taxes will be fully protected against it. There is no surer way of guaranteeing the country a massive structural deficit for the rest of the century.

Finally, this budget package begins to address the enormous damage Federal deficits are doing to the international economy. Not only are U.S. exporters suffering from the exorbitantly priced dollar, but so are oil importers, Third World debtor nations and our NATO allies. To finance the deficits, we are counting on European capital that Europeans now need desperately to keep their own economic expansion growing. It is a sad spectacle to see the United States, the world's greatest capital exporter, rapidly evolving into a debtor nation. But, Mr. President, that is where we are headed unless we turn this deficit mess around. I urge my Senate colleagues to give this plan careful consideration. It is the minimum we should accomplish this legislative session.●

EXHIBIT 1.—ALTERNATIVE REPUBLICAN BUDGET PLAN, APR. 10, 1984

[In billions of dollars]

	1984	1985	1986	1987	3-yr total
A. Revenues:					
CBO baseline	663	733	795	863	
Plan Revenue		19	39	59	117
Total plan revenues		752	834	922	
B. Defense CBO:					
Baseline presumes 5 percent real BA growth	235	263	295	331	
Plan provides 3 percent BA growth		−3	−7	−14	−24
Total plan defense		260	288	317	
C. Entitlements:					
CBO baseline	400	427	455	488	
Plan entitlement reforms		−9	−14	−18	−41
Total plan entitlements		418	441	470	
D. Nondefense discretionary:					
CBO baseline	156	161	168	178	
Plan (assumes baseline)					
Total plan nondefense		161	168	178	
F. Interest:					
CBO baseline	108	127	145	168	
Plan interest reduction		−2	−7	−15	−24
Total plan interest after reduction		125	138	153	
G. Plan outlay cuts (B+C+D): (Excluding interest)		−12	−21	−32	−65
Total plan outlays including interest (B+C+D+F)		964	1,035	1,118	
Less offsetting receipts		−48	−51	−57	
Total outlays (including interest and offsetting receipts		916	984	1,061	
H. Total plan deficit reduction: (Revenue gains and spending cuts)		−33	−67	−106	−206
I. Deficit:					
CBO baseline	189	−197	−217	−245	
Pres. Budget Re-Est	186	192	211	233	
Democrat caucus plan		172	170	168	
Leadership Plan Deficit Re-Est	186	181	184	198	
Plan Deficit (B–A)		164	150	139	

ALTERNATIVE REPUBLICAN BUDGET PLAN—APRIL 9, 1984

The Alternative Republican Budget Plan introduced by Senators Chafee, Mathias, Stafford, and Weicker provides a total three-year deficit reduction from the CBO baseline of $206 billion, with spending cuts and interest savings totaling $89 billion, and revenue increases totaling $117 billion.

REVENUES

The Plan presumes adoption of the $48 billion revenue package reported by the Finance Committee but includes additional revenues that would result from adoption of measures such as the postponement of tax bracket indexing, which alone produces additional revenues of $51 billion for the three years of the budget. There are other means of obtaining revenue. One might be to adopt a version of the tax on corporate economic income as proposed by Senator Dole in the deficit reduction package initially offered last fall.

DEFENSE

The Plan provides for 3 percent real growth in defense spending, slightly less than actual defense spending in fiscal year 1984. This means a three-year reduction totaling $24 billion from the CBO baseline which projects 5 percent real growth. This cut permits total defense spending to increase to $260 billion in fiscal year 1985, $25 billion more than in fiscal year 1984! The Plan cuts only $3 billion in outlays in fiscal year 1984. It permits inflationary growth (projected by CBO at $6 billion for fiscal year 1985), and it permits the full increase of $18 billion for fiscal year 1985 resulting from prior year increases in budget authority.

ENTITLEMENTS

The Plan projects a three-year reduction in entitlement spending of $41 billion. These cuts would result from reforms in revenue sharing, unemployment compensation, farm, and Medicare-Medicaid programs. For example, the CBO's recommendation that general revenue sharing be limited to those jurisdictions experiencing fiscal distress would save $4 billion over three years. Reforms in unemployment compensation, which could include a requirement for a two-week waiting period for UI benefits, would net nearly $3 billion. Changes in Medicare and Medicaid would include programs already reported by the Finance Committee as part of the tax package. And there is a large potential for savings in the farm programs. Savings of $41 billion in entitlements nonetheless permits total entitlement spending to rise to $470 billion in fiscal year 1987, compared to $400 billion in fiscal year 1984.

NON-DEFENSE APPROPRIATED PROGRAMS

The Plan accepts CBO's estimate of baseline spending for the non-defense appropriated accounts. This does not imply that the Plan would fund all programs at current policy levels. This approach provides the flexibility to increase spending above the baseline for high priority programs like education, while making offsetting reductions in programs having lower priority. In 1980, non-defense appropriated programs accounted for 25 percent of all federal spending, but in 1984 these programs accounted for 17 percent. These accounts have borne the brunt of the spending reduction effort since 1980. The effort to cut spending should now be focused on other areas of the budget, and that is what the Alternative Republican Budget Plan attemps to accomplish.

NET INTEREST AND OFFSETTING RECEIPTS

The Plan would result in a net interest savings over the three-year period of $24 billion.

The Plan also accounts for offsetting receipts in entry G.

DEFICITS

The Alternative Republican Budget Plan reduces deficits over the three coming fiscal years by $206 billion, significantly more than the Democratic Caucus plan or the Leadership plan, or the House budget plan.

IRS UNEARNED INCOME DATA

Mr. HEINZ. Mr. President, I want to thank the chairman of the Finance Committee for his cooperation in including a provision in the amendments to modify section 991 of the Deficit Reduction Act of 1984. This section of the act as originally reported by the committee, requires States to implement income and eligibility systems for certain means-tested Federal bene-

fit programs and requires the Internal Revenue Service to make data on unearned income available to Federal and State agencies administering means-tested Federal benefit programs. The data is to be used by the State and Federal agencies in verifying eligibility and determining benefit amounts in benefit programs which have income and asset eligibility standards. It is also to be used in identifying those recipients with income or assets in excess of the maximum allowable limits for Federal benefit programs.

The corrections the chairman included in his amendment will provide procedural safeguards and protections to individuals whose eligibility or benefits may be affected by this new procedure. Testimony received last year by the Senate Subcommittee on Oversight of Government Management, Committee on Governmental Affairs on a program in Massachusetts which matched unearned income reported by banks with a recipient's social security number revealed many problems. Most of the matches were done on the basis of social security numbers which often proved to be an unreliable identifier. The data was sometimes old and did not precisely reflect the financial situation of recipients. Errors were made by financial institutions in reporting the unearned income. Individuals listed on joint bank accounts sometimes had no access to the account and were not even aware of its existence. The unearned income sometimes came from assets which are excluded from the assets limits imposed by the program. Additionally, in a hearing before the Special Committee on Aging last November, I received testimony on cases in which benefits had been terminated or reduced in error due to mistakes in matching computer records. In one case, an error in matching death records to social security records caused the Treasury to recover benefits from the bank account of a beneficiary who was still alive, without his knowledge.

Terminations or reductions of payments to beneficiaries on the sole basis of a computer "hit," without independent verification of the accuracy of the data, and without giving the beneficiary an opportunity to contest the determination of ineligibility may cause the wrong people to be unfairly terminated or assessed overpayments. The modification would provide some basic protections for those whose survival depends on public assistance programs. First, it would require that beneficiaries of Government programs be informed that unearned income data is available to the administering agency and may be used to find out if they have undisclosed assets that would make them ineligible for public assistance benefits. This notice is not only fair, but it would also have an important deterrent effect. Second, it would not permit data to be used as the sole basis for terminating or reducing benefits without verification of its accuracy and notice to the beneficiary of the excess assets determination. This change will help to reduce incorrect termination determinations.

Finally, I want to thank Senator COHEN for his valuable work in the area of computer matching and for his assistance in adding these basic procedural safeguards.

Mr. COHEN. Mr. President, I want to thank the chairman of the Finance Committee for his cooperation in accepting an amendment proposed by Senator HEINZ and myself to modify section 911 of the committee amendment to H.R. 2163.

Under the bill as originally reported by the Finance Committee, the Internal Revenue Service, and the Social Security Administration are required to make data on unearned and earned income of taxpayers available to Federal and State agencies that administer means-tested Federal benefit programs. For example, the IRS would be required to provide data concerning bank interest income of taxpayers to agencies administering the SSI or the AFDC program. This data would then be used by the recipient agencies in computer matches to verify the eligibility of individuals who are receiving, or who have applied for, benefits under these programs. The purpose of this provision, which is based on a recommendation of the Grace Commission, is to reduce fraud and waste in Government benefit programs. If adopted, it will constitute one of the biggest computer matching programs that has been conducted in the United States.

Matching of Federal Government records is not new. In December 1982, the Subcommittee on Oversight of Government Management examined the use of computer matching by Federal and State agencies and found that matching has exploded throughout the Government. As of last year, Federal Government agencies had completed almost 100 extensive matching programs, and State agencies were performing close to 200 matches. These programs involved matching of public assistance, unemployment compensation, employee, and other Government records, as well as the records of private companies, and involved the records of hundreds of thousands of citizens.

In almost every case, the justification for the matching program, as for the ones mandated in the committee amendment, is the need to insure efficiency in Government programs.

No one disagrees with the notion that the Government should make the best use of information available to it to insure the integrity of its programs. Indeed, too often, one arm of the Government does not know what another arm of the Government is doing. Also, everyone agrees that the Government should take full advantage of technology to eliminate waste, fraud, and abuse from its programs. In doing this, however, we must also remain mindful of the effects that these technological advances and information sharing programs can have on the individual rights of our citizens. The matching of thousands of records and the widespread transfer of personal data contained in them can have serious implications for the privacy and due process rights of individuals whose records are matched.

At its hearing, the Subcommittee on Oversight of Government Management heard much testimony on the adverse effects of matching programs. In some cases, individuals are not given adequate notice that their records are being matched by Government agencies, or given adequate opportunities to correct erroneous information revealed by the matches. The absence of such procedural safeguards can result in persons being labeled solely on the basis of a computer error, or worse still, being denied valuable Government benefits because a computer match has produced false, or out-of-date information.

One program reviewed by the subcommittee vividly illustrates the potential dangers posed by the widespread use of matching to find fraud in Government programs. In 1982, the Massachusetts Department of Public Welfare conducted a bank matching program whereby the names and social security numbers of welfare recipients were matched against the deposit records of Massachusetts banks. When the computer matches revealed that a welfare recipient had excess assets in the bank, a termination notice was sent to the recipient. While the purpose of this program was to ferret out fraud and abuse in the benefit programs, the Massachusetts Welfare Department soon found that the matching program was netting innocent persons as well. In one case, for example, the State terminated the medicaid benefits of an elderly woman in a nursing home because she possessed assets over the allowable limit. It was later found, however, that her major holding was a funeral bond, which was permitted under Massachusetts law. This woman, whose only crime was holding a meager sum for her funeral expenses, was forced to convince the department in an appeals proceeding that she was not a crook. In another case, the bank match caught a woman whose assets exceeded the income level requirement for welfare benefits. After she had been sent a termination notice, however, the Massachusetts officials found that she was a paraplegic, whose bank

assets were those of her son, who had temporarily placed his student loan funds in her account.

These cases illustrate that strong procedural safeguards must be in place to insure that overzealous bureaucrats do not terminate or reduce the benefits of individuals solely on the basis of computer match results.

The amendment that Senator HEINZ and I have proposed to the Finance Committee would limit the dangers of computer matching programs by insuring that program administrators do not rely solely on the "raw hits" that are generated by a match. First, the amendment provides that each agency receiving IRS or SSA data must notify the recipients, upon application to the program and periodically thereafter, that these data will be used to verify their eligibility of benefits. This will better insure that individuals are not being targeted in matches without their knowledge. Second, the amendment specifies that no agency receiving IRS or SSA information under this provision may reduce or terminate benefits without having first obtained independent verification of the accuracy of the information received, notified the affected individual of the reduction or termination, and given the individual an opportunity to refute such information. Such independent verification, from a source other than the IRS, will insure that individuals are not placed in the position of losing valuable benefits due to out-of-date or incorrect information. I am pleased that the Finance Committee has agreed to adopt these proposals as part of its technical amendment to the committee's tax amendment.

These procedural safeguards are crucial to maintain the privacy and due process rights of recipients of Government programs and should be adopted. Still, I have grave concerns over the wide dissemination of IRS data that is mandated by this provision of the Finance Committee bill. In passing the Tax Reform Act of 1976, the Congress placed strict limitations on the availability of IRS data in order to protect individual privacy and to encourage voluntary compliance with our tax laws. Since 1976, however, the Congress has chipped away the confidentiality of IRS data, without adequately addressing the privacy concerns.

Mr. President, once again I stress that fraud or waste in Government programs must not be condoned. The Congress must not, however, sacrifice individual rights and liberties in the name of either efficiency or advanced technology. What is seen today as an ally against fraud and abuse may, unless it is controlled, grow into an enemy of the very liberties that we profess to cherish most. I am pleased that the Finance Committee has agreed to adopt this amendment so that we can give high priority to the rights of our citizens in conducting matches and in eliminating fraud from Government programs.

I ask unanimous consent that a letter in support of this amendment from the National Senior Citizens Law Center be inserted in the RECORD at this time.

NATIONAL SENIOR CITIZENS LAW CENTER,
Washington, D.C., March 28, 1984.

Senator WILLIAM S. COHEN,
Committee on Government Affairs, Subcommittee on Oversight of Government Management, Dirksen Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to your request of March 27, 1984, please accept this letter as the National Senior Citizens Law Center's (NSCLC) views on the Senate Finance Committee's provision that would authorize and require the Internal Revenue Service (IRS) to make available data on unearned-income to federal and state agencies administering means-tested federal benefits programs.

While no specific legislative language has been adopted by the Finance Committee, I will assume that the Finance Committee Press Release No. 84-4, dated March 12, 1984 encapsules the essence of the provision.

As you may know, I have considered many of the issues presented by this provision in the course of my representing clients in two cases, *Tierney* v. *Schweiker*, Civil Action No. 82-1638 (D.D.C.) and *Trahan* v. *Reagan*, Civil Action No. 82-3004 (D.D.C.). These two cases challenged the validity of the "consent" forms which the Social Security Administration sent to 4 million SSI recipients around May 1982 requiring that they agree to release of unearned-income information held by the IRS or risk loss of their SSI benefits. In *Trahan*, the Circuit Court of Appeals for the District of Columbia ruled that the notices were coercive and did not permit voluntary consent.

Also, the state of Massachusetts has implemented a policy similar to the Finance Committee provision, whereby bank records are computer matched with the Social Security numbers of public assistance recipients for the purpose of identifying recipients with excess assets. This program is virtually a pilot project for the Finance Committee provision and, as such, has helped to identify many of the flaws in this process.

While the provision may identify some people with income or assets in excess of the relevant limits, our information both about the quality of the data and the manner in which it is utilized suggests that there is a very real possibility that the data will be used to terminate the benefits of eligible recipients. As the Massachusetts experience revealed, once the state agency received the data from the banks it created a presumption, based solely on that information, that a recipient's income or resources exceeded the relevant limit. The recipient was not contacted nor was any other effort made to verify the accuracy of the information.

An investigation into the validity of the presumptions and the policy in general revealed the following:

Some recipients presumed by the state to have excess income or resources were merely listed on a bank account as a matter of convenience, and, in fact, had no interest in or access to the account for their own needs. (This is particularly common with elderly and disabled individuals who will ask another relative to place his/her name on the account in order to assure that there will be access to the funds if the elderly person is too ill or otherwise incapable of getting to the bank. NSCLC has received numerous calls on joint bank account problems in SSI over the years. One common problem is that of the younger disabled or elderly SSI recipient whose name is on an elderly parent's account for convenience. SSA often tries to claim that the account belongs to the younger person.)

In some cases, non-welfare recipient individuals interested in avoiding payment of taxes on their interest income have given the financial institution a false Social Security number, in order to avoid detection by the IRS. In some cases in Massachusetts, the number actually belonged to a welfare recipient who had no knowledge of the illegal activity. However, because only the Social Security number was utilized in obtaining information, they soon discovered the problem when the state terminated their benefits. No effort was made by the state to verify that recipients really had the accounts before action to terminate took place.

Financial institutions made clerical errors in reporting unearned income to the IRS, often resulting in overstated earnings. Because the state did not verify the accuracy of the information, recipients were illegally terminated.

There is a fairly significant time delay problem with the information. For example, if SSA receives information from the IRS today, it will probably be at least one to two years old. In Massachusetts, termination actions were based solely on the outdated information without regard for the current financial circumstances of the recipient.

We are very concerned that there be language which states that, due to the types of problems mentioned above, before a federal or state agency can take action against an individual who appears to have excess income or resources based on IRS data, the agency must verify both the accuracy and current applicability of the data. The need for such verification is underscored by a recent decision by SSA to suspend, in Massachusetts, the procedure used in the SSI program to identify recipients and applicants with excess liquid resources because of the computerized bank match. (See the attached POMS transmittal.)

We are particularly concerned about the mismanagement of SSA's "debt collection" initiatives and incredible miseries which those initiatives have visited upon elderly and disabled SSI recipients. In the context of the SSI program, we are very concerned that the provision not supply SSA with any new opportunities for abuse both in terminating benefits and in creating alleged overpayments and forcing their repayment. We believe our recommendation that there be an independent verification of the IRS information will substantially reduce the potential for abusive use of the information.

I am also disturbed that the Committee's provision only applies to recipients of Federal means-tested programs. Surely, if the government has an interest in assuring accuracy in payments, that interest is no less strong in other Federally-funded programs where the monies involved often far exceed a welfare benefit. For example, the provision does not address the government's interest in accuracy in programs such as student loans, loans to farmers, VA and FHA mortgages, or small business loans.

If you have any questions on this matter, please give me a call.

Sincerely yours,

BRUCE M. FRIED,
Attorney at Law.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business not to extend beyond the hour of 11:30 p.m. in which Senators may speak.

PANAMA ELECTIONS

Mr. DECONCINI. Mr. President, the recent resignation of President Ricardo de la Espriella of Panama has raised some speculation that the general elections may not take place on May 6 as scheduled. Although the new President has pledged to adhere to the commitment to hold elections on that date, concern has been voiced that a political battle in the Panamanian Cabinet may prompt the military to interfere with the May 6 schedule.

Panama has made significant progress over the past 4 years toward the adoption of a democratic government. It would be a serious setback if the country were deprived of its first general election since the military seized power in 1968.

The evolution toward civilian rule in Panama has been marked by a tenuous and uneasy truce between the country's military and civilian political leaders. It is clear from de la Espriella's sudden resignation that this historical conflict has not been resolved. The political stability of Panama must not be jeopardized by any efforts to thwart the country's mandated progression toward free elections. Internal disruptions in Panama's status quo would have severe negative ramifications for the already fragile region of Central America.

It is the sincere hope of this Senator, therefore, that the transition to democratic rule will be permitted to take place without impediment. The role of the military in Panamanian Government should be decided by its citizens. A distortion of their voice would seriously undermine the credibility of those who profess to represent them.

FRANK CHURCH

Mr. DECONCINI. Mr. President, much that has been written about Frank Church has to do with his many accomplishments as a young man. I did not know him then; yet it is evident that the notoriety which came to him in those years only enhanced his gifts of generosity and concern.

He was in his ripening middle age when I came to the Senate, and my most enduring memories of him will be of the care he showed me as a very junior Member of this body. He took the time to care about me and other younger Members. When I began to venture into foreign policy issues, Chairman Church had no hesitation in offering to conduct hearings on my areas of concern. Because he so freely offered opportunities to work with him, I began to seek out his opinions on foreign policy. Many of the views I strongly cling to today developed during those periods when I as a very junior Member of the Senate could freely discuss my concerns with the chairman of the Senate Foreign Relations Committee.

As Frank Church and I became friends, I gained the added pleasure of knowing his wonderful wife, Bethine. She is a woman of warmth and dedication. Her relationship with Frank has been an inspiration to many Members of the Senate and their families. We are all pained by the sadness of her loss.

Mr. President, I was a better Senator because of Frank Church, and we are a more caring and conscientious body because of the time he spent here. His departure from us, from all who loved him, brings so much sadness. It also fills this Senator with the resolve to help perpetuate the spirit of Frank Church in this body.

THE NATIONAL ACADEMY OF PUBLIC ADMINISTRATION

Mr. PERCY. Mr. President, I would like to commend my colleagues for the wisdom they showed in passing H.R. 3249 to charter the National Academy of Public Administration. The charter should insure that the National Academy is called upon even more frequently for its expertise in advising government on more effective management of complex issues and institutions.

Since 1967 the National Academy has been a trusted, experienced counselor to government at all levels—Federal, State, and local. It has served government on the administrative side, much as the National Academy of Sciences has been a resource on scientific matters. In 1863, President Lincoln signed legislation chartering the National Academy of Sciences, now a significant landmark on America's intellectual landscape. It is only fitting that its sister institution, the National Academy of Public Administration, is now receiving a charter.

Chaired by Phillip S. Hughes, Under Secretary of the Smithsonian Institution, the National Academy is made up of more than 300 distinguished practitioners and scholars in the field of public administration. They included former Cabinet members and Governors, current White House officials, Members of Congress, government managers, and businessmen and women who were formerly government officials.

Their broad collective experience provides governmental institutions with thoughtful, objective counsel.

The National Academy has performed services or conducted studies for the Congress, the Judiciary, and nearly every department and major agency of the Federal Government, as well as State and local governments.

Over the years the National Aeronautics and Space Administration alone has called upon it for 11 studies. Last year 16 Federal agencies joined to ask the National Academy for ways to streamline management and regulations, avoid overburdening of systems, and motivate Federal managers. A recent report made recommendations on ways to improve the Presidential appointment process.

These are only a few of the contributions the National Academy has made toward helping our public institutions work more efficiently. As a chartered institution, it will be called upon even more frequently for assistance.

CHILDREN AGAINST THE NUKES

Mr. HATCH. Mr. President, on numerous occasions in the past I have expressed my concern over the materials that are being used in the classrooms of our Nation to indoctrinate the impressionable minds of our children. On July 20, 1983, I spoke to this body on the curriculum developed by the National Education Association, "Choices," which offered little or no choice at all but to conclude that we are about to be blown up. You may recall that in my floor statement, I called attention to the deluge of letters written to President Reagan by frightened schoolchildren worried about their chances of growing up.

In recent days, Mr. President, Secretary Bell has expressed his concern for what he calls the "dumbing down" of textbooks. He deplores the lack of academic sophistication in the materials currently available from textbook publishers. While I share that concern, I am much more alarmed about the content, or the substance, of what lies between the covers of increasing numbers of the books our children are using.

For that reason, I also share the concern of Congresswoman ROUKEMA of New Jersey, as expressed on the House floor on March 8, 1984, when her amendment was added to the vocational education reauthorization bill prohibiting the National Education Association from profiting from the "teacher certified" computer software to be merchandised by its affiliate—whatever that is—Cordatum. While I certainly join in the Congresswoman's conflict-of-interest remarks on the matter, I am much more alarmed at the prospect of NEA selected teachers putting the stamp of approval on the

content of curriculum materials to be distributed nationally, whether or not they are paid for with Federal funds.

Mr. President, in the Thursday, April 5, 1984, issue of the Washington Times, Morton Kondracke, executive editor of the New Republic, expressed my apprehension well in his provocative article, "The Children Against Nukes." He carefully looks at what some of the most legendary of writers of such children's books as "The Grinch Who Stole Christmas" are now telling children. In story form, impressionable children are told that Americans are no different from Russians and that to defend one's values is "stupid, bigoted and dangerous to living things."

Mr. President, because Mr. Kondracke has a message I feel deserves the widest possible attention, I ask unanimous consent that his editorial as it appeared in the Washington Times on April 5, 1984, be printed in the CONGRESSIONAL RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THE CHILDREN AGAINST NUKES

(By Morton Kondracke)[1]

It's perfectly appropriate—absolutely essential, in fact—for Americans to debate U.S. nuclear weapons policy. But is it necessary to terrorize and propagandize our children in the process?

The evidence is mounting that American children increasingly suffer from nightmares, depression, and a fundamental conviction that they will not live long enough to grow up.

Some of the latest research is reviewed in the April issue of Psychology Today. One study, of graduating seniors from 130 high schools across the nation, by Jerald Bachman of the University of Michigan, showed that in 1975, about 7.2 percent of boys questioned said that they often worry about nuclear war, whereas in 1982, the figure was 31.2 percent.

Also in 1982, more than one-third of all high school seniors agreed with the statement "Nuclear or biological annihilation will probably be the fate of all mankind within my lifetime."

Psychology Today did not report on the attitudes of girls, but a Washington Post survey this February found that two-thirds of the female students interviewed feared that nuclear war would occur by the year 2000, compared to just under half of male students.

Fear of the U.S.-Soviet nuclear buildup was listed as the top concern of 64 percent of the young people (ages 13 to 17) interviewed by the Post. It ranked tops for just 43 percent of adults. Twenty-four percent of the young people said they had dreams about nuclear war, compared to 12 percent for adults.

This kind of evidence is often cited—especially by nuclear freeze groups—as an argument against President Reagan's nuclear policies.

"See," the freeze movement says, "the U.S. nuclear buildup is terrifying our children, and it must stop."

But I think the real culprit in traumatizing children is the nuclear freeze movement itself, which has not been satisfied merely to conduct an adult debate on nuclear policy with the Reagan administration, but has used fear of a nuclear holocaust as a basic organizing tool.

Children, being impressionable, have been affected by the movement's graphic propaganda more than adults, as the survey research shows.

The fact that nuclear fears among children are more prevalent now than they were nine years ago—four times as great, according to the Michigan study—is futher evidence of the freeze movement's responsibility.

It's perfectly true that administration officials spoke irresponsibly about the winnability of nuclear wars during their early months in office, but Reagan policies in fact have been little different from those of the Carter administration. Children had far fewer nuclear nightmares in 1980 than they do now.

The big changes occuring in the past three years are the rise of the freeze movement and the new attention that TV dramatists and movie producers have given to the topic.

Even more troubling than the terror induced in children are the ideological messages being given them by freeze advocates—most notably now by the legendary Dr. Seuss.

America's foremost writer of books for children—the man who gave us "Yertle the Turtle" and "The Grinch Who Stole Christmas"—has just published a new book, "The Butter Battle Book," whose not-very subliminal message to youngsters is that there is no essential difference between the United States and the Soviet Union, certainly none worth fighting for.

His characters aren't openly Americans and Russians of course, but Yooks and Zooks. They build a wall between them and then launch an arms race—all because Yooks spread butter on the top of their bread and Zooks spread it on the bottom.

As it's put by a Yook elder who works for the Zook-Watching Border Patrol, "You can't trust a Zook who spreads bread underneath. Every Zook must be watched! He has kinks in his soul!"

In their enmity, the two sides first resort to slingshots to scare and deter each other, then cannons (like "the eight-nozzled, elephant-toted Boom-blitz" that "shoots high-explosive sour cherry stone pits"), then airborne chemical warfare devices and, finally, the "Big Boy Boomeroo," which can blow them both to smithereens.

Dr. Seuss neglects to inform children that there are real differences between the Yooks and the Zooks of this world. One side built the wall between them in order to keep its own people from moving to the other side. One side has repeatedly rolled its tanks into other countries to keep them enslaved. One side lets people speak, vote and worship freely; the other employs secret police and psychiatric prisons to keep people in line. One side is content to maintain the status quo in the world; the other side exports revolution and violence as a matter of principle.

The burden of Dr. Seuss's book is worse than the "Better Red than Dead" message adopted by nuclear disarmament groups over the years. Dr. Seuss's message to American children is, "Red? It's not so different." More subtly, the message is that to defend one's values is stupid, bigoted and dangerous to living things.

Sure enough, such messages are getting through to America's youngters. As "Psychology Today" notes, three years ago a group of teenagers founded the Children's Campaign for Nuclear Disarmament, which has generated thousands and thousands of letters to President Reagan asking him to stop building nuclear weapons.

The article notes that researchers have found that Soviet children also fear nuclear war, though less intensely than American children, and that they, too, take action to prevent it—such as writing letters to people in NATO countries.

Which means, of course, that the children of the world are being mobilized against American nuclear preparedness. In the name of humanity, who is writing letters to Chairman Chernenko?

[1] Morton Kondracke is executive editor of The New Republic.

DEATH OF FORMER SENATOR FRANK CHURCH

Mr. HOLLINGS. Mr. President, in paying tribute to our friend Frank Church, we honor both a man and an ideal. For his memory rings loud and clear in this Chamber today—as clear and distinct as the stirring and memorable oratory for which he was famous. The ideal was his unrelenting integrity. Integrity of thought, integrity of action. Here was a man whose steady goal was to serve the Nation and serve it well.

Across the gamut of public policy, he contributed greatly to the progress of his Nation. We remember the Cooper-Church amendments which put an end to expansion of the war in Indochina, after it became clear that stubborn insistence on mistaken policy was only dragging America in deeper without the necessary commitment to win.

We recall his path-breaking record on conservation. Long before it was fashionable to be an environmentalist the Senator from Idaho was seeing through to passage such landmarks as the National Wilderness System legislation, the Land and Water Conservation Fund, and the Wild and Scenic Rivers Act.

Time and again, the Senate turned to Frank Church on the tough ones. The thorough investigation he conducted into the operation of our intelligence activities, which put the brakes on excess zeal and which led directly to the creation of the permanent Senate Intelligence Committee. Or the tightly run inquiry into the operation of the multinational corporations, exposing the abuses of some and the impact of all in a business environment made forever different and more complex by the growing ties of international finance and business combinations.

I could go on. There was his leadership role in dozens of foreign policy issues, including his floor leadership of the Panama Canal treaties which for one time put us on the side of the angels in Latin America. His leadership of the Senate Committee on

Aging and his many contributions to the well-being of America's elderly.

So the specific accomplishments are there—and there in abundance. If you seek a monument, look around. But then, more important than even the individual feats, was the character of the man. The integrity. The clarity of vision. The courage with which he followed up. Political courage on those many issues where he sought to educate rather then emulate. But personal courage, too. Personal courage, testified to by the Bronze Star, for service as a military intelligence officer with the American Chinese Combat Command in the China-Burma-India theater. Personal courage in beating back cancer as a young man. Personal courage in sticking to his principles when expedience might have motivated lesser men. And personal courage for the way he died—with his faith unshaken and with such dignity and bravery as to inspire us all.

We think back today, back to those many debates in which he took part, with his ringing voice and clear intellect discussing the issues as Senators are supposed to discuss issues. Somehow we do not have a lot of those debates any more, and the country is poorer for it. Incidentally, my hometown, Charleston, hosted the American Legion's National Americanism oratorical contest where young Frank took first prize. We think back, those of us who were privileged to serve with him, to his character—as good and decent a man as ever walked the Halls of Congress. Long before the tawdy revelations of Watergate, he practiced full disclosure and public service in the sunshine. To him public office was a public trust, and his own code of ethics was long in place before Congress got around to legislating one. When we counseled with Frank Church, we knew we were getting it straight from the shoulder, without guile, without political manipulation. He was as incapable of deception as he was of pomp and pretension.

I am honored to have served with him as a colleague and to have known him as a warm and caring friend. Peatsy and I will always cherish the memories we have of Frank, and today our hearts go out to his gallant wife, Bethine, to his sons, to all his relatives. We grieve too for the country, which has lost a voice of reason, judgment, and statesmanship. Yet even as we grieve, we feel tremendous pride. Pride for who Frank Church was, pride in what he accomplished, pride in how he went about everything he did. Therein is a lasting legacy to America, a life well and productively lived in service to his fellow man, a life from which those who come after him can draw sustenance and inspiration, renewing America and renewing the good which Frank Church stood for and served all his life.

DR. BENJAMIN BYRD: A FEARLESS WARRIOR

Mr. SASSER. Mr. President, I rise today to pay tribute to Dr. Benjamin Franklin Byrd, Jr., Dr. Byrd, a native Nashvillian, may be described as a hero in his own lifetime. After earning both a Purple Heart and a Silver Star for the bravery demonstrated during World War II, Dr. Byrd began a tireless battle against a dreaded killer in our society, cancer. Dr. Byrd's efforts continue to this day, and he has served a president of the local, State and National Levels of the American Cancer Society.

I have had the pleasure, indeed the honor, of knowing Dr. Byrd for many years. He has assisted me on a number of occasions. Most recently, Dr. Byrd made a special trip to Washington to show his strong support for legislation that I introduced in order to correct severe inequities currently found in our social security disability laws.

The Nashville Banner recently included an article highlighting the numerous accomplishments enjoyed by Dr. Byrd. The article correctly recognized Dr. Benjamin Byrd as a uniquely unselfish man who has dedicated both his career and personal life to serving his community and his country. As a tribute to Dr. Byrd, I ask unanimous consent that the text of the Nashville Banner article be included in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Nashville (Tenn.) Banner]

DR. BENJAMIN FRANKLIN BYRD JR.—THIS HAWKEYE FACES "WAR" HE CAN NEVER STOP FIGHTING

(By Bill Snyder)

Dr. Benjamin Franklin Byrd Jr. of Nashville is a modern-day "Hawkeye" Pierce.

Like the leading character of the long-running M*A*S*H television series, Byrd was an Army doctor during wartime, only his battles were fought on the beaches of Normandy instead of in Korea.

Both surgeons are known for their compassion and humor, and they share the same first and middle names.

Unlike Hawkeye, however, Byrd is a big, quiet man who doesn't talk much about his achievements. And when World War II ended, Byrd waded into conflict against breast cancer—an insidious foe that kills nearly 40,000 American women every year.

He is still fighting that battle today.

At 65, Byrd's war on cancer has taken him from local committees of physicians who do their best to treat the disease to national organizations that raise millions of dollars to find a cure.

He served as local, state and national president of the American Cancer Society, chairman of the American College of Surgeons' Commission on Cancer and chairman of the Tennessee Medical Association's Committee on Cancer.

Byrd is best known, however, for helping to implement a nationwide breast cancer detection program that proved the value of early screening and self-examination.

Byrd will be recognized Friday for his many contributions to the fight against cancer by the Nashville-Davidson County unit of the American Cancer Society during its annual "April Evening" fund-raiser at the Belle Meade Country Club.

"He's sort of an institution," said Dr. Seth Cooper, chairman of the local cancer society's board. "He's been a prominent surgeon in the community for years, and patients all seem to adore him.

"He's provided the care people need in every sense of the word—medical expertise as well as being there when they needed him," Cooper said.

Dr. Arthur Holleb, a close friend and senior vice president for medical affairs of the American Cancer Society in New York, said Byrd is "an exemplar of medical volunteerism."

"He is never too busy to do a job for the American Cancer Society, whether it is testifying before Congress or reviewing a grant application," Holleb said.

At the same time, "he is a man of great kindness and compassion toward his patients," his friend said. Around the cancer society, "he is lovingly known as 'Big Ben.' "

Byrd's contributions are not confined to the cancer field. The Nashville native currently is president-elect of the Nashville Area Chamber of Commerce and serves on the boards of the Cumberland Museum, Ladies Hermitage Association and the Junior League.

His activities don't leave much time for hobbies.

"I used to golf, but I never could keep my appointments," the open-faced, white-haired physician said with a soft chuckle. "My partners weren't too happy about that so I stopped playing.

"I work for recreation."

Byrd said he always wanted to be a doctor. "I never even thought about anything else." he said.

His father, a 1916 graduate of Vanderbilt University Medical School, was director of the medical department of the National Life and Accident Insurance Co. for 16 years and helped guide the firm into the health and accident business, Byrd said.

His mother, Ida Brister Byrd, was a former school teacher from Brookhaven, Miss., where she met and married her husband.

Byrd Jr. was educated at the Peabody Demonstration School (now the University School of Nashville), Duncan College Preparatory School, where Vanderbilt's Memorial Gym now stands, and Vanderbilt undergraduate and medical schools.

He played basketball on "the famous 1937 basketball team" at Vanderbilt but said he was not coordinated enough to attain star status. "I was one of those that made the first team possible," he said with a laugh.

Byrd joined the U.S. Army soon after graduation from medical school, and by 1943 the young first lieutenant found himself in England planning medical back-up for the invasion of German-held Normandy.

D-Day found him on Omaha Beach, directing the evacuation of wounded troops. He was awarded the Bronze Star with Oak Leaf Cluster for "meritorious performance of duty" that day.

Months later, while following the army into Germany after the Battle of the Bulge, Byrd was wounded in the left leg by a shell fragment. After stopping briefly to get patched up, he continued directing the evacuation of more seriously wounded soldiers.

His bravery earned him a Purple Heart and Silver Star.

Byrd doesn't talk much about his war experiences. He prefers to move on to the late 1940s, when he discovered a love for surgery and for the woman who would become his wife, the former Allison Caldwell.

"I'm probably going to catch it for saying this, but I remember when I came back from Europe, she was the most beautiful thing I had ever seen," Byrd said. The couple married in 1950 in her parents' home, now known as the Belle Meade Mansion.

The couple had six children. Ben Byrd III followed the family tradition and graduated from Vanderbilt Medical School in 1977.

Byrd said he became interested in breast cancer as resident physician under the late Dr. Barney Brooks, then chairman of surgery at Vanderbilt.

At that time, "early diagnosis was just happenstance," he said, and in many cases breast cancer was discovered too late to save the patient's life.

Byrd was chairman of the American Cancer Society's breast cancer task force in the early 1970s when it was decided to test the value of an early screening program. The hope was that fewer women would die if the disease was detected and treated early.

With the financial backing of the National Cancer Institute, the American Cancer Society organized 27 breast cancer detection centers throughout the country, including one at Vanderbilt.

Over the next few years, 280,000 women over age 35 were screened, and 4,500 cases of breast cancer were detected.

"I can't over-emphasize the value of self-examination," Byrd said. One in 11 women can expect to develop breast cancer in her lifetime, but if caught early, the chances for successful treatment are better than ever before, he said.

Byrd said he hoped the breast cancer detection project would have indicated risk factors for the development of the disease, but it did not.

Although there are suggestive clues including the role of diet and viruses, only two known risk factors have been identified—history of breast cancer on the maternal side of the family and a previous breast cancer.

That's why supporting basic research is important, Byrd said.

Byrd said he has enjoyed his long association with the cancer society because it provided "an opportunity to influence the direction of diagnosis and treatment of cancer in this country."

He gets the most pleasure however, out of performing surgery.

"The rewards of being able to practice surgery make every day a joy," he said. "Sometimes it's not an unmixed joy, but at least it is a joy."

One can imagine Hawkeye Pierce saying something along those lines.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages form the President of the United States submitting a nomination which was referred to the Committee on Labor and Human Resources.

(The nomination received today is printed at the end of the Senate proceedings.)

FISCAL YEAR 1985 BUDGET OF THE DISTRICT OF COLUMBIA—MESSAGE FROM THE PRESIDENT—PM 128

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with accompanying papers; which was referred to the Committee on Appropriations:

To the Congress of the United States:

In accordance with the District of Columbia Self-Government and Governmental Reorganization Act, I am transmitting the fiscal year 1985 Budget of the District of Columbia.

The proposals for Federal Payments to the District of Columbia reflected in this document are consistent with those shown in the 1985 Budget submitted to the Congress on February 1, 1984.

RONALD REAGAN.

THE WHITE HOUSE, *April 10, 1984.*

MESSAGES FROM THE HOUSE

At 3:11 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House has passed the following joint resolution, with amendments, in which it requests the concurrence of the Senate:

S.J. Res. 173. Joint resolution commending the Historic American Buildings Survey, a program of the National Park Service, Department of the Interior.

The message also announced that the House has agreed to the following concurrent resolution, without amendment:

S. Con. Res. 102. A concurrent resolution to correct the enrollment of H.R. 4169.

The message also announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 4214. An act to establish a State Mining and Mineral Resources Research Institute program, and for other purposes;

H.R. 5155. An act to establish a system to promote the use of land remote-sensing satellite data, and for other purposes; and

H.R. 5298. An act to provide for a White House Conference on Small Business.

ENROLLED BILL SIGNED

At 4:43 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the Speaker has signed the following enrolled bill:

H.R. 4169. An act to provide for reconciliation pursuant to section 3 of the first concurrent resolution on the budget for the fiscal year 1984.

The enrolled bill was subsequently signed by the President pro tempore (Mr. THURMOND).

MEASURES REFERRED

The following bills were read the first and second times by unanimous consent, and referred as indicated:

H.R. 4214. An act to establish a State Mining and Mineral Resources Research Institute program, and for other purposes; to the Committee on Energy and Natural Resources.

H.R. 5155. An act to establish a system to promote the use of land remote-sensing satellite data, and for other purposes; to the Committee on Commerce, Science, and Transportation.

MEASURE PLACED ON THE CALENDAR

The following bill was read the first and second times by unanimous consent, and placed on the calendar:

H.R. 5298. An act to provide for a White House Conference on Small Business.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-3023. A communication from the Secretary of Agriculture, transmitting a draft of proposed legislation to amend the Watershed Protection and Flood Prevention Act to provide the Federal Government with the flexibility to reduce the amount of cost sharing for construction of flood prevention projects; to the Committee on Agriculture, Nutrition, and Forestry.

EC-3024. A communication from the Acting Assistant Secretary of Defense (Comptroller), transmitting, pursuant to law, a listing of contract award dates for the period May 1, 1984 to June 30, 1984; to the Committee on Armed Services.

EC-3025. A communication from the President of the United States, transmitting, pursuant to law his determination that the authority available to the Export-Import Board for fiscal year 1984 is sufficient to meet the needs of the Bank; to the Committee on Banking, Housing, and Urban Affairs.

EC-3026. A communication from the Board of Trustees of the Federal Supplementary Medical Insurance Trust Fund, transmitting, pursuant to law, the 1984 annual report of the Board; to the Committee on Finance.

EC-3027. A communication from the Board of Trustees of the Federal Hospital Insurance Trust Fund, transmitting, pursuant to law, the 1984 annual report of the Board; to the Committee on Finance.

EC-3028. A communication from the Assistant Secretary of State (Legislative and Intergovernmental Affairs), transmitting,

pursuant to law, the determination of the Secretary of State that the furnishing of direct assistance to Mozambique would further the foreign policy interests of the United States; to the Committee on Foreign Relations.

EC-3029. A communication form the Acting Assistant Legal Advisor for Treaty Affairs, Department of State, transmitting, pursuant to law, a report on international agreements, other than treaties, entered into by the United States in the 60-day period prior to April 4, 1984; to the Committee on Foreign Relations.

EC-3030. A communication from the Acting Assistant Secretary of the Treasury (Administration), transmitting, pursuant to law, a report on a new Privacy Act system of records; to the Committee on Governmental Affairs.

EC-3031. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 5-123, adopted by the Council on March 27, 1984; to the Committee on Governmental Affairs.

EC-3032. A Communication from the Staff Director of the U.S. Commission on Civil Rights, transmitting, pursuant to law, the annual report of Commission for calendar year 1983; to the Committee on Governmental Affairs.

EC-3033. A Communication from the Records Officer of the U.S. Postal Service, transmitting, pursuant to law, a proposed modification to a Privacy Act system of records; to the Committee on Governmental Affairs.

EC-3034. A Communication from the Chairman of the Federal Home Loan Bank Board, transmitting, pursuant to law, the annual report of the Board under the Government in the Sunshine Act for calendar year 1983; to the Committee on Governmental Affairs.

EC-3035. A Communication from the Executive Director of the Neighborhood Reinvestment Corporation, transmitting, pursuant to law, the annual report of the Corporation under the Freedom of Information Act for calendar year 1983; to the Committee on the Judiciary.

EC-3036. A Communication from the Chairman of the Office of Environmental Quality, Executive Office of the President, transmitting, pursuant to law, the annual report of the Office of Environmental Quality under the Freedom of Information Act for calendar year 1983; to the Committee on the Judiciary.

EC-3037. A communication from the Supervisory Copyright Information Specialist, Copyright Office, Library of Congress, transmitting, pursuant to law, the annual report of the Copyright Office under the Freedom of Information Act for calendar year 1983; to the Committee on the Judiciary.

EC-3038. A communication from the National Commander of the Civil Air Patrol, transmitting, pursuant to law, the annual report of the Civil Air Patrol for 1984; to the Committee on the Judiciary.

EC-3039. A communication from the Secretary of Labor, transmitting a draft of proposed legislation to authorize adequate appropriations for the President's Committee on Unemployment of the Handicapped, and for other purposes; to the Committee on Labor and Human Resources.

EC-3040. A communication from the Secretary of the Interior, transmitting, pursuant to law, the annual report on grants to State Mining and Mineral Resources and Research Institutes for fiscal year 1983; to the Committee on Labor and Human Resources.

EC-3041. A communication from the Chairman of the Task Force on Environmental Cancer and Heart and Lung Disease, transmitting, pursuant to law, the annual report of the task force describing its activities for the period September 1982 through August 1983; to the Committee on Labor and Human Resources.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. PERCY, from the Committee on Foreign Relations, without amendment:

S. Res. 366. An original resolution expressing appreciation to Prime Minister Prem of Thailand for Thailand's assistance to Indochinese refugees.

EXECUTIVE REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. PERCY, from the Committee on Foreign Relations:

Barrington King, of Georgia, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States to Brunei:

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the momination.

Nominee: Barrington King;

Post: Brunei.

Contributions, amount, date, donee:

1. Self: Barrington King, none.

2. Spouse: Sarah T. King, none.

3. Children and spouses names: Sarah Sevilla King, none, Barrington King IV, none.

4. Parents names: Barrington King, Sr., unknown; Madeline P. King, unknown.

5. Grandparents names: none.

6. Brothers and spouses names: none.

7. Sisters and spouses names: Madeline K. Porter, unknown.

Stephen Warren Bosworth, of Michigan, to be Ambassador Extraordinary and Plenipotentiary of the United States to the Republic of the Philippines:

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Stephen W. Bosworth.

Post: Philippines.

Contributions, amount, date, donee.

1. Self: None.

2. Spouse: None.

3. Children and spouses names: Andrew, none, Allison, none.

4. Parents names: Warren and Mina Bosworth, none.

5. Grandparents names: Deceased.

6. Brothers and spouses names: Barry & Nancy Bosworth, none; Brian & Sally Bosworth, $20.00, 1979. Otis Bowen, John Anderson, $20.00, 1979.

7. Sisters and spouses names (no sisters).

Gerald P. Carmen, of New Hampshire, to be the Representative of the United States to the European Office of the United Nations, with the rank of Ambassador:

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Gerald P. Carmen.

Post: The Representative of the United States of America to the European Office of the United Nations and Other International Organizations, with the Rank of Ambassador.

Contributions, amount, date, donee:

1. Self: $100 February 27, 1980, NECPAC; $150 March 28, 1981, Rudman for Senate; $140 March 10, 1982, Emery for Senate; $50 May 25, 1982, Granite Staters to Re-Elect Judd Gregg; $100 May 23, 1983, Humphrey for Senate Committee; $250 November 7, 1983, Reagan-Bush '84 (this contribution was returned to me at my request); and $300 February 6, 1984, Campaign for Republican Women.

2. Spouse: None.

3. Daughter: Melinda Carmen, none; Son, David Carmen, $100 1984, Reagan-Bush 1984; Daughter-in-law, Alita Carmen, none.

4. Parents: Edward Carmen, Hilda Carmen, $150 1984, Humphrey for Senate Committee.

5. Grandparents names: Deceased.

6. Brother & Spouse: Mr. & Mrs. Robert Carmen, none.

7. Sisters and spouses names: Deceased.

The following-named Career Members of the Senior Foreign Service, Class of Career Minister, for the personal rank of Career Ambassador in recognition of especially distinguished service over a sustained period:

Lawrence S. Eagleburger, of Florida.

Arthur Adair Hartman, of New Jersey.

Edward Noonan Ney, of New York, to be a Member of the Board for International Broadcasting for a term expiring April 28, 1985.

(The above nominations were reported from the Committee on Foreign Relations with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. ANDREWS (by request):

S. 2546. A bill to extend through September 30, 1988, the period during which amendments to the United States Grain Standards Act contained in section 155 of the Omnibus Reconciliation Act of 1981 remain effective, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. STAFFORD (by request):

S. 2547. A bill authorizing appropriations to the Secretary of the Interior for services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts, and for other purposes; to the Committee on Environment and Public Works.

By Mr. LEVIN:

S. 2548. A bill to authorize the Secretary of Housing and Urban Development, through the Federal Housing Administration to assist homeowners in taking correc-

tive measures with respect to urea formaldehyde foam insulation in their homes; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. LAUTENBERG (for himself, Mr. WILSON, Mr. INOUYE, Mr. LEAHY, Mr. DIXON, Mr. RIEGLE, Mr. GORTON, and Mr. HEFLIN):

S. 2549. A bill to provide additional protection of the intellectual property rights of United States nationals in foreign countries; to the Committee on Finance.

By Mr. MATSUNAGA:

S. 2550. A bill for the relief of Herbert T. Matsuo, Patrick Wayne Matsuo, Susan Villarta, and the estate of Arline L. Matsuo; to the Committee on the Judiciary.

By Mr. HEINZ (for himself and Mr. SPECTER):

S. 2551. A bill to designate certain areas in the Allegheny National Forest as wilderness and recreation areas; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. KENNEDY (for himself, Mr. MOYNIHAN, and Mr. SARBANES):

S.J. Res. 271. Joint resolution calling on the President to withdraw the modification of the jurisdiction of the International Court of Justice; to the Committee on Foreign Relations.

By Mr. MURKOWSKI:

S.J. Res 272. Joint resolution recognizing the anniversaries of the Warsaw Uprising and the Polish resistance to the invasion of Poland during World War II; to the Committee on the Judiciary.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. PERCY (from the Committee on Foreign Relations):

S. Res. 366. An original resolution expressing appreciation to Prime Minister Prem of Thailand for Thailand's assistance to Indochinese refugees; placed on the calendar.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. ANDREWS (by request):

S. 2546. A bill to extend through September 30, 1988, the period during which amendments to the U.S. Grain Standards Act contained in section 155 of the Omnibus Reconciliation Act of 1981 remain effective, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

NATIONAL INSPECTION SYSTEM FOR GRAINS

● Mr. ANDREWS. Mr. President, at the request of the Deputy Secretary of Agriculture, Richard E. Lyng, I offer this bill to extend through September 30, 1988, the amendments to the U.S. Grain Standards Act contained in section 155 of the Omnibus Budget Reconciliation Act of 1981, which would normally expire on September 30, 1984.

Implementation of the amendments has led to orderly and timely marketing of grain by establishing offical U.S. standards for grain, promoting uniform application thereof by official inspection personnel, and regulation of the weighing and certification of the weight of grain. User fees and input by the Advisory Committee have aided the Federal Grain Inspection Service in managing its programs more effectively.

The administration believes that the amendments contained in the Omnibus Budget Reconciliation Act of 1981, with the exception of the 35-percent limitation on administrative supervisory costs, should be continued for 4 years, and that enactment of this bill will assure that the national inspection system will continue to be operated in a cost-effective manner in both the foreign and domestic markets.

Mr. President, I ask unanimous consent that the transmittal letter from the U.S. Department of Agriculture as well as the text of the bill be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 2546

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 155 of the Omnibus Budget Reconciliation Act of 1981, 95 Stat. 371, is amended by—

(1) deleting "Effective for the period October 1, 1981, through September 30, 1984, inclusive, the United States Grain Standards Act is amended by—", and inserting in lieu thereof, "Effective for the period October 1, 1981 through September 30, 1988, inclusive, the United States Grain Standards Act is amended by—";

(2) deleting paragraph (3) thereof which reads:

"(3) adding a new section 7C as follows:

'LIMITATION ON ADMINISTRATIVE AND SUPERVISORY COSTS

'SEC. 7C. The total administrative and supervisory costs which may be incurred under this Act for inspection and weighing (excluding standardization, compliance, and foreign monitoring activities) for each of the fiscal years 1982 through 1984 shall not exceed 35 per centum of the total costs for such activities carried out by the Service for such year.' ";

(3) renumbering paragraphs (4) and (5), respectively, as paragraphs (3) and (4); and

(4) amending paragraph (3), as so renumbered, by deleting "during the period beginning October 1, 1981, and ending September 30, 1984", and inserting in lieu thereof "during the period beginning October 1, 1981, and ending September 30, 1988".

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, DC, March 12, 1984.

Hon. GEORGE BUSH,
President of the Senate,
Washington, DC.

DEAR MR. PRESIDENT: We submit, herewith, for the consideration of the Congress, a draft bill "To extend through September 30, 1988, the period during which amendments to the United States Grain Standards Act contained in Section 155 of the Omnibus Budget Reconciliation Act of 1981 remain effective and for other purposes.

The amendments in the Omnibus Budget Reconciliation Act, effective for the period October 1, 1981, through September 30, 1984, required collection of user fees to cover administrative and supervisory costs related to official grain inspection and weighing, imposed a 35 percent limitation on administrative and supervisory costs, authorized appropriations for standardization, compliance, and foreign monitoring activities, and required establishment of an advisory committee. The amendments enabled the Federal Grain Inspection Service (FGIS) to facilitate the orderly and timely marketing of grain in carrying out its responsibilities to provide for the establishment of official United States standards for grain, to promote the uniform application thereof by official inspection personnel, and to regulate the weighing and certification of the weight of grain.

With the implementation of these user fees and input by the Advisory Committee, the FGIS programs have been more aggressively managed. This has resulted in increased efficiency of program administration and a more cost-effective delivery of program services. During the past 2 fiscal years, staff has been reduced to less than 900 full-time permanent employees from approximately 1,500 and total expenditures from $57.2 million to $38.6 million.

Although administrative costs have been substantially reduced, the 35 percent limitation presents problems in the effective management of the FGIS program. Since the volume of work varies seasonally, the fixed cost for specific periods can in fact exceed 35 percent. Because of the artificial cap, qualified personnel may be let go only to be hired again and retrained. This personnel practice is not cost-effective. Generally, administrative expenses are not expected to substantially exceed 35 percent during any period. Deletion of the cap should result in more efficient and effective resource management.

For these reasons, I am recommending that the amendments contained in the Omnibus Budget Reconciliation Act of 1981, except for the 35 percent limitation on administrative and supervisory costs, be continued for 4 years. Enactment of the enclosed draft bill will assure that the national inspection system will continue to be operated in a cost-effective manner in both the foreign and domestic markets.

The Office of Management and Budget advises that enactment of this legislation would be in accord with the Administration's program.

An identical letter has been sent to the Speaker of the House of Representatives.

Sincerely,

RICHARD E. LYNG,
Deputy Secretary.●

By Mr. LEVIN:

S. 2548. A bill to authorize the Secretary of Housing and Urban Development, through the Federal Housing Administration, to assist homeowners in taking corrective measures with respect to urea formaldehyde foam insulation in their homes; to the Committee on Banking, Housing, and Urban Affairs.

UREA FORMALDEHYDE FOAM INSULATION CORRECTIVE MEASURES ACT

● Mr. LEVIN. Mr. President, on November 18, 1983, I introduced S. 2170, which would authorize low-interest, guaranteed loans to assist homeowners to remove urea formaldehyde foam insulation (UFFI) from their homes. The subsidized interest rate in S. 2170

is equal to the Federal Housing Administration (FHA) home loan rate. This FHA interest rate has since been deregulated. My intent in November was to provide assistance to homeowners who installed UFFI in compliance with Federal Government energy conservation policy, but later discovered the serious problems related to this insulation.

Today, Mr. President, I am, with the same intention, introducing a similar bill. The difference between my two bills is the replacement of the FHA home loan interest rate with the Small Business Administration (SBA) disaster loan rate for homeowners unable to obtain commercial credit. This SBA rate is currently 6.375 percent.

During the late 1970's, approximately 500,000 homeowners installed UFFI, in large part due to the tax credits offered to homeowners by the Federal Government as encouragement to insulate. About 75,000 homeowners in my State of Michigan installed UFFI with high hopes of eventual net savings. Tragically, many of these homeowners now face a net loss of up to, in some cases, 60 percent of their home value.

Soon after UFFI became popular, the Consumer Product Safety Commission (CPSC) began to receive numerous consumer complaints. Consumers complained of acute health effects that arose after UFFI was installed, such as recurring headaches, respiratory problems, and chronic eye, nose, and throat irritation.

Several sound scientific studies, including one performed by the National Academy of Sciences, confirmed these consumers' claims that the health effects from which they suffered were related to UFFI. After other studies concluded that UFFI might be a human carcinogen, the CPSC, on April 2, 1982, announced a ban effective August 10, 1982. One year after the announcement, on April 7, 1983, the Fifth Circuit Court of Appeals overturned the ban. Although the court stated that, taken as a whole, consumer complaints of UFFI's acute health effects did constitute a serious problem, it held UFFI did not pose an unreasonable risk of cancer to consumers. The ban has not been reimposed.

The CPSC is still concerned about UFFI's effect on consumers' health. It is continuing to monitor consumer complaints and whether the UFFI market revives.

The presence of UFFI has greatly decreased resale value of homes. Many States require disclosure of UFFI in real estate contracts. In some cases, these homes can only be sold for 40 percent of their market values. Other homes cannot be sold at all because of the presence of UFFI. As a result, even homeowners whose families do not suffer from the adverse health effects are spending between $6,000 and $20,000 to remove this insulation. Many others cannot afford the cost of removal.

My bill consists of there basic provisions. First, it repeals the energy tax credit available to homeowners who install UFFI. This would remove the incentive offered by the Federal Government to install a product whose safety has been challenged by the CPSC. Second, federally guaranteed, low-interest loans of up to $10,000 would be made available to homeowners who wish to remove UFFI. These loans would be administered through the FHA which would set interest rates at the level of the SBA disaster loan rate for homeowners unable to acquire commercial credit.

Third, these loans would be limited to those homes in which UFFI was installed prior to the effective date of this bill. Therefore, if any homeowner were to install UFFI after enactment, he or she would be ineligible for these loans.

Mr. President, I believe this bill is worthy of the Senate's attention and I urge my colleagues to support it. I ask unanimous consent that a copy of this legislation be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2548

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Urea Formaldehyde Foam Insulation Corrective Measures Act".

TITLE I—FINANCIAL AND OTHER ASSISTANCE

FINANCIAL ASSISTANCE TO HOMEOWNERS

SEC. 101. (a) The Secretary of Housing and Urban Development, through the Federal Housing Administration, may guarantee and enter into contracts to guarantee loans, and make interest reduction payments on those loans to reduce interest rate levels to the rate applicable to loans made under section 7(b) of the Small Business Act to borrowers described in section 7(c)(4)(A) of such Act, to any person eligible under section 103 for purposes of assisting such person in taking corrective measures with respect to urea formaldehyde foam insulation in a home owned by such person, or reimbursing such person for expenses incurred in taking such corrective measures.

(b) Loans guaranteed under this section may be used only for the following expenses relating to the taking of corrective measures with respect to urea formaldehyde foam insulation in a home:

(1) fees charged for the services of a contractor;

(2) fees charged for building permits;

(3) fees charged for the provision of estimates;

(4) fees charged for laboratory and onsite testing;

(5) fees charged for information;

(6) fees charged for materials;

(7) fees charged for the rental or, when appropriate, the purchase of equipment, including safety equipment;

(8) expenses incurred in cleaning a home that are required as a result of corrective measures taken in such home; and

(9) any other expense determined by the Secretary to be reasonable and directly related to the taking of corrective measures with respect to urea formaldehyde foam insulation in a home.

(c) (1) Except as provided in paragraph (2), each loan under this section shall be in an amount determined by the Secretary to be appropriate, taking into consideration the expenses of the homeowner involved, the number of applicants, and the amount of authority available for such guarantees and payments.

(2) No loan under this section may be for an amount exceeding $10,000.

TECHNICAL ASSISTANCE TO HOMEOWNERS

SEC. 102. The Secretary may provide technical information and assistance—

(1) to any homeowner, to assist such homeowner in identifying the presence of urea formaldehyde foam insulation in a home of such homeowner and detecting and measuring the level of formaldehyde gas in such home; and

(2) to any person eligible under section 103, to assist such person in taking corrective measures with respect to urea formaldehyde foam insulation in a home owned by such person.

ELIGIBILITY FOR ASSISTANCE

SEC. 4. (a) A person shall be eligible for assistance under section 101 or 102 (2) only if such person—

(1) is the owner of a home insulated with urea formaldehyde foam insulation, which has levels of formaldehyde gas that exceeded 0.1 part per million or such lower amount as the Secretary determines may cause adverse effects on the health of any resident of such home, and incurred expenses in taking corrective measures with respect to such insulation installed after December 31, 1969 and prior to the date of enactment of this title; and

(2) submits an application for such assistance not later than the expiration of the eighteen-month period following publication of notice of the availability of such assistance under section 104(b).

(b) No person may receive assistance under this title with respect to more than three homes.

APPLICATION FOR ASSISTANCE

SEC. 104. (a) Appplication for assistance under this Act shall be in such form, and according to such procedures, as the Secretary shall prescribe.

(b) As soon as practicable following the availability of funds to carry out this title, the Secretary shall publish in the Federal Register a notice of the availability of assistance under this title. Such notice shall include a clear and concise description of the program of assistance established in this title, the requirements for eligibility for such assistance, and the procedures for applying for such assistance.

AUDITS AND INSPECTIONS

SEC. 105. The Secretary shall conduct such audits of expenses and home inspections as the Secretary determines are appropriate to ensure that assistance provided under this title is utilized in accordance with the requirements set forth in this title and in any regulations issued by the Secretary under this title.

REGULATIONS

SEC. 106. Not later than the expiration of the ninety-day period following the date of the enactment of this title, the Secretary shall issue such regulations as are necessary to carry out the provisions of this title. The Secretary may revise such regulations from time to time, as the Secretary determines necessary.

ANNUAL REPORT

SEC. 107. The Secretary shall annually prepare and submit to the Congress a comprehensive report describing the activities of the Secretary in carrying out the program of assistance established in this title. Such report shall include any recommendations for modifications in such program that the Secretary considers necessary or desirable as a result of administering such program.

DEFINITIONS

SEC. 108. For purposes of this title:

(1) The term "corrective measure" means—

(A) an improvement in the sealing of interior surfaces of exterior walls in a home in a manner that prevents or effectively reduces the emission of formaldehyde gas from urea formaldehyde foam insulation into living areas in such home;

(B) an improvement in the ventilation of living areas and urea formaldehyde foam insulated wall cavities in a home in a manner that facilitates the dispersal of formaldehyde gas and prevents excessive moisture;

(C) the addition of an air-to-air heat exchanger in a home in a manner that facilitates the retention of heat while increasing ventilation; and

(D) the partial or complete removal of urea formaldehyde foam insulation in a home; or

(E) any reasonable action taken with respect to a home containing urea formaldehyde foam insulation that is determined by the Secretary to effectively reduce the level of formaldehyde gas in such home.

(2) The term "home" means a one- to four-family dwelling or a manufactured home.

(3) The term "homeowner" means the owner of a home.

(4) The term "manufactured home" means a structure, transportable in one or more sections, that is built on a permanent chassis and designed as a dwelling with or without a permanent foundation when connected to required utilities. Such term includes the plumbing, heating, air-conditioning, and electrical systems contained in such structure.

(5) The term "Secretary" means the Secretary of Housing and Urban Development.

AUTHORIZATION OF APPROPRIATIONS; LIMITATION ON CONTRACT AUTHORITY

SEC. 109. There is authorized to be appropriated such funds as are necessary to carry out the provisions of this title.

TITLE II—DENIAL OF ENERGY CREDIT

DENIAL OF ENERGY CREDIT

SEC. 201. (a) Paragraph (3) of section 44C (c) of the Internal Revenue Code of 1954 (defining insulation) is amended by adding at the end thereof the following new flush sentence:

"The term 'insulation' shall not include any urea formaldehyde foam insulation.".

(b) The amendment made by this section shall apply to expenditures made after the date of the enactment of this title, in taxable years ending after such date.●

By Mr. LAUTENBERG (for himself, Mr. WILSON, Mr. INOUYE, Mr. LEAHY, Mr. DIXON, Mr. RIEGLE, Mr. GORTON, and Mr. HEFLIN):

S. 2549. A bill to provide additional protection of the intellectual property rights of U.S. nationals in foreign countries; to the Committee on Finance.

INTELLECTUAL PROPERTY RIGHTS PROTECTION AND FAIR TRADE ACT OF 1984

● Mr. LAUTENBERG. Mr. President, I am today introducing the Intellectual Property and Fair Trade Act of 1984. I am pleased to have Senators WILSON, INOUYE, LEAHY, GORTON, DIXON, HEFLIN, and RIEGLE join me as original cosponsors. The weaknesses, ambiguities and loopholes in national law and pertinent multilateral agreements with respect to the enforcement of patents, copyrights, trademarks and other forms of intellectual property constitute one of the most serious institutional deficiencies in the international trading system. The rising tide of counterfeit products and outright technological piracy that has resulted undermines legitimate trading relations and poses a major threat to the economic welfare and security of the American people. Our capacity for technological innovation and development is a crucial national asset in world economic competition. It is in countless ways a key to our economic future as a nation. We simply cannot tolerate a situation that permits—indeed encourages—unscrupulous foreign competitors to steal, or expropriate under the color of law, our ideas, inventions, and products.

The bill I am introducing would establish a framework to end this drain on U.S. economic growth and set a timetable for corrective action. It would:

Require the President to carry out a comprehensive, country-by-country assessment of the problem and submit a report to the Congress detailing his findings, recommendations, and plans.

Make countries that fail to provide adequate means to protect intellectural property rights, or fail to constructively address improvements in the international agreements relating to such rights, ineligible for generalized system of preferences (GSP) benefits.

Authorize an annual Presidential exemption for countries that provide satisfactory assurances that substantial progress is being made to remedy the problem(s). A report to Congress explaining the justification for such Presidential exemptions would be required.

Authorize Presidential exemptions for any country for reasons of national security or national economic interests for up to a maximum of 2 years. A report to the Congress explaining the justification for such exemption would be required.

Authorize the use of economic and technical assistance for the development of effective systems of intellectual property protection.

The direct economic impact of counterfeiting and pirating is hard to measure, but it is enormous. The U.S. International Trade Commission (ITC) has just released the results of a year long study that gives some indication of the costs to U.S. industries and their workers.

The ITC estimates U.S. domestic and export sales losses due to foreign counterfeiting, passing off, and copyright and patent infringement at between $6 billion and $8 billion. And this is a conservative estimate, according to the ITC. For the same year, employment losses amounted to more than 130,000 jobs in the top five industrial sectors affected, viz: wearing apparel and footwear, 44,415; chemicals and related products, 32,236; automobile parts and accessories, 47,462; records and tapes, 20,822; and sporting goods, 15,860.

Mr. President, I ask that the executive summary of the ITC investigation entitled "The Effects of Foreign Product Counterfeiting on U.S. Industry" be inserted in the RECORD at the end of my remarks.

As serious as these immediate effects are, Mr. President, the long-term threat to our economic interests as a nation is even more significant. In the world economy of tomorrow, even more than today, comparative advantage will be increasingly a function of innovation, adaptability, and technical prowess. That is the direction in which our strength in the global economic order of the future lies. We are blessed with a resourceful, independent, and creative people as well as an economic system that can reward enterprise and initiative. With an appropriate mix of public and private policies—including the necessary investments in education, training, and research—I am confident that America has nothing to fear from international economic competition. That is, so long as that competition is conducted in accordance with fair rules equally applied.

Mr. President, we cannot tolerate a situation in which the keys to our national economic welfare—conceptual and technological innovation—are routinely stolen, often under the color of law. Yet that is precisely the situation that confronts us today.

The fact is that no really effective international system for the protection of intellectual property rights exists. The World Intellectual Property Organization (WIPO) provides a forum for discussion of the issues, promotes administrative cooperation

among member states, and extends technical assistance to developing countries. But it possesses no real powers of enforcement worthy of the name.

By the same token, the principal multilateral agreements with respect to intellectual property, the Paris Convention for the Protection of Industrial Property (patents), the Berne Convention for the Protection of Literacy and Artistic Works (copyrights), and the Madrid Agreement concerning international registration of trademarks incorporate "national treatment" as the controlling standard.

This standard means, in essence, that the signatories or contracting states must accord foreigners the same rights and protections as they provide their own citizens. In all too many countries, especially in the developing world, this is tantamount to no protection at all. Donald W. Peterson, vice president of the International Anticounterfeiting Coalition, has described the problem in recent testimony before the Subcommittee on International Trade:

The problem manifests itself in a lack of adequate protection for U.S. intellectual property rights in LDCs resulting from such things as: broad areas of invention not subject to patent coverage, such as chemical products or pharmaceuticals; patents of narrow scope which can be easily circumvented; compulsory licensing and forfeiture provisions for patents; extremely short patent life; unreasonable limits on use of U.S. trademarks; free benefits of U.S.-developed registration data to LDC manufacturers; and general lack of effective copyright protection. In addition to the problems in obtaining local recognition of these rights, there are a wide range of problems in enforcing locally the rights which can be obtained. These include: protracted delay in proceedings with no interim relief available to the U.S. company whose rights are being infringed; practically impossible burdens of proof; inability to gain access to infringer's records to obtain evidence of infringement or prove damages; and extremely low penalties which do not deter infringement.

Nor is there, in many cases, much desire or incentive for improvement. The governments of LDC's and newly industrializing countries (NIC's) apparently believe that transfers of technology, whether illicit or not, serve their interests and are not to be discouraged.

This attitude is manifest in the recent negotiations regarding possible revisions in the Paris Convention. Representatives from the NIC's, I am told, have been in the forefront of efforts to weaken the Paris Convention even further. A chief aim of these efforts is to provide more latitude for the use of compulsory official licensing for the purpose of transferring the benefits of patented products and processes to domestic producers. Such changes would clearly be retrogressive and we should take all feasible steps to prevent them.

The same objective is at the core of a recent proposal by Japan's Ministry of International Trade and Industry (MITI). Under the MITI proposal computer software would be provided patent rather than copyright protection, reducing the term of protection from 50 to 15 years. More important, software would be subject to compulsory licensing, design disclosure, and possible third party transfers for public policy reasons.

Indeed, Mr. President, it is high time that the United States and the countries that share our concern mount a serious counteroffensive on these issues. I can think of no better start, no better indication of our resolve as a nation and as a government, than the enactment of the legislation I am introducing today. Were this bill to be signed into law, there could be no mistake as to our intentions or our will. The world would be on notice that this country will no more countenance the piratical plunder of its economic interests today than it did in 1815. I would hope that a majority of my colleagues would agree and join me in supporting prompt consideration and enactment. I ask that the text of the bill and an executive summary be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 2549

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Intellectual Property Rights Protection and Fair Trade Act of 1984".

SEC. 2. INTELLECTUAL PROPERTY RIGHTS PROTECTION REVIEW.

(a) IN GENERAL.—The President shall undertake a comprehensive review of the problems associated with the inadequate protection of intellectual property rights of United States nationals in foreign countries in the context of United States trade relations.

(b) SPECIFIC REVIEW.—The review described in subsection (a) shall include a detailed consideration of such problems on a country by country basis, and whether each country is taking constructive steps to provide adequate and effective protection of intellectual property rights and whether each country is assuming a constructive role in international negotiations for the protection of such rights, including negotiations with respect to a General Agreement of Tariffs and Trade convention, and in the implementation of treaties and conventions relating to such rights adhered to by such country and the United States.

(c) CONSULTATION WITH PRIVATE SECTOR.—In preparing such review, the President shall consult with the appropriate private sector representatives provided for under section 135 of the Trade Act of 1974 in identifying specific problems and developing a negotiable agenda.

(d) REPORT TO CONGRESS.—

(1) IN GENERAL.—The review required by this section shall be submitted to Congress in a report which shall include recommendations for—

(A) bilateral and multilateral initiative,

(B) negotiating priorities and plans,

(C) dealing with threats to or denial of intellectual property rights relating to high technology products and processes, including, but not limited to, official licensing requirements, compulsory transfers to third parties, inadequate terms of protection, and the conditioning of market access on mandatory transfers of technology in excess of actual production requirements,

(D) unilateral suspensions or denials of trade concessions granted under any agreement or treaty including the General Agreement on Tariffs and Trade, and

(E) legislation,

to address such problems identified by such review.

(2) DATE OF REPORT.—The report described in paragraph (1) shall be submitted within one year after the date of the enactment of this Act.

SEC. 3. COUNTRIES WITH INADEQUATE INTELLECTUAL PROPERTY RIGHTS PROTECTIONS INELIGIBLE FOR GENERALIZED SYSTEM OF REFERENCES.

(a) IN GENERAL.—Subsection (b) of section 502 of the Trade Act of 1974 (19 U.S.C. 2462) is amended—

(1) by striking out "and" at the end of paragraph (6),

(2) by striking out the period at the end of paragraph (7) and inserting in lieu thereof "; and", and

(3) by inserting after paragraph (7) the following new paragraph:

"(8) if such country fails—

"(A) to provide under its law adequate and effective means for United States nationals (including non-United States nationals with whom United States nationals have a contractual relationship for the sale or licensing of intellectual property) to secure, exercise, and enforce in a timely fashion full and complete rights in intellectual property, including proprietary information copyright, patent, and trademark rights,

"(B) to assume a constructive role in international negotiations for the protection of intellectual property rights, including negotiations with respect to a General Agreement on Tariffs and Trade convention, or

"(C) to comply with treaties and conventions relating to intellectual property rights to which the United States and such country adhere.".

(b) EXEMPTIONS.—Subsection (d) of section 502 of such Act is amended by adding at the end thereof the following new paragraphs:

"(3) The President may annually exempt from the application of paragraph (8) of subsection (b) any country which provides satisfactory assurances that substantial progress is being made to satisfy the requirements of such paragraph. The President shall promptly furnish a written report to the Congress detailing the nature of such assurances and an evaluation of the effectiveness of any previous assurances.

"(4) (A) The President may exempt for a period not to exceed one year from the application of paragraph (8) of subsection (b) any country for reasons of the national security or national economic interest of the United States. The President shall promptly furnish a written report to the Congress stating the length of the period of the exemption and the reasons therefor.

"(B) The President may extend the exemption granted under subparagraph (A) for an additional period not to exceed one

year and report to the Congress the reasons for the extension.".

(c) APPLICATION TO EXISTING BENEFICIARY DEVELOPING COUNTRIES.—Subsection (b) of section 504 of such Act (19 U.S.C. 2464) is amended—

(1) by inserting "(1)" after the subsection designation; and

(2) by adding at the end thereof the following new paragraph:

"(2) Upon the expiration of two years after the date of the report required by section 2 of the Intellectual Property Rights Protection and Fair Trade Act of 1984, with respect to any country designated as a beneficiary developing country as of the date of such report, the President shall, after complying with the requirements of section 502 (a)(2), withdraw or suspend the designation of such country if such country—

"(A) does not satisfy the requirements of paragraph (8) of section 502(b), or

"(B) does not qualify for an exemption under paragraph (3) or (4) of section 502(d).

Such country shall cease to be a beneficiary developing country on the day on which the President issues an Executive order revoking the designation of such country under section 502.".

SEC. 4. ASSISTANCE IN PROTECTION OF INTELLECTUAL PROPERTY RIGHTS.

Chapter 1 of part I of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

"SEC. 129. PROTECTION OF INTELLECTUAL PROPERTY RIGHTS.—(a) Subject to the provisions of subsection (b), the President is authorized to furnish assistance, on such terms and conditions as he may determine, to less developed countries and newly industrialized countries for the purpose of supporting the development and enhancement of more effective systems for the protection of intellectual property rights in such countries, including support for the administration and enforcement of laws which effectively protect intellectual property rights and including the provison of technical assistance wherever feasible.

"(b) In determining whether to furnish assistance authorized by subsection (a) to a country, the President shall consider—

"(1) whether the government of such country is making a good faith effort to improve its performance in protecting intellectual property rights;

"(2) the relative importance of such country from the standpoint of the overall trade and economic interests of the United States;

"(3) the extent and gravity of any deficiency in the system of such country for protecting intellectual property rights;

"(4) the threat of technological and trade interests of the United States posed by any deficiency in the system of such country for protecting intellectual property rights; and

"(5) whether the government of such country is playing a constructive role in efforts to provide adequate and effective protection of intellectual property rights.

"(c) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section.".

EXECUTIVE SUMMARY

Product counterfeiting is nothing less than the theft for profit of a firm's reputation and product through the use of deception. For the purposes of this investigation, counterfeiting is defined as the unauthorized use of a registerd trademark on a product that is identical or similar to the product for which the trademark is registered and used. It does not include corollary methods of unfair competition such as unauthorized use of a trademark on a nonsimilar product, copyright infringement, patent infringement, passing off (the simulation of a trademark or packaging when the trademark is not identical), or the sale of authorized trademarked goods in contravention of a commercial arrangement. However, it is acknowledged that these excepted practices often have the same effect as trademark counterfeiting, and supplementary data were collected through the use of questionnaires to indicate the relative magnitude of these practices compared to that of trademark counterfeiting.

The highlights of the Commission's investigation on foreign product counterfeiting are as follows:

There are currently no international agreements to which the United States is a party that relate primarily to counterfeiting, but a number of agreements do have some bearing on counterfeiting.

Chief among the international agreements relating in some manner to counterfeiting is the Paris Convention on Industrial Property. Trademarks are included in this convention, which contains provisions which are self-executing or have been implemented by the signatory countries in their national laws. Not only do U.S. firms entitled to the benefits of the convention enjoy the same protection and legal remedies against infringements of their trademarks as do nationals of the signatory countries, but beneficiaries also enjoy certain special rights and advantages over the rights enjoyed by nationals under national law.

In addition, the United States has been signatory to a series of inter-American trademark conventions entered into from 1910 through 1929, providing trademark and trade name protection similar to that of the Paris convention. Bolivia, Ecuador, Uruguay, Brazil, the Dominican Republic, Colombia, Cuba, Guatemala, Haiti, Honduras, Nicaragua, Panama, Paraguay, and Peru are signatories to these conventions.

The United States has supported the conclusion of an international anticounterfeiting agreement. Its purpose is to discourage international trade in counterfeit goods, and its adoption would result in greater standardization of laws relating to counterfeiting. However, to date there has been little support for this code outside the developed countries.

The Lanham Act is the principal U.S. Federal statute relating to counterfeiting, although there are some U.S. Federal laws relating to counterfeiting of specific products.

The Lanham Act establishes a Federal registration system for trademarks and accords registered trademarks certain benefits not available under State law. The act provides for civil remedies for trademark infringement and counterfeiting through the Federal court system. There are no criminal penalties.

The current versions of the proposed Trademark Counterfeiting Act of 1983 (S. 875 and H.R. 2447) would amend the Lanham Act to provide criminal penalties for counterfeiting as well as enhance the civil relief available.

The Food, Drug, and Cosmetic Act makes it a crime to counterfeit drugs, foods, or cosmetics with intent to defraud. The Piracy and Counterfeiting Amendments Act of 1982 makes record and tape counterfeiting and piracy a criminal offense. Mail and wire fraud statutes have been used to prosecute counterfeiters using the mail or wires. Section 5 of the Federal Trade Commission Act prohibits unfair trade practices generally, including counterfeiting, but does not create a private right of action.

The United States offers two methods of protection and relief from foreign counterfeiting specifically targeted at imports.

Both trademarks and copyrights can be registered with the U.S. Customs Service with the result that Customs will prohibit the importation of infringing articles.

If imported counterfeit goods are injuring or have a tendency to injure or destroy a domestic industry, the United States International Trade Commission can be petitioned to institute an investigation into unfair trade practices under section 337 of the Tariff Act of 1930. Such investigations are useful in addition to or in place of Federal court actions against counterfeiting because section 337 investigations are limited in duration to 1 year (18 months in more complicated cases), and one of the remedies, the exclusion order, can be applied to all infringing imports, not just those from, or by, the named respondents. The Commission may also issue a cease and desist order as a remedy in appropriate circumstances.

Foreign laws relating to counterfeiting vary with regard to coverage and penalties and, therefore, with regard to their effectiveness and usefulness to U.S. producers.

The protection and relief available from product counterfeiting in 21 selected U.S. export markets and country sources of counterfeits were compiled for this report (appendix J). All the countries discussed have some provisions for trademark registration and remedies for infringement, including counterfeiting, Australia, Belgium, the Netherlands, Luxembourg, Brazil, Canada, France, Hong Kong, Italy, Japan, the Repubic of Korea (Korea), Mexico, Nigeria, the Philippines, Portugal, Macao, Saudi Arabia, Singapore, Taiwan, the United Kingdom, and West Germany offer various remedies and sanctions, both civil and criminal, that pertain to counterfeiting. Twelve of these countries, Australia, Brazil, Canada, France, Japan, the Philippines, Portugal, Macao, Saudi Arabia, the United Kingdom, and West Germany, have varying provisions for the prohibition of infringing imports by customs authorities. It should be noted that there is a wide body of anecdotal evidence suggesting that enforcement of any laws and regulations regarding counterfeiting is often minimal or absent, particularly in many developing countries.

The practice of product counterfeiting has spread from the more traditionally counterfieted products—high-visibility, strong-brand-name consumer goods—to a wide variety of consumer and industrial goods.

Traditionally the goods most often targeted by counterfeiters were consumer goods having strong brand-name identification and high price markups based on the brand name, such as fashion apparel, jewelry, watches, and records and tapes. The production of these goods tended to be labor intensive, allowing free and inexpensive entrance to the market. The profit to be attained from counterfeiting, as well as the limited risks associated therewith, has resulted in the spread of counterfeiting into a greater variety of consumer and industrial goods, including capital-intensive goods such as computer hardware and automobile parts.

The following industry sectors and products were reported by respondents to the Commission's questionnaire as having been subject to foreign product counterfeiting during 1980–82. Of a total of 274 responses, 82 were affirmative.

Industry sector	Products counterfeited
Wearing apparel and foot wear.	25 product items [1]—fashion and athletic apparel and footwear.
Chemicals and related products.	33 product items—agricultural chemicals, cosmetics and toiletries, drugs and pharmaceuticals, petroleum products, and miscellaneous rubber and plastic products.
Transportation equipment parts and accessories.	27 product items—a wide variety of automobile parts and accessories, and aircraft parts.
Miscellaneous metal products, machinery, and electrical products.	17 product items—hand tools, machine tool dies, industrial plug valves, video computer hardware, video switchers, speakers, circuit breakers and fuses, battery packs, wire connectors, integrated circuits, and toasters.
Records and tapes	8 product items [2]—recorded video and audio discs and tapes, and blank tapes.
Sporting goods	8 product items—tennis and golf equipment, and sports balls.
Miscellaneous manufactures.	33 product items—luggage, handbag, and flat goods; writing instruments; sunglasses; jewelry; toys; computer software; and video, arcade, and other electronic games.

[1] The term "product item" is used to encompass varying models of a single product by a single respondent. Therefore, a respondent reporting separately on three model numbers of a single product was recorded as reporting on one product item.

[2] The total number of product items reported is misleading in that records of different titles reported by one respondent were listed as one product item. Furthermore, some respondents deferred to a statement submitted by the Recording Industry Association of America, Inc. (RIAA) in connection with this investigation. An example of the size of the counterfeiting problem in this industry is reflected in the RIAA's estimate that 213 titles were counterfeited or pirated in Singapore alone in 1982.

Foreign counterfeiting of U.S.-produced food, beverage, and tobacco products was negligible during 1980–82.

The Commission staff recorded a few unconfirmed reports of counterfeiting of food, beverage, and tobacco products during their search of the relevant literature. Although staff contacts with the industry uncovered no verified instances of foreign counterfeiting of U.S. products, 16 questionnaires were sent to major U.S. producers of packaged food products, alcoholic and nonalcoholic beverages, and tobacco products. All 16 responses were negative. There have been reports of U.S. counterfeiting of domestic products (Texas onions sold as onions from Vidalia, Ga.) and foreign counterfeiting of foreign-produced products (soft drinks, whiskey, and cigarettes).

The incidence of counterfeiting in each of the affected industry sectors increased during 1980–82.

Wearing apparel and footwear and records and tapes were the only industry sectors subject to counterfeiting that did not show a steady increase in the number of reported incidents of counterfeiting in both domestic and export markets. Counterfeiting in both of these sectors appears to have matured to the point that, for the most part, as the industry eliminates the sources of a particular counterfeit product, new counterfeits of the product are introduced from other sources. In the remaining sectors, the types of products for which counterfeits appeared increased during 1980–82.

The number of counterfeit product items reported by respondents in domestic and export markets during 1980–82, by industry sectors, was as follows:

Industry sector	U.S. market			Export markets		
	1980	1981	1982	1980	1981	1982
Wearing apparel and footwear	13	13	14	16	19	17
Chemicals and related products	0	0	0	14	18	25
Transportation equipment parts and accessories	7	8	10	11	11	18
Miscellaneous metal products, machinery, and electrical products	2	4	5	8	9	13
Records and tapes	4	8	8	5	5	5
Sporting goods	2	3	4	4	4	6
Miscellaneous manufactures	22	24	26	16	21	22
Total	50	60	67	74	87	106

Gray market sales [1] and unfair trade practices similar to counterfeiting, including passing off and patent and copyright infringements on goods similar to the original, occurred in each industry subject to counterfeiting, but were most prevalent for automobile parts and accessories, chemicals and related products, sporting goods, records and tapes, toys, video games, and computer hardware.

Although practices similar to counterfeiting occurred in the apparel and footwear sector, counterfeiting remains the most significant problem for U.S. producers of these products. Conversely, counterfeiting of automobile parts and accessories is far less significant than passing off and patent violations, particualrly in the U.S. market. In the chemicals sector, passing off and patent infringment—particularly for drugs and pharmaceuticals, agricultural chemicals, and cosmetics and toiletries—outweigh counterfeiting. Records and tapes, video games, and computer software all suffer from piracy (copyright infringement). Gray market sales, particularly in the U.S. market are also a significant problem for the record and tape industry. In the sporting goods and toys industries, counterfeiting is far rarer than patent infringement and passing off.

The following tabulation shows the number of product items (products that also experienced competition from counterfeits and those that did not) reported by 38 respondents to be experiencing competition in the U.S. market or export markets in 1982 from products competing under practices other than counterfeiting:

Industry sector	Gray market sales	Trade dress/ passing off	Patent infringement	Copyright infringement
Wearing apparel and footwear	6	14	2	5
Chemicals and related products	8	18	6	0
Transportation equipment parts and accessories	3	9	7	4
Miscellaneous metal products, machinery, and electrical products	3	15	4	3
Records and tapes	5	1	1	6
Sporting goods	5	3	3	2
Miscellaneous manufactures	6	17	7	9
Total	36	76	30	29

Sources of counterfeits of U.S. products and products competing through similar trade practices are worldwide, but are most prevalent in the Far East.

Respondents to the Commission's questionnaire cited 43 countries around the world as sources of counterfeits of U.S. products during 1980–82. Thirty countries in the Far East, Europe, Latin America, Oceania, and Africa were cited as sources of products competing under trade practices similar to counterfeiting in 1982. Taiwan was the leading source in both categories, cited for 91 of the 151 counterfeited product items and 65 times for similar unfair trade practices. Hong Kong (32 product items), Indonesia (18), Singapore (17), Korea (14), and the Philippines (13) were the next most often reported sources of counterfeits. Following the Far East (11 countries) as primary counterfeit sources were Latin America (15 countries), Europe (17 countries), the Middle East (9 countries), Africa (9 countries), Australia, Canada, and India (see table 1 in app. D). Ten countries in the Far East were cited as sources of goods falling under similar trade practices, followed by Europe (10 countries), Latin America (6 countries), Oceania (2 countries), and Africa (2 countries) (table 2).

The most common retail selling agents for counterfeit products in the U.S. market are different than those in export markets.

In the domestic market, respondents most often cited discount stores (30 product items) as retailers of counterfeit products. Next were street vendors (24 items) and flea markets (23 items). Street vendors were the most commonly cited retailers of counterfeits in export markets (32 items), followed by small retail business (28 items). Wholesalers were the most commonly identified nonretail selling agents in both the U.S. market (35 items) and export markets (46 items) (table 3).

The United States is the largest single market for foreign counterfeits of U.S. products.

Respondents reported that more than 62 percent (94) of the product items reported to be counterfeited during 1980–82 were sold in the United States.

U.S. export markets affected by foreign counterfeiting span the globe, but the Far East contains the most affected foreign markets.

Respondents to the Commission's questionnaire listed 66 countries as markets for foreign counterfeits of U.S.-produced goods (table 1). Hong Kong (cited for 40 product items) and Taiwan (39 items) were the markets where the largest number of different counterfeits occurred. A total of ten countries in the Far East were reported as export markets affected by counterfeiting. Following Hong Kong and Taiwan were

[1] "Gray market sales" (also referred to as diverted goods, parellel sales, and unauthorized sales) refers to goods bearing an authorized trademark that are sold in contravention of a commercial arrangement. This can consist of legal production by a licensee that is sold in markets restricted by the licensing agreement, or deliberate unreported overproduction by a licensee that is sold without the knowledge of the trademark holder.

Singapore (25 items), the Philippines (21 items), Idonesia (17 items), and Thailand (16 items). Latin America was the second most affected region, with 15 market countries reported. Brazil (15 items) and Panama (14 items) were the most often cited Latin American markets, followed by Venezuela (11 items), Chile (10 items), Mexico (9), Colombia (8), and Argentina (7). Italy (18 product items) and the United Kingdom (16 items) were most often cited in Europe (16 countries). In the Middle East (12 countries), the major markets for counterfeits were Israel and Kuwait (12 items each) and Saudi Arabia (9 items). Nine countries in Africa were cited, led by the Republic of South Africa (10 product items) and Nigeria (6 items). India (16 items) and Australia (11 items) were other major export markets affected.

Sales lost to foreign product counterfeiting increased from $37.5 million to $49.2 million during 1980–82.

The following tabulation shows domestic and export sales reported lost due to counterfeiting during 1980–82. It should be noted that a number of respondents known to be suffering significant losses due to counterfeiting could not quantify these losses and that these figures therefore represent minimum losses.

[In thousands of dollars]

Industry sector	U.S. market			Export markets		
	1980	1981	1982	1980	1981	1982
Wearing apparel and footwear	9,790	14,450	19,430	7,700	8,500	7,650
Chemicals and related products				5,200	1,470	860
Transportation equipment parts and accessories	800	700	800	7,050	7,120	7,200
Miscellaneous metal products, machinery, and electrical products			550	1,170	1,350	2,350
Records and tapes	3,570	1,400	360	(1)	(1)	(1)
Sporting goods	300	760	1,620	100	210	1,660
Miscellaneous manufactures	560	748	869	1,225	2,348	5,882
Total [2]	15,020	18,060	23,630	22,450	21,000	25,600

[1] Not reported.
[2] Because of rounding, figures may not add to the totals shown.

A estimated $6 billion to $8 billion of total domestic and export sales were lost by U.S. industry due to foreign product counterfeiting, passing off, and copyright and patent infringement of similar products, in 1982.

Because a number of respondents affected by counterfeiting were unable to estimate the effect counterfeiting had on their sales, the Commission staff solicited estimates of total lost sales due to counterfeiting in 1982 from various firms and associations in the affected industries. However, in most cases estimates could only be provided on the combination of counterfeiting and similar unfair trade practices. It is estimated from industry figures that approximately $3 billion to $4 billion in domestic sales and in U.S. export sales was lost by U.S. industry due to foreign counterfeiting and similar practices in 1982. The estimates of these losses in 1982 for the products covered by the Commission's questionnaire were as follows:

[In millions of dollars]

Industry sector	U.S. market	Export markets
Wearing apparel and footwear	700	300
Chemicals and related products	(1)	170–240
Transportation equipment parts and accessories	(2)	(2)
Miscellaneous metal products, machinery, and electrical products	10–15	30–45
Records and tapes	400	258
Sporting goods	250	350
Miscellaneous manufactures	Over 200	Over 100

[1] Negligible.
[2] $3,000 million worldwide.

Counterfeits are generally different physically or operationally from the original product.

According to questionnaire respondents and written and oral testimony, counterfeits are generally inferior in quality to the original product. Counterfeits of wearing apparel and footwear tend to show less precise workmanship in the stitching and sewing, and can be made from inferior materials. Counterfeit cosmetics and toiletries may not be sterile, and perfumes and colognes are often entirely different in composition. Counterfeit agricultural chemicals and drugs may be totally ineffective, being composed of a neutral agent. Counterfeit transporation equipment parts have been reported to be manufactured of inferior raw materials, lacking nonvisible safety features, or made to less-than-precise specifications. Counterfeit electric circuit breakers and various other electrical consumer goods that could not withstand normal or rated electrical loads were found. Counterfeit records and tapes tend to exhibit inferior audio or video reproduction.

However, counterfeits can and do function in a manner similar to that of the original product, especially where the price of the original is more dependent on a fashion name than on an inherent superiority over lower priced goods. Inferior stitching does not prevent a piece of apparel from being worn; it does, however, suggest a shorter product life span. Similarly, a counterfeit watch is often perfectly adequate in keeping time.

Fifty-five respondents reported that counterfeits were operationally or physically different from their product, 17 indicated that they were not, and 10 did not answer this question. Responses by industry indicating that counterfeits differed in quality from their products ranged from 40 percent of the respondents in the sporting goods industry to 100 percent of those in the wearing apparel and footwear sector.

The sale of counterfeits very often results in a loss of goodwill for the trademark owner, causing lost sales of both counterfeited products and noncounterfeited products bearing the same trademark.

A counterfeit product which is inferior in quality to the original may through poor performance bias the user's mind against the legitimate product if the consumer is unaware that the product is not genuine. Even if the consumer is aware of the existence of counterfeits, he may not feel competent to distinguish counterfeit from original and may shy away from purchasing the original. Furthermore, the existence of very low-priced counterfeits of high-priced fashion goods, while not deceiving the purchaser, can devalue the trademark simply through use. Of the 55 respondents indicating that counterfeits of their products were different from the original, 45 indicated that they had lost sales to the counterfeits due to loss of good will (in addition to sales lost through substitution), and 23 respondents indicated that this loss of good will extended to their noncounterfeited products.

Counterfeiting does not generally result in price suppression of the legitimate product.

Only 12 of 73 respondents indicated that they had reduced prices as a direct result of competition from counterfeiting—6 respondents in the miscellaneous manufacturers sector, 3 in the transportation equipment parts and accessories sector, 2 in the miscellaneous metal products, machinery, and electrical products sector, and 1 in the chemicals and related products sector.

Counterfeiting could also result in price suppression if the counterfeiting was unknown to the affected firm and prices were reduced as a competitive move because the reasons for lost sales or market share were misidentified. However, most firms aware of a counterfeiting problem prefer to attack the problem itself, rather than compete with the counterfeits. For firms where the high price contributes to the perceived value of the product and trademark, a reduction in price could be detrimental to sales.

Approximately 131,000 U.S. jobs were lost in 1982 due to foreign product counterfeiting and similar unfair trade practices in the five industry sectors most subject to counterfeiting.[2]

[2] Commissioner Stern notes that the above figure of 131,000 U.S. jobs lost in 1982 is an estimate based on figures provided by selected industries canvassed by the Commission staff and then further derived from the standard calculations of the labor content of U.S. output, imports. Such calculations ignore a number of additional factors, such as the reaction of exchange rates and the effects of output changes on labor output ratios. Therefore, a number of caveats are necessary if these labor content estimates are to be interpreted as actual employment effects. For example, a tariff that restricts imports or a subsidy that promotes exports simultaneously affects a number of other economic variables, many of which also affect trade, such as the exchange rate. A review of the academic literature indicates that the magnitude and, indeed, the direction of the employment effects of counterfeit-induced changes in trade has not been definitely determined. Simply stated, an increase in imports does not necessarily cause a reduction in aggregate domestic employment, and a decrease in exports does not necessarily cause a decrease in aggregate domestic employment. These caveats are explained more thoroughly in Commission Report on Investigation No. 332-154, U.S. Trade-Related Employment, USITC Pub. 1445, 1983.

Five industry sectors, wearing apparel and footwear, chemicals and related products, automobile parts and accessories, records and tapes, and sporting goods, estimated lost domestic and export sales due to foreign product counterfeiting and similar trade practices at nearly $5.5 billion in 1982.[3] Assuming these lost sales to equal lost output, the Commission estimates that approximately 131,000 U.S. jobs, including 127,000 manufacturing jobs, were lost in these sectors in 1982.[4] The total employment loss in the wearing apparel and footwear sector was 44,415 jobs, including 42,899 manufacturing jobs. Between 2,292 and 3,236 jobs were lost in the chemicals and related products sector (2,037 to 2,927 manufacturing jobs); 47,462 jobs, including 45,666 manufacturing jobs were lost in the automobile parts and accessories sector, 20,822 jobs (20,198 manufacturing jobs) in the records and tapes sector, and 15,860 jobs (15,330 manufacturing jobs) in the sporting goods sector.

U.S. industry efforts to combat foreign counterfeiting increased during 1980–82 from $4.1 million to $12.1 million.

Respondents reported that their total costs of identifying, detecting, and combating counterfeiting (through registration and enforcement of trademarks) rose from $4.1 million in 1980 to $5.0 million in 1981 and to $12.1 million in 1982 (table 4). In 1982 an additional $5.6 million in identification and enforcement costs was expended combating gray market sales and practices similar to counterfeiting.

Identification and enforcement costs reported by respondents in domestic and export markets during 1980–82 were as follows:

[In thousands of dollars]

Industry sector	Domestic market			Export markets		
	1980	1981	1982	1980	1981	1982
Wearing apparel and footwear	454	602	2,831	505	826	1,373
Chemicals and related products				688	888	749
Transportation equipment parts and accessories	77	67	60	145	156	159
Miscellaneous metal products, machinery, and electrical products	116	142	242	218	358	414
Records and tapes	20	20	90	127	160	230
Sporting goods	18	36	45	40	36	150
Miscellaneous manufactures	1,390	1,419	5,113	309	255	678
Total	2,075	2,286	8,381	2,032	2,679	3,726

Forty-six out of 71 respondents indicated that they had registered their trademarks with the U.S. Customs Service. Registration frequency varied among the industry sectors. All 12 of the respondents reporting in the wearing apparel and footwear sector had registered their trademarks, as had 15 of 17 respondents in the miscellaneous manufactures sector; however, only 4 of 11 respondents in the chemicals and related products sector and 2 of 12 in the transportation equipment parts and accessories sector had done so.

Most respondents that had not registered their trademarks had not done so because they had not experienced competition from imported counterfeits in the U.S. market. However, some of the respondents in the transportation sector were unaware of this remedy.

There is a step-by-step process that most firms undertake in attempting to find and stop counterfeiters.

The process begins with the detection of the existence of a counterfeit. Detection is followed by investigation into the origins and principals of the counterfeit product and is in turn followed by attempts to prevent further production. The process ends with enforcement action undertaken by the legitimate manufacturer or trademark holder against the counterfeiter. Each step is dependent upon the success of the previous step. Investigators face myriad obstacles in tracing the source of counterfeits and enforcing their trademarks. The typical counterfeiter is reported to be a shrewd and elusive businessman, quick on the move when pursued by a legitimate trademark owner.

Respondents to the Commission's questionnaire listed 10 methods of detection, identification, and prevention of counterfeiting and 6 enforcement methods (table 5). Chief among the former were investigations, by either in-house or outside services, into counterfeit activities at all levels of production and distribution, cited by 50 respondents. Forty-three respondents reported that they registered trademarks with the U.S. Customs Service as a preventive measure. Other methods included using trained sales forces, distributors, and licensees to monitor counterfeits in the field and at trade shows, using anticounterfeiting devices (usually labeling), registering trademarks in foreign countries, raising consumer awareness of counterfeiting, working with industry associations and coalitions to promote Government action, and maintaining full-time in house legal and investigative staffs. The two most widely reported enforcement methods were initiating civil and criminal actions against counterfeiters and against the sale of counterfeits at all levels of distribution (35 respondents) and sending "cease and desist" warning letters to counterfeiters at all levels (22 respondents). Also mentioned were cooperation with criminal enforcement authorities, search and seizure orders and police raids, temporary restraining orders, and verbal warnings of impending legal action.

U.S. Government action to combat sales of counterfeits domestically and abroad is generally considered imperative by firms affected by counterfeiting.

There exists a general view among the U.S. producers surveyed that unless the profit stemming from counterfeiting is eliminated and the risks are increased, no amount of industry action will succeed in eliminating the problem. Fifty firms responded to an open-ended question regarding proposed U.S. Government action to combat counterfeiting (table 6). Sixty percent of these respondents specifically supported passage of S. 875 and H.R. 2447, providing criminal penalties for counterfeiting. Support for these bills was nearly unanimous among U.S. producers that appeared at the Commission's hearing and among those that submitted written statements. Twenty-one respondents favored strengthening U.S. Customs Service surveillance efforts to seize counterfeits at the border. Also suggested was increased aid by U.S. embassies, consulates, and trade offices in assisting U.S. manufacturers in the pursuit of imported counterfeits.

Recommendations on U.S. government action against counterfeiting in foreign markets were more evenly distributed. Eighteen respondents supported the proposed International Anticounterfeiting Code, 16 suggested that the United States impose economic sanctions against countries known to harbor counterfeiters, and 13 proposed that the United States make every effort to encourage these countries to adopt effective anticounterfeiting laws if they have none and to improve and enforce current anticounterfeiting laws.

Counterfeiting is not generally perceived as a serious problem by domestic retailers.

The Commission staff conducted telephone interviews with 50 major retailing firms and two retailing and franchising associations. Few of these firms had firsthand experience with counterfeit goods, and counterfeiting was not an area of major concern. Those firms having experience with counterfeits cited clothing, jewelry, and perfume as the most commonly counterfeited items discovered. In most instances, the retailer contacted the legitimate trademark holder or manufacturer and assisted in tracking down the counterfeits. Those retailers actively guarding against the purchase of counterfeits buy merchandise only from reputable vendors and rely on their buyers' training and product knowledge to avoid acquiring fraudulent goods. Flea markets and street vendors were most often perceived by retailers as the primary distributors of counterfeits.

Franchisers also reported little problem with counterfeit merchandise, primarily because in most franchising operations involving products, the distribution system is closely controlled by the franchiser. Their primary problems in foreign markets are the preregistration of their trademarks by others and the often short-term trademark protection provided to franchisers in some countries.

Although unopposed to anticounterfeiting efforts by the U.S. Government, retailers have signficant objections to certain provisions of S. 875 and H.R. 2447.

[3] See page xx for individual sector losses.

[4] Employment loss is based on the U.S. Department of Labor input/output model.

A number of individual retailers and three major retail trade associations, representing 67,500 individual, general merchandise, department, discount, and specialty stores in the United States, expressed serious reservations about the operation of U.S. anti-counterfeiting efforts as embodied in the proposed amendments to the Lanham Act. They felt that the legislation is aimed more at the retailers than at the actual counterfeiters, subjects retailers to severe criminal sanctions, could be used by manufacturers for price and supply maintenance, and fails to distinguish between intentional and unintentional possession or sale. Further, they feel that there are inadequate safeguards against, and remedies for, malicious prosecution.●

By Mr. HEINZ (for himself and Mr. SPECTER):

S. 2551. A bill to designate certain areas in the Allegheny National Forest as wilderness and recreation areas; to the Committee on Agriculture, Nutrition, and Forestry.

PENNSYLVANIA WILDERNESS ACT OF 1984

Mr. HEINZ. Mr. President, it is my privilege to introduce, in conjunction with Senator SPECTER, the Pennsylvania Wilderness Act of 1984. Over the past 10 years since the passage of the Eastern Wilderness Act of 1974, many individuals from Pennsylvania, as well as those residents of neighboring States who enjoy the scenic splendor and recreational pastimes of our State, have sought to establish a wilderness area in the Allegheny National Forest. This dream now seems close to realization, but it will still require continuation of the type of commitment which has been shown to date.

Among those who have worked hard for Pennsylvanians to achieve this end, Congressman BILL CLINGER deserves special recognition for his efforts. Congressman CLINGER has worked tirelessly to achieve a wilderness designation for the Allegheny National Forest. His efforts have created a genuine consensus. The wilderness proposal he has been so careful in preparing has made every possible effort to accommodate the various interests of those whom it would most directly affect. The legislation strikes a reasonable balance by leaving significant areas of the Allegheny National Forest open to various types of development while protecting those parts with the highest wilderness, scenic and recreational values.

Congressman CLINGER, in conjunction with the efforts and cosponsorship of Congressman PETER KOSTMAYER, has introduced H.R. 5076, the Pennsylvania Wilderness Act of 1984. This legislation which Senator SPECTER and I introduce today will parallel the efforts of Congressmen CLINGER and KOSTMAYER in the House of Representatives.

The Pennsylvania Wilderness Act provides for a variety of different land uses based on the adoption of two land use designations in the forest. The first area includes seven islands on the Allegheny River designated as the Allegheny Islands Wilderness, an area of 363 acres, and a far larger forest area of northern hardwoods called the Hickory Creek wilderness area, covering 9,400 acres. These areas qualify as potential wilderness areas based on U.S. Forest Service surveys conducted in the roadless areas review and evaluation II (RARE II).

The bill also proposes an Allegheny National Recreation Area of 23,100 acres, which includes areas identified and depicted in RARE II as Cornplanter, Tracy Ridge, and Allegheny Front. This national recreation area also includes the northern part of the Allegheny Reservoir.

Also included are special provisions to deal with the fact that the subsurface rights for oil, gas, and minerals beneath the designated areas are in some cases privately owned. Such holdings are not unique to the Allegheny National Forest, as many national forests in the Eastern United States were first created by acquiring only the surface rights to the land. As a wilderness area is intended to remain virtually untouched by civilization, preserved as it is in a wild state, the bill provides a mechanism for acquiring these mineral rights still held by private individuals and located within the designated area and authorizes approximately $2 million for acquisition of mineral rights owned by private parties and located beneath the area called Hickory Creek. Such acquisitions will greatly reduce the problems the Forest Service faces in maintaining the quality of the wilderness areas within the Allegheny National Forest.

The designation of other areas as the Allegheny National Recreation Area (ANRA) recognizes that while sufficient revenues are not available to purchase all the interests in these areas, it is still desirable to preserve these areas whenever possible for recreational uses. The Secretary of Agriculture is directed under the bill to formulate management plans for ANRA that maximize recreation opportunities and protect all forms of fish and wildlife. At the same time, exploration for minerals, oil, and gas can be undertaken in a manner which most effectively protects the environment from damage, while allowing for an accommodation of development for energy.

In my position as a member of the Energy and Natural Resources Committee to which this bill will be referred, I look forward to working closely with my colleagues in establishing this wilderness and recreation area so that Pennsylvanians and others can fully enjoy, both now and for generations to come, the many areas of beauty and splendid seclusion, together with the valuable and varied recreational opportunities of the Allegheny National Forest.

I ask unanimous consent that the text of the bill be printed at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 2551

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Pennsylvania Wilderness Act of 1984".

FINDINGS

SEC. 2. The Congress finds and declares that—

(1) there is an urgent need to identify and protect natural areas to meet the recreational needs of Americans;

(2) certain lands within the Allegheny National Forest in Pennsylvania are worthy of inclusion in the National Wilderness Preservation System; and

(3) certain other lands within the Allegheny National Forest are suitable for designation as a national recreation area.

PURPOSE

SEC. 3. It is the purpose of this Act to—

(1) establish the Allegheny Islands Wilderness and the Hickory Creek Wilderness;

(2) establish the Allegheny National Recreation Area so as to assure the preservation and protection of the area's natural, scenic, scientific, historic, archaeological, ecological, educational, watershed and wildlife values and to provide for the enhancement of recreational opportunities, particularly undeveloped recreational opportunities; and

(3) assure that any mineral exploration and development that takes place within the recreation area is done in an environmentally sound manner.

WILDERNESS DESIGNATION

SEC. 4. (a) In furtherance of the purposes of the Wilderness Act (78 Stat. 890; 16 U.S.C. 1131-1136), the following lands in the State of Pennsylvania are hereby designated as wilderness and therefore as components of the National Wilderness Preservation System:

(1) certain lands in the Allegheny National Forest, Pennsylvania, which comprise approximately three hundred and sixty-three acres, as generally depicted on a map entitled "Allegheny Islands Wilderness—Proposed", dated March 1984, composed of Crulls Island, Thompsons Island, R. Thompsons Island, Courson Island, King Island, Baker Island, and No Name Island, and which shall be known as the Allegheny Islands Wilderness; and

(2) certain lands in the Allegheny National Forest, Pennsylvania, which comprise approximately nine thousand four hundred acres as generally depicted on a map entitled "Hickory Creek Wilderness—Proposed", dated March 1984, and which shall be known as the Hickory Creek Wilderness.

(b) Subject to valid existing rights, the wilderness areas designated under subsection (a) shall be administered by the Secretary of Agriculture (hereinafter in this Act referred to as the "Secretary") in accordance with the provisions of the Wilderness Act governing areas designated by that Act as wilderness, except that any reference in such provisions to the effective date of the Wilderness Act shall be deemed to be a reference to the effective date of this Act.

(c) As provided in section 4(d)(8) of the Wilderness Act, nothing in this Act shall be construed as affecting the jurisdiction or responsibilities of the State of Pennsylvania with respect to wildlife and fish in Allegheny National Forest in the State of Pennsylvania.

(d)(1) The Secretary is authorized to acquire by purchase, donation, or exchange, with donated or appropriated funds, such lands or interests in lands (including oil, gas, and other mineral interests and scenic easements) within the Hickory Creek Wilderness as he deems necessary to carry out the purposes of this Act. Such lands and interests in lands may be acquired only with the consent of the owner thereof.

(2) Not more than $2,000,000 is authorized to be appropriated for purposes of acquiring, in accordance with subsection (a), lands and interests in lands in the Hickory Creek Wilderness Area.

DESIGNATION OF NATIONAL RECREATIONAL AREA

SEC. 5. In furtherance of the findings and purposes of this Act, certain lands in the Allegheny National Forest, Pennsylvania, which comprise approximately twenty-three thousand one hundred acres, as generally depicted on a map entitled "Allegheny National Recreational Area—Proposed", dated March 1984, are hereby designated as the Allegheny National Recreation Area (hereinafter in this Act referred to as the "national recreation area"). The national recreation area shall be composed of the Allegheny Front, Cornplanter, and Tracy Ridge including the Allegheny Reservoir. Following the acquisition, under any other authority of law, of other lands within the Allegheny National Forest, the Secretary may revise the boundaries of the national recreation area to add such lands to the national recreation area, including at least one thousand two hundred and seventy-two acres in the Allegheny Front area.

ADMINISTRATION OF NATIONAL RECREATION AREA

SEC. 6. (a) Subject to valid existing rights, the national recreation area designated by this Act shall be administered by the Secretary in accordance with this Act and the laws, rules, and regulations applicable to the national forest system in a manner compatible with the following objectives:

(1) minimizing to the extent practicable the environmental impacts of exploration and development of privately owned oil, gas, and other minerals;

(2) maximizing opportunities for recreation including, but not limited to, hunting, fishing, hiking, backpacking, camping, nature study, and the use of boats, both motorized and nonmotorized, on the Allegheny Reservoir;

(3) protection and maintenance of fish and wildlife populations and habitat;

(4) protection of watersheds and the free flowing nature of streams;

(5) protection and maintenance of fish and wildlife populations and habitiat; and

(6) conservation of scenic, wilderness, cultural, scientific, educational, and other values contributing to the public benefit.

Subject to valid existing rights, the utilization of natural resources in the recreation area shall be permitted only if consistent with the other provisions of this Act.

(b) To carry out the purposes of this Act, the Secretary shall prepare and publish, and may from time to time amend, a management plan, accompanied by an environmental impact statement and necessary regulations, for the national recreation area designated by this Act. The plan may be prepared in conjunction with, or incorporated with, ongoing planning for the Allegheny National Forest in accordance with the National Forest Management Act of 1976. Such plan and regulations shall include, but not be limited to—

(1) standards and guidelines for the protection and preservation of historic, archaeological, and paleontological resources in the recreation area for the public benefit and knowledge;

(2) provisions to maintain and enhance existing opportunities for recreation on Allegheny Reservoir, including opportunities for motorized and nonmotorized boat use;

(3) provisions to regulate the use of and protect the surface values of the recreation area, including provisions to control the use of motorized and mechanical equipment, and to evaluate alternative surface access routes which minimize damage or alteration of the surface in connection with any authorized activities on such land; and

(4) provisions governing oil, gas, and other mineral exploration and development within the recreation area, including access by road when necessary, and which ensure that—

(A) exploration, development, and transportation of oil, gas, and other mineral resources are not made economically infeasible;

(B) disturbances to the environment are minimized during all phases of exploration and development;

(C) revegetation and restoration of the surface of the land disturbed in performing exploration and development is accomplished as soon as possible after each phase of exploration and development is completed; and

(D) protection of high surface and groundwater quality.

In preparing the comprehensive management plan, the Secretary shall provide for oral and written public participation and shall consider the views of all interested agencies, organizations, and individuals.

(c) The Secretary shall permit hunting and fishing within the boundaries of the national recreation area designated by this Act in accordance with applicable laws of the United States and the State of Pennsylvania wherein the lands and waters are located except that the Secretary may designate zones where, and establish periods when, no hunting or fishing shall be permitted for reasons for public safety, administration, or public use and enjoyment. Except in emergencies, any regulations of the Secretary pursuant to this paragraph shall be put into effect only after consultation with the appropriate State fish and game department.

(d)(1) Subject to valid existing rights, the minerals in all Federally owned lands within the national recreation area designated by this Act are withdrawn from all forms of appropriation under the mining laws and from disposition under all laws pertaining to mineral leasing, including all laws pertaining to geothermal leasing, and all amendments thereto.

(2) Any special use permit issued by the Secretary for exploration, development, or transportation of oil, gas, or other mineral resources (or for any combination of the foregoing activities) shall require the submission of a plan of operations (including a reclamation plan) which is consistent with the objectives set forth in subsection (a).

MAPS AND DESCRIPTIONS

SEC. 7. (a) As soon as practicable after enactment of this Act, the Secretary shall file the maps referred to in this Act, and legal descriptions of the national recreation area and the wilderness areas designated by this Act, with the Committee on Interior and Insular Affairs of the United States House of Representatives, the Committee on Energy and Natural Resources of the United States Senate, and with the Committee on Agriculture of the United States House of Representatives. Such maps and legal descriptions shall have the same force and effect as if included in this Act, except that correction of clerical and typographical errors in such maps and legal descriptions may be made. Each such map and legal description shall be on file and available for public inspection in the office of the Chief of the Forest Service, Department of Agriculture.

FOREST SYSTEM PLANNING

SEC. 8. (a) The Congress hereby determines and directs that, without passing on the question of the legal and factual sufficiency of the RARE II final environmental statement (dated January 1979) with respect to national forest system lands in States other than Pennsylvania, such statement shall not be subject to judicial review with respect to national forest system lands in the State of Pennsylvania.

(b) The Congress does not intend that the designation of a wilderness area under this Act lead to the creation of protective perimeters or buffer zones around such wilderness area. The fact that nonwilderness activities or uses can be seen or heard from areas within a wilderness shall not preclude such activities or uses up to the boundary of the wilderness area.

Mr. SPECTER. Mr. President, today I am proud to join Senator HEINZ in introducing the Pennsylvania Wilderness Act of 1984. This legislation designates certain areas in the Allegheny National Forest as wilderness and recreation areas. The forest, established in 1923 to protect the upper watershed of the Allegheny River, is located in Forest, Warren, McKean, and Elk Counties.

This bill will designate 9,400 acres in the Hickory Creek Area of the Allegheny Forest as well as Seven Islands in the Allegheny River near Warren as wilderness areas where development would be barred. The bill also authorizes $2 million for acquiring subsurface rights under the Hickory Creek Wilderness.

Hickory Creek is the largest, relatively undisturbed area in the Allegheny National Forest. It consists of gentle, rolling topography interlaced with bogs and beaver ponds. An 11-mile long loop trail leading from Hearts Content traverses Hickory Creek and several tributaries. The Pennsylvania Fish Commission has designated Hickory Creek as a high quality, cold water fishery—one of the highest classifications that can be given to a Pennsylvania waterway.

Designation of Hickory Creek and the Seven Islands will create the only wilderness area in the national preservation system within a 150-mile radius. The most densely populated, heavily industrialized region in all of North America lies within 250 miles. Nearly

40 percent of the American public lives within a day's drive of the forest. All of these qualities illustrate the worthiness of this land's wilderness designation, and underline the importance of this legislation.

Additionally, this legislation designates 23,100 acres as national recreation areas. This designation will insure the preservation of scenic, historical, archaeological, paleontological, watershed, and wildlife resources. At the same time, this designation maximizes the opportunity for recreational activities such as fishing, hunting, and boating. Under this bill, the U.S. Forest Service is charged with the responsibility of regulating the use of these wilderness and recreational areas.

In addition to the attractive recreational resources, the Allegheny Forest also boasts one-half million acres of natural black cherry, oak, ash, and other commerical hardwoods used in furniture both domestically and abroad. The forest also lays claim to the first oil well in the world; today, not far from this well, high quality crude fields produce lubricants for Quaker State, Pennzoil, and the Kendall oil companies.

A careful balance has been struck between recreational and commercial interests. A bipartisan companion bill in the House of Representatives introduced by Congressmen CLINGER and KOSTMAYER has already been the subject of hearings in that body. I join Senator HEINZ in urging the Senate Energy and Natural Resources Committee to also move quickly to consideration of the Pennsylvania Wilderness Act.

By Mr. MURKOWSKI:

S.J. Res. 272. A joint resolution recognizing anniversaries of Warsaw uprising and Polish resistance to invasion of Poland during World War II; to the Committee on the Judiciary.

ANNIVERSARIES OF WARSAW UPRISING AND POLISH RESISTANCE DURING WORLD WAR II

● Mr. MURKOWSKI. Mr. President, I am submitting a joint resolution which seeks to have Congress recognize the anniversaries of the Warsaw uprising and Polish resistance to the invasion of Poland during World War II. August 1, 1984, marks the 40th anniversary of the uprising by the Polish people and September 1, 1984, is the 45th anniversary of the invasion of Poland by the Army and Air Force of the Third Reich. That invasion was followed just 16 days later by a Soviet invasion from the East and the subsequent occupation of a zone populated by 13 million Poles. These events led to the development of a strong underground movement directed by the Polish Government in exile. By 1944 this movement had taken the form of a home army.

On August 1, 1944, the Polish Home Army attacked the German Forces holding Warsaw and within 3 days gained control of the city. The Germans sent in reinforcements and brutally bombarded the city with air artillery attacks for the next 63 days. Unsupported, the Polish Home Army held out until October 2, 1944, when its supplies had run out and it was forced to surrender. The leader of the Polish Forces, Gen. Tadeusz Komorowski, who was known as Bor, was taken prisoner with his forces. The Germans then systematically deported the remainder of the city's population and destroyed the city. Home army losses were about 35,000 and losses among the civilian population were in excess of 150,000. The liberating armies of 1945 found the city in a state of almost total devastation, with destruction of industrial plants, cultural and social facilities, and housing ranging from over 70 percent to almost 100 percent.

The Warsaw uprising of 1944 set the tone for postwar relations between the Polish people and the Polish Government. This spirit which was affirmed in 1944 continues to this day with the solidarity movement symbolic of the desire for freedom and sovereignty. The event has been officially ignored, criticized, or downplayed by the Polish Government though well-known and revered by the people. The Polish Government began recognizing the achievements of the home army and the Warsaw uprising only following the emergence of Solidarity in 1980.

The events in Poland over the last few years have again captivated the world by displaying the same spirit and love of freedom epitomized by the Warsaw uprising and the resistance to the invasions and occupations throughout Poland during World War II. The Poles have, without any support from the West, managed to shake the foundations of world Communists through the Solidarity trade union movement. Though officially outlawed, the Solidarity movement continues to exist and flourish despite assertions to the contrary by the Polish Government. The spirit shown by the Polish people in their continuing quest for freedom, democracy, and self-determination despite the odds, should be and is especially important to the people of the United States who have fought for and defended these ideals throughout our own history.

It is only fitting that the U.S. Congress recognize the anniversaries of the invasion of Poland and the Warsaw uprising.●

ADDITIONAL COSPONSORS

S. 627

At the request of Mr. PACKWOOD, the names of the Senator from Pennsylvania (Mr. HEINZ), the Senator from Massachusetts (Mr. KENNEDY), and the Senator from South Dakota (Mr. ABDNOR) were added as cosponsors of S. 627, a bill to authorize the establishment of a national scenic area to assure the protection, development, conservation, and enhancement of the scenic, natural, cultural, and other resource values of the Columbia River Gorge in the States of Oregon and Washington, to establish national policies to assist in the furtherance of its objective, and for other purposes.

S. 786

At the request of Mr. PRESSLER, the name of the Senator from North Dakota (Mr. BURDICK) was added as a cosponsor of S. 786, a bill to amend title 38, United States Code, to establish a service connection presumption for certain diseases caused by exposure to herbicides or other environmental hazards or conditions in veterans who served in Southeast Asia during the Vietnam era.

S. 1614

At the request of Mr. HEINZ, the name of the Senator from New York (Mr. MOYNIHAN) was added as a cosponsor of S. 1614, a bill to amend title XIX of the Social Security Act to allow States to implement coordinated programs of acute and long-term care for those individuals who are eligible for both medicare and medicaid.

S. 1651

At the request of Mr. CRANSTON, the name of the Senator from Massachusetts (Mr. TSONGAS) was added as a cosponsor of S. 1651, a bill to amend title 38, United States Code, to provide for presumption of service connection to be established by the Administrator of Veterans' Affairs for certain diseases of certain veterans exposed to dioxin or radiation during service in the Armed Forces; to require the Administrator to develop, through process of public participation and subject to judicial review, regulations specifying standards for the presumptions applicable to the resolution of claims for disability compensation based on such exposures; to require that such regulations address certain specified diseases; and to require that all claimants for Veterans' Administration benefits be given the benefit of every reasonable doubt in claims adjudications, and for other purposes.

S. 1925

At the request of Mr. BYRD, the name of the Senator from Virginia (Mr. WARNER) was added as a cosponsor of S. 1925, a bill to establish a national coal science, technology, and engineering development program.

S. 2131

At the request of Mr. DECONCINI, the name of the Senator from Arkansas (Mr. BUMPERS) was added as a cosponsor of S. 2131, a bill to provide for the temporary suspension of deportation for certain aliens who are nationals of El Salvador, and to provide for

Presidential and congressional review of conditions in El Salvador and other countries.

S. 2139

At the request of Mr. HEINZ, the name of the Senator from Maine (Mr. COHEN) was added as a cosponsor of S. 2139, a bill to improve the operation of the countervailing duty, antidumping duty, import relief, and other trade laws of the United States.

S. 2266

At the request of Mr. CRANSTON, the names of the Senator from Maryland (Mr. MATHIAS), and the Senator from Tennessee (Mr. SASSER) were added as cosponsors of S. 2266, a bill to grant a Federal charter to Vietnam Veterans of America, Inc.

S. 2338

At the request of Mr. HEINZ, the names of the Senator from Mississippi (Mr. COCHRAN), the Senator from Tennessee (Mr. SASSER), the Senator from New York (Mr. MOYNIHAN), and the Senator from Florida (Mrs. HAWKINS) were added as cosponsors of S. 2338, a bill to amend title XVIII of the Social Security Act to allow medicare coverage for home health services provided on a daily basis.

S. 2437

At the request of Mr. GOLDWATER, the name of the Senator from Kansas (Mrs. KASSEBAUM) was added as a cosponsor of S. 2437, a bill to amend the Communications Act of 1934 to clarify the policies regarding the right to view satellite-transmitted television programing.

S. 2488

At the request of Mr. BURDICK, the name of the Senator from Alabama (Mr. DENTON) was added as a cosponsor of S. 2488, a bill to terminate the effect of provisions of the Voting Rights Act of 1965 that require bilingual ballots and election materials.

S. 2515

At the request of Mr. SARBANES, the name of the Senator from Nebraska (Mr. EXON) was added as a cosponsor of S. 2515, a bill to extend the provisions of chapter 61 of title 10, United States Code, relating to retirement and separation for physical disability, to cadets and midshipmen.

S. 2519

At the request of Mr. WARNER, the name of the Senator from California (Mr. WILSON) was added as a cosponsor of S. 2519, a bill to amend the Internal Revenue Code of 1954 with respect to deductions for certain expenses incurred by a member of a uniformed service of the United States, or by a minister, who receives a housing or subsistence allowance.

S. 2520

At the request of Mr. PRESSLER, the name of the Senator from Hawaii (Mr. MATSUNAGA) was added as a cosponsor of S. 2520, a bill to provide authorization of appropriations for the U.S. Travel and Tourism Administration, and for other purposes.

SENATE JOINT RESOLUTION 87

At the request of Mr. TSONGAS, the names of the Senator from New York (Mr. D'AMATO), the Senator from Oregon (Mr. HATFIELD), the Senator from Louisiana (Mr. JOHNSTON), and the Senator from Florida (Mr. CHILES) were added as cosponsors of Senate Joint Resolution 87, a joint resolution designating a day of remembrance for victims of genocide.

SENATE JOINT RESOLUTION 198

At the request of Mr. PRYOR, the name of the Senator from South Carolina (Mr. THURMOND) was added as a cosponsor of Senate Joint Resolution 198, a joint resolution designating April 27, 1984, as "National Nursing Home Residents Day."

SENATE JOINT RESOLUTION 215

At the request of Mr. THURMOND, the name of the Senator from Connecticut (Mr. DODD) was added as a cosponsor of Senate Joint Resolution 215, a joint resolution to designate the week of April 23-27, 1984, as "National Student Leadership Week."

SENATE JOINT RESOLUTION 227

At the request of Mr. CRANSTON, the names of the Senators from Ohio (Mr. GLENN), and the Senator from Michigan (Mr. LEVIN) were added as cosponsors of Senate Joint Resolution 227, a joint resolution designating the week beginning November 11, 1984, as "National Women Veterans Recognition Week."

SENATE JOINT RESOLUTION 241

At the request of Mr. D'AMATO, the name of the Senator from Ohio (Mr. GLENN) was added as a cosponsor of Senate Joint Resolution 241, a joint resolution to authorize and request the President to issue a proclamation designating May 6 through May 13, 1984, as "Jewish Heritage Week."

SENATE JOINT RESOLUTION 253

At the request of Mr. PRESSLER, the name of the Senator from Vermont (Mr. STAFFORD) was added as a cosponsor of Senate Joint Resolution 253, a joint resolution to authorize and request the President to designate September 16, 1984, as "Ethnic American Day."

SENATE JOINT RESOLUTION 258

At the request of Mr. BIDEN, the names of the Senator from Idaho (Mr. MCCLURE), and the Senator from Connecticut (Mr. DODD) were added as cosponsors of Senate Joint Resolution 258, a joint resolution to designate the week of June 24 through June 30, 1984, as "National Safety in the Workplace Week."

SENATE JOINT RESOLUTION 265

At the request of Mrs. HAWKINS, the name of the Senator from Vermont (Mr. STAFFORD) was added as a cosponsor of Senate Joint Resolution 265, a joint resolution designating the week of April 29 through May 5, 1984, as "National Week of the Ocean."

SENATE CONCURRENT RESOLUTION 101

At the request of Mr. D'AMATO, the names of the Senator from Indiana (Mr. LUGAR), the Senator from Idaho (Mr. SYMMS), and the Senator from North Dakota (Mr. BURDICK) were added as cosponsors of Senate Concurrent Resolution 101, a concurrent resolution to commemorate the Ukrainian famine of 1933.

SENATE RESOLUTION 364

At the request of Mr. DECONCINI, the name of the Senator from Maryland (Mr. SARBANES) was added as a cosponsor of Senate Resolution 364, a resolution expressing the sense of the Senate that certain recommendations of the President's Private Sector Survey on Cost Control relating to the Veterans' Administration health care system should be rejected as a matter of national policy.

AMENDMENT NO. 2655

At the request of Mr. GRASSLEY, the names of the Senator from North Dakota (Mr. ANDREWS), the Senator from Nebraska (Mr. ZORINSKY), and the Senator from North Dakota (Mr. BURDICK) were added as cosponsors of amendment No. 2655 intended to be proposed to S. 1080, a bill to amend the Administrative Procedure Act to require Federal agencies to analyze the effects of rules to improve their effectiveness and to decrease their compliance costs, to provide for a periodic review of regulations, and for other purposes.

AMENDMENT NO. 2859

At the request of Mr. ABDNOR, the names of the Senator from Maryland (Mr. SARBANES), the Senator from New Jersey (Mr. BRADLEY), the Senator from North Dakota (Mr. ANDREWS), the Senator from Montana (Mr. MELCHER), the Senator from Maine (Mr. COHEN), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Michigan (Mr. RIEGLE), the Senator from California (Mr. CRANSTON), and the Senator from Maryland (Mr. MATHIAS) were added as cosponsors of amendment No. 2859 intended to be proposed to S. 757, a bill to amend the Solid Waste Disposal Act to authorize funds for fiscal years 1983, 1984, 1985, 1986, and 1987, and for other purposes.

SENATE RESOLUTION 366—ORIGINAL RESOLUTION EXPRESSING APPRECIATION TO THE PRIME MINISTER OF THAILAND

Mr. PERCY, from the Committee on Foreign Relations, reported the following original resolution; which was placed on the calendar:

S. RES. 366

Whereas H.E. General Prem Tinsulanonda, Prime Minister of Thailand, is heading a distinguished delegation of Thai officials and businessmen to the United States, April 12, through April 15, 1984, for important discussions with the President, the Vice President, Members of the Cabinet, and Members of the Senate Foreign Relations Committee;

Whereas Thailand has since 1975 provided first asylum for refugees fleeing Vietnam, Laos and Cambodia;

Whereas The Thai Government and the Thai people have over nine years cooperated with the international humanitarian effort to care for and resettle these refugees;

Whereas the visit of the Prime Minister and his delegation symbolizes the most friendly relationship which has existed for a century and a half between Thailand and the United States: Now, there, be it

Resolved, That the Senate hereby heartily welcomes the visit of Prime Minister Prem of Thailand and his delegation to the United States.

SEC. 2. The Senate commends the patient efforts of Thailand over the years to deal humanely with the outpouring of refugees from Vietnam, Laos and Cambodia by providing first asylum, and notes the efforts now being made to suppress acts of piracy against boat refugees.

SEC. 3. The Senate, noting the intrusion of Vietnamese forces from Kampuchea into Thailand in recent weeks, expresses its strong support for the security of Thailand.

SEC. 4. The Secretary of the Senate shall transmit a copy of this resolution to the President of the United States with the request that the President transmit such copy to the Government of the Kingdom of Thailand.

Mr. PERCY. Mr. President, I rise today to report an original Senate resolution commending Thailand for its efforts on behalf of Indochinese refugees. Since 1975 Thailand has provided first asylum to many thousand refugees fleeing Vietnam, Laos, and Cambodia, refugees seeking freedom in voyages of great risk. We owe a sincere debt of gratitude to Thailand for opening its door to so many. Prime Minister Prem of Thailand visits the United States this week and I believe it is time that the Senate express its thanks through this resolution.

On the occasion of Prime Minister Prem's visit, let us also recognize our most friendly relationship with Thailand. Our close, friendly relations have spanned a century and a half. Today, we know that Thailand faces a military threat from Kampuchea. In recent weeks, forces have even intruded across the border into Thailand. I would like, Mr. President, to let Prime Minister Prem and the people of Thailand know that the American people support them and wish them well.

AMENDMENTS SUBMITTED

FEDERAL BOAT SAFETY ACT

CRANSTON AND OTHERS AMENDMENT NO. 2907

(Ordered to lie on the table.)

Mr. CRANSTON (for himself, Mr. RIEGLE, Mr. SASSER, Mr. DODD, and Mrs. HAWKINS) submitted an amendment to amendment No. 2902 proposed by Mr. DOLE (for himself and Mr. LONG) to the bill H.R. 2163, an act to amend the Federal Boat Safety Act of 1971, and for other purposes, as follows:

At the appropriate place, Page 133, after line 14 add

(j) SPECIAL RULE IN THE CASE OF LOW-INCOME HOUSING.—

(1) IN GENERAL.—Section 1274 of the Internal Revenue Code of 1954 (relating to treatment of bonds and other debt instruments as added by this subtitle) and the amendment made by section 25(b) (relating to amendment of section 483) shall not apply to any qualified indebtedness of the taxpayer.

(2) QUALIFIED INDEBTEDNESS DEFINED.—For purpose of this subsection, the term "qualified indebtedness" means any indebtedness of the taxpayer incurred in connection with the acquisition by, and transfer to, the taxpayer of low income housing or, in the aggregate, 90 percent or more of the capital interest, or the profits interest, of a partnership owning low-income housing to the extent the indebtedness and interest thereon meet the requirements contained in paragraph (3) and the transfer of the low-income housing or such partnership interests meets the following requirements:

(A) The United States Department of Housing and Urban Development, the United States Farmers Home Administration, or a State or local housing authority has approved the transfer pursuant to laws, regulations or procedures governing the transfer of physical assets.

(B) Within 24 months after such transfer, (i) the new owner of the low income housing has made all improvements and met all financial requirements called for by the United States Department of Housing and Urban Development, the United States Farmers Home Administration, or the State or local agency as a condition of such approval, and (ii) the low income housing meets the housing quality standards prescribed by the Department of Housing and Urban Development for existing housing under section 8 of the United States Housing Act of 1937.

(C) The low-income housing or such partnership interests have been owned by the transferor for at least twelve months, or were acquired by the taxpayer pursuant to a purchase, assignment or other transfer from the United States Department of Housing and Urban Development, the United States Farmers Home Administration or any State or local housing authority.

(3) OTHER REQUIREMENTS.—Interest on qualified indebtedness shall not be deductible to the extent that (A) such interest exceeds two percentage points above the annual rate established under section 6621 (interest on underpayments of tax) at the time of the transfer, and (B) such interest accrues for a period of longer than fifteen years and six months.

(4) RECAPTURE OF INTEREST DEDUCTION.—If, at the end of the period described in paragraphs (2) (B), all or any portion of the accrued interest on the qualified indebtedness is not paid by the taxpayer, then gain shall be recognized to the taxpayer to the extent of the lessor of—

(A) the amount of all prior interest deductions taken on such qualified indebtedness, or

(B) the amount of such accrued interest which is not paid by the taxpayer.

Such gain shall be treated as ordinary income.

(5) DEFINITION OF LOW-INCOME HOUSING.—For purposes of this subsection, low-income housing means property described in clause (i), (ii), (iii) or (iv) of section 1250(a)(1)(B).

(6) PERIOD OF APPICABILITY.—The provisions of this subsection shall apply only to qualified indebtedness incurred on or before December 31, 1987, or incurred pursuant to a contract which was binding on December 31, 1987, and at all times thereafter.

Mr. CRANSTON. Mr. President, I send to the desk a bipartisan amendment to the "deficit reduction package" cosponsored by my distinguished colleagues, Senators RIEGLE, SASSER, DODD, and HAWKINS.

A number of proposed changes have been included in the Finance Committee's "deficit reduction package" to help foster the rehabilitation of the Nation's existing low- and moderate-income housing stock. However, I believe that the proposal changing the manner in which deferred payments are treated under the IRS code will have a chilling effect on the ability to attract private capital to preserve and rehabilitate the Nation's low- and moderate-income housing stock. These provisions would dry up private sector investment in low-income housing at the very time when it is needed most—when Federal programs for construction of privately owned low-income housing and Federal funds for direct subsidies to private owners of low-income rental property have been virtually eliminated.

The Finance Committee's proposals require sellers to pay taxes on the transfer of low-income housing where no cash has been received and they curtail the depreciation and interest deductions by the buyers of such housing. If the proposals in the pending amendment No. 2902 are enacted, many owners of deteriorating low-income multifamily housing that are desperately in need of cash infusion for repairs and of cash reserves will elect to retain these projects in their deteriorated state rather than incur a highly adverse tax liability.

The equity resyndication process with the favorable tax consequences of the present law is currently the only means that the Federal Government has of making new cash available for repairs into projects. This resyndication process will be seriously curtailed by the committee proposal

and will result in abandonment and further deterioration of multifamily housing. Additionaly, it will produce increased defaults on federally insured mortgages at a direct cost to the Federal Government that may exceed any revenue gain produced by the measure and may force the Government to authorize spending for repair and upkeep of these projects.

My colleagues and I feel strongly that a measure of this kind will have a serious financial impact on the ability of the Government to protect and maintain the character of the low- and moderate-income housing stock and should not be adopted without a thorough review by the Senate committees involved.

Therefore, we are requesting that the Finance Committee accept an amendment to exempt low- and moderate-income housing from the provisions adopted by the Finance Committee with respect to the treatment of interest attributable to deferred payments for a 3-year period so that the Housing Subcommittee of the Senate Banking Committee and the Finance Committee can hold joint hearings to fully review this matter in a comprehensive way.

We have carefully tailored our exemption amendment so that the tenants of existing projects will benefit while preserving the "original issue discount rules" reform in the Finance Committee amendment 2902. The revenue losses are very small in this program under present law compared to the benefits of assuring that low-income housing remains in good repair and is kept as low-income housing rather than converted to other uses.

We believe that short-term considerations must not be permitted either to jeopardize the Nation's enormous investment in decent, low- and moderate-income housing or to increase the long-term unnecessary cost to the taxpayer.

I ask unanimous consent that an explanation of my amendment be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

EXPLANATION OF SENATOR ALAN CRANSTON AMENDMENT

1. Exempt low income housing from all of the provisions adopted by the Senate Finance Committee with respect to the treatment of interest attributable to deferred payments.

2. Low income housing is defined as property described in clause (i), (ii), (iii) or (iv) of Section 1250(a)(1)(B) of the Code.

3. Anti-Abuse Provisions.—

A. HUD, FmHA, or a State or Local Housing Agency must approve the transfer pursuant to laws, regulations or procedures governing the transfer of physical assets.

B. Within 24 months after such transfer, (i) the new owner of the property must make all improvements to the property and meet all financial requirements called for by HUD, FmHA, or the State or Local agency as a condition of such approval; and (ii) the property must meet the housing quality standards prescribed by HUD for the Section 8 existing housing program.

C. The property must have been owned by the transferor for at least 12 months, or have been acquired by the taxpayer pursuant to a purchase, assignment or other transfer from HUD, FmHA or any State or Local housing authority.

D. Interest may not accrue for a period longer than 15 years, six months. If after this period, the accrued interest is not paid, all prior deductions taken for such accruals will be recaptured and taxed as ordinary income at that time.

E. The rate at which interest may accrue may not exceed the IRS deficiency rate in effect at the time the debt is incurred, plus two (2) percentage points.

4. Sunset.—This exemption will be applicable only to transfers whch have occurred, or with respect to which a binding contract has been entered into, on or before December 31, 1987.

● Mr. RIEGLE. Mr. President, I am pleased to join the distinguished Senator from California in offering this amendment.

Our amendment would delay for 3 years the effective date of a provision that threatens to damage much of this Nation's housing for low- and moderate-income people. It also includes provisions designed to prevent abuses that have been identified by the Finance Committee.

Our amendment could save the taxpayers $160 million over the next 3 years. It would enable the Banking and Finance Committees to hold hearings and arrive at prudent ways to improve the financing of low- and moderate-income housing.

Mr. President, our amendment is necessary because the House bill and the Senate Finance Committee amendment, as it now stands, contain the same troublesome language. If this amendment is not adopted, there will be no opportunity in conference to correct the problem.

I note that our amendment is supported by a broad coalition of organizations: The National Housing Partnership, the Coalition for Low and Moderate Income Housing, the National Housing Rehabilitation Association, the National Low Income Housing Coalition, the National Leased Housing Association, the Council for Rural Housing and Development, the Council of State Housing Agencies, and the National Urban League.

Mr. President, the Finance Committee amendment proposes to change the tax treatment of interest on loans offered with an original issue discount (OID). In general, present law requires both borrowers and lenders to allocate interest similarly over the life of the loan. An exception is provided, however, in certain cases, including loans made as part of a transfer of physical assets that are not publicly traded. Under that exception, a borrower may deduct interest on an acccrual basis while the lender does not have to report interest income until it is received in cash, perhaps several years later.

The committee amendment would remove the exception, beginning in 1985, for transactions involving nontraded property, such as multifamily rental housing.

Mr. President, I support reforms of the Tax Code that limit abuse and reduce the Federal deficit. I do not object to the committee's amendment as it applies to most property sales. However, the committee's proposal creates a serious problem if it suddenly applies to sales of housing for low- and moderate-income people.

I want to point out that low- and moderate-income housing accounts for only a small portion—less than 10 percent—of the revenue increases that the committee projects will result from its proposed change in the OID rules.

In addition, according to conservative estimates, the committee amendment would force HUD to incur costs that more than offset the hoped-for revenue gains. That is, the committee amendment as now written would help increase the deficit, not reduce it.

This loss to the Federal Government would occur because of financial characteristics that are peculiar to housing for low- and moderate-income people. Programs to assist such housing usually limit cash payments to owners, so investors are attracted primarily by tax benefits. When owners of low-income housing exhaust those tax benefits, typically after several years, they have little incentive to invest more money in a project for repairs or renovations.

Under current law, virtually the only way to bring new investment into such a project is to transfer ownership to a new group of investors. The Finance Committee amendment would largely prevent that refinancing. As a result, many low-income housing units will be left to deteriorate and more projects will sink into default.

Deterioration of these apartments, Mr. President, would cause needless harm to current tenants. It would cause a great loss of decent, affordable housing, and squander a huge national investment.

In addition, projects that go into default, hit the FHA insurance fund and State housing agencies with heavy financial losses.

Mr. President, I have a table showing that adoption of our amendment to exempt low-income housing from the Committee's OID proposal would reduce the deficit by an estimated $78 million in fiscal year 1985, $53 million in fiscal year 1986, and $29 million in fiscal year 1987. I ask unanimous consent to have this table printed in the RECORD at the conclusion of my remarks.

Mr. President, over the years, Congress has tried to provide decent housing for low- and moderate-income people through a complex, interrelated set of subsidies, tax incentives and regulatory measures. Undoubtedly, that system can be improved. But we should not make a major change in one part of the system without considering how it affects the whole.

In this case, the Finance Committee's effort to bring coherence to tax policy would have a devastating effect on housing policy—an effect that I do not believe Congress intends. Our amendment would give Congress time both to balance the concerns of tax policy and housing policy and to find a way to more prudently reduce the deficit.

I feel strongly that short-term considerations must not be permitted either to jeopardize the Nation's enormous investment in decent, low-income housing or to increase long-term costs to the taxpayers. That is why I believe our amendment is important.

I urge my colleagues to support it, and I hope the chairman and ranking minority member of the Finance Committee will accept it.

There being no objection, the tables were ordered printed in the RECORD, as follows:

BUDGET RECONCILIATION—NET REVENUE EFFECT ON FEDERAL GOVERNMENT OF ADOPTION OF EXEMPTION FOR EXISTING LOW-INCOME HOUSING FROM DEFERRED PAYMENT PROVISIONS ADOPTED BY HOUSE WAYS AND MEANS COMMITTEE AND SENATE FINANCE COMMITTEE

[Dollar amounts in millions]

	Fiscal year—				
	1983*	1984*	1985	1986	1987
Syndicated TPA's**	(45,000)	(50,000)	(55,000)	(60,000)	(62,500)
Subsidized TPA's	(22,000)	(25,000)	(27,500)	(30,000)	(31,250)
Income tax paid by sellers[1 3]		$84.785	$94.205	$103.626	$113.047
Income tax (Deferred by new buyers)[2 3 4]:					
Fiscal year 1984		(54.710)	(52.000)	(46.405)	(39.881)
Fiscal year 1985			(60.789)	(57.778)	(51.561)
Fiscal year 1986				(66.868)	(63.556)
Fiscal year 1987					(72.947)
Subtotal: Tax revenue gain (Loss)		30.075	(18.854)	(67.425)	(114.989)
Savings generated for HUD assignment program[5]		75.000	96.250	120.000	144.375
Net Federal Deficit Reduction		105.075	77.666	52.575	29.477

*The deferred payment provisions adopted by the House and Senate Committees do not apply to sales prior to Jan. 1, 1985. Accordingly, the figures for fiscal years 1983 and 1984 represent savings of Federal revenue which exist under present law and which will not be reduced if these deferred payment provisions are enacted. For later years, the Federal revenue gains will only exist if an exemption for these deferred payment rules is adopted.

**TPA=Transfer of Physical Assets.

[1] Assumes average tax rate 36 percent (including Capital Gain and Recapture).

[2] Assumes 50 percent taxpayer.

[3] Taxes paid (deferred) from fiscal year 1983 on 22,500 units, fiscal year 1984 on 25,000 units, fiscal year 1985 on 27,500 units, fiscal year 1986 on 30,000 units, fiscal year 1987 on 31,250 units.

[4] Effect from accrual of interest at 10 percent simple and ACRS 15 year depreciation.

[5] In fiscal year 1982, 6,000 units went to assignment at an average $19,200 per unit cost in Federal Revenues. In fiscal year 1983, 6,000 units went to assignment at an average $23,300 per unit cost in Federal revenues. HUD estimates that 20 percent of the subsidized TPA's would have been assigned if "equity refinancing" were not possible. Accordingly, if the proposed legislation adopted by the Ways and Means Committee and the Finance Committee is enacted by Congress, for fiscal year 1984, an additional 5,000 units (at a HUD estimated cost of $15,000 per unit) will be assigned which would not have been assigned if present law were retained. Similarly, for fiscal year 1985, 5,500 units at $17,500 per unit; for fiscal year 1986, 6,000 units at $20,000 per unit; and for fiscal year 1987, 6,250 units at $23,100 per unit.

	Number of units under present law	Federal cost under present law	Assigned units under proposed legislation	Total Federal cost under proposed legislation	Net increase in Federal costs under proposed legislation
Fiscal year 1982	6,000	$115,200,000	6,000	$115,200,000	
Fiscal year 1983	6,000	140,000,000	6,000	140,000,000	
Fiscal year 1984[1]	2,500	37,500,000	7,500	37,500,000	
Fiscal year 1985[1]	3,000	52,500,000	8,500	148,750,000	$96,250,000
Fiscal year 1986[1]	4,000	80,000,000	10,000	200,000,000	120,000,000
Fiscal year 1987[1]	5,200	120,120,000	11,450	264,495,000	144,375,000
Total		545,320,000		980,945,000	435,625,000

[1] HUD projections based upon assumption that the present level of additional appropriations for flexible subsidies and loan management set aside funds continues.

Note. Not reflected on the chart are other items such as additional capital improvements needs and delinquencies. For example, HUD estimates that 50 percent of the subsidized TPA's where equity is refinanced under present tax laws contribute $1,000 per unit to capital improvements. Therefore, under present tax law, for fiscal year 1985, 13,750 units at $1,000 per unit in Federal revenues would be saved, i.e., $13,750,000. Similarly, for fiscal year 1986, 15,000 units ($15,000,000); and for fiscal year 1987, 15,625 units ($15,625,000).●

KENNEDY AMENDMENT NOS. 2908 THROUGH 2913

(Ordered to lie on the table.)

Mr. KENNEDY submitted six amendments to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra, as follows:

AMENDMENT No. 2908

STRIKE INCREASE IN PART B PREMIUM (SEC. 901)

On page 1199, beginning with line 4, strike all through line 17 on page 1201.

STRIKE INDEXING OF PART B DEDUCTIBLE (SEC. 916)

On page 1226, beginning with line 21, strike all through line 4 on page 1228.

STRIKE 1-MONTH DELAY IN MEDICARE ENTITLEMENT (SEC. 902)

On page 1201, beginning with line 18, strike all through line 25 on page 1202.

AMENDMENT No. 2909

Strike out section 901.

AMENDMENT No. 2910

Strike out section 916.

AMENDMENT No. 2911

Strike out section 902.

AMENDMENT No. 2912

On page 1209, at the end of section 904, strike out the quotation marks and the second period, and insert at the end of such section the following:

"(13)(A) During the 24-month period beginning July 1, 1984, the Secretary shall monitor physicians in order to determine with respect to any physician—

"(i) the proportion of a physician's claims under this part which are not pursuant to an assignment under paragraph (3)(ii);

"(ii) the average difference between the physician's actual charges and the reasonable charge recognized for purposes of this part; and

"(iii) any changes in the per capita volume and mix of services provided to beneficiaries under this part.

"(B) The Secretary shall establish change thresholds which shall determine significant increases in the elements of cost shifting and cost increase behavior as listed in subparagraph (A), and the data shall be

compiled on an individual physician and aggregate basis.

"(C) Information on changes in the elements monitored, in the aggregate and on an individual physician basis, shall be periodically made available to Congress and to the public.

"(D) During the 24-month period beginning on July 1, 1984, any physician who is found by the Secretary to have significantly increased the proportion of claims under this part which are not on the basis of an assignment described in paragraph (3)(B)(ii), or to have significantly increased the average difference between his actual charge and the reasonable charge recognized for purposes of this part, shall be subject to the requirements of subparagraph (F).

"(E) The Secretary shall notify any physician found to be subject to this subparagraph of the finding made under subparagraph (D). Such physician shall be afforded an opportunity to contest such finding. Any physician who does not contest such finding or who is found by the Secretary to be subject to this subparagraph after such physician has contested the original finding, may present a plan to the Secretary for remedying the significant increase found under subparagraph (D). If the Secretary determines that the physician has not presented such a plan, or has not adhered to the plan so as to reduce the increase to the point where it is no longer significant, payment to such physician under this part for services provided during the 24 months following such determination may be made only on the basis of an assignment described in paragraph (3)(B)(ii) or section 1870(f)(1).

"(F) Until regulations are issued to implement this paragraph, the provisions of paragraph (4) shall not apply.".

(b) The Secretary of Health and Human Services shall submit a report to Congress (prior to September 30, 1986) providing a full analysis of the scope and nature of cost shifts and utilization increases in the Medicare Part B program, with recommendations for specific actions Congress could take to prevent such cost shifts in the future, in sufficient details to serve as the basis for legislative action.

(c) In addition to any funds otherwise provided for fiscal year 1985 for payments to carriers under agreements entered into under section 1842 of the Social Security Act, there are transferred from the Federal Supplementary Medical Insurance Fund such additional amounts for payments to such intermediaries and carriers under such agreements as may be necessary to conduct monitoring of physicians under section 1842(b)(13) of the Social Security Act.

AMENDMENT NO. 2913

At the appropriate place in the amendment, add the following new section.

ALTERNATIVE MINIMUM TAX FOR CORPORATIONS

SEC. . (a) IN GENERAL.—Section 56 of the Internal Revenue Code (relating to corporate minimum tax) is amended to read as follows:

"SEC. 56. ALTERNATIVE MINIMUM TAX FOR CORPORATIONS.

"(a) TAX IMPOSED.—In the case of a C corporation, there is imposed (in addition to any other tax imposed by this chapter) a tax equal to the excess (if any) of—

"(1) an amount equal to 15 percent of so much of the corporate alternative minimum taxable income as exceeds $50,000, over

"(2) the regular tax for the taxable year.

"(b) CORPORATE ALTERNATIVE MINIMUM TAXABLE INCOME.—For purposes of this title, the term 'corporate alternative minimum taxable income' means taxable income (determined without regard to the deduction allowed by section 172) of the corporation for the taxable year increased by the amount of items of tax preference.

"(c) CREDITS.—

"(1) IN GENERAL.—For purposes of determining any credit allowable under subpart B or D of part IV of this subchapter (other than the foreign tax credit allowed under section 27(a))—

"(A) the tax imposed by this section shall not be treated as a tax imposed by this chapter, and

"(B) the amount of the foreign tax credit allowed by section 27(a) shall be determined without regard to this section.

"(2) FOREIGN TAX CREDIT ALLOWED AGAINST CORPORATE ALTERNATIVE MINIMUM TAX.—Rules similar to the rules of section 55(c) (2) shall apply with respect to the tax imposed by subsection (a) of this section.

"(d) REGULAR TAX.—For purposes of this section, the term 'regular tax' means the tax imposed by this chapter (computed without regard to this section) for the taxable year, reduced by the sum of the credits allowable under subparts B and D of part IV of this subchapter. For purposes of the preceding sentence, the amount of the credits allowable under such subparts shall be determined without regard to this section."

(b) CREDIT AGAINST REGULAR TAX FOR EXCESS OF MINIMUM TAX OVER REGULAR TAX FOR PRIOR YEARS.—Subpart B of part IV of subchapter A of chapter 1, as amended by title IV of this Act, is amended by inserting after section 30 the following new section:

"SEC. 30A. CREDIT FOR EXCESS CORPORATE ALTERNATIVE MINIMUM TAX.

"(a) IN GENERAL.—In the case of a C corporation, there shall be allowed as a credit against the regular tax for the taxable year an amount equal to the excess alternative minimum tax credit amount for such year.

"(b) EXCESS ALTERNATIVE MINIMUM TAX CREDIT AMOUNT.—For purposes of this section, the term 'excess alternative minimum tax credit amount' means, for any taxable year—

"(1) the aggregate tax imposed by section 56 for all prior taxable years, reduced by

"(2) the aggregate credit allowed by this section for all prior taxable years.

For purposes of this subsection, only taxable years beginning after December 31, 1983, shall be taken into account.

"(c) APPLICATION WITH OTHER CREDITS.—The credit allowed by subsection (a) shall not exceed the regular tax for the taxable year.

"(d) REGULAR TAX.—For purposes of this section, the term 'regular tax' has the meaning given such term by section 56(d) but shall be determined without regard to the credit allowable by this section."

(c) AMENDMENTS RELATING TO ITEMS OF TAX PREFERENCE.—

(1) PREFERENCE FOR MINING EXPLORATION AND DEVELOPMENT COSTS APPLICABLE TO ALL CORPORATIONS.—The last sentence of section 57(a) amended by striking out "(5),".

(2) NO NET INCOME OFFSET IN DETERMINING EXCESS INTANGIBLE DRILLING COSTS; PREFERENCE APPLICABLE TO ALL CORPORATIONS.—

(A) IN GENERAL.—Paragraph (11) of section 57(a) is amended by adding at the end thereof the following new subparagraph:

"(E) NO NET INCOME OFFSET FOR CORPORATIONS.—In the case of a C corporation, the net income referred to in subparagraph (A) shall be treated as being zero."

(B) APPLICATION TO ALL CORPORATIONS.—The last sentence of subsection (a) of section 57 is amended by striking out "(11),".

(3) INTEREST TO CARRY TAX-EXEMPT OBLIGATIONS.—Paragraph (7) of section 57(a) is amended to read as follows:

"(7) BAD DEBT RESERVES AND INTEREST ON DEBT TO CARRY TAX-EXEMPT SECURITIES FOR FINANCIAL INSTITUTIONS.—In the case of a financial institution to which section 585 or 593 applies—

"(A) RESERVES FOR LOSSES ON BAD DEBTS.—The amount by which the deduction allowable for the taxable year for a reasonable addition to a reserve for bad debts exceeds the amount that would have been allowable had the institution maintained its bad debt reserve for all taxable years on the basis of actual experience.

"(B) INTEREST ON DEBT TO CARRY TAX-EXEMPT OBLIGATIONS.—The amount of interest on indebtedness incurred or continued to purchase or carry obligations acquired after December 31, 1984, the interest on which is exempt from taxes for the taxable year, to the extent that a deduction is allowable with respect to such interest for the taxable year. For purposes of the preceding sentence, the determination of the indebtedness incurred or continued to purchase or carry tax-exempt obligations shall be in accordance with section 291(e)(1)(B)(ii)."

(4) ADDITIONAL ITEMS OF TAX PREFERENCE.—Subsection (a) of section 57 is amended by inserting after paragraph (12) the following new paragraphs:

"(13) DEFERRED DISC INCOME.—In the case of a C corporation which is a shareholder of a DISC, the amount which would be determined under clause (i) of section 995(b)(1)(F) with respect to such corporation if such clause were applied without regard to 'one-half of'.

"(14) DEFERRED FSC INCOME.—In the case of a C corporation which is a shareholder of a FSC, the corporate shareholder shall include his pro-rata share of FSC exempt income.

"(15) AMOUNTS DEPOSITED IN CERTAIN CONSTRUCTION FUNDS.—In the case of a C corporation, the amount deposited in any capital construction fund established under section 607 of the Merchant Marine Act, 1936 or in any construction reserve fund under section 511 of such Act.

"(16) COMPLETED CONTRACT ACCOUNTING.—In the case of a C corporation, with respect to a long-term contract all of which was not subject to the regulations required by section 229 of the Tax Equity and Fiscal Responsibility Act of 1982, the amount by which the deduction for the taxable year with respect to such contract exceeds the amount which would have been allowable with respect to such contract had such regulations applied to all of such contract.

"(17) MOTOR CARRIER OPERATING RIGHTS.—In the case of a C corporation, the amount by which the amount allowable as a deduction by reason of section 266 of the Economic Recovery Tax Act of 1981 (relating to deduction for motor carrier operating authority) with respect to any authority for the taxable year exceeds the amount which would have been allowable with respect to such authority for such year without regard to such section."

"(18) DEFERRED INCOME OF CONTROLLED FOREIGN SUBSIDIARY OF U.S. CORPORATION.—In the case of a C corporation, the amount would be the income of any foreign corporation determined according to rules substan-

tially similar to those applicable to domestic corporations, for any taxable year, reduced by the amount included in U.S. shareholders' income under section 951, and—

"(A) shall not include any item of income which is effectively connected with the conduct by such corporation of a trade or business within the United States unless such item is exempt from taxation (or is subject to a reduced rate of tax) pursuant to a treaty obligation of the United States; and

"(B) shall not include any amount of income which could not have been distributed by such corporation because of currency or other restrictions or limitations imposed under the laws of any foreign country.

"(19) ACCELERATED DEPRECIATION OF PROPERTY.—In the case of a C corporation, the amount by which the amount allowable as a deduction by reason of section 168 for the taxable year exceeds the amount which would have been allowable for the recovery property (as defined in section 168(c)) under the following schedule:

"(A) 3-year property, there would be no preference.

"(B) 5-year property with a present class life (as defined by section 168(g)) of less than or equal to 8 years, there would be no preference.

"(C) 5-year property with a present class life of greater than 8 years and less than 14 years, the amount shall be determined by use of the straight-line method (with a half-year convention and without regard to salvage value) over a recovery period of 8 years.

"(D) 5-year property with a present class life of 14 or more years, the amount shall be determined by use of the straight-line method (with a half-year convention and without regard to salvage value) over a recovery period of 10 years.

"(E) 10-year property, the amount shall be determined by use of the straight-line method (with a half-year convention and without regard to salvage value) over a recovery period of 10 years.

"(F) 15-year public utility property, the amount shall be determined by use of the straight-line method (with a half-year convention and without regard to salvage value) over a recovery period of 15 years.

"(G) 15-year real property, the amount shall be determined by the use of the straight-line method (on the basis of the number of months in such year during which the property was in service and without regard to salvage value) over a recovery period of 25 years.

(d) REQUIREMENT OF ESTIMATED TAX PAYMENTS.—Paragraph (1) of section 6655(f) (relating to failure by corporation to pay estimated income tax) is amended to read as follows:

"(1) the sum of—

"(A) the tax imposed by section 11 or 1201(a), or subchapter L of chapter 1, whichever is applicable, plus

"(B) the tax imposed by section 56, over".

(e) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Paragraph (9) of section 57(a) is amended to read as follows:

"(9) CAPITAL GAINS OF INDIVIDUALS, ETC.—

"(A) IN GENERAL.—In the case of a taxpayer other than a corporation, an amount equal to the net capital gain deduction for the taxable year determined under section 1202.

"(B) PRINCIPAL RESIDENCE.—For purposes of subparagraph (A), gain from the sale or exchange of a principal residence (within the meaning of section 1034) shall not be taken into account."

(2) Subsection (b) of section 57 is hereby repealed.

(3) Subsection (b) of section 58 (relating to rules for application of part VI) is amended—

(A) by striking out "$10,000" and inserting in lieu thereof "$50,000", and

(B) by striking out "regular tax deductions (within the meaning of section 56(c))" and inserting in lieu thereof "regular taxes (within the meaning of section 56(d))".

(4) Section 58 is amended by striking out subsections (d) and (g).

(5) Paragraph (2) of section 443(d) (relating to adjustment in computing minimum tax for tax preferences) is amended by striking out "the $10,000 amount specified in section 56 (relating to minimum tax for tax preferences)" and inserting in lieu thereof "the $50,000 amount specified in section 56 (relating to corporate alternative minimum tax)".

(6) The table of sections for subpart B of part IV of subchapter A of chapter 1 (relating to foreign tax credit, etc.) is amended by adding at the end thereof the following new item:

"Sec. 30A. Credit for excess corporate alternative minimum tax."

(7) The table of sections for part VI of subchapter A of chapter 1 is amended by striking out the item relating to section 56 and inserting in lieu thereof the following:

Sec. 56. Alternative minimum tax for corporations."

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1984.

WARNER AMENDMENTS NOS. 2914 AND 2915

(Ordered to lie on the table.)

Mr. WARNER submitted two amendments to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra, as follows:

AMENDMENT No. 2914

On page 1137, strike out lines 11 through 23, and insert in lieu thereof the following:

SEC. 870. DEDUCTIONS FOR CERTAIN EXPENSES INCURRED BY A MEMBER OF A UNIFORMED SERVICE, OR BY A MINISTER, WHO RECEIVES A HOUSING OR SUBSISTENCE ALLOWANCE.

(a) IN GENERAL.—Paragraph (1) of section 265 (denying a deduction for payment of certain expenses relating to tax-exempt income) is amended by adding at the end thereof the following sentence: "This section shall not apply with respect to any income of a member of a uniformed service (within the meaning given to such term by section 101(3) of title 37, United States Code) in the form of a subsistence allowance or a quarters or housing allowance, or to income excluded from gross income of the taxpayer under section 107 (relating to rental value of parsonages).".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1982.

AMENDMENT No. 2915

Page 302, insert after line 14 the following new section:

SEC. 95(b) AMENDMENT RELATING TO QUALIFICATIONS FOR EXEMPTION AS VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATIONS DESCRIBED IN PARAGRAPH (9) OF SECTION 501(c).

(b) IN GENERAL.—Paragraph (9) of Section 501(c) is amended to read:

"Voluntary employees' beneficary associations established by employers, labor unions, individual employers, or international, national, multi-state, state or local associations of employers exempt from tax under section 501(c)(3), (5), or (6) and providing for the payment of life, sick, accident, or other benefits to the members of such association or their dependents or designated beneficiaries, if no part of the net earnings of such association inures (other than through such payments) to the benefit of any private shareholder or individual."

HAWKINS AMENDMENT NO. 2916

(Ordered to lie on the table.)

Mrs. HAWKINS submitted an amendment intended to be proposed by her to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

On line 11, page 986 of the amendment, change the period to a comma, and add the following thereafter: "except that such subsection shall not apply to any incentive stock option granted before September 20, 1984, pursuant to a plan adopted or corporate action taken by the board of directors of the grantor corporation before March 20, 1984.".

On line 14, page 986 of the amendment, delete "March 20, 1984" and insert in lieu thereof "December 31, 1984".

SPECTER AMENDMENTS NOS. 2917 THROUGH 2921

(Ordered to lie on the table.)

Mr. SPECTER submitted five amendments to amendment No. 2902 submitted by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra, as follows:

AMENDMENT No. 2917

On page 1120, lines 14 and 15, strike out "and computed under the straight-line method using a useful life of 40 years".

On page 1121, strike out lines 14 through 16.

On page 1121, line 17, strike out "(III)" and insert in lieu thereof "(II)".

On page 1121, line 23, strike out "(IV)" and insert in lieu thereof "(III)".

Beginning on page 1122, line 19, strike out all through page 1123, line 9.

On page 1126, line 16, strike out the beginning quotation marks.

On page 1126, line 17, strike out the ending quotation marks and period.

On page 1126, between lines 17 and 18, insert the following new subsection:

(g) USE OF DWELLING UNIT.—Paragraph (3) of Section 280A(d) (relating to disallowance of certain expenses in connection with business use of home, rental of vacation homes, etc.) is amended by adding at the end thereof the following new subparagraph:

"(E) FAIR RENTAL IN A SALE-LEASEBACK TRANSACTION.—Any rental that constitutes a fair rental in a sale-leaseback transaction pursuant to section 167(i)(2)(C) shall be treated as a fair rental for purposes of subparagraph (A).".

On page 1126, line 18, strike out "(g)" and insert in lieu thereof "(h)".

AMENDMENT No. 2918

On page 724 of the matter proposed to be inserted, between lines 9 and 10, insert the following:

(d) PREFERENCES IN DISTRIBUTING FEDERAL FUNDS AND IN AWARDING FEDERAL CONTRACTS.—

(1) IN GENERAL.—Notwithstanding any other provision of law, the head of each Federal department, agency, or program which distributes Federal funds or awards Federal contracts to any programs, organizations, or local governments shall give the following preferences in distributing such funds and in awarding such contracts:

(A) A preference shall be given to any program, organization, or local government located in, or primarily serving, an enterprise zone (within the meaning of section 7891(a)(1) of the Internal Revenue Code of 1954) that is described in section 7891(a)(2)(C)(ii) over all other programs, organizations, or local governments.

(B) A preference shall be given to those programs or organizations which are part of the course of action required under section 7891(d) of such Code with respect to an enterprise zone over all other programs or organizations located in, or primarily serving, such zone.

(C) A preference shall be given to community-based organizations located in, or primarily serving, an enterprise zone over all other organizations so located or so serving (but only if such preference does not undermine any portion of the course of action required under section 7891(d) of such Code with respect to such zone.

(2) PREFERENCES IN AWARDING SUBCONTRACTS.—The head of each Federal department, agency, or program which distributes Federal funds or awards Federal contracts shall take such actions as are necessary to assure that any program, organization, or local government which is a recipient of such Federal funds or contracts will give special consideration to the preferences described in paragraph (1) in making any further distribution of such funds or in awarding any subcontract under such contract.

AMENDMENT No. 2919

On page 531 of the matter proposed to be inserted, beginning with line 21, strike out all through page 532, line 5.

AMENDMENT No. 2920

On page 182 of the matter proposed to be inserted, between lines 9 and 10, insert the following:

SEC. 52. REPEAL OF REDUCTION IN PERCENTAGE DEPLETION FOR IRON ORE AND COAL.

(a) IN GENERAL.—Subsection (a) of section 291 (relating to 15-percent reduction in certain preference items) is amended by striking out paragraph (2) and redesignating paragraphs (3), (4), and (5) as paragraphs (2), (3), and (4), respectively.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 291(c) (relating to special rules involving pollution control facilities) is amended by striking out "subsection (a)(5)" and inserting in lieu thereof "subsection (a)(4)".

(2) Paragraph (1) of section 57(b) (relating to application with section 291) is amended to read as follows:

"(1) IN GENERAL.—In the case of any item of tax preference of an applicable corporation described in paragraph (4) or (7) of subsection (a), only 71.6 percent of the amount of such item of tax preference (determined without regard to this subsection) shall be taken into account as an item of tax preference.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of enactment of this Act.

AMENDMENT No. 2921

At the end of title VIII, insert the following new section:

SEC. . CREDIT FOR CONTRIBUTIONS TO JOB TRAINING ORGANIZATIONS

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 (relating to credits allowable against tax) is amended by inserting after section 44L the following new section:

"SEC. 44M. CHARITABLE CONTRIBUTIONS TO QUALIFIED JOB TRAINING ORGANIZATIONS.

"(a) GENERAL RULE.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 20 percent of the qualified job-training charitable contributions of the taxpayer for the taxable year.

"(b) LIMITATIONS.—

"(1) MAXIMUM DOLLAR AMOUNT.—The amount of the credit allowed under subsection (a) with respect to any taxpayer shall not exceed $250,000.

"(2) LIABILITY FOR TAX.—

"(A) IN GENERAL.—The credit allowed by subsection (a) for any taxable year shall not exceed an amount equal to the tax imposed by this chapter for the taxable year, reduced by the sum of the credits allowed under a section of this subpart having a lower number designation than this section, other than credits allowable by sections 31, 39, and 43. For purposes of the preceeding sentence, the term 'tax imposed by this chapter' shall not include any tax treated as not imposed by this chapter under the last sentence of section 53(a).

"(B) CARRYBACK AND CARRYOVER OF UNUSED CREDIT.—

"(i) ALLOWANCE OF CREDIT.—If the amount of the credit determined under this section for any taxable year exceeds the limitation provided under subparagraph (A) for such taxable year (hereinafter in this paragraph referred to as the 'unused credit year'), such excess shall be—

"(I) a job-training credit carryback to each of the 3 taxable years preceding the unused credit year, and

"(II) a job-training credit carryover to each of the 15 taxable years following the unused credit year.

and shall be added to the amount allowable as a credit by this section for such years. If any portion of such excess is a carryback to a taxable year ending before January 1, 1985, this section shall be deemed to have been in effect for such taxable year for purposes of allowing such carryback as a credit under this section. The entire amount of the unused credit for an unused credit year shall be carried to the earliest of the 18 taxable years to which (by reason of subclauses (I) and (II)) such credit may be carried, and then to each of the other taxable years to the extent that, because of the limitation contained in clause (ii), such unused credit may not be added for a prior taxable year to which such unused credit may be carried.

"(ii) LIMITATION.—The amount of the unused credit which may be added under clause (i) for any preceding or succeeding taxable year shall not exceed the amount by which the limitation provided under subparagraph (A) for such taxable year exceeds the sum of—

"(I) the credit allowable under this section for such taxable year, and

"(II) the amounts which, by reason of this paragraph, are added to the amount allowable for such taxable year and which are attributable to taxable years preceding the unused credit year.

"(c) DEFINITIONS.—For purposes of this section—

"(1) QUALIFIED JOB-TRAINING CHARITABLE CONTRIBUTIONS.—The term 'qualified job-training charitable contributions' means an amount equal to the amount of charitable contributions to qualified job-training organizations.

"(2) CHARITABLE CONTRIBUTION.—The term 'charitable contribution' has the meaning given to such term by subsection (c) of section 170.

"(3) QUALIFIED JOB-TRAINING ORGANIZATION.—The term 'qualified job-training organization' means an organization which—

"(A) is described in section 501(c)(3); and

"(B) has been certified by the appropriate regional office of Employment and Training Administration of the Department of Labor as providing job training solely to one or more of the following: handicapped individuals, economically disadvantaged individuals, and displaced workers.

"(4) JOB TRAINING.—The term 'job training' means instruction in vocational and other skills necessary to obtain employment or a higher grade of employment.

"(5) HANDICAPPED INDIVIDUAL.—The term 'handicapped individual' means any individual who—

"(A) has a physical or mental disability which for such individual constitutes or results in a substantial handicap to employment; and

"(B) can reasonably be expected to obtain employment or a higher grade of employment as a result of job training.

"(6) ECONOMICALLY DISADVANTAGED INDIVIDUAL.—The term 'economically disadvantaged individual' means any individual who—

"(A) receives cash welfare payments under a Federal, State, or local welfare program;

"(B) has an income, for the 6-month period before appyling for job training with a qualified job-training organization, which—

"(i) would have met the qualifications for such welfare payments, or

"(ii) if computed on an annual basis, would not exceed the poverty level established by the Director of the Office of Management and Budget pursuant to section 673(2) of the Omnibus Budget Reconciliation Act of 1981; or

"(C) is a member of a family which meets the requirements of subparagraph (A) or (B).

"(7) DISPLACED WORKER.—The term 'displaced worker' means any individual who—

"(A) was employed by an establishment—

"(i) on a full-time basis, and

"(ii) for at least 1 year;

"(B) was not employed by such establishment in an executive, administrative, or professional capacity (as such terms are defined by the Secretary of Labor under section 13(a)(1) of the Fair Labor Standards Act of 1938); and

"(C) is currently unemployed because of—

"(i) a change in the technology of such establishment, or

"(ii) a total or partial closing of such establishment by reason of competing technology.

"(8) ESTABLISHMENT.—The term 'establishment' means any factory, plant, facility, or concern engaged in the production of goods or services, or both.

"(d) SPECIAL RULES.—For purposes of this section—

"(1) AGGREGATION OF CONTRIBUTIONS.—

"(A) CONTROLLED GROUP OF CORPORATIONS.—In determining the amount of the credit under this section—

"(i) all members of the same controlled group of corporations shall be treated as a single taxpayer, and

"(ii) the credit (if any) allowable by this section to each such member shall be its proportionate share of the qualified job-training charitable contributions giving rise to the credit.

"(B) COMMON CONTROL.—Under regulations prescribed by the Secretary, in determining the amount of credit under this section—

"(i) all trades or businesses (whether or not incorporated) which are under common control shall be treated as a single taxpayer, and

"(ii) the credit (if any) allowable by this section to each such trade or business shall be its proportionate share of the qualified job-training charitable contributions giving rise to the credit.

The regulations prescribed under this subparagraph shall be based on principles similar to the principles which apply in the case of subparagraph (A).

"(2) ALLOCATIONS.—

"(A) PASSTHROUGH IN THE CASE OF SUBCHAPTER S CORPORATIONS, ETC.—Under regulations prescribed by the Secretary, rules similar to the rules of subsections (d) and (e) of section 52 shall apply.

"(B) ALLOCATION IN THE CASE OF PARTNERSHIPS.—In the case of partnerships, the credit shall be allocated among partners under regulations prescribed by the Secretary.".

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (A) of section 55(c)(4) (relating to credits) is amended by inserting "44M(b)(2)(A)," before "53(b)".

(2) Subsection (c) of section 381 (relating to items of the distributor or transferor corporation) is amended by adding at the end thereof the following new paragraph:

"(30) CREDIT UNDER SECTION 44M.—The acquiring corporations shall take into account (to the extent proper to carry out the purposes of this section and section 44H, and under such regulations as may be prescribed by the Secretary) the items required to be taken into account for purposes of section 44M in respect of the distributor or transferor corporation.".

(3)(A) Section 383 (relating to special limitations on unused investment credits, work incentive program credits, new employee credits, alcohol fuel credits, foreign taxes, and capital losses), as in effect for taxable years beginning with and after the first taxable year to which the amendments made by the Tax Reform Act of 1976 apply, is amended—

(i) by inserting "to any unused credit of the corporation under section 44M(b)(2)(B)," after "44G(b)(2),", and

(ii) by inserting "job-training credits," after "employee stock ownership credits," in the section heading.

(B) Section 383 (as in effect on the day before the date of the enactment of the Tax Reform Act of 1976) is amended—

(i) by inserting "to any unused credit of the corporation which could otherwise be carried forward under section 44M(b)(2)(B)," after "44G(b)(2),", and

(ii) by inserting "job-training credits," after "employee stock ownership credits," in the section heading.

(C) The table of sections for part V of subchapter C of chapter 1 is amended by inserting "job-training credits," after "employee stock ownership credits," in the item relating to section 383.

(4) Subparagraph (C) of section 6511(d)(4) (defining credit carryback) is amended by striking out "and employee stock ownership credit carryback" and inserting in lieu thereof "employee stock ownership credit carryback, and job-training credit carryback".

(5) Section 6411 (relating to quick refunds in respect of tentative carryback adjustments) is amended—

(A) by striking out "or unused employee stock ownership credit" each place it appears and inserting in lieu thereof "unused employee stock ownership credit, or unused job-training credit";

(B) by inserting ", by a job-training credit carryback provided by section 44M(b)(2)" after "by an employee stock ownership credit carryback provided in section 44G(b)(2)," in the first sentence of subsection (a);

(C) by striking out "or an employee stock ownership credit carryback from" each place it appears and inserting in lieu thereof "an employee stock ownership credit carryback, or a job-training credit carryback from"; and

(D) by striking out "research and experimental credit carryback)" in the second sentence of subsection (a) and inserting in lieu thereof "research and experimental credit carryback, or, in the case of a job-training credit carryback, to an investment credit carryback, a new employee credit carryback, a research and experimental credit carryback, or an employee stock ownership credit carryback)".

(c) CLERICAL AMENDMENTS.—

(1) Subsection (b) of section 6096 (relating to designation of income tax payments to Presidential Election Campaign Fund) is amended by striking out "and 44G" and inserting in lieu thereof "44G, and 44M".

(2) The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 44L the following new item:

"Sec. 44M. Charitable contributions to qualified job-training organizations.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1984.

STEVENS (AND OTHERS) AMENDMENT NO. 2922

Mr. DOLE (for Mr. STEVENS for himself, Mr. MURKOWSKI, Mr. ABDNOR, and Mr. MATSUNAGA) proposed an amendment to amendment No. 2902 proposed by Mr. DOLE (for himself and Mr. LONG) to the bill H.R. 2163, supra; as follows:

On page 714 of the matter proposed to be inserted, between lines 6 and 7, insert the following:

"(4) NOMINATION PROCESS FOR CERTAIN AREAS LOCATED OUTSIDE RESERVATIONS.— An Indian tribal government may nominate an area described in subsection (c)(2)(C)(iii), in conjunction with the local government and the State in which such area is located, for designation as an enterprise zone.

On page 716 of such matter, line 18, strike out "or".

On page 716 of such matter, line 21, strike out the period and insert in lieu thereof a comma.

On page 716 of such matter, between lines 21 and 22, insert the following:

"(iii) is—

"(I) nominated by the local government and State government of such area and by an Indian tribal government, and

"(II) located entirely within a radius of 50 miles from any point on the border of the reservation over which such Indian tribal government has jurisdiction, or

"(iv) is located in Alaska—

"(I) within the jurisdiction of an Indian tribal government, or

"(II) within a municipality at least 50 percent of the resident population of which (as determined by the 1980 census of the United States) consists of Indians, Eskimos, or Aleuts.

On page 718 of such matter, between lines 11 and 12, insert the following:

"(4) SPECIAL AREAS OUTSIDE RESERVATIONS.—For purposes of this section, any area described in paragraph (2)(C)(iii) which is designated by an Indian tribal government shall be treated as meeting the requirements of paragraph (3) if any area within the reservation over which such tribal government has jurisdiction meets the requirements of paragraph (3).

"(5) WAIVER UNDER CERTAIN CIRCUMSTANCES.—The Secretary of Housing and Urban Development may waive the requirements of paragraph (3)(B) for one area in each State if no area in such State otherwise meets the requirements of paragraph (3)(B).

On page 719 of such matter, after line 24, insert the following:

"(e) SPECIAL AREAS OUTSIDE RESERVATIONS.—A nominated area described in subsection (c)(2)(C)(iii) may be designated an enterprise zone only if the Secretary determines that a substantial portion of the benefits of such designation will accrue to the members of the Indian tribe that nominated such area.

On page 720 of such matter, on line 1, strike out "(e)" and insert in lieu thereof "(f)".

On page 721 of such matter, on line 24, strike out "(f)" and insert in lieu thereof "(g)".

METZENBAUM AMENDMENT NO. 2923

Mr. METZENBAUM proposed an amendment to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

On page 558 strike out everything beginning on line 13 through line 15 on page 562 (relating to election of the alternative life insurance company deduction).

On page 589 strike out everything beginning on line 19 through the end of line 11 on page 590.

On page 590 strike out everything beginning on line 19 through the end of line 6 on page 591.

On page 592 strike out everything beginning on line 24 through the end of line 14 on page 595.

On page 573, strike out everything beginning on line 20 through the end of line 20 on page 574.

On page 655 strike out everything beginning on line 10 through the end of line 4 on page 656.

On page 552, strike lines 10 through 14 and insert in lieu thereof:

(a) Special Life Insurance Company Deduction.—

(1) In general.—For purposes of section 804, the special life insurance deduction for any taxable years is the applicable percentage (determined in accordance with the table contained in paragraph (2) of the excess of the tentative LICTI for such taxable year over the small life insurance deduction (if any)).

(2) Applicable percentage.—For purposes of paragraph (1)—

In the case of taxable years beginning in or with:	The applicable percentage is:
1984	20
1985	15
1986	10
1987	5
1988 and thereafter	0

On page 656 strike out everything beginning on line 18 through the end of line 23 on page 657.

On page 658 strike out everthing beginning on line 15 through the end of line 23 on page 658.

On page 646 strike out everything beginning on line 1 through the end of line 16 on page 654.

CHAFEE (AND OTHERS) AMENDMENT NO. 2924

Mr. CHAFEE (for himself, Mr. MATHIAS, and Mr. WEICKER) proposed an amendment to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

At the appropriate place in the pending amendment, add the following:

SEC. . DELAY OF COST-OF-LIVING ADJUSTMENT TO 1988.

(a) IN GENERAL.—Subsection (f) of section 1 of the Internal Revenue Code of 1954 (relating to adjustments in tax tables so that inflation will not result in tax increases) is amended—

(1) by striking out "1984" in paragraph (1) and inserting in lieu thereof "1987", and

(2) by striking out "1983" in paragraph (3)(B) and inserting in lieu thereof "1986".

(b) CONFORMING AMENDMENT.—Subsection (e) of section 104 of the Economic Recovery Tax Act of 1981 is amended by striking out "1984" and inserting in lieu thereof "1987".

DECONCINI AMENDMENTS NOS. 2925 AND 2926

(Ordered to lie on the table.)

Mr. DECONCINI submitted two amendments intended to be proposed by him to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

AMENDMENT NO. 2925

At the appropriate place, add the following new section:

"SEC. . (a) The Secretary of the Treasury is authorized and directed to admit free of duty any article provided by the Max Planck Institute for Radioastronomy of the Federal Republic of Germany to the joint astronomical project being undertaken by the Steward Observatory of the University of Arizona and the Max Planck Institute for the construction, installation, and operation of a sub-mm telescope in the State of Arizona, provided that such article satisfies each of the following conditions:

(1) Such article qualifies as "instruments and apparatus" under Headnote 6(a) of Schedule 8, Part 4, TSUS, 19 U.S.C. Section 1202 (1970); 80 Stat. 897.

(2) No instruments or apparatus of equivalent scientific value for the purposes for which such article is intended to be used is being manufactured in the United States. For purposes of this condition, scientific testing equipment provided by the Max Planck Institute and necessary for aligning, calibrating, or otherwise testing an instrument or apparatus shall be considered to be part of such instrument or apparatus.

(b) The University of Arizona and/or the Max Planck Institute shall submit to the U.S. Customs Service and to the International Trade Administration descriptions of the articles sought to be admitted free of duty containing sufficient detail to allow the U.S. Customs Service to determine whether subsection (a)(1) is satisfied and the International Trade Administration to determine whether subsection (a)(2) is satisfied. The descriptions may be submitted in a single or in several submissions to each agency, as the University of Arizona and the Max Planck Institute shall deem appropriate during the course of the project. The U.S. Customs Service and the International Trade Administration are directed to make their respective determinations within ninety (90) days of the date that they have received a sufficient submission with respect to an article or articles.

(c) The Secretary of the Treasury is authorized and directed to readmit free of duty any article admitted free of duty under subsection (a) and subsequently returned to the Federal Republic of Germany for repair, replacement, or modification.

(d) The Secretary of the Treasury is authorized and directed to admit free of duty any repair components for articles admitted free of duty under subsection (a).

(e) If any article admitted free of duty under subsection (a) is used for any purpose other than the joint project within five years after being entered, duty on the article shall be assessed in accordance with the procedures established in Headnote 1 of Schedule 8, Part 4, TSUS, 19 U.S.C. Section 1202 (1970); 80 Stat. 897.

(f) The provisions of subsection (a) shall apply with respect to articles entered for consumption before November 1, 1993.

AMENDMENT NO. 2926

At the end of the amendment, add the following:

SEC. . EXCLUSION FROM GROSS INCOME OF CERTAIN MORTGAGE DISCHARGES MADE IN 1982 OR 1983.

(a) EXCLUSION FROM GROSS INCOME.—

(1) IN GENERAL.—For purposes of applying the Internal Revenue Code of 1954, gross income of an individual shall not include income from any discharge of qualified mortgage indebtedness which occurred in calendar year 1982 or 1983.

(2) LIMITATION.—The amount excludible from gross income under paragraph (1) shall not exceed the adjusted basis of the taxpayer (as of the close of taxable year in which the discharge of indebtness occurred) in the principal residence with respect to which the qualified mortgage indebtedness was incurred.

(b) REDUCTION OF BASIS IN PRINCIPAL RESIDENCE.—For purposes of applying the Internal Revenue Code of 1954, the basis of the taxapayer in his principal residence shall be reduced (but not below zero) by the amount of any discharge of qualified mortgage indebtedness incurred with respect to such residence which is excluded from gross income by reason of subsection (a).

(c) GAIN TREATY AS ORDINARY INCOME.—Notwithstanding any provision of the Internal Revenue Code of 1954, any gain recognized from the disposition of the principal residence of the taxpayer shall be treated, for purposes of such Code, as ordinary income to the extent such gain does not exceed the amount of the reduction made to the basis of the taxpayer in such residence (or to the basis of the taxpayer in any other residence that is taken into account in determining the basis of the taxpayer in such residence) by reason of subsection (b).

(d) DEFINITIONS.—For purposes of this section—

(1) Qualified mortgage indebtedness.—The term "qualified mortgage indebtedness" means indebtedness incurred by an individual in—

(A) acquiring the principal residence of such individual (within the meaning of section 1034), or

(B) making improvements to such principal residence (but only if the costs of such improvements are taken into account in determining the basis of the taxpayer in such principal residence).

(2) Principal residence.—The term "principal residence" has the meaning given to such term by section 1034.

SEC. . TEMPORARY SUSPENSION OF REVENUE RULING 82-202.

The Internal Revenue Code of 1954 shall be applied with respect to any discharge of qualified mortgage indebtedness (within the meaning of section 1(d)(1)) which occurs in calendar year 1984 without regard to—

(1) Revenue Ruling 82-202, or

(2) any other revenue ruling, regulation, or decision reaching the same results as, or a result similar to, the result set forth in Revenue Ruling 82-202.

SEC. . LEGISLATION CONCERNING DISCHARGE OF QUALIFIED MORTGAGE INDEBTEDNESS.

It is the sense of the Congress that legislation be enacted during the Ninety-eighth Congress which—

(1) addresses the Federal income tax consequences presented by any discharge of qualified mortgage indebtedness (within the meaning of section 1(d)(1)) that results from prepayment of a portion of such indebtedness, and

(2) applies with respect to any discharge of qualified mortgage indebtedness that occurs after December 31, 1983.

DECONCINI (AND GOLDWATER) AMENDMENT NO. 2927

(Ordered to lie on the table.)

Mr. DECONCINI (for himself and Mr. GOLDWATER) submitted an amendment intended to be proposed by them to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

Insert after line 4 on page 133 the following new subsection (h) of section 28 and redesignate the succeeding subsections accordingly:

(h) OBLIGATIONS ACQUIRED BY CERTAIN LENDING COMPANIES.—Section 1272 of such Code (as added by section 25) shall not

apply to any obligation acquired by a corporation (other than a financial institution to which section 585, 586 or 593 applies) before January 1, 1986, if—

(1) the corporation was at all times during the period beginning two years prior to the date of the enactment of this Act and ending on the date of such acquisition, engaged in the active and regular conduct of the business of making loans,

(2) such obligation is acquired by the corporation in the ordinary course of its business of making loans,

(3) such obligation is not a capital asset in the hands of the corporation, and

(4) the issuer and the corporation are not related persons [within the meaning of section 267(b)] or engaged in trades or businesses under common control [within the meaning of section 52(a)].

PERCY AMENDMENT NO. 2928

(Ordered to lie on the table.)

Mr. PERCY submitted an amendment intended to be proposed by him to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

On page 531 of the matter proposed to be inserted, strike out lines 1 through 20.

Mr. PERCY. Mr. President, in its efforts to provide us a much-needed deficit reduction package, the Senate Finance Committee has approved one measure that I believe would have exactly the opposite effect. It would cut U.S. export sales, U.S. jobs, and even U.S. tax revenues.

I am referring to the proposal to make incomes earned by Americans overseas a tax preference item subject to a 20-percent minimum tax. The Finance Committee's proposal would cut in half the exemptions and deductions granted Americans overseas—exemptions enacted just 2 years ago. This reversal of tax policy would add between $10,000 and $15,000 or more in taxes annually for most of those overseas. Americans overseas are generally provided additional sums by their employers to compensate for services they would normally receive at home, such as education for their children, and to compensate for substantially higher living and housing costs.

Other countries generally do not tax incomes earned by their citizens abroad. As a result, they have become more competitive in world markets. They have found that what they forgive in taxes on personal incomes they make up many times over in tax revenues on foreign sales. Many governments, in fact, add sweeteners in the form of subsidies which they figure they easily recoup by beating the competition on price.

With our mounting trade and budget deficits, we need to have large numbers of Americans in world markets to help promote, sell and deliver U.S. goods and services. The health of our economy in the future depends on it. But in light of common international tax practice, we cannot do that if we insist on what amounts to a self-imposed tariff that simply prices American companies out of business.

Current law governing the tax treatment of Americans overseas was designed specifically to get more Americans into the international markets to help create jobs here at home. In Illinois, we have a large number of companies that have long been selling abroad and whose international sales can account for anywhere from 5 percent to 50 percent or more of all sales.

That means jobs in Illinois. And that means tax revenues to help close the current budget deficits.

Current law is the product of four years of intensive study and debate and congressional hearings. We hav seen independent studies by the General Accounting Office, the President's Export Council, the Georgetown Center for Strategic and International Studies, Chase Econometrics, McGraw Hill and others, that all reached essentially the same conclusion: The conclusion is that improvident U.S. taxes on American overseas income push American prices up and result in a loss of sales and a corresponding loss of tax revenues that far exceeds anything gained by taxing American foreign earned income.

The Treasury Department says that the minimum tax proposal as applied to foreign earned income will gain $5 million in 1985 and $28 million in 1986. But I think those modest gains are insignificant when compared to the potential losses in American jobs and overseas contracts. It would make us the only country in the world that seems prepared to protect its competition abroad by applying a tax or tariff that goes against our own interests.

I note that the Treasury Department is required by law to submit a report in 1985 on the effects of the reforms governing the tax treatment of Americans overseas which took effect in 1982. We should wait at least until then. I do not think we should chance current law bearing on the tax treatment of overseas Americans which has been in effect for less than 2 full tax years without careful review. Too much is at stake.

Foreign markets will not just come to us. If Americans are not out in the world marketplace in force and with whatever it takes to compete, we cannot expect to get our share. The issue is whether or not we are going to compete effectively for foreign sales to create new jobs in our domestic economy or abandon the sales and the jobs to others.

It is for that reason, unless their is a comparable committee amendment offered, I will offer an amendment to strike Section 183 of the Deficit Reduction Act of 1984, foreign earned income exclusion treated as preference item.

DECONCINI (AND OTHERS) AMENDMENT NO. 2929

(Ordered to lie on the table.)

Mr. DECONCINI (for himself, Mr. D'AMATO, Mr. TSONGAS, Mr. MURKOWSKI, Mrs. HAWKINS, Mr. HUDDLESTON, Mr. PRESSLER, Mr. RANDOLPH, Mr. SARBANES, Mr. SASSER, Mr. ROTH, Mr. JEPSEN, Mr. MELCHER, Mr. LAUTENBERG, and Mr. WEICKER) submitted an amendment intended to be proposed by them to amendment No. 2902 proposed my Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

On page 906 of the matter proposed to be inserted, between lines 3 and 4, insert the following:

SEC. 722. SENSE OF THE SENATE REGARDING PER CAPITA LIMITATION.

It is the sense of the Senate that no per capita limitation be imposed on the amount of industrial development bonds (within the meaning of section 103(b)(2) of the Internal Revenue Code of 1954) which are treated as described in section 103(a) of such Code.

NOTICES OF HEARINGS

SUBCOMMITTEE ON AGRICULTURAL PRODUCTION, MARKETING AND STABILIZATION OF PRICES

Mr. COCHRAN. Mr. President, I wish to announce that the Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices has scheduled a hearing on Thursday, April 12 at 2 p.m. in room SR 328-A.

The hearing is on S. 2546, to extend through September 30, 1988, the period during which amendments to the United States Grain Standards Act contained in section 155 of the Omnibus Budget Reconciliation Act of 1981 remain effective, and for other purposes.

Anyone wishing further information please contact the Agriculture Committee staff at 224-0014 or 224-0017.

ADDITIONAL STATEMENTS

S. 707—DOMESTIC CONTENT LEGISLATION

● Mr. ANDREWS. Mr. President, the United States and American farmers have benefited greatly from the present system of international trade defined by the General Agreement on Tariffs and Trade (GATT). In recent years agricultural exports have exceeded $40 billion annually. This large amount of trade is due primarily to policies that encourage free trade among countries and thus allows the United States to export those goods which it can produce so efficiently: Agricultural goods.

Clearly then, Mr. President, it would not be in our best interest to promote any policy that would reverse our strong stance on free trade or otherwise threaten the international trading system upon which the vitality of

American agriculture so greatly depends. Unfortunately though, there now stands before us a bill, the "Fair Practices in Automotive Products Act," S. 707, which could do just that. This bill would grant protection to our domestic auto industry by specifying minimum domestic content ratios. Hence, it violates provisions of the General Agreement on Tariffs and Trade (GATT) prohibiting mixing requirements and import quotas.

The intent of domestic content legislation is to further restrict Japanese automotive exports to the United States. According to the proponents of domestic content, this would shift the burden of supplying the U.S. demand for automobiles and parts from foreign markets to domestic markets, and would allegedly create new jobs in this country through more domestic automotive purchases. But by closing our doors to foreign trading partners we are inviting retaliatory actions from them. And hence, the effect of the bill would be a net loss of jobs for American workers.

Mr. President, we would indeed be in violation of our international trading agreements if domestic content were passed.

Because the U.S. auto market is the world's largest, a U.S. domestic content law would most certainly be challenged before GATT, and also provoke retaliation by auto exporting countries.

Enactment of S. 707 could affect approximately 5.5 billion dollars' worth of Japanese exports to the United States, according to the Commerce Department. Thus, an equivalent amount of U.S. exports to Japan would be directly subject to retaliatory action. Such retaliatory measures would not necessarily be limited to U.S. exports of automobiles, but rather could be applied to other goods. Agricultural exports, for example, would be extremely vulnerable to retaliatory action by our trading partners.

Domestic content, Mr. President, would not be well received in the State of North Dakota which is the 10th largest exporter of agricultural products in the United States, with a total agricultural export value of $1.3 billion in 1982. The consequences of domestic content legislation passing could be devastating to the economy of my State of North Dakota and the agriculture economy across this country. The Commerce Department estimates that about 24,000 workers are directly affected by each $1 billion worth of U.S. exports. Thus, for $5.5 billion of U.S. exports, 132,000 U.S. nonauto workers would have their jobs placed at risk. Many of these would be in the State of North Dakota as fewer agricultural exports would be allowed to enter foreign markets.

Mr. President, although I support efforts to strengthen American industry, I do not think that this bill is the answer. I believe that the U.S. automobile industry is capable of meeting its foreign competition without the enactment of this protectionist legislation. What it all comes down to is this: The U.S. agricultural sector will be paying an unfair portion of the price for the protection received by the automobile industry. And what is worse, the giant losses felt in the agricultural sector are likely to far outweigh the comparatively slight gains enjoyed by the industrial sector. The bill will cause far more jobs to be lost than gained, for the Nation as a whole, as the flow of U.S. agricultural goods would be impeded. The best policy in the long run is to keep trade relations as open as possible between and among nations.

Mr. President, the United States simply cannot afford S. 707.●

SOVIET AND COMMUNIST CONNECTIONS OF THE AFRICAN NATIONAL CONGRESS

● Mr. EAST. Mr. President, last week, on April 3, 1984, the African National Congress (ANC), a Communist Party-dominated terrorist organization in the Republic of South Africa, was responsible for two car bomb explosions in the morning rush hour of Durban, South Africa. These explosions killed 3 persons and seriously injured 22. The ANC was the subject of an intensive investigation in 1982 by the Subcommittee on Security and Terrorism of the Committee on the Judiciary, and the subcommittee found, based on the sworn testimony of former members of the ANC and of the South African Communist Party, that both the South African Communist Party as well as the Soviet Union and East Germany have played roles in funding, training, and providing propaganda assistance for the ANC and its terrorism.

The New York Tribune, in a series of articles by Doris H. Gray of the Tribune's foreign affairs staff, makes clear the Soviet and Communist connections of the ANC and its terrorism. While some Americans have been victimized by a campaign of disinformation about the ANC and its goals, the series in the Tribune offers a factual and accurate view of what these anti-Western Communists are seeking and of how they are pursuing the goal.

I ask that the articles from the New York Tribune of March 5, 6, and 9, 1984 be printed in the RECORD.

The articles follow:

[From the New York Tribune, Mar. 5, 1984]

SOUTH AFRICAN "LIBERATION" GROUP BACKED BY SOVIETS, ACCORDING TO DEFECTORS

(By Doris H. Gray)

JOHANNESBURG, SOUTH AFRICA.—The African National Congress (ANC) of South Africa—sometimes regarded as a genuine liberation movement fighting for the rights of the politically deprived black majority in the country—is in fact a Soviet-influenced, communist front organization, according to the South African security police.

Many of the ANC attacks are planned and orchestrated by white international terrorists and not local black idealists who seek to counter the oppression of their people, security police said.

Evidence to support these claims was given by former ANC members who defected and by security men who successfully infiltrated the ANC or related organizations and rose to high positions within their ranks.

The ANC experienced a major setback with the recent peace talks between South Africa and Mozambique.

Marxist Mozambique, immediate neighbor of South Africa and base of operations for the ANC and its military wing "Umkhonto We Sizew [Spear of the Nation]," agreed to withdraw its military support from the group in return for substantial economic aid from the South African government.

South Africa, in turn, promised to stop its support of the Mozambican National Resistance Movement (MNR), an organization aimed at destabilizing the Marxist government.

MOSCOW CONFUSED

Security sources in Pretoria claim to have information about "serious confusion" in Moscow and leading ANC circles at their headquarters in Lusaka, Zambia, as a result of these moves.

During the past few weeks, formerly staunch allies of the violent ANC approach to change in South Africa seem to have turned their backs on the organization and are choosing to sit at the negotiating table with South Africa.

For the past 20 years, ANC activities have not brought about any hoped-for change in the apartheid system.

President Kenneth Kaunda of Zambia in late February said independent African states even would welcome South Africa into the Organization for African Unity (OAU) and the Southern African Development Cooperation Conference (SADCC), once independence is granted to South West Africa (Namibia) and South African troops are withdrawn from Angola.

However, Augusto Macamo, member of the ruling Frelimo Party central committee in Mozambique, said his country will continue "to be in solidarity with the struggle of the South African people," and that "the solidarity between Mozambique and the ANC is sealed with bloodshed for the common cause of peace and equality."

Blood indeed has been shed: During the past 7 years, 217 incidents were reported, in the course of which 48 people were killed and damage amounting to $550 million occurred, according to figures of the South African police.

Violence has been countered with intensified police activity by the South African government. Since 1977, 172 trained terrorists have been "neutralized," of whom 127 were arrested and 45 killed, the police report said. Most of these terrorists were said to be linked to the ANC.

Increasingly, violence is directed indiscriminately against targets where civilians, black and white, get killed.

A well-known white South African lawyer, Joe Slovo, suspected of being a KGB member, planned most of the sabotage acts carried out by Umkhonto We Sizwe, the ANC military wing. Slovo, who used to work out of Mozambique, reportedly left the

country recently as a result of the talks between Maputo and Pretoria.

PROFESSOR CAUGHT

Other attacks for which the ANC claimed responsibility were planned and at times carried out by white international terrorists. In 1980, the ANC dispatched Dr. Renfree Christie, a member of the organization then teaching at Oxford University, to steal plans of the Koeberg nuclear power plant. Christie was caught and sentenced to 10 years of imprisonment.

After an attack in Vortrekker Hoogte near Pretoria in 1981, two Canadians and one British national (along with two South African blacks) were caught.

In 1981, Robert Adam, a white South African, was convicted of attempting to throw a bomb into the television tower in Johannesburg.

A member of the French Communist Party is the main suspect in the attack on the nuclear power plant in Koeberg, near Cape Town, in December 1982.

The late Henri Curiel of the French-based organization Solidarite gave logistical support to Soviet-backed terrorist movements such as the Red Army Fraction in Germany, the Red Brigades in Italy, as well as the South African "Okhela" (Spark) group, which is linked with the ANC.

There are several other sabotage and terror cases known to the South African police, in which mainly European nationals were involved but who escaped without having been convicted in South Affrica.

The ANC denies such heavy involvement of international terrorists, denouncing these claims as "racist propaganda."

[From the New York Tribune, Mar. 6, 1984]

COMMUNISTS TOOK OVER ANC, ARMED IT TO FIGHT IN SOUTH AFRICA

(By Doris H.Gray)

JOHANNESBURG, SOUTH AFRICA.—Although now known as a terrorist organization, the African National Congress of South Africa was initially committed to working for peaceful change in this racially divided nation.

During the early 1950s, its Youth League was engaged in passive resistance and defiance campaigns. Members of that League included Nelson Mandela and Current ANC leader Oliver Tambo.

In 1946 Mandela and Tambo made their position clear: No one could be a member of the ANC and the Communist Party at the same time. Nevertheless, their motion was defeated because high-ranking ANC members, like Moses Kotane, were already holding such a dual membership.

Mandela was elected to the national executive committee of the ANC in 1950. In those days the ANC and South Africa's Communist Party were in open opposition to each other. Still, a coordination committee was founded in the early 1950s to form a united front against the "racist regime."

The committee included the ANC, Youth League, Indian Congress and the Communist Party. By that time the Communist Party, which started out as a whites-only organization ("Workers of the World Unite to keep South Africa White" was written on their banners), had decided to allow blacks elected even to its central committee.

In 1950, when the South African parliament passed the Suppression of Communism Act, which outlawed the Communist Party, communists decided to continue their work with and through the ANC.

About 10 years later, a "broad people's armed force" was created, called "Umkhonto We Sizwe" (Spear of the Nation). The organization was meant to serve as a military wing of the ANC and admitted its aim was to violently overthrow the government.

Tension at the time ran high and there was a feeling among some black leaders that all efforts for a peaceful settlement with the government were in vain and they felt justified in letting guns speak.

Not long after Umkhonto We Sizwe was formed, Mandela was charged with attempted sabotage. He and seven other ANC members were convicted and sentenced to life imprisonment. Tambo escaped and has lived in exile ever since.

Over the years Tambo, though not a member of any communist organization, appears to have finally chosen his allies among Marxist-oriented groups rather than liberal groups such as the civil rights movements in the United States.

At the 60th anniversary celebration of the South African Communist Party (SACP) in London in July 1981, Tambo shared the platform with the secretary generals of the British and Irish Communist parties. Diplomats from the Soviet Union, Hungary, Cuba, Ethiopia and other communist-socialist countries were in the audience.

Tambo said on this occasion: "These are our allies, they are part of the international movement of solidarity."

He later explained the alliance between the ANC and the SACP: "The SACP unreservedly supports and participates in the struggle for national liberation led by the ANC in alliance with the South African Indian Congress, the Congress of Trade Unions, the Colored Peoples Congress and other patriotic groups of democrats."

In more recent speeches, Tambo, who lives in Lusaka, Zambia, but frequently travels to London, uses typical Soviet terminology with eloquence. At the fourth congress of Mozambique's ruling Frelimo party in April 1983, he said, "Comrades, international imperialism is mounting a global political and military offensive-threatening world peace and security, with Central America, Middle East and southern Africa as the focal point of its attack."

CUBA AS "BEACON OF LIBERTY"

Tambo continues to praise the leadership of the "heroric PLO" and refers to Cuba as the "beacon of liberty."

He calls for the "uprooting of the oppressive system, which must necessarily entail the seizure of key centers of economic power and . . . their transference to the common ownership of the people."

Some political observers here say that Tambo is kept in his position merely for public relations reasons, while ANC policies are decided elsewhere. Some remarks he made about Mozambique do not reveal much political competence and ability to realistically assess a situation, political observers here say.

Secheba, the official organ of the ANC of South Africa printed in East Germany, quotes Tambo in the July 1983 issue saying, "Mozambique's successful struggle to conquer underdevelopment has opened a vital new front of struggle, with a significance going well beyond the border of this country." At that time, Mozambique's economy was in a disastrous state and thousands were starving.

In fact, the economic plight of the country was so severe that the Marxist government had to seek aid from South Africa and President Samora Machel traveled to several Western nations, seeking financial assistance.

The African Communist, a publication also printed in East Germany, in its first quarter 1982 issue, hails the 70th anniversary of the ANC with the black-green-golden ANC flag spread over its cover.

Likewise, *Secheba*, the ANC organ, dedicates the November 1983 edition to Dr. Yusuf Dadoo, the Indian chairman of the banned SACP, commemorating his death in London. In one of its articles, Dadoo is referred to as "holding offices both in the ANC and the SACP." Dadoo, vice chairman of the ANC's revolutionary council, served for 14 years as chairman of SACP.

Propaganda and financial support for the ANC comes from known Soviet front groups such as the World Peace Council, Organization for Solidarity of the Peoples of Africa, Asia and Latin America, the International Committee against Racism, Colonialism and Apartheid in Southern Africa, as well as anti-apartheid movements throughout the world.

Even though it does not apply to the ANC itself, members of Umkhonto We Sizwe are requested to register with the SACP, an ANC defector says.

[From the New York Tribune, Mar. 9, 1984]

RECRUITS UNAWARE OF TERRORISM OF AFRICAN NATIONAL CONGRESS

(By Doris H. Gray)

JOHANNESBURG, SOUTH AFRICA.—Among mounting unrest in South Africa's black townships, emotional support for the banned African National Congress, is rampant.

In the streets of Soweto, near Johannesburg, imprisoned ANC President Nelson Mandela is called "our leader." No nonwhite political organization would hold a rally in any of South Africa's black townships without paying tribute to this man, who has become a symbol for black liberation in South Africa.

The image of the non-violent ANC of Mandela's early days makes recruitment efforts easy:

Yet few of the potential members of the ANC are initially aware that they are supposed to be turned into hard-core terrorists.

The defection rate of ANC members is, according to South African security police sources, around 35 percent. This allows for insights into the structure and training methods of the ANC and its military wing Umkhonto We Sizwe (Spear of the Nation).

INFILTRATION VERY SUCCESSFUL

In addition, infiltration by security men into the ANC's external mission, which allows white members, has been highly successful. There is a saying that out of 10 new ANC members, nine belong to the security force. In fact, the South African police take pride in stating that the ANC is "the world's least successful terrorist movement."

A popular method of recruiting is to promise an unemployed African a well-paid job in one of the neighboring countries. Students are offered an opportunity to study overseas. If he shows interest, the terrorist-to-be soon finds himself in Mozambique where he gets his first instructions.

From there he is flown to Dares-Salaam, Tanzania, where potential members of Umkhonto We Sizwe spend up to 2 years receiving special training. The program includes firearms training, political guidance, engineering, topography and military combat

work, officials of the security police disclosed.

Promising students are then sent to an advanced infantry training at the Provonye military camp near Simferopol in the Soviet Union, or to Odessa and to "Center 26" near Moscow, according to government sources.

South African security police say they also have information about similar courses being held in a town called Telerow near Rostock in East Germany. While the training in the Soviet Union is openly declared as being for ANC recruits and participants wear military outfits, trainees in East Germany wear civilian clothing and are officially called students of an agricultural course.

INCIDENTS OF RACISM

Defectors reported that during their entire stay in either country they were shielded from contact with the local population. Some spoke about incidents of racism that reminded them of the situation back home. This sobering experience is one of the main reasons why so many of the mostly young men decide to discontinue the training.

However, it is not easy to defect. A special detention camp in Quatro, Angola, takes care of those "who show signs of disagreement," a former ANC member told the *New York Tribune*. Several men, who went through all the programs geared toward a violent overthrow of the South African government, reported execution squads operating at this camp. At times, said one, he witnessed dissidents being stabbed to death, while others were shot.

Yet, most of these facts are not widely known to the general public in South Africa or elsewhere. In South Africa, the ANC is banned. Media are not permitted to quote any person who belongs to a banned organization or to quote from their literature. Even the very possession of ANC publications is illegal and offenses are severely punished.

Consequently, an African history student could say in an interview that even though he was aware of the ANC's shortcomings, "We [the students] are not so much interested in the communist ideology. What we want is equal rights. At least the ANC offers some hope for change."●

THANK YOU, FRED ROGERS

● Mr. HEINZ. Mr. President, today I want to honor a very special person. At last count colleges and universities had bestowed 30 honorary degrees on this individual; he has received virtually every major award in the television industry for work in his field; he has appeared on "Nightline," "Good Morning America," and the "Today Show;" Johnny Carson, "Saturday Night Live," and "National Lampoon" have spoofed him; he has provided comic relief in "Poltergeist," "Paternity," and "Being There;" and now I want to honor him on the Senate floor. What sort of man can command the attention of such varied people as Ted Koppel and Eddie Murphy? It is a very dear friend of mine and of millions of children, Fred Rogers. Many of you may not recognize Fred by his first name, but he is a household name as Mister Rogers, the award-winning host of the children's series, "Mister Rogers' Neighborhood."

Mr. President, this month marks the 30th anniversary of Fred Rogers in television. Fred certainly possesses a special talent to be able to entertain and educate two generations of children. Children can relate to Fred because they can sense his sincerity. He instantly becomes their true friend. The person they see on the screen is the same person they would encounter in private. As Fred points out:

Children appreciate having a real person talk with them about feelings that are real to them.

Fred Rogers is a man with an endowment of remarkable talents. He is a composer, a writer, a television producer, a performer, a husband, a father, and a minister. However, he most wants to be remembered as "a man who cares deeply about children." Fred is one of the rare individuals who addresses the concerns of children—not as adults see them, but as children feel them.

Fred Rogers' start in television began at WQED in Pittsburgh, the Nation's first community-supported public television station. There, in 1954, he developed and produced an educational program called Children's Corner. The character Mister Rogers was created in 1963 in Toronto. In 1964, Fred moved Mister Rogers and all his friends back to Pittsburgh, where the series grew from a community-based show into a national program reaching 7 million families each week.

Mr. President, I must admit a little personal interest in honoring Fred Rogers today. Not only has Fred helped 30 years of children grow and learn, but he also fills the role as godfather to my youngest son, Christopher. I certainly could think of no one better suited for that job than Fred.

When asked "What's next?" Fred replies:

This is next—just what I'm doing. That doesn't mean standing still. No one can stand still, any more than a child can stop growing. But adults keep on growing, too. I may have reached the national speed limit in age, but I have no plans to slow down. I'm going to keep right on trying to help children grow within their families and trying, as well, to help parents in those families stay in touch with the children they once were.

Fred, on behalf of so many millions of Americans: for the Neighborhood, for the friendship, confidence and understanding you have given to so many and for being special, thank you.●

INDIANA GENERAL ASSEMBLY TAKES STAND ON ACID RAIN

● Mr. QUAYLE. Mr. President, the issue of acid rain and controls on sulfur dioxide emissions as a means of resolving the environmental problems attributed to acid rain are of great concern in my State of Indiana. Many of the control strategies now before the Congress would place an unfair and scientifically unwarranted burden on Indiana. Both specific industries and the general economy would be severely impaired if the control strategies poropsed by some Members of Congress were to become law.

The Indiana General Assembly, during its 103d session, has succinctly identified these concerns in the form of a concurrent resolution. The resolution notes that several studies, including the Hudson Institute study and that by the National Academy of Sciences, have been unable to find incontrovertible proof of a direct relationship between midwestern sulfur dioxide emissions and acid rain elsewhere in the country. The resolution also details a litany of effects to Indiana should some of the suggested control strategies be adopted: Damage to Indiana's economic development future, damage to Indiana coal mine workers and those in related industries, increases in electricity rates to consumers. The resolution is also quick to point out that these effects will occur "without a reasonable assurance that the reduced sulfur dioxide emissions would result in lower acidity in the northeastern United States."

The Indiana General Assembly, however, is not going to criticize current proposals without suggesting one of their own. They have recommended that steps be taken to fund additional research to provide more solid scientific understanding of acid rain's formation and the source-receptor relationship. The general assembly recommends, as a first objective, a targeted emission reduction strategy which includes local sources. They also call for lake liming as an effective interim solution. Like many others, the general assembly notes that "solutions which affect one region unfairly will potentially cause more harm in economic disruption, and regional solutions should be avoided at all costs."

I commend the general assembly for taking such a courageous stand and for communicating their views to their national representatives. This concurrent resolution accurately portrays the views of many of us in the Midwest regarding the acid rain issue.

I ask that the resolution be printed in the RECORD.

The resolution follows:

INDIANA GENERAL ASSEMBLY—HOUSE CONCURRENT RESOLUTION No. 46

Whereas, The growing national problem of Acid Rain demands an equitable and scientific solution which addresses all aspects of this difficult situation; and

Whereas, Indiana businesses have spent untold millions of dollars to comply with the Congress' Clean Air Act of 1970, and 1978 amendments thereto, which have resulted in significantly reduced amounts of sulfur dioxide emissions and other pollutants into the atmosphere, and said clean-air efforts have been in good faith in an at-

tempt to meet Indiana's responsibility to the national Clean Air movement; and

Whereas, Some proposals for reductions in sulfur dioxide emissions conclude Indiana and the Midwest must share the overwhelming burden of responsibility for the Acid Rain problem, although no firm scientific evidence proves these states are proportionately responsible for the problem; and

Whereas, Recent studies, including those conducted by The Hudson Institute (November, 1983) and the National Academy of Sciences (Summer, 1983), have concluded no direct relationship can be proven between midwestern sulfur dioxide emissions and Acid Rain elsewhere in the country, particularly the Northeastern United States; and

Whereas, Compliance with some suggested remedies would seriously damage Indiana's economic development future, affecting thousands of jobs of Indiana coal mine workers and those in related industries, and would raise the cost of electricity to Hoosier consumers without a reasonable assurance that the reduced sulfur dioxide emissions would result in lower acidity in the Northeastern United States; Therefore,

Be it resolved by the House of Representatives of the General Assembly of the Senate of Indiana, the State concurring:

SECTION 1. The Indiana General Assembly does hereby respectfully request the Indiana delegaton to the United States Congress to follow the recommendations such as those of the recent study completed by The Hudson Institute, which calls for the following:

1. Fund additional research to achieve a solid scientific understanding of the formation of acid rain, the relationship between midwestern sulfur dioxide emitting industries and the long distance travel of those emissions to other parts of the country, specifically the Northeastern United States. The funding for this research should be increased to insure the best possible results.

2. Begin emission reductions targeted at local sources. Because the findings of The Hudson Institute and others suggest local pollution sources affect an area the most, a targeted emission reduction strategy which includes local source pollution, should be the first object of any federal acid rain solution.

3. In the interim, because of the lower cost and proven results, lake liming represents an effective solution to this problem.

4. Mandate national participation in any cleanup costs. This is a national problem, which deserves national solutions. Solutions which affect one region unfairly will potentially cause more harm in economic disruption, and regional solutions should be avoided at all costs. As in similar pollution problems, national scenarios develop a national commitment to solving the problem which is needed in this case.

SEC. 2. That the Principal Clerk of the House of Representatives is directed to send copies of this Resolution to the Indiana delegation to the United States Congress.

J. ROBERTS DAILEY,
Speaker of the House.
SHARON THUMA,
Principal Clerk.●

BUDGET STATUS REPORT

● Mr. DOMENICI. Mr. Preisdent, I hereby submit to the Senate a status report on the budget for fiscal year 1984 pursuant to section 311 of the Congressional Budget Act.

Since my last report, the Congress has cleared for the President's signature H.R. 4072, the Agricultural Programs Adjustment Act of 1984, H.R. 4169, the Omnibus Budget Reconciliation Act of 1983, and H.R. 4206, providing tax forgiveness for Federal personnel killed overseas.

The report follows:

REPORT NO. 84-8

REPORT TO THE PRESIDENT OF THE U.S. SENATE FROM THE COMMITTEE ON THE BUDGET, STATUS OF THE FISCAL YEAR 1984 CONGRESSIONAL BUDGET, ADOPTED IN H. CON. RES. 91

REFLECTING COMPLETED ACTION AS OF APR. 6, 1984

[In millions of dollars]

	Budget authority	Outlays	Revenues
Second budget resolution level	922,125	852,125	679,600
Current level	922,181	854,274	665,283
Amount remaining	0	0	0

BUDGET AUTHORITY

Any measure providing budget or entitlement authority which is not included in the current level estimate and which exceeds $0 million for fiscal year 1984, if adopted and enacted, would cause the appropriate level of budget authority for that year as set forth in H. Con. Res. 91 to be exceeded.

OUTLAYS

Any measure providing budget or entitlement authority which is not included in the current level estimate and which would result in outlays exceeding $0 million for fiscal year 1984, if adopted and enacted, would cause the appropriate level of outlays for that year as set forth in H. Con. Res. 91 to be exceeded.

REVENUES

Any measure that would result in revenue loss exceeding $0 million for fiscal year 1984, if adopted and enacted, would cause revenues to be less than the appropriate level for that year as set forth in H. Con. Res. 91.●

THE AGRICULTURAL PROGRAMS ADJUSTMENT ACT OF 1984

● Mr. DOLE. Mr. President, I take this opportunity to commend President Reagan on his decision today to sign H.R. 4072, the Agricultural Program Adjustment Act of 1984. This bill will provide a much improved farm program for U.S. wheat producers this year, and should improve participation and help to reduce surplus wheat production. It will also restore a measure of needed balance to the programs for all of the major commodities—including wheat, feed grains, upland cotton, and rice—for the 1985 crops.

PRINCIPAL PROVISIONS

Among various accomplishments, H.R. 4072 freezes target prices for these commodities at their 1984 levels—a key administration objective in the 98th Congress. In addition to other program improvements, the legislation provides for a $2.1 billion increase in financing for farm exports this year and next, a real shot in the arm for our efforts to sell agricultural surpluses. There are also a number of significant improvements to increase the availability of farm loans and adjust the repayment and refinancing terms for beginning farmers and the victims of last summer's devastating drought.

SAVINGS

Savings under the bill are estimated by the Congressional Budget Office at $2.6 billion and by the Department of Agriculture at $3.2 billion. Most of the reduced outlays are in the outyears, fiscal years 1986 and 1987, and will make an appreciable dent in projected budget deficits in those years, based on the same economic and program assumptions. So I think we can take some credit in the agriculture sector for making a contribution to the deficit downpayment effort this year.

EARLY WHEAT ANNOUNCEMENT

Another real benefit of this legislation in States which produce winter wheat, such as my own State of Kansas, is that farmers will now know the details of the 1985 farm program well before the planting season begins this fall. In fact, many producers in Kansas see early announcement of next year's program before July 1 as one of the best features of the bill.

POLICY PROCESS STILL WORKS

I would also say that passage of H.R. 4072 is particularly important because it demonstrates that the process by which farm policy is developed and approved still works. When we were not able to authorize the payment-in-kind program in December 1982, and again when efforts to pass or modify the target price freeze all last year were repeatedly blocked, there were some who began to doubt Congress's ability to overcome individual or political differences in order to make needed adjustments in farm programs.

SENATE LEADERSHIP

I believe the resounding margins by which H.R. 4072 passed both Houses of Congress—by 78 to 10 in the Senate and by 379 to 11 in the House—clearly prove that the will and ability to move farm legislation are alive and well on the Hill as well as in the administration. I would only note the significant contribution and leadership of the chairman of the Senate Committee on Agriculture, Nutrition and Forestry, Senator HELMS, and the various contributions of the other Senate conferees, Senators LUGAR, COCHRAN and BOSCHWITZ on our side, and our Democratic colleagues led by Senator HUDDLESTON on the other. In addition, Senator JEPSEN made a notable contribution to the drought assistance and credit provisions of the bill.

HOUSE COOPERATION

There was also an essential ingredient of bipartisan cooperation in our

ability to obtain quick consideration and passage of the Senate version of H.R. 4072 in the House, I would particularly mention th eimportant role and understanding of the chairman and ranking member of the House Agriculture Committee, Congressmen DE LA GARZA and MADIGAN. In addition, Congressman TOM FOLEY did yeoman work in reviving this legislation for a final effort this year.

TRANSITION TO 1985 FARM BILL

Finally, I would only say that, by providing needed balance to farm programs, by contributing to deficit reduction, and by showing that the legislative process still works, this bill represents a much-needed transition from the past year of impasse and inaction to the scheduled reauthorization of omnibus farm legislation in 1985, hopefully, as a result of our efforts on this bill, we will now be able to respond more effectively, and in a comprehensive and long-term manner, to the problems and opportunities facing American agriculture in the future.

Thank you, Mr. President.●

THE DEFICIT

● Mr. QUAYLE. Mr. President, nobody likes the bearer of bad news, and those of us in public life are particularly sensitive to being scolded with the words, "I told you so."

For months, a number of us here in the Senate have been warning our colleagues and our constituents that, unless steps are soon taken to reduce the deficit, the hard-won recovery now underway could be brought to a lurching halt. The evidence is mounting that precisely this scenario is beginning to be played out.

Last week, major banks around the country raised their prime lending rate to 12 percent, its highest level since November 1982, and effective yesterday, the Federal Reserve Board raised the discount rate to 9 percent, its highest level since December 1982.

Henry Kaufman, the chief economist and managing director of Salomon Bros., put it this way last year:

> To believe that we can wait (to make a downpayment on the deficit) until 1985 is to assume, incorrectly, that the business cycle can be adjusted to the political needs of 1984 with risk to the economy itself.

It is now April. Congress has been in session for over 2 months this year, but here in the Senate, we are just beginning floor debate on the deficit-reduction package we simply must enact this year. On the economic front, I submit that time is of the essence today as never before: if Congress does not pass this deficit downpayment bill promptly, we will have only ourselves to blame for the consequences.

We cannot afford to wait to deal with the deficit crisis any longer. For it is now apparent that we have arrived at the point we feared we would reach where non-Government demand for capital is colliding with the Government's need to finance the spiralling national debt.

Kaufman predicted what would happen:

> As the economy continues to expand, the rising financing requirements of businesses and the credit needs will compete with the Treasury, which will pay whatever rate is required to obtain the funds it needs * * *. The persistent large money needs of our government as we near the peak of the business cycle is bound to result in an extraordinary flaring of interest rates. This kind of confrontation in the credit markets will shorten the economic expansion.

As interest rates are driven higher by this confrontation, the vicious circle promises to get ever more vicious. Interest-rate-sensitive industries such as automobiles and housing will be dampened, and progress in reducing unemployment will be halted.

Only yesterday, in a speech to the Economic Club of Detroit, Kaufman predicted that interest rates will continue to rise in coming months, with the prime rate passing 15 percent in 1985.

We can get out of this vicious circle, Mr. President. It is not yet too late to avert the slump that is bound to follow escalating interest rates. But we must do so now, promptly, while the markets can still be persuaded that Congress is serious about bringing the Federal budget under control.

As President Reagan said in his budget message in February:

> Only the threat of indefinitely prolonged high budget deficits threatens the continuation of sustained noninflationary growth and prosperity. It raises the specter of sharply higher interest rates, choked-off investment, renewed recession, and rising unemployment.

For the economic well-being of our Nation, Mr. President, I call on my colleagues in the Senate—Republicans and Democrats alike—to work to pass the deficit-reduction package before the Easter break. The longer we put off this essential legislation, the more time we will be giving the deficit to harm our economy.●

ADDRESS BY MAJ. GEN. RICHARD X. LARKIN, PRESIDENT, ASSOCIATION OF FORMER INTELLIGENCE OFFICERS

● Mr. DENTON. Mr. President, on February 27, 1984, Maj. Gen. Richard X. Larkin, USA (retired) delivered an outstanding address in Naples, Fla., before the Association of Former Intelligence Officers (AFIO).

General Larkin, a West Point graduate, was our Defense Intelligence Attaché to Moscow from 1977-79 and served as Deputy Director to the Defense Intelligence Agency, from which post he retired in 1981.

He serves as President of AFIO. I congratulate General Larkin on his statement and I ask that his remarks be placed in the RECORD.

The remarks follows:

ADDRESS TO THE THIRD NATIONAL INTELLIGENCE SYMPOSIUM, NAPLES, FLA., FEBRUARY 27, 1984, BY MAJ. GEN. RICHARD X. LARKIN, USA RETIRED, PRESIDENT, ASSOCIATION OF FORMER INTELLIGENCE OFFICERS

The agenda for today's discussion has, by virtue of events, been pretty fluid. Early this month, as we prepared for this symposium, it was my intention to discuss with you Yuri Andropov's hard line approach to world affairs, his health, and to predict who his successor would be, with some observations on the power struggle that would go on in the Kremlin.

Andropov had, after all, in only the first seven months of his reign, managed to achieve the triple crown of Soviet leadership: Party Secretary, Defense Council Chairman, and Chairman of the Presidium, or Head of State. By comparison, Brezhnev took ten years to achieve these same three positions. Andropov had seized power quickly, gaining support of the Brezhnev coalition by carrying forward several of his key programs: keeping the door to China open, a military solution in Afghanistan, divide NATO over the missile issue, and of course, increase the crackdown on dissidents. He added a couple of his own: a widespread crackdown on white collar corruption, and a desperate attempt to improve the efficiency of the incredible bureaucracy of government. He covered his flanks with key appointments to his trusted KGB assassins, whose hands were as bloody as his, and all indications were that he would be a strong, heartless dictator in the finest Soviet tradition. Knowing his age and condition, the world was not unduly surprised when he temporarily dropped out of sight after the 18th of August. He was definitely in sight on the 18th: you'll remember that he had the audacity to invite to Moscow a group of Democratic congressmen to discuss U.S. footdragging on arms control and other international issues, and was photographed in discussion with them. And then he vanished from sight.

Six months later, on the 9th of February, the Soviet Union decided to advise the world that he really didn't have a cold any more, but that he was dead. We had observed that he was an old man, and we had been told that he had diabetes, had heart trouble, had kidney problems, had Parkinson's disease, so we paid little attention to the words released by TASS as to cause of death. My guess is that it was some of these, aggravated by sheer, brutal disappointment over the failure of his regime. You know, things really did "go to hell in a handbasket" for him in the Fall and winter of 1983.

Those of you who were here last year at this time may remember that we reviewed the role of Soviet Active Measures. Andropov's trump card, an ingenious complex effort by which the Soviets coordinate propaganda, party organizations, front organizations, and KGB operations to make things happen, world-wide, the way they want them to happen. They had fabulous success in the late 70's, causing enough tumult in Western Europe and self-righteous criticism in the U.S. to force an American president, Carter by name, to reverse his decision and to halt the production of the neutron bomb, which they properly feared would be a battlefield equalizer. Hot off this success, Brezhnev, Andropov, Chernenko and the rest of the gang cranked it up again in 1980,

and with perfect confidence that they would agitate, jawbone, pressure and intimidate Western European governments to renege on their declared intent to deploy the Pershing II and Cruise Missile, a move NATO had adopted as essential to counter the recent Soviet deployment of some 300 SS-20's. They put all their chips on this bet. We watched the World Peace Council and all its chapters around the world, including the 40 in the U.S., adopt as their primary mission: the stopping of this NATO counter-move. It was a perfect opportunity for the Soviets: a chance to split NATO from the U.S. on a major issue, and at the same time assure Soviet missile preeminence in Europe. It was carefully orchestrated, starting with a slow drum roll of cadre-inspired demonstrations, gradually mixing in the winds and trumpets of misinformation and misquotes, then the strings of Gromyko and each Soviet ambassador throughout the West, building up over the three years, like the 1812 Overture, into a grand crescendo in the late Fall of '83 which would cause the British and German Parliaments to negate the deployment.

By August, Andropov and his aged colleagues were beginning to rehearse the victory dance—a slow two-step, judging from the age of the group. Things were going well: Europe was in a complete uproar, the German opposition party was coming around. But then, on the 1st of September, Andropov's own crack Air Defense Forces pricked his balloon by shooting down the Korean airliner and massacring its passengers. The entire world was revolted by this sudden exposure to the vicious, unfeeling disregard for human life and international behavior that is so intrinsic to the Soviet system. The agitators throughout the world—and in the U.S., but especially in Western Europe—suddenly found that the hundreds of thousands of well-meaning people they had been hoodwinking into massive demonstrations had had their hoods removed, and were able to penetrate, even just briefly, the facade of this peace-loving state. Soviet handling of the affair was disastrous—Andropov didn't raise his crafty head—if he was able to—the official government denied that it even happened—then the concocted spy mission—then putting Marshall of the Soviet Union Ogarkov on television to explain to the world the Soviet version of recent history.

This brief hiatus, this break in the massive propaganda momentum which had so carefully been prepared was enough to cause the anti-deployment forces to sputter and stall, and they never regained the pace. Britain and West Germany validated the deployment decision. The Soviet Government fired its last barrage of threats—to walk out of the Geneva Arms Control talks—and the U.S. deployed the first Pershing IIs and Cruise Missiles. Even worse for the Soviets, they now had to live up to their threat to walk out, and they also, for good measure, recessed the START talks sine die, thereby forsaking their claim professed loudly and persistently to the world, that they were more serious about negotiating than was the U.S.

This must have been a mortal blow to the Soviet leader—and as if this wasn't enough, "that dammed Reagan" re-stole Grenada away from him, just when things were beginning to go right there. I'd bet when he got the Politburo together in December—if he did—and asked: "What did we do wrong, fellows?" he got the famous Indian reply: "What do you mean 'we', paleface?"

All of this happened by year's end. No wonder he didn't show up for the annual meeting of the Supreme Soviet on December 28th—the first Soviet leader in history to absent himself. If these events had not already killed him, my guess is they set his recovery back, beyond hope.

Anyway, on the 9th of February the Soviets proclaimed to the world that he was dead and, a few days later in a veritable expose of State secrets, allowed the world to know that this kind old man had a loving wife, and even allowed her to be photographed at the "funeral." We are now certain that he is dead—Vice President Bush can attest to that—and we are relatively certain that he was alive on the 18th of August when he met with our congressmen. (He was either alive on that date, or the Soviets have made extraordinary progress in robotics that we're not aware of.) So, we're certain that he died sometime between the 19th of August and the 9th of February, when the Soviet Union pronounced him dead. Why is the date of his death of interest—they've buried him, let's get on with it.

Two points are to be made here: One, that we know of his death only because the Soviets decided to tell us, but more to the point, because we viewed the remains. So, we should accept not what the Soviets decide is in their best interest to tell us, but what we can verify. The second point to be made in this gruesome discussion is that we don't really know when he died. Sure, they proclaimed the date of his death as 9 February: but they had also been telling us for six months that he had a cold. We really don't know when the power struggle for succession began, how long it lasted, or when the issue was decided. We know only the result, that another octogenarian, this one named Chernenko, from Siberia, with emphysema, has been handed the baton, and that at 72 he is the oldest to be designated. We have absolutely no insight on the selection process, no more than we had on the existence of Andropov, a world leader, for six months. It could be of immense value to us to know, for example, whether or not the Politburo decided that Andropov's uncompromising approach to arms control was an embarrassment he couldn't live down, and so he didn't;

Whether or not Andropov's crackdown on white collar crime and bribes was hitting so close to home that he had to go;

Whether his economic and agricultural policies were seen as working or as too disruptive; But most important,

Whether or not a committee has been running things since August 19th, whether it was a committee without leadership or Andropov who issued the desperate threat to walk out on Geneva arms negotiations, whether it was a committee or Andropov whose threat failed, who gave the walkout order, who invoked world criticism for breaking off negotiations, who gave the order to deploy missiles in East Germany and Czechoslovakia.

Answers to these questions would greatly assist world leaders, and ours in particular, in proper negotiations with a major power, and might do a lot toward easing East-West tension. * * * They will negotiate seriously only when one of two conditions prevails:

From a position of superiority—when they have superior power, or superior knowledge of the issue, or superior knowledge of the opponents' positions on the issue. In this circumstance, and SALT I and II are examples of this, they will negotiate, and win a settlement to their advantage.

From a position of desperation, from inferior strength or power, they will negotiate but only to gain a settlement which will make their inferiority less vulnerable. The Hitler-Stalin Pact is an excellent example of this. If neither of these conditions prevail, they will negotiate and procrastinate until one does prevail, at which time they will get serious. The period since SALT II exemplifies this conduct: having negotiated a settlement to their advantage, not from a position of strength but from a position of superior knowledge of our position—and we are an open book in that respect, with journalists, media, congressmen publicly discussing, ad nauseum, what we are going to offer up next, how severe the political preelection pressure is to come to an agreement, how anxious Europe is to avoid being Ground Zero—we literally had to drag them to the table to the START talks, and then they talked and parried and hemmed and hawed while they deployed some 300 new strategic missiles aimed at European capitals, and then, with a comfortable superiority, said "Okay, don't deal any more cards, let's negotiate with what we have." And that's what's so frustrating to them about the Reagan Administration—it just won't play by their rules. Herein lies the dilemma of any U.S. Administration: must we change the nature of our open society to prevent them from having a superior knowledge of the issues and of our position—Condition I—or do we spend billions of dollars to gain and maintain superiority in power, and force them to negotiate—Condition II. In my opinion, we can't let these clowns change our democratic beliefs, no matter the cost.

Well, getting back to the succession struggle—and there probably was one—it's my belief that the issue was not decided in the 93 hours between announcement of Andropov's death and Chernenko's election, but long before that. Remember, first, that Chernenko was a Brezhnev protege—and spent the last 34 years of Brezhnev's life by his side, literally. Second, that he was passed over in favor of Andropov when Brezhnev died. So he was kind of waiting in the wings, perhaps biding his time. We had long ago deduced that there were eight strong contenders for power—from the "gang of 9" that wield absolute authority in the USSR. You've heard and read their names frequently in the past few weeks—Ustinov, Romanov, Chernenko, Gromyko, Garbachov, Aliyev, Grishin, Vorotnikov—most of the same names that were in circulation sixteen months ago when Brezhnev died—and generally the same names that were in circulation nineteen years ago when Khrushev was dethroned. An observant Kremlin watcher noticed that Romanov, the contender from Leningrad, visited East Germany in mid-January—"to bolster his image in international affairs and improve his chances," said the media, fed by reliable Soviet sources. Not so. No one of those sinister contenders would dare turn his back or leave the seat of power, much less the country, for 15 minutes—unless the issue had already been decided. So let's accept, for a moment, that it was all over by mid-January. Now, move the calendar back to December 28th, the postponed meeting of the 500 members of the Supreme Soviet. Andropov of course, dead or alive, was not there—the first Soviet leader to miss this bash—and the speech given in his name was a quiltwork of disconnected, unenthusiastic paragraphs that was absolutely pointless. Significantly, though, four new members

were nominated to the Politburo. The New York Times dutifully reported them as Andropov appointments, giving credence to the impression that the old man, though sick, was still building his power base and calling the shots. Not so. All four were members of the RFSFR coalition which was the base for the Brezhnev-Chernenko team: party technocrats completely, nothing to do with the Dzerzhnisky group (secret police fraternity) from which Andropov drew his power and selected his appointments. Then, too, around Christmas, the Party organ Kommunist published major articles praising not Andropov's speeches at the June Plenum, but Chernenko's. Now no editor, in that society, is going to ignore what the "big cheese" said at a major political meeting unless he knows what's really going on. So maybe you can agree with me that as early as late December, six weeks prior to the formal announcement, Andropov, dead or alive, was no longer in power, and Chernenko was. We could stretch our vision back to November 7th, the anniversary of the October Revolution, when Andropov was again noticeably absent from the dais of the Lenin Mausoleum, and none other than Chernenko stood in his place, in the center. That may be stretching the analysis a little—someone has to stand in the center, and why not the Party ideologue normally considered the #2 in prestige. But the point remains—we didn't know on the 19th of August, or on the 1st of September when they massacred the Korean airliner and all its passengers, or on the 8th of September when Marshall Ogarkov astounded the world by publicly defending his government for their actions against the "spy plane," or in October when they were screaming to the world that the U.S. was a warmonger, or in November when they threatened to walk out on arms talks, or in December when they walked out of the INF talks and recessed, sine die, the START talks. We didn't know—and don't know now—whose leadership we were faced with. As far as we know, Yuri Andropov died on the 19th of August 1983.

If we can accept that, it makes our task a little easier: the bellicose attitude displayed by the Soviets in September, October, November and December, was not the work of Andropov but his successor, and we should not waste time and effort looking for mythical cracks in their hard-line policy.

We should expect the same wave of image-building propaganda we endured when Andropov was shoved into the driver's seat—remember? scotch drinking, western novel reading, jazz-loving aristocrat? It's already begun—Time magazine calls him "the quiet Siberian," telling us what we so desperately want to hear, that this great Siberian Husky will do us no harm, that he mumbles detente in his morning prayers. We should expect that they will play out their hand—Andropov is dead, and we now have a new, mellow, detente-loving gentleman who wants nothing more than peace—but behind the facade we must recognize that their principles have not changed one iota, that the peace they are seeking is, as Gromyko proudly stated in Stockholm last month, "Leninist peace," that is, peace under the protective cloak of world-wide socialism, with the Soviet Union as the peace keeper.

We will never know whether Yuri Andropov died on the 9th of February, on the 19th of August, or sometime in between. We can be sure, though, that we have been dealing with the policies of the new leadership for many more weeks than the three since the announcement of his death.

We may have a new face to contend with, a new photograph to put on the cover of Time magazine, but we've got to remember that the personality is the same—it's Lenin with whom we are dealing.●

OTIS M. SMITH RETIREMENT

● Mr. LEVIN. Mr. President, it is my privilege to recognize today the many accomplishments of a distinguished citizen of Michigan, Otis M. Smith. Otis Smith is one of the few who have served at the highest levels of both government and industry—for 6 years as a justice of the Michigan Supreme Court, and since 1977 as general counsel of General Motors Corp. Those posts are only the pinnacles of the remarkable career of a man who epitomizes the American spirit in his courage, talent, and determination. Looking back on his life as he retires from General Motors, Otis Smith's record is formidable, and, indeed, inspirational.

Otis Smith was born in Memphis, Tenn., and grew up in the poverty of the Great Depression. At one point, he was forced to leave school because his brother had the only suitable clothing in the family. Despite such obstacles, Otis Smith not only persevered, but excelled—graduating as president of his high school class. Since college was beyond his family's means, he worked after graduating from high school to pay for college. At Fisk University in Nashville, even though he slept in the gymnasium for lack of dormitory funds, he became an honor student. In 1942, he enlisted in the Army Air Force and served in the 477th Bombardment Group—the Tuskegee Airmen.

After the war, he once again worked to pay college expenses, taking a job on the assembly line at the Chevrolet Manufacturing Plant in Flint, Mich. After accumulating some savings, he attended Catholic University Law School, where he was a member of the Law Review and one of the leading members of its moot court.

Upon graduation, he practiced law with a Flint law firm where he became extensively involved in public and private community service activities. It was then that Otis Smith began his 32-year involvement as a leader of the Boy Scouts of America, and association he continues.

In 1957, he was named to one of the most powerful appointive positions in Michigan—the chairmanship of the Michigan Public Service Commission. In that post he earned a reputation for fairness and zeal. He became Michigan's auditor general in 1959 and in 1961 became a justice of the Michigan Supreme Court. Otis Smith joined the General Motors legal staff in 1967 and became its general counsel in 1977.

Throughout his career, he devoted himself not only to his work but also to numerous charitable and civic activities. He served on the board of regents of the University of Michigan, as a trustee of Oakland University and of Fisk University, and as a member of the board of directors of the National Urban League. He continues to serve as vice chairman of the Michigan United Negro College Fund, as vice president of the United Foundation of Detroit, as a member of the Council of the Administrative Conference of the United States, as a trustee of Henry Ford Hospital, the Catholic University of America, and the University of Detroit, and as a member of the New York Stock Exchange Legal Advisory Committee.

He has been a friend of humankind, regardless of station. He has overcome outsized obstacles with uncompromising courage and integrity. He has set tough standards for himself, while being gentle with others. It is a privilege to be able to say a few words acknowledging his latest milestone on the floor of the Senate today.●

WATER RESOURCES DEVELOPMENT ACT

● Mr. ABDNOR. Mr. President, I wish to inform my colleagues that yet another voice has called for quick Senate floor action on S. 1739, the Water Resources Development Act of 1983. Leon McKinney, executive director of Inland Rivers Ports & Terminals, Inc., has written to the majority leader and me urging the Senate to schedule floor action on this vital legislation at the earliest possible date.

Mr. President, I would request at this point that a copy of Mr. McKinney's letter be made a part of the RECORD.

The letter follows:

INLAND RIVERS PORTS
& TERMINALS, INC.,
St. Louis, MO, March 31, 1984.

Hon. HOWARD H. BAKER,
Senate Majority Leader,
Washington, D.C.

DEAR SENATOR BAKER: I am writing on behalf of our organization concerning a matter of utmost importance to the inland waterways industry, as well as to other vital segments of our nation's economy. I am speaking of Senator Abdnor's bill, S. 1739.

There are some groups, not entirely satisfied with all aspects of the bill, who wish to prevent the bill from being acted upon by the entire Senate. We do not agree with their philosophy. It has been eight years since the Congress passed a comprehensive water projects bill. The country can wait no longer for progress.

We urge you to schedule Senate floor action on S. 1739 at the earliest possible date, so that the Senate may debate the bill on its merits, and then vote for passage.

Thanking you in advance for your consideration, I am,

LEON E. MCKINNEY,
Executive Director.

Mr. ABDNOR. Mr. President, we in the Congress have debated, delayed, and deferred action on water resources issues for 8 years. The Senate cannot put off action any longer. The Nation needs a water bill, and I again urge my colleagues to join me in seeking to have S. 1739 passed as soon as possible.●

ORDER FOR RECESS UNTIL 10 A.M. TOMORROW AND FOR PERIOD FOR ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate completes its business this evening, it stand in recess until the hour of 10 a.m. tomorrow.

I further ask unanimous consent that on tomorrow, after the recognition of the two leaders under the standing order, there be a period for the transaction of routine morning business until 10:30 a.m., in which Senators may speak for not more than 2 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. BAKER. Mr. President, tomorrow the Senate will be in at 10 a.m. After the recognition of the two leaders under the standing order, there will be a period for the transaction of routine morning business until 10:30 a.m. At 10:30 a.m., the Senate will resume consideration of H.R. 2163, amendment of the Federal Boat Safety Act. It is anticipated, Mr. President, that there will be votes throughout the day. It is also anticipated that tomorrow will be a late night as well.

Mr. President, I yield the floor.

RECESS UNTIL 10 A.M. TOMORROW

Mr. BAKER. Mr. President, I see no other Senator seeking recognition. I move, in accordance with the order previously entered, that the Senate stand in recess until the hour of 10 a.m. tomorrow.

The motion was agreed to and, at 11:21 p.m., the Senate recessed until Wednesday, April 11, 1984, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate April 10, 1984:

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Donald Ian Macdonald, of Florida, to be Administrator of the Alcohol, Drug Abuse, and Mental Health Administration, vice William E. Mayer.

EXTENSIONS OF REMARKS

TEACHER OF THE YEAR LEADS THE WAY

HON. GENE SNYDER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. SNYDER. Mr. Speaker, for sometime now we have all been talking about what we need to do to improve our Nation's school system so that it can more adequately prepare our young people to meet the challenge of the future. While we have been talking, one of my constituents, Mrs. Shirleen Sisney of Louisville, KY, has been doing. Mrs. Sisney, working through the Junior League of Louisville, in conjuction with the Louisville Area Chamber of Commerce and the Jefferson County Public School system, designed a program to get the local business community involved in the educational process. It works.

For her pioneering efforts, Mrs. Sisney has been recognized as the "National Teacher of the Year," an honor she justly deserves. I congratulate her for that achievement, but even more importantly, I thank her for proving what can be done when we get the business community involved in the education process.

I would like to share with my colleagues a brief summary of the school-business project that Mrs. Sisney was so instrumental in designing.

The summary follows:

SCHOOL-BUSINESS PROJECT

In 1979 Ballard High School in Louisville served as the pilot project for what became a highly successful program to merge local business interests with those of the Jefferson County public schools which, with 90,000 students, make up the 17th largest school district in the United States. Called the Schools-Business Project, it has proved so effective that it is being planned for all schools in the county, and the program has been studied by other schools in the state.

The Schools-Business Project was initiated by the Junior League of Louisville working in conjunction with the Louisville Area Chamber of Commerce and the Jefferson County Public School System. The Project involves the use of loaned executives from local businesses to provide an enrichment of the school curriculum, enlargement of student experience and knowledge, and the opportunity for those outside the school system to contribute to the improvement of the quality of public education.

The genesis of the Project was the 1975 merger of all schools in Jefferson County, an event accompanied by court-ordered bussing for desegregation. The schools were unprepared for the merger, which resulted in the disruption of classes, even occasional violence, the defection of students to private schools, the loss of teachers, the firing of one superintendent and the hiring of another. Budget cuts left little money for salary increases or improving school activities. School morale sank, and the negative image of the school system was pervasive. Many saw the public school system as a failure.

In 1977, the education arm of the Junior League, of which Mrs. Sherleen Sisney was a dedicated member, felt something should be done. So did many others in the community including the Chamber of Commerce. A League committee, chaired by Mrs. Sisney, felt there was no alternative other than for the business community to step in and help.

The committee's initial effort was to survey other cities such as St. Louis, Boston, Baltimore and Dallas, which had developed a successful working relationship between schools and business. The committee also interviewed about 100 business men and women in Louisville concerning the extent of their interest in helping the local schools. All expressed some degree of interest.

Following a presentation in 1978 by Mrs. Sisney to the Chamber of Commerce regarding the proposed project, a management consultant firm agreed to survey teachers at Ballard, selected for the pilot project, to find out their needs and get their views as to how business could help. At the same time, Mrs. Sisney and others met with individual business leaders to solicit their help. By the spring of 1979, 14 major businesses had made commitments, and some $50,000 had been raised for use in the schools in such subject areas as computer technology.

The Schools-Business Project, as it was designated, did two things: it brought business people into the schools and it took students out of the classroom for a first-hand look at how businesses operate. Some of the business people admitted they had never before been inside a public school.

If a teacher needed help in explaining banking, for example, a banking executive volunteered to answer questions. Some executives chaired seminars and roundtable discussions, even graded written material on subjects they were familiar with. Useful discussions were held in math, journalism, history, economics and other classes. One businessman came in during a discussion of the Civil War to throw light on the problems of the era and described how the war had affected business on both sides. When materials for an industrial arts class proved to expensive, students were instead taken on a tour of local design labs and held discussions on innovative design with experts.

Other business people demonstrated to a math class the need for basic math skills, and participated with the students in "simulated" business games. Help was given to an advanced English class in producing a school-wide humor magazine. Another class was assisted in the making of a videotape of the project, which is now being shown throughout the state. All in all, some 15 different classes, ranging from economics to the humanities, were involved in the project. Important local industries such as General Electric and Brown & Williamson lent people, time and even money.

In 1981, it was decided to expand the pilot project to other schools in the country. Junior League volunteers, as well as the Chamber of Commerce, again went to work, this time at Fairdale and Iroquois High Schools. New projects continue to be developed.

As a direct outgrowth of the Schools-Business Project's involvement in computer education, the Junior League of Louisville recently announced a "partnership" with the community's Westport Middle School. Under the terms of the partnership, the inner city school will receive a $75,000 grant and volunteer support to bring computer training to its students over a three-year period. It is hoped this will encourage similar partnership projects with other schools and civic and business groups throughout the county.

Today, all the groups involved in the Schools-Business Project are trying to get funding so that a permanent staff of professionals can keep the program going throughout the entire county school system. A major bank has already agreed to work with an inner city school and parallel everything that is being done at Westport Middle. With a permanent staff, the Schools-Business Project could be an integral part of all of the more than 20 high schools in Jefferson County, and Mrs. Sisney foresees the time when all of the schools in the state of Kentucky will have Schools-Business Projects of their own.

"The Schools-Business Project has encouraged a renewed focus on education, one that is positive and confident," Mrs. Sisney notes. "It has proven that with help from the business and volunteer community it is possible for teachers to use unlimited resources to benefit young people and educate future members of the work force not only in terms of skills, but also in personal, professional and social values."●

DR. MAPLES RETIRES

HON. JAMES H. (JIMMY) QUILLEN

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. QUILLEN. Mr. Speaker, this past Sunday marked both a happy and a sad occasion in my district.

Happily, it was a day when a large number of residents from the Great Smoky Mountains region in and around Gatlinburg gathered at the First Baptist Church of Gatlinburg to hear the words of their pastor, Dr. Charles C. Maples. Sadly, it was their last time as a congregation under Dr. Maples' leadership, for Sunday was the day he retired after 50 years as an ordained minister.

Dr. Maples, who is a native of Missouri, has been the guiding light at First Baptist Church for 27 years. Prior to arriving in Gatlinburg, he pas-

tored churches in his native Missouri, in Georgia, where he married his dear wife, Mildred Scarborough Maples, in 1937, and in Memphis, Tenn.

The service of Dr. Maples has been a beacon of inspiration for all who have come to know him, and a source of great comfort to the many who have needed him in the course of his ministry. Known as a man with the rare ability to both amuse and motivate his listeners, his presence in the pulpit will doubtless be missed. He is a man who makes friends with virtually everyone he meets, however, so I am sure his very special nature will lead him to be called upon frequently, even in retirement.

Mr. Speaker, I know the Members of this House will want to join me in extending congratulations and best wishes to Dr. and Mrs. Maples, as well as many thanks for a job well done.●

CELEBRATING 60 YEARS OF SOROPTIMISM IN LONG BEACH

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. ANDERSON. Mr. Speaker, on Saturday, April 14, the Soroptimist International of Long Beach will celebrate their 60th anniversary. The many women who belong to this organization are in every respect bellwethers of Long Beach, and I would like to impart for our colleagues some of their most significant achievements.

The word "Soroptimist" is derived from the words "sor"—from sorority—and "optimist"—as one who searches for a favorable outcome. Soroptimists are professional women who have dedicated themselves to serving their community and advancing the rights and opportunities of women. The Long Beach Soroptimists have been especially helpful to the residents of our city.

Each of us knows of the increasing rates of family violence. We know how difficult it is for the nearly 8 million family violence victims to find sensitized help. We know, for instance, that the YMCA turns away almost 80 percent of those seeking refuge from domestic violence. Were it not for the generous support of the Long Beach Soroptimists, the YMCA and Long Beach emergency shelters would have to turn away even more.

The Soroptimist International of Long Beach, I am especially proud to note, pioneered Long Beach's meals on wheels program which has proved to be one of the most successful programs for senior citizens and for people who are housebound because of illness. In addition to supporting meals on wheels, these women sponsor scholarships for high school, city college and university students and are contributors to the Long Beach children's clinic, the capitol classroom, and the junior blind campership programs.

Equally important to the Soroptimists, as it should be for us all, is raising the status of women. I proudly share the Soroptimists commitment to eliminating the social, economic, and professional barriers still confronting women. A particularly successful program sponsored by these women is the innovative training awards program, TAP, which has provided invaluable assistance to many women preparing to reenter the business world. Another way in which this organization advances the status of women is the annual presentation of the Women Helping Women Award. This award is given to women who make exceptionally meritorious contributions toward improving opportunities for women residing in Long Beach.

Mr. Speaker, this week has been proclaimed "Soroptimist Week" by the mayor of Long Beach, the Honorable Thomas J. Clark, and the city council. My wife, Lee, and I applaud the city for this public proclamation in recognition of the Soroptimist International of Long Beach. We also wish to express our personal indebtedness to the Soroptimists for their selfless undertakings for the benefit of others.●

ARMENIAN TERRORIST ATTACKS ON TURKISH DIPLOMATS

HON. ARLAN STANGELAND

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. STANGELAND. Mr. Speaker, violent terrorist acts against diplomats are increasing throughout the world. They pose a fundamental threat to international stability. Terrorism threatens to reverse the social and political achievements of modern civilization.

If the international community cannot guarantee the safety of diplomats, how will peaceful diplomatic negotiations survive?

Turkish and American diplomats are the most frequent targets of this barbarism that is rapidly reaching crisis proportion. Three U.S. Ambassadors and several other American diplomats have been killed by terrorists. Our political officer at the Beirut Embassy is still being held hostage by gunmen who abducted him on March 16, 1984.

The Republic of Turkey has suffered even greater losses. Thirty Turkish diplomats or close members of their families have been killed in the last decade by Armenian terrorists. As recently as March 28, 1984, two Turkish diplomats were shot in Tehran. One still lies in a coma.

While their main targets are Turks, no one is safe from the savagery of the Armenian Secret Army for the Liberation of Armenia (ASALA) and the Justice Commandos of Armenian Genocide. They claimed credit for 68 terrorist acts, in 31 cities, in 18 countries. In addition to murdering 30 Turks, they have killed many innocent bystanders, including eight Frenchmen, two Italians, one American, one German, and one Spaniard. Turks and non-Turks were their victims during a September 1982 attack at the Ankara Airport.

Nor have these gangsters confined their activities to foreign soil. Four murders and numerous bombings by Armenian terrorists took place in the United States.

As a further affront to the civilized world, Armenian terrorist organizations vie with each other for credit and media coverage. They seek to justify their barbarism by explaining that they are avenging a massacre of an alleged 1.5 million Armenians by the Turks. Yes, about 600,000 Ottoman Armenians died under civil war situation within a global war. But 2.5 million Turks also died. The figure 1.5 million is an undocumentable exaggeration, and the circumstances of this tragedy have never been truthfully reported by the Armenians. In any case what grievance real or imagined could justify murdering of innocent diplomats in 1970-84 to avenge deaths that occured during the Ottoman Empire 69 years ago. In fact this is not the motivation for Armenian terrorism. What these terrorist groups hope to achieve is worldwide support for wresting the eastern provinces of Turkey from the Republic, and uniting them to the Soviet Armenia. Let the Secret Army for the Liberation of Armenia (ASALA), one of the most powerful terrorist organizations, speak for itself. In one of their official publications in 1981 they wrote:

> The reasons for the new progressive activity within the Armenian community in the U.S. are quite similar to the general reasons . . . throughout the diaspora; however, other factors—special to the U.S.—exist. Imperialism in general has been under heavy attack throughout the world by national and class struggles. The Armenian people, as a part of the world masses, has become aware of their past exploitation and are reacting in defense of their national rights . . . The Armenian struggle is a part of the world revolution, and, therefore, as the world revolution strengthens, so does the Armenian struggle. The strength of the revolution is perhaps more obvious to those natives of the U.S. than anyone else. The Armenian youth, like all American youth, were raised on outrageous lies of the invincibility and purity concept fallen flat.

The same article mentions an acknowledged Communist, Bob Avakian, and calls him "a U.S. born Armenian and leader of a worker based popular resistance to U.S. internal exploitation." It continues:

Even more important than such individuals is the organization of progressive groups. Besided the increasing underground activity of the ASALA in the U.S. there have evolved groups who work openly in the community. The most significant of these is Azan Hay (of Canada), a group of politically educated revolutionary youth. In Los Angeles, there was also the shortlived Armenian Revolutionary Democratic Movement. All over the United States, as in the rest of the diaspora, the Armenian people are organizing. The ASALA, already well-established in the U.S., calls our half-million comrades to arms.

Law enforcement agencies must increase their vigilance against this anti-American group. As Under Secretary of Defense Fred W. Ikle said in Senate testimony more than 2 years ago:

It (ASALA) is an efficient and brutal executor of the murder of innocent civilians. It has intimidated governments allied with Turkey and law-abiding Armenian communities as well. If it were successful in its aim, it would lead directly to the expansion of the Soviet Union. Perhaps more than any other terrorist movement it illustrates the irrelevance of some of the issues that have preoccupied the debate in the West on terrorism. Whether the Armenian terrorist movement is acting on its own, or under Moscow's direction, if it succeeds, it will come down to the same thing.

Increased surveillance of Armenian terrorist organizations already aborted at least two attacks: One in Los Angeles and one in Philadelphia. What we need now is the force of public opinion marshalled against these organizations. It will also help if members of the media recognize that murder is nevertheless murder, even when the killer cites grievances that he or she alleges are genuine. Armenian terrorist might also lose the financial support of respectable members of the Armenian community if the press reported their deeds as mere criminal acts.●

THE INTRODUCTION OF A BILL WHICH WOULD ACCORD DUTY-FREE TREATMENT TO CERTAIN RELIGIOUS OBJECTS

HON. ROBERT T. MATSUI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. MATSUI. Mr. Speaker, I have introduced a bill to extend duty-free treatment to scrolls or tablets used for public or private religious observances. Implementation of this bill will insure equitable tariff treatment for religious articles currently considered dutiable due to their distribution to and use by believers in their homes.

At present, the Tariff Schedules of the United States accord duty-free treatment to a variety of religious articles, although generally limited to articles imported for the use of a religious institution. Exceptions have been enacted in regard to specified articles, most recently including prayer shows used for public or private religious observance.

I question whether the dutiability of religious articles should generally be determined by reference to the use in a religious institution as opposed to their use in one's home. In any case, it is particularly inappropriate in circumstances where home worship is integral to religious practice. The distiction between church use and home use may, arguably, be appropriate in regard to typical Western religions given the primacy of church worship to such religions. It is, however, discriminatory in regard to those Eastern religions which in fact, emphasize home worship.

Finally, I would note that religious articles presently accorded duty-free treatment include those articles which engender respect or veneration or, at the least, are incidental to religious observance. Religious articles which engender more than respect or veneration, which in fact, serve as the focal point of one's continuing devotion should—despite their use in private observance—command equal regard by governmental authorities and, as is intended by this bill, equal tariff treatment.●

THE RETIREMENT EQUITY ACT

HON. LAWRENCE COUGHLIN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. COUGHLIN. Mr. Speaker, in many areas, Federal laws have not kept pace with the significant economic and social changes affecting the lives of millions of women. Specifically, with respect to pension rules, Federal laws either do not recognize the important role of women at home or on the job, do not sufficiently guarantee women's right to economic security, or do not adequately protect women from potential hardship owing to their roles as wives and mothers.

I am encouraged to learn, however, that the House Ways and Means Committee recently approved legislation aimed at correcting many of these discriminatory laws. The Retirement Equity Act, H.R. 4280, provides more fair treatment of women in retirement, particularly those who interrupt their careers to raise children and who depend on the pension of their spouses.

The House Ways and Means Committee legislation broadens the scope of the House Education and Labor Committee's retirement equity proposal and would require payment of a survivor annuity to a spouse of a fully vested worker even if the worker dies before the annuity starting date. It would require the written consent of both a pension plan participant and his spouse in order to waive a survivor annuity option. It would lower the minimum age for pension plan participation from 25 to 21 to allow credit for the work many women perform before marriage. It would also eliminate the provisions of the employee Retirement Income Security Act that allow pension plans to deny a spouse benefits if an otherwise qualified plan participant dies within 2 years of choosing the survivor benefit option.

Additionally, the Retirement Equity Act would prevent pension plans from counting maternity or paternity leave as a break in service. I would have liked to see this act also provide limited retirement credits for maternity (or paternity) as are included in the Private Pension Reform Act I am cosponsoring. However, I believe the Retirement Equity Act is a step in the right direction and a way for Congress to show its sensitivity to the economic independence of women.●

IS BUSINESS SO SECURE IN A PAC'S AMERICANA?

HON. JIM LEACH

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. LEACH of Iowa. Mr. Speaker, I submit for the RECORD a recent Wall Street Journal article by Amitai Etzioni on the matter of PAC's and proposed reforms in Federal election law. His balanced treatment of the issue deserves our attention.

IS BUSINESS SO SECURE IN A PAC'S AMERICANA?

(By Amitai Etzioni)

How much deliberation went into the decision of some corporations and business groups to mount a campaign in defense of PAC's? Not enough, if the following arguments carry weight.

Despite numerous press accounts about PACs, most citizens seem to have no clear idea what they are or do. PACs theoretically are "political action committees" voluntarily organized by like-minded citizens who wish to pool some of their funds to support the election compaign of a candidate they favor. In effect, many PACs piggyback on existing organizations, which underwrite the costs of forming and administering them. Money is often raised by high-ranking executives (members of the PAC's board) from fellow executives and subordinates; by labor union officers, from the membership; and by trade association headquarters, from physicians, realtors and auto dealers spread across the land. The PAC boards decide which politicians get the bounty. Contributors often do not know—before or after the fact—who gets their dollars.

While it is illegal to tie a PAC contribution (directly and explicitly) to a favor by the recipient, typically a member of Congress, implicit deals are very frequently reported. Even the defenders of PACs, who argue that they do not "buy" legislation, readily admit that their contributions buy

"access" (the opportunity to make their case) to busy members of Congress, access that is less available to unPACed citizens and groups.

As the number and size of contributions by PACs have increased rapidly in recent years, Washington has become, according to some observers, more corrupt. PACs are not merely the subject of criticism by Common Cause and Nader's Congress Watch but also are less than admired by outspoken conservatives. Rep. Robert Michel and former Rep. Millicent Fenwick pointed to the close connection between PAC money and congressional votes favorable to special interests. Rep. Barber Conable Jr. refuses PAC contributions larger than $50, and Rep. Jack Kemp accepts PAC money only from groups that have no business before committees on which he serves. Former Sen. S. I. Hayakawa called PAC money "a huge, masked bribe."

Recently, several bipartisan bills to curb PACs have been introduced in Congress. At the same time, corporations, such as Mobil Oil and United Technologies, and pro-business groups, such as the Chamber of Commerce and the Public Affairs Council (a collection of official corporate spokesmen), have launched campaigns to preserve PACs. It is all too easy to find fault with specific arguments they advance. A Mobil ad, which states that PAC contributions already are limited to $5,000 a politician, which won't even "'buy' 30 seconds on TV," ignores the fact that many special interests form several PACs. Dairy farmers have about 21 PACs; the American Jewish community, 31. Also, there is no limit on the amount a PAC can spend against a candidate it wishes to defeat or in support of one it wishes to elect, as long as it does not "coordinate" its efforts with the candidate or candidates it favors.

The argument that PACs were first used by labor—and in those days liberal critics were quite mum, hence so-what-if-business-does-it-now—has historical merit and is a good debating point. However, two wrongs do not make one right, and the basic question is not if liberal critics are evenhanded, but if American democracy would be cleaner if all swore off their PACs simultaneously.

In addition, the notion that a PAC is merely a bunch of like-minded citizens seeking political expression disregards the fact that executives, farmers and workers can be as active as they wish as citizens. But are they entitled to use their place of work, their economic affiliation, as a second political channel? What kind of political participation do PACs provide when many contributors do not know whom PACs support? Is this not prima facie evidence that what PACs really do is underwrite economic interests with campaign contributions? Finally, are contributions made in hierarchical relationships, under the steward's or boss's eyes, ever truly voluntary?

The fundamental question is: Are PACs good for business and for America? At the moment, business PACs still have an edge; They pack in more political money than other groups. These extra dollars seem to be one reason, though certainly not the only one, why Congress is more receptive to their general and specific wishes than it use to be. However, this is no cause for a lengthy celebration. Before 1974, labor PACs had the edge, and in the past two years they have been rapidly catching up. Of the 10 largest PACs in the 1982 election, three were those of labor unions; the National Education Association was a fourth. From 1980, labor donations rose 47%, while those of corporate-sponsored PACs rose only 30%. And in 1984 labor seems set on further increasing its PAC-fire. All kinds of other groups, from Mondale supporters to the National Organization for Women, from environmentalists to friends of the nuclear freeze, have PACed a new punch.

Moreover, as PACs multiply, they tend to neutralize one another. Only in radical literature does "Wall Street" act in unison. In Washington, myriad corporations and trade associations often push Congress in conflicting directions. Thus, in 1982 a General Electric representative was reported arguing in Washington for repeal of new tax provisions concerning leasing after GE first took "maximum advantage" of them. He acknowledged "that this [repeal] would likely increase profit for its important equipment-leasing subsidiary—while hurting many of the other firms." At the same time, Boeing and Eastern were reported to be pushing for a special six-month extension of some tax rules that was opposed by Continental and American Airlines. And so it goes. As more and more PACs come on line, the net result often is even slower, more confused and shorter-lived legislation. And as the costs of lobbying have risen, the benefits have become more fleeting.

While PACs' net payoff for business is dubious, their harm to American democracy is evident. Even before the age of PACs, Washington was already under the gun of numerous lobbies. True, most observers, from James Madison on, considered them an inevitable, albeit evil, part of conducting politics in a pluralistic society. In recent years, however, the lobbies got out of hand because of the decline of the political parties (which used to offset them), the erosion of committee structures in Congress (which turned individual members of Congress into agents free to wheel and deal) and a general decline in the sense of community (which used to hold back special interests a bit). Thus, just as the time when lobbies require reining in, here come the PACs to spur them on.

The PACs also endanger the nascent return of confidence in our institutions. After two decades of rising disaffection, of loss of trust in government, labor unions, corporations and other institutions, over the past two years there has been a beginning of a new sense of affirmation, greater trust in the presidency, more approval of Congress (following several bipartisan endeavors) and greater confidence in some other institutions. PACs, with their ill-doings almost daily cited by the press, are unlikely to be whitewashed by corporate ads and public-affairs handouts. The more the public grows aware of the ways they work Washington, the more PACs will undercut the return of trust. A congressional Watergate would undermine the support of the mass of citizenry on which democracy relies. Thus, both on expedient and ethical grounds, curbing PACs might just be one reform business should support. Indeed, I wonder whether most businessmen and women familiar with PACs do not oppose them already.●

CHINESE COMMUNIST NARCOTICS EXPORTS

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. PHILIP M. CRANE. Mr. Speaker, although comparative statistics indicate that the number of heroin addicts in the United States is on the decline, the Asian drug connection continues to play an important role in the overall American narcotics problem. In terms of numbers of users and quantities in metric tons, marihuana and cocaine from Latin America have become the leading drugs in the United States in recent years. However, Asia is the source of nearly 65 percent of the most addictive drugs, including opium and its derivative, heroin.

A recent report by the Republic of China Bureau of Investigation revealed that the People's Republic of China is responsible for the large-scale planting and production of the world's narcotics supplies. The exportation of addictive drugs not only serves to weaken societies into which they are imported, but it also provides revenues to finance the Communist China Army and its subversive operations. The United States alone contributes an estimated $1 billion annually to the People's Republic of China through illicit drug purchases. For this reason, in the upcoming years, it will become increasingly more important to crackdown on the U.S. narcotics problem and to significantly reduce the amount of illegal American dollars flowing into the People's Republic of China.

In an effort to more clearly indicate the extent of the problem, I have submitted the following summary of the Republic of China's findings. I urge my colleagues to take a close look at it.

[From Asian Outlook, January 1984]

CHINESE COMMUNIST NARCOTICS EXPORTS

A recent report on the Chinese Communist narcotics production and exports showed that the Peking regime is responsible for the large-scale planting and production of the world's narcotics supplies and 50–70 percent of the world's drug exports.

The report was submitted Nov. 1 by Chang Che-min, deputy chief of the ROC Bureau of Investigation, to the National Police Administration. He told the meeting that Red China has planted 5.5 million acres of opium poppies and has 102 narcotics factories producing 77 brands of narcotics annually. He also revealed that Peking exports 50–70 percent of narcotics to the world markets and most of the addictive drugs supposedly produced in the Golden Triangle on the border of Burma and Thailand and Yunnan are actually transported from the Chinese mainland.

Chang also gave a detailed analysis of the locations of Chinese Communist drug plants. He told the meeting that there are nine factories in the northeast, 36 factories in the north, 10 in the east, six in the central area, three in the northwest, 10 in the

south and 18 in the west of mainland China. These factories produce a total of 77 brands of narcotics annually including 37 brands of opium, 14 brands of morphine and 26 brands of heroin.

The poppy plantations on the Chinese mainland cover more than 5.5 million acres in 25 provinces and autonomous regions and 260 counties. There are also more than 100 exclusive zones for poppy planting.

The Peking regime exports to the world markets annually about 600 to 700 tons of narcotics through smuggling and other devious means. The exports generate large foreign exchange receipts for the Peking regime. The exact amount of such receipts is hard to estimate, but they must amount to over one billion U.S. dollars annually which are used by the Peking regime to finance its espionage and united front operations in foreign countries, especially in the United States.

The Peking regime also resorted to the narcotics offensive in Vietnam to weaken the morale of American GIs and their fighting capability. Chou En-lai even boasted to foreign visitors that he has some narcotics very much liked by American GIs.

The Golden Triangle has also undergone some changes since Vietnam was occupied by the North Vietnamese and placed under the Soviet influence. Burma and Thailand became the remaining centers for the Chinese Communists to route their drug exports. As a result, 80 percent of the drugs shipped from the Golden Triangle originated from the Chinese mainland. Their final destinations consist of Southeast Asian nations, Europe through Amsterdam, the Middle East via Beirut and the United States and Latin America.

The Republic of China is one of the few countries energetically combatting the Chinese Communist drug menace. The government offers rewards ranging between NT$3,000 and NT$120,000 or more for information leading to arrests of drug addicts and traffickers. It prosecutes all drug addicts and traffickers after they are caught. In 1981, 125 narcotics cases involving 202 persons were solved. More than 7,691 grams of narcotics were confiscated in the Taiwan area. In 1982, 441 cases of narcotics smuggling were cracked involving 513 persons with 2,518 grams of drugs. The government also encourages drug users to volunteer to receive treatment to cure the dreadful habit.

In view of the Chinese Communist drug menace endangering the health and welfare of the people of all nationalities, all civilized people should stay away from the Peking regime, which is resorting to sinister measures to weaken the morale of freedom-loving people. It poses a special threat to the youths of many nations in destroying their morality and compromising their integrity. A large number of Chinese Communist agents in foreign countries, including diplomats, are in fact drug peddlers.

Their misdeeds and criminal acts were often covered up by previous U.S. administration officials in the name of detente. We hope that the Reagan administration will not make the same mistake of covering up the Chinese Communist criminal behaviors against humanity.●

A WOMAN FOR ALL SEASONS: MARION WARNOCK

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. ANDERSON. Mr. Speaker, Thursday evening the Harbor Area YWCA will honor Marion Warnock as the 1984 "Woman of the Year." This gala will be held in the Waikiki Room of the Ports o'Call Restaurant and will feature Angie Papadakis as the infamous mistress of ceremonies. It promises to be an evening where wit and jocularity pervade.

Being roasted as "A Woman for All Seasons" is not, however, an entirely facetious honor. Marion has made innumerable contributions toward improving the quality of life for all who reside in San Pedro. Since graduating from the School of Nursing at Stanford University, she has spread her energies in a manner which has proved beneficial to all of us. And although she has done quite a lot, she has never been ineffective, and thus no one can say she spread herself too thin.

She is a wife, mother of three, grandmother of seven, and great-grandmother of five. In addition to the responsibilities of raising a family which she and her husband, Dr. A. W. Warnock, have done so admirably, she has held numerous positions with such groups and organizations as the American Red Cross; the Los Angeles World Affairs Council; the California State Tuberculosis and Health Association; the Chadwick School; the Harbor Area Women's Christian Association; both the San Pedro Branch and the California State Division of the American Association of University Women; the Hearing Center of Metropolitan Los Angeles; the Harbor Area Welfare Planning Council; the Assistance League of San Pedro; the Committee for Obtaining Visiting Nurse Service for the Harbor Area; the Tuberculosis and Health Association of Los Angeles County; the Los Angeles Visiting Nurse Association; the San Pedro Community Hospital Women's Auxiliary; and the Doctors' Wives' Guild. Need I dare say, Mr. Speaker, that the list of her civic contributions is seemingly endless?

One piece of her past which I feel is particularly noteworthy, and which I know meant a lot to her, was her participation in the now defunct Center for International Students and Visitors. As a member of the board of directors of the Southwest Area Council, Marion helped students from abroad get acquainted with the United States. Not only did she make a lot of friends, but in extending her special sense of warmth to those visiting students she fostered a closer understanding of and appreciation for people from other nations.

I am only sorry that I cannot attend Thursday evening's roast in honor of Marion. Still, my wife, Lee, and I wish to congratulate her. We hope that her and her husband's lives will continue to be as fulfilling in the future as they have been in the past. They have traveled extensively since their respective retirements, our hopes are that people everywhere will show them as much warmth as they have continuously shown others.●

DOT CONSIDERS NEW PLAN TO BREAK UP CONRAIL

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. FLORIO. Mr. Speaker, in 1981 Congress passed the Northeast Rail Service Act (NERSA). In passing NERSA, Congress clearly rejected the attempt of the Reagan administration to break up Conrail. A break up of Conrail would be disastrous for the Northeast and Midwest. Many jobs and much rail service would be lost.

Yet, DOT is currently considering a variety of approaches to breaking up Conrail. It is considering splitting Conrail between two other major eastern railroads. And now, as the following article from the April 4, 1984, Journal of Commerce reveals, DOT is considering a new plan to break up Conrail.

CONRAIL PLAN DRAWN UP BY SHIPPER—CARRIERS ALLOWED ACCESS TO SOME MARTS, RETAINING COMPETITION

(By Ripley Watson 3d)

International Minerals & Chemical Corp. is seeking to win broadbased support among shippers, railroads and labor for its newly advanced plan to convey Conrail to six major rail companies while keeping multiple-access to Chicago, New York and Philadelphia. IMC is a producer of chemicals and fertilizers and a major rail shipper.

The plan by the Northbrook, Ill.-based firm, is being promoted as maintaining maximized rail service and competition, protecting local traffic and railroad jobs, spreading the risk of future losses while fostering inter-railroad cooperation and giving the government the best return on investment.

IMC's plan, outlined in a submission made last week to the Federal Railroad Administration, isn't a purchase offer.

Conrail has been put up for sale under the supervision of the Department of Transportation and the FRA.

A few railroads, one non-railroad company and rail labor are known to be making serious offers or reviews aimed at buying the government-owned Conrail system.

Other proposals for the future of the 15,000 miles of track that comprise Conrail's system have focused on public sale, purchase by other railroads singly or in concert, sale to its employees or to an outside firm.

The plan being advanced by IMC, which ships over $300 million worth of goods a

year by rail, instead calls for assigning four east-west routes to Western rail systems while giving expanded entry into Conrail's Midwest and Eastern service area for railroads owned by Norfolk Southern Corp. and CSX Corp.

The key to the plan is to retain what IMC believes is balanced competition by allowing carriers access to some but not all, markets.

"We don't think the details are set in concrete," said Vernon Haan, director of logistics planning and development for IMC, "It's the concept that's important."

"The controlled transfers by establishment of transcontinental corridors will preclude destructive cherry-picking of Conrail's system," the plan said.

A number of parties interested in the Conrail issue have been worried that acquisition by a single railroad would lead to retention of only the best lines and elimination of service and shipping alternatives.

The centerpiece of the plan is to assign four mainlines of Conrail predecessor railroads to Western carriers.

At the same time, those Western lines wouldn't get access to all major market areas east of Chicago, assuring that there would be multi-carrier competition, the IMC plan states.

Santa Fe-Southern Pacific would get the old New York Central Railroad line from Chicago to New York and Boston, while Union Pacific system would be given the old Pennsylvania Railroad route from St. Louis to New York and Philadelphia. Burlington Northern would get a combination of the former Pennsylvania Railroad mainline and the old Erie Lackawanna lines to New York and Philadelphia.

The Canadian Pacific Railroad and subsidiary Soo Line would get access to New York and Detroit.

Terminal railroads that would be created in the Chicago area and from New York to Philadelphia and the chemical markets in Delaware would be shared among carriers that serve those areas. Their function as envisioned by IMC would be like other terminal railroads in St. Louis and Chicago that essentially switch cars between carriers.

The plan reflects the concern that shippers have that if single railroads were to control Conrail that there would be a growth in the number of shippers who would reach customers by only one carrier, commonly called captive shippers.

Mr. Haan, who developed the proposal with Thomas Regan, IMC's vice president of transportation, said he felt FRA had given the proposal "a courteous response." Any further response, Mr. Haan noted, wasn't forthcoming because that agency believes its charge under federal legislation is to continue right now to sell the whole railroad as an entity.

IMC's plan disagrees with FRA's interpretation of its role in the sale as laid out in the Northeast Rail Service Act. IMC thinks the "controlled transfer" could be effected now, rather than later in the year.

"IMC is well aware that the plan it has proposed would not be the first choice of any existing railroad system, but any plan that would be the first choice of any existing system would almost certainly be "anticompetitive," the proposal says. "FRA's attitude is preventing a rational solution to the problem," the plan asserts. The solution proposed is a sense of the Congress resolution to guarantee that the sale of Conrail be considered "in light of what is best for the public interest."

Railroads would gain from the plan by gaining expanded market access while shippers' gains would evolve from avoiding recurrence or spreading of closing of multi-carrier routes. Those route closing, shippers think, will increase their costs because different, higher rates apply.

The government still could maximize its revenue from the Conrail sale by conducting closed bidding, Mr. Haan maintained, even though the lines would be assigned to a single carrier. Labor could find additional jobs generated on the operating side because the plan being offered reduces the concentration of traffic on particular lines.

In fact, Mr. Haan contended that the ongoing Conrail plans to concentrate traffic on single lines may well be encouraging the sale to a single party because those concentrations have acted to eliminate a number of alternative routes between cities.●

EL SALVADOR MILITARY SAID TO BOMB RED CROSS AID SITES

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. BARNES. Mr. Speaker, a recent article in the Christian Science Monitor charges that "the Salvadoran armed forces have used the Red Cross' humanitarian activities to locate and attack groups of displaced people in areas of conflict."

The article alleges that Salvadoran Air Force planes have attacked groups of people who were gathered at sites where the International Committee of the Red Cross had informed the Salvadoran Government that it was going to deliver relief supplies at a certain time. Sometimes the Red Cross is prevented from going to the site at the last minute so the planes are free to attack the people gathered there; sometimes the planes attack after the Red Cross has completed the delivery and left.

In either case, these people are attacked indiscriminately, on the mere assumption that their presence in a conflict area makes them actual or potential guerrilla sympathizers.

Human rights organizations in El Salvador and the United States have been saying for some time that this was occurring, but this is, to my knowledge, the first independent confirmation by a journalist.

Mr. Speaker, I wish the State Department would stop blandly denying that this kind of thing occurs, and would instead use its considerable influence to stop this despicable behavior on the part of the recipients of our aid.

The article follows:

[From the Christian Science Monitor, Mar. 26, 1984]

EL SALVADOR MILITARY SAID TO BOMB RED CROSS AID SITES

(By Chris Hedges)

SUCHITOTO, EL SALVADOR.—The Salvadorean Armed Forces have used the Red Cross's humanitarian activities to locate and attack groups of displaced people in areas of conflict.

This is the charge leveled at the armed forces, especially the Salvadorean Air Force, by two well-placed Western officials and by residents interviewed in the conflict zones.

Because of these attacks keyed to relief deliveries by the International Committee of the Red Cross, the ICRC suspended medical and food deliveries last December to most of the northern part of Cuscatlan Province and northeastern Cabanas Province.

The attacks began in September at a rate of roughly two to three per month. The latest occurred about four weeks ago in Pepeshtenango, one of the towns where the ICRC has continued to make deliveries.

The spokesperson in El Salvador for the ICRC, which provides $11 million of relief assistance to this country annually, has refused to comment on the suspension of medical and food deliveries.

But sources say some attacks have occurred on places where the ICRC made deliveries only hours after ICRC vehicles departed.

At other times, these sources add, ICRC vehicles have not been permitted to reach scheduled delivery points. People waiting for ICRC visits, these sources say, have then come under fire from Air Force helicopters and planes and even, at times, from ground troops. Those who say they were attacked contend they were not informed of any aid cancellation.

A spokesman for the Salvadorean Joint Chiefs of Staff, when asked about charges that the military has used ICRC operations to locate bombing targets, said: "I don't believe it. That's a lie."

That spokesman, Capt. Luis Mario Aguilar Alfaro, also asserted that the people in the conflict zones are massas—groups of unarmed civilians who provide logistical support for the guerrillas and who often live in close proximity to guerrilla camps.

"The massas are the same as the guerrillas," he said, "They are not innocent."

The ICRC now gives the local Salvadorean military commanders 24 hours notice of its intention to visit a site in a conflict zone. Permission is often granted to the ICRC, only to be rescinded on the day the trip is to be made.

"In October, many people and I were waiting for a scheduled visit by the ICRC in the town of El Libano," says one former El Libano resident now living in the guerrilla-held town of La Escopeta, "but the ICRC never arrived. We were instead attacked by planes from the Air Force. Five people were killed during the bombing and another five wounded."

The scheduled ICRC trip to El Libano on Oct. 20, 1983, was prohibited by the Salvadorean armed forces that morning, according to a well-placed source in the capital, San Salvador.

The former El Libano resident also contends that civilians in the town of Pepeshtenango were attacked by the Air Force in February immediately after a visit by the ICRC to Pepeshtenango.

The well-placed source in the capital confirms a Feb. 22 visit by the ICRC to Pepeshtenango that was followed by a bombing attack.

"I was not in Pepeshtenango during the attack," this resident says, "but walked through the town afterward and saw four dead."

Displaced people in the town of Santa Cruz Michapa, who fled south to escape the

frequent aerial assaults by the Air Force in and around Tenancingo, report similar occurrences.

Tenancingo was heavily bombed by the Air Force on Sept. 23, 1983, when guerrillas overran the town. At least 50 civilians were killed during the bombing attack. Most residets abandoned the town immediately after the air assault.

"In October and November, we were informed that the ICRC would arrive to provide us with food and medical assistance," says one woman who remained in Tenancingo until November. "But each time we gathered to await their arrival, we were attacked by helicopters and planes instead. Many people were killed during these two attacks, including many children."

This woman, who fled from Tenancingo to Santa Cruz Michapa, which is under Salvadorean Army control, contends she does not support the guerrillas.

"When the last attack came there were only 16 families left in Tenancingo, everyone else had fled or been killed," she says. "I hid in the house with my children. I was waiting to die."

The well-placed source in the capital confirms that the military blocked an attempt by the ICRC in November to make a delivery to Tenancingo.

This same source also contends that, occasionally, displaced people have been told there would be an ICRC delivery when none was actually planned. The Salvadorean armed forces, the source says, then attacked while the people were gathered to wait for the ICRC.

"Three times the Red Cross came to give us assistance and each time their visit was followed by aerial attacks," says a woman from a town outside Tenancingo who is now in a displaced persons ghetto in Santa Cruz Michapa.

Several displaced people in Santa Cruz Michapa, who fled from the Tenancingo area, confirmed all these reports.

The United States Embassy and the Salvadorean government insist that most of the civilians killed in conflict zones are massas. A recent cable sent from U.S. Ambassador Thomas Pickering to the State Department describes the massas as more than innocent bystanders.

And a lieutenant in charge of the National Guard unit in Suchitoto says. "Sure there are bombs being dropped around here all the time. That is because all of the towns out there are filled with either guerrillas or massas."

Suchitoto, which came under heavy guerrilla attack just over a week ago, is virtually surrounded by guerrilla forces. But displaced people, and those who live in guerrilla-occupied confict zones, dispute the claim that only massas are being killed.

"In any of the towns under guerrilla control you have a mixture of people who are sympathetic to the guerrillas and people who are not," says one women in La Escopeta whose two sisters and brother were killed in a Nov. 4, 1983, raid by the Army there. The raid, termed a massacre by local people, left roughly 118 people dead.

"The problem is that the Army, once it enters disputed territory, does not make distinctions," she adds. "All who live here are guerrillas, even the children, and therefore all are targets."●

A CLOSE LOOK AT THE MX PROGRAM

HON. NICHOLAS MAVROULES

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. MAVROULES. Mr. Speaker, in the coming weeks Congress will be debating budget proposals that call for large increases in military spending. With a record-high Federal deficit looming over the economy, such large increases must be questioned.

As we examine these proposals, we will be searching for cuts in defense programs that fail to meet our true national defense requirements. Let us, then, take a close look at the MX program, its original purpose in light of present and future security considerations. According to the Congressional Budget Office, $14 billion would be saved over the next 5 years by canceling this program.

Common Cause has taken a close look at MX. Its findings are expressed in the letter below:

COMMON CAUSE.
Washington, DC, March 28, 1984.

DEAR REPRESENTATIVE: On March 1, Representatives Charles Bennett and Nicholas Mavroules announced in a "Dear Colleague" letter their intention to lead an effort during consideration of the 1985 Defense Authorization bill to end production of the MX missile.

Common Cause believes the arms control, national security and economic reasons for cancelling the MX are compelling. We strongly urge you to support the Bennett-Mavroules effort.

As you know, the House of Representatives considered the MX on three occasions in 1983. Support for this missile dissipated throughout the year, dropping from a 53 vote margin of victory in the spring to a bare nine vote majority for the MX last fall. Developments since that last vote have made it all the more clear, we believe, that this dangerous, costly and unnecessary weapons system should not be built.

At the heart of the case made last year for the MX by a number of key supporters was the argument that the MX was a critical bargaining chip in our ability to negotiate successfully with the Soviet Union. House members who did not believe in the MX as a necessary military weapons system nevertheless argued that it should be built. Representative Les Aspin, for example, said on March 21, 1983.

"Personally I would prefer to junk the MX and go to some other weapon system. But I recognize that the Reagan administration and the Republican Party are locked into building some MX missiles, so a compromise will have to include some limited number of MXes."

The "bargaining chip" argument was made over and over again last year. So was the argument that now was not the time to kill the MX, that such a decision could be made at a later stage if there was no progress on arms control.

For example, Representative Albert Gore, in urging Members to support the MX on July 20, 1983, said,

"Bipartisan support of the President in his dealings with the Soviet Union are paying off. Let us not pull the rug out now."

". . . there will be many more opportunities to have this same debate."

". . . let us move on to the next checkpoint in the fall."

Representative Norm Dicks, in urging support of the MX, also said on July 20, 1983,

"I think it is fair to say that there is some prospect now that the negotiations will get down to a meaningful dialogue. . ."

". . . It seems to me that the kind of motion, the kind of momentum, the kind of movement that we all hope for is now underway. . . ."

Representative Aspin, in calling on Members to back the MX, said on July 20, 1983,

"The choice is between voting against this [Scowcroft] package now and waiting and seeing whether we might want to vote for or against it in another couple of months. Do not vote against this package now and kill the possibility of the package working. Give it a little more time."

On October 14, 1983, Representative Aspin wrote,

"Further, and most importantly, I think that the MX, in the context of the Scowcroft Commission's overall proposal, will afford us a viable bargaining chip to get—and keep—the Soviets at the negotiating table."

As we move into the spring of 1984, however, we have made no progress at all on arms control. Gerard Smith, who negotiated SALT I for President Nixon, and Paul Warnke, who negotiated SALT II for President Carter, last December described the relationship between the Soviet Union and the United States as at its lowest level since the Cuban missile crisis in 1962. They also said, "Never in the history of the talks on control of nuclear arms has so much official activity been accompanied by so little substantive achievement." For the first time in 14 years we are not engaged in any formal nuclear arms control discussions with the Soviet Union.

In fact the MX has not proven to be any kind of "bargaining chip" and the bargaining chip rationale has faded from sight. This follows the fading from sight, after the Scowcroft Commission report, of the previous rational for the MX—that we needed it in order to close a "window of vulnerability" in our strategic triad.

The MX remains however. It is a dangerous weapon that undermines, not enhances, our national security. Former CIA Deputy Director Herbert Scoville, Jr. has described MX missiles as "the most dangerous designed to date. [T]hey made nuclear holocaust much more likely."

The MX is both vulnerable to attack and extremely threatening to the Soviet Union. It is a weapons system that increases instability and escalates the arms race. It is also an extremely expensive weapons system.

If Members of Congress are serious about the need to reduce the size of the proposed growth in the defense budget, then important choices will have to be made. The MX is a multibillion dollar weapons system without a purpose. It belongs at the top of the list of Pentagon programs that should be eliminated, whether for fiscal purposes or for purposes of enhancing our national security.

MX supporters who argued last year to "give it a little more time" have received that time. It has been to no avail. The MX has been stripped of any pretense that it is

critical to productive arms control negotiations.

We strongly urge you to vote for the Bennett-Mavroules proposal which will bar any new MXs in fiscal 1985 and will cancel the MX missiles approved last year.

Sincerely,

FRED WERTHEIMER,
President.●

FRIENDS OF RALPH T. GRANT, JR., WOMEN'S AUXILIARY

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. RODINO. Mr. Speaker, on this coming Sunday, which is of course, Palm Sunday, the Friends of Ralph T. Grant, Jr., Women's Auxiliary will hold its second annual Palm Sunday breakfast in Newark.

This organization came together last year to support and encourage the outstanding work of Newark's City Council president, Rev. Ralph T. Grant, Jr. I am very pleased that the group received such a terrific response last year that they have decided to make this an annual event.

The breakfast will honor women in the media and in medicine. In addition, community service awards will be presented to Coalition VI and the Trinity Temple SDA Church of Newark.

Among those women who will be honored for their contributions to the media are Kae Thompson Payne of channel 47; Jerri Chrisman, president and general manager of WNJR radio station; Lydia Negron of channel 41; Natalie Matinho of the Luso-Americano; and Ms. Barbara Kukla, editor of the Newark Star-Ledger's "Newark, This Week!" section.

Members of the medicine and health care fields who will be cited are Dr. Yvette Bridges, Dr. M. Calhoun Thomas, Mary Singletary of Planned Parenthood, Dr. Maxima L. Andres, Dr. Sharon Johnson, and Patricia Robinson of the Newark Department of Health and Welfare.

I am proud of all the many individuals who are working with this group to make the Second Annual Palm Sunday Breakfast as successful as the first, and wish the Friends of Ralph T. Grant, Jr., Women's Auxiliary the best for many years to come.●

JOURNAL OF COMMERCE REVEALS DOT EFFORT TO BREAK UP CONRAIL

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. FLORIO. Mr. Speaker, in 1981 Congress passed the Northeast Rail Service Act of 1981. In doing so, Congress clearly rejected the efforts of the administration at that time to break Conrail up. A breakup of Conrail would be disastrous to the Northeast and Midwest and would result in the loss of many jobs and much rail service.

The Department of Transportation is currently engaged in efforts to return Conrail to the private sector. The Department has told Congress that it will try to sell Conrail as an entity and will not try to break Conrail up. But what the Department says, and what it is actually doing, are apparently two different things. What follows is an article from the Journal of Commerce of Monday, March 26, 1984, disclosing that the Department is pursuing the idea of breaking Conrail up between two other railroads:

[From the Journal of Commerce, Mar. 26, 1984]

DOT EFFORT TO BREAK UP CONRAIL

CSX Corp. and Department of Transportation officials are discussing the possibility of splitting Conrail in half between CSX and Norfolk Southern Corp.

Reports are that DOT is considering use of a 1976 railroad law allowing the secretary to bring railroads together to discuss rail purchases or market swaps without fear of antitrust exposure.

More recent law requires DOT to attempt to sell Conrail in one piece until June 1, 1984. After that the federally-owned railroad may be sold in pieces.●

INDEPENDENT ALJ's NEEDED TO ASSURE FAIRNESS

HON. FREDERICK C. BOUCHER

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. BOUCHER. Mr. Speaker, last week's action by the House of Representatives to reform the Reagan administration's unfair disability review program is a significant step toward ending abuse and assuring fairness in the administration of the social security disability system. For so long as disability review decisions are made by administrative law judges who are subject to political pressures and manipulation, we cannot fully protect disability benefit recipients from arbitrary decisions based on political factors rather than on the merits of their claims.

I am cosponsoring legislation introduced by Congressman DAN GLICKMAN to provide administrative law judges with the independence and insulation they need to adjudicate fairly disability and other claims. This legislation would establish a specialized corps of administrative law judges and would, in effect, place a wall of separation between the functions of the Federal agency, which are political and administrative in nature, and the decisions of the ALJ, which are judicial in nature.

Similar legislation is pending in the other body. Mr. HEFLIN, the sponsor of the companion bill, makes a strong case for assuring the independence of administrative law judges in an article in the March 1984 issue of "Judicature," the journal of the American Judicature Society. I commend this article to my colleagues.

QUERY: SHOULD FEDERAL ADMINISTRATIVE LAW JUDGES BE INDEPENDENT OF THEIR AGENCIES?

(By Howell Heflin)

When the framers of our Constitution began the task of fashioning our system of government, the creation of an independent judiciary was considered a part of the very foundation and fiber of a free society. Ever since coming to the United States Senate, I have been concerned not only with the independence of our federal judiciary, but also with the independence of the adjudicatory process of our federal agencies and departments.

Today, administrative agencies have wide-ranging powers which touch almost every aspect of our lives. When disputes between the agency and others arise, administrative law judges appointed from within the agency are utilized to resolve the disputes. I believe these disputes should be adjudicated in an atmosphere of independence, and free of bias, in order to ensure fairness and to give credence to these decisions. These judges must be free from any association or personal obligation to any party or agency in order that every litigant be afforded fundamental fairness.

Administrative law judges are a significant part of our federal adjudicating system. Our federal judiciary consists of 515 active U.S. district court judges, yet there are more than twice as many administrative trial judges—1,147. In 1947 there were only 196 ALJs.

As the number of agencies has proliferated and their scope of authority expanded, the jurisdiction of administrative law judges has significantly increased. In some proceedings, an administrative law judge can impose penalties of up to $100,000.

ALJ POWERS AND DUTIES

Administrative law judges, presiding at hearings, have authority to: (1) administer oaths and affirmations; (2) issue subpoenas; (3) rule upon offers of proof and receive relevant evidence; (4) take or cause the taking of depositions; (5) regulate the course of the hearing; (6) hold pre-hearing conferences for the settlement or simplification of issues; (7) dispose of procedural requests; (8) question witnesses; (9) consider the facts in the record and the arguments and contentions made, or questions involved; (10) determine credibility and make findings of fact and conclusions of law; and (11) take any actions authorized by agency rule consistent with provisions of the United States Code, Title 5.

Involved in these functions, the ALJ directs the important pre-hearing discovery procedure, ensuring that all parties have access to unprivileged, relevant information in advance of the hearing. The ALJ rules on any discovery request by the parties.

ALJs are also decisionmakers. ALJs, after hearing the evidence and analyzing the hearing records and legal briefs of the parties, determine the decisive issues in the

case. In arriving at the initial decision, the ALJ is bound by the agencies rules, applicable statutory provisions and the terms of the Constitution. This initial decision becomes the final decision of the agencies if not appealed by the parties or if the agency itself does not seek to review the case on its own motion.

The administrative law judge's role of presiding over hearings, making records and making decisions in administrative proceedings touches the lives of all citizens and significantly affects our national economy. They preside over cases on claims relating to social security benefits; bank mergers; rates for postal, electrical and gas services; international trade applications for licenses and routes for transportation by rail, air, motor vehicle and ship; applications for television and radio licenses; labor-management relations; workmen's compensation claims; compliance with federal standards relating to health, safety, drugs, advertising and many other issues.

Administrative agencies develop policies and cases arise as to the authority of the agency to exercise such policy. In many instances the administrative law judges determine whether the agency has over-stepped the parameters established by Congress. Recently the Federal Trade Commission decided that it had the authority to exercise the power of divestiture, based upon an antitrust concept of shared monopoly. This proposed position was very expansive because it was highly questionable as to whether an administrative agency had the authority to order divestiture under the Sherman Antitrust Act. It was also highly questionable as to whether the theory of shared monopoly in the absence of predatory actions was authorized by law as a violation of the antitrust statute. The trial judge on these matters was an administrative law judge.

The initial Fair Housing legislation instituted in the 96th Congress gave housing ALJs power equal to district judges in fining authority and ability to issue injunctions. There is no question that discrimination should be eliminated wherever it exists, but the question is whether the power to enforce should be within the court or the agencies. I am not debating the merits of the Fair Housing legislation, but merely pointing out that consideration is being given to adding to the authority of ALJs powers that heretofore have been solely vested in courts.

THE POTENTIAL FOR ABUSE

Every congressman and senator has received cries for help in relation to the Social Security Administration's removal of recipients of disability benefits from the Social Security rolls. It is not my purpose to get into a discussion of whether or not the overall policy of reviewing the status of disability recipients is good or bad, but to point out that administrative law judges are playing an important role in the determination of each proposed cancellation. Administrative law judges are privately voicing concern about pressure being placed upon them by officials in the Social Security Administration to support agency action in removing recipients from the disability list. We have received complaints that agencies are establishing quotas on administrative law judges, as well as reviewing their reversal rate of agency decisions on these matters.

The agencies to which the ALJs belong have many indirect ways of exerting influence on their judges. The budget of the ALJ division is determined by the agency. The agency determines whether the judges have a personal secretary or share secretaries, the number of law clerks, etc. The agency determines whether or not the ALJs have their own law library or share a law library with another office. Parking space, hearing room space, and office space is determined by the agency. The agency may decide to close or transfer a field office when it is displeased with certain ALJs.

It has been reported to me that the Federal Trade Commission has 11 administrative law judges. All of these judges were former employees of the Federal Trade Commission. While there is nothing wrong with a U.S. district attorney being elevated to the position of U.S. district judge, I firmly believe that careful scrutiny would be given to a proposal which would create a judges corps of 11 U.S. district judges who had all formerly been prosecutors. At the same time, if all 11 members of the trial judiciary of a district court had been criminal defense lawyers, it would certainly create quite a stir. Certainly, these situations would be questioned by the ABA and every legal and judicial publication, as well as by the media. The content of the ALJ division of the FTC didn't come about without design; in defense of this action, the FTC argues that its judge corps needs expertise—and experience is the best provider of expertise.

It appears to me that there is a need for an independent ALJ corps where direct or indirect pressures from an agency cannot be brought to bear. The mere appearance of bias and prejudice smacks at the vital concept of fundamental fairness.

AN INDEPENDENT ALJ CORPS

Legislation is now pending before Congress to create an independent administrative law judge corps (S. 1275). The corps would consist of all current administrative law judges and would continue to have jurisdiction over proceedings and adjudications as granted under the Administrative Procedure Act. In addition, these corps judges could accept any other cases referred to them by any federal agency or court to make a decision based on records developed at hearings.

The corps would be supervised by a chief ALJ, nominated by a judicial nomination commission and appointed by the President with the advice and consent of the Senate.

The corps would be divided into divisions in keeping with the major specialties of administrative law. Each division would be headed by a division chief judge recommended by the judicial nominations commission, appointed by the President with advice and consent of the Senate. Initially, there would be seven divisions: communications, public utilities and transportation; health, safety and environmental; labor; labor relations; benefit programs; securities, commodities, and trade regulations; and general programs and grants.

Several states have implemented similar systems under which administrative law judges are no longer assigned to individual agencies, but are instead assigned to a single, central panel that provides trial services to various agencies as needed. Substantial cost savings and efficiencies have been achieved in each of those states. More importantly, each state has witnessed an improved public perception of administrative law judges as members of a truly independent administrative judiciary. These advantages and dramtic cost reductions have especially been evident in Minnesota, which adopted an independent central panel system in 1975. It is now time that these advantages are brought to the federal government.

This structural reform is necessary to ensure truly independent adjudications. It will result in significant cost savings and permit more flexible use of the administrative law judges presently employed by 29 separate federal agencies and departments. Also under this system, merit selection is preserved and the expertise of administrative law judges will continue to be utilized.

There are a lot of criticisms about ALJs and their functions. Many judges think that a big mistake was made when "hearing examiners" were given the title of judge. But they now have the title and many litigants' opinions about all judges are influenced by ALJs actions and demeanor.

Regardless of whether one views ALJ proceedings as informal and deplores the failure to follow the rules of evidence, practice and procedure, the fact remains that ALJs' functions and decisions affect the property rights and the livelihood of many Americans. We must ensure that they are able to make those decisions free of the potential for bias and influence inherent in the current system.●

LIMITING RUNAWAY IDB GROWTH

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. LaFALCE. Mr. Speaker, as it is the intent of the House to consider H.R. 4170, the Tax Reform Act of 1984, during the later part of this week, I would like to take this opportunity to urge my colleagues to support the restrictions on the growth of industrial development bonds contained in the legislation.

I have risen on two prior occasions to discuss the need for limits on the growth of industrial development bonds, or IDB's. Today I would like to mention specifically the impact of the proposed legislation in my home State of New York.

In February of this year, Chairman ROSTENKOWSKI and ranking Republican BARBER CONABLE of the House Ways and Means Committee wrote a letter explaining the reasoning of the committee in proposing IDB restrictions. In addition to noting specific abuses of IDB authority, such as utilizing tax-exempt financing for purposes such as gambling establishments and private airplanes, the letter pointed out that overuse of IDB's not only erodes Federal revenue but also forces up the interest rates on traditional types of tax-exempt bonds.

To defend the committee position that an equitable way to limit the burgeoning IDB growth is to apply a $150 per capita limit on each State's IDB volume, Mr. ROSTENKOWSKI and Mr. CONABLE noted that analysis of figures reflecting IDB activity in New York State for the first half of 1983 projected an annualized volume of $62 per

person in the State—a figure well below the proposed cap of $150 per person.

In March, I received a letter from Edward V. Regan, comptroller of the State of New York, who argued persuasively that a cap of $150 would not hurt the State's development efforts. In fact, he noted that "* * * in this case, what is good for the Federal Government may, in the long term, be equally good for the State and local governments of New York."

Mr. Regan's reasoning is particularly instructive, because it provides a concrete example of the problem of higher across-the-board rates for tax exempts described by Chairman ROSTENKOWSKI and Mr. CONABLE. According to Comptroller Regan, "the overall consequence of the proliferation of tax-exempt, private purpose bonds has been an increase in the interest rates on all borrowing by State and local governments."

Using figures prepared by the Urban Institute and the Municipal Finance Officers Association, the comptroller pointed out that the volume of tax-exempt debt issued in 1982 raised overall tax-exempt interest rates by a premium of at least 1.2 percent. Applying the conservative estimate of a 1.2 percent premium to a recently approved $1.25 billion infrastructure bond issue in the State, Regan estimated that New Yorkers will be paying almost $10 million in extra interest every year of the 25-year bond—$10 million every year for 25 years; all because of the excessive growth of tax-exempt private purpose bonds.

Mr. Speaker, after taking these arguments into account, I feel quite certain that I would be doing the taxpayers of my State a disservice unless I stated my strong support for limiting runaway IDB growth. A recent Treasury report found that IDB use in New York amounted to $82 dollars per capita in 1983. That is higher than the $62 projected at midyear, but it is substantially lower than the proposed cap of $150 per year. New Yorkers have been reasonable in their use of IDB's, and it is clear that proposed limitations are not going to produce hardships within the State. The IDB restrictions proposed by the Ways and Means Committee are not meant to endanger local development and growth. Rather they will, as Comptroller Regan argues, prove useful for the Federal Government, State and local governments, and, most important, the Nation's taxpayers.

At this point, I would like to insert the letters from Comptroller Regan and the Ways and Means Committee leadership:

STATE OF NEW YORK,
OFFICE OF THE STATE COMPTROLLER,
Albany, NY, March 2, 1984.

Hon. JOHN J. LAFALCE,
U.S. House of Representatives,
Washington, DC.

DEAR JOHN: As you know, President Reagan's new budget proposes restrictions on the volume of private purpose Industrial Development Bonds. Treasury Secretary Regan estimates the planned cap can raise an estimated $1.4 billion in revenue for the Federal government through fiscal 1987. The Administration thus joins a movement already underway in Congress to limit the growing use of tax-exempt bond issues for non-public purposes.

The potential Federal gain in capping the issuance of tax-exempt bonds is evident. The question I want to address in this letter is whether the Federal gain will be New York State's loss.

In short, I don't think so. If a cap is adopted along the lines of the $150 per capita limitation proposed by the House Ways and Means Committee, it would limit New York State's private purpose bond issues to about $2.6 billion a year. Inasmuch as the State's Office of Federal Affairs estimates the amount of private purpose borrowing this year at about $3.3 billion, that would appear to require a substantial cutback in New York State.

However, the $3.3 billion estimate includes two large bond issues that are not likely to be approved. One is a $500 million bond issue in Industrial Development Bonds to refinance the controversial power plant at Shoreham, Long Island. The second is a $400 million bond issue for a sanitation facility in Brooklyn that has met strong opposition and almost certain delays.

Subtract those two dubious bond issues, and New York State will be issuing about $2.4 billion in Industrial Development Bonds this calendar year, an amount within the projected $2.6 billion cap.

In other states, however, the cap now being discussed apparently would require substantial cutbacks in Industrial Development and other private-purpose bond issues. According to a report by the Treasury Department, at least eight states—most of them western and southern—exceeded the proposed $150 per capita limitation during the first six months of 1983. Nevada led all states during that period with a volume of $307 in borrowing per capita in private purpose debt. New York ranked 39th, with only $43 per capita in private purpose debt for the period.

From these figures, it appears New York State has far less to fear from a debt issuance ceiling then those states that have floated a disproportionate amount of private purpose, tax-exempt debt. Our state could exceed a cap in future years, of course, but our use of tax-exempt bonds for non-public purposes does not appear to be in immediate danger of curtailment.

On a national basis, however, it can be argued that the use of tax-exempt financing for private projects has become excessive. In 1970, these bonds—issued for such purposes as student loans, housing and industrial development—accounted for only four percent of all tax-exempt debt issues. In 1982, private purpose debt accounted for about 50% of the bonds, thus exceeding the amount of tax-exempt issues for such traditional public purposes as highways, bridges, water systems and schools. When tax-exempt financing is made available for building golf courses, massage parlors and other projects serving no clear public purpose, it buttresses the movement to rein in this form of borrowing.

To be sure, the Industrial Development bonds, in particular, have been of great and tangible value in many states. They have capitalized small businesses that generate a high proportion of new jobs, and which always have difficulty in obtaining initial financing. The New York City Industrial Development Agency, for example, estimates in the six years ended in 1981 its IDB program saved 15,000 existing jobs and created 7,000 new jobs.

Nevertheless, the overall consequence of the proliferation in tax-exempt, private purpose bonds has been an increase in the interest rates on all borrowing by state and local governments. Studies by the Urban Institute and the Municipal Finance Officers Association estimate that every billion dollars in additional tax-exempt debt drives up all tax-exempt interest rates from three to seven basis points. Using the most conservative estimate of three basis points, the $44 billion in private purpose, tax-exempt debt issued in 1982 raised over-all tax-exempt interest rates by a premium of 1.2 percent.

What does all this mean in dollar terms for New York State? Assuming a 9 percent rate of interest for the recently passed $1.25 billion infrastructure bond issue, a 1.2 percent premium will account for $244 million of the $1.46 billion New Yorkers will pay in interest over the 25-year life of the bonds.

In other words, for the next quarter-century, the taxpayers of New York State will pay almost $10 million each year in extra interest on this bond issue alone—a premium attributable to the excessive growth of tax-exempt private purpose bonds.

At the State's last general obligation bond sale on February 22, 1984, we sold $100 million in bonds at a net interest rate of 8.8333 percent. The interest cost will be $112.6 million. My office estimates that the 1.2 percent premium included in that amount will cost New York State taxpayers an additional $19 million over the term of the bonds.

I've only mentioned two borrowings. All levels of government in New York—State, City, local, and public authorities—borrow an estimated $5.4 billion each year. The application of the 1.2 percent premium to the varying interest charges on that borrowing could yield an astonishing figure.

As State Comptroller, I'm very much concerned with this adverse and costly effect on the traditional debt offerings of New York State and its 1,600 local governments.

I appreciate the enormous benefits that tax-exempt Industrial Development Bonds have brought to New York State. Neither of us want to see legitimate benefits lost to our state.

On the other hand, it does seem to be possible to reform the excesses in states that have abused their borrowing privileges while not penalizing those states, such as New York, that have been relatively conservative in their policies.

I suggest that an objective review of the facts on this issue may lead you to a similar conclusion. For in this case, what is good for the Federal government may, in the long-term, be equally good for the State and local governments of New York.

Sincerely,

EDWARD V. REGAN,
State Comptroller.

COMMITTEE ON WAYS AND MEANS,
U.S. HOUSE OF REPRESENTATIVES,
Washington, DC, February 9, 1984.

Hon. JOHN J. LAFALCE,
U.S. House of Representatives,
Rayburn Building,
Washington, D.C.

DEAR JOHN: Three months ago, we wrote to you explaining the reasons behind the Committee on Ways and Means' proposal to restrict the use of "private purpose" industrial development bonds. the IDB provisions, contained in H.R. 4170, never reached the floor—given the defeat of the rule the day before the House adjourned. It is our intention to complete necessary committee action on the bill within the month, perhaps in conjunction with the so-called deficit "down-payment" legislation.

But first, we want to caution you that the pressure on you to block this bill—both in Rules and on the floor—will be intense. Most of the attack will be concentrated on the $150 per capita limit on a state's annual IDB volume.

Lined up against the cap are many of the nation's governors and mayors—along with bond counselors, brokerage houses, banks and retail chains. They are bound together in a coalition with great resources and outreach.

They argue that restrictions on "private purpose" IDBs ultimately curtail projects of great benefit to states and localities. They argue that federal aid to states is already precariously low, and that tax-exempt IDBs are a critical factor in attracting commerce and creating local economic growth.

Our rebuttal is that issuance of "private purpose" tax-exempt bonds has mushroomed into one of the nation's major financing techniques. The increase in their use has jumped from $6.2 billion in 1975 to $44 billion in 1982—a growth rate of 39 percent per year! As a percentage of all tax-exempts, "private purpose" bonds (stores, shopping centers, commercial properties, etc.) have just *overtaken* "public purpose" bonds (schools, roads, etc.).

The effect of this volume explosion is not only to erode the federal government's revenue base but also to force up the interest rates on traditional "public purpose" tax-exempt bonds. The greater the volume of "private purpose" bonds, the greater the cost of state and local "public purpose" borrowing. This effect is not distributed equally to states—and more often than not, taxpayers of low-volume states end up subsidizing borrowing for those in high-volume states.

The purpose of the cap is to insure that no state gets a disproportionate share of tax-exempt bonds, and that state and local officials will have to set out their own priorities within the limits of the cap.

It is very important to remember that the cap does not affect "public purpose" bonds used for hospitals, schools, etc. Nor do we have any intention of imposing any limits on their use. Also remember that multifamily rental housing bonds are not restricted by the cap.

Based on actual issuance for the first six months of 1983, the total per capita annualized volume of "private purpose" bonds issued in New York was $62—only 41 percent of the proposed $150 limit.

In 1980, Congress took a critical step toward limiting the growth of "private purpose" tax-exempt bonds by setting state-by-state limits on mortgage subsidy bonds. The committee bill would extend the principle of volume limitations to "private purpose" IDBs and student loan bonds.

Other abuses of present law are also addressed in the committee's bill:

It is abusive to permit a single firm to benefit from small issue IDBs without limit. One of the five richest Americans identified in a recent Forbes article is the principal owner of a multistate chain of retail stores, most of which are financed with IDBs.

It is abusive to permit IDBs to be used for such nonessential purposes as liquor stores, sky boxes, private airplanes and gambling establishments.

It is abusive for developers to avoid the present $10 million limitation on small issue IDBs by financing each unit of a condominium office building or shopping center as a separate issue.

It is abusive for federal government guarantees to be combined with tax-exempt bonds. To do so permits private firms to benefit from securities that are more attractive in the market than either Treasury securities (which are not tax exempt) and general obligation bonds of state and local governments for purposes such as school construction and bridge repair (that are not guaranteed by the federal government).

It is abusive for tax-exempt bonds to be used to finance transfers of existing facilities or large tracts of agricultural land from one owner to another.

We recognize that volume limitations are very controversial, but they are the only effective way to control what has become the equivalent of a runaway entitlement program. A cap of $150 per capita is generous—it is half again as large as the 1981 per capita volume. Less than a fifth of the states currently exceed this amount (and transitional rules have been included to ease the impact here), but in your state the per capita insurance is well below $150.

We realize this is a tough issue. Even though the IDB cap has strong backing in the President's budget, you can expect a "Hill blitz" from the coalitions who oppose any restrictions.

If we can answer specific questions pertaining to your state or the overall subject, please don't hesitate to call.

Sincerely,

DAN ROSTENKOWSKI,
Chairman.
BARBER B. CONABLE, Jr.,
Ranking Republican Member.●

THE 25TH ANNIVERSARY OF BOY SCOUT TROOP 828

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. LONG of Maryland. Mr. Speaker, I wish to bring to the attention of my colleagues the 25th anniversary of Boy Scout Troop 828 of the Lutherville-Timonium area in my district. Sponsored by the Havenwood Presbyterian Church, Troop 828 will hold an Eagle Court of Awards and reunion dinner on April 14, 1984, to celebrate 25 years of Boy Scouting in Lutherville.

Boy Scout troops, since their beginning in 1910, have been one of the most significant builders of character, leadership, ingenuity, and citizenship in the young people of this country. Boy Scout members are instilled with a value system which encourages concern and commitment for one's community. Through the sponsorship of schools, civic groups, and churches—such as Havenwood Presbyterian—Boy Scout activities are organized and awards for achievements are given out, developing the traits I have mentioned among troop members.

I am proud to have Troop 828 contributing to the growth and education of my younger constituents. I congratulate the troop on a quarter of a century of dedicated service and wish them many years of continued success in the Lutherville-Timonium community.●

IN TRIBUTE TO SENATOR FRANK CHURCH

HON. DONALD J. PEASE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. PEASE. Mr. Speaker, I was saddened last weekend to learn of the death of our colleague, Frank Church, who served with distinction for so many years in the U.S. Senate.

Senator Church was a public servant of uncommon vision who had the courage to speak out in defiance of conventional thinking. It is to his everlasting credit that he saw fit to challenge the tragic U.S. involvement in the Vietnam conflict long before it became apparent. I was pleased to see this Congress recently recognize his steadfast leadership on environmental concerns.

Less than a month ago, Frank Church wrote a very thoughful article that spoke of his concerns about the current drift in American foreign policy. With the passing of Senator Church, we would all do well to reflect upon the dangers of seeing the whole world in our image.

The article follows:

WE MUST LEARN TO LIVE WITH REVOLUTIONS: IF THE U.S. CAN BEFRIEND CHINA, IT CAN ACCEPT NICARAGUA

(By Frank Church)

America's inability to come to terms with revolutionary change in the Third World has been a leitmotif of U.S. diplomacy for nearly 40 years. This failure has created our biggest international problems in the postwar era.

But the root of our problem is not, as many Americans persist in believing, the relentless spread of communism. Rather, it is our own difficulty in understanding that Third World revolutions are primarily nationalist, not communist. Nationalism, not capitalism or communism, is the dominant political force in the modern world.

You might think that revolutionary nationalism and the desire for self-determination would be relatively easy for Americans—the first successful revolutionaries to win their independence—to understand. But instead we have been dumbfounded when

other peoples have tried to pursue the goals of our own revolution two centuries ago.

Yes, the United States generally has supported political independence movements, as in India or later in Africa, against the traditional colonial powers of Europe. Those situations were easy for us—we've never been colonialists. But where a nationalist uprising was combined with a Marxist element of some kind or with violent revolutionary behavior, Americans have come unhinged.

This happened most dramatically in the biggest tragedy of American diplomacy since World War II, Vietnam. But it has happened repeatedly in other countries as well, most recently Nicaragua and El Salvador.

Given the size and the seriousness of our failures to deal successfully with nationalistic revolutions, you might think we'd be busy trying to figure out why we've done so badly, and how we could do better in the future. But on the contrary, we simply stick to discredited patterns of behavior, repeating the old errors as though they had never happened before.

The latest example is the report of the Kissinger Commission on Latin America, which painted events in Central America in ominously stark colors. The commission said that in principle America can accept revolutionary situations, but in Nicaragua and El Salvador we cannot. Why? Because of Soviet and Cuban involvement.

But the sad fact is that the Soviets will always try to take advantage of revolutionary situations, as will the Cubans, particularly in this hemisphere. To solve our problem we have to learn to adapt to revolutions even when communists are involved in them, or we will continue to repeat the errors of the last four decades.

Revolutionary regimes are not easy to live with—particularly for a country as conservative as the United States has become. As Hannah Arendt—no Marxist herself—noted in her classic work, "On Revolution," the United States has made a series of desperate attempts to block revolutions in other countries, "with the result that American power and prestige were used and misused to support obsolete and corrupt political regimes that long since had become objects of hatred and contempt among their own citizens."

Why does America, the first nation born of revolution in the modern age, find it so difficult to come to terms with revolutionary change in the late 20th century?

One answer involves the nature of our own revolution. It was essentially a revolt against political stupidity and insensitivity. With sparsely populated, easily accessible and abundant lands, the restless and dissatisfied in early America had an outlet for their discontent. The young United States never had to deal with the limitless misery of an impoverished majority.

In the first half of this century, when the country faced sharpened class conflict as a result of the excesses of an unbridled capitalism, we were blessed with patrician leaders, Theodore and Franklin Roosevelt, who had the foresight to introduce needed reforms. An intelligent, conservative property-owning class had the sense to accept them.

But our experience is alien to other countries which do not share our natural wealth. In poor countries a desperate majority often lives on the margin of subsistence. A selfish property-owning minority and, often, an indifferent middle class intransigently protect their privileges. Dissidence is considered subversive. It isn't surprising that those who seek change resort to insurrection.

They take their lead not from the American, but from the French revolutionary tradition where, in Arendt's phrase, the "passion of compassion" led the Robespierres of the time to terrible excesses in the name of justice for the impoverished masses.

The spectacle of violent, sometimes anarchic revolutionary activity combined with an obsessive fear that revolutions will inevitably fall prey to communism has led us to oppose radical change all over the Third World, even where it is abundantly clear that the existing order offers no real hope of improving the lives of the great majority. As a result, those who ought to be our allies—those who are ready to fight for justice for the impoverished majority—find themselves, as revolutionaries, opposed not only to the ruling forces in their own societies, but the United States.

I am not arguing that revolutions are romantic or pleasant. History is full of examples, from France to Iran, of revolutions born in brutality and often accompanied by extended bloodbaths of vengeance and reprisal, and which ultimately produce just another form of authoritarianism to replace the old. But the fact that we may not like the revolutionary process or its results is, alas, not going to prevent revolutions. On the other hand, the fact that revolutions are going to happen need not mean disaster for the United States. Our past failures do suggest a way we can adapt to revolutions without fighting them or sacrificing vital national interests.

Consider the case of Vietnam. Our overriding concern with "monolithic" communism led us grossly to misread the revolution in that country. Ignoring centuries of enmity between the Vietnamese and the Chinese, our leaders interpreted a possible victory for Ho Chi Minh's forces as a victory for international communism. The war against the French and then the war among the Vietnamese in our eyes became a proxy war by China and the Soviet Union even after those two powers had split, destroying the myth of "monolithic" communism. Indochina, in the new American demonology, was seen as the first in a series of falling dominoes.

Vietnam did fall to the communists, but only two dominoes followed—Laos and Cambodia, both of which we had roped into the war. Thailand, Malaysia and Indonesia continue to exist on their own terms. The People's Republic of China, for whom Hanoi was supposed to be a proxy, is now engaged in armed skirmishes against Vietnam.

Meanwhile, the United States, having been compelled to abandon the delusion of containing the giant of Asia behind a flimsy network of pygmy governments stretched thinly around her vast frontiers, has at last shown the good sense to make friends with China. American influence, far from collapsing, has drawn strength from this sensible new policy, and has been rising ever since. As for communism taking over, it is already a waning force. The thriving economies are capitalist: Japan, South Korea, Taiwan, Hong Kong, Singapore. You don't hear Asians describing communism as the wave of the future.

If any lessons were learned from our ordeal in Southeast Asia, they have yet to show up in the Western Hemisphere, where our objective is not simply to contain, but to eradicate communism, regardless of the circumstances in each case. In pursuit of this goal, we took heed of one restraint. The legacy of resentment against us still harbored by our Latin neighbors, stemming from the days of "gunboat diplomacy," made it advisable, wherever feasible, to substitute "cloak and dagger" methods—covert instead of overt means.

Hence the American-sponsored coup to oust a democratically elected government in Guatemala in 1954. The ousted president, Jacobo Arbenz, was by American standards, a New Deal liberal. But our cold warriors of that era decided he was a red threat. As U.S. Ambassador John Peurifoy, arriving in Guatemala on his special mission, put it: "If Arbenz is not a communist, he'll do until the real thing comes along."

In Cuba, the United States spared no effort to get rid of Fidel Castro. We financed and armed an exile expeditionary force in an attempted repeat of the Guatemalan coup, only to see it routed at the Bay of Pigs. Then the CIA tried repeatedly to assassinate Castro, even enlisting the Mafia in the endeavor; and the United States imposed against Cuba the most severe trade embargo inflicted on any country since the end of World War II.

Even where the left gained power in fair and open elections, the United States has been unwilling to accept the results. Hence the Nixon administration's secret intervention in Chile aimed first at preventing the election of and then at ousting President Salvador Allende.

Despite these and other efforts by the United States, another Marxist regime did arise in the hemisphere: Nicaragua. And, true to form, the United States has again financed, armed and promoted an exile army whose objective is its overthrow.

After spending billions of dollars, and emptying the CIA's bag of dirty tricks, what do we have to show for our efforts? Obviously, the hemisphere has not been swept clean of communism. Cuba and Nicaragua have avowedly Marxist regimes; in El Salvador, an insurrection gains momentum against an American-trained and -equipped army, despite an American-sponsored agrarian reform program and our hopes for the election of a reformist president and legislature. The result defies our grand design: the army fights indifferently; the agrarian reform is stymied, and the Salvadoran middle class and traditional landed interests remain determined to elect extreme rightists to the important legislative and executive positions.

By our unrelenting hostility to Castro, we have invested him with heroic dimensions far greater than would be warranted by Cuba's intrinsic importance in the world. We are in the process of performing a similar service for the commandantes of Nicaragua and, at the same time, discrediting the legitimate domestic opponents of their political excesses. We have left Cuba no alternative to increased reliance upon Russia, and we now seem determined to duplicate the same blunder with Nicaragua.

So by any standard, American policy has failed to achieve its objective: to inoculate the hemisphere against Marxist regimes. But are we fated to cling to the disproven policy of opposing each new revolution because of Marxist involvement, even though the insurgents fight to overthrow an intolerable social and economic order?

By making the outcome of this internal struggle a national security issue for the United States, as the Kissinger Commission does, we virtually guarantee an American military intervention wherever the tide turns in favor of the insurgents. If this hap-

pened in El Salvador, it would be difficult to imagine that the present administration would stop before it had gone "to the source," Nicaragua or even Cuba. In the process, of course we would fulfill Che Guevara's prophecy of two, three, many Vietnams in Latin America.

We should stop exaggerating the threat of Marxist revolution in Third World countries. We know now that there are many variants of Marxist governments and that we can live comfortably with some of them. The dimino theory is no more vaild in Central America than it was in Southeast Asia. And it is an insult to our neighbor, Mexico, for it assumes that Mexico is too weak and unsophisticated to look out for its own interests.

We repeatedly ignore the explicit signals from Marxists in Central America that they will respect our concerns. For example, we worry that the commandantes in Nicaragua will invite the Soviets or the Cubans to establish bases in their countries. Yet, the Sandinista government in Nicaragua has explicitly committed itself not to offer such bases to the Russians or Cubans. Instead, they have offered to enter into a treaty with the United States and other regional countries not to do so. And the political arm of the insurgent in El Salvador has also committed itself to no foreign bases on its soil.

Why not take them up on these commitments? The United States, with the help of other regional powers who share our interests, including Venezuela, Mexico, Colombia and Panama, has the means to ensure that the revolutionaries keep their word. If Nicaragua violated its treaty obligation to those states, the United States would have legal grounds and regional sanction for taking action.

If the threat of communist bases is real, then a negotiated agreement precluding them would surely be perceived as a "victory" for the United States and a "defeat" for the Russians. And with a Nicaraguan treaty agreement with the United States and the countries of the region, the Salvadoran insurgents, should they prevail, would surely follow suit.

Although the Nicaraguan revolution has followed classic lines, in comparative terms it has been relatively moderate. There has been no widespread terror, and the regime has shown itself sensitive to international pressure. If we cannot come to terms with the Nicaraguan revolution, then we probably are fated to oppose all revolutions in the hemisphere.

The problem is illustrated in human terms by a vignette of the Kissinger Commission in Nicaragua. According to press accounts, the members of the commission were angered by the confrontational tone of the meetings with the Nicaraguans and their obvious reliance on Soviet and Cuban intelligence.

Imagine the setting: The commission arrives in Nicaragua one week after the *contras*, supported by the United States, blow up a major oil facility. On the one side, a largely conservative commission led by Henry Kissinger, Robert Strauss, William Clements and Lane Kirkland, men in their late 50s or 60s, expecting to be acclaimed for their willingness to listen to the upstart revolutionaries. On the other side, peacock-proud Nicaraguan *commandantes* in their 30s or early 40s, men and women, who had spent years fighting in the mountains, who had seen their friends and comrades die at their side in opposition to the U.S.-supported Somoza dictatorship, and naturally resentful of U.S. support of the counterrevolution. To them, a commission led by Kissinger, architect of the campaign to destabilize Allende, had to be seen as a facade for the American plan to bring them down. Is it a wonder there was no meeting of minds?

Whoever gains power in Central America must govern. And governing means solving mundane problems: the balance between imports and exports, mobilization of capital, access to technology and know-how. The United States, the Western European countries and the nearby regional powers, Colombia, Mexico and Venezuela, are the primary markets and sources of petroleum, capital and technology. The social democratic movements in Western Europe are important sources of political sustenance for revolutionary movements in Central America.

If we had wit to work with our friends and allies rather than against them, the potential abuses and exuberance of revolution in Central America can be contained within boundaries acceptable to this country. There is no reason to transform a revolution in any of the countries of Central America, regardless from where it draws its initial external support, into a security crisis for us.

The objective of U.S. policy should be to create the conditions in which the logic of geographic proximity, access to American capital and technology and cultural opportunity can begin to exert their inexorable long-term pull. Russia is distant, despotic and economically primitive. It cannot compete with the West in terms of the tools of modernization and the concept of freedom.

But if we insist on painting the Cubas and Nicaraguas of this world—and there will be others—into a corner, we save the Russians from their own disabilities. If, on the other hand, we were to abandon our failed policy and adopt the alternative I suggest, pessimism might soon give way to optimism. After a while, democracy may begin to take root again. The wicked little oligarchies, no longer assured American protection against the grievances of their own people, may even be forced to make the essential concessions. The United States and Cuba might be trading again, joined in several regional pacts to advance the interests of both. And Marxist governments, far from overtaking the hemisphere, will be lagging behind as successful free enterprise countries set the standard.

We will marvel at the progress in our own neighborhood, measured from the day we stopped trying to repress the irrepressible and exchanged our unreasonable fear of communism for a rekindled faith in freedom.●

NAVAJO NATION HONORS DR. ANNIE DODGE WAUNEKA

HON. JOHN McCAIN

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. McCAIN. Mr. Speaker, today, the Navajo Nation honors one of its legendary leaders, Dr. Annie Dodge Wauneka, on the occasion of her 74th birthday. I would like to take this opportunity to recognize a lifetime of achievement by this extraordinary individual.

Dr. Wauneka served the Navajo Nation in many different capacities, and her genuine concern for her people and the betterment of their condition was reflected in all her activities.

Dr. Wauneka's various positions included working on the Arizona Public Health Association, Project Hope, the American Public Health Association, and the Navajo Health Authority. The projects she supported, her proudest accomplishments, all bear witness to her keen sensitivity for the needs and feelings of her fellow human beings.

During her work, Dr. Wauneka established a reputation for honesty and integrity unmatched by most people. Called our legendary mother by the Navajo Nation, Dr. Wauneka did not limit her tremendous efforts to the field of health. She also advanced the cause of better education for native Americans and was rightfully honored for this by the New Mexico Education Association and the Navajo Area School Board Association.

As she carried out all her responsibilities, as she spent considerable energies on many important projects, Dr. Wauneka saw to it that the Navajo Nation's institutions operated with due regard for self-improvement, human rights and the dignity of others. The improvements in the Navajo Nation she generated deservedly earned Dr. Wauneka the title of "Woman of the Year" and the highest civil honor, the Presidential Medal of Freedom.

It is difficult to sum up three-quarters of a century of achievement and dedication. However, the common thread of concern for others that runs through the career of Dr. Annie Dodge Wauneka makes it clear that she has been a true and successful champion of human rights and dignity. We in the House of Representatives wish her a very happy birthday and express to her our gratitude for her dedicated efforts on behalf of native Americans.●

ELECTIONS CREATE INSTABILITY IN EL SALVADOR

HON. RONALD V. DELLUMS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. DELLUMS. Mr. Speaker, I would like to call to the attention of my colleagues a short paper written by Mr. Jeff Jackson, a constituent of mine, on the subject of the elections in El Salvador.

The paper follows:

ELECTIONS CREATE INSTABILITY IN EL SALVADOR

The hoopla surrounding the recent presidential election in El Salvador was no less than a misdirected exaggeration of the

event's significance given the true nature of this "free and fair" election. Two points must be made about the electoral means to a just society in El Salvador. Neither of the two candidates who emerged from and survived the preliminary election, Jose Napoleon Duarte nor Roberto d'Aubuission, have much to offer in peacefully resolving the four year old civil war. More importantly, the fact that a civil war engulfs the country and has prohibited one third of the municipalities in El Salvador from participating in the electoral process makes the purpose of elections dubious.

Despite the fact that a large percentage of the municipalities were alienated from the electoral process, a large percentage did in fact vote for d'Aubuission or Duarte. Sunday's evening news was quick to bring the active participation of the masses home to the American public.

D'Aubuission, the candidate of the right wing National Republican Alliance (Arena), undoubtedly received the majority of his support from those connected to the military or Salvadoran upper-class. His anti-land reform slogans and show of strong military and big business favoritism exemplified the massive polarity of the Salvadoran Society.

A vote in opposition to the Arena candidate was predominantly the result of two fears within the Salvadoran electorate. Moderate military factions feared negative U.S. economic and military assistance reprisals by the U.S. Congress should the alleged "death-squad creator" be elected. Also, the "beneficiaries" of the land expropriated under the 1980 land reforms opposed d'Aubuission, the candidate who promised to return this land to the cattle grazing oligarchial elite and to halt further reforms.

Duarte, the right of center Christian Democrat candidate, received votes from those who favored a "national dialogue" between all factions of the civil war. His platform offers hope for what would seem to be a component of the explicit purpose of the elections—conflict resolution. An attempt to implement his platform is expected to polarize the nation further. According to a Salvadoran political analyst who spoke to the New York Times (NYT, 3/20/83), if Duarte won the presidency, private enterprise would boycott any progressive reforms and an upswing in right wing violence would occur.

Thus the Salvadoran electorate does not have the luxury to participate in the electoral process as a relatively non-polar society. A fear of the system rather than a faith in the system drove the masses to the polls. According to Chris Norton, an independent journalist who covered the 1982 Constituent Assembly elections and who is currently covering the presidential elections, "if they (Salvadorans) don't vote they will be treated as leftist sympathizers by the military." A quick check of a peasant's I.D. card for a stamp verifying voting may have placed the lives of thousands of civilians in the hands of the death squads since 1982.

Despite the fact that there seemed to be little choice in Sunday's "free and fair" elections, one must question the relevance of such an event in the context of an ongoing civil war. Ruben Zamora, spokesperson for the popular forces, affirmed that "there will be no voting" in the 70 to 90 out of 251 municipalities that the popular forces control (NYT, 3/20/84). Thus, it is questionable, under the circumstances, why conditions on U.S. aid demanded formal elections rather than demanding further efforts to bring the factions to the negotiating table. No negotiations seem to be in store with such polarized candidates. Hoopla would have served a better purpose had it pressed this apparent contradiction.

There are many likely outcomes of Sunday's elections none of which will restore peace and democracy in El Salvador. Few will accept negative election results peaceably. Fearful of U.S. aid cutoffs by Congressmen upset with d'Aubuission's connection to death squad activities, moderates in the military are expected to stage a coup to prevent d'Aubuission from assuming power after next month's run-off election. An anti-Duarte coup is also likely given Duarte's plans to instigate a military overhaul. Whenever this pandemonium materializes, the U.S. "peace-keeping force" is ready to move in from Honduras to restore stability for democracy. Assassination attempts should not be ruled out as likely events during and after the month prior to the run-off election.

Since the end result of democratic elections will most probably be any one of the above forms of instability, one questions the stabilizing objective of such a practice. It could be that instability was the planned objective of the U.S. demand for sooner elections in El Salvador. In late November, the Washington based Council on Hemispheric Affairs learned from a Reagan administration source that the Pentagon and the State Department had planned a "military option" (along the lines of that planned for Grenada) to be implemented in Central America should instability occur. The same type of "special forces" troops that paved the way for the Grenada invasion, those trained specifically in counter-insurgency, were sent to Honduras one week before Sunday's election. Instability in El Salvador reinforced by the election begs for the increase in "military advisors" or, better yet, the introduction of a "peace-keeping force."

Democratic elections in El Salvador may not be what we need to focus on. It is high time that the minds and actions of those in Washington reflect the reality that Marxist and Socialist movements in Latin America are a consequence of the injustices of colonialism which have created disarticulated social and economic institutions that are profitable to only the military and the landed elite. Soviet/Cuban imperialism, to the extent to which it poses a threat, has been enhanced by U.S. neglect of our neighbor's problems. Only when this is realized will "unfit" policies and rhetoric give way to creative solutions thus opening the door to lasting diplomatic conflict resolution, peaceful coexistence, and long deserved justice for Salvadorans, Americans, and our world community. Jeff L. Jackson (A former research associate for the Washington based Council on Hemispheric Affairs and a student of Latin American Politics at the University of California at Berkeley).●

INTERNATIONAL COURT'S JURISDICTION DENIED

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. DOWNEY of New York. Mr. Speaker, since I have been in Congress I can think of no other instance in which the United States has so boldly and blatantly attacked the whole fabric of the rule of law in international relations. I am shocked and dismayed that any administration could think it permissible to mine harbors of a country with which we are not at war, endanger international shipping and the rights of free navigation—which incidentally we are seemingly prepared to go to war to protect in the Straits of Hormuz—fail to inform Congress of the full extent of the operations and then, to top it all off, grandly declare that the whole thing is none of anybody's business, least of all the International Court of Justice's.

Let us go back a few years. The year is 1979. The United States took the high moral ground during the Iranian hostage crisis. We went to the International Court of Justice for a decision in our just and righteous complaint against the government of the Ayatollah. The International Court upheld us. We took some consolation that, in the eyes of such an august legal body, our case was judged and not found wanting. What makes 1984 so different?

Yesterday, I read that the denial of the International Court's jurisdiction was not intended to be a sign of disrespect for the world body, nor—perish the thought—an admission of guilt. Instead, we are to see it as a "tactical litigation move." I do not know about you, but when I hear terms such as tactical litigation move, I think of what a lawyer has to do when his or her client get caught with the gun in his or her hand. When one of these harmless mines does some real damage and lives are lost, do we say "We didn't know the mine was loaded"?

Mr. Speaker, I think there is another option. Congress can state clearly and strongly its opposition to the mining of the harbors of Nicaragua. It also can repudiate the President's decision to forego the normal processes of international law. It must make clear that the American people do not place themselves above the law—not now, not ever. The President has complained a great deal in the past weeks that Congress lacks the will to act responsibly in foreign policy. Let us then accept his challenge. Let us act responsibly.

Yesterday, I introduced two resolutions. House Joint Resolution 539 expresses Congress' opposition to the mining of the ports of Nicaragua and directs that the mining end and the mines be removed. House Joint Resolution 540 expresses Congress' disapproval of the President's decision to deny jurisdiction to the World Court with regard to Central America and urges the President to reconsider his decision. I urge all my colleagues to support these two resolutions.●

STEPPED UP ROLE SEEN AFTER U.S. ELECTIONS

HON. ANDREW JACOBS, JR.

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. JACOBS. Mr Speaker, it looks as though every 20 years or so some incumbent President runs for reelection with a sneaky plan to get us into a disaster after the election.

According to the script written in 1964, the next line is, "American boys should not do the fighting for Latin American boys." Screenplay adapted for 1984 from an original story by the Best and Brightest writers. Casts of thousands. Not a low-budget film.

[From the Washington Post, Apr. 10, 1984]

STEPPED-UP ROLE SEEN AFTER U.S. ELECTIONS

(By Bob Woodward and Fred Hiatt)

The CIA views its involvement in the laying of mines in ports off Nicaragua as part of a "holding action" until its covert war against that country's leftist Sandinista government can be stepped up if President Reagan wins reelection, according to senior administration officials.

Administration officials said the minelaying was justified by intelligence reports pointing to a major autumn offensive by leftist rebels in nearby El Salvador. One official close to the intelligence community said that "tons of material are flowing into El Salvador" from Nicaragua for the offensive, which the officials said could compare to the "Tet offensive" in Vietnam in 1968.

While acknowledging that the CIA's direct involvement in the mining of Nicaraguan ports carries significant political and diplomatic risks, this official said it is intended to "harass" Nicaragua rather than to produce any immediate military objective in Central America.

If Reagan wins reelection, however, according to another senior official, "the president is determined to go all out to gain the upper hand" over leftist forces in the region. Such a stepped-up effort is likely to involve substantially more money for U.S.-supported forces in the region rather than the introduction of U.S. troops, this official said.

The laying of underwater mines was approved after the administration considered and rejected a much greater expansion of the covert war late last year, according to officials.

At one point, when necessary support from Congress was not forthcoming, the White House asked the CIA if it could divert money from other operations or "slush funds" for operations in Central America. The CIA responded with a legal opinion advising against any attempt to skirt the letter or spirit of congressional oversight.

"The CIA has become very strict on that and does not want to get into any problems like those in the past," one White House official said.

CIA officials reportedly said that the harbor-mining operation was within the guidelines laid down by Congress for the covert war. Congressional intelligence oversight committees were not notified about the mining before it began, officials said.

The CIA began directing mining operations in several Nicaraguan ports about two months ago, according to officials. The mines are dropped from CIA-owned speedboats operated by U.S.-backed Nicaraguan rebels and specially trained Latin American employees of the CIA.

The operation is directed from a larger CIA vessel that stays in international waters, the officials said. That ship is equipped with a helicopter which provides air cover for the minelaying operations, they added.

The mines are described as crude "homemade" devices triggered by the noise of ships passing over them. They may cause extensive damage but are unlikely to sink large ships, officials said. "It is not designed to kill anyone," one official added.

At least eight ships from several countries, including the Soviet Union and the Netherlands, have been damaged by the mines so far, according to the Nicaraguan government.

Administration officials have told congressional intelligence committees that the covert war against Nicaragua is intended only to pressure the Sandinistas not to "export" revolution to El Salvador and other nations in the region. But occasional broader justifications from officials have led critics to charge that President Reagan wants to topple the Sandinista government.

The Senate last week approved an administration bill providing $61.7 million for military aid to El Salvador's U.S.-backed army and $21 million for CIA support for the Nicaraguan rebels. The House twice rejected the latter request last year and the issue now must be resolved in conference.

Administration officials argued that the $21 million could be crucial in helping the U.S.-backed forces defeat the expected fall offensive in El Salvador. But another informed source was more skeptical and said the $21 million would only allow the U.S.-supported forces to maintain a stalemate in the region during the year.

This source said, and the CIA has not disputed, that President Reagan will increase the U.S. effort in the region if he wins reelection in November. "Everything is on hold until them," this source said, adding that Reagan realizes he still would be unlikely to get the necessary political and congressional support to send U.S. troops into combat in Central America.

Defense Secretary Caspar W. Weinberger told his senior Pentagon staff in a meeting yesterday to make clear, to anyone who asks, that the Pentagon does not have contingency plans to send troops into combat in Central America and to clear all statements on that issue with Michael I. Burch, assistant secretary for public affairs.

Officials said the Pentagon probably does not have contingency plans in the sense of detailed outlines of which Army unit would go where. But, since last summer, U.S. forces have been practicing amphibious landings in Honduras, building military facilities there and pre-positioning ammunition and other equipment in the region.

According to administration officials, CIA Director William J. Casey is optimistic about receiving the additional $21 million from Congress for the covert action in Nicaragua and has not painted an alarmist picture of what will happen if the money does not come through.

But the CIA's worst-case analysis shows that a major leftist rebel offensive in El Salvador could, in the words of one source, "mean the collapse of Salvador." Casey has privately referred to such a prospect as "a double Cuba" that would allow leftists to apply more pressure to other small Central American countries and Mexico.

In the best-case analysis, according to officials, the CIA has determined that, with the $21 million, there is a "fair prospect" of stopping the current resupply of Salvadoran rebels. They added, however, that Reagan's national security advisers realize it is difficult now to gain much ground in the covert war.

It was "too little, too late," one official said, arguing that the only time to come to terms with leftist forces in Central American was in 1979, when the Sandinistas came to power.

"At that time, some settlement could have been forced if [President] Carter had been willing, but he had effectively withdrawn from the region," this official said, suggesting that Reagan may emphasize this in his reelection campaign.

In a major foreign policy speech here last Friday, Reagan said of Central America, "We have a choice: Either we help America's friends defend themselves, and give democracy a chance; or, we abandon our responsibilities and let the Soviet Union and Cuba shape the destiny of our hemisphere."●

DON'T PRAISE PRETORIA

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. SOLARZ. Mr. Speaker, last week one of our colleagues, Hon. HOWARD WOLPE from Michigan published an important article in the New York Times on the negotiations now underway in southern Africa.

Mr. WOLPE as the chairman of the Foreign Affairs Subcommittee on Africa, has long been active in the effort to bring peace and stability to this region. His op-ed brilliantly illustrates the historical facts and events which have greatly contributed to the unrest in this region, and which must be addressed if real peace is to prevail.

Mr. Speaker, I urge my colleagues to read this piece and then to decide for themselves if peace can ever come to southern Africa until the evils of apartheid are abolished.

I ask that the article be reprinted in today's CONGRESSIONAL RECORD.

The article follows:

DON'T PRAISE PRETORIA

(By Howard Wolpe)

WASHINGTON.—For some three weeks now, Americans in the Government and in the press have been celebrating the apparent diplomatic progress that South Africa and its black-ruled neighbors are making toward a regional agreement. In fact, their optimism is sadly misplaced and misses an important part of the story.

Many Americans have praised South Africa for signing a security pact with its historic adversary, Mozambique, and for its apparent willingness to begin to disengage from the conflict in Angola. The State Department has claimed that its mix of policies toward South Africa—a mix known as "constructive engagement"—could, poten-

tially, also bring about a settlement in Southwest Africa, which is also known as Namibia. Some people even suggest that recent events are evidence of a new identity of interests between South Africa and its black-ruled neighbors.

Unfortunately, these optimistic appraisals may, in the end, make American diplomacy in southern Africa increasingly irrelevant to achieving regional stability, as people and governments throughout Africa perceive that America has entered into a long-term accommodation with apartheid.

The fact is that South Africa has never accepted the propect of genuinely independent black-ruled regimes on its borders—and nothing in the agreements being worked out now alters this fundamental reality. Pretoria has waged continuous war against its neighbors, Mozambique and Angola, who are now so weakened by the South African juggernaut that they are forced to sue for peace.

For three years, the South African regime has been trying to destabilize both countries with repeated military strikes. It has rained bombs on the suburbs of Maputo, the capital of Mozambique, killing innocent civilians. It has given logistical and material support to a Mozambican insurgency movement that has terrorized the rural peasantry and seriously strained Mozambique's resources, causing President Zamora Machel to appeal repeatedly to the United States to intervene with South Africa.

The aggression in Angola has been even more direct and more sustained. A permanent South African defense force has occupied Angolan territory, and Pretoria has actively supported the Unita insurgent movement led by Jonas Savimbi. Meanwhile, the Reagan Administration has led South Africa to believe that it could act against its neighbors with impunity and that the United States would do little more than offer an occasional rebuke.

Some Americans see the new dialogue between South Africa and its neighbors as evidence that socialist Mozambique and Angola are looking increasingly toward the West. In fact, neither country has ever shut itself off from the industrial West. Despite our failure to recognize the Government in Luanda—and the covert attempts by President Gerald R. Ford and Henry A. Kissinger to prevent its coming to power in 1975-76—most of our European allies have established diplomatic relations and sought commercial contracts with mineral-rich Angola. One American firm, the Gulf Oil Company, persevered in its operations in the province of Cabinda and has maintained significant trade with Angola ever since. Mozambique has also initiated trade with the West—albeit more slowly than Angola—and has even begun to buy arms from its former colonizer, Portugal.

Why then have Angola and Mozambique begun to talk to South Africa? They feel they must in order to survive. What we are witnessing in southern Africa is a coercive agreement imposed on weak states by the overpowering military force of South Africa. Such an agreement is hardly cause for celebration. Nor is it a victory for American diplomacy.

The recent exchanges have done nothing to change the root causes of conflict and instability in southern Africa—the dehumanizing system of apartheid and South Africa's continuing illegal occupation of Namibia. In these circumstances, it would be a tragic mistake for the United States to "reward" South Africa by easing diplomatic and economic pressures.

American national interests require that we use our diplomacy to press for an end to apartheid and to dissociate ourselves from the South African regime. Apartheid is the root of the instability in southern Africa, for it provides opportunities for the expansion of Soviet and Cuban influence.

There will be no peace until apartheid is abandoned and South Africa's black majority is fully enfranchised. The United States cannot afford to be seen as Pretoria's ally or as an opponent of black aspirations for self-determination. Let us begin now to undo the destructive consequences of constructive engagement.●

EXPORTING LEADERSHIP

HON. TOBY ROTH

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. ROTH. Mr. Speaker, the single most important trade legislation, the Export Administration Act, is now in conference. It's primary purpose is to regulate the export of goods and technologies which would significantly enhance the military capabilities of our potential adversaries, chiefly the Soviet Union.

Today's lead editorial in the Wall Street Journal is a model of the careful analysis needed to make sense of a very tough and complicated law. The Journal makes reference to the "atrophying" Coordinating Committee, called Cocom, which includes most NATO members and Japan. Cocom is designed to make recommendations to its member governments regarding what goods should be subject to export controls.

Cocom must be strengthened to fulfill its original mandate: to coordinate the export control policies of the Western alliance to prevent militarily sensitive civilian dual-use goods from being acquired by the Soviets. Exporting Leadership implies that after 35 years the basic objective of Cocom continues to remain elusive.

Neither the executive branch, Congress, nor the private sector, has published a report or study which attests to the effectiveness of individual Cocom countries to prevent the diversion to the Soviet Union of strategic goods and technologies.

Unfortunately, the House passed version of amendments to the Export Administration Act would weaken U.S. export controls in several key areas. Furthermore, H.R. 3231 does not focus controls on the most advanced high-tech goods. First, the bill (H.R. 3231) eliminates the prior review of export license applications to Cocom countries while other Cocom countries maintain a system of export licenses. What amounts to the elimination of licensing U.S. exports to Cocom countries does not take into account that some U.S. companies would sell our most advanced technology to diverters in Western Europe.

Second, the House bill repeals the President's ability to extend export controls for reasons of foreign policy extraterritorially. The Journal correctly points out the necessity for this control—for reasons of national security as well as foreign policy—until there is much better coordination and agreement among the allies over what should be subject to control.

Mr. Speaker, I urge my colleagues involved in the amending of the Export Administration Act to review Exporting Leadership. It is a benchmark for evaluating the legislation now in conference.

EXPORTING LEADERSHIP

We doubt that Athens had the kind of problems running an alliance that the U.S. has. The Athenians, for instance, would have made darn sure that Sparta didn't get hold of their microchips to build a better catapult. That times have changed is clearly evident from the debate in Congress over the Export Administration Act.

This is the law that lets the president veto sales of goods for reasons of national security. The argument about a new bill pits free marketeers against the defense-minded. As defense-minded free marketeers, we looked at Adam Smith for guidance: "Defense is of much more importance than opulence." Manufacturers shouldn't willy-nilly sell products with military significance to the enemy; their profits don't outweigh the general costs of defense.

But U.S. manufacturers complain that others will sell the goods if they don't, and Europeans don't like the idea of the U.S. applying its rules extraterritorially. There could be a simple solution that would lower the hackles of both groups. The U.S. and its high-tech allies could agree what can be sold and what can't. There's an atrophying group already set up to enforce such a system: the Coordinating Committee for Multilateral Export Controls, called COCOM, which includes NATO (except Spain and Iceland) and Japan.

But the effectiveness of export restrictions depends on whether exports are restricted. So far, weak COCOM rules combined with U.S. restrictions under the Export Administration Act have slowed the technology leak, but only a firmer finger can plug the dike. In 1983 alone, 147 Russian industrial spies were booted out of Western countries. Richard Perle, assistant U.S. defense secretary, recently told Europeans by satellite that 150 Soviet weapons systems use Western technology, adding billions of dollars to our joint defense costs. Just last Thursday, the U.S. charged that Datasaab Contracting A.B. of Sweden had violated an export license by shipping the Soviets parts that enable them to develop a sophisticated military radar capability.

New versions of the Export Administration Act have passed the House and Senate, and are in conference. The Senate bill would somewhat strengthen the president's hand, enabling him to blacklist imports to the U.S. from companies or countries that break the U.S. export rules by reexporting to the Soviet bloc. The House bill would let Congress into the act whenever the president wanted to apply the law overseas. The problem with both bills is the American quandary in the Western alliance: Are the

allies with us or against us on this? If they're with us, extraterritorial application of U.S. rules is largely superfluous. If they're not, the rules are needed as part of the U.S. commander in chief's arsenal.

Mr. Reagan recently angered the Commerce Department—and the allies—by announcing that the Defense Department will have the right to review distribution licenses for several high-tech goods to a dozen non-Communist countries. This is the kind of change that could give COCOM more bite. Take the case of the Digital VAX 11/782.

The parts of this $2 million computer were carefully loaded into crates on a slow, circuitous boat to Russia. The machine was bought by a company in South Africa that fronts for the Soviets. Commerce Department investigators let the shipment through, then found out where the freight was headed. Three crates were stopped in Hamburg. Four others made it to Sweden, where after some diplomatic dillydallying the Olof Palme government shipped the parts back. Another eight crates are not accounted for, presumed by Commerce to be in Russia after passing through various European countries.

The VAX is a serious computer, capable of running the strategic command and control of the Russian nuclear forces. The Commerce Department has told Digital it now must file separate applications for exports to West Germany, Norway and Austria, which are now howling.

The prospects for joint U.S.-European cooperation on controlling exports are not bright. The Europeans harp on the temporary U.S. sanctions in 1981 against technology for the Soviet natural-gas pipeline. They didn't like having their knuckles rapped for subsidizing the cost to Russia of the pipe, paying above-market prices and otherwise engaging in 1970s detente style "trade" as the Russians marched into Afghanistan. That episode, however, does have a happy ending: The plan for a second strand pipeline has been scrapped.

The best way to administer exports would be for the Western nations first to agree on the principle that otherwise unavailable and strategically significant technology should not be transferred to the backward Communists. Then we should come up with a list—probably a long one—of goods that we'll keep from the Soviets. If the allies act together to stop the technology leak, there would be no issue of extraterritorial reach. This was of course the original COCOM idea. If everyone chipped in to make it work, the U.S. wouldn't be in the position of annoying its allies in order to defend the alliance.●

SALUTE TO GEORGE HESS

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. STARK. Mr. Speaker, on May 18, the labor community will gather to honor George A. Hess, business manager/financial security-treasury of Plumbers & Gas Fitters Local Union 444.

George has been a stalwart in the labor movement and has devoted all of his efforts toward improving the conditions for the Plumbers & Gas Fitters Union. He has served as local 444's business manager for over 20 years and during this time has helped create harmony in labor and management through his expertise and leadership ability.

George has been in the forefront of affirmative action for minorities and women through apprenticeship and journeymen training programs. Because of his commitment to job training and apprenticeship, he helped organize the bay area construction opportunity program (BACOP) in 1967–68, which covers five bay area counties. BACOP has placed over 2,000 minorities and women in construction jobs.

He is a longstanding member of the National Joint Apprenticeship Training Committee of the Plumbers and Pipe Fitting Industry. He has been an outstanding officer of the California Pipe Trades Council, president of the Northern Council, president of the Alameda County Building Trades Council, AFL–CIO, and a delegate to the Central Labor Council, AFL–CIO. He has been appointed by State and local elected officials to the Private Industry Council (PIC), the State Housing Finance Committee, the New Oakland Committee and he is a charter member of the Coalition of Labor and Business (COLAB).

The testimonial dinner for George Hess is a fitting tribute to his commitment to labor, his service to his community and his accomplishments in behalf of his fellow workers.●

TRIBUTE TO THE QUANDER FAMILY

HON. WALTER E. FAUNTROY

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. FAUNTROY. Mr. Speaker, it is with great pleasure that I recognize the accomplishments and achievements of the Quander family as it observes and celebrates 300 years of documented presence in America, 1684–1984.

The Quander family is one of the oldest families in America, whose history of being brought to this country against its will and its personal struggle of survival in a country that was hostile and inhospitable to them, is largely paralleled by the history of the entire black race in this country.

The family's documented presence began in 1684 when one Henry Adams, migrated from England to the Maryland colony and later became a member of the colonial legislature, wrote his last will and testament, in which he provided for the manumission of two of his slaves immediately upon his death. Those two slaves were Henry Quando and his wife, Margarett Pugg Quando. From that time the Quander (nee Quando) family has had a strong documented presence in this Nation, and has and continues to contribute as teachers, farmers, doctors, beauticians, lawyers, cooks, and in many other professions.

As early as the 17th century it became a strong family tradition to achieve, this tradition is very much an ongoing part of the Quander family today. This goal and objective throughout the centuries is even more remarkable, given the history of discrimination against black Americans. The history of the Quander family is thoroughly documented in various written records, and clearly and unequivocally established them as the oldest black family in the Prince Georges/Charles County, Md., area, for which records are surviving.

About 1,000 members of the Quander family will gather in Washington, D.C., June 22, 23, and 24, 1984, at Howard University's Blackburn Center, to celebrate 300 years of rich family history in America. Family members are expected to come from all around these United States, and from as far away as Ghana, West Africa, for a formal banquet, general family meeting, and workshops on family geneology.

The Quanders, incorporated as the "Quanders United, Inc.," have been researching their family history since the 1920's, and some parts of the family have been holding annual reunions since 1926. Recent historical inquiries made by the family archivist committee were published in Ghana's most popular weekly newspaper, the Mirror, and resulted in a hurried visit to the United States by a representative of the Amkwandoh family from the Cape Coast, Ghana area, who advised that they had reason to believe that Henry Quando was the son of Eqya Amkwandoh, who was recognized as "The Protector" of his region in Gold Coast, the former name for Ghana, who had been kidnapped more than some 300 years ago and taken away. The family in Ghana believes that when the rollcall was taken of new slaves, the slave dealers thought that the response "Amkwandoh" meant "I am Quando," thus the family name was changed to that form, and again was changed from "Quando" to "Quander," its present spelling and pronunciation, in the census of 1800.

Representatives from the Amkwandoh family in Ghana will attend the Quander Family Tricentennial Celebration in Washington, DC. The Quander family members are mostly concentrated in the Washington, DC, metropolitan area.

As representatives of the people, it is important for us to recognize that the family is the basic structure of our society, and that good strong family ties

should be commended as a model for our youth and the community at large. Indeed, the Quander family is one such family. They have toiled in many vineyards through the centuries, and made meaningful contributions in each, and thus in the future of our Nation. Therefore, it is with great pride that I invite my colleagues to join with me today in saluting the Quander family.

I wish the members of the Quander family continued happiness and success as they advance into their fourth century of documented presence in America, and state that if their future is anything like their past, their contributions will be many and great, and the Nation as a whole and the metropolitan Washington, DC, community in particular, will be the better for it.●

A TRIBUTE TO DAVID ALLEE, FARMINGDALE CITIZEN OF THE YEAR

HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. LENT. Mr. Speaker, on Saturday, April 14, the members of the Farmingdale Lions, Rotary, and Kiwanis service clubs will meet to honor the Farmingdale Citizen of the Year. That man is David Allee. This distinguished honor bestowed upon him by the Inter-Service Council is deserved recognition of David Allee's dedication and talent which have made significant contributions to the betterment of the Farmingdale community and its citizens.

David Allee had the courage and determination to realize a dream. In 1946, David founded the industrial and technical departments at the State University at Farmingdale, now one of New York State's finest engineering and technical schools. He started from scratch with little more than some old, cast-off Army and Navy equipment, an abandoned airplane hangar to house the students and equipment, and a lot of hard work, long hours, and dedication. In those days, the school was known as the New York Agricultural and Technical Institute.

Under David's competent leadership and guidance, the school expanded to offer such courses as: Electrical and mechanical engineering, auto mechanics, civil and architectural engineering, and graphic arts. It features one of the State's first aerospace technology programs. The secretarial, technical secretarial, general hygiene and health sciences—now separate—were also a part of the Ag and Tech Institute. With expert assistance, a math and physics department were created to provide the necessary prerequisite academic foundation for the engineering program.

Throughout his creative career at the State University at Farmingdale, David Allee was well-loved by the students and the staff, not merely as an administrator and founder, but as a friend and caring influence who encouraged the best in all those associated with the school. The respect and admiration in which he is held indicate the effectiveness of his efforts, and his dedication to the furthering of educational development.

David Allee has earned international recognition in the education field as well. After his many years at the State University at Farmingdale, David worked with the United Nations to establish technical and industrial study programs in the Far and Middle East and Africa.

His commitment to the betterment of his community has led to an active and enthusiastic role in civic life in such programs as the Farmingdale Youth Council. As a long-time member of the Farmingdale Rotary Club, David also played a major role in the very successful Rotary project to ship over 200,000 seed packets all over the world. David Allee has given unstintingly of his time and of himself to help make the Farmingdale community a better place in which to live and raise our families.

I would like to express my deepest gratitude for David Allee's years of outstanding public service which are worthy of the highest commendation. I know my colleagues join me in congratulating David Allee on the well-deserved honor of being selected Farmingdale's Citizen of the Year.●

HAZARDOUS WASTE

HON. MARCY KAPTUR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Ms. KAPTUR. Mr. Speaker, nearly 80 percent of the hazardous waste generated in this country is now being disposed of in or on the land. Clearly, it is crucial for the hazardous waste management system to function in a manner that insures the protection of the public health and of the environment.

Currently, the Environmental Protection Agency (EPA) is considering an application for the expansion of a landfill in my district. Many residents of Oregon, Ohio, are quite disturbed about the prospect of a larger landfill containing more hazardous varieties of toxic waste. Moreover, many residents are concerned about the proximity of this landfill to another landfill less than 5 miles away, and about the proximity to the areas two raw-water intake lines which carry water from the intake crib in Lake Erie to the water-treatment plant.

In an effort to gain a better understanding of the landfill permitting process, Senator GLENN and I wrote letters to the EPA which I would like to insert in the CONGRESSIONAL RECORD.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, DC, March 28, 1984.

Mr. JOHN SKINNER,
Director, Office of Solid Waste Environmental Protection Agency, Washington, DC.

DEAR MR. SKINNER: Many of my constituents have contacted me regarding the possible expansion of the Fondessy landfill in Oregon, Ohio. Under consideration is the expansion of both the size of the landfill, and the number of types of approved materials which can be disposed there.

My understanding is that the application for expansion is currently in the administrative review process, and will be entering the technical review process in the near future. In order to allay community concern, I urge you to do your utmost to insure that the Environmental Protection Agency (EPA) conducts a thorough analysis of the application, for both completeness and technical validity, before issuing a permit. Please keep me apprised of any movement in the application procedure.

In an effort to gain a better understanding of the landfill permitting process, I would appreciate your answers to the following questions:

(1) The Fondessy landfill is very close to a densely populated area. Does the EPA include in the criteria for landfill permitting, any standards regarding the proximity of a landfill to a metropolitan area? If so, what are the guidelines?

(2) The Fondessy landfill is less than three-quarters of a mile from the Maumee Bay, and this has aroused great concern among the residents of the area. Does the EPA include in the criteria for landfill permitting any standards regarding the proximity of a landfill to a bay? If so, what are the guidelines?

(3) Ohio has three commercial landfills, and two are less than five miles from each other. Are there any regulations regarding the number of commercial landfills which an area may have? If so, please explain the regulations.

(4) My understanding is that the Fondessy application requests an expansion of the landfill to 6.8 million tons of waste, to reach 45 feet above ground, and to include 470 (up from 40) allowable substances.

Furthermore, it is my understanding that one-half to one-third of the new materials which Fondessy is requesting a permit for, are acutely toxic materials. Is this information correct?

(5) There have been complaints by residents of Oregon of noxious odors around the landfill. People have been questioning the impact which the landfill will have upon the air quality in the region. Are tests performed to ascertain the impact of a landfill upon air quality? If so, what sorts of tests are performed?

(6) There has been seismic activity around the landfill in the past several years. Is information such as this considered when granting permits for the expansion of landfills? If so, what are the criteria used?

(7) More than half of the material to be disposed of in the landfill under the current expansion plans will be material coming in from outside of Ohio. Are there any regulations regarding the quantity of waste which

a state must accept from outside the state? If so, please explain the regulations.

(8) Before authorizing a permit to expand a landfill, does the EPA have an indepth analysis performed on flood plains in the areas?

(9) The main water line in the region passes right alongside the Fondessy landfill. Residents in the area are worried that their source of water could be contaminated. Has this matter been closely examined? If so, what were the findings?

(10) What other means of disposing of toxic waste are currently used besides landfills? Does the EPA plan to move away from landfills in the future? What are the pros and cons of landfills versus other methods of disposal?

(11) Once a landfill with toxic waste is created, for what length of time is the land out of commission for any other use?

(12) If Fondessy is granted a permit to expand the landfill, will more monitoring wells be constructed around the landfill? If so, what are the current plans for the numbers and locations of the new monitoring wells?

(13) The community was not notified that an application was filed to expand the Fondessy landfill. Why is there no public notice in the early stages of the application procedure?

Your answers to these questions will help me gain a better understanding of the landfill permitting process. I would also appreciate knowing whether or not any of the above items may be considered as possible regulations in the future, if there are not currently in the permit guidelines.

Thank you very much for your prompt attention to my questions and concerns. This is a matter of great importance, and I look forward to working with you on this issue in the future.

Sincerely,

MARCY KAPTUR,
Member of Congress.

U.S. SENATE,
COMMITTEE ON GOVERNMENTAL AFFAIRS,
Washington, DC, April 3, 1984.

Mr. JOHN SKINNER,
Director, Office of Solid Waste Environmental Protection Agency, Washington, DC.

DEAR JOHN: One of the cornerstones of the hazardous waste management program is issuance of permits to hazardous waste treatment, storage and disposal facilities. Since nearly 80% of the hazardous waste generated in this country is now being disposed of in or on the land, it is crucial for this system to function in a way that ensures protection of public health and the environment.

As you know, a permit for expansion of the Fondessy landfill in Oregon, Ohio, is currently under review by EPA. Your office was recently contacted by Congresswoman Marcy Kaptur and asked to respond to a number of relevant questions regarding the possible impact of this expansion, particularly on the drinking water supply. I share the interest of Congresswoman Kaptur and many Ohioans in fully understanding how EPA will weigh these factors in making a determination on the Fondessy plan. I would like to join with Congresswoman Kaptur in encouraging EPA to conduct a thorough analysis of this application before issuing a permit.

I would also appreciate you keeping me advised of progress in this matter and look forward to working with your office in the future.

Sincerely,

JOHN GLENN,
U.S. Senator.●

FIFTH ANNUAL SPRING PREMIERE AWARDS BANQUET

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. MURTHA. Mr. Speaker, it is my honor to note in the CONGRESSIONAL RECORD five individuals being honored by the Black United Service Clubs of Johnstown at their fifth annual spring premiere awards banquet.

This year five more individuals are being honored for their commitment to the Johnstown community, the advancement of citizens within the community, and for their leadership in promoting racial harmony within the area.

I would briefly like to mention each of these individuals and the outstanding work they have done.

Capt. Donald Peterson: Captain Peterson and his family have devoted their lives to helping people through the outstanding work of the Salvation Army. Captain Peterson has worked for the Salvation Army for the last 35 years, and also has a daughter who is a Salvation Army officer. I well remember during the disastrous 1977 flood the firsthand look that our own community got at the excellent work the Salvation Army does day in and day out throughout the troubled spots of world, and it is a pleasure to congratulate Captain Peterson on his continuing effort in helping people through this organization and his work as a member of the Rotary Club and ministerial.

Miss Claudia B. Jones: I remember seeing Miss Jones on the local television station where she was the original hostess of "Challenge," a public service program sponsored by the Women's Auxiliary of the Johnstown Branch of the NAACP. But that was just the most visible of a community commitment by Miss Jones that has also seen her efforts as adviser to the University of Pittsburgh at Johnstown Chapter of the NAACP, her development of the program for the Black Family Workshop, and as a member of the Mount Sinai Institutional Baptist Church her organization of the women's day program, youth program, and senior choir. It is through such community involvement that countless lives are enriched and individual lives enchanced, and it is a pleasure to congratulate Miss Jones for her fine work.

Mrs. Faye G. M. Griffin: I am honored to have close ties with the International Ladies Garment Workers Union, and Mrs. Griffin is a former chairperson of that organization and worked for 37 years at the Cay Artley Garment Factory as a presser. It is an indication of her commitment to family and community that she also found time to attend UPJ part time until she received her degree, chaired the prospect area development committee, and has held numerous positions in the Pleasant Hill Baptist Church. She has also worked for the Greater Johnstown Affirmative Action Council and with the CETA program until she retired last year. Though formally retired, her record shows that her spirit and commitment will never retire, and it is a pleasure to see her honored by this award.

Mr. Saul Griffin: I guess no one can fully appreciate the efforts and energy of an elected public official as much as someone else who has the honor to serve, and I certainly remember personally the work of Mr. Saul Griffin on the city council. Along with a career at Bethlehem Steel that spanned 46 years, Mr. Griffin was a leader of local and State NAACP efforts and has served three terms at chairperson. Mr. Griffin also served on the city charter commission and has been active with the Pleasant Hill Baptist Church. His public service and community record is certainly fitting for the receipt of this honor.

Mr. Anthony Genovese: And posthumously, an award goes to Mr. Anthony Genovese who served the community time and time again until his death a little over a year ago. Mr. Genovese worked with the Senior Community Services Center, he was past chairperson of the Kernville Improvement Committee, he was actively involved with the St. Vincent DePaul Society and Operation Touch, and he served as executive director of the Cambria County Housing Corp. The work of Mr. Genovese touched thousands of lives in the Johnstown area, and the good works he accomplished will benefit the lives of these citizens for many years to come.

Besides my congratulations to all these awardees, I also want to add my congratulations to Mr. Allan Andrews and the United Service Clubs of Johnstown for the outstanding work they are doing with the banquet to promote the community's harmony.●

IRS AND THE TAX PROTEST MOVEMENT

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. CONYERS. Mr. Speaker, the tax system has been in jeopardy in recent years. The enormous complexity of the Tax Code has severely weakened public support, as have the pref-

erences, shelters, and loopholes that have removed any remaining vestiges of fairness.

The so-called underground economy, that operates outside tax collection, has seriously hampered revenue raising efforts. In recent years cuts in Government programs also have resulted in a reduction in Internal Revenue Service personnel and tax-collection capabilities.

To all of this should be added a burgeoning tax protest movement, that has gained increasing prominence in the last few years. John Cummings and Ernest Volkman, writing in the April, 1984 issue of Penthouse magazine, provide a very thorough and perceptive analysis of the origins, direction, and consequences of tax protest, and I recommend their article entitled, "No Deposit, No Return," to my colleagues.

The article follows:

[From the Penthouse magazine, April 1984]

NO DEPOSIT, NO RETURN

(By John Cummings and Ernest Volkman)

It was a cold, dreary morning just before dawn on that day in February 1978 when a group of U.S. marshals quietly moved into positions surrounding the small house just outside Kansas City, Missouri. The federal lawmen, armed with an arsenal of heavy firepower including automatic rifles, waited for the signal to move in and capture their dangerous quarry. The order crackled over two-way radios, and the marshals, guns drawn, pounded at the door. Their quarry, Sidney Lemmon and his wife, surrendered meekly when confronted with all that firepower and were led off to jail in handcuffs. With this action, the full might and power of the federal government had at last brought to heel a man it considered a very dangerous criminal.

Sidney Lemmon had refused to answer questions about his income-tax returns. There was virtually no publicity about the arrest of Sidney Lemmon, and even less about his fate afterward. Then 76 years old, with a history of heart trouble, Lemmon was held in a federal prison hospital in Springfield, Missouri, on a charge of contempt of court for citing the Fifth Amendment in refusing to answer the Internal Revenue Service's questions about his tax returns. He continued to hold out against the worst threats the government could devise. These including the possibilities of a long prison term—a virtual death sentence for a man his age. Finally, worn down by his health problems and fearful of what would happen to his wife, he caved in and decided to fight no more.

He agreed to compromise with the government and was ordered released. But the long battle had taken its toll; two weeks after returning home, Sidney Lemmon died. The case against his wife was dropped.

Lemmon's daughter, Mrs. Ginnie Duncan, of Leawood, Kansas, describes her father as "both a creation and victim of the IRS." She is bitter about the government's treatment of him and insists he was no criminal. He was a strict constitutionalist, one of those quirky American patriots whose reading of the United States Constitution persuaded him that nothing in that document gave the government the right to compel its citizens each year to reveal the details of their lives and to take an ever increasing share of their income in taxes. "He was the consummate Old World gentleman," Mrs. Duncan says of her father—a description that tallies with others who knew Lemmon. Among them is Lemmon's attorney, Frank Bysfield III of Kansas City, who shakes his head sadly when recalling the case. Bysfield respected his client's principles, if not his methods. He did not, for example, think it was such a good idea for Lemmon to refuse even to deal with the tax-collection agency.

The question arises: Why did the federal government go to such extraordinary lengths to destroy a 76-year-old man whose crime—refusal to pay his income taxes—amounted to a principled, it quixotic, challenge to a system he believed to be fundamentally unconstitutional? Why all the pressure against a "criminal" who openly proclaimed his refusal to make a deal with the IRS?

Because Sidney Lemmon was the symbol of a growing movement of tax protesters who decided to take on the dreaded IRS in a head-to-head confrontation that has become nothing short of war. The protesters are flatly refusing to pay income taxes, often filing blank tax returns, harassing IRS agents and auditors at their offices refusing to answer any questions put to them by the agency and then daring the IRS to do anything about it. And the IRS has discovered to its horror, that there isn't a hell of a lot it can do about people who defy the system and are willing to go to jail.

Plainly put, the tax system is under a frontal assault by otherwise ordinary Americans who feel, as the famous line from the movie *Network* put it, "We're mad as hell and we're not going to take it anymore!" Officially, the IRS doesn't like to admit that it has a very large problem on its hands, but there are plenty of clues to suggest that there is serious trouble brewing:

A secret set of new guidelines for IRS field agents warns that they may see escalating efforts by the tax-protest movement that will make their jobs harder. Agents are being advised that they will face demands for proof of their authority to ask questions about income, will be obliged to listen to constitutional harangues, and will hear demands that conversations between auditors and taxpayers be tape-recorded or filmed, along with a long list of other actions designed to impede the IRS from collecting taxes.

IRS agents are increasingly aware that they may face armed protesters. A member of one especially bitter antitax organization was shot dead in a gun battle last year after killing two federal marshals who tried to enforce a warrant for probation violation, the result of a previous tax conviction. Violence against IRS agents, considered unthinkable before, is increasing. Two revenue officers were shot in the line of duty: one in Cleveland and another near Buffalo. The officer in Buffalo was killed. The case involved a tax bill of only $1,700.

Groups made up of people who have declared publicly their refusal to pay taxes are proliferating rapidly. There are now an estimated 1,000 such groups nationwide.

New studies show a decline in the rate of voluntary compliance with the tax code, the backbone of the American tax structure. Although it is still high—somewhere around 84 percent, according to confidential IRS studies—compliance was nearly 100 percent a decade ago. And the downward trend is still continuing inexorably.

The protest movement has brought the U.S. Tax Court almost to a standstill. The most recent figures show the court's backlog rose to 57,594 cases last year, a sharp increase over the 45,135 cases just two years ago. In some major cities, taxpayers must wait a year or more for their cases to reach trial. The chief reason for the backlog is the number of tax-protest cases—more than 8,000, a number that is growing every day.

"I don't doubt for one second that there's a very serious problem in the tax-protest area," says one IRS official. "The service likes to pretend that they've got the thing under control, but to tell the truth, the fact is they're scared shitless. They know there is no way, really, you can beat a widescale, well-organized tax-protest movement, whose members in effect look you straight in the eye and say, 'Look, you want to put me in jail? Okay, go ahead, I ain't gonna pay you one red cent of taxes, anyway.' So what can you threaten them with? Most people are frightened to death of the IRS, and with good reason; if they don't pay their taxes, they know damn well the IRS can come and get it out of their hides. And if they did something crooked, they can get thrown in jail. But what do you do with somebody who doesn't care about those kinds of consequences? Shoot them?"

This might be the only recourse, given the fact that everything the IRS has tried to date hasn't worked. Well-publicized prosecutions of tax protesters haven't made a dent in the movement. And the greatly enhanced enforcement power granted the IRS by Congress two years ago has not helped much, either. It seems the more the IRS cracks down, the stronger the tax-protest movement gets.

The IRS Criminal Division (once known as the Intelligence Division) keeps close tabs on the tax-protest movement, but agents admit they do not have a firm handle on specifics—exactly how many people are involved, and how much money is being withheld from the U.S. Treasury. According to the IRS, about 18,000 "protest returns" (returns on which taxpayers refused to comply with the tax system on various grounds) were filed in the 1980 tax year. This figure ballooned to more than 40,000 during the 1982 tax year.

But these are the most visible of the tax rebels. The IRS has no specific information about a more problematic category—"nonfilers," people who simply never file a tax return. The last attempt to develop some sort of statistics on non-filers was six years ago, when they were estimated at about 5.1 million Americans. How many of these nonfilers refused to fill out a tax return for reasons of protest, and how many didn't file because they didn't feel like it, is impossible to judge—although IRS agents suspect that the bulk of the non-filers are in fact protesters who have elected to drop out of the system.

Tax protest is not the same as tax evasion, which involves the illegal use of deductions, tax credits, and, sometimes, elaborate efforts to hide income. Tax evasion is dominated by taxpayers in the $50,000 to $100,000 (and above) income bracket, and includes organized crime and assorted scam artists who try to beat the system. They do not directly challenge the IRS but attempt to manipulate the system.

However, tax evasion and tax protest are legally the same thing—willful failure, as the lawyers like to say, to pay taxes due. The difference is that protesters seek not to manipulate that system, but to overthrow it, to fight it tooth and nail. Thus, IRS offices around the country are receiving a growing

number of tax returns in which taxpayers refuse to answer any questions on the return on the grounds that the Fifth Amendment protects against self-incrimination. The IRS also receives returns that claim the IRS has no right to collect taxes in the first place.

* * * * *

The IRS has been striking back by vigorously prosecuting individuals they think are the leaders and organizers of tax-protest groups. The groups themselves have been devising still more means of attack against the system.

A classic instance occurred in Flint, Michigan, two years ago, when the largest organized tax protests in U.S. history broke out. Nearly 3,500 GM workers united in a direct assault on the tax system. They went after one of the movement's most detested targets, the wage-withholding system. Withholding, an automatic-payroll-deduction plan, was introduced as an emergency measure during World War II to raise cash for the government's expensive war effort. It became a permanent fixture after the war because the U.S. Treasury found it irresistible—it is a huge interest-free loan from the American people that represents the government's cash flow, and greases the wheels.

The autoworkers' group took on that system by filling out W-4 forms—which each employee must file, listing dependents—with grossly exaggerated figures, including some that claimed 99 dependents. In effect, the people filling out the W-4s argued that the IRS could not withhold any taxes from their salaries since they owed no taxes.

The IRS has attempted to smother this protest with audits and penalties against the members of the autoworkers' group, hinting that it will selectively prosecute others under an especially nasty federal law designed to stamp out tax-protest movements. Basically, under the constitutional guarantees of free speech the law says that anyone can advocate violation of the tax laws; however, if as a result of that advice even one taxpayer doesn't pay, then the man who advocated nonpayment can be indicted for income-tax evasion—even if his own returns are perfectly legal.

But the IRS found even this power insufficient to beat the protest movement involving the W-4s. So it moved to get a more powerful weapon. The new clout was an amendment to the Tax Code passed by Congress in 1982 that held employers directly responsible for the validity of W-4 forms. The IRS also got Congress to pass a new law making it a crime for anyone to file a frivolous income-tax return—an unbelievably potent bureaucratic tool, since "frivolous" is not defined in the law, which makes the IRS the final arbiter of what is frivolous and what is not.

Still, even with these weapons the IRS continues to have a hard time with what it officially terms ITPs (individual tax protesters). ITPs continue to defy a larger and more powerful arsenal, including new computers programmed to track down and identify specific protesters and their movements, and experts assigned to every IRS field office who are trained to handle tax-protest cases. And in court the IRS has won 723 out of 727 tax cases involving protesters.

IRS enforcement chief Philip Coates admits that the IRS is becoming increasingly concerned about the tax-protest movement and the attendant rise in violence against tax collectors. He declines to name any specific tax-protest groups most worrisome to the IRS but says the agency is keeping tabs on some of them. Although Coates won't name names, other IRS officials admit privately there is a large-scale undercover effort under way within its Criminal Division to infiltrate the more active tax-protest groups and gather evidence for indictments based on illegal advocacy of tax cheating.

* * * * *

Of all the tax-protest movements, however, by far the most notorious is the Posse Comitatus, and alleged racist, anti-Semitic organizations whose strength is centered in the West and Southwest. Its name is Latin for "power of the country," a common-law concept that permitted sheriffs to form a *posse comitatus* for help in catching criminals rooting out wrongdoing among public officials. The Posse Comitatus organization, formed in the early 1960s to combat the subversion of the "welfare state," has an estimated 3,000-plus members throughout the country.

They advocate the establishment of "townships," which would elect their own officials and recognize no higher authority—and refuse to pay any federal taxes.

Some group members also advocate violence, especially against those goverment officials suspected by the group of violating "God's laws."

* * * * *

The protest centered on what many people felt was an ignominious act: In 1913, the Sixteenth Amendment to the U.S. Constitution was enacted, giving Congress the power to levy and collect direct taxes. (Until that time, the Supreme Court had ruled that the federal government had no right of direct taxation unless it was levied in proportion to a state's population.)

But the tax-protest movement was extremely small, limited to die-hard right-wingers who felt the government had no right to any taxes, much less income taxes. Part of the reason was that before 1932 only about one in nine taxpayers actually paid federal income taxes, mostly because there was no withholdng system, nor were there any vast IRS enforcement powers. Then, too, the tax rates were relatively low, even when added to the deductions for the federal Social Security program.

Things began to change in the 1950s when increasing tax rates spawned the beginning of a tax-revolt movement. This was also spurred on by politics: A number of taxpayers, objecting to taxes being used for military purposes, began to deduct certain portions of their taxes they claimed were used to buy armaments. Still later, other protesters tried to deduct portions of their taxes being used to finance the Vietnam War.

The real crunch came in the late 1960s and early 1970s when sharply increased tax rates, along with quantum leaps in Social Security taxes, began taking very large chunks out of incomes. Indeed, the tax burden for many Americans, particularly in the lower- and middle-income brackets, became oppressive. In that atmosphere, the arguments about "illegal tax systems" found fertile ground.

Those who feel that a full-scale protest against the tax system is the only answer are defined by the IRS as people who "advocate and/or participate in a scheme with a broad exposure that results in the illegal underpayment of taxes." As the definition reveals, the IRS makes no distinction between those who don't pay because they want to keep the money for themselves and those who won't on constitutional grounds. In other words, as far as the IRS (and the law) are concerned, a tax evader is a tax evader is a tax evader.

This may help the IRS enforcement division, but it doesn't address the problem of the growing percentage of Americans who simply refuse to pay any more taxes. They picture themselves not as criminals but as patriots in the great American tradition of the Boston Tea Party and the rebels against the king's stamp tax. Protest groups like to claim that there are millions of Americans who have taken the drastic step of refusing to deal with the tax system. That may be true, but there is a slight problem of definition. There are, by our own estimate, approximately 60,000 who openly defy the system. But there are many others who simply opt out of the system, i.e., they stop paying, mostly because they're disgusted with a system that has become too complex and is taking too much money from taxpayers. Are they tax protesters? Qualifiedly, yes. There is a relatively small difference between sending a tax return to the IRS with the accompanying scrawl, * * * you bloodsuckers," or not filing a return at all. In either event, the taxes have not been paid, which is really what the IRS cares about.

* * * * *

Still, how many people can the IRS reasonably expect to throw into prison for protesting the payment of taxes? A simple question, but it lies at the heart of the whole problem. Obviously, the more people involved in the tax-protest movement, the more difficult it is to eliminate the movement. The government cannot hope to imprison every tax protester. The IRS solution has been selective prosecution, targeting the leaders and organizers of the movement. But that has proven to be a failure, too, for new leaders, new schemes, and new movements keep popping up just as fast as the IRS stamps out their predecessors.

As the IRS is aware, personal income taxes make up the fragile thread on which the entire tax system hangs—these account for $322.8 billion of all taxes collected by the IRS, and without them the government's well would run dry very quickly. The IRS is also aware that by 1981 somewhere around $75 billion in income taxes went uncollected, three times the amount for 1973. That figure represents a rapid climb, and some experts argue that it understates the real size of the shortfall. There is no doubt that more and more Americans are not paying their taxes, an alarming event for a nation that has had the world's best tax-payment record for over 40 years.●

ILLEGAL ALIENS: COSTS TO STATES FOR PROVIDING HEALTH CARE

HON. JAMES H. SCHEUER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. SCHEUER. Mr. Speaker, in the next few weeks, the full House may consider H.R. 1510, the Immigration Reform and Control Act of 1983. As we debate reform of U.S. immigration policy, we must consider the impact of

unrestrained illegal immigration on our States and localities.

An article appeared in the Wall Street Journal last week which discusses the financial burden imposed on California for providing health services to illegal aliens. A recent State court decision entitles illegal aliens to Medi-Cal benefits—a decision State health authorities say will cause their costs to skyrocket. I commend this article to my colleagues' attention.

[From the Wall Street Journal, Apr. 3, 1984]

BENEFITS GIVEN ILLEGAL ALIENS PROMPT DEBATE

(By Marilyn Chase)

Within the hospital nursery of the Los Angeles County-University of Southern California Medical Center, nearly 80% of the 16,000 infants born each year are brand-new citizens—children born to mothers who are undocumented aliens.

"It's not uncommon for pregnant women in Tijuana to hop in the car and head for the border as soon as their labor pains begin," asserts George Shultz, attorney for similarly overburdened hospitals in San Diego.

Medi-Cal, this state's version of Medicaid, has traditionally picked up the babies' bill, but now their mothers too may be eligible for extended Medi-Cal coverage.

In what could prove to be a sweeping precedent, the California Court of Appeal recently ruled that undocumented aliens are entitled to Medi-Cal benefits unless they're under a formal deportation order. "The decision seems to cover everything from an aspirin to quadruple cardiac bypass surgery," says Deputy Attorney General John Klee.

With uncounted millions of aliens living in California, and a six-month backlog of deportation hearings, the practical impact of the ruling could be enormous. California's Department of Health Services anticipates spending an extra $98 million annually, and it has appealed to the California Supreme Court.

But groups like the Mexican-American Legal Defense and Education Fund think the state shouldn't duck responsibility. "Undocumented aliens live in our community," says Maria Rodriguez, a lawyer for the fund. "They provide cheap labor, pay taxes and help build our economy. For this, they're entitled to some benefits."

The vexing question of who should pick up the tab has provoked years of complaints, buck-passing, and even lawsuits between public and private hospitals, local and state governments, counties and the U.S.

This most recent ruling resulted from the case of Rinic Dermegerdich, a 62-year-old Iranian woman who is paralyzed from multiple sclerosis. After about five years and more than $20,000 worth of Medi-Cal payments, Mrs. Dermegerdich was declared an illegal alien in 1982, denied further benefits, and removed from her private nursing home. Her son, Harand Gaspar, a Silicon Valley engineer, refused to take her in.

With the help of Legal Aid, Mrs. Dermegerdich took on the state's medical bureaucracy and won. But now she's sitting in a San Jose county hospital awaiting the outcome of the state's appeal.

Even before the new ruling, California hosptials were heavily burdened. The state granted aliens not simply emergency care, but also temporary coverage for non-emergency illnesses until such time as the U.S. Immigration and Naturalization Service could determine their legal status. Those declared illegal lost their benefits.

The burden of care fell primarily on the public hospitals, because aliens, like most poor people have traditionally used hospital emergency rooms as their primary doctor.

Los Angeles County's Health Services Department—with six public hospitals serving its seven million residents—estimates the annual cost of caring for the country's large undocumented alien population at $150 million. Temporary Medi-Cal benefits for aliens have reimbursed the county $50 million, leaving a net cost to the county of $100 million.

In an attempt to defray its costs further, Los Angeles County tried to enforce Medi-Cal applications as a condition of receiving non-emergency care. The Mexican-American defense fund, in successful litigation against the country, argued that this practice amounted to a denial of care, since aliens applying for Medi-Cal must file with the Immigration and Naturalization Service, and many would choose to sacrifice their health rather than risk deportation.

The argument that undocumented aliens should receive health care because they contribute to the economy is supported by several studies. Leo R. Chavez, a research associate at the University of California at San Diego, cites a Los Angeles County study that estimated that undocumented aliens contributed $2.5 billion in income and sales taxes, while consuming only about $214 million in social services.

Many hospital administrators in the state say that while they are in sympathy with this argument, they don't benefit from the aliens' tax contributions. "The problem is that the taxes go to Sacramento and Washington, while the costs are borne here in Los Angeles," says Robert A. White, Los Angeles County Health Services director.

The appeals court ruling will relieve the burden on counties, but only by passing it to the state. And after painfully trimming $200 million from the Medi-Cal budget last year, the Department of Health Services is determined not to let the ruling stand.

In this impasse, there are no answers forthcoming from Washington. The relevant statute of the Code of Federal Regulation (Title 42, Section 435.402) provides Medicaid to citizens and aliens "lawfully admitted for permanent residence or permanently residing in the U.S. under color of law." Nevertheless, a spokesman for the Health Care Financing Administration of the Department of Health and Human Services says, "States can provide anything they want to anybody—at their own risk."●

U.S. LIABILITY FOR VESSEL DAMAGE ARISING FROM ACCIDENTS IN THE PANAMA CANAL

HON. WILLIAM CARNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. CARNEY. Mr. Speaker, on Thursday, April 5, 1984, I introduced H.R. 5373, a compromise proposal to settle pending vessel damage claims arising from accidents in the Panama Canal, and free the United States from liability for such claims in the future. I believe this proposal is consistent with the administration's position that the United States should not be liable for vessel accidents in the Panama Canal, while providing a mechanism for settlement of existing claims.

Many of my colleagues may be shocked to learn that the United States does now accept limited responsibility for vessel accidents in the Panama Canal, notwithstanding the U.S. relinquishment of sovereignty over the Panama Canal Zone mandated by the 1977 Panama Canal treaties. What is even more disturbing is that the Panama Canal/OCS Subcommittee has approved H.R. 3953, legislation which would expand the scope and nature of the Government's liability for vessels damaged in the canal, and waive immunity to suit for such vessel damage claims.

I am convinced that as more and more Panamanian nationals assume positions of responsibility within the Commission, and as the role of the United States in Panama is reduced and ultimately eliminated when Panama takes over full control of the canal in the year 2000, it makes absolutely no sense for Congress to accept increased responsibility for canal operations as proposed by H.R. 3953.

In considering this issue, it must be noted that under the treaty, the obligation to operate the canal, until the year 2000, is the obligation of the U.S. Government and liabilities incurred by the Commission are liabilities of the U.S. Government. However, under the treaty, the control of the canal passes progressively into the hands of Panamanian nationals. Four of the nine members of the Supervisory Board, the Deputy Administrator, and a continuously increasing number of administrative employees are now Panamanian officials. In 1989, the Administrator will be a Panamanian national.

The position of the Government of Panama is that in the performance of their official functions, the Panamanian nationals are not officers of the United States but are responsible only under the laws of Panama. The United States has acquiesced in this position.

The legislation approved by the Panama Canal/OCS Subcommittee would permit the Commission to create unlimited obligations payable from the U.S. Treasury. The failure of canal revenues to cover these obligations in addition to the canal's operating and capital expense would not eliminate the obligation of the United States to pay those claims; they would have to be paid from the general fund. Such unlimited access to Treasury funds by an organization headed by a foreign national, not officers of the United States, is without precedent.

Considering the burgeoning Federal deficit and the transfer of sovereignty over the Panama Canal Area Zone to

Panama, I do not think the United States should accept responsibility for vessel damage arising from accidents in a canal located in another country and operated by progressively increasing numbers of Panamanians not subject to the laws of the United States.

Certainly when U.S. participation in canal operations is being reduced, it makes no sense to increase our liability for canal operating costs by expanding responsibility for vessel accidents.

I am pleased that this view is shared by the administration. Testifying before the Panama Canal/OCS Subcommittee on November 3, 1983, the administration said that the United States should not be liable for vessel accidents in the Panama Canal, and endorsed the approach taken by my bill, H.R. 4234, to eliminate U.S. liability for vessel accidents in the Panama Canal. At the same time, the administration opposed enactment of H.R. 3953 which would expand the scope and nature of the Government's liability for vessels damaged in the canal, and waive immunity to suit for vessel damage claims.

My compromise proposal would allow for the settlement of current vessel damage claims out of tolls revenues set aside for this purpose and, consistent with the administration's position, eliminate future U.S. liability for vessel accidents in the Panama Canal.

Specifically, the bill will remove the $120,000 limitation on the Commission's authority to settle "outside the locks" vessel damage claims filed by October 1, 1984. Thus, current claims, including those referred to Congress, can be settled by the Commission. My bill also provides that after October 1, 1984, the United States will not be liable for any vessel damage claims arising from accidents in the Panama Canal nor will suit be permitted in connection with such claims.

I believe this proposal represents a responsible solution to resolving the current claims dispute as well as sound policy for the future. The Panama Canal Commission has testified it has the funds available to settle existing claims. However, last year the Commission was unable to set aside funds sufficient to cover amounts claimed. With canal operating costs increasing and revenues on the decline, eliminating liability for accidents should minimize the need to increase tolls by eliminating the requirement for a vessel accident reserve.

In addition, my proposal would take the Commission, a U.S. Government appropriated fund agency, out of the insurance business. Vessel owners already pay substantial premiums to commercial insurance underwriters and protection and indemnity clubs for virtually the same coverage whether or not they transit the canal. Government should provide only what the private sector cannot. Requiring the private sector to provide insurance is consistent with the administration policy to shift costs from the public to the private sector; this is particularly relevant with regard to vessel insurance since over 90 percent of canal traffic is foreign flag and the shift would be to the mostly foreign ship owners and underwriters.

I intend to offer my bill as a substitute when the House Merchant Marine and Fisheries Committee marks up pending claims legislation, and I invite the cosponsorship of my colleagues in this effort.

I urge my colleagues to consider the merits of my bill and the administration's position and vote to free the United States of liability for vessel accidents in the Panama Canal.●

TEACHER SAVES LIFE OF CHILD

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. MURTHA. Mr. Speaker, Paula Schall of Latrobe contacted me recently with a request for recognition of someone in the news. After reading the article, I am proud to insert these remarks in the CONGRESSIONAL RECORD because we are talking about a case where a young man saved the life of a 4-year old girl.

The young girl is Jessica, Paula's daughter, and when she began to choke on two pieces of candy, Kevin Johnson, an instructor in Jessica's day care school, calmly and efficiently saved the girl's life by dislodging the candy and providing mouth-to-mouth resuscitation.

There is no greater act a human being can provide than saving the life of another. When it is a youngster involved, it is particularly moving to all of us. I am proud to add my congratulations to the outstanding act of courage performed by Kevin, and it is an honor to include the news article of the event in the RECORD.

TEACHER SAVES LIFE OF CHILD

(By Anita Wolk)

Kevin Johnson has made quite an impression in his new job as a preschool instructor with the Seton Hill Day Care program.

After only three weeks on the job, the Greensburg man not only feels accepted in the female-dominated program, he has become a hero of sorts.

Johnson, 29, is credited with saving the life of a youngster during a near-tragic incident at the Unity Township center where he works.

According to Paula Schall of Latrobe, her 4-year-old daughter is "alive today because of Kevin. I just think he's the greatest."

Last Friday, Johnson was with his class in a play area when one of the children began choking on candy. By the time little Jessica Schall approached her teacher for help, she was unable to breath. "She was purple," Johnson recalled.

By using past first-aid training and "keeping cool," Johnson was able to dislodge the candy and revive the child who had stopped breathing.

"It was frightening," Johnson said when recalling the incident. "I get shaken up every time I think about it. For awhile there I thought we lost her."

Johnson said he initially tried using the Heimlich maneuver on the child in an effort to force the object from her throat. But that didn't work. It turned out there were two pieces of candy lodged tightly in the child's throat. "I finally had to go down her throat with my fingers to get it out," he said.

"By this time she was out. She wasn't breathing at all," Johnson said. He immediately began mouth-to-mouth resuscitation and although "it seemed like hours," he said, in less than a minute the child was breathing.

Johnson claims he did what anyone would have done under such circumstances, but the parents of the 17 children placed under his care each day aren't willing to underestimate what he did. They've flooded him with cards and gifts as proof of their appreciation.

"We can't be more grateful," commented one parent. "It feels great to know our kids are safe."

The school, for obvious reasons, does not permit candy in the classroom. Schall said her daughter "evidently got her hands on some at home" and took it to school. Since children don't always follow the rules, Schall said she's glad to know "there are people like Kevin watching them."

Johnson said "keeping cool" had a lot to do with the happy ending.

Jessica's mother says, "I don't know if I could have saved her. Thank God Kevin was with her."●

WAIVER OF INTEREST PAYMENTS AND EARLY REPAYMENT OF JOHN F. KENNEDY CENTER FOR THE PERFORMING ARTS REVENUE BONDS

HON. JAMES J. HOWARD

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. HOWARD. Mr. Speaker, today I introduce legislation sponsored by myself and the gentleman from Texas (Mr. WRIGHT), the gentleman from Washington (Mr. FOLEY), the gentleman from Mississippi, (Mr. LOTT), the gentleman from Texas (Mr. WILSON), the gentleman from Pennsylvania (Mr. MCDADE), and finally the former chairman of the Subcommittee on Public Buildings and Grounds of the Committee on Public Works and Transportation, the gentleman from California (Mr. MINETA).

This legislation, recommended by the Department of the Treasury and supported by the Office of Management and Budget, provides for waiver of interest payments and for early repayment of the John F. Kennedy Center for the Performing Arts reve-

nue bonds purchased by the Secretary of the Treasury.

The Kennedy Center was constructed with three primary sources of funding: appropriated funds, totaling $23 million; $34.5 million in private contributions, more than adequate to match the direct Federal appropriations; and $20.4 million in Treasury bonds, due for repayment between 2017 and 2019. The authorizing legislation permitted the Secretary of the Treasury to defer annual interest payments on the bond amounts, and every Treasury Secretary since 1972 has deferred those payments. The Treasury has formally advised the Kennedy Center that it will not defer the interest payment due in 1984.

The proposed legislation would permanently waive interest on this intragovernmental debt and would require the Kennedy Center to begin early repayment of the principle. These payments would be made into a sinking fund to be created and managed by the Treasury Department. The amounts to be paid are calculated to eliminate the principle by the time the bonds come due. While permanently waiving interest payments will reduce Government receipts, the financial reality of the Kennedy Center operation is that it is sound enough to cover its annual operating cost for the indefinite future and to repay the principle amount of their bond obligation but it is not lucrative enough to also pay the compound interest on the bonds.

On April 10, 1984, the Under Secretary of the Treasury for Monetary Affairs, Mr. Beryl W. Sprinkel, transmitted the following correspondence enclosing proposed draft legislation and a background statement explaining the terms of the amendment and providing some historical narrative on the issue addressed by the working group composed of Treasury, OMB, and the Kennedy Center representatives.

The correspondence follows:

THE UNDER SECRETARY OF THE TREASURY FOR MONETARY AFFAIRS,

Washington, DC, April 10, 1984.

Hon. JAMES J. HOWARD,

Chairman, Committee on Public Works and Transportation, Washington, DxC.

DEAR MR. CHAIRMAN: Recently, Secretary Regan and I pledged the Department's cooperation in forging with the Congress a proposal to deal with the Kennedy Center's interest obligation to the Treasury stemming from revenue bonds purchased by the Secretary of the Treasury.

A working group composed of Treasury, OMB, and Kennedy Center representatives has recommended that all deferred and future interest on the obligations be waived. The consensus is that the Center does not have a revenue base with which to meet the $29.4 million of deferred interest or the annual simple interest of $1.2 million and still maintain a viable institution for the performing arts. The group also recommended a sinking fund in the Treasury for amortization of the bond principal of $20.4 million, with annual payments of $200,000 by the Center over a 30-year period beginning on January 1, 1987. The fund would be invested in public debt obligations and the interest income would be paid into the fund.

Another element of the group's recommendations concerns the sharing of overhead costs between the National Park Service (those costs associated with the Center's functions as a national memorial) and the Center (those costs related to performing arts functions). Under a 1971 agreement, the Center pays 23.8% of the overhead and the Park Service pays the balance. The Center has made a strong representation for maintaining this division of costs because of sharply escalating expenses for maintaining its five theaters and its administrative areas—costs not covered by the agreement with the Park Service and for which increasing provision must be made in the Center's budget as the facilities age. After full consideration of these elements, the working group recommended that no change be made in the allocation of the overhead costs of the Center.

Secretary Regan and OMB policy officials have concurred in the approach recommended by the working group, and the Center's Board of Trustees has also approved it. The Interior Department has been fully briefed and also concurs with the working group approach. I urge the Congress to move quickly on the recommendations. While the Department has granted the Center a deferral of the accrued interest on the revenue bonds through December 31, 1984, we have informed them that no further deferrals will be granted by the Secretary of the Treasury. Failing a solution of the problem, therefore, the Center would be in default on the interest obligation after that time.

I am providing, as a legislative drafting service, the enclosed amendment to section 9 of the Kennedy Center Act to implement the working group's recommendations on the interest waiver and the sinking fund. The group feels that the cost-sharing formula does not require legislation, but recommends that it be covered in any legislative history on the proposed amendment. Also enclosed is a background statement explaining the terms of the amendment and providing some historical narrative on the issues addressed by the working group. The group's members and my staff will be glad to provide additional information at any time.

I have provided similar information to the Chairman of the Subcommittee on Buildings and Grounds.

Sincerely,

BERYL W. SPRINKEL.

BACKGROUND STATEMENT TO ACCOMPANY PROPOSED AMENDMENT TO SECTION 9 OF THE KENNEDY CENTER ACT RE KENNEDY CENTER INDEBTEDNESS TO TREASURY

REVENUE BONDS

Section 9 of the above Act authorized the Secretary of the Treasury to purchase $20.4 million in revenue bonds from the Kennedy Center's Board of Trustees. The proceeds were to be used to finance construction of the center's parking facilities; there are twenty-one bonds with maturity dates ranging from 12-31-2017 to 12-31-2019. The bonds provide that the principal and interest are to be paid from parking revenues.

INTEREST DEFERRALS

The Center's parking revenues have never been sufficient to meet the annual simple interest of $1.2 million (partially because the Center borrowed $3.5 million from the parking concessionaire in order to complete building construction and pledged 50 percent of the garage revenues to repayment of this loan between 1972 and 1987). Deferrals of interest were routinely granted by the Treasury under a deferral clause in the statute which provides for interest to accrue, at current interest rates, on the deferrals. The Center's accrued interest obligation from the deferrals (simple interest and compound interest) stood at $29.4 million on December 31, 1983. The Treasury has formally advised the center of its intent not to grant further deferrals.

CENTER'S FINANCIAL SITUATION

The Center's operating budget for FY 1983 was more than $28 million; an operating surplus of only $117,000 was shown for that period. Concession income accounts for only 3.6 percent of the Center's funding, and its share of garage income (a major part of the concession percentage) is expected to be approximately $800,000 in fiscal year 1984. As do other cultural institutions, the Center depends on concession income as a major source of unassigned revenues for the financing of general operations and maintenance.

The Center's arts budget is generally in the black, due in significant part to the control of administrative expenses (from 1978–83 these expenses lagged the general inflation rate by an annual average of 4.2 percent) and concerted efforts to maximize private contributions—totaling $60 million since the center's birth. Past Congressional testimony by cultural center officials from other cities has affirmed that the Center has been aggressive in seeking private support for its arts programs.

NEED FOR RESOLUTION OF CENTER'S FINANCIAL PROBLEM

Only the Congress can resolve this longstanding obligation. The Center has no prospects of paying the deferred interest of $29.4 million, and for the Treasury to declare the Center in default would be totally inconsistent with the Center's unique status as a national "living" memorial to a slain President and a vital national cultural center for the arts.

While there is adequate precedent for waiver of both deferred interest and bond principal (St. Lawrence Seaway and RFK Stadium), the Center has agreed that it could meet an annual amortization schedule for prepayment of the bond principal of $20.4 million—provided the amortization payments were paid into a fund and the fund's investment income were added to the corpus.

PROPOSED LEGISLATION

The proposal would (1) authorize the waiver of all accrued and future interest on the revenue bonds and (2) establish a sinking fund for repayment of the bond principal over a thirty-year period. Fixed annual payments of $200,000 would be made to the fund by the Center, and the Secretary of the Treasury would invest the balance in public debt securities with maturities comparable to those of the revenue bonds. Adjustments of plus/minus 5 percent could be made in the annual payments—giving effect to fluctuations in interest rates—to assure that on December 31, 2016 the fund balance would be sufficient to begin retiring the bonds maturing during the succeeding three years. The proposed legislation also provides for a memorandum of understanding between the Center and the Treasury for ef-

fecting a final settlement of the indebtedness should the fund balance not exactly match the remaining obligation on December 31, 2019. Payments into the fund would begin on January 1, 1987, when the current loan obligation secured by garage revenues is scheduled to be repaid.

COST-SHARING FORMULA

Another element of the proposal, albeit one not requiring legislation, involves the formula under which the Center and the Interior Department (National Park Service) share the operation and maintenance costs of memorial areas of the Kennedy Center structure. Under a 1971 agreement, the Center pays 23.8 percent of these costs—representing overhead costs associated with use of the building as a performing arts center; the Park Service pays the balance—those costs attributable to the Center's use as a national memorial. The Center also is wholly responsible for maintenance of its five theaters and office and backstage areas, costs that have risen sharply as the building has aged. Accordingly, the proposal would not change the current division of overhead costs.

AMENDMENTS TO THE KENNEDY CENTER ACT TO EFFECT AGREEMENTS ON FINANCIAL RELATIONSHIPS BETWEEN THE KENNEDY CENTER AND THE DEPARTMENT OF THE TREASURY

SECTION 1. (a)(1) Section 9 of the Kennedy Center Act (20 U.S.C. 760) is amended by inserting "(a)" immediately after "Sec. 9.", and by striking out the third, fourth, and seventh sentences thereof.

(2) Such section is further amended by adding at the end thereof the following new subsections:

"(b) Effective as of the date of enactment of this subsection the obligations of the Board incurred under subsection (a) of this section shall bear no interest, and the requirement of the Board to pay the unpaid interest which has accrued on such obligations is terminated.

"(c) There is hereby established in the Treasury of the United States a sinking fund, the Kennedy Center Revenue Bond Sinking fund (hereinafter referred to as the "Fund"), which shall be used to retire the obligations of the Board incurred under subsection (a) of this section upon the respective maturities of such obligations. The Board shall pay into the Fund, beginning on January 1, 1987 and ending on January 1, 2016, the annual sum of $200,000 in amoritzation of the principal amount of the obigations. Such sums shall be invested by the Secretary of the Treasury in public debt securities with maturities suitable for the needs of the Fund and bearing interest at rates determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities. The interest on such investments shall be credited to and form a part of the Fund. Monies in the Fund shall be used exclusively to retire the obligations of the Board incurred under subsection (a) of this section. Adjustments of not greater than plus or minus five percent may be made from time to time in the annual payments to the Fund in order to correct any gains or deficiencies as a result of fluctuations in interest rates over the life of the investments. *Provided, however:* that a final adjustment shall be made between the Board and the Secretary of the Treasury at the end of the amortization period to correct any overall gain or deficiency in the Fund. The terms of this adjustment shall be covered by a memorandum of understanding between the Board and the Secretary of the Treasury to be consummated on or before the time the initial payment into the Fund is made."

Mr. Speaker, the John F. Kennedy Center for the Performing Arts was authorized by an act of Congress in 1958 as the national cultural center. When the center was renamed as a living memorial to the late President Kennedy in 1964, Congress appropriated $23 million in construction funds that had to be matched by private contributions, and also authorized borrowing authority that would ultimately amount to $20.4 million. The board of trustees of the center far exceeded the Federal matching requirement and raised $34.5 million from the private sector to complete construction.

Completed in 1971 at a cost of $77 million, the center's replacement cost was recently estimated at $250 million. The Kennedy Center building is owned by the Federal Government, yet the obligation for payment of the bonds rests with the center's board, a group of citizens appointed by the President of the United States and ex-officio representatives of the executive and legislative branches of Government. Periodic audits, conducted by the General Accounting Office and reported to Congress, have underscored the fact that the center is operating efficiently with a minimum overhead, and that "reallocation of revenues to pay its construction debt could adversely affect the center's ability to carry out mandated programing and public service activities" (GAO report, dated April 24, 1980.)

It must be remembered that it was not originally envisioned in 1958 that the center would serve a dual function as both a national memorial and performing arts center. The building, open from early morning to late at night, receives millions of visitors, rather that being limited in function to patron use of the building's theaters in a very restricted time frame. The latter is the case for most other performing arts centers in this country, such as Lincoln Center and the Los Angeles Music Center. The center has been able to achieve the goal set forth by the Congress to allow the building to be a living memorial to the late President John F. Kennedy, as well as a performing arts center.

The John F. Kennedy Center for the Performing Arts is administered as a self-supporting performing arts organization under the direction of a board of trustees, the citizen members of which are appointed by the President of the United States. Affiliates of the Kennedy Center that are presenting programing in its theaters include the National Symphony Orchestra, the Washington Opera, the American Film Institute, and the Washington Performing Arts Society.

The John F. Kennedy Center for the Performing Arts, which celebrated its 10th anniversary in September 1981, reaches far beyond Washington, D.C. to enrich the lives of millions of Americans. The center operates under a congressional mandate to present artistic programing of the highest quality, to serve as a national focus for the performing arts in America, and to reach the broadest possible audience through its activities. The center has become a national catalyst in creating an active partnership with the States to spur volunteer effort on behalf of the arts. Since the center receives no direct Federal appropriation to carry out performing arts programing, for the past 13 years, the Kennedy Center's board of trustees has raised private funds in steadily increasing amounts in order to sponsor and share nationwide the quality programing that has become the center's hallmark. The Kennedy Center raised more than $5 million in private funds this past year to achieve its goals pursuant to the congressional mandate to present quality programing and to further expand its commitment as a national leader in the performing arts.

The National Cultural Center Act of 1958 explicitly recognized that cultural enrichment is a vital part of our Nation's well being. Twenty-six years later, the John F. Kennedy Center stands in lively tribute to the vision of our Nation's leaders as a unique, American cultural institution.●

NETWORK PROJECTIONS OF PRIMARIES A NATIONAL PROBLEM

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. EDWARDS of California. Mr. Speaker, it has only been a short month since the three networks were publicly asked in front of the Telecommunications, Consumer Protection and Finance Subcommittee chaired by TIM WIRTH, to explain why they felt compelled to call a winner in Iowa before the voting had even started there. The hearings, held directly after the Iowa caucus problem, had as other witnesses the Democratic and Republican National Chairmen, concerned citizens and public interest groups. When asked, not one of the networks could offer a convincing reason for making projections or characterizing a race prior to the polls closing. When asked, not one of the networks could explain what public good is served by these early projections. The other witnesses, however, offered very convincing anecdotal testimony and scientific studies which demonstrated the detrimental effect that

network projections have on voter turnout. Both the Democratic and Republican National Party Chairmen agreed that the networks should voluntarily refrain from making early election-day projections.

One would think that after this very informative and conclusive hearing that the networks would have understood that there is no public demand for these projections and that as part of their civic responsibility they should refrain from making them. Voters have a very basic right to be allowed to vote before being told how they voted. All three networks said at the end of the hearing that it is not their practice to make projections in any State before the State's polls have closed. The networks all promised not to make projections until that time in the upcoming primaries and caucuses. All those concerned with increasing voter turnout looked forward to the next round of primaries and caucuses being decided by the voters, rather than the networks.

Unfortunately, this did not happen. On Super Tuesday, March 13, two of the networks made projections at 7 p.m. in States where the polls closed at 8 and 9 p.m.

Last Tuesday, April 3, as we all know, was the very important New York primary. Democratic and Republic Members of Congress and Senate in that State, wishing to insure a large voter turnout, wrote to the three networks requesting that they refrain voluntarily from making early projections or characterizing a winner before all the polls closed. They asked this also in the interest in maintaining the historical integrity of the electoral process.

The networks, it seems, chose to ignore their past promises of a month ago and the requests of this responsible group of New York public officials and opted instead to make projections prior to the closing of the polls at 9 p.m. The network projections started at 6:30 p.m. New York election officials stated that 50 percent of New York's vote would be cast between 5 and 9 p.m.

Following are the statements made by all three networks on April 3, 1984:

Tom Brokaw, NBC News, "It is a very big night for Walter Mondale, he appears to be winning a decisive margin."

John Chancellor, NBC News, "Mondale appears to be a strong first and the apparent victor."

Dan Rather, CBS News, "This may turn out to be a big night for Walter Mondale and Jesse Jackson."

Peter Jennings, ABC News, "It appears to be going well for Walter Mondale."

It seems from the April 5 New York Times editorial, "Democracy Enlarged; Also Polluted," that New Yorkers have just experienced firsthand what we on the west coast have experienced for years. That is, the networks deciding the outcome of the election before any of the polls have closed. The networks' use of their exit polls to make early election-day projections has intruded and interfered with our electoral process. Up until the most recent events in Iowa and now New York, network projections have been viewed primarily as a west coast problem. It is not a regional problem but rather a national problem which requires national attention for a solution.

It is with this in mind that I urge all of my colleagues to join me in calling upon the networks to refrain voluntarily from publishing, announcing, or characterizing projected election results before all caucus voting has concluded or all polls have closed in any particular State and to call on them to refrain voluntarily from publishing, announcing, or characterizing projected results in a Presidential general election before all polls have closed throughout the United States. It is incumbent upon all Members of Congress, East and West, Democrat and Republican, to act now to pass a resolution on this issue and protect the voting rights of all Americans.●

A TRIBUTE TO PHIL BURTON

HON. RICHARD H. LEHMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. LEHMAN of California. Mr. Speaker, 1 year ago this House lost a great leader, and I lost a great friend. It is appropriate on the anniversary of his death that we remember the largeness of this man and the rightness of his principles. We are not prepared to lose this fighter for ordinary people, this protector of our national heritage. But we did.

On this occasion, I believe Phil would prefer his tributes to take the form of action, not rhetoric. Phil would be happiest with our work if we were to succeed in enacting a strong California wilderness bill. I urge my colleagues in the Senate not to let this opportunity pass to do right by Phil, by the Nation, and by ourselves.

Finally, to Phil's wife SALA, I wish to extend my deepest sympathy on this sad day.●

MX PEACEKEEPER

HON. BARBARA BOXER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mrs. BOXER. Mr. Speaker, I submit an article from the Christian Science Monitor regarding the "MX Peacekeeper":

"MX PEACEKEEPER" FINDS LITTLE PEACE IN RESTIVE CONGRESS

(By Brad Knickerbocker)

WASHINGTON.—The fourth test shot of the MX missile was held the other day, a successful and routine launch that caused little stir. But recent developments suggest that the controversial strategic nuclear weapon remains a likely target for congressional budget cutters.

Money for missile production barely squeaks through Congress last year, with lukewarm supporters tying their votes to the promise of arms control. Superpower efforts at Geneva have languished since then, leading a number of those half-hearted backers to waver. Even conservatives on Capitol Hill say that they may not be averse to cutting in half the administration's request for 40 missiles in the coming fiscal year.

Beyond Washington, the MX is being reignited as an important political issue. All three Democratic presidential candidates oppose the missile. Whoever carries the party flag into November is sure to score the administration for continuing the nuclear arms race.

Common Cause is redoubling its effort against the MX, and the so-called "citizens lobby" is expected to be especially active this presidential election year.

Wyoming Gov. Ed Herschler (D), who earlier favored basing the MX in his state, recently joined Nebraska Gov. Bob Kerrey (D) in asking the Reagan administration to delay MX deployment. They cited continuing concerns about environmental impact, federal deficit, and the possibility that an arms control agreement could be reached.

"I think the MX is in danger again," said Rep. Jim Courter (R) of New Jersey, a member of the House Armed Services Committee. Representative Courter raises questions about deploying the large, highly accurate 10-warhead missile in existing Minuteman missile silos. Critics say placing such a threatening weapon in vulnerable silos is destabilizing because it increases the likehood of a preemptive enemy attack.

Last year's narrow margin for the MX in the House of Representatives (just nine votes out of 425 cast), "wasn't a commitment for the missile," says Courter, "it was a commitment for that year's package with arms control."

There is also a growing sense, as the young New Jersey Republican says, "that we have to reexamine entirely the strategic doctrine that we have of 'mutual assured destruction.'"

The first of 100 "Peacekeeper" missiles, as President Reagan named them, are scheduled to be deployed in 1986. A recent congressional investigation reportedly warns that this might come before full testing or silo preparation had been completed.

Those urging cuts in the Pentagon's MX request for the coming year also point to Congressional Budget Office findings on the missile's cost.

The CBO reported that approving 21 missiles this year instead of 40 (in other words, the same number as last year) would save $4.4 billion through 1989, assuming there was eventually some progress on arms control.

Terminating the MX program entirely, CBO analysts found, would save $14 billion.

Such a move also would be consistent with the philosophy underlying the administration's strategic-arms reduction proposal, the CBO suggested, particularly the idea that

single-warhead missiles that are small and mobile are more stabilizing than large ICBMs in fixed silos.

In recent weeks, there also has been increasing criticism of the President's ballistic missile defense initiative as outlined a year ago in his controversial "Star Wars" speech. In its recent final report, the President's Commission on Strategic Forces (the Scowcroft commission) urged "extreme caution" in proceeding with a missile defense system that could undercut the Anti-Ballistic Missile Treaty of 1972.

The MX is seen by many as a new generation in multiwarhead missiles that could be used as part of a first strike. In combination with a defense system designed to render an opponent's warheads "impotent and obsolete" it is argued, the MX could be seen as even more threatening and therefore likely to increase superpower confrontation.●

VOLUNTARY SCHOOL PRAYER AMENDMENT

HON. BOB McEWEN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. McEWEN. Mr. Speaker, I rise today to express my strong support for the voluntary school prayer amendment. If Congress is to act responsibly, it cannot ignore that 81 percent of the American people favor voluntary prayer in our schools.

This national mood gives us hope that we have not completely strayed from our heritage. Alexis de Tocqueville observed 150 years ago that America's religious faith was essential to her repubilican institutions. The people of this great country have not forgotten that truth. The natural rights described in the Declaration of Independence came from God, not men or governments. The freedom to protect and exercise those natural rights assumed a constant religious responsibility. Prayer is an exercise of religious faith that fosters the national spirit.

Voluntary prayer strikes that delicate balance of the first amendment. Government does not have the right to impose a particular religious view. Government does have the duty to preserve an environment in which children and adults can exercise their religious rights.

We are at a crossroads. Is the West exhausted, as Alexander Solzhenitsyn suggests? Have we lost our civil courage? Have we become a despiritualized, irreligious, humanistic society that has lost touch with our common values? I believe we have not. The people of this Nation demonstrate a common religious spirit. Congress must act to insure that all Americans have the right to pray in public as well as private institutions. By supporting the voluntary school prayer amendment, we can insure that the American Government does not actively bar access to spiritual revitilization for all people.●

THE GOOD HUMAN RELATIONS AWARD

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. MURTHA. Mr. Speaker, it is my pleasure to include in the official RECORD of the U.S. Congress, this statement honoring two citizens who will soon be cited for work in helping their fellow human beings.

April 26 is the date for the 21st annual presentation of the Good Human Relations Award by the Carnegians International, Johnstown Chapter.

Being honored this year are:

Mr. Joseph R. Casale—I have known and worked with Joe Casale for many years. He is receiving the Community Award for his efforts on behalf of working people in our area. Joe began working with the Bureau of Employment Security back in 1937 and was recently honored at a managers' meeting in Harrisburg as the outstanding senior manager in the State. Joe says quite revealingly that his greatest career satisfaction is being able to find jobs for citizens who are unemployed. Joe also has given his time and efforts repeatedly to the community through his work on the Cambria County Industrial Development Authority, the county transit authority, the vo-tech school, and numerous other groups involved in community improvement. Joe Casale rightly deserves this community honor.

Ms. Marie Sansone—Ms. Sansone is receiving the Inside Award and her activities exemplify my feeling that the greatest strength of our great Nation rests with the individual commitment and dedication of citizens like Ms. Sansone. She has regularly devoted hours or her time to visit the ill through the Legion of Mary and Cursio. She is a member of the Catholic Daughters of America, and has exemplified in her life the religious principles outlined by her affiliation with the Catholic Church in Johnstown and Indiana. There are literally thousands of lives that are more humanly rich, enjoyable, and productive because of the work of Ms. Sansone. There is no higher calling for individuals and the work by Ms. Sansone exemplifies the outstanding good that can be done by an individual.

My congratulations to both these worthy recipients. It is my pleasure to honor them in the CONGRESSIONAL RECORD.●

URGE SUPPORT FOR H.R. 7 TO INSURE PROPER NUTRITION FOR AMERICAN CHILDREN

HON. FREDERICK C. BOUCHER

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. BOUCHER. Mr. Speaker, today, we have an opportunity to reaffirm our solid commitment to the importance of school lunch and child nutrition programs for the health and education of our children. As a cosponsor of this measure and as a member of the Education and Labor Committee, I rise to urge my colleagues to join with me in supporting H.R. 7, the National School Lunch and Child Nutrition Amendments of 1984.

Recent studies by the U.S. Department of Agriculture document the very positive effect of nutrition programs on participating schoolchildren. Moreover, there is an important correlation between the nutrition habits of a child and the child's ability to participate successfully in school.

Yet, in 1981, at the request of this administration, Federal support for child nutrition programs was slashed by more than one-third. This action reduced the Federal reimbursement for school lunches, raised the price charged to children, and tighted eligibility requirements. As a result, the door to these school nutrition programs was effectively closed for 3.5 million children who previously qualified for reduced price lunch or breakfast programs. In Virginia, participation in school nutrition programs dropped almost 16 percent because of the reduction in funding.

The school lunch and breakfast programs have a record of proven effectiveness. Last fall, the Education and Labor Committee held a series of hearings in my district in southwest Virginia. Students, parents, teachers, and school administrators all shared with the committee their views of the value of school lunch and breakfast programs to the children of southwest Virginia and the severe impact of budget cuts on their ability to serve these children.

Last year, both Houses of Congress approved a budget resolution which recognized the need to strengthen Federal support for child nutrition programs. In addition, an overwhelming majority of my colleagues in this Chamber approved legislation to restore a portion of the funding cut 3 years ago. Unfortunately, the other body has refused to consider any measure to restore support for child nutrition.

The provisions of the House-passed child nutrition bill are included in the measure we are considering today, H.R. 7, and I hope that passage once

again of the restoration of Federal support to child nutrition programs will serve as a signal to the other body of the urgency of these measures.

H.R. 7 also extends the authorizations for five other effective child nutrition programs: the special supplemental food program for women, children and infants (WIC), the child care food program, the State administrative expenses program, the commodity distribution program and the nutrition education and training program.

The WIC program has earned the support of a broad, bipartisan coalition of my colleagues through its efficiency and cost-effectiveness. By providing food assistance to low-income pregnant women, infants, and young children who are nutritionally at risk, this program has successfully reduced infant mortality and has improved the health of many young children from low-income families. Moreover, the WIC program saves an estimated $3 for every $1 invested by the Federal Government.

As the number of women and children needing assistance increases, Federal support has been reduced. Currently, the WIC program serves only 30 percent of those eligible for assistance. H.R. 7 provides for a modest increase in funding for WIC to permit an additional 150,000 individuals to be served by this program.

The school lunch and breakfast programs, the child care food program, the summer feeding program, and other child nutrition programs are important for our children, both nutritionally and educationally. Programs such as the nutrition, education and training program and the State administrative expenses program complement these nutrition programs by providing the resources and training necessary to educate our children regarding the importance of proper nutrition. H.R. 7 insures that we continue our commitment to these programs.

I would like to remind my colleagues that the first concurrent resolution on the Budget recently approved by this Chamber assumes full funding of the provisions of this measure. I, therefore, urge my colleagues to join with me in supporting H.R. 7 to insure the proper nutrition of American children.●

LONGSHOREMEN'S AND HARBOR WORKERS' COMPENSATION ACT

HON. BRIAN J. DONNELLY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. DONNELLY. Mr. Speaker, I am delighted that the House has passed S. 38, the Longshoremen's and Harbor Workers Compensation Amendments of 1983, as reported by the Committee on Education and Labor. Key provisions of S. 38 eliminate procedural barriers to compensation under the Longshore Act for victims of longlatency occupational diseases such as asbestosis. A National Cancer Institute study has demonstrated conclusively that shipyard workers who are exposed to asbestos, widely used for the covering of pipes for many years, are at great risk of developing respiratory cancer, asbestosis in particular. Not only do these workers suffer the agony of a debilitating and often fatal disease, they have had to try to obtain disability compensation under a law particularly ill-suited to claims based on a long-latency occupational disease such as asbestosis. The result has been delayed compensation awards, protracted litigation, and unfair decisions barring compensation for deserving claimants.

S. 38 will eliminate procedural barriers to asbestosis claimants and thereby achieve the goals of H.R. 2106, legislation I introduced to correct these problems. Previously, a claimant under the Longshore Act was required to give notice of injury for which he sought compensation within 30 days of sustaining the injury. Asbestosis has a latency period of up to 15 years. Thus, the period of time between the injury, when a worker contacts asbestosis, and the arising of the claim, when asbestosis is diagnosed, may be so long as to make the 30-day period meaningless. Under S. 38, if a claim under the Longshore Act is based on a long-latency occupational disease such as asbestosis, the notice of injury requirement is eliminated.

S. 38 addresses the equally difficult barrier the statute of limitations presents to occupational disease claimants. The Longshore Act requires that a claim be filed within 1 year after the date of injury. It is most unfair to apply this statute of limitations standard to asbestosis claims, because asbestosis is a long-latency disease which may display no symptoms for years after exposure, or injury. Many asbestosis claimants have been denied recovery because the statute of limitations had run before the disease was even diagnosed. S. 38 tolls the running of the 1-year statute of limitations in the Longshore Act for individuals whose claims may be based on a long-latency occupational disease until those individuals are actually partially or totally disabled.

Passage of this legislation makes the compensation system for asbestosis victims a more rational, humane, and beneficial system. The House has today performed a major service for asbestosis victims and their families.●

HONORING REV. FLOYD H. FLAKE

HON. JOSEPH P. ADDABBO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. ADDABBO. Mr. Speaker, I would like to bring to the attention of my colleagues in the House, the accomplishments of Rev. Floyd H. Flake, pastor of the Allen AME Church in Jamaica, NY. Reverend Flake was recently honored by the Greater New York Chapter of the Wilberforce University Alumni Association for his outstanding service to his church and community.

Over the past several years, I have had considerable contact with Reverend Flake. Always he has expressed a supreme need to help people. He has distinguished himself as a leader in the community and worked toward goals that will enhance our city. Reverend Flake was instrumental in bringing about the construction of a senior citizen's housing complex, and the development of a needed recreation and educational center in Jamaica. These structures provide services to all of our citizens. They stabilize neighborhoods and strengthen our community by bringing people together.

Reverend Flake is a great spiritual leader to his congregation. Since assuming the pastorate at the Allen Church his congregation has grown from 1,400 to 3,000 members. It has grown because Reverend Flake is a sympathetic and understanding pastor that touches each and every member in a special way. It has grown because Reverend Flake is committed to educating young people. The Allen Christian School which he started now has over 400 students who attend. It has grown because Reverend Flake has looked for ways to have his congregation sponsor new programs such as juvenile justice and delinquency programs where Federal funds are available to help young people and insure that they will not be the perpetrators of serious crimes.

His dedication to helping people has won him countless awards and honors including: Who's Who Among American Blacks, Alfred Sloan fellowship for studies in business administration, Northeastern University, the Danforth fellowship for liberal arts studies, Colorado College, the Richard Allen fellowship for studies in theology, Payne Seminary, and the Gilbert H. Jones scholarship for being the outstanding student in philosophy at Wilberforce University.

Perhaps the greatest testimony of Reverend Flake's achievements is that people always seek his council. His congregation and the community look to him for advice and encouragement,

and college campuses throughout America constantly request his presence for speaking engagements. This is because Reverend Flake's spiritual and community leadership inspire a commitment to the future, and as the Member of Congress representating Reverend Flake's constituency I am happy to offer my congratulations and share my enthusiasm in honoring this man's work.●

ISLAMIC CENTER

HON. MARCY KAPTUR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Ms. KAPTUR. Mr. Speaker, recently, I had the great pleasure of visiting the newest addition to my district's cultural, social, and religious community. The Islamic Center, which officially opened its doors on October 22, 1983 is the culmination of many years of dedication and commitment. It began as the dream of a small group of Muslims who migrated to the Toledo area 75 years ago. This beautiful and spacious white brick mosque not only draws together Muslims for worship, but also offers non-Muslims the opportunity to explore and appreciate a different religion and culture. It insures that Muslim traditions will be carried on for years to come.

The people of Ohio's Ninth District are far richer because of the efforts of those who built the Islamic Center. I am proud to be a member of a community that includes people who believe strongly enough in their heritage to create a religious center to share with other communities around the country. I know my colleagues in the House of Representatives join me in congratulating those responsible for the Islamic Center.●

GROWING U.S. VULNERABILITY IN STRATEGIC MINERALS

HON. BERKLEY BEDELL

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. BEDELL. Mr. Speaker, I want to commend the members of the House Banking Committee for reaching an accommodation with the other body on the extension and authorization of the Defense Production Act. I support the conference report on this vitally needed legislation.

During the last few sessions, the Congress conducted extensive hearings regarding the Nation's strategic minerals vulnerability. The burden of the findings was that the United States faces a substantial security risk unless we take steps immediately to foster domestic production of cobalt, chromium, and other specialized metals which we now obtain almost wholly from unreliable foreign sources.

Our dependency for chromium, columbium, platinum, and manganese is between 90 and 100 percent. The concentration of these mineral resources is in a much smaller number of countries than is foreign oil production.

To continue to rely exclusively upon such sources for virtually all of our supply of these materials which are essential to the production of high performance military and civilian aircraft and for cirtical industrial equipment is to follow an unacceptably risky path. This legislation will enable the United States to move away from such reliance.

These conclusions were drawn from the testimony of a wide range of experts who might otherwise disagree on defense policies, but who uniformly agree that action is required to reverse the growing U.S. vulnerability in strategic materials. They concurred that the United States faces a substantial risk unless we take immediate steps to promote domestic production of a number of specialized metals now almost exclusively imported.

These findings confirm the view of President Reagan, Defense Secretary Weinberger, Interior Secretary Clark, and other leading governmental officials regarding our strategic minerals posture. The administration has proposed, as a first step, a modest program to test the U.S. capacity to develop domestically these mineral sources so that the Nation will be in a "readiness" posture in the event of another interruption of foreign supplies.

Under title III of the Defense Production Act, the administration has proposed, at a cost of less than $10 million, that competing "pilot plants" be constructed to evaluate the quality of domestically produced cobalt. Currently, not a single pound of this critical mineral is produced within our borders. Yet, without it, our capacity to produce jet engines collapses. DOD will require that all environmental laws and regulations be met by applicants for the contracts. This legislation will allow the proposal to go forward.

One of the important jobs the Defense Department has under the authority of the Defense Production Act is to protect our defense industrial base against a potential cutoff of strategic minerals. DOD has expressed particular concern that future turmoil in Southern Africa and other areas could result in a paralyzing supply disruption.

It is difficult for me to understand why anyone who really cares about national security would oppose some modest pilot work on domestic cobalt when our entire military jet engine fleet is dependent upon this metal. I would remind my colleagues that this legislation would not result in any major undertaking by the Federal Government. It seems to me that a pilot program of the kind suggested by DOD makes good sense and it provides the Nation with an invaluable insurance policy.

Those of us who have supported the Defense Department in this difficult legislative effort will be looking to the Department for immediate action on the strategic minerals front, starting with a pilot cobalt program. The development of such a program is clearly warranted by the facts and will send a strong signal that DOD is prepared to act responsibly to secure the defense industrial base of this country.

This small but important program, and several others like it, have been placed on hold pending resolution of this legislation which must be passed now.●

A CONGRESSIONAL SALUTE TO AMY "SUNSHINE" CROFT

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. ANDERSON. Mr. Speaker, this Saturday, April 14, the many friends of Amy Croft will gather at the Racquet Club in Palm Springs, Calif., to honor her for her countless contributions to the community.

Born in June of 1888 in Columbia, S.C., Amy and her family moved shortly thereafter to Long Beach, Calif. At the age of 16, she married John Croft and they were to have five children. Eventually, they moved to Palm Springs—long before it became the well known health resort and retirement community as we know it today. Today, Amy lives in the neighboring desert community of Rancho Mirage.

Mr. Speaker, Amy Croft or "Sunshine" as her father nicknamed her early in life, is one of those few people we are lucky to come across in life who truly fits into that category of being very special. And, although she is nearing that beautiful age of 100, she has yet to slow down and take a well deserved rest.

Among other things, she was active in the business community forging a career long before the term "women's lib" was coined. The ironic thing about this, and you must remember this was in the day when women were expected to stay in the home, is that Amy was not on a soapbox leading the fight for women's suffrage. She simply was out making a living, and if the men did not like it, that was just too bad.

Because her grandfather was a U.S. Senator from Kentucky and later served in the California State Legislature, I suppose it was only natural

that Amy became involved with politics and civic affairs. She has been quite active in the Democratic Central Committee for many years and has held elected positions within the party's organization. Also she has served as director of the Rancho Mirage Chamber of Commerce where she fought for needed bridges and roads in order to help make the area a better and safer place to live and work.

In sum, Mr. Speaker, Amy Croft is an individual who has helped make this country what it is. She has, time and time again, gladly devoted her services to any good cause, and we are the better for it.

My wife, Lee, joins me in congratulating Amy Croft on all her accomplishments throughout the years and we know that she will continue to be successful in all her future endeavors.●

THE SIEGE OF FORT DERUSSY

HON. CECIL (CEC) HEFTEL

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. HEFTEL of Hawaii. Mr. Speaker, Joshua Muss, executive director of the Federal Property Review Board, says that the White House has not given up on its plans to sell Fort DeRussy, regardless of whether the Property Review Board ceases to exist. I would like to share with my colleagues the context in which his statement was made by inserting into the RECORD an article entitled "The Siege of Fort DeRussy," which appears in the April 1984 edition of the Honolulu magazine.

It is clear from this article that the sale of Fort DeRussy continues to be an issue and a threat to the State of Hawaii, regardless of recent claims by the Department of Defense that this property will never be sold. It was only 2 years ago that a provision was almost approved by Congress that would have allowed the President to sell surplus military property without congressional consent. This language was adopted by the Senate shortly after Secretary of Defense Weinberger wrote to Senator PERCY and advised him that the Department of Defense "is prepared to make the open land at Fort DeRussy available for sale."

Until we permanently protect this national resource, as we would under my Kamehameha the Great National Monument proposal, we should not be lulled into complacency by believing that the administration has no intention to dispose of the property.

THE SIEGE OF FORT DERUSSY

(By Brian Nicol)

Gen. Rene Edward DeRussy never saw the 72-acre military reservation that today bears his name. In fact, this veteran of two wars, the War of 1812 and the Civil War, never set foot in the islands. His long military career spanned five decades and included a stint as superintendent of West Point. But Rene DeRussy was as much an engineer as a soldier. He specialized in the design of defensive fortifications. He knew the best methods and the best machines to withstand an assault. According to Army fact sheets, he invented the "barbette depressing gun carriage for coast artillery." For most of his active duty years he supervised construction of river and harbor installations up and down the East Coast and ended his career as commander of San Francisco harbor defenses. He died in 1865. He was 75.

The fort named for him 44 years later has never faced enemy attack.[1] It has never required the engineering genius of a Gen. DeRussy to protect it from onslaught. Yet Fort DeRussy has been the target of another kind of attack, a tug of war for control of this prime piece of real estate. The battle for DeRussy has ebbed and flowed for decades but recently reached a peak with the Reagan administration's serious threat to sell a large chunk of the property. In the wake of this initiative, the same questions are being asked all over again: Should the federal government, the State, the city or private enterprise own the land? Should it be developed or remain open? The answers are elusive. Fort DeRussy is under siege.

BROKEN WINDOWS AND SHATTERED PLANS

The United States Army began purchasing the fish ponds and duck marshes in 1904 and, as funds became available, dredged and filled in the land. By 1908 the Kalia Military Reservation covered 60 acres; in 1919, after the 12th and last parcel of land was acquired, the reservation was 71.85 acres. Total cost: $20¹,506.20.

The first troops—Company A and Headquarters Company of the 1st Engineering Battalion—arrived in November 1908. Three months later, in January 1909, the post was renamed Fort DeRussy in honor of the late general. By 1911 the fort consisted of a guardhouse, post exchange, bakery, service buildings and an eight-bed hospital. In those days Fort DeRussy was as tranquil as the Waikiki area around it. Then the big guns came.

It took two years to build Battery Randolph. Its reinforced concrete walls were poured 14 feet thick; the concrete pedestals for the guns, 22 feet thick. No barrage could possibly destroy it. On its roof were two giant 14-inch "disappearing guns," the lethal monsters that would protect Oahu's south coast. When the guns fired (range 14 miles), the recoil action forced them down behind the battery walls so that in effect they disappeared. In fact, the whole battery was nearly invisible. An earth berm thick with plants and trees sloped from the top of the structure to the ocean. From the sea, Battery Randolph looked like merely a green hill. Skillful designs painted by Juliette May Fraser on the battery's top and mauka side made the roof look like a beach pavilion and garden. A smaller emplacement, Battery Dudley, was built nearby. For a time, the batteries' artillery commander was an Army colonel named Rene Edward de Russy, the grandson of the general. (The generations after the general spelled the name with a small "d.")

[1] More than a century before the existence of Fort DeRussy, however, the beach at Waikiki was the scene of a significant military operation. More about that later.

Battery Randolph was ready when the Great War engulfed the world, but the fighting never came to Oahu. Those two giant guns were never fired in anger. But they were fired in practice. For a week before the very first test, in November 1914, newspapers warned Waikiki residents to prepare for the noise of the firing. The warnings were not exaggerated. When the guns boomed on the morning of Nov. 25, the concussions shattered hundreds of windows and flattened a nearby house. For days afterward, residents complained of military insensitivity and unnecessary, dangerous testing. To the military, the tests were necessary. Practice firings were conducted twice a year up until the mid-1920s and then about once a year into the 1930s. After each practice the neighbors would complain again, but eventually the dust would settle and Waikiki and Fort DeRussy would return to their customary calm.

Of course, when Oahu was attacked—from the air, 27 years after that first practice firing—Battery Randolph and its 14-inch guns pointing toward the sea were irrelevant. By the summer of 1942 Fort DeRussy had been converted from a sleepy military outpost to a busy Army recreation center. Servicemen were flooding the Islands and DeRussy had found its destiny: a place for warriors to forget war.

But as the fighting in the Pacific began to wind down, Island businessmen and politicians envisioned other uses for DeRussy's 72 acres. Waikiki was becoming a thriving resort area in need of expansion and the Army no longer seemed to require so much space in such a key location. In 1946 the Honolulu city supervisors officially asked Delegate to Congress Joseph Farrington and Gov. Ingram Stainback to pressure the federal government to transfer DeRussy to the city. George Houghtailing, the city's planning engineer, unveiled a proposal for hotel and apartment development on the DeRussy land between Kalakaua Avenue and Kalia Road, with the acres makai of Kalia to be a public beach and recreation area. Gov. Stainback increased the pressure by revealing that the Army had "informally agreed" in 1942 to give up DeRussy after the war in exchange for Sand Island, which the Army had taken over shortly after the outbreak of hostilities.

In 1946, however, the Army resisted any transfer of DeRussy land. Using arguments that would change little over the next 20 years, Lt. Gen. J. E. Hull, commander of the mid-Pacific area, said that even though DeRussy was no longer of tactical value, it was essential as an Army housing and recreation area.

Island businessmen weren't listening. On Dec. 24 that same year, the front page of the Honolulu Star-Bulletin sported a huge headline: Big Beach Hotel Proposed at Fort DeRussy. Edward Bolles, real estate broker and member of the city planning commission, touted plans for "a new million dollar hotel" on the beach at DeRussy. All that was needed was a simple land transfer and the much needed development of DeRussy could proceed. Simple, but no cigar, Gen. Hull and the Army resisted. Nothing changed.

In the early 1950s the city wanted a strip of DeRussy land along Saratoga Road to use as a parking lot. The Army wasn't putting that strip to "essential use." In fact, the land in question was part of a 3½-acre driving range for Army golfers. Lt. Gen. Bruce Clark, commander of the U.S. Army Pacific, said no to the city's request. The

military had strategic plans for that section, said Clark. It would make an ideal location for an anti-aircraft battery, or perhaps even a Nike guided missile launch pad. National defense concerns certainly outweighed city parking problems.

Henry J. Kaiser, whose Waikiki land holdings (20 acres) were second in size only to the Army's, wanted to build an auditorium and a 1,000-car parking lot on the mauka section of DeRussy. His request also got nowhere but the idea of a "much needed auditorium" on DeRussy land has been popping up ever since.

The Army's 1950s arguments for keeping DeRussy—all of it—gradually became more formal and documented. First of all, said the Army, the fort was headquarters for 11 reserve units, including the 442nd Infantry. Secondly, the fort provided housing and other facilities for permanent and transient Army personnel. And most important, the fort was the top recreation spot on Oahu for members of the armed forces and their families.

And if anyone wanted to argue the value of a top recreation spot, the Army proudly pulled out some statistics: The re-enlistment record of military personnel on Oahu was 200 percent higher than the overall Army record; the venereal disease per capita rate for Oahu servicemen was the lowest in the Army; similarly, the AWOL rate and courts-martial rate were far below Army averages. All that, concluded the Army, was true primarily because of the existence and quality of DeRussy's recreational facilities.

The military's arguments convinced few of its critics. In 1957 the Territorial Legislature passed a joint resolution signed by Gov. Samuel King asking the federal government to lease or sell DeRussy for tourist use. The resolution pointed out that Waikiki "is hopelessly divided into two segments by the interposition of underdeveloped Fort DeRussy lands."

Hotelier Roy Kelley, then owner of the Reef, Edgewater, Islander and Waikiki Surf, expressed DeRussy's potential in dollars-and-cents terms: "If you had a deed on the DeRussy parade field alone, I'd have to write you a check for $10 a square foot." For the beachfront land, Kelley said he'd pay $20 a square foot, "no questions asked." Today that parade field land may be worth $100 a square foot and the beachfront twice as much.

By the end of the 1950s, the military's position was softening. In early 1959, on the eve of statehood, the Army finally seemed ready to talk turkey.

THE GOVERNOR AND THE GENERAL STRIKE A DEAL

William Quinn, Territorial governor of Hawaii, and Gen., I. D. White, Army commander in the Pacific, spent 10 months working out the details. Their "memorandum of understanding," dated 16 Feb. '59, stated that the Army would give up an L-shaped, 20-acre section of Fort DeRussy abutting Kalakaua Avenue and Ala Moana Boulevard. The Territory would sell the land and use most of the proceeds to finance improvements the Army needed on the remainder of its DeRussy acreage. Among those improvements: construction of an eight-story transient facility; construction of a service club, a chapel, a theatre and an administration building; road improvements and beach restoration.

The land-for-facilities deal, signed by the governor and the general, faced two significant hurdles. It would have to be approved by the Territorial Legislature and by the U.S. Congress. It never got past the Legislature.

At the Iolani Palace capitol, the memorandum of understanding took the form of Senate Joint Resolution 44. Both The Honolulu Advertiser and the Honolulu Star-Bulletin came out in favor of SJR 44. Quinn, of course, lobbied hard for its passage. "A bird in the hand is worth two in the bush," he said then. The Army's decades-old grip on DeRussy could finally be loosened. Today Quinn recalls: "We were trying to get a handle on the development of Waikiki. The 20 acres would be part hotel sites and part open space."

State Sen. Frank Fasi answered Quinn's bird-in-the-hand maxim with one of his own: "The governor would be satisfied with crumbs and I'd like the whole loaf." As chairman of the Senate Public Lands Committee, Fasi held the resolution's fate in his hands. If it didn't get out of his committee it would get nowhere. Fasi felt Quinn's deal was the wrong one at the wrong time. Hawaii was about to become a state and as such would be in a stronger bargaining position after statehood. "I honestly feel that with two senators and a representative in Washington, we'll get that beach land back in the very first term," said Fasi. Hawaii the Territory might be able to grab a few crumbs, but Hawaii the state could get the whole loaf.

Frank Fasi wanted to be one of those two senators in Washington and Bill Quinn wanted to be the first state governor in Hawaii. Each claimed the other was playing politics with the DeRussy deal. They debated in the papers and on TV.

Fasi killed the deal in his committee. DeRussy—the whole loaf—remained Army property.

For the first two decades of statehood, the Army continued to be a jealous, zealous landowner. Even in 1965 when another agency of the federal government, the Comptroller General, questioned the military's need for so much Waikiki property, the Army successfully resisted any change. By the late 1960s America's involvement in Vietnam had increased dramatically and so had activity at DeRussy. The fort served as an induction center and as the military's most popular R&R center.

In 1970 the Army finally opened the picnic area makai Kalia road to the public. At least now, part of DeRussy was accessible. At about the same time, Honolulu Mayor Frank Fasi suggested to the Army that DeRussy become a national memorial park, an open space dedicated to veterans of Pacific wars. The Army rejected the idea. By the mid-1970s, the Hale Koa hotel was built and operating and the formidable and virtually indestructible Battery Randolph had become the U.S. Army Museum. DeRussy's 72 acres remained federal property.

But the Waikiki boom years of the 1960s and '70s changed many attitudes about growth. Most politicians and businessmen, as well as the public, began to see DeRussy's open, green space as a relief from the concrete congestion that had taken over the area. Rather than an obstacle to continued development, DeRussy had become a needed counter to it.

Then in 1982 the fort made headlines again. The Reagan administration was ready, willing and anxious to sell DeRussy—at least the mauka section—in order to reduce the national debt. After decades of defending the status quo, the federal government was now making a move. After decades of pressing for some sort of a move, the local community was now insisting on the status quo. DeRussy had to be saved.

MR. MUSS COMES TO TOWN

Joshua Muss is not one to be pressured. The executive director of the Reagan administration's Federal Property Review Board arrived in Honolulu on May 18 last year and quickly went about his business: presenting the administration's plan for the disposition of Fort DeRussy. Muss was not softened by Island hospitality or lulled by Island trade winds. He was cordial but blunt. The administration planned to sell off the 45 acres of the mauka portion of Fort DeRussy and he would work hard and long to strike the best deal.

Since 1968, congressional approval has been necessary for such a transaction, but Muss warned that if the administration couldn't work out some sort of settlement with local officials, it would seek passage of a law to allow sale of the land to the highest bidder. Muss and his Federal Property Review Board were carrying out their simple charge: to identify surplus federally owned lands and arrange for their sale. The proceeds would be used to reduce the national debt. The DeRussy sale, even with current building height restrictions, could bring "hundreds of millions, certainly $200 million," said Muss.

The man from Washington emphasized that the 27-acre makai section would remain as is: ceded beach front land,[2] picnic area, the Army Museum and the Hale Koa hotel. He called the mauka section, with its military buildings and parking lots, "an eyesore." Current structures on mauka DeRussy include Army reserve headquarters, a chapel, MP station, motor pool and post headquarters. All are low-rise. And even though Muss appreciated the community's concern for keeping the area open space, he pointed out the administration's basic philosophy: "I don't know why it is an obligation of all the people in America to provide open space in Waikiki . . . if the people of Hawaii want to keep it [DeRussy's back 45 acres] open, I think they should pay for it."

Muss returned to Washington more convinced than ever that something be done about DeRussy. In the Islands, his visit sent shock waves into the political and business communities.

Within a couple of months, two of Halawmakers, Rep. Cec Heftel and Sen. Daniel Inouye, offered two very different solutions to the DeRussy dilemma. Heftel drafted a bill to make the fort a national memorial commemorating Kamehameha the Great and his 1795 invasion of Oahu. Kamehameha and a force of more than 10,000 warriors in 1,200 war canoes landed along the beachfront at Waikiki, marched and battled their way across the Makiki plain and up Nuuanu Valley and finally defeated Kalanikupule and his Oahu army at the historic Battle of Nuuanu. Hundreds of the defeated Oahu warriors plunged over the pali rather than face capture. It was Kamehameha's last battle, his last great victory. He had conquered all the Islands except Kauai, and after he took that island 15 years later through a negotiated settlement, he was undisputed monarch of a united kingdom.

The Heftel plan would be more than a fitting honor for the most famous Hawaiian: it would also be a way to save DeRussy from

[2] The beach itself, a 1.6-acre sliver of land running along the front of the property, is actually state land which has been ceded to the federal government for its use.

the Property Review Board. The fort would be transferred from the Defense Department to the Interior Department, where it would no longer be considered a surplus piece of real estate, highly valued yet underused. Its purpose would then be clear. And it would remain open space.

If the Heftel plan seemed somewhat of a flanking maneuver, the Inouye proposal was a direct frontal assualt. For about a month the senator negotiated with Muss and others in Washington to come up with a compromise. Under the administration's plan, announced by Inouye in early August, the White House would give the city half of the mauka section of DeRussy, and the other half would be sold for development of hotels and shops. The administration also expressed a willingness to accept some sort of building height restrictions on the sold half. The 27 makai acres, including the hotel, the museum and the beachfront, would be kept as is by the military. The city could use its newly acquired parcel for a convention center, park, school or any other public purpose. Inouye felt that under the circumstances this deal was Hawaii's best bet: "The importance of it lies in the fact that it calls for the property to be divided in two, and half given away. In effect, the government is offering the entire mauka section for half price. It's embarrassing to call what's there now a military reservation. It's the most valuable parking lot in the world."

Meanwhile, state and city officials scrambled to grab some of the initiative. Gov. George Ariyoshi and Mayor Eileen Anderson drafted a joint policy stating unequivocal opposition to the sale of any part of DeRussy. City Council Chairwoman Patsy Mink and Councilwoman Marilyn Bornhorst went to Washington on a fact-finding mission where they met with Joshua Muss and others. After their return, they and the rest of the council put out a similar policy statement: DeRussy should not be sold. The council felt the administration's compromise deal was the last-resort alternative, but if it did become reality, the city should be ready to buy the section of land offered for sale. The council called the Heftel national memorial idea "a viable and important alternative which should be considered."

Heftel agreed, of course, and pushed hard for his bill in Washington. The congressman lined up more than 250 co-sponsors and thus passage seems assured when the bill reaches the House floor, probably in June. Although Sen. Inouye will work for the Heftel plan in the Senate, he still feels the most important goal is to get ownership of the property into the hands of the state or the city. The Heftel plan would not do that, of course, State and city officials, their positions firm and their fingers crossed, are watching the action in Washington and mulling the administration's August offer.

Throughout all this, one prominent Waikiki businessman has been working on a somewhat different plan. For the past few months, Dr. Richard Kelley, president of the Outrigger hotels and son of Roy Kelley, who long ago pointed out DeRussy's potential, has been showing his slides to business and political groups. His vision of DeRussy's mauka parcel is not a new one but Kelley feels it is the right one: a convention center.

"We have to stem the tide of mediocrity in Waikiki," says Kelley. "DeRussy can be the linchpin of a plan to upgrade the area." Kelley hired an architect to come up with a possibility: a convention center and park combination that satisfies everybody's desire for open space and fills an economic need as well. In the last few years Waikiki has lost much of its prime market the upscale high-roller travelers and the group tour travelers. Today's Waikiki visitors are primarily F.I.T.'s (Free Independent Travelers), budget-conscious and on their own. "We now have to go after the convention market," says Kelley. "It's recession proof. Conventions are usually planned four to eight years in advance and often are write-offs for the conventioneer or are paid by the company."

Waikiki's hotel meeting rooms are unable to handle the large groups. In Honolulu, the huge, general sessions of a convention must be held at the Neal Blaisdell Center. Sometimes the vendor displays, the heart and soul of a convention, must be set up at a location away from the primary meeting sites. This pleases no one. Says Kelley: "The convention business will go to the cities that can accommodate the vendors well."

Kelley's center at DeRussy would more than treat the vendors well. The 500,000 square feet of usable space could easily handle three large conventions at the same time. Parking would be underground and would include ample space for the Hale Koa hotel guests. The landscaped park area around the building would include lakes, fountains and statues and could—with Cec Heftel's proposal in mind—be a fitting memorial to Kamehameha the Great.

The price tag for such a project is not small, of course. Kelley estimates $90 million and feels it could be financed by some type of tax-exempt general obligation bonds guaranteed by the state. The center itself would not make a profit, but the business it attracts will add millions to the state tax coffers. "What we have to do now," says Kelley, "is verify to everyone's satisfaction that the market for conventions is there and then we have to work out the financing details. But when people ask me. 'Can we afford it?' I Answer. 'Can we afford not to?'"

There is a necessary preliminary step, of course. The existence of a beautiful park surrounding a magnificent convention center assumes that the state of Hawaii can strike some kind of deal to acquire DeRussy's mauka land from the federal government. The tug of war has to be won first.

In late January, the Reagan administration sent its proposed 1984-85 budget to Congress. The document did not list the Federal Property Review Board. There will be no funds for the board, it will be abolished.

That bit of good news made Hawaii officials cautiously optimistic. Maybe now the pressure would be off. Maybe now there would be no need to rush into a deal. Maybe the siege was being lifted.

"Tell them in Hawaii it will probably be just the opposite." said Joshua Muss in a mid-February telephone interview with Honolulu. "Since the Property Review Board is not in the budget, that means its administrative functions will simply be moved into the White House.

"We're still waiting, of course. We're still hopeful a compromise can be worked out with Hawaii officials—a compromise reached within a reasonable time. If not, we'll pursue other options, either go to Congress to get legislation to sell the property, or have the military use it more intensely. Our big problem has always been that the property is not being used.

"Tell them in Hawaii, that instead of hearing from us on Property Review Board stationery, they'll be hearing from us on White House stationery."

Fort DeRussy remains under siege.●

HONORING REV. H. OLIVER SCOTT

HON. JOSEPH P. ADDABBO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. ADDABBO. Mr. Speaker, the First Baptist Church of Far Rockaway, NY, recently honored their pastor and spiritual leader Rev. H. Oliver Scott for his 25 years of service to his church and the community.

Reverend Scott is a man to be admired for his strong determination, large heart, true faith, and ready hands. He has always offered himself to his community and congregation. He has sought to involve others in helping themselves and helping their community as well. His weekly radio broadcasts have reached hundreds of thousands of people in New York.

During his 25 years at the First Baptist Church, Reverend Scott has organized 12 auxiliaries that continuously assist in providing necessary community services. He has offered people education and reorganized the Sunday school at the church, in addition to beginning a Bible school. Reverend Scott has also been instrumental in setting up a scholarship fund to help young people afford an education.

His leadership and dedication span over 58 years in the pastorate and set an example for all citizens. Through his guidance and spiritual strength he has inspired us to achieve our goals and has helped improve the quality of life in our community.

I take great pride in serving as the Member of Congress who represents Reverend Scott and his congregation. It is his leadership that makes America a great country and supports a strong democracy. Today I wish to extend my congratulations and thanks to Reverend Scott and his congregation.●

JUDGE WILLIAM LIPKIN RETIRES

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. FLORIO. Mr. Speaker, I take great pleasure today in congratulating a very esteemed member of the judicial community in my district and State. Judge William Lipkin, on his retirement this April 30 as U.S. bankruptcy judge in Camden, NJ.

Judge Lipkin's retirement comes after 37 years of distinguished service under eight Presidents of our Nation.

William Lipkin, now 75, graduated from Camden High before going on to obtain his bachelor's degree in 1930 from the University of Pennsylvania. Three years later he graduated with his law degree from that university's law school.

After practicing law in New Jersey for nearly 8 years, William Lipkin made the decision to serve his country and enlist in the U.S. Army following the attack on Pearl Harbor. After the end of World War II, in 1946, he was released from active duty at the rank of captain. He remained in the Army Reserve until 1958.

A year after his discharge, he was appointed by President Harry S. Truman to a part-time position as referee in bankruptcy, as it was then known. This position became full-time in 1955, and during the course of the nearly three decades that followed, Judge Lipkin presided in Newark, Trenton, Camden, and Atlantic City in the U.S. District Court of New Jersey.

Judge Lipkin's accomplishments as a lawyer and judge are complemented by his involvement and leadership in his community. On the occasion of his retirement, I would like to list some of the community activities of Judge Lipkin. They include service as commander of the John T. Furen Post, Jewish War Veterans; elected as the youngest commander of the State Department of New Jersey of the Jewish War Veterans in 1949; president of the Jewish Federation of Southern New Jersey from 1954 to 1956; elected Man of the Year by the Camden Hebrew Association in 1957; recipient of the Community Service Award by the Jewish Federation of Southern New Jersey in 1975; member of the board of trustees of the United Fund from 1958 to 1960; president of the Camden County Bar Association, 1965–66.

Mr. Speaker, the Camden County Bar Association will honor Judge William Lipkin with a retirement dinner this May 9. I would like to extend my personal best wishes and ask my colleagues to join me in wishing him a healthy and happy retirement.●

50TH WEDDING ANNIVERSARY

HON. CHARLES E. SCHUMER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. SCHUMER. Mr. Speaker, I would like to take this opportunity to extend my heartfelt good wishes to Mr. Philip Zuller and his wife Esther, on the happy occasion of their 50th wedding anniversary. Mr. and Mrs. Zuller celebrated on March 25, 1984, with their three children, Phyllis, Helene, and Joel, and their nine grandchildren.

Mr. Zuller is currently the director of Kingsway Jewish Center, an office he has held since 1966. In the past, Mr. Zuller has served as president of Young Israel of East New York, and as chairman of committees at the Pride of Judea Orphans Home. Mrs. Zuller is very active with the sisterhood of Kingsway Jewish Center as its Treasurer.

Serving Brooklyn has been a serious commitment of the Zullers for many years and I would like to commend them for their generous community involvement.●

PETER J. MURPHY

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. HOYER. Mr. Speaker, last week the American people lost a public servant who will be well remembered by the Congress of the United States as a loyal, selfless, talented, and effective gentleman of the first order.

Peter Murphy, a member of the Defense Subcommittee staff of the House Appropriations Committee, died of cancer last week. His death, Mr. Speaker, leaves a void in this institution that will not be filled. Pete was a true professional; thorough to a fault, completely objective, and one of the most knowledgeable individuals in the truly complicated and often byzantine world of defense procurement.

When I first became a member of the House Appropriations Committee, I was immediately impressed by Pete's total grasp of the defense issues before the committee. Pete could be counted on for a nonpartisan, objective, and informed analysis on the most controversial and difficult defense questions. The need for topflight staff work, especially in the formulation of the defense budget, is critical. No one better understood this and responded more efficietly and professionally than did Pete Murphy.

While many with Pete's background and talent have left Government service for more lucrative ventures in the private sector, Peter Murphy dedicated his life to the American people and its Government. Pete served in the Marine Corps in World War II and was decorated with a Purple Heart for his dedication and bravery. Pete also served as a special investigator with the Federal Bureau of Investigation before being selected as a Defense Subcommittee staffer in 1968. His long hours and hard work were as legendary as the quality of work he produced. Clearly, Pete Murphy loved his country and went out of his way to show his gratitude.

Mr. Speaker, without taking anything away from the men and women who staff the other committees of the Congress, I believe that some of the finest talent in Washington can be found on the House Appropriations Committee. The staff of the House Appropriations Committee is among the most professional in Congress and Peter Murphy was a professional's professional.

Since I have not been a member of the committee for long, I unfortunately did not get to know Pete Murphy as well as I had hoped. But I know I speak for my colleagues on the committee, just as Chairman WHITTEN did last week, in saying that we shall miss Pete and we extend our deepest sympathy to his wife, Eve, and their six children. I would also recall to the American people that while Peter Murphy may have been invisible to them—while they did not see him on the television or read about him in the papers—Pete Murphy was a fine American who dedicated his life with distinction and determination to the family and country he so loved.●

OUTSTANDING SAFETY RECORD AT SHELL OIL'S MARTINEZ COMPLEX

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. MILLER of California. Mr. Speaker, I would like to call my colleagues' attention to the outstanding safety record of the Shell Oil Co.'s Martinez manufacturing complex in Martinez, CA.

On April 2 the Shell complex, which employs over 1,050 employees, successfully completed 3 million work hours without a lost-time injury. This exemplary safety record began on October 4, 1982, and has spanned 549 consecutive days.

To put this achievement into perspective, the Martinez complex in 1983 broke both its own safety record and that of the entire Shell Co. On October 24, 1983, the all-time Martinez record was broken when workers completed 2,165,742 hours without time lost to injury.

In 1983, the complex's employees worked 8 straight months without an injury requiring a physician's care. During that entire year, the Martinez complex averaged only one recordable injury for every 400,000 hours of work.

How does this compare to the industry? According to the National Safety Council, coal and petroleum workers in 1982 averaged four recordable accidents for every 200,000 work hours. Throughout the entire manufacturing sector, the recordable injury rate was 14 times that of the Martinez complex, with seven recordable accidents occuring every 200,000 work hours.

The accomplishments of the Martinez complex are a great tribute to the

workmanship and care of the workers and management of that plant. I commend the Martinez complex and its employees for this superb achievement.●

TRIBUTE TO CONGRESSMAN EDWIN B. FORSYTHE

HON. BALTASAR CORRADA

OF PUERTO RICO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. CORRADA. Mr. Speaker, I join in paying tribute to our late colleague, the Honorable Edwin B. Forsythe of New Jersey.

Since his election in 1970, Ed Forsythe ably and conscientiously represented his constituents in New Jersey. His entire life was dedicated to the public service starting with a position in the municipal government in 1948. He was elected to the New Jersey Senate in 1963 where he culminated his service as minority leader in 1967 and president in 1968.

During his many years of service in the House of Representatives, Ed earned a reputation for hard work and thoroughness in carrying out his duties. He was particularly active in his work in the merchant marine and Fisheries Committee where he became ranking member. Ed was very instrumental in the enactment of the 200-mile fishing jurisdiction and was a key participant in the compromise worked out on the Endangered Species Act. For his work in that act, he received the Legislator of the Year Award in 1980 from the National Wildlife Federation.

Ed had the ability to identify the issues and concerns in a way that promoted compromises and satisfactory results. During the past year, Ed had become increasingly interested and involved in the problems and concerns of the U.S. merchant marine. His efforts had been directed to studying and analyzing the situation with the hope of coming up with alternatives and solutions that would result in a stronger and more competitive U.S. merchant fleet. It is particularly sad that he was not able to complete this effort.

His wisdom and counsel will be sorely missed by all of us. My prayers and condolences are with Mary, his widow, and the rest of the family.●

TRIBUTE TO THE HONORABLE EDWIN B. FORSYTHE

HON. LARRY WINN, JR.

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. WINN. Mr. Speaker, I rise today to honor the memory of a dear and respected colleague, Ed Forsythe. I share the sadness of his family and friends in his recent passing. Ed will be long remembered as one of the most honorable and respected Members of Congress.

Since he was first elected in 1970, Ed was a quiet, stable, reasonable, voice in committee and in debate on the floor. Of his many legislative accomplishments, I know Ed was probably most proud of his strong support for the Endangered Species Act and other environmental preservation issues. A deeply religious man of the Quaker faith, Ed was committed to expressing that denomination's beliefs in nonviolence and pacifism. Each year when the defense appropriations bill would come to a vote, Ed would offer the motion to recommit the bill to committee. Although I rarely supported his motion, I admired his integrity and strength of conviction expressed in this way.

Ed served well the citizens of New Jersey, even before he was elected to the House. The senior Republican on the New Jersey delegation, Ed also served his State in the State senate and as Acting Governor. The State can well be proud of his fine service on its behalf.

In closing, I would like to extend my personal sympathy to Ed's family and friends. He was a man of distinction, and one I am grateful and proud to have known.●

EMERGENCY FARM BILL

HON. ED JONES

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. JONES of Tennessee. Mr. Speaker, as many of you know, President Reagan will soon sign the conference report on the emergency farm bill.

Even though this bill has passed both the House and the Senate, it remains a mixed bag—some good and some bad. Nothing which transpired during its consideration indicates that the administration understands the depth of the problem facing American farmers and our rural areas generally.

The White House continues to let the bookkeepers and accountants run farm policy with little input from anyone who really cares what happens to farmers. As far as I can tell, most of the commodity provisions are steps backward rather than forward. Unfortunately, the administration and the Republican Senate put the House in a take it or leave it position.

Of particular interest to me were the agriculture credit provisions which were included in the Senate bill.

We all owe our thanks and gratitude to Senator WALTER D. HUDDLESTON for his untiring effort to bring some credit relief to hard pressed farmers. He and I have worked closely for over 3 years to accomplish some of these credit relief features. Senator HUDDLESTON's firm stance and astute feel for the legislative process has now resulted in over $250 million in emergency loans, lower interest rates, stretched out repayments and other changes of great benefit to farmers. Without Senator HUDDLESTON it is entirely possible the the emergency credit provisions would have been circumvented by the administration.

In closing let me say that H.R. 4072 is a patchwork effort at best. We must begin now to design a 1985 farm bill which will restore health to our farm economy.●

NO MORE AID FOR CONTRA TERRORISTS

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 10, 1984

● Mr. BARNES. Mr. Speaker, I am saddened by the fact that our colleagues in the other body voted last week to continue U.S. funding for state-supported terrorism by the Nicaraguan Contras against the people and economy of Nicaragua. I deeply regret that we so casually throw away our credibility for waging the crucial fight against the insidious growth in the use of terrorism in international relations. I trust that we will not make the same mistake this week in the House.

In the debate in the other body on the issue of U.S. aid to the Contras, one Senator distinguished himself above all others, and that was the Senator from Massachusetts, Mr. TSONGAS. He delivered one of the great speeches in the history of that body, and I urge all my colleagues to get a copy of the March 29 RECORD and read it, beginning at page 7044.

In his speech, Senator TSONGAS spoke of his recent visit to Nicaragua, and of learning about what the Contras were really doing to the Nicaraguan people and their means of livelihood. Then he went back to his experience as a Peace Corps volunteer in Ethiopia some 20 years ago, and reflected on how much more respected the United States was in the world at that time because we were perceived to stand for the people and for their aspirations. What a tragic change in just 20 years, that we could be bankrolling this sordid affair of the Contras.

I recently received an article by Jeff Nesmith from the Atlanta Journal and Constitution, which shows exactly what the Contras are up to in Nicaragua. Mr. Nesmith has interviewed actual survivors of a Contra attack. I

urge my colleagues to read this article and ponder it before we vote on whether to continue financing the Contras. I include the article, and an editorial from the Washington Post, at this point.

[From the Atlanta Journal and Constitution, Mar. 18, 1984]

CONTRAS BRING TERROR TO VALLEY IN NICARAGUA

(By Jeff Nesmith)

QUILALI, NICARAGUA.—Carmela Gutierrez was preparing breakfast for her family when contra troops attacked the farm cooperative at El Coco, a remote mountain valley 20 miles from this northwest Nicaraguan town.

She grabbed her Russian assault rifle, scrambled into a foxhole a short distance from her cabin and began returning fire. Her husband dove into a nearby foxhole and began blasting away.

Their 12-year-old son herded his four brothers and sisters into a large underground shelter where 85 children and 23 women were taken.

Aciscla Mattei Polanco, 69, was in her cabin with three of her granddaughters. The oldest was 12, another was 8. The baby was 15 days old. Before the grandmother realized what was happening, the gunfire was so heavy she could not get the children to the shelter.

She lay on the dirt floor, pleading with her terrified granddaughters to be quiet, because their cries seemed to draw fire from the attackers. The baby continued to cry.

Jesusa Suarez Umanzor, 18, was two months pregnant. She was among those taken to the shelter. Her 20-year-old husband took his rifle to a foxhole.

The shelter was a large hole dug in the center of the village and covered with planks and an earthen roof. Gunfire roared and mortars exploded outside. Inside, children cried hysterically and women prayed, Jesusa said.

"I prayed too," she recalled. "I prayed that they would not kill us."

Before noon, the new farm cooperative, known as El Coco, had been destroyed. Fourteen people, including two young girls, were killed.

Following the Dec. 19 attack, survivors were evacuated to this town. In a series of recent interviews, they described a furious battle that lasted more than two hours. They said that after the co-op finally fell, two women and a 16-year-old girl were raped, their heads shaved and their throats cut. Men captured by the attackers were executed, survivors said.

Sandinista troops tried to rescue the besieged village but arrived too late. Following a brief battle with them, the contras disappeared into the hills.

A few days after the battle, men from the cooperative returned to El Coco and removed charred boards and other debris from burned-out cabins. Except for a few buildings spared by the contras, the area formerly occupied by the co-op village appeared to a visiting reporter as a quiet empty space at the back of a field.

Officials of the Nicaraguan Democratic Force (FDN), the organization that controls the anti-Sandinista troops, acknowledged that their men attacked and destroyed the cooperative. The FDN *"Boletin,"* a newsletter that circulates among FDN supporters in the United States and Central America, boasted of the attack and said the rebels had caused 20 casualties among "the enemy."

FDN officials said they had heard nothing of the killing of children or of attacks on unarmed women. They said they do not condone such behavior and would investigate.

A spokesman for the organization said troops are sent regularly to attack co-ops in order to destroy harvests and disrupt the Nicaraguan economy—one way FDN leaders say they hope to gain concessions from the leftist Sandinistas.

"Contras" is a term given to the U.S.-funded rebels by the government of Nicaragua. In a question-and-answer session with six reporters March 4, President Reagan referred to them as "freedom fighters" and sought to distinguish them from anti-government rebels in neighboring El Salvador, whom he called "guerrillas."

The president also complained that efforts to introduce land reform measures in El Salvador were being frustrated by the civil war there. "What good does it do to have a land reform program and give land to the peasants if the peasants can't go out and work the land for fear of being shot by the guerrillas?" he asked.

The destruction of El Coco is a story of a community of peasants caught up in a struggle over who will rule their country. It is a story that has been acted out several times since the rebel war against Nicaragua's Sandinista goverment began.

A wide, rocky creek flows through an isolated valley 20 miles east of this dusty little mountain town and merges with the Rio Coco, one of Nicaragua's longest and most important rivers. The valley is unusually picturesque, with wide, flat meadows and woods, surrounded by a circle of mountains.

Before the revolution that overthrew the dictator Anastasio Somoza Debayle in 1979, the valley was part of millions of acres of Nicaragua that peasants referred to sarcastically as "my general's land," meaning it belonged to Somoza.

Much of Somoza's land, including the valley by the Coco river, was not farmed. Under an arrangement that scholars and Nicaraguan officials say assured a ready supply of farm labor, peasants were kept off such land and confined to small plots and poor soil. Thus, in order to survive, they periodically had to hire themselves out to big farmers.

"PROPERTY OF THE PEOPLE"

After the revolution, Somoza's land and that of some of his friends was seized by the government and designated "Property of the People."

In late 1982, a co-op was established in the valley where the wide creek joins the Rio Coco.

Peasants and landless farm workers were assembled from several villages, organized into the cooperative, and assigned several hundred acres of what had been "my general's land." They cleared land and sawed lumber to build rough cottages for their families.

Although the co-op would continue to be known locally as El Coco, its new members held a meeting in December 1982 and voted to formally name it the "Cesar Augusto Sandino Cooperative."

Between 1927 and 1933, Cesar Augusto Sandino, the illegitimate son of a small coffee farmer and a female farmhand, led an effective hit-and-run war against U.S. Marines who had been sent to Nicaragua to put down a civil war between rival private armies. Land reform and peasant rights were other causes for which Sandino fought.

When the U.S. troops withdrew in 1933, Sandino signed a peace treaty with his own government. It included an agreement by the government to turn over to him and his followers a tract of land on the Rio Coco for establishment of a farm cooperative.

A year later, Sandino was assassinated under written orders from Anastasio Somoza Garcia, the head of the new national guard (which had been organized and trained by U.S. troops) and founder of the Somoza dynasty that would rule the country for the next 46 years. A few nights after Sandino was murdered in 1934, the co-op he had fought to establish on the Rio Coco was destroyed.

When Wenceslao Peralta was a little boy, he adored his grandfather. The old man, Ismael Peralta, had been one of Sandino's *hombres"* and was one of a handful of men the mountain guerrilla fighter had promoted to "general."

"My grandfather was only a peasant, but Sandino saw his ability to command men and made him a "general," Peralta said recently. "He was a tall, stern man with dark skin. He loved us all very much. He especially loved me. I was very obedient to him. I tried to do everything I could for him."

Ismael Peralta was 78 years old when he died in 1962. His grandson, Wenceslao, was 16 then and is now 38. The old man also had many other grandchildren. One of them was only 1 year old at the time. His name was Alonzo Peralta. His father and Wenceslao's father were brothers.

Fate would move the two peasant cousins in opposite directions. The younger would grow up and be conscripted during his teens into the national guard under Somoza.

When former members of the national guard and disenchanted revolutionaries who felt the Sandinistas had "stolen" the Nicaraguan revolution and turned it over to the Cubans and Soviets organized the FDN, he decided to join the contras.

Wenceslao Peralta married Carmela Gutierrez, the daughter of a Sandinista sympathizer who lost his farm in the mid-1970s when the national guard discovered that he had allowed Sandinista guerrillas to camp on it.

A LONGTIME YEARNING

Peralta said that when he and his wife joined the new co-op at El Coco, he thought a longtime dream of bettering himself by becoming part of a land-owning cooperative was coming true.

Other members brought other dreams to El Coco.

Jesusa Suarez Umanzor is 18. She does not look like most Nicaraguan peasant women, who have characteristics inherited from Indian ancestors; long noses, mournful dark eyes and hair as black as a burnt field.

Jesusa Suarez Umanzor has a short nose, brown hair and gray, laughing eyes. At the end of a day's work she can be found playing with village children, herding them through their child games. Yet, in the fields, she is known as a serious worker.

"She is a horse," one man said, admiringly.

A year ago, she took a job cooking meals for people hired to pick coffee beans on a large plantation. While there, she met Stanislao Aguirre, one of the coffee pickers, a 19-year-old youth who spent a lot of time hanging around the cookshed where she worked.

After the harvest they stayed together and decided to join the El Coco cooperative. Their marriage, like those of several other couples there, appears to have been a matter of mutual commitment, rather than formal ceremony.

A few days before the contra attack, Jesusa told her young husband she was pregnant. They were bathing together at the time, by a waterfall in the Rio Coco, she recalled later. He shouted gleefully at the news and plunged into the water.

"He was very happy," she said.

It will be their only child. Stanislao Aguirre was one of those who died defending the co-op.

Aciscla Mattei Polanco, 69, and her husband, Julien Ramirez, had never owned land. Neither had their sons, Pablo and Joaquin, or the husbands of their daughters.

"Before the revolution, we lived in Telpaneca. We were day workers. After the triumph of the revolution, we heard that it was possible to become landowners by joining a cooperative, so we joined it. We were very happy at El Coco, but now I feel I am worse off that before. I have lost my husband, two of my children and three of my grandchildren."

The first attack was on Dec. 13. A small band of contras assaulted the cooperative, but members who were not working in the fields ran quickly to the perimeter of foxholes that encircle the village and drove the attackers away.

Less than a week later, a larger force returned. After the battle, Nicaragua army officers estimated there were 300 men in the second force.

It was Monday, six days before Christmas. A resident of La Vijia, a river village about a mile away, raced into the co-op village around dawn, warning that an FDN force was crossing the river a few miles downstream and appeared headed for El Coco.

The night before 20 men from the co-op had been called to active duty in the militia. That meant the village faced a second contra attack with a drastically reduced defense force. Co-op leaders sent a small group of men, including Wenceslao Peralta and Stanislao Aguirre, to try to locate the contras.

Peralta said that after a short search they found the contras, who had advanced to within a quarter mile of the cooperative.

As they watched the strange troops make their way through a small pass in the hills, the co-op members decided on a gamble aimed at keeping the attackers away from the village where there were more than 100 women and children. They ambushed the contras.

"There were many more of them than we realized, and they were about to surround us, so we had to run back to the cooperative," Peralta said.

TORTILLAS, THEN BULLETS

Within minutes, the attackers were racing across a sorghum field, shooting into the cooperative village. This was the attack that found Peralta's wife, Carmela Guttierrez, still distributing breakfast tortillas to her five children.

Lazaro Savala, 63, said he, his wife and their 15-year-old daughter, Catalina, were trimming grass and weeds from foxholes to which they had been assigned.

Each had a Russian- or Chinese-made AK-47 automatic rifle close at hand. They jumped into the three holes and began firing at the attackers.

Joaquin Ramirez Mattei, 38, one of the sons of Aciscla Mattei Polanco, had been ill the night before. His wife, Maria Luisa Guttierrez, had gotten up before dawn to prepare medicine for his cough. He was in the house with her and their three small sons (5 years old, 3 years old, and 20 months old), when that attack began.

He got his rifle and ran to a foxhole just outside the cabin. His wife, six months pregnant, was unable to get to the underground shelter. She and her sons lay on the floor.

In another section of the village, Joaquin Ramirez Mattei's mother, Aciscla Mattei Polanco, was also pinned down. With her were three daughters of another son, Pablo, including the 15-day-old baby.

"I was very surprised when the fighting started," she said later. "I had no idea what was happening. We hid in the house. At the beginning, a bullet hit my granddaughter, Petronila, in the head. She was 12 years old. I could tell she was dead. I felt the heat of the bullets as they came into my house."

The baby continued to cry, she said.

The attackers mounted a mortar on a nearby hill and started shelling the village. Eventually, a shell exploded inside the home of Aciscia Mattei Polanco. A fragment hit her arm and broke it. Another fragment hit her 8-year-old granddaughter, Francisca del Carmen Ramirez, somewhere in the upper body.

"She told me, "Grandmother, I have pain deep inside," said the grandmother." I asked her not to cry."

During the interviews here, the grandmother recalled bitterly that the child apparently obeyed her and lay quietly at her side. After a while, she realized that the little girl was dead.

The attackers spread around three sides of the village. Seventeen men and seven women returned the contras' fire from their perimeter of foxholes.

"The contras yelled, "We are going to get you. We are going to kill you, hole by hole. Give up your weapons. We are going to eat you alive. You are a bunch of thieves," recalled Carmela Guttierez, the wife of Wenceslao Peralta.

She said the co-op defenders shouted back: "*Patria Libre o Morir*" (Free Fatherland or Death), Sandino's battle cry.

After about an hour, Carmela Guttierez said, the co-op defenders decided in screaming consultation that occupants of the underground refuge were not safe from exploding mortars. She was told to leave her foxhole and escort them out of the village.

"I took them out the back of the village, through the cornfield, into the mountains," she said. Twenty-three people remained in the foxholes to cover the withdrawal of the more than 100 women and children.

Gradually, Wenceslao Peralta said, he and the other defenders ran out of ammunition.

"On the other side of me was a big man we called *'El Toro'* (the bull). He had the only machine gun in the cooperative," said Peralta. "When I was down to two bullets, I asked him to cover me and I ran."

He said that seconds after he left his foxhole, a mortar round exploded in it. A few minutes later, El Toro abandoned his machine gun and ran away also.

THE LAST TO LEAVE

Lazaro Savala, his wife and their 15-year-old daughter, Catalina, crawled out of their foxholes and escaped. Savala is only about 4½ feet tall. His rifle, always hanging on his shoulder, seems almost as long as he.

"We were the last to run away," he said later, proudly.

Those who escaped said later that when they ran away, they heard different sounds: occasional shots as attackers executed men who stayed until they had no more ammunition, screams of three women who were captured in their foxholes, and the crackling nosie of cabins burning down.

Aciscla Mattei Polanco, her right forearm broken by a mortar shell and twisted at a grotesque angle, lay on the dirt floor beside two of her granddaughters, who were dead. She got up, gathered the 15-day-old daughter of her son Pablo, and walked out of her cabin.

She said she looked at the devastation around her and began berating contra soldiers who she said were walking about the village, looking for weapons and burning cabins.

"Look what you have done," she says she told them. "Why have you done this thing?"

She said they laughed at her and called her *"vieja puta"* (old whore), and told her that if she didn't go away they would kill her.

She knew only that Petronila, 12, and Francisca, 8, were dead. She did not know that their sister, Maria, 16, was dying in a foxhole or that the father of the three girls, Pablo, was dead. She did not know that her husband, Julien, was dead. She did not know that their other son, Joaquin, was either dead or would die in a few minutes, or that Joaquin's wife, Maria Luisa Gutierrez, still lay helpless on the floor of another cabin with her three tiny sons.

Holding the howling baby in her good arm, the old woman trudged off toward the hills.

The day after the battle, officials of the Sandino National Liberation Force (FSLN), the party of the Sandinistas, visited the smoldering ruins of El Coco. They brought a photographer from Barricada, the Sandinista-owned newspaper in Managua, and posed for pictures.

Such attacks against cooperatives serve to strengthen public support of the present government, argues Austin Lara, FSLN political secretary for the northwestern region of Nicaragua.

"But if we had gone into the mountains and told the peasants who their friends are, they might have listened to us without paying too much attention.

"By being confronted with this situation, people understand and take a stand. From this we can conclude that the Reagan administration and the counterrevolutionaries are helping these people to grow, helping them understand who their friends are."

"POLITICAL CONSCIOUSNESS"

And the Sandinista propaganda agencies are there to help bring "rising political consciousness."

Sound trucks bounce through the villages, blaring a relentless message: It is the new government in Managua that hopes to improve your life. Those fighting the Yankee-directed war from Honduras are out to take away the fruits of a triumphant revolution. And always the final line: *"A 50 anos, Sandino vive."* (After 50 years, Sandino lives).

After they surveyed the damage, the politicians left the village. A few of the dead were buried at the cooperative. The bodies of some others were taken to native villages.

Five bodies were brought to this town.

The little pickup truck made its way down the main street of the silent town, past the school and the church on the right and the poolroom on the left, then turned left into the town cemetery, all overgrown with weeds.

Jesusa Suarez Umanzor, the pregnant peasant girl with the grey eyes, followed it, knowing what she would see.

Stanislao Aguirre—the boy who had hung around the cookshed, the father of the child inside her—lay in the back of the truck with his *companeros.* There was a bullet hole in his forehead.

The next day the members of the Cesar Augusto Sandino Cooperative at El Coco met to decide what they would do next.

Maria Luisa Gutierrez came to this meeting. And the story she brought with her would startle even the survivors of what the Sandinista propaganda agencies were already calling a "massacre."

Throughout the battle, Maria Gutierrez lay on the floor with her three boys, praying and trying to keep them quiet.

She said when a bullet passed through the fleshy part of her 5-year-old's lower leg, she urged him not to cry: "Be quiet, boy, because God is great."

As the fighting gradually died down, she said she realized the contras had entered the village itself and were going from cabin to cabin, looking for weapons and food.

"Those bastards," she said she heard one say. "They thought they were going to eat, but they are not ever going to eat anymore."

Then she heard something that she said left her paralyzed with fear and shock. Outside her cabin there was a shot; then, a few seconds later, another.

"I killed the son of a whore who killed Victor," someone said. "I had to kill him twice, because he would not die."

Maria said she was so frightened she could not move. Although she was aware of what was happening around her, she lay as though paralyzed on the floor while some of the attackers looked around in the cabin and her sons cried.

THE CRACKLE OF FIRE

Looking back, she thinks they believed she was dead and intended to burn the cabin down on her and burn the three boys alive. When she heard hay beginning to burn, she said, she "woke up."

"I said to myself. 'let the will of God be done,' " she said "When they saw me move, one of them shouted, 'Get out of there with those children.'

"When I walked outside, they asked me where were our weapons. I said, 'I don't have any weapons, except God and the Virgin Mary.' "

She said a soldier asked her the whereabouts of her husband, and the answer came easily for her.

"There was nothing I could do. I had to defend myself and the children I told them I had no husband. I told them that I was an abandoned women."

They told her to leave.

As Maria turned to walk out of the village, she found herself face to face with a man she knew but had not seen for several years.

Alonzo Peralta, 22, the younger cousin of Wenceslao Peralta, stepped silently to one side and allowed her to pass.

"I went to school with him in El Porvenir," said Maria Gutierrez, who is 24. "I recognized him. He has dark skin but blond, wavy hair."

Nearly two months after the village was destroyed, Wenceslao Peralta and his wife returned to El Coco with a visitor.

A handful of cooperative members had been returning to work the sorghum crop as it approached maturity and to prepare the corn field for a new crop of potatoes and vegetables.

"We want to come back here," he said. "Only two families decided to return to their old villages. The rest of us want to come back to El Coco. The Epinoza family and the Ramirez family were especially hard hit in the attack, but they are coming back."

Wouldn't he rather own his land than be a member of a cooperative? He was asked.

"My father also fought with Sandino, when he was a young man. My father and my grandfather fought to liberate Nicaragua and to distribute land to the peasants. Their dream was to have land for the peasants. They knew about cooperatives. They learned of them from Sandino. So we are really going on with the dream that my father and my grandfather fought for."

How did he feel about his cousin in the contras?

HE HAS BEEN MISLED

"I believe my cousin has some position of authority in the contra, because he knows this area, knows these hills very well. My cousin is a very easily influenced person. Someone was going around, telling stories about the Sandinistas, saying he would be killed by them because he was in the guard under Somoza, and he believed them. He has been misled.

"We sometimes receive news from him indirectly. Sometimes, he will stop at the home of some relative and we will later talk to that same person and hear about my cousin."

Peralta also disclosed that his younger brother, Crescencio Peralta, was a member of the contras.

"Last month, my brother went to the home of some cousins that we have, and when he stayed there, he talked to them about what he is doing. He told them he had participated in combat in this area, but we do not believe it was here at El Coco.

"He told them he is fighting to either destroy communism or die.

"It is a terrible thing for my parents that one of my brothers is in the contra. They are against it. It is a bad blow. My father is old and he is sick. He understood the ideals of Sandino. For him it is a very big blow that a son would go with these people. He is an old man and he is a poor man, and I wish he did not have to suffer through this."

A MAN OF TWO WORLDS

As he talked and walked about the silent site of what had been the cooperative village, Wenceslao Peralta seemed a man at the edge of two worlds. His outlook and his language seemed molded by both the quite fatalism of a Nicaraguan peasant and the soaring, sound-truck rhetoric of the Sandinistas.

"I would not kill my brother on purpose," he said. "But I don't know who is on the other side in a battle. If I am fighting and he is with them, whatever happens happens."

A few seconds later, he added:

"We will return to El Coco. We are the children of Sandino, and our hopes are coming true."

[From the Washington Post, Mar. 28, 1984]

MORE AID FOR THE CONTRAS?

No one who goes beyond slogans finds Nicaragua an easy policy issue. The Sandinista regime is the lawful recognized government, but it is Marxist and tends toward the totalitarian, it is linked to Cuba and the Soviet Union, and it is a source of subversion and revolution in its region. Some substantial part of the guerrilla force that Washington is supporting against it is democratic and friendly to the United States. On that tempting basis, the administration seeks Senate approval of another year's slice of aid for the Nicaraguan contras.

As we have believed since this once-secret CIA operation leaked into the public domain, it is the wrong policy. In no Latin country does the United States have a longer, darker and more deeply resented history of intervention—a history that cuts directly across the administration's purposes in supporting the contras. By backing them, the United States energizes Nicaraguan nationalism and blurs its attempts to rally others against Managua's own interventions.

There is a new factor that neither the administration nor Congress has fully absorbed. The Sandinistas, who took power in 1979 promising elections, now say they hold them on Nov. 4. The administration has been taunting the regime for not allowing a vote. Now it fears the Sandinistas will use the vote as a ticket to greater legitimacy. Its response is to belittle the elections, an effort for which there are certainly grounds: the regime's rules exclude participation by the democratic guerrilla groups, and the above-ground opposition within Nicaragua faces great handicaps in campaigning. But Washington could yet find itself confronting a Sandinista government claiming to have received a fresh popular mandate.

It still seems to us the better choice for the United States to be open to ways to move the internal Nicaraguan struggle to a political track. This can best be done, if it can be done, in the multilateral context of the Contadora process. Frail and uncertain as it is, Contadora process. Frail and uncertain as it is, Contadora has some potential to move past the evident poison in relations between the Reagan administration and the Sandinistas. Its effort would no doubt be to try to arrange a measure of power-sharing—a way station, one hopes, to a more democratic order. Power-sharing has possibilities in Nicaragua, where the administration grants it, as in El Salvador, where the administration so far does not.●

AMERICAN COLLEGE THEATRE FESTIVAL

HON. JOHN H. CHAFEE

OF RHODE ISLAND

IN THE SENATE OF THE UNITED STATES

Tuesday, April 10, 1984

● Mr. CHAFEE. Mr. President, Rhode Island College has again been selected as a participant in the annual American College Theatre Festival presented at the John F. Kennedy Center for the Performing Arts.

The festival features seven outstanding productions chosen from a nationwide competition of 477 college and university theater presentations. It provides well-deserved recognition of the talent, creativity, and skill of those who bring quality theater to campus and community audiences across the Nation.

The participation of Rhode Island College as a finalist in this year's competition is a tremendous honor, and I

join with all Rhode Islanders in expressing great pride in the college's consistently high level of artistic achievement. This reflects great credit on Dr. Mark Goldman, chairman of the college's department of communications and theater.

The college will perform the mystery play "Mindbender," one of only two original plays written by students to be selected as a finalist. I offer hearty congratulations to Kris Hall, author of the play; to P. William Hutchinson, its director; and to the members of the cast—Anna DiStefano, Glenn Nadeau, Fred J. Anzevino, Thomas Gleadow, Mark Alan Morettini, Ken McPherson, and Susan P. Moniz.

I would also like to commend those whose technical contributions have enhanced the production. These include Jeri McElroy, assistant director; Russell Champa, set designer; SallyAnne Santos, lighting designer; R. Thomas Casker, technical director; Janna Lynne Cole, costume designer; Kim Kruger, makeup designer; Barbara Reo, stage manager; Darryl Mueller, sound coordinator; and the following technical assistants: Mara Riekstins, Kathy Gage, Sean Reilly, Paul Pacheco, Russell Monaghan, and Bonnie Baggesen.●